



Valley Concrete Site Concept Plan & Report

Independence, Oregon

30 May 2014

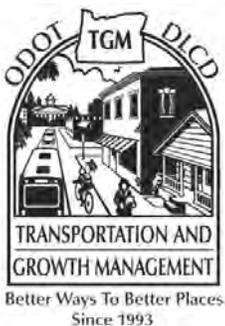
Acknowledgments

Project Management Team

Laura Buhl, Transportation and Growth Management Program
Dan Fricke, ODOT Region 2
Angela Lazarean, DLCD
Shawn Irvine, City of Independence
Mike Danko, City of Independence
KC Klosterman, Oldcastle Materials

Consultant Team

SERA Architects, Planning and Urban Design (Project Lead)
Johnson Economics, Market Analysis
Kittelson and Associates, Transportation
GreenWorks, Landscape Architecture



This Project is partially funded by a grant from the Transportation and Growth Management (TGM) Program, a joint program of the Oregon Department of Transportation and the Oregon Department of Land Conservation and Development. This TGM grant is financed, in part, by federal Moving Ahead for Progress in the 21st Century (MAP-21), local government, and the State of Oregon funds.

The contents of this document do not necessarily reflect views or policies of the State of Oregon.

Report Contents

1	Section 1. Introduction / Executive Summary
3	Section 2. Process Overview
5	Section 3. Context
9	Section 4. Site Potential
11	Section 5. Conceptual Development Program
19	Section 6. Transportation
21	Section 7. Cost Forecasts
23	Section 8. Next Steps
A-1	Section 9. Appendices
A-3	Preliminary Concept Plans
A-7	Project Management Team Meeting Notes
A-13	Developer Interview Notes
A-17	Additional Stakeholder Interview Notes
A-21	Design Workshop Notes
A-27	Development Feasibility Analysis
A-65	Cost Forecast Details
A-67	Hotel Layout Concepts

This page intentionally left blank

1. Introduction / Executive Summary

Over the last 15 years, Downtown Independence, Oregon, has experienced a revitalization – spurred on by a series of adopted plans; municipal investments in a new streetscape for Main Street, a premiere City park and amphitheater (Riverview Park), and a new Civic Center; and private investments in Downtown buildings and businesses. Downtown is also home to a 30-block Historic District that appears on the National Register of Historic Places.

Adjacent to Downtown – between Main Street and the Willamette River – is the Valley Concrete site, an 18-acre, industrially-zoned property that is home to a ready-mix concrete operation. The City's 2020 Vision Plan (adopted in 2009) included concepts for housing and mixed-use development on the Valley Concrete site that would bolster Independence's restored Downtown. When Oldcastle Materials, the site's owner, expressed an interest in relocating Valley Concrete's ready-mix concrete operation and putting the property itself up for sale, the City secured a State Transportation and Growth Management (TGM) Quick Response grant to further develop concepts for the site's future.

The stated goals for the TGM grant were as follows:

- Develop new, illustrative, conceptual architectural and site plans for the Valley Concrete site consistent with TGM objectives. Concepts will meet the City's development goals and standards.
- Determine the market feasibility of various types and sizes of mixed-use development products in the Project Area, and identify barriers to, and potential incentives for, development consistent with City and TGM objectives.
- Determine what transportation improvements may be needed to accommodate and support mixed-use development on the Valley Concrete site.



Conceptual plan view of the recommended redevelopment scheme for the Valley Concrete site.



Conceptual illustration of the Valley Concrete redevelopment. Main Street lies to the west (in the bottom right corner of the image); Riverview Park is to the north (bottom left); and the Willamette River to the east (top of the image).

Key to the project’s success was the involvement of key agency and property stakeholders (including representatives from the City of Independence, TGM, the Oregon Departments of Transportation and Land Conservation and Development, and Oldcastle Materials) as well as representatives from Downtown Independence and the larger community/region (including Downtown business and property owners, area vintners, and representatives from Western Oregon University and the Confederated Tribes of Grand Ronde.)

Over the winter of 2013-14, the Project Team developed a concept for the Valley Concrete site that includes a mix of housing types (townhomes and apartments), a boutique or independent hotel, commercial/retail uses, and a series of open spaces that take advantage of the site’s proximity to Downtown and great views of the Willamette River. It is understood by all parties that the plan is both aspirational and flexible – that while the plan represents the community’s interest in the site, the actual implementation most likely be carried out by private interests, who may alter both the mix and layout of uses.

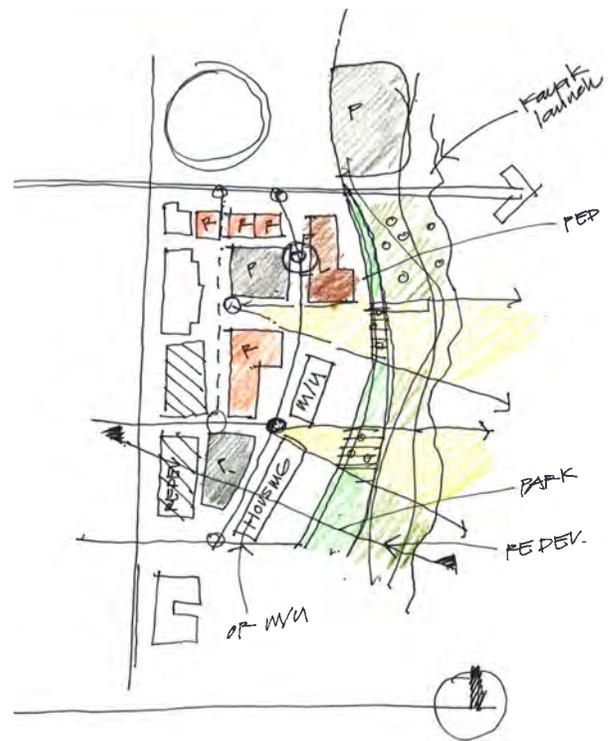
2. Process Overview

The Valley Concrete Development Site Concept Plan was prepared by a consultant Design Team under contract with the State of Oregon Transportation and Growth Management (TGM) Quick Response Program in close coordination with the City of Independence and Oldcastle Materials (site owner). Design Team members included staff from SERA Architects (project management, urban design, and planning), Johnson Economics (real estate and market analysis), Kittelson and Associates (transportation), and GreenWorks (landscape architecture). A Project Management Team (PMT) comprising representatives from TGM, the City of Independence, the Oregon Department of Transportation (ODOT), the Oregon Department of Land Conservation and Development (DLCD), and Oldcastle Materials oversaw the project and reviewed all work products. The process benefited greatly from input and guidance provided by the Independence City Council and Planning Commission, community members, local and area businesses, and surrounding property owners.

The project involved a series of tasks including site investigation, research, economic analysis, public outreach, design workshops, developer insight, and team meetings. The work scope was organized into the following tasks (detailed on the following page):



In February 2014, members of the project team led a day-long design workshop to engage members of the community in envisioning redevelopment options for the Valley Concrete site.



Concept sketch from the design workshop.



Concept sketch from the design workshop.



Site Concept 1 from the design workshop. Further details on the workshop outcomes and concepts are available in this report's appendices.

Information Assembly and Reconnaissance

- The Design Team prepared a base map depicting relevant existing site conditions.
- The team conducted a series of stakeholder meetings to assess the community's aspirations for the site. Participants included local business owners, community leaders, elected officials, local and state agencies, developers, a property owner representative, surrounding vineyard owners, and staff from Western Oregon University and the Tribes of the Grand Ronde.
- The team participated in a site tour to gain a better understanding of the landscape and context and to gather photographs for use throughout the project.
- The Design Team prepared an annotated Opportunities & Constraints Map documenting issues and opportunities on the site related to land use, floodplain and floodway, adjacencies, and connectivity.
- A Development Feasibility Memo was written outlining the possible types, sizes, and mixes of development for the project site.

Design Development and Refinement

- The Design Team led a one-day design Design Workshop with project team members and key stakeholders to develop concepts for the site. Using the Development Feasibility Memo and previous stakeholder input as guides for potential uses, participants developed four different site concepts addressing site circulation, open space configuration, program location and adjacencies, parking, and recreational opportunities. The team also prepared several perspective sketches of the proposed development schemes.
- The results of the workshop were reviewed and tested with three Mid-Willamette Valley developers to refine the mix of uses and overall site layout. The participants in these Developer Interviews represented a range of expertise and experience – including mixed-use housing, commercial/retail, hotel, and operations.

Concept Plan and Report

- The PMT synthesized the ideas generated at the design workshop and developer meeting to determine a Preferred Site Concept.
- Based on the input from the PMT, the design team completed the draft site plan and report for final review by the Independence City Council.

3. Context



The site is currently home to Valley Concrete, a ready-mix concrete operation.

Independence, Oregon, a city of 8,600 people located on the west bank of the Willamette River, is home to an 18-acre industrial site primed for redevelopment. The site, currently occupied by Valley Concrete, a ready-mix concrete operation, is situated between Independence’s Downtown Historic District and the river. Valley Concrete’s owner is Oldcastle Materials, which is interested in establishing a redevelopment framework for the property before putting it on the market for sale to a potential developer.

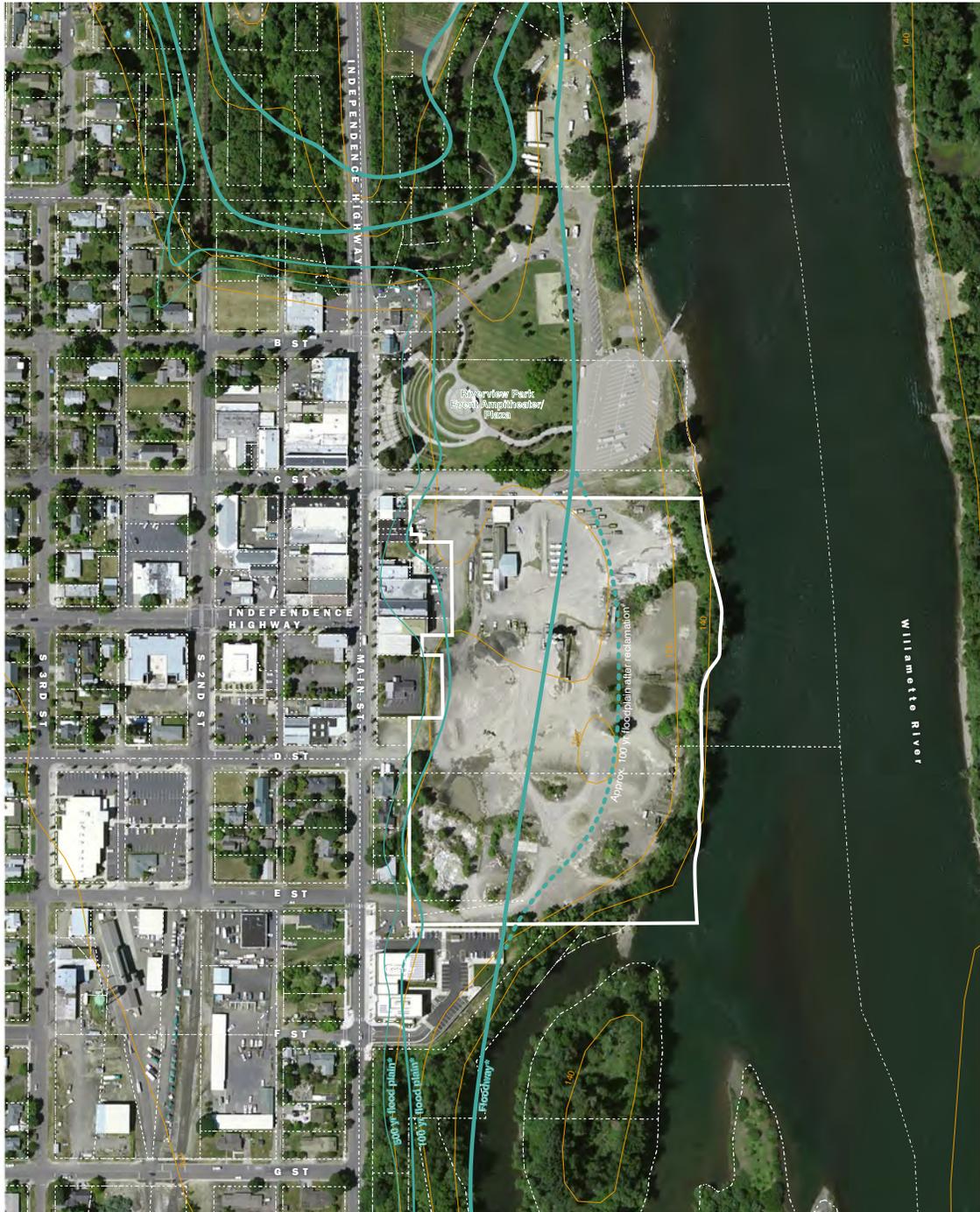
Independence’s Main Street has seen a tentative economic revival over the past several decades, capitalizing on the attractive small town character of the commercial core. The Valley Concrete site, which lies just east of downtown, west of the river, and south of Riverview Park, is a potentially transformative location for new housing and commercial uses that will further the city’s rejuvenation by bringing new businesses and residents to downtown and better connect the community to the Willamette River.

The proximity of the site to both Riverview Park and the Willamette River itself make it an attractive location for parks, open space, and an extension of the riverfront trail

network. The 100-year and 500-year floodplains cover significant portions of the site; the seasonal floodway also covers the eastern part of the property. A more recent survey of the property by the owners suggests that a sizable piece of the site could be removed from the floodplains through land reclamation and filling. Any future development would require a more extensive topological and geological survey to better understand these issues.

Photographs, maps, and diagrams illustrating site context, opportunities, and constraints are presented on the following pages.

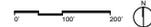
VALLEY CONCRETE SITE CONTEXT



*2006 Polk County data

NATURAL CONDITIONS

- Floodway
 - - - 100-yr Floodplain
 - · · · · Approx. 100-yr Floodplain After Reclamation
- 100 Year Floodplain
 - 500 Year Floodplain



EXISTING SITE CONDITIONS



The western edge of the site abuts the back of numerous Main Street businesses. Establishing better connections between the site and the existing downtown will be vital to the viability of each.

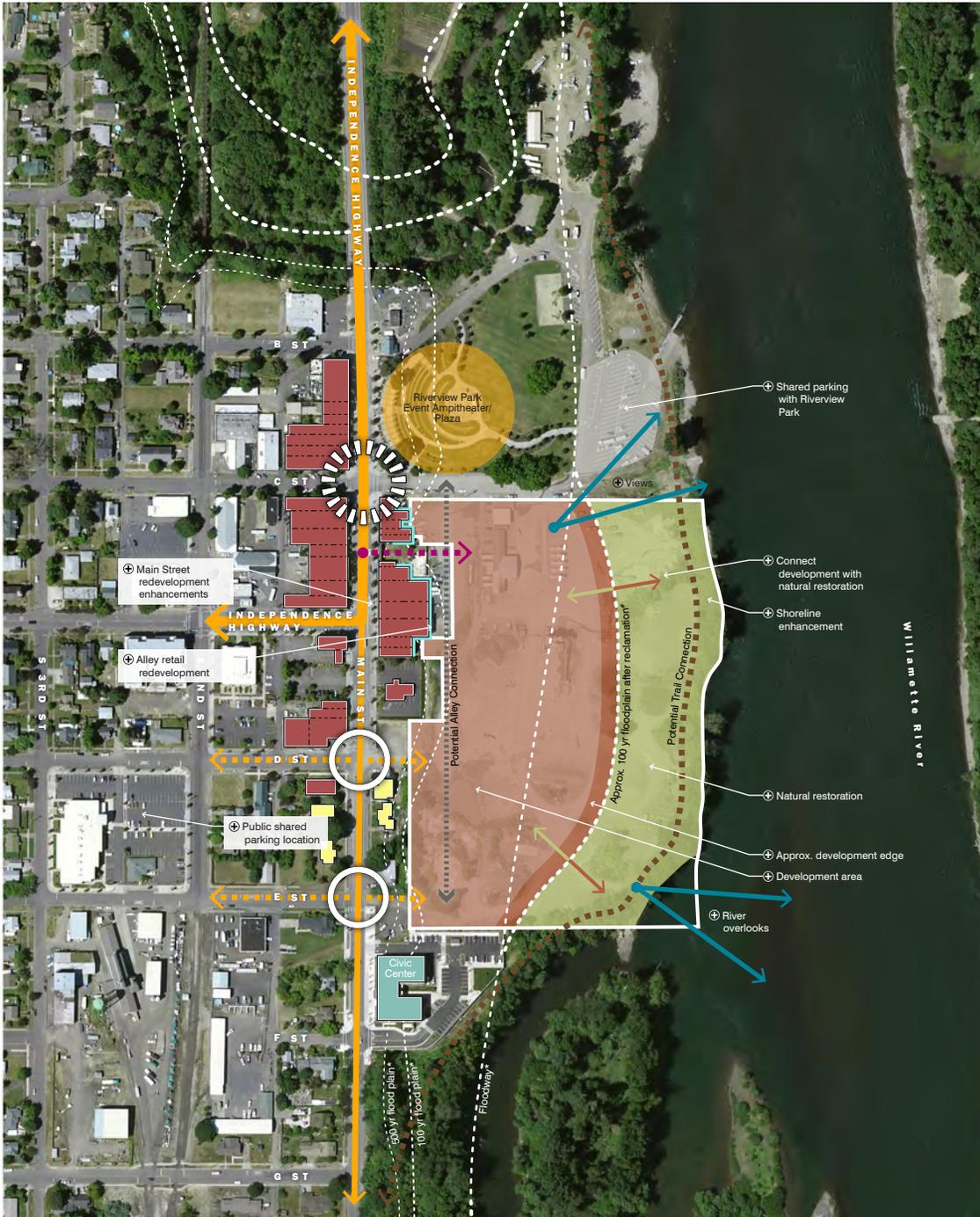


Sparsely wooded areas and large piles of gravel are pervasive on the site. Brush and shrubbery line the site on the banks of the Willamette.

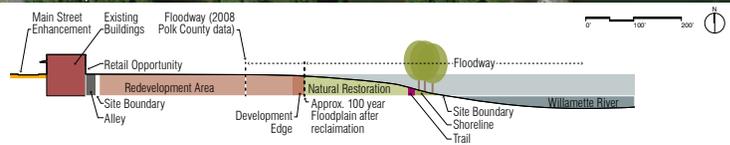


The site is currently zoned for heavy industrial uses and is located within the Independence Enterprise Zone and Urban Renewal District. Numerous single-story, nondescript buildings and gravel parking lots are scattered throughout the site.

VALLEY CONCRETE SITE OPPORTUNITIES & CONSTRAINTS



*2008 Polk County data
 *Based on property owner estimate



- | | | | |
|--|---|----------------------------|---|
| BUILDINGS | CONNECTIVITY | PLACEMAKING | |
| Retail/Commercial | Community Connection | Major Neighborhood Gateway | Existing Community Space |
| Residential | Neighborhood Connection | Minor Neighborhood Gateway | Viewpoint |
| Civic | Potential Business/Alley Connection | Minor Neighborhood Gateway | Alley Retail Redevelopment |
| | Potential Pedestrian Connection | | |

4. Site Potential

A development feasibility report was prepared as part of this study. The report included a market analysis and development feasibility analysis of major land use types in the area. This work outlined current and anticipated market conditions impacting viable development for the plan area. In addition, the report examined the specifics of the Valley Concrete property to identify site opportunities and constraints.

The Primary Market Area delineated for the study encompasses the cities of Independence and Monmouth. Generally, the Valley Concrete Development Site is part of a broader market area that exhibits good growth potential across most land use types. The healthy overall demand for different land use types in the larger market area provides flexibility in planning for the site.

The site enjoys many natural advantages and some challenges as a location for future development. The chief advantages of the area are its large size, central location, and riverfront setting. Challenges of the site include steep topography and the floodway limiting use on lower portions. The north end has the most potential for commercial and lodging due to visibility and access; residential may be better suited for the south and middle portions.

Housing Potential

The site is well suited for residential development given the desirability of the waterfront location. Attached housing, in some combination of rental units and ownership condominiums should be considered for a major share of this site. This housing will likely have a somewhat denser form than much of the city's housing and be oriented towards those who want to be close to the nearby recreation, dining, entertainment, and shopping amenities in the downtown area.

Residential uses do not need high visibility and therefore are appropriate for the middle and south portions of the site. Building siting should take advantage of the natural features and orient the structures to provide view access to the river.

Retail Potential

The north end of the site is a good location for retail use, due to visibility, access, and continuity with the downtown shopping district. In general, retail tenants prefer to be located near arterial streets or highways, due to greater traffic and visibility. They also prefer to be located near other businesses to create a greater draw.

Retail demand, including for dining, in the market area is projected to grow modestly and therefore the amount of retail space planned for the site should be carefully planned and perhaps phased over time. New space must complement and not soften the market for space in the historical buildings near the site. The location of lodging and/or additional housing units on the site would provide a boost to the new retail and commercial office space.



Townhomes with attractive private and shared outdoor spaces. (Highlands Neighborhood, Denver, Colorado)



Small, local shops and restaurants can enliven the area, providing jobs and creating an 18-hour-a-day atmosphere. (Corvallis, Oregon)



Two-to-four story retail, office, and residential live/work spaces can provide a variety of unique commercial and residential options. (Manzanita, Oregon)



A hotel with inviting outdoor seating surrounded by natural, local materials will make a great spot for visitors to appreciate the nearby river. (Puget Sound Environmental Learning Center, Bainbridge, Washington)

Commercial/Office Potential

The plan area presents a large site, suitable for potential office use. For many companies locating to the central Willamette Valley, this area may not seem central enough to be convenient for large-scale employee commuting, nor for interacting with other support businesses.

Demand for new office space will be muted until strong job growth returns in the Mid-Willamette Valley. Real estate developers are currently pursuing investment opportunities in existing office space, which is selling for below the cost of new development.

Without the identification of a specific new employer (or existing local employer) interested in locating to the site, it is recommended that any office uses at the site be small in scale. Some small-scale office space can be located with or near the retail space in flexible commercial buildings.

Hotel Potential

A previous market study completed by the City of Independence in 2012 found that, despite difficult conditions in the lodging industry, Independence is a good candidate for a modestly-sized hotel given the lack of competition in the area. The 2012 study did not consider this site as a potential location, and the consultant indicated that a larger, riverfront location may justify more rooms with a higher price point. The City is currently studying hotel feasibility on the Valley Concrete site.

The study concluded that the market would support a limited-service hotel with the following characteristics:

- 35 to 40 rooms
- Independently operated (too small to interest major hotel chain)
- Pricing slightly lower than newer Salem hotels, and 20% lower than the Grand Hotel in Salem.
- Flexible dining space for breakfast, wine tasting, and other small gatherings
- Small Boardroom

Currently, visitors to local events tend to seek lodging in Salem or Dallas. A modestly-sized lodging option in Independence would be attractive to many of them. Potential customers include business travelers, wine/beer tourists, events at Western Oregon University, visitors, wedding guests, and attendees of events at Riverview Park and the Polk County Fairgrounds.

5. Conceptual Development Program

The mix of site program uses was carefully considered through a process that included input from public officials, a range of private stakeholders, and the property owner. The overall mix and percentage of uses was then refined through an economic analysis and subsequent developer review. The specific housing types and unit totals shown on the plan represent only one possible option. The overall site layout and circulation network allows for a variety of housing types and configurations. This flexibility will allow a future developer to adjust the housing to best suit further economic analysis.

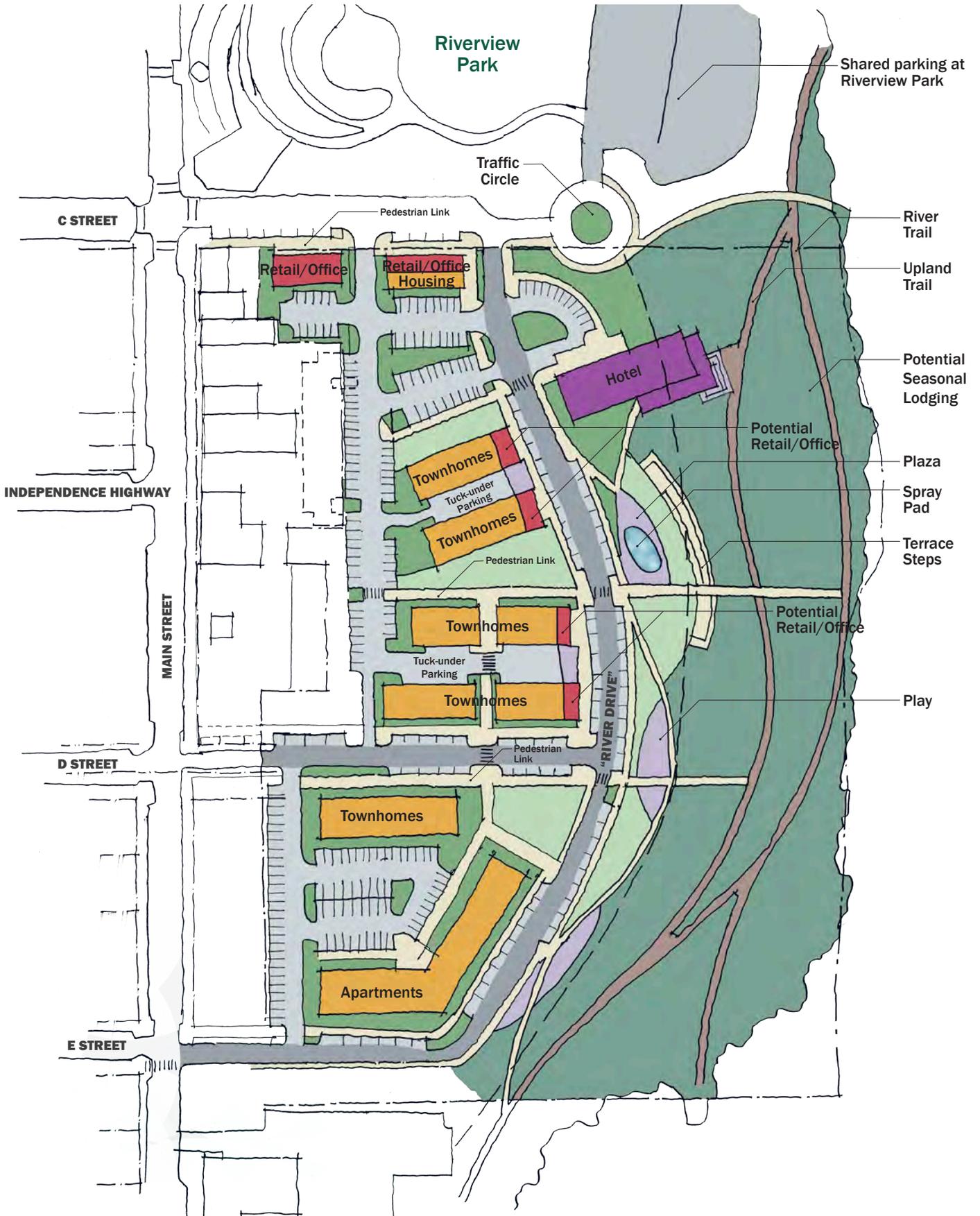
The program for the redevelopment is largely residential: townhomes and apartments. Opportunities exist to mix in retail, particularly along the new “River Drive,” and a

boutique hotel at the north end of the site overlooking the river. Open spaces will be laced throughout the site, with an emphasis on re-establishing native plantings and habitat along the riverfront corridor.

The overall site plan places the buildings in a manner to provide optimal river views, pedestrian connectivity, and development flexibility. The footprints shown represent typical dimensions for the building type noted. Building heights, units per acre, and unit counts have not been listed in the document since there are many variables affecting these numbers. The flexibility of the site design will allow a developer to propose more height, footprint, unit count, and parking details based on economic analysis.



Conceptual illustration of the Valley Concrete redevelopment. Main Street lies to the west (in the bottom right corner of the image); Riverview Park is to the north (bottom left); and the Willamette River to the east (top of the image).



Conceptual plan view of the recommended redevelopment scheme for the Valley Concrete site.

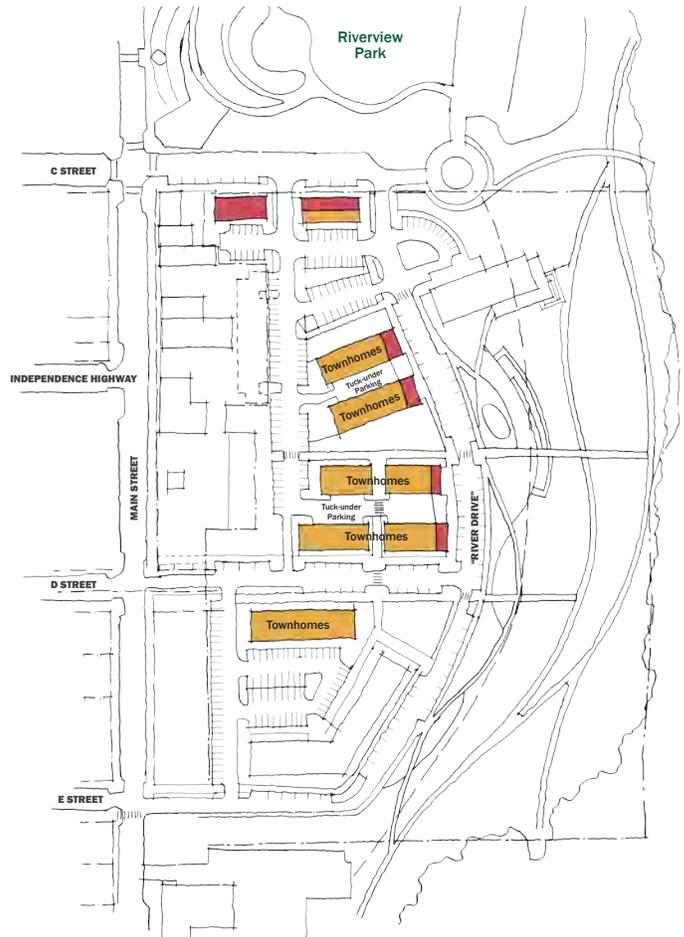


TOWNHOMES

This concept plan posits attached townhome units in various configurations across the site. Typical units would be three-story, wood-frame construction and comprise approximately 1,200 square feet. The plan assumes tuck-under garage parking for all units – accessed from an adjacent alley. Depending on market conditions at the time of design/construction, these units could be fee-simple or condominium. Many units have direct access to adjacent green space amenities, and all are sited in an east-west orientation for solar gain and to provide views of the restored natural riverfront areas.

Additional design considerations for townhome development include the following:

- Create visual interest through architectural detailing, facade modulation, and material selection.
- Provide features such as balconies, patios, stoops, or decks to establish a sense of entry and ownership.
- Building character should complement the historic character of Downtown Independence. Development should add visual interest and contribute to human scale through texture, color, and detailing. Exterior materials should be durable and reflect the character of the Mid-Willamette Valley.

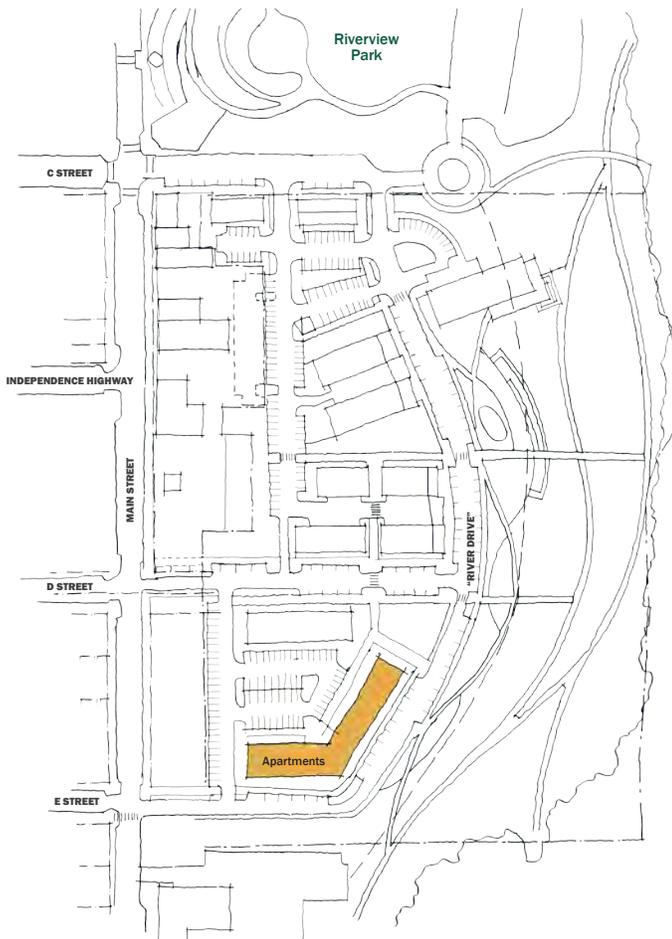


Townhomes provide many of the amenities of single-family homes (such as private garages, patios, and spacious layouts) while offering greater residential density, lower costs, and access to attractive shared outdoor spaces and amenities. (Corbett Crescent, Portland, Oregon)



Color, texture, and detailing help define townhomes as unique residences. Porches, patios, and shared outdoor spaces create welcome entryways to the community and homes. (Hayden, Idaho)

GARDEN APARTMENTS



This concept proposes a multi-story, wood-frame building that can accommodate a variety of apartment unit sizes and configurations. Vehicle parking for these residences will be accommodated on a mix of surface lots, on-street spaces, and building structure garages. The building's orientation provides good solar access as well as views to the river and open space for many of the units. (Note: Depending upon market conditions at the time of design and construction, this building could be somewhat reconfigured to allow for condominium units instead of apartments, all of which would enjoy river views.) Opportunities exist to locate retail/office on the ground floor of apartment buildings, however it may be desirable to concentrate the site's commercial offerings further north towards the hotel, park, townhomes, and existing Main Street retail district.

Additional design considerations for apartment development include the following:

- Create visual interest through architectural detailing, facade modulation, and material selection.
- Provide features such as balconies or patios.
- Building character should complement the historic character of Downtown Independence. Development should add visual interest and contribute to human scale through texture, color, and detailing. Exterior materials should be durable and reflect the character of the Mid-Willamette Valley.



Three-to-four story apartments can provide a variety of housing sizes, prices, and amenities within the same building. Ground-floor retail in residential buildings along key streets can add vibrancy to the district. (Bainbridge, Washington)



Materials, window coverage, and facade modulation help create interesting building forms while honoring the city's design aesthetic. Solar orientation and stormwater runoff will be important considerations for housing on the Valley Concrete site. (Portland, Oregon)

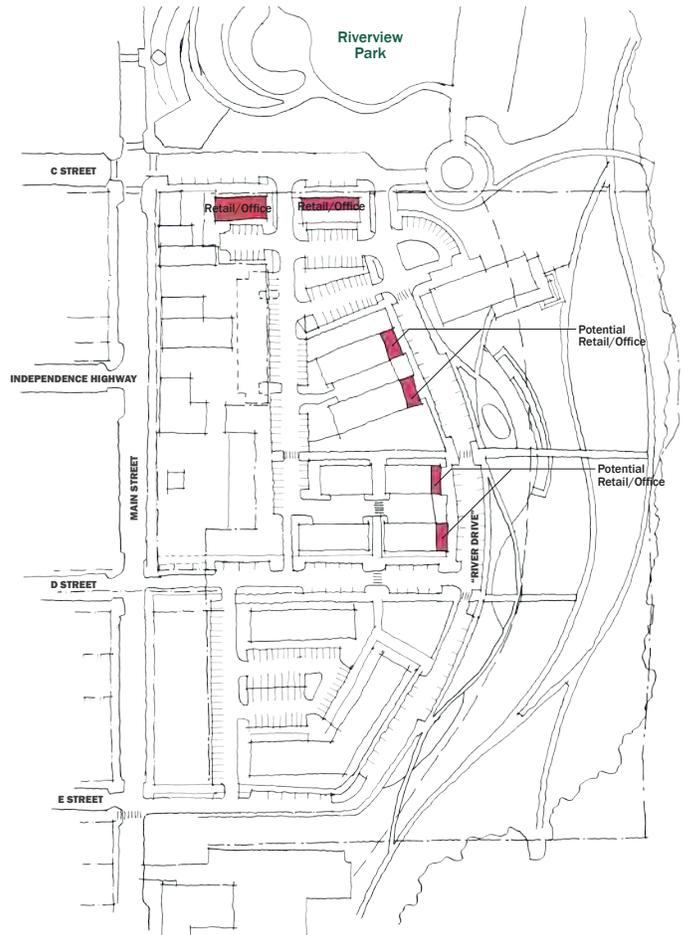
COMMERCIAL / RETAIL

The concept plan recognizes that Main Street serves as the primary retail spine for Downtown (and therefore posits uses at the Valley Concrete site that would be most complementary to or supportive of Main Street). That said, the plan does provide opportunities for modest retail or restaurant development if there is market demand for it. For example, townhome units could be designed to allow for live/work space or small-scale commercial uses (retail, artist studios, offices) on the ground-floor. Also (or alternatively), the end-caps on the townhomes fronting “River Drive” could be built as retail. Under these scenarios, the site could accommodate additional commercial/retail uses.

Ideally, these retail uses would be unique in character, bolster uses on Main Street, and represent the opportunities and brand that are unique to Independence and the surrounding region. Potential uses could include wine incubators (working with area wineries) or recreation equipment sales/rentals (taking advantage of the proximity to the Willamette River and its Water Route).

Additional design considerations for commercial/retail development include:

- Pedestrian amenities such as weather protection (canopies), landscaping, and site furnishings to create places to gather and sit.
- Storefront design that established the visual relationship between the interior of the shop and the sidewalk to present the character of the business.
- Visual interest and contribution to human scale through texture, color, and detailing. Materials should be durable and reflect the character of the Mid-Willamette Valley.

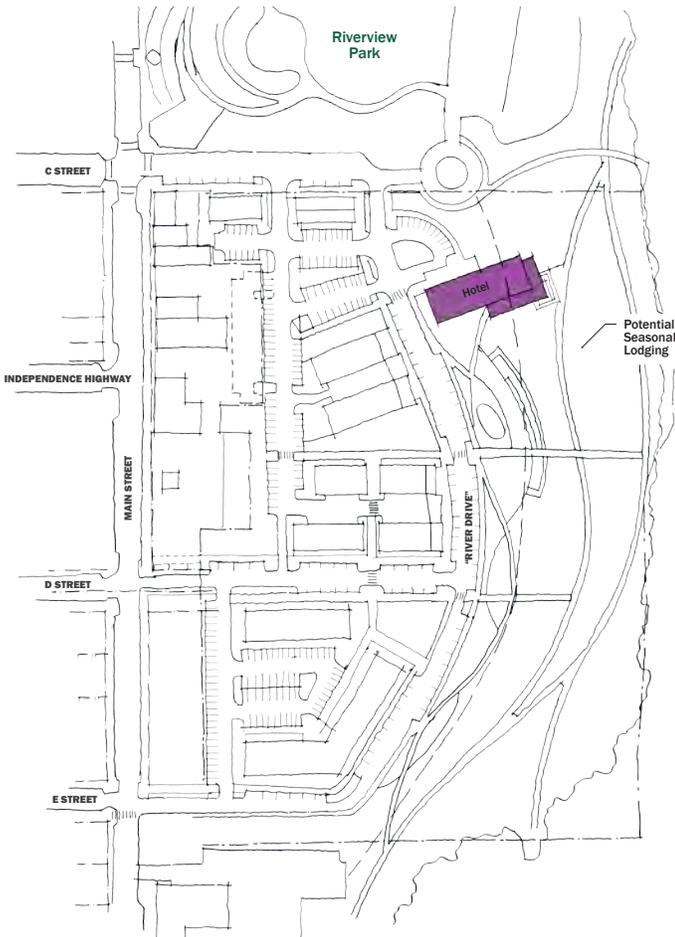


Businesses can be in single- or double-story structures that complement the character of Historic Independence. Wide sidewalks help create a pedestrian-friendly street environment. (Bainbridge, Washington)



Ground floor retail uses with offices and/or housing above is a proven mixed-use development practice that would be suitable along the C Street extension into the site. Large windows draw in passers-by. (Bend, Oregon)

HOTEL / LODGING



The concept plan includes the aspirational siting of a hotel at the northern end of the parcel. Given market conditions in Independence, this hotel is envisioned as a 35 to 40-room property that can leverage the popularity of the surrounding wineries, visitors to Western Oregon University (WOU), and events at Riverview Park. Because major hotel brands generally operate larger, 100-150 guestroom properties, it is understood that this hotel would be independently branded and operated. (A full study on comparable hotels in the region would need to be completed, but the hotel would most likely be a mid-scale or select service level property.) The hotel building would be four stories, with a ground floor that contains check-in, hotel public space, and back-of-house functions. There would be space for a restaurant, which could be operated by the hotel or leased out. The upper floors would contain a mix of standard and accessible guestrooms.

The hotel is sited perpendicular and as close to the river as possible to take advantage of both the views and the green space amenity – a portion of which could be used for exterior event space. The hotel’s relationship to the riverfront will be a unique part of its character and should be a central theme in its design, branding, and operations. There is some potential to also incorporate comfort or amenity-focused camping (often called “glamping”) as part of the property’s revenue stream. These could be tents or cabins that are associated with the property and would allow the property to increase its room count for the busy season at a relatively low capital cost.



A small, boutique hotel on site can provide accommodations for visitors to wine country, nearby WOU, and other attractions in the central Willamette Valley. (Napa, California)



Mobile hotel units (often called “glamping”) provide additional guest spaces during busy seasons and offers a unique private accommodation that is set within the natural waterfront environment. (Rolling Huts, Methow Valley, Washington)

OPEN SPACE / PARKS

Open space and parks in the site concept are organized around a transect that connects the natural, riverfront zone adjacent to the Willamette on the east with more formal parks, plazas, and landscaped greenway streets that provide stormwater management towards the central and western portions of the site. Gardens, landscaping, event spaces, seating, recreation facilities, and water spray pads are among the amenities that can be woven in between buildings and along the development edge to provide gathering and activity spaces for residents, hotel guests, and visitors. Smaller open spaces near residences can be communal gardens, playgrounds, plazas, and outdoor dining and gathering locations

Roughly seven acres of the site are within the river floodway; this zone will support native habitat and restoration, an extension of the trail system, and other features that can withstand seasonal high water. This restoration zone will conform to State and Federal mitigation standards and can vary in width to respond to the determined floodway line. The riverfront restoration zone creates a strong north-south connection between developable and natural areas that can be improved with natural surface trails, interpretive features, gathering locations, viewpoints, and river access spots.

Additional design considerations for open spaces on site include:

- Spaces oriented to provide sunlight exposure and views towards the river.
- Hearty, native species that are well-suited to the Willamette Valley climate and will not require excessive maintenance.



A spray pad provides an exciting gathering and playing spot in the warmer months. (Cannery Square, Sherwood, Oregon)



Riverfront Commemorative Park in Corvallis, Oregon, features trails, paths, water access, and a mix of business and residential uses similar to what could be developed at the Valley Concrete site.

This page intentionally left blank

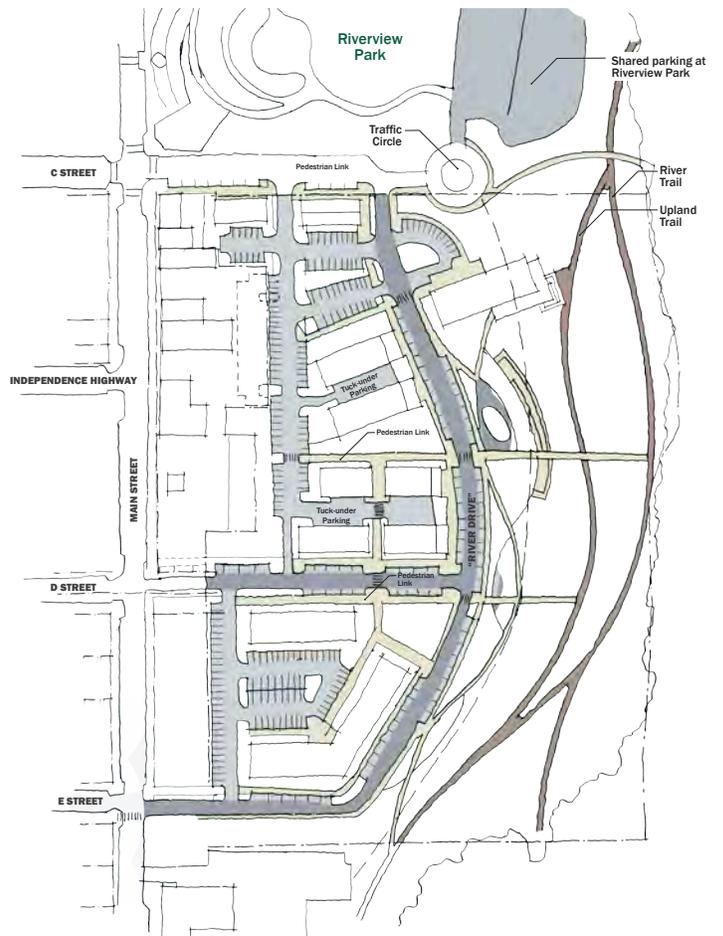
6. Transportation

The Valley Concrete site has historically been a privately owned and operated ready-mix concrete plant. As a result, the transportation infrastructure needs of the 18-acre property have never been investigated beyond those of the current industrial use. However, in recognition that the property could transition from a single-use industrial site to a multiple-ownership, mixed-use development, a transportation concept plan is needed to establish a basic multi-modal infrastructure network and ensure that this network is consistent with, and integrated into, the site's surrounding transportation system.

As a single-use property, the site as a whole lacks a transportation network that would allow outright integration of future mixed-use redevelopment. In order to accommodate potential redevelopment, a transportation system would need to be established that both provides access to the site from the surrounding network and allows for circulation within the site.

To achieve this vision of compact, mixed-use, low-impact, pedestrian-friendly development, a number of transportation/connectivity recommendations have been formulated:

- Extend the existing City of Independence downtown street grid into the site in order to maximize levels of accessibility and connectivity. This can fundamentally be accomplished through:
 - An easterly extension of the D and E Street corridors from Main Street to a new north-south corridor ("River Drive");
 - Creation of a new north-south corridor ("River Drive") connecting the easterly extensions of D and E Streets to the existing C Street corridor on the north side of the site; the alignment of which would follow the natural contours of the site and maximize development potential along the Willamette River; and



A new street network within the site can provide low-speed automobile access, bikeways, wide sidewalks, on-street parking, and stormwater facilities in an attractive streetscape. (Bainbridge, Washington)



Enhanced pedestrian crossings and wide, well-lit sidewalks make for an appealing walking environment through mixed-use areas. (Sherwood, Oregon)



The Willamette riverfront trail will weave through the mixed terrain of the restored riparian areas, offering access to the natural areas between the water and redeveloped site. (Guadalupe River Park, San Jose, California)



Townhomes in the redeveloped property can provide private, off-street parking in tuck-under locations under the housing units and accessible by alleyways. (Center Commons Condo, Portland, Oregon)

- East-west sidewalk extensions at the easterly terminus of D and E Streets to connect into the river trails.
- All new east-west and north-south roadways would accommodate shared-use travel ways for vehicles and bikes, on-street parking, and wider sidewalk environments that are appropriate for mixed-use.
- Parking would be accommodated through a combination of dedicated and shared on- and off-street parking areas and supplied at levels consistent with mixed-use environments. The existing lots at Riverview Park and the Independence Cinema (D and 2nd Streets) can be shared to meet some of the parking need generated by the new site.
- Locate the majority of parking on lots at the west edge of the development and in tuck-under parking beneath residences. This arrangement will allow for better, safer pedestrian connectivity north-south through the site and east-west linking Main Street, parking, mixed-uses, and the riverfront open space.
- Access to off-street parking areas within the site would be located at points that minimize the potential for conflicts with up-stream or down-stream intersections.
- To ensure that parking supply is used efficiently and effectively, the City should consider the creation of a Downtown parking management district, as shared parking is more efficient than individual parking in denser, more active areas.
- Create a series of secondary alleyways and parking circulation lanes that would provide access to off-street parking areas and individual properties.
- Traffic safety measures such as narrow vehicular lanes, on-street parking, stormwater planter bulbouts at pedestrian crossings, and textured road surfaces should be implemented.

Should development proposals of the level and intensity proposed in this plan be tendered on the site, a full transportation analysis and report will be needed for the permit process.

7. Cost Forecast

A conceptual cost forecast was completed for the Valley Concrete conceptual site plan. The estimate includes the major elements of the plan and is intended to be a rough, planning-level forecast.

Key assumptions include:

- Unit costs are calculated for the 2015 summer construction season. Assume three to four percent escalation per year afterwards.
- Overall site mass grading, mitigation, and site improvements within the floodway will be completed by others and are not included in the cost figures.
- Soft costs including survey, permits, design, testing, and fees are included as a 25% line item.
- Bureau of Labor and Industries – Prevailing Wage (BOLI – PWR) wages have been calculated for work within the public right-of-way only.

The housing unit square footage totals and square foot costs are based on typical construction types. With further economic analysis, these totals can be revised to meet current market demands and economic goals.

DESCRIPTION	AMOUNT
Site Improvements:	
Public Streets and Infrastructure (BOLI-PWR contract)	\$2,475,800
Private Infrastructure and Hardscape (Non BOLI-PWR)	\$1,169,500
Open Space Amenities (Non- BOLI-PWR)	\$1,092,000
Budget Contingency (20%)	\$947,340
Soft Costs Subtotal (25%)	\$1,421,010
Project Site Total	\$7,104,650
Building Improvements*	
Hotel – 3 story wood frame, 40 rooms, approximately 30,000 SF	\$150,000/ key + FF&E of \$12,000/key
Townhomes – multi-story wood frame	\$120-130/sf
Apartments – multi-story wood frame	\$120-125/sf
Retail/Mixed Use – multi-story wood frame	\$140-160/sf

*For forecasting purposes, all residential and commercial structures (except the hotel) have been priced at three stories. Townhomes have been estimated at 1,200SF/unit; apartments have been estimated at 750SF/unit. Future development will require more detailed cost planning.

This page intentionally left blank

8. Next Steps

Oldcastle Materials is currently evaluating options for relocating the Valley Concrete ready-mix facility away from its current location in central Independence. Following this relocation and site restoration efforts, Oldcastle plans to work with the City of Independence to secure Comprehensive Plan and zoning amendments for the property to allow the proposed mix of housing, commercial, hotel, and open spaces as recommended in this plan.

Oldcastle Materials will then put the site up for sale with the intention of attracting a developer to purchase and further improve the site.

As a means of better understanding the market conditions that could drive redevelopment, the City is currently updating the 2012 hotel plan to study opportunities for lodging on the Valley Concrete site. Further site studies by a developer should continue to evaluate shared parking and other strategies that support the vision of this land redeveloping as a compact, lively, walkable, mixed-use community in central Independence.



Conceptual sketch of Independence Main Street with the redeveloped Valley Concrete site in the background.

9. Appendices



Preliminary Concept 1

- Existing Retail: 37,500 sf
- Retail: 42,900 sf
- Hotel: 35-40 guestrooms
- Townhouses: 19 townhouses



Preliminary Concept 2

- Existing Retail: 37,500 sf
- Retail: 23,000 sf
- Hotel: 35-40 guestrooms
- Townhouses: 93 townhouses
- Live/Work Units: 15 units w/12,000 sf retail/production/office



Preliminary Concept 3

- Existing Retail: 37,500 sf
- Retail: 23,000 sf
- Hotel: 35-40 guestrooms
- Townhouses: 9 townhouses
- Apartments: 75 apartments with 10,000 leasable gnd. floor
- Live/Work Units: 21 units w/13,500sf retail/production/office



Preliminary Concept 4

- Existing Retail: 37,500 sf
- Retail: 23,000 sf
- Hotel: 35-40 guestrooms
- Apartments: 27 apartments with 3,000 leasable gnd. floor
- Live/Work Units: 24 units w/24,000 sf retail/production/office

This page intentionally left blank

Meeting Minutes



Meeting Date Dec 03, 2013
Project Name TGM – Independence Valley Concrete Development Site
Project Number 1301078
Meeting Number PMT #1
Purpose Project Kick-Off and Site Visit Logistics
Location Conference Call

Attendees/Dist.	Name	
	Laura Buhl	ODOT TGM Program
	Denny Egner	ODOT TGM Program
	Dan Fricke	ODOT Region 2
	Angela Lazarean	DLCD
	Shawn Irvine	City of Independence (Economic Dir.)
	Mike Danko	City of Independence (Planner)
	KC Klosterman	Valley Concrete Representative
	Jerry Johnson	Johnson Reid
	Matt Hughart	Kittleson & Associates
	Matthew Arnold	SERA Architects
	Dan Jenkins	SERA Architects

To the best of our knowledge, this is an accurate summary of the discussions and decisions that occurred during this meeting. Notification of exceptions to this summary is to be made within **seven days** of its receipt.

Start Time 2:30 PM

Discussion Items

1. Introductions

- SERA to distribute sub-consultant list to Project Management Team (PMT)
- SERA to copy ODOT, Laura Buhl on all PMT correspondence.

2. Project Overview

- Discussed general project overview with emphasis on the following:
 - Team discussed potential of the site for future downtown revitalization and the benefits of its location between the existing downtown core, Willamette River, Riverview Park and Civic Center.
 - KC Klosterman (Valley Concrete) emphasized the special quality of this site and potential for habitat enhancement.
 - There is a strong interest in planning for a boutique hotel on the site. Market study should re-examine this potential.
 - Exact FEMA data showing 100-year flood is not available. This information is to be determined as part of the site information gathering.
 - Concept design should study how to activate the backs of existing commercial buildings along Main Street.
 - Site is currently zoned Heavy Industrial (IH). Zone change will be eventually required to conform to Goal 9.
 - Goal of 20/20 Vision was for more rooftops in downtown commercial district. Valley Concrete site is not within Historic District however it should conform to the existing historic character.

- Project issues may include relocation of existing quarry. Emphasis on presentation will be focused on site and downtown improvements.
- Discussed schedule milestones:
 - Site Visit and Stakeholder Meetings will tentatively occur on Tuesday, December 17th
 - SERA to schedule the PMM#2, design workshop and developer meeting as soon as possible based on existing schedule. Future meetings to be organized with Google scheduling software.
 - SERA will notify PMT if and why schedule should need to be revised.

3. Background Information from City

- SERA will distribute GIS information request to City of Independence.
- SERA Architects will proceed to develop base map as data becomes available to meet the schedule for the stakeholder meeting.

4. Task 1.3 Coordination

- City will confirm the stakeholder meeting participants and confirm Dec. 17th as date.

5. Next/FutureSteps

- Developer Meeting discussion:
 - KC Klosterman will submit list of potential developers along with SERA and JohnsonReid for task 2.3. This list will be reviewed and finalized by the city.

End Notes

Recorded By	Dan Jenkins
Date of Report	Dec. 4, 2013

Meeting Minutes



Meeting Date Jan. 24, 2014
Project Name TGM – Independence Valley Concrete Development Site
Project Number 1301078
Meeting Number PMT #2
Purpose Discuss Details and Logistics for Task #2
Location Conference Call

Attendees/Dist.	Name	
	Laura Buhl	ODOT TGM Program
	Dan Fricke	ODOT Region 2
	Angela Lazarean	DLCD
	Shawn Irvine	City of Independence (Economic Dir.)
	Mike Danko	City of Independence (Planner)
	KC Klosterman	Valley Concrete Representative
	Jerry Johnson	Johnson Reid
	Matt Hughart	Kittleson & Associates
	Matthew Arnold	SERA Architects
	Dan Jenkins	SERA Architects

To the best of our knowledge, this is an accurate summary of the discussions and decisions that occurred during this meeting. Notification of exceptions to this summary is to be made within **seven days** of its receipt.

Start Time 1:30 PM

Discussion Items

1. Tasks 1 Items:

- **Task 1.3** (Contract Amendment) - Shawn described his meeting with Western Oregon University. There was a focus on a need for lodging for athletic and alumni events. The full meeting notes will be included in the Amendment #1 stakeholder meeting notes.
- SERA discussed the meeting with the Polk county wine growers and the emphasis on lodging and enthusiasm for the project.
- Discussed logistics for the upcoming meeting the Grand Ronde tribe.
- **Task 1.4** - Brendan Buckley reviewed the Development Feasibility Memo. The key points were that a hotel was a solid potential, higher density housing (low rise wood frame construction) was feasible, retail should not compete with the existing storefronts on Main Street and office commercial would be challenging. The south of the site was best for a hotel/retail due to visibility from Hwy. 51.
- The PMT comments and questions on the Development Feasibility Memo included:
 - Discussion on outside vs. inside spending within the primary market area and how that was captured in the report.
 - How was Western Oregon University addressed?
 - How was the primary market area determined?
 - How was spending outside the primary market area addressed?
- **Task 1.5** - The PMT discussed the overall annotated map and KC provided detail on how the Floodway line was determined. The line was located with an on-site survey that determined the floodway and 100 year flood event were the same line

2. Task 2 Items:

- **Task 2.2** - Discussed the upcoming design workshop format. There was a request from the PMT to resubmit the agenda and provide clarity on how and when public input would be accommodated and addressed. It was determined public input would be best taken at noon and 5 P.M. The meeting was not on everyone's calendars, SERA to resend invitation. The workshop would continue through lunch with the City of Independence coordinating food for participants.
- **Task 2.3** - Discussed the Developer review meeting. SERA will contact a list of developers provided by Johnson Economics. Mike Danko will also contact potential developers to create a list for approval by the PMT.

3. Action Items:

- SERA Architects will provide all Contract Amendment #1 meeting notes in one memo
- Johnson Economics will resubmit Development Feasibility Memo address PMT input and questions
- SERA to resend meeting invitation for Design Workshop on Thursday Feb. 6th.
- SERA to send Doodle poll and meeting invitation for PMM #3.
- Provide memo on how the floodway line was determined.
- SERA and City of Independence will contact participants for the developer meeting.

End Notes

Recorded By	Dan Jenkins
Date of Report	February, 3, 2014
Revised Report	April 4, 2014



Meeting Date April 3, 2014
Project Name TGM – Independence Valley Concrete Development Site
Project Number 1301078
Meeting Number PMT #3
Purpose Discuss Details and Logistics for Task #3/4
Location Conference Call

Attendees/Dist.	Name	
	Laura Buhl	ODOT TGM Program
	Dan Fricke	ODOT Region 2
	Angela Lazarean	DLCD
	Shawn Irvine	City of Independence (Economic Dir.)
	Mike Danko	City of Independence (Planner)
	KC Klosterman	Valley Concrete Representative
	Jerry Johnson	Johnson Reid
	Matt Hughart	Kittleson & Associates
	Matthew Arnold	SERA Architects
	Dan Jenkins	SERA Architects

To the best of our knowledge, this is an accurate summary of the discussions and decisions that occurred during this meeting. Notification of exceptions to this summary is to be made within **seven days** of its receipt.

Start Time 10:00PM

Discussion Items

1. Design Workshop Review:

- a) Dan Jenkins gave a review of the four options developed in the design workshop and the key components of each which included Street Layout, Open Space, Mix of Uses, Layout Geometry, Parking Layout and Hotel Location.

2. Developer Meeting Review:

- a) Jerry Johnson gave a review of the developer meetings and a summary of comments from each participant.
 - o David Glenne- Negative opinion towards the development proposal; wanted to know the “driver” of the development concept; favored housing for a more affluent demographic although that is not currently present in Independence; skeptical that retail could perform well; city should focus energy on existing main street retail.
 - o Don Jensen – Hotel/Lodging difficult to implement; residential component most viable; affluent housing market would be most successful; potential for assisted living facility.
 - o Richard Boyles – Boutique concept requires owner/operator arrangement; hotel building should be oriented toward river with no bad views; idea of “glamping” may be difficult due to scale and maintenance considerations

3. Site Plan Refinement:

- a) The overall group discussed the following topics and decided upon the direction noted-

- Program/Mix of Uses – Mix of uses should include a hotel, housing and some type of mixed-use retail/housing component. The hotel site should provide the flexibility to accommodate a variety of uses other than a hotel such as housing or a park/open space component. Various types of housing development such as live/work will be illustrated with the precedent images and narrative description rather than noted on the plan. The current City of Independence development code will need to be amended to address the proposed uses and design.
- Open Space Concept – The group preferred the open space arrangement of Concept #3 showing some developed open space adjacent to the natural restoration zone and a transition of less-to-more open space from north to south in the housing component. The vehicular circulation will need refinement to address parking at the hotel in a sensitive manner.
- Vehicular Circulation – The overall street layout will follow a curvilinear alignment similar to concept # 1 and #3. The parking layout will be similar to concept #3 and refined to illustrate the aspirational ideas for parking design. Matt Hughart discussed developing the parking with a one-way ingress along C Street to provide a more efficient and safer vehicular system. Laura Buhl discussed the importance of a narrow road section to provide traffic calming and create an appropriate character. It was also noted that these streets may accommodate on street parking and bike lanes within the right-of way.
- Pedestrian/ Bicycle Circulation – Pedestrian and bicycle connectivity should be shown both along the water edge and development edge to tie into the overall city system in a north-south alignment. The east/west pedestrian connectivity to downtown is critical for the project. Pedestrian and bicycle facilities will be shown along all streets.
- Hotel Development – The hotel location is preferred as shown in concepts #1 and 3. The alignment will be sited in an east/west alignment to provide the greatest amount of river views.

4. Draft Report Format:

- a) The report format was reviewed as shown in the agenda and would include sections on an introduction, concept plan, plan elements, City Development Guidelines, State Transportation Rule compliance and an appendix. SERA Architects will follow up with Laura Buhl on a more defined format.

5. Project Schedule:

- a) The revised Project schedule was reviewed and approved. The plan will be refined as noted above and distributed to the PMT for review allowing time for any revisions to be completed prior to the Council Meeting on May 20th. The documents for the city council meeting must be submitted at least one week prior to the meeting date.

End Notes

Recorded By	Dan Jenkins
Date of Report	April 4, 2014



MEMORANDUM

DATE: March 21, 2014

To: Dan Jenkins

FROM: Jerry Johnson
JOHNSON ECONOMICS LLC

SUBJECT: Summary of Developer Interviews

The following is a summary of the interviews completed as part of the TGM Valley Concrete Development planning process.

DAVID GLENNIE, TELOS DEVELOPMENT COMPANY, 3/14/2014

David has done a number of mixed use projects in smaller communities throughout the State. These have not fared well during the recession, and his position has been greatly eroded. David's project on Broadway in Salem cost \$130k per unit, and ended up losing \$30k per unit. The recovery has been uneven, and smaller communities have not seen as much recovery as the Portland metro area.

The key issue is: what is the driver of the development concept. Residential may work, but can you achieve price points necessary to generate a profit? David and K.C. both agreed that this site "calls for" residential and that residential uses would make a good "first step" for the site. Target would likely be Salem employees who want to live in small downtown and who would value the site's river views.

The community in Independence is about a third Hispanic, and this project looks like something that would be targeted to a more affluent market. Not sure if that more affluent market will consider a location in downtown Independence.

David also commented on the role that local government may need to play in order to move a project like this forward. Government exactions and requirements, including SDCs and hook-up fees, make projects that much harder to pencil.

The Independence retail market has been weak, with a great deal of ongoing vacancy in downtown storefronts. David finds it hard to see how the City can support additional retail down there, and should maybe focus on filling the current vacancies – and in so doing, focus on the branding of Downtown Independence.

DON JENSEN, JENSEN CONSULTING AND DEVELOPMENT, 3/14/2014

Don has done a lot of development, the most notable locally being Keizer Station. That project took eight years to get done. He would suggest that whatever zoning is put in place is flexible enough to provide a developer with options that will be required by his eventual tenants.



The hotel/lodging component is interesting, but will be difficult to do in that location. Don has had trouble with getting lodging into Keizer Station, which is on I-5. Don suggested talking to the folks at Escape Lodging. He also recommended seeking advice from Rogue Brewing, and possibly recruiting them for a brewpub on the site or in Downtown.

The residential component would seem to be the most immediately viable, and the river frontage and views could provide for a higher-end option that would appeal to more affluent empty nesters. In this case, a developer would want to play up the school, the community, the high-speed internet, and the proximity to Salem (as Salem employees would be the likely target market).

Some type of assisted living senior housing may be something to be considered, as these households like a location close to urban amenities.

Don emphasized that the amenities for residential, retail, or hospitality at this site would be key, but questioned whether or not they could be afforded. Related: Don noted that paying for infrastructure would be challenging given the likely price-points. He suggested the possibility of an L.I.D. to help pay for infrastructure and amenities.

RICHARD BOYLES, INNSIGHT HOTEL MANAGEMENT GROUP, 3/19/2014

Matt Arnold and Gary Golla of SERA provided a summary of the site plans and initial concepts, with the focus of this discussion on the envisioned 30-40 key boutique hotel element and the “glamping” concept.

In Richard’s opinion, the boutique concept largely requires the facility to be owner-operated, as it is too small to afford professional outside management. Owner operators do not tend to be developers, and more typically buy and operate facilities as opposed to developing new; owning and operating tends to be a lifestyle choice.

The room count would also imply that the hotel would be boutique as opposed to branded (ie, Hilton), and Richard agrees with previous market work that indicated a larger branded hotel would not work in Independence at present. Brand affiliation is less important in a market with few choices such as Independence. An “independent” mid-scale hotel would be somewhat different than a “boutique” hotel; “boutique” implies higher quality service and amenities while “independent” implies a more “basic” or “quaint” level of quality.

Splitting the rooms to orient either east or west will leave half of the rooms with a less marketable city view. The hotel orientation should therefore be north/south in order to take advantage of views up and down the Willamette River.

Richard likes the concepts that separate the hotel from the urban edge, more oriented with the park. This is more consistent with the boutique hotel concept.

Richard insisted that the parking must work for the hotel – especially if there is housing in the immediate vicinity. The hotel will be “100% auto” and will require parking for all rooms.

He is unsure of the viability of the “glamping” concept, and has had limited exposure. He would be concerned regarding storage of the units as well as scale necessary to make them economically viable,



as the staffing needs would be different and they could cost more to clean. Establishing a set of “glamping” units would likely require the seasonal hiring of additional staff, which may present financial challenges.

Concept One places the hotel close to the amphitheater, a relationship which has the potential to be a cause of conflict depending upon the programming. Late night and loud activity needs to be controlled to minimize any negative conflicts. (City staff explained that there is currently a 10pm shutdown time for amphitheater activities, and Richard thought that that could work for a nearby hotel.) He likes the orientation towards the retail, but is worried that retail will not be supported down there. The view orientation needs to be addressed.

Concept Two is not seen as very appealing for the hotel. The residential units shown would not add much to the hotel, and the arrangement doesn’t say “boutique.”

Concept Three has a better orientation for the hotel, and is preferred to Concept Two.

In general, the goal is great but there is significant risk. Residential uses would probably work in that location, and he likes the live/work concept. The person that would do the hotel is likely already in Independence or the surrounding area – in other words, someone dedicated to the community and the idea of running a business here. There is the potential for some positive synergy with retail in the area, but the hotel scale is not large enough to provide much support.

This page intentionally left blank



Date January 20, 2014
Project Name Independence – Valley Concrete Site
Project Number 1301078
Attention Project Management Team (PMT)

Subject **Additional Stakeholder Meeting Summaries**

Remarks Per Amendment #1 of the Statement of Work, the following memo summarizes topics discussed with three additional stakeholder groups subsequent to the initial stakeholders meeting. The groups included representatives from area wine growers, Grand Ronde Tribe and Western Oregon University.

Vineyard Owners Stakeholder Meeting

The meeting was conducted in Independence on Jan 17th. Generally the comments for the project were very positive and reflected a strong interest in a hotel for the site. A complete list of attendees is included at the end of the memo.

Specific comments included:

Hotel:

The wineries draw visitors from all over Oregon, the nation and the world. There needs to be a nice place to stay that is close. It should serve as a destination and as a place to stay, to eat, and recreate!!

- The hotel should be unique and cool, reflecting the surrounding heritage and agricultural character of the region.
- The lodging should appeal to a range of guests from wine tasters to bicyclists to families and have a variety of prices to accommodate those groups. It does not need to be a luxury type facility.
- The Allison in Newberg has been successful but is too expensive for this area.
- The hotel should work as a conference center or perhaps partner with the City of Independence on use of the Civic Center conference space.
- Vintners support the hotels and restaurants in Napa during the winter months with business guests rather than tourism.

Collaboration:

- Most vineyard owners are very focused on their own property but see a potential to partner with the City of Independence on a comprehensive approach to increase tourism and visitors through events and downtown enhancements.
- There is potential to work with Travel Oregon and tie into their hiking and cycling attractions.
- Participate in a Rural Tourism Studio workshop. These efforts assist communities in developing sustainable tourism opportunities as part of Travel Oregon.
- There is a great opportunity to promote the idea of wine tourism similar to Walla Walla or Yakima have done with great success.
- The wine tourism effort should tie into other attractions such as the Hops Festival, the Rogue Farms Hopyard and the character/history of the region.

Additional Uses:

- Cyclists are a great potential for both the wineries and hotel development. There are great places to ride and many wineries to visit in the area. They all need a place to stay! There is also opportunity for many for types of cycling events including tours and races.
- There is untapped potential with the river and kayaking/canoeing trips. A river shuttle system could be a great business for the hotel or other interested vendors to bring sustainable tourism to Independence.
- All of the uses and events including the wine tourism, local food, restaurants, cycling, canoeing, historic sightseeing and art should be packaged together for visitors to increase the interest and vitality of the area.
- It is surprising that no one has opened up a brew pub yet!
- Develop a hotel that allows and encourages pet owners to visit and stay. This would be very successful with people traveling with their dogs.
- Housing development was met with some skepticism. Development should not mimic the “Portland style” but reflect the area and local needs. Similar type housing developments in Salem have not been successful. There could be potential for senior housing that creates opportunities for a walkable neighborhood.
- Places for weddings, family reunions and special events.

Examples of successful places and events for further study include:

- Grand in Salem - This is currently the best existing option in the area.
- Kimpton Hotel Vintage Plaza - Each room is named for an Oregon winery or vineyard.
- Allison in Newberg - This has been successful in drawing visitors but would be too expensive for Independence.
- The Barlow in Sebastopol - A business community serving as a home to food producers, wine makers, brewers, distillers, and artists with a focus on connecting customers to both products and the people who make them, but also with the production itself.
- Zenith Vineyard - Holds events such as dinners and weddings.
- The Blue Goat Restaurant in Amity – This is the restaurant everyone refers their visitors too.....there needs to be more like it!
- Red Hills Market in Dundee – Great local market offering coffee, craft food and beverages to farmers, visitors, picnics’ and residents.
- Breadboard in Falls city – Small artisan bakery.

Specific Meeting Attendees Included:

Vineyard Owners and Representatives:

- Ivy Hover – West Coast Cellars
- Helen Dusschee – Freedom Hill
- McKenzie Cribbs – Freedom Hill
- Eugenia Keegan – Jackson Winery
- Mary Olsen – Airlie Winery

Project Management Team:

- Shawn Irvine – City of Independence
- Laura Buhl – DCLD-TGM

- Brendan Buckley – Johnson Economics
- Matthew Arnold – SERA Architects
- Dan Jenkins – SERA Architects

Grand Ronde Tribe:

This meeting was conducted via a telephone conference on January 29th with Jilene Mercier and Titu Asghar from the tribe. Present from the project management team were Shaun Irvine from the City of Independence., Matthew Arnold and Dan Jenkins from SERA Architects.

The tribe did not have any comments on the proposed development at this meeting.

Western Oregon University:

Shawn Irvine met with stakeholders from Western Oregon University that included Tommy Love, the Alumni Foundation Director and Barb Dearing, the athletic director.

Comments were as follows:

Barb Dearing comments:

- Lodging is the most critical issue
- Can get an exclusive contract to house visiting sports teams playing WOU
- They pay a low of \$68 in Alaska and a high of \$120 in Vancouver BC. Currently at \$88 in Salem Doubletree
- Must be full service hotel for football – have a restaurant, and be able to cater meals. Needs a minimum of 35-40 rooms (two queen beds) plus breakout/meeting rooms for the different positions.
- In addition to the normal athletic schedule which was factored into the study we did, WOU will host several Regional and national Championships. They bid for these and having a hotel in town, especially a larger full service hotel, would improve their odds of landing these events.
 - In the next 4 years, WOU will host the cross country national championship fall of 14 and 16, and the regional in 15 and 17
 - Track and field spring 13, 15, 16 host site for conference championship
 - Baseball conference championship is always hosted by whoever wins the regular season. Team is good enough that they usually host every spring, potentially would also host regionals
 - Softball will bid for regionals in 15 and 16 – will know in May
 - Soccer is bidding in April for next two years
 - Fall of 15 hosting a volleyball crossover tournament
 - Basketball hosting tournaments in fall 14, 15, 16 too
 - Only “full service” place right now is the Grand in Salem
 - Can probably go up to \$92/night with breakfast buffet
- They work with the athletic hotel partner to offer special WOU rates for off season days – something between normal rates and athletic team rates. WOU

generates a LOT of visitors – Parent’s weekend, alumni events, explore WOU days for incoming freshmen, etc.

- The athletic department’s Game stat page will list attendance for every game. For indoor sports take out 50 people – coaches, players and staff. Football is 150. 20-25% of the remaining figure is students. You can use this to determine potential additional room nights for fans/family coming to see kids play.
-

Tommy Love – Alumni Foundation Director

- Would love to have lodging – could hold more multi-day alumni events around homecoming, graduation, etc. Can’t do that now because they have to go to Salem. Hard to put numbers to room nights they could book. Currently do events with 50-100 alumni, but they are just one day and mostly local people. Would love to be able to expand into longer events and draw more people from out of town. Salem is just too far away to get people interested.
- Also need housing for young/transitory professionals. Get lots of people at the university on one or two year contracts, or just starting their careers. Riverfront apartments would be a great amenity that the university could use when recruiting talent. This would also help the community because some of these folks will put down roots in the community, start families, etc.
- Would be great to have some kind of dock – take your boat up from Salem for dinner, or pull out while you’re floating down the river.
- Need to have a good view of the river – not sure how close you can get but maybe a deck or something less invasive that is closer?

From Dan Jenkins (SERA)

cc Project Management Team, Jerry Johnson (Johnson Economics); Matt Hughart (Kittelsohn and Associates); file

Meeting Minutes



Meeting Date Feb. 20, 2014
Project Name TGM – Independence Valley Concrete Development Site
Project Number 1301078
Meeting Number Design Workshop
Purpose Develop Site Plan Concepts
Location Independence Civic Center

Attendees/Dist.	Name	
	Laura Buhl	ODOT TGM Program
	Dan Fricke	ODOT Region 2
	Shawn Irvine	City of Independence (Economic Dir.)
	Mike Danko	City of Independence (Planner)
	Jerry Johnson (AM)	Johnson Economics
	Brendon Buckley (PM)	Johnson Economics
	Robin Craig	Greenworks
	Matthew Arnold	SERA Architects
	Dan Jenkins	SERA Architects
	Gary Golla	SERA Architects
	Travis Dang	SERA Architects

To the best of our knowledge, this is an accurate summary of the discussions and decisions that occurred during this meeting. Notification of exceptions to this summary is to be made within **seven days** of its receipt.

Start Time: 9:00 AM

Discussion Items:

Per Task 2.2 of the Statement of Work the following meeting minutes summarize the topics discussed and exhibits developed as part of an all-day Design Workshop Conducted on February 20, 2014. The notes are organized per the meeting agenda:

A. Morning Session: 9:00 AM to 1:00 PM:

1. Dan Jenkins discussed the overall goals and objectives for the workshop which was to develop a range of site design concepts with PMT and key stakeholder involvement.
2. Jerry Johnson gave an overview of the Economic Feasibility Report. Key points included:
 - o Potential for 40 to 50 key hotel based on previous studies.
 - o Retail should uses should not take away from the Main Street businesses. Additional retail should be driven by new uses and activities on the site since there are existing blank storefronts along Main Street.
 - o There is a need for housing within the economic study area. Attached housing, in some combination of rental units and ownership condominiums should be considered. Housing development on site should be a denser form such as two to three story wood construction with the potential of tuck under parking.
 - o The north end of the site is strongest for commercial and lodging uses due to visibility and access. Residential may be better suited for the south and middle portions.

3. Gary Golla discussed the potential for hotel development and potential types.
 - Gary presented a variety of precedent images that illustrated different types of hotel development. These ranged from traditional historic main street restoration to a more contemporary model that could have a strong connection with the Willamette River. Gary also discussed the idea of refined camping or “glamping” that would address a wider range of visitors interested in a more rustic and natural experience. These could be located within the floodway to offer a better link with the river and also increase the potential room total during the busier summer months.
 - Input from the stakeholders indicated that hotel guests could include:
 - Business visitors
 - Wine/Beer tours
 - Western Oregon University
 - River Canoe/Kayak
 - Area Weddings
 - Ballfield tournaments (softball, soccer)
 - Birds, Wildlife Viewing
 - Agricultural Industry, Tours, Business Visitors
 - Rogue Farm Brewery Users
 - Fairground
 - Development types:
 - Single building – urban, within street grid and architectural character
 - Single building – natural, strong connection to river and natural resources
 - Multiple buildings – stretch program, idea of “glamping”, temporary lodging, seasonal, diverse mix of building and lodging choices.
 - Don’t need high end – just cool!
 - Historic in Character
 - Agrarian in Character to fit the agricultural context of the region
 - 35-40 rooms – independently owned
4. Based on the site and economic analysis the consultant team, PMT and stakeholders developed a range of schematic diagrams illustrating vehicular/pedestrian connectivity, open space configuration, parking lots, site uses and locations.
5. The diagrams were then reviewed for further refinement in the afternoon session. The two selected diagrams represented distinct differences in the configuration of open space, mix of uses and street alignment.

B . Afternoon Session: 1:00 PM to 6:00 PM

1. The consultant team developed four schematic site plans representing a range of alternatives. Differences included:
 - Street Layout-

- Grid layout that was an extension of the downtown layout.
 - Curvilinear alignment that represented a difference from the main street grid.
- Open Space –
 - Transect scheme that arranged all of the open space at the eastern development/floodway line
 - Green finger concept that extending open space east-west from the river into the development
 - Dispersed scheme that distributes open space through-out the site surrounding the retail and housing development
- Mix of Uses (all included a motel)-
 - Primarily housing and live/work spaces
 - Mixed use, housing and live/work spaces
 - Equal mix of housing, retail
- Layout geometry -
 - Geometric arrangement of buildings
 - Irregular building and open space arrangement
- Parking Layout-
 - Large parking zone adjacent to the back of the existing retail extending the length of the project site.
 - Smaller parking pods broken up and distributed throughout the site with surface lots, street parking and tuck under parking for housing.
- Hotel Location-
 - Hotel located close to Main Street as part of the downtown fabric
 - Hotel located adjacent to the river without any separating roads.

2. The completed plans were presented to the PMT and key stakeholders. Discussion and comments were as follows:

- Hotel Experience on the river is more important than the visibility from Main Street.
- Need to illustrate the bike and pedestrian trails-connections. North and south trails are important, but so are connections east and west.
- There are possibilities for overlooks and activities near the floodway edge
- There needs to be more than plan views to visualize the character of the schemes, sections are important to understand how the development responds to the change in grade.
- Connections to the park (Riverview) to the north are important
- Feel that the site designs captured the comments from the Vineyard owner's stakeholders interview. Prefer curved roads and more random mix/placement of uses. This approach gives an opportunity to phase without looking empty during process.
- Break up large parking lots
- Hotel could be larger than the 40 room facility mentioned in the economic analysis. Demand could be higher with other off-site uses and increase of unique site functions.
- Architectural style is important- pair or compliment with historic character
- Mill look for buildings would connect with the agrarian context of the region
- What is the relationship to Main Street. Like the breaking up of the grid, emptiness would not be as apparent- like being married to downtown.

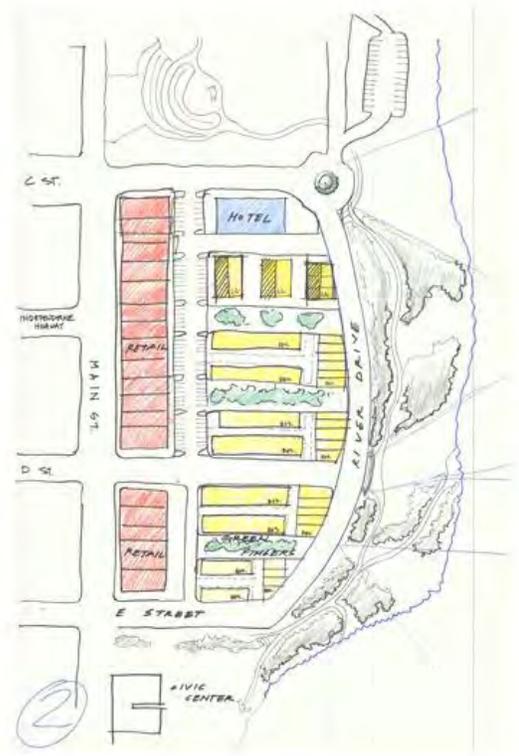
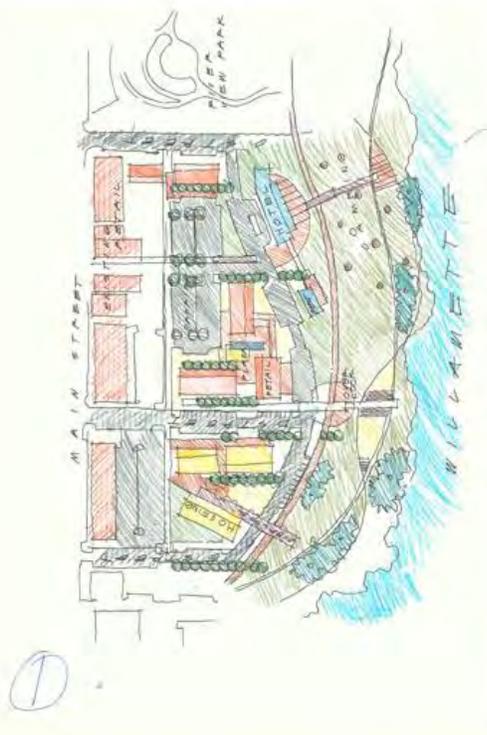
- Don't turn back of development on the river
- Like direct relationship of hotel to the river
- Create as much greenspace as possible
- Develop multiple access locations from existing Main Street to project site
- Don't add more retail. Focus improving retail on Mainstreet
- Park – vital land use for the site
- Hotel “Glamping” is a great idea.
- Create similar to development in Pacific City
- Show more pedestrian oriented connections
- Mirror downtown feel, grid layout with blocks
- Like the idea of recreating the Ferry and Historic feel.

C. Action Items/Next Steps:

1. SERA Architect will distribute final plans and notes to PMT.
2. Developer workshop will review and comment on plans.
3. Plans will be refined based on developer comments for review by PMT and Independence City Council.

End Notes

Recorded By Dan Jenkins
Date of Report February 25, 2014



This page intentionally left blank



VALLEY CONCRETE DEVELOPMENT SITE DEVELOPMENT FEASIBILITY ANALYSIS

CITY OF INDEPENDENCE, OR

Prepared by Johnson Economics LLC
March 2014



TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	KEY CONCLUSIONS.....	1
	Figure 1.1: Projected Demand by Land Use.....	2
	Primary Market Area	2
III.	ECONOMIC OVERVIEW	3
A.	THE ECONOMIC PICTURE	3
B.	EMPLOYMENT TRENDS	5
	Figure 3.3: Unemployment Trends.....	5
	Polk County and Comparisons.....	5
	Figure 3.4: Employment Trends By Industry.....	6
	Polk County, 2002 - 2011.....	6
IV.	PRIMARY MARKET AREA	7
	Figure 4.1: Map of Primary Market Area	7
A.	CHARACTERISTICS OF THE PRIMARY MARKET AREA.....	8
	<i>Demographics</i>	8
	Figure 5.1: Household & Income Trends, Primary Market Area	8
	Figure 5.2: Households by Annual Income, Primary Market Area	9
	<i>Employment</i>	9
	Figure 5.3: Employment Trends by Industry.....	10
	Primary Market Area, 2002 - 2011	10
V.	RESIDENTIAL MARKET CONDITIONS	11
	<i>For-Sale vs. Rental Housing</i>	11
A.	RESIDENTIAL SUPPLY SUMMARY.....	11
	Figure 6.1: Residential Building Permits	12
	Figure 6.2: Housing Tenure.....	12
	Figure 6.3: Inventory Statistics	13
	Figure 6.4: Rental Units, Number of Bedrooms.....	14
	Figure 6.5: Rental Units, Estimated Average Size and Rents	14
B.	RESIDENTIAL DEMAND PROJECTIONS.....	15
	<i>Ownership housing</i>	15
	Figure 6.6.....	16
	Figure 6.7.....	17
	<i>Rental housing</i>	17
	Figure 6.8.....	18
	Figure 6.9.....	19
	<i>Housing Demand Conclusions</i>	19
VI.	RETAIL & COMMERCIAL MARKET CONDITIONS	20
A.	RETAIL DEMAND PROJECTIONS	20
	Figure 7.1: Household Spending Projections, 2014 to 2019.....	20
	Figure 7.2: Spending Projections, Converted to Retail Space Demand	21
VII.	OFFICE MARKET CONDITIONS.....	22
A.	OFFICE DEMAND PROJECTIONS	22
	Figure 8.1: Projected Employment in the Primary Market Area.....	23



Figure 8.2: Projected Office Employment.....	24
Figure 8.3: Projected Office Space Demand	25
VIII. LODGING MARKET CONDITIONS.....	26
IX. SUMMARY OF LAND USE DEMAND FINDINGS	27
Figure 10.1: Projected Space Need.....	27
<i>What This Table Represents.....</i>	28
X. LOCATION CHARACTERISTICS OF THE PLAN AREA.....	29
A. SUITABILITY FOR DIFFERENT LAND USES.....	29
<i>General Advantages and Challenges</i>	29
<i>Conditions for Residential Use</i>	29
<i>Conditions for Retail Use.....</i>	30
<i>Conditions for Office Use</i>	30
<i>Conditions for Lodging Use</i>	31
XI. FEASIBLE DEVELOPMENT FORMS.....	31
Figure 11.1: Low-Rise Development Forms, Examples	32
Figure 11.1: Low-Rise Mixed Use, Residential over Commercial, Examples	33



I. INTRODUCTION

This development feasibility analysis is prepared as one component of a quick response project, funded by the State of Oregon's Transportation and Growth Management Program, for the City of Independence, examining the Valley Concrete Development site on the Downtown riverfront. This site is large and well-situated for prominent development while increasing community access to the river.

As part of this effort, JOHNSON ECONOMICS has prepared a market analysis and development feasibility analysis of major land use types in the area. This analysis outlines current and anticipated market conditions impacting viable development forms in the Plan Area. The anticipated demand for a range of prospective product types will inform the concept planning process in terms of mix of uses, likely development forms, and scale of supportable uses.

II. KEY CONCLUSIONS

- The Valley Concrete Development Site is part of a broader market area that exhibits good growth potential across most land use types. The Independence/Monmouth area has grown quickly in comparison to Polk County and the region as a whole. Though growth in population and households has slowed somewhat in recent years, it will continue to support new residential and employment uses.
- The Primary Market Area delineated for this study encompasses the cities of Independence and Monmouth. The Primary Market Area (PMA) in this case represents the common area in which residents and employers would place similar value on the general location. Because of the size of the planning area it will draw on demand from a broader area than just the City of Independence.
- The following table presents the five year demand for different land uses types in the larger Primary Market Area. The healthy overall demand in the larger market area provides flexibility in planning for the subject site. This demand will not all be captured at the site but represents the larger pool of demand from which the Plan Area can draw.



**FIGURE 1.1: PROJECTED DEMAND BY LAND USE
PRIMARY MARKET AREA**

Land Use Category	New Space Demanded - 2014 - 2019		
	Base Scenario		Acreage
Ownership Residential	200	units	25
Rental Residential	100	units	6
Retail/Commercial	30,000	sf	2.8
Office	30,000	sf	2.3
Lodging	17,000	sf	0.8
Total:	77,000	sf	37.1

¹ Acreage based on the following assumptions: Ownership Residential: 8 units/acre; Rental Residential: 16 units/acre; Retail .25 FAR; Office .3 FAR; Lodging 0.5 FAR.

- The subject site enjoys many natural advantages and some challenges as a location for future development. The chief advantages are its large size, central location and setting on the riverfront.
- The site is directly adjacent to the Riverview Park and amphitheater, one the City’s key amenities. The site has strong potential to connect to the park via riverfront greenway to extend this amenity onto the site itself. The site will enjoy good access from Highway 51. The best potential visibility from the highway will be at the north end of the site.
- Challenges of the site include the floodway limiting use on lower portions of the site, and topography. In addition, the final delineation of the floodplain could impact the nature of development on the site. The fall in elevation from S Main Street to the east may limit visibility for commercial uses on some portions. However, the topography may aid in adding parking under some uses, such as a hotel or mixed-use building.
- The north end of the site is strongest for commercial and lodging uses due to visibility and access. Residential may be better suited for the south and middle portions.
- Currently, feasible development in the Plan Area is likely to be low-rise wood frame construction of one to three stories with surface parking (including on-street and off-street). Various tools and policies can facilitate the development of greater density and mixed uses.

SEE THE FINAL SECTIONS OF THIS REPORT FOR MORE DETAIL ON FINDINGS AND RECOMMENDATIONS.



III. ECONOMIC OVERVIEW

A. THE ECONOMIC PICTURE

Like the rest of the nation, the State of Oregon and the upper-Willamette Valley region are currently in the midst of a slow recovery, following an economic downturn which began in late 2007. While the recovery has now been gaining momentum for a few years, employment levels have not returned to pre-recession levels and the unemployment rate remains elevated.

At the same time, in-migration to the state remains strong and the real estate market is regaining its footing in the largest markets, with smaller local markets expected to follow. Coming out of the downturn, significant growth potential remains which should buoy most of the Willamette Valley.

Through 2020, the Oregon economy is expected to outpace the national average, with employment growing by an estimated 15% compared to 11% nationally. As a result, Oregon's income growth is also expected to outpace the rest of the nation (2.2% vs. 2% annually). Long-term growth will continue to be a function of the state's export potential, which in turn is dependent on growth among its Pacific Rim trading partners.

Population Trends

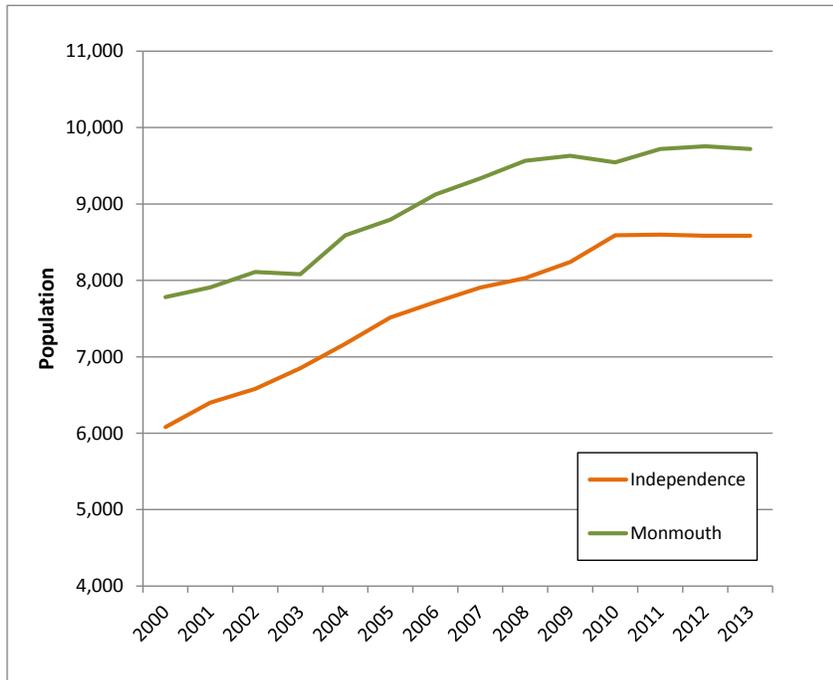
Oregon and many of its cities experienced increasing growth during the 2000's, which began to moderate beginning in 2007 as economic conditions affected household mobility. Independence and Monmouth, as well as Polk County generally, continued to grow through roughly 2010, but the PSU Population Research Center estimates that the growth rate has decreased significantly and population is nearly flat over the past few years (Figure 3.1).

The US Census reports a population of 8,590 in Independence in 2010, up from 6,035 in 2000, growth of over 42% over the decade. Independence grew at an average rate of 3.6% per year between 2000 and 2010, compared to 2.1% in Monmouth, and 1.9% in Polk County.

PSU estimates that the population of Independence may have decreased very slightly between 2012 and 2013.

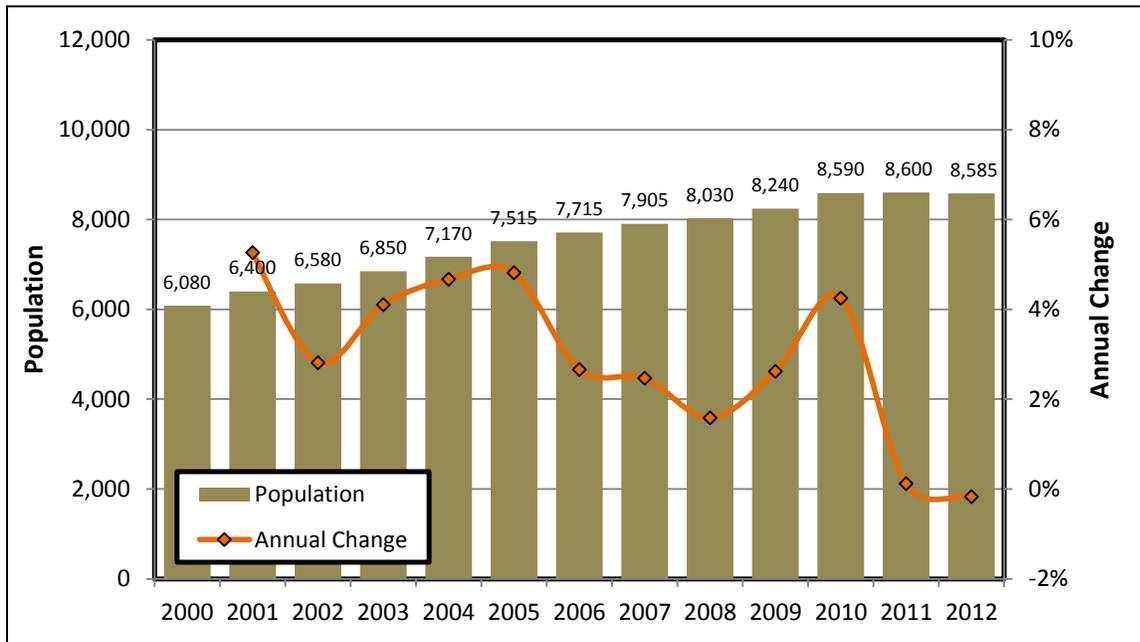


**FIGURE 3.1: POPULATION GROWTH RATES
INDEPENDENCE AND MONMOUTH**



SOURCE: PSU Population Research Center, Johnson Economics LLC

**FIGURE 3.2: POPULATION GROWTH
CITY OF INDEPENDENCE**



SOURCE: PSU Population Research Center, JOHNSON ECONOMICS LLC



B. EMPLOYMENT TRENDS

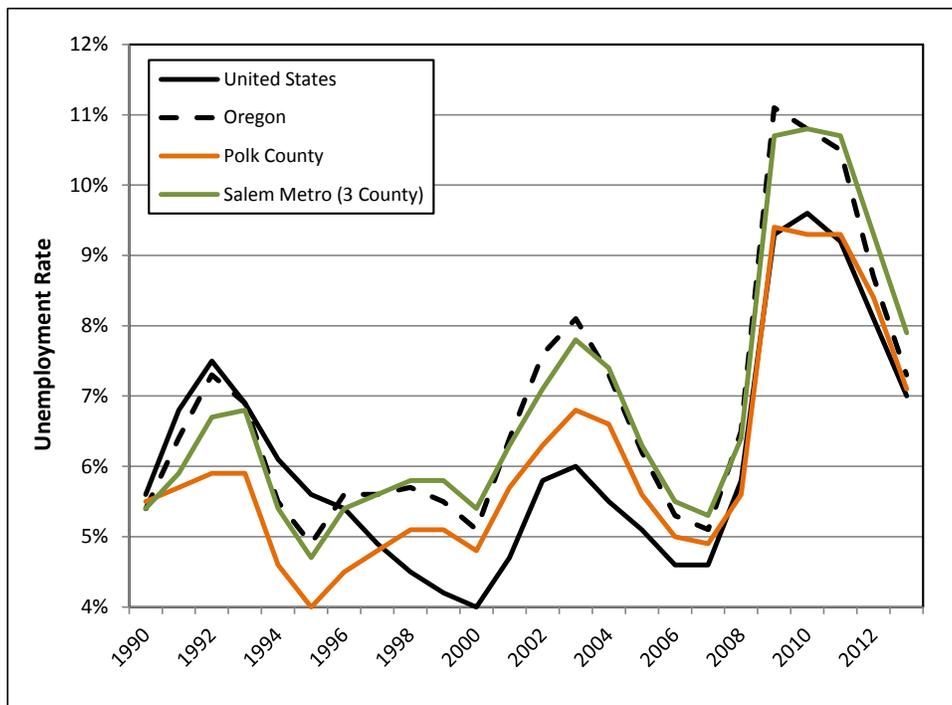
While tracking national employment trends, Oregon has historically tended to have higher unemployment by one or two percentage points. One exception was the 1990's, when Oregon and Polk County experienced lower than average unemployment.

Figure 3.3 shows unemployment trends since 1990. Polk County demonstrates a normal trend of experiencing unemployment well below the statewide rate. During the recent recession, the Polk County employment rate remained near the national average, while Oregon's rate was roughly two percentage points higher at times. Meanwhile, the three-county Salem Metro rate tracks the statewide rate.

The county unemployment rate peaked at 9.4% in 2009, but has since fallen to 7.1%, very near the national average. The unemployment rate in Oregon is also converging near the same level, while the rate in the greater Salem metro area remains nearly a percentage point higher than in Polk County.

At 7.1% percent, unemployment in Polk County has fallen to where it was in 2009, but remains higher than at any other point between 1990 and 2009, including during previous recessions.

**FIGURE 3.3: UNEMPLOYMENT TRENDS
POLK COUNTY AND COMPARISONS**



SOURCE: Bureau of Labor Statistics and Oregon Employment Department



Figure 3.4 summarizes employment changes in the combined Independence and Monmouth market area between 2002 and 2011 (the unusual time period is due to data limitations from the Census Bureau.)

In those years, the greatest employment gains were seen in the “education and health services” and “professional and business services” sectors. The greatest losses were experienced in the “government” and “manufacturing” sectors. (The large percentage gain in the “information” sector is likely attributable to the addition of just a few firms. The overall employment in this sector remains modest.)

Overall, employment in the county increased 4% over the decade, or 0.4% per year. However, this does not capture growth in 2012 and 2013, during which employment in Polk County as a whole grew an additional 1.6%. The market area likely participated in this employment growth as well.

**FIGURE 3.4: EMPLOYMENT TRENDS BY INDUSTRY
POLK COUNTY, 2002 - 2011**

INDUSTRY	2002	2011	Growth		
	Employment	Employment	New Empl.	% Change	Annual %
TOTAL NONFARM EMPLOYMENT	3,846	3,994	148	4%	0.4%
Natural Resources	127	47	-80	-63%	-10.5%
Construction	85	62	-23	-27%	-3.4%
Manufacturing	446	346	-100	-22%	-2.8%
Wholesale Trade	51	65	14	27%	2.7%
Retail Trade	296	292	-4	-1%	-0.2%
Transportation, Warehousing, Utilities	20	41	21	105%	8.3%
Information	2	40	38	1900%	39.5%
Financial activities	85	106	21	25%	2.5%
Prof. and business services	191	338	147	77%	6.5%
Education and health services	1,746	1,942	196	11%	1.2%
Leisure and hospitality	274	366	92	34%	3.3%
Other Services	117	139	22	19%	1.9%
Government	406	210	-196	-48%	-7.1%

SOURCE: US Census Employment Dynamics

At the time of this report, employment growth is returning but the rate is moderate. Total employment in the county is still down 7.7% since peaking in 2007. Roughly 80% of the employment lost between 2007 and 2011 has been regained.

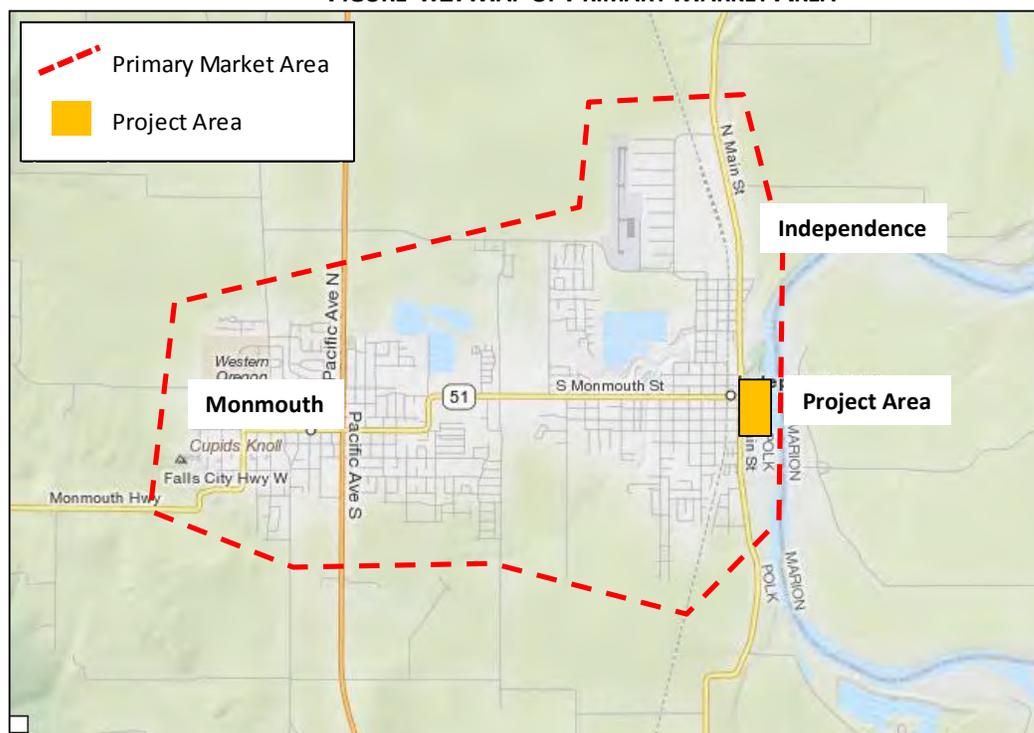
The Oregon Employment Department projects that the strongest growth sectors in Region 3 (Polk, Marion, Yamhill) will remain “education and health services” and “professional and business services”. Construction jobs are also expected to rebound with increased real estate activity, while tourism employment is also expected to continue to see growth.



IV. PRIMARY MARKET AREA

In order to assess the feasibility of different potential land use types at the Valley Concrete development site (hereafter referred to as the subject site), JOHNSON ECONOMICS selected a Primary Market Area in which to quantify supply and demand conditions. The uses considered in this report are Residential, Retail/Commercial, Office, and Lodging. Due to the proximity of Monmouth and Independence, we have used a market area which encompasses both cities.

FIGURE 4.1: MAP OF PRIMARY MARKET AREA



SOURCE: MapQuest, JOHNSON ECONOMICS LLC

The Primary Market Area (PMA) in this case represents the common area in which residents and employers would place similar value on the general location. In other words, a prospective resident or business willing to consider locating in Independence would likely be willing to consider locating in Monmouth as well, and vice versa, assuming issues such as access being equal.

For retail and commercial services, the PMA represents the geographic area that will provide the majority of steady customers supporting the operation.

The specific advantages and disadvantages of the Concept Plan Area location for each land use are addressed in more detail in later sections of this report.



A. CHARACTERISTICS OF THE PRIMARY MARKET AREA

The characteristics of the households and employment in the market area form the key foundation for projecting demand for land uses, and thus growth into the future.

Demographics

The combined cities making up the Primary Market Area had an estimated population of 18,283 residents in 2014, residing in roughly 6,250 households. This is an average of 2.93 people per household. Figure 5.1 displays the past trends and projected trends for population and income in the PMA.

The PMA demonstrates trends in population and income growth that are positive for future demand. The population growth in the PMA has been faster than that of Polk County or the state. From 2000 to 2014, the population grew at an annual rate of 1.8%, compared to roughly 1.0% in the county and state. As noted in the previous section, growth was notably higher through roughly 2010 and has since slowed. Over the next 5 years, the population in the PMA is expected to grow at a somewhat slower rate of 0.8% annually.

The median household income, at \$48,300 in 2010, is only slightly lower than the median of roughly \$50,000 statewide.

FIGURE 5.1: HOUSEHOLD & INCOME TRENDS, PRIMARY MARKET AREA

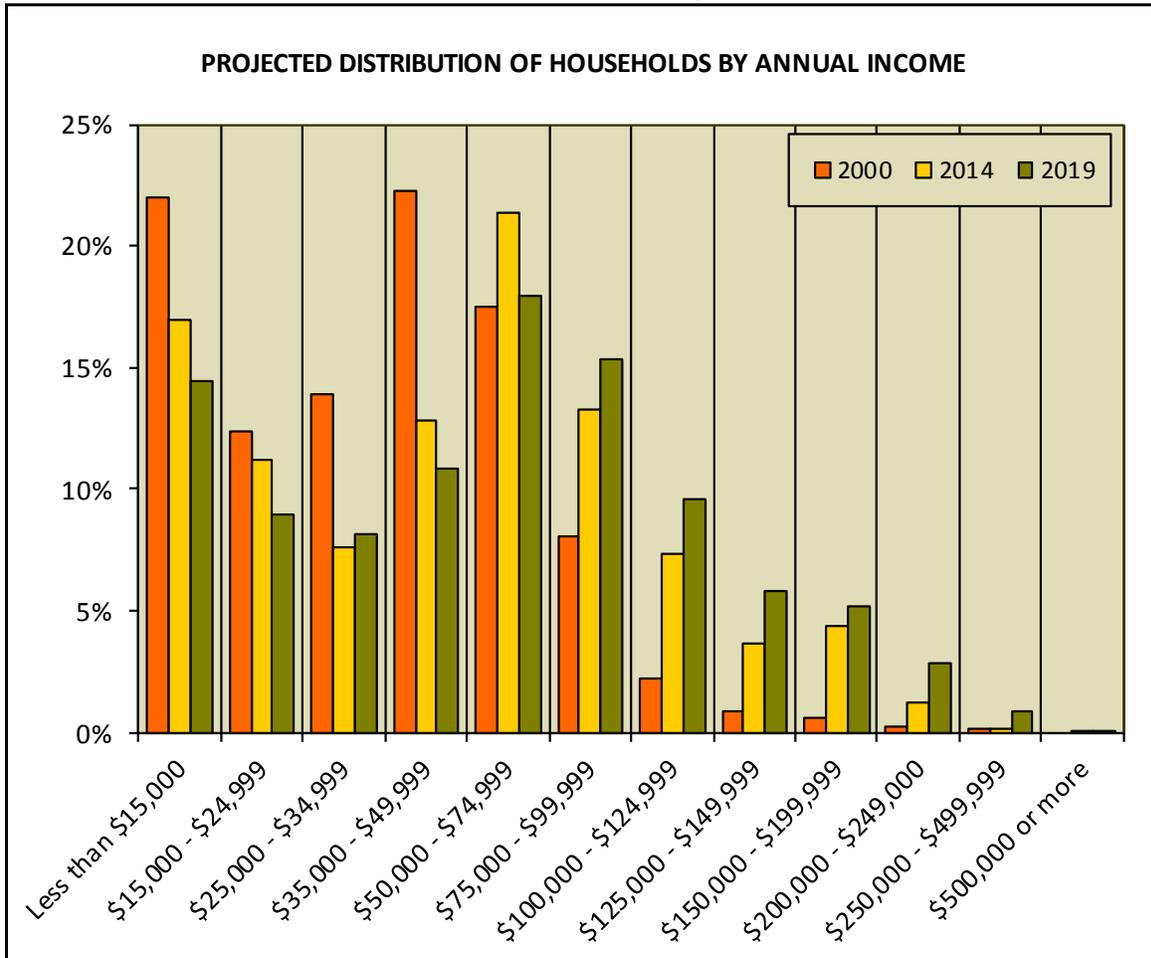
Household Trends	2000 (Census)	2014 (Est.)	Growth Rate 00-14	2019 (Proj.)	Growth Rate 14-19
Population	14,176	18,283	1.8%	19,061	0.8%
Households	4,886	6,246	1.8%	6,536	0.9%
Families	3,041	3,897	1.8%	4,081	0.9%
Housing Units	5,198	6,736	1.9%	7,027	0.8%
Household Size	2.90	2.93	0.9%	2.96	1.1%
Income Trends	2000 (Census)	2014 (Est.)	Growth Rate 00-14	2019 (Proj.)	Growth Rate 14-19
Per Capita Income (\$)	\$14,237	\$16,934	1.2%	\$18,016	1.2%
Median HH Income (\$)	\$34,799	\$48,318	2.4%	\$54,327	2.4%

SOURCE: Claritas Inc., JOHNSON ECONOMICS LLC

Figure 5.2 shows the distribution of households by annual income in 2000 and 2014, and projected to 2019. The figure shows a concentration of incomes on the lower half of the spectrum in 2000. Since then household incomes have moved towards the higher end of the distribution, with the largest gains in share in those households earning \$100,000 or more per year. While higher incomes have become and are projected to become a greater share of the total, the greatest concentration of households is expected to remain in the \$50,000 to \$100,000 range.



FIGURE 5.2: HOUSEHOLDS BY ANNUAL INCOME, PRIMARY MARKET AREA



SOURCE: Claritas Inc., JOHNSON ECONOMICS LLC

Employment

Data from the U.S. Census Bureau and Oregon Employment Department indicate that there were roughly 4,000 jobs in the Independence/Monmouth Primary Market Area as of 2011 (irregular time period due to data limitations). Using the known county employment growth rate since 2011, gives an estimate of roughly 4,060 jobs currently in the market area. Though the Primary Market Area saw an overall job loss in some sectors, the PMA still has an estimated 200 more jobs today than in 2002.

The PMA constitutes roughly 24% of Polk County employment. According to Census data, Monmouth represents roughly 60% of the employment, and Independence 40%.



**FIGURE 5.3: EMPLOYMENT TRENDS BY INDUSTRY
PRIMARY MARKET AREA, 2002 - 2011**

INDUSTRY	2002	2011	Growth		
	Employment	Employment	New Empl.	% Change	Annual %
TOTAL NONFARM EMPLOYMENT	3,846	3,994	148	4%	0.4%
Natural Resources	127	47	-80	-63%	-10.5%
Construction	85	62	-23	-27%	-3.4%
Manufacturing	446	346	-100	-22%	-2.8%
Wholesale Trade	51	65	14	27%	2.7%
Retail Trade	296	292	-4	-1%	-0.2%
Transportation, Warehousing, Utilities	20	41	21	105%	8.3%
Information	2	40	38	1900%	39.5%
Financial activities	85	106	21	25%	2.5%
Prof. and business services	191	338	147	77%	6.5%
Education and health services	1,746	1,942	196	11%	1.2%
Leisure and hospitality	274	366	92	34%	3.3%
Other Services	117	139	22	19%	1.9%
Government	406	210	-196	-48%	-7.1%

SOURCE: U.S Census, Oregon Employment Department, JOHNSON ECONOMICS LLC

Of the residents of the PMA who work, only about 12% actually work within the PMA, and 88% commute elsewhere according to the Census. Conversely, a large majority of employees in the PMA commute in from elsewhere.

Going forward, the PMA can expect to experience similar trends to the county and region as a whole, including strongest growth in the education, healthcare, and professional service sectors, and strong growth in tourism and construction.

* * *

The following sections address each of the major land use types, and assess their feasibility at the subject site. These findings then inform a comparison of the relative strength of demand for the land uses, and compatibility with the plan area.



V. RESIDENTIAL MARKET CONDITIONS

The residential real estate market has experienced the greatest distortions over the last decade of the major categories of land use. In some national markets, the trend of rapidly increasing housing prices began as early as the late 1990's, and culminated in 2006. By that time, values had grown significantly, and the housing market was ridden with over-development, speculation, lax lending standards, and even outright fraud. Much of this activity was sustained by the assumption that real estate values always rise. Once valuations reached unsustainable levels beginning in 2005 and 2006, prices fell and problems cascaded across the country and at financial institutions.

In the Northwest, the housing "bubble" began late and did not grow as large. The pace of price increases did not begin accelerating until roughly 2003, well behind many national markets. Likewise, the Northwest didn't experience widespread price declines until 2007. According to the Case/Schiller index of housing values, the bubble in Northwest markets reached roughly half the size of the nationwide composite of 20 cities.

In many Oregon markets, prices eventually declined roughly 25% to 30% from their peak. However, prices have been on the rebound since early 2012 and have now experienced two solid years of stability and/or growth depending on the market. The housing rebound is underway, but values remain well below the peak pricing and many homeowners are still "underwater", owing more on their homes than they are currently worth.

For-Sale vs. Rental Housing

The impact of the boom and bust in residential real estate flipped the market from a state of rapid multi-year growth, to a state of very low production beginning in 2007. In much of Oregon, the growth was almost all in the for-sale housing market between 2003 and 2007, leading to a significant oversupply of new housing and buildable lots once the market cooled.

However, the emphasis on for-sale housing led to low production of multi-family rental properties, and therefore rental units were not oversupplied coming out of the housing boom. In many markets, rental units have become the focus of new development activity, as rents rise and vacancy falls.

A. RESIDENTIAL SUPPLY SUMMARY

Figure 6.1 displays the residential housing permits issued from 1990 to 2013 in Independence, Monmouth and Polk County. Independence represents 27% of the units permitted in Polk County over that period, while Monmouth represents 19% of all units. Overall, the PMA accounted for roughly 46% of all housing unit production in the county.

Of the units permitted in Independence, 57% were single family, while in Monmouth over 69% of units were single family. There has been limited multi-family development permitted in the PMA since 2005.



FIGURE 6.1: RESIDENTIAL BUILDING PERMITS

Year	Permitted Single-Family Units			Permitted Multi-Family Units		
	Independence	Monmouth	Polk Co.	Independence	Monmouth	Polk Co.
1990	4	15	122	0	4	6
1991	5	13	140	0	2	5
1992	15	22	148	2	36	90
1993	17	24	157	19	53	150
1994	21	28	192	6	50	60
1995	6	26	155	12	37	125
1996	69	69	321	134	8	182
1997	81	96	340	22	32	81
1998	119	28	283	68	41	121
1999	37	34	224	0	0	18
2000	53	28	167	84	3	93
2001	39	20	148	50	4	72
2002	49	44	200	4	14	60
2003	119	40	282	80	18	109
2004	115	73	407	66	26	94
2005	107	131	424	22	0	30
2006	83	4	285	16	0	98
2007	41	2	165	0	0	3
2008	25	22	82	200	5	26
2009	21	17	78	0	0	42
2010	4	35	85	0	0	4
2011	2	28	59	0	0	0
2012	2	37	79	0	40	2
2013	0	0	0	0	0	0
Totals:	1,034	836	4,543	785	373	1,471

SOURCE: Census Bureau, and JOHNSON ECONOMICS LLC

Nearly 60% of households in Independence are owner households, while 40% are renter households. The tenure in Monmouth is closer to 50/50, likely due to the greater prevalence of university student renters.

FIGURE 6.2: HOUSING TENURE

	Independence	Monmouth	Combined PMA
Owners:	59%	49%	54%
Renters:	41%	51%	46%

SOURCE: Census Bureau, and JOHNSON ECONOMICS LLC

Ownership housing: Figure 6.3 summarizes for-sale inventory statistics in the two cities of the Primary Market Area for 2013. In the past year, the two cities have experienced nearly 180



home sales, at a median sale price of roughly \$144,000 in Independence and \$164,000 in Monmouth.

**FIGURE 6.3: INVENTORY STATISTICS
PRIMARY MARKET AREA, 2013**

INDEPENDENCE, OREGON		MONMOUTH, OREGON	
Total Annual Sales:	78	Total Annual Sales:	101
Average Monthly Sales:	6.5	Average Monthly Sales:	8.4
Median Sale Price:	\$143,700	Median Sale Price:	\$164,000
Median Price/SF:	\$92	Median Price/SF:	\$107
Average Sale Price:	\$159,878	Average Sale Price:	\$178,290
Average Price/SF:	\$96	Average Price/SF:	\$108
Active Homes Available:	42	Active Homes Available:	56
Median List Price:	\$167,900	Median List Price:	\$219,000
Inventory/Months:	6	Inventory/Months:	7
Inventory/Months (incl. lots):	11	Inventory/Months (incl. lots):	8

SOURCE: RMLS, Zillow, and JOHNSON ECONOMICS LLC

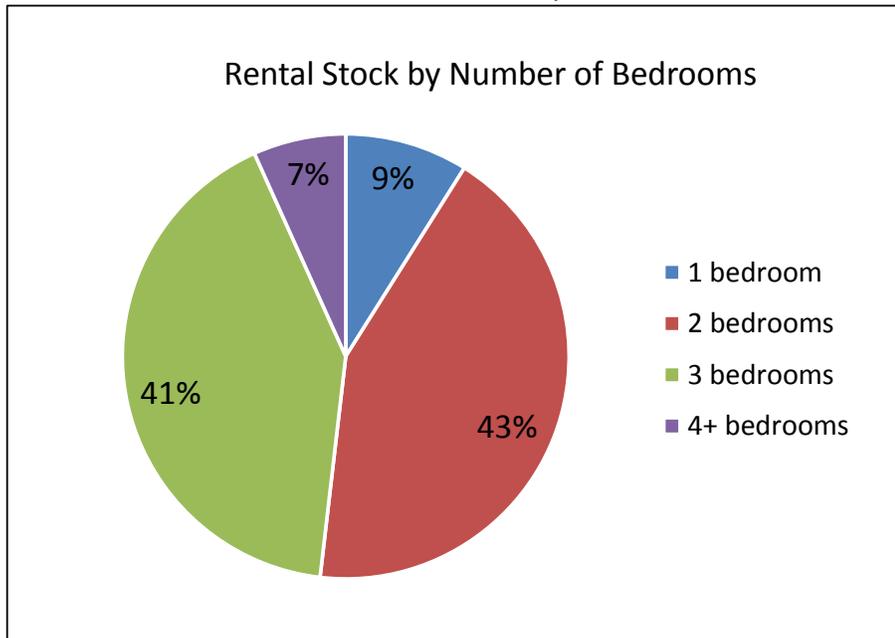
Based on the sales velocity of the previous year, the current number of active listings amount to roughly 6 to 7 months of supply, which is considered a healthy inventory level to balance supply and demand. When vacant lots for sale are included, the inventory is greater at 11 months in Independence, which is moderately high but not extreme.

Rental housing: 46% of occupied units in the market area are renter-occupied, over 2,800 rental units. Of those, roughly half are in larger multi-family properties of 5 or more attached units, while the other half are in smaller properties, including 26% of rentals which are single family detached homes. According to the US Census, 60% of rental units in the market area are located in Monmouth, and 40% in Independence.

Nearly 85% of rental units are two or three bedroom units. One bedroom units represent roughly 10% of units (Figure 6.4).



**FIGURE 6.4: RENTAL UNITS, NUMBER OF BEDROOMS
PRIMARY MARKET AREA, 2013**



SOURCE: US Census, and JOHNSON ECONOMICS LLC

**FIGURE 6.5: RENTAL UNITS, ESTIMATED AVERAGE SIZE AND RENTS
PRIMARY MARKET AREA, 2013**

Unit Type	Size Range		Rent Range		Rent/Sq.Ft. Range	
	Low	High	Low	High	Low	High
One bed	600	725	\$550	\$750	\$0.90	\$1.10
Two bed	850	950	\$700	\$800	\$0.80	\$1.00
Three bed	1050	1200	\$850	\$1,050	\$0.75	\$0.90

SOURCE: Rental properties, US Census, and JOHNSON ECONOMICS LLC

Rental units in the market area tend to achieve a rent level slightly below or approaching \$1.00 per square foot. There are a few examples of newer rental projects in the area such as Legacy Oaks and an expanded College Manor which are able to achieve higher rents relative the mostly aging rental stock. 80% of rental units were built prior to 2000. Many of those built after 2000 are single-family homes for rent rather than traditional apartment units.

Properties generally report low vacancy rates of 5% or lower and the ability to raise rent levels modestly over the past year. There is some seasonality to occupancy due to the prevalence of Western Oregon University (WOU) students in the market, however properties report generally being able to re-rent units quickly and maintain healthy occupancy during the summer months.



B. RESIDENTIAL DEMAND PROJECTIONS

JOHNSON ECONOMICS uses a residential model that calculates demand for new ownership and rental housing based on the income level, age, and growth profiles of the market area. The profile of probable owners vs. renters is derived from Census data for the area. In general, those in younger age cohorts and with lower income are likely to rent units, while older households and those with higher income are more likely to own their homes.

Ownership housing

The demand for for-sale units in the competitive market area is typically the biggest driver of the housing development in a suburban market. For-Sale demand is the result of two factors:

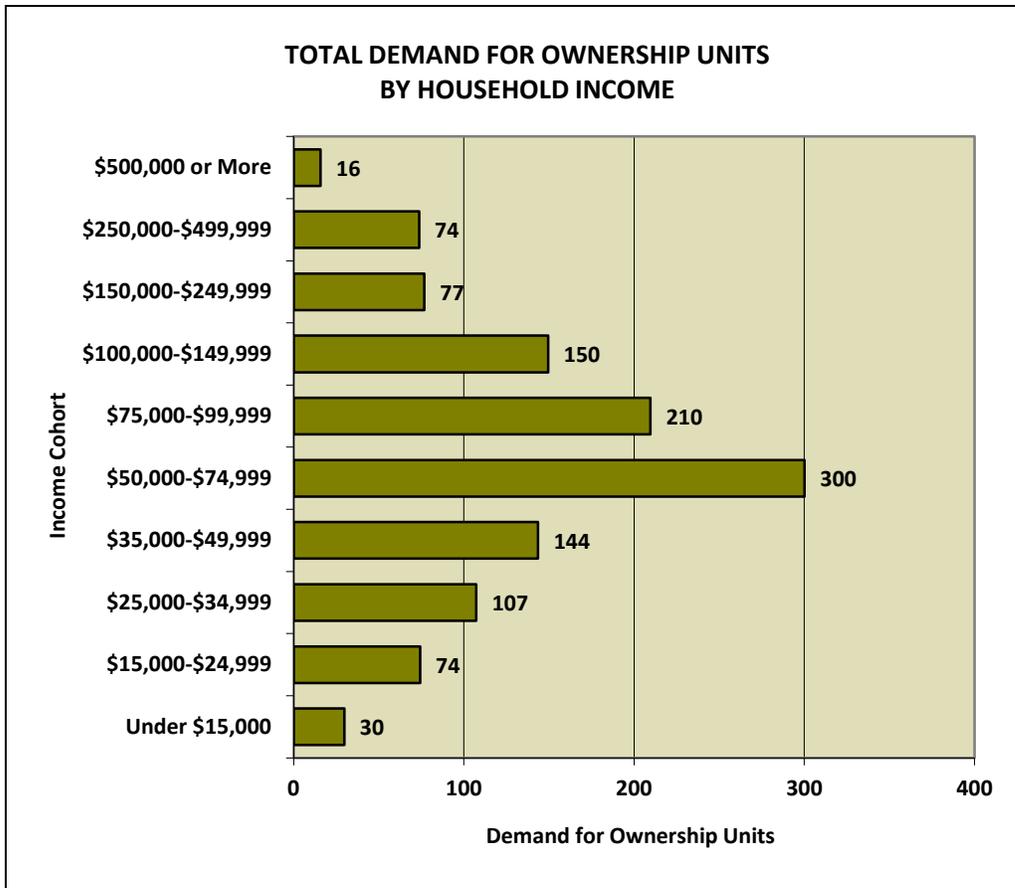
Structural Demand: Net new demand resulting from the addition of new households to the area, due to standard economic growth. Structural demand encompasses households entering the area due to gradual expansions in regional employment and population.

Turnover Demand: Annual sales as a result of the normal turnover of existing households relocating within the PMA.

Figure 6.6 shows the projected total demand for for-sale units resulting from these two components distributed by income group.



FIGURE 6.6
TOTAL DEMAND FOR OWNERSHIP UNITS, 2014 – 2019
PRIMARY MARKET AREA



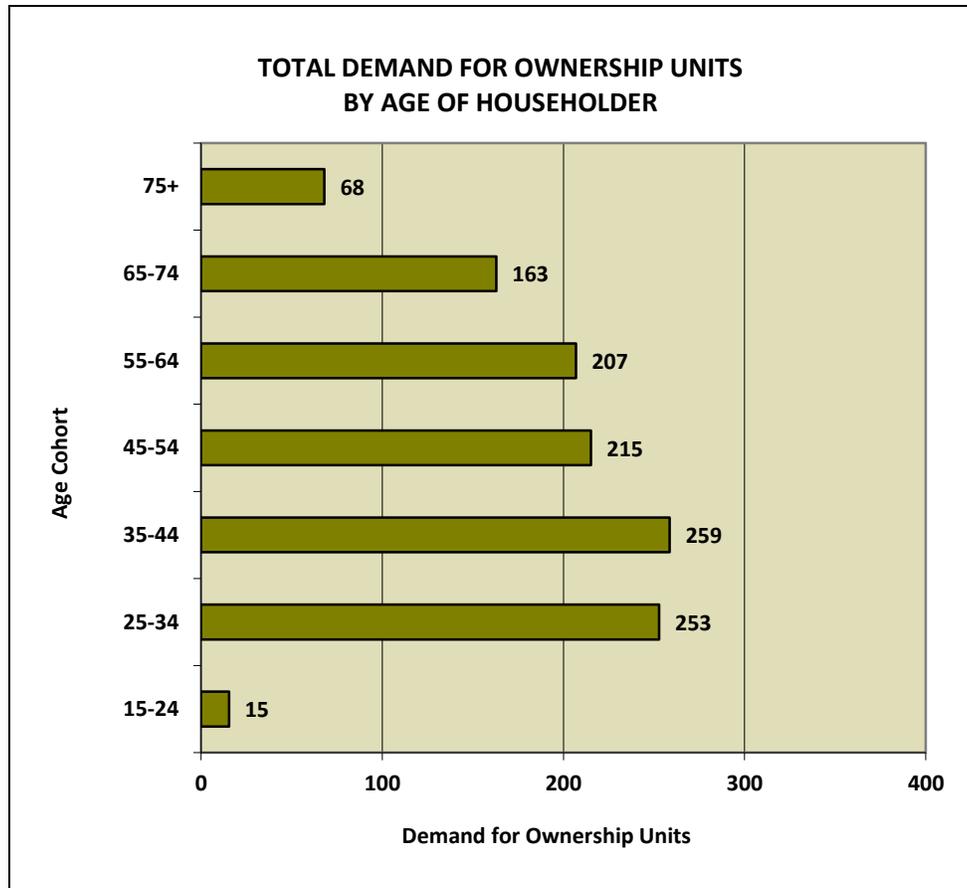
SOURCE: Claritas, and JOHNSON ECONOMICS LLC

- Figure 6.6 displays a total 5-year demand for nearly 1,200 ownership units. This demand will be met by both new *and existing* units. This is the total demand within the Primary Market Area.
- Of these, there is a projected structural demand from in-migrating households for just fewer than 200 ownership units. This represents demand from *net new* households to the area, and is a better proxy for the number of new units demanded.
- Households making between \$50,000 and \$75,000 per year represent the single largest block of demand (25% of total). If the income cohorts earning between \$50,000 and \$149,000 are combined they represent 55% of the total demand.

Figure 6.7 shows the same demand for ownership units distributed by age cohort.



FIGURE 6.7
TOTAL DEMAND FOR OWNERSHIP UNITS, 2014 – 2019
PRIMARY MARKET AREA



SOURCE: Claritas, and JOHNSON ECONOMICS LLC

- In general, the 5-year demand for ownership housing is fairly evenly spread across those age groups from 25 to 65. Younger, family-age households are well represented in the market area.

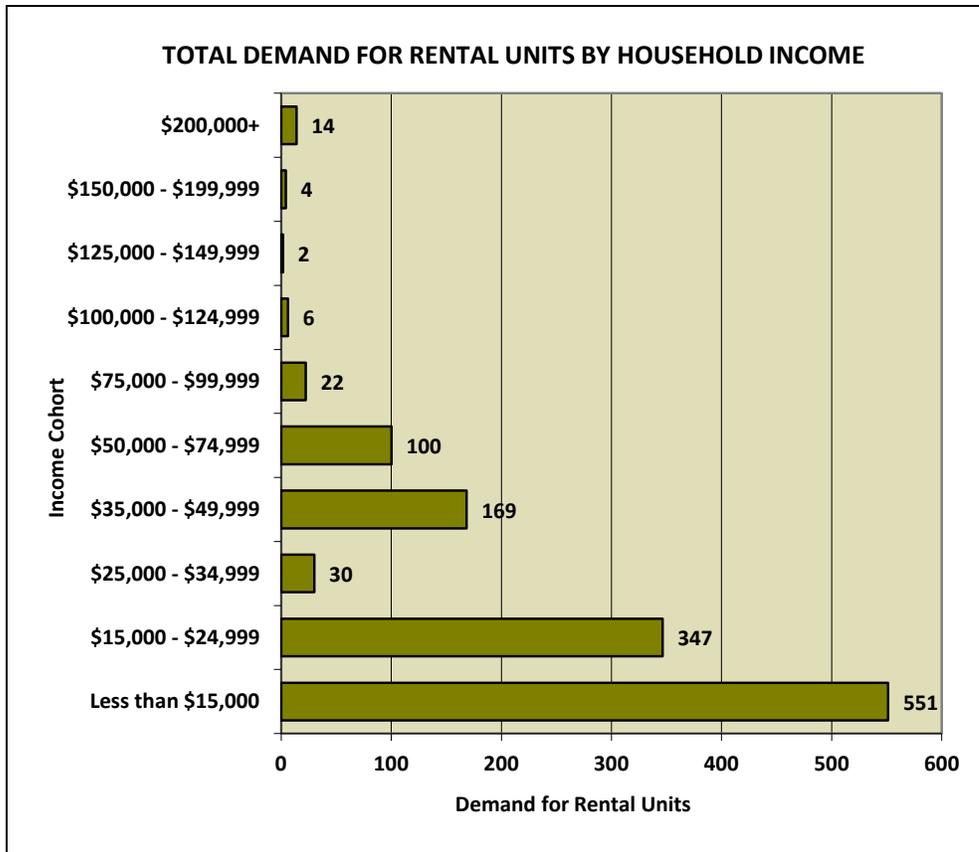
Rental housing

The same factors of growth, age and income will drive the demand for rental housing as well.

- Figure 6.8 displays a total 5-year demand for 1,250 rental units. A majority of demand is from those households earning less than \$50,000 per year.



FIGURE 6.8
TOTAL DEMAND FOR RENTAL UNITS, 2014 – 2019
PRIMARY MARKET AREA



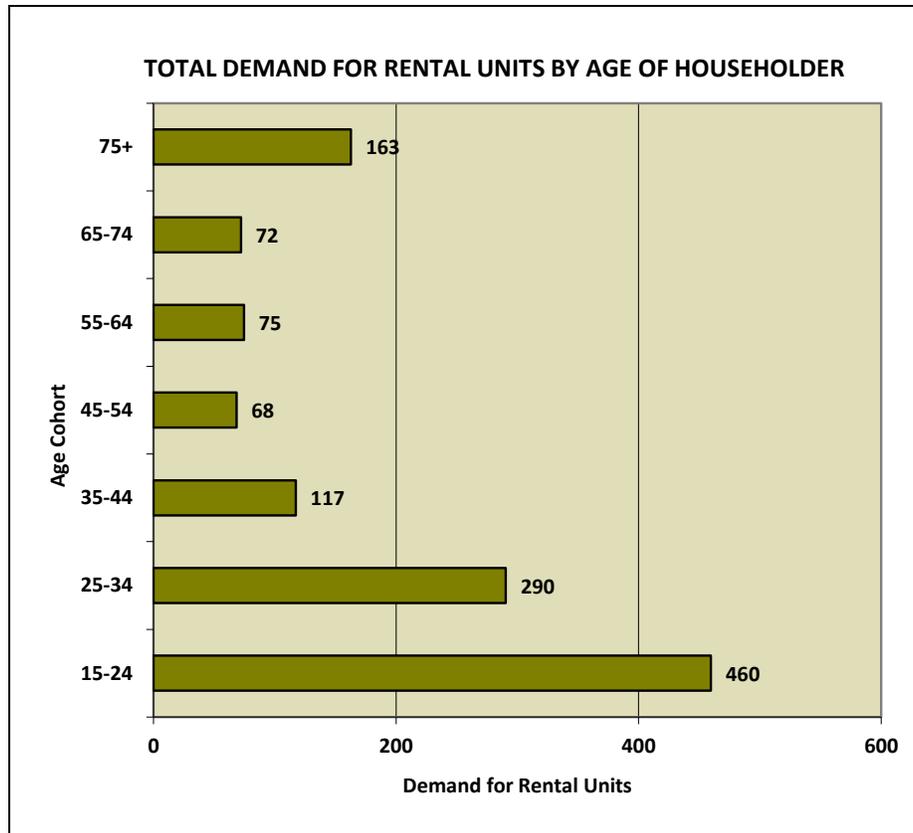
Source: Claritas, and JOHNSON ECONOMICS LLC

- Our analysis finds a projected structural demand from in-migrating households for just less than 100 rental units, which best represents the need for new units going forward.

Figure 6.9 shows the total demand for rental units by age cohort. Those householders aged 34 and younger represent the largest share of demand, as is typical in most markets.



FIGURE 6.9
TOTAL DEMAND FOR RENTAL UNITS, 2014– 2019
PRIMARY MARKET AREA



Source: Claritas, and JOHNSON ECONOMICS LLC

Housing Demand Conclusions

Structural demand, representing net new households in the area, is the best indicator of demand for *new* housing, as opposed to existing housing. For the purposes of planning for potential development at the subject site, this is the key metric. Based on the above findings, we estimate the following 5-year demand for new housing units within the Primary Market Area:

- 200 ownership housing units, mostly single-family
- 100 rental units, mostly multi-family

These demand findings are discussed in more detail, in relation to other land uses, in SECTION X of this report.



VI. RETAIL & COMMERCIAL MARKET CONDITIONS

Retail space also faced challenges in recent years, nationally and regionally, as economic conditions and strained household finances led to a drop in discretionary spending beginning in 2007. 2009 was a very difficult year for retailers, with many national chains declaring bankruptcy, consolidating and/or closing stores.

However, consumer spending and employment resumed growth in 2010 and by 2011, spending exceeded 2007 levels. Helping to shield the blow is the fact that Oregon is historically somewhat under-built with retail space. Lack of a sales tax reduces incentives for jurisdictions to zone for and approve retail development, whereas in other states, large retail developments are often actively courted.

Retail in Independence is generally local in scale with unique shops and restaurants along Main Street and in the historic downtown area. These are accompanied by mid-sized stores such as grocers, hardware and auto body stores. A new 8-screen movie theater provides a regional draw to the downtown.

A. RETAIL DEMAND PROJECTIONS

By combining data on spending per PMA household with the projected growth rate in households, we arrive at projections of future spending and retail space demand.

JOHNSON ECONOMICS has projected household spending based on the annual projected household growth rate of 0.8% presented in Figure 5.1. By 2019, the net new households in the PMA are expected to spend an additional \$9 million per year than they do in 2014. This spending will take place both inside and outside the PMA.

FIGURE 7.1: ANNUAL HOUSEHOLD SPENDING PROJECTIONS, 2014 TO 2019

Spending Growth Scenario ^{1/}		2013 Per Household Expenditures	Retail Spending in Millions (Households)						14-'19 Growth
NAICS	Category		2014	2015	2016	2017	2018	2019	
			6,246	6,303	6,360	6,418	6,477	6,536	290
441	Furniture and Home Furnishings Stores	\$798	\$5.0	\$5.0	\$5.1	\$5.1	\$5.2	\$5.2	\$0.2
442	Electronics and Appliance Stores	\$954	\$6.0	\$6.0	\$6.1	\$6.1	\$6.2	\$6.2	\$0.3
443	Building Material, Garden Equip Stores	\$3,747	\$23.4	\$23.6	\$23.8	\$24.1	\$24.3	\$24.5	\$1.1
444	Food and Beverage Stores	\$5,821	\$36.4	\$36.7	\$37.0	\$37.4	\$37.7	\$38.0	\$1.7
445	Health and Personal Care Stores	\$2,029	\$12.7	\$12.8	\$12.9	\$13.0	\$13.1	\$13.3	\$0.6
446	Clothing and Clothing Accessories Stores	\$2,080	\$13.0	\$13.1	\$13.2	\$13.4	\$13.5	\$13.6	\$0.6
448	Sporting Goods, Hobby, Book, Music Stores	\$965	\$6.0	\$6.1	\$6.1	\$6.2	\$6.2	\$6.3	\$0.3
451	General Merchandise Stores	\$5,595	\$34.9	\$35.3	\$35.6	\$35.9	\$36.2	\$36.6	\$1.6
452	Miscellaneous Store Retailers	\$1,194	\$7.5	\$7.5	\$7.6	\$7.7	\$7.7	\$7.8	\$0.3
453	Non-Store Retailers	\$3,402	\$21.2	\$21.4	\$21.6	\$21.8	\$22.0	\$22.2	\$1.0
722	Foodservice and Drinking Places	\$4,638	\$29.0	\$29.2	\$29.5	\$29.8	\$30.0	\$30.3	\$1.3
Totals/Weighted Averages		\$31,224	\$195.0	\$196.8	\$198.6	\$200.4	\$202.2	\$204.1	\$9.1

1/ Growth scenario based on 0.8% household growth projection (Figure 5.1)

SOURCE: Claritas Inc., and JOHNSON ECONOMICS LLC



Figure 7.2 translates the above spending projections into the equivalent amount of retail space. The sales support factor takes into account the different size requirements of different retail categories, for instance, a furniture showroom vs. small boutique.

FIGURE 7.2: SPENDING PROJECTIONS, CONVERTED TO RETAIL SPACE DEMAND

Retail Space Growth Scenario		Sales Support	Retail Space Need - Existing and New (SF) ²						
NAICS	Category	Factor ¹	2014	2015	2016	2017	2018	2019	14-'19 Growth
441	Furniture and Home Furnishings Stores	\$387	14,171	14,300	14,431	14,562	14,695	14,829	391
442	Electronics and Appliance Stores	\$209	31,375	31,661	31,949	32,241	32,535	32,831	866
443	Building Material, Garden Equip Stores	\$302	85,252	86,029	86,814	87,605	88,404	89,210	2,353
444	Food and Beverage Stores	\$389	102,813	103,751	104,697	105,651	106,615	107,587	2,838
445	Health and Personal Care Stores	\$430	32,413	32,709	33,007	33,308	33,612	33,918	895
446	Clothing and Clothing Accessories Stores	\$279	51,228	51,695	52,167	52,642	53,122	53,607	1,414
448	Sporting Goods, Hobby, Book, Music Stores	\$156	42,498	42,885	43,276	43,671	44,069	44,471	1,173
451	General Merchandise Stores	\$199	193,163	194,925	196,702	198,496	200,306	202,132	5,332
452	Miscellaneous Store Retailers	\$164	50,041	50,497	50,957	51,422	51,891	52,364	1,381
453	Non-Store Retailers	\$127	184,039	185,717	187,411	189,120	190,844	192,584	5,080
722	Foodservice and Drinking Places	\$267	119,353	120,442	121,540	122,648	123,766	124,895	3,295
Total Retail Space Demand based on Total Spending:			906,300	914,600	923,000	931,400	939,900	948,400	25,000
<i>Estimated Visitor-Driven Retail Space Demand:</i>									5,000
<i>Estimated 5-Year Retail Acreage Demand:</i>									2.8

¹ Based on national averages of sales per square foot, derived from "Dollars & Cents of Shopping Centers," Urban Land Institute, 2010, adjusted to 2013 dollars.

² Assumes a market-clearing retail space vacancy rate of 10%.

SOURCE: Claritas Inc., and JOHNSON ECONOMICS LLC

The growth scenario projects that spending by market area households with additional visitor support will translate into a need for 25,000 square feet of additional retail space, over the next 5 years, and additional 5,000 square feet of visitor-driven demand. This is an estimated 2.8 acres of demand assuming an average Floor Area Ratio of .25 for retail development. Not all of this new demand will be captured within the Primary Market Area, and it might be met by existing vacant space as well as new space.

Currently, Johnson Economics estimates roughly 12,500 sq.ft. of vacant retail space in the downtown area, which in theory could accommodate 42% of the projected 30,000 s.f. demand. It is important to note however, that any community has some vacancy at any given time and the vacant space identified does not constitute a particularly high vacancy rate in Downtown Independence. In fact, the small retail spaces along S. Main Street are remarkably well-occupied compared to the struggling historic downtowns of many small communities.

Another consideration is that some vacant space may be obsolete or poorly located and will not be a likely substitute for new retail uses in the study area. While some of the projected new demand can be accommodated in existing space, there is remaining demand.

The vacancy identified above does not include the Elks building which has been for sale for some time and could be converted or demolished in the future. As is, this space is not well designed for retail uses. It does not have a storefront character, lacks windows on the street, and seems more institutional in design. As is, it is not considered part of the retail inventory but may be in the future if it is redeveloped.



VII. OFFICE MARKET CONDITIONS

The office market in the Primary Market Area is driven first and foremost by local employment trends, and job growth in industries which use office space. Development of new office space is proving to be one of the last real estate segments to recover in many markets across the nation, as employment has still not returned to previous peak levels.

Until strong job growth returns, the need for new office space will be muted. In addition, real estate investors are currently pursuing investment opportunities in existing office space, which is selling for below the cost of new development.

In Oregon, central city markets (such as Downtown Portland) are currently showing the most resilience, while suburban and smaller city submarkets are experiencing greater office vacancy.

Over the next 5-year period, office development in the Primary Market Area will be driven first and foremost by attracting new businesses to the area, as well as a return to job growth among existing businesses. Replacement or rehabilitation of aging and obsolete office properties also encourages some new supply.

A. OFFICE DEMAND PROJECTIONS

Projections of future office demand are based upon estimated employment growth by industry. Our model takes into account the share of workers within each industry that typically works in an office environment. The estimates of new office jobs are converted to office space using industry-specific averages for utilized square footage per employee. This gives us an estimate of the new office space required to accommodate future job growth.



FIGURE 8.1: PROJECTED EMPLOYMENT IN THE PRIMARY MARKET AREA

Base Growth Scenario Employment Categories	Est. PMA Empl. 2014	Est. Annual Growth Rate ¹	Total Employment				
			2015	2016	2017	2018	2019
Natural Resources	48	1.1%	48	49	49	50	51
Construction	63	1.9%	64	65	67	68	69
Manufacturing	352	1.4%	356	361	367	372	377
Wholesale Trade	66	1.6%	67	68	69	70	72
Retail Trade	297	1.3%	300	304	308	312	316
Transportation, Warehousing, Utilities	42	1.8%	42	43	44	45	45
Information	41	0.0%	41	41	41	41	41
Financial Activities	108	1.2%	109	110	112	113	114
Professional & Business Services	343	2.7%	353	362	372	382	392
Educational & Health Care Services	1,973	2.6%	2,024	2,077	2,130	2,186	2,242
Leisure & Hospitality	372	1.8%	379	386	393	400	407
Other Services	141	1.5%	143	145	148	150	152
Government	213	0.7%	215	216	218	219	221
Totals (Rounded Estimates):	4,058	1.7%	4,142	4,228	4,316	4,406	4,499

1/ The estimated annual growth rate is based upon forecasted growth from the Oregon Employment Department for Region 3.

Sources: U.S. Census, Oregon Employment Department, JOHNSON ECONOMICS LLC

Figure 8.1 presents the projected employment in the Primary Market Area, across the industry classifications, between 2014 and 2019. These projections are based on the future annual growth rate forecasted by the Oregon Employment Department. As discussed in Section V of this report, the estimated current employment is roughly 4,060 jobs.

Over 440 new jobs are forecasted over the 5-year period, representing growth of 11% over the 2014 level. This amounts to average growth of 1.7% per year.

Figure 8.2 below demonstrates the estimated amount of office-based employment resulting from this growth in overall employment. Different industry sectors use office space to differing degrees. For instance, employees in the construction industry use relatively little office space, while employees in the professional sector primarily use office space. Of the 440 new jobs, an estimated 140 of them are projected to be office jobs.



**FIGURE 8.2: PROJECTED OFFICE EMPLOYMENT
PRIMARY MARKET AREA**

Base Growth Scenario Employment Categories	Office Share ^{2/3}	Office Employment				
		2015	2016	2017	2018	2019
Natural Resources	2%	1	1	1	1	1
Construction	2%	1	1	1	1	1
Manufacturing	5%	18	18	18	19	19
Wholesale Trade	5%	3	3	3	4	4
Retail Trade	5%	15	15	15	16	16
Transportation, Warehousing, Utilities	30%	13	13	13	13	14
Information	90%	37	37	37	37	37
Financial Activities	90%	98	99	100	102	103
Professional & Business Services	90%	317	326	335	344	353
Educational & Health Care Services	40%	810	831	852	874	897
Leisure & Hospitality	40%	151	154	157	160	163
Other Services	40%	57	58	59	60	61
Government	35%	75	76	76	77	77
Totals (Rounded Estimates):		1,600	1,630	1,670	1,710	1,740

2/ Office Share is the estimated percentage of the total employment in that category that is done in an office setting.

3/ Office Share and Square Footage based on Urban Land Institute estimates, converted to N.A.I.C.S. by Johnson Economics LLC

Sources: U.S. Census, Oregon Employment Department, Urban Land Institute, Johnson Economics LLC

The following figure translates the above projections into the need for office space. The new projected office employment translates to a need of 29,500 square feet of new office space in the Primary Market Area over the next 5 years.



**FIGURE 8.3: PROJECTED OFFICE SPACE DEMAND
PRIMARY MARKET AREA**

Base Growth Scenario Employment Categories	Sq. Ft./ Emp ³	Estimated Office Demand (1000's of Sq.Ft.)					20-yr Change ('10-'30)	
		2015	2016	2017	2018	2019	New Office Emp.	New Space Demand (sf)
Natural Resources	225	0.2	0.2	0.2	0.2	0.2	0	0
Construction	225	0.3	0.3	0.3	0.3	0.3	0	23
Manufacturing	200	3.6	3.6	3.7	3.7	3.8	1	200
Wholesale Trade	200	0.7	0.7	0.7	0.7	0.7	0	40
Retail Trade	200	3.0	3.0	3.1	3.1	3.2	1	160
Transportation, Warehousing, Utilities	225	2.9	2.9	3.0	3.0	3.1	1	203
Information	200	7.3	7.3	7.3	7.3	7.3	0	0
Financial Activities	200	19.6	19.8	20.1	20.3	20.6	5	940
Professional & Business Services	200	63.5	65.2	66.9	68.7	70.6	35	7,080
Educational & Health Care Services	200	161.9	166.1	170.4	174.8	179.4	87	17,440
Leisure & Hospitality	200	30.3	30.8	31.4	32.0	32.6	11	2,280
Other Services	200	11.5	11.6	11.8	12.0	12.2	4	700
Government	200	15.0	15.1	15.2	15.3	15.5	2	420
<i>Totals (Rounded Estimates):</i>		<i>319.7</i>	<i>326.9</i>	<i>334.1</i>	<i>341.6</i>	<i>349.2</i>	<i>147</i>	<i>29,500</i>

3/ Office Share and Square Footage based on Urban Land Institute estimates, converted to N.A.I.C.S. by Johnson Reid LLC
Sources: U.S. Census, Oregon Employment Department, Urban Land Institute, Johnson Reid LLC

These demand findings are discussed in more detail, in relation to other land uses, in SECTION X of this report.



VIII. LODGING MARKET CONDITIONS

The City of Independence completed an in-depth study of the potential for a new hotel in the city in the spring of 2012. The study was conducted by Kennedy & Mohn P.S., specialists in hotel consulting and appraisal.

The study found that despite difficult conditions in the lodging industry in the 2009 to 2011 timeframe, due to the recession, that Independence is a good candidate for a modestly-sized hotel given the lack of competition in the area. A review of trends in the tourism and lodging industries over the past two years reveals nothing to substantively change the findings of the study, except that tourism has since rebounded, further bolstering the case for local lodging.

Data from Dean Runyan Associates prepared for the Oregon Tourism Commission indicates that beginning in 2012 the lodging market has been improving in the Willamette Valley submarket. Occupancy is up an estimated 6.3% over 2012 and 2013, while room rates have risen 5.2%. In Polk County, the visitor spending of \$149 million in 2012 was up 6.6% from the low in 2009, and now exceeds the previous high in 2006.

The Kennedy & Mohn study concluded that the market would support a limited-service hotel with the following characteristics:

- 35 to 40 rooms
- Independently operated (too small to interest major hotel chain)
- Pricing slightly lower than newer Salem hotels, and 20% lower than Grand Hotel
- Flexible dining space for breakfast, wine tasting, other small gatherings
- Small boardroom

Currently, visitors to local events tend to seek lodging in Salem or Dallas. A modestly-sized local option would be attractive to many of them. Key sources of demand will be:

- Business visitors to local industries
- Wine and beer tourism
- Major events at Western Oregon University (graduation, conferences, sports)
- Riverview Park events
- Area weddings
- Polk County fairground events

As noted, there are no new trends to substantively change the findings of the study, and the hotel market has strengthened in the meantime.



IX. SUMMARY OF LAND USE DEMAND FINDINGS

As the analysis above indicates, basic trends in household and employment growth in the general market area point to healthy continuing demand for residential, commercial and lodging uses into the future. These broad growth and demand projections create flexibility in the planning for prospective uses of the development site.

The table below summarizes the findings of demand in the market area, from the above market analysis. Residential demand is presented in terms of housing units. Non-residential uses are presented in square feet of building space. The figures in this table have been rounded, and therefore may differ slightly from those presented in the sections above.

Based on projected net new growth over the next 5 years, the “base case” scenario finds a potential need for roughly 37 new acres of various land uses in the market area, most of which is land for low-density ownership housing. (The development site has potential for higher density ownership condo development as well, which is discussed more below.)

**FIGURE 10.1: PROJECTED SPACE NEED
MAJOR LAND USE TYPES
PRIMARY MARKET AREA**

Land Use Category	New Space Demanded - 2014 - 2019		
	Base Scenario		Acreage
Ownership Residential	200	units	25
Rental Residential	100	units	6
Retail/Commercial	30,000	sf	2.8
Office	30,000	sf	2.3
Lodging	17,000	sf	0.8
Total:	77,000	sf	37.1

¹ Acreage based on the following assumptions: Ownership Residential: 8 units/acre; Rental Residential: 16 units/acre; Retail .25 FAR; Office .3 FAR; Lodging 0.5 FAR.

SOURCE: Johnson Economics LLC

Demand for non-residential land uses is converted into estimates of acreage by applying standard Floor Area Ratios to the estimated space demanded. JOHNSON ECONOMICS applied assumptions of residential density based on City of Independence development code. Ownership housing is assigned an assumed density of 8 units per acre, based on low density residential zoning. Rental housing is generally attached, and therefore an assumed density of 16 units per acre, the average of mid- and high density residential zoning standards, was applied.



What This Table Represents

The demand projections presented previously represent the demand in the *total Primary Market Area*, which includes both Independence and Monmouth. How much of this demand might ultimately be met by development at the development site will be determined by market forces and policy alike. As this planning process moves forward, these projections can serve as a guide on how to plan land uses at the site.

This table presents projected demand over the next 5-year period. Given the scale of this project, it is possible that a longer timeframe may be needed for completion and therefore a deeper well of demand would be available.



X. LOCATION CHARACTERISTICS OF THE PLAN AREA

As with any tract of land, the subject site has advantages and disadvantages depending on the type of development being considered. The site has an attractive location on the riverfront with quick access to the historic downtown area. It has good access from Highway 51 and visibility at the north end of the site. Much of the site is located in the floodplain and planned greenway, and therefore not all is available for development. The topography presents both opportunities and challenges.

This section presents some basic parameters by which to judge the subject site for suitability for the major land use categories. These considerations may also inform where to position certain uses within the site.

A. SUITABILITY FOR DIFFERENT LAND USES

General Advantages and Challenges

The subject site enjoys many natural advantages and some challenges as a location for future development. The chief advantages are its large size, central location and setting on the riverfront.

The site is directly adjacent to the Riverview Park and amphitheater, one the City's key amenities. The site has strong potential to connect to the park via riverfront greenway to extend this amenity onto the site itself. Given that so much of the site is in the floodway/riparian zone, such public use of these portions of the site will not necessarily further limit private development. In addition, the city has a surface parking lot immediately north of the site that may allow for some shared parking options.

The site will enjoy good access from Highway 51 which provides direct access to the west and north, connecting the site to both Highway 99/Monmouth and to Highway 223/Salem. The best potential visibility from the highway will be at the north end of the site.

Challenges of the site include the floodway limiting use on lower portions of the site, and topography. The fall in elevation from S Main Street to the east may limit visibility for commercial uses on some portions. However, the topography may aid in adding parking under some uses, such as a hotel or mixed-use building.

Conditions for Residential Use

The subject site is well suited for residential development given the desirability of the waterfront location. Detached housing, which is the most common ownership housing in Independence, and 25% of the rental stock, will likely not be appropriate here due to the site's urban location and local policy goals for this location.



Attached housing, in some combination of rental units and ownership condominiums should be considered for a major share of this site. This housing will likely have a somewhat denser form than much of the city's housing, and be oriented towards those who want to be close to nearby recreation, dining, entertainment and shopping amenities in the downtown area.

Residential uses do not need high visibility and therefore are appropriate for the south and middle portions of the site, while the north should be reserved for commercial and lodging needs.

The greatest challenge to residential uses at the site may be in marketing housing which is somewhat different in form and density than what is currently available in the market area. Recent market activity in the area has largely targeted a price-sensitive market, and development in this area is expected to be able to command a premium vis-à-vis alternative sites in the area with inferior sites. Raised awareness combined with well-designed units will help overcome this challenge.

Conditions for Retail Use

The north end of the subject site is a good location for retail use, due to visibility, access and continuity with the downtown shopping district. In general, retail tenants prefer to be located near arterial streets or highways, due to traffic and visibility. They also prefer to be located near other businesses in create a greater draw.

Retail demand, including for dining, in the market area is projected to grow modestly and therefore the amount of retail space planned at the subject site should be carefully planned and perhaps phased over time. New space must compliment and not soften the market for space in the historical buildings adjacent to the site. The location of lodging and/or additional housing units at the subject site would provide a boost to new retail and commercial office space.

In general, a location at the northwest corner of the subject site, nearest the corner of S Main and C Street will be the strongest for retail. While a more extended retail concentration may be possible, the scale of commercial in the development is expected to be limited, and we would be concerned that too much internal commercial development could negatively impact the remainder of the downtown.

Conditions for Office Use

The Plan Area presents a large site, suitable for potential office use. For many companies locating in the mid-Willamette Valley, this area may not seem central enough to be a convenient for large-scale employee commuting, nor for interacting with other support businesses. The area does have attractive residential alternatives though, which may prove attractive to a firm.

While office uses need good access, they typically do not need the high visibility that retail tenants prefer. Also, office developments are more tolerant of minor topographical variations. Without the identification of a specific new employer (or existing local employer) interested in locating to the site, it is recommended that office uses at the site be small in scale. Some small-scale office space can be located with or near the retail space in flexible commercial buildings.



If a sizable employer were identified for this site, a policy decision would be necessary to decide if that is the best use for this key location within the city. Office employment uses are generally active during the day and inactive in the evenings. They also limit access to the public. However, it is possible that in order to recruit a midsize employer, some portion of the site could be used for office while preserving the rest of the site for more active uses.

Conditions for Lodging Use

The subject site is a good location for an independently-operated hotel. The location on the river and in the historic downtown can aid in positioning the hotel as a higher quality alternative to typical highway-oriented budget hotels. This will be appealing to wine tourists, wedding guests and other event visitors.

The site features walking access to Riverview Park, the new Civic Event Center, dining, shopping, and movie theater. It will still feature good access to the highway grid for attending events across Polk County. The hotel will benefit from being oriented towards the river and greenway, providing views from as many rooms as practicable.

Visibility and signage will be important to guiding visitors to a hotel on this site from Highway 51. Like retail, a location at the north end of the site will likely be the strongest for lodging at the site so that it remains easy to access. While a superior site within the City of Independence, the location is probably too far from a major highway to attract many national operators. As a result, an independent operator is considered the best target.

XI. FEASIBLE DEVELOPMENT FORMS

The basic determinants of development feasibility are achievable rent levels, and the cost of development. As rent levels increase, they are able to support more costly forms of construction, and the more intensive use becomes the “highest and best” economic use. For instance, the high achievable rents in Downtown Portland can support the cost of building a high-rise building.

As a general rule, the higher density development forms have a higher cost per square foot to construct. This is offset by a greater achievable density (leasable space or units/acre), which has value when the achievable price is higher than the cost of construction excluding land. When achievable pricing is below construction costs, there is no marginal value associated with the increase in density and these development forms are deemed to be not viable.

Major factors which increase in cost for denser development can include materials, structured parking, specialized labor and equipment, building elements such as elevators and firewalls, and costs of entitlement and the approval process. Because of this dynamic, most locations outside of a large central city face difficulty in achieving a built form over three stories in height without subsidy.



Based on JOHNSON ECONOMICS’s assessment of market conditions, we conclude that without subsidy, the subject site can support low-rise construction (1 – 3 stories, with wood frame), served by surface parking or garages. However, there are ways to achieve considerable density in a plan area while maintaining low-rise development forms. The following table presents examples of two common low-rise residential development forms.

FIGURE 11.1: LOW-RISE DEVELOPMENT FORMS, EXAMPLES

<p>Garden Apartment or Condominiums with Surface Parking</p>	<p>Typically wood frame construction with surface parking, carports or stand-alone garages. Construction is usually two to three stories high, with a density approaching 30 units per acre. This is a predominant form outside the central city.</p>	
<p>Attached Duplex/ Townhomes</p>	<p>Also typically wood frame, these units often have parking under the unit from street or back alley. Projects can be fee simple or with condominium ownership of the ground. 15 to 20 units per acre.</p>	

Source: Johnson Economics LLC

These development forms can greatly increase the housing density of an area in comparison to single-family detached homes, while controlling construction costs. In addition, the grade differential on the site may allow for some tuck-under parking solutions.

Commercial buildings will also likely be low-rise in nature. Standalone retail is almost always single-story outside of an enclosed mall environment. Office development in the area will likely be one to two stories in form.

There is potential to achieve a limited amount of vertical mixed-use in a small town downtown environment. This generally entails two stories of residential or office space above a floor of retail ground floor, served by surface parking. Parking may be served by both on-street and off-street spaces.



The following is an example of such mixed-use development. The subject site would be unlikely to support the amount of mixed-use development featured in the first photo. One block of such uses fronting on C Street might be more appropriate.

FIGURE 11.1: LOW-RISE MIXED USE, RESIDENTIAL OVER COMMERCIAL, EXAMPLES



Lake Norman, NC



Traverse City, MI

Achieving mixed-uses in the Plan Area will be more challenging from a feasibility standpoint. Mixed uses do entail some additional costs associated with separating the uses, and increased design, construction and entitlement costs associated with developing a more complex and unfamiliar building type.

For instance, in a vertical mixed use building, there are often greater firewall and sound dampening requirements between ground floor commercial space and upper residential space. If three or four stories of residential are to be included over the commercial space, then a concrete podium will likely be required, adding significant cost over simple wood-frame construction. There are also design challenges associated with locating load-bearing beams and other structural elements because the standard lay-out of commercial space often differs from the floor plans of residential uses above.

APPENDIX: COST FORECAST DETAILS



M INDEPENDENCE VALLEY CONCRETE SITE

DRAFT

CONCEPTUAL COST FORECAST

April 25, 2014

ITEM	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	AMOUNT
A PUBLIC STREETS & INFRASTRUCTURE (BOLI-PWR contract)					
	Riverview Loop	LF	1,360	\$1,280	\$ 1,740,800
	D Street	LF	380	\$1,080	\$ 410,400
	C Street Frontage	LF	600	\$365	\$ 219,000
	Concrete Intersections (Premium over AC)	SF	10,500	\$10	\$ 105,000
	Offsite Utility Infrastructure (Storm/SS)	LS	1	\$0	\$ -
	Offsite Transportation Improvements	LS	1	\$0	\$ -
					\$ 2,475,200 Subtotal Above
B PRIVATE HARDSCAPE & INFRASTRUCTURE (Non-BOLI-PWR)					
	AC Paving	SF	85,000	\$2	\$ 170,000
	Concrete Paving	SF	42,000	\$4	\$ 168,000
	Low Walls < 4'	LF	500	\$80	\$ 40,000
	Ramps and Stairs	EA	10	\$7,500	\$ 75,000
	Lawn/Landscape/Irrigation (15% of development parcel)	SF	44,000	\$6	\$ 264,000
	Trees	EA	45	\$500	\$ 22,500
	Site Utilities (Storm, Water, SS, Franchise Util)	LF	4400	\$75	\$ 330,000
	Lighting	LS	1	\$100,000	\$ 100,000
					\$ 1,169,500 Subtotal Above
C OPEN SPACE AMENITIES (Non-BOLI-PWR)					
	Play Area	EA	1	\$75,000	\$ 75,000
	Spray Pad	EA	1	\$100,000	\$ 100,000
	Project Monument Sign	EA	3	\$15,000	\$ 45,000
	Site Furnishings	EA	1	\$75,000	\$ 75,000
	AC Pathways	SF	23,500	\$2	\$ 47,000
	Concrete Paving	SF	10,000	\$4	\$ 40,000
	Enhanced Paving (Pavers or Colored concrete)	SF	12,000	\$30	\$ 360,000
	Lawn/Landscape/Irrigation (Plaza & Play Area only)	SF	25,000	\$6	\$ 150,000
	Trees	EA	70	\$500	\$ 35,000
	Open Space Utilities (Storm, Water, SS)	LF	1500	\$50	\$ 75,000
	Lighting	LS	1	\$90,000	\$ 90,000
					\$ 1,092,000 Subtotal Above

Hard Construction Subtotal	\$	4,736,700
Budget Contingency (20%)	\$	947,340
*Soft Costs Subtotal (25%)	\$	1,421,010
Project Site Total	\$	7,105,050

Assumptions:

Costs at **2015** summer construction season, escalate by 3%-4% per year

Mass site earthwork and greenway mitigation planting by others

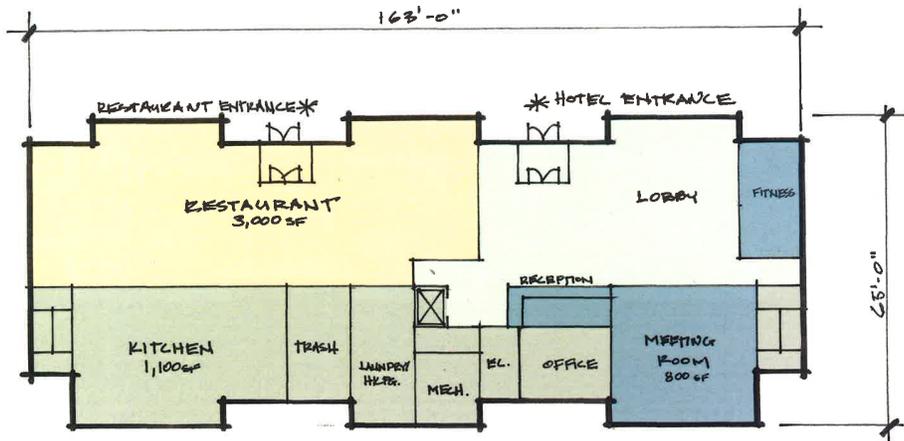
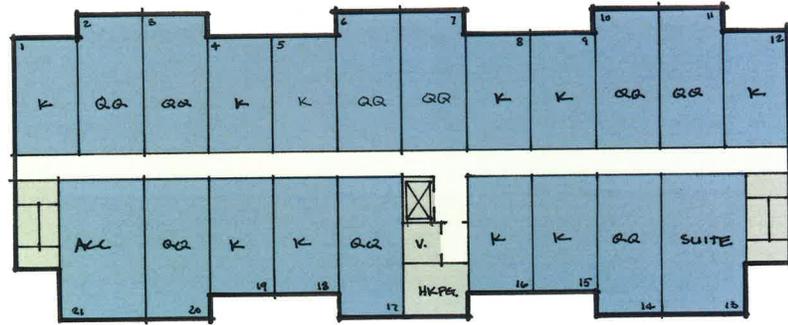
*Soft costs include survey, permits, review, design, & testing fees

Conceptual Public Street Costs (2015 Dollars & BOLI Wages)

<u>Description</u>	<u>Qty</u>	<u>Unit</u>	<u>Unit Price</u>	<u>Cost Per LF of Street</u>
Riverview Loop 60' ROW (40'-ave curb-curb w/ 6' + 12' sidewalk)				
Finish Grading (Mass Grading by others)	1 CY		\$25	\$25
4" AC Paving	1.03 Tons		\$105	\$108
16" Rock Base	2.07 CY		\$32	\$66
Curb & Gutter	2 LF		\$18	\$36
Street Lighting System (assume pole 150' O.C. each side)	0.01 Ea		\$10,000	\$133
Concrete Sidewalk(6' North/12' South side)	18 SF		\$5	\$90
Waterline + Hydrants + Service Lats	1 LF		\$90	\$90
Storm Sewer System	1 LF		\$110	\$110
Storm Planters for ROW (5% of Impervious)	3.0 SF		\$40	\$120
Sanitary Sewer System	1 LF		\$115	\$115
Franchise Utilities in Ductbank (2 sides)	2 LF		\$60	\$120
Franchise Utility Vaults (1 large per 800')	0.001 Ea		\$60,000	\$75
Franchise Utility Vaults (1 small per 400')	0.003 Ea		\$15,000	\$38
Street Furniture/Bike Racks (assume every 100')	0.010 Ea		\$1,500	\$15
Street Trees (assume street trees on average 40' O.C. both sides)	0.050 Ea		\$1,000	\$50
Misc. ADA Ramps,Fabric,Striping,signage,erosion control,etc	1 LF		\$85	\$85
				\$1,277 Per LF Hard Construction only no Soft costs
D Street 60' ROW (38' curb-curb w/ 6' + 12' sidewalk)				
Finish Grading (Mass Grading by others)	1 CY		\$25	\$25
4" AC Paving	0.95 Tons		\$105	\$100
12" Rock Base	1.48 CY		\$32	\$47
Curb & Gutter	2 LF		\$18	\$36
Street Lighting System (assume pole 150' O.C. each side)	0.01 Ea		\$10,000	\$133
Concrete Sidewalk(6' North/12' South side)	18 SF		\$5	\$90
Waterline + Hydrants + Service Lats	1 LF		\$80	\$80
Storm Sewer System	1 LF		\$95	\$95
Storm Planters for ROW (5% of Impervious)	3.0 SF		\$40	\$120
Sanitary Sewer System	1 LF		\$105	\$105
Franchise Utilities in Ductbank (1 side)	1 LF		\$60	\$60
Franchise Utility Vaults (1 small per 400')	0.003 Ea		\$38	\$38
Street Furniture/Bike Racks (assume every 100')	0.010 Ea		\$1,500	\$15
Street Trees (assume street trees on average 40' O.C. both sides)	0.050 Ea		\$1,200	\$60
Misc. ADA Ramps,Fabric,Striping,signage,erosion control,etc	1 LF		\$75	\$75
				\$1,079 Per LF Hard Construction only no Soft costs
C Street - Public (Parking & 12' wide Sidewalk Frontage Improvement-1 side only)				
Earthwork Finish Work & light demolition	20 SF		\$2	\$40
Concrete Sidewalk (13' ave / 19' at curb extensions)	13 SF		\$5	\$65
Permanent Street Lighting (assume 75' O.C.)	0.013 Ea		\$10,000	\$133
Street Furniture/Bike Racks (assume every 50')	0.020 Ea		\$1,500	\$30
Street Trees (assume street trees on average 40' O.C. one side)	0.025 Ea		\$1,400	\$35
Misc. ADA Ramps,Fabric,Striping,signage,erosion control,etc	1 LF		\$60	\$60
				\$363 Per LF Hard Construction only no Soft costs

SERA
sustainable design for the built environment
SERApdx.com

APPENDIX: HOTEL LAYOUT CONCEPT



SERA Independence, OR
 Valley Concrete Site
 02.06.2014

