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Memorandum

To: Clackamas County Board of Commissioners
From: DTD – Dan Johnson, Director
Date: October 25, 2022
Subject: Metro UGB Exchange COO Recommendation

Purpose:

To provide an update on the Metro Chief Operating Officer's (COO) recommendation on the proposed Urban Growth Boundary (UGB) exchange. **Staff is requesting Board feedback on next steps.**

Background:

The City of Tigard submitted a request for a mid-cycle Urban Growth Boundary (UGB) amendment to add approximately 500 acres of land to the UGB. Metro COO, Marissa Madrigal, recommended that Metro Council consider using a land exchange – removing undeveloped land from the UGB – in exchange for adding the land proposed by Tigard. Last week the COO provided an updated recommendation with three possible alternatives for providing the land needed for exchange. All three of the recommended options include removal of lands from inside the UGB in Clackamas County.

Please see Attachment 1 – COO's Recommendation for more detail.

Options:

- A. Support the COO's recommendation
- B. Oppose the COO's recommendation
- C. Direct staff to explore areas of consideration for possible commitments with Metro staff

Staff Recommendation:

Direct staff to explore areas of consideration for possible commitments with Metro staff as listed below prior to finalizing a position on the UGB exchange:

1. Metro will prioritize Clackamas County as the location for future UGB expansions and will prioritize support for development or redevelopment of land that is currently within the UGB, particularly industrial sites.
2. The most critical issue right now is industrial land availability. Ensuring the availability of industrial land could be approached by closer assessment of key reserve areas in Clackamas County and a subsequent expansion of the UGB. Support for Industrial land readiness must also come through implementation of the actions needed to allow this land to become developable.

3. The flaws in the UGB management system must be addressed. Metro will provide a plan showing how the system will be corrected to ensure that Clackamas County has the appropriate lands available for development in the appropriate areas. The proposed exchange process should not set precedent for the land on the eastern edge of Damascus to be whittled down over time without a comprehensive strategy for land availability in the future. We would like to understand when and how the Metro 2040 Plan will be updated and how Metro will ensure that we have land, especially shovel-ready industrial land, available to support the economic future of our county and the region.
4. Priority focus is needed to make land developable within Clackamas County. While the land on the edges of Damascus may not be appropriate for urban development in the near term, there are locations closer to Happy Valley that have been planned but are unable to develop due to infrastructure constraints. Solutions to these constraints, such as support for the needed transportation investments, must be prioritized and supported by Metro Council.

If you direct, staff will explore these areas of consideration (and any others that the Board wishes to include) with Metro staff to determine if an opportunity exists to identify commitments as part of the UGB exchange decision. Staff will return to the Board on November 1 at Issues to report back on the discussion and provide a draft letter of comment for Board consideration.

Next Steps:

Metro staff will bring the COO recommendation to the November 9 MPAC meeting for discussion and recommendation by MPAC to Metro Council. Metro Council will provide direction on their intended decision on December 6. Final reading of ordinance and vote are expected to occur on February 2, 2023. Other steps are listed below.

October 13, 2022: Release COO recommendation and begin public comment period

October 20, 2022: Council – discuss COO recommendations

October 26, 2022: MPAC – discuss COO recommendations

November 1, 2022: Clackamas County Board Issues (**Consider submitting written comments**)

November 2, 2022: End public comment period

November 9, 2022: MPAC – make recommendations to Metro Council

November 22, 2022: Council – update on public comments and MPAC recommendations 9 (**Opportunity to provide verbal testimony**)

December 6, 2022: Council – provide direction on intended decision to enable notices to the Department of Land Conservation and Development and to affected property owners **(Opportunity to provide verbal testimony)**

January 19, 2023: Council – first read of ordinance and public hearing **(Opportunity to provide verbal testimony)**

February 2, 2023: Council – second read of ordinance and vote. **(Opportunity to provide verbal testimony)**

Attachments:

Attachment 1 – UGB Exchange Metro COO Recommendation 10.13.22

River Terrace 2.0 Urban Growth Boundary Exchange:

Metro Chief Operating Officer Recommendation to the Metro Council

October 13, 2022

Summary

In recent years, Tigard has been a leader in allowing more middle housing options such as duplexes, triplexes, and townhomes. Last year, Tigard proposed a well-planned urban growth boundary (UGB) expansion into urban reserves that would include additional middle housing. For the reasons described in my March 2022 recommendation, I believe that Tigard has demonstrated that it is ready to contribute more to the region's housing production and that the Council should add the River Terrace 2.0 urban reserve to the UGB to enable the city to do so. My current recommendations respond to the direction that the Metro Council gave this spring to provide options for adding the River Terrace 2.0 urban reserve to the UGB through an exchange.

The UGB exchange process entails keeping the overall acreage inside the UGB consistent by expanding the UGB to add the River Terrace 2.0 urban reserve area and retracting the UGB line elsewhere in an area that is not yet ready to provide housing. This approach is consistent with Metro's focus on city readiness in its growth management decisions. It recognizes that Tigard is ready for growth while some other areas that were added to the UGB in the past have not resulted in housing and may not for decades to come.

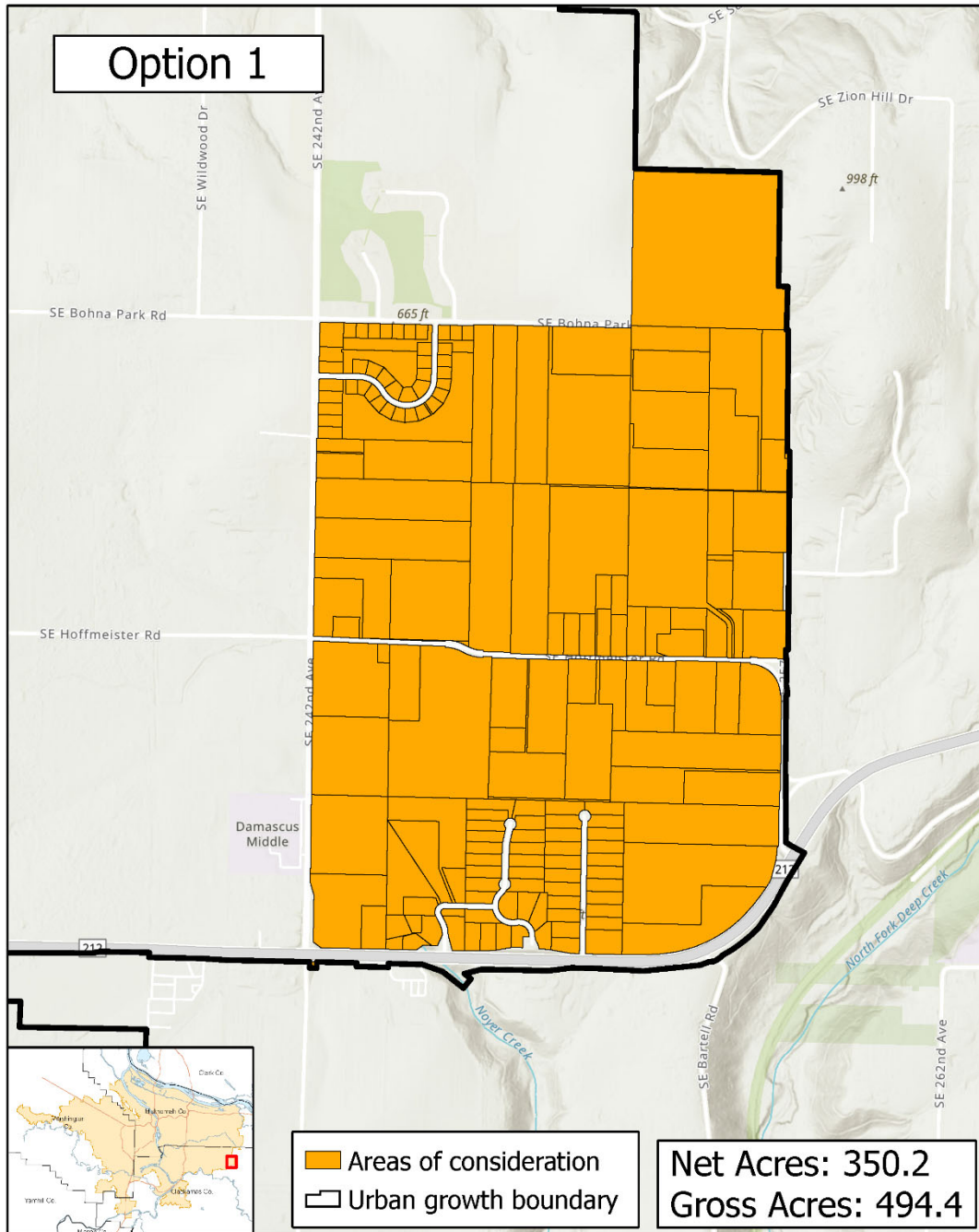
Having analyzed several possible exchange areas and engaged with local jurisdictional partners and other stakeholders, I am pleased to present the Council with three options that would each help to ensure that more of the land inside the UGB is ready to provide housing options. The Council could rely on any of these options to complete a UGB exchange and they each present a variety of considerations that could help the Council to come to a decision.

I recommend that the Council proceed with the UGB exchange after selecting one of these options. Each option includes buildable acreage comparable to River Terrace 2.0 (350 buildable acres), meeting the requirement that the amount of buildable land inside the UGB remain roughly the same. I further recommend that Metro seek to designate any areas removed from the UGB as urban reserves so that they can be considered for adding back to the UGB at a future date if there is a demonstration that a city can make them ready for housing or job growth and there is a regional need for additional UGB land.

The release of this recommendation kicks off a public comment period. This fall, Metro staff will also seek the recommendations of the Metro Policy Advisory Committee. Staff will provide the results of both to the Council as it determines what decision it intends to make. Pending that Council direction, staff will then provide notices to those that would be directly impacted by the UGB exchange, both in the proposed expansion area as well as in any UGB exchange areas.

Option 1

This option consists of one area in unincorporated Clackamas County, east of SE 242nd Ave. and north of Highway 212. The area is a mix of rural residential and agricultural uses. It includes 494 gross acres and, after accounting for environmental constraints, approximately 350 buildable acres.



Option 1 considerations

Planning, infrastructure, and development status

This area is part of the former City of Damascus, which disincorporated after the city was unable to come to an agreement on a comprehensive plan. Metro staff is not aware of any county effort to complete a plan for the area. Providing infrastructure, particularly sewer and stormwater infrastructure, would be complex and expensive.

Parcelization

Reflecting a mix of rural residential and agricultural uses, this area contains a variety of tax lot sizes, ranging from less than one acre up to approximately 40 acres. The presence of existing rural residential development may mean that this area could be challenging to urbanize efficiently if it remains in the UGB.

Property owner sentiment

Metro has not yet attempted to contact specific property owners. However, staff is aware through engagement activities and testimony submitted to the Metro Policy Advisory Committee and the Metro Council that there are some property owners in the general area that would like to have their properties removed from the UGB.

Time in UGB

This area was added to the UGB in 2002.

In UGB for special purpose

This area was not added to the UGB to address a unique regional need, therefore its potential inclusion in a UGB exchange does not raise more complex issues.

Natural resources and environmental features

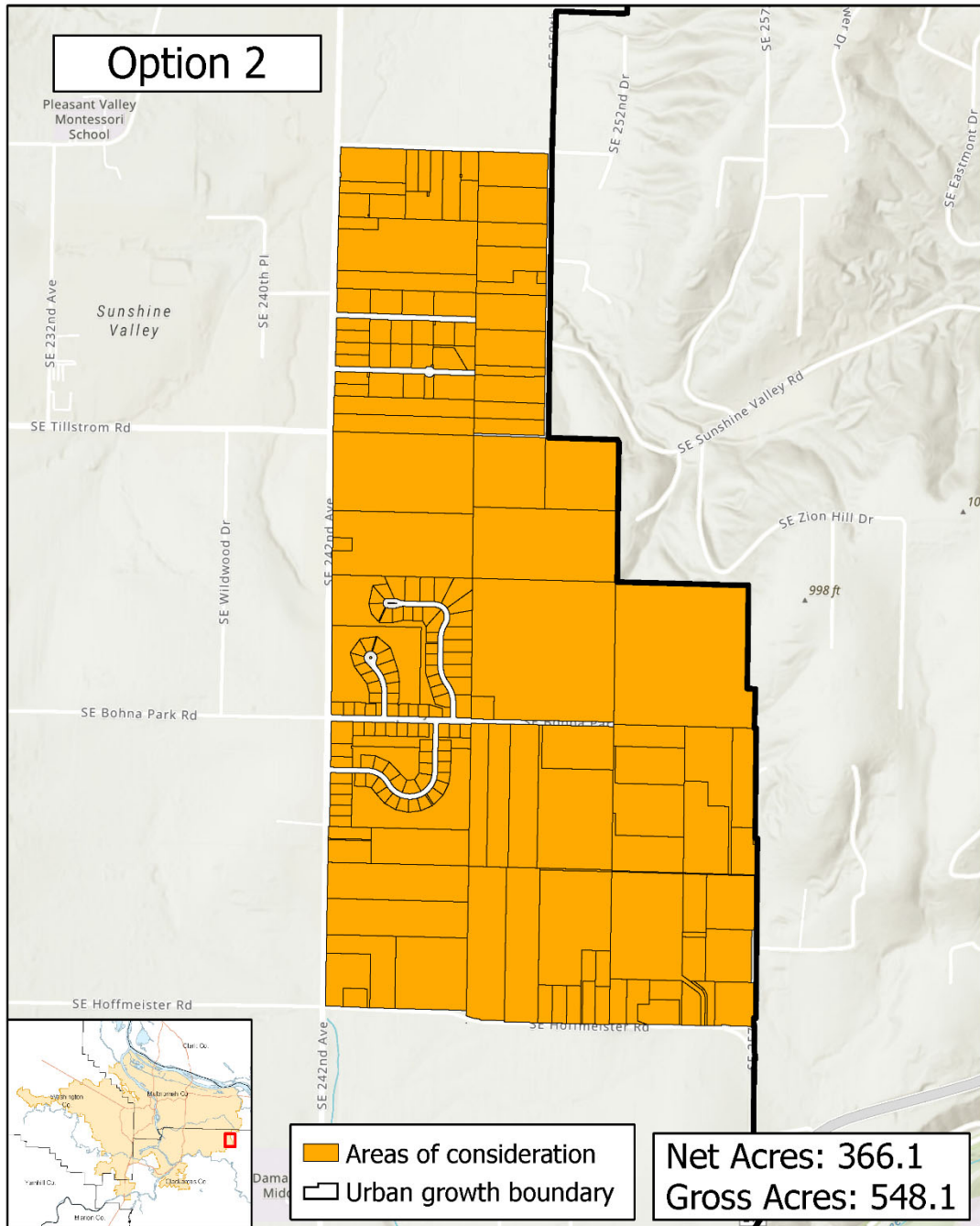
This area is relatively flat, is not within a floodplain, and has some mapped riparian areas and upland habitat.

Jurisdiction sentiment

With the dissolution of the City of Damascus, there is no city that will serve this area. Though the City of Happy Valley has annexed portions of the former Damascus, those areas are further west, and the city does not intend to annex this area. Staff is aware that some county commissioners are opposed to any portion of the county being removed from the UGB. Specific to this area, county commissioners have expressed concern about removing areas directly abutting Highway 212.

Option 2

This option consists of one area in unincorporated Clackamas County, east of SE 242nd Ave. and north of SE Hoffmeister Rd. The area is a mix of rural residential and agricultural uses. It includes 548 gross acres and, after accounting for environmental constraints, approximately 366 buildable acres.



Option 2 considerations

Planning, infrastructure, and development status

This area is part of the former City of Damascus, which disincorporated after the city was unable to come to an agreement on a comprehensive plan. Metro staff is not aware of any county effort to complete a plan for the area. Providing infrastructure, particularly sewer and stormwater infrastructure, would be complex and expensive.

Parcelization

Reflecting a mix of rural residential and agricultural uses, this area contains a variety of tax lot sizes, ranging from less than one acre up to approximately 55 acres. The presence of existing rural residential development may mean that this area could be challenging to urbanize efficiently if it remains in the UGB.

Property owner sentiment

Metro has not yet attempted to contact specific property owners. However, staff is aware through engagement activities and testimony submitted to the Metro Policy Advisory Committee and the Metro Council that there are some property owners in the general area that would like to have their properties removed from the UGB.

Time in UGB

This area was added to the UGB in 2002.

In UGB for special purpose

This area was not added to the UGB to address a unique regional need, therefore its potential inclusion in a UGB exchange does not raise more complex issues.

Natural resources and environmental features

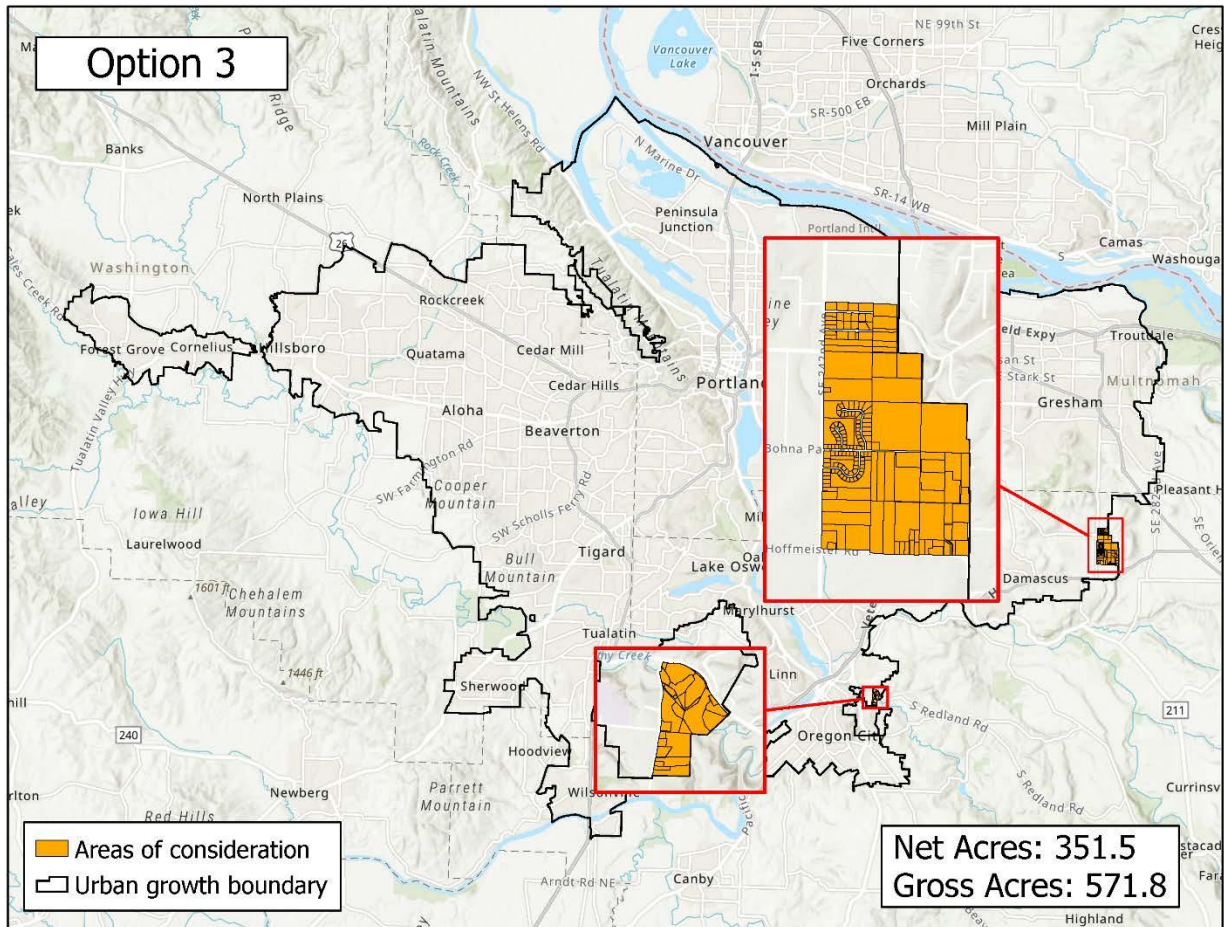
This area is relatively flat with some portions having slight slopes. The area is not within a floodplain. The area has some mapped riparian areas and upland habitat.

Jurisdiction sentiment

With the dissolution of the City of Damascus, there is no city that will serve this area. Though the City of Happy Valley has annexed portions of the former Damascus, those areas are further west, and the city does not intend to annex this area. Metro staff is aware that some county commissioners are opposed to any portion of the county being removed from the UGB.

Option 3

This option is spread across two separate parts of the region and includes the Park Place area outside of Oregon City and an unincorporated area of Clackamas County that is east of SE 242nd Ave. and north of Hoffmeister Rd. These areas are a mix of rural residential, forest, and agricultural uses. Together, these areas include 572 gross acres and, after accounting for environmental constraints, approximately 352 buildable acres.



Option 3 considerations

Planning, infrastructure, and development status

Both areas in Option 3 are unincorporated and not within a city. The unincorporated Clackamas County area east of SE 242nd is part of the former City of Damascus, which disincorporated after the city was unable to come to an agreement on a comprehensive plan. Metro staff is not aware of any county effort to complete a plan for the area. Providing infrastructure, particularly sewer and stormwater infrastructure, would be complex and expensive.

The larger Park Place area consists of two subareas outside of Oregon City. Metro staff only recommends the area south of Redland Rd. as a potential exchange option. Oregon City completed the

planning for Park Place in 2007 and the city adopted the necessary comprehensive plan amendments in 2008. The Park Place plan included a significant amount of land beyond the 2002 expansion area that was already within the UGB. In 2019, the city annexed 92 acres of land in the Park Place area north of Redland Road. A 432-unit development is currently at the planning commission. This development will help facilitate a much-needed future north south connection between Redland Road and Holcomb Blvd. The area north of Redland Road is no longer under consideration for this UGB exchange. However, the area south of Redland Road has numerous development challenges, including areas with steep slopes and riparian habitat, and I recommend it for possible UGB exchange consideration.

Parcelization

Reflecting a mix of rural residential, forest, and agricultural uses, these areas contain a variety of tax lot sizes, ranging from less than one acre up to approximately 55 acres. The presence of existing rural residential development and steep slopes may mean that these areas could be challenging to urbanize efficiently if they remain in the UGB.

Property owner sentiment

Metro has not yet attempted to contact specific property owners. However, staff is aware through engagement activities and testimony submitted to the Metro Policy Advisory Committee and the Metro Council that there are some property owners in area east of SE 242nd Ave. in Clackamas County that would like to have their properties removed from the UGB. Property owner sentiment is unknown in the Park Place area but may be better understood in the upcoming public comment period.

Time in UGB

The Park Place area was added to the UGB in 2002. The unincorporated Clackamas County area to the east of SE 242nd Ave. was added to the UGB in 2002.

In UGB for special purpose

These areas were not added to the UGB to address a unique regional need, therefore their potential inclusion in a UGB exchange does not raise more complex issues.

Natural resources and environmental features

The subarea to the east of 242nd in unincorporated Clackamas County is relatively flat with some portions having slight slopes. The area is not within a floodplain. The area has some mapped riparian areas and upland habitat.

The subarea known as Park Place is crossed by steep slopes, and riparian and upland habitat. The prevalence of these environmental characteristics presents challenges for developing other portions of the area.

Jurisdiction sentiment

Unincorporated Clackamas County east of SE 242nd: With the dissolution of the City of Damascus, there is no city that will serve this area. Though the City of Happy Valley has annexed portions of the former Damascus, those areas are further west, and the city does not intend to annex this area. Metro staff is

aware that some county commissioners are opposed to any portion of the county being removed from the UGB.

Park Place: The Oregon City Commission indicated in a Commission meeting on October 5, 2022 that it understood the regional benefit of a UGB exchange and that it was not opposed to having the Park Place area south of Redland Rd. removed from the UGB to facilitate that exchange. The City Commission did seek clarity on whether it would face regulatory consequences related to meeting housing needs if this land were removed from the UGB. Metro staff appreciates the Commission’s willingness to help with regional housing production and believes that the city, Metro and the state could work together to recognize this in future forecast coordination efforts and city housing production strategies if this area is removed from the UGB.

How staff identified and narrowed exchange options

As directed by the Metro Council, staff identified exchange options following the following principles:

- Focus on areas where urbanization has not occurred in a timely fashion because of infrastructure challenges, governance challenges, market conditions or other lack of readiness for growth.
- Lands must be adjacent to the UGB.
- Removing lands from the UGB must not create an “island” that remains in the UGB.
- A contiguous block of land is preferable to multiple areas.
- Lands must not yet have received urban zoning.

Recent Metro staff memos to the Metro Technical Advisory Committee, the Metro Policy Advisory Committee, and the Metro Council describe the combination of mapping and consultation with local jurisdictions that was used to identify an initial set of UGB exchange options for further consideration. Generally, the mapping analysis identified buildable land in unincorporated areas in the UGB that are within one mile of the UGB boundary. Subsequent “fact-checking” with local jurisdictions sought to confirm the planning and development status of those areas. Further review and consultation have led me to recommend the three options described herein.

Next steps

Staff proposes the following sequences (*dates subject to change*):

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|---------------------------|---|
| <i>October 13, 2022:</i> | <i>Release COO recommendation and begin public comment period</i> |
| <i>October 20, 2022:</i> | <i>Council – discuss COO recommendations</i> |
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