

**Grants Pass and Urbanizing Area Community Comprehensive Plan
Element 8. Economic Element**

Addendum 1: 2014 Update

Section 1. Background

Section 2. Employment Land Needs Update

Section 3. Economic Opportunities Strategy Update

**Section 4. Supplemental Background, Findings, Policies, and Strategies Regarding
Short-Term Supply of Employment Land**

Grants Pass is planning for its Urban Growth Boundary (UGB) for the 20-year planning period from 2013-2033 and planning for an Urban Reserve for an additional 10-year period from 2033-2043.

This update (Economic Element Addendum 1) and the 2014 update to the Urbanization Element (Urbanization Element Addendum 2) update the 20-year UGB planning period from 2009-2029 to 2013-2033 and provide the data for the 10-year Urban Reserve planning period for 2033-2043 for employment lands and uses.

This addendum updates the Economic Element to these planning periods. Employment land needs are updated proportionally to:

- correspond to these updated planning periods,
- correspond to the revised forecast adopted in the 2014 Josephine County Coordinated Population Forecast update (Population Element Addendum 1),
- reflect the updated buildable lands inventory (BLI) in the 2014 Urbanization Element Update (Urbanization Element Addendum 2), and
- reflect other policies and efficiency measures in the Urbanization Element Update that affect employment lands.

This addendum also updates the Economic Opportunities Strategy and addresses provisions of OAR 660 Division 9 regarding short-term supply of employment lands.

Section 1. Background

The Economic Element was originally adopted in 2008. It utilized the ‘safe harbor’ in OAR 660-024-0040(8)(a)(ii), providing a forecast of employment and associated land needs for 2007-2027 based on the population forecast. The Urbanization Element adopted in 2009 updated the UGB planning period from 2007-2027 to 2009-2029. It included updates to data in the 2008 Economic Element, including employment land needs. It also included policies for efficiency measures, and it assigned plan designations to public and semi-public uses. Addendum 1 to the Urbanization Element, adopted in 2012, included some reductions to city and county land needs as outlined in that addendum. It also reallocated some plan designations for public and semi-public uses, and included adjusted calculations for the deficits that would result from limited rezoning of properties within the current UGB.

This 2014 Economic Element update and the 2014 Urbanization Element update still reflect the efficiency measures in the 2009 Urbanization Element, the reductions to the city and county land needs identified in the 2012 Urbanization Element Update (Urbanization Element Addendum 1), and the reallocated plan designations for public and semi-public uses in Urbanization Element Addendum 1. The resulting needs in turn are scaled proportionally to correspond to the updated 2014 coordinated population forecast. These updates also reflect the updated proposal for rezoning of lands in the current UGB as provided in Urbanization Element Addendum 2 and the updated Economic Opportunities Strategy in Section 2 of this addendum.

While this Economic Element update only updates the needs for employment uses and employment plan designations, additional information from Urbanization Element update is also included below for comparative purposes to better illustrate the relationship between the information, how the buildable lands inventory and policies in the Urbanization Element affect the employment land needs, and how assignment of other uses to plan designations affects the acreages and allocations.

The Urbanization Element identifies how the employment land needs as well as other land needs identified in the 2014 updates will be met and allocated (infill and redevelopment, on vacant and partially vacant lands already in the UGB, in the UGB expansion areas, and in the Urban Reserve).

Section 2. Employment Land Needs Update

This section shows how the employment land needs are updated to the 2013-2033 and 2033-2043 planning periods. Table 1-1 summarizes the previously identified 2009-2029 needs up through the 2012 Urbanization Element Addendum 1.

Table 1-1. Summary of Previous Employment Land Needs for 2009-2029, as Updated by the 2009 Urbanization Element, and as Revised by the 2012 Urbanization Element Addendum 1 Update

Use	2009-2029 acres					
	(1)	(2)	(3)	(4)	(5)	(6)
	2009-2029 Total Need Before Efficiency Measures	2009 Urban. El. BLI	2009-2029 Deficit Before Efficiency Measures	2009- 2029 Effic. Meas.	2009-2029 Total Need After Efficiency Measures	2009-2029 Deficit After Efficiency Measures
Commercial & Services	497 Comm +31 P/SP=528	161	336 Comm +31 P/SP=367	245	252 Comm +31 P/SP=283	91 Comm +31 P/SP=122
Industrial	592 Ind +5P/SP=597	171	421 Ind +5 P/SP=426	100	492 Ind +5 P/SP=497	321 Ind +5 P/SP=326
Total	1,110 Comm/Ind +36 P/SP=1,146	332	778 Comm/Ind +36 P/SP=814	345	744 Comm/Ind +36 P/SP=780	412 Comm/Ind +36 P/SP=448

Note: Some calculations were performed before rounding. Therefore, some totals differ in this table and between tables.

Notes:

The first number added is acres for commercial & service uses in commercial plan designations or industrial uses in industrial plan designations, and the second number added is acres for public and semi-public uses in the respective commercial or industrial plan designation.

- (1) Total Need
- (2) Calculation from GIS Shapefile for Buildable Land Inventory
- (3) (Column 1 – Column 2), Finding #12 in 2009 Urbanization Element
- (4) Finding #17 in 2009 Urbanization Element
- (5) (Column 1 – Column 4)
- (6) (Column 5 – Column 2), Table 14.60.5 with Reallocations in the 2012 Addendum 1 to Urbanization Element

Table 1-2 shows the update of those needs from 2009-2029 to 2013-2043, with the items described in Section 1 of this addendum.

Table 1-2. Employment Land Needs Update from 2009-2029 UGB to 2013-2043 UGB + Urban Reserve, with Needs and Efficiency Measures Proportional to Updated 2014 Forecast, and Updated BLI and Rezones in Urbanization Element

Use	2009-2029 acres (from Table 1-1)			(4) 2009-29 to 2013-43 Conv. (90%)	2013-2043 acres					
	(1)	(2)	(3)		(5)	(6)	(7)	(8)	(9)	(10)
	2009-29 Total Need Before Efficiency Measures	2009-29 Effic. Meas.	2009-29 Total Need After Efficiency Measures		2013-43 Total Need Before Efficiency Measures	2014 BLI Update Before RZs	2013-43 Deficit Before RZs	2013-43 Net RZ	2014 BLI Update After RZs	2013-43 Deficit After RZs
Comm. & Services	497 C +31 P =528	245	252 C +31 P =283	90%	227 C +28 P =256	138	89 C +28 P =118	+14	152	75 C +28 P =104
Industrial	592 I +5 P =597	100	492 I +5 P =497	90%	446 C +4 P =450	154	292 C +4 P =296	0	154	292 C +4 P =296
Total	1,110 C/I +36 P =1,146	345	744 C/I +36 P =780	90%	674 C/I +33 P =707	292	382 C/I +33 P =415	+14	306	368 C/I +33 P =401

Note: Some calculations were performed before rounding. Therefore, some totals differ in this table and between tables.

Notes:

C= Commercial and Services
I=Industrial
P=Public/Semi-Public

(1), (2), (3) From Table 1
(4) Ratio of 2014/2009 Forecast
(5) Column 3 x Column 4
(6) BLI Update

(7) Column 5 – Column 6
(8) Rezone Calculations
(9) Column 6 + Column 8
(10) Column 5 - Column 9

Table 1-3 shows the total needs and associated deficits (expansion needs) for the 2013-2043 30-year period, and the allocation of those needs for the 20-year UGB (2013-2033) and the 10-year Urban Reserve (2033-2043).

Table 1-3. Employment Land Needs, Buildable Lands, and Deficits, 2013-33, 2033-43, and 2013-43, Including Rezones, Efficiency Measures, and Other Urbanization Element Policies

Use	2013-33 acres (20-year UGB) (73.4%)			2033-43 acres (10-year Urban Reserve) (26.6%)			2013-43 acres (30-year UGB+UR) (100%)		
	Need	BLI Current UGB	Deficit	Need	BLI Current UGB	Deficit	Need	BLI Current UGB	Deficit
Comm. & Services	167 C +21 P =188	152	=36	60 C +7 P =68	=0	=68	227 C +28 P =256	152	=104
Industrial	327 C +3 P =330	154	=176	119 C +1 P =120	=0	=120	446 C +4 P =450	154	=296
Total	495 C +24 P =519	306	=213	179 C +9 P =188	=0	=188	674 C +33 P =707	306	=401

Note: Some calculations were performed before rounding. Therefore, some totals differ in this table and between tables.

Notes:

C= Commercial and Services
I=Industrial
P=Public/Semi-Public

Section 3. Economic Opportunities Strategy Update

This Section updates the policies and strategy identified in the Economic Opportunities Analysis.

Background

The Urbanization Element summarizes the land suitability and alternatives analysis conducted for evaluation of UGB expansion areas. The analysis indicated a limited supply of sites with the characteristics necessary and desirable for certain employment uses, especially sites for industrial uses. Sections 4 and 5 of Urbanization Element Addendum 2 include figures that show the prioritization and suitability of areas for employment uses.

Many areas with good transportation access near I-5, including those near industrial lands already in the UGB, are constrained by topography, steep slopes, resource lands, and existing land use patterns. Some of the flatter areas near I-5 included some challenges with cost-efficient provision of urban services. Existing land use patterns and parcelization also pose challenges.

Further, some of the sites near I-5 which are better suited to employment uses, with more favorable topography and access, are already zoned Rural Industrial and Rural Commercial and many of these sites are already developed with rural industrial and rural commercial uses with rural services (including Area H2). One area considered for employment use (H1) was the only area that included land with resource zoning (Farm Resource/EFU) considered for inclusion in the UGB or Urban Reserve. That area is near I-5 and adjacent to industrial lands in the current UGB. Part of that property also includes a dairy operation and receives a special farm assessment.

Strategy

Together with other employment lands included in the UGB and Urban Reserve, the City found it could substantially meet the employment land needs identified in the updated needs analysis if Areas H1 and H2 were included. However, to some extent, this would result in reassigning rural employment lands with existing business to urban employment lands without a short-term need for those sites.

Through the UGB review process, the City sought guidance from DLCD as to whether a portion of the identified needs for employment for the Grants Pass urban area could be met as part of a regional strategy on other Josephine County employment sites outside the UGB, including industrial lands in Merlin/North Valley. The guidance from DLCD was this wouldn't fulfill the requirements for the City's identified employment land needs for the urban area. However, those sites are still part of Josephine County's employment site inventory.

The City recognizes there are some significant differences between rural and urban employment sites and user needs pertaining to services, including sewer and water, and limits on the size of rural commercial and industrial buildings permitted by state law. However, the City opted to revise its Economic Opportunities strategy to include less employment land in the UGB and Urban Reserve than is otherwise justified by the land needs analysis.

- **Area H2.** The City opted not to include this area in the UGB or the Urban Reserve. The increase in urban area employment land inventory would have included a reduction in the

rural employment land inventory. Further, several of the sites in this area are developed with rural commercial and rural industrial services using rural services. There isn't a short-term demand for additional sites to be served with urban services, and several existing businesses expressed concerns about potential costs of service extension and improvements to urban standards if they were to expand.

- **Area H1.1.** This area includes some properties with rural residential zoning and some properties with Farm Resource (FR) zoning (a separate Josephine County zoning designation which is regulated the same as Exclusive Farm Use). Properties with the FR zoning include a dairy operation.

There isn't a short-term demand for additional sites to be served with urban services, and inclusion in the UGB and application of urban zoning can affect eligibility for special farm assessment in some respects. Rather than include the area in the UGB, the City previously considered and proposed inclusion of the area in the Urban Reserve.

However, under state law, while the specific urban use of the land (employment vs. residential) can be considered in justifying the inclusion of lower priority land (resource vs. exception) in the UGB, it appears inclusion of lower priority land in the Urban Reserve may only allow for consideration of whether other sites are available for urban uses, without consideration of the specific urban use (employment vs. residential) of the lower priority resource lands. If this regulatory restriction applies, then because there are numerous exceptions areas that could meet urban needs for residential use, it may be challenging to justify inclusion in the Urban Reserve, even if it is for employment use. In effect, the City's rate of growth affects whether the site can be included in the urban area.

Inclusion of this area in the Urban Growth Boundary or Urban Reserve could better facilitate infrastructure planning to ensure that infrastructure installed to serve adjacent employment lands already in the UGB could be planned, sized, and installed accordingly for eventual extension to this adjacent area. However, based on the above land priority considerations and comments from DLCDC, the City opted not to include Area H1.1 in the UGB or Urban Reserve, and the employment land need is reduced accordingly. In the infrastructure planning, the City can still consider the contingency that this area might be part of the Urban Growth Boundary in the future.

Further, the City's Comprehensive Plan includes a criterion for inclusion of lands in the UGB that differs somewhat from the statutory requirement for consideration of priorities. The criterion considers both the zoning and use of property and precludes inclusion of agricultural land with an existing commercial agricultural use. Inclusion of the FR land with the current dairy operation (or other agricultural use) in Area H1.1 also requires an amendment to this Comprehensive Plan criterion.

Summary

The net effect of the updated Economic Opportunities strategy is that rural commercial, rural industrial, and agricultural lands already in use would not be offset by urban industrial lands. Therefore, the planned urban employment land needs identified in Table 1-3 are reduced accordingly.

Without inclusion of Area H1.1, the updated Economic Opportunities strategy provides that the employment lands planned for the urban area will be substantially equivalent to the identified employment land needs less the needs that would be met if areas H1.1 and H2 were included in the UGB and Urban Reserve. Those areas have lands which include existing rural commercial, rural industrial, and agricultural uses that already contribute to the local economy, with uses that don't currently need key elements of urban infrastructure. The net effect is a combination of urban and rural employment lands which together substantially achieve a similar inventory of lands if they were all included in the UGB and Urban Reserve as urban employment lands.

Further, the City and County recognize that Josephine County has a nearby supply of under-utilized industrial lands in the Merlin North Valley Community Boundary that could provide an industrial land inventory served with sewer and water if a sewer solution can be achieved to replace the existing system. City water is already extended to the area. The City and County agree that addressing the infrastructure needs of these sites is a high priority for both the City and County economic development strategies.

Section 4. Supplemental Background, Findings, Policies, and Strategies Regarding Short-Term Supply of Employment Land

Background

Grants Pass is planning for its Urban Growth Boundary (UGB) for the 20-year planning period from 2013-2033 and planning for an Urban Reserve for an additional 10-year period from 2033-2043.

The current Economic Element of the Grants Pass Comprehensive Plan was adopted in 2008 (Ordinance 5433) and acknowledged. This update (Economic Element Addendum 1) and the 2014 update to the Urbanization Element (Urbanization Element Addendum 2) update the 20-year UGB planning period from 2009-2029 to 2013-2033 and provide the data for the 10-year Urban Reserve planning period for 2033-2043 for employment lands and uses. They have been updated to reflect the new population forecast, planning periods for UGB and Urban Reserve, and policies, consistent with applicable planning goals and guidelines.

While the Economic Element was previously adopted and acknowledged, in an October 7, 2014 letter, DLCDC has interpreted the provisions of 660-009-0020(2) to apply to this update of the Economic Element since Grants Pass is now within a Metropolitan Planning Organization (MPO).

Following the 2010 Census, in 2012, the Census Bureau issued determinations of Urbanized Areas (urban areas which have a population greater than 50,000). Grants Pass is the principal city of an Urbanized Area. Federal transportation legislation relies on Urbanized Area

designations as the basis for formation of Metropolitan Planning Areas (MPAs) and Metropolitan Planning Organizations (MPOs), which have been designated as required by applicable law.

This section is intended to address these additional provisions of 660-009-0020(2), providing compliant findings, policies, and strategies regarding the short-term supply of employment lands.

Supplemental Findings

1. The Comprehensive Plan Policies and the Economic Element contain findings and policies. The findings and policies in this Section are in addition to those findings and policies.
2. Grants Pass has completed a Traffic Impact Analysis (TIA) to assess the mitigation needed at build-out of the Spalding industrial area near I-5 Exit 55, to facilitate identification and programming of capital projects necessary to bring the industrial area closer to 'development ready' status, and reducing uncertainty about off-site improvements that could otherwise be associated with a specific industrial development.
3. Grants Pass nominated, applied for, and received approval of the Spalding Regionally Significant Industrial Area (RSIA) designation by the Economic Recovery Review Council (ERRC), which qualifies the area for 'patient capital' low-interest loans through the Infrastructure Finance Authority (IFA), with repayment forgiveness for qualifying job creation.
4. Grants Pass has budgeted funds for feasibility analysis to consider formation of a redevelopment agency and district that could help finance infrastructure in industrial areas.
5. Grants Pass and Josephine County have an intergovernmental agreement for management of lands in the Urban Growth Boundary area. The city administers land use and building codes for both incorporated and unincorporated lands in the UGB, which have urban zoning.
6. Grants Pass has previously participated in public-private partnerships and obtained grants and loans to assist with infrastructure investments for industrial lands.
7. Development standards allow for developer extension and connection to public facilities and services associated with individual site development, and they allow for off-site improvements if they are roughly proportional to the associated impacts of development. Standards also allow for proportional developer contributions to capital projects that serve a larger area, provided however that there are other resources available to construct of the regional or area-wide facility. Developers also have the option to form a reimbursement district if they build a facility that other development utilize, but there can be uncertainty about the timing of other construction projects, and therefore the timing and certainty of reimbursement.
8. In 2014, the city completed an application to rezone remaining industrial land in the Spalding area from Rural Industrial to Urban Industrial, so the land qualifies for urban services.
9. In 2014, the city completed an application to amend uses permitted in industrial zones to better protect those lands for industrial use and development, and to reduce pressures on non-industrial land values that could drive up costs associated with non-industrial uses on industrial lands that could otherwise price out industrial use and development.

10. The City has obtained funds through Business Oregon to perform brownfields assessment to begin the work of getting unused and underutilized lands back into productive use.
11. With the designation as the principal city in an Urbanizing Area, the City is eligible for, and has requested, CDBG Entitlement Community status, which will provide direct funding through a formula, and funds can be used toward projects that could help with infrastructure in support of industrial businesses.
12. The city offers several incentive programs associated with industrial businesses, including a System Development Charge (SDC) credit for job creation for qualifying industrial businesses, SDC credits for re-use or redevelopment of previously developed sites, and an Enterprise Zone with E-Commerce designation.
13. The City is an active partner with Business Oregon, SOREDI (Southern Oregon Regional Economic Development, Inc.), Josephine County, and other partners in recruitment of new businesses.
14. The city is an active partner in the Business Recruitment and Expansion (BRE) program to help retain businesses and to help growing businesses ensure they have adequate sites and other resources available to grow within the community. Having an adequate supply of industrial sites has enabled growing local businesses to remain in Grants Pass and meet expansion needs.
15. As part of the urban growth management planning, the city conducted a buildable lands inventory and determined there is a supply of serviced and serviceable lands already in the urban growth boundary with urban industrial zoning and the opportunity to connect to or extend and connect to public facilities and utilize urban services.
16. As part of the urban growth management planning, the city will be updating the public facilities and services plans and modeling the future land use to determine demand on infrastructure. The updated plans will include projects that can overcome constraints to development of industrial sites, and which would be eligible for funding sources noted above. There will be opportunities to evaluate capital projects for off-site improvements and regional facilities that would otherwise exceed the initial scope associated with individual site development.
17. As part of the urban growth management planning, the UGB amendment includes some lands with Rural Industrial and Rural Commercial zoning. The City will also evaluate policies for the timing and transition from rural to urban zoning of those lands, and will consider policies that are supportive of existing businesses and current rural standards if and until owners decide lands are needed for businesses that require urban facilities and services, thereby keeping those lands in the short-term supply.

Supplemental Policies

OAR 660-009-0020(1)(b). Commitment to Provide a Competitive Short-Term Supply. Cities and counties within a Metropolitan Planning Organization must adopt a policy stating that a competitive short-term supply of land as a community economic development objective for the industrial and other employment uses selected through the economic opportunities analysis pursuant to OAR 660-009-0015.

Policy 4.1: Commitment to Provide a Competitive Short-Term Supply. A competitive short-term supply of land is a community economic development objective for the industrial and other employment uses selected through the economic opportunities analysis pursuant to OAR 660-009-0015.

Supplemental Strategies for Preparing the Total Land Supply for Development and Replacing the Short-Term Supply of Land as it is Developed.

OAR 660-009-0020(2). Plans for cities and counties within a Metropolitan Planning Organization must include detailed strategies for preparing the total land supply for development and for replacing the short-term supply of land as it is developed. These policies must describe dates, events or both, that trigger local review of the short-term supply of land.

OAR 660-009-0005.

...(9) "**Serviceable**" means the city or county has determined that public facilities and transportation facilities, as defined by OAR chapter 660, division 011 and division 012, currently have adequate capacity for development planned in the service area where the site is located or can be upgraded to have adequate capacity within the 20-year planning period.

...(10) "**Short-term Supply of Land**" means suitable land that is ready for construction within one year of an application for a building permit or request for service extension. Engineering feasibility is sufficient to qualify land for the short-term supply of land. Funding availability is not required.

"**Competitive Short-term Supply**" means the short-term supply of land provides a range of site sizes and locations to accommodate the market needs of a variety of industrial and other employment uses.

...(13) "**Total Land Supply**" means the supply of land estimated to be adequate to accommodate industrial and other employment uses for a 20-year planning period. Total land supply includes the short-term supply of land as well as the remaining supply of lands considered suitable and serviceable for the industrial or other employment uses identified in a comprehensive plan. Total land supply includes both vacant and developed land.

Strategy 1. The City will work with economic development partners and private landowners to market existing serviced sites through business recruitment efforts and business retention and expansion efforts.

Strategy 2. The City will update public facilities and master plans and develop a prioritized list of capital projects, including regional and area-wide projects that can overcome barriers to serviceability of employment lands.

Strategy 3. The City will evaluate alternatives to fund and leverage funding for infrastructure projects that provide serviced industrial and traded sector lands, including public-private partnerships, a possible redevelopment district, possible IFA patient capital loans, possible CDBG funds, transportation projects in the Regional STIP, and brownfields grant resources.

Strategy 4. The city will continue to perform area-wide analysis to determine engineering feasibility for off-site improvements to clearly identify long-term needs for off-site improvements and a feasible approach to allow for development to occur in a manner that addresses long-term infrastructure capacity issues through interim solutions where possible, and while assuring short-term capacity constraints can be addressed.

Strategy 5. The city will continue to evaluate opportunities for pre-authorization of development-ready sites through generic or speculative site plan review for likely site-user development scenarios to expedite the development review process.

Strategy 6. The City will work with private landowners to assess industrial land needs, as market conditions dictate, to increase the supply of serviced lands, in a manner that doesn't result in unsustainable short-term infrastructure costs on landowners and properties absent short-term demand from potential site users. The city will continue to consider financing tools such as reimbursement districts in conjunction with IFA patient capital loans, which can facilitate infrastructure development with deferred assessments until site development occurs.