EOA MAIN REPORT PLUS UPDATE MEMOS (PP. 36, 38)

ADDENDUM TO THE CITY OF ASHLAND'S ECONOMIC OPPORTUNITIES ANALYSIS

Prepared For:

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I. INTRODUCTION AND KEY FINDINGS

The City of Ashland's current Economic Opportunities Analysis (EOA) was completed in April 2007. Cities are required to reconcile estimates of future employment needs with existing capacity to accommodate employment within their Urban Growth Boundary (UGB). The principal purpose of the analysis is to provide an adequate capacity within the UGB for economic development and employment growth.

This report provides an update to the EOA with more current economic and demographic trends and patterns. The report serves as an addendum to that report as opposed to a replacement.

The following are some of the key findings of our analysis:

- Employment growth in Ashland since completion of the last Economic Opportunities Analysis (EOA) in 2007 has been negligible, with a loss of employment in sectors utilizing industrial space. The EOA projected an average annual employment growth rate of 0.75% per year, while the observed rate has 0.20% if the pandemic is excluded.

- Nationally we have seen a significant shift in employment patterns towards remote and hybrid work. This has reduced the demand for traditional office space with residential development now accounting for significant levels of at-home employment. This pattern accelerated during the pandemic.

- The City of Ashland has historically had a disproportionate share of remote workers and is well positioned to capitalize on this shift in work patterns due to its strong amenity base. Ashland's lifestyle advantages will increasingly attract more footloose employment which will not require traditional employment space.

- Ashland's population is more highly educated compared to the remainder of the county. This holds particular significance in the context of remote work. These include the professional and business, financial, and information industries, but also education and health services employment. Service and retail industries, including arts and leisure employment, are typically directly customer-facing and so have less capacity for remote work.

- The 2019 Ashland Economic Diversification Strategy Report state that while commuting across networks of small cities is common, Ashland's particularly high rate of out-commuting could lead to strained transportation networks as well as reduced public school viability and public finances. Mixed-use development encouraging remote work could incentivize more people to stay in Ashland, placing more employment in residential areas.

- The City of Ashland prepared a Buildable Lands Inventory (BLI) in 2019 for the area within the City of Ashland City Limits and City of Ashland Urban Growth Boundary. Designated employment lands are concentrated along the Highway 99 (Siskiyou Blvd.) commercial corridor as well as Ashland Street and the I-5 interchange. The BLI indicates that the UGB has an estimated 186.4 acres of net buildable employment lands. The employment capacity is dependent upon the assumed employment density. The 2007 EOA included the DLCD guideline densities as well locally observed employment densities. When applied to the net buildable employment land base, the DLCD guidelines indicate a capacity to accommodate 3,165 employees on buildable land, while the observed patterns indicate a capacity for 1,967 employees.

- Employment land need was projected using two alternative forecast scenarios. The first of these applied the regional forecasts by industry to the local employment base, yielding an average annual growth rate of 1.3% through 2042. The second used the historic growth rate from 2007 through 2019 by industry, excluding the declining industries from the calculations. This yielded an average annual growth rate of 1.0%. Both estimates are higher than observed historical patterns.

- The projected need for employment land over the forecast period under the most aggressive scenario was 34.7 acres of industrial land and 111.7 acres of commercial/institutional land.

- Reconciling the projected demand and inventory indicates that the City of Ashland UGB has an adequate land capacity to accommodate its forecasted industrial needs over this horizon, with a modest shortage of commercial land. The overall projected demand for employment land in aggregate is roughly 94 acres. While there is a significant surplus for industrial uses, the net commercial inventory is below the projected 20-year demand in aggregate. This is largely attributable to health care, which is projected to see strong growth. The speculative office market outside of health care and government is unlikely to see significant new development for at least a decade as the impact of remote working filters through the market.

II. ECONOMIC TRENDS

This report section summarizes long and intermediate-term trends at the national, state, and local level that will influence economic conditions in the City of Ashland over the 20-year planning period. This section is intended to provide an economic context for growth projections and establish a socioeconomic profile of the community. This report's national evaluation has a focus on potential changes in structural socioeconomic conditions both nationally and globally. Our localized analysis considers local growth trends, demographics, and economic performance.

NATIONAL TRENDS

National trends are addressed as they provide context for regional and local economic development efforts. The national economy has been significantly impacted in the last few years by the COVID-19 pandemic, which led to sharp decreases in employment in 2020. Employment levels have since recovered to pre-pandemic levels, but interpreting historic employment trends requires consideration of the impact of the pandemic.

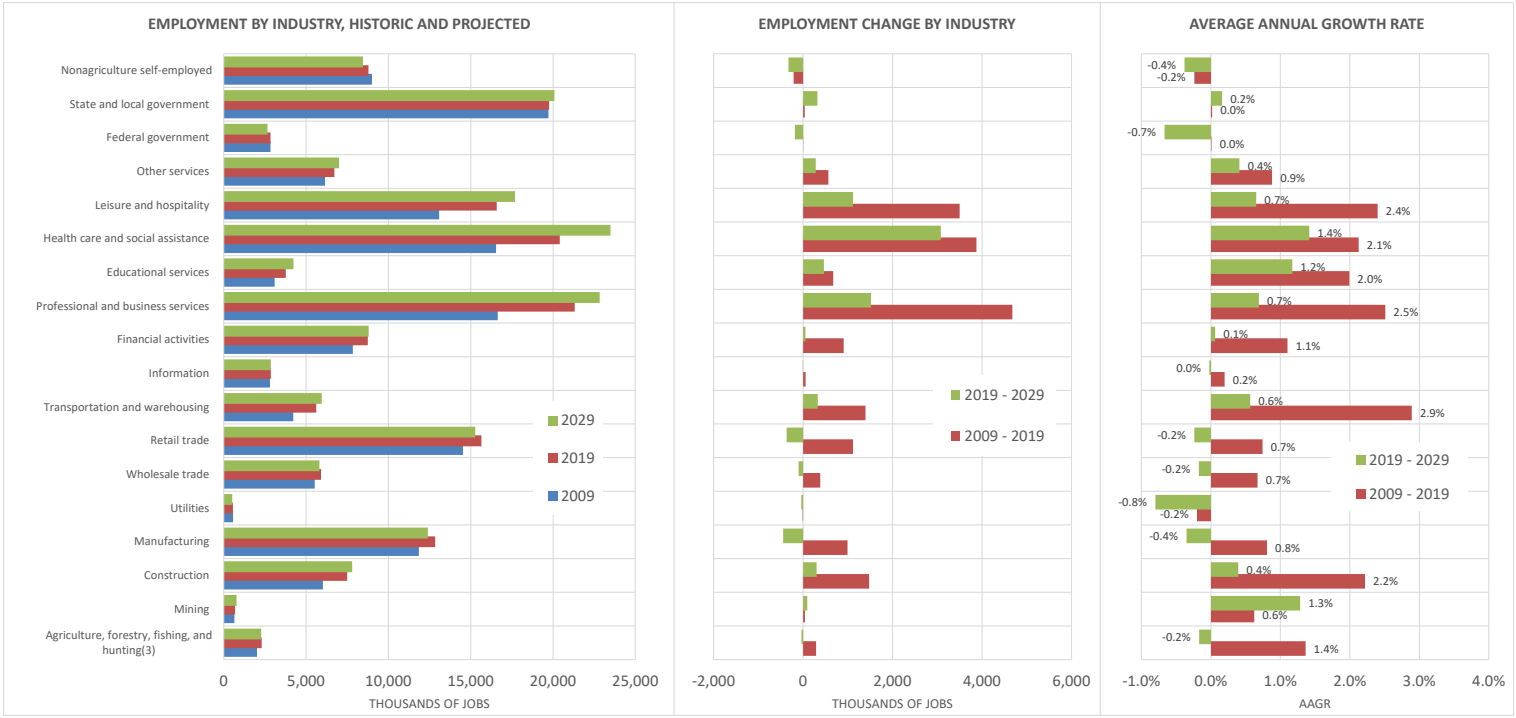
The United States enjoyed a sustained economic expansion over the last decade, which was sharply truncated by the Covid-19 pandemic in March 2020. At a national level there has been a shift within the economy from consumption of goods to consumption of services, especially services oriented around personal wellbeing (health, private education, finance). This is reflective of increasing levels of wealth and discretionary income in the population. At the same time, growth in fixed investment (equipment and structures) and government defense spending is moderating – making manufactured goods a less important part of the economy.

A few additional trends observed at the national level have significant implications for the industrial real estate market: E-commerce is rapidly taking market share from brick-and-mortar retailers, approaching 10% of all retail sales. This trend has accelerated during the pandemic and is likely to pose an ongoing challenge for brick-and-mortar retailers. This is causing a shift in storage needs from retail stores to warehouses and distribution centers. At the same time, automation is causing a consolidation within the warehousing and distribution industry, leading to increasing reliance on larger third-party operators

able to make heavy investments in capital and expertise. Automation is also impacting the manufacturing industry, though to a lesser extent and primarily among larger industry leaders. Finally, changes in the use of electronic devices and growth in online services are causing a shift in the tech sector, from hardware manufacturing to software development.

At a national level healthcare & social assistance is projected to account for a significant share of new employment growth, followed by professional & business services, and leisure & hospitality. The aging of the population is expected to drive the healthcare sector over the next few decades.

FIGURE 2.01: NATIONAL EMPLOYMENT GROWTH BY SECTOR, HISTORIC AND PROJECTED



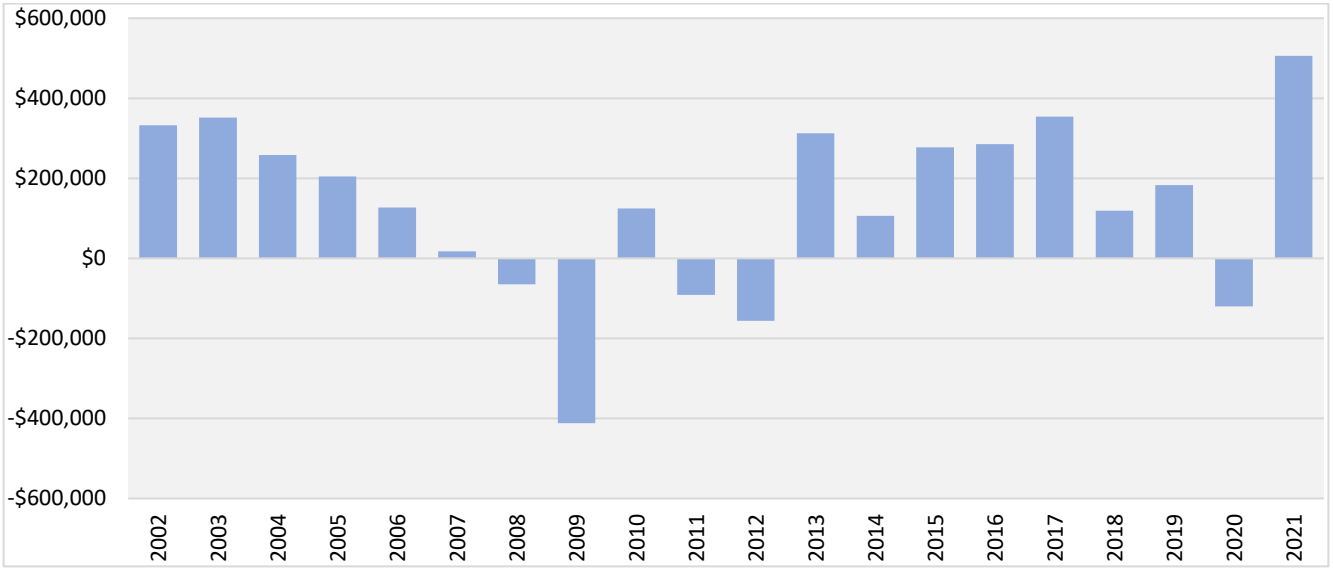
SOURCE: US Bureau of Economic Analysis

Recent trends and current forecasts reflect a shift from a goods economy, featuring manufacturing and natural resources, towards a service economy, which emphasizes technological innovation, research, and design.

JACKSON COUNTY ECONOMIC TRENDS

From 2013 to 2019, Jackson County experienced a period of consistent growth. Consistent with the nation, the pandemic was detrimental to the GDP of the county, giving Jackson County its worst year in terms of GDP since 2012.

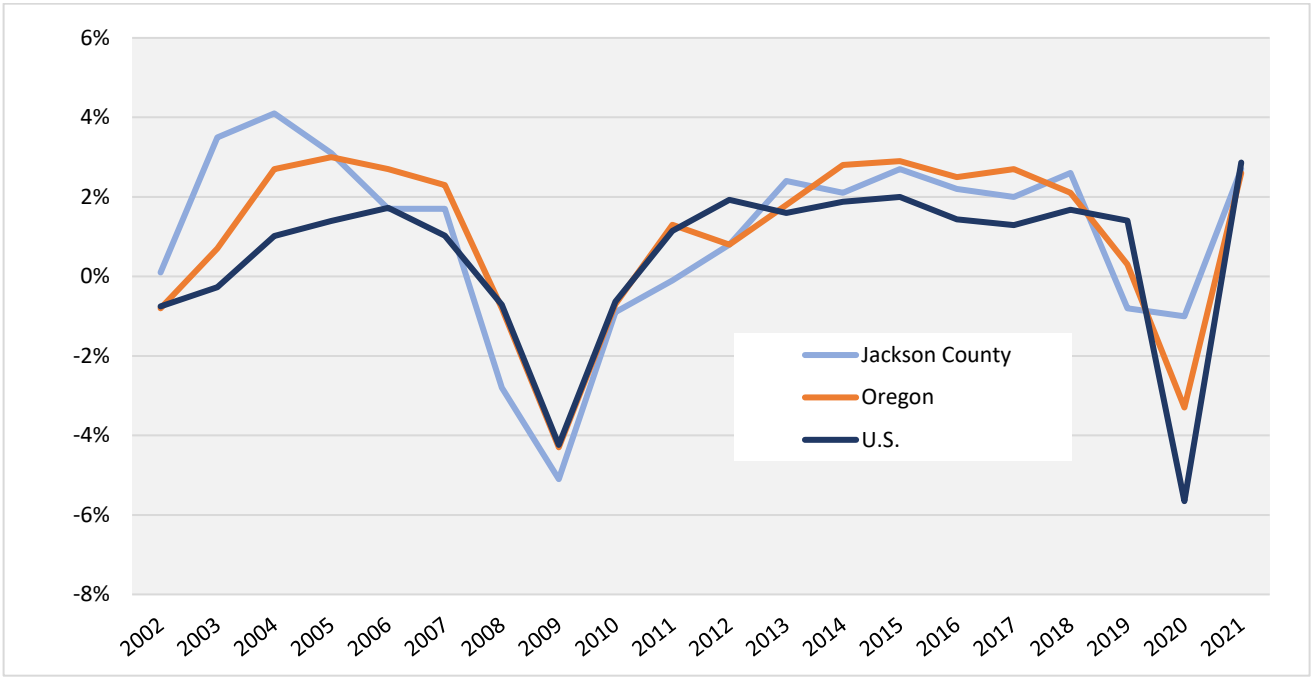
FIGURE 2.02: ANNUAL CHANGE IN GDP, JACKSON COUNTY, THOUSANDS OF 2012 DOLLARS



Source: U.S. Bureau of Economic Analysis, JOHNSON ECONOMICS

Jackson County has historically shown similar or better annual employment growth to Oregon or the country in almost every year since 2000, save for the recession from 2007 to 2009. However, during the pandemic it performed significantly better than Oregon and the United States in this metric. While employment in Jackson County decreased by less than 2%, employment in both Oregon and the country decreased by over 5%.

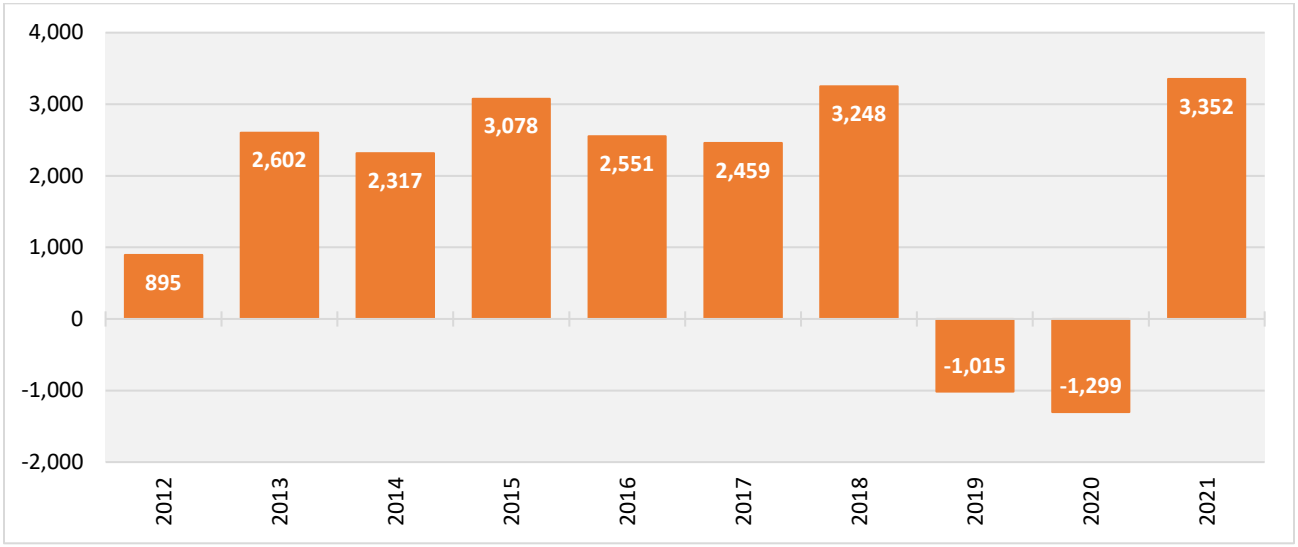
FIGURE 2.03: COMPARISON OF ANNUAL EMPLOYMENT GROWTH RATES



Source: U.S. Bureau of Economic Analysis, JOHNSON ECONOMICS

After consistent growth from 2012 to 2018, growth dropped slightly in 2019. Following the large loss of employment during 2020, Jackson County bounced back the next year. Jackson County employment experienced a large positive net change in employment in 2021, replacing the jobs lost in 2020 and then some.

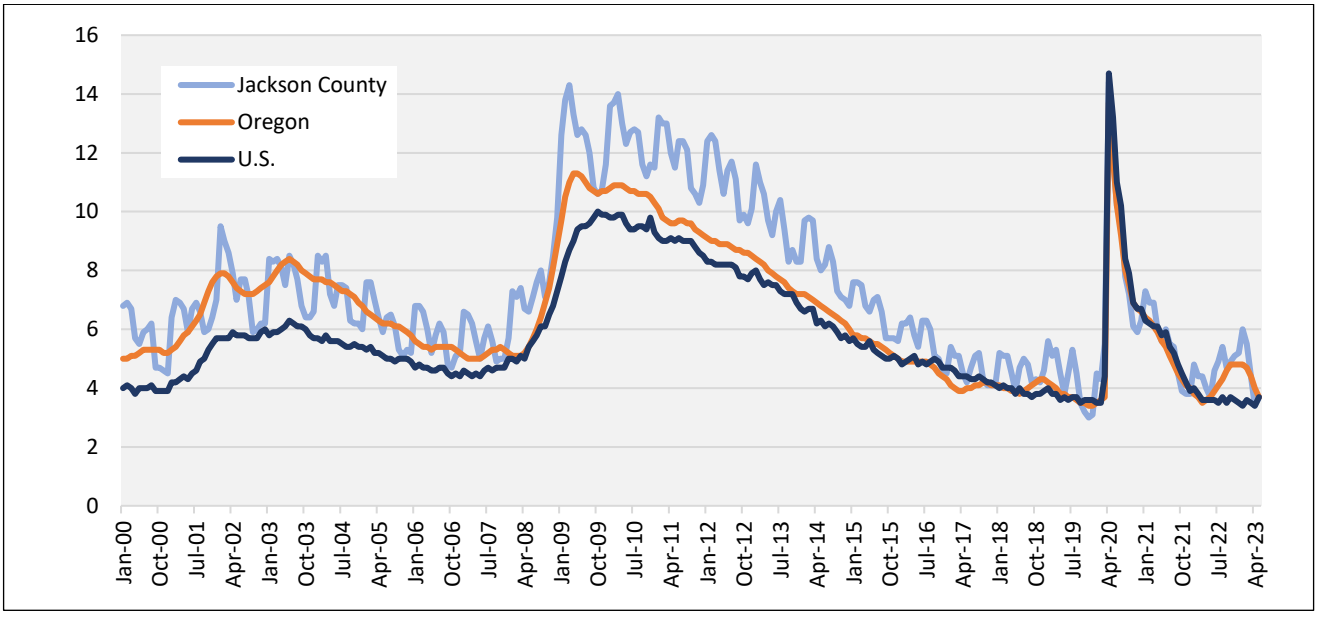
FIGURE 2.04: YEAR-OVER-YEAR NET CHANGE IN EMPLOYMENT, JACKSON COUNTY



SOURCE: U.S. Bureau of Economic Analysis

The Jackson County unemployment rate fluctuates often and is typically higher than that of Oregon or the nation. The unemployment rate reached over 14% during the pandemic but has since dropped to a more normal level of around 5%. In recent years Klamath County's unemployment rate has stayed slightly closer to Oregon and the nation's than it did from 2010 to 2015, yet it has consistently remained higher.

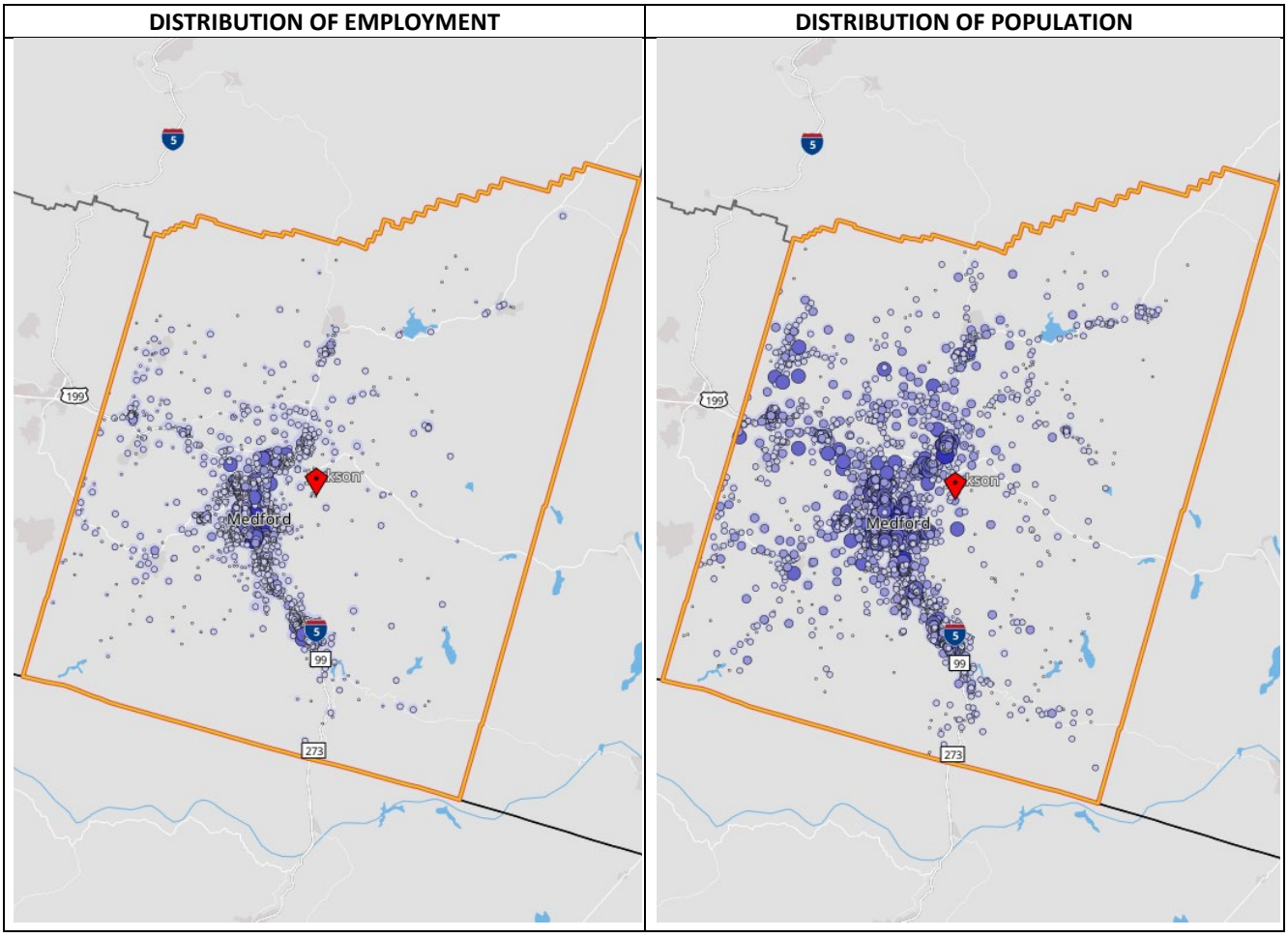
FIGURE 2.05: COMPARISON OF UNEMPLOYMENT RATE TRENDS



SOURCE: St. Louis Federal Reserve, JOHNSON ECONOMICS

The distribution of employment in Jackson County is concentrated around Medford and, to a lesser extent, Ashland. The distribution of population is more evenly spread out, while still generally concentrated around employment hubs. This illustrates the county's city-focused commuting patterns. There is also a relatively large population of retired people in Jackson County, who can live further out from Medford and Ashland without the need to commute for work.

FIGURE 2.06: DISTRIBUTION OF EMPLOYMENT AND WORKFORCE, JACKSON COUNTY, 2020

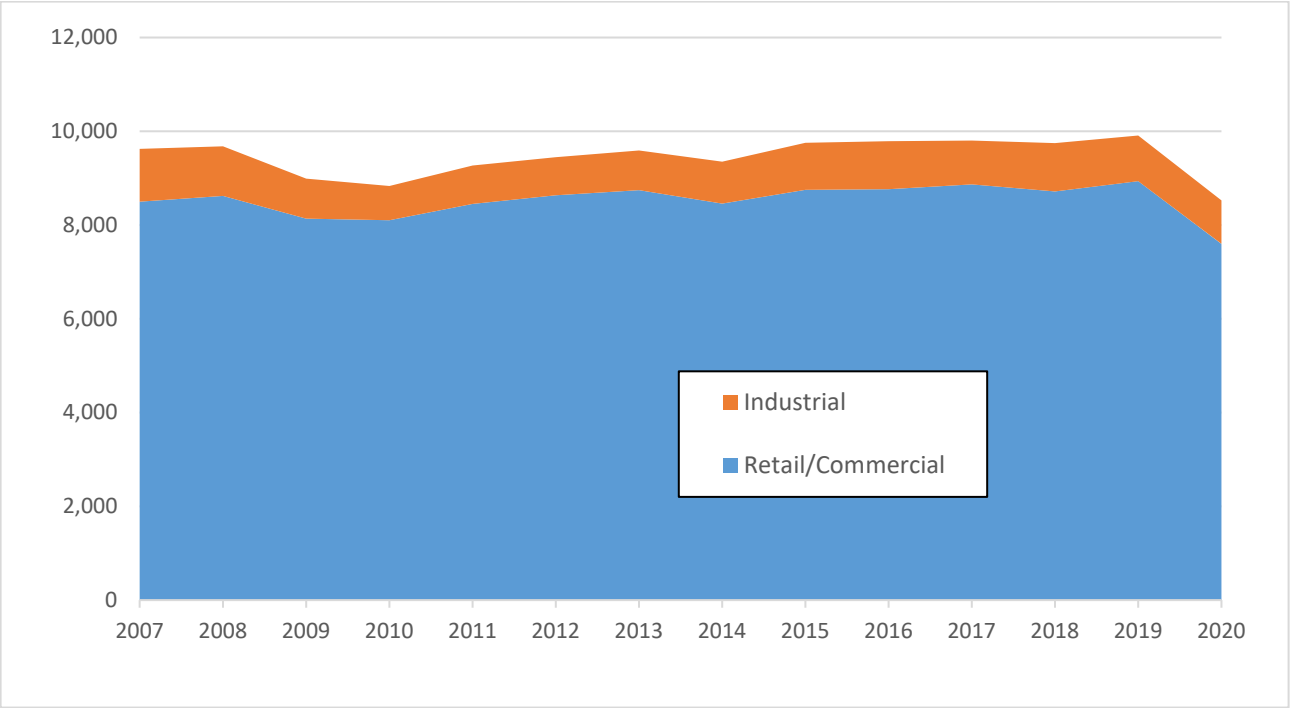


Source: U.S. Census Bureau OnTheMap, JOHNSON ECONOMICS

CITY OF ASHLAND ECONOMIC TRENDS

Data on employment trends at the City of Ashland level not published for the typical data series but is available on an annual basis from the Census Bureau's Longitudinal Employment Housing Dynamics (LEHD) survey. The most currently available data from this source is 2020. Overall employment levels declined at an average annual rate of 0.9% from 2007 through 2020, while declining 0.9% for retail/commercial sectors and 1.5% for industrial sectors. This trend reflects the pandemic impacts in 2020. If we look at the trend from 2007 through 2019 the overall rate of growth was 0.2%, of which 0.4% was in retail/commercial segments while industrial industries declined 1.2%.

FIGURE 2.07: OVERALL EMPLOYMENT LEVEL ESTIMATES, CITY OF ASHLAND



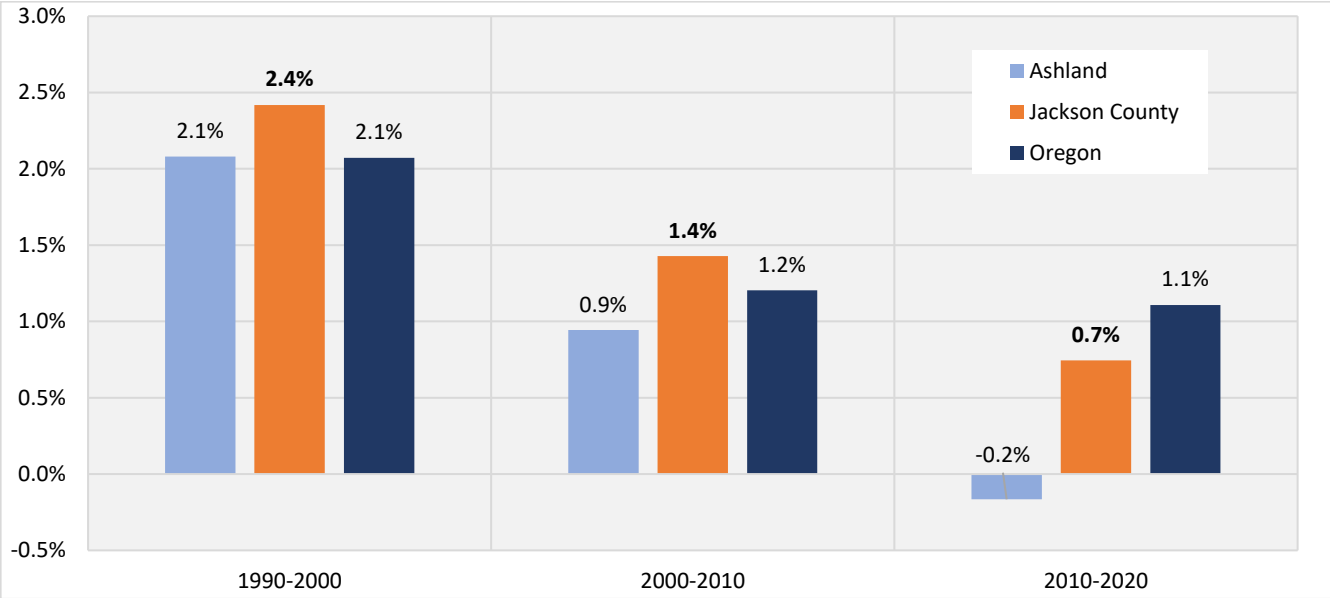
Source: US Census Bureau, LEHD Data

Employment growth in the City of Ashland has been negligible since the completion of the 2007 Economic Opportunities Analysis, with a decline in employment levels in sectors utilizing industrial space. .

POPULATION

From 1990 to 2010, Jackson County consistently saw growth rates above the state average. In the last 30 years, the quickest growth was 2.4% between 1990 and 2000. In the two decades following the average annual growth rate dipped to 0.7%. Ashland's population growth has seen a similar decrease: from 1990 to 2000, Ashland grew by 2.1% per year, and from 2010 to 2020, the population decreased by 0.2%. per year, on average.

FIGURE 2.08: HISTORIC POPULATION TRENDS: AVERAGE ANNUAL GROWTH RATE



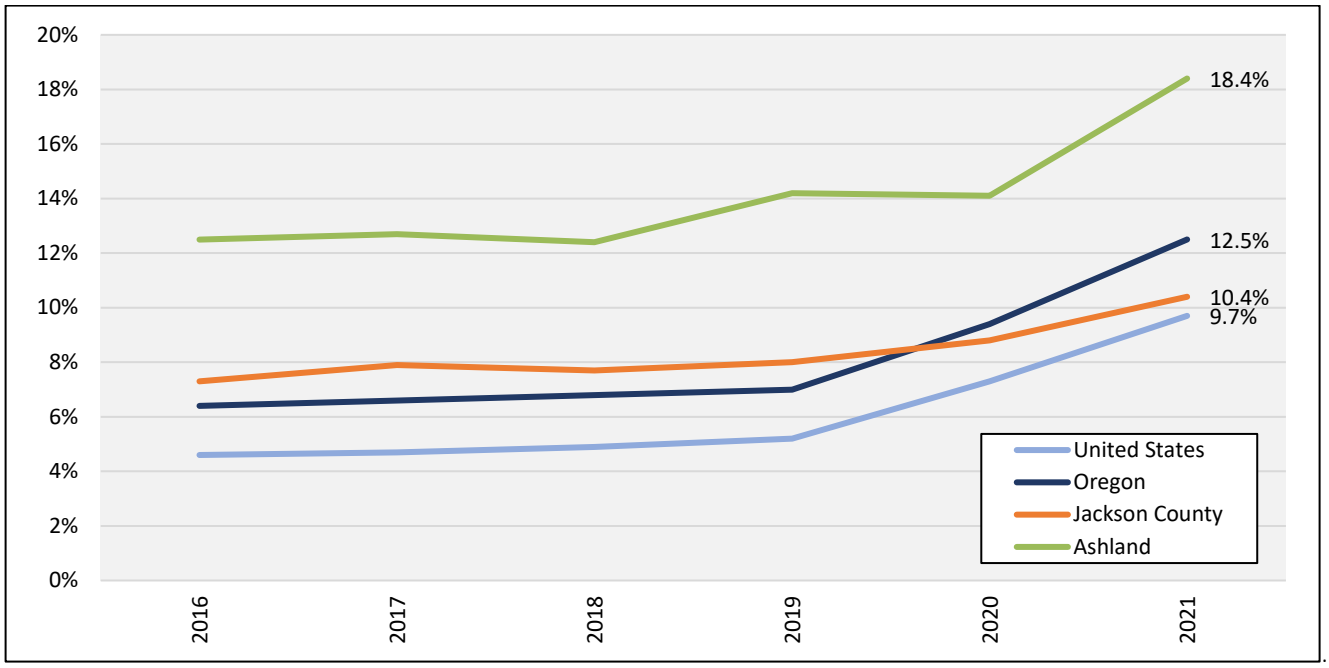
Source: PSU PRC, JOHNSON ECONOMICS

REMOTE WORK TRENDS

Since 2019, there has been a noticeable increase in number of people working from home across different levels of geography.[1] Ashland has the biggest share of people working from home compared to the county, state, and country. In 2021, 18.4% of all workers reported working from home in 2021, compared with 10.4% of workers in Jackson County and 12.5% in Oregon. Oregon outpaced Jackson County from 2019-2020 in the percentage of its workers who work from home.

1 Joseph Parilla, S. L., Joseph Parilla, R. D., Brad McDearman, J. P., Diego Marroquín Bitar, J. P. M., Mathias Drehmann, M. J., & Wessel, D. (2022, March 9). *Microbusinesses flourished during the pandemic. now we must tap into their full potential.* Brookings. https://www.brookings.edu/articles/microbusinesses-flourished-during-the-pandemic-now-we-must-tap-into-their-full-potential/

FIGURE 2.09: SHARE OF WORK DONE REMOTELY, SELF-REPORTED, 2016-2021



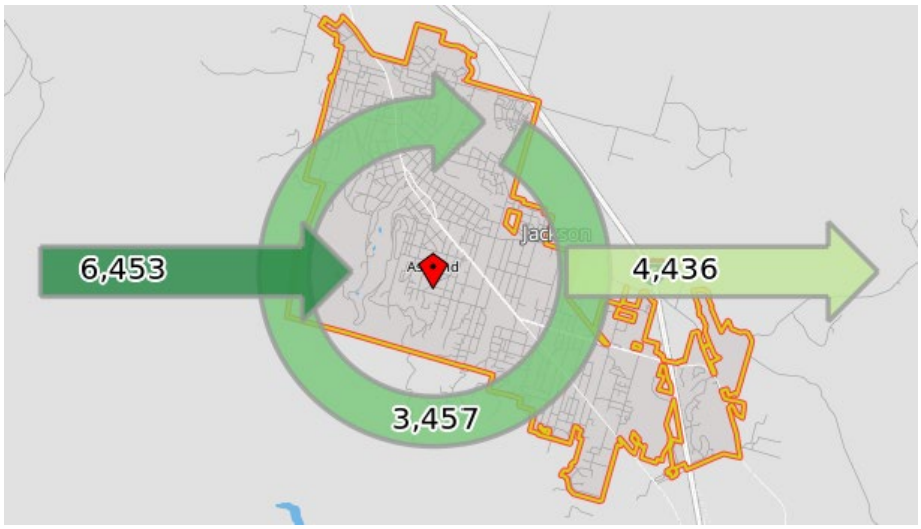
SOURCE: US Census Bureau, American Community Survey (ACS)

According to Stanford survey research, as of May 2023, 12% of all full-time employees in the U.S. work fully remotely, with an additional 29% on a hybrid work schedule. Among people whose jobs can be done remotely, many work this way: by June 2022, 29% worked fully remotely, and 49% worked in a hybrid arrangement.

Remote work provides increased flexibility for workers, as their employment is no longer limited geographically. This enables spatial redistribution, encouraging people to live in smaller cities that do not have many onsite offices, especially those with attractive lifestyle elements. Ashland's vibrant arts culture, featuring the Oregon Shakespeare Festival, Oregon Center for the Arts, and more, makes it likely to attract remote workers, thus benefiting the city economically.

Another benefit of working remotely is the elimination of commuting, saving workers time and money and allowing them to physically work where they live. While most people in Ashland work relatively close to where they live already—96% of Ashland residents work within Jackson County, compared to about 74% of the US population living and working in the same county—less than half of Ashland residents work within the city; this trend continues through 2020.

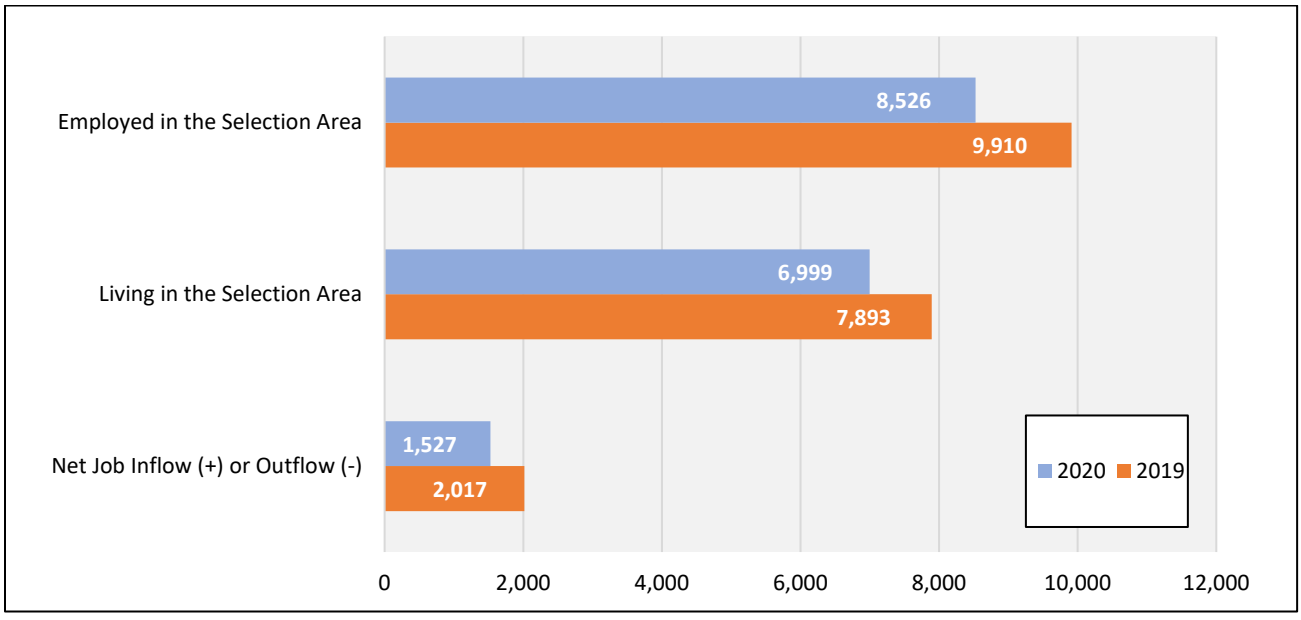
FIGURE 2.10: ASHLAND COMMUTING INFLOW/OUTFLOW, 2020



Source: U.S. Census Bureau OnTheMap, JOHNSON ECONOMICS

Ashland saw a decrease in the overall size of its labor market from 2019 to 2020. The number of workers employed in Ashland dropped by 13.9%, and the number of people living there decreased 11.3%, for a total inflow/outflow decrease of 24.3%. The drop in employment is partially attributable to pandemic job losses.

FIGURE 2.11: ASHLAND COMMUTING INFLOW/OUTFLOW SUMMARY 2019-2020

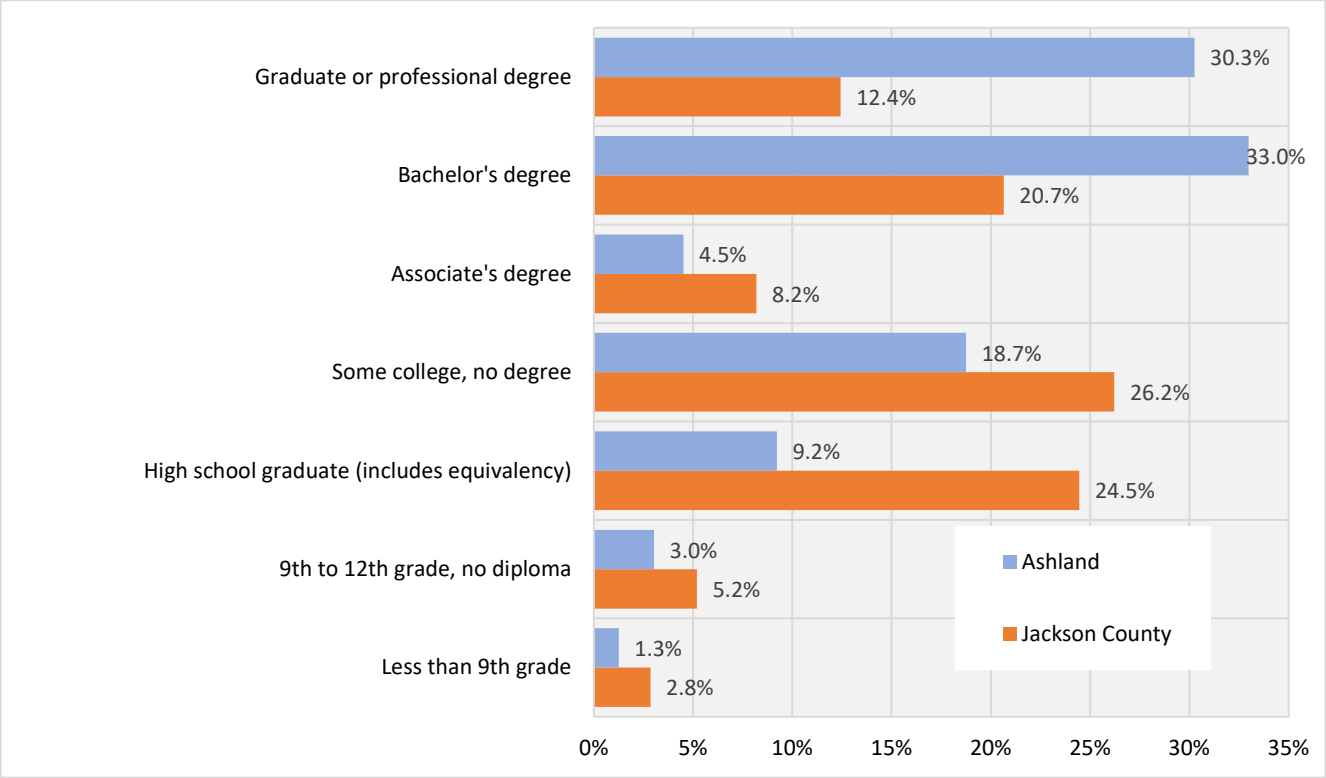


Source: U.S. Census Bureau OnTheMap, JOHNSON ECONOMICS

In the 2019 Ashland Economic Diversification Strategy Report, ECONorthwest explains that while commuting across networks of small cities is common, Ashland's particularly high rate of out-commuting could lead to strained transportation networks as well as reduced public school viability and public finances. Mixed-use development encouraging remote work could incentivize more people to stay in Ashland, placing more employment in residential areas.

Ashland's population is more highly educated compared to the remainder of the county. Over 63 % of Ashland's population over twenty-five have a bachelor's degree or higher, and half of those have graduate or professional degrees, compared to the average county level of 30 % with at least a bachelor's degree. Additionally, 95.7% of people in Ashland are high school graduates compared with 88.9% of the US; Ashland has higher education levels across the board.

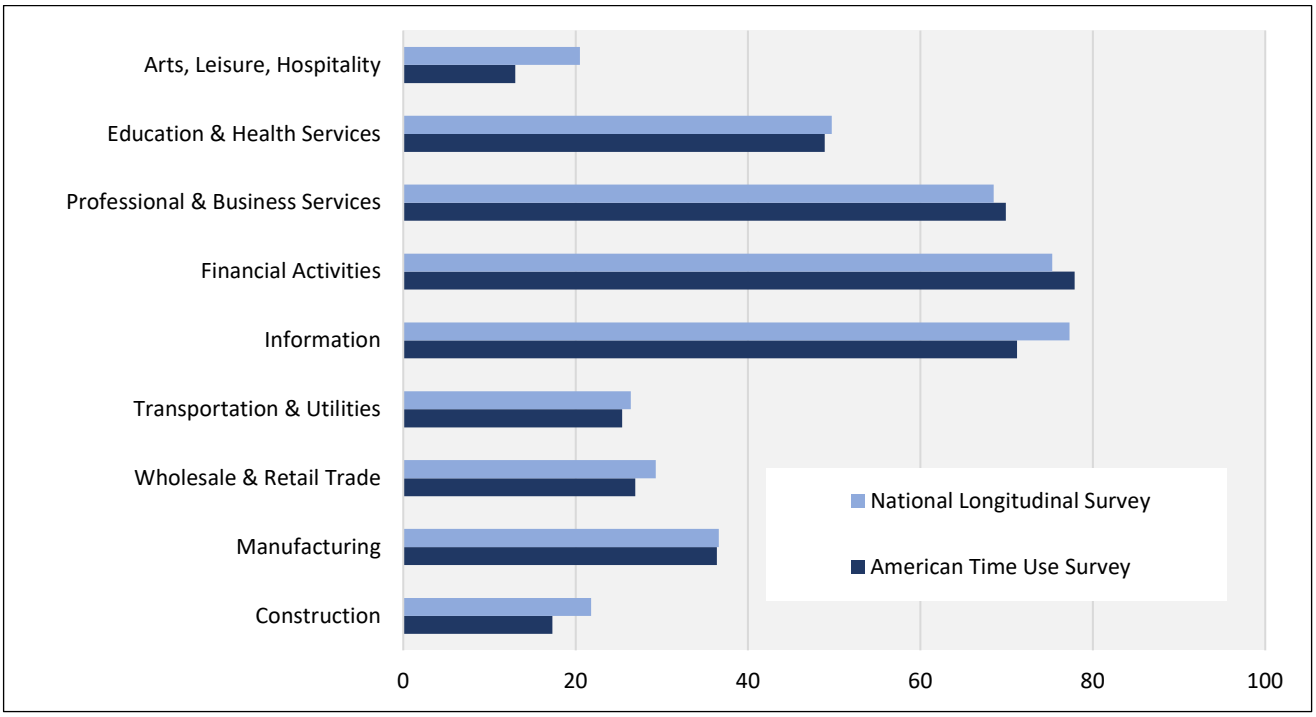
FIGURE 2.12: SUMMARY OF EDUCATIONAL ATTAINMENT LEVELS, 2022



SOURCE: US Census Bureau, Current Population Survey

This holds particular significance in the context of remote work. Those with higher education levels are more likely to work from home: among college graduates, 14.4 % work fully remotely and 42.3 % are hybrid. Additionally, as expected given the positive relationship between education and remote working, jobs that require higher levels of education are more likely to be remote work capable. These include the professional and business, financial, and information industries, but also education and health services employment. Service and retail industries, including arts and leisure employment, are typically directly customer-facing and so have less capacity for remote work. However, both sets of survey data used in Figure 2 were collected before the COVID-19 pandemic, so industries may have shifted even further towards remote working since then.

FIGURE 2.13: PERCENT OF U.S. JOBS CAPABLE OF REMOTE WORK, SELECT INDUSTRIES, 2017

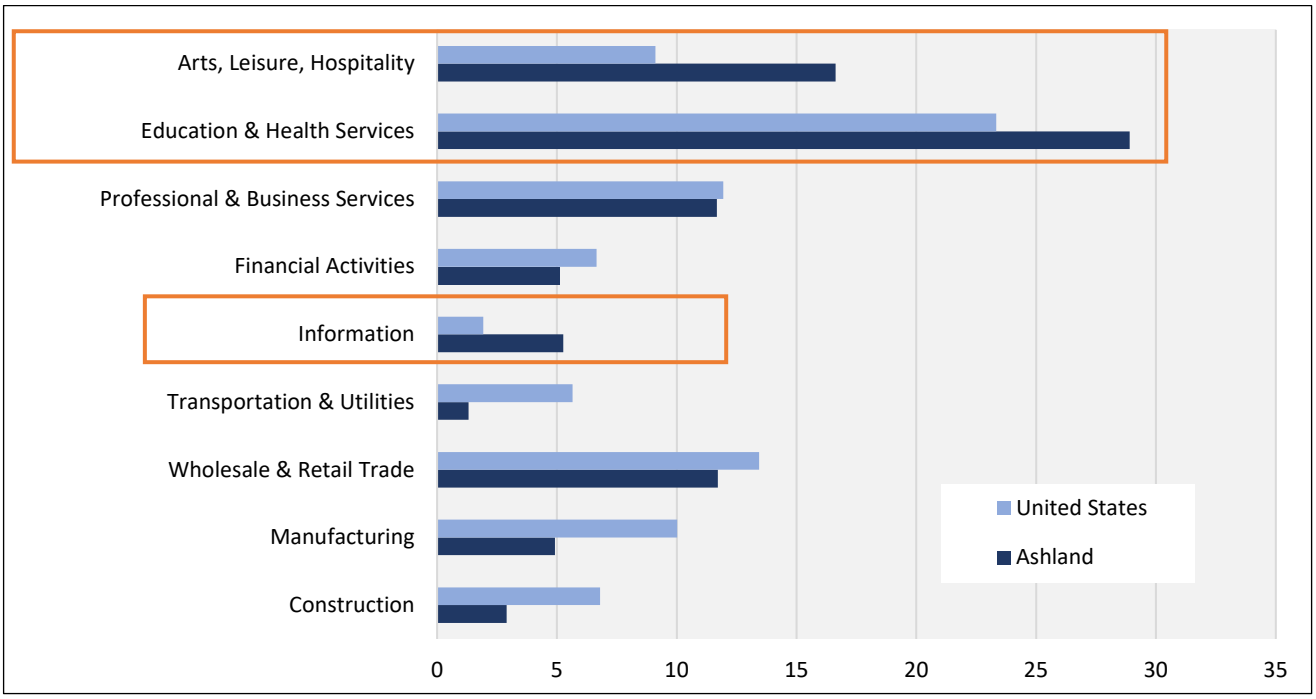


Source: U.S. Bureau of Labor Statistics, JOHNSON ECONOMICS

Ashland's employment is unique in a few significant ways. Its proportion of jobs in the information industry (5.3%) is over twice the U.S. average (1.9%), and its education and health services sector is sizeable as well: 28.9% in Ashland, and 23.3% in the U.S. Both these industries typically require a college degree and are disproportionally remote capable. Ashland's arts, leisure and hospitality industry is also large; it makes up 16.6% of employment in Ashland compared to 9.1% in the U.S., reflecting Ashland's large tourism sector which includes the Oregon Shakespeare Festival. This industry is less likely to be remote capable.

Remote work could also result in benefits in the form of increased economic activity. As a result of spatial redistribution, commercial activity is predicted to decrease in major cities and increase in smaller communities. Up to 10% of pre-pandemic commercial spending could shift in this direction. The City of Ashland is well positioned to benefit from this shift.

FIGURE 2.14: PERCENT EMPLOYED IN SELECT INDUSTRIES, 2017



Source: U.S. Census Bureau, JOHNSON ECONOMICS

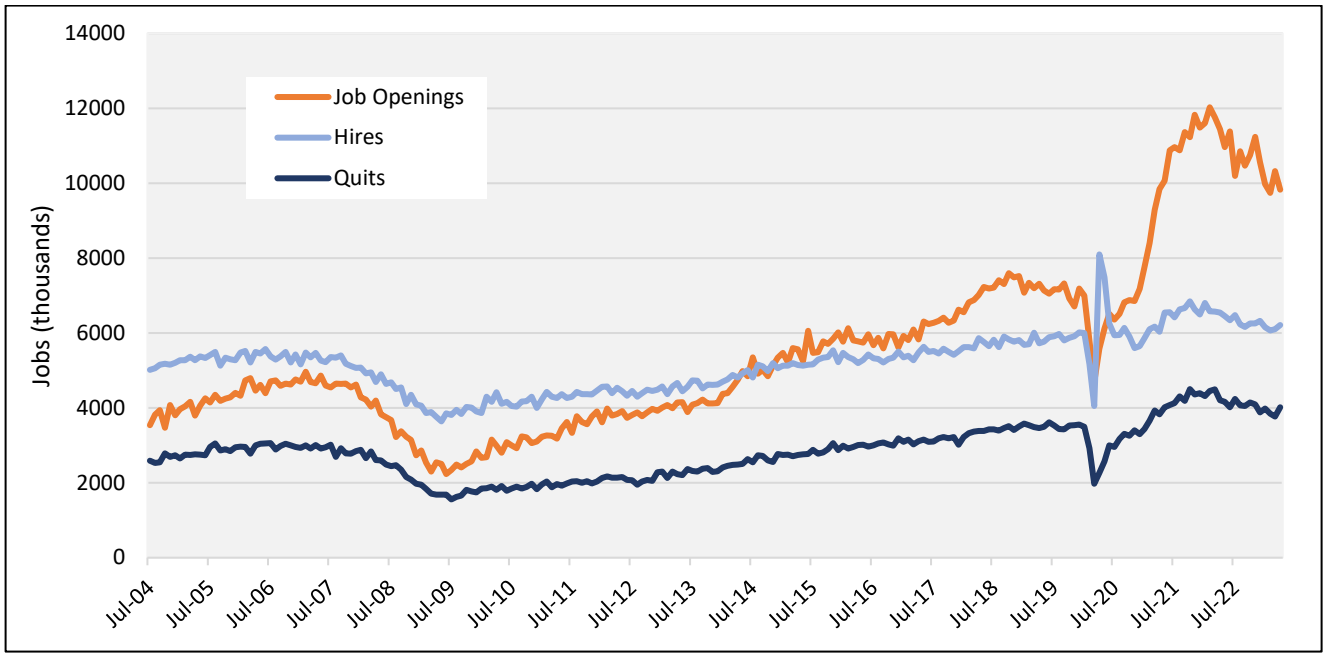
However, highly educated workers are not the only ones experiencing growth in remote work. Since the start of the COVID-19 pandemic, workers without college degrees have seen increases in opportunities for remote work, including customer service, data entry, and tech support jobs. Those with a high school diploma tend to be less likely to work from home than those with a college degree, but among those who do, their daily remote work time is about the same as those with a bachelor's degree.

Lower-wage office and call center jobs have also seen a trend towards remote work. About 22% of customer service job postings include a remote option. Service industry workers are spending more time working from home as well, and their remote hours are continuing to increase, though most service work hours are still spent onsite. Overall, this indicates potential for growth in remote work across the income and education spectrums.

GENERAL U.S. EMPLOYMENT TRENDS

Employment trends in the U.S. point to increased employee power in the labor market over the last few years. Post-recession, job openings increased at greater rates than hires and quits, surpassing both in 2014. After the initial economic downtown in 2020, both hire and quit rates increased above pre-pandemic levels, and job openings nearly doubled from the early pandemic to late 2021. While job openings are leveling off, they remain high.

FIGURE 2.15: U.S. JOB MARKET: JOB OPENINGS, HIRES, AND QUITS, 2004-2023

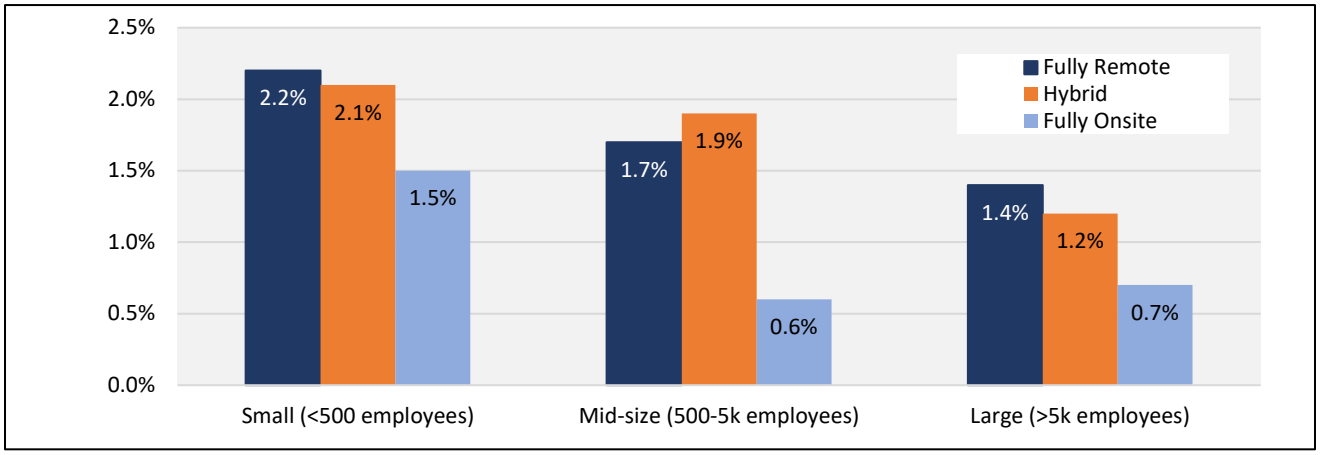


Source: U.S. Bureau of Labor Statistics, JOHNSON ECONOMICS

This increased availability of job options allows workers to be selective about job characteristics. Overwhelmingly, they choose remote work. From March to May 2023, Flex Index found that companies with more flexible remote work policies saw more than twice the job growth (1.9%) as those with requirements to work fully in office (0.8%). In the last 12 months, fully remote companies increased their employee count by 6.9%, while full time in office companies only increased 2.6%. Oregon is the state most flexible for work – 59% of companies surveyed offer employees a fully remote option.

Additionally, smaller companies (less than 500 employees) are increasing their number of employees at higher rates than large companies (more than 5,000 employees) across the spectrum of work flexibility. In fact, small companies that require full-time in-office work have grown at a higher rate in the last 12 months (4.6%) than fully flexible large (3.7%). This may indicate a shift towards smaller companies that offer more flexible options for office requirements.

FIGURE 2.16: COMPANY GROWTH BY SIZE & OFFICE REQUIREMENT, Q2 2023

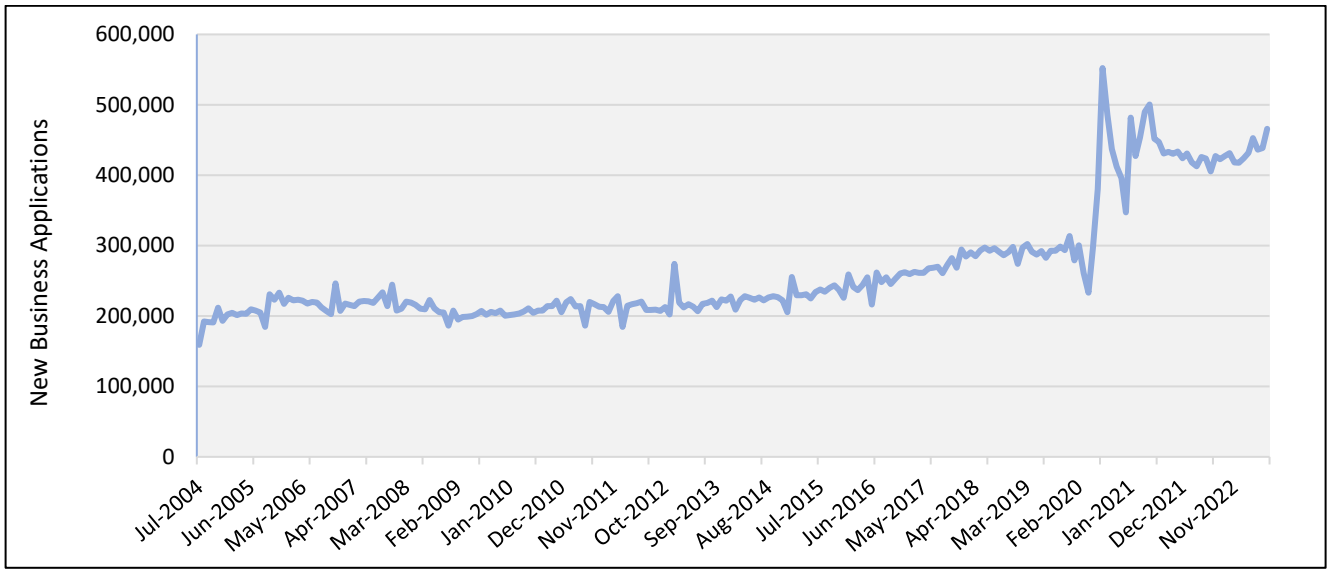


Source: Flex Index 2023 Survey, JOHNSON ECONOMICS

In discussing the shift towards smaller companies, it is important to mention the growing trend of home-based microbusinesses (small businesses with less than 10 employees). Pandemic layoffs, in combination with a reduction in time spent working and stimulus funds, created opportunities for entrepreneurship. In the U.S. alone, almost 3 million more home-based microbusinesses were created in 2020 than in 2019. Of existing microbusinesses, 17% of the 20 million total were created after March 2020, and over half are online only. At the same time, small businesses were closing at record rates, up to 30%. In October 2021, self-employment numbers were as high as 9.4 million, while 4.4 million people quit their jobs.

This is also reflected in the sudden increase in business applications in 2020. According to the Census Bureau, in March 2020, 261,000 business applications were submitted, and by July, that number more than doubled to 552,000. This shift to small companies and self-employment has changed the nature of the economy.

FIGURE 2.17: U.S. NEW BUSINESS APPLICATIONS, 2004-2023



Source: U.S. Census Bureau, JOHNSON ECONOMICS

THE FUTURE OF REMOTE WORK

Projections indicate that remote work will continue to play a significant role in the global workforce, and there are several key trends likely to shape its future. Interest in remote and hybrid work continues to increase; for example, up to 68% of Americans say they would prefer fully remote work.[2] Employees also report that working from home is more productive and better than originally expected, suggesting a new optimism about working from home compared to pre-pandemic perceptions. Additionally, improvements in remote work technologies, such as video conferencing, shared calendars, and remote training will further encourage this format. Gallup estimates that 56% of full-time employees in the US can work remotely and that long term, 22% of remote capable employees will be fully remote, while 55% will be in a hybrid arrangement.

2 Ryan, R. (2023, January 10). Here's What's Happening To Remote Work In 2023. *Forbes*. https://www.forbes.com/sites/robinryan/2023/01/10/heres-whats-happening-to-remote-work-in-2023/?sh=683adc7579d9

The Oregon Employment Department's 2021-2031 projections for Jackson and Josephine County illustrate suggest that Ashland will follow national remote work trends. They project 15% growth in professional and business services, and similar growth in private health and educational services, which all have high capacity for remote work. They also project 24% growth in arts, leisure, and hospitality, reflecting anticipated increases in tourism. As the arts, leisure, and hospitality sector grows, Ashland becomes a more attractive place to live for high-income remote-capable workers, further supporting remote work capacity.

III. FACTORS AFFECTING ECONOMIC GROWTH IN ASHLAND

The current EOA outlines local factors that informed the development of employment forecasts within the City of Ashland. While the report is dated many of these factors remain relevant in the current economic context.

COMPARATIVE ADVANTAGE

A key component in an EOA is the identification of targeted industries. The objective of this process is to identify a range of industry types that can be considered targeted economic opportunities over the planning period. The intent is to identify the sectors that are likely to drive growth in current and subsequent cycles. The following is a summary of the local advantages, challenges, and targeted industries from the 2007 EOA.

FIGURE 3.01: ADVANTAGES, CHALLENGES, AND TARGET INDUSTRIES, 2007 EOA

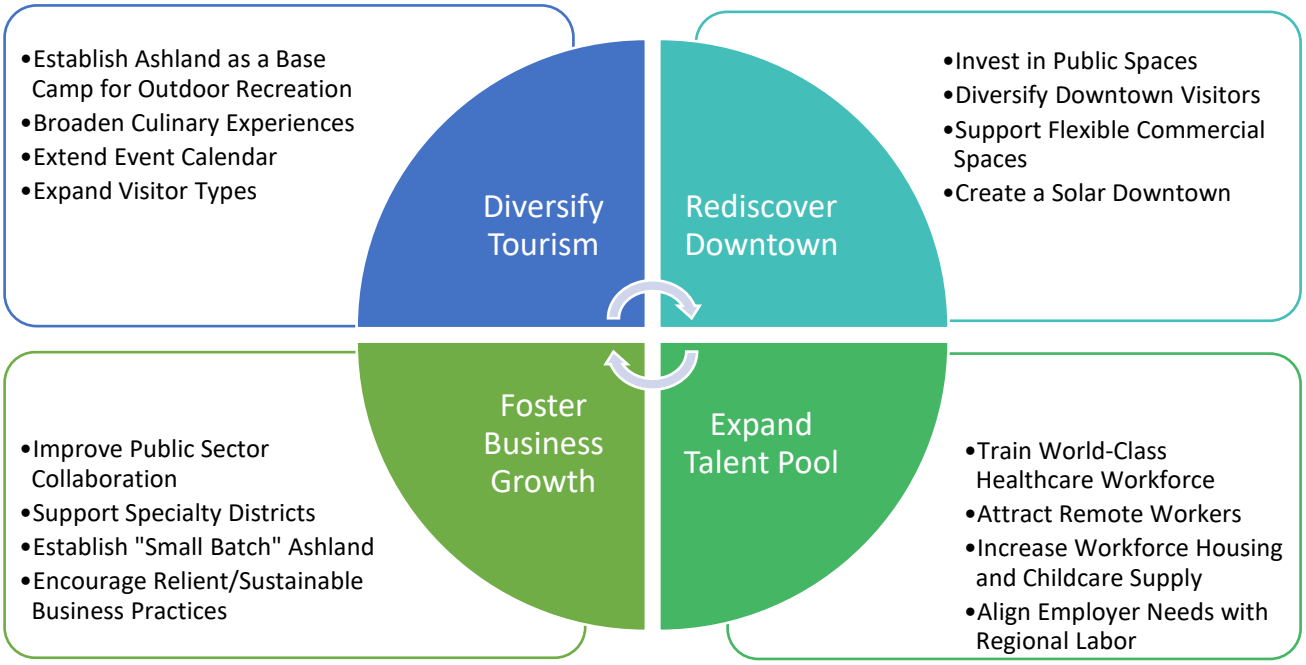
KEY ADVANTAGES	CHALLENGES	TARGET INDUSTRIES
Access to Interstate 5	Housing affordability	Software design
Proximity to California	Limited land supply	Engineering
High quality of life	Limited water supply	Research
Highly educated workforce		Professional services
Full range of support services		Viniculture
High level of amenities		Food processing (small)
Southern Oregon University		Tourism-related industries
Proximity to agricultural areas		Retail
		Small scale manufacturing
		Health services

The study limited targeted food processing and manufacturing to small firms (less than 50 employees), citing water availability, limited sites, access, location, and cost of living. The targeted industries are consistent with national economic patterns since adoption of the study in 2007, with the local advantages and challenges largely unchanged.

The Ashland Chamber of Commerce commissioned an Economic Diversification Strategy, which was completed in September 2022. This report added strong healthcare, fast fiber, and a walkable downtown to the key advantages list. The report also recognizes the City's high reliance on performing arts, and the inherent risk in this sector that was exposed during the pandemic. High housing costs were reinforced as a challenge, which poses a particular issue considering the high level of service, performing arts, and tourism employment.

The diversification strategy outlined four "pillars" for diversification, with 16 strategies categorized under these four pillars.

FIGURE 3.02: KEY PILLARS AND STRATEGIES, 2022 ECONOMIC DIVERSIFICATION STRATEGY



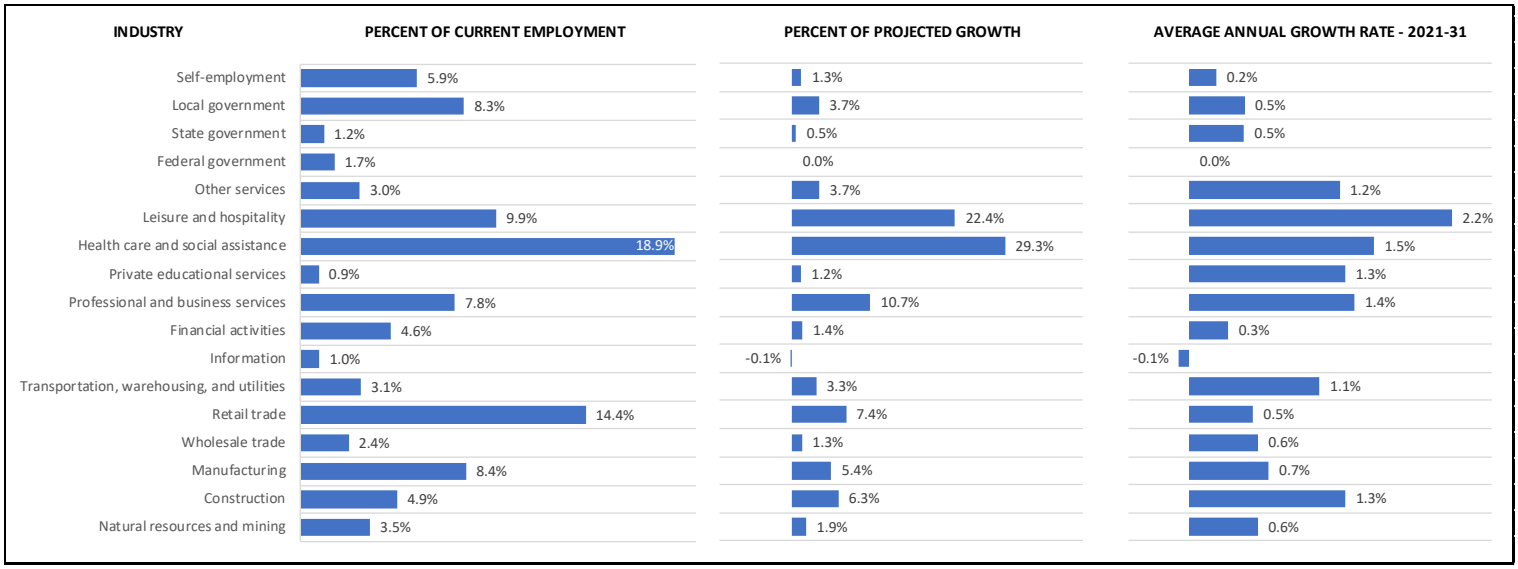
The findings of the Economic Diversification Strategy build upon the previous EOA findings and highlight some of the emerging trends that the City of Ashland is well positioned to benefit from. The City's high quality of life is supportive of the strategy to attract remote workers, a pattern that has already been highly successful locally.

PROJECTED EMPLOYMENT GROWTH

The State of Oregon produces employment forecasts by sector at the broader regional level, which groups Jackson and Josephine Counties together. The most recent forecast anticipates a gain of 13,410 jobs from 2021 through 2031, reflecting an average annual growth rate of about 1.0% during the period.

In this broader region, the industries with the fastest growth rates are projected to be leisure and hospitality, health care, professional and business services, and construction. Health care and social assistance is projected to account for 29.39% of total growth during this period, followed by leisure and hospitality (22.4%) and professional and business services (10.7%).

FIGURE 3.03: INDUSTRY EMPLOYMENT PROJECTIONS, JACKSON, AND JOSEPHINE COUNTIES, 2021-31

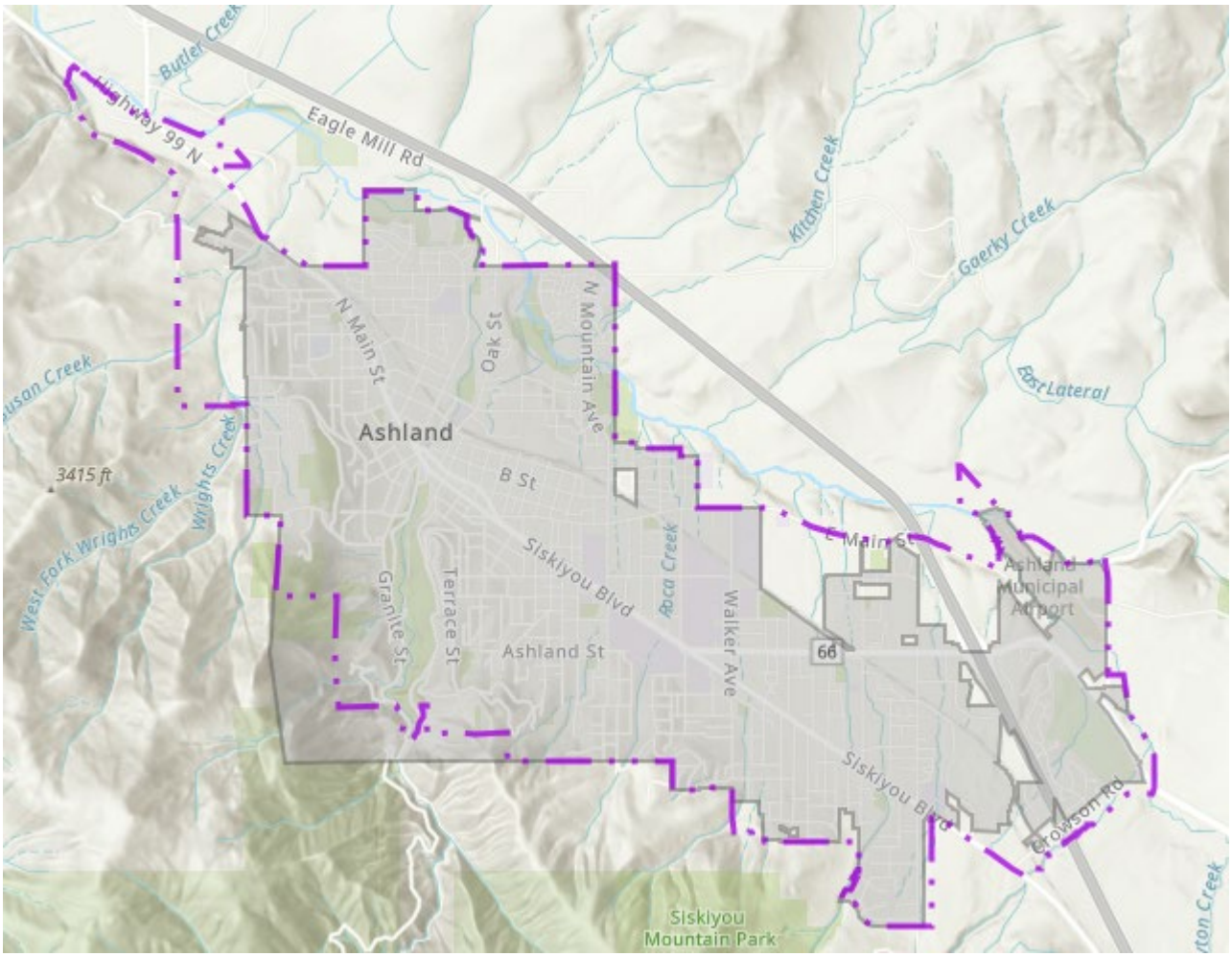


SOURCE: Oregon Employment Department, Workforce and Economic Research Division

IV. BUILDABLE LANDS INVENTORY

The buildable lands inventory (BLI) is intended to identify commercial and industrial lands that are available for and suitable for development for employment uses within the Ashland UGB. Information summarized in this section is derived from the City of Ashland Buildable Lands Inventory, prepared by the Department of Community Development in 2019. The study area includes the area within the City of Ashland City Limits and City of Ashland Urban Growth Boundary. Areas within the UGB outside of the city limits are within unincorporated Jackson County.

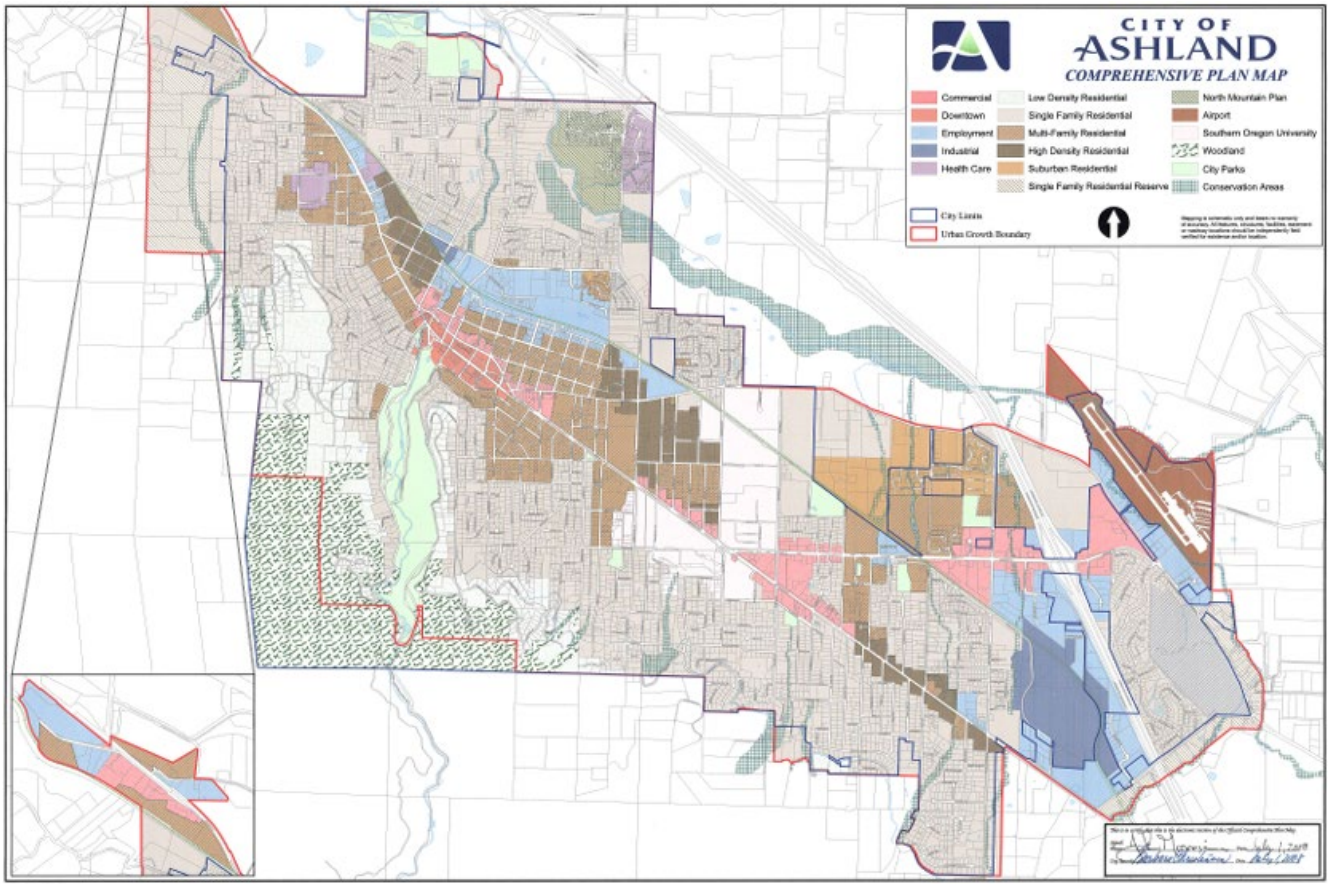
FIGURE 4.01: CITY OF ASHLAND UGB



SOURCE: Jackson County GIS

Designated employment lands are concentrated along the Highway 99 (Siskiyou Blvd.) commercial corridor as well as Ashland Street and the I-5 interchange.

FIGURE 4.02: CITY OF ASHLAND COMPREHENSIVE PLAN MAP



The BLI indicates that within the UGB there was 446.2 gross acres of vacant land, yielding 282.9 net buildable acres. An additional 600.5 acres are categorized as partially vacant, yielding 379.9 net buildable acres. For commercially zoned lands, partially vacant parcels had undeveloped land area but contained a building on a portion of the property.

TABLE 4.03: SUMMARY OF TOTAL NET BUILDABLE ACREAGE, UGB & CITY LIMITS COMBINED

BLI STATUS	# OF PARCELS	GROSS ACREAGE	NET BUILDABLE ACRES
VACANT	386	446.2	282.9
PARTIALLY VACANT	439	600.5	379.9
VACANT/AIRPORT	10	1,152	5.8
VACANT/UNDEVELOPABLE	103	244.8	0.0
VACANT/OPEN SPACE OR PARK	373	568.5	0.0
VACANT/PARKING	77	24.1	0.0

SOURCE: 2019 BLI

The UGB has an estimated 186.4 acres of net buildable employment lands. The employment capacity is dependent upon the assumed employment density. The 2007 EOA included the DLCD guideline densities as well locally observed employment densities. When applied to the net buildable employment land base, the DLCD guidelines indicate a capacity to accommodate 3,165 employees on buildable land, while the observed patterns indicate a capacity for 1,967 employees. In our experience properties developed for employment uses often see an intensification of use over time.

The following table summarizes the estimated buildable lands inventory and indicated employment capacity within the Ashland UGB.

TABLE 4.04: ASHLAND BUILDABLE LANDS INVENTORY, NET BUILDABLE IN UGB

			Employment Density		Indicated Capacity	
Comp Plan	# Parcels	Net Acres	DLCD	Observed*	DLCD	Observed
Airport	10	5.8	17.0	9.2	99	53
Commercial	29	16.7	17.0	15.7	284	262
Croman Mill	22	61.1	17.0	9.2	1,039	562
Downtown	8	0.4	17.0	91.6	7	37
Employment	88	92.4	17.0	9.2	1,571	850
HC	3	1.2	17.0	21.3	20	26
HDR	58	11.7				
Industrial	6	14.6	10.0	12.1	146	177
LDR	57	18.8				
MFR	119	42.2				
Normal Neighborhood	29	69.7				
NM	14	16.4				
SFR	326	205.1				
SFRR	48	96.7				
SOU	3	1.8				
Suburban R	6	7.5				
Woodland	9	6.6				
Total	835	668.7				
Total-Employment	134	186.4	17.0	10.6	3,165	1,967

* Derived from 2007 EOA.

SOURCE: City of Ashland Buildable Lands Inventory, 2019

Within the city limits, there was an estimated 113.8 net buildable acres of employment land, with an estimated capacity of 1,890 jobs using DLCD guidelines.

TABLE 4.05: CITY OF ASHLAND EMPLOYMENT BUILDABLE LANDS INVENTORY, CITY BOUNDARIES

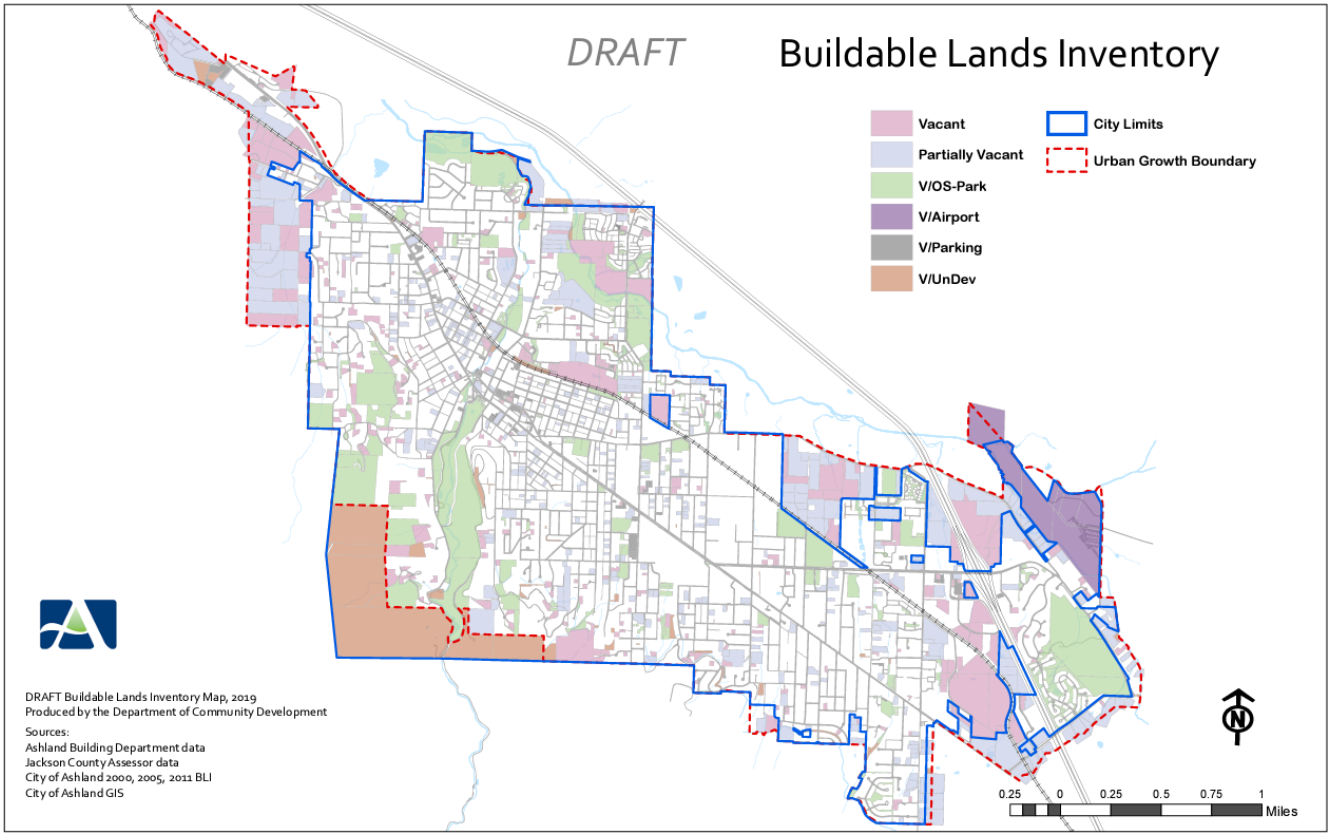
			Employment Density	
City Zone	# Parcels	Net Acres	Per Acre	Capacity
C-1 - Commercial	24	12.5	17.0	212.5
C-1-D - Downtown	8	0.4	17.0	6.8
CM - Croman Mill	12	43.0	17.0	731.0
E-1 - Employment	57	50.4	17.0	856.8
HC - Health Care	3	1.2	17.0	20.4
M-1 - Industrial	4	6.3	10.0	63.0
Total	108	113.8		1,890.5

* Derived from 2007 EOA.

The indicated capacity does not include any allocation of employment to residentially zoned parcels. As noted previously in this report a significant share of employment in the city is home-based or remote work. This is dealt with in the reconciliation through the allocation of employment to remote work in the demand model.

The following map shows the distribution of buildable lands represented in this inventory.

FIGURE 4.06: CITY OF ASHLAND UGB NET BUILDABLE EMPLOYMENT LAND



V. FORECAST OF EMPLOYMENT AND LAND NEED

CITY OF ASHLAND UGB EMPLOYMENT FORECASTS

Goal 9 requires that jurisdictions plan for a 20-year supply of commercial and industrial capacity to meet projected employment needs. Because employment capacity is the physical space necessary to accommodate new workers in the production of goods and services, employment need forecasts typically begin with a forecast of employment growth in the community. The previous analysis of economic trends and targeted industries set the context for these estimates. This analysis translates those trends into estimates of employment growth by broad industry. Forecasts are produced at the sector or subsector level (depending on available information), and subsequently aggregated into two-digit NAICS sectors. Estimates in this analysis are intended for long-range land planning purposes and are not designed to predict or respond to business cycle fluctuation.

The projections in this analysis are built on an estimate of employment in 2022, the commencement year for the planning period. Employment growth will come as the result of net-expansion of businesses in the community, new business formation, or the relocation/recruitment of new firms. Forecast scenarios consider a range of factors influencing growth. Long-range forecasts typically rely on a macroeconomic context for growth. The forecast does not consider the impact of a significant exogenous shift in employment such as recruitment of a major employer.

OVERVIEW OF EMPLOYMENT FORECAST METHODOLOGY

Our methodology starts with a baseline estimate of total employment. We then generate employment forecasts by major industry classification. Forecasted employment is allocated to building type, and a space demand is a function of the assumed square footage per employee ratio multiplied by projected change. The need for space is then converted into land and site needs based on assumed development densities using floor area ratios (FARs).

The first analytical step of the analysis is to update covered employment to the 2022 base year. Longitudinal Employer-Household Dynamics (LEHD) data was used to create an estimate of current employment levels within the City of Ashland. This data is generated by the US Census and is survey based, although indexed with Quarterly Census of Employment and Wages (QCEW) data. If this was a formal EOA we would use site specific QCEW data to generate a more reliable estimate of current employment levels within Ashland, but this information was not available for this limited review. This was converted into an estimate of total employment levels in Ashland, using the ratio of the estimated total in the 2007 EOA and the 2007 indicated employment levels using LEHD data. To update these estimates, we use observed industry specific growth rates for Jackson County between 2020 and 2022. Trend data was not available at the geographic level of the Ashland.

The adjusted 2022 total employment base estimate for the City of Ashland is 12,525 jobs. This employment level is lower than the 2007 EOA estimate of 13,107.

FIGURE 5.01: UPDATE TO 2020 BASELINE AND CONVERSION OF COVERED TO TOTAL EMPLOYMENT

Major Industry Sector	2020 LEHD Employment	Total Emp. Conversion[2]	2020 Total Estimate	'20-'22 County Δ[1]	2022 Estimate
Construction	161	173%	279	3.8%	290
Manufacturing	532	135%	720	4.9%	755
Wholesale Trade	141	88%	124	3.3%	128
Retail Trade	1,393	129%	1,797	3.0%	1,851
T.W.U.	81	127%	103	0.8%	103
Information	209	100%	210	-1.5%	207
Finance & Insurance	162	139%	225	0.8%	227
Real Estate	80	414%	331	0.8%	334
Professional & Technical Services	426	193%	823	0.9%	830
Administration Services	327	96%	314	0.9%	317
Education	1,226	14%	174	0.3%	174
Health Care/Social Assistance	1,150	138%	1,591	0.3%	1,597
Leisure & Hospitality	2,078	119%	2,474	7.3%	2,654
Other Services	329	324%	1,066	7.9%	1,150
Public Administration	217	893%	1,938	-1.6%	1,907
TOTAL	**8,512**	**143%**	**12,169**	**47.1%**	**12,525**

1/Growth rate calculated using CES data for Jackson County

2/ Ratio between 2007 LEHD and estimated 2007 total employment in the EOA.

T.W.U. = Transportation, Warehousing, and Utilities

SCENARIO 1: SAFE HARBOR FORECAST

The Goal 9 statute does not have a required method for employment forecasting. However, OAR 660-024-0040(9)(a) outlines several safe harbor methods, which are intended to provide jurisdictions a methodological approach that will not be challenged. The most applicable for the City of Ashland is 660-024-0040(9)(a)(A), which recommends reliance on the most recent regional forecast published by the Oregon Employment Department. This method applies industry specific growth rates for the Jackson/Josephine Oregon Workforce Region to the City of Ashland's estimated employment base. This method results in an average annual growth rate of 1.3%, with total job growth of 3,684 jobs over the forecast period. The application of the regional growth rate to the local employment composition generates a strong employment forecast that is significantly higher than historic patterns in Ashland.

SCENARIO 2: EXTENSION OF HISTORIC GROWTH RATE

This scenario uses the historic growth trajectory based on identified trends from 2007 through 2020 in the City of Ashland. For industries with negative growth during this period no growth was assumed from 2022 through 2042. This scenario forecasts an average annual growth rate of 1.0% for the period, yielding a net increase of 2,862 jobs through 2042.

FIGURE 5.02: COMPARISON OF ALTERNATIVE FORECASTS, CITY OF ASHLAND UGB

	SCENARIO I (Regional Forecast)				SCENARIO II (Historic Trend)			
Industry	2022	2042	Chg.	AAGR	2022	2042	Chg.	AAGR
Construction	290	375	85	1.3%	290	290	0	0.0%
Manufacturing	755	861	106	0.7%	755	755	0	0.0%
Wholesale Trade	128	143	15	0.6%	128	152	24	0.9%
Retail Trade	1,851	2,057	206	0.5%	1,851	2,359	508	1.2%
T.W.U.	103	128	25	1.1%	103	476	373	7.9%
Information	207	203	-3	-0.1%	207	395	188	3.3%
Finance & Insurance	227	242	15	0.3%	227	227	0	0.0%
Real Estate	334	438	104	1.4%	334	334	0	0.0%
Professional & Technical Services	830	1,089	259	1.4%	830	1,115	285	1.5%
Administration Services	317	416	99	1.4%	317	921	604	5.5%
Education	174	225	51	1.3%	174	174	0	0.0%
Health Care	1,597	2,163	566	1.5%	1,597	1,597	0	0.0%
Leisure & Hospitality	2,654	4,080	1,426	2.2%	2,654	2,654	0	0.0%
Other Services	1,150	1,727	577	2.1%	1,150	2,031	880	2.9%
Government	1,907	2,061	154	0.4%	1,907	1,907	0	0.0%
TOTAL:	**12,525**	**16,209**	**3,684**	**1.3%**	**12,525**	**15,387**	**2,862**	**1.0%**

SOURCE: Johnson Economics

SUMMARY OF EMPLOYMENT FORECAST SCENARIOS

The two forecast scenarios in this analysis have average annual growth rates ranging from 1.0% to 1.4%. Employment growth estimates range from 2,862 to 3,684 net new jobs. The estimates in the preceding analysis are useful in creating a baseline understanding of growth prospects by industry. These are common and accepted approaches when looking at large geographic regions. Forecasts grounded in broad based economic variables do not account for the realities of local businesses and trends among evolving industries. Any long-term forecast is inherently uncertain and should be updated on a regular basis to reflect more current information. This is particularly true in a smaller jurisdiction such as Ashland, in which a single firm's location and/or operational decision may substantively impact the rate of growth. It is also important to recognize that the current employment estimates are based on adjusted LEHD data as opposed to more reliable QCEW data.

The forecasts were broken down into four five-year increments, assuming a consistent rate of growth over the period. We would fully expect that a twenty-year forecast will include multiple business cycles, and that growth will be variable.

FIGURE 5.03: SUMMARY OF PROJECTION SCENARIOS, CITY OF ASHLAND UGB

Industry	Overall Employment					Net Change by Period				Total
	2022	2027	2032	2037	2042	22-27	27-32	32-37	37-42	22-42
SCENARIO I (Regional Trends)										
Construction	290	309	330	352	375	19	21	22	23	85
Manufacturing	755	780	806	833	861	25	26	27	28	106
Wholesale Trade	128	132	135	139	143	4	4	4	4	15
Retail Trade	1,851	1,901	1,951	2,003	2,057	49	51	52	54	206
T.W.U.	103	109	115	122	128	6	6	6	7	25
Information	207	206	205	204	203	-1	-1	-1	-1	-3
Finance & Insurance	227	230	234	238	242	4	4	4	4	15
Real Estate	334	358	383	410	438	23	25	27	29	104
Professional & Technical Services	830	888	951	1,018	1,089	58	62	67	72	259
Administration Services	317	339	363	389	416	22	24	26	27	99
Education	174	186	198	211	225	12	12	13	14	51
Health Care	1,597	1,723	1,858	2,005	2,163	126	136	147	158	566
Leisure & Hospitality	2,654	2,956	3,291	3,665	4,080	301	335	373	416	1,426
Other Services	1,150	1,273	1,410	1,560	1,727	123	136	151	167	577
Government	1,907	1,944	1,982	2,021	2,061	37	38	39	39	154
TOTAL:	**12,525**	**13,334**	**14,213**	**15,169**	**16,209**	**809**	**879**	**956**	**1,040**	**3,684**
SCENARIO 2 (Modified)										
Construction	290	290	290	290	290	0	0	0	0	0
Manufacturing	755	755	755	755	755	0	0	0	0	0
Wholesale Trade	128	134	140	146	152	6	6	6	6	24
Retail Trade	1,851	1,967	2,090	2,220	2,359	116	123	131	139	508
T.W.U.	103	152	222	325	476	48	70	103	151	373
Information	207	243	286	336	395	36	43	50	59	188
Finance & Insurance	227	227	227	227	227	0	0	0	0	0
Real Estate	334	334	334	334	334	0	0	0	0	0
Professional & Technical Services	830	894	962	1,036	1,115	64	68	74	79	285
Administration Services	317	414	540	705	921	97	126	165	215	604
Education	174	174	174	174	174	0	0	0	0	0
Health Care	1,597	1,597	1,597	1,597	1,597	0	0	0	0	0
Leisure & Hospitality	2,654	2,654	2,654	2,654	2,654	0	0	0	0	0
Other Services	1,150	1,326	1,529	1,762	2,031	176	202	233	269	880
Government	1,907	1,907	1,907	1,907	1,907	0	0	0	0	0
TOTAL:	**12,525**	**13,067**	**13,706**	**14,468**	**15,387**	**542**	**639**	**762**	**919**	**2,862**

- T.W.U. (Transportation, Warehousing, Utilities)

EMPLOYMENT LAND FORECAST

The next analytical step in our analysis is to convert projections of employment into forecasts of land demand over the planning period. For this analysis we utilized Scenario I, which had the higher projected rate of growth.

The generally accepted methodology for this conversion begins by allocating employment by sector into a distribution of building typologies those economic activities usually locate in. As an example, insurance agents typically locate in traditional office space, usually along commercial corridors. However, a percentage of these firms are in commercial retail space adjacent to retail anchors. Cross tabulating this distribution provides an estimate of employment in each typology. A significant level of employment in several key sectors was assumed to be remote (work at home), which reduces the need for employment-specific space. The next step converts employment into space using estimates of the typical square footage exhibited within each typology. Adjusting for market clearing vacancy, we arrive at an estimate of total space demand for each building type.

Finally, we can consider the physical characteristics of individual building types and the amount of land they typically require for development. The site utilization metric commonly used is referred to as a "floor area ratio" or FAR. For example, assume a 25,000-square foot general industrial building requires roughly two acres to accommodate its structure, setbacks, parking,

and necessary yard/storage space. This building would have a FAR of roughly 0.29. Demand for space is then converted to net acres using a standard floor area ratio FAR for each development form. Land values in the city area elevated relative to other jurisdictions in Jackson County and assumed development densities were generally higher as a result.

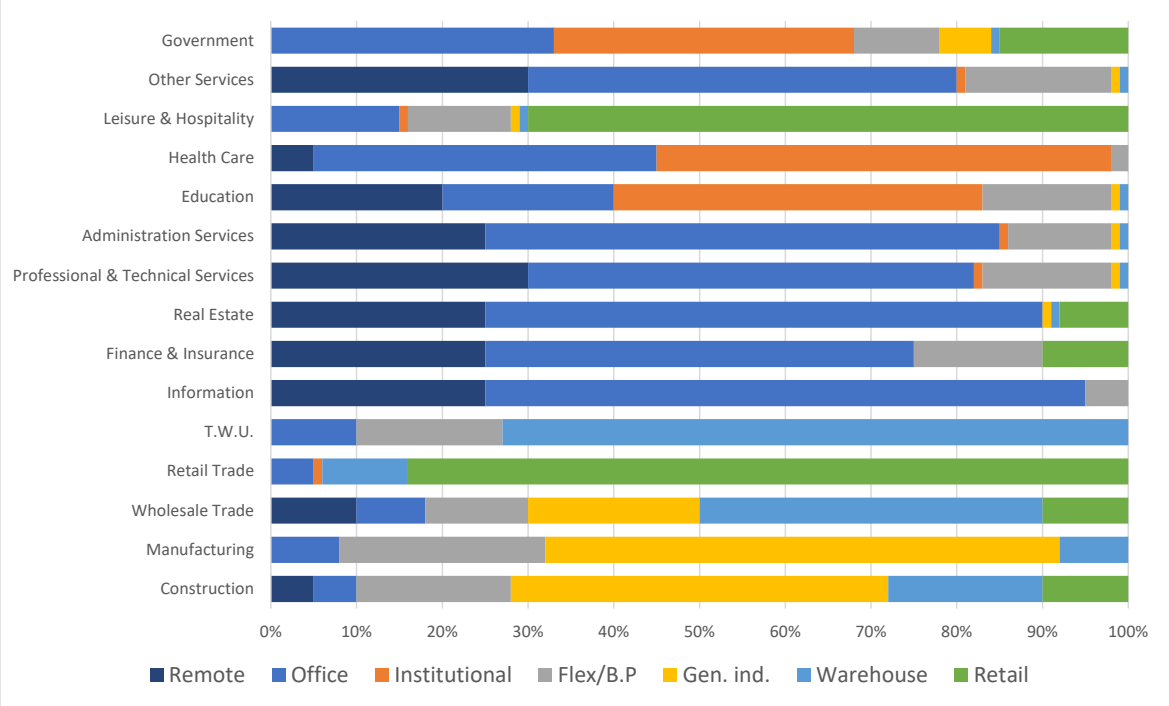
LAND DEMAND ANALYSIS – SCENARIO I

In this analytical step we allocate employment growth to standard building typologies. The building typology matrix represents the share of sectoral employment that utilize various building types.

FIGURE 5.04: DISTRIBUTION OF EMPLOYMENT BY SPACE TYPE, CITY OF ASHLAND UGB

	20-year Job Forecast		BUILDING TYPE MATRIX						
Industry Sector	Number	AAGR	Remote	Office	Institutional	Flex/B.P	Gen. ind.	Warehouse	Retail
Construction	85	0.0%	5%	5%	0%	18%	44%	18%	10%
Manufacturing	106	0.0%	0%	8%	0%	24%	60%	8%	0%
Wholesale Trade	15	0.9%	10%	8%	0%	12%	20%	40%	10%
Retail Trade	206	1.2%	0%	5%	1%	0%	0%	10%	84%
T.W.U.	25	7.9%	0%	10%	0%	17%	0%	73%	0%
Information	-3	3.3%	25%	70%	0%	5%	0%	0%	0%
Finance & Insurance	15	0.0%	25%	50%	0%	15%	0%	0%	10%
Real Estate	104	0.0%	25%	65%	0%	0%	1%	1%	8%
Professional & Technical Services	259	1.5%	30%	52%	1%	15%	1%	1%	0%
Administration Services	99	5.5%	25%	60%	1%	12%	1%	1%	0%
Education	51	0.0%	20%	20%	43%	15%	1%	1%	0%
Health Care	566	0.0%	5%	40%	53%	2%	0%	0%	0%
Leisure & Hospitality	1,426	0.0%	0%	15%	1%	12%	1%	1%	70%
Other Services	577	2.9%	30%	50%	1%	17%	1%	1%	0%
Government	154	0.0%	0%	33%	35%	10%	6%	1%	15%
TOTAL	**3,684**	**1.0%**		**29%**	**11%**	**11%**	**4%**	**3%**	**33%**

FIGURE 5.05: ASSUMED DISTRIBUTION OF SPACE BY TYPE AND INDUSTRY SECTOR, CITY OF ASHLAND UGB



Under the employment forecast scenario, employment housed in retail, office, flex/business park, and institutional accounts for the greatest share of growth, followed by employment housed in general industrial and warehouse/distribution space. This reflects anticipated robust growth in leisure & hospitality, health care, and services.

FIGURE 5.06: NET CHANGE IN EMPLOYMENT ALLOCATED BY BUILDING TYPE, CITY OF ASHLAND UGB, SCENARIO I

	NET CHANGE IN EMPLOYMENT BY BUILDING TYPE - 2022-2042						
Industry Sector	**Office**	**Institutional**	**Flex/B.P**	**Gen. Ind.**	**Warehouse**	**Retail**	**Total**
Construction	4	0	15	37	15	8	81
Manufacturing	8	0	25	63	8	0	106
Wholesale Trade	1	0	2	3	6	2	14
Retail Trade	10	2	0	0	21	173	206
T.W.U.	2	0	4	0	18	0	25
Information	-2	0	0	0	0	0	-3
Finance & Insurance	8	0	2	0	0	2	11
Real Estate	68	0	0	1	1	8	78
Professional & Technical Services	135	3	39	3	3	0	181
Administration Services	59	1	12	1	1	0	74
Education	10	22	8	1	1	0	41
Health Care	227	300	11	0	0	0	538
Leisure & Hospitality	214	14	171	14	14	998	1,426
Other Services	288	6	98	6	6	0	404
Government	51	54	15	9	2	23	154
TOTAL	**1,083**	**402**	**403**	**138**	**95**	**1,214**	**3,336**

Employment growth estimates by building type are then converted to demand for physical space. This conversion assumes the typical space needed per employee. This step also assumes a market clearing vacancy rate, acknowledging that equilibrium in real estate markets is not 0% vacancy. We assume a 10% vacancy rate for office, retail, and flex uses, as these forms have high rates of speculative multi-tenant usage. A 5% rate is used for general industrial and warehouse—these uses have higher rates of owner occupancy that lead to lower overall vacancy. Institutional uses are assumed to have no vacancy.

The demand for space is converted into an associated demand for acreage using an assumed Floor Area Ratio (FAR). The combined space and FAR assumptions further provide estimates indicated of job densities, determined on a per net-developable acre basis.

FIGURE 5.07: NET ACRES REQUIRED BY BUILDING TYPOLOGY, CITY OF ASHLAND UGB, 20-YEAR, SCENARIO I

	DEMAND BY GENERAL USE TYPOLOGY, 2022-2042						
	Office	**Institutional**	**Flex/B.P**	**Gen. Ind.**	**Warehouse**	**Retail**	**Total**
Employment Growth	1,083	402	403	138	95	1,214	3,336
Avg. SF Per Employee	250	600	750	500	750	400	432
Demand for Space (SF)	270,900	240,900	302,300	69,200	71,500	485,600	1,440,400
Floor Area Ratio (FAR)	0.25	0.25	0.33	0.30	0.30	0.20	
Market Vacancy	10.0%	0.0%	10.0%	5.0%	5.0%	10.0%	
Implied Density (Jobs/Acre)	39.2	18.2	17.2	24.8	16.5	19.6	22.8
Net Acres Required	27.6	22.1	23.4	5.6	5.8	61.9	146.4

Commercial office and retail densities are 39.2 and 19.6 jobs per acre, respectively. Industrial uses range from 16.5 for warehouse/distribution space to 24.8 jobs per acre for general industrial. The overall weighted employment density is 22.8 jobs per acre, with the projected employment growth by sector through 2042 requiring an estimated 146.4 net acres of employment land.

In addition to assuring adequate capacity for employment-driven land needs over a twenty-year horizon, local jurisdictions are also required to demonstrate that they have an adequate capacity of readily available sites to meet their more immediate needs, which are defined as employment land needs over the next five years. As shown in the following table, that need is estimated at 32.1 net acres in the City of Ashland UGB under Scenario I.

FIGURE 5.08: NET ACRES REQUIRED BY BUILDING TYPOLOGY, CITY OF ASHLAND UGB, 5-YEAR, SCENARIO I

	DEMAND BY GENERAL USE TYPOLOGY, 2022-2027						
	Office	Institutional	Flex/B.P	Gen. Ind.	Warehouse	Retail	Total
Employment Growth	238	90	88	32	22	263	733
Avg. SF Per Employee	250	600	750	500	750	400	433
Demand for Space (SF)	59,500	54,200	65,900	16,000	16,400	105,000	317,000
Floor Area Ratio (FAR)	0.25	0.25	0.33	0.30	0.30	0.20	
Market Vacancy	10.0%	0.0%	10.0%	5.0%	5.0%	10.0%	
Implied Density (Jobs/Acre)	39.2	18.1	17.3	24.8	16.5	19.6	22.8
Net Acres Required	6.1	5.0	5.1	1.3	1.3	13.4	32.1

There is a significant distinction between capacity and readily available site supply. The readily available inventory must currently have appropriate entitlements and infrastructure capacity to accommodate short-term development.

ADDITIONAL CONSIDERATIONS IN LAND DEMAND

Beyond the consideration of gross acreage, there is a significantly broader range of site characteristics that industries would require to accommodate future growth. We summarize some key findings here:

- Industrial buildings are generally more susceptible to slope constraints due to larger building footprints. For a site to be competitive for most industrial uses, a 5% slope is the maximum for development sites. Office and commercial uses are generally smaller and more vertical, allowing for slopes up to 15%.

- Most industries require some direct access to a major transportation route, particularly manufacturing and distribution industries that move goods throughout the region and beyond. 10 to 20 miles to a major interstate is generally acceptable for most manufacturing activities, but distribution activities require 5 miles or less and generally prefer a direct interstate linkage. Visibility and access are important to most commercial activities and site location with both attributes from a major commercial arterial is commonly required.

- Access and capacity for water, power, gas, and sewer infrastructure is more important to industrial than commercial operations. Water/sewer lines of up to 10" are commonly required for large manufacturers.

- Fiber telecommunications networks are likely to be increasingly required in site selection criteria for many commercial office and manufacturing industries. Medical, high-tech, creative office, research & development, and most professional service industries will prefer or require strong fiber access in the coming business cycles.

Another factor impacting the need is the shift towards remote work solutions. While our analysis incorporates assumptions regarding this shift for future growth, current firms have also seen this shift in usage patterns. The net result is a significant structure reduction in the need for space to house employees, which is reflected in elevated vacancy rates in office space. As leases expire a significant amount of space is expected to be released to the market. Available vacant space represents additional capacity to absorb future demand.

VI. RECONCILING FORECASTED NEED WITH CAPACITY

As outlined in the Buildable Lands Inventory (BLI), the City of Ashland UGB has a significant inventory of available sites to accommodate employment uses (186.4 net buildable acres). Most of this land is in employment and industrial zones.

Comparing this inventory to the 20-year forecast of employment land need generated earlier in this analysis indicates that the City of Ashland UGB has an adequate land capacity to accommodate its forecasted industrial needs over this horizon, with a modest shortage of commercial land. The overall projected demand for employment land in aggregate is roughly 94 acres. While there is a significant surplus for industrial uses, the net commercial inventory is below the projected 20-year demand in aggregate. This is largely attributable to health care, which is projected to see strong growth. The speculative office market outside of health care and government is unlikely to see significant new development for at least a decade as the impact of remote working filters through the market.

A summary of the net developable acres and projected demand is presented below.

FIGURE 6.01: RECONCILIATION OF BLI CAPACITY AND PROJECTED DEMAND, CITY OF ASHLAND UGB, 20-YEAR

EMPLOYMENT COMP PLAN DESIGNATION	NET DEVELOPABLE ACRES/BLI	PROJECTED 20 YR. DEMAND	AGGREGATE SURPLUS/ (DEFICIT)
COMMERCIAL (RETAIL, OFFICE, HEALTH)	18.3	21.9	(3.6)
Commercial	16.7		
Downtown	0.4		
HC	1.2		
INDUSTRIAL (INDUSTRIAL AND OFFICE)	173.9	72.3	101.6
Croman Mill	61.1		
Employment	92.4		
Industrial	14.6		
Airport	5.8		
TOTAL	192.2	94.2	98.0

It is important to recognize that the actual needed acreage would be expected to exceed the aggregate net need. The profile of demand is highly unlikely to match the inventory of sites. This is particularly true for larger users that may have specific site requirements.

The forecasts also do not include the potential impact from any exogenous events, such as the recruitment of a major employers not currently anticipated in the area. Examples would include employers such as major logistic/distribution hubs and data centers.

APPENDIX A: ADDITIONAL CITATIONS

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JOHNSON ECONOMICS

August 3, 2023

Mike Weinstock
TOWNMAKERS

Dear Mr. Weinstock,

The purpose of this letter is to report on the findings of our Economic Opportunities Analysis (EOA) update for the City of Ashland, Oregon, as they apply to your proposed redevelopment of the Croman Mill site in Ashland.

As you know, we recently completed an addendum to update the City's 2007 EOA. Following are our key findings as they apply to your site:

- *The current buildable acres inventory of industrial/office in the city is more than enough to satisfy the State's requirements and support City's Comprehensive Plan goals, even without adding any new industrial/office at the Croman Mill site.* This reflects the fact that employment growth and demand for employment land has been sluggish since 2007. Using a reasonable forward projection from this data, my report shows a current surplus of 101.6 acres of industrial/office buildable acres, whereas there is 61.1 buildable acres available at your Croman Mill site. Therefore, even with a total rezone of the industrial/office land at the Croman Mill site, the City would retain a surplus of 40.5 buildable acres.

- *In addition, I reported a modest deficit of commercial buildable land (retail, office, health) of 3.6 acres, which could be accommodated at Croman Mill.* This might work well in conjunction with surrounding mixed use industrial/office and residential, as your plan proposes.

- *Notwithstanding the State's land use requirements, the City has goals for employment growth, and has expectations that the Croman Mill site can provide an opportunity to grow the city's employment capacity.* Your plan aims to meet those goals with a mix of industrial, office, commercial, and residential. You also note that there is now a critical need for more diverse residential (as reported in the City's 2022 Housing Needs Analysis) and this housing can be complementary to compatible industrial, office and retail, by providing an economically competitive "live-work-play" neighborhood for employees as well as employers. In my opinion and based on my findings, this is a reasonable approach that is responsive to the City's stated goals.

- *For the purposes of establishing employment density estimates and targets, I recommend the values of 18 employees per acre for light industrial, office and/or retail land use zones, and 6 employees per acre for residential land uses.* The relatively high value for residential land use comes from the greatly increased patterns of working from home as well as home-based businesses and live-work formats, particularly in the wake of the COVID pandemic. The evidence suggests that these trends were already developing before the pandemic, have accelerated during the pandemic, and are likely to persist.

621 SW Alder, Suite 605 Portland, OR 97205 503/295-7832 503/295-1107(fax)

- *You have proposed a land use allocation formula of 1/3 light industrial, office and retail, and 2/3 mixed use residential, which I believe is a reasonable target.* Under this formula, an average employment density would be 10 employees per acre (1/3 @ 18 + 2/3 @ 6, divided by 3), which in my opinion is a reasonable project-wide target.

- *You have also proposed to deliver completed industrial/office sites totaling 1/3 of all sites in each phase, over three total phases, which I believe is a reasonable market-facing approach.* With shovel-ready sites, and with appropriate recruitment and marketing efforts, I believe Croman Mill will be well-positioned to capture the maximum potential market response with a competitive offering.

A copy of our EOA update is attached. I will be happy to answer any questions you may have.

Sincerely,

Jerry Johnson
Principal
Johnson Economics LLC

JOHNSON ECONOMICS

MEMORANDUM

DATE: March 28, 2024

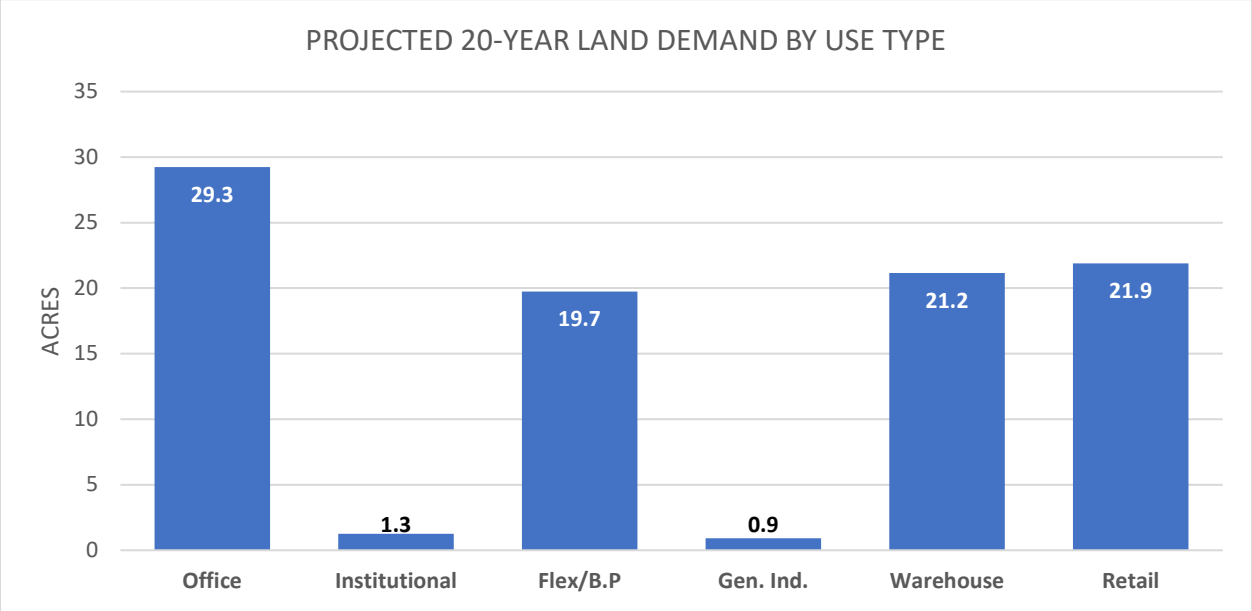
TO: CITY OF ASHLAND

FROM: Jerry Johnson, Johnson Economics

SUBJECT: Addendum to July 2023 EOA Update

This memorandum includes further details with respect to industrial and employment land in the City of Ashland's UGB outlined in our July 2023 report.

The report identified a projected 20-year land demand of 94.2 acres to accommodate projected employment needs. This need was broken down into six categories and is summarized in the following chart.



SOURCE: Johnson Economics, July 2023 Addendum

The need for space by type was then reconciled with the City's current buildable lands inventory. We have added additional details to that reconciliation to clarify the need for the various broad land uses. The city's land supply includes zoning with multiple allowed uses in the commercial zones. For this analysis we assumed a 50% split in usage between retail and office space for these zones. We also split the office space demand between commercial and industrial parcels, as a significant share of office space demand is accommodated within industrial space.

The resulting reconciliation is summarized in the following table. The analysis shows a current shortage of land for projected retail and office space needs, with a significant surplus of land for industrial uses.

SUMMARY OF EMPLOYMENT CAPACITY AND PROJECTED 20-YEAR DEMAND BY USE TYPE

LAND USE	NET DEVELOPABLE ACRES/BLI	PROJECTED 20 YR. DEMAND	AGGREGATE SURPLUS/ (DEFICIT)
RETAIL	**8.6**	**21.9**	**(13.3)**
Commercial	8.4		
Downtown	0.2		
OFFICE	**9.8**	**12.2**	**(2.5)**
Commercial	8.4		
Downtown	0.2		
Health Care	1.2		
INDUSTRIAL	**173.9**	**60.1**	**113.8**
Airport	5.8		
Croman Mill	61.1		
Employment	92.4		
Industrial	14.6		
TOTAL	**192.2**	**94.2**	**98.0**

The reconciliation by use type is supportive of the proposed rezone, as it would address in part the projected deficits while maintaining an adequate supply of industrial space for projected needs.