

Urban Growth Report Roundtable

November 17, 2023

Meeting Notes

By Georgia Langer, Council Office Support Intern

Introduction

- Metro staff reminded participants of the mission of these roundtables.
- Participants introduced themselves, sharing their name, pronouns, and expertise.

Parking Lot and Terms Review

- There was a request for term definitions of different land areas, such as resource lands, exception lands, and farm/forest
- Additions to the parking lot:
 - o Restorative justice, reparations, and land back
 - o How do we consider development impact on the environment? (Heat islands, tree removal, green space loss, and impact on residents)
 - o Capacity and development/housing production in cities vs. counties
 - o Detailed development timeline with state agency requirements
 - o Balance of densification and public open space
- “Exclusive Farm Use” (EFU) and Land Use Technical Advisory Group (LUTAG) were defined and discussed.

Capacity Presentation

Staff reminded participants that there are three main parts of the urban growth report: *capacity, land, and readiness*. Staff mentioned that today they are focusing on *capacity*. It was added that in future meetings, they will discuss land and readiness. Topics brought up in this meeting that related to land or readiness would be put in the parking lot.

Discussion:

- Staff reviewed the sequence of the buildable lands inventory and the pro forma model
- Some land will be removed from the BLI – exempt, environmental constraints, right of way, then generalized zoning types are applied
- Staff discussed the need to determine the likelihood of development on the lands and added that Johnson Economics is developing a spreadsheet to determine whether they will build a project on different areas of land. The costs and potential revenues are included in this equation.
- “Likelihood” is used because they are discussing the next 20 years and it is possible that some land will be used, and others will not. Because it is such a large amount of time

they are planning for, they cannot be certain in their calculations. There are a lot of variables.

- Staff shared a map of residential permit activity from 2009 to 2023, which highlights where the areas have grown.
 - o Question: How is this measured?
 - Answer: Units per square mile.
 - o Question: Hasn't the city of Sherwood grown more than this map is showing?
 - Mayor of Sherwood noted that yes, they have seen tremendous growth.
 - Ted Reid noted that the map it is a matter of scale.
- Staff discussed that the development of new housing evolves overtime, which means that finding a regional estimate for growth in the next 20 years is a difficult task due to the number of variables.
- Staff added that while they are not specifically talking about the need for more housing, it is underlined in the decision-making they are doing, and they will take a deeper dive into housing at the next meeting.
- Question: How do you consider the capacity that utilities can support (like water)?
 - o Answer: A public facilities plan is necessary and is created at the local level.
 - o Staff mentioned that to keep things equal, they do not determine capacity based on the ability to serve because they have more information for land inside the existing UGB rather than land under consideration for expansion
- Question: How should we think about Vancouver?
 - o We will get into that when we address the demand side of things.
 - o Forecasts cover the 7 county MSA
- Question: How are you thinking about the ratio between green space and development/housing to make sure we are not creating urban heat island and new issues happening in the environment? The environmental impact needs to be discussed.
 - o Answer: Staff put that in the parking lot
 - o Answer: We have thought of the UG report as one that informs the decisions we have been talking about – capacity, land, readiness
 - o Others agreed that heat island effects and tree canopies are so important. One participant added that he thinks the Governor's housing proposal does not address landscaping and that is problematic. Others added that making sure the plan is permissive and inclusive is important.
 - o One participant added that these public spaces are the spaces that we need to make sure people have access to. It is in our amendment, and we must implement these environmental and accessibility measures. If we are not building accessibility into our practice, we are building weaknesses into the system.
- Comment: People who have lived in historically redlined areas are going to be left behind. Where is that place in the report where we can include that piece?

- One participant added that Clackamas County is woefully underproducing housing and the county areas need attention.

Pro Forma Discussion with Jerry Johnson

- The pro forma model uses probabilities to determine if property will redevelop
- If a developer can make their return on cost work, they can make the deal work.
- The pro forma helps solve for land use type (development form). The residual land value helps determine what level of redevelopment they should expect.
- Building form examples: residential high rise, residential walk up, residential mid rise
- Johnson walked through questions from the previous meeting and explain what kinds of answers the forma will give them.
- A lot of cities find that there is a lack of readiness: transportation, water, too expensive, etc. Hence, bringing land in does not necessarily mean that they can even develop the land.
- There was concern that there is land that they already have, and it is not ready.
 - o Answer: They look at the readiness in the estimates of the model. If there is available land, it may not be available to the market for years due to lack of planning and restrictions. The model assumes that everything is there, but sometimes that land is not actually there for development immediately. There is not a time-series for land in the UGB that is there but not ready. That piece of capacity means that it could only be available for 12 years instead of the 20, so the percentage of ability for it to be used could be lower.
- A participant noted a concern that there are areas outside of the UGB that are ready for infrastructure, but other areas inside the UGB that are not ready.
 - o There was a request to flag this for a later discussion.
 - o There are some things that the model will not know, and we need to tag those and determine how to address them outside the model, like with Lloyd Center.
- Question: How has COVID impacted the model? The pandemic informs how they can plan for future issues because they need to take precautions. What are the takeaways from how the model was impacted by global crises? How does that shape it?
 - o Answer: Project developments during the years of the pandemic were triggered before the pandemic, so they show up as decisions that were made years prior. They need to ensure the model is one that is easy to update, especially because we do not know if people will or will not be commuting to work. People are moving farther from the city because they do not need to commute anymore. The model will be wrong, but they are trying to get it as accurate as possible.
 - o If you get the causality correct in the models, the policymakers can look at the trade-offs. With the pandemic, a lot of the impact is so recent that it has not been integrated into the market yet. For example, office buildings will likely not be bought in the next 5 years.

- Question: There is a presumption that EFU land is more affordable. Do you consider that the developing cost (bring services to that land)?
 - o Answer: The model zeros out there because it has no entitled use because it is farmland.
 - o Answer: There is also very little EFU land inside the UGB and the pro forma is only used for land inside the existing UGB.
- Question: If you changed the zoning to EFU to inside the UGB, would there be a speculative increase in costs if it was brought into the UGB so you could develop it?
 - o Answer: We are not using the model to look at anything outside the growth boundary, only inside.
- Comment: There is a lot of land ready for redevelopment, but you need to do so much upkeep that it does not make sense to develop, particularly in SE Portland. The sidewalks, piping, etc. all becomes way too expensive to be updated.
 - o Response: Yes, there are some lands that we have no solution for. Construction costs have been increasing so much, and yes, there is land, but we cannot come up with a development solution for it. The model is kicking that out.
- Question: When you mean “kicking it out” what do you mean?
 - o Answer: It means there is no residual land use, or in other words, no solution for that land.
- Question: Does your model consider housing needs? For the 2002 expansion, they did not account for infrastructure costs. Is that in your model?
 - o Answer: No, it is not. The 2002 model includes Damascus, and Metro will be taking a hopefully better approach regarding infrastructure costs.

Staff noted that they will come back to capacity analysis many times over the next months.

- Question: There is so much variability in this model, and Jerry Johnson oversees picking the range output. It needs to a sophisticated input to make sure that there is as much clarity as possible. Jerry Johnson, what is your input to capture this variability?
 - o Answer: Things such as interest rates and cap rates change every week, and due to this being a 20-year period, we can run some ranges on the key variables which will give us a cone on each model. You can do it either way. They are trying to capture the range. We run numbers that are generally wrong but can be right in a range.
- What happens if or when a UGB manager is wrong?
 - o It goes through state review, and our work is reviewed and scrutinized there.
- Has the State body ever told a community that they need more land because their numbers are off?
 - o Answer: It usually goes the other direction.
 - o The state requirement is to determine 20 years of capacity, but that does not mean that we cannot adjust. If we ever are getting to a situation where it is an under-guess, we reevaluate it before that happens.

Johnson added that he wants the roundtable participants to contact him with any other variables they think would be valuable.

Wrap-Up

Staff requested feedback from this session and the previous session. They are moving the discussion in January to January 12th, which was previously January 19th.