

Agenda



Metro

600 NE Grand Ave.
Portland, OR 97232-2736

Meeting: Metro Technical Advisory Committee (MTAC)
Date: Wednesday, April 17, 2024
Time: 9:00 a.m. to 12:00 p.m.
Place: Virtual meeting held via Zoom
video recording is available online within a week of meeting
[Connect with Zoom](#)
Passcode: 982966
Phone: [888-475-4499](tel:888-475-4499) (Toll Free)

9:00 a.m.	Call meeting to order, Declaration of Quorum and Introductions	Chair Kehe
9:10 a.m.	Comments from the Chair and Committee Members <ul style="list-style-type: none">• Updates from committee members around the Region (all) Public communications on agenda items	
	Consideration of MTAC minutes, March 20, 2024 (action item) Send edits/corrections to Marie Miller	Chair Kehe
9:20 a.m.	Urban Growth Boundary Decision: Historic residential development trends Purpose: Provide MTAC with information about historic residential development trends as a foundation for considering future housing demand.	Ted Reid, Metro Al Mowbry, Metro
9:50 a.m.	Urban Growth Management Decision: Regional housing needs Analysis Purpose: Provide MTAC with draft analyses of existing and future housing needs that will be documented in the draft 2024 Urban Growth Report.	Ted Reid, Metro Becky Hewitt, ECONorthwest
10:50 a.m.	<i>Meeting Break</i>	
11:00 a.m.	Small Site Industrial Readiness Toolkit: Increasing the Availability of Small Industrial Spaces Across the Region Purpose: Provide an overview of the second iteration of the Industrial Site Readiness Toolkit	David Tetrick, Metro
11:45 a.m.	Adjournment	Chair Kehe

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ការគោរពសិទ្ធិពលរដ្ឋរបស់ ១ សំរាប់ព័ត៌មានអំពីកម្មវិធីសិទ្ធិពលរដ្ឋរបស់ Metro ឬដើម្បីទទួលបានពាក្យបណ្តឹងរើសអើងសូមចូលទស្សនាគេហទំព័រ www.oregonmetro.gov/civilrights។
បើលោកអ្នកត្រូវការអ្នកបកប្រែភាសានៅពេលអង្គប្រជុំសាធារណៈ សូមទូរស័ព្ទមកលេខ 503-797-1700 (ម៉ោង 8 ព្រឹកដល់ម៉ោង 5 ល្ងាច ថ្ងៃធ្វើការ) ប្រាំពីរថ្ងៃ ថ្ងៃធ្វើការ មុនថ្ងៃប្រជុំដើម្បីអាចឲ្យគេសម្រួលតាមសំណើរបស់លោកអ្នក ។

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2024 Metro Technical Advisory Committee (MTAC) Work Program

As of 4/9/2024

NOTE: Items in italics are tentative; bold denotes required items

All meetings are scheduled from 9am – noon

	<p><u>MTAC meeting, April 17, 2024</u></p> <p><u>Comments from the Chair</u></p> <ul style="list-style-type: none"> • Committee member updates around the region (Chair Kehe and all) <p><u>Agenda Items</u></p> <ul style="list-style-type: none"> • Urban Growth Boundary Decision: Historic residential development trends (Ted Reid/Al Mowbry, Metro, 30 min) • Urban Growth Management Decision: regional housing needs analysis (Ted Reid, Metro; Becky Hewitt, ECONorthwest, 60 minutes) • Small Site Industrial Readiness Toolkit: Increasing the Availability of Small Industrial Spaces Across the Region (David Tetrick, Metro, 45 min)
<p><u>MTAC meeting, May 15, 2024</u></p> <p><u>Comments from the Chair</u></p> <ul style="list-style-type: none"> • Committee member updates around the region (Chair Kehe and all) <p><u>Agenda Items</u></p> <ul style="list-style-type: none"> • Urban Growth Boundary Decision: City UGB expansion proposals (Ted Reid, Metro; Eric Rutledge, City of Sherwood 60 min) • Oregon Housing Needs Analysis (OHSC) methodology in the Metro area (Josh Lehner, DAS and Megan Bolton, OHSC, 60 min) 	<p><u>MTAC meeting, June 26, 2024</u> <i>tentative hybrid meeting</i></p> <p><u>Comments from the Chair</u></p> <ul style="list-style-type: none"> • Committee member updates around the region (Chair Kehe and all) <p><u>Agenda Items</u></p> <ul style="list-style-type: none"> • Employment lands demand analysis (Ted Reid, David Tetrick, Dennis Yee, Metro, 60 min) • Urban Growth Boundary discussion topic: Draft functional plan language (Update to Title 6) and regional centers (Glen Hamburg, Metro, 20 min) • EPA Climate Pollution Reduction Grant (Eliot Rose, Metro, 30 min)
<p><u>MTAC meeting, July 17, 2024</u></p> <p><u>Comments from the Chair</u></p> <ul style="list-style-type: none"> • Committee member updates around the region (Chair Kehe and all) <p><u>Agenda Items</u></p> <ul style="list-style-type: none"> • Draft UGR (Ted Reid, Metro; 90 min) 	<p><u>MTAC meeting, August 21, 2024</u></p> <p><u>Comments from the Chair</u></p> <ul style="list-style-type: none"> • Committee member updates around the region (Chair Kehe and all) <p><u>Agenda Items</u></p> <ul style="list-style-type: none"> • Urban Growth Management Decision: Metro Chief Operating Officer recommendation (Ted Reid, Metro, 45 minutes) • Connecting First and Last Mile Study Introduction (Ally Holmqvist, Metro; 45 min)

<p><u>MTAC meeting, September 18, 2024</u> <i>tentative hybrid mtg</i></p> <p><u>Comments from the Chair</u></p> <ul style="list-style-type: none"> • Committee member updates around the region (Chair Kehe and all) <p><u>Agenda Items</u></p> <ul style="list-style-type: none"> • Urban Growth Management Decision: MTAC Recommendations to MPAC (Ted Reid, Metro) FULL MEETING 	<p><u>MTAC meeting, October 16, 2024</u></p> <p><u>Comments from the Chair</u></p> <ul style="list-style-type: none"> • Committee member updates around the region (Chair Kehe and all) <p><u>Agenda Items</u></p> <ul style="list-style-type: none"> • Regional Housing Coordination Strategy: Work Plan (Ted Reid, Metro; 40 min)
<p><u>MTAC meeting, November 20, 2024</u></p> <p><u>Comments from the Chair</u></p> <ul style="list-style-type: none"> • Committee member updates around the region (Chair Kehe and all) <p><u>Agenda Items</u></p>	<p><u>MTAC meeting, December 18, 2024</u> <i>tentative hybrid mtg.</i></p> <p><u>Comments from the Chair</u></p> <ul style="list-style-type: none"> • Committee member updates around the region (Chair Kehe and all) <p><u>Agenda Items</u></p> <ul style="list-style-type: none"> • Follow up on process (Ted Reid, Metro)

Parking Lot/Bike Rack: Future Topics (These may be scheduled at either MTAC meetings or combined MTAC/TPAC workshops)

- Status report on equity goals for land use and transportation planning
- Regional city reports on community engagement work/grants
- Regional development changes reporting on employment/economic and housing as it relates to growth management
- Update report on Travel Behavior Survey
- Updates on grant funded projects such as Metro’s 2040 grants and DLCD/ODOT’s TGM grants. Recipients of grants.
- Transit-Oriented Development (TOD) annual report/project profiles report
- Employment & industrial lands
- 2040 grants highlights update

For MTAC agenda and schedule information, e-mail marie.miller@oregonmetro.gov

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Meeting minutes

Meeting: **Metro Technical Advisory Committee (MTAC) meeting**

Date/time: Wednesday, March 20, 2024 | 9:00 a.m. to 12:00 p.m.

Place: Virtual video meeting via Zoom

Members Attending

Eryn Kehe, Chair
Joseph Edge
Carol Chesarek
Victor Saldanha
Tom Armstrong
Erik Olson
Aquilla Hurd-Ravich
Anna Slatinsky
Laura Terway
Steve Koper
Katherine Kelly
Jamie Stasny
Jessica Pelz
Laura Kelly
Manuel Contreras, Jr.
Gery Keck
Nina Carlson
Tom Bouillion
Bret Marchant
Brett Morgan
Nora Apter
Rachel Loftin
Preston Korst
Brian Moore
Mike O'Brien
Brendon Haggerty

Affiliate

Metro
Clackamas County Community Member
Multnomah County Community Member
Washington County Community Member
Largest City in the Region: Portland
Largest City in Clackamas County: Lake Oswego
Second Largest City in Clackamas County: Oregon City
Second Largest City in Washington County: Beaverton
Clackamas County: Other Cities, City of Happy Valley
Washington County: Other Cities, City of Tualatin
City of Vancouver
Clackamas County
Washington County
Oregon Dept. of Land Conservation & Development
Clackamas Water Environmental Services
Tualatin Hills Park & Recreation District
NW Natural
Port of Portland
Greater Portland, Inc.
1000 Friends of Oregon
Oregon Environmental Council
Community Partners for Affordable Housing
Home Builders Association of Metropolitan Portland
Prosper Portland
Mayer/Reed, Inc.
Multnomah County

Alternate Members Attending

Vee Paykar
Faun Hosey
Dan Rutzick
Dakota Meyer
Martha Fritzie
Graham Martin
Theresa Cherniak
Oliver Orjiako
Glen Bolen
Kelly Reid
Cassera Phipps

Affiliate

Multnomah County Community Member
Washington County Community Member
Largest City in Washington County: City of Hillsboro
City of Troutdale
Clackamas County
Multnomah County
Washington County
Clark County
Oregon Department of Transportation
Oregon Department of Land Conservation & Dev.
Clean Water Services

Jerry Johnson
Jeff Hampton
Aaron Golub
Jacqui Treiger
Kerry Steinmetz
Erin Reome
Craig Sheahan
Max Nonnamaker
Ryan Ames
Leah Fisher

Johnson Economics, LLC
Business Oregon
Portland State University
Oregon Environmental Council
Fidelity National Title Greater Metropolitan Portland
North Clackamas Parks & Rec. District
David Evans & Associates, Inc.
Public Health & Urban Forum, Multnomah County
Public Health & Urban Forum, Washington County
Public Health & Urban Forum, Clackamas County

Guests Attending

Becky Hewitt
Bill Berg
Bruce Coleman
Kevin Young
Marc Farrar
Michael Veale
Rebecca Geisen
Will Mathias

Affiliate

ECONorthwest
Mercer Advisors
City of Sherwood
Oregon Department of Land Conservation & Dev.
Metropolitan Land Group, LLC

Regional Water Providers Consortium

Metro Staff Attending

Alicia Wood, Cindy Pederson, Clint Chiavarini, David Tetrick, Dennis Yee, Eryn Kehe, Jake Lovell, John Mermin, Laura Combs, Marie Miller, Matthew Hampton, Ted Reid

Call to Order, Quorum Declaration and Introductions

Chair Eryn Kehe called the meeting to order at 9:00 a.m. A quorum was declared. Introductions were made. An overview of the agenda was given. New incoming MTAC members and alternates attending the meeting were welcomed to the panel with introductions. Chair Kehe noted in-person MTAC meetings are being planned this year with hybrid options. Interest and suggestions for holding a MTAC meeting outside Metro Regional Center could be sent to Chair Kehe.

Comments from the Chair and Committee Members

Glen Bolen announced it is transportation growth management grant season. ODOT is accepting pre-applications by April 1. If interested the process is easy to apply and then we'll meet with you to talk about your potential project idea. Complete applications are due in July. A link was shared in chat for more information: <https://www.oregon.gov/lcd/tgm/pages/planning-grants.aspx>

Nora Apter announced that Oregon Environmental Council is hiring for a transportation program director. A link was shared in the chat: <https://oeconline.org/now-hiring-transportation-program-director/>

Brett Morgan announced the 1000 Friends of Oregon just published a report in the last couple of months. It contains information on HB2017 and some of the revisions that have happened on the major transportation package since then. It's on our website under publications and anyone is welcome to reach out directly to him for a copy. Many people are thinking about 2025 and may find the information helpful.

Public Communications on Agenda Items – none given.

Consideration of MTAC minutes February 21, 2024 meeting

Chair Kehe asked for a vote to approve MTAC minutes from February 21, 2024 meeting.

ACTION: Motion passed with no opposed, and 4 abstentions: Glen Bolen, Graham Martin, Manuel Contreras, Kevin Young.

2024 Urban Growth Management Decision: Preliminary urban growth boundary capacity estimates (Ted Reid, Clint Chiavarini, Dennis Yee, Metro and Becky Hewitt, ECONorthwest) Chair Kehe began the presentation with an overview of this agenda item of preliminary land capacity results as part of the Urban Growth Report. The project timeline was described. It was noted the Urban Growth Report is a decision making tool for the Metro Council.

Ted Reid noted things to keep in mind about the capacity analysis:

- Volatility of market factors
- Analysis on a regional scale
- Results presented as a range
- These results are preliminary and will undergo local review for additional refinement

Capacity estimates based on actual redevelopment that occurred – “backcasting”, trends in density and mix of housing types, market factors that may impact future development and 20-year time horizon. Information was provided on where we estimate capacity and the process on how land capacity is estimated. It was noted all capacity calculations are done on lands within the existing urban growth boundary and summarized on a regional scale.

Comments from the committee:

Rachel Loftin asked for more information on the process of the proforma modeling assuming for redevelopment. What that looks like and what the assumptions are. Mr. Reid noted this would be covered further in the presentation.

Joseph Edge asked about the environmental constraints and lands that are excluded from inventory due to environmental constraints. You mentioned steep slopes and floodways. Is there any other classification like goal five, habitat, or anything else that is covered in that category other than just steep slopes and floodways? Clint Chiavarini added Title 13 and Title 3 which are habitat and water resource, wetlands, that kind of thing. Some of those are taken out at a hundred percent and some of those have discounts applied depending on the type of development and the type of zoning.

Nina Carlson asked for clarification on the Stafford land, was that already taken out because it has agreements that preclude development at this point in time? Mr. Reid noted Stafford is an Urban Reserve, so it is not in our Urban Growth Boundaries. What we are attempting to do ow is to inventory land that is currently in our UGB.

The presentation resumed with Becky Hewitt providing information on the pro forma model variables. This includes elements of how viable redevelopment might be (Rents & sale prices, construction costs, cap rates linked to interest rates) to what are the odds of redevelopment (Redevelopment rate compared to historic trends based on feasibility results). Notes on the pro forma model were made.

Clint Chiavarini provided information on the results of Buildable Land Inventory (BLI) and preliminary results of vacant land. Ms. Hewitt presented information on redevelopment was established using a baseline:

- Market conditions assume modest recovery
 - Interest rates and cap rates come back down somewhat
 - Relationship between rents/prices & construction costs remains similar to today
- Redevelopment rates aligned with trends over last 20 years

Preliminary results were reported.

New urban areas that have been added to the UGB but have not yet received urban level zoning and additional future adjustments to capacity results combined with preliminary capacity results was described with a high estimate of 175,100 total units, to a low estimate of 133,400 total units.

Comments from the committee:

Kevin Young asked do the single-family units include attached, or only detached single family units? Ms. Hewitt noted single family attached is part of middle housing in this. The way middle housing is defined is a little different from how jurisdictions probably define it in their code. So basically, attached units that are middle housing are being counted as middle housing. Anything that is detached middle housing is going in the detached, the single unit detached bucket. Middle housing includes what we used to call single family attached or townhouses, and then multifamily is more than four units attached.

Joseph Edge asked what is the expected density for properties zoned commercial where multifamily is permitted by-right? Jerry Johnson noted the pro forma model will pick a highest and best use that supports the highest land values. This may result in an assumption of development as 100% multifamily if that supports the highest values. Chair Kehe noted the whole idea of the proforma model is taking us to a new level of how we evaluate the capacity of land inside the growth boundary. In the past we looked just at what the zone capacity of a lot is. This proforma model takes in the whole market dynamics that shows what zoning allows, but what is likely to happen given the market dynamics that could be in play over the next 2 years. There's the zoned capacity and then the market analysis that may then determine either that it will likely develop at that full capacity, or the probability of developing at this less. Mr. Chiavarini added the density methodology has crosswalks between local zoning code and our regional categories. We did a full review of all the zoning codes about a year and half ago and went through some of what used to be purely commercial because it now allows for multifamily, we switch that into a mixed-use category.

Michael O'Brien noted it was important for us to have a more concise view of what's available. I'm assuming that within the presumed inventory short term rentals like Airbnb and properties that are purchased for predominantly overseas investment that sometimes do not get inhabited, those probably would be negligible, but want to check first. Ms. Hewitt noted we had pulled a stat on this for some of our other work and it was thought it's less than 1% of existing housing stock in the Metro area right now.

It was asked what the likelihood of infrastructure is reaching these areas and is that factored into the numbers. Because we know that there are additional areas in the urban growth boundary that may never develop because there just isn't the political will or the capacity to put street sewers, water, electricity to those areas. I think it's important that we make sure we include that thinking and understanding in whatever capacity we're saying we have. Jerry Johnson noted that's a really difficult

thing to put in the model. It's an absolute legit issue because it raises construction costs to get the infrastructure to these sites, which is not reflected because the construction costs are sort of normalized over the region. We won't be able to get to that detail but that's an important caveat.

Rachel Loftin asked when you are considering redevelopment potential, are any units being stripped out, such as properties that have redeveloped over the last 10 to 15 years but did not develop at its highest and best use. Jerry Johnson noted the ones that have been redeveloped in the last 5 or 10 years will still have a relatively high assessed valuation and basically the ratio between current estimated real market value of the property relative to the residual value residual or current real market value, which means its going to be much less likely to redevelop. Basically, someone who redeveloped in the last 5 – 10 years at a lower density is still going to preclude that from being developed or at least significantly reduce the likelihood of it being redeveloped over a 20-year horizon.

Jessica Petz asked when will MTAC hear about employment land capacity and need? Ted Reid noted we will bring employment capacity estimates to MTAC in June. We will likely be sending preliminary results out for local review earlier though, along with the residential estimates.

Glen Bolen noted he was going to ask about the local review process and the Land Use Technical Advisory Group (LUTAG). It was noted this meeting is being organized now to find the right date. The preliminary results will change after local review. Long term it was supposed that this local review of capacity then goes into our TAZs and our growth forecast. So, we're updating our demographics on the RTP side of things. The reason I bring it up is because all our cities use the regional model for a lot of their work. And if you're updating the precision and accuracy of the regional model that would be great if we can reflect that in the work that we do for infrastructure sizing on actual development.

On another note, was the mention of nonprofits and golf courses. At one point we've even set aside land for extra need for golf courses we don't do anymore. In my neighborhood two churches and working with Habit for Humanity to develop townhouses. Will there be capacity that will come from that over time? And will maps be distributed to show where all this land? Ted Reid noted we do have a requirement under the law to produce a map of vacant lands, but not a requirement for producing maps of redevelopment and infill. However, because you can start all sorts of arguments with property owners about their intentions for their properties, that we don't want to have when we're thinking of regional scale estimates. And it's also hard to depict at a regional scale in a meaningful way.

Clint Chiavarini noted we get at churches and golf courses through the local review. One time we were basically told it would be redeveloped at some point, so it was added back into the land supply. Unless we have knowledge of future plans, we will just keep it as a golf course. As far as nonprofits and churches developing things, we don't have a lot of good data on that right now. We could probably come up with an estimate based on some trends that we have or could find where those places have redeveloped, where they have designated that in the past and now they're developed. We could apply that going forward but it's likely to be a small number.

Kerry Steinmetz asked were there any factors in this, as far as you know, how we're seeing buyer preferences, specifically in the Covid era where we saw a little bit heavier demand in the stacked flats and elevator buildings, and things like that. And now we're seeing that wan where people are wanting to in more a single family or a row house. Do buyer preferences have anything to do with this? Jerry Johnson noted at this point it's a demand model on the DSP model or the proforma model. It doesn't actually match with buyer preference necessarily. It more on what developers want to produce to

support land values. There will be ongoing work to mesh it with the demand side. So if no one demands that unit the price effects will change the output. Even developers want to build all the same unit and the market doesn't support that unit anymore. Then we have to adjust and place to another land use. There's a cascading piece where we've overbuilt this product type relative to market demand, therefore we go down to another product type. Those preferences are difficult to pick up because we're working with data that's slow. The Covid years are sort of anomalous and hard to know how long that will last.

Leah Fisher noted office space mentioned and asked if this could be spoken a bit about the opportunity for repurposing some of the surplus mixed use office spaces that we're seeing in some of the urban areas. I've heard it's very expensive and it was mentioned in this assessment, but I'm curious what the update is on reusing some of that excess space for residential in the future.

Jerry Johnson noted people who played with it, particularly in urban settings, there is not the proper floor plates and plumbing stacks. We're also in an area that has a lot of changes in the seismic code in the Portland metro area. And changes of views require a full seismic retrofit. It's very difficult to do and you see examples from Manhattan, but the cost to do these conversions is identical, but the achievable rents are four times what they are in Portland. It's hard to recover these investments. It's good we're looking at it, but I don't think we're going to be expecting a lot to be yielded from it. There's good work that's been done on which buildings have potential to be considered for this type of conversion. It's a very small percentage in the Portland metro area.

Overview of Emergency Transportation Routes Phase 2 project (John Mermin, Metro) The presentation provided a brief overview of the project with history of regional emergency transportation routes and phase one of this project, done in 2019-21. Phase 2 work (2024 – 2026) (Identified in RTP ch.8) was described for prioritize and tier network routes through data review and assessment, workshops and engagement, and development and application methodology. Not included in the project are evacuation plans, establishing operational guidelines and funding decisions. The project timeline, engagement approach, decision-making process, and next steps was described.

Comments from the committee:

Jamie Stasny was curious what the public process will look like. Is there a parallel track where there's engagement with the public? Will they be allowed to give input? What might that look like? I know you will be working on criteria for prioritizations but wondered if you had examples or thoughts about what that might look like. How do you think this information or end result of this process will be used?

Mr. Mermin noted the information could be used to make recommendation for a future regional transportation plan update, such as things we should be considering when we're going through that process relating to emergency transportation routes and updating our maps and updating our policies relating to resilience. In terms of the public being engaged in this project, it's a fairly technical project for developing criteria for the routes for how to respond to emergencies and how to get emergency services to where they need to be. It isn't a project that has a broad public engagement, but we will be trying to engage community-based organizations to get input from vulnerable users and populations that aren't always considered in planning processes. We'll have some workshops and get input on the criteria we're developing and feedback on how this resonates with people's lived experiences. We're developing prioritization as part of the project and could include how close people are to population centers, vulnerable populations, and where hospitals and key destinations are located.

Ms. Stasny added this process is very technical but as you acknowledged there are people with a lot of lived experiences. Recent circumstances that may be able to add some perspective that isn't in the kind of public agency technical experience. I'm glad to hear you'll be working with CBO's. I encourage you to make sure you're balancing that regionally because I think there have been different experiences in different part of the region. All those perspectives should be brought forward as we're considering these next steps.

Glen Bolen noted his participation in the first round of the project where we focused on where emergencies may happen so emergency crews could be sent with open routes to locations. We identified routes in GIS. I'm assuming this is not about building anything but about operations during the event. Mr. Mermin noted that was a fair assessment. We're not focused on what should be built. We're focused on how to operate the routes that will allow for them to be used in this situation. There might be some upgrades to existing routes that could be needed to help them be seismically resilient and things like that. But we're not focused on trying to find new routes to build for the network.

Rebecca Geisen noted ETRs will be really useful for other sectors to complete their emergency planning. My understanding is the next phase will include critical infrastructure partners to aid quick in recovery. Mr. Mermin noted the next phase will include critical infrastructure partners. As part of this project, we will be engaging with some infrastructure partners and operators. Ms. Geisen added I've been involved with this project and just as water providers are planning in emergency situations the ETRs are really important information for us for critical water infrastructure for consideration because that will be key to restoring drinking water systems.

Jamie Stasny asked for clarification. I think I heard you mention regional planning for evacuation routes but that's not what's happening here, correct? Mr. Mermin noted we know Clackamas County has an effort for a local evacuation plan. Sometimes when people hear about emergency transportation routes they assume we're talking about evacuation, but that isn't the focus here. Asked if there was regional coordination on that, it was noted the RDPO would be more knowledgeable about this.

Jessica Pelz noted my question has to do with funding and whether being designated as a regional emergency transportation route and however the prioritization works plays a part in whether a route might be eligible or more likely to get some sort of federal or state funding to improve that route. Mr. Mermin noted I don't think it's a question I can answer, but if you have a top tier route that comes out of this process, I feel it's something that jurisdictions could point to when applying for future funding sources. This is another reason arterials need funding in addition to having safety or active transportation issues. Future processes can choose how to use the information for funding leverage or applications.

Ms. Pelz asked does the readiness of the route currently without additional improvements play a part in the tiering and prioritization? If we have these routes that would make good routes but they're not currently improved up to current seismic standards, does that push them further down the list? Mr. Mermin noted it was thought going through this process of developing criteria, the discussions will happen with the work group and figuring out what to do with a situation like that. But I don't think I can predict the answer in advance of that.

Adjournment

There being no further business, meeting was adjourned by Chair Kehe at 10:30 a.m.

Respectfully submitted,

Marie Miller, MTAC Recorder

Attachments to the Public Record, MTAC meeting March 20, 2024

Item	DOCUMENT TYPE	DOCUMENT DATE	DOCUMENT DESCRIPTION	DOCUMENT No.
1	Agenda	3/20/2024	3/20/2024 MTAC Meeting Agenda	032024M-01
2	MTAC Work Program	3/13/2024	MTAC Work Program as of 3/13/2024	032024M-02
3	Minutes	2/21/2024	Draft minutes from MTAC February 21, 2024 meeting	032024M-03
4	Memo	3/13/2024	TO: MTAC and interested parties From: John Mermin, Metro and Carol Chang, Regional Disaster Preparedness Organization (RDPO) RE: Overview of Regional Emergency Transportation Routes (RETR) Phase 2 project	032024M-04
5	Presentation	3/20/2024	Urban growth management update: Preliminary capacity results	032024M-05
6	Presentation	3/20/2024	REGIONAL EMERGENCY TRANSPORTATION ROUTES (RETR) PHASE 2	032024M-06



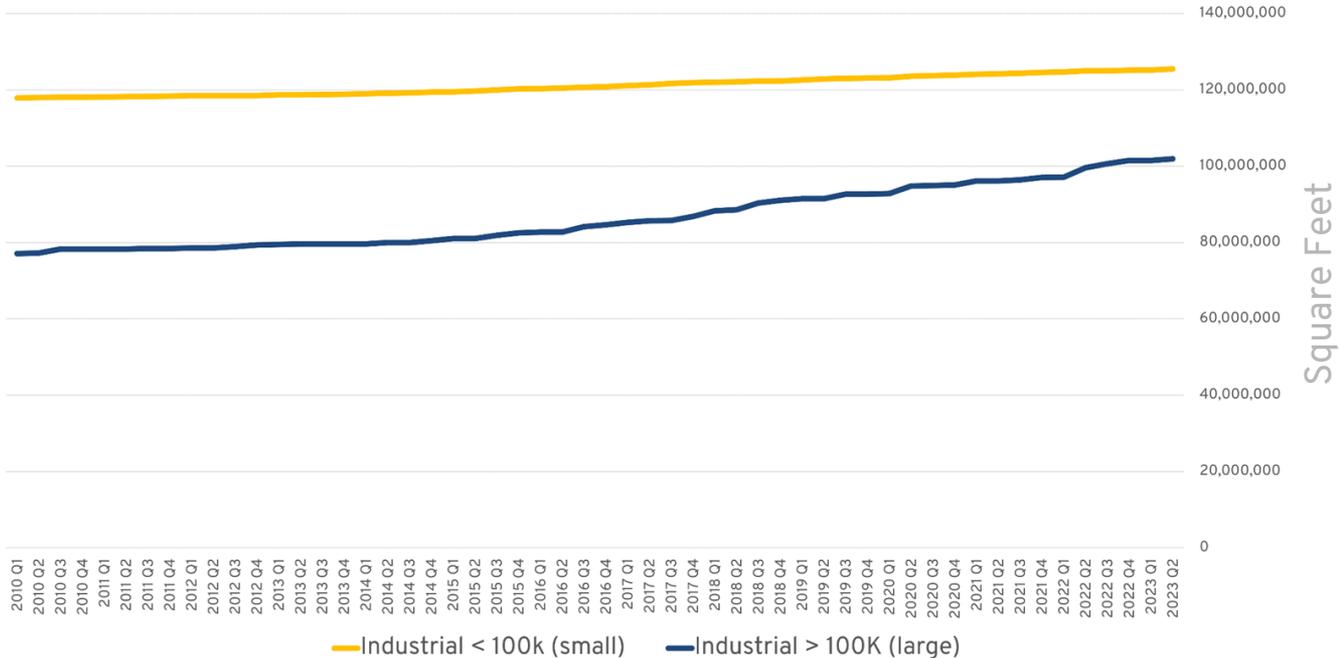
Small Site Industrial Readiness

Ensuring the Availability of Small Industrial
Spaces Across the Region

December 2023



Market Need: Large Industrial Inventory Is Growing Fastest

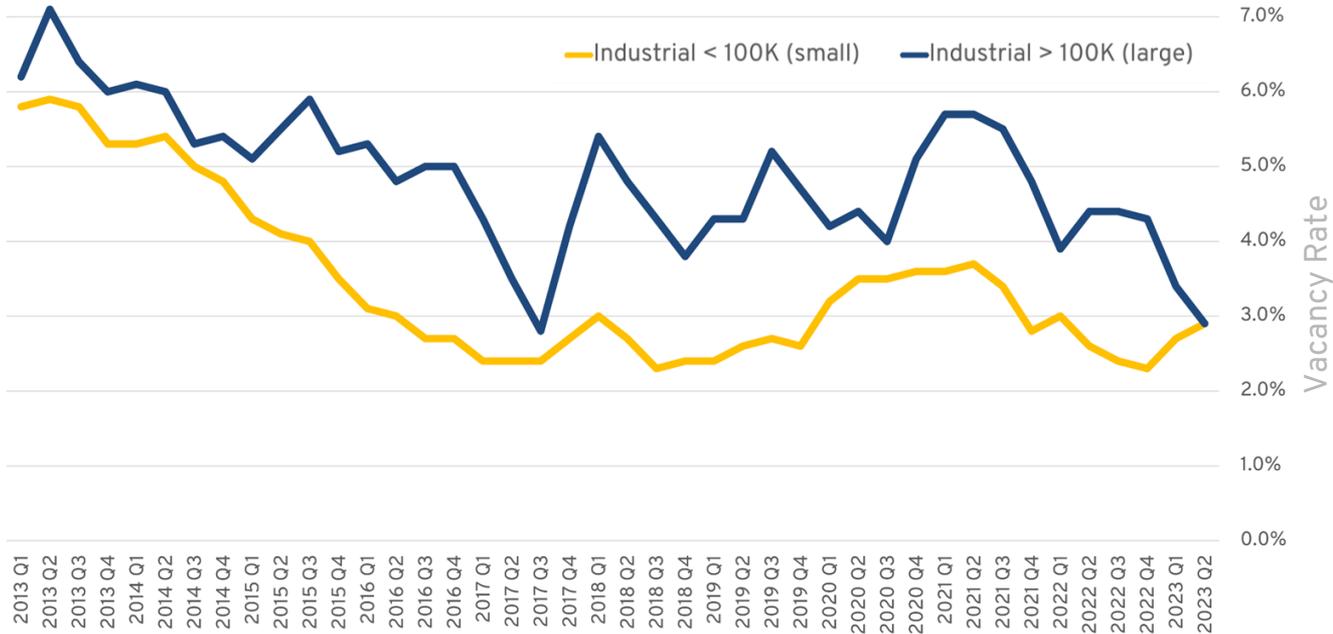


↑ Average **0.5%** YOY growth
↑ Average **2.2%** YOY growth

Inventory (bldgs)
2023 Q2
 Industrial <100K: **5,911**
 Industrial >100K: **475**

Source: Portland Region CoStar Market (Includes Clark County), All Industrial Properties

Market Need: Vacancy Is Persistently Low, Particularly at Small Industrial Properties

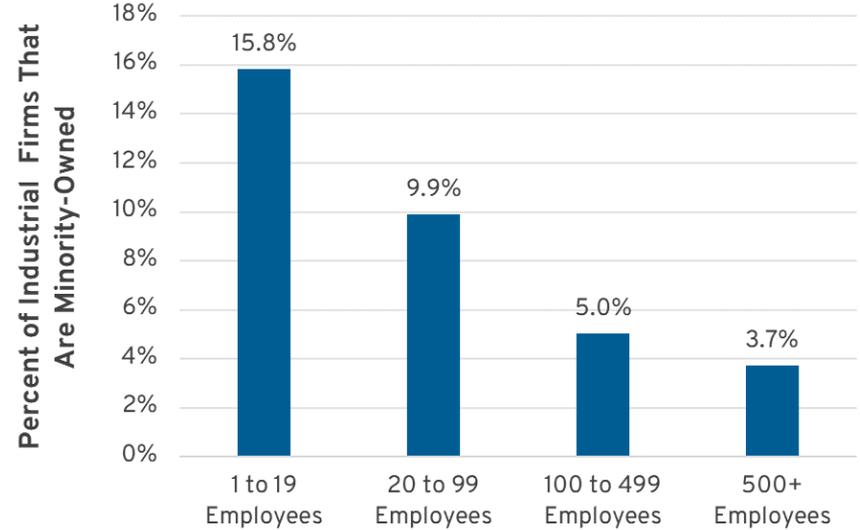
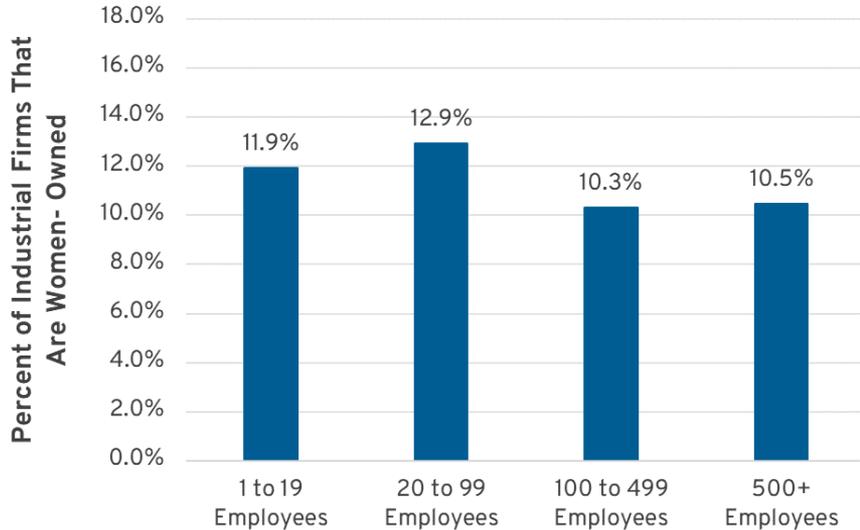


Vacancy in properties with less square footage is **persistently 1-2% less vacant**

Source: Portland Region CoStar Market (Includes Clark County), All Industrial Properties

Equity Imperative: Shortage of Small Industrial Spaces Disproportionately Impacts Minority & Women Entrepreneurs

Ignoring issues related to small industrial spaces means ignoring the spaces such entrepreneurs rely on.



Source: US Census' Annual Business Survey, National (2020). Industrial firms defined as manufacturing, construction, wholesale trade, and warehousing and transportation NAICS codes.

Small Industrial Spaces Are Needed, Not Just Large Ones—And That Need Is Going Unmet

Equity Imperative

(Beyond typical argument that industrial uses offer a path to higher-wage jobs for workers at various education levels)



New businesses or those with limited access to capital **need affordable spaces**, which tend to be small



Women and minority business owners in industry are much **more likely to own small businesses** rather than large ones, making the availability of small spaces key to their success

Market Need

(Beyond the market need seen broadly across industrial real estate)



Small industrial inventory is **growing at less than a quarter of the pace** of large industrial inventory



Small industrial properties lease faster and experience **lower vacancy and faster rent growth** than large properties



Large industrial firms **rely on small suppliers** and servicers in the broader ecosystem

Development Issues Inhibit Widespread New Small Industrial

Shell Construction & Adaptation

Lack of economies of scale increases development costs

Less well capitalized developers and tenants and lack of institutional-scale data make upfront demising & TIs risky



Investor demands and developer interest yields a focus primarily on easy sites, without as many infrastructure, wetland, or slope hurdles

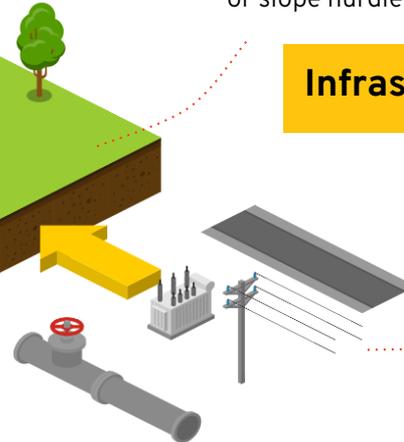
Infrastructure Capacity & Cost

For small developments, SDCs are a higher proportion of cost & they can still trigger district-wide infrastructure upgrades

Fierce competition for land raises prices

Land Availability & Costs

For small developments, land is a higher proportion of cost



Overview of Tools to Support Small Industrial

Tool	Implementer	Complexity	Can Do ASAP?
Expand uses in commercial zones	Cities	Low	Yes
Industrial bonus programs to encourage retention	Cities	Low	Yes
Empowered land banks focused on small industrial	State	High	No, state law & need seed funds
Merging powers to create a new enhanced redevelopment authority	State	High	No, state law
Tenant improvement grants for non-credit tenants	Cities & URAs	Medium	No, need funds
Researching building code changes to support retail-to-industrial conversions	Metro & State	Medium	Yes
Address limitations to local improvement districts (LIDs) in state law	State	High	No, state law
Proactive LID formation by local governments	Cities	Medium	Yes
Shifting SDC payments to certificate of occupancy	Cities	Low	Yes
Workforce apprenticeship grants for key positions	Metro	Medium	No, need funds

Metro's Roles in Moving the Needle

Tool	Advocate to Implementers	Convene Experts	Technical Assistance	Offer Funding
Expand uses in commercial zones	✓		✓	
Industrial bonus programs to encourage retention	✓		✓	
Empowered land banks focused on small industrial	✓	✓		Seed \$ or Land
Merging powers to create a new enhanced redevelopment authority	✓	✓		
Tenant improvement grants for non-credit tenants	✓		✓	
Researching building code changes to support retail-to-industrial conversions	✓	✓		For Research
Address limitations to local improvement districts (LIDs) in state law	✓	✓		
Promote proactive LID formation by local governments	✓			Co-Fund an FTE
Shifting SDC payments to certificate of occupancy	✓		✓	For a Pilot
Workforce apprenticeship grants for key positions				Main Funder

Metro Convenes: Can Help on Big Sites, But Serves Whole Ecosystem + Small Users

What Industrial Users Need

- Large and small spaces
- Site readiness
- Development process predictability
- Sufficient entitlements
- Access to labor & customers
- Access to transport

Metro's Role

- UGB adjustments when cities request, plan, & meet state requirements
- Providing data and analysis to inform political conversations on industry & community needs
- Advocate for needed employment, industrial, and other land uses as well as shared community benefits
- Tools and grant assistance for site readiness
- Know when others should lead (i.e. state, cities)

What Cities Want

- Increase in tax base
- Employment generation
- Nimbly pursue local projects, without spending money on coordination & speculative ventures

Small Industrial Spaces Are Needed, And So Are Tools to Support Their Preservation and Creation

Introduction: Project Process



20

In-depth interviews with industrial brokers, designers, developers, advocates, & government partners

Section I: Why Focus on Small Industrial?



3%

Recent industrial **vacancy rates**, with smaller properties regularly about 1 percentage point lower

3X

Higher rate of **minority business ownership** at small industrial businesses rather than large ones

Section II: Tools to Address Development Challenges



10

Tools to improve **development feasibility** for small industrial spaces in the Metro region

Tools to Address Development Challenges

Development Readiness Challenges: Themes

01

AVAILABILITY

- Commercial zones prohibit “lower impact industrial uses”
- Redevelopment, gentrification in legacy industrial areas

02

ADAPTABILITY

- Building code and occupancy changes challenge reuse of vacant shells, like older retail and office
- TI costs for small tenants and landlord are cost prohibitive
- Infrastructure upzoning requirements in older areas cost prohibitive for smaller property owners

03

CAPACITY

- Workforce constraints for public sector
- Lack of apprenticeship and job training for “soft” skill jobs like permit techs and inspectors



AVAILABILITY of SITES

Development Readiness Challenges

The lack of available sites is often understood as a lack of larger sites on greenfield areas (at the edge of the UGB), but a variety of factors have constrained and even reduced the supply of available sites closer in. That's our focus here.

- “ **Interview Paraphrase - Institutional Industrial Developer.** There's lots of competition for land, particularly land without a lot of slope or environmental issues and particularly from folks seeking to build for large national or multinational tenants. With each one of those deals, we think, “That's one less site to tailor for local users and needs.”
- “ **Interview Paraphrase - Industrial Broker.** We're down to the stems and seeds of what's remaining for industrial lands. Even Tigard and North Beaverton are out of land.
- “ **Interview Paraphrase - Portland-Based Semi-Public Agency.** It is hard to find suitable spaces to relocate Portland users within the city.



Image source: Metro



“Lower Impact” Industrial Prohibited in Commercial Zones

The nature of retail has and is changing rapidly. Nationally, there is a large oversupply of retail and commercial space and vacancies are rising. In aging and less desirable commercial location, the zoning often prohibits industrial uses that are lower impact and could potentially utilize these retail spaces that are increasingly vacant. Technical assistance grants to local jurisdictions to define a wider range of employment types, including lower impact industrial uses, within commercial and mixed-use zones could expand the portion of the region where these kinds of project can legally be permitted (i.e. - grow the opportunity).

This idea is gaining traction. An interview with one state-level economic development agency revealed that staff at several economic development agencies in the Portland Region have been informally discussing possibilities to reuse office space for light manufacturing or industrial uses.

Industrial & retail are never both allowed in Portland, Milwaukie, & Beaverton’s commercial & employment zones



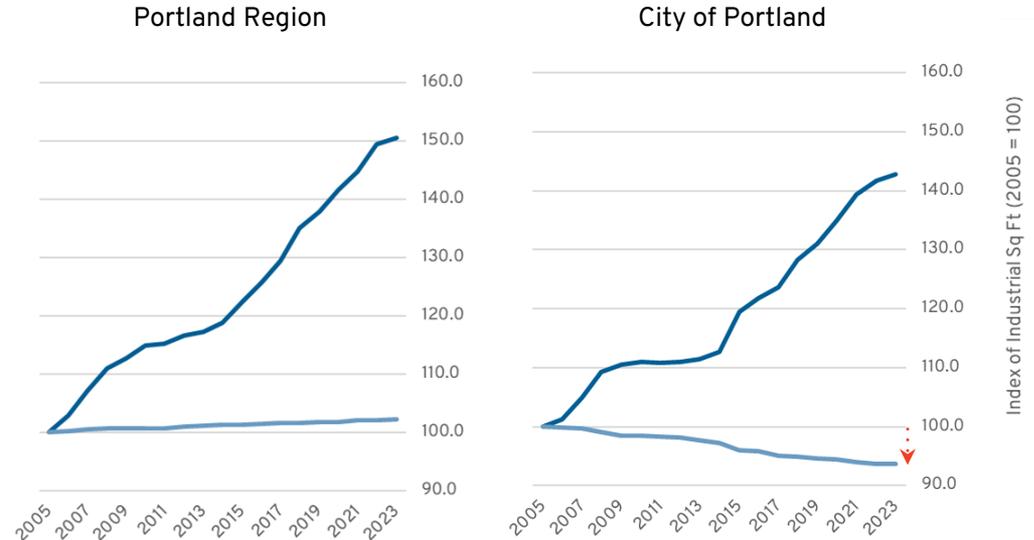


Gentrification in Formerly Industrial Areas & Loss of Affordable Space

Rezoning and redevelopment within legacy mixed employment and industrial areas has reduced the supply of properties zoned or used exclusively for industrial within central areas like the Central East Side, Milwaukie, Beaverton, and Vancouver. These changes and their impact to regional capacity may be technically offset by the addition of large new areas of industrial zoning at the urban edge. Yet at a subregional level the losses have reduced the supply of older, lower cost space for industry.

Significant new incentives aimed at retaining or incorporating new employment spaces into rapidly changing areas can provide room for new and needed development types while also bolstering the market potential to deliver uses that would otherwise be priced out like low impact industrial (i.e. - industrial density bonuses).

Class A & B and **Class C & F** inventory has grown regionwide since 2005. But in central areas like Portland, more affordable, often smaller Class C & F inventory has actually fallen 6% since 2005.



100 on this index equals 2005 inventory levels. 110 is 10% more square feet of inventory than in 2005, and so on.



Gentrification in Formerly Industrial Areas & Loss of Affordable Space

“ Interview Paraphrases - Industrial Users

Group of three organizations that represent industrial users in and around Portland. Politics tend to favor housing over industrial. “I want to protect industrial land” is not something often heard in public meetings. In terms of development economics, industrial isn’t often the “highest and best use.” But it’s worth questioning what the right definition of highest use should be.

A food bank operator in the City of Portland. It took months to locate a new warehouse with an attached office space within Central Portland. It wasn’t an easy process, nor is working with the city to get approval for small building changes.

“ Interview Paraphrases - Development Professionals

Industrial site planning professionals. Smaller users tend to locate in existing rather than new buildings. They’re only indirectly served by new supply. Likewise, owners may be open to multi-tenant spaces for large new buildings, but would prefer a single tenant to take down whole space. It’s appealing from a leasing perspective.

Regional industrial developer. Large employers with major traffic and logistical operations prefer to be at the region’s edge rather than center. This saps legacy areas of one type of industrial demand.

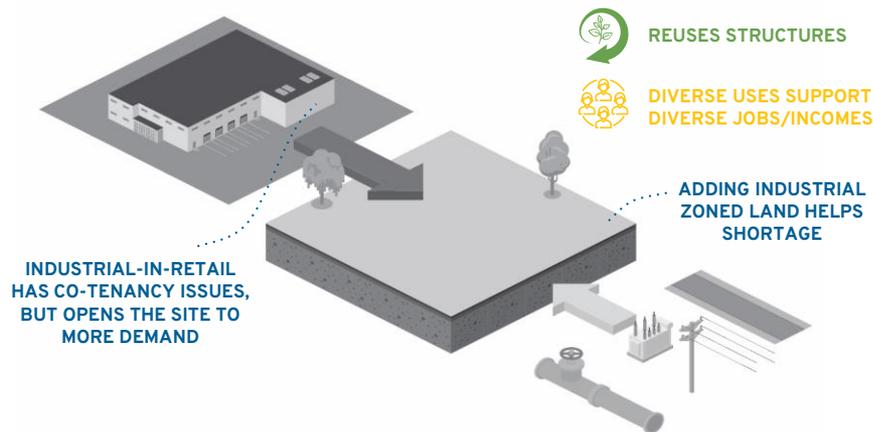


Expand Uses in Commercial Zones to Include Industrial

How the tool works

Many retail stores (particularly in big box development) have closed due to the rapid adoption of online shopping and home delivery. These closures create an opportunity. Expanding commercial zoning to allow for low-impact industrial uses would improve the availability of industrial land and promote the conversion of existing “box” buildings to new industrial uses (reuse reduces waste).

Not all big box retail centers are well suited to industrial users. However, JLL estimates roughly 1% to 5% of new warehouse square feet delivered could occur in such pre-existing properties. This would equate to hundreds of thousands of square feet across the region, particularly if additional low-impact industrial uses were supported. Important for this work, some of the spaces could be quite small within existing bays, but still suit underserved industrial users like contractors or small wholesalers.



Metro's Implementation Role

Secondary: Metro advocates & offers technical assistance. Cities lead implementation.

- Advocate for more low-impact industrial uses in jurisdictions' commercial zones
 - Identify cities with suitable sites
 - Provide technical support for zoning audits & changes
- Assist a city with finding a development partner for a regional proof-of-concept for retail-to-industrial conversion
 - Offer political support and developer connections
 - Use development partner's experience to identify additional zoning provisions requiring modification

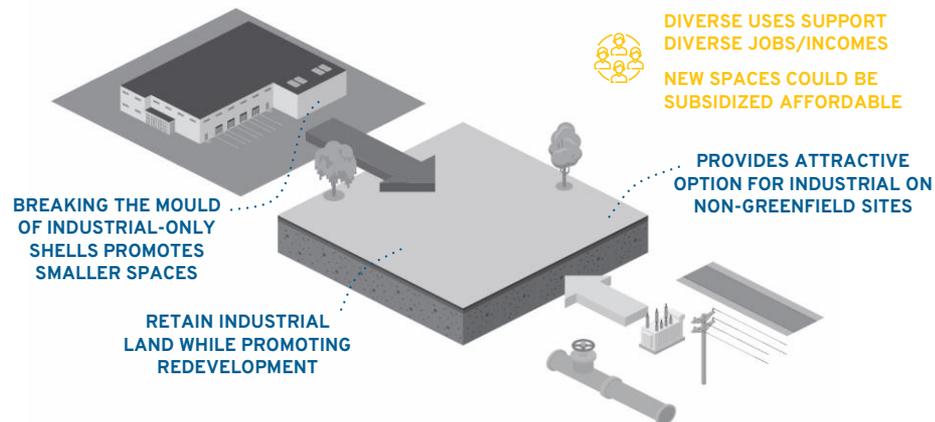


Use Industrial Bonus Programs to Prevent Industrial Space From Being 100% Given Over to Other Uses

How the tool works

Industrial uses have relatively low real estate value compared to other uses. This puts them at a disadvantage when industrially zoned land is opened up to other uses. Industrial-density-and-use bonus programs intervene in process by tying developers' right to build larger-scale higher-value uses (e.g. hotel, office, residential) to the construction or preservation of lower-valued industrial uses. These programs leverage underlying market strengths to extract a community benefit from a private transaction (similar to Inclusionary Zoning). As such, they can be calibrated to benefit both the developer and community, while avoiding subsidy.

Use compatibility is a large issue. However, the modern definition of industrial includes lower impact uses like boutique or craft producers, contractor bays and storage, and last-mile logistics. This makes sharing space possible.



Metro's Implementation Role

Secondary: Metro advocates & offers technical assistance. Cities lead implementation.

Occurs at the jurisdiction level. Metro's role could be:

- Advocate for the introduction of city ordinances to establish industrial density programs, policy goals, and parameters.
 - Local department leadership and staff establish key details, including bonus allowances, permitted use types, and eligible areas (i.e. existing or overlay zone).
- Identify private firms or non-profit partners interested in owning or managing ground floor industrial space
 - Secure letters of interest to share with developers
 - Explore whether operating subsidy could support tenants and thus developers' cashflow

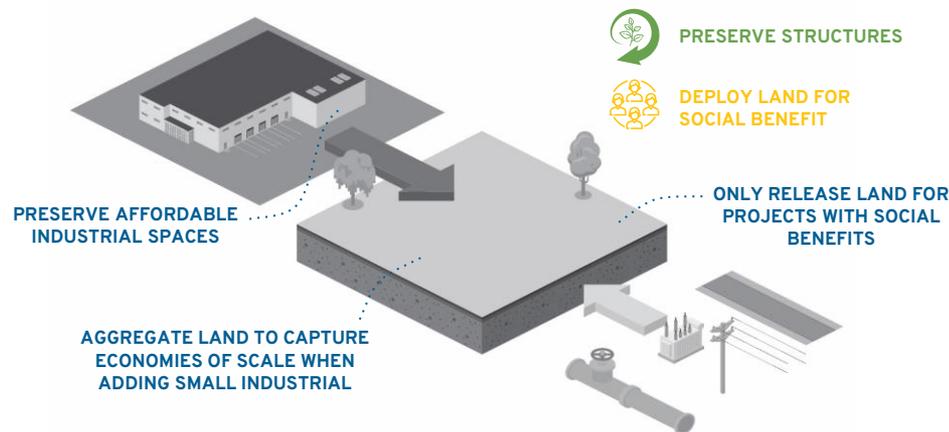


Empower Land Banks & Champion Creation of One Focused on Small Industrial

How the tool works

Land banks are powerful (but new) entities in Oregon. They can issue debt and access both public and private funds. They can hold land tax free, enabling them to be patient when aggregating lands into a single large site. And they can break the chain of land title to clear future purchasers of potential liability associated with site contamination.

Oregon Revised Statute (ORS) 465.600-62 allows for land bank authorities for brownfields, but not broader purposes. An industrial land bank would fill a gap by applying land banking powers to *any* employment lands. Clearly, this tool applies to big sites developed for large format modern industrial spaces—a worthy use. However, a land bank specializing in small industrial could also be formed. Such an entity could acquire property at risk of conversion to other uses for preservation. Or it could aggregate sites for a redevelopment partner that agrees to build small spaces.



Metro's Implementation Role

Secondary: Metro advocates to state and convenes experts. State acts to change law.

- Advocate for state action to allow for land banks focused on all employment lands
- Champion the creation of one or more regional land bank authorities focused on industrial land aggregation
 - Scope such a land bank authority to support the small industrial market through space preservation and by following the profitable development path seen today: land aggregation to enable economies of scale, specialization in small spaces, patient capital, and cheap, solvable land.
 - Source seed capital via the sale of donated excess lands
 - Release land for projects meeting community benefit criteria



Combine Key Powers in an Enhanced Redevelopment Authority

How the tool works

Industrial land banks (slide 26) facilitate land aggregation and holding. But they do not possess the full range of powers to raise capital for acquiring, preserving, and developing property. Similarly, urban renewal districts facilitate tax collection for investments included in their renewal plans. But they are constrained by their affiliations with jurisdictions and restrictions within urban renewal law regarding indebtedness and duration.

Ultimately, this separation of powers may unduly limit the ability for local governments and public-private partnerships to promote site readiness for industry. To address this, the state could begin exploring a new type of entity: an enhanced redevelopment authority (ERA). Such an entity might combine existing entities' advantages in revenue generation (e.g. TIF dollars) and cost containment (e.g. land bank tax-free holding), enabling greater coordination of redevelopment activities and resulting impact. These new powers would require new oversight and strict project approval criteria to ensure any new public resources supporting industry provide equitably distributed benefits.



Metro's Implementation Role

Secondary: Metro advocates to state and convenes experts. State acts to change law.

- Convene stakeholders to explore interest in statutory changes to expand urban renewal or land banking authority powers to enable more effective, centralized action promoting site readiness for employment lands.
- Discuss and develop guidance regarding ERAs appropriate uses and goals, and constrain them with strict project eligibility criteria ensure equitably distributed community benefits.
- Additional steps will be identified from these discussions and will vary depending on desired ERA scope and structure.



ADAPTABILITY of SITES

Development Readiness Challenges

High cost, new construction requires rent levels that are often too high for small and medium-sized tenants. These tenants have typically relied on older, legacy industrial buildings with lower rents in order to operate.

Strategies that can reduce the time and cost associated with adapting additional older buildings for new users could have a disproportionately positive impact for small and medium-sized tenants.

“ **Interview Paraphrase - State-Level Economic Development Agency.** Broadly speaking, there is limited to no money for industrial lands programs. Existing funding is focused on “traditional” industrial development path (large site, greenfield). State emphasizes job creation, which likewise could run against small scale investments receiving state support.



Image source: Metro



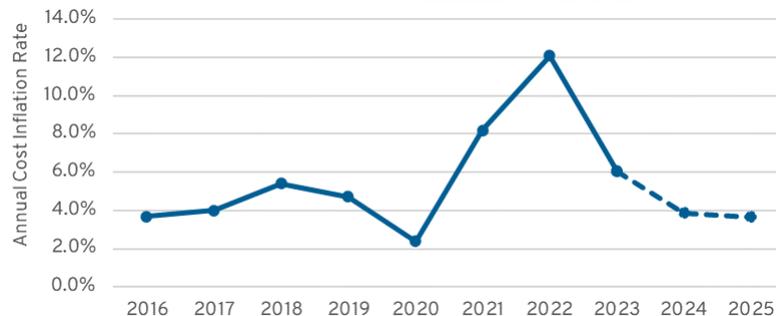
Difficulty Covering High Tenant Improvement (TI) Costs Associated with Prepping Spaces for Smaller Tenants

Smaller landlords can be cash constrained and unable to cover costly, upfront tenant improvements for future tenants. Smaller tenants can be non-credit worthy and unable to pay for or finance these costs themselves. This can be a serious barrier to willing landlords from being able to serve new tenants.

While high development costs are a challenge for all developers and tenants, larger industrial users and/or developers of larger industrial properties often have access to capital that smaller landlords do not.

Local tools that provide direct grant assistance to smaller landlords seeking to reposition spaces for small and medium sized tenants could help grow the supply of available space regionally.

Non-Residential Construction Cost Inflation. Construction Analytics' aggregation of multiple industry cost indices, showing observed and forecast values.



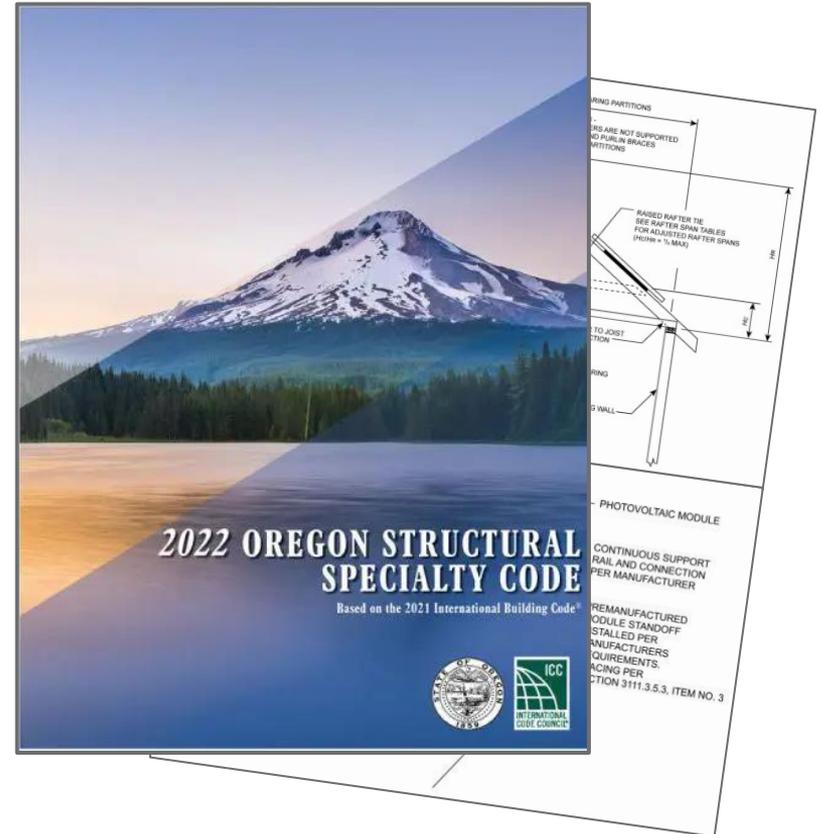
- “ **Interview Paraphrase - Three Organizations That Represent Industrial Users In and Around Portland.** In general, construction costs are high and rents aren't high enough to make development and TIs easy.
- “ **Interview Paraphrase - Portland-Based Semi-Public Agency.** In the past, the agency used to provide grants of up to \$750K for industrial owners or tenants. Now only smaller grants up to \$12K are available.
- “ **Interview Paraphrase - Institutional Industrial Developer.** We create flexible, widely usable, turnkey spaces so tenants don't have to deal with TIs. There's plenty of demand, but it requires knowing what to provide and how to at a low cost.



Building Codes and Change of Occupancy Trigger Costly Upgrades

Reusing existing buildings for new users is, in theory, less costly than new construction. However, adapting spaces originally built for retail or office users for warehouse or low-impact industrial users typically requires a change of occupancy permit that triggers building code upgrades with significant costs. The extent of required upgrades is case-by-case. New occupancies are “permitted without complying with all the [code] requirements... for the new occupancy, provided that the new occupancy is **not more** hazardous, based on life and fire risk, than the existing occupancy” (2022 Oregon Structural Specialty Code, §3405.5) While this provides for a more economical slate of upgrades for changes in occupancy, it does not dispel uncertainty for prospective industrial developers regarding the extent of necessary upgrades.

- “ **Interview Paraphrase - Portland-Based Semi-Public Agency.** Seismic upgrades can be too expensive to bear. It could be a good place for intervention.
- “ **Interview Paraphrase - Institutional Industrial Developer.** New development standards like EV charging have to be timed to when the technology and infrastructure is in place. Don't jump the gun.



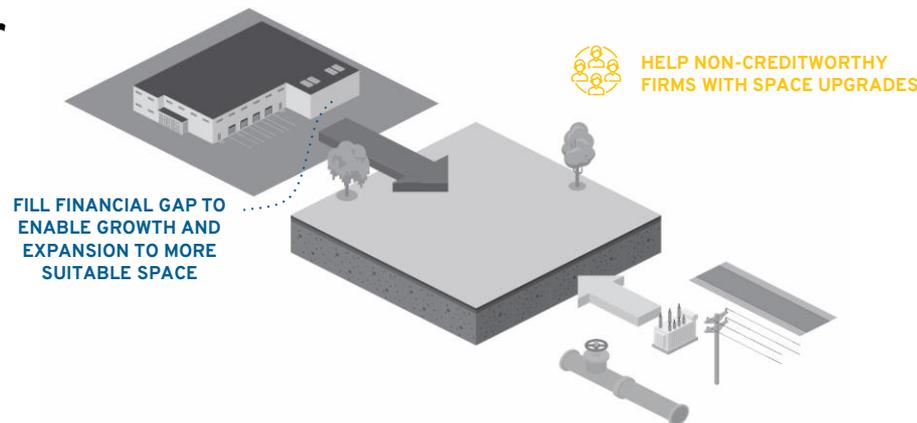


Offer Tenant Improvement Funds for Non-Credit Tenants Ready to Grow

How the tool works

Many economic development agencies and urban renewal agencies offer favorable loans or grants to business owners for investments in equipment or real property. Storefront improvement grants are a common manifestation of this idea.

Given the escalation in construction costs, interviews revealed that the dollar value of existing grants is insufficient to enable small industrial business owners without good access to credit lines to transition from operating their business from home, a garage, or a self-storage facility and into a small industrial space. Industrial space owners, likewise, have little incentive to pay for tenant improvements for non-creditworthy tenants. Richer tenant improvement grants or soft loans for credit-limited yet viable businesses could fill this gap. This requires advocating for that change, and tying the funding to a growth and profitability plan helps ensure that loans are repaid but also rigorously tracks the return on these economic investments.



Metro's Implementation Role

Secondary: Metro advocates to funders and helps assess returns. Funders implement.

- Advocate for the creation of a funding pool for tenant improvement grants for small industrial firms without strong credit access when interfacing with the state, cities, and their urban renewal agencies:
 - Create a plan for administering those funds, including establishing:
 - Program goals and outcomes
 - Eligibility criteria and equity targets for distribution
- Technically assist in calculating & tracking the return on investment.

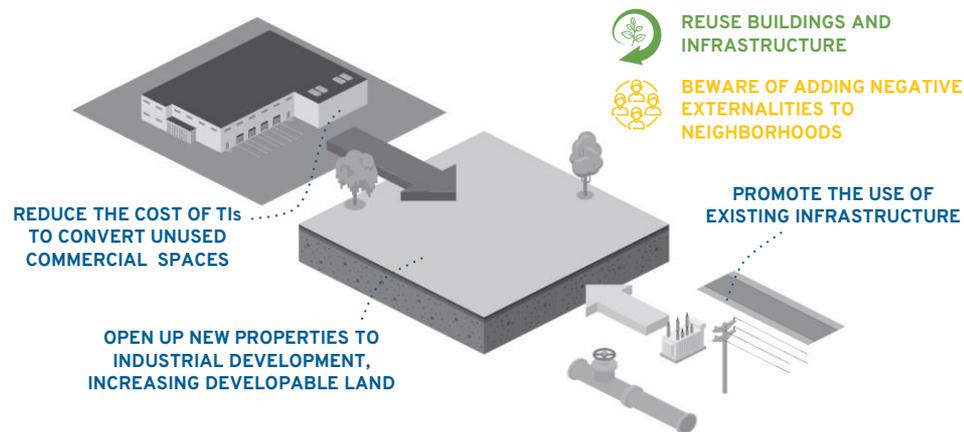


Research Project to Vet Potential Statewide Building Code Changes

How the tool works

So far, the American Pacific Northwest has not experienced an adaptive reuse project converting existing big-box retail or high-ceilinged office space to warehouse or low-impact industrial space. Nationally, however, JLL expects such conversions could soon provide 1-5% of all warehouse deliveries, equating to millions of square feet each year. There are many challenges to such conversions, like parking, truck courts, and circulation considerations as well as lease-law and co-tenanting issues. However, building code upgrades loom large as significant cost drivers in such conversions.

Metro, representing a PNW region likely to experience such conversions, is uniquely positioned to partner with the state to identify how occupancy changes from Mercantile to Factory or Storage could trigger costly building upgrades. Such research could investigate the reasonableness of upgrades, advocate for changes in requirements, and establish an upgrade roadmap to accurately set the expectations of prospective developers.



Metro's Implementation Role

Primary: Metro advocates to state and convenes & funds expert research. State collaborates.

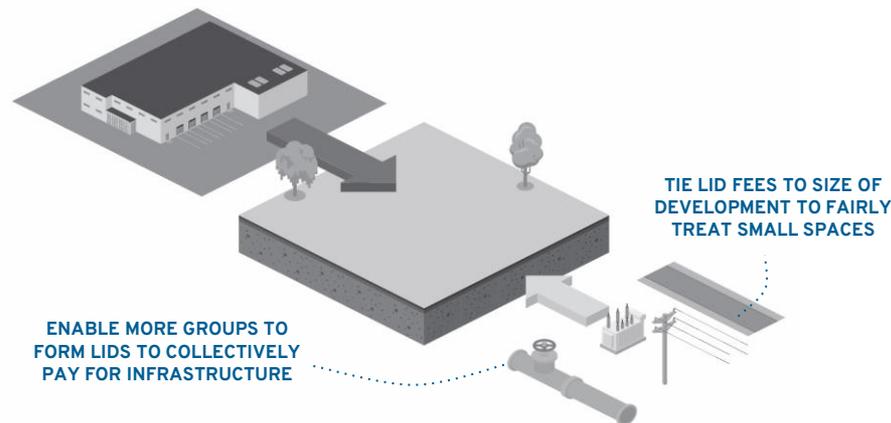
- Advocate to the state and building code department regarding the need and usefulness of this research to gain collaborators and/or cofunders
- Set aside funds for shared research project with the state
- Conduct the research internally or release an RFP to solicit partners to complete this research.
 - Likely a combination of planners and design professionals (site planners, architects, engineers) would constitute the best positioned team



Address Limitations to Local Improvement Districts (LIDs) in State Law

How the tool works

Local Improvement Districts (LIDs) finance local infrastructure improvements by forming a special tax assessment district across benefitting properties to pay for the improvement. Cities and counties in Oregon have statutory authority under ORS 223.309 to establish LIDs, but quasi-governmental entities that could make good use of LIDs like special districts, regional governments, ports, urban renewal agencies, or public utilities do not. This tool recommends amending state law to allow such entities to form both LIDs and Utility LIDs (which only differ in that they can pay debt with utility revenues), providing more forums for collective infrastructure investments. Importantly, this tool should include statutory guidance tying LID assessments to the property size, to treat small properties fairly. These changes in statute could be paired with additional measures, such as a state revolving loan fund for LIDs or new requirements to reduce the risk of a LID forcing a property owner into foreclosure.



Metro's Implementation Role

Secondary: Metro advocates to state and convenes experts. State acts to change law.

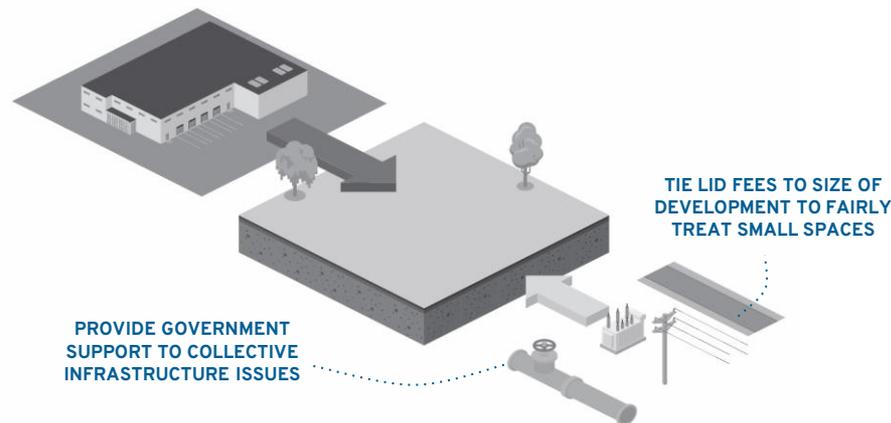
- Advocate for alterations to LID statute ORS 223.309 at the state level
- Provide a grant for legal services to write new statutory language to provide as an example to state representatives
- Scope to include an additional research project within the upcoming industrial lands inventory work, aimed at tackling the following:
 - Identifying pockets land (urban reserves and/or lands within the Metro UGB) with significant industrial development potential *if an infrastructure improvement were made.*
 - Find a partner that could house a LID for those lands, either jurisdictional or quasi-jurisdictional entity.



Proactively Facilitate Formation of Local Improvement Districts (LIDs)

How the tool works

Local improvement districts (LIDs) - whether under current state statute or if enhanced to allow quasi-governmental entities to create them - are an underutilized funding tool. It's clear why: they require considerable coordination in the form of signatures from a majority of property owners in the affected area and a jurisdictional vote to establish the LID. Yet, communities could benefit from more proactive creation of LIDs to finance collective infrastructure costs to enable growth. Leaving the tool unused or even unexplored means forgoing the opportunity to add a parallel revenue stream to urban renewal agencies' tax increment dollars, missing the chance to undertake large, higher impact projects with lower cost financing. Public sector staff are uniquely qualified to convene conversations around infrastructure funding and test the waters for LID support in key growth areas for industrial. This is particularly the case in areas with numerous, hard-to-coordinate landowners, whose land might end up conducive to small industrial. A key caveat is that LIDs, in collecting and spending new tax dollars, should pass serious scrutiny to ensure resources collected support equitably distributed benefits.



Metro's Implementation Role

Secondary: Metro advocates to cities and offers to co-fund staff. Cities implement.

- Advocate to cities to dedicate staff time to:
 - Identifying district improvement projects that could use a LID
 - Studying the feasibility, costs, benefits, and distribution of benefits and burdens resulting from LID creation
 - Facilitating landowner conversations to gauge and build support for the LID (i.e. gather signatures)
 - Use state-granted power and process to create the LID
- Alternatively, identify 2 or more partner cities and collectively co-fund a single, shared economic development staffer or consultant team to complete the steps above for one or more districts in each city.

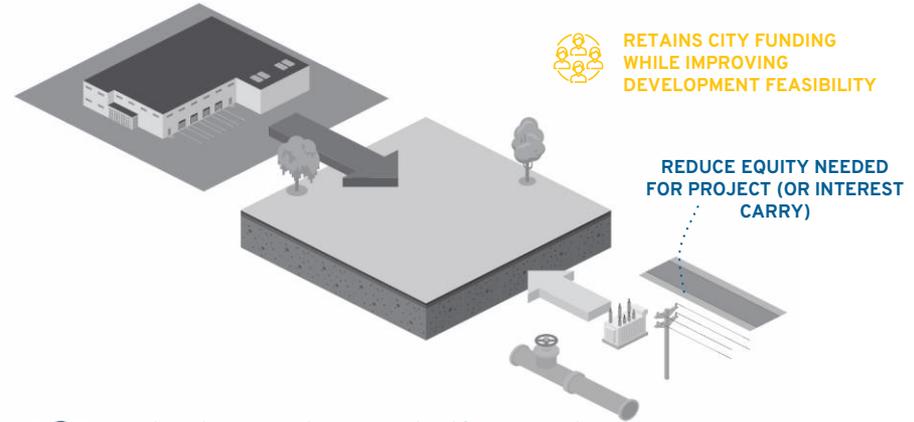


Shift SDC Payment to Certificate of Occupancy Rather Than At Permit Issuance

How the tool works

SDC fees are a significant upfront cost for developers, but a key local funding source for public infrastructure, particularly in rural places or underserved areas without infrastructure yet. Many SDC incentives focus on reducing or eliminating SDCs. However, simply shifting the point in the permitting process when they are paid can have significant positive impact on the financial feasibility of development while maintaining this funding source for communities and governments.

Specifically, this tool requires changing the timing of SDC payment to either the issuance of a Certificate of Occupancy or to final inspection. This change shifts the timing of SDC payments back 12 or more months, reducing interest costs on debt and/or developers' initial equity outlay. This is particularly impactful for smaller developments and developers where the margins are tight and equity is less plentiful. SDC rates can be locked to provide dollar certainty for the City and to motivate the developer. The City of Bend is currently contemplating this policy change in an effort to reduce the cost of development.



Metro's Implementation Role

Secondary: Metro advocates and funds a pilot project. Cities lead implementation.

- Advocate for the change to jurisdictional partners to identify an amenable partner for a pilot project.
- Fund a pilot project with a jurisdiction to provide a template for the ordinance change, locking rates, collecting funds, and ensuring infrastructure benefits aren't lost in underserved areas.
- Based on the pilot, produce a best practices guide for local jurisdictions to consider when they update SDC policy.
- Provide technical assistance to local jurisdictions using the best practices guide to amend SDC policy to incentivize development and redevelopment.



CAPACITY of LOCAL GOVERNMENTS **Development Readiness Challenges**

Slow permit processes add significant time and cost to development projects and are increasingly cited as serious barriers to additional investment in all kinds of needed development, including industrial.

Lack of Government Capacity in Current Planning, Development Code, and Permitting Positions

Cities struggle to fund, find, train, and retain enough workforce to efficiently process permit applications and maintain their development code. Targeted workforce training and funding to increase local workforce capacity could relieve those important bottlenecks, speed up development, and particularly benefit small users without the resources to overcome such obstacles.



Image source: Metro



Lack of Government Capacity in Current Planning, Development Code, and Permitting Positions

“ Interview Paraphrase - State Development Agency

Capacity improvement programs have precedents in regional government. Metro’s existing Construction Careers Pathway Program has improved that specific tranche of labor capacity. .

“ Interview Paraphrase - Groups Representing Users

Lack of local permitting capacity is a significant drag on users’ operations and encourages firms to leave the jurisdiction. Small users in particular would appreciate and benefit greatly from a fast track and direct assistance with permitting small buildouts and space improvements.

“ Interview Paraphrases - Large Site Planning Firm

Lack of capacity to maintain and clarify development regulations hurts small users and owners the most. When regulations aren’t regularly updated and materials aren’t created to clarify them, economically stifling or unclear provisions might persist. Large users and businesses may be able to navigate these obstacles, but smaller users may not.

Similarly, when regulations aren’t regularly maintained, they can become complex and contradictory. Small users that have the fewest resources to dedicate to navigating regulations and planning for their real estate needs are at a severe disadvantage in such scenarios.

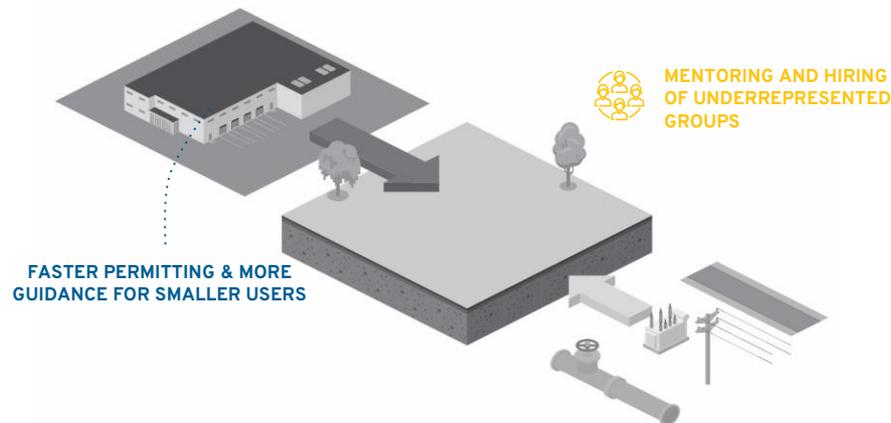


Workforce Apprenticeship Grants for Bottleneck Positions

How the tool works

Slow permitting timelines and outdated, complex development code in part stem from a limited labor pool and a lack of budget for staff. Aspiring planners and public-sector workers often find they need a graduate degree to earn entry-level positions. And cities, especially smaller ones without robust tax rolls, often lack enough budget for staff. This hurts all development activity, but particularly smaller scale ones that might not be able to navigate the complexity and protracted nature of building under the status quo.

To improve the situation, Metro could offer grants to offset the wage costs of apprentice or junior planner positions for workers without graduate degrees at jurisdictions in need of additional staff capacity. Metro could also dedicate a small portion of its staff's time to offering mentorship regionwide to the cohort of junior planners enrolled in the apprenticeship program. Apprenticeships could be targeted at workers typically underrepresented in the field.



Metro's Implementation Role

Primary: Metro funds grants subsidizing multiple FTE and offers mentorship.

- Talk to jurisdictions to gauge bottlenecks in planning and permitting and assess interest in grants for entry level roles.
 - Identify appropriate per-FTE grant for apprentices
 - Determine eligibility criteria for cities & apprentices
 - Consider cross-jurisdictional shared FTE when sensible
- Fund a current planning and permitting apprenticeship program that covers a meaningful portion of jurisdiction's costs of hiring an junior planner or apprentice in the current planning or permitting department. Consider dedicating the FTE to small builds/businesses.
- Recruit Metro staff to regularly mentor apprentice cohorts.

Materials following this page were distributed at the meeting.

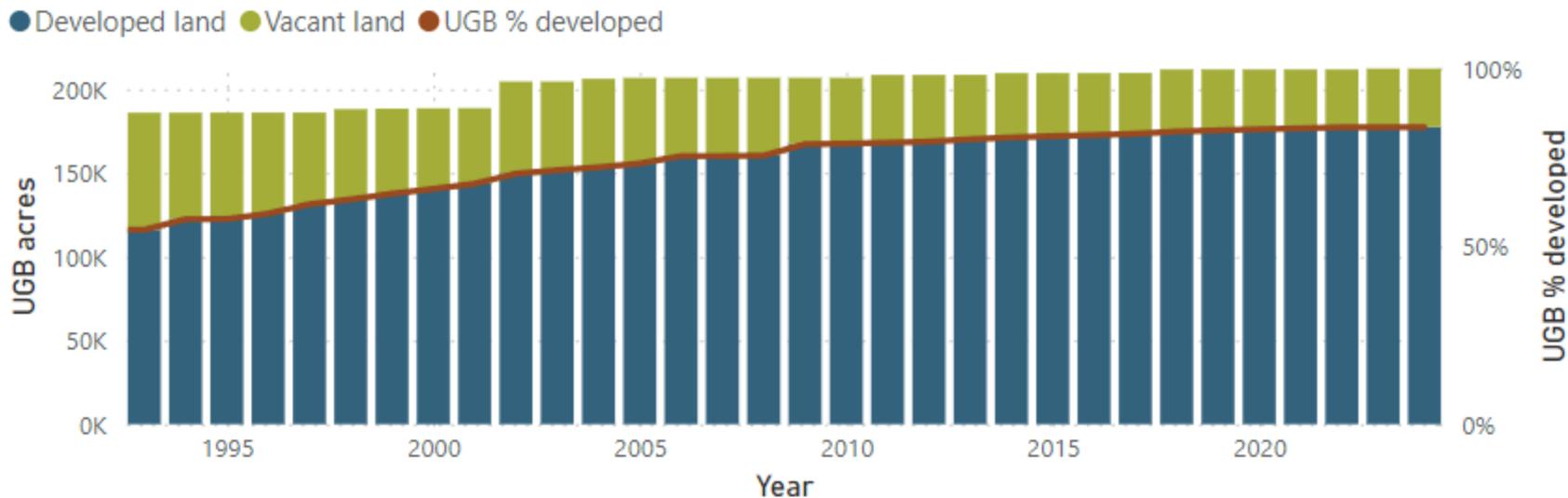


Metro

Historic residential development trends

April 17, 2024

Land use inside the UGB



Land use inside the UGB

Acres by generalized zoning today

Zoning	Total Acres	Vacant acres	% Developed
Single Family	99,185	10,957	89%
Industrial	34,845	7,653	78%
Parks and Open Spaces, other zoning	22,594	585	97%
Rural or Future Urban Zoning	19,506	12,163	38%
Mixed use	16,079	1,818	89%
Multifamily	15,767	1,188	92%
Commercial	3,763	376	90%
Total	211,739	34,740	84%

Land definitions

Data sources:

RLIS [Housing](#) Database

RLIS [Vacant](#) and [Developed](#) Land

RLIS Land Development Monitoring System

Terms and definitions:

- **Vacant land consumption** = new construction on previously undeveloped land
- **Infill** = a split lot, mostly new SFR between old SFR, on previously developed land
- **Redevelopment** = replacement of an old structure with a new structure, on previously developed land



Housing definitions

Single Family (SFR) = detached single family homes

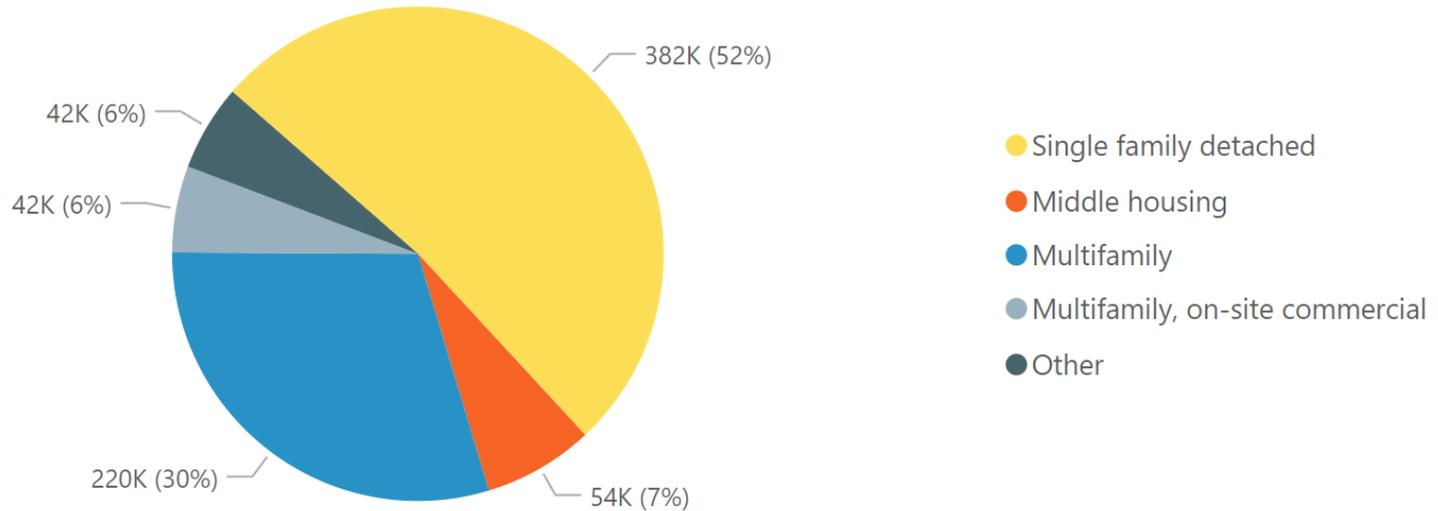
Middle housing = any housing units that share walls or common area, but not stacked vertically. Includes townhouses, rowhouses, plexes (duplex etc.), accessory dwelling units (ADU), and cottage clusters.

Multifamily = housing units that are stacked vertically. Some multifamily properties are mixed-use, typically with on-site, ground-floor commercial space. Lowrise, midrise and highrise apartments and condominiums.

Other housing = any housing units not included above. Includes group quarters like dormitories and retirement centers, as well as floating homes, manufactured home parks, and single family homes on agricultural or forest land

Housing today

739,766 Total Housing Units Inside the UGB as of 2023



Housing today

Housing type	Total units	% of all units	Units/acre average	% growth over range *
⊕ Single family detached	382,428	52%	4.1	7%
⊕ Middle housing	53,650	7%	12.1	19%
⊕ Multifamily	220,105	30%	23.1	17%
⊕ Multifamily, on-site commercial	41,802	6%	103.3	99%
⊕ Other	41,781	6%	12.5	9%
Total	739,766	100%	6.6	14%

* Range = 2014 to 2023

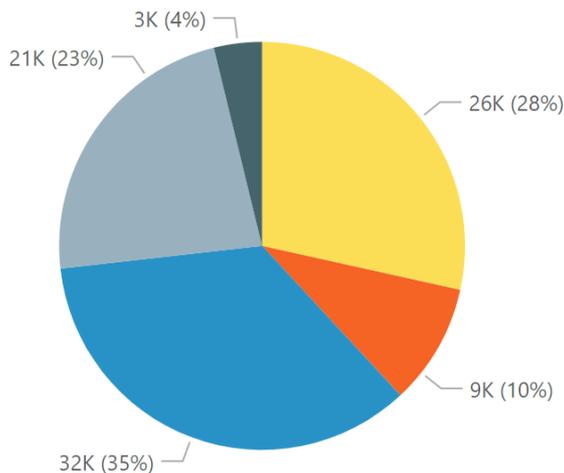
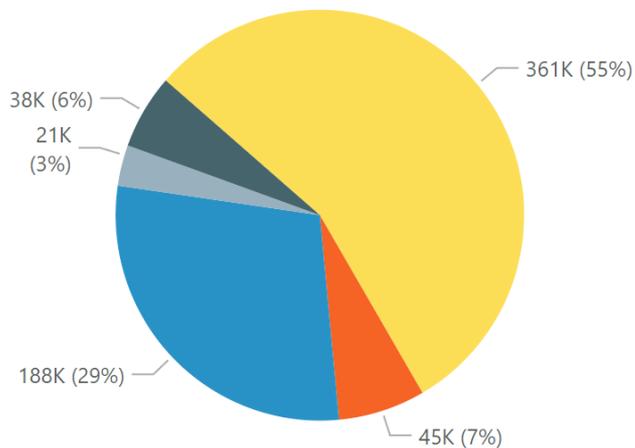
Recent housing trends

739,766 Total Housing Units
Inside the UGB as of 2023

90,724 new housing units were built
between 2014 & 2023. (+14%)

653,944 total housing units existed prior to 2014

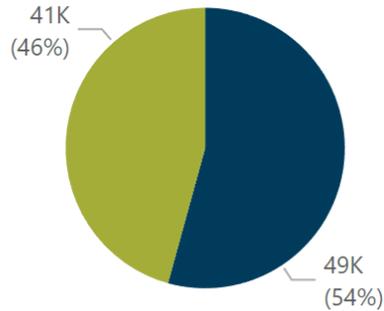
% of new housing by type



- Single family detached
- Middle housing
- Multifamily
- Multifamily, on-site commercial
- Other

Vacant land consumption by housing

% of new housing by type



UGR housing type	Infill/Redevelopment	Vacant land consumption	Total
⊕ Single family detached	10,389	15,428	25,817
⊕ Middle housing	5,272	3,441	8,713
⊕ Multifamily	19,296	12,613	31,909
⊕ Multifamily, on-site commercial	13,079	7,734	20,813
⊕ Other	1,224	2,248	3,472
Total	49,260	41,464	90,724

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Urban growth management: Preliminary Housing Needs Analysis results

MTAC

April 17, 2024

Technical work and analysis: Developing the urban growth report

- Buildable land inventory (BLI)
- Regional forecast
- Capacity analysis
- Employment trends and site characteristics
- Housing needs analysis
- Residential readiness analyses
- Draft urban growth report (UGR)

City expansion proposals

- Letters of interest
 - Expansion proposals
- 2040 planning and development grants available*

Metro Council decision

- Consider Metro staff and advisory group recommendations
- Public hearings
- Policy direction
- Final decision



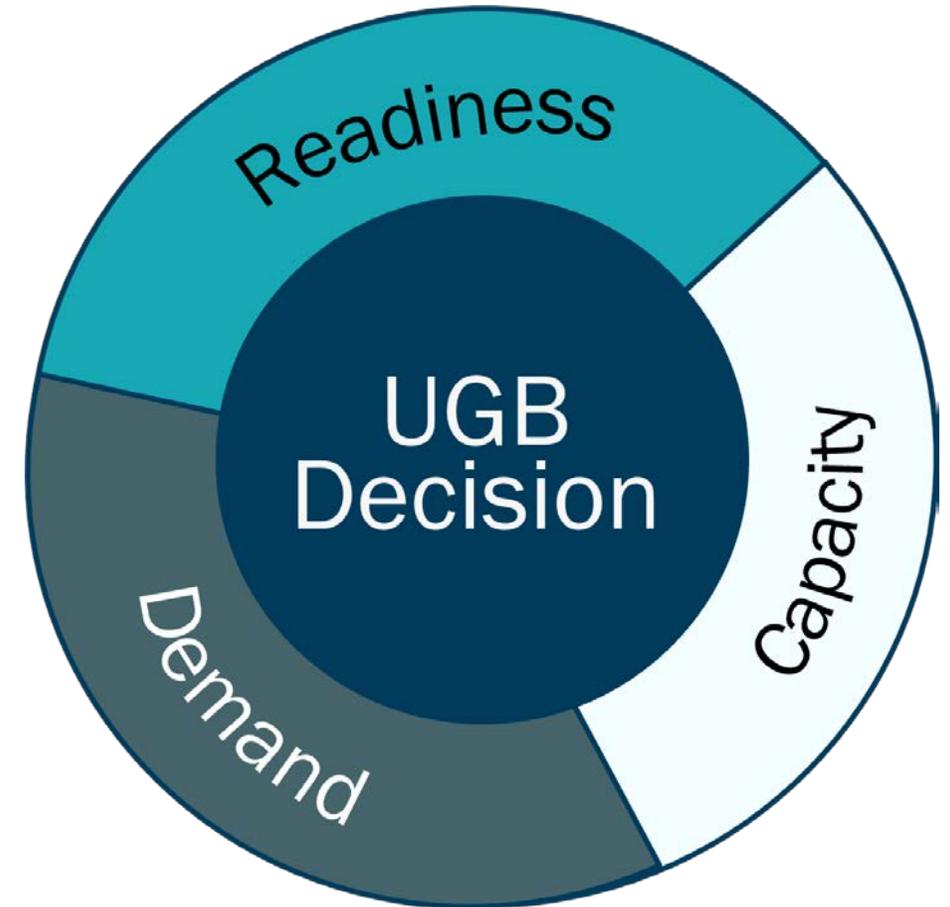
Engagement

- MTAC
- MPAC
- CORE
- Land Use Technical Advisory Group
- Jurisdictional outreach
- Urban growth report roundtable
- Youth cohort
- Interest group presentations

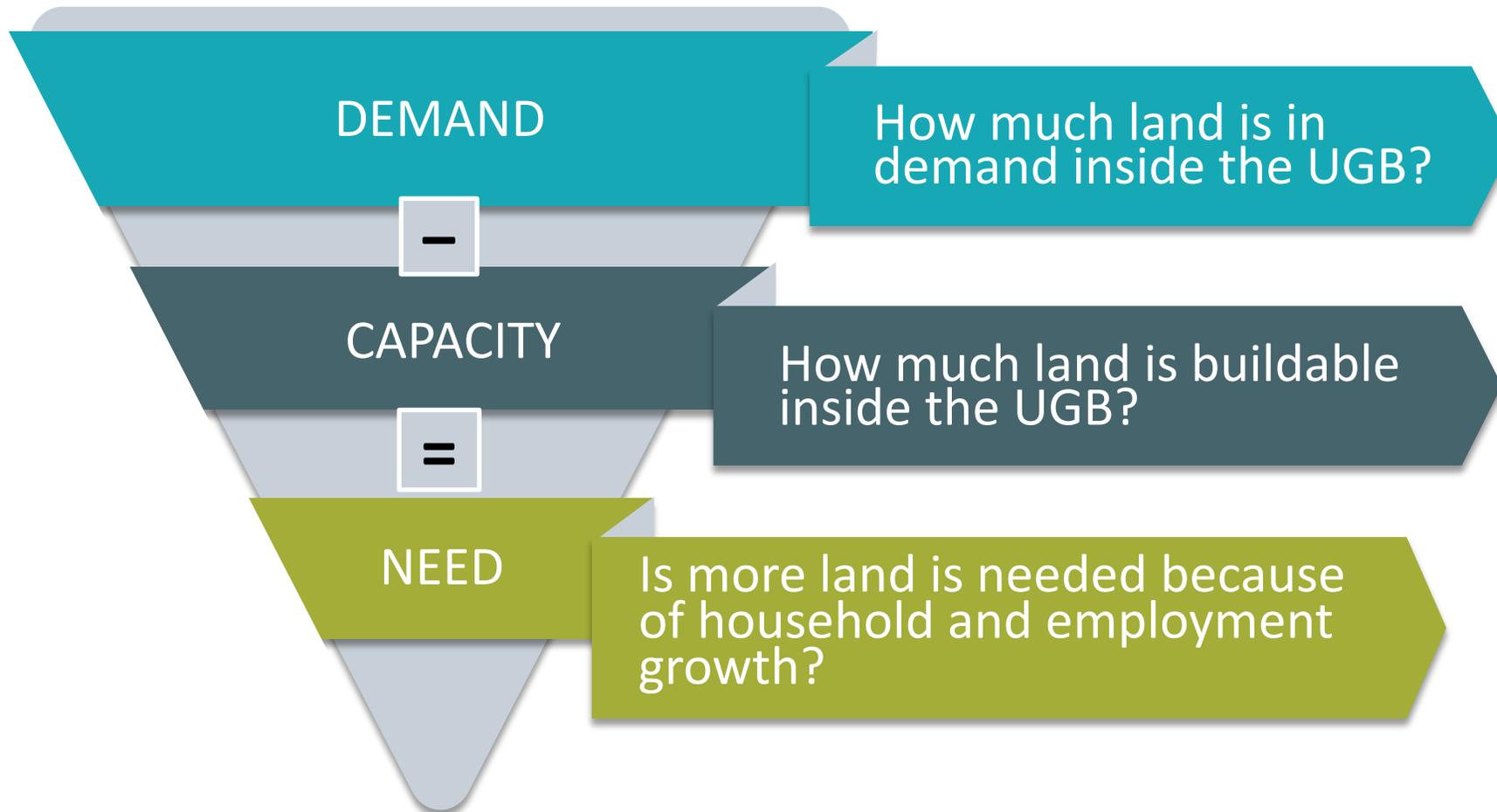
Project timeline

A decision support tool

The Urban Growth Report (UGR) is a decision-making tool for the Metro Council.

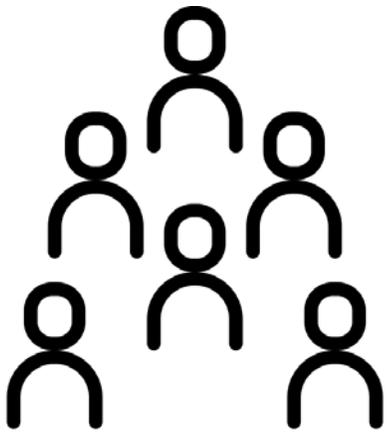


Back to the math equation



So how do we translate the household forecast into land demand?

People in the region in 2044



Regional 7-county household forecast x capture rate

Household Characteristics

\$ Income

Age

Household size

Presence of kids

&

Housing Characteristics

What housing types are needed to match the needs and choices of the region's households?

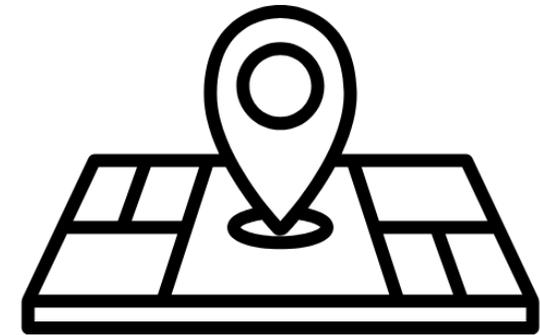
Single family detached

Middle housing

Multi-family

Housing needs analysis

Demand for land



The housing needs analysis will include assessments of future and existing needs

FUTURE

20-year forecast

Housing demand based on:

Regional population forecast

&

Household forecast

EXISTING

Housing needs for those
experiencing homelessness

&

Historic underproduction - what is
the backlog of housing units to
date?

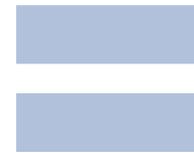
Preliminary Housing Needs Analysis (HNA) Results

Existing housing needs inside UGB

18,000 homes
from
underproduction

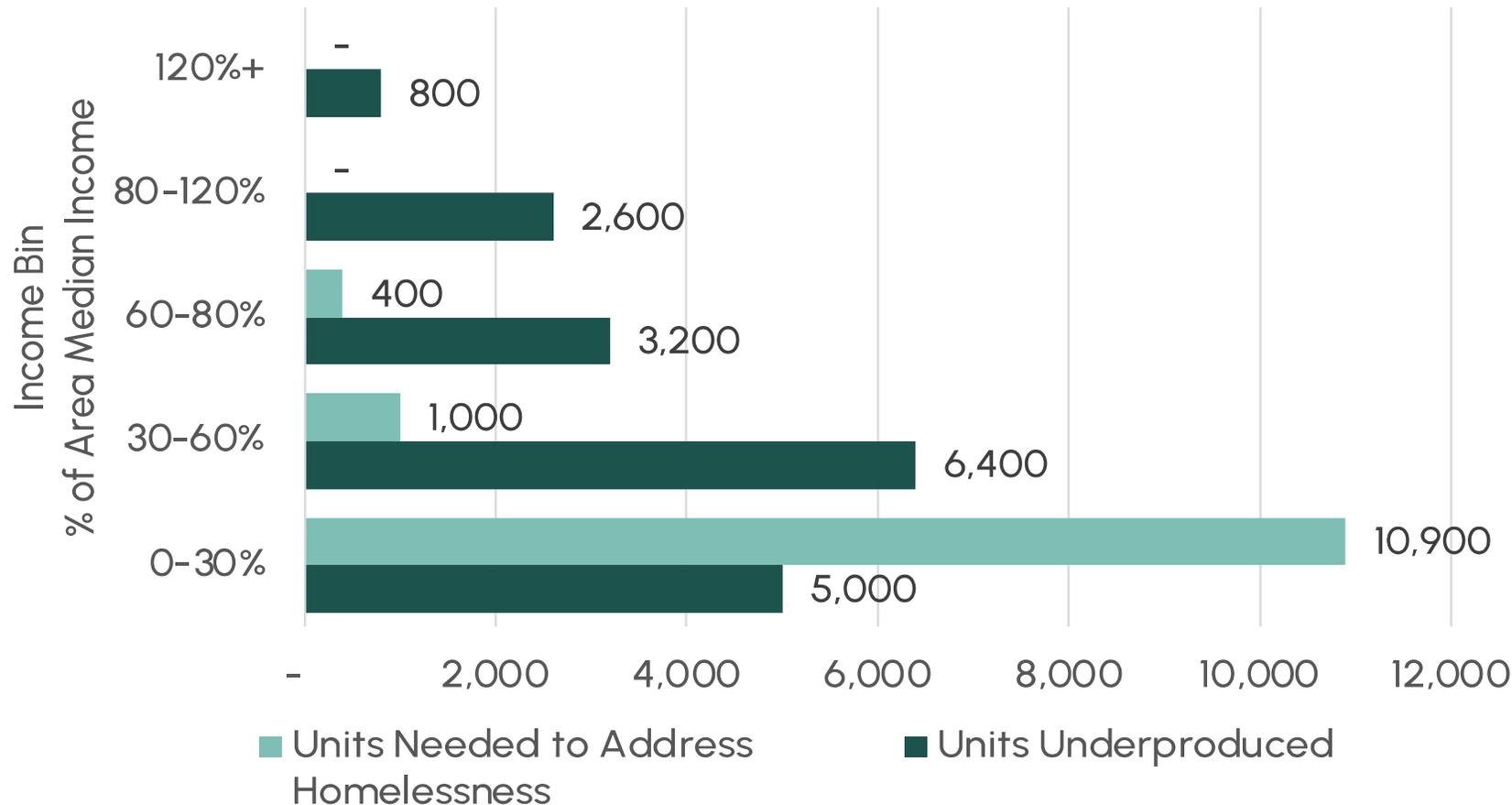


12,300
homes for
people
experiencing
houselessness



30,300 additional
homes needed today in
total

Existing needs are for lower incomes



Area Median Income (AMI) for a family of 4 in the Metro region: **\$114,400 (2023)**

Future housing needs

MSA (7-county) forecast

- Total growth rate
- Peer reviewed

UGB capture rate

- Metro UGB vs. other areas
- Based on past trends

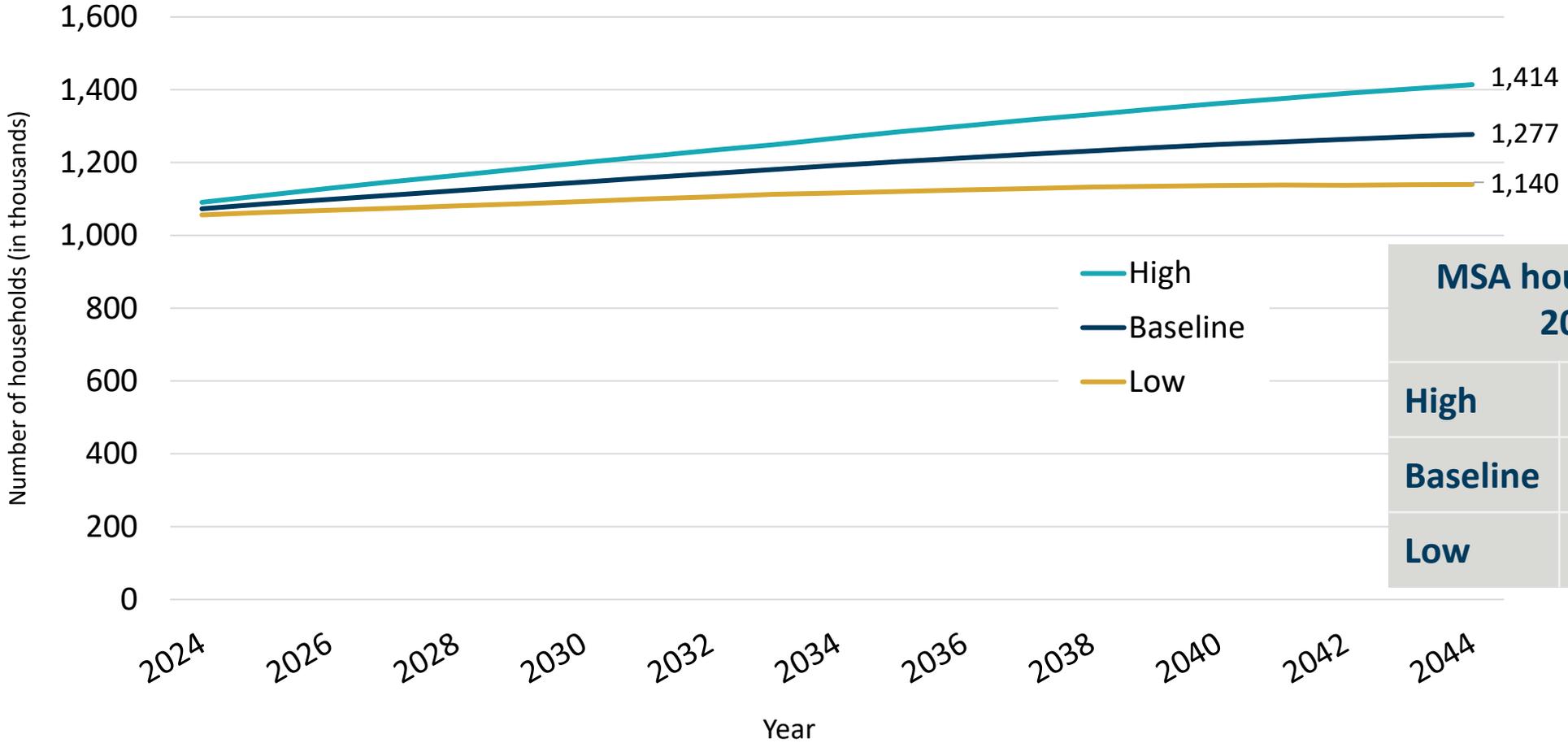
Demographics

- Age (of householder)
- Household Size (number of people)
- Presence of Kids (<18)
- Income

Housing needs

- Affordability / price point
- Housing type

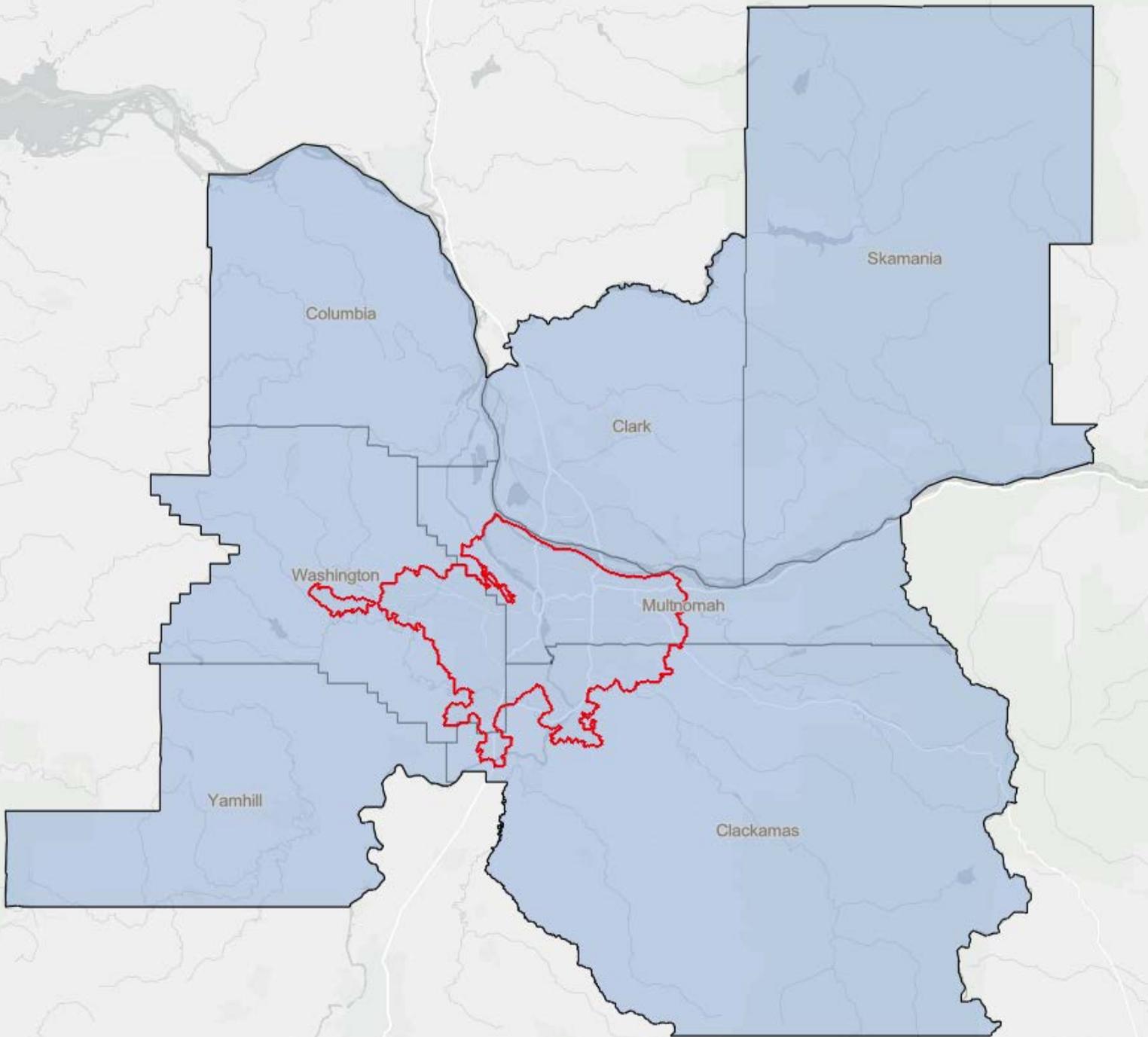
MSA household forecast



MSA household change 2024-2044	
High	323,200
Baseline	203,500
Low	83,900

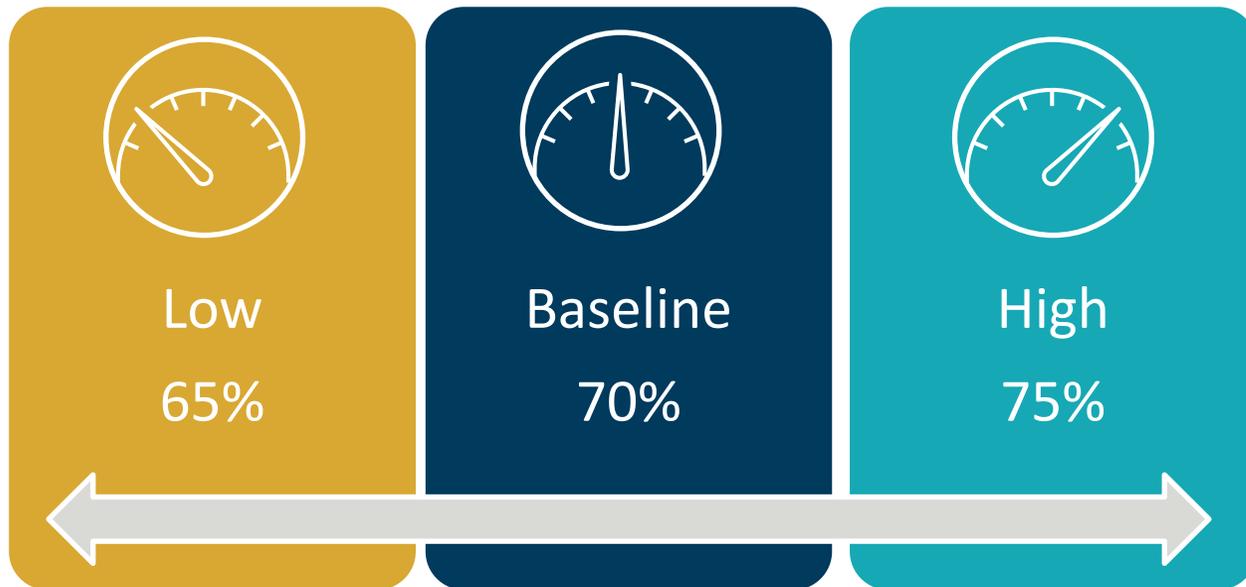
UGB capture rate

How much of the household forecast is expected to fall within the UGB compared to the overall MSA?

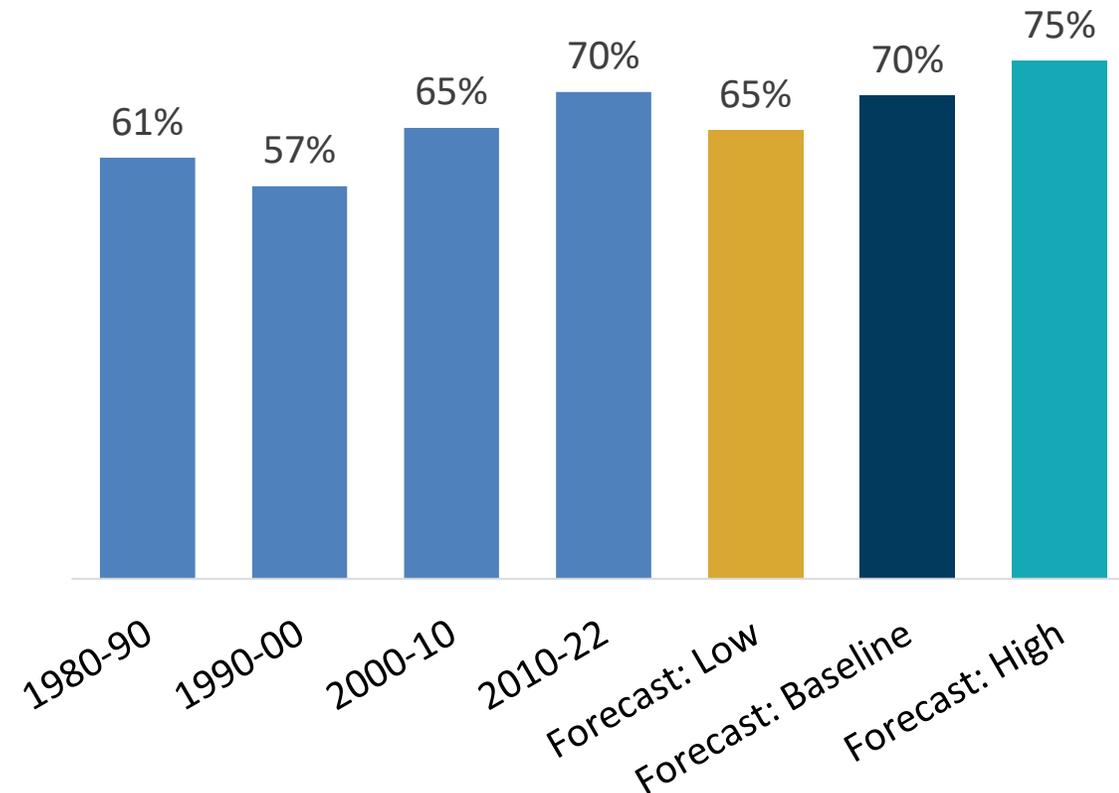


UGB capture rate

How much of the forecast growth in the MSA will the Metro UGB “capture”?



Historic and Forecast UGB Capture Rate



UGB household forecast: MSA forecast X capture rate

UGB net additional households from 2024 to 2044

High

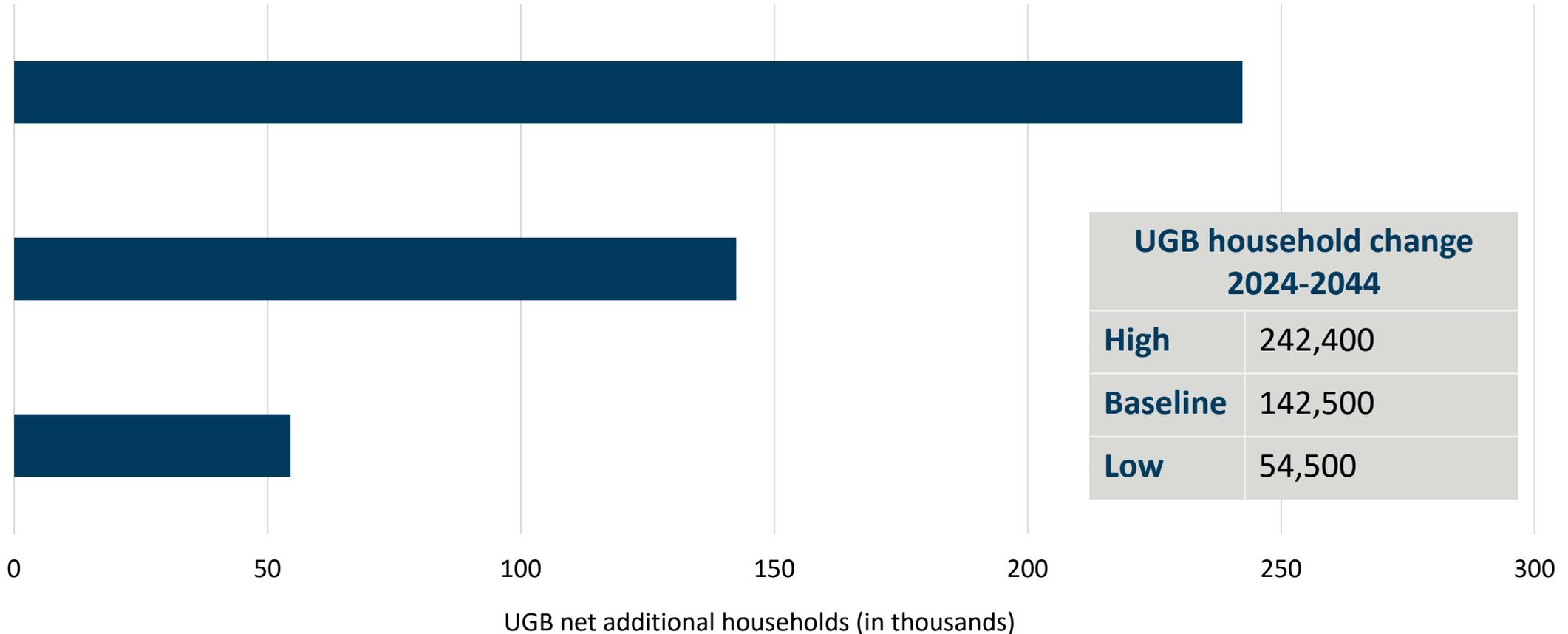
*High MSA forecast
x 75% capture rate*

Baseline

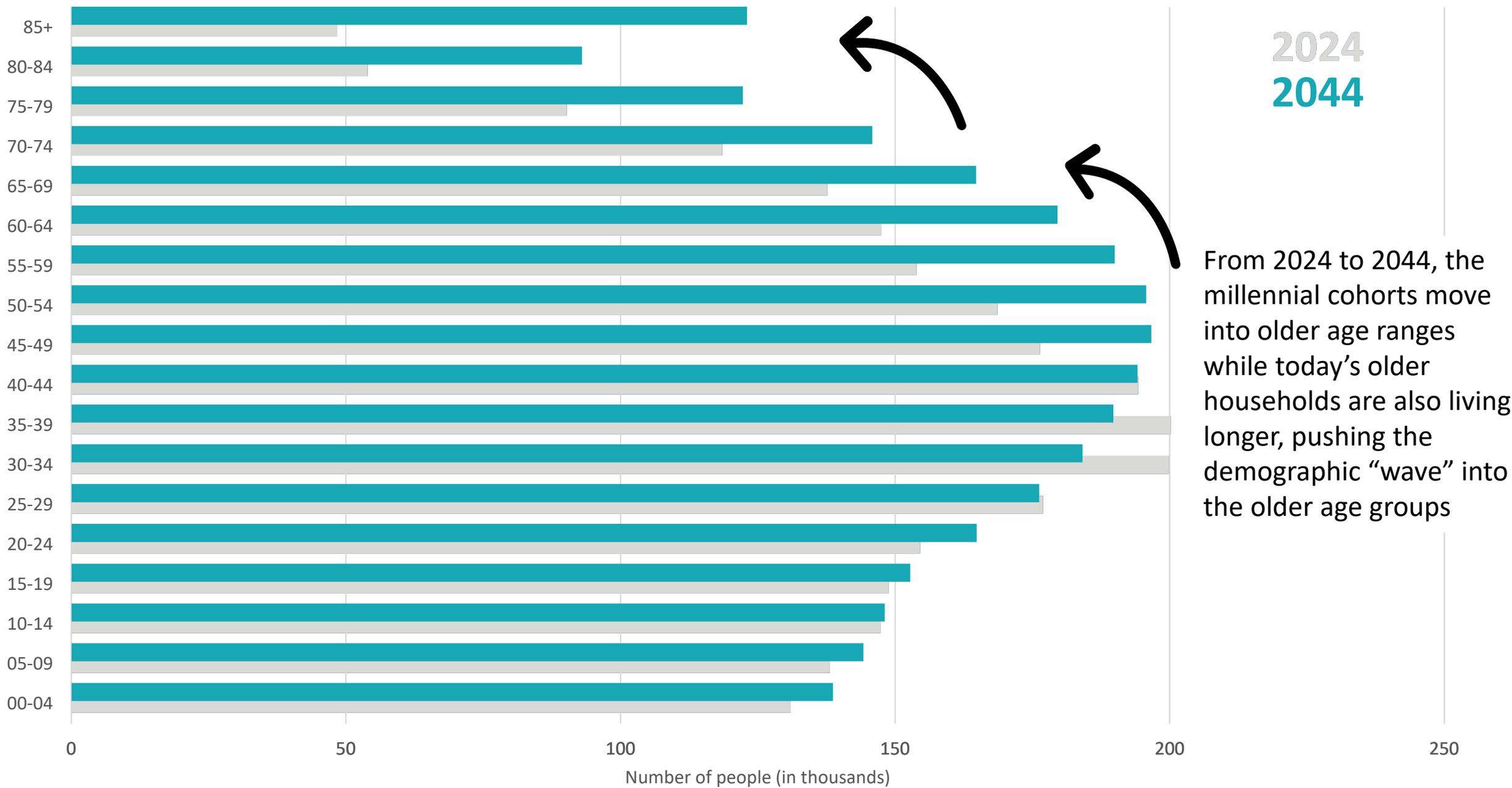
*Baseline MSA forecast
x 70% capture rate*

Low

*Low MSA forecast
x 65% capture rate*

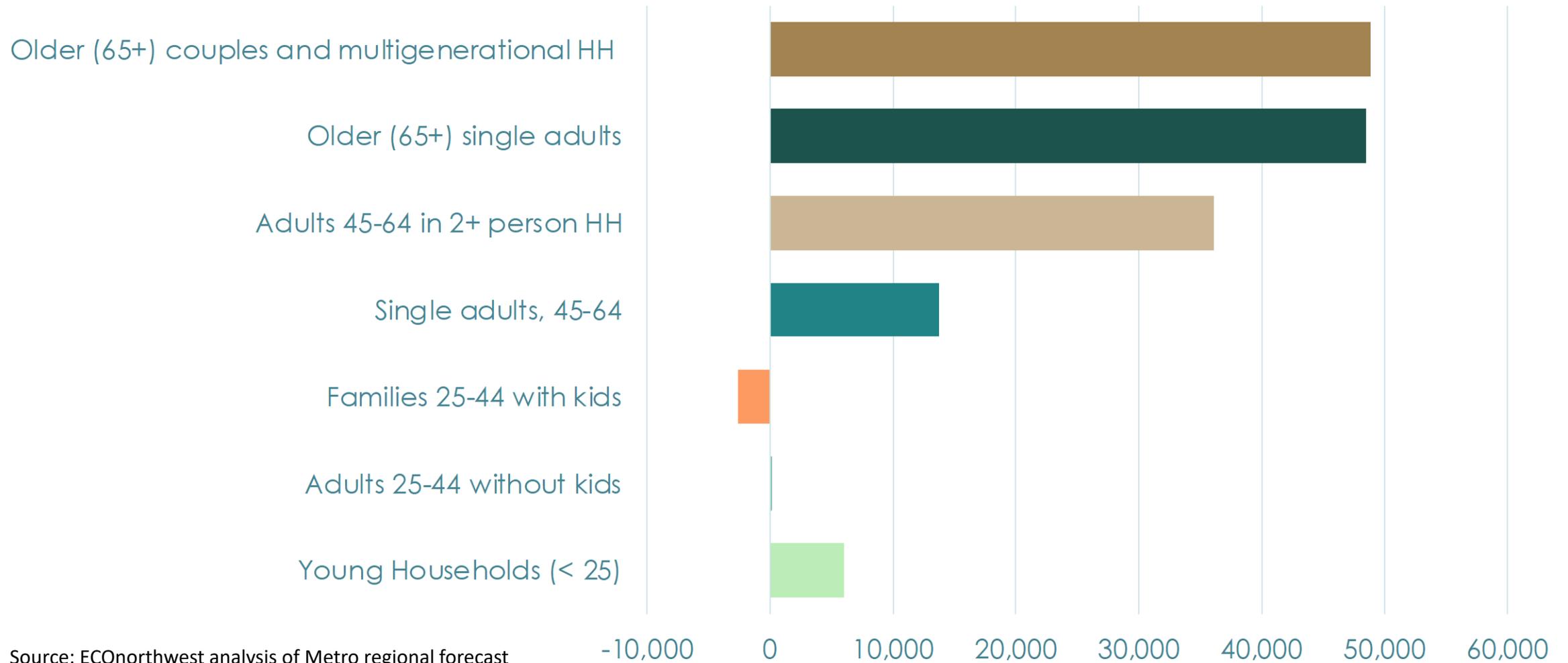


MSA population forecast by age cohort



Net growth is in older households

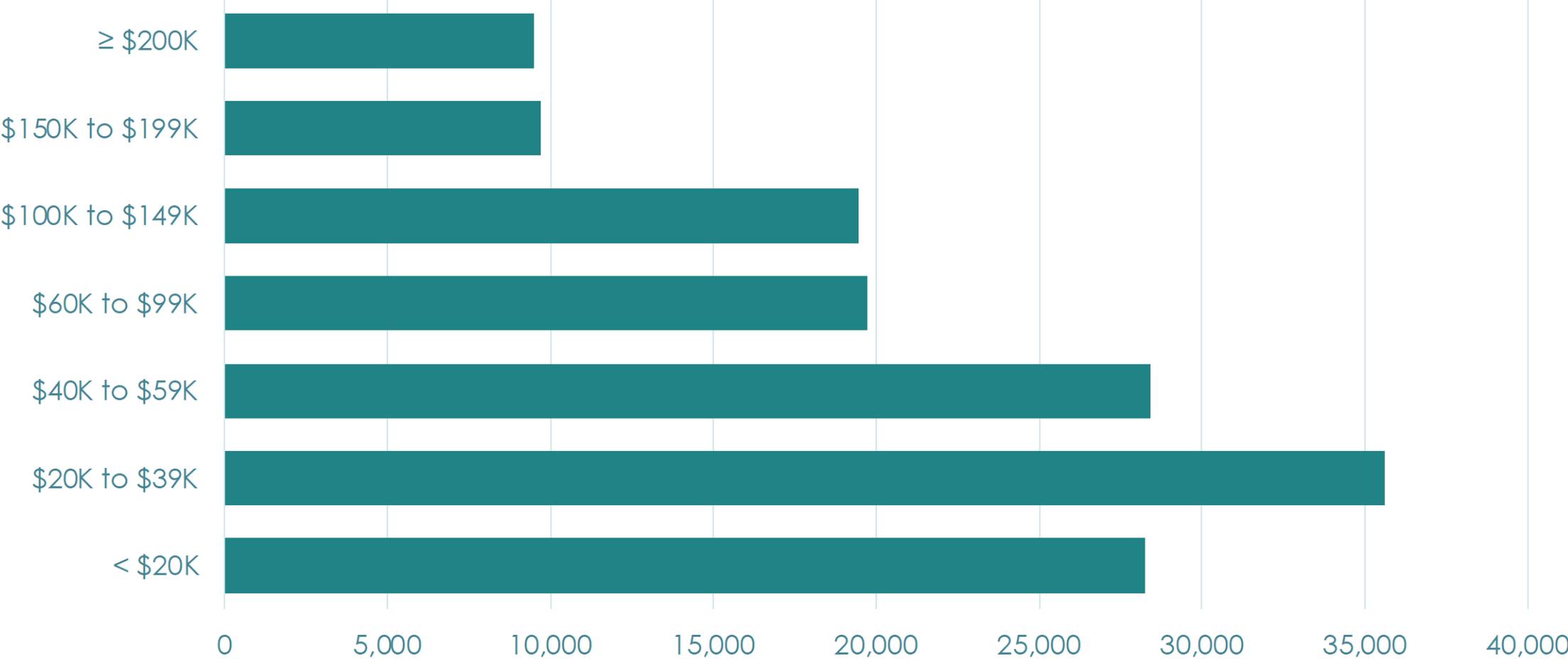
2024-2044 Household Change by Life Stage (Metro UGB)



Source: ECONorthwest analysis of Metro regional forecast

More retirees = lower incomes

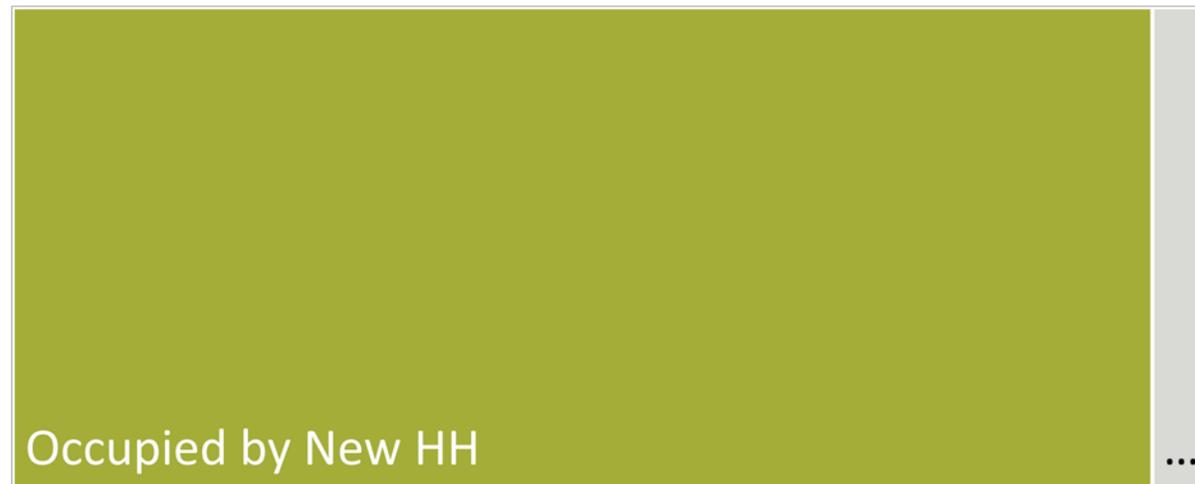
2024-2044 Household Change by Income Level (Metro UGB)



Source: ECONorthwest analysis of Metro regional forecast

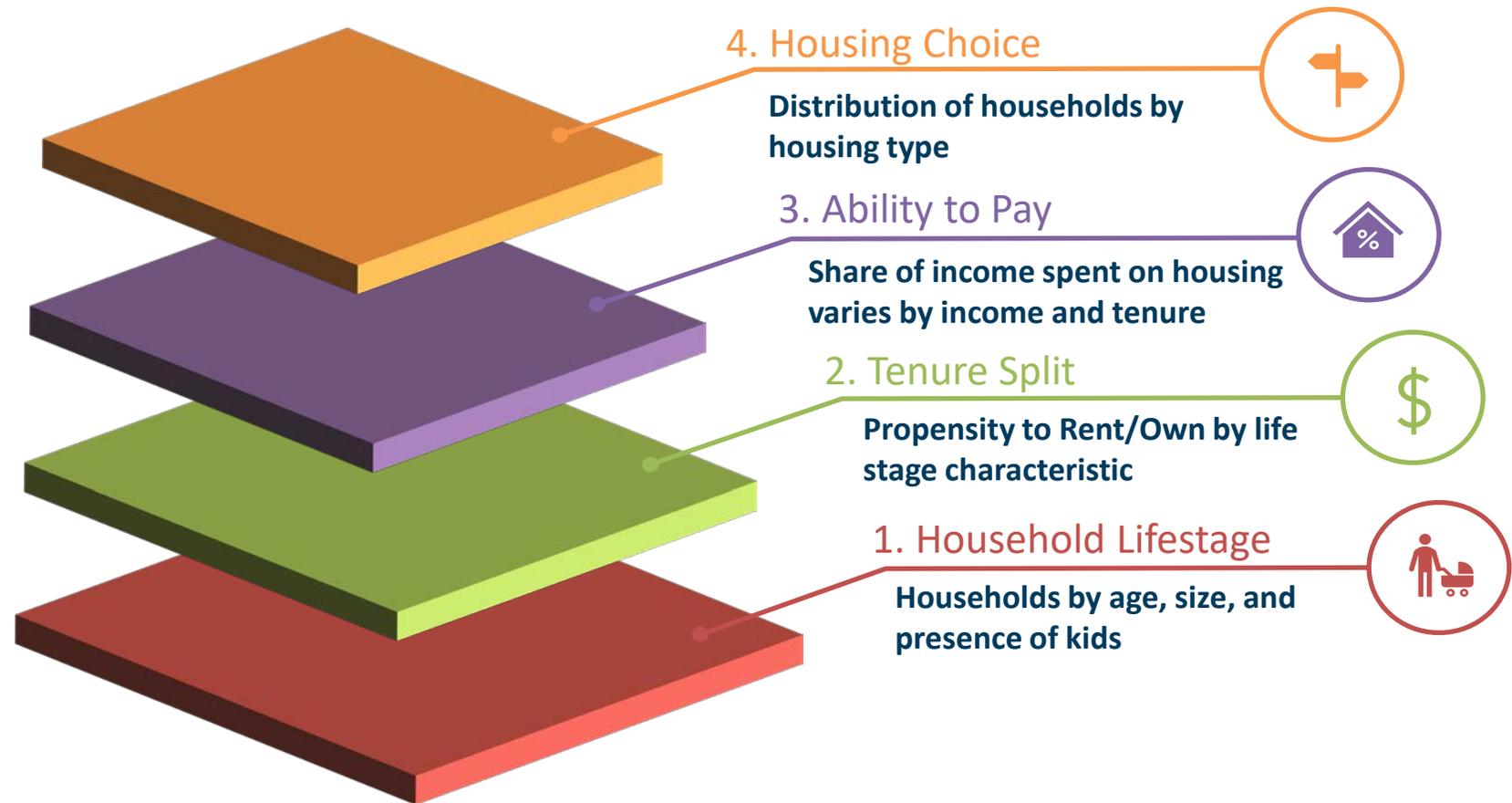
Households → housing units

Add margin for healthy vacancy rate to future household growth



Future housing needs: Housing demand model overview

The demand methodology combines forecasts of households by socioeconomic characteristics (from Metro) with factors impacting housing choice to estimate housing need by housing typology.

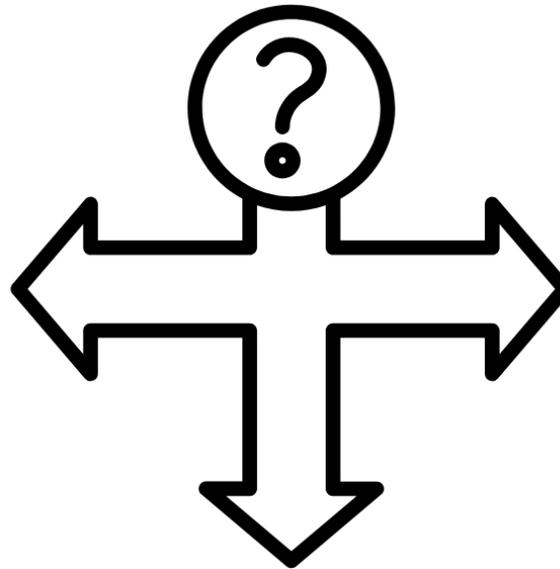


Housing demand scenarios

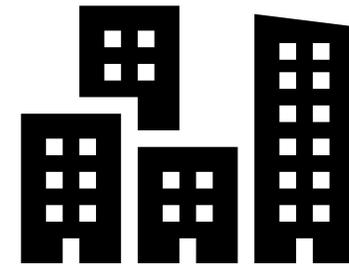
More single-unit detached housing

More middle housing and multifamily

Following in footsteps: Housing choices at each life-stage remain constant – as current households age, their housing choices look the same as those of older households today.

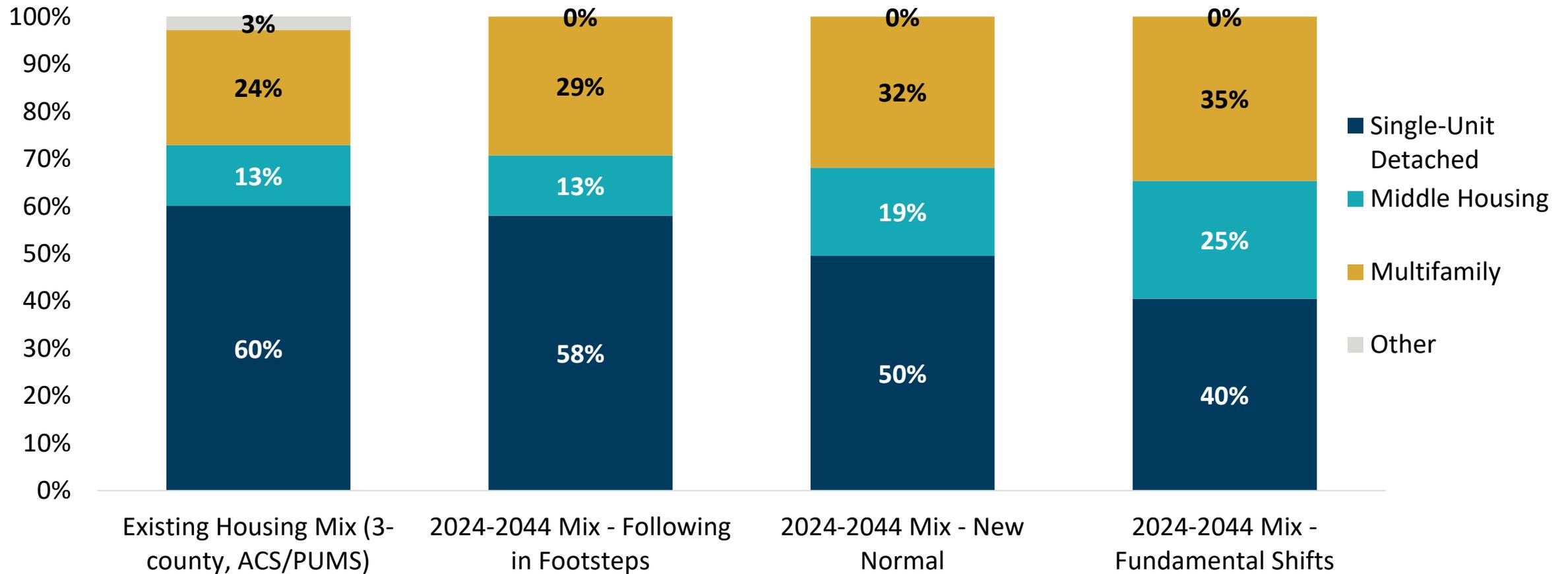


Fundamental shifts: Housing choices shift substantially towards attached housing based on affordability.



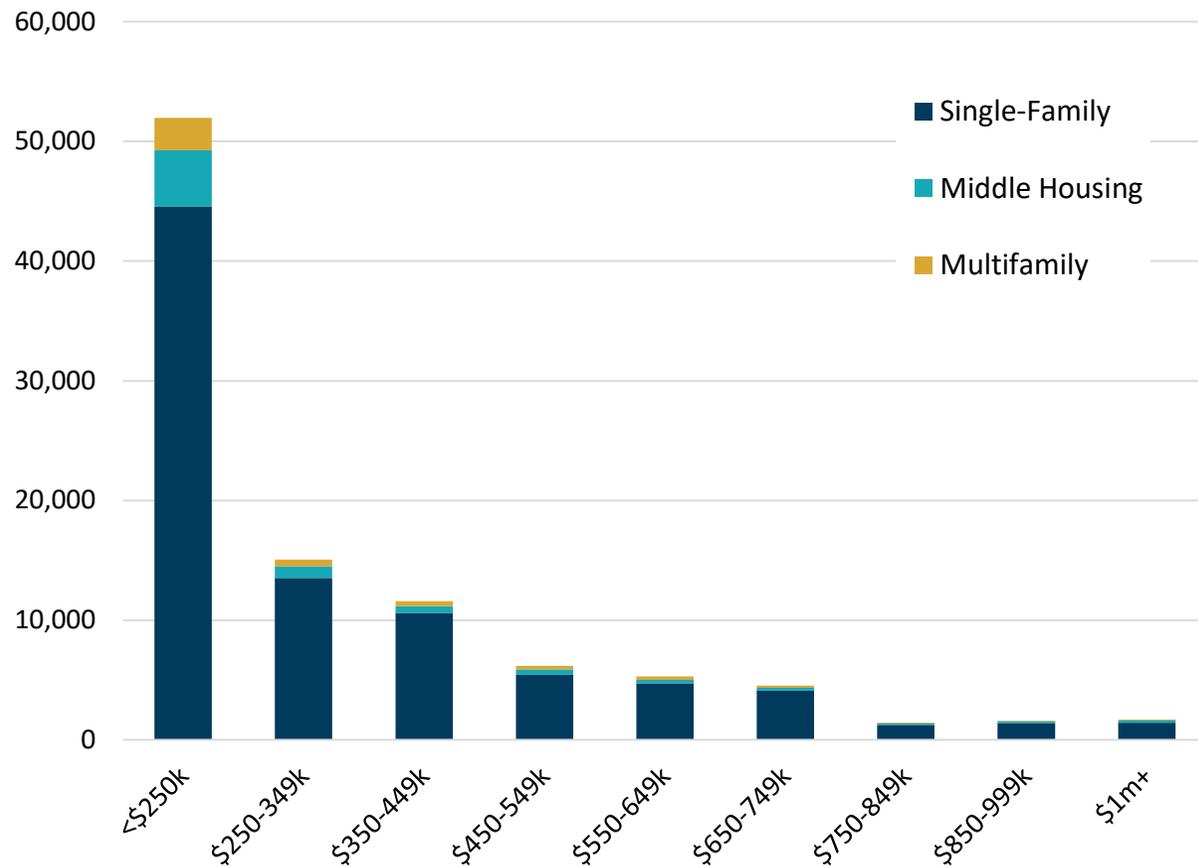
New normal: As households age, their housing choices shift towards those of older households today, but not to same extent.

Housing choice → housing mix

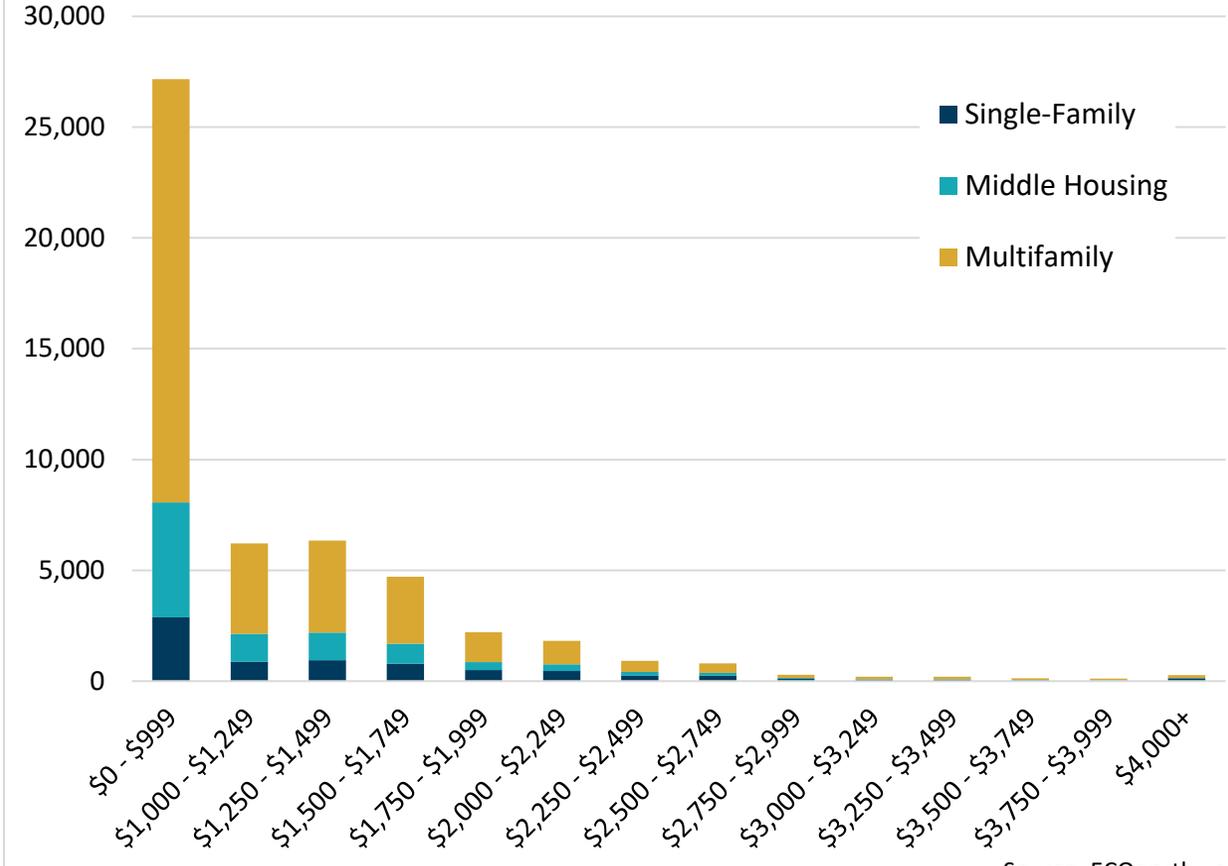


Housing type and prices

Ownership Housing Demand by Price and Housing Type

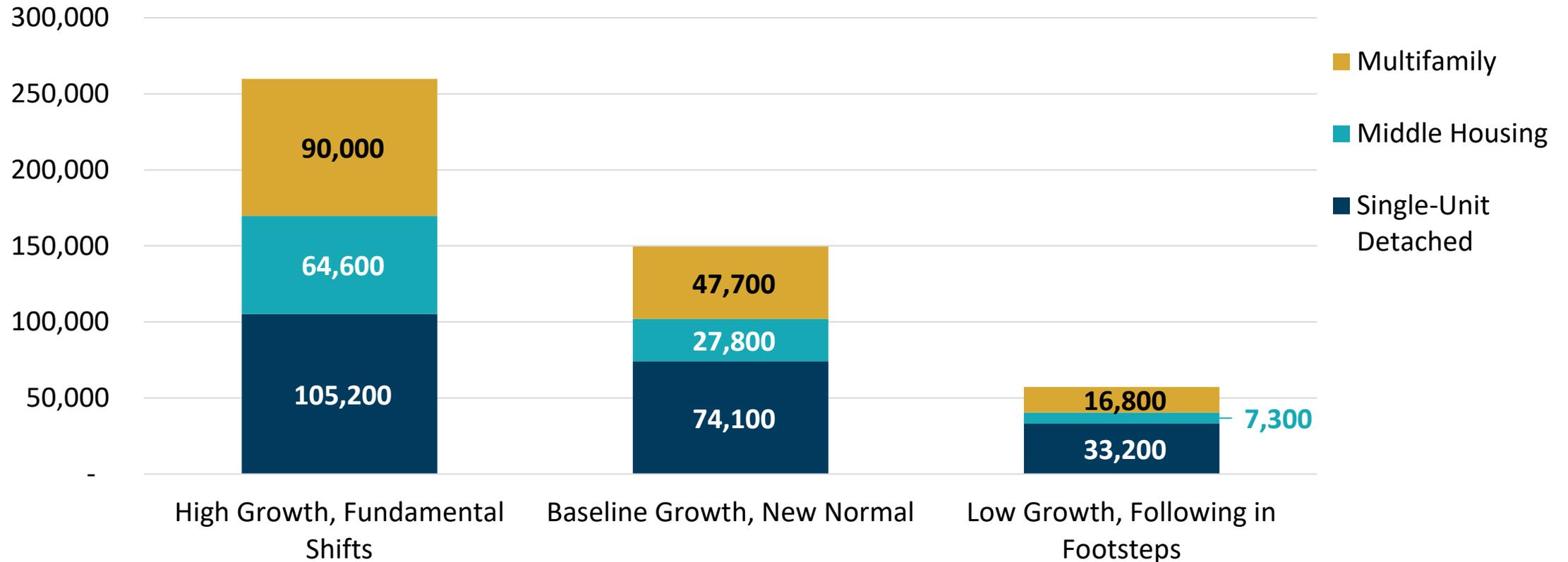


Renter Housing Demand by Rent and Housing Type



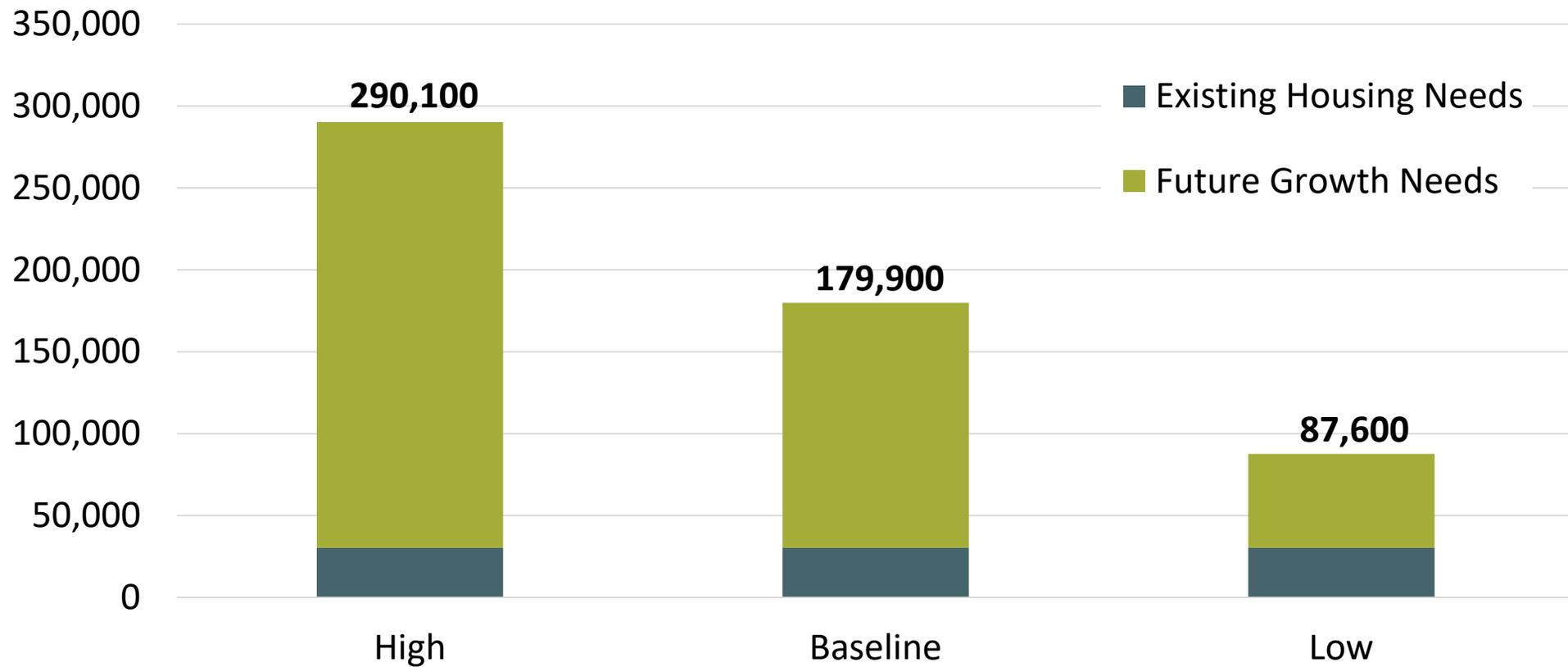
Putting it together – future need by housing type

New Units Needed for Growth 2024-2044 by Type (Metro UGB)



Total need

Total Additional Housing Units Needed in Metro UGB 2024-2044



Questions?

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