

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: Sept 21, 2022 **Approx. Start Time:** 11:30 am **Approx. Length:** 30 mins

Presentation Title: Metro Urban Growth Boundary Exchange

Department: Department of Transportation and Development

Presenters: DTD – Dan Johnson (Director); Metro Staff - Andy Shaw (Director of Government Affairs), Malu Wilkinson (Equitable Development and Investments Program Director) and Metro Councilor, Shirley Craddick

Other Invitees: Cheryl Bell – DTD Assistant Director of Development; Jennifer Hughes – Planning Director; Martha Fritzie – Principal Planner; Karen Buehrig – Long Range Planning Manager; Jamie Stasny - Regional Transportation and Land Use Policy Advisor; Chris Lyons – Government Affairs Manager, PGA

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

None at this time.

EXECUTIVE SUMMARY:

The City of Tigard has submitted a request for a mid-cycle Urban Growth Boundary (UGB) amendment to add approximately 500 acres of land to the UGB. Metro COO, Marissa Madrigal, recommended that Metro Council consider using a land exchange – removing undeveloped land from the UGB – in exchange for adding the land proposed by Tigard.

This UGB exchange process (OAR 660-024-0070) is enabled in state law but has not been used in the Metro region.

Please see Attachment 1 for more details on Metro’s planned approach.

Current Status & Next Steps:

Metro staff have identified potential candidate areas for exchange. Metro staff will bring their proposal to the September 28th Metro Policy Advisory Committee (MPAC) meeting for discussion. MPAC will make a recommendation to Metro Council on the matter at their October 26th meeting. Commissioner Shull, Clackamas County’s MPAC representative, will be taking part in the October 26th MPAC recommendation and will seek board direction at that time. Metro Council will make the final decision in November of this year.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO

What is the cost? \$ N/A

What is the funding source? N/A

STRATEGIC PLAN ALIGNMENT:

- This item relates to all five of the county’s Performance Clackamas goals:
 - Build public trust through good government;
 - Grow a vibrant economy;
 - Build a strong infrastructure;
 - Ensure safe, healthy, and secure communities; and
 - Honor, utilize, promote, and invest in our natural resources.

LEGAL/POLICY REQUIREMENTS:

N/A

PUBLIC/GOVERNMENTAL PARTICIPATION:

Involves several departments and external partner agencies. Metro will conduct public engagement with jurisdictions and property owners.

Recently Metro presented at the Damascus CPO meeting that was held on Thursday, September 8.

OPTIONS:

N/A

RECOMMENDATION:

N/A

ATTACHMENTS:

1. UGB exchange proposal Metro COO recommendation to council
2. Metro Staff Presentation & Materials

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval *Dan Johnson*

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Dan Johnson @ 503-742-4325

River Terrace 2.0 Mid-Cycle Urban Growth Boundary Proposal from the City of Tigard: Metro Chief Operating Officer Recommendation to the Metro Council

Summary

The City of Tigard is a consistent and dependable regional partner in its forward-looking approach to housing planning. Tigard has been at the vanguard of allowing middle housing that serves residents and the region so well. Now, Tigard has proposed a well-planned UGB expansion that includes middle housing under our new mid-cycle UGB amendment process. For the reasons described below, I recommend that the Council approve this expansion, but through a UGB exchange instead of the mid-cycle process.

The UGB exchange process is different than a mid-cycle UGB expansion as it would entail adding the River Terrace 2.0 area to the UGB and removing a comparable amount of land elsewhere in the region. This approach is consistent with Metro's focus on city readiness in its growth management decisions. It recognizes that Tigard is ready for growth while some other areas that were added to the UGB in the past have not resulted in housing and may not for decades to come. Ultimately, adding land to the UGB can only help us address our housing shortage if it develops in a thoughtful, predictable way. Tigard has demonstrated that it is ready to develop River Terrace with a mix of middle housing types that makes efficient use of land.

This UGB exchange approach also holds us to the core principle of only adding to the overall size of the UGB when there is a regional need for additional 20-year land supply. This highlights an important distinction that guides our work: the difference between a present day housing shortage and long-term land shortages. State law requires us to focus on the latter when considering whether to add more land to the UGB. Given the trends of the last few years – most notably a slowing population growth rate and additional allowances for middle housing in existing neighborhoods – it is difficult to conclude that more land is needed now. What we need is to make more land inside the existing UGB ready for housing.

Next steps for a UGB exchange process

The UGB exchange process, while already enabled under state law (OAR 660-024-0070), has not been used in the Metro region. To ensure that we maintain an effective land supply inside the UGB, I recommend that Metro work with the City of Tigard and other jurisdictions to identify areas of approximately 500 acres that are inside and adjacent to the UGB that have not demonstrated readiness to accommodate population growth. Once we have identified appropriate locations, we would return to the Metro Council for consideration of the exchange, including the addition of River Terrace 2.0 to the

UGB. I recommend that we strive to complete this process this year, which is within the timeframe required by Metro code for Council action on Tigard's UGB expansion proposal.

Pending Council direction, I propose that Metro staff begin the process of identifying exchange options following the following principles:

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

Improving our growth management process

One of the Metro Council's fundamental responsibilities that dates back to the 1970s is determining whether there is a regional need to expand the UGB. We undertake these processes in a thoughtful manner so that growth is intentional. Though our approach has changed and improved over the years, the basics of how we go about determining whether there is a need to expand the boundary are laid out in state law. Generally, we have moved towards an approach that recognizes analytic uncertainty and attempts to create space for the Council to exercise policy judgement and common sense.

Through experience, we have realized that – while analytic improvements are helpful for informing discussions – in order for an expansion to lead to housing or jobs, city leaders and community members need to have a plan for the expansion area and commit to providing urban infrastructure and city governance. Only with that readiness in place will the community's growth aspirations, and the demonstrated regional need for new development, be successful. This was a hard-learned lesson that resulted in lands added to the UGB decades ago that sit underutilized today.

In response, the region designated urban and rural reserves in 2010. Urban reserves are areas adjacent to the UGB that the region determined are the most suitable for urbanization and are the first candidates for future UGB expansions. Rural reserves will be kept in agricultural, forestry, or natural uses for decades to come. The Council also adopted a policy in 2010 to only expand the UGB into urban reserves that have been concept planned.

The Council first used this changed approach in its 2015 urban growth management decision and found no need to expand the UGB. Notably, development in existing urban centers had taken off, showing even greater potential for accommodating future housing and job growth. Nevertheless, some stakeholders were frustrated with the decision and felt that the Council needed additional flexibility in its growth management decisions.

In 2016, the Metro Council convened the Urban Growth Readiness Task Force to explore ways to improve the region's process for growth management decisions. This group included mayors, county commissioners, Metro councilors, the Oregon Department of Land Conservation and Development, land use advocates, and representatives of the homebuilding industry. The Task Force recommended modifications to the UGB process to allow cities to propose UGB expansions to Metro, rather than

Metro recommending areas to add to the UGB as had been previously done. This approach allows cities to identify how they could accommodate new development by completing a concept plan for the proposed expansion area. The Task Force also laid out a framework for what the region should expect of cities that propose expansions, emphasizing a focus on citywide development readiness and attention to housing affordability.

The Council used this approach of focusing its policy discussions on the merits of city proposals for expansions in its 2018 decision. In that decision, the Council found a regional need for more residential growth capacity and added approximately 2,100 acres to the UGB in four well-planned urban reserve areas as proposed by the cities of Beaverton, Hillsboro, King City and Wilsonville.

The 2017 Task Force also recommended a new UGB process to provide for opportunities to expand the UGB for residential needs midway through Metro's regular six-year growth management cycle. Throughout its discussions, the Task Force emphasized that this new process should set a high bar for proposals and that the process should address unanticipated housing land needs.

The Oregon Legislature codified this process in 2017 through the adoption of House Bill 2095, which allows Metro to make mid-cycle residential UGB expansions by amending its most recent Urban Growth Report analysis. In 2017, the mid-cycle process was added to Metro's UGB processes outlined in Title 14 of the Urban Growth Management Functional Plan (Functional Plan). Tigard has proposed an expansion through this new process.

The Task Force also discussed UGB exchanges and recommended that they were worthy of longer-term consideration. The exchange process is outlined in state law, though Metro has not relied on in the past. I believe that now is the time to use this exchange process to be responsive to Tigard's readiness while also holding to core principles of using land efficiently and remaining focused on city readiness.

This proposed shift to use the exchange process is the latest example of how Metro and its partners have worked over the years to improve how the region manages growth. When there are ways to adapt and improve our process, we should continue to seek them out.

Tigard's River Terrace 2.0 Concept Plan

Prior to land being added to the UGB, a concept plan consistent with Metro Functional Plan Title 11 must be completed. Completion of a concept plan is the initial step in Metro's mid-cycle UGB amendment process and the concept plan must meet the requirements of Metro Code Section 3.07.1110: Planning for Areas Designated Urban Reserve. Metro staff reviewed the River Terrace 2.0 Concept Plan and determined it is in substantial compliance with Functional Plan Title 11 requirements.

The City of Tigard received a Metro 2040 Planning and Development Grant to assist in funding the completion of a concept plan for the River Terrace area. The River Terrace 2.0 area is composed of the previously identified Roy Rogers East and West urban reserve areas, total approximately 500 acres and can be seen in Figure 1. The River Terrace West sub-area is bounded to the north by SW Scholls Ferry Road and the South Cooper Mountain community in Beaverton, including the new Mountainside High School. To the west is rural land that is mostly designated as rural reserve. The River Terrace South sub-area is bounded by SW Roy Rogers Road to the west and SW Beef Bend Road to the south, including the future Kingston Terrace neighborhood of King City that was added to the UGB in 2018.

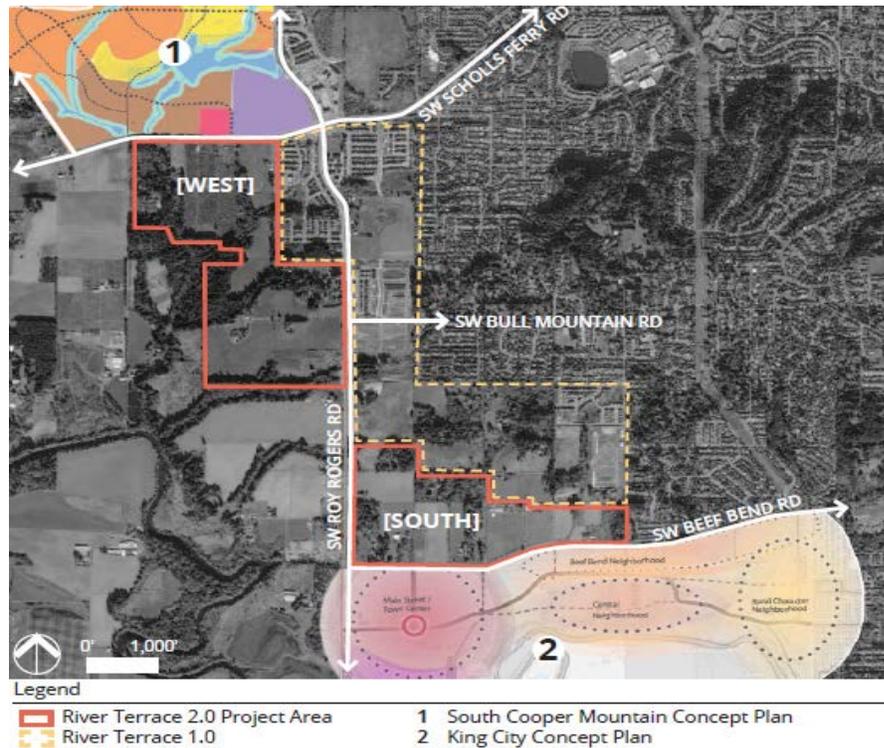


Figure 1: River Terrace 2.0 context map

The River Terrace 2.0 concept plan was completed with an equity and climate change focus. Even though the project was completed during a worldwide pandemic that limited many public outreach activities, the project team focused on ensuring broad and inclusive representation, especially for those segments of the population that have historically been underrepresented in these types of planning processes. The vision for River Terrace 2.0 is a complete community that offers a full range of housing opportunities to meet the diverse needs of the citizens of Tigard while providing accessible parks and open spaces and a transportation system that treats all modes equally with biking and walking trails spread throughout the plan area.

Guiding Principles

Creation of the River Terrace 2.0 concept plan followed five guiding principles that were developed collaboratively with the project’s Community Advisory Committee: Neighborhoods & Housing; Transportation; Commercial and Employment; Parks & Open Space; and Natural Resources.

Neighborhoods in River Terrace 2.0 are envisioned to provide a diversity of housing choices that will meet a range of housing needs for current and future residents. The plan incorporates regulated affordable housing with market rate housing to provide home ownership opportunities at a range of income levels. The neighborhoods are designed to provide the opportunity to be built at an average of twenty housing units per acre with small commercial centers and access to nearby natural areas.

The **transportation** system in River Terrace 2.0 will be designed to safely serve all modes of transportation including vehicles, pedestrian, bicycles and transit. Pedestrian and bicycle connections in

neighborhoods will play a key role in the local system with thoughtful connections to the regional system and existing streets to provide an overall complete transportation network.

Commercial areas will allow residents to acquire goods and services to meet their daily needs without travelling long distances while also providing business and employment opportunities for residents of River Terrace.

Community and neighborhood **parks** will be located throughout River Terrace 2.0 to provide recreation opportunities that are accessible and connected to the commercial areas and neighborhoods. **Open spaces** will emphasize the protection of **natural resources** to support wildlife habitat corridors, enhance stream channels and wetlands and connect to existing protected natural areas where possible to provide a continuous natural landscape.

Housing

Housing in River Terrace 2.0 is expected to provide a diversity of housing choices to meet the concentrated need for housing at lower income levels as identified in the City's recent housing needs analysis (HNA). To meet this need, the plan identified five housing prototypes based on block designs that are spread among the neighborhood and main street areas (even mix) and along edges of protected natural resource areas (feathered edge).

Housing types common to all the prototypes include single detached and middle housing types such as accessory dwelling units, duplexes, triplexes, quadplexes, cottage clusters, courtyard units and rowhouses. The mix of housing options in all prototypes provide the feasibility to achieve an average of 20-dwelling units per acre and a range of housing units from 3,000-4,500.

The plan also recommends a number of strategies for the City to consider to encourage affordable housing in River Terrace 2.0. These policy approaches and incentives include: land acquisition and banking, incentive or matching funds, tiered system development charges, tax abatement, community land trusts and education and information sharing to connect affordable developers and homebuilders to development opportunities as they arise.

Commercial/Employment Nodes

Commercial and employment areas are planned for both West and South sub-areas to provide opportunities for people to live, work and shop within their general neighborhood. There are two commercial nodes in River Terrace West, one in the north along SW Scholls Ferry Road and one in the center of the plan area near SW Bull Mountain Road.

The SW Scholls Ferry Road node includes a main street commercial corridor surrounded by a larger ten-acre employment node intended for a mix of office, institutional, technology and light industrial uses. This node could also include apartments and is intended to compliment the main street area of South Cooper Mountain adjacent to the north across SW Scholls Ferry Road.

The more neighborhood focused commercial node at SW Bull Mountain Road (about four acres) includes a main street corridor stretching two or three blocks with neighborhood-scale retail and civic uses.

The commercial node in River Terrace South (about five acres) is located along the extension of River Terrace Boulevard where it meets SW Beef Bend Road. This main street corridor includes a mix of retail

and civic uses that is intended to compliment the Kingston Terrace town center to the south that King City is currently planning for as part of the Kingston Terrace Master Plan project.

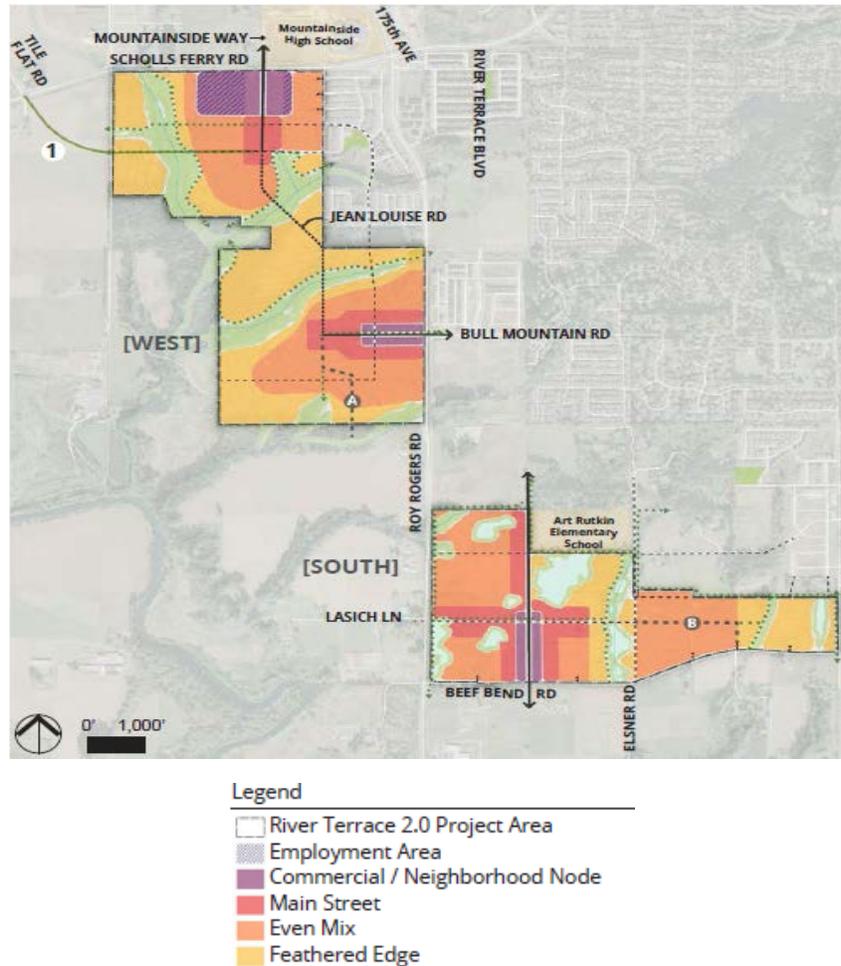


Figure 2: River Terrace concept plan map

Transportation

The transportation network was developed assuming the higher number of housing units expected under the housing plan (4,541), which represents the city’s preferred level of development within River Terrace 2.0. Two transportation frameworks were evaluated for the River Terrace West sub-area. Both frameworks include street extensions with associated bike and pedestrian facilities and a trail network. The first framework assumed that the extension of SW Mountainside Way and an improved SW Bull Mountain Road provide the primary collector route between SW Scholls Ferry Road and SW Roy Rogers Road.

The second framework assumed all of the components first framework but also includes the extension of SW Tile Flat Road from SW Scholls Ferry Road to the SW Mountainside Way extension. This framework assumed that the extension of SW Tile Flat Road, the extension of SW Mountainside Way and an improved SW Bull Mountain Road are the primary collector route between SW Scholls Ferry Road and SW Roy Rogers Road. Both the SW Tile Flat Road extension and the extension of SW Mountainside Lane south of the sub-area will be studied in the future.

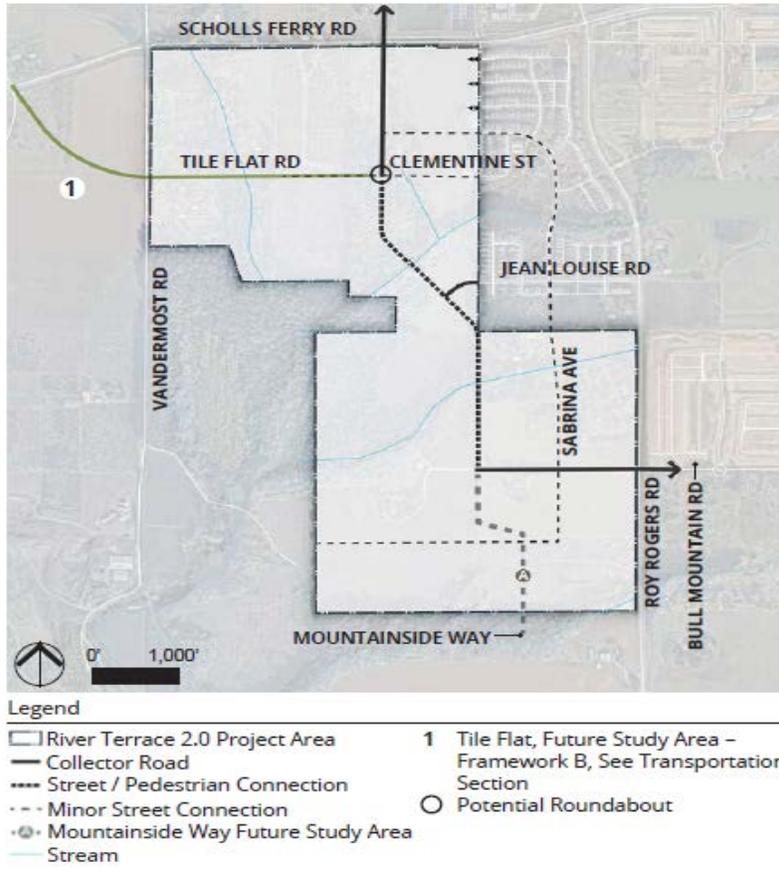


Figure 3: River Terrace 2.0 West street network

The transportation network for the River Terrace South sub-area is more straightforward with the extension of River Terrace Boulevard south to SW Beef Bend Road and SW Lasich Lane extending east into the sub-area from SW Roy Rogers Road. River Terrace Boulevard is expected to extend south of SW Beef Bend Road into the Kingston Terrace area of King City. Numerous intersections along SW Beef Bend Road will be improved and a future realignment of SW Beef Bend Road will be explored.

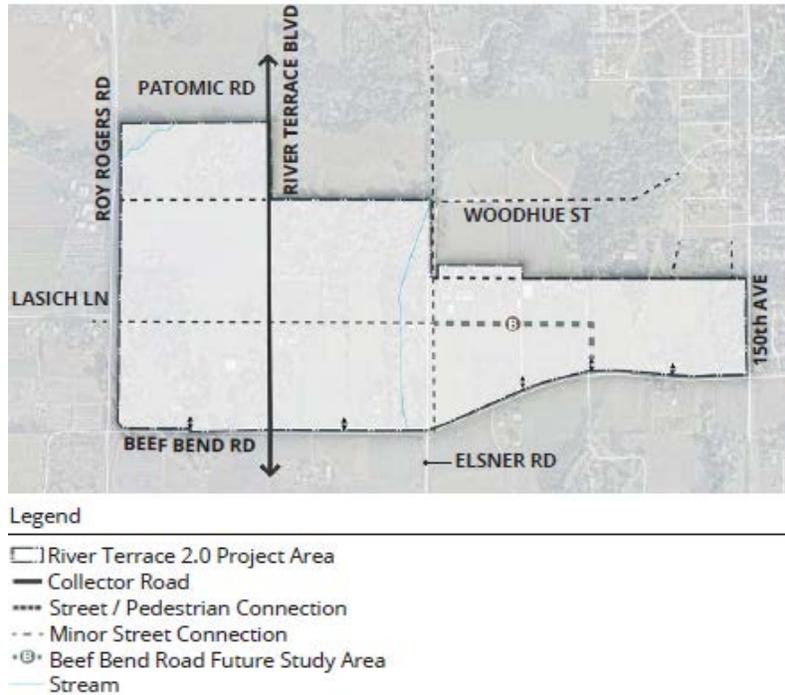


Figure 4: River Terrace 2.0 South street network

Parks and Open Spaces

Preliminary locations for community, neighborhood and linear park locations were explored to determine park service area coverage for the two sub-areas. Community parks have a one-mile service area and neighborhood and linear parks have a one-half mile service area. Based on these service areas, River Terrace West is proposed to have two community parks, four neighborhood parks and four linear parks.

Each of the park types are evenly divided between the upper and lower sections of the sub-area providing overlapping park coverage for future residents. In the River Terrace South sub-area one centrally located community park would provide park coverage for most of the area. Two neighborhood parks could be located in the western half and two linear parks in the eastern half to connect to natural areas and nearby trails. Open spaces are closely related to the protected and enhanced natural resource systems and provide habitat corridors for wildlife along stream corridors that stretch from the urban area to the rural landscape.

Public Utilities, Services and Cost Estimates

Preliminary designs for sanitary sewer, water, and stormwater management were developed based on the expected number of housing units at full build out of River Terrace 2.0. The system designs and infrastructure assumptions are based on what will be built at the time of development for the backbone components of the utility systems and are subject to change as development occurs. In addition, all of the utility systems are connected to future utility systems in the Kingston Terrace area of King City, which may alter location and sizing of key infrastructure components.

Cost estimates for the infrastructure services are summarized in Table 1 below. Cost estimates do not include the cost to build out the local street network or provide local service connections; those costs are the responsibility of developers.

Infrastructure Type	Estimated Total Cost
Water Service	\$10,661,000
Sanitary Sewer Service	\$5,876,000
Stormwater Management	\$33,559,465
Parks & Trails	\$35,534,426
Transportation	\$75,400,000
Tile Flat Road Extension (Framework B)	\$9,770,000
Total	\$170,800,891

Table 1: Infrastructure cost estimates

Funding Strategy

A preliminary funding strategy was developed for the significant public infrastructure (transportation, parks, sanitary sewer, water and stormwater) that is planned for the area. The preliminary funding strategy will be refined as planning for River Terrace 2.0 becomes more detailed through the community plan process. The funding strategy divides infrastructure into four general categories that correspond to the service area or geographic area of the infrastructure. This ranges from the small local or sub-district infrastructure to the larger district and major infrastructure needs. Generally developers will pay for the local and sub-district infrastructure whereas public agencies or public/private partnerships fund the district and major infrastructure components.

The preliminary funding strategy indicates that the planned infrastructure can be funded through a combination of revenue sources. For transportation this includes system development charges (SDCs), supplemental transportation fees and the Washington County Transportation Development Tax (TDT). Park SDCs are expected to fund 90 percent of future parks with the remaining funds generated through grants, cost reductions and other state, regional or city sources. For sanitary sewer, water and stormwater management SDCs are expected to cover the major costs; there is the potential for utilizing Clean Water Services Regional Stormwater Management Charge program to fund stormwater facilities.

Mid-cycle UGB Amendment Process

Metro’s mid-cycle UGB amendment process is a new process and Tigard’s request is the first proposal to be evaluated under the criteria contained in Metro Code. The criteria for a mid-cycle amendment are set forth in Metro Code Section 3.07.1428. The key question under state law is included in Section

3.07.1428(a), which is the requirement to demonstrate a regional need for more land to accommodate the most recent 20-year population growth forecast.

Because mid-cycle expansions are by definition limited in size and because this process does not call for an altogether new assessment of regional need (a new UGR, which is typically a two-year effort with considerable technical and policy review), Metro staff is constrained in its ability to quantify regional need for the expansion.

Recent population growth trends make it difficult to support a conclusion that there is an unanticipated regional need for additional land for housing that can't wait until Metro completes a new UGR in 2024, which is the threshold requirement for adding more land to the region's UGB.

However, I do see an ongoing challenge regarding the readiness of land inside the UGB to produce housing. The reasons are numerous: infrastructure costs, disagreement about community plans, lack of consistent governance, challenging topography, lack of market demand in some locations, and the desires of individual property owners, to name a few. This is why I recommend that the Council pursue a UGB exchange process that would result in adding River Terrace 2.0 to the UGB, while removing other unready lands from the UGB.

[Background regarding state law UGB requirements for a 20-year land supply](#)

Urban growth boundaries are a cornerstone of our statewide land use planning system. A primary purpose of Oregon's UGB requirements is to concentrate urban development in cities and to prevent unchecked growth from consuming valuable natural resource land across the state. All incorporated Oregon cities are required to have a UGB; in the greater Portland area, Metro is tasked with managing the UGB for the entire region.

While the purpose of a UGB is to create a distinct line between urban and rural uses and to focus growth inside the boundary, cities still need to have enough buildable land inside their UGBs to accommodate future growth. Accordingly, Oregon law requires Metro and all cities with populations greater than 25,000 to maintain a 20-year supply of buildable land inside the UGB for future housing growth. Every six years Metro is required by statute to conduct an analysis of whether there is still a 20-year supply of buildable land inside the UGB, based on a population forecast and development trends.

That analysis results in Metro's Urban Growth Report (UGR), which first analyzes every lot and parcel within the existing UGB to determine whether it is developable for housing in the next 20 years, and identifies how many housing units could be produced on that land. The inventory of buildable land and potential future housing units is then measured against a 20-year population forecast to determine how many new housing units will be required in 20 years. If there is a sufficient supply of buildable land inside the UGB to meet the projected number of housing units in 20 years, there is no "need" to expand the UGB. If the analysis finds there is not enough land, then the UGB must be expanded to meet that regional need.

[Metro's current buildable land inventory and housing capacity](#)

Metro's [most recent UGR](#) was completed in 2018, and found a need to expand the UGB by approximately 2,100 acres in order to provide 6,100 single family units and 3,100 multifamily units. The Metro Council found that the expansion was necessary to satisfy the state requirement to maintain a 20-year supply of buildable land inside the UGB.

Adding the housing capacity data from the 2018 UGR with the capacity added in the new expansion areas amounts to buildable land capacity inside the existing UGB for 329,200 housing units. In order to expand the UGB as part of a mid-cycle process, Metro would need to find that the existing land capacity is not sufficient to meet 20-year growth projections.

[Differentiating between a housing shortage and a land shortage](#)

There is a housing shortage in many places around the U.S. and the greater Portland region is no exception. This shortage is particularly acute for affordable housing. We see headlines about housing shortages around the country, in many regions with little or no growth management policy: Dallas, Atlanta, Phoenix, Las Vegas, Tampa, and Austin to name a few. We can't solve the housing crisis by doing what those regions have done. We have to keep our focus on good governance, infrastructure funding, and investments in affordable housing. Tigard offers that readiness.

The City of Tigard correctly emphasizes the housing shortage in its proposal and describes a city-level housing and housing land need in its Housing Needs Analysis. However, under state law, the Metro Council must determine not whether there is a local or regional housing shortage, but whether there is a regional deficit of buildable land for housing over the next 20-year period.

As described above, the 2018 growth management decision addressed all housing capacity needs identified at the time. The current housing shortage is less reflective of a shortage of land than challenges associated with building new housing, particularly affordable housing, on available land inside the existing UGB. The difference between immediate housing need and long-term land need is an important distinction under Oregon land use planning laws, Metro's goals for efficient land use, and specifically for this mid-cycle process since it allows for expansions that are intended to develop with housing within 10 years.

This distinction between housing needs and land needs can create some frustration for policy makers who want to do all they can to support housing development. However, there are many factors that intervene between land being included in the UGB and housing being built. Tigard has addressed a number of those factors, notably having a concept plan for the proposed expansion area that describes infrastructure provision. The city council's adoption of the concept plan also signals a willingness to govern the area. Other factors are out of the city's control including economic cycles, property owner willingness to sell, construction labor availability, lending availability, and building supply prices. Given Tigard's past performance, it seems likely that the proposed expansion area would develop in the future, likely faster than some other areas already in the UGB.

[Typical UGR factors that could indicate a regional need for housing capacity](#)

The mid-cycle process does not call for an altogether new analysis of regional need for housing capacity. Instead, it is intended as an opportunity for making slight revisions to the most recent adopted analysis. In this case, the most recent analysis is the 2018 UGR.

Reduced to its most basic terms, the UGR compares long-term supply and demand for housing capacity. Supply is described in the buildable land inventory and demand is described in the regional forecast. Since the completion of the 2018 growth management decision, there is evidence that demand has decreased and supply has increased. As described below, this makes it challenging to find a regional need to add more land to the UGB. These questions will be assessed more thoroughly in Metro's 2024 UGR.

Is there a reason to decrease the land capacity identified in the 2018 UGR?

Completing a buildable land inventory is a time-intensive process that includes extensive peer review of methods and results. This mid-cycle process is not designed to undertake that scale of an effort, but it is worthwhile reflecting on what has changed since 2018 that may influence future estimates of buildable land.

An overall slowdown of housing construction means that much of the region's buildable land identified in the 2018 UGR remains buildable. This slower development indicates that there is not an unexpected need for more buildable land that can't wait until the 2024 growth management decision.

Additionally, as a result of House Bill 2001 (2019), additional "middle" housing capacity will be created as Metro-area jurisdictions come into compliance by the June 30, 2022 deadline. Under this law, cities and counties around the region are updating their zoning codes to allow a greater variety of single-family housing at greater densities in their residential neighborhoods. This new mix includes single-family homes, duplexes, triplexes, quadplexes, townhomes, and cottage clusters. Though they may be attached, these housing types fall into the general category of single-family housing.

While development of "middle housing" types is widely expected to be a gradual process, these new zoning allowances introduce additional questions about how much infill is likely on lots with existing single-family homes. Because this law is recent and because many cities and counties have yet to amend their zoning, we do not yet have observed development trends to inform us. Future UGRs will need to grapple with the question of how much growth capacity has been added through HB 2001. On its face, however, implementation of HB 2001 will create some amount of additional single-family housing capacity inside the UGB.

Looking forward, another important question for Metro will be whether proposed expansion areas are more ready than existing neighborhoods inside the UGB to produce middle housing. As noted, implementation of HB 2001 is in its earliest stages, so answering this question will remain challenging for a number of years. Staff intends to continue its ongoing work to track middle housing and other residential development trends to inform future decisions.

Is the regional population growing faster than forecast?

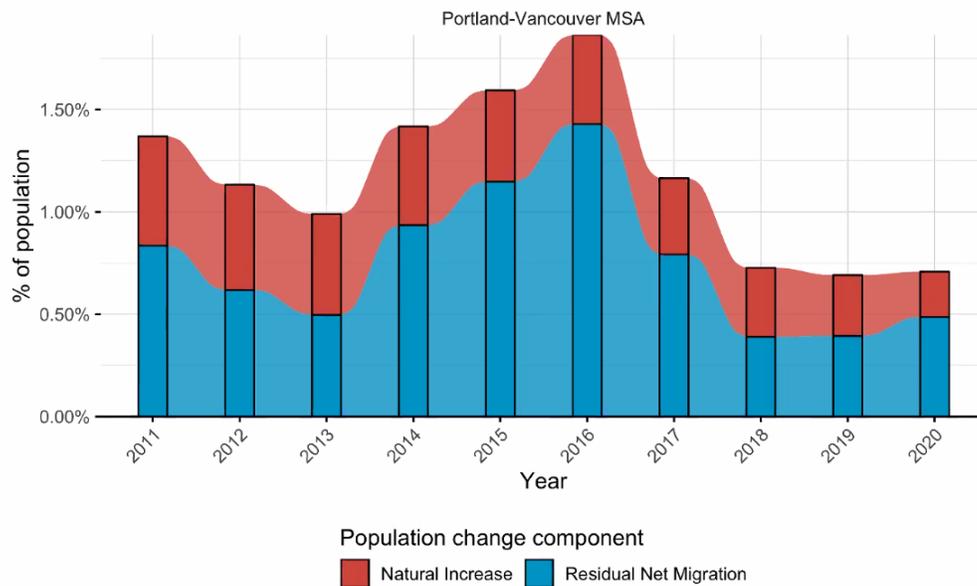
The 2018 UGR includes a forecast for the seven-county metropolitan statistical area. The clearest means of justifying a mid-cycle need for additional residential land would be to show that regional population growth is happening faster than forecast. However, that is not the case. Recent population growth rates have fallen well below the one percent long-term average annual growth rate forecast in the 2018 UGR.

As is the case for the U.S., deaths now outpace births in our region and are expected to continue to do so because of declining birth rates and an aging population. This trend predates the pandemic, but birth rates declined even further during the pandemic to historic lows in the U.S.

The pandemic and its resulting recession have also slowed the other source of regional population growth: migration. With people largely staying put, the pandemic has reduced residential relocations and migration and the Metro region is no exception. Though the regional population is growing, it is doing so at a slower rate than in the past (see Figure 5) and at a slower rate than forecast in the 2018 UGR.

Migration tends to be pro-cyclical. That is, it tends to decline during economic downturns and increase during economic upturns. To the extent that the greater Portland region remains an attractive destination, we would expect in-migration to return to trend over the longer term, particularly after COVID has moved from a pandemic to an endemic state that no longer disrupts life decisions such as moving to a new region. In other words, we may find that the recent slowdown in population growth was temporary. However, the downturn we've seen over recent years may mean that the region doesn't achieve the population numbers anticipated in the 2018 UGR forecast until a later year. This too means that there is not an unanticipated need for additional buildable land that can't wait until the 2024 growth management decision.

Portland Metro is growing half as fast as it was 5 years ago



Source: U.S. Census

Figure 5: Population growth rate for Portland-Vancouver seven-county Metropolitan Statistical Area (ECONorthwest, 2021)

Conclusion

Over the last 15 years, Metro has reoriented its growth management process to take an outcomes-based approach. Our intent has been to make these decisions practical, responsive and focused on readiness for growth. This proposed UGB exchange marks the continued adaptation of our regional processes. Taking this course will allow us to be responsive to the ongoing need for more housing, support the work of our good partner Tigard, uphold the integrity of UGBs by only growing the size of the region when there is a clear regional need, and staying focused on land readiness. Pending Council direction, Metro staff and I look forward to presenting the Council with UGB exchange options in the coming months.

Attachment 2



Metro



Tigard UGB Exchange Clackamas County Board of Commissioners

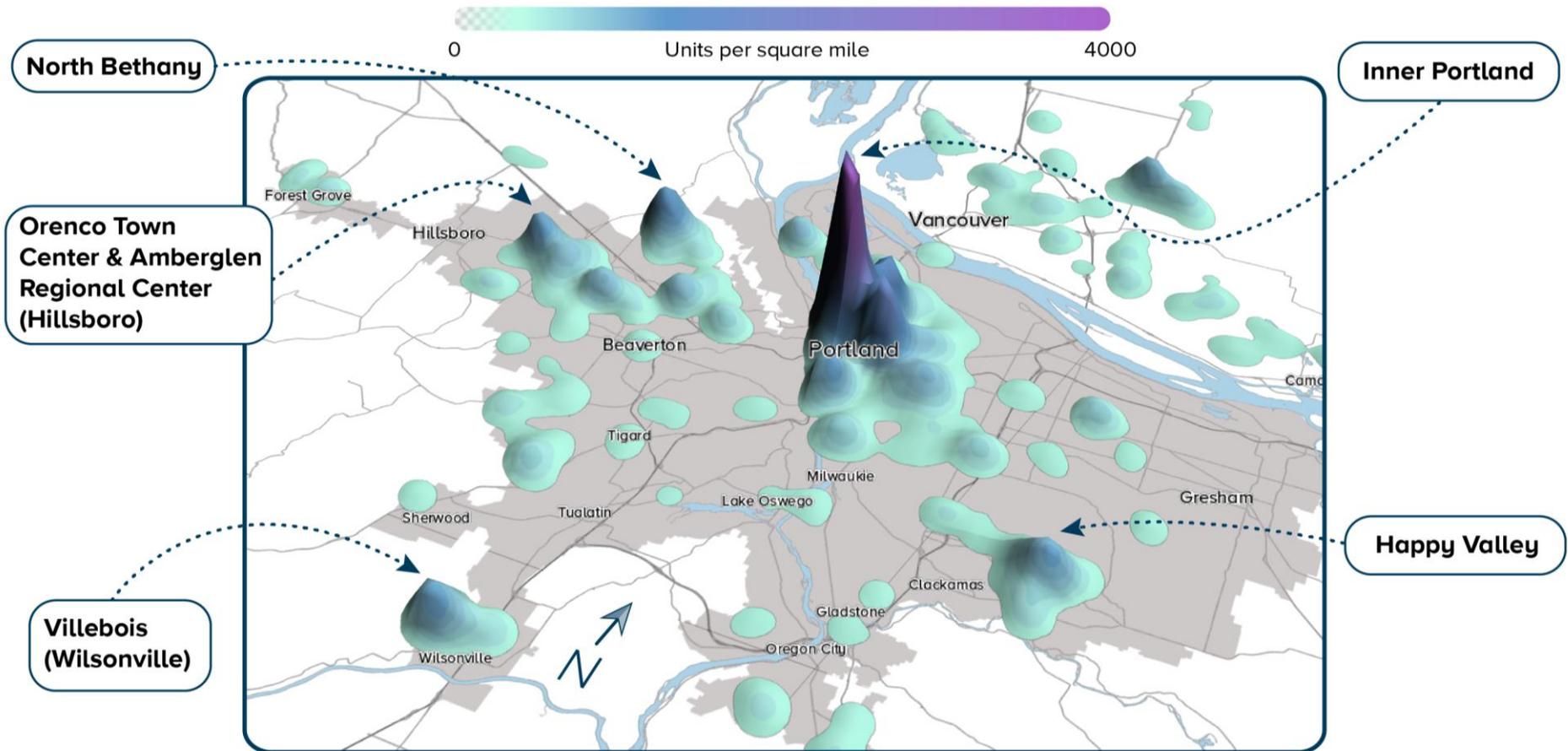
September 21, 2022

A continued focus on land readiness for housing and job growth

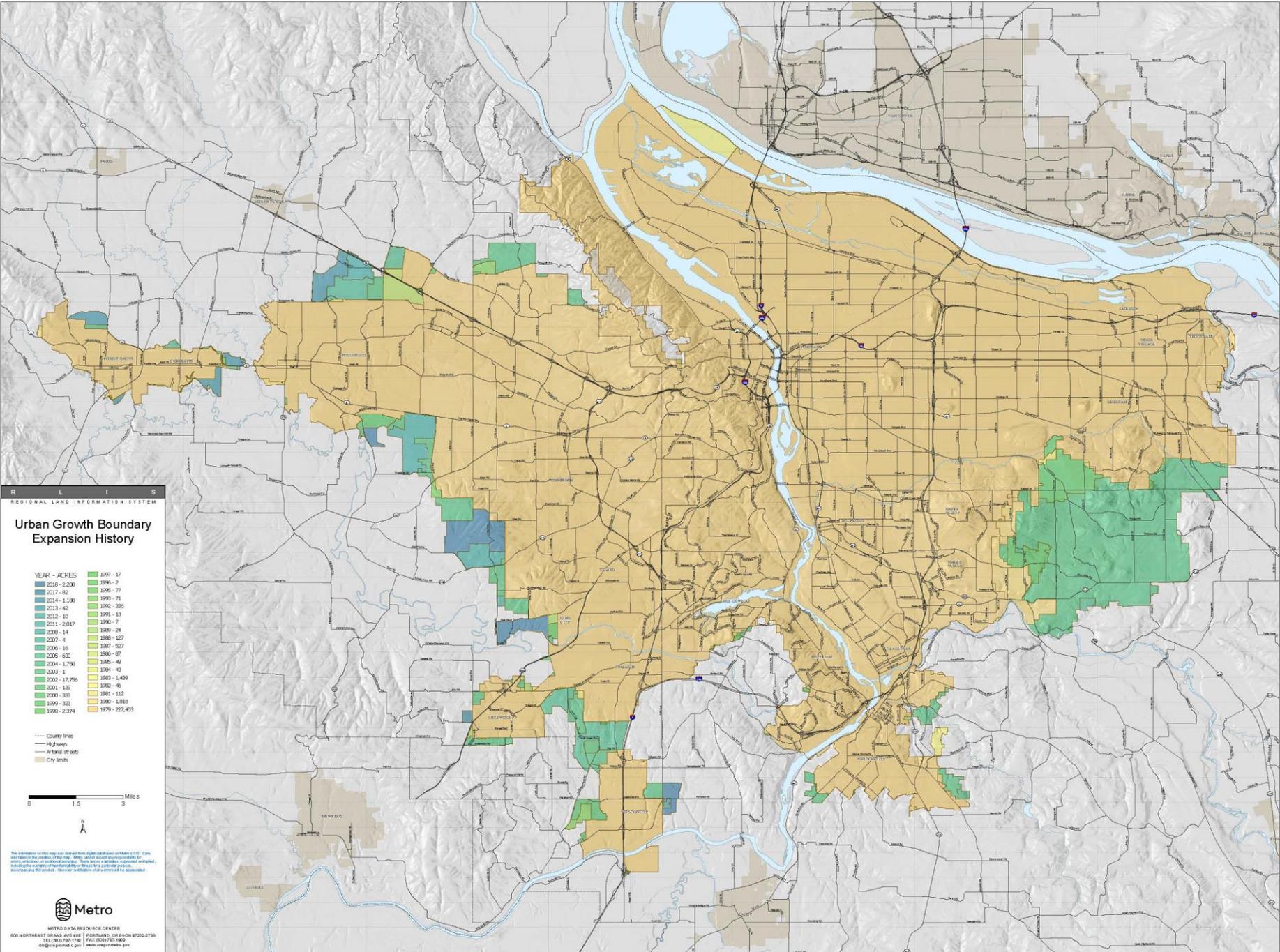


Growth is happening where there is readiness

Housing permits in the Portland Metro area, 2009-2017 - units per square mile



Source: Construction Monitor data report Q1 2009 - Q2 2017. Created October 2017

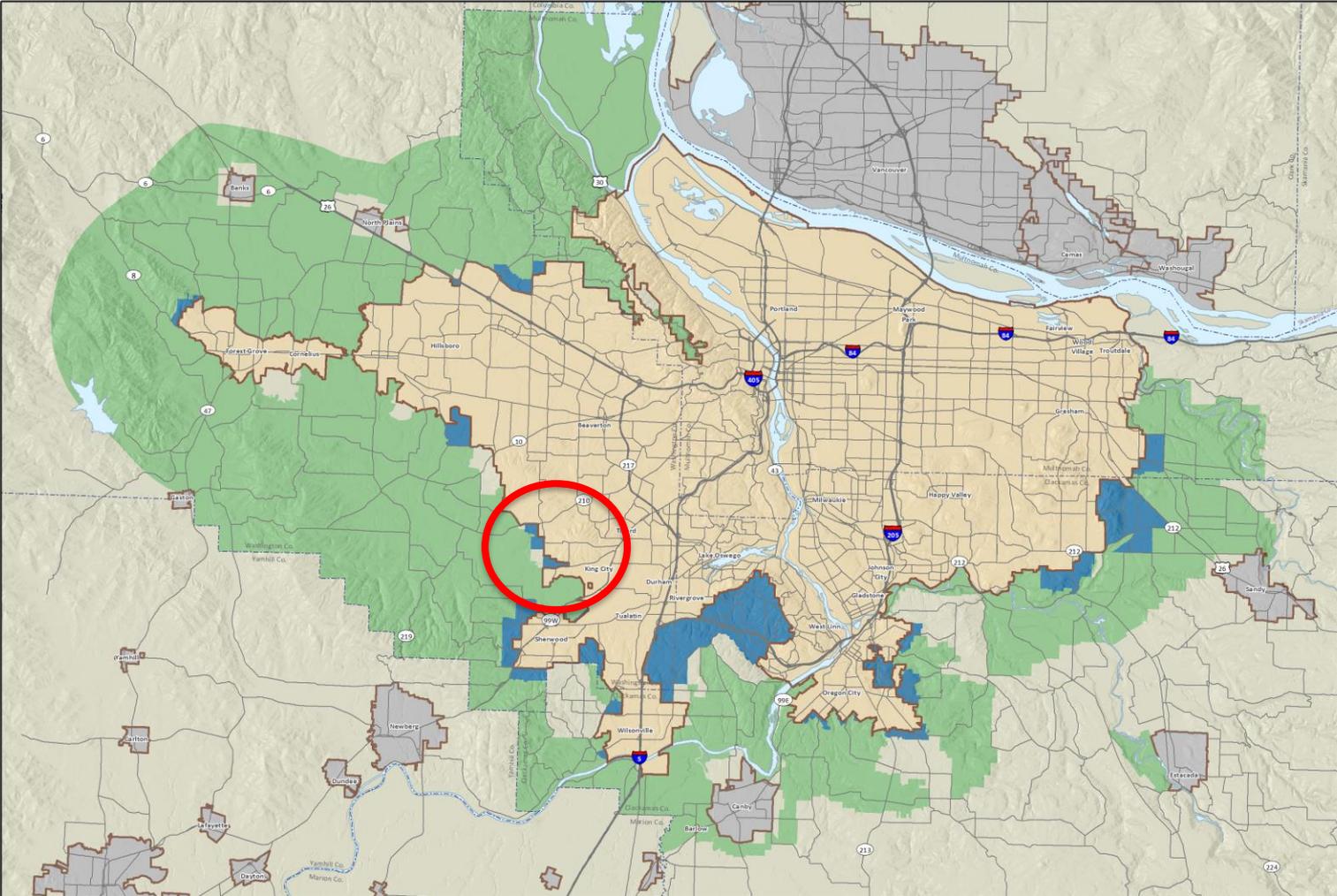


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Tigard River Terrace 2.0: Planning for a variety of housing



Proposed UGB exchange: 350 buildable acres in / 350 buildable acres out



Process for identifying exchange candidates

1. Mapping exercise

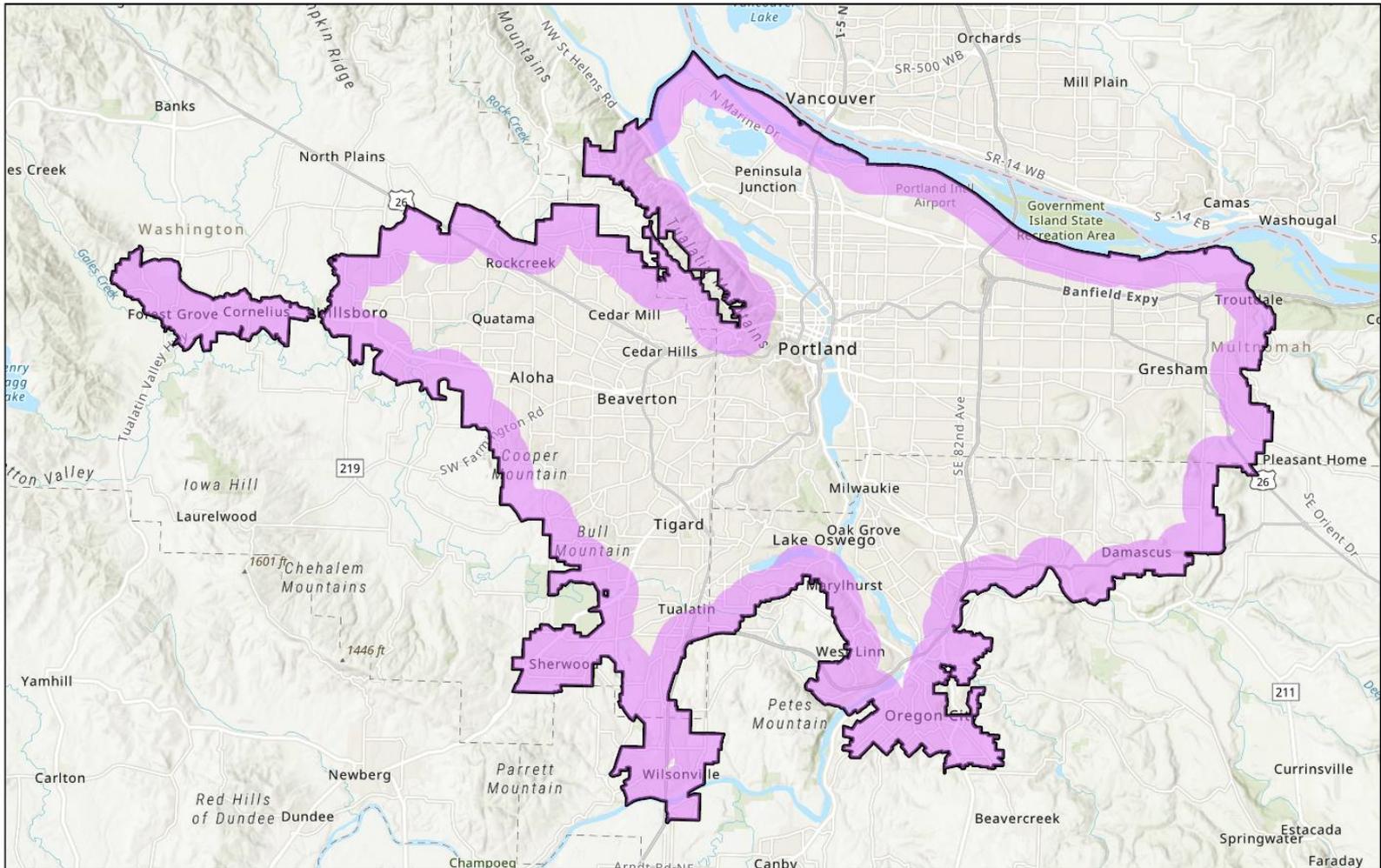
- Rough cut of possible candidates using aerial photos and buildable land inventory

2. Fact checking

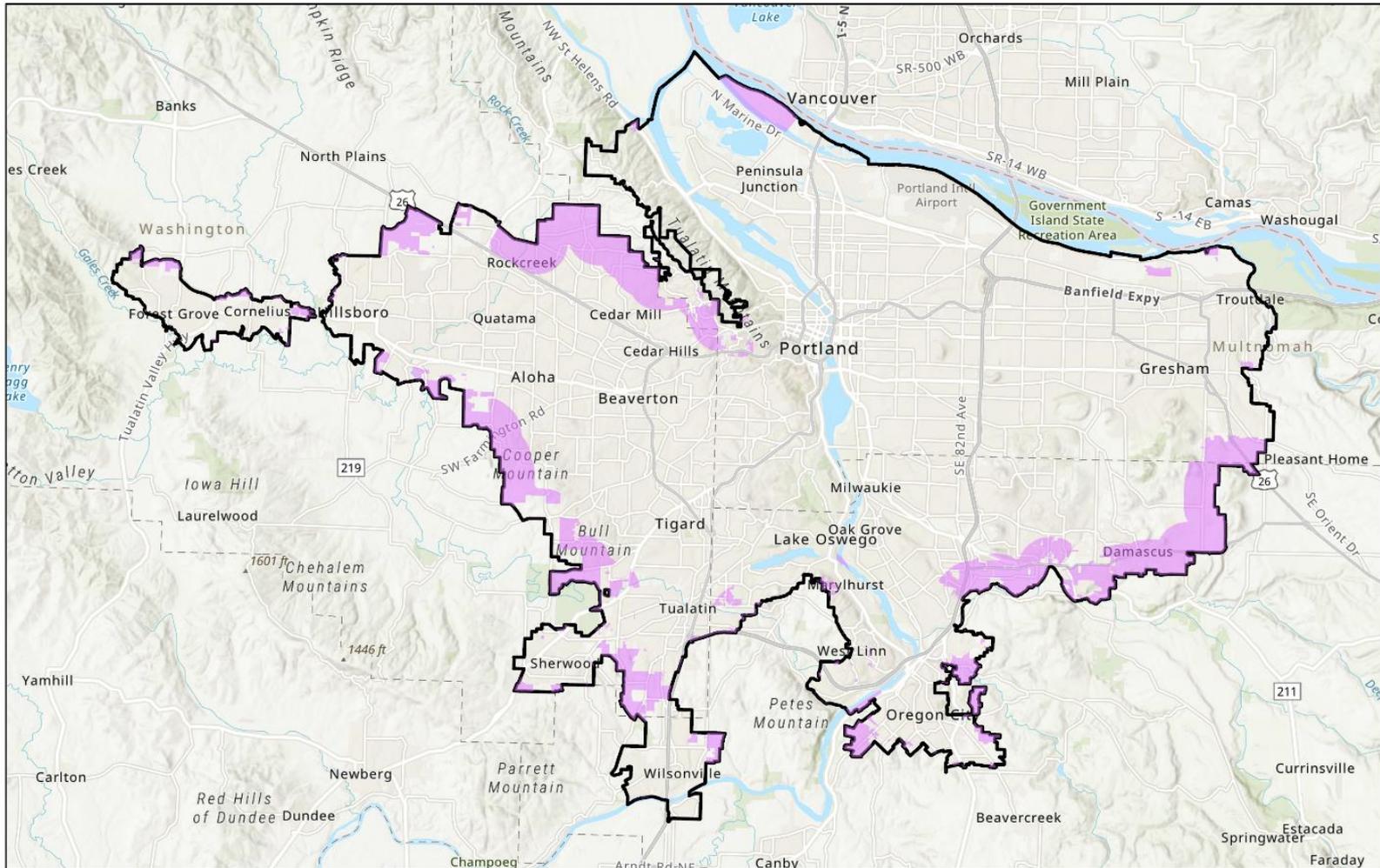
- Consultation with local governments and service districts to confirm planning status



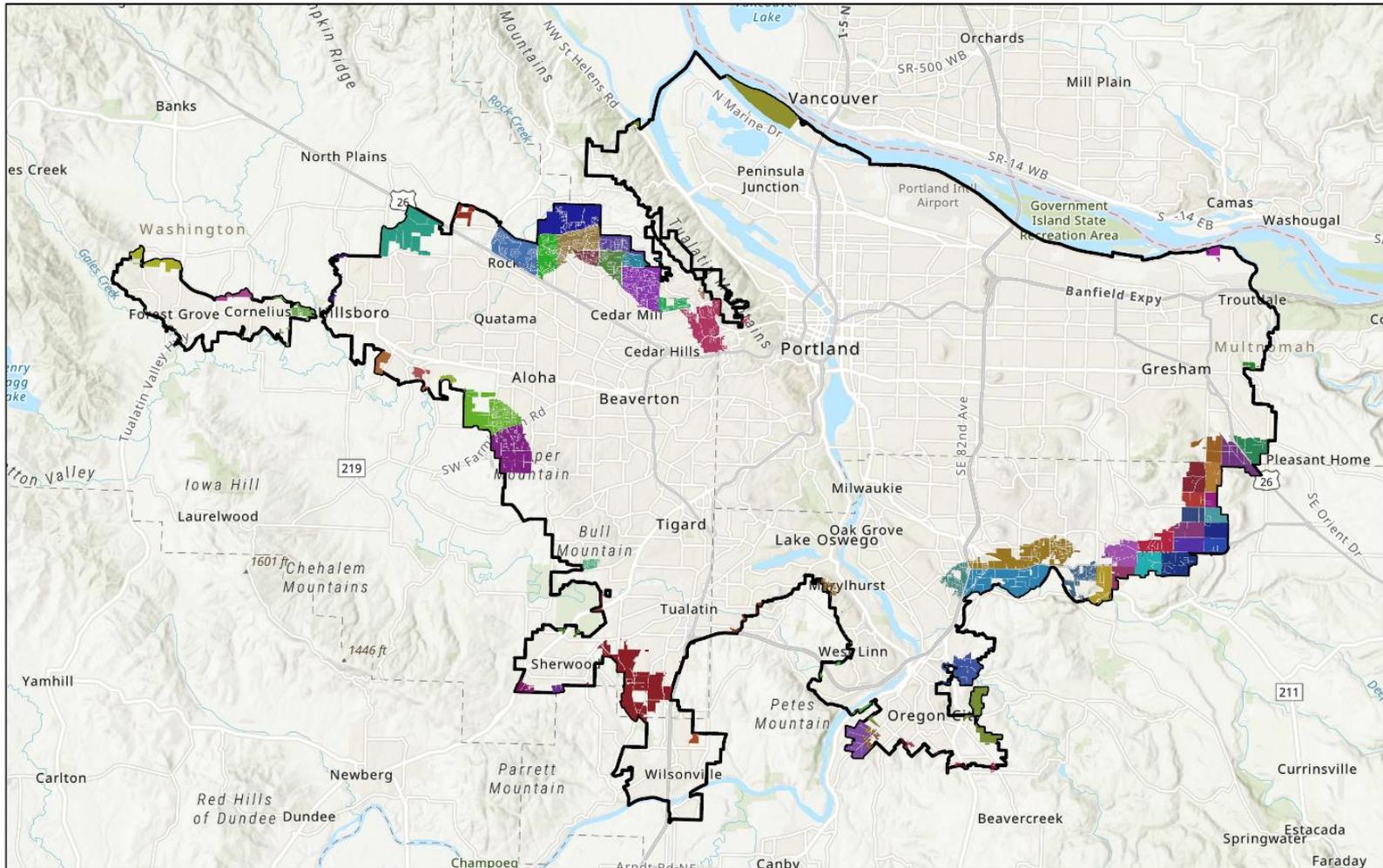
One-mile buffer



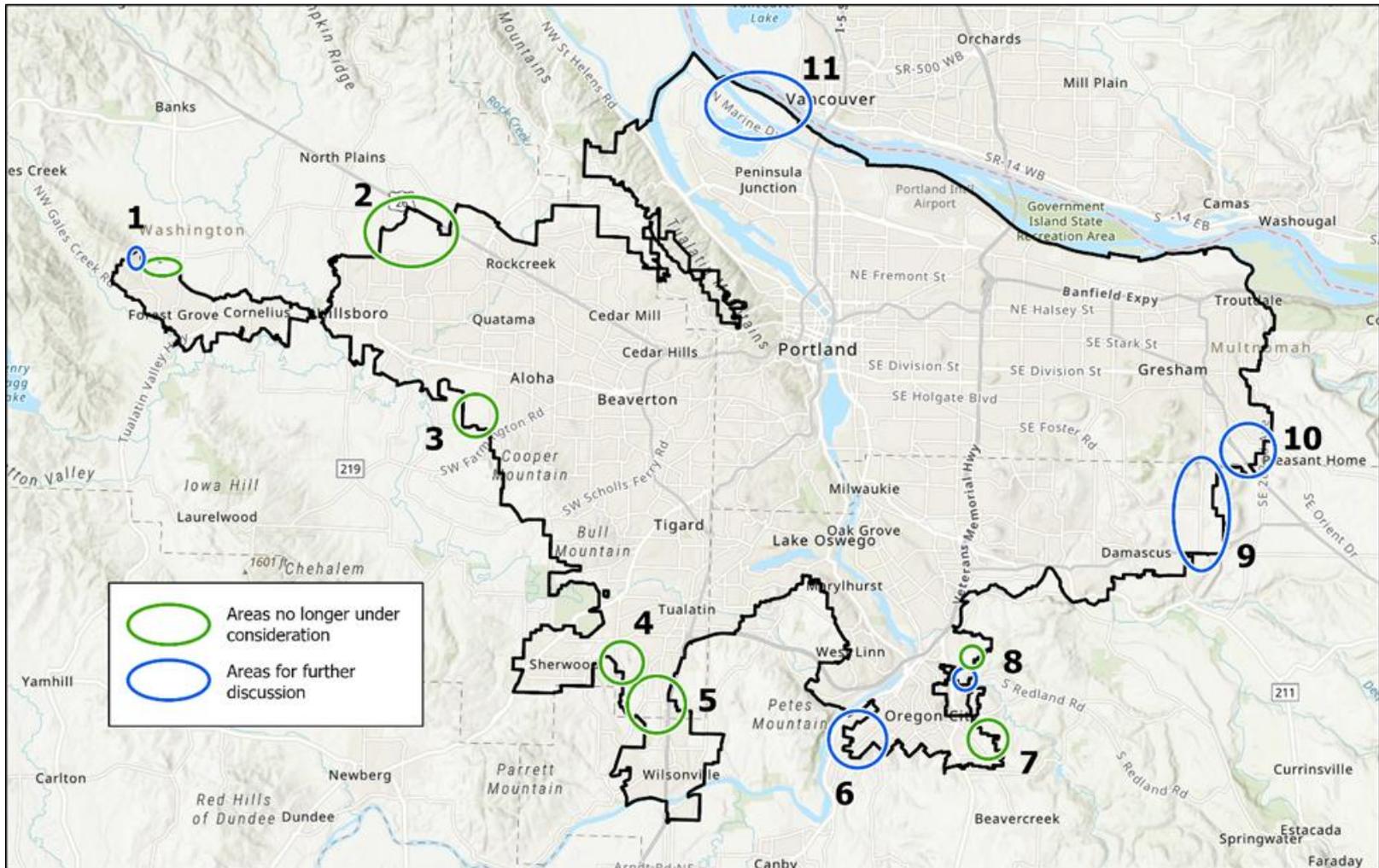
Identify unincorporated areas



Identify analysis subareas with buildable land



Preliminary determinations from local jurisdiction consultation



Suggested considerations for narrowing options

- Infrastructure, planning and development status?
- Amount of time in UGB?
- Large contiguous areas or dispersed areas?
- Across multiple jurisdictions?
- Parcelized areas?
- Added to UGB for special purpose?
- Jurisdiction and property owner wishes?

Next Steps

Early fall: Identify considerations for narrowing options

- MPAC: review considerations for narrowing
- COO recommendation
- Public comment period

Late fall: Narrowing options

- MPAC considers endorsing COO recommendation
- Council direction

Early 2023: Council decision

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