



MEMORANDUM

DATE: June 6, 2019

TO: Lloyd & Lois Piercy
City of Hermiston

FROM: JOHNSON ECONOMICS, LLC

SUBJECT: Analysis of Potential Comprehensive Plan and Zone Change from FU-10 to Commercial and Residential Uses

JOHNSON ECONOMICS was hired to conduct an independent assessment of the demand for and inventory of different categories of land within the Hermiston Urban Growth Boundary (UGB).

Currently, it is proposed to amend the Comprehensive Plan (Comp Plan) designation of a 36-acre area in east/central Hermiston, adjacent to the current city boundary. This area is currently zoned FU-10 for future urban use and is vacant. It is proposed to change the designation of this parcel to a mixture of high density residential and commercial designations.

In order to help make the determination of whether this change is warranted, JOHNSON ECONOMICS has conducted analysis of the relative supply and demand for these land uses in Hermiston and its broader UGB. This analysis has utilized the methodology for conducting a Goal 9 Economic Development, Goal 10 Housing analyses, and Buildable Lands Inventory (BLI) in accordance with state periodic review guidelines. If a zone change is to proceed, this analysis will reconcile the findings with the City's adopted Goal 9 and Goal 10 documents. In addition, JOHNSON ECONOMICS has conducted market-based assessment of the locational characteristics of the study area to determine if a particular "highest and best use" is evident from a market perspective.

This memo presents the findings of this analysis and implications for a Comp Plan designation change in this study area.

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A. SUMMARY OF KEY FINDINGS

The following summarizes some of the key findings and conclusions from this report.

Location Analysis of Candidate Land Uses

- The study area location is appropriate for a residential neighborhood, as evidenced by the established neighborhoods in the surrounding area. The location being adjacent to a highway, a collector street, and near the center of the city also makes it appropriate for medium to high-density housing, including attached housing types such as apartment complexes. The highway and collector street should accommodate the increased traffic from additional household density and provide residents good commuting routes via Highway 207 to the north, or through the city center.
- The study area has good access to commercial services within a half-mile walk, bike ride, or drive into the city center and future commercial uses are planned adjacent to the southwest on land recently rezoned for commercial uses. In addition, the study area itself will likely accommodate some commercial services if the zoning designation is changed. Elementary and middle schools are within walking distance for residents with children.
- The study area is well suited to host commercial services. Located at the confluence of a highway and major collector, the area has over 4,000ft of total frontage on either road. This provides the area with strong viability and access priming it for commercial development.
- The greatest factor impacting commercial use at this location will be competitive commercial properties across the city. The large commercial area along Highway 395 and the smaller but more local recently rezoned commercial land to the southwest may draw away some demand from the study area. For this reason, if commercial zoning is considered at this site, it might be best to limit it in size and plan for commercial uses to be more locally serving for the surrounding neighborhood. Mixed commercial and residential zoning could allow flexibility for the market to provide the development that is most in demand at the time.

Revised 20-Year Land Need and Buildable Inventory

- In order to assess the supply and demand for land to accommodate the candidate land uses, JOHNSON ECONOMICS employed the projection methodology for Goal 9 Economic Opportunities Analysis and Goal 10 Housing Needs Analysis, as well as updated the Buildable Lands Inventory.
- The City's current Goal 9 and Goal 10 analysis, completed and adopted in 2011, found an excess of all categories of land within the current Hermiston UGB. While a sizable amount of this buildable land was within the future development areas of the UGB, most of it was within the current city boundaries of the time.
- The revised analysis finds essentially the same pattern. The size of Hermiston's current UGB and the large amounts of future land to urbanize, means that there is ample supply of land for all three land uses.



- In comparison to the 2011 analysis, the revised analysis found an increased need for employment land, and a decreased need for housing units over the coming 20 years. In each case, the buildable lands remain sufficient to accommodate the projected need.
- The following figure summarizes the resulting estimates of 20-year need and supply by land use category. Not all land use categories are equally oversupplied. As the last column shows, the estimated supply of land would serve roughly 57 years of residential need and 58 years of commercial need at this projected rate of demand. However, the amount of industrial land available, would serve an estimated 265 years of need at the projected rate of demand.

**FIGURE: COMPARISON OF 20-YEAR LAND NEED AND BUILDABLE SUPPLY
HERMISTON, OR UGB**

ZONING CATEGORY	20-Year Land Need (Acres)	Est. Buildable Supply (Acres)	Est. Buildable Surplus (Acres)	Est. Years of Land Supply
R-1 Single Family Residential	181.3	181.3	0.0	20.0
R-2 Duplex Residential	12.7	39.9	27.2	62.8
R-3 Multi-Family Residential	36.3	143.1	106.8	78.8
R-4 Multi-Structural Residential	36.8	53.7	16.9	29.2
R-R Recreational Residential	48.2	358.1	309.9	148.6
F-R Future Residential (UGB)	152.1	558.5	406.4	73.4
Totals:	467.4	1,334.6	867.2	57.1
Commercial Zoning	99.9	293.7	193.8	58.8
Industrial Zoning	45.8	565.9	520.1	247.1
Totals:	145.7	859.7	714.0	118.0

Source: Umatilla County, City of Hermiston, Johnson Economics

- The finding suggests that relative to the other two land uses, industrial land is more oversupplied by a factor of nearly five. Much of this available capacity is banked in the large employment areas in the southeast corner of the city south of the airport.

Conclusion on Future Use of the Study Area

In considering whether a zone change may be appropriate for the study area the following factors lend support:

- It is estimated that the supply relative to projected demand for commercial and residential lands is significantly less than that found for industrial land. Changing the study area from FU-10 zoning to a mix of R-3 and C-2 zoning would increase the years of residential and commercial land supply relative to the industrial land supply, moving the city towards a more balanced overall supply of land.



- Changing the study area zoning would also increase the area's housing capacity and create commercial opportunities. This may lead to an increase the city's housing supply and foster new businesses, potentially lowering the cost of housing and providing a land mix more consistent with the needs of expected economic growth.
- If some FU-10 land were to be rezoned as a mix of residential and commercial, the study area would be a strong candidate. Its' location between a highway and major collector street will ensure it has strong visibility and access, two major determinants of the success of a commercial space. Additionally, the property's current lack of improvements lowers development costs and makes future development quicker and less obtrusive.
- The study area is centrally located, close to downtown, where housing and commercial uses are more appropriate. It is also nearby established, high density residential neighborhoods where multi-family residential and commercial developments would be more compatible with the neighborhood character.
- Given the relative need for additional residential units and commercial land compared to the need for industrial land, the proposed zone change would provide new opportunities for housing and economic growth from a community and land-use policy perspective for the study area, as well as providing a significant opportunity to add housing near the downtown core.

These topics are presented and documented in greater detail in the following report.



B. THE STUDY AREA

The subject site is a 36.3-acre area comprised of single parcel under one ownership. The site is currently vacant. The property is adjacent to the Hermiston City boundary, south of Highway 207 and east of NE 10th Street with Diagonal Road dividing the property. Hermiston Ditch enters the west side of the property and travels south, parallel to the road.

FIGURE 1: STUDY AREA, HERMISTON, OR (BOUNDARIES APPROXIMATE)



Source: Google Satellite, Johnson Economics

Current Zoning

The area is currently zoned as Future Urban (FU-10). This zone permits one residential dwelling unit per 10 acres of land. The zone does not allow for commercial or industrial uses and sets a minimum lot size of 10 acres. The zone is intended is to reduce the density of future rural residential development within the city's UGB in preparation for urbanization, while still allowing for small-scale farming activities in the interim.¹

¹ Hermiston Comprehensive Plan



Surrounding Uses

The study area is located just outside of city limits and immediately north of Sandstone Middle School. Single family residential homes border the site to the west and kitty-corner to the southwest. The northern and northeastern edges of the site abut homes zoned future urban (the same FU-10 designation shared by the subject site). A light industrial area is located close to the property on the northeast side. The Southeast corner of the study area borders a large mostly vacant space with both commercial and multi-family zoning. The northwestern corner of the site has been clipped to accommodate an electric substation operated by the Umatilla Electric Cooperative Association. Although technically not bordering them, the site is 300 feet south of a mobile home park zoned multi-structure residential.

The southern edges of the study area run parallel to Hermiston city boundary, placing the area just outside of city limits but still within the UGB. The UGB continues for an additional 3000ft to the west of the subject site and 1.05 miles north. A 55-acre designated open space containing Baker's Pond is roughly 700ft to the east of the study area. 3100ft to the west is Hermiston's central commercial area. Additional medium-density residential neighborhoods stretch to the south and southwest of the study area, beyond Sandstone Middle School and neighboring industrial areas.

Access and Visibility

The study area is bordered by Diagonal Boulevard, Highway 207, NE 10th Street, and E Hooker Road. Both Diagonal Boulevard and Highway 207 receive significant average daily traffic counts, providing the subject site with strong visibility and good access. Other access points to the study area from the west will be much more limited, requiring access via local streets through residential neighborhoods.

Diagonal Road is designated as a major collector street with a speed limit of 40 mph past the study area. Highway 207 is a state highway with a speed limit of 40 past the study area. Other streets in the immediate area are all local streets.

C. SUITABILITY OF SITE AND LOCATION FOR CANDIDATE LAND USES

This section provides an assessment of the subject site as a location for the candidate uses from a market perspective. (Supply and demand estimates are discussed in the following section.)

General Location

The study area is roughly 36 acres, located just beyond the east edge of the Hermiston city boundary. From the study area, the Hermiston UGB extends roughly another half-mile to the east. The study area is surrounded by established residential neighborhoods on most sides, and Sandstone Middle School to the south. To the southwest, along Diagonal Road is a 45-acre area of land which is designated for commercial and multifamily development in the future and stands mostly vacant.

The area is isolated from the major established industrial areas of Hermiston, which are in the northwest corner of the city, along N 1st Place and to the southwest of the city along Highway 395, mostly to the



south of the airport. There is one additional industrial-zoned area to the north of the study area, separated by open space acreage.

The area enjoys excellent access from both Diagonal Road and Highway 207 and would have strong good visibility for commercial uses, especially at the intersection of these two roads.

As a Residential Location

Residential areas tend to have the greatest flexibility in terms of where they are located. Residents are willing to live in city centers and fringe areas, in a range of housing types. The study area location is surrounded by established neighborhoods that share the same general locational and access characteristics as the study area. There is no reason to conclude that the study area couldn't accommodate similar housing.

The study area does contain a portion of the Hermiston Ditch, that runs along much of the western side. The ditch is recognized as a wetland by the National Wetlands Inventory. New development would have to either avoid the ditch or receive approval from the federal government.

The location adjacent to a highway, collector street, and near the center of the city also makes it appropriate for medium to high-density housing, including attached housing types such as apartment complexes. The highway and collector street should accommodate the increased traffic from additional household density and provide residents good commuting routes via Highway 207 to the north, or through the city center. Elementary and middle schools are within walking distance for residents with children.

The study area has good access to commercial services within a walking, biking, or driving distance in the city center and future commercial uses are planned adjacent to the southwest corner of the study area. In addition, the study area itself may accommodate some commercial uses if the zoning designation is changed.

In general, this is a good residential location for low- or medium-density housing and would face no development or compatibility issues for this use.

As a Commercial Location

The study area would likely be suitable to some amount of commercial use. The location on an intersection of a highway and major collector would provide vehicle traffic and visibility for retailers at the site. The site presents no physical limitations except for the Hermiston Ditch along its west side.

The greatest factor impacting commercial use at this location will be competitive commercial properties across the city. The vacant commercial land immediately to the southwest may detract from the demand for commercial developments on this area. At the same time there are large commercial zones running the length of Highway 395 through the city. As the following section discusses, there is ample vacant commercial land in the city and UGB.



For this reason, if commercial zoning is considered at this site, it might be best to limit it in size and plan for commercial uses to be more locally serving for the surrounding neighborhood. Mixed commercial and residential zoning could allow flexibility for the market to provide the development that is most in demand at the time.

Finding on Location Suitability

The site is generally physically appropriate for development of any of the candidate uses. Given the established development pattern in the surrounding area, as well as the planned future land uses of lands to the east, residential uses seem the strongest candidate land use. Commercial uses are well-suited to the site, but this location may be less competitive to existing and planned highway commercial in the city. Commercial may be best suited as a secondary land use, serving the surrounding neighborhoods.

D. PREVIOUS GOAL 9 AND GOAL 10 FINDINGS (2011)

In order to assess the supply and demand for land to accommodate the candidate land uses, JOHNSON ECONOMICS employed the projection methodology for Goal 9 Economic Opportunities Analysis and Goal 10 Housing Needs Analysis, as well as updated the Buildable Lands Inventory.

The City's current Goal 9 and Goal 10 analysis, completed and adopted in 2011, found an excess of all categories of land within the current Hermiston UGB. While a sizable amount of this buildable land was within the future development areas of the UGB, most of it was within the current city boundaries of the time.

Based on the findings of projected demand and available supply, the 2011 Goal 9 and Goal 10 analysis reached the results summarized in the following table:

**FIGURE 2: ESTIMATED 20-YEAR LAND NEED VS. BUILDABLE SUPPLY
HERMISTON, OR (2011)**

Land Use	20-Year Demand (Acres)	Buildable Supply (Acres)	Estimated Years of Supply
Residential (Goal 10)	695.0	1,995.0	57
Commercial (Goal 9)	44.1	177.3	80
Industrial (Goal 9)	27.1	605.4	447

Source: City of Hermiston Goal 9 and Goal 10 analyses (2011), Johnson Economics

For the three major land use categories discussed here, the 2011 analyses found that current buildable inventory within the UGB exceeds the projected 20-year land need. If we assume that the 20-year demand rate remained constant, the analysis found a nearly 60-year supply of residential land, an 80-year supply of commercial land, and a nearly 450-year supply of industrial land.

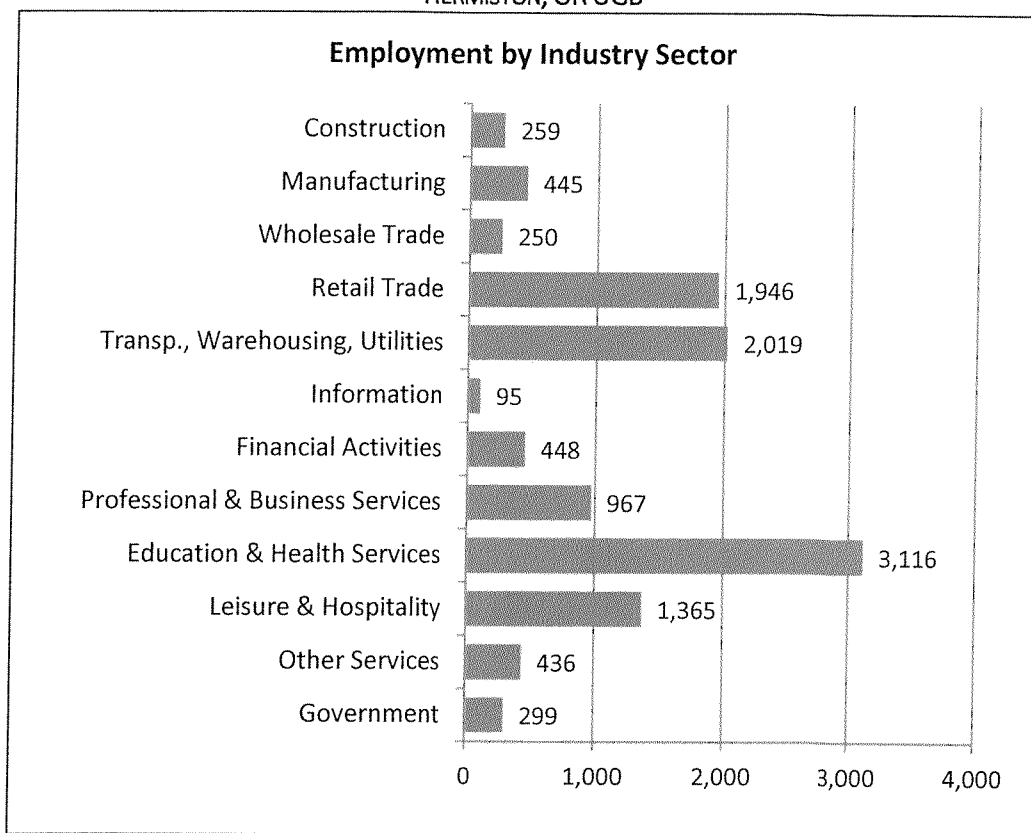


E. UPDATED GOAL 9 EMPLOYMENT AND LAND NEED PROJECTIONS

In 2017, JOHNSON ECONOMICS conducted an updated employment projections and land needs analysis in keeping with Goal 9 methodology, to determine if results have materially changed since the previous Goal 9 analysis.

The greatest changes since the previous analysis have been in the make-up of industry employment in Hermiston, and the projected rate of employment growth across sectors. Figure 3 shows the estimated current employment make up by industry sector. Since the recession nearly ten years ago, some sectors have rebounded more strongly than others. In Hermiston it is estimated that industries such as education and health Services, hospitality, retail and transportation and warehousing have experienced the strongest rebound from the recession. Industries such as construction and manufacturing have fallen as a share of total employment.

FIGURE 3: ESTIMATED EMPLOYMENT BY INDUSTRY SECTOR
HERMISTON, OR UGB



Source: Census, Oregon Employment Department, Johnson Economics



Future projected growth in these industries comes from projections from the Oregon Employment Department for Grant, Morrow and Umatilla Counties for the years 2014-2024. These projections are broken down by industry sector and then applied to the breakdown of employment in Hermiston itself.

Figure 4 shows these industrial growth projections applied to Hermiston over the next 20 years. There will be a projected growth of 2,058 local jobs over the planning period. This projected growth is very similar to the total job growth projected in the previous Goal 9 analysis (1,970 jobs), however the estimated growth rates among individual industry sectors have changed changing the breakdown of what types of employment space these new workers will need.

FIGURE 4: PROJECTED EMPLOYMENT GROWTH BY INDUSTRY SECTOR, 2016-2036
HERMISTON, OR UGB

Baseline Growth Scenario	Base Year	Cumulative Net New Growth				16- '36 Growth	
Employment Sector	2016	2021	2026	2031	2036	Jobs	AAGR
Construction	259	253	247	241	236	-24	-0.5%
Manufacturing	445	461	477	494	512	67	0.7%
Wholesale Trade	250	259	268	278	288	37	0.7%
Retail Trade	1,946	1,998	2,050	2,104	2,160	213	0.5%
T.W.U	2,019	2,082	2,147	2,214	2,283	264	0.6%
Information	95	105	116	128	141	46	2.0%
Financial Activities	448	455	462	470	477	29	0.3%
Professional & Business Services	967	1,015	1,065	1,117	1,172	205	1.0%
Education & Health Services	3,116	3,322	3,543	3,777	4,027	911	1.3%
Leisure & Hospitality	1,365	1,416	1,468	1,523	1,580	216	0.7%
Other Services	436	454	472	492	512	76	0.8%
Government	299	304	308	312	317	17	0.3%
Total	11,646	12,123	12,624	13,150	13,704	2,058	0.8%

Source: Census, Oregon Employment Department, Johnson Economics

The types of anticipated future employment are broken down by the type of commercial or industrial real estate space these jobs tend to occupy. This estimate is then converted into need for land to house new employment real estate for the next 20 years.

Retail land need is calculated based on average household retail spending, applied to the projected household growth rate (see next section). The calculation of future retail spending is compared to the amount of spending per square foot of retail commercial space, and then to total land demand.



**FIGURE 5: PROJECTED 20-YEAR EMPLOYMENT LAND NEED, HERMISTON, OR UGB
2011 PROJECTIONS VS. 2017 PROJECTIONS**

Employment Land Category	2011	2017 Revised	Change 2011 vs. Revised
	20-Year Demand (Acres)	20-Year Demand (Acres)	
Office Lands	8.0	20.0	12.0
Industrial Lands	25.1	39.0	13.9
Retail Commercial Lands	39.6	59.4	19.8
<i>Resident Driven</i>	<i>21.5</i>	<i>36.6</i>	<i>15.1</i>
<i>Visitor Driven</i>	<i>16.6</i>	<i>20.8</i>	<i>4.2</i>
<i>Overnight Lodging</i>	<i>1.5</i>	<i>2.0</i>	<i>0.5</i>
Specialized Uses*	21.4	27.3	5.9
TOTAL EMPLOYMENT LAND NEED	94.1	145.7	51.6

Source: Census, Oregon Employment Department, Johnson Economics

*Specialized uses include hospital and medical space, private educational and institutional facilities.

Figure 5 presents projected 20-year demand from the previous 2011 analysis and the revised analysis. The revised analysis finds an increased need for commercial and industrial space based on higher employment projections in the industry sectors that use this space. Higher projected residential spending translates to higher demand for retail land, as well.

In all, the projected need for employment land is estimated to be 50% higher than in the prior analysis.

F. UPDATED GOAL 10 HOUSING AND RESIDENTIAL LAND NEED PROJECTIONS

JOHNSON ECONOMICS conducted an updated housing projection and residential land needs analysis in keeping with Goal 10 methodology, to determine if results have materially changed since the previous Goal 10 analysis.

The housing needs projections are based upon 20-year population estimates provided by the Portland State University Population Research Center, through the Oregon Population Forecast Program. State rules now require that Goal 10 analyses use the official projection from this program. This requirement was not in place during the last Goal 10 update in 2011.

The previous analysis applied a more robust 2.2% growth rate based on the latest county-wide forecast available at the time. The PSU analysis leads to a local forecasted growth rate of 1.6% for Hermiston. Because of this the total projected 20-year household growth is lower than the previous analysis.



Figure 6 (following page) presents the current estimated demographic profile in Hermiston and its UGB area. There are an estimated 21,500 total people in the UGB, of which an estimated 83% live within the city boundaries.

FIGURE 6: HOUSEHOLD AND DEMOGRAPHIC PROFILE, HERMISTON, OR UGB

POPULATION, HOUSEHOLDS, FAMILIES, AND YEAR-ROUND HOUSING UNITS					
	2000	2010	Growth	2017	Growth
	(Estimate)	(Estimate)	00-10	(PSU)	10-17
Population (City) ¹	13,154	16,745	27%	17,985	7%
Population (UGB) ¹	2,751	3,345	22%	3,761	12%
Population (Total) ¹	15,635	19,234	23%	21,746	13%
Households ²	5,905	6,966	18%	7,805	12%
Families ³	3,998	4,821	21%	5,050	5%
Housing Units ⁴	6,429	7,594	18%	8,208	8%
Group Quarters Population ⁵	104	147	41%	205	39%
Household Size (non-group)	2.63	2.74	4%	2.76	1%
Avg. Family Size	3.18	3.28	3%	3.29	0%
PER CAPITA AND MEDIAN HOUSEHOLD INCOME					
	2000	2010	Growth	2017	Growth
	(Census)	(Census)	00-10	(Proj.)	10-17
Per Capita (\$)	\$17,075	\$18,303	7%	\$21,010	15%
Median HH (\$)	\$34,442	\$42,571	24%	\$50,694	19%

SOURCE: Census, PSU Population Research Center, and Johnson Economics

Census Tables: DP-1 (2000, 2010); DP-3 (2000); S1901 (2010 ACS 3-yr Estimates); S19301 (2010 ACS 3-yr Estimates);

¹ From PSU Population Research Center, Population Forecast Program, final forecast for Umatilla Co. (6/2016)

² 2016 Households = (2016 population - Group Quarters Population)/2016 HH Size

³ Ratio of 2016 Families to total HH is based on 2014 ACS 5-year Estimates

⁴ 2015 housing units are the 2010 Census total plus new units permitted from '10 through January '16. Units in UGB area are estimated based on number of households and household size (source: Census, City of HERMISTON)

⁵ Estimated Group Quarters Population from Census.

Figure 7 (following page) presents the projected 20-year population and household growth in the UGB. The area is projected to add an estimated 7,600 people in 2,780 new households.

Figure 8 translates this growth into 20-year need for new housing units. The 2,780 new households, plus an allowance for some natural housing vacancy leads to a need for 3,032 net new housing units over the next 20 years. Figure 8 presents a breakdown of the projected housing types needed.



Due to the lower overall projected growth rate in this revised analysis, the projected housing need is significantly lower than in the 2011 analysis, which found a 20-year need for over 3,800 new units.

**FIGURE 7: PROJECTED POPULATION AND HOUSEHOLD GROWTH, 2016-2036
HERMISTON, OR UGB**

PROJECTED FUTURE HOUSING CONDITIONS (2016 - 2036)			SOURCE
2016 Population (Minus Group Pop.)	21,285		PSU
Projected Annual Growth Rate	1.58%	OR Population Forecast Program	PSU
2036 Population (Minus Group Pop.)	28,845	(Total 2036 Population - Group Housing Pop.)	
Estimated group housing population:	275	Share of total pop (3.0%) from 2010 Census	US Census
Total Estimated 2036 Population:	29,120	(PSU 2035 forecast, + one year at same growth rate)	PSU
Estimated Non-Group 2036 Households:	10,605	(2036 Non-Group Pop./Avg. Household Size)	
New Households 2016 to 2036	2,779		
Avg. Household Size:	2.72	Projected household size	US Census
Total Housing Units:	11,161	Based on estimated 5% vacancy rate	
Occupied Housing Units:	10,605	(= Number of Non-Group Households)	
Vacant Housing Units:	557	(Total Units - Occupied Units)	
Projected Vacancy Rate:	5.0%	(Vacant Units/ Total Units)	

Source: Portland State University Population Research Center, Census, Johnson Economics



**FIGURE 8: PROJECTED 20-YEAR NEED FOR NET NEW HOUSING UNITS
HERMISTON, OR UGB**

OWNERSHIP HOUSING										
Price Range	Single Family Detached	Single Family Attached	Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units	Cummulative %
			2-unit	3- or 4-plex	5+ Units MFR					
Totals:	1,532	25	0	0	0	212	0	1,769	% All Units:	58.3%
Percentage:	86.6%	1.4%	0.0%	0.0%	0.0%	12.0%	0.0%	100.0%		

RENTAL HOUSING										
Price Range	Single Family Detached	Single Family Attached	Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units	Cummulative %
			2-unit	3- or 4-plex	5+ Units MFR					
Totals:	348	42	94	161	538	80	0	1,263	% All Units:	41.7%
Percentage:	27.6%	3.3%	7.5%	12.8%	42.6%	6.3%	0.0%	100.0%		

TOTAL HOUSING UNITS									
	Single Family Detached	Single Family Attached*	Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
Totals:	1,880	67	94	161	538	292	0	3,032	100%
Percentage:	62.0%	2.2%	3.1%	5.3%	17.7%	9.6%	0.0%	100.0%	

Sources: PSU Population Research Center, Claritas Inc., Census, Johnson Economics

* Uses Census definition, including townhomes/rowhouses and duplexes attached side-by-side, seperately metered.

The projected need for housing units by type is converted into the need for residential land by applying the average densities specified in Hermiston's development code. Figure 9 presents the needed housing types with basic assumptions of which zones these units may be appropriate for.

As Figure 9 presents, there is an overall estimated need for 467 acres of residential land among the different residential zoning classifications. The greatest need will be for single-family units, which tend to be built in the lowest-density zones.

**FIGURE 9: PROJECTED 20-YEAR NEED FOR NET NEW HOUSING UNITS
HERMISTON, OR UGB**

Comp Plan Designation		TOTAL NEW UNITS NEEDED (2036)						Density of New Units (Units/ Net Acre)	20-year Land Need in Acres
		Single Family	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Total Units		
		1,880	161	161	538	292	3,032		
F-R	Future Residential (UGB)	589					589	3.9	152.1
R-1	Single Family Residential	702					702	3.9	181.3
R-2	Duplex Residential		81				81	6.3	12.7
R-3	Multi-Family Residential		81	81	269		430	11.9	36.3
R-4	Multi-Structural Residential			81	269	292	641	17.4	36.8
R-R	Recreational Residential	589					589	12.2	48.2
Totals/Averages:		1,880	161	161	538	292	3,032	7.6	467.4

Source: PSU, Census, City of Hermiston, Johnson Economics



G. RECONCILIATION OF 20-YEAR LAND NEED AND BUILDABLE LANDS INVENTORY

The revised projections of land need were compared to revised estimates of the available buildable lands within the City and UGB. GIS data, location visits and tax records were used to determine the vacant or redevelopment status of land in the study area.

A summary of the estimates for buildable residential land and employment land are presented below in Figures 10 and 11. In both cases, significant amounts of buildable land remain both within the city boundary and the UGB areas designated for future development.

FIGURE 10: SUMMARY OF ESTIMATED BUILDABLE RESIDENTIAL LAND
HERMISTON, OR UGB

ZONING DESIGNATION		Net Vacant Buildable Acres	Capacity of Vacant Lands (In Units)	Density (Units/ Net Acre) ¹
R-1	Single Family Residential	181.3	701.8	3.9
R-2	Duplex Residential	39.9	252.9	6.3
R-3	Multi-Family Residential	143.1	1,698.0	11.9
R-4	Multi-Structural Residential	53.7	935.7	17.4
R-R	Recreational Residential	358.1	4,378.4	12.2
F-R	Future Residential (UGB)	558.5	2,162.4	3.9
Totals/Averages:		1,334.6	10,129.2	7.6

Source: Umatilla County, City of Hermiston, Johnson Economics

FIGURE 11: SUMMARY OF ESTIMATED BUILDABLE EMPLOYMENT LAND
HERMISTON, OR UGB

ZONNING CATEGORY	Net Vacant Buildable Acres			With no Mixed Zoning		
	City	UGB	Total	City	UGB	Total
Commercial Zoning	85.7	88.2	173.9	193.2	100.5	293.7
Industrial Zoning	53.0	153.5	206.5	375.5	190.4	565.9
Mixed C/I Zoning	430.0	49.3	479.3	na	na	na
Totals:	568.7	291.0	859.7	568.7	290.9	859.6

Source: Umatilla County, City of Hermiston, Johnson Economics



The revised BLI finds a preliminary estimate of 1,298 residential acres, which could accommodate an estimated 9,700 housing units; 286 commercial acres; and, 611 industrial acres.

Much of the available employment acreage is in mixed zones which are designated for both commercial and industrial uses. For the purposes of this analysis, which seeks to compare demand with supply by major land use category, it is difficult to leave this mixed-zone land unassigned to one use or the other. While either commercial or industrial uses may locate there, the truth is that much of this land is situated so that it will be much more attractive to industrial than commercial uses. Most of this acreage is found in the southeast industrial zone near the airport. While parcels which front Highway 395 may serve for commercial uses, the large swaths of acreage away from the highway will not be well suited to commercial uses. These areas are not highly trafficked or visible, nor do they have surrounding residential neighborhoods to provide a customer base to this area. For these reasons, this land will remain better suited to industrial uses. For this analysis, these mixed-zone lands have been reallocated to the "commercial" or "industrial" categories, as shown in the right-hand section of Figure 11. This calculation applies 75% of this land to industrial and 25% to commercial.

Figure 12 shows the comparison of 20-year land need presented in previous sections, and the estimated buildable supply.

**FIGURE 12: COMPARISON OF 20-YEAR LAND NEED AND BUILDABLE SUPPLY
HERMISTON, OR UGB**

ZONING CATEGORY	20-Year Land Need (Acres)	Est. Buildable Supply (Acres)	Est. Buildable Surplus (Acres)	Est. Years of Land Supply
R-1 Single Family Residential	181.3	181.3	0.0	20.0
R-2 Duplex Residential	12.7	39.9	27.2	62.8
R-3 Multi-Family Residential	36.3	143.1	106.8	78.8
R-4 Multi-Structural Residential	36.8	53.7	16.9	29.2
R-R Recreational Residential	48.2	358.1	309.9	148.6
F-R Future Residential (UGB)	152.1	558.5	406.4	73.4
Totals:	467.4	1,334.6	867.2	57.1
Commercial Zoning	99.9	293.7	193.8	58.8
Industrial Zoning	45.8	565.9	520.1	247.1
Totals:	145.7	859.7	714.0	118.0

Source: Umatilla County, City of Hermiston, Johnson Economics

As in the previous analysis, the revised comparison finds that there is still ample supply in the current UGB to absorb the next 20-years of demand. However, not all land use categories are equally



oversupplied. As the last column shows, if the estimated supply of land would serve roughly 55 years of residential and commercial need at this projected rate of demand. However, the amount of industrial land available, would serve an estimated 265 years of need at the projected rate of demand.

The conclusion is that relative to the other two land uses, industrial land is more oversupplied by a factor of nearly five. Much of this available capacity is banked in the large employment areas in the southeast corner of the city south of the airport.

H. FINDINGS AND CONCLUSIONS

The following summarizes some of the key findings and conclusions from this report.

Location Analysis of Candidate Land Uses

- The study area location is appropriate for a residential neighborhood, as evidenced by the established neighborhoods in the surrounding area. The location adjacent to both a highway and a collector street and near the center of the city also makes it appropriate for medium to high-density housing, including attached housing types such as apartment complexes. The highway and collector street should accommodate the increased traffic from additional household density and provide residents good commuting routes via Highway 207 to the north, or through the city center.
- The study area has good access to commercial services within a walking, biking, or driving distance in the city center. Future commercial uses are planned adjacent to the southwest but not yet developed. In addition, the study area itself may accommodate some commercial services if the zoning designation is changed. Elementary and middle schools are within walking distance for residents with children.
- The study area would likely be suitable to some amount of commercial use. The location on a major collector would provide vehicle traffic and visibility for retailers at the site.
- The greatest factor impacting commercial use at this location will be competitive commercial properties across the city. Mixed commercial and residential zoning could allow flexibility for the market to provide the development that is most in demand at the time.

Revised 20-Year Land Need and Buildable Inventory

- In order to assess the supply and demand for land to accommodate the candidate land uses, JOHNSON ECONOMICS employed the projection methodology for Goal 9 Economic Opportunities Analysis and Goal 10 Housing Needs Analysis, as well as updated the Buildable Lands Inventory.
- The City's current Goal 9 and Goal 10 analysis, completed and adopted in 2011, found an excess of all categories of land within the current Hermiston UGB. While a sizable amount of this buildable land was within the future development areas of the UGB, most of it was within the current city boundaries of the time.



- The revised analysis finds essentially the same pattern. The size of Hermiston's current UGB and the large amounts of future land to urbanize, means that there is ample supply of land for all three land uses.
- In comparison to the 2011 analysis, the revised analysis found an increased need for employment land, and a decreased need for housing units over the coming 20 years. In each case, the buildable lands remain enough to accommodate the projected need.
- The following figure summarizes the resulting estimates of 20-year need and supply by land use category. Not all land use categories are equally oversupplied. As the last column shows, if the estimated supply of land would serve roughly 55 years of residential and commercial need at this projected rate of demand. However, the amount of industrial land available, would serve an estimated 265 years of need at the projected rate of demand.

**FIGURE 13: COMPARISON OF 20-YEAR LAND NEED AND BUILDABLE SUPPLY
HERMISTON, OR UGB**

ZONING CATEGORY	20-Year Land Need (Acres)	Est. Buildable Supply (Acres)	Est. Buildable Surplus (Acres)	Est. Years of Land Supply
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Totals:	145.7	859.7	714.0	118.0

Source: Umatilla County, City of Hermiston, Johnson Economics

- The finding suggests that relative to the other two land uses, industrial land is more oversupplied by a factor of nearly five. Much of this available capacity is banked in the large employment areas in the southeast corner of the city south of the airport.



Conclusion on Future Use of the Study Area

In considering whether a zone change may be appropriate for the study area the following factors lend support:

- It is estimated that commercial and residential lands are more constrained than industrial land in the City of Hermiston. Changing the study area from FU-10 zoning to a mix of R-3 and C-2 zoning would increase the years of residential and commercial land supply relative to the industrial land supply, moving the city towards a more balanced overall supply of land.
- Changing the study area zoning would also increase the area's housing capacity and create commercial opportunities. This may lead to an increase the city's housing supply and foster new businesses, lowering the cost of housing and providing a land mix more consistent with anticipated economic growth.
- If some FU-10 land were to be rezoned as a mix of residential and commercial, the study area would be a strong candidate for development. Its location between a highway and major collector street will ensure it has visibility and access, two major determinants of the success of a commercial space. Additionally, the property's vacancy lowers development costs and makes future development quicker and less obtrusive.
- The study area is also centrally located, close to downtown, where housing and commercial uses are more appropriate. It is also nearby established, high density residential neighborhoods where multi-family residential and commercial developments would be more compatible with the neighborhood character.
- Given the relative need for additional residential units and commercial land compared to the need for industrial land, it seems appropriate to discuss new opportunities for housing and economic growth from a community and land-use policy perspective for the study area, which provides a sizable opportunity to add housing near the downtown core.