

**RESERVES STEERING COMMITTEE
MEETING SUMMARY**

May 13, 2009; 9:00 am – 12:00 noon
Metro Regional Center, Council Chambers

Core 4 Members Present: Washington County Chair Tom Brian, Multnomah County Commissioner Jeff Cogen, Metro Councilor Kathryn Harrington, Clackamas County Commissioner Charlotte Lehan.

Reserves Steering Committee Members Present: Susan Anderson, Chris Barhyte, Jeff Boechler, Craig Brown, Kathy Figley, Jack Hoffman, Mike Houck, Kirk Jarvie, Keith Johnson, Tim Knapp, Greg Manning, Mary Kyle McCurdy, Alice Norris, Lainie Smith, Greg Specht, Dick Strathern.

Alternates Present: Susan Barnes, Doug Decker, Meg Fernekees, Mara Gross, Jim Johnson, Richard Kidd, Jim Labbe, Bob Lefeber, Marc San Soucie, Michael Williams.

Facilitation Team: Debra Nudelman, Peter Harkema.

I. WELCOME AND INTRODUCTIONS

Deb Nudelman called the meeting to order at 9:13 a.m., welcomed everyone, made brief introductory remarks, and asked attendees to introduce themselves. She provided an overview of the agenda and meeting materials.

Deb noted that the word “error” had been changed to “err” on page 10 of the April meeting summary and that Jim Labbe had provided revisions to his comments on page 9. She then asked for any additional comments or amendments to the April meeting summary.

Greg Specht requested that his comment on page 7 be revised to read “...existing jobs will be harder to maintain and new jobs more difficult to attract...”

There being no other modifications, the summary was adopted as final pending the agreed to revisions. Deb then asked for updates since the last Steering Committee meetings.

Greg Manning reported that the business coalition met with Clackamas County regarding the coalition’s written recommendations. During this meeting the coalition expressed its continued support for Urban Reserve candidate area designation for the following three areas: I-5 South of the Willamette River, the Highway 26 area, and Pete’s Mountain. The parties will continue to discuss these specific areas of Clackamas County in more detail.

Alice Norris requested that Washington County provide a brief explanation of the May 13 Oregonian article. Brent Curtis explained that on Monday, May 11 the WCRCC had been provided with a need analysis to assist the committee in addressing the question of how much land to study in the reserves process. Using the need analysis and Urban Reserves factors the committee determined that it was more appropriate to consider 47,000 acres, rather than the 107,000 acres originally being considered. Brent noted that the county’s aspirations are 47,000, that the committee’s recommendation was a preliminary evaluation and that additional “screens of evaluations” would be applied at the local and regional level. He then explained that subsequent to the committee’s

decision a number of errors were identified in the report. The errors were evident and were corrected within 24 hours and, he explained, the new numbers supported the same conclusion. Washington County will be reviewing the report and bringing it back to the WCRCC in early June to confirm that they still affirm their original decision. An update will also be provided to this Reserves Committee following that meeting.

II. PUBLIC COMMENT FOR NON-AGENDA ITEMS

Carol Chesarek, a resident of Forest Park Neighborhood and a member of Multnomah County Reserves CAC, submitted written testimony in the form of a letter regarding Metro's Natural Hazards Tech Memo. Carol explained that she was addressing the committee neither as a representative of either Forest Park Neighborhood nor as a Multnomah County Reserves CAC member. She suggested that applying Oregon Department of Forestry's state hazard map might not be an accurate tool given the fact that it is based on the current rural lands. She noted that there are additional sources of information that could be used to improve the analysis of the Natural Hazard Tech Memo produced by Metro. For example, she suggested that it would be appropriate for Metro to use Washington and Clackamas County's Community Wildfire Protection Plans and Portland's Wildfire Hazard assessment. Similarly, she noted that there are county specific earthquake hazard maps. It will be important to consider the different types of seismic hazards and the access people have to emergency services. Carol believes that the methodology used in the Natural Hazards Tech Memo minimizes the importance of individual hazards.

Art Fiala, resident of the Stafford Triangle, thanked the Reserves Steering Committee for the opportunity to speak and explained that his grandparents had purchased property in the Stafford Triangle area in 1903. His aunt and uncle are still living on the farm and his cousins are farming the land but, unlike in the past, farmers now have a hard time making a profit from the area. Art urges for the area to be designated as an Urban Reserve as it would be a great asset to Clackamas County.

Chris Raujol, a resident of Stafford, explained that in 1901 his grandfather began logging the Stafford Triangle area, in fact many of the roads in the area were started from the original skid roads. Their family has lived in the area since the 1930's and since then have never seen the area be a productive agricultural area. Chris wants the area to be considered an Urban Reserve and believes that the natural beauty can still be protected. He noted that he will submit written comments.

Alan Rosenfeld, citizen of West Linn, has spoken in the past in favor of a Rural Reserve designation for Stafford Triangle because of the unique character of the area and the high costs of infrastructure. He noted that there is currently successful agricultural production in the area including a commercial operation winery, a community supported agriculture farm, a number of produce operations, and equestrian. These operations are different than the historical agriculture of the area. Alan noted that Jim Labbe's update last month was excellent and stated that Metro may not be receiving adequate information regarding the importance of natural resource features. In addition, Alan noted that the Oregon Department of Transportation (ODOT) report mentioned at the last Reserves Steering Committee meeting would be worth additional discussion as it identifies I-205 near OR 212/225 and others as highways that are the least likely to accommodate growth and the expense to improve them would be considerable according to ODOT.

Tony Holt, Wilsonville citizen, noted that at the recent public meeting nearly 60% of the attendees came from Wilsonville and that there had been much support to encourage growth within the Urban

Growth Boundary (UGB), protection of foundation agricultural lands, and natural landscape features. He also said that there had been overwhelming support for the protection of the area south of the Willamette River along I-5.

Mike Houck noted that it is important to have opportunity to comment on the natural hazard study and preliminary urban growth report. He noted that page five of the governor's climate change task force report predicts that there will be more severe flood events due to climate change. The 100 year flood plain is likely to look very different in 20 or 30 years and therefore it warrants additional consideration in the Reserves process. He noted that the Natural Hazards Tech Memo may not sufficiently address the individual hazards. For example, areas in a flood plain are likely to be flooded during a flood event regardless of whether it is adjacent to another hazard. Mike will submit written comments.

III. ECONOMIC AND MARKET-BASED HOUSING CHOICE CONSIDERATIONS

Craig Brown introduced Jerry Johnson of Johnson Reid, LLC and noted that the housing industry is in favor of efficient, sustainable growth, and is interested in relying as little as possible on public support. He said that the group disagrees with how the information from MetroScope is being used. He noted that the study does not focus on specific areas and that housing needs to be flexible and should be located close to commercial. Craig said that the report assumes that there will be little or no UGB expansion for 20 years and that the resultant concentration in the center would drive up costs and limit choice. He also noted that the report largely ignores the high costs of infrastructure investment in these areas and the potential impact of future investment and technology changes.

Jerry Johnson made a presentation titled "*The U.G.R. and Housing Choice: Economic and Market-based Considerations*," in which he explained that Johnson Reid had been hired by a coalition of groups to review the methodologies used by Metro to establish the residential Urban Growth Report (UGR), review the housing needs analysis, and assist in framing the implications of potential policy choices. He explained that the UGR uses a variety of assumptions to outline a range of potential conclusions and that the assumptions used have significant implications for policy. Jerry went on to discuss five particular assumptions: economics of density, impact on affordability, infrastructure costs, "livability," and economic development. He explained that, for a variety of reasons described in his presentation, it costs more to develop high density areas. In addition, density is driven by achievable price and rent levels, which tend to be high in the center and fall off away from the center, this difference in price points make high density development possible in Portland but not West Linn. Jerry went on to explain that affordability is likely the most important factor in housing choice that higher density development require higher prices to be feasible and higher prices may displace growth outside the UGB. Constrained housing and land supply will also drive up home prices. He questions Metro's assumption in the Housing Needs Study that housing prices are expected to rise by 80% and also whether Metro is giving sufficient consideration to housing choice, including affordability, as is required by state law.

Jerry then explained that the Portland metro area is not a "spoke" model city, but more of a "satellite" model, in which a majority of the employment is located on the margin and not in the city center. In recent history the central and inner ring areas have lost jobs at 0.2% to 0.5% annually whereas the outer ring areas have added jobs at over 3% annually. He suggested that this trend is likely to continue as employers seek cheaper land on the outer ring and that it will be important to have housing available to close to these jobs. Jerry went on to question the assumption that it is

always cheaper to develop in the center. He explained that the degrees of differentials in the Metro studies are not as conclusive as they are assumed to be and the benefit of refill may not be as high as many think, particularly because they assume a high level of public subsidy. In addition, he believes that the urban reserves process must consider transportation efficiently, variety, and cost. He noted that there is no conclusive evidence of the “Centers effect” on transportation, as many work outside the city center. For example, the Forest Grove has a lower average commute time than Portland. Jerry went on to discuss the UGR’s estimate of a 27% - 40% refill rate. He questioned whether this level of refill would be possible or desirable and noted that it would likely limit choice, make sites for public services difficult to find and expensive, and the resultant higher density may not be attractive for much of the population. Jerry went on to explain that the economic development of the metro area was an important consideration for the Reserves process. He noted that the Metro area is competing nationally and internationally for jobs and population and that part of our advantage is the available housing stock.

Jerry concluded with a summary of the main points from his presentation and then invited questions.

Greg Manning noted that he had read the residential UGR and Housing Needs Report and felt that a couple of the assumptions were troubling. He asked whether Jerry felt that the areas growth management strategy has helped to buffer against recent market fluctuation.

Jerry responded that he does not believe that we have been buffered and that there are areas that have been over built (e.g. urban condos). He explained Metroscope does not sufficiently reflect that supply and price are economically connected at all levels.

Dick Strathern noted that there are many people involved in evaluation of the long term plan who affirm the assertion that the public is generally not in favor of refill and high density. There are areas, like east Multnomah County, that have great infrastructure and transportation options (e.g. located on a Max line) but are located between the inner circle and the center and are experiencing decay. People living in these places are not in support of additional density and refill.

Councilor Harrington thanked Jerry for his presentation and analysis and noted that later in today’s agenda there would be time to discuss the UGR, and that soon Metro will be releasing the Employment Report. She explained that this is the first time that Metro has released a preliminary report to allow for this additional dialogue and input. She noted that there is currently not enough money for the infrastructure to meet the needs of the area and citizens and that Metro has and will continue to take this into consideration. She went on to explain that what is happening in the UGR is informational to the Reserves process; however, the Reserves process is focused on suitability and ultimately we will be designating areas that are adequate. She looks forward to additional discussion about this topic at future MPAC meetings.

Tim Knapp said that he questioned the assertion that there will be continued growth of jobs outside the center and the need for people to live near this employment. He explained that as a fringe resident he knows that the cost of developing infrastructure from scratch is huge, especially if you consider the total costs (i.e. sewer, parks, roads, etc.) as required by Making the Greatest Place. He suggested that without urban renewal it seem unlikely that they will be able to accommodate growth.

Jerry responded that he recognizes that urban renewal is a very important tool and that there is variability in infrastructure costs. Some places, Damascus, for example, have very high costs, while other places have much lower cost. He clarified that the presentation was not trying to assert that infrastructure costs were equal for all locations and suggested that infrastructure costs should be evaluated on a case by case basis.

Chair Brian asked Jerry whether there is an optimum growth rate that is typically considered during planning efforts.

Jerry explained that he is not aware of any optimum growth rate number. However, like economists, it is helpful for communities to look at several business cycles to determine if they have achieved a sustainable growth rate and livability.

Craig Brown noted that the reports don't support Tim Knapp's comment that it is cheaper to develop in urban centers and through urban renewal. It is possible that urban centers provide some unique ways of raising funding; however, it is important that people are able to choose their preferred housing option.

IV. RURAL AND URBAN RESERVE CANDIDATE AREAS FOR FURTHER EVALUATION

Marcia Sinclair provided an overview of the Phase Three public outreach since the April 8 Reserves Steering Committee meeting. Between April 15 and April 30, eight meetings were held and a total of 606 people attended the meetings. The team is still processing the information, however an initial summary titled *Public Comment Report to the Regional Reserves Steering Committee, May 13, 2009* has been included in the meeting packet. During the public meetings, the team provided a PowerPoint presentation that included maps of the Urban Reserves candidate areas, Rural Reserves candidate areas, a combined map, and the rationale for the candidate area selection. Following the presentation, many attendees stayed to discuss project details and provided a lot of valuable information. Attendees and online users also filled out a Survey Monkey survey, responses for questions three and nine were provided to the Reserves Steering Committee as a handout. She explained that a lot of great information had been provided through Phase Three public meetings and that there seems to be a high level of knowledge about the Reserves process.

Deb Nudelman invited comments and feedback on the Phase Three public comments. There were no additional comments.

Commissioner Lehan provided a brief overview of the Core 4 decision on rural and urban reserve candidate areas. She explained that the Core 4 had reviewed the candidate areas for all three counties and, though there is a difference in the scale between the counties and how the factors are being applied, this is largely a matter of timing. She noted that there had been some minor changes (i.e. Clackamas County added a small amount of urban candidate areas). She explained that, after thorough discussion and review, the Core 4 agreed unanimously to move forward with both urban and rural reserve candidate areas for further evaluation. It is important to note that if compelling information is presented the candidate areas may move into or out of a particular category (e.g. urban reserve candidate to rural reserve candidate – and vice versa). She clarified that for this reason the notion of the Reserves process as a “sieve” does not work well for her.

Councilor Harrington explained to the committee that there is a high degree of dialogue between and with the Core 4 member's boards, commissions, and councils. She then thanked the other Core 4 members for participating in the April 23 Metro Council meeting and for helping the Council remain informed.

Chris Barhyte requested clarification on the implications of undesignated areas.

Commissioner Lehan explained that, with the exception of the furthest edges of Clackamas and Washington Counties, nearly everything is being studied as a candidate area as either an urban or rural reserve. However, at the conclusion of this process there are likely to be significant areas that are undesignated, as they do not fit either the rural or urban criteria. She noted that the Reserves process is different than UGB expansion, noting that zoning in the reserves would be "frozen" until land was added to the UGB.

Councilor Harrington noted that there are some particular areas that are not potentially subject to urbanization and may remain undesignated through this process.

Chris Barhyte asked whether there was a legal process available for changing undesignated areas close to urban centers into urban reserves.

Dick Benner explained that the rule and statute suggest that additional urban reserves can be designated but may not be taken from the rural reserve within the reserves timeline. The law would allow for UGB expansion into undesignated areas but this would be difficult because you would first have to demonstrate that the urban reserves areas were not sufficient.

Chair Brian noted that the situation was a bit of a "catch 22" because areas cannot be designated as a rural reserve unless they threatened but can be considered for an urban reserve if they have proximity and availability of service.

Dick Benner explained that the initial analysis had focused on a couple of factors to the exclusion of others. The "subject to urbanization" factor is just one factor but does not mean that an area should be or needs to be designated as rural. The area could remain undesignated.

Craig Brown asked what the process would be if expansion into undesignated areas were opened up.

Dick Benner explained that the same reserves process could be used as was used this time. He noted that LCDC has two rules that apply and that the other rule might also be used but might be less desirable.

Metro Commissioner Hosticka noted that current legislation (i.e. House Bill 3298) suggest that no new urban reserves could be designated until 50% of the current reserves have been used.

V. RESERVES MILESTONES TIMELINE

Commissioner Cogan explained that at the April 8 Reserves Steering Committee meeting, concerns were raised about the timeline and sequencing of the Reserves process and that following the Reserves Steering Committee meeting he received similar feedback from Multnomah County. He noted that there is an interest from the Core 4 to be as well informed as possible when making their

decisions. The revised timeline allows more time for creation and review of technical product and will still allow for an agreement on reserves by the end of 2009. He explained that while there is not a statutory requirement to adhere to the current timeline, there is also an interest not “losing the moment.” He then asked John Williams to review the details of the revised timeline.

John referenced the two page memo titled “*Reserves Milestone Timeline Revisions and Next Steps*” included in the meeting packet and provided an overview of important dates and next steps. He noted that in addition to technical products, the revised timeline will provide additional time for public outreach, coordination with the Reserves Steering Committee, the county processes, and the Making the Greatest Place process.

Meg Fernekees asked if Metro will still need to identify 50% of the UGB capacity by 2010 and, if so, whether Metro felt they could meet this timeline.

John responded that by the end of 2010, Metro must identify at least half of the capacity, which will include any measures that will be taken to increase the efficiency of the UGB. He explained that, if the Reserves process is done by May, then Metro will still have seven months to make those decisions and staff is confident that the revised Reserves timeline will not cause a shift in this goal.

Deb noted that, at the April 8 Reserves Steering Committee meeting there were many perspectives expressed about the timeline. The Core 4 took all of these viewpoints into consideration when making its decision to revise the timeline.

John provided a formal reminder to the group that with the revised timeline there will be additional Reserves Steering Committee meetings and encouraged people to monitor their email for additional meeting dates.

VI. MAKING THE GREATEST PLACES UPDATES

Councilor Harrington explained that the Metro Council is working with its jurisdictional partners to discuss how to manage growth in the future. They are assessing research learning from local knowledge and experiences from around the world. She expressed appreciation for the efforts of everyone reviewing the information and explained that she is looking forward to policy discussions and decision.

John explained that since the last meeting two additional documents have been developed: the *Preliminary Urban Growth Report* and the *Preliminary Housing Needs Analysis*. John noted that the full Urban Growth Report is available; however, the full housing needs report is not available but will be provided to the group as soon as it is available.

John noted that the Residential Urban Growth Report is required to provide an inventory that links with population and employment forecasts. The UGR begins from these forecasts, which are informed by regional and national information. Using this information, how much of the population growth is likely to happen within the UGB (historically between 60-63%), and an assumed vacancy rate Metro derived an estimated number of households. All of this information was then used to figure a dwelling unit range for the next 20 years. The capacity analysis is then conducted which contains a buildable land summary and a summary of zoning in the region. John noted that there is already a lot of zoned capacity and Metroscope is used to help determine how

much of the capacity will be used by the market. He went on to explain that the UGR lays out a range of capacities for the existing UGB varying from a baseline of 184,500 dwelling units to a high supply scenario of 358,300 dwelling units. John noted that the higher capacity scenario assumes that certain additional steps will be taken (e.g. policy changes) but the Metroscope analysis does support the numbers. In addition, the report identifies a number of questions that will need to be addressed in the next two years of the process. He noted that the UGR considers various influences (transportation, energy costs, etc.) but assumes no zoning changes.

The housing needs analysis addresses transportation and future affordability, which will be an important issue for ongoing discussion. He explained that “cost burdened households” are defined as renters spending 50% of income or more on rent and this group is expected to double. The housing needs analysis also includes documentation of trends of decreasing lot sizing and context of affordability relative to other western cities and illustrates distributions based on the same set of baseline assumptions documented in the UGR. He noted that the assumptions are particularly important because they control the model output. John then explained that the overall finding was that centers and corridors are likely to be affordable for some but not affordable for all. It is possible that transportation investment, mixed use incentives, among others can also increase affordability. John also noted that it would be important to consider the linkage with employment since good jobs make housing more affordable.

John stated that the employment analysis is being released soon and all of the reports will then form the foundation of discussion at MPAC and the development of an integrated report, including transportation and reserves.

Greg Manning noted that there had been ongoing conversations with the Commercial Real Estate and Economic Development Coalition regarding Figure 1 on page 8 of the UGR titled “*Household Demand Forecast and Sources of Residential Capacity*.” He said that the graph assumes there will be aggressive policy and infrastructure investment choices, which may or may not be accurate.

John explained that the graph is intended to point to the fact that investment (either inside or outside the UGB) would be required.

Councilor Harrington noted that Metro recognizes that residential capacity will depend on future decisions and in placing the information in the report is stating this clearly and upfront.

Craig Brown asked whether the 2000-2002 economic assessment included the same refill rate and whether Metro should figure future needs be considered the same even though there has been refill.

John responded that the baseline uses the observed refill rate. He noted that there was capacity added (e.g. Damascus) but the question is how to utilize this capacity and Metroscope is advising that infrastructure investment would be required.

Chair Brian noted that the UGR makes assumptions about absorption of capacity assumes policy changes, including infrastructure investment. He asked if there is an estimate of the investment that would be required and how much would come from urban renewal districts and other public sources.

John explained that the baseline capacity assumes no additional infrastructure investment above current direction. The capacity shown in the chart as dotted would require additional infrastructure investment. He noted that in some cases there are tools, like local financing mechanisms and urban renewal districts, to help areas develop but these were not specifically discussed in the report, because that will be a part of this discussion.

Mara Gross noted Table 5 in the residential UGR and asked how much evaluation was being conducted on how many affordable units might be expected in the newly developed areas and if there will be an expanded discussion of affordability.

John said that he was not sure how much evaluation was being conducted on affordability and noted the full report had not been completed. He said he would look into it. [Action Item]

Greg Specht noted that figure one of the residential UGR implies that 40,000 additional units will be created by the end of 2010 and he wondered if that was reasonable, given the fact that infrastructure often takes a while to build.

John said that he understood Greg's point that you cannot expect today's investments to have immediate effects; however, where it really hits the road is in the out years, when there is there is increased tension between demand and supply. He said he would check with others to confirm. [Action Item]

Craig Brown asked whether affordable housing was assumed to be the same height, size, and function in the center as in outlying areas. He also wondered whether the cost of urban renewal was included in affordability.

John explained that affordable housing is generally different in the center. He then explained that urban renewal is included in the cost that the homeowner has to pay. Metro does try to understand what impact urban renewal will have but also understands that it is not a magic tool.

Craig noted that urban renewal is a cost that is born by the public and it is disingenuous to suggest otherwise.

John explained that urban renewal is one tool being used but is not the only one, and that a discussion of the positive and negative affects is important.

Mary Kyle McCurdy noted that many local governments have already committed to infrastructure investment and that urban renewal districts are not likely to be any more expensive. She also noted that the existing portion of the Figure 1 graph is at least as great as new areas.

John clarified that all of the colored area in the charts assumes current zoning and that no new zoning ("upzoning") is included in the current analysis.

Jack Hoffman said that it was important to remember that it is not the "fringe" versus the "core" because every city has a center. He noted that an important question will be how much development the surrounding cities will accept. The cities will continue to have to have this discussion during this process.

VII. SUMMARY

Deb thanked everyone for their attentiveness and efforts during the meeting.

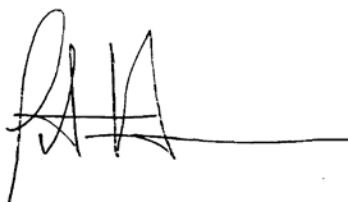
There being no further business, Deb Nudelman adjourned the meeting at 11:59 am.

Respectfully submitted by Kearns & West.

ATTACHMENTS TO THE PUBLIC RECORD FOR MAY 13, 2009

The following have been included as part of the official public record:

AGENDA ITEM	DOC TYPE	DOC DATE	DOCUMENT DESCRIPTION	DOCUMENT NO.
2.	Letter and Maps	4/21/09	To: Core 4 Reserves Steering Committee Members From: Jim Labbe RE: Natural landscape features and adjacent agricultural areas	051309rsc-01
2.	Letter	4/8/09	To: Metro Steering Committee Members From: Borland Neighborhood Association Property Owners RE: Borland Neighborhood in Unincorporated Clackamas County	051309rsc-02
2.	Letter	4/16/09	To: Reserves PAC Committee Members From: Ben Altman, SFA Design Group RE: 50 Year Perspective – Wilsonville- Urban & Rural Reserves.	051309rsc-03
2.	Letter	5/13/09	To: Core 4 and members of RSC From: Carol Chesarek RE: Natural Hazards Tech Memo	051309rsc-04
4.	Table	April 2009	Preliminary Public Involvement Results, Urban and Rural Reserves Phase 3	051309rsc-05
6.	Memo	5/6/2009	To: Reserves Core 4, Reserves Steering Committee, interested parties From: Reserves Core 4 Project Management Team RE: Reserves milestone timeline revision and next steps	051309rsc-06

A handwritten signature in black ink, consisting of stylized, overlapping letters that appear to be 'RAM' followed by a horizontal line extending to the right.