

JUN 17 2020

TO: City of Pasco Community Development Department

FROM: Jon Spikkeland

DATE: June 17, 2020

RE: Public Comment – UGA Expansion

COMMUNITY & ECONOMIC DEVELOPMENT

I commend the City for its work with the UGA Expansion and its efforts to balance future community needs. However, I would like to make a point regarding the amount of commercial land included in the Expansion Area under Alternative 3. I believe the 400 or so acres set aside for commercial use is excessive given the projected population and household growth, and could result in large tracts of land remaining undeveloped over the planning period – contrary to the stated goal of compact growth.

I consult commercial real estate developers and have conducted extensive analysis of commercial land demand in Washington and Oregon. In the current market, 1,000 households typically correspond to a need for 15 acres of commercial land. However, the shift from brick-and-mortar to online retail is freeing up capacity within existing commercial areas. The net new demand for commercial land over the next two decades is therefore likely to be less than 15 acres per 1,000 new households.

Assuming 10 acres per 1,000 households, the projected increase of 15,000 households in Pasco over the next 20 years should translate into demand for around 150 acres of commercial land. According to the DEIS, the UGA Expansion Area will under Alternative 3 total roughly 400 acres (393 acres in Table 5 and 427 acres in Table 6), more than twice the estimated need.

Alternative 3 includes two large clusters of commercial land along Dent Road, at the intersections of Broadmoor/Easy Street and Road 68. These appear disproportionately large relative to the surrounding residential areas they will serve over the forecast period. Each appear to be on the order of 100 acres. In suburban areas, commercial centers of this magnitude typically require a nearby freeway interchange or a surrounding base of at least 25,000 households that are underserved by existing centers. They are also dependent on securing multiple big-box anchor stores (e.g., Costco, Walmart, Home Depot, etc.). The presence of an existing center of this format with a superior location at the I-182/Road 68 interchange make such development unlikely in these two areas, especially as there is additional capacity at the I-182 interchange. Moreover, large-scale commercial development is becoming increasingly rare as the competition from online retailers has eroded the potential for big-box stores that do not carry groceries. Today, the largest commercial centers are typically 10-20 acres in size, anchored by one grocery or warehouse/discount store. The largest center built in the Portland Metro Area over the past decade was 34 acres in size (Happy Valley Crossroads).

As a reference point for future commercial land need in North Pasco, roughly 30 acres of commercial land has been absorbed at the I-182/Road 68 commercial area over the past 10 years, though with lower household growth than projected in coming years. No new big-box stores like the existing Walmart and Lowes have been built over this period.

If Alternative 3 is selected, I suggest modifying the plan to reduce the amount of commercial space so that compact and balanced growth can be achieved, in line with the stated goals for this alternative. I also suggest sizing and configuring the commercial areas to reflect that current commercial development is dominated by smaller structures without the need for depth that earlier big-box centers had. Alternatively, the plan may include some deeper areas with flexible designations/zoning that can accommodate both commercial and multifamily development.