

PUBLIC NEED ANALYSIS FOR ROLLTIDE PROPERTY

RESIDENTIAL LANDS  
CITY OF SANDY

JULY, 2020

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## INTRODUCTION

Johnson Economics was asked to prepare an assessment of the public need for residential as well as commercial uses in the City of Sandy. This work is in support of a comprehensive plan and zone change application for a 15.91-acre site located south of Highway 26 at the future intersection with Dubarko Road.

LOCATION OF SUBJECT SITE



SOURCE: Clackamas Maps

Current zoning on the site include 2.84 acres of C-3 (Village Commercial), 8.05 acres designated R-1 (Low Density Residential), and 5.01 acres designated R-2 (Medium Density Residential). The proposed change in zoning would increase the C-3 zoned area to 3.61 acres, reduce the R-1 zoned property to 0.59 acres, and rezone 7.91 acres to R-3 (High Density Residential). In addition, 1.43 acres would be set aside as POS (Parks and Open Space), 2.21 would be right of way, and 0.16 would be a public stormwater tract. The change in designation would allow for up to 158 rental apartment units on the R-3 property, while reducing density in the R-1 and R-2 tracts from a current max of 101 units to a max of 5 units. The net impact assuming development at maximum allowed density would increase residential capacity on the site by 62 units, with a shift from low- and medium-density product to rental apartments. The commercial/employment capacity on the site would be increased by roughly 1.5 net acres.



### Area Comparison of Existing to Proposed Zoning

	Existing (gross acres)	Existing (net acres)*	Proposed (net acres)
C-3, Village Commercial	2.84	2.13	3.61
R-1, Low Density Residential	8.05	6.04 (48 units max.)	0.59 (5 units max.)
R-2, Medium Density Residential	5.01	3.76 (53 units max.)	0.00
R-3, High Density Residential	0.00	0.00	7.91 (158 units max.)
POS, Parks and Open Space	0.00	0.00	1.43
Rights of Way	0.00	3.98	2.21
Public Tracts (stormwater tract)	0.00	0.00	0.16
Total Area	15.91	15.91	15.91

\* - Net acres assumes 25% reduction for public roads

This analysis addresses the public need for the requested change. In addition, the analysis will discuss whether the proposed change on the property represents an appropriate zoning boundary modification and the degree to which the development represents a sound, stable, and desirable development proposal. Following is a brief summary of the designations from the City of Sandy's Development Code:

*Sandy's C3 zone "The Village Commercial (C-3) district is primarily oriented to serve residents of the village and the immediately surrounding residential area. The Village Commercial area is intended to help form the core of the villages. Allowing a mixture of residential uses beside and/or above commercial uses will help create a mixed-use environment which integrates uses harmoniously and increases the intensity of activity in the area. The orientation of the uses should integrate pedestrian access and provide linkages to adjacent residential areas, plazas and/or parks, and amenities."*

*The "High Density Residential (R-3) district is intended for high density residential development at 10 to 20 dwelling units per net acre. Intended uses are apartments, row houses, and townhouses, duplexes, single-family planned developments, and manufactured home parks including existing developed areas and areas suitable for development at this density.*

*High density residential areas are generally located immediately adjacent to village commercial centers or the Central Business District. Commercial development, including home businesses and limited neighborhood retail, is considered appropriate in high density residential developed in conjunction with villages or immediately north of the Central Business District. High density residential areas are generally located nearby Village Commercial Centers, the Central Business District and/or public facilities such as schools or parks. The HDR Plan designation encompasses one zoning district designation."*

The proposed R3 zoning allows a range of multi-family residential uses, including duplexes, townhomes, and residential facilities. The minimum allowed residential density is 10 units per acre with a maximum of 20 units per acre. The predominant use on the site is likely to be common wall multi-family and/or rental apartments.



This analysis relies on employment data provided by the US Census, assessment of developed and vacant land provided by Metro’s RLIS, the City of Sandy Urbanization Study (2015), and Portland State University’s Population Research Center’s population estimates. This analysis supports the following findings:

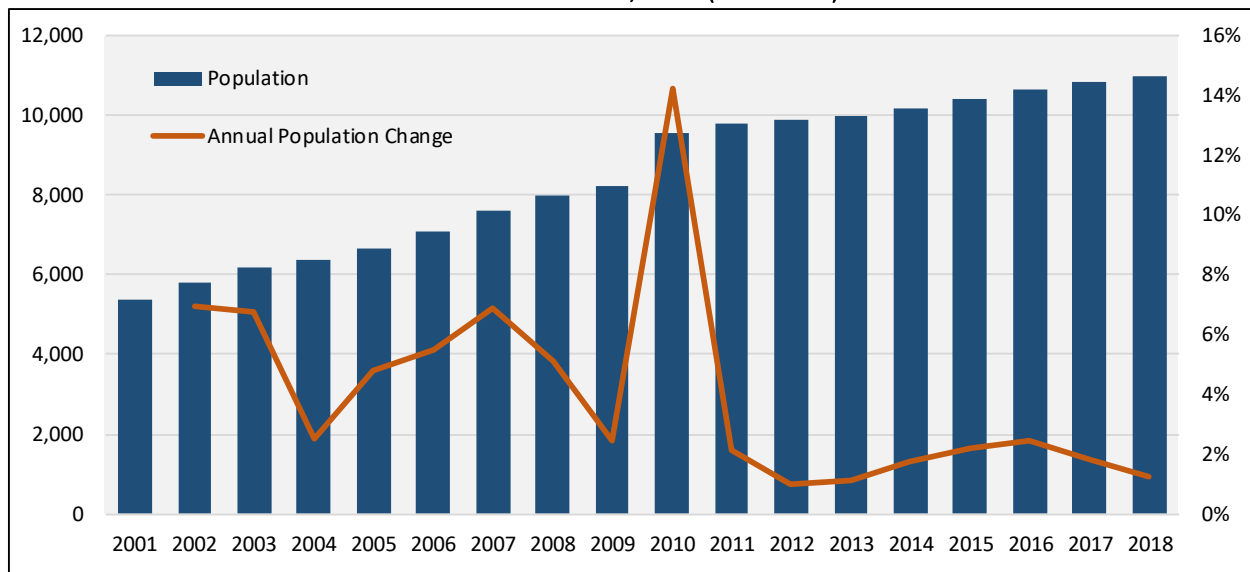
- The change in use would provide capacity for additional housing options, which may alleviate local housing affordability issues while providing increased demographic support for the proximate commercial concentrations in central Sandy.
- The entitlement change would be expected to bring the property into active urban use and be supportive of the City’s planning policies.

## RESIDENTIAL LAND NEEDS

### POPULATION

Portland State University’s Population Research Center provides intercensal population estimates for the State of Oregon, which are considered to be more accurate than Census Bureau estimates. The Center estimates that in 2001 Sandy’s population was 5,380 and grew to 10,990 by 2018. This represents an increase of 104% since 2001 and an average growth rate of 4.3% over this same period. However, much of this growth took place before 2011. From 2011 through 2018 average annual growth was only 1.7%. Portland State University’s population forecast programs most recent forecast for the Sandy UGB projected average annual growth of 2.7% through 2040.

HISTORICAL POPULATION, SANDY (2001-2018) <sup>1</sup>



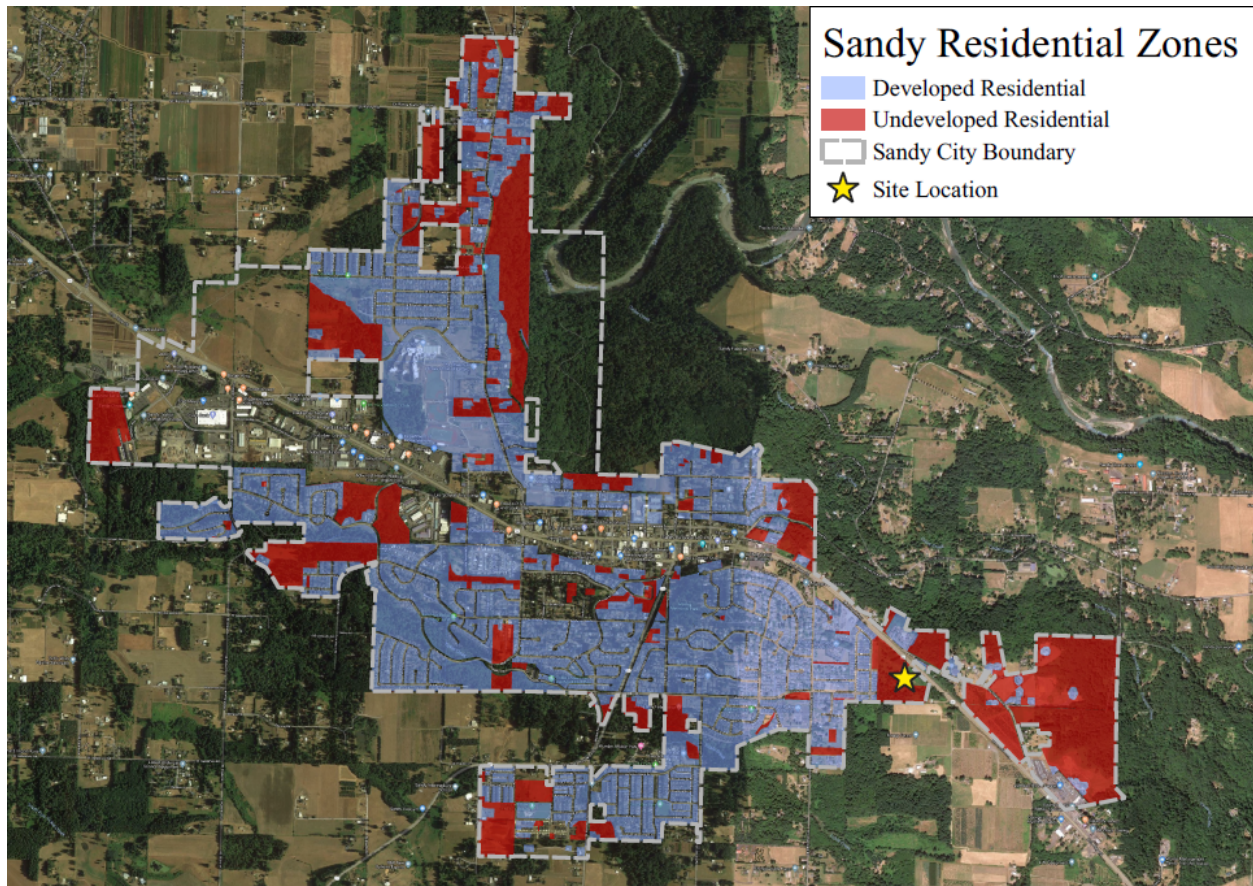
### POPULATION AND HOUSING

As mentioned earlier, Portland State University’s Center estimates that in 2001 Sandy’s population was 5,380 and grew to 10,990 by 2018. This represents an increase of 104% since 2001 and an average growth rate of 4.7% over this same period. For the purposes of this study, assuming that levels of residential density in Sandy remain constant, the demand for residential land will likely follow the city’s forecasted population within the UGB of 2.7%. According to Metro’s RLIS, Sandy currently has 865.7 acres of residentially zoned, developed land. Projecting 20

<sup>1</sup> Portland State University Population Research Center



years forward to 2038, the city will likely need an additional 609.2 acres to meet a total need of 1,474.9 acres of residential land. Currently, the city has a total of 1,295.6 acres of land zoned for residential uses. This amount of land is 178.6 acres short of the projected need by 2038 based on historic development patterns.



SUMMARY OF RESIDENTIAL ZONED LAND SUPPLY, CITY OF SANDY<sup>2</sup>

Zone	Developed		Undeveloped		% Developed	
	Parcels	Acres	Parcels	Acres	Parcels	Acres
R1	74	137.5	30	39.4	71.2%	77.7%
R2	76	194.1	31	71.4	71.0%	73.1%
R3	58	125.8	29	53.0	66.7%	70.4%
SFR	114	408.3	53	266.9	68.3%	60.5%
<b>Total Residential</b>	<b>322</b>	<b>865.7</b>	<b>143</b>	<b>430.6</b>	<b>69.2%</b>	<b>66.8%</b>

The City has developed just over 70% of its land for multifamily and 66.8% for residential more broadly. While additional capacity is expected to be available through redevelopment, this is inherently more difficult and typically more expensive to deliver. Increasing the City’s multifamily residential land inventory would increase local capacity for residential products that can meet a broad range of price points. Affordability of housing has become a major

<sup>2</sup> Metro, RLIS system





concern during the recent expansion cycle and provision of higher density housing options is seen as a major tool in addressing affordability concerns.

## **SITE SUITABILITY FOR PROPOSED USES**

The subject site does not have any significant physical development constraints and enjoys visibility from Highway 26. The proposed use pattern will place a public park and the low density residential uses on the western edge of the property, providing a buffer between more intensive uses on the remainder of the site and the R-3 zoned property to the east and south. The proposed development pattern allows for a relatively efficient utilization of the site, with an efficiency of 84% (net developable area divided by total area, excluding park dedication). This is significantly higher than would be achievable with the current zoning designation, and supports more efficient land utilization.

Clustering residential density along Highway 26 and at the future intersection with Dubarko will provide excellent access to the residents, including to the commercial development on the site and the extensive commercial options in the city's downtown core (roughly a mile and a half west and three minutes away) as well as larger format retailers to the west of downtown. The intersection of Dubarko and Highway 26 is expected to collect the bulk of traffic from commercial and multi-family development on the site.

## **CONCLUSIONS REGARDING THE PROPOSED ZONE CHANGE**

The proposed zone change is responsive to the City's projected need for additional residential capacity. Lennar Corporation, who previously controlled the site, spent a decade and significant investment trying to generate a viable development program for the site. The cost of the connection to Highway 26 and the infrastructure investment requirements in the village overlay were too great to be offset by the value of the underlying property. While technically capable of supporting development, these economic constraints make the site effectively undevelopable under the current zoning designation.

A key criteria in the City of Sandy is the degree to which the development represents a sound, stable, and desirable development proposal. Increasing the allowed residential density as proposed will provide the ability of the site to support necessary infrastructure investments to open up development. Under the current zoning the economic constraints outlined preclude a "sound, stable" development program for the site.

Allowing the proposed change in zoning will accelerate the development of the property while better addressing the City of Sandy's land use needs and public policy objectives. Dubarko's connection to Highway 26 can't be completed unless this site is developed, which has a significant impact on the City's broader street system. In addition, development of the site will provide more tax revenue as well as providing needed park space. The proposed use will also provide a "middle housing" product in the market that will address the local need for more low-cost housing choices.