

STAFF REPORT/FINDINGS OF FACT TYPE IV COMPREHENSIVE PLAN AMENDMENTS

DATE OF HEARING:	February 26, 2024
NATURE OF APPLICATION:	Adoption of the Housing Capacity Analysis (HCA) and the Economic Opportunity Analysis (EOA) reports as support documents to the City of Sandy’s Comprehensive Plan (Envision Sandy 2050)
APPLICATION TYPE:	Type IV Review – Legislative Amendments
APPLICABLE CRITERIA:	SMC Section 17.24 – Comprehensive Plan Amendments Procedures
APPLICANT:	City of Sandy
STAFF CONTACT:	Kelly O’Neill Jr, Development Services Director Patrick Depa, Senior Planner
FILE NO.:	23-049 CPA

BACKGROUND

In late 2021 the City of Sandy applied for and received a Technical Assistance Grant from the Department of Land Conservation and Development (DLCD) for \$50,000. The grant helped fund the updates to the City’s Comprehensive Plan. The City applied some of the grant money to contract with ECONorthwest, a planning and economics consultant firm, to develop a Housing Capacity Analysis (HCA) and Economic Opportunities Analysis (EOA).

In early 2023, City staff assembled a Technical Advisory Group for the purposes of reviewing the consultant’s work and to have multiple opportunities for input in helping define and shape the findings their analysis revealed. The group consisted of staff, the executive director at the chamber of commerce, and a few local business owners. Over the course of several meetings, the Technical Advisory Group discussed the reports and their intended purpose, as well as the development of an action plan to implement the housing and economic policies.

In October 2023, the City held a joint City Council/Planning Commission meeting to discuss and provide input on a draft of the Economic Opportunities Analysis (EOA) report and in December 2023, a similar meeting was held to provide input on the Housing Capacity Analysis (HCA) report. In addition, the reports were presented and discussed at the December 6, 2023, Economic Development Advisory Board meeting.

SUMMARY

The Housing Capacity Analysis (HCA)

The Housing Capacity Analysis (HCA) report is intended to identify issues with residential land use and unmet housing needs. The HCA addresses the specific requirement of Oregon’s Statewide Planning Goal 10 and the Goal 10 administrative rules at OAR 660-008.

The HCA evaluates whether the City of Sandy has enough land to accommodate 20 years of population and housing growth. It provides the factual basis for an update to the City’s Comprehensive Plan Housing Element, as well as the development of an action plan to implement the housing policies. This report will be one of the guiding documents in any future decision to rezone or annex specific property. The report involves three major components:

- Residential Buildable Land Inventory (BLI). In Oregon, cities have Urban Growth Boundaries (UGBs) which must accommodate residential, employment, and other land needs for the next 20 years. The Residential Buildable Land Inventory identifies how much land within the UGB is already developed and how much remains available to meet future housing needs. The City of Sandy developed and adopted its latest Residential Buildable Lands Inventory in 2015. This HCA includes an update that shows lands that have been developed since 2015.
- Housing Capacity Analysis (HCA). The HCA is based on an official population forecast and identifies the number of households and the characteristics of households the city needs to plan for today and in future years. Furthermore, it identifies the different types of housing needed for households of different income levels. Based on this information, the report identifies how much land is needed to accommodate a variety of different housing types. Comparing the capacity of the current residential buildable land supply in the UGB to the identified residential land need will clarify if current plans and policies will meet these needs.
- Housing Strategy. The Housing Strategy will identify “how” to address identified housing needs. House Bill 2003 requires cities to develop a Housing Production Strategy (HPS) to promote development within the city to address housing needs identified under ORS 197.296 (6). The HPS will include recommended policies to meet the identified needs in ways that will provide housing choice for Sandy’s residents. The City will start work on its HPS in 2024, after the HCA and Comprehensive Plan amendments have been adopted.

Economic Opportunities Analysis (EOA)

The Economic Opportunities Analysis (EOA) report is intended to identify issues pertaining to commercial and industrial land use and unmet economic needs. The Economic Opportunities Analysis (EOA) addresses the specific requirement of Oregon’s Statewide Planning Goal 9 and the Goal 9 administrative rules at OAR 660-009.

The project goals of the report are to establish a clear economic development direction that identifies the city's strengths and opportunities, and its position in the broader Mt. Hood and east Clackamas County region. This project will identify employment opportunities and job creation in Sandy by identifying industrial/employment land needs and developing a catalog of prospective industries. The EOA report presents an analysis of land availability and capacity for employment uses and the employment forecast for Sandy, as well as an analysis of potential growth industries in Sandy.

The HCA and EOA documents will be crucial in the review of the existing goals and policies in the Comprehensive Plan update and will be the foundation in the development of new policies and goals for Envision Sandy 2050. The City of Sandy last amended the majority of its existing Comprehensive Plan housing and economic policies in 1997.

The purpose of this hearing is to review and consider the adoption of these reports to act as the supporting documents in the development of new and updated comprehensive plan policies and goals. Furthermore, the Commission's review should determine if the reports and recommendations made by ECONorthwest are sufficient to address their intended purpose and use and arrive at a recommendation to the City Council.

EXHIBITS

Exhibit A. Draft Housing Capacity Analysis (HCA)

Exhibit B. Draft Economic Opportunities Analysis (EOA)

Exhibit C. Draft Ordinance Nos. 2024-02 and 2024-03

GENERAL FINDINGS OF FACT

1. The City of Sandy's Housing Capacity Analysis deadline for adoption by the Department of Land Conservation and Development (DLCD) for Oregon cities is 2025.
2. By updating and adopting this Housing Capacity Analysis (HCA), the City of Sandy will adhere to Oregon House Bill 2003 (2019) and ORS 197.296.
3. Notice was provided to the Department of Land Conservation and Development on November 30, 2023. No comments were received from any state or federal agency.
4. The Housing Capacity Analysis (HCA) and the Economic Opportunities Analysis (EOA) reports (legislative amendments) have been reviewed for conformance to their applicable Statewide Planning goals:
 - a) HCA – Goals 1, 2, 10, 11, and 12.
 - b) EOA – Goals 1, 2, 9, 11, and 12.

DECISION CRITERIA

SMC Chapter 17.24 provides the criteria for Type IV Comprehensive Plan legislative amendments. The recommendation by the Planning Commission and the decision by the City Council shall be based on consideration of the following factors. The decision-making criteria and findings are as follows.

Section 17.24.70. Review criteria.

Comprehensive Plan amendments shall be reviewed to assure consistency with the purposes of this chapter, policies of the Comprehensive Plan, and any other applicable policies and standards adopted by the City Council. Amendments shall be approved only when the following findings are made:

- A. The change being proposed is the best means of meeting the identified public need; and

The findings for criteria A are addressed for both the HCA & EOA.

5. City governments are responsible for the development of local comprehensive plans. The City is addressing the “Plan Amendment and Update Polices” of the Comprehensive Plan by considering the adoption of a new Housing Capacity Analysis (HCA) and an Economic Opportunities Analysis (EOA) report. Development Services staff believe that these technical reports are the best means of meeting the requisite for a comprehensive, up-to-date plan for developing and maintaining the City’s housing and economic development needs. As Sandy is anticipated to continue to grow in population and employment, these plans appropriately address forecasted needs using industry best practices in assessments and recommendations.

Conclusion: Criteria met.

- B. The change conforms to all applicable Statewide Planning Goals.

The findings for criteria B pertaining to the HCA & EOA are evaluated separately as analyzed in findings 6 through 15.

The Housing Capacity Analysis (HCA)

Goal 1: Citizen Involvement

6. Public involvement is a required part of land use planning in Oregon. This requirement is one of the things that make Oregon's land use planning program unique. The requirement for public participation is written in the first goal of nineteen in the statewide land use planning system.

Goal 1 calls for "the opportunity for citizens to be involved in all phases of the planning process."

Findings: The City has discussed this topic openly at multiple joint City Council/ Planning Commission meetings and the City will hold public hearings before both the Planning Commission and City Council to afford the public the opportunity to be involved. Notice of the two hearings was posted in multiple public places, published in the Sandy Post, posted on the City’s website, and promoted in the monthly City Newsletter. Notice was provided to the Department of Land Conservation and Development on November 30, 2023. The City created a Technical Advisory Group for the purpose of reviewing the consultant’s work and to have multiple opportunities for input. Besides staff, the group consisted of the executive director at the chamber of commerce and a few local business owners. Goal 1 public involvement requirements related to the HCA are met.

Goal 2: Land Use

7. Goal 2 requires each local government in Oregon to have and follow a comprehensive land use plan and implementing regulations. Cities and counties must build their comprehensive plans on a factual base and follow their plan when making decisions on appropriate zoning.

Findings: The proposed Housing Capacity Analysis (HCA) report will create policy that will remove uncertainty surrounding specific housing development needs while maintaining desired community outcomes. The HCA assists the City in compiling strong policies in the comprehensive land use plan and implementing regulations. The completion of the HCA report fulfills Statewide Land Use Planning Goal 2 by building the City’s comprehensive plan on a factual base where the City can follow their plan when making decisions on appropriate zoning.

Following OAR 660-025-0010, the City of Sandy completed the HCA report fulfilling the periodic review obligation and to ensure that the comprehensive plan and land use regulations remain in compliance with the statewide planning goals adopted pursuant to ORS 197.230, the commission's rules and applicable land use statutes.

This will assist in creating comprehensive plan policies that are consistent with State law and will have the long-term effect of providing housing options that meet the needs of all Sandy residents. Goal 2 land use requirements related to the HCA are met.

Goal 10: Housing

8. ORS 197.295-314 and 197.475-490 and Oregon Administrative Rule (OAR) 660-008 implement Goal 10, and the OAR requires that cities analyze housing needs to ensure opportunity for the provision of adequate numbers of needed housing units, the efficient use of buildable land within urban growth boundaries (UGBs), and to provide greater certainty in the development process so as to reduce housing costs.

Findings: As housing supply is a critical part of the solution to meeting future housing demand, the Housing Capacity Analysis (HCA) will be analyzed as part of the upcoming Comprehensive Plan review to evaluate the degree to which Sandy’s land use plan can meet the housing needs identified by the HCA.

Furthermore, recommendations in the HCA report will be analyzed for inclusion into a housing-specific section of an updated Comprehensive Plan to provide specific housing policy guidance for Sandy going forward.

As detailed in Exhibit 1 in the HCA, Sandy’s population within its urban growth boundary (UGB) is expected to grow by around 6,350 people between 2023 and 2043, at an average annual growth rate of 1.9%.

Exhibit 1. Forecast of Population Growth, Sandy UGB, 2023 to 2043

Source: ECONorthwest based on US Decennial Census 2000, and Portland State University, Population Research Center 2020.



To accommodate the city’s forecasted population growth of 6,350 people, Sandy needs to plan for 2,424 new dwelling units or about 121 new dwelling units per year over the twenty-year planning period. The housing mix for this growth is expected to consist of 60% single-family detached homes, 7% townhouses, 5% duplexes, triplexes, and quadplexes, and 28% multi-dwelling housing with five or more units in each structure.

The City will add additional goals and policies relating to housing in the Envision Sandy 2050 Comprehensive Plan. The HCA has a range of strategies and action items that the City may consider that are consistent with the findings in the HCA report and will incorporate them into the Comprehensive Plan.

House Bill 2003 requirements stipulate that an HCA must be updated every eight (8) years. Keeping the HNA up to date will allow the City to periodically take stock of housing demand and supply in the community, undertake a critical review of housing policy with those factors in mind, and adjust accordingly. Goal 10 housing requirements related to the HCA are met.

Goal 11: Public Facilities

9. This goal is to establish policies to plan and develop a timely, orderly, and efficient arrangement of public facilities and services to serve as a framework for urban and rural development.

Findings: The City’s comprehensive plan contains an acknowledged Goal 11 element that contains policies to ensure sufficient and adequate public services are available (or will be available as appropriate) to serve lands within the UGB.

Sandy will need to address wastewater system deficiencies to support future employment growth. To meet projected demand, Sandy has plans to fix aging sewer pipes, upgrade Sandy’s existing treatment plant, and expand Sandy’s wastewater system capacity, including potentially establishing an alternative discharge location. Sandy’s plans for its wastewater system upgrades will allow Sandy to accommodate the types and amounts of growth forecast in the HCA. Goal 11 public facility requirements related to the HCA are met.

Goal 12: Transportation

10. This goal is to establish policies to provide and encourage a safe, convenient, and economic transportation system.

Findings: The City’s Comprehensive Plan with respect to Goal 12, its transportation system plan, and its standards governing transportation and transportation-related facilities are not affected by this decision. The City’s comprehensive plan contains an acknowledged Goal 12 element that contains policies to ensure sufficient and adequate transportation facilities and services are available (or will be available as appropriate) to serve lands within the UGB. It should be noted that the TPR is triggered when a post acknowledgment amendment “significantly affects” a transportation facility. The City finds that the HCA does not meet the definition of a “significant effect” pursuant to OAR 660-012-0060(1)(a) - (c) because it will not: (1) change the functional classification of an existing or future facility; (2) change the standards implementing the functional classification system; or (3) result in any of the effects listed in 0060(1)(c)(A)-(C). Goal 12 transportation requirements related to the HCA are met.

The Economic Opportunities Analysis (EOA)

Goal 1: Citizen Involvement

11. Public involvement is a required part of land use planning in Oregon. This requirement is one of the things that make Oregon's land use planning program unique. The requirement for public participation is written in the first goal of nineteen in the statewide land use planning system.

Goal 1 calls for "the opportunity for citizens to be involved in all phases of the planning process."

Findings: The City has discussed this topic openly at multiple joint City Council/ Planning Commission meetings and the City will hold public hearings before both the Planning

Commission and City Council to afford the public the opportunity to be involved. Notice of the two hearings was posted in multiple public places, published in the Sandy Post, posted on the City’s website, and promoted in the monthly City Newsletter. Notice was provided to the Department of Land Conservation and Development on November 30, 2023. The City created a Technical Advisory Group for the purpose of reviewing the consultants work and to have multiple opportunities for input. Besides staff, the group consisted of the executive director at the chamber of commerce and a few local business owners. Goal 1 public involvement requirements related to the EOA are met.

Goal 2: Land Use

12. Goal 2 requires each local government in Oregon to have and follow a comprehensive land use plan and implementing regulations. Cities and counties must build their comprehensive plans on a factual base and follow their plan when making decisions on appropriate zoning.

Findings: The proposed Economic Opportunities Analysis (EOA) report will create policy that will remove uncertainty surrounding specific economic development needs while maintaining desired community outcomes. The EOA assists the City in compiling strong policies in the comprehensive land use plan and implementing regulations. The completion of the EOA report fulfills Statewide Land Use Planning Goal 2 by building the City’s comprehensive plan on a factual base where the City can follow their plan when making decisions on appropriate zoning.

This will assist in creating comprehensive plan policies that are consistent with State law and will have the long-term effect of providing economic development options that meet the needs of all Sandy residents. Goal 2 land use requirements related to the EOA are met.

Goal 9: Economy

13. The purpose of Goal 9 planning is to make sure cities and counties have enough land available to realize economic growth and development opportunities. Commercial and industrial development takes a variety of shapes and leads to economic activities that are vital to the health, welfare, and prosperity of Oregon's citizens. To be ready for these opportunities, local governments perform Economic Opportunity Analyses based on a 20-year forecast of employment growth.

Findings: Sandy’s Economic Opportunities Analysis (EOA) report is consistent with the requirements of statewide planning Goal 9 and the Goal 9 administrative rules (OAR 660-009). Goal 9 describes the EOA as “an analysis of the community’s economic patterns, potentialities, strengths, and deficiencies as they relate to state and national trends” and states that “a principal determinant in planning for major industrial and commercial developments should be the competitive advantage of the region within which the developments would be located.”

The primary goals of the EOA are to (1) project the amount of future employment growth within the Sandy city limits and employment land areas in the Urban Growth Boundary (UGB) between 2023 and 2043, (2) evaluate the existing employment land supply within Sandy to determine if it is adequate to meet that need, and (3) to fulfill state planning requirements for a twenty-year supply of employment land. The proposed EOA updates the following:

- 1) Employment Forecast for the planning period (2023-2043);
- 2) Employment and Land Demand; and,
- 3) The Buildable Lands Inventory.

Employment Forecast

Sandy's employment base is 5,514 employees in 2023. Sandy is forecast to have 8,037 employees by 2043. This is an increase of 2,523 jobs over the planning period.

Most new employment will require commercial and industrial lands, accounting for over 90% of new employment growth (2,339 employees) over the 2023 and 2043 planning period. Sandy will accommodate new government employees (184 of the 2,523 employees) in existing government buildings and areas designated for public use.

Employment and Land Demand

The forecast for land needed to accommodate employment growth in Sandy shows that the growth of 2,523 new employees will result in demand for about 154 gross acres of commercial and industrial employment lands. Sandy has sufficient land to accommodate demand for commercial employment in the Sandy UGB, but it does not have sufficient land to accommodate demand for industrial employment. Based on land demand, Sandy is forecast to have a 52-gross-acre surplus of commercial land and a 9-gross-acre deficit of industrial land.

The Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the Sandy UGB. The inventory is sometimes characterized as supply of land to accommodate anticipated employment growth. Population growth and employment growth both drive demand for land.

Land Base

The land base for the Sandy employment Buildable Lands Inventory (BLI) includes all tax lots in the Urban Growth Boundary (UGB) in plan designations that allow for

employment. Some tax lots in these plan designations are in zones that do not currently permit commercial or industrial development, such as Single-Family Residential (SFR), Parks & Open Space (POS), and High Density Residential (R-3). These tax lots were still designated as eligible for development due to development status being applied based on the comprehensive plan designation.

Exhibit 14 in the EOA shows the land base by plan designation in the UGB.

Exhibit 14. Employment Land Base by Plan Designation, Sandy UGB, 2022

Plan Designation/Zone	Number of taxlots	Percent	Total taxlot acreage	Percent (total acreage)
Commercial	364	83%	384	65%
Central Business District (C-1)	231	53%	54	9%
General Commercial (C-2)	130	30%	329	56%
Parks & Open Space (POS)	2	0%	0	0%
SFR - Single Family Residential (SFR)	1	0%	0	0%
Industrial	65	15%	195	33%
Industrial Park (I-1)	17	4%	39	7%
Light Industrial (I-2)	33	8%	76	13%
General Industrial (I-3)	14	3%	80	14%
High Density Residential (R-3)	1	0%	0	0%
Village Commercial	7	2%	9	2%
Village Commercial (C-3)	7	2%	9	2%
Total	436	100%	588	100%

Source: ECONorthwest analysis, City of Sandy, Clackamas County

Buildable Area Status

Exhibit 15 in the EOA shows the total acres of commercial and industrial tax lots classified by development status. The EOA uses a rule-based classification to define an initial development status. Development status was confirmed through a series of reviews by ECONorthwest and City staff, based on local knowledge and review of aerial maps.

Exhibit 15. Employment Acres by Classification and Plan Designation, Sandy UGB, 2022

Plan Designation/Zone	Total Acres	Committed Acres	Constrained Acres	Buildable Acres Unconstrained Vacant & Partially Vacant
Commercial	384	168	84	132
Central Business District (C-1)	54	48	6	1
General Commercial (C-2)	329	120	78	131
Industrial	195	92	49	54
Industrial Park (I-1)	39	26	9	4
Light Industrial (I-2)	76	57	11	8
General Industrial (I-3)	80	9	29	42
Village Commercial	9	3	1	6
Village Commercial (C-3)	9	3	1	6
Total	588	263	134	191

Source: ECONorthwest analysis, City of Sandy, Clackamas County Note: The POS, SFR, and R3 zones are not shown because they accounted for only fractions of an acre and no buildable acreage. Additionally, values are rounded to the nearest whole number. Therefore, value sums may appear to be off by a value of one.

Vacant Buildable Land

Exhibit 18 in the EOA shows buildable acres (i.e., acres in tax lots after constraints are deducted) for vacant and partially vacant land by plan designation. It should be noted that tax lots shown as partially vacant do not distinguish the part of the tax lot that is unavailable for development.

Exhibit 18. Buildable Acres in Vacant/Partially Vacant Tax Lots by Plan Designations, Sandy UGB, 2022

Plan Designation/Zone	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Commercial	132	51	81
Central Business (C-1)	1	-	1
General Commercial (C-2)	131	51	81
Industrial	54	23	30
Industrial Park (I-1)	4	4	-
Light Industrial (I-2)	8	2	5
Heavy Industrial (I-3)	42	17	25
Village Commercial	6	2	3
Village Commercial (C-3)	6	2	3
Total	191	76	115

Source: ECONorthwest analysis, City of Sandy, Clackamas County Note: The POS, SFR, and R3 zones are not shown because they contained no buildable acres. Additionally, values are rounded to the nearest whole number. Therefore, value sums may appear to be off by a value of one.

Comparing this inventory to the 20-year forecast of employment land needs generated earlier in this analysis indicates that the City of Sandy’s UGB does have the adequate land capacity to accommodate its forecasted needs over the planning horizon of 2023-2043 for commercial development. The overall projected demand for employment land in aggregate industrial land over the planning horizon exceeds the estimated developable inventory by 9 acres.

Some of this anticipated industrial land deficit can be met on commercial land, assuming the manufacturing or production use does not produce significant levels of noise or odor. Sandy has few opportunities for midsized and larger industrial opportunities, which may create barriers to growth of manufacturing and related uses. This anticipated industrial deficit can also be accommodated through increases in land use efficiency within the existing UGB.

The City will add additional goals and policies relating to Economic Development in the Envision Sandy 2050 Comprehensive Plan. The BLI has a range of strategies and action items that the City may consider that are consistent with the findings in the EOA report

and may add all or most of them into the Comprehensive Plan. Goal 9 economy requirements related to the EOA are met.

Goal 11: Public Facilities

14. This goal is to establish policies to plan and develop a timely, orderly, and efficient arrangement of public facilities and services to serve as a framework for urban and rural development.

Findings: The City’s comprehensive plan contains an acknowledged Goal 11 element that contains policies to ensure sufficient and adequate public services are available (or will be available as appropriate) to serve lands within the UGB.

Sandy will need to address wastewater system deficiencies to support future employment growth. To meet projected demand, Sandy has plans to fix aging sewer pipes, upgrade Sandy’s existing treatment plant, and expand Sandy’s wastewater system capacity, including potentially establishing an alternative discharge location. Sandy’s plans for its wastewater system upgrades will allow Sandy to accommodate the types and amounts of growth forecast in the EOA. Goal 11 public facility requirements related to the EOA are met.

Goal 12: Transportation

15. This goal is to establish policies to provide and encourage a safe, convenient, and economic transportation system.

Findings: The City’s Comprehensive Plan with respect to Goal 12, its transportation system plan, and its standards governing transportation and transportation-related facilities are not affected by this decision. The City’s comprehensive plan contains an acknowledged Goal 12 element that contains policies to ensure sufficient and adequate transportation facilities and services are available (or will be available as appropriate) to serve lands within the UGB. It should be noted that the TPR is triggered when a post acknowledgment amendment “significantly affects” a transportation facility. The City finds that the EOA does not meet the definition of a “significant effect” pursuant to OAR 660-012-0060(1)(a)-(c) because it will not: (1) change the functional classification of an existing or future facility; (2) change the standards implementing the functional classification system; or (3) result in any of the effects listed in 0060(1)(c)(A)-(C). Goal 12 transportation requirements related to the EOA are met.

RECOMMENDATION

The Sandy Comprehensive Plan is a legislative regulatory guidebook intended to regulate development and guide growth for the city of Sandy. However, the Comprehensive Plan also needs to be amended by introducing revised supportive technical documents over time to respond to new case law and legislation. Staff believes that the new Housing Capacity Analysis (HCA) and Economic Opportunities Analysis (EOA) technical reports are in full compliance with all state statutes and administrative rules.

Staff recommends the Planning Commission review the proposed Housing Capacity Analysis (HCA) and Economic Opportunity Analysis (EOA) documents and recommend approval to the City Council.