

Analysis of Mixed-Use Development and Redevelopment in Oregon Cities

A Report to the HB 2254 Rules Advisory Committee

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EXECUTIVE SUMMARY

This report presents analysis of mixed-use development and redevelopment in Oregon cities outside the Portland Metropolitan region to support development of a simplified land need methodology for use in urban growth boundary (UGB) review.

This study addresses the issues of mixed-use development and redevelopment in Oregon cities outside the Portland Metro UGB. The UO research team's charge was to gather data on actual rates of (1) mixed-use residential/commercial development in commercial areas that have occurred in Oregon cities over approximately the past two decades (two subcategories: residential development and employment land development), and (2) the amount of redevelopment that has occurred. In summary, the analysis focused on three issues:

1. Amount of mixed-use residential development in commercial areas
2. Amount of employment redevelopment to more intense employment uses on developed employment parcels
3. Amount of residential redevelopment to more intense residential uses on developed residential parcels.

Findings

Following are the key findings from our research. We want to be clear about the limitations of this analysis: in our considerable experience working with Oregon cities on Goal 9 and 10 studies, developing accurate estimates of historical rates of mixed-use development and redevelopment has consistently been a challenge because cities do not collect reliable information on redevelopment rates. Our research results are consistent with our experience—few cities conduct detailed monitoring of redevelopment.

Literature review

- **No definitive academic research exists on methods to predict the rate of mixed-use development and redevelopment.** Few academic studies exist on methods to forecast mixed-use development and redevelopment. Estimating future mixed-use development and redevelopment rates is complicated and current models are only marginally better than planning staff estimates. More research exists on drivers of mixed-use development and redevelopment and how to predict where it will occur.
- **There is a significant difference in factors that drive decisions for redevelopment in an urban context versus a suburban context.** Regardless of urban or suburban context, empirical evidence exists that an initial development site serves as a catalyst for further development in the area. The main driver of suburban redevelopment is the expected *increase* in property value, not the current higher property value (i.e. rent gap).

- **The growth, and success, of mixed-use development is based more on a neighborhood scale than a parcel level scale.** Literature suggests that it is the collective character of a neighborhood which makes mixed-use development successful, not one single project. Further, older buildings were found to be more successful at attracting businesses, and initially, it's more important to have mixed-use buildings concentrated on one block as opposed to spread out.

Mixed-use development

Mixed-use development can be defined as multiple uses (typically housing and employment) on the same site. Mixed-use development can be vertically integrated (e.g., housing over commercial), or horizontally (e.g., housing and employment in separate buildings on the same taxlot). This analysis attempted to answer questions about the rate and density of mixed-use development that has occurred in the past five years outside the Portland Metro UGB. For the purpose of this study, the UO research team defined mixed-use as follows:

“individual structures (e.g. vertical mixed-use) or a single development (e.g., horizontal mixed-use) that contain a mixture of housing and employment uses.”

Our research suggests that most cities do not collect reliable empirical data on redevelopment of residential and commercial lands. Following are key findings from our research.

- **Most cities have zones that allow mixed-use development as an outright use.** Of the 109 cities that responded to our survey, the majority (71%) allowed mixed-use regardless of size, but all cities over 10,000 had zones allowing mixed-use development outright. Fifty-six percent of cities reported they have zones that allow mixed use as a conditional use.
- **Most cities do not collect data on mixed-use development.** The majority of cities (83%) indicated that they do not collect data on mixed-use development. Only 10% of cities that answered the question stated they collect data on mixed-use development.
- **A small minority of cities reported that they had experienced mixed-use development in the past five years.** Twenty-one percent of cities reported they had experienced mixed-use development consistent with the definition in the past five years.
- **City size is a better predictor of whether mixed-use development occurred than region.** All cities with populations over 25,000 reported they had mixed use development. The percentage of cities under 25,000 that reported mixed use development declines as city size decreases. While there was a very strong trend towards larger cities experiencing more mixed-use development, no consistent patterns emerge by region.
- **Cities reported a modest amount of mixed-use development.** Twelve of the 21 cities that reported they experienced mixed-use development provided data on those developments. The developments included 21

buildings on about 29 acres. The developments represented 221 dwelling units and about 120,000 square feet of commercial space.

Redevelopment

A key issue that local governments struggle with in determining land need is redevelopment. Statewide Planning Goals 9 and 10 have different standards for consideration of redevelopment.

Cities have addressed redevelopment both from the supply side (e.g., evaluating land and assessing its redevelopment potential) and the demand side (e.g., assuming that some percentage of future development will occur on land that is already considered developed). Both of these approaches have problems due to data limitations.

Following are key findings from our research on redevelopment.

- **Most cities do not monitor redevelopment activity.** Most cities surveyed (62%) indicated that they did not monitor redevelopment. Those that did tended to be smaller cities; no cities over 25,000 reported that they systematically monitor redevelopment activity.
- **Cities use a range of strategies to encourage redevelopment.** Urban renewal was the most frequently listed strategy (51%). About 39% of the responding cities indicated they use public/private partnerships. Thirty-seven percent indicated they use “other” strategies. Among the specific approaches mentioned in the others category Accessory Dwelling Units (ADU’s) were mentioned multiple times.
- **Less than one-third of cities reported they experienced residential redevelopment activity in the past five years.** About 31% of cities indicated they experienced redevelopment on residential land.
- **A higher percentage of larger cities reported residential redevelopment activity than smaller cities.** Not surprisingly, a higher percentage of larger cities (100% of cities over 25,000 and 73% over 10,000) reported redevelopment on residential land in the past five years than smaller cities (8% of cities under 1,000 reported experiencing redevelopment on residential land).
- **Eight percent of responding cities reported redevelopment on employment lands in the past five years.** Few cities (8 of 95) indicated that they had experienced redevelopment on employment lands. Notably, no cities in the 10,000-49,999 population range reported experiencing redevelopment on employment lands.

Case study findings

- **Local policy matters.** Consistent with the survey results, all of the case study cities employ local strategies to encourage mixed-use development and redevelopment. This includes removing zoning barriers, and financial incentives—which are often used in various combinations

- **City size does not predict the number of developments.** The city with the largest number of reported developments had second lowest population of the cities studied.
- **Market forces are location specific.** Some markets have focused on specialized development. For housing redevelopment, a city study found that there has not been significant activity except for special markets like student housing or development that is supported by incentives like tax exemptions or affordable housing funding.
- **Smaller cities tended to have more positive community attitudes about mixed-use and redevelopment.** The specific factors that contribute to more positive attitudes are difficult to isolate; however, the modest scale of mixed-use development and redevelopment may be easier for residents of smaller communities to support and the longer term benefits easier to grasp.

Implications

The results of this research do not point to a specific methodology to predict the amount and rate of mixed-use development and redevelopment, nor do they provide an empirical foundation for developing a set of assumptions that might be employed in a simplified model. That said, the results do have important implications for a simplified model that the Rules Advisory Committee (RAC) should consider as it deliberates and settles on a preferred approach.

- **Results point to relatively small rate assumptions pertaining to mixed-use development and redevelopment.** Seventy-nine percent of cities that responded to our survey indicated they had not experienced mixed-use development in the past five years; 69% of cities reported they have not experienced redevelopment activity.
- **City size is related to mixed-use development activity.** All cities over 25,000 reported experiencing mixed-use development in the past five years; 64% between 10,000 and 24,999 reported experiencing mixed-use development. Nineteen percent of cities under 10,000 population reported experiencing mixed-use development, while 4% under 1,000 reported mixed-use development. The implications are that a simplified methodology might require cities over 10,000 assume some amount of mixed-use development and smaller cities may not be required to assume mixed-use development.
- **City size is related to redevelopment activity.** Eighty-one percent of cities less than 10,000 population reported they had no residential redevelopment activity and 78% had no redevelopment on employment land. A majority of cities over 10,000 population reported redevelopment on residential and employment lands. The implications are that a simplified methodology might require cities over 10,000 assume some amount of redevelopment and smaller cities may not be required to assume redevelopment.

- **Most cities allow mixed-use development outright in one or more zones.** This suggests that market conditions dictate mixed-use development in most cities. Beyond removing zoning barriers, cities can provide financial incentives to encourage mixed-use development. Consideration of local policy choices such as financial incentives to determine land needs seems challenging to incorporate into a simplified methodology.
- **Most cities with redevelopment activity provided some type of financial incentive.** This is a local policy choice with respect to achieving community development objectives. Many cities do not have the financial capacity to incentivize redevelopment. It is unclear how a simplified land need methodology would incentivize cities to adopt policies and financial incentives to encourage redevelopment.

CHAPTER I: INTRODUCTION

This report presents analysis of historic land use efficiency in Oregon cities to support development of a simplified land need methodology for use in urban growth boundary (UGB) review. The analysis is intended to address parts of the research requirements stated in House Bill 2254 (codified as ORS 197A) relating to historic land use efficiency.¹

Background

HB 2254 requires the Land Conservation and Development Commission (LCDC) produce an administrative rule that implements the legislation. As part of the rulemaking process, the bill requires the LCDC establish factors for converting forecasted population and employment growth into estimates of land need for housing, employment and other categories of uses. The bill requires the factors:

- Be based on an empirical evaluation of the relation between population and employment growth and the rate and trends of land utilization in the recent past in the applicable major region of the state;
- Reflect consideration by the Commission of any significant changes occurring or expected to occur in the markets for urban land uses in that major region of the state;
- Be designed to encourage an increase in the land use efficiency of a city, subject to market conditions; and
- Provide a range of policy choices for a city about the form of its future growth.

The bill also requires “an empirical evaluation of the relation between population and employment growth and the rate and trends of land utilization in the recent past in the applicable major region of the state. Reflect significant changes occurring or expected to occur in the markets for urban land uses in that major region of the state.” Based on this requirement, DLCD staff identified the following research objectives for the first phase of the rulemaking project:

1. Determine the historical rate of “land efficiency” and land consumption (per person/acre).
2. Determine past employment growth rates/trends of land utilization.
3. Determine significant changes “occurring or expected to occur” in markets for urban land uses.

As part of this process, the DLCD contracted with the UO to analyze “land use efficiency.” Our research focused on land use efficiency of residential and employment growth in Oregon cities outside the Metro UGB and is presented in

¹ https://www.oregonlegislature.gov/bills_laws/lawsstatutes/2013ors197A.html

the report titled *Analysis of Land Use Efficiency in Oregon Cities: A Report to the HB 2254 Rulemaking Committee*.

Because they were not included in the initial scope of work, the *Land Use Efficiency* report did not address two important elements needed to inform the rule making process: (1) analysis the rate and density of mixed-use development, and (2) analysis of the rate and density of redevelopment.

Purpose and Methods

This study addresses the issues of mixed-use development and redevelopment in Oregon cities outside the Portland Metropolitan UGB. The UO research team's charge was to gather data on actual rates of (1) mixed-use residential/commercial development in commercial areas that have occurred in Oregon cities over approximately the past two decades (two subcategories: residential development and employment land development), and (2) the amount of redevelopment that has occurred. In summary, the analysis focused on three issues:

1. Amount of mixed-use residential development in commercial areas
2. Amount of employment redevelopment to more intense employment uses on developed employment parcels
3. Amount of residential redevelopment to more intense residential uses on developed residential parcels.

Following is a description of the core elements of our work program.

Literature Review

The UO research team conducted a literature review of academic and professional papers that focus mixed-use development and on the rate and intensity of redevelopment. The purpose of this task was to better understand the dynamics of mixed-use development and redevelopment and identify if any innovative methods exist to support this research.

Survey of Municipalities

Administer an online survey of planning directors with assistance the Oregon Planning Directors Association and the League of Oregon Cities. The purpose of the survey was to gather information from municipalities about (1) how much mixed use development has occurred in their city, (2) the rate and type of mixed-use development, (3) how much redevelopment has occurred in their city, and (4) the rate and type of redevelopment.

The UO team surveyed all 216 incorporated cities outside the Portland Metropolitan UGB and received 111 valid responses—a 51% response rate. Table 1-1 shows survey response numbers and rates by city size. The rates range from a high of 71% for cities between over 25,000 to a low of 38% for cities less than 1,000.

Table 1-1. Survey response by city size

City Size	Number of Cities	Number of Responses	Response Rate
<1,000	81	31	38%
1,000-4,999	79	46	58%
5,000-9,999	28	16	57%
10,000-24,999	17	11	65%
25,000-49,999	4	2	50%
50,000 or more	7	5	71%
Total	216	111	51%

Table 1-2 shows survey response rates by region. The rates range from a high of 62% for the South Coastal Region to a low of 39% for the Northeast Oregon region.

Table 1-2. Survey response by region

Region	Number of Cities	Number of Responses	Response Rate
Central Oregon	15	8	53%
North Coastal Oregon	19	11	58%
Northeast Oregon	56	22	39%
South Coastal Oregon	13	8	62%
Southeast Oregon	14	8	57%
Southern Oregon	24	14	58%
Willamette Valley	75	40	53%
Total	216	111	51%

Case Studies

The UO research team conducted eight mixed-use development and redevelopment case studies. The purpose of the case studies was to obtain (1) empirical data about case study mixed-use development and redevelopment, (2) to understand local perceptions of market factors that contribute to mixed-use development and redevelopment, and (3) to document policies and other strategies the case study cities use to promote mixed-use development and redevelopment.

Case study cities included:

- Bend
- Corvallis
- Eugene
- McMinnville
- Monmouth
- Ontario
- Pendleton
- Salem

CHAPTER 2: LITERATURE REVIEW

As part of our research efforts, the UO team conducted a literature review of academic and professional papers focused on mixed-use development and redevelopment. Specifically, the team wanted to understand if any innovative methods exist to identify the rate and intensity of mixed-use development and redevelopment in suburban areas. Following is a short description of the methods used, and a summary of findings from the literature review as well as implications for the HB 2254 rulemaking process. Appendix A includes an annotated bibliography of sources.

Methods

As a first step, the UO research team queried both the University of Oregon Library's online journal database and Google Scholar for applicable articles. While many articles were found on residential redevelopment, or the impacts of mixed-use development, little was found on the actual rate of redevelopment or methods used to analyze the rate of redevelopment.

The UO research team expanded the search to include articles available from the Urban Land Institute, as well as the Brookings Institute. This effort yielded nothing more specific or useful. As such, articles were found for residential redevelopment rates, commercial redevelopment, and the benefits of mixed used development, which are summarized below.

This literature is supplemented by studies Metro conducted on the refill rate of mixed-use development within their region. Metro uses a robust model to predict what they call "refill" which is a combination of redevelopment and infill. The research team concluded that the Metro approach is of limited use for cities outside the Metro UGB.

Findings

The literature review yielded the following findings related to mixed-use redevelopment, and redevelopment in general:

- There is very little peer-reviewed literature on mixed-use development or redevelopment rates.
- School district choice appears to drive suburban residential redevelopment, to some degree.
- Regardless of urban or suburban context, empirical evidence exists that an initial development site serves as a catalyst for further development in the area.
- The main driver of suburban redevelopment is the expected *increase* in property value, not the current higher property value (i.e. rent gap).
- Estimating future mixed-use development and redevelopment rates is complicated and current models are only marginally better than planning

staff estimates. This leads one to question whether quantitative indicators are the most appropriate predictors of future mixed-use development and redevelopment.

Implications

The following implications are based on the findings observed from the literature. They involve some judgment by the authors, and suggest opportunities for further research.

While the rate at which mixed-use development will occur is hard to predict, there is substantive evidence on what drives mixed-use development and how to predict where it will occur

While more research is needed to explore the specific drivers, Suzanne Charles states with some authority “forces above and beyond market forces contribute to teardowns (i.e. redevelopment). Her research, as well as research from Florida indicates that development has a contagion effect, in that once an initial site is redeveloped, it becomes a catalyst for additional redevelopment in the area, specifically in a suburban context. This notion is contrasted by Metro’s methodology which holds that infill and redevelopment rates can be attributed to quantitative indicators and a model can easily be developed to predict future development rates, based on the historical rates.

There is a significance difference in decisions to redevelopment in an urban context versus a suburban context

Argued by Suzanne Charles, and supported by Munneke, evidence states there is a critical difference in redevelopment decisions in an urban versus suburban context. In an urban context, and previously thought applicable in other built environments, investors were thought to only choose to redevelop a site if the potential value was higher than the current value of the property. However, Charles found in a suburban context, the future increase of that property value is what drove redevelopment decisions. For example, knowing that a current neighborhood was becoming more popular in a couple years drove redevelopment more than the current value of the property.

The growth, and success, of mixed-use development is based more on a neighborhood scale than a parcel level scale

Literature from the U.S. Environmental Protection Agency and the Urban Land Institute article present successful case studies of mixed-use neighborhoods. Throughout they say it is the collective character of a neighborhood which makes mixed-use development successful, not one single project. Further, older buildings were found to be more successful at attracting businesses, and initially, it’s more important to have mixed-use buildings concentrated on one block as opposed to spread out. This creates policy implications for governing agencies as both articles also state the low desire of banks to lend, and developers to build, multi-use buildings that are less common around the country. Furthermore, for public-private partnerships to be successful, there must be a focus on letting neighborhood level change happen, not focusing on one individual site and letting the rest follow.

CHAPTER 3: MIXED-USE DEVELOPMENT

Mixed-use development can be defined as multiple uses (typically housing and employment) on the same site. Mixed-use development can be vertically integrated (e.g., housing over commercial), or horizontally integrated (e.g., housing and employment in separate buildings). The UO research team's work on land use efficiency used property classifications to sort land uses and analyze density by type of land use. A key limitation to that methodology is that no Department of Revenue property classifications identify mixed-use development. Moreover, most cities do not collect reliable empirical data on mixed-use development that occurs on redevelopment or greenfield sites. We note that mixed-use development can occur on both greenfield sites (e.g., vacant land) and on redevelopment sites.

Yet, the question still remains: how should a simplified land need methodology account for mixed-use development? That question is the work of the Rules Advisory Committee. This analysis attempts to answer questions about the rate and density of mixed-use development that has occurred in the past five years outside the Portland Metro UGB. For the purpose of this study, the UO research team defined mixed-use as follows:

“Individual structures (e.g. vertical mixed-use) or a single development (e.g., horizontal mixed-use) that contain a mixture of housing and employment uses.”

This chapter presents survey and case study findings related to mixed-use development.

Survey of Oregon Planning Directors

The UO research team developed and administered online survey to planners and city administrators for all 216 cities outside the Portland Metro UGB. We received 111 valid responses—a 51% response rate. The purpose of the survey was to gather information from municipalities about (1) how much mixed-use development has occurred in their city, and (2) the rate and type of mixed-use development. Each question includes the number of responding cities; not all cities responded to all of the questions.

Policies related to mixed use

The first part of the survey got at how cities regulate mixed-use development. We asked two questions related to managing mixed-use development:

- Does your city have zones that allow mixed-use development as an outright use?
- Does your city have zones that allow mixed-use development as a conditional use?

When cities with zones allowing mixed-use development outright are compared by city size (Table 3-1), there is a clear difference between cities over 10,000 and those under. Of the responding cities, the majority (71%) allowed mixed-use

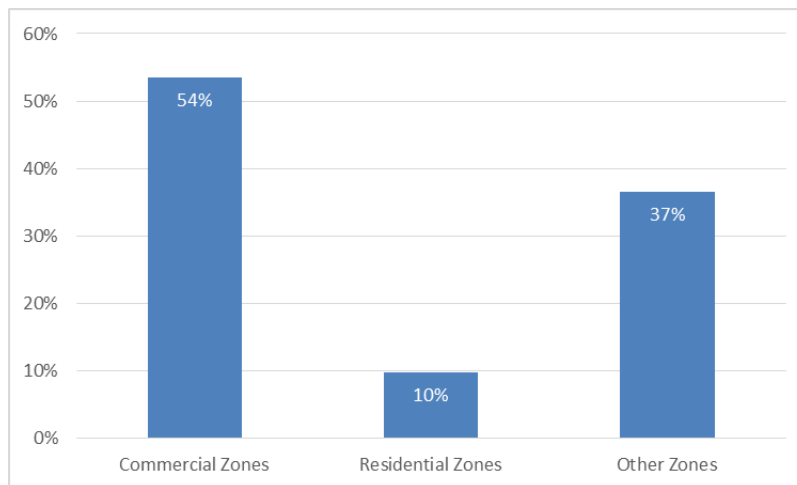
regardless of size, but all cities over 10,000 had zones allowing such development outright.

Table 3-1. Cities that have zones that outright allow mixed-use development by city size

City Size	Yes	No	Don't Know	N
<1,000	15	10	4	29
1,000-4,999	32	14		45
5,000-9,999	13	4		17
10,000-24,999	11			11
25,000-49,999	2			2
50,000 or more	4			4
Total	77	28	4	108
Percent of Total	71%	26%	4%	100%

Respondents were asked to provide a list of zones in which mixed-use development is allowed, whether as an outright or conditional use. Of the 183 different zones listed, 54% were commercial zones. Ten percent were residential zones, while other zones accounted for 37%. Other zones included industrial zones, and overlay districts.

Figure 3-1: Percent of mixed-use zones by major land use



More cities surveyed allowed mixed-use development outright (70%) than as a conditional use (56%), although the majority of cities had zones that allowed it in both capacities.

Table 3-2. Cities that have zones that allow mixed-use development as a conditional use by city size

City Size	Yes	No	Don't Know	N
<1,000	61%	21%	18%	28
1,000-4,999	50%	43%	7%	42
5,000-9,999	44%	56%	0%	16
10,000-24,999	82%	18%	0%	11
25,000-49,999	0%	100%	0%	1
50,000 or more	100%	0%	0%	3
Total	57	36	8	101
Total	56%	36%	8%	100%

Table 3-3 shows that the majority of cities (83%) indicate that they do not collect data on mixed-use development. Only 10% of cities that answered the question stated they collect data on mixed-use development, while the remaining 7% do not know if their city collected data. More cities reported that they monitor mixed-use development (10%) than collect data mixed use development (33%). This may be because respondents define monitoring as a more qualitative endeavor than collecting data. Eight percent of the 66 cities that reported they did not monitor mixed-use development reported planning to monitor mixed-use development in the future.

Table 3-3. Cities that collect data on mixed-use development

Category	Yes	No	Don't Know	n
Collect data on mixed-use development	10%	83%	7%	107
Monitor mixed-use development	33%	62%	6%	107
Plan to monitor mixed-use development	8%	79%	13%	100

Most cities surveyed indicated that they did not monitor redevelopment (Table 3-4). Those that did tended to be smaller cities. The survey did not inquire as to the method of monitoring, so the level of detail is unknown.

Table 3-4. Cities that Monitor Redevelopment, 2015

City Size	Yes	No	Don't Know	N
<1,000	31%	54%	15%	26
1,000-4,999	43%	55%	2%	42
5,000-9,999	35%	65%	0%	17
10,000-24,999	9%	91%	0%	11
25,000-49,999	0%	100%	0%	1
50,000 or more	0%	100%	0%	3
Total	33	62	5	100
Total	33%	62%	5%	100%

Twenty-one percent of cities reported they had experienced mixed-use development consistent with the definition in the past five years (Table 3-5). All cities with populations over 25,000 reported they had mixed use development. The percentage of cities under 25,000 that reported mixed use development declines as city size decreases.

Table 3-5. Cities Reporting Mixed-use Development by Size, 2010-2015

City Size	Yes	No	Don't Know	N
<1,000	4%	86%	11%	28
1,000-4,999	14%	83%	2%	42
5,000-9,999	35%	53%	12%	17
10,000-24,999	36%	64%	0%	11
25,000-49,999	100%	0%	0%	1
50,000 or more	100%	0%	0%	3
Total	21	75	6	102
Total	21%	74%	6%	100%

Table 3-6 shows cities whether cities experienced mixed-use development over the past five years by region. While there was a very strong trend towards larger cities experiencing more mixed-use development, no consistent patterns emerge by region. The Willamette Valley had the most cities with mixed-use development in the past five years, though it did not have the highest percentage given the number of respondents from that region. Central and Southern Oregon had the next highest number of cities with recent mixed-use development, followed by South Coastal and North Coastal regions. The eastern portion of the state notably did not report any recent mixed-use development.

Table 3-6. Cities with Mixed-use Development by Region, 2010-2015

Region	Yes	No	Don't Know	N
Central Oregon	63%	38%	0%	8
North Coastal Oregon	18%	82%	0%	11
Northeast Oregon	0%	90%	10%	21
South Coastal Oregon	43%	57%	0%	7
Southeast Oregon	0%	88%	13%	8
Southern Oregon	36%	55%	9%	11
Willamette Valley	19%	75%	6%	36
Total	21	75	6	102
Percent of Total	21%	74%	6%	100%

The research team asked cities that indicated they had experienced mixed-use development in the past five years to report how much mixed-use development had occurred. Table 3-7 shows that 12 of the 21 cities that reported they experienced mixed use development provided data on those developments. The developments included 21 buildings on about 29 acres. The developments represented 251 dwelling units and about 120,000 square feet of commercial space.

Table 3-7. Amount of Mixed-use Development Reported by Responding Cities, 2010-2015

City Size	Total responding cities	Cities that indicated they experienced mixed-use development	Cities that reported the amount of mixed-use development	Total Developments	Total Buildings	Approximate Acreage	Number of Residential Units	Commercial Space (sq ft)
<1,000	31	1	1	1	1	0.5	1	600
1,000-4,999	46	6	3	5	7	1.5	9	6,400
5,000-9,999	16	6	5	7	7	20.7	17	73,812
10,000-24,999	11	4	1	1	1	0.2	3	-
25,000-49,999	2	1	-	-	-	-	-	-
50,000 or more	5	3	2	3	5	6.4	221	40,000
Grand Total	111	21	12	17	21	29.3	251	120,812

The development data are interesting in the sense that cities in every size class reported experiencing mixed-use development and that smaller cities provided data on the developments more frequently. We speculate that is a function of the number and complexity of the developments—smaller cities with few developments make monitoring easier.

CHAPTER 4: REDEVELOPMENT ACTIVITY

A key issue that local governments struggle with in determining land need is redevelopment. Statewide Planning Goals 9 and 10 have slightly different standards for consideration of redevelopment, with Goal 10 having a higher standard or burden of proof. OAR 660-008-0005(7) defines redevelopable land as follows:

“Redevelopable Land” means land zoned for residential use on which development has already occurred but on which, due to present or expected market forces, there exists the strong likelihood that existing development will be converted to more intensive residential uses during the planning period.

Goal 9 uses a different definition as stated in OAR 660-009-0005(1):

(1) "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.

Thus, the Goal 9 rule defines developed land as land that is likely to be redeveloped. For the purpose of our survey, the UO research team defined redevelopment as follows:

Redevelopment is development that occurs on a tax lot that creates more dwelling units or employment space than the current use, and thus an increase in density on the tax lot. Development that occurs through subdivisions or partitions is not considered redevelopment in this context.

Cities have addressed redevelopment both from the supply side (e.g., evaluating land and assessing its redevelopment potential) and the demand side (e.g., assuming that some percentage of future development will occur on land that is already considered developed). Both of these approaches have problems due to data limitations.

Most cities have addressed the Goal 9 and 10 redevelopment requirements from the demand side by analyzing how much redevelopment has occurred and then making assumptions about how much will occur in the future. The problem with this approach is that most jurisdictions do not systematically monitor redevelopment. Nonetheless, cities have generally agreed that some new development will not require vacant land—e.g., that developed land will redevelop.

This task researched the rate of redevelopment using (1) a survey of planning directors (combined with the mixed-use analysis survey), and (2) analyzing case study cities to provide more detail.

We want to be clear about the limitations of this analysis: in our considerable experience working with Oregon cities on Goal 9 and 10 studies, redevelopment has consistently been a challenge because cities do not collect reliable information on redevelopment rates. Our survey results are consistent with our experience—few cities conduct detailed monitoring of redevelopment.

Survey of Oregon Cities

The UO research team developed and administered online survey to planners and city administrators for all 216 cities outside the Portland Metro UGB. We received 111 valid responses—a 51% response rate. The purpose of the survey was to gather information from municipalities about (1) how much redevelopment has occurred in their city, and (2) the rate and type of redevelopment. Each question includes the number of responding cities; not all cities responded to all of the questions.

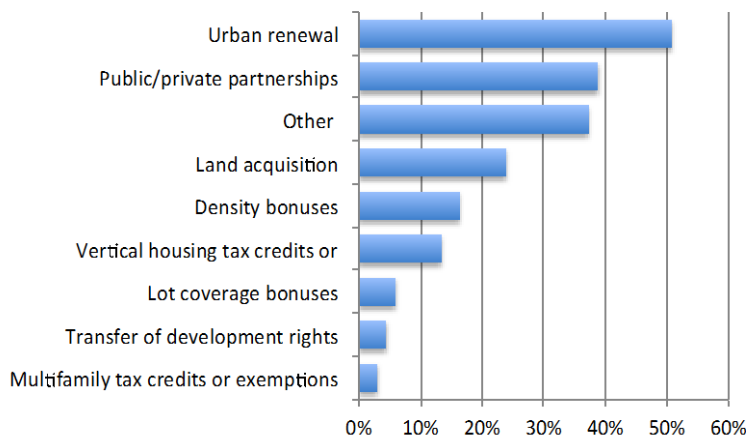
Most cities surveyed (62%) indicated that they did not monitor redevelopment (Table 4-1). Those that did tended to be smaller cities. The survey did not inquire as to the method of monitoring, so the level of detail is unknown.

Table 4-1. Cities that reported whether they monitor redevelopment by city size

City Size	Yes	No	Don't Know	N
<1,000	31%	54%	15%	26
1,000-4,999	43%	55%	2%	42
5,000-9,999	35%	65%	0%	17
10,000-24,999	9%	91%	0%	11
25,000-49,999	0%	100%	0%	1
50,000 or more	0%	100%	0%	3
Total	33	62	5	100
Total	33%	62%	5%	100%

Figure 4-1 shows that responding cities used a range of strategies to encourage redevelopment. Urban renewal was the most frequently listed strategy (51%). About 39% of the responding cities indicated they use public/private partnerships. Thirty-seven percent indicated they use “other” strategies. Among the specific approaches mentioned in the others category Accessory Dwelling Units (ADU’s) were mentioned multiple times.

Figure 4-1. Strategies used to encourage redevelopment



We next asked respondents to indicate whether they had experienced redevelopment on residential land in the past five years consistent with the definition included on the survey. About 31% of cities indicated they experienced

redevelopment on residential land and 26% indicated they experienced redevelopment on employment land.

As with mixed-use development, there was a strong trend towards larger cities having recent residential redevelopment (Table 4-2). The majority of cities, however, had not experienced residential redevelopment in the past five years—a similar pattern to that observed for mixed-use development. Not surprisingly, a higher percentage of larger cities (100% of cities over 25,000 and 73% over 10,000) reported redevelopment on residential land in the past five years than smaller cities (8% of cities under 1,000 reported experiencing redevelopment on residential land).

Table 4-2. Cities Reporting Redevelopment on Residential Land by City Size, 2010-2015

City Size	Yes	No	Don't Know	N
<1,000	8%	85%	8%	26
1,000-4,999	15%	78%	7%	41
5,000-9,999	47%	47%	6%	17
10,000-24,999	73%	27%	0%	11
25,000-49,999	100%	0%	0%	1
50,000 or more	100%	0%	0%	3
Total	28	65	6	99
Total	28%	66%	6%	100%

The Willamette Valley had dramatically more cities with recent residential redevelopment, though as a percentage of reporting cities, it was in the middle range (Table 4-3). Southern Oregon had the highest share of cities reporting redevelopment on residential land at 40 percent. The only region with no recent residential redevelopment was Southeast Oregon, and only one city on the South Coast reported residential redevelopment.

Table 4-3. Cities Reporting Redevelopment on Residential Land by Region, 2010-2015

Region	Yes	No	Don't Know	N
Central Oregon	38%	63%	0%	8
North Coastal Oregon	36%	64%	0%	11
Northeast Oregon	20%	65%	15%	20
South Coastal Oregon	14%	86%	0%	7
Southeast Oregon	0%	100%	0%	8
Southern Oregon	40%	60%	0%	10
Willamette Valley	34%	57%	9%	35
Total	28	65	6	99
Total	28%	66%	6%	100%

For respondents that indicated they had experienced redevelopment, we asked them to provide the following data on residential developments: total new dwelling units (% single-family, % single-family attached, % multifamily), % of all new dwellings in the last five years, and total acres redeveloped. Table 4-4 shows the

results. Note that the data presented in Table 4-7 is not a statistically valid sample and cannot be inferred to represent all cities.

Of the ten cities reporting data on recent residential redevelopment, none had populations fewer than 1,000. Most reporting cities were in the 5,000 to 9,999 range. The majority of units (88%) that resulted from redevelopment were reported in cities larger than 50,000. Cities reported different mixes of units; overall the mix was about 50% single-family detached and 50% multifamily types. Cities provided limited data regarding percent of new dwellings that qualified as redevelopment and the number of acres developed.

Table 4-4. Average Activity of Cities with Residential Redevelopment by Size, 2010-2015

City Size	Total responding cities	Cities that indicated they experienced residential redevelopment	Cities that reported the amount of residential development	Total New Dwelling Units	Average % of New Dwelling Units by Type			% of All New Dwellings in Last Five Years	Total Acres Redeveloped
					% Single-Family	% Single-Family Attached	% Multi-Family		
<1,000	31	2	0	na	na	na	na	na	
1,000-4,999	46	6	1	41	100%	0%	0%	3%	
5,000-9,999	16	8	5	161	42%	26%	32%	38%	
10,000-24,999	11	8	2	194	0%	0%	100%	11.8	
25,000-49,999	2	1	0	na	na	na	na	na	
50,000 or more	5	3	2	2,956	38%	3%	59%	na	
Total	111	28	10	3,352	48%	17%	35%	41%	18.9

Note: The data in Table is not a representative sample of cities and cannot be inferred to all cities.

We next asked respondents “In the context of the definition of redevelopment, has your city experienced redevelopment on employment land in the past five years?” Few cities (8 of 95) indicated that they had experienced redevelopment on employment lands (Table 4-5). Notably, no cities in the 10,000-49,999 population range reported experiencing redevelopment on employment lands. Difficulty in tracking employment redevelopment was apparent from the number of cities that answered “don’t know.”

Table 4-5. Cities that reported redevelopment on employment lands (e.g., commercial and industrial lands) by city size

City Size	Yes	No	Don't Know	N
<1,000	4%	80%	16%	25
1,000-4,999	10%	79%	10%	39
5,000-9,999	13%	81%	6%	16
10,000-24,999	0%	82%	18%	11
25,000-49,999	0%	100%	0%	1
50,000 or more	33%	33%	33%	3
Total	8	75	12	95
Total	8%	79%	13%	100%

Geographically, the only region that reported more than one city with employment redevelopment was the Willamette Valley (Table 4-6).

Table 4-6. Cities that reported redevelopment on employment lands (e.g., commercial and industrial lands) by region

Region	Yes	No	Don't Know	N
Central Oregon	14%	86%	0%	7
North Coastal Oregon	11%	78%	11%	9
Northeast Oregon	0%	72%	28%	18
South Coastal Oregon	14%	71%	14%	7
Southeast Oregon	0%	88%	13%	8
Southern Oregon	0%	100%	0%	11
Willamette Valley	15%	74%	12%	34
Total	8	75	12	95
Total	8%	79%	13%	100%

For respondents that reported having redevelopment on employment lands, we asked them to provide the following data on employment redevelopment: new built space (sq ft), land (acres), % of land industrial, % of land commercial/other.

Of the eight cities that reported details regarding employment redevelopment, all were under 25,000 in population (Table 4-7). Cities reported a total of 125,806 square feet of new space on 654 acres (one city reported over 600 acres redeveloped). Average development size tended to be around 20,000 square feet, though average acreage was extremely variable. Redevelopment by industrial or commercial/other use was also variable, and did not seem to follow patterns by city size.

Table 4-7. Total redevelopment activities in cities with employment redevelopment, 2010-2015

Redevelopment Metric	Amount
New Space Built (sq ft)	125,806
Land (acres)	654
% of land industrial	35%
% of land commercial/other	65%

CHAPTER 5: CASE STUDIES

To better understand the factors that lead to mixed-use development and redevelopment, the UO research team conducted a set of case studies. The purpose of the case studies was to (1) obtain empirical data about case study mixed-use development and redevelopment, (2) to understand local perceptions of market factors that contribute to mixed-use development and redevelopment, and (3) to document policies and other strategies the case study cities use to promote mixed-use development and redevelopment.

The research team selected the case study cities to include different population classes and regions. Case study cities included:

- Bend
- Corvallis
- Eugene
- McMinnville
- Monmouth
- Ontario
- Pendleton
- Salem

The research team conducted interviews with planners or city administrators from each of the case study communities. We requested that representatives from the case study communities identify mixed-use development and redevelopment activity using a Google map. We requested specific data about each development – the address, the type of development, and the number of dwelling units and/or employment space included with each development. We also asked city staff tell us about policies their city has adopted to encourage mixed-use development and redevelopment, their perceptions of market conditions for this type of development, and community attitudes toward this type of development. Summaries of each case study are included in Appendix B.

Findings

Following is a summary of the key findings and themes identified through the case studies.

- **Local policy matters.** Consistent with the survey results, all of the case study cities employ local strategies to encourage mixed-use development and redevelopment. This includes removing zoning barriers, and financial incentives—which are often used in various combinations
- **City size does not predict number of developments.** The city with the largest number of reported developments had second lowest population of the case study cities.
- **Market forces are location specific.** Some markets have focused on specialized development. For housing redevelopment, a city study found

that there has not been significant activity except for special markets like student housing or development that is supported by incentives like tax exemptions or affordable housing funding.

- **Achievable rents are the best indication of market success.** Based on key observations from a pro forma based analysis for estimating market driven redevelopment, redevelopment is highly sensitive to rent rates, construction cost and buyer behavior. Housing rental rates are a function of income; cities with low average incomes should not expect to see significant activity without public support. While achievable rent is the strongest predictor of redevelopment potential, it is very difficult to forecast achievable rents.
- **Smaller cities tended to have more positive community attitudes about mixed-use and redevelopment.** The specific factors that contribute to more positive attitudes are difficult to isolate; however, the modest scale of mixed-use development and redevelopment may be easier for residents of smaller communities to support and the longer term benefits easier to grasp.
- **Redevelopment is more controversial than mixed-use development.** Community misgivings about developments tended to center on redevelopment much more than mixed-use projects. Moreover, the scale of the project is critical—large projects typically have bigger impacts and are more likely to create controversy.
- **Student housing projects can create controversy.** Cities with large universities (e.g., Corvallis and Eugene) reported more community concern about residential redevelopment. One small city with a university indicated that it did not experience such concerns, and that the student population was well integrated into the community.
- **Financial incentives are key.** The three cities that did not directly support mixed-use or redevelopment experienced very little. What was developed was half mixed-use and half employment redevelopment, with no documented residential redevelopment other than that contained in the mixed-use developments.
- **Definitions are tricky.** The definitions occasionally created challenges, such as group quarters (is it mixed-use? Is every bed a residential unit?) and redevelopment that shifted from residential to employment use (does it count as employment redevelopment?).

APPENDIX A: ANNOTATED BIBLIOGRAPHY

The following section contains a synopsis of the literature, organized by topic. The citation for the article is given in bold, followed by a short description of the main points.

Portland Metro Region Studies

Oregon Metro. *Non-residential Refill Rate Study. Economic and Land Use Forecasting Measurement Program, October 2011.*

The second such study done by Metro, the authors reviewed building permit data from 2001 to 2007 to measure non-residential, infill, redevelopment. Refill rates are defined as the percent of all commercial and industrial space constructed on already developed sites, compared with the overall increase in space in the same time period. Redevelopment was categorized by an increase in square footage. Throughout the study, rates are broken out into two categories: percent of space and permit value, which is quite different than percent of land area. Of 3,363 permits issued, 1,742 (52%) added new capacity. Of those permits, the refill rate for commercial property was 59% and for industrial property 22%, when measured by square feet of capacity. When measured by value, a rate of 70% was found for commercial, and 35% for industrial. In addition, the authors found there was twice as much commercial development on refill land as there was on vacant land, by number of permits. Additionally, the median square footage of development on vacant land was higher than refill by ~35%.

Oregon Metro. *Refill Report—Measuring Past Refill Rates and Forecasting Future Refill. Economic and Land Use Forecasting Measurement Program, December 2011.*

Initially, the authors outline the importance of refill rates on urban growth, and how it relates to developing estimates for future land supply. Metro is unique in that these rates are legally required to be measured, and subsequently incorporated into their long range comprehensive plan. Briefly they mention from 2001-2006, refill accounted for 35-45% of residential development, and between 2001 and 2007, refill accounted for 60-70% of commercial development. Between 1996 and 2006, residential refill rates in the Metro area ranged between 18% and 42%, with an average of 31.6%. Commercial refill rates are aggregated over time, and are equivalent with the *Non Residential Refill Rate Study* discussed above— from 2001-2007, the refill rate for commercial property was 59% when measured by square footage, and 70% when measured by permit value.

The authors then attempt to develop a model to estimate future infill rates. Their methodology is hard to understand, but they state assessor data is one of the most important pieces of base information when attempting estimates. The authors close with “In short, refill is not a determined quantity as theory would have it; rather it appears to be a statistical quantity requiring calibration and verification against actual refill events.”

E.D. Hovee & Company, LLC. City of Portland Economic Opportunities Analysis: Section 1. Trends, Opportunities & Market Forces. Prepared for: City of Portland Bureau of Planning and Sustainability. Adopted by Ordinance No. 185657. 3 Oct 2012.

This economic opportunities analysis (EOA) was done to examine the 20-year supply and demand for employment development and land in the city. While the analysis does not directly address how to predict rate of development or redevelopment of mixed-use, the analysis discusses mixed-use development and redevelopment as an important element in rising trends, opportunities, and market factors. The analysis identifies some important emerging trends within the study: First, the rise of more mixed-use development and high densities along major transit streets in neighborhood commercial corridors. Secondly, “expected space needs are relatively diverse, and there seem to be growing opportunities for more mixed-use and denser commercial space versus more traditional manufacturing and distribution activity” (v). Thirdly, while opinions of focus group members regarding greater density uses and redevelopment varied, focus groups discussed means by which to grow up rather than out.

Mixed-Use Development

Childs, Paul D., Riddiough, Timothy J., Triantis, Alexander J.. “Mixed Uses and the Redevelopment Option.” *Real Estate Economics*. Fall 1996. V24 3: pp. 317-339.

The primary purpose of this paper is to evaluate the potential for mixed-use development and redevelopment on property value, however the article also explores how the option and ability to implement mixed-use development and redevelopment affects the timing of initial land development. The authors found mixed-use development and redevelopment add to the value of the built property or under-developed land when the costs remain low. From this they conclude that there will be an increase in mixed-use development in soft and over-supplied markets. The authors argue that the “rate of development is faster... when costs to redevelopment are relatively low” (319).

Residential Redevelopment

Aichele, S., Andresen, J. *Spatial and Temporal Variations in Land Development and Impervious Surface Creation in Oakland County, Michigan, 1945-2005*. *Journal of Hydrology*, Issue 485, 2013.

While the authors are focused on the rate of change in impervious surfaces, their independent variable is the rate of residential development over time. The county in the study maintains a parcel specific GIS dataset, of which 356,000 of the 540,000 parcels are residential. The dataset includes the year the structure was built, or redeveloped—however the authors say most redevelopment is attributed to seasonal lakeside cottages becoming year round residences, and is not typical of the entire dataset. The authors found that residential lot size increased over time. Prior to the 1960s, most residential development was on parcels less than 8,000 square feet. However, starting in the 1970’s, lot size began to increase, and by the 1980s and 1990s, lot sizes of over 1 acre were not only common, but smaller lot sizes were no longer being built. The authors conclude “significant variability exists

in the form of suburban residential construction, depending on both lot size and date of construction.”

Charles, Suzanne. *Understanding the Determinants of Single Family Residential Redevelopment in the Inner-ring Suburbs of Chicago*. Urban Studies, Volume 50, Issue 8, June 2013.

The author analyzed parcel specific data of 128 neighborhoods in Chicago in an effort to find the determinants for redevelopment. She discusses the trigger for redevelopment in suburban residential areas as when a developer can justify a higher economic return on a more profitable use than what currently exists (i.e. single family home). Using demolition permits matched with property tax data between 2000 and 2009, the author used the following explanatory variables: housing characteristics (age, amenities, etc.), location relative to central business district, neighborhood socio-economics, and school district. The author found “properties with smaller houses, lower floor-area to lot-size ratios, and lower ratios of their value to that of their neighbourhood, as well as properties located in high-quality school districts, are more likely to be redeveloped. The median property value of a neighbourhood does not have a large effect on whether a property is redeveloped, but neighbourhoods with higher proportions of Black and Hispanic residents were significantly less likely to experience redevelopment.”

Charles, Suzanne. *The Spatio-temporal pattern of housing redevelopment in Suburban Chicago, 2000-2010*. Urban Studies, Volume 51, Issue 12, 2014.

The author used the same dataset as above to analyze where and at what speed suburban residential redevelopment occurs. She found “Findings confirm that teardown redevelopment is spatially clustered; forces above and beyond market forces contribute to teardowns, leading to a contagion effect.” The most common factor was found to be school district, and that redevelopment initially started in places with highest incomes and then spread to less affluent, surrounding neighborhoods. Additionally the author found suburban redevelopment has one major difference than urban redevelopment—the potential increase of property value over time drove redevelopment, as opposed to redeveloping solely for a higher current property value.

Skidmore, M., Peddle, M. *Do Development Impact Fees Reduce the Rate of Residential Development? Growth and Change*, Volume 29, Fall 1998

The authors examined the relationship between development fees and residential redevelopment in DuPage County, Illinois (located 30 miles from Chicago), between 1977 and 1992, during which it was the fastest growing county in the state in terms of absolute population growth. Comparing the date of adoption for impact fees, and development rates before and after adoption, the authors found they have a negative impact on redevelopment, reducing it by up to 25%. A case is made that impact fees can serve as a growth management tool, but can also discourage refurbishing of the current housing stock.

Wilson, B., Song, Y. *Do Large Residential Subdivisions Induce Further Development? Journal of the American Planning Association*, Volume 77, Issue 1, October 2010

Utilizing counties in Florida as a case study, the authors use empirical data and regression modeling to determine if large subdivisions spur the development of additional subdivisions. Analyzing parcel changes, they identify factors to predict which parcels will subsequently be redeveloped, based on a radius of ¼ mile, ½ mile, and 1 mile. The authors found a positive correlation between the proximity to a large subdivision, and the likelihood that a neighboring parcel would subsequently be developed. In an attempt to explain the phenomenon, they state “Large subdivision projects send at least two clear signals to other members of the development community: that residential development in the area is profitable, and that development proposals in this location are likely to be approved, or at least have a reasonable chance of being approved, by local government.”

Commercial Redevelopment

Munneke, H. *Redevelopment Decisions for Commercial and Industrial Properties.* Journal of Urban Economics, Issue 39, 1996

Munneke strived to provide empirical evidence for redevelopment decisions, namely that an investor would only choose to redevelop a site if the redeveloped value is higher than the value of the current property use. Using data from Chicago between 1987 and 1990 and looking at demolition permits and sale prices, Munneke found his hypothesis to be true. His evidence supports commercial and industrial sites will only be redeveloped when the value of the redeveloped parcel is higher than the current value of the parcel plus demolition costs.

Klebba, Jennifer R., Mindee D. Garrett, Autumn L. Radle, and Bryan T. Downes. "Downtown Redevelopment in Selected Oregon Coastal Communities: Some Lessons from Practice." *Downtowns: Revitalizing the Centers of Small Urban Communities.* New York, NY: Routledge, 2001. Print.

This chapter consists of five case studies of Oregon coastal cities in their efforts to redevelop downtown. The study covers the financial, physical, function, and political strategies used to encourage downtown redevelopment, as well as the primary obstacles each of the cities face. These challenges and obstacles include: absentee property owners, lack of public participation and stakeholder involvement/leadership, outside (state) agency hindrances, and land use decisions that have hindered the downtown economy.

Additional Articles

United States Environmental Protection Agency. *Attracting Infill Development in Distressed Communities: 30 Strategies.* EPA 230-R-15-001, May 2015.

McMahon, Edward T. *In Building Size and Age, Variety Yield Vibrancy.* UrbanLand: The Magazine of the Urban Land Institute. August 7, 2014

APPENDIX B: CASE STUDIES

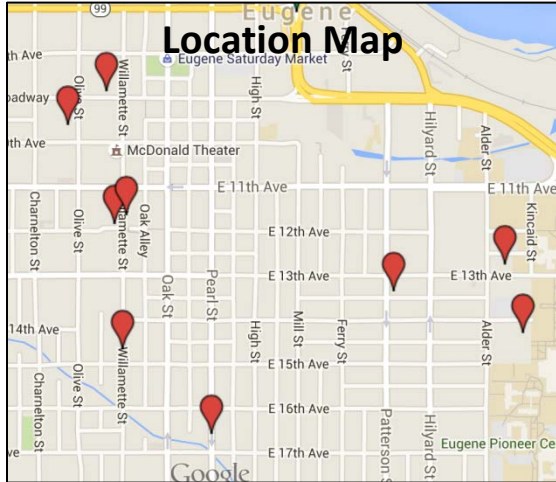
Appendix B presents detailed information for the mixed-use development and redevelopment case study communities. The research team conducted case studies of the following cities:

- Bend
- Corvallis
- Eugene
- McMinnville
- Monmouth
- Ontario
- Pendleton
- Salem

The research team conducted interviews with planners or city administrators from each of the case study communities. We requested that representatives from the case study communities identify mixed-use development and redevelopment activity using a Google map. We requested specific data about each development – the address, the type of development, and the number of dwelling units and/or employment space included with each development. We also asked city staff tell us about policies their city has adopted to encourage mixed-use development and redevelopment, their perceptions of market conditions for this type of development, and community attitudes toward this type of development. Summaries of each case study are included in Appendix B.

Eugene

Mixed-Use and Redevelopment Case Study



Summary Data

- ❖ City Population: **158,335**
- ❖ Total Developments: **9**
- ❖ Number of Buildings: **12**
- ❖ Approx. acreage: **Unknown**
- ❖ Number of Residential Units: **634**
- ❖ Employment square footage: **192,540 ft²**
documented

Development Narrative

	Type	Style	Details
1661 Pearl St.	Mixed-use Development	Mixed-Use Apartment	This building included 100 residential units and 4,250 ft ² of commercial space and an enclosed parking garage.
101 W. 10 th Ave.	Mixed-use Development	Community College Downtown Center	This development included 255 dormitory style bedrooms in 178,140 total ft ² of combined residential, academic and office space.
45 W Broadway	Mixed-use Redevelopment	Remodel	This redevelopment added 16 residential units, and reduced the amount of commercial space.
1180 Willamette St	Mixed-use Development	New Construction	This 3-building development included 110 residential units and undocumented square footage of commercial space.
1331 Patterson St.	Mixed-use Development	Demolition and Rebuild	This apartment complex includes 100 dwelling units and undocumented square footage of commercial space.
1414 Kincaid St.	Mixed-use Development	Student Housing	This development includes 45 residential units, undocumented square footage of commercial space, and a parking garage.
839 E. 13 th Ave	Mixed-use Development	New Construction	This development consists of 3,297 ft ² of ground floor commercial and 2 second-floor dwelling units.
1167 Willamette St.	Mixed-use Development	Fire Replacement	This development includes 3 residential units over 4,250 ft ² of first floor commercial.
1460 Willamette St.	Mixed-use Development	New Construction	This 2-building development consists of 3 residential units over a garage and 2,603 ft ² of commercial space.

Community Context: Eugene

City Policies

Eugene has previously used Urban Renewal and Multi-Unit Property Tax Exemption (MUPTEx) to facilitate redevelopment in certain areas of the city. Redevelopment in the form of affordable housing has also been supported through the Low Income Rental Housing Property Tax Exemption (LIRPTE) and federal funds. The City has amended zoning code standards in some areas that make it easier to mix office and industrial uses (though that is not included in “mixed use” for the purpose of this DLCD study), to mix general employment and residential in employment zones, and to make it easier to develop housing in downtown (a mixed-use zoning district).

Market Forces

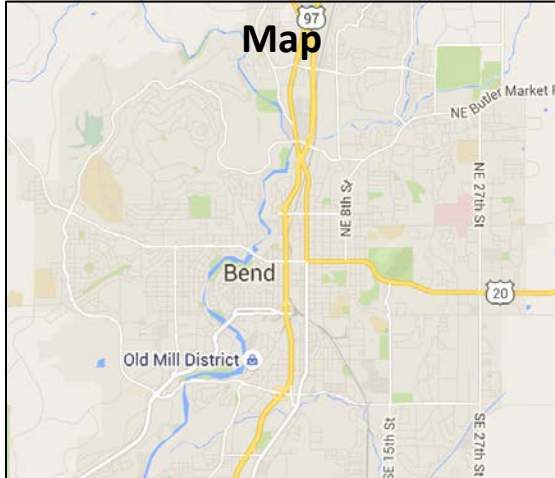
For housing redevelopment, a city study found that there has not been significant activity except for special markets like student housing or development that is supported by incentives like tax exemptions or affordable housing funding. Based on key observations from a pro forma based analysis for estimating market driven redevelopment, redevelopment is highly sensitive to rent rates, construction cost and buyer behavior. In Eugene, rent rates have been flat for many years, yet construction costs have continued to rise. Low average wages in the community contribute to low rent and lease rates. As a result, market conditions are difficult for redevelopment in Eugene and very little market-driven redevelopment is expected to happen over the next 20 years. In many employment-related redevelopment cases, the redevelopment expected would not meet the definition of this study as it would replace one lower density use with another and not actually adding more employment square footage.

Attitudes Towards Development

Community – Envision Eugene, the community vision for the next 20 years of growth, includes the facilitation of residential redevelopment including mixed-use development along key corridors as a primary growth strategy. Mixed use is generally conceived of horizontally, rather than only vertically in the same building. The community has been very supportive of the code amendments described above that allow mixed use. All of the significant residential redevelopment of the past five years has been in the form of student housing, and the city has heard concerns about neighborhood character, regardless of whether it is in the form of redevelopment or greenfield development. Attitudes towards financial tools that support redevelopment are mixed in the community.

Bend

Mixed-Use and Redevelopment Case Study



Summary Data

2012 Population: **77,455**

Total Developments: **0**

Number of Buildings: **0**

Approx. acreage: **0**

Number of Residential Units: **0**

Employment square footage: **0**

Development Narrative

No developments fit the criteria for mixed-use or redevelopment from the past five years. Some properties have been rezoned in such a way to support future mixed-use or redevelopment, but no actual construction has occurred outside of greenfield development in the past five years. The vast majority of recent development has been in the form of single-family detached housing. The city has areas of mixed-use development (e.g. Mill district), but those are generally a mix of uses within an area, rather than a mix on a single tax lot.

Community Context: Bend

City Policies

The city does not have any policies to specifically encourage redevelopment or mixed-use currently. Some special planned areas such as the Mill District, Northwest Crossing, and Murphy Crossing encourage mixed-use in the zoning, but not through policies or programs. These areas promote a mix of housing types and employment. The Central Oregon Community College also has a master plan with a mix of uses, which it is in the process of developing. The City does have a track record of working with developers who want mixed-use or redevelopment to assist them, but not through policies or programs. The upcoming UGB expansion package will include efficiency measures to encourage redevelopment in targeted areas.

Market Forces

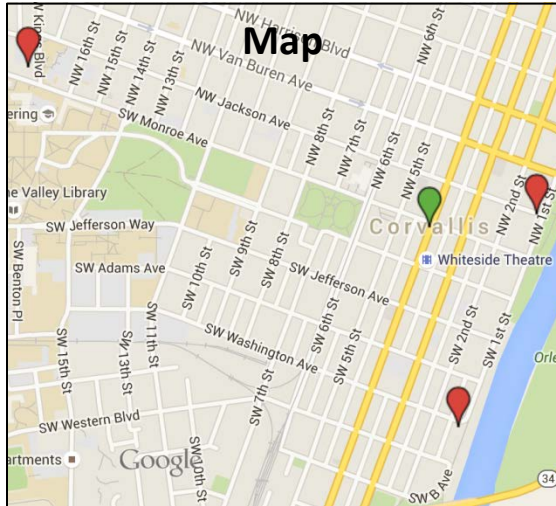
Due to the current ease of greenfield development, the market is not pushing for either mixed-use or redevelopment. Land prices are rising, but not enough to divert the trend from single-family construction. Some multi-family housing has been built recently, but on a small scale. Anecdotally, system development charges have been suggested as a limiting factor to some development.

Attitudes Towards Development

Community – There are certain political interests that want to see mixed-use and infill, but neighborhood residents often resist things like accessory dwelling units and short-term rentals. Oregon State University has been approved to build a 4-year university in Bend and found a good site, but also faced significant opposition in the form of an appealed site plan. The City is still working on bridging the communication gap between these interests.

Corvallis

Mixed-Use and Redevelopment Case Study



Summary Data

- ❖ 2012 Population: **55,055**
- ❖ Total Developments: **3**
- ❖ Number of Buildings: **3**
- ❖ Approx. acreage: **Unknown**
- ❖ Number of Residential Units: **unknown**
- ❖ Employment square footage: **Unknown**

Development Narrative

	Type	Style	Details
The Jax	Mixed-Use Development	High-end apartments	This development includes retail on the first floor, high-end apartments on the upper floors, and surface parking.
The Renaissance	Mixed-Use Development	High end condominiums	This development consists of below-ground parking, ground floor retail, and offices and condominiums on the upper floors.
OSU Building	Mixed-Use Development	Student Housing with mixed employment	This building was originally built by the OSU bookstore, but was since leased to restaurants (including McMenamins), coffee shops, offices and 2 or 3 floors of student-oriented apartments

Community Context: Corvallis

City Policies

Corvallis does not have any financing programs to support mixed-use projects or redevelopment, but the code does encourage mixed-use through zoning and minimum floor to area ratios (FARs) The downtown area also has relatively low parking requirements, which can help mixed-use projects pencil out.

Market Forces

There is a market push around student housing, but the type of residential redevelopment that has occurred has primarily been the replacement of fraternity and sorority houses with townhomes, which is difficult to categorize as redevelopment in this case. Similarly, single-family homes are being “redeveloped” as larger single-family homes, which do not qualify as redevelopment for this study.

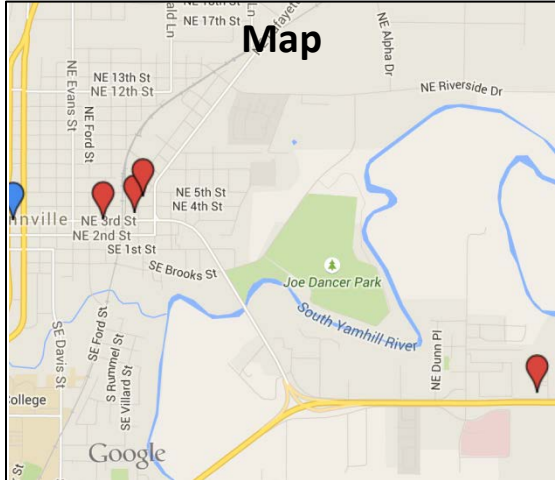
Attitudes Towards Development

Community – The community has expressed some reservations about residential redevelopment based on parking impacts and other changes to the neighborhood character. The response to mixed-use projects depends on the individual development, but has generally been positive or neutral.

Elected Officials – Elected officials have not expressed objections to mixed-use projects, but they have not directly offered support. Redevelopment has a more negative perception as a type of development that can raise conflicts and result in loss of neighborhood character.

McMinnville

Mixed-Use and Redevelopment Case Study



Summary Table

- ❖ 2012 Population: **32,435**
- ❖ Total Developments: **4**
- ❖ Number of Buildings: **4**
- ❖ Approx. acreage: **2.6**
- ❖ Number of Residential Units: **50**
- ❖ Employment square footage: **47,970**

Development Narrative

	Type	Style	Details
Village Quarter	Mixed-Use Development	Demolition and New Construction	This development included 50 residential units in the form of senior-only affordable housing and 9,799 ft ² employment space replacing a dilapidated storage barn.
Kaos	Employment Redevelopment	Demolition and New Construction	This development replaced a single-story repair shop with increased space totaling 13,200 for office, restaurant and retail uses.
Marjorie House Memory Care Facility	Employment Redevelopment	Demolition and New Construction	This 44 bed facility of roughly 21,150 ft ² replaced an older home and garage in what had largely developed as a commercial area in an office residential zone.
Buchanan Cellars	Employment Redevelopment	Demolition and New Construction	This development replaced two older homes with 3,920 ft ² for employment and warehouse uses.

Community Context: McMinnville

City Policies

The four developments described above were constructed without any incentives from the city itself aimed at mixed use or redevelopment. The Village Quarter development received application fee discounts as an affordable housing project. Zoning is generally friendly to mixed use, with most commercial zones allowing multi-family housing outright. The City adopted an urban renewal district about a year and a half ago, but this tool has not yet been implemented regarding either mixed-use or redevelopment.

Market Forces

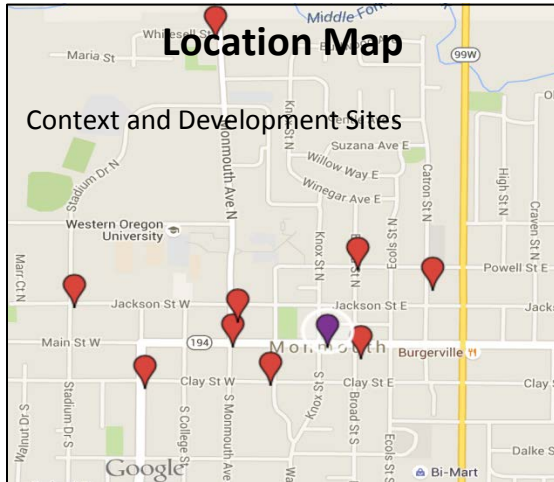
The market in McMinnville has not seen a strong push for redevelopment or mixed-use projects. The City would support such developments if they were proposed, but the market has been slow. McMinnville's distance from Portland may have an impact on the market push, as it is just far enough away that development does not respond to those market forces.

Attitudes Towards Development

Community – The community is fully supportive and has been excited to see the development that has occurred. The Kaos building was a particularly exciting case, as it took its name from an illegal WWII radio station, and has strong roots in local history. There has not been much development in the past ten years.

Monmouth

Mixed-Use and Redevelopment Case Study



Summary Data

- ❖ City Population: **9,755**
- ❖ Total Developments: **9**
- ❖ Number of Buildings: **9**
- ❖ Approx. acreage: **Unknown**
- ❖ Number of Residential Units: **34**
- ❖ Employment square footage: **3,000**

Development Narrative

	Type	Style	Details
183 Main St W.	Mixed-use Redevelopment	Rebuild of Burned Commercial	This building was a restaurant that burned and was rebuilt with six 2 nd story apartments (3800 ft ²) and an additional 3000 ft ² of retail. The City assisted with a grant/loan package using Urban Renewal District funds.
169 Broad Street S.	Mixed-use Redevelopment	Rehab	This development added a 2 nd story apartment (540 ft ²) to existing retail. The City assisted with a façade improvement grant.
159 Monmouth Ave	Mixed-use Redevelopment	Rehab	This development added a 2 nd story duplex (2552 ft ²) to existing retail. The City assisted with a façade improvement grant.
220-250 Warren St	Residential Redevelopment	Demolition and Rebuild	This development replaced a single family with two duplexes (6,000 ft ²).
595-599 Jackson Street	Residential Redevelopment	Demolition and Rebuild	This development removed an existing single-family home and added a triplex (4004 ft ²).
227-233 Whitman St	Residential Redevelopment	Rehab	This development added a duplex onto an existing single-family house (2936 ft ²).
231 Whitesell Street W. 1-7	Residential Redevelopment	Demolition and Rebuild	This development replaced a single family dwelling with 7 apartments (11,820 ft ²).
285 Broad Street N.	Residential Redevelopment	Rehab	This development added two quad dwellings onto a single-family (721 ft ²).

Community Context: Monmouth

City Policies

Monmouth uses its Urban Renewal District and Main Street District to encourage redevelopment and mixed use development.

Urban Renewal – The City has offered loan/grant packages and a dozen façade improvement grants through Urban Renewal funds to encourage redevelopment and mixed-use within the Urban Renewal District.

Main Street District – The City also encourages mixed-use development through code in its Main Street District. Any development of a certain size must include commercial element as primary use.

Additional policies focus on the downtown core for economic development, which encourages redevelopment.

Market Forces

The market pushes redevelopment and mixed use. When opportunities to develop become available, developers actively pursue them. The university student population is a primary driver of the market. Due to the size of the city and historic patterns, student housing is dispersed throughout the city. In Monmouth, 40% of housing is of duplex or higher density. For properties in medium or high-density zones, additional units can be built without dividing properties.

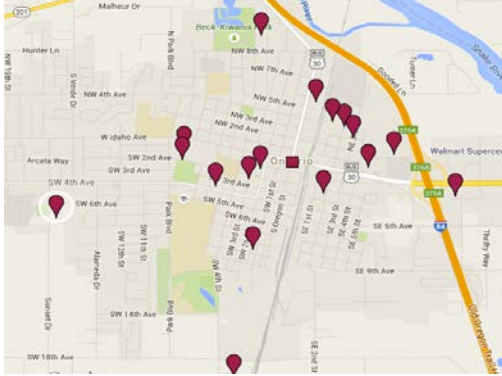
Attitudes Towards Development

Community – The community is generally supportive of mixed-use and redevelopment projects, in part because the developments tend to be small. In the long term, this development is the payoff of 15 years of investment in downtown. While students drive the market demand for the housing, the community has a positive attitude towards students and the University. City staff suggested that the students who come to Western Oregon University are looking for a smaller, quieter community for their college experience, and their behavior does not result in conflict with residents.

Ontario

Mixed-Use and Redevelopment Case Study

Map



Summary Data

- ❖ 2012 Population: **11,147**
- ❖ Total Developments: **17**
- ❖ Number of Buildings: **18**
- ❖ Approx. acreage: **Unknown**
- ❖ Number of Residential Units: **1**
- ❖ Employment square footage: **17828+** (some additions' square footage unknown)

Development Narrative – Profiles of Six Selected Sites

	Type	Style	Details
589 NE 1 st St.	Industrial Redevelopment	Addition of a rail dock & conditioning tower	Americold, a cold storage facility, has made two separate additions on different lots in 2011 and 2015 respectively. Both have increased employment square footage by a total of about 7000 ft ² .
1255 SE 1 st Ave.	Commercial Redevelopment	Restaurant addition	Wingers Roadhouse Grill, a restaurant near I-84 added 1008 ft ² to their establishment in 2011.
555 SW 4 th Ave.	Commercial Redevelopment	Grocery store addition	The Red Apple Marketplace is a full service, faith-based grocery store that added 611 ft ² in 2013.
201 SE 2 nd St.	Commercial Redevelopment	Retail store addition	Wilkins Saw and Power Equipment is a retail hardware store that added 800 ft ² of retail space in 2014.
702 Sunset Dr.	Office Redevelopment	Office space addition	Lifeways is a behavior health clinic that offers mental health services in Eastern Oregon and Western Idaho. The Ontario location shares a building with the DMV and added 700 ft ² of office space in 2015.
863 SW 1 st St.	Residential Redevelopment	Single family converted to duplex	In 2012, this lot added an additional house behind the main structure, increasing the residential capacity by 1 unit.

Community Context: Ontario

City Policies

System Development Charges (SDCs) – The City of Ontario normally uses SDCs to cover the infrastructure costs associated with development. The City uses SDCs to cover water and sewer system improvements and transportation improvements. Water and sewer SDCs depend on the water meter size of added development, while the transportation SDCs depend on number of residential units (for residential development), number of employees or users (for industrial or institutional development), or square footage (for commercial development). For 2014 and 2015 however, the City has placed a moratorium on SDCs to encourage development. As long as the moratorium lasts, developers are not responsible for paying SDCs.

Code Review Streamlining – The City has also streamlined the review process for new developments. The Hearings Officer now has more authority to approve proposed developments. The City made this change recently in the hopes that a quicker approval process would incentivize development.

Market Forces

The research team was unable to speak to local officials about market forces.

Attitude Towards Development

Community – According to Ontario's Planning and Economic Development Director, the residents of Ontario are very supportive of development. Residents want to see their city grow and improve.

Elected Officials – Ontario's Planning and Economic Development Director says that current and past elected officials have been very active in promoting development in the City. Elected officials were responsible for the moratorium on SDCs and also played a role in pushing for a streamlined review of new development proposals.

Pendleton

Mixed-Use and Redevelopment Case Study

Location Maps



Summary Data

- ❖ 2012 Population: **16,715**
- ❖ Total Developments: **3**
- ❖ Number of Buildings: **4**
- ❖ Approx. acreage: **Unknown**
- ❖ Number of Residential Units: **20**
- ❖ Employment square footage: **Unknown**

Development Narrative

	Type	Style	Details
421-423 S Main St.	Mixed-Use Redevelopment	Rehab of historic building	This building is part of the downtown historic district and falls within Urban Renewal boundaries. City granted urban renewal funds for redevelopment: \$100k for an elevator, \$25,500 for façade improvements, and \$10k for a sewer line. The upper level, previously vacant, now has 6 residential units. Ground floor houses office space, a salon, a dance studio, and a photography business (unknown square footage).
S Main St. Duplex	Residential Redevelopment	Demolition and rebuild	This property originally had one residential structure and falls within Urban Renewal boundaries. City granted urban renewal funds for redevelopment: unknown amount for demolition of existing structure. Developers recently completed a duplex on the lot.
Frazer Apartments	Residential Redevelopment	Demolition and rebuild	This property originally had one residential structure and a mobile home, and falls within Urban Renewal boundaries. City granted urban renewal funds for redevelopment: unknown amount for demolitions of existing structures. Developers recently completed a 12-unit apartment complex on the lot.

Community Context: Pendleton

City Policies

Pendleton uses both Urban Renewal and land acquisition to encourage redevelopment.

Urban Renewal – The City offers grants, funded through Urban Renewal, for demolitions, façade improvements, and improvements to 2nd story access. The City also often assists with land preparation using Urban Renewal funds.

Land Acquisition – Although land acquisition has not spurred redevelopment in the past 5 years, the City occasionally purchases and sells or leases land to developers at reduced rates to encourage development. The City's recent acquisition and preparation of vacant land near the Olney Cemetery resulted in the development of 25 new residential units, with the potential for 47 more units in the future.

Market Forces

Pendleton lacks a robust supply of mid-range to high-end residential units. Much of the redevelopment described in the Development Narrative above resulted partially from developers' desire to improve and expand Pendleton's housing stock. In 2010, the developer of 421-423 S Main cited the lack of higher-end housing as his primary impetus for redeveloping the Main Street property (*East Oregonian*, 4/21/10).

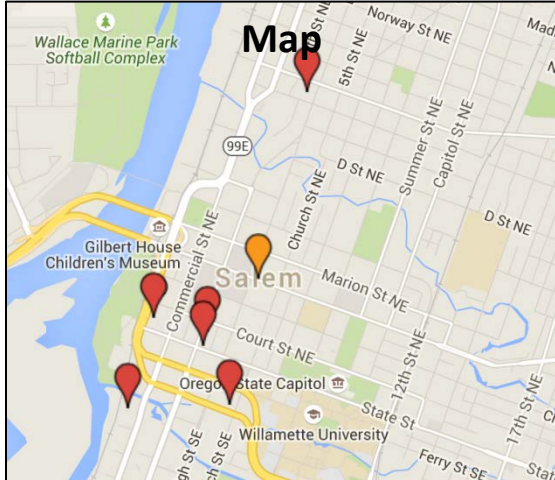
Attitudes Towards Development

Community – According to Pendleton's planning and community development staff, residents have a wide range of opinions regarding redevelopment. While many residents support the idea of development and growth in their city, many dislike the disruptions caused by redevelopment, and others feel the Urban Renewal district unfairly has access to more resources than other areas of the city.

Elected Officials – Pendleton's planning and community development staff report that the City Council generally supports and encourages redevelopment, particularly through their function as the Pendleton Development Commission, the entity that administers Urban Renewal funds. One member of Pendleton's City Council is himself a developer and has leveraged Urban Renewal funding often for improvements and expansions of residential units in the downtown core.

Salem

Mixed-Use and Redevelopment Case Study



Summary Table

- ❖ 2012 Population: **147,250**
- ❖ Total Developments: **6**
- ❖ Number of Buildings: **6**
- ❖ Approx. acreage: **Unknown**
- ❖ Number of Residential Units: **275**
- ❖ Employment square footage: **110,902**

Development Narrative

	Type	Style	Details
South Block Apartments	Mixed Use Redevelopment	Demolition and Rebuild	This redevelopment of a former paper manufacturing plant includes 185 residential units and approximately 15,000 ft ² of commercial space.
295 Church Street	Mixed Use Redevelopment	Demolition and Rebuild	This redeveloped site includes 27 units and 14,400 ft ² of commercial space.
Broadway Town Square	Mixed Use Redevelopment	Demolition and Rebuild	This redevelopment of a former fraternal organization property includes 21 residential units and 19,000 ft ² of commercial space.
Metropolitan	Residential Redevelopment	Mixed Use Renovation	This renovation of a downtown building added a new residential floor with 8 units and had existing 20,900 ft ² of commercial space.
The Rivers	Mixed Use Development	New Construction	This condominium tower includes 25 residential units and 30,715 ft ² of commercial space.
McGilchrist-Roth Building	Mixed Use Redevelopment	Historic Building	This redevelopment of a downtown historic building included 9 residential units and 10,887 ft ² of commercial space.

Community Context: Salem

City Policies

Salem has primarily supported mixed-use development and redevelopment through its Urban Renewal District and Historic district downtown and in nearby areas. These are also the areas with zoning that allows mixed use. The City is also working to simplify the zones that allow mixed use, which are primarily overlay zones at this point.

Urban Renewal – The City offers grants and tax breaks, funded through Urban Renewal, for demolitions and renovations in the downtown Urban Renewal district.

Historic Preservation – Historic preservation incentives come in the form of state and federal tax breaks, with some small city grants. While most historic districts are strictly residential, the downtown historic district is used to promote redevelopment and mixed use.

Market Forces

Mixed-use development was much more prevalent during the height of the market. Since the Great Recession, many of those developments lost money, though they are starting to be successful now. Particularly mixed-use developments with expensive condos struggled to make a profit since single-family homes are relatively inexpensive in Salem. The market is still not strong for mixed use, so the City uses incentives strategically.

Regarding redevelopment, there was much more residential infill in the past ten years through lot divisions and accessory dwelling units, but that has tapered off due to the market crash and small lot sizes. Employment redevelopment is occurring in South Salem exclusively due to market forces. The City does not have any programs to support it, but strip malls are being redeveloped and quickly leased. Other parts of town have no redevelopment, so it is highly dependent on the area.

Attitudes Towards Development

Community – The community is generally quite supportive of mixed use and redevelopment. The City is looking to meet some of its current residential land need through mixed-use development, and City staff indicated that the public seems to support this strategy.

Elected Officials – City Council and other leadership are very supportive of mixed use. The mayor lives in a mixed-use building.