

 **Metro** | *Agenda*

**Meeting:** Metro Council Work Session  
**Date:** Tuesday July 19, 2016  
**Time:** 2:00 p.m.  
**Place:** Metro Regional Center, Council Chamber

**REVISED 7/15/2016**

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**CALL TO ORDER AND ROLL CALL**

**2:00 PM 1. CHIEF OPERATING OFFICER  
COMMUNICATION**

**2:10 PM 2. URBAN GROWTH READINESS TASK FORCE  
DISCUSSION** Council President Tom Hughes, Metro  
Councilor Sam Chase, Metro  
Councilor Carlotta Collette, Metro

**4:10 PM 3. COUNCILOR LIASON UPDATES AND  
COUNCIL COMMUNICATION**

**ADJOURN**

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

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DISCUSSION** Council President Tom Hughes, Metro  
Councilor Sam Chase, Metro  
Councilor Carlotta Collette, Metro

**4:10 PM 3. COUNCILOR LIASON UPDATES AND  
COUNCIL COMMUNICATION**

**ADJOURN**

Agenda Item No. 2.0

**URBAN GROWTH READINESS TASK FORCE DISCUSSION**

Metro Council Work Session  
Tuesday, July 19, 2016  
Metro Regional Center, Council Chamber



## METRO COUNCIL

### Work Session Worksheet

**PRESENTATION DATE:** July 19, 2016

**LENGTH:** 60 minutes

**PRESENTATION TITLE:** Urban growth management task force: update on meeting one

**DEPARTMENT:** Planning and Development

**PRESENTER(S):** Ted Reid, Planning and Development  
Roger Alfred, Office of the Metro Attorney

#### WORK SESSION PURPOSE & DESIRED OUTCOMES

Purpose: To provide the Metro Council with an opportunity to coordinate for the third meeting of the urban growth management task force.

Outcome: Council provides its liaisons with additional feedback on the Council's interests related to the task force.

#### TOPIC BACKGROUND & FRAMING THE WORK SESSION DISCUSSION

When the Metro Council made its most recent urban growth management decision in November 2015, the Council indicated its intent to convene partners to discuss possible improvements to the region's process for managing residential growth. Staff returned to a February 2, 2016 work session with a proposed work program, which is now being implemented per Council direction. That work program included convening an Urban Growth Readiness Task Force, which has held two meetings. Council President Hughes is chairing the task force, with Councilor Collette and Councilor Chase also serving as liaisons. The next task force meeting is scheduled for July 27, 2016.

At its last meeting, the Task Force agreed on a problem statement and core values (described in the discussion framework included in the Council packet) and requested staff's suggestions in two categories:

- Defining expectations for cities requesting modest urban growth boundary (UGB) expansions.
- Identifying additional mechanisms for adjusting the UGB.

Staff's suggestions are described in a draft memo included in the Council packet. MTAC will discuss this memo at its July 13 meeting. Staff will describe MTAC's comments at the July 19 work session.

#### QUESTIONS FOR COUNCIL CONSIDERATION

Does Council wish to provide its liaisons with any direction for the task force's July 27 meeting?

#### PACKET MATERIALS

- Would legislation be required for Council action Yes No
- If yes, is draft legislation attached? Yes No
- What other materials are you presenting today?
  - Discussion framework with the Task Force's agreed upon problem statement and core values
  - July 8, 2016 draft memo from staff to the Task Force



# Exploring possible improvements to the region's urban growth management process

## Framework for discussions in 2016

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### **Proposal for improvements to the region's residential urban growth management process**

Acknowledgment of urban and rural reserves – when complete – will represent an important milestone for our region and can change the way we manage growth going forward. Unlike the past, we will have already decided where to grow for the next several decades. With the debate about the region's potential urban footprint settled, we could refocus dialogue on the ingredients needed to get housing built (including city governance, infrastructure finance and market feasibility). The Metro Council has indicated its willingness to explore alternative paths for regional consideration of modest (to be defined) UGB expansion or adjustment requests for housing<sup>1</sup>.

### **Problem statement**

Under current state law, the Metro Council lacks sufficient flexibility to be able to respond to city requests for modest residential urban growth boundary (UGB) adjustments into urban reserves when cities demonstrate that they can govern the area and finance infrastructure and services and when the adjustment would advance regional and local goals.

### **Core values and concepts guiding this process**

The following core values and concepts frame the Metro Council's interests in policy discussions:

- Consistent with Oregon's land use planning program, locally-adopted community plans and the public's core values, cities and counties are planning for most housing growth to occur in existing downtowns, main streets, corridors and station communities.
- Carefully made residential UGB expansions into acknowledged urban reserves are another source of future growth, are consistent with the 2040 Growth Concept, and can support its implementation.
- Acknowledged urban reserves represent the anticipated maximum residential urban footprint for the region through the year 2060. Consistent with existing law, urban reserves will be revisited in 2031.
- Rural reserves will remain off limits to urban development through at least the year 2060.
- UGB expansion or adjustment requests made by cities will be considered in a regional dialogue, with recommendations made by the Metro Policy Advisory Committee (MPAC) and decisions made by the Metro Council.
- UGB expansions into urban reserves will be considered based on their potential contributions to the region's Six Desired Outcomes as well as the results that they could produce for the region and requesting city. Cities requesting expansions should address topics including governance, infrastructure finance, market, the full range of housing, jobs/housing balance, carbon emissions reductions, affordability, and how to best achieve development in centers, corridors, main streets and station communities.

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<sup>1</sup> Under existing state law and Metro policies and code, Metro already has a fair amount of discretion regarding urban growth management decisions for employment uses, including a fast-track UGB expansion process for large industrial sites that the Council adopted in 2010.



- Metro will continue to improve data and forecasting tools used for mandated growth analysis, design ways for those tools to better inform the planning process as it evolves, and meaningfully engage stakeholders in those technical efforts.

**Discussion topics**

In its initial conversations about this concept, the Metro Council suggested consideration of the following topics, which can happen after agreement on the problem statement:

- Consider placing limits on:
  - The size of individual UGB expansion requests (to remain true to the purpose of this concept, providing an alternative path for “modest” UGB expansions or adjustments).
  - The cumulative size of UGB expansions made over a to-be-defined planning period.
- Consider requiring that cities requesting UGB expansions or adjustments demonstrate:
  - That governance, infrastructure finance, and market conditions will result in housing development in a requested UGB expansion area.
  - That the city has taken actions to increase housing choices and affordability in its jurisdiction.
  - That requested UGB expansions or adjustments would support regional and local goals.

**Engagement framework**

Beginning in spring 2016, Council President Hughes will convene a regional discussion with a task force that includes Metro councilors, mayors and key stakeholders. The Metro Council will have periodic work sessions to discuss concepts that are emerging in the task force with the intent of clarifying Metro’s position when needed. Likewise, MPAC would be given periodic updates on task force discussions. MTAC would serve as a technical resource when needed. The proposed sequence for discussions is as follows:

<b>Time period</b>	<b>Topic or action</b>
2 <sup>nd</sup> quarter 2016	Agreement on problem statement
2 <sup>nd</sup> – 3 <sup>rd</sup> quarter 2016	Discussion of possible mechanisms for addressing the problem statement
3 <sup>rd</sup> quarter 2016	Task force recommendation to MPAC on process improvements
4 <sup>th</sup> quarter 2016	MPAC recommendation to Council on next steps
4 <sup>th</sup> quarter 2016	Metro Council direction to staff on next steps



Date: July 14, 2016  
To: Urban Growth Management Readiness Task Force  
Cc: Metro Council  
Roger Alfred, Legal Counsel  
From: Ted Reid, Principal Regional Planner  
John Williams, Deputy Director for Planning and Development  
Re: Options for task force consideration

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## Task force direction to staff to date

At its June 22, 2016 meeting, the Urban Growth Readiness Task Force agreed on a framework that describes a problem statement, core values and guiding principles. The group began a discussion of possible solutions and requested that staff work with MTAC to develop a summary of possible options and considerations for moving forward.

The task force asked for staff suggestions in two general categories:

- Defining expectations for cities requesting modest urban growth boundary (UGB) expansions.
- Identifying additional mechanisms for adjusting the UGB.

The task force and other stakeholders have also raised the topic of how “modest” UGB expansions might be defined. This memo makes an initial recommendation regarding the scale and frequency of UGB expansions.

MTAC discussed these topics on July 13 and its discussion is reflected in this memo. As outlined here, much of what has been discussed by the task force can be done under existing state law, but would require amending Metro’s Urban Growth Management Functional Plan.

## Suggested definition for “modest” UGB expansions

So that expectations, concerns, and solutions are right-sized, staff suggests that the task force make a recommendation regarding the potential scope and frequency of UGB expansions.

### MTAC discussion:

- MTAC members presented two views on whether acreage limits are needed and how flexible they should be:

- Be cautious setting arbitrary acreage limits that may complicate the efficient provision of infrastructure and services in concept plan areas as well as achieving economies of scale for housing construction.
- There is a need for acreage limitations for this process to ensure that it remains true to its purpose.
- Define an annual acreage limit by dividing the number of acres of urban reserves by the number of years they are intended to last.
- The cumulative effect of several “modest” UGB expansions may preclude a finding of a regional need for larger expansions – potentially also desired by cities – under the standard six-year cycle.
- After initial interest in using this system, there may be years when no cities request expansions. If no expansions are made in a given year, it may make sense to allow that acreage “credit” to accumulate or consider something other than one-year acreage limits to allow greater flexibility (e.g., consider three-year or six-year acreage limits).
- Consider the implications of setting limits on “gross” vs. “net buildable” acres. Note – the administrative rules governing UGB exchanges refer to buildable acres.
- It may be useful for Metro, counties and cities to come to some understanding of the potential sequencing of UGB expansions into urban reserves.

Staff recommendations:

Based on UGB expansion proposals currently being contemplated by cities, a maximum of 300 to 400 gross acres per year might be an appropriate size limit for expansions. This would allow urban reserves to last through the year 2060.<sup>1</sup> This would be consistent with the task force’s agreed upon core value that acknowledged urban reserves will represent the maximum anticipated urban footprint for the region through the year 2060. Staff recommends additional discussion of several concepts:

- The appropriate acreage limit for UGB expansions.
- Allowing acreage “credit” to accumulate in years when no expansions are made.
- Coordinating and periodically revisiting a non-binding, conceptual sequence of potential future UGB expansions into urban reserves.

## **Suggested factors to guide decisions on whether to add an urban reserve to the UGB**

The task force wishes to identify factors related to community readiness that could be considered in UGB decisions. Based on task force direction to date, staff suggests that those factors be thought of in two general categories:

1. Produce housing in less than 20 years
2. Advance regional and local desired outcomes

Since weighing these factors will necessarily entail that policy makers make judgment calls, staff does not recommend being overly prescriptive with criteria and metrics. Staff also suggests that most of the focus be on factors in the first category (demonstrating that the expansion area would produce housing

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<sup>1</sup> If urban reserves are acknowledged as currently mapped, they consist of approximately 22,600 gross acres.

in 20 years or sooner), rather than the more subjective second category (demonstrating that the UGB adjustment would advance regional and local desired outcomes).

### **1. Produce a variety of housing in less than 20 years**

The urban growth management process improvements under discussion are intended to facilitate housing construction. Task force members have reiterated the goals of state, regional and local policies that emphasize the importance of providing housing choices, including affordable housing. Among other requirements, Title 11 (Planning for New Urban Areas) of the Urban Growth Management Functional Plan currently instructs cities address the following in concept plans for urban reserves:

- Consider how to provide a range of housing types, tenures (rent vs. own) and prices in concept plan areas.
- Demonstrate that they have sorted out governance and infrastructure finance questions in concept plans.

#### MTAC discussion:

MTAC members were largely in agreement on the following points:

- Existing requirements in Title 11 are adequate for guiding the development of concept plans. Cities do need greater certainty, however, that investments of time and money in concept plans are likely to result in UGB expansions.
- There is no need for adding additional requirements for demonstrating strong local housing market conditions since the analysis will never be conclusive and it is likely that there will be housing demand in almost all urban reserve areas if governance and infrastructure are provided.
- A holistic approach makes sense – cities should demonstrate that they are meeting baseline requirements in their existing city boundaries (not just in concept plan areas). MTAC members suggested considering amendments to the Functional Plan that place the following requirements on cities requesting UGB expansions:
  - A city should have an acknowledged housing needs analysis per Statewide Planning Goal 10 (Housing) that is coordinated with Metro’s most recent forecast.
  - A city should demonstrate that it is in compliance with the state’s Metropolitan Housing Rule regarding densities and the mix of housing.
  - A city should take the actions described in Title 6 of the Urban Growth Management Functional Plan (Centers, Corridors, Station Communities, and Main Streets) that are currently required for eligibility for “regional investments.”
  - A city should demonstrate that it has implemented best practices such as those documented in Metro’s Equitable Housing Initiative.

#### Staff recommendations:

- Staff does not suggest additional requirements for concept plan areas since the current Title 11 language on these topics is relatively new, untested, and addresses the topic areas mentioned by task force members.

- Staff suggests that policy makers consider amending the Functional Plan to require that cities requesting a UGB expansion demonstrate that they are proactively taking actions to encourage housing choices in existing urban areas. Additions to Metro’s Functional Plan could be fleshed out with MTAC’s assistance.

## **2. Advance regional and local desired outcomes**

At its first two meetings, task force members provided input on the outcomes that they wish to achieve through urban growth management process improvements. Staff’s assessment of possible options is organized around the common themes that were expressed.

### **Advance the region’s six desired outcomes**

The task force indicated that the six desired outcomes should be used as guidance when the Metro Council considers UGB expansion requests. The Regional Framework Plan states that it is the policy of the Metro Council to exercise its powers to achieve the following six outcomes, characteristics of a successful region:

1. People live, work and play in vibrant communities where their everyday needs are easily accessible.
2. Current and future residents benefit from the region’s sustained economic competitiveness and prosperity.
3. People have safe and reliable transportation choices that enhance their quality of life.
4. The region is a leader in minimizing contributions to global warming.
5. Current and future generations enjoy clean air, clean water and healthy ecosystems.
6. The benefits and burdens of growth and change are distributed equitably.

### MTAC discussion:

MTAC members did not discuss this topic much, but seemed to concur with Metro staff’s recommendation to allow flexibility in how cities would address this factor.

### Staff recommendations:

To implement task force direction, the Functional Plan could be amended to require that cities requesting UGB expansions describe how the actions that they are taking inside their existing urban area as well as in the proposed expansion area would advance the six desired outcomes. Because conditions around the region vary, staff recommends not being overly prescriptive in describing how cities should address these desired outcomes.

### **Reduce travel distances and carbon emissions**

Task force members have expressed a desire to reduce workers’ commute distances and carbon emissions. The suggested strategy was to add land to the UGB to create an improved local balance of housing and jobs. While this may be appealing in concept, solutions are complex in a regional economy. This is because people make multifaceted decisions about where to live and work, factoring in considerations such as school quality, work locations for all workers in the household, salary requirements, housing preferences, community characteristics, housing costs, and commute options. All cities in the region, even those with a numerical jobs/housing balance, have large numbers of residents

commuting to and from other parts of the region. Additionally, most daily trips are actually non-commute trips such as running errands or taking kids to school.

MTAC discussion:

- MTAC members are skeptical of the notion of jobs/housing balance as a way to influence commute behavior, but hedged this sentiment with the statement that people should have choices of where to live.
- MTAC members suggested that the focus on creating a transit-supportive mix of uses should occur in existing urban areas since UGB expansions will typically be difficult to serve with transit.
- MTAC members suggested favoring UGB expansion requests that are closer to existing centers or that propose creating a new center.

Staff recommendations:

Creating a transit-supportive mix of uses is the most promising way to reduce non-commute travel distances and carbon emissions. This is best achieved in existing urban locations. Title 6 (Centers, Corridors, Station Communities, and Main Streets) of Metro’s Functional Plan currently lists voluntary steps that cities can take to become eligible for regional investments. The Functional Plan could be amended to also state that these same steps make a city eligible for UGB expansions.

**Effects on areas already inside the UGB**

Task force members have described wanting to avoid UGB adjustments that come at the expense of existing urban areas. Under current Metro code, potential UGB expansion areas are considered according to a number of factors, including whether the area would contribute to the purpose of centers and corridors. In practice, it has proven difficult to make substantive statements about whether UGB expansions would contribute to the purpose of centers. Related, staff believes that it would be difficult to conclude that modest UGB expansions in one part of the region would have a detrimental effect on other parts of the region.

MTAC discussion:

MTAC members did not discuss this topic.

Staff recommendation:

Staff suggests that this concern be addressed through limitations on the size and frequency of potential UGB expansions allowable under the proposed system.

**Possible mechanisms for adjusting the UGB**

The task force described the challenges of past UGB expansions that were made by Metro based on estimates of regional need. These expansions often lacked local community support and the community support that did exist has often dissipated with the passage of time. Task force members described the need for future UGB expansions to be based on city requests, but to be considered in a regional context. The group identified the need for timely action to bring planned urban reserve areas into the UGB once a compelling case has been made for their inclusion.

Task force members requested that staff provide a description of options for UGB exchanges – removing non-productive areas from the UGB and compensating by adding a similar amount of buildable land by

expanding the UGB elsewhere into acknowledged urban reserves. Staff suggests implementing an exchange process as a means of testing the planning requirements described above and understanding whether and what other mechanisms are needed in the longer term.

### ***UGB exchanges***

Some areas added to the UGB in the past have not yet produced housing. Typically, this has been because of annexation challenges, lack of community support, disagreement on a comprehensive plan, uncertainty about governance responsibilities, lack of funding for infrastructure, or weak market conditions. The area that was until recently the City of Damascus provides one example. While areas of western Damascus (now disincorporated) may annex to Happy Valley and develop, there is a widely shared view that eastern Damascus will not develop to urban densities for decades to come, if ever.

### Legal framework

Existing Department of Land Conservation and Development (DLCD) rules allow local governments, including Metro, to exchange land inside the UGB for land outside the UGB “to better achieve the purposes of Goal 14.” OAR 660-024-0070(1). Goal 14 is the statewide planning goal concerning urban growth boundaries. The rules allow such exchanges to occur without undertaking a new analysis of land need, so long as the amount of buildable land being added to the UGB is substantially equivalent to the amount of buildable land being removed. The rules also provide that the normal rules governing the location of land to be added to the UGB still must be applied to land being considered for an exchange, including the requirement that acknowledged urban reserves are the first priority of land that should be included in the UGB.

Existing Metro code allows “minor adjustments” to the UGB in the form of trades of land inside the UGB for land outside the UGB; however, those rules are fairly cursory and are more restrictive than the DLCD rules in that they only allow for “small changes” to the UGB. If the task force determines that a more extensive exchange program would provide an effective solution, the Metro rules would likely need to be amended to implement such a program. However, no changes to state law would be necessary.

### Opportunities:

- Can be accomplished under existing state law and administrative rules.
- Can be accomplished without a new housing needs analysis, forecast, or buildable land inventory.
- Provides a practical solution for addressing non-productive past UGB expansions.
- Provides a practical short-to-medium-term solution for accommodating city requests for UGB expansions into urban reserves.

### Challenges:

- Removing land from the UGB could be contentious or create uncertainty for some land owners.
- The region would need to determine whether areas removed from the UGB become urban reserves or undesignated and, if undesignated, avoid creating urban reserve “islands” that are not adjacent to the UGB.
- Removing land from the UGB in one part of the region and replacing it in another part of the region could raise geographic equity concerns.

- The region only has acknowledged urban reserves in Washington County. Urban reserves receive first priority for UGB expansions.
- Exchanges may not provide a long-term solution to the task force's identified problem statement (eventually may run out of lands to exchange out of the UGB).
- Statewide Planning Goal 14 (Urbanization) factors still apply when deciding which urban reserve to bring into the UGB. That analysis may not always prioritize the urban reserves that cities are requesting for expansion.

MTAC discussion:

- MTAC members had mixed views on whether the region should pursue the UGB exchange concept. Some members feel that the exchange process will be too complicated and believe there is a need to seek changes to state law instead. Others pointed out that changing state law, Statewide Planning Goals, and administrative rules is also complicated and subject to an unpredictable political process.
- Some members wondered whether taking areas out of the UGB would result in Measure 49<sup>2</sup> claims. Metro and state legal counsel believe that UGB exchanges would not produce valid Measure 49 claims since Measure 49 refers to changes in zoning that reduce value. No changes in zoning are contemplated for areas that could be taken out of the UGB.
- An MTAC member suggested that if the region is not willing to pursue the exchange process, we need to close the discussion on how to account for growth capacity in the Damascus area in future urban growth reports.
- An MTAC member indicated that taking away land in one part of the region to add land elsewhere will be politically challenging.
- An MTAC member suggested that the region needs a holistic approach to addressing the land that was until recently the eastern part of the City of Damascus.

Staff recommendations:

While staff agrees with MTAC's assessment that the UGB exchange process will be challenging to execute, staff believes that amending state laws would be more difficult. Furthermore, the task force has indicated its desire to consider an exchange process. If the Council and task force wish to advance the UGB exchange concept further, staff suggests the following additional considerations:

- The task force may wish to suggest changes to state laws to facilitate the UGB exchange process. For instance, it may be advantageous to remove larger areas from the UGB all at once, rather than piecemeal, and treat these as credits to be redeemed, rather than periodically removing smaller areas.

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<sup>2</sup> In 2007, Oregon voters passed Measure 49, which lays out property owners' recourse if their residentially zoned land is rezoned and that action results in a decrease in fair market value.



- The task force may wish to recommend a broader public engagement process to involve those who may be interested in or impacted by UGB exchanges.
- It is possible that sorting out the details of an exchange process involving the land formerly in Damascus would not be completed in time for the 2018 Metro urban growth management decision.
- The task force may wish to recommend placing limits on the amount of land in one county that can be exchanged for land in another county.

## **For future discussion**

This memo is a first attempt at fleshing out the concepts suggested by the task force. Staff suggests that policy makers consider testing out these concept planning requirements by using the UGB exchange process for modest UGB expansions. Doing so could provide a useful framework for considering whether other mechanisms for addressing UGB expansion requests are warranted in the long term, how they could function, and whether they can be achieved under the existing legal framework.