

2011 Growth
management
decision



COMMUNITY INVESTMENT STRATEGY

Building a sustainable, prosperous
and equitable region

Recommendations from
Metro's Chief Operating Officer

2011 Growth management decision

July 5, 2011

MAKING A GREAT PLACE

Living in the Portland metropolitan area is special for so many reasons: our collective creative spirit, our distinctive communities and unique neighborhoods, our passion for the outdoors and our easy access to the rural and natural beauty that surrounds us, which reflects our commitment to protect farmland and natural areas. This didn't just happen by chance. We planned for it and we made it happen through important choices and smart investments to bring our plans to life. More than a decade ago, the region adopted the 2040 Growth Concept which set a course for the region to grow as a collection of vibrant communities that use land efficiently, maintain firm connections to the natural environment, enable residents to meet many of their daily needs within a short walk or drive from home, and promote strong local and regional economies.

Recently through a series of highly collaborative land use and transportation decisions, we've protected more than 266,000 acres of rural lands from urban development and agreed on visionary new investments to make the most of our transportation system. By working together to bring new green industry to the region and attracting employers to redevelop old manufacturing sites, we set a new course that will lead the way to create innovative public-private partnerships to build the kinds of communities we want.

These important decisions prove our region knows how to work together to find pragmatic solutions to the challenges we face. However, we still have significant challenges ahead to build upon these accomplishments and continue to create vibrant, safe and prosperous communities.

Community Investment Strategy

Last December the Metro Council adopted a Community Investment Strategy to fulfill the vision of the 2040 Growth Concept and realize the aspirations of communities throughout the region. This effort will involve innovative policies and a new, more collaborative approach to regional decision-making, where regional and local government officials work more closely with the private sector, citizen-based organizations and the public to achieve mutually agreed-upon outcomes.

Through this effort we can link previously separated efforts on jobs, parks, housing, equity, transportation, climate, growth management and more into a coordinated strategy allowing us to focus and prioritize our investments. The Community Investment Strategy will:

- Invest in safe, livable communities
- Promote economic development and good jobs
- Protect our natural areas
- Reduce inefficiency, foster innovation and demand accountability

The 2011 growth management decision is just one part of this broader effort. A successful Community Investment Strategy will require countless public and private actions and investments, large and small, in neighborhoods, downtowns, employment areas and natural areas all across the region. For a complete discussion on the Community Investment Strategy see the August 10, 2010, Metro Chief Operating Officer's report, *Community Investment Strategy: Building a sustainable, prosperous and equitable region*.

The Region's Six Desired Outcomes

In 2008 regional leaders agreed on six desired outcomes for communities throughout the region. By embracing these outcomes, leaders shifted from talking about abstract concepts like "compact urban form" to focusing on things that really matter in our everyday lives. Identifying regional values ensures decisions are guided by a clear focus. The following six desired outcomes for the region were adopted by Metro Council in 2010 as part of the region's growth management policies:

- People live, work and play in vibrant communities where their everyday needs are easily accessible.
- Current and future residents benefit from the region's sustained economic competitiveness and prosperity.
- People have safe and reliable transportation choices that enhance their quality of life.
- The region is a leader in minimizing contributions to global warming.
- Current and future generations enjoy clean air, clean water and healthy ecosystems.
- The benefits and burdens of growth and change are distributed equitably.

These adopted outcomes will help guide the Metro Council's 2011 growth management decision to identify what approach will best contribute to the goals and visions of the local communities, provide opportunities to develop vibrant neighborhoods and create family wage jobs while meeting regional needs to help preserve the quality of life we all so desire.

There is still considerable work to be done to foster the types of communities that support a sustainable, prosperous and equitable region. But new policies, regulations and UGB expansions alone will not be sufficient. To succeed we'll need to target our investments carefully, work collaboratively like never before, engage the public and lead the way for innovation that will support the private investments needed to make a great place.

GROWTH MANAGEMENT DECISION RECOMMENDATION

Traditionally, this region's growth management decisions have focused exclusively on how much to expand the urban growth boundary and where, applying a high degree of precision to forecasts and determinations of needed acreages based on a specific estimate of need. The 2009 urban growth report and the growth management decision the Metro Council will make this fall strive to offer a different approach. This new approach is focused more on how to foster the kinds of communities that the region's residents desire. To that end, the staff recommendation on UGB expansion areas recognizes potential financial and market constraints, along with governance and process questions regarding the local government's ability to urbanize new areas in a timely and productive manner.

Background

Oregon land use law requires Metro, every five years, to assess the region's capacity to accommodate the numbers of people anticipated to live or work inside the Metro urban growth

boundary (UGB) over the next 20 years. To make this determination, Metro forecasts population and employment growth over a 20-year timeframe; conducts an inventory of vacant, buildable land inside the UGB; assesses the capacity of the current UGB to accommodate population and employment growth either on vacant land or through redevelopment and infill; determines whether additional capacity is needed, and documents the results of these analyses in an urban growth report. The 2009 urban growth report is the basis for subsequent consideration of the actions to be taken by the Metro Council to address any shortfall in the capacity of the UGB to accommodate the growth that is forecast over the next 20 years. The urban growth report identified a shortfall between the forecast demand for housing over the next 20 years and the likelihood of the market to provide that housing within the current UGB. The urban growth report also identified a lack of large-site industrial parcels (defined as 25 acres or more) to support the traded sector over the next 20 years. No shortfall was identified for non-industrial and general industrial employment¹.

On December 16, 2010, the Metro Council adopted Ordinance No. 10-1244B which included the *Urban Growth Report 2009-2030* and the *20 and 50 Year Regional Population and Employment Range Forecasts*. The Council determined that, for the reasons set forth in the Metro 2010 Growth Management Assessment, it will direct its capacity decisions to a point between the low end and the high end of the middle third of the forecast range. As required under state law, the Council also determined that this ordinance provided capacity to accommodate at least 50 percent of the housing and employment forecast to the year 2030, including 30,300 dwelling units of new capacity attributable to actions taken by the Metro Council and local governments. Those actions included upzoning in certain areas and adoption of the Regional Transportation Plan that includes investments in new transit and other transportation facilities that will encourage the development of more housing in existing communities.

In order to finalize its growth management decision, the Metro Council must choose one point in the range forecast for residential need, and one point for large-site industrial employment need, for which it wishes to plan. Depending on the points chosen, UGB expansions may be needed.

The Council originally intended to complete this work in December 2010. To that end, a staff recommendation was released in August 2010 and extensive discussions took place with the public, stakeholders and the Metropolitan Policy Advisory Committee (the Council's advisory committee on land use). However, delays completing the urban and rural reserves resulted in the Council agreeing to delay the growth management decision until 2011.

Residential Land Need

As noted above, through the adoption of Ordinance No. 10-1244B, the Council stated an intent to direct its capacity decisions to a point between the low end and the high end of the middle third of the forecast range. Table 1 below summarizes the potential capacity gaps (or surpluses) at different points in the forecast range after having accounted for efficiency measures identified in the August

¹ For a detailed discussion on the forecast demand and zoned capacity see the staff report for Ordinance No. 10-1244B.

2010 Growth Management Assessment.² Under the scenarios depicted in Table 1, a UGB expansion made in 2011 would need to provide up to 26,600 dwelling units of additional capacity, beyond the 30,300 units already accounted for through efficiency measures taken in 2010, depending on the point in the demand forecast that is chosen.

Table 1: Dwelling unit surplus or shortfall at different points in the range forecast after accounting for efficiency measures (Metro UGB 2007 - 2030)

Point in demand forecast range	Remaining surplus or (shortfall) of dwelling units
Low	2,900
Low end of middle 1/3rd	(15,400)
Middle	(21,000)
High end of middle 1/3rd	(26,600)

Recommendations for providing residential capacity

When making the 2011 growth management decision, the Metro Council must decide where to plan in the range forecast of household demand. Policy makers should consider:

- The implications for communities in the larger seven-county region³ as well as the possible impacts on the region’s transportation facilities if residential growth is displaced.
- The statistical likelihood that actual residential growth will be closer to the middle of the range forecast.
- The legal requirement for the Metro Council to make another growth management decision in 2015, allowing for course corrections, if needed.
- How a UGB expansion may affect the depressed market for existing homes.
- The projected base level population number assumed in Metro’s 2009 forecast was higher than the actual number subsequently reported in the 2010 U.S. Census.

The Metro Council has consistently stated that its growth management decision should reinforce investment and development in existing downtowns, main streets and employment areas, consistent with the six desired outcomes and the goals of the 2040 Growth Concept. If the Council decides to plan for the low point in the household range forecast, there is no need for a UGB expansion to accommodate additional housing. However, the Council may wish to consider planning for more residents. In that event, a UGB expansion would be needed. If UGB expansions

² Because refill (infill plus redevelopment) is a share of demand, using different points in the demand forecast will produce different capacity numbers. For this reason, determining the remaining gap at a particular point in the forecast range is not as straight forward as simply adding 30,300 dwelling units to the capacity identified in the 2009 urban growth report and deducting a demand number. Additional detail on these calculations can be found in Attachment 1 to the Staff Report for Ordinance 10-1244B.

³ The seven-county region refers to the larger Portland-Vancouver Primary Metropolitan Statistical Area as defined by the U.S. Office of Management and Budget, which includes Clackamas, Columbia, Multnomah, Washington and Yamhill counties in Oregon and Clark and Skamania counties in Washington.

are part of the strategy, the region should ask whether potential expansion areas have the right finance tools, governance support and market readiness in place to succeed. Policy makers should consider:

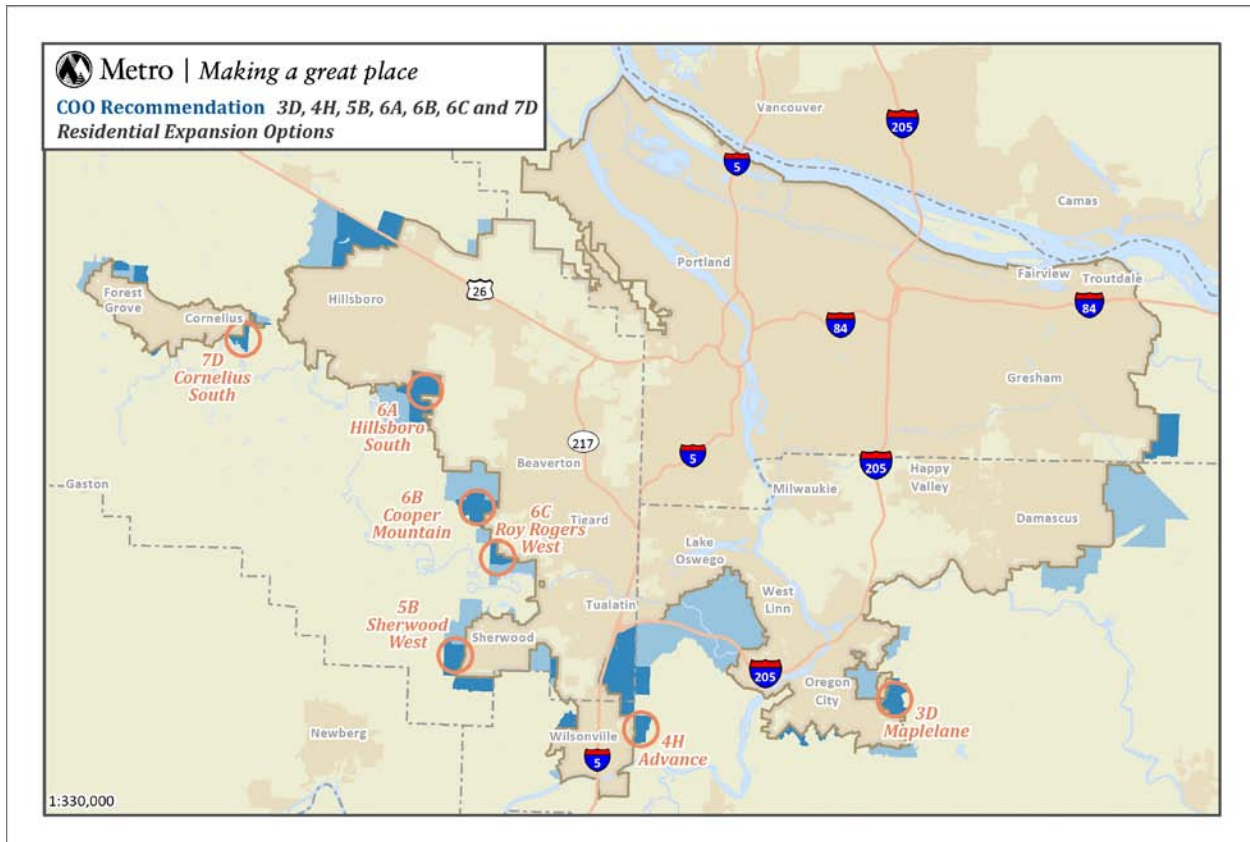
- How to improve upon the outcomes of other UGB expansions of the past decade, where there has been little development and the development that has occurred has often consisted of larger, more expensive homes with relatively low densities.
- How might these UGB expansion options help the region to achieve its six desired outcomes?
- Will UGB expansions support regional and local efforts in downtowns and main streets?
- What conditions, if any, should be placed on residential UGB expansions?
- In the 20-year timeframe, are market conditions likely to support compact development in UGB expansion areas?
- Are there adequate public resources to pay for the facilities and amenities necessary to achieve higher density development in UGB expansion areas?
- Are policy makers comfortable with the risks associated with planning for the lower end of the forecast demand range? Would a strategic UGB expansion reduce those potential risks?
- What effects would a no-UGB-expansion decision have on growth in neighboring communities outside of the Metro UGB, such as Vancouver, Newberg and Canby?

An additional consideration that should be included in determining the best places for potential expansion of the UGB is the current level of local government support for including the area in the UGB. Staff feels that this is a key ingredient in determining the appropriate locations for expansion, given the results of the 2007 Great Communities study that highlighted the need for governance, the focus of the reserves analysis on the efficient use of existing and future public and private infrastructure investments, and the results of the recent Washington County Urbanization Forum that concluded new urban areas would be governed by cities. In addition, Functional Plan Title 11: Planning for New Urban Areas requires provision for annexation to a city and to any necessary service district prior to, or simultaneously with, application of city land use regulations. If a new urban area has local support, there is accountability and buy in from the local government that the area will develop into a great community that supports the vision of the 2040 Growth Concept. A new urban area that lacks local willingness for governance and providing urban services will result in the land remaining in its rural condition, thereby reducing the overall expected capacity of the UGB in future growth management decisions.

To provide the Metro Council with UGB expansion options, staff has analyzed approximately 9,799 acres of urban reserves. Utilizing information from past studies such as the Great Communities Report and the findings from the urban and rural reserve process, as well as local government input and Metro policies that call for equity and balance in UGB expansions and to consider lands in all parts of the region, Metro staff narrowed down the 28,256 total acres of urban reserves to the 9,799 acres analyzed. Out of those 9,799 acres, Metro staff analysis identified several possible UGB

expansion options that are particularly worthy of consideration in the 2011 growth management decision. These locations all provide substantial areas of flat or relatively flat land that is unconstrained and can be developed at higher densities with minimal impacts to environmental resources (see Preliminary Analysis of Urban Growth Boundary Expansion Areas for further details on the analysis). If the Metro Council wishes to plan for a point closer to or within the middle-third of the range forecast, Metro’s Chief Operating Officer recommends consideration of one or more of the UGB expansion options depicted in Figure 1.

Figure 1: Metro Chief Operating Officer recommendation on options for residential UGB expansions



The amount of additional capacity that would be added from these expansions would depend on the areas that are included as well as the conditions, if any, that are placed on the expansion. If the Council chooses to make any UGB additions, it will provide clear expectations for those areas through conditions of approval.

Each of these potential expansion areas comes with unique opportunities and challenges. Staff believes that additional effort is required to ensure that these potential UGB expansions do not have the same outcomes as UGB expansions of the last decade, where there has been little development and the development that has occurred has often consisted of larger, more expensive homes with relatively low densities. Common challenges include:

- Several of the cities that would be responsible for providing governance are still attempting to complete concept plans for previous UGB expansion areas;
- Many of the cities that would be responsible for providing governance have indicated that they currently are not interested in having a UGB expansion that would add territory to their city;
- Infrastructure funding remains a serious challenge for all local governments and service providers;
- Topographical and environmental constraints in many candidate areas may preclude higher-density, mixed-use development;
- Many candidate areas are broken into multiple ownerships that may make more intense, mixed-use development difficult; and
- In the 20-year timeframe, it is unclear that higher-density development is market feasible in urban fringe locations.

Encouraging mixed-use and multi-family development in future UGB expansion areas will be necessary for producing housing that responds to anticipated changes in demographics and housing preferences. As noted throughout the urban growth report's analysis, focused public investments are needed to encourage the development of mixed-use communities. This is the case in existing urban centers and corridors and is likely to be even more important in potential UGB expansion areas that currently lack the amenities and commercial cores necessary to support higher densities. Just as it is needed in existing communities, an investment strategy will be essential to realize the full potential of UGB expansion areas. This is illustrated by MetroScope scenario results that indicate that multi-family development is likely to lag in future UGB expansion areas with the levels of community investment that are likely with current funding sources.⁴

There are opportunities and challenges for any UGB expansion, however based on the various levels of planning that has already occurred for some areas and the potential for developing compact communities that support existing centers or communities, staff recommends the Council consider the following areas in the order listed:

South Hillsboro – The city has completed an extensive amount of planning for this area, resulting in the South Hillsboro Community Plan which provides the framework for a mixed-use community organized around a new town center and neighborhood center with more than 20% of the plan area dedicated to natural areas, open space and recreation. The city has endorsed the community plan which includes proposed finance and governance plans to achieve the vision, thereby providing the opportunity for the area to develop in the short-term.

South Cooper Mountain –The City of Beaverton recently completed three planning scenarios for the area that look at creating a complete community that achieves multiple goals of maximizing development capacity, preserving and enhancing ecological functions and working with the marketplace. The scenarios represent three different development programs with a variety of building and neighborhood types that provide for a considerable range of housing options and

⁴ MetroScope is a set of economic, transportation and land use modeling tools developed by Metro and used in forecasting future conditions based on known policy and investment actions. MetroScope scenarios indicate that only 17% of the assumed multi-family capacity in prospective UGB expansions may be developed by the year 2030.

small scale retail at different density levels. The development of this area would complement the continued build-out of the Murrayhill Town Center and the adjacent Murrayhill Marketplace retail area.

Roy Rogers West – This area is essential for the planning and provision of public services to the West Bull Mountain Plan area (areas 63 & 64) that was brought into the UGB in 2002. The City of Tigard, the expected urban service provider to the West Bull Mountain Plan area, has determined that without this area future development will be legally and financially difficult and disjointed. Including this area will allow the 2002 UGB expansion areas to develop as envisioned in the West Bull Mountain concept plan.

Cornelius South – This small area close to downtown Cornelius will complement the newly designated Cornelius Town Center by providing an additional customer base for downtown’s commercial core.

If the Council determines they would like to consider locations beyond the areas listed above, the Council should look at the Sherwood West, Advance and Maplelane analysis areas for inclusion in the UGB.

A more complete description for each recommended area and some of the opportunities and constraints related to urbanization are described below. A summary of the UGB expansion factors for each recommended analysis area can be found in Table 2 at the end of this report. More detailed information on all of the areas studied as well as the UGB expansion factors contained in Metro Code that were applied to the areas can be found in the *Preliminary analysis of potential urban growth boundary expansion areas* document that accompanies this recommendation.

South Hillsboro

The South Hillsboro area consists of 1,063 acres south of Tualatin Valley Highway and west of SW 209th Avenue. Among the urban reserves studied as UGB expansion candidate areas, the South Hillsboro area provides a unique opportunity to achieve different outcomes than can be achieved in most other potential UGB expansion areas at this time.

Demonstrating considerable political will to build a community in the South Hillsboro Area, the City of Hillsboro has done extensive work to plan for this area. Hillsboro’s South Hillsboro Community Plan document lays out a comprehensive vision for land use, transportation, parks, open spaces and more and proposes a finance and governance plan to achieve this vision. Consequently, this area appears more likely to develop in the short-term than other UGB expansion options. Under the existing South Hillsboro concept plan, this proposed UGB expansion would provide capacity for approximately 7,150 additional dwelling units.⁵ At the densities contemplated in the South Hillsboro concept plan, this UGB expansion combined with adopted efficiency measures would not add sufficient capacity to address any portion of the middle-third of the forecast demand range identified in the 2009 urban growth report.

⁵ The South Hillsboro concept plan assumes capacity for 8,451 dwelling units. The plan includes two areas (referred to as Areas 69 and 71) that were previously added to the UGB. Capacity in areas 69 and 71 are already accounted for in the 2009 UGR. Areas 69 and 71 contribute about 1,300 of the 8,451 dwelling units contemplated in the concept plan.

Additional qualities that support the inclusion of the South Hillsboro area are:

- Large, flat area with a few landowners that control the majority of the land and that are focused on developing their property
- Environmental constraints are generally linear in shape and confined to the stream corridors, so development could occur without significant impact to natural resources
- Proximity to Tualatin Valley Highway
- Adjacency to other recent UGB expansion areas, whose development would be facilitated by the development of the larger South Hillsboro area⁶

Because of these unique characteristics, it is important that the region ensure that development in South Hillsboro occurs in a way that allows the area to meet its full potential over time. Building a community that makes use of this land's full potential will be critical for ensuring that remaining urban reserves last for their intended 50-year timeframe. The City of Hillsboro has already undertaken a planning effort for the area and has indicated its intent to develop the area at 12 dwelling units per net buildable acre. This would exceed the previous requirement for 10 units per net buildable acre found in Title 11 of the Urban Growth Management Functional Plan, but falls short of the 15 units per net buildable acre assumption that was used to size urban reserves. Constraints in other UGB candidate areas mean that the South Hillsboro area likely needs to achieve higher densities in order to help the region achieve the 15 units per net buildable acre average in future UGB expansion areas. Metro staff determined that developing South Hillsboro at 10, 12 and 15 dwelling units per net buildable acre would result in approximately 6,841, 8,175 and 10,172 dwelling units respectively.

Developing at even 12 units per acre will not come without challenges and building at higher densities will require even more regional collaboration. Infrastructure costs are a major concern, particularly the transportation costs associated with crossing an existing heavy rail line. Planning for additional density in this area is not likely to substantially increase infrastructure costs. Because these costs will be substantial regardless of planned densities, it makes sense to maximize public investments for the greatest return.

Policy makers should also consider whether it may be wise to consider postponing a UGB expansion into South Hillsboro until a later date when economic conditions are more favorable for higher density development. A UGB expansion now may allow parcelization and lower-density development to occur, making more ambitious efforts difficult in the long-term.

Another consideration that should be weighed by policy makers is whether a UGB expansion into South Hillsboro would complement and not compete with efforts to foster great communities in downtown Hillsboro and AmberGlen, both of which are already inside the UGB and need focused investments. AmberGlen was designated a regional center in 2010 and the city continues to invest time and resources in AmberGlen. Focused public and private investments will be needed to make the new AmberGlen Regional Center develop to its full potential.

⁶ The South Hillsboro area is adjacent to Witch Hazel and Areas 69 and 71, which were added to the UGB in recent years.

South Cooper Mountain (Beaverton)

The South Cooper Mountain area consists of 543 acres located north of SW Scholls Ferry Road and east of SW Tile Flat Road. The City of Beaverton recently completed some preliminary planning for the area that included three scenarios that look at creating a complete community that achieves multiple goals of maximizing development capacity, preserving and enhancing ecological functions and working with the marketplace. The city supports the addition of this area to help meet a predicted demand for approximately 13,500 new housing units between now and 2035 as outlined in Beaverton's recently adopted Civic Plan. While the majority of this need is expected to be accommodated within the current city limits through new development and redevelopment, the city has identified a need for some additional land to meet the housing goals of the Civic Plan. The Beaverton School District, in their adopted 2010 Facility Plan, identified a relatively immediate need to serve the southwestern portion of the district (which roughly coincides with the city limits) with a new comprehensive high school. The school district has been unsuccessful in locating property suitable in meeting the requirements of a comprehensive high school within the city limits. While the Murray Scholls Town Center's residential component is complete the employment and commercial portion is still under development. Including the South Cooper Mountain area in the UGB will provide an additional customer base for the town center as well as other nearby commercial centers. Metro staff determined that developing South Cooper Mountain at 10, 12 and 15 dwelling units per net buildable acre would result in approximately 2,983, 3,531 and 4,354 dwelling units respectively. Beaverton's three preliminary planning scenarios for South Cooper Mountain represent three development programs with a variety of housing options that range in added dwelling units of 4,056 – 6,337, which represent densities of 14 to 22 units per net buildable acre.

Roy Rogers West (Tigard)

The Roy Rogers West area consists of 256 acres located at the intersection of SW Roy Rogers Road and SW Beef Bend Road. This area was included as the rural element in the West Bull Mountain Concept Plan that was adopted by Washington County in November, 2010. The City of Tigard, as the expected urban service provider to the West Bull Mountain Plan area, finds this area essential to the orderly planning and provision of public services to the West Bull Mountain Plan area and without it, future development will be legally and financially difficult and disjointed. The concept plan determined that bringing this area into the UGB was "very important to the efficient and cost-effective provision of public facilities and services to the urban portions of the planning area". The City of Tigard has the ability and willingness to provide service to the West Bull Mountain Concept Plan area in its entirety and the Roy Rogers West area is critical to delivering essential services and a viable land use plan. While there are annexation and some service provider issues to resolve, not bringing this land into the UGB could cause further setbacks in the development of the West Bull Mountain Plan area that was brought into the UGB in 2002. Metro staff determined that developing Roy Rogers West at 10, 12 and 15 dwelling units per net buildable acre would result in approximately 1,642, 1,956 and 2,424 dwelling units respectively. It should be noted that the West Bull Mountain Concept Plan assumed 10 dwelling units per net buildable acre, consistent with the

requirements of Metro's Urban Growth Management Functional Plan Title 11 at the time the area was brought into the UGB in 2002.

The City of Tigard also supported including the Vandermost Road analysis area in the UGB only if the South Cooper Mountain area was included to allow for the double loading of SW Scholls Ferry Road. Urban services would be provided to this area through the development of area 64 of the West Bull Mountain planning area. As noted above, Tigard has indicated that the Roy Rogers West area is necessary for the orderly planning and provision of public services to the West Bull Mountain Plan area. Planning for the inclusion of the Vandermost Road area in conjunction with South Cooper Mountain and West Bull Mountain will include some efficiency in providing urban services, but the build-out of the Vandermost Road area would be longer term.

Cornelius South

The Cornelius South area consists of 210 gross acres south of Tualatin Valley Highway and west of SW 345th Avenue. The City of Cornelius supports a UGB expansion in the Cornelius South area and its location close to downtown Cornelius may help support the recently designated town center. The Cornelius South area includes a site owned by the Hillsboro School District where it intends to eventually build a high school. A UGB expansion would allow that to occur.

However, adding residential land to the City of Cornelius will only exacerbate the current imbalance of jobs and housing that Cornelius staff and elected officials often cite. Furthermore, adding land for residential development does not appear likely to improve the fiscal health of the city. Adding a new urban area may compete for investments aimed at revitalizing the town center area. It may also compete with Cornelius' efforts to annex and plan the industrial land that was added to the UGB in 2005. Metro staff determined that developing Cornelius South at 10, 12 and 15 dwelling units per net buildable acre would result in approximately 1,470, 1,756 and 2,188 dwelling units respectively. Given that the area is fairly small in size it may make sense for it to develop at a lesser density initially, with the potential for higher densities to be achieved over time.

Sherwood West

The Sherwood West area consists of 496 acres adjacent to Sherwood near Highway 99W and SW Kruger Road. Sherwood recently completed new urban area planning for the Brookwood expansion area and is now considering initiating the voter approved annexation process for the Brookwood area. An additional new urban area in Sherwood may compete for attention with development of the Brookwood area, the city's update of its comprehensive plan and the planning necessary to prepare the City for future high-capacity transit along the Southwest Corridor, connecting downtown Portland to Tigard and Sherwood as outlined in the Regional High-Capacity Transit System Plan. In addition, the city's recent urban renewal efforts in downtown that resulted in the new Civic Building and the Downtown Street Project as well as the future Cannery project highlight the city's focus on their town center. Recently, Sherwood has experienced very rapid residential growth but has not seen the same growth in non-residential development, resulting in a jobs-housing imbalance. Adding additional residential land to the city could worsen the situation. Metro staff determined that developing Sherwood West at 10, 12 and 15 dwelling

units per net buildable acre would result in approximately 3,340, 3,994 and 4,981 dwelling units respectively.

Advance (Wilsonville)

The Advance area consists of 316 acres adjacent to the City of Wilsonville to the east along SW Advance Road. The Advance area is near a previous UGB expansion area (Frog Pond) that remains undeveloped. Adding the Advance area may offer an opportunity to provide urban services to both areas in a more efficient manner. Alternatively, adding more land in this area may compete with efforts to complete the concept plan for the Frog Pond area added to the UGB in 2002. The city has just initiated the Basalt Creek new urban area planning process in conjunction with the City of Tualatin. A new UGB expansion area would most likely lag well behind these two areas in terms of being ready for development. The Advance area includes an undeveloped site owned by the West Linn-Wilsonville School District where it intends to eventually build a school. A UGB expansion would allow that to occur. Finally, the city is concentrating on redeveloping its center and has indicated that urban reserve areas adjacent to the city are for longer-term growth aspirations. Metro staff determined that developing Advance at 10, 12 and 15 dwelling units per net buildable acre would result in approximately 1,442, 1,716 and 2,133 dwelling units respectively.

Maplelane (Oregon City)

The Maplelane area consists of 573 acres adjacent to Oregon City. The city is concentrating on redeveloping its center and has indicated that urban reserve areas adjacent to the city are for longer-term growth aspirations. The Maplelane area is near a previous UGB expansion area that remains undeveloped and has not been annexed to the city. Adding the Maplelane area may offer an opportunity to provide urban services to both areas in a more efficient manner. However, adding more land in this area may compete with efforts to complete the concept plan for the area added to the UGB in 2002. Additionally, Oregon City has a requirement that annexations receive voter approval. Any UGB expansion that would add territory to Oregon City would be subject to an annexation vote. The recent history is that proposed annexations have been rejected by voters. On September 27, 2010 the City of Oregon City submitted a letter to Metro indicating that the City Commission unanimously voted to recommend to Metro that the Maplelane analysis area not be added to the UGB at this time. Metro staff determined that developing Maplelane at 10, 12 and 15 dwelling units per net buildable acre would result in approximately 2,710, 3,212 and 3,970 dwelling units respectively. Due to the somewhat isolated nature of this area it may make sense for it to develop at a lesser density initially, with the potential for higher densities to be achieved over time.

Large Site Employment Land Need

The “large site” portion of the urban growth report’s analysis was completed in recognition of the fact that some firms in traded-sector industries require large, vacant lots.⁷ The urban growth report

⁷ Existing sites with significant acres of vacant land may give the initial impression that large-lot need is overestimated. However, firms seeking large sites often construct their facilities in phases. Recent examples of this phased approach can be found in the Metro region, including facility expansions completed or planned by large industrial firms such as

defines a large lot as a single tax lot with at least 25 vacant, buildable acres. The urban growth report's forecast-based assessment determined that, over the 20-year period, there is demand for 200 to 800 acres of additional capacity for large-lot employment uses. This range depends on the amount of employment growth realized as well as whether assembly of adjacent lots of 25 acres or more was assumed.

For several reasons listed below, at its November 18, 2009, meeting, the Metro Policy Advisory Committee (MPAC) recommended that the urban growth report identify a wider range of potential large lot demand:

- Large traded-sector firms are crucial to the region's economy since they sell goods and services outside the region, thereby bringing wealth to the region.
- Large traded-sector firms create spinoff employment.
- Large lot demand will be the result of the decisions of individual firms, so it is inherently difficult to forecast.
- The use of an employment forecast may be an inadequate means of estimating large lot demand for freight, rail, and marine terminal uses, which are space-intensive uses with relatively few employees, which play a crucial economic role.

The final 2009 urban growth report reflects that the Metro Council accepted MPAC's recommendation to consider demand for 200 to 1,500 acres of additional capacity for large-site industrial uses.

Recommendations for providing large-site industrial capacity

The 2009 urban growth report indicated that there is traded-sector-industrial demand for 200 to 1,500 additional acres on sites with 50 or more acres. In 2010, Metro's Chief Operating Officer recommended that the region complement any large-site industrial UGB addition with several policy changes that would help protect and maintain an adequate supply of large industrial sites, including steps to:

- Elevate brownfield cleanup to a regional priority and target efforts on large industrial sites within the UGB;
- Limit division of large industrial sites;
- Create a large-site inventory⁸ and a system to replenish this inventory upon development; and
- Strengthen protection of key traded-sector industrial sites by prohibiting new schools, places of assembly and parks and recreational facilities.

Genentech, SolarWorld and Intel. This legitimate business practice factors into the urban growth report's calculations of need for large lots.

⁸ For the purposes of this inventory, large sites are defined as single or contiguous tax lots in common ownership, totaling at least 50 gross buildable acres that have been designated under Title 4 of Metro's Urban Growth Management Functional Plan as Industrial or Regionally Significant Industrial Areas. The large-site inventory is described in more detail in Appendix 5.

Since that time, progress has been made on each of these recommendations:

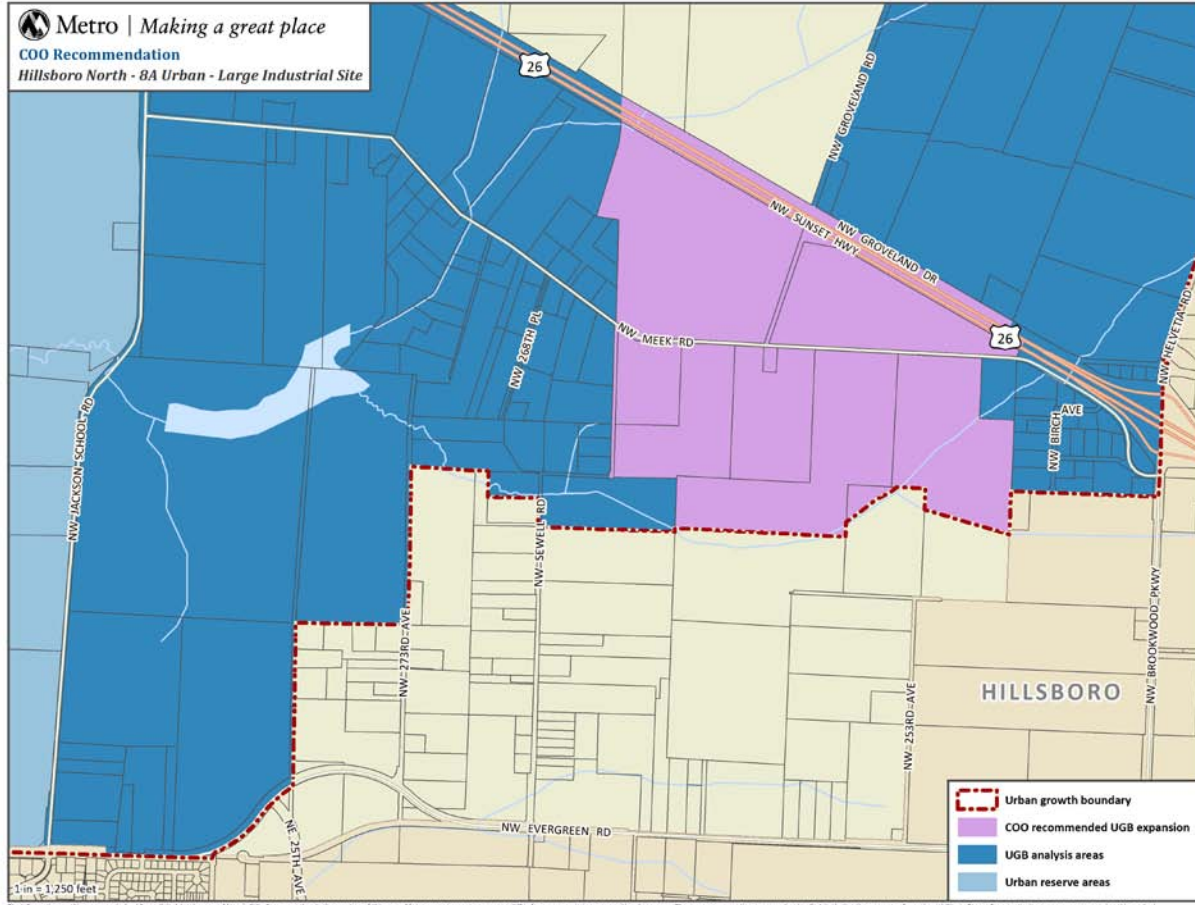
- In December 2010 the Metro Council adopted changes to Metro's Urban Growth Management Functional Plan that will limit the division of large industrial sites; and strengthen protection of key traded-sector industrial sites by prohibiting new schools, places of assembly and parks and recreational facilities.
- Metro is partnering with the Port of Portland, the Portland Business Alliance, Business Oregon and the National Association of Industrial and Office Properties (NAIOP) to create a regional inventory of development-ready large industrial sites and inventory the actions needed to make additional sites development ready.
- The Metro Council has approved funding for a project to quantify the extent of need for brownfield restoration in the region to provide better information for investment decisions. The work will inform the Metro Council, Community Investment Initiative Leadership Council, local governments, and others on whether increased regional effort on brownfields is appropriate, what strategies might be most successful and how the work could be funded.

For these reasons, Metro's Chief Operating Officer recommends that the Metro Council add 310 acres of industrial land to the urban growth boundary north of Hillsboro. This is the same recommendation the COO made in August 2010, which MPAC endorsed on October 13, 2010, with a vote of 9 in favor and 8 opposed. It is also consistent with Metro Ordinance No. 10-1244B, adopted by the Metro Council on December 16, 2010, which stated that the Council intended to amend the UGB in 2011 to add approximately 310 acres of land suitable for industrial development in order to accommodate the demand identified in the 2009 urban growth report for large sites. This recommended UGB expansion for industrial employment is depicted in Figure 2.

Staff believes that this area lends itself to large-site industrial development for the following reasons:

- The site is flat, a requirement for the large industrial building format
- Infrastructure services could be extended from future development of the Evergreen area
- The site has access to Highway 26
- The site would complement an existing high-tech manufacturing cluster in the City of Hillsboro
- The City of Hillsboro has a track record of successfully delivering infrastructure services to UGB expansion areas
- The City of Hillsboro is actively engaged in efforts to recruit high-tech manufacturers

Figure 2: Metro Chief Operating Officer recommended UGB expansion to meet large-site industrial employment demand



In weighing large-site industrial growth management options, policy makers should consider several questions, including:

- Will the proposed UGB expansion help the region to achieve its six desired outcomes?
- What conditions, if any, should be placed on this proposed UGB expansion area? What conditions or tools would encourage landowners to assemble their tax lots, making the site more development ready?
- How many large sites are needed inside the UGB to ensure a competitive supply?

This expansion should only be made if there is certainty that this land will supply lots over 50 acres.

At the MPAC meeting on October 27, 2010, Mayor Lou Ogden of Tualatin requested that the Metro Council also consider a UGB expansion which would add 117 acres outside of Tualatin for large site industrial uses and to help facilitate the proposed extension of SW 124th Avenue to SW Tonquin Road. MPAC did not make a recommendation on this request due to time constraints. As the 2011 Oregon Legislature passed a bill that allows for the development of this road extension to occur without the land being in the UGB, this addition may not be needed at this time. In addition to the Tualatin area, there are other large site industrial locations that are suitable for urbanization in the long-term if the Council determined they would like to move beyond the 310 acres recommended.

Urban and Rural Reserves Status

This recommendation assumes that the Land Conservation and Development Commission will orally approve the urban and rural reserves at their August 2011 meeting and the reserves will be in place for a Metro Council UGB expansion consideration in October 2011. If the reserves are not in place for the UGB expansion consideration, the Metro Council will have the following options:

- Determine that the adopted residential and employment need is within the capacity identified and adopted in the urban growth report and that there is not a need to expand the UGB for residential or large-site industrial uses.
- Identify lands analyzed as part of this process that are consistent with the hierarchy of lands contained in Oregon Revised Statute 197.298 to meet their adopted point within the range for residential and large-site industrial uses. Approximately 3,000 acres of the 9,799 acres analyzed are exception land, the first priority in ORS 197.298.
- Request a one-year extension for a UGB expansion from the Department of Land Conservation and Development in order to rectify any discrepancies identified by LCDC and re-adopt the urban and rural reserves prior to a UGB expansion consideration.

Concept Planning

Concept planning addressing land use, transportation, natural resources and more will be required for any areas brought into the UGB in this growth management decision. In December 2010, the Council adopted new policies to ensure that in the future, concept plans will be completed prior to inclusion of lands within the UGB. This requirement will take effect in future growth management decisions.

Metro adopted intergovernmental agreements with each county as part of the urban and rural reserve process. Each agreement included a statement of principles regarding concept planning to be done in that county prior to development. For the Council's reference, Attachment 1 is a copy of the Principles in the Urban and Rural Reserve Intergovernmental Agreements between Metro and Clackamas, Multnomah and Washington counties.

MOVING FORWARD

A decision whether to expand the UGB is only one step in the ongoing effort to create and sustain great communities. The really hard work comes in making the right decisions – and committing the necessary resources – to ensure that our downtowns, main streets and neighborhoods provide the kinds of amenities and businesses necessary to sustain long-term economic growth and provide the kinds of communities we can all be proud of.

This hard work is not undertaken by Metro alone. It requires countless actions and investments by public and private sector partners and individuals to make the most of what we already have in our

neighborhoods, downtowns, employment centers and natural areas around the region to make this the greatest place to live, work and raise a family.

Table 2

Summary of Results for Recommended Areas (see preliminary analysis of potential UGB expansion areas document for a discussion of the UGB factors)

<i>Recommended Area</i>	<i>Environmental Consequences</i>	<i>Energy, Economic, Social Consequences</i>	<i>Impact to Significant Habitat</i>	<i>Agricultural Compatibility</i>	<i>Natural Transition/ Buffer</i>	<i>Contribution to Centers</i>	<i>Expected Dwelling Units</i>
South Hillsboro	Low*	High	Low*	Compatible*	Partial	New Center**	10 6,841
							12 8,175
							15 10,172
South Cooper Mt.	Low	Low	Low	Compatible*	No	Yes	10 2,983
							12 3,351
							15 4,354
Roy Rogers West	Low	Low	Low	Not Compatible	No	No	10 1,642
							12 1,956
							15 2,424
Cornelius South	Low	Low	Low	Partially Compatible	Partial	Yes	10 1,470
							12 1,756
							15 2,188
Sherwood West	Low	Low	Low	Compatible	Yes	No	10 3,340
							12 3,994
							15 4,981
Advance	Low	Low	Low	Partially Compatible	Partial	No	10 1,442
							12 1,716
							15 2,133
Maplelane	Moderate	Low	Low*	Compatible	Yes	No	10 2,710
							12 3,212
							15 3,970
Hillsboro North***	Low	Low	Low	Compatible	Partial	No	NA

*Area is generally compatible or impact is minimal, with potential exceptions. See analysis area summary for specific details.

**A new center has been proposed as part of the South Hillsboro Community Plan

***Represents the 310 acres recommended for large site industrial not the 950 acres of the Hillsboro North (8A) urban reserve originally studied

Attachment 1

PRINCIPLES IN URBAN AND RURAL RESERVE INTERGOVERNMENTAL AGREEMENTS

PRINCIPLES FOR CONCEPT PLANNING OF URBAN RESERVES IN CLACKAMAS COUNTY

1. Concept planning for specific, enumerated Urban Reserves on the Urban and Rural Reserves map may occur separately and at different times.
2. A concept plan for any Urban Reserve area must be approved by the county, the city or cities who will govern the area and Metro, with ample opportunities for public involvement, including recognized citizen involvement entities, such as community planning organizations, hamlets and neighborhood associations. Concept plans will recognize community-based planning efforts such as the Stafford Hamlet Values & Vision Statement.
3. The following cities shall be invited to participate in concept planning of the following Urban Reserves:
 - Areas 1D and 1F (Clackanomah) – Damascus, Gresham and Sandy
 - Area 3C (Newell Creek Canyon/Holly Lane) – Oregon City
 - Area 4A and 4B (North Stafford Area) – Tualatin, Lake Oswego and West Linn
 - Area 4C (North Borland Road) - Tualatin, Lake Oswego and West Linn
4. Concept plans shall provide that any area added to the UGB shall be governed by one or more of the following cities, or a new city, with preferences to the following:
 - Areas 1D and 1F (Clackanomah) – Damascus and Gresham
 - Area 3C (Newell Creek Canyon/Holly Lane) – Oregon City
 - Area 4A and 4B (North Stafford Area) – Tualatin, Lake Oswego and West Linn
 - Area 4C (North Borland Road) - Tualatin, Lake Oswego and West Linn
5. Concept planning for Urban Reserve areas that are suitable for industrial and other employment uses such as portions of Clackanomah and the Borland Road area will recognize the need to provide jobs in this part of the region and will recognize that portions of the areas are intended principally to meet employment needs.

6. Concept planning for Urban Reserve areas that are suitable for a mix of urban uses – such as the Borland Road area – will recognize the opportunity to provide employment and mixed- use centers with housing at higher densities and employment at higher floor-to-area ratios, and will include designs for a walkable, transit-supportive development pattern.
7. Concept planning shall recognize environmental and topographic constraints and habitat areas, such as the buttes in the Clackanomah area, Newell Creek Canyon in Urban Reserve Area 3C and the riparian areas along creeks in the North Stafford Area. These areas include important natural features and sensitive areas that are not appropriate for urban development. Concept planning will reduce housing and employment capacity expectations accordingly.
8. Concept planning for the portion of the Clackanomah area along Highway 26 will recognize the need to provide and protect a view corridor considering, among other things, landscaping, signage and building orientation. Metro and Clackamas County also recognize the need to work with the City of Sandy to revise the existing intergovernmental agreement among the parties.

PRINCIPLES FOR CONCEPT PLANNING OF URBAN RESERVES IN MULTNOMAH COUNTY

1. Concept planning for specific, enumerated Urban Reserves on the Urban and Rural Reserves map may occur separately and at different times.
2. A concept plan for any Urban Reserve area must be approved by the county, the city or cities who will govern the area and Metro.
3. The City of Gresham shall be invited to participate in concept planning of Urban Reserves in the area south of Lusted Road and west of SE 302nd, identified as Area 1C (Clackanomah) on the regional reserve map.
4. Concept plans shall provide that any area added to the UGB shall be governed by an existing city, or by a new city, with preferences to the following.
5. Concept planning for Urban Reserve areas that are suitable for industrial and other employment uses – such as portions of Clackanomah will recognize the opportunity to provide jobs in this part of the region.

6. Concept planning for Urban Reserve areas that are suitable for a mix of urban uses – such as Area 1C – will recognize the opportunity to provide employment and mixed- use centers with housing at higher densities and employment at higher floor-to-area ratios, and will include designs for a walkable, transit-supportive development pattern.
7. Concept planning shall recognize environmental and topographic constraints and habitat areas and will reduce housing and employment capacity expectations accordingly.

PRINCIPLES FOR CONCEPT PLANNING OF URBAN RESERVES IN WASHINGTON COUNTY

1. Urban Reserve Area 6B ([Cooper Mountain](#)) is approximately 1,776 acres, of which approximately 892 acres are buildable and approximately 839 acres are constrained lands. Existing roads account for an additional 45 acres of non-buildable land. Constrained lands consist of Metro’s and Washington County’s Goal 5 inventories, slopes over 25%, floodplains, parks, and a city-owned parcel (approximately 10 acres) adjacent to SW Kemmer Road that contains a water tank. In order to account for the above constraints, concept planning should be undertaken as a whole in order to offer appropriate protection and enhancement to the public lands and natural features that are located throughout the area. Residential density targets will be an important consideration in future planning for the area and may need to be adjusted in order to protect and enhance the integrity of existing Title 13 and Goal 5 lands.
2. Undesignated lands surrounding the City of Banks and the City of North Plains provide the opportunity in the future for Washington County and each respective city to undertake Urban Reserve planning under OAR 660-021. It is the County’s expectation that such planning will result in application of Urban Reserve and Rural Reserve designations in appropriate locations and quantities.



Metro | *Making a great place*

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy, and sustainable transportation and living choices for people and businesses in the region. Voters have asked Metro to help with the challenges and opportunities that affect the 25 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to providing services, operating venues and making decisions about how the region grows. Metro works with communities to support a resilient economy, keep nature close by and respond to a changing climate. Together we're making a great place, now and for generations to come.

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