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DATE: May 29, 2013 ECO Project #: 21286
TO: Angelo Planning Group
FROM: ECONorthwest
SUBJECT: SOUTH COOPER MOUNTAIN CONCEPT PLAN - MARKET STUDY

Introduction

The purpose of this memorandum is to provide a forecast of the mix and amount of future residential and commercial development that meets planning goals for the South Cooper Mountain (SCM) Concept Planning area and is viable considering market realities in the area. This memorandum includes an evaluation of relevant market conditions, demographics and development patterns, and a summary of input from developers, and identifies one possible development program that meets the criteria above, based on the information gathered to date.

The SCM Concept Plan will establish a vision that serves as a long-term guide for future growth and development of the SCM area. The Concept Planning process provides an opportunity to identify long-term needs of the area and proactively address future challenges. This process will recognize the unique needs of the three distinct subareas: North Cooper Mountain (NCM), the Urban Reserve Area (URA), and the South Cooper Mountain Annexation Area (SCMAA), while developing a holistic understanding of how the three areas could integrate and grow sustainably. The concept plan area totals 2,290 acres.

Community plans identifying appropriate comprehensive plan and zoning designations that implement the overall vision in the concept plan will be developed for the areas that are currently within the urban growth boundary (UGB). The South Cooper Mountain Annexation Area Community Plan will designate specific areas for a range of housing types and densities, commercial and civic uses, and parks; preserve natural resources; provide for green infrastructure; and plan for new utilities, streets, trails and paths. The North Cooper Mountain Community Plan will reflect the needs of current residents in this already developed area, and result in an appropriate plan for the area's future. Planning for the Urban Reserve Area will guide how best to protect natural areas and Cooper Mountain Nature Park, identify where future urban development may occur, and where connecting streets, water lines, and other utilities should be located. A Finance Plan will identify realistic strategies for paying for infrastructure to serve the area.

Methods

In this section we describe the steps and methods used in this memorandum. See attachment A for our baseline evaluation of socio-demographic trends.

- **Understanding of overall housing needs.** Our analysis began with a literature review of relevant documents, and conversations with local and regional policy makers and

stakeholders. This background analysis provided an understanding of overall housing needs for South Cooper Mountain, and the City of Beaverton as a whole.

- **Evaluate socio-demographic and market trends**. We identified a competitive market area (CMA), defined as the existing neighborhoods adjacent to the SCM Concept Plan area. We described the households and housing in the CMA and compared them to households in Beaverton. We estimated the households projected to come to the CMA, by income and tenure, and used those projections to estimate the demanded housing by price (both ownership and rental) in the SCM Concept Plan area.
- **Compare baseline forecast to Metro target**. Based on the socio-demographic and market trends, we created a "baseline scenario" showing what development pattern would be most likely to occur in the SCMAA if recent trends in the CMA continued. This allowed us to calculate the difference between the amount and mix of residential demand identified in the baseline scenario, and the desired amount (and implied mix) of residential demand that is necessary to meet policy goals of Metro and the City of Beaverton.
- **Convene a Real Estate Market Focus Group**. The Real Estate Market Focus Group was convened on May 8, 2013 to address the identified "gap" between the baseline scenario and the density necessary to achieve the Metro target for housing units in the SCMAA. The Focus Group included representatives of development companies with experience in Washington County, property owners in the SCM Concept Plan area, and affordable housing experts.
- **Examine recent comparable developments**. We contacted individual developers on the Real Estate Market Focus Group to better understand recent higher-density developments in the suburban Portland market. These case studies of recent comparable developments confirmed the market feasibility of development types to be included in the development program.
- **Conduct a retail market study**. We reviewed historical market data on retailers in the surrounding area. Additionally, we examined spending patterns for existing residents in the surrounding area. This analysis helps to identify how much retail space should be included in the development program.
- **Create the development program**. The culmination of our efforts was a development program, which identifies specific types of development, the average density of each development type, and the percent of units, number of units, and acreage dedicated to each development type.

Understanding of overall housing need

A housing needs study for the City of Beaverton, conducted as part of the Civic Plan, identified a deficit of land for housing in the City. The largest gap between projected demand and capacity within the former (pre-SCMAA annexation) city limits was for single-family housing units (a deficit of roughly 3,000 units). The Civic Plan Housing Strategy also identifies a gap of

roughly 1,200 multifamily units and 800 townhomes.[1] Efforts to reinvest in the Central City were identified to address the City's need for additional multifamily and townhome housing stock. However, a limited supply of land elsewhere in the city (other than the SCM Concept Plan area), makes the single-family housing type especially important for the SCM Concept Plan area.[2]

As a condition of bringing the SCMAA into the UGB, Metro established a target number of housing units that the area should be planned and zoned to accommodate (4,651). This target was based on early assumptions about buildable lands, and Metro representatives have indicated that this number may be revised based on more detailed buildable lands information and natural resource protection strategies developed as part of the Concept Planning process. The target number assumed an overall net residential density of approximately 15 units per net acre on the land thought to be buildable.

Overview of socio-demographic and market trends

Socio-demographic trends are important in developing a baseline development program, because the baseline is developed under the assumption that the demand for housing in the SCM Concept Plan area over the next 20+ years will likely be from households that resemble the existing households in adjacent neighborhoods. This assumption is based on the similar locational attributes and community amenities shared by the Concept Plan area and adjacent existing neighborhoods.

The map on the following page shows the boundary of the Competitive Market Area (CMA) that was used to identify the adjacent neighborhoods that would be the best indicator of future demand in the SCM Concept Plan area for the baseline development program. Additionally, the map shows the boundary of the Retail Sub-Market Area that was used for the retail portion of the market study, discussed later in this document.

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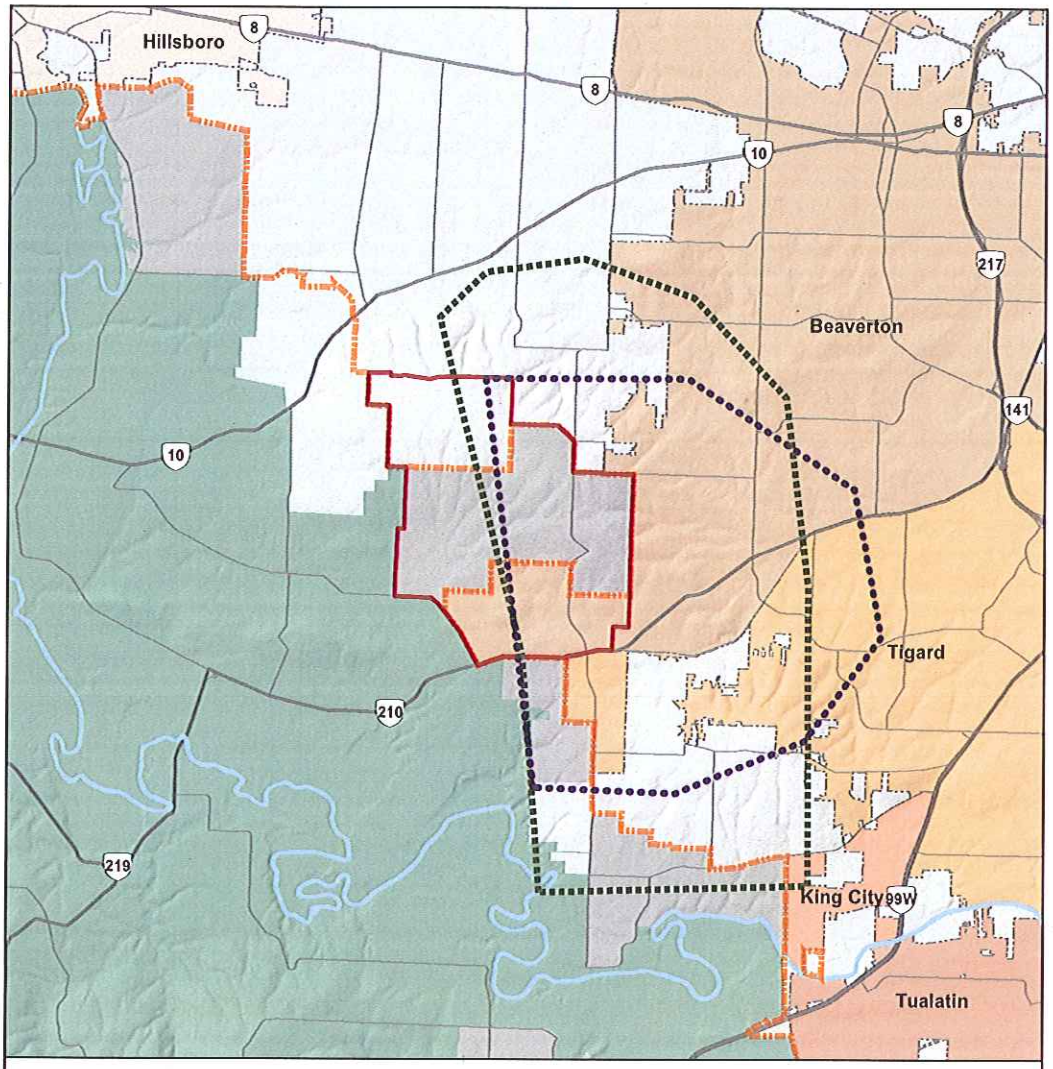
[1] Beaverton's Civic Plan, Housing & Neighborhoods Strategy, adopted by Beaverton City Council April 12, 2011.

[2] South Cooper Mountain Prospectus, June 1, 2011.

Beaverton

South Cooper Mountain Concept & Community Plans



Market Areas Used for Residential and Commercial Market Analysis

Legend

- Retail Sub-Market Boundary
- Competitive Market Area
- South Cooper Mountain Study Area
- Urban Growth Boundary
- Rivers

Route Type

- State Rotues
- Major Roads
- Beaverton
- Hillsboro
- King City
- Tigard
- Tualatin
- Rural reserves
- Urban reserves

Prepared By: ECONorthwest

Date: 4/24/2013

Coordinate System: NAD 1983 HARN StatePlane Oregon North FIPS 3601 Feet Intl

DISCLAIMER

This map is intended for informational purposes only. It is not intended for legal, engineering, or surveying purposes. While this map represents the best data available at the time of publication, the City of Beaverton makes no claims, representations, or warranties as to its accuracy or completeness. Metadata available upon request.

NORTH

0 3,000 6,000 Feet

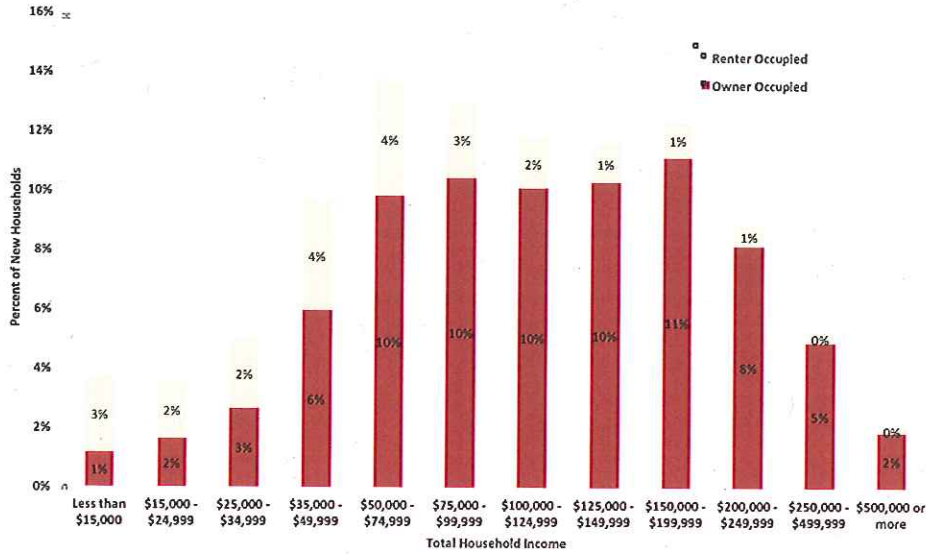
Findings

Attachment A: Socio-demographic Trends for South Cooper Mountain Concept Plan Area, provides a detailed look at socio-demographic and market trends for the SCM Concept Plan area. In this section, we highlight the most important findings for our analysis.

- Households in the CMA are more highly educated and have higher income than households in the City of Beaverton as a whole. The CMA has a relatively high portion of children. It has a large portion of individuals over the age of 45, in the latter half of their working lives.
- A large portion of the households in the CMA own their home, much higher than in Beaverton as a whole.
- About two-thirds of the houses in the CMA are single-family detached housing. About 10% of the homes are townhouses, and the remainder are multifamily units.
- The existing development pattern in the CMA attracts upper middle class households looking for an affluent suburban lifestyle. Likely homebuyers in the SCM Concept Plan area will be households similar to those in the CMA.
- To accommodate a housing mix that has relatively high levels of attached housing (i.e., greater than 50%) South Cooper Mountain will need to have sufficient urban amenities - parks, walk-able streets, neighborhood shopping, and potentially transit.
- The SCM Concept Plan area is well suited to meet part of the city's need for detached single-family homes, given its position on the western edge of an affluent part of Beaverton.

Exhibit 1 illustrates the breakdown of future demand for housing in the CMA (including the Concept Plan area) by tenure and household income. The demand forecast used Nielsen Claritas data, based on recent demographic trends in the CMA, and extending those trends forward for the next five years.

Exhibit 1. Projected demand for housing by tenure and household income, CMA, 2013-2018.



Comparison of baseline forecast to Metro target

Exhibit 2 shows how the projected demographic composition of new households shown in Exhibit 1 translates into demand for six different housing types defined in the South Cooper Mountain Prospectus. This is a baseline scenario that reflects the likely development pattern based on historical trends. The baseline scenario is a starting place for our analysis, and not the final conclusion. When considering the baseline forecast, one should keep in mind the following caveats. The baseline scenario does not:

- Reflect a specific community vision for the SCM Concept Plan area.
- Account for specific public policies and zoning that could be adopted and applied to SCM.
- Recognize the differences between the three subareas: NCM, URA, and SCMAA.
- Assume that the area (located on the urban edge) will be able to provide amenities offered in the urban core.

The baseline scenario assumes that the value of a house increases with the size of the house and lot. Households with lower incomes will be able to afford the denser neighborhood types and households with higher incomes will be able to afford the less dense neighborhood types.

The continuation of current demographic conditions assumed in the baseline scenario analysis would mean that expected growth in demand would be primarily from households seeking to own their home. The SCM Concept Plan area, adjacent to an existing low-density and affluent area, would continue to attract similar households, who would likely prefer larger lot homes.

Exhibit 2. Expected proportional demand for housing units by neighborhood type, South Cooper Mountain Concept Plan area, baseline scenario[3]

	Neighborhood Types					
	High-Density Urban Neighborhood	Urban Neighborhood	Compact Residential	Standard Residential	Low Density Residential	Executive Housing
Owner Occupied	0.3%	6.8%	21.2%	16.9%	24.5%	8.4%
Rented	3.0%	3.0%	6.6%	5.8%	2.4%	1.2%
Total	3.3%	9.7%	27.8%	22.7%	26.9%	9.6%

Exhibit 2 shows expected proportional demand for the entire SCM Concept Plan area, including NCM, the URA, and the SCMAA. The distribution of expected demand by housing type should take differences between these three areas into consideration. NCM is largely developed and platted, and the URA cannot be developed in the near future. Additionally, these subareas have topographic features that will limit their ability to provide land for dense housing. The slopes and streams in those areas make them well suited for lower-density housing that incorporates those natural features into an attractive amenity. The SCMAA has topographical constraints as well, but to a lesser degree. Assigning the majority of higher-density housing types to the SCMAA allows a more efficient use of land across the entire SCM Concept Plan area.

Although the SCMAA may be expected to provide a somewhat different mix of housing/neighborhood types than other parts of the Concept Plan area, for the purposes of creating a "baseline" market forecast for the SCMAA, we started by applying the projected mix of units shown in Exhibit 2 to the 4,651 units targeted by Metro for the SCMAA. Exhibit 3 shows how the assumed distribution of demand by neighborhood type (Exhibit 2) would translate into numbers of housing units and the total acres of net developable land needed in the SCMAA to accommodate the baseline program for 4,651 units.

Exhibit 3. Baseline housing mix assumptions, net developable acres of land needed to accommodate Metro target for total units, South Cooper Mountain Annexation Area

Unit Type	% of Total	Units	Units / Acre	Acres
High-Density Urban Neighborhood	3.3%	153	44.7	3.4
Urban Neighborhood	9.7%	451	22.4	20.1
Compact Residential	27.8%	1,293	14.6	88.6
Standard Residential	22.7%	1,056	11.2	94.3
Low-Density Residential	26.9%	1,251	4.3	290.9
Executive Housing	9.6%	446	2.8	159.3
Total	100.0%	4,651	7.1	656.6

Source: ECONorthwest and Angelo Planning Group
Unit type descriptions and densities are from South Cooper Mountain Prospectus, June 1, 2011.

[3] Neighborhood types are described in the South Cooper Mountain Prospectus. The relevant pages that describe and illustrate these types are included as Attachment B.

Reviewing the projections in Exhibit 3 show an obvious disconnect between the density of the development pattern forecast in the baseline scenario, and the density necessary to achieve the amount of residential development desired by Metro and the City of Beaverton. Preliminary evaluation of this "gap" found:

- The mix of housing/neighborhood types identified by the baseline market program would translate to an average net density of approximately seven dwelling units per acre.
- The SCMAA contains 544 gross acres. The draft Buildable Lands Inventory for South Cooper Mountain found that only 364 acres of land in the SCMAA would be buildable, after accounting for land with steep slopes, wetlands, stream corridors, and other constraints. Of the 364 gross buildable acres, it is estimated that 27% would be set aside for future infrastructure needs, leaving 255 net developable acres. After accounting for future schools, parks and commercial areas, it is estimated that only 230 net developable acres will be available for residential development in the SCMAA.[4]
- Applying the housing mix identified in the baseline market program (Exhibit 3) to the number of housing units targeted by Metro for the South Cooper Mountain Annexation Area would require roughly 657 net buildable acres for residential development.
- To accommodate the number of units targeted by Metro on 230 net developable acres would require an average net density of approximately 20 dwelling units per acre – roughly triple the density identified in the baseline market program, and significantly higher than the roughly 15 dwelling units per acre envisioned by Metro when they established the target.

Real Estate Market Focus Group Input

ECONorthwest, Angelo Planning Group, and the City of Beaverton convened a Real Estate Market Focus Group, to solicit input on the baseline scenario, and discuss potential changes to the development program shown in Exhibit 3 that could achieve Metro's density goals, while remaining attractive for private development. Participants in the Real Estate Market Focus Group included:

- Fred Gast, Polygon Northwest Company;
- Mimi Doukas, Venture Properties Incorporated;
- Justin Wood, Home Builders Association of Metropolitan Portland;
- Matthew Grady, Gramor Development;
- Matt Wellner, Metropolitan Land Group;
- Ramsey Weit, Community Housing Fund

[4] The draft Buildable Lands Inventory dated May 24, 2013 is preliminary and subject to change.

- Ed Bartholemy, property owner
- City of Beaverton staff;
- Metro staff;
- Angelo Planning Group staff; and
- ECONorthwest staff.

At this meeting, we discussed the following questions:

- Are there any specific reasons why existing development patterns in the surrounding neighborhoods might not be the best indicator of demand for future development in South Cooper Mountain?
- Are there trends that make the CMA methodology only part of the story? For example, what about senior housing or seniors moving to a smaller home that still want to stay in Beaverton?
- What do recent development patterns within the CMA tell us about short-term development prospects in South Cooper Mountain? (i.e., within the CMA, does housing built in the last 5-10 years reflect the overall housing mix, or does it suggest changing preferences?)
- What are the best comparable areas to base short-term (0-5 years) and longer-term (5-20 years) demand? Where should we be looking other than the CMA?
- What are specific reasons to justify an emphasis on attached dwelling units rather than detached units in South Cooper Mountain?
- What actions and investments (e.g., parks, transit service, retail space) could be taken to achieve a more dense development pattern in South Cooper Mountain?
- Looking at the baseline development mix, do you think such a mix will be achievable in South Cooper Mountain? How might the mix be revised to find the right balance of market and target density?

The Focus Group discussed what the area would need to provide to attract the level of density to achieve the city's and Metro's policy goals, and generally came to agreement on the following points:

- The SCMAA is a desirable location for residential development, and offering a mix of housing products will allow households with a variety of income levels to locate in the area.
- Single-family houses located on 3,000 to 5,000 SF lots would be very attractive to the market. There is strong demand in the area for that housing type.
- There is a market for townhome and cottage housing around 15 dwelling units per net acre, but there are upper limits on how much of this type is appropriate in the SCM Concept Plan area, and the SCMAA.

- The highest achievable market-rate density is about 32 dwelling units per acre. The lack of public transportation and other urban amenities limit marketable densities to 32 units per acre and lower. At this density, parking can be built on the ground level, tucked under the structure. Units for sale in comparable suburban developments are priced between $170,000 and $200,000. This higher-density product should be a smaller component of the total housing mix.
- Although there is demand for "executive housing" and very large lots, this housing type does not need to be provided within the SCMAA, but could be provided in the URA and NCM.
- Workforce housing is consistent with project goals and regional policy. Workforce housing projects are typically about 50 units/acre. Incentives will be needed for this type of housing to be built.
- To accommodate a housing mix that has relatively high levels of attached housing, SCMAA will need to have sufficient urban amenities: parks, walkable streets, neighborhood shopping, and potentially transit.
- From Metro's viewpoint, there is some flexibility in the target of 4,651 units set for the SCMAA. Natural resource protection, and updated environmental mapping, will be considered. Focusing on the target density of roughly 15 units per net acre is more prudent than focusing on the targeted total number of dwelling units.

Evaluation of recent comparable developments

The Focus Group participants suggested an analysis of recent new developments, to understand the market for different densities, including the cost of construction and the market value. We reviewed three developments: Arbor Oaks in North Bethany, 45° Central on the north side of Beaverton, and Timberland, north of Highway 26 on 118th.

The **Arbor Oaks** development in North Bethany is all single-family detached housing. The homes range in size from about 1,700 SF to 2,500 SF, and are priced between $312,000 and $453,000. The development lies adjacent to a new elementary school. The plans for the area include pockets of retail, but they have not yet been built. At this time, the area does not provide a mix of densities and has limited product built. At this stage, the development offers homogenous product and offers little insight into demand for high densities in a suburban market.

45° Central includes detached and attached ownership housing. The single-family houses are detached, 3-story structures priced up to the mid-$300,000s. Although ownership is fee simple, the houses do not include private yard space. The yard, gardens, play areas, pool, and other green space are commonly owned and maintained by the Home Ownership Association. The multifamily units are in 4-story buildings with 20 units per building, and are priced up to $185,000. In an interview with the developer, he reported that the company does not plan to build 4-story structures in the future. Although the structures are wood-frame, the height

requires more infrastructure, such as elevators, making it costlier than 3-story structures. The multifamily product is about 24 units per acre, and the developer believes that that density can be achieved with 3-story structures.

The development is much more centrally located than the SCMAA. It is very close to large employers (Nike and Tektronix), it has good access to both light rail and bus transit, and the extensive retail services on SW Cedar Hills Boulevard. At this time, 45° Central is only partially built, but is selling well.

Timberland will have about 553 homes and a small commercial center.[5] It includes 2-bedroom flats and 2-bedroom townhomes priced from about $146,000 to $227,000. Located on NW 118th Avenue, between Cornell and Barnes roads, it is about a mile from the Sunset Transit Center, and less than a 10-minute drive to downtown Portland. It does not currently include retail in the development, but the developer has plans to have 90,000 SF of retail anchored by a 40,000 SF grocery store by the end 2014.

These developments offer insight into potential development in the SCMAA. A key feature is proximity to services. They do not include retail in the development, but are located close to retail goods and services, and have plans to build retail in the future. Located on the north side of Beaverton, they have good access into Portland and transit. Their marketing focuses on that proximity to employment centers and transit. The available units have a wide range of prices, appropriate for a mixed-density product with close proximity to services attractive to households with a broad range of income.

Progress Ridge is the Metro-designated "Town Center" to the east of SCMAA. The Progress Ridge TownSquare commercial development offers extensive retail, including a New Seasons Market, Cinetopia, restaurants, and other retail. The commercial development totals 214,000 SF; the New Seasons Market accounts for 42,000 SF of that total. Multiple developers have built the residential development around the TownSquare. The residential component includes townhouses as well as apartments and condominiums. Average net densities for both the townhome and multi-family components were 22-23 units per acre. The rental component includes one, two, and three-bedroom apartments, ranging in rent from $825 to $1,420. The condominiums in the area have broadly ranged prices, from less than $50,000 (for short sales) to over $350,000.

Retail Market Study

Demand for future retail depends on the demand for goods and services from the new and existing households and the supply of existing retail facilities in the nearby vicinity. To conduct

[5] ECONorthwest was unable to reach representatives of the development, and used internet sources to describe the project.

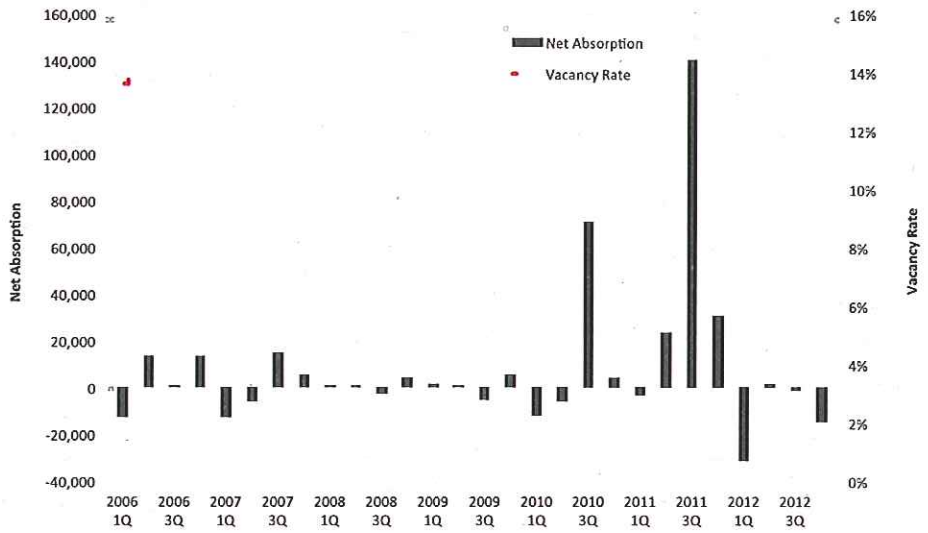
this analysis, we defined a Retail Sub-Market Area (RSA), shown previously in the map on page 4 of this document.

Retail Sub-Market Area Trends

The RSA has seen substantial growth in retail space since 2006. It grew from about 500,000 SF to about 800,000 in the seven-year period. The majority of the new space came onto the market in 2011, with the Progress Ridge TownSquare development.

Exhibit 4 shows the vacancy rate (right axis) and the net absorption (left axis) for the retail sub-market. The data show that vacancies in the area were quite low until 2008, when the economy experienced a strong downturn. The sub-market saw another shift in 2011. Net absorption and vacancies increase. This is because rentable building area increased as the new space at Progress Ridge TownSquare (214,000 SF) became available. Although the new development has attracted new retailers to the area, the new space has not been completely absorbed. Also, existing retailers may move to the new space and abandon older retail space, creating vacancies in that older space. The data for 2012 show that net absorption has been negative—indicating a decrease in demand from 2011.

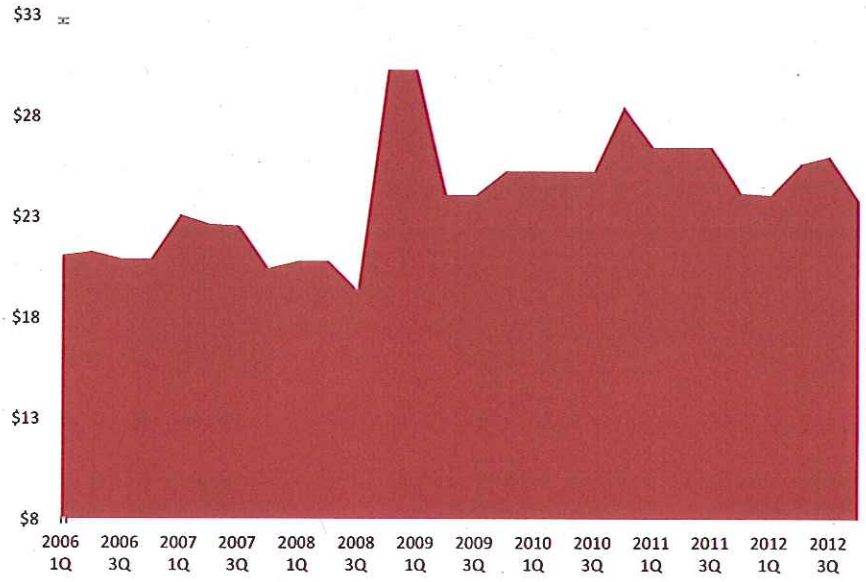
Exhibit 4. South Cooper Mountain Retail Sub-Market Area, Retail Absorption and Vacancy, 2006 to 2013



Source: ECONorthwest and CoStar.

Exhibit 5 shows triple rent (NNN) rents for the RSA, as reported by commercial real estate brokers. The data show that rents jumped at the end of 2008, declined over the course of 2009, and have held relatively steady since then, at around $25 per SF.

Exhibit 5. South Cooper Mountain Retail Sub-Market Area, Retail Rents (NNN), 2006 to 2013



Source: ECONorthwest and CoStar.

Accessibility to a retail location is important, as it establishes drive times to the site. A center with good access will be able to draw from a larger area. The SCMAA is limited because it is at the edge of the urban growth boundary. There are few households to the west that can be potential retail customers. Households in the existing developed area to the east have substantial existing retail opportunities. Existing retail is experiencing 14% vacancy rates, higher than a 10% vacancy rate generally considered as a point of equilibrium for the retail market. The addition of Progress Ridge has brought new retail to the area, expanding supply of square footage and individual retailers.

The competitive position of a retail location affects its ability to draw customers. A potential customer will drive further for a more attractive retail opportunity, which is why larger shopping centers typically draw from a wider trade area. Costumers will not pass by more or equally attractive retail opportunities to reach a less convenient option. The existing concentrations of retail at Progress Ridge and elsewhere in Beaverton make it unlikely that consumers would travel west, past these existing centers, to shop at the SCMAA.

Retail in the SCMAA will need to be primarily supported by the population in the Concept Planning area. Some households from the neighboring River Terrace area in Tigard will choose to purchase retail goods and services in SCMAA, if the commercial development in SCMAA is located with convenient access on major arterials with good visibility. Similarly, some SCMAA residents will shop in River Terrace if it is convenient and/or a particular store or amenity draws them there.

Estimate of demand for retail space

To estimate demand for retail in the SCMAA, we relied on estimated expenditures of existing households in the RSA. Exhibit 6 shows the estimated expenditures by retail category for the households in the RSA. The table shows retail categories that could locate in neighborhood-level retail space. It excludes expenditures on automobiles, gasoline, and non-store items (such as internet sales). The existing households in the RSA spend about $32,000 per year on these retail goods and services.

The portion of household expenditures on neighborhood retail varies widely, based on availability of retail, how accessible it is, and the appeal of the retail to nearby households. The table shows a range of estimates of the portion of total retail purchases made at local stores (the Neighborhood Retail Purchases Ratio). Based on our experience with other areas, we show the lower estimate at 10% and the upper at 20% of the selected retail categories.

We converted total local retail sales to an estimate of retail square feet, based on mean sales per SF, as reported by the Urban Land Institute. The final step of the estimate was to multiply the individual household demand by the projected number of households in the entire South Cooper Mountain Concept Plan area. A preliminary estimate of the total number of households that may eventually locate in the Concept Plan area could be between 4,000 and 6,000 households. [6]

[6] This estimate is preliminary and subject to change.

Exhibit 6. South Cooper Mountain Concept Plan area, projected demand for retail space based on expenditures by households in Retail Sub-Market Area

Retail Category	Expenses per Household	
Food Stores	$6,075	
Health and Personal Care Stores	$2,273	
Drinking and Eating Establishments	$5,423	
Clothing and Clothing Accessories Stores	$2,578	
Sportng Goods, Hobby, Musical Inst Stores	$752	
Book, Periodical and Music Stores	$259	
Building Materials, Garden Supplies, Furniture	$7,306	
General Merchandise Stores	$6,295	
Miscellaneous Store Retailers	$1,305	
Total Retail Sales	**$32,266**	
Neighborhood Retail Purchases Ratio	10%	20%
Total Neighborhood Retail Sales	$3,227	$6,453
Retail sales per SF of Retail Space	$273	$273
Demand for Retail SF		
per Household	12	24
4,000 Households	47,000	95,000
6,000 Households	71,000	142,000

Source: Nielsen Claritas, Urban Land Institute, and ECONorthwest. Retail sales per SF based on mean sales per SF in the Convenience category as defined by the Urban Land Institute in "Dollars and Cents of Shopping Centers 2008". The Convenience category includes smaller retail areas, not anchored by a supermarket, and may contain convenience markets, food stores, food services, drug stores, flower shops, beauty shops, and cleaners.

We estimate that residential development, at 4,000 households, could support between 47,000 and 95,000 SF of new retail space. At 6,000 households, it could support between 71,000 and 142,000 SF of new retail space. This estimate assumes the majority of purchases (80%-90%) by the new households will be outside the SCMAA. For planning purposes, we recommend the South Cooper Mountain Concept Plan area assume demand for roughly 100,000 SF of retail space. We recommend limiting the amount of planned retail space to ensure the continued success of existing retailers in the area, and prevent the over-building of retail space in the SCMAA. Planning for 100,000 SF of retail space would provide enough space for a new, smaller grocery store (typically 40,000-50,000 SF) with other smaller retailers nearby, or alternatively, a broad mix of street-oriented retail. Assuming an FAR of 0.35 for new retail development, this would require about 285,000 SF of land, or approximately 6.5 net developable acres.

Coordination with River Terrace

The amount and location of commercial development in the SCMAA should take into consideration the planned development at River Terrace. Development at River Terrace is planned to include 2,300 housing units, and 25,000 SF of neighborhood commercial space. The River Terrace area is south of Scholl's Ferry Road, and it is likely that its residents will travel along Roy Rogers to access employment centers to the north. Commercial development in both River Terrace and the SCMAA should be coordinated to ensure both areas are successful.

The planned 25,000 SF of neighborhood commercial space in River Terrace was based on a market study, and sized appropriately to meet the needs of River Terrace residents. This neighborhood commercial center was not assumed to attract demand from outside of the River Terrace development. The ultimate location of the River Terrace neighborhood commercial center is still under consideration, as the market study and concept plan for the area were completed prior to the annexation of the SCMAA, and therefore does not account for development in the SCMAA that could affect the viability of the River Terrace commercial center.

Key findings of retail market study

The retail market study yields the following key findings:

- Adjacent neighborhoods to the West of the SCM Concept Plan area have very strong established retail centers that not only satisfy the needs of local residents, but also attract residents from elsewhere in the region for shopping. It will be very difficult for any new commercial development in the SCMAA to compete with these retail centers, which are of high quality, larger in size, and are closer to the center of the region than the land in the Concept Plan area.
- Given the challenge of competing with existing commercial centers, the commercial development in the SCMAA will need to survive based primarily on demand from residents of the SCM Concept Plan area, which could be roughly 4,000 to 6,000 households when the area is fully developed.
- The amount and location of commercial development in the SCMAA should take into consideration planned development at River Terrace. Development at River Terrace is planned to include 2,300 housing units, and 25,000 SF of neighborhood commercial space (the amount and location of retail is under discussion at this time). Commercial development in both River Terrace and the SCMAA should be coordinated to ensure both areas are successful.
- For planning purposes, we recommend the South Cooper Mountain Concept Plan area assume demand for approximately 100,000 SF of retail space. Assuming an FAR of 0.5 for new retail development, this would require about 200,000 SF of land, or approximately 4.5 net developable acres.

Development program forecast

All of the previous steps of the analysis culminate in a possible development program. The development program defines various types of land uses, and identifies the number of units and amount of land dedicated to each use. The development program described in this section is preliminary. It is intended to identify one way to meet planning and policy goals for the SCMAA that is viable considering the market analysis and developer input summarized above; there are other variations that could also meet planning and policy goals and provide a realistic program. The proposed development program may be revised through the scenario analysis part of the SCM Concept Planning process.

The basic land uses included in the program are residential and retail. Because the vast majority of the SCM Concept Plan area will be developed as residential, we break down the residential land use into a number of more specific neighborhood types.

Residential Neighborhood Types

These residential neighborhood types were based off of the South Cooper Mountain Prospectus, but were modified to account for the additional analysis conducted in this market study.

- **Workforce housing**: 50 units / net acre. The SCMAA would likely include a small amount of high-density workforce housing, intended to satisfy demand for employees of nearby retail centers.
- **Apartments / Condos**: 32 units / net acre. The market study found modest demand for multifamily housing development in this area.
- **Townhomes / Cottages**: 16 units / net acre. The market study found modest demand for compact residential (both attached and detached) in this area. This would include a mix of different neighborhood types, ranging from 15 to 18 units per acre, with an average density of 16 units per acre.
- **Standard Residential**: 11 units / net acre. The market study found demand was strongest for this product type, including single-family detached homes on 3,000 to 5,000 SF lots.
- **Low-Density Residential**: 7 units / net acre. The market study found demand for lower-density housing types, but this housing type would be limited in the SCMAA, given the vision for the area, and Metro's density requirements.
- **Executive Housing**: 2.8 units / net acre. The market study found demand for this very low density housing product, but additional input from the Real Estate Market Focus Group determined that this product would not need to be provided in the SCMAA area, to be consistent with the community vision, and Metro's density requirements.

SCMAA Development Program

Exhibit 7 shows a possible development program for the SCMAA. This development program shows a mix of housing types that is estimated to be supported by market conditions within the roughly 230 acres of net buildable land for residential development. With this mix of neighborhood types, the SCMAA could accommodate 3,100 total units at full build out. While this is significantly below the Metro target of 4,651 units, it would still achieve an average density of 13.4 units per acre, which is an aggressive level of density for a suburban location like the SCMAA, and is close to Metro's target density of about 15 dwelling units per acre.

Exhibit 7. South Cooper Mountain Annexation Area, Projected Development Program

Neighborhood Type	% of Total	Units	Units / Acre	Acres
Workforce Housing	3.0%	93	50.0	1.9
Apartments / Condos	15.0%	465	32.0	14.5
Townhomes / Cottages	35.0%	1,085	16.0	67.8
Standard Residential	37.0%	1,147	11.2	102.4
Low-Density Residential	10.0%	310	7.0	44.3
Executive Housing	0.0%	-	2.8	0.0
Total	100.0%	3,100	13.4	230.9

The most prevalent neighborhood type (in both number of units and total acres) would be standard residential, with close to 1,150 units, and just over 100 net acres of land. Townhomes and cottages would comprise an almost equal share of total units, with 1,085. The remainder of the units would include a significant number of apartments / condos (465 units), a small amount of low-density residential (310 units), and a very small amount of high-density workforce housing (93 units). The SCMAA would not include any executive housing, or any neighborhood types with average density of less than 7 units per net acre.

Note that the densities described for each of these product types is based on comparable developments throughout the region, which typically have less constrained land, in terms of steep slopes, wetlands, stream corridors, and other constraints. It is possible that as the SCM Concept Planning effort continues, we could find the challenging configuration of buildable land in the SCMAA results in achievable densities less than what is shown in Exhibit 9.

Comments on the URA and NCM development programs

The detailed development program above is only for the SCMAA. For the URA and NCM we describe the development program qualitatively. NCM is almost entirely developed or platted for development. Of the 478 total acres in NCM, only 91 acres are estimated to be developable, including 61 acres identified as entirely unconstrained. Approximately 19 of the developable acres are already platted with roughly 1-acre lots and may be subject to Contracts, Covenants and Restrictions (CC&Rs) that would prevent further subdivision. The remainder are surrounded by neighborhoods that are characterized by single-family, large-lot homes. It is likely that future infill development in NCM would seek to preserve the existing character of the neighborhood, resulting in lower density, single-family, detached housing types, such as the Low-Density Residential and/or Executive Housing neighborhood types described in this study.

The URA is largely undeveloped, but has significant constraints. Of the 1,206 total acres in the URA, only 496 acres are estimated to be developable, including 339 acres of entirely unconstrained land. Given the steeper slopes, and the desire to preserve the natural amenities of this area, it is estimated that much of the developable area will be better suited for lower-density housing types. The URA is a relatively large area, and will likely accommodate a broad range of neighborhood types, but the overall mix is likely to result in a lower density than what is forecast for the SCMAA.