



MEMORANDUM

To: Clackamas County Planning Commission

From: Martha Fritzie, Principal Planner
Karen Buehrig, Long Range Planning Manager

Date: July 22, 2024

RE: Study Session - Oregon Housing Needs Analysis (OHNA); Metro's Urban Growth Report (UGR); and the Zoning & Development Ordinance (ZDO) Diagnostic Report

The purpose of the July 22nd work session is to update the Planning Commission on three major projects that are under way at state, regional and county levels and will have an impact on future planning and zoning efforts in the county. This study session is largely informational, but the Planning Commission will have the opportunity to ask questions of county Planning staff, as well as staff from the state's Department of Land Conservation and Development (DLCD).

Information will be presented about the following three projects, including background, how each may impact the county, and what types of changes the Planning Commission might expect to see in the coming years.

1. Oregon Housing Needs Analysis (OHNA). The stated intent of the OHNA is to "facilitate housing production, affordability, and choice to meet housing needs of Oregonians statewide." To accomplish this, the OHNA articulates new responsibilities for state agencies and local governments, including Clackamas County, around planning for housing and facilitating housing production. These new responsibilities will include a housing target allocation, by housing affordability level, to each local government. For Clackamas County, these new rules also mean that a Housing Capacity Analysis (HCA) and Housing Production Strategy (HPS) will need to be completed for the urban, unincorporated area, and progress toward the allocated housing production targets will need to be tracked.

Rulemaking for various aspects of the OHNA are currently underway and a draft report explaining the methodology that will be used to estimate 20-year housing need and how the housing production targets will be determined for each jurisdiction is expected to be released in mid-July, 2024. See **Attachments A and B**.

At the Study Session, staff from the Department of Land Conservation and Development (DLCD) will be presenting information about the OHNA and will be available for questions.

2. Metro Urban Growth Report (UGR). Under state law, Metro manages the Portland metropolitan area urban growth boundary (UGB) and, every six years, is required to assess whether there is enough land inside the UGB to accommodate 20 years of expected job and housing growth. Metro coordinates this assessment with residents, business owners, community groups, local jurisdiction, and others; and publishes the assessments and

findings in the Urban Growth Report (UGR). Included in the UGR is consideration of whether the UGB needs to be expanded to accommodate expected growth.

This year, Metro has received a proposal from the city of Sherwood for an approximately 1,300-acre UGB expansion. By the end of 2024, the Metro Council will consider the merits of Sherwood's proposal and the findings in the UGR and make a decision about whether to adjust the UGB.

Metro released a draft of the UGR on July 9, 2024 and opened a public comment period until August 4, 2024. County staff is reviewing the draft and will provide a summary of the report at the Study Session. See **Attachments A & C**.

3. **ZDO Diagnostic Report**. The county's Zoning and Development Ordinance (ZDO) initially became effective in 1980 and, since then, has been amended numerous times. None of the amendments, however, included a holistic look at the ZDO, and the result of more than four decades of a "piecemeal" approach to amendments is a document that is difficult to navigate and contains conflicts, inefficiencies, and redundancies.

Despite Planning staff's best efforts to audit and update the ZDO over the last several years, it remains unwieldy and, in some places, outdated and is in need of a comprehensive overhaul. This overhaul will begin with an assessment of options for removing regulatory obstacles to employment and housing development and ways to streamline the document to make it more accessible and understandable to people who use it regularly. The County applied for and was awarded a Metro 2040 Planning and Development Grant to complete this initial assessment. This grant funding will allow the county to hire a consultant to conduct a comprehensive review of the ZDO and develop a Diagnostic Report.

The Diagnostic Report is expected to contain a compilation of recommended improvements to the ZDO and an action plan that will allow county staff to move forward quickly into the code drafting and adoption process. See **Attachment D**.

A Request for Proposals (RFP) from consultants is currently open; work is expected to begin this coming fall.

Attachments:

- A. Status Report: Oregon Housing Needs Analysis and Metro Urban Growth Boundary Decision, *June 26, 2024 (memorandum to the Board of County Commissioners)*
- B. OHNA Summaries from DLCD: What is the Oregon Housing Needs Analysis (OHNA)? and How Does the Oregon Housing Needs Analysis Change Statewide Land Use Planning Goals 10 & 14?
- C. Draft 2024 Metro Urban Growth Report, Executive Summary, *July 9, 2024*
- D. Zoning & Development Ordinance (ZDO) Diagnostic Report: Supporting Development and Improving Access for All, *July 15, 2024 (project summary)*

For more information:

Please contact Martha Fritzie at 503-742-4529 or mfritzie@clackamas.us



STATUS REPORT:

Oregon Housing Needs Analysis and Metro Urban Growth Boundary Decision

July 11, 2024

Please note: Underlined text provides an online link to the topic or document.

I. Oregon Housing Needs Analysis	Pages 1-2
II. Urban Growth Management Decision	Pages 3-4
III. Acronyms	Page 4

I. OREGON HOUSING NEEDS ANALYSIS (OHNA)

In 2021, the Oregon Legislature and Governor directed the Department of Land Conservation and Development (DLCD) to update housing planning to “ensure that all Oregonians have access to safe, affordable housing in their communities of choice that meets their needs.”

The resulting [Oregon Housing Needs Analysis Legislative Recommendations Report](#) was completed in December 2022. State legislation in 2023 and 2024 set responsibilities for state agencies and local governments to reorient implementation of Statewide Land Use Planning Goals 10 (Housing) and 14 (Urbanization), and adopt and amend new rules to:

- Produce more housing,
- Ensure equitable access to housing, and
- Ensure state and local governments take action to address need.

Three state-level departments have responsibilities related to the OHNA and its implementation

[Oregon Housing and Community Services \(OHCS\)](#)

- Create a methodology for the Regional Housing Needs Analysis (RHNA) to estimate housing needs for the next 20 years
- Track outcomes for how many total units and subsidized affordable units each jurisdiction is producing

[Department of Administrative Services \(DAS\)](#)

- Develop methodology to determine housing production targets assigned to cities and Metro-area counties. (Local governments make policy choices that determine type, characteristics, and location of housing.)
- Conduct the OHNA annually, including:
 - estimate 20-year housing needs for the State of Oregon,
 - allocate that need to cities and counties, and
 - publish annual housing production targets to provide a near-term (6- or 8-year) production goal that serves as a benchmark for measuring progress over time.
- Coordinate with Metro staff on Metro-specific implementation and special regional considerations
- Build on OHCS RHNA work to create the Oregon Housing Needs Analysis (OHNA) methodology

Goal 10, Housing

To provide for the housing needs of citizens of the state. Buildable lands for residential use shall be inventoried and plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.

Goal 14, Urbanization

To provide for an orderly and efficient transition from rural to urban land use, to accommodate urban population and urban employment inside urban growth boundaries, to ensure efficient use of land, and to provide for livable communities.

Department of Land Conservation and Development (DLCD)

- Develop and implement a housing acceleration program to ensure jurisdictions are making meaningful progress toward assigned production targets.
- Establish Technical Advisory Committees (TACs) and a Rulemaking Advisory Committee (RAC) to work through the details of how to achieve the direction of the legislation and to advise on amendments to the Oregon Administrative Rules regarding:
 - 1) Housing needs and production,
 - 2) Housing accountability, and
 - 3) Housing capacity and urbanization.

Clackamas County Planning staff serve on the Housing Accountability TAC and the Capacity and Urbanization TAC. The RAC met five times as of May 2024; the next meeting is scheduled for July 17. More information is on DLCD’s housing rulemaking [webpage](#).

The legislation allows DLCD and OHCS to study and suggest changes to DAS' Oregon Housing Needs Analysis (OHNA) methodology. Over the past few months, the three agencies worked together to explore improvements and set up a process for interested parties to give feedback on the methodology. DAS is scheduled to publish the first draft of the methodology on July 17, 2024. A 30-day public comment period on the DAS draft OHNA methodology will follow. Staff intends to submit a technical letter of comment.

Impacts to Clackamas County

- House Bill 2001 requires that unincorporated urbanized areas (UUAs) in Metro-area counties receive an allocation of housing production targets as created by DAS. The methodology available for public review in July 2024 is the foundation for the targets that will be published in January 2025.
- For the UUA, Clackamas County will be subject to the same requirements as cities with a population of greater than 10,000, including completing a Housing Capacity Analysis (HCA) and a Housing Production Strategy (HPS). These are new requirements for the county that will need to be completed by consultants and county staff.
- The HCA and HPS must be completed every six years and the county will be required to report on progress toward meeting its housing targets.

County Involvement

- PGA staff is working to have a DLCD representative present at the August C4 meeting.
- DTD Planning staff serve on two state TACs.
- DTD Planning staff met with DLCD staff the week of June 24 to discuss the impact of the methodology to urban, unincorporated areas.
- Staff intends to submit a technical letter of comment during the public comment period.
- Staff has scheduled a meeting with the DLCD director on July 16.

OHNA Methodology Timeline (tentative as of June 20, 2024)

DATE	ACTIVITY/EVENT
May	Statewide and Metro-specific webinars hosted by DAS, DLCD & OHCS
May 15	MTAC presentation on OHNA methodology in the Metro area
July 17	Publish Draft OHNA Methodology Recommendations Report
~July 17-Aug. 16	30-day public comment period on draft report
August	Respond to public comment and revise methodology report
September	LCDC meeting on revised methodology
October	Housing Stability Council presentation on revised methodology
November	Publish documentation for final methodology
Jan. 1, 2025	OHNA methodology published
January 2025	Clackamas County learns when it will be required to submit a housing capacity analysis (HCA), housing production strategy (HPS) and progress report toward meeting the housing production targets

II. METRO URBAN GROWTH MANAGEMENT DECISION

2024 Growth Management Decision: By the end of 2024, the Metro Council will decide whether there is enough land in greater Portland's urban area for 20 years of growth. If not, the council will decide what areas are best suited and most prepared to handle future growth.

Metro manages the Portland metropolitan area [urban growth boundary](#) (UGB) and works with residents, elected leaders, community groups and researchers to plan for future population growth and meet needs for housing, jobs, transportation and recreation. Every six years, Metro assesses whether there is enough land inside the UGB for 20 years of job and housing growth, and publishes these assessments in the Urban Growth Report (UGR).

UGB expansions typically are considered when a city decides that it is ready to expand the UGB into urban reserves. The city must demonstrate its readiness with a concept plan that lays out the vision for the area, intended land uses, transportation network, environmental protections, additional necessary infrastructure and funding sources.

For the [2024 urban growth management decision](#) cycle, Metro received [a proposal from the City of Sherwood](#) to expand the UGB to the 1,300-acre Sherwood West urban reserve area, which would include land for housing, and commercial and industrial uses.

If the Metro Council determines more land is needed in the UGB to support the next 20 years of growth, they will also determine how Sherwood's proposed expansion will accommodate the needs described in the Urban Growth Report.

Impacts to Clackamas County

- Concerns have been raised in the past about swapping land in the UGB with land outside the UGB. This tool allows for a specific area to be added to the UGB even if Metro's analysis does not determine there is a need for additional urban land overall. The Urban Growth Report will clarify if there is a need to expand the UGB without taking this action.
- While no jurisdictions from Clackamas County prepared concept plan proposals/requests to bring land into the UGB, there continue to be local concerns around land availability and the potential need for future UGB expansions.

County Involvement

- DTD staff serve on the Land Use Technical Advisory Group (LUTAG) that provides input on the technical analysis in the urban growth report.
- DTD staff serve on MTAC.
- Commissioner Shull serves on MPAC, which will make a recommendation to Metro.
- DTD staff plans to provide a technical letter of comment during the public comment period.
- DTD staff meets regularly with lead Metro policy staff.

Urban Growth Management Decision Timeline, 2024

DATE	ACTIVITY/EVENT
June 26	Meetings of MTAC and MPAC
July 9-August 4	<p>Metro accepts public comment on:</p> <ul style="list-style-type: none"> • Its assessment of whether there's enough land in the greater Portland urban area for 20 years of expansion, and • Expansion proposal from City of Sherwood. <p>Online survey and information about other ways to comment at 2024 Urban Growth Management Decision project webpage.</p>

DATE	ACTIVITY/EVENT
<i>Discussion of draft UGR</i>	
July 9	Metro Council Work Session (draft UGR released)
July 17	MTAC
July 24	MPAC
July 26	Urban Growth Report Roundtable
Aug. 14	Metro Chief Operating Officer (COO) recommendation released
<i>Discussion of COO recommendations</i>	
Aug. 21	MTAC
Sept. 3	Metro Council Work Session
Sept. 11	MPAC
<i>Discussion of final overall recommendations</i>	
Sept. 18	MTAC (recommendations to MPAC)
Sept. 19	CORE (recommendations to Metro Council)
Sept. 25	MPAC (recommendations to Metro Council)
Sept. 26	Metro Council public hearing on COO recommendation
Oct. 1	Metro Council direction on intended decision
Nov. 28	Metro Council first reading of ordinance; public hearing
Dec. 12	Metro Council second reading of ordinance; final decision

III. Acronyms

CORE	Metro Committee on Racial Equity
DAS	Department of Administrative Services
DLCD	Department of Land Conservation & Development
HCA	Housing capacity analysis
HPS	Housing production strategy
LUTAG	Land Use Technical Advisory Group
MPAC	Metro Policy Advisory Committee
MTAC	Metro Technical Advisory Committee
OEA	Office of Economic Analysis (in the Department of Administrative Services)
OHCS	Oregon Housing & Community Services
OHNA	Oregon Housing Needs Analysis
RAC	Rulemaking Advisory Committee
TAC	Technical Advisory Committee
UGB	Urban Growth Boundary
UGMD	Urban Growth Management Decision
UGR	Urban Growth Report
UUA	Urban unincorporated area

WHAT IS THE Oregon Housing Needs Analysis (OHNA)?



The OHNA has been codified into law¹ with the intent to facilitate housing production, affordability, and choice to meet housing needs for Oregonians statewide.

The OHNA represents the most significant revision to the state's housing planning system since its inception 50 years ago. The entire state is experiencing a housing crisis. Prior to the OHNA, Oregon's housing planning system planned for and invested in too little housing resulting in undersupply, rising home prices, segregation and displacement in some communities, and deepening inequities across all communities.

The Oregon Legislature and Governor Tina Kotek have directed the Department of Land Conservation and Development (DLCD) to iterate housing planning in the state to **ensure that all Oregonians have access to safe, affordable housing in their communities of choice that meets their needs.**

What is the OHNA?

The OHNA articulates new responsibilities for state agencies and local governments to reorient the implementation of Statewide Land Use Planning Goals 10 (Housing) and 14 (Urbanization) to produce more housing, ensure equitable access to housing, and ensure state and local governments take action to address need. It affects the way all communities plan for housing and urban lands, and cities with populations of 10,000 or greater are now required to regularly plan and take action to address needs. The OHNA includes the following components:

Methodology

- ◆ A methodology that estimates the total number of **Needed Housing** units over a 20-year period for all of Oregon, divided into geographic regions, components of need, and affordability brackets
- ◆ An allocation of need to each local government in a region
- ◆ This allocation at the city level forms the basis for the statewide development of **Housing Production Targets** for cities with over 10,000 people
- ◆ The methodology will be run annually by the Oregon Office of Economic Analysis inside the Department of Administrative Services (DAS)

Dashboard

- ◆ A publicly available **Housing Production Dashboard** that will track progress toward housing production target goals by city
- ◆ A set of **Housing Equity Indicators** that will monitor equitable housing outcomes by city
- ◆ The dashboard and equity indicators will be published annually by the Oregon Housing and Community Services (OHCS) Department

Program

- ◆ A **Housing Acceleration Program** that supports cities who are falling behind on their Housing Production Targets
- ◆ The Housing Acceleration Program requires action, partnership, and investment to identify and address barriers to production within the control of local governments and state agencies
- ◆ The Housing Acceleration Program and OHNA integration into Oregon's other land use planning goals will be managed by DLCD and aligned with cities' Housing Production Strategy deadlines



COMPONENTS OF THE OHNA

Four Components of Housing Need

1
Projected Need



Units needed to accommodate future population growth over 20 years

2
Underproduction



Units that have not been produced to date in the region, but are needed to accommodate current population (often referred to as housing shortage)

3
Units Lost to 2nd & Vacation Homes



Units needed to replace units lost to second and vacation homes

4
Units to Address Homelessness

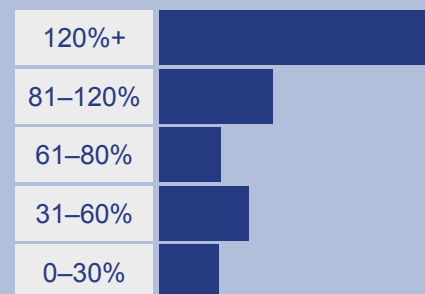


Units needed to house those who are currently experiencing homelessness

Calculated for the state, each region, and each income level



DISTRIBUTION OF UNITS BY PERCENTAGE OF AREA MEDIAN INCOME



The OHNA brings about several important changes to housing planning in Oregon by requiring jurisdictions to plan for housing in a more comprehensive way and include housing underproduction, housing units needed for people experiencing homelessness, and units lost to second and vacation home demand in the estimate of total housing need. It also requires jurisdictions to use regional incomes, instead of local incomes, to assess needed housing. These changes aim to ensure that all Oregon communities have a shared responsibility in meeting housing need at all income levels.



How was the OHNA Methodology Developed?



The OHNA has been under development for several years. In 2019, House Bill 2003 directed OHCS to study a [pilot methodology](#), which was completed in 2020. Under subsequent direction from the legislature, OHCS and DLCD refined the methodology in 2022 to better account for specific functions and components. For a detailed technical explanation of the OHNA methodology and changes recommended last year, see the [technical appendix](#) to the [OHNA Recommendations Report](#). The Office of Economic Analysis at DAS will be finalizing the OHNA methodology throughout 2024 so it can be run on January 1, 2025.

Want to Get Involved and Stay Informed about the OHNA?

The OHNA is a brand new set of laws that affect housing provision for Oregonians. Many of the decisions and ideas described in this document will be finalized over the 2024-2025 time period. DLCD recruited and began meeting with its Advisory Committees in Fall 2023, but there are many ways to get involved and stay informed about the process.

Visit [DLCD's housing rulemaking webpage](#) for additional policy briefs describing:

- How the OHNA will be implemented
- How the OHNA will change Statewide Land Use Planning Goals 10 and 14
- How to define Needed Housing in the OHNA

To Get Involved and Stay Informed About the OHNA:

- See [DLCD's housing rulemaking webpage](#)
- Sign up for process updates at DLCD's housing rulemaking [GovDelivery](#)
- Reach out to DLCD's Housing Division with questions and comments at housing.dlcd@dlcd.oregon.gov.

1. See House Bills [2001](#) & [2889](#) (2023 Session). Codified in [Oregon Laws 2023, chapter 13](#) and Oregon Revised Statute (ORS) chapters 195, 197, 197A, and 456

HOW DOES THE Oregon Housing Needs Analysis Change Statewide Land Use Planning Goals 10 & 14?

ATTACHMENT B
PC Study Session 07/22/2024



The OHNA has been codified into law¹ with the intent to facilitate housing production, affordability, and choice to meet housing needs for Oregonians statewide.

The Department of Land Conservation and Development (DLCD) is leading the implementation process for the OHNA through 2025 in partnership with the Oregon Housing and Community Services Department (OHCS) and the Oregon Department of Administrative Services (DAS). The implementation process is described in a separate policy brief and involves rulemaking guided by several advisory committees, finalizing the OHNA methodology, and setting up a dashboard with publicly available information about housing production and housing outcomes.

What is Goal 10 — Housing?

Oregon's Statewide Land Use Planning Goal 10 requires local governments to plan for and address housing needs within their community. The goal text summarizes this responsibility:

Goal 10

To provide for the housing needs of citizens of the state. Buildable lands for residential use shall be inventoried and plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.

Local governments implement Goal 10 primarily through two planning requirements, a Housing Capacity Analysis and Housing Production Strategy. A Housing Capacity Analysis determines whether a city has enough buildable land zoned to sufficient capacity to accommodate housing needs over a twenty-year planning horizon. A Housing Production Strategy is a list of actions a city plans to take over six or eight years to encourage the production of housing to meet need and to affirmatively further fair housing. Together, these requirements create the focal point by which local governments plan for and take action to address need.



How Does the OHNA Change Goal 10?

At its core, Goal 10 directs state and local governments to:

Encourage Production

- ◆ Make sure that communities in Oregon have and are building enough equitable housing, offering plenty of housing options must be a top priority.

Encourage Affordability

- ◆ Work to lower the cost of buying or renting homes, whether they are market-rate or subsidized-affordable housing. The goal is to make it possible for people at all income levels to afford a place to live in the community they choose.

Encourage Choice

- ◆ Support the production of different types of housing, with diverse characteristics and locations that meet different needs. This way, Oregonians have more options and flexibility in choosing where and how they want to live, based on their individual and household needs and preferences.

Goal 10 provides a clear directive to meeting the housing needs of the people in the state, but addressing housing needs goes beyond estimating the number of needed units or making them affordable. People have unique housing needs based on specific circumstances. Oregon's historically marginalized and underserved populations especially face challenges in accessing safe, accessible, and affordable housing in the community of their choice due to unfair policies and practices.

The OHNA requires local governments to plan for a diversity of housing options in their community, in contrast to the previous system in which local governments project and entrench past patterns into the future. With the implementation of the OHNA, all local governments will receive an allocation of housing need from the state, segmented by affordability level. In contrast to localized needs projections, all communities in Oregon will be responsible for a share of overall need. However, a local government will still need to make a policy determination about the types, characteristics, and location of housing that they plan for to accommodate that need.

The OHNA also includes a major milestone for fair housing planning: all local governments completing a Housing Production Strategy will be required to 'affirmatively further fair housing' and work towards fair and equitable housing outcomes in their community. Integrating fair housing planning into the Housing Production Strategy will be a major policy issue that this process will need to address in rule and guidance materials to local governments.



Major Refinements to Goal 10 — Housing

Forecasts of new units by income level

The OHNA will result in regional forecasts of housing growth resulting from population growth, underproduction of housing, need for housing to address homelessness, and second or vacation homes. The regional forecasts will be of number of units needed by income levels. The OHNA will allocate a housing forecast by income level to every community in the state.

Clarifying what “needed housing” is and how it is addressed by cities

OHNA legislation changed the definitions of needed housing. Forecasting the types of needed housing currently occurs in the housing capacity analysis and identifying actions or policies necessary to ensure development of needed housing by characteristics and location may occur in the housing production strategy. Rulemaking will provide input about the methodologies to identify and address needed housing through Goal 10.

Integration of Affirmatively Furthering Fair Housing into the housing production strategy

The rulemaking process will identify how the housing production strategy should integrate Affirmatively Furthering Fair Housing into the analysis, identification and implementation of actions, and evaluation of actions in the housing production strategy for achieving more fair and equitable outcomes.

Adoption-ready housing strategies

DLCD is directed to develop and refine collaborative tools and resources to support local governments in responding to housing need. The rulemaking process will help identify and develop a series of adoption-ready policies that are ready to adopt or refine to adapt to specific local contexts and priorities.

Refinements to methodological approaches for the buildable lands inventory and estimating development capacity

Goal 10 requires each city to inventory buildable lands within an urban growth boundary. The OHNA will clarify issues related to: accounting for housing capacity on partially developed lands; factoring in constraints that make development of land challenging (e.g., wetlands); accounting for constraints on development that inhibit development likelihood; required accuracy of the analysis; and related issues. The refinements should provide greater clarity and certainty to local governments and reduce analytical burden, particularly for small, capacity-constrained cities.

Integrate development-readiness into the understanding of housing capacity

State law now requires that cities inventory the capacity of “development-ready land” to ensure they evaluate and take action to facilitate the near-term potential for land to support housing production. The rulemaking process will define the characteristics of development-ready land and provide guidance on estimating capacity of these lands. The rulemaking process will also include approaches to ensure that land within an urban growth boundary is development-ready and include actions in the HPS that facilitate development readiness of land, such as infrastructure financing, public facilities standards, annexation procedures, and more.



Establish a Housing Acceleration Program

The OHNA requires OHCS to establish and maintain a housing production dashboard and equity indicators, which will monitor outcomes over time. For cities above 10,000 people, DLCD is required to periodically evaluate progress towards outcomes. When a city falls behind in comparison to similar or nearby cities, the city is not punished. Instead, DLCD is required to conduct an assessment to determine what barriers need state or local action or investment to overcome. Once this assessment is complete, the state and local government enter an agreement to take actions within their control to address identified barriers. This full process is referred to as the “Housing Acceleration Program”.

What is Goal 14 — Urbanization?

Oregon’s Statewide Planning Goal 14 requires cities to plan for orderly and efficient growth within an Urban Growth Boundary to accommodate community needs, including housing needs. The goal text summarizes this responsibility:

Goal 14

To provide for an orderly and efficient transition from rural to urban land use, to accommodate urban population and urban employment inside urban growth boundaries, to ensure efficient use of land, and to provide for livable communities. Urban growth boundaries shall be established and maintained by cities, counties and regional governments to provide land for urban development needs and to identify and separate urban and urbanizable land from rural land. Establishment and change of urban growth boundaries shall be a cooperative process among cities, counties and, where applicable, regional governments.

Cities must plan to provide a twenty year supply of land to accommodate identified needs within an Urban Growth Boundary. Where a city identifies a need that cannot be accommodated within the UGB, they must amend the boundary. This process includes evaluating adjacent sites for potential inclusion within the boundary, considering the resource status of the land and the suitability of that land for urbanization.

How Does the OHNA Change Goal 14?

The OHNA policy included technical refinements to urbanization-related statutes as well as direction to DLCD to generally make the process more accessible for local governments, especially smaller cities, to amend an Urban Growth Boundary to address an identified housing need. If a city’s housing capacity analysis shows that the city does not have enough development capacity on buildable lands to accommodate the forecast of housing need, the city is required to:

Evaluate and adopt land use efficiency measures

or

Expand its urban growth boundary

or

Both



Most frequently, cities with a substantial deficit of housing capacity both identify land use efficiency measures to increase development capacity within the existing urban growth boundary and expand their urban growth boundary.

Major Refinements to Goal 14 — Urbanization

Clarify land use efficiency measures options and methodologies

Before expanding their urban growth boundary, a city evaluates opportunities to increase development capacity within the existing urban growth boundary area. The rulemaking process will clarify the types of policies that are land use efficiency measures, evaluate options to reduce procedural redundancy or delay, and address questions related to estimating increases in housing capacity from land use efficiency measures.

Increase certainty in the urban growth boundary amendment and exchange process

Cities are required to amend an urban growth boundary where a land need is identified. Cities also can conduct an analysis to move land within the urban growth boundary to outside of the boundary and bring land with equivalent development capacity into the urban growth boundary. The rulemaking process will identify ways to provide analytical flexibility and reduce uncertainty in these processes.

Facilitate adoption of urban and rural reserves for non-Metro cities

Cities can currently adopt urban reserves, which are areas identified for future inclusion in the urban growth boundary, to accommodate growth for the next 21 to 50 years. Urban reserves help provide certainty and reduce analytical requirements when a city needs to amend a UGB. Cities can also adopt rural reserves, which are areas that the city does not expect to urbanize for at least 50 years. The rulemaking process will provide clarity on: the relationship between the 20-year urban growth boundary land need and the 50-year urban reserve land need; protection of agricultural land; clarification of non-resource land; and need for greater certainty for development potential and utility access in urban reserve areas.

1. See House Bills [2001](#) & [2889](#) (2023 Session). Codified in [Oregon Laws 2023, chapter 13](#) and Oregon Revised Statute (ORS) chapters 195, 197, 197A, and 456

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Draft 2024 Urban Growth Report

EXECUTIVE SUMMARY

July 9, 2024



Metro respects civil rights

Metro fully complies with Title VI of the Civil Rights Act of 1964 that requires that no person be excluded from the participation in, be denied the benefits of, or be otherwise subjected to discrimination on the basis of race, color or national origin under any program or activity for which Metro receives federal financial assistance.

Metro fully complies with Title II of the Americans with Disabilities Act and Section 504 of the Rehabilitation Act that requires that no otherwise qualified individual with a disability be excluded from the participation in, be denied the benefits of, or be subjected to discrimination solely by reason of their disability under any program or activity for which Metro receives federal financial assistance. If any person believes they have been discriminated against regarding the receipt of benefits or services because of race, color, national origin, sex, age or disability, they have the right to file a complaint with Metro. For information on Metro's civil rights program, or to obtain a discrimination complaint form, visit oregonmetro.gov/civilrights or call 503-797-1890.

Metro provides services or accommodations upon request to persons with disabilities and people who need an interpreter at public meetings. If you need a sign language interpreter, communication aid or language assistance, call 503-797-1700 or TDD/TTY 503-797-1804 (8 a.m. to 5 p.m. weekdays) 5 business days before the meeting. All Metro meetings are wheelchair accessible. For up-to-date public transportation information, visit TriMet's website at trimet.org

EXECUTIVE SUMMARY

Oregonians have a long tradition of taking a thoughtful approach to growth that protects farms and forests and helps shape vibrant, sustainable urban communities. Tools like the urban growth boundary (UGB) enable us to make the most of the land we have as we work toward achieving our region’s shared goals. Over the past four decades the urban growth boundary has helped the Portland metro region minimize our carbon footprint and focus development in town centers and along transportation corridors, providing easier access to destinations where people live, work, play and study.

Under Oregon state land use law, urban growth management decisions focus on whether there is an identified regional need to add land to the UGB for forecasted housing and jobs growth. But a decision about whether to expand the boundary goes beyond that requirement. It also provides a chance to check in on how the region is changing, highlight successes, and draw attention to areas of concern. In the coming months, the Metro Council will make their 2024 growth management decision against a backdrop of new regional challenges and opportunities, informed by a shared desire to improve housing affordability, community stability, downtown revitalization, and equitable economic growth.

Metro and its partners are prepared to confront the challenges faced by our region with policies and investments that extend beyond managing the region’s UGB. Examples include investing in supportive housing services, affordable housing, parks and nature. Together we are building regional transit connections along 82nd Avenue in east Portland and Clackamas County and along the Tualatin Valley Highway; and these new connections are leveraged by Comprehensive Economic Development Strategy (CEDS) plans and investments.

We also understand that collectively, we must do more to broaden the availability of affordable housing and economic prosperity. In this context, if a need is identified to provide more land for housing and job creation, Metro's charge is to work with cities seeking proposed UGB expansions that meet certain conditions. For the 2024 growth management decision, only one city – Sherwood – has requested an expansion. The request includes a completed concept plan for a proposed expansion within a designated urban reserve area.

This Urban Growth Report (UGR) sets out data and analysis to inform the Metro Council’s decision whether to expand the UGB as proposed by the City of Sherwood.

Planning amid uncertainty

Slower population and employment growth

Several factors shape the context for the decision whether to expand the UGB. Among them, regional population growth is slowing. This reflects a nationwide trend where people are

choosing to have fewer children (U.S. Department of Health and Human Services, 2024) - and Oregon's birth rates are among the nation's lowest. This means that in coming years our region is likely to see population growth only from net in-migration. Consequently, regional population growth rates are projected to be lower over the next 20 years.

The relatively high cost of living on the West Coast may be an additional headwind for regional population growth from migration, which historically has been highly variable from year to year.

Slowing population growth also means slower job growth. Sectors expected to grow the most are those that serve the existing population, such as health care and professional services.

Holding our ground in semiconductor manufacturing

Despite long-term declines at the national level, the greater Portland region is expected to maintain its historic strength in high-tech manufacturing thanks in part to assistance from the CHIPS Act. Computer and electronic manufacturing jobs are holding steady with modest gains due to our region's advantages in semiconductor research and development rather than large-scale production, which is more vulnerable to offshoring to countries with lower costs.

Underproduction of housing, particularly for people with the fewest resources

Our nation's housing markets continue to struggle to produce enough housing to match household growth, particularly for households with lower incomes. This backlog of housing production became evident in the aftermath of the 2008 housing bubble and recession – and its effects are still felt today. Those who experience this housing shortage most acutely are people with the fewest resources. Housing instability and houselessness disproportionately impact people of color.

For developers and builders, the cost of labor, materials and lending remain a burden on housing production. Nationwide, access to buildable lots is a challenge in part because of lower numbers of land development companies. In our region, as elsewhere, the cost of serving raw lands with needed infrastructure is a significant barrier to housing development.

On a positive note, jurisdictions around the state have removed regulatory barriers to producing a greater variety of housing types. “Middle housing” options that include townhouses, duplexes, triplexes, quadplexes and cottage clusters hold promise for providing additional housing types for people of varying incomes – particularly ownership options in smaller formats. In fact, in the future middle housing may well be more profitable to build than single unit detached housing.

Pandemic impacts on work

Though many aspects of life have returned to normal after the COVID-19 pandemic in 2020 and 2021, it has had lasting impacts on what that “normal” looks like. After peaking in 2021, the share of employees working from home full time or hybrid remained at 24 percent in 2022 for the greater Portland metropolitan area. While offering more flexibility for office workers and

some cost savings for businesses, this persistent trend has led to high office vacancy rates and has long-term implications for demand for office space.

Housing capacity needs

While there is a housing crisis nationally and in our region, it is not clear that shortage is caused by a sheer lack of space for additional housing to be built. Metro's UGB housing need analysis shows that within the Metro area UGB, there is an existing need for approximately 24,000 homes to address historic underproduction and its impacts, including houselessness.

Additionally, under the baseline population forecast conducted for this Urban Growth Report, approximately 150,000 additional homes are needed to meet expected population growth over the next 20 years.

Trends projecting more one-person households and an aging population (often on fixed incomes) predict that the need for more affordable, smaller homes will increase. To meet these housing needs, we must continue to focus on public investment and removing barriers to housing production in existing urban locations.

Housing capacity gap analysis

Baseline analysis conducted for this Urban Growth Report reveals that there is likely room to accommodate most, if not all, of the region's existing and future housing needs inside the existing UGB for the next 20 years. Growth projections vary, however - and based on the range of those projections the Metro Council has latitude to determine there is a need to add the Sherwood West urban reserve to the UGB or to take other measures to encourage redevelopment. This latitude derives from several factors described in more detail in this report. Generally, those factors relate to uncertainty around future migration rates, redevelopment potential and middle housing potential. As a result of different growth projections, the UGB capacity deficit, or "gap," for accommodating housing needs can vary within the following ranges:

- For single unit detached and middle housing capacity, the gap ranges from a potential deficit of approximately 2,250 homes to a potential surplus of approximately 32,500 homes.
- For multi-family housing capacity, the gap ranges from a potential deficit of 23,900 homes to a potential surplus of 3,750 homes.

Housing capacity options

If the Metro Council determines that there is a need for additional capacity to address housing needs, it may take measures to increase the likelihood of developing housing on land already inside the UGB and/or expand the UGB to add the Sherwood West urban reserve area as proposed by the City of Sherwood. If the Council elects to expand the UGB, it may wish to consider conditions of approval to help achieve a certain housing mix or number of housing units to best meet the region's housing needs.

Employment land needs

Industrial land needs

Although analysis shows a surplus of industrial land in aggregate throughout the region, individual businesses seeking specific development-ready properties for sale or lease may struggle to find options.

Metro, with review by cities and counties, identified almost 6,000 acres of industrial land inside the UGB that meets the legal definition of being buildable. The Urban Growth Report analysis shows a regional surplus of 4,550 acres of industrial land to accommodate expected industrial job growth under the baseline forecast. There is a surplus even under a high growth employment forecast.

However, the available acres of industrial land may not have the location and site characteristics that will lead to industrial development. The Sherwood West employment area offers the potential for business growth because of unique characteristics that are in short supply on lands already in the UGB, including the potential for assembling larger sites, relatively flat parcels, and relative proximity to existing job clusters.

Industrial land options

Informed by this analysis, the Metro Council has the discretion to do one of the following:

- Based on regional employment forecasts and the aggregate inventory of industrial lands, decide that there is no need for additional land for industrial uses.
- Add the mixed employment portion of the Sherwood West urban reserve to the UGB based on a determination that the area offers unique site characteristics for industrial and flex uses that are in demand and that cannot be found elsewhere in the UGB.

If the Council determines that there is a need to expand the UGB to provide industrial sites with specific characteristics, it may wish to consider conditions of approval to protect those sites from other uses.

Commercial land needs

Depending on the amount of employment growth anticipated, this analysis identifies a potential surplus of 800 buildable acres of commercial land (low growth forecast) to a potential deficit of 1,800 buildable acres (high growth forecast). Under the baseline growth forecast, there is a deficit of 320 buildable acres.

Commercial land options

Informed by this analysis, the Metro Council has the discretion to decide one or more of the following:

- Plan for the low growth forecast and find no need for additional land.
- Plan for the baseline forecast:

- Assume that 320 acres or more of the region’s industrial land surplus is functionally available for commercial employment uses, thereby addressing the commercial capacity gap; or,
- Assume that additional commercial redevelopment would occur if there is demand for commercial space.
- Plan for the baseline forecast and find a need for a UGB expansion.
 - Add the commercial employment portions of Sherwood West urban reserve to the UGB.
 - Consistent with observed development trends, assume that a small portion of the region’s industrial land surplus will be available for commercial employment uses, thereby addressing the remaining commercial capacity gap.
- Plan for the high employment growth forecast and find a need for UGB expansion.
 - Add the 135-net-acre commercial employment portions of the Sherwood West urban reserve to the UGB.
 - Add approximately 1,665 additional net acres of urban reserves that lack a concept plan or city support to the UGB.

Engagement

Metro staff have shared information from this report and explained the methods used to collect and analyze the data during its production. An Urban Growth Report Roundtable started meeting in September 2023 and met eleven times to discuss approaches used to collect data and share early information.

Staff from cities, counties and local experts were invited to review data during the process to ensure accuracy. Thank you to everyone who participated in the production of this plan.

Next steps

The release of this draft 2024 Urban Growth Report kicks off policy discussions, leading to recommendations and a Metro Council decision by the end of 2024. This Urban Growth Report is intended to provide the best available information to support those discussions without implying more precision or certainty than is warranted in a 20-year planning effort.

Tentative milestones:

Now-August 4, 2024 Public comment period on draft UGR and Sherwood expansion proposal

August 14, 2024 Release Chief Operating Officer recommendation

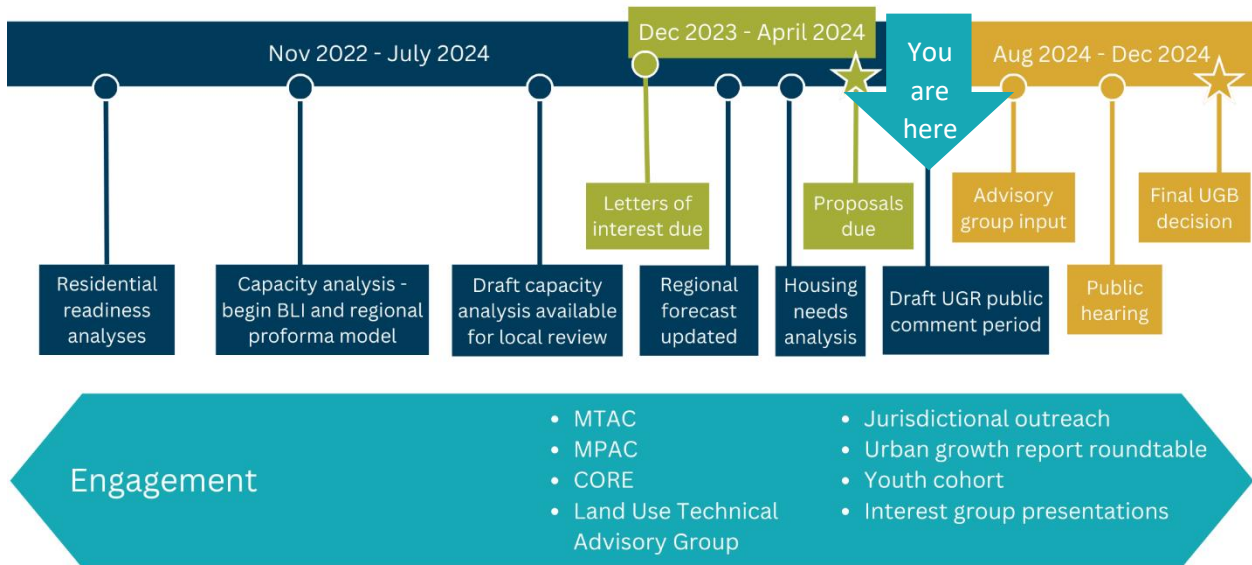
September 18, 2024 Metro Technical Advisory Committee recommendations to MPAC

September 19, 2024 Committee on Racial Equity recommendations to Metro Council

September 25, 2024 Metro Policy Advisory Committee recommendations to Metro Council

- September 26, 2024 Metro Council public hearing on Chief Operating Officer recommendation
- October 1, 2024 Metro Council direction to staff
- November 21, 2024 Metro Council public hearing
- December 5, 2024 Metro Council decision

Technical work and analysis: Developing the urban growth report	City expansion proposals	Metro Council decision
<ul style="list-style-type: none"> Buildable land inventory (BLI) Regional forecast Capacity analysis Employment trends and site characteristics Housing needs analysis Residential readiness analyses Draft urban growth report (UGR) 	<ul style="list-style-type: none"> Letters of interest Expansion proposals <p style="text-align: center;"><i>2040 planning and development grants available</i></p>	<ul style="list-style-type: none"> Consider Metro staff and advisory group recommendations Public hearings Policy direction Final decision



If you picnic at Blue Lake or take your kids to the Oregon Zoo, enjoy symphonies at the Schnitz or auto shows at the convention center, put out your trash or drive your car – we’ve already crossed paths.

So, hello. We’re Metro – nice to meet you.

In a metropolitan area as big as Portland, we can do a lot of things better together. Join us to help the region prepare for a happy, healthy future.

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Long Range Planning Project

Zoning & Development Ordinance (ZDO) Diagnostic Report: *Improving the ZDO to Support Housing and Job Development*

July 15, 2024

Goal: Create an action plan to improve the Clackamas County ZDO by removing obstacles to development, streamlining and clarifying text, and ensuring compliance with state laws.

Process:

- Identify and recommend ways to eliminate conflicts, inefficiencies and redundancies
- Identify updates needed to comply with state land use laws
- Identify ways to make the ZDO easier to understand and implement for all users
- Identify obstacles to development in the ZDO, and possible modifications
- Identify opportunities to simplify and clarify the ZDO to support development

Issues to be evaluated include, but are not limited to, the following:

- How transportation performance standards are used during the development review process
- Removing obstacles to support a smooth development process
- Consolidation of zoning districts
- Changing density and housing types allowed in multifamily zoning districts
- Improving online accessibility of the ZDO document

Timeline: The final report will be completed in approximately one year. Afterwards, staff will draft ZDO amendments and hold public hearings to implement the recommendations.

A high-level timeline of activities for the report creation is below:

