

E. D. Hovee & Company

Economic and Development Services



TECHNICAL MEMORANDUM

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From: Paul Dennis

Subject: East I-5 Sub-Area Development Opportunities

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As a follow-up to the market overview prepared for the first technical memorandum, this report is a more in-depth market evaluation for the East I-5 sub-area. The main purpose of this analysis is to provide a market frame work for assessing future development opportunities within the East I-5 sub-area. This analysis starts with a brief recap of the market overview of the East I-5 sub-area as completed in the first technical memorandum, then focuses on a more detailed discussion of development opportunities specifically as they pertain to housing and neighborhood commercial.

MARKET OVERVIEW

As of the 2000 census, the East I-5 sub-area had 3,170 residents or 8% of the City of Albany's population base. Population within East I-5 has been growing at just under 10% per year since 1990 and has captured 14% of the city's total population growth over the last ten years.

According to more recent work completed by the City of Albany, average household size within the East I-5 sub-area is estimated at 2.87 person per household. Currently, East I-5 is made up primarily of *older baby boomers* (age 45-54) and seniors (age 55 and older). Forty percent of households have incomes greater than \$50,000, with a comparable proportion having incomes less than \$35,000. Most East I-5 households have realized a significant increase in income. Older baby boomers have seen the greatest boost with incomes growing by \$9,500 (after adjusting for inflation). Incomes for young seniors have grown by \$7,700 while young households have increased by \$5,100.

One hundred seven single-family houses were sold in the East I-5 sub-area between 1995-2000. The peak year of activity was 1999, when 49 single-family home sales were recorded. Year 2000 median sales price was less than \$120,000, the least expensive market of the three sub-areas evaluated.

BUILD-OUT CONDITIONS

Fregonese Calthorpe Associates has developed a land use plan for the East I-5 sub-area. The land use plan has divided East I-5 into seven general use categories that encompass 1,082 acres of vacant and under utilized land area. Over 900 acres have been designated entirely for future residential uses. Ranging density from 2-12 units per acre. Approximately 740 acres is devoted to single family units at a projected five units per acre (or average lot size of 8,700 square feet). Over 4,530 housing units are being planned for in residential areas.

A future 43-acre mixed-use neighborhood commercial center is located in the northeast section of the sub-area. This area alone is estimated to yield an additional 130 homes and 860 jobs. Another 2,800 jobs will be created in other employment locations along State Route 20 and next to Interstate 5.

Figure I. East I-5 Sub-Area Build-Out Conditions

Land Use:	Acres	HU/ Acr e	Housing Units	Jobs/ Acre	Total Jobs
Residential Areas:					
Rural Residential	107.5	2.00	215	–	–
Residential	737.4	5.00	3,687	–	–
Urban Residential	63.2	10.00	632	–	–
Sub-Total	908.1	4.99	4,534	–	–
Mixed-Use:					
Neighborhood Center	42.8	3.00	128	20.00	856
Employment Areas:					
Employment	94.2	–	–	25.00	2,355
Industrial	37.0	–	–	12.00	444
Sub-Total	131.2	–	–	21.33	2,799
Institutional:					
School	7.9	–	–	–	–
Grand Total	1,090.0	–	4,662	–	3,655

Source: Fregonese Calthorpe Associates.

It should be noted that a detailed analysis was not conducted as part of this analysis. However, the results of the build-out evaluation are believed to be indicative of future expectations for the I-5 sub-area. Also, a few of the existing 1,105 housing units are included within the 908.1 acres of future residential development. However, the number of existing units is not believed to be significant and will not affect build-out conditions. Total residential build-out capacity is estimated at 5,767 (1,105 + 4,662).

RESIDENTIAL GROWTH

The City of Albany estimates the East I-5 sub-area to have 1,105 housing units (as of year 2000). Approximately 500 new housing units were built between 1990 and 2000 – or 50 units per year.

Over this same time period, the entire City of Albany added nearly 4,000 housing units (or 400 per year) with multi-family units being built 40% faster than single-family dwellings.

Between 2000 and 2020, 1,320 housing units are projected to be built within the East I-5 area. This equates to 66 units per year ($1,320 \div 20$ years), which is comparable to activity during the 1990s. Adding the existing 1,105 units to the projected 1,320 units yields a total 2020 housing unit estimate of 2,425. This means that 42% ($2,425 \div 5,767$) of the total projected residential capacity will occur by 2020.

Figure 2. Projected Residential Growth (2000–2020)

Calculation	Housing Units
Year 2000 Estimate	1,105
<i>Plus</i> Added Units by Build-Out	4,662
Total Units at Build-Out	5,767
Units per Year	66
<i>Times</i> 20 Years	20
Added Units by 2020	1,320
<i>Plus</i> Year 2000 Estimate	1,105
Total Units by 2020	2,425
– % of Build-Out by 2020	42%

Source: E.D. Hovee & Company.

SUPPORTABLE COMMERCIAL SPACE

It is difficult to predict the future demographic make-up of East I-5 residents and their local purchasing habits. However, using the supportable commercial space table from the previous market technical memorandum (Figure 19) it is possible to provide a sense of how much commercial space could theoretically be supported by 2020 and build-out.

To be conservative, the middle-income younger household figures are utilized to estimate the amount of commercial space that will be supported by East I-5 residents only.

It is estimated that current households support 115,000 square feet of commercial space. However, it does not appear that there are enough households to support a large scale grocery store or pharmacy, which are typical anchors of a neighborhood commercial center.

Between 2000 and 2020, another 137,000 square feet of commercial space will be supported. While a grocery or pharmacy store may not be fully supported by area residents, by 2020 a small urban grocery store may find it desirable to locate into the East I-5 sub-area to serve local area residents.¹ By build-out, a large scale grocery store and pharmacy become supportable.

¹ The typical size of an urban grocery store ranges between 15,000-25,000 square feet.

Figure 3. Supportable Commercial Space by East I-5 Residents

Major Categories	Supp. Space per 100 Households	Current Households	Supported Commercial Space			At Build- Out	Typical Median Store Size
			2000- 2020	Future Households 2020- B.O.	Total		
Groceries & Misc. Household Goods	1,230	13,600	16,200	41,100	57,300	70,900	40,000
Pharmacy & Medical Supplies	190	2,100	2,500	6,300	8,800	10,900	12,000
Medical Care	210	2,300	2,800	7,000	9,800	12,100	1,500
Personal Care	360	4,000	4,800	12,000	16,800	20,800	1,200
Apparel	990	10,900	13,100	33,100	46,200	57,100	2,500
Household Furnishings	1,100	12,200	14,500	36,800	51,300	63,500	7,500
Home Improvement	730	8,100	9,600	24,400	34,000	42,100	7,500
New & Used Vehicles	1,370	15,100	18,100	45,800	63,900	79,000	11,300
Gasoline & Oil	60	700	800	2,000	2,800	3,500	2,000
Auto Maintenance & Repairs	550	6,100	7,300	18,400	25,700	31,800	4,500
Financial Services	1,360	15,000	18,000	45,500	63,500	78,500	2,500
Insurance	620	6,900	8,200	20,700	28,900	35,800	1,200
Postage & Stationery	100	1,100	1,300	3,300	4,600	5,700	1,200
Books & Periodicals	130	1,400	1,700	4,300	6,000	7,400	1,200
Travel	90	1,000	1,200	3,000	4,200	5,200	1,200
Dining	550	6,100	7,300	18,400	25,700	31,800	2,000
Entertainment	730	8,100	9,600	24,400	34,000	42,100	4,000
Household Operations	0	0	0	0	0	0	0
Total Household Expenditures	10,370	114,700	137,000	346,500	483,500	598,200	
Estimated Households	100	1,105	1,320	3,342	4,662	5,767	

Source: E.D. Hovee & Company.

The amount of supported commercial space that will likely locate within the East I-5 sub-area will depend on the purchasing habits of local area residents, general economic conditions, and local policies and regulations. Therefore, the above analysis should be viewed as the theoretical maximum space supported and adjustments should be made according to conditions and forces influencing business location factors and/or local area purchasing habits.