

A G E N D A

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METRO

Revised Agenda

MEETING: METRO COUNCIL REGULAR MEETING
DATE: October 24
DAY: Thursday
TIME: 2:00 PM
PLACE: Council Chamber

<u>Approx. Time*</u>		<u>Presenter</u>
2:00 PM	CALL TO ORDER AND ROLL CALL	
(5 min.)	1. INTRODUCTIONS	
(5 min.)	2. CITIZEN COMMUNICATIONS	
(5 min.)	3. EXECUTIVE OFFICER COMMUNICATIONS	
(5 min)	4. AUDITOR REPORT	Dow
	5. CONSENT AGENDA	
2:20 PM (5 min)	5.1 Consideration of Minutes for the October 17, 1996 Metro Council Regular Meeting.	
	6. ORDINANCES - SECOND READING	
2:25 PM (90 min)	6.1 Ordinance No. 96-647B , For the Purpose of Adopting a Functional Plan for Early Implementation of the 2040 Growth Concept.	McLain
	PUBLIC HEARING	
	7. RESOLUTIONS	
3:55 PM (5 min)	7.1 Resolution No. 96-2404 , For the Purpose of Encouraging the Columbia County Board of Commissioners to Approve Extending Lone Star North-West's Aggregate Operation.	Monroe
4:00 PM (5 min)	7.2 Resolution No. 96-2405 , For the Purpose of Opposing Ballot Measure 46.	Monroe

- | | | | |
|---------------------|-----|---|--------|
| 4:05 PM
(5 min) | 7.3 | Resolution No. 96-2406 , For the Purpose of Opposing
Ballot Measure 47. | Monroe |
| 4:10 PM
(5 min) | 7.4 | Resolution No. 96-2410 , For the Purpose of Supporting
Ballot Measure 32. | Monroe |
| 4:15 PM
(10 min) | 8. | COUNCILOR COMMUNICATION | |

ADJOURN

CABLE VIEWERS: This meeting is shown on Channel 30 the first Sunday after the meeting at 8:30 pm. The entire meeting is also shown again on the second Monday after the meeting at 2:00 pm on Channel 30.

All times listed on the agenda are approximate; items may not be considered in the exact order.

For questions about the agenda, call Clerk of the Council, Chris Billington, 797-1542.

For assistance per the American with Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office)

Agenda Item Number 5.1

**Minutes for the October 17, 1996 Metro Council Meeting
were unavailable**

**Metro Council Meeting
Thursday, October 24, 1996
2:00 PM - Council Chamber**

Agenda Item Number 6.1

**Ordinance No. 96-647A, For the Purpose of Adopting a Functional
Plan for Early Implementation of the 2040 Growth Concept**

**Metro Council Meeting
Thursday, October 24, 1996
2:00 PM - Council Chamber**

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING A) Ordinance No. 96-647B
FUNCTIONAL PLAN FOR EARLY)
IMPLEMENTATION OF THE 2040) Introduced by
GROWTH CONCEPT) Executive Officer Mike Burton

WHEREAS, the Metro Council adopted regional goals and objectives entitled "Regional Urban Growth Goals and Objectives" by Ordinance No. 95-625A in December 1995; and

WHEREAS, the Regional Urban Growth Goals and Objectives (RUGGO) contain integrated goals and objectives describing a desired urban form entitled the "2040 Growth Concept"; and

WHEREAS, RUGGOs are the regional policy basis for regional implementation measures to be adopted in a regional framework plan by December 1997; and

WHEREAS, the Metro Council initiated a new functional plan for early implementation of the 2040 Growth Concept prior to adoption of any regional framework plan component in Resolution No. 96-2288 consistent with RUGGO Objectives; and

WHEREAS, a recommendation from the Metro Policy Advisory Committee for an early implementation functional plan entitled "Urban Growth Management Functional Plan" has been received by the Metro Council consistent with RUGGO Objectives; now, therefore,

THE METRO COUNCIL HEREBY ORDAINS:

1. The text, tables and maps included in Exhibit "A" attached and incorporated herein entitled the "Urban Growth Management Functional Plan" is hereby adopted as a functional plan pursuant to ORS 268.390.

2. The Urban Growth Management Functional Plan complies with the Regional Urban Growth Goals and Objectives and applicable statewide land use planning goals, rules and statutes based on the record of this legislation before this Council as summarized in Exhibit "B".

ADOPTED by the Metro Council this _____ day of _____,
1996.

Jon Kvistad, Presiding Officer

ATTEST:

APPROVED AS TO FORM:

_____, Recording Secretary

Daniel B. Cooper, General Counsel

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METRO

Date: October 18, 1996

To: Metro Council

From: *LS*
Larry Shaw, Office of General Counsel

Subject: Hearing Draft of Urban Growth Management Functional Plan

This Metro Council draft is dated October 24, 1996, the date of the scheduled hearing. The draft includes amendments to the Growth Management Committee draft adopted in work sessions on October 3, 10 and 17:

Kvistad #2, 3
McCaig #1, 2, 3
McFarland #2
McLain #2, 2A, 3, 4, 6, 7, 8A, 9, 10
Monroe #1, 2
Morissette #3
Washington #1, 2

Consistency changes include:

- "local governments" to "cities and counties;" and
- "expected capacity" to "calculated capacity;" and
- "employment" to "jobs" in Title 1 (consistent with Table 1); and
- "housing unit," "households" to "dwelling units" in Title 1 (consistent with Table 1).

Maps for "Employment and Industrial Areas" (as amended) and "Open Spaces" are being prepared.

jep

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This is a working draft to be reviewed by
MTAC & TPAC, MPAC and JPACT, the
Metro Growth Management Committee
and the full Metro Council

Urban Growth Management Functional Plan

- Metro Staff Draft completed 2/14
 - MTAC/TPAC Draft completed
4/19/96
 - MPAC Working Draft
Completed 7/11/96
 - Metro Growth Management
Draft completed 8/23/96
 - Metro Council Draft
10/24/96
 - Adopted
-



METRO

1 **URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN**
2 **A functional plan for early implementation of the Metro 2040 Growth Concept**

3 **Introduction**

4 Metro was created after a vote of the citizens of the region as an elected regional government
5 responsible for addressing issues of metropolitan concern and is enabled by state law, adopted
6 by the Oregon Legislature in 1977. In addition, the voters of the region adopted a Metro
7 Charter in 1992, which describes additional responsibilities for the agency. Metro has an
8 elected seven member Council which determines region-wide policies. In addition, Metro has
9 an elected Executive Officer to enforce Metro ordinances and execute the policies of the
10 council.

11 The Metro Policy Advisory Committee (MPAC) is comprised of local government elected
12 officials and appointed citizens from throughout the region and was created to advise the
13 regionally elected Metro Council on matters of metropolitan concern. MPAC has
14 recommended specific policies to be included in a new functional plan to be adopted by the
15 Metro Council as soon as practicable. Early implementation of the 2040 Growth Concept is
16 intended to take advantage of opportunities now and avoid use of land inconsistent with the
17 long-term growth policy.

18 MPAC, as well as the Joint Policy Advisory Committee on Transportation (JPACT), and the
19 Water Resource Policy Advisory Committee (WRPAC) have made recommendations that are
20 the basis for this functional plan. All of the elements considered by MPAC, JPACT and
21 WRPAC were deemed by the Metro Council to be matters of metropolitan concern that have
22 significant impact upon the orderly and responsible development of the metropolitan area. The
23 functional plan establishes regional policies, which will apply to all 24 cities and 3 counties
24 within the Metro region. The legal form of these regional policies is a functional plan, not
25 adoption as a "component" of the Regional Framework Plan. The policies in this functional
26 plan will be updated and coordinated with other policies to be adopted as components of the
27 Metro Charter mandated Regional Framework Plan, on or before December 30, 1997.

28 Functional plans are a primary regional policy tool that may contain both "recommendations"
29 and "requirements" for changes in local plans. This functional plan relies on further actions,
30 primarily changes to local government comprehensive plans and implementing ordinances, to
31 effectuate the actions described below.

32 **The Meaning of Regional Functional Plan Adoption**

33 The regional policies which are adopted by this Urban Growth Management Functional Plan
34 recommend and require changes to city and county comprehensive plans and implementing
35 ordinances. The purpose of this functional plan is to implement regional goals and objectives
36 adopted by the Metro Council as the Regional Urban Growth Goals and Objectives (RUGGO),
37 including the Metro 2040 Growth Concept. The comprehensive plan changes and related

38 actions, including implementing regulations, required by this functional plan, shall be adopted
39 by all cities and counties in the Metro region within twenty-four (24) months from the effective
40 date of this ordinance.

41 Any city or county determination not to incorporate all required functional plan policies into
42 comprehensive plans shall be subject to the conflict resolution and mediation processes
43 included within the RUGGO, Goal I provisions, prior to the final adoption of inconsistent
44 policies or actions. Upon the effective date of this ordinance, any city or county amendment to
45 a comprehensive plan or implementing ordinance that is inconsistent with requirements of this
46 functional plan, is subject to appeal for violation of the functional plan.

47 Regional Policy Basis

48 The regional policies adopted in this functional plan are formulated from, and are consistent
49 with, the RUGGOs, including the Metro 2040 Growth Concept. The overall principles of the
50 Greenspaces Master Plan are also incorporated within this functional plan. In addition, the
51 updated Regional Transportation Plan (RTP)¹, when adopted, will serve as the primary
52 transportation policy implementation of the 2040 Growth Concept. However, early
53 implementation land use policies in this functional plan are integrated with early
54 implementation transportation policies derived from preparation of the 1996 Regional
55 Transportation Plan, and consistent with the Metro 2040 Growth Concept.

56 Structure of Requirements

57 The Urban Growth Management Functional Plan is a regional functional plan which contains
58 "requirements" that are binding on cities and counties of the region as well as
59 recommendations that are not binding. "Shall" or other directive words are used with
60 requirements. The words "should" or "may" are used with recommendations. In general, the
61 Plan is structured so that local jurisdictions may choose either performance standard
62 requirements or prescriptive requirements. The intent of the requirements is to assure that
63 cities and counties have a significant amount of flexibility as to how they meet requirements.
64 Performance standards are included in almost titles. If local jurisdictions demonstrate to
65 Metro that they meet the performance standard, they have met that requirement of the title.
66 Standard methods of compliance are also included in the plan to establish one very specific
67 way that jurisdictions may meet a title requirement, but these standard methods are not the
68 only way a city or county may show compliance. In addition, certain mandatory requirements
69 that apply to all cities and counties are established by this functional plan.

¹ Metro has an adopted Regional Transportation Plan. However, because of changing local and regional conditions, as well as state and federal requirements, the RTP is scheduled to be amended in 1997.

70 REGIONAL FUNCTIONAL PLAN REQUIREMENTS

71 TITLE 1: REQUIREMENTS FOR HOUSING AND EMPLOYMENT
72 ACCOMMODATION

73 Section 1. Intent

74 State law and Metro eCode require that the Metro urban growth boundary (UGB) have
75 sufficient capacity to accommodate the expected growth for 20 years. It is Metro policy to
76 minimize the amount of urban growth boundary expansion required for the expected population
77 and employment growth by the year 2017 consistent with all Statewide Goals. To accomplish
78 further that policy, it is beneficial and desirable for Metro to require actions intended to
79 increase the capacity of land available for development of land within the UGB. Increasing the
80 capacity of land within the UGB will include increasing in requiring changes for appropriate
81 locations in both the rate of development permitted per acre (zoned density) and the rate at
82 which housing and employment are actually built within the UGB. Development consistent
83 with the design types of the Metro 2040 Growth Concept will focus these efforts. As a matter
84 of regional policy, Each city and county must contribute its fair share to increasing the
85 development capacity of land within the UGB.

86 Metro will work with local jurisdictions to develop a set of region-wide community
87 development code provisions, standards and other regulations which local jurisdictions may
88 adopt that will help implement the 2040 Growth Concept and this Functional Plan. Included in
89 this project will be a review of development standards in support of smaller lots and more
90 flexible use of land, strategies to encourage land assembly, more flexible zoning and
91 improvements in the pre-application process to ensure timely and thorough review and to
92 provide for early involvement by the public to address neighborhood concerns and assure
93 community acceptance of these changes.

94 Section 32. Methods to Increase Calculated Capacity ~~Expected Capacity~~ Required for
95 All Cities and Counties ~~Local Governments~~

96 All cities and counties within Metro are required to include within their comprehensive plans
97 and implementing ordinances the following provisions:

- 98 A. All zones allowing residential use shall include a minimum density standard that
99 requires which provides that no ~~land-use decision~~ development application, including a
100 partition or subdivision, may be approved unless the ~~proposed action~~ development will
101 ~~provide that no less than~~ result in the building of 80 percent or more of the maximum
102 number of dwelling units per net acre permitted for ~~development~~ are approved for
103 development by the zoning designation for the site. No comprehensive plan provision,
104 implementing ordinance or local process (such as site or design review) may be applied
105 and or no condition of approval may ~~limit development~~ be imposed that would have the
106 effect of reducing the density to less than 80 percent of the maximum permitted density.

107 For high density zones with maximum permitted zoned density higher than 37 dwelling
108 units per net acre, the minimum residential density may be 30 dwelling units per net
109 acre, ~~if that density is consistent with the target densities listed in subsection B, below.~~
110 This minimum density standard does not apply (1) outside the urban growth boundary,
111 (2) inside areas designated as open space on the attached Open Spaces Map, and (3)
112 inside areas designated as unbuildable on the attached Open Space Map. The maximum
113 zoned density does not include the density bonus for zones that allow them.

114 B. Cities and counties shall not prohibit partitioning or subdividing inside the Metro urban
115 growth boundary where existing lot sizes are two or more times that of the minimum
116 lot size in the development code.

117 Section 3. Design Type Boundaries Requirement

118 For each of the following 2040 Growth Concept design types, city and county comprehensive
119 plans shall be amended to include the boundaries of each area, determined by the city or county
120 consistent with the general locations shown on the 2040 Growth Concept Map:

121 Central City--Downtown Portland is the Central City which serves as the major regional center,
122 an employment and cultural center for the metropolitan area.

123 Regional Centers--Nine regional centers will become the focus of compact development,
124 redevelopment and high-quality transit service and multimodal street networks.

125 Station Communities--Nodes of development centered approximately one-half mile around a
126 light rail or high capacity transit station that feature a high-quality pedestrian environment.

127 Town Centers--Local retail and services will be provided in town centers with compact
128 development and transit service.

129 Main Streets--Neighborhoods will be served by main streets with retail and service developments
130 served by transit.

131 Corridors--Along good quality transit lines, corridors feature a high-quality pedestrian
132 environment, convenient access to transit, and somewhat higher than current densities.

133 Employment Areas--Various types of employment and some residential development are
134 encouraged in employment areas with limited commercial uses.

135 Industrial Areas--Industrial area are set aside primarily for industrial activities with limited
136 supporting uses.

137 Inner Neighborhoods--Residential areas accessible to jobs and neighborhood businesses with
138 smaller lot sizes are inner neighborhoods.

39 Outer Neighborhoods--Residential neighborhoods farther away from large employment centers
40 with larger lot sizes and lower densities are outer neighborhoods.

41 Section 4. Requirements to Increase Capacity If Recent Development At Low Density

142 DA. Review All cities and counties shall determine whether actual built densities for housing
143 during 1990-1995 were less than 80 percent of permitted maximum zoned densities.
144 The 1990-1995 actual built densities within its jurisdiction shall be compared with
145 permitted zoned densities for housing units and employment during that period. This
146 comparison shall be conducted using the following methods:

147 ~~1. Residential and employment developments to be analyzed shall be those which~~
148 ~~were permitted by a land use action and constructed during the period from~~
149 ~~1990 to 1995, and residential density shall be measured in households per net~~
150 ~~developed acre.¹~~

151 ~~2. Employment performance shall be measured by comparing the actual~~
152 ~~jurisdiction wide increase during the years 1990-1995 with the jurisdiction wide~~
153 ~~increase listed in Table 1. This shall include only those developments that~~
154 ~~received approval under the implementing ordinances during this period.~~

155 B. 4. If the capacity calculations reflect that, during comparison of actual built
156 densities to maximum zoned densities for the period 1990-1995, indicates that actual
157 built densities were less than 80 percent of permitted maximum zoned densities, the
158 jurisdiction city or county shall also demonstrate that it has considered and adopted at
159 least two of the following methods to increase capacity:
160

- 161 a. Financial incentives for higher density housing;
- 162 b. Provisions permitting additional density beyond that generally allowed in
- 163 the zoning district in exchange for amenities and features provided by the
- 164 developer;
- 165 c. Removal or easing of approval standards or procedures;
- 166 d. Redevelopment and infill strategies;
- 167 e. Authorization of housing types not previously allowed by the plan or
- 168 regulations; and
- 169 f. ~~Adoption of an average residential density standard.~~

170 Section 45. Review of Permitted Determination of Calculated Capacity of Housing Units
171 and Jobs Employment

172 The purpose of this review section is to require each city and county within the Metro region to
173 determine the housing and employment capacity of its existing comprehensive plans and
174 implementing ordinances, to accommodate housing and employment and to determine calculated

¹ See definitions.

175 capacity for dwelling units and jobs by the method in this section, and increase calculated
176 capacity, if necessary, to achieve the functional plan capacities in Table 1, whether amendments
177 to existing plans are necessary to comply with Section 2 of this Title. Each city and county
178 within the Metro region is hereby required to complete the following steps:

179 A. ~~Review the permitted capacity of its current comprehensive plan, and calculate the~~
180 ~~expected capacity of housing units and employment by the year 2017 from the plan.~~
181 Determine the calculated capacity of dwelling units and jobs by the year 2017 using the
182 zoned capacity² of its current comprehensive plan and implementing ordinances.

183 1. Cities and counties shall use Metro estimates of vacant land, and land likely to
184 redevelop, unless they have ~~local government has~~ data that they ~~it~~ believes is more
185 accurate. In this case, the ~~local government~~ city or county may provide Metro the
186 following:

- 187 a. The source of the data;
188 b. The reasons that the locally developed data is a more accurate estimate
189 than the Metro estimate of vacant and redevelopable land;
190 c. The database from which the above were derived;
191 d. The database of committed development lands.

192 Cities and counties may use their data, subject to acceptance by the Metro
193 Council or its designee, after Metro the Executive Officer determines that the
194 city or county data is may be more accurate than the Metro data. The Executive
195 Officer shall notify the Metro Council of each instance in which the data
196 submitted by a city or county is determined by Metro staff the Executive Officer
197 to be less accurate than Metro data.

198 2. In ~~estimating expected~~ determining the calculated capacity of existing
199 comprehensive plans and implementing ordinances, ~~local governments~~ cities and
200 counties shall not estimate ~~expected~~ use a calculated capacity for dwelling units of
201 at more than 80 percent of maximum permitted zoned residential density, unless:

- 202 a. Actual experience in the jurisdiction since 1990 has shown that
203 development has occurred at density greater than 80 percent of permitted
204 zoned residential density; or
205 b. Minimum density standards are adopted or proposed for adoption in the
206 zoning code that require residential development at greater than 80 percent
207 of maximum permitted zoned residential density.

208 3. ~~Jurisdictions~~ Cities and counties calculating capacity through the use of density
209 bonus provisions may consider transfers, including off-site transfers, only upon
210 demonstration that previous approvals of all density transfers within the past 5

² See Title 10, Definitions, "permitted zoned density capacity" and "expected calculated capacity."

11 years have resulted in an average of at least 80 percent of maximum permitted
12 zoned densities actually being built.

13 14. The capacity calculation shall ~~used~~ only those development types that are a
14 permitted-use allowed in the development code. Any discretionary decision
15 must not diminish the permitted zoned density if it is to be counted as a part of
16 ~~expected~~calculated capacity; and

17 35. Cities and counties, in coordination with special districts, shall demonstrate that
18 they have reviewed their public facility capacities and plans to assure that planned
19 public facilities can be provided, to accommodate growth the calculated capacity
20 within the plan period, and

21 B. Calculate the increases in ~~expected housing~~dwellling units and ~~employment~~job capacities
22 by the year 2017 from any proposed changes to the current comprehensive plans and
23 implementing ordinances that must be adopted to comply with Section 23 of this Title
24 and add the increases to the calculation of expected capacities.

25 C. Determine the effect of each of the following on ~~expected~~ calculated capacities, and
26 ~~include the effect in the calculation of expected~~ any resulting increase or decrease in
27 calculated capacities:

- 28 1. Required dedications for public streets, consistent with the Regional Accessibility
29 Title;
- 30 2. Off-street parking requirements, consistent with this functional plan;
- 31 3. Landscaping, setback, and maximum lot coverage requirements;
- 32 4. The effects of tree preservation ordinances, environmental protection ordinances,
33 view preservation ordinances, solar access ordinances, or any other regulations
34 that may have the effect of reducing the capacity of the land to develop at the
35 permitted zoned density;
- 36 5. The effects of areas dedicated to bio-swales, storm water retention, open space
37 dedications, and other requirements of local codes that may reduce the capacity of
38 the land to develop at the permitted zoned density.

39 AD. If any of the expected calculated capacities ~~estimates developed under Section 4~~ are
40 determined to be less than any of the city's or county's target housingdwellling unit and
41 jobemployment capacities in Table 1, either jurisdiction-wide or in mixed-use areas, or
42 both, then the city or county shall comply with the performance standards in Section 26 of
43 this Title by amending its comprehensive plans and implementing ordinances to increase
44 ~~its expected~~ calculated capacities, as needed, to comply with the required calculated
45 capacities ~~required~~ capacities in Table 1.

246 ~~EE.~~ Exceptions to the Section 6.B requirement that target capacities be demonstrated
247 may be requested according to Title 8 if a city or county determines that any expected
248 calculated capacity requirement in Table 1 cannot be achieved after implementation of
249 Section 2, 3 and 4 policies to increase expected capacities.

250 ~~If the average of actual built densities for 1990-1995 was less than 80 percent of~~
251 ~~permitted densities, cities and counties must address the reasons for not achieving~~
252 ~~higher densities in calculating their expected capacities.~~

253 **Section 26. Local Plan Accommodation of Expected Growth Capacity for Housing and**
254 **Employment—Performance Standard**

255 All cities and counties within Metro shall demonstrate that:

256 BA. The provisions methods and plan requirements set forth in Sections 23 through 6 of
257 this Title have been adopted or followed included in comprehensive plans and
258 implementing ordinances; and that

259 AB. ~~Their zoning and other regulations~~ Using the computation method in Section 5,
260 including the minimum residential density provisions required in Section 2, that
261 calculated capacities will achieve the target capacities will permit the target capacity for
262 housingdwelling units and full-time and part-time jobs employment contained in Table 1
263 in the Appendix to this plan, including both jurisdiction-wide expected capacities, as
264 well as and capacities for mixed-use areas; and that

265 C. Effective measures have been taken to reasonably assure that the expectedcalculated
266 capacities will be built for housingdwelling units and employmentjobs; and that

267 D. Expected development has been permitted at locations and densities likely to be
268 achieved during the 20-year planning period by the private market or assisted housing
269 programs, once all new regulations are in effect.

270 **Section 7. Design Type Density Recommendations**

271 BA. For the area of each of the 2040 Growth Concept design types, the following average
272 densities for housing and employment are recommended to cities and counties:

273 Central City - 250 persons per acre
274 Regional Centers - 60 persons per acre
275 Station Communities - 45 persons per acre
276 Town Centers - 40 persons per acre
277 Main Streets - 39 persons per acre
278 Corridor - 25 persons per acre
279 Employment Areas - 20 persons per acre

280 Industrial Areas - 9 employees per acre
281 Inner Neighborhoods - 14 persons per acre
282 Outer Neighborhoods - 13 persons per acre
283 Employment Areas - 11 persons per acre

284 ~~B. The boundaries of the area for each design type, including Industrial Areas, shall be~~
285 ~~determined by the city or county consistent with the general locations shown on the~~
286 ~~2040 Growth Concept Map. For any area designated as a neighborhood area, the plans~~
287 ~~and implementing ordinances shall not permit a target density equal to or greater than~~
288 ~~the target density for any non-neighborhood design type.~~

289 ~~C. Cities and counties shall not prohibit partitioning or subdividing inside the Metro urban~~
290 ~~growth boundary where existing lot sizes are two or more times that of the minimum~~
291 ~~lot size in the development code.~~

292 C. Cities and counties shall not prohibit the construction of at least one accessory unit
293 within any detached single family dwelling that is permitted to be built in any zone
294 inside the urban growth boundary. Reasonable regulations of accessory units may
295 include, but are not limited to, size, lighting, entrances and owner occupancy of the
296 primary unit, but shall not prohibit rental occupancy, separate access, and full kitchens
297 in the accessory units.

298 ~~Metro will work with local jurisdictions to develop a set of region wide community~~
299 ~~development code provisions, standards and other regulations which local jurisdictions may~~
300 ~~adopt that will help implement the 2040 Growth Concept and this Functional Plan. Included in~~
301 ~~this project will be a review of development standards in support of smaller lots and more~~
302 ~~flexible use of land, strategies to encourage land assembly, more flexible zoning and~~
303 ~~improvements in the pre application process to ensure timely and thorough review and to~~
304 ~~provide for early involvement by the public to address neighborhood concerns and assure~~
305 ~~community acceptance of these changes.~~

306 ~~D. Review whether actual built densities during 1990-1995 were less than 80 percent of~~
307 ~~permitted densities. The 1990-1995 actual built densities within its jurisdiction shall be~~
308 ~~compared with permitted densities for housing units and employment during that period.~~
309 ~~This comparison shall be conducted using the following methods:~~

310 ~~1. Residential and employment developments to be analyzed shall be those which~~
311 ~~were permitted by a land use action and constructed during the period from 1990~~
312 ~~to 1995, and residential density shall be measured in households per net~~
313 ~~developed acre.³ -~~

314 ~~2. Employment performance shall be measured by comparing the actual jurisdiction-~~
315 ~~wide increase during the years 1990-1995 with the jurisdiction wide increase~~

³ See definitions.

316 ~~listed in Table 1. This shall include only those developments that received~~
317 ~~approval under the implementing ordinances during this period.~~

318 ~~If the average of actual built densities for 1990-1995 was less than 80 percent of~~
319 ~~permitted densities, cities and counties must address the reasons for not achieving higher~~
320 ~~densities in calculating their expected capacities.~~

321 ~~Section 5. Requirement to Increase Expected Capacity~~

322 ~~A. If the expected capacity estimates developed under Section 4 are less than the city's or~~
323 ~~county's target housing and employment capacities in Table 1, either jurisdiction wide or~~
324 ~~in mixed use areas, or both, then the city or county shall comply with Section 2 of this~~
325 ~~Title by amending its comprehensive plans and implementing ordinances to increase its~~
326 ~~expected capacity to comply with the required capacities in Table 1.~~

327 ~~B. A capacity calculation including amendments to increase capacity shall be made~~
328 ~~according to the same methodology the jurisdiction used in Section 4. The jurisdiction~~
329 ~~shall demonstrate at least the following in calculating capacities for housing and~~
330 ~~employment;~~

331 ~~1. The capacity calculation used only those development types that are a permitted~~
332 ~~use in the development code. Any discretionary decision must not diminish the~~
333 ~~permitted density if it is to be counted as a part of expected capacity; and~~

334 ~~2. Expected capacity has been determined by accounting for all development code~~
335 ~~requirements that may have the effect of reducing capacity, including those listed~~
336 ~~in Section 4.C above; and~~

337 ~~3. Cities and counties, in coordination with special districts, have reviewed their~~
338 ~~public facility capacities and plans to assure that planned public facilities can be~~
339 ~~provided, to accommodate growth within the plan period; and~~

340 ~~4. If the capacity calculations reflect that, during the period 1990-1995, actual built~~
341 ~~densities were less than 80 percent of permitted densities, the jurisdiction shall~~
342 ~~also demonstrate that it has considered and adopted at least two of the following~~
343 ~~methods to increase capacity:~~

344 ~~a. Financial incentives for higher density housing;~~

345 ~~b. Provisions permitting additional density beyond that generally allowed in~~
346 ~~the zoning district in exchange for amenities and features provided by the~~
347 ~~developer;~~

348 ~~c. Removal or easing of approval standards or procedures;~~

349 ~~d. Redevelopment and infill strategies;~~

350 ~~e. Authorization of housing types not previously allowed by the plan or~~
351 ~~regulations; and~~

352 ~~f. Adoption of an average residential density standard.~~

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~~C. Exceptions can be requested according to Title 8 if a city or county determines that any expected capacity requirement in Table 1 cannot be achieved after implementation of policies to increase expected capacities."~~

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TITLE 2: REGIONAL PARKING POLICY

357

Section 1. Intent

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The State's Transportation Planning ~~Rule~~ calls for ~~per capita~~ reductions in of vehicle miles traveled per capita and restrictions on construction of new parking spaces as a means of responding to transportation and land use impacts of growth. The Metro 2040 Growth Concept calls for more compact development as a means to encourage more efficient use of land, promote non-auto trips and protect air quality. In addition, the federally mandated air quality plan adopted by the state relies on the 2040 Growth Concept fully achieving its transportation objectives. Notably, ~~it~~ the air quality plan relies upon reducing vehicle trips per capita and related parking spaces through minimum and maximum parking ratios. This title ~~is provided to~~ addresses these statutory state and federal requirements and preserves the quality of life of the region.

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A compact urban form requires that each use of land is carefully considered and that more efficient forms are favored over less efficient ones. Parking, especially that provided in new developments, can result in a less efficient land usage and lower floor to area ratios. Parking also has implications for transportation. In areas where transit is provided or other non-auto modes (walking, biking) are convenient, less parking can be provided and still allow accessibility and mobility for all modes, including autos. Reductions in auto trips when substituted by non-auto modes can reduce congestion and increase air quality.

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Section 2. Performance Standard

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A. ~~Local Governments~~ Cities and counties are hereby required to ~~adopt amendments, if necessary, to insure that their comprehensive plans and implementing regulations, if necessary, to~~ meet or exceed the following minimum standards:

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1. Cities and counties shall ~~Require~~ no more parking than the minimum as shown on Regional Parking Standards Table, attached hereto; and

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2. Cities and counties shall ~~Establish~~ parking maximums at ratios no greater than those listed in the Parking Table and as illustrated in the Parking Maximum Map for Zone A. The designation of the A and B zones on the Parking Maximum Map should be reviewed after the completion of the Regional Transportation Plan and every five three years thereafter. If 20-minute peak hour transit service has become available to an area within a one-quarter mile walking distance for bus transit or one-half mile walking distance for light rail transit, that area shall be added to Zone A. If 20-minute peak hour transit service is no longer available to an area within a one-quarter mile walking distance for bus transit or one-half mile walking distance for light rail transit, that area shall be removed from Zone A. and if necessary, revised to reflect changes in public transportation and in pedestrian support from adjacent neighborhoods. For all urban areas outside Zone A, cities and counties shall establish parking space maximums no greater than those listed in Zone B in the Parking Table and as illustrated in the Parking Maximum map.

95 ~~Local governments~~ Cities and counties should designate Zone A parking ratios in
96 areas with good pedestrian access to commercial or employment areas (within 1/3
97 mile walk) from adjacent residential areas.

98 3. Cities and counties shall ~~Ensure establish that~~ an administrative or public hearing
99 process for considering ratios for individual or joint developments to allow a
00 variance adjustment for parking when a development application is received
01 which may result in approval of construction of parking spaces either: --

- 102 a. ~~in excess of the maximum parking ratios; or and~~
103 b. ~~less than the minimum parking ratios.~~

104 ~~Local governments~~ Cities and counties may grant an adjustment variance from any
105 maximum parking ratios ~~or minimum parking ratios~~ through an ~~adjustment or variance~~
106 process.

407 B. Free surface parking spaces shall be subject to the regional parking maximums provided
408 for Zone A. Parking spaces in parking structures, fleet parking, parking for vehicles
409 that are for sale, lease, or rent, employee car pool parking spaces, dedicated valet
410 parking spaces, spaces that are user paid, market rate parking or other high-efficiency
411 parking management alternatives may be exempted from maximum parking standards
412 by cities and counties. Sites that are proposed for redevelopment may be allowed to
413 phase in reductions as a local option. Where mixed land uses are proposed, ~~local~~
414 governments cities and counties shall provide for blended parking rates. It is
415 recommended that ~~local governments~~ cities and counties count adjacent on-street
416 parking spaces, nearby public parking and shared parking toward required parking
417 minimum standards.

418 C. ~~Local Governments~~ Cities and counties may use categories or measurement standards
419 other than those in the Parking Table, but must provide findings that the effect of the
420 local regulations will be substantially the same as the application of the Regional
421 Parking Ratios.

422 D. ~~Local governments~~ Cities and counties shall monitor and provide the following data to
423 Metro on an annual basis:

- 424 1. the number and location of newly developed parking spaces, and
425 2. demonstration of compliance with the minimum and maximum parking
426 standards, including the application of any variances ~~local adjustments~~ to the
427 regional standards in this Title. Coordination with Metro collection of other
428 building data should be encouraged.

429 **TITLE 3: WATER QUALITY AND FLOOD MANAGEMENT CONSERVATION**

430 **Section 1. Intent**

431 To protect the beneficial uses and functional values of resources within the Water Quality and
432 Flood Management Areas by limiting or mitigating the impact on these areas from development
433 activities.

434 **Section 2. Requirement**

435 Cities and counties shall ensure that their comprehensive plans and implementing regulations
436 protect Water Quality and Flood Management Areas pursuant to Section 4. Exceptions to this
437 requirement will be considered under the provisions of Section 7.

438 **Section 3. Implementation Process for Cities and Counties~~Local Governments~~**

439 Cities and counties are hereby required to amend their plans and implementing ordinances, if
440 necessary, to ensure that they comply with this Title in one of the following ways:

- 441 A. Either adopt the relevant provisions of the Metro Water Quality and Flood Management
442 model ordinance and map entitled Metro Water Quality and Flood Management
443 Conservation Area Map; or
- 444 B. Demonstrate that the plans and implementing ordinances substantially comply with the
445 performance standards, including the map, contained in Section 4. In this case, the
446 purpose of this map is to provide a performance standard for evaluation of substantial
447 compliance for those jurisdictions who choose to develop their own map of water quality
448 and flood management areas ; or
- 449 C. Any combination of A and B above that substantially complies with all performance
450 standards in Section 4.

451 **Section 4. Performance Standards**

- 452 A. **Flood Mitigation.** The purpose of these standards is to protect against flooding, and
453 prevent or reduce risk to human life and properties, by allowing for the storage and
454 conveyance of stream flows through these natural systems.

455 The plans and implementing ordinances of cities and counties shall be in substantial compliance
456 with the following performance standards:

- 457 1. Prohibit development within the water quality and flood management area; or
- 458 2. Limit development in a manner that requires balanced cut and fill; unless the
459 project is demonstrated, by an engineering study, that there is no rise in flood
460 elevation or that it will have a net beneficial effect on flood mitigation.

461 3. Require minimum finished floor elevations at least one foot above the design
462 flood height or other applicable flood hazard standard for new habitable
463 structures in the Water Quality and Flood Management Area.

464 4. Require that temporary fills permitted during construction shall be removed.

465 B. **Water Quality.** The purpose of these standards is to protect and allow for enhancement
466 of water quality associated with beneficial uses as defined by the Oregon Water
467 Resources Department and the Oregon Department of Environmental Quality.

468 The plans and implementing ordinances of cities and counties shall be in substantial
469 compliance with the following performance standards:

470 1. Require erosion and sediment control for all new development within the Metro
471 boundary as contained in the Metro Water Quality and Flood Management model
472 ordinance.

473 2. Require to the maximum extent practicable that native vegetation cover is
474 maintained or re-established during development, and that trees and shrubs in the
475 Water Quality and Flood Management Area are maintained. The vegetative cover
476 required pursuant to these provisions shall not allow the use of "Prohibited Plants
477 for Stream Corridors and Wetlands" contained in the Water Quality and Flood
478 Management Model Code adopted by the Metro Council.

479 3. Prohibit new uses of uncontained areas of hazardous materials as defined by DEQ
480 in the Water Quality and Flood Management Areas; and

481 C. **Protect the long term regional continuity and integrity of Water Quality and Flood
482 Management Areas**

483 Standards: Local jurisdictions shall establish or adopt transfer of density within
484 ownership to mitigate the effects of development in Water Quality and Flood
485 Management Areas, or through Transferable Development Rights (TDRs), which have
486 substantially equivalent effect as the Metro Water Quality and Flood Management Model
487 Ordinance.

488 Metro encourages local government to require that approvals of applications for
489 partitions, subdivisions and design review actions must be conditioned with protecting
490 Water Quality and Flood Management Areas with a conservation easement, platted as a
491 common open space, or through purchase or donation of fee simple ownership to public
492 agencies or private non-profits for preservation where feasible. Metro and cities and
493 counties ~~local governments~~ shall recognize that applications involving pre-existing
494 development within the Water Quality and Flood Management Areas shall be exempted
495 from the provisions concerning conservation easements and purchase or donation of fee
496 simple ownership to public agencies or private non-profits for preservation.

497 **Section 5. Fish and Wildlife Habitat Conservation Area**

498 A. The purpose of these standards is to conserve, protect, and enhance fish and wildlife
499 habitat within the fish and wildlife habitat conservation areas identified on the water
500 quality and flood management area map by establishing performance standards and
501 promoting coordination by Metro of regional urban water sheds.

502 B. Fish and Wildlife Habitat Conservation Area Recommendations

503 These areas shall be shown on the Water Quality and Flood Management Area Map.
504 Fish and Wildlife Habitat Conservation Areas generally include and/or go beyond
505 the Water Quality and Flood Management Areas. These areas shown on the map are
506 Metro's initial inventory of significant fish and wildlife habitat conservation areas. Metro
507 hereby recommends that local jurisdictions adopt the following temporary standards:

508 1. Prohibit development in the Fish and Wildlife Conservation Areas that adversely
509 impacts fish and wildlife habitat.

510 Exceptions: It is recognized that urban development will, at times, necessitate
511 development activities within or adjacent to Fish and Wildlife Habitat
512 Conservation Areas. The following Fish and Wildlife Habitat Conservation
513 Mitigation Policy, except for emergency situations, applies to all the following
514 exceptions:

515 A project alternatives analysis, where public need for the project has been
516 established, will be required for any of the exceptions listed below. The
517 alternatives analysis must seek to avoid adverse environmental impacts by
518 demonstrating there are no practicable, less environmentally damaging
519 alternatives available. In those cases where there are no practicable, less
520 environmentally damaging alternatives, the project proponent will seek
521 alternatives which reduce or minimize adverse environmental impacts. Where
522 impacts are unavoidable, compensation, by complete replacement of the impacted
523 site's ecological attributes or, where appropriate, substitute resources of equal or
524 greater value will be provided in accordance with the Metro Water Quality and
525 Flood Management model ordinance.

- 526 a. Utility construction within a maximum construction zone width
527 established by cities and counties ~~local governments~~.
- 528 b. Overhead or underground electric power, telecommunications and cable
529 television lines within a sewer or stormwater right-of-way or within a
530 maximum construction zone width established by cities and counties ~~local~~
531 ~~governments~~.
- 532 c. Trails, boardwalks and viewing areas construction.
- 533 d. Transportation crossings and widenings. Transportation crossings and
534 widenings shall be designed to minimize disturbance, allow for fish and

wildlife passage and crossings should be preferably at right angles to the stream channel.

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2. Limit the clearing or removal of native vegetation from the Fish and Wildlife Habitat Conservation Area to ensure its long term survival and health. Allow and encourage enhancement and restoration projects for the benefit of fish and wildlife.

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3. Require the revegetation of disturbed areas with native plants to 90 percent cover within three years. Disturbed areas should be replanted with native plants on the Metro Plant List or an approved locally adopted plant list. Planting or propagation of plants listed on the Metro Prohibited Plant List within the Conservation Area shall be prohibited.

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4. Require compliance with Oregon Department of Fish and Wildlife (ODFW) seasonal restrictions for in-stream work. Limit development activities that would impair fish and wildlife during key life-cycle events according to the guidelines contained in ODFW's "Oregon Guidelines for Timing of In-water Work to Protect Fish and Wildlife Resources."

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551 C. Fish and Wildlife Habitat Protection

552 Within eighteen (18) months from the effective date of this functional plan, Metro shall
553 complete the following regional coordination program by adoption of functional plan
554 provisions.

1. Metro shall establish criteria to define and identify regionally significant fish and wildlife habitat areas.

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2. Metro shall adopt a map of regionally significant fish and wildlife areas after (1) examining existing Goal 5 data, reports and regulation from cities and counties, and (2) holding public hearings.

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3. Metro shall identify inadequate or inconsistent data and protection in existing Goal 5 data, reports and regulations on fish and wildlife habitat. City and county comprehensive plan provisions where inventories of significant resources were completed and accepted by a LCDC Periodic Review Order after January 1, 1993, shall not be required to comply until their next periodic review.

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4. Metro shall complete Goal 5 economic, social, environmental and energy (ESEE) analyses for mapped regionally significant fish and wildlife habitat areas only for those areas where inadequate or inconsistent data or protection has been identified.

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5. Metro shall establish performance standards for protection of regionally significant fish and wildlife habitat which must be met by the plans implementing ordinances of cities and counties.

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Section 6. Metro Model Ordinance Required

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Metro shall adopt a Water Quality and Flood Management Model Ordinance and map for use by local jurisdictions to comply with this section. Sections 1-4 of this title shall not become effective until 24 months after Metro Council has adopted a Model Code and map that addresses all of the provisions of this title. Metro may adopt a Model Code and map for protection of regionally significant fish and wildlife habitat. Section 5 of this title shall be implemented by adoption of new functional plan provisions.

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Section 7. Variances

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City and county comprehensive plans and implementing regulations are hereby required to include procedures to consider claims of map error and hardship variances to reduce or remove stream corridor protection for any property demonstrated to be converted to an unbuildable lot by application of stream corridor protections.

584 TITLE 4: RETAIL IN EMPLOYMENT AND INDUSTRIAL AREAS

585 Section 1. Intent

586 It is the intent of the Metro 2040 Growth Concept that Employment and Industrial Areas contain
587 ~~very little~~ supportive retail development. Employment and Industrial areas would be expected to
588 include some limited retail commercial uses primarily to serve the needs of people working or
589 living in the immediate ~~employment areas~~, Employment or Industrial Areas; not larger market
590 areas outside the ~~employment area~~ Employment or Industrial Areas. ~~Exceptions to this general~~
591 ~~policy for Employment and Industrial Areas can be made for certain areas as identified on the~~
592 ~~Employment and Industrial Areas Map.~~

593 Section 2. Comprehensive Plan and Implementing Ordinance Changes Required

594 A. Cities and counties are hereby required to amend their comprehensive plans and
595 implementing regulations, if necessary, to prohibit retail uses larger than 50,000 60,000
596 square feet of gross leasable area per building or business in the Employment and
597 Industrial Areas specifically designated on the 2040 Growth Concept attached
598 Employment and Industrial Areas Map.

599 B. This subsection applies to city and county comprehensive plan designations and zoning
600 ordinances acknowledged by the effective date of this Functional Plan, which allow retail
601 uses larger than 60,000 square feet of gross leasable area per building or business in
602 Employment Areas designated on the attached Employment and Industrial Areas Map.
603 These cities and counties are hereby required to amend their comprehensive plans and
604 implementing regulations, if necessary, to require a process resulting in a land use
605 decision for any retail uses larger than 60,000 square feet of gross leasable area per
606 building or business on those lands where such uses are currently allowed by any process.
607 The standards for the land use decision to allow any such retail uses shall require (1) a
608 demonstration in the record that adequate transportation facilities will be in place at the
609 time the retail use begins operation; and (2) a demonstration that adequate transportation
610 facilities for the other planned uses in the Employment Areas are included in the
611 applicable comprehensive plan provisions. If the city and county comprehensive plan
612 designations and zoning ordinances which allow retail uses larger than 60,000 square feet
613 of gross leasable area per building or business in Employment Areas have not been
614 acknowledged by the effective date of this Functional Plan, subsection 2.C. of this Title
615 shall apply.

616 C. City or county comprehensive plan designations and zoning ordinances acknowledged by
617 the effective date of this Functional Plan which do not allow retail uses larger than 60,000
618 square feet of gross leasable area per building or business in Employment Areas
619 designated on the attached Employment and Industrial Areas Map shall continue to
620 prohibit them unless an exception is established under Section 3 of this Title pursuant to
621 the compliance procedures of Title 8.

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Section 3. Exceptions

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Exceptions to this standard for Employment Areas may be included in local compliance plans
for:

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A. Low traffic generating, land-consumptive commercial uses with low parking demand
which have a community or region wide market, or

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B. ~~As identified on the Employment and Industrial Areas Map, s~~Specific Employment or
Industrial Areas which already have substantially developed as retail centers areas or
which ~~have been locally designated as retail centers~~ are proposed to be or have been
locally designated, but not acknowledged by the effective date of this Functional Plan, as
retail areas, may allow new or redeveloped retail uses where adequate transportation
facilities capacity is demonstrated in local compliance plans as provided in Title 8.
~~Proposed refinements to the mapped areas may be considered in local compliance plans~~
~~as provided in Title 8.~~

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C. Retail uses that primarily draw business from a market area not more than 2.5 miles from
the site where adequate transportation facilities capacity is demonstrated in local
compliance plans as provided in Title 8.

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638 **TITLE 5: NEIGHBOR CITIES AND RURAL RESERVES**

639 **Section 1. Intent**

640 The intent of this title is to clearly define Metro policy with regard to areas outside the Metro
641 urban growth boundary. **NO PORTION OF THIS TITLE CAN REQUIRE ANY ACTIONS**
642 **BY NEIGHBORING CITIES.** Metro, if neighboring cities jointly agree, will adopt or sign
643 rural reserve agreements for those areas designated rural reserve in the Metro 2040 Growth
644 Concept with Multnomah, Clackamas, and Washington County, and Neighbor City Agreements
645 with Sandy, Canby, and North Plains. Metro would welcome discussion about agreements with
646 other cities if they request such agreements.

647 In addition, counties and cities within the Metro boundary are hereby required to amend their
648 comprehensive plans and implementing ordinances within twenty-four months to reflect the rural
649 reserves and green corridors policies described in the Metro 2040 Growth Concept.

650 **Section 2. Rural Reserves and Green Corridors**

651 Metro shall attempt to designate and protect common rural reserves between Metro's urban
652 growth boundary and designated urban reserve areas and each neighbor city's urban growth
653 boundary and designated urban reserves, and designate and protect common locations for green
654 corridors along transportation corridors connecting the Metro region and each neighboring city.
655 For areas within the Metro boundary, counties are hereby required to amend their comprehensive
656 plans and implementing ordinances to identify and protect the rural reserves and green corridors
657 described in the adopted 2040 Growth Concept and shown on the adopted 2040 Growth Concept
658 Map. These rural lands shall maintain the rural character of the landscape and our agricultural
659 economy. New rural commercial or industrial development shall be restricted to the extent
660 allowed by law. Zoning shall be for resource protection on farm and forestry land, and very low-
661 density residential (no greater average density than one unit for five acres) for exception land.

662 For areas outside the Metro boundary, Metro shall encourage intergovernmental agreements with
663 the cities of Sandy, Canby and North Plains.

664 **Section 3. Invitations for Intergovernmental Agreements**

665 Metro shall invite the cities and counties ~~local governments~~ outside the Metro boundary and
666 named in Section 1 of this title to sign an Intergovernmental Agreement, similar to the draft
667 agreements attached hereto.

668 **Section 4. Metro Intent with Regard to Green Corridors**

669 Metro shall attempt to negotiate a Green Corridor Intergovernmental Agreement with Oregon
670 Department of Transportation (ODOT) and the three counties (Clackamas, Multnomah and
671 Washington) to designate and protect areas along transportation corridors connecting Metro and
672 neighboring cities.

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TITLE 6: REGIONAL ACCESSIBILITY

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Section 1. Intent

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Implementation of the 2040 Growth Concept requires that the region identify key measures of transportation effectiveness which include all modes of transportation. Developing a full array of these measures will require additional analysis. Focusing development in the concentrated activity centers, including the central city, regional centers, and station communities, requires the use of alternative modes of transportation in order to avoid unacceptable levels of congestion, ~~and to insure that accessibility by alternative modes is attractive.~~ The continued economic vitality of industrial areas and intermodal facilities is largely dependent on preserving or improving access to these areas and maintaining reasonable levels of freight mobility ~~in~~ the region's ~~main~~ throughways. Therefore, regional congestion standards and other regional system performance measures shall be tailored to reinforce the specific development needs of the individual 2040 Growth Concept design types ~~land use components.~~

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These regional standards will be linked to a series of regional street design concepts that fully integrate transportation and land use needs for each of the 2040 land use components. The designs generally form a continuum; a network of throughways (freeway and highway designs) will emphasize auto and freight mobility and connect major activity centers. Slower-speed boulevard designs within concentrated activity centers will balance the multi-modal travel demands for each mode of transportation within ~~of~~ these areas. Street and road designs will complete the continuum, with multi-modal designs that reflect the land uses they serve, but also serving as moderate-speed vehicle connections between activity centers that complement the throughway system. While these designs are under development, it is important that improvements in the most concentrated activity centers are designed to lessen the negative effects of motor vehicle traffic on other modes of travel. Therefore, ~~the need to implementation~~ of amenity oriented boulevard treatment that better serves pedestrian, bicycle and transit travel in the central city, regional centers, main streets, town centers, and station communities is a key step in the overall implementation of the Metro 2040 Growth Concept.

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It is intended that the entirety of these Title 6 standards will be supplemented by the Regional Transportation Plan (RTP) when the RTP is approved and adopted by the Metro Council.

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Section 2. Boulevard Design

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~~For~~ Regional routes in the central city, regional centers, station communities, main streets and town centers are designated on the Boulevard Design Map. In general, pedestrian and transit oriented design elements are the priority in the central city and regional centers, station communities, main streets and town centers. ~~a~~ All cities and counties within the Metro region are hereby required to shall implement or allow others to be implemented boulevard design elements as improvements are made to these facilities including those facilities built by ODOT or Tri-Met. Each jurisdiction shall adopt amendments, if necessary, to ensure that their comprehensive plans and implementing ordinances, if necessary, to require consideration or installation of the following boulevard design elements when proceeding with right-of-way improvements on regional routes designated on the boulevard design map: ~~In general,~~

713 ~~pedestrian and transit oriented design elements are the priority in the central city and regional~~
714 ~~centers, station communities, main streets and town centers:~~

- 715 A. Wide sidewalks with pedestrian amenities such as benches, awnings and special lighting;
- 716 B. Landscape strips, street trees and other design features that create a pedestrian buffer
717 between curb and sidewalk;
- 718 C. Pedestrian crossings at all intersections, and mid-block crossings where intersection
719 spacing is excessive;
- 720 D. The use of medians and curb extensions to enhance pedestrian crossings where wide
721 streets make crossing difficult;
- 722 E. Accommodation of bicycle travel ~~Bikeways~~;
- 723 F. On-street parking;
- 724 G. Motor vehicle lane widths that consider the above improvements;
- 725 H. Use of landscaped medians where appropriate to enhance the visual quality of the
726 streetscape.

727 **Section 3. Design Standards for Street Connectivity**

728 The design of local street systems, including "local" and "collector" functional classifications, is
729 generally beyond the scope of the Regional Transportation Plan (RTP). However, the aggregate
730 effect of local street design impacts the effectiveness of the regional system when local travel is
731 restricted by a lack of connecting routes, and local trips are forced onto the regional network.
732 Therefore, the following RTP will include design and performance options are intended to
733 standards for connectivity aimed at improving local circulation in a manner that protects the
734 integrity of the regional system.

735 Local jurisdictions within the Metro region are hereby required to amend their comprehensive
736 plans and implementing ordinances, if necessary, to comply with or exceed one of the following
737 options in the development review process:

- 738 A. **Design Option.** Cities and counties shall ensure that their comprehensive plans,
739 implementing ordinances and administrative codes require demonstration of compliance
740 with the following:
 - 741 1. New residential and mixed-use developments shall include local street plans that:
 - 742 a. encourage pedestrian and bicycle travel by providing short, direct public
743 right-of-way routes to connect residential uses with nearby existing and

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- planned commercial services, schools, parks and other neighborhood facilities; and
- b. include no cul-de-sac streets longer than 200 feet, and no more than 25 dwelling units on a closed-end street system except where topography, barriers such as railroads or freeways, or environmental constraints such as major streams and rivers, prevent street extension; and
- c. provide bike and pedestrian connections on public easements or right-of-way when full street connections are not possible, with spacing between connections of no more than 330 feet except where topography, barriers such as railroads or freeways, or environmental constraints such as major streams and rivers, prevent street extension; and
- d. consider opportunities to incrementally extend and connect local streets in primarily developed areas; and
- e. serve a mix of land uses on contiguous local streets; and
- f. support posted speed limits; and
- g. consider narrow street design alternatives that feature total right-of-way of no more than 46 feet, including pavement widths of no more than 28 feet, curb-face to curb-face, sidewalk widths of at least 5 feet and landscaped pedestrian buffer strips that include street trees; and
- h. limit the use of cul-de-sac designs and closed street systems to situations where topography, pre-existing development patterns—or environmental constraints prevent full street extensions.

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2. For new residential and mixed-use development, all contiguous areas of vacant and primarily undeveloped land of five acres or more shall be identified by cities and counties and the following will be prepared:

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A map that identifies possible local street connections to adjacent developing areas. The map shall include street connections at intervals of no more than 660 feet, with more frequent connections in areas planned for mixed use or dense development.

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B. Performance Option. For residential and mixed use areas, cities and counties shall ensure ~~that~~ amend their comprehensive plans, implementing ordinances and administrative codes, if necessary, to require demonstration of compliance with performance criteria in the following manner. Cities and counties shall develop local street design ~~maps or standards in text or maps or both~~ with street intersection spacing to occur at intervals of no less than eight street intersections per mile. ~~The number of street intersections should be greatest in the highest density 2040 Growth Concept design types.~~ ~~connections coordinated and consistent with increased density and mixed land uses.~~ Local street designs for new developments shall satisfy ~~both~~ of the following additional criteria:

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1. Performance Criterion: minimize local traffic on the regional motor vehicle system, by demonstrating that local vehicle trips on a given regional facility do

not exceed the 1995 arithmetic median of regional trips for facilities of the same motor vehicle system classification by more than 25 percent.

2. Performance Criterion: everyday local travel needs are served by direct, connected local street systems where: (1) the shortest motor vehicle trip over public streets from a local origin to a collector or greater facility is no more than twice the straight-line distance; and (2) the shortest pedestrian trip on public right-of-way is no more than one and one-half the straight-line distance.

Section 4. Transportation Performance Standards

A. Alternative Mode Analysis

1. Mode split will be used as the key regional measure for transportation effectiveness in the Central City, Regional Centers and Station Communities. Each jurisdiction shall establish an alternative mode split target (defined as non-Single Occupancy Vehicle person-trips as a percentage of all person-trips for all modes of transportation) ~~the percentage of all non-Single Occupant Vehicle modes of transportation~~ for each of the central city, regional centers and station communities within its boundaries. The alternative mode split target shall be no less than the regional targets for these Region 2040 Growth Concept land use components to be established in the Regional Transportation Plan).
2. Cities and counties ~~Local Governments~~ which have Central City, regional centers and station communities shall identify actions which will implement the mode split targets. These actions should include consideration of the maximum parking ratios adopted as part of Title 2, Section 2, Boulevard - Design of this title, and transit's role in serving the area.

B. Motor Vehicle Congestion Analysis

1. Level-of-Service (LOS) is a measurement of the use of a transportation facility as a share of designed capacity. The following table using Level Of Service may be incorporated into local comprehensive plans and implementing ordinances to replace current methods of determining motor vehicle congestion on regional facilities, if a city or county determines that this change is needed to permit Title 1, Table 1 capacities ~~Metro 2040 Growth Concept implementation~~ in the Central City, Regional Centers, Town Centers, Main Streets and Station Communities:

General Performance Standards (using LOS)*

	Preferred	Acceptable	Exceeds
Mid-Day one-hour	C or better	D	E or worse
Peak two-hour	E/E or better	F/E	F/F or worse

818 *Level-of-Service is determined by using either the latest edition of the Highway
819 Capacity Manual (Transportation Research Board) or through volume to capacity
820 ratio equivalencies as follows: LOS C = .8 or better; LOS D = .8 to .9; LOS = .9
821 to 1.0; and LOS F = greater than 1.0. A copy of the Level of Service Tables
822 from the Highway Capacity Manual is attached as Exhibit A.

- 823 2. Accessibility. If a congestion standard is exceeded as identified in 4.B.1, cities and
824 counties ~~local governments~~ shall evaluate the impact of the congestion on regional
825 accessibility using the best available methods (quantitative or qualitative). If a
826 determination is made by Metro that the congestion negatively impacts regional
827 accessibility, local jurisdictions shall follow the congestion management procedures
828 identified in 4.C. below.

829 C. **Congestion Management**

830 For a city or county to amend their comprehensive plan to add ~~Prior to recommending a~~
831 significant capacity expansion to a regional facility, or including such an expansion in a
832 city or county comprehensive plan, the following actions shall be applied, unless the
833 capacity expansion is included ~~adequately addressed in the Regional Transportation Plan:~~

834 1. To address Level of Service:

- 835 a. Transportation system management techniques
836 b. Corridor or site-level transportation demand management techniques
837 c. Additional ~~roadway~~ motor vehicle capacity to parallel facilities, including
838 the consideration of a grid pattern consistent with connectivity standards
839 contained in Title 6 of this plan
840 d. Transit service improvements to increase ridership

841 2. To address preservation of ~~street~~ motor vehicle function:

- 842 a. Traffic calming
843 b. Street Motor vehicle function classification

844 3. To address or preserve existing street capacity

- 845 a. Transportation management (e.g. access management, signal interties, lane
846 channelization)

847 If the above considerations do not adequately and cost-effectively address the problem,
848 capacity improvements may be included in the comprehensive plan.

Level of Service (LOS) Definitions for Freeways, Arterials and Signalized Intersections

LOS	FREEWAYS (average travel speed assuming 70 mph design speed)	ARTERIALS (average travel speed assuming a typical free flow speed of 40 mph)	SIGNALIZED INTERSECTIONS (stopped delay per vehicle)	TRAFFIC FLOW CHARACTERISTICS
A	Greater than 60 mph Average spacing: 22 car-lengths	Greater than 35 mph	Less than 5 seconds; most vehicles do not stop at all	Virtually free flow; completely unimpeded Volume/capacity ratio less than or equal to .60
B	57 to 60 mph Average spacing: 13 car-lengths	28 to 35 mph	5.1 to 15 seconds; more vehicles stop than for LOS A	Stable flow with slight delays; reasonably unimpeded Volume/capacity ratio .61 to .70
C	54 to 57 mph Average spacing: 9 car-lengths	22 to 28 mph	15.1 to 25 seconds; individual cycle failures may begin to appear	Stable flow with delays; less freedom to maneuver Volume/capacity ratio of .71 to .80
D	46 to 54 mph Average spacing: 6 car-lengths	17 to 22 mph	25.1 to 40 seconds; individual cycle failures are noticeable	High density but stable flow Volume/capacity ratio of .81 to .90
E	30 to 46 mph Average spacing: 4 car-lengths	13 to 17 mph	40.1 to 60 seconds; individual cycle failures are frequent; poor progression	Operating conditions at or near capacity; unstable flow Volume/capacity ratio of .91 to 1.00
F	Less than 30 mph bumper-to-bumper	Less than 13 mph	Greater than 60 seconds; not acceptable for most drivers	Forced flow, breakdown conditions Volume/capacity ratio of greater than 1.00
>F	Demand exceeds roadway capacity, limiting volume that can be carried and forcing excess demand onto parallel routes and extending the peak period			Demand/capacity ratios of greater than 1.10

Source: 1985 Highway Capacity Manual (A through F Descriptions)
Metro (>F Description)

849 **TITLE 7: AFFORDABLE HOUSING**

850 **Section 1. Intent**

851 RUGGO Objective 17 requires Metro to use a "fair share" strategy to meet housing needs, which
852 includes housing densities supportive of "development of the regional transportation system and
853 designated centers and corridors," like Title I, above. that Metro adopt a "fair share" strategy for
854 meeting the housing needs of the urban population in cities and counties based on a subregional
855 analysis. A "fair share" strategy will include (1) a diverse range of housing types available
856 within cities and counties inside the UGB; (2) specific goals for low and moderate rate housing
857 to ensure that sufficient and affordable housing is available to households of all income levels
858 that live or have a member working in each jurisdiction; (3) housing densities and costs
859 supportive of adopted public policy for the development of the regional transportation system
860 and designated centers and corridors; and (4) a balance of jobs and housing within the region and
861 subregions.

862 Title 1 of this functional plan requires cities and counties to change their zoning to accommodate
863 development at higher densities in locations supportive of the transportation system. Two other
864 parts of the "fair share" strategy are addressed here: (1) encouraging use of tools identified to
865 improve availability of sufficient housing affordable to households of all income levels; and (2)
866 encouraging manufactured housing to assure a diverse range of available housing types.

867 **Section 2. Recommendations to Improve Availability of Affordable Housing**

868 According to HUD standards, housing is affordable if the resident is paying no more than one-
869 third of their income for housing. Data from the federally required County Consolidated Plans
870 clearly demonstrate that there exists a shortage of housing affordable to low and moderate
871 income people in most, if not all, cities and counties. Metro recommends that cities and counties
872 increase their efforts to provide for the housing needs of households of all income levels that live
873 or have a member working in each jurisdiction and that they consider implementation of some or
874 all of the following tools and approaches to facilitate the development of affordable housing;
875 are recommended to begin to meet the need for sufficient and affordable housing:

- 876 A. Donate buildable tax-foreclosed properties to nonprofit organizations for
877 development as mixed market affordable housing.
- 878 B. Develop permitting process incentives for housing being developed to serve
879 people at or below 80% of area median income.
- 880 C. Provide fee waivers and property tax exemptions for projects developed by
881 nonprofit organizations serving people at or below 60% of area median income.
- 882 D. Create a land banking program to enhance the availability of appropriate sites for
883 permanently affordable housing.

884 E. Consider replacement ordinances that would require developers of high-income
885 housing, commercial, industrial, recreational or government projects to replace
886 any affordable housing destroyed by these projects.

887 F. Consider linkage programs that require developers of job-producing development,
888 particularly that which receives tax incentives, to contribute to an affordable
889 housing fund.

890 G. Commit locally controlled funds, such as Community Development Block Grants,
891 Strategic Investment Program tax abatement funds or general fund dollars, to the
892 development of permanently affordable housing for people at or below 60% of
893 area median income.

894 H. Consider inclusionary zoning requirements, particularly in tax incentive
895 programs, for new development in transit zones and other areas where public
896 investment has contributed to the value and developability of land.

897 **Section 3. Recommendations to Encourage Manufactured Housing**

898 State housing policy requires the provision of manufactured housing inside all Urban Growth
899 Boundaries as part of the housing mix with appropriate placement standards. The following are
900 recommended to reduce regulatory barriers to appropriately placed manufactured housing:

901 A. Requirements for a minimum of five acres to develop a manufactured housing
902 park should be reviewed to consider a lesser requirement, or elimination of a
903 minimum parcel and/or lot size entirely.

904 B. Manufactured homes configured as duplexes, triplexes, fourplexes, etc. should be
905 encouraged outside manufactured dwelling parks where zoning densities are
906 consistent with single story development.

907 TITLE 8: COMPLIANCE PROCEDURES

908 Section 1. Compliance Required

909 All cities and counties within the Metro boundary are hereby required to amend their
910 comprehensive plans and implementing ordinances to comply with the provisions of this
911 functional plan within twenty-four months of the effective date of this ordinance. Metro
912 recommends the adoption of the policies that affect land consumption as soon as possible.

913 Section 2. Compliance Procedures

914 A. On or before six months prior to the deadline established in Section 1, cities and counties
915 shall transmit to Metro the following:

- 916 1. An evaluation of their local plans, including public facility capacities and the
917 amendments necessary to comply with this functional plan;
- 918 2. Copies of all applicable comprehensive plans and implementing ordinances and
919 public facility plans, as proposed to be amended;
- 920 3. Findings that explain how the amended local comprehensive plans will achieve
921 the standards required in titles 1 through 6 of this functional plan.

922 In developing the evaluation, plan and ordinance amendments and findings, cities and
923 counties shall address the Metro 2040 Growth Concept, and explain how the proposed
924 amendments implement the Growth Concept.

925 B. ~~Exemptions from~~ Exceptions to any of the requirements in the above titles may be granted
926 by the Metro Council, as provided for in the Regional Urban Growth Goals and
927 Objectives, Section 5.3, after MPAC review, ~~based on~~ Requests for an exception should
928 include a city or county submittal as specified in this section. The Metro Council will
929 make all final decisions ~~as to the existence of the factual basis~~ for the grant of any
930 requested exception ~~exemption~~.

931 1. Population and ~~Employment~~ Capacity. An ~~exemption from~~ exception to the
932 requirement contained in Table 1 of Title 1 that the target capacities shall be met
933 or exceeded may be granted based on a submittal which includes, but is not
934 limited to, the following:

- 935 a. A demonstration of substantial evidence of the economic infeasibility to
936 provide sanitary sewer, water, stormwater or transportation facilities to an
937 area or areas; or
- 938 b. A demonstration that the city or county is unable to meet the target
939 capacities listed in Table 1 because substantial areas have prior
940 commitments to development at densities inconsistent with Metro target;
941 or

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- c. A demonstration that the householdswelling unit and employmentjob capacities cannot be accommodated at densities or locations the market or assisted programs will likely build during the planning period.

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As part of any request for ~~exemption~~ exception under this subsection, a city or county shall also submit an estimate of the amount of householdswelling units or employmentjobs included in the capacity listed in Table 1 that cannot be accommodated; and a recommendation which identifies land that would provide for the unaccommodated capacity located outside the urban growth boundary and near or adjacent to the city or county.

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In reviewing any request for ~~exemption~~ exception based on the financial feasibility of providing public services, Metro, along with cities and countieslocal governments, shall estimate the cost of providing necessary public services and compare those with the estimated costs submitted by the city or county requesting the exemption.

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2. Parking Measures. Subject to the provisions of Title 2, cities or counties may request an ~~exemption from~~ exception to parking requirements. Metro may consider a city or county government request to allow areas designated as Zone A to be subject to Zone B requirements upon the city or county establishing that, for the area in question:

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- a. There are no existing plans to provide transit service with 20-minute or lower peak frequencies; and
- b. There are no adjacent neighborhoods close enough to generate sufficient pedestrian activity; and
- c. There are no significant pedestrian activity within the present business district; and
- d. That it will be feasible for the excess parking to be converted to the development of housing, commerce or industry in the future.

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The burden of proof for an ~~adjustment~~ variance shall increase based on the quality and timing of transit service. The existence of transit service or plans for the provision of transit service near a 20-minute or lower peak frequency shall establish a higher burden to establish the need for the ~~exception~~ exemption.

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3. Water Quality and Flood Management Areas. Cities and counties may request areas to be added or deleted from the Metro Water Quality and Flood Management Area based on a finding that the area identified on the map is not a Water Quality and Flood Management Area or a Fish and Wildlife Habitat Conservation Area, as defined in this functional plan. Areas may also be deleted from the map if the city or county can prove that its deletion and the cumulative impact of all deletions in its jurisdiction will have minimal impact on the water

981 quality of the stream and on flood effects. Findings shall be supported by
982 evidence, including the results of field investigations.

- 983 4. Retail in Employment and Industrial Areas. Subject to the provisions of Title 4,
984 cities and counties may request a change in the Employment and Industrial Areas
985 Map. Metro may consider a city or county request to modify ~~a mapped~~
986 ~~Employment and Industrial Area~~ an Employment Area to exempt existing or
987 locally designated retail centers areas, unacknowledged by the date of this
988 Functional Plan, where they can demonstrate that:

989 a. The Employment and Industrial Areas Mmap overlooked included lands
990 within Employment Areas having a substantially developed existing retail
991 center area or a locally designated retail center area pursuant to a
992 comprehensive plan acknowledged by the date of this Functional Plan
993 which allowed retail uses larger than 60,000 square feet of gross leasable
994 area per building or business; or

995 b. The requested retail area in an Employment Area has been found to be
996 appropriate for an exception based upon current or projected needs within
997 the jurisdiction and the city or county can demonstrate that adequate
998 transportation facilities capacity exists for that retail area.

- 999 5. Regional Accessibility. Cities or counties may request ~~relief from~~ an exception to
1000 the requirements of Title 6, Regional Accessibility, where they can show that a
1001 street system or connection is not feasible for reasons of topographic constraints
1002 or natural or built environment considerations.

1003 C. In addition to the above demonstrations, any city or county request or determination
1004 that not to incorporate functional plan policies should not or cannot be incorporated into
1005 comprehensive plans shall be subject to the conflict resolution and mediation processes
1006 included within the RUGGO, Goal I, provisions prior to the final adoption of
1007 inconsistent policies or actions. ~~Local actions~~ Final land use decisions of cities and
1008 counties inconsistent with functional plan requirements are subject to immediate appeal
1009 for violation of the functional plan.

1010 D. Compliance with requirements of this plan shall not require cities or counties to violate
1011 federal or state law, including statewide land use goals. Conflicting interpretations of
1012 legal requirements may be the subject of a compliance interpretation and conflict
1013 resolution under RUGGO Objective 5.3.

1014 **Section 3. Any Comprehensive Plan Change must Comply**

1015 After the effective date of this ordinance, any amendment of a comprehensive plan or
1016 implementing ordinance shall be consistent with the functional plan requirements of this
1017 functional plan ~~contained in Titles 1 through 8~~. Metro shall assist cities and counties ~~the local~~

1018 ~~government~~ in achieving compliance with all applicable functional plan requirements. Upon
1019 request, Metro will review proposed comprehensive plan and implementing ordinances for
1020 functional plan compliance prior to city or county adoption.

1021 **Section 4. Compliance Plan Assistance**

1022 A. Any city or county~~local government~~ may request of Metro a compliance plan which
1023 contains the following:

1024 1. An analysis of the city or county~~local government's~~ comprehensive plan and
1025 implementing ordinances, and what sections require change to comply with the
1026 performance standards.

1027 2. Specific amendments that would bring the city or county~~jurisdiction~~ into
1028 compliance with the requirements of Sections 1 to 8, if necessary.

1029 B. ~~Jurisdictions~~Cities and counties must make the request within four months of the
1030 effective date of this ordinance. The request shall be signed by the highest elected official
1031 of the jurisdiction.

1032 C. Metro shall deliver a compliance plan within four months of the request date. The
1033 compliance plan shall be a recommendation from the Executive Officer. The compliance
1034 plan shall be filed with the Metro Council two weeks before it is transmitted, for possible
1035 review and comment.

1036 **Section 5. Compliance Interpretation Process**

1037 After the effective date of this ordinance, Metro shall provide a process for cities and counties
1038 required by this functional plan to change their plans to seek interpretations of the requirements
1039 of this functional plan. Application for a compliance interpretation shall be made in writing to
1040 the Executive Officer for preparation of a report and recommendation. The compliance
1041 interpretation process shall include a hearings officer decision based on the case record. An
1042 appeal to the Metro Council shall be available to parties in the case and by vote of the Metro
1043 Council. The Metro Council may initiate a compliance interpretation on its own motion with or
1044 without an application.

1045 **Section 6. Citizen Review Process**

1046 A citizen who has presented written or oral testimony at the local level on the interpretation issue
1047 may petition the Metro Council for a compliance interpretation. After hearing the citizen
1048 petition, the Council may initiate a compliance interpretation.

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Section 7. Enforcement

050 A. Prior to a final ~~action~~ decision to amend a comprehensive plan or implementing
051 ordinance, a ~~local~~ city or county determination that a requirement of this functional plan should
052 not or cannot be implemented ~~shall~~ may be subject to a compliance interpretation and the conflict
1053 resolution process provided for in RUGGO, Goal I at the request of the city or county.

1054 B. City or county actions to amend a comprehensive plan or implementing ordinance in
1055 violation of this functional plan at any time after the effective date of this ordinance shall be
1056 subject to appeal or other legal action for violation of a regional functional plan requirement,
1057 including but not limited to reduction of regional transportation funding and funding priorities.

1058 C. Failure to amend comprehensive plans and implementing ordinances as required by
1059 Section 1 of this Title shall be subject to any and all enforcement actions authorized by law. ~~Any~~
1060 ~~city or county land use decision made more than 24 months after the effective date of this~~
1061 ~~ordinance that is inconsistent with the requirements of this functional plan is subject to appeal for~~
1062 ~~violation of this functional plan.~~

063 TITLE 9: PERFORMANCE MEASURES

064 Section 1. Intent

065 In order to monitor progress in implementation of this functional plan, and in order to implement
066 Objective 10 of RUGGO, Metro shall establish benchmarks related to the achievement and
067 expected outcome resulting from the implementation of this functional plan.

1068 Section 2. Performance Measures Adoption

1069 A. Within three months of the adoption of this functional plan, the Metro Executive Officer
1070 shall submit to the Council the Executive Officer's recommendations for ~~performance~~
1071 ~~measures~~.

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1073 1. ~~The p~~Performance measures ~~will to~~ be used in evaluating the progress of the
1074 region in implementation of this functional plan; and

1075
1076 2. ~~policy recommendations~~Policies for corrective action should the performance
1077 ~~measures not be achieved indicate that the goals contained in the functional plan are not~~
1078 being achieved.

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1080 In developing these performance measures and policies, t—The Executive Officer shall use the
1081 best technology available to Metro, and shall, in addition, submit the current and recent historic
1082 levels for the proposed performance measures.

1083 B. The Council, after receiving advice and comment from the Metropolitan Policy Advisory
1084 Committee, shall adopt a list of performance measures that will be used to monitor and
1085 evaluate this functional plan. The performance measures will be evaluated at least by
1086 regional level, by Growth Concept design types, by regional and town center market
1087 areas, and by jurisdiction. The performance measures shall include a biennial goal for the
1088 next six years, and shall be accompanied by policies for adjusting the regional plans
1089 based on actual performance.

1090 C. The performance measures shall include, but shall not be limited to the following:

1091 1. Amount of land converted from vacant to other uses, according to jurisdiction,
1092 Growth Concept design type, and zoning;

1093 2. Number and types of housing constructed, their location, density, and costs,
1094 according to jurisdiction, Growth Concept design type, and zoning;

1095 3. The number of new jobs created in the region, according to jurisdiction, Growth
1096 Concept design type, and zoning;

- 097 4. The amount of development of both jobs and housing that occurred as
098 redevelopment or infill, according to jurisdiction, Growth Concept design type,
099 and zoning;
- 100 5. The amount of land that is environmentally sensitive that is permanently
101 protected, and the amount that is developed;
- 102 6. Other measures that can be reliably measured and will measure progress in
103 implementation in key areas.
- 1104 7. Cost of land based on lot prices according to jurisdiction, Growth Concept design
1105 type, and zoning; and according to redeveloped and vacant classifications.
- 1106 8. The average vacancy rate for all residential units.

1107 D. Use of the performance measures

- 1108 1. The performance measures will contain both the current level of achievement, and
1109 the proposed level necessary to implement this functional plan and achieve the
1110 Metro 2040 Growth Concept adopted in the Regional Urban Growth Goals and
1111 Objectives (RUGGO). The performance measures will be used to evaluate and
1112 adjust, as necessary, Metro's functional plans, Urban Growth Boundary, and other
1113 regional plans.
- 1114 2. By March 1 of every other year beginning March 1, ~~1999~~1998, the Executive
1115 Officer shall report to the Council an assessment of the regional performance
1116 measures, and recommend corrective actions, as necessary, consistent with the
1117 Metro Council's policies.
- 1118 3. The Council shall refer the recommendations to the Hearing Officer, who shall
1119 hold a hearing to review the data in the Executive Officer's report on the
1120 performance measures, and gather additional data from any interested party. The
1121 Hearing officer shall review all of the information presented on the performance
1122 measures. The complete record of information, findings of fact, and a
1123 recommendation shall be forwarded to the Council by the Hearing Officer.
- 1124 4. The Council shall hold a hearing on the record, adopt findings of fact, and take
1125 any necessary corrective action by September 1 of the year.

26 TITLE 10: DEFINITIONS

27 Accessibility means the amount of time required to reach a given location or service by any
28 mode of travel.

129 Alternative Modes means alternative methods of travel to the automobile, including public
130 transportation (light rail, bus and other forms of public transportation), bicycles and walking.

131 Balanced cut and fill means no net increase in fill within the floodplain.

132 Bikeway means separated bike paths, striped bike lanes, or wide outside lanes that
133 accommodate bicycles and motor vehicles.

134 Boulevard Design means a design concept that emphasizes pedestrian travel, bicycling and the
135 use of public transportation, and accommodates motor vehicle travel.

136 Calculated Capacity means the number of dwelling units and jobs that can be contained in an
137 area based on the calculation required by this functional plan.

1138 Capacity Expansion means constructed or operational improvements to the regional motor
1139 vehicle system that increase the capacity of the system.

1140 Comprehensive plan means the all inclusive, generalized, coordinated land use map and policy
1141 statement of cities and counties defined in ORS 197.015(5).

1142 Connectivity means the degree to which the local and regional street systems in a given area
1143 are interconnected.

1144 Designated Beneficial Water Uses means the same as the term as defined by the Oregon
1145 Department of Water Resources, which is: an instream public use of water for the benefit of an
1146 appropriator for a purpose consistent with the laws and the economic and general welfare of the
1147 people of the state and includes, but is not limited to, domestic, fish life, industrial, irrigation,
1148 mining, municipal, pollution abatement, power development, recreation, stockwater and wildlife
1149 uses.

1150 Design Type means the conceptual areas described in the Metro 2040 Growth Concept text and
1151 map in Metro's regional goals and objectives, including central city, regional centers, town
1152 centers, station communities, corridors, main streets, inner and outer neighborhoods, industrial
1153 areas, and employment areas.

1154 Development means any manmade change defined as buildings or other structures, mining,
1155 dredging, paving, filling, or grading in amounts greater than ten (10) cubic yards on any lot or
1156 excavation. In addition, any other activity that results in the removal of more than 10% of the
1157 existing vegetated area on the lot is defined as development, for the purposes of Title 3.

158 Exceptions:

- 159 a. Stream enhancement or restoration projects approved by cities and counties ~~local~~
160 jurisdictions.
- 161 b. Agricultural activity.
- 162 c. Replacement, Additions, and alterations and accessory uses ~~for~~ existing
163 structures and development that do not encroach into the Water Quality and Flood
164 Management Area more than the existing structure or development.

1165 DBH means the diameter of a tree measured at breast height.

1166 DLCD Goal 5 ESEE means a decision process local governments carry out under OAR 660-23-
1167 040.

1168 ~~Expected Capacity means the amount of units that can be expected to be contained in an area.~~

1169 Fish and Wildlife Habitat Conservation Area means the area defined on the Metro Water
1170 Quality and Flood Management Area Map to be completed and attached hereto. These include
1171 all Water Quality and Flood Management Areas that require regulation in order to protect fish
1172 and wildlife habitat. This area has been mapped to generally include the area 200 feet from top
1173 of bank of streams in undeveloped areas with less than 25% slope, and 100 feet from edge of
1174 mapped wetland on undeveloped land.

1175 Floodplain means land subject to periodic flooding, including the 100-year floodplain as
1176 mapped by FEMA Flood Insurance Studies or other substantial evidence of actual flood events.

1177 Functions and Values of Stream Corridors means stream corridors have the following
1178 functions and values: water quality retention and enhancement, flood attenuation, fish and
1179 wildlife habitat, recreation, erosion control, education, aesthetic, open space and wildlife
1180 corridor.

1181 ~~Goal 5 ESEE means a decision process local governments carry out under OAR 660-23-040.~~

1182 Growth Concept Map means the conceptual map demonstrating the 2040 Growth Concept
1183 design types attached to this plan in the Appendix ~~as Exhibit 3.~~

1184 Hazardous materials means materials described as hazardous by Oregon Department of
1185 Environmental Quality.

1186 Implementing Regulations means any city or county land use regulation as defined by
1187 ORS 197.015(11) which includes zoning, land division or other ordinances which establish
1188 standards for implementing a comprehensive plan.

1189 Landscape Strip means the portion of public right-of-way located between the sidewalk and
1190 curb.

191 Level-of-Service (LOS) means the ratio of the volume of motor vehicle demand to the capacity
192 of the motor vehicle system during a specific increment of time.

193 Local Trip means a trip 2½ miles or less in length.

194 Median means the center portion of public right-of-way, located between opposing directions
195 of motor vehicle travel lanes. A median is usually raised and may be landscaped, and usually
196 incorporates left turn lanes for motor vehicles at intersections and major access points.

197 Metro means the regional government of the metropolitan area, the elected Metro Council as the
198 policy setting body of the government.

199 Metro Boundary means the jurisdictional boundary of Metro, the elected regional government
200 of the metropolitan area.

201 Metro Urban Growth Boundary means the urban growth boundary as adopted and amended by
202 the Metro Council, consistent with state law.

203 Mixed Use means comprehensive plan or implementing regulations that permit a mixture of
204 commercial and residential development.

205 Mobility means the speed at which a given mode of travel operates in a specific location.

206 Mode-Split Target means the individual percentage of public transportation, pedestrian,
207 bicycle and shared-ride trips expressed as a share of total person-trips.

208 Motor Vehicle means automobiles, vans, public and private buses, trucks and semi-trucks,
209 motorcycles and mopeds.

210 Multi-Modal means transportation facilities or programs designed to serve many or all
211 methods of travel, including all forms of motor vehicles, public transportation, bicycles and
1212 walking.

1213 Narrow Street Design means streets with less than 46 feet of total right-of-way and no more
1214 than 28 feet of pavement width between curbs.

1215 Net Acre means an area measuring 43,560 square feet which excludes:

- 1216 (1) any developed road rights-of-way through or on the edge of the land; and
- 1217 (2) environmentally constrained areas, including any open water areas, floodplains,
1218 natural resource areas protected under statewide planning Goal 5 in the
1219 comprehensive plans of cities and counties in the region, slopes in excess of 25
1220 percent and wetlands requiring a Federal fill and removal permit under Section
1221 404 of the Clean Water Act. These excluded areas do not include lands for which

222 the local zoning code provides a density bonus or other mechanism which allows
223 the transfer of the allowable density or use to another area or to development
224 elsewhere on the same site; and

225 (3) all publicly-owned land designated for park and open spaces uses.

226 Net Developed Acre consists of 43,560 square feet of land, after excluding present and future
227 rights-of-way, school lands and other public uses.

228 Perennial Streams means all primary and secondary perennial water ways as mapped by the
229 U.S. Geological Survey.

230 Performance Measure means a measurement derived from technical analysis aimed at
231 determining whether a planning policy is achieving the expected outcome or intent associated
232 with the policy.

233 ~~Permitted Capacity means the highest amount of units that are permitted be contained in an~~
234 ~~area as calculated from zoning and other local jurisdiction regulations.~~

1235 Persons Per Acre means the intensity of building development by combining residents per net
1236 acre and employees per net acre.

1237 Person-Trips means the total number of discrete trips by individuals using any mode of travel.

1238 Practicable means available and capable of being done after taking into consideration cost,
1239 existing technology, and logistics in light of overall project purpose.

1240 Primarily Developed means areas where less than 10% of parcels are either vacant or
1241 underdeveloped.

1242 Redevelopable Land means land on which development has already occurred which, due to
1243 present or expected market forces, there exists the strong likelihood that existing development
1244 will be converted to more intensive uses during the planning period.

1245 Regional Goals and Objectives are the land use goals and objectives that Metro is required to
1246 adopt under ORS 268.380(1).

1247 Retail means activities which include the sale, lease or rent of new or used products to the
1248 general public or the provision of product repair or services for consumer and business goods.
1249 Hotels or motels, restaurants or firms involved in the provision of personal services or office
1250 space are not considered retail uses.

1251 Riparian area means the water influenced area adjacent to a river, lake or stream consisting of
1252 the area of transition from an hydric ecosystem to a terrestrial ecosystem where the presence of
1253 water directly influences the soil-vegetation complex and the soil-vegetation complex directly

254 influences the water body. It can be identified primarily by a combination of geomorphologic
255 and ecologic characteristics.

256 Single Occupancy Vehicle (SOV) means private passenger vehicles carrying one occupant.

257 Shared-Ride means private passenger vehicles carrying more than one occupant.

258 Straight-Line Distance means the shortest distance measured between two points.

259 Target capacities means the capacities in Table 1 required to be demonstrated by cities and
260 counties for compliance with Title 1, Section 2.

261 Target densities means the average combined household and employment densities established
262 for each design type in the RUGGO 2040 Growth Concept.

263 Top of Bank means the same as "bankfull stage" defined in OAR 141-85-010(2).

264 Traffic Calming means street design or operational features intended to maintain a given
265 motor vehicle travel speed.

1266 Underdeveloped Parcels means those parcels of land with less than 10% of the net acreage
1267 developed with permanent structures.

1268 Vacant Land: Land identified in the Metro or local government inventory as undeveloped land.

1269 Variance means a discretionary decision to permit modification of the terms of an implementing
1270 ordinance based on a demonstration of unusual hardship or exceptional circumstance unique to a
1271 specific property.

1272 Water Quality and Flood Management Area means an area defined on the Metro Water
1273 Quality and Flood Management Area Map, to be attached hereto. These are areas that require
1274 regulation in order to mitigate flood hazards and to preserve and enhance water quality. This
1275 area has been mapped to generally include the following: stream or river channels, known and
1276 mapped wetlands, areas with floodprone soils adjacent to the stream, floodplains, and sensitive
1277 water areas. The sensitive areas are generally defined as 50 feet from top of bank of streams for
1278 areas of less than 25% slope, and 200 feet from top of bank on either side of the stream for areas
1279 greater than 25% slope, and 50 feet from the edge of a mapped wetland.

1280 Zoned Capacity means the highest number of dwelling units or jobs that are allowed to be
1281 contained in an area by zoning and other city or county jurisdiction regulations.

City or County	Dwelling Unit Capacity ¹	Job Capacity	Mixed Use Areas ²	
			Household Dwelling Unit Capacity	Job Increase
Beaverton	15,021	25,122	9,019	19,084
Cornelius	1,019	2,812	48	335
Durham	262	498	0	0
Fairview	2,921	5,689	635	2,745
Forest Grove	2,873	5,488	67	628
Gladstone	600	1,530	20	140
Gresham	16,817	23,753	3,146	9,695
Happy Valley	2,030	1,767	52	245
Hillsboro	14,812	58,247	9,758	20,338
Johnson City	168	180	0	0
King City	182	241	55	184
Lake Oswego	3,353	8,179	446	3,022
Maywood Park	27	5	0	0
Milwaukie	3,514	7,478	2,571	6,444
Oregon City	6,157	8,185	341	2,341
Portland	70,704	158,503	26,960	100,087
River Grove	(15)	41	0	0
Sherwood	5,010	8,156	1,108	3,585
Tigard	6,073	14,901	981	8,026
Troutdale	3,789	5,570	107	267
Tualatin	3,635	9,794	1,248	2,069
West Linn	2,577	2,114	0	594
Wilsonville	4,425	15,030	743	4,952
Wood Village	423	736	68	211
Clackamas County ³	19,530	42,685	1,661	13,886
Multnomah County	3,089	2,381	0	0
Washington County ³	54,999	52,578	13,273	25,450
	243,993	461,633		

¹ Based on Housing Needs Analysis. Applies to existing city limits as of June, 1996. Annexations to cities would include the city assuming responsibility for ~~liveable share~~ Target Capacity previously accommodated in unincorporated county.

² Target densities for mixed use areas are: Central City - about 250 persons per acre; regional centers - about 60 ppa.; town centers 40 ppa.; station communities - about 45 ppa.; main streets - about 39 ppa.

³ Standards apply to the urban unincorporated portion of the county only. At the request of cities, Metro may also supply targets for planning areas for cities in addition to the existing boundary targets cited above.

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Regional Parking Ratios (parking ratios are based on spaces per 1,000 sq ft of gross leasable area unless otherwise stated)			
Land Use	Minimum Parking Requirements (See) Central City Transportation Management Plan for downtown Portland stds)	Maximum Permitted Parking - Zone A:	Maximum Permitted Parking Ratios - Zone B: <u>(Recommended)</u>
	Requirements may Not Exceed	Transit and Pedestrian Accessible Areas ¹	Rest of Region
General Office (includes Office Park, "Flex-Space", Government Office & misc. Services) (gsf)	2.7	3.4	4.1
Light Industrial Industrial Park Manufacturing (gsf)	1.6	None	None
Warehouse (gross square feet; parking ratios apply to warehouses 150,000 gsf or greater)	0.3	0.4	0.5
Schools: College/ University & High School (spaces/# of students and staff)	0.2	0.3	0.3
Tennis Racquetball Court	1.0	1.3	1.5
Sports Club/Recreation Facilities	4.3	5.4	6.5
Retail/Commercial, including shopping centers	4.1	5.1	6.2
Bank with Drive-In	4.3	5.4	6.5
Movie Theater (spaces/number of seats)	0.3	0.4	0.5
Fast Food with Drive Thru	9.9	12.4	14.9
Other Restaurants	15.3	19.1	23
Place of Worship (spaces/seats)	0.5	0.6	0.8
Medical/Dental Clinic	3.9	4.9	5.9
Residential Uses			
Hotel/Motel	1	none	none
Single Family Detached	1	none	none
Residential unit, less than 500 square feet per unit, one bedroom	1	none	none
Multi-family, townhouse, one bedroom	1.25	none	none
Multi-family, townhouse, two bedroom	1.5	none	none
Multi-family, townhouse, three bedroom	1.75	none	none

¹ Ratios for uses not included in this table would be determined by cities and counties/local governments. In the event that a local government proposes a different measure, for example, spaces per seating area for a restaurant instead of gross leasable area, Metro may grant approval upon a demonstration by the local government that the parking space requirement is substantially similar to the regional standard.

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Agenda Item Number 7.1

**Resolution No. 96-2404, For the Purpose of Encouraging the Columbia
County Board of Commissioners to Approve Extending Lone Star
North - West's Aggregate Operation**

**Metro Council Meeting
Thursday, October 24, 1996
2:00 PM - Council Chamber**

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENCOURAGING THE) RESOLUTION NO. 96-2404
COLUMBIA COUNTY BOARD OF COMMISSIONERS) Introduced by Councilor
TO APPROVE EXTENDING LONE STAR NORTH-) Rod Monroe
WEST'S AGGREGATE OPERATION)

WHEREAS, Metro is responsible for managing population growth in the urban areas of Clackamas, Multnomah and Washington Counties; and

WHEREAS, the population in the metro region will increase by an estimated 450,000 to 500,000 by the year 2015; and

WHEREAS, aggregate will be needed for all residential, and public/private commercial and infrastructure construction to support this growth; and

WHEREAS, construction affordability will depend on aggregate being available in or in close proximity to the region; and

WHEREAS, aggregate availability is dwindling due to the closure of 20 aggregate operations in the region during the past 15 years; and

WHEREAS, Lone Star Northwest, Inc is the leading supplier of aggregate in the region, providing 15 percent of the total used, mostly from its aggregate operation in Columbia County; and

WHEREAS, Lone Star's Columbia County aggregate reserves are nearly depleted; and

WHEREAS, extending the life of Lone Star's existing operation will enable the company to use its current processing facility and barge distribution system; and

WHEREAS, Lone Star provides significant economic support to Columbia County through local employment, equipment and supply purchases, and payment of taxes; now therefore,

BE IT RESOLVED:

That the Metro Council encourages the Columbia County Board of Commissioners to extend Lone Star Northwest's existing aggregate operation for the future benefit of the county and the entire Metro region.

ADOPTED by the Metro Council this _____ day of _____ 1996.

Jon Kvistad, Presiding Officer

Agenda Item Number 7.2

Resolution No. 96-2405, For the Purpose of Opposing Ballot Measure 46

Metro Council Meeting
Thursday, October 24, 1996
2:00 PM - Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF OPPOSING
BALLOT MEASURE 46

) RESOLUTION NO 96-2405
)
) Introduced by Council
) Finance Committee
)

WHEREAS, Ballot Measure 46 has been placed on the November 1996 Ballot pursuant to an initiative petition; and

WHEREAS, Ballot Measure 46, if approved, will amend the Oregon Constitution to require all revenue measures that are subject to voter approval to be approved by a majority of registered voters; and

WHEREAS, Ballot Measure 46 may be construed to apply retroactively to all general obligation bond measures approved by the voters since November 1990; and

WHEREAS, such a retroactive application will have serious detrimental financial impacts on Metro and local governments inside the Metro boundary; and

WHEREAS, Ballot Measure 46, if approved, will have the effect of counting as no votes on any revenue measures all those electors who do not vote at an election including those who may have died but have not yet been removed from the list of registered voters; and

WHEREAS, the Metro Council finds that approval of Ballot Measure 46 will make implementation of the Region 2040 Growth Concept extremely difficult and will therefore adversely affect the quality of life in this region; now, therefore,

BE IT RESOLVED:

That the Metro Council goes on record as being in favor of the adoption of Ballot Measure 32.

ADOPTED by the Metro Council this ____ day of _____ 1996.

Jon Kvistad, Presiding Officer

APPROVED AS TO FORM:

Daniel B. Cooper, General Counsel

MR-01293.DOC

Agenda Item Number 7.3

Resolution No. 96-2406, For the Purpose of Opposing Ballot Measure 47

**Metro Council Meeting
Thursday, October 24, 1996
2:00 PM - Council Chamber**

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF OPPOSING) RESOLUTION NO 96-2406
BALLOT MEASURE 47)
) Introduced by Council
) Finance Committee
)

WHEREAS, Ballot Measure 47 has been placed on the November 1996 Ballot pursuant to an initiative petition; and

WHEREAS, Ballot Measure 47, if approved, will amend the Oregon Constitution to cut real property taxes within the Metro region back to 90% of tax receipts during the 1995/96 fiscal year and thereafter generally limit property tax increases to 3% each year; and

WHEREAS, Ballot Measure 47 will have a severe financial impact on the Metro Washington Park Zoo; and

WHEREAS, adoption of Ballot Measure 47 will lead to costly litigation and uncertainty regarding increasing the Zoo admission fees and concession charges; and

WHEREAS, Ballot Measure 47, if approved, will transfer authority over matters of metropolitan and local concern to the state legislature; and

WHEREAS, the Metro Council finds that approval of Ballot Measure 47 will make implementation of the Region 2040 Growth Concept extremely difficult and will therefore adversely affect the quality of life in this region; now, therefore,

BE IT RESOLVED:

That the Metro Council goes on record as being opposed to the adoption of Ballot Measure 46.

ADOPTED by the Metro Council this ____ day of _____ 1996.

Jon Kvistad, Presiding Officer

APPROVED AS TO FORM:

Daniel B. Cooper, General Counsel

LR-O\1291.DOC

Agenda Item Number 7.4

Resolution No. 96-2410, For the Purpose of Supporting Ballot Measure 32

**Metro Council Meeting
Thursday, October 24, 1996
2:00 PM - Council Chamber**

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF SUPPORTING) RESOLUTION NO 96-2410
BALLOT MEASURE 32)
) Introduced by Council
) Finance Committee

WHEREAS, Ballot Measure 32 has been placed on the November 1996 Ballot pursuant to a referendum petition; and

WHEREAS, Ballot Measure 32 refers to the voters a bill adopted by a special session of the Oregon Legislature that provides the state share for funding for a South-North light rail line in the Metro region and that also provides funding for transportation projects in the area of Oregon outside of the Metro region; and

WHEREAS, the electors of the Metro region have already overwhelmingly voted in 1994 by a wide margin in all three counties to approve a 375 million dollar bond measure to provide the local share of funds for the South-North Project; and

WHEREAS, approval of Ballot Measure 32 will allow Metro and TriMet to move forward on the South-North Light Rail project together with other regional partners; and

WHEREAS, adoption of Ballot Measure 32 will provide economic development opportunities throughout the state of Oregon by improving transportation state-wide; and

WHEREAS, the Metro Council finds that approval of Ballot Measure 32 will make successful implementation of the Region 2040 Growth Concept more likely and will therefore positively affect the quality of life in this region; now, therefore,

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BE IT RESOLVED:

That the Metro Council goes on record as being opposed to the adoption of Ballot Measure 47.

ADOPTED by the Metro Council this ____ day of _____ 1996.

Jon Kvistad, Presiding Officer

APPROVED AS TO FORM:

Daniel B. Cooper, General Counsel

Measure 32 Should Be Called the Great Train Robbery!

Measure 32 would steal from lottery funds that could be used for our kid's schools to build the **most expensive** and the **most useless** public works project in Oregon history. The light-rail line measure 32 would build will:

Increase congestion: Light rail doesn't reduce congestion—it **increases** it! Why? Because it carries so few people, but it steals money that should be used for road maintenance, improved bus service, and other things that can *really* reduce congestion all over the Portland area.

Reduce transit service: Paying the high costs of light rail steals from funds Tri-Met would use to make more significant and worthwhile improvements to Portland's bus system.

Reduce livability: Light rail is a part of a plan to increase Portland-area population densities to be greater than those of the New York urban area—leading to a **quadrupling** in congestion plus more pollution and crime.

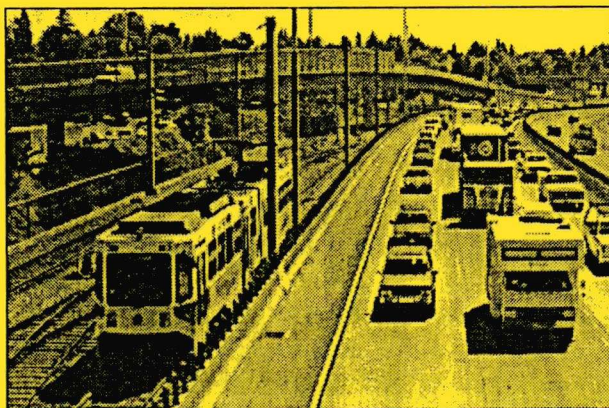
Waste your taxes: Measure 32 not only increases congestion, it will increase your taxes. Your taxes will have to make up the difference for the lottery funds that could have gone to schools.

It's your money. Do you want it wasted on a light-rail boondoggle that hardly anyone will ride? Or do you want to spend it on buses, bikeways, and other things that will reduce congestion—and *save money besides?*

If you worry about congestion, transit, Portland's livability, and your tax bill, then,

Vote No on Measure 32

Help Save Portland from Gridlock!



Light rail means congestion and gridlock. We want better transit and less congestion—*that's why we oppose measure 32.* A "NO" vote will make money available for major improvements in bus service to all parts of the Portland area.



Your Oak Grove Neighbors Ask You to Vote No! on Measure 32

Paid for by Oak Grove Neighbors for Better Transit, Post Office Box 68974, Oak Grove, Oregon 97268, Randal O'Toole, Treasurer. For more information, see our website at <http://www.teleport.com/~rot/og/neighbors.html> or call 503-652-7049.

Light Rail:



The Wrong Choice for Portland

Measure 32 is:

- ✓ Bad for **congestion**
- ✓ Bad for **transit**
- ✓ Bad for **livability**
- ✓ Bad for **your taxes**

Four Reasons to Vote No! on Measure 32

1. Light Rail Increases Congestion

Metro says that, if we build more light-rail lines, Portland-area congestion will quadruple in the next 45 years. This is because the south-north light rail will carry **only 1 percent** of Portland-area traffic, yet it will consume three-fourths of available transportation funds. **Spending billions on light rail to reduce congestion is like spending all your grocery money on whiskey to stay healthy.**

2. Light Rail Reduces Transit Service

The cost of light rail is so great, says Metro, that it "**limits future bus expansion.**" *Without* the south-north line, Tri-Met can expand bus service by nearly 4 percent per year. *With* it, Metro says bus service can expand by barely 1 percent per year—less than the rate of population growth.

At a **far lower cost**, buses can carry **more people** and relieve more congestion than light rail. For less than **3 percent** of the cost of the south-north line, which will serve only a few people, Tri-Met says it can put a dozen bus routes on faster, more frequent "light-rail schedules," serving people and reducing congestion **all over the city.**

3. Light Rail Reduces Livability

Light rail "**is not worth the cost** if you're just looking at transit" admits Metro planner John Fregonese. "It's a way to develop your community to **higher densities.**" Light rail is part of Metro's

plan to redevelop Portland to a higher average population density than the **New York** urban area. This will **greatly** increase congestion, pollution, crime, and housing costs. **If we wanted to live in New York-like densities, we wouldn't be here!**

4. Light Rail Wastes Your Money

The whole south-north line will cost nearly **\$1,000 per Oregon resident**—more than **ten times** as much as the MAX light rail and nearly **three times** as much as Oregon school districts pay teachers each year. Is this how you want to throw away **your \$1,000?**

The south-north project is so wasteful that **even light-rail advocates oppose it!** The Association of Oregon Rail and Transit Advocates supports rail transit but opposes measure 32 "**because its costs and negative impacts clearly exceed its benefits.**"

So who supports measure 32? Its **biggest contributors** are the **electric companies** that will sell electricity to run light rail, the **construction firms** and streetcar makers that will build it, and the **banks** that will finance it. **They** will profit at **your** expense.

And you aren't done paying yet. The south-north line is supposed to go to Vancouver, but measure 32 only funds the part from downtown Portland to Clackamas. **They will need more of your money for the other half!**

References to Metro are from Metro's Regional Transportation Plan and technical appendices to the 2040 plan. Fregonese quote is from *Wisconsin State Journal* of 7-23-95.



The laugh will be on the taxpayer if special interest campaign contributions deceive Oregonians into voting for measure 32.

The Truth About Light Rail

Measure 32's supporters aren't telling the truth about light rail. Here is what **they say** compared with **the truth**:

They say: "Light rail eases traffic congestion."

The truth: Metro says the south-north line will carry under 1 percent of traffic yet will deny funds to a long list of bus, bikeway, and road improvements that could greatly reduce congestion.

They say: "South/North light rail will attract 17,000 new riders out of their cars each weekday."

The truth: So what? That's **less than 0.25 percent** of the Portland-area auto trips that Metro says people will take each weekday. For that we're supposed to spend more than **\$1.4 billion?**

They say: A "highway to carry the same number of commuters as South/North light rail would cost \$3.2 billion—twice as much as the light rail."

The truth: Metro says adding two lanes (one each way) to the highways paralleled by the light-rail route would cost just \$121 million—**less than a tenth** of the cost of the light rail. Those lanes would carry **far** more than 17,000 cars per day—at **faster speeds** than light rail, too.

They say: Light rail "provides fast, reliable transit service at a moderate cost."

The truth: Light rail is **slow**: MAX averages just **19 mph**. "Moderate cost"? The proposed line from Milwaukie to Clackamas will cost \$455 million and carry only 600 people per day. That's a subsidy of hundreds of dollars per ride!

They say: "Light rail works in Portland."

The truth: The MAX line cost **55 percent more** than first projected and ridership is **less than half** of the original predictions.

They say: Measure 32 will "repair Oregon's bad roads."

The truth: Measure 32 will fund only **2 percent** of unfunded state and local road needs—not much help. But we can spend those funds on roads **without** building a pork-barrel light-rail line.

All quotes taken from "Just Do Something about Traffic" brochure published by Oregonians for Roads and Rail.



City of Gresham

1333 N.W. Eastman Parkway
Gresham, Oregon 97030-3813
(503) 618-2306
Fax (503) 665-7692

102496-01
Mayor Gussie McRobert

October 24, 1996

Presiding Officer Jon Kvistad
METRO Council
600 NE Grand Avenue
Portland, Oregon 97232

Dear Officer Kvistad: *Jon*

An information gap has developed for local governments since MPAC's review of the draft Functional Plan. I am requesting that the City of Gresham be immediately provided a copy of any staff report or some other statement of fact, which indicates the factual and policy basis for the provisions in the Urban Growth Management Functional Plan, tentatively scheduled for adoption on November 7th. I am also requesting that local jurisdictions, including Gresham, be given the opportunity to provide written and oral comments on any staff report or other factual or policy basis for the Functional Plan prior to adoption of the Functional Plan on November 7th. We have been promised this kind of information for some time but have not yet received it. As you can imagine, it is impossible to comment on the reasoning behind a provision or amendment of the Functional Plan, when no staff report or other information is available which states the reason.

As the November 7th final action date on the Functional Plan approaches we have not yet been given an adequate opportunity to review the factual basis for the provisions or amendments of the Functional Plan and prepare detailed and informed comments. We believe that RUGGO, Goal 1, Objective 5 requirements for local government involvement, combined with the requirement that the Functional Plan adopting ordinance contain findings of consistency with the RUGGOs, necessarily requires that local governments have an opportunity to comment on the stated factual and policy basis for all of the Functional Plan's provisions, including recent amendments, before their final adoption.

As you know there have been amendments to the proposed Functional Plan since MPAC review, and the factual basis for these amendments has not been stated in any form that allows adequate review and comment by affected local jurisdictions. With only 14 days before your scheduled final action I am sure you can appreciate our desire to have adequate time to review the justification for all of the provisions of the Functional Plan. I believe compliance with this request is the only way that effective local government involvement in the process, after MPAC review and before Functional Plan adoption, can be provided.

Yours truly,

Gussie McRobert
Mayor

cc: Mike Burton, Susan McLain

October 23, 1996

To: Metro Council

From: Mayor Gussie McRobert

RE: UGM Functional Plan

The following are Gresham's concerns on the latest draft of the UGM Functional Plan.

The Process

The process by which the council has arrived at this final public hearing on the region's first land use plan has been highly unusual. In lieu of having facts, findings and conclusions, which are always part of the evaluation of any land use proposal, Gresham has devoted staff time to assess the plan which was approved by MPAC. However, we do not have the luxury of assigning staff to evaluate the many amendments before us today. The plan you have sent to public hearing today is not based on facts and findings. Therefore, our testimony cannot be based on anything factual. It is without precedent in the region or the state to bring findings to the elected body after a public hearing. This is a legal quagmire and must be changed before the process for the Regional Framework Plan begins. We also recommend that a provision be added to the Plan which would allow the language in the Plan not appealed to become effective.

Title 2: Regional Parking Policy

Restore Zone B parking measures for sound parking management. To maintain our region's livability we need to take positive steps to hold the line or improve our air quality. Without Zone B parking standards Metro's action may create an incentive for new development to build in areas where transit service is the worst in order to avoid parking space restrictions. The Transportation Rule requires a 10% per capita parking space reduction. Lets take a very small step in meeting this state mandate by restoring the Zone B parking measures.

Title 4. Retail in Employment and Industrial Areas

Line 595 includes an increase in the permitted retail floor area from 50,000 to 60,000 square feet in the Industrial Areas designated on the Employment and Industrial Areas Map. Why the increase? Where are the findings to support the increase? Unless there is a good reason for the increase then I recommend the section be changed back to 50,000 square feet as the maximum.

Lines 635 - 637 would allow retail uses that have market areas up to 2.5 miles to be located in Employment Areas. The adopted RUGGO's that provides that: *"Employment areas would be expected to include some limited retail commercial uses primarily to serve the needs of people working or living the immediate employment areas, not larger market areas outside the employment area."* The 2.5 mile proposal is a huge market area in an urban area. The City of Gresham is approximately 5 miles north to south and 5 miles east to west and contains over

77,000 people! The proposed market area provision is too large and unwarranted. A retail use located in an employment area could serve half of the city's population, this is not "limited retail" as the RUGGO's mandate. Also, this provision will make it more difficult for Town and Regional Centers to serve as the focus of retail trade if large scale retail is a development potential in Employment Areas. Section 3C (lines 635 - 637) should be deleted in order to meet the intent of the RUGGOs.

Metro/Local Government Partnership

If the 2040 Plan is to succeed, every regional step we take must lead to a stronger Metro/local government partnership. If we are not moving toward a stronger partnership our region is in trouble. Therefore, I urge the Metro Council to reconsider the huge number of amendments that you have developed. MPAC presented the Council with a viable document which represents a clear vision for the region's future. Locally, Gresham has already adopted new parking standards and the Gresham Council has voted to adopt new smaller lot development standards that meet the density objectives of the Inner Neighborhoods. Gresham's work program to implement the Functional Plan is attached.

I would like each Council member as they review each proposed amendment to ask themselves a single question: will this change help to create a more compact urban environment and retain or enhance the regional quality of life? If the answer is no then vote no on the proposed amendment.

UGM FUNCTIONAL PLAN IMPLEMENTATION PROGRAM

Function Plan Titles	Local Implementation Activities	Projected Completion
Title 1. Accommodate Housing & Employment Projections	<ul style="list-style-type: none"> * Small lot standards/plan map amendments * Residential "infill" development standards * Multi-family at commercial center standards * Multi-family zoning along transportation corridors * Increased M-F density along transportation corridors * Rockwood Mixed Use plan * Detached accessory dwelling standards * Neighborhood commercial opportunities * Transportation Corridor standards (mixed use nodes) 	<ul style="list-style-type: none"> fall 96 winter 96/97 winter 96/97 winter 96/97 winter 96/97 winter 96/97 winter 96/97 summer 97 fall 97
Title 2. Parking Measures	<ul style="list-style-type: none"> * Parking standard amendments * Develop procedure for monitoring parking develop. 	<ul style="list-style-type: none"> summer 96 fall 96
Title 3. Water Quality & Flood Management Conservation	<ul style="list-style-type: none"> * Analyze Metro's forthcoming Water Quality and Flood Management ordinance and map * If needed, propose amendments to city's water quality and flood management regulations 	<ul style="list-style-type: none"> spring 97 summer 97
Title 4. Retail in Employment & Industrial Areas	<ul style="list-style-type: none"> * Amend Industrial district standards 	<ul style="list-style-type: none"> spring 97
Title 5. Neighboring Cities & Rural Areas	<ul style="list-style-type: none"> * no local action anticipated 	<ul style="list-style-type: none"> N/A
Title 6. Regional Accessibility	<ul style="list-style-type: none"> * Gresham Transportation System Plan 	<ul style="list-style-type: none"> winter 97/98
Title 7. Affordable Housing	<ul style="list-style-type: none"> * Assess tools and incentives to support affordable housing * Develop affordable housing policy * Implementation 	<ul style="list-style-type: none"> winter 96/97 spring 97 spring 98
Title 8. Compliance	<ul style="list-style-type: none"> * Prepare findings showing compliance with all applicable titles of the UGM Functional Plan 	<ul style="list-style-type: none"> spring 98

TUALATIN VALLEY

Economic Development Corporation

10200 SW Nimbus, Suite G-3
Tigard, Oregon 97223
620-1142 (Ph.) • 624-0641 (Fax)

10/24/96-03

1996 Housing & Land Use Committee

Doug Draper, Chairman
Genstar Land Company NW

October 18, 1996

Pam Baker
Dawson Creek Park/Forum Properties

Kevin Capuzzi
Pacific Land Management

Chris Cocker
David Evans & Associates

Ron Desrosiers
Tuality Community Hospital

Greg Hathaway
Davis Wright Tremaine

Cindy Hirst
Main Resource Services

Art Lewis
Hillier Associates

Mike Lilly
Attorney At Law

Millie Little Denton
Fidelity National Title Company

Dennis Lively
Unified Sewerage Agency

Robert Meyer
Robert E. Meyer Consultants

Tim Ramis
O'Donnell Ramis Crew Corrigan & Bachrach

John Rosenberger
Washington County Land Use & Transportation

Tim Schaueremann
Schaueremann Insurance

Mike Schmid
W&H Pacific

Bill Seal
Barbara Sue Seal Properties

Mark Turpel
Metro

Tom Van Thiel
TVT Die Casting & Manufacturing

Mike Walker
Tualatin Valley Water District

Chris Watson
First American Title Insurance

Bob Yakas
Otak, Incorporated

Janet Young
City of Tualatin

The Honorable Wes Yuen
Beaverton City Council

Mary Tobias, Ex Officio
TVEDC President

Presiding Officer Jon Kvistad and Councilors
Metropolitan Service District
600 NE Grand Avenue
Portland, OR 97232-2736

RE: Urban Growth Management Functional Plan

Dear Presiding Officer Kvistad and Councilors:

The Tualatin Valley Economic Development Corporation (TVEDC) represents 131 businesses in the Metropolitan area. In addition, our membership includes governments and other public agencies whose representatives have been helpful in allowing us to achieve a better understanding of the many issues affecting the Functional Plan. We have appreciated this input, but our testimony is not intended to speak for the local government partners in TVEDC.

We have commented previously on the Functional Plan to both the Council and the Growth Management Committee. We appreciate the opportunity to now provide additional comments in light of the several amendments which have been proposed.

At the risk of repeating ourselves, we would preface our comments by urging you to incorporate more flexibility into the plan. The primary purpose of the Functional plan is to provide for the implementation of the regional policies expressed in the Metro 2040 Growth Concept. Although the goal of Metro 2040 is to reduce urban sprawl, it also emphasizes maintaining our quality of life and the livability of the Region. The Functional Plan seems to have lost sight of the latter concept and focuses almost exclusively on higher density development. As higher density in existing neighborhoods and livability may be somewhat divergent objectives, it is imperative that the Functional Plan have the flexibility to meet these objectives. By emphasizing the importance of flexibility to meet changing socio-economic priorities, Metro will have served official notice that the Functional Plan is a dynamic planning document which can adjust to changing circumstances in the Region.

We have the following specific comments relative to the various Titles within the Functional Plan.

TITLE 1 - REQUIREMENTS FOR HOUSING AND EMPLOYMENT ACCOMMODATION

1. It is completely inconsistent to have as much as a possible 50,000 household units difference between the Functional Plan capacities in Table 1 and the UGB capacity as determined by Metro, and since amended by the Growth Management Committee. If nothing else, we recommend that Table 1 and Title 1 refer to the 243,000 dwelling units as a target and the distribution of these units as a target and the distribution of these units to the various jurisdictions as a Recommended Distribution Allocation (RDA). The Functional Plan could then encourage the cities and counties to meet these objectives while providing greater flexibility in dealing with the shortfalls that will result.

A much more realistic approach, however, would be to establish allocations in Table 1 consistent with what Council believes the actual capacity inside the existing UGB to be. This would be a much more manageable and achievable objective for every jurisdiction. It would also be consistent with the 2040 Growth Concept and clearly would result in higher density development. Those cities and counties which choose to be more aggressive in accommodating growth at even higher densities would still be free to do so.

Furthermore, the Functional Plan could even encourage this approach by incorporating greater flexibility. For example, if a jurisdiction is able to achieve its RDA it could permit much higher density in certain areas with no minimum density requirement. This would allow the opportunity for higher density development, if acceptable to the marketplace without necessarily imposing an unrealistically high minimum density.

2. Section 3B (Section 3A as per McLain Amendment No. 2)

The introduction of persons per acre as a measurement of density would seem unnecessary, particularly for residential development. It is more difficult to measure and could be confusing while not providing any significant advantage over the household units per acre measurement unit used elsewhere in the Plan.

TITLE 2 - REGIONAL PARKING POLICY

The McLain Amendment No. 4 is an example of how flexibility would be removed from the Functional Plan. Why not give the local governments the opportunity to assess the impact of revised bus service in their specific situations rather than introduce this arbitrary measure? Among other issues, for example, the local government, in consultation with Tri-Met, should be better suited to make a determination as to the continued existence of transit service before requiring a site to develop to Zone A standards.

TITLE 3 - WATER QUALITY AND FLOOD MANAGEMENT CONVERSATION

We have seen no amendment dealing with this Title, so we wish to summarize briefly our previous comments.

1. The goals of this Title are being met other ways, primarily through protectors in local plans which implement Goal 5. We strongly suggest that you wait until the model ordinance is created along with the critical fish and wildlife habitat maps.

2. The 200' distance from the top of the bank of every stream as a definition of fish and wildlife habitat conservation area is too arbitrary. There are many places within an urban area where development could occur closer to a stream without harming the resource.

3. There are two problems with the alternatives analysis added as Section 5.B.a:

- It is unnecessary since other regulations (wetlands, floodplains, local Goal 5 ordinances) cover such development already. This adds a layer of confusion.
- The construction of section 5.B.1 is confusing. Items listed as 5.b.1.a.-d. seem to be items which can be constructed within the conservation area, but they need an appropriate heading or another location in the section.

TITLE 4 - RETAIL IN EMPLOYMENT AND INDUSTRIAL AREAS

In keeping with our theme of even greater flexibility, we urge you to allow restricted retail uses in any Employment or Industrial Area as long as: a) adequate transportation facilities capacity is demonstrated in local compliance plans and b) employment capacities can be met in the jurisdiction. This would allow the jurisdiction more flexibility while still ensuring the preservation of valuable industrial areas. At the least, there should be the same ability to use an exceptions process to allow retail (Section 2B), if changing circumstances make it an socio-economic advantage to the region.

TITLE 5 - NEIGHBOR CITIES AND RURAL RESERVES

A definition of rural reserves would be useful. In addition, some limited discussion of urban reserves, including definitions and general intent, would be useful here. With so much discussion in the region of urban reserves, this plan is strangely silent about them.

TITLE 6 - REGIONAL ACCESSIBILITY

While Sections 1 and 2 give overall intent and guidance which is appropriate for this document, Section 3 on Design Standards is too simplistic to apply to an overall region. Notwithstanding the two options for local governments, the Section is a one size fits all approach to street designs.

So much of the available land in the Metro area is not in greenfield condition, but is a type of infill. It is not reasonable to require variances every time it is not possible to meet a flatland grid system type development.

The proscriptive nature of this section is not necessary to achieve the goals of the section. Cities and counties should be allowed to implement the overall goals in the ways which work best for their circumstances.

Section 4 memorializes traffic jams during rush hours in the Metro area. We believe the general public will be increasingly unhappy with this situation. We suggest Title 9 include performance measures for roadway functioning in the Metro area, including congestion management methods attempted by local governments.

TITLE 7 - AFFORDABLE HOUSING

The Washington Amendment No. 1 provides greater clarification to the intent of this Title and the meaning of affordable housing. We support the amendment in that regard. We are, however, still concerned with some of the recommended tools and approaches and would comment as follows:

1. The recommendation in Section 2E could discourage redevelopment depending on how high-income and affordable housing were to be defined.
2. Any linkage program such as that suggested in Section 2F should have an identifiable cause and effect relationship. Job creation does not make housing less affordable; in fact, depending on the wage scale involved, may make housing more affordable to those fortunate enough to be hired. It would be economically counter productive for the Region to penalize a company for creating more jobs. Taken to the extreme the thinking which led to Section 2F would suggest that an employer who cuts back on staff should receive a payment of some kind.

TITLE 9 - PERFORMANCE MEASURES

We support the additional performance measures as per the Morissette Amendment. However, we recommend that an additional performance measure be considered that at least attempts to gauge the reaction of the public to the dramatic changes which will be occurring around them. Much of the discussion to date has focused on the technical aspects of how to achieve a more compact urban form. If this past Tuesday's meeting regarding the Southwest Community Plan for Portland is any indication, then citizens will be concerned as to how higher density will affect the livability of their neighborhoods.

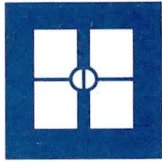
In summary, our organization is supportive of the Metro 2040 Growth Concept. We believe Metro's role and the purpose of the Functional Plan is to provide the framework to guide Cities and Counties in achieving this objective. However, setting arbitrary target capacities that simply allocate 100% of the projected growth for the next 20 years results in unrealistic objectives far in excess of the goals of 2040. Furthermore, Metro must balance the need to have sufficient regulatory control to direct Cities and Counties in their implementation of 2040 without stifling the creativity and flexibility of how this might be accomplished.

Thank you for the opportunity to provide further input on this critical document.

Sincerely,



Fred Holz
Westlake Consultants
TVEDC Housing & Land Use Committee Member



October 24, 1996

Hand Delivered Letter

Honorable Jon Kvistad, Chairman,
and Members of the Metro Council
600 NE Grand Avenue
Portland, OR 97232-2736

RE: Metro Urban Growth Management Functional Plan (October 24, 1996 Draft),

Dear Chairman Kvistad and Metro Councilors:

The proposed Metro Functional Plan has undergone several iterations over the last few weeks. These comments address provisions in the October 24th Plan draft that are significant to Hillsboro. We want to thank you for considering these comments.

As we said before, we support the 2040 Growth Concepts and have been aggressive in Hillsboro in implementing them. We also have consistently asked that detailed, prescriptive Functional Plan provisions be eliminated to give us sufficient planning and regulatory flexibility to implement the Plan in ways that are also acceptable to our community. The October 24th draft contains some adjustments that do just that. We thank the Council for them. However, other Plan provisions still concern us.

Our comments have a common theme: Simply stated, the Functional Plan should tell us what to do; but not how to do it. It should identify the housing and employment targets and capacities and the regional planning and regulatory objectives Hillsboro is expected to achieve. The performance of our plans and ordinances should be regularly monitored to assure their achievement. We should be held accountable if we fail to substantially achieve them. If this approach is followed, detailed and prescriptive Functional Plan provisions are unnecessary. I believe that most local jurisdictions in the Region share this view.

I will summarize our major comments relative to Titles 1, 2, 4, 6 and 8. We have attached detailed language suggestions that specifically address these Titles and also Titles 3 and 9.

Title 1, Housing & Employment Accommodation

- The minimum density requirements in **Title 1, Section 2.A.** should be changed to require, instead, that the average density of defined residential neighborhoods or communities must achieve at least 80% of the maximum density allowed by their zoning.
- We support **Title 1, Section 7.A.** We want to thank you for redefining 2040 target densities as both “average densities” and “recommendations” rather than requirements to local governments. This will give us planning flexibility.
- We do not support new **Title 1, Section 7.C.** relating to accessory units in single family zones. It should be deleted from Title 1. Local governments should be able to apply this planning tool selectively and where appropriate; such as in station areas, mixed use areas, town and regional centers.

Title 2: Regional Parking Policy.

- We support the new **Title 2, Section 2** which sets a 20-minute peak hour transit service threshold for including areas in Zone A of the Parking Maximum Map. We ask that Section 2 expressly state that the Map serve an “illustrative”, rather than “regulatory” role in identifying areas where maximum parking ratios apply.

Title 4: Retail in Employment & Industrial Areas.

- Metro Staff adjustments are being proposed to the **Employment and Industrial Areas Map** that will accommodate retail uses on sites within Hillsboro that we have already identified for the Council. We support those adjustments and ask you to approve them.

Title 6: Regional Accessibility.

- Because our recently adopted Transportation Planning Rule ordinances will also achieve the street and pedestrian connectivity objectives of Title 6, we ask that **Title 6, Section 3.A., “Design Option”,** and **Title 6, Sec. 3.B., “Performance Option”,** be optional rather than mandatory requirements. We support new language in **Title 6, Section 3.A.1.** that exempts application of street design and connectivity standards where certain physical and topographical limitations prevent their reasonable attainment.

Hon. Jon Kvistad & Metro Councilors
October 24, 1996
Page 3.

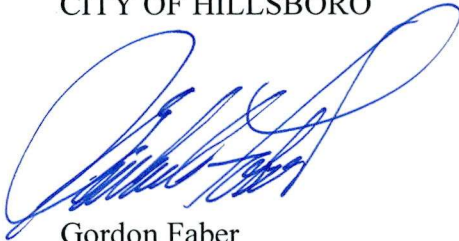
Title 8: Compliance Procedures.

- We support new language being proposed by the Metro Staff that allows extension of the 2-year Plan compliance period for jurisdictions that have legitimate reasons, such as work on an approved Periodic Review Work Program.

Again, thank you for considering our comments. We appreciate the many opportunities we've had to comment on both the Functional Plan and Urban Reserves. Please consider these comments as a part of our continuing effort to be a partner in the Region 2040 process.

Sincerely,

CITY OF HILLSBORO



Gordon Faber
Mayor

attach:

Title 1: Housing & Employment Accommodation.

We request the following changes to Metro Council's October 18th draft of Title 1 of the Functional Plan:

Title 1, Sec. 1, Intent.

1. Delete all changes recommended by Metro General Counsel for the first paragraph of Sec. 1.
2. Modify the first sentence in the second paragraph of Sec. 1 as follows:

"Metro will work with local jurisdictions that request such assistance from Metro to develop a set of region-wide community development code provisions, standards and other regulations that will implement the 2040 Growth Concept and this Functional Plan which the local jurisdiction may adopt and apply within its jurisdiction. that will implement the 2040 Growth Concept and this Functional Plan. . . ."

Title 1, Sec. 2.A. Methods to Increase City and County Development Capacities.

All cities and counties within Metro are required to include within their comprehensive plans and implementing ordinances the following provisions;

- A. *The average lot size of all existing and new developments in areas (established neighborhoods and communities) zones allowing for residential use shall include result in an average a minimum density throughout such areas standard which provides that no development application, including a partition or subdivision, may be approved unless the development will result in the building of at least 80 percent or more of the maximum number of dwelling units per net acre permitted by the their zoning designations for the site. No comprehensive plan provision, implementing ordinance or local process (such as site or design review) may be applied and no condition of approval may be imposed that would have the effect or reducing the average density of the surrounding area to less than 80 percent of the maximum permitted density.*

. . . .

Title 1, Section 7.B.: Accessory Uses.

~~Cities and counties shall not prohibit the construction of at least one accessory unit within any detached single family dwelling that is permitted to be built in any zone inside the urban growth boundary. Reasonable regulations of accessory units may include, but are not limited to, size, lighting, entrances and owner occupandy of the primary unit, but shall not prohibit rental occupandy, separate access, and full kitchens in the accessory units.~~

We respectfully ask the Metro Councilors to delete this provision from the Functional Plan. Assuming that many single family lot owners in Hillsboro decide to "retrofit" with an accessory unit in response to this provision, the impacts on such public services and facilities could be very serious. The designed capacities of existing public facilities and services that serve our existing single family areas did not anticipate supporting the development of extensive accessory uses throughout these areas.

Title 2: Regional Parking Policy:

Title 2, Section 2.A.: Performance Standard.

This provision does not assure that Zone A areas in the initial Parking Maximum Map will have existing, available and adequate transit/bus services. Accordingly, we request the following modification to Title 2, Sec. 2.A.2.:

- A. Cities and counties are hereby required to amend their comprehensive plans and implementing ordinances, if necessary, to meet or exceed the following minimum standards:
1. Cities and counties shall require more parking than the minimum as shown on Regional Parking Standards Table, attached hereto; and
 2. Cities and counties shall establish parking maximums at ratios no greater than those listed in the Parking Table and as illustrated in the Parking Maximum Map for Zone A. *Only areas within one-quarter mile walking distance from existing bus/transit service and currently served by 20-minute bus transit service throughout the day, or areas within one-half mile distance from light rail transit service, shall be designated as Zone A areas in the initial Parking Maximum Map and any amended Parking Maximum Map.* The designation of the A Zone on the Parking Maximum Map should be reviewed after the completion of the Regional Transportation Plan and every three years thereafter. *In establishing Zone A areas, the only function of the Parking Maximum Map shall be to illustrate areas that have 20-minute bus transit service and meet the criteria for Zone A areas set forth in this subsection.*

Title 3: Water Quality & Flood Management Conservation

Title 3, Section 3: Implementation Process for Cities and Counties.

Hillsboro has always maintained that Title 3 should avoid duplicating State Goal 5 Natural Resources Protection processes for local jurisdictions. Therefore, we request the following modification to Title 3, Section 3.A-C:

Cities and counties are hereby required to amend their plans and implementing ordinances, if necessary, to ensure that they comply with this Title in one of the following ways:

- A. Either adopt the relevant provisions of the Metro Water Quality and Flood Management model ordinance and map entitled Metro Water Quality and Flood Management Conservation Area Map; or
- B. Demonstrate that the plans and implementing ordinances substantially comply with the performance standards, including the map, contained in Section 4. In this case, the purpose of this map is to provide a performance standard for evaluation of substantial compliance for those jurisdictions who choose to develop their own map of water quality and flood management areas; or
- C. *Demonstrate that the local government's State Goal 5 Natural Resources Management and Protection program substantially addresses Section 4 objectives relating to flood mitigation, water quality, regional continuity and integrity of Water Quality and Flood Management areas, and fish and wildlife conservation areas and habitats protection. Any such Goal 5 program which is adopted by the local government and acknowledged by the State LCDC within two years after the effective date of this Functional Plan shall be deemed to be in full compliance with this Title; or*
- ⊆ D. Any combination of A and B, and C above that substantially complies with all performance standards in Section 4.

Title 4: Retail in Employment & Industrial Areas.

Title 4, Section 3: Exceptions to Restriction of Retail Outlets in Employment Areas.

We recommend that Title 4 exception provisions have greater "up front" certainty regarding whether a larger retail outlet would be permitted on a site in an Employment Area served by adequate transportation facilities. Such certainty would be provided if Sec. 3.C. of Title 4 expressly declares an outright permitted exception to the retail use restrictions in Title 4 as follows:

~~Retail uses that primarily draw business from a market area not more than 2.5 miles from the~~ *uses larger than 60,000 sq. ft. in size on appropriate sites designated by local comprehensive plans for such retail uses within two years from the effective date of the Functional Plan, that are supported by* where adequate transportation *facilities is demonstrated in local compliance plans as provided in* Title 8.

Title 6: Regional Accessibility.

As we did in our September 12th testimony to the Council, we again ask that the detailed standards relating to local street design and connectivity be identified as "recommendations" rather than mandatory requirements. The following language modification would achieve this.:

Title 6, Section 3. Design Standards for Street Connectivity.

The design of local street systems, including "local" and "collector" functional classifications, is generally beyond the scope of the Regional Transportation Plan (RTP). However, the aggregate effect of local street design impacts the effectiveness of the regional system when local travel is restricted by a lack of connecting routes, and local trips are forced onto the regional network. Therefore, the following design and performance options are *recommended for adoption within local comprehensive plans and implementing ordinances* and are intended to improve local circulation in a manner that protects the integrity of the regional system.

Local jurisdictions within the Metro regional are hereby ~~required~~ *encouraged* to amend their comprehensive plans and implementing ordinances, if necessary, to comply with or exceed one of the following options in the development review process:

....

Title 8: Compliance Procedures.

As we did on September 12th, we again ask that the 2-year Functional Plan compliance period be changed to at least a 3-year period for jurisdictions undergoing mandatory State Periodic Review of their plans and ordinances.

Title 9: Functional Plan Performance Measures.

We support Title 9 provided that it also expressly allows independent reports from any local government to the Metro Council on the Functional Plan performance within its jurisdiction.

102496-05



CITY of BEAVERTON

4755 S.W. Griffith Drive, P.O. Box 4755, Beaverton, OR 97076 TEL: (503) 526-2481 V/TDD FAX: (503) 526-2571

ROB DRAKE
MAYOR

October 24, 1996

Mr. Jon Kvistad, Presiding Officer
Metro Council
600 NE Grand Avenue
Portland, OR 97232-2736

Dear Jon:

This letter is in support of Metro's efforts to finalize the Urban Growth Management Functional Plan and produce a document which will serve as a blue print to properly manage and balance growth in the Portland region in the next 20 years. I applaud your efforts to continue to respond to citizen input and make changes which reflect the many views of our diverse community.

The City Council and I are in support of the Functional Plan. We have recommended changes to you, many of which you have considered and included in the revised documents. We understand that you are attempting to balance competing interests and also keep the region livable, vital and our economy sound for the next generations. We also support your efforts to keep a tight urban form and preserve valuable forest and farm lands. The City believes that the final Functional Plan document should contain general guidelines, which allows local jurisdictions to retain its governance autonomy and the ability to maintain its local identity.

In recent revisions of the recommended Functional Plan, provisions for a hearings officer has been added to the document. I think the addition of a hearings officer is ill advised. We, as elected officials, are selected to make direct decisions on policy issues. Deferring decisions through the step of adding a hearings officer removes citizens from the officials they elect to govern. I recommend that Metro delete provisions for a hearings officer and perform the decision making functions you're elected to do. Citizens will have more confidence in a government they can interact with and impact through direct dialogue.

Lastly, thank you for the opportunity to influence the Metro Council and be part of a process which will have such a major impact on future generations.

Sincerely,

Rob Drake
Mayor



October 23, 1996

Metro Council
Metro Regional Center
600 NE Grand Avenue
Portland, OR 97232-2736

Metro Council Members:

On behalf of the Tigard City Council, I am forwarding the following additional comments and concerns regarding the Urban Growth Management Functional Plan.

Regarding accessory units as described in Section 7(C), lines 292 - 297, it is difficult to understand the inclusion of this important local issue at this late date with little input from local jurisdictions and no opportunity for discussion with our citizens. Our current standards only allow accessory units for relatives and would not allow rental units as required by the proposed new regulations. This is an issue of critical concern to our citizens and we have no wish to impose this new standard on our community. We strongly recommend that lines 292 - 297 be deleted from this document.

We continue to object to the standards proposed in Title 4, Retail in Employment and Industrial Areas. It is not acceptable to have the location and size of commercial uses dictated to a jurisdiction from a regional agency. We understand our market and the needs of our citizens at the local level. The provisions and restrictions proposed in Title 4 are arbitrary and would be extremely difficult to implement. A 60,000 sq. ft. limitation would prevent a full service super market from locating in areas like the Tigard Triangle. The requirement for demonstration of "adequate transportation facilities" is very subjective and open to interpretation. The difficulties with this Title, as evidenced by the many iterations that have been considered and proposed, lead us to believe that the Title should be deleted from the Functional Plan. This is clearly an issue best left to local processes and decision makers.

We have expressed our concern with other issues in the proposed Functional Plan in the past, both in writing and by testimony before the Council. It is our hope that you will consider those concerns during your deliberations on these very important regional issues.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jim Nicoli", is written over the typed name and title.

Jim Nicoli
Mayor

October 24, 1996

Regarding: METRO ITEM 96-647 B.

Jon Kvistad, Presiding officer
METRO Commissioners
METRO
600 N.E. Grand Ave.
Portland, Oregon 97232

Meeting planned on ballot
measures..Multnomah
Neighborhood center on
Capitol Highway, Sat.,
Nov. 4, 1996
Time: 10.00-11:30 A.M.

Dear Honorable Jon Kvistad, and Councilers Patricia Mc Caig, Ed.
Washington, Don Morissette, Susan Mc Glain, Rod Monroe,
and Ruth Mc Flarane,

METRO is holding its final hearing today, after getting approval from the Portland City Council yesterday, and the Multnomah County Commission this morning, I understand. This particularly relates to the 10 year tax exemption for row housing and multiple-unit housing along the light rail lines, and maybe density issues as well.

Implementation of the 2040 growth concept should not be allowed!!! It is being put in without the full knowledge of the people who will have to live within the urban growth boundary.

The Oregonian reported that 22 people testified on the Thursday hearing. (Sept 5th, and reported in the paper Sept. 6, 1996) Headlines state that "Most favor higher density at hearing on METRO plan". How many people can leave their jobs to attend these hearings? Not many!! In sharp contrast...on October 17th Oregonian the headline reads: "SW Neighborhood residents furious over zoning plan." A copy of the article is attached. "An estimated 400 to 500 persons jammed the Wilson High School cafeteria this week and proved that zoning issues are not too dry..." When asked how many supported the plan...two people raised their hands!! Many spoke, using the microphone and were angry at the increased density, as proposed

Not many knew about the 10 year tax-exemption for row houses and other multi-family units near the light rail...in the future as proposed, nor was ballot measure 32 mentioned. The entire concept of planning is being reversed... with Metro and government THE BOSS!! Private property takes a back seat, removing private property rights with one fell swoop!!

Ballot Measure 32, regarding light rail expansion is attached. It calls light rail: "Measure 32 should be called the Great Train Robbery". It also says "Light rail The wrong choice for Portland. Measure 32 is: bad for congestion, bad for transit, bad for livability, and bad for your taxes." It gives four reasons to vote No! 1. "Light Rail Reduces Transit Service. 2) Light Rail increases congestion, 3) Light Rail reduces livability" This is not worth the cost, and will make Portland redeveloped "to a higher average density the the New York urban area. 3) Light Rail wastes your money, and 4) Light Rail wastes your money."

Regional government, or Metro, violates the basic constitutional rights of our citizens, as provided in our Bill of Rights. Higher taxes will violate Articles 4 and 5 "against unreasonable search and seizures."
We oppose this concept. Earnestly, (Mrs.) Louise Weidlich, Director

OUR AMERICAN HERITAGE

The Bill of Rights



As provided in the FIRST TEN AMENDMENTS TO THE CONSTITUTION OF THE UNITED STATES
Effective December 15, 1791

Preamble

The conventions of a number of the States having at the time of their adopting the Constitution, expressed a desire, in order to prevent misconstruction or abuse of its powers, that further declaratory and restrictive clauses should be added: And as extending the ground of public confidence in the Government, will best insure the beneficent ends of its institution.

- 1 **Right to Freedom of Religion, Speech, Press, Assembly, Petition.**
Congress shall make (no law) respecting an (establishment of religion), or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.
- 2 **Right to Keep and Bear Arms.**
A well regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed.
- 3 **Rights on Quartering of Soldiers.**
No Soldier shall, in time of peace, be quartered in any house, without the consent of the Owner, nor in time of war, but in a manner to be prescribed by law.
- 4 **Right against Unreasonable Search and Seizure.**
The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no Warrants shall issue, but upon probable cause, supported by Oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.
- 5 **Right to Protection of Persons and Property.**
No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service, in time of War or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any Criminal Case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.
- 6 **Rights of Persons Accused of Crime.**
In all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial, by an impartial jury of the State and district wherein the crime shall have been committed, which districts shall have been previously ascertained by law, and to be informed of the nature and cause of the accusation; to be confronted with the witnesses against him; to have compulsory process for obtaining Witnesses in his favor, add to have the Assistance of Counsel for his defense.
- 7 **Right of Trial by Jury.**
In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.
- 8 **Right to Protection Against Excessive Fines, Bail, Punishment.**
Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishment inflicted.
- 9 **Rights not enumerated, retained by the people.**
The enumeration in the Constitution of certain rights, shall not be construed to deny or disparage others retained by the people.
- 10 **Rights reserved to the States and the People.**
The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

Neighborhoods Protective Ass'n THE BILL OF RIGHTS COMMEMORATION COMMITTEE - Joe Crail, Chairman, P.O. Box 19224
 GOD IS LOVE... NOT HATE (RACISM) Portland, Oregon
 KEEP FREEDOM-- WE MUST STOP LAND USE PLANNING and URBAN RENEWAL BONDING!!
 PORTLAND'S COMPREHENSIVE PLAN will DESTROY OUR PRESENT PROPERTY RIGHTS!
 Private property, under our Constitution, is a God-given right, and not a grant of government. It cannot be taken without... "due process of law" and any law that violates our Constitution and Bill of Rights cannot be passed by city ordinance or our state legislature.
 NOWHERE in our Oregon or United States Constitution or Bill of Rights does it say: 1. SUBSIDIZE private business with tax dollars, (which becomes a lien on all other taxable property.) 2. CONDEMN and DESTROY existing privately owned property (by the city of Portland)... buy it... resell it, to another!!
 DOWN-ZONING of some property, making it worth less, is UNFAIR. THIS COULD ENCOURAGE ARSON... since it reverts to the "lesser use" if destroyed by fire!
 PRAY FOR... FREEDOM AND JUSTICE FOR ALL! Louise Weidlich Director



102496-08

Testimony of Keith Bartholomew
on the proposed
Urban Growth Management Functional Plan
October 24, 1996

Thank you for the opportunity to testify before you today on what is likely to be the most important piece of land use and growth management legislation to be adopted this decade, and perhaps for decades to come. Mary Kyle McCurdy, with whom I am testifying, will cover the majority of 1000 Friends' comments on the Functional Plan. I will limit myself to one area--Title 2: Regional Parking Policy.

To begin with, you are to be congratulated on addressing this important issue. The size and design of the parking lots we build for commercial and institutional developments have come to define our metropolitan landscape. The amount of land that we dedicate to parking revolves just about every other land use category in our planning system. Moreover, the abundance of free parking, particularly in our suburban areas, is a major contributor to the near absolute automobile dependence we observe in our region.

This being said, we feel that it is crucial that you return to making the maximum parking ratios in Zone B mandatory, as was contained in the Functional Plan draft you received from MPAC. We take this position for two reasons:

First, by regulating the maximum amount of parking in Zone A but not in Zone B, you will be sending a clear signal to the market to shift more development towards Zone B. This would result in development shifting away from transit service, which is completely at odds with one of the primary objectives of the whole Region 2040 planning process.

Second, the standards in Zone B are so generous that they will not significantly cramp the market, even in places not well-served by transit. As an example, I have attached the results of a parking study done by DEQ in the Kruse Way area. The study analyzed parking usage for three office buildings that were built, under market conditions, at 3.9, 3.5, and 3.4 parking spaces per 1000 sq. ft., respectively. The study shows that actual parking rates were much lower: 2.77, 2.45, and 2.95. The maximum standard for the same type of use in Zone B is 4.1, well above that which was built in the study area, and substantially higher than the amount of parking actually used. This data, combined with other similar studies, shows that parking is being substantially over-built. This over-building of parking is wasting land, decreasing overall density, and contributing to more water pollution through higher run-off rates.

For these reasons, we urge you to reinstate mandatory parking ratios for Zone B.

Kruse Woods Survey

DEPARTMENT OF
ENVIRONMENTAL
QUALITY

October 18, 1994

Monte Haynes
Forum Properties
8705 SW Nimbus, Suite 230
Beaverton, OR 97005

Re: Kruse Woods Parking Survey

Dear Monte:

Enclosed please find the Kruse Woods Office complex parking survey information from the consultant, JHK & Associates and MacArthur & Associates, that you requested at the 10/6/94 Parking Ratio Technical Advisory Committee meeting.

Below I have summarized the information including the building occupancy during the time when the parking surveys were completed on June 21, 1994.

	Kruse Woods 1 (115,157 GLA*)	Kruse Woods 2 (124,435 GLA)	Kruse Woods 4900-5000 Bldgs (142,886 GLA)
Parking Built @ per 1,000 GLA	3.9	3.5	3.4
Parking Utilized @ per 1,000 GLA	2.77	2.45	2.95
Building Occupancy (As of June 1st)	96%	100%	100%

*GLA: Gross Leasable Area which is the same as Net Rentable Area.



811 SW Sixth Avenue
Portland, OR 97204-1390
(503) 229-5696
TDD (503) 229-6993
DEQ-1

102496-09

Tryon Resource Management Partnership
6039 SW Knightsbridge Drive
Portland, Oregon 97219

John Kvistad, Presiding Officer
and Metro Councilors
600 NE Grand Ave.
Portland, Oregon 97232

September 24, 1996

Dear Metro Councilors,

Regarding the Regional Functional Plan, Title 3:

The *Tryon Resource Management Partnership* is a voluntary citizens advisory convened to serve as the watershed council for the Tryon Creek basin. The purpose of the group is to create an interjurisdictional watershed management plan which encourages improvements of stream water quality, summer flows, and fish and wildlife habitat.

With respect to the most recently circulated Metro Regional Functional Plan, our watershed council offers the following observations for the Council Record:

Title 3, Section 5 B--Metro's "initial inventory of significant fish and wildlife conservation areas" is based on insufficient data. Most streams in the Metro region have not been properly surveyed yet, and Metro has no comprehensive plan to assure performance of the work(see ODFW letter attached).

We suggest the following text be added:

"Metro's initial inventory shall be enlarged in a timely manner as new surveys of fish and wildlife populations and habitat areas become available. Metro shall encourage collection of population surveys by accredited biologists where appropriate. Criteria for surveys will be specified by the U.S. Fish and Wildlife Service or the Oregon Department of Fish and Wildlife."

Title 3 Section 5 B 1 a through d--The most recent revision of the language in this section has our qualified support. However, the current language implies that public utilities have a mandate to use stream corridors and wetlands for their infrastructure, and we do not agree with that assumption. The Utility Exceptions allowed in the 5 B 1 Section have performance standards which are far too vague. For example, Metro has not stated how public needs should be established; nor has Metro defined which cases would demonstrate, nor how they would demonstrate, when there are "no practicable, less environmentally damaging alternatives."

We recommend the imposition of clear and objective standards, and a public review process, for utilities' uses of wetlands, streams and other water bodies, in order to adequately provide for protection of fish and wildlife habitat and environmental values under Title 3.

We do not support the current implication in Title 3 that streams and wetlands may be used as open conveyances for stormwater. Direct stormwater runoff into our regional streams and wetlands has been highly destructive of water quality, and is most likely responsible for declines in health of our native fish and aquatic populations. In this respect, stream water temperature is a particular concern of ours, as are pollutants from street runoff. (Note: A few land-intensive and expensive "model wetlands" do not address the volume of problems already created by local jurisdictions' typical stormwater conveyancing, detention, and treatment, or lack of treatment.)

We recommend that the *Section 5 B 1* section state:

"Any stream or waterway listed by DEQ as "critical" (ref. DEQ 303 (d) listing), is subject to special, more restrictive regulations on development, designed to benefit water quality and fish habitat."

Section 5 B 1 a--If Metro intends to apply rules fairly and consistently throughout the region, along entire lengths of interjurisdictional streams or water bodies, this Section should establish a clear and objective, maximum width for utility construction zones. We suggest a maximum 15-ft. disturbance width be allowed only after there has been a public review, including establishment of public need for the proposed system or encroachment, and an accepted mitigation plan.

If Metro permits certain destructive uses of resource areas, it should have some plan for how local jurisdictions' monitoring and enforcement of standards and conditions will occur.

Utility trenches of any width in streams and wetlands will result in some destruction of riparian values. The present Title 3 revision provides for no consistency in implementation of development standards along the linear distance of streams and other water bodies. The revision also does not provide for review or monitoring of cumulative impacts from utilities' exempted or permitted uses of streams, wetlands, and other water bodies; and we suggest that at reasonable periods, condition-assessments be included in any mitigation strategy.

For other Exceptions language, we refer to text submitted by Guy Orcutt, a *Tryon Partnership* member (attached).

Section 5 C--In this Section, Metro acknowledges it may have "inadequate or inconsistent data and protection in existing Goal 5 data, reports and regulations of fish and wildlife habitat." We suggest that Metro formulate a process for citizens or interest groups to initiate fish and wildlife population surveys and habitat inventories, beyond the one round of public hearings referenced in Section 5 C. There is nothing in the 5 C text which encourages later additions even in cases where data is insufficient or inconsistent. (See attached letter on ODFW Metro-regional, fish population surveys.)

We suggest Metro add language to Section 5 to allow for special habitat protections for streams and rivers which have populations of anadromous fish. Northwest salmon and steelhead have a life cycle which occurs partly in the ocean and partly in the inland rivers. Anadromous fish require cold, clean water for survival. The present Title 3 rules do not provide adequate protection for specific habitat needs of salmonids in the Metro region.

Section 7 Variances--This section should add a recommendation for access to the *Variance* process by citizens and public interest groups. We are interested in this *Variance* promoting landowners' rights to a reasonable process to "consider claims of map error and hardship variances to reduce or remove stream corridor protection for any property demonstrated to be converted to an unbuildable lot by application of stream corridor protection."

However, we suggest that to be fair--since publicly-owned fish and wildlife are a major reason for the habitat provisions of the Title 3 rules--Metro should adopt procedures to also consider where application of additional levels of protection, or additional mapping of habitat areas, would be appropriate. Such a procedure should be accessible by citizens and public interest groups.

The *Section 7 Variance* should include requirements for public notification and review of applicable law, at the least. While we respect private landowners' rights over their own property, wildlife and fish do not belong to individual landowners. The public interest in these state-owned natural resources should be respected.

We also would like Metro to provide its definition for an "unbuildable lot."

Note: Several months ago, the Tryon Partnership requested membership on Metro WRPAC, and I hope that Metro Council now will approve Tryon Partnership representation. I would like to see environmental interests properly balanced with other water user-interests, such as agricultural, industrial, and public and private utilities.

Also, there is no fisheries representative on WRPAC, though WRPAC agreed to put a fisheries interest representative on WRPAC six months ago. We suggest that the Title 3 policy not be finalized until a fisheries representative and watershed council representatives have been admitted as voting members of the WRPAC committee.

A shortened version of the above text was submitted orally to Metro Council. This three-page written copy is for the Council Record.

(9/12/96 E. Callison, Submitted on behalf of the Tryon Resource Management Partnership, and as an individual.) 244-0641)

29 July 1996

Chair Councilor Susan McLain
Water Resources Policy Advisory Committee
Metro Regional Government Office
600 NE Grand Ave.
Portland, OR 97232



DEPARTMENT OF
FISH AND
WILDLIFE

FISH RESEARCH
AND DEVELOPMENT

Dear Councilor McLain:

Liz Callison contacted me concerning the availability of habitat and fish survey information in the Portland Metro Region. My inventory project has collected very little data in the metro region. Enclosed is a list of the streams that have fish distribution or physical habitat information. You may want to contact Don Bennett, district biologist in Clackamas, for additional survey information.

The stream survey crews with the Aquatic Inventories Project are not supported with Oregon Dept. of Fish and Wildlife funds. We conduct surveys with contract funds (e.g. private industry, Soil and Water Districts, OR Dept. of Forestry, U.S. Fish and Wildlife Service, U.S. Bureau of Land Management) and as a result of our funding base, have not conducted many surveys in the greater Portland area.

We are available to conduct stream surveys for public agencies. We coordinate the contractor's needs with the district staff to ensure that the results will be useful to all interested parties. I can send a more detailed description of our protocol and an example of the results if needed. We are also able to provide the results in Arc Info coverages to allow integration with existing geographic information system layers. Please call me at 541-737-7619 if I can provide any other information.

Sincerely,

Kim Jones
Aquatic Inventories Project Leader

enclosures

c Maggie Skenarian
Liz Callison
Schmidt
Bennett



28655 Hwy 34
Corvallis, OR 97333
(541) 737-3241 & 737-4437
FAX (541) 737-2456

Roderick Haig-Brown Habitat and Conservation Chapter

Association of Northwest Steelheaders

Guy Orcutt — Chapter Communications Director
4041 NE 22nd • Portland, 97212 • 280-0413



July 16, 1996

To: WRPAC, Metro Council Members

Re. Fish and Wildlife Habitat Conservation Area "Exceptions"

At the June 27 meeting of the WRPAC Sub-Committee for Title 3 I expressed some concern that proposed language regarding Fish and Wildlife Habitat Conservation Area Exceptions was not clear. Rosemary Furfey suggested that I do a rewrite. I faxed her proposed language on June 28, the day after the meeting. Unfortunately, she was unable to distribute copies of the proposed rewrite in advance of yesterday's WRPAC meeting. I was able to present her with copies at the meeting. (I have made minor changes in the language in yesterday's copies.) She assured me that WRPAC would give the proposed language serious consideration, however I believe that most of those present yesterday were unaware of the existence of some alternate proposed language. This is unfortunate because the alternate language might have solved some of the problems that surfaced during discussion yesterday.

Fisheries preservation and restoration is what interests me most as an advocate for wetlands and floodplains. Regulations which protect floodplains and water quality should be of great benefit to fisheries. My worst nightmare is that passage through the Metro urban area will become so perilous for our fish that currently viable Willamette System fish runs will be destroyed and the reestablishment of other runs which are at this time severely depressed but hold potential for restoration will become impossible. Indeed this is happening now. The Portland reach of the Willamette is a death trap for tens of thousands of immature salmon and steelhead as they make their way to the ocean. Fish managers and pathologists feel that disease, always endemic to the system, has increased in virulence. Although the reasons for this are not absolutely established it is a near certainty that water quality and habitat loss are responsible.

Through careful preservation of waterways, wetlands and water sources, Metro has the means at its disposal to preserve the habitat and water quality Willamette System salmon and steelhead will need if the runs are to continue into the future. For this reason, it is essential that the language established to protect these resources is clear and that the process is reasonably easy to apply.

The goals of my rewrite (printed on the other side of this letter) are:

1. Clarify the process Metro wants local government to follow relative to construction which must take place within Fish and Wildlife Habitat Conservation Areas. It was apparent at the Thursday June 27 sub-committee meeting and at yesterday's WRPAC meeting that some confusion exists as to "needs" versus "alternatives" analysis and that the purpose and nature of the alternatives analysis is not clear.
2. Insure that planners understand that proof of need must form the foundation for other environmental analysis and mitigation. Without first determining need, additional efforts at conservation become all show and no substance. (For example, replanting a site which need never have been cleared.) Metro, as a growth manager has based its most important policies — the Urban Growth Boundary, control of population density, transportation planning — on need. This is the right way to begin urban planning and this is a course which must not be abandoned when we seek to protect fish and wildlife resources.
3. Demonstrate specifically what natural resources are at stake and how these resources may be preserved while urban resources are developed.
4. Address the issue of cost and practicability of required analysis.

1. Prohibit development, except for specified "exceptions," in Fish and Wildlife Conservation Areas.

The goal of the "exceptions" policy is to preserve fish and wildlife resources while allowing development decisions to be made in a cost effective and timely manner. Metro recognizes that preparation of the required alternatives analysis may add to development costs, however the cost of analysis will be minimized if needless duplication of the work of research and analysis is avoided. For this reason Metro encourages local government to initiate the earliest possible coordination of project development with needs analysis, alternatives analysis, existing site and species related research, existing management plans, and Goal 5 inventories.

Exceptions: Urban development will require certain types of construction within Fish and Wildlife Habitat Conservation Areas. These types of construction are listed below (paragraphs a. – d.) as "exceptions". The following three part policy applies to all of these exceptions:

1. Needs analysis is a standard part of project development. If a project is essential to planned urban development this should be demonstrated in the needs analysis. Essential projects qualify as "exceptions" to the rules protecting Fish and Wildlife Habitat Conservation Areas.
2. An analysis of alternative ways of completing a project will be required for those projects which qualify as exceptions and must intrude into Fish and Wildlife Habitat Conservation Areas.

This alternatives analysis will help to minimize the negative impacts of intrusion by identifying the least environmentally damaging project design and location possible within a Fish and Wildlife Conservation Area.

Furthermore, this analysis will aid in project planning by attempting to identify in advance impacts which will require mitigation.

3. Environmental impacts to a Fish and Wildlife Habitat Conservation Area resulting from construction within the area will be mitigated by in kind replacement of functional values. Functional values include but shall not be limited to water quality and quantity; spawning, breeding, nesting, rearing and resting habitat; fish and wildlife migration corridors, and significant plant communities.

Current draft language - lines 116 – 131

1. Prohibit development in the Fish and Wildlife Conservation Areas that adversely impacts fish and wildlife habitat.

Exceptions: It is recognized that urban development will, at times, necessitate development activities within or adjacent to Fish and Wildlife Habitat Conservation Areas. The following Fish and Wildlife Habitat Conservation Mitigation Policy, except for emergency situations, applies to all the following exceptions:

A project alternatives analysis, where need has been established, will be required for any of the exceptions listed below. The alternatives analysis must seek to avoid adverse environmental impacts by demonstrating there are no practicable, less environmentally damaging alternatives available. In those cases where there are no practicable, less environmentally damaging alternatives, the project proponent will seek alternatives which reduce or minimize adverse environmental impacts. Where impacts are unavoidable compensation by complete replacement of the impacted site's ecological attributes or, where appropriate, substitute resources of equal or greater value will be provided in accordance with the Metro Water Quality and Flood Management model ordinance.

Tryon Resource Management Partnership
6039 SW Knightsbridge Drive
Portland, Oregon 97219

John Kvistad, Presiding Officer
and Metro Councilors
600 NE Grand Ave.
Portland, Oregon 97232

September 24, 1996
October 24, 1996

Dear Metro Councilors,

The Title 3 Floodplain management and Fish and Wildlife Habitat Section of the Regional Functional Plan does not adequately protect the region's natural resources, particularly water quality and fish and wildlife habitat. WRPAC policies were written without sufficient citizen involvement. In fact, the voting membership of WRPAC committee was primarily composed of water and sewer service bureaus or consultants to those bureaus--a group which has an obvious conflict of interest in management/use of streams, rivers and wetlands.

To write policy fairly, as WRPAC purports to do, there should be representation beyond resource-user groups. The Metro Committee for Citizen Involvement and the Statewide Goal 1 Citizen Involvement Advisory Committee (CIAC) are being notified that we request Metro Council allow for improved opportunities for citizens, fisheries groups and state agencies' review of Section 3 before it is finalized.

Regarding the Regional Functional Plan, Title 3:

The *Tryon Resource Management Partnership* is a voluntary citizens advisory convened to serve as the watershed council for the Tryon Creek basin. The group requested voting membership in WRPAC last June. The purpose of the the Tryon Partnership is to create an interjurisdictional watershed management plan which will result in improvements of stream water quality, summer flows, and fish and wildlife habitat.

With respect to the most recently circulated Metro Regional Functional Plan, our watershed council offers the following observations for the Council Record:

Title 3, Section 5 B--Metro's "initial inventory of significant fish and wildlife conservation areas" is based on insufficient data. Most streams in the Metro region have not been properly surveyed yet, and Metro has no comprehensive plan to assure performance of the work(see ODFW letter attached).

We suggest the following text be added:

"Metro's initial inventory shall be enlarged in a timely manner as new surveys of fish and wildlife populations and habitat areas become available. Metro shall encourage collection of

population surveys by accredited biologists where appropriate. Criteria for surveys will be specified by the U.S. Fish and Wildlife Service or the Oregon Department of Fish and Wildlife."

Title 3 Section 5 B 1 a through d--The most recent revision of the language in this section has our qualified support. However, the current language implies that public utilities have a mandate to use stream corridors and wetlands for their infrastructure, and we do not agree with that assumption. The Utility Exceptions allowed in the 5 B 1 Section have performance standards which are far too vague. For example, Metro has not stated how public needs should be established; nor has Metro defined which cases would demonstrate, nor how they would demonstrate, when there are "no practicable, less environmentally damaging alternatives."

We recommend the imposition of clear and objective standards, and a public notification and review process, for utilities' uses of wetlands, streams and other water bodies, in order to adequately provide for protection of fish and wildlife habitat and environmental values under Title 3.

We do not support the current implication in Title 3 that streams and wetlands may be used as open conveyances for stormwater. Direct stormwater runoff into our regional streams and wetlands has been highly destructive of water quality, and is most likely responsible for declines in health of our native fish and aquatic populations. In this respect, stream water temperature is a particular concern of ours, as are pollutants from street runoff. (Note: A few land-intensive and expensive "model wetlands" do not address the volume of problems already created by local jurisdictions' typical stormwater conveyancing, detention, and treatment, or lack of treatment.)

We recommend that the *Section 5 B 1* section state:

"Any stream or waterway listed by DEQ as "critical" (ref. DEQ 303 (d) listing), is subject to special, more restrictive regulations on development, designed to benefit water quality and fish habitat."

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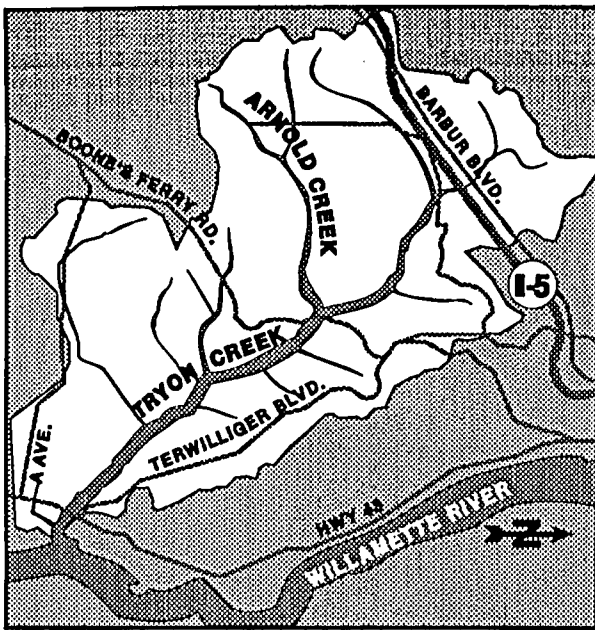
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(9/12/96, October 24, 1996 E. Callison, Submitted on behalf of the Tryon Resource Management Partnership, and as an individual.) 244-0641)



Watershed Profile

Tryon Creek is nearly 7 miles long. It drains over 4,500 acres of Portland, Lake Oswego and unincorporated lands in two counties.

The watershed includes every type of land use except *farm/forest*. Approximately 50% residential, it contains large commercial areas in downtown Lake Oswego and along Barbur Boulevard in Southwest Portland. Highways, including I-5, cross the creek. There is an industrial area in the floodplain near the Willamette. Tryon flows through Tryon Creek State Park (645 acres) and city and Metro parks (approximately 45 acres).

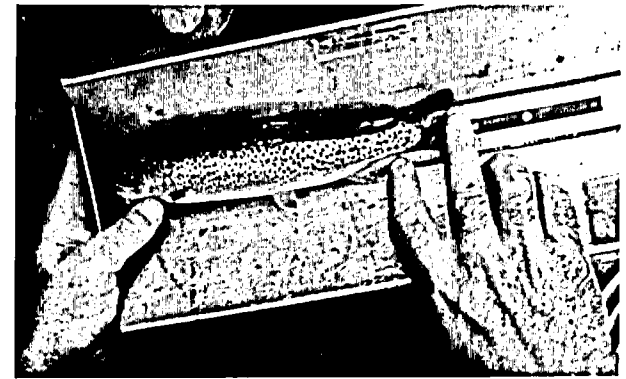
The diversity of urban uses in the watershed means that Tryon is subject to:

- *Sewer lines which parallel and cross the creek and its tributaries.* Pipes, four to eight feet in diameter obstruct the creek's natural meander pattern and floodplain. Sewer lines break, leak or overflow adding pollution to the creek.

- *Impassable Culverts.* Fish production in some segments and tributaries is blocked.
- *Stream segments placed in pipes.* Tryon's lowest tributary, for example, is identifiable on pre-1930's maps. It enters Tryon between the Willamette and State Street. Today it is underground and functions as a storm sewer for downtown Lake Oswego and the commercial/industrial area along Foothills Road.
- *Channelization resulting from sewer and other construction.* Tryon Creek within the state park has recovered some of its natural form. However, outside of parklands much of the creek and tributaries resemble ditches with little riparian or instream habitat.
- *Undelineated wetlands within the watershed.* Springs and seeps in riparian areas, essential to healthy fish habitat, are typically unprotected from development.
- *increasing housing unit density and construction.* Density has brought:
 - **Wide spread pollution.** Stormwater laden with chemicals and silt from homes and streets is piped directly onto creek banks;
 - **Rapid runoff** from paved and non porous surfaces, with consequent increases in flooding, erosion and loss of aquatic life.
 - **Lower flows during dry periods** because infiltration to ground water storage has been reduced.

On the Positive Side

- *Over 690 acres of park land including over 2 miles of creek.* Within these lands are many pools from 18 inches to over 4 feet in depth even in summer. There are also gravel bars for spawning, and logs, tree limbs and roots providing habitat for cutthroat and rearing steelhead.



8 1/2 in. Tryon Cutthroat – Measured and Released

- *Access to the Willamette.* Without this, anadromous fish production is impossible. Tryon is the only Portland stream on the west bank of the Willamette where fish access to the Pacific is still possible.

City Fish

Until recently, few people remembered Tryon's fish. Since March of 1995 volunteers from Friends of Tryon Creek State Park, the Association of Northwest Steelheaders, the Tryon Partnership and other groups as well as staff from ODFW and Tryon Creek State Park have surveyed and observed breeding populations of cutthroat trout to 12" and steelhead as well as lamprey and stickleback.

Successful spawning is an indicator of the creek's and the state park's success. It also demonstrates the potential of urban watersheds to maintain wild fish. Public knowledge of these fish may provide incentive for stream improvement and for research into this and other urban drainages.

Research and experience with stream improvement could identify factors which make an urban stream successful and factors which will allow the Willamette Basin to continue functioning as a fish producer.

Join in Stream Restoration

This fall, the Restoration and Enhancement Board of the Oregon Department of Fish and Wildlife is funding stream restoration on Metro's newly acquired property on Tryon Creek.

Please volunteer to assist this project, *hands on*, planting trees and native shrubs

This will be a great opportunity to get to know your watershed and your creek while you do something positive for water quality, wildlife, and salmon, trout and steelhead.

**Please Call the Tryon Partnership
244-0641**

This brochure is a production of the Tryon Resource Management Partnership.

The Tryon Partnership is a voluntary, citizens advisory group. It was convened as the watershed council for Tryon Creek in April 1996. You may call the Partnership for information about membership or to volunteer your support.

Citizens organized the Tryon Partnership to improve fish and wildlife habitat, and water quality throughout the Watershed.

Brochure sponsors are:

*West Multnomah County Soil and Water
Conservation Board*

*Roderick Haig-Brown Chapter – Association of
Northwest Steelheaders*

Writing, design and photography by Guy Orcutt

Edited by Liz Callison

For More Information, Please Contact:

*Tryon Resource Management Partnership
c/o Natural Resource Conservation Service
2115 SE Morrison
Portland 97214
244-0641*

*Tryon Resource Management Partnership
c/o Natural Resource Conservation Service
2115 SE Morrison
Portland 97214*

Tryon Creek



*Tryon Creek Inside the Park – Deep Pools, Abundant
Spawning Gravel, Woody Debris*

The Tryon Partnership invites you to join a project for urban fish.

Surprisingly, Tryon Creek still produces wild steelhead and cutthroat trout, in spite of the increasing urbanization of its surrounding cities of Portland and Lake Oswego. Tryon steelhead migrate to the ocean as 6 inch juveniles and return to the creek to spawn as 30 inch adults.

This presence of wild, naturally spawning steelhead within our urban boundaries makes Tryon Creek a unique resource – one which deserves protection and careful management..

Tryon Creek is the last remaining Willamette River tributary on the west side of Portland which is still accessible to migratory fish.

BOGLE & GATES P.L.L.C.

A Professional Limited Liability Company

LAW OFFICES

Mark D. Whitlow

1400 KOIN Center
222 S.W. Columbia
Portland, Oregon 97201

Main Office: (503) 222-1515
Facsimile: (503) 721-3666

Seattle
Anchorage
Bellevue
Tacoma
Vancouver, B.C.
Washington, D.C.
Yakima

72590-00008

October 24, 1996

Michael Morrissey
Senior Council Analyst
METRO
600 NE Grand Avenue
Portland, OR 97232-2736

BY FACSIMILE

Re: Titles 2 & 4 Amendments

Dear Mike:

Please copy and distribute this letter to the Council members this morning so that they may have the opportunity to read the letter in advance of this afternoons hearing.

Thank you for your help.

Very truly yours,

BOGLE & GATES P.L.L.C.

Mark D. Whitlow

MDW/maz

Encl.

[49\CL\RTF\METRO\MORRIS-L.024]

BOGLE & GATES P.L.L.C.

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Yakima

72590-00008

October 24, 1996

Jon Kvistad
Metro Presiding Officer
METRO
600 NE Grand Avenue
Portland, OR 97232-2736

BY FACSIMILE

Re: Proposed Urban Growth Management Functional Plan (Interim
Measures)
Retail Task Force Comments/Titles 2 & 4

Dear Mr. Presiding Officer and Council Members:

This letter supplements the Retail Task Force's prior written and oral testimony presented to the Council on Titles 2 & 4. We appreciate the Council's continued interest in and response to our comments and those of other industry members and interested parties.

The following is a summation of our testimony regarding these Titles and a request for further action on the Council's part regarding them:

Title 2 (Parking Regulations)

- Defer adopting maximum parking regulations pending LCDC's re-evaluation of the TPR's requirement to reduce parking per capita to achieve reduced reliance on the automobile. That study is now underway and will be concluded before the end of the year. Regional standards should not be imposed based upon a state rule which may be changed.
- Redefine the parameters of Zone A. 20-minute peak hour transit service will not support retail use and development for retail customers or employees. Parking maximums should not be imposed unless and until 10-minute service is available on a sustained basis throughout the business day. Redefine Zone A accordingly.

Jon Kvistad
October 24, 1996
Page 2

- Make the parking maximums adjustable. Variance procedures are rigid, inflexible and present no opportunity for cities and counties to craft reasonable solutions to development constraints. Adequate adjustment criteria may be drafted on a sliding scale to make adjustments more difficult to achieve where excellent transit service exists and easier to achieve where infrequent transit service exists.

Title 4 (Retail in Employment and Industrial Areas)

- Remove the regulatory cloud from Employment Areas for new and existing retail uses, regardless of size, which are permitted under existing comprehensive plan designations (where the comprehensive plans have been acknowledged prior to the effective date of the functional plan). Regulating new retail development in commercially designated land within Employment Areas will make existing retail uses nonconforming, leaving land owners with an unacceptable devaluation and downzoning of their properties. Amend Section 2B accordingly.

The Retail Task Force wishes to again thank the Council for its continued thoughtful deliberation on these important issues.

Very truly yours,

BOGLE & GATES P.L.L.C.



Mark D. Whitlow

MDW/maz

cc: Retail Task Force Participants

[49\CL\RTF\METRO\KVIST-L.024]



102496-12

Re: For the Record for the Metro Functional Plan:
Letter and Study

Date: October 14, 1996

In September 1990, the Oregonian article "Blueprint for a slum" stated that *"the lenders have contributed to a lack of stable home ownership that is as much a factor in the decline of North and Inner Northeast Portland neighborhoods as drugs, gangs, and crime."* That statement served as a challenge to the lending community and to government officials to focus on the needs of low and moderate income home buyers. As a result, many new loan products and programs were developed to assist home buyers. The Portland Housing Center was one of those responses.

Six years have passed and we wanted to know the effect of that lending activity and if it still made sense in light of today's real estate market. As the enclosed home ownership study, "The Changing Marketplace" shows, the barrier is no longer just lending activity. Now the barriers include:

- Personal barriers of low education levels and declining incomes in terms of real dollars;
- Supply barriers of housing prices increasing 25 to 30 percent; and
- Lending barriers of rising interest rates, high up-front costs to buy a home, and high monthly housing costs.

In your deliberations on the Metro Functional Plan, please keep in mind that homeownership rates will only increase when all of the barriers are addressed. Increasing the supply of housing does not have an effect, either trickle down or through direct supply, if people at low to middle income can not afford the cost of housing because of their incomes and the lending costs.

Sincerely,

Peg Malloy
Executive Director
Portland Housing Center
1605 NE 45 Avenue
Portland, OR 97213

THE CHANGING MARKETPLACE:

**Recent Transformations in Home Ownership in
Portland, Oregon, 1990-1995**

Author:



Robert Bole & Associates

Sponsor:

**Portland Housing Center, Portland, Oregon
Peg Malloy, Executive Director**

September, 1996

A house is a machine for living in.

Le Corbusier (1887-1965), Swiss-born French architect. *Toward a New Architecture*, ch. 1, "Eyes Which Do Not See: Airplanes" (1923; tr. 1946).

Owning your own home is America's unique recipe for avoiding revolution and promoting pseudo-equality at the same time. To keep citizens puttering in their yards instead of sputtering on the barricades, the government has gladly deprived itself of billions in tax revenues by letting home "owners" deduct mortgage interest payments.

Florence King (b. 1936), U.S. author. *Reflections in a Jaundiced Eye*, "Democracy" (1989).

Home is a name, a work, it is a strong one; stronger than magician ever spoke, or spirit ever answered to, in the strongest conjuration.

Charles Dickens (1812-70), English novelist. *Martin Chuzzlewit*, ch. 35 (1944).

ACKNOWLEDGMENTS

Many people have contributed to making this report possible. The staff members of lending institutions and community development corporations, and home ownership assistance programs have generously given the author their time and answers to a multitude of questions. Others in the home buying process - realtors, mortgage insurance agents, title insurers, and home buying education counselors have also assisted in providing crucial information for this Study.

Richard Anderson, Director of Housing Impact, and Sue Krake, Program Specialist, of Fannie Mae were particularly amiable to a myriad of questions about recent home buying trends, and secondary market financing. Michael Graves, formally with First Interstate Bank of Oregon, and now a private consultant, Brian Stewart, Washington Mutual Savings Bank, and Barbara Smith and Mark Sahli, U.S. Bank all provided detailed information regarding their lending programs. Mr. Graves further assisted the author with interpreting recent transformations in lending interest rates.

Sonny Conder, and Dennis Yee, of Metro Regional Government have provided outstanding assistance in making their data bases available to this Study. Mr. Conder granted the author unique access to his work and knowledge about the larger demographic and economic forces that are transforming Portland's metropolitan region.

Gary De Salvo, Vice President at Oregon Title Co., and David Dishman, a loan officer with Stevens Mortgage Co., gave me insightful direction in mortgage and title insurance, and the multitude of lending products available to low-income families, respectively.

Finally, the Advisory Committee for this Study has furnished essential and valuable guidance in developing this Study. The Committee consisted of Peg Malloy, Portland Housing Center; Steve Rudman, Bureau of Housing and Community Development; Lynne Taccogna, Bureau of Housing and Community Development; John Blatt, The Enterprise Foundation; Sondra Price, Northeast CDC; Janice Frater, Housing and Community Development Commission; Sue Krake, Fannie Mae; and Richard Anderson, Fannie Mae.

However, for all their assistance and guidance, all views expressed and errors herein are the sole responsibility of the author.

The author would like to sincerely thank Mary Vasse for her time spent reading, and editing this document. It would not have been accomplished without her spirited assistance.

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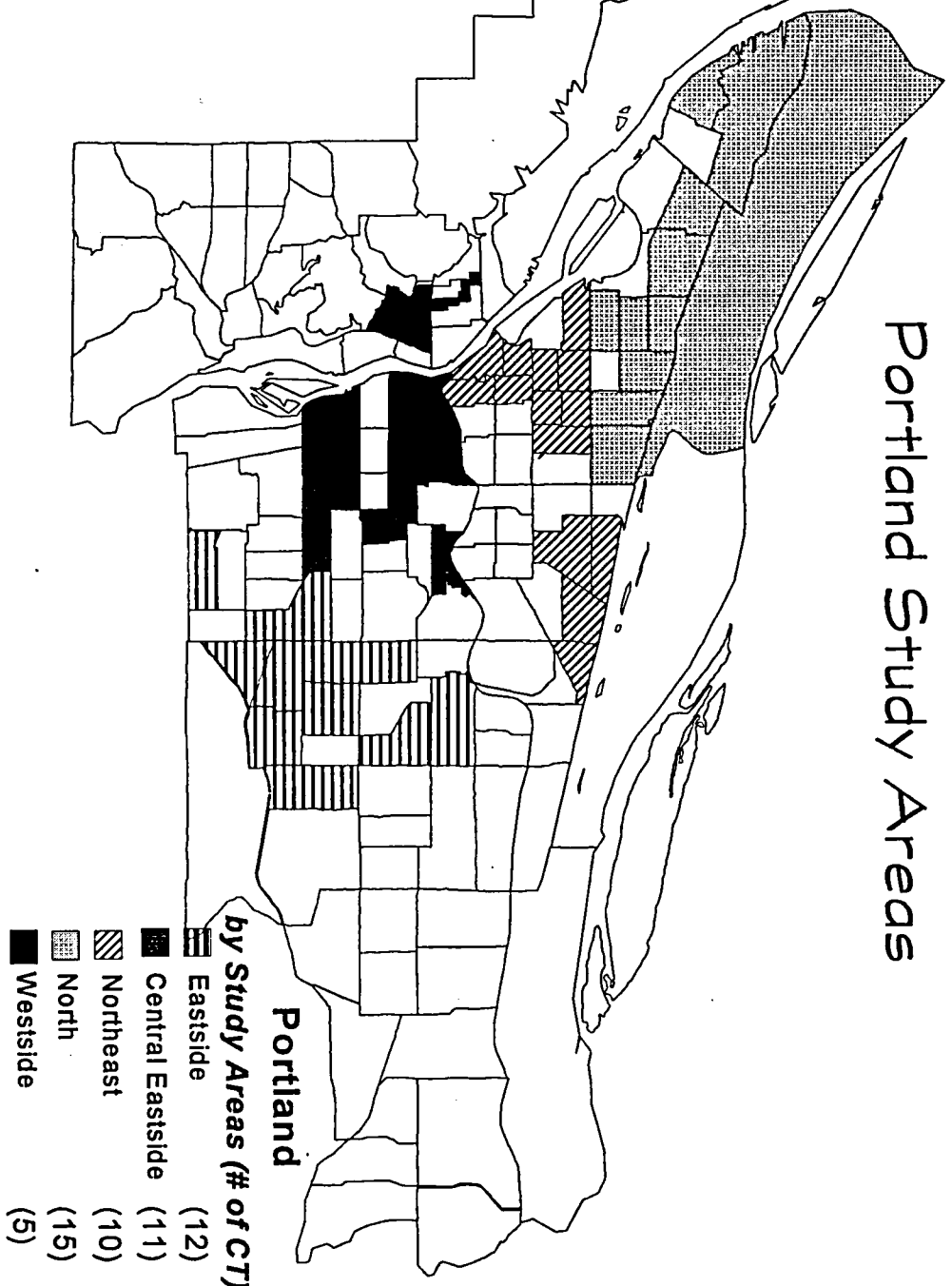
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Appendix I: Housing Affordability Calculations

Appendix II: Closing Cost Calculations

Appendix III: Further Research Questions

Portland Study Areas



Portland

by Study Areas (# of CT)

- Eastside (12)
- Central Eastside (11)
- Northeast (10)
- North (15)
- Westside (5)

INTRODUCTION

In September of 1990, *The Oregonian* ran a three-part special report on the difficulties faced by low-income home buyers in North and Inner Northeast Portland. This series was entitled *Blueprint For A Slum*¹ and it alleged that major mortgage lenders through passive, historical discrimination discouraged would-be home buyers. This recipe, the series alleged, resulted in declining home ownership rates in low-income neighborhoods. This was the "Blueprint" for the creation of dilapidated slums in the inner-city, where stable communities once stood. The article was a challenge and a clarion call to lenders, housing advocates, and the City of Portland to renew their focus on the needs of low-income home buyers.

This Study is the first attempt at documenting the response to that challenge. It reports the transformation of affordable home ownership in the City of Portland from 1990 to 1995. Today, rather than discriminatory practices of the past, it has been wider city and regional trends that have increased housing demand, stagnated income growth, and dramatically increased housing prices. The result has been the growth of a housing affordability problem for low-income residents, termed the *Affordability Gap*. The Affordability Gap is the difference between the currently appreciating housing prices and the ability of the Study's target population, low-income home buyers residing in the Study Areas (see Study Area Map, p. i) to afford that housing.

The Study's purpose is to frame the issue in the demographic, economic and market trends that have taken place since 1990, and to highlight a diverse set of issues that the City will face over the next decade. The conversation about possible avenues for policy, programs and responses to the growing concern is just beginning; this work can be used as the framework for that discussion. At the core of the discussion is the growing alarm on the part of housing professionals, lenders and residents at the increasing the Affordability Gap for moderate-, and low-income buyers. There is good cause for this alarm. A low-income family buying a home is rapidly becoming a proposition of the golden past when the City and region were not so prominently part of the national and international economy. The economic playing field for low-income home buyers, and low-income families in general, is no longer as level as it was in the past.

This Study examines the several core components that have determined the widening Affordability Gap for low-income, first-time home buyers in Portland. These components are detailed in six major sections:

Section One: *Demographic Profile*

This section will examine the demographic changes that have occurred within the target low-income population over past several years. Specifically, issues of in-migration, education, and income will serve as guideposts to the fundamental changes taking place within the Study Areas, the City's low-income neighborhoods. This profile forms the basis for "personal barriers" to low-income home buyers.

Section Two: *Housing Market Profile*

This section documents the transformation of Portland's housing market. In the past, the City's housing markets supported a range of income groups who could access affordable housing. Today, through significant appreciation of housing prices, the market has begun to exclude many low-income buyers, who face an increasing Affordability Gap of income and the market price. This section also explores a number of other issues that compound the affordability problem, especially constraints on housing supply. This profile defines the market barriers to home ownership.

Section Three: *Mortgage Lending Profile*

This section measures the lender's response to not only the challenges inherent in the Blueprint series, but the fundamental changes occurring in the City's demographic profile (housing demand) and the housing market profile (housing supply). Lending performance reflects to the structural barriers to home ownership. Specifically, the Study focuses upon the trends in supplying mortgage credit by the lending institutions since 1990.

Section Four: *Loan Program Profile*

This section examines in more detail a variety of lending products, or home ownership assistance programs currently available to first-time, low-income home buyers. The minimum median income needed to qualify for this program in 1990 and 1995 will be calculated using the individual loan program guidelines and a set of informed assumptions regarding the buyer profile. This section documents in detail the extent of the Affordability Gap faced by low-income home buyers.

Section Five: *Key Indicator Data 10-Year Forecast*

This section uses collected data sets, including Metro 2015 Forecast Data to predict current trends over the next ten years. This allows policy makers to more accurately gauge the probable future of home ownership and affordability issues, as well as, frame the development of policies and programs for the near future. Key indicators include population, income and home prices.

Section Six: *The Affordability Gap: Barriers to Home Ownership*

This last section synthesizes the factors examined in the previous sections to create a list of barriers faced by would be home buyers. Specifically, the Study proposes demographic, housing market and lending barriers that contribute to a decline in low-income affordability for home ownership housing.

¹ Dee Lane and Steve Mayes, "Blueprint for a Slum," The Oregonian, 9-11 September 1990, A1.

DEMOGRAPHIC PROFILE

This section details the characteristics of the Study's target population: low-income home buyers. These home buyers have experienced significant changes to the demographic profile of Portland, and define the "personal barriers" to low-income home ownership. In the mid-1980s the City of Portland, Oregon ("the City") experienced a rapid growth in population. People were attracted to the availability of jobs, a high quality of life and the low cost of housing. This in-migration has continued throughout the 1990s due to the area's strong economy. "Population growth, rather than the demand for resource-based products, is what has developed this regional economy. Portland is the financial, trade, transportation, manufacturing and services center of Oregon, Southwest Washington and the Columbia River Basin."¹ Since 1988, the region's population has risen by over 250,000 individuals; with 75% of that growth coming from new Oregonians.

These new workers have been continually attracted to the unprecedented job growth within the region's high-technology industries; there have been 6,200 new jobs created in just the last two years.² There has also been strong growth in business industries, the health care sector, and international trade. While the recession in the early 1990s slowed growth, the influx of new businesses, tourism, retirees and home 'equity émigrés' in search of affordability and quality of life continue to fuel the [region's] economy.³

The increase in employment has brought greater economic opportunity and security to many sectors of the population. However, among lower-income households this increase has not translated into greater opportunity. These residents, especially minority residents, are facing a severe disadvantage in competing within the region because of a neutralizing combination of poor education, younger median age, and higher unemployment rates, thereby resulting in significantly lower income and economic power.

Population, Race, Age and Education

Population

The past ten years have seen tremendous population growth within the Portland-Vancouver PMSA region. While much of new the growth has been outside of the City of Portland⁴, this new in-migration has generated significant new population growth pressures in the Study Areas (see Map preceding the Introduction). In 1994, the population of the Study Areas was estimated to be 185,458 accounting for 38.6% of Portland's population. This is a 10% increase from 1990⁵ and has resulted in increasing housing demand from two different sources. The City has witnessed an increase in low- and moderate-income workers. At the same time, a higher-income population is searching for lower housing costs associated with the Study Areas.

Evidence of this shift can be demonstrated by the decline in the median years of residency within the City's neighborhoods. In the early 1980s, residents in Portland's Eastside neighborhoods lived in their communities between 15.3 and 10.4 years, on average.⁶ In 1990 only 38% of the Study Area respondents said that they lived in their current houses five years ago. The Study Areas and, in general Portland's neighborhoods, are increasingly faced with an expanding population; which translates into an escalating housing demand within communities who have only a limited ability to expand their housing stock.

	1990 Population	1994 Population	1994 % of Total Pop	Chg. 1990- 1994 Total Pop	1990 White % Pop	1990 Minority % Pop	1990 Black % Pop
Study Area CTs	171,172	185,458	38.6%	8.3%	73.5%	26.5%	13.6%
Non-Study Area CTs	264,316	250,030	52.0%	-5.4%	92.1%	7.9%	3.7%
Central Eastside Study Area	43,542	44,370	9.2%	1.9%	85.7%	14.3%	3.5%
East Side Study Area	36,108	46,566	9.7%	29.0%	90.8%	9.2%	1.2%
Northeast Study Area	21,305	21,733	4.5%	2.0%	43.6%	56.4%	49.6%
North Study Area	57,251	58,728	12.2%	2.6%	71.2%	28.8%	20.1%
West Side Study Area	12,966	14,061	2.9%	8.4%	86.2%	13.8%	4.6%
Portland MSA	435,488	480,779	100.0%	10.4%	84.8%	15.2%	7.6%

Source: 1990 Census of Population and Housing Statistics, U.S. Census Bureau/Metro Regional Government

Table 1: Population

Race

Another factor to be considered is the impact of neighborhood demographic changes upon the minority population of Portland. On average, minority populations are at a greater disadvantage than their white counterparts due to both historical and demographic factors; as a group they have lower incomes, and experience a lesser quality of education. The Study Areas have a higher percentage of minorities than other areas of the City. In other words, any negative demographic or housing transformations will have a greater impact upon the minority residents of the Study Areas.

The preponderance of the minority population is situated in the income-impacted North, lower Southeast and Inner Northeast of Portland. (Table 1) Study Area census tracts have twice the minority population of non-Study Area tracts, with the highest concentration of African-Americans in the Northeast and North Study Areas. For the purposes of this Study, racially-concentrated areas are defined as census tracts that have minority populations greater than twice the City rate.⁷ (e.g. City rate equals 14.7%. Racially-concentrated tracts have a minority population equal to, or greater than 29.4% of the total population)

Population growth and race do not fully account for the differences between the Study Area demographic profile and the rest of the City. In almost all aspects, the population of the Study Areas is at a significant disadvantage in effectively competing for economic power, primarily jobs. This in turn restricts residents ability to secure adequate and affordable housing, whether they are first-time home buyers, existing home owners or renters. For the purposes of this Study, the indicators of this poor performance will be limited to a core demographic profile of education, age, and median family income.

Education

An important statistic for Study Area residents is that over 50% of the residents only have, at most, the equivalent of a high school diploma. A recent economic study of metropolitan regions found that, "Education's importance for urban success is growing... Between 1950 and 1970, an additional year of schooling on average in a city increased its growth rate by 3.8%. For the 1970 to 1990 period, that figure soared to 8.1%." ⁸ This is especially true of the Portland-Vancouver PMSA region with its focus on high technology and international trade, which requires an educated work force. The study further commented that, "The key to urban success or failure in today's economy is simple: high-skill cities prosper; low-skill ones stagnate or decline." ⁹

A better educated workforce, and a booming regional economy may result in significant economic disparity between "uneducated" and "educated" classes. This disparity further diverges by the fact that "less educated workers are more likely to be unemployed and, for those that are employed, more likely to work part-time." ¹⁰ Furthermore, workers "who had not completed high school face bleak job prospects... in 1994 the unemployment rate for high school non-completers was 13.5%... more than double the overall rate of 6.1%." ¹¹ If educational opportunities continue to be limited for Study Area residents they will be further excluded from the regional economic growth in favor of in-migrating workers.

Age

Age is another crucial factor in determining the economic health of a region. A young, poorly educated population will incur higher public costs (i.e. housing subsidies, public assistance, etc.), and will not participate as much in regional economic growth as a comparable well-educated person. These young workers will not have the skills to capture higher-paying jobs, and over the long-term their wages will not grow as fast as the rest of the population. A study of the United States labor force concluded that "those aged 20 to 24 years old, without a high school diploma, faced an unemployment rate of nearly 20%, while the rate for college graduates stood at 5.3%." ¹² Currently, the Study Areas have 89,333 individuals under age 34, or 55% of the total population. This is in contrast to the non-Study Areas where there is a population of 132,165 under 34 or 48% of the total non-Area population.

	AGE				HS or Less	Education College or More	% HS or Less
	< 18Yrs	18-34	35-64	>65 Yrs			
Study Area CTs	23%	31%	32%	14%	44,039	42,932	50.6%
Non-Study Area CTs	21%	27%	36%	15%	62,000	110,802	35.9%
Central Eastside Study Area	19%	36%	33%	12%	11,177	15,112	42.5%
East Side Study Area	25%	28%	32%	16%	13,038	9,115	58.9%
Northeast Study Area	30%	28%	31%	12%	2,754	3,435	44.5%
North Study Area	29%	27%	31%	13%	16,253	11,191	59.2%
West Side Study Area	3%	47%	31%	19%	2,946	5,633	34.3%
Portland MSA	22%	29%	35%	15%	106,039	153,734	40.8%

Source: 1990 Census of Population and Housing Statistics, U.S. Census Bureau

Table 2: Education and Age

Income

The most prominent factor in distinguishing the Study Areas from the rest of the City is their difference in income. Overall, since 1988 most areas of the City have not experienced significant growth in median family income. This is especially true of Study Areas, where income growth have significantly fallen behind other areas of the City. In 1990, the median family income (MFI) in the Study Areas was less than half the median income of non-Study Area census tracts and only two-thirds of City of Portland median income. (Table 3) Over time, after accounting for inflation, real income has actually *declined* in terms of 1990 dollars. (Figure 1)

During the 1980s, after controlling for inflation and using 1990 as a base year, MFI for a family of four was on the rise, from \$35,692 in 1982 to a high of \$38,896 in 1988. Inflation controlled median family income has since declined to \$36,923 in 1995 according to the Department of Housing and Urban Development, a decrease of 5.3% since the high point of 1988. From 1990 to 1992 real income levels experienced an average decrease of 2.8%, and have only recently risen to reach their 1990 level.

	Median * Family Income
Study Area CTs	\$22,013
Non-Study Area CTs	\$55,155
Central Eastside Study Area	\$22,792
East Side Study Area	\$24,362
Northeast Study Area	\$15,810
North Study Area	\$24,691
West Side Study Area	\$24,920
Portland MSA	\$34,038

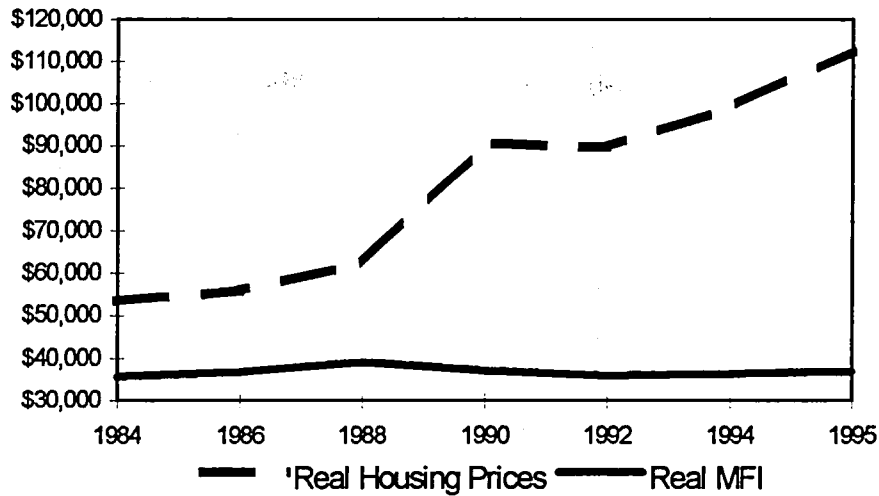
	Median Family Income Real (1990\$)		% Change
	1980	1990	
North	\$26,443	\$22,674	-14.3%
Inner NE	\$26,604	\$21,885	-17.7%
Outer NE	\$34,420	\$28,993	-15.8%
W/NW	\$25,566	\$20,864	-18.4%
Southwest	\$37,371	\$37,584	0.6%
Inner SE	\$24,989	\$24,389	-2.4%
Outer SE	\$29,379	\$24,839	-15.5%
Portland	\$29,253	\$34,038	16.4%

* Family of Four

Source: 1990 Census of Population and Housing Statistics, U.S. Census Bureau & Office of Neighborhood Associations

Table 3: Median Family Income

Real Income vs. Real Housing Prices (1990\$)

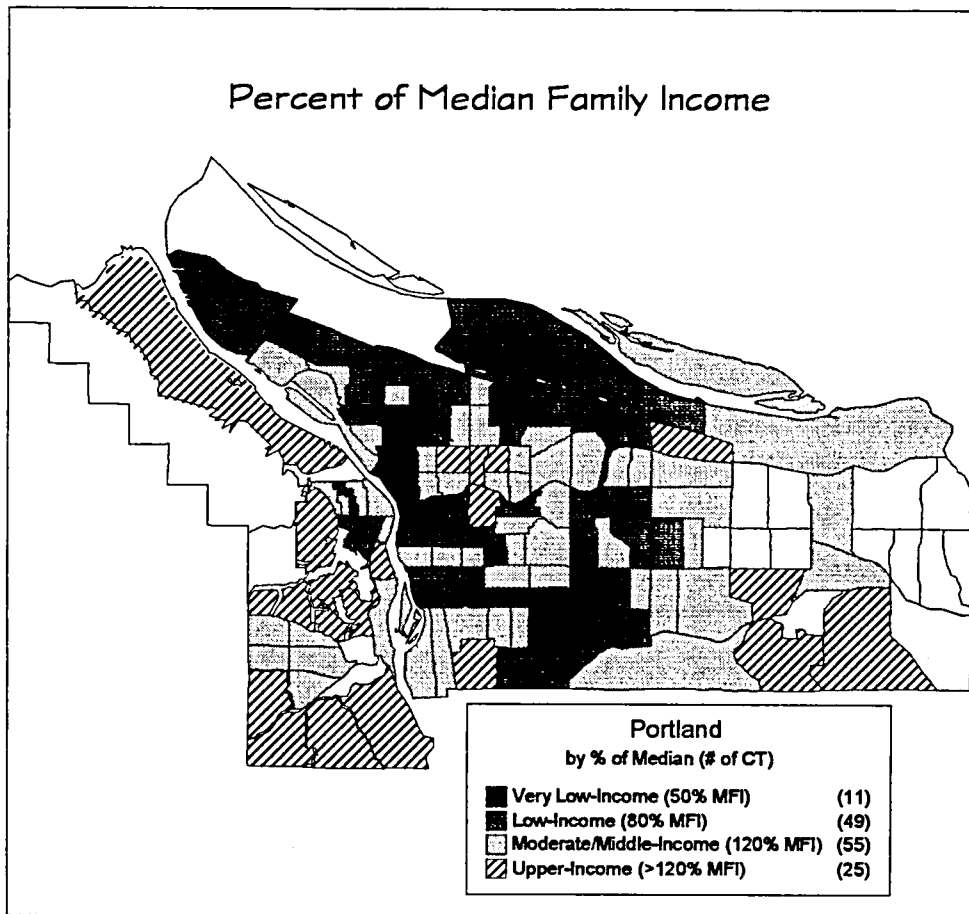


Source: RMLS and US Department of Housing and Urban Development

Figure 1: Real Income vs. Real Housing Prices

This trend of declining MFI is supported and amplified when median income is tracked geographically. The majority of the Study Areas in 1990 had a MFI of around \$24,800 for a family of four, or about 70% of the Portland average, with one notable exception - the MFI of the Northeast Study Area was only \$15,810, or half the income average City MFI and *one-third* of the non-Study Area census tracts MFI.

When median family income for a family of four is tracked over time a disquieting trend is apparent. In terms of real 1990 base dollars, the North, Northeast and Southeast *RMLS City neighborhood sections*¹³, the historically lower income areas of the City, have substantially lost income. (Table 3). Real income on average has declined by 13.1% since 1980 in these lower income areas. This has resulted in a significant decline in the ability for low-income families to maintain affordable housing in an appreciating housing cost market. Already this has begun to result in two separate Portlands: in 1990 there were 40,164 households (56.3%) in the Study Areas making less than 60% of the median family income.¹⁴



Source: 1990 Census of Population and Housing Statistics, Census Bureau

Map 2: Income

The minority population, on average, has a lower income than the white population. In 1990 the average per capita income of the white population in the City of Portland was \$15,745, the average per capita income of the minority population was \$9,278, or 59% of the white income level. This disparity lessens when the per capita income levels are compared within the Study Areas. The white population per capita income in the Study Areas is \$10,670 and the minority per capita income is \$7,856 or 73.6% of the white income level.

Demographic Profile Summary

The pressure of increased housing demand combined with the demographic disadvantages of younger age, poor education, low job skills for the emerging regional economy and lower income has created a crises within lower-income areas, especially the Study Areas. The benefits created and reaped by the upper-income residents are having little effect on the basic discrepancies of the region's demographic profile. In fact, the economic growth of one population has advanced the problems and isolation of the other.

From this emerging divergence, changes in economic growth and housing markets have an increasing and negative impact on Study Area residents' access to affordable housing. The Demographic Profile of the Study Areas identifies three important conclusions:

- **Increasing in-migration of workers has instigated higher housing demand within the Study Areas.**
- **Study Area residents are poorly equipped to compete for higher-paying jobs within the regional economy. Their present condition of having less education and a younger population indicates that this basic economic disparity will continue into the future.**
- **Income growth throughout the City has stagnated overtime, the Study Areas have experienced a moderate decline in income growth. This will have profound consequences on residents' ability to access affordable housing.**

¹ Jeremy T. Newberg, Portland, Oregon: Community Investment Opportunities (San Francisco: Community Affairs Department, Federal Reserve Bank of San Francisco, June 1992), p. .9.

² Ibid.

³ Newberg, p. 9

⁴ Metro Regional Growth Management Services and Data Resource Center, The 2015 Regional Forecast and Urban Development Patterns (Portland, OR: Metro Regional Government, February, 1996), p. POP-1.

⁵ U.S. Department of Commerce, Bureau of the Census, 1990 Census of Population and Housing, Portland-Vancouver OR-WA, CMSA Washington, D.C.: U.S. Bureau of the Census.

⁶ City of Portland, Oregon, Neighborhood Information Profiles (1979-1986), (1979-1986).

⁷ City of Portland, Oregon, Consolidated Plan, Fiscal Year 1995-1999, (June, 1995), p. 48.

⁸ Edward Glaeser, "Why Economists Still Like Cities", City Journal, (Spring, 1996): 72.

⁹ Ibid. p. 72.

¹⁰ Oregon Employment Office, 1996 Regional Economic Profile, (1996), p. 37.

¹¹ Ibid. p. 19.

¹² Ibid. p. 19.

¹³ This information is taken from the City of Portland, Office of Neighborhood Association's Neighborhood Information Profiles for 1981 and 1993. The sections of the City covered by these profiles are larger than the Study Areas and have changed slightly over time. The income figures referenced in this report should only be used as general indicators of income change. (See Appendix for ONA Profile sections.)

¹⁴ Please note that median family income is \$34,038. There are 18,437 families making less than 60% MFI or 50.3% of the total.

HOUSING MARKET PROFILE

Another component of the growing Affordability Gap are the changes taking place in the housing market. These changes form the market barriers to low-income home ownership. These issues are subject to intense debate due to the importance of home ownership in neighborhood stability and personal security. Home ownership is not merely an asset within a household's portfolio; it is a repository for dreams, hopes and a place of permanence in uncertain times. Historically, the neighborhoods of Portland have been communities of homeowners, but currently only half of all the housing units in the City of Portland are owner-occupied. This is a decline from a 71% home ownership rate in 1979¹ and is at the heart of a startling change in the residential structure of the City.

Housing affordability is a primary concern for not only housing advocates, but all sectors of the City's population. During the Metro 2040 public involvement process affordable housing was highlighted as a critical issue for future land use planning.² It is affordable housing which has sparked a new debate between residents, elected officials and neighborhood activists about the actions needed to ensure that all sectors of the population have the ability to access safe, decent and affordable housing, especially first-time home buyers.

This Study identifies three recent trends in the housing market:

- **Housing Ownership in the Study Areas has declined as housing demand has increased; the operative factors in this change have been appreciating home prices and stagnant income.**
- **Housing affordability has significantly decreased for Study Area residents overtime as home prices have increased faster than residents' purchasing power.**
- **Home purchasing power growth in Portland throughout the 1990s has largely been maintained by a decline in mortgage interest rates.**

This section will investigate several questions regarding the housing stock available in the Study Areas, and the changing cost of home ownership within the City of Portland. What types of homes are available for home ownership and what condition are they in, compared to the early 1980s? What is the cost of owning a home in the Study Areas, considering the type and age of the stock? Finally, how has median housing values changed over time and how has this affected the relative affordability of homes in the Study Areas?

Housing Units & Tenure

The City of Portland has been experiencing a dramatic change in the home ownership rates of its neighborhoods. The net effect of a limited housing stock due to already high density, increased demand due to population growth, and stagnant income growth is that home ownership in low-income census tracts has decreased. In 1990, only 50% of all City households were home owners. Within the Study Areas only 38% of households were home owners; as compared to 58% of all non-Study Areas. This is a decline from the early 1980s when the average home ownership rate in Portland was 71%. This decline is symptomatic of a growing Affordability Gap for low-income home buyers.

	Housing Units	Home Ownership Rate	Normed Homeownership Rate					
			White	Black	Amer Ind	Asian	Other	Hispanic
Study Area CTs	76,934	41%	110%	72%	37%	63%	50%	45%
Non-Study Area CTs	120,453	61%	105%	57%	49%	60%	37%	40%
Central Eastside Study Area	21,779	32%	109%	36%	13%	63%	44%	44%
East Side Study Area	15,169	56%	103%	45%	53%	77%	54%	39%
Northeast Study Area	9,614	45%	117%	93%	12%	62%	47%	49%
North Study Area	23,709	55%	118%	57%	47%	56%	48%	46%
West Side Study Area	9,845	4%	110%	0%	0%	74%	0%	0%
Portland MSA	197,387	53%	108%	59%	42%	60%	41%	41%

1990 Census of Population and Housing Statistics, U.S. Census Bureau

Table 4: 1990 Housing Units and Tenure

There is great disparity in home ownership rates *within* the Study Areas. In 1979, on average, 70-76% of all households were home owners in North, Northeast and Southeast Portland. By 1990, the East Side and North Study Area's home ownership rates were 53% and 51% respectively, a decline of 33% since 1979. The lowest ownership rate was just 4% in the West Side Area, a result of limited, high value single-family housing and a large number of condominiums. Both the Northeast and Central Eastside Study Areas now have lower home ownership rates than the City average, 38% and 30% respectively. (Table 4)

Another way of viewing the change in home ownership rates is to look at the *normed* rate by racial classification.³ If a particular race had an normed rate above 100% then they would be *over-represented* according to a normal distribution. If the rate was under 100% then they would be *under-represented*. (Table 4) Whites are over-represented in home ownership rates in the Study Areas based upon two factors: one, on average, whites have a higher income than minorities and therefore are more likely to have taken on the financial burden of home ownership; and two, in the past lenders have tended to make fewer loans to borrowers (both white and minority, though anecdotal information suggests institutional racism in Portland's past) attempting to buy a home in minority neighborhoods.

Housing Stock Characteristics

The City of Portland's housing stock has been a solid foundation for strong home owning communities. In general, the City has an abundance of single-family homes which are in good condition, and are aesthetically appealing. However, in the Study Areas, through housing surveys and the 1990 Census increased demand due to population growth has produced three new challenges:

- *The Study Areas have traditionally had a diversity of housing stock types to serve a diversity of incomes. However, with increased home ownership demand this has created a limited supply of single-family type stock.*
- *The quality older stock and the newer housing of lesser quality is at the end of their economic life, and requires significant rehabilitation.*
- *The limited supply of quality older stock in the face of higher housing demand has led a general price appreciation in the Study Areas.*

In 1990, the City had 127,117 units (74%) of single-family type housing (detached or semi-detached). In the Study Areas only 42,929 units (64.4%) were owner-occupied, single-family type housing, the rest (35.6%) are a diversity of multi-family units. The reason for this diversity in the Study Areas over time has been the demand of lower-income individuals seeking lower-cost rental housing. With less single-family stock this diversity has created a bottle-neck in the supply of traditional home ownership units -- single-family detached, or semi-detached housing -- even as home ownership demands have increased.

The superior housing quality of Portland's homes, combined with increased market pressure and limited ability to extend the supply in urban neighborhoods has prolonged the economic life of many units. Higher income purchasers look to low-income neighborhoods for larger "fixer-upper" homes to maximize the utility of their housing dollars. They can use the equity saved from not buying in more expensive neighborhoods to rehabilitate these older, larger homes, prolonging the units' economic life, limiting opportunities for construction of in-fill units, and in general, appreciating home prices in these low-income communities.

Housing Values and Sales

Since the mid-1980s, the Portland-Vancouver PMSA region has experienced a substantial increase in the prices in its housing market. A primary cause for the increasing Affordability Gap is that real median family income has stagnated, in terms of 1990 dollars, as the prices for other goods, especially housing, have increased dramatically. This price appreciation indicates a higher relative housing demand when compared to other areas of the City.

In 1984, the average home price in the City was \$68,140; in 1995 the average price was \$135,250, or an 104.5% price increase in just over ten years⁴ (Table 5). According to Real Estate Market Listing Service (RMLS), housing prices in North, Northeast and Southeast

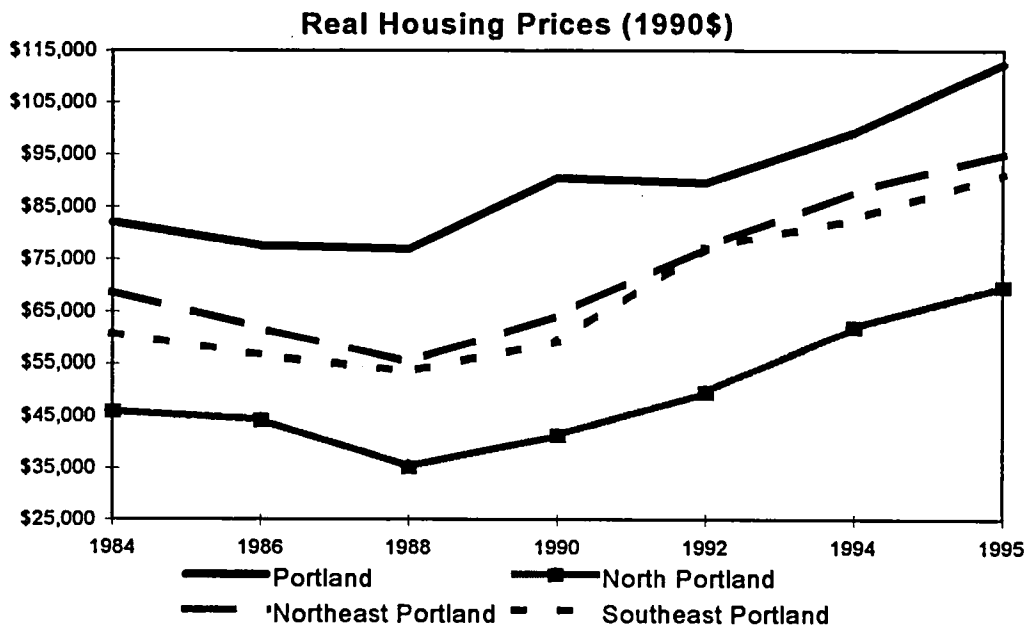
Portland have grown even faster. A possible indication of a slow down in this 10-year trend is that 1995 prices have appreciated less last year (16.6% average) than other years since 1990 (21.7% average).⁵

	Average House Prices							% Chg 1990-95
	1984	1986	1988	1990	1992	1994	1995	
Portland	\$66,140	\$65,900	\$69,120	\$90,460	\$98,300	\$116,025	\$135,250	49.5%
North Portland	\$37,100	\$37,600	\$31,700	\$41,300	\$54,400	\$72,400	\$83,800	102.9%
Northeast Portland	\$55,400	\$52,500	\$49,800	\$64,200	\$84,600	\$102,700	\$114,500	78.3%
Southeast Portland	\$49,100	\$48,100	\$48,200	\$59,200	\$84,600	\$96,600	\$109,700	85.3%
West/Northwest Portland	\$94,560	\$95,650	\$108,000	\$143,600	\$169,600	\$192,400	\$210,200	46.2%

Source: RMLS, Market Action and Metropolitan Portland Real Estate Report

Table 5: Nominal Housing Prices

Even after controlling for the effects of inflation, housing prices have increased substantially throughout the City. In 1995, the average home price in the City of Portland was \$112,473 in terms of 1990 dollars. This is an 18.4% increase over the real home price of \$90,460 in 1990, and a 14.1% increase since 1984. In the RMLS North, Northeast and Southeast Portland sections of the city, housing prices have risen between 25% and 30% (1990\$) since 1990. (Figure 2)



Source: RMLS, Market Action and Metropolitan Portland Real Estate Report

Figure 2: Real Housing Prices

Extraordinary demand due to significant in-migration has similarly led to an increased number of homes sold in Portland. Sales have doubled since 1984 to 7,930 units in 1995. However, there has been some degree of volatility in home sales in the mid-1990s. In 1992, sales fell throughout the City, in North Portland and Southeast Portland in particular, with Northeast Portland showing a moderate increase in sales that paralleled its higher price appreciation and housing demand. Again in 1995 sales stabilized, and even moderately declined in some areas of the City. (Table 6)

This may add evidence to a slow-down in the City's housing markets, the top to the real estate curve, or it may just signal an exhaustion in the marketplace and not signal cyclical downturn.

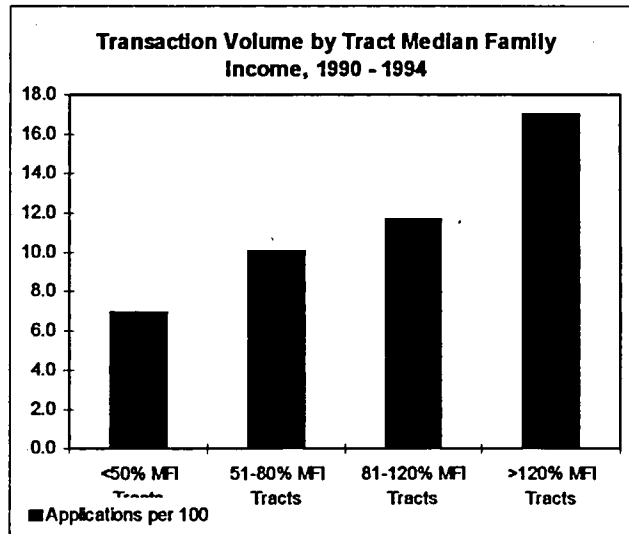
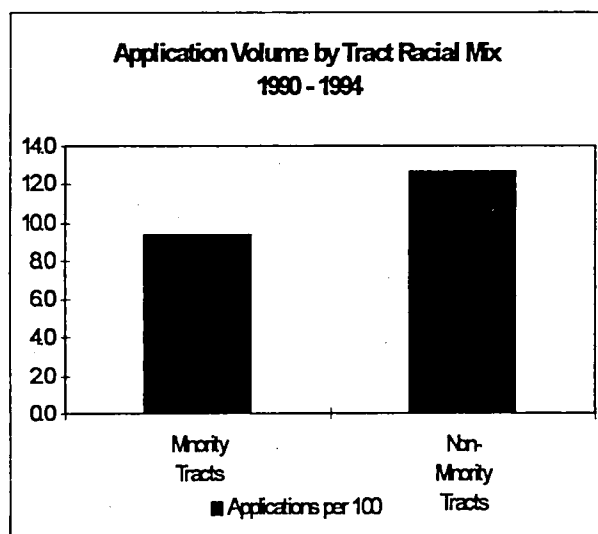
	Homes Sold							%Chg 1990-95
	1984	1986	1988	1990	1992	1994	1995	
Portland	4,144	5,586	6,347	7,709	7,288	8,143	7,930	2.9%
North Portland	297	401	533	757	663	953	944	24.7%
Northeast Portland	1,201	1,583	1,803	2,261	2,390	2,487	2,451	8.4%

Source: RMLS, Market Action

Table 6: Homes Sold

Historically, there has been greater activity in the housing market in non-minority, higher-income tracts. Over the period of 1990, 1992 and 1994, there were an average 9.3 home mortgage applications for every 100 owner-occupied units in racially concentrated tracts while there were 12.9 applications for non-racially concentrated tracts. (Figure 3) When analyzed on a yearly basis, both of these figures doubled from 1990 to 1994.

Applications have also tended to be higher in upper-income tracts over the same time period. (Figure 4) There were 7.0 applications per 100 owner-occupied units in very low-income tracts (<50% MFI), 10.5 applications in low-income tracts (51-80% MFI), 11.6 applications in middle-income tracts (81-120% MFI) and 17.0 applications in upper-income tracts (>120% MFI). For middle- and upper-income tracts these figures have doubled if analyzed on a yearly basis. In the very low- and low-income tracts, application growth has more than doubled, with very low-income tracts receiving *three times as many applications* in 1994 than they did in 1990. As housing prices continue to increase, the differences in applications to income-impacted tracts will achieve parity with upper-income areas.



Source (both Figures): 1990 Census, and 1990-94 HMDA Aggregation Tables

Figure 3: Application Volume by Race/Tract Figure 4: Application Volume by Income/Tract

Housing Market Turmoil: The Cascade Effect

The significant appreciation in housing prices, and elevated sales in the market have more than a straightforward effect than just increasing the Affordability Gap. As accelerating housing demand meets stagnant housing supply a market turmoil is created as individual buyers, of all incomes, attempt to find affordable housing. This turmoil is termed the “Cascade Effect”. The Effect works in the following manner: middle-income buyers are priced out of their current “traditional” market segment (price range and geographic location) and now must seek affordable housing in the next lowest (moderate-income) segment. These new buyers out compete the “traditional moderate-income buyers” for affordable housing due to their increased equity and higher incomes and a portion of the “losers” are displaced into the next lowest segment. Thus the Effect cascades or descends through the market. In the end, those at the bottom, the low-income, first-time home buyers are effectively pushed out of the market.

There are three important consequences for low-income families. The first is that higher-income home buyers out-compete lower-income buyers, forcing them to stay renters, where they often pay more than 30% of their income on housing. The second consequence is that as neighborhoods begin to gentrify,⁶ the appraised neighborhood property values begin to rise – excluding many first-time buyers. The final consequence is that many marginal buyers are forced to pay more for their homes as housing is an *inelastic* good.

The evidence for a Cascade Effect at this time is anecdotal, but data already presented above seems to demonstrate that the Effect is occurring. The consequences are detrimental to supporting low-income home ownership. Because the Effect is a disequilibrium in the market structure, in the short-run, *increased lending on the part of mortgage institutions, or governmental incentive programs will have little effect*. If change is to occur it must augment the basic supply or decrease the demand of these housing sub-markets.

Housing Affordability

Evidence suggests that rising housing demand, exhibited by real price appreciation, and stagnating income growth has led to an affordability problem for lower-income residents of the City. This is especially true of first-time low-income home buyers, who lack significant equity for a home purchase. Combining income and housing price information with information on changes in interest rates and housing costs allows for a more in-depth housing affordability analysis.

This analysis focuses on the final costs to home buyer and not a particular mortgage program’s guidelines. Thus, the Study includes a utility and maintenance cost in the housing affordability calculation, and not the common PITI (principal-interest-taxes-insurance) guideline. It does not contain a common debt figure, so that affordability should be adjusted downward as assumed debt levels increase. The analysis is based upon a median family income for a family of four buying a home in North, Northeast or Southeast Portland during the period of 1984 to 1995.

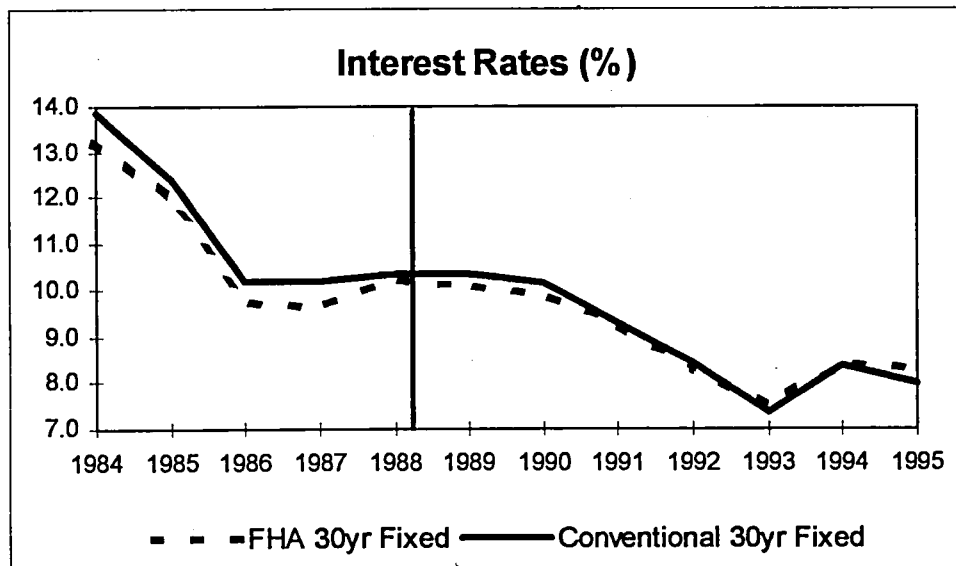
The assumptions are as follows:

Average Home Price:	RMLS Market Action Report figures
Interest Rate:	Effective avg. interest rate - all loans, Portland MSA, 30 yrs.
Loan-to-Value Ratio:	95%
Property Tax:	Multnomah County Tax Assessors Office
Mortgage Insurance:	FMIC rate
Utility Cost:	Section 8 Utility Allowance Schedule: 3 bdrm., 1,100 sqft. pre-1970 detached. (1986 - 1994)
Maintenance Cost:	Housing Development Center figures
Median Family Income:	U.S. Department of Housing and Community Development

Note: For full calculations please see Appendix I.

Home buyer purchasing power has not experienced a smooth expansion. There have been two distinct stages of development. The first is from 1984 to 1988, and the second from 1988 to 1995.

1984-1988: From 1984 to 1988 there were two significant events that elevated a home buyer's home purchasing power: a decline in interest rates and a moderation in home prices. In 1984, the effective interest rate for the Portland MSA was 12.4%. By 1988, it had declined to 8.9%. Also, the average home price had decreased from 5% to 10% across the City sections. The home buyers' purchasing power increased dramatically over this time period by effectively doubling the amount of housing that could be purchased. However, a readjustment of the interest rates and increased demand soon eroded affordability.



Source: FHA and FHLB

Figure 5: Conventional and FHA Yearly Interest Rates

1988-1995:

In 1990, affordability declined as the effective interest rate readjusted from 8.9% to 10.25%. It increased housing demand, due to significant in-migration, pushed up housing prices. While purchasing power declined from 1988 to 1990 as result of an increase in interest rates and housing prices, it soon rebounded as rates dropped throughout the early 1990s. However, even as purchasing power has increased, housing affordability has declined. Housing price appreciation has exceeded the monthly housing cost savings associated with the drop in interest rates, as real income has stagnated. In 1995 this gap widened as interest rates climbed to 7.42 % or an increase of .8 points from 1994.

Currently, housing affordability is at its lowest ebb since the recession years of the early to mid-1980s. Without a significant negative adjustment in housing prices, or an increase in income growth, affordability will continue to decrease.

North Portland Affordability

North Portland is currently the most affordable place to live for median and low-income (80% MFI) home buyers. Low-income home buyer purchasing power has continued to exceed home prices 1986 to 1994. (Figure 6) North Portland has persisted as the most affordable location for most buyers. Only in 1995 has housing price just surpassed purchasing power for low-income home buyers. This has been the case for very low-income home buyers (50% MFI) for the analysis period.

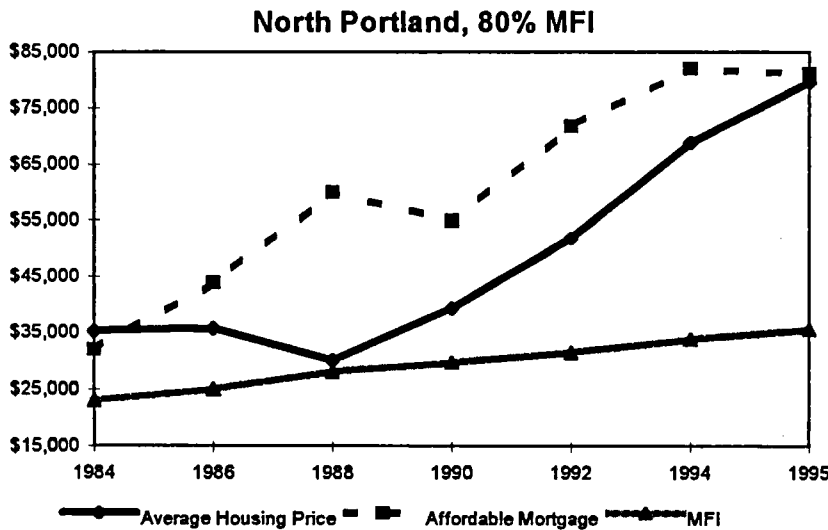


Figure 6: Affordability for a Family of Four at 80% of Median Family Income

Northeast Portland Affordability

Higher housing prices have decreased the affordability of homes for buyers in Northeast Portland. The higher home prices of the Northeast area have almost always exceeded the purchasing power of low-income home buyers. (Figure 7) Except for a brief period in 1988 when declining prices and interest rates made homes affordable, low-income buyers have only had modest gains in their

purchasing power for Northeast homes since 1988. This gap between housing prices/costs and purchasing power has widened since 1990, and is predicated to continue over the next several years. The Northeast has always been an unaffordable location for very low-income home buyers.

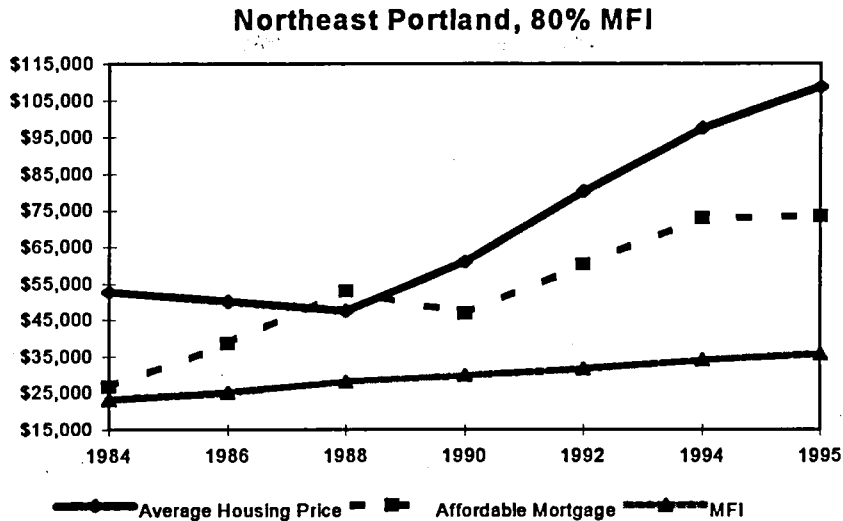


Figure 7: Affordability for a Family of Four at 80% of Median Family Income

Southeast Portland Affordability

Southeast Portland’s affordability has generally mirrored the trends in the Northeast. (Figure 8) For the median home buyer in the period of 1986 to 1994, purchasing power barely exceeded home prices/costs (again with the exception of 1988). In 1995, home prices/costs continued to rise, but not to such a degree as to match the Northeast. On average, Southeast Portland has been unaffordable for low-income buyers since 1990, with some pockets of affordability centered on neighborhoods with lesser quality housing. As in the Northeast this trend is predicted to continue. On average for very low-income buyers, the Southeast has persisted as an unaffordable section of the City.

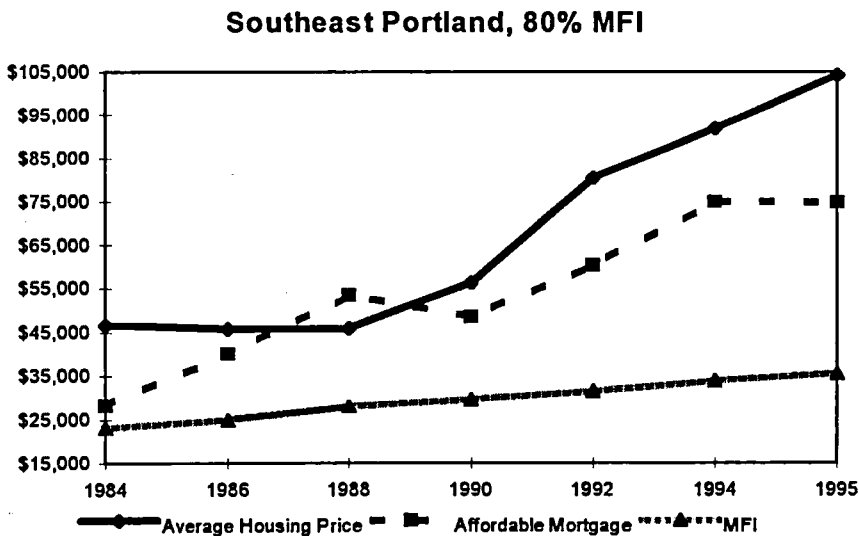


Figure 8: Affordability for a Family of Four at 80% of Median Family Income

Housing Section Summary

The inflation in regional housing prices has been a direct result of the region's economic growth and its high quality of life, both of which have attracted a major influx of new residents. This in-migration has resulted in several key changes in the housing market:

- **Increased housing demand, and income growth stagnation has increased an affordability gap for low-income residents, causing a decline in the home ownership rate. Current, short-run, housing unaffordability is the result of a basic disparity of increased demand and limited supply.**
- **The current diversity of housing stock in the Study Areas and other limitations - poor quality stock at the end of its economic life, restrictive zoning, and low home owner turnover - contribute to housing price appreciation and increasing housing costs.**
- **Housing in many areas of the City is unaffordable to low-income buyers and what is affordable to the median buyer is based upon the current drop in the effective interest rates. However, low-income buyers must compete with higher-income buyers seeking affordable housing in the Study Areas; this is what is known as the Cascade Effect.**

The result has been a growing affordability gap for median income buyers and unaffordability for low-income home buyers in many sections of the City. The drop in the effective interest rates since the 1980s has allowed the median home buyer's purchasing power to match the rising housing costs. However, as a real income continues to stagnate this transitory affordability will not last.

1 City of Portland, Oregon, Department of Public Safety, 1979 Neighborhood Information Program (February, 1980), p. vi.

2 Metro Regional Government, Region 2040: Decisions for Tomorrow, Region 2040 Public Involvement Report, (August 1994), p. 17.

3 This normed rate accounts for each race's home owner representation within a census tract. For the individual census tract rates the portion of population of each race was divided into the portion of home owners by race to give an observed home ownership participation rate. If the census tract had an even distribution of home owners across races, i.e. 25% of the tract is African-American, therefore 25% of the home owners are African-American, then the observed participation rate would be 100% (e.g. $.25 \div .25$).

4. Real Estate Multiple Listing Service, Market Action (1984 - 1995).

⁵ Ibid. 1990-1995.

⁶ For the purposes of this Study *Gentrification* describes the appreciation in appraised value of homes in a neighborhood associated with general rehabilitation of dilapidated structures, increases in neighborhood density, and any other economic changes to a community.

MORTGAGE LENDING PROFILE

In referring to bank mortgage lenders *The Oregonian's* ground breaking article, *Blueprint for a Slum* stated that, "The lenders have contributed to a lack of stable home ownership that is as much a factor in the decline of North and Inner-Northeast Portland neighborhoods as drugs, gangs and crime." This strong statement was a serious challenge to the lending community to improve its lending performance in low-income communities.

While the process of educating the lenders and consumers in the opportunities and obstacles of lending in these markets is on-going, in the past five years there have been several notable changes. Lenders have reoriented their mortgage program guidelines and processes to assist low-income borrowers. The establishment of the Portland Housing Center, with contributions from lenders and the City, and the creation of new lending programs are also indicators of this change.

Despite these changes, there has not yet been an in-depth look at how home mortgage markets in Portland provide credit to low-income, first-time home buyers. Without a careful study of the underlying housing market and an in-depth look at the actual lending figures, any assertion of true structural change would be premature. This section of the Study looks at the actual lending environment that connects the buyers with the housing stock through Home Mortgage Disclosure Act (HMDA) data from 1990, 1992 and 1994.

Results of this section show the following findings:

- **Applications for homes located in the Study Areas have risen 106% since 1990, indicating both increased marketing of loan products to lower income individuals and possible gentrification.**
- **Origination rates of government-insured mortgages for homes located in the Study Areas have risen from 76.9% in 1990 to 81.5% in 1994. There has been a 30% real increase in the average origination in 1990 dollars in the Study Areas.**
- **Denials in the Study Areas have dropped from 15.3% in 1990 to 13.2% in 1994. The denial rate for African-Americans and Hispanics has declined faster than any other racial group.**

This Study finds that:

Since 1990, there have been significant new opportunities for obtaining mortgage credit for under-served individuals and neighborhoods. These changes have had a positive impact upon the ability of low-income and minority individuals to achieve home ownership. Continued housing price appreciation and stagnant income growth are now the greatest threats to housing affordability for these individuals and communities.

What does HMDA mean?

Home Mortgage Disclosure Act (HMDA) data is a key piece of information for analyzing home mortgage credit flows. Most often HMDA is used in an attempt to prove redlining, or the illegal practice of lenders in discriminating against individuals based upon the income/racial characteristics of the neighborhood in which the purchase home is located. From the 1950s through the 1970s, many lenders did not make credit available to racially transitioning (from white to black) neighborhoods which they thought were excessively risky based upon discriminatory perceptions of the racial characteristics of these communities.

The Home Mortgage Disclosure Act¹ was passed in 1975 after a series of studies in the early 1970s by community groups charging lending discrimination. This act required that lenders report on the amount and selected characteristics of their loans by the census tracts in which they had a branch operating. The Community Reinvestment Act (CRA) was passed in 1977 mandating that HMDA lenders must lend a portion of their mortgage credit to qualified buyers in defined CRA Areas; or the economically/racially impacted areas of the central cities. (All of the Study Areas are in Portland's CRA Area.)

After the passage of both the HMDA and CRA legislation, the use of community discrimination studies became an integral part of community reinvestment strategies.² Still, banking deregulation, high interest rates and other factors during the 1980s shone a light on the limitations of HMDA/CRA data as a tool for communities fighting for fair lending practices. In 1989 the four major regulators - the Federal Reserve Board, Controller of the Currency, the Federal Home Loan Bank Board and the Federal Deposit Insurance Corporation, through the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) reformed the scope of collected data. The new HMDA/CRA (post-1990) data is the source of information for this Study.

HMDA generally applies to lending institutions that have assets of more than \$10 million and have a home or branch office in a metropolitan statistical area (MSA), or, in the case of a non-depository institution, that have loan activity within a MSA. HMDA also covers non-depository lenders that originate 100 or more home purchase loans during a calendar year, regardless of asset size.

Limitations of HMDA

There were significant limitations to 1975 - 1989 HMDA data, creating basic constraints to studies trying to prove *discrimination*. For purposes of this Study, statistics only describe lending activity, not whether there is discrimination. Since the reforms of FIRREA there has been renewed interest and debate over the significance of the "new" HMDA data. The debate does not restrict the descriptive power of the figures contained in this Study; HMDA limitations merely direct the user to knowledgeably and selectively focus the application of the data. The use of statistics in this Study must be tempered by the realization of these limitations.

Data obtained under HMDA may be inaccurate³

In many HMDA markets there are limited checks on the coding of data. These issues notwithstanding, Portland lenders have addressed this problem through quality checks throughout the data collection process.

Key lending decision variables are omitted⁴

Information on wealth, debt, monthly payments, credit history, property condition and appraised value is not available through HMDA data. The data also does not allow researchers to relate mortgage data to the number of qualified buyers, only to the number of owner-occupied units.

Typical statistical tests are inadequate⁵

HMDA statistics provide evidence of lending activity at the end of a long economic process. The final origination or denial decision has to first run the gauntlet of producing a willing borrower and seller, a Realtor, and loan officers before it reaches an underwriter. HMDA data does not account for all the steps in that process where discrimination may have already occurred. This may or may not account for lending discrimination.

The data does not capture the full market⁶

The rise of the secondary mortgage market has sparked a dramatic rise in the number of mortgage lenders. This dizzying array of lenders has broken down the traditional relationship of the local mortgage lender and borrower; today you can even apply for a mortgage over the phone. "Today, it is common for bank holding companies to set up mortgage banking subsidiaries who specialize in processing applications and servicing mortgages [who are outside the HMDA reporting requirements.]"⁷

In one HMDA study researchers found that HMDA reflects 69.3% of the total real estate transactions.⁸ These included independent and smaller mortgage companies (mortgage company affiliates of depository institutions do contribute to their parent company's lending performance), seller contracts and other types of non-mortgage sales.

Despite the limitations listed above there is still significant support for the value of HMDA research and statistics. As one commentator put it:

"Like all data, HMDA data are limited. Therefore, it is important to understand these limitations for the work of both conducting HMDA analysis and interpreting the results. But data limitations are not necessarily fatal flaws as often presumed in the politicized world of HMDA. HMDA data may not "prove" this or "demonstrate" that, but it can certainly "show" and "shed" a great deal of information on the disposition of residential credit decisions and the flow of credit in the metropolis."⁹

HMDA Section Methodology/Unit of Measurement

The HMDA data used in this Study is generated by aggregation reports available through the Federal Financial Institutions Examination Council. The analysis was limited by the unit of measurement found in the aggregation tables. HMDA data was available by census tract for loans, but did not have demographic information attached to those tracts. When HMDA data was reported by race and income it was reported on the MSA level and did not refer to specific census tracts. The inclusion of demographic data by census tract was accomplished by combining 1990 Census information with HMDA information.

A basic assumption is that the *ratio* of percentage of median family income (MFI) and racial composition of the individuals *did not change* over the HMDA study period, 1990-1994. It is also important to understand that this Study uses housing units and the number of homeowners in a census tract as measure for loan activity, and not the dollar value of the loans. The analysis in this report is measuring lending *activity* in traditionally low-income/racially impacted areas. Any interpretation of “proving” specific racial or income discrimination by the lending community is beyond the capability of the data.

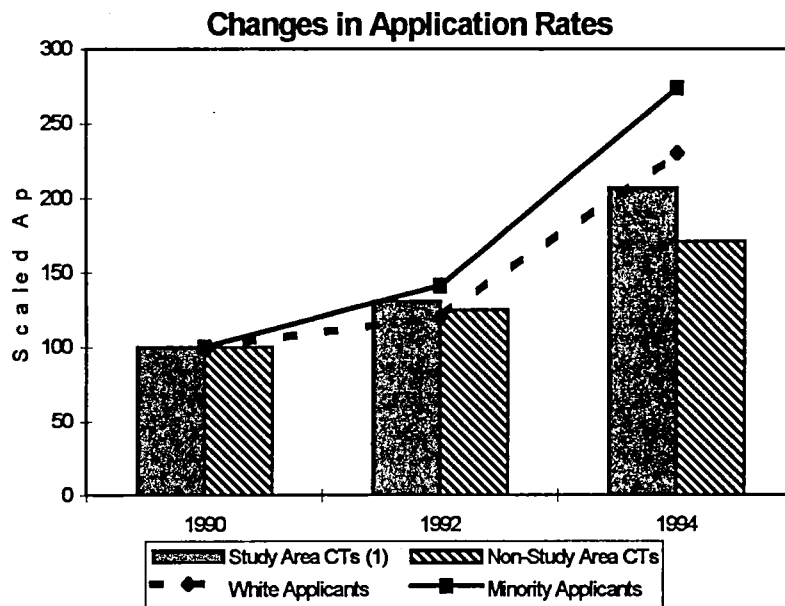
HMDA Patterns

There are three categories of HMDA data which indicate home mortgage credit activity: applications, originations, and denials. The data are reported by conventional loans or government-insured loans (FHA, FmHA¹⁰ and VA loans). Data can be further categorized geographically, by race and by income levels.

The conventional loan category contains loans designed for market-rate consumers and loans limited to low-income borrowers. One assumption of this Study is that: *conventional loans recorded in the Study Areas are primarily for low-income consumers*. This is by no means an assumption supported by statistically significant evidence, as there is no means of separating loans made to “gentrifying” families from those to low-income families. However, the Study proceeds with this general assumption, and will note areas where this assumption cannot be supported by other evidence.

Applications

In 1990 there were 7,193 reported home purchase applications; in 1994 there were 12,901 applications, or an increase of 79.4% over four years, as compared to a total population increase of 10.4% over the same time period.¹¹ The majority of those new applications were generated for properties located in the low-income Study Areas, with 106% more applications since 1990. (Table 7) This increase reflects the elevated housing demand, and through anecdotal evidence collected in interviews with lending institutions, it is partially due to enhanced home buyer education, and marketing strategies of many mortgage lenders.



In 1990, when the publication of *Blueprint for a Slum* took lenders to task over the limited availability of mortgage credit in low-income neighborhoods the institutional lending community has renewed its efforts to reach low-income home buyers. Lenders have done so through two methods: increased home buyer education for low-income families, and increased marketing of mortgage credit products.

Source: HMDA Aggregation Reports

Figure 9: Changes in the Application Rate

Lenders increased their home buyer education by holding additional home buyer classes in the neighborhoods, and supporting home buyer education through nonprofit groups, such as the Portland Housing Center. This has not only increased the awareness of the benefits of home ownership (and the responsibilities), but has also allowed low-income families to become accustomed to the lending process. Conversely, home buyer education has given lenders a greater perspective and sensitivity to needs of low-income families. Lenders have opened or enhanced mortgage lending offices in low-income neighborhoods and have developed additional targeted marketing strategies.

When applications are broken down into the types of loans and the geographic location of the prospective home, some interesting changes should be noted. Conventional loan applications are primarily responsible for the dramatic overall rise in loan applications in each of the Study Areas. In the Central Eastside Study Area government-insured mortgage applications actually declined by 53.6%, while conventional applications increased by 81.0%. This may

suggest a changing buyer profile within those locations. This is an area that would merit further study.

Another indication of how mortgage lenders have expanded credit opportunities is to look at applications by the race and income level of the applicants. However, the data's explanatory power is limited in that race and income data is only reported on the Portland MSA-level. Nevertheless, the use of MSA-level statistics will give a good indication of change within the housing market. It is evident from Table 7 that both minority and low- and moderate-income applications for all loan types lead the increase of applications in the MSA. Minority applications have increased 173.6% since 1990.

Geographic Area	Applications All Loans				% Chg 1990-1994	Applications FHA, FHMA, VA Loans				% Chg 1990-1994	Applications Conventional Loans		
	1990	1992	1994	1994		1990	1992	1994	1994		1990	1992	1994
Study Area CTs (1)	1,761	2,301	3,642	3,642	106.8%	835	1,067	1,077	1,077	29.0%	979	1,225	2,520
Non-Study Area CTs	5,432	6,783	9,259	9,259	70.5%	1,816	1,711	1,446	1,446	-20.4%	3,563	5,081	7,868
Central Eastside Study Area	485	521	637	637	31.3%	179	154	83	83	-53.6%	306	367	554
East Side Study Area	522	708	1,187	1,187	127.4%	277	360	367	367	32.5%	245	348	820
Northeast Study Area	151	257	436	436	188.7%	74	111	159	159	114.9%	77	146	277
North Study Area	534	741	1,292	1,292	141.9%	290	429	457	457	57.6%	244	312	835
West Side Study Area	53	43	48	48	-9.4%	3	4	2	2	-33.3%	50	39	46
City of Portland	7,193	9,084	12,901	12,901	79.4%	2,651	2,778	2,523	2,523	-4.8%	4,542	6,306	10,378
% of MSA Total	41.1%	42.7%	32.4%	32.4%	-21.1%								

Race and Income (2)

White Applicants	15,128	18,379	34,775	34,775	129.9%
Minority Applicants	1,465	2,071	4,008	4,008	173.6%
Race N/A	888	820	976	976	9.9%
<80% MFI Applicants	3,609	4,863	10,457	10,457	189.7%
81 - 100% MFI Applicants	2,599	3,256	6,885	6,885	164.9%
101 - 120% MFI Applicants	2,230	3,104	5,371	5,371	140.9%
>120% MFI Applicants	8,397	9,252	16,311	16,311	94.2%
Income N/A	659	795	735	735	11.5%

(1) Totals City of Portland Census Tracts only.

(2) Totals for entire Portland MSA region

Source: HMDA Aggregation Reports

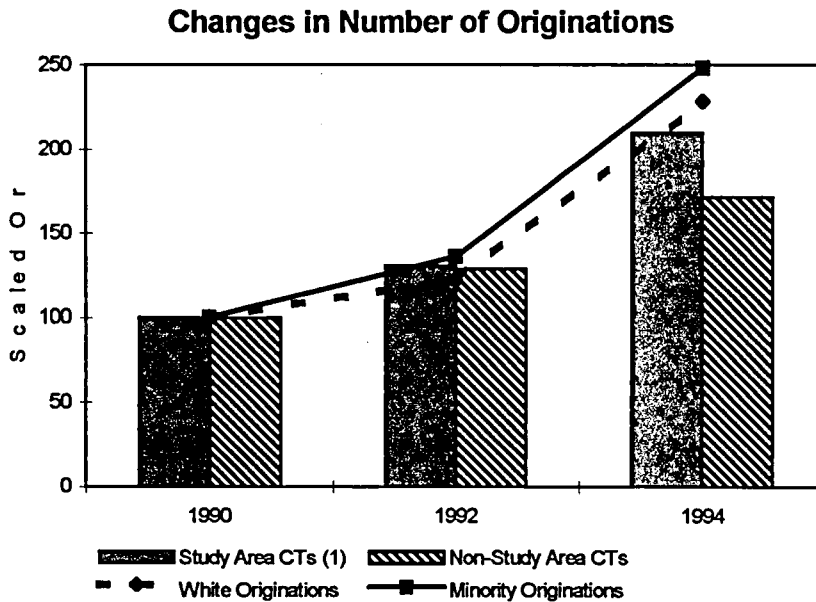
Table 7: Applications

Originations (Closings)

The number of applications for homes in a particular census tract or from a type of applicant can only roughly indicate housing activity and a lender's marketing efforts. The number and dollar amount of mortgage originations, or commonly known as closings, is a direct measure of the final step in the home buying process.

In 1990, there were 5,480 originations in the City of Portland meaning that 76.2% of the total applications resulted in a mortgage. By 1994, originations had climbed to 9,839, a 76.7% origination rate. In the Study Areas there were 1,316 originations (74.7%) in 1990 and in 1994 that figure had more than doubled to 2,756 originations (75.7%), but again the origination rate is stable. (Table 8) These figures indicate that number of qualified buyers in the Study Areas has not changed, even while there have been significant increases in housing prices.

When originations are broken into racial and income categories an important trend is revealed. Credit offered to minority and low-income residents expanded between 1990 and 1994. Portland MSA origination rates have only increased moderately among the lowest income category, and are stable for moderate-income individuals.



Among minority applicants the origination rate decreased slightly from 73.5% to 71%. This could be in large part due to the fact that minority residents receive less income than their white counterparts. This general characteristic of minority applicants results in a larger number of borrowers who do not qualify for conventional loan products.

Source: HMDA Aggregation Reports

Figure 10: Changes in the Origination Rate

Originations for government-insured products have shown a marked increase since 1990. In 1990, applicants in the Study Areas had 76.9% of their mortgages originated, in 1994 that number increased to 81.5%. There are a number of possible explanations for the rise in government-insured lending. They include increased marketing for these products, lenders reducing their risk exposure with rising housing prices and stagnant incomes, the introduction of new variations of government-insured products, and/or the establishment of home owner assistance programs.

While origination rates have been stable, the average origination amounts have increased over time in response to rising housing prices. In 1990, the average origination amount was \$64,304 in the City of Portland, or 71.1% of the average home price. In 1994, the average origination increased to \$98,657 or 85% of the average home price. This is a real increase of 30.1% in 1990 dollars. The two primary causes for this change have been stagnating incomes coupled with increasing home prices, and lenders' increased use of secondary mortgage market products for lower-income borrowers.

	Originations All Loans		% Chg. 1990-1994	Origination Rate		Originations FHA, FHMA, & VA Loans		% Chg. 1990-1994
	1990	1994		1990	1994	1990	1994	
Study Area CTrs (1)	1,316	1,719	109.4%	74.7%	74.7%	642	812	38.8%
Non-Study Area CTrs	4,164	5,366	71.4%	76.7%	79.1%	1,444	1,337	-19.3%
Central Eastside Study Area	366	409	33.6%	75.5%	78.5%	143	121	-33.1%
East Side Study Area	388	528	87.4%	74.3%	74.6%	221	283	33.0%
Northeast Study Area	117	182	345.9%	77.5%	70.8%	56	73	133.9%
North Study Area	361	547	988.7%	67.6%	73.8%	210	329	79.5%
West Side Study Area	39	33	-17.9%	73.6%	76.7%	2	2	-50.0%
City of Portland	5,480	7,085	80.5%	76.2%	78.0%	2,086	2,149	-2.1%

Race and Income (2)

White Originations	11,897	14,544	27,167	128.4%	78.6%	79.1%	78.1%
Minority Originations	794	1,081	1,969	148.0%	73.5%	71.6%	71.0%
Race N/A	354	534	544	53.7%			

<80% MFI Originations	2,460	3,611	7,350	198.8%	68.2%	74.3%	70.3%
81 - 100% MFI Originations	1,985	2,593	5,263	165.1%	76.4%	79.6%	76.4%
101 - 120% MFI Originations	1,769	2,510	4,272	141.5%	79.3%	80.9%	79.5%
>120% MFI Originations	6,937	7,508	13,432	93.6%	82.6%	81.2%	82.3%
Income N/A	197	397	420	113.2%			

(1) Totals City of Portland Census Tracts only.

(2) Totals for entire Portland MSA region

Source: HMDA Aggregation Reports

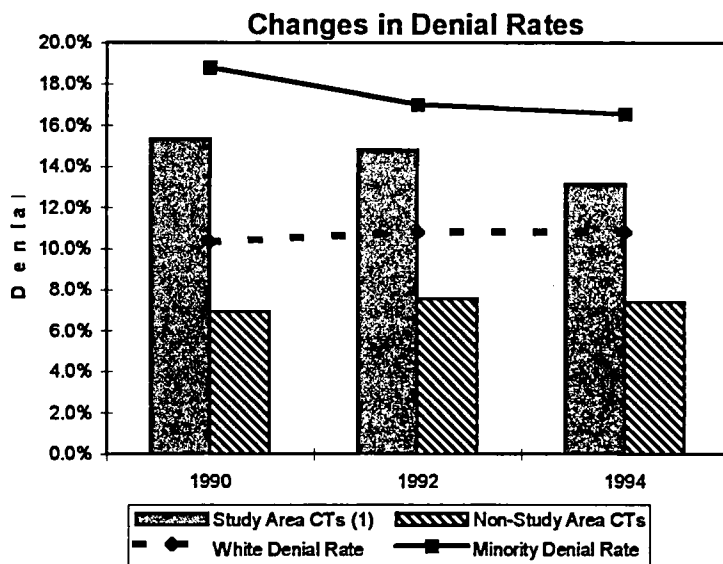
Table 8: Originations

Denials

There are many reasons for an application to be denied: bad credit, insufficient income, excessive debt, poor employment history among other economic decisions made by lenders. There are also other motivations for the denial of mortgage credit that are not solely based upon risk factors; these are perceptions about a persons ability to repay debt based on the color of their skin, their religion or where they live. Another source for denial of credit states “continued discrimination against minorities in credit market situations could result from a lack of ‘cultural affinity’ between white loan officers and minority applicants.”¹² A recent study found strong evidence that white loan officers spend less time on qualifying minority applicants - that is, “a loan applicant’s credit history and monthly obligations ratio appeared to be assessed differently for minority (black and Hispanic) borrowers than for whites.”¹³

It is very difficult for practitioners to separate out the effect of discrimination and passive cultural affinity from the denial of credit to those truly unqualified. However, disproportional denial rates today may also be partially explained by the increased marketing efforts of lender in response to the “Blueprint” series. This Study does not attempt to account for all the effects involved in denying Portland applicants.

For families applying for homes in the Study Areas, the average denial rate was 15.3% in 1990; by 1994 that number had fallen to 13.2%. (Table 9) However, not all Study Areas had a decrease in the denial rate. The Northeast actually saw an increase in the denial rate, from 9.5% in 1990 to 16.5% in 1992 and then a relative drop to 10.3% in 1994. Again, it is impossible to separate out the effects of increased applications from higher-income individuals seeking homes in the traditionally low-income Study Areas, from unqualified low-income applicants.



Denial rates for minorities and for low-income applicants have also been decreasing over the past several years. In 1990, minority applicants were being denied credit 18.8% of the time, in 1994 that rate dropped to 16.5 percent. The greatest change has been seen in the decline of denial rates for African-Americans and Hispanics. In 1990 21.5% of all African-Americans in the

Source: HMDA Aggregation Reports

Figure 11: Changes in the Denial Rate

Portland MSA were being denied credit; that number has since dropped to 15.3% in 1994. Hispanics experienced a similar decline from 32.0% to 21.6% in 1994, with a low of 19.1% in 1992.

The denial rate for low-income applicants has decreased for those individuals making less than 50% of MFI. There has been a similar, but more moderate decrease for applicants making between 51 and 80% of MFI. Middle income applicants have had their denial rates only slightly drop, while upper-income applicants are facing a stable denial figure.

One thing must be noted: denial rates have fluctuated over time as shown by Table 9. In general, denial rates declined sharply from 1990 to 1992, and then have readjusted upward to 1994. Overall, the decline in the denial rates was very closely tied to fluctuations of the market, as many of the lower-income applicants are typically marginally qualified for mortgage credit.

	Denial Rate All Loans			% Chg. 1990-1994	Denial Rate FHA, FHMA, & VA Loans			% Chg. 1990-1994
	1990	1992	1994		1990	1992	1994	
Study Area CTs (1)	15.3%	14.8%	13.2%	-14.3%	17.1%	18.8%	11.2%	-34.9%
Non-Study Area CTs	6.9%	7.6%	7.4%	6.9%	13.0%	14.6%	12.4%	-4.4%
Central Eastside Study Area	14.1%	11.3%	11.2%	-21.0%	14.7%	11.6%	10.4%	-28.9%
East Side Study Area	14.0%	13.9%	13.7%	-2.3%	11.8%	14.8%	12.9%	9.9%
Northeast Study Area	9.5%	16.5%	10.3%	8.0%	14.3%	32.9%	7.6%	-46.6%
North Study Area	20.2%	17.4%	13.7%	-32.2%	25.7%	21.0%	11.7%	-54.6%
West Side Study Area	14.9%	11.1%	18.7%	25.6%	0.0%	50.0%	0.0%	0.0%
City of Portland	12.2%	12.7%	12.0%	-1.8%	14.3%	16.2%	11.9%	-16.7%

Race and Income (2)

White Denials	10.4%	10.8%	10.8%	4.6%
Minority Denials	18.8%	17.0%	16.5%	-12.0%
Race N/A	29.3%	18.9%	20.2%	-31.1%

<80% MFI Denials	19.8%	13.2%	17.2%	-13.3%
81 - 100% MFI Denials	13.0%	11.4%	12.2%	-5.7%
101 - 120% MFI Denials	10.7%	9.5%	9.8%	-8.2%
>120% MFI Denials	7.2%	9.1%	7.2%	0.0%
Income N/A	24.4%	23.5%	22.0%	-9.8%

(1) Totals City of Portland Census Tracts only.

(2) Totals for entire Portland MSA region

Source: HMDA Aggregation Reports

Table 9: Denials

HMDA Methodology & Scoring

There are severe limitations involved in the use of HMDA. The home mortgage process is a complicated economic model, and that complexity lies at the very heart of the problem. The use of overly simplistic methods will appear to show causation between lending rates and demographic data that does not exist, or that is only marginally related. On the other hand, the use of complex statistical models only allows for the researcher to focus on only small aspects of the lending process with any surety.

The key to solving this dilemma is to create a set of simple, but powerful tools that use publicly available HMDA data. They must be flexible enough to apply to various geographic and data configurations and accessible enough for community groups to manipulate easily. Anne B. Shlay, Ph.D. of Temple University's Institute for Public Policy Studies,¹⁴ developed a set of quantitative measures that may be used to profile individual lender's residential lending activities focusing on the racial and economic characteristics of individuals and communities.¹⁵

This set of "quantitative measures" has been adapted here for measuring aggregate lending performance, profile characteristics associated with loan applications, originations and denials. A summary "CRA Tract Score" is calculated to assess the performance of the lending market based upon the racial and income characteristics of the census tracts in which there were applications, originations and denials. The Scores will demonstrate how good CRA performers "received proportionally more applications, originated more loans, and denied fewer loans in lower income, minority, central city census tracts."¹⁶

The Community Reinvestment Act mandates that "lenders have an affirmative obligation to make loans in low and moderate communities." The measurement of a lender's performance, in this case - the market's performance, should be the number of loans made in these communities. There are two basic measures in evaluating mortgage lending performance: the market share of loans and the CRA Tract score.

Market Share

Market share is a "conventional measure" of lending performance; meaning that the higher the market share the better the lending community is doing in capturing market consumers. Each market share calculation is based on the total originations for different income groups and geographic areas. The income groups are: low and moderate (0-100% MFI), middle income (101-120% MFI) and upper-income (>120% MFI). The geographic areas are: the total Study Areas, the total non-Study Areas, the individual Study Areas: Central Eastside, Eastside, Northeast, North, the West Side Area, and, finally, the City of Portland as a whole.

These measures are computed as follows¹⁷:

$$MS_{il} = (T_{il} / T_l) * 100$$

where:

MS_{il} is the market share for lending in submarket i in market l (e.g., loans to low and moderate-income individuals, or in Central Eastside Study Area)

T_l is the total number of originations in market l

T_{il} is the total number of originations to submarket i in market l

Each market share is computed as a percentage of the market's lending to a particular submarket in relation to the total market activity.

CRA Tract Scores

To assess overall performance, Shlay designed a measure which "is designed to account for the percentage of a lender's transactions (applications, originations and denials) with particular groups of people...within particular types of geographical communities."¹⁸ For loan applications and originations, the higher the score in lending to minority, and low and moderate-income census tracts, the better the market is doing in providing mortgage credit. For loan denials the higher the score indicates that lenders are denying more loans within lower income, minority census tracts.¹⁹

The CRA score was designed to allow for some census tracts to influence the score more than other tracts. Low and moderate-income, and minority characteristics were given more *weight* than upper-income and/or white tracts. These individual weights were combined to form a composite weight for each tract. (e.g. low-income, minority tracts have a higher weight than middle income white tracts) The characteristics for each tract come from the 1990 Census data, and each weight derived from its relative importance in evaluating CRA performance.²⁰

<u>Tract Characteristics</u>	Composite Weight	# of Tracts Observed	% Total Tracts
High Income Minority	0.4	1	0.7%
High Income White	0.0	27	19.3%
Middle Income Minority	0.6	3	2.1%
Middle Income White	0.2	24	17.1%
Moderate-income Minority	0.8	13	9.3%
Moderate-income White	0.4	26	18.6%
Low-income Minority	1.0	21	15%
Low-income White	0.6	26	18.6%

Table 10: Composite Weights

As Shlay has described it: These composite weights are designed to give the market a maximum raw score of 100 and a minimum raw score of 0. For example, low-income, minority tract areas are assigned a weight of 1.0, the highest weight possible. If the market made all of its loans in these types of communities, it would receive a raw score of 100 (weight of 1.0 times 100% = Raw CRA Tract Score of 100). Conversely, if the market made all of its loans in high income, white tracts, it would receive a raw score of 0.0.

Conceptually, the score works to give a maximum score to lenders who make loans in minority, lower income tracts. But this definition of performance penalizes lenders, [therefore the market], who do business in a diversity of areas and with a diversity of people...Therefore, it is important to 'correct' the raw score to account for possible Scores given the racial and economic mix of individuals and neighborhoods with the [City].

To create a normed score that accounts for each group's representation within a community, a 'maximum fair score' is computed. For the CRA Tract Score, the census tracts within the City are divided into each group associated with each composite weight. Each percentage of the population of census tracts was weighted by the composite weight. The sum of the weighted percentages indicates the market's maximum fair score. This score represents better or worse performance by the lender versus an "expected" performance based on the observed distribution of the population being measured, modified by the weight of that population's importance in meeting CRA guidelines.

Each formula calculates the market's raw score (numerator) divided by the market's maximum fair score (denominator). The resulting score, multiplied by 100, is the ratio of the market's fair score to the maximum fair score. For loan applications and originations, a ratio

of raw score to fair score that is greater than 100 is performing better than what would be predicted given the distribution of the census tracts. For loan rejections, scoring over a 100 indicates poor performance, there are more denials than would be expected in these tracts.²¹

The formula for calculating the CRA Tract Score is

$$\frac{\sum((L_{it} / L_i) * W_t) * 100}{\sum((T_{it} / T_c) * W_t * 100)}$$

where:

L_{it} = loan application, origination or rejection by of submarket i in census tract t

L_i = total loan application, origination or rejection in submarket i

W_t = weight assigned to census tract t

T_{it} = number of census tract t of submarket i type

T_c = total census tracts

HMDA Analysis

The analysis of the 1990, 1992 and 1994 HMDA data is segregated into two pieces: government-insured mortgages (FHA, FmHA, VA), and conventional loans. This allows for differences in mortgage lending to be analyzed with some detail. The Study demonstrates the changes in credit amounts and types to the various racial, income and Study Area submarkets.

Grading of the CRA Tract Scores is taken from Shlay's schedule: A+ for Scores 100 or above; A for Scores between 76 and 99; C for Scores between 51 and 75; D for Scores between 1 to 25; and E for Scores that equal 0. Scoring for denials is slightly different. A score of above 100 would indicate more denials than expected, or a disproportionate share of denials for the sub-group receiving that score (i.e. low-income, or minority tracts). A score below 100 would indicate less denials than expected from the distribution of the sub-population being measured. There are no graduated Scores for denials, as there are in applications or originations.

Conventional Loans

Market Share by Tract Income			Market Share by Location				
Low CT Mrkt Share <u>1990</u> 20.4%	Low CT Mrkt Share <u>1992</u> 33.5%	Low CT Mrkt Share <u>1994</u> 33.8%	Study Area CTs 24%	Non-Study Area CTs 76%	1990 24%	1992 37%	1994 37%
Mod CT Mrkt Share <u>1990</u> 27.3%	Mod CT Mrkt Share <u>1990</u> 27.8%	Mod CT Mrkt Share <u>1990</u> 28.3%	C. Eastside Study Area 9%	East Side Study Area 6%	Northeast Study Area 2%	North Study Area 6%	West Side Study Area 1%
Middle CT Mrkt Share <u>1990</u> 19.7%	Middle CT Mrkt Share <u>1990</u> 18.1%	Middle CT Mrkt Share <u>1990</u> 17.7%	Portland MSA 100%	Portland MSA 100%	Portland MSA 100%	Portland MSA 100%	Portland MSA 100%

Table 11: Conventional Loan Market Share

Origination Market Share

Conventional loans have comprised an increasing share of the lending market in low-income communities since 1990. In 1990, only 20.4% of total loan transaction for homes to be purchased in low-income census tracts were conventional loans. By 1994 the market share had grown to 33.8%, or an increase of 66%. This may be due in part to increased marketing on the part of lenders and flexibility of programs, or perhaps increased gentrification. In the moderate-income areas market share of conventional loans has remained fundamentally stable, while in middle income areas market share has declined from 19.7% in 1990 to 17.7% in 1994. This moderation may be due to the dampening of housing demand and the dwindling supply of qualified low-income borrowers through rising home prices and stagnating incomes.

When market share is examined in the Study Areas the mortgage market has significantly increased its share of conventional product lending. In 1990, 24% of all conventional mortgage transactions took place in the Study Areas, as opposed to the 76% share of non-Study Areas. By 1994, the Study Area share rose to 37% and the non-Study Area share declined to 63%. Most of the Study Area share increase took place in Northeast and North Portland Areas. The Northeast share tripled from 2% to 7% and in the North doubled from 6% to 11%. The Central Eastside Area market share actually declined by a percentage point.

CRA TRACT SCORES: Conventional Loans

	Total Applications			Originations			Denials		
	1990	1992	1994	1990	1992	1994	1990	1992	1994
High Income Minority	34.7%	94.0%	93.4%	35.9%	40.6%	47.4%	32.3%	50.0%	44.2%
High Income Non Minority	110.6%	98.5%	92.0%	118.1%	88.6%	76.7%	86.0%	83.3%	49.1%
Middle Income Minority	101.1%	93.3%	92.0%	101.4%	116.2%	104.9%	87.4%	101.0%	88.9%
Middle Income Non Minority	82.5%	91.4%	93.4%	84.5%	89.5%	97.2%	84.4%	90.4%	90.6%
Moderate Income Minority	105.9%	104.1%	105.7%	100.3%	101.6%	112.4%	111.7%	110.6%	121.2%
Moderate Income Non Minority	49.0%	96.6%	96.4%	44.2%	45.2%	63.5%	73.7%	78.6%	84.8%
Low Income Minority	70.5%	102.4%	104.0%	63.2%	69.3%	83.9%	120.3%	93.3%	112.1%
Low Income Non Minority	79.2%	97.2%	96.7%	78.2%	78.7%	83.7%	85.1%	86.7%	84.4%
CRA TRACT SCORE	0.29	0.05	0.06	0.31	0.28	0.23	0.29	0.19	0.29
Standard Deviation									

	Total Applications			Originations			Denials		
	1990	1992	1994	1990	1992	1994	1990	1992	1994
Study Area CTs	62.4%	97.7%	98.3%	58.6%	60.6%	76.1%	84.0%	82.5%	97.5%
Non-Study Area CTs	122.9%	101.4%	101.0%	125.2%	124.0%	114.6%	109.8%	110.6%	101.5%
Central Eastside Study Area	101.9%	99.4%	97.9%	99.3%	91.1%	81.6%	121.0%	91.7%	88.3%
East Side Study Area	73.3%	100.1%	101.6%	72.3%	77.9%	100.1%	76.2%	95.5%	127.1%
Northeast Study Area	29.7%	95.1%	92.7%	31.3%	40.3%	48.3%	29.0%	57.5%	50.1%
North Study Area	56.6%	97.7%	102.6%	46.2%	50.7%	87.4%	107.5%	98.3%	138.4%
West Side Study Area	27.0%	93.1%	90.6%	22.6%	19.2%	31.6%	51.6%	35.0%	26.5%
Portland MSA	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
CRA AREA SCORE	64.7%	97.6%	97.6%	62.0%	63.2%	74.8%	80.9%	79.7%	88.4%
Standard Deviation	0.33	0.03	0.05	0.34	0.32	0.28	0.35	0.27	0.43

TABLE 12: Conventional Loan HMDA Scoring

CRA Tract Scores

Applications

The mortgage market has consistently improved its conventional lending in low- and moderate-income markets since 1990. The most dramatic increase has been the number of buyer applications looking to purchase a home in these areas. Changes in low- and moderate-income minority census tracts also show a steady increase in transactions. In 1990, total applications for moderate-income minority tracts was getting a "grade" of a A- in moderate tracts and a C+ in low-income minority tracts. By 1994, lenders raised their grade to an A in both types of tracts due to increased affirmative marketing strategies. Overall, Portland lenders have raised their CRA tract application Score from a A- to an A in the study period.

Originations

A similar story is evident in the origination CRA Tract Scores, but to a lesser degree. By 1994, lenders had raised their Scores to A's or A+'s for moderate-income minorities and non-minorities. The one note of concern is that for low-income minorities. The CRA Score for conventional loans in 1994 was only up to a 63.5% (B) from 44.2% (C) in 1990. However, as shown by the Demographic Profile, minority residents typically earn less than their white counterparts. These applicants would not, on average, be as qualified base on income for conventional loans than for more flexible government-insured products.

When conventional origination Tract Scores are examined geographically it is clear that the mortgage market has generally increased the flow of credit to the Study Areas. In 1990, mortgage lenders were achieving an average lending record by scoring only 58.6% (B-), but by 1994 that Score had climbed to 76.1% (A-), as compared to a moderate decline of the origination Score for white tracts.

Conventional lending origination CRA Tract Scores by Study Areas, however, does leave room for improvement. The Study Areas represent long-term low-income communities, and are the "core" of affordable housing stock for low-income residents. There has been an overall decline in conventional originations in only two of the Study Areas. In both the Central Eastside Area lending Scores have either declined (99.3% to 81%), or as in the Northeast Area a steady increase, but still a poor performance (from 31.3% in 1990 to 48.3% in 1994). A probable reason for this poor performance is the precipitous rise in housing prices (possible gentrification) and the limited purchasing power of low-income residents.

In other Study Areas Scores have increased. North Portland origination Scores have exhibited a positive increase from 1990 (C) to a Score of 87.4% (A) in 1994. Considering that North Portland has the lowest income and highest minority concentrations in the City, this is a positive step for mortgage lenders over the study period. In the Eastside Study Area origination Scores are 100.1% (A+). Overall the mortgage market has steadily increased their average CRA tract Score from a low of 62.0% in 1990 to 74.8% in 1994.

Denials

Denial Scores have shown more volatility over the study period. In low-income minority areas conventional denial Scores began to rise, from 73.7% to 84.8% in 1994. However, this is still a "good" Score for the mortgage market, that is lenders are denying fewer low-income minority applicants than expected. For moderate-income minority applicants denial Scores are also rising, but again have not topped 100%, indicating better than expected performance. The opposite is true for comparable white applicants. The denial Scores for both low- and moderate-income white census tracts were over 100% (112.1% and 121.2% respectively) in 1994.

Three of the Study Areas have had increasing denial Tract Scores since 1990. Of these three the Eastside and North Study Areas have denial Tract Scores well over 100% (127.1% and 138.4%), indicating poor performance by lenders. The Eastside Study Area may be largely due to middle-income residents attracted to the area's affordable housing prices in 1988 to 1992 through a Cascade Effect. These new residents have stimulated significant price appreciation, thereby excluding many first-time, and/or low-income home buyers. An increase in denial Scores may be symptomatic of a changing marketplace.

On the other hand, a high denial Tract Score in North Portland may be cause for alarm on the part of residents seeking affordable housing. As this Area is the most affordable in the City, and has the highest concentration of low-income residents the increase in conventional denial Scores may be a manifestation of a growing affordability gap for first-time lower-income residents (<60% MFI) who have historically been able to purchase a home.

In the other Study Areas denial rates are still well below the 100% mark. Conversely, conventional denial Scores for non-Study Areas have moderated over the study period, but are still over 100% in 1994 (101.5%). This demonstrates the competitive nature of the housing market in these areas, and requires further study.

Conventional Loan Summary:

Overall, the mortgage market has increased its conventional loan market share and liberalized its lending practices in the Study Areas. Lenders have also generally improved their marketing and lending to low- and moderate-income and minority communities throughout the City. Loan applications and originations to low- and moderate-income minority tracts have risen from their 1990 levels. There still is room for improvement in specific communities and tracts at the lowest incomes. While it is impossible to separate out the effects of gentrification in low-income areas, the substantial gains taking place in these communities point to a more equitable lending environment.

Government-insured Loans

Government-insured products are loans that that federal government insures against default, thereby reducing the risk to originators. The primary insurers for these types of loans is the federal government, through FHA, VA and FmHA. The various government-insured products available to Portland home buyers are detailed in the next portion of this Study, but in general these products are designed for “riskier” lower-income, first-time home buyers. This data may furnish a more lucid picture of the mortgage market’s lending practices towards low- and moderate-income home buyers than conventional loans.

Market Share by Tract Income			Market Share by Location			
Low CT Mrkt Share <u>1990</u> 30.6%	Low CT Mrkt Share <u>1992</u> 41.0%	Low CT Mrkt Share <u>1994</u> 41.4%	Study Area CTs 38%	1990 38%	1992 46%	1994 46%
Mod CT Mrkt Share <u>1990</u> 40.9%	Mod CT Mrkt Share <u>1990</u> 38.4%	Mod CT Mrkt Share <u>1990</u> 35.4%	Non-Study Area CTs 62%	62%	54%	54%
Middle CT Mrkt Share <u>1990</u> 13.9%	Middle CT Mrkt Share <u>1990</u> 11.7%	Middle CT Mrkt Share <u>1990</u> 13.0%	C. Eastside Study Area 9%	9%	7%	4%
			East Side Study Area 12%	12%	15%	15%
			Northeast Study Area 4%	4%	5%	8%
			North Study Area 14%	14%	19%	19%
			West Side Study Area 0%	0%	0%	0%
			Portland MSA 100%	100%	100%	100%

Table 13: Government-insured Products Market Share

Market Share

Throughout the study period the market share for government-insured loans substantially increased in low-income census tracts. In 1990, lenders did only a third (30.6%) of their government-insured loans in low-income communities. By 1994, market share had risen to 41.4% or an increase of 35% in four years. A portion of that lending was probably taken from moderate-income tracts, which lost 5.5% of its market share since 1990, from moderate-income borrowers seeking affordable housing in low-income tracts through the Cascade Effect.

The Study Areas increased their market share of government-insured products by capturing 8% more of the market from non-Study Areas, to reach a high of 46% in 1992 and 1994. This increase was entirely from the East Side, Northeast and North Study Areas which captured 15%, 8% and 19% of the market respectively. The Central Eastside Study Area lost over half of its market share during the study period, from 9% in 1990 to 4% in 1994.

CRA TRACT SCORES: FHA, FmHA, VA Loans

	Total Applications			Originations			Denials		
	1990	1992	1994	1990	1992	1994	1990	1992	1994
High Income Minority	20.2%	6.2%	40.5%	26.0%	0.0%	49.9%	0.0%	48.6%	0.0%
High Income Non Minority	49.4%	12.5%	22.5%	49.2%	10.8%	13.8%	0.0%	32.4%	0.0%
Middle Income Minority	74.7%	66.5%	73.1%	74.5%	68.7%	59.5%	64.3%	44.6%	76.8%
Middle Income Non Minority	119.2%	112.8%	112.6%	118.8%	113.2%	111.2%	162.6%	123.4%	94.6%
Moderate Income Minority	160.4%	150.5%	134.4%	159.6%	152.4%	145.1%	153.8%	130.9%	147.1%
Moderate Income Non Minority	61.9%	105.2%	130.1%	55.8%	99.4%	133.3%	89.8%	157.4%	100.8%
Low Income Minority	114.5%	135.6%	117.8%	115.8%	135.3%	130.1%	120.9%	132.7%	152.3%
Low Income Non Minority									
CRA TRACT SCORE	85.8%	84.2%	90.1%	85.7%	82.8%	91.8%	84.5%	95.7%	81.7%
Standard Deviation	0.48	0.57	0.45	0.47	0.59	0.50	0.67	0.52	0.62

	Total Applications			Originations			Denials		
	1990	1992	1994	1990	1992	1994	1990	1992	1994
Study Area CTs	101.1%	122.1%	120.3%	99.4%	120.9%	132.6%	117.5%	135.7%	125.0%
Non-Study Area CTs	99.4%	86.6%	87.6%	100.4%	87.3%	80.1%	89.3%	78.2%	84.8%
Central Eastside Study Area	102.2%	81.6%	47.2%	104.2%	83.6%	46.4%	104.8%	56.7%	39.8%
East Side Study Area	150.7%	190.6%	184.6%	153.9%	194.1%	203.9%	129.9%	176.8%	223.5%
Northeast Study Area	49.9%	69.3%	107.3%	48.6%	59.0%	108.8%	45.7%	116.7%	68.3%
North Study Area	130.3%	178.4%	178.6%	121.5%	177.4%	208.8%	205.7%	223.6%	200.3%
West Side Study Area	4.0%	5.0%	5.4%	3.5%	3.2%	1.7%	0.0%	9.7%	0.0%
Portland MSA	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
CRA AREA SCORE	89.5%	104.1%	103.8%	88.6%	102.9%	111.6%	97.7%	113.9%	105.3%
Standard Deviation	0.54	0.70	0.71	0.54	0.72	0.83	0.71	0.78	0.89

Table 14: Government-insured Products HMDA Score

CRA Tract Scores

Applications

The low- and moderate-income census tracts have historically strong CRA Tract Scores for government-insured products. In other words, there are more applications for units in these tracts than what would have been predicted using the existing population distribution. Since 1990, all but the low-income minority tracts have consistently Scored over 100%. Analysis would conclude that lenders have successfully marketed government-insured products to these applicants, a majority of whom are low-income wage earners.

The one area of fundamental improvement has been the increase of the CRA Tract Score in low-income minority tracts from a low Score of 61.9% (B) in 1990, and was raised to 130.1% (A+) by 1994. These applicants are most likely new applicants to the mortgage lending system, attracted by increased marketing of affordable mortgage products.

Geographical analysis generally supports the evidence that lenders have performed better than expected given the area's representation within the City. Tract Scores have consistently remained above 100% (A+) since 1990. Conversely, application Tract Scores have dropped in non-Study Areas from 99.4% in 1990 to 87.6% in 1994. This drop, along with a similar decline in the conventional loan Scores, implies that housing demand in the higher income areas of the city may be moderating as housing prices continue to appreciate.

Originations

As with applications, the mortgage market has performed better than expected in the number of originations granted in low- and moderate-income, minority and white census tracts. By 1994, on average, the lenders were scoring over 100% in their Tract Scores. Similarly in 1990, in low-income minority tracts lenders had a low Score (55.8% = B-), which they raised to 133.3% (A+) by 1994. Upper-income tracts have experienced as similar expansion in conventional Market Share and Tract Scores, and a decline in government-insured Tract Scores. This would suggest that while lenders have improved their lending performance, the housing market has begun to force the segregation of mortgage products: conventional to upper-income areas, and government-insured products to lower-income areas.

The geographic Tract Scores provide another dimension to this analysis. CRA Tract Scores for government-insured products in the Eastside and North Study Areas rose sharply from a Score around 100% to a Score above 200% between 1992 and 1994. This coincides with a concentrated increase of government-insured loan Tract Scores in these Areas that matches the rise in conventional loan Tract Scores. Clearly, the North and Eastside Study Areas are places of elevated market activity for both lower- and moderate-income buyers throughout the early 1990s.

The Northeast Study Area also experienced a sharp increase in the Tract Score, from 48.9% (C+) in 1990 to 108.8% (A+) in 1994. However, conventional loan Scores have only

moderately increased. This may indicate that, rather than the increased rate of mortgage lending activity seen in the North and Eastside, lenders have increased their credit to low-income buyers at the same time that sharp housing appreciation has created a greater demand for government-insured products.

The Central Eastside Study Area origination Score has declined over the study period, from 104.8% in 1990 to 39.8% (C) in 1994. In this Study Area mortgage lenders are denying disproportionately more government-insured loans than expected for these products. (i.e. for every 100 loans there are more conventional loans than government-insured loans.) Considering the increasing white, middle-income demographic profile of this Area, and a similar moderation in conventional loan products, would suggest a market gentrification.

Overall, the Study Area Tract Score has risen from 99.4% in 1990, to a high of 132.6% in 1994. The non-Study Areas have seen a decline in origination Scores from an A+ to a low A in 1994. As housing prices appreciate around the City this trend of concentrating government-insured loan and other low-income conventional products in low- and moderate-income areas should continue. Adopted political goals state that there should be a mixture of incomes throughout the City. Due to the exercise of market forces the mortgage market cannot currently meet these goals.

Denials

Denial rates in low- and moderate-income, minority, and white tracts were disproportionately higher than expected for the study period. Analysis would suggest that the increasing Affordability Gap for low- and moderate-income individuals has expanded the portion of unqualified applicants. The analogous increase in government-insured product origination Scores would imply that mortgage lending discrimination is not at the root cause of these poor denial rates. This conclusion is substantiated by a similar rise in denial rates, but still well below a Score of 100%, in upper-income white tracts for both secondary and conventional loans.

Denial rates in the Study Areas have followed similar patterns to those of applications and originations. Both the Eastside and North Study Areas had significantly poor denial rate Scores, by both having Scores were over 200% in 1994. A similar rise can be seen in conventional denial Scores. This would indicate that the increased market activity, combined with decreasing affordability, has *unqualified* an increasing number of buyers.

Government-insured Loan Tract Score Summary:

The improvement in origination Tract Scores *suggest* that, on the whole, lenders increased their lending of government-insured mortgage credit in low-income neighborhoods. As discussed above, government-insured products are primarily geared towards lower-income individuals, so these results may imply that a majority of these originations *are not* for gentrifying households. This Study assumes that these conventional loans are primarily for low-income individuals and points to a significant positive change in lending policy in low-

income areas.

However, the rise in government-insured Tract Scores in these areas and a decline in upper-income areas suggests a further concentration of low-income buyers in traditionally low-income areas. Regardless of the political goals, housing price appreciation may mandate that government-insured credit has to be further concentrated in these low- and moderate-income areas to ensure a continued supply of affordable housing opportunities.

HMDA SECTION SUMMARY

Since the publication of the *Blueprint for a Slum* series in 1990 lenders have stated that they have "learned their lesson" and have improved their efforts in reaching out to the low- and moderate-income communities. Through interviews with mortgage lenders they stated that these efforts include increased marketing of lending products, training loan officers to be sensitive to consumer needs, allowing loan officers to flexibly use a home buyers in-file credit report, and by providing funding to nonprofit home ownership assistance groups, such as the Portland Housing Center.

Analysis of the HMDA data would support the mortgage lender's assertions of improved lending performance. The mortgage market has experienced strong gains in application and origination rates within the Study Areas since 1990. Denial rate have also increased over the study period, but this may be explained by the rise in applications which would increase the number of unqualified borrowers looking for credit. Further evidence supports that the denial rate has risen for both upper-income white conventional loan applicants, as well as lower-income minority applicants.

The rise in origination rates and origination CRA Tract Scores in lower-income minority and white applicants describes a lending environment not exclusively concentrating upon demographic characteristics in its lending decisions. The better-than-predicted performance by mortgage lenders suggests that there have been new initiatives in providing mortgage credit to these tracts. Looking at the individual Study Areas there has been a greater diversity in lending performance. In general the largest gains have been in the Eastside and North Portland Study Areas, while there has been a significant decline in performance in the Central Eastside Study Area. Performance has only moderately increased in the Northeast Area.

These changes have primarily been motivated by comparable changes in the housing market. As noted in the Housing Section housing affordability in the Northeast has precipitously declined since 1988, while similar changes in affordability in the North and Southeast have been more gradual. The HMDA data would seem to support evidence that there has been significant gentrification within the Central Eastside Area. As housing demand continues to climb, and income growth remains stagnant, these advances in lending performance will diminish and eventually disappear. To this end the experience in the Central Eastside Area would seem to forebode a similar fate for other areas of the city that are currently more affordable.

In conclusion, analysis of the HMDA data would seem to suggest three core findings:

- **Mortgage lenders *are not*, on average, discriminating based upon the demographic characteristics of the census tracts in which the purchase home is located;**
- **Mortgage lenders have made considerable strides in making home purchase credit available to home buyers, especially low- and moderate-income minority and white individuals;**
- **Currently the most significant obstacle to home ownership does not originate from lending practices, but rather from declining affordability generated by market forces.**

¹ 12 U.S.C. 2801 et sec., 89 Stat. 1125, Pub. L. 94-200 (1975).

² Anne B. Shalay, Proving Disinvestment: The CRA Research Experience. (Philadelphia: Center for Public Policy, Temple University, 1993). p. 5.

³ A. Yezer, "The History and Value of HMDA Data For Studies of Individious Discrimination," in Fair Lending Analysis: A Compendium of Essays on the Use of Statistics, ed. Anthony Yezer (Washington, D.C.: American Bankers Association, 1995), p. 16.

⁴ Ibid. p.17.

⁵ Ibid. p. 18

⁶ Ibid. p. 16

⁷ Ibid. p.16.

⁸ Katharine Bradbury, Karl E. Case, and Constance Dunham, "Geographic Patterns of Mortgage Lending in Boston, 1982-1987," New England Economic Review (Sept/Oct. 1989), p. 11.

⁹ Anne B. Shalay, "Unpublished Paper Regarding HMDA Data History and Use", (Philadelphia: Institute for Public Policy Studies, Temple University, 1995), p. 10.

¹⁰ HMDA aggregates FmHA loans in this category, but FmHA loans are not eligible in the Study Areas.

¹¹ Note that total applications does not equal total number of applicants. Applicants may "shop" for the best rate, terms, etc. by applying at more than one mortgage lender. Each of application is summed in the total figure.

¹² William Hunter and Mary Beth Walker, The Cultural Affinity Hypothesis and Mortgage Lending Decisions, (Chicago: Federal Reserve Bank of Chicago, 1995), p. 1.

¹³ Ibid. p. 18.

¹⁴ Anne B. Shlay, Ph.D., Institute for Public Policy Studies, Temple University, 10th Floor, Gladfelter Hall, Philadelphia, PA 19122, 215-204-5156.

¹⁵ Shlay, Anne B. Who's on First: Community Reinvestment and Fair Lending Performance in the Baltimore and Washington MSAs, 1990-1991, (Center for Public Policy, Temple University: 1995),

p.i

¹⁶ Ibid. p. i.

¹⁷ Ibid. p. 8.

¹⁸ Ibid. p. 8.

¹⁹ Ibid. p. 9.

²⁰ Ibid. p. 9.

²¹ Ibid. p. 11-12.

LOAN PROGRAM PROFILE

The Study demonstrates that mortgage lenders have expanded credit opportunities to low-income areas of the city. However, these advantages have been overwhelmed by real housing price appreciation and stagnating income growth. This has led to affordable housing strategies for low-income borrowers, as demonstrated in the Housing Market Profile Section. Market conditions have resulted in a change in the observed pool of qualified home.

This section will investigate evidence of the changing home buyer profile since 1990 by profiling a broad, but incomplete list of mortgage lending programs offered to low-income consumers. The Study assembles the lending guidelines for a variety of mortgage programs offered by commercial banks, mortgage banks and non-profit organizations as representations of typical programs. Each program is analyzed to determine the minimum income buyer who would be qualified for that program without further public subsidy in 1990 and 1995.

The Study shows:

- **Affordable Mortgage Credit programs, on average, were affordable to families at 78% MFI in 1995, versus 64% MFI in 1990.**
- **Home Owner Assistance Programs (e.g. Down Payment Assistance) increases affordability, on average, by lowering the minimum MFI needed by 3 to 4 percentage points.**
- **Mortgage Credit Programs which portfolio loans locally, or subsidize interest rates through a State sponsored secondary-market, are the most flexible and reach the lowest income level.**

Lending Program Measures

The percentage of Median Family Income (MFI) is a common measure of the relative earnings of families, and is the basis for qualifying families for federal programs. Once the income of a family is determined it is adjusted for family size, then compared with the median (100% MFI) income for that family size. A family earning 80% of MFI is considered Low-Income, 50% MFI is Very Low-Income; while going up the scale 81-100% is Moderate-Income, and above 120% is considered Middle-Income.

Up-front cost is a measure of the amount of cash that a family must bring to a deal, and is a prime determinant to whether a family is *cash-constrained* (see Housing Section). Variables which contribute to up-front costs are: down payment, origination/loan fees, discount points, closing costs, cash reserves, and mortgage insurance premiums.

Assumptions

This Study attempts to create a level playing field to compare various mortgage programs across time. Assumptions are made about the market and the "typical" borrower. These assumptions are backed by specific research which will be detailed here, but because of the variety of the market they cannot be considered definitive. However, they approximate a typical borrower based on the limited room allowed for variation under the secondary market's underwriting criteria.

Two primary assumptions that merit some attention are the use of North Portland's average house price and an assumed personal debt level. North Portland's home price was chosen because it is the most affordable area in the city for low-income home buyers. This allows the programs to be compared in a generally low-income area, rather than an area with the disparate housing prices of typical gentrification. The assumed monthly debt was determined through interviews with the staff of the Portland Housing Center, who assembled statistics from their Home Buyer's Club. A reasonable monthly debt was assumed: \$200 in 1995, and \$150 in 1990. These estimates are conservative, and may be a little overgenerous to the average low-income consumer.

Assumptions:

House Price:	Average Home Price in North Portland as reported by RMLS "Market Action" in 1995 (\$83,800) and the Residential Real Estate Report in 1990 (\$41,300).
Term:	30 Years
Interest Rate:	
Conventional Products:	Averaged contract rate for all conventional loans (fixed and adjustable as tracked by the Federal Home Loan Bank (FHLB)
Government-Insured:	Average contract rate for FHA products (fixed and adjustable) as tracked by the Federal Housing Administration (FHA)
Origination Fee:	1% if not specified in lending guidelines.
Discount Points:	Varies according to FHLB & FHA data.
Other Closing Costs¹:	See Appendix II for details as to how closing costs were calculated
Mortgage Insurance Premium:	2.25%
Taxes:	Based on Multnomah County Rates 1990/1995
Insurance:	.5% annually for loans with LTVs >90%
Utilities:	Housing Authority of Portland Section 8 Utility Allowances for detached single family homes over 10 years old.
Maintenance:	Based on interviews with staff at Housing Development Center.
Monthly Debt:	Based on interviews with staff at Portland Housing Center.
Median Family Income:	\$42,700 for family of four in 1995 - HUD \$37,100 for family of four in 1990.

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Fannie Mae Community Home Buyers Program (CHBP)

Program Summary:	This is FannieMae's signature affordable housing product and is the basic program under the Community Lending products umbrella.
Loan Purpose:	Purchase and non-cash refinances.
Loan Term:	15 or 30 years; fixed rate, level payment, fully amortizing
Maximum Loan Amount:	Standard FannieMae loan limit.
Maximum Income:	100%
Loan to Value Ratio:	95%
Income to Debt Ratio:	33/38% income to debt
Origination Fee:	1% maximum; based on lender.
Discount Points:	Based on lender.
Mortgage Insurance Coverage:	Up to 35%; depends on financing structure.
Eligible Properties:	Single Family, Fannie eligible condominiums and PUDs.
Appraisal:	Appraisal ratings of "average" or "fair" for neighborhoods and improvements.
Inspection:	For properties older than 10 years and with LTV's over 90%
Underwriting Requirements:	
Income:	Stable income for two full years; not required to have held the same job for two years.
Down Payment:	Minimum of 5% of borrower's own funds
Closing Costs:	Borrower's cost or through Fannie-approved party (incl. 3% seller)
Credit History:	Requires Residential Mortgage Credit Report. Alternative sources may be used in lieu of traditional credit.
Cash Reserves	None
Buy downs:	Permanent Buy downs permitted; temporary are not.
Subordinate Financing:	Yes, up to 20% of mortgage amount.
Home buyer Training	Yes
Special Provisions:	Interested parties or sellers may pay up to 3% of closing costs if LTVs are over 90%, or 6% for LTVs under 90%.

Source: Fannie Mae
(effective June, 20, 1994)

Program	CHBP
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	7.95%
Loan to Value Ratio	95%
Combined Loan to Value	95%
Down Payment	\$4,190
Origination Fee	\$796
Discount Points (1.5 avg)	\$1,194
Other Closing Costs	\$2,317
Cash Reserves	\$0
Mortgage Insurance Premium	\$1,194
Total Up-Front Costs	\$9,691
Mortgage Amount	\$79,610
Mortgage Payment	\$581
Taxes	\$108
Insurance	\$33
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,090
<i>Income Obligation Ratio</i>	38%
Affordable Income	\$34,433
MFI % (Family of 4)	81%

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	10.10%
Loan to Value Ratio	95%
Combined Loan to Value	95%
Down Payment	\$2,065
Origination Fee	\$392
Discount Points (2.0 avg)	\$785
Other Closing Costs	\$1,874
Cash Reserves	\$0
Mortgage Insurance Premium	\$589
Total Up-Front Costs	\$5,704
Mortgage Amount	\$39,235
Mortgage Payment	\$347
Taxes	\$115
Insurance	\$16
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$768
<i>Income Obligation Ratio</i>	38%
Affordable Income	\$24,238
MFI % (Family of 4)	65%

Fannie Mae Community Home Buyers Program with 3/2 Option

Program Summary:	A low down payment loan under Fannie Mae's CHBP umbrella. This loan allows borrowers to provide only 3 percent of the down payment, while allowing the other 2 percent as a gift, grant or unsecured loan from a third party. Also, a higher debt ratio is allowed. May be combined with other Fannie Mae products.
Loan Purpose:	Purchase or Non-Cash refinances only
Loan Term:	15 or 30 years
Maximum Loan Amount:	Standard Fannie Mae amount.
Maximum Income:	100%
Loan to Value Ratio:	95%
Income to Debt Ratio:	33/38% income to debt (not to exceed 40% debt)
Origination Fee:	1% maximum; based on lender.
Discount Points:	Based on lender.
Mortgage Insurance Coverage	Up to 35%; depends on finance structure.
Eligible Properties:	Single Family, Fannie eligible condominiums and PUDs.
Appraisal:	Appraisal ratings of "average" or "fair" for neighborhoods and improvements.
Inspection:	For properties older than 10 years and with LTV's over 90%
Underwriting Requirements:	
Income:	Stable income for two full years; not required to have held the same job for two years.
Down Payment:	Minimum of 5%. For 3/2 Option minimum of 3% from borrower's funds and 2% from Fannie approved third party. (inclg. 3% seller)
Closing Costs:	From borrower's resources or from a Fannie approved third party.
Credit History:	Requires Residential Mortgage Credit Report. Alternative sources may be used in lieu of traditional credit.
Cash Reserves	No
Buy downs:	No
Subordinate Financing:	Yes, up to 20% of mortgage amount.
Home buyer Training	Yes
Special Provisions:	Interested parties or sellers may pay up to 3% of closing costs if LTVs are over 90%, or 6% for LTVs under 90%.

Source: Fannie Mae
(effective June, 20, 1994)

Program	CHBP
	With 3/2 Option
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	7.95%
Loan to Value Ratio	97%
Combined Loan to Value	97%
Down Payment	\$2,514
Origination Fee	\$813
Discount Points (1.5 avg)	\$1,219
Other Closing Costs	\$2,317
Cash Reserves	\$0
Mortgage Insurance Premium	\$1,219
Total Up-Front Costs	\$8,082
Mortgage Amount	\$81,286
Mortgage Payment	\$594
Taxes	\$108
Insurance	\$33
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,103
Income Obligation Ratio	38%
Affordable Income	\$34,841
MFI % (Family of 4)	82%

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	10.10%
Loan to Value Ratio	97%
Combined Loan to Value	97%
Down Payment	\$1,239
Origination Fee	\$401
Discount Points (2.0 avg)	\$801
Other Closing Costs	\$1,874
Cash Reserves	\$0
Mortgage Insurance Premium	\$601
Total Up-Front Costs	\$4,915
Mortgage Amount	\$40,061
Mortgage Payment	\$355
Taxes	\$115
Insurance	\$16
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$775
Income Obligation Ratio	38%
Affordable Income	\$24,480
MFI % (Family of 4)	66%

Fannie Mae FannieNeighbors

Program Summary:	FannieNeighbors adds flexibility by removing the income limits if the home the borrower wishes to purchase is located in a designated central city or in an eligible low-income or minority census tract. It can be combined with most other FNMA Community Lending products.
Loan Purpose:	Purchase and non-cash refinances.
Loan Term:	15 or 30 years; fixed rate, level payment, fully amortizing
Maximum Loan Amount:	Standard Fannie Mae loan limit.
Maximum Income:	Removes borrower income limit for loans in eligible areas.
Loan to Value Ratio:	95%
Income to Debt Ratio:	33/38% income to debt
Origination Fee:	1% maximum, based on lender.
Discount Points:	Based on lender.
Mortgage Insurance Coverage	Up to 35%; depends on financing structure.
Eligible Properties:	Single Family, Fannie eligible condominiums and PUDs.
Appraisal:	Appraisal ratings of "average" or "fair" for neighborhoods and improvements.
Inspection:	For properties older than 10 years and with LTV's over 90%
Underwriting Requirements:	
Income:	Stable income for two full years; not required to have held the same job for two years.
Down Payment:	Minimum of 5% of borrower's own funds
Closing Costs:	Borrower's cost or through Fannie-approved party (incl. 3% seller)
Credit History:	Requires Residential Mortgage Credit Report. Alternative sources may be used in lieu of traditional credit.
Cash Reserves	None
Buy downs:	Permanent Buy downs permitted; temporary are not.
Subordinate Financing:	Yes, up to 20% of mortgage amount.
Home buyer Training	Yes
Special Provisions:	Interested parties or sellers may pay up to 3% of closing costs if LTVs are over 90%, or 6% for LTVs under 90%

Source: Fannie Mae
(effective June, 20, 1994)

Program	FannieNeighbors
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	7.95%
Loan to Value Ratio	95%
Combined Loan to Value	95%
Down Payment	\$4,190
Origination Fee	\$796
Discount Points (1.5 avg)	\$1,194
Other Closing Costs	\$2,317
Cash Reserves	\$0
Mortgage Insurance Premium	\$1,194
Total Up-Front Costs	\$9,691
Mortgage Amount	\$79,610
Mortgage Payment	\$581
Taxes	\$108
Insurance	\$33
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,090
Income Obligation Ratio	38%
Affordable Income	\$34,433
MFI % (Family of 4)	81%

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	10.10%
Loan to Value Ratio	95%
Combined Loan to Value	95%
Down Payment	\$2,065
Origination Fee	\$392
Discount Points (2.0 avg)	\$785
Other Closing Costs	\$1,874
Cash Reserves	\$0
Mortgage Insurance Premium	\$589
Total Up-Front Costs	\$5,704
Mortgage Amount	\$39,235
Mortgage Payment	\$347
Taxes	\$115
Insurance	\$16
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$768
Income Obligation Ratio	38%
Affordable Income	\$24,238
MFI % (Family of 4)	65%

Fannie Mae Community Home Buyers Program Start-Up Mortgage

Program Summary:

This mortgage is under the Community Lending umbrella and is specially-tailored to first-time home buyers. It is a 30-year, fixed-rate mortgage that gradually increases its monthly payment over the first several years. Loan payments will "step-up" 2 percent until they are fully amortizing (between 4-8 years under prevailing interest rates). After the loan is amortized the payments are fixed for the loan term.

Loan Purpose:

Purchase and non-cash refinances.

Loan Term:

30 years; fixed rate (not below 5.5%)

Maximum Loan Amount:

Standard Fannie Mae loan limit.

Maximum Income:

100%

Loan to Value Ratio:

95%

Income to Debt Ratio:

33/36% income to debt

Origination Fee:

1% maximum, based on lender.

Discount Points:

Based on lender.

Eligible Properties:

Single Family, Fannie eligible condominiums and PUDs.

Appraisal:

Appraisal ratings of "average" or "fair" for neighborhoods and improvements.

Inspection:

For properties older than 10 years and with LTV's over 90%

Underwriting Requirements:

Income:

Stable income for two full years; not required to have held the same job for two years.

Down Payment:

Minimum of 5% of borrower's own funds

Closing Costs:

Borrower's cost or through Fannie-approved party (inclg. 3% seller)

Credit History:

Requires Residential Mortgage Credit Report. Alternative sources may be used in lieu of traditional credit.

Cash Reserves

One month payment reserve is required.

Buy downs:

Permanent Buy downs permitted; temporary are not.

Subordinate Financing:

Yes, up to 20% of mortgage amount.

Home buyer Training:

Yes

Source: Fannie Mae
(effective June, 20, 1994)

Program	Start-Up
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	7.95%
Loan to Value Ratio	95%
Combined Loan to Value	95%
Down Payment	\$4,190
Origination Fee	\$796
Discount Points (1.5 avg)	\$1,194
Other Closing Costs	\$2,317
Cash Reserves	\$445
Mortgage Insurance Premium	\$1,194
Total Up-Front Costs	\$10,136
Mortgage Amount	\$79,610
Mortgage Payment	\$535
Taxes	\$108
Insurance	\$33
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,044
Income Obligation Ratio	36%
Affordable Income	\$34,795
MFI % (Family of 4)	81%
* Start-up payments step up 2% every year over four years. (I.E. payment at 92% first year)	

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	10.10%
Loan to Value Ratio	95%
Combined Loan to Value	95%
Down Payment	\$2,065
Origination Fee	\$392
Discount Points (2.0 avg)	\$785
Other Closing Costs	\$1,874
Cash Reserves	\$445
Mortgage Insurance Premium	\$589
Total Up-Front Costs	\$6,149
Mortgage Amount	\$39,235
Mortgage Payment	\$319
Taxes	\$115
Insurance	\$16
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$740
Income Obligation Ratio	36%
Affordable Income	\$24,659
MFI % (Family of 4)	66%

Fannie Mae Community Home Buyers Program

Fannie 97

Program Summary:

A low down payment loan under Fannie Mae's CHBP umbrella. This loan allows borrowers to provide only 3 percent of the down payment, and family members, nonprofit groups, or government agencies are eligible to pay the closing costs. Also, a higher debt ratio is allowed. May be combined with Lease-Purchase, Community Seconds, Magnet 3/2 Employer-Assisted, and Community Land Trust Programs.

Loan Purpose:

Purchase

Loan Term:

25 or 30 years; fixed rate

Maximum Loan Amount:

Standard Fannie Mae amount.

Maximum Income:

100%

Loan to Value Ratio:

97%

Income to Debt Ratio:

33/38% income to debt (25yr) or 28/36 (30yr)

Origination Fee:

1%, based on the lender.

Discount Points:

Based on the lender.

Mortgage Insurance Coverage:

Up to 35%; depending on financing structure.

Eligible Properties:

Single Family, Fannie eligible condominiums and PUDs.

Appraisal:

Appraisal ratings of "average" or "fair" for neighborhoods and improvements.

Inspection:

For properties older than 10 years and with LTV's over 90%

Underwriting Requirements:

Income:

Stable income for two full years; not required to have held the same job for two years.

Down Payment:

Minimum of 3% of borrower's own funds

Closing Costs:

Fannie-approved third party (family, nonprofit, 3% seller contributions or government agency).

Credit History:

Requires Residential Mortgage Credit Report. Alternative sources may be used in lieu of traditional credit.

Cash Reserves

One month payment is required

Buy downs:

Permanent Buy downs permitted; temporary are not.

Subordinate Financing:

Yes, up to 22% of mortgage amount.

Home buyer Training

Yes

Source: Fannie Mae
(effective June, 20, 1994)

Program	Fannie97
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	7.95%
Loan to Value Ratio	97%
Combined Loan to Value	97%
Down Payment	\$2,514
Origination Fee	\$813
Discount Points (1.5 avg)	\$1,219
Other Closing Costs	\$2,317
Cash Reserves	\$594
Mortgage Insurance Premium	\$1,219
Total Up-Front Costs	\$8,676
Mortgage Amount	\$81,286
Mortgage Payment	\$594
Taxes	\$108
Insurance	\$33
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,103
Income Obligation Ratio	36%
Affordable Income	\$36,776
MFI % (Family of 4)	86%

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	10.10%
Loan to Value Ratio	97%
Combined Loan to Value	97%
Down Payment	\$1,239
Origination Fee	\$401
Discount Points (2.0 avg)	\$801
Other Closing Costs	\$1,874
Cash Reserves	\$355
Mortgage Insurance Premium	\$601
Total Up-Front Costs	\$5,270
Mortgage Amount	\$40,061
Mortgage Payment	\$355
Taxes	\$115
Insurance	\$16
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$775
Income Obligation Ratio	36%
Affordable Income	\$25,840
MFI % (Family of 4)	70%

Fannie Mae Community Home Buyers Program Lease-Purchase Mortgage Loans

Program Summary:	A mortgage loan that enables non-profit organizations to purchase a home – the non-profits lease the home to lower income families with an option to buy. The families are allowed to live in the home while they save for a down payment; part of the rent is escrowed for the down payment and closing costs.
Loan Purpose:	Mortgage for home purchase; generally refinances are permitted.
Loan Term:	15 or 30 years, fixed-rate, level payments; (see below for Lease Purchase Terms)
Maximum Loan Amount:	Standard Fannie Mae amount.
Maximum Income:	100%
Loan to Value Ratio:	95%, (up to 97% with Fannie 97)
Income to Debt Ratio:	33/38% income to debt (28/36 with Fannie 97)
Origination Fee:	1% maximum, based on the lender.
Discount Points:	Based on the lender.
Mortgage Insurance Coverage:	Up to 35%; depends on financing structure.
Eligible Properties:	Single Family, Fannie eligible condominiums and PUDs.
Appraisal:	Appraisal ratings of "average" or "fair" for neighborhoods and improvements.
Inspection:	For properties older than 10 years and with LTV's over 90%
Underwriting Requirements:	
Income:	Stable income for two full years; not required to have held the same job for two years.
Down Payment:	Minimum of 5%. For 3/2 Option minimum of 3% from borrower's funds and 2% from Fannie-approved third party. (inclg. 3% seller)
Closing Costs:	From borrower's resources or from a Fannie-approved third party.
Credit History:	Requires Residential Mortgage Credit Report. Alternative sources may be used in lieu of traditional credit.
Cash Reserves	One month if primary mortgage is Fannie 97 or Start-Up.
Buy downs:	Permanent - yes, temporary - no
Subordinate Financing:	Yes, up to 20% of the mortgage amount.
Home buyer Training:	Yes

Source: Fannie Mae
(effective June, 20, 1994)

Lease-Purchase Terms

Non-profit Eligibility:

The non-profit must establish the following:

- Has audited financial statements showing that it has unrestricted cash flows or unencumbered reserves, exclusive from rental income from financed properties, to meet either (1) 10 percent of PITI for a minimum of six months; or (2) total PITI payments for the single largest mortgage for a minimum of six months.
- Demonstrated the ability to meet the minimum down payment requirement.
- Demonstrated two year track record and has experienced staff.
- Has developed a program for offering home finance and maintenance counseling.
- Has corporate authority to enter in mortgage financing and a lease-purchase agreement.
- Has demonstrated evidence of local community support for its lease-purchase program.

Lease-Purchase Agreement:

Under the agreement between a non-profit and tenant, the tenant may assume the first mortgage within a set period of time and meeting certain agreed-upon conditions. The assumption or sales price of the home is generally established when a family begins renting. The rent is set to meet all the non-profit's operating costs for the property, as well as an amount to be set aside in a savings account for the eventual down payment. The escrowed amount must be enough for the tenant to meet a 5 percent (or 3 percent with a Fannie97 or with a 3/2 option mortgage).

Tenant Prequalifications:

Tenants must be prequalified under the underwriting guidelines listed above. The lender must also prequalify each tenant for the mortgage assumption before closing the eligible non-profit's mortgage loan. An option is to have the lender form a tenant/purchaser approval committee to prequalify tenant/purchasers, with the lender serving in an advisory capacity, provided the committee conducts the prequalifications as required by the lender. The tenant must be prequalified by the lender immediately prior to mortgage assumption.

Program	Lease-Purchase with CHBP
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	7.95%
Loan to Value Ratio	95%
Combined Loan to Value	95%
Down Payment	\$0
Origination Fee	\$796
Discount Points (1.5 avg)	\$1,194
Other Closing Costs	\$2,317
Cash Reserves	\$0
Mortgage Insurance Premium	\$1,194
Total Up-Front Costs	\$5,501
Mortgage Amount	\$79,610
Mortgage Payment	\$581
Taxes	\$108
Insurance	\$33
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,090
Income Obligation Ratio	38%
Affordable Income	\$34,433
MFI % (Family of 4)	81%
* Lease period assumed over four years; rental payment includes PITI and down payment.	
Rental payment = \$673 (78% MFI)	

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	10.10%
Loan to Value Ratio	95%
Combined Loan to Value	95%
Down Payment	\$0
Origination Fee	\$392
Discount Points (2.0 avg)	\$785
Other Closing Costs	\$1,874
Cash Reserves	\$0
Mortgage Insurance Premium	\$589
Total Up-Front Costs	\$3,639
Mortgage Amount	\$39,235
Mortgage Payment	\$347
Taxes	\$115
Insurance	\$16
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$768
Income Obligation Ratio	38%
Affordable Income	\$24,238
MFI % (Family of 4)	65%
* Lease period assumed over four years; rental payment includes PITI and down payment.	
Rental payment = \$521 (69% MFI)	

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Magnet 3/2 Employer-Assisted Housing Mortgage Loans

Program Summary:	The Magnet 3/2 program was designed to assist employers who have difficulty recruiting or retaining employees because of a lack of affordable housing in their areas. Each Magnet 3/2 transaction has two parts: (1) grant, loan or loan guarantee from the employer; and (2) a traditional mortgage, which may be delivered FannieMae on a negotiated basis
Loan Purpose:	Home purchase
Loan Term:	15 to 30 years; fixed rate, level payment, fully amortizing
Maximum Loan Amount:	Standard Fannie amount
Maximum Income:	100%
Loan to Value Ratio:	95%; with CHBP up to 100% CLTV if a portion of the down payment and/or closing costs is secured, grant-like financing.
Income to Debt Ratio:	33/38%; 28/36% with 30-year Fannie97.
Origination Fee:	1% maximum, based on the lender.
Discount Points:	Based on the lender
Mortgage Insurance Coverage:	Up to 35%; depends on LTV and financing structure.
Eligible Properties:	Single Family, Fannie eligible condominiums and PUDs.
Appraisal:	Appraisal ratings of "average" or "fair" for neighborhoods and improvements.
Inspection:	For properties older than 10 years and with LTV's over 90%
Underwriting Requirements:	
Income:	Stable income for two full years; not required to have held the same job for two years.
Down Payment:	3%, employer pays 2% as a grant, direct, deferred-payment or forgivable loan, guarantee of lender-financed loan.
Closing Costs:	100% of closing costs may be financed (i.e. Community Seconds)
Credit History:	Requires Residential Mortgage Credit Report. Alternative sources may be used in lieu of traditional credit.
Cash Reserves:	One month payment is required with Fannie97
Buy downs:	Permanent Buy downs permitted; temporary are not.
Subordinate Financing:	Yes, up to 20% of the mortgage amount.
Home buyer Training:	Yes

Source: Fannie Mae
(effective June, 20, 1994)

Program	Magnet 3/2
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	7.95%
Loan to Value Ratio	97%
Combined Loan to Value	97%
Down Payment	\$2,514
Origination Fee	\$813
Discount Points (1.5 avg)	\$1,219
Other Closing Costs	\$2,317
Cash Reserves	\$0
Mortgage Insurance Premium	\$1,219
Total Up-Front Costs	\$8,082
Mortgage Amount	\$81,286
Mortgage Payment	\$594
Taxes	\$108
Insurance	\$33
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,103
Income Obligation Ratio	38%
Affordable Income	\$34,841
MFI % (Family of 4)	82%

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	10.10%
Loan to Value Ratio	97%
Combined Loan to Value	97%
Down Payment	\$1,239
Origination Fee	\$401
Discount Points (2.0 avg)	\$801
Other Closing Costs	\$1,874
Cash Reserves	\$0
Mortgage Insurance Premium	\$601
Total Up-Front Costs	\$4,915
Mortgage Amount	\$40,061
Mortgage Payment	\$355
Taxes	\$115
Insurance	\$16
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$775
Income Obligation Ratio	38%
Affordable Income	\$24,480
MFI % (Family of 4)	66%

Magnet 5 Employer-Assisted Housing Mortgage Loans

Program Summary:	The Magnet 5 program was designed to assist employers who have difficulty recruiting or retaining employees because of a lack of affordable housing in their areas. It is not considered a community lending product, but it can be combined with other Fannie Mae products (i.e. Community Seconds, FannieNeighbors, etc.) to be considered a community lending product.
Loan Purpose:	Home purchase
Loan Term:	Based on conventional mortgage terms, however the type of employer assistance determines which Fannie mortgages are eligible to be combined with primary mortgage.
Maximum Loan Amount:	Standard Fannie amount
Maximum Income:	100%; Not combined with Fannie CHBP there are no limits
Loan to Value Ratio:	95%; with CHBP up to 100% CLTV if a portion of the down payment and/or closing costs is secured, grant-like financing.
Income to Debt Ratio:	28/36%; with Fannie product 33/38% - 38% may be exceeded with strong compensating factors.
Origination Fee:	1% maximum, based on the lender.
Discount Points:	Based on the lender.
Mortgage Insurance Coverage:	Up to 35%; depends on LTV and financing structure.
Eligible Properties:	Single Family, FNMA eligible condominiums and HUDs.
Appraisal:	Appraisal ratings of "average" or "fair" for neighborhoods and improvements.
Inspection:	For properties older than 10 years and with LTV's over 90%
Underwriting Requirements:	
Income:	Stable income for two full years; not required to have held the same job for two years.
Down Payment:	5%, employer may add housing benefit as grant, direct, deferred-payment or forgivable loan, guarantee of lender-financed loan.
Closing Costs:	100% of closing costs may be financed (i.e. Community Seconds)
Credit History:	Requires Residential Mortgage Credit Report. Alternative sources may be used in lieu of traditional credit.
Cash Reserves:	One month payment is required with Fannie Start-up Mortgage
Buy downs:	Permanent Buy downs permitted; temporary are not.
Subordinate Financing:	Yes, up to 20% of the mortgage amount.
Home buyer Training:	Yes

Source: Fannie Mae (effective June, 20, 1994)

Program	Magnet 5
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	7.95%
Loan to Value Ratio	95%
Combined Loan to Value	95%
Down Payment	\$4,190
Origination Fee	\$796
Discount Points (1.5 avg)	\$1,194
Other Closing Costs	Finance by Emp
Cash Reserves	\$0
Mortgage Insurance Premium	\$1,194
Total Up-Front Costs	\$7,374
Mortgage Amount	\$79,610
Mortgage Payment	\$581
Taxes	\$108
Insurance	\$33
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,090
<i>Income Obligation Ratio</i>	38%
Affordable Income	\$34,433
MFI % (Family of 4)	81%

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	10.10%
Loan to Value Ratio	95%
Combined Loan to Value	95%
Down Payment	\$2,065
Origination Fee	\$392
Discount Points (2.0 avg)	\$785
Other Closing Costs	F by Employer
Cash Reserves	\$0
Mortgage Insurance Premium	\$589
Total Up-Front Costs	\$3,831
Mortgage Amount	\$39,235
Mortgage Payment	\$347
Taxes	\$115
Insurance	\$16
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$768
<i>Income Obligation Ratio</i>	38%
Affordable Income	\$24,238
MFI % (Family of 4)	65%

FHA 203(b) 30 Year Fixed Rate Mortgage

Program Summary:	FHA mortgage insurance allows a home buyer to make a modest down payment and obtain a private lender mortgage with special underwriting criteria. FHA (HUD) insures the loan and pays the lender if the borrower defaults on the mortgage. Because the lender is protected in case of default, it can offer more liberal mortgage terms.
Loan Purpose:	Purchase, construction or refinance of first-time home
Loan Term:	15 - 30 year term, fixed, level payments
Maximum Loan Amount:	Single - \$114,000; Duplex - \$128,000; etc.
Maximum Income:	Sufficient to support housing expense - mortgage, installment accounts and fixed deductions.
Loan to Value Ratio:	Lower of: 97.5% or 97% for first \$25K and 95% for remainder
Income to Debt Ratio:	29/41% income to debt; may not be exceeded w/o significant compensating factors.
Origination Fee:	1% maximum, based on the lender.
Discount Points:	Based on the lender.
Mortgage Insurance Premium:	2.25% up-front, 0.5% monthly; 90-95% LTV for 12 years, 95-100% LTV for life of the loan.
Eligible Properties:	One to four family detached, FHA or VA approved condos
Appraisal:	HUD-approved appraisal.
Inspection:	FHA inspection on home repairs only.
Underwriting Requirements:	
Income:	Sufficient to support housing expense
Down Payment:	3-5% paid by borrower; sweat-equity included from completing appraisal requirements.
Closing Costs:	100% of closing costs may be financed.
Credit History:	Satisfactory credit rating
Cash Reserves:	No, but borrower must have strong compensating factors.
Buy downs:	No
Subordinate Financing:	Is allowed from government agency or non-profit group.
Home buyer Training:	No

Source: Department of Housing and Urban Development

Program	FHA 203(b)
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	8.29%
Loan to Value Ratio	95%
Combined Loan to Value	99%
Down Payment	\$4,190
Origination Fee	\$833
Discount Points (0.5 avg)	\$417
Other Closing Costs	\$781
Cash Reserves	\$0
Mortgage Insurance Premium	\$1,875
Total Up-Front Costs	\$8,095
Mortgage Amount	\$83,311
Mortgage Payment	\$628
Taxes	\$108
Insurance	\$35
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,139
<i>Income Obligation Ratio</i>	41%
Affordable Income	\$33,349
MFI % (Family of 4)	78%

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	9.92%
Loan to Value Ratio	95%
Combined Loan to Value	100%
Down Payment	\$2,065
Origination Fee	\$413
Discount Points (1.8 avg)	\$744
Other Closing Costs	\$820
Cash Reserves	\$0
Mortgage Insurance Premium	\$929
Total Up-Front Costs	\$4,971
Mortgage Amount	\$41,306
Mortgage Payment	\$360
Taxes	\$115
Insurance	\$17
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$782
<i>Income Obligation Ratio</i>	41%
Affordable Income	\$22,875
MFI % (Family of 4)	62%

FHA 251 30 Year Adjustable Rate Mortgage

Program Summary:	FHA mortgage insurance allows a home buyer to make a modest down payment and obtain a private lender mortgage with special underwriting criteria. The adjustable rate will offer a borrower a rate below the current market; negative amortization is not permitted; and methods of calculating the interest rate preclude sudden and unaffordable turns in monthly repayments.
Loan Purpose:	Purchase, or refinance of first-time home
Loan Term:	30 term; (see below under Special Provisions for interest rate info)
Maximum Loan Amount:	Single - \$114,000; Duplex - \$128,000; etc.
Maximum Income:	Sufficient to support housing expense - mortgage, installment accounts and fixed deductions.
Loan to Value Ratio:	Lower of: 97.5% or 97% for first \$25K and 95% for remainder
Income to Debt Ratio:	29/41% income to debt; may not be exceeded w/o significant compensating factors.
Origination Fee:	1%; lender determined
Discount Points:	Varies, currently -
Mortgage Insurance Premium:	2.25% up-front, 0.5% monthly; 90-95% LTV for 12 years, 95-100% LTV for life of the loan.
Eligible Properties:	One to four family detached, FHA or VA approved condos
Appraisal:	HUD-approved appraisal
Inspection:	Yes
Underwriting Requirements:	
Income:	Sufficient to support housing expense
Down Payment:	3-5% paid by borrower; sweat-equity included from completing appraisal requirements.
Closing Costs:	100% of closing costs may be financed.
Credit History:	Satisfactory credit rating
Cash Reserves	No, but borrower must have strong compensating factors.
Buy downs:	No
Subordinate Financing:	Is allowed from government agency or non-profit group.
Home buyer Training:	No
Special Provisions:	Lender negotiates interest rate; indexed to Treasury bond; may not increase more than 1% in a year, or 5% over life of loan

Program	FHA 251
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	6.37%
Loan to Value Ratio	95%
Combined Loan to Value	99%
Down Payment	\$4,190
Origination Fee	\$833
Discount Points (1.0 avg)	\$417
Other Closing Costs	\$781
Cash Reserves	\$0
Mortgage Insurance Premium	\$1,875
Total Up-Front Costs	\$8,095
Mortgage Amount	\$83,311
Mortgage Payment	\$519
Taxes	\$108
Insurance	\$34
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,030
Income Obligation Ratio	41%
Affordable Income	\$30,145
MFI % (Family of 4)	71%
* Maximum interest rate 10.35%, the payment would be \$740 or 96% MFI (1995).	

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	8.96%
Loan to Value Ratio	95%
Combined Loan to Value	100%
Down Payment	\$2,065
Origination Fee	\$413
Discount Points (2.0 avg)	\$826
Other Closing Costs	\$820
Cash Reserves	\$0
Mortgage Insurance Premium	\$929
Total Up-Front Costs	\$5,054
Mortgage Amount	\$41,306
Mortgage Payment	\$331
Taxes	\$115
Insurance	\$17
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$753
Income Obligation Ratio	41%
Affordable Income	\$22,030
MFI % (Family of 4)	59%
* Maximum interest rate 15.10%, the payment would be \$952 or 93% MFI (1990).	

Portland Habitat for Humanity

Program Summary:	A program which provides home ownership opportunities to low- and very low-income home buyers. They do this through a combination of volunteer labor and donated materials, and sell their homes for no profit and no interest. Habitat families must provide 400 hours of sweat equity towards their home purchase.
Loan Purpose:	First-time Home buyers for existing or new construction units.
Loan Term:	20 years; self-amortizing, level payments
Loan Amount:	Avg. \$45,000; varies according cost of property (usually donated), and rehabilitation costs.
Maximum Income:	50% MFI; avg. \$20,000 for family of four.
Loan to Value Ratio:	95%; 1% cash, and 400 hours of sweat equity
Income to Debt Ratio:	25 / 40%; flexible, but must show ability to pay
Origination Fee:	No
Discount Points:	No
Commitment Fees:	No
Mortgage Insurance Coverage:	100% of the structure value (donated land cost is not included)
Eligible Properties:	Habitat homes; single-family and duplex
Appraisal:	Habitat appraisal
Inspection:	Habitat inspection
Underwriting Requirements:	
Income:	Must demonstrate ability to pay and one year steady employment.
Down Payment:	1% cash, and 400 hours sweat equity
Closing Costs:	No closing costs.
Credit History:	Residential Mortgage Credit Report. Alternative credit sources are acceptable.
Cash Reserves:	No cash reserve, down payment held as escrow until home owner begins mortgage payments.
Assumable?:	No
Buy downs:	No
Subordinate Financing:	No
Home buyer Training:	Through Habitat

Source: Portland Habitat for Humanity

Program	Habitat for Humanity
Year: 1995	
Median Home Price (North)	\$45,000
Loan Term	30
Interest Rate	0.00%
Loan to Value Ratio	95%
Combined Loan to Value	99%
Down Payment	\$450
Origination Fee	\$0
Discount Points (0 avg)	\$0
Other Closing Costs	\$0
Cash Reserves	\$0
Mortgage Insurance Premium	\$0
Total Up-Front Costs	\$450
Mortgage Amount	\$44,550
Mortgage Payment	\$124
Taxes	\$108
Insurance	\$18
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$618
Income Obligation Ratio	40%
Affordable Income	\$18,553
MFI % (Family of 4)	43%

Year: 1990	
Median Home Price (North)	\$25,000
Loan Term	30
Interest Rate	0.00%
Loan to Value Ratio	95%
Combined Loan to Value	99%
Down Payment	\$250
Origination Fee	\$0
Discount Points (0 avg)	\$0
Other Closing Costs	\$0
Cash Reserves	\$0
Mortgage Insurance Premium	\$0
Total Up-Front Costs	\$250
Mortgage Amount	\$24,750
Mortgage Payment	\$69
Taxes	\$70
Insurance	\$10
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$438
Income Obligation Ratio	40%
Affordable Income	\$13,130
MFI % (Family of 4)	35%

U.S Bank - HomePartners

Program Summary:

HomePartners U.S. is a fixed rate, high LTV, portfolio loan product designed to provide low- and moderate-income borrowers with enhanced opportunities for home ownership.

Loan Purpose:

Mortgage for home purchase.

Loan Term:

30 years, fixed-rate, level payments

Maximum Loan Amount:

\$207,000

Maximum Income:

100%

Loan to Value Ratio:

95% (Closing costs and prepaid may be financed up to 100%)

Income to Debt Ratio:

36/40% (may not be exceeded)

Origination Fee:

2%

Discount Points:

No

Mortgage Insurance Coverage:

No coverage is required.

Eligible Properties:

Single Family, manufactured housing, condominiums and PUDs.

Appraisal:

Yes

Inspection:

For properties older than 10 years and with LTV's over 90%

Underwriting Requirements:

Income:

Stable income for two full years; not required to have held the same job for two years. Follow FNMA/FHLMC underwriting guidelines

Down Payment:

Minimum of 5% and/or \$1,000. Third party contributions up to 5% maximum, or a loan secured by collateral.

Closing Costs:

Closing costs and prepaid items that have not been paid by the seller or borrower can be financed with the loan up to max CLTV of 100%.

Credit History:

Requires Residential Mortgage Credit Report. Alternative sources may be used in lieu of traditional credit, but must have no late payments for 12 consecutive months preceding the mortgage.

Cash Reserves

Tax and insurance reserves.

Buy downs:

No

Subordinate Financing:

No

Home buyer Training:

Yes

Source: US BanCorp

Program	HomePartners
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	7.95%
Loan to Value Ratio	95%
Combined Loan to Value	98%
Down Payment	\$4,190
Origination Fee	\$1,636
Discount Points (1.5 avg)	\$0
Other Closing Costs	\$781
Cash Reserves	\$141
Mortgage Insurance Premium	\$0
Total Up-Front Costs	\$6,748
Mortgage Amount	\$81,811
Mortgage Payment	\$597
Taxes	\$108
Insurance	\$33
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,107
<i>Income Obligation Ratio</i>	40%
Affordable Income	\$33,208
MFI % (Family of 4)	78%
* Income obligation ratio may be maximum of 45%	

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	10.10%
Loan to Value Ratio	95%
Combined Loan to Value	99%
Down Payment	\$2,065
Origination Fee	\$820
Discount Points (2.0 avg)	\$820
Other Closing Costs	\$0
Cash Reserves	\$141
Mortgage Insurance Premium	\$0
Total Up-Front Costs	\$3,847
Mortgage Amount	\$41,015
Mortgage Payment	\$363
Taxes	\$115
Insurance	\$33
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$800
<i>Income Obligation Ratio</i>	40%
Affordable Income	\$24,008
MFI % (Family of 4)	65%

First Interstate 15 & 30 Year Mortgage Assistance Program

Program Summary:	A flexible First Interstate portfolio program for low- and moderate-income home buyers. This program serves as the standard affordable loan for the bank's range of portfolio programs.
Loan Purpose:	First-time Home buyers
Loan Term:	15 and 30 years, fixed, level payments
Maximum Loan Amount:	\$300,000
Maximum Income:	Borrower's is 80% or less of area median income or unit in low-mod census tract or inc. <150% in minority tract
Loan to Value Ratio:	97%
Income to Debt Ratio:	33/38% - may be 40/45% with strong compensating factors
Origination Fee:	\$250, fee rolled into mortgage.
Discount Points:	Rate scale from -2 to 3 points, fee rolled into mortgage.
Mortgage Insurance Coverage:	FNMA standard
Eligible Properties:	Single-family, FNMA approved condos and PUDs
Appraisal:	Appraisals meeting "average" or "fair" condition of area.
Inspection:	Structures over 20 years or deficiencies noted in appraisal.
Underwriting Requirements:	
Income:	Stable income over past two years; nontraditional income upon verification is acceptable.
Down Payment:	Borrower must pay 3% or a grant/gift from FNMA approved third party.
Closing Costs:	May be a gift from an interested party.
Credit History:	FNMA standards
Cash Reserves:	FHA/FNMA standard
Buy downs:	No
Subordinate Financing:	Subordinate financing from government agency or nonprofit group is acceptable under certain restrictions.
Home buyer Training:	Yes

Source: *First Interstate Bank, Northwest Region
Residential Loan Services*

Program	MAP
	30-Year
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	7.95%
Loan to Value Ratio	97%
Combined Loan to Value	97%
Down Payment	\$2,514
Origination Fee	\$250
Discount Points (1.5 avg)	\$1,219
Other Closing Costs	\$2,317
Cash Reserves	\$594
Mortgage Insurance Premium	\$1,219
Total Up-Front Costs	\$8,113
Mortgage Amount	\$81,286
Mortgage Payment	\$594
Taxes	\$108
Insurance	\$33
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,103
<i>Income Obligation Ratio</i>	45%
Affordable Income	\$29,421
MFI % (Family of 4)	69%

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	10.10%
Loan to Value Ratio	97%
Combined Loan to Value	97%
Down Payment	\$1,239
Origination Fee	\$250
Discount Points (2.0 avg)	\$801
Other Closing Costs	\$1,874
Cash Reserves	\$355
Mortgage Insurance Premium	\$601
Total Up-Front Costs	\$5,119
Mortgage Amount	\$40,061
Mortgage Payment	\$355
Taxes	\$115
Insurance	\$16
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$775
<i>Income Obligation Ratio</i>	45%
Affordable Income	\$20,672
MFI % (Family of 4)	56%

First Interstate 5/1 & 7/1 Adjustable Rate Mortgage Assistance Program

Program Summary:	A First Interstate portfolio product for low- and moderate-income buyers. This program uses a floating rate that can be fixed after the first change date, up to and including the fifth (or seventh) change date. Rate changes are capped at 2% annually and 5% over the life of the loan.
Loan Purpose:	First-time Home buyers
Loan Term:	30 year term; adjustable, then fixed rate at .25% point cost.
Maximum Loan Amount:	\$300,000
Maximum Income:	80%; upwards adjustment for family size; no limit for low-mod census tract, less than 150% MFI for tracts with 51% or more minority population
Loan to Value Ratio:	95%
Income to Debt Ratio:	33/38% (Max. ratio of 40/45% with strong compensating factors).
Origination Fee:	\$250, rolled into the mortgage amount.
Discount Points:	Rate scale from -2 to 3 points, fee rolled into mortgage.
Mortgage Insurance Coverage:	FNMA standard.
Eligible Properties:	Single-family residential, FNMA condos and HUDs
Appraisal:	Appraisals of "average" or "fair" is acceptable.
Inspection:	Performed on properties 20 years or older, or when appraisal has noted unit deficiencies.
Underwriting Requirements:	
Income:	Stable income over past two years; nontraditional income upon verification is acceptable.
Down Payment:	Borrower must pay 3% or a grant/gift from FNMA approved third party.
Closing Costs:	May be a gift from an interested party.
Credit History:	FNMA standards
Cash Reserves:	FHA/FNMA standards
Buy downs:	No
Subordinate Financing:	Subordinate financing from government agency or nonprofit group is acceptable under certain restrictions.
Home buyer Training:	Yes

Source: First Interstate Bank, Northwest Region Residential Loan Services

Program	MAP Adjustable
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	6.07%
Loan to Value Ratio	95%
Combined Loan to Value	95%
Down Payment	\$4,190
Origination Fee	\$796
Discount Points (1.5 avg)	\$1,194
Other Closing Costs	\$2,317
Cash Reserves	\$0
Mortgage Insurance Premium	\$1,194
Total Up-Front Costs	\$9,691
Mortgage Amount	\$79,610
Mortgage Payment	\$481
Taxes	\$108
Insurance	\$33
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$990
<i>Income Obligation Ratio</i>	38%
Affordable Income	\$31,259
MFI % (Family of 4)	73%
* Closing Costs paid by seller	

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	8.36%
Loan to Value Ratio	95%
Combined Loan to Value	95%
Down Payment	\$2,065
Origination Fee	\$392
Discount Points (2.0 avg)	\$785
Other Closing Costs	\$1,874
Cash Reserves	\$0
Mortgage Insurance Premium	\$589
Total Up-Front Costs	\$5,704
Mortgage Amount	\$39,235
Mortgage Payment	\$298
Taxes	\$115
Insurance	\$16
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$718
<i>Income Obligation Ratio</i>	38%
Affordable Income	\$22,678
MFI % (Family of 4)	61%

Key Bank HomeAssist Program (HAP V)

Program Summary:	The HomeAssist Loan Program is designed to help low- to moderate-income families to buy a home by providing a 2% down payment grant to the cost of the home. This is a Key Bank portfolio investment program.
Loan Purpose:	Mortgage for home purchase.
Loan Term:	10 to 30 years, fixed-rate, level payments
Maximum Loan Amount:	\$100,000
Maximum Income:	80%
Loan to Value Ratio:	97% for single unit structure, 95% for two unit structures, 80% for three to four unit structures.
Income to Debt Ratio:	33/41%
Origination Fee:	2%
Discount Points:	Rate scale; may be rolled into mortgage.
Mortgage Insurance Coverage:	No coverage is required.
Eligible Properties:	Owner-occupied 1-4 unit family dwellings, condominiums & HUDs.
Appraisal:	Yes, standard FNMA guidelines.
Inspection:	Yes
Underwriting Requirements:	
Income:	Stable income for two full years; not required to have held the same job for two years. Follow FNMA/FHLMC underwriting guidelines
Down Payment:	3%, may be provided by third party through gift, secured or unsecured loan. Key Bank provides other 2%.
Closing Costs:	Closing costs and prepaid items that have not been paid by the seller or borrower may be a gift from third party.
Credit History:	Standard FNMA credit guidelines.
Cash Reserves:	One month PITI.
Buy downs:	No
Subordinate Financing:	No
Home buyer Training:	Yes

Source: Key Bank

Program	HomeAssist
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	7.95%
Loan to Value Ratio	97%
Combined Loan to Value	97%
Down Payment	\$2,514
Origination Fee	\$1,626
Discount Points (1.5 avg)	\$1,219
Other Closing Costs	Gifted
Cash Reserves	\$454
Mortgage Insurance Premium	\$0
Total Up-Front Costs	\$5,813
Mortgage Amount	\$81,286
Mortgage Payment	\$594
Taxes	\$108
Insurance	\$0
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,070
<i>Income Obligation Ratio</i>	41%
Affordable Income	\$31,320
MFI % (Family of 4)	73%
* All fees set at a maximum of 1.75%	

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	10.10%
Loan to Value Ratio	97%
Combined Loan to Value	97%
Down Payment	\$1,239
Origination Fee	\$801
Discount Points (2.0 avg)	\$801
Other Closing Costs	Gifted
Cash Reserves	\$454
Mortgage Insurance Premium	\$0
Total Up-Front Costs	\$3,295
Mortgage Amount	\$40,061
Mortgage Payment	\$355
Taxes	\$115
Insurance	\$0
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$759
<i>Income Obligation Ratio</i>	41%
Affordable Income	\$22,210
MFI % (Family of 4)	60%

Oregon Housing Bond Single-Family Mortgage Program

Program Summary:

This program portfolios standard FHA-insured first mortgages, providing below-market interest rates to borrowers, using Oregon Revenue Bond proceeds. The most notable partner in Portland is NECDC who administers the HUD Nehemiah \$15,000 soft second mortgage. However, the Program will portfolio other qualified borrowers.

Loan Purpose:

First-time Home buyers for existing or new construction units.

Loan Term:

15 or 30 year term

Maximum Loan Amount:

Existing Homes: \$141,625 target areas
New Construction: \$257,363 target areas

Maximum Income:

\$44,400, regardless of family size

Loan to Value Ratio:

95 - 97%

Income to Debt Ratio:

29/41%; may vary with compensating strength in borrower's profile.

Origination Fee:

1.75% maximum of all fees (origination and discount points)

Discount Points:

Commitment Fees:

Mortgage Insurance Coverage:

Standard FHA guidelines

Eligible Properties:

Single-family residential, Duplex - for sale by NECDC

Appraisal:

Appraisals through HUD Nehemiah Appraisal

Inspection:

Standard FHA inspection

Underwriting Requirements:

Income:

On case-by-case basis; preferably stable income over past two years.
At least one year income history with employer verification.

Down Payment:

\$1,000 minimum, FHLB DP assistance may add \$3,000

Closing Costs

Standard FHA guidelines

Cash Reserves:

Standard FHA guidelines

Credit History:

Residential Mortgage Credit Report. In-files not acceptable.

Buy downs:

No

Subordinate Financing:

Government agency or nonprofit group is acceptable.

Home buyer Training:

Through NECDC

Special Provisions:

If property sold within first nine years after closing the borrower may be subject to an income tax surcharge.

Source: Oregon Housing and Community Services Dept. & Washington Mutual Lending Program

Program	OR Revenue Bond Portfolio
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	7.95%
Loan to Value Ratio	97%
Combined Loan to Value	99%
Down Payment	\$2,514
Origination Fee	\$1,458
Discount Points (1.5 avg)	\$0
Other Closing Costs	\$781
Cash Reserves	\$0
Mortgage Insurance Premium	\$1,875
Total Up-Front Costs	\$6,627
Mortgage Amount	\$83,311
Mortgage Payment	\$608
Taxes	\$108
Insurance	\$35
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,120
<i>Income Obligation Ratio</i>	41%
Affordable Income	\$32,769
MFI % (Family of 4)	77%

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	10.10%
Loan to Value Ratio	97%
Combined Loan to Value	97%
Down Payment	\$1,239
Origination Fee	\$701
Discount Points (2.0 avg)	\$801
Other Closing Costs	\$1,874
Cash Reserves	\$0
Mortgage Insurance Premium	\$901
Total Up-Front Costs	\$5,516
Mortgage Amount	\$40,061
Mortgage Payment	\$355
Taxes	\$115
Insurance	\$17
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$776
<i>Income Obligation Ratio</i>	41%
Affordable Income	\$22,699
MFI % (Family of 4)	61%

Fanne Mae Community Home Buyers Program Community Seconds Mortgage Loans

Program Summary:	Community Seconds encourages partnerships among providers of affordable housing by adding a subordinate (secured) financing subsidized second mortgage to a primary FNMA fixed-rate first mortgage. Subsidies can be obtained from a variety of private and public sector grants, such as CDBG, UDAG or other federal funds.
Loan Purpose:	Second Mortgage for home purchase and refinances
Loan Term:	15 or 30 years, fixed-rate, level payments; matching primary mortgage
Maximum Loan Amount:	Standard Fannie Mae amount.
Maximum Income:	100%
Loan to Value Ratio:	95%, (up to 97% with Fannie 97)
Income to Debt Ratio:	33/38% income to debt (28/36 with Fannie 97) - compensating factors may apply.
Mortgage Insurance Coverage:	Based on primary mortgage.
Eligible Properties:	Single Family, Fannie eligible condominiums and PUDs.
Appraisal:	Appraisal ratings of "average" or "fair" for neighborhoods and improvements.
Inspection:	For properties older than 10 years and with LTV's over 90%
Mortgage Insurance:	Up to 35%; depending on financing structure.
Underwriting Requirements:	
Income:	Stable income for two full years; not required to have held the same job for two years.
Down Payment:	Minimum of 5%. For 3/2 Option minimum of 3% from borrower's funds and 2% from Fannie approved third party. (inclg. 3% seller)
Closing Costs:	From borrower's resources or from a FNMA approved third party or unsecured loans from lender, or through Community Seconds loans.
Credit History:	Requires Residential Mortgage Credit Report. Alternative sources may be used in lieu of traditional credit.
Cash Reserves:	One month if primary mortgage is Fannie 97 or Start-Up.
Buy downs:	Permanent - yes, temporary - no
Subordinate Financing:	Community Seconds may provide up to 20% of mortgage amount
Home buyer Training:	Yes
Special Provisions:	Interested parties or sellers may pay up to 3% of closing costs if LTVs are over 90%, or 6% for LTVs under 90%
Source: Fannie Mae	

Year: 1995	Seconds with CHBP
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	7.95%
Loan to Value Ratio	95%
Combined Loan to Value	83%
Down Payment	\$1,190
Origination Fee	\$696
Discount Points (1.5 avg)	\$1,044
Other Closing Costs	\$317
Cash Reserves	\$0
Mortgage Insurance Premium	\$1,044
Total Up-Front Costs	\$4,291
Mortgage Amount	\$69,610
Mortgage Payment	\$508
Taxes	\$108
Insurance	\$28
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,013
Income Obligation Ratio	38%
Affordable Income	\$31,997
MFI % (Family of 4)	75%
* Assumed Community Second grant at \$15K (\$5K upfront)	

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	10.10%
Loan to Value Ratio	95%
Combined Loan to Value	78%
Down Payment	\$65
Origination Fee	\$322
Discount Points (2.0 avg)	\$645
Other Closing Costs	\$874
Cash Reserves	\$0
Mortgage Insurance Premium	\$484
Total Up-Front Costs	\$2,389
Mortgage Amount	\$32,235
Mortgage Payment	\$285
Taxes	\$115
Insurance	\$13
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$703
Income Obligation Ratio	38%
Affordable Income	\$22,192
MFI % (Family of 4)	60%
* Assumed Community Second grant at \$10K (\$3K upfront)	

Nehemiah Second Mortgage Program

Program Summary:	This program provides a secured second mortgage through the federal Nehemiah program, administered locally by the Northeast Community Development Corporations (NECDC). With this funding NECDC enables buyers to leverage a primary mortgage provided at below market rates, and underwritten by the State of Oregon, and, if they are qualified, for down payment assistance through the Federal Home Loan Bank of Seattle.
Loan Purpose:	First-time Home buyers for existing or new construction units.
Loan Term:	No term; subject to recapture when change of ownership or use
Loan Amount:	\$15,000; subject to recapture under certain circumstance
Maximum Income:	\$44,400, regardless of family size
Loan to Value Ratio:	N/A (see primary mortgage)
Income to Debt Ratio:	31 / 43%
Origination Fee:	No
Discount Points:	No
Commitment Fees:	No
Mortgage Insurance Coverage:	Coverage of at least the loan amount. FHA mortgage premiums.
Eligible Properties:	Single-family residential, Duplex - for sale by NECDC
Appraisal:	Appraisals through HUD Nehemiah Appraisal
Inspection:	Yes, by NECDC.
Underwriting Requirements:	
Income:	Meet primary mortgage guidelines (FNMA guidelines)
Down Payment:	N/A (see primary mortgage)
Closing Costs:	N/A (see primary mortgage)
Credit History:	Residential Mortgage Credit Report. In-files not acceptable.
Cash Reserves:	No
Buy downs:	No
Subordinate Financing:	No
Home buyer Training:	Yes
Special Provisions:	Through NECDC If change of ownership or change of use then second mortgage subject to recapture. Recapture amount is 50 percent of sale proceeds after down payment and owner improvements, up to \$15,000.

Program	Nehemiah with FHA 203(b)
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	8.29%
Loan to Value Ratio	95%
Combined Loan to Value	82%
Down Payment	\$4,190
Origination Fee	\$683
Discount Points (0.5 avg)	\$342
Other Closing Costs	\$781
Cash Reserves	\$0
Mortgage Insurance Premium	\$1,537
Total Up-Front Costs	\$7,533
Mortgage Amount	\$68,311
Mortgage Payment	\$515
Taxes	\$108
Insurance	\$28
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,020
Income Obligation Ratio	43%
Affordable Income	\$28,467
MFI % (Family of 4)	67%

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	9.92%
Loan to Value Ratio	95%
Combined Loan to Value	64%
Down Payment	\$2,065
Origination Fee	\$263
Discount Points (1.8 avg)	\$474
Other Closing Costs	\$820
Cash Reserves	\$0
Mortgage Insurance Premium	\$592
Total Up-Front Costs	\$4,213
Mortgage Amount	\$26,306
Mortgage Payment	\$229
Taxes	\$115
Insurance	\$11
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$645
Income Obligation Ratio	43%
Affordable Income	\$17,988
MFI % (Family of 4)	48%

Washington Mutual Ø Loan Option Program

Program Summary:	This program supplement offers no loan fees or closing costs to the borrower on home purchase (and refinance) transactions. As a trade off, the loan will be offered at a rate higher than the Bank's standard, full-cost loan. Waived fees include origination, appraisal, credit report, in-house settlement, title insurance, recording, inspection, among others. FHA or VA loans are ineligible, FNMA CHBP are eligible.
Loan Purpose:	Assist first-time home buyers by waiving up-front fees.
Loan Term:	10 to 30 years on fixed rate, and 15 to 30 oARMs
Maximum Loan Amount:	Allowed for loans up to \$1,500,000.
Maximum Income:	Eligible for buyers under Wash. Mutual Conventional Loans (115%), and Community Home Buyer (100%). Not eligible for FHA/VA loans.
Loan to Value Ratio:	97% under Wash. Mutual program, or 95% under FNMA CHBP
Income to Debt Ratio:	33/38% (28/36% Fannie97 or Wash. Mutual 97% LTV MGIC)
Origination Fee:	No; refundable application fee due up-front.
Discount Points:	No
Commitment Fees:	Paid by borrower, varies by program.
Mortgage Insurance Coverage:	100% withLTVs above 90% or borrower may use the Uninsured Option at a .25 point increase in interest rates.
Eligible Properties:	Single-family, 2-4 unit buildings, FNMA approved condos arRUDs.
Appraisal:	Yes
Inspection:	Yes
Underwriting Requirements:	
Income:	Same as the primary mortgage.
Down Payment:	3 to 5%; third-party contributions may not exceed borrower's costs.
Closing Costs:	None; except sellers' costs are not waived.
Credit History:	Same as the primary mortgage (standard Credit Report).
Cash Reserves:	Same as the primary mortgage.
Buy downs:	Temporary buy downs allowed.
Subordinate Financing:	Subordinate financing is allowed.
Home buyer Training:	Yes

Source: Washington Mutual, Community Development Department

Program	Zero Loan Option with CHBP
Year: 1995	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	8.05%
Loan to Value Ratio	95%
Combined Loan to Value	95%
Down Payment	\$4,190
Origination Fee	\$796
Discount Points (1.5 avg)	\$1,194
Other Closing Costs	\$1,175
Cash Reserves	\$0
Mortgage Insurance Premium	\$1,194
Total Up-Front Costs	\$8,549
Mortgage Amount	\$79,610
Mortgage Payment	\$587
Taxes	\$108
Insurance	\$33
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,096
Income Obligation Ratio	38%
Affordable Income	\$34,608
MFI % (Family of 4)	81%

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	10.50%
Loan to Value Ratio	95%
Combined Loan to Value	95%
Down Payment	\$2,065
Origination Fee	\$392
Discount Points (2.0 avg)	\$785
Other Closing Costs	\$1,102
Cash Reserves	\$0
Mortgage Insurance Premium	\$589
Total Up-Front Costs	\$4,933
Mortgage Amount	\$39,235
Mortgage Payment	\$359
Taxes	\$115
Insurance	\$16
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$779
Income Obligation Ratio	38%
Affordable Income	\$24,607
MFI % (Family of 4)	66%

Project Down Payment

Program Summary:

Project Down Payment is a home ownership program assisting buyers with low-cost financing for down payment and closing costs. For low-income individuals the program also will provide a \$15,000 recapturable loan. The program requires home buyers to meet its income guidelines, live in Eastside Portland for at least 6 months and buy their first home in targeted neighborhoods.

Loan Purpose:

Down payment assistance on home purchase.

Loan Term:

Principal buydown due at sale; 5 year down payment assistance loan.

Loan Amount:

\$19,000 for persons earning less than 80% MFI (\$15,000 buydown, \$4,000 down payment at 5% interest); \$4,000 at 5% interest for persons earning 81 to 100% MFI.

Maximum Income:

100% MFI (see above).

Loan to Value Ratio:

97% maximum

Income to Debt Ratio:

Based on primary lending product.

Origination Fee:

None

Discount Points:

None

Commitment Fees:

None

Mortgage Insurance Coverage:

Based on primary lending product.

Eligible Properties:

Standard FNMA properties.

Appraisal:

Based on primary lending product.

Inspection:

Based on primary lending products.

Underwriting Requirements:

Income:

Based on primary lending product.

Down Payment:

2% from borrower's funds.

Closing Costs:

May be financed by Project Down Payment loan.

Credit History:

Standard FNMA guidelines.

Cash Reserves:

Based on primary lending product.

Buy downs:

\$15,000 loan is a buy down.

Subordinate Financing:

Yes

Home buyer Training:

Yes

Source: Portland Housing Center

Program	Project Down Payment
Year: 1995	
	with FHA 203(b)
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	8.29%
Loan to Value Ratio	97%
Combined Loan to Value	81%
Down Payment	\$0
Origination Fee	\$682
Discount Points (0.5 avg)	\$341
Other Closing Costs	DP loan covers
Cash Reserves	\$0
Mortgage Insurance Premium	\$0
Total Up-Front Costs	\$1,023
Mortgage Amount	\$68,217
Mortgage Payment	\$590
Taxes	\$108
Insurance	\$0
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,066
Income Obligation Ratio	41%
Affordable Income	\$31,211
MFI % (Family of 4)	73%
* Monthly payment \$925 for first five years, after down payment assistance loan is paid off then the monthly payments will be \$759 (65% MFI).	

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	9.92%
Loan to Value Ratio	95%
Combined Loan to Value	99%
Down Payment	\$0
Origination Fee	\$407
Discount Points (1.8 avg)	\$733
Other Closing Costs	\$265
Cash Reserves	\$0
Mortgage Insurance Premium	\$917
Total Up-Front Costs	\$2,322
Mortgage Amount	\$40,735
Mortgage Payment	\$431
Taxes	\$115
Insurance	\$17
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$852
Income Obligation Ratio	41%
Affordable Income	\$24,932
MFI % (Family of 4)	67%
* Monthly payment \$857 for first five years, after down payment assistance loan is paid off then the monthly payments will be \$782 (76% MFI).	

Emanuel Hospital Neighborhood Home Ownership Program (ENHOP)

Program Summary:	The ENHOP provides forgivable loans to qualified employees of Legacy Health Systems who wish to purchase a primary residence within Legacy Emanuel's immediate neighborhoods. Loans can be used for down payments, pre-paid reserves, and closing expenses, and are secured by a second trust deed of the property. Employees make only interest payments through a payroll deduction.
Loan Purpose:	Second mortgage for home purchase.
Loan Term:	5 years, fixed rate (8.5%), level interest-only payments
Maximum Loan Amount:	10% or \$5,000, whichever is less.
Maximum Income:	None
Loan to Value Ratio:	Based on primary mortgage.
Income to Debt Ratio:	Based on primary mortgage.
Origination Fee:	Based on primary mortgage / lender.
Discount Points:	Based on primary mortgage / lender.
Mortgage Insurance Coverage:	Based on primary mortgage / lender.
Eligible Properties:	Maximum home price of \$85,000
Appraisal:	Based on primary mortgage.
Inspection:	Based on primary mortgage.
Underwriting Requirements:	
Income:	Able to qualify for a mortgage.
Down Payment:	Borrower must pay at least 2% of down payment.
Closing Costs:	Based on primary mortgage.
Credit History:	Based on primary mortgage.
Cash Reserves:	Based on primary mortgage.
Buy downs:	Based on primary mortgage.
Subordinate Financing:	Based on primary mortgage.
Home buyer Training:	Based on primary mortgage.
Special Provisions:	Up to 20% of the loan's original principal balance may be forgiven each year with employment in good standing.

Source: Emanuel Hospital, Legacy Healthcare Systems

Program	ENHOP
Year: 1995	with FHA 203(b)
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	8.29%
Loan to Value Ratio	97%
Combined Loan to Value	81%
Down Payment	\$0
Origination Fee	\$675
Discount Points (0.5 avg)	\$337
Other Closing Costs	\$781
Cash Reserves	\$0
Mortgage Insurance Premium	\$0
Total Up-Front Costs	\$1,793
Mortgage Amount	\$67,468
Mortgage Payment	\$611
Taxes	\$108
Insurance	\$0
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,088
Income Obligation Ratio	41%
Affordable Income	\$31,839
MFI % (Family of 4)	75%

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	9.92%
Loan to Value Ratio	97%
Combined Loan to Value	65%
Down Payment	\$0
Origination Fee	\$266
Discount Points (1.8 avg)	\$480
Other Closing Costs	F
Cash Reserves	\$0
Mortgage Insurance Premium	\$0
Total Up-Front Costs	\$746
Mortgage Amount	\$26,644
Mortgage Payment	\$335
Taxes	\$115
Insurance	\$0
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$739
Income Obligation Ratio	41%
Affordable Income	\$21,633
MFI % (Family of 4)	58%

Network for Affordable Housing Down Payment Assistance Grant

Program Summary:	The Network for Oregon Affordable Housing (NOAH) program is designed to assist below median income families by contributing 1% of the sales price of the home, up to a maximum of \$650 to the down payment..
Loan Purpose:	Mortgage for home purchase.
Loan Term:	10 to 30 years, fixed-rate, level payments
Maximum Loan Amount:	Per FHA guidelines.
Maximum Income:	100%
Loan to Value Ratio:	Per FHA guidelines.
Income to Debt Ratio:	Per FHA guidelines.
Origination Fee:	Based on primary mortgage / lender.
Discount Points:	Based on primary mortgage / lender.
Mortgage Insurance Coverage:	Based on primary mortgage / lender.
Eligible Properties:	Owner-occupied 1-4 unit family dwellings, condominiums & RUDs.
Appraisal:	Based on FHA guidelines.
Inspection:	Based on FHA guidelines.
Underwriting Requirements:	
Income:	Sufficient to support housing expenses.
Down Payment:	Grant of first \$650, borrower pays rest of down payment.
Closing Costs:	Based on primary mortgage.
Credit History:	Standard FHA / FNMA credit guidelines.
Cash Reserves:	Based on primary mortgage.
Buy downs:	Based on primary mortgage.
Subordinate Financing:	Based on primary mortgage.
Home buyer Training:	Based on primary mortgage.

Source: Key Bank

Program	NOAH Down Payment
Year: 1995	
with FHA 203(b)	
Median Home Price (North)	\$83,800
Loan Term	30
Interest Rate	8.29%
Loan to Value Ratio	95%
Combined Loan to Value	99%
Down Payment	\$3,540
Origination Fee	\$0
Discount Points (0.5 avg)	\$0
Other Closing Costs	\$781
Cash Reserves	\$0
Mortgage Insurance Premium	\$1,875
Total Up-Front Costs	\$6,196
Mortgage Amount	\$83,311
Mortgage Payment	\$628
Taxes	\$108
Insurance	\$35
Utilities	\$134
Average Maintenance	\$34
Assumed Monthly Debt	\$200
Total Monthly Payment	\$1,139
Income Obligation Ratio	41%
Affordable Income	\$33,349
MFI % (Family of 4)	78%

Year: 1990	
Median Home Price (North)	\$41,300
Loan Term	30
Interest Rate	9.92%
Loan to Value Ratio	95%
Combined Loan to Value	100%
Down Payment	\$1,415
Origination Fee	\$0
Discount Points (1.8 avg)	\$498
Other Closing Costs	F
Cash Reserves	\$0
Mortgage Insurance Premium	\$929
Total Up-Front Costs	\$2,842
Mortgage Amount	\$41,306
Mortgage Payment	\$360
Taxes	\$115
Insurance	\$17
Utilities	\$105
Average Maintenance	\$34
Assumed Monthly Debt	\$150
Total Monthly Payment	\$782
Income Obligation Ratio	41%
Affordable Income	\$22,875
MFI % (Family of 4)	62%

Summary of Program Outcomes Using North Portland Information

Program	CHBP	CHBP With 3/2 Option	FannieNeighbors	Start-Up	Fannie97	Lease-Purchase with CHBP
Up-Front Costs / 1996	\$9,691	\$8,082	\$9,691	\$10,136	\$8,676	\$5,501
% of Home Price	12%	10%	12%	12%	10%	7%
Up-Front Costs / 1990	\$5,704	\$4,915	\$5,704	\$6,149	\$5,270	\$3,639
% of Home Price	14%	12%	14%	15%	13%	9%
Minimum MFI / 1996	81%	82%	81%	81%	86%	81%
Minimum MFI / 1990	65%	66%	65%	66%	70%	65%

Program	MAP 30-Year	MAP Adjustable	HomeAssist	OR Revenue Bond Portfolio	Habitat for Humanity	HomePartners
Up-Front Costs / 1996	\$8,113	\$9,691	\$5,813	\$6,627	\$450	\$6,748
% of Home Price	10%	12%	7%	8%	1%	8%
Up-Front Costs / 1990	\$5,119	\$5,704	\$3,295	\$5,516	\$250	\$3,847
% of Home Price	12%	14%	8%	13%	1%	9%
Minimum MFI / 1996	69%	73%	73%	77%	43%	78%
Minimum MFI / 1990	56%	61%	60%	61%	35%	65%

Program	Magnet 3/2	Magnet 5	FHA 203(b)	FHA 251	Community Seconds	Nehemiah
					with CHBP	with FHA 203(b)
Up-Front Costs / 1996	\$8,082	\$7,374	\$8,095	\$8,095	\$4,291	\$7,533
% of Home Price	10%	9%	10%	10%	5%	9%
Up-Front Costs / 1990	\$4,915	\$3,831	\$4,971	\$5,054	\$2,389	\$4,213
% of Home Price	12%	9%	12%	12%	6%	10%
Minimum MFI / 1996	82%	81%	78%	71%	75%	67%
Minimum MFI / 1990	66%	65%	62%	59%	60%	48%

Program	Zero Loan Option with CHBP	Project Down Payment with FHA 203(b)	ENHOP with FHA 203(b)	NOAH Down Payment with FHA 203(b)	Average * Mortgage Programs	Average Assistance Programs
Up-Front Costs / 1996	\$8,549	\$1,023	\$1,793	\$6,196	\$8,028	\$4,898
% of Home Price	10%	1%	2%	7%	10%	6%
Up-Front Costs / 1990	\$4,933	\$2,322	\$748	\$2,842	\$4,909	\$2,908
% of Home Price	12%	6%	2%	7%	12%	7%
Minimum MFI / 1996	81%	73%	75%	78%	78%	76%
Minimum MFI / 1990	66%	67%	58%	62%	64%	60%

* Excluding Habitat for Humanity

Source: Lending Guidelines
Table 15: Program Summary

Analysis

Analysis of the mortgage lending programs documents two countervailing trends that have shaped the pool of qualified home buyers: general housing price appreciation as income growth has remained stagnant, and the decline in interest rates since 1990. The effect has been that these countervailing trends have only recently resulted in an Affordability Gap for most low-income borrowers throughout the whole market. Individual analysis of the mortgage programs generally supports that conclusion.

The minimum qualified borrower in 1995, on average, had an income \$33,306, or 78% MFI. This is fourteen percentage points higher since 1990, when the minimum income was 64% MFI, or \$23,774. However, there are some notable exceptions. Local lending portfolio programs allow buyers to qualify at just below 70% MFI in 1995 and still minimize up-front costs as compared to government-insured programs. Conventional financing is currently available to buyers at just over 80% MFI in 1995.

Increasing up-front costs to the borrower is another significant factor in excluding many families from buying a home. The response on the part of home buyers has been to gravitate towards loan programs offering higher Loan-To-Value ratios (LTVs), and third-party gifts thereby lowering down payments. The Study data has observed this trend: on average in 1990 cash costs were \$4,909, or 12 percent of the home price, by 1995 cash costs had fallen to \$8,028, or 10 percent of the home price. As buyers have gravitated to higher LTV loans and up-front costs are financed the higher monthly mortgage payments are to the borrower, thereby again raising the minimum qualified income level.

For example, using a hypothetical case of a simplified Community Home Buying Program loan:

Year: 1995	Base Line	Closing Cost Financed	Low DP/ Close Cost Fin.
Median Home Price (North)	\$83,800	\$83,800	\$83,800
Loan to Value Ratio	95%	95%	97%
Combined Loan to Value	95%	98%	100%
Down Payment	\$4,190	\$4,190	\$2,514
Closing Costs (F=Financed)	\$2,317	F	F
Total Up-Front Costs	\$9,691	\$7,374	\$5,698
Mortgage Amount	\$79,610	\$81,927	\$83,603
Total Monthly Payment	\$1,090	\$1,107	\$1,120
Income Obligation Ratio	38%	38%	38%
Affordable Income	\$34,433	\$34,967	\$35,354
MFI % (Family of 4)	81%	82%	83%

This Study more closely examines a federally-funded, and local home buyer assistance program, and a State-sponsored portfolio program. These types of mortgage enhancements, termed home buyer assistance programs by the Study, are currently less costly in terms of process and resources. The main effect of these programs is to lower the up-front costs for low-income borrowers. They have little effect on lowering the qualified income of borrowers. In 1990 these programs allowed borrowers at 60% MFI to qualify, versus 64% without this assistance. In 1995 that margin had narrowed as programs only allowed borrowers to qualify at 75% MFI, versus 78% MFI. As housing prices and/or interest rates rise these programs will require greater public subsidy to maintain low-income affordability. There are two notable exceptions: the Nehemiah second mortgage program, and Project Down Payment.

The Nehemiah Program

The Nehemiah program, through its \$15,000 secured second mortgage, allows for 1995 borrowers at 67% MFI to become home owners in homes constructed or rehabilitated through the Nehemiah program in the Northeast Portland target area. The program, under the direction of Northeast CDC will have developed over 160 units by the end of 1996. This program has been very successful in developing superior homes which have attracted many moderate-income minorities, especially African-Americans, back into low-income neighborhoods.

Project Down Payment

Project Down Payment has thrown a wider net across the City by recently restructuring their assistance to provide not only a \$4,000 low-interest down payment loan, but by allowing low-income families to qualify for a \$15,000 second mortgage loan. The down payment assistance lowers the up-front costs to the borrower to only 2% of the purchase price, and the minimum income is lowered to 73% MFI. In its design this program may be considered the most effective in negotiating the trade-off of lower up-front costs with higher monthly costs. Due to the recent restructuring the program should be monitored to gauge its effectiveness.

Oregon Single Family Mortgage Program

Finally, the Oregon Housing Bond Single Family Mortgage Program increases affordability through subsidizing lower interest rates on FHA and conventional products. As noted throughout this Study, interest rates have played a key role in determining housing affordability for low-income families. A distinct advantage of this program is that it has been able to assist a significant number of home buyers: 1,489, from 1992 to 1996, or worth over \$93 million in loans.² The program enhances prevailing interest rates by lowering the market rate, rather than continually increasing its subsidy over time. While clearly not a program that allows very low-income buyers to access home ownership opportunities, it has the ability to enhance loan products in the local market. Over 90% of the loans bought by the State enabled families below 78% MFI to become home owners, and 37% of the State's portfolio, 546 loans, have allowed families just below 60% MFI to become homeowners.

Loan Program Summary

It is evident that despite the best attempts by bankers and home buyer assistance programs to respond to housing market changes, the pool of qualified buyers has changed since 1990. As noted in the Housing Market Profile, the decline in interest rates has been the prime factor in retaining moderate-income families' ability to buy housing in Portland. The Study shows the extent of that change -- the minimum qualified buyer for home ownership in 1995, on average, must earn 78% of MFI, or 75% MFI with a home owner assistance program, as compared to 64% MFI in 1990.

Lenders have responded to this situation in a variety of ways. Lowering up-front costs has had a mixed success by allowing cash-constrained families to finance, or in some cases have fees waived, or granted. Flexible underwriting criteria has been another response, however this has only marginally expanded affordable home ownership opportunities. More often, flexible underwriting criteria means that stronger moderate-income candidates are qualified.

The most successful methods at providing low-income affordable home ownership opportunities have been through the use of Oregon's portfolio program, and home ownership assistance programs. The Oregon Housing Bond, Nehemiah, and Project Down Payment have benefited low-income borrowers the most. These types of subsidy programs deserve more attention, but if housing prices and/or interest rates rise deeper public investment will be needed.

Overall this Section finds:

- **The definition of "affordable" home ownership is rapidly changing; from families at or below 80 % MFI to families above the traditional federal guidelines. Currently, low interest rates are the primary reason that low-income families can find affordable housing.**
- **Home buyer assistance programs increase affordability by lowering the minimum MFI by 3-4 percentage points. Several of these programs, Nehemiah, and Project Down Payment, with their deeper subsidy, have successfully preserved low-income home ownership opportunities. However, as housing prices and/or interest rates rise, these programs will no longer be able to serve low-income borrowers without greater public subsidy.**

The Oregon Single Family Mortgage Program has been effective in providing a margin of affordability to many low- and moderate-income borrowers. This program, in combination with the various home buyer assistance programs, could provide significant affordability opportunities.

¹ H.L. Kibbey, How to Finance a Home in the Pacific Northwest (Lake Oswego, OR: Panoply Press, 1991/95), p. 216-236.

² Information was made available by Oregon Housing and Community Services Department, as of July 1, 1996.

DATA FORECAST

The historical trends in Portland's demographic profile, housing and mortgage lending markets have revealed a fundamental change in the City's population and housing profile. This change has been widely acknowledged in not only the data and analysis contained in the previous sections, but also in the experiences of a variety of consumers, program officers and lenders. This Study is intended to give shape to those changes, and allow policy makers to understand the underlying market structure.

This section will look ahead to forecast some of the primary factors in Portland's transformation. Metro's baseline forecast is used as a model for the section. The analysis will use 1990 and 1995 base data to forecast a variety of factors from 1995 to 2000. The forecast, and base data were generated as a part of Metro's Region 2040 project and new econometric forecasting models.¹

Limitations of Forecasting Data

A forecast is a guess and not a scientific fact. Using statistical methodology only allows forecasters to know how much of a guess they are making, rather than allowing them to make a better guess. Another limitation is the further your forecast is removed from the present, the more likely you are to be wrong. Keeping this in mind, this section limits the forecast to the year 2000, and 2005 in some instances. In addition, the Study uses simple, straightforward methods of extrapolating data from Metro's forecast for the purpose of identifying macro trends.

Recently, a Study completed by the Center for Urban Studies at Portland State University (PSU) argues that model deficiencies may have biased Metro's forecast data, allowing for further error. After reviewing the arguments of the PSU report, any deficiencies of the Metro model are of a relatively minor nature in the context of this Study. As the Metro model is only in its draft form and will be calibrated in the coming months to address the PSU report's criticisms, the Study uses Metro's forecasts with an eye to future revisions.

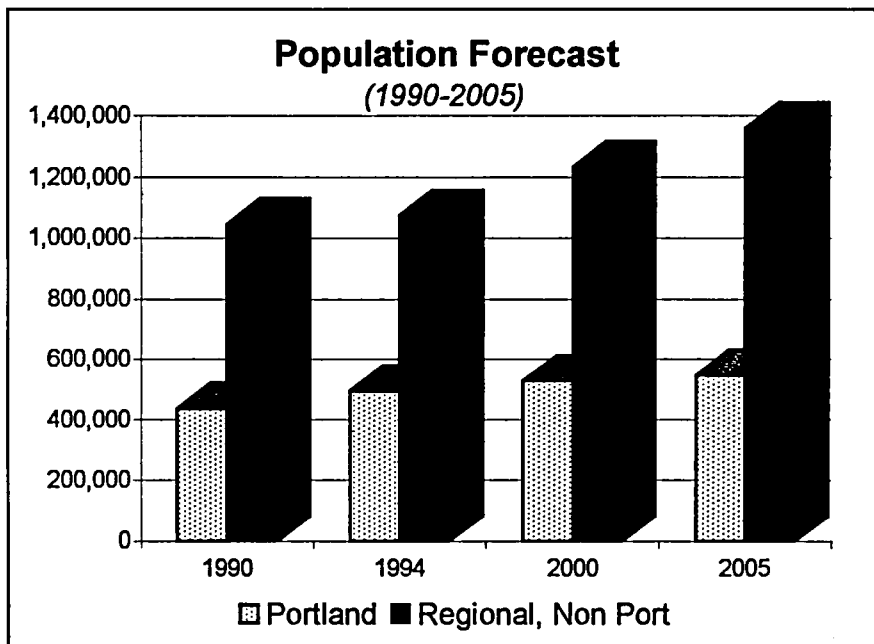
Data Forecast

Population

The four-county Portland metropolitan region has experienced significant in-migration since the late-1980s to the present time. On average population growth has averaged 2.5% a year since 1990.² Two of the top attractors to this region have been the quality of life and a robust economy. As the Portland metropolitan region's emergence as a major manufacturing center of high-technology products and research cools into a long-term industry rather than a new growth sector, population expansion should begin to plateau. Another constraint to population expansion in the region is the Urban Growth Boundary, which defines the outer limit of residential expansion. Portland's geography also presents limits on the ability of the

City to accept population growth. Zoning limitations on infill development, unit reconfiguration, and the lack of buildable land (especially true in older established neighborhoods) limits population growth.

Metro's forecast demonstrates that in the short-term growth will continue to expand rapidly; but it may begin to moderate over the long-term, demonstrating the region's growth limitations. In 1990, the Portland-Vancouver PMSA regional population was 1,479,700, and by 1994 it was 1,565,800, or a 5.8 percent increase. Metro predicts that from 1994 to 2000 the population growth will double to 12.2 percent, but will moderate to 8.4 percent from 2000 to 2005. (Figure 10) Roughly less than one percent of this growth is headed for Vancouver, and Clark County, Washington.



Source: 2015 Regional Forecast and Urban Development Patterns, Metro 1996

Figure 10: Population Forecast

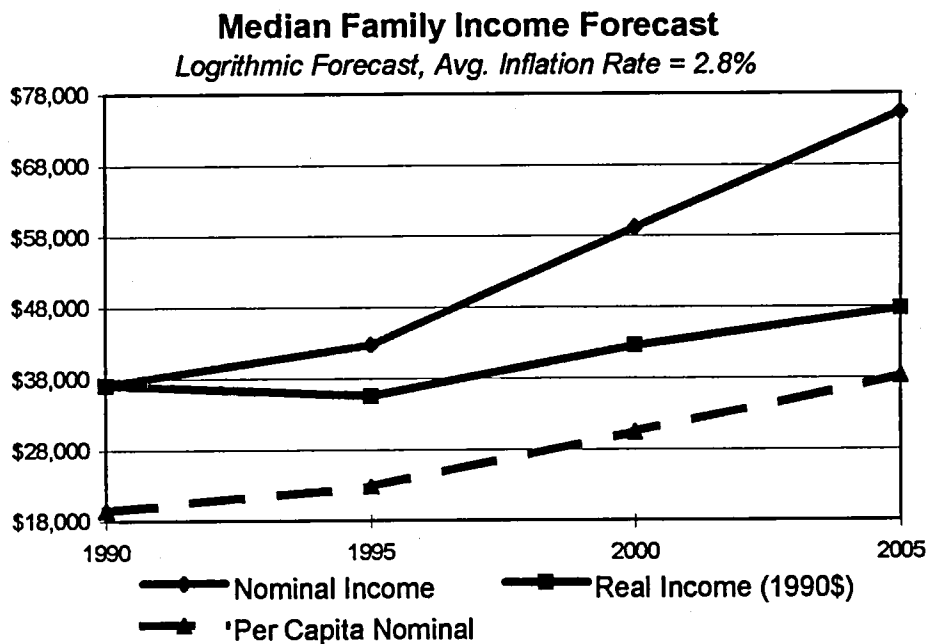
The City of Portland will exhibit the greatest slow-down in population growth. From 1990 to 1995 the City added 59,602 new residents, or 13.7%. As the region grows by over 12% from 1995 to 2000, Portland will only add 32,170 new individuals, or a growth rate of 6.5%. This growth rate will diminish by half again in the first part of the next century, 2000 to 2005. (See Figure 10)

At first glance this reduction in the rate of growth may demonstrate a slow-down in new families seeking housing in the Study Areas, however the significant trends of reverse commuting (city to suburb) have been coalescing over the past several years. It is yet too early to tell whether this trend will continue to impact the housing market with continuing high demand. Simply said, the demand for the limited housing supply in the Study Areas, being the most affordable in the City, may not experience an explicit decrease over the next ten years.

Income

The average spending power of Portland Metropolitan residents has decreased over the past several years as income growth has lagged behind inflationary price appreciation. After correcting for market basket inflation there has been a slight decline in income over the early 1990s, with only a slight increase in the past two years. According to Metro this expansion will continue, following historical trends, as the region's economic activity develops. In the year 2000 forecast real per capita income rises 22.7% from 1990 to 2005, or 3.8% per year.

The Study uses a logarithmic estimation technique to calculate the growth of median family income.³ The forecasting of median family income using this technique does not constitute a statistically significant forecast methodology. Rather, these figures should be used as an indicator of income growth over the next decade.



Source: 2015 Regional Forecast and Urban Development Patterns, Metro 1996

Figure 11: Income Forecast

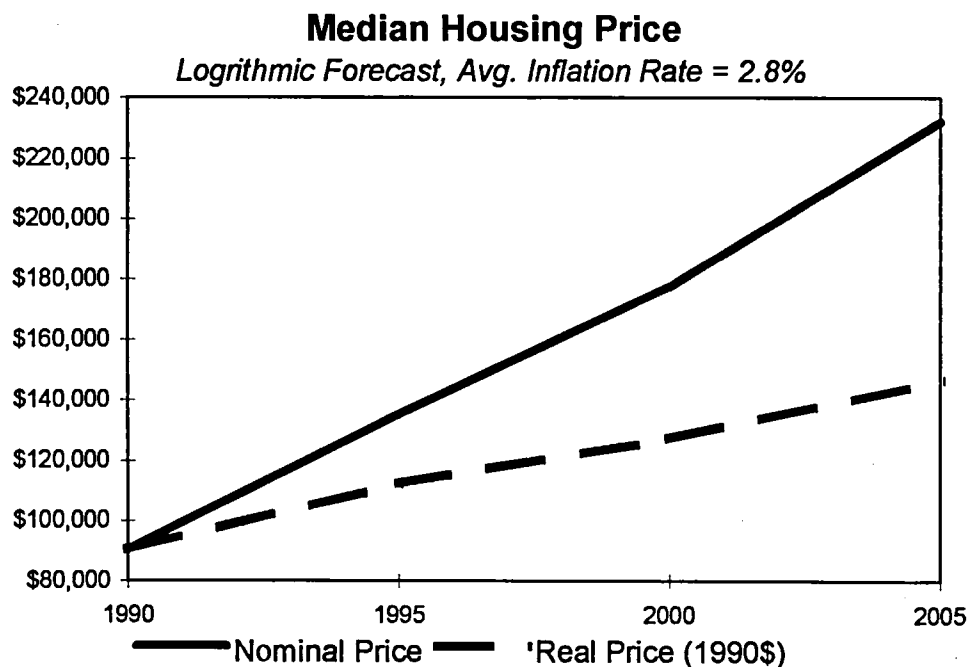
Income appreciation should follow historic trends. This translates into a continued widening of the income gulf currently found in the region's high, middle and low income structure. Income growth, over the past several years, has appreciated faster for upper-income individuals than for middle, or low-income individuals. For low-income individuals this is especially difficult as wages have stagnated and public subsidies have not kept pace with inflation.⁴ Middle and lower-income individuals have been able to substitute cheaper consumption products for the loss of real income growth -- witness the success of WalMart, and other "mega" stores. However, this strategy has not off-set substantial housing price appreciation.

While the real income growth forecast shows appreciation for the Portland MSA, without real change in the skill/education level of low-income residents the widening gap between income classes will not change. Without positive changes in public subsidy growth, or a moderation of housing price appreciation, income differentials will continue to widen between income groups. This will result in increasing affordability problems for low- and moderate-income home buyers.

Housing Prices

The determination of a housing price is a negotiation between the seller and the buyer, each player having an array of factors influencing the final settlement. Thus, there are serious limitations on an accurate mode of housing prices. Rather forecasts are almost exclusively extensions of observed values. Over the past several years housing prices have appreciated faster than inflation throughout the region. From 1990 to 1995, housing prices appreciated 49.5%; adjusted for inflation, it was still a substantial 24.3%.

In Portland there has been much discussion regarding the probability of this trend continuing throughout the next decade. These deliberations are locked in a political struggle over the whether Portland's Urban Growth Boundary (UGB) should be expanded to allow for further residential development. This Study does not attempt to accurately forecast housing prices over the next ten years. It simply uses a simple trend line generated by the average housing price appreciation since 1995 to estimate housing prices in 2000 and 2005.



Source: *Metropolitan Portland Real Estate Report and Market Action*

Figure 12: Housing Price Forecast

In 1988, the beginning of the current up-swing in housing prices, the median housing price for the City was \$69,120, by 1995 housing prices had risen to \$135,250, or an appreciation of 95.7 percent. The same logarithmic trend techniques are used to derive future housing prices from 2000 to 2005 housing prices. This technique creates a baseline trend and is a device used to merely indicate likely housing price growth.

Data Forecast Summary

Over the next ten years, the City of Portland should experience a continuation of historic trends since its economic emergence in the late 1980s. This means that population should continue to rise with moderating in-migration, and expanding natural increase. Income growth is predicted to rise over the next few years, but stay well within the norm for the region's historical trends. This includes the structural trend of upper-income and educated/skilled workers having an expanding income, and lower-income and lesser educated/skilled workers having lesser income growth. Similarly, housing prices will moderate, but generally follow historical trends, thereby increasing the affordability gap for moderate- and low-income families.

1. Metro Regional Growth Management and Data Services, Urban Growth Report: Discussion Draft (Portland, OR: Metro, March, 1996), p. 1. The data was made available by Sonny Conder, Senior Urban Land Use Economist at Metro's Data Services Division.

2. Metro Regional Growth Management and Data Services, The 2015 Regional Forecast and Urban Development Patterns. (Portland, OR: Metro February, 1996), p. 17.

3. Calculates an exponential curve that fits the data and returns an array that describes the curve. The equation for the curve is:

$$y = (b * (m1^{x1}) * (m2^{x2}) * \dots) \text{ or } y = b * m^x;$$

where the dependent y-value is a function of the independent x-values. The m-values are bases corresponding to each exponent x-value, and b is a constant value. Note that y, x, and m can be vectors. The array that LOGEST returns is {m_n, m_{n-1}, ..., m₁, b}. (Microsoft Excel Windows 95, Microsoft Corporation, Redland, WA)

4. Oregon Employment Department, 1996 Regional Economic Profile: Portland PMSA (Salem, OR: State of Oregon, 1996), p. 33-38.

THE AFFORDABILITY GAP: BARRIERS TO HOME OWNERSHIP

This last section is a synthesis of issues raised throughout the Study and is a first step for reassessing home ownership in Portland. This Study does not prescribe a course of action to solve the *Affordability Gap* dilemma for policy-makers and advocates. Rather, it provides a framework for further policy discussion and programmatic action. The barriers to home ownership described in this section are a function of the author's observation, and not an exhaustive, or definitive list of issues that concern housing advocates, the City or lenders.

This section examines three types of barriers to home ownership that contribute to the Affordability Gap: *Demographic Barriers*, *Housing Market Barriers*, and *Lending Barriers*.

DEMOGRAPHIC BARRIERS TO HOME OWNERSHIP

The shifting demography of the City of Portland has induced significant changes in the ability of individuals and families to purchase a home. This is especially true of low-income families struggling with appreciating housing prices and stagnating incomes. Demographic barriers to housing are especially difficult for policy-makers and advocates, because they require long-term solutions, and are often caused by forces beyond local control. However, in the case of Portland demographic changes are at the core of the current shift away from housing affordability for low-income families. Demographic barriers to first-time home ownership include:

- **Low Wage Potential for Low-Income Families**

A common view of the current Affordability Gap experienced by low-income families is that the current disequilibrium of income and housing price is a short-term phenomenon. The difficulty in this theory is that there is a continuing differential of income growth within the region. The wage income of the educated, skilled class will expand with the economic fortunes of the region, while the income of the less educated/skilled will continue to stagnate.

Without the ability of low-income individuals to meet educational, and skill requirements necessary for participation in the region's economic expansion they will continue to experience a dislocation of income and market basket prices. Avenues for further discussion are: exploring the wage/education/skill requirements of living wage industries; and enhancing the marketability of low-income individuals to regional industries by developing greater access to skill development and job opportunities.

- **Increasing Housing Demand**

Currently, the region's high technology and international trade economies are well positioned to continue their expansion. In the recent past native Portland residents have had to compete with refugees from California's failed Cold War economy of defense industries, and the collapse of its inflationary land and housing market. This represents just one possible flow of new in-migration. There has been relatively little migration from the South, East Coast and other parts of the United States. However, as Portland and Seattle continue to grow there may be more in-migration from other areas of the country. This will in turn increase the competition for housing within the mostly affordable Study Areas.

As demographic changes to the region have occurred there has been a parallel transformation in the Portland housing market. Increased demand for housing has resulted in a significant price appreciation. This has been especially true of the Study Areas. While the interactions of the housing market are too complex for this summary, the Study has tracked two main barriers: limited housing supply, and the appreciating home prices.

- **Limited Supply of Affordable Housing**

The dense nature of Portland's Study Areas, competition for available land, combined with restrictive zoning and building laws, have resulted in an inelastic supply of land and housing units. This has limited the ability of developers and residents to alter this supply, even through aggressive infill development. For the low-income residents the housing supply that is left is dwindling and is approaching, if not already at, the end of its economic life. Housing in such a state will soon be unfinancable.

Increasing the supply of affordable housing may partly be resolved by affordable housing development community development corporations (CDCs). However, without increased non-profit and for-profit affordable housing development capacity and a fundamental shift away from rental housing and towards home ownership, the needs of low-income first-time home buyers will not be met.

- **High Home Prices**

The interaction of increasing demand and limited supply has resulted in appreciating home prices in the Study Areas. This price appreciation is the basic element, after income, in determining affordability for low-income individuals. The most common approach to reduce the Affordability Gap would be to enhance low-income buyer's purchasing ability through subsidized interest rates, down payment, and second mortgage assistance. However, policy makers must also look at the underlying issues discussed in the Demographic Barriers section; namely the continued creation of living wage jobs through directed economic development.

However, as prices continue to rise in the near future the ability of limited public subsidy to enhance low-income buyers will diminish. Public entities will need to explore flexible and innovative subsidy methods, two of which are *recapture* and *retention* models. Subsidy Recapture would “recycle” city subsidies through by sharing with assisted home owners any realized equity appreciation on sale. Subsidy Retention preserves affordable units by restricting prices on future sales, forcing the homes to be resold as a price affordable for low- and moderate-income home buyers. While there is some controversy in these methods they may offer viable alternatives to preserve affordable housing in times of the current rapid market appreciation.

Another avenues for preserving for affordable housing is through the control of the many individual components involved in the home purchase transaction. Housing advocates, the local government and lenders need to assess the impact on affordability on a number of these components. These include: underwriting and process costs imposed by institutions; rising interest rates (discussed below); up-front costs (also discussed below); the quality of the home; and the practice of determining the credit risk.

A model of factors leading to higher home prices is too complex to mention here. But, just as housing prices have dramatically increased in the past several years, they will again fall in the future according to larger cyclical movements. When will they fall is still up for debate; some believe the current economic profile ensures healthy growth (and higher housing prices) well into the next century. Policy makers need to further examine these factors to gauge the effectiveness of future affordable housing policies and programs.

The interaction of the housing market and the consumer is the province of the mortgage lenders. The lending decision is not the relatively simple transaction of buyer and seller. There is a multitude of diverse factors involved in each transaction and subsequent lending decision. Among these are the availability of credit in national capital markets, the economies of regions, the general perception of risk, as well as the interactions of individuals. These factors never rest for long in equilibrium and this Study has attempted to highlight a number that have proved or will prove to be barriers to home ownership.

- **Increasing Interest Rates**

An important factor in the home buying decision is the level of interest rates, or the cost of borrowing money. The drop of interest rates since 1990 has supported the capital-intensive economic expansion of Portland’s regional economy in the early 1990s, and the subsequent appreciation in the home mortgage markets. However, decreasing interest rates are cyclical in nature, and current trends and forecasts predict a moderate rise in interest rates. Marginally income-constrained families have secured homes by the drop in interest rates, making their monthly payments *just* affordable in an appreciating market.

A slight increase of interest rates will begin to push these families out of the housing market. This will prove a new barrier to home ownership for income-marginal families.

- **High Up-Front Costs**

The purchase of a home is the largest single transaction in the lives of most families. The monthly costs involved in this transaction have an enormous impact upon the on-going financial circumstances of families on limited budgets. These costs are manageable if a family's income remains stable, often at the expense of other elastic or inelastic needs. However, in purchasing a home there are a number of "cash" hurdles that a family must overcome. They often make the purchase of a home out of reach for moderate, and low-income buyers, and define the cash-constrained consumer. In an appreciating housing market these costs become more significant in barring prospective home buyers.

The difficulty in raising up-front cash for low-income borrowers has not been lost on the lending community. A number of new products have been created or modified to allow for down payment assistance, third-party gifts, no or limited fee loans, or the financing of closing costs in the mortgage. Despite these efforts, up-front cash costs will continue to be a higher and higher barrier to home ownership as income growth stagnates and housing appreciation and interest rates climb. There needs to be further discussion of methods of decreasing up-front cash costs to low-income consumers without placing further burdens on their borrowing ability.

- **High Monthly Housing Costs**

The mortgage payment is the costliest factor in the monthly housing costs to low-income borrowers, but is only one in a number of other elements. These include property taxes, mortgage insurance, utilities, and maintenance costs. The components to mortgage costs, interest rates, up-front cash, etc. have been discussed above as barriers to home ownership. The other elements of monthly housing costs have also had an impact on upon the ability of low-income borrowers to become home owners.

Mortgage insurance has received more prominent attention in the last several years as a component in creating affordable housing. While not necessarily a first-time borrower affordability issue, the facilitation of mortgage insurance cancellation for eligible low-income borrowers may enhance long-term affordability. Other subsidized mortgage insurance strategies should also be considered.

Utility and maintenance costs are often related in lesser quality housing. A major cause of utility appreciation is the poor quality of major housing systems such as plumbing, roofing, siding. However, this poor quality is not limited to systems affecting weatherization -- it includes other major system problems. While the City of Portland currently has programs related to housing weatherization, and repair there needs to be further discussion of how to coordinate existing and planned programs by community

development corporations, utility companies and other participants in order to augment services to low-income home owners and home buyers.

CONCLUSION

In 1990 The Oregonian's *Blueprint for a Slum* proved a watershed in Portland's recognition of home ownership issues in low-income neighborhoods. The articles highlighted the needs for lenders to expand their knowledge of low-income/ethnic borrowers, and to provide greater opportunities for these populations to obtain flexible mortgage financing. The consequence has been a new range of home ownership education classes, local lender portfolio programs, reformulation of City policy, and establishment of nonprofit home buyer assistance organizations.

However, as shown by this Study, the underlying demographic, housing market and economic factors of the Portland metropolitan region have dictated current home ownership opportunities for low- and moderate-income buyers. The result has been an Affordability Gap; where low-income families can no longer afford housing that was available to them several years ago. The exact point at which the housing market generated an Affordability Gap is debatable, but the effects of this Gap are unfortunately becoming more evident.

This Study should be used as a reference for further political and policy discussions. There is no easy prescription for Portland. Affordable home ownership is a fluid definition in this market, and large portions of traditional low-income home buying populations are now priced out of the market without significant public/private subsidy. However, low-income home ownership will continue to be an important issue, and worthy of careful attention and frank discussion. It is an issue at the core of Portland's high quality of life - for all its residents.

Appendix I: Housing Affordability Equations

North Portland	1984	1986	1988	1990	1992	1994	1995
Average Home Price	\$37,100	\$37,600	\$31,700	\$41,300	\$54,400	\$72,400	\$83,800
Effective Interest Rate	12.4%	10.0%	9.0%	10.3%	7.9%	6.6%	7.4%
Loan - to - Value Ratio	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Payment (30 Yr)	\$373	\$313	\$242	\$352	\$375	\$440	\$552
Monthly							
Property Tax (per \$000s)	\$104	\$105	\$89	\$115	\$128	\$109	\$108
Mortgage Insurance (per \$000s)	\$15	\$15	\$13	\$16	\$22	\$29	\$33
Utilities (per month SF detached)	\$84	\$84	\$84	\$84	\$84	\$149	\$149
Average Maintenance	\$35	\$35	\$35	\$35	\$35	\$35	\$35
100% MFI							
Median Family Income	\$28,800	\$31,150	\$35,100	\$37,100	\$39,400	\$42,300	\$44,400
Housing Budget (month)	\$720	\$779	\$878	\$928	\$985	\$1,058	\$1,110
Mortgage Budget	\$483	\$540	\$657	\$677	\$717	\$736	\$784
Affordable Mortgage	\$45,562	\$61,572	\$81,855	\$75,532	\$98,875	\$115,038	\$113,061
Mortgage Excess/(Gap)	\$10,317	\$25,852	\$51,740	\$36,297	\$47,195	\$46,258	\$33,451
Payment Excess/(Gap)	\$109	\$227	\$416	\$325	\$342	\$296	\$232
80% MFI							
Median Family Income	\$23,040	\$24,920	\$28,080	\$29,680	\$31,520	\$33,840	\$35,520
Housing Budget (month)	\$576	\$623	\$702	\$742	\$788	\$846	\$888
Mortgage Budget	\$339	\$384	\$482	\$491	\$520	\$525	\$562
Affordable Mortgage	\$31,971	\$43,809	\$60,004	\$54,831	\$71,692	\$81,990	\$81,060
Mortgage Excess/(Gap)	(\$3,274)	\$8,089	\$29,889	\$15,596	\$20,012	\$13,210	\$1,450
Payment Excess/(Gap)	(\$35)	\$71	\$240	\$140	\$145	\$85	\$10
50% MFI							
Median Family Income	\$14,400	\$15,575	\$17,550	\$18,550	\$19,700	\$21,150	\$22,200
Housing Budget (month)	\$360	\$389	\$439	\$464	\$493	\$529	\$555
Mortgage Budget	\$123	\$151	\$219	\$213	\$224	\$207	\$229
Affordable Mortgage	\$11,584	\$17,165	\$27,228	\$23,780	\$30,918	\$32,418	\$33,060
Mortgage Excess/(Gap)	(\$23,661)	(\$18,555)	(\$2,887)	(\$15,455)	(\$20,762)	(\$36,362)	(\$46,550)
Payment Excess/(Gap)	(\$251)	(\$163)	(\$23)	(\$138)	(\$150)	(\$233)	(\$323)

Appendix I: Housing Affordability Equations

	1984	1986	1988	1990	1992	1994	1995
Northeast Portland							
Average Home Price	\$55,400	\$52,500	\$49,800	\$64,200	\$84,600	\$102,700	\$114,500
Effective Interest Rate	12.4%	10.0%	9.0%	10.3%	7.9%	6.6%	7.4%
Loan - to - Value Ratio	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Payment (30 Yr)	\$558	\$437	\$380	\$547	\$582	\$624	\$755
Monthly							
Property Tax (per \$000s)	\$155	\$147	\$139	\$179	\$199	\$154	\$148
Mortgage Insurance (per \$000s)	\$22	\$21	\$20	\$25	\$33	\$41	\$45
Utilities (per month SF detached)	\$84	\$84	\$84	\$84	\$84	\$149	\$149
Average Maintenance	\$35	\$35	\$35	\$35	\$35	\$35	\$35
100% MFI							
Median Family Income	\$28,800	\$31,150	\$35,100	\$37,100	\$39,400	\$42,300	\$44,400
Housing Budget (month)	\$720	\$779	\$878	\$928	\$985	\$1,058	\$1,110
Mortgage Budget	\$424	\$492	\$600	\$604	\$634	\$679	\$732
Affordable Mortgage	\$40,056	\$56,155	\$74,671	\$67,385	\$87,429	\$106,061	\$105,580
Mortgage Excess/(Gap)	(\$12,574)	\$6,280	\$27,361	\$6,395	\$7,059	\$8,496	(\$3,195)
Payment Excess/(Gap)	(\$133)	\$55	\$220	\$57	\$51	\$54	(\$22)
80% MFI							
Median Family Income	\$23,040	\$24,920	\$28,080	\$29,680	\$31,520	\$33,840	\$35,520
Housing Budget (month)	\$576	\$623	\$702	\$742	\$788	\$846	\$888
Mortgage Budget	\$280	\$337	\$424	\$418	\$437	\$467	\$510
Affordable Mortgage	\$26,464	\$38,392	\$52,820	\$46,684	\$60,246	\$73,013	\$73,580
Mortgage Excess/(Gap)	(\$26,166)	(\$11,483)	\$5,510	(\$14,306)	(\$20,124)	(\$24,552)	(\$35,195)
Payment Excess/(Gap)	(\$277)	(\$101)	\$44	(\$128)	(\$146)	(\$157)	(\$244)
50% MFI							
Median Family Income	\$14,400	\$15,575	\$17,550	\$18,550	\$19,700	\$21,150	\$22,200
Housing Budget (month)	\$360	\$389	\$439	\$464	\$493	\$529	\$555
Mortgage Budget	\$64	\$103	\$161	\$140	\$141	\$150	\$177
Affordable Mortgage	\$6,077	\$11,748	\$20,044	\$15,633	\$19,472	\$23,441	\$25,580
Mortgage Excess/(Gap)	(\$46,553)	(\$38,127)	(\$27,266)	(\$45,357)	(\$60,898)	(\$74,124)	(\$83,195)
Payment Excess/(Gap)	(\$493)	(\$334)	(\$219)	(\$406)	(\$441)	(\$474)	(\$577)

Appendix I: Housing Affordability Equations

Southeast Portland	<u>1984</u>	<u>1986</u>	<u>1988</u>	<u>1990</u>	<u>1992</u>	<u>1994</u>	<u>1995</u>
Average Home Price	\$49,100	\$48,100	\$48,200	\$59,200	\$84,600	\$96,600	\$109,700
Effective Interest Rate	12.4%	10.0%	9.0%	10.3%	7.9%	6.6%	7.4%
Loan - to - Value Ratio	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Payment (30 Yr)	\$494	\$401	\$368	\$504	\$582	\$587	\$723
Monthly							
Property Tax (per \$000s)	\$137	\$134	\$135	\$165	\$199	\$145	\$142
Mortgage Insurance (per \$000s)	\$19	\$19	\$19	\$23	\$33	\$38	\$43
Utilities (per month SF detached)	\$84	\$84	\$84	\$84	\$84	\$149	\$149
Average Maintenance	\$35	\$35	\$35	\$35	\$35	\$35	\$35
100% MFI							
Median Family Income	\$28,800	\$31,150	\$35,100	\$37,100	\$39,400	\$42,300	\$44,400
Housing Budget (month)	\$720	\$779	\$878	\$928	\$985	\$1,058	\$1,110
Mortgage Budget	\$444	\$506	\$605	\$620	\$634	\$690	\$741
Affordable Mortgage	\$41,951	\$57,755	\$75,306	\$69,164	\$87,429	\$107,868	\$106,750
Mortgage Excess/(Gap)	(\$4,694)	\$12,060	\$29,516	\$12,924	\$7,059	\$16,098	\$2,535
Payment Excess/(Gap)	(\$50)	\$106	\$237	\$116	\$51	\$103	\$18
80% MFI							
Median Family Income	\$23,040	\$24,920	\$28,080	\$29,680	\$31,520	\$33,840	\$35,520
Housing Budget (month)	\$576	\$623	\$702	\$742	\$788	\$846	\$888
Mortgage Budget	\$300	\$351	\$429	\$434	\$437	\$479	\$519
Affordable Mortgage	\$28,360	\$39,992	\$53,455	\$48,463	\$60,246	\$74,820	\$74,750
Mortgage Excess/(Gap)	(\$18,285)	(\$5,703)	\$7,665	(\$7,777)	(\$20,124)	(\$16,950)	(\$29,465)
Payment Excess/(Gap)	(\$194)	(\$50)	\$62	(\$70)	(\$146)	(\$108)	(\$204)
50% MFI							
Median Family Income	\$14,400	\$15,575	\$17,550	\$18,550	\$19,700	\$21,150	\$22,200
Housing Budget (month)	\$360	\$389	\$439	\$464	\$493	\$529	\$555
Mortgage Budget	\$84	\$117	\$166	\$156	\$141	\$162	\$186
Affordable Mortgage	\$7,973	\$13,348	\$20,679	\$17,412	\$19,472	\$25,249	\$26,749
Mortgage Excess/(Gap)	(\$38,672)	(\$32,347)	(\$25,111)	(\$38,828)	(\$60,898)	(\$66,521)	(\$77,466)
Payment Excess/(Gap)	(\$410)	(\$284)	(\$202)	(\$348)	(\$441)	(\$426)	(\$537)

Appendix II: Closing Cost Calculation

	1990 Conventional	1990 FHA	1995 Conventional	1995 FHA
Appraisal Fee	\$350	\$300	\$450	\$400
Credit Report	\$65	\$65	\$75	\$75
Underwriting Fee	\$200	\$200	\$300	\$300
Tax Service Fee	\$57	N/A	\$67	N/A
Flood Hazard Report	\$15	\$15	\$25	\$25
Mortgagee's Title Insurance	\$150	\$150	\$180	\$180
Interest Payment	N/A	N/A	N/A	N/A
Tax Reserve*	\$690	\$690	\$648	\$648
Tax Prorates*	\$115	\$115	\$108	\$108
Escrow Fee	\$207	\$207	\$419	\$419
Recording Fees	\$25	\$35	\$45	\$55
TOTAL	\$1,874	\$1,777	\$2,317	\$2,210
<i>FHA Allowable Finance Amount</i>		\$957		\$1,429
<i>Buyer's Cost</i>		\$820		\$781

* Assumed Sale May 15th, six months till tax due.

Appendix III: Further Research Questions

Demographic Profile

1. Data indicates the macro stagnation of income growth in the City of Portland, however, there is little evidence showing which income level (e.g. upper, middle, moderate, low-income) has been most impacted, or if there are differential growth rates by income level. Also, what has been the impact of the in-migrants on the lack of income growth.
2. Further study needs to be directed to cross-sectional and time-series examinations of differential wage rates between workers in a range of service industries, and workers in high-technology, "cognitive" industries. Cross-sectional analysis will allow for a snapshot of wage differentials; while the time-series analysis will show income growth by industry. Central questions include: is there a quantitative difference between service industry workers and high-technology workers; and do high-technology workers have a higher potential for a "living wage".
3. Finally, the minimum education and skill level for workers should be determined for a variety of industries paying a living wage, in order to direct public and private efforts into more focused programs for low-income residents.

Housing Market Profile

1. Gentrification has become a touchstone for describing change in Portland's neighborhood housing markets. Further research should focus on creating a workable definition of gentrification, as it relates to the events taking place in the City's housing market.
2. The impact of gentrification upon low- and moderate-income families is a subject that needs further investigation. Analysis of the effects of gentrification (defined by a study described above) on low-income owners, buyers and renters would document the specific factors that public programs should focus upon for effective and efficient programs.

HMDA Profile

1. A useful study would be to examine the individual Loan Application Records (LAR) that are used to create the HMDA aggregation tables used in this Study. The LAR records could provide information on the income, and racial applicants for homes in low-income areas, by their income, and "sending" geography, where particular types of applicants are searching for homes, and other factors determining lending patterns. This would be particularly useful to support or discount the "Cascade Effect" theory described in the Housing Market Section.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING A)	Ordinance No. 96-647B
FUNCTIONAL PLAN FOR EARLY)	
IMPLEMENTATION OF THE 2040)	Introduced by
GROWTH CONCEPT)	Executive Officer Mike Burton

WHEREAS, the Metro Council adopted regional goals and objectives entitled "Regional Urban Growth Goals and Objectives" by Ordinance No. 95-625A in December 1995; and

WHEREAS, the Regional Urban Growth Goals and Objectives (RUGGO) contain integrated goals and objectives describing a desired urban form entitled the "2040 Growth Concept"; and

WHEREAS, RUGGOs are the regional policy basis for regional implementation measures to be adopted in a regional framework plan by December 1997; and

WHEREAS, the Metro Council initiated a new functional plan for early implementation of the 2040 Growth Concept prior to adoption of any regional framework plan component in Resolution No. 96-2288 consistent with RUGGO Objectives; and

WHEREAS, a recommendation from the Metro Policy Advisory Committee for an early implementation functional plan entitled "Urban Growth Management Functional Plan" has been received by the Metro Council consistent with RUGGO Objectives; now, therefore,

THE METRO COUNCIL HEREBY ORDAINS:

1. The text, tables and maps included in Exhibit "A" attached and incorporated herein entitled the "Urban Growth Management Functional Plan" is hereby adopted as a functional plan pursuant to ORS 268.390.

2. The Urban Growth Management Functional Plan complies with the Regional Urban Growth Goals and Objectives and applicable statewide land use planning goals, rules and statutes based on the record of this legislation before this Council as summarized in Exhibit "B".

ADOPTED by the Metro Council this _____ day of _____, 1996.

Jon Kvistad, Presiding Officer

ATTEST:

APPROVED AS TO FORM:

_____, Recording Secretary

Daniel B. Cooper, General Counsel

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METRO

Date: October 18, 1996
To: Metro Council
From: *LSH*
Larry Shaw, Office of General Counsel
Subject: Hearing Draft of Urban Growth Management Functional Plan

This Metro Council draft is dated October 24, 1996, the date of the scheduled hearing. The draft includes amendments to the Growth Management Committee draft adopted in work sessions on October 3, 10 and 17:

- Kvistad #2, 3
- McCaig #1, 2, 3
- McFarland #2
- McLain #2, 2A, 3, 4, 6, 7, 8A, 9, 10
- Monroe #1, 2
- Morissette #3
- Washington #1, 2

Consistency changes include:

- "local governments" to "cities and counties;" and
- "expected capacity" to "calculated capacity;" and
- "employment" to "jobs" in Title 1 (consistent with Table 1); and
- "housing unit," "households" to "dwelling units" in Title 1 (consistent with Table 1).

Maps for "Employment and Industrial Areas" (as amended) and "Open Spaces" are being prepared.

jep

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This is a working draft to be reviewed by
MTAC & TPAC, MPAC and JPACT, the
Metro Growth Management Committee
and the full Metro Council

Urban Growth Management Functional Plan

- Metro Staff Draft completed 2/14
 - MTAC/TPAC Draft completed
4/19/96
 - MPAC Working Draft
Completed 7/11/96
 - Metro Growth Management
Draft completed 8/23/96
 - Metro Council Draft
10/17/96
 - Adopted
-



METRO

1 **URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN**
2 **A functional plan for early implementation of the Metro 2040 Growth Concept**

3 **Introduction**

4 Metro was created after a vote of the citizens of the region as an elected regional government
5 responsible for addressing issues of metropolitan concern and is enabled by state law, adopted
6 by the Oregon Legislature in 1977. In addition, the voters of the region adopted a Metro
7 Charter in 1992, which describes additional responsibilities for the agency. Metro has an
8 elected seven member Council which determines region-wide policies. In addition, Metro has
9 an elected Executive Officer to enforce Metro ordinances and execute the policies of the
10 council.

11 The Metro Policy Advisory Committee (MPAC) is comprised of local government elected
12 officials and appointed citizens from throughout the region and was created to advise the
13 regionally elected Metro Council on matters of metropolitan concern. MPAC has
14 recommended specific policies to be included in a new functional plan to be adopted by the
15 Metro Council as soon as practicable. Early implementation of the 2040 Growth Concept is
16 intended to take advantage of opportunities now and avoid use of land inconsistent with the
17 long-term growth policy.

18 MPAC, as well as the Joint Policy Advisory Committee on Transportation (JPACT), and the
19 Water Resource Policy Advisory Committee (WRPAC) have made recommendations that are
20 the basis for this functional plan. All of the elements considered by MPAC, JPACT and
21 WRPAC were deemed by the Metro Council to be matters of metropolitan concern that have
22 significant impact upon the orderly and responsible development of the metropolitan area. The
23 functional plan establishes regional policies, which will apply to all 24 cities and 3 counties
24 within the Metro region. The legal form of these regional policies is a functional plan, not
25 adoption as a "component" of the Regional Framework Plan. The policies in this functional
26 plan will be updated and coordinated with other policies to be adopted as components of the
27 Metro Charter mandated Regional Framework Plan, on or before December 30, 1997.

28 Functional plans are a primary regional policy tool that may contain both "recommendations"
29 and "requirements" for changes in local plans. This functional plan relies on further actions,
30 primarily changes to local government comprehensive plans and implementing ordinances, to
31 effectuate the actions described below.

32 **The Meaning of Regional Functional Plan Adoption**

33 The regional policies which are adopted by this Urban Growth Management Functional Plan
34 recommend and require changes to city and county comprehensive plans and implementing
35 ordinances. The purpose of this functional plan is to implement regional goals and objectives
36 adopted by the Metro Council as the Regional Urban Growth Goals and Objectives (RUGGO),
37 including the Metro 2040 Growth Concept. The comprehensive plan changes and related

38 actions, including implementing regulations, required by this functional plan, shall be adopted
39 by all cities and counties in the Metro region within twenty-four (24) months from the effective
40 date of this ordinance.

41 Any city or county determination not to incorporate all required functional plan policies into
42 comprehensive plans shall be subject to the conflict resolution and mediation processes
43 included within the RUGGO, Goal I provisions, prior to the final adoption of inconsistent
44 policies or actions. Upon the effective date of this ordinance, any city or county amendment to
45 a comprehensive plan or implementing ordinance that is inconsistent with requirements of this
46 functional plan, is subject to appeal for violation of the functional plan.

47 Regional Policy Basis

48 The regional policies adopted in this functional plan are formulated from, and are consistent
49 with, the RUGGOs, including the Metro 2040 Growth Concept. The overall principles of the
50 Greenspaces Master Plan are also incorporated within this functional plan. In addition, the
51 updated Regional Transportation Plan (RTP)¹, when adopted, will serve as the primary
52 transportation policy implementation of the 2040 Growth Concept. However, early
53 implementation land use policies in this functional plan are integrated with early
54 implementation transportation policies derived from preparation of the 1996 Regional
55 Transportation Plan, and consistent with the Metro 2040 Growth Concept.

56 Structure of Requirements

57 The Urban Growth Management Functional Plan is a regional functional plan which contains
58 "requirements" that are binding on cities and counties of the region as well as
59 recommendations that are not binding. "Shall" or other directive words are used with
60 requirements. The words "should" or "may" are used with recommendations. In general, the
61 Plan is structured so that local jurisdictions may choose either performance standard
62 requirements or prescriptive requirements. The intent of the requirements is to assure that
63 cities and counties have a significant amount of flexibility as to how they meet requirements.
64 Performance standards are included in almost titles. If local jurisdictions demonstrate to
65 Metro that they meet the performance standard, they have met that requirement of the title.
66 Standard methods of compliance are also included in the plan to establish one very specific
67 way that jurisdictions may meet a title requirement, but these standard methods are not the
68 only way a city or county may show compliance. In addition, certain mandatory requirements
69 that apply to all cities and counties are established by this functional plan.

¹ Metro has an adopted Regional Transportation Plan. However, because of changing local and regional conditions, as well as state and federal requirements, the RTP is scheduled to be amended in 1997.

70 REGIONAL FUNCTIONAL PLAN REQUIREMENTS

71 **TITLE 1: REQUIREMENTS FOR HOUSING AND EMPLOYMENT**
72 **ACCOMMODATION**

73 **Section 1. Intent**

74 State law and Metro eCode require that the Metro urban growth boundary (UGB) have
75 sufficient capacity to accommodate the expected growth for 20 years. It is Metro policy to
76 minimize the amount of urban growth boundary expansion required for the expected population
77 and employment growth by the year 2017 consistent with all Statewide Goals. To accomplish
78 further that policy, it is beneficial and desirable for Metro to require actions intended to
79 increase the capacity of land available for development of land within the UGB. Increasing the
80 capacity of land within the UGB will include increasing in requiring changes for appropriate
81 locations in both the rate of development permitted per acre (zoned density) and the rate at
82 which housing and employment are actually built within the UGB. Development consistent
83 with the design types of the Metro 2040 Growth Concept will focus these efforts. As a matter
84 of regional policy, Each city and county must contribute its fair share to increasing the
85 development capacity of land within the UGB.

86 Metro will work with local jurisdictions to develop a set of region-wide community
87 development code provisions, standards and other regulations which local jurisdictions may
88 adopt that will help implement the 2040 Growth Concept and this Functional Plan. Included in
89 this project will be a review of development standards in support of smaller lots and more
90 flexible use of land, strategies to encourage land assembly, more flexible zoning and
91 improvements in the pre-application process to ensure timely and thorough review and to
92 provide for early involvement by the public to address neighborhood concerns and assure
93 community acceptance of these changes.

94 **Section 32. Methods to Increase Calculated Capacity ~~Expected Capacity~~ Required for**
95 **All Cities and Counties ~~Local Governments~~**

96 All cities and counties within Metro are required to include within their comprehensive plans
97 and implementing ordinances the following provisions:

- 98 A. All zones allowing residential use shall include a minimum density standard that
99 requires which provides that no land-use decision development application, including a
100 partition or subdivision, may be approved unless the proposed action development
101 provide that no less than result in the building of 80 percent or more of the maximum
102 number of dwelling units per net acre permitted for development are approved for
103 development by the zoning designation for the site. No comprehensive plan provision,
104 implementing ordinance or local process (such as site or design review) may be applied
105 and or no condition of approval may limit development be imposed that would have the
106 effect of reducing the density to less than 80 percent of the maximum permitted density.

107 For high density zones with maximum ~~permitted~~ zoned density higher than 37 dwelling
108 units per net acre, the minimum residential density may be 30 dwelling units per net
109 acre, ~~if that density is consistent with the target densities listed in subsection B, below.~~
110 This minimum density standard does not apply (1) outside the urban growth boundary,
111 (2) inside areas designated as open space on the attached Open Spaces Map, and (3)
112 inside areas designated as unbuildable on the attached Open Space Map. The maximum
113 zoned density does not include the density bonus for zones that allow them.

114 B. Cities and counties shall not prohibit partitioning or subdividing inside the Metro urban
115 growth boundary where existing lot sizes are two or more times that of the minimum
116 lot size in the development code.

117 Section 3. Design Type Boundaries Requirement

118 For each of the following 2040 Growth Concept design types, city and county comprehensive
119 plans shall be amended to include the boundaries of each area, determined by the city or county
120 consistent with the general locations shown on the 2040 Growth Concept Map:

121 Central City--Downtown Portland is the Central City which serves as the major regional center,
122 an employment and cultural center for the metropolitan area.

123 Regional Centers--Nine regional centers will become the focus of compact development,
124 redevelopment and high-quality transit service and multimodal street networks.

125 Station Communities--Nodes of development centered approximately one-half mile around a
126 light rail or high capacity transit station that feature a high-quality pedestrian environment.

127 Town Centers--Local retail and services will be provided in town centers with compact
128 development and transit service.

129 Main Streets--Neighborhoods will be served by main streets with retail and service developments
130 served by transit.

131 Corridors--Along good quality transit lines, corridors feature a high-quality pedestrian
132 environment, convenient access to transit, and somewhat higher than current densities.

133 Employment Areas--Various types of employment and some residential development are
134 encouraged in employment areas with limited commercial uses.

135 Industrial Areas--Industrial areas are set aside primarily for industrial activities with limited
136 supporting uses.

137 Inner Neighborhoods--Residential areas accessible to jobs and neighborhood businesses with
138 smaller lot sizes are inner neighborhoods.

139 Outer Neighborhoods--Residential neighborhoods farther away from large employment centers
140 with larger lot sizes and lower densities are outer neighborhoods.

141 **Section 4. Requirements to Increase Capacity If Recent Development At Low Density**

142 **DA.** Review All cities and counties shall determine whether actual built densities for housing
143 during 1990-1995 were less than 80 percent of permitted maximum zoned densities.
144 The 1990-1995 actual built densities within its jurisdiction shall be compared with
145 permitted zoned densities for housing units and employment during that period. This
146 comparison shall be conducted using the following methods:

147 ~~1. Residential and employment developments to be analyzed shall be those which~~
148 ~~were permitted by a land use action and constructed during the period from~~
149 ~~1990 to 1995, and residential density shall be measured in households per net~~
150 ~~developed acre.¹~~

151 ~~2. Employment performance shall be measured by comparing the actual~~
152 ~~jurisdiction wide increase during the years 1990-1995 with the jurisdiction wide~~
153 ~~increase listed in Table 1. This shall include only those developments that~~
154 ~~received approval under the implementing ordinances during this period.~~

155 **B.** 4. If the capacity calculations reflect that, during comparison of actual built
156 densities to maximum zoned densities for the period 1990-1995, indicates that actual
157 built densities were less than 80 percent of permitted maximum zoned densities, the
158 jurisdiction city or county shall also demonstrate that it has considered and adopted at
159 least two of the following methods to increase capacity:
160

- 161 a. Financial incentives for higher density housing;
- 162 b. Provisions permitting additional density beyond that generally allowed in
- 163 the zoning district in exchange for amenities and features provided by the
- 164 developer;
- 165 c. Removal or easing of approval standards or procedures;
- 166 d. Redevelopment and infill strategies;
- 167 e. Authorization of housing types not previously allowed by the plan or
- 168 regulations; and
- 169 f. ~~Adoption of an average residential density standard.~~

170 **Section 45. Review of Permitted Determination of Calculated Capacity of Housing Units**
171 **and Jobs Employment**

172 The purpose of this review section is to require each city and county within the Metro region to
173 determine the housing and employment capacity of its existing comprehensive plans and
174 implementing ordinances, to accommodate housing and employment and to determine calculated

¹ See definitions.

175 capacity for dwelling units and jobs by the method in this section, and increase calculated
176 capacity, if necessary, to achieve the functional plan capacities in Table 1, whether amendments
177 to existing plans are necessary to comply with Section 2 of this Title. Each city and county
178 within the Metro region is hereby required to complete the following steps:

179 A. ~~Review the permitted capacity of its current comprehensive plan, and calculate the~~
180 ~~expected capacity of housing units and employment by the year 2017 from the plan.~~
181 Determine the calculated capacity of dwelling units and jobs by the year 2017 using the
182 zoned capacity² of its current comprehensive plan and implementing ordinances.

183 1. Cities and counties shall use Metro estimates of vacant land, and land likely to
184 redevelop, unless they have ~~local government has~~ data that they~~it~~ believes is more
185 accurate. In this case, the ~~local government~~ city or county may provide Metro the
186 following:

- 187 a. The source of the data;
- 188 b. The reasons that the locally developed data is a more accurate estimate
189 than the Metro estimate of vacant and redevelopable land;
- 190 c. The database from which the above were derived;
- 191 d. The database of committed development lands.

192 Cities and counties may use their data, subject to acceptance by the Metro
193 Council or its designee, after ~~Metro~~ the Executive Officer determines that the
194 city or county data is may be more accurate than the Metro data. The Executive
195 Officer shall notify the Metro Council of each instance in which the data
196 submitted by a city or county is determined by ~~Metro staff~~ the Executive Officer
197 to be less accurate than Metro data.

198 2. In ~~estimating expected~~ determining the calculated capacity of existing
199 comprehensive plans and implementing ordinances, ~~local governments~~ cities and
200 counties shall not ~~estimate expected~~ use a calculated capacity for dwelling units of
201 at more than 80 percent of maximum permitted zoned residential density, unless:

- 202 a. Actual experience in the jurisdiction since 1990 has shown that
203 development has occurred at density greater than 80 percent of permitted
204 zoned residential density; or
- 205 b. Minimum density standards are adopted or proposed for adoption in the
206 zoning code that require residential development at greater than 80 percent
207 of maximum permitted zoned residential density.

208 3. ~~Jurisdictions~~ Cities and counties calculating capacity through the use of density
209 bonus provisions may consider transfers, including off-site transfers, only upon
210 demonstration that previous approvals of all density transfers within the past 5

² See Title 10, Definitions, "permitted zoned density capacity" and "expected calculated capacity."

211 years have resulted in an average of at least 80 percent of maximum permitted
212 zoned densities actually being built.

213 14. The capacity calculation shall used only those development types that are a
214 permitted-use allowed in the development code. Any discretionary decision
215 must not diminish the permitted zoned density if it is to be counted as a part of
216 expectedcalculated capacity; and

217 35. Cities and counties, in coordination with special districts, shall demonstrate that
218 they have reviewed their public facility capacities and plans to assure that planned
219 public facilities can be provided, to accommodate growth the calculated capacity
220 within the plan period; ~~and~~

221 B. Calculate the increases in expected-housingdwelling units and employmentjob capacities
222 by the year 2017 from any proposed changes to the current comprehensive plans and
223 implementing ordinances that must be adopted to comply with Section 23 of this Title
224 and add the increases to the calculation of expected capacities.

225 C. Determine the effect of each of the following on expected calculated capacities, and
226 include ~~the effect in the calculation of expected~~ any resulting increase or decrease in
227 calculated capacities:

228 1. Required dedications for public streets, consistent with the Regional Accessibility
229 Title;

230 2. Off-street parking requirements, consistent with this functional plan;

231 3. Landscaping, setback, and maximum lot coverage requirements;

232 4. The effects of tree preservation ordinances, environmental protection ordinances,
233 view preservation ordinances, solar access ordinances, or any other regulations
234 that may have the effect of reducing the capacity of the land to develop at the
235 permitted zoned density;

236 5. The effects of areas dedicated to bio-swales, storm water retention, open space
237 dedications, and other requirements of local codes that may reduce the capacity of
238 the land to develop at the permitted zoned density.

239 A.D. If any of the expected calculated capacities estimates ~~developed under Section 4~~ are
240 determined to be less than any of the city's or county's target housingdwelling unit and
241 jobemployment capacities in Table 1, either jurisdiction-wide or in mixed-use areas, or
242 both, then the city or county shall comply with the performance standards in Section 26 of
243 this Title by amending its comprehensive plans and implementing ordinances to increase
244 its expected calculated capacities, as needed, to comply with the required calculated
245 capacities required capacities in Table 1.

246 EE. Exceptions to the Section 6.B requirement that target capacities be demonstrated can
247 may be requested according to Title 8 if a city or county determines that any expected
248 calculated capacity requirement in Table 1 cannot be achieved after implementation of
249 Section 2, 3 and 4 policies to increase expected capacities.

250 ~~If the average of actual built densities for 1990-1995 was less than 80 percent of~~
251 ~~permitted densities, cities and counties must address the reasons for not achieving~~
252 ~~higher densities in calculating their expected capacities.~~

253 **Section 26. Local Plan Accommodation of Expected Growth Capacity for Housing and**
254 **Employment—Performance Standard**

255 All cities and counties within Metro shall demonstrate that:

256 BA. ~~The provisions methods and plan requirements set forth in Sections 23 through 6 of~~
257 ~~this Title have been adopted or followed~~ included in comprehensive plans and
258 implementing ordinances; and that

259 AB. ~~Their zoning and other regulations~~ Using the computation method in Section 5,
260 including the minimum residential density provisions required in Section 2, that
261 calculated capacities will achieve the target capacities will permit the target capacity for
262 housingdwelling units and full-time and part-time jobs employment contained in Table 1
263 in the Appendix to this plan, including both jurisdiction-wide expected capacities, ~~as~~
264 ~~well as~~ and capacities for mixed-use areas; and that

265 C. Effective measures have been taken to reasonably assure that the ~~expected~~calculated
266 capacities will be built for ~~housingdwelling~~ units and ~~employmentjobs~~; and that

267 D. Expected development has been permitted at locations and densities likely to be
268 achieved during the 20-year planning period by the private market or assisted housing
269 programs, once all new regulations are in effect.

270 **Section 7. Design Type Density Recommendations**

271 BA. For the area of each of the 2040 Growth Concept design types, the following average
272 densities for housing and employment are recommended to cities and counties:

- 273 Central City - 250 persons per acre
- 274 Regional Centers - 60 persons per acre
- 275 Station Communities - 45 persons per acre
- 276 Town Centers - 40 persons per acre
- 277 Main Streets - 39 persons per acre
- 278 Corridor - 25 persons per acre
- 279 Employment Areas - 20 persons per acre

280 Industrial Areas - 9 employees per acre
281 Inner Neighborhoods - 14 persons per acre
282 Outer Neighborhoods - 13 persons per acre
283 Employment Areas - 11 persons per acre

284 ~~B. The boundaries of the area for each design type, including Industrial Areas, shall be~~
285 ~~determined by the city or county consistent with the general locations shown on the~~
286 ~~2040 Growth Concept Map. For any area designated as a neighborhood area, the plans~~
287 ~~and implementing ordinances shall not permit a target density equal to or greater than~~
288 ~~the target density for any non-neighborhood design type.~~

289 ~~C. Cities and counties shall not prohibit partitioning or subdividing inside the Metro urban~~
290 ~~growth boundary where existing lot sizes are two or more times that of the minimum~~
291 ~~lot size in the development code.~~

292 C. Cities and counties shall not prohibit the construction of at least one accessory unit
293 within any detached single family dwelling that is permitted to be built in any zone
294 inside the urban growth boundary. Reasonable regulations of accessory units may
295 include, but are not limited to, size, lighting, entrances and owner occupancy of the
296 primary unit, but shall not prohibit rental occupancy, separate access, and full kitchens
297 in the accessory units.

298 ~~Metro will work with local jurisdictions to develop a set of region-wide community~~
299 ~~development code provisions, standards and other regulations which local jurisdictions may~~
300 ~~adopt that will help implement the 2040 Growth Concept and this Functional Plan. Included in~~
301 ~~this project will be a review of development standards in support of smaller lots and more~~
302 ~~flexible use of land, strategies to encourage land assembly, more flexible zoning and~~
303 ~~improvements in the pre-application process to ensure timely and thorough review and to~~
304 ~~provide for early involvement by the public to address neighborhood concerns and assure~~
305 ~~community acceptance of these changes.~~

306 ~~D. Review whether actual built densities during 1990-1995 were less than 80 percent of~~
307 ~~permitted densities. The 1990-1995 actual built densities within its jurisdiction shall be~~
308 ~~compared with permitted densities for housing units and employment during that period.~~
309 ~~This comparison shall be conducted using the following methods:~~

310 ~~1. Residential and employment developments to be analyzed shall be those which~~
311 ~~were permitted by a land use action and constructed during the period from 1990~~
312 ~~to 1995, and residential density shall be measured in households per net~~
313 ~~developed acre.³~~

314 ~~2. Employment performance shall be measured by comparing the actual jurisdiction-~~
315 ~~wide increase during the years 1990-1995 with the jurisdiction-wide increase~~

³ See definitions.

316 ~~listed in Table 1. This shall include only those developments that received~~
317 ~~approval under the implementing ordinances during this period.~~

318 ~~If the average of actual built densities for 1990-1995 was less than 80 percent of~~
319 ~~permitted densities, cities and counties must address the reasons for not achieving higher~~
320 ~~densities in calculating their expected capacities.~~

321 **Section 5. ~~Requirement to Increase Expected Capacity~~**

322 ~~A. If the expected capacity estimates developed under Section 4 are less than the city's or~~
323 ~~county's target housing and employment capacities in Table 1, either jurisdiction wide or~~
324 ~~in mixed use areas, or both, then the city or county shall comply with Section 2 of this~~
325 ~~Title by amending its comprehensive plans and implementing ordinances to increase its~~
326 ~~expected capacity to comply with the required capacities in Table 1.~~

327 ~~B. A capacity calculation including amendments to increase capacity shall be made~~
328 ~~according to the same methodology the jurisdiction used in Section 4. The jurisdiction~~
329 ~~shall demonstrate at least the following in calculating capacities for housing and~~
330 ~~employment;~~

331 ~~1. The capacity calculation used only those development types that are a permitted~~
332 ~~use in the development code. Any discretionary decision must not diminish the~~
333 ~~permitted density if it is to be counted as a part of expected capacity; and~~

334 ~~2. Expected capacity has been determined by accounting for all development code~~
335 ~~requirements that may have the effect of reducing capacity, including those listed~~
336 ~~in Section 4.C above; and~~

337 ~~3. Cities and counties, in coordination with special districts, have reviewed their~~
338 ~~public facility capacities and plans to assure that planned public facilities can be~~
339 ~~provided, to accommodate growth within the plan period; and~~

340 ~~4. If the capacity calculations reflect that, during the period 1990-1995, actual built~~
341 ~~densities were less than 80 percent of permitted densities, the jurisdiction shall~~
342 ~~also demonstrate that it has considered and adopted at least two of the following~~
343 ~~methods to increase capacity:~~

344 ~~a. Financial incentives for higher density housing;~~

345 ~~b. Provisions permitting additional density beyond that generally allowed in~~
346 ~~the zoning district in exchange for amenities and features provided by the~~
347 ~~developer;~~

348 ~~c. Removal or easing of approval standards or procedures;~~

349 ~~d. Redevelopment and infill strategies;~~

350 ~~e. Authorization of housing types not previously allowed by the plan or~~
351 ~~regulations; and~~

352 ~~f. Adoption of an average residential density standard.~~

353
354
355

~~C. Exceptions can be requested according to Title 8 if a city or county determines that any expected capacity requirement in Table 1 cannot be achieved after implementation of policies to increase expected capacities."~~

356 TITLE 2: REGIONAL PARKING POLICY

357 Section 1. Intent

358 The State's Transportation Planning ~~Rule~~ calls for ~~per capita~~ reductions ~~in~~ of vehicle miles
359 traveled per capita and restrictions on construction of new parking spaces as a means of
360 responding to transportation and land use impacts of growth. The Metro 2040 Growth Concept
361 calls for more compact development as a means to encourage more efficient use of land, promote
362 non-auto trips and protect air quality. In addition, the federally mandated air quality plan
363 adopted by the state relies on the 2040 Growth Concept fully achieving its transportation
364 objectives. Notably, ~~it~~ the air quality plan relies upon reducing vehicle trips per capita and
365 related parking spaces through minimum and maximum parking ratios. This title ~~is provided to~~
366 addresses these ~~statutory~~ state and federal requirements and preserves the quality of life of the
367 region.

368 A compact urban form requires that each use of land is carefully considered and that more
369 efficient forms are favored over less efficient ones. Parking, especially that provided in new
370 developments, can result in a less efficient land usage and lower floor to area ratios. Parking also
371 has implications for transportation. In areas where transit is provided or other non-auto modes
372 (walking, biking) are convenient, less parking can be provided and still allow accessibility and
373 mobility for all modes, including autos. Reductions in auto trips when substituted by non-auto
374 modes can reduce congestion and increase air quality.

375 Section 2. Performance Standard

376 A. ~~Local Governments~~ Cities and counties are hereby required to ~~adopt~~ amendments, ~~if~~
377 ~~necessary,~~ to ~~insure~~ that their comprehensive plans and implementing regulations, if
378 necessary, to meet or exceed the following minimum standards:

- 379 1. Cities and counties shall ~~Require~~ no more parking than the minimum as shown
380 on Regional Parking Standards Table, attached hereto; and
- 381 2. Cities and counties shall ~~Establish~~ parking maximums at ratios no greater than
382 those listed in the Parking Table and as illustrated in the Parking Maximum Map
383 for Zone A. The designation of the A and B zones on the Parking Maximum Map
384 should be reviewed after the completion of the Regional Transportation Plan and
385 every five three years thereafter. If 20-minute peak hour transit service has
386 become available to an area within a one-quarter mile walking distance for bus
387 transit or one-half mile walking distance for light rail transit, that area shall be
388 added to Zone A. If 20-minute peak hour transit service is no longer available to
389 an area within a one-quarter mile walking distance for bus transit or one-half mile
390 walking distance for light rail transit, that area shall be removed from Zone A. ~~and~~
391 ~~if necessary,~~ revised to reflect changes in public transportation and in pedestrian
392 support from adjacent neighborhoods. For all urban areas outside Zone A, cities
393 and counties shall establish parking space maximums no greater than those listed
394 in ~~Zone B in the Parking Table and as illustrated in the Parking Maximum map.~~

395 ~~Local governments~~ Cities and counties should designate Zone A parking ratios in
396 areas with good pedestrian access to commercial or ~~employment~~ areas (within 1/3
397 mile walk) from adjacent residential areas.

- 398 3. Cities and counties shall ~~Ensure~~ establish that an administrative or public hearing
399 process for considering ratios for individual or joint developments to allow a
400 variance adjustment for parking when a development application is received
401 which may result in approval of construction of parking spaces either: -

- 402 a. ~~in excess of the maximum parking ratios; or and~~
403 b. ~~less than the minimum parking ratios.~~

404 ~~Local governments~~ Cities and counties may grant an ~~adjustment~~ variance from any
405 maximum parking ratios or minimum parking ratios through an ~~adjustment or variance~~
406 process.

- 407 B. Free surface parking spaces shall be subject to the regional parking maximums provided
408 for Zone A. Parking spaces in parking structures, fleet parking, parking for vehicles
409 that are for sale, lease, or rent, employee car pool parking spaces, dedicated valet
410 parking spaces, spaces that are user paid, market rate parking or other high-efficiency
411 parking management alternatives may be exempted from maximum parking standards
412 by cities and counties. Sites that are proposed for redevelopment may be allowed to
413 phase in reductions as a local option. Where mixed land uses are proposed, ~~local~~
414 ~~governments~~ cities and counties shall provide for blended parking rates. It is
415 recommended that ~~local governments~~ cities and counties count adjacent on-street
416 parking spaces, nearby public parking and shared parking toward required parking
417 minimum standards.

- 418 C. ~~Local Governments~~ Cities and counties may use categories or measurement standards
419 other than those in the Parking Table, but must provide findings that the effect of the
420 local regulations will be substantially the same as the application of the Regional
421 Parking Ratios.

- 422 D. ~~Local governments~~ Cities and counties shall monitor and provide the following data to
423 Metro on an annual basis:

- 424 1. the number and location of newly developed parking spaces, and
425 2. demonstration of compliance with the minimum and maximum parking
426 standards, including the application of any variances ~~local adjustments~~ to the
427 regional standards in this Title. Coordination with Metro collection of other
428 building data should be encouraged.

429 **TITLE 3: WATER QUALITY AND FLOOD MANAGEMENT CONSERVATION**

430 **Section 1. Intent**

431 To protect the beneficial uses and functional values of resources within the Water Quality and
432 Flood Management Areas by limiting or mitigating the impact on these areas from development
433 activities.

434 **Section 2. Requirement**

435 Cities and counties shall ensure that their comprehensive plans and implementing regulations
436 protect Water Quality and Flood Management Areas pursuant to Section 4. Exceptions to this
437 requirement will be considered under the provisions of Section 7.

438 **Section 3. Implementation Process for Cities and Counties~~Local Governments~~**

439 Cities and counties are hereby required to amend their plans and implementing ordinances, if
440 necessary, to ensure that they comply with this Title in one of the following ways:

441 A. Either adopt the relevant provisions of the Metro Water Quality and Flood Management
442 model ordinance and map entitled Metro Water Quality and Flood Management
443 Conservation Area Map; or

444 B. Demonstrate that the plans and implementing ordinances substantially comply with the
445 performance standards, including the map, contained in Section 4. In this case, the
446 purpose of this map is to provide a performance standard for evaluation of substantial
447 compliance for those jurisdictions who choose to develop their own map of water quality
448 and flood management areas ; or

449 C. Any combination of A and B above that substantially complies with all performance
450 standards in Section 4.

451 **Section 4. Performance Standards**

452 A. **Flood Mitigation.** The purpose of these standards is to protect against flooding, and
453 prevent or reduce risk to human life and properties, by allowing for the storage and
454 conveyance of stream flows through these natural systems.

455 The plans and implementing ordinances of cities and counties shall be in substantial compliance
456 with the following performance standards:

457 1. Prohibit development within the water quality and flood management area; or

458 2. Limit development in a manner that requires balanced cut and fill; unless the
459 project is demonstrated, by an engineering study, that there is no rise in flood
460 elevation or that it will have a net beneficial effect on flood mitigation.

461 3. Require minimum finished floor elevations at least one foot above the design
462 flood height or other applicable flood hazard standard for new habitable
463 structures in the Water Quality and Flood Management Area.

464 4. Require that temporary fills permitted during construction shall be removed.

465 B. **Water Quality.** The purpose of these standards is to protect and allow for enhancement
466 of water quality associated with beneficial uses as defined by the Oregon Water
467 Resources Department and the Oregon Department of Environmental Quality.

468 The plans and implementing ordinances of cities and counties shall be in substantial
469 compliance with the following performance standards:

470 1. Require erosion and sediment control for all new development within the Metro
471 boundary as contained in the Metro Water Quality and Flood Management model
472 ordinance.

473 2. Require to the maximum extent practicable that native vegetation cover is
474 maintained or re-established during development, and that trees and shrubs in the
475 Water Quality and Flood Management Area are maintained. The vegetative cover
476 required pursuant to these provisions shall not allow the use of "Prohibited Plants
477 for Stream Corridors and Wetlands" contained in the Water Quality and Flood
478 Management Model Code adopted by the Metro Council.

479 3. Prohibit new uses of uncontained areas of hazardous materials as defined by DEQ
480 in the Water Quality and Flood Management Areas; and

481 C. **Protect the long term regional continuity and integrity of Water Quality and Flood
482 Management Areas**

483 Standards: Local jurisdictions shall establish or adopt transfer of density within
484 ownership to mitigate the effects of development in Water Quality and Flood
485 Management Areas, or through Transferable Development Rights (TDRs), which have
486 substantially equivalent effect as the Metro Water Quality and Flood Management Model
487 Ordinance.

488 Metro encourages local government to require that approvals of applications for
489 partitions, subdivisions and design review actions must be conditioned with protecting
490 Water Quality and Flood Management Areas with a conservation easement, platted as a
491 common open space, or through purchase or donation of fee simple ownership to public
492 agencies or private non-profits for preservation where feasible. Metro and cities and
493 counties ~~local governments~~ shall recognize that applications involving pre-existing
494 development within the Water Quality and Flood Management Areas shall be exempted
495 from the provisions concerning conservation easements and purchase or donation of fee
496 simple ownership to public agencies or private non-profits for preservation.

497 **Section 5. Fish and Wildlife Habitat Conservation Area**

498 A. The purpose of these standards is to conserve, protect, and enhance fish and wildlife
499 habitat within the fish and wildlife habitat conservation areas identified on the water
500 quality and flood management area map by establishing performance standards and
501 promoting coordination by Metro of regional urban water sheds.

502 B. **Fish and Wildlife Habitat Conservation Area Recommendations**

503 These areas shall be shown on the Water Quality and Flood Management Area Map.
504 Fish and Wildlife Habitat Conservation Areas generally include and/or go beyond
505 the Water Quality and Flood Management Areas. These areas shown on the map are
506 Metro's initial inventory of significant fish and wildlife habitat conservation areas. Metro
507 hereby recommends that local jurisdictions adopt the following temporary standards:

508 1. Prohibit development in the Fish and Wildlife Conservation Areas that adversely
509 impacts fish and wildlife habitat.

510 Exceptions: It is recognized that urban development will, at times, necessitate
511 development activities within or adjacent to Fish and Wildlife Habitat
512 Conservation Areas. The following Fish and Wildlife Habitat Conservation
513 Mitigation Policy, except for emergency situations, applies to all the following
514 exceptions:

515 A project alternatives analysis, where public need for the project has been
516 established, will be required for any of the exceptions listed below. The
517 alternatives analysis must seek to avoid adverse environmental impacts by
518 demonstrating there are no practicable, less environmentally damaging
519 alternatives available. In those cases where there are no practicable, less
520 environmentally damaging alternatives, the project proponent will seek
521 alternatives which reduce or minimize adverse environmental impacts. Where
522 impacts are unavoidable, compensation, by complete replacement of the impacted
523 site's ecological attributes or, where appropriate, substitute resources of equal or
524 greater value will be provided in accordance with the Metro Water Quality and
525 Flood Management model ordinance.

- 526 a. Utility construction within a maximum construction zone width
527 established by cities and counties ~~local governments~~.
- 528 b. Overhead or underground electric power, telecommunications and cable
529 television lines within a sewer or stormwater right-of-way or within a
530 maximum construction zone width established by cities and counties ~~local~~
531 ~~governments~~.
- 532 c. Trails, boardwalks and viewing areas construction.
- 533 d. Transportation crossings and widenings. Transportation crossings and
534 widenings shall be designed to minimize disturbance, allow for fish and

wildlife passage and crossings should be preferably at right angles to the stream channel.

2. Limit the clearing or removal of native vegetation from the Fish and Wildlife Habitat Conservation Area to ensure its long term survival and health. Allow and encourage enhancement and restoration projects for the benefit of fish and wildlife.
3. Require the revegetation of disturbed areas with native plants to 90 percent cover within three years. Disturbed areas should be replanted with native plants on the Metro Plant List or an approved locally adopted plant list. Planting or propagation of plants listed on the Metro Prohibited Plant List within the Conservation Area shall be prohibited.
4. Require compliance with Oregon Department of Fish and Wildlife (ODFW) seasonal restrictions for in-stream work. Limit development activities that would impair fish and wildlife during key life-cycle events according to the guidelines contained in ODFW's "Oregon Guidelines for Timing of In-water Work to Protect Fish and Wildlife Resources."

C. Fish and Wildlife Habitat Protection

Within eighteen (18) months from the effective date of this functional plan, Metro shall complete the following regional coordination program by adoption of functional plan provisions.

1. Metro shall establish criteria to define and identify regionally significant fish and wildlife habitat areas.
2. Metro shall adopt a map of regionally significant fish and wildlife areas after (1) examining existing Goal 5 data, reports and regulation from cities and counties, and (2) holding public hearings.
3. Metro shall identify inadequate or inconsistent data and protection in existing Goal 5 data, reports and regulations on fish and wildlife habitat. City and county comprehensive plan provisions where inventories of significant resources were completed and accepted by a LCDC Periodic Review Order after January 1, 1993, shall not be required to comply until their next periodic review.
4. Metro shall complete Goal 5 economic, social, environmental and energy (ESEE) analyses for mapped regionally significant fish and wildlife habitat areas only for those areas where inadequate or inconsistent data or protection has been identified.

569 5. Metro shall establish performance standards for protection of regionally
570 significant fish and wildlife habitat which must be met by the plans implementing
571 ordinances of cities and counties.

572 **Section 6. Metro Model Ordinance Required**

573 Metro shall adopt a Water Quality and Flood Management Model Ordinance and map for use by
574 local jurisdictions to comply with this section. Sections 1-4 of this title shall not become
575 effective until 24 months after Metro Council has adopted a Model Code and map that addresses
576 all of the provisions of this title. Metro may adopt a Model Code and map for protection of
577 regionally significant fish and wildlife habitat. Section 5 of this title shall be implemented by
578 adoption of new functional plan provisions.

579 **Section 7. Variances**

580 City and county comprehensive plans and implementing regulations are hereby required to
581 include procedures to consider claims of map error and hardship variances to reduce or remove
582 stream corridor protection for any property demonstrated to be converted to an unbuildable lot by
583 application of stream corridor protections.

584 TITLE 4: RETAIL IN EMPLOYMENT AND INDUSTRIAL AREAS

585 Section 1. Intent

586 It is the intent of the Metro 2040 Growth Concept that Employment and Industrial Areas contain
587 ~~very little~~ supportive retail development. Employment and Industrial areas would be expected to
588 include some limited retail commercial uses primarily to serve the needs of people working or
589 living in the immediate ~~employment areas~~, Employment or Industrial Areas; not larger market
590 areas outside the ~~employment area~~ Employment or Industrial Areas. ~~Exceptions to this general~~
591 ~~policy for Employment and Industrial Areas can be made for certain areas as identified on the~~
592 ~~Employment and Industrial Areas Map.~~

593 Section 2. Comprehensive Plan and Implementing Ordinance Changes Required

594 A. Cities and counties are hereby required to amend their comprehensive plans and
595 implementing regulations, if necessary, to prohibit retail uses larger than ~~50,000~~ 60,000
596 square feet of gross leasable area per building or business in the ~~Employment and~~
597 Industrial Areas specifically designated on the ~~2040 Growth Concept~~ attached
598 Employment and Industrial Areas Map.

599 B. This subsection applies to city and county comprehensive plan designations and zoning
600 ordinances acknowledged by the effective date of this Functional Plan, which allow retail
601 uses larger than 60,000 square feet of gross leasable area per building or business in
602 Employment Areas designated on the attached Employment and Industrial Areas Map.
603 These cities and counties are hereby required to amend their comprehensive plans and
604 implementing regulations, if necessary, to require a process resulting in a land use
605 decision for any retail uses larger than 60,000 square feet of gross leasable area per
606 building or business on those lands where such uses are currently allowed by any process.
607 The standards for the land use decision to allow any such retail uses shall require (1) a
608 demonstration in the record that adequate transportation facilities will be in place at the
609 time the retail use begins operation; and (2) a demonstration that adequate transportation
610 facilities for the other planned uses in the Employment Areas are included in the
611 applicable comprehensive plan provisions. If the city and county comprehensive plan
612 designations and zoning ordinances which allow retail uses larger than 60,000 square feet
613 of gross leasable area per building or business in Employment Areas have not been
614 acknowledged by the effective date of this Functional Plan, subsection 2.C. of this Title
615 shall apply.

616 C. City or county comprehensive plan designations and zoning ordinances acknowledged by
617 the effective date of this Functional Plan which do not allow retail uses larger than 60,000
618 square feet of gross leasable area per building or business in Employment Areas
619 designated on the attached Employment and Industrial Areas Map shall continue to
620 prohibit them unless an exception is established under Section 3 of this Title pursuant to
621 the compliance procedures of Title 8.

622 Section 3. Exceptions

623 Exceptions to this standard for Employment Areas may be included in local compliance plans
624 for:

625 A. Low traffic generating, land-consumptive commercial uses with low parking demand
626 which have a community or region wide market, or

627 B. ~~As identified on the Employment and Industrial Areas Map, s~~Specific Employment or
628 Industrial Areas which already have substantially developed as retail centers areas or
629 which ~~have been locally designated as retail centers~~ are proposed to be or have been
630 locally designated, but not acknowledged by the effective date of this Functional Plan, as
631 retail areas, may allow new or redeveloped retail uses where adequate transportation
632 facilities capacity is demonstrated in local compliance plans as provided in Title 8.
633 ~~Proposed refinements to the mapped areas may be considered in local compliance plans~~
634 ~~as provided in Title 8.~~

635 C. Retail uses that primarily draw business from a market area not more than 2.5 miles from
636 the site where adequate transportation facilities capacity is demonstrated in local
637 compliance plans as provided in Title 8.

638 **TITLE 5: NEIGHBOR CITIES AND RURAL RESERVES**

639 **Section 1. Intent**

640 The intent of this title is to clearly define Metro policy with regard to areas outside the Metro
641 urban growth boundary. **NO PORTION OF THIS TITLE CAN REQUIRE ANY ACTIONS**
642 **BY NEIGHBORING CITIES.** Metro, if neighboring cities jointly agree, will adopt or sign
643 rural reserve agreements for those areas designated rural reserve in the Metro 2040 Growth
644 Concept with Multnomah, Clackamas, and Washington County, and Neighbor City Agreements
645 with Sandy, Canby, and North Plains. Metro would welcome discussion about agreements with
646 other cities if they request such agreements.

647 In addition, counties and cities within the Metro boundary are hereby required to amend their
648 comprehensive plans and implementing ordinances within twenty-four months to reflect the rural
649 reserves and green corridors policies described in the Metro 2040 Growth Concept.

650 **Section 2. Rural Reserves and Green Corridors**

651 Metro shall attempt to designate and protect common rural reserves between Metro's urban
652 growth boundary and designated urban reserve areas and each neighbor city's urban growth
653 boundary and designated urban reserves, and designate and protect common locations for green
654 corridors along transportation corridors connecting the Metro region and each neighboring city.
655 For areas within the Metro boundary, counties are hereby required to amend their comprehensive
656 plans and implementing ordinances to identify and protect the rural reserves and green corridors
657 described in the adopted 2040 Growth Concept and shown on the adopted 2040 Growth Concept
658 Map. These rural lands shall maintain the rural character of the landscape and our agricultural
659 economy. New rural commercial or industrial development shall be restricted to the extent
660 allowed by law. Zoning shall be for resource protection on farm and forestry land, and very low-
661 density residential (no greater average density than one unit for five acres) for exception land.

662 For areas outside the Metro boundary, Metro shall encourage intergovernmental agreements with
663 the cities of Sandy, Canby and North Plains.

664 **Section 3. Invitations for Intergovernmental Agreements**

665 Metro shall invite the cities and counties~~local governments~~ outside the Metro boundary and
666 named in Section 1 of this title to sign an Intergovernmental Agreement, similar to the draft
667 agreements attached hereto.

668 **Section 4. Metro Intent with Regard to Green Corridors**

669 Metro shall attempt to negotiate a Green Corridor Intergovernmental Agreement with Oregon
670 Department of Transportation (ODOT) and the three counties (Clackamas, Multnomah and
671 Washington) to designate and protect areas along transportation corridors connecting Metro and
672 neighboring cities.

673 **TITLE 6: REGIONAL ACCESSIBILITY**

674 **Section 1. Intent**

675 Implementation of the 2040 Growth Concept requires that the region identify key measures of
676 transportation effectiveness which include all modes of transportation. Developing a full array of
677 these measures will require additional analysis. Focusing development in the concentrated
678 activity centers, including the central city, regional centers, and station communities, requires the
679 use of alternative modes of transportation in order to avoid unacceptable levels of congestion,
680 ~~and to insure that accessibility by alternative modes is attractive.~~ The continued economic
681 vitality of industrial areas and intermodal facilities is largely dependent on preserving or
682 improving access to these areas and maintaining reasonable levels of freight mobility ~~in~~ the
683 region's ~~main~~ throughways. Therefore, regional congestion standards and other regional system
684 performance measures shall be tailored to reinforce the specific development needs of the
685 individual 2040 Growth Concept design types ~~land use components~~.

686 These regional standards will be linked to a series of regional street design concepts that fully
687 integrate transportation and land use needs for each of the 2040 land use components. The
688 designs generally form a continuum; a network of throughways (freeway and highway designs)
689 will emphasize auto and freight mobility and connect major activity centers. Slower-speed
690 boulevard designs within concentrated activity centers will balance the multi-modal travel
691 demands for each mode of transportation within ~~of~~ these areas. Street and road designs will
692 complete the continuum, with multi-modal designs that reflect the land uses they serve, but also
693 serving as moderate-speed vehicle connections between activity centers that complement the
694 throughway system. While these designs are under development, it is important that
695 improvements in the most concentrated activity centers are designed to lessen the negative
696 effects of motor vehicle traffic on other modes of travel. Therefore, ~~the need to implementation~~
697 of amenity oriented boulevard treatment that better serves pedestrian, bicycle and transit travel in
698 the central city, regional centers, main streets, town centers, and station communities is a key
699 step in the overall implementation of the Metro 2040 Growth Concept.

700 It is intended that the entirety of these Title 6 standards will be supplemented by the Regional
701 Transportation Plan (RTP) when the RTP is approved and adopted by the Metro Council.

702 **Section 2. Boulevard Design**

703 ~~For~~ Regional routes in the central city, regional centers, station communities, main streets and
704 town centers are designated on the Boulevard Design Map. In general, pedestrian and transit
705 oriented design elements are the priority in the central city and regional centers, station
706 communities, main streets and town centers, a All cities and counties within the Metro region
707 ~~are hereby required to shall~~ implement or allow others to be implemented boulevard design
708 elements as improvements are made to these facilities including those facilities built by ODOT
709 or Tri-Met. Each jurisdiction shall ~~adopt amendments, if necessary, to ensure that their~~
710 comprehensive plans and implementing ordinances, if necessary, to require consideration or
711 installation of the following boulevard design elements when proceeding with right-of-way
712 improvements on regional routes designated on the boulevard design map: ~~In general,~~

713 ~~pedestrian and transit-oriented design elements are the priority in the central city and regional~~
714 ~~centers, station communities, main streets and town centers.~~

- 715 A. Wide sidewalks with pedestrian amenities such as benches, awnings and special lighting;
- 716 B. Landscape strips, street trees and other design features that create a pedestrian buffer
717 between curb and sidewalk;
- 718 C. Pedestrian crossings at all intersections, and mid-block crossings where intersection
719 spacing is excessive;
- 720 D. The use of medians and curb extensions to enhance pedestrian crossings where wide
721 streets make crossing difficult;
- 722 E. Accommodation of bicycle travel ~~Bikeways~~;
- 723 F. On-street parking;
- 724 G. Motor vehicle lane widths that consider the above improvements;
- 725 H. Use of landscaped medians where appropriate to enhance the visual quality of the
726 streetscape.

727 **Section 3. Design Standards for Street Connectivity**

728 The design of local street systems, including "local" and "collector" functional classifications, is
729 generally beyond the scope of the Regional Transportation Plan (RTP). However, the aggregate
730 effect of local street design impacts the effectiveness of the regional system when local travel is
731 restricted by a lack of connecting routes, and local trips are forced onto the regional network.
732 Therefore, the following RTP will include design and performance options are intended to
733 standards for connectivity aimed at improving local circulation in a manner that protects the
734 integrity of the regional system.

735 Local jurisdictions within the Metro region are hereby required to amend their comprehensive
736 plans and implementing ordinances, if necessary, to comply with or exceed one of the following
737 options in the development review process:

- 738 A. **Design Option.** Cities and counties shall ensure that their comprehensive plans,
739 implementing ordinances and administrative codes require demonstration of compliance
740 with the following:
 - 741 1. New residential and mixed-use developments shall include local street plans that:
 - 742 a. encourage pedestrian and bicycle travel by providing short, direct public
743 right-of-way routes to connect residential uses with nearby existing and

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- b. planned commercial services, schools, parks and other neighborhood facilities; and include no cul-de-sac streets longer than 200 feet, and no more than 25 dwelling units on a closed-end street system except where topography, barriers such as railroads or freeways, or environmental constraints such as major streams and rivers, prevent street extension; and
- c. provide bike and pedestrian connections on public easements or right-of-way when full street connections are not possible, with spacing between connections of no more than 330 feet except where topography, barriers such as railroads or freeways, or environmental constraints such as major streams and rivers, prevent street extension; and
- d. consider opportunities to incrementally extend and connect local streets in primarily developed areas; and
- e. serve a mix of land uses on contiguous local streets; and
- f. support posted speed limits; and
- g. consider narrow street design alternatives that feature total right-of-way of no more than 46 feet, including pavement widths of no more than 28 feet, curb-face to curb-face, sidewalk widths of at least 5 feet and landscaped pedestrian buffer strips that include street trees; and
- h. limit the use of cul-de-sac designs and closed street systems to situations where topography, pre-existing development patterns or environmental constraints prevent full street extensions.

- 2. For new residential and mixed-use development, all contiguous areas of vacant and primarily undeveloped land of five acres or more shall be identified by cities and counties and the following will be prepared:

A map that identifies possible local street connections to adjacent developing areas. The map shall include street connections at intervals of no more than 660 feet, with more frequent connections in areas planned for mixed use or dense development.

B. Performance Option. For residential and mixed use areas, cities and counties shall ~~ensure that~~ amend their comprehensive plans, implementing ordinances and administrative codes, if necessary, to require demonstration of compliance with performance criteria in the following manner. Cities and counties shall develop local street design maps or standards in text or maps or both with street intersection spacing to occur at intervals of no less than eight street intersections per mile. ~~The number of street intersections should be greatest in the highest density 2040 Growth Concept design types.~~ connections coordinated and consistent with increased density and mixed land uses. Local street designs for new developments shall satisfy ~~both of the~~ following additional criteria:

- 1. Performance Criterion: minimize local traffic on the regional motor vehicle system, by demonstrating that local vehicle trips on a given regional facility do

not exceed the 1995 arithmetic median of regional trips for facilities of the same motor vehicle system classification by more than 25 percent.

- 2. Performance Criterion: everyday local travel needs are served by direct, connected local street systems where: (1) the shortest motor vehicle trip over public streets from a local origin to a collector or greater facility is no more than twice the straight-line distance; and (2) the shortest pedestrian trip on public right-of-way is no more than one and one-half the straight-line distance.

Section 4. Transportation Performance Standards

A. Alternative Mode Analysis

1. Mode split will be used as the key regional measure for transportation effectiveness in the Central City, Regional Centers and Station Communities. Each jurisdiction shall establish an alternative mode split target (defined as non-Single Occupancy Vehicle person-trips as a percentage of all person-trips for all modes of transportation) the percentage of all non-Single Occupant Vehicle modes of transportation) for each of the central city, regional centers and station communities within its boundaries. The alternative mode split target shall be no less than the regional targets for these Region 2040 Growth Concept land use components to be established in the Regional Transportation Plan).

2. Cities and counties Local Governments which have Central City, regional centers and station communities shall identify actions which will implement the mode split targets. These actions should include consideration of the maximum parking ratios adopted as part of Title 2, Section 2, Boulevard - Design of this title, and transit's role in serving the area.

B. Motor Vehicle Congestion Analysis

1. Level-of-Service (LOS) is a measurement of the use of a transportation facility as a share of designed capacity. The following table using Level Of Service may be incorporated into local comprehensive plans and implementing ordinances to replace current methods of determining motor vehicle congestion on regional facilities, if a city or county determines that this change is needed to permit Title 1, Table 1 capacities Metro 2040 Growth Concept implementation in the Central City, Regional Centers, Town Centers, Main Streets and Station Communities:

General Performance Standards (using LOS*)

Table with 4 columns: Performance Level, Preferred, Acceptable, Exceeds. Rows: Mid-Day one-hour, Peak two-hour.

818 *Level-of-Service is determined by using either the latest edition of the Highway
819 Capacity Manual (Transportation Research Board) or through volume to capacity
820 ratio equivalencies as follows: LOS C = .8 or better; LOS D = .8 to .9; LOS = .9
821 to 1.0; and LOS F = greater than 1.0. A copy of the Level of Service Tables
822 from the Highway Capacity Manual is attached as Exhibit A.

- 823 2. Accessibility. If a congestion standard is exceeded as identified in 4.B.1, cities and
824 counties~~local governments~~ shall evaluate the impact of the congestion on regional
825 accessibility using the best available methods (quantitative or qualitative). If a
826 determination is made by Metro that the congestion negatively impacts regional
827 accessibility, local jurisdictions shall follow the congestion management procedures
828 identified in 4.C. below.

829 C. Congestion Management

830 For a city or county to amend their comprehensive plan to add~~Prior to recommending a~~
831 significant capacity expansion to a regional facility, or including such an expansion in a
832 city or county comprehensive plan, the following actions shall be applied, unless the
833 capacity expansion is included~~adequately addressed~~ in the Regional Transportation Plan:

- 834 1. To address Level of Service:
- 835 a. Transportation system management techniques
 - 836 b. Corridor or site-level transportation demand management techniques
 - 837 c. Additional roadway~~motor vehicle~~ capacity to parallel facilities, including
838 the consideration of a grid pattern consistent with connectivity standards
839 contained in Title 6 of this plan
 - 840 d. Transit service improvements to increase ridership
- 841 2. To address preservation of street~~motor vehicle~~ function:
- 842 a. Traffic calming
 - 843 b. Street~~Motor vehicle~~ function classification
- 844 3. To address or preserve existing street capacity
- 845 a. Transportation management (e.g. access management, signal interties, lane
846 channelization)

847 If the above considerations do not adequately and cost-effectively address the problem,
848 capacity improvements may be included in the comprehensive plan.

Level of Service (LOS) Definitions for Freeways, Arterials and Signalized Intersections

LOS	FREEWAYS (average travel speed assuming 70 mph design speed)	ARTERIALS (average travel speed assuming a typical free flow speed of 40 mph)	SIGNALIZED INTERSECTIONS (stopped delay per vehicle)	TRAFFIC FLOW CHARACTERISTICS
A	Greater than 60 mph Average spacing: 22 car-lengths	Greater than 35 mph	Less than 5 seconds; most vehicles do not stop at all	Virtually free flow; completely unimpeded Volume/capacity ratio less than or equal to .60
B	57 to 60 mph Average spacing: 13 car-lengths	28 to 35 mph	5.1 to 15 seconds; more vehicles stop than for LOS A	Stable flow with slight delays; reasonably unimpeded Volume/capacity ratio .61 to .70
C	54 to 57 mph Average spacing: 9 car-lengths	22 to 28 mph	15.1 to 25 seconds; individual cycle failures may begin to appear	Stable flow with delays; less freedom to maneuver Volume/capacity ratio of .71 to .80
D	46 to 54 mph Average spacing: 6 car-lengths	17 to 22 mph	25.1 to 40 seconds; individual cycle failures are noticeable	High density but stable flow Volume/capacity ratio of .81 to .90
E	30 to 46 mph Average spacing: 4 car-lengths	13 to 17 mph	40.1 to 60 seconds; individual cycle failures are frequent; poor progression	Operating conditions at or near capacity; unstable flow Volume/capacity ratio of .91 to 1.00
F	Less than 30 mph bumper-to-bumper	Less than 13 mph	Greater than 60 seconds; not acceptable for most drivers	Forced flow, breakdown conditions Volume/capacity ratio of greater than 1.00
>F	Demand exceeds roadway capacity, limiting volume that can be carried and forcing excess demand onto parallel routes and extending the peak period			Demand/capacity ratios of greater than 1.10

Source: 1985 Highway Capacity Manual (A through F Descriptions)
Metro (>F Description)

849 TITLE 7: AFFORDABLE HOUSING

850 Section 1. Intent

851 ~~RUGGO Objective 17 requires Metro to use a "fair share" strategy to meet housing needs, which~~
852 ~~includes housing densities supportive of "development of the regional transportation system and~~
853 ~~designated centers and corridors," like Title I, above. that Metro adopt a "fair share" strategy for~~
854 ~~meeting the housing needs of the urban population in cities and counties based on a subregional~~
855 ~~analysis. A "fair share" strategy will include (1) a diverse range of housing types available~~
856 ~~within cities and counties inside the UGB; (2) specific goals for low and moderate rate housing~~
857 ~~to ensure that sufficient and affordable housing is available to households of all income levels~~
858 ~~that live or have a member working in each jurisdiction; (3) housing densities and costs~~
859 ~~supportive of adopted public policy for the development of the regional transportation system~~
860 ~~and designated centers and corridors; and (4) a balance of jobs and housing within the region and~~
861 ~~subregions.~~

862 Title 1 of this functional plan requires cities and counties to change their zoning to accommodate
863 development at higher densities in locations supportive of the transportation system. Two other
864 parts of the "fair share" strategy are addressed here: (1) encouraging use of tools identified to
865 improve availability of sufficient housing affordable to households of all income levels; and (2)
866 encouraging manufactured housing to assure a diverse range of available housing types.

867 Section 2. Recommendations to Improve Availability of Affordable Housing

868 According to HUD standards, housing is affordable if the resident is paying no more than one-
869 third of their income for housing. Data from the federally required County Consolidated Plans
870 clearly demonstrate that there exists a shortage of housing affordable to low and moderate
871 income people in most, if not all, cities and counties. Metro recommends that cities and counties
872 increase their efforts to provide for the housing needs of households of all income levels that live
873 or have a member working in each jurisdiction and that they consider implementation of some or
874 all of the following tools and approaches to facilitate the development of affordable housing;
875 ~~are recommended to begin to meet the need for sufficient and affordable housing:~~

- 876 A. Donate buildable tax-foreclosed properties to nonprofit organizations for
877 development as mixed market affordable housing.
- 878 B. Develop permitting process incentives for housing being developed to serve
879 people at or below 80% of area median income.
- 880 C. Provide fee waivers and property tax exemptions for projects developed by
881 nonprofit organizations serving people at or below 60% of area median income.
- 882 D. Create a land banking program to enhance the availability of appropriate sites for
883 permanently affordable housing.

- 884 E. Consider replacement ordinances that would require developers of high-income
885 housing, commercial, industrial, recreational or government projects to replace
886 any affordable housing destroyed by these projects.
- 887 F. Consider linkage programs that require developers of job-producing development,
888 particularly that which receives tax incentives, to contribute to an affordable
889 housing fund.
- 890 G. Commit locally controlled funds, such as Community Development Block Grants,
891 Strategic Investment Program tax abatement funds or general fund dollars, to the
892 development of permanently affordable housing for people at or below 60% of
893 area median income.
- 894 H. Consider inclusionary zoning requirements, particularly in tax incentive
895 programs, for new development in transit zones and other areas where public
896 investment has contributed to the value and developability of land.

897 **Section 3. Recommendations to Encourage Manufactured Housing**

898 State housing policy requires the provision of manufactured housing inside all Urban Growth
899 Boundaries as part of the housing mix with appropriate placement standards. The following are
900 recommended to reduce regulatory barriers to appropriately placed manufactured housing:

- 901 A. Requirements for a minimum of five acres to develop a manufactured housing
902 park should be reviewed to consider a lesser requirement, or elimination of a
903 minimum parcel and/or lot size entirely.
- 904 B. Manufactured homes configured as duplexes, triplexes, fourplexes, etc. should be
905 encouraged outside manufactured dwelling parks where zoning densities are
906 consistent with single story development.

907 **TITLE 8: COMPLIANCE PROCEDURES**

908 **Section 1. Compliance Required**

909 All cities and counties within the Metro boundary are hereby required to amend their
910 comprehensive plans and implementing ordinances to comply with the provisions of this
911 functional plan within twenty-four months of the effective date of this ordinance. Metro
912 recommends the adoption of the policies that affect land consumption as soon as possible.

913 **Section 2. Compliance Procedures**

914 A. On or before six months prior to the deadline established in Section 1, cities and counties
915 shall transmit to Metro the following:

- 916 1. An evaluation of their local plans, including public facility capacities and the
917 amendments necessary to comply with this functional plan;
- 918 2. Copies of all applicable comprehensive plans and implementing ordinances and
919 public facility plans, as proposed to be amended;
- 920 3. Findings that explain how the amended local comprehensive plans will achieve
921 the standards required in titles 1 through 6 of this functional plan.

922 In developing the evaluation, plan and ordinance amendments and findings, cities and
923 counties shall address the Metro 2040 Growth Concept, and explain how the proposed
924 amendments implement the Growth Concept.

925 B. ~~Exemptions from~~ Exceptions to any of the requirements in the above titles may be granted
926 by the Metro Council, as provided for in the Regional Urban Growth Goals and
927 Objectives, Section 5.3, after MPAC review, ~~based on~~ Requests for an exception should
928 include a city or county submittal as specified in this section. The Metro Council will
929 make all final decisions ~~as to the existence of the factual basis~~ for the grant of any
930 requested exception exemption.

931 1. Population and ~~Employment~~ Capacity. An ~~exemption from~~ exception to the
932 requirement contained in Table 1 of Title 1 that the target capacities shall be met
933 or exceeded may be granted based on a submittal which includes, but is not
934 limited to, the following:

- 935 a. A demonstration of substantial evidence of the economic infeasibility to
936 provide sanitary sewer, water, stormwater or transportation facilities to an
937 area or areas; or
- 938 b. A demonstration that the city or county is unable to meet the target
939 capacities listed in Table 1 because substantial areas have prior
940 commitments to development at densities inconsistent with Metro target;
941 or

942 c. A demonstration that the householdswelling unit and employmentjob
943 capacities cannot be accommodated at densities or locations the market or
944 assisted programs will likely build during the planning period.

945 As part of any request for exemption exception under this subsection, a
946 city or county shall also submit an estimate of the amount of
947 householdswelling units or employmentjobs included in the capacity
948 listed in Table 1 that cannot be accommodated; and a recommendation
949 which identifies land that would provide for the unaccommodated capacity
950 located outside the urban growth boundary and near or adjacent to the city
951 or county.

952 In reviewing any request for exemption exception based on the financial
953 feasibility of providing public services, Metro, along with cities and counties ~~local~~
954 governments, shall estimate the cost of providing necessary public services and
955 compare those with the estimated costs submitted by the city or county requesting
956 the exemption.

957 2. Parking Measures. Subject to the provisions of Title 2, cities or counties may
958 request an exemption ~~from~~ exception to parking requirements. Metro may
959 consider a city or county government request to allow areas designated as Zone A
960 to be subject to Zone B requirements upon the city or county establishing that, for
961 the area in question:

- 962 a. There are no existing plans to provide transit service with 20-minute or
963 lower peak frequencies; and
964 b. There are no adjacent neighborhoods close enough to generate sufficient
965 pedestrian activity; and
966 c. There are no significant pedestrian activity within the present business
967 district; and
968 d. That it will be feasible for the excess parking to be converted to the
969 development of housing, commerce or industry in the future.

970 The burden of proof for an adjustment variance shall increase based on the quality
971 and timing of transit service. The existence of transit service or plans for the
972 provision of transit service near a 20-minute or lower peak frequency shall
973 establish a higher burden to establish the need for the exception exemption.

974 3. Water Quality and Flood Management Areas. Cities and counties may request
975 areas to be added or deleted from the Metro Water Quality and Flood
976 Management Area based on a finding that the area identified on the map is not a
977 Water Quality and Flood Management Area or a Fish and Wildlife Habitat
978 Conservation Area, as defined in this functional plan. Areas may also be deleted
979 from the map if the city or county can prove that its deletion and the cumulative
980 impact of all deletions in its jurisdiction will have minimal impact on the water

981 quality of the stream and on flood effects. Findings shall be supported by
982 evidence, including the results of field investigations.

983 4. Retail in Employment and Industrial Areas. Subject to the provisions of Title 4,
984 cities and counties may request a change in the Employment and Industrial Areas
985 Map. Metro may consider a city or county request to modify a ~~mapped~~
986 ~~Employment and Industrial Area~~ an Employment Area to exempt existing or
987 locally designated retail centers areas, unacknowledged by the date of this
988 Functional Plan, where they can demonstrate that:

989 a. The Employment and Industrial Areas Mmap overlooked included lands
990 within Employment Areas having a substantially developed existing retail
991 center area or a locally designated retail center area pursuant to a
992 comprehensive plan acknowledged by the date of this Functional Plan
993 which allowed retail uses larger than 60,000 square feet of gross leasable
994 area per building or business; or

995 b. The requested retail area in an Employment Area has been found to be
996 appropriate for an exception based upon current or projected needs within
997 the jurisdiction and the city or county can demonstrate that adequate
998 transportation facilities capacity exists for that retail area.

999 5. Regional Accessibility. Cities or counties may request relief from an exception to
1000 the requirements of Title 6, Regional Accessibility, where they can show that a
1001 street system or connection is not feasible for reasons of topographic constraints
1002 or natural or built environment considerations.

1003 C. In addition to the above demonstrations, any city or county request or determination
1004 that not to incorporate functional plan policies should not or cannot be incorporated into
1005 comprehensive plans shall be subject to the conflict resolution and mediation processes
1006 included within the RUGGO, Goal I, provisions prior to the final adoption of
1007 inconsistent policies or actions. Local actions Final land use decisions of cities and
1008 counties inconsistent with functional plan requirements are subject to immediate appeal
1009 for violation of the functional plan.

1010 D. Compliance with requirements of this plan shall not require cities or counties to violate
1011 federal or state law, including statewide land use goals. Conflicting interpretations of
1012 legal requirements may be the subject of a compliance interpretation and conflict
1013 resolution under RUGGO Objective 5.3.

1014 Section 3. Any Comprehensive Plan Change must Comply

1015 After the effective date of this ordinance, any amendment of a comprehensive plan or
1016 implementing ordinance shall be consistent with the functional plan requirements of this
1017 functional plan contained in Titles 1 through 8. Metro shall assist cities and counties ~~the local~~

1018 ~~government~~ in achieving compliance with all applicable functional plan requirements. Upon
1019 request, Metro will review proposed comprehensive plan and implementing ordinances for
1020 functional plan compliance prior to city or county adoption.

1021 **Section 4. Compliance Plan Assistance**

- 1022 A. Any city or county~~local government~~ may request of Metro a compliance plan which
1023 contains the following:
- 1024 1. An analysis of the city or county~~local government's~~ comprehensive plan and
1025 implementing ordinances, and what sections require change to comply with the
1026 performance standards.
 - 1027 2. Specific amendments that would bring the city or county~~jurisdiction~~ into
1028 compliance with the requirements of Sections 1 to 8, if necessary.
- 1029 B. ~~Jurisdictions~~Cities and counties must make the request within four months of the
1030 effective date of this ordinance. The request shall be signed by the highest elected official
1031 of the jurisdiction.
- 1032 C. Metro shall deliver a compliance plan within four months of the request date. The
1033 compliance plan shall be a recommendation from the Executive Officer. The compliance
1034 plan shall be filed with the Metro Council two weeks before it is transmitted, for possible
1035 review and comment.

1036 **Section 5. Compliance Interpretation Process**

1037 After the effective date of this ordinance, Metro shall provide a process for cities and counties
1038 required by this functional plan to change their plans to seek interpretations of the requirements
1039 of this functional plan. Application for a compliance interpretation shall be made in writing to
1040 the Executive Officer for preparation of a report and recommendation. The compliance
1041 interpretation process shall include a hearings officer decision based on the case record. An
1042 appeal to the Metro Council shall be available to parties in the case and by vote of the Metro
1043 Council. The Metro Council may initiate a compliance interpretation on its own motion with or
1044 without an application.

1045 **Section 6. Citizen Review Process**

1046 A citizen who has presented written or oral testimony at the local level on the interpretation issue
1047 may petition the Metro Council for a compliance interpretation. After hearing the citizen
1048 petition, the Council may initiate a compliance interpretation.

1049

Section 7. Enforcement

1050 A. Prior to a final ~~action~~ decision to amend a comprehensive plan or implementing
1051 ordinance, a ~~local~~ city or county determination that a requirement of this functional plan should
1052 not or cannot be implemented ~~shall~~ may be subject to a compliance interpretation and the conflict
1053 resolution process provided for in RUGGO, Goal I at the request of the city or county.

1054 B. City or county actions to amend a comprehensive plan or implementing ordinance in
1055 violation of this functional plan at any time after the effective date of this ordinance shall be
1056 subject to appeal or other legal action for violation of a regional functional plan requirement,
1057 including but not limited to reduction of regional transportation funding and funding priorities.

1058 C. Failure to amend comprehensive plans and implementing ordinances as required by
1059 Section 1 of this Title shall be subject to any and all enforcement actions authorized by law. ~~Any~~
1060 ~~city or county land use decision made more than 24 months after the effective date of this~~
1061 ~~ordinance that is inconsistent with the requirements of this functional plan is subject to appeal for~~
1062 ~~violation of this functional plan.~~

1063 **TITLE 9: PERFORMANCE MEASURES**

1064 **Section 1. Intent**

1065 In order to monitor progress in implementation of this functional plan, and in order to implement
1066 Objective 10 of RUGGO, Metro shall establish benchmarks related to the achievement and
1067 expected outcome resulting from the implementation of this functional plan.

1068 **Section 2. Performance Measures Adoption**

1069 A. Within three months of the adoption of this functional plan, the Metro Executive Officer
1070 shall submit to the Council the Executive Officer's recommendations for ~~performance~~
1071 ~~measures.~~

1072
1073 ~~1. The p~~Performance measures ~~will to~~ be used in evaluating the progress of the
1074 region in implementation of this functional plan; and

1075
1076 ~~2. policy recommendations~~Policies for corrective action should the performance
1077 measures not be achieved indicate that the goals contained in the functional plan are not
1078 being achieved.

1079
1080 In developing these performance measures and policies, t—The Executive Officer shall use the
1081 best technology available to Metro, and shall, in addition, submit the current and recent historic
1082 levels for the proposed performance measures.

1083 B. The Council, after receiving advice and comment from the Metropolitan Policy Advisory
1084 Committee, shall adopt a list of performance measures that will be used to monitor and
1085 evaluate this functional plan. The performance measures will be evaluated at least by
1086 regional level, by Growth Concept design types, by regional and town center market
1087 areas, and by jurisdiction. The performance measures shall include a biennial goal for the
1088 next six years, and shall be accompanied by policies for adjusting the regional plans
1089 based on actual performance.

1090 C. The performance measures shall include, but shall not be limited to the following:

1091 1. Amount of land converted from vacant to other uses, according to jurisdiction,
1092 Growth Concept design type, and zoning;

1093 2. Number and types of housing constructed, their location, density, and costs,
1094 according to jurisdiction, Growth Concept design type, and zoning;

1095 3. The number of new jobs created in the region, according to jurisdiction, Growth
1096 Concept design type, and zoning;

- 097 4. The amount of development of both jobs and housing that occurred as
098 redevelopment or infill, according to jurisdiction, Growth Concept design type,
.099 and zoning;
- .100 5. The amount of land that is environmentally sensitive that is permanently
.101 protected, and the amount that is developed;
- 1102 6. Other measures that can be reliably measured and will measure progress in
1103 implementation in key areas.
- 1104 7. Cost of land based on lot prices according to jurisdiction, Growth Concept design
1105 type, and zoning; and according to redeveloped and vacant classifications.
- 1106 8. The average vacancy rate for all residential units.

1107 D. Use of the performance measures

- 1108 1. The performance measures will contain both the current level of achievement, and
1109 the proposed level necessary to implement this functional plan and achieve the
1110 Metro 2040 Growth Concept adopted in the Regional Urban Growth Goals and
1111 Objectives (RUGGO). The performance measures will be used to evaluate and
1112 adjust, as necessary, Metro's functional plans, Urban Growth Boundary, and other
1113 regional plans.
- 1114 2. By March 1 of every other year beginning March 1, ~~1999~~1998, the Executive
1115 Officer shall report to the Council an assessment of the regional performance
1116 measures, and recommend corrective actions, as necessary, consistent with the
1117 Metro Council's policies.
- 1118 3. The Council shall refer the recommendations to the Hearing Officer, who shall
1119 hold a hearing to review the data in the Executive Officer's report on the
1120 performance measures, and gather additional data from any interested party. The
1121 Hearing officer shall review all of the information presented on the performance
1122 measures. The complete record of information, findings of fact, and a
1123 recommendation shall be forwarded to the Council by the Hearing Officer.
- 1124 4. The Council shall hold a hearing on the record, adopt findings of fact, and take
1125 any necessary corrective action by September 1 of the year.

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TITLE 10: DEFINITIONS

Accessibility means the amount of time required to reach a given location or service by any mode of travel.

Alternative Modes means alternative methods of travel to the automobile, including public transportation (light rail, bus and other forms of public transportation), bicycles and walking.

Balanced cut and fill means no net increase in fill within the floodplain.

Bikeway means separated bike paths, striped bike lanes, or wide outside lanes that accommodate bicycles and motor vehicles.

Boulevard Design means a design concept that emphasizes pedestrian travel, bicycling and the use of public transportation, and accommodates motor vehicle travel.

Calculated Capacity means the number of dwelling units and jobs that can be contained in an area based on the calculation required by this functional plan.

Capacity Expansion means constructed or operational improvements to the regional motor vehicle system that increase the capacity of the system.

Comprehensive plan means the all inclusive, generalized, coordinated land use map and policy statement of cities and counties defined in ORS 197.015(5).

Connectivity means the degree to which the local and regional street systems in a given area are interconnected.

Designated Beneficial Water Uses means the same as the term as defined by the Oregon Department of Water Resources, which is: an instream public use of water for the benefit of an appropriator for a purpose consistent with the laws and the economic and general welfare of the people of the state and includes, but is not limited to, domestic, fish life, industrial, irrigation, mining, municipal, pollution abatement, power development, recreation, stockwater and wildlife uses.

Design Type means the conceptual areas described in the Metro 2040 Growth Concept text and map in Metro's regional goals and objectives, including central city, regional centers, town centers, station communities, corridors, main streets, inner and outer neighborhoods, industrial areas, and employment areas.

Development means any manmade change defined as buildings or other structures, mining, dredging, paving, filling, or grading in amounts greater than ten (10) cubic yards on any lot or excavation. In addition, any other activity that results in the removal of more than 10% of the existing vegetated area on the lot is defined as development, for the purposes of Title 3.

- 1158 Exceptions:
- 1159 a. Stream enhancement or restoration projects approved by cities and counties ~~local~~
1160 ~~jurisdictions.~~
- 1161 b. Agricultural activity.
- 1162 c. Replacement, Additions, and alterations and accessory uses for existing
1163 structures and development that do not encroach into the Water Quality and Flood
1164 Management Area more than the existing structure or development.
- 1165 DBH means the diameter of a tree measured at breast height.
- 1166 DLCD Goal 5 ESEE means a decision process local governments carry out under OAR 660-23-
1167 040.
- 1168 ~~Expected Capacity means the amount of units that can be expected to be contained in an area.~~
- 1169 Fish and Wildlife Habitat Conservation Area means the area defined on the Metro Water
1170 Quality and Flood Management Area Map to be completed and attached hereto. These include
1171 all Water Quality and Flood Management Areas that require regulation in order to protect fish
1172 and wildlife habitat. This area has been mapped to generally include the area 200 feet from top
1173 of bank of streams in undeveloped areas with less than 25% slope, and 100 feet from edge of
1174 mapped wetland on undeveloped land.
- 1175 Floodplain means land subject to periodic flooding, including the 100-year floodplain as
1176 mapped by FEMA Flood Insurance Studies or other substantial evidence of actual flood events.
- 1177 Functions and Values of Stream Corridors means stream corridors have the following
1178 functions and values: water quality retention and enhancement, flood attenuation, fish and
1179 wildlife habitat, recreation, erosion control, education, aesthetic, open space and wildlife
1180 corridor.
- 1181 ~~Goal 5 ESEE means a decision process local governments carry out under OAR 660-23-040.~~
- 1182 Growth Concept Map means the conceptual map demonstrating the 2040 Growth Concept
1183 design types attached to this plan in the Appendix ~~as Exhibit 3.~~
- 1184 Hazardous materials means materials described as hazardous by Oregon Department of
1185 Environmental Quality.
- 1186 Implementing Regulations means any city or county land use regulation as defined by
1187 ORS 197.015(11) which includes zoning, land division or other ordinances which establish
1188 standards for implementing a comprehensive plan.
- 1189 Landscape Strip means the portion of public right-of-way located between the sidewalk and
1190 curb.

.191 Level-of-Service (LOS) means the ratio of the volume of motor vehicle demand to the capacity
.192 of the motor vehicle system during a specific increment of time.

.193 Local Trip means a trip 2½ miles or less in length.

.194 Median means the center portion of public right-of-way, located between opposing directions
.195 of motor vehicle travel lanes. A median is usually raised and may be landscaped, and usually
.196 incorporates left turn lanes for motor vehicles at intersections and major access points.

.197 Metro means the regional government of the metropolitan area, the elected Metro Council as the
.198 policy setting body of the government.

.199 Metro Boundary means the jurisdictional boundary of Metro, the elected regional government
.200 of the metropolitan area.

.201 Metro Urban Growth Boundary means the urban growth boundary as adopted and amended by
.202 the Metro Council, consistent with state law.

.203 Mixed Use means comprehensive plan or implementing regulations that permit a mixture of
.204 commercial and residential development.

.205 Mobility means the speed at which a given mode of travel operates in a specific location.

.206 Mode-Split Target means the individual percentage of public transportation, pedestrian,
.207 bicycle and shared-ride trips expressed as a share of total person-trips.

.208 Motor Vehicle means automobiles, vans, public and private buses, trucks and semi-trucks,
.209 motorcycles and mopeds.

.210 Multi-Modal means transportation facilities or programs designed to serve many or all
.211 methods of travel, including all forms of motor vehicles, public transportation, bicycles and
.212 walking.

.213 Narrow Street Design means streets with less than 46 feet of total right-of-way and no more
.214 than 28 feet of pavement width between curbs.

.215 Net Acre means an area measuring 43,560 square feet which excludes:

- .216 (1) any developed road rights-of-way through or on the edge of the land; and
- .217 (2) environmentally constrained areas, including any open water areas, floodplains,
.218 natural resource areas protected under statewide planning Goal 5 in the
.219 comprehensive plans of cities and counties in the region, slopes in excess of 25
.220 percent and wetlands requiring a Federal fill and removal permit under Section
.221 404 of the Clean Water Act. These excluded areas do not include lands for which

1222 the local zoning code provides a density bonus or other mechanism which allows
1223 the transfer of the allowable density or use to another area or to development
1224 elsewhere on the same site; and

1225 (3) all publicly-owned land designated for park and open spaces uses.

1226 **Net Developed Acre** consists of 43,560 square feet of land, after excluding present and future
1227 rights-of-way, school lands and other public uses.

1228 **Perennial Streams** means all primary and secondary perennial water ways as mapped by the
1229 U.S. Geological Survey.

1230 **Performance Measure** means a measurement derived from technical analysis aimed at
1231 determining whether a planning policy is achieving the expected outcome or intent associated
1232 with the policy.

1233 ~~**Permitted Capacity** means the highest amount of units that are permitted be contained in an
1234 area as calculated from zoning and other local jurisdiction regulations.~~

1235 **Persons Per Acre** means the intensity of building development by combining residents per net
1236 acre and employees per net acre.

1237 **Person-Trips** means the total number of discrete trips by individuals using any mode of travel.

1238 **Practicable** means available and capable of being done after taking into consideration cost,
1239 existing technology, and logistics in light of overall project purpose.

1240 **Primarily Developed** means areas where less than 10% of parcels are either vacant or
1241 underdeveloped.

1242 **Redevelopable Land** means land on which development has already occurred which, due to
1243 present or expected market forces, there exists the strong likelihood that existing development
1244 will be converted to more intensive uses during the planning period.

1245 **Regional Goals and Objectives** are the land use goals and objectives that Metro is required to
1246 adopt under ORS 268.380(1).

1247 **Retail** means activities which include the sale, lease or rent of new or used products to the
1248 general public or the provision of product repair or services for consumer and business goods.
1249 Hotels or motels, restaurants or firms involved in the provision of personal services or office
1250 space are not considered retail uses.

1251 **Riparian area** means the water influenced area adjacent to a river, lake or stream consisting of
1252 the area of transition from an hydric ecosystem to a terrestrial ecosystem where the presence of
1253 water directly influences the soil-vegetation complex and the soil-vegetation complex directly

- 1254 influences the water body. It can be identified primarily by a combination of geomorphologic
1255 and ecologic characteristics.
- 1256 Single Occupancy Vehicle (SOV) means private passenger vehicles carrying one occupant.
- 1257 Shared-Ride means private passenger vehicles carrying more than one occupant.
- 1258 Straight-Line Distance means the shortest distance measured between two points.
- 1259 Target capacities means the capacities in Table 1 required to be demonstrated by cities and
1260 counties for compliance with Title 1, Section 2.
- 1261 Target densities means the average combined household and employment densities established
1262 for each design type in the RUGGO 2040 Growth Concept.
- 1263 Top of Bank means the same as "bankfull stage" defined in OAR 141-85-010(2).
- 1264 Traffic Calming means street design or operational features intended to maintain a given
1265 motor vehicle travel speed.
- 1266 Underdeveloped Parcels means those parcels of land with less than 10% of the net acreage
1267 developed with permanent structures.
- 1268 Vacant Land: Land identified in the Metro or local government inventory as undeveloped land.
- 1269 Variance means a discretionary decision to permit modification of the terms of an implementing
1270 ordinance based on a demonstration of unusual hardship or exceptional circumstance unique to a
1271 specific property.
- 1272 Water Quality and Flood Management Area means an area defined on the Metro Water
1273 Quality and Flood Management Area Map, to be attached hereto. These are areas that require
1274 regulation in order to mitigate flood hazards and to preserve and enhance water quality. This
1275 area has been mapped to generally include the following: stream or river channels, known and
1276 mapped wetlands, areas with floodprone soils adjacent to the stream, floodplains, and sensitive
1277 water areas. The sensitive areas are generally defined as 50 feet from top of bank of streams for
1278 areas of less than 25% slope, and 200 feet from top of bank on either side of the stream for areas
1279 greater than 25% slope, and 50 feet from the edge of a mapped wetland.
- 1280 Zoned Capacity means the highest number of dwelling units or jobs that are allowed to be
1281 contained in an area by zoning and other city or county jurisdiction regulations.

Table 1 - Target Capacity for Housing and Employment Units - Year 1994 to 2017

City or County	Dwelling Unit Capacity ¹	Job Capacity	Mixed Use Areas ²	
			Household Dwelling Unit Capacity	Job Increase
Beaverton	15,021	25,122	9,019	19,084
Cornelius	1,019	2,812	48	335
Durham	262	498	0	0
Fairview	2,921	5,689	635	2,745
Forest Grove	2,873	5,488	67	628
Gladstone	600	1,530	20	140
Gresham	16,817	23,753	3,146	9,695
Happy Valley	2,030	1,767	52	245
Hillsboro	14,812	58,247	9,758	20,338
Johnson City	168	180	0	0
King City	182	241	55	184
Lake Oswego	3,353	8,179	446	3,022
Maywood Park	27	5	0	0
Milwaukie	3,514	7,478	2,571	6,444
Oregon City	6,157	8,185	341	2,341
Portland	70,704	158,503	26,960	100,087
River Grove	(15)	41	0	0
Sherwood	5,010	8,156	1,108	3,585
Tigard	6,073	14,901	981	8,026
Troutdale	3,789	5,570	107	267
Tualatin	3,635	9,794	1,248	2,069
West Linn	2,577	2,114	0	594
Wilsonville	4,425	15,030	743	4,952
Wood Village	423	736	68	211
Clackamas County ³	19,530	42,685	1,661	13,886
Multnomah County	3,089	2,381	0	0
Washington County ³	54,999	52,578	13,273	25,450
	243,993	461,633		

¹ Based on Housing Needs Analysis. Applies to existing city limits as of June, 1996. Annexations to cities would include the city assuming responsibility for livable share Target Capacity previously accommodated in unincorporated county.

² Target densities for mixed use areas are: Central City - about 250 persons per acre; regional centers - about 60 ppa.; town centers 40 ppa.; station communities - about 45 ppa.; main streets - about 39 ppa.

³ Standards apply to the urban unincorporated portion of the county only. At the request of cities, Metro may also supply targets for planning areas for cities in addition to the existing boundary targets cited above.

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Regional Parking Ratios (parking ratios are based on spaces per 1,000 sq ft of gross leasable area unless otherwise stated)			
Land Use	Minimum Parking Requirements (See) Central City Transportation Management Plan for downtown Portland stds)	Maximum Permitted Parking - Zone A:	Maximum Permitted Parking Ratios - Zone B: <u>(Recommended)</u>
	Requirements may Not Exceed	Transit and Pedestrian Accessible Areas ¹	Rest of Region
General Office (includes Office Park, "Flex-Space", Government Office & misc. Services) (gsf)	2.7	3.4	4.1
Light Industrial Industrial Park Manufacturing (gsf)	1.6	None	None
Warehouse (gross square feet; parking ratios apply to warehouses 150,000 gsf or greater)	0.3	0.4	0.5
Schools: College/ University & High School (spaces/# of students and staff)	0.2	0.3	0.3
Tennis Racquetball Court	1.0	1.3	1.5
Sports Club/Recreation Facilities	4.3	5.4	6.5
Retail/Commercial, including shopping centers	4.1	5.1	6.2
Bank with Drive-In	4.3	5.4	6.5
Movie Theater (spaces/number of seats)	0.3	0.4	0.5
Fast Food with Drive Thru	9.9	12.4	14.9
Other Restaurants	15.3	19.1	23
Place of Worship (spaces/seats)	0.5	0.6	0.8
Medical/Dental Clinic	3.9	4.9	5.9
Residential Uses			
Hotel/Motel	1	none	none
Single Family Detached	1	none	none
Residential unit, less than 500 square feet per unit, one bedroom	1	none	none
Multi-family, townhouse, one bedroom	1.25	none	none
Multi-family, townhouse, two bedroom	1.5	none	none
Multi-family, townhouse, three bedroom	1.75	none	none

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¹ Ratios for uses not included in this table would be determined by cities and counties/local governments. In the event that a local government proposes a different measure, for example, spaces per seating area for a restaurant instead of gross leasable area, Metro may grant approval upon a demonstration by the local government that the parking space requirement is substantially similar to the regional standard.

Metro Councilor Don Morissette vote explanation (to be entered in the record)

Ordinance No. 96-647B

October 24, 1996

Today I have voted against the Urban Growth Management Functional Plan. One of my goals when I campaigned for the Metro Council seat was to bring to public office my experience in business and home-building. My adult life has been spent providing families with shelter. I am very proud of that accomplishment. Economic benefit should not motivate our decision. I nor any of my companies own land outside the boundary. Freezing the boundary would increase the value of the land I own inside the boundary. (less supply)

I believe previous generations provided opportunities for the people living here now . I have been able to live in a region with good neighborhoods, good schools, the ability to get around easily and enough open space to play and enjoy nature close to home. I want to provide the next generation with the same opportunities.

This Functional Plan does not provide that chance. This Functional Plan is the “Zero Option”. The densities are too high. Approximately 43% of the states population lives and works on less than 1/3 of 1% of the total land in the state. Cramming people much close together will result in more congestion, more costly housing, more expensive consumer goods and more sprawl.

The level of service in Title 6 (Regional Accessibility) will guarantee traffic congestion. Each morning and evening the acceptable level of service (LOS) is E/F. In everyday language this means freeway traffic will be *at or near capacity(E)* or *bumper to bumper(F)*. On arterials (typical speed 40 mph) E equates to *13 to 17 mph*, F means *less than 13 mph*. Not only will E/F levels of service gridlock cars, remember buses and trucks use the same roads.

Affordable housing for both middle class and low income families has reached a crisis in this region. In the last 5 years we have gone from one of the most affordable housing markets to one of the most expensive. Causing more people to need scarce housing subsidies. A 3% to 4% expansion of the urban growth boundary will not reduce housing costs, but will slow cost increases. The densities required by the Functional Plan target capacities in Table 1, will reduce the supply of existing affordable housing stock. I believe that we risk increasing housing costs until the market fails. It will cost cities and counties hundreds of thousands of dollars to comply with this plan. A plan that will spark so much controversy that the good parts may be thrown out with the bad.

The parking space restrictions in Title 2 and the size limits placed on retailers in Title 4 will result in more costly consumer goods. I do not pretend to be an expert in retail. The experts who have testified have years of experience in the market. They have been

successful in providing consumer goods to the average citizen in a way they want it. Boutique shopping is wonderful, my wife loves it. But many citizens want reduced costs and the opportunity to do most of their shopping in one or two stops. Restricting large format retail limits citizens choices.

Because we are pushing density too hard, this plan will cause sprawl. Home buyers wanting a backyard or a garden space will purchase in Sandy, Canby, Woodburn, North Plains, Newberg, Estacada and other surrounding communities and commute to the region for their work. Not only will the roads be more congested, but our air shed will be degraded.

244,000 more housing units inside the UGB will require densities of 15 units to the acre for new construction. An example of what this means is that one new housing unit for every 2 existing homes in the UGB not just one more house in your neighborhood. Loss of open fields and farmland (Alpenrose Dairy) inside the UGB is required to meet the density targets. Infill and redevelopment can be positive but this plan goes too far. It will gentrify (in other words many people living in north and northeast will not be able to continue living there due to costs) many neighborhoods. It will increase the costs of renting and purchasing homes and squeeze out low income residents.

Each of these restrictions limits choices for average citizens. Renters, homeowners and consumers will be affected. Low income families will be hurt first and housing subsidy dollars won't be available to meet skyrocketing needs.

What is my solution? Balance. Balance is the key. Continue to use existing land better. Support increased density in appropriate locations, along light rail corridors, transportation corridors and in the Central City and Regional Centers. Add enough land to allow choices. Yes expand the UGB by 8,000 to 10,000 acres. Master plan the expansion areas, select the right sites and monitor the results. I support a compact urban form, but not as compact as the plan calls for. The Functional Plan and 2040 need to be more balanced.

The Functional Plan has become a political decision not a logical decision. It does more bad than good. I cannot in good conscience support a plan that I believe will bring such poor results. I hope when citizens are unhappy with the consequences of this decision they will remember my remarks.

(I want my no vote noted and a brief vote explanation included when Metro publishes Councilors names on the Functional Plan.)



SUNSET CORRIDOR ASSOCIATION

November 5, 1996

BOARD OF DIRECTORS

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11595 SW North Dakota
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Facilities Management

Re. PARKING RATIOS - ZONE B

Secretary

Mike Colarusso
Director, Marketing &
Development
Birtcher Properties for
AmberGlen Business Center

Dear Councilor Kvistad: *[Signature]*

At the October 24th Council Meeting, Amendment #8-- to change Zone B parking ratios from "recommended" to "required"-- was introduced and approved by the Council. Three arguments were used to justify the change. One, need to give direction to jurisdictions to meet goals; second, don't want a disincentive for development to occur in non-transit areas; and third, level the playing field (we assume this means between the CBD and the suburbs since this argument came from the CBD business community).

Treasurer

Trond Ingvaldsen
Assistant Vice President
Standard Insurance Company

The Sunset Corridor Association members oppose changing the Zone B parking ratios from a "recommended" to "required" status until there is a reasonable level of transit service to work sites in Washington County. Requiring regional parking standards for areas that do not have alternative transportation modes while at the same time requiring the businesses in these areas to pay for service they are not getting is not equitable. Following are several factors that the business members of the Association believe are strong arguments for changing the Zone B parking ratios back to the "recommended" status at the November 7th council meeting.

Directors

Norm Eder
Vice President
Oregon Graduate Institute
of Science & Technology

John Kaye
Real Estate Manager
Tektronix, Inc.

- The regional transit system was and currently remains a hub and spoke system designed to serve the Portland Central Business District and some extended areas such as the Lloyd District. Current transit service is not designed to serve sites in the Washington County area. It is only in the last year that consideration has been given to serving the suburban work sites. As a result current transit service to points in Washington County is very limited. Almost non-existent. Thus the need for parking spaces become a critical factor for the work site.

Jack Orchard
Attorney
Ball, Janik & Novack

John Rees
President
Rees & Associates

Jim Robison
Director
Administrative Services
Nike, Inc.

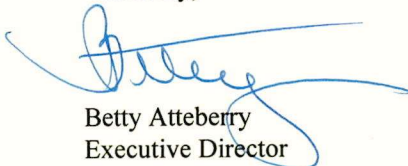
Executive Director

Betty Atteberry

- If the question “recommended” versus “required” has to do with equity (level the playing field) then we would point out that for the past 26 years businesses in the suburbs have been contributing a payroll revenue tax to Tri-Met while receiving little to no direct service for those dollars. For example, a local firm with 2500 employees pays approximately one million a year in payroll revenue taxes to Tri-Met but receives little transit service. The argument is made that vehicles are removed from the local roads as Washington County residents ride transit to the Central Business District, thus reducing road improvement needs and cost. That may be true but it does not help reduce parking space needs for those businesses located in an area with little or no transit service. It is an expensive investment with limited return to the businesses in this area. Less than 7% of the regional transit work trips by point of destination are made to Washington County employment locations. Washington County employers who pay 23% (1994) of the total payroll taxes end up with less than 7% of the regional transit commuters arriving at their work sites. Similarly Multnomah County employers who pay 63% of the total payroll taxes end up with 90% of the regional transit commuters arriving at their work site.
- Local efforts to expand transportation options have been made. Local jurisdictions and businesses have adopted policies to address the lack of alternative transportation modes. Resources, however, are limited. Some progress has been made. For example, in Washington County all local road improvements must include bikeway improvements. Businesses are also implementing telecommuting options, flexible work hours, carpooling and sharing of parking spaces; i. e Cornell Oaks Corporate Center and Tualatin Hills Park & Recreation District share parking spaces in an arrangement where the THPR District can use the business park’s parking spaces in the evening and weekends
- To argue that different standards will act as a disincentive to develop in and around station areas is a flawed argument. First, transit-oriented development standards and regulations for each LRT station area have been adopted by the effected jurisdictions-- Beaverton, Washington County and Hillsboro-- in an effort to increase transit ridership. That is happening-- a good example is the Orenco station where an application has been approved for high density housing and retail. Others are in the planning stages. Secondly, and most importantly the station area development regulations, driven by the transit agency, are designed to continue the same hub and spoke system service. It is intended to capture ridership headed for the CBD. Requiring high density residential with some retail in and near the transit stations indicates a preference to serving the same pattern-- the hub and spoke system. Without some shuttle service from the stations to the suburban employment sites LRT will continue to primarily serve the CBD.
- In addition to the lack of alternative transportation modes there are forces in the market that are affecting parking needs. Firms, in a effort to achieve greater cost efficiencies are designing interior office space with more employees per square foot than in the past. This requires a commensurate increase in parking space, or at the best using existing standards.

The members of the Association strongly urge you to return to the “recommended” status for Zone B parking ratios that were agreed to on October 17. Currently a Transit Choices for Livability Committee is studying methods to increase transit service to meet the needs of the suburban communities. We have been participating in this discussion and the planning aspect of it. But until there are some answers and some resources to support those answers Zone B parking ratios should remain “recommended”. If parking is restricted without other alternatives for employees to access the workplace parking will occur in non-parking areas—along streets, landscaping, etc. The restriction of parking spaces alone will not have an effect on reducing parking. Thank you for considering our points.

Sincerely,



Betty Atteberry
Executive Director

cc: SCA Board Members & Association Members
Dick Waker, Transportation Chair

**URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN
McLain Amendment No. 13**

(MPAC: Minimum Density Flexibility)

Title 1, Section 2.A, at Lines 98-113 of the October 24, 1996, draft of the Urban Growth Management Functional Plan is amended to read as follows:

"A. Cities and counties shall apply a minimum density standard to all zones allowing residential use as follows:

1. a. Provide that no development application, including a partition or subdivision, may be approved unless the development will result in the building of 80 percent or more of the maximum number of dwelling units per net acre permitted by the zoning designation for the site.

b. Adopt minimum density standards that apply to each development application that varies from the requirements of subsection 1.a., above. However, for the purpose of compliance with Table 1, only those dwelling units that are allowed at the minimum density standard shall be counted for compliance with the calculated capacities of Table 1.

2. The minimum density standard may be achieved by use of a small lot district where an average lot size of 5000 to 6200 square feet allows flexibility within that range on development applications, so long as the district remains in compliance with the minimum density standard used to calculate capacities for compliance with Table 1 capacities.

3. No comprehensive plan provision, implementing ordinance or local process (such as site or design review) may be applied and no condition of approval may be imposed that would have the effect of reducing the minimum density standard.

4. For high density zones with maximum zoned density higher than 37 dwelling units per net acre, the minimum residential density may be 30 dwelling units per net acre.

5. This minimum density requirement standard does not apply (1) outside the urban growth boundary, (2) inside areas designated as open space on the attached Open Spaces Map, and (3) inside areas designated as unbuildable on the attached Open Spaces Map. The maximum zoned density does not include the density bonus for zones that allow them.

**URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN
McCaig Amendment No. 8**

(Title 2, Zone B Required)

Title 2, Section 2, of the October 24, 1996, draft of the Urban Growth Management Functional Plan is amended to change Zone B recommended parking ratios to required parking ratios as follows:

at lines 382-383:

" . . . in the Parking Maximum Map, ~~for Zone A.~~ The designation of the A and B zones . . .

at lines 407-408:

" . . . the regional parking maximums provided for Zone A and Zone B."

The Regional Parking Standards Table is amended to omit "(Recommended)" from the Zone B column for Maximum Permitted Parking Ratios.

**URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN
McCaig Amendment No. 5**

(Title 4, Retail in Employment Areas)

In the October 24, 1996, draft of the Urban Growth Management Functional Plan, Section 2.B of Title 4 is amended as follows:

At Lines 599-615:

“B. This subsection applies to city and county comprehensive plan designations and zoning ordinances acknowledged by the effective date of this Functional Plan, which allow retail uses larger than 60,000 square feet of gross leasable area per building or business in Employment Areas designated on the attached Employment and Industrial Areas Map. These cities and counties may continue to allow the extent and location of retail uses allowed in Employment Areas on the effective date of this Functional Plan. If the city and county comprehensive plan designations and zoning ordinances which allow retail uses larger than 60,000 square feet of gross leasable area per building or business in Employment Areas have not been acknowledged by the effective date of this Functional Plan, subsection 2.C. of this Title shall apply.”

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**URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN
McLain Amendment No. 11**

(Title 4 Clarification)

The October 24, 1996, draft of the Urban Growth Management Functional Plan, in Title 4, Section 2.B., is amended as follows:

at line 605:

“... for any new retail uses larger than 60,000 square feet ...”

at lines 607-611:

“The standards for the land use decision to allow any such retail uses shall require (1) a demonstration in the record that ~~adequate-transportation facilities~~ adequate to serve the retail use, consistent with Metro’s functional plan for transportation will be in place at the time the retail use begins operation; and (2) a demonstration that ~~adequate-transportation facilities~~ adequate to meet the transportation need for the other planned uses in the Employment Areas are included in the applicable comprehensive plan provisions.”

**URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN
McCaig Amendment No. 6**

(Title 4, Retail in Employment Areas; Exceptions)

In the October 24, 1996, draft of the Urban Growth Management Functional Plan, Section 3 of Title 4 is amended to omit subsection C as follows:

At Lines 635-637:

~~“C. Retail uses that primarily draw business from a market area not more than 2.5 miles from the site where adequate transportation facilities capacity is demonstrated in local compliance plans as provided in Title 8.”~~

**URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN
McLain Amendment No. 12**

(MPAC: Title 6 Street Connectivity Clarification)

Title 6, Section 3.B, at Lines 776-778 of the October 24, 1996, draft of the Urban Growth Management Functional Plan is amended as follows:

“Cities and counties shall develop local street design standards in text or maps or both with street intersection spacing to occur at intervals of no less than eight street intersections per mile except where topography, barriers such as railroads or freeways, or environmental constraints such as major streams and rivers, prevent street extension.”

URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN
Kvistad Amendment No. 6

(Compliance Extension Process)

Title 8 of the October 24, 1996, draft of the Urban Growth Management Functional Plan, at Line 1002, is amended to add a compliance extension process as follows:

“C. The Metro Council may grant an extension to time lines under this functional plan if the city or county has demonstrated substantial progress or proof of good cause for failing to complete the requirements on time. Requests for extensions of the compliance requirement in Section 1 of this Title should accompany the compliance transmittal required in Section 2.A of this Title.

Subsections C and D become D and E, respectively.

**URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN
McCaig Amendment No. 7**

(Title 8, Interpretation Process Clarification)

Title 8, Sections 5 and 6 of the October 24, 1996, draft of the Urban Growth Management Functional Plan, at Lines 1037-1044, is amended to read as follows:

Section 5. Functional Plan Interpretation Process

The Metro Council may initiate a functional plan interpretation through whatever procedures it deems appropriate on its own motion with or without an application. After the effective date of this ordinance, Metro shall provide a process for cities and counties required by this functional plan to change their plans to seek interpretations of the requirements of this functional plan. The process shall provide, in addition to other requirements that the Metro Council may establish, (1) the applications must state the specific interpretation requested; (2) the Executive Officer shall seek comment from interested parties, review the application and make an interpretation to the Metro Council; (3) the Executive Officer's interpretation shall be final unless appealed to the Metro Council by the applicant or any citizen or party who presented written comments to the Executive Officer; (4) the Metro Council may also on its own motion review an Executive Officer interpretation before it becomes final.

Section 6. Citizen Review Process

A citizen who has presented written or oral testimony to a city or county on an issue of application of this functional plan may petition the Metro Council to initiate a functional plan interpretation or conflict resolution action. After hearing the citizen petition and any response from any affected cities and counties, the Metro Council may, as it considers necessary, decide to:

1. Interpret the functional plan; or
2. Initiate a functional plan interpretation using the process in Section 5 of this Title; or
3. Initiate the conflict resolution process of RUGGO Objective 5.3 for any apparent or potential inconsistencies between comprehensive plans and this functional plan; or
4. Postpone consideration of the issue to an appropriate time when compliance with a functional plan requirement is scheduled.

**URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN
McLain Amendment No. 14**

(Consistency Amendments)

The October 24, 1996, draft of the Urban Growth Management Functional Plan is amended as follows:

At line 144:

"The 1990-1995 actual built densities within cities and counties inside the urban growth boundary ~~its jurisdiction~~ shall be compared . . ."

At lines 166-168, the word "and" should be moved up to the end of item "d" and a period placed at the end of item "e", due to the striking of item "f," as follows:

- "d. Redevelopment and infill strategies; and
- e. Authorization of housing types not previously allowed by the plan or regulations; and

At line 379, the word "no" should remain in the sentence, as follows:

- "1. Cities and counties shall ~~R~~require no more parking than . . ."

At lines 392-394, sentence was not meant to be deleted, and should amended as follows:

" . . . that area shall be removed from Zone A. For all urban areas outside Zone A, parking space maximums no greater than those listed in Zone B in the Parking Table and as illustrated in the Parking Maximum map are recommended."

At line 396, the word "employment" should remain in the sentence, as follows:

" . . . areas with good pedestrian access to commercial or employment areas . . ."

At line 989, the (subsection) letter "a." should remain in, as follows:

- "a. The Employment and Industrial Areas Mmap ~~overlooked~~included lands . . ."

At line 1165, add:

"Development Application means an application for a land use decision, limited land decision including expedited land divisions but excluding partitions as defined in ORS 92.010(7), and ministerial decisions such as a building permit."

DRAFT

"Motion to continue Ordinance 96-647^B as amended to the Council meeting on November 14, 1996 for final approval and adoption, and direct the Office of General Counsel to prepare findings for inclusion in the Ordinance and to present the complete record to the Council."

and maps

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