# Metro | *Agenda*

| Meeting: | Metro Policy Advisory Committee (MPAC) & Ian Lockwood Presentation |
|---|---|
| Date: | Wednesday, Nov. 28, 2012 |
| Time: | 5 p.m. |
| Place: | Metro, Council Chamber |

| | | | | |
|---|---|---|---|---|
| **5 PM** | **1.** | | **CALL TO ORDER** | **Loretta Smith, Vice Chair** |
| **5:02 PM** | **2.** | | **SELF INTRODUCTIONS & COMMUNICATIONS** | **Loretta Smith, Vice Chair** |
| **5:05 PM** | **3.** | | **CITIZEN COMMUNICATIONS ON NON-AGENDA ITEMS** | |
| **5:10 PM** | **4.** | | **COUNCIL UPDATE** | |
| | | | **CONSENT AGENDA** | |
| **5:15 PM** | **5.** | * <br> * | • Consideration of the Nov. 14, 2012 Minutes <br> • MTAC Member Nominations | |
| | **6.** | | **INFORMATION / DISCUSSION ITEMS** | |
| **5:20 PM** | 6.1 | | Establish the 2013 Nominating Committee – <u>INFORMATION</u> | **Loretta Smith, Vice Chair** |

• *Outcome*: Select three MPAC representatives – one representative for each of the three counties – to serve on the nominating committee for the 2013 MPAC officers.

| | | | | |
|---|---|---|---|---|
| **5:25 PM** | 6.2 | * | Putting Parcelization into Perspective – <u>INFORMATION / DISCUSSION</u> | **Ted Reid, Metro** <br> **Terry Moore,** <br> **ECONorthwest** |

• *Outcome*: Provide MPAC with results of parcelization study and allow for discussion of local experiences with parcelization challenges.

| | | | | |
|---|---|---|---|---|
| **6 PM** | **7.** | | **MPAC MEMBER COMMUNICATION** | |
| **6:05 PM** | **8.** | | **ADJOURN** | **Loretta Smith, Vice Chair** |

**6:15 PM**
Time Certain

**PRESENTATION BY IAN LOCKWOOD:**
**ALIGNING STAKEHOLDER VALUES WITH COMMUNITY VISION**

\* Material included in the packet. *For agenda and schedule information, call Kelsey Newell at 503-797-1916, e-mail: kelsey.newell@oregonmetro.gov.* To check on closure or cancellations during inclement weather please call 503-797-1700.

Metro | *Making a great place*
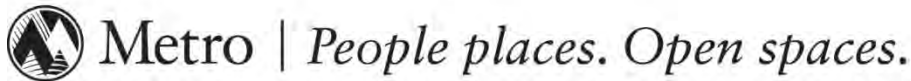
# *2012 MPAC Tentative Agendas*
### *Tentative as of 11/14/12 -- Subject to Change*
### *Italicized items are not confirmed*

| **MPAC Meeting** | **MPAC Meeting** |
|---|---|
| November 14<br>• Population and employment distribution forecast (Information)<br><br>• Brownfields Final Report (Information/Discussion) | November 28<br>• 2013 MPAC Officers – Nominating Committee (Information/Appointments)<br><br>• Parcelization Scoping project results (Information/Discussion)<br><br>• Presentation on street design work with local jurisdictions by Ian Lockwood (Information) |
| **MPAC Meeting**<br>December 12<br>• 2013 MPAC Officers (Action)<br><br>• Energy Map Program – Presentation by Peter Brandom (Information)<br><br>• Community Investment Initiative Regional Infrastructure Enterprise (Information)<br><br>• Community Investment Initiative Development – Ready Communities Program (Information) | **MPAC Meeting**<br>December 26 (Cancelled) |

**Metro** | *People places. Open spaces.*

METRO POLICY ADVISORY COMMITTEE
**November 14, 2012**
Metro Regional Center, Council Chambers

| MEMBERS PRESENT | AFFILIATION |
|---|---|
| Amanda Fritz | City of Portland Council |
| Dennis Doyle | City of Beaverton, representing Washington Co. 2nd Largest City |
| Wilda Parks | Clackamas County Citizen |
| Loretta Smith, Vice Chair | Multnomah County Commission |
| Marilyn McWilliams | Washington County Special Districts |
| Jody Carson, 2nd Vice Chair | City of West Linn, representing Clackamas Co. Other Cities |
| Norm Thomas | City of Troutdale, representing other cities in Multnomah Co. |
| Bill Turlay | City of Vancouver |
| William Wild | Clackamas County Special Districts |
| Jerry Willey, Chair | City of Hillsboro, representing Washington County Largest City |

| MEMBERS EXCUSED | AFFILIATION |
|---|---|
| Sam Adams | City of Portland Council |
| Shane Bemis | City of Gresham, representing Multnomah Co. 2nd Largest City |
| Michael Demagalski | City of North Plains, representing Washington Co. outside UGB |
| Maxine Fitzpatrick | Multnomah County Citizen |
| Kathryn Harrington | Metro Council |
| Jack Hoffman | City of Lake Oswego, representing Clackamas County Largest City |
| Carl Hosticka | Metro Council |
| Charlotte Lehan | Clackamas County Commission |
| Annette Mattson | Governing Body of School Districts |
| Keith Mays | City of Sherwood, representing Washington Co. Other Cities |
| Barbara Roberts | Metro Council |
| Jim Rue | Oregon Dept. of Land Conservation & Development |
| Steve Stuart | Clark County, Washington Commission |

| ALTERNATES PRESENT | AFFILIATION |
|---|---|
| Shirley Craddick | Metro Council |
| Paul Manson | Multnomah County Citizen |
| Kathy Roth | City of Oregon City, representing Clackamas Co. 2nd Largest City |
| Peter Truax | City of Forest Grove, representing Washington Co. Other Cities |

STAFF:
Roger Alfred , Alison Kean Campbell, Nick Christensen, Mike Hoglund , Nuin-Tara Key, Evan Landman, Ken Ray, Katie Shriver, Gerry Uba, John Williams.

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

Chair Jerry Willey called the meeting to order and declared a quorum at 5:08 P.M.

**2.     SELF INTRODUCTIONS AND COMMUNICATIONS**

All attendees introduced themselves.

There were no communications.

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

There were none.

**4.     COUNCIL UPDATE**

Metro Councilor Shirley Craddick updated the group on the following items:
- On behalf of the Metro Council, Councilor Craddick congratulated the MPAC members who were re-elected in the November elections, and expressed appreciation and gratitude for the service of those whose re-election efforts were unsuccessful.
- On November 1, the Metro Council approved a proposal to develop an agency-specific equity strategy. The strategy will support Metro's effort to advance equity as one of the region's six desired outcomes. Metro will be working with partner jurisdictions in the coming months to develop the final work plan for this engagement process. More information will be shared with MPAC as Metro moves through this phase of the plan's development.
- The Community Investment Initiative (CII) Leadership Council has distributed a survey to city, county and special district administrators to help in the design of the Regional Infrastructure Enterprise, the centerpiece of CII's strategic plan. The survey closes Friday, December 7. For more information, contact Maria Ellis at 503-797-1732 or at info@communityinvestmentinitiative.org.

**5.     CONSIDERATION OF THE MPAC MINUTES FOR OCTOBER 10, 2012**

MOTION: Ms. Wilda Parks moved and Mr. Peter Truax seconded to adopt the October 10, 2012 MPAC minutes with no corrections.

ACTION TAKEN: With all in favor, motion passed.

**6.     INFORMATION/ DISCUSSION ITEMS**

**6.1     Growth (Population and Employment Forecast) Distribution at Local Level- INFORMATION**

Mr. Mike Hoglund and Mr. Gerry Uba of Metro presented on the Metro 2010-2035 Growth Management/ Population and Employment Distribution forecast. This study provides information on the future distribution of housing units and employment in the region. Under Oregon law, Metro is responsible for delivering a population forecast to regional jurisdictions every five years (ORS 195.036, 195.025).

Mr. Hoglund shared the key technical takeaways from the study. The forecast reflects 2040 Growth Concept objectives. 32% of growth is forecasted to occur in centers; 17% in corridors. 75% of housing growth is projected as redevelopment or infill, and future residential density is expected to rise to 12.3 units per acre. The expected regional growth split for multi-family to single-family residential units is will be approximately 60/40. Despite a 40% projected population increase within the UGB by 2035, only a

10% increase in land absorption was expected. The report forecasts longer commutes for some households at the outer limits of the commute shed.

Through discussion with local government partners, the project team developed an ongoing research agenda. Mr. Hoglund mentioned the need to monitor single-family home prices, as well as the capture rate for single family housing within the UGB. The capture rate is a key finding in Metro's Urban Growth Report and represents the percent of households or employment that will be accommodated within Metro's urban growth boundary during the forecast period). He also shared proposed improvements to the forecast distribution process, including a residential choice study enhanced with market segmentation, and the refinement of redevelopment supply assumptions.

This forecast supports ongoing local efforts, including comprehensive plan updates, transportation system plans, coordination of planning in areas outside the UGB, and planning for the extension of essential public infrastructure. Metro will use this information in its Climate Smart Communities and corridor planning activities, as well as the 2014 RTP update and Urban Growth Report. The Metro Council is scheduled to take action on this forecast on Thursday, November 29.

MPAC members discussed the following points relating to the report:
- Members noted that this report was produced through a more positive and collaborative process than previous iterations.
- MPAC members asked for clarification on the Household Growth Distribution map included in the report, which projects high growth in the Canby area. Members wanted to know whether this growth was anticipated as single-family or multi-family housing. Mr. Hoglund estimated a 70-30 single-family to multi-family housing split.
- Members inquired whether the forecast was based on current zoning or expected future zoning. The presenters made it clear that the forecast reflects current zoned capacity and does not anticipate future zoning changes either at centers in along light rail corridors. However, some are stimulated to the degree that they are in an established urban renewal area. For example, urban renewal funding often subsidies development land costs, may be used to provide infrastructure upgrades, or for local amenities such as parks or plazas.
- The committee discussed how this research pertains to Damascus, which has yet to adopt a comprehensive plan. According to the report, there is significant growth projected for the Damascus area. Mr. Hoglund said that Metro staff had been in conversation with Damascus staff over the past two years to decide on the supply amount for the forecast, but that the recent vote occurred after this work was complete. It is important to understand what decisions are made in the next five years that pertain to the forecast. Damascus needs the forecast results to inform and run scenarios for their Transportation System Plan and Comprehensive Plan.
- The group commented on the expected increase in commute distance for long-distance commuters. They asked whether there was a disconnect between where housing and employment were likely to grow. Mr. Hoglund responded that the forecast was based on existing zoning, but that in most parts of the region there was good overlap of job growth near where urban reserve housing was forecast. However, several thousand new households are forecast to have a longer commute to their place of employment, so there was not a perfect housing-employment match. A close match between housing and employment is hindered by the increasing number of two-worker households and less-stable careers. Chair Willey noted the importance of rezoning to facilitate the housing-employment match.

**6.2     Brownfields Scoping Project Final Report – INFORMATION/DISCUSSION**

Ms. Miranda Bateschell of Metro presented on the Regional Brownfield Scoping Project. The goal of this project was to understand the scale and impacts of contaminated, underutilized properties in the Portland metro region and assess a range of policy solutions to promote cleanup and redevelopment of these sites. The purpose of this information is to help policy makers to engage in a regional discussion and make more informed decisions regarding land use and redevelopment.

The project team used the existing DEQ catalog of reported brownfield sites, and extrapolated to include suspected but unreported sites using land use data, removing residentially-zoned sites. Taken together, there are 2300 parcels of 6300 combined acres that were identified as known or suspected brownfields.

The sites were broken into four typologies based on past or present use:
- Type 1: Small Commercial sites such as gas stations and dry cleaners
- Type 2: Industrial Conversion sites which have a history of industrial use, but have transitioned into commercial or mixed-uses
- Type 3: Ongoing Industrial sites are in designated employment areas
- Type 4: Rural Industry sites are natural resource related sites near the edge of urban cores

The majority of brownfields are Small Commercial Sites, but the bulk of the acreage is represented by Ongoing Industrial sites. By zoning class, mixed use residential sites represent the highest proportion of sites, but industrial and commercial sites represent the largest acreage.

50% of the sites are in Title 3 or Title 13 lands, and also impact underserved populations as designated by Metro's equity composite, highlighting areas that simultaneously have a high underserved population, low density of services and low proximity to transit. There are two brownfields in underserved-designated communities for every one outside of underserved communities. 60% of the brownfields in underserved communities are in centers or corridors.

There are four primary challenges to making redevelopment of brownfields sites feasible: financial costs, risk and uncertainty, the disconnect between cleanup and redevelopment, and regulatory uncertainty. Currently, only type 1 sites are feasible for redevelopment, but over half of all sites are close to feasibility. Types 1 & 2 include high density development so changes in the assumptions about rent strongly affect viability of development – making these sites feasible or nearly feasible. Type 3 & 4 are largely single-story employment uses. In both the worst and best case scenarios this development type and potential value is much lower, making both development feasible or close to feasible in both scenarios, but remediation costs a greater proportion of project costs.

The report proposes three sets of tools jurisdictions could use to make redevelopment of the sites in the report feasible. These policy tools can bridge the financial gap between combined remediation and development costs and the potential value of the site post-redevelopment.

The first category, tax incentives, includes a tax credit for remediation costs; a 3-5 year tax abatement for redeveloping a brownfield site; and reforming the existing tax structure so that an assessed value reduction taken for contamination is tied to investing in cleanup and redevelopment and cannot be taken indefinitely (a current incentive to do nothing).

The second category focuses on capacity building, involving a public funding mechanism at the local, regional, or state level. This fund could be used to set up a land bank to acquire and reposition brownfield properties, provide cleanup funding, or provide grant funds for assessment and site planning activities.

The third set of policy tools are focused on regulatory streamlining; providing increased flexibility in zoning or use in brownfields, prioritizing response time for permitting, or setting up a one-stop shop system across agencies to coordinate permitting and reduce development timelines.

The report included a return on investment (ROI) analysis for the various policy tools. Each proposed tool moves sites to feasibility, but Ms. Bateschell emphasized that no single policy incentive is likely to be sufficient to catalyze redevelopment of all the brownfields. The tax incentive tools offer a positive year-one ROI, while the public funding mechanisms such as a cleanup fund or land bank are expected to recover the investment within five years. Tax incentives tend to support projects that are already close to financial feasibility, while direct public investments are better suited to challenged properties further from feasibility. Regulatory streamlining can provide a large impact with relatively small public investment.

MPAC members discussed the following aspects of the Regional Brownfield Scoping Project
- Members asked for clarification in how the proposed policy tools could be used, particularly in whether they could target the underserved areas. Ms. Bateschell explained that programs could be developed to focus on specific area, and that the criteria could depend on the population you were trying to serve or the type of site to be developed, but that the tools are the same across the board. The criteria for public funding could be set up to focus in enterprise zones, for example.
- MPAC members discussed concerns around how policy tools like the tax abatements described in the report can have serious impacts on cities, and that positive ROI is not always assured, or only forecast over a multi-decade timeframe. They requested more detail on where actual brownfield sites are at the city level, which would be helpful in developing solid regional recommendations for incentives. Mr. John Williams of Metro explained that the intent of this project was to get an understanding of the scope and scale of where such sites might be, but agreed that the next step might be to identify properties that could be priorities at the local level. Ms. Bateschell said that the study used 7 areas to ground-test the analysis of unreported sites, but that the typologies would be helpful to analyzing sites in local communities to find out what is actually there.
- Members recalled from the industrial lands survey the problem of large local investments creating tax benefits that accrue primarily to the state via income taxes. Members asked which of the proposed policy tools here are in the same situation, and posed the question of how to get the state to return the benefits of public investment at the local level to local jurisdictions. Ms. Bateschell suggested that the state may want to take the lead where they will reap the benefits; other tools might be better implemented at a local or regional level.
- Members also suggested that regulatory flexibility could encompass a more permissive attitude to low-liability sites. Ms. Bateschell emphasized the need to balance the environment and public health, as well as job growth and tax returns. She suggested that this was a benefit of the one-stop shop, where if all parties could be integrated, it may be easier to get the okay to proceed with development from all the stakeholders.
- Members thanked the presenters for their work, and asked how local jurisdictions should respond to the questions posed by the study? The project teams to go to the Metro Council in December, and asked for recommendations prior to the 2nd week of December. Councilor Craddick emphasized that Metro needs input from local jurisdictions on how to take both brownfields and industrial lands to the state legislature.

7.  **MPAC MEMBER COMMUNICATION**

There were none.

**8.     ADJOURN**

Chair Willey adjourned the meeting at 6:41 p.m.
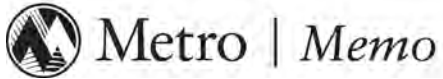

Respectfully submitted,


Evan Landman
Recording Secretary
<u>ATTACHMENTS TO THE PUBLIC RECORD FOR [DATE]</u>**:**
The following have been included as part of the official public record:

| ITEM | DOCUMENT TYPE | DOC DATE | DOCUMENT DESCRIPTION | DOCUMENT NO. |
|------|---------------|----------|----------------------|--------------|
| **6.1** | Handout | 11/8/12 | Metro Growth Distribution Process – JPACT discussion | 111412m- 01 |
| **6.1** | Powerpoint | 11/14/12 | Metro 2010-2035 Growth Distribution | 111412m -02 |
| **6.2** | Powerpoint | 11/14/12 | Regional Brownfield Scoping Report | 111412m -03 |

# Metro | *Memo*

Date:    November 1, 2012

To:      Metro Policy Advisory Committee

From:  John Williams
        Deputy Director, Community Development Division
        Chair, MTAC

Re:      MTAC Nominees for MPAC Approval

---

Please see the 2012 nominations for the Metro Technical Advisory Committee in the attached table. As per MPAC bylaws, MPAC may approve or reject any nomination.

Any vacant positions are still pending and will be submitted for MPAC consideration as soon as they are received.

If you have any questions or comments, do not hesitate to contact me.

Thank you.

# METRO TECHNICAL ADVISORY COMMITTEE
## 2012 MEMBERS

| | Position | Member | Alternate |
|---|---|---|---|
| 1. | Clackamas County Citizen | Jerry Andersen | Susan Nielsen |
| 2. | Multnomah County Citizen | Kay Durtschi | *Vacant* |
| 3. | Washington County Citizen | Bruce Bartlett | Dresden Skees-Gregory |
| 4. | Largest City in the Region: Portland | Susan Anderson | Joe Zehnder (1st), Tom Armstrong (2nd) |
| 5. | Largest City in Clackamas County: Lake Oswego | Denny Egner | *Vacant* |
| 6. | Largest City in Multnomah County: Gresham | Jonathan Harker | Stacy Humphrey |
| 7. | Largest City in Washington County: Hillsboro | Colin Cooper | Jeannine Rustad |
| 8. | 2nd Largest City in Clackamas County: Oregon City | Tony Konkol | Pete Walter |
| 9. | 2nd Largest City in Washington County: Beaverton | Don Mazziotti | Tyler Ryerson |
| 10. | Clackamas County: Other Cities | John Sonnen, West Linn | Michael Walter, Happy Valley |
| 11. | Multnomah County: Other Cities | Lindsey Nesbitt, Fairview | Rich Faith, Troutdale |
| 12. | Washington County: Other Cities | Julia Hajduk, Sherwood | Jon Holan, Forest Grove (1st), Aquilla Hurd-Ravich, Tualatin (2nd), Dick Reynolds, Cornelius (3rd) |
| 13. | City of Vancouver | Chad Eiken | Matt Ransom |
| 14. | Clackamas County | Dan Chandler | Jennifer Hughes |
| 15. | Multnomah County | Chuck Beasley | Karen Schilling (1st), Jane McFarland (2nd) |
| 16. | Washington County | Andy Back | Aisha Willits |

| 17. | Clark County | Michael Mabrey | Oliver Orjiako |
|---|---|---|---|
| 18. | ODOT | Lainie Smith | Kirsten Pennington (1st), Lidwien Rahman (2nd) |
| 19. | DLCD | Jennifer Donnelly | Anne Debbaut |
| 20. | Service Providers: Water and Sewer | Kevin Hanway (Water) | Dean Marriott (Sewer) |
| 21. | Service Providers: Parks | Hal Bergsma | *Vacant* |
| 22. | Service Providers: School Districts | Tony Magliano (Portland Public Schools) | Dick Steinbrugge (1st – Beaverton); Ron Stewart (2nd – N. Clackamas) |
| 23. | Service Providers: Private Utilities | Shanna Brownstein | Annette Mattson |
| 24. | Service Providers: Port of Portland | Susie Lahsene | Tom Bouillion |
| 25. | Service Providers: TriMet | Eric Hesse | Alan Lehto |
| 26. | Private Economic Development Associations | Peter Livingston | Darci Rudzinski |
| 27. | Public Economic Development Organizations | Eric Underwood (Oregon City) | *Vacant* |
| 28. | Land Use Advocacy Organization | Mary Kyle McCurdy | Tara Sulzen |
| 29. | Environmental Advocacy Organization | Jim Labbe | Bob Sallinger |
| 30. | Housing Affordability Organization | Ramsay Weit | *Vacant* |
| 31. | Residential Development | Justin Wood | Ryan O'Brien (1st), Dave Nielsen (2nd) |
| 32. | Redevelopment / Urban Design | David Berniker | Joseph Readdy |
| 33. | Commercial / Industrial | Dana Krawczuk | *Vacant* |

| 34. | Green Infrastructure, Design, & Sustainability | Mike O'Brien | *Vacant* |
| 35. | Public Health & Urban Form | Moriah McSharry McGrath | Paul Lewis (1st), Jennifer Vines (2nd) |
| | **Non-voting Chair** | Robin McArthur | John Williams |

# MPAC Worksheet

| | |
|---|---|
| **Agenda Item Title**: | Putting parcelization into perspective |
| **Presenter**: | Ted Reid, Senior Regional Planner, Metro<br>Terry Moore, Planning Director, ECONorthwest |
| **Contact for this worksheet/presentation:** | Ted Reid; ted.reid@oregonmetro.gov; 503-797-1768 |
| **Council Liaison Sponsor:** | **-** |

**Purpose of this item (check no more than 2):**
Information    __x___
Update         _____
Discussion    __x___
Action          _____

**MPAC Target Meeting Date:** __November 28, 2012
Amount of time needed for:
Presentation    __20___
Discussion       __15___

**Purpose/Objective** (what do you expect to accomplish by having the item on *this meeting's* agenda):
Provide MPAC with results of parcelization study and allow for discussion of local experiences with parcelization challenges.

**Action Requested/Outcome** (What action do you want MPAC to take at *this meeting?* State the *policy* questions that need to be answered.)
None at this time.

**Background and context**:
Over the years, residents and business owners around the region have worked to achieve community visions in their downtowns, main streets, and employment areas – jobs, housing choices, walkability, local shopping, access to nature, and cultural and recreational opportunities. There have been successes. But in some cases, change has been slower than expected or desired. What is it that is preventing these places from fully living up to community visions? Often-cited challenges include restrictive zoning, a lack of pedestrian facilities, complicated permitting processes, inadequate infrastructure, high fees for infrastructure, availability and cost of parking, brownfields, high construction costs, difficulties with financing, neighborhood opposition, and fragmented property ownership.

The Metro Council requested that Metro's Land Use Planning Division investigate fragmented property ownership (parcelization) as a potential challenge to development. Metro's new report on parcelization, completed by ECONorthwest seeks to describe:

- The extent that parcelization is responsible for impeding the investment and activity that communities wish to see in their downtowns, main streets, and employment areas
- Parcelization in the context of other development challenges
- Best practices for addressing parcelization

An executive summary of the report is included in MPAC's packet. The full report and appendices can be found on Metro's website at:
http://www.oregonmetro.gov/index.cfm/go/by.web/id=41879


**What has changed since MPAC last considered this issue/item?**
MPAC has not discussed this specific topic before.

**What packet material do you plan to include?** (must be provided 8-days prior to the actual meeting for distribution)
Executive summary

**What is the schedule for future consideration of item** (include MTAC, TPAC, JPACT and Council as appropriate):
The Metro Council and MTAC have recently heard the results of this study. There is not a specific action before the Metro Council at this time.

# Making a Great Place:

# Putting Parcelization into Perspective

## Background

Over the years, residents and business owners around the region have worked to achieve community visions in their downtowns, main streets, and employment areas – jobs, housing choices, walkability, local shopping, access to nature, and cultural and recreational opportunities. There have been successes. But in some cases, change has been slower than expected or desired. What is it that is preventing these places from fully living up to community visions? Often-cited challenges include restrictive zoning, a lack of pedestrian facilities, complicated permitting processes, inadequate infrastructure, high development fees, availability and cost of parking, brownfields, high construction costs, difficulties with financing, neighborhood opposition, and fragmented property ownership. Metro's new report on parcelization, completed by ECONorthwest, explores this last challenge – fragmented property ownership, or parcelization. The report seeks to describe:

- The extent to which parcelization is responsible for impeding the investment and activity that communities wish to see in their downtowns, main streets, and employment areas
- Parcelization in the context of other development challenges
- Best practices for addressing parcelization

## What is parcelization?



The division of larger properties into smaller ownerships can be an indication that urbanization is occurring. Guided by minimum lot sizes found in plans, parcelization is usually a desired process in downtowns and main streets. It means that there are location opportunities for a variety of businesses and residences. Small parcels can fill an important niche in the urban fabric, but can become a challenge when individual ownerships are too small to accommodate desired types of development.

## A case study approach

To shed some light on the extent of complications caused by parcelization, a case study approach was used. Ten illustrative case study locations were selected based on a variety of factors, including:

- Local jurisdiction interest in being included in the study

- Clear local and regional goals for development/redevelopment
- Existence of other efforts, plans, or public investments
- Initial, informal determination that parcelization may be a challenge in the area
- A variety of urban forms, including industrial and employment areas, main streets, and downtowns
- A variety of geographic locations
- A variety of market conditions

The case studies relied on a blend of quantitative and qualitative analyses to put parcelization into context. The study also incorporated the perspective of people who actually make development decisions – developers. Parcelization is a problem when it is a factor that dissuades developers from building what is envisioned in local plans. Because of their knowledge of local conditions, planning staff from the case study jurisdictions were also surveyed.

## Findings

The case studies showed tremendous variety in the potential impact of parcelization on development. Some general findings emerged, however.

**Of the many obstacles to development, parcelization probably is <u>not</u> the most important in most cases.**
- In many cases, issues related to zoning, entitlements, and to the quality and cost of infrastructure will be much more important than parcelization.
- About half of the case-study areas lacked the infrastructure necessary to accommodate the type of development described in local plans.
- A lack of sense of place can be a barrier to development since it inhibits demand.
- Minimum parking ratios and building height limits influence development feasibility. Developers pointed out that in some cases the allowed intensity was too low for development to be feasible.
- The burst of the housing bubble in 2008 and the accompanying slow economy create development challenges for each of the case-study areas—ones that local government has no control over.
- This study did not focus on large industrial sites (25 plus net buildable acres). As documented in a separate study, the Regional Industrial Site Readiness project, parcelization is a primary challenge to providing large, development-ready industrial sites.

**Almost all the case-study areas have higher degrees of parcelization than the average for the entire region:**
- This result is expected since the case-study areas were chosen, in part, because they are urban areas where smaller parcels and more land owners are the norm.
- Parcel shape as well as size can be an obstacle. Narrow or irregularly-shaped parcels can increase construction costs to the degree that development does not occur.

**Land availability is a potential development obstacle in all case-study areas:**

- The development challenges most cited by developers were availability of sites and the presence of brownfields. Roughly half of case-study areas have development constraints related to brownfields and floodplains. Metro has recently concluded a separate study that examines the scope of brownfield challenges in the region.
- Expressed as a share of all acres, there is less vacant land in the case study areas than the regional average. This reflects the fact that the case study areas are urbanized downtowns, main streets, and employment areas.
- Developers indicated that they do not necessarily look to vacant sites as their first choice – developers look for desirable locations (which are often already developed) with public and private amenities such as restaurants, transit, and parks. Within those locations, acquisition of specific sites can be challenging.
- Owners that have property that is fully paid off and achieving stable rents will be much more reluctant to incur risk and redevelop, regardless of whether the use is compatible with local (or regional) planning goals.

## Best practices for local jurisdictions

To the extent that parcelization is a development problem, it is best addressed by local governments and development authorities. Local governments should identify the sites they would like to see develop soon and in a specific way, evaluate the extent of parcelization, and decide what level of public effort to put into either reducing parcelization or offsetting the costs it creates. Public policies that can address the problems of parcelization fall into one of three categories, described below. These options may not be appropriate in all instances.

1. **Prevent future parcelization from occurring where larger-scale development is desired:**
Trying to assemble land later after it has been parcelized may be harder than preventing future parcelization. If a jurisdiction wants larger-scale development, it could increase the minimum allowable parcel size. The dilemma is that the activity levels desired in downtowns and main streets are usually (but not always) achieved or at least accompanied by the creation of more and smaller parcels.

2. **Reduce parcelization that has already occurred by assembling land:**
Reports on land assembly reviewed as part of this research suggest that best practices include:

- Establishing narrow, well-defined development goals.
- Maintaining a robust parcel information system.
- Developing flexible, diverse funding sources for any entity created for managing and redeveloping assembled parcels.
- Using option agreements that are only exercised when all properties targeted for assembly are under contract.

Most of those recommendations are general and common sense. To go deeper, ECONorthwest interviewed developers with experience with land assembly about both issues and best practices for resolving them, from the private-sector perspective:

- **Streamline the process.** The longer it takes it assemble a site, the riskier the deal becomes: one or more owners are more likely to hold onto full interest in their property, developer staff costs accumulate, and lenders lose patience. A solution for developers is to have the public sector do some, most, or all of the work. For example, urban renewal districts often assemble land and then offer sites for development.
- **Align terms when closing multiple parcels for assembly.** All parcels should be closed as close together as possible; any parcel left open for negotiation is a liability.
- **Keep the deal simple.** Simplicity means assembling as few parcels as possible, and dealing with as few owners as possible.
- **Take full control of parcels for assembly.** It is probably easier and less risky in most cases to gain full control of parcels from the outset and not form partnership arrangements. Institutional lenders are more willing to lend to a developer who can show the ability to gain full control of all assembled parcels.
- **Be careful about entering into master planning arrangements.** Master planning can, for instance, obligate a developer to start development phases on a rigid schedule. This can be risky if the market for new residential or mixed-use development softens.
- **Expect landowners to negotiate a price well above the appraised amount.** Since 2008, property values have diminished but asking prices may have remained static. In partnership arrangements, this means that land contributions from existing owners are worth less, and more equity is required to secure lending.
- **Consider other ways to assemble land besides initial outright purchase.** Full parcel acquisition can be too expensive a proposition for both private and public entities. A less expensive alternative involves optioning land (e.g., to buy the property at some later date at some agreed upon price) or land swapping.

3. **Reduce the problems that parcelization creates for development:**

Land assembly can be costly. If local jurisdictions do not take steps to reduce the *amount* of parcelization by any of the methods described above, there are things they can do to reduce the obstacle that parcelization poses for the kind of development desired. Ultimately, developers must make a return on investment. The better the financial pro-forma looks, the more room a developer has to incur the costs of negotiating with multiple owners to find an arrangement that allows a site of multiple parcels to get clear for development. There are a number of actions that local jurisdictions can take that may improve the financial feasibility of developments. Each of these options has potential tradeoffs that must be weighed.

- **Actions that increase development revenues** include, for instance, pre-leasing space for government operations, helping to secure federal assistance for renters with low incomes, providing off-site amenities that enhance market demand in the district, or allowing greater building heights.

- **Actions that reduce development risks or costs** include, for instance, reduced development fees, tax exemptions, or reduced parking requirements.

## Regional role

Efforts to address parcelization are best undertaken at the local level. This study's findings and suggestions can be incorporated into future local and regional planning efforts and implementation activities. Metro's support for the Community Investment Initiative's Development-Ready Communities and Regional Investment Enterprise programs may also lead to enhanced tools to address the challenges of parcelization.

The full report and technical appendices may be found on Metro's website:

http://www.oregonmetro.gov/index.cfm/go/by.web/id=41879

# Aligning stakeholder values with community vision

## 6:15 p.m. Wednesday, Nov. 28 | MPAC meeting

**A vibrant city rich in economic, environmental and social assets needs both vision and predictability – the feasible means by which to further the vision.**

**But predictability only happens when stakeholders are aligned.**

Join Ian Lockwood, national expert on designing pedestrian-friendly cities from the consulting firm AECOM, as he traces the origins of two broad, and often competing, transportation paradigms that can divide stakeholders.

Learn through case studies how the values of each approach differ and how bringing stakeholders into alignment with your community's vision can move your city forward.

Discover the litmus test for evaluating proposed changes in policy, street design, land use and more that will help build in the predictability your vision needs.

One-hour presentation followed by Q&A.

**Metro Regional Center**
Council chamber
600 NE Grand Ave., Portland

TriMet bus and MAX light rail Northeast Seventh Avenue stop. Covered bicycle parking is available near the main entrance.

For more information, contact Michael Walter at michael.walter@oregonmetro.gov. or call 503-797-1641.

Metro | *Making a great place*

# Metro | *Memo*

Date:      Monday, Nov. 5, 2012
To:        MPAC Members and Alternates
From:      Kelsey Newell
Subject:   2013 MPAC Meeting Schedule

Below is the 2013 MPAC meeting schedule. All MPAC meetings will be held from 5 to 7 p.m. in the Metro Council Chamber.

|  |  |
|---|---|
| Wednesday, Jan. 9, 2013 | Regular MPAC meeting |
| Wednesday, Jan. 23, 2013 | Regular MPAC meeting |
| Wednesday, Feb. 13, 2013 | Regular MPAC meeting |
| Wednesday, Feb. 27, 2013 | Regular MPAC meeting |
| Wednesday, March 13, 2013 | Regular MPAC meeting |
| Wednesday, March 27, 2013 | Regular MPAC meeting |
| Wednesday, April 10, 2013 | Regular MPAC meeting |
| Wednesday, April 24, 2013 | Regular MPAC meeting |
| Wednesday, May 8, 2013 | Regular MPAC meeting |
| Wednesday, May 22, 2013 | Regular MPAC meeting |
| Wednesday, June 12, 2013 | Regular MPAC meeting |
| Wednesday, June 26, 2013 | Regular MPAC meeting |
| Wednesday, July 10, 2013 | Regular MPAC meeting |
| Wednesday, July 24, 2013 | Regular MPAC meeting |
| Wednesday, Aug. 14, 2013 | Regular MPAC meeting |
| Wednesday, Sept. 11, 2013 | Regular MPAC meeting |
| Wednesday, Sept. 25, 2013 | Regular MPAC meeting |
| Wednesday, Oct. 9, 2013 | Regular MPAC meeting |
| Wednesday, Oct. 23, 2012 | Regular MPAC meeting |
| Wednesday, Nov. 13, 2012 | Regular MPAC meeting |
| Wednesday, Dec. 11, 2012 | Regular MPAC meeting |

Materials following this page were distributed at the meeting.

# Presentation Overview

- Approach

- Methods

- Findings

- Conclusions

# Approach

1. Where do regional and local plans want to see development that is not happening?

2. What are the reasons, including parcelization?

3. What specific challenges does parcelization pose; how might they be reduced?

# Methods

1. Developer perspective.

2. Parcelization in the context of other obstacles for development.

3. Case-study approach.
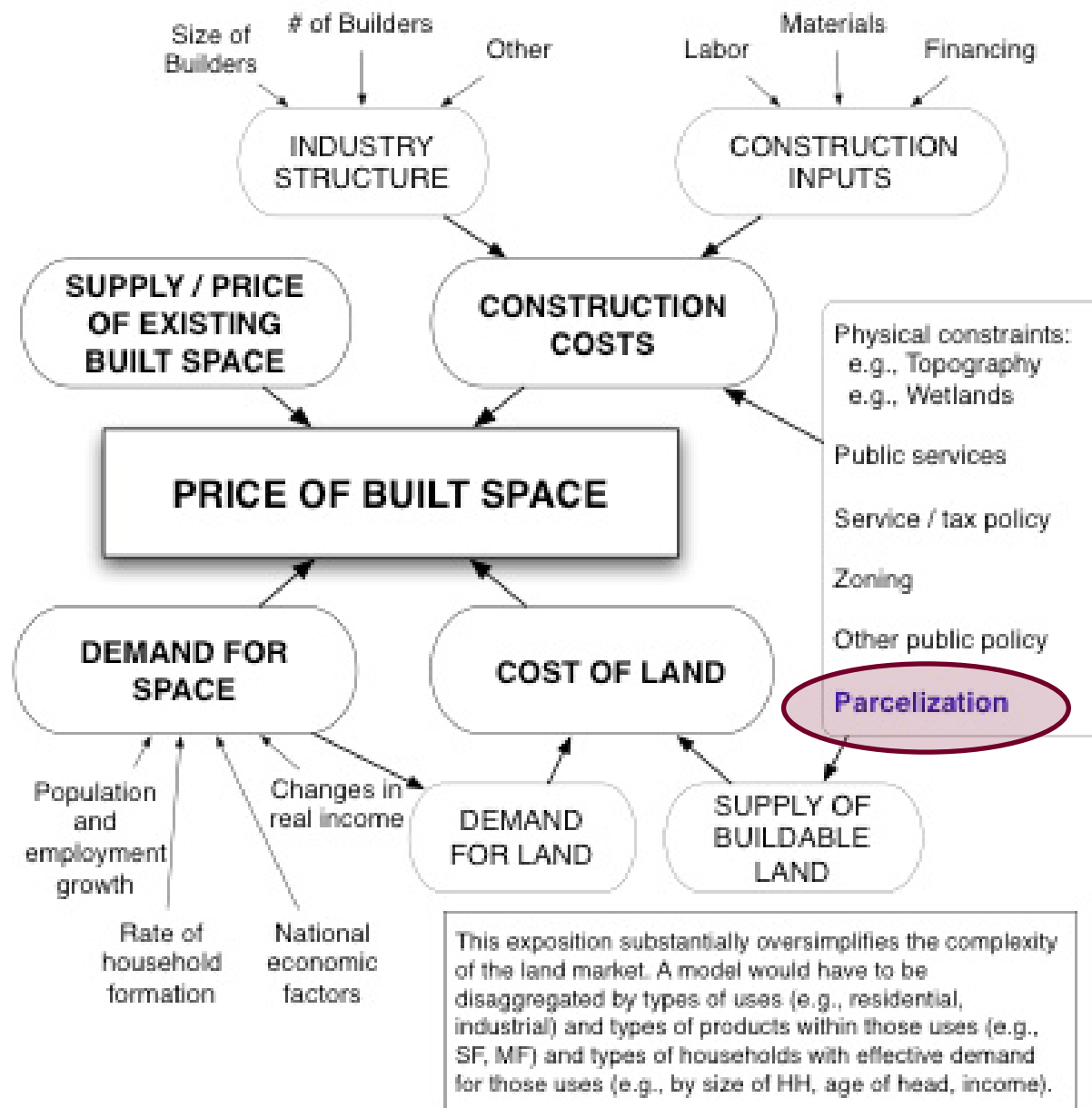
# Methods: 1. Developer perspective

Factors that can potentially be (1) significant *obstacles* to development, and (2) influenced by public policy

How developers think about development
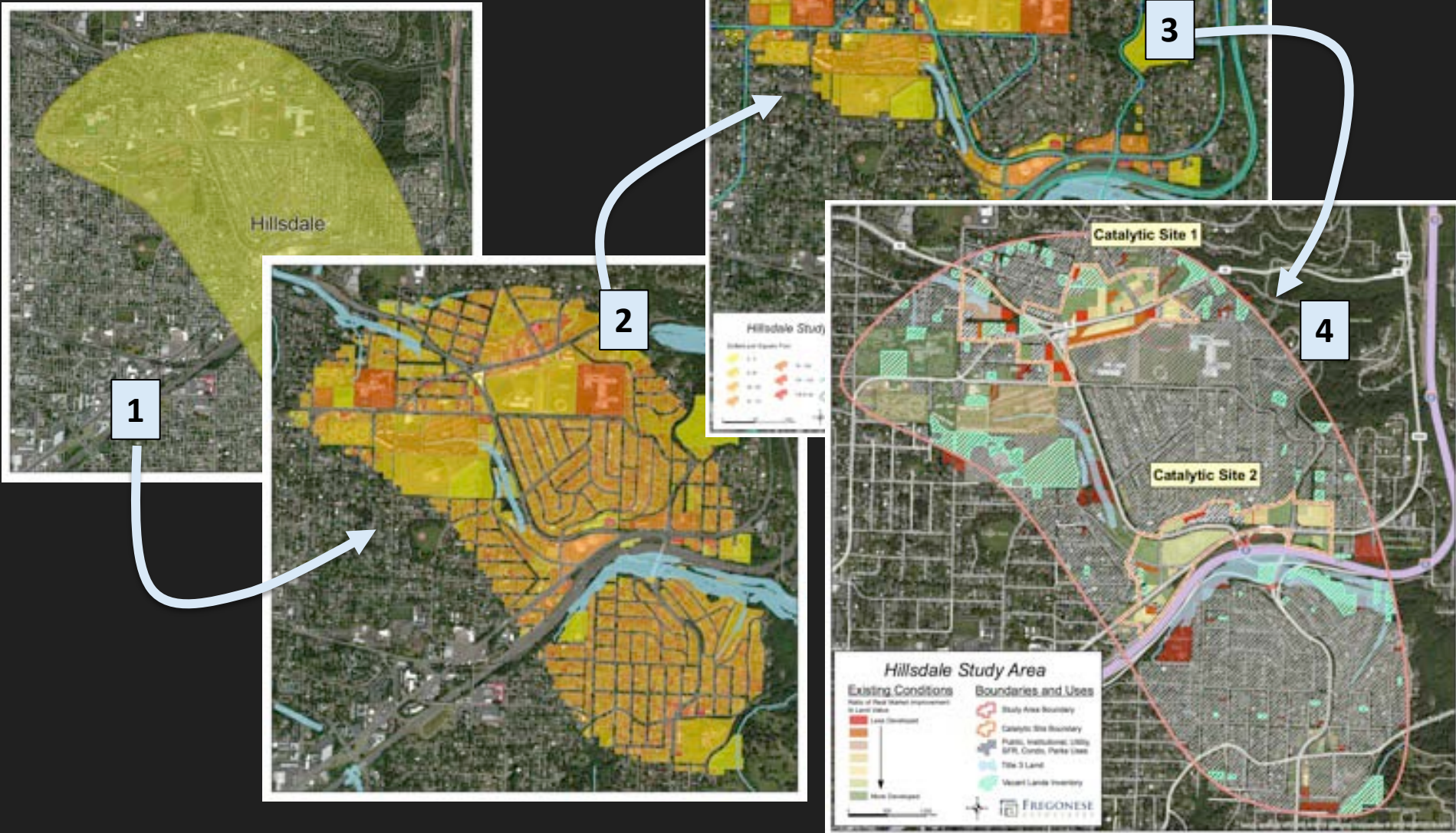
- **Revenue side**

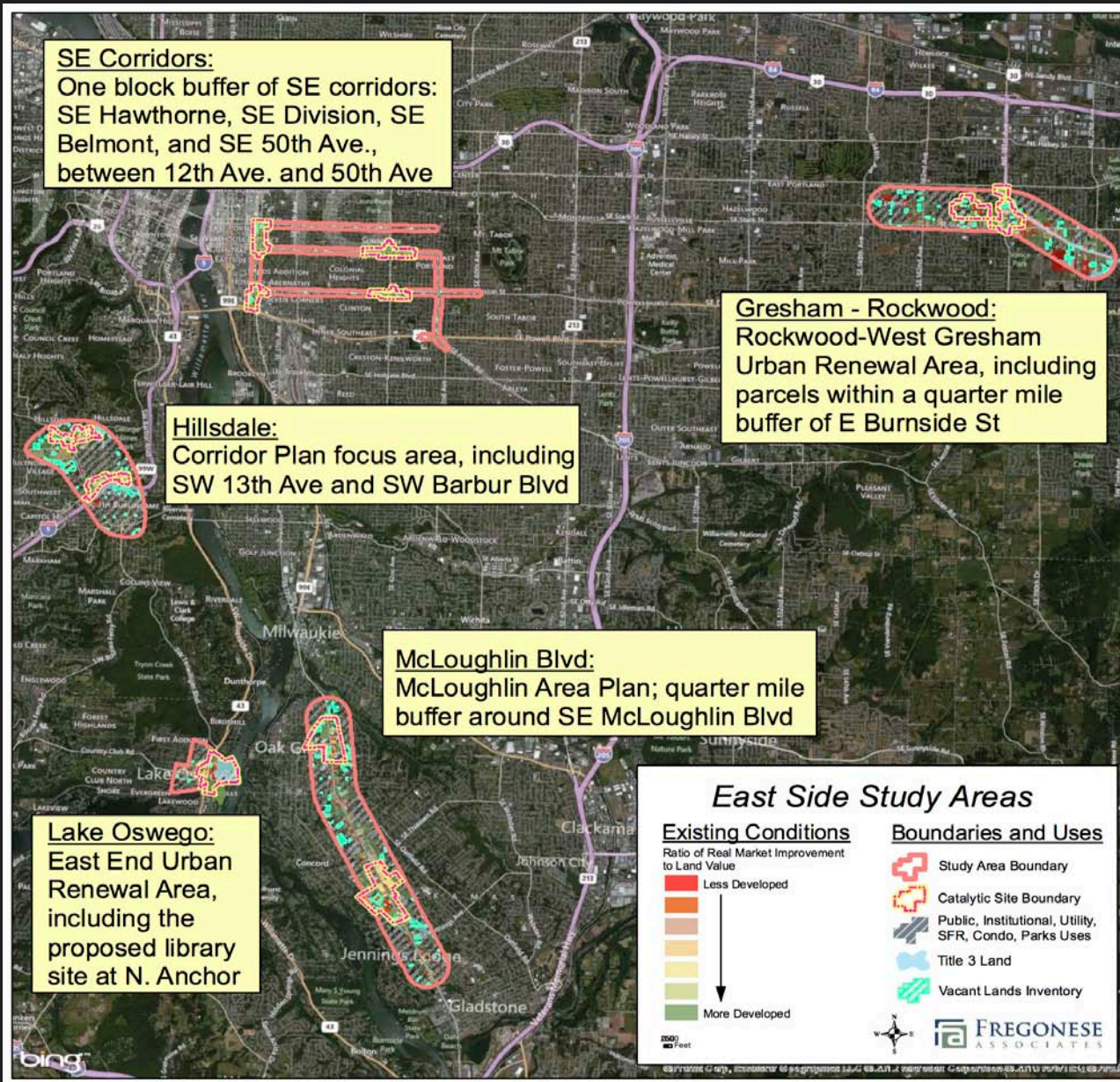- **Cost side**

# Methods:
## 2. Parcelization in context

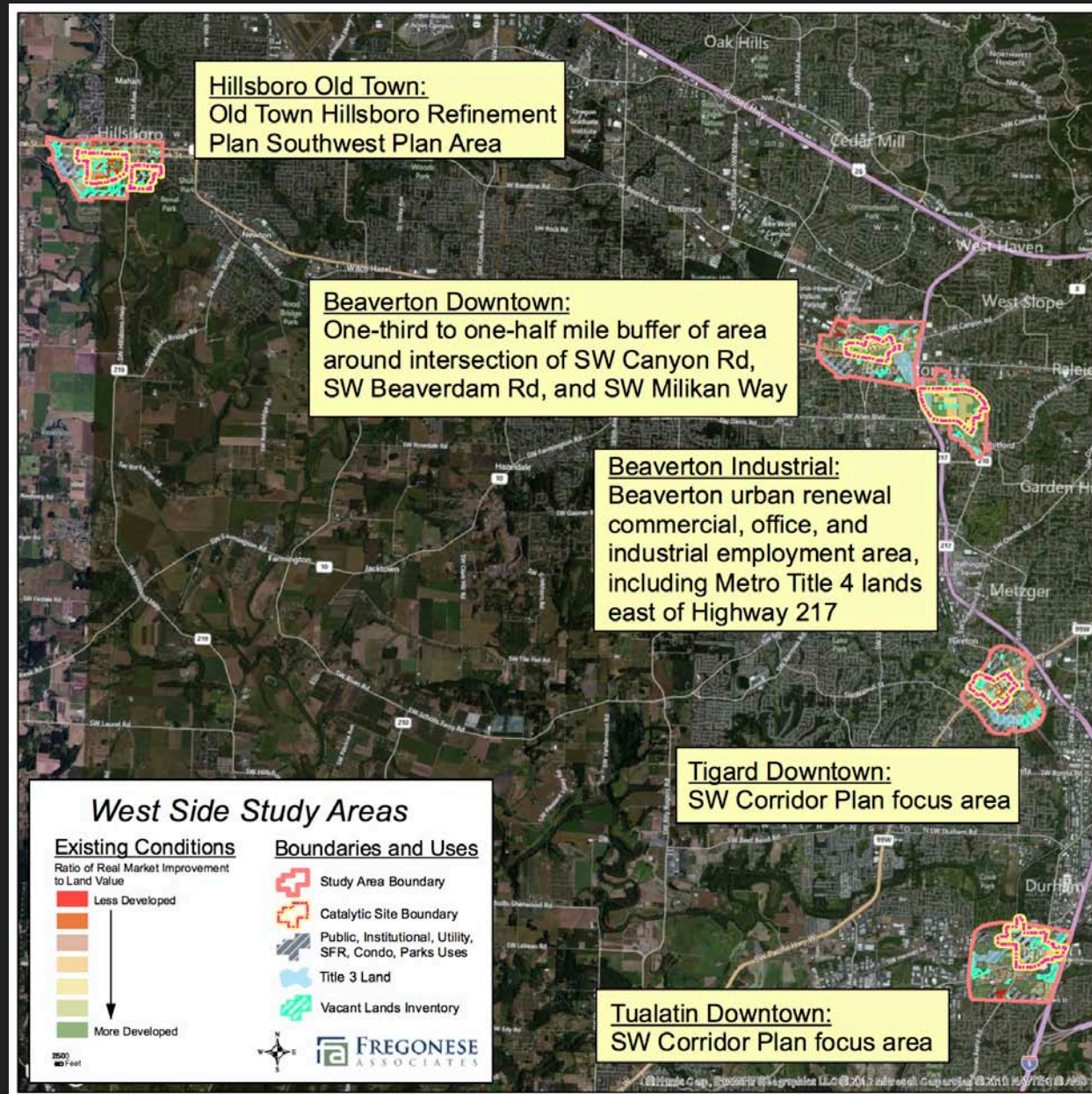# Methods:

## 3. Case-study approach

**Westside Case-Study Areas**

Hillsboro Old Town:
Old Town Hillsboro Refinement Plan Southwest Plan Area

Beaverton Downtown:
One-third to one-half mile buffer of area around intersection of SW Canyon Rd, SW Beaverdam Rd, and SW Milikan Way

Beaverton Industrial:
Beaverton urban renewal commercial, office, and industrial employment area, including Metro Title 4 lands east of Highway 217

Tigard Downtown:
SW Corridor Plan focus area

Tualatin Downtown:
SW Corridor Plan focus area

*West Side Study Areas*

Existing Conditions
Ratio of Real Market Improvement to Land Value
Less Developed
More Developed

Boundaries and Uses
Study Area Boundary
Catalytic Site Boundary
Public, Institutional, Utility, SFR, Condo, Parks Uses
Title 3 Land
Vacant Lands Inventory

FREGONESE ASSOCIATES

# **Findings**

Organization:

1. Developer perspective and obstacles to development (Ch 3, pages 15 – 17; 26 - 30 )

2. Case-study area and site results (Ch 3, pages 17 – 30)

3. Impacts of parcelization on development in centers (Ch 3, pages 30 - 33)

4. Public actions that address parcelization and the development challenges it may create (Ch 4)

# Findings: 1. Developer perspective; obstacles

- Multiple factors on cost and revenue side

- Every development is different

- Market factors usually more important than policy factors

- Policy should focus on fixable obstacles (esp. zoning and infrastructure)

- Help on either revenue or cost side; catalytic development usually critical.

# Findings: 2. Case-study areas and sites results

- More parcelization in case-study areas than for region on average

- Land availability *potential* development obstacle in all case-study areas

- Other obstacles: market, policy, and site conditions

- Results for sites are varied

# Findings: 2. Case-study areas and sites results

| | Parcel Size / Shape | | nditions | Existing Site Conditions |
|---|---|---|---|---|
| | | | | |

# Findings: 3. Impacts on development in centers

- Parcelization not usually important obstacle

- Not fatal to the kind of development desired

- Worse as parcels get smaller or oddly shaped

- But…a critical problem in <u>some</u> instances

# Findings: 4. Public actions

Policies to reduce:

1. *New* parcelization

2. E*xisting* parcelization

3. Problems *caused* by parcelization

# Findings:
## 1. Public actions, Reducing *new* parcelization

- Deal with <u>future</u> problems

- How? Plan and zone for lower density in some areas

- Easier, but undesired effect of making densification more difficult

- No simple answer. Tradeoffs. Get the planning right.

**Findings:**
**2. Public actions, Reducing *existing* parcelization**

Land assembly with a <u>single</u> owner

- Outright land purchase by public sector

- Donation of land or grant to public sector

- Outright land purchase by a foundation

- Purchase options

- Acquisition of surplus state or county held land

**Findings:**
**2. Public actions, Reducing *existing* parcelization**

Land assembly with <u>multiple</u> owners

- Cooperative land bank

- Public / private sector partnership

- Limited Liability Corporation (LLC)

- Horizontal development entity

**Findings:**
**2. Public actions, Reducing *existing* parcelization**

*Public sector* land assembly best practices (1)

- Narrow, well-defined goals

- Citywide coordination and cooperation between internal and external partners

- Legal structures that provide some independence

- Robust parcel management information system

**Findings:**
**2. Public actions, Reducing *existing* parcelization**

*Public sector* land assembly <u>best practices</u> (2)

- Implementation tied to long-term strategic visioning

- Very limited use of eminent domain and judicial foreclosure; clear guidelines

- Flexible, diverse funding sources

**Findings:**
**2. Public actions, Reducing *existing* parcelization**
*Private sector* land assembly <u>best practices</u> (1)

- Streamline the process

- Align terms when closing multiple parcels

- Keep the deal simple; few parcels and owners

- Take full legal control of parcels for assembly

**Findings:**

**2. Public actions, Reducing *existing* parcelization**

*Private sector* land assembly <u>best practices</u> (2)

- Be careful about master planning arrangements

- Expect prices well above appraised amount

- Alternatives to outright purchase: optioning or land swapping

# Findings:
## 3. Reducing problems caused by parcelization

- Reduce parking requirements

- Relax building restrictions

- Provide off-site amenities

# Summary Conclusions

- Not best addressed at regional level; rather, specific site or neighborhood.

- For local governments

1. Understand that parcelization *can* be a problem

2. Evaluate extent of problem on sites that public policy wants developed soon and in a specific way

3. Decide level of public effort for (a) reducing parcelization or (b) offsetting the costs it creates

# Contact ECONorthwest



**Portland**
The KOIN Tower
222 SW Columbia Street
Suite 1600
Portland OR 97201
503.222.6060

**Boise**
The Banner Bank Building
950 W Bannock Street
11th Floor
Boise, ID
208.918.0617

**Eugene**
The Atrium Building
99 W Tenth Avenue
Suite 400
Eugene, OR 97401
541.687.0051