



METRO POLICY ADVISORY COMMITTEE

July 22, 2009

Metro Regional Center, Council Chambers

MEMBERS PRESENT

Sam Adams  
Jody Carson  
Nathalie Darcy  
Amanda Fritz  
Jack Hoffman  
Dick Jones  
Richard Kidd  
Charlotte Lehan, Second Vice Chair  
Robert Liberty  
Rod Park  
Wilda Parks  
Alice Norris  
Judy Shiprack  
Mike Weatherby  
Jerry Willey  
Richard Whitman

AFFILIATION

City of Portland  
City of West Linn, representing Clackamas Co. Other Cities  
Washington Co. Citizen  
City of Portland  
City of Lake Oswego, representing Clackamas Co. Largest City  
Clackamas Co. Special Districts  
City of Forest Grove, representing Washington Co. Other Cities  
Clackamas Co. Commission  
Metro Council  
Metro Council  
Clackamas Co. Citizen  
City of Oregon City, representing Clackamas Co. 2<sup>nd</sup> Largest City  
Multnomah Co. Commission  
City of Fairview, representing Multnomah Co. Other Cities  
City of Hillsboro, representing Washington Co. Other Cities  
Oregon Dept. of Land Conservation & Development

MEMBERS EXCUSED

Ken Allen  
Shane Bemis, Vice Chair  
Tom Brian, Chair  
Richard Burke  
Pat Campbell  
Dennis Doyle  
Carl Hosticka  
Robert Kindel  
Don McCarthy  
Michelle Poyourow  
Steve Stuart  
Rick VanBeveren  
Dilafruz Williams

AFFILIATION

Port of Portland  
City of Gresham, representing Multnomah Co. 2<sup>nd</sup> Largest City  
Washington Co. Commission  
Washington Co. Special Districts  
City of Vancouver  
City of Beaverton, representing Washington Co. 2<sup>nd</sup> Largest City  
Metro Council  
City of North Plains, City in Washington Co. outside UGB  
Multnomah Co. Special Districts  
Multnomah Co. Citizen  
Clark Co., Washington Commission  
TriMet Board of Directors  
Governing Body of School Districts

ALTERNATES PRESENT

Shirley Craddick  
Marc San Soucie

AFFILIATION

City of Gresham, representing Multnomah Co. 2<sup>nd</sup> Largest City  
City of Beaverton, representing Washington Co. 2<sup>nd</sup> Largest City

STAFF: Kim Ellis, Ken Ray, Kelsey Newell, Robin McArthur, Maria Ellis, Andy Cotugno, Dan Cooper, Ted Reid, Andy Shaw, Kayla Mullis.

**1. CALL TO ORDER AND DECLARATION OF A QUORUM**

Second Vice Chair Charlotte Lehan declared a quorum and called the meeting to order at 4:09 p.m.

**2. SELF INTRODUCTIONS AND COMMUNICATIONS**

Committee members and audience members introduced themselves.

**3. CITIZEN COMMUNICATIONS ON NON-AGENDA ITEMS**

There were none.

**4. CONSENT AGENDA**

**Consideration of MPAC Minutes for July 8, 2009**

MOTION: Ms. Nathalie Darcy moved, and Mayor Alice Norris seconded, to approve the MPAC minutes for July 8, 2009.

ACTION TAKEN: With a majority in favor, and one abstained (San Soucie), the motion passed.

**5. COUNCIL UPDATE**

There were none.

**6. INFORMATION/ DISCUSSION ITEMS**

**6.1 Construction Excise Tax Administrative Rules**

Mr. Andy Shaw of Metro briefed the committee on the Construction Excise Tax (CET) administrative rules. The Metro Council has adopted an extension to the CET and staff is working on establishing administrative standards. The draft *CET Administrative Rules* handout outlines the proposed structure of the program and the *CET Comments* handout outlines comments received from stakeholders on the draft rules to date. Metro staff will be seeking comments and recommendations from the committee at the August 12, 2009, meeting.

Councilor Robert Liberty welcomed recommendations for members to serve on the CET advisory committee.

## **6.2 Comments on July 8<sup>th</sup> Small Group Discussions on Employment and Benefits and Burdens**

Commissioner Judy Shiprack summarized the first of the July 8<sup>th</sup> small group discussions on equitable distribution of benefits and burdens and employment urban growth report, respectively. Committee comments and reactions are included in Attachment A to the minutes.

## **6.3 State Perspectives**

Mr. Richard Whitman of the Department of Land Conservation and Development provided responded to committee questions regarding state land use goals and legal guidelines for carrying out Urban Growth Boundary (UGB) decisions.

The committee expressed interest in the following topics:

- Administrative rules;
- The differences in state flexibility between housing and employment sections of the UGB decision;
- Whether the state has standards for where growth occurs;
- Metro's "coordination" role and what it constitutes;
- Implications of choice at the regional and city level in accommodating housing needs;
- How local comprehensive plans relate to the discussion about the UGB and the future of land use.

## **6.4 Making the Greatest Place Small Group Discussions on Infrastructure and Investments**

Mr. Shaw summarized the results of the Regional Infrastructure Analysis published in July 2008. After looking at a broad range of infrastructure types, the advisory committee found that on the local, community, and regional levels the region has a 40 billion dollar need for infrastructure improvement. The main categories of infrastructure studied were as follows:

- Transportation;
- Water, Sewer and Stormwater;
- Schools;
- Parks, Open Spaces and Civic Buildings; and
- Energy.

In response to the determined infrastructure need the advisory committee recommended the following strategies and options:

- Encouraging efficiency and innovation in service delivery;
- Exploring demand management; and
- Identifying and supporting new investment strategies.

The committee then broke into small groups to discuss infrastructure and investments.

## 6.5 Small Group Reports

Mayor Jack Hoffman and Second Vice Chair Lehan reported the results of the small group discussions. Please see attachment A to the minutes for a full report of these comments.

Mayor Jerry Willey commented that funding should not be a barrier to achieving aspirations and that jurisdiction will likely have better answers to funding and investment questions one year from now.

## 7. MPAC MEMBER COMMUNICATIONS


Mayor Hoffman commented on his experience at the Mayor's Institute on City Design and requested MPAC attendees brief the committee on the event at a future meeting. Mayor Hoffman, Mayor Denny Doyle, Mayor Willey and Mayor Shane Bemis are scheduled to brief the committee at the August 12<sup>th</sup> meeting.

Mayor Richard Kidd informed the committee that Forest Grove will be hosting the Oregon Mayors Association conference July 31<sup>st</sup>- August 2<sup>nd</sup> and will also host a Hula Man competition the weekend of July 25<sup>th</sup>.

## 8. ADJOURN

Second Vice Chair Lehan adjourned the meeting at 6:50 p.m.

Respectfully submitted,



Kayla Mullis  
Recording Secretary

## ATTACHMENTS TO THE PUBLIC RECORD FOR JULY 22, 2009

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

ITEM	DOCUMENT TYPE	DOC DATE	DOCUMENT DESCRIPTION	DOCUMENT No.
--	Agenda	7/22/09	Revised MPAC Agenda for July 22, 2009	072209j-01
6.4	PowerPoint	7/22/09	Infrastructure Finance power point presented by Andy Shaw	072209j-02
6.4	Report	July 08'	Regional Infrastructure Analysis Executive Summary	072209j-03
6.4	Handout	7/22/09	Small group assignments for topic discussions	072209j-04
6.1	Handout	7/08/09	CET Administrative Rules: Metro Code Charter 7.04 DRAFT	072209j-05
6.2	Handout	N/A	CET Administrative Rules Comments	072209j-06

## Topic: employment urban growth report

### Group questions:

- How do we balance local desires or aversions with a regional perspective to promote a strong and balanced economy? (For example, what if all jurisdictions aspire to attract solar industries, but no jurisdictions want to accommodate warehousing and distribution?)
- What are the risks of assuming that future employment trends will be the same or different, compared with today? Can the region minimize these risks by targeting industries or clusters that are expected to see high growth? Or, should there be less attention to identifying potential winners and more emphasis on ensuring the region's competitive ability to serve the increasingly diverse needs of future employers?

### Background:

Cities often have specific ideas for the types of industries that they would or would not like to attract. Today, many cities see the potential for growth in high technology and clean (green) technology. Setting these goals is a worthwhile exercise and is a crucial first step towards making them a reality. However, it is difficult to predict which industries will grow in the future and where they may choose to locate. Many variables will influence these outcomes, including global factors and local and regional choices that can shape this region's place in the global economy. In addition to physical capacity to support job growth, factors that contribute to a strong regional economy include an educated workforce, above average wage levels, a diverse mix of jobs, successful economic development efforts by private- and public-sector leaders, a balanced transportation system, infrastructure investments and a vibrant quality of life.

### Group decision:

How do we balance local desires or aversions with a regional perspective to promote a strong and balanced economy?

- State and understand other jurisdictions' desires and aversions;
- All jurisdictions should think regionally to play into regional synergy and balance;
- Let the market drive decisions- Metro cannot micromanage;
- Recognize that transportation decisions affect employment development decisions;
- Target regional money to regional infrastructure need that support employment (and also regional designations, like Town Centers).

What are the risks of assuming that future employment trends will be the same or different, compared with today?

- Incorrect zoning driving the market;
- Too much land that with the inability to provide services;
  - Too much land that is appropriately zoned but has no development;
- Recognize that land banking may happen and not penalize companies as long as subdividing doesn't take place.

### Group's reasoning for decision:

- Would like to look at what we have done wrong so far to determine why there is imbalance between jobs and housings in some jurisdictions.

### MPAC Reaction:

- Strategies need to follow aspirations shared by region and local governments.
- Importance of not subsidizing industries that go against local and regional aspirations.
- Cost-benefit of making employment land available and buildable needs to be considered.
- Aversion to warehousing reinforces the burdens and benefits of growth.

#### Attachment A to July 22, 2009 MPAC Minutes

- Land banking with square zoning allows land to be held for industrial and removes the pressure to subdivide or develop commercial.
- Market role in decision-making;
- Balance responsibilities between employers and employees in terms of low-income wages;
- Recognized that due to many variables, it is difficult to achieve a job-housing balance;
- Increased correspondence with the agriculture industry;
- Aim at making land available at various places around the region, not just at the edge and in the center;
- The issue of competition around the region for attracting industry.

## Topic: equitable distributions of benefits and burdens

### Group question:

- Are local elected officials willing to address inequity in the distribution of cost-burdened households? Can public investments minimize the impact?
- In order to help ensure housing affordability throughout the region, are cities and counties willing to make coordinated investments in housing and transportation in centers and corridors?
- What are some ways that policies could be tailored so that they encourage the market to provide more housing choices such as accessory dwellings, cottage housing, and high-quality manufactured housing?

### Background:

Modeled scenarios indicate that if current policies and investments are continued, the number of cost-burdened<sup>1</sup> households in the region may more than double from 95,500 in the year 2005 to 198,400 in the year 2030. This would mean that the percentage of households that are cost-burdened could increase from 17 percent in 2005 to between 18 to 23 percent in 2030. The regional distribution of these cost-burdened households is likely to be uneven with concentrations in some cities and few in other cities. Many of these cost burdened households will be seniors on fixed incomes and the working class, some of which will have school-aged children. There appears to be sufficient zoned capacity inside the UGB. Likely causes of cost increases include:

**Inadequate funding for infrastructure:** this constrains housing capacity, which in turn makes it unaffordable for some households.

**High market demand in urban centers and transportation corridors:** this increases the value of land and the per-square-foot cost of housing. Multi-story development often requires more expensive construction materials and structured parking. Without public investments or choices of smaller residences, these higher costs get passed on to residents.

**Insufficient transportation cost savings:** transportation cost savings offset housing price increases, but our current investments are not enough to guarantee affordability.

### Group decision:

Are local elected officials willing to address inequity in the distribution of cost-burdened households? Can public investments minimize the impact?

- There was a strong willingness to acknowledge the need for public bodies to take action to reduce the distribution of burdens and increase the distribution of benefits of growth.

In order to help ensure housing affordability throughout the region, are cities and counties willing to make coordinated investments in housing and transportation in centers and corridors?

- Tax-base sharing on a county basis was recommended at a vehicle for providing these jurisdictions with the resources to meet these burdens. The argument in support is that low cost labor is being provided to jurisdictions that enjoy the benefits of a growing tax base without the burden of low income households.
- Transit was called on as a way to reduce cost burdens. Both increased use of land around existing high quality transit and extending high quality transit to cost burdened areas are tactics that should be pursued. It was recommended that LRT extensions should be rated based upon the ability to increase affordable housing around stations, not just increased general housing density. It was also recognized that a small amount of land in public ownership provides substantial leverage on the whole station area.

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<sup>1</sup> Cost-burdened households are defined as renters who spend more than half of their income on housing and transportation.

## Attachment A to July 22, 2009 MPAC Minutes

What are some ways that policies could be tailored so that they encourage the market to provide more housing choices such as accessory dwellings, cottage housing, and high-quality manufactured housing?

- The use of inclusionary zoning should be revisited.
- Use of a variety of tools to reduce housing cost was advocated, including development agreements, zoning to permit flag lots, zero lot lines, granny flats, changes in building codes, etc.

### **Group's reasoning for decision:**

- There was a recognition that many inner-city Portland neighborhoods are gentrifying and pushing lower income households out into the suburbs.
- There was a recognition that cities that have a high proportion of cost burdened households and a low tax base are taking responsibility for the burdens but not realizing the benefits to meet these burdens.
- Care should be given to not create new concentrations of low income housing.

### **MPAC Reaction:**

- Present the Housing Needs Analysis by subarea; and
- Difficulty in making decisions based on regional analytical numbers when accountability is based on city boundaries.



## Topic: infrastructure and investments

### Group questions:

- Do you have a funding/investment strategy that allows you to achieve your aspirations? Why or why not?
- What proportion of your dollars will be spent in centers, corridors or employment areas vs. other areas?
- For those communities that want UGB expansions, what proportion of your dollars do you anticipate spending in those expansion areas?
- How do we link regional commitments to local aspirations and local commitments?
- How do we pay for infrastructure needed to achieve local aspirations?
- How can we use public investments to leverage private investments?

### Background:

The *Regional Infrastructure Analysis* conducted in 2008 identified funding needs of between \$27 and \$41 billion for a broad range of infrastructure to upgrade current systems and accommodate new growth over the next 30 years. Currently available revenue sources can finance about half of that amount, leaving the region with an infrastructure funding gap of roughly \$15-\$20 billion. A series of development and redevelopment case studies have shown that the cost of infrastructure for all types of development is very high. The shortage of infrastructure finance is frequently cited as the reason little development has occurred in recent UGB expansion areas. The region's work on the UGR, the HCT Plan, and updating the RTP, as well as the local aspirations process have highlighted some of the kinds of local and regional investments we aspire to make.

### Group decision:

- Jurisdictions do have strategies for achieving aspirations but do not have a funding investment plan that says how much it will take to get there;
- Mechanisms available for funding include Urban Renewal funds, Construction Excise Tax funds, System Development Charges and a combination of other public and private dollars;
- Difficulty in gauging how much money will be spent in centers, corridors and employment areas but recognition that money will be spent on parks and recreation which may be considered an "other" area;
- Because the possibility of UGB expansion is at an early stage it is not certain how much of local dollars will be spent on expansion areas;
- Need for more conversations about aligning regional commitments to local aspirations and leveraging private investments.
- FTA funding for light rail expansion is important.
- Much of the infrastructure within the UGB area needs to be paid by development of those areas.

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### Group decision:

- There is a need for redevelopment and the challenges in achieving that will be different throughout the region;
- Challenges in infrastructure go beyond just Urban Growth Boundary issues;
- Jurisdictions rarely get close to 100% cost recovery on new development;
- Recognition that System Development Charge (SDC) impacts do not include regional transportation systems effected and that SDC's often get folded into housing prices;
- General need for commitment by local jurisdictions to follow through on investments;
- Recognition that the level of outside investment will be less than in the past.