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METRO

Agenda

MEETING: MAKING THE GREATEST PLACE WORK SESSION
DATE: May 14, 2009
DAY: Thursday
TIME: 2:00 p.m.
PLACE: Beaver Den, Tualatin Hills Park and Recreation District, 15655 SW Millikan Way, Beaverton

I. Overview/Meeting Objectives (Robin McArthur) (5 minutes)
- Direction on integrated recommendation for Making the Greatest Place
- Discussion of mobility corridors work and emerging policy questions
- Direction for proposal to renew construction excise tax
- Direction on proposal to change 2040 Growth Concept centers and corridor design types designations

II. Investing in Our Communities
- Engagement Strategy (Robin McArthur, Jim Middaugh) (5 minutes)
- Integrated Recommendation for Making the Greatest Place (Robin McArthur, Stephan Lashbrook) (30 minutes)
  - Purpose
  - Message frame
  - Schedule
- Investments in Great Communities Matrix (15 minutes) (handout at meeting)
- Regional Transportation Plan Mobility Investment Strategy (Kim Ellis) (60 minutes)
  - Presentation on mobility corridors concept and preliminary subarea findings (Mobility corridor background work memo provided under separate cover and Atlas of Mobility Corridors provided at April 23 MGP work session),
  - Discuss emerging policy questions and implications for "refining" RTP investment priorities
  - Next steps for developing RTP investment strategy and integration of local aspirations, TSMO, Freight and HCT elements
- Construction Excise Tax (Councilor Liberty, Andy Shaw) (30 minutes) (included in packet)

Break (5 min)

(cont. on back)

III. Centers and Corridors in the 2040 Growth Concept (Chris Deffebach, Dick Benner) (30 minutes)

- Origins and purpose of design types
- Process on how to change centers and corridor design type designations

(Centers and Corridors change designation process memo and Existing Policy and Direction on Centers and Corridors summary included in packet)

IV. Quick Updates (5 minutes)

- Upcoming Mayors Institute on City Design (included in packet)

Metro | People places. Open spaces.

Construction Excise Tax (CET) Performance Review

April 3, 2009

Background

Overview

Metro is the directly elected regional government that serves 1.4 million residents in Clackamas, Multnomah and Washington counties, and the 25 cities in the Portland metropolitan area. Metro is responsible, among other things, for regional land use and transportation planning.

In 2006, after consultation with a broad-based stakeholder committee, the Metro Council established a construction excise tax (CET) to fund planning activities in areas recently added to the Portland metropolitan region's urban growth boundary (UGB). Cities and counties lacked the resources to conduct concept planning in these areas, which is a prerequisite to development. More importantly, this initial planning work is critical to creating vibrant communities, a key goal of Metro's *Making the Greatest Place* initiative.

Making the Greatest Place goals:

VIBRANT COMMUNITIES: People live and work in vibrant communities where they can choose to walk for pleasure and to meet their everyday needs.

ECONOMIC PROSPERITY: Our Children and their children benefit from the region's sustained economic competitiveness and prosperity.

SAFE AND RELIABLE TRANS-PORTATION: People have safe and reliable transportation choices that enhance their quality of life.

SUSTAINABILITY: The region is a leader in sustainability and minimizing contributions to climate change.

CLEAN AIR AND WATER: Current and future generations enjoy clean air, clean water, and healthy ecosystems.

FAIRNESS AND EQUITY: The benefits and burdens of growth and change are distributed fairly and equitably.

The CET program has succeeded in raising revenues in a timely fashion to pay for planning work that could not have been funded otherwise. Metro, cities, and counties promptly established intergovernmental agreements. The collection and transfer of excise tax revenues by local governments has been straightforward. Metro has worked closely with grantees to track the achievement of milestones and the payment of grants by Metro to local governments has been timely and simple. As a result the vast majority of the planning work that Metro's CET program was established to carry out is now complete.

The construction excise tax is due to sunset when the total amount of $6.3 million has been levied (the amount required to fund new area planning activity), which is currently estimated to occur in the fall of 2009. This report provides an overview of how the CET program has performed during the past three years.

Planning Mandates

Metro is responsible for managing the UGB and is required, by state law, to maintain a 20-year supply of land for future residential development inside the boundary. Every five years, the Metro Council is required to conduct a review of the land supply and, if necessary, change policy inside the existing UGB, expand the UGB, or both, to meet that requirement.

From 1998 to 2005, Metro added more than 23,000 acres to the UGB. Title 11 of Metro's Urban Growth Management Functional Plan requires the city(ies) or county that will provide services for the new urban area to adopt comprehensive plan provisions concerning the future urbanization of the area. This must be completed before the land can be converted from rural to urban use. These comprehensive plan provisions must address issues like minimum residential density levels, diversity of housing stock, an adequate transportation system, protection of natural resource areas and needed school facilities.

> *"The Metro CET grant is a valuable asset for communities in the region to conduct planning work that is necessary for compliance with regional and state requirements. Our city has limited funding, staffing and expertise to develop these studies. The CET grant allowed our community to complete these in a comprehensive manner."*
>
> -Anita Yap, Damascus

Obstacle to Compliance

After these new areas were added to the UGB, it became clear that many of the jurisdictions responsible for the new area planning could not comply with planning requirements due to limited staff and a lack of resources. By 2007, less than 15 percent of the land added to the UGB since 1998 was planned and developed, turning Title 11 into what some call an "unfunded mandate". Identifying money to support these planning needs became an issue of regional importance.

A Regional Planning Solution

In 2005, Metro convened key stakeholders to discuss the challenge of paying for planning in expansion areas. Stakeholders included business, labor, development and environmental interests, as well as the Home Builders Association, local elected officials, and city and county planners. Early scoping and discussion with jurisdictions on the needs gap revealed that roughly $6.3 million was needed to fund planning for the UGB expansions[1] from 2002-2005. There was strong agreement among stakeholders that paying for planning in these areas was a significant regional need. In examining various finance mechanisms, an excise tax on building permits emerged as a preferred tool.

Following the stakeholder meetings, Metro established a Tax Study Committee to further explore and define the parameters for such a tax including tax base, rate, target revenues, duration, dedications, allocation criteria and oversight. The Committee was composed of eleven members that represented various interests including development, schools, land-use advocates, building trades, county and city policy makers, municipal planners, community development groups, and non-voting members of Metro.

After three months of study, discussions, and collaboration, the Tax Study Committee presented their finding and recommendations on the establishment of a CET to the Metro Council and the Metro Policy Advisory Committee (MPAC). MPAC approved the Committee's recommendation, and on March 23rd, 2006, the Metro Council enacted OR 06-1115 establishing the CET, effective July 1, 2006.

[1]This number reflects total cost estimates reported to Metro by the jurisdictions for the completion of new area planning.

Tax Structure

The CET applies to building permits issued within the Metro service district boundary. The purpose of the tax is to support new area planning required to make land ready for development after it is included in the UGB. The tax is assessed at 0.12 percent of the total value of the improvements for which a permit is sought.

Exemptions and Exceptions

Permits valued below $100,000, permits for affordable housing, and permits issued to 501(c)(3) nonprofits are exempt from the tax. Permits for construction valued at more than $10 million are assessed a flat fee of $12,000. There have been relatively few exemptions, mostly for qualifying low income housing projects. Metro staff works with the jurisdictions, and sometimes directly with the applicants, to evaluate exemption requests.

Collection

Metro has established intergovernmental agreements (IGAs) with each city and county for the collection of the CET, including the provision of a five percent administrative fee to the jurisdictions responsible for collecting the tax. This administrative fee is collected on site by the jurisdictions and is not part of the funds submitted to Metro quarterly.

Apart from Metro, school districts are the only other entities currently collecting an excise tax in the Portland metro region (under SB 1036, enacted in 2007). The administrative fee provided to jurisdictions under the school excise tax is one percent of total revenues.

> *"We found the process to be streamlined and easy to work with, and appreciate Metro's flexibility in working through CET milestones, deadlines and the invoicing process. "*
>
> -Michael Walter
> Happy Valley

Sunset

The CET ordinance included a sunset provision that limits collection of the tax to the last day of the month in which a total of $6.3 million has been collected. Metro must provide prompt written notice to collecting jurisdictions when the last of the funds are received and certified.

Metro Administration of CET

Review and Funding of Grant Applications

> *"The process was easy to understand and reimbursements followed in a timely fashion. The City has one more concept plan to prepare, for South End, and we look forward to continuing a positive relationship in that endeavor."*
>
> -Dan Drentlaw
> Oregon City

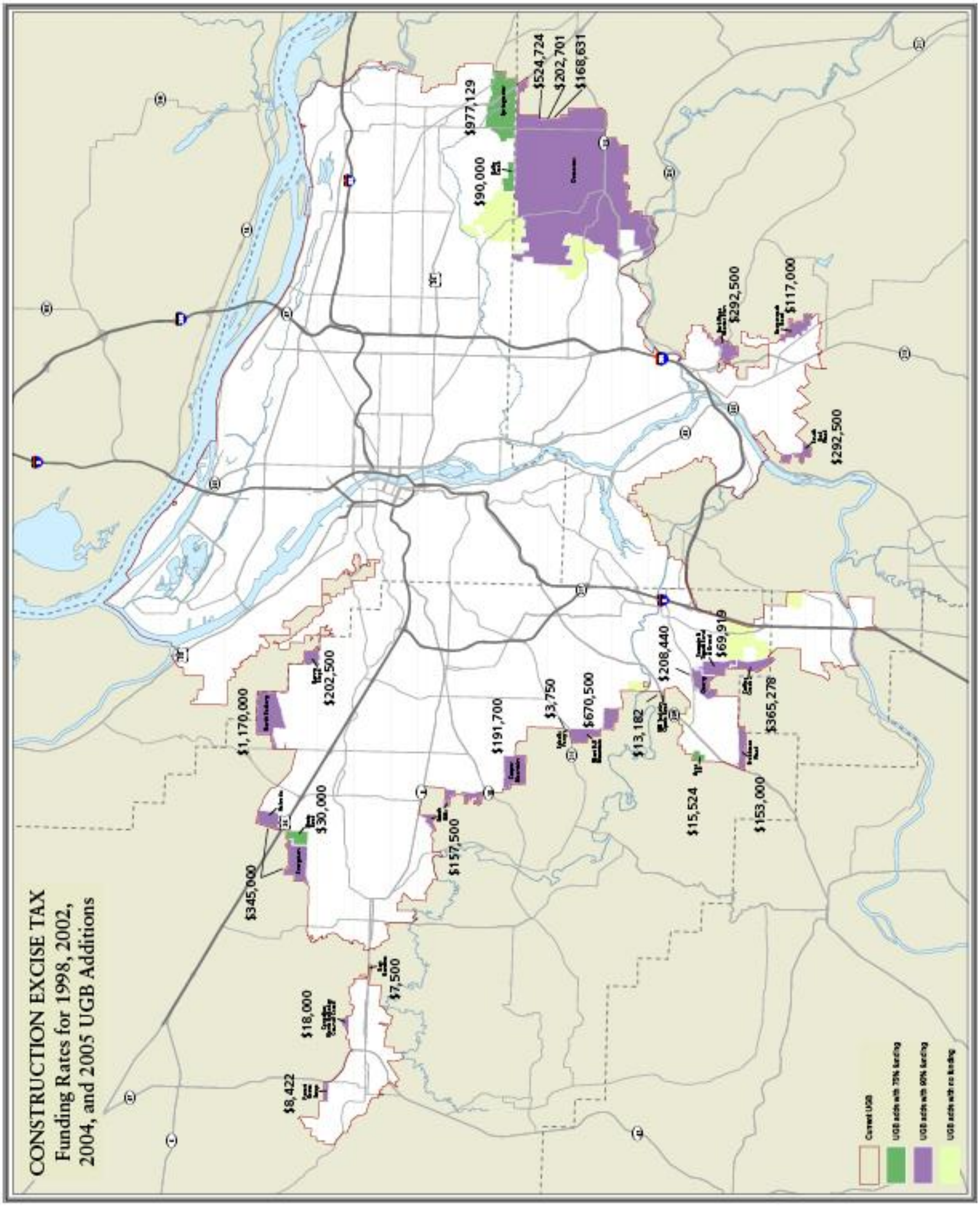
Metro worked with regional partners, the Tax Study Committee and MPAC to establish a process to distribute the $6.3 million that would be raised through the CET. Ultimately, Metro determined that a process of distribution through jurisdictional application was most equitable. Metro became responsible for reviewing applications based on their relevance to regional planning requirements.

Though many jurisdictions had not yet begun any planning in new areas, some had already completed or commenced the work. To recognize the effort made by the latter jurisdictions, it was decided to partially reimburse them. To account for total grant requests that exceeded the available funds, a formula for granting awards was developed that paid out grants at two different rates. Jurisdictions which had not completed or undertaken any planning received 90 percent funding of their grant requests. Jurisdictions that had already completed their new area planning were reimbursed at 75 percent of their total grant requests. Metro was responsible for providing the up-front financing of approved grant requests as CET was collecting revenue. Map 1, on the next page, displays the expansion areas that received CET grants along with the amount of each grant.

Payments of grants and reimbursements are not made in one lump sum. With each planning milestone met in the IGA timeline, such as substantial progress towards completion of a concept plan and eventually adoption of a comprehensive plan amendment, jurisdictions receive a partial payment or reimbursement. If a jurisdiction anticipates that a due date for a milestone will not be met, it must inform Metro in writing no later than ten days prior to the due date. Metro and a jurisdiction must mutually revise the milestones in the IGA's.

Metro collected no administrative fee or reimbursement for the development or administration of the CET program. Revenues collected were fully allocated to grant distribution and local administrative costs.

Map 1


CONSTRUCTION EXCISE TAX
Funding Rates for 1998, 2002, 2004, and 2005 UGB Additions
$8,422
$18,000
$7,500
$345,000
$30,000
$1,170,000
$202,500
$157,500
$191,700
$3,750
$670,500
$13,182
$15,524
$153,000
$208,440
$69,919
$365,278
$292,500
$117,000
$292,500
$90,000
$977,129
$524,724
$202,701
$168,631
Current UGB
UGB adds with 75% funding
UGB adds with 90% funding
UGB adds with no funding

Performance

Collections

Original Tax Study Committee estimates, based on historical construction activity in the region, concluded that the target collections of $6.3 million could be collected in approximately three years by imposing an excise tax of 0.12 percent on the value of construction permits (including specified exceptions and exemptions). According to this estimate, the target collections would be met by June/July 2009. Figure 1 shows cumulative yearly totals of revenues through the second quarter of FY 2009. After two-and-a-half years of collection, $5.2 million has been received. However, receipts have slowed during the first two quarters of FY 2009, compared to 2006/2007.

Figure 1

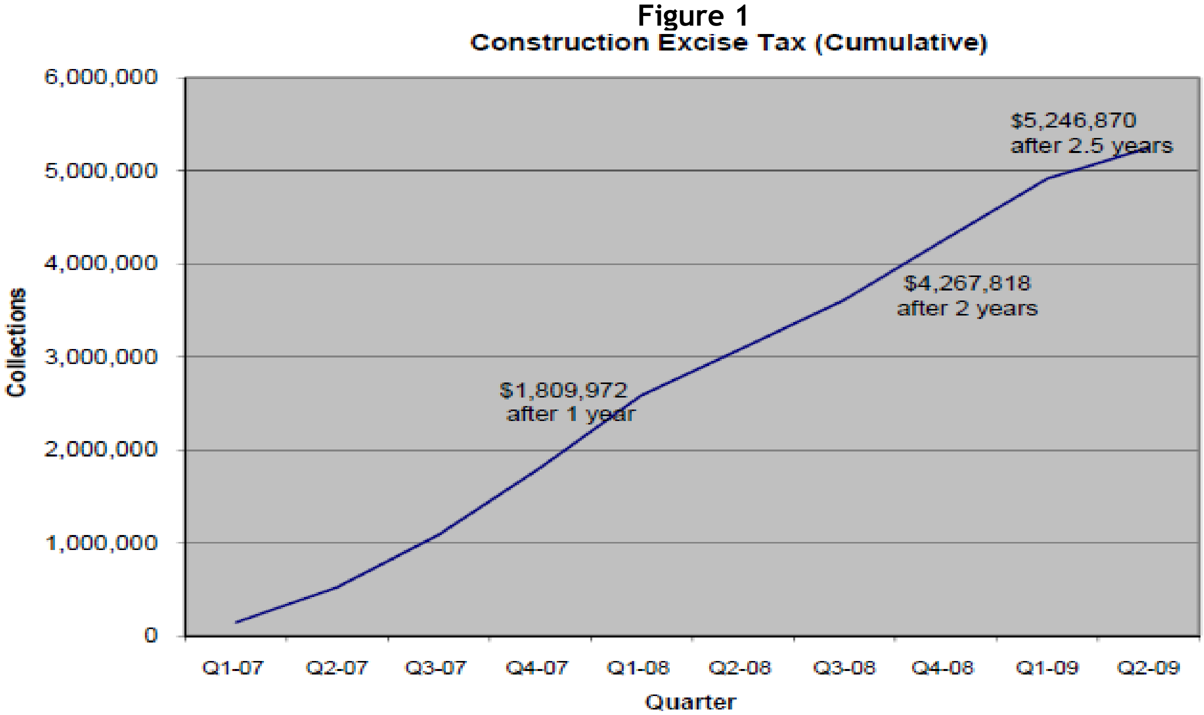
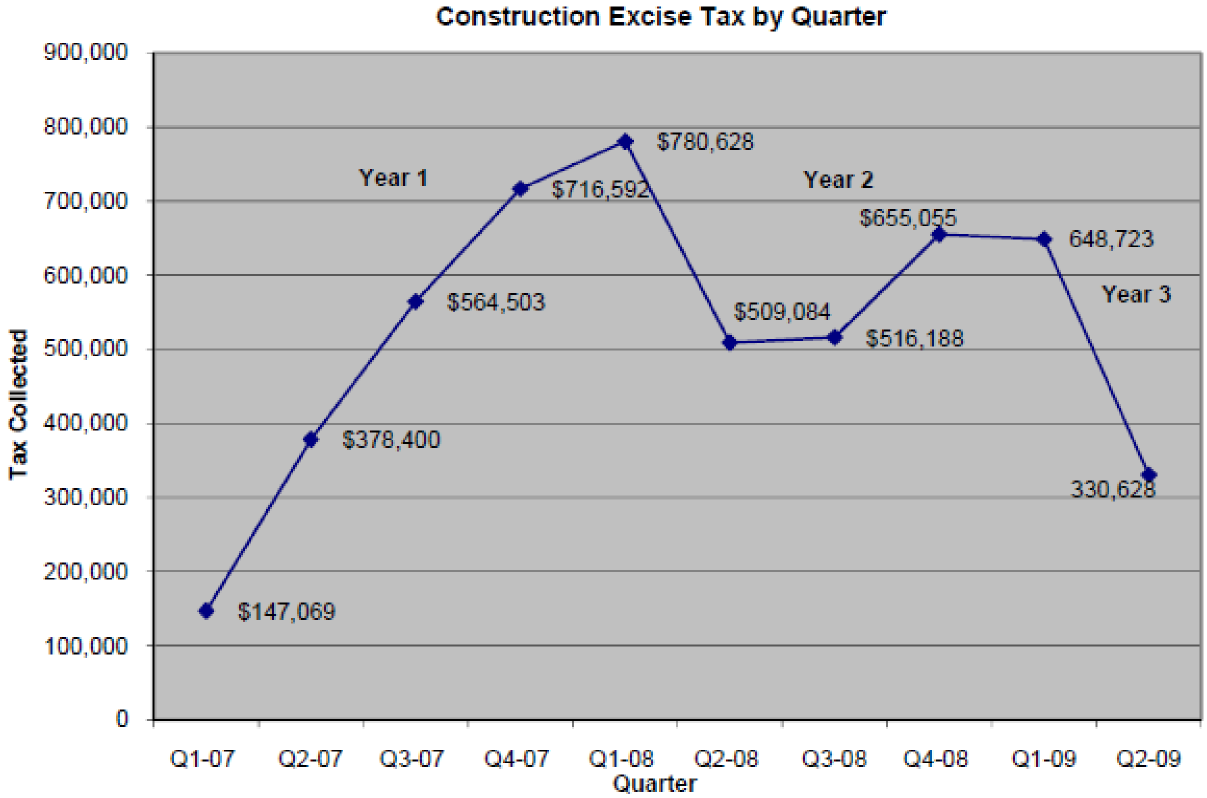


Figure 2 reflects total revenues collected by quarter. The first five quarters represent the highs of the real estate market. The dips in the second and third quarters of FY 2008 coincide with the cyclical dips of construction during cold wet months, while the fourth quarter of FY 2008 and the first quarter of FY 2009 reflect the surge of construction that occurs during the warmer months. Most notable however, is the steep decline in revenues in the second quarter of FY 2009. While this period does coincide with the beginning of the cold season, the decline also shows the impacts of the current recession on the construction and real estate markets. With the economy not predicted to begin stabilizing until mid-2010, it is likely that average CET revenues will be lower than average throughout the 2009 calendar year, affecting the timing of the CET sunset, which is connected to the collection of total target revenues ($6.3 million).

Figure 2



The figure in Appendix A displays the *total value* of CET permits by type, commercial or residential, from July 2006 through September 2008.[i] The commercial category includes everything except residential development (industrial, commercial, etc.). As shown, for jurisdictions other than Portland and Fairview, the total value of permits for residential development has been greater than for commercial. These numbers attest to not only the real estate market peak, but also the increase in population and demand for housing on the region. Though residential permits greatly outnumbered those for commercial use, a few particularly expensive commercial projects in the cities of Portland and Fairview brought the total value of commercial permits to exceed that of residential.

Appendix B displays all new residential units throughout the region subject to the Construction Excise Tax separated out by the number of units per permit from 2006 to 2008. The map illustrates that the majority of residential permits subject to the CET were for single-family residential developments. Permits for residential developments of 35 units or more were rare throughout the region. The majority of these multi-family developments are concentrated in Portland but a few are also found in the Beaverton, Hillsboro, and Wilsonville areas.

Appendix C displays all new commercial units throughout the region subject to the Construction Excise Tax separated by the value of the permit from 2006 to 2008. The map shows that the majority of the permits subject to CET were in the range of one to 30 million, with a few permits having a value of 30 million and greater. The spatial display of these permits reveals clusters of commercial permits in Portland's city center as well as smaller clusters in Hillsboro and the Clackamas County 2040 regional center.

Table 1 - New Area Planning Progress and Funding

Lead Jurisdiction	Subarea for Planning	CET Funding Rate	Total CET Grant Allocation	New Planning Completed	New Planning Underway	Reimbursement Issued	Planning & Reimbursements not Yet Started
Beaverton	Scholls Ferry (portions of Bull Mtn/Area 64)	75%	$3,750			X	
Clackamas Co.	Damascus/ Boring	75%	$202,701			X	
Cornelius	E. Baselin (Area 77)	75%	$7,500			X	
Cornelius	Cornelius/ N. Holladay/ Council Creek	90%	$18,000				X
Damascus	Damascus Concept	90%	$524,724		X		
Forest Grove	Forest Grove Swap	90%	$8,422				X
Gresham	Springwater (Areas 6 & 12)	75%	$977,129			X	
Gresham	Kelly Creek (Area 13)	75%	$90,000		X		
Happy Valley	Happy Valley Comp.	90%	$168,631	X			
Hillsboro	South Hills (Areas 69 & 71)	90%	$157,500		X		
Hillsboro	Shute Rd	75%	$30,000			X	
Hillsboro	Helvetia and Evergreen	90%	$345,000	X			
Multnomah Co.	Bonny Slope (Area 93)	90%	$202,500		X		
Oregon City	Park Place Master Plan	90%	$292,500	X			
Oregon City	Beavercreek Rd. & Area 26	90%	$117,000	X			
Oregon City	South End Rd (Area 32)	90%	$292,500				X
Sherwood	Brookman Rd	90%	$153,000		X		
Sherwood	Area 59	75%	$15,524			X	
Sherwood	Quarry (portions of Areas 48 & 49)	90%	$208,440		X		
Tualatin	SW Implementation Plan	90%	$30,907				X
Tualatin	NW ans SW Tualatin Plans	75%	$52,194			X	
Washington & Clackamas Counties or Tualatin or Wilsonville	Coffee Creek 2/ portions of Areas 47 & 49	90%	$365,278				X
Washinton Co.	Bull Mountain (Areas 63 & 64)	90%	$670,500		X		
Washinton Co.	Cooper Mountain (Area 67)	90%	$191,700				X
Washinton Co.	N. Bethany	90%	$1,170,000		X		
			$6,295,400				

CET Grant Distribution

Table 1 displays the jurisdictions and plans that have been allocated CET funds to conduct expansion area planning. The four columns on the right-hand show the progress of planning efforts as of March 2009. Eleven plans have been completed, eight are in progress, and six are yet to be commenced. Projects that have not been started were either awaiting other decision-making processes (for example, on the I-5/99W Connector) or were part of a series of plans being completed in phases by a jurisdiction (e.g. Washington County and Oregon City). The *New Planning Completed* and *New Planning Underway* columns refer to areas that received funds at a rate of 90 percent of the amount requested. The *Reimbursement Issued* column refers to sites that were funded at a rate of 75 percent, and have completed their required planning. The last column, *Planning & Reimbursements not yet Started*, refers to areas that have not yet commenced planning, or have not collected their reimbursements for planning completed or underway. Appendix D displays total CET collections and recipients by jurisdiction.

Next Steps

Measuring Success

The purpose of the construction excise tax was to secure funding for the planning required under Title 11 for areas added to the UGB from 2000-2005. The program has and continues to be successful in accomplishing this goal. More than half of new area plans identified by the stakeholder group are now complete, another third are progressing towards completion, and the remaining plans will be commenced soon.

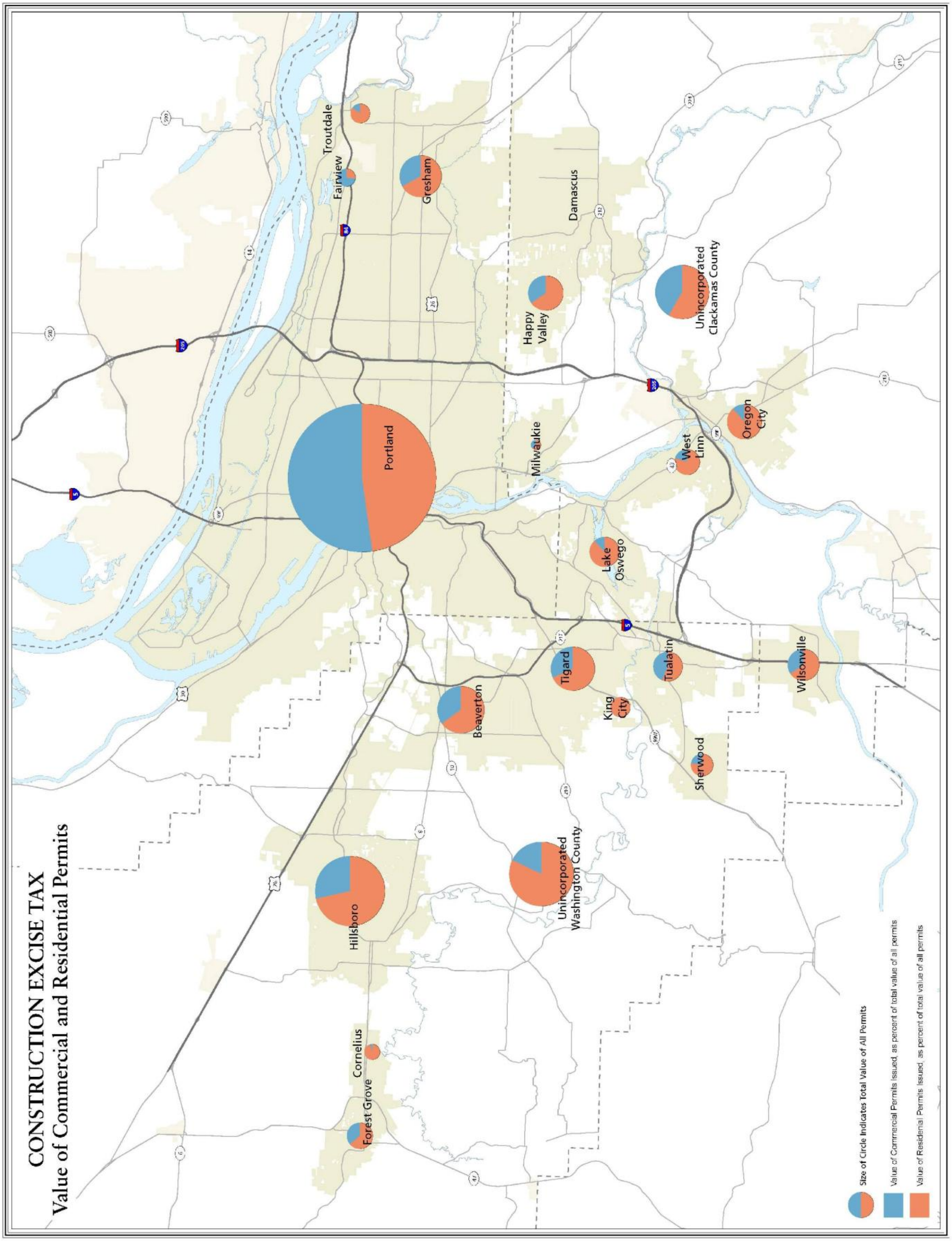
Stakeholders who convened to establish the CET program recognized that planning is necessary, but not sufficient to accomplish the region's growth and development goals. There was a shared understanding that to actualize the type of development these new area plans call for, the greater issues of infrastructure and basic service delivery must be addressed. Identifying a strategy to fund local and regional infrastructure is critical to accomplishing the various planning goals throughout the metropolitan area.

State CET Preemption

Since the Metro CET was established in 2006, state law regarding local taxing authority has changed, limiting local government's authority to levy excise taxes on construction. In 2007, the Oregon Legislature enacted Senate Bill 1036, which authorized school districts to levy a construction excise tax on new residential, commercial, and industrial construction to pay for school facility construction. However, the bill also prohibited the establishment of new construction excise taxes by other local governments. The state preemption expires in 2018. Existing CETs are "grandfathered" in – the local preemption does not apply to any tax "that is in effect as of May 1, 2007, or to the extension or continuation of such a tax, provided that the rate of tax does not increase from the rate in effect as of May 1, 2007". Thus, state law allows Metro to continue levying a CET so long as the rate does not change. However, if the tax is allowed to sunset, SB 1036 would prohibit the re-institution of an excise tax until 2018.

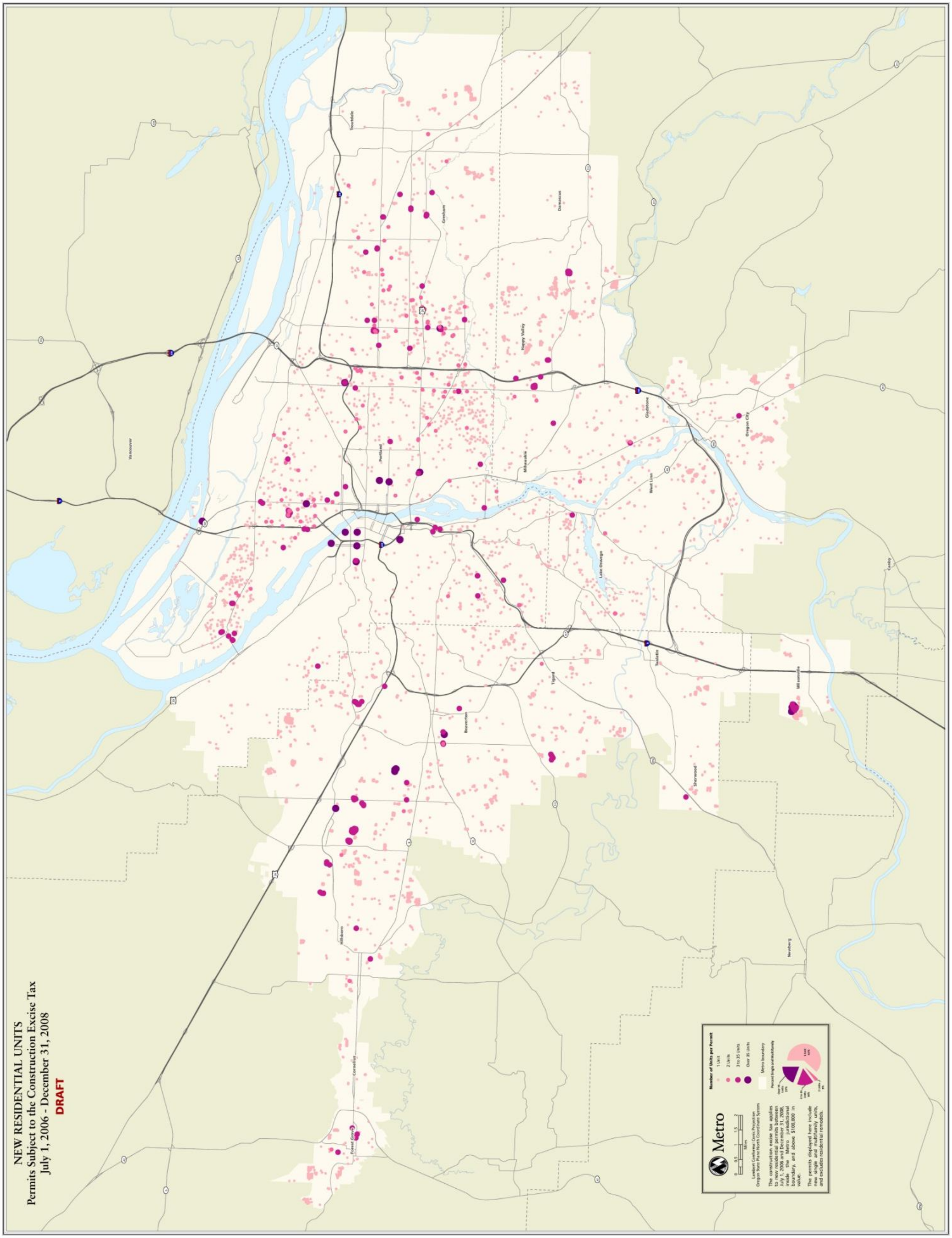
As the CET sunset approaches, Metro and its regional partners are considering the value of extending the tax to support a broader spectrum of planning needs throughout the region. If the tax sunsets, the tool will not be available again until 2018. Starting in April 2009, Metro will convene an advisory group whether to retain this taxing authority and discuss the range of options available for the CET, and make recommendations to Metro's Chief Operating Officer on what types of planning to support and how to distribute funds.

Appendix A



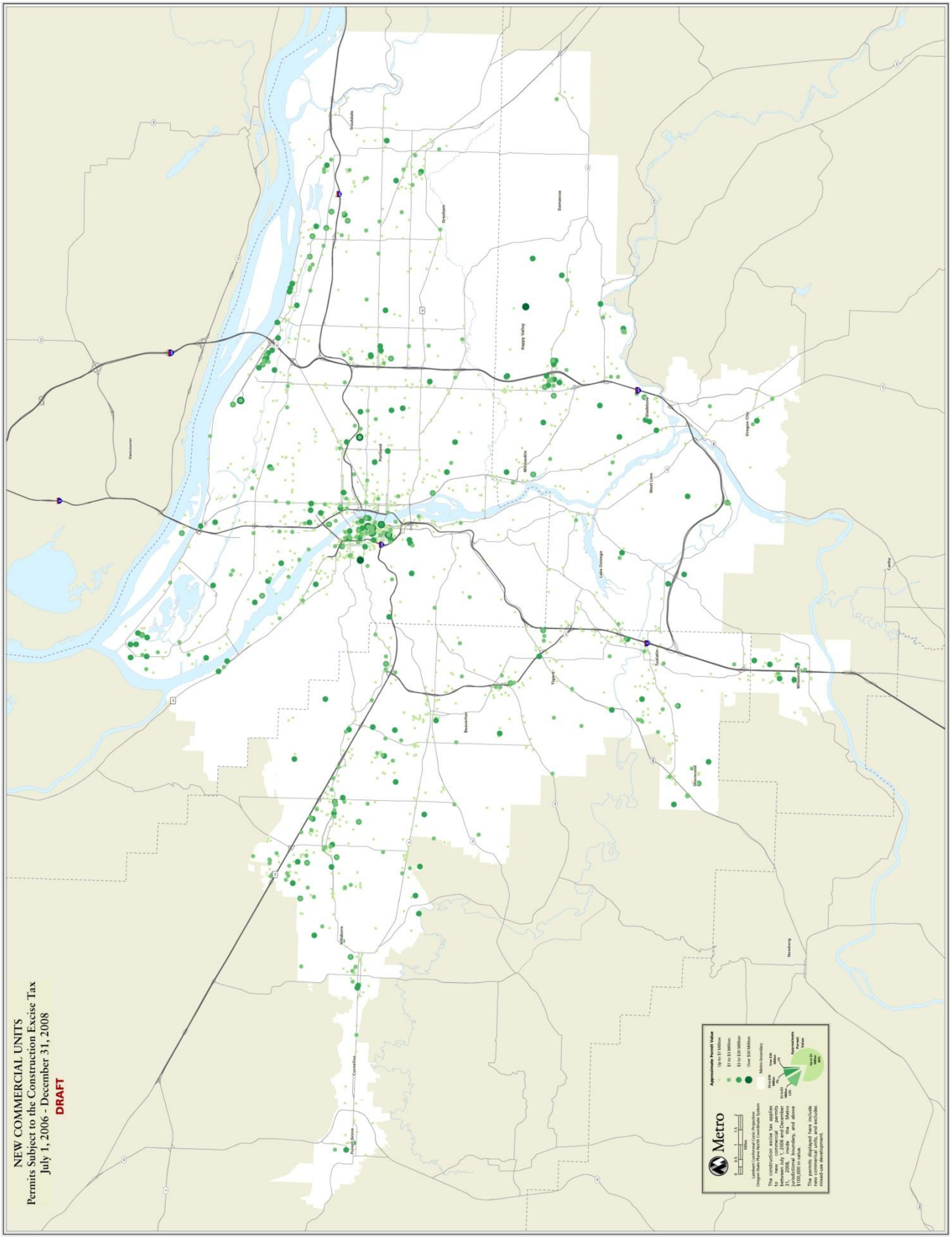
CONSTRUCTION EXCISE TAX
Value of Commercial and Residential Permits
Portland
Troutdale
Fairview
Gresham
Damascus
Happy Valley
Unincorporated Clackamas County
Milwaukie
West Linn
Oregon City
Lake Oswego
Tigard
King City
Tualatin
Wilsonville
Sherwood
Beaverton
Hillsboro
Unincorporated Washington County
Cornelius
Forest Grove
Size of Circle Indicates Total Value of All Permits
Value of Commercial Permits Issued, as percent of total value of all permits
Value of Residential Permits Issued, as percent of total value of all permits

Appendix B

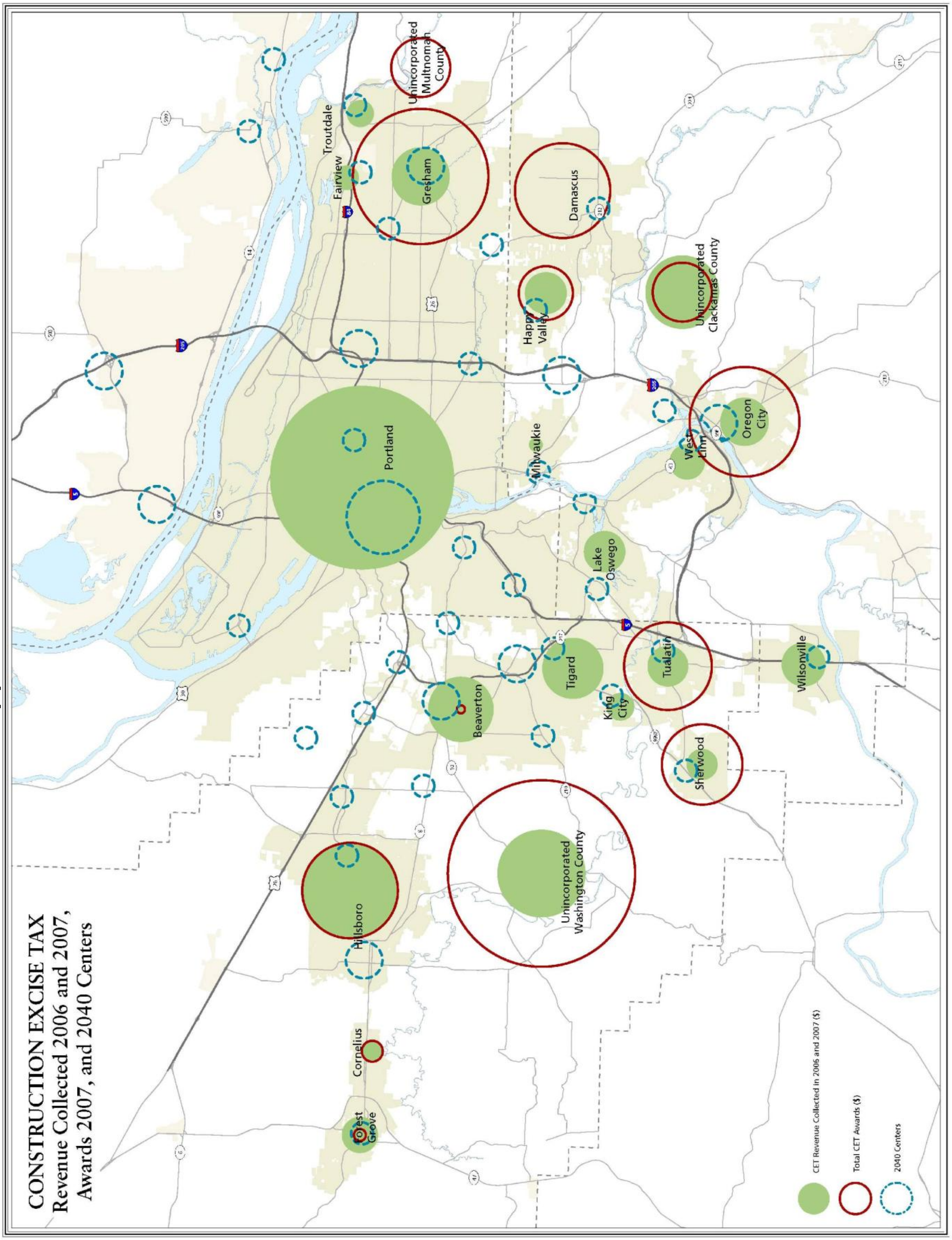


NEW RESIDENTIAL UNITS
Permits Subject to the Construction Excise Tax
July 1, 2006 - December 31, 2008
DRAFT
Metro
0
0.5
1
1.5
2
Miles
Lambert Conformal Conic Projection
Oregon State Plane North Coordinate System
The construction excise tax applies to new residential permits between July 1, 2006 and December 31, 2008, inside the Metro jurisdictional boundary, and above $100,000 in value.
The permits displayed here include new single and multifamily units, and excludes residential remodels.
Number of Units per Permit
1 Unit
2 Units
3 to 35 Units
Over 35 Units
Metro boundary
Newberg

Appendix C


NEW COMMERCIAL UNITS
Permits Subject to the Construction Excise Tax
July 1, 2006 - December 31, 2008
DRAFT
Metro

Appendix D


CONSTRUCTION EXCISE TAX
Revenue Collected 2006 and 2007,
Awards 2007, and 2040 Centers
Portland
Gresham
Troutdale
Fairview
Unincorporated Multnomah County
Damascus
Happy Valley
Unincorporated Clackamas County
Milwaukie
Oregon City
West Linn
Lake Oswego
Tigard
Tualatin
King City
Wilsonville
Sherwood
Beaverton
Unincorporated Washington County
Hillsboro
Cornelius
Forest Grove
CET Revenue Collected in 2006 and 2007 ($)
Total CET Awards ($)
2040 Centers

[i] Disclaimer for Appendices A,-D: The information used to create these appendices was gathered from Construction Monitor and processed by Metro staff. Because this is third party data, not produced by Metro, it should only be used for general approximations. Metro staff cannot guarantee full accuracy of Construction Monitor data. The data reflect the total values of permits issued within the Metro service district for July 2006 through 2008 which were subject to CET. In addition, it should be noted that those permits which received exemptions for affordable housing and 501c(3) status have NOT been excluded from this analysis.

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Metro | *Memo*

To: Metro Council

From: Chris Deffebach

Subject: Centers and Corridors change designation process

Date: April 29, 2009

By now, many of you have heard interest by local jurisdictions about changing a center or corridor designation on the Growth Concept Map. This interest includes upgrade from Main Street to Town Center and Town Center to Regional Center as well as potentially shifting the location or number of centers and corridors.

Metro can make these changes by revising the Growth Concept Map by ordinance and using existing Framework Plan policies to guide the decision. This was done most recently in the early 1990s to change Milwaukie from a Regional to a Town Center. While the Framework Plan does not set specific criteria, policies refer in general to centers and corridors and could be used to establish findings for changes. The general nature of the policies, however, offers little guidance to participants in our proceedings or to those who support or oppose the changes. For example, the Framework Plan includes policies for centers, but none that expressly address changes to the location or nature of centers. The Growth Concept narrative supports policies, but it does not include policies. Metro may want to clarify policies for use in considering changes to centers and corridors.

As part of Making the Greatest Place, several new concepts about centers and corridors have emerged. These include the Activity Spectrum concept as a way to consider the type of center that fits local aspirations and an investment strategy that links regional investments such as high capacity transit with local commitments for land use, transportation and financial incentives. Consideration of changes to center and corridor designations need to be made within this larger context of the regional and local commitments to an investment strategy.

Council Direction:

Staff seeks direction from Council on the following approach to consider requests for changes in center and corridor designations and to support the development of a Making the Greatest Place investment strategy. Based on the direction received on May 14th, staff will return in June with a refined list of criteria for consideration of center and corridor designations.

Attached to this memo is a summary of existing policy direction on centers and corridors that the Office of Metro Attorney prepared. It is intended to serve as a reference on centers and corridor policy, in one location, for your convenience and provide a consistent level of background information. We do not intend to review it during the May 14th work session, but use it to clarify existing policy direction for discussion at the next work session and throughout this process.

If you have questions on this proposal or about existing policy direction on centers and corridors please contact me or Dick Benner.

Proposed Schedule

The proposed schedule would link Council consideration and action with the Making the Greatest Place schedule:

May:	Council review center and corridor change process and direction on approach
June:	Council review location and change criteria and direction for broader discussion
July:	Discussion of approach with MTAC, MPAC and other stakeholders
Aug:	Council review of comments and direction on proposed Growth Concept Map changes for inclusion in fall release document and related changes in Framework or Functional Plan policies to support Making the Greatest Place investment strategy
Fall:	Public comment on proposed changes to Growth Concept Map and policies
2010:	Council action by ordinance to criteria or policies on Growth Concept, Framework or Functional Plan, as needed.
2010:	Council action on Ordinance to change Growth Concept Map to change specific center or corridor designations (1st quarter)

Proposed Approach –

1. **Use the interest in center and corridor changes to support commitment to development and implementation of local aspirations.** Using existing policies (see attached Existing Policy and Direction on Centers and Corridors) as the starting point, identify requested designation changes and develop recommendations for Council consideration and include them in the proposed package for release in the fall. Examples of issues that may rise for Council consideration include:
   - **How to define compact development?** Centers are intended as a focus for compact development. Is it based on persons per acre, mixed use zoning, or other?
   - **Can there be too many regional or town centers?** The Growth Concept narrative calls for a relatively small number of regional centers because of limited market to support redevelopment and limited transportation funding to support the high quality transit and roadway improvements needed.

2. **Identify potential changes to existing policies that would help clarify the designation process for Council consideration as part of Making the Greatest Place.** This will be the most extensive application of the existing policy and some clarification may be warranted, particularly to support regional and local commitment to implementing the 2040 Growth Concept. Issues that may rise for Council consideration include:

- **Should the Growth Concept narrative be updated?** The narrative describes Regional Centers as serving 100,000s of people while Town Centers serve 10,000s of people. Corridors are described as having higher intensity development along arterial roads. Changes could reflect new concepts such as the Activity Spectrum, investment commitments and parks, trails, and civic spaces and include a description for Neighborhood Centers.

- **Should the Framework Plan add more explicit center and corridor policies?** New policies could re-enforce the Growth Concept narrative for centers and corridors and guide Metro investment actions.

- **Should the Functional Plan clarify or add recommendations for centers and corridors.** These changes could revise the recommended density targets for centers and corridors in Title 1 or replace them with reference to levels of activity in the Activity Spectrum. New requirements could also link land use commitments with regional investments, such as HCT. Council may want to include additional expectations for zoning code changes, mixed use zoning and other financial incentives for a center or corridor. The latest MTIP criteria for example, use these to demonstrate readiness of the community to leverage these investments. The HCT and RTP priorities support a similar investment strategy.

- **Should the Growth Concept map be regulatory**? The Growth Concept Map is included in the Framework Plan as an illustration of policy and was adopted by ordinance along with the Growth Concept. Its legal status has not been as clear as its role in defining policy direction. If the map is included in the Functional Plan, it would legally establish boundaries of centers and corridors for use in monitoring performance, applying incentives and targeting investments over time. This would make the 2040 Growth Concept map similar to the Title 4 Employment map.

Summary

Since 1995, when the Growth Concept Map was adopted as part of the 2040 Growth Concept, very few changes to these centers, corridors and employment areas have been requested by local jurisdictions. During the development of the 2040 Growth Concept in the early 1990s, Metro area cities identified locations for centers, corridors and employment areas that reflected their aspirations for growth and development. With 15 years of experience in developing mixed use centers and corridors, cities have revised their aspirations and some have expressed an interest in changing the designation of their center or corridor on the Growth Concept Map, largely because of the recognition that the center and corridor designation links with investment priorities. Clarifying the process to change the type or location of centers and corridors is an opportunity to strengthen the link between investment decisions and implementing these aspirations and to reinforce the importance of placemaking in Making the Greatest Place.

EXISTING POLICY AND DIRECTION ON CENTERS AND CORRIDORS
May 5, 2009

The 2040 Growth Concept calls for accommodation of most population and employment growth in Centers and Corridors. The 2040 Growth Concept Map shows the approximate locations of a Central City, seven Regional Centers and 30 Town Centers. The Map also shows Corridors along 400 miles of the region's arterials. Following a functional plan requirement (Title 1), cities and counties have designated the Centers and Corridors in their jurisdictions, deriving specific boundaries from the general locations depicted on the Growth Concept Map.

Some cities have told Metro, as part of their aspirations for the future, they would like to make changes to Centers in their jurisdictions to:

- Change the boundaries of a Center
- Move a Center from one location to another
- Change the Center category (from Town Center to Regional Center, e.g.) or
- Eliminate a Center

There are several sources of policy and guidance that help evaluate the proposed changes to Centers, each set forth verbatim in the following pages:

- The Summary of the 2040 Growth Concept in the Regional Framework Plan
- Policies of the Regional Framework Plan
- Requirements and Recommendations in the Urban Growth Management Functional Plan
- Requirements in the Regional Transportation Functional Plan

1. The Summary of the 2040 Growth Concept in the Regional Framework Plan

"Centers

Mixed-use urban centers inside the UGB are one key to the Growth Concept. Creating higher density centers of employment and housing and transit service with compact development, retail, cultural and recreational activities in a walkable environment is intended to provide efficient access to goods and services, enhance multi-modal transportation and create vital, attractive neighborhoods and communities. The Growth Concept uses interrelated types of centers:

- The central city is the largest market area, the region's employment and cultural hub and accessible to millions of people.
- Regional centers serve large market areas outside the central city, connected to it by high-capacity transit and highways and are accessible by hundreds of thousands of people.
- Connected to each regional center, by road and transit, are smaller town centers with local shopping and employment opportunities within a local market area and accessible to tens of thousands of people.

Planning for all of these centers will seek a balance between jobs, housing and unique blends of urban amenities so that more transportation trips are likely to remain local and become more multi-modal.

Creating higher density centers of employment and housing provides many advantages to communities. These centers provide citizens with access to a variety of goods and services in a relatively small geographic area, creating an intense business climate. Having centers also makes sense from a transportation perspective, since most centers have an accessibility level that is conducive to transit, bicycling and walking. Centers also act as social gathering places and community centers, where people would find the cultural and recreational activities and "small-town atmosphere" they cherish.

The major benefits of centers in the marketplace are accessibility and the ability to concentrate goods and services in a relatively small area. The problem in developing centers, however, is that most of the existing centers are already developed and any increase in the density must be made through redeveloping existing land and buildings. Emphasizing redevelopment in centers over development of new areas of undeveloped land is a key strategy in the Growth Concept.

"The Central City

Downtown Portland serves as the major regional center and functions well as an employment and cultural hub for the metropolitan area. It provides accessibility to the many businesses that require access to a large market area and also serves as the location for cultural and social functions that draw the region together. It is the center for local, regional, state and federal governments, financial institutions, commerce, the center for arts and culture, and for visitors to the region. In addition, downtown Portland has a high percentage of travel other than by car - three times higher than the next most successful area. Jobs and housing are readily available there, without the need for a car. Maintaining and improving upon the strengths of the regional downtown shall remain a high priority.

Improvements to the transit system network, development of a multi-modal street system and maintenance of regional through routes (the highway system) would provide additional mobility to and from the city center.

"Regional Centers

There are seven regional centers, serving four market areas (outside of the central city market area). Hillsboro serves the western portion of the region and Gresham the eastern. Gateway serves most of the Portland area outside the central city as a regional center. Downtown Beaverton and Washington Square serve the east Washington County area, and downtown Oregon City, Clackamas Town Center together serve Clackamas County and portions of outer southeast Portland.

These regional centers are the focus of compact development, redevelopment and high-quality transit service, multi-modal street networks and act as major nodes along regional through-routes.

Transit improvements will include light-rail connecting all regional centers to the central city. A dense network of multi-modal arterial and collector streets tie regional centers to surrounding neighborhoods and other centers. Regional through-routes are designed to connect regional centers and ensure that these centers are attractive places to conduct business. The relatively small number of centers reflects not only the limited market for new development at this density but also the limited transportation funding for the high-quality transit and roadway improvements envisioned in these areas.

"Town Centers

Smaller than regional centers and serving populations of tens of thousands of people, town centers are the third type of center with compact development and transit service.

Town centers provide local shopping, employment and cultural and recreational opportunities within a local market area. They are designed to provide local retail and services, at a minimum and vary greatly in character. Some will become traditional town centers, such as Lake Oswego, and Forest Grove, while others will change from an auto-oriented development into a more complete community, such as Hillsdale. Many also have regional specialties, such as office centers envisioned for the Cedar Mill town center. Several new town centers are designated, such as in Happy Valley and Damascus, to accommodate the retail and service needs of a growing population while reducing auto travel.

"Main Streets and Neighborhood Centers

During the early decades of this century, main streets served by transit and characterized by a strong business and civic community were a major land-use pattern throughout the region. Examples remain in Hillsboro, Milwaukie, Oregon City and Gresham as well as the Westmoreland neighborhood and Hawthorne Boulevard. Today, these areas are undergoing a revival and provide an efficient and effective land-use and transportation alternative.

Main streets typically serve neighborhoods and may develop a regional specialization - such as antiques, fine dining, entertainment or specialty clothing - that draws people from other parts of the region.

"Station Communities

Station communities are nodes of development centered around a light-rail or high-capacity transit station that feature a high-quality pedestrian environment. They provide for the highest density outside centers. Station communities encompass an area approximately one-half mile from a station stop."

2. <u>Policies of the Regional Framework Plan</u>

"1.1 Urban Form

It is the policy of the Metro Council to:
Balance the region's growth by:

a. Maintaining a compact urban form, with easy access to nature.
b. Preserving existing stable and distinct neighborhoods by focusing commercial and residential growth in mixed-use centers and corridors at a pedestrian scale.
c. Ensuring affordability and maintaining a variety of housing choices with good access to jobs and assuring that market-based preferences are not eliminated by regulation.
d. Targeting public investments to reinforce a compact urban form."

"1.3 Housing Choice

It is the policy of the Metro Council to:

1.3.1 Provide housing choices in the region, including single-family, multi-family, ownership and rental housing, and housing offered by the private, public and nonprofit sectors.

1.3.2 As part of the effort to provide housing choices, encourage local governments to ensure that their land use regulations:

a. Allow a diverse range of housing types;
b. Make housing choices available to households of all income levels; and
c. Allow affordable housing, particularly in Centers and Corridors and other areas well-served with public services."

"1.10 Urban Design

It is the policy of the Metro Council to:

1.10.1 Support the identity and functioning of communities in the region through:

a. Recognizing and protecting critical open space features in the region;
b. Developing public policies that encourage diversity and excellence in the design and development of settlement patters, landscapes and structures;
c. Ensuring that incentives and regulations guiding the development and redevelopment of the urban area promote a settlement pattern that:

(i) Links any public incentives to a commensurate public benefit received or expected and evidence of private need;
(ii) Is pedestrian 'friendly', encourages transit use and reduces auto dependence;
(iii) Provides access to neighborhood and community parks, trails and walkways, and other recreation and cultural areas and public facilities;
(iv) Reinforces nodal, mixed-use, neighborhood-oriented design;
(v) Includes concentrated, high-density mixed-use urban centers developed in relation to the region's transit system;
(vi) Is responsive to needs for privacy, community, sense of place and personal safety in an urban setting;
(vii) Facilitates the development and preservation of affordable mixed-income neighborhoods;
(viii) Avoids and minimizes conflicts between urbanization and the protection of regionally significant fish and wildlife habitat."

"1.15 Centers

It is the policy of the Metro Council to:

1.15.1 Recognize that the success of the 2040 Growth Concept depends upon the maintenance and enhancement of the Central City, Regional and Town Centers, Station Communities and Main Streets as the principal centers of urban life in the region. Each Center has its own character and is at a different stage of development. Hence, each needs its own strategy for success.

1.15.2 Develop a regional strategy for enhancement of Centers, Station Communities and Main Streets in the region:

a. Recognizing the critical connection between transportation and these design types, and integrate policy direction from the Regional Transportation Plan.

b. Placing a high priority on investments in Centers by Metro and efforts by Metro to secure complementary investments by others.

c. Including measures to encourage the siting of government offices and appropriate facilities in Centers and Station Communities.

1.15.3 Work with local governments, community leaders and state and federal agencies to develop an investment program that recognizes the stage of each Center's development, the readiness of each Center's leadership, and opportunities to combine resources to enhance results. To assist, Metro will maintain a database of investment and incentive tools and opportunities that may be appropriate for individual Centers."

1.15.4 Assist local governments and seek assistance from the state in the development and implementation of strategies for each of the Centers on the 2040 Growth Concept Map. The strategy for each Center will be tailored to the needs of the Center and include an appropriate mix of investments, incentives, removal of barriers and guidelines aimed to encourage the kinds of development that will add vitality to Centers and improve their functions as the hearts of their communities.

1.15.5 Determine whether strategies for Centers are succeeding. Metro will measure the success of Centers and report results to the region and the state. Metro will work with its partners to revise strategies over time to improve their results."

"**2.14.1** Plan for a regional motor vehicle system of arterials and collectors that connect the central city, regional centers, industrial areas and intermodal facilities, and other regional destinations, and provide mobility within and through the region."

"**2.27.1** Use transportation system management techniques to optimize performance of the region's transportation systems. Mobility will be emphasized on corridor segments between 2040 Growth Concept primary land-use components. Access and livability will be emphasized within such designations. Selection of appropriate transportation system techniques will be according to the functional classification of corridor segments."

"**2.29.1** Manage and optimize the efficient use of public and commercial parking in the central city, regional centers, town centers, main streets and employment centers to support the 2040 Growth Concept and related RTP policies and objectives."

3. <u>Requirements and Recommendations in the Urban Growth Management Functional Plan</u>

<u>Title 1 (Requirements for Housing and Employment Accommodation)</u>:

"3.07.170 Design Type Density Recommendations

A. For the area of each of the 2040 Growth Concept design types, the following average densities for housing and employment are recommended to cities and counties:

Central City - 250 persons per acre
Regional Centers - 60 persons per acre
Station Communities - 45 persons per acre
Town Centers - 40 persons per acre
Main Streets - 39 persons per acre

Corridor - 25 persons per acre
Employment Areas - 20 persons per acre
Industrial Areas - 9 employees per acre
Regionally Significant Industrial Area – 9 employees per acre
Inner Neighborhoods - 14 persons per acre
Outer Neighborhoods - 13 persons per acre."

Title 6 (Central City, Regional Centers, Town Centers and Station Communities):

"3.07.610 Purpose and Intent

The success of the 2040 Growth Concept depends upon the maintenance and enhancement of the Central City, Regional and Town Centers and Station Communities as the principal centers of urban life in the region. Title 6 intends to enhance Centers by encouraging development in these Centers that will improve the critical roles they play in the region and by discouraging development outside Centers that will detract from those roles. As used in this title, the term "Centers" includes the Central City, Regional and Town Centers and Station Communities.

3.07.620 Local Strategy to Improve Centers

A. Each city and county with a Center shown on the 2040 Growth Concept map shall, on a schedule established jointly with Metro but not later than December 31, 2007, develop a strategy to enhance Centers within its jurisdiction. The strategy shall include at least the following elements:

1. An analysis of physical and regulatory barriers to development and a program of actions to eliminate or reduce them.
2. An accelerated review process for preferred types of development.
3. An analysis of incentives to encourage development and a program to adopt incentives that are available and appropriate for each Center.
4. A schedule for implementation of Title 4 of the Urban Growth Management Functional Plan.
5. An analysis of the need to identify one or more Neighborhood Centers within or in close proximity to Inner and Outer Neighborhoods to serve as a convenient location of neighborhood commercial services, as authorized by Title 12, Section 3.07.1230 of the Urban Growth Management Functional Plan.
6. A work plan, including a schedule, to carry out the strategy.

3.07.630 Special Transportation Areas

Any city or county that has adopted a strategy for a Center pursuant to Section 3.07.620 and measures to discourage commercial retail use along state highways outside Center and Neighborhood Centers shall be eligible for designation of a Center by the Oregon Transportation Commission as a Special Transportation Area under Policy 1B of the 1999 Oregon Highway Plan.

3.07.640 Government Offices

A. Cities and counties shall encourage the siting of government offices in Centers by taking action pursuant to Section 3.07.620 to eliminate or reduce unnecessary physical and regulatory barriers to development and expansion of such offices in Centers.

B. Cities and counties shall discourage the siting of government offices outside Centers, Main Streets and Corridors by requiring a demonstration by the applicant government agency that sites within these designations cannot reasonably accommodate the proposed offices due to characteristics of the offices other than parking for employees.

C. For purposes of this section, "government offices" means administrative offices and those offices open to and serving the general public, such as libraries, city halls and courts. The term "government offices" does not include other government facilities, such as fire stations, sewage treatment plants or equipment storage yards."

4. Requirements in the Regional Transportation Functional Plan

"**6.4.5** Design Standards for Street Connectivity

* * *

2. In addition to preparing the above conceptual street plan map, cities and counties shall require new residential or mixed-use development involving construction of new street(s) to provide a site plan that reflects the following:

C. Centers, main streets and station communities:

Where full street connections over water features identified in Title 3 of the UGMFP cannot be constructed in centers, main streets and station communities (including direct connections from adjacent neighborhoods), or spacing of full street crossings exceeds 1,200 feet, provide bicycle and pedestrian crossings at an average spacing of 530 feet, unless exceptional habitat quality or length of crossing prevents a connection."

"6.4.6 Alternative Mode Analysis

1. Each jurisdiction shall establish an alternative mode share target (defined as non-single occupancy vehicle person-trips as a percentage of all person-trips for all modes of transportation) in local TSPs for trips into, out of and within all 2040 Growth Concept land-use design types within its boundaries. The alternative mode share target shall be no less than the regional modal targets for these 2040 Growth Concept land-use design types to be established in Table 1.3 [includes Centers] in Chapter 1 of this plan."

"**6.4.7 Motor Vehicle Congestion Analysis**

Policy 13.0 and Table 1.2 of this plan establish motor vehicle level-of-service policy for regional facilities. These standards shall be incorporated into local comprehensive plans and implementing ordinances to replace current methods of determining motor vehicle congestion on regional facilities. Jurisdictions may adopt alternative standards that do not exceed the minimum LOS established in Table 1.2. However, the alternative standard must not:

> Increase SOV travel to a measurable degree that affects local consistency with the modal targets contained in Table 1.3 [includes Centers]."

Mayors' Institute on City Design

July 15-17

Plans are coming together for this year's Mayors Institute. To date, six mayors from Oregon and Washington have confirmed their participation, and we hope to fill out the roster with two more mayors from either California or Idaho. We are still in the midst of lining up resource team members, but we are delighted with the top-notch professionals who have committed to participate thus far. In the next four weeks we will work closely with each of the participating Mayors and their staff to help select an issue or project they will share at the institute and prepare their case studies.

One new element we are working to incorporate as part of this year's institute is to have the resource team tour each of the participating local cities on the first day, so that they will have a better understanding of the local context of the projects and issues they will be addressing. (Yes, this will be a whirlwind tour, but hopefully worth it!) This will also provide an opportunity for key members of each Mayors' staff to interact informally with the resource team during the tour and take advantage of the expertise that is assembling for the institute.

Participating Mayors (confirmed):

Mayor Dan Pike, City of Bellingham
Mayor Denny Doyle, City of Beaverton
Mayor Jerry Willey, City of Hillsboro
Mayor Jack Hoffman, Lake Oswego
Mayor Craig Dirksen, City of Tigard
Mayor Royce Pollard, City of Vancouver

Invited Mayors (two slots still available):

Mayor Tammy de Weerd, City of Meridian, ID
Mayor Jill Techel, City of Napa, CA
Mayor Ruth Asmundson, City of Davis, CA
Mayor Ellie Wooten, City of Merced, CA

Resource team:

Paul Morris (confirmed)
Janette Sadik-Khan (invited)
Michele Reeves (confirmed)
Jeff Schnabel, PSU (confirmed)
Maurice Cox, NEA (confirmed)
Ellen Dunham-Jones (invited)
Dennis Wilde (invited)
Roxy Thoren, U of O (invited)
(one or two additional, TBD)