

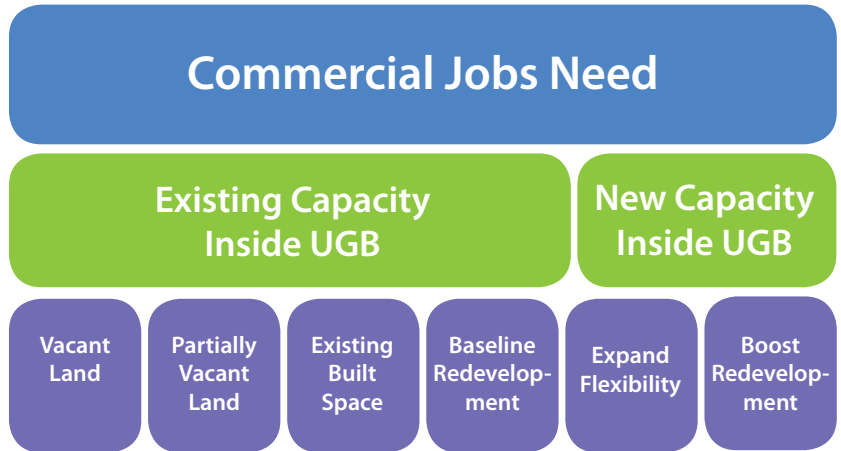
## Envision Eugene - Technical Summaries

### Land for Commercial Jobs

Commercial employment refers to office, retail, and service jobs. The future need for commercial employment is based in part on a job growth forecast by the Oregon Employment Department (OED) and in part on our regional economic development plan.

There are several components that help determine whether we have sufficient land to meet our future land need for commercial employment, including:

- Commercial Jobs Need
- Existing Capacity Inside the UGB
- Measures to Create New Capacity Inside the UGB



### Commercial Job Need

Eugene’s population is expected to increase by approximately 34,000 people over the next 20 years. Along with an increase in population, Eugene is also expected to experience a demand for more commercial jobs. The most recent Oregon Employment Department (OED) employment forecast for Lane County identifies a job growth rate of 1.66% annually across all employment sectors over the next 10 years. The OED pre-recession forecast for Lane County was 1.4%. This rate better matches the long-term, historical trend for local job growth. Projected forward over the 20-year study period, this rate reflects a higher mid-term rate of job growth coming out of the recession followed by a more moderate rate of growth during the following decade. It is recommended that Eugene adopt a 1.4% growth rate. See the Land for Industrial Jobs Technical Summary page 4.21 for more information and rationale for the recommended job growth rate.

At a growth rate of 1.4%, Eugene will need to accommodate about 35,800 new jobs over the next 20 years. This job growth will include approximately 11,300 industrial jobs, 3,000 government jobs, and 21,500 commercial jobs (18,000 office jobs and 3,500 retail jobs). Government jobs will be accommodated on public land that is mostly inside the current UGB . The exception to this is jobs with the Bethel School District on the site that is proposed for a UGB expansion to accommodate a future school. Job growth is also expected to occur on lands already owned by public entities as well as on lands planned for future growth by employers such as the University of Oregon. For information on industrial jobs, see the Land for Industrial Jobs Technical Summary on page 4.21.

	Job Growth Rate	Total Commercial Job Need
	0.87 % (same as population growth rate)	11,800
<b>Recommendation</b>	1.4 %	21,500
	1.66 % (2011 OED forecast job growth rate)	26,650

## Existing Capacity Inside the UGB

A certain number of jobs can already be accommodated inside the current UGB through several means, including:

- Vacant Land** About 100 acres of vacant commercial land (land that currently has no development) are still available inside the UGB, providing capacity for about 3,950 jobs.
- Partially Vacant Land** All commercial lands were studied to see if some developed properties might have some un-developed land left over. These properties are called “partially vacant.” A little over 14 acres of land was identified as partially vacant, providing capacity for about 550 jobs.
- Existing Built Space** Current vacancies in existing office buildings and retail stores can be filled with new jobs. There are also many commercial jobs that occur on non-commercial lands, for example home-based occupations or businesses. Neither of these situations require new land to accommodate about 12,100 jobs.
- Baseline Redevelopment** Redevelopment means expanding or replacing buildings on land that is already developed, but not to its full development capacity. “Baseline” redevelopment is the natural amount of redevelopment we expect to occur without additional actions taken by the City. This category has been studied from both a market perspective and a local knowledge perspective, and is currently assumed to provide capacity for about 2,750 jobs. To understand Eugene’s baseline redevelopment potential, a group of community members with expertise and interest in development issues studied a range of past redevelopment projects and trends. For more information on Eugene’s redevelopment potential, go to this [link for the Commercial Employment Supply Technical Report](#).

The total existing capacity inside the UGB is for 19,350 jobs on commercial land.

## Remaining Need

Commercial lands are mostly developed with commercial office, retail and service jobs. However, they also include a small amount of land for other uses such as multi-family homes and public lands (such as parks, infrastructure and the University of Oregon). These uses displace capacity for commercial jobs that would otherwise occur on commercial land and this loss must be accounted for. The equivalent of 1,100 jobs is subtracted from the overall capacity to account for these “other uses” that occur on commercial land.

The following table shows the amount of remaining jobs at a 1.4% job growth rate that will need to be accommodated after accounting for existing capacity inside the UGB as well as for “other uses”.

Total Commercial Job Need	21,450 Jobs
Existing Capacity Inside the UGB	19,350 jobs
Reduced Capacity from “Other Uses”	1,100 jobs
Total Capacity Inside the UGB	18,250 jobs
Remaining Commercial Job Need	3,200 jobs

## Measures to Create New Capacity Inside the UGB

A goal of Envision Eugene is to accommodate the 20-year commercial job need within the existing UGB. Therefore, the remaining commercial job need will be accommodated through land use efficiency strategies that are strongly likely to affect market forces in a way that increases the development and redevelopment of land for commercial jobs. Creating additional capacity for commercial employment inside the existing UGB will require specific actions by the City. There are two categories of actions, including:

- Expand code flexibility for commercial uses through redesignation on smaller, under-utilized industrial sites (generally under 3 acres in size).
- Boost redevelopment on commercial land inside the UGB by taking actions that reduce cost and risk of development and add value to an area.

### Expand Flexibility

#### Flexibility in Industrial Areas - Campus Industrial

As discussed in the Industrial Lands Summary, Eugene currently has a surplus of small-lot industrial lands. Some of these lands are located in areas that may be more suitable for more non-retail commercial use. The Campus Industrial land use designation, and corresponding I-1 zone, is a primary example. The photo to the right shows I-1 areas in northeast Eugene near Chad Drive. To increase the potential for non-retail commercial use, as well as potential job density specifically targeting office uses, regulations may be changed for some of these Campus Industrial lands.



Further site-by-site study is required to identify which areas are best suited for commercial use and/or which regulatory changes will best achieve the goals of flexibility and job density, for example relaxation of use limitations to allow higher-density office-type jobs.

There are currently about 146 acres of vacant I-1 property available in these areas. The assumption is that at least 20 acres of small-lot I-1 property may be suitable for commercial-type uses, providing capacity for 1,088 additional commercial jobs. An equal or greater added capacity may also be gained through allowing more commercial jobs across a greater number of properties of all size categories, or across all Campus Industrial properties. The goal for this category will be to specifically target higher-density, non-retail jobs on sites generally under 3 acres in size, allowing study of opportunities for sites under 10 acres.

- This 20-acre target can provide capacity for about 1,100 additional commercial jobs.

## Flexibility in Industrial Areas - West Eugene

A similar opportunity has been identified for industrial lands in West Eugene near west 11th Avenue, Chambers, and Highway 99. These areas have been discussed as part of the west Eugene Collaborative – a community group that studied transportation and land use issues in west Eugene – and during Envision Eugene. Preliminary estimates have identified around 110 acres of vacant industrial land that may have potential for commercial use. Pending further site-by-site study, the current assumption is that, with the proposed increase in flexibility, half of this land may be suitable for commercial employment. The target for this category will be re-zoning or adding flexibility through regulatory changes to allow more, higher-density office and retail jobs on sites generally under 3 acres in size, allowing study of opportunities for sites under 10 acres.



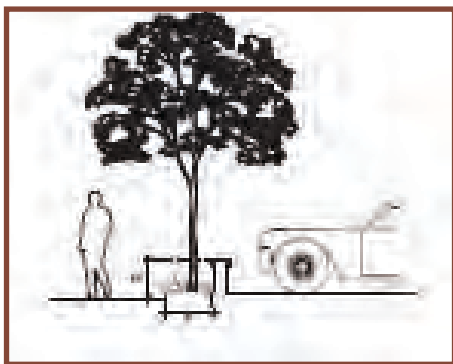
• This 55-acre target can provide capacity for about 1,700 additional commercial jobs.

Opening up industrial lands for commercial uses will reduce Eugene’s supply of industrial land. However, this proposed shift in use can be absorbed by a significant existing surplus of small-lot industrial land (under 10 acres in size).



There are many actions that local government can take to boost the rate of redevelopment above the baseline level. Research from a variety of other communities reveals a list of the most effective tools and how they are used. Most of these are aimed at closing the “market gap” to allow more efficient use of existing lands by addressing the other two categories of intervention: reducing development cost and risk, and adding value to an area.

To accommodate additional commercial job needs, as well as meet community goals for long-term, compact urban development and transportation options, a variety of the following tools will need to be implemented.



### Removing Code Barriers and Adding Flexibility

Regulations can be a significant barrier to redevelopment. Creating a simple, flexible, predictable land use code is a low-cost and highly effective means of clearing basic hurdles to redevelopment in target areas. Examples include the Whiteaker Mixed Use Area, one of the most flexible zones in Eugene, as well as the new Walnut Station form-based code.





## Land Assembly

Public agencies can buy land and assemble larger parcels that are more economically viable for redevelopment, then sell them at a reduced cost or contribute the land to a partnership. Long-term tax revenue and stimulation of other projects may offset the initial investment. Examples include West Town on 8th, which combines goals of housing affordability, downtown residents, redevelopment and stimulating small enterprise through live/work units.



## Grants

Applied in a variety of ways, grants help close financial gaps directly for different aspects of development. Small amounts make a difference. For example, a \$3,000 grant from a private donor with City coordination connected this small restaurant to the street with an outdoor dining area in the Blair commercial district.



## Capital Improvements

Investing in public infrastructure – for example, major civic investments like the library, recent street enhancements on Broadway, parks, plazas, transit service, and other infrastructure – can increase the value of an area over time. The added value brings greater rent and lease revenues, which helps make redevelopment more feasible in these areas.



## Loans

Various forms of loans, or investments that are later repaid, can help directly close the financial gap for a particular project, for example the Woolworth building on Willamette Street. In addition, business loans used to start or help grow existing businesses contribute to the vitality of an area by attracting more customers as well as potential residents.



## Public/Private Partnerships

Each project has special needs, especially larger “cornerstone” projects that help stimulate other development. By working directly with developers, a public agency can use a variety of tools to meet these needs. For example, Broadway Place was made possible through land assembly and by constructing a public parking garage in conjunction with a large, private apartment complex.



### Limited-duration Tax Exemptions

Reducing tax liability for a limited time can reduce operating costs enough to make a redevelopment project viable, for example with The Tate condominiums. The tax exemption requires no initial investment and provides substantially higher tax revenues after the exemption expires due to the increased value of the property.



### Tax Increment Financing

Locally known as “urban renewal,” this allows the community to re-invest tax revenue from a specific area to help stimulate redevelopment in that same area. This is a source of revenue for many of the other interventions listed here, and has made redevelopment projects in downtown possible, for example the Downtown LCC Campus. Eugene has two urban renewal districts: Downtown and Riverfront. It is a highly flexible tool and gives communities the leverage and resources to do larger projects.



### Multiple Interventions Working Together Over Time

Combinations of interventions can be very powerful over time in improving economic conditions for redevelopment. For example, the new LCC campus is viable due in part to the location near the downtown library and LTD station – both public investments. The associated student housing is made possible by the Broadway Place parking garage, developed as part of a public/private partnership years earlier.

All of the tools mentioned above have been utilized in Eugene to stimulate development. Additional conversations with City Council will take place over the coming months to determine which of the above actions will be most effective for accommodating the need for additional commercial employment in the future and achieving the overall goals of Envision Eugene.

- It is difficult to quantify how much capacity for additional commercial jobs will result from these actions; however, a target of 400 jobs has been identified.

The success of these strategies will be monitored and evaluated throughout implementation. If these strategies are not successful at addressing the commercial jobs need, new strategies may be needed. Additional strategies could include re-designation of lands for more commercial uses and/or additional expansion of the UGB.

