

# ANNEXATION LAND NEEDS ANALYSIS BANKS, OREGON

Prepared for: Wolverine Financial, LLC and Loan Oak Land &  
Investment Company

Prepared by: PNW Economics, LLC

This Page Intentionally Left Blank

## Contents

Introduction.....	1
(1) Undeveloped Land Within City Limits.....	1
Undeveloped Residential Land.....	1
Undeveloped Residential Land - Annexations.....	2
Undeveloped Residential Land Reductions from Development.....	3
Undeveloped Residential Land Conclusion.....	3
Existing Undeveloped Employment Land - Industrial.....	3
Reductions in 2010 Employment Land Inventory – Industrial.....	4
Additions to 2010 Employment Land Inventory – Industrial.....	4
Undeveloped Industrial Land Reductions from Development.....	5
Current Undeveloped Industrial Employment Land Conclusion.....	5
(2) Short-Term Demand for Proposed Development.....	5
Short-Term Residential Land Demand.....	5
5-Year Demand.....	5
5-Year Demand Including Need Since 2010.....	6
Short-Term Industrial Land Demand.....	7
5-Year Demand.....	7
5-Year Demand Including Need Since 2010.....	7
(3) Probable Phasing of Proposed Development.....	8

This Page Intentionally Left Blank

# Introduction

PNW Economics has been retained by the Petitioning property owners Wolverine Financial, LLC and Lone Oak Land & Investment Company ("Petitioners") to provide economic analysis of residential and industrial land needs for the City of Banks. Petitioners are seeking an annexation request for 23.48 net developable residential and industrial acres, along with 1.73 acres for future public right-of-way extension and 4.9 acres for a new circulator road.

To this end, this report addresses City of Banks Annexation Policies and Procedures (City of Banks Ordinance §30.01) Requirement (J):

*(J) Narrative demonstrating need for the urban development proposed for the annexation area; need should be demonstrated based upon a factual analysis of the following factors:*

*(1) Availability within the current city limits of undeveloped land designated for proposed urban development.*

*(2) Analysis of immediate, short-term (1 to 5 years) demand for proposed urban development; and*

*(3) Probable phasing of proposed urban development consistent with projected demand for the period that the annexation area is expected to be developed.*

Each of the three items of requirement discussion required by the City of Banks under §30.01 (J) are treated in turn in the following sections.

## (1) Undeveloped Land Within City Limits

### Undeveloped Residential Land

On January 13, 2010, the Banks City Council voted to approve the recommendation of a Preferred Alternative Strategy for expansion of the Banks Urban Growth Boundary ("UGB"). The decision rested on the demonstration of twenty-year land need within the City of Banks and a comparison of available land within the City UGB not unlike land need discussion required for an annexation request.

Key land inventory and future need findings that supported the decision by City Council, as reported by the firm CH2MHILL in their October 2010 technical memorandum<sup>1</sup> are found in Figure 1.

Findings are summarized as follows as of their adoption:

- The City of Banks UGB had a total inventory of 13.0 net buildable acres of available residential land.

---

<sup>1</sup> <http://www.cityofbanks.org/vertical/sites/%7B9449421F-C29B-4D8D-BE42-4EB124C2CA36%7D/uploads/%7BED48A4B9-5D96-4A15-91E4-5EF2AB8DEE5C%7D.PDF>

- Of that, all 13.0 acres were under the R5 zoning designation.
- The City of Banks has no inventory of residential land types of both lower density zoning (LDSF) or higher density zoning (HDSF, R2.5, HDMF, MU).

Figure 1: 2010 Banks UGB Residential Land Inventory & Land Need Findings (CH2MHILL Table 2)

Table 2: City of Banks 2029 Residential Land Needs Analysis Update

<b>Buildable Lands Inventory for Housing (net buildable acres)</b>							
	<b>LDSF<sup>1</sup></b>	<b>R5</b>	<b>HDSF<sup>1</sup></b>	<b>R2.5</b>	<b>HDMF<sup>1</sup></b>	<b>MU<sup>1</sup></b>	<b>Total</b>
<b>Current UGB Acres</b>		86.8		3.5			90.3
<b>Acres in Use</b>		73.8		3.5			77.3
<b>Constrained Acres</b>							0.0
<b>Available Acres</b>	0.0	13.0	0.0	0.0	0.0	0.0	13.0
<b>Current Acres %</b>	0.0%	96.1%	0.0%	3.9%	0.0%	0.0%	100.0%
<b>Acres in Use %</b>	0.0%	95.5%	0.0%	4.5%	0.0%	0.0%	100.0%
<b>Available Acres %</b>	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
<b>Existing Units per Acres in Use</b>		5.85		16.57			6.34
<b>Land Needed by Land Use Type (net buildable acres)</b>							
	<b>LDSF</b>	<b>R5</b>	<b>HDSF</b>	<b>R2.5</b>	<b>HDMF</b>	<b>MU</b>	<b>Total</b>
<b>Acres Needed</b>	45.7	58.5	20.7	4.9	1.9	4.9	136.6
<b>New Acres Needed</b>	45.7	45.6	20.7	4.9	1.9	4.9	<b>123.7</b>

<sup>1</sup> Proposed zoning district to be adopted into Banks Zoning Ordinance concurrent with adoption of UGB expansion amendment into Banks Comprehensive Plan

Alternatively, Banks City Council adopted population growth projections and housing needs analysis that finds the following need for land:

- Total, net buildable residential land demand of 136.6 acres through 2029.
- A deficit of net, buildable residential land within the City of Banks of 123.7 acres.

### Undeveloped Residential Land - Annexations

Three annexations of residential land have occurred in Banks since findings expressed in Figure 1. A summary of the three annexations of residential land are detailed in Figure 2. The three annexations have resulted in a combined 54.14 acres of new residential land within the City.

Figure 2: City of Banks Annexations since City of Banks 2029 Residential Land Need Analysis Update

Annexation	Ordinance Date	Residential Zoning Designation by Acreage					Total
		Low Density Single Family (LDSF)	Single-Family Residential (R-5)	High Density Single Family (HDSF)	Mixed Use (MU)	High Density Multifamily (HDMF)	
Quail Valley Golf Course	1/13/2015	5.8	11.64	7.96	0.0	0.0	25.4
Van Dyke Family Land	1/13/2015	14.27	13.23	0.0	0.0	0.0	27.5
Greg Walters	12/10/2015	0.0	1.24	0.0	0.0	0.0	1.24
<b>Totals</b>		<b>20.07</b>	<b>26.11</b>	<b>7.96</b>	<b>0.00</b>	<b>0.00</b>	<b>54.14</b>

SOURCE: City of Banks website ([http://www.cityofbanks.org/index.asp?Type=B\\_BASIC&SEC={9DA1ACA2-A377-41D3-BD0B-224E6E403043}](http://www.cityofbanks.org/index.asp?Type=B_BASIC&SEC={9DA1ACA2-A377-41D3-BD0B-224E6E403043}))

### Undeveloped Residential Land Reductions from Development

A review of the US Housing & Urban Development (“HUD”) comprehensive residential building permit database showed no new residential units permitted by the City of Banks since the publication and adoption of these findings by the City of Banks, as well as since any of the three annexations have occurred.

### Undeveloped Residential Land Conclusion

Based on documented, net buildable land inventory findings adopted by the City of Banks and annexations that have since occurred, PNW Economics concludes the following available land inventory estimates should be considered for any future annexation analysis:

Residential Land Inventory:

- *No more than 20.07* net buildable acres zoned LDSF.
- *No more than 39.11* net buildable acres zoned R-5.
- *No more than 7.96* net buildable acres zoned HDSF.
- **0.00** net buildable acres zoned MU.
- **0.00** net buildable acres zoned HDMF.

### Existing Undeveloped Employment Land - Industrial

On January 13, 2010, the Banks City Council voted to approve the recommendation of a Preferred Alternative Strategy for expansion of the Banks Urban Growth Boundary (“UGB”). The decision rested on the demonstration of twenty-year land need within the City of Banks and a comparison of available land within the City UGB not unlike land need discussion required for an annexation request.

Key employment land inventory and future need findings, including industrial uses, which supported the decision by City Council, as reported by the firm CH2MHILL in their October 2010 technical memorandum<sup>2</sup> are found in Figure 3.

Figure 3: 2010 Banks UGB Employment Land Inventory & Land Need Findings (CH2MHILL Table 6)

Table 6: City of Banks 2029 Employment Land Needs Analysis

Year	Commercial (buildable supply = 1.07 acres)		Industrial (buildable supply = 0.96 acres)		Community Facilities (no buildable supply allocation)		Total Demand	Total Net Buildable Supply	Total New Buildable Acres Needed
	Demand	Surplus (Deficit)	Demand	Surplus (Deficit)	Demand	Surplus (Deficit)			
2024	9.88	8.81	62.07	61.11	4.75	4.75	76.70	2.03	74.67
2025	10.32	9.25	64.86	63.90	4.96	4.96	80.15	2.03	78.12
2026	10.79	9.72	67.78	66.82	5.19	5.19	83.76	2.03	81.73
2027	11.27	10.20	70.83	69.87	5.42	5.42	87.53	2.03	85.50
2028	11.78	10.71	74.02	73.06	5.66	5.66	91.47	2.03	89.44
2029	12.31	11.24	77.35	76.39	5.92	5.92	95.58	2.03	93.55

Findings are summarized as follows as of the adoption of those findings:

- The City of Banks UGB in January 2010 had a total inventory of 0.96 net buildable acres of available industrial land.

### Reductions in 2010 Employment Land Inventory – Industrial

Since adoption of the Employment Land Inventory in Figure 1, the City of Banks has not depleted its documented 0.96 net buildable acres of industrial land, largely due to its limited nature and the difficulty to see industrial development on anything less than one consolidated, contiguous acre.

### Additions to 2010 Employment Land Inventory – Industrial

In 2012, the City of Banks successfully added 81.55 acres of gross land acreage designated for industrial use to its Urban Growth Boundary for identified 20-year economic need.<sup>3</sup> On September 15, 2016, Banks voters approved the annexation of 6.60 of the acres included in the UGB amendment for the Banks Lumber Company for industrial facility expansion purposes.

<sup>2</sup> <http://www.cityofbanks.org/vertical/sites/%7B9449421F-C29B-4D8D-BE42-4EB124C2CA36%7D/uploads/%7BED48A4B9-5D96-4A15-91E4-5EF2AB8DEE5C%7D.PDF>

<sup>3</sup> *City of Banks Urban Growth Boundary Expansion Justification Technical Report*, Table 8, CH2MHill, October 2010.

## Undeveloped Industrial Land Reductions from Development

No development of available industrial land within Banks has been identified, including both the 0.96 acres within city limits before the 2016 Banks Lumber Company annexation, and the 6.6 acres annexed in 2016. Site grading and light usage of the northern half of the 6.6 acres has occurred, but the land has not been developed and should be considered available, undeveloped land.

## Current Undeveloped Industrial Employment Land Conclusion

Based on documented, net buildable land inventory findings adopted by the City of Banks and information about changes to city land inventory over the past four years, PNW Economics concludes the following available land inventory estimates should be considered for any future annexation analysis:

- Industrial Land Inventory: *No more than 7.56* net buildable acres.

## (2) Short-Term Demand for Proposed Development

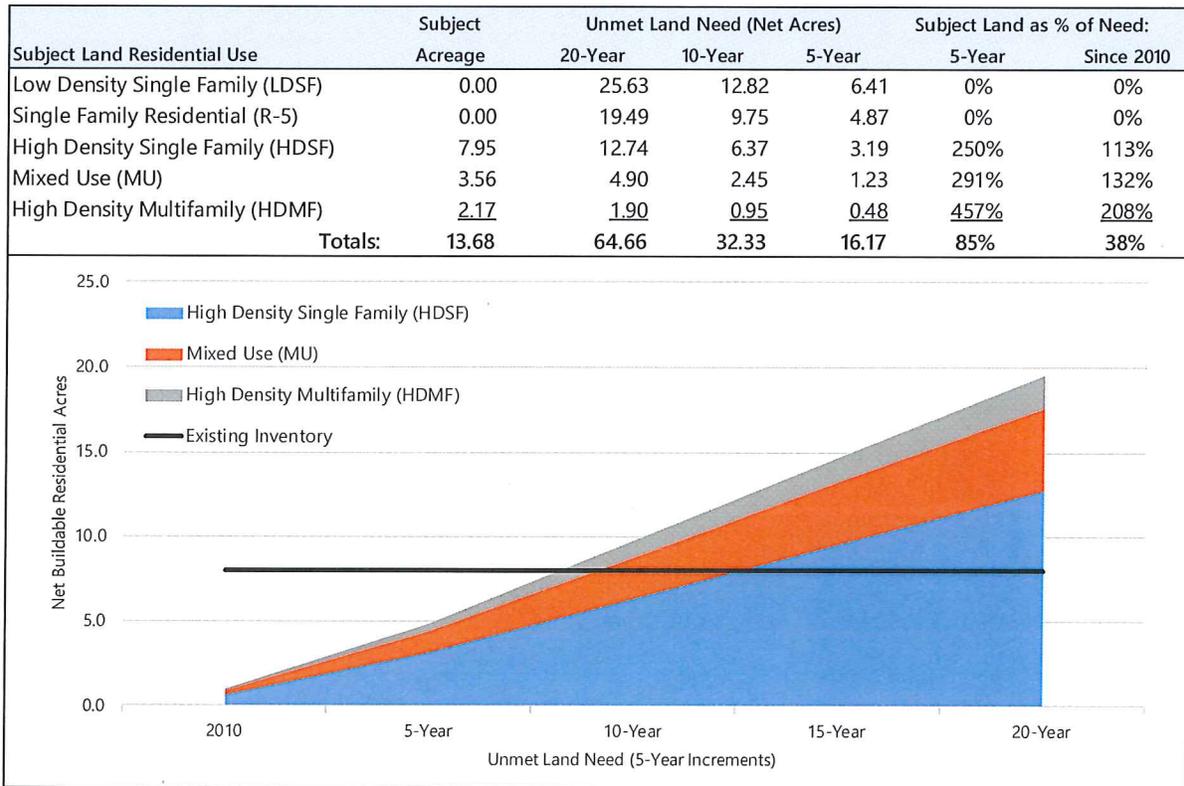
### Short-Term Residential Land Demand

#### 5-Year Demand

As part of determining land need for annexation, a discussion of short-term (1-5 years) need for stated land types is required by the City of Banks. To this end, PNW Economics conducted a comparison of documented five-year residential land need/demand by the City of Banks and the types and quantities of land being considered for annexation. Results of that analysis are found in Figure 4. Key findings are as follows:

- The proposed annexation comprises 13.68 acres of various potential residential types by City of Banks zoning type.
- High Density Single Family (HDSF) comprises the largest share of residential land in the proposed annexation (7.95 net developable acres).
- The proposed annexation area in total represents only 85% of documented unmet net developable acreage need over a five-year period for Banks.
- As indicated by the solid line for Existing Inventory (7.96 net acres among proposed zoning), growth in total unmet residential land need exceeds total existing land supply in Banks by 2018-2019.

Figure 4: 2010 Banks UGB Residential Land Inventory & Short-Term Land Need Reconciliation



SOURCE: CH2MHILL, Pioneer Design Group, Inc., and PNW Economics, LLC

### 5-Year Demand Including Need Since 2010

Considering that unmet need was documented in 2010, with some residential land additions though without any of it developed, it is reasonable to conclude that up to six years of pent-up demand for unavailable residential development, or unmet need, should also be considered in a short-term residential demand analysis. In other words, the next five years would likely see up to eleven years' equivalent in residential demand pressure with the addition of residential land inventory truly suitable to new residential community development.

Accordingly, we conclude the following about the proposed annexation residential land and total (five-year plus pent-up demand) residential land need in the next five years for Banks:

- The 13.68 acres of residential land for the proposed annexation represents only 38% of true, short-term residential land unmet need/demand given development trends in western Washington County.
- The 7.95 net developable acres of land for high density single-family development (HDSF) in the proposed annexation would meet 113% of 5-year unmet need/demand, factoring in 7.96 acres recently annexed.
- Excluding the 7.96 acres of HDSF land recently annexed, due to disadvantaged location relative to the subject 7.95 acres – and the greater likely ease with which the proposed

7.95 acres would be developed, the proposed annexation acreage will likely be better suited to meet short-term, unmet need.

- Proposed additions of mixed use residential land (MU) and high-density multifamily residential land (HDMF) are absolutely needed additions to the City of Banks residential land supply as neither are currently accommodated by existing inventory whatsoever (Figure 1).

## **Short-Term Industrial Land Demand**

### **5-Year Demand**

As part of determining land need for annexation, a discussion of short-term (1-5 years) need for stated land types is required by the City of Banks. To this end, PNW Economics conducted a comparison of documented five-year industrial land need/demand by the City of Banks. For industrial land need, two estimates of industrial employment land demand were utilized for comparison purposes:

- 2005 City of Banks Economic Opportunities Analysis (“EOA”) by ECONorthwest; and
- 2009 City of Banks EOA by Johnson Reid, LLC.

Both documents provide twenty-year estimates of industrial land demand for the City of Banks. The 2005 EOA was completed and adopted prior to 2010 UGB amendment analysis. However, the 2009 EOA was cited as in-progress as part of City of Banks Aspirations (Appendix F of the CH2MHILL Technical Document) for growth as part of its UGB study process.

Results of the analysis of industrial land need are found in Figure 5. Key findings are as follows:

- The proposed industrial annexation comprises 9.8 acres of potential industrial development use.
- The industrial portion of the annexation area in total represents roughly 96% of five-year industrial land need, the average of documented industrial land need findings according to both EOA estimates for Banks.
- As indicated by the solid line for Existing Inventory (7.56 net acres), existing inventory of land is completely insufficient for any growth scenario for all years of the planning period.

### **5-Year Demand Including Need Since 2010**

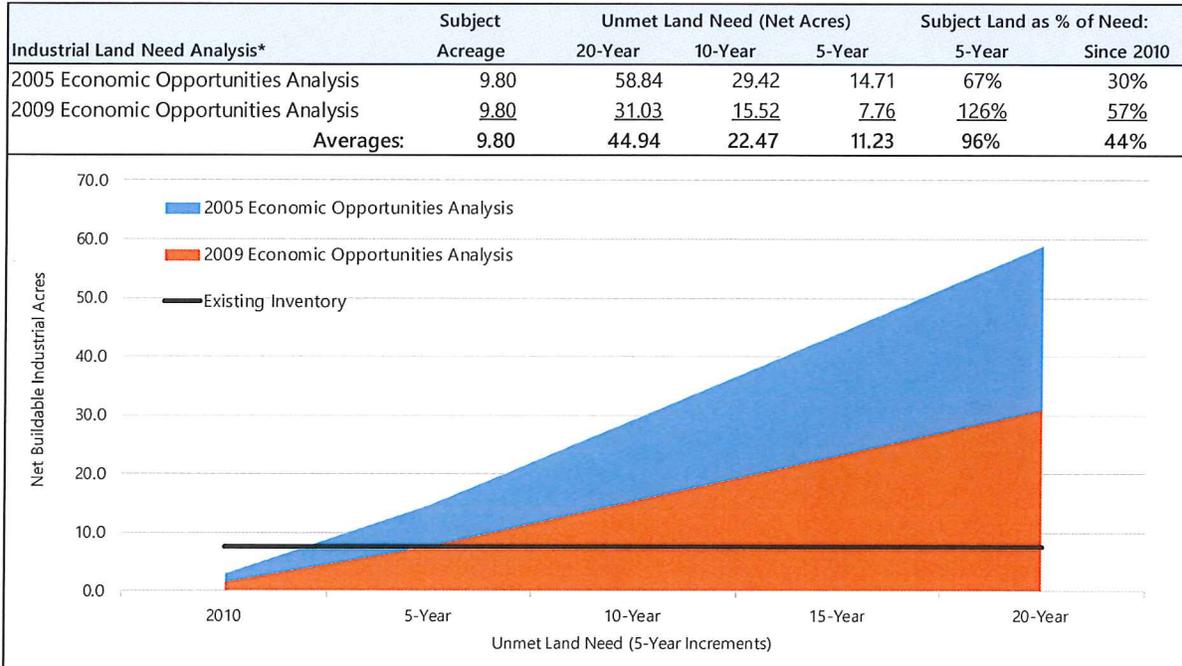
PNW Economics conducted an analysis of short-term need for industrial land including pent-up demand since 2010.

We conclude the following about the proposed annexation industrial land and total (five-year plus pent-up demand) industrial land need in the next five years for Banks:

- The 9.8 acres of industrial land for the proposed annexation represents only 44% of true, short-term industrial land unmet need/demand given development trends in western

Washington County and various existing and aspirational economic sector growth targeted by the City of Banks in both Economic Opportunity Analyses.

Figure 5: 2010 Banks UGB Industrial Land Inventory & Short-Term Land Need Reconciliation



SOURCE: ECONorthwest (2005), Johnson Reid, LLC (2009), and PNW Economics, LLC

\*Note: "Medium Growth" scenario estimates of industrial land demand from both Economic Opportunities Analyses

### (3) Probable Phasing of Proposed Development

At present, there are no phasing plans for land proposed to be annexed into the City of Banks. In total, between residential and industrial land that would be available for development, the annexation would comprise a mere 23.48 acres of new land for development as well as 1.73 acres for future public right-of-way extension and 4.9 acres for a new circulator road.

Based on the analysis, however, PNW Economics concludes the following about likely timing of land need as a result of this annexation:

- Banks continues to be a seriously land-constrained jurisdiction for developable residential and land.
- UGB amendment was a move forward in seeking remedy to the acute lack of land for planned growth of Banks and annexations have occurred, but provision of services via annexation and development have not yet occurred and Banks continues to be land constrained.
- The proposed annexation area comprises roughly 38% of total, short-term residential land need and no more than 44% of short-term industrial land need in Banks.

Land supply constraints, in terms of quantity and quality within the City of Banks, continue to push new and vital commercial and residential development to other jurisdictions with land available, like Forest Grove and soon, Cornelius. This in turn forces residents of Banks to increasingly depend up on shopping and employment opportunities, and vehicle trips, outside of Banks in longer distances.

With land proposed for annexation added to the City and services provided, it can be expected that new residential and industrial would likely happen reasonably quickly given the five-year absence of any new industrial or residential diversity in the City.

Perhaps most importantly, the location of the proposed annexation area – adjacent to Main Street – is far more easily serviceable than previous annexation areas and would see development all the faster to meet pent-up, unmet need.