MEMORANDUM

To: Danelle Isenhart
Isenhart Consulting, LLC

From: Bill Reid, Principal
PNW Economics, LLC

Subject: Claus Property Zone Change Application: Additional Issues

Date: November 24, 2015

Dear Danelle:

During City of Sherwood staff review of the Claus Property zone change application for General Commercial (GC) to Medium Density Residential-Low (MDRL), additional questions were raised by staff pertaining to economic need arguments supporting the rezone. This memorandum is intended as a response to the following issue:

- Sherwood Goal 9 Employment Land need concerns due to the size of the property exceeding 2 acres.

Sherwood Goal 9 Land Need Concern

PNW Economics reviewed the most recent Goal 9 Employment Land/Economic Opportunities Analysis for the City of Sherwood, the November 2006 "City of Sherwood Economic Development Strategy."[1] The document is intended as an update and policy elaboration of the Growth Management Chapter (Chapter 3) of the City's Comprehensive Plan. The following policies relate to General Commercial-zoned land and development in that document. Policy strategies that are particularly pertinent for the subject property are in bold-face followed by response as it relates to the subject property's current zoning:

"General Commercial (GC). The GC zoning district provides for commercial uses that ***require larger parcels of land,*** *and/or uses that involve products or activities which require special attention to environmental impacts as per Chapter 8 [environmental resources]."* (Emphasis added)

c. Commercial Planning Designation Objectives

2) General Commercial (GC) This designation is intended to provide for primarily highway, wholesale, and ***large commercial uses*** *which may not be appropriate in central retail areas or within residential neighborhoods. This designation is applicable in the following general areas. Where uses may be*

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[1]https://www.sherwoodoregon.gov/sites/default/files/fileattachments/Economic%20Development/page/85/economic_development_strategy.pdf

separated from primarily retail and personal service land uses. Where impacts on residential uses can be minimized. Where adequate off street parking, good pedestrian access and access onto major streets is or can be made available. Where a full range of urban facilities and services are available or can be provided in conjunction with development".

PNW Economics Response: Located along Pacific Highway with access from Pacific Highway assured, the existing 5.9-acre parcel zoned General Commercial is appropriately located and situated to meet most of the above conditions of the GC zoning designation regarding location, proximity to residential development, lack of impact upon neighborhoods, and access, parking, and available services.

At roughly 5.9 acres currently and without the rezone application, the site fails to meet the "larger parcels of land" or "large commercial uses" basic requirement of GC zoning. Table 1 below provides calculation of potential commercial space yield for the following:

- The entire 5.9 acres "as-is" zoned GC; and
- The 3.2 acres with Pacific Highway frontage and access that would remain zoned GC with the rezone application.

TABLE 1: CLAUS PROPERTY COMMERCIAL SPACE YIELD ANALYSIS – EXISTING & WITH REZONE

	Measure	Unit	Comment/Source
GC-Zoned Site Without Partial Rezone			
	5.9	Acres	Gross Site Size (Acres)
x	0.9		Gross-to-Net Reduction
=	5.3	Acres	Net Site Size (Acres)
x	43,560	Square Feet	Per Acre
=	229,735	Square Feet	Net Site Size (Square Feet)
x	0.25	FAR	Floor Area Ratio for suburban commercial
=	**57,434**	**Square Feet**	Neighborhood Center (International Council of Shopping Centers)
GC-Zoned Site With Partial Rezone			
	3.2	Acres	Gross Site Size (Acres)
x	0.9		Gross-to-Net Reduction
=	2.9	Acres	Net Site Size (Acres)
x	43,560	Square Feet	Per Acre
=	126,237	Square Feet	Net Site Size (Square Feet)
x	0.25	FAR	Floor Area Ratio for suburban commercial
=	**31,559**	**Square Feet**	Neighborhood Center (International Council of Shopping Centers)

SOURCE: ICSC (http://www.icsc.org/uploads/research/general/US_CENTER_CLASSIFICATION.pdf) and PNW Economics, LLC

If the entire parcel were developed, as is, as General Commercial development under somewhat optimistic gross-to-net acreage conversion of 0.9, the site only yields roughly 57,000 square feet of commercial space. According to International Council of Shopping Centers/Urban Land

Institute definitions of commercial center types, a 57,000 square foot center would fall under the "Neighborhood Center" category and would fail to meet the threshold of a "large" center.

Under the current rezone application of the northern part of the parcel, the roughly 3.2 acres that would remain zoned GC and located along Pacific Highway is estimated to yield roughly 32,000 square feet of commercial space. A center of this size, though smaller, still qualifies as "Neighborhood Center" under International Council of Shopping Center/Urban Land Institute guidelines.

In conclusion, with or without a rezone of part of the Claus property in question, the GC zoning on-site is actually inappropriate given the smaller size of the whole parcel. Without a rezone or with, the parcel only yields Neighborhood Commercial-scale commercial development.

So although City of Sherwood's Comprehensive Plan/Goal 9 policies identify General Commercial land and development as important for the community, the Claus Property fails to yield General Commercial-scale and type of development even in its entirety without a partial rezone.

PNW Economics, LLC concludes that the rezone does not trigger a Goal 9/Employment Land concern due to the fact that the site entirely fails to meet the General Commercial zoning designation goal of larger commercial.

And yet, with the partial rezone, the property still provides the same commercial center type, "Neighborhood Commercial," as if the property is not partially rezoned. But with the partial re-zone, the remaining 3.2 acres of the parcel zoned GC would be better supported by additional and pedestrian-connected residential development as proposed under the zoning change application.