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May 21, 2009

TO: Carl Springer
CC: Tom Litster
FROM: Beth Goodman and Bob Parker
SUBJECT: NORTH OF OREGON AVENUE STUDY SITE ECONOMIC OPPORTUNITIES

1 BACKGROUND

This memorandum is one in a series of documents informing the Concept Plan for development in the area North of Oregon Avenue in Creswell, a project financed by a Transportation and Growth Management (TGM) grant from the state of Oregon. The purpose of the project is to develop a concept plan that will guide future development in the area North of Oregon Avenue, as part of development of an Interchange Management Area Plan (IAMP) for the Interstate 5 interchange at Creswell.

The North of Oregon Avenue site is located west of I-5 and is bounded on the south by Oregon Avenue (Highway 222), on the west by Mill Street (Highway 99), and on the north by Art Lott Lane. The current land uses in the site are a mixture of commercial (including a gasoline station, a post office, and self-storage units) and residential (including a mobile home park). The Comprehensive Plan designation for the site is Commercial. Map 1 shows an aerial photograph of the site showing existing uses.

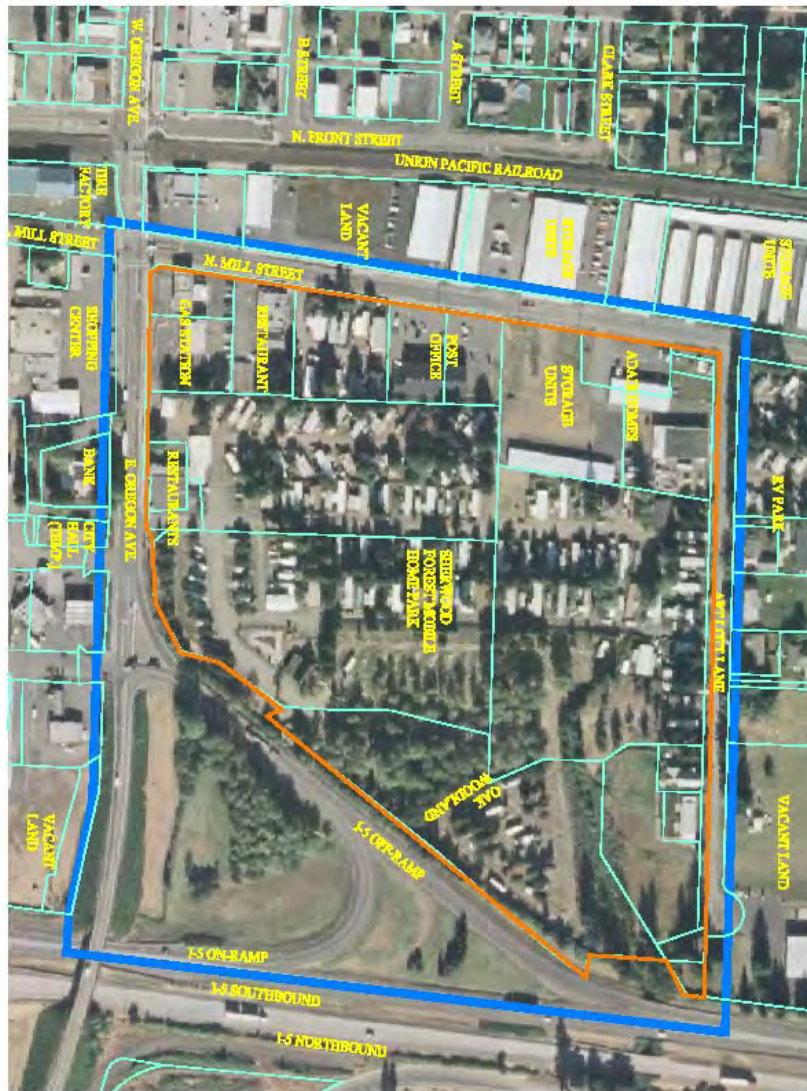
The purpose of this project is to identify a range of potential development and redevelopment opportunities on the site that may be supported by market conditions in Creswell. The range of potential uses considered in this analysis include: retail, commercial, residential, and mixed uses.

Map 1. Current uses on the North of Oregon Avenue site

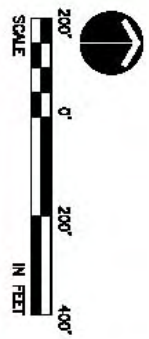


In association with
DKS Associates
ECONorthwest
DRAFT, APRIL 2009

**NORTH OF OREGON AVE. PLAN
EXISTING CONDITIONS BASE MAP**



- LEGEND**
-  PROJECT STUDY AREA
 -  TAXLOTS
 -  POTENTIAL REDVELOPMENT LANDS
28 ACRES APPROX.



1.1 METHODS

Future development in the North of Oregon Avenue site will be driven by a combination of regional demand for commercial and retail services and local demand for housing. This memorandum provides a preliminary assessment of the opportunities for redevelopment in the North of Oregon Avenue site. The conclusions are based on the *Creswell Economic Opportunities Analysis* (ECONorthwest, 2005); *City of Creswell and Creswell Region Economic Development Plan* (Lane Council of Governments, 2004); *City of Creswell Draft Residential Lands Inventory* (City of Creswell, 2007); a qualitative assessment of market conditions and development patterns in the Creswell area; interviews with stakeholders, including property owners and other development professionals familiar with Creswell; public input; and ECO's accumulated knowledge from other real estate market analyses it has conducted.

1.2 ORGANIZATION

This memorandum is organized as follows:

- **Market Profile.** This section addresses factors affecting regional and local demand for residential and commercial development. This section focuses on the regional and local market for commercial and residential land, redevelopment, and the implications of that market for the project area.
- **Site characteristics.** This section summarizes current land uses and characteristics, and surrounding development patterns, all of which influence the type of development one might expect to occur in the area.
- **Development Opportunities.** This section summarizes the range of development opportunities identified through the opportunities analysis.

2 MARKET PROFILE

Buildable land in Creswell and in the North of Oregon Avenue site must be evaluated in the context of local and regional expectations about growth, and of Creswell's current and possible future place in the land market of Lane County. This section presents a forecast of regional population and employment growth, an assessment of demand for residential land in Creswell, and an assessment of demand for commercial land in Creswell.

2.1 REGIONAL POPULATION AND EMPLOYMENT GROWTH

Retail demand in Creswell will be driven by two factors: (1) population and employment growth; and (2) the number of visitors to Creswell, either from tourism or people stopping in Creswell from I-5. This section describes the location and regional forecast for population and employment growth in Creswell and Lane County.

Creswell's population grew from 2,431 in 1990 to 4,710 people in 2008, an increase of 2,279 people at an average annual rate of 3.7%. The preliminary Lane County Population Forecast projects that Creswell will continue to grow at about the same rate for the next two decades.¹ Table 1 shows preliminary population projections for Lane County and Creswell over the 2008 to 2030 period. Creswell is projected to grow by 6,305 people over the 22 year period, more than doubling the City's population. Lane County is expected to grow by nearly 72,000 people, a 21% increase in population over the 22 year period.

Table 1. Population in Lane County and Creswell, 2008 and draft 2030 projection

	2008	2030	Change 2008-2030		
			Number	Percent	AAGR
Lane County	345,878	417,671	71,793	21%	0.86%
Creswell	4,710	11,060	6,350	135%	3.96%

Source: Draft Portland State University Population Research Center Preliminary Population Forecasts for Lane County as of 2/6/2009

Table 2 shows the Oregon Employment Department's forecast for employment growth in Oregon and Lane County over the 2006 to 2016 period. Lane County is expected to add nearly 23,000 employees over the 10 year period and the State is expected to add about 241,000 employees. The State forecasts the greatest growth in the following sectors in Lane County: Health Care and Social Assistance (5,600 new jobs), Government (3,600 new jobs), Professional and Business Services (3,000 new jobs), Leisure and Hospitality (2,800 new jobs), and Retail Trade (2,400 new jobs). Together these five sectors account for three-quarters of expected employment growth in Lane County over the 10 year period.

Table 2. Employment growth in Oregon and Lane County, 2006 to 2016

	2006	2016	Change 2006-2016		
			Number	Percent	AAGR
Oregon	1,702,500	1,943,600	241,100	14%	1.33%
Lane County	153,400	176,100	22,700	15%	1.39%

Source: Oregon Employment Department, <http://www.qualityinfo.org/olmisj/Regions?page=4&area=000005>
 Oregon figures: <http://www.qualityinfo.org/pubs/projections/sw.pdf>, Page 2
 Lane County figures: <http://www.qualityinfo.org/pubs/projections/r5.pdf>, Page 2

¹ Lane County website, accessed on April 27, 2008
<http://www.co.lane.or.us/Planning%5Cdocuments%5CPOPULATION%5CRevisedPreliminaryForecast.pdf>

2.2 LOCAL DEMAND FOR RESIDENTIAL DEVELOPMENT

Population growth drives demand for new residential development. Creswell's population nearly doubled between 1990 and 2008, with growth of 2,279 people over the 18-year period. Table 3 shows that Creswell added 406 units during the 1990's. Creswell's housing stock composition in 2000 was 50% single-family detached, 23% manufactured homes, and 27% multifamily housing.

Table 3. Housing growth by housing type, Creswell, 1990 to 2000

Housing type	1990		2000		Change 1990 to 2000		
	Number	Percent	Number	Percent	Number	Percent	Share
Single-family detached	491	53%	669	50%	178	36%	-3%
Manufactured Home	212	23%	308	23%	96	45%	0%
Multifamily	230	25%	362	27%	132	57%	2%
Total	933	100%	1,339	100%	406	44%	0%

Source: U.S. Census American Fact Finder, 1990 Table H020, Summary File 3 and U.S. Census American Fact Finder, 2000, Table H30, Summary File 3

Note: The change in share is the change in the percent of total of each housing type.

Table 4 shows permits issued for single-family and multifamily dwellings in Creswell for the 2000 to 2008 period. Development during this period was predominately single-family housing. Creswell issued over 600 single-family permits over the period with construction valued at over \$100 million. During the same period, Creswell issued 26 multifamily permits (in 10 buildings) with construction valuing under \$2.5 million.

Table 4. Single family and multifamily building permits, Creswell, 2000 to 2008

Year	Single Family		Multifamily		
	Units	Cost	Buildings	Units	Cost
2000	26	\$2,847,306	0	0	\$0
2001	67	\$8,681,440	0	0	\$0
2002	80	\$11,704,318	1	2	\$166,635
2003	91	\$15,426,000	1	2	\$222,787
2004	133	\$22,200,823	7	20	\$1,765,471
2005	60	\$10,294,444	1	2	\$272,744
2006	56	\$10,145,985	0	0	\$0
2007	84	\$14,149,172	0	0	\$0
2008	27	\$4,751,546	0	0	\$0
Total	624	\$100,201,034	10	26	\$2,427,637

Source: U.S. Census Bureau Building Permits, <http://censtats.census.gov/bldg/bldgprmt.shtml>

Table 5 shows permits issued for single-family dwellings in selected cities in Lane County for the 2000 to 2008 period. Table 5 shows that Creswell issued nearly 600 permits for single-family detached dwellings over the seven year period, averaging 75 permits issued per year. Other residential permit data for development over the 2000 to

2008 period suggests that the majority of new housing built in Creswell was single-family units.²

Table 5. Permits for single-family detached dwellings, selected cities in Lane County, 2000 to 2007

City	2000	2001	2002	2003	2004	2005	2006	2007	Permits Issued 2000 to 2008	
									Total	% of Total
Eugene	619	633	673	559	583	756	528	297	4,648	60%
Springfield	222	225	243	232	128	98	134	170	1,452	19%
Coburg	3	1	7	6	2	6	4	1	30	0%
Creswell	26	67	80	91	133	60	56	84	597	8%
Cottage Grove	29	17	15	19	34	70	39	22	245	3%
Junction City	15	12	34	13	10	13	8	78	183	2%
Veneta	11	24	43	96	112	117	128	62	593	8%
Oakridge	1	2	1	0	8	4	9	11	36	0%
TOTAL	926	981	1,096	1,016	1,010	1,124	906	725	7,784	100%

Source: City-Data.com

Housing costs are generally lower in Creswell than Lane County's average. In 2000, median rent in Creswell was \$506 per month, compared with the County median of \$574. And median housing price was \$100,000, compared to the County median of \$131,600.³ Although little data is readily available about changes housing cost in Creswell since 2000, it seems likely that housing costs, especially home sales prices, increased during the 2002 to 2006 period.

Table 6 shows the building cost of permitted single-family dwellings in selected cities in Lane County for the 2000 to 2007 period. The average building cost in Creswell over the seven year period was about \$155,000, nearly \$15,000 lower than average building costs for all cities shown in Table 6.

Table 6. Building cost of permitted single-family detached dwellings, selected cities in Lane County, 2000 to 2007

City	2000	2001	2002	2003	2004	2005	2006	2007	Average
Eugene	\$154,300	\$178,700	\$189,300	\$203,000	\$199,300	\$199,800	\$207,300	\$195,000	\$190,838
Springfield	\$123,500	\$124,500	\$124,300	\$146,600	\$172,900	\$198,700	\$234,600	\$244,100	\$171,150
Coburg	\$192,600	\$200,900	\$231,000	\$175,300	\$241,600	\$217,900	\$212,400	\$207,400	\$209,888
Creswell	\$109,500	\$129,600	\$146,300	\$169,500	\$166,900	\$171,600	\$181,200	\$168,400	\$155,375
Cottage Grove	\$129,400	\$115,200	\$142,300	\$146,200	\$137,200	\$171,200	\$158,800	\$180,500	\$147,600
Junction City	\$81,600	\$137,400	\$125,500	\$163,900	\$168,600	\$188,800	\$172,100	\$200,800	\$154,838
Veneta	\$103,400	\$111,900	\$125,600	\$141,700	\$146,800	\$148,700	\$168,200	\$162,600	\$138,613
Oakridge	\$120,600	\$22,000	\$128,700	NA	\$183,100	\$150,000	\$163,600	\$159,500	\$132,500
TOTAL	\$142,725	\$128,375	\$168,650	\$173,333	\$192,700	\$179,100	\$187,275	\$189,788	\$170,243

Source: City-Data.com

² Lane Council of Governments. "Regional Trends," 2008, <http://www.lcog.org/documents/regtrends/RegionalTrends08.pdf>

³ Based on data from the 2000 U.S. Census.

Despite having lower housing costs than the County average, some households in Creswell have difficulty affording housing. About one-third of Creswell's households were cost burdened in 2000, meaning that they paid more than 30% of their income for housing. Renters were cost burdened more frequently than homeowners, with 45% of renter households cost burdened, compared to 27% of owner households. The frequency of cost burden in Creswell was about equal to the frequency of cost burden for all households in Lane County in 2000.⁴ With the increases in housing prices that occurred between 2002 and 2006, it is likely that Creswell's current rate of cost burden is equal to or higher than the City's rate in 2000.

The City of Creswell has not updated the Housing Element of its Comprehensive Plan since 1982. The City completed a draft *Residential Buildable Lands Inventory* in August 2007.⁵ The City has not finalized this document, possibly because Lane County has not adopted a coordinated population forecast. Using the assumptions in the draft *Residential Buildable Lands Inventory* and the County's preliminary population forecast, it is possible to estimate the number and type of housing units needed in Creswell between 2008 and 2030. The assumptions in this preliminary analysis are:

- The preliminary population forecast from Lane County projects that Creswell's population will grow by 6,350 people by 2030.
- The City's average household size will be 2.7 persons per household.
- Creswell's average housing vacancy will be 4.4%.
- Creswell's housing mix will be 65% single-family detached and manufactured units and 35% multifamily units.

Table 7 shows that Creswell will need about 2,400 dwelling units over the 2008 to 2030 period, with nearly 1,600 single-family attached and manufactured units and 850 multifamily units. This analysis provides a reasonable estimate of future housing needs in Creswell based on historical trends, current and draft housing policies in Creswell, and the housing market in the greater Eugene-Springfield region, which includes Creswell.

⁴ Based on data from the 2000 U.S. Census.

⁵ City of Creswell web site accessed 5/1/2009,
<http://www.ci.creswell.or.us/pdf/07CompPlan/FinalReportv2.pdf>

Table 7. Estimated needed housing, Creswell 2008 to 2030

Variable	Estimate of Housing Units (2008-2030)
Change in persons	6,350
<i>minus</i> Persons in group quarters	126
<i>equals</i> Persons in households	6,224
Average household size	2.70
New occupied DU	2,305
<i>times</i> Aggregate vacancy rate	4.4%
<i>equals</i> Vacant dwelling units	101
Total new dwelling units (2008-2030)	2,406
Dwelling units by structure type	
Single-family detached	60%
<i>equals new single-family detached DU</i>	1,444
Manufacture dwellings	5%
<i>equals new manufactured DU</i>	120
Single-family attached	10%
<i>equals new single-family attached DU</i>	241
Multifamily dwellings	25%
<i>equals Total new DU</i>	602
Totals	
<i>equals Total new dwelling units (2008-2030)</i>	2,406
Dwelling units needed annually	120

Source: Assumptions from Creswell's draft *Residential Buildable Lands Inventory*, calculations by ECONorthwest

Table 8 presents an estimate of needed residential land, based on density assumptions in the draft *Residential Buildable Lands Inventory*. Table 8 shows that Creswell will need 319 net acres of residential land over the 2008 to 2030 period. This estimate does not include land needed for streets, rights-of-way, or other public purposes.

Table 8. Estimated needed residential land, net acres, Creswell 2008 to 2030

Structure Type	Number of Units	Percent	Density (DU/net acre)	Residential land need (net acres)
Single-family detached	1,444	60%	6	241
Manufacture dwellings	120	5%	7	17
Single-family attached	241	10%	10	24
Multifamily dwellings	602	25%	16	38
Total	2,406	100%		319

Source: Assumptions from Creswell's draft *Residential Buildable Lands Inventory*, calculations by ECONorthwest

The draft *Residential Buildable Lands Inventory* estimated that Creswell had about 121 acres of buildable residential land in 2007, including infill and redevelopable land. Based on this estimate, Creswell has a need for about 200 acres of residential land over the 22-year period. Based on these assumptions, when the City completes its study of

residential land needed for a 20-year period, the City will probably need to expand its urban growth boundary, implement residential land use efficiency policies to accommodate expected residential growth, or do both.

2.3 LOCAL DEMAND FOR COMMERCIAL AND INDUSTRIAL DEVELOPMENT

In the 2005 *Creswell Economic Opportunities Analysis*, ECO projected employment in Creswell would grow from 1,462 to 2,360 between 2003 and 2025, an increase of 989 employees or 61%.⁶ More than half of this growth was expected to occur in commercial sectors.

The study also estimates commercial and industrial land needs for the 2003 to 2023 period. The study estimates that employment growth over the 20 year period will require about 36 acres of commercial and industrial land. The study concluded that, in 2003, Creswell had more than enough commercial and industrial land to for expected employment growth. The City had a surplus of about 99 acres of employment land, with a surplus of 58 commercial acres and 41 industrial acres.

Recent commercial development trends in Creswell suggest that the City has enough commercial land to address current commercial needs. For example, a commercial site east of I-5 along Springfield Creswell Highway, has been in the process of developing since 2000. Current uses in this area include: retail (e.g., Bi-Mart and Ray's), personal services (e.g., a beauty salon and dental offices), overnight accommodations (e.g., a Comfort Inn Suites), food services (e.g., a Subway and coffee shop), the Emerald Valley Golf Course, and other commercial uses. Commercial development on this land has been relatively slow, with absorption taking more than nine years. There are currently vacant lots available for development in this area.

Demand for retail and commercial services will be affected by consumer expenditures of Creswell's residents, as well as from people living near Creswell and visiting the City. Table 9 shows total consumer expenditures for households in Creswell and per household consumer expenditures in Lane County and Creswell for 2008. Overall, households in Lane County spent on average about \$6,000 more than Creswell in 2008. Lane County households spent over \$1,000 more on shelter and transportation than households in Creswell.

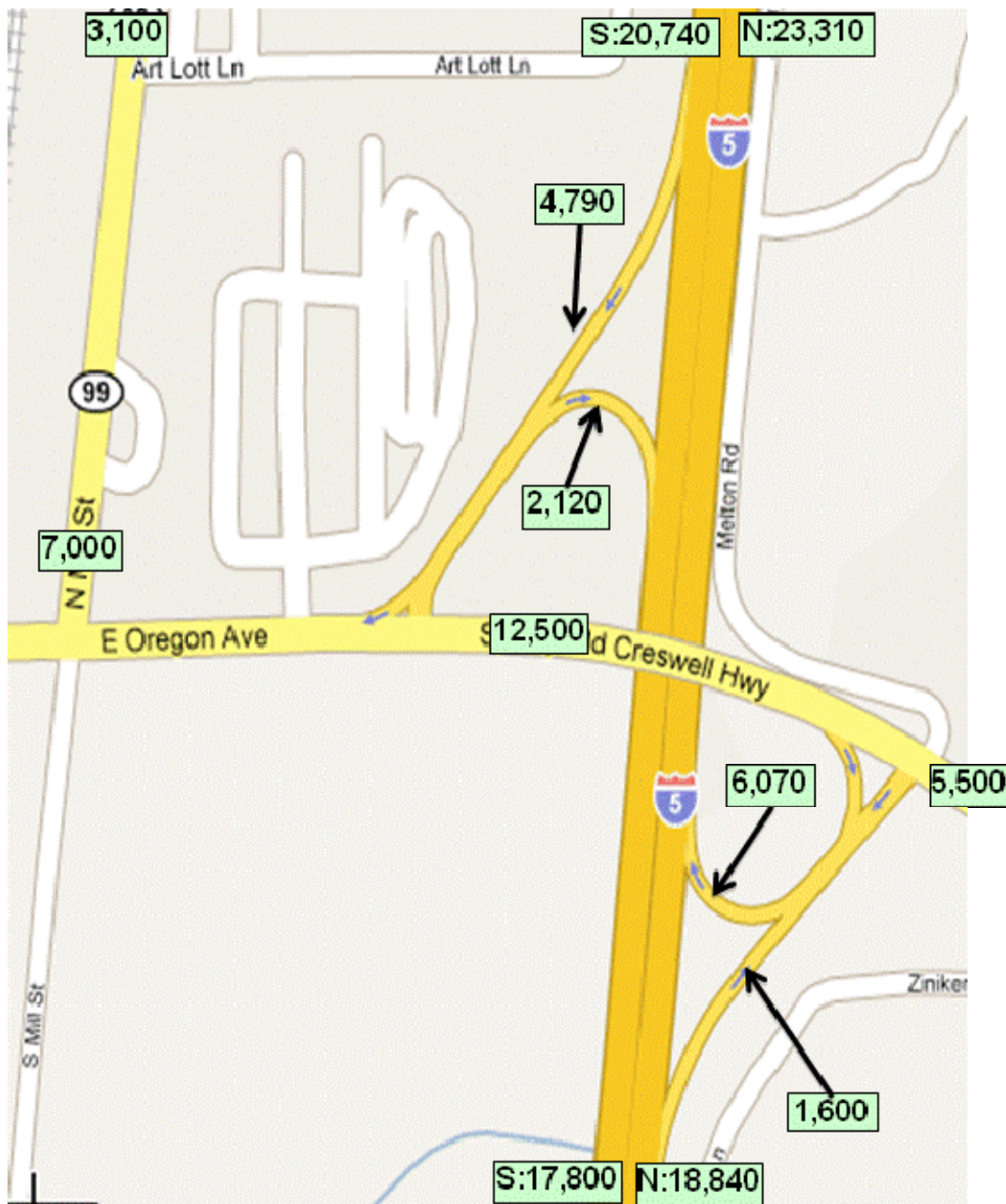
⁶ The forecast of employment from the 2005 *Creswell Economic Opportunities Analysis* is probably a reasonable forecast, given Creswell's size, economy, and competitive advantages in the Southern Willamette Valley. The employment forecast, however, did not account for the amount of population being forecast in Lane County's preliminary population forecast. If Creswell's population grows at the rate projected by PSU and the 2005 employment forecast is relatively accurate, then a larger proportion of Creswell's residents will need to commute out of the City for work, most likely to Eugene or Springfield.

Table 9. Consumer expenditures of households in Lane County and Creswell, 2008

Expenditure	Lane County	Creswell	
	\$ Per Household	\$ Per Household	Total (\$000)
Transportation	\$9,592	\$8,537	\$14,368
Shelter	\$9,196	\$8,007	\$13,476
Food and Beverages	\$7,402	\$6,596	\$11,101
Utilities	\$3,411	\$3,059	\$5,148
Health Care	\$2,993	\$2,658	\$4,474
Entertainment	\$2,655	\$2,313	\$3,892
Apparel	\$2,284	\$2,004	\$3,372
Household Furnishings and Equipment	\$2,058	\$1,764	\$2,968
Contributions	\$1,725	\$1,397	\$2,352
Household Operations	\$1,660	\$1,394	\$2,346
Gifts	\$1,240	\$1,019	\$1,715
Education	\$1,105	\$899	\$1,513
Miscellaneous Expenses	\$810	\$714	\$1,202
Personal Care	\$694	\$610	\$1,026
Personal Insurance	\$477	\$397	\$667
Tobacco	\$327	\$303	\$511
Reading	\$157	\$136	\$229
Total	\$47,786	\$41,807	\$70,360

Source: Oregon Prospector City/County Profiles, Consumer Expenditures, <http://oregonprospector.com/profiles.asp>

Demand for highway commercial and other retail in Creswell is affected by spending of travelers on I-5 that might stop in Creswell. Map 2 shows average daily traffic counts in 2007 at certain highway locations in Creswell, using the I-5 Creswell interchange, and traveling on I-5 both north and south of the Creswell interchange. Seven thousand vehicles drove by the study site on Highway 99 every day, and 12,500 vehicles traveled at Oregon Avenue immediately east of the study site. Nearly 5,000 I-5 southbound travelers exited at the Creswell interchange, which runs immediately next to the study site. In all, 6,390 vehicles exited at Creswell from I-5 each day, or approximately one in every six cars to drive past Creswell. These vehicles either pass directly by the study site or are within view of the site.

Map 2. Average daily traffic counts in Creswell and I-5 interchange, 2007

Source: Oregon Department of Transportation Traffic Counting Program, <http://www.oregon.gov/ODOT/TD/TDATA/tsm/tvt.shtml>

2007 Transportation Volume Tables: http://www.oregon.gov/ODOT/TD/TDATA/tsm/docs/2007_TVT.pdf

2007 Interchange Ramp Volume: http://www.oregon.gov/ODOT/TD/TDATA/tsm/docs/2007_Ramps.pdf

Map provided by GoogleMaps <http://maps.google.com>

Note: "S20740" means 20,740 vehicles traveling southbound on I-5. "N23310" means 23,310 vehicles traveling northbound on I-5.

2.4 IMPLICATIONS FOR THE NORTH OF OREGON AVENUE SITE

ECO's review of regional and local market factors provides insight into development options in the North of Oregon Avenue site. The following is a summary of the implications of market factors:

- Regional and local population growth will create demand for residential and retail development in Creswell.
- Creswell has a deficit of residential land.
- The cost of housing in Creswell is lower than the average in Lane County. About one-third of Creswell's households, however, had difficulty affording housing, especially renters.
- Absorption of commercial development in Creswell is historically slow. For example, vacant commercial land available for development east of I-5 has taken nine years to develop and absorb and land is still available in this commercial area.
- Land in the North of Oregon Avenue study area could be used to meet some of the City's residential land needs, especially need for higher density housing types, such as single-family attached and multifamily housing.
- Land in the North of Oregon Avenue site could be used to meet some of the City's expected commercial employment.

3 SITE CHARACTERISTICS: OPPORTUNITIES AND LIMITATIONS

This section describes the opportunities and limitations of the North of Oregon Avenue site.

- **Site location.** The site is located on the east side of I-5, with the eastern edge of the site bordered by the exit ramp from I-5. The site is close to Creswell's downtown (about one-quarter mile away) and is separated from the downtown by rail tracks.
- **Existing development.** Existing development on the site includes a gas station, restaurants, a post office, self-storage units, a mobile home park, an unused RV park, and other commercial businesses. Roughly half of the site is a manufactured home park, with approximately 60 to 80 manufactured homes. The rental cost of a manufactured home site is about \$400 per month. Table 10 shows uses on the study the primary development opportunity area with the site in 2009. The majority of this area is used for the manufactured home park (13 net acres), with about four net acres used for commercial uses.

Development to the south of the site (across Oregon Avenue) is predominantly commercial and includes a shopping center. Land to the east of the site (across Mill Street) is vacant or occupied by storage units. Land to

the north of the site is predominantly residential, with a mobile home park, other residences, and vacant land designated for multifamily housing.

Table 10. Uses on the North of Oregon Avenue study site, Creswell, 2009

Use	Acres	Assessed Value
Residential		
Residential	5.5	\$537,817
Residential	5.1	\$254,360
Residential	1.2	\$20,717
Residential	1.0	\$125,965
Residential	0.2	\$104,224
Residential	0.2	\$88,129
Subtotal	13.1	\$1,131,212
Commercial		
Services	0.6	\$68,404
Services	0.1	\$63,106
Services	0.5	\$355,204
Services and Trade	0.3	\$190,875
Services and Trade	0.6	\$209,606
Trade	0.5	\$98,992
Trade	0.7	\$395,700
Trade	0.4	\$568,214
Trade	0.6	\$393,315
Subtotal	4.3	\$2,343,416
Transportation	1.5	\$415,971
Total	18.9	\$3,890,599

Source: Lane Council of Government, GIS data, 2009

- **Site characteristics.** The North of Oregon Avenue site is about 28 acres in size. The primary area with opportunity for redevelopment is about 23 acres in size. The site is relatively flat and does not include streams or other water features.
- **Access to I-5.** One of the site's biggest advantages is automotive access from I-5. The site is located at Creswell's I-5 interchange. About 40,000 vehicles approached Creswell's I-5 interchange per day in 2007. On average, about 6,400 of those vehicles exited, 4,790 of which came from the north, exiting immediately adjacent to the study site.⁷ The site is highly visible from I-5 and could provide opportunities for easy access from I-5 and re-entrance onto I-5.
- **Local transportation.** Existing access to the study site is from several points along Oregon Avenue and North Mill Street. Redevelopment of the site would require changing access to the site, especially access from Oregon Avenue, and changing interior automotive circulation.

⁷ http://www.oregon.gov/ODOT/TD/TDATA/tsm/docs/2007_Ramps.pdf, Page 9

- **At-grade rail crossing.** One of Creswell's transportation challenges stems from the at-grade rail crossing at the intersection of Oregon Avenue and Front Street. When trains pass through Creswell during peak traffic times, automotive traffic backs up along Oregon Avenue. Redevelopment of site may provide opportunities for cars to use the site as a way to access other parts of Creswell or to use the newly developed services in the site. To accomplish this, a road would need to be built on the study site, connecting Oregon Avenue and Art Lott Lane.
- **Existing infrastructure.** The infrastructure on the site is urban-level infrastructure, including city water and sanitary sewer. The site does not have stormwater services and the City will need to include this site when it develops a stormwater master plan.

The existing road system on the site is not sufficient to accommodate redevelopment on the site. Redevelopment of the site would require development of new access points from Oregon Avenue and Mill Street, as well as improvements on Art Lott Lane, which is not developed to urban standards.

In summary, the site has several characteristics that present opportunities for development and several that present challenges. The site's location, topography, proximity to I-5, and potential for automotive access are all assets. Pre-existing development, especially the availability of low-cost housing, and need for a new street present challenges.

4 DEVELOPMENT OPPORTUNITIES

Development opportunities on the North of Oregon Avenue study site include a broad range of possibilities, from development of the entire site for commercial uses to development of parts of the site for retail uses and parts for residential uses. This section presents stakeholders' ideas for development of the site and our assessment of the types of development options for the site.

4.1 WHAT DO REALTORS, DEVELOPERS, AND PROPERTY OWNERS THINK WILL HAPPEN

Members of the consulting team spoke with stakeholders (including property owners, a developer, a realtor, and local citizens) about how the site might develop and potential good uses of the site, given existing market conditions and City policies. A summary of their key points follows:

- **Transportation.** Property owners and local citizens reported that one of Creswell's most pressing problems is traffic stacking up on Oregon Avenue when trains pass through town, especially during peak traffic times. Property

owners have proposed a way to alleviate this problem: develop a street through the North of Oregon Avenue site to link Oregon Avenue with Art Lott Lane. This road would allow cars driving west on Oregon Avenue a way to avoid the backup by driving across the study site to either visit the retail uses on the site or to connect to Art Lott Lane and access other parts of Creswell.

- **Commercial opportunities.** Stakeholders described access to and visibility from I-5 as opportunities for highway commercial development. The types of development identified ranged from fast food and gas stations to a small outlet mall and mixed-use:
 - *Highway commercial.* Stakeholders identified opportunities for highway commercial that would attract travelers from I-5. These uses could include: fast food, a gas station, services (such as a bank), convenience store, hotel, or an RV park.
 - *Truck or RV services.* The site could provide services such as a truck stop or an RV repair and service center. These services would be compatible with other highway commercial services, such as fast food, gas station, and a convenience store.
 - *Outlet mall.* Another suggestion was that the site might be attractive to developers of an outlet mall. Stores in outlet malls typically include stores devoted to name brands, chain stores, and services, such as restaurants, fast food, and ATMs. Outlet malls are typically anchored by a few large retailers and have a variety of smaller-scale retailers.
 - *Local services.* Stakeholders suggested that the site could provide services to local residents, as well as visitors. These sites might include retail, financial services, personal services (such as a beauty salon), or entertainment (such as a bowling alley).
 - *Mixed-use.* Stakeholders suggested a mixture of commercial and residential for the site. The development pattern would be a village pattern, with services and retail located on ground floor and multifamily residences on second and third floors.
- **Residential opportunities.** Stakeholders also identified opportunities for residential development on the site. This development could complement possible future residential development on adjacent land. The City and property owners of some land in the area north of Art Lott Lane have discussed opportunities for residential development. The barrier to residential development is the condition of Art Lott Lane, which requires upgrades to support significant residential development. Residential opportunities included:

- *Multifamily housing.* Stakeholders identified opportunities for developing multifamily housing on the study site. The mixture of housing types might include townhomes and apartments.
- *Government assisted housing.* Redevelopment of the site will result in the elimination of affordable housing to residents of the mobile home park located on the site. These residents will need to find an alternative place to move their manufactured home to or a different place to live. The challenges to these residents for finding an alternative place to live will be significant: mobile home park closures have become more common in the Willamette Valley, with increases in land prices; and affordable housing has become scarcer with the current recession, long-term trends in increases in housing cost, scarcity of existing affordable housing, and increases in building costs for new housing. Stakeholders proposed building affordable housing on the study site as a solution to this issue.
- **Barriers to development.** Redevelopment of the study site for the development types described above may be difficult. Based on information from stakeholders and previous studies conducted by ECONorthwest, barriers to development include:
 - *The mobile home park provides affordable housing.* The existing mobile home park provides affordable housing to more than 75 households that live in the mobile home park. The mobile home park is a profitable use of land in the site. In addition, mobile home parks are a recognized housing type and state law makes provision to allow mobile home parks within all urban growth boundaries (ORS 197.475). Legislation passed by the Oregon Legislature in 2007 provides a number of protections for manufactured home owners when their park was being redeveloped to another use. According to the Oregon Department of Housing and Community Services, landlords are now required to provide tenants with 365 days notice and pay tenants \$5,000, \$7,000 or \$9,000, depending on the size of their homes.⁸
 - *Absorption of commercial development in Creswell.* Creswell has a surplus of commercial land and recent commercial development in Creswell has had slow absorption. While this site has unique attributes, especially access to and visibility from I-5, there may be little market demand for highway commercial or other retail development on this site for at least 10 years.

⁸ More information on manufactured home park closures is available from the OHCS website: http://www.oregon.gov/OHCS/MDP_Manufactured_Dwelling_Park_Closures_Oregon.shtml

- *Regional demand for highway commercial.* The demand for highway commercial development in the Southern Willamette Valley is somewhat limited. One stakeholder identified properties with similar access to I-5 and opportunities for highway commercial development, such as sites at Coburg or Cottage Grove, that have been very slow to develop or redevelop.
- *Travelers' willingness to take rest stops.* Previous research indicates that travelers resist pulling off of the Interstate before their destination. Hunger is only a mild motivator, since a person can go without eating often before reaching the destination. The most common motivators to stopping are needing a restroom or fuel.

Travelers typically need to stop for a restroom an average of every 90 minutes to two hours. For instance, travelers on south-bound I-5 that last stopped in Woodburn (about 90 minutes from Creswell) might take a rest break by the time they reach Creswell, if they are traveling at least another half-hour south of Creswell. The same would apply for northbound travelers that last stopped around Canyonville or further south.

In general, people buy fuel based on brand not price. When fuel prices increased to \$3.50 per gallon, sales of brand name gas rose in market share. One possible explanation is that, if a consumer is spending so much on fuel, they prefer to purchase a trustworthy brand of fuel.

- *Retail trends for outlet malls.* Outlet malls have typically been built near major cities or tourist areas where land prices are low. These areas provide a large consumer base but are less expensive to develop. To succeed, an outlet mall must have strong demand generators, such as big brand names. It also helps to have access to tourists. Our assessment, based on past research, is that the market area between Eugene and Roseburg is too small a consumer market to support an outlet mall and is too far from California or Washington to attract visitors seeking tax free shopping.

In addition, the study site may not be large enough for an outlet mall, which typically has a building foot print of between 200,000 and 850,000 square feet. The primary development opportunities on the study site are 23 acres, or about 1 million square feet. If we assume that 20% of the site will be needed for rights-of-way and that the site will have a floor area ratio of 0.3 (to allow for sufficient parking), the study site could support an outlet mall with about 240,000 square feet of retail space.

In summary, stakeholders that ECO interviewed think that the appropriate use of this site is a combination of commercial and residential uses. Stakeholders had mixed

opinions about the demand for commercial uses at this point: some stakeholders perceive an immediate need for highway commercial uses and other stakeholders think there may be long-term demand for commercial uses on the study site. Local stakeholders were in agreement that there is an immediate need for transportation solutions that address the issue of Oregon Avenue being blocked by a train going through town, especially at peak traffic times.

4.2 IMPLICATIONS FOR DEVELOPMENT IN THE NORTH OF OREGON AVENUE SITE

The purpose of this memorandum is to identify a range of potential development and redevelopment opportunities in the North of Oregon Avenue site. The opportunities analysis has considered a range of potential retail, commercial, residential, and mixed uses based on information from stakeholders and the public, knowledgeable professionals, site characteristics, and ECO's experience with development patterns in similar settings. We focused on residential and highway commercial uses for this site, rather than office and other non-retail commercial or industrial uses on the North of Oregon Avenue site because: (1) none of the stakeholders identified these uses as desirable uses on the site, (2) Creswell has a surplus of commercial land, which should provide opportunities for needed office commercial development, (3) the site's unique location makes it especially well suited for highway commercial uses, and (4) commercial services that primarily serve the City's population would compete with existing businesses.

The actual pattern and level of development in the site depends on a number of factors, including landowner preferences, public and private investment, and public policies. Property owners and developers will choose to invest in development when they perceive that the development will generate sufficient rate of return, which depends on market conditions, development costs, site and regulatory constraints, and other factors. Thus, the actual type and level of development is always uncertain.

That said, it is our task to identify a range of potential development and redevelopment opportunities in the North of Oregon Avenue site. Our assessment of potential redevelopment opportunities in the site leads us to the following conclusions:

- Developing street connections between Oregon Avenue, North Mill Street, and Art Lott Lane are critical to any redevelopment of the site. The site will require an internal circulation pattern that makes exiting the site and accessing I-5 clear and easy. Adjacent local streets will need to be able to accommodate traffic generated by development on the site. This may require upgrades to these streets, especially Art Lott Lane.
- Redevelopment is most likely on the mobile home park and the former RV park. The mobile home park, however, generates substantial revenue which will be difficult to replicate in a different use. Our assessment is that the

mobile home park is the highest and best use of the site under current conditions. Established businesses are less likely to redevelop, such as the gas station, post office, and self-storage units.

- Development of the site is made easier by availability of City sewer and water and the fact that there are relatively few owners of land in the site.
- The site's access to and visibility from I-5 make it an ideal location for highway retail. Our assessment of potential for highway retail development includes the following conclusions:
 - Creswell has a surplus of vacant commercial land (most of which is pretty close to the interchange). Vacant greenfields are more attractive to developers than redevelopment sites. The site, however, is located in a unique place: next to the I-5 exit ramp. If the site was easily accessible from Oregon Avenue, it would be an ideal site for highway commercial uses.
 - Development of some types of commercial uses on the site would compete with other commercial uses in Creswell. For example, the City has several hotels, including one currently under construction. Development of an additional hotel would compete with these hotels. Other types of retail uses that would compete with existing businesses include gas stations, convenience stores, or services, such as banking or personal services (e.g., a hair salon).
 - The site is probably not an ideal site for an outlet mall because: (1) the site is nearly the minimum size for an outlet mall, (2) the Eugene to Roseburg market area probably would not support an outlet mall, and (3) Creswell is too far from Washington or California to attract residents of those states wanting to shop tax-free.
 - The portion of the site used for highway commercial should not be developed as mixed-use. Highway commercial uses do not typically occur in mixed-use configurations. The number of cars that highway commercial attracts and noise from the highway and retail activities are not generally compatible when mixed directly with residential uses. Other parts of the site, especially those developed primarily for residential uses, could be developed with a mixture of residential and commercial uses.
 - A small portion of the site, about one acre, faces North Mill Street and should be developed consistent with the existing retail and commercial development surrounding it. It is located adjacent to the gas station and has a restaurant on one side and the post office on the other side. This site might be a good site for a sit-down restaurant or for personal services needed by residents of Creswell, such as a barber shop, or a specialty shop.

- Creswell has a deficit of residential land. The site provides opportunities for development of dense, multifamily housing. The multifamily housing should be situated at the northern end of the site, near Art Lott Lane and should be buffered from I-5.
- The existing mobile home park is a profitable use and provides affordable housing to residents of Creswell. Until the owners of the mobile home park are ready to sell the site or redevelop it themselves, the mobile home park is probably the highest and best use of the site.
- Redevelopment of the mobile home park will dislocate people living in the mobile home park. Even if the site was identified as an appropriate site for development of government assisted housing and funding was available to build subsidized housing, residents of the mobile home park would be forced to relocate during construction of the government assisted housing. Site preparation and construction would take at least one year, during which residents of the mobile would need to find new housing they could afford. While some of these residents might choose to move to the new government assisted housing, a large portion, probably more than half, might not choose to live in the government assisted housing given the length of displacement or would find other stable housing arrangements during that period.
- Some uses are likely to develop sooner than others. In the next five to 10 years, residential development is more likely than retail development. The availability of commercial land in Creswell and slow absorption of commercial land on the east side of I-5 supports this conclusion. In the longer term, about 10 to 20 years, this site would provide opportunities for highway commercial development. The City should plan for the long run by adopting a specific area plan, make zoning changes, and public policy that allows and encourages piecemeal development to occur in a way that fits with the type of development envisioned for the site.

Map 3 shows OTAK's Opportunities and Constraints map. In this map, the site is divided into four areas. Table 10 shows one estimate of the type and level of development at full build-out. It only shows one of many possibilities - the actual development could be a different mix, density, or amount of development. Nonetheless, it gives an idea of the magnitude of the growth that could occur in the site.

Map 3. North of Oregon Avenue site Opportunities and Constraints



In association with:
 DKS Associates
 ECO Northwest
 DRAFT, APRIL 2009

NORTH OF OREGON AVE. PLAN
 DRAFT OPPORTUNITIES AND CONSTRAINTS

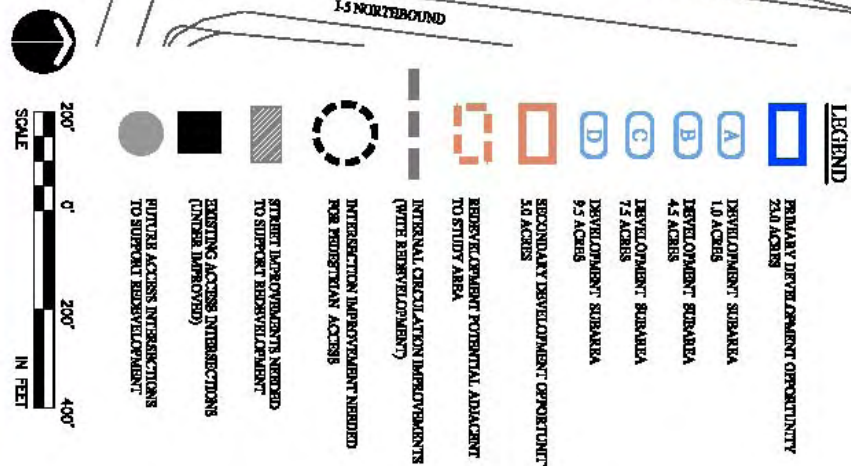
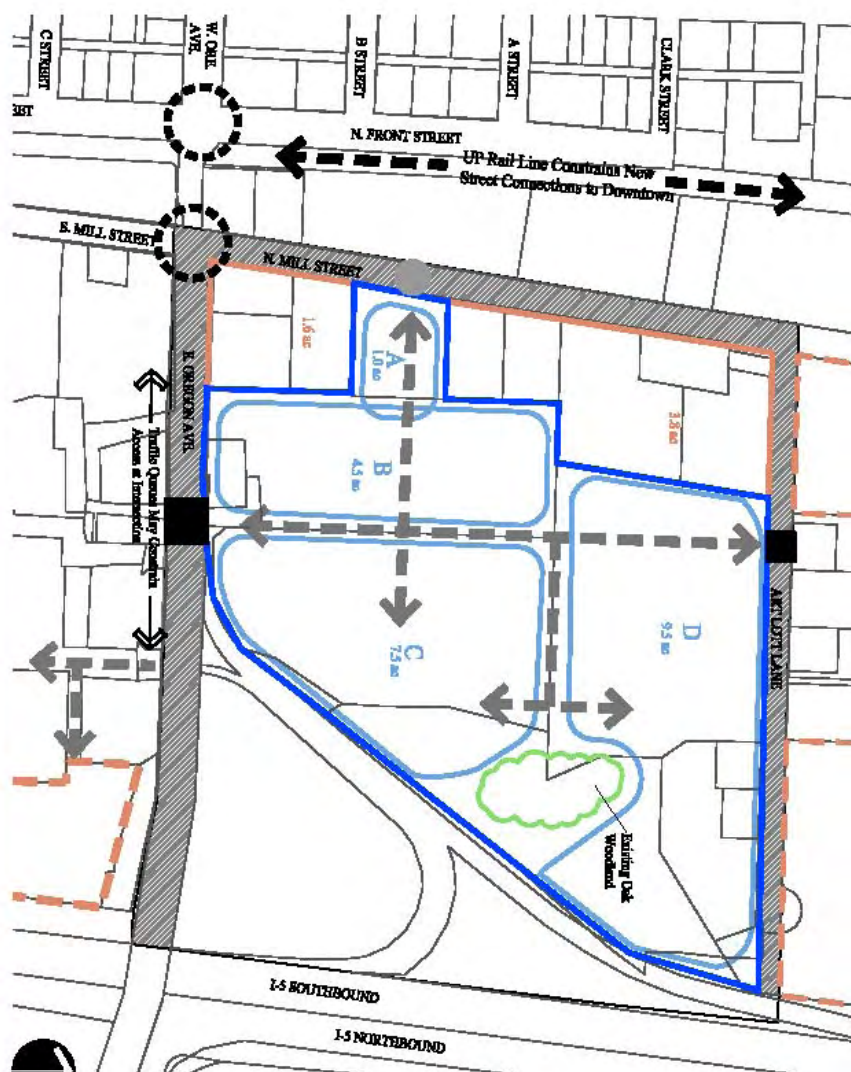


Table 10 is based on the following assumptions:

- The redevelopable area on the site is about 22.6 acres in size and does not include developed sites that front on North Mill Street.
- About 20% of land within the site will be used for rights-of-way, including street and sidewalks, for a total of about 4.5 acres, leaving about 18.1 acres available for development.
- The best use of Area A is for local commercial uses, such as a restaurant or retail. Area A will have a floor area ratio (FAR) of about 0.3 to allow for space on the site for parking.
- The best use of Area B is a mixture of local and highway commercial uses, such as retail for local residents, sit-down restaurants, entertainment, accommodations, services for residents, and other uses that would benefit from proximity to I-5. Area B might provide opportunities for a mixture of retail and office uses, if the site redevelops to include more amenities that would be attractive to firms that want office space. If used for retail and services, Area B will have a floor area ratio (FAR) of about 0.3 to allow for space on the site for parking. Some of these uses, especially retail and services for locals, may compete with existing businesses in Creswell.
- The best use of Area C is for highway commercial uses. The uses on this area could include fast food restaurants, gas station, convenience store, or specialty uses that would benefit from being located adjacent to I-5, such as an RV repair shop.
- The best use of Area D would be for multifamily residential uses. The development density could vary from 10 to 16 dwelling units per acre and provide enough space for 75 to 125 dwelling units, depending on the type of housing developed and surrounding landscaping and buffering from I-5. Greater residential density than 16 dwelling units per acre could be achieved if there is market demand for higher density housing in Creswell.

Table 10. Potential level of development and population in the site at full build-out

Land Use	Area on Map 1	Land needed			Development Density	Amount Developed
		Gross Acres	for rights-of-way (20%)	Net Acres		
Local Commercial	A	1.0	0.2	0.8	FAR of 0.3	10,500 square feet
Local and Highway Commercial	B	4.5	0.9	3.6	FAR of 0.3	47,000 square feet
Highway Commercial	C	7.5	1.5	6.0	FAR of 0.3	78,000 square feet
Residential	D	9.6	1.9	7.7	10 to 16 dwelling units/acre	75 to 125 dwelling units

Source: ECONorthwest

FAR is Floor Area Ratio. A FAR of 0.3 is typical for highway commercial development to allow for sufficient parking

The conceptual development program shown in Table 10 represents one potential allocation of land in the North of Oregon Avenue site. While other configurations are possible, we believe this configuration represents current market conditions and a land use allocation that is reasonable for the site assuming that development occurs over a 10 to 20 year period. The City should consider the following points during the development of the plan for the North of Oregon Avenue site:

- *The City has a surplus of commercial land.* The City has a surplus of commercial land that is taking a considerable time to absorb, including the commercial site on the other side of I-5. The visibility and easy access to the site from I-5 may create some market for highway commercial development. Development on the North of Oregon Avenue, however, cannot be supported solely, or perhaps even in large part, through highway commercial development. The City and landowners should consider other uses for the site, in addition to highway commercial.
- *The site may not redevelop in the near future.* The site has a profitable mobile home park on it and provides affordable housing to residents of Creswell. The relatively slow absorption of commercial land in Creswell overall coupled with the surplus of available commercial land creates a chance that the site may not redevelop for five to 10 years and full build-out may not occur for at least 20 years.
- *Residential demand will remain strong.* Creswell will continue to be an attractive location for households seeking a small-town environment near the Eugene-Springfield area. Regional growth will drive local growth.
- *Residential growth will create demand for local retail and services.* The draft population forecast for Creswell suggests that more than 6,000 new residents will locate in Creswell by 2030. These new households will create demand for local retail and services.
- *Housing will become less affordable.* This could create pressure for additional residential development in Creswell. At a minimum, it suggests that affordability will continue to be a regional (and local) policy consideration. The City cannot dictate the price of dwellings on the site, but should recognize the linkage between housing cost, lot size, dwelling size, and tenure.
- *Provide for a mixture of housing.* The conceptual development program provides a mix of housing roughly in proportion to that identified in the *City of Creswell Draft Residential Lands Inventory*.
- *The site has considerable residential capacity.* The site could accommodate 10% to 15% of the 22-year demand for multifamily housing types.
- *Provide access to the site from Oregon Avenue, as well as North Mill Street and Art Lott Lane.* Site access and internal circulation are critical considerations in

redevelopment of the site. For highway commercial businesses to be successful, travelers must be able to easily and quickly access retail on the site and get back to I-5. Residents of the site must have easy access to local roads in Creswell, most likely via Art Lott Lane and North Mill Street.