Sweet Home Housing and Economic Analysis

Prepared for

City of Sweet Home

by

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CHAPTER 4: ECONOMY

Introduction

BACKGROUND

In 1999, ECONorthwest completed a regional housing and economic analysis for Linn and Benton Counties. The project was intended to identify issues of regional concern and serve as a starting point for periodic review for participating jurisdictions. The City of Sweet Home participated in the study is now implementing its Periodic Review work program as required by state law. The City contracted with ECONorthwest to assist with the technical components of the local Goal 9 (economy) and Goal 10 (housing) evaluation.

Specific periodic review activities addressed in this report include:

- Refine the Buildable Land Inventories for Residential and Commercial/Industrial lands based on the results of the Cascades West Council of Governments study entitled "Analysis of the Regional Economy and Housing for Linn and Benton Counties" (November 1999).

- Complete a land needs analysis that complies with Goals 9 and 10, OAR 660-008, and 660-009. This product must include an economic opportunities analysis pursuant to Goal 9 and OAR 660-009. It also includes preparing a housing needs analysis pursuant to Goal 10.

- Update Land Use Ordinances based on the above work tasks and the Regional Study to ensure consistency with the Comprehensive Plan.

PURPOSE

The state requirement that certain cities conduct periodic review of their comprehensive plan is intended to keep local land use plans current with local needs and with changing state land use policies. The purpose of this technical report is to provide data to update the Goal 9 and 10 factual components of the Sweet Home Comprehensive Plan including the buildable lands inventory.

Periodic review requires the City to address any new planning requirements adopted by the State since the City's last review of its comprehensive plan. Specifically, this memorandum presents:

- A housing needs analysis consistent with Goal 10 and ORS 197.296;

- An economic opportunities analysis consistent with Goal 9 and OAR 660-009;

- A buildable lands inventory consistent with Goal 9 and 10 requirements.

This report also compares demand for land with the supply of land. This analysis is required by ORS 197.296 as well as Goal 14 to determine if the City has sufficient buildable land to meet the 20-year demand.

METHODS

In general, a Land Need Assessment contains a *supply* analysis (buildable and redevelopable land by type) and a *demand* analysis (population and employment growth leading to demand for more built space: residential and non-residential development). The geographic scope of the Land Need Assessment is all land inside the Sweet Home Urban Growth Boundary.

BUILDABLE LANDS

The general structure of the supply analysis is based on the DLCD HB 2709 workbook "*Planning for Residential Growth – A Workbook for Oregon's Urban Areas*," which specifically addresses residential lands. They are described in detail in Appendix A. The steps and sub-steps in the supply inventory are:

- Calculate the gross vacant acres by plan designation, including fully vacant and partially vacant parcels.

- Calculate gross buildable vacant acres by plan designation by subtracting unbuildable acres from total acres.

- Calculate net buildable acres by plan designation, subtracting land for future public facilities from gross buildable vacant acres.

- Calculate total net buildable acres by plan designation by adding redevelopable acres to net buildable acres.

The supply analysis builds from a parcel-level database to estimates of buildable land by plan designation (e.g., R-1 and R-2).[1] For other generalized land use types, each parcel was classified into one of the following categories:

- Vacant land

- Partially Vacant land

- Undevelopable land

- Developed land

- Potentially Redevelopable land

A detailed discussion of the methods and definitions used to complete the buildable lands inventory is presented in Appendix A.

The City identifies areas in steep slopes, floodplains, wetlands identified in the National Wetlands Inventory (NWI), and land identified for future

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[1] The parcel-level database was based on information from the Linn County GIS Department. The base data was supplemented with additional land use data and field work provided by City staff.

public facilities as constrained or committed lands. These areas were deducted from lands that were identified as vacant or partially vacant. Definitions of these characteristics and the results of the buildable residential lands inventory are presented in Chapter 3.

HOUSING

Demand for land is characterized through analysis of national, regional, and local demographic and economic data. For residential uses, population and households drive demand. For the residential sector, for example, information about the characteristics of households is used to identify types of housing that will be sought by households.

The method used in this analysis is generally consistent with the method described in the DLCD document *Planning for Residential Needs.* The Workbook describes six steps in conducting a residential needs assessment:

1. Project the number of new housing units needed in the next 20 years.

2. Identify relevant national, state, and local demographic trends that will affect the 20-year projection of structure type mix.

3. Describe the demographic characteristics of the population, and household trends that relate to demand for different types of housing.

4. Determine the types of housing that are likely to be affordable to the projected households.

5. Estimate the number of additional needed units by structure type.

6. Determine the needed density ranges for each plan designation and the average needed net density for all structure types.

DLCD, working with Housing and Community Services (HCS), developed a template to assist communities in evaluating housing needs. Housing and Community Services provided Sweet Home with a preliminary run of the model. The output is described in Chapter 3.

ECONOMY

Oregon Planning Goal 9 and its Administrative Rule requires jurisdictions to provide an adequate supply of buildable lands for a variety of commercial and industrial activities. In addition, Goal 9 requires plans to be based on an analysis of the comparative advantages of a planning region. Comparative advantage is defined in terms of the relative availability of factors that affect the costs of doing business in the planning region, and specify many geographic, economic, and institutional factors that an analysis of comparative advantage should consider.

The analysis of comparative advantage in this report includes the locational factors specified by Goal 9. It assesses qualitatively the availability

of these factors in Sweet Home relative to Linn and Benton Counties as a whole, and to Oregon.

ORGANIZATION

The remainder of this report is organized as follows:

Chapter 2, Buildable Lands Inventory presents the results of ECO's analysis of buildable lands in Sweet Home.

Chapter 3, Housing Needs Analysis describes development trends in Sweet Home, demand for new housing units between 2000 and 2020, and evaluates housing needs using the OHCS model.

Chapter 4, Economic Opportunities Analysis describes the economic characteristics of Sweet Home and presents a forecast of employment. It also evaluates the locational advantages of Sweet Home.

Chapter 5, Comparison of Land Supply and Demand uses information from chapters 2, 3, and 4 to evaluate whether Sweet Home has enough land to accommodate all types of development over the next 20 years.

Chapter 6, Implications for City Land Use Policy describes the implications of the technical analysis presented in this report for City land use policy.

Buildable Lands Inventory

This chapter presents the results of the inventory of buildable residential land within the Sweet Home Urban Growth Boundary (UGB).[2] The inventory only includes lands within the Sweet Home UGB that have a plan designation for residential use. A detailed discussion of the methods and definitions used to complete the buildable lands inventory is presented in Appendix A.

Many ways exist to present the land supply data: for example, by development status, plan designation, zoning, or current use. This chapter uses the categorizations most relevant to policy making: vacant land by plan designation and zoning (i.e., future use classification), vacant land by parcel size, and land with redevelopment potential.

LAND BY CLASSIFICATION

The supply analysis builds from a parcel-level database to identification of buildable land by plan designation (e.g., residential, commercial, etc.). For other generalized land use types, each parcel was classified into one of the following categories (the complete definitions are included in Appendix A):

- *Vacant land.* Tax lots that have no structures or have buildings with very little value. For the purpose of this study, vacant residential land is land that is designated for residential uses and has a market improvement value less than $10,000.

- *Undevelopable land.* Land that is in tax lots too small to legally develop, land that has no access, or land that cannot be developed by policy. For purposes of this study, lots under 4,000 square feet, lots with no existing or potential for future automobile access, and constrained lands are considered undevelopable for residential uses.

- *Partially vacant (under-utilized) land.* Partially vacant tax lots are those occupied by a use but which contain enough land to be further partitioned or subdivided without need of rezoning. For instance, a single house on a 1-acre tax lot, where urban densities are allowed, is partially developed. To estimate partially-vacant land, City staff conducted extensive field verification.

- *Developed residential land.* Land that is developed at densities consistent with zoning and improvements that make it unlikely to redevelop during the analysis period. For purposes of this study, land that is not classified as vacant, partially vacant, or undevelopable is considered developed. Potentially redevelopable land is a subset of developed land.

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[2] The base date for the inventory was Fall, 1998.

- *Potentially redevelopable land.* Land on which development has already occurred but on which, due to present or expected market forces, there exists the potential that existing development will be converted to more intensive uses during the planning period. For purposes of this study, all tax lots with improvement-to-land value ratios of less than 1:1 that are not classified as vacant, undevelopable, partially vacant, or under-utilized are considered potentially redevelopable.

The inventory includes all lands within the Sweet Home UGB. Public and semi-public lands are generally considered unavailable for residential development.

Figure 2-1 and Table 2-1 shows all residential land by classification for June 2000 for the entire Sweet Home UGB. Typically we would present data for the two subareas that compose it: the area within the city limits; and, the urban fringe (defined for this study as the area between the city limits and the UGB). The vast majority of land in the Sweet Home UGB (more than 95%), however, falls within the City limits.

The data indicate that within the existing UGB, Sweet Home has 3,295 acres in 3,589 tax lots designated for residential uses. Of this total, 1,175 acres are classified as either developed or as developed portions of tax lots.[3] About 383 acres exhibit physical or environmental constraints (slope or floodplain constrained land - see Appendix A), and therefore unavailable for future residential use.[4] This provides about 1,692 gross vacant buildable acres available for future residential development. Of this total, about 880 acres are classified as vacant, and 797 acres are classified as partially vacant.

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[3] The Linn County Assessor's data provided by Linn County GIS from the 1999 Regional Study does not estimate the developed portions of partially developed tax lots. Thus, the actual amount of buildable land in the partially-vacant category is less than the figures shown in Table 2-1.

[4] Lands in public and open land plan designations are considered unavailable for development.

Figure 2-1. Land classification, Sweet Home UGB, June 2000

Land Classification
- Developed
- Partially Vacant
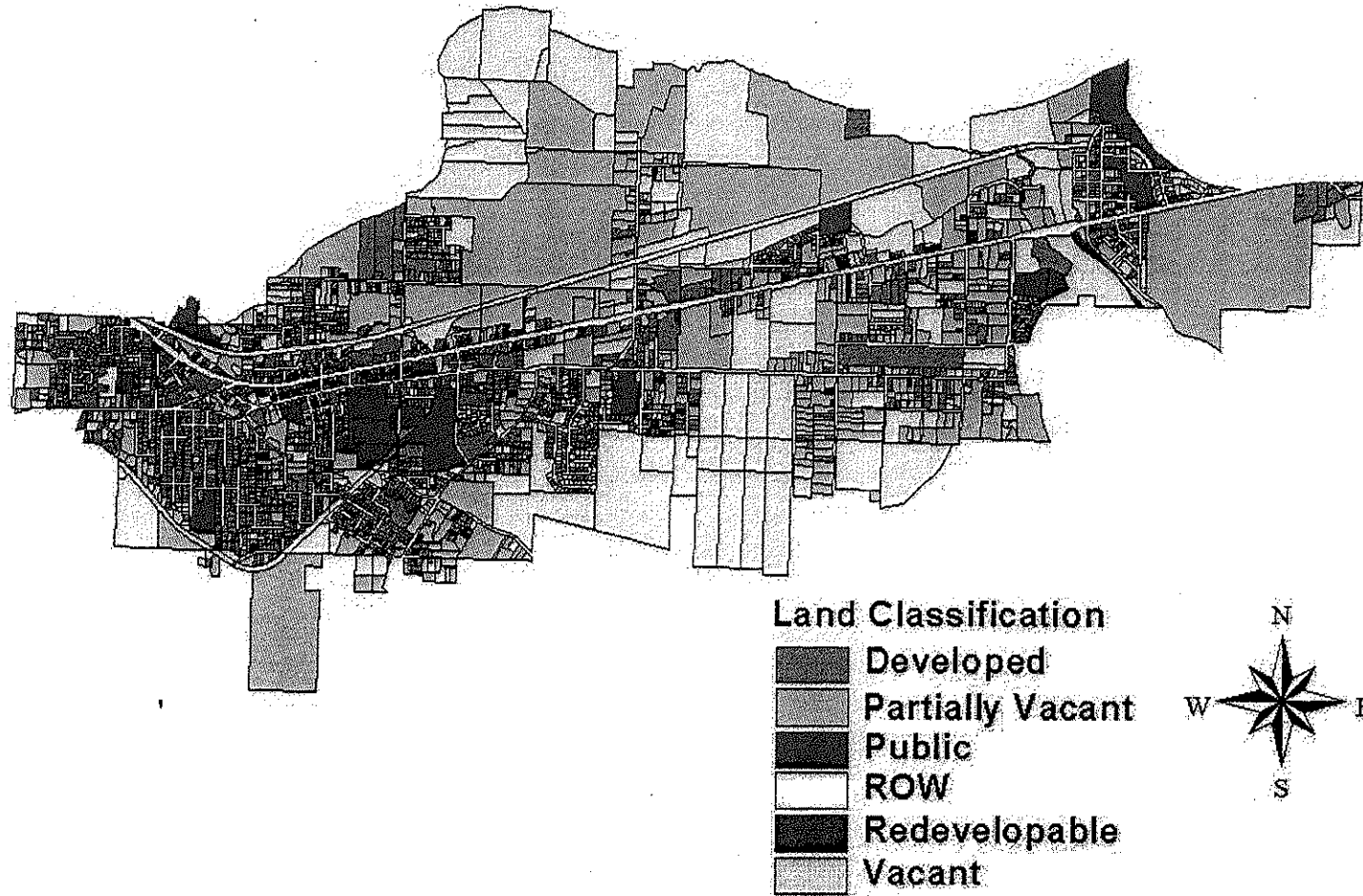- Public
- ROW
- Redevelopable
- Vacant

Table 2-1. Land by classification, Sweet Home UGB, June 2000

Classification	Number of Tax Lots	Total Acres	Developed Acres	Constrained Acres	Buildable Acres	Potentially Redev. Acres
Land Unavailable for Development						
Developed	2,101	602	602	0	0	0
Mobile Home	23	39	7	18	15	0
Public	48	159	159	0	0	0
Subtotal	**2,172**	**800**	**768**	**18**	**15**	**0**
Land Available for Development						
Vacant	852	1,175	0	295	880	0
PV Multifamily	1	2	0	0	2	0
PV Nonresidential FF	7	95	4	0	92	0
PV Nonresidential IC	58	718	306	22	391	0
PV Residential	326	459	98	48	313	0
Subtotal	**1,244**	**2,450**	**407**	**365**	**1,677**	**0**
Potentially Redevelopable	**173**	**45**	**0**	**0**	**0**	**45**
Total	**3,589**	**3,295**	**1,175**	**383**	**1,692**	**45**

Source: Linn County Assessment data; field verification by the City of Sweet Home; data analysis by ECONorthwest
Note: Totals may not sum due to rounding errors

Table 2-2 shows residential land by plan designation within the Sweet Home UGB. The results show Sweet Home has about 201 buildable acres of commercial land, 479 buildable industrial acres, and 974 buildable residential acres.

Table 2-2. Land by plan designation, Sweet Home UGB, June 2000

Plan Designation	Number of Tax Lots	Total Acres	Developed Acres	Const. Acres	Buildable Acres	Redev. Acres
Commercial						
Central Commercial	173	34	23	5	5	1
Highway Commercial	342	252	109	35	108	3
Planned Recreation Comm	46	105	15	2	88	0
Subtotal	**561**	**391**	**147**	**43**	**201**	**4**
Industrial						
Subtotal	**252**	**825**	**314**	**32**	**479**	**1**
Open Land Use						
Subtotal	**16**	**244**	**16**	**198**	**29**	**0**
Public						
Subtotal	**27**	**123**	**99**	**15**	**9**	**2**
Residential						
Urban High Density	636	356	146	45	166	4
Urban Low Density	1,627	1,118	335	83	700	1
Urban Med Density	464	234	113	12	109	0
Subtotal	**2,727**	**1,708**	**594**	**140**	**974**	**5**
Unknown	6	4	4	0	0	
Total	**3,589**	**3,295**	**1,175**	**428**	**1,692**	**11**

Source: Linn County Assessment data; field verification by the City of Sweet Home; data analysis by ECONorthwest
Note: Totals may not sum due to rounding errors

Table 2-3 shows the percentage of total acres, developed acres, buildable acres, and potentially redevelopable acres by plan designation. The percentages remain relatively constant across the plan designations. For example, 52% of total acres are designated for residential use. About 51% of developed acres are designated for residential use, while about 58% of vacant land is designated for residential use. Without evaluating demand for land in various use categories, these results show a relatively balanced designation of land by use.

Table 2-3. Percentage of acres by plan designation, Sweet Home UGB, June 2000

Plan Designation	Percent of Total Acres	Percent of Developed Acres	Percent of Buildable Acres	Percent of Potentially Redev. Acres
Commercial	12%	13%	12%	33%
Industrial	25%	27%	28%	5%
Public/Open Space	11%	10%	2%	0%
Residential	52%	51%	58%	61%

Source: Linn County Assessment data; field verification by the City of Sweet Home; data analysis by ECONorthwest

Table 2-4 shows residential land by plan designation within the Sweet Home UGB. The results show Sweet Home has about 158 buildable acres of land zoned for commercial uses, 394 buildable acres zoned for industrial uses, 1,110 buildable acres zoned for residential use, and 30 buildable acres zoned for open land use.[5]

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[5] The zoning figures by broad category (i.e., commercial, industrial, etc.) do not precisely match the figures by plan designation due to discrepancies between plan designations and zoning.

Table 2-4. Land by zoning district, Sweet Home UGB, June 2000

Zoning	Number of Tax Lots	Total Acres	Developed Acres	Const. Acres	Buildable Acres	Redev. Acres
Commercial						
C-1	143	26	18	4	4	3
C-2	342	217	115	17	84	11
C-3	2	0	0	0	0	0
PRC	37	89	17	2	70	0
Subtotal	**524**	**332**	**151**	**23**	**158**	**15**
Industrial						
M	**58**	**693**	**276**	**23**	**394**	**0**
Open Land Use						
OLU	**50**	**249**	**21**	**199**	**30**	**0**
Residential						
R-1	2,342	1,659	586	124	950	23
R-2	450	240	114	53	74	6
R/M	162	121	29	7	86	2
Subtotal	**2,954**	**2,020**	**728**	**183**	**1,110**	**30**
No Data	3	1	0	242	1	0
Total	**3,589**	**3,295**	**1,175**	**671**	**1,692**	**45**

Source: Linn County Assessment data; field verification by the City of Sweet Home; data analysis by ECONorthwest
Note: Totals may not sum due to rounding errors

GROSS VACANT BUILDABLE LAND BY PARCEL SIZE

Parcel size and location are important factors in providing a balanced land supply. Table 2-5 shows gross buildable vacant land by plan designation and parcel size within the Sweet Home UGB. The data suggest that Sweet Home has a good balance of vacant land by parcel size. In other words, parcels of all sizes are available for development which provides market choice. The results show that while the majority (80%) of vacant parcels are less than one acre, 30% of the vacant land is in parcels of 10 acres or larger in area. Of further note is that the average "vacant land" parcel size is just over 1.0 acre.

Table 2-5. Vacant acres by size class inside the Sweet Home UGB in 2000

Plan Designation	<1 Acre	1-4 Acres	5-9 Acres	10-19 Acres	20-49 Acres	50 or More Acres	Total
Commercial							
Central Commercial	5						5
Highway Commercial	20	13	6	10			50
Subtotal	25	13	6	10	-	-	55
Industrial							
Subtotal	16	24	35	11	24	-	110
Open Land Use							
Subtotal	0	3	7	-	-	-	10
Planned Recreation Comm							
Subtotal	8	-	-	12	-	62	82
Public							
Subtotal	1	7	-	-	-	-	8
Residential							
Urban High Density	0						0
Urban Low Density	14	22	12	29	22		99
Urban Med Density	69	43	62	136	96	60	465
Subtotal	83	64	74	164	118	60	564
Unknown	29	10	13	-	-	-	52
Total	163	120	134	198	143	121	880

Source: ECONorthwest, from City of Sweet Home & Linn County Assessor
Note: Totals may not sum due to rounding errors

Figure 2-2 shows vacant land by plan designation within the Sweet Home UGB.

Figure 2-2. Fully vacant land by plan designation, Sweet Home UGB, June 2000

Plan Designation

- Central Commercial
- Highway Commercial
- Industrial
- Open Land Use
- Planned Recreation Comm
- Public
- Urban High Density Res
- Urban Low Density Res
- Urban Med Density Resident

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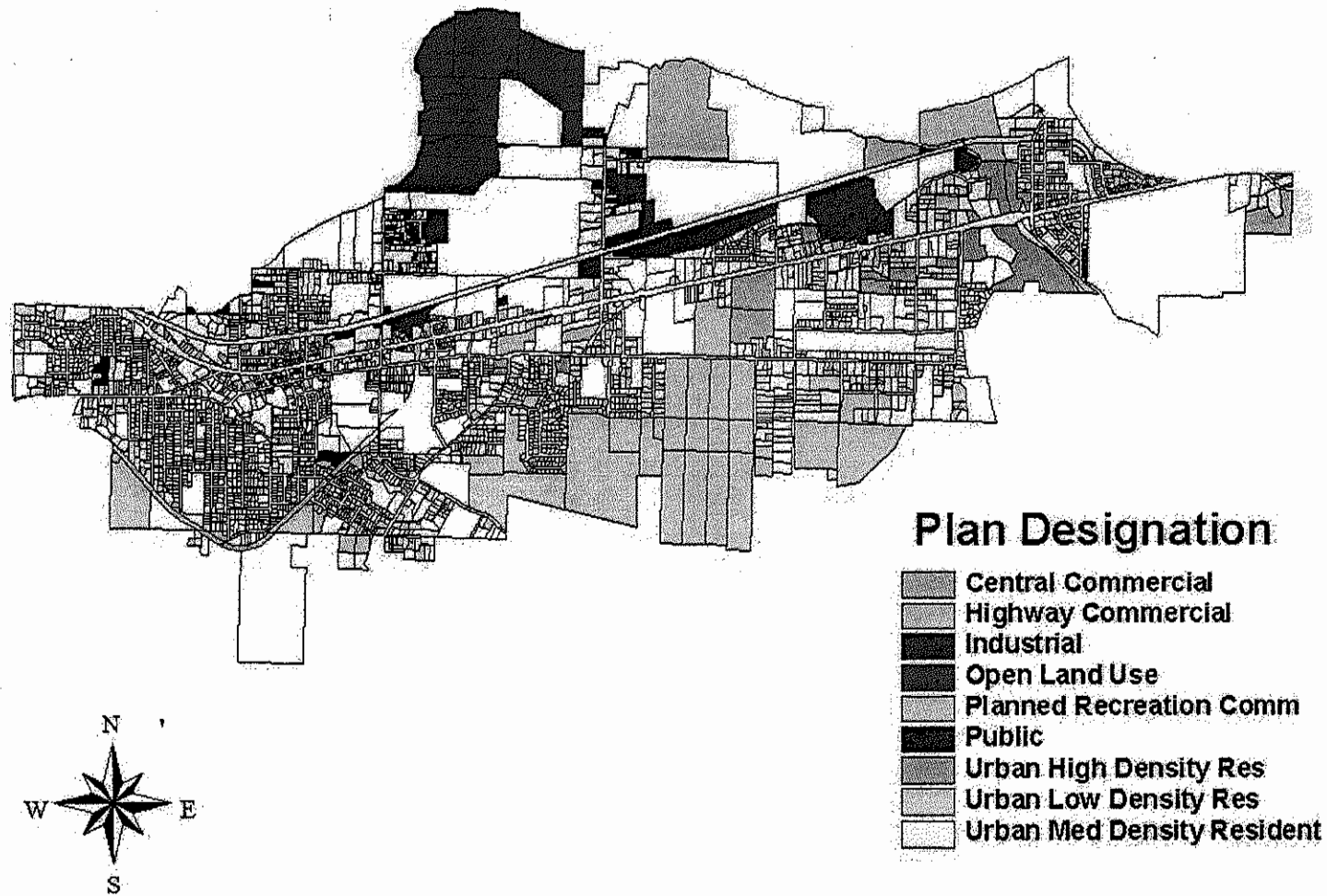
CONSTRAINED LANDS

Many developable areas of Sweet Home have physical or environmental constraints. These constraints include steep slopes, wetlands, and floodplains. None of these are absolute constraints (i.e., constraints that are backed by policy that completely preclude development), the City has sufficient buildable lands that it has the opportunity to limit development in constrained areas. Limits typically include development at lower densities, or using planned unit development approaches to minimize impact to constrained lands or sensitive natural features. They could also include policies that prohibit development.

Table 2-6 provides a detailed summary of constraints to vacant, buildable lands (including vacant and partially vacant tax lots). Note that constrained lands often overlap. For example, many areas that are constrained by floodplains may also be classified as significant wetlands. Thus, total constrained acres may be less than the sum of various constants. Note also that some areas identified as constrained on partially vacant land may also be impacted by existing development.

Table 2-5. Vacant acres by size class inside the Sweet Home UGB in 2000

Classification	Number of Tax Lots	Total Acres	Acres in Floodplain	Acres in Wetlands & Water	Acres in Steep Slopes	Total Const. Acres	Buildable Acres
Land Available for Development							
Vacant	852	1,175	157	331	24	428	880
PV Multifamily	1	2				0	2
PV Nonresidential FF	7	95		72		22	92
PV Nonresidential IC	58	718		289		48	391
PV Residential	326	459	19	35		45	313
Subtotal	**1,244**	**2,450**	**176**	**727**	**24**	**543**	**1,677**

Source: ECONorthwest, from City of Sweet Home & Linn County Assessor
Notes: Acres in Wetlands from NWI data; PV-partially vacant; Totals may not sum due to rounding errors

The column in Table 2-5 titled "Acres in Wetlands & Water" presents data from the National Wetlands Inventory. The data include both wetlands and water features. More importantly, the data overestimate the actual area in wetlands. Sweet Home conducted a detailed wetlands inventory in 1999. The results indicate the City has about 270 acres of significant wetlands. Figure 2-3 shows the relationship between the NWI data and the more recent (and accurate) local wetlands inventory.

Figure 2-3. Floodplain and wetland areas, Sweet Home UGB, Fall 1998
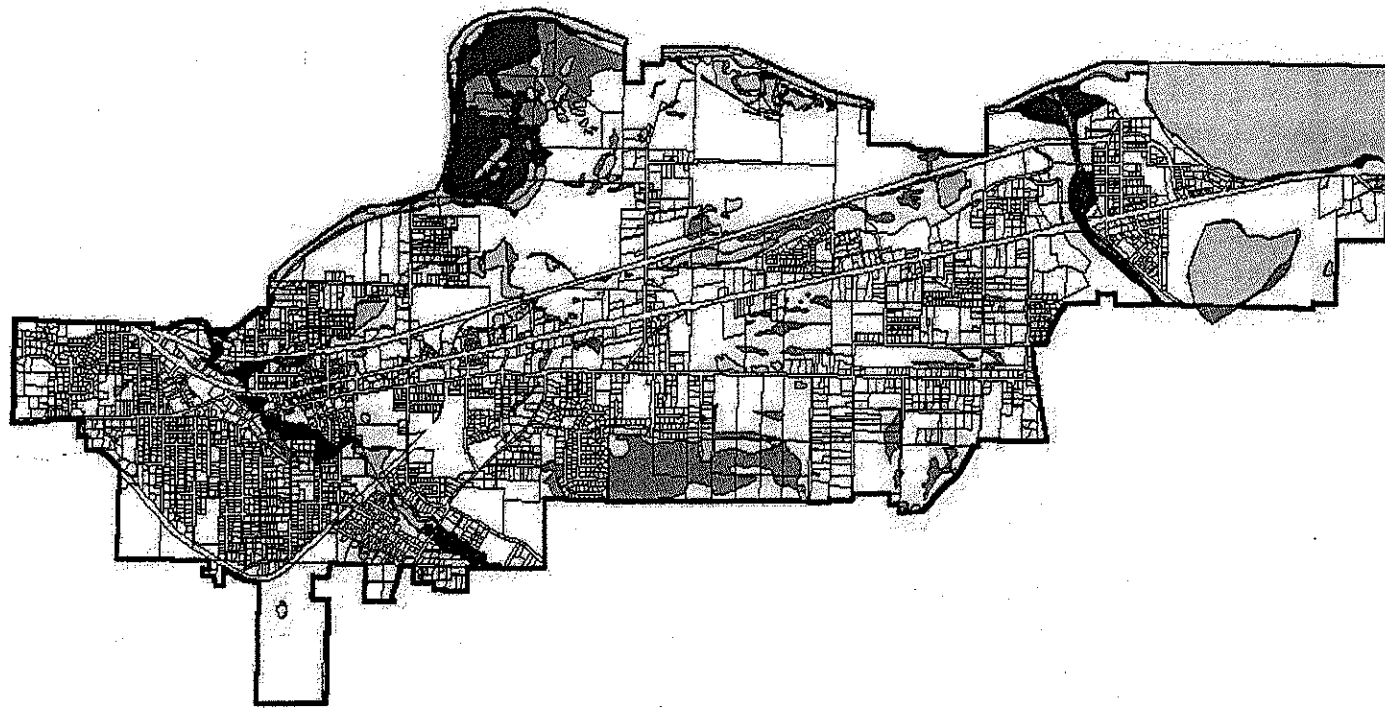
NWI Wetlands & Water Features
Local Wetland Inventory
100-year Floodplain

REDEVELOPMENT POTENTIAL

Redevelopment potential deals primarily with developed land zoned for multi-family residential use (zoning district R-2) and commercial or industrial uses where the ratio of improvement-to-land value is less than 1:1.[6] Not all, or even a majority of parcels that meet these criteria for redevelopment *potential* will be assumed to redevelop during the planning period. The issue of *how much* land might redevelop over the planning period is discussed in Chapter 5.

As a part of the Linn-Benton Regional analysis completed in 1999, Sweet Home completed a more thorough evaluation of redevelopment potential. This evaluation included field verification of data. Table 2-7 shows the results of the City's evaluation of redevelopment potential. The results show that the acreage in parcels with redevelopment potential are relatively small, suggesting that net density gains through redevelopment will be minimal. Moreover, because the City has such a large inventory of vacant lands, redevelopment will be less practical.

Table 2-7. Potentially redevelopable land

Plan Designation	Potentially Redevelopable Acres
Commercial	4
Industrial	1
Public	2
Residential	5
Total	**11**

Source: ECONorthwest, from City of Sweet Home and Linn County Assessment Data
Note: Totals may not sum due to rounding errors

SUMMARY

Sweet Home has 3,295 acres of land in tax lots its UGB. Of those, about 1,692 acres are classified as vacant or partially-vacant, buildable (no significant natural, or planning constraints) land within its UGB. Nearly all vacant, buildable land is within the city limits. Of the 1,692 acres, about 880 acres are classified as fully vacant, and 797 acres are classified as partially-vacant.

In addition to the vacant buildable land, few developed parcels have low enough improvement values to suggest that they are likely to be redeveloped in large quantities (and, thus, be part of the land base that could support new

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[6] In the context of a buildable lands inventory, we are only interested in redevelopment that increases the density or intensity of use. For example, a demolition of a dilapidated home in an R-2 district for a new single-family residence creates a new housing unit, but does not increase the number of residences on the site (or the density).

development). Using the assumption (determined by the City and common in buildable land studies in Oregon) that any parcel where improvement value is less than land value suggests a ripeness for redevelopment, an additional 11 acres may have redevelopment *potential* during the planning period.

This assumes that *all* such parcels will redevelop to a higher intensity during the planning period. Not all of this land, however, is likely to build out during the planning period. A more detailed discussion of this issue is presented in Chapter 6.

Housing Needs Analysis

INTRODUCTION

This chapter provides the technical analysis to update the Housing (Goal 10) element of the Sweet Home Comprehensive Plan. Statewide Planning Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 (ORS 197.295 to 197.314, ORS 197.475 to 197.490 and OAR 600.008). Goal 10 requires incorporated cities to complete an inventory of buildable residential lands and to encourage the availability of adequate numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as "housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels." This definition includes government-assisted housing and mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490. For communities with populations greater than 2,500 and counties with populations greater than 15,000, needed housing types include (but are not limited to):

- Attached and detached single family housing and multiple-family housing for both owner and renter occupancy; and

- Manufactured homes on individual lots planned and zoned for single-family residential use.

In 1996, the Oregon legislature passed House Bill 2709 which is now codified as ORS 197.296. It amends the Oregon Land Use Planning Act and further refines Goal 10 as follows:

- Refined the definition of buildable lands;

- Requires coordination of population projections by counties (ORS 195.036);

- Sets criteria for prioritizing land for UGB expansions (ORS 197.298);

- Sets specific requirements in ORS 197.296 for conducting residential buildable land inventories and housing needs assessments; and

- Requires demonstration of a 20-year buildable land supply.

According to DLCD, Sweet Home is *not* bound to the full requirements of ORS 197.296 at the time this report was written.

METHODS

While Sweet Home is not required to comply with all provisions of ORS 197.296, ECONorthwest generally followed the methodology described in the DLCD report *Planning for Residential Development*, referred to as the "workbook." The workbook generally describes seven steps in conducting an housing needs analysis:

1. Determine the number of new housing units needed in the next 20 years.

2. Identify relevant national, state, and local demographic trends that will affect the 20-year projection of structure type mix.

3. Describe the demographic characteristics of the population, and household trends that relate to demand for different types of housing.

4. Determine the types of housing that are likely to be affordable to the projected households.

5. Estimate the number of additional new units by structure type.

6. Determine the density ranges for all plan designations and the average net density for all structure types.

7. Evaluation unmet housing needs and the housing needs of special populations (Goal 10 needs).

The remainder of this chapter is organized into three sections. The first section describes residential development trends in Sweet Home, the second describes demand for new housing units over the 20-year planning period; and the third addresses housing needs, including results of the DLCD/HCS housing need model.

The analysis builds on data presented in the Linn-Benton Regional Report, but generally does not replicate that analysis.

RESIDENTIAL DEVELOPMENT TRENDS

ORS 197.296 requires an evaluation of the housing type mix and density of residential development during the past five years or since the last periodic review, whichever is longer. While Sweet Home is not bound to complying with this requirement, an evaluation of recent development trends is useful in developing a better understanding of the local housing market. The analysis of development trends is based on building permit data provided by the City and Linn County Assessment data.

Figure 3-1 shows building permits issued for new residential construction in Sweet Home annually between 1990 and 2000. The data show considerable variability with peaks occurring in 1994 and 1998. Residential building

permits increased substantially in 1992, and have averaged over 50 annually since 1992.

Figure 3-1. Building permits issued, Sweet Home, 1990-2000
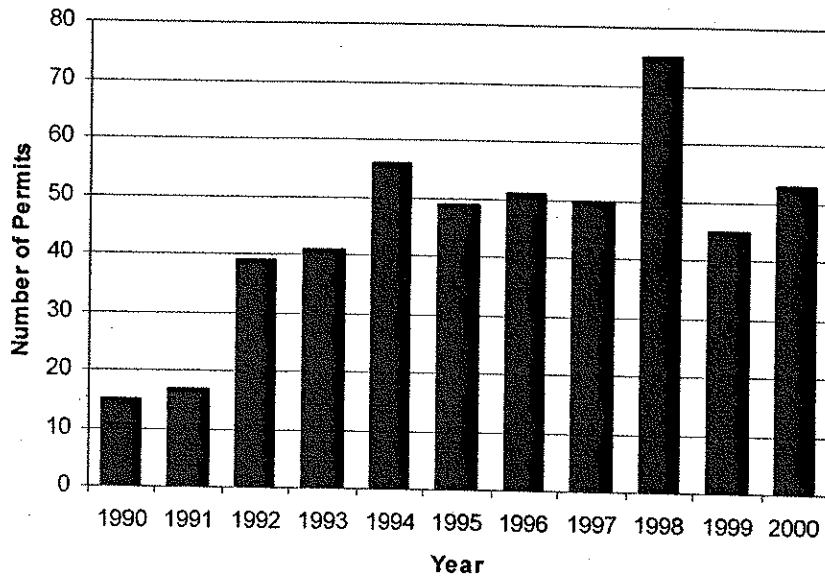
Source: City of Sweet Home

Table 3-1 shows building permits issued for new residential construction by type of unit between 1990 and 2000 in Sweet Home. City permit records indicate that 438 residential building permits were issued between 1990 and 2000 for a total of 519 dwelling units. About 84% of the building permits issued were for single-family residences: detached or manufactured dwellings. Only 16% of the permits were issued for multiple-family dwellings. No permits were issued for single-family detached units.

Table 3-1. Building permits for new residential construction, by type, 1990-2000

Type	Number	Percent
Single-family		
Single-family attached	157	30%
Mobile/manufactured	298	57%
Subtotal	**455**	**88%**
Multiple-family		
Single-family detached	0	0%
Multiple-family	64	12%
Subtotal	**64**	**12%**
Total	**519**	**100%**

Source: City of Sweet Home

Table 3-2 shows average density by housing type and plan designation between 1990 and 2000. The results show that development in Sweet Home has occurred at very low densities. The figures, however, are affected by a few dwellings that were built on large lots within the City. Many of these large lots could be partitioned in the future under present zoning regulations.

Table 3-2. Net density of residential development, 1990-2000

	Plan Designation		
Housing Type	High Density	Medium Density	Low Density
Single-Family	4.1	4.2	3.2
Manufactured on Lots	4.2	1.9	1.2
Manufactured in Parks	3.5	2.2	3.4
Apartment	na	11.8	na
Total	**3.9**	**2.6**	**2.4**

Source: City of Sweet Home

NEW DWELLING UNITS NEEDED, 2000-2020

Estimating total new dwelling units needed during the planning period is a relatively straightforward process. Demand for new units is based on the county coordinated population forecast as required by ORS 195.036 and ORS 197.296. Persons in group quarters are then subtracted from total persons to get total persons in households. Total persons in households is divided by persons per household to get occupied dwelling units. Occupied dwelling units are then inflated by a vacancy factor to arrive at total new dwelling units.

The following sections step through that logic and describe the basis for the assumptions applied to the estimate of demand for new dwelling units.

POPULATION

Figure 3-2 shows historical and forecast population for Sweet Home between 1980 and 2020. The 2000 Census indicates Sweet Home's population was 8,016 persons. Sweet Home's coordinated 2020 population forecast is 9,485 persons. Thus, population will increase by 1,469 persons between 2000 and 2020.

Figure 3-2. Sweet Home population, 1980-2020
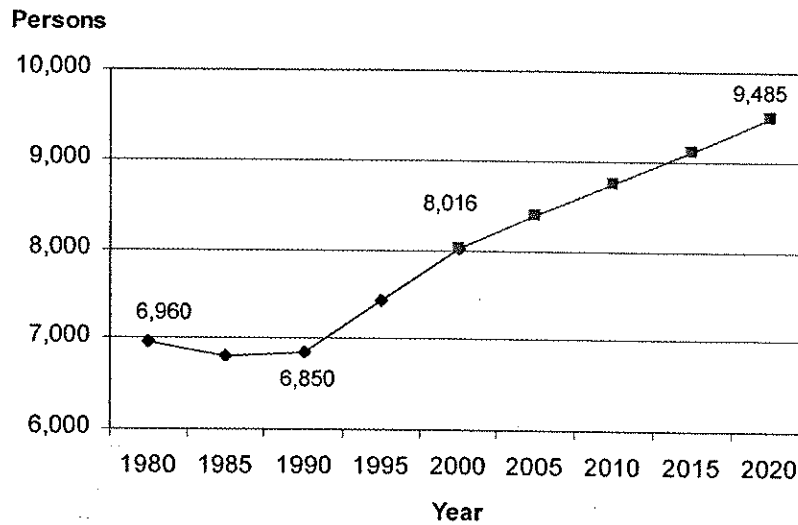
Persons

PERSONS IN GROUP QUARTERS

Persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically backed out of the population forecast for the purpose of estimating housing demand. Group quarters can have a big influence on housing in cities with colleges (dorms), prisons, or a large elderly population (nursing homes). In general, one assumes that any new requirements for these lodging types will be met by institutions (colleges, state agencies, health-care corporations) operating outside what is typically defined as the housing market. Group quarters, however, require land and are typically built at densities that are comparable to multiple-family dwellings.

According to Census data, only 57 persons resided in group quarters in 1990 in Sweet Home (slightly less than 1% of the City's 1990 population). The key area where we expect changes in group quarters are in nursing homes. Consistent with the overall aging of the population, we expect persons in nursing homes to increase at a faster rate than the overall population. A conservative estimate is that persons in nursing homes will double between 2000 and 2020. Thus, we assume persons in group quarters to increase by about 2% of the population added between 2000 and 2020, or by 29 persons.

AVERAGE HOUSEHOLD SIZE

Twenty years ago, traditional families (married couple, with one or more children at home) accounted for 29% of all households in Oregon. In 1990 that percentage had dropped to 25%. It will continue to fall, but probably not as dramatically. The average household size has decreased over the past five decades and is likely to continue decreasing. The average household size in Oregon was 2.6 in 1980 and 2.52 in 1990. One and two person households made up the majority of Oregon households in 1990. The direct impact of decreasing household size on housing demand is that smaller households

means more households, which means a need for more housing units even if population were not growing.

Table 3-3 shows average household size for estimates for Sweet Home in 1990, 2000 and 2005. Consistent with national and state trends, household sizes in the city have declined and are expected to decline for the foreseeable future. The baseline housing demand forecast assumes an average household size of 2.4 persons.

Table 3-3. Average household size, Sweet Home, 1990, 2000, and 2005

Year	Benton
1990	2.47
2000	2.45
2005	2.44

Source: 1990 summary tape files STF-3, US Bureau of the Census; 2000 estimate and 2005 projections from Claritas, Inc.

VACANCY RATES

Vacant units are the final variable in the basic housing demand model. Vacancy rates are cyclical and represent the lag between demand and the market's response to demand in additional dwelling units. Analysts consider a 2%-4% vacancy rate typical for single-family units; 4%-6% is typical for multifamily residential markets. We use 5% as a base assumption—a lower assumption will result in a lower number of new units between 2000 and 2020.

FORECAST OF NEW HOUSING UNITS, 2000-2020

The preceding analysis leads to a forecast of new housing units likely to be built in the region between 1998 and 2020. Table 3-4 summarizes the analysis. The forecasted increase in population for the planning period is 1,469 people.

The forecast of new units does not include dwellings that will be demolished and replaced. This analysis does not factor those units in; it assumes they will be replaced at the same site and will not create demand for residential land.

Table 3-4. Demand for new housing units, Sweet Home, 2000-2020

Variable	Number
Change in persons, 2000-2020	1,469
Persons in group quarters	29
Persons in households	1,440
Persons per occupied DU	2.4
Occupied dwelling units	600
Vacancy rate	5%
Total new dwelling units 2000-2020	**631**

Source: Calculations by ECONorthwest based on County population forecasts and US Census data.

To develop our forecast of new housing units by type, we used two sources: development trends between 1990 and 2000, and consideration of demographic trends and other factors. ORS 197.296 requires communities to consider the mix and density of housing types built in the last five years or since the last periodic review whichever is longer. The baseline forecast uses data on the mix and density of housing units built between 1990 and 2000. That approach, however, does not recognize demographic trends, and policies cities may adopt to encourage a different mix of housing than was built in the past. Our second allocation (in the next section on Housing Needs) represents an alternative simulation of how local policies that address housing need (and are consistent with ORS 197.296) could affect housing mix.

Table 3-5 shows the baseline forecast of new dwelling units and land need by type. The results are based on development trends observed between 1990 and 2000. The baseline forecast indicates Sweet Home needs about 631 new dwelling units.[7] At an average density of about 3.3 dwelling units per gross acre, those 631 dwellings will consume about 193 acres of buildable residential land.

Table 3-5. Baseline forecast of new dwelling units and land need by type, Sweet Home, 2000-2020

Housing type	DU	Land Need (Gross Acres)	Density (DU/Gross Acre)
Single-family	**556**	**185**	**3.0**
Detached	341	72	4.8
Manufactured	341	114	3.0
Multiple-family	**76**	**8**	**10.0**
Duplex	0	0	na
Apartment	76	8	10.0
Total	**631**	**193**	**3.3**

Source: ECONorthwest

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[7] This estimate only addresses new housing units that will be built on vacant land. It does not account for demolition and replacement of dilapidated housing units.

HOUSING NEEDS ANALYSIS

The DLCD Workbook describes five steps in analyzing housing needs in a community. Specifically, these steps are:

1. Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix.

2. Describe the demographic characteristics of the population and, if possible, housing trends that relate to demand for different types of housing.

3. Determine the types of housing that are likely to be affordable to the projected households based on household income.

4. Estimate the number of additional needed units by structure type.

5. Determine the needed density ranges for each plan designation and the average needed net density for all structure types.

The remainder of this section is organized around this five-step process.

STEP 1. IDENTIFY RELEVANT NATIONAL, STATE, AND LOCAL DEMOGRAPHIC AND ECONOMIC TRENDS AND FACTORS THAT MAY AFFECT THE 20-YEAR PROJECTION OF STRUCTURE TYPE MIX

The regional report presents a substantial amount of national, state, and local data that is relevant to this step. The specific discussion is found in Appendix C of the Linn-Benton Regional Report. The key national findings from that report are summarized below:

- Young adult households and the elderly will migrate on net to the South and West from the Northeast and Midwest.

- States that traditionally attract retirees—Arizona, Utah, Nevada, New Mexico, Colorado, Washington, Oregon, Georgia, North Carolina, and South Carolina—will see especially fast growth in their over-65 populations.

- The aging of the population, and of the baby boomers in particular, will drive changes in the age distribution of households in all age groups over 55 years.

- Baby boomers now reaching their 50s have moved, or are about to move, into the "empty nest" stage of life when their children leave home. The number of empty nesters will increase by about 3.2 million over the next decade.

- The number of people living alone will also increase.

- Single-parent households are headed for a slowdown.

- Married couples with children under the age of 18 will also decrease in number.

- With the over-85 population growing by 1.3 million during the first decade of the 21st century, housing suited to the health-related needs of the frail elderly will be increasingly in demand.

STEP 2. DESCRIBE THE DEMOGRAPHIC CHARACTERISTICS OF THE POPULATION AND, IF POSSIBLE, HOUSING TRENDS THAT RELATE TO DEMAND FOR DIFFERENT TYPES OF HOUSING

ECONorthwest reviewed data from the U.S Bureau of Census *Current Construction Reports* to identify national trends in the characteristics of new housing. Nationally, several shifts in the characteristics of housing are evident:

- *Larger single family units on smaller lots.* Between 1987 and 1997 the median size of new single family dwellings increased 13%, from 1605 sq. ft. to 1,975 sq. ft. During the same period, the median lot size decreased 2%, from 9,295 sq. ft. to 9,100 sq. ft. (see Table C-47 of the *Linn-Benton Regional Housing and Economy Report*). Moreover, the percentage of units under 1,200 sq. ft. decreased from 13% in 1987 to 8% in 1997. The percentage of units greater than 2,500 sq. ft. increased from 26% in 1987 to 31% in 1997.

- *Larger multifamily units*—between 1987 and 1997, the median size of new multiple family dwelling units increased 15%, from 920 sq. ft. to 1,055 sq. ft. (see Table C-48 of the *Linn-Benton Regional Housing and Economy Report*). Moreover, the percentage of units with less than 600 sq. ft. decreased from 8% to 5%, while the percentage with more than 1,200 sq. ft. increased from 18% to 27%.

- *More household amenities*—between 1987 and 1997 the percentage of single family units built with amenities such as central air conditioning, fireplaces, brick exteriors, 2 or more car garages, or 2 ½ or more baths increased (see Table C-46 of the *Linn-Benton Regional Housing and Economy Report*). The same trend is seen in multiple family units: the percentage of units with two or more bathrooms increased from 39% to 49% between 1987 and 1997.

STEP 3. DETERMINE THE TYPES OF HOUSING THAT ARE LIKELY TO BE AFFORDABLE TO THE PROJECTED HOUSEHOLDS BASED ON HOUSEHOLD INCOME

The Oregon Housing and Community Services Department and the Department of Land Conservation and Development developed a Housing Needs Model (OHCS model) in an effort to provide guidance to

municipalities, as well as standardize the process of conducting housing needs analysis throughout municipalities throughout Oregon.[8]

According to documentation provided with the model by OHCS, the Housing Needs Analysis model and its templates are based on a methodology that uses the demographics of the study area in conjunction with current regional housing tenure (owning versus renting) data to calculate the housing needs for that study area.[9] For purposes of Goal 10, the study area typically will be a city's incorporated territory (the current year projection) and anticipated buildout of territory within the urban growth boundary (a future year projection). OHCS compiled demographic information for the study area from several sources including the Center for Population Research and Census, Portland State University and Claritas, Inc. The regional housing tenure data is derived from the Consumer Expenditure Survey that is conducted each year by the U.S. Bureau of Labor Statistics. The model is designed to be adaptable in order to use Census 2000 and other more recent or accurate data.

Table 3-6 shows the output of the OHCS housing need model. The results show needed dwelling units for the period 2000-2020. The output shows need for about 635 dwelling units. The rental rates and value ranges are expressed in year 2000 dollars. The output assumes that existing housing mix is more or less in balance with housing need.[10]

The owner-occupied dwelling unit value ranges shown in Table 3-6 overlap. OHCS indicates this overlap is needed to account for fluctuations in mortgage interest rates as well as down payments and other housing purchase variables.

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[8] The OHCS Model was still in draft format at the time this analysis was completed. The model had not been subject to peer review or other outside evaluation. DLCD Staff strongly recommended we use the model as part of the housing needs analysis for Sweet Home. ECONorthwest, however, was unable to verify the source data and cautions readers in the interpretation of the model results.

[9] This is an important point: the model output projects needed housing units by cost and tenure. Tenure does not directly correlate with single-family and multiple-family housing types.

[10] An assessment of the current "affordability gap" would require the distribution of housing values and rental rates as well as detailed information on household income and accumulated assets.

Table 3-6. Output of OHCS Housing Need Model: Needed Units in Sweet Home, 2000-2020

Renter-Occupied DU		Owner-Occupied DU	
Rental Rate	Rental DU Needed	Value	Owner DU Needed
0 - 199	44	<60k	105
200 - 429	61	50k <90k	71
430 - 664	52	75k <120k	53
665 - 909	38	100k <150k	47
910 - 1149	36	125k <225k	74
1150 +	17	187.5k+	37
Total Needed DU	248		387

Source: Oregon Housing & Community Services Department

The model provides output by tenure and shows a 60% owner-occupied and 40% renter-occupied split. This does not necessarily equate to a 60% single-family/40% multiple-family mix by type. While considerably dated, the 1990 Census provides some insight into the relationship between housing type and tenure. Table 3-7 shows the relationship between tenure and housing type for Sweet Home in 1990. The results are not surprising: some people rent single-family housing types; no households owned duplexes or multiple-family housing types.

Analyzed by housing type, 83% of owners lived in single-family units and 15% lived in mobile or manufactured units. In other words, very few owners lived in multiple family units. A majority of renters also lived in single-family units: 55%. About 10% lived in manufactured units, and 25% lived in apartments.

Table 3-7. Tenure by housing type, Sweet Home, 1990

Housing Type	Owner-occupied	Renter Occupied	Total DU
Single-family Detached	68%	32%	1,916
Single-family Attached	38%	62%	26
Duplex	0%	100%	61
Apartment	0%	100%	270
Mobile/Manufactured	70%	30%	351
Other	28%	72%	39
Total	59%	41%	2,663

Source: STF 3-A, 1990 Census.

STEP 4: ESTIMATE THE NUMBER OF ADDITIONAL NEEDED UNITS BY STRUCTURE TYPE

While more recent data are not available, and no forecast of the relationship between housing type and tenure exist, it is reasonable to assume the general relationship shown in Table 3-7 will continue. Unfortunately, this analysis introduces a third dimension for which no local data exist: rental rates and housing value. Thus, we are left to make

assumptions about the relationship between housing cost, tenure, and type. Tables C-44 through C-46 of the regional housing report hint at this relationship, but do not directly address it.

Based on the data available, however, a general trend becomes evident: households with lower incomes tend to have much higher incidence of renting, and lower cost units have a higher percentage of renters than higher cost units.

The data in Table 3-7 shows that owners almost exclusively choose to live in single-family housing types (including manufactured). Thus, we assume that all of the owner-occupied need will be met through single-family and manufactured housing. Sweet Home allows manufactured housing in both the R-1 and R-2 zones.

Table 3-8 shows a simulation of the distribution of rental housing by type and rent. The simulation shows about 45% of rental housing need met by single-family housing types (including manufactured homes).

Table 3-8. Simulation of needed rental housing by income and tenure, 2000-2020

Rental Rate	Single-Family	Multiple-Family	Total
0 - 199	0	44	44
200 - 429	9	52	61
430 - 664	26	26	52
665 - 909	29	10	38
910 - 1149	31	5	36
1150 +	17	0	17
Total Needed DU	**112**	**137**	**248**
Percent of Needed DU	**45%**	**55%**	**100%**

Source: ECONorthwest

This simulation would result in a housing mix split during the 2000-2020 planning period of 80% single-family and 20% multiple-family. This is nearly double the rate that multiple-family dwellings were built during the period between 1990 and 2000.

It is likely that a majority of the multiple-family housing built in the next 20 years will be in duplexes and smaller apartment complexes (structures with 10 or fewer units).

STEP 5: DETERMINE THE NEEDED DENSITY RANGES FOR EACH PLAN DESIGNATION AND THE AVERAGE NEEDED NET DENSITY FOR ALL STRUCTURE TYPES

The needed density ranges for the needed housing described in the previous section are not significantly different than those used in the demand-based analysis (Table 3-5).

Table 3-9 shows the baseline forecast of new dwelling units and land need by type. The results are based on development trends observed between 1990 and 2000. The baseline forecast indicates Sweet Home needs about 631 new dwelling units. At an average density of about 4.0 dwelling units per gross acre, those 631 dwellings will consume about 156 acres of buildable residential land.

The key difference between the baseline forecast and the housing need forecast is the allocation of additional housing units to multiple family housing types. Given the City's buildable lands base, it is unlikely that any significant residential density increase will occur in the absence of policies that encourage higher density residential development.

Table 3-9. Housing Need forecast of new dwelling units and land need by type, Sweet Home, 2000-2020

Housing type	DU	Land Need (Gross Acres)	Density (DU/Gross Acre)
Single-family	505	140	3.6
Detached	202	70	2.9
Manufactured	303	70	4.3
Multiple-family	126	16	7.9
Duplex	32	6	5.3
Apartment	95	9	10.5
Total	631	156	4.0

Source: ECONorthwest
Note: Numbers may not add due to rounding errors

Table 3-10 shows land need by plan designation. This table is intended to address the requirement that Cities "determine the needed density ranges for each plan designation and the average needed net density for all structure types." The results are based on the housing need mix shown in Table 3-9. The table shows that the City has a surplus of residential land in all plan designations.

Table 3-10. Land need by plan designation, 2000-2020

Housing type	Plan Designation			
	Low Density	Medium Density	High Density	Total
Single-family				
Detached	44	26	-	70
Manufactured	44	26	-	70
Multifamily				
Row/townhouse	-	4	2	6
Apartment	-	2	7	9
Total	88	58	10	155
Land Supply	700	109	166	974
Surplus (deficit)	612	51	156	819

Source: ECONorthwest
Note: Numbers may not add due to rounding errors

Economy

THE SWEET HOME ECONOMY – CURRENT CONDITIONS, TRENDS, AND FORECAST

OVERVIEW OF SWEET HOME ECONOMY

Sweet Home is the third largest city in Linn County after Albany and Lebanon. The community is located at the eastern fringe of the Willamette Valley, away from major north-south transportation routes and population centers in the valley. Highway 20 is the primary transportation route linking Sweet Home to Lebanon and Albany to the west and to the resources and recreational opportunities of the Cascade Mountains to the east.

Table 4-1 shows population in Sweet Home, Linn County, and Oregon over the 1980–2000 period. This table shows population in Sweet Home declined by 71 people or 0.1% during the 1980s while population in Linn County and Oregon increased slightly. Sweet Home's population grew by 1,166 or 17% in the 1990s, at an average annual rate above Linn County and lower than the State.

Table 4-1. Population growth in Sweet Home, Linn County, and Oregon 1980–1999

	1980	1990	2000	AAGR 1980-90	1990-2000
Sweet Home	6,921	6,850	8,016	-0.1%	1.6%
Linn County	89,495	91,227	103,069	0.2%	1.2%
Oregon	2,633,156	2,842,321	3,421,399	0.8%	1.9%

Source: U.S. Census of Population and Housing, Summary File 1.

Sweet Home's population decline in the 1980s was primarily due to downturns in the Lumber & Wood Products industry.[11] Historically, employment in Sweet Home has been dominated by Lumber & Wood Products, and this industry remains a large employer despite the downturns of the 1980s. Sweet Home has attracted firms in other industries, such as White's Electronics (Electric Equipment) and Investicast (Primary Metals), and the city reported a substantial inventory of buildable commercial and industrial land.

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[11] This chapter will make frequent use of the terms *sector* and *industry*. *Sectors* are groups of *industries*, as defined in the Standard Industrial Classification system used for economic statistics. For example, the Manufacturing sector contains the Lumber & Wood Products, Primary Metal, and other manufacturing industries.

Table 4-2. Covered employment in the 97386 zip code area (Sweet Home), 1990 and 1997 (1990 payroll in 1997 dollars)

Sector/Industry	1990				1997			
	Estab.	Avg. Emp.	Ann. Payroll	Pay/Emp	Estab.	Avg. Emp.	Ann. Payroll	Pay/Emp
Agricultue, Forestry, Fishing	9	101	$2,530,310	$25,053	12	90	$2,455,036	$27,278
Agricultural Services					5	35	$545,775	$15,594
Forestry	7	82	$2,280,588	$27,812	7	55	$1,909,261	$34,714
Mining	0	0	$0	n/a	0	0	$0	n/a
Construction	18	48	$1,046,645	$21,805	38	96	$1,914,960	$19,948
General Building Contractors	6	4	$41,538	$10,385	11	23	$376,840	$16,384
Heavy Construction	5	26	$673,439	$25,901	4	19	$618,680	$32,562
Special Trade Contractors	7	18	$331,668	$18,426	23	54	$919,440	$17,027
Manufacturing	56	639	$15,756,766	$24,658	50	655	$17,269,301	$26,365
Lumber & Wood Products	49	493	$12,690,060	$25,740	39	380	$11,507,948	$30,284
Other Manufacturing	7	146	$3,066,707	$21,005	11	275	$5,761,353	$20,950
Transportation & Utilities	14	70	$1,796,616	$25,666	21	115	$3,078,111	$26,766
Trucking & Warehousing	13	62	$1,711,395	$27,603	16	103	$2,855,361	$27,722
Other Trans. & Utilities					5	12	$222,750	$18,563
Wholesale Trade	8	34	$539,949	$15,881	8	28	$481,018	$17,179
Retail Trade	51	380	$4,489,618	$11,815	70	457	$5,970,682	$13,065
Building Materials	5	18	$231,783	$12,877	5	15	$198,326	$13,222
Food Stores	7	122	$1,761,928	$14,442	12	123	$1,869,146	$15,196
Automotive Dealers & Service	10	63	$875,792	$13,901	12	86	$1,380,309	$16,050
Eating & Drinking	18	123	$928,689	$7,550	24	184	$1,462,963	$7,951
Miscellaneous Retail	9	51	$659,200	$12,925	12	40	$930,553	$23,264
Finance, Insurance, Real Estate	13	29	$430,576	$14,847	11	26	$544,421	$20,939
Insurance Agents	4	12	$246,483	$20,540	4	12	$241,149	$20,096
Real Estate	9	17	$184,093	$10,829	6	11	$114,401	$10,400
Services	68	276	$2,695,816	$9,767	75	352	$4,688,259	$13,319
Personal Services	7	16	$94,623	$5,914				
Business Services					5	44	$403,618	$9,173
Health Services	12	86	$1,186,100	$13,792	11	124	$2,191,182	$17,671
Social Services	9	46	$276,486	$6,011	10	61	$664,815	$10,899
Membership Organizations	16	41	$294,679	$7,187	21	66	$760,392	$11,521
Engineering & Management	7	18	$239,409	$13,301	8	12	$187,230	$15,603
Private Households	4	13	$114,524	$8,810	5	4	$34,459	$8,615
Other Services	17	69	$604,519	$8,761	20	45	$481,022	$10,689
Government	7	589	$13,919,255	$23,632	7	612	$13,726,278	$22,429
Local	4	421	$9,091,517	$21,595	4	516	$10,287,733	$19,937
Other	3	168	$4,827,738	$54,002	3	96	$3,438,545	$66,150
Total Employment	244	2,166	$43,205,550	$19,947	293	2,432	$50,131,542	$20,613

Source: Confidential ES-202 employment data provided to ECONorthwest by the Oregon Employment Department, as reported in ECONorthwest. (1999). Analysis of the Regional Economy and Housing for Linn and Benton Counties. 1990 payroll converted to 1997 dollars by ECONorthwest using the Total Personal Consumption Expenditure price index for Gross Domestic Product, as reported in Economic Report of the President 2000, Table B-7.

Note: Blank spaces and missing industries are necessary to maintain the confidentiality of individual employers. Column heading abbreviations are as follows: Estab. - total number of businesses or establishments; Avg. emp. – average annual employment for the reporting year; Ann. Payroll – total payroll for all establishments in that sector or industry; pay/emp – average annual payroll per employee for that sector or industry.

Table 4-2 shows covered employment by sector/industry in the 97386 zip code (which includes Sweet Home and the surrounding area) in 1990 and 1997. Table 4-2 shows employment in Sweet Home is dominated by Lumber & Wood Products, which accounted for 23% of total employment in 1990 but fell to 16% total employment in 1997. Other industries with a large share of total employment in 1997 are Local Government (21%) and Other Manufacturing (11%); both of these industries added jobs in the 1990–1997 period. No other industry had over 10% of Sweet Home's total employment in 1997.

Table 4-2 shows average annual payroll per employee in Sweet Home was $20,613 in 1997, an increase of $666 from 1990 (in constant 1997 dollars). The five industries in Sweet Home with the highest average annual payroll in 1997 are Other Government ($66,150), Forestry ($34,714), Heavy Construction ($32,562), Lumber & Wood Products ($30,284), and Trucking & Warehousing ($27,722). All of these industries, except Trucking, had an increase in average annual payroll between 1990 and 1997. Miscellaneous Retail also had a substantial increase in average annual payroll, from $12,925 in 1990 to $23,264 in 1997.

Table 4-3. Change in covered employment and payroll in the 97386 zip code area (Sweet Home), 1990–1997

Sector/Industry	Estab.	1990–1997 Avg. Emp.	Ann. Payroll	Pay/Emp
Agricultue, Forestry, Fishing	3	-11	-$75,274	$2,226
Agricultural Services	n/a	n/a	n/a	n/a
Forestry	0	-27	-$371,327	$6,902
Mining	0	0	$0	
Construction	20	48	$868,315	-$1,858
General Building Contractors	5	19	$335,302	$6,000
Heavy Construction	-1	-7	-$54,759	$6,661
Special Trade Contractors	16	36	$587,772	-$1,399
Manufacturing	-6	16	$1,512,535	$1,707
Lumber & Wood Products	-10	-113	-$1,182,112	$4,544
Other Manufacturing	4	129	$2,694,646	-$54
Transportation & Utilities	7	45	$1,281,495	$1,100
Trucking & Warehousing	3	41	$1,143,966	$119
Other Trans. & Utilities	n/a	n/a	n/a	n/a
Wholesale Trade	0	-6	-$58,931	$1,298
Retail Trade	19	77	$1,481,064	$1,250
Building Materials	0	-3	-$33,457	$345
Food Stores	5	1	$107,218	$754
Automotive Dealers & Service	2	23	$504,517	$2,149
Eating & Drinking	6	61	$534,274	$401
Miscellaneous Retail	3	-11	$271,353	$10,338
Finance, Insurance, Real Estate	-2	-3	$113,845	$6,092
Insurance Agents	0	0	-$5,334	-$445
Real Estate	-3	-6	-$69,692	-$429
Services	7	76	$1,992,443	$3,551
Personal Services	n/a	n/a	n/a	n/a
Business Services	n/a	n/a	n/a	n/a
Health Services	-1	38	$1,005,082	$3,879
Social Services	1	15	$388,329	$4,888
Membership Organizations	5	25	$465,713	$4,334
Engineering & Management	1	-6	-$52,179	$2,302
Private Households	1	-9	-$80,065	-$195
Other Services	3	-24	-$123,497	$1,928
Government	0	23	-$192,977	-$1,203
Local	0	95	$1,196,216	-$1,658
Other	0	-72	-$1,389,193	$7,082
Total Employment	49	266	$6,925,992	$666

Source: Calculated by ECONorthwest from data in Table 4-2.
Note: Column heading abbreviations are as follows: Estab. - total number of businesses or establishments; Avg. emp. – average annual employment for the reporting year; Ann. Payroll – total payroll for all establishments in that sector or industry; pay/emp – average annual payroll per employee for that sector or industry.

Table 4-3 shows total covered employment in the Sweet Home area increased by 266 or 12.3% over the 1990–1997 period. Employment growth in

this period was led by Other Manufacturing, Local Government, Eating & Drinking, Trucking & Warehousing, Health Services, and Special Trade Contractors, which added a total of 400 employees. This employment growth was offset by declining employment in other industries. Employment declines were led by the Lumber & Wood Products, Other Government, and Forestry industries, which lost a total of 212 jobs in the 1990–1997 period.

Data on the number of establishments in Table 4-3 (a proxy for the number of businesses) indicates that the industries with the largest employment growth in Sweet Home also increased the number of establishments, suggesting that a large share employment growth resulted from the opening of new businesses in Sweet Home.

CONTEXT FOR ECONOMIC GROWTH IN SWEET HOME

Economic development in Benton and Linn County over the next twenty years will occur in the context of long-term national trends. The most important of these trends includes:

- Continued westward migration of the U.S. population, and the increasing role of amenities and other non-wage factors as determinants of the locational decisions of households and firms.

- Increasing importance and growth in Pacific Rim trade.

- The growing importance of education as a determinant of wages and household income.

- The decline of employment in resource-intensive industries and the increase in employment in service-oriented and high-tech manufacturing sectors of the economy.

- The increasing integration of non-metropolitan and metropolitan areas.[12]

Short-term trends will also affect economic growth in Benton and Linn County, but these trends are difficult to predict. At times these trends may run counter to the long-term trends described above. A current example is the downturn in Asian economies, which has caused Oregon's exports to Pacific Rim countries to decline. This in turn has led to layoffs, particularly in the Lumber & Wood Products and high-tech Manufacturing industries. The Asian economies, however, are expected to recover, and Pacific Rim trade will continue to be a significant part of the nation's economy.[13]

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[12] These trends are discussed in more detail in Niemi, Ernie and Whitelaw, Ed. 1997. *Assessing Economic Tradeoffs in Forest Management*. Portland: U.S. Forest Service Pacific Northwest Research Station. General Technical Report PNW-GTR-403. August.

[13] A good discussion of the Asian downturn and its effect in Oregon is in the January 1999 *Oregon Labor Trends,* published by the Oregon Employment Department.

Oregon's economy is expected to follow a pattern of modest growth in the long run. The State's long-term population and employment forecast for Oregon and Linn County is shown in Table 4-4. This forecast predicts population will grow at an annual average rate of 1.2% in Oregon and 1.1% in Linn County between 2000 and 2020. At this rate of growth, Oregon is expected to add 920,000 people and Linn County over 24,000 people by 2020. Data on the components of forecast population growth shows almost 70% of statewide population growth is expected to come from net migration into Oregon. Employment is expected to grow at an average annual rate of 1.0% in Oregon and 0.8% in Linn County over the 2000–2020 period, resulting in almost 346,000 jobs in Oregon and 7,300 in Linn County. Table 4-4 shows population and employment in Linn County is expected to grow slower than in Oregon as a whole.

Table 4-4. Population and covered employment forecast for Oregon and Linn County, 2000–2020

	2000	2010	2020	2000-2020		
				Growth	% Growth	AAGR
Population						
Oregon	3,421,399	3,857,000	4,326,000	904,601	26%	1.2%
Linn County	103,069	116,053	127,158	24,089	23%	1.1%
Employment						
Oregon	1,601,718	1,814,276	1,947,702	345,984	22%	1.0%
Linn County	43,287	48,099	50,590	7,303	17%	0.8%

Source: State of Oregon, Office of Economic Analysis. January 1997. *Long-Term Population and Employment Forecasts for Oregon.* Salem: Department of Administrative Services. AAGR calculated by ECONorthwest.

Table 4-5 shows the Oregon Employment Department's 10-year forecast of employment by sector and selected industry for Oregon and Workforce Region 4, which consists of Benton, Lincoln, and Linn Counties. Employment growth in Workforce Region 4 is expected to grow by 15,900 or 16.5% between 1998 and 2008. Employment growth in Workforce Region 4 is expected to be led by Business & Professional Services, Other Services, Local Government, Eating & Drinking Places, and Other Retail, which together are expected to add 8,340 jobs or 52% of total employment growth in the region. In addition, Other Durable Goods and General Merchandise stores are expected to have higher-than-average growth rates over the ten-year period.

Manufacturing employment in Workforce Region 4 is expected to grow by 1,760 or 8/2% over the ten-year forecast period. Manufacturing growth is expected to be led by Machinery & Electronic Equipment and Other Durable Goods. Industries with a large share of manufacturing employment in Linn County (Lumber & Wood Products, Primary Metals, Food Products, and Paper & Allied Products) are not expected to add a total of only 80 jobs over the forecast period.

Employment growth in Workforce Region 4 is expected to lag behind growth in Oregon, which is forecast to grow by 18.5% compared to 16.5% in Region 4. Employment growth in Oregon is expected to be led by the same industries with the highest level of growth in Workforce Region 4: Other Services, Business & Professional Services, Local Government, Other Retail,

and Eating & Drinking Places, which are expected to add a total of 163,000 jobs or 57% of total employment growth in Oregon.

Table 4-5. Forecast employment by sector and selected industries in Oregon and Workforce Region 4 (Benton, Lincoln, and Linn Counties), 1998–2008

Sector/Industry	Oregon Growth	%Growth	Workforce Region 4 Growth	%Growth
Construction & Mining	**12,100**	**14.4%**	**760**	**17.7%**
Manufacturing	**21,000**	**8.6%**	**1,760**	**8.2%**
Durable Goods	19,500	10.8%	1,570	9.2%
Lumber & Wood	-1,200	-2.4%	0	0.0%
Primary Metals	400	3.3%	90	4.0%
Machinery & Electronic Equipment	10,800	35.4%	830	11.2%
Other Durable Goods	9,500	16.2%	650	27.5%
Nondurable Goods	1,500	2.3%	190	4.4%
Food Products	-700	-2.8%	0	0.0%
Paper & Allied Products	-100	-1.2%	-10	-0.6%
Other Nondurable Goods	2,300	7.2%	200	14.8%
Trans., Comm. & Utilities	**12,600**	**16.5%**	**630**	**17.5%**
Wholesale Trade	**18,300**	**19.0%**	**540**	**19.5%**
Retail Trade	**54,200**	**18.8%**	**3,290**	**18.7%**
General Merchandise	9,200	25.3%	560	26.3%
Food Stores	6,600	15.6%	560	19.9%
Eating & Drinking Places	18,800	18.0%	1,150	17.2%
Other Retail	19,600	18.7%	1,020	17.2%
Finance, Ins., & Real Estate	**13,800**	**14.5%**	**540**	**15.5%**
Services	**127,500**	**30.6%**	**5,730**	**27.4%**
Hotels & Lodging Places	4,400	20.8%	410	18.1%
Business & Professional Services	46,600	49.9%	2,340	40.8%
Health Services	18,800	17.8%	930	16.9%
Other Services	57,700	29.5%	2,050	27.7%
Government	**27,800**	**10.9%**	**2,650**	**11.9%**
Federal	300	1.0%	0	0.0%
State	7,100	12.2%	870	9.5%
Local	20,400	12.2%	1,780	15.1%
Total Nonfarm Payroll Employment	**287,300**	**18.5%**	**15,900**	**16.5%**

Source: State of Oregon, Employment Department. July 1999. *Employment Projections By Industry.* State employment summarized by ECONorthwest.

The Bureau of Economic Analysis projects per capita income in Oregon will increase from $20,500 in 1993 to $26,200 in 2015 (in constant 1996 dollars).[14] Per capita income in the United States is projected to increase at the same rate as in Oregon, so the state's per capita income is expected to remain at 94% of the U.S. average.

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[14] U.S. Department of Commerce, Bureau of Economic Analysis. 1995. *Projections of Personal Income, Employment, and Population, for States, Metropolitan Statistical Areas, and BEA Economic Areas, 1993–2045.* Washington, DC: BEA Regional Economic Analysis Division (202 606-5341).

FORECAST OF EMPLOYMENT GROWTH IN SWEET HOME

Table 4-6 shows Linn County's official 2020 forecast of population in Linn County and Sweet Home. The population forecast for Linn County has been revised upward from the State forecast presented in Table 4-4, with an average annual growth rate of 1.2% over the 1997–2020 period rather than the 1.0% growth rate in the State forecast. Population in Sweet Home is expected to grow by 1,940 or 26% between 1997 and 2020, at an average annual rate of 1.0%. Population in Sweet Home is expected grow slower than for Linn County as a whole, so Sweet Home's share of county population falls from 7.5% to 7.1%.

Table 4-6. Population in Linn County and Sweet Home, 1997–2020

	1997	2020	Growth	AAGR
Linn County	100,700	133,508	32,808	1.2%
Sweet Home	7,545	9,485	1,940	1.0%
Sweet Home % of Linn County	7.5%	7.1%	5.9%	

Sources: 1997 population from the Population Research Center. (2000). *1999 Oregon Population Report.* Portland: Portland State University. 2020 population provided to ECONorthwest by Steve Michaels, Linn County.

Table 4-7 shows a forecast of 2020 covered employment for Linn County and Sweet Home developed by ECONorthwest for the *Analysis of the Regional Economy and Housing for Linn and Benton Counties.* Table 4-7 uses four land use type categories that are groups of industry sectors that generally have similar types of land use:

- **Commercial:** Retail Trade.

- **Office:** Finance/Insurance/Real Estate and Services.

- **Industrial:** Agricultural Services/Forestry/Fishing, Mining, Construction, Manufacturing, Transportation/Communications/ Utilities, and Wholesale Trade.

- **Public:** Federal, State, and Local Government.

The official State forecast for total covered employment in Linn County was revised upward by Linn County to reflect actual employment growth that had occurred in the 1995–1997 period. The revised forecast of 2020 total employment in Linn County was allocated to land use types using assumptions about the future distribution of employment in each county. These assumptions are based on the 1990–1997 trend in employment growth and long-run trends in employment growth at the state and national level.

Employment growth in Sweet Home is based on the City's 1997 share of county employment by land use type. For example, Sweet Home had 6.7% of Linn County's Commercial employment in 1997, so Sweet Home was allocated 6.7% of Linn County's expected Commercial employment growth

through 2020. Forecast employment growth in Linn County was allocated to land use categories by ECONorthwest using historical data on the distribution of employment and assumptions about the distribution of employment in 2020.

Table 4-7 shows covered employment in Sweet Home is expected to grow by 633 or 26.0% between 1997 and 2020, at an average annual rate of 1.2%. Office employment is forecast to lead employment growth in Sweet Home with 34% of total growth, followed by Industrial (31%), Public (23%), and Commercial (12%).

Table 4-7. Forecast of covered employment in Linn County and Sweet Home, 2000–2020

	2000	2020	Growth	AAGR
Linn County	42,347	53,927	11,580	1.2%
Commercial	6,952	8,089	1,137	0.8%
Office	9,024	14,021	4,997	2.2%
Industrial	19,392	23,189	3,797	0.9%
Public	6,979	8,628	1,649	1.1%
Sweet Home	2,432	3,065	633	1.2%
Commercial	457	533	76	0.8%
Office	379	592	213	2.3%
Industrial	984	1,183	199	0.9%
Public	612	757	145	1.1%

Sources: 1997 employment from State of Oregon Employment Department. (1998). *ES-202 Tapes.* Confidential data provided to ECONorthwest. 2020 forecast by ECONorthwest.

FACTORS AFFECTING FUTURE ECONOMIC DEVELOPMENT IN SWEET HOME

The preliminary growth forecast in the previous section is a place to start. It implicitly assumes that demand and supply factors that influenced growth in Sweet Home in the past will behave in a similar way in the future. But lots of things can change. But how likely is it to be achieved? Are there any major constraints? How much change occurs depends on assessment of factors that can affect economic development in Sweet Home.

DEMAND FACTORS

Sweet Home is located away from major north-south transportation routes and population centers in the Willamette Valley. Historically, employment in Sweet Home has been dominated by Lumber & Wood Products, which has declined but remains a large employer. Sweet Home has attracted firms in other industries, such as White's Electronics (Electric Equipment) and Investicast (Primary Metals), and the city reported a substantial inventory of buildable commercial and industrial land. Sweet Home's primary comparative advantage is its small size and location near recreational opportunities. These characteristics will certainly continue to attract migrants and drive growth in Trade and Services, and Sweet Home may be able to attract small specialty manufacturing firms. Employment

growth in Sweet Home will probably be slower than the average rate in Linn County.

Lumber & Wood Products is expected to have little or no employment growth in Oregon or Linn County. But the outlook for Oregon and Linn County can mask changes in the distribution of Lumber & Wood Products within Linn County. The trend in Lumber & Wood Products has been consolidation into newer mills centrally located in areas near a large workforce and transportation infrastructure. Weyerhaeuser's attempted buyout of Willamette Industries (a major employer in Sweet Home) shows that the Lumber & Wood Products industry in Sweet Home may be vulnerable to further consolidation in the industry.

SUPPLY FACTORS

BUILDABLE LAND

Buildable land is vacant land or developed land with structures having a low enough value to make it financially feasible to replace them with new structures. Buildable land must be free of physical or regulatory constraints on development (such as wetlands or steep slopes), have roadway access, and have services (water, sewer, electricity, phone) or be capable of getting services at a relatively low cost.

Table 4-8 summarizes the supply of buildable commercial and industrial land within the Sweet Home UGB as of fall 1998. Sweet Home has slightly more than 200 acres of buildable commercial land and 479 acres of buildable industrial land. By any measure, the City has a substantial land supply to accommodate expected employment growth.

Table 4-8. Supply of buildable commercial and industrial land in the Sweet Home UGB, Fall 1998

Plan Designation	Number of Tax Lots	Total Acres	Developed Acres	Const. Acres	Buildable Acres	Redev. Acres
Commercial						
Central Commercial	173	34	23	5	5	1
Highway Commercial	342	252	109	35	108	3
Planned Recreation Comm	46	105	15	2	88	0
Subtotal	561	391	147	43	201	4
Industrial						
Subtotal	252	825	314	32	479	1

Source: Linn County GIS, City of Sweet Home, analysis by ECONorthwest

Goal 9 also requires evaluation of the serviceability of industrial sites. According to City staff, many industrial sites are already serviced. Those that are not can be serviced relatively easily with line extensions.

PUBLIC SERVICES

The City of Sweet Home's Comprehensive Plan contains goals and policies related to the provision of public services. The intent of the Public Facilities element is to serve as a guide indicating general locations, development policies, and priorities for public facilities needed in the community. Policies were founded on three basic principles:

1. Community facilities will guide future urban development;

2. Urban development should be encouraged within the urban growth boundary where municipal water, sewer, and storm drain facilities have been or can be most efficiently provided; and,

3. Insure that those benefiting from new development equitably pay for the services extended for their benefit.

These principles are backed up with a number of goal and policy statements make it clear that the City of Sweet Home wants growth to occur in such a way that facilitates orderly expansion of public services, and that it does not want growth that will exceed the City's ability to provide public services. Thus, public service capacity is critical for economic development in Sweet Home.

The City has the ability to service all areas of the community. A this time, however, a substantial infiltration and inflow (I&I) problem exists with the city's sewer system. The City is in the process of engineering and designing additional water and sewer capacity. According to staff, the City has capacity to service new employment, but the City does have old lines that need to be replaced due to infiltration and inflow (I&I).

TRANSPORTATION

Sweet Home did not have an adopted transportation system plan (TSP) at the time this study was completed. The City, however, has a draft TSP. The draft TSP indicates the City's road system is in fairly good condition, however there are a number of identified safety problems. There is a need to develop some "missing links" in the road system to improve continuity and connectivity. Finally, some policies in the various titles of the City Code are inconsistent with one another.

STATE FACILITIES

U.S. Highway 20, also known as the Santiam Highway, or Main Street through Sweet Home, is a four- to five-lane highway of Regional Importance according to the Oregon Highway Plan (OHP). This roadway facility falls under ODOT jurisdiction. The highway, which connects Sweet Home with Lebanon to the west and Cascadia to the east, provides a continuous east-west link across the State of Oregon from Newport, Oregon to Ontario, Idaho. It serves as a commuter route, experiences significant truck volumes, and in the summer experiences significant recreational traffic. In addition to its

function as a state route, the highway provides access to the many businesses located along Main Street in Sweet Home.

Four traffic signals are located along the highway in downtown Sweet Home at the intersections with Highway 228, 12th Avenue, 15th Avenue, and 18th Avenue. A center-lane median exists through the downtown section of the highway from 10th Avenue to 18th Avenue, with breaks at the signalized intersections. The median prohibits left turn movements from some private accesses along the highway in this downtown section. On-street parking is permitted on both sides of the roadway throughout the downtown, as well. The posted speed ranges from 25 mph in downtown Sweet Home (U.S. 228 to 18th Avenue) to 55 mph at the east end of the City (east of 57th Avenue).

Highway 228, also known as Highway 212 or Holley Road in Sweet Home, is a two-lane facility designated as an Oregon highway of District importance, according to the OHP. This facility also falls under ODOT jurisdiction. Highway 228 enters Sweet Home from the west and curves north to terminate at U.S. 20 forming the first signalized intersection at the west end of the City. The posted speed along Highway 228 is 35 mph within the Sweet Home city limits.

City facilities

The remainder of the streets in Sweet Home are owned and maintained by the City. City streets are generally two-lane facilities, and traffic control is limited to two-way or all-way stop-control intersections; the intersections of 12th Avenue, 15th Avenue, and 18th Avenue with Main Street are signalized, as noted above.

Long Street is the only City street that provides any continuous east-west connection through the City. Long Street functions as a Minor Arterial facility from U.S. 228 to 43rd Avenue-Airport Road, and as a Collector facility from 43rd Avenue-Airport Road to 49th Avenue. All-way stop-controlled (AWSC) intersections are located at 12th Avenue, 18th Avenue, and 43rd Avenue-Airport Road; all other intersections are two-way stop-controlled (TWSC) at the minor street approaches to Long Street. Sidewalks are provided along Long Street from Highway 228 to 23rd Avenue, but are intermittent east of 23rd Avenue. A bike lane is provided from Mountain View to Clark Mill. Pavement conditions on Long Street vary from "good" to "very good."

Recommended improvements

The draft TSP makes a number of recommendations regarding transportation improvements in Sweet Home. According to the draft TSP, the most significant shortcoming in the City's transportation system is the lack of system continuity. Several key facilities that were reviewed include: establishing a facility parallel to Highway 20 on the north side, establishing more north-south through streets, including one additional crossing of the Santiam River, establishing one additional Wiley Creek crossing, improving

the Highway 20/Highway 228/Long Street intersections, and providing collector-level facilities to areas where development is slated to occur.

Despite the shortcomings of the existing system, ECO's evaluation of the TSP is that transportation should not be a limiting factor for economic development.

HOUSING

Housing is an important component of any economic development strategy. Goal 10 requires cities to develop strategies to provide housing affordable to households at all income levels. In addition to concerns about availability of housing affordable to lower income households, issues of providing higher quality housing for managers need to be considered in both housing and economic development strategies.

Moreover, ORS 197.296 requires communities to inventory buildable residential lands and conduct a housing needs analysis. Such an analysis is presented in Chapter 3 of this report.

Sweet Home has a large surplus of land available for residential use. Moreover, it has many parcels designated for residential use that are relatively large (5 acres or larger). The large surplus of land suggests that providing housing for any industry that chooses to locate in Sweet Home should not be a constraining factor.

LABOR FORCE

The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. The labor force in Sweet Home is not limited to local residents; firms in Sweet Home could attract workers from surrounding communities, and residents of Sweet Home may work in other communities.

The availability of labor is critical for economic development. A recent statewide survey in Oregon found that over one-third of Oregon's recently-hiring employers had difficulty filling positions.[15] Availability of labor depends not only on the number of workers available, but the quality, skills, and experience of available workers as well.

Data from Claritas shows unemployment in the 97386 zip code area (Sweet Home) was 11.9% in 1997, compared to 7.6% in Linn County and 6.1% in Oregon. These unemployment rates are higher than the rates reported by the Oregon Employment Department, 7.3% for Linn County and 5.8% for Oregon (the Department does not report unemployment rates for

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[15] Oregon Employment Department. 2000. *Workforce 2000: An Oregon Employer Perspective*. Salem: Research Section, Workforce Analysis Unit. September.

communities) but the point remains that unemployment is higher in Sweet Home.

RENEWABLE AND NON-RENEWABLE RESOURCES

Sweet Home is located near large areas of privately-owned forest land and National Forest land that has been roaded and used for timber production. Thus, forestry, logging, and other production related to the forest will remain important economic activities in the Sweet Home area.

OTHER AMENITIES

Sweet Home's location next to Foster Reservoir and near extensive areas of public forest land offers access to wide range of recreational opportunities, including hiking, boating, fishing, hunting, mountain biking, and skiing. Access to recreational opportunities and it's small-town atmosphere make Sweet Home attractive as a residential location to families that enjoy outdoor activities.

SUMMARY

Sweet Home's primary comparative advantage is its small size and location near recreational opportunities. These characteristics will certainly continue to attract migrants and drive growth in Trade and Services, and Sweet Home may be able to attract small specialty manufacturing firms. Employment growth in Sweet Home will probably be slower than the average rate in Linn County.

DEMAND FOR COMMERCIAL AND INDUSTRIAL LAND

The 2020 level of employment by land use type shown in Table 4-7 was applied to the distribution of employment to estimate total employment by land use type in 2020. Table 4-9 shows employment and land demand by employment sector for the Sweet Home UGB for the period 2000-2020. The results show that Sweet Home will need about 40 acres to accommodate new employment between 2000 and 2020.

Table 4-9. Employment growth and land demand, Sweet Home UGB, 2000–2020

Land Type	New Emp. 2000-2020	Emp/Acre	Land Need
Commercial	76	15	5
Office	213	19	11
Industrial	199	12	16
Public	145	16	9
Total	**633**		**41**

Source: ECONorthwest.

Table 4-10 compares land supply and demand for the period 2000-2020. The results indicate the City has a surplus of over 500 acres of land for employment. A surplus exists for all employment types; with the largest surplus being in the industrial plan designation.

Table 4-10. Comparison of commercial and industrial land demand and supply, Sweet Home UGB, 2000–2020

Land Type	Acres
Commercial/Office	
Demand	16
Supply	117
Surplus	101
Industrial	
Demand	16
Supply	480
Surplus/ Deficit	464
Public	
Demand	9
Supply	11
Surplus/ Deficit	2
All Employment Types	
Demand	41
Supply	608
Surplus/ Deficit	**567**

Source: ECONorthwest.

Comparison of Land Supply and Demand

INTRODUCTION

This chapter summarizes from data and analysis presented in Chapters 2 through 4 to compare "demonstrated need" for vacant buildable land with the supply of such land currently within the Sweet Home UGB and city limits. Chapter 2 described land supply, Chapter 3 described residential land needs, and Chapter 4 described land needed for employment.

LAND NEEDED FOR OTHER USES

Public facilities such as schools, hospitals, governments, churches, parks, and other non-profit organizations will expand as population increases. Many communities have specific standards for parks. School districts typically develop population projections to forecast attendance and need for additional facilities.

While previous chapters estimated land demand for housing and employment, other uses consume land and must be included in land demand estimates. Examples of other uses are lands needed for public facilities, schools, hospitals, parks, churches, and service organizations. Demand for these lands largely occurs independent of market forces. Many can be directly correlated to population growth.

For the purpose of estimating land needed for other uses, we classify these lands into three categories:

- *Lands needed for public operations and facilities.* This includes lands for city offices and maintenance facilities, schools, state facilities, substations, and other related public facilities. We calculated land needs using acres per 1,000 persons for all lands of these types.

- *Lands needed for parks and open space.* PARK STD?

- *Lands needed for semi-public uses.* This includes hospitals, churches, non-profit organizations, and related semi-public uses. We calculated land needs using acres per 1,000 persons for all lands of these types.

Table 5-1 shows land in public and semi-public uses by type. The data show that Sweet Home had a total of 207 acres in 167 tax lots in public and semi-public uses in 1998. This equates to about 26 acres per 1000 persons. The largest users were churches, the City of Sweet Home, and the Sweet Home School District #55.

Table 5-1 also provides estimates of land needed for other uses between 2000 and 2020. The estimates are based on a 2000 to 2020 population increase of 2,382 persons. The figures show a total land need of about 62 acres.

Table 5-1. Summary of public and semi-public uses by type, Sweet Home 1998

Type of Use	Tax Lots	Acres	Acres/ 1000 persons	Estimated Land Need
Assisted Living Facility	2	8.0	1.0	2.4
Church	58	80.1	10.0	23.8
City	71	70.5	8.8	21.0
Fraternal	3	0.7	0.1	0.2
Medical	3	1.8	0.2	0.5
School	5	1.6	0.2	0.5
Schools	5	39.5	4.9	11.7
State	5	1.8	0.2	0.5
Utility	15	3.3	0.4	1.0
Total	**167**	**207.3**	**25.9**	**61.6**

Public and semi-public land uses occur in all plan designations.

Public and semi-public uses occur in most plan designations in Sweet Home. Table 5-2 shows public and semi-public land uses by plan designation. The data show that more than 55% of the City's public and semi-public uses occur within residential zones. Uses in residential zones commonly include schools, churches, parks, and open space.

Table 5-2. Summary of public and semi-public uses by plan designation, Sweet Home 1998

Plan Designation	Number of Tax Lots	Total Acres	Percent of Total Acres
Central Commercial	23	4.9	2%
Highway Commercial	22	25.5	12%
Industrial	6	9.4	5%
Public	18	52.7	25%
Urban High Density Res	34	32.5	16%
Urban Low Density Res	44	60.8	29%
Urban Med Density Resident	20	21.5	10%
Total	**167**	**207.3**	**100%**

Source: Linn County Assessment data, analysis by ECONorthwest

SUMMARY OF LAND NEED AND DEMAND

Table 5-3 shows a comparison of estimated land need and land demand for the Sweet Home UGB between 2000 and 2020. The results lead to several conclusions:

- The City has a large inventory of buildable lands. The City will still have at least a 50-year supply of buildable land in 2020 if growth continues at the pace forecast for the period 2000 to 2020.

- The City has a surplus of buildable lands in all plan designations except public. Some public land needs (e.g., parks and open space) can be met on lands designated for other purposes. Two plan designations will have a smaller amount of land available in 2020: Central Commercial (fully built out), and Medium Density Residential (33 acres). The City may want to consider adding lands to these designations to the extent practicable.

- The City has large surpluses of land in Industrial and Urban Low Density plan designations. These lands provide opportunities to explore new land use patterns. For example, the City has substantial opportunities to take advantage of natural features such as the Santiam River.

- The City has moderate surpluses of land in the Highway Commercial and High Density Residential plan designations. These lands also provide an opportunity to explore alternative urban design concepts.

- We did not estimate lands needed for open space. Given the City's large buildable land base, the City could pursue a more aggressive parks and open space program. Funding, however, will be the key issue in any park and open space strategy.

- Economic development strategies can impact the need for land in various designations. For example, if the City desires to attract high-wage, high-tech employment, it may want to consider a more specific industrial plan designation. High wage employment may also increase demand for higher-end housing. Present policies that affect economic development are described in Chapter 6.

In summary, the City has a substantial surplus of buildable land. Periodic Review provides an opportunity for the City to reassess its land use policies and the comprehensive plan map in light present trends and the City's vision. Moreover, the surplus provides substantial flexibility in the consideration of various land patterns.

Table 5-3. Comparison of land need and supply by plan designation, Sweet Home, 2000-2020

Plan Designation	Number of Tax Lots	Total Acres	Buildable Acres	Total Needed Acres, 2000-2020	Surplus (deficit)
Commercial					
Central Commercial	173	34	5	5	0
Highway Commercial	342	252	108	8	101
Planned Recreation Commercial	46	105	88	2	86
Subtotal	**561**	**391**	**201**	**14**	**187**
Industrial					
Subtotal	**252**	**825**	**479**	**19**	**460**
Open Land Use					
Subtotal	**16**	**244**	**29**	**na**	**na**
Public					
Subtotal	**27**	**123**	**9**	**25**	**-16**
Residential					
Urban Low Density	1,627	1,118	700	88	612
Urban Med Density	464	234	109	58	51
Urban High Density	636	356	166	10	156
Subtotal	**2,727**	**1,708**	**974**	**156**	**818**
Unknown	6	4	0	0	0
Total	**3,589**	**3,295**	**1,692**	**213**	**1,479**

Source: ECONorthwest

Notes: Total needed acres includes acres needed for public and semi-public use
We were unable to estimate open land use needs
The buildable lands inventory assumes that most public lands are unavailable for private development.
Depending on the types of public uses that locate on lands designated public, the City may not have a deficit of lands in public plan designations.

Implications For City Land Use Policy

The intent of this technical report was to (1) update the factual base of the Comprehensive Plan, and (2) identify policy issues that the City should address during periodic review. Data presented in the previous chapters addressed buildable lands, housing, and economic development. This chapter summarizes that information and presents a series of policy questions for consideration by Sweet Home's decision-making bodies.

KEY DEVELOPMENT ISSUES

This section lists some of the key development issues the City should address during Periodic Review. Because of the relationship between various plan elements and policies, there is overlap across categories.

LAND USE, PLANNING, AND LAND MARKETS

- *Residential land supply.* The City has a large surplus of buildable residential land to accommodate growth over the next 20 years. Thus, land supply is not a major concern. The Comprehensive Plan presently has three residential plan designations, while the Zoning Ordinance only has two. Does the City want to amend the zoning ordinance to reflect the categories in the Comprehensive Plan? Does the City want to review residential densities? Does the City want to consider establishing tighter standards on lands designated for high-density residential uses to ensure some minimum density is achieved? Are high-density residential lands in the right locations?

- *Non-residential land supply.* The City appears to have a large surplus of land to accommodate expected employment growth over the next 20 years. Are vacant lands in the right designations to achieve City land use objectives? Does the City want to continue to maintain such a large supply of non-residential land?

- *Industrial uses.* The Comprehensive Plan presently only has one plan designation for industrial uses. However, demand for heavy industrial land is relatively small and the trend is towards flex space and business parks. Does the City want to have two or more industrial plan designations? Do allowed uses in the zoning of vacant land allow for the types of firms the City is likely to or wants to attract? Does the City want to continue to maintain a large inventory of vacant and redevelopable industrial sites even though research suggests that demand is far less than supply?

- *Commercial lands.* The City has a surplus of commercial land. That surplus, however, is uneven. Little vacant land exists in the Central

Commercial designation. Does the City want to make more land available for commercial uses in the central core area? A large surplus of highway commercial land exists. Does the location of vacant highway commercial land meet the City's development objectives? A significant amount of residential development capacity exists south of Highway 20 and east of downtown. Does the City want to plan for a commercial node in the area?

- *Mixed-use development.* Presently, the City's PUD allows for mixed-use development. Does the City want to allow for flexible development review and mixed-use development in more areas of the City? What steps need to be taken to allow for more flexible development review?

- *Jobs/housing balance.* A large share of residents commute to other parts of the Willamette Valley to work. Does this pattern increase the importance of land use and economic development policies to increase job growth within the City?

TRANSPORTATION

- *Transportation Plan.* Are the proposed improvements to the transportation system in the City's TSP acceptable to the City? Do community and economic development issues suggest other projects should have higher priorities?

- *Arterials and collectors.* Many jurisdictions are currently deferring some cost-effective maintenance because of budget constraints. Is Sweet Home having trouble keeping up maintenance and funding capacity expansion for growth? If so, how should the City address this problem?

- *State highways.* Many Sweet Home residents commute from to other communities to work, and commuters are driving population growth in rural areas around jurisdictions. Will there be sufficient State and County funding to maintain and improve these highways? Is increasing the capacity for automobile commutes from rural areas consistent with the City's goals for urban form and jobs/housing balance?

UTILITIES

- *Water and Sewer.* Though there are not pressing problems with water quantity or quality in the aggregate, there may be problems with getting water and sewer service to some of the places it is needed. Moreover, the City has a significant problem with infiltration and inflow to older sewer lines. Does the City want to revise existing policies regarding extension of water and sewer services?

- *Telecommunications.* Service problems have been the primary telecommunications issue in the region; this may be resolved by State

PUC regulation and competition for local phone service. Does the City have sufficient access to high-speed Internet connections to support growth in the Services, Finance, Insurance, and Real Estate (FIRE), and other sectors?

WORKFORCE AND EDUCATION

- *Current labor shortage.* Many firms, including those in high-tech industries, are reporting a shortage of skilled labor at all levels. A common complaint has been a shortage of recent high school graduates with adequate skills and work ethic. This problem persists despite efforts to teach job skills in high school and a wide variety of training programs available in the region. Many training programs have fewer students than they could handle, primarily because of the current strength of the economy with its very low unemployment rate. Sweet Home, however, has not benefited from the economic expansion to the extent that many other communities in the valley have and still has relatively high unemployment rates compared to the state. The Linn-Benton Community College presently has a branch campus in Sweet Home. Should and can the City be doing more?

- *Long-run labor supply and demand.* The Oregon Employment Department indicates demand will exceed supply of workers requiring only a high school diploma or on-the-job training. While some of these jobs will be low-paying, others may be relatively high-wage manufacturing jobs. Many firms in Oregon are concerned that a lack of affordable housing will limit the supply of labor for lower-paying jobs. Should Sweet Home seek to increase the level of business skills education and awareness of manufacturing jobs in local schools?

NATURAL RESOURCES AND ENVIRONMENT

- *Agriculture and forestry.* While these sectors are an important part of the region's economy, they are not expected to generate significant job growth. Should the City focus economic development efforts to protect or expand these traditional sectors? What alternatives for local employment are there?

- *Wetlands and riparian corridors.* The recent wetlands inventory identified significant wetland areas throughout Sweet Home. Because Sweet Home has a surplus of vacant land in all plan designations, does the City want to establish regulations for development in wetland areas and riparian corridors?

- *Park lands.* Does the City want to expand its park system? If so, what measures are necessary to acquire and develop parks?

- *The Santiam River.* The Santiam River is a significant natural resource and provides community development opportunities for the City. Presently, most of the land near or adjacent to the river is zoned

for industrial uses. Does the City want to continue to plan for industrial uses in these areas? A relatively large site is in the Planned Recreation Commercial designation in the area. Does the City want to expand this area to take advantages of the natural features of the area?

- *Growth vs. quality of life.* Many citizens are beginning to view growth as threatening the small-town atmosphere and environmental amenities that are an important part of quality of life in communities. How can Sweet Home accommodate growth and still maintain a high quality of life?

REGULATION AND FINANCE

- *Funding.* Probably the number-one issue in any discussion of community and economic development is how to pay for public facilities. There are plenty of good ideas about things that would improve performance in the previous categories: the real problem is that implementing many of these ideas costs money that voters are, at best, ambivalent about spending. Roads, sewer treatment plants, parks, community centers, incentives to attract desirable businesses: these and dozens of other desirable improvements cost money. Funding issues will never be solved once and for all—they will be an on-going debate. For the City to develop effectively, however, each of the debates must eventually terminate (at least temporarily), with the City either proceeding with a desired and funded investment, or abandoning an unfundable opportunity to pursue another one.

  Also relevant here are issues relating to the City's tax structure, and economic incentives. Some argue that local taxes and fees (including SDCs) discourage investment and slow economic growth. However, tax systems that fail to meet basic revenue requirements, are unstable and unpredictable, establish unfair advantages, or impose unfair burdens may not be good for business. The key is that government should tax to be able to provide the services that it can offer efficiently: then it makes citizens better off. If the City must provide more in services to increase the 2nd paycheck, then it has to takes in taxes from the 1st paycheck. In other words, it costs money to preserve community character and quality of life.

- *Effective regulation.* What is the proper level of government regulation in dozens of areas? Can the objectives be achieved with less red tape? Can permit processing be consolidated and expedited? Can market mechanisms, which produce efficiencies in the private sector, be used to improve the efficiency of the public sector?

ECONOMIC DEVELOPMENT

- *Target industries.* Target industries are typically those that provide above-average wages, high levels of capital investment, linkages to

other industries, and efficient use of available land. Target industries are meant to provide focus for economic development efforts, but not to exclude other industries from economic development efforts. The City must decide which industries, if any, to target. Can the City have an effective role in retaining existing firms or attracting new ones? Which industries should the City focus on? What actions should it take to retain or attract targeted industries?