

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Study Session Worksheet

Presentation Date: September 8, 2015 **Approx Start Time:** 9:30 am **Approx Length:** 1.5 hours

Presentation Title: Employment Land Need Decision (**CONTINUATION from August 17**), reserves remand hearings, Urban Growth Report.

Department: Admin, Planning

Presenters: Dan Chandler, Martha Fritzie

Other Invitees: Barb Cartmill, Gary Schmidt, Gary Barth

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

1. Continuation of August 17, 2015 Policy Session

This is a continuation of the policy session held on August 17, 2015 where the Board of Commissioners discussed the following issues:

- Can Clackamas County meet its 20 year need for non-retail employment land within the current configuration of urban rural reserves?
- Other than negotiations regarding the Stafford area, should Clackamas County advocate for changes in the current configuration of urban and rural reserves, and if so, what changes?
- If the County is to consider a legislative ask to meet its 20-year land needs, what areas should be considered, and how should they be designated?

2. Discussion of Metro's Request to hold Joint Hearings on Remand.

This was previously set for discussion at the issues work session. It was combined with the continued policy discussion as the two matters are closely related.

3. Direction for MPAC Recommendation on the Urban Growth Report.

Metro has scheduled the official MPAC recommendation on the Urban Growth Report for September 9, 2015. Our MPAC representative needs direction on Clackamas County's position. As this is also related to the County's land need, this was also combined into the same time frame for discussion.

EXECUTIVE SUMMARY – Previous Actions:

At the August 17 session, the Commission reviewed a number of areas from which the County might meet its employment land needs, both short and long-term. The Commission found that the following areas could reasonably contribute to meeting the

Existing Urban Reserves		Inside the UGB	
<u>Borland Road</u>	260 ac.	<u>Damascus</u>	400 ac.
<u>Oregon City</u>	70 ac.	<u>North Milwaukie</u>	300 ac.
<u>NW Wilsonville</u>	125 ac.		
TOTALS BY CATEGORY	455 ac.		700 ac.

County’s 20 year need for approximately 1100 acres of non-retail employment land, when developed or redeveloped by cities:

In addition, the Board of Commissioners voted to work toward removal of the rural reserves designation from a portion of the “French Prairie” area south of the City of Wilsonville. The area is generally bound by Airport Road to the east, Boones Ferry Road to the West, Arndt Road to the south and Miley Road to the north.

At the conclusion of the August 17 policy session, the Commission requested additional information on the following areas:

- East of Canby Undesignated
- Boring Urban Reserve
- Springwater Road Rural Reserve

That information is provided in the attached exhibits, along with some additional information requested regarding French Prairie and Beavercreek.

FINANCIAL IMPLICATIONS (current year and ongoing):

There would be significant planning staff time involved in processing any major changes to the reserves maps. In the original reserves designation process there were close to 3 - 4 FTE involved in the process. There would also be significant resources involved from PGA, counsel and county administration. This would necessitate suspending other long range planning work, and the allocation of additional budget to the Department of Transportation and Development.

Staff estimates that processing major reserves map changes, and initial LCDC review would reasonably take 18-24 months.

Minor changes the reserves designations, particularly in response to the Stafford remand could take significantly less time and resources.

LEGAL/POLICY REQUIREMENTS:

As noted in the August 17 staff report, any changes would necessitate a lengthy public process as follows:

Process steps for significant changes to Reserves

1. A revised intergovernmental agreement between Metro and Clackamas County.
2. A new joint county/metro public process.
3. Reconsideration and re-application of the Urban and Rural Reserves factors by the County and Metro.
4. A full County comprehensive plan amendment process, including pre-hearing notices, and a planning commission process.
5. Consultation and coordination with Multnomah and Washington Counties.
6. For new urban reserves, coordination “with cities, specials districts and school districts that might be expected to provide urban services . . .” OAR 660-027-0040(8)
7. A new joint submittal to the Land Conservation and Development Commission.
8. Potential appeals to the Court of Appeals.

PUBLIC/GOVERNMENTAL PARTICIPATION:

OPTIONS AND RECOMMENDATIONS:

Options

1. Continued discussion on land need.

For each of the areas still under review, the Commission could seek to modify the designations in whole or in part.

2. Joint Hearing Request

- a. Agree to joint hearings.
- b. Request further clarifications or additional time.

3. Urban Growth Report

- a. Support COO recommendation
- b. Oppose recommendation
- c. Abstain after stating the county's issues.

ATTACHMENTS:

- a. Maps of potential employment land areas, including soils maps, and status under January 2007 Department of Agriculture Study.
- b. Table summarizing additional information.
- c. Full staff report from August 17, 2015.
- d. Letter from Metro President Hughes regarding reserves remand hearings.
- e. Metro Urban Growth Report COO Recommendation.

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Dan Chandler @ 503-742-5394

Fiscal Impact Form

RESOURCES:

Is this item in your current work plan and budget?

- YES
 NO

START-UP EXPENSES AND STAFFING (if applicable):

ONGOING OPERATING EXPENSES/SAVINGS AND STAFFING (if applicable):

See discussion under financial implications, above.

ANTICIPATED RESULTS:

Availability of future land supply for housing and employment.

COSTS & BENEFITS:

Costs:							
	Item	Hours	Start-up Capital	Other Start-up	Annual Operations	Annual Capital	TOTAL
	Planning Staff time	3.0 FTE			330,000		330,000
	Counsel/Admin				40,000		40,000
	PGA	.5 FTE			50,000		50,000
	Total Start-up Costs						
	Ongoing Annual Costs						420,000
Benefits/Savings:							
	Item	Hours	Start-up Capital	Other Start-up	Annual Operations	Annual Capital	TOTAL
	Total Start-up Benefit/Savings						
	Ongoing Annual Benefit/Savings						

Map 4a: Employment Land Search East County Urban Reserve Area

- County
- Urban Reserves
- Rural Community
- Foundation Farmland
- Urban Growth Boundary

Damascus/Boring Urban Reserve (1D & 1F)
Approx. 3,400 acres total

"Foundation" farmland: approx. 1,320 acres
"Conflicted" farmland: approx. 2,080 acres

**"CONFLICTED"
FARMLAND PORTION**

**"FOUNDATION"
FARMLAND PORTION**

Damascus

Boring

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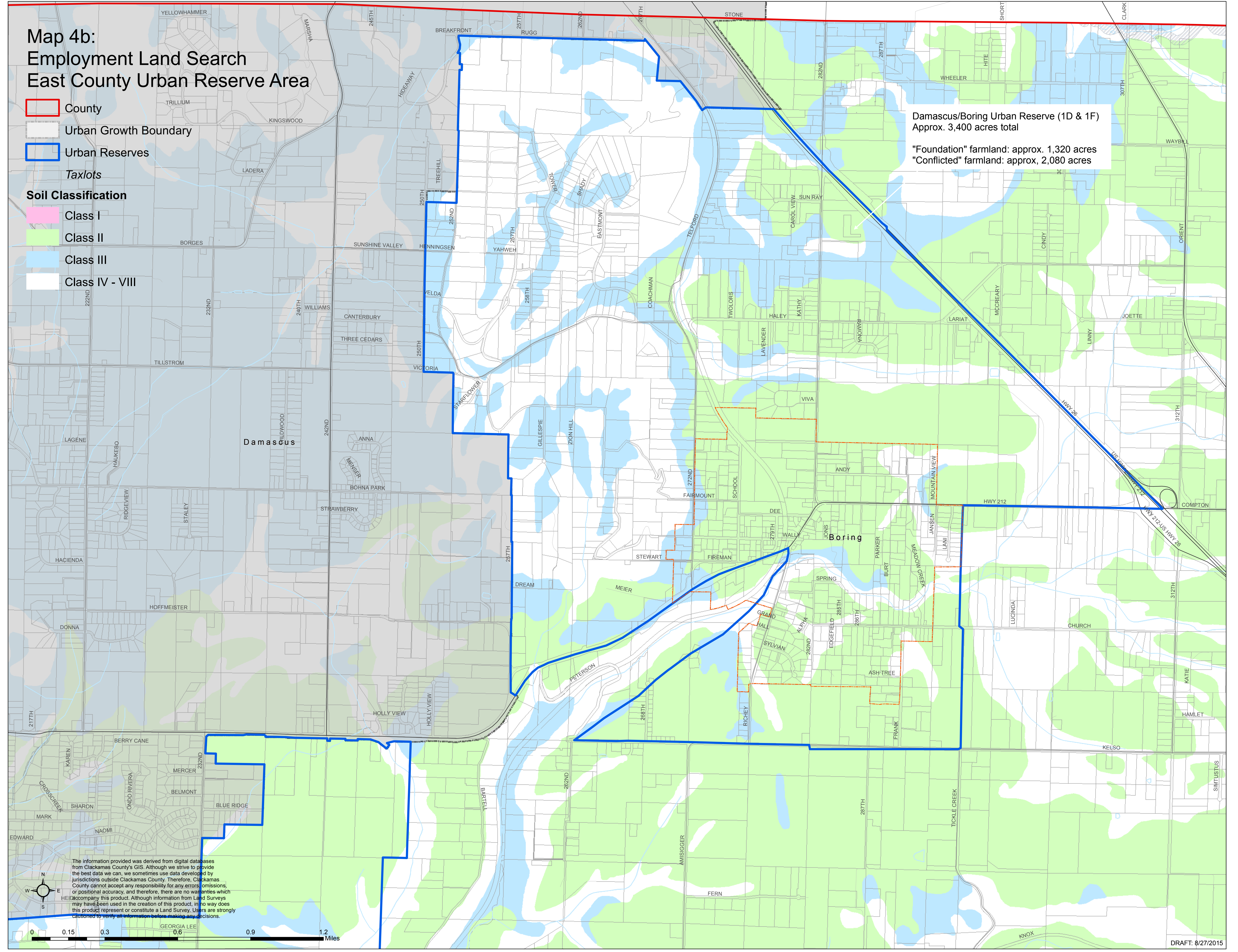
GEORGIA LEE
0.15 0.4

Map 4b: Employment Land Search East County Urban Reserve Area

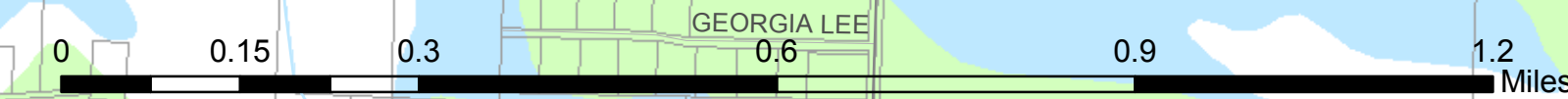
- County
 - Urban Growth Boundary
 - Urban Reserves
- Taxlots*
- Soil Classification**
- Class I
 - Class II
 - Class III
 - Class IV - VIII

Damascus/Boring Urban Reserve (1D & 1F)
Approx. 3,400 acres total

"Foundation" farmland: approx. 1,320 acres
"Conflicted" farmland: approx. 2,080 acres



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Map 5a: Employment Land Search Close-in Springwater Corridor Area

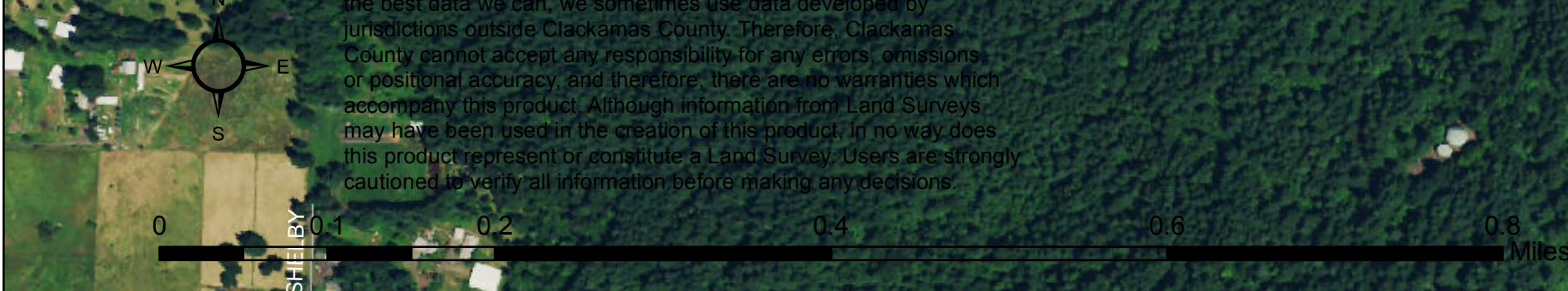
-  Urban Growth Boundary
-  Rural reserves
-  Important Farmland

Close-in Springwater Corridor Area
(general area)
Approx. 425 acres
All "Important" farmland and Rural Reserve

"CONFLICTED"
FARMLAND




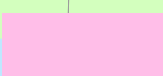
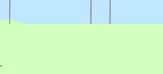
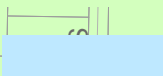

"IMPORTANT"
FARMLAND

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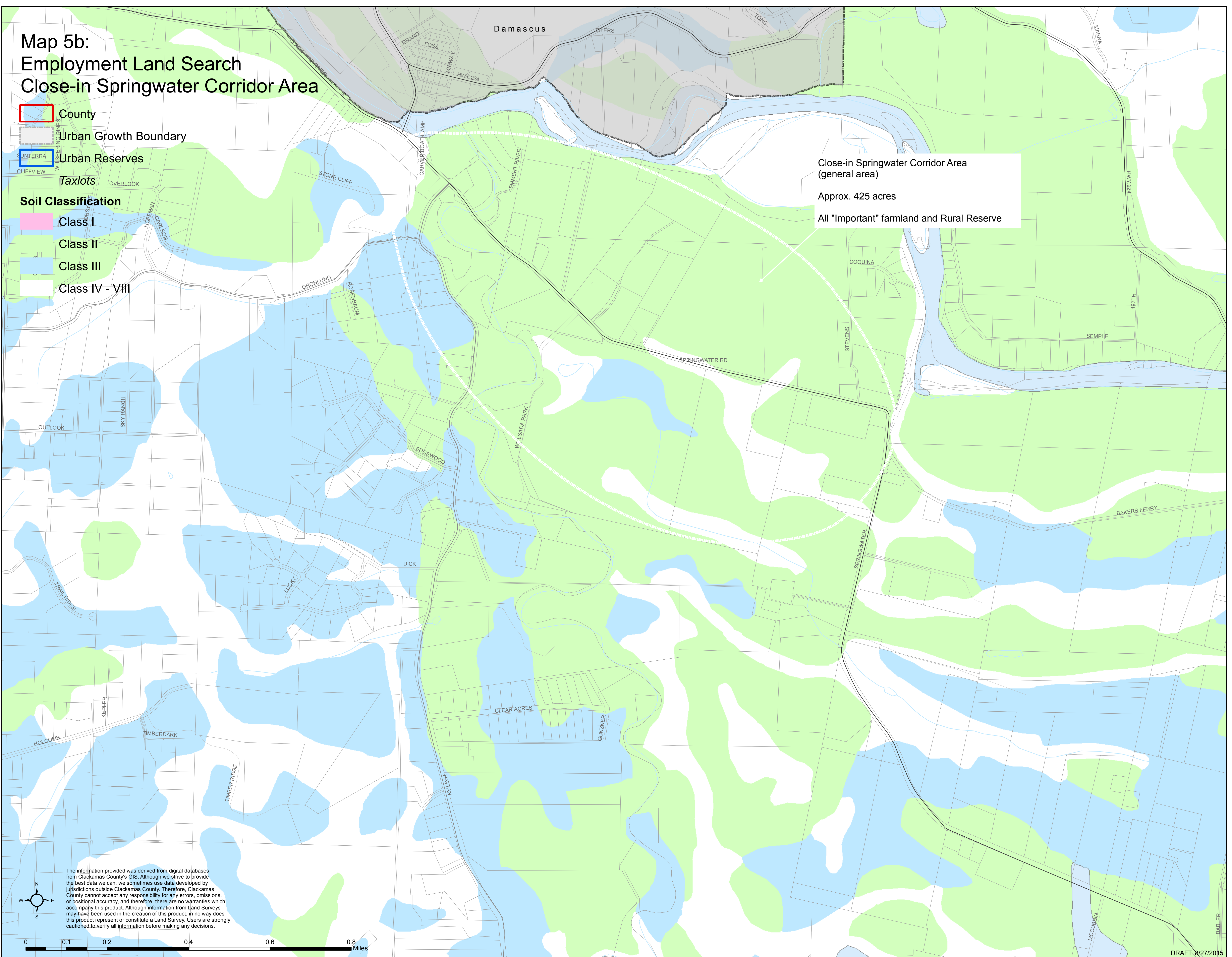


0 0.2 0.4 0.6 0.8 Miles

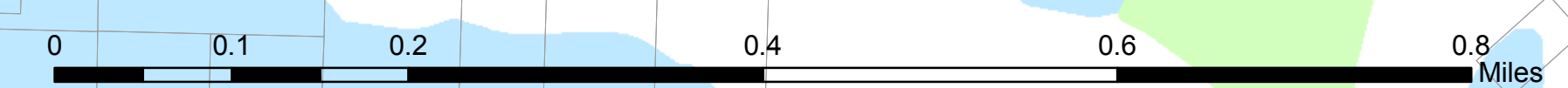
Map 5b: Employment Land Search Close-in Springwater Corridor Area

-  County
-  Urban Growth Boundary
-  Urban Reserves
- Taxlots**
- Soil Classification**
-  Class I
-  Class II
-  Class III
-  Class IV - VIII

Close-in Springwater Corridor Area
(general area)
Approx. 425 acres
All "Important" farmland and Rural Reserve



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Map 6a: Employment Land Search Beavercreek Area

-  Urban Growth Boundary
-  Urban reserves
-  Rural reserves
-  Rural Community
-  Important Farmland

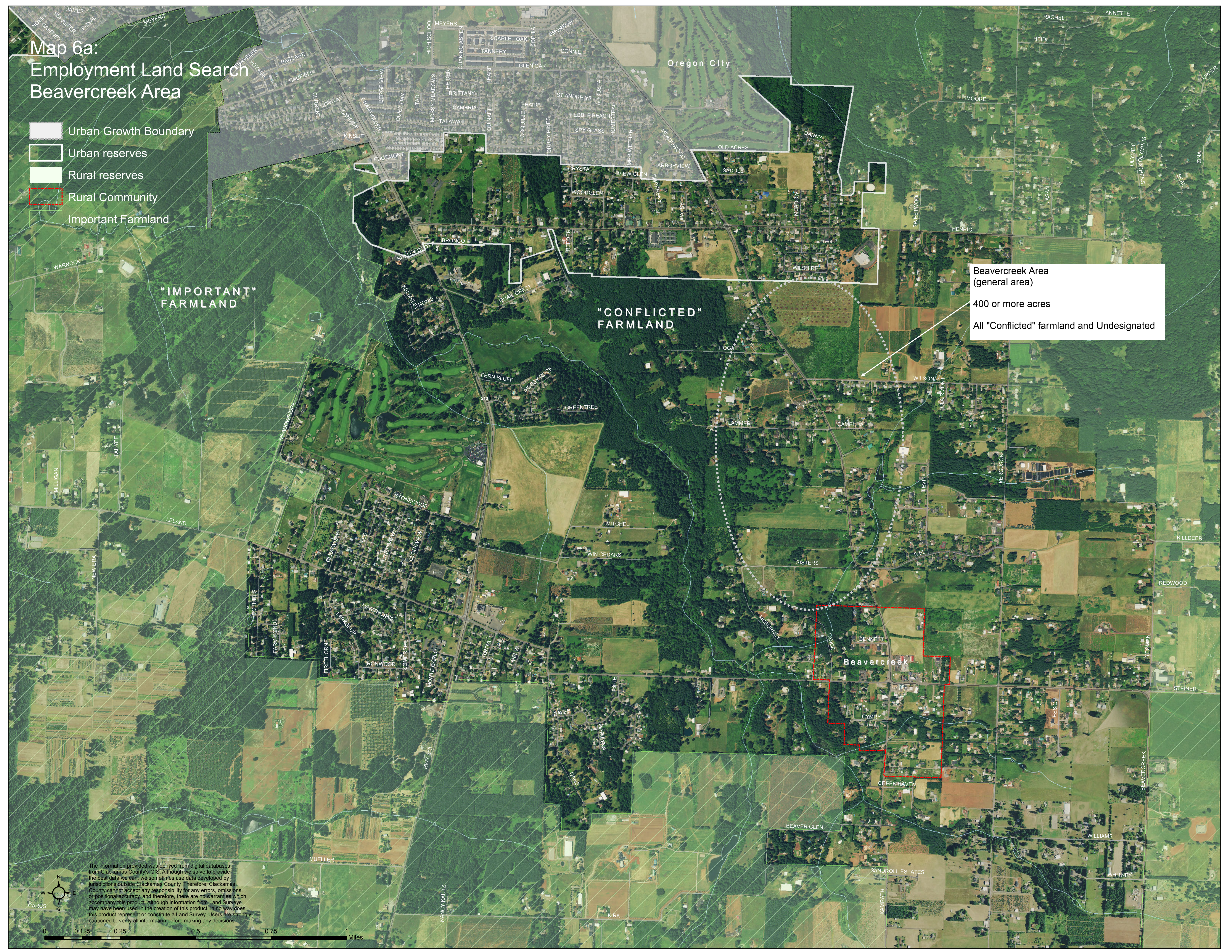
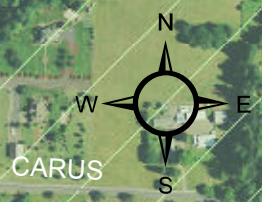
"IMPORTANT"
FARMLAND

"CONFLICTED"
FARMLAND





Beavercreek Area
(general area)
400 or more acres
All "Conflicted" farmland and Undesignated

Beavercreek

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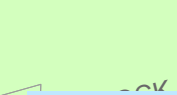
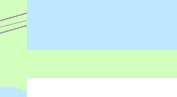
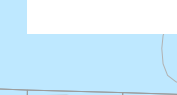


Map 6b: Employment Land Search Beavercreek Area

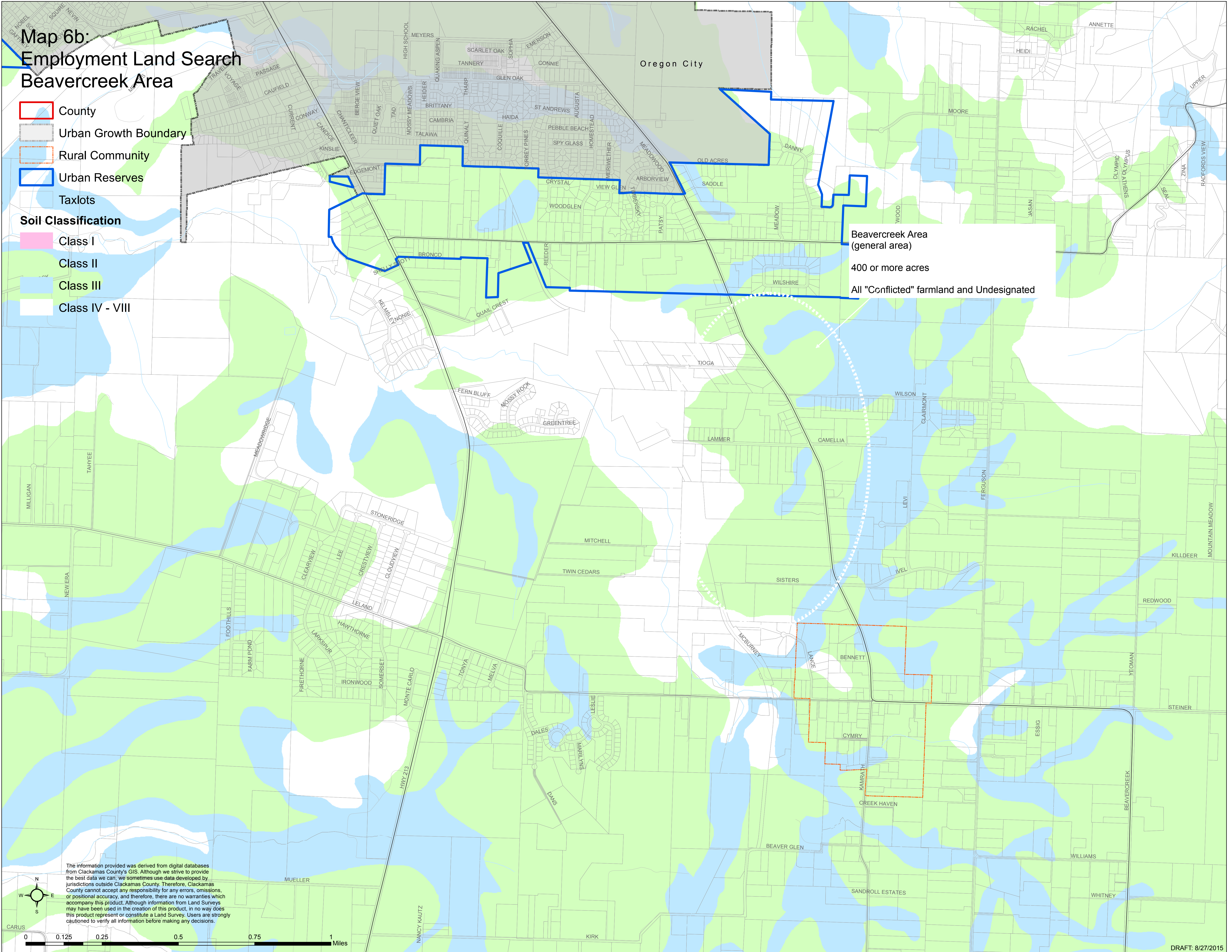
-  County
-  Urban Growth Boundary
-  Rural Community
-  Urban Reserves

Taxlots

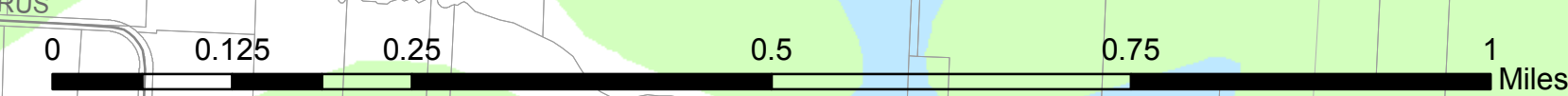
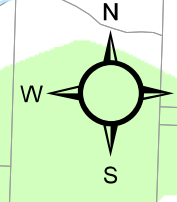
Soil Classification

-  Class I
-  Class II
-  Class III
-  Class IV - VIII

**Beavercreek Area
(general area)**
400 or more acres
All "Conflicted" farmland and Undesignated



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Map 7a: East of Canby Area




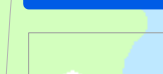

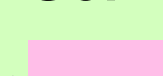


-  Urban Growth Boundary
-  Urban reserves
-  Rural reserves

East Canby Area
(general area)
400 or more acres
All "Foundation" farmland and Rural Reserve



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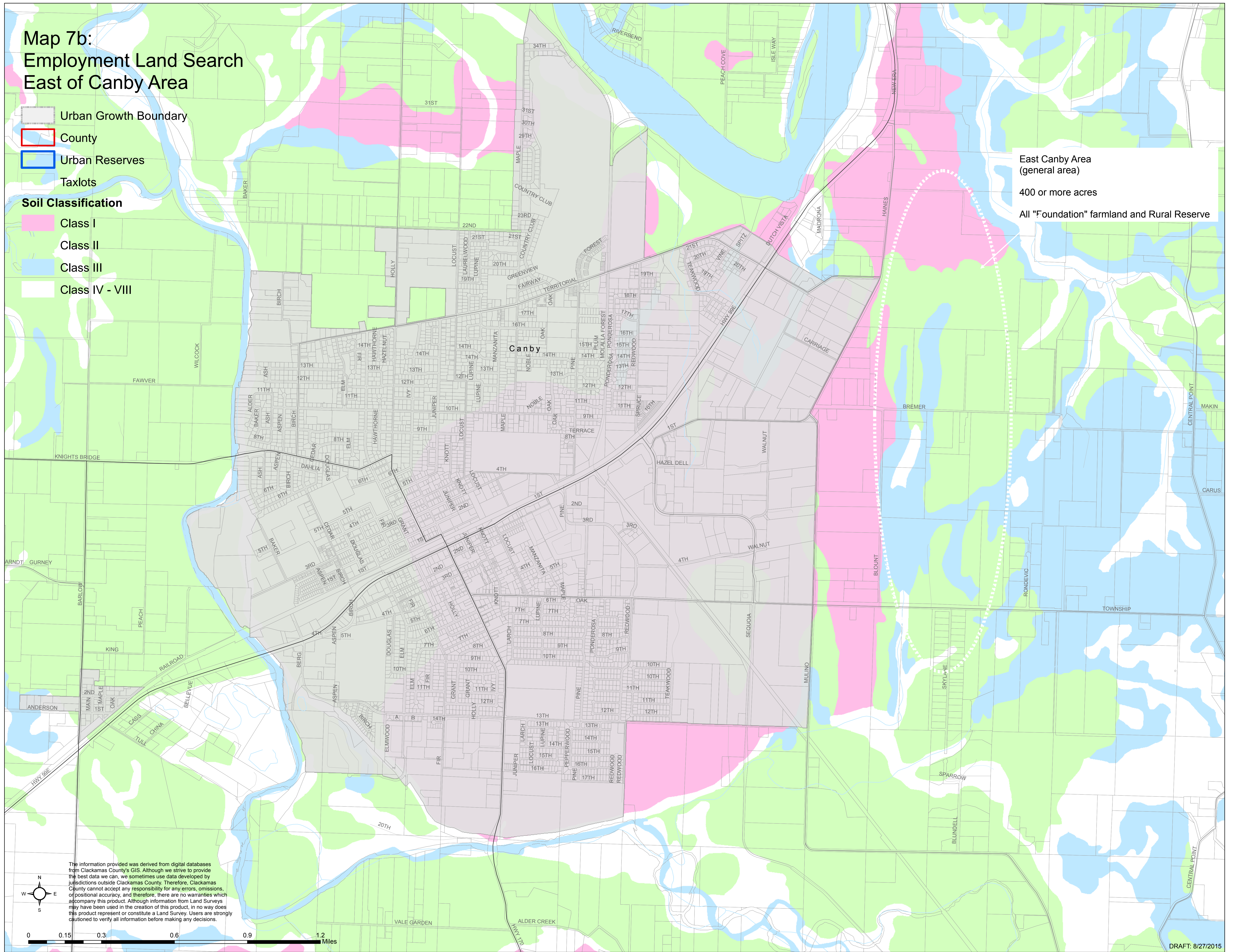
Map 7b: Employment Land Search East of Canby Area

-  Urban Growth Boundary
-  County
-  Urban Reserves
-  Taxlots
- Soil Classification**
-  Class I
-  Class II
-  Class III
-  Class IV - VIII

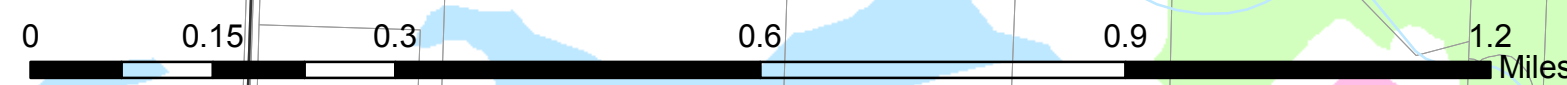
East Canby Area
(general area)

400 or more acres

All "Foundation" farmland and Rural Reserve



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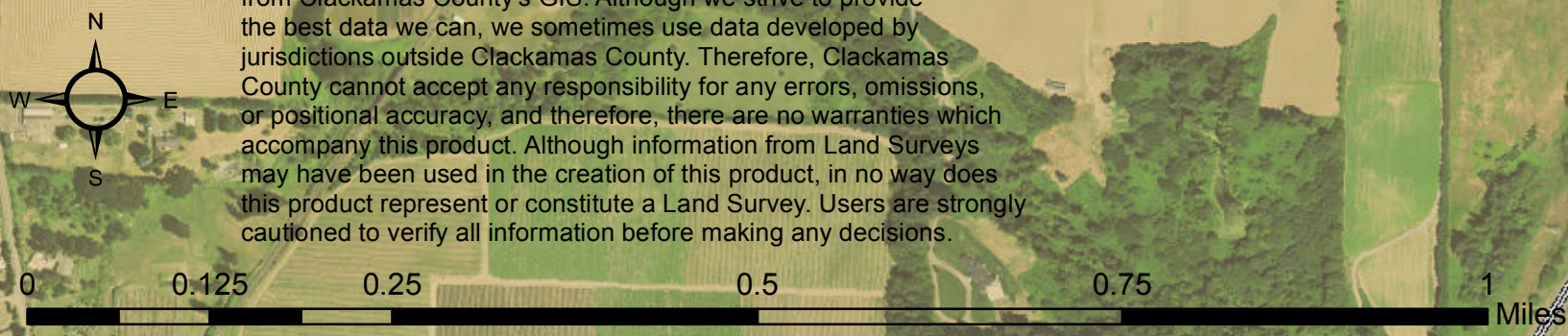


Map 8a: South of Wilsonville Area

-  Urban Growth Boundary
-  Urban reserves
-  Rural reserves
-  Marion County

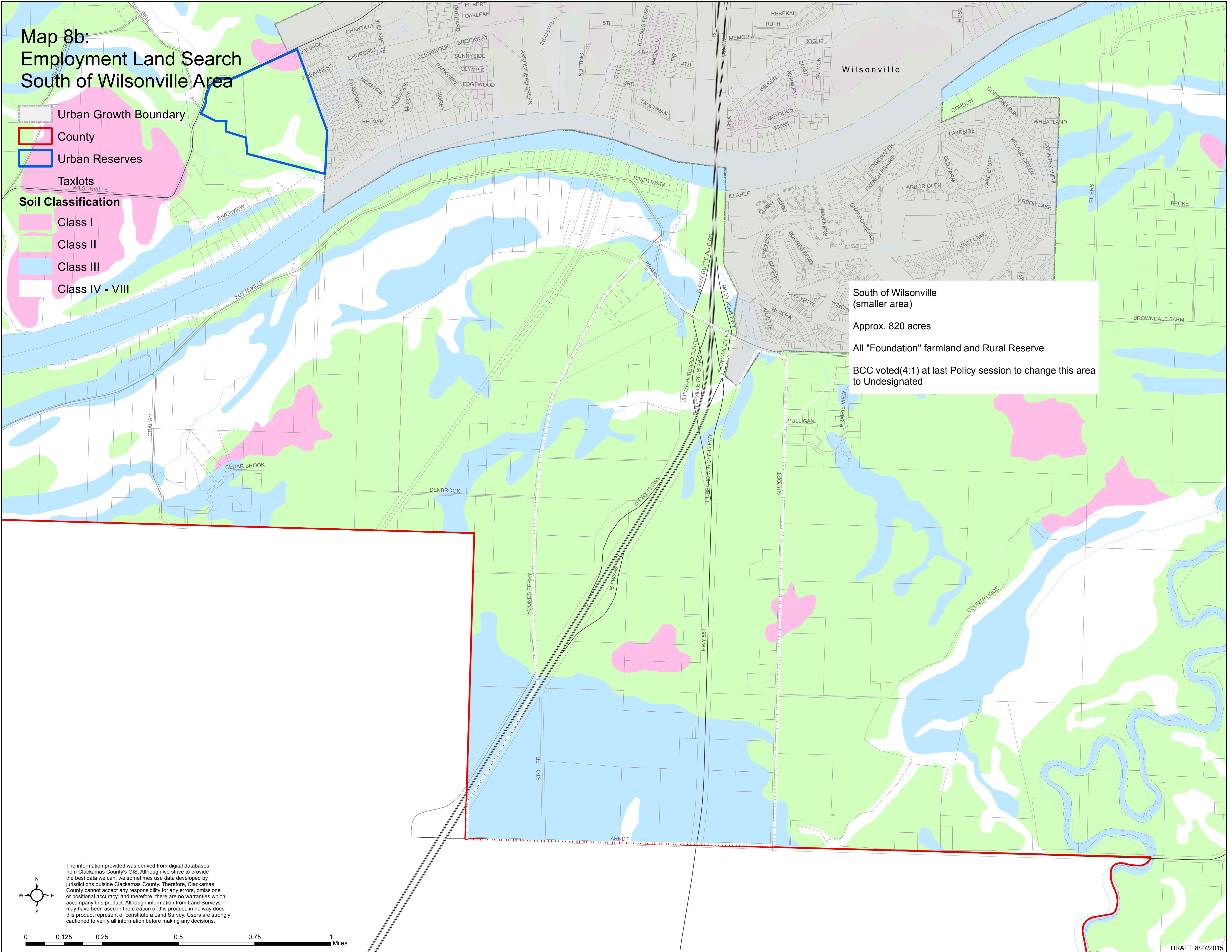
South of Wilsonville
(smaller area)
Approx. 820 acres
All "Foundation" farmland and Rural Reserve
BCC voted(4:1) at last Policy session to change this area
to Undesignated

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Map 8b: Employment Land Search South of Wilsonville Area

- Urban Growth Boundary
- County
- Urban Reserves
- Taxlots
- Soil Classification**
 - Class I
 - Class II
 - Class III
 - Class IV - VIII



South of Wilsonville
(smaller area)
Approx. 820 acres
All "Foundation" farmland and Rural Reserve
BCC voted(4:1) at last Policy session to change this area
to Undesignated

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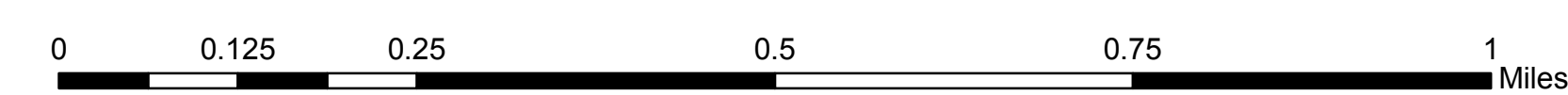


Table 3: Summary of Analysis of Potential Employment Land Areas – Additional Areas for Consideration Sept. 8 BCC Policy Session

Maps	Area	Acreage	Urban/Rural Reserves & Farmland Classifications	Other information														
4a & 4b	Damascus/Boring Urban Reserve (1D&1F)	Total gross acreage: ≈ 3,400 acres	All Urban Reserve <ul style="list-style-type: none"> • Foundation Farmland ≈ 1,320 acres • Conflicted Farmland ≈ 2,080 acres 	<p>This area is included at the request of the BCC for the purpose of discussing the Urban Reserve designation.</p> <p>Based on aerial photography:</p> <ul style="list-style-type: none"> • approximately 460 acres of the Foundation Farmland is actively being farmed – over half of which is included in one nursery operation (approx. 260 acres) • approximately 410 acres of the Foundation Farmland is located within the rural community of Boring and is mostly developed as rural residential or rural industrial/commercial • approximately 120 acres of the Foundation Farmland is a golf course <p>Soil Types:</p> <ul style="list-style-type: none"> • The Foundation Farmland portion contains mostly Class 2 (high-value) soils with some Class 4 soils near the Hwy 26/Compton Rd interchange. • The Conflicted Farmland portion contains mostly Class 4 and higher (low-value) soils on the buttes in the western portion of the area and mostly Class 2 and 3 (high-value) soils on the flatter portion between the buttes and the Foundation Farmland portion. <p>Ownership/parcel distribution: The total area (Reserve 1D & 1F) contains approximately 1,260 taxlots, owned by approximately 980 taxpayers/owners. Ownership is distributed as follows (“acreage owned” may include multiple, contiguous parcels and does not contain publicly-owned parcels):</p> <table border="1" data-bbox="1361 889 2529 1272"> <thead> <tr> <th rowspan="2">Acreage owned</th> <th colspan="2">Number of owners</th> </tr> <tr> <th>Conflicted Farmland</th> <th>Foundation Farmland</th> </tr> </thead> <tbody> <tr> <td>>100 acres</td> <td>1 Appears to be a farm</td> <td>2 Includes the golf course and one large nursery operation (approx. 260 ac.)</td> </tr> <tr> <td>50-100 acres</td> <td>0</td> <td>4 Includes three farms and one property owner with a large amount of industrial land in Boring</td> </tr> <tr> <td>25-50 acres</td> <td>7</td> <td>2 Both appear to be farms</td> </tr> </tbody> </table> <p>An additional 29 owners control 10-25 acres each; with the remaining 935 owners controlling parcels/tracts of less than 10 acres (or are under public ownership).</p>	Acreage owned	Number of owners		Conflicted Farmland	Foundation Farmland	>100 acres	1 Appears to be a farm	2 Includes the golf course and one large nursery operation (approx. 260 ac.)	50-100 acres	0	4 Includes three farms and one property owner with a large amount of industrial land in Boring	25-50 acres	7	2 Both appear to be farms
Acreage owned	Number of owners																	
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25-50 acres	7	2 Both appear to be farms																
5a & 5b	Close-in Springwater Corridor Area * note: this is a smaller area than previously discussed and include property from (roughly) the Carver Bridge to the sharp turn in Springwater Rd just before S Bakers Ferry Rd.	Total net** acreage: ≈ 425 acres	All Rural Reserve All Important Farmland	<p>This area has fairly substantial transportation constraint in that the only way over the Clackamas River from the existing urban area is the Carver Bridge, which cannot accommodate large trucks.</p> <p>Soil Types: Area contains mostly Class 2 (high-value) soils with some Class 3 & 4 soils interspersed.</p> <p>Ownership/parcel distribution: The general area contains approximately 47 taxlots, owned by approximately 30 taxpayers/owners. One owner controls over half the acreage in this area (> 260 acres). Four owners control between 20 and 27 acres, including one public utility. The remaining owners have smaller parcels.</p>														

** Net of constraints previously identified (steep slope, floodplain, floodway, stream buffers)

Table 3: Summary of Analysis of Potential Employment Land Areas – Additional Areas for Consideration Sept. 8 BCC Policy Session

Maps	Area	Acreage	Urban/Rural Reserves & Farmland Classifications	Other information
6a & 6b	Beavercreek Area	Total net** acreage: ≈ 400 acres or more	All Undesignated All Conflicted Farmland	Includes lands south of the Urban Reserve that ends at or near Henrici Rd, toward the Hamlet of Beavercreek. Given the current difficulties Oregon City has with getting any large areas annexed because of voter-approved annexation, it is fairly unlikely that this area would be ready for development within the 20-year timeframe. Soil Types: Area contains mostly Class 2 (high-value) soils along Beavercreek Road with Class 3 to the east and Class 4-8 (low value) soils to the west. Ownership/parcel distribution: Area is fairly parcelized. Depending on how much of this area is analyzed, a few larger parcels can be found with 1 parcel over 50 acres and three between 25 and 50 acres along the corridor. There are no apparent owners with tracts that could net larger acreage if combined.
7a & 7b	East of Canby	Total net** acreage: ≈ 400 acres or more	All Rural Reserve All Foundation Farmland	City staff has indicated they might support approximately 400 acres in the Rural Reserve becoming Undesignated. That acreage could be found in fewer than 10 different ownerships, including two owners who control more than 100 each in this area. Soil Types: <ul style="list-style-type: none"> • The Undesignated area between the Canby UGB and the Rural Reserve is Class 1 (high-value) soils • The area in the Rural Reserve immediately to the east of the Undesignated area, however, is primarily Class 2 and 3 soils.
8a & 8b	South of Wilsonville	Total net** acreage: ≈ 820 acres	All Rural Reserve All Foundation Farmland	This includes the narrow area along the I-5 corridor - bound specifically by Miley Rd, Boones Ferry Rd, Marion County, and Airport Rd - that the BCC voted (4:1) to change to Undesignated. Soil Types: Area contains mostly High Value Farmland (Class 2 and some Class 3 soils, and a small amount of Class 1 soils) Ownership/parcel distribution: Area contains 25 different ownerships (including owners of individual parcels as well as tracts). Two owners control over 150 acres each. ODOT controls over 80 acres in this area. Based on aerial photography, as much as half of this area is actively being farmed.

** Net of constraints previously identified (steep slope, floodplain, floodway, stream buffers)

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Study Session Worksheet

Presentation Date: August 17, 2015 **Approx Start Time:** 10:00am **Approx Length:** 2 hours

Presentation Title: Employment Land Need Decision.

Department: Admin, Planning

Presenters: Dan Chandler, Martha Fritzie
Kirstin Greene, Cogan Owens, Facilitator

Other Invitees: Barb Cartmill, Gary Schmidt, Gary Barth

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

This policy session is the fourth step in a 4-step process to assist the Board of Commissioners in addressing the following issues related to its 20-year need for employment land:

- Can Clackamas County meet its 20 year need for non-retail employment land within the current configuration of urban rural reserves?
- Other than negotiations regarding the Stafford area, should Clackamas County advocate for changes in the current configuration of urban and rural reserves, and if so, what changes?
- If the County is to consider a legislative ask to meet its 20-year land needs, what areas should be considered, and how should they be designated?

EXECUTIVE SUMMARY:

County Goal

Last September, the Board of County Commissioners adopted the following strategic goal as part of Performance Clackamas:

- **By 2020, Clackamas County will have and maintain a 20-year supply of serviceable non-retail employment land in the urban growth boundary.**

Context – Metro and the Urban Growth Boundary.

Under State law, Metro has exclusive authority over the Urban Growth Boundary (UGB) in the Metro area. Metro is required to evaluate the UGB every 6 years to assure that there is adequate land to provide a 20-year supply of land for housing. While not

required by statute, Metro also evaluates the need to provide a 20-year supply of employment land on the same schedule.

Metro prepares a 20-year forecast of population and employment growth for the region and, if necessary, adjusts the boundary to meet the forecasted need. The forecast is called the Urban Growth Report, or UGR. Metro calls these decisions Growth Management Decisions. Metro is currently in the process of making a Growth Management Decision.

Metro looks at land need on a regional basis and, since a 2005 court case, cannot consider a sub-regional need without first considering the regional context. For example, if there is adequate land in Forest Grove, Metro might not be able to expand the boundary to meet a local need for a city like Wilsonville.

Nonetheless, it is important for Clackamas County to maintain an adequate supply of employment land for a number of reasons. First, we need to maintain a balance of jobs and housing, so that fewer county residents are overburdening the transportation system traveling to jobs elsewhere. Second, the County needs to continue to increase assessed value, so we can provide for public safety and care for our vulnerable citizens. Third, an adequate land supply is a key element in providing jobs, the benefits of which are too numerous to mention.

Land Need Studies:

To evaluate the county's 20-year land need, the County commissioned a study by Johnson Economic and Mackenzie entitled "Non-Retail Land Demand Forecast" (hereinafter "Johnson Study"). The study concluded that because the current Urban Growth Report overestimated the amount of suitable land in Damascus, the County was significantly short in having a 20 employment land supply.¹ Following on the study, County staff met with City staff and evaluated the actual plans in Damascus. Based on this information, the Board of County Commissioners concluded that the County's overall shortage of non-retail employment land was in the 1100 acre range. At a subsequent study session, the Commission confirmed that County needs land for a wide range of non-retail employment uses.

Current Configuration of Urban and Rural Reserves.

There are two key questions at issue with respect to the potential location of our land supply. First, there has been some question whether it would be possible to even meet our 20-year employment land need within the current configuration of Urban and Rural reserves.

There are also questions whether the reserves configuration will realistically provide a 50 year land supply for the region. For example, can we still assume that the 4200 acres of Urban Reserves in the Boring area will provide a long term land supply, given

¹ Although the Johnson Study has been criticized for using "aspirational" growth projections, the study actually concluded that the acreage necessary to meet the County's employment land need was not significantly different than what was forecast in the Urban Growth Report. The chief difference lay in the calculation of land *supply*.

that the City of Damascus may disincorporate, and in any event is unlikely to develop to the edge of the existing UGB within the next 20 years?

Attachment A is a table describing each potential area. Attachments B, C and D are maps showing the potential locations and summarizing the available land area. There are several things worth noting about the maps:

- The maps are not property-specific, and show a general area and potential amount of land.
- The planning and ultimate development of those areas will be controlled by adjacent or nearby cities.
- It is possible to accommodate a reasonable 20-year growth projection within the existing configuration of reserves.
- However, looking at the configuration of Urban Reserves, there is some question whether there would be a reasonable 50-year supply available for the County, and the region.

Changes to Reserves

Any changes to the Urban and Rural reserves would necessitate a lengthy and involved process, and would involve at least the following:

1. A revised intergovernmental agreement between Metro and Clackamas County.
2. A new joint county/metro public process.²
3. Reconsideration and re-application of the Urban and Rural Reserves factors by the County and Metro.
4. Consultation and coordination with Multnomah and Washington Counties.
5. For new urban reserves, coordination “with cities, specials districts and school districts that might be expected to provide urban services . . .” OAR 660-027-0040(8)
4. A new joint submittal to the Land Conservation and Development Commission.
5. Potential appeals to the Court of Appeals.

²“In the development of an intergovernmental agreement described in this division, Metro and a county shall follow a coordinated citizen involvement process that provides for broad public notice and opportunities for public comment . . .” OAR 660-027-0030(2)

FINANCIAL IMPLICATIONS (current year and ongoing):

LEGAL/POLICY REQUIREMENTS:

There have been several comments criticizing the County for even evaluating its land supply need independently from the regional need. It is true that Metro is not legally required to meet land needs at a sub-regional level. (Interestingly, cities making the same assertion with regard to a housing need don't receive the same criticism.) However, the current exercise is not aimed at the current UGB decision, it is designed to allow the County to determine whether it is possible to meet a 20-year land need with the current configuration of reserves in the County.

PUBLIC/GOVERNMENTAL PARTICIPATION:

County and City Staff and elected officials have discussed city aspirations for the UGB several times since late 2013, and, other than Wilsonville, City officials have not expressed any interest in UGB amendments for 2015.

On July 17th, the County sent a letter to all of the City planning directors asking whether their cities had any desire to change the reserves configuration. The Cities of Lake Oswego, Canby and Wilsonville responded. Copies of the letters are attached. In addition County staff has discussed specific land areas with staff from Canby, Happy Valley and Wilsonville.

The City of Wilsonville is on record opposing any changes to the reserves designations south of the Willamette River in the French Prairie area.

OPTIONS AND RECOMMENDATIONS:

There is a range of options available for meeting the employment land need, from land in existing reserves, increasing jobs density in the UGB, to changes between Rural Reserves and Urban Reserves or undesignated land.

Potential Land Supply with no changes to reserves

Potential changes to reserves

Existing Urban Reserves		Inside the UGB		Existing Satellite Areas		Satellite Area Changes		Changes to Metro Reserves	
<u>Borland Road</u>	260 ac.	<u>Damascus</u>	400 ac.	<u>East of Canby*</u> (Currently UND)	400 ac.	<u>East of Canby*</u> (Rural to UND)	400 ac.	<u>French Prairie</u> (Rural to Urban)	1800 ac.
<u>Oregon City</u>	70 ac.	<u>North Milwaukie</u>	300 ac.			<u>Springwater Rd.</u> (Rural to UND)	1500 ac.	<u>Beavercreek</u> (Rural to Urban)	400 ac.
<u>NW Wilsonville</u>	125 ac.								
TOTALS BY CATEGORY	455 ac.		700 ac.		400 ac.		1900 ac.		2200 ac.

* * The areas described as "East of Canby" would not meet the County's goal as currently described, which seeks a land supply within the Metro UGB. However, given the proximity to the UGB, large parcels and flat topography, staff felt they were worth including for purposes of discussion. There are 400 acres adjacent to city limits which is currently undesignated, an area which could easily be doubled in size. Because Canby is outside of Metro, the City can expand its Urban Growth Boundary under the standard priority scheme, so long as the land is not designated as a rural reserve.

Options


There are too many variables to create a simple set of options. However, they generally fall into a few categories:

1. Work to meet our 20-year land supply need within the existing configuration of urban and rural reserves. (Other than what may be negotiated in the Stafford mediation.)
2. Seek to add some potential employment land by modifying rural reserves in nearby satellite areas like Canby.
3. Seek to modify rural reserves south of Wilsonville, or around Springwater Road, to either urban reserve or undesignated, potentially in conjunction with eliminating a similar amount of urban reserves on foundation farmland in the Boring area.
4. Agree to the current configuration of reserves on remand, and advocate for legislative solutions to city, county and regional land needs.

ATTACHMENTS:

- a. Table from Martha Fritzie describing potential employment land areas.
- b. Map of potential employment land areas
- c. Map of potential employment land areas
- d. Map of potential employment land areas
- e. Additional information requested by commissioners.
- f. Responses from City planning directors.

SUBMITTED BY:

Division Director/Head Approval _____
Department Director/Head Approval  _____
County Administrator Approval _____

For information on this issue or copies of attachments, please contact Dan Chandler @ 503-742-5394

Fiscal Impact Form

RESOURCES:

Is this item in your current work plan and budget?

YES

NO

START-UP EXPENSES AND STAFFING (if applicable):

ONGOING OPERATING EXPENSES/SAVINGS AND STAFFING (if applicable):

ANTICIPATED RESULTS:

N/A

COSTS & BENEFITS:

Costs:							
	Item	Hours	Start-up Capital	Other Start-up	Annual Operations	Annual Capital	TOTAL
Total Start-up Costs							
Ongoing Annual Costs							
Benefits/Savings:							
	Item	Hours	Start-up Capital	Other Start-up	Annual Operations	Annual Capital	TOTAL
Total Start-up Benefit/Savings							
Ongoing Annual Benefit/Savings							

Table 2: Summary of Analysis of Potential Employment Land Areas

Subarea	Unconstrained Acres (Approx.)*	Large Parcels (> 25 acres)	Type of Employment Land/ Target Development Types	Comments
1. Options inside the UGB, requiring a change in development assumptions and policy direction				
(A) North Milwaukie	≈300 (equiv.)	N/a	Industrial Business park/light industrial/commercial	Intensification of employment in the underutilized N. Milwaukie industrial area is expected to result in a net increase in employment density for this 200-acre employment area. Although the study has not yet been completed, the increase is conservatively assumed to be approximately 3,600 new jobs, which translates to the equivalent of 300 acres of land (using the same assumptions as found in the Johnson report for converting employees to acres). The County providing support to Milwaukie for the implementation of strategies that come out of the study could effectively reduce the need for the 1,100 acres.
(B) Damascus (Happy Valley)	≈350 acres in northwest corner	1 parcel > 50 acres A few parcels between 20 and 25 acres	Industrial Business park/light industrial/commercial <ul style="list-style-type: none"> • Business/office parks • R&D • Corporate headquarters • Medical office 	Given the current working assumption that the city of Damascus will not be in existence as it is today and the city of Happy Valley will likely plan, zone and serve much of the western portion of Damascus, there is potential for the County to advocate for Happy Valley to provide more employment land within this area that is currently being assumed to be available. The northwest area is designated of residential development on the draft Damascus plans that are being considered for analysis purposes and a portion of the mixed use “village” area on that plan. However, this area is identified on Metro’s Title 4 (Industrial and Other Employment Areas) maps as an “industrial area” and is adjacent to a planned employment area in Happy Valley and some of this land has recently annexed into Happy Valley. Potential uses in northwest area are based on zone planned for adjacent properties in East Happy Valley Plan area.
	≈40 acres in southwest area along Hwy 224	Primarily smaller parcels of less than 20 acres	<ul style="list-style-type: none"> • General industrial 	The southwest area along Hwy 224 currently contains some rural industrial land/businesses but was planned for residential development on draft Damascus plans. At least one property owner in this area is interested in and has proposed development for this area that includes additional employment land.
2. Options in existing Urban Reserves (or Undesignated area), not requiring a change to the Urban/Rural Reserves map				
(C) Stafford/Borland Urban Reserve	≈260 acres in Urban Reserve	1 parcel > 25 acres Other large parcels are committed to other development (i.e. school, church)	Commercial Class A office/light industrial campus <ul style="list-style-type: none"> • Office • High tech/R&D • Retail 	Buildable acreage and potential uses are based on previous studies completed by consultants from 2001 to 2015 and includes land north of I-205 and south of the Tualatin River and east of existing UGB (Tualatin). This area is part of a larger Urban Reserve but in generally understood to be the only area appropriate for development into an employment center within the Stafford triangle.
(D) S/E of Oregon City Urban Reserve	≈ 60-70 acres in Urban Reserve	These areas contain primarily smaller parcels of less than 10 acres.	Industrial/commercial <ul style="list-style-type: none"> • Campus industrial, high tech • Commercial 	Area adjacent to Beaver Creek Concept Plan area, which plans for a mix of industrial/ commercial and mixed use housing areas. The Urban Reserve areas closest to the planned employment areas were included in this analysis. Potential uses are based on those found in the Beaver Creek Concept Plan.
(E) NW of Wilsonville Urban Reserve	≈125 acres in Urban Reserve	- 1 parcels > 50 acres - 2 parcels > 25 acres	Industrial/commercial Campus industrial/office commercial	The city of Wilsonville has looked at this area as either an extension of the Coffee Creek employment area (to the north and east of this Urban Reserve) or as an extension of the Villebios residential community (to the south). Given the need for more employment land in the county, advocating for this area to be commercial/industrial rather than residential may be prudent.




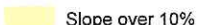





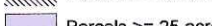
*With the exception of the Stafford/Borland area, acreage is net of regulated floodplain and floodway areas; slopes over 25%; and stream buffers but does not account for existing development.

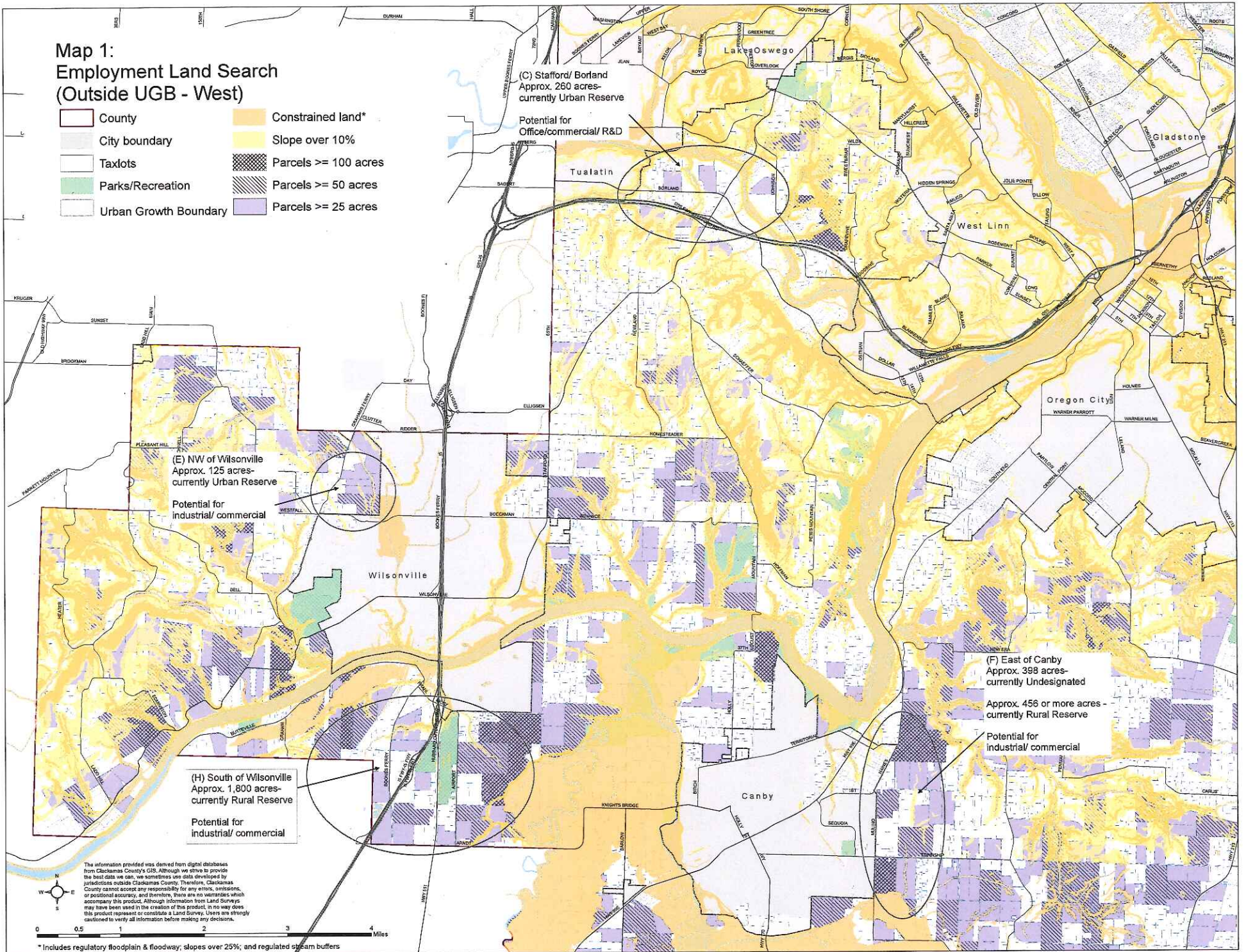
Table 2: Summary of Analysis of Potential Employment Land Areas

Subarea	Unconstrained Acres (Approx.)*	Large Parcels (> 25 acres)	Type of Employment Land/ Target Development Types	Comments
3. Satellite area, may require a change to the Urban/Rural Reserves map (Rural to Undesignated)				
(F) East of Canby	<p>≈ 398 acres Undesignated</p> <p>≈ 456 or more acres in Rural Reserve</p>	<p>- 3 parcels > 50 acres</p> <p>- 2 parcels > 25 acres</p> <p>Rural reserve:</p> <p>- 1 parcel > 100 acres</p> <p>- 1 parcel > 50 acres</p> <p>- 4 parcels > 25 acres</p>	Industrial	<p>Approximately 398 unconstrained acres to the east and southeast of Canby's existing UGB are Undesignated.</p> <p>Changing some of the immediately adjacent Rural Reserve to Undesignated for future employment land in Canby could add approximately 450 or more unconstrained acres.</p> <p>Changing designation would require an amendment to the county's Comprehensive Plan and the regional Reserves designations and findings.</p> <p>Conversations with city staff indicate that the city supports the decision to undesignated around 400 additional acres to provide for future employment lands. Unsure of likelihood of appeal by other parties.</p>
(G) Springwater Rd area	≈ 1,500 acres in Rural Reserve	<p>- 6 parcels > 50 acres</p> <p>- 14 parcels > 25 acres</p>	Industrial /commercial	<p>A fairly isolated area with approx. 1,500 acres of "unconstrained" land within the Rural Reserve in this area; more acreage farther out Springwater Rd. Metro owns at least 150 acres in within this area and several hundred acres adjacent to it.</p> <p>This area has fairly substantial transportation constraint in that the only way over the Clackamas River from the existing urban area is the Carver Bridge, which cannot accommodate large trucks.</p> <p>No nearby city to serve, not likely to be able to be served within the 20-year timeframe given expected timing of service provision in E Happy Valley/ Damascus area and need to cross river.</p> <p>Changing designation would require an amendment to the county's Comprehensive Plan and the regional Reserves designations and findings. Unsure of likelihood of appeal by other parties.</p> <p>Farming considerations:</p> <ul style="list-style-type: none"> - Area is listed as "Important" farmland on region's "Agriculture Land Inventory and Analysis" map - Area contains mostly High Value Farmland (Class 2 and some Class 3 soils) - Based on aerial photography, as much as 850 acres of this area is actively being farmed.
4. Options in Rural Reserves, requires a change to the Urban/Rural Reserves map (Rural or Undesignated to Urban Reserve)				
(H) South of Wilsonville	<p>≈1,800 acres in Rural Reserve</p> <p>Alternative: Narrower swath along the I-5 corridor, west of Airport Rd., east of Boones Ferry (roughly) ≈620 acres in Rural Reserve</p>	<p>- 3 parcels > 100 acres</p> <p>- 7 parcels > 50 acres</p> <p>- 10 parcels > 25 acres</p> <p>Alternative: - 1 parcels > 100 acres</p> <p>- 2 parcels > 50 acres</p> <p>- 5 parcels > 25 acres</p>	Industrial /commercial	<p>Currently all 1,800 acres are in an area approved as a Rural Reserve and would require an amendment to the county's Comprehensive Plan and the regional Reserves designations and findings. Approximately 163 acres contain a golf course.</p> <p>Unwilling city and many farm-related interests and/or agencies have been vocally against including this area in any urban plans. Very high probability of new appeals if this area were re-designated as something besides Rural Reserve.</p> <p>Farming considerations:</p> <ul style="list-style-type: none"> - Area is listed as "Foundation" farmland on the region's "Agriculture Land Inventory and Analysis" map - Area contains mostly High Value Farmland (Class 2 and some Class 3 soils, and a small amount of Class 1 soils) - Based on aerial photography, as much as: <ul style="list-style-type: none"> - 1,040 acres of the larger area is actively being farmed; and - 330 acres of the smaller area is actively being farmed
(I) Southeast of Oregon City, toward the Beavercreek Hamlet	≈ 440 or more acres in Undesignated area	<p>Undesignated area:</p> <p>- 1 parcel > 50 acres</p> <p>- 3 parcels > 25 acres</p>	Industrial /commercial	<p>Includes lands south of the Urban Reserve that ends at or near Henrici Rd, toward the Hamlet of Beavercreek. Given the current difficulties Oregon City has with getting any large areas annexed because of voter-approved annexation, it is unlikely that this area would be ready for development within the 20-year timeframe. Area is likely to be appealed if re-designated.</p>

*With the exception of the Stafford/Borland area, acreage is net of regulated floodplain and floodway areas; slopes over 25%; and stream buffers but does not account for existing development.

Map 1: Employment Land Search (Outside UGB - West)

- | | |
|---|--|
|  County |  Constrained land* |
|  City boundary |  Slope over 10% |
|  Taxlots |  Parcels >= 100 acres |
|  Parks/Recreation |  Parcels >= 50 acres |
|  Urban Growth Boundary |  Parcels >= 25 acres |



(C) Stafford/ Borland
Approx. 260 acres-
currently Urban Reserve

Potential for
Office/commercial/ R&D

(E) NW of Wilsonville
Approx. 125 acres-
currently Urban Reserve

Potential for
industrial/ commercial

(H) South of Wilsonville
Approx. 1,800 acres-
currently Rural Reserve

Potential for
industrial/ commercial

(F) East of Canby
Approx. 398 acres-
currently Undesignated

Approx. 456 or more acres -
currently Rural Reserve

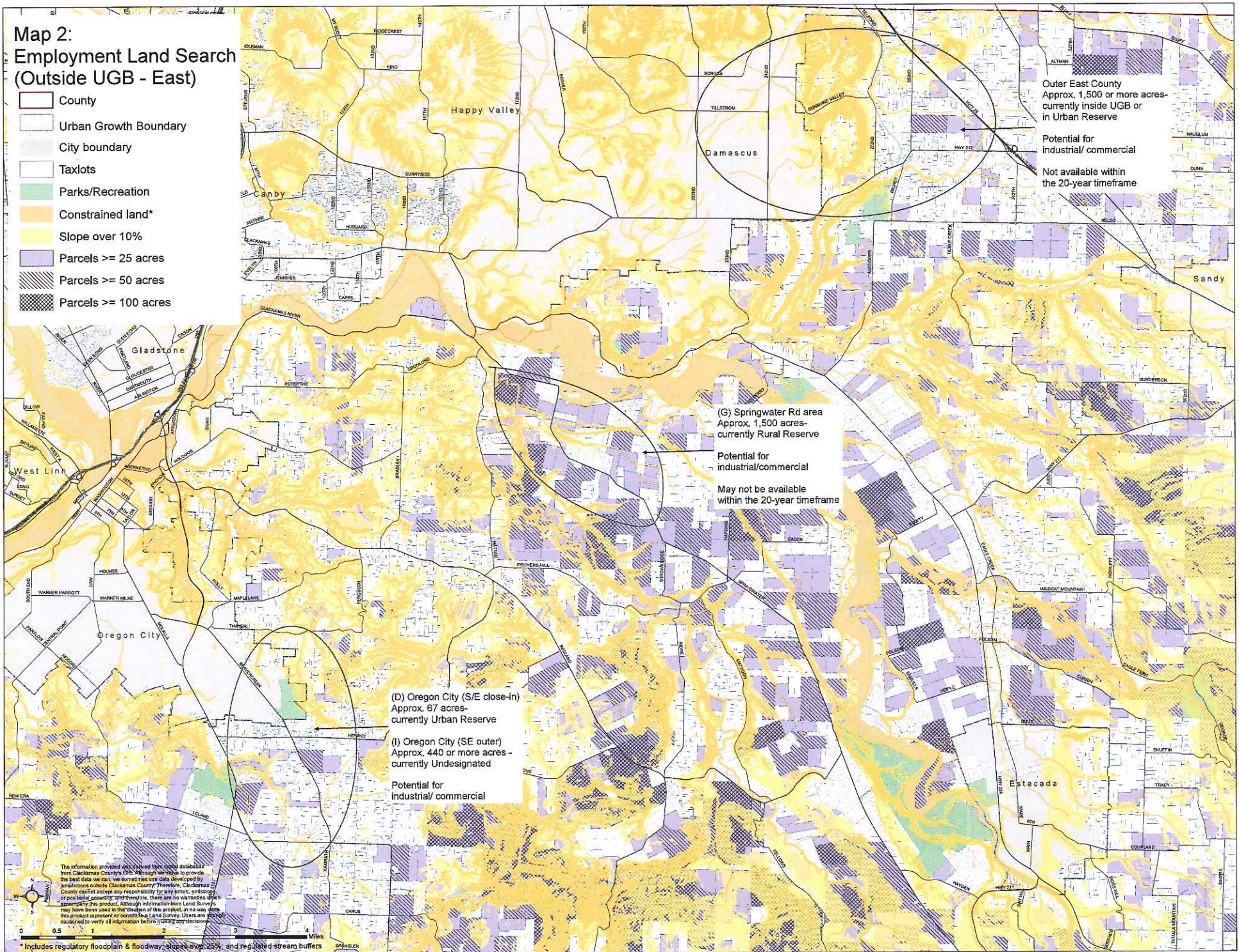
Potential for
industrial/ commercial

The information provided was derived from digital databases from Clackamas County's GIS. Although we strive to provide the best data we can, we sometimes use data developed by jurisdictions outside Clackamas County. Therefore, Clackamas County cannot accept any responsibility for any errors, omissions, or positional accuracy, and therefore, there are no warranties which accompany this product. Although information from Land Surveys may have been used in the creation of this product, in no way does this product represent or constitute a Land Survey. Users are strongly cautioned to verify all information before making any decisions.

0 0.5 1 2 3 4 Miles
* Includes regulatory floodplain & floodway; slopes over 25%; and regulated stream buffers

Map 2: Employment Land Search (Outside UGB - East)

- County
- Urban Growth Boundary
- City boundary
- Taxlots
- Parks/Recreation
- Constrained land*
- Slope over 10%
- Parcels >= 25 acres
- Parcels >= 50 acres
- Parcels >= 100 acres



Outer East County
Approx. 1,500 or more acres
currently inside UGB or
in Urban Reserve

Potential for
industrial/commercial

Not available within
the 20-year timeframe

(G) Springwater Rd area
Approx. 1,500 acres-
currently Rural Reserve

Potential for
industrial/commercial

May not be available
within the 20-year timeframe

(D) Oregon City (S/E close-in)
Approx. 67 acres-
currently Urban Reserve

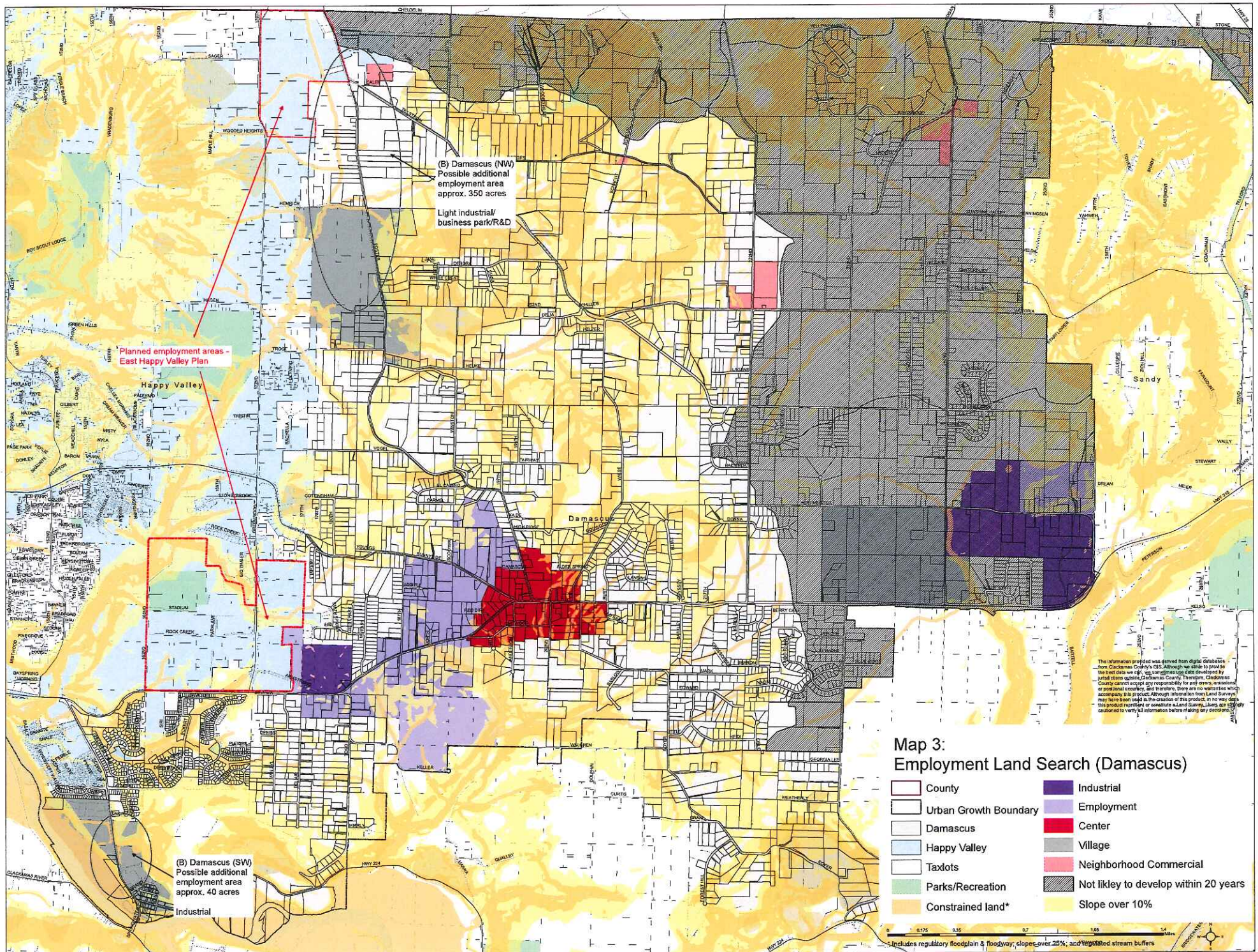
(I) Oregon City (SE outer)
Approx. 440 or more acres -
currently Undesignated

Potential for
industrial/ commercial

The information provided was derived from either databases from Clatsop County or from other databases to provide the best data we can. We sometimes use data developed by jurisdictions outside Clatsop County. Therefore, Clatsop County cannot accept any responsibility for any errors, omissions, or potential liability, and therefore, there are no warranties expressed or implied. Although information from Land Surveys may have been used in the creation of this product, in no way does this product represent or constitute a Land Survey. Users are strongly cautioned to verify all information before making any decision.

0 0.5 1 2 3 4 Miles

* Includes regulatory floodplain & floodway, slopes over 25%, and regulated stream buffers



Additional information and questions from meetings with individual commissioners:

1. Questions regarding whether certain properties within the UGB were counted in the analysis:
 - Mentor Graphics site in Wilsonville – **yes**. This property was included in the Metro URG inventory.
 - Lowell Patton’s properties in southeast Damascus – **no**. These properties were considered for residential development in the 2013 draft Damascus zoning. Much of the area included and surrounding his properties is steep. There are approximately 40 acres of land adjacent to Hwy 224 that may be suitable for employment land and also included in Metro’s Title 4 map.

2. Acreage in smaller French Prairie area, south of Wilsonville – along I-5 corridor, bound (roughly by Airport Rd (east), Boones Ferry Rd (west)): **≈ 630 acres**

3. How much land in the areas identified in the various reserve areas is actively being farmed (rough estimates based on aerial photography):
 - French Prairie Rural Reserve (approx. 1,800 total acres identified): **≈ 1,040 acres**
 - French Prairie Rural Reserve – narrow (approx. 630 total acres identified): **≈ 330 acres**
 - East of Canby Rural Reserve portion (approx. 850 total acres identified): **≈ 456 acres**
 - Springwater Corridor Rural Reserve portion (approx. 1,500 total acres): **≈ 850 acres**

4. Other considerations within the Springwater Corridor area:
 - Predominant soil types: **Class 2**, then Class 3, then Class 4-8. Note: Class 2 & 3 are “high value” farmland
 - Metro ownership: **150 acres** in area analyzed, several hundred acres adjacent to and immediately west of the area

5. Percentage of Urban Reserves that must be used before Metro and can consider “Undesignated” areas: **75%** of the **County’s** Urban Reserves

6. Rules that preclude changes to reserves, once acknowledged:

SB 1011 (2007): Land designated as rural reserve may not be designated as an urban reserve or included within an urban growth boundary during the urban reserve planning period. SB 1011 Section 3, subsection 2.

HB 4078 (2014): “Land in a county in Metro that is planned and zoned for farm, forest or mixed farm and forest use and that is not designated as urban reserve may not be included within the urban growth boundary of Metro before at least 75 percent of the land in the county that was designated urban reserve in this section has been included within the urban growth boundary and planned and zoned for urban uses.”

August 10, 2015



29799 SW Town Center Loop E
Wilsonville, Oregon 97070
(503) 682-1011
(503) 682-1015 Fax Administration
(503) 682-7025 Fax Community Development

Mr. Dan Chandler, Strategic Policy Administrator
Clackamas County
2051 Kaen Road
Oregon City, Oregon 97045

Dear Mr. Chandler,

In response to your request to comment on your July 16, 2015, memorandum titled *Potential Changes of Urban and Rural Reserve Maps*, the City of Wilsonville stands behind the region's significant prior work and does not request any modifications to the urban and rural reserves designations. The thousands of hours of citizen involvement spent thoughtfully providing testimony and input into the establishment of urban and rural reserves in this part of the region deserve to be codified. Modifications to the reserves designations at this time will only further delay the important work that is needed to plan and ultimately begin to develop urban reserves.

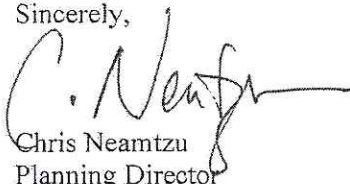
The sooner the appeals surrounding reserves can be resolved, the sooner the region can begin to plan for its future. As you are aware, without acknowledged reserves, the region cannot add land to the Urban Growth Boundary in Clackamas County. This will undoubtedly result in sub-regional stagnation as communities run out of land and are unable to work collaboratively with the region to expand their boundaries and grow into urban reserves. In addition, to attempt to open up the reserves process to adjustments beyond the remand at this point in time will surely only result in additional litigation that will be costly to the tax payers and delay the region from being able to realize a positive economic future.

As you are also aware, as one of the county's fastest growing cities producing the largest number of rapidly increasing high-wage jobs in the tech sector ("Clackamas County Economic Landscape: Emerging Trends Update, 2015 update"), Wilsonville is concept planning for the Advance Road Urban Reserve Area to accommodate residents seeking to live here. Without acknowledged reserves, the area is unable to be added to the UGB, further stymieing Clackamas County's growth.

Metro has stated a willingness to begin the next urban growth management cycle sooner than required by Oregon law, but not until urban and rural reserves have been acknowledged in all three counties in the region. It is Wilsonville's hope that the remand issues can be resolved by the end of 2015 and together as a region we can issue the next draft of the Urban Growth Report in the summer of 2017 with Metro Council consideration of the report by the end of 2017 with a growth management decision by the end of 2018. This timeframe, while not ideal from our point of view, is supported as it provides a critical path to the next opportunity for a growth management decision.

Please contact me if there are any questions.

Sincerely,



Chris Neamtzu
Planning Director



Chandler, Daniel

From: Bryan Brown [BrownB@ci.canby.or.us]
Sent: Tuesday, August 04, 2015 9:39 AM
To: Chandler, Daniel
Subject: RE: Letter regarding potential changes to Urban and Rural Reserves designations

Categories: Red Category

Daniel,

The week of August 17 would work best. Pretty open at this time. Let me know two possible dates and time you could stop by and we will make one work anytime that week! My understanding is that you wish to discuss the possibility of lessening the rural reserve designation by changing it to "undesigned" to the east of our current industrial park along Mulino Road. Expanding additional undesigned area about the same size as we currently secured would be worth consideration and would likely be supported by our community.

Bryan

Bryan Brown | Planning Director

City of Canby | Development Services

111 NW 2nd Avenue | PO Box 930

Canby, OR 97013

ph: 503-266-0702 | fax: 503-266-1574

email: brownb@ci.canby.or.us

www.canbydevelopment.com | www.ci.canby.or.us

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From: Chandler, Daniel [mailto:Dchandler@co.clackamas.or.us]
Sent: Wednesday, July 29, 2015 5:01 PM
To: Bryan Brown
Subject: RE: Letter regarding potential changes to Urban and Rural Reserves designations

Chandler, Daniel

From: Siegel, Scot [ssiegel@ci.oswego.or.us]
Sent: Wednesday, July 22, 2015 11:48 AM
To: Chandler, Daniel
Cc: arouyer@ci.tualatin.or.us; Kerr, Chris
Subject: RE: Letter regarding potential changes to Urban and Rural Reserves designations

Dan,

I discussed your request with our city manager. We are in agreement that the County may continue to refer to the three cities' joint statement on urban reserves, issued previously.

Thank you for the opportunity comment.

Scot

Scot Siegel

Planning & Building Services Director

City of Lake Oswego

PO Box 369

Lake Oswego, OR 97034

tel: 503.699.7474



From: Chandler, Daniel [mailto:Dchandler@co.clackamas.or.us]

Sent: Thursday, July 16, 2015 4:34 PM

To: ahurd-ravich@ci.tualatin.or.us; arouyer@ci.tualatin.or.us; belliot@cityofestacada.org; boyce@ci.gladstone.or.us; Bryan Brown (brownb@ci.canby.or.us); Chris Neamtzu (neamtzu@ci.wilsonville.or.us); Denny Egner; Gene Green, City of Damascus; John Boyd; Dillinger, Barbara; michaelw@ci.happy-valley.or.us; Molalla City Manager (citymanager@molalla.net); Siegel, Scot; Tony Konkol (tkonkol@orcify.org); Tracy Brown (tbrown@cityofsandy.com)

Cc: McCallister, Mike

Subject: Letter regarding potential changes to Urban and Rural Reserves designations

Dear Planning Directors:

Please see the attached letter soliciting your city's input on potential changes to Metro Urban and Rural Reserves.

I know that many of your cities have already articulated firm positions on the issue.

Thanks.

Dan Chandler, J.D.
Strategic Policy Administrator
Clackamas County
503-742-5394

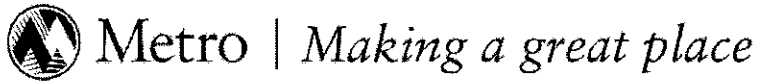
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METRO COUNCIL PRESIDENT TOM HUGHES

August 28, 2015

The Honorable John Ludlow, Chair
Clackamas County Board of Commissioners
2051 Kaen Road
Oregon City, OR 97045

Chair Ludlow,

Five months ago, I wrote to you on behalf of the Metro Council proposing that we begin a joint process to respond to the remand of our designation of urban reserves in Clackamas County. Specifically, I proposed in April that "Metro and Clackamas County work together as efficiently as possible to respond to the Court of Appeals' decision and finalize the urban reserve designations that the entire region spent so much time and effort developing."

In your July 15, 2015, letter responding to my proposal, you discuss several issues that you believe need to be resolved before the remand can be addressed. I am confident that all the issues concerning the designation of urban and rural reserves will arise in the course of public hearings on the remand. Therefore, I see no reason to delay any further. Local mayors, landowners and business organizations alike are urging us to resolve the remand. I believe it is time for us to get the job done.

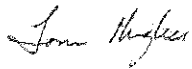
I have asked the Metro Council to begin holding hearings on the urban reserves remand on October 8, 2015, and to work toward enacting the necessary ordinances to fully address the remand by the end of the calendar year. I invite the Clackamas County Commission to join with us in that process, in joint hearings if you are willing. If not, we will move ahead with our process and propose a final ordinance for Clackamas County to consider. We are also currently working with Multnomah County to set dates this fall for a process to address the very narrow issues associated with the remand of Multnomah County's rural reserve designations.

Metro intends to fully participate in the facilitated dialogue that we have agreed to jointly fund with Clackamas County to attempt to resolve the concerns of cities in the Stafford area regarding future development there. However, we see no reason not to begin our work to respond to the remand while that dialogue is advancing.

Attachment "D"

The adoption of urban and rural reserves in 2011 represented a major innovation in how our region manages growth. Metro and Clackamas County now have the opportunity to work collaboratively to resolve the remand and take the final steps to bring this lengthy effort to a conclusion. I encourage you and the Clackamas County Commission to join us in working to satisfy the narrow urban reserves remand so we can move on to the challenging work of making the lands we have ready for new jobs and housing, as well as planning for growth as we expand into urban reserves over time.

Sincerely,



Tom Hughes

Metro Council President

CC: Clackamas County Board of Commissioners

Metro Council

Don Krupp, Clackamas County Administrator

Martha Bennett, Metro Chief Operating Officer

2015 URBAN GROWTH MANAGEMENT DECISION:

RECOMMENDATIONS TO THE METRO COUNCIL
FROM METRO'S CHIEF OPERATING OFFICER

JULY 2015



I am pleased to present my recommendations to the Metro Council for the 2015 urban growth management decision. These recommendations build on the foundation of the Portland metropolitan region's long-range plan, the 2040 Growth Concept, which underlies the remarkable successes our region has achieved in creating livable and prosperous communities. However, the very success of our local and regional growth management efforts has created new challenges that demand a fresh approach.

In July 2014, Metro released the draft Urban Growth Report, which assesses the capacity of the region’s urban growth boundary (UGB) to accommodate housing and jobs for the next 20 years. Since then, the debate over this urban growth management decision has been characterized by three prevailing factors. Taken together, these factors suggest that the future will not look like the past. Each specific issue that has arisen during this debate – from the development capacity of Damascus to the amount of forecast multifamily housing – has been shaped by these larger factors that frame my recommendations:

Economic Changes

Our region has emerged from the Great Recession and is experiencing significant employment and population growth. However, the recession and the rebound are different from any in the past. In employment, our local economy is creating strong growth in both upper-income and lower-income jobs, while middle-income jobs – those that form the backbone of our economic prosperity – are declining as a share of total employment. In housing, the region is experiencing an



unprecedented level of multifamily housing construction both within the central city of the region and in regional and town centers throughout the region. Additionally, in some parts of the region, housing prices and rents are rising much faster than inflation, creating concerns for both affordability and livability as neighbors respond to the impacts of redevelopment.

These two factors taken together – the loss of middle-income jobs and changes in the housing market – are identified by the draft Urban Growth Report and are happening in cities around the country. The public, stakeholders and regional elected leaders have expressed concern about the future our region faces if these two trends continue. I recommend that the Council view these trends as a call to action. The Metro Council already has initiatives around housing and economic development, and your leadership is essential for ensuring that they are successful.

Legal and Political Factors

In 2011, the Metro Council and Clackamas, Multnomah and Washington counties jointly designated urban and rural reserve areas, which identify the areas that may or may not be urbanized for the next 50 years. That decision has been subject to litigation and to legislation. In 2014, the Oregon Legislature passed House Bill 4078, which modified and then enacted the reserves for Washington County. However, the same bill directed the Land Conservation and Development Commission (LCDC) to address the issues identified by the Oregon Court of Appeals for some of the areas in Clackamas and Multnomah counties. Earlier this year, LCDC remanded these portions of the 2011 decision to Metro and the two counties for further work.

This remand means that the urban reserve areas in Clackamas and Multnomah counties are not legally acknowledged for expansion of the UGB. Making this unique circumstance even more complicated, one of the key jurisdictions completing concept planning – a requirement of the Metro Code for including land in the UGB – is in an area of Clackamas County adjacent to the City of Wilsonville that has been designated as an urban reserve.

In addition to urban and rural reserves, the unsettled status of the City of Damascus has also been debated in the context of the draft Urban Growth Report. A joint meeting between the Damascus City Council and the Metro Council has shaped this recommendation.

Regional Policies

In 2010 the Metro Council and regional leaders agreed on six desired outcomes for our communities and region, with the purpose of focusing our decisions and actions on things that really matter in our everyday lives.

- People live, work and play in vibrant communities where their everyday needs are easily accessible.
- Current and future residents benefit from the region’s sustained economic competitiveness and prosperity.
- People have safe and reliable transportation choices that enhance their quality of life.
- The region is a leader in minimizing contributions to global warming.
- Current and future generations enjoy clean air, clean water and healthy ecosystems.
- The benefits and burdens of growth and change are distributed equitably.

The draft Urban Growth Report, taken together with other major regional policy agreements such as the Climate Smart Strategy, the Regional Transportation Plan update, the Active Transportation Plan and the Regional Conservation Strategy (adopted by the Intertwine Alliance), reveals that the region is making progress toward achieving those six desired regional

Who has a role in managing growth?

The private sector redevelops and renews existing areas and builds new communities according to the plans developed by cities and counties. The private sector also starts and grows businesses that create jobs.

Local governments develop comprehensive plans to guide future land use and development to keep communities livable as the region grows. Cities and counties make investments in infrastructure and amenities to create great communities and support job growth.

Metro manages the Portland region's urban growth boundary and is responsible for providing a 20-year supply of land for future residential development and employment inside the boundary. Metro makes transportation and natural area investments to create great communities, support job growth and protect the environment that underlies our region’s livability.

The State of Oregon sets the rules for how the region makes growth management decisions and ensures that those decisions are consistent with state law.

outcomes. Additionally, the Urban Growth Report reveals that the plans adopted by cities and counties in the region are being implemented by private and public sector investment, thereby creating vibrant downtowns, strong job corridors, healthy and safe neighborhoods, parks and trails, and many other assets that make this region a great place to live and work. These investments are also protecting our resource lands, natural areas and environmental quality.

In other words, plans and policies adopted at the regional and local levels – from the 2040 Growth Concept to the city and county plans that implement it – have provided the foundation for investment, and that investment is enabling us to manage growth as we have planned. While there is clearly still work to be done – for example, in housing affordability, job creation, addressing disadvantaged communities and responding to traffic congestion – the Urban Growth Report illustrates that strong local plans followed by strong investment are helping the region grow while protecting its quality of life.

Taken together, these three factors suggest that the region’s future will reflect not merely a continuation of past trends, but rather significant changes in the trajectories of population growth, demographic change, workforce composition, and housing development. Accordingly, this recommendation also represents a departure from past urban growth management decisions and does not necessarily create a precedent for future decisions. Rather, it is grounded in the realities of the present and our current understanding of what will happen over the coming two decades, and represents my best understanding of how to meet the needs our region faces at this time.

BACKGROUND ON URBAN GROWTH MANAGEMENT PROCESS TO DATE

2014 URBAN GROWTH REPORT

The Urban Growth Report is our region’s periodic assessment of whether there is enough space for new housing and jobs inside the UGB, the mapped line that separates urban uses from rural uses such as farms and forests. The Council accepted a draft Urban Growth Report in December 2014 as a basis for further discussion of key policy questions.

The 2014 Urban Growth Report is the product of the most transparent growth management process Metro has led to date. External public and private sector experts provided guidance on our population and employment forecast, assumptions about how different types of jobs use space, the buildable land inventory and how much of that inventory may be viable over the next 20 years.

That careful analysis has shown that, when it comes to preparing for more housing and jobs, the region’s fundamental challenge is how we adequately invest in public facilities and services to support community goals.

2015 PROCESS DECISION

Should a UGB expansion be warranted, the region's intent is to utilize urban reserves for that expansion. Yet in January 2015, the state Land Conservation and Development Commission, in response to an Oregon Court of Appeals ruling, remanded parts of the region's urban and rural reserves in Clackamas and Multnomah counties. This remand has implications for the Council's urban growth management decision: it means that the Council does not have all of the region's reserves available for consideration if it did determine that there is a need for a UGB expansion.

It is expected that resolution of this remand will take at least one year. With that in mind, the Council, at its February 17, 2015 work session, directed staff to proceed with a revised urban growth management work program. The revised work program leads to a Metro Council process decision in fall 2015, choosing one of two options:

Option 1: conclude the urban growth management decision in 2015, prior to resolution of urban reserves.

Option 2: request an extension from the state for the urban growth management decision to wait for the resolution of urban reserves and to allow for additional discussion of housing needs.

In the revised work program, the Council stated its intent to engage in several policy discussions in the spring. The topics that were discussed by the Metro Council, MPAC and MTAC during the spring of 2015 included:

- The likelihood of residential development in urban centers such as those in Portland
- The likelihood of residential development in urban growth boundary expansion areas, including Damascus
- Planning within a range forecast for population and employment growth

COUNCIL DIRECTION AT THE JUNE 25, 2015 WORK SESSION

Based on the input received on the three topics listed above, the Council indicated a desire to conclude its urban growth management decision this year at its June 25, 2015 work session. The Council also indicated its intent to have staff complete a new Urban Growth Report in the next three years – sooner than required under the law – but only if urban and rural reserves have been acknowledged. Aside from indicating confidence in the analysis in the draft Urban Growth Report, the Council cited two practical reasons for this direction:

- Urban and rural reserves are not yet acknowledged. The region needs to finalize urban and rural reserves before devoting more time to discussing whether there is a need for a UGB expansion into urban reserves, which until reserves are finalized would be a strictly academic discussion.
- Asking for an extension from the state creates a situation where the data and analysis in the draft 2014 Urban Growth Report would become outdated.

SUMMARY OF CHIEF OPERATING OFFICER RECOMMENDATIONS

Based on discussion of the Metro Council in the past year, I recommend seven actions, described in more detail in subsequent sections. These recommendations are also listed in the draft Ordinance. I recommend that the Metro Council:

2015 Urban Growth Management Decision

1. Decide not to expand the UGB. As discussed below, neither the population growth forecast nor the employment forecast of the draft Urban Growth Report warrant adding new land supply. As directed by the Council, I discuss options for choosing a point in the range forecast for population, considering the issues you identified at your June 25 work session.
2. Begin the next urban growth management cycle sooner than required by Oregon law, but not until urban and rural reserves have been acknowledged in all three counties in the region. Assuming urban and rural reserves are acknowledged in a timely fashion, I recommend we issue the next draft Urban Growth Report in the summer of 2017 with Council consideration of the report by the end of 2017 and a growth management decision by the end of 2018.
3. Work with Multnomah and Clackamas counties to complete our work on the remand of urban and rural reserves so that LCDC can legally acknowledge these reserves prior to the next urban growth management cycle.

Continue Metro's Leadership in Growth Management Policy

4. Explore evolving the urban growth management process to provide additional certainty to the region, counties, cities and stakeholders. This discussion should not take place until urban and rural reserves are acknowledged, but it should occur before Metro begins the next Urban Growth Report.

Address the Public Policy and Program Issues Raised by the Draft Urban Growth Report

5. Shift the region's episodic focus on housing, job growth and mobility to an ongoing effort.
6. Continue to implement the Council's strategic goals for middle and upper income job growth.
7. Continue to invest in implementing regional and local plans.

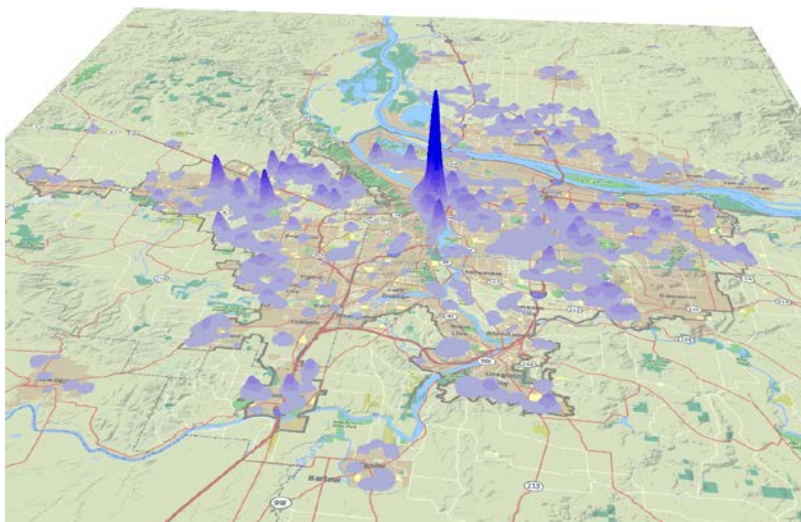
RECOMMENDATION ONE: DECIDE THAT NO URBAN GROWTH BOUNDARY DECISION IS WARRANTED IN 2015

The draft 2014 Urban Growth Report found that adopted city and county plans give the region the ability to accommodate anticipated housing and job growth inside the existing UGB. After the last several months of discussion, the Council has indicated that they believe that is still a valid conclusion. The Council has expressed confidence in adopted county and city plans – the same plans that the region recently endorsed in Climate Smart Communities. To implement this direction, **I recommend that the Council conclude that there is currently no regional need to expand the UGB.** Following is a summary of my reasoning for my recommendation.

LIKELIHOOD OF DEVELOPMENT IN URBAN CENTERS, SUCH AS THOSE IN PORTLAND

This spring, the Metro Council and MPAC both devoted several meetings to the topic of development in urban centers. The resurgence we have witnessed in downtowns such as those in Portland is happening all over the country. Right now, there is a great deal of residential construction happening in these locations. There will be ups and downs with economic cycles, but a number of factors lead me to conclude that when growth cycles do occur, most of the region's new residential construction will be in urban areas. Those reasons include demographic, infrastructure finance, policy and market factors. This outcome is strongly supported by the public's direction to Metro to protect farms and forests by focusing most new housing in existing downtowns and along transportation corridors.

MAP 1: PERMITS FOR NEW HOUSING (1998-2014)



- There is strong market demand for walkable locations such as those found in and near existing downtowns and transportation corridors. This is reflected in the price premiums that people are placing on these locations. Higher land values in these locations make it more likely that redevelopment and infill will occur.
- Demographic and economic factors favor apartments, condos and single-family attached housing.
 - Two-thirds of the region's new households will include one or two people¹
 - Smaller households means fewer wage-earners per household
 - An aging population means there will be more retiree-led households²
 - Partly because of low wages and high levels of student debt, the millennial generation is forming independent households at a slower rate than previous generations³
- State rules implementing the land use program in our region require that most of each city's growth capacity be for multifamily housing or attached single-family housing. Recent market demand for these types of housing has been strong in downtowns and along transportation corridors.

¹ Metro (2014). *Draft 2014 Urban Growth Report Appendix 4*, p. 14.

² Ibid.

³ Joint Center for Housing Studies of Harvard University, (2015). *The State of the Nation's Housing 2015*. Boston, MA. Retrieved June 26, 2015, from: <http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-sonhr-2015-full.pdf>

- The federal funding that facilitated greenfield development in the post-World War II era is largely gone. This is one factor that has slowed the development of past urban growth boundary expansion areas, including expansion areas across the river in Clark County, Washington. This means that more growth will need to occur in our region’s urban locations.

Housing issues and opportunities

Metro is committed to tracking changes in residential preferences over time. The 2014 study showed strong preferences for single-family housing, but it also showed preferences for and walkable neighborhoods with amenities and services nearby. What is clear is that preferences are complex and sometimes difficult to reconcile. Metro and local jurisdictions will continue to have the challenge of balancing residential preferences with other priorities such as providing transportation options, preserving affordability, and making the most of scarce public funding for infrastructure.

There will be challenges in creating enough housing in many locations around the region, particularly for households with lower incomes. But, we have no evidence that simply adding more land to the UGB now would solve the region’s affordability challenges or address residential preferences. It is time for our region to move on from the land supply debate and consider actions that will:

- Improve wages
- Reduce transportation costs
- Provide a greater variety of housing choices that match people’s budgetary realities
- Make the most of land already inside the UGB

Metro’s Equitable Housing Initiative is aimed at making sure that the region’s communities remain affordable to all, but success will entail coordinated work by the public, for-profit and nonprofit sectors.

Metro’s Equitable Housing Initiative

Metro is committed to working with partners across the region to find opportunities for innovative approaches and policies that result in more people being able to find a home that meets their needs and income levels. The objectives identified to reach this goal include:

- Develop a shared understanding regarding best practices, needs and opportunities for collaboration.
- Develop and provide technical assistance to support local implementation of best practices to overcome barriers.
- Identify opportunities for partnerships to fill the financing gap for equitable housing development and preservation.
- Support equitable housing development and preservation through capacity building, technical assistance, policy development and funding partnerships.

*LIKELIHOOD OF DEVELOPMENT IN URBAN GROWTH BOUNDARY EXPANSION AREAS,
INCLUDING DAMASCUS*

On May 12, 2015, the Metro Council held a joint work session with the Damascus City Council. At the joint work session, the Damascus City Council stated that they believe residents are likely to vote for city disincorporation next year. Recent state legislation (House Bills 3084, 3085 and 3086) will facilitate that outcome with a simple majority vote. City councilors also said that, as a consequence, the western area of current city limits is likely to develop as portions annex to Happy Valley and other areas develop in unincorporated Clackamas County. The eastern area is likely to see little residential construction consistent with existing rural residential and exclusive farm use zoning designations.



Metro staff has worked with representatives from Damascus, Happy Valley and Clackamas County to estimate what this means from a growth capacity perspective. A summary of that technical work is included in Appendix 1. Generally, parties agree upon the following model assumptions:

- Reduce the land area assumed to be buildable in the next 20 years.
- Increase the assumed residential density for the area that is deemed buildable to reflect Damascus' draft urban zoning.
- Reduce the amount of land assumed developable for industrial and commercial employment to reflect Damascus' draft urban zoning.
- Speed up the assumed availability of the westernmost portions of the area for development in the City of Happy Valley.

Metro staff used its economic land use model to test 20-year market responses to these updated assumptions. In summary, the new assumptions produce small regional differences compared to the draft Urban Growth Report's conclusions. Using market principles and policy assumptions above, the model indicates these changes lead to about 2,000 fewer households and 3,500 fewer jobs locating in the Metro UGB. The balance of the displaced growth gets scattered around inside the existing urban growth boundary with no notable concentrations. Expected effects on multifamily housing shares and distributions around the region are modest as are regional effects on housing affordability. Expected effects on employment land prices are also minor.

PLANNING WITHIN A RANGE FORECAST FOR POPULATION AND EMPLOYMENT GROWTH

At the Council's direction, staff expressed the population and employment forecast as a range in the draft Urban Growth Report. This is intended to acknowledge uncertainty when looking 20 years into the future. However, the Council is ultimately required to choose a specific forecast point to complete its growth management and forecast coordination responsibilities. The Council will be asked to choose a point forecast as part of its urban growth management decision this fall. Based on that direction, staff will then complete a final Urban Growth Report and legal findings which the Council will need to adopt to complete its growth management decision. I recommend that the Council plan for the midpoint of the forecast range which is the most probable forecast.

Population growth

From a statistical standpoint, the midpoint of the forecast range has the highest probability. However, the Council has spent much of the last year hearing about the various challenges of producing housing in many locations, whether in downtowns or UGB expansion areas. Nevertheless, I believe that MPAC and Council discussions this spring generally led to the conclusion that regional population and household growth is likeliest to occur at about the midpoint of the forecast range since the factors that influence population growth are fairly stable and predictable (births, deaths and migration). In reaching my recommendation to plan for the midpoint of the range, I also considered factors that have been discussed this spring:

- There has been discussion of the potential for climate refugees, but there is a lack of data on whether this type of migration is already happening or when it may begin happening.
- Recent urban development activity is at historic levels. We can count on the fact that there will be ups and downs with economic cycles. Fundamentally, however, this activity is a sign that local and region plans and investments are working. I think it makes sense to show a vote of confidence in those plans and see little risk in doing so.
- Damascus appears likely to disincorporate in the next year and its western areas are likely to annex to Happy Valley. This appears to enhance the likelihood of growth in this location.
- We heard from staff that a new growth forecast conducted today would look similar to the one in the draft 2014 Urban Growth Report.
- These are the type of questions meant to be reviewed and revisited as part of our ongoing growth management process so we may need to adjust as these trends play out.

Employment growth

Consistent with my recommendation to plan for the midpoint of the population and household range forecasts, I recommend that the Council plan for the midpoint of the employment forecast range. This midpoint represents healthy job growth that is commensurate with the amount of population growth expected. MTAC and MPAC members expressed more divergent views on the employment forecast range, with some citing the need for setting higher aspirations for employment growth.

As the Council is aware, choosing a higher or lower employment forecast won't make it so. I suggest that policymakers focus on two particular economic challenges that would not be resolved by choosing a higher employment forecast or by adding land to the UGB:

- Creation of a greater share of middle-income jobs should be a priority.
- Particular focus should be given to job creation for the region's younger generation and populations of color, many of whom are underemployed or are struggling to get by.

My thoughts on this topic are included in Recommendation Number Six.

SUMMARY OF GROWTH CAPACITY RECOMMENDATION

Based on Council discussions to date, I recommend that the Council plan for the midpoint of the forecast range. For the 2015 to 2035 timeframe, I recommend that the Council plan for the following numbers of homes and jobs inside the existing UGB. These numbers reflect staff’s revised estimates of the growth capacity in the area now in the City of Damascus as summarized in Appendix 1:

- 195,500 new homes, consisting of:
 - 75,000 additional single-family homes
 - 120,500 multifamily homes
- 260,000 new jobs

If the Council concurs with this recommendation it would mean that, at this time, there is no need to expand the UGB for jobs or housing.

The midpoint I have recommended reflects a 1.12 percent annual average population growth rate for the 7-county area. However, the Council may wish to consider planning for lower or higher growth. If so, I recommend that the Council consider a narrower forecast range than what is presented in the draft Urban Growth Report since the narrower range around the midpoint has a higher probability than the outer ends of the forecast range. A “medium-low” forecast has a growth rate of 1.06 percent and a “medium-high” forecast has a growth rate of 1.18 percent. As noted, I recommend planning for a point in the range between these two forecasts. If directed by the Council, staff will conduct additional analysis of the implications of these alternative growth rates for land needs or surpluses. Staff will seek that direction at the September 15 Council work session. Staff will need that direction before completing a final Urban Growth Report for Council consideration this fall.

Housing needs

At the midpoint of the forecast range, there is a surplus of growth capacity for all housing types. Table 1 summarizes the numbers that lead to that conclusion and incorporate revised estimates of growth capacity in the City of Damascus.

TABLE 1: METRO UGB RESIDENTIAL NEEDS 2015 TO 2035 EXPRESSED IN DWELLING UNITS

	Dwelling units			
	Buildable land inventory	Market-adjusted supply	Market – adjusted demand	Surplus
Single-family housing	113,200	85,200	74,900	+10,300
Multifamily housing	274,100	130,900	120,500	+10,400

Notes:

- *The buildable land inventory has been adjusted to reflect Council discussions on the viability of Damascus. Compared to the draft Urban Growth Report, there are 3,876 fewer housing units of capacity included in the updated buildable land inventory. This is the net of 807 more units in mixed use zones and 4,683 fewer single-family units.*
- *As reflected in the market-adjusted supply, only a portion of the redevelopment and infill supply included in the buildable land inventory is deemed market-feasible over the next 20 years. This was also the case in the draft Urban Growth Report.*

Employment land needs

At the midpoint of the forecast range, there is a surplus of growth capacity for commercial and industrial employment. Table 2 summarizes the numbers that led to that conclusion and incorporates revised estimates of growth capacity in the City of Damascus.

TABLE 2: METRO UGB EMPLOYMENT LAND NEEDS 2015 TO 2035 EXPRESSED IN ACRES

	Acres			
	Buildable land inventory	Market-adjusted supply	Demand	Surplus
Commercial employment	3,750	3,950	3,570	+380
Industrial employment	6,800	4,690	3,700	+990

Notes:

- *The buildable land inventory has been adjusted to reflect Council discussions on the viability of Damascus. Compared to the draft Urban Growth Report, there are 510 fewer acres of industrial land and 450 fewer acres of commercial land included in the updated buildable land inventory. This is based on draft Damascus zoning concepts. Local policymakers may wish to consider other zoning designations to provide more employment land.*
- *Reflecting real market dynamic where commercial uses locate in industrial zones, the market adjustment shifts some of the region's industrial redevelopment supply into the commercial land supply. This was also the case in the draft Urban Growth Report.*
- *As reflected in the market-adjusted supply, only a portion of the redevelopment supply included in the buildable land inventory is deemed market-feasible over the next 20 years. This was also the case in the draft Urban Growth Report.*

Large industrial site needs

The region's economic development strategy focuses on several sectors whose anchor firms sometimes use large industrial sites (over 25 buildable acres). These firms are important because they often pay higher-than-average wages, export goods outside the region (bringing wealth back), produce spinoff firms and induce other economic activity in the region. However, forecasting the recruitment of new firms or growth of existing firms that use large industrial sites is challenging since these events involve the specialized decisions of individual firms.



Under the entire range of forecast possibilities presented in the draft Urban Growth Report, there is a surplus of large industrial sites already inside the UGB. As described in the draft Urban Growth Report, the region has a surplus of 40 to 66 of these large industrial sites. However, that does not mean that these sites are all ready to accommodate job growth. Existing sites typically require actions such as infrastructure provision, wetland mitigation, site assembly, brownfield cleanup, annexation by cities and

planning needed to make these sites development-ready.⁴ As described in Recommendation Number Six, I recommend that Metro continue to partner with other agencies and organizations to ensure that more of these sites become development-ready to meet the region’s economic development goals.

RECOMMENDATION TWO: COMPLETE THE NEXT URBAN GROWTH REPORT EARLIER THAN REQUIRED

Our region, like other metropolitan areas, is changing. People and businesses are returning to downtowns and main streets after decades of outward growth. Economic cycles of boom and bust will come and go, but there are several reasons – demographic shifts and infrastructure finance trends, to name two – to believe that when future growth does occur, much of it will be similar to what is happening in urban places like Orenco Station, Division Street, the Pearl District and the Lloyd District.

Recognizing this pace of change, the Council has directed staff to complete a new Urban Growth Report sooner than required by the law, but not until urban and rural reserves are acknowledged. Assuming urban and rural reserves are acknowledged in a timely fashion, I recommend we issue the next draft Urban Growth Report in the summer of 2017 with Council consideration of the report by the end of 2017 and a growth management decision by the end of 2018. During the intervening time, we can observe how housing and employment trends evolve coming out of the Great Recession.

While that work is happening, I also expect that cities that are interested in UGB expansion will do their part to complete concept plans for urban reserves. Metro remains committed to being a partner on those efforts, most tangibly in the Community Planning and Development Grant program that we administer. Metro has funded almost \$8 million in concept and comprehensive planning in the past and the Council reserved 25 to 30 percent of funds over the next six years to fund this work in the future.

RECOMMENDATION THREE: SEEK ACKNOWLEDGMENT OF URBAN AND RURAL RESERVES

After many years of discussion and litigation, the region needs to finalize urban and rural reserves and obtain acknowledgment of those designations from LCDC. Doing so is the best way to provide certainty about where the region may grow and where it won’t. Finalizing these designations will require the collaboration and agreement of many parties.

Metro has existing IGAs with Clackamas County and Multnomah County establishing the location of urban and rural reserves in those counties. In order to obtain final acknowledgement of those reserve areas, Metro must jointly adopt findings with each of these counties in response to the issues identified by the Court of Appeals. Also, all three entities must agree on findings addressing certain region-wide requirements, including findings that the amount of land designated as urban reserve is sufficient to provide a 50-year regional supply. In the absence of agreement among Metro and the two counties

⁴ The inventory of 74 large industrial sites inside the UGB exceeds potential demand for 8 to 34 sites. 24 of the 74 sites are currently held by existing firms for potential future building expansions. The inventory is from the Regional Industrial Site Readiness Inventory completed in 2014 by Business Oregon, Metro, NAIOP, the Oregon Department of Land Conservation and Development, the Portland Business Alliance and the Port of Portland.

regarding the existing reserve maps and revised findings, the only urban reserves in the region will be those located in Washington County.

Below is my suggested timeline for acknowledgment. This proposed timeline is contingent on Metro, the counties and other parties acting in good faith to respond to the specific issues that were remanded by the Oregon Court of Appeals. The urban reserves were adopted after an exhaustive public process of identifying the region’s needs for housing and employment lands and ensuring a supply of land for our region that will last for the next 50 years. There is no basis for a reassessment of that analysis now, only four years later.

Metro and each county will need to undertake a public process that results in the adoption of ordinances with joint findings addressing the remand issues and region-wide standards. My recommendation is to begin the public process that will be required for the adoption of ordinances in October, and conclude by adopting ordinances and findings no later than the end of January. This timeframe should ensure that the reserve designations could be acknowledged by LCDC in 2016.

- October 2015 – begin public process
- November-December – hold public hearings and prepare revised findings
- January 2016 – adopt joint findings via ordinances and submit to LCDC

RECOMMENDATION FOUR: EXPLORE WAYS TO EVOLVE THE URBAN GROWTH
MANAGEMENT PROCESS TO PROVIDE ADDITIONAL CERTAINTY TO THE REGION,
COUNTIES, CITIES, AND STAKEHOLDERS

Our current urban growth management process was largely built during the era before urban and rural reserves. Acknowledgment of urban reserves – when complete – will represent an important milestone for our region and will change the way we manage growth going forward. Unlike the past, we will have already decided as a region where the region may grow for the next several decades. This will allow us to focus more on why we would need to add land supply to the UGB, and how rapidly.

Future growth management decisions may also need to consider qualitative factors that traditionally have not received as much attention as the “numbers game” of capacity, units and acres. For example, many of the stakeholders we have worked with during this growth management cycle wonder whether we should look at how their communities are performing – in supplying infrastructure, in making decisions and in being market-ready – in addition to looking at regional land need. The Metro Council has indicated that they are interested in looking at these factors, but to consider them when making growth management decisions would require that we change our process.

Building on the work that our region has done to identify urban and rural reserves – those places that the region will or won’t develop over the next 50 years – I recommend that Metro convene its partners to discuss how we might allow for regional consideration of modest city requests for residential UGB expansions into urban reserves. But identification and implementation of any such system will require that the region first resolve the status of urban and rural reserves.

Evolving our growth management process should carry forward the Metro Council’s policy to take an outcomes-based approach, refocusing our dialogue on the ingredients needed to get housing built (city governance, infrastructure finance and market feasibility) and who would benefit from that housing, rather than divisive arguments about whether there is a regional or local need for land.

A first step would be to convene a regional discussion, perhaps involving the Metro Policy Advisory Committee (MPAC) or a subcommittee including key stakeholders. However, I recommend first getting urban and rural reserves acknowledged before convening this discussion. Below are some proposed guiding principles for how this system could work.

PROPOSED GUIDING PRINCIPLES FOR EVOLVING THE REGION’S GROWTH MANAGEMENT PROCESS FOR HOUSING

The following proposed guiding principles are for Council consideration though the Council does not necessarily need to come to an agreement on these at this time. Council’s decision will simply be whether to direct staff to begin a process to explore possible improvements to Metro’s growth management process once urban and rural reserves are acknowledged.

- Consistent with Oregon’s land use planning program, locally-adopted community plans and the public’s core values, the region remains committed to focusing most housing growth in its existing downtowns, main streets, corridors and station communities.
- Acknowledged urban reserves represent the maximum residential urban footprint for the region through the year 2060. Consistent with existing law, urban reserves will be revisited in 2031.
- Rural reserves will remain off limits to urban development through at least the year 2060.
- Carefully made residential UGB expansions into acknowledged urban reserves are consistent with the 2040 Growth Concept and can support its implementation. However, as growth management discussions and ongoing litigation illustrate, identifying a regional need for residential UGB expansions, as required under existing state law, is not a purely technical exercise.
- UGB expansion requests made by cities will be considered in a regional dialogue, with recommendations made by MPAC and decisions made by the Metro Council.
- UGB expansions into urban reserves will be considered based on the practical outcomes that they could produce for the region and requesting city. Policymakers will consider factors addressing topics such as governance, finance, market, housing choice and affordability.

RECOMMENDATION FIVE: SHIFT THE REGION’S EPISODIC FOCUS ON HOUSING, JOB GROWTH, AND CHANGE TO AN ONGOING DIALOGUE

Our region is approaching the halfway point for our regional vision, the 2040 Growth Concept, which laid out where housing and job growth should occur through 2040. Public support for the core values embodied in the plan remains strong. Nevertheless, we should all be aware of the challenges of implementing that vision, which is why I recommend that Metro monitor community development

trends on an ongoing basis. Using that information, Metro must continue to work with its partners to find innovative solutions to the challenges we see now and in the future.

This is one of the purposes of Metro’s Regional Snapshots program, which will be launched as a quarterly series beginning in September. The first installment of this series will focus on housing and can serve as an ongoing regional forum for identifying housing policy best practices. Subsequent quarterly themes will include transportation, jobs and community character and design before returning again to housing. These Regional Snapshots will use a variety of methods to bring forward the region’s challenges and opportunities in preparing for housing and job growth and are likely to include:

- Data on housing, job creation and transportation trends
- Case studies on community building efforts around the region
- Personal accounts of people from around the region
- Guest speakers at MPAC and other venues

In addition to monitoring and reporting on housing and job trends, Metro should continue to work with its partners to increase regional knowledge about housing market preferences through additional market research and analysis. While residential preferences are not the only objective that policymakers must address, it is an important, if complex, one. Policymakers should continue seeking solutions that find the balance between:

- Preferences for single-family homes
- Preferences for walkable communities with amenities nearby
- Strong public support for focusing most new housing in existing urban areas to protect farms and forests

Facilitating design innovations for new housing types holds potential. One design concept worth exploring is that of “missing middle housing⁵,” occupying that space between single-family homes and

What are Regional Snapshots?

A series of quarterly check-ins on how the greater Portland region is growing, changing and getting around. Each Snapshot seeks to illuminate issues that matter to people and businesses in the region, using data and relevant storytelling. It’s not a report card or a magazine story, but somewhere in between. It lives primarily online and is clickable and shareable.



⁵ See <http://missingmiddlehousing.com>

mid-rise housing. Examples include duplexes, townhomes, accessory dwelling units and courtyard housing. The region needs to explore how these less common housing types might provide desirable options for households of all types, whether 1- or 2-person, with children, lower-income or retiree.

Taken together, observing trends in the markets and researching housing preferences can inform the development of best practices for promoting housing that addresses challenges such as housing affordability. Metro’s current Equitable Housing Initiative is one example of such a program that is proceeding from a data-driven understanding of the current affordable housing situation to technical assistance delivery.

RECOMMENDATION SIX: CONTINUE TO IMPLEMENT THE COUNCIL’S STRATEGIC GOALS FOR MIDDLE AND UPPER INCOME JOB GROWTH

As noted earlier in my recommendations, choosing a higher or lower employment forecast won’t make it so. I suggest that policymakers focus on two particular economic challenges that would not be resolved by choosing a higher employment forecast or by adding land to the UGB:

- Creation of a greater share of middle-income jobs should be a priority.
- Particular focus should be given to job creation for the region’s younger generation and populations of color, many of whom are underemployed or are struggling to get by.

Solutions to these challenges are difficult and many extend beyond the influence of the Metro Council (from education and job training to improvements in global macroeconomic conditions). I recommend that Metro continue its strategic focus on projects, policies, programs and partnerships that enhance land readiness and improve mobility of people and goods.

Metro investments in family-wage jobs

Metro programs and activities are aligned to help the region create more family wage jobs.

PROJECTS

- RISE (Regional Infrastructure Supporting our Economy)
- Southwest Corridor and Powell Division Investment Areas
- Economic Value Atlas Initiative

POLICIES

- Past additions to the UGB for industrial land
- Protecting regionally significant employment areas from conflicting uses
- Freight and transit system planning

PROGRAMS

- Community Planning and Development Grants
- Metropolitan Transportation Improvement Program and Regional Flexible Funds
- Enterprising Places

PARTNERSHIPS

- Industrial Site Readiness Coalition
- Oregon Brownfields Coalition
- Greater Portland Inc 2020

RECOMMENDATION SEVEN: CONTINUE TO INVEST IN IMPLEMENTING REGIONAL AND LOCAL PLANS

A thread that weaves through many of our recent efforts – whether Climate Smart Communities or the Council’s urban growth management decision – is that we intend to implement existing community plans. It is incumbent on us to do this to meet carbon reduction goals, create walkable communities, and make sure there is enough housing and jobs to meet expected growth.



The next update of the Regional Transportation Plan comes on the heels of the region’s adoption of the Climate Smart Strategy. During that process, cities, counties and the region all agreed that investments are critical to implementing our community visions. The 2018 update of the Regional Transportation Plan is an opportunity for us to make good on those plans. Likewise, the Southwest Corridor Plan and planning for the Powell-Division Corridor provide opportunities for making investments that advance community and regional goals. With scarce resources, this region needs to make the most of what it has.

CONCLUSION

We are extremely fortunate to live in a region filled with great places and passionate people. Making decisions about the future of this place requires that we think deeply and listen carefully. It also requires that, while respecting the past, we squarely face the challenges and imperatives of the future.

With these thoughts in mind, I am pleased to make my recommendations, which represent my best judgment about how to embrace change while protecting the special qualities of this place we call home. I look forward to working with the Metro Council, with MPAC, with key stakeholders and with the people of our region as we consider these recommendations and conclude the 2015 urban growth management decision.

NEXT STEPS

These recommendations are intended to provide a framework for decision-making this fall. Following are some key dates for those discussions and decisions:

Dates are preliminary and subject to change

- July 28: Metro Council work session – discussion of Chief Operating Officer recommendation
- August 5: MTAC – discussion of Chief Operating Officer recommendation
- August 26: MPAC – discussion of Chief Operating Officer recommendation
- September 2: MTAC discussion (if needed)
- September 3: Metro Council work session (if needed)
- September 9: MPAC – recommendation to Metro Council
- September 15: Metro Council work session (provide direction to staff on point in range forecast and direction to finalize the Urban Growth Report and housing needs analysis based on that point forecast)
- September 24: First reading of ordinance and public hearing
- October 27: Proposed final Urban Growth Report available for review (reflecting point forecast)
- Dates TBD: Additional public hearings
- November 19: Metro Council adoption of final Urban Growth Report and legal findings