

 **Metro | Agenda**

Meeting: Metro Policy Advisory Committee (MPAC)
Date: Wednesday, Oct. 8, 2014
Time: 5 to 7 p.m.
Place: Metro, Council Chamber

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|----------------------------|-----------|--|---|
| 5:00 PM | 1. | <u>CALL TO ORDER</u> | Peter Truax, Chair |
| 5:05 PM | 2. | <u>SELF INTRODUCTIONS & COMMUNICATIONS</u> | Peter Truax, Chair |
| 5:10 PM | 3. | <u>CITIZEN COMMUNICATIONS ON NON-AGENDA ITEMS</u> | |
| 5:15 PM
(5 Min) | 4. | <u>COUNCIL UPDATE</u> | Metro Council |
| 5:20 PM
(5 Min) | 5. | <u>CONSENT AGENDA:</u> | |
| | * | • Consideration of Sept. 10, 2014 Minutes | |
| 5:25 PM
(65 Min) | 6. | * <u>GROWTH MANAGEMENT DECISION: DISCUSS RESIDENTIAL COMPONENT OF DRAFT 2014 URBAN GROWTH REPORT - DISCUSS AND BEGIN FRAMING NOV. 12TH RECOMMENDATION TO METRO COUNCIL</u> | Ted Reid, Metro
John Williams, Metro |
| 6:30 PM | 7. | <u>MPAC MEMBER COMMUNICATION</u> | |
| 7:00 PM | 8. | <u>ADJOURN</u> | Peter Truax, Chair |

* Material included in the packet.

** Material will be distributed in advance of the meeting.

Upcoming MPAC Meetings:

- Wednesday, October 22, 2014 MPAC Meeting
- Friday November 7, 2014 Joint MPAC/JPACT Meeting, World Forestry Center, Cheatham Hall
- Wednesday, Nov. 12, 2014 MPAC Meeting

For agenda and schedule information, call Jessica Rojas at 503-813-8591, e-mail: Jessica.rojas@oregonmetro.gov
To check on closure or cancellations during inclement weather please call 503-797-1700.

Continued on back...



2014 MPAC Work Program

As of 9/30/14

*Items in italics are tentative; **bold** denotes required items*

<p>MPAC Meeting- Extended to 7:30 p.m. Wednesday, Sept. 10, 2014</p> <ul style="list-style-type: none">• Growth Management Decision: Results of regional Residential Preference Survey and discussion of policy questions– <u>Information / Discussion</u> (30 Minutes, Ted Reid)• Climate Smart Communities Scenarios Project: Discuss draft approach evaluation results, estimate costs and draft implementation recommendations – <u>Information / Discussion</u> (45-60 min, Kim Ellis)• Solid Waste Community Enhancement Program Changes – <u>Information / Discussion</u> (30 Minutes Roy Brower) <p>FYI: A comment period is planned from Sept. 15 to Oct. 30, 2014 on the Climate Smart Communities draft approach and draft implementation recommendations.</p> <p>FYI: 2014 Rail~Volution,</p> <ul style="list-style-type: none">• Minneapolis, MN, September 21 – 24	<p>MPAC Meeting Wednesday, Oct. 8, 2014</p> <ul style="list-style-type: none">• Growth Management Decision: Discuss residential component of draft 2014 Urban Growth Report – <u>discussion and begin framing Nov. 12th recommendation to Metro Council</u> (65 min, Ted Reid, John Williams)
<p>MPAC Meeting Wednesday, Oct. 22, 2014</p> <ul style="list-style-type: none">• Climate Smart Communities Scenarios: Continue to shape short list of toolbox actions & discuss options to demonstrate region’s commitment to implementation – <u>discussion leading to Nov. 7th joint meeting and Dec. 10th recommendation</u> (30 min, Kim Ellis)• 2015 Growth Management Decision (60 min, Ted Reid, John Williams):<ul style="list-style-type: none">○ Draft 2014 Urban Growth Report (UGR) Assessment of Employment Capacity Needs○ Regional Industrial Site Readiness• <i>Call for volunteers to serve on MPAC nominating committee for 2015 officers</i>	<p>Joint MPAC/JPACT Meeting Friday, November 7, 2014 (8 a.m. to noon) World Forestry Center, Cheatham Hall</p> <ul style="list-style-type: none">• Climate Smart Communities Scenarios Project: Discuss public comments and potential refinements to draft approach and implementation recommendations – <u>discussion and begin framing Dec. 10th recommendation to Metro Council</u>

MPAC Meeting

Wednesday, Nov. 12, 2014

- Growth Management Decision: Recommendation to Metro Council on Council acceptance of draft 2014 Urban Growth Report as basis for subsequent growth management decision – **Recommendation to Metro Council** (60 min, Ted Reid, John Williams)
- Climate Smart Communities Scenarios: Discuss policy topics identified on Sept. 10th & Nov. 7th – discuss, continue framing Dec. 10th recommendation to Metro Council (30 min, Kim Ellis)
- *Approval of MPAC nominating committee for 2015 officers*

FYI: National League of Cities Congress of Cities and Exposition, Austin, TX, November 18 - 22

MPAC Meeting

Wednesday, Dec. 10, 2014

- Climate Smart Communities Scenarios Project: Recommendation on adoption of the preferred approach and implementation recommendations – **Recommendation to the Metro Council** (60 min, Kim Ellis)

Parking Lot:

- Presentation on health & land use featuring local projects from around the region
- Affordable Housing opportunities, tools and strategies
- Greater Portland, Inc. Presentation on the Metropolitan Export Initiative
- MPAC composition
- “Unsettling Profiles” presentation by Coalition of Communities of Color
- Tour of the City of Wilsonville’s Villebois community



METRO POLICY ADVISORY COMMITTEE (MPAC)

September 10, 2014

Metro Regional Center, Council Chamber

MEMBERS PRESENT

Ruth Adkins
Jody Carson, *Chair*
Sam Chase
Tim Clark, *2nd Vice Chair*
Denny Doyle
Andy Duyck
Maxine Fitzpatrick
Kathryn Harrington
Jerry Hinton
Dick Jones
Keith Mays
Anne McEnerney-Ogle
Doug Neeley
Craig Prosser
Loretta Smith
Bob Stacey
Jerry Willey
Peter Truax, *1st Vice Chair*

AFFILIATION

PPS, Governing Body of School Districts
City of West Linn, Clackamas Co. Other Cities
Metro Council
City of Wood Village
City of Beaverton, Washington Co. 2nd Largest City
Washington County
Citizen, Multnomah Co. Citizen
Metro Council
City of Gresham
Oak Lodge Water District
Washington Co. Citizen
City of Vancouver
City of Oregon City, Clackamas Co. 2nd Largest City
Trimet
Multnomah County
Metro Council
City of Hillsboro, Washington Co. Largest City
City of Forest Grove, Washington Co. Other Cities

MEMBERS EXCUSED

Jeff Gudman
Marilyn McWilliams
Wilda Parks
Martha Schrader

AFFILIATION

City of Lake Oswego
Tualatin Valley Water District
Citizen, Clackamas Co. Citizen
Clackamas County

ALTERNATES PRESENT

Jennifer Donnelly
Jeff Swanson

AFFILIATION

Oregon Dept. of Land Conservation & Development
Clark County

Staff:

Nick Christensen, Alexandra Eldridge, Kim Ellis, Alison Kean, Ken Ray, Jessica Rojas, Nikolai Ursin, John Williams, Ina Zucker.

1. CALL TO ORDER AND DECLARATION OF A QUORUM

MPAC Chair Jody Carson called the meeting to order and declared a quorum at 5:01 p.m.

2. SELF INTRODUCTIONS & COMMUNICATIONS

3. CITIZEN COMMUNICATION ON NON-AGENDA ITEMS

No citizen communications on non-agenda items.

4. COUNCIL UPDATE

Councilor Sam Chase provided members with an update on the following items:

- The region's newest park, Scouters Mountain Nature Park opened August 28, 2014, covering 100 acres above Happy Valley. The Scouters Mountain Nature Park was a former Boy Scout camp and is the first park opened on lands purchased with the 2006 natural areas bond measure. The park is open sunrise to sunset. For more information please visit oregonmetro.gov/parks/scouters-mountain-nature-park
- The Powell-Division online transit survey is available through Friday, September 19, 2014. The survey is intended to garner public input as to what type of transit should be offered and where it should go. The survey takes five to ten minutes and is available at oregonmetro.gov/powelldivision the survey will help inform discussions at during the Steering Committee on September 29th to help narrow the route and possible transit options.

5. CONSENT AGENDA

- Consideration of Aug. 13, 2014 Minutes
- Consideration of May 30th Joint MPAC/JPACT Minutes
- MTAC Nominations for MPAC Consideration

MOTION: Moved by Commissioner Loretta Smith and seconded by Mayor Doug Neeley.

ACTION: With all in favor, the motion passed.

6. METRO'S SOLID WASTE COMMUNITY ENHANCEMENT PROGRAM: UPDATE ON UPCOMING STAFF RECOMMENDATION TO COUNCIL

Roy Brower of Metro provided an update on the Solid Waste program regarding proposed updates that will have an effect on various communities hosting certain solid waste facilities. Mr. Brower offered details of the updates to the existing program intended in establishing a framework for future program implementation and administration. Mr. Brower offered background details of the current program, including revenue collected in supporting local enhancement projects. Examples of those beneficiary projects provided are environmental education, landscaping and invasive plant removal. Mr. Brower overviewed details of the framework and collection rates, including an overview of the challenges faced in relation to the existing codes, offered details on eligible sites that the updates could apply to.

Mr. Brower differentiated between what is eligible and what is not in the proposed framework. He included details of the establishment of an intergovernmental agreement on the different facilities.

Key recommendations included:

- Specify the types of eligible and ineligible solid waste facilities.
- Exclude yard debris-only activities from the program.
- Implement at all eligible facilities in the Metro region, to level playing field.
- Increase enhancement fee from \$.50 to \$1.00 per ton.

Next steps in the timeline for implementation:

- October 16 – Ordinance to Council (1st reading).
- October 30 – Council public hearing and decision.
- Nov. 2014 to May 2015 – IGAs adopted-committees established.
- July 1, 2015 – Implement updated program / fees effective.

Member questions and comments included:

- Members asked questions as to how privately owned facilities would they be procured.

Mr. Brower responded that Metro would not take over these facilities but would implement a tipping fee.

- Members asked questions pertaining to the Recology plant in North Plains, if or how it would be impacted by the practice of taking food scraps.

Mr. Brower responded that Metro cannot impose a fee on Recology as it is not a part of the UGB

- Members asked questions as to if we would be taxing carbon twice.

Mr. Brower responded that he does not believe so, as we do not have any active landfills in the boundary.

- Members asked questions as to what rates are currently accepted by these entities.

Mr. Brower responded that the fee would be a new standard and currently does not know the answer to that question.

- Members asked clarifying questions in regards to the outreach.

Mr. Brower responded that it will take some time to get informed and ramped for public outreach.

- Members offered experience from their respective districts, from how the requests are conducted to how they fund projects based on what is available; expressed support for the tipping fees that provide funding for non profits in their part of the region.

7. GROWTH MANAGEMENT DECISION: RESULTS OF REGIONAL RESIDENTIAL PREFERENCE SURVEY

John Williams of Metro offered opening remarks in relation to the results of Regional Residential Preference Survey. Mr. Williams highlighted a memo that was distributed, that indentifies corrections made to the Urban Growth Report (UGR) that have an impact on the projections made to the region's housing demand.

Mr. Williams overviewed the corrections, with the first correction focused on the report's calculations for housing demand. The UGR previously included household data for the entire seven-county metropolitan area, versus utilizing data limited to the area within the Metro UGB. The second correction pertained to lands added to the UGB by the Oregon Legislature in March 2014 under House Bill 4078, which addressed the designation of urban and rural reserves and made changes to the urban growth boundary. Based on feedback from the city of Forest Grove, the revised draft report will count lands added near Forest Grove as industrial, rather than residential. The outcome will be an increase to the regional surplus of industrial land.

Mr. Williams clarified to members that the corrections made result in a larger surplus of single-family housing capacity than previously identified in the draft report, while the multifamily surplus is reduced. Mr. Williams referred members to the Residential Preference Survey as a topic associated, and acknowledged upcoming meetings that will provide opportunity for greater discussion on the UGR, and referenced MTAC as working to prepare recommendations on the UGR for MPAC.

Chair Carson offered introductory remarks on the results of the Regional Preference Survey to help member understand the role that the Regional Residential Preference Survey plays in preparing for the Metro Council's action on the Urban Growth Management decision. Chair Carson introduced Ted Reid of Metro, Dave Nielsen from the Home Builders of Metropolitan Portland and Rob Dixon from the City of Hillsboro to present on the results of the Residential Preference Survey. Chair Carson informed members that there will be further opportunity for discussion on this topic at the upcoming meeting on Oct. 8, 2014.

Rob Dixon offered details of interest and experience from the city of Hillsboro on the survey results. Ted Reid overviewed results of the study and offered comments in the experience in partnering with other jurisdictions in the study. Aspects studied in the survey included neighborhood types used in survey and how the opinion polling was conducted.

Takeaways included:

- Of those polled, a strong majority prefer to live in a single-family detached home, a consistent theme across all counties.
- Through public engagement activities, 48% of those polled prefer to live in an urban neighborhood or town center.
- Current residents of an urban central or downtown neighborhood types have the highest likelihood of choosing their current neighborhood type.
- Current residents of rural neighborhoods place the most importance on owning a single-family detached home, and will move to a more urban neighborhood in order to own.
- Current residents of urban central or downtown neighborhoods place the least importance on housing type and ownership, and will choose to stay in downtown regardless of type and ownership.
- Commute time has the smallest impact on choices of all the trade-offs analyzed.
- Other aspects that mattered strongly to those polled include price, safety of neighborhood, characteristics of the house itself, the variety of preferences for yard size and a majority that desire a neighborhood that provides activities within a 15-minute walk.

Mr. Reid poised members to the policy considerations from the draft 2014 Urban Growth Report for discussion and revealed details of the survey responses broken down by county and the various types of engagement utilized.

Dave Nielsen from the Home Builders of Metropolitan Portland invited members to think about what the housing industry may need to do to accommodate the needs and preferences. Mr. Nielsen asked members to think strategically about the desire and a market for more urban friendly environments, walkable communities, as one of the challenges. Mr. Nielsen also asked members to think about how the preference study leads into the UGR, how this impacts the report and if we are on track to providing the housing needs for the region.

Questions and comments included:

- Members offered comments on proactive leadership in balancing the needs of the community, and meeting the demand for multifamily versus the single family homes.

Mr. Nielsen replied to the importance of looking at the long term trends versus looking at the trend at the moment.

- Members offered comments to their jurisdiction's experience on housing developments and asked specific questions as to the outcomes.

Mr. Nielsen offered background history on certain types of developments and how they work with the community.

- Members commented on community displacement and locating resources and ways to increase affordability, as displacement affects students. Members inquired on creating a new approach of family friendly housing in the core, working with the school planning so families can afford to work, play and have access to school.

Mr. Nielsen responded that these are critical and important decisions, don't just read the executive summaries, ask questions on what you do not understand.

- Members asked if there was any information about the incomes of the survey participants.

Mr. Reid responded that those questions were asked, in regards to race and class.

- Members commented on the trends they have observed, as people not wanting to live in the metro area, asked questions as to where will all these families become situated.

Mr. Nielsen responded to the certain constraints that other areas have UGBs as well and offered details on the availability out there. He offered names of communities where there is opportunity to build and background on the restrictions and constraints.

- Members offered comments on the discussions held at Clark County, with tradeoffs on residential development. Members asked how to finance from a public standpoint.

Mr. Nielsen responded that expanding in the wrong areas can be a bad idea, referenced Damascus and Portland's experiences in expanding sewer services.

- Members offered comments and asked questions on the definition of buildable land inventory, and to the conversation of refill and infill possibilities.

8. GROWTH MANAGEMENT DECISION: MPAC DISCUSSION OF POLICY TOPICS TO PRIORITIZE FOR DISCUSSION IN OCTOBER AND NOVEMBER PRIOR TO MAKING RECOMMENDATION TO COUNCIL

Chair Carson introduced the growth management decision as a discussion topic, reminding members that as a part of the draft 2014 urban growth report conversations that will continue into fall with a formal recommendation to the Council on November 12th. Chair Carson referred members to the memo in the packet providing an overview of policy considerations.

Mr. Williams led a discussion on possible questions for discussion on the growth management decision, as an opportunity is to identify and prioritize what questions are important to cover in making a recommendation on the growth management decision.

Comments and questions included:

- Members offered comments of appreciation for including industrial land on the inventory.

- Chair Carson poised members to ask questions to anything in particular that would direct staff to bring forth in making a recommendation.
- Members expressed a desire to provide more family friendly housing included in the discussion and to make sure that schools are included in that conversation.
- Chair Carson suggested having a discussion on how to do mixed use planning across the region, in order to balance the housing and work across boundaries.

Mr. Williams mentioned that MTAC is working on developing questions for MPAC recommendations to Council.

Councilor Kathryn Harrington highlighted the appendices section as a very easy to approach to understanding the report. She offered organizational suggestions as to keeping track of the discussions and on how to frame the upcoming decisions, reminding the committee of their charge. Councilor Bob Stacey also reminded members that the appendices are available to any jurisdiction that wants access as it really outlines the scope of the work. Please send those requests to John Williams.

- Members asked if the appendices reflect all jurisdictions.

Staff responded that the appendices are inclusive of all of all jurisdictions.

9. CLIMATE SMART COMMUNITIES SCENARIOS PROJECT: DISCUSS RESULTS OF DRAFT APPROACH EVALUATION, INCLUDING ESTIMATED COSTS

Chair Carson provided opening remarks in preparation of the discussion on the Climate Smart Communities (CSC) Scenarios Project. Chair Carson reminded members of that the current discussion was a part of a series of discussions leading up to the Metro Council taking action on Dec. 18, 2014. She encouraged members to ask questions, with time set aside for the end of the presentation for a facilitated discussion with Mr. Williams. Chair Carson also referred members to the save-the-date flyers for the Nov. 7th joint meeting and acknowledged an RSVP email that members should anticipate before the end of the week.

Councilor Stacey offered comments on the upcoming decisions in regards to CSC project, reminded members of the decisions that have been made and the deadline for the decision making process. Councilor Stacey explained to members that the target reduction is at 20% and the scenario selected to be tested is at 29% and that will achieve some savings in health costs, which will provide overall savings for households across the region.

Kim Ellis of Metro reviewed the results and reviewed the steps in the draft implementation and offered opportunity for members to identify topics of interest, to best utilize members time, in preparation of the joint meeting that will focus on making a final recommendation to Council on the preferred approach. Ms. Ellis overviewed the slides, highlighting the results from the draft recommendation and referred members to the summary that was included in the packet. Ms. Ellis offered the details on how the approach was developed in consideration of local jurisdictions plans, explaining that analysis demonstrates that if we keep investment at current levels, the target will not be met.

10. CLIMATE SMART COMMUNITIES SCENARIOS PROJECT: DISCUSS DRAFT IMPLEMENTATION RECOMMENDATIONS, INCLUDING TOOLBOX OF POSSIBLE EARLY ACTIONS AND PERFORMANCE MONITORING APPROACH

Ms. Ellis referred members to the supplemental document that identified grant funding in the draft approach; highlighting investments that could save the region a significant amount of health care costs. The savings were calculated by the same statistics that the USDOT utilizes. Other topics Ms. Ellis reviewed included a report of the reduction of reduced delay and how costs associated will eventually translate into savings and the overall savings from the draft approach. Ms. Ellis offered members statistics as to how much needs to be invested by 2035 from the travel, technology, transit and active transportation fields, with total costs estimated at 24 billion over a 25 year period. Ms. Ellis differentiated between the difference of what we currently spend and what is needed.

Ms. Ellis offered members through the “tool box” of early actions in assisting policy makers in deciding the final approach, which include:

- Legislative changes
- Policy changes
- Partnerships and coalition building
- Technical assistance and grant funding
- Education and awareness
- Planning and design
- Transportation investments
- Research

Ms. Ellis reviewed slides with members and provided context to each of the principles in the CSC scenarios, explained to members that there is no one size fits all approach. The CSC toolbox hopes to create more partnerships with other organizations, and look at how to fund the region’s transportation needs. Ms. Ellis explained that the work will get integrated into the Regional Transportation Plan (RTP) with the state in review of their assumptions for jurisdictions to meet these targets. Ms. Ellis offered the option of amending the text in certain policies areas to accurately reflect what is intended with the draft being released this fall.

Next steps include:

- September through October: Report back results to advisory committees and stakeholders.
- September 15th through October 30th: Public review of draft preferred approach.
- October 30th: Council public hearing.
- November through December: Advisory committees discuss implementation recommendations and public comments to shape recommendation to the Metro Council.
- November 7th: Joint MPAC and JPACT meeting.
- December 10th and 11th MPAC and JPACT make recommendation to the Metro Council.
- DEC. 18 Final action by Metro Council.

Questions and comments include:

- Members asked questions in regards to funding and the translation of savings and who benefits.

Ms. Ellis responded that is a question as to how do we share the savings and how to access the information on the savings region wide.

- Members offered their maximum support for other jurisdictions and asked questions in regards to the tool box identifying the actions that provide the best return or outcome.

Ms. Ellis responded in regards to the priorities and range of actions, identified the need to support key actions awhile supporting the local jurisdictions' plans.

- Members inquired if it would be helpful to set up a communication tool in identifying who wants to support certain goals and to support jurisdictions in the communications and coordination processes.
- Members offered comments on the process and where the best investments can be achieved, through identifying the incentives for early adoption and opportunities to officially request staff to prioritize the list where the gains can be made, allowing jurisdictions to combine efforts.
- Members inquired about funding for community transportation projects.

Ms. Ellis responded that the Service Enhancement plan is an opportunity to participate in identifying those service needs as a part of a bigger discussion on transportation.

- Members commented on the loss of federal funded and mentioned alternatives such as ride connection, opportunities with Trimet and meeting with constituents to seek ways and assess commitment in finding the funding.
- Members offered comments and asked questions in regards to policy 6 in the Vision Zero vision strategy, the tool kit and the next major update of the Regional Travel Plan (RTP).

Ms. Ellis referenced page 5, the adopted Vision Zero strategy, offered background on the program in reducing fatalities on the transportation system.

- Members commented on the tools, and increasing access to electrical vehicles and how to increase vehicle fees to compensate for decreased funding from fuel taxes.
- Members asked clarifying questions in regards to commitment across jurisdictions.
- Ms. Ellis responded that commitment is pending on local jurisdictions to have a discussion with other jurisdictions and to address concerns of accountability.
- Members asked questions as to if there is proposed efforts to track how this is working across the region.

Ms. Ellis reiterated on the existing processes and what is already tracked, based on what is already required to be reported, explained that each time the RTP is updated there will be opportunity to reassess.

11. CLIMATE SMART COMMUNITIES SCENARIOS PROJECT: MPAC DISCUSSION OF POLICY TOPICS TO PRIORITIZE FOR DISCUSSION IN OCTOBER AND NOVEMBER PRIOR TO MAKING RECOMMENDATION TO COUNCIL ON DEC. 10th

Mr. Williams provided opening remarks as to moving forward with the implementation process and provided time for members to identify what is the best way to seek recommendation. Chair Carson reminded members the time allotted in the agenda is in preparation for the Oct 22nd MPAC meeting. Comments and questions included:

- Members asked questions about the level of investment options presented, offered comments and suggestions in comparing different strategies, as well as the costs and benefits.
- Members inquired if there was a draft agenda developed.

Mr. Williams responded that this conversation is an opportunity to confirm that conversations are still directed where the committee left off at.

Mr. Williams referred to Sam Imperati, who will be facilitating the discussion.
 Mr. Imperati spoke to the committee on the level of commitment and the importance of identifying the topics ahead of the agenda.

12. MPAC MEMBER COMMUNICATION

Chair Carson informed members of the upcoming tour of the Willamette River, held during the 125th year anniversary of the paper mill the weekend of September 13th.
 Mayor Peter Truax September 20-21st in the International Air show, among other great events held in Forest Grove.

Chair Carson adjourned the meeting at 7:20 p.m.

Respectfully Submitted,
 Jessica Rojas



Recording Secretary

ATTACHMENTS TO THE PUBLIC RECORD FOR SEPTEMBER 10, 2014

ITEM	DOCUMENT	DOC	DOCUMENT DESCRIPTION	DOCUMENT
	TYPE	DATE		No.
7	Memo	9/10/14	Corrections to the draft 2014 Urban Growth Report's housing needs analysis	91014m-01
9	Handout	Fall 2014	Climate Smart Communities Scenarios Project- Key Findings	91014m-02
11	Handout	N/A	Save the date: Joint JPACT/MPAC meeting	91014m-03
6	PPT	9/10/14	Solid Waste Community Enhancement Program Update	91014m-04
7	PPT	9/10/14	2014 Residential Preference Study	91014m-05
9	PPT	9/10/14	Draft Climate Smart Approach	91014m-06

MPAC Worksheet

Agenda Item Title: 2015 urban growth management decision: residential component of the draft 2014 Urban Growth Report

Presenter: Ted Reid, Senior Regional Planner, Metro
John Williams, Deputy Director for Community Development, Metro

Contact for this worksheet/presentation: Ted Reid, 503-797-1768, ted.reid@oregonmetro.gov

Council Liaison Sponsor: none

Purpose of this item (check no more than 2):

Information x
Update
Discussion x
Action

MPAC Target Meeting Date: October 8, 2014

Amount of time needed for:

Presentation 20
Discussion 45

Purpose/Objective:

Provide MPAC with the opportunity to discuss policy advice to the Metro Council regarding the residential component of the draft 2014 Urban Growth Report (UGR). Two important components of the draft UGR are the range forecast for population and employment growth and the buildable land inventory. Staff requests that MPAC focus its discussion on whether these two components of the draft UGR provide the Metro Council with a reasonable basis for ongoing policy discussions.

Action Requested/Outcome:

No action requested at this time. MPAC will be asked for a formal recommendation on November 12.

Outcome:

- MPAC understands:
 - What the December 4, 2014 UGR resolution is intended to accomplish and implications for ongoing growth management discussions in 2015
 - The technical engagement process and results of the draft residential analysis
 - The policy context that guides the draft residential analysis
- MPAC begins to formulate a policy recommendation to the Metro Council, including:
 - Whether the draft 2014 Urban Growth Report provide enough information to support ongoing growth management policy discussions in 2015:
 - Does the range forecast for population and employment growth provide a reasonable basis for ongoing policy discussions?

- Does the buildable land inventory provide a reasonable basis for ongoing policy discussions?
- Does the draft UGR's estimates of how current plans and policies may play out in the future provide a reasonable basis for ongoing policy discussions?
- Topics that should be identified in the December 4, 2014 UGR resolution for additional discussion in 2015, in advance of the Council's 2015 urban growth management decision.

Background and context:

Metro, local jurisdictions and the private sector work on a continuous basis to maintain and improve the region's quality of life and to prepare for population and employment growth. Many policy and investment decisions are used to achieve those ends. The regional growth management decision is one of those tools and provides a venue for the region to assess its performance. In July 2014, Metro staff released a draft 2014 Urban Growth Report. One component of the report is its analysis whether current plans and policies provide the means to accommodate future housing growth over the next 20 years. On September 10, 2014, Metro staff notified MPAC of corrections to the draft report. A revised draft report is included in MPAC's October 8, 2014 meeting packet.

MPAC has discussed the growth management topic on several occasions this year:

January 8, 2014:	Recent economic conditions and how they influence the outlook for the forecast
February 12, 2014:	Accuracy of past regional forecasts
April 23, 2014	Staff and Dr. Tom Potiowsky of Portland State University described the draft 2015-2035 forecast and its peer review process
July 23, 2014	Overview of the draft 2014 Urban Growth Report
September 10, 2014	Preliminary results of the residential preference study; overview of revisions to the draft 2014 Urban Growth Report

Additional MPAC discussions of this topic are scheduled for fall 2014. On December 4, 2014, the Metro Council will be asked to consider whether the report provides enough information and if there are additional topics that the Council would like to discuss in advance of making a growth management decision in 2015. On November 12, MPAC is scheduled to make a recommendation to the Metro Council on whether to accept the 2014 Urban Growth Report by resolution.

What has changed since MPAC last considered this issue/item?

On September 23, 2014, the Metro Council discussed the residential component of the draft UGR in a work session. Council requests that MPAC discuss the policy considerations highlighted in the draft 2014 Urban Growth Report and summarized in the August 15, 2014 memo from Ted Reid to MPAC. Council also indicated that, before making a 2015 urban growth management decision, it would like to devote work session times to hearing from cities around the region about their community plans.

The Metro Technical Advisory Committee (MTAC) will be discussing this topic at their October 1 meeting. Staff will summarize MTAC's recommendations at MPAC's October 8 meeting.

What packet material do you plan to include?

- Revised draft 2014 Urban Growth Report
- August 15, 2014 memo from Ted Reid to MPAC that highlights policy considerations from the draft report

- Draft of Council resolution for the purpose of accepting the draft 2014 Urban Growth Report

What is the schedule for future consideration of item?

October 22, 2014

Update of the Regional Industrial Site Readiness project
Employment component of the draft 2014 UGR

November 12, 2014

MPAC formal recommendation to Council:

Does the Urban Growth Report provide the Council with a reasonable basis for the growth management decision that it will make in 2015?

December 4, 2014

Council consideration of final 2014 Urban Growth Report as basis for its 2015 growth management decision (using range forecast).

Spring 2015

Opportunities for MPAC and Council to gain a better understanding of individual cities' plans for their communities.

Summer 2015

MPAC discussion of Council's potential growth management options and risks and opportunities of planning for different points in the range forecast

September 2015

Release of Chief Operating Officer recommendation on growth management decision, including point in range forecast for which to plan.

Fall 2015

MPAC formal recommendation to Council:

- Using the approved 2014 Urban Growth Report as a basis, how much housing and employment growth should the Council plan on inside the UGB?
- What measures should the Council adopt to address growth capacity needs (if any)?

By December 2015

Council makes growth management decision, including choosing point in range forecast for which to plan.



Date: August 15, 2014
To: MPAC
From: Ted Reid, project manager for 2015 urban growth management decision
Re: 2015 growth management decision: policy considerations

Background

The 2014 Urban Growth Report (UGR) will be a basis for the urban growth management decision that the Metro Council intends to make before the end of 2015. Under state law, the Metro Council needs to adopt a final UGR by the end of 2014. MPAC plays a role by making a formal recommendation to the Metro Council on the UGR as well as the growth management decision.

In late July 2014, Metro staff released a draft UGR for discussion by the Council, MPAC, and others. The draft UGR is the result of a year-and-a-half of technical engagement with public and private sector experts on the region's population and employment growth forecast and its buildable land inventory. At MPAC's July 23, 2014 meeting, Metro staff provided an overview of the draft UGR. MPAC will continue its discussion of the draft UGR this fall, leading to a formal recommendation to the Metro Council on November 12, and currently has discussions scheduled for the following dates:

September 10:	Results of the residential preference survey; input on questions to discuss at October and November meetings
October 8:	Draft UGR assessment of housing needs (begin formulating recommendation to Council; identify any remaining technical questions for MTAC)
October 22:	Draft UGR assessment of employment capacity needs (begin formulating recommendation to Council; presentation on updated regional industrial site readiness report; identify any remaining technical questions for MTAC)
November 12:	Formal recommendation to Council on whether the draft UGR provides a reasonable basis for a subsequent urban growth management decision

MPAC discussion priorities

The draft UGR highlights a number of policy considerations proposed for MPAC and Council discussion. They are listed here in no particular order of importance. Please see the draft UGR for additional context around these policy considerations. Additional notes are provided on other policy considerations that

have been brought up by MPAC members. Staff is looking for guidance from MPAC on its priorities for its discussions this fall:

- Of the policy considerations listed below, which are most important for MPAC to discuss in advance of providing the Metro Council with a recommendation on the UGR? Are there some considerations that can be discussed at a later date?
- Aside from the policy considerations listed below, are there additional policy considerations that MPAC would like to discuss this fall, leading up to its recommendation to the Metro Council on the 2014 UGR?

Policy considerations for discussion

Overarching policy consideration for fall 2014

Does the draft UGR provide a reasonable basis for the Metro Council to make a growth management decision (the growth management decision will happen after consideration of the UGR and before the end of 2015)?

Land readiness or land supply?

The often frustrating experience of real estate brokers and developers looking for developable land that is for sale today is different than what Metro must, under the law, consider in completing its 20-year growth capacity assessment. Is the primary challenge faced by developers land supply or land readiness? Related to this question, MPAC members expressed an interest in discussing:

- Brownfields challenges
- Governance and finance expectations for any future urban growth boundary expansions
- Whether voter-approved annexations are an ongoing challenge
- The update of the Regional Industrial Site Readiness project (scheduled for presentation at the October 22 MPAC meeting)

Changes in our communities

With population growth expected to continue, change is inevitable. What policies and investments are needed to ensure that change is for the better?

Opportunities for workforce housing

What policies, investments, innovative housing designs and construction techniques could provide additional workforce housing in locations with good transportation options? Who has a role? What is the role of land supply vs. land readiness?

A bigger picture

Regional and local policies and investments interact with actions taken in neighboring cities, Clark County, and Salem. What are the best policies for using land efficiently and reducing time spent in traffic?

Managing uncertainty

Even though we have a good track record with our forecasts, we know some of our assumptions about the next 20 years will be wrong. What are the risks and opportunities of planning for higher or lower growth in the forecast range?

What about Damascus?

The draft UGR calls out the challenges in urbanizing Damascus and predicting its future with technical analysis. How much growth capacity should be counted in Damascus? What's a reasonable basis for making that estimate? Does the region have other options for making up for Damascus' capacity if less is counted?

Providing housing opportunities

- For a variety of reasons, developing housing in UGB expansion areas has proven challenging. What is a reasonable timeframe for seeing results in past and future expansion areas?
- Today, it is challenging to find housing in downtowns and main streets that is appealing to families with children (multiple bedrooms, storage areas, access to playgrounds, etc.). Are there ways to provide more family-friendly housing in downtowns and main streets?
- Over the years, little multifamily housing has been built in UGB expansion areas.¹ What is the right mix of housing types in areas added to the UGB in the future and how are they best served?
- How might policymakers balance residential preferences with other concerns such as infrastructure provision, transportation impacts, affordability, and environmental protection?

Investing in job creation

- Are there areas where the region should focus its investments to ensure that the lands inside the urban growth boundary generate job growth?
- MPAC members expressed an interest in creating family-wage jobs. What are the challenges that need to be addressed to accomplish that goal? Of those challenges, how important is land supply vs. land readiness?
- If the Council chooses to plan for high growth rates, it would mean that there are industrial capacity needs. Are there places in urban reserves where it makes sense to expand the UGB for industrial uses?

The Portland harbor

¹ 58 out of the 12,133 multi-family units built inside the UGB from 2006 through 2012 were in post-1979 UGB expansion areas.

The harbor needs to be cleaned up to continue providing economic, environmental, and recreational benefits that cannot be replaced elsewhere in the region. What investments and policies can advance economic and environmental goals? To what extent do these questions need to be resolved for the Metro Council to make an informed growth management decision?

Keeping shopping and services close by

If the Metro Council were to choose to plan for a high growth scenario, it would mean that there are residential and commercial capacity needs. Are there places in urban reserves where it makes sense to expand the UGB for a mix of uses?

Achieving desired outcomes

On MPAC's recommendation, the Metro Council's policy is to make decisions that advance the region's six desired outcomes (see draft UGR page 6). Which growth management options might do that?

Regional vs. local perspective

MPAC members and others have pointed to the difference between regional vs. subregional needs for growth capacity. Though the draft UGR is the result of extensive peer review by local jurisdiction staff, its conclusions on growth capacity are, as required by state law, for the region as a whole. How can the growth management decision balance legal requirements to perform a regional analysis with local aspirations?

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ACCEPTING THE)	RESOLUTION NO. 14-XXXX
POPULATION AND EMPLOYMENT)	
FORECASTS AND THE URBAN GROWTH)	
REPORT AS SUPPORT FOR)	Introduced by Chief Operating Officer Martha
DETERMINATION OF CAPACITY OF THE)	Bennett with the Concurrence of Council
URBAN GROWTH BOUNDARY)	President Tom Hughes
)	

WHEREAS, state law requires Metro to determine the capacity of the urban growth boundary (UGB) to accommodate the next 20 years' worth of population and employment growth by the end of December 2014; and

WHEREAS, regarding housing, ORS 197.296(3) requires Metro to inventory the supply of buildable lands within the UGB, determine the housing capacity of the buildable lands, and analyze housing need by type and density range in order to determine the number of dwelling units and amount of land needed for each housing type for the next 20 years; and

WHEREAS, regarding employment land, Goal 14 and its implementing rules require Metro to inventory existing vacant and developed employment lands within the UGB and to provide an adequate supply of land to accommodate demonstrated need for employment opportunities; and

WHEREAS, Metro convened a peer review panel consisting of economists and demographers to review the assumptions and results of its population and employment forecasts; and

WHEREAS, from February 2013 to September 2013 Metro convened a technical working group consisting of public and private sector experts to develop a methodology for identifying the region's buildable land inventory; and

WHEREAS, from October 2013 to December 2013 Metro made available to all local jurisdictions in the region its preliminary buildable land inventory; and

WHEREAS, Metro incorporated local jurisdiction input on the buildable land inventory; and

WHEREAS, in March and April of 2014 Metro convened public and private sector experts to discuss methods for determining how much of the region's buildable land inventory may be market-feasible by the year 2035; and

WHEREAS, in April 2014 Metro convened public and private sector experts to review assumptions about space usage by different employment sectors; and

WHEREAS, on July 15, 2014 Metro published a Draft 2014 Urban Growth Report that incorporates the regional forecast and buildable land inventory and assesses the capacity of the existing UGB to accommodate the range of new dwelling units and jobs included in the forecast; and

WHEREAS, state law requires Metro to provide capacity to encourage the availability of dwelling units at price ranges and rent levels, and of transportation choices, that are commensurate with the financial capabilities of households expected over the planning period; and

WHEREAS, as part of the 2014 Draft Urban Growth Report, Metro published a draft Housing Needs Analysis that showed the effects on housing affordability and household transportation costs of forecast growth under existing policies and investment levels; and

WHEREAS, Metro sought and received comments on the draft analyses of housing and employment capacity from its Metro Policy Advisory Committee (MPAC), its Metro Technical Advisory Committee (MTAC), its Transportation Policy Alternatives Committee (TPAC), local governments in the region, public, private and non-profit organizations; and

WHEREAS, the Metro Council intends to continue a discussion in 2015 regarding several policy considerations reflected in the Draft Urban Growth Report including the market feasibility of the region's buildable land inventory, the possible outcomes of implementing existing plans and policies, and city plans for urban reserves; and

WHEREAS, the Metro Council held a public hearing on the draft analysis on December 4, 2014; now, therefore,

BE IT RESOLVED that:

1. The Council accepts the 2014 Draft Urban Growth Report dated September 2014, attached and incorporated into this resolution as Exhibit A, as a draft analysis of need for capacity in the UGB to accommodate growth to the year 2035 and for actions the Council may take to add housing and employment capacity by ordinance in 2015, pursuant to ORS 197.296(6) and statewide planning goals 14 and 10.
2. Acceptance of Exhibit A by the Council meets Metro's responsibility under state law to analyze the capacity of the UGB in order to accommodate growth to the year 2035 as a preliminary step toward providing sufficient capacity to accommodate that growth. The Council will formally adopt the Urban Growth Report by ordinance in 2015, along with any actions the Council may take to add housing and employment capacity.

ADOPTED by the Metro Council this ____ day of December 2014

Approved as to form:

Tom Hughes, Council President

Alison R. Kean, Metro Attorney

September / 2014

2014 URBAN GROWTH REPORT

Revised Draft

*Investing
in our
communities
2015 – 2035*



Metro | *Making a great place*

If you picnic at Blue Lake or take your kids to the Oregon Zoo, enjoy symphonies at the Schnitz or auto shows at the convention center, put out your trash or drive your car – we've already crossed paths.

So, hello. We're Metro – nice to meet you.

In a metropolitan area as big as Portland, we can do a lot of things better together. Join us to help the region prepare for a happy, healthy future.

Metro Council President

Tom Hughes

Metro Councilors

Shirley Craddick, District 1

Carlotta Collette, District 2

Craig Dirksen, District 3

Kathryn Harrington, District 4

Sam Chase, District 5

Bob Stacey, District 6

Auditor


Suzanne Flynn



Metro

Making a great place

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To learn more about the growth management decision and the urban growth report, visit **oregonmetro.gov/growth**

2014 URBAN GROWTH REPORT

Investing in our communities
2015 – 2035

TABLE OF CONTENTS

Introduction	5
Working together.....	6
<i>Achieving desired outcomes</i>	6
Successes and challenges.....	7
<i>How we accommodate growth</i>	7
Outcomes-based approach to growth management	7
How has the region been growing?	8
<i>Residential buildable land inventory</i>	8
Residential development trends.....	8
Employment trends.....	9
<i>Land readiness or land supply?</i>	9
<i>Changes in our communities</i>	10
Unintended consequences of redevelopment.....	12
<i>Opportunities for workforce housing</i>	12
<i>Growth without services and facilities</i>	12
Commuting trends: The jobs-housing balance.....	13
<i>A bigger picture</i>	13
How many more people and jobs should we expect in the future?	14
<i>Managing uncertainty</i>	14
Population and job growth in the seven-county Portland/Vancouver metropolitan area.....	14
Population and job growth in the Metro urban growth boundary.....	15
How much room for growth is there inside the UGB?	16
<i>Didn't the state legislature just expand the UGB?</i>	16
Estimating residential growth capacity.....	17
<i>How do developers evaluate redevelopment potential?</i>	19
<i>How should policymakers evaluate development potential</i>	19
Estimating employment growth capacity.....	20
<i>Different jobs have different space needs</i>	20
Is there a regional need for additional growth capacity?	21
<i>What the numbers show</i>	21
Does the region need more land for housing growth?.....	21
<i>What about Damascus?</i>	22
<i>Providing housing opportunities</i>	23
<i>Impact of Millennials on housing</i>	23
Does the region need more land for industrial job growth?.....	24
<i>Investing in job creation</i>	24
How should the region prioritize investments in large industrial site readiness?.....	25
<i>The Portland Harbor</i>	25
Does the region need more land for commercial job growth?.....	26
<i>Keeping shopping and services close by</i>	26
Conclusion	27
Local leadership.....	27
Metro's role.....	27
Investing in our communities.....	27
Next steps	28
References	29

APPENDICES

APPENDIX 1A	Population and employment forecast for the Portland-Vancouver-Hillsboro metropolitan statistical area (2015 - 2035)
APPENDIX 1B	Frequently asked questions about population and employment forecasting
APPENDIX 1C	Summary of regional forecast advisory panel discussions and conclusions
APPENDIX 1D	A brief description of Metro's population forecast model
APPENDIX 2	Buildable land inventory methodology
APPENDIX 3	Buildable land inventory results
APPENDIX 4	Housing needs analysis
APPENDIX 5	Residential development trends
APPENDIX 6	Employment demand analysis
APPENDIX 7	Large industrial site demand analysis
APPENDIX 8	Employment trends
APPENDIX 9	Employment land site characteristics
APPENDIX 10	Opportunity maps
APPENDIX 11	MetroScope scenario specifications
APPENDIX 12	Housing and transportation cost burden analysis



Introduction

As the Portland metropolitan region grows, our shared values guide policy and investment choices to accommodate growth and change, while ensuring our unique quality of life is maintained for generations to come.

Metro, local jurisdictions and many other partners work together to guide development in the region. This means striking a balance between preservation of the farms and forests that surround the Portland region, supporting the revitalization of existing downtowns, main streets and employment areas, and ensuring there's land available for new development on the edge of the region when needed.

Oregon law requires that every five years, the Metro Council evaluate the capacity of the region's urban growth boundary to accommodate a 20-year forecast of housing needs and employment growth. The results of that evaluation are provided in the urban growth report.

While complying with the requirements of state law, the urban growth report serves as more than just an accounting of available acres inside the urban growth boundary. It plays a vital role in the implementation of the region's 50-year plan that calls for the efficient use of land, redevelopment before expansion, and the preservation of the region's resources for future generations.

ACHIEVING DESIRED OUTCOMES

To guide its decision-making, the Metro Council, on the advice of the Metro Policy Advisory Committee (MPAC), adopted six desired outcomes, characteristics of a successful region:

- 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.
-

WORKING TOGETHER

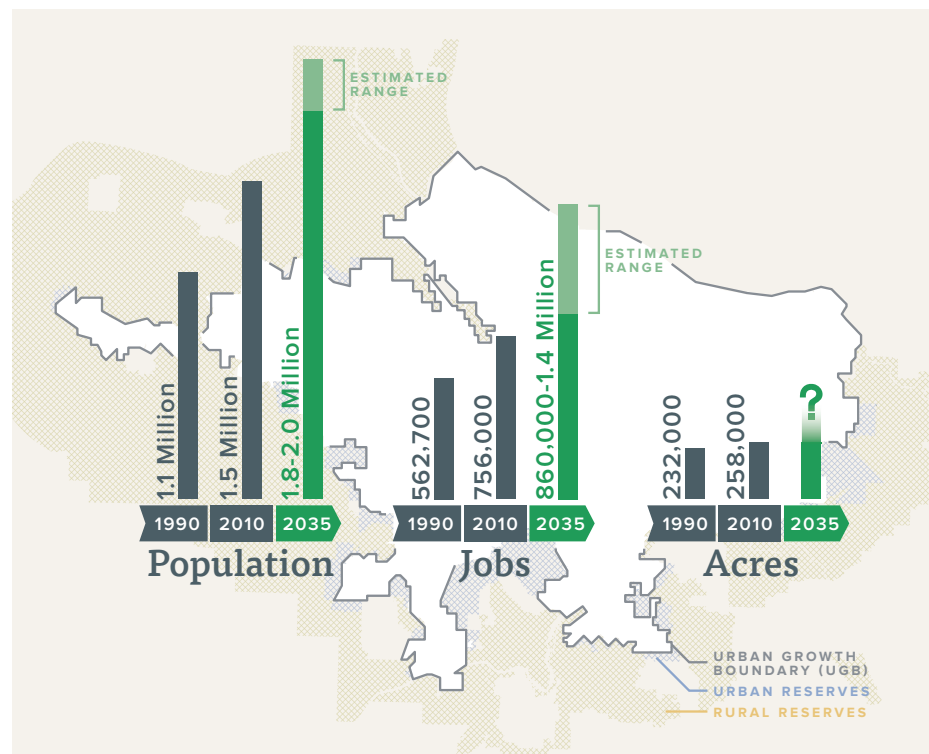
The population and employment range forecasts in the urban growth report help inform Metro, local jurisdictions, and other public and private sector partners as they consider new policies, investments, and actions to maintain the region's quality of life and promote prosperity.

The urban growth report, once accepted in its final form by the Metro Council in December 2014, will serve as the basis for the council's urban growth management decision, which will be made by the end of 2015.

But the work does not end with the council's decision. Implementation will require coordination of local, regional and state policy and investment actions. In its role as convener for regional decision-making, Metro is committed to building and maintaining partnerships and alignments among the different levels of government and between the public and private sectors.

Past growth-future forecast

Population and job growth within the Metro urban growth boundary 1990-2035



SUCCESSSES AND CHALLENGES

The region's longstanding commitment to protecting farms and forests, investing in existing communities, and supporting businesses that export goods and services is paying off in economic growth. From 2001 to 2012, the Portland region ranked third among all U.S. metropolitan areas for productivity growth, outpacing the Research Triangle in North Carolina, the Silicon Valley in California, and several energy producing regions in Texas.ⁱ Likewise, the region's walkable downtowns, natural landscapes, and renowned restaurants, breweries, and vineyards are well known around the world. In 2013, visitors to Clackamas, Multnomah and Washington counties spent \$4.3 billion dollars, supporting 30,100 jobs in the region.ⁱⁱ These successes are no accident – they demonstrate that prosperity, livability and intentional urban growth management are compatible.

However, Metro and its partners also have challenges to face when it comes to planning for additional population and employment growth. These include making sure that workforce housing is available in locations with access to opportunities, providing more family-friendly housing choices close to downtowns and main streets, delivering high quality transportation options that help people get where they need to go, ensuring freight mobility, and protecting and enhancing the environment.



Outcomes-based approach to growth management

A core purpose of the urban growth report is to determine whether the current urban growth boundary (UGB) has enough space for future housing and employment growth. Considerable care and technical engagement have gone into the assessment of recent development trends, growth capacity, and the population and employment forecasts provided in this report. However, this kind of analysis is necessarily part art and part science. State laws direct the region to determine what share of growth can “reasonably” be accommodated inside the existing UGB before expanding it but ultimately, how the region defines “reasonable” will be a reflection of regional and community values.

HOW WE ACCOMMODATE GROWTH

URBAN AND RURAL RESERVES Areas outside the current UGB designated by Metro and the three counties through a collaborative process. Urban reserves are the best places for future growth if urban growth expansions are needed over the next 50 years. Rural reserves are lands that won't be urbanized for the next 50 years.

INFILL Development on a tax lot where the original structure has been left intact and the lot is considered developed.

REDEVELOPMENT Development on a tax lot where the original structure has been demolished and there is a net increase in housing units.

VACANT LAND Land inside the UGB that's not developed.

RESIDENTIAL BUILDABLE LAND INVENTORY

If the region's historic annual housing production records (high and low from 1960 to 2012) are any indication, how long might the residential buildable land inventory last?

SINGLE FAMILY 10 to 52 years
MULTIFAMILY 28 to 354 years

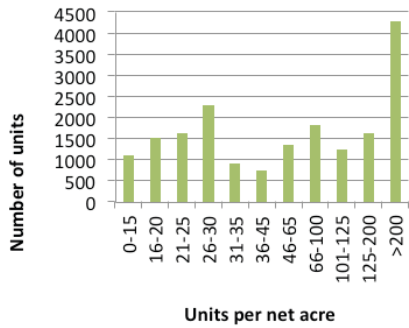


FIGURE 1 Net new multifamily units by density inside UGB (built 2007-2012)

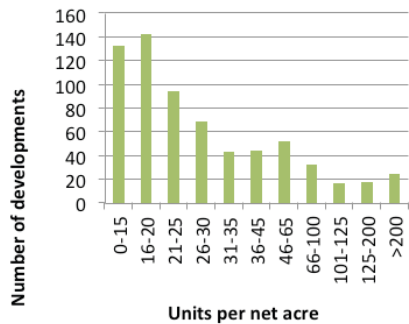
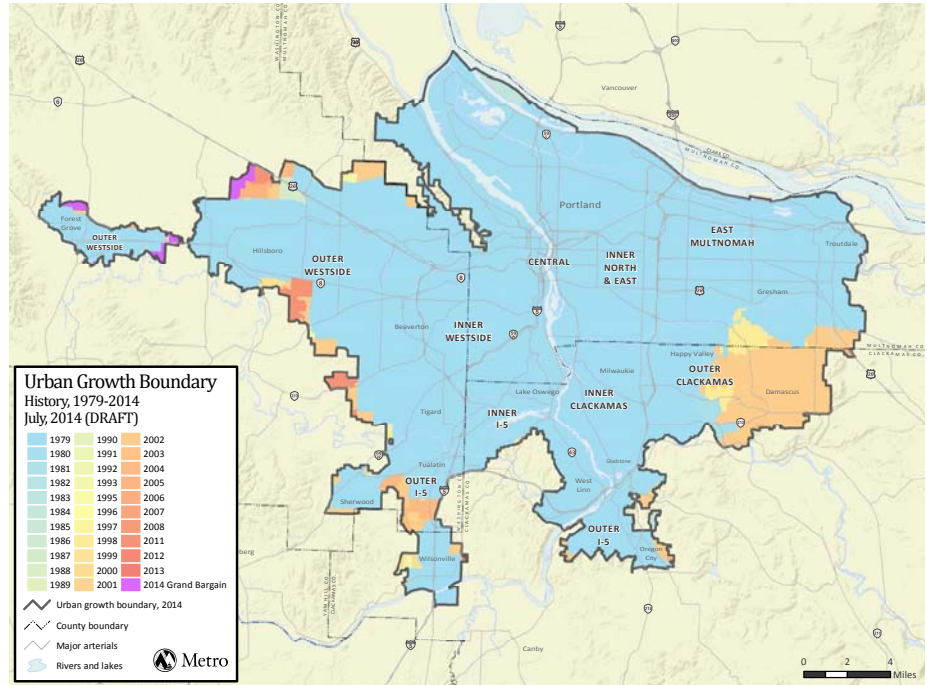


FIGURE 2 Net new multifamily developments by density inside UGB (built 2007-2012)



MAP 1 Metro UGB expansions over time (1979 - 2014)

How has the region been growing?

The Portland region's original urban growth boundary was adopted in 1979. As depicted in Map 1, the UGB has been expanded by about 31,400 acres. During the same time period, the population inside the UGB has increased by over half a million people. This represents a 61 percent increase in population inside an urban growth boundary that has expanded by 14 percent.

RESIDENTIAL DEVELOPMENT TRENDS

From 1998 to 2012, 94 percent of the new residential units were built inside the original 1979 boundary. During these 14 years, post-1979 UGB expansion areas produced about 6,500 housing units compared to the approximately 105,000 units produced in the original 1979 UGB. With a couple of notable exceptions, UGB expansion areas have been slow to develop because of challenges with governance, planning, voter-approved annexation, infrastructure financing, service provision, and land assembly. Development of Wilsonville's Villebois and Hillsboro's Witch Hazel communities demonstrates that new urban areas can be successful with the right combination of factors such as governance, infrastructure finance, willing property owners, and market demand. There are also challenges in our existing urban areas. Infill and redevelopment have been focused in a few communities while many downtowns and main streets have been slow to develop.

The 2040 Growth Concept, the Portland region's 50-year plan for growth, calls for focusing growth in existing urban centers and transportation corridors, and making targeted additions to the urban growth boundary when needed. To achieve this regional vision, redevelopment and infill are necessary. During the six years from 2007 through 2012, which included the Great Recession, the region saw levels of redevelopment and infill that exceeded past rates.

During this time period, 58 percent of the net new residential units built inside the UGB were through redevelopment (46 percent) or infill (12 percent) and 42 percent were on vacant land. There are a variety of views on whether the recession explains this uptick in redevelopment and infill or whether this is an indication of people wanting to live in existing urban areas with easy access to services and amenities. What is clear is that development challenges exist in both urban areas and past expansion areas. In some cases, however, market demand in existing urban areas appears to have overcome those challenges.

During this same six years, new residential development was evenly split between multifamily and single-family units with a total of 12,398 single-family and 12,133 multifamily residences built. The average density of new single-family development was 7.6 units per acre (5,766 square foot average lot size) and multifamily development was 41.8 units per acre. The highest density multifamily developments also tended to be the largest, so while there were many smaller developments, the statistics are dominated by the large high-density developments. This pattern is clear in Figures 1 and 2 (p. 8), which depict the number of units and developments built per net acre, indicating levels of density.

EMPLOYMENT TRENDS

As in most regions, many people in the Portland region lost their jobs in the Great Recession. With the ensuing recovery, total employment in the region was essentially unchanged when comparing 2006 and 2012. However, the recession did lead to some major changes across industries. Private education recorded the highest growth rate at 25.4 percent from 2006 to 2012, while health and social assistance employers saw the largest net gain in employment with the addition of just over 14,000 jobs during the same period. Construction saw the largest decline, with a loss of around 9,600 jobs, or 20.2 percent of total jobs, in the industry as of 2006. The loss of construction jobs reflects the housing crash that brought residential construction nearly to a halt for several years. Appendix 8 describes the region’s employment trends in greater detail.

Aggregating to the sector level, industrial and retail employment declined from 2006 to 2012 while service and government employment increased (Table 1).

Sector	2006 Employment	2012 Employment	Net Change	Percent Change	Avg. Annual Growth Rate
Industrial	244,951	218,311	-26,640	-10.9%	-1.9%
Retail	86,921	84,475	-2,446	-2.8%	-0.5%
Service	396,470	419,516	23,046	5.8%	0.9%
Government	103,736	108,582	4,846	4.7%	0.8%

Table 1 Employment in the three-county area by aggregated sector 2006-2012 (Clackamas, Multnomah, Washington) | Source Quarterly Census of Employment and Wages

Policy considerations

HEALTHY DEBATE AND INFORMED DECISION-MAKING

Though this report strives for completeness, balance, and accuracy, there is always room for debate. At the end of 2014, the Metro Council will be asked to decide if the report provides a reasonable basis for moving forward and making a growth management decision in 2015. Throughout this document, policy questions and topics that have been raised by Metro Council and involved stakeholders are called out for further discussion by policymakers and members of the community.

LAND READINESS OR LAND SUPPLY?

For better or worse, our state land use planning system asks Metro to focus on counting acres of land to determine the region’s 20-year growth capacity. Over the years, it’s become clear that land supply alone isn’t the cause or the solution for all of the region’s challenges. Working together, we must make the most of the land we already have inside the urban growth boundary to ensure that those lands are available to maintain, improve, and create the kinds of communities that we all want – today and for generations to come.

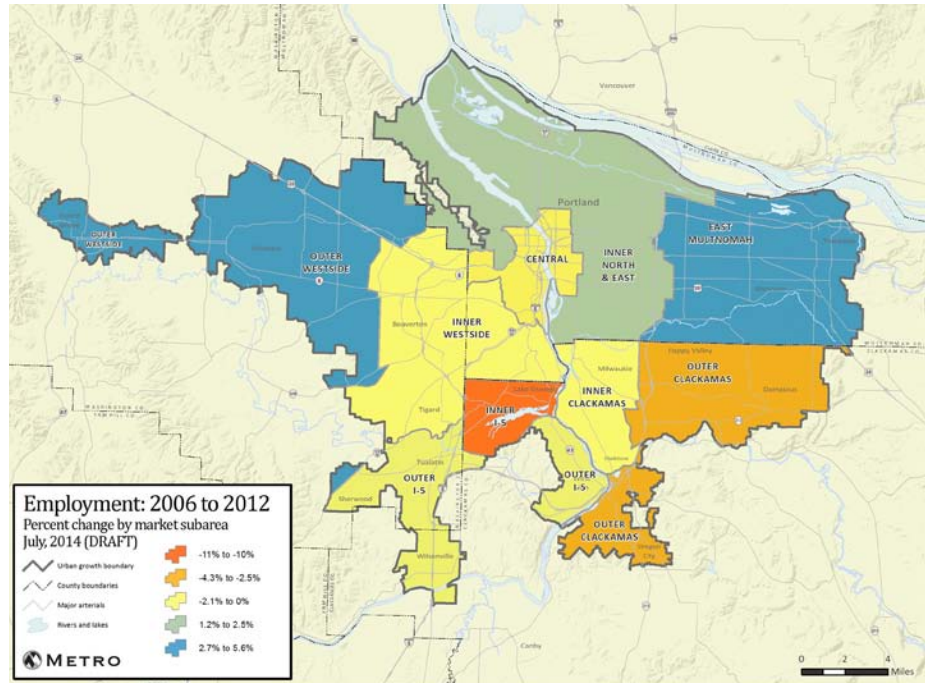
Working together, we can:

- ensure that communities have governance structures in place that can respond to growth and change
 - provide the types of infrastructure and services that signal to the development community a site or area is primed for investment
 - make the strategic investments needed to clean up and reuse neglected lands.
-

Policy considerations

CHANGES IN OUR COMMUNITIES

People around the region are concerned about new development in their communities. The concern exists not just in existing urban areas experiencing a new wave of development, but also in areas added to the urban growth boundary. With population growth expected to continue, change is inevitable. What policies and investments are needed to ensure that change is for the better?



Map 2 Employment gains and losses in Metro UGB 2006 - 2012

From 2006 to 2012, there was also a change in where jobs were located in the three-county area (Map 2). While about 25 percent of all jobs could still be found in the central part of the region, the subarea experienced a loss of about 2,300 jobs, or 1.2 percent. The inner I-5 area saw a decline in employment of roughly 2,200 jobs, or 11.0 percent of 2006 employment. This area was home to many firms involved in real estate and finance, industries that were hard hit by the housing collapse and recession. Many businesses in the area, like mortgage and title companies, contracted or closed during this time period. For example, the Kruse Way area in Lake Oswego had an office vacancy rate of 22.4 percent in 2012. In the southeastern part of the region, the outer Clackamas and outer I-5 subareas together lost about 3,400 jobs or 3.2 percent. In contrast, the outer Westside experienced the greatest increase in employment, gaining about 5,800 jobs, an increase of 5.6 percent. The East Multnomah subarea also gained jobs, increasing employment by 1,800 or 2.7 percent.

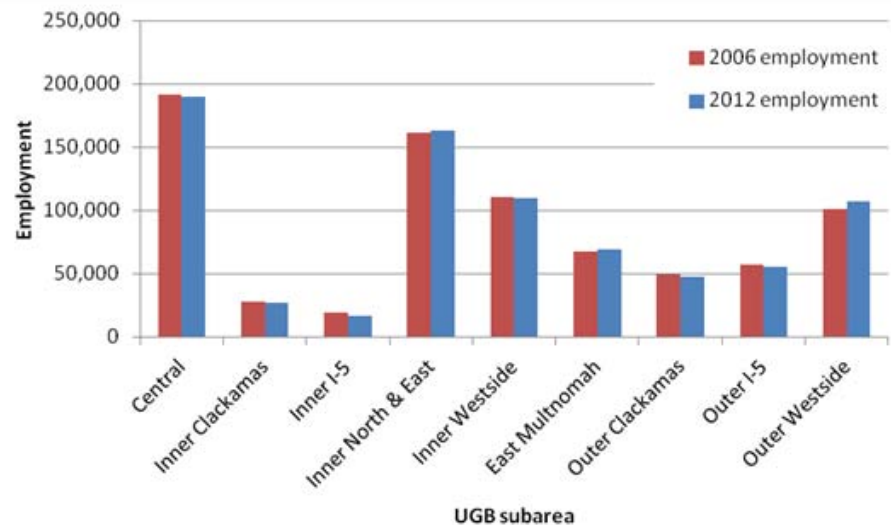


Figure 3 Total employment by subarea for 2006 and 2012



Case study

VILLEBOIS, WILSONVILLE

The Villebois community is one of only a few urban growth boundary expansion areas that has been developed. The roughly 500-acre area was brought into the UGB in 2000. With plans for about 2,600 households, the area quickly rebounded from the recession and is now about half built. Residents benefit from a variety of amenities such as parks, plazas, and community centers.



Case study

HASSALO ON 8TH, LLOYD DISTRICT, PORTLAND

Adjacent to MAX and streetcar stops, construction is now underway on a site that was previously a parking lot. Once built, the development will provide over 600 rental apartments, plazas, office and retail space, more than 1,000 underground car parking places, and space to park more than 1,000 bikes – all in a central location.

Policy considerations

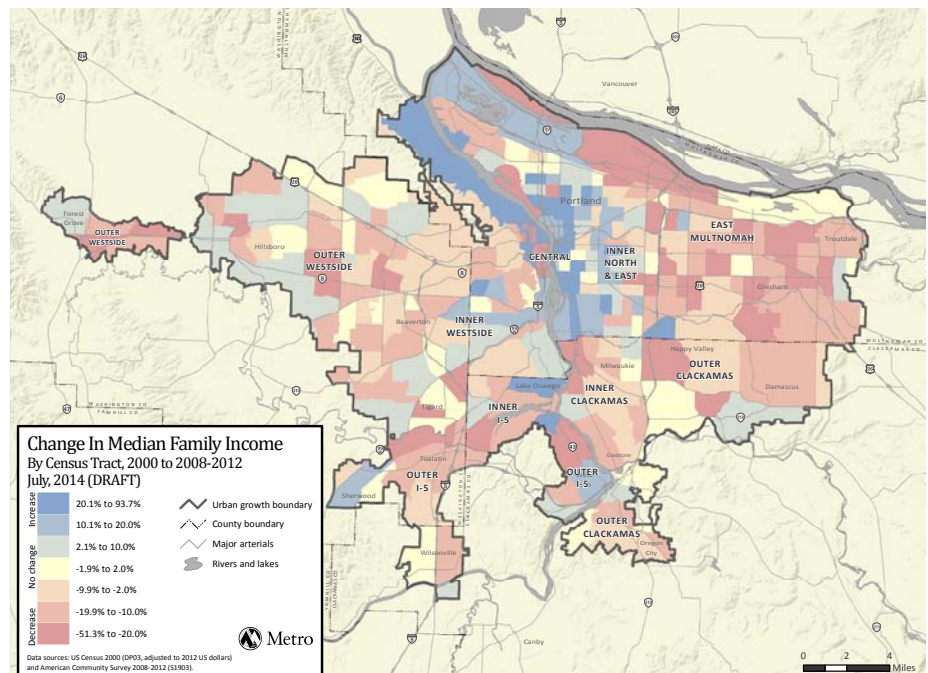
OPPORTUNITIES FOR WORKFORCE HOUSING

Market-rate workforce housing is typically provided by existing housing stock, not new construction. Yet, existing housing in locations with good access to jobs is often too expensive for the region's workforce. What policies, investments, innovative housing designs and construction techniques could provide additional workforce housing in locations with good transportation options? Who has a role?

UNINTENDED CONSEQUENCES OF REDEVELOPMENT

Our region has made a commitment to ensuring its decisions improve quality of life for all. Yet, like many metropolitan areas, we've struggled to make good on that intent. Investments made to encourage redevelopment and revitalization have too often disproportionately impacted those of modest means. The consequence has been that people with lower incomes have often been displaced from their long-time communities when redevelopment in the city center drives up land values and prices follow.

Map 3 shows the change in median family income around the region over the last decade. There is a clear trend of incomes increasing in close-in Northwest, Northeast, and Southeast Portland, Lake Oswego, and West Linn, while incomes have stagnated or decreased elsewhere. Outlying areas like outer east Portland, Gresham, Cornelius, and Aloha stand out as having decreasing incomes. In many cases, increases in incomes in central locations and decreases elsewhere indicate displacement of people from their communities as housing prices increase.



Map 3 Change in median family income 2000-2012

GROWTH WITHOUT SERVICES AND FACILITIES

Over the last couple of decades, the trend of depopulation of the urban core and the movement of the middle class to the suburbs has reversed in many regions in the U.S. The Portland metropolitan region is no exception. While there have been positive outcomes, this has also led to displacement and concentrations of poverty in places that lack adequate services and facilities like sidewalks and transit. Additional information about access to opportunity around the region can be found in Appendix 10. Information about housing and transportation cost burdens can be found in Appendix 12.

COMMUTING TRENDS: THE JOBS-HOUSING BALANCE

For years, leaders have talked about a jobs-housing balance – ensuring there are homes close to employment areas. But evidence and common sense tell us that people’s lives don’t neatly line up with the available housing inventory. Some people work at or close to home, some commute from one end of the region to the other, and some live halfway between where they work and their spouse works. In other words, putting homes next to major employers doesn’t necessarily cut down on commuting.

However, services and amenities near residential areas can make our lives outside of jobs and commutes easier and help create strong local economies. When people can go out to eat, do their shopping, visit the bank or see a doctor close to where they live, they spend less time going somewhere and more time with friends and family, actively enjoying their communities and the region.

Map 4 illustrates the region’s commute patterns. Using Washington County as an example (2011 data):ⁱⁱⁱ

- about 120,000 people who live in Washington County also work there
- about 118,000 people who live outside Washington County work in Washington County
- about 104,000 people who live in Washington County work outside Washington County.



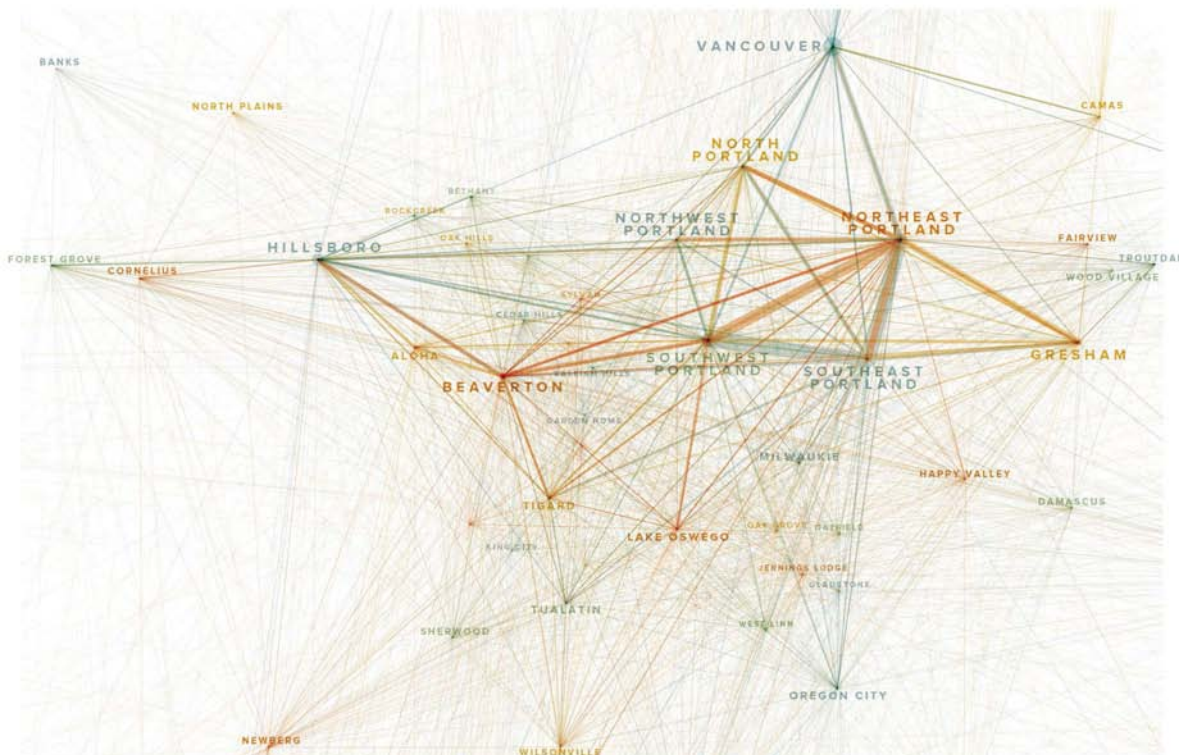
Policy considerations

A BIGGER PICTURE

Regional and local policies and investments also interact with actions taken in neighboring cities, Clark County and Salem. What are the best policies for using land efficiently and reducing time spent in traffic?

TRAVEL COMMUTE PATTERNS

2011 commute patterns from cities/places in the Portland metropolitan region
Lines connect a person’s place of residence to place of employment
Line thickness represents number of people



DATA SOURCE: LONGITUDINAL EMPLOYER-HOUSEHOLD DYNAMICS, U.S. CENSUS BUREAU

Policy considerations

MANAGING UNCERTAINTY

- What are the risks and opportunities of planning for higher or lower growth in the forecast range?
- Recognizing that the two forecasts are linked, are there different risks when planning for employment or housing growth?
- Are there different risks when planning for land use, transportation, or for other infrastructure systems?
- Who bears the public and private costs and benefits associated with different growth management options?

How many more people and jobs should we expect in the future?

A core question this report addresses is how many more people and jobs should the region plan for between now and the year 2035. In creating the 2035 forecast, Metro convened a peer review group consisting of economists and demographers from Portland State University, ECONorthwest, Johnson Economics, and NW Natural. The forecast assumptions and results in this report reflect the recommendations of this peer review panel. A summary of the peer review can be found in Appendix 1C.

However, even with a peer review of the forecast, some forecast assumptions will turn out to be incorrect. For that reason, the population and employment forecasts in this report are expressed as ranges, allowing the region's policymakers the opportunity to err on the side of flexibility and resilience in choosing a path forward. As with a weather forecast, this population and employment range forecast is expressed in terms of probability. The baseline forecast (mid-point in the forecast range) is Metro staff's best estimate of what future growth may be. The range is bounded by a low end and a high end. There is a ninety percent chance that actual growth will occur somewhere in this range, but the probability of ending up at the high or low ends of the range is less.

Appendix 1B describes the accuracy of past forecasts. These typically have been reliable, particularly when it comes to population growth. For example, Metro's 1985 to 2005 forecast proved to be off by less than one percent per year for both population and employment over the 20-year time frame.

POPULATION AND JOB GROWTH IN THE SEVEN-COUNTY PORTLAND/VANCOUVER METROPOLITAN AREA

To "show our work" and to understand our region in its economic context, this analysis starts with a forecast for the larger seven-county Portland/Vancouver/Hillsboro metropolitan area.² Full documentation of the metropolitan area forecast is available in Appendix 1A. It is estimated that there will be about 470,000 to 725,000 more people in the seven-county area by the year 2035. Mid-point in the forecast range, or best estimate, is for 600,000 more people. This amount of growth would be consistent with the region's past growth; the seven-county area grew by about 600,000 people between 1985 and 2005 and by about 700,000 from 1990 to 2010. Adding 600,000 people would be comparable to adding the current population of the city of Portland to the area.

The forecast calls for 120,500 to 648,500 additional jobs in the seven-county Portland/Vancouver metropolitan area between 2015 and 2035. The forecast range for employment is wider than the forecast range for population since regional employment is more difficult to predict in a fast-moving global economy. Unexpected events like the Great Recession, technological advances, international relations, and monetary policy can lead to big changes. Mid-point in the forecast range, or best estimate, is for 384,500 additional jobs. This amount of growth would surpass the 240,000 additional jobs that were created in the seven-county metropolitan area during the 20-year period from 1990 to 2010, which included job losses from the recession.

² The seven-county Portland/Vancouver metropolitan area includes Clackamas, Clark, Columbia, Multnomah, Skamania, Washington, and Yamhill counties.

POPULATION AND JOB GROWTH IN THE METRO UGB

A market-based land and transportation computer model is used to determine how many of the new jobs and households in the seven-county area are likely to locate inside the Metro urban growth boundary. The model indicates that about 75 percent of new households and jobs may locate inside the UGB. The share of regional growth accommodated inside the boundary varies depending on what point in the forecast range is chosen. More detail can be found in Appendices 4 and 6. It is estimated that there will be about 300,000 to 485,000 additional people inside the Metro urban growth boundary between 2015 and 2035 (Figure 4). At mid-point in this range, the UGB will have about 400,000 additional people. This would be comparable to adding more than four times the current population of the city of Hillsboro to the UGB. The population forecast is converted into household growth for this analysis.

It is estimated that there will be about 85,000 to 440,000 additional jobs in the Metro UGB between 2015 and 2035 (Figure 5). At mid-point in this range, there would be about 260,000 additional jobs between 2015 and 2035. This job forecast is converted into demand for acres for this analysis.

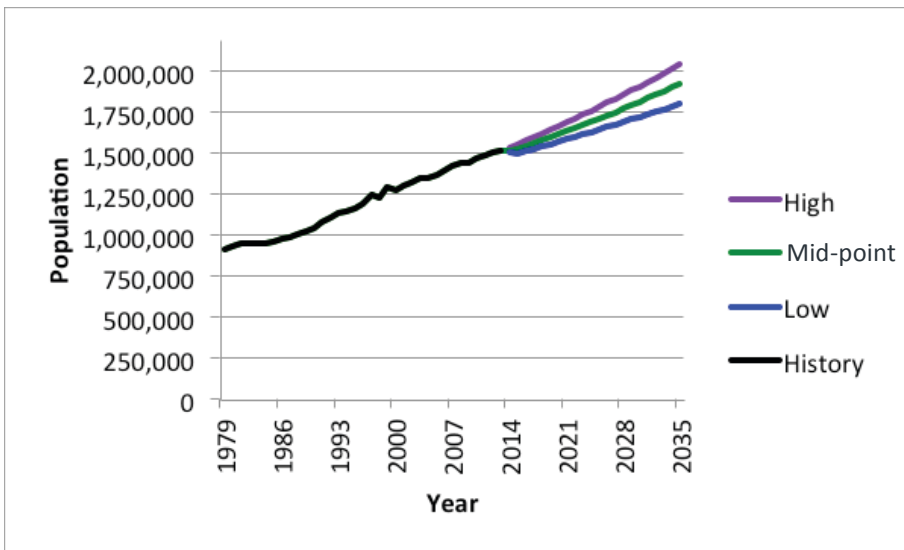


Figure 4 Population history and forecast for Metro UGB 1979 - 2035

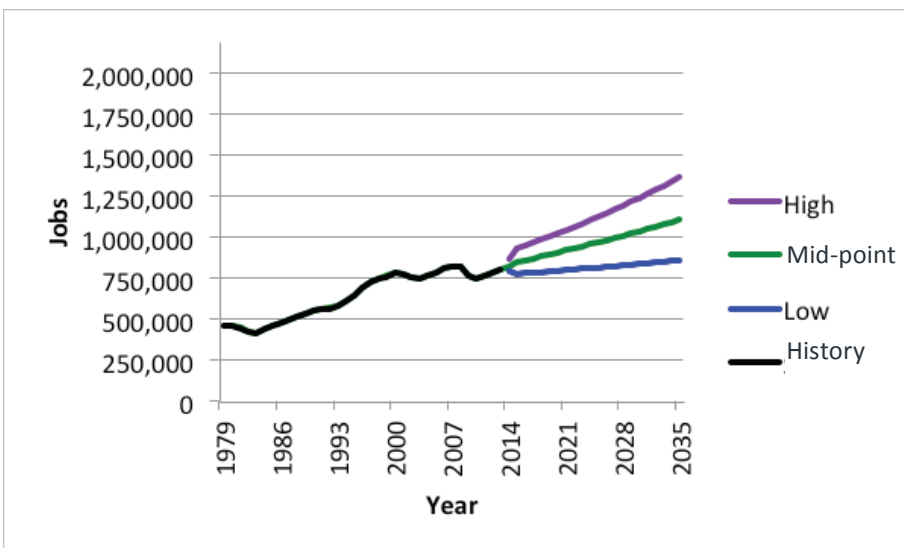


Figure 5 Employment history and forecast for Metro UGB, 1979-2035

DIDN'T THE STATE LEGISLATURE JUST EXPAND THE UGB?

Signed into state law in the spring of 2014, HB 4078 codifies the fundamental principles behind our region's decision about urban and rural reserves. The legislation provides greater protection for farms, forests and natural areas, offers predictability to our communities, home builders and manufacturers, and makes our land use system more efficient. The legislation also expanded the UGB in several locations in Washington County and described how Metro must account for those lands in this urban growth report.



How much room for growth is there inside the UGB?

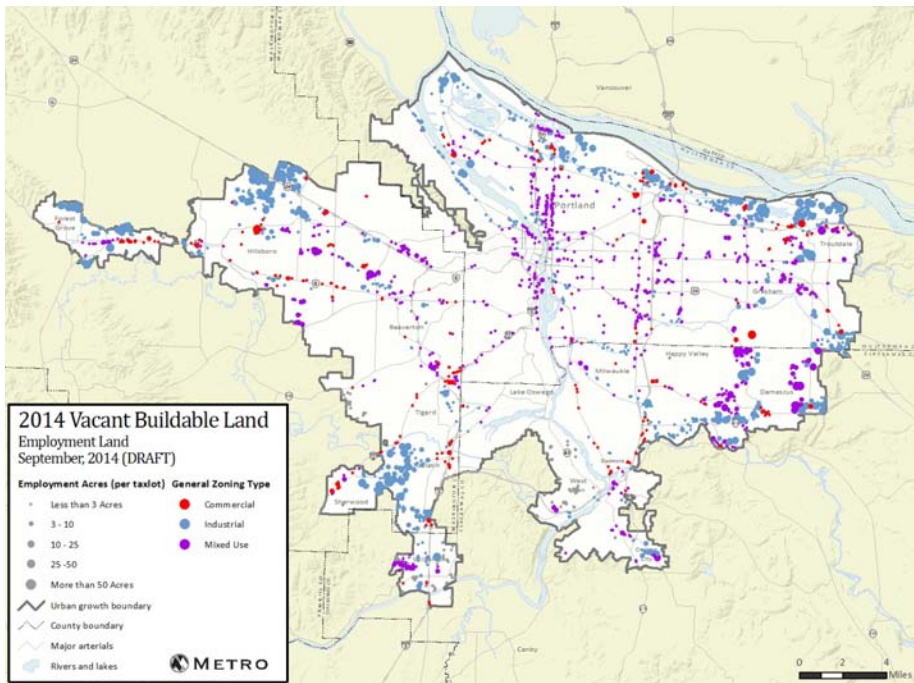
Cities and counties around the region plan for the future and prioritize investments that support their community's vision. In most cases, however, long-term plans for downtowns, main streets and employment areas are more ambitious than what is actually built or redeveloped. One task of this analysis is to help us understand how the market might respond to long-term community plans in the next 20 years.

To analyze the region's growth capacity, detailed aerial photos of all the land inside the urban growth boundary were taken. Factoring in current adopted plans and zoning designations, the photos were used to determine which parcels of land were developed and which were vacant. Methodologies for assessing the redevelopment potential and environmental constraints of the land were developed over the course of a year by Metro and a technical working group consisting of representatives from cities, counties, the state and the private sector (see pages 30-31 for a complete list of technical working group members).

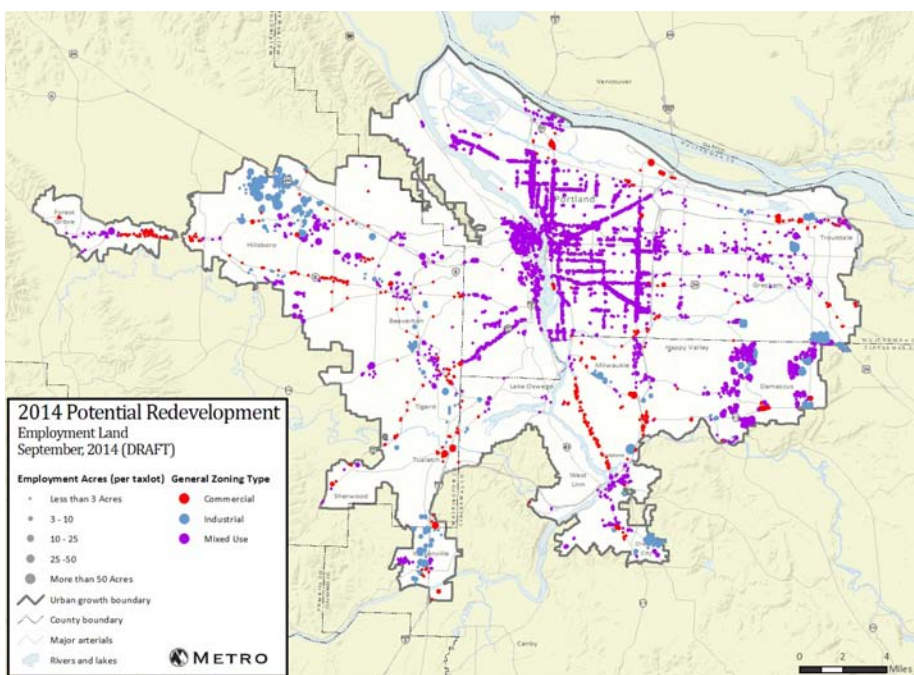
After settling on the methodology described in Appendix 2, Metro produced a preliminary buildable land inventory that local cities and counties had more than two months to review. The draft buildable land inventory described in Appendix 3 reflects refined local knowledge about factors such as environmental constraints including wetlands, steep slopes, and brownfield contamination. Maps 4 through 7 illustrate the buildable land inventory reviewed by local jurisdictions. They are available at a larger scale in Appendix 3. The buildable land inventory is considered a "first cut" at determining the region's growth capacity. For a variety of reasons described in the next section, not all of it may be developable in the 20-year time frame.

ESTIMATING RESIDENTIAL GROWTH CAPACITY

Current plans and zoning allow for a total of almost 1.3 million residences inside the urban growth boundary after accounting for environmental constraints and needs for future streets and sidewalks. About half of that potential capacity is in use today. This urban growth report does not count all of this capacity since doing so would assume that every developed property in the region will redevelop to its maximum density in the next twenty years. A rational developer will only build products that are expected to sell. Redevelopment requires market demand, which is a function of a number of factors, including expected population growth. This affects whether a property will be redeveloped and at what density.



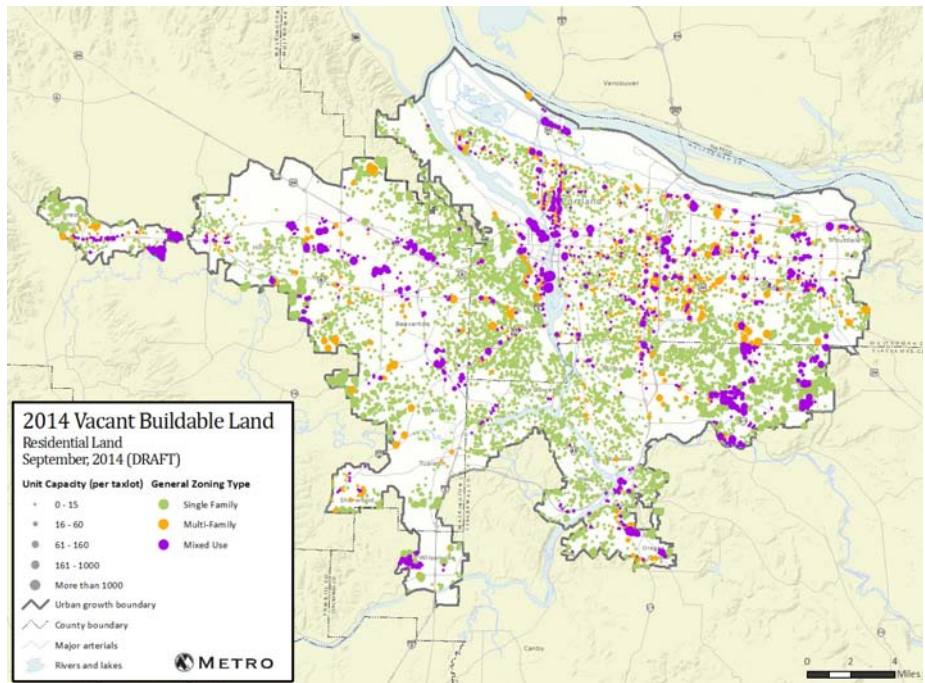
Map 4 Employment vacant buildable tax lots (reviewed by local jurisdictions)



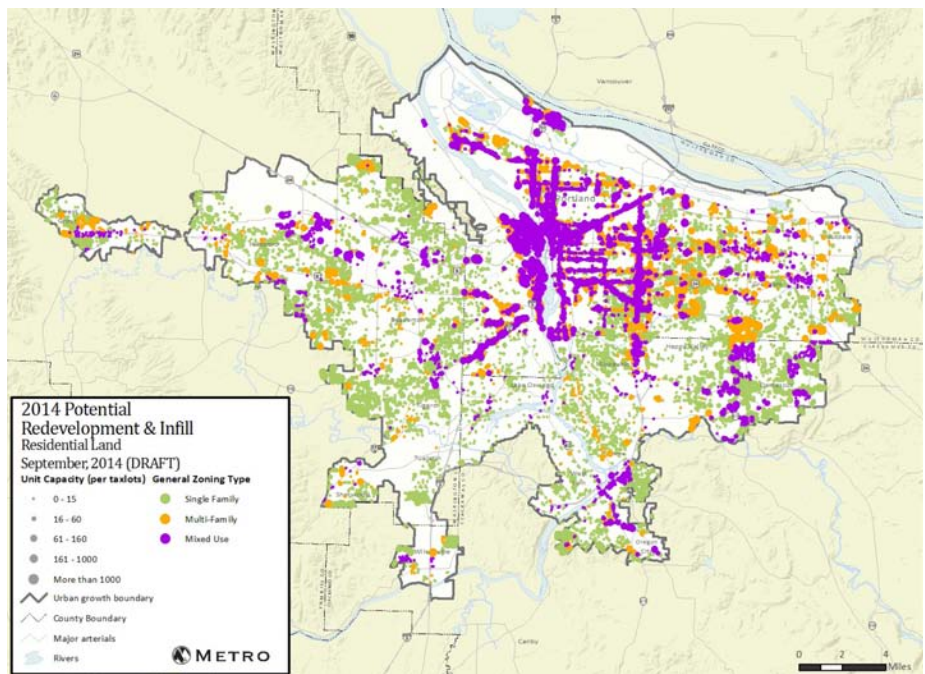
Map 5 Employment infill and redevelopment candidate tax lots (reviewed by local jurisdictions)

Acknowledging this complexity, Metro staff convened representatives from cities, counties, the state and the private sector to establish consensus for estimating how much of the region's buildable land inventory might be absorbed by the year 2035 (see pages 30-31 for a complete list of technical working group members). Redevelopment and infill are most common in locations where there is significant demand for housing, so the growth capacity from redevelopment and infill rises with assumptions for population growth. For this reason, the region's residential growth capacity is expressed as a range. The amount of growth capacity that the region has depends, in part, on the point in the household forecast range for which the Metro Council chooses to plan. Appendix 4 describes the approach for identifying the 20-year capacity range for housing.

Map 6 Residential vacant buildable tax lots (reviewed by local jurisdictions)



Map 7 Residential redevelopment candidate tax lots (reviewed by local jurisdictions)



HOW DO DEVELOPERS EVALUATE REDEVELOPMENT POTENTIAL?

The construction of new infill (original structure intact) and redevelopment (original structure demolished) projects is increasing in some places, fueled by a renewed interest in and market demand for housing and jobs close to the urban core. In order to realize a return on an investment, given the higher costs of urban redevelopment, investors will evaluate the redevelopment potential of the site by considering the following:

- Where is the site located? Is it an up and coming area?
 - What is the value of the existing building or structure on the site? What is the value of the land? At what point does the building become worth less than the land it sits on?
 - What is the developer allowed to build under the local zoning code?
 - What are the construction costs and fees for the new building?
 - How much will the developer be able to sell or rent space for in the new building?
-



Policy considerations

HOW SHOULD POLICYMAKERS EVALUATE DEVELOPMENT POTENTIAL?

Since the adoption of the 2040 Growth Concept, there has often been skepticism about the viability of redevelopment as a source of growth capacity. Our region's history shows that developing urban growth boundary expansion areas is difficult as well. Aside from developing a concept plan, what other factors support the likelihood that an urban reserve will be developed if brought into the UGB?



Case study

4TH MAIN, HILLSBORO

With a shared vision for an active, historic main street area, Metro, the City of Hillsboro and the Federal Transit Administration worked together to attract private sector redevelopment of a city block adjacent to the Hillsboro Central MAX station. 4th Main offers 71 market-rate apartments, underground parking, and active retail along main street. The existing 1950s era vacant bank building on site is being updated for restaurant and retail use. When 4th Main opened in May 2014, over half the units were leased.



ESTIMATING EMPLOYMENT GROWTH CAPACITY

To determine the UGB's employment growth capacity, analysis began with the creation of a buildable land inventory. As with the residential analysis, employment capacity depends on demand since different types of jobs have different space needs. For instance, an office job will have very different location and space needs than a warehouse job. Metro staff convened a group of public and private sector experts to help update these employment demand factors. Appendix 6 describes the approach for identifying the 20-year capacity range. (See pages 30-31 for a complete list of technical working group members).

Different jobs have different space needs





Is there a regional need for additional growth capacity?

Under state law, Metro’s analysis must assess regional, not local or subregional, growth capacity needs. While some local jurisdictions may desire additional land for growth, this analysis is required to keep those needs in the regional context, knowing that other locations in the region may have greater growth capacity.

This analysis uses a probabilistic range forecast. The baseline forecast (middle of the range) has the highest probability. Though there is a 90 percent chance that growth will occur within the range, it is less probable at the low and high ends of the range.

DOES THE REGION NEED MORE LAND FOR HOUSING GROWTH?

Regional growth management policy alone cannot ensure adequate housing choices. Other elements that influence what kind of housing gets built include tax policy, lending practices, local plans and decisions, public investments, market demand, and developer responses. All of these factors impact housing production.

Appendix 4 describes in detail the residential demand analysis and includes estimates of potential demand by housing type (single-family and multifamily), tenure (own and rent), average density, as well as detail about demand from different household income brackets. For accounting purposes, the detailed analysis uses rigid supply and demand categories – for instance, single-family and multifamily. In reality, demand for these two housing types is somewhat fluid, particularly as average household sizes continue to decrease. By 2035, about 60 percent of new households are expected to include just one or two people.

WHAT THE NUMBERS SHOW

Population and employment forecasts in the urban growth report are expressed as ranges based on probability. Mid-point in the forecast range is Metro’s best estimate of what future growth may be. It is less probable that growth will occur at the high or low ends of the range forecast.

This analysis looks at long-term capacity needs for:

- single-family and multifamily housing
- general industrial employment uses
- large industrial sites
- commercial employment uses.

This analysis finds that currently adopted plans can accommodate new housing at the low, middle or high ends of the growth forecast range. If policymakers choose to plan for the high end of the growth range, there is a need for additional capacity for new jobs.

Policy considerations

WHAT ABOUT DAMASCUS?

With its ongoing community and political challenges, how much of Damascus' growth capacity should be counted during the 2015 to 2035 time frame is more of a policy question than a technical question. For this analysis, Metro staff followed the advice of its technical advisory group and used a market-based model to determine that about half of Damascus' estimated buildable land inventory capacity could be counted in the "market-adjusted" residential supply. For modeling purposes, it was assumed that development challenges will persist in Damascus for another decade, delaying its availability to the market. If Damascus' capacity is not available, it may become somewhat more difficult to provide new single-family housing inside the existing urban growth boundary. Does the region have other options for making up for Damascus' capacity if it is not counted?

Policymakers have the challenge of balancing the type of housing and neighborhoods people prefer with funding realities, governance and annexation challenges. They also must consider regional and community goals such as preserving the character of existing neighborhoods, reducing carbon emissions, preserving farms and forests, and creating vibrant downtowns and main streets. To inform that discussion, Metro and a group of public and private sector partners conducted a study on residential preferences across the region and will make results available to policymakers in the early fall of 2014.

The capacity estimation method recommended by Metro's public and private sector advisory group recognizes that infill and redevelopment depend on demand. Consequently, the capacity from those two sources increases with greater household demand (i.e., a higher growth forecast results in a greater housing capacity).

Table 2 and Table 3 summarize the more detailed analysis of residential needs provided in Appendix 4.³

Single-family dwelling units

	Buildable land inventory	Market-adjusted supply	Market-adjusted demand	Surplus/need
Low growth forecast	118,000	75,900	64,000	+11,900
Middle (baseline) growth forecast		90,000	76,900	+13,100
High growth forecast		97,000	90,800	+6,200

Table 2 Metro UGB single-family residential market analysis of existing plans and policies (2015-2035)³

Multifamily dwelling units

	Buildable land inventory	Market-adjusted supply	Market-adjusted demand	Surplus/need
Low growth forecast	273,300	118,400	89,300	+29,100
Middle (baseline) growth forecast		130,100	120,500	+9,600
High growth forecast		165,100	145,900	+19,200

Table 3 Metro UGB multifamily residential market analysis of existing plans and policies (2015-2035)³

Over the last several decades, communities around the region adopted plans for job and housing growth that emphasize making the most of existing downtowns, main streets and employment areas. Based on those existing plans and estimates of what is likely to be developed in the next twenty years, this analysis finds that the region can accommodate new housing at the low, middle or high ends of the growth forecast range.

This analysis should not be understood as prescribing a future for the region. It remains up to policymakers to decide whether these projected outcomes are desirable and, if not, what plans and investments are needed to achieve a different outcome that matches the public's preferences, values and funding priorities, as well as state laws governing growth management.

³ These tables reflect two necessary corrections identified by Metro staff in September 2014. First, in one step of the July 2014 draft report's calculations for housing demand, household data for the entire seven-county metropolitan area were used instead of data limited to the area within the Metro urban growth boundary. As a result the July draft report overestimated demand for single-family housing within the urban growth boundary. A second correction related to lands added to the urban growth boundary by the Oregon Legislature in March 2014 under House Bill 4078. At the request of the city of Forest Grove, this revised report counts lands added near Forest Grove as industrial, rather than residential. This reduces regional capacity for housing, but increases the regional surplus of industrial land.

Policy considerations

PROVIDING HOUSING OPPORTUNITIES

As policymakers consider their options for responding to housing needs, there are considerations to keep in mind.

- If policymakers decide that a urban growth boundary expansion is needed to provide room for housing, where should that expansion occur? Metro is aware of two cities in the region that are currently interested in UGB expansions for housing – Sherwood and Wilsonville. Both cities had residential land added to the UGB in 2002 that they have not yet annexed. Sherwood requires voter-approved annexation and voters have twice rejected annexing the area. What is a reasonable time frame for seeing results in past and future UGB expansion areas?
- Given that the region has ample growth capacity for multifamily housing but a more finite supply of single-family growth capacity, should policymakers consider ways to encourage “family-friendly” housing in multifamily and mixed-use zones? To what extent might that address single-family housing needs in this analysis? Are there ways to ensure that housing in downtowns and along main streets remains within reach of families with moderate or low incomes?
- State land use laws and regional policy call for efficient use of any land added to the UGB. However, over the years very little multifamily housing has been built in UGB expansion areas. What is the right mix of housing types in areas added to the UGB in the future and how are they best served?
- How might policymakers balance residential preferences with other concerns such as infrastructure provision, transportation impacts, affordability, and environmental protection?

IMPACT OF MILLENNIALS ON HOUSING

Millennials, those born since 1980, are the biggest age cohort the U.S. has ever had (bigger than the Baby Boomer cohort) and will have a significant influence on the types of housing that are desired in the future. Today, 36 percent of the nation’s 18 to 31-year olds are living with their parents.¹ This has variously been attributed to student loan debt, high unemployment or fear of losing a job, and stricter mortgage lending standards. Builders have responded by reducing their housing production and focusing on apartment construction. What will these trends mean for home ownership, housing type, and location choices in the longer term?





Policy considerations

INVESTING IN JOB CREATION

Metro has been actively engaged in the question of regional investment priorities since the release of the 2008 Regional Infrastructure Analysis and consequential discussion with regional community and business leaders through the Community Investment Initiative. From these efforts, Metro established the Regional Infrastructure Supporting our Economy (RISE) team to deliver regionally significant projects and new infrastructure investment to enhance the local and regional economy. Are there areas where RISE should focus its attention to ensure the region can generate job growth?

⁴ This table reflects a necessary correction identified by Metro staff in September 2014. The correction related to lands added to the urban growth boundary by the Oregon Legislature in March 2014 under House Bill 4078. At the request of the city of Forest Grove, this revised report counts lands added near Forest Grove as industrial, rather than residential with a small amount of commercial.

DOES THE REGION NEED MORE LAND FOR INDUSTRIAL JOB GROWTH?

Industrial employment includes a wide range of jobs like high tech manufacturers, truck drivers, and metal workers. Since it is common to find commercial jobs (offices, stores, restaurant, etc.) in industrial zones, this analysis shifts a portion of the overall industrial redevelopment supply into the commercial category.

Table 4 summarizes regional needs for general industrial employment growth, expressed in acres.⁴ Additional detail about this analysis can be found in Appendix 6. The need for large industrial sites (sites with over 25 buildable acres) is described separately. At mid-point in the forecast range, there is no regional need for additional land for general industrial employment uses. At the high end of the forecast range, there is a deficit. However, there are limited areas in urban reserves that may eventually be suitable for industrial uses.

General industrial employment (acres)

	Buildable land inventory	Market-adjusted supply	Demand	Surplus/need
Low growth forecast	7,300	6,000	1,200	+4,800
Middle (baseline) growth forecast		5,200	3,800	+1,400
High growth forecast		5,200	6,500	-1,300

Table 4 Metro UGB general industrial acreage needs 2015 to 2035⁴

Note: reflecting real market dynamics where commercial uses locate in industrial zones, the market adjustment shifts some of the region's industrial redevelopment supply into the commercial land supply. The amount varies by demand forecast.

Case study TROUTDALE REYNOLDS INDUSTRIAL PARK

Located between the Columbia and Sandy rivers and bordered by the Troutdale Airport and Marine Drive, this 700-acre superfund site is being redeveloped with a mix of industrial uses, natural areas and utility and trail



access. The Port of Portland is working closely with local, regional and state jurisdictions to redevelop this former aluminum plant brownfield site and return it to productive industrial use with a traded-sector job focus. The Port has invested over \$37 million in the acquisition and redevelopment of the site. Today, a portion of the site is home to FedEx Ground's regional distribution center. Another \$48 million in investment is needed to make the remainder of the site ready to market to industrial employers. At full build-out, this industrial development is projected to result in 3,500 direct jobs, \$410 million in personal income and \$41 million in state and local taxes annually (all jobs).

HOW SHOULD THE REGION PRIORITIZE INVESTMENTS IN LARGE INDUSTRIAL SITE READINESS?

The region's economic development strategy focuses on several sectors with anchor firms that sometimes use large industrial sites (over 25 buildable acres). These firms are important because they often pay higher-than-average wages, export goods outside the region (bringing wealth back), produce spin off firms, and induce other economic activity in the region. However, forecasting the recruitment of new firms or growth of existing firms that use large industrial sites is challenging since these events involve the unique decisions of individual firms. To produce an analysis that is as objective as possible, the estimate of future demand for large industrial sites is based on the employment forecast. That assessment and its caveats are described in Appendix 7.

The analysis finds that there may be demand for eight to 34 large industrial sites between 2015 and 2035. There are currently 50 large vacant industrial sites inside the UGB that are not being held for future expansion by existing firms.⁵ This does not include sites added to the UGB in 2014 under HB 4078. To exhaust this supply of sites by 2035, the region would need to attract five major industrial firms every two years. In addition to this inventory of 50 sites, there are 24 sites inside the UGB that are being held by existing firms for future expansion (growth of existing firms is implicit in the demand forecast). Given this total supply of 74 large industrial sites and the fact that there are only two areas in urban reserves (near Boring and Tualatin) that may be suitable for eventual industrial use, policymakers can consider whether to focus on land supply or site readiness.

There are a limited number of areas in urban reserves that may be suitable for eventual industrial use. Therefore, this demand analysis may be more useful for informing the level of effort that the region may wish to apply to making its existing large industrial sites development-ready. Existing sites typically require actions such as infrastructure provision, wetland mitigation, site assembly, brownfield cleanup, annexation by cities, and planning to make sites development-ready. Many of these same development-readiness challenges exist in the two urban reserve areas that may eventually be suitable for industrial use. Metro and several public and private sector partners continue to work to understand the actions and investments that are needed to make more of the region's large industrial sites development-ready.



Policy considerations

THE PORTLAND HARBOR

The harbor is a unique environmental, recreational and economic asset that cannot be replaced elsewhere in the Portland region. For more than a century, the harbor has played a critical role in the history of trade and manufacturing in our region. Today, the harbor needs to be cleaned up to continue providing benefits. What is the appropriate balance between environmental and economic goals? What investments and policies can advance those goals?

⁵ This inventory is preliminary as of June 16, 2014, and will be confirmed by Metro and its partners before Metro Council consideration of the final UGR. This work is being conducted by Mackenzie for an update of the 2012 Regional Industrial Site Readiness project. However, the inventory is not expected to change enough to result in a different conclusion regarding there being no regional need for additional UGB expansion.

Policy considerations

KEEPING SHOPPING AND SERVICES CLOSE BY

It makes sense to locate commercial uses close to where people live. If the Metro Council chooses to plan for a high growth scenario, are there places where it makes sense to expand the UGB for a mix of residential and commercial uses?



DOES THE REGION NEED MORE LAND FOR COMMERCIAL JOB GROWTH?

The commercial employment category includes a diverse mix of jobs such as teachers, restaurant workers, lawyers, doctors and nurses, retail sales people, and government workers. Generally, these are population-serving jobs that are located close to where people live. Table 5 summarizes regional needs for commercial employment growth, expressed in acres.⁶ Additional detail about this analysis can be found in Appendix 6. At mid-point in the forecast range, there is no regional need for additional land for commercial employment uses. At the high end of the forecast range, there is a deficit. However, it may not be desirable to locate commercial uses on the urban edge unless those uses are integrated with residential development.

Commercial employment (acres)

	Buildable land inventory	Market-adjusted supply	Demand	Surplus/need
Low growth forecast	4,200	4,100	1,400	+2,700
Middle (baseline) growth forecast		4,400	3,600	+800
High growth forecast		5,000	5,700	-700

Table 5 Metro UGB commercial acreage needs 2015 to 2035⁶

Note: reflecting real market dynamics where commercial uses locate in industrial zones, the market adjustment shifts some of the region's industrial redevelopment supply into the commercial land supply. The amount varies by demand forecast.

⁶ This table reflects a necessary correction identified by Metro staff in September 2014. The correction related to lands added to the urban growth boundary by the Oregon Legislature in March 2014 under House Bill 4078. At the request of the city of Forest Grove, this revised report counts lands added near Forest Grove as industrial, rather than residential with a small amount of commercial. Making this correction reduces the region's commercial buildable land inventory by 100 acres.

Conclusion

The 2014 urban growth report is more than an accounting of available acres and forecast projections. It provides information about development trends, highlights challenges and opportunities, and encourages policymakers to discuss how we can work together as a region to help communities achieve their visions. This region has seen tremendous change and progress over the last 20 years and we know change will continue. Our shared challenge is to guide development in a responsible and cost-effective manner so that we preserve and enhance the quality of life and ensure that the benefits and costs of growth and change are distributed equitably across the region.

LOCAL LEADERSHIP

Examples of strong partnerships abound already. At the local level, cities and counties are working closely with the private sector to bring new vibrancy to downtowns, more jobs to employment areas, and to provide existing and new neighborhoods with safe and convenient transportation options. Residential and employment areas as varied as Beaverton's Creekside District, Portland's South Waterfront, Hillsboro's AmberGlen, Wilsonville's Villebois, the Gresham Vista Business Park and many others, both large and small, are pointing the way to our region's future.

METRO'S ROLE

At the regional level, Metro supports community work with a variety of financial and staff resources. The Community Planning and Development Grant program has funded over \$14 million in local project work to support development readiness. The RISE (Regional Infrastructure Supporting our Economy) program is designed to deliver regionally significant projects and spur infrastructure investment. The Transit-Oriented Development Program provides developers with financial incentives that enhance the economic feasibility of higher density, mixed-used projects served by transit. Corridor projects such as the Southwest Corridor and East Metro Connections Plan are bringing together Metro, local jurisdictions, educational institutions, residents, businesses and others to develop comprehensive land use and transportation plans for individual areas that will support local community and economic development goals.

INVESTING IN OUR COMMUNITIES

These are just a few examples of the kind of work that's happening all across the region. While the Metro Council's growth management decision must address the question of whether to adjust the region's urban growth boundary, the more difficult questions center on how to find the resources needed to develop existing land within our communities and new land in urban growth boundary expansion areas in a way that meets community and regional goals. Many of these questions and policy considerations are highlighted throughout this urban growth report to support policy discussions in the 2015 growth management decision and beyond.

Next steps

JULY THROUGH DECEMBER 2014 The urban growth report helps inform policy discussions for the Metro Policy Advisory Committee (MPAC) and Metro Council.

DECEMBER 2014 The Metro Council will consider a final urban growth report that will serve as the basis for its growth management decision in 2015. The Metro Policy Advisory Committee will be asked to advise the council on whether the urban growth report provides a reasonable basis for its subsequent growth management decision.

JULY 2014 – MAY 2015 Local and regional governments will continue to implement policies and investments to create and enhance great communities while accommodating anticipated growth.

MAY 2015 Local jurisdictions interested in urban growth boundary expansions in urban reserves must complete concept plans for consideration by MPAC and the Metro Council.

SEPTEMBER 2015 Metro's chief operating officer makes a recommendation for the Metro Council's growth management decision that becomes the basis for MPAC and council discussion during fall 2015. The recommendation will take into account the final urban growth report, assessments of urban reserve areas, actions that have been taken at the regional or local level – such as measures that lead to more efficient land use and adopted concept plans for urban reserves – and other new information that may influence our understanding of future growth in the region.

BY THE END OF 2015 If any additional 20-year capacity need remains, the Metro Council will consider UGB expansions into designated urban reserves. The Metro Policy Advisory Committee will be asked to advise the council on the growth management decision.



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iv Pew Research Center, A Rising Share of Young Adults Live in Their Parent's Home, August 1, 2013, accessed online 5/20/14 at <http://www.pewsocialtrends.org/files/2013/07/SDT-millennials-living-with-parents-07-2013.pdf>

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THE FOLLOWING PEOPLE GRACIOUSLY LENT THEIR EXPERTISE TO INFORM THIS REPORT

2014 Urban Growth Report: buildable land inventory technical working group

The following people advised Metro staff on the methods used for identifying the region's buildable land inventory. Additional review of the preliminary inventory was provided by numerous city and county staff.

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Brian Hanes, Washington County
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Ken Rencher, Beaverton
Mike Rizzitiello, Beaverton
Larry Conrad, Clackamas County
Denny Egner, Lake Oswego (through June 2013), Milwaukie
Chris Neamtzu, Wilsonville
Chuck Beasley, Multnomah County
Adam Barber, Multnomah County
Tom Armstrong, Portland
Tyler Bump, Portland (alternate)
Brian Martin, Gresham
Mike Tharp, Norris, Beggs, and Simpson
Bob LeFeber, Commercial Realty Advisors

Drake Butsch, First American Title Company
Stuart Skaug, CB Richard Ellis
Dan Grimberg, Arbor Homes
Jeff Bacharach, Bacharach Law
Andrew Tull, 3J Consulting
Justin Wood, Home Builders Association of Metropolitan Portland
Anne Debbaut, DLCD
Jennifer Donnelly, DLCD
Tom Hogue, DLCD
Gordon Howard, DLCD
Jerry Johnson, Johnson Economics
Eric Hovee, E.D. Hovee and Associates

2014 Urban Growth Report: residential supply range technical working group

This group advised Metro staff on how much of the residential buildable land inventory's redevelopment supply may be developable in the 20-year time horizon.

Erin Wardell, Washington County
Jeannine Rustad, Hillsboro
Emily Tritsch, Hillsboro
Gordon Howard, DLCD
Anne Debbaut, DLCD
Jennifer Donnelly, DLCD
Tom Armstrong, Portland
Justin Wood, Home Builders Association
Jerry Johnson, Johnson Economics
Eric Hovee, E.D. Hovee and Associates

2014 Urban Growth Report: employment land technical working group

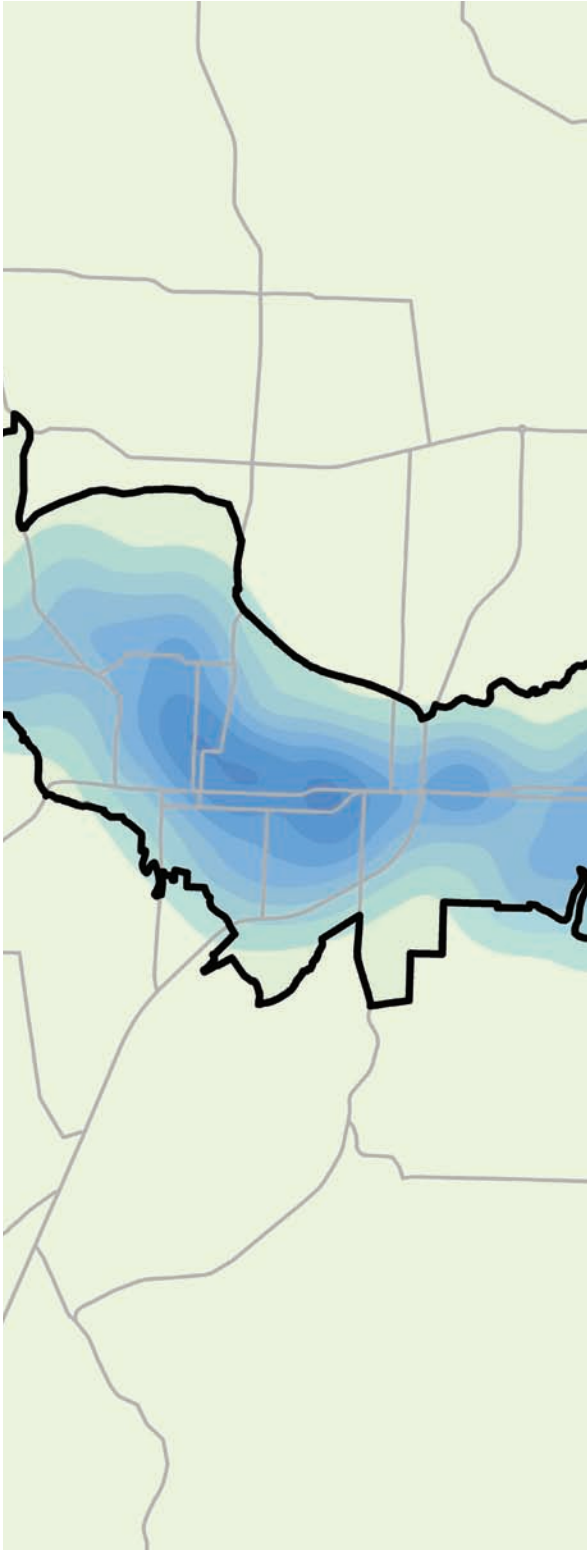
This group advised Metro staff on how various employment sectors use building space (square feet per employee and floor-area ratios).

Bob LeFeber, Commercial Realty Advisors
Mark Childs, Capacity Commercial
Steve Kountz, Portland
Tyler Bump, Portland
Brian Owendoff, Capacity Commercial
Mike Tharp, Norris, Beggs, and Simpson

2014 Urban Growth Report: regional forecast advisory panel

Dr. Tom Potiowsky, Chair, Northwest Economic Research Center, PSU
Dr. Jennifer Allen, Institute for Sustainable Solutions, PSU
Jerry Johnson, Johnson Economics
Dr. Jason Jurjevich, Population Research Center, PSU
Dave Lenar, NW Natural
Dr. Randall Pozdena, ECONorthwest
Steve Storm, NW Natural

oregonmetro.gov/growth



Materials following this page were distributed at the meeting.



2014 MPAC Work Program

As of 10/07/14

*Items in italics are tentative; **bold** denotes required items*

<p>Wednesday, Oct. 8, 2014</p> <ul style="list-style-type: none"> Growth Management Decision: Discuss residential component of draft 2014 Urban Growth Report – <u>discussion and begin framing Nov. 12th recommendation to Metro Council</u> (65 min, Ted Reid, John Williams) <p>FYI: A comment period is planned from Sept. 15 to Oct. 30, 2014 on the Climate Smart Communities draft approach and draft implementation recommendations</p>	<p>Wednesday, Oct. 22, 2014</p> <ul style="list-style-type: none"> Climate Smart Communities Scenarios: Continue to shape short list of toolbox actions & discuss options to demonstrate region’s commitment to implementation – <u>discussion leading to Nov. 7th joint meeting and Dec. 10th recommendation</u> (30 min, Kim Ellis) 2015 Growth Management Decision (60 min, Ted Reid, John Williams) - <u>Discussion and begin framing Nov. 12th recommendation to Metro Council</u> <ul style="list-style-type: none"> Draft 2014 Urban Growth Report (UGR) Assessment of Employment Capacity Needs Regional Industrial Site Readiness <p><i>Call for volunteers to serve on MPAC nominating committee for 2015 officers</i></p>
<p>Joint MPAC/JPACT Meeting Friday, November 7, 2014 (8 a.m. to noon) World Forestry Center, Cheatham Hall</p> <ul style="list-style-type: none"> Climate Smart Communities Scenarios Project: Discuss public comments and potential refinements to draft approach and implementation recommendations – <u>discussion and begin framing Dec. 10th recommendation to Metro Council</u> 	<p>Wednesday, Nov. 12, 2014</p> <ul style="list-style-type: none"> Growth Management Decision: Recommendation to Metro Council on Council acceptance of draft 2014 Urban Growth Report as basis for subsequent growth management decision – <u>Recommendation to Metro Council</u> (60 min, Ted Reid, John Williams) Climate Smart Communities Scenarios: Discuss policy topics identified on Sept. 10th & Nov. 7th – <u>discuss, continue framing Dec. 10th recommendation to Metro Council</u> (Kim Ellis; 30 min) Opt In & Engagement Resources Update (Jim Middaugh; 20 min) <i>Approval of MPAC nominating committee for 2015 officers</i> <p>FYI: National League of Cities Congress of Cities and Exposition, Austin, TX, November 18 - 22</p>
<p>Wednesday, Dec. 10, 2014</p> <ul style="list-style-type: none"> Climate Smart Communities Scenarios Project: Recommendation on adoption of the preferred approach and implementation recommendations – <u>Recommendation to the Metro Council</u> (60 min, Kim Ellis) 	

Parking Lot:

- Presentation on health & land use featuring local projects from around the region
- Affordable Housing opportunities, tools and strategies
- Greater Portland, Inc. Presentation on the Metropolitan Export Initiative
- MPAC composition
- “Unsettling Profiles” presentation by Coalition of Communities of Color
- Tour of the City of Wilsonville’s Villebois community
- 2015 legislative session and possible shared regional agenda



Date: October 8, 2014
To: MPAC
From: Ted Reid, project manager for 2015 urban growth management decision
Re: MTAC recommendations on components of the draft 2014 Urban Growth Report

Background

In July, Metro staff issued a draft of the 2014 Urban Growth Report. On December 4, 2014, the Metro Council will consider a resolution accepting the 2014 Urban Growth Report as a draft analysis of need for capacity in the urban growth boundary to accommodate growth to the year 2035 and for actions the Council may take to add housing and employment capacity by ordinance in 2015. The resolution is available in draft form in MPAC's October 8 meeting packet. On November 12, 2014, MPAC will be asked for a formal recommendation on whether the Council should adopt the resolution.

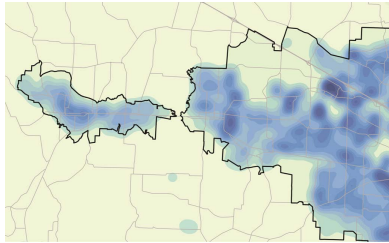
MTAC recommendations made to date

On October 1, 2014, MTAC made the following unanimous recommendations on two core elements of the Urban Growth Report:

- The residential buildable land inventory has undergone an appropriate level of technical review and provides a reasonable basis for policy discussions. (3 abstentions, 0 nays)
- The seven-county population and employment range forecast in the draft UGR has undergone an appropriate level of technical review and provides a reasonable basis for policy discussions. (2 abstentions, 0 nays)

Additional MTAC recommendations sought

At MTAC's October 15 meeting, MTAC will be asked for additional recommendations related to the employment portion of the draft UGR. Metro staff will provide MPAC with a summary of those recommendations in advance of its October 22 meeting.



2015 growth management decision



Residential component of the draft 2014 urban growth report



Metro Policy Advisory Committee
10/8/14



Urban growth management decision TIMELINE

2013 Phase I

TECHNICAL ENGAGEMENT

Jan–Dec 2013
Develop 20-year
growth capacity
estimates

2014 Phase 2

URBAN GROWTH REPORT

July 2014
Draft urban
growth
report
released

Dec 2014
Metro
Council
accepts
draft UGR

2015 Phase 3

GROWTH MANAGEMENT DECISION

Sept 2015
COO recom-
mendation to
Metro Council

Dec 2015
Council decision to
adopt measures to
meet housing and
employment needs

Phase II (2014 Urban Growth Report)



7/22/14	Council – intro to draft UGR
7/23/14	MPAC – intro to draft UGR
9/9/14	Council – residential preference study
9/10/14	MPAC – residential preference study
9/23/14	Council – housing needs
10/8/14	MPAC – housing needs
10/9/14	Council – employment needs, industrial site readiness
10/14/14	Council – request advice from MPAC on acceptance of draft UGR
10/22/14	MPAC – employment needs, industrial site readiness
11/12/14	MPAC – recommendation to Council on UGR
12/4/14	Council – hearing and decision on UGR

Questions for MPAC consideration in formulating a recommendation

- Does the draft 2014 Urban Growth Report provide enough information to support ongoing growth management policy discussions in 2015?
- Are there topics that should be identified in the UGR resolution for additional discussion in 2015, in advance of the Council's 2015 urban growth management decision?
- Are there topics that should be identified in the UGR resolution as having had sufficient discussion?

What the numbers show

This analysis finds that currently-adopted plans can accommodate new housing at the low, middle or high ends of the growth forecast range.

For whom are we planning?

- 60% of the new households will include one or two people. What are their housing needs?
- Unanimous MTAC recommendation: The seven-county population and employment range forecast in the draft UGR has undergone an appropriate level of technical review and provides a reasonable basis for policy discussions.

Statewide policy context: Planning Goal 14 (Urbanization):

“Prior to expanding an urban growth boundary, local governments shall demonstrate that needs cannot reasonably be accommodated on land already inside the urban growth boundary.”

Region policy context: Developing the 2040 Growth Concept

Base case – Continuing pattern

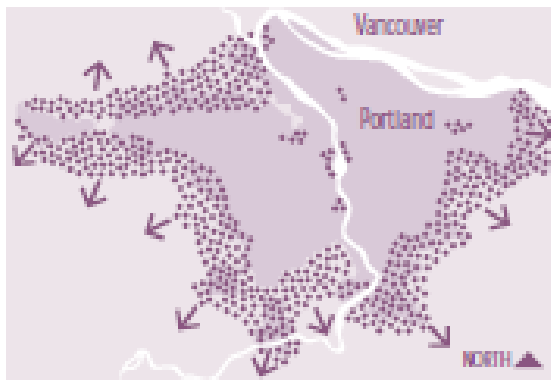


Greatest expansion of UGB; continuation of development patterns occurring between 1985 and 1990.

354,000 acres in UGB
(121,000 acres added to UGB)

Region policy context: Developing the 2040 Growth Concept

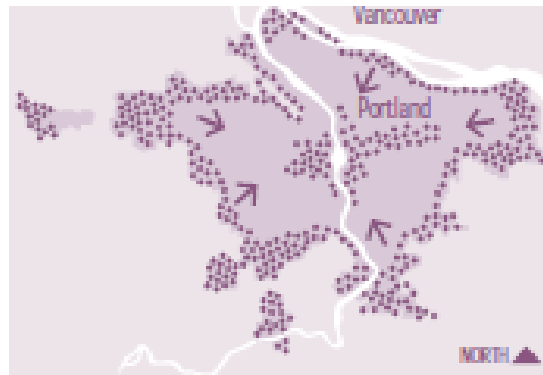
Concept A Growing out



Significant expansion of the UGB; new growth at urban edge develops mostly in the form of housing.

284,000 acres in UGB
(51,000 acres added to UGB)

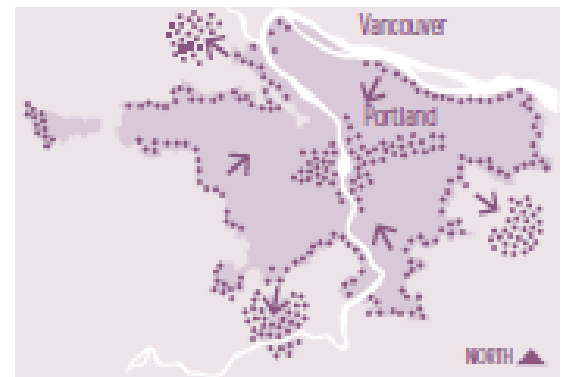
Concept B Growing up



No UGB expansion; growth accommodated through development of existing land within the urban growth boundary.

234,000 acres in UGB

Concept C Neighboring cities



Moderate expansion of the UGB; growth focused in centers, corridors and neighboring cities.

257,000 acres in UGB
(22,000 acres added to the UGB)

Region policy context: Developing the 2040 Growth Concept

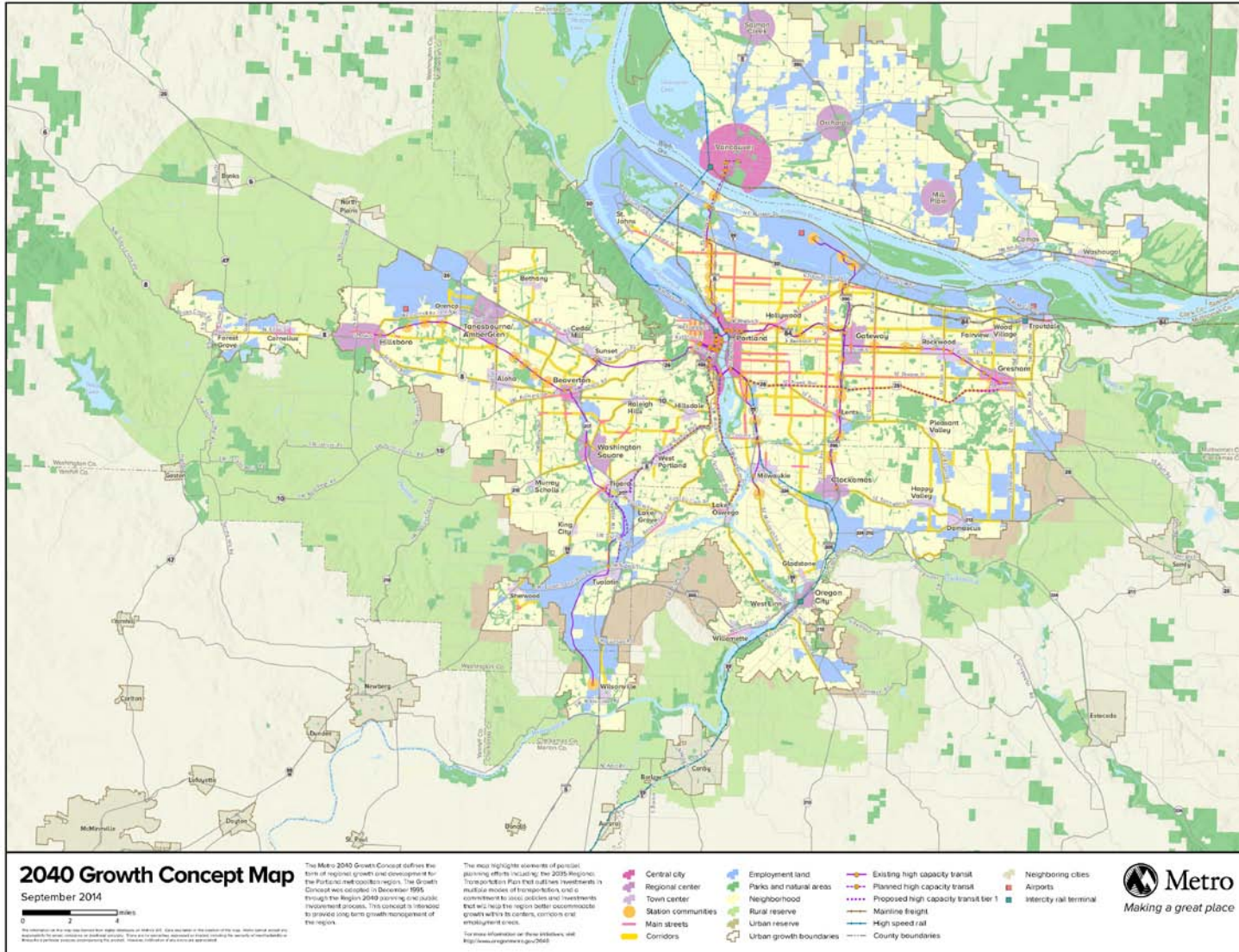
2040 recommended alternative



Growth is encouraged in centers and corridors with increased emphasis on redevelopment within the urban growth boundary.

248,000 to 252,000 acres in UGB
(15,000 to 19,000 acres added to the UGB over 50 years)

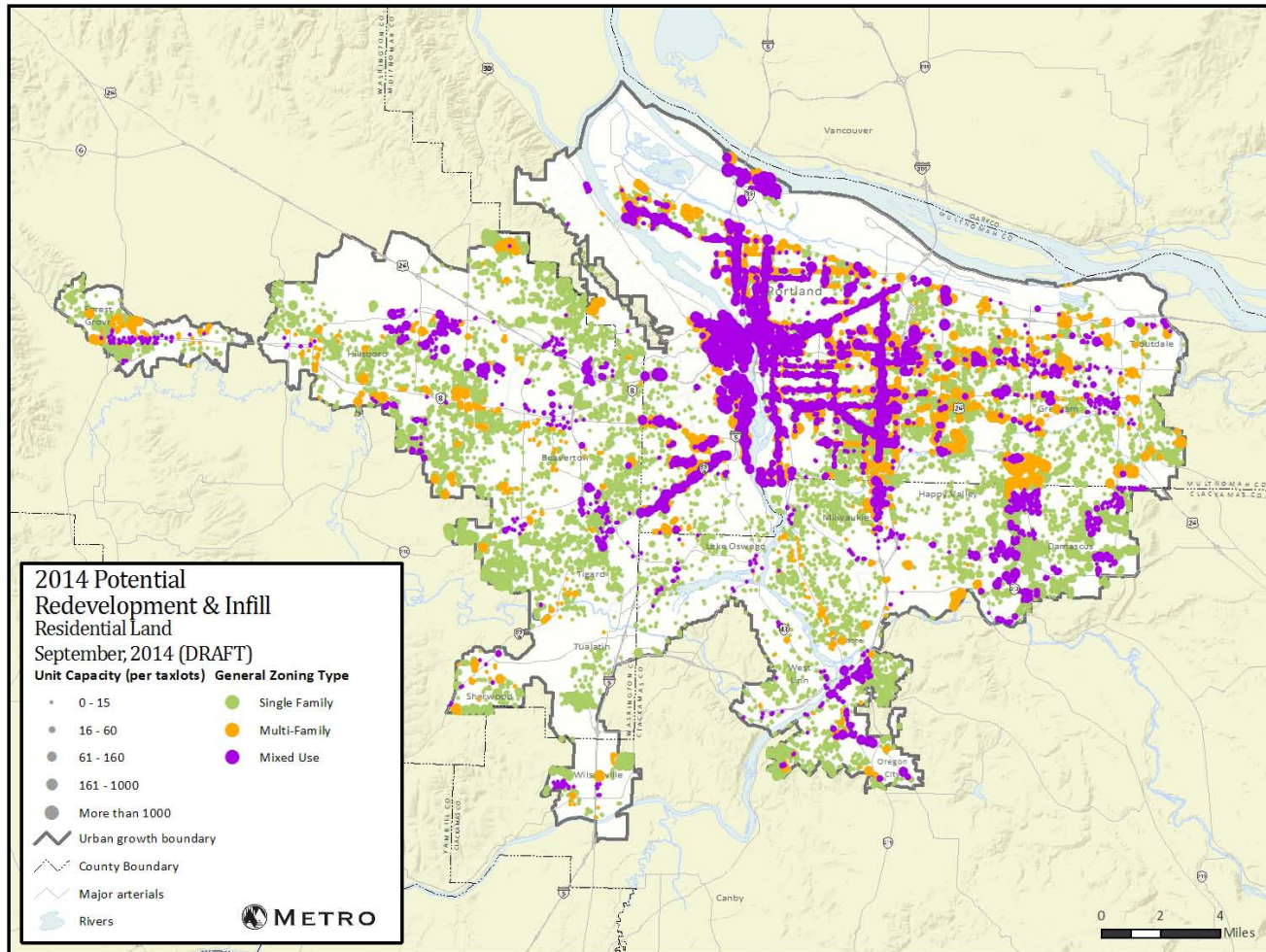
Regional policy context: 2040 Growth Concept



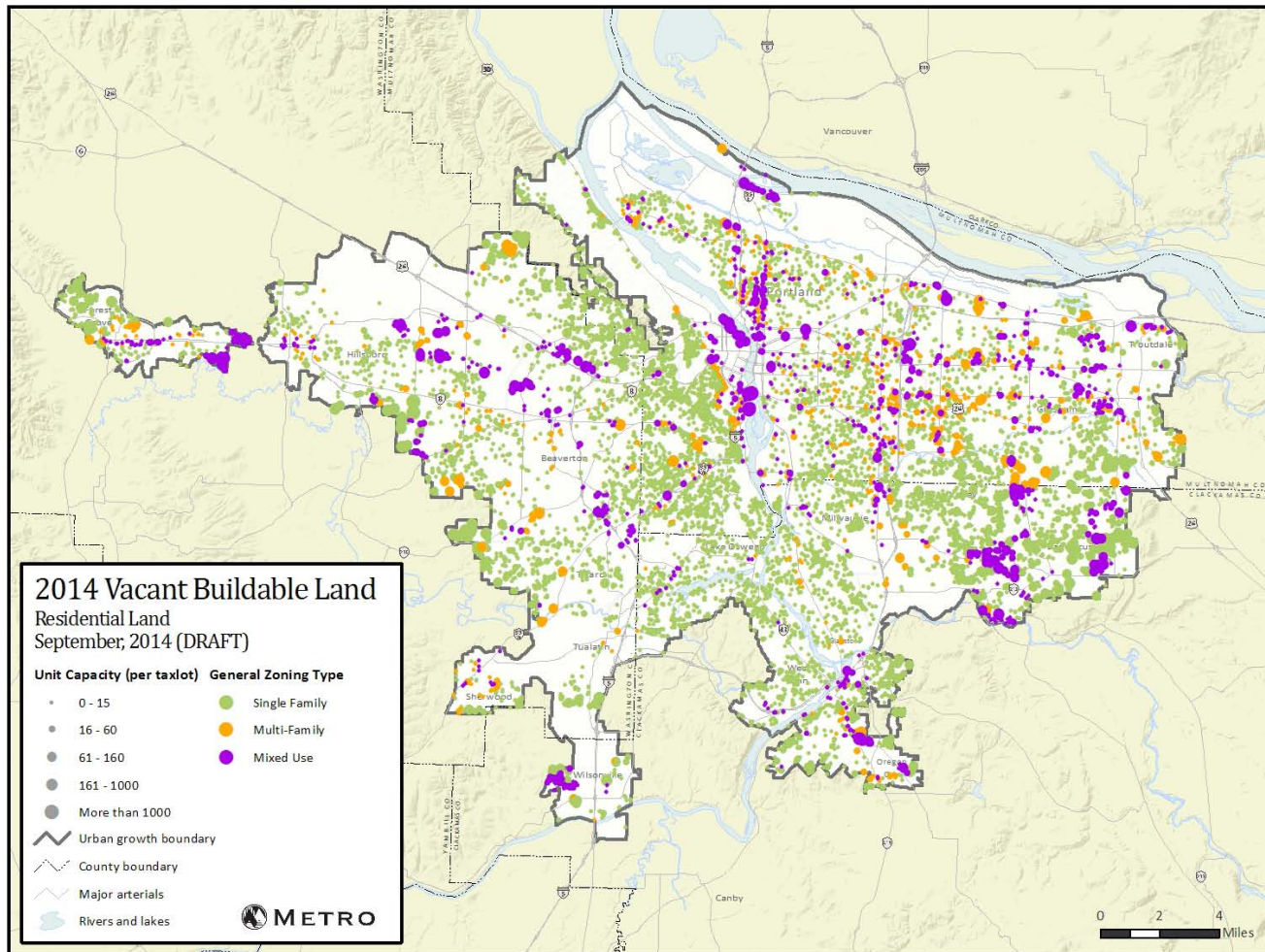
Regional policy context: Framework Plan

“The preferred form is to contain growth within a carefully managed Urban Growth Boundary (UGB). Growth occurs inside the UGB in the form of infill and redevelopment with higher density developed in areas where it is appropriate. Expansions of the UGB are done carefully to allow for the need for additional land.”

Local policy context: Adopted zoning reflected in the buildable land inventory



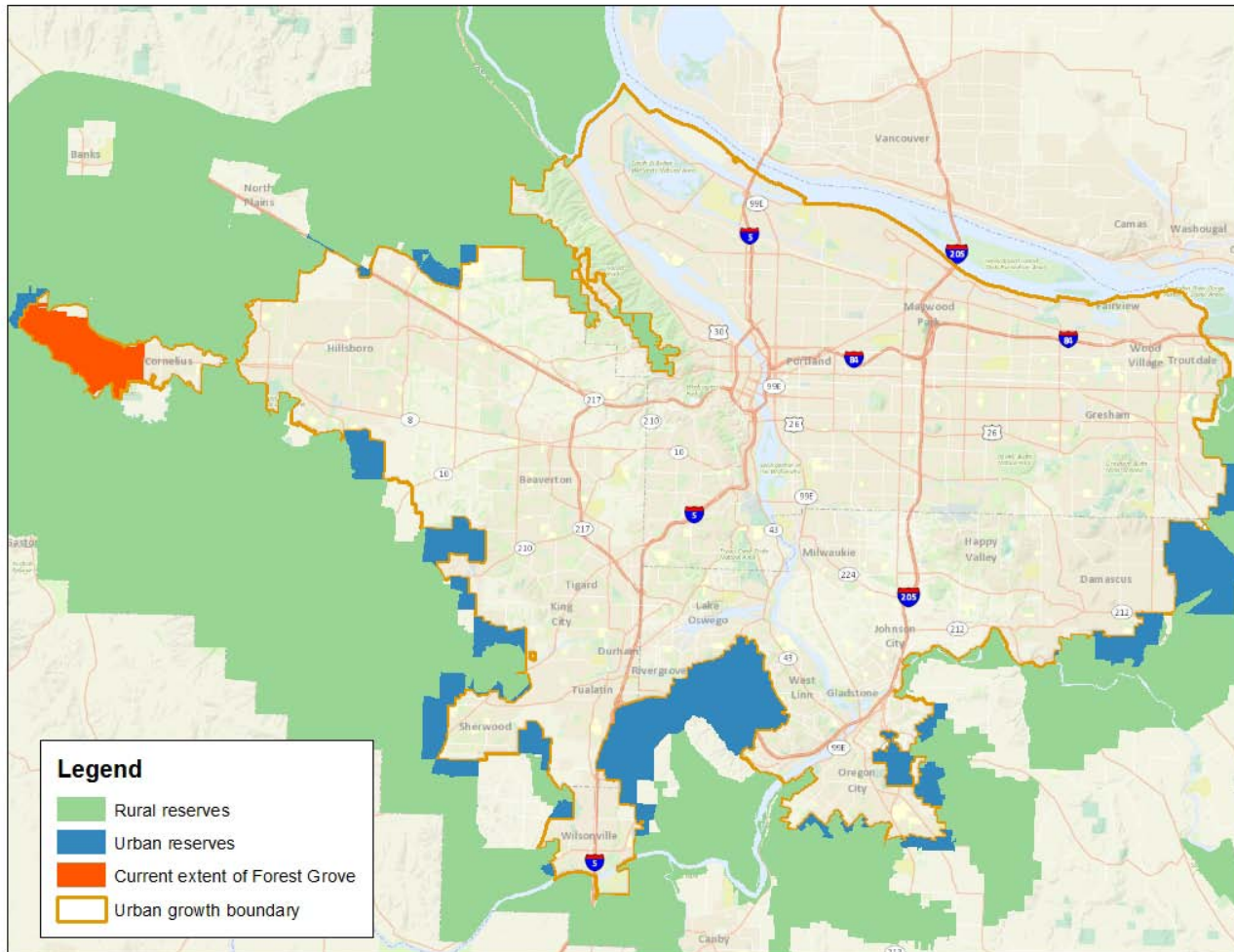
Local policy context: Adopted zoning reflected in the buildable land inventory



Unanimous recommendations from MTAC

- The residential buildable land inventory has undergone an appropriate level of technical review and provides a reasonable basis for policy discussions.

Going forward, maintaining a 50/50 single-family/multifamily split for new housing could require adding an area about the size of Forest Grove to the UGB every six years



Policy considerations

- Is the real challenge land readiness or land supply?
- How can we encourage “family-friendly” housing in urban areas?
- What is the right mix of housing in UGB expansions?
- How should policy makers balance housing preferences with other concerns such as infrastructure provision and affordability?
- How much can we rely on growth capacity in Damascus? Are there other options that are more viable, either in existing urban areas or urban reserves?
- What are the risks and benefits of planning for higher or lower growth?

Questions for MPAC consideration in formulating a recommendation to Council

- Does the draft 2014 Urban Growth Report provide enough information to support ongoing growth management policy discussions in 2015?
- Are there topics that should be identified in the UGR resolution for additional discussion in 2015, in advance of the Council's 2015 urban growth management decision?
- Are there topics that should be identified in the resolution as having had sufficient discussion?