 **Metro | Agenda**

Meeting: Metro Policy Advisory Committee (MPAC)  
Date: Wednesday, September 9, 2015  
Time: 5 to 7 p.m.  
Place: Metro, Council Chamber

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- |                |            |          |   |  |
|----------------|------------|----------|---|--|
| <b>5 PM</b>    | <b>1.</b>  | <b>*</b> | <b>CALL TO ORDER, SELF INTRODUCTIONS, CHAIR COMMUNICATIONS</b>                        | <b>Pete Truax, Chair</b>                         |
| <b>5:05 PM</b> | <b>2.</b>  |          | <b>CITIZEN COMMUNICATIONS</b>   |  |
| <b>5:10 PM</b> | <b>3.</b>  |          | <b>COUNCIL UPDATE</b>   | <b>Metro Council</b>                             |
| <b>5:20 PM</b> | <b>4.</b>  |          | <b>MPAC MEMBER COMMUNICATION</b>  |  |
| <b>5:25 PM</b> | <b>5.</b>  |          | <b>CONSENT AGENDA:</b>  |  |
|                |            | <b>*</b> | <b>• Consideration of August 26, 2015 Minutes</b>                                     |  |
|                | <b>6.</b>  |          | <b>ACTION ITEMS</b>   |  |
| <b>5:30 PM</b> | <b>6.1</b> | <b>*</b> | <b>2015 Urban Growth Management Decision – <u>RECOMMENDATION to Metro Council</u></b> | <b>Martha Bennett, Metro<br/>Ted Reid, Metro</b> |
| <b>7:00 PM</b> | <b>7.</b>  |          | <b>ADJOURN</b>  | <b>Pete Truax, Chair</b>                         |

\* Material included in the packet

# Material will be provided at the meeting

**Upcoming MPAC Meetings:**

- Wednesday, September 23, 2015
- Wednesday, October 14, 2015
- Wednesday, October 28, 2015

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ការគោរពសិទ្ធិពលរដ្ឋរបស់ ។ សំរាប់ព័ត៌មានអំពីកម្មវិធីសិទ្ធិពលរដ្ឋរបស់ Metro ឬដើម្បីទទួលបានក្បួនលំអររើសអើងសូមចូលទស្សនាការប្រកាស [www.oregonmetro.gov/civilrights](http://www.oregonmetro.gov/civilrights)។  
បើលោកអ្នកត្រូវការការបកប្រែភាសានៅពេលអង្គប្រជុំសាធារណៈ សូមទូរស័ព្ទមកលេខ 503-797-1890 (ម៉ោង 8 ព្រឹកដល់ម៉ោង 5 ល្ងាច ថ្ងៃធ្វើការ) ប្រាំពីរថ្ងៃ ថ្ងៃធ្វើការ មុនថ្ងៃប្រជុំដើម្បីអាចឲ្យគេសម្រួលតាមសំណើរបស់លោកអ្នក ។

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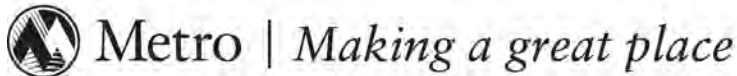
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## 2015 MPAC Work Program

*As of 09/02/15*

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

<p><b><u>Wednesday, September 9, 2015</u></b></p> <ul style="list-style-type: none"> <li>Community Planning &amp; Development Grants Update (Metro Council Communication, Councilor Sam Chase)</li> <li><b>2015 Urban Growth Management Decision: Recommendation to Metro Council</b> (Martha Bennett, Ted Reid, Metro; 65+ min)</li> </ul>	<p><b><u>Wednesday, September 23, 2015</u></b></p> <ul style="list-style-type: none"> <li>Clackamas County and Washington County Industrial Land Readiness Projects (Erin Wardell, Washington County; Jamie Johnk, Clackamas County; 45 min)</li> <li><i>Discuss Regional Snapshots (John Williams, Ted Reid, Metro; Council Update – 10 min)</i></li> </ul>
<p><b><u>Wednesday, October 14, 2015</u></b></p> <ul style="list-style-type: none"> <li>2018 Regional Transportation Plan Update – Review draft work program – <u>Discussion</u> (Kim Ellis, Peggy Morell, Metro; 45 min)</li> <li>Regional Transit Strategy – Review draft Regional Transit Vision – <u>Discussion</u> (Jamie Snook, Metro; 45 min)</li> </ul>	<p><b><u>Wednesday, October 28, 2015</u></b></p> <ul style="list-style-type: none"> <li><b>Endorse 2018 Regional Transportation Plan Update Work Plan – Action</b> (Kim Ellis, Metro; 35 min)</li> <li>Solid Waste Roadmap Update – <u>Information/Discussion</u> (Paul Slyman, Tom Chaimov, Metro; 60 min)</li> </ul>
<p><u>Wednesday, November 11, 2015</u> – Cancelled (holiday)</p>	<p><u>Wednesday, November 25, 2015</u> - Cancelled</p>
<p><b><u>Wednesday, December 9, 2015</u></b></p> <ul style="list-style-type: none"> <li><i>Equitable Housing Summit Update (Elissa Gertler, Emily Lieb, Metro; 45 min)</i></li> <li><i>Metro Enterprising Places program - Information/Discussion (Lisa Miles, Metro; 35 min)</i></li> </ul>	<p><u>Wednesday, December 23, 2015</u> - Cancelled</p>

**Parking Lot:**

- Presentation on health & land use featuring local projects from around the region
- Greater Portland, Inc. update
- “Unsettling Profiles” presentation by Coalition of Communities of Color
- Equity Initiatives in the Region (Patty Unfred; 30-40 min – Jan 13, '16)



**METRO POLICY ADVISORY COMMITTEE (MPAC)**

Meeting Minutes

August 26, 2015

Metro Regional Center, Council Chamber

MEMBERS PRESENT

Sam Chase  
Carlotta Collette  
Denny Doyle  
Andy Duyck  
Maxine Fitzpatrick  
Mark Gamba  
Jeff Gudman  
Jerry Hinton  
Dick Jones  
Carrie MacLaren  
Keith Mays  
Anne McEnery-Ogle  
Marilyn McWilliams  
Craig Prosser  
Bob Stacey  
Peter Truax, *Chair*  
Jerry Willey

AFFILIATION

Metro Council  
Metro Council  
City of Beaverton, Washington Co. 2<sup>nd</sup> Largest City  
Washington County  
Multnomah County Citizen  
City of Milwaukie, Clackamas Co. Other Cities  
City of Lake Oswego, Clackamas Co. Largest City  
City of Gresham, Multnomah Co. 2<sup>nd</sup> Largest City  
Oak Lodge Water District, Clackamas Co. Special Districts  
Department of Land Conservation and Development  
Washington County Citizen  
City of Vancouver  
Tualatin Valley Water District, Washington Co. Special Districts  
TriMet Board of Directors  
Metro Council  
City of Forest Grove, Washington Co. Other Cities  
City of Hillsboro, Washington Co. Largest City

MEMBERS EXCUSED

Tim Clark, *1<sup>st</sup> Vice Chair*  
Martha Schrader, *2<sup>nd</sup> Vice Chair*

AFFILIATION

City of Wood Village, Multnomah Co. Other Cities  
Clackamas County

ALTERNATES PRESENT

Jim Bernard  
Jackie Dingfelder  
Jennifer Donnelly  
Ed Gronke  
Renate Mengelberg  
Brenda Perry  
Jeff Swanson

AFFILIATION

Clackamas County  
City of Portland  
Department of Land Conservation and Development  
Clackamas County Citizen  
City of Oregon City, Clackamas Co. 2<sup>nd</sup> Largest City  
City of West Linn, Clackamas Co. Other Cities  
Clark County

OTHERS PRESENT: Tom Armstrong, Eric Chambers, Carol Chesarek, Colin Cooper, Radcliffe Dacanay, Chris Deffebach, Kathryn Harrington, Eric Hesse, Brian Martin, Zoe Monahan, Jonathan Schlueter, Laura Weigel

**STAFF:** Martha Bennett, Nick Christensen, Jeff Frkonja, Elissa Gertler, Alison Kean, Tim O'Brien, Nellie Papsdorf, Ted Reid, Nikolai Ursin, Malu Wilkinson

**1. CALL TO ORDER, SELF INTRODUCTIONS, CHAIR COMMUNICATIONS**

MPAC Chair Peter Truax called the meeting to order at 5:04 p.m. and declared a quorum. All attendees introduced themselves.

Chair Truax shared information about a series of small housekeeping amendments that Metro staff was proposing to the Functional Plan. He noted that the item was for informational purposes and did not require a recommendation to the Metro Council. Chair Truax explained that the amendments address code section inconsistencies in the different Titles of the Functional Plan. The Metro Technical Advisory Committee (MTAC) discussed the proposed changes at their August 5 meeting and recommended one minor language change that was incorporated into the proposed ordinance.

Councilor Jeff Gudman thanked Chair Truax for the update. He noted that in January he had brought the committee's attention to a discrepancy in Metro's requirement for local jurisdictions to provide notice of proposed land use actions. He requested that this deadline be changed to match the Department of Land Conservation and Development (DLCD) notice requirement of 35 days. Councilor Gudman thanked Metro Planning staff for reconciling the issue and bringing the requirements into alignment.

**2. CITIZEN COMMUNICATIONS**

There were none.

**3. COUNCIL UPDATE**

Councilor Sam Chase notified MPAC members of the following items:

- Metro Nature in Neighborhoods Trail Grants are now available for 2015. These grants provide opportunities to plan, restore, and build regional trails that increase access to parks and natural areas for people and improve the quality of natural resources associated with regional trails in the Portland metropolitan area. This year \$500,000 is available for regional trails grants. Funding is available for projects that match the following criteria: implement the Regional Trails Plan; increase access to nature for regional trail users and boost nature as part of the regional trails system; improve the ability of all communities, including underrepresented communities, to learn about and connect with nature; and support and create partnerships in local communities to improve water quality, fish and wildlife habitat. Funding for Nature in Neighborhoods community grants has more than doubled thanks to the parks and natural areas levy that the region's voters approved in 2013.

**4. MPAC MEMBER COMMUNICATION**

There were none.

## **5. CONSENT AGENDA**

### **5.1 Consideration of July 8, 2015 Minutes**

MOTION: Mayor Denny Doyle moved and Councilor Jeff Gudman seconded, to adopt the July 8, 2015 minutes as amended.

ACTION: With all in favor, the motion passed.

*Note*: The July 8, 2015 minutes were amended to correct a couple of minor typographical errors.

## **6. INFORMATION/DISCUSSION ITEMS**

### **6.1 Powell-Division Transit and Development Project**

Chair Truax provided an introduction for the item, noting that it was an update on the Powell-Division Transit and Development Project and intended for information and discussion. Chair Truax explained that in conjunction with the transit project, the Cities of Portland and Gresham have engaged their communities to understand the types of changes near future station areas that are desirable and feasible in the near term. This outreach work was funded through Metro's Community Planning and Development Grants program. Chair Truax then introduced Metro Investment Areas Manager Malu Wilkinson, City of Portland Planner Radcliffe Dacanay, and City of Gresham Senior Planner Brian Martin to discuss the project.

Malu Wilkinson explained that the update was an opportunity to share the collaborative work staff have been working on over the past couple of years. Councilor Bob Stacey, a member of the Powell-Division Transit and Development Project's steering committee, added that the project was one of Metro's best examples of successful public engagement as part of a corridor study.

Ms. Wilkinson began by giving a brief overview of Metro's investment areas. She noted that Metro's approach to planning in investment areas such as the Powell-Division corridor has been focused on using planning, partnerships, and implementation iteratively to bring together the region's corridor planning and land use implementation. This allows the region to better leverage investments in a targeted area.

Key elements of the presentation included:

- Ms. Wilkinson shared a few examples of investment strategies and how resources had been leveraged to support the project. She explained how Metro's Regional Transit Options, Community Planning and Development Grants, and Nature in Neighborhood Grants had all played a role in the project, and worked in conjunction with private, public, and non-profit partners.
- The approach to the project has been focused on place and particularly looking at transit and development needs in the region.
- In terms of transit, the corridor connects the downtowns of the two largest cities in the region, the City of Portland and City of Gresham. The corridor already has significant ridership with 18,000 riders a day between the two main bus lines and has been identified as a top priority in the Eastside Service Enhancement Plan. Because of the significance of this route, it is a good choice for improvement.

- In terms of development, the corridor is important for a number of reasons. The corridor connects a number of economically-significant regional and town centers, and also acts as a main education corridor for the region, with Portland State University, Portland Community College, and a number of high schools included on the route.
- Community-driven decision-making has been vital to the project's success. Ms. Wilkinson noted that the community members make up more than half of the project's steering committee. Metro staff have also been engaging with the community in a number of different ways, including holding briefings with local committees, neighborhoods associations, business organizations, and advocacy organizations, as well as hosting online surveys, community forums, and discussions across the corridor.
- Ms. Wilkinson reviewed the draft Transit Action Plan, noting that the steering committee and the Joint Policy Advisory Committee (JPACT) had both recommended it be moved forward in June. The recommendations provided the direction staff needed to move towards implementing the plan.
- Ms. Wilkinson then shared a proposed timeline for the project for the next two years.
- She explained that the development component of the project has been just as important as the transit component. Because of this, it has been critical that Metro work in collaboration with the Cities of Portland and Gresham in order to make sure their work aligns with the cities' development and land use work. Local partners have provided land use planning that has identified needs, opportunities, and constraints for future station and stop locations along the route.
- Ms. Wilkinson introduced City of Portland Planner Radcliffe Dacanay to discuss the draft Portland Action Plan. Mr. Dacanay noted that the plan was intended to compliment the Powell-Division Transit Action Plan by addressing issues outside of typical transit plans, such as community development, affordable housing, and more. The purpose of the Portland Action Plan is to support residential and community stability, so that current residents and businesses benefit from the transit project; to illustrate design and development concepts for opportunity areas; and to provide a roadmap for City work in the Powell-Division corridor. Mr. Dacanay then gave an overview of the Plan and the major themes and principles it included, and shared some proposed designs.
- Commissioner Andy Duyck acknowledged that there was still work to be done but asked if the project would require the closure of any automobile lanes. Ms. Wilkinson responded that staff was still working on the design but the overall aim was to maintain the area's current capacity. She added that wholesale closure of lanes on Powell Boulevard was not part of staff's present designs.
- Ms. Wilkinson introduced City of Gresham Senior Planner Brian Martin to discuss the draft Gresham Action Plan. Mr. Martin explained that similar to the Portland Action Plan, the Gresham Action Plan addresses how the transit project could best serve the city's residents. Mr. Martin noted that many residents were excited to share the desired changes they would like to see in the city's station areas and their feedback informed the themes the plan focuses on, including new job opportunities, better connections, and keeping housing affordable. Mr. Martin then gave an overview of the Plan and the major themes and principles it included, as well as the work that went into its development.
- Ms. Wilkinson finished the presentation by sharing the following discussion questions:
  - Are there any concerns about the Powell-Division Transit Action Plan?
  - Are there any concerns or comments about the Portland and Gresham Action Plans?
  - Any topics that you would like to be explored at a later date?
  - Any feedback on the approach for engaging the community or steering committee membership?

- Any lessons learned that could be applied to future collaborative efforts?

*Member discussion included:*

Councilor Gudman asked if there was anything that could be done to accelerate the process and begin construction in 2016. Ms. Wilkinson noted that accelerating the process would be difficult due to certain federal timelines. She added that the project was moving quickly and would ideally be at least partially ready to use within five years.

Ed Gronke expressed his appreciation for the extensive work that had been done to engage communities throughout the planning process. He asked if the bus rapid transit system would be a dedicated right of way and where that might be located. He also inquired about how pedestrian crossings would be managed. Ms. Wilkinson stated that although the design of such components was incomplete, staff intended to preserve auto capacity and was working to design safe crossings for pedestrians.

## **6.2 2015 Urban Growth Management Decision: Chief Operating Officer Recommendation**

Chair Truax introduced the item, explaining that it related to the upcoming urban growth management (UGM) decision. He stated that the group would be discussing the Metro Chief Operating Officer (COO) Martha Bennett's recommendation and noted that although MPAC has discussed the UGM decision for a couple of years, the item marked the first discussion of the COO's recommendation released in late July. Chair Truax emphasized that MPAC was not providing the Metro Council with a recommendation that night, but would be making its formal recommendation at the next meeting on September 9.

Metro Chief Operating Officer Martha Bennett gave an overview of the presentation in three parts. Project Manager Ted Reid would first explain the process leading up to the decision, Ms. Bennett would discuss the substance of the recommendation, and lastly Mr. Reid would review the recommendation process. Ms. Bennett explained that the goal of the discussion was to better inform the committee about the basis for the recommendation. Following the presentation MPAC would have an opportunity to discuss and debate the recommendations.

Key elements of the presentation included:

- The process leading up to the decision: There are three phases to the urban growth management process: technical engagement, the Urban Growth Report, and the urban growth management decision.
  - Phase one focused on technical engagement and included convening a number of technical working groups to discuss the region's urban growth needs. These groups and panels involved a broad representation of individuals and institutions that helped staff develop how to come up with an inventory of buildable land, how to conduct the forecast, and how to describe the land use needs of different industries.
  - Phase two, the draft 2014 Urban Growth Report (UGR), was released in July 2014 and approved by the Metro Council in December 2014. Mr. Reid shared a timeline of MPAC and Metro Council discussions that occurred leading up to the draft's approval.
  - Phase three, the urban growth management decision process, began in February 2015. Mr. Reid shared a timeline of significant events that had affected the decision process, such as MPAC's additional topic discussions.



- The substance of the recommendation:
  - Three main factors in the urban growth decision: economic conditions (the lack of middle income jobs and the projection of more than 60 percent of new residents earning less than \$50,000 annually as the economic reality of the region), legal and political factors (particularly related to the status of the urban reserves decision in Multnomah and Clackamas Counties and the fact that many areas positioned for future urban growth are not currently available for expansion), and the success of regional and local policies (evidence from around the region that local investments are working, yielding the type of development the region has been planning for since the mid-1990s).
  - The first recommendation is to decide not to expand the urban growth boundary. The other six are needed to make the first work; they are in response to the previously mentioned legal, economic, and development factors.
  - The recommendation to not expand the UGB was made for two reasons. One, at the midpoint of the employment and population forecasts, the region has a sufficient land supply according to the UGR. Two, due to the legal reserves issue, even if there was a deficit of land, the region does not have the acknowledged urban reserves land with complete concept planning needed to expand.
  - Feedback over the last year has been concerned about how the data may have affected the Urban Growth Report. Because the report was developed following a serious recession and finished in the middle of an economic boom, there are questions about the effects of its timing. Rather than waiting six more years, the second recommendation suggests it may be best to begin the next round of the process in 2017 to resolve these issues.
  - The third recommendation is to seek acknowledgement of reserves and resolve the legal factors affecting the UGM decision.
  - The fourth recommendation is meant to respond to feedback about the overall UGR process. It involves exploring the process to provide additional certainty to the region, counties, cities, and stakeholders. This discussion should not take place until the reserves litigation is resolved, but should occur before the next Urban Growth Report.
  - The last three recommendations are in response to the economic conditions and regional policies. They address the public policy and program issues raised by the draft Urban Growth Report.
- The next steps in the recommendation process:
  - The August 26 meeting marked the first opportunity to discuss the recommendation with the committee.
  - On September 9, MPAC will be asked for a formal recommendation.
  - On September 15, the Metro Council will be asked to identify a point in the range forecast from which to plan in order to finish the UGR.
  - Public hearings will be held and the process will conclude on November 19 when the Metro Council considers the final version of the Urban Growth Report.

Chair Truax then asked the committee to split into three small groups, with the audience members acting as a fourth, to discuss the recommendation. He provided the groups with some initial questions to begin the discussion and asked that they report their thoughts after to the committee.

Mayor Mark Gamba acted as representative for his group and went over some of its key remarks. Comments and suggestions included:

- Members raised concerns about affordability and stagnant income growth and how the region will address these issues. Related comments included the following:
  - We should plan for influx of baby-boomers.
  - We should explore how system development charges (SDCs) affect home prices and whether they could be adjusted to account for infill versus greenfield development.
  - We should devise policies that help bring incomes up instead of only focusing on bringing housing costs down.
  - The new housing being developed is not affordable. It will not matter how much the boundary is expanded if residents cannot afford to live in the region.
  - Members expressed skepticism that urban expansion helps create affordable housing due to the cost of infrastructure.
- Members also had questions about the reserves process and how the next UGM cycle could be hindered if the process is not settled.
- Within this UGM decision, several members expressed the desire for the Metro Council to commit to revisiting the boundary in three years and improving upon the overall UGM process. Ideas included:
  - Encourage sub-regional expansion through changes in state law
  - Advocate for continual adjustments rather than every six years
  - Ground testing projections in the City of Portland on development
  - Discounting Damascus projections

Ted Reid acted as representative for another group and went over some of its key remarks. Some of the comments and suggestions included:

- One of the group's focuses was on urban and rural reserves. Several members noted that the urban and rural reserves need to be acknowledged for the process to move forward. Until then, discussing the Urban Growth Report and the UGM decision is not productive. The region needs to keep pressure on Clackamas County to get the reserves acknowledged.
  - Some questions included: What if litigation on urban and rural reserves continues indefinitely? Should we ask the legislature to affirm the map as is?
- Members shared concerns about housing affordability and the best ways to address the issue. Expansions will not solve the problem. What else is the region, collectively, going to do about it?
  - There will be a backlog of housing needs as millennials belatedly form households.
- Members explored the potential for expansions of modest size when part of a city's plan and how the region could respond to those interests.
- Members noted that there are ongoing infrastructure needs that the region will face with or without a UGB expansion. Expectations for concept planning for smaller expansions should be lowered.
- What might the evolution of our region's growth management process look like?

Craig Prosser acted as representative for the third group and went over some of its key remarks. Some of the comments and suggestions included:

- Members expressed concerns about the accuracy of the Urban Growth Report and frustration that these concerns had not been addressed by the Metro Council.
  - The housing predictions were mentioned as one problematic area, with the projected housing figures in the City of Portland shared as one example.

- Members discussed the issue of the reserves in Clackamas County and Multnomah County and how those issues may or may not be resolved within the next three years.
- Some members recommended not expanding the UGB and reviewing the situation within the next three years, though there were concerns that future Metro Councils would not be bound to updating the report within that timeframe. This lack of assurances was noted as a critical component of the UGM decision.

The audience group shared last and gave an overview of their discussion. Their recommendations included: explore the complexities of the reserves scenarios and how the different outcomes may affect the region, consider housing and infrastructure implications of further development, and avoid focusing solely on land use and transportation. Housing and education were also noted as important considerations.

*Member discussion included:*

Mayor Jerry Willey noted that he felt the discussion was fruitful and that there seemed to be consistency in terms of areas of concern. He explained that he would like to see increased certainty in the form of a commitment from the Metro Councilors that the process would be improved in the future before accepting the current draft of the Urban Growth Report.

Councilor Chase recommended that regional stakeholders consider recommendation four and how to evolve the UGM process to provide additional certainty to the region, counties, cities, and stakeholders. In addition to the concerns and comments that will be raised at the September 9 meeting, he asked that members consider strategies that could be applied to improve the process and make it more effective long-term.

Chair Truax noted that the content of the night's discussions would be circulated to MPAC before the final recommendation. Communications from the Homebuilders Association and the Metropolitan Mayors Consortium would also be shared.

Councilor Stacey stressed the importance, regardless of the results of the UGM decision, of a regional economic development plan that could address the region's growing problems of affordable housing and the lack of middle income jobs.

Marilyn McWilliams acknowledged the extensive work necessary to expand the urban growth boundary. She explained that it requires not only UGB expansion, but additional pipes in the ground, new water treatments, services expansions and more. She shared her own experience working in the Tualatin Valley Water District and provided examples of the costs of more growth.

Commissioner Jim Bernard noted that there are areas just outside of the urban growth boundary that are unable to be developed. He expressed interest in adjusting the region's land use codes to allow such existing structures to house people. He noted that there are old homes on the periphery that will be torn down because no one can currently work on them and stressed that this was a lost opportunity for the region.

Chair Truax thanked the committee members for participating in the discussion.

## **7. ADJOURN**

MPAC Chair Truax adjourned the meeting at 7:01 p.m.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Nellie Papsdorf". The signature is fluid and cursive, with a long horizontal stroke at the end.

Nellie Papsdorf  
Recording Secretary

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF AUGUST 26, 2015**

<b>ITEM</b>	<b>DOCUMENT TYPE</b>	<b>DOC DATE</b>	<b>DOCUMENT DESCRIPTION</b>	<b>DOCUMENT No.</b>
<b>4.0</b>	Letter	08/26/15	A Bike and Pedestrian Pathway Named the Willamette Shore Line	082615m-01
<b>6.1</b>	PowerPoint	08/26/15	Powell-Division Transit and Development Project Update	082615m-02
<b>6.2</b>	PowerPoint	N/A	2015 Urban Growth Management Decision	082615m-03

## MPAC Worksheet

**Agenda Item Title:** Urban growth management decision: MPAC recommendation to Metro Council

**Presenter:** Martha Bennett, Chief Operating Officer, Metro  
Ted Reid, Principal Regional Planner, Metro

**Contact for this worksheet/presentation:** Ted Reid, [ted.reid@oregonmetro.gov](mailto:ted.reid@oregonmetro.gov), 503-797-1768

**Council Liaison Sponsor:** none

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

Information \_\_\_\_\_  
Update \_\_\_\_\_  
Discussion   x    
Action   x  

**MPAC Target Meeting Date:** September 9, 2015

Amount of time needed for:

Presentation   10    
Discussion  80 minutes 

**Purpose/Objective:**

Staff will provide MPAC with a summary of MTAC's September 2, 2015 discussion of proposed Ordinance No. 15-1361. MPAC will have an opportunity to discuss its recommendations to the Metro Council.

**Action Requested/Outcome:**

MPAC will be asked to make a formal recommendation to the Metro Council on its 2015 urban growth management decision.

**Background and context:**

The urban growth report (UGR) that the Metro Council accepted in its draft form in December 2014 provides the Council, MPAC and others with an opportunity to review challenges and opportunities associated with implementing regional and local plans. The draft UGR found that, with currently adopted city and county plans, the region can accommodate expected population and employment growth inside the existing urban growth boundary (UGB). On MPAC's advice, when accepting the draft UGR, the Metro Council identified a number of topics that would benefit from additional discussion in 2015. MPAC and Council have discussed those topics throughout 2015. Based on those discussions, on June 25, the Metro Council directed staff to produce a recommendation on the urban growth management decision. Metro's Chief Operating Officer has now released a recommendation to the Metro Council. The recommendation reflects the direction provided by the Council at its June 25 work session.

MPAC has a formal role in making urban growth management recommendations to the Council. MPAC will be asked for its recommendation at its September 9, 2015 meeting.

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

MTAC discussed proposed Ordinance No. 15-1361 at its September 2, 2015 meeting. Staff will summarize MTAC's discussion at MPAC's September 9 meeting.

**What packet material do you plan to include?**

Chief Operating Officer recommendation to the Metro Council  
Draft Ordinance No. 15-1361  
September 2, 2015 memo from Ted Reid to MPAC

**What is the schedule for future consideration of item?**

Sept 9:	MPAC – recommendation to Metro Council
Sept 15:	Metro Council work session (provide direction to staff on point in range forecast and direction to finalize the Urban Growth Report and housing needs analysis based on that point forecast)
Sept 24:	First reading of ordinance and public hearing
Oct 27:	Proposed final Urban Growth Report available for review (reflecting point forecast)
Oct 29:	Public hearing
Nov 12:	Public hearing
Nov 19:	Metro Council adoption of final Urban Growth Report and legal findings

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# 2015 URBAN GROWTH MANAGEMENT DECISION:

RECOMMENDATIONS TO THE METRO COUNCIL  
FROM METRO'S CHIEF OPERATING OFFICER

JULY 2015

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I am pleased to present my recommendations to the Metro Council for the 2015 urban growth management decision. These recommendations build on the foundation of the Portland metropolitan region's long-range plan, the 2040 Growth Concept, which underlies the remarkable successes our region has achieved in creating livable and prosperous communities. However, the very success of our local and regional growth management efforts has created new challenges that demand a fresh approach.



In July 2014, Metro released the draft Urban Growth Report, which assesses the capacity of the region’s urban growth boundary (UGB) to accommodate housing and jobs for the next 20 years. Since then, the debate over this urban growth management decision has been characterized by three prevailing factors. Taken together, these factors suggest that the future will not look like the past. Each specific issue that has arisen during this debate – from the development capacity of Damascus to the amount of forecast multifamily housing – has been shaped by these larger factors that frame my recommendations:

**Economic Changes**

Our region has emerged from the Great Recession and is experiencing significant employment and population growth. However, the recession and the rebound are different from any in the past. In employment, our local economy is creating strong growth in both upper-income and lower-income jobs, while middle-income jobs – those that form the backbone of our economic prosperity – are declining as a share of total employment. In housing, the region is experiencing an



unprecedented level of multifamily housing construction both within the central city of the region and in regional and town centers throughout the region. Additionally, in some parts of the region, housing prices and rents are rising much faster than inflation, creating concerns for both affordability and livability as neighbors respond to the impacts of redevelopment.

These two factors taken together – the loss of middle-income jobs and changes in the housing market – are identified by the draft Urban Growth Report and are happening in cities around the country. The public, stakeholders and regional elected leaders have expressed concern about the future our region faces if these two trends continue. I recommend that the Council view these trends as a call to action. The Metro Council already has initiatives around housing and economic development, and your leadership is essential for ensuring that they are successful.

**Legal and Political Factors**

In 2011, the Metro Council and Clackamas, Multnomah and Washington counties jointly designated urban and rural reserve areas, which identify the areas that may or may not be urbanized for the next 50 years. That decision has been subject to litigation and to legislation. In 2014, the Oregon Legislature passed House Bill 4078, which modified and then enacted the reserves for Washington County. However, the same bill directed the Land Conservation and Development Commission (LCDC) to address the issues identified by the Oregon Court of Appeals for some of the areas in Clackamas and Multnomah counties. Earlier this year, LCDC remanded these portions of the 2011 decision to Metro and the two counties for further work.

This remand means that the urban reserve areas in Clackamas and Multnomah counties are not legally acknowledged for expansion of the UGB. Making this unique circumstance even more complicated, one of the key jurisdictions completing concept planning – a requirement of the Metro Code for including land in the UGB – is in an area of Clackamas County adjacent to the City of Wilsonville that has been designated as an urban reserve.

In addition to urban and rural reserves, the unsettled status of the City of Damascus has also been debated in the context of the draft Urban Growth Report. A joint meeting between the Damascus City Council and the Metro Council has shaped this recommendation.

### **Regional Policies**

In 2010 the Metro Council and regional leaders agreed on six desired outcomes for our communities and region, with the purpose of focusing our decisions and actions on things that really matter in our everyday lives.

- 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.

The draft Urban Growth Report, taken together with other major regional policy agreements such as the Climate Smart Strategy, the Regional Transportation Plan update, the Active Transportation Plan and the Regional Conservation Strategy (adopted by the Intertwine Alliance), reveals that the region is making progress toward achieving those six desired regional

### **Who has a role in managing growth?**

**The private sector** redevelops and renews existing areas and builds new communities according to the plans developed by cities and counties. The private sector also starts and grows businesses that create jobs.

**Local governments** develop comprehensive plans to guide future land use and development to keep communities livable as the region grows. Cities and counties make investments in infrastructure and amenities to create great communities and support job growth.

**Metro** manages the Portland region's urban growth boundary and is responsible for providing a 20-year supply of land for future residential development and employment inside the boundary. Metro makes transportation and natural area investments to create great communities, support job growth and protect the environment that underlies our region’s livability.

**The State of Oregon** sets the rules for how the region makes growth management decisions and ensures that those decisions are consistent with state law.

outcomes. Additionally, the Urban Growth Report reveals that the plans adopted by cities and counties in the region are being implemented by private and public sector investment, thereby creating vibrant downtowns, strong job corridors, healthy and safe neighborhoods, parks and trails, and many other assets that make this region a great place to live and work. These investments are also protecting our resource lands, natural areas and environmental quality.

In other words, plans and policies adopted at the regional and local levels – from the 2040 Growth Concept to the city and county plans that implement it – have provided the foundation for investment, and that investment is enabling us to manage growth as we have planned. While there is clearly still work to be done – for example, in housing affordability, job creation, addressing disadvantaged communities and responding to traffic congestion – the Urban Growth Report illustrates that strong local plans followed by strong investment are helping the region grow while protecting its quality of life.

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Taken together, these three factors suggest that the region’s future will reflect not merely a continuation of past trends, but rather significant changes in the trajectories of population growth, demographic change, workforce composition, and housing development. Accordingly, this recommendation also represents a departure from past urban growth management decisions and does not necessarily create a precedent for future decisions. Rather, it is grounded in the realities of the present and our current understanding of what will happen over the coming two decades, and represents my best understanding of how to meet the needs our region faces at this time.

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## **BACKGROUND ON URBAN GROWTH MANAGEMENT PROCESS TO DATE**

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### **2014 URBAN GROWTH REPORT**

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The Urban Growth Report is our region’s periodic assessment of whether there is enough space for new housing and jobs inside the UGB, the mapped line that separates urban uses from rural uses such as farms and forests. The Council accepted a draft Urban Growth Report in December 2014 as a basis for further discussion of key policy questions.

The 2014 Urban Growth Report is the product of the most transparent growth management process Metro has led to date. External public and private sector experts provided guidance on our population and employment forecast, assumptions about how different types of jobs use space, the buildable land inventory and how much of that inventory may be viable over the next 20 years.

That careful analysis has shown that, when it comes to preparing for more housing and jobs, the region’s fundamental challenge is how we adequately invest in public facilities and services to support community goals.

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## 2015 PROCESS DECISION

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Should a UGB expansion be warranted, the region's intent is to utilize urban reserves for that expansion. Yet in January 2015, the state Land Conservation and Development Commission, in response to an Oregon Court of Appeals ruling, remanded parts of the region's urban and rural reserves in Clackamas and Multnomah counties. This remand has implications for the Council's urban growth management decision: it means that the Council does not have all of the region's reserves available for consideration if it did determine that there is a need for a UGB expansion.

It is expected that resolution of this remand will take at least one year. With that in mind, the Council, at its February 17, 2015 work session, directed staff to proceed with a revised urban growth management work program. The revised work program leads to a Metro Council process decision in fall 2015, choosing one of two options:

Option 1: conclude the urban growth management decision in 2015, prior to resolution of urban reserves.

Option 2: request an extension from the state for the urban growth management decision to wait for the resolution of urban reserves and to allow for additional discussion of housing needs.

In the revised work program, the Council stated its intent to engage in several policy discussions in the spring. The topics that were discussed by the Metro Council, MPAC and MTAC during the spring of 2015 included:

- The likelihood of residential development in urban centers such as those in Portland
- The likelihood of residential development in urban growth boundary expansion areas, including Damascus
- Planning within a range forecast for population and employment growth

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## COUNCIL DIRECTION AT THE JUNE 25, 2015 WORK SESSION

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Based on the input received on the three topics listed above, the Council indicated a desire to conclude its urban growth management decision this year at its June 25, 2015 work session. The Council also indicated its intent to have staff complete a new Urban Growth Report in the next three years – sooner than required under the law – but only if urban and rural reserves have been acknowledged. Aside from indicating confidence in the analysis in the draft Urban Growth Report, the Council cited two practical reasons for this direction:

- Urban and rural reserves are not yet acknowledged. The region needs to finalize urban and rural reserves before devoting more time to discussing whether there is a need for a UGB expansion into urban reserves, which until reserves are finalized would be a strictly academic discussion.
- Asking for an extension from the state creates a situation where the data and analysis in the draft 2014 Urban Growth Report would become outdated.

## SUMMARY OF CHIEF OPERATING OFFICER RECOMMENDATIONS

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Based on discussion of the Metro Council in the past year, I recommend seven actions, described in more detail in subsequent sections. These recommendations are also listed in the draft Ordinance. I recommend that the Metro Council:

### **2015 Urban Growth Management Decision**

1. Decide not to expand the UGB. As discussed below, neither the population growth forecast nor the employment forecast of the draft Urban Growth Report warrant adding new land supply. As directed by the Council, I discuss options for choosing a point in the range forecast for population, considering the issues you identified at your June 25 work session.
2. Begin the next urban growth management cycle sooner than required by Oregon law, but not until urban and rural reserves have been acknowledged in all three counties in the region. Assuming urban and rural reserves are acknowledged in a timely fashion, I recommend we issue the next draft Urban Growth Report in the summer of 2017 with Council consideration of the report by the end of 2017 and a growth management decision by the end of 2018.
3. Work with Multnomah and Clackamas counties to complete our work on the remand of urban and rural reserves so that LCDC can legally acknowledge these reserves prior to the next urban growth management cycle.

### **Continue Metro's Leadership in Growth Management Policy**

4. Explore evolving the urban growth management process to provide additional certainty to the region, counties, cities and stakeholders. This discussion should not take place until urban and rural reserves are acknowledged, but it should occur before Metro begins the next Urban Growth Report.

### **Address the Public Policy and Program Issues Raised by the Draft Urban Growth Report**

5. Shift the region's episodic focus on housing, job growth and mobility to an ongoing effort.
6. Continue to implement the Council's strategic goals for middle and upper income job growth.
7. Continue to invest in implementing regional and local plans.

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### RECOMMENDATION ONE: DECIDE THAT NO URBAN GROWTH BOUNDARY DECISION IS WARRANTED IN 2015

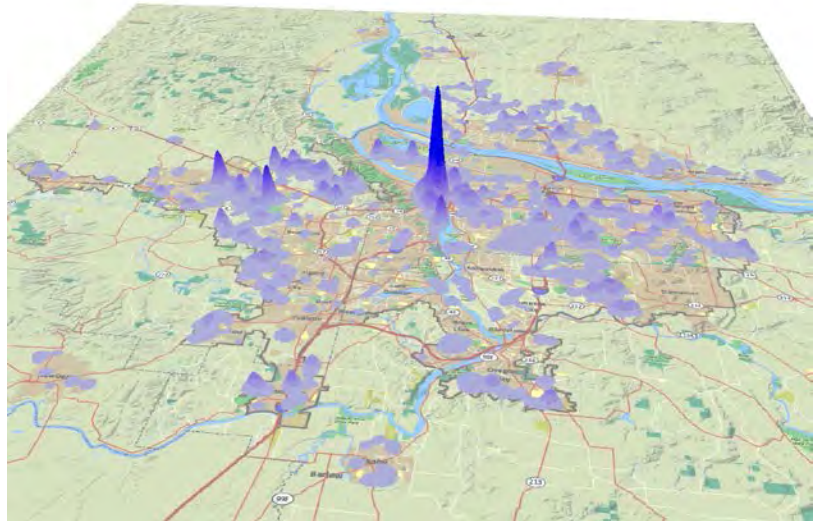
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The draft 2014 Urban Growth Report found that adopted city and county plans give the region the ability to accommodate anticipated housing and job growth inside the existing UGB. After the last several months of discussion, the Council has indicated that they believe that is still a valid conclusion. The Council has expressed confidence in adopted county and city plans – the same plans that the region recently endorsed in Climate Smart Communities. To implement this direction, **I recommend that the Council conclude that there is currently no regional need to expand the UGB.** Following is a summary of my reasoning for my recommendation.

## LIKELIHOOD OF DEVELOPMENT IN URBAN CENTERS, SUCH AS THOSE IN PORTLAND

This spring, the Metro Council and MPAC both devoted several meetings to the topic of development in urban centers. The resurgence we have witnessed in downtowns such as those in Portland is happening all over the country. Right now, there is a great deal of residential construction happening in these locations. There will be ups and downs with economic cycles, but a number of factors lead me to conclude that when growth cycles do occur, most of the region's new residential construction will be in urban areas. Those reasons include demographic, infrastructure finance, policy and market factors. This outcome is strongly supported by the public's direction to Metro to protect farms and forests by focusing most new housing in existing downtowns and along transportation corridors.

MAP 1: PERMITS FOR NEW HOUSING (1998-2014)



- There is strong market demand for walkable locations such as those found in and near existing downtowns and transportation corridors. This is reflected in the price premiums that people are placing on these locations. Higher land values in these locations make it more likely that redevelopment and infill will occur.
- Demographic and economic factors favor apartments, condos and single-family attached housing.
  - Two-thirds of the region's new households will include one or two people<sup>1</sup>
  - Smaller households means fewer wage-earners per household
  - An aging population means there will be more retiree-led households<sup>2</sup>
  - Partly because of low wages and high levels of student debt, the millennial generation is forming independent households at a slower rate than previous generations<sup>3</sup>
- State rules implementing the land use program in our region require that most of each city's growth capacity be for multifamily housing or attached single-family housing. Recent market demand for these types of housing has been strong in downtowns and along transportation corridors.

<sup>1</sup> Metro (2014). *Draft 2014 Urban Growth Report Appendix 4*, p. 14.

<sup>2</sup> Ibid.

<sup>3</sup> Joint Center for Housing Studies of Harvard University, (2015). *The State of the Nation's Housing 2015*. Boston, MA. Retrieved June 26, 2015, from: <http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-sonhr-2015-full.pdf>

- The federal funding that facilitated greenfield development in the post-World War II era is largely gone. This is one factor that has slowed the development of past urban growth boundary expansion areas, including expansion areas across the river in Clark County, Washington. This means that more growth will need to occur in our region’s urban locations.

**Housing issues and opportunities**

Metro is committed to tracking changes in residential preferences over time. The 2014 study showed strong preferences for single-family housing, but it also showed preferences for and walkable neighborhoods with amenities and services nearby. What is clear is that preferences are complex and sometimes difficult to reconcile. Metro and local jurisdictions will continue to have the challenge of balancing residential preferences with other priorities such as providing transportation options, preserving affordability, and making the most of scarce public funding for infrastructure.

There will be challenges in creating enough housing in many locations around the region, particularly for households with lower incomes. But, we have no evidence that simply adding more land to the UGB now would solve the region’s affordability challenges or address residential preferences. It is time for our region to move on from the land supply debate and consider actions that will:

- Improve wages
- Reduce transportation costs
- Provide a greater variety of housing choices that match people’s budgetary realities
- Make the most of land already inside the UGB

Metro’s Equitable Housing Initiative is aimed at making sure that the region’s communities remain affordable to all, but success will entail coordinated work by the public, for-profit and nonprofit sectors.

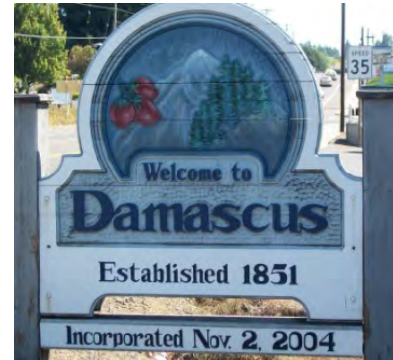
**Metro’s Equitable Housing Initiative**

Metro is committed to working with partners across the region to find opportunities for innovative approaches and policies that result in more people being able to find a home that meets their needs and income levels. The objectives identified to reach this goal include:

- Develop a shared understanding regarding best practices, needs and opportunities for collaboration.
- Develop and provide technical assistance to support local implementation of best practices to overcome barriers.
- Identify opportunities for partnerships to fill the financing gap for equitable housing development and preservation.
- Support equitable housing development and preservation through capacity building, technical assistance, policy development and funding partnerships.

*LIKELIHOOD OF DEVELOPMENT IN URBAN GROWTH BOUNDARY EXPANSION AREAS,  
INCLUDING DAMASCUS*

On May 12, 2015, the Metro Council held a joint work session with the Damascus City Council. At the joint work session, the Damascus City Council stated that they believe residents are likely to vote for city disincorporation next year. Recent state legislation (House Bills 3084, 3085 and 3086) will facilitate that outcome with a simple majority vote. City councilors also said that, as a consequence, the western area of current city limits is likely to develop as portions annex to Happy Valley and other areas develop in unincorporated Clackamas County. The eastern area is likely to see little residential construction consistent with existing rural residential and exclusive farm use zoning designations.



Metro staff has worked with representatives from Damascus, Happy Valley and Clackamas County to estimate what this means from a growth capacity perspective. A summary of that technical work is included in Appendix 1. Generally, parties agree upon the following model assumptions:

- Reduce the land area assumed to be buildable in the next 20 years.
- Increase the assumed residential density for the area that is deemed buildable to reflect Damascus' draft urban zoning.
- Reduce the amount of land assumed developable for industrial and commercial employment to reflect Damascus' draft urban zoning.
- Speed up the assumed availability of the westernmost portions of the area for development in the City of Happy Valley.

Metro staff used its economic land use model to test 20-year market responses to these updated assumptions. In summary, the new assumptions produce small regional differences compared to the draft Urban Growth Report's conclusions. Using market principles and policy assumptions above, the model indicates these changes lead to about 2,000 fewer households and 3,500 fewer jobs locating in the Metro UGB. The balance of the displaced growth gets scattered around inside the existing urban growth boundary with no notable concentrations. Expected effects on multifamily housing shares and distributions around the region are modest as are regional effects on housing affordability. Expected effects on employment land prices are also minor.

*PLANNING WITHIN A RANGE FORECAST FOR POPULATION AND EMPLOYMENT GROWTH*

At the Council's direction, staff expressed the population and employment forecast as a range in the draft Urban Growth Report. This is intended to acknowledge uncertainty when looking 20 years into the future. However, the Council is ultimately required to choose a specific forecast point to complete its growth management and forecast coordination responsibilities. The Council will be asked to choose a point forecast as part of its urban growth management decision this fall. Based on that direction, staff will then complete a final Urban Growth Report and legal findings which the Council will need to adopt to complete its growth management decision. I recommend that the Council plan for the midpoint of the forecast range which is the most probable forecast.



## **Population growth**

From a statistical standpoint, the midpoint of the forecast range has the highest probability. However, the Council has spent much of the last year hearing about the various challenges of producing housing in many locations, whether in downtowns or UGB expansion areas. Nevertheless, I believe that MPAC and Council discussions this spring generally led to the conclusion that regional population and household growth is likeliest to occur at about the midpoint of the forecast range since the factors that influence population growth are fairly stable and predictable (births, deaths and migration). In reaching my recommendation to plan for the midpoint of the range, I also considered factors that have been discussed this spring:

- There has been discussion of the potential for climate refugees, but there is a lack of data on whether this type of migration is already happening or when it may begin happening.
- Recent urban development activity is at historic levels. We can count on the fact that there will be ups and downs with economic cycles. Fundamentally, however, this activity is a sign that local and region plans and investments are working. I think it makes sense to show a vote of confidence in those plans and see little risk in doing so.
- Damascus appears likely to disincorporate in the next year and its western areas are likely to annex to Happy Valley. This appears to enhance the likelihood of growth in this location.
- We heard from staff that a new growth forecast conducted today would look similar to the one in the draft 2014 Urban Growth Report.
- These are the type of questions meant to be reviewed and revisited as part of our ongoing growth management process so we may need to adjust as these trends play out.

## **Employment growth**

Consistent with my recommendation to plan for the midpoint of the population and household range forecasts, I recommend that the Council plan for the midpoint of the employment forecast range. This midpoint represents healthy job growth that is commensurate with the amount of population growth expected. MTAC and MPAC members expressed more divergent views on the employment forecast range, with some citing the need for setting higher aspirations for employment growth.

As the Council is aware, choosing a higher or lower employment forecast won't make it so. I suggest that policymakers focus on two particular economic challenges that would not be resolved by choosing a higher employment forecast or by adding land to the UGB:

- Creation of a greater share of middle-income jobs should be a priority.
- Particular focus should be given to job creation for the region's younger generation and populations of color, many of whom are underemployed or are struggling to get by.

My thoughts on this topic are included in Recommendation Number Six.

*SUMMARY OF GROWTH CAPACITY RECOMMENDATION*

Based on Council discussions to date, I recommend that the Council plan for the midpoint of the forecast range. For the 2015 to 2035 timeframe, I recommend that the Council plan for the following numbers of homes and jobs inside the existing UGB. These numbers reflect staff’s revised estimates of the growth capacity in the area now in the City of Damascus as summarized in Appendix 1:

- 195,500 new homes, consisting of:
  - 75,000 additional single-family homes
  - 120,500 multifamily homes
- 260,000 new jobs

If the Council concurs with this recommendation it would mean that, at this time, there is no need to expand the UGB for jobs or housing.

The midpoint I have recommended reflects a 1.12 percent annual average population growth rate for the 7-county area. However, the Council may wish to consider planning for lower or higher growth. If so, I recommend that the Council consider a narrower forecast range than what is presented in the draft Urban Growth Report since the narrower range around the midpoint has a higher probability than the outer ends of the forecast range. A “medium-low” forecast has a growth rate of 1.06 percent and a “medium-high” forecast has a growth rate of 1.18 percent. As noted, I recommend planning for a point in the range between these two forecasts. If directed by the Council, staff will conduct additional analysis of the implications of these alternative growth rates for land needs or surpluses. Staff will seek that direction at the September 15 Council work session. Staff will need that direction before completing a final Urban Growth Report for Council consideration this fall.

**Housing needs**

At the midpoint of the forecast range, there is a surplus of growth capacity for all housing types. Table 1 summarizes the numbers that lead to that conclusion and incorporate revised estimates of growth capacity in the City of Damascus.

TABLE 1: METRO UGB RESIDENTIAL NEEDS 2015 TO 2035 EXPRESSED IN DWELLING UNITS

	Dwelling units			
	Buildable land inventory	Market-adjusted supply	Market – adjusted demand	Surplus
Single-family housing	113,200	85,200	74,900	+10,300
Multifamily housing	274,100	130,900	120,500	+10,400

*Notes:*

- *The buildable land inventory has been adjusted to reflect Council discussions on the viability of Damascus. Compared to the draft Urban Growth Report, there are 3,876 fewer housing units of capacity included in the updated buildable land inventory. This is the net of 807 more units in mixed use zones and 4,683 fewer single-family units.*
- *As reflected in the market-adjusted supply, only a portion of the redevelopment and infill supply included in the buildable land inventory is deemed market-feasible over the next 20 years. This was also the case in the draft Urban Growth Report.*

### Employment land needs

At the midpoint of the forecast range, there is a surplus of growth capacity for commercial and industrial employment. Table 2 summarizes the numbers that led to that conclusion and incorporates revised estimates of growth capacity in the City of Damascus.

TABLE 2: METRO UGB EMPLOYMENT LAND NEEDS 2015 TO 2035 EXPRESSED IN ACRES

	Acres			
	Buildable land inventory	Market-adjusted supply	Demand	Surplus
Commercial employment	3,750	3,950	3,570	+380
Industrial employment	6,800	4,690	3,700	+990

*Notes:*

- *The buildable land inventory has been adjusted to reflect Council discussions on the viability of Damascus. Compared to the draft Urban Growth Report, there are 510 fewer acres of industrial land and 450 fewer acres of commercial land included in the updated buildable land inventory. This is based on draft Damascus zoning concepts. Local policymakers may wish to consider other zoning designations to provide more employment land.*
- *Reflecting real market dynamic where commercial uses locate in industrial zones, the market adjustment shifts some of the region's industrial redevelopment supply into the commercial land supply. This was also the case in the draft Urban Growth Report.*
- *As reflected in the market-adjusted supply, only a portion of the redevelopment supply included in the buildable land inventory is deemed market-feasible over the next 20 years. This was also the case in the draft Urban Growth Report.*

### Large industrial site needs

The region's economic development strategy focuses on several sectors whose anchor firms 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 spinoff 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 specialized decisions of individual firms.



Under the entire range of forecast possibilities presented in the draft Urban Growth Report, there is a surplus of large industrial sites already inside the UGB. As described in the draft Urban Growth Report, the region has a surplus of 40 to 66 of these large industrial sites. However, that does not mean that these sites are all ready to accommodate job growth. Existing sites typically require actions such as infrastructure provision, wetland mitigation, site assembly, brownfield cleanup, annexation by cities and

planning needed to make these sites development-ready.<sup>4</sup> As described in Recommendation Number Six, I recommend that Metro continue to partner with other agencies and organizations to ensure that more of these sites become development-ready to meet the region’s economic development goals.

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RECOMMENDATION TWO: COMPLETE THE NEXT URBAN GROWTH REPORT EARLIER THAN REQUIRED

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Our region, like other metropolitan areas, is changing. People and businesses are returning to downtowns and main streets after decades of outward growth. Economic cycles of boom and bust will come and go, but there are several reasons – demographic shifts and infrastructure finance trends, to name two – to believe that when future growth does occur, much of it will be similar to what is happening in urban places like Orenco Station, Division Street, the Pearl District and the Lloyd District.

Recognizing this pace of change, the Council has directed staff to complete a new Urban Growth Report sooner than required by the law, but not until urban and rural reserves are acknowledged. Assuming urban and rural reserves are acknowledged in a timely fashion, I recommend we issue the next draft Urban Growth Report in the summer of 2017 with Council consideration of the report by the end of 2017 and a growth management decision by the end of 2018. During the intervening time, we can observe how housing and employment trends evolve coming out of the Great Recession.

While that work is happening, I also expect that cities that are interested in UGB expansion will do their part to complete concept plans for urban reserves. Metro remains committed to being a partner on those efforts, most tangibly in the Community Planning and Development Grant program that we administer. Metro has funded almost \$8 million in concept and comprehensive planning in the past and the Council reserved 25 to 30 percent of funds over the next six years to fund this work in the future.

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RECOMMENDATION THREE: SEEK ACKNOWLEDGMENT OF URBAN AND RURAL RESERVES

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After many years of discussion and litigation, the region needs to finalize urban and rural reserves and obtain acknowledgment of those designations from LCDC. Doing so is the best way to provide certainty about where the region may grow and where it won’t. Finalizing these designations will require the collaboration and agreement of many parties.

Metro has existing IGAs with Clackamas County and Multnomah County establishing the location of urban and rural reserves in those counties. In order to obtain final acknowledgement of those reserve areas, Metro must jointly adopt findings with each of these counties in response to the issues identified by the Court of Appeals. Also, all three entities must agree on findings addressing certain region-wide requirements, including findings that the amount of land designated as urban reserve is sufficient to provide a 50-year regional supply. In the absence of agreement among Metro and the two counties

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<sup>4</sup> The inventory of 74 large industrial sites inside the UGB exceeds potential demand for 8 to 34 sites. 24 of the 74 sites are currently held by existing firms for potential future building expansions. The inventory is from the Regional Industrial Site Readiness Inventory completed in 2014 by Business Oregon, Metro, NAIOP, the Oregon Department of Land Conservation and Development, the Portland Business Alliance and the Port of Portland.

regarding the existing reserve maps and revised findings, the only urban reserves in the region will be those located in Washington County.

Below is my suggested timeline for acknowledgment. This proposed timeline is contingent on Metro, the counties and other parties acting in good faith to respond to the specific issues that were remanded by the Oregon Court of Appeals. The urban reserves were adopted after an exhaustive public process of identifying the region's needs for housing and employment lands and ensuring a supply of land for our region that will last for the next 50 years. There is no basis for a reassessment of that analysis now, only four years later.

Metro and each county will need to undertake a public process that results in the adoption of ordinances with joint findings addressing the remand issues and region-wide standards. My recommendation is to begin the public process that will be required for the adoption of ordinances in October, and conclude by adopting ordinances and findings no later than the end of January. This timeframe should ensure that the reserve designations could be acknowledged by LCDC in 2016.

- October 2015 – begin public process
- November-December – hold public hearings and prepare revised findings
- January 2016 – adopt joint findings via ordinances and submit to LCDC

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#### RECOMMENDATION FOUR: EXPLORE WAYS TO EVOLVE THE URBAN GROWTH MANAGEMENT PROCESS TO PROVIDE ADDITIONAL CERTAINTY TO THE REGION, COUNTIES, CITIES, AND STAKEHOLDERS

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Our current urban growth management process was largely built during the era before urban and rural reserves. Acknowledgment of urban reserves – when complete – will represent an important milestone for our region and will change the way we manage growth going forward. Unlike the past, we will have already decided as a region where the region may grow for the next several decades. This will allow us to focus more on why we would need to add land supply to the UGB, and how rapidly.

Future growth management decisions may also need to consider qualitative factors that traditionally have not received as much attention as the “numbers game” of capacity, units and acres. For example, many of the stakeholders we have worked with during this growth management cycle wonder whether we should look at how their communities are performing – in supplying infrastructure, in making decisions and in being market-ready – in addition to looking at regional land need. The Metro Council has indicated that they are interested in looking at these factors, but to consider them when making growth management decisions would require that we change our process.

Building on the work that our region has done to identify urban and rural reserves – those places that the region will or won't develop over the next 50 years – I recommend that Metro convene its partners to discuss how we might allow for regional consideration of modest city requests for residential UGB expansions into urban reserves. But identification and implementation of any such system will require that the region first resolve the status of urban and rural reserves.

Evolving our growth management process should carry forward the Metro Council’s policy to take an outcomes-based approach, refocusing our dialogue on the ingredients needed to get housing built (city governance, infrastructure finance and market feasibility) and who would benefit from that housing, rather than divisive arguments about whether there is a regional or local need for land.

A first step would be to convene a regional discussion, perhaps involving the Metro Policy Advisory Committee (MPAC) or a subcommittee including key stakeholders. However, I recommend first getting urban and rural reserves acknowledged before convening this discussion. Below are some proposed guiding principles for how this system could work.

*PROPOSED GUIDING PRINCIPLES FOR EVOLVING THE REGION’S GROWTH MANAGEMENT PROCESS FOR HOUSING*

The following proposed guiding principles are for Council consideration though the Council does not necessarily need to come to an agreement on these at this time. Council’s decision will simply be whether to direct staff to begin a process to explore possible improvements to Metro’s growth management process once urban and rural reserves are acknowledged.

- Consistent with Oregon’s land use planning program, locally-adopted community plans and the public’s core values, the region remains committed to focusing most housing growth in its existing downtowns, main streets, corridors and station communities.
- Acknowledged urban reserves represent the maximum residential urban footprint for the region through the year 2060. Consistent with existing law, urban reserves will be revisited in 2031.
- Rural reserves will remain off limits to urban development through at least the year 2060.
- Carefully made residential UGB expansions into acknowledged urban reserves are consistent with the 2040 Growth Concept and can support its implementation. However, as growth management discussions and ongoing litigation illustrate, identifying a regional need for residential UGB expansions, as required under existing state law, is not a purely technical exercise.
- UGB expansion requests made by cities will be considered in a regional dialogue, with recommendations made by MPAC and decisions made by the Metro Council.
- UGB expansions into urban reserves will be considered based on the practical outcomes that they could produce for the region and requesting city. Policymakers will consider factors addressing topics such as governance, finance, market, housing choice and affordability.

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**RECOMMENDATION FIVE: SHIFT THE REGION’S EPISODIC FOCUS ON HOUSING, JOB GROWTH, AND CHANGE TO AN ONGOING DIALOGUE**

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Our region is approaching the halfway point for our regional vision, the 2040 Growth Concept, which laid out where housing and job growth should occur through 2040. Public support for the core values embodied in the plan remains strong. Nevertheless, we should all be aware of the challenges of implementing that vision, which is why I recommend that Metro monitor community development

trends on an ongoing basis. Using that information, Metro must continue to work with its partners to find innovative solutions to the challenges we see now and in the future.

This is one of the purposes of Metro’s Regional Snapshots program, which will be launched as a quarterly series beginning in September. The first installment of this series will focus on housing and can serve as an ongoing regional forum for identifying housing policy best practices. Subsequent quarterly themes will include transportation, jobs and community character and design before returning again to housing. These Regional Snapshots will use a variety of methods to bring forward the region’s challenges and opportunities in preparing for housing and job growth and are likely to include:

- Data on housing, job creation and transportation trends
- Case studies on community building efforts around the region
- Personal accounts of people from around the region
- Guest speakers at MPAC and other venues

In addition to monitoring and reporting on housing and job trends, Metro should continue to work with its partners to increase regional knowledge about housing market preferences through additional market research and analysis. While residential preferences are not the only objective that policymakers must address, it is an important, if complex, one. Policymakers should continue seeking solutions that find the balance between:

- Preferences for single-family homes
- Preferences for walkable communities with amenities nearby
- Strong public support for focusing most new housing in existing urban areas to protect farms and forests

Facilitating design innovations for new housing types holds potential. One design concept worth exploring is that of “missing middle housing<sup>5</sup>,” occupying that space between single-family homes and

### **What are Regional Snapshots?**

A series of quarterly check-ins on how the greater Portland region is growing, changing and getting around. Each Snapshot seeks to illuminate issues that matter to people and businesses in the region, using data and relevant storytelling. It’s not a report card or a magazine story, but somewhere in between. It lives primarily online and is clickable and shareable.



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<sup>5</sup> See <http://missingmiddlehousing.com>

mid-rise housing. Examples include duplexes, townhomes, accessory dwelling units and courtyard housing. The region needs to explore how these less common housing types might provide desirable options for households of all types, whether 1- or 2-person, with children, lower-income or retiree.

Taken together, observing trends in the markets and researching housing preferences can inform the development of best practices for promoting housing that addresses challenges such as housing affordability. Metro’s current Equitable Housing Initiative is one example of such a program that is proceeding from a data-driven understanding of the current affordable housing situation to technical assistance delivery.

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**RECOMMENDATION SIX: CONTINUE TO IMPLEMENT THE COUNCIL’S STRATEGIC GOALS FOR MIDDLE AND UPPER INCOME JOB GROWTH**

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As noted earlier in my recommendations, choosing a higher or lower employment forecast won’t make it so. I suggest that policymakers focus on two particular economic challenges that would not be resolved by choosing a higher employment forecast or by adding land to the UGB:

- Creation of a greater share of middle-income jobs should be a priority.
- Particular focus should be given to job creation for the region’s younger generation and populations of color, many of whom are underemployed or are struggling to get by.

Solutions to these challenges are difficult and many extend beyond the influence of the Metro Council (from education and job training to improvements in global macroeconomic conditions). I recommend that Metro continue its strategic focus on projects, policies, programs and partnerships that enhance land readiness and improve mobility of people and goods.

**Metro investments in family-wage jobs**

Metro programs and activities are aligned to help the region create more family wage jobs.

**PROJECTS**

- RISE (Regional Infrastructure Supporting our Economy)
- Southwest Corridor and Powell Division Investment Areas
- Economic Value Atlas Initiative

**POLICIES**

- Past additions to the UGB for industrial land
- Protecting regionally significant employment areas from conflicting uses
- Freight and transit system planning

**PROGRAMS**

- Community Planning and Development Grants
- Metropolitan Transportation Improvement Program and Regional Flexible Funds
- Enterprising Places

**PARTNERSHIPS**

- Industrial Site Readiness Coalition
- Oregon Brownfields Coalition
- Greater Portland Inc 2020



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## RECOMMENDATION SEVEN: CONTINUE TO INVEST IN IMPLEMENTING REGIONAL AND LOCAL PLANS

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A thread that weaves through many of our recent efforts – whether Climate Smart Communities or the Council’s urban growth management decision – is that we intend to implement existing community plans. It is incumbent on us to do this to meet carbon reduction goals, create walkable communities, and make sure there is enough housing and jobs to meet expected growth.



The next update of the Regional Transportation Plan comes on the heels of the region’s adoption of the Climate Smart Strategy. During that process, cities, counties and the region all agreed that investments are critical to implementing our community visions. The 2018 update of the Regional Transportation Plan is an opportunity for us to make good on those plans. Likewise, the Southwest Corridor Plan and planning for the Powell-Division Corridor provide opportunities for making investments that advance community and regional goals. With scarce resources, this region needs to make the most of what it has.

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## CONCLUSION

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We are extremely fortunate to live in a region filled with great places and passionate people. Making decisions about the future of this place requires that we think deeply and listen carefully. It also requires that, while respecting the past, we squarely face the challenges and imperatives of the future.

With these thoughts in mind, I am pleased to make my recommendations, which represent my best judgment about how to embrace change while protecting the special qualities of this place we call home. I look forward to working with the Metro Council, with MPAC, with key stakeholders and with the people of our region as we consider these recommendations and conclude the 2015 urban growth management decision.

## NEXT STEPS

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These recommendations are intended to provide a framework for decision-making this fall. Following are some key dates for those discussions and decisions:

*Dates are preliminary and subject to change*

- July 28: Metro Council work session – discussion of Chief Operating Officer recommendation
- August 5: MTAC – discussion of Chief Operating Officer recommendation
- August 26: MPAC – discussion of Chief Operating Officer recommendation
- September 2: MTAC discussion (if needed)
- September 3: Metro Council work session (if needed)
- September 9: MPAC – recommendation to Metro Council
- September 15: Metro Council work session (provide direction to staff on point in range forecast and direction to finalize the Urban Growth Report and housing needs analysis based on that point forecast)
- September 24: First reading of ordinance and public hearing
- October 27: Proposed final Urban Growth Report available for review (reflecting point forecast)
- Dates TBD: Additional public hearings
- November 19: Metro Council adoption of final Urban Growth Report and legal findings

# Summary of Metro's Chief Operating Officer recommendations to the Metro Council

July 2015

## Unique considerations that inform my recommendation:

### Economic Changes

The loss of middle-income jobs and changes in the housing market are identified by the draft Urban Growth Report and are happening in cities around the country. I recommend that the Council view these trends as a call to action. The Metro Council already has initiatives around housing and economic development, and your leadership is essential.

### Legal and Political Factors

Urban and rural reserves in Clackamas and Multnomah County are not legally acknowledged for expansion of the urban growth boundary. One of the key jurisdictions that is completing concept planning – a requirement of the Metro Code for including land in the urban growth boundary – is in an area of Clackamas County adjacent to the City of Wilsonville that has been designated as an urban reserve. In addition to urban and rural reserves, the unsettled status of the City of Damascus has also been debated in the context of the draft Urban Growth Report. A joint meeting between the Damascus City Council and the Metro Council has shaped this recommendation.

### Regional Policies

The draft Urban Growth Report reveals that the region is making progress toward achieving its six desired regional outcomes. Additionally, the Urban Growth Report reveals that the plans adopted by cities and counties in the region are being implemented by private and public sector investment.

## Summary of recommendations

### 2015 Urban Growth Management Decision

1. Decide not to expand the urban growth boundary. Neither the population growth forecast nor the employment forecast of the draft Urban Growth Report warrant adding new land supply. As directed by the Council, I discuss options for choosing a point in the range forecast for population, considering the issues identified at June 25 work session.
2. Begin the next urban growth management cycle sooner than required by Oregon law, but not until urban and rural reserves have been acknowledged in all three counties in the region. Assuming urban and rural reserves are acknowledged in a timely fashion, I recommend we issue the next draft Urban Growth Report in the summer of 2017 with Council consideration of the report by the end of 2017 and a growth management decision by the end of 2018.
3. Work with Multnomah and Clackamas County to complete our work on the remand of urban and rural reserves so that LCDC can legally acknowledge these reserves prior to the next urban growth management cycle.

### Continue Metro's Leadership in Growth Management Policy

4. Explore ways to evolve the urban growth management process to provide additional certainty to the region, counties, cities, and stakeholders. This discussion should not take place until urban and rural reserves are acknowledged, but it should occur before Metro begins the next Urban Growth Report.

### Address the Public Policy and Program Issues Raised by the Draft Urban Growth Report

5. Shift the region's episodic focus on housing, job growth, and transportation to an ongoing effort.
6. Continue to implement the Council's strategic goals for middle and upper income job growth.
7. Continue to invest in implementing regional and local plans.

### **Proposed schedule for Council consideration**

These recommendations are intended to provide a framework for decision-making this fall. Following are some key dates for those discussions and decisions:

- July 28: Metro Council work session – discussion of Chief Operating Officer recommendation
- August 5: MTAC – discussion of Chief Operating Officer recommendation
- August 26: MPAC – discussion of Chief Operating Officer recommendation
- September 2: MTAC – discussion
- September 9: MPAC – recommendation to Metro Council
- September 15: Metro Council work session (provide direction to staff on point in range forecast and direction to finalize the Urban Growth Report and housing needs analysis based on that point forecast)
- September 24: First reading of ordinance and public hearing
- October 27: Proposed final Urban Growth Report available for review (reflecting point forecast)
- October 29: Public hearing
- November 12: Public hearing
- November 19: Metro Council adoption of final Urban Growth Report and legal findings

*Schedule revised 8/6/2015*

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE	)	ORDINANCE NO. 15-1361
2015 URBAN GROWTH REPORT AND	)	
COMPLYING WITH REGIONAL GROWTH	)	Introduced by Martha J. Bennett, Chief
MANAGEMENT REQUIREMENTS UNDER	)	Operating Officer, with the concurrence of
ORS 197.299 AND STATEWIDE PLANNING	)	Tom Hughes, Council President
GOAL 14	)	

WHEREAS, state law requires Metro to assess the capacity of the urban growth boundary (UGB) on a periodic basis and, if necessary, to increase the region’s capacity for housing and employment for the next 20 years; and

WHEREAS, to accomplish that task, Metro has prepared the 2015 Urban Growth Report (UGR), which forecasts the likely range of population and employment growth in the region to the year 2035; and

WHEREAS, the UGR also assesses the capacity of the UGB for housing and employment, assuming continuation of existing local and regional plans, policies and investment strategies, and determines that there is sufficient land capacity in the region for the next 20 years; and

WHEREAS, Metro released the UGR in draft form in July 2014 after more than a year of technical engagement with a working group of public and private sector experts; and

WHEREAS, after making some modifications to the draft UGR based on comments from stakeholders, in December 2014 the Metro Council accepted the draft UGR via Metro Resolution No. 14-4582 as a preliminary step toward formal adoption of the final UGR in 2015; and

WHEREAS, in Resolution No. 14-4582 the Metro Council identified certain policy components of the draft UGR warranting further discussion prior to adoption in 2015, including the likelihood of projected residential development in urban centers, the likelihood of development in the City of Damascus, and consideration of the range forecast for population and employment growth; and

WHEREAS, between February and June of 2015 the Metro Council and the Metro Policy Advisory Committee (MPAC) devoted multiple meetings to the policy components identified for further discussion in Resolution No. 14-4582; and

WHEREAS, after further discussion with MPAC and stakeholders, including a joint meeting with the Damascus City Council, the Metro Council concludes that the amount of land assumed to be developable in the City of Damascus should be reduced as described in the Recommendations to the Metro Council from Metro’s Chief Operating Officer dated July 2015 (COO Recommendations) and as reflected in the corresponding revisions to the UGR; and

WHEREAS, after further discussion with MPAC and stakeholders, the Metro Council concludes that current city and county comprehensive plans and codes provide the region with sufficient capacity to accommodate projected housing and job growth inside the existing UGB; and

WHEREAS, the COO Recommendations advise the Metro Council to select the midpoint of the forecast range for population and employment growth in the next 20 years, a point which presents the highest statistical probability of accuracy; and

WHEREAS, the work required to finalize the region's urban and rural reserve designations is ongoing, and will not be complete and acknowledged by the end of the current growth management cycle in 2015; and

WHEREAS, the rate and scale of development in the region has significantly increased in the last two years, suggesting movement out of the recession and into a new economic cycle; and

WHEREAS, the Metro Council believes the region would benefit from undertaking a new UGR analysis within the next three years, sooner than required under state law, in order to reassess the capacity of the UGB given current development trends and the possible disincorporation of the City of Damascus; and

WHEREAS, the Metro Council agrees with and accepts the COO Recommendations; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The 2015 Urban Growth Report is hereby adopted as support for the Metro Council's conclusion that there is no need to expand the Metro UGB as part of the current growth management cycle under ORS 197.299 and Goal 14.
2. The Metro Council selects the midpoint of the forecast range for population and employment growth, as expressed in the revised housing and employment figures described in the COO Recommendations and incorporated into the adopted 2015 UGR.
3. The Metro Council directs Metro staff to produce a new draft urban growth report within three years from the date of this ordinance, but not until urban and rural reserves are acknowledged in all three counties.
4. Metro staff is directed to continue working with Clackamas County and Multnomah County to finalize urban and rural reserve designations and to seek acknowledgement of reserves from the Land Conservation and Development Commission as soon as possible.
5. Metro staff is directed to work with regional partners to explore possible improvements to Metro's regional growth management process.
6. Metro staff is directed to monitor and report on housing and job trends on an ongoing basis, including implementation of the Regional Snapshots program, and to work with regional partners to increase knowledge about housing market preferences through additional market research and analysis.
7. The Findings of Fact and Conclusions of Law in Exhibit A, attached and incorporated into this ordinance, are adopted to explain how this ordinance is consistent with state law.

ADOPTED by the Metro Council this \_\_\_\_\_ day of November 2015.

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Tom Hughes, Council President

Attest:

Approved as to Form:

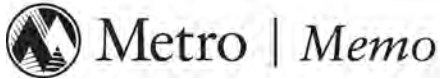
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Alexandra Eldridge, Recording Secretary

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Alison R. Kean, Metro Attorney

DRAFT



Date: September 2, 2015  
To: Metro Policy Advisory Committee  
From: Ted Reid, Principal Regional Planner  
Re: Urban growth management decision

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### **Context**

As the most recent milestone in the Metro Council's urban growth management decision, Metro's Chief Operating Officer released her recommendation to the Council in late July. On August 5, 2015 MTAC had an initial discussion of the recommendation. On August 26, 2015, MPAC had their initial discussion of this same topic.

### **MPAC's August 26 discussion**

MPAC's discussion focused on several topics, including:

- The need for state acknowledgement of urban and rural reserves.
- The implications of the demographic and economic changes for housing needs.
- Concerns about housing affordability.
- The costs of infrastructure.
- Potential for evolving the region's urban growth management system.

MPAC did not identify any items for additional input by MTAC.

### **MTAC's September 2 discussion**

At staff's suggestion, MTAC focused its September 2 discussion on the contents of proposed Ordinance No. 15-1361. MTAC was asked whether it wished to make a formal recommendation to MPAC or if it would prefer to convey its general comments and suggestions to MPAC and leave it to MPAC to propose amendments to the ordinance. MTAC chose the latter course.

Staff will summarize MTAC's comments at the September 9 MPAC meeting. Generally, MTAC focused on timelines for urban and rural reserves and other Chief Operating Officer recommendations that hinge on acknowledgment of urban and rural reserves. MTAC's main comments were:

- Consider an additional ordinance clause that commits Metro staff to returning to MTAC, MPAC, and the Metro Council in early 2016 with a proposed work program and timeline for addressing ordinance clauses 3, 4, 5, and 6. Clauses 3, 4, 5, and 6 could nest under the new ordinance clause.
- The work program that staff brings forward in early 2016 should identify some of the research activities that can be undertaken as building blocks to the next Urban Growth



Report. Some of these research activities don't need to wait until acknowledgement of urban and rural reserves to begin.

- Metro and its partners may need to consider a "Plan B" for the next urban growth management decision if it appears that urban and rural reserves will not be resolved in a timely fashion.

**Next steps for MPAC**

On September 9, MPAC will be asked to make a formal recommendation to the Metro Council. That recommendation will focus on proposed Ordinance No. 15-1361, which is included in MPAC's packet.

We look forward to your discussion.

Materials following this page were distributed at the meeting.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE	)	ORDINANCE NO. 15-1361
2015 URBAN GROWTH REPORT AND	)	
COMPLYING WITH REGIONAL GROWTH	)	Introduced by Martha J. Bennett, Chief
MANAGEMENT REQUIREMENTS UNDER	)	Operating Officer, with the concurrence of
ORS 197.299 AND STATEWIDE PLANNING	)	Tom Hughes, Council President
GOAL 14	)	

WHEREAS, state law requires Metro to assess the capacity of the urban growth boundary (UGB) on a periodic basis and, if necessary, to increase the region’s capacity for housing and employment for the next 20 years; and

WHEREAS, to accomplish that task, Metro has prepared the 2015 Urban Growth Report (UGR), which forecasts the likely range of population and employment growth in the region to the year 2035; and

WHEREAS, the UGR also assesses the capacity of the UGB for housing and employment, assuming continuation of existing local and regional plans, policies and investment strategies, and determines that there is sufficient land capacity in the region for the next 20 years; and

WHEREAS, Metro released the UGR in draft form in July 2014 after more than a year of technical engagement with a working group of public and private sector experts; and

WHEREAS, after making some modifications to the draft UGR based on comments from stakeholders, in December 2014 the Metro Council accepted the draft UGR via Metro Resolution No. 14-4582 as a preliminary step toward formal adoption of the final UGR in 2015; and

WHEREAS, in Resolution No. 14-4582 the Metro Council identified certain policy components of the draft UGR warranting further discussion prior to adoption in 2015, including the likelihood of projected residential development in urban centers, the likelihood of development in the City of Damascus, and consideration of the range forecast for population and employment growth; and

WHEREAS, between February and June of 2015 the Metro Council and the Metro Policy Advisory Committee (MPAC) devoted multiple meetings to the policy components identified for further discussion in Resolution No. 14-4582; and

WHEREAS, after further discussion with MPAC and stakeholders, including a joint meeting with the Damascus City Council, the Metro Council concludes that the amount of land assumed to be developable in the City of Damascus should be reduced as described in the Recommendations to the Metro Council from Metro’s Chief Operating Officer dated July 2015 (COO Recommendations) and as reflected in the corresponding revisions to the UGR; and

WHEREAS, after further discussion with MPAC and stakeholders, the Metro Council concludes that current city and county comprehensive plans and codes provide the region with sufficient capacity to accommodate projected housing and job growth inside the existing UGB; and

WHEREAS, the COO Recommendations advise the Metro Council to select the midpoint of the forecast range for population and employment growth in the next 20 years, a point which presents the highest statistical probability of accuracy; and

WHEREAS, the work required to finalize the region's urban and rural reserve designations is ongoing, and will not be complete and acknowledged by the end of the current growth management cycle in 2015; and

WHEREAS, the rate and scale of development in the region has significantly increased in the last two years, suggesting movement out of the recession and into a new economic cycle; and

WHEREAS, the Metro Council believes the region would benefit from undertaking a new UGR analysis within the next three years, sooner than required under state law, in order to reassess the capacity of the UGB given current development trends and the possible disincorporation of the City of Damascus; and

WHEREAS, the Metro Council agrees with and accepts the COO Recommendations; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The 2015 Urban Growth Report is hereby adopted as support for the Metro Council's conclusion that there is no need to expand the Metro UGB as part of the current growth management cycle under ORS 197.299 and Goal 14.
2. The Metro Council selects the midpoint of the forecast range for population and employment growth, as expressed in the revised housing and employment figures described in the COO Recommendations and incorporated into the adopted 2015 UGR.
3. The Metro Council directs Metro staff to produce a new draft urban growth report within three years from the date of this ordinance, but not until urban and rural reserves are acknowledged in all three counties.
4. Metro staff is directed to continue working with Clackamas County and Multnomah County to finalize urban and rural reserve designations and to seek acknowledgement of reserves from the Land Conservation and Development Commission as soon as possible.
5. Metro staff is directed to work with regional partners to explore possible improvements to Metro's regional the region's growth management process.
6. Metro staff is directed to monitor and report on housing and job trends on an ongoing basis, including implementation of the Regional Snapshots program, and to work with regional partners to increase knowledge about housing market preferences through additional market research and analysis.
- ~~6.7.~~ The Metro Council directs Metro staff to provide, beginning in early 2016, updates to MPAC and the Metro Technical Advisory Committee (MTAC) on work programs and timelines for accomplishing clauses three, four, five and six.
- ~~7.8.~~ The Findings of Fact and Conclusions of Law in Exhibit A, attached and incorporated into this ordinance, are adopted to explain how this ordinance is consistent with state law.

ADOPTED by the Metro Council this \_\_\_\_\_ day of November 2015.

\_\_\_\_\_  
Tom Hughes, Council President

Attest:

Approved as to Form:

\_\_\_\_\_  
Alexandra Eldridge, Recording Secretary

\_\_\_\_\_  
Alison R. Kean, Metro Attorney

DRAFT

August 26, 2015

The Honorable Pete Truax, Mayor  
Chair, Metro Policy Advisory Committee (MPAC)  
Forest Grove City Hall  
1924 Council Street SW  
Forest Grove, OR 97116

Re: 2015 Urban Growth Management Decision

Chair Truax and Members of MPAC:

As you know, the Metro Council will soon consider a series of recommendations that would maintain the existing Urban Growth Boundary for the region by making some unprecedented assumptions about future growth. The recommendations before MPAC would serve to heighten the problems of home affordability for middle-class families, suitable employment lands for living-wage job growth, and increased congestion on our roads and highways. MPAC must scrutinize the recommendations and their potential impacts, determine if Metro has addressed the issues raised by the region's municipalities, and ultimately help ensure accountability with respect to Metro's findings and proposals.

As members of MPAC and representatives of the area's various jurisdictions, you need to be aware that we have significant concerns with the recommendations before you and believe that they will present immense challenges to your communities and our region. These issues include:

- The unprecedented projected change in the mix of single family homes, apartments and condos;
- The unprecedented increase in housing numbers for Portland, reaching annual levels that have never been met, let alone sustained for 20 years;
- The unprecedented increase in condo development, rising from historically representing just a few percent of the annual housing market to the expectation it will be over 27% of the market;
- Concerns with the amount of employment land in the region, both overall and in locations that will help spur economic development in needed areas;
- The assumptions of lower household incomes, when our region should be planning for prosperity instead; and
- The combined effects that lower single-family home numbers, increased demand and lack of land supply will have on housing affordability.

These factors will likely create more pressure and pushback within Portland as existing neighborhoods are forced to absorb more growth, thus driving up land values, housing prices and rents, and changing neighborhood character. This will also impact traffic and livability to settled neighborhoods, causing significant pressure on our already stressed and aging infrastructure.

More importantly, the recommendations would push many families farther from owning a home, both economically and geographically. As a result, much of our workforce may be forced to move to the edge of our region and into towns outside of our Metro area to find the housing they want and can afford.

Another concern is the changes Metro has made in their Urban Growth Report modeling. Unlike previous reports, the new approach makes it impossible to expand the boundary as long as there is a

hypothetical supply of any kind of housing, anywhere in the region. Again, this ignores the types and locations of housing people want. This is why the model concludes there is no need for any boundary expansion, despite local jurisdictions expressing the need for both housing and employment lands.

For example, industrial vacancy is at its lowest point in over 20 years. There is a shortage of manufacturing and industrial buildings to meet current demand and provide for healthy production and export segments of our economy. The lack of suitable, available land for new projects increases costs for local businesses and reduces employment opportunities throughout the region.

Respected economists have examined the issues and concluded the report fails to provide for sufficient land availability to meet our region's housing and population projections. Specifically, projected future multi-family residential densities are unprecedented, far exceeding historical experience. Moreover, the fact that so much of UGB residential capacity must be redevelopment, the vast majority within the City of Portland, presents a significant vulnerability to the market reality of estimated regional capacity.

Oregon law (ORS 197.296) requires that Metro's legislative review of the UGB be based on actual density and the actual average mix of housing types that have occurred since the last periodic review cycle. Metro needs to show that if it plans or projects for a significant change in density and growth patterns from its last cycle, it must also adopt measures which demonstrate that expected change will occur. However, other than restricting land supply and assuming people's housing preferences will simply change, we see nothing that meets this requirement.

We appreciate the difficult job Metro has in managing our region's land supply and appreciate that important issues have been raised related to how Metro looks at things differently moving forward to manage and balance our region's growth. We agree with the report that it's important to understand how the recent recession affected our region's growth, as we work our way out of its impacts; to balance people's needs and preferences in housing and housing affordability with our desire to protect farm and forestland; to allow local jurisdictions, who want growth and shown the ability to do it well, better ways to achieve their goals; and ultimately to become more effective at creating higher-income jobs and economic opportunities for our residents. These are goals we all share for our region.

However, the recommendations before MPAC take the region down a path that is not supported by past practice. MPAC, although advisory, is an important review component of Metro's work. We recommend you look closely at these concerns and consider the ramifications of moving forward with the recommendations. We would also ask that you look back at the issues you raised last fall and determine whether Metro sufficiently addressed those concerns in its work. Finally, as the Metro Council considers accelerating the next review cycle in the hopes of having greater clarity around the Urban Reserves and other issues, we ask that MPAC continues to ensure accountability in the process.

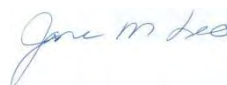
Respectfully,



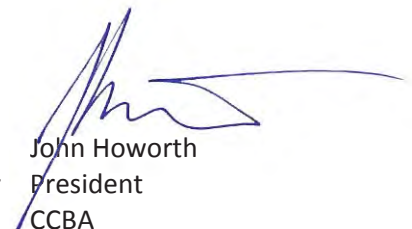
Paul Grove  
Assoc. Dir. Gov't Relations  
HBA of Metro Portland



Kelly Ross  
Executive Director  
NAIOP



Jane Leo  
Gov't Affairs Director  
PMAR



John Howorth  
President  
CCBA



September 8, 2015

Metro Council  
600 NE Grand Avenue  
Portland Oregon

Dear President Hughes and Metro Council:

The Westside Economic Alliance (WEA) Board of Directors appreciates the presentation on the recommendations of Metro’s Chief Operating Officer regarding the Urban Growth Report (UGR) by Councilor Dirksen on August 26th. The presentation was thorough. The Board asked several questions which Councilor Dirksen addressed.

The WEA Board has several concerns regarding the acceptance of the UGR including:

- The urban reserves issue may not be resolved in three years. Waiting for the resolution puts the entire region at the mercy of Clackamas County.
- The accuracy of the report and whether the information utilized in Metroscope is valid. For example, the projections for both City of Portland and the Damascus area are unrealistic.
- There are increased housing costs due to urban growth boundary constraint.

WEA does not agree with the recommendation to accept the UGR as submitted, however, the organization does acknowledge that the decision will be made as written. WEA is making a clear statement that the process needs to change, and the next review must occur in three years or sooner.

A significant number of mayors and representatives from the counties have expressed their concern about the UGR. The mayors, county commissioners and Metro need to work together to make appropriate legislative changes in the next session. We need all tools in place so that the region can take a serious look at why and how the boundary may be expanded.

10220 SW Nimbus Ave.  
Suite K-12  
Tigard, Oregon 97223  
Office 503.968.3100  
Fax 503.624.0641  
www.westsidealliance.org

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City of Tigard            City of Beaverton

Mayor Lou Ogden      Mayor Jerry Willey  
City of Tualatin        City of Hillsboro





Times have changed since the UGR process was first defined, and, just as business must change and adapt to new influences, our land use processes must also adapt to current realities.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Pamela Treece', written in black ink.

Pamela Treece

Executive Director, Westside Economic Alliance

# MMC

## Metropolitan Mayors Consortium

### Ad-Hoc

**Mayor Russ Axelrod**  
City of West Linn

**Mayor Shane Bemis**  
City of Gresham

**Mayor Krisanna Clark**  
City of Sherwood

**Mayor John Cook**  
City of Tigard

**Mayor Jef Dalin**  
City of Cornelius

**Mayor Doug Daoust**  
City of Troutdale

**Mayor Lori DeRemer**  
City of Happy Valley

**Mayor Mark Gamba**  
City of Milwaukie

**Mayor Diana Helm**  
City of Damascus

**Mayor Dan Holladay**  
City of Oregon City

**Mayor Heather Kibbey**  
City of Rivergrove

**Mayor Tim Knapp**  
City of Wilsonville

**Mayor Lou Ogden**  
City of Tualatin

**Mayor Gery Schirado**  
City of Durham

**Mayor Kent Stuebaker**  
City of Lake Oswego

**Mayor Ted Tosterud**  
City of Fairview

**Mayor Pete Truax**  
City of Forest Grove

**Mayor Jerry Willey**  
City of Hillsboro

September 9, 2015

To: Honorable Tom Hughes, President, and  
Members of the Metro Council

RE: Suggestions for Improvements to the Metro Urban Growth Management  
(UGM) and Urban Growth Report (UGR) Process

We write to express our appreciation to President Hughes for hosting the Metro-area Mayors and Chairs meeting on August 12. The exchange was engaging and certainly underscores the level of concern many local elected leaders share regarding the UGM process and pending UGB decision by Metro. The herein listed mayors do not agree with the conclusions of the UGR that no UGB expansion is warranted. We urge changes in the UGM/UGR process as we outline below.

With the Metro Council's recent direction to Metro staff for preparation of the COO's urban growth recommendation, we understand that Metro leadership is open to considering changes in the region's UGM process. We understand that Metro indicates that the process must be guided solely by "the numbers" of past data, current trends and future projections. We believe that issues such as individual cities' needs and community aspirations and local factors should play a larger role in making UGM/UGB determinations.

We agree with a sentiment expressed on Metro Council that the region should consider administrative or legislative modifications to the UGM process — especially in light of the new Reserves land-use planning paradigm.

The Metroscope growth-forecasting model used by Metro disregards several key issues or measurements that impact "growth" — including where and how new development occurs. Metroscope fails to address significant factors impacting the rate and location of growth and development that revolve around a lack of regional community differentiation. The model does not account for factors such as voter-approved annexation measures, differing community aspirations and capacity, market demand and different municipal rates of growth at variance from the aggregate rate.

**We respectfully suggest the formation of a workgroup composed of public- and private-sector experts in planning and real-estate development to examine issues with the Metroscope model.** The workgroup would examine and recommend ways that these and perhaps other currently unaccounted-for factors pertaining to regional community differentiation could be figured into the Metroscope UGR growth projections. The workgroup would also examine how the UGR could be modified to account for needs of individual cities through existing laws and administrative processes, as well as through potential changes to both if needed.

Should a change in law be deemed necessary, Metro Council and the MMC regional leadership together could approach the Oregon legislature to modify state land-use law to account for other relevant factors and to specifically acknowledge and permit a subregional allocation of growth that equals the total projected regional growth. After the workgroup completes the study and issues recommendations in 2016, the 2017 full session of the legislature offers an opportunity for the careful consideration of potential changes to state law.

We thank you for your time and consideration of our comments.



September 9, 2015

MPAC Chairman Peter Truax  
Metro  
600 N.E. Grand Ave  
Portland OR 97232

Dear Chairman Truax and fellow MPAC members,

I am writing to express my concerns about adoption of the COO recommendations for the Urban Growth Management Decision without greater certainty and commitment to the work that is needed to improve the growth management process and complete the next Urban Growth Report within the next three years.

I urge my fellow MPAC members to recommend the following modifications be made to the proposed ordinance (in bold):

1. Begin the next urban growth management cycle sooner than required by Oregon law, with the next UGR issued in the summer of 2017, Council consideration of the report by the end of 2017, and a growth management decision by the end of 2018 **regardless of whether urban and rural reserves have been acknowledged in all three counties** (the COO's recommendation for an earlier review is predicated on reserves being resolved prior to the review beginning).
2. Explore evolving the urban growth management process to provide additional certainty to the region, counties, cities and stakeholders **immediately** (COO's recommendation was to wait until reserves are resolved).

Work on the Urban Growth Report that was released last July began more than eighteen months earlier in January of 2013. Applying this same timeline to a UGR that would be released in the summer of 2017, work would have to begin near the beginning of 2016. Is there any possible chance the urban and rural reserves will be resolved by Metro, LCDC, and Clackamas and Multnomah Counties within the next few months? I think not.

Similarly, development of process refinement legislation for introduction in the 2017 Legislature will need to be in near final form with broad consensus support by this time next year. Waiting until after the reserves are finalized to begin discussions of such legislation will push any possible legislative changes off to the 2019, or possibly even 2021 legislative sessions.

We simply can't wait so long to begin working on this terrible knot that ties the region to endless process without any good results. While we all want the reserves to be resolved as soon as possible, we cannot wait until they are resolved to start the next UGR cycle or the very important task of evolving the regional growth management process in a way that recognizes both regional and local needs. We are fully capable and willing to multi-task on these crucial challenges.

**Board of County Commissioners**  
155 N. First Avenue, Suite 300, MS 22 Hillsboro, OR 97124-3072  
Phone: (503) 846-8681 Fax: (503) 846-4545

MPAC Chairman Peter Truax  
September 9, 2015  
Page 2

Also, I think we all agree that completing this UGR at the tail end of the Great Recession presented a significant challenge in data collection and interpretation of housing needs and preferences. The problems caused by the use of data from the deep recession should be addressed earlier, not later, in a new UGR. I recommend that the Ordinance should recognize this need with an additional 'Whereas:'

**WHEREAS, This Urban Growth Management decision relies on development trends during a deep recession, raising uncertainties about the validity of the data** and the rate and scale of development in the region has significantly increased in the last two years, suggesting movement out of the recession and into a new economic cycle and

As a long-time member of MPAC, I recognize both the difficulty in this process and the efforts that we have worked on together to improve the process, including the efforts to establish urban and rural reserves. Please consider these amendments as another effort to improve and offer certainty about the process in the future.

Sincerely,



Andy Duyck, Chairman  
Washington County Board of Commissioners

Cc: Metro Council  
Board of Washington County Commissioners  
Andrew Singelakis, Director Land Use & Transportation