BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ACCEPTING THE POPULATION AND EMPLOYMENT FORECASTS AND THE URBAN GROWTH REPORT AS SUPPORT FOR DETERMINATION OF CAPACITY OF THE URBAN GROWTH BOUNDARY	))))))	RESOLUTION NO. 09-4094 Introduced by Chief Operating Officer Michael Jordan with the Concurrence of Council President David Bragdon

WHEREAS, state law requires Metro to determine the capacity of the urban growth boundary (UGB) to accommodate the next 20 years' worth of population and employment growth by the end of December, 2009; and

WHEREAS, the Metro Council will direct its efforts to provide capacity for the next 20 years' worth of growth toward achieving the Outcomes that are part of its overall Making the Greatest Place initiative, as indicated by performance measures; and

WHEREAS, Metro published range forecasts of population and employment growth to the years 2030 and 2060 on March 19, 2009; and

WHEREAS, Metro published a preliminary analysis of the capacity of the existing UGB to accommodate the range of new dwelling units relating to the range of forecast population growth on March 31, 2009; and

WHEREAS, state law requires Metro to provide capacity to encourage the availability of dwelling units at price ranges and rent levels, and of transportation choices, that are commensurate with the financial capabilities of households expected over the planning period; and

WHEREAS, Metro published a preliminary Housing Needs Analysis on April 22, 2009, that showed the effects on housing affordability and household transportation costs of forecast growth under existing policies and investment levels; and

WHEREAS, Metro published a preliminary analysis of the capacity of the existing UGB to accommodate the range of new employment relating to the range of forecast employment growth on May 6, 2009; and

WHEREAS, the region has an interest in an adequate supply of land appropriate for industries that prefer larger tracts of land near transportation facilities and an interest in efficient use of existing land and transportation facilities; and

WHEREAS, Metro sought and received comments on the preliminary analyses of housing and employment capacity from its Metro Policy Advisory Committee (MPAC) and its Joint Policy Advisory Committee on Transportation (JPACT), local governments in the region, public, private and non-profit organizations and citizens; and

WHEREAS, Metro considered the comments and published revised draft analyses of the capacity of the existing UGB to accommodate growth to year 2030 on September 15, 2009; and

WHEREAS, Metro sought and received comments on the revised draft analyses from MPAC and JPACT; local governments in the region; and public, private and non-profit organizations and citizens; and

WHEREAS, the Metro Council held open houses and public hearings on the revised draft analyses on September 21, 22 and 24 and October 1, 8 and 15, 2009; and

WHEREAS, Metro considered comments received and made revisions to the final draft analyses of the capacity of the existing UGB to accommodate the range of new dwelling units and employment relating to the range of forecast population and employment growth; now, therefore,

BE IT RESOLVED that the Metro Council

1. The Council accepts the "20 and 50 year Regional population and employment forecasts" incorporated into the "Draft Urban Growth Report 2009-2030", dated September 15, 2009, as revised by this resolution, as a basis for analysis of need for capacity in the UGB to accommodate growth to the year 2030 and for actions the Council will take to add capacity by ordinance in 2010, pursuant to ORS 197.296(6) and statewide planning Goal 14.

2. The Council accepts the "Draft Urban Growth Report 2009-2030", dated September 15, 2009, with its analysis of housing needs, attached and incorporated into this resolution as Exhibit A, with the revisions described in the Staff Report dated December 3, 2009, attached as Exhibit B, as a basis for analysis of need for capacity in the UGB to accommodate growth to the year 2030 and for actions the Council will take to add housing and employment capacity by ordinance in 2010, pursuant to ORS 197.296(6) and statewide planning Goals 14 and 10.

3. The Council directs the staff to work with MPAC to identify site opportunities for industries that prefer large tracts, with a priority to mechanisms to remediate brownfields and assemble smaller parcels inside the UGB to make them more "market-ready."

4. Acceptance of Exhibit A by the Council meets Metro's responsibility under state law to analyze the capacity of the UGB to accommodate growth to the year 2030 as a preliminary step toward providing sufficient capacity to accommodate that growth. The Council will make a final land use decision to respond to this capacity analysis in 2010.

5. The Council directs the Chief Operating Officer to submit Exhibit A , together with such actions the Council adopts by ordinance to add any needed capacity pursuant to ORS 197.296(6) and statewide planning Goal 14, to the Land Conservation and Development Commission as part of periodic review pursuant to ORS 197.626, following adoption of the capacity ordinance in 2010.

ADOPTED by the Metro Council this 10th day of December, 2009

David Bragdon, Council President

Approved as to form:

Daniel B. Cooper, Metro Attorney

Officially Approved
Approvato Ufficialmente
Consiglio Metropolitano
METRO COUNCIL
Metro Council

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OMA/RPB/kvw (12/02/09)

Resolution 09-4094
Exhibit A

CLICK HERE FOR REPORT

September 15, 2009
Employment and residential

DRAFT URBAN GROWTH REPORT

2009 – 2030

Employment and residential

September 15, 2009

CLICK HERE FOR REPORT

Resolution 09-4094
Exhibit A

September 15, 2009
Employment and residential

DRAFT URBAN GROWTH REPORT

2009 – 2030

Appendices 2 - 13

September 15, 2009

EXHIBIT B
STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 09-4094, FOR THE PURPOSE OF ACCEPTING THE POPULATION AND EMPLOYMENT FORECASTS AND THE URBAN GROWTH REPORT AS SUPPORT FOR DETERMINATION OF CAPACITY OF THE URBAN GROWTH BOUNDARY

Date: December 3, 2009 Prepared by: Malu Wilkinson, x1680

BACKGROUND

Purpose of the forecast and the urban growth report

Oregon land use law requires that, every five years, Metro assess the region's capacity to accommodate the numbers of people anticipated to live or work inside the Metro urban growth boundary (UGB) over the next 20 years. To make this determination, Metro forecasts population and employment growth over a 20-year timeframe; conducts an inventory of vacant, buildable land inside the UGB; assesses the capacity of the current UGB to accommodate population and employment growth either on vacant land or through redevelopment and infill; determines whether additional capacity is needed; and documents the results of these analyses in an urban growth report (UGR). The UGR is the basis for subsequent consideration of the actions to be taken to close any identified capacity gap.

On the advice of the Metro Policy Advisory Committee, the Metro Council has indicated its intent to take an outcomes-based approach to assessing growth management options in 2010. It is intended that growth management decisions will help to foster the creation of a region where:

1. People live and work in vibrant communities where they can choose to walk for pleasure and to meet their everyday needs.
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.

Should the Metro Council vote in favor of this resolution, it would be accepting the UGR and 20-year forecast as a reasonable and complete basis for making growth management decisions in 2010. By this resolution, the Council would also be accepting the 50-year forecast as a basis for designating urban and rural reserves. Council acceptance of the forecasts and the UGR does not constitute a land use decision, but provides a platform for subsequent growth management decisions.

Summary of forecast and UGR findings

Population and employment range forecast

20-and-50-year range forecasts of population and employment growth have been completed by Metro staff and peer reviewed by economists and demographers. The 20-year range forecast informs the UGR

and the 50-year range forecast informs the Urban and Rural Reserves process. The use of a range forecast acknowledges uncertainty and allows for growth management decisions to focus on desired outcomes rather than a specific number. The forecast is for the seven-county primary metropolitan statistical area, which includes Clackamas, Multnomah, Washington, Yamhill, Columbia, Clark, and Skamania counties.

The 20-year forecast indicates that, by the year 2030, there will be a total of 1,181,300 to 1,301,800 households and a total of 1,252,200 to 1,695,300 jobs in the larger seven-county area. There is a 90 percent chance that growth will occur within this range.

The 50-year forecast indicates that, by the year 2060, there will be a total of 1,478,400 to 1,792,500 households and a total of 1,648,400 to 2,422,900 jobs in the larger seven-county area. There is a 90 percent chance that growth will occur within this range.

In his September 15, 2009 recommendation, Metro's Chief Operating Officer, Michael Jordan, recommended that growth management decisions made by the Council in 2010 focus not on the extreme ends of the range forecast, but on the middle third of the forecast range.

Urban Growth Report

In addition to the 20-year range forecast, the UGR includes an analysis of the share of the UGB's zoned capacity that is likely to be developed by the year 2030. The UGR's analysis assumes a continuation of current policies and investment trends. No changes to existing zoning are assumed, although it is likely that up-zoning will take place in the future as communities develop and implement their aspirations. The UGR's assessment of the likelihood of development is based on historic data, scenario modeling, and the professional expertise of Metro staff, local city and county staff, economic consultants, and business representatives. UGR results are portrayed for four different categories--residential, general industrial employment, general non-industrial employment, and large lot employment—that are summarized as follows:

Residential capacity

There is ample zoned capacity within the current UGB to accommodate the next 20 years of residential growth. However, the UGR's analysis indicates that, without additional infrastructure investments or other policy changes, insufficient zoned capacity will be available for development. At both ends of the range forecast (high and low) there is a gap in the UGB's capacity to accommodate the next 20 years of residential growth on vacant land or through redevelopment and infill (refill). Depending on the amount of residential growth that may be realized, the UGR finds demand for additional capacity to accommodate 27,400 to 104,900 dwelling units.

The UGR also includes an assessment of future cost-burdened households in the region. The assessment defines a household as cost-burdened if they rent and spend more than half of their after-tax income on housing and transportation expenditures. If current policy and investment trends are continued, the number of cost-burdened households in the region may double by the year 2030. Under that scenario, between 17 to 23 percent of all households inside the Metro UGB may be cost-burdened. This would represent between 51 to 69 percent of renter households. This analysis also finds that, as is the case today, there are likely to be concentrations of cost-burdened households in some communities and very few in others. Centers and corridors provide residents with the most affordable transportation options, but high market demand in those locations is likely to continue driving housing prices upwards. Investing in housing and transit in centers and corridors is one way of closing the residential capacity gap and reducing the number of cost-burdened households.

General industrial employment capacity
This portion of the UGR assesses the current UGB's capacity to accommodate industrial job growth on vacant land or through redevelopment and infill (refill). The assessment of demand for large, vacant lots is handled separately. The UGR finds that, at both ends of the employment range forecast, there is adequate capacity inside the current UGB to accommodate the next 20 years of general industrial job growth.

General non-industrial employment capacity
This portion of the UGR assesses the current UGB's capacity to accommodate non-industrial (e.g. office, retail, institutional) job growth on vacant land or through refill. The analysis indicates sufficient zoned capacity, but a need to make investments or policy changes to support the high end of the demand range. Depending on the amount of non-industrial employment growth that is realized, the UGR finds that there is demand for zero to 1,168 acres of additional capacity for non-industrial employment.

Large lot employment capacity
The "large lot" portion of the UGR's analysis was completed in recognition of the fact that some firms in traded-sector industries prefer or require large, vacant lots. The UGR defines a large lot as a single taxlot with at least 25 acres of vacant, buildable area. Demand for large lots is likely to be the product of the decisions of individual firms rather than larger industry sector trends. The UGR's forecast-based assessment originally determined that, over the 20-year period, there is demand for 200 to 800 acres of additional capacity for large-lot employment uses. This range depends on the amount of employment growth realized as well as whether assembly of adjacent lots of 25 acres or more was assumed.

For several reasons listed below, at its November 18, 2009 meeting, the Metro Policy Advisory Committee (MPAC) recommended that the UGR identify a wider range of potential large lot demand:

- Large lot demand will be the result of the decisions of individual firms, so it is inherently difficult to forecast.
- Some cities in the region have identified large, traded-sector firms as the focus of their economic development plans.
- It may be preferable from a policy standpoint to have flexibility to accommodate traded-sector firms.
- The use of an employment forecast may be an inadequate means of estimating large lot demand for freight, rail, and marine terminal uses.

Consequently, MPAC has recommended that the UGR identify a demand for 200 to 1,500 acres of additional capacity for large-lot industrial uses. This demand may be satisfied through a variety of means, including brownfield cleanup, infrastructure investments, taxlot assembly, or UGB expansions.

Process for writing the forecast and the urban growth report
Process overview
The forecast and UGR have been written and revised over the course of over a year and are informed by the expertise of economic consultants and Metro staff, business focus groups, comments from numerous stakeholders, advisory committee input, a panel of economic advisors, scenario modeling, and historic data. The analyses have benefited from this extensive review.

Expert review of the population and employment forecast
The national data that drives the regional forecast comes from IHS Global Insight, an internationally respected economics firm whose data is relied upon by numerous public and private entities. Metro's

econometric model, which is used to create the regional population and employment forecast, has been subjected to considerable expert scrutiny over the years. A November 24, 2009 memo from Metro's Chief Economist, to Malu Wilkinson, Metro Principal Regional Planner, describes recent peer reviews of the forecast model and its results and is included as Attachment 3 to this staff report.

In 2006, a panel of economic advisors was convened to evaluate Metro's econometric model and forecasts. The panel included:

- Tim McDaniels, professor and interim director, Institute of Resources and Environment, School of Community and Regional Planning, University of British Columbia
- Marshall Vest, economist and director of the Economic and Business Research Center at the University of Arizona's Eller College of Management
- Tom Potiowsky, State Economist for the State of Oregon

The panel of economic advisors reviewed the model's equations, overall statistical fit and results, finding:

- The Metro econometric model is one of the more advanced regional econometric models in the country and that it exhibits sound economic theory.
- The Metro econometric model is the right type of model for the purposes for which it is used.
- It is appropriate to use national economic projections from IHS Global Insight to drive the regional forecast. It was noted that the State of Oregon also uses IHS Global Insight data in preparing the biennial budget.
- In the context of performing risk analysis, a range forecast can be superior to a single point forecast.

A Public Review Draft 2005-2060 Regional Population and Employment Forecast was released on May 19, 2008. Accompanying this release, Metro hosted a panel discussion of the forecast. To inform the UGR, a preliminary 20 and 50-Year Regional Population and Employment Forecast was released in March 2009. This newer forecast incorporates the short-and long-term effects of the current recession. During the summer of 2009, the forecast was subjected to a peer review by local economists and demographers. The peer review panel found the forecast range to be reasonable and generally felt that actual growth may end up in the lower to middle portion of the range, but that, as a policy matter, it may be beneficial to plan somewhere in the higher portion of the employment range forecast. Peer review comments were addressed in a draft forecast released in September 2009. These changes did not involve amendments to the forecast's data.

External expertise that informed the employment analysis

To complete the employment analysis portion of the UGR, Metro staff worked with a consultant team led by E.D. Hovee and Co. that included FCS Group, Bonnie Gee Yosick, and Davis Hibbits Midghall, well-respected economic and public opinion consulting firms. Metro staff also formed the Employment Coordination and Advisory Committee (ECAC), which consisted of representatives from local city staff, business advocacy groups, the Port of Portland, and the Portland Development Commission. ECAC met on multiple occasions to provide comments and input on the UGR. Additionally, from December 2008 through February 2009, business representatives were included in focus groups that discussed the region's opportunities and challenges in fostering job growth.

Preliminary versions of analyses released for comment

In order to solicit early feedback, Metro staff released: a preliminary population and employment forecast and a preliminary residential UGR in March 2009; a preliminary housing needs analysis in April 2009;

and a preliminary employment UGR in May 2009. To the extent possible, comments received on the preliminary forecast, preliminary UGRs, and the preliminary housing needs analysis were addressed in the draft forecast and draft UGR, which were released in September 2009.

Metro advisory committee involvement

For over a year, MPAC, the Joint Policy Advisory Committee on Transportation (JPACT), and the Metro Technical Advisory Committee (MTAC) have been engaged in discussions of the UGR and possible growth management strategies. Beginning in September 2008, MPAC and JPACT considered the demographic changes that may impact residential growth and how the region plans to address population growth. This included a presentation on the topic by a visiting national scholar, Dr. Arthur (Chris) Nelson. During fall 2008, staff also presented to MPAC and JPACT the results of a series of "cause and effect" scenarios intended to illustrate the potential effectiveness of several different growth management and investment strategies. These "cause and effect" scenarios were also presented to the Transportation Policy Advisory Committee (TPAC) and to MTAC in an extended session.

Throughout the spring and summer of 2009, MTAC discussed the forecast, the preliminary UGRs and the preliminary housing needs analysis. During the summer of 2009, MTAC held two, three-hour-long sessions devoted entirely to discussing the preliminary analyses. These longer sessions were in addition to regular MTAC meetings where the forecast and the UGR were frequent agenda items. At the longer MTAC sessions, MTAC made recommendations on the UGR that were addressed in the draft UGR, which was released in September 2009.

MPAC discussed the forecast, UGR, and housing needs analysis on multiple occasions during the spring and summer of 2009. Several MPAC meetings included small group discussion formats to allow for more in-depth dialogue. At an October 23, 2009 retreat, MPAC took up the topic of the forecast and the draft UGR for four hours. Eric Hovee, the economic consultant who assisted in the UGR's employment analysis, was available at the retreat to answer questions posed by MPAC.

Additional stakeholder and public comment

Throughout 2009, the Metro Council and Metro staff have also engaged with numerous stakeholders on the topics of the forecast and the UGR. These meetings have included business interest groups, elected officials, land use planning advocacy groups, housing affordability advocacy groups, and city and county staff.

To solicit comments on the draft UGR (and other elements of the *Making the Greatest Place* initiative), seven open houses and five public hearings were held in locations throughout the region in September and October 2009. During this public comment period, comments were received in writing, as oral testimony, and electronically.

Comments received on the draft UGR

Because the UGR makes projections regarding future conditions, it elicits a variety of strong opinions from different perspectives. Staff believes that the forecast and UGR are based on sound and careful analysis and that the outstanding differences of opinion expressed by some cannot be reconciled with additional technical analysis. To aid the Council in its consideration of the completeness of the forecast and UGR, comments received on the draft UGR and staff responses are summarized in Attachment 1 to this staff report. To the extent possible or appropriate, staff has addressed comments in the final urban growth report. The general nature of comments is summarized below.

Business advocacy groups, the Port of Portland, Washington County, and the cities of Hillsboro, Cornelius, and Forest Grove have called for more optimistic employment forecasts (particularly in the high-tech manufacturing sector), higher capture rates[1], and lower refill rates[2]. These stakeholders have also suggested that the UGR's analysis should more fully take into account the site characteristics sought after by specific industry sectors. Finally, these stakeholders have requested that the UGR incorporate the conclusions of Economic Opportunity Analyses recently conducted by several cities.

The Homebuilder's Association of Metropolitan Portland disagrees with some of the UGR's assumptions and conclusions. Most notably, they find infeasible the 33 percent residential refill rate assumed in the UGR.

The cities of Portland, Lake Oswego, and Wilsonville as well as land use and housing affordability advocacy groups have expressed confidence in the analysis, calling for a focus on making more efficient use of the UGB's existing capacity and pointing to the need to take measures that address a changing economy, shifting demographics, climate change, brownfield cleanup, and housing affordability.

Comments from the general public typically focused on UGB decisions that the Council may consider in 2010 (rather than providing comments on the forecast and UGR analyses themselves). Those public comments were overwhelmingly in favor of making more efficient use of the region's existing capacity.

All of these discussions and comments have resulted in improvements to the final UGR's technical assumptions and its framing of policy choices. The revisions and technical corrections that Metro staff recommends making to the September 15, 2009 Draft UGR are summarized in Attachment 2 to this staff report.

Staff recommends two noteworthy revisions to the analysis. The first revision is the expansion of the range of additional capacity that may be demanded for large lot industrial uses (revised from 200-800 acres to 200-1,500 acres), as unanimously recommended by MPAC. The second is a revision to the estimate of acres that may be demanded for future parks, which, to a small degree, reduces the current UGB's residential capacity. This revision for future park acreage uses the approach recommended by MPAC in 2002, but provides an updated estimate that correlates to the current population forecast.

MPAC recommendation

On November 18, 2009, the UGR and forecast were taken up as an action item by MPAC. MPAC recommended several additions to the language of the resolution that is before the Council. MPAC's key additions to the resolution are a specific reference to the importance of addressing housing affordability and the need to focus on brownfield cleanup and lot assembly to address large lot industrial demand. MPAC also recommended a revision to the UGR's estimate of large-lot demand, which was discussed earlier in this staff report. With those revisions, MPAC unanimously recommended that the Metro Council vote in favor of this resolution.

Next steps

If the Metro Council votes in favor of this resolution, it accepts the forecast and the UGR as complete. The Council is not yet making a decision on where within the demand ranges to plan or whether to make

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[1] Capture rate refers to the share of the larger 7-county area's population or employment growth that is expected to come to the Metro UGB.

[2] Refill rate refers to the share of future residential or employment development that occurs through redevelopment or infill.

a UGB expansion. During 2010, Metro staff will work with cities in the region to identify new policies or investments that increase the capacity of the current UGB (e.g. zoning) or increase the likelihood that capacity in the current UGB will be developed in the next 20 years (e.g. investments in centers, corridors, employment and industrial areas, and recent UGB expansion areas). Only policies or investments that are formally adopted or approved can be considered. The effects of those actions will be assessed by the end of 2010, when the Metro Council considers the adoption of a capacity ordinance. Any remaining capacity gap would need to be addressed through UGB expansions.

2010: At least 50 (and up to 100) percent of any capacity need must be addressed by the end of 2010. Any capacity need that is being addressed through efficiency measures inside the current UGB must be identified.

2011: The end of 2011 is the State deadline for making UGB expansions, if needed.

ANALYSIS/INFORMATION

1. **Known Opposition**
   Business interest groups, the Port of Portland, several cities in Washington County, and Washington County itself previously indicated that the September 15, 2009 Draft UGR did not identify a large enough gap in the UGB's capacity to accommodate employment growth. A particular focus of their criticism of the UGR has been large-lot employment demand, which these stakeholders contend is underestimated in the UGR to the detriment of the region's future economic health. MPAC has recommended a revision to the range of capacity demanded for large-lot employment uses. This revision has satisfied cities in Washington County with seats at MPAC, but Metro staff is unaware whether this revision satisfies all others who have voiced concern.

2. **Legal Antecedents**
   The forecast and UGR are completed to satisfy:
   - Statewide Planning Goals 10 (Housing) and 14 (Urbanization)
   - Oregon Revised Statutes 197.296, 197.299, and 197.303 (Needed Housing in Urban Growth Areas)
   - Oregon Administrative Rules, Division 24 (Urban Growth Boundaries)
   - Metro Regional Framework Plan, Chapter 1 (Land Use)
   - Metro Code, section 3.01.020(a) and (b)

3. **Anticipated Effects**
   Council acceptance of the forecast and UGR will allow Metro to meet its legal requirements under State law and to begin work identifying the possible policy options to consider in 2010 to enable the region to achieve its desired outcomes.

4. **Budget Impacts**
   The budget for fiscal year 2009/2010 includes staff resources for this work program. The fiscal year 2010/2011 budget will need to include staff resources.

RECOMMENDED ACTION

Staff recommends that the Metro Council accept the 20 and 50 year Regional population and employment forecasts and the capacity analysis in the Urban Growth Report 2009-2030, with the revisions recommended in this Staff Report.

ATTACHMENT 1

DRAFT URBAN GROWTH REPORT COMMENT INDEX
Fall 2009

FROM	*AFFILIATION*	*DATE*
Alford, Heidi		October 14, 2009
Anderson, Michael	Oregon Opportunity Network	October 14, 2009
Arcana, Judith		September 18, 2009
Battan, Jim		September 16, 2009
Becker, Michael		September 18, 2009
Bender, Rodney		September 18, 2009
Bidwell, Michael Patrick		September 18, 2009
Bookin, Beverly	Commercial Real Estate Economic Coalition	September 24, 2009
Boone, James L.		September 20, 2009
Brewster, Ginny		September 17, 2009
Brewster, Ginny		September 17, 2009
Brown, David		September 18, 2009
Brown, R.		September 18, 2009
Burke, Elizabeth		September 18, 2009
Carley, Ron and Fuglister, Jill	Coalition for a Livable Future	October 15, 2009
Carillo, Ken		September 18, 2009
Cavenaugh, Kevin		September 16, 2009
Cohen, Gerald J.	AARP – Oregon State Office	October 15, 2009
Conable, Barbara		September 18, 2009
Cox, Bill		September 18, 2009
Cusack, Tom		
Cushwa, Nancy		September 18, 2009
Davis, Tim		September 17, 2009
Deagle, Susie		September 18, 2009
Dibblee, Martha		September 15, 2009
Digman, Joe		September 18, 2009
Dorner, Catherine		September 18, 2009
Durtschi, Kay	Citizen Member – Metro Technical Advisory Committee	October 15, 2009
Effman, Jason		September 18, 2009
Elteto, Louis		September 18, 2009
Fain, Lisa		September 18, 2009
Fitzgerald, Marianne	Southwest Neighborhoods, Inc.	October 15, 2009
Franchesi, Cheryl and Terry		October 15, 2009
Frank, Lona Nelsen	ALPACAS of Tualatin Valley LLC	September 16, 2009
Gadea, Francisco		September 18, 2009
Gerth, John		September 18, 2009
Goldfarb, Gabriela		October 8, 2009
Goldsmith, Dell		October 10, 2009
Green, Karla		September 18, 2009
Gregory, Michele	Multnomah County Planning Commissioner	September 16, 2009
Hagen Jr., Jon Edwin		September 18, 2009
Hammon, Virginia		October 8, 2009
Hanrahan, Steve		September 18, 2009
Harvey, Linda A.		September 18, 2009
Hauk, Marna		September 18, 2009
Helm, Polly		October 15, 2009
Heyne, Klaus		September 18, 2009

City of Hillsboro (Alwin Turiel)	City of Hillsboro	October 8, 2009
Hoem, Shirley		September 15, 2009
Houck, Mike	Urban Greenspaces Institute	October 10, 2009
Hunter, Christopher		September 18, 2009
Jackson, Kelly M.		September 18, 2009
Jacobson, Pat and Jake		September 18, 2009
Johnson, Chuck		September 18, 2009
Johnson, Ellen	Housing Land Advocates	October 15, 2009
Johnson, Michael		September 18, 2009
Jones, D.		September 18, 2009
Kaplan, Seth		September 18, 2009
Karlock, Jim		October 15, 2009
Kemper, Heather	Legal Aid Services of Oregon	October 15, 2009
Kraft, Tom		September 15, 2009
Kulley, Marlowe		September 17, 2009
City of Lake Oswego (Mayor Jack Hoffman)	City of Lake Oswego	October 13, 2009
LeFeber, Bob	Commercial Realty Advisors	October 14, 2009
Lanker, Stefan		September 18, 2009
Larco, Dorothy		September 18, 2009
Laws, Kathleen		September 18, 2009
Leinova, Avery S.		September 18, 2009
Lindsey, Carolyn		September 18, 2009
Lord, Pamela J.		September 18, 2009
Malmquist, Bret		September 18, 2009
Meehan, Hilary		September 18, 2009
Merchant, Bonnie		September 18, 2009
Micheletti, Dustin		September 18, 2009
McClanahan, Gary		September 18, 2009
McClay, Mauria		September 18, 2009
McCracken, Rhiannon		September 18, 2009
McDonough, Sandra	Portland Business Alliance	October 15, 2009
McGrath, Teresa		September 20, 2009
McKinney, Trenton		September 18, 2009
Neer, Steven		September 18, 2009
Nielsen, Charles E.		October 10, 2009
Nielsen, David	Home Builders Association of Metropolitan Portland	October 13, 2009
Newman II, Will		September 17, 2009
Newman II, Will		October 15, 2009
Parker, Terry		October 15, 2009
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Pearmine, Katie		September 18, 2009
Peterson, Kathryn		September 18, 2009
Platt, Thomas		September 18, 2009
Platt, Thomas		September 18, 2009
Port of Portland (Bill Wyatt)	Port of Portland	October 15, 2009
City of Portland (Mayor Sam Adams)	City of Portland	October 15, 2009
Pratt, Elizabeth	The League of Women Voters of Portland	October 15, 2009
Price, William R.		September 18, 2009
Qamar, Lawrence		October 15, 2009
Reid, Bill	Johnson Reid LLC	September 29, 2009
Roberts, Jeff		September 21, 2009

Rojas, Carlos		September 16, 2009
Rollow, Nina		September 18, 2009
Ross, Kelly	Western Advocates	October 15, 2009
Schlueter, Jonathan	Westside Economic Alliance	October 15, 2009
Seamons, Joe		September 18, 2009
Smith, Jefferson		October 15, 2009
Spady, Sha		September 21, 2009
Stec, Bradley		September 18, 2009
Stephens, Charlie		
Stout, Mel		September 15, 2009
Streicker, Gail		September 18, 2009
Swaren, Ron		October 15, 2009
Sweeney, J. J.		September 18, 2009
Thompson, James		September 18, 2009
Thrower, Ashley		September 18, 2009
Toll, Peter		September 16, 2009
City of Tualatin (Mayor Lou Ogden)	City of Tualatin	October 14, 2009
Waksman, Steve and Deborah		September 18, 2009
Wallauer, Martha and Robert		September 17, 2009
Washington County (Greg Miller)	Washington County	October 15, 2009
Waterston, Debra		September 18, 2009
Wilkerson, Carol Metzger		September 18, 2009
City of Wilsonville (Stephan Lashbrook)	City of Wilsonville	October 15, 2009
Wixson, Gene		September 18, 2009
Woodruff, Claire		September 18, 2009
Woods, Deanna G.		September 18, 2009
Young, Laura		October 12, 2009
Cities of Banks, Cornelius, Forest Grove, Hillsboro and North Plains (Mayors Kinsky, Bash, Kidd, Willey and Hatcher	Multiple Cities	October 9, 2009

Employment UGR—technical comments		
Comment attribution	**Comment summary**	**Metro staff response**
City of Cornelius City of Forest Grove City of North Plains City of Hillsboro City of Banks Johnson-Reid	Metro's cluster forecast is incorrect because it does not include NAICS code 334, which is the code under which solar panel manufacturing would fall.	All NAICS codes, including 334, are included in the Metro forecast. NAICS code 334 is also included in the cluster forecast. The UGR's narrative erroneously states that SolarWorld is in NAICS code 2211, but this text error has no effect on the forecast or the assessment of land need. See Appendix 3 to the UGR for a list of the NAICS codes that are included in each cluster. See Appendix 12 to the UGR for the complete forecast, which includes all sectors.
City of Cornelius City of Forest Grove City of North Plains City of Hillsboro City of Banks Johnson-Reid	The UGR should forecast future land needs for specific industry clusters, including high tech, solar manufacturing, and bio-pharma.	Statewide Planning Goal 14 (Urbanization) requires that Metro ensure capacity for housing and employment. It does not require Metro to supply land with the specific characteristics that may be desired by individual industries or industry clusters. Long-term predictions about the site needs of specific (and emerging) industries are likely to be incorrect. When making specific decisions to expand the UGB, the needs of industry clusters may be considered.
City of Cornelius, City of Forest Grove, City of North Plains, City of Hillsboro, City of Banks, Johnson-Reid, Port of Portland, Portland Business Alliance, Commercial Association of Realtors	The UGR does not adequately incorporate the analysis found in the Hillsboro Draft Economic Opportunities Analysis.	Statewide Planning Goal 9 (Economic Development) requires cities and counties to provide for the specific types of employment needs and opportunities they identify in their Economic Opportunity Analyses (EOA). Goal 9 does not, however, apply to Metro. Oregon Administrative Rule 660-024-0040(5) states that "except for a metropolitan service district [Metro]... the determination of 20-year employment land need for an urban area must comply with applicable requirements of Goal 9..." EOAs often identify specific employment sectors that are the focus of a city's economic development strategy. In EOAs, those priority clusters are sometimes assumed to see additional growth beyond what is indicated in a trend forecast. The UGR, on the other hand, provides an assessment of all employment sectors without identifying priority sectors. Though it may be beneficial to have a regional economic development strategy, Metro has not been charged with the task of developing that strategy and does not presume to have that role. Metro does, however, have a role in coordinating the population and employment forecasts for the region. Adding up the results of individual city forecasts would likely overstate regional growth in some sectors and understate it in others. Metro has some methodological concerns with the Hillsboro Draft Economic Opportunity Analysis (EOA). Primary concerns include: 1) The Hillsboro EOA's forecast treats Metro's older, pre-recession, medium forecast as a low (baseline) forecast. The Hillsboro EOA forecast explicitly rejects

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		the long-term impacts of the current recession on manufacturing sectors. 2) The Hillsboro forecast for NAICS code 334 (computer and electronic product manufacturing), and photovoltaic panel manufacturing, in particular, is so optimistic that it overwhelms the entire seven-county forecast for this sector. Population growth rates as well as the growth rates for other employment sectors have to have some logical consistency and also fit within the context of a national forecast. If the Hillsboro forecast for this sector were correct, it would have serious implications for overall regional growth as well. Factoring in the multiplier impact of the Hillsboro photovoltaic forecast would essentially explode the forecast for manufacturing, which in turn would stimulate growth in nonmanufacturing sectors such as services, retail, finance and other industries. Assuming the multipliers play out as usual, the employment forecast would likely increase from 1.5 percent annual growth (the current Metro forecast) and exceed two percent annual growth. Already, the Metro regional forecast is projected to grow faster than the U.S. average by 75 percent. At above two percent, our region's projected growth would exceed twice the normal rate. In addition, population growth would have to follow suit. Over a 20 year period, greater than two percent population and total employment growth is not realistic or sustainable. It is unlikely that a mature region like Portland metro can grow so much faster over the long-term than the regional, state and national trends depicted by other forecasters. The Hillsboro forecast for photovoltaic panel manufacturing employment is based on the Oregon Department of Energy goal for megawatts of electricity generated from solar panels. This methodology is predicated on the assumption that a significant share of the world's solar panels will be manufactured in Hillsboro. Solar panel manufacturing has entered a phase of standardization and overseas production, where companies will be competing based on low prices and low wages. Ramped up solar panel production in China and a softening of demand in Europe have resulted in a 50 percent drop in solar panel prices over the last year. This same trend has occurred in many other manufacturing sectors and is not expected to reverse itself. The greater degree of specificity found in the Hillsboro forecast, with its effort to make predictions about particular technologies (e.g. solar panels) makes it more

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		likely to be incorrect. When planning for the longer term, policy decisions will be much better served by forecasts that portray generalized aggregates that are tied to national data that have been exposed to continuous scrutiny. The Hillsboro EOA does not provide documentation of the methodologies used to forecast additional growth in the bio-tech and high tech clusters.
City of Cornelius City of Forest Grove City of North Plains City of Hillsboro City of Banks Johnson-Reid	Metro's forecast understates growth in solar manufacturing, bio-pharma, and high tech manufacturing, sectors in which our region has historic strengths.	The Metro forecast is based on data from IHS Global Insight, an internationally respected economic forecasting firm whose data is used by numerous public and private institutions. That data is subsequently adjusted to reflect our region's historic trends and economic strengths. Metro's forecast, in fact, indicates that the region will have a faster rate of growth in manufacturing and, more specifically, electronics manufacturing than the United States as a whole. But, as with the rest of the U.S., it is anticipated that manufacturing will represent a smaller share of total employment in the future. The recent recession is anticipated to have long-lasting effects, particularly on industrial sectors. Metro's forecast model has been peer-reviewed as has the recent Metro forecast (which includes the employment forecast). The peer review panel expressed confidence in the forecast's methodologies and results.
Westside Economic Alliance	Metro's forecast calls for a substantial decrease in manufacturing employment. "The Westside Economic Alliance rejects the premises used to explain these forecasts and challenges Metro to reconsider the implications of this vision."	The Metro seven-county forecast indicates growth in manufacturing employment at both the high and low ends of the forecast range. The forecast indicates that manufacturing will represent a smaller share of future employment. The Metro forecast also indicates that at the high end of the employment range forecast, manufacturing may bounce back faster than the rest of the economy.
Westside Economic Alliance	Metro's forecast is incorrect because it assumes that phenomena such as global warming, rising fuel prices, and a degraded environment will stifle population growth in the seven-county region.	Metro's seven-county forecast makes no assumptions about possible catastrophic events. Forecasted population growth rates are the product of large-scale demographic trends. The UGR suggests that rising fuel prices and climate change are compelling reasons to consider growth management policies carefully. The use of a range forecast allows for that policy discussion.
Urban Greenspaces Institute	If Climate Change increases the number of floods and wildland fires, temperatures elsewhere in the U. S., especially in the arid regions of the Southwest, is it possible Climate Change "refugees" might increase population projects even more than your current	Metro staff agrees that there is evidence to suggest that climate change may cause inter-regional migrations, but it is not clear what the degree and direction of these migrations may be. Consequently, Metro's seven-county forecast makes no assumptions about possible catastrophic events. The UGR suggests that rising fuel prices and climate change are compelling reasons to consider growth

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	modeling suggests?	management policies carefully. The use of a range forecast allows for that policy discussion.
Westside Economic Alliance	The seven-county forecast is wrong because growth rates are lower than at any time since Oregon was granted statehood.	Growth rates are forecasted to decline, but this is because of the mathematics of having an ever larger base (existing) population. When expressed in absolute numbers, the forecast is consistent with previous forecasts, which have proven accurate (see Table 1, attached to the end of this document, for a comparison of an older Metro forecast with actual growth).
City of Cornelius City of Forest Grove City of North Plains City of Hillsboro City of Banks Johnson-Reid	The presence of an existing solar manufacturing cluster in Hillsboro will result in western Washington County capturing the bulk of future high tech and solar manufacturing jobs.	Solar manufacturing firms can be found throughout Oregon, the United States, and the world. Please see Table 2, attached to the end of this document, for a summary of Oregon's recent solar recruits' location choices. Two out of the nine recruits are in Hillsboro (one of those two, SpectraWatt, has since relocated to New York because of public subsidies), while the remaining firms are dispersed throughout the state.
Port of Portland	A job forecast is inadequate for assessing land needs associated with commodity flows (freight, logistics).	This is a comment that Metro received on the preliminary UGR as well. Metro would welcome specific suggestions on how to perform this portion of the assessment differently, but has not received any to date. Staff proposes that the final UGR should reflect the Metro Policy Advisory Committee's recommendation to revise the identified demand for large lot capacity from 200-800 acres to 200-1,500 acres. This revision would acknowledge the potential shortcomings of using an employment forecast as the sole basis for assessing large lot demand. The UGR's analysis considers land extensive uses with fewer employees. The overall demand model assumptions on employees per square foot by building type have also been revised based on the feedback received on the preliminary analysis. These adjustments should address some concerns about land demand for freight uses.
Port of Portland	Freight facility expansion would likely consume other industrial land, which, in turn, would trigger demand for additional industrial land elsewhere in the region.	Freight-related jobs are included in the regional forecast and demand for capacity that is generated by these jobs is included in the UGR's assessment. Suggestions that a job forecast is not an adequate means of estimating land demand for freight uses have not been accompanied by specific suggestions for an alternative methodology.

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		Staff proposes that the final UGR should reflect the Metro Policy Advisory Committee's recommendation to revise the identified demand for large lot capacity from 200-800 acres to 200-1,500 acres. This revision would acknowledge the potential shortcomings of using an employment forecast as the sole basis for assessing large lot demand.
Port of Portland	Modify the region's assumed job capture rate to make it more aggressive.	The capture rates (industrial and non-industrial) used by Metro in the UGR are an output of scenario modeling. The policy and investment inputs into that modeling are intended to represent a continuation of current policies and investment trends. If the region is to achieve a higher job capture rate, it would likely need to implement new policies and investments. Expressing a different point of view, we have received comments from Clark County and Vancouver that the assumed capture rate is too high.
City of Cornelius City of Forest Grove City of North Plains City of Hillsboro City of Banks Johnson-Reid	Large, vacant lots are needed in order to attract solar manufacturers to the Portland metropolitan region.	The location choices of several of Oregon's recent solar manufacturing recruits indicate that large, vacant lots are not needed by most firms. Please see Table 2, attached to the end of this document, for a summary of Oregon's recent solar recruits' location choices. Of the nine recent recruits listed, seven are on properties smaller than 25 acres (three of those are on less than 10 acres). Two-thirds of these recent recruits, including SolarWorld, North America's largest solar manufacturer, have located in existing buildings. One firm, SpectraWatt, has left Oregon for New York despite having a vacant 20 acre site (cited reason is because the public subsidies offered were more enticing). Staff proposes that the final UGR should reflect the Metro Policy Advisory Committee's recommendation to revise the identified demand for large lot capacity from 200-800 acres to 200-1,500 acres. This revision would acknowledge the potential shortcomings of using an employment forecast as the sole basis for assessing large lot demand. The Metro staff recommendation is that the region should find ways to use our existing inventory of land more efficiently.
Port of Portland, Commercial Real Estate Economic Coalition	Land must be in the right amount and in the right location for the needed purpose.	Statewide Planning Goal 14 (Urbanization) requires that Metro ensure capacity for housing and employment. It does not require Metro to supply land with the specific characteristics that may be desired by individual industries or industry clusters.

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		The purpose of the UGR is to identify any gap in capacity, not to assess how and where to address the gap. Local and regional investments can support efficient utilization of land inside the UGB.
Port of Portland	Much of the region's inventory of industrial land is not ready for development due to substantial constraints including brownfield status, location or lack of infrastructure, and regulatory overlays.	These constraints are taken into account in the UGR. Brownfield sites are assumed to only be available for development in the longer term. Only half of the capacity in recent UGB expansion areas is assumed to be available in the 20-year time frame because of infrastructure shortcomings. Portions of tax lots with environmental constraints are not included in the buildable land inventory. See Tables 27 and 28 on pages 72 and 73 of the UGR for additional information.
Commercial Association of Realtors	The UGR should not assume that public financing will be in place for unknown targeted public investments.	The UGR only assumes those policies and investment trends that currently exist.
Port of Portland	The buildable land inventory does not account for upland habitat protections that reduce capacity for development.	Title 13 (Nature in Neighborhoods) upland habitat protections only apply to future UGB expansion areas. The UGR assesses the current UGB's capacity.
Urban Greenspaces Institute	How many acres of the region's supply of buildable land for employment are urban forest canopy, headwaters areas, and other natural resource lands?	The UGR's buildable land inventory takes into account existing environmental regulations, discounting the inventory where appropriate.
Port of Portland	The lack of development in new urban areas (areas brought into the UGB since 1997) is not necessarily because of a lack of infrastructure or governance, but because the land is not suitable for industrial development.	Past UGB expansions have been made in the types of locations that are dictated by current State law. Over time, these areas are intended to develop into complete communities, including employment opportunities. It is hoped that the designation of urban reserves will identify sites that are well-suited for development. Metro staff believes that infrastructure and governance must be addressed to make any future UGB expansion areas developable.
City of Tualatin, Commercial Association of Realtors	The UGR should not assume that industrial uses will locate in multi-story buildings.	The UGR's analysis does not assume that industrial uses will locate in multi-story buildings.
Commercial Association of Realtors	The UGR should not assume "ever-increasing" floor-area ratios for all building types with no regard for market feasibility.	Metro staff concurs and asserts that the UGR's assumptions regarding floor-area ratios (FAR) are conservative. No change in FAR is assumed in the short-term and very modest increases (10%) are assumed in the long-term. Assumptions about increases in FARs for industrial uses are particularly modest. The FARs that are assumed in the UGR account for the thresholds at which structured parking becomes necessary.
Commercial Association	The refill rates assumed in the UGR do not seem	The refill rates assumed in the UGR are the product of modeling that is informed

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of Realtors	reasonable.	by historic data and professional expertise.

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City of Cornelius, City of Forest Grove, City of North Plains, City of Hillsboro, City of Banks, Johnson-Reid, Port of Portland, Portland Business Alliance, Commercial Real Estate Economic Coalition	Undersupplying land for priority industry clusters would be harmful to the economy.	Metro performs the UGR analysis every five years to ensure a 20-year supply of capacity for jobs. The effect of this is that, in the short-term (five years), there will be four times the needed capacity for jobs. It is extremely unlikely that amount will be insufficient to accommodate growth before the next UGR analysis in five years. This five-year cycle creates a built-in cushion to allow for choices among sites. Experience has shown that the majority of recent solar manufacturing recruits have located in existing buildings and on smaller sites. The final UGR will reflect the Metro Policy Advisory Committee's recommendation to revise the identified demand for large lot capacity from 200-800 acres to 200-1,500 acres. This revision acknowledges potential shortcomings of using an employment forecast as the sole basis for assessing large lot demand.
Port of Portland	Regional choices related to land supply and transportation will determine the economic future of the region.	Many factors at the global, national, state, regional and local levels have effects on the region's economy. The UGR is not intended to serve as an economic development strategy; it informs land supply decisions that will be made in 2010.
Port of Portland	One of the "six desired outcomes" is economic competitiveness and prosperity—why is there no strategy presented to achieve this outcome or an assessment of how other desired outcomes may conflict with this outcome?	The purpose of the UGR is to identify whether a capacity gap exists and, if so, to what degree. This UGR intentionally presented a variety of policy options to consider for addressing land demand and achieving the region's desired outcomes, but it is not the purpose of the UGR to determine the specifics of those policy options. The viability of those policy options does not have an impact on the capacity analysis. Those policy options can be more thoroughly considered in 2010.
Port of Portland	The UGR and transportation investment strategy need to link up with industry cluster needs. Use the Portland Regional Partners for Business list of clusters instead of the Portland Development Commission's (PDC) list.	Though it may be beneficial to have a regional economic development strategy, Metro has not been charged with the task of developing that strategy and does not presume to have that role. Because there is no agreed upon regional economic development strategy, there is no "right" cluster list to use. The Draft UGR used the PDC list as a way of presenting information in a format that addresses the economic development priorities of many cities in the region. The full forecast, which includes all employment sectors, is the basis for the capacity assessment. The cluster forecast does not figure into the capacity assessment. New cluster definitions will not change the capacity assessment.
City of Portland	The vast majority of our jobs are created through the growth of small businesses. We need to nurture and	Metro's analysis indicates that most employment will occur in smaller firms. Attracting larger firms is also of importance to the region's economy.

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	retain those companies while attracting others.	
Port of Portland	Two key elements of the strategy for providing large lot supply (brownfield cleanup and fast process for UGB expansions) will be undefined at the close of public comment on October 15.	The purpose of the UGR is to identify whether a capacity gap exists and, if so, to what degree. This UGR intentionally presented a variety of policy options to consider for addressing land demand, but it is not the purpose of the UGR to determine the specifics of those policy options. The viability of those policy options does not have an impact on the capacity analysis. Those policy options can be more thoroughly considered in late 2009 and in 2010.
Port of Portland, Commercial Real Estate Economic Coalition	Brownfield cleanup should be a priority	Metro concurs that brownfield cleanup should be a regional priority and welcomes partnerships to institute more brownfield cleanup programs. A MPAC subcommittee will be looking at brownfield cleanup as one option to make more of the region's existing industrial capacity available.
City of Portland	The City of Portland is committed to cleaning up, over time, the City's brownfield sites.	The City has a strong brownfields cleanup program and Metro efforts, focused elsewhere in the region, serve as a complement. Metro staff is open to new opportunities to partner with the City of Portland in brownfield cleanup.
City of Portland	The City of Portland is committed to consolidating and assembling adjoining parcels to provide larger sites. Opening up huge tracts of otherwise excellent agricultural land for industry, when we have land with services already in the UGB, doesn't make sense from a regional investment point of view.	Metro staff is open to opportunities to partner with the City of Portland in employment land assembly.
Port of Portland	A regional infrastructure fund is needed to make industrial sites shovel ready.	Infrastructure funding shortfalls have made it difficult to develop the region's existing supply of land for industrial uses. Metro welcomes a discussion of developing a regional investment strategy, including discussions about possible funding sources.
Portland Business Alliance	There is no reason to expect that funding will be more readily available for refill development than for expansion and to assume otherwise overstates the region's ability to accommodate growth in the existing land supply.	The refill rates that are assumed in the UGR are based on a continuation of existing public investment trends.
Commercial Association of Realtors	The Association appreciates the UGR's improved analytical approach and sensitivity to market realities, but does not believe its estimates or projections. The UGR should make conservative, market-based assumptions.	Metro staff appreciates the input given by the Commercial Association of Realtors that informed some of the UGR's technical assumptions. Metro staff believes that its approach to this analysis is market reality-based.

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Commercial Association of Realtors	The UGR should not assume that the market will respond to our policies and investments.	As pointed out by the Commercial Association of Realtors, this UGR has an improved analytical approach that acknowledges market dynamics. The UGR's market assumptions are informed by modeling, historic evidence and the professional expertise of Metro staff, consultants, and private sector representatives.
Commercial Association of Realtors	The UGR should not assume political support for some set of future policy actions	The UGR only assumes those policies and investment trends that currently exist.
Port of Portland Portland Business Alliance	The "fast track" UGB expansion process that has been proposed by some will not be fast enough once planning, annexation, zoning, and infrastructure construction are considered.	An MPAC subcommittee will take up the issue of how to ensure that large lots are available and protected for industrial uses. The fast-track process is one proposal. Metro welcome other proposals.
Johnson-Reid	The draft UGR does not consider lands north of the existing Washington County UGB as candidate expansion areas for employment growth, modeling, and employment land capacity study.	The UGR's purpose is to identify any gap in the capacity of the current urban growth boundary (UGB) to accommodate growth. The UGR is not intended to examine how or where to fill a capacity gap outside of the current UGB. Scenario modeling was used to inform the UGR. Those scenarios assume a continuation of current policies and investment trends and, as such, assume that future UGB expansions will follow the existing hierarchy of lands as defined by State law. When urban and rural reserve designations are made, scenario assumptions about future UGB expansions will be adjusted.
Port of Portland	Habitat protection programs at the regional and local levels reduce the efficiency with which land is used inside the UGB.	Habitat protection and provision of parks and open spaces are key components of the 2040 Growth Concept. Balancing these goals with efficient development of land is often challenging and Metro is always looking for new ways of doing so.
Port of Portland	The UGR implies that there has been a problem of industrial land conversion and that there is a need to revise Title 4 of the Urban Growth Management Functional Plan. Title 4 provides adequate protection. If there are conversions from industrial uses, it is an enforcement issue.	Metro staff hopes to compile more information to determine whether industrial land conversion has been occurring and, if so, why. An MPAC subcommittee will take up the issue of how to ensure that large lots are available and protected for industrial uses.
Commercial Association of Realtors, Citizen comments (less than five)	Expand the UGB	The decision about whether or not to expand the UGB will be made by the Metro Council, in consultation with MPAC, in 2010. That decision will be based on the UGR's analysis and any new policies or public investments that are adopted by the end of 2010 that affect the region's capacity.
Citizen comments	Focus growth inside the existing UGB	The decision about whether or not to expand the UGB will be made by the Metro

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(approximately 100)		Council, in consultation with MPAC, in 2010. That decision will be based on the UGR's analysis and any new policies or public investments that are adopted by the end of 2010 that affect the region's capacity.
Port of Portland, Portland Business Alliance, Commercial Association of Realtors	30 days is not an adequate amount of time for public review and comment on the UGR	Metro must meet a State-mandated deadline (end of 2009) for the Metro Council's acceptance of the UGR. The public will be able to comment throughout most of 2010 on the various policy choices that will be considered for closing any capacity gap identified in the UGR. Metro staff appreciates the time commitment that various advisory committees have made in providing review of the UGR. Metro has been working with advisory committees to refine the approach and contents of the UGR since winter of 2008. A preliminary UGR was released in May 2009 in order to proactively solicit and respond to technical comments. To the extent possible, comments received on the preliminary UGR have been addressed in the draft UGR. Please see Appendix 1 to the Draft UGR for a summary of comments received and draft Metro staff responses.

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City of Portland	Future trends such as higher energy costs, carbon taxes or regulations, and changing demographics make Portland well-positioned to provide future residents with the kinds of housing choices that they will desire. Portland has the ability to accommodate 140,000 more households without any changes to zoning.	The UGR's analysis indicates that the City of Portland and the region have ample zoned capacity to accommodate the next 20 years of residential growth. The UGR shows a need to attract the residential market to that zoned capacity. Policies and investments that encourage redevelopment and infill in centers and corridors should remain the region's focus. The trends cited by the City may attract more of the forecasted households to existing urban areas than contemplated by the UGR.
Home Builders Association of Metropolitan Portland	How does Metro plan on achieving refill rates of 50 percent?	The draft UGR assumes a 33 percent refill rate, which is in keeping with historic rates and, according to Metro's market-based economic model, is likely to be achieved under current zoning.
City of Tualatin Portland Business Alliance	A 33 percent refill rate may not be a reasonable expectation.	The draft UGR assumes a 33 percent refill rate, which is in keeping with historic rates and, according to Metro's market-based economic model, is likely to be achieved under current zoning.
City of Tualatin	Where is the analysis that indicates where refill will be occurring?	Refill rates are expected to vary from city to city, with generally higher rates in Portland than in outlying communities. Please see Maps 1-4, attached to the end of this summary, which show historic and forecasted refill rates throughout the region for single-family and multi-family residential development.
Home Builders Association of Metropolitan Portland	Lands that are likely spots ("low-hanging fruit") for refill have already seen refill occur.	Redevelopment and infill (redevelopment in particular) are ongoing market phenomena. There are many underutilized sites throughout the region that remain ripe for redevelopment and new opportunities will continue to emerge over time.
Home Builders Association of Metropolitan Portland	How does Metro anticipate having 71,000 housing units subsidized to the tune of up to $50,000 per home and what will the impact be on schools and other public services if urban renewal districts are used to created these subsidies and pull money away from other public services?	The Home Builders Association is referring to scenario assumptions in its comment. For the purpose of scenario modeling, Metro assumed a continuation of existing investment trends. The residential incentive assumptions that Metro made were reviewed by cities, counties, the Portland Development Commission, and the Metro Technical Advisory Committee. There are no assumptions made about new levels of investment. Better performance may be achieved with additional investments, investments in different locations, or simply with additional time. It is not the role of the UGR to determine the possible impact on schools and other public services if cities continue their urban renewal programs.
Home Builders Association of Metropolitan Portland,	The assumption about future park needs that is made in the UGR capacity calculation is incorrect. Cities and park providers have more financial resources today than they	There is no specific guidance in state planning law, from ORS 197.296 or Goal 8 on Recreational Needs, on methods to determine park needs. There is no perfect way of estimating future park needs since there is no regional level of service standard

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Western Advocates, Inc.	did in 2002 (year of previous UGR) to purchase park land.	for parks. To maintain an approach that is consistent with the approach used in 2002, staff proposes keeping the implicit parks level of service found in the 2002 UGR: In 2002 UGR: Forecasted 220,700 dwelling unit growth in 20 year period System-development-charge-based park deduction = 1,100 acres Implied level of service = 1,100 park acres for 220,700 new dwelling units Assuming same implied level of service as in 2002, then in 2009 UGR: Forecasted 262,400 dwelling unit growth in 20 years (baseline assumption) 1,100 /220,700 * 262,400 = **1,300 acres** of new park deduction The acres of parks and open space cited in the Regional Infrastructure Analysis include natural areas and other non-active use spaces. The UGR's parks calculation is only intended to estimate the land demand for active-use parks (i.e. not natural areas) since these are lands that could otherwise be buildable for residential purposes. The buildable land inventory takes into account vacant lands that are not buildable because of regulatory protections (Titles 3 and 13 of the Urban Growth Management Functional Plan).
Legal Aid Services of Oregon (Hillsboro Regional Office), Tom Cusack	Revise the table appearing on page 21 of Appendix 8 (needed housing data tables) to more accurately show the need for subsidies at higher rent levels than the less-than-$400 rent level currently shown.	Metro staff appreciates the careful review of the data and agrees that additional rent and ownership price categories should be denoted as "partially assisted." All categories of rental housing below $1,100 in rent and owner-occupied housing that is $200,000 or less in value may need government assistance. Corrections to tables 303.1a and 303.1b in Appendix 8 will be made in the final UGR.
Tom Cusack	Metro should review existing reports, Census data, and the American Community Survey data to determine the relative rate of Portland Metro housing mismatch by income and rent levels and adjust their demand/supply projections accordingly.	The UGR's method and the method proposed by Mr. Cusack are both valid approaches, but are suitable for different purposes. The method proposed by Mr. Cusack would provide an assessment of current conditions, but would not depict the housing production that is likely to occur in the next 20 years as required for the UGR. To get a sense of the mismatch referenced by Mr. Cusack, the housing needs analysis scenarios forecast future housing production and the number of future cost-burdened households (renters paying more than 50 percent of their income

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		for housing and transportation). The UGR's approach acknowledges the fact that higher income households cannot be prevented from occupying market rate housing that is cheaper than what they could potentially afford.
Legal Aide Services of Oregon (Hillsboro Regional Office)	The report fails to mention and account for the impact of units otherwise affordable to lower income households being occupied by higher income households.	As pointed out in the comment, the analysis doesn't indicate what a household should pay (given their income), just what they do pay. This approach acknowledges that, rather than being static, housing prices are a product of market demand. This analytical approach is true to the dynamic faced by low income households in today's market. Without a housing quota system that sets aside housing for different income levels, this is also how future housing markets are expected to function. To assess affordability, the analysis provides information about the share of income spent on housing and transportation. For some households, this share is relatively small and for others it is substantial. It remains for policy discussion what can be done to improve these outcomes.
Legal Aid Services of Oregon (Hillsboro Regional Office), Tom Cusack	Add a narrative discussion and table that shows the relevant need for government housing including housing that receives public assistance.	Metro staff will add narrative to better describe affordable housing needs. The analysis indicates how many households (by rent or home price) may need government assistance. However, the question of how many households should receive government assistance is a policy matter that is open to interpretation. The UGR provides several analyses that can inform that discussion: Tables 303.1a and 303.1b, found in Appendix 8, provide the number of new, renter-occupied and owner-occupied dwelling units by rent or value range. In most rent ranges, there would appear to be a need for some amount of government assistance. This determination would also depend on wage levels. Tables 303.2a and 3032.b, found in Appendix 8, provide the number of renter-occupied dwelling units where the occupant is spending more than 50 percent of their income on transportation and housing. The UGR deems these households to be cost-burdened. The UGR further asserts that costs to these households may be reduced through a number of mechanisms including, but not limited to, subsidies. Other mechanisms include transit investments and changes to local zoning codes to allow a greater diversity of housing types and sizes.

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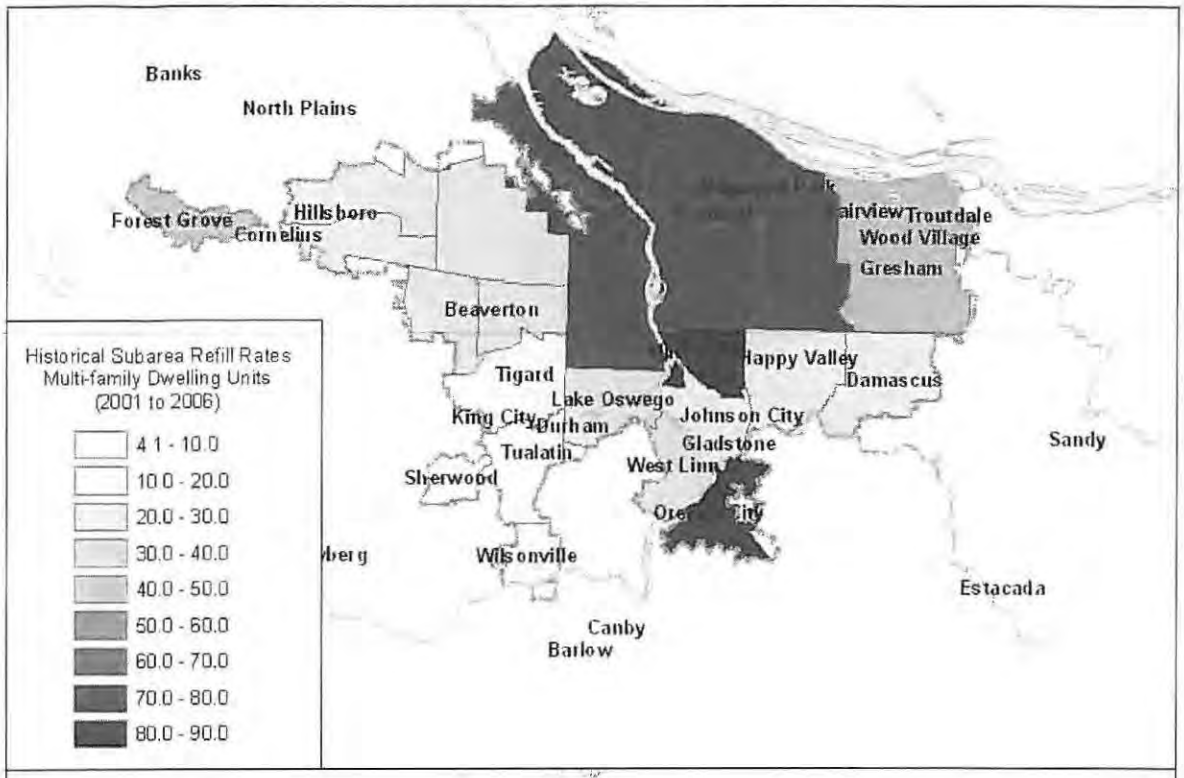
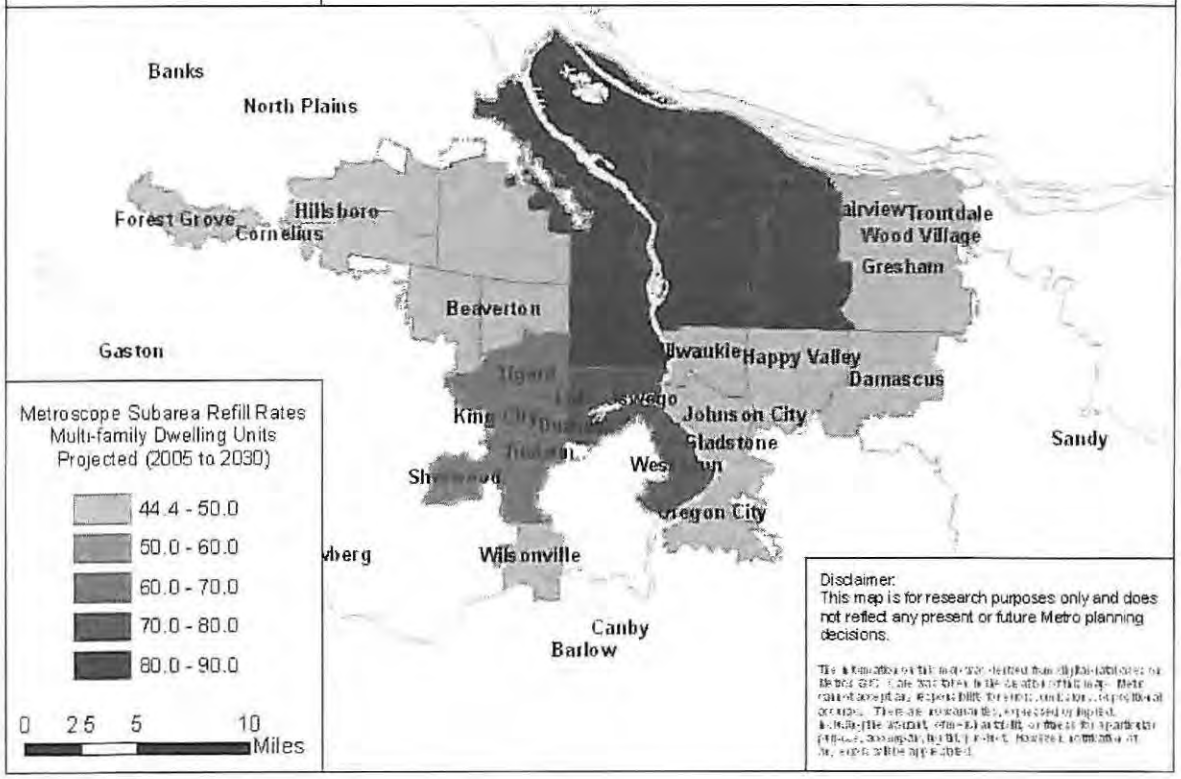
Legal Aid Services of Oregon (Hillsboro Regional Office)	Households with children, not seniors, will represent the majority of low income renters.	In trying to make the report more readable, Appendix 7 blends owners and renters. As a consequence, the low income renters with children household type is perhaps not as visible in the report as it could be. Household type two for renters has the same low income as household type one but is younger and has a larger household with a much greater chance of children being present. This household type has a higher propensity to consume renter single family homes and to travel much further than renter household type one. As noted in the comment, they consume a larger house or apartment than do seniors. As a consequence their cost burden is substantially higher (15 – 30%) than household type one.

Residential UGR—policy comments		
Comment attribution	**Comment summary**	**Metro staff response**
City of Lake Oswego	The City supports the UGR's analysis and is committed to helping expand capacity in the Foothills area of Lake Oswego to create a dense, new transit-oriented neighborhood.	Metro looks forward to working with Lake Oswego and other cities to identify how to regional and local actions can be coordinated to achieve local aspirations that are supportive of the 2040 Growth Concept.
Home Builders Association of Metropolitan Portland	The public will not accept higher densities.	The UGR analysis does not assume any change to current zoning, so the UGR does not assume higher zoned densities in existing neighborhoods. The 2040 Growth Concept calls for focusing growth in centers and corridors as directed by the region's citizens.
City of Wilsonville Coalition for a Livable Future	Infill and redevelopment in centers and corridors are generally preferable and more efficient that outward expansion. Infill and redevelopment protect natural resources. There is no money for infrastructure in UGB expansion areas. Infill and redevelopment can help to fund the maintenance of existing infrastructure. Infill and redevelopment will be necessary to reduce carbon emissions.	Infill and redevelopment are key market responses that the 2040 Growth Concept calls for in centers and corridors.
League of Women Voters of Portland	Compact urban form and the integration of land use and transportation will be essential for addressing climate change and providing equity of opportunity. Areas around transit centers and light rail stations, such as Lents and Gateway offer great potential and deserve attention in the investment strategy.	Metro staff concurs.
Home Builders Association of Metropolitan Portland	Policies that push more households to live outside the Metro UGB do not mesh with Metro's goals for sustainability.	Metro staff concurs that there are negative implications of having more people choose to live in neighboring cities and commuting back to the Metro region. The draft UGR identifies a residential capacity gap. There are multiple ways to fill that gap that will be discussed in 2010.
Urban Greenspaces Institute	The urban forest canopy, headwaters areas, and upland habitat must receive heightened protection if the region is to pursue infill and redevelopment. Title 13 is insufficient protection.	In determining the region's capacity for growth, the UGR must only assume regulations that are currently in place.
League of Women Voters of Portland	The League supports the diversification of the region's housing stock, by type and price.	Metro staff concurs that additional housing options are needed in the region in order to reduce the number and share of households that are cost-burdened.
Oregon Opportunity Network,	Housing and transportation affordability must be considered in growth management and investment	Metro staff concurs and notes that the UGR analysis finds that many of the region's existing centers and corridors offer the most affordable housing and

Residential UGR—policy comments		
Comment attribution	**Comment summary**	**Metro staff response**
Housing Land Advocates, AARP, Legal Aid Services of Oregon (Hillsboro Regional Office)	decisions. Transit-Oriented Development should be promoted.	transportation options. Yet, an affordability problem is likely to persist and perhaps worsen with a continuation of current policies and investment trends. Growth management policies and transportation investments alone will not, however, solve the affordability problem.
Legal Aid Services of Oregon (Hillsboro Regional Office)	Set concrete, regional goals, objectives and performance measures for housing affordability. Go beyond voluntary measures as they have not resulted in local jurisdictions making affordable housing a priority.	Metro staff appreciates this input. These tasks do not, however, fall under the purview of the UGR.
Home Builders Association of Metropolitan Portland	30 days is not an adequate amount of time for public review and comment on the UGR	The public will be able to comment throughout most of 2010 on the various policy choices that will be considered for closing any capacity gap identified in the UGR. Metro staff appreciates the time commitment that various advisory committees have made in providing review of the UGR. Metro has been working with advisory committees to refine the approach and contents of the UGR since winter of 2009. A preliminary UGR was released in May 2009 in order to proactively solicit and respond to technical comments. To the extent possible, comments received on the preliminary UGR have been addressed in the draft UGR. Please see Appendix 1 to the Draft UGR for a summary of comments received and draft Metro staff responses. Metro continues to try to give review and comment opportunities, but must meet a State-mandated deadline (end of 2009) for the Metro Council's acceptance of the UGR.
Citizen comments (less than five)	Expand the UGB	The decision about whether or not to expand the UGB will be made by the Metro Council, in consultation with MPAC, in 2010. That decision will be based on the UGR's analysis and any new policies or public investments that are adopted by the end of 2010 that affect the region's capacity.
Citizen comments (approximately 100), Southwest Neighborhoods, Inc.	Focus growth inside the existing UGB	The decision about whether or not to expand the UGB will be made by the Metro Council, in consultation with MPAC, in 2010. That decision will be based on the UGR's analysis and any new policies or public investments that are adopted by the end of 2010 that affect the region's capacity.

Maps 1 through 4:
Multi-family residential refill rates (historical and forecasted)





Single-family residential refill rates (historic and forecasted)

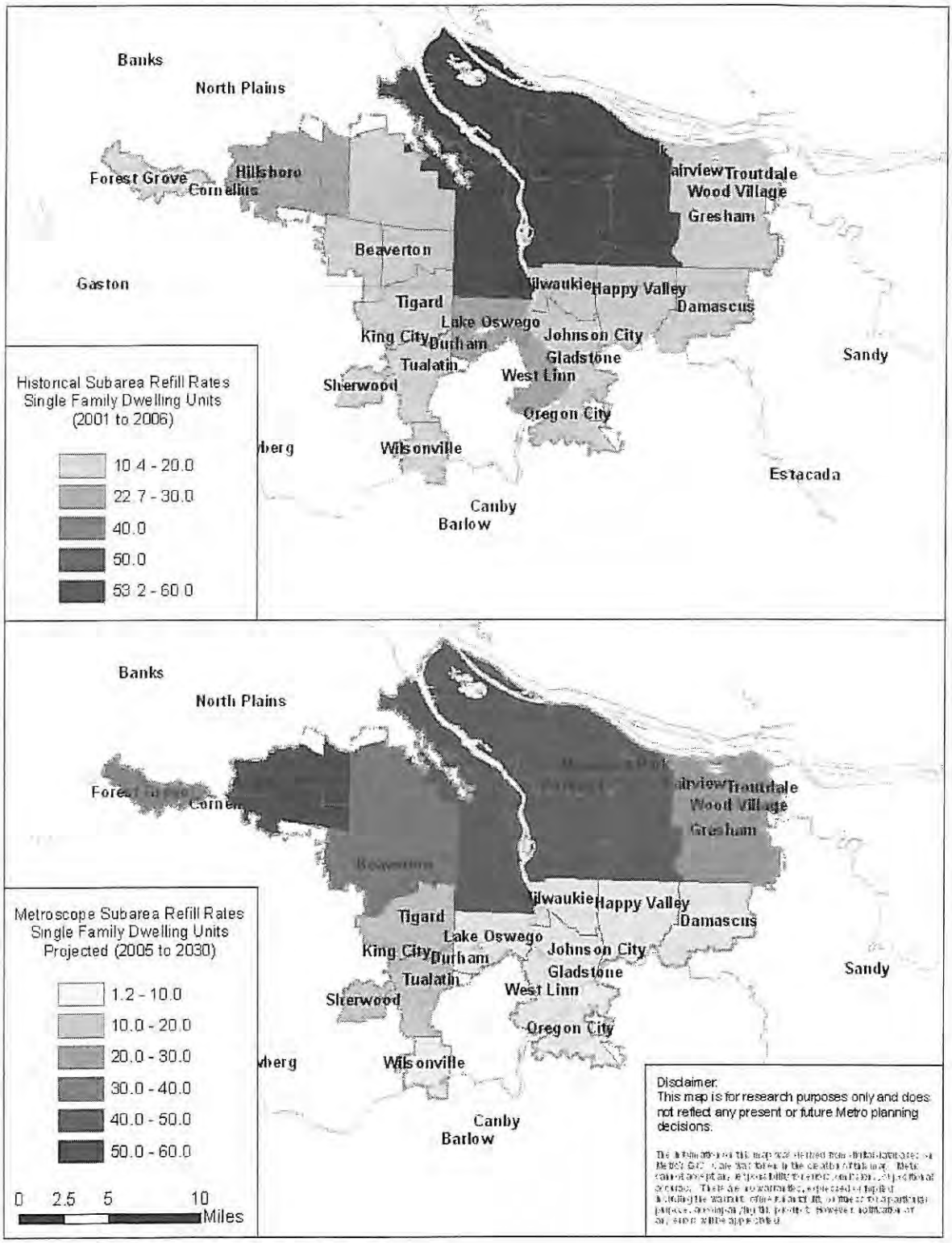


Table 1: Regional Forecast Comparison: History and 2000 UGR Forecast

Population - Portland Region (5 counties)

	Forecast	History	Difference	% Difference	commentary
2000	1,874,450	1,874,450	0	0.0%	forecast base year was 2000 Census
2001	1,902,500	1,922,984	-20,484	-1.1%	recession clouds pessimism in forecast outlook --> underforecast population growth
2002	1,934,340	1,958,976	-24,636	-1.3%	
2003	1,963,690	1,983,367	-19,677	-1.0%	
2004	2,007,710	2,003,354	4,356	0.2%	jobless recovery dampens regional up turn
2005	2,049,190	2,035,565	13,625	0.7%	
2006	2,090,960	2,075,034	15,926	0.8%	
2007	2,132,750	2,115,394	17,356	0.8%	
2008	2,170,100	2,147,260	22,840	1.1%	unforeseen recession taints trend forecast --> over forecast population growth
2009	2,203,000	2,158,115	44,885	2.1%	as steep drop in housing prices and economy depresses in-migration flows

Sources: Metro Regional Forecast: 2000-2030, Sept. 2002; U.S. Census Bureau; PSU; OFM

Employment - Portland Region (5 counties)

	Forecast	History	Difference	% Difference	commentary
2000	958,010	960,910	-2,900	-0.3%	forecast base year was 2000 BLS jobs
2001	954,750	953,750	1,000	0.1%	job growth stalls as recession hits the region
2002	951,300	932,260	19,040	2.0%	recession grips regional economy over a longer and deeper duration
2003	976,480	922,520	53,960	5.8%	--> over forecast growth during this down-cycle
2004	1,009,280	941,930	67,350	7.2%	
2005	1,043,510	971,190	72,320	7.4%	"jobless" recovery begins adding to a jobs recovery as real estate & finance bubble
2006	1,068,030	1,002,487	65,543	6.5%	spurs economic growth across the nation as growth inches towards pre-recession
2007	1,090,440	1,021,862	68,578	6.7%	growth trend
2008	1,120,200	1,022,319	97,881	9.6%	recession hits again --> over forecast jobs as growth again cycles deeper below
2009	1,144,900	N.A.			expected pre-recession employment trends

sources: Metro Regional Forecast: 2000-2030, Sept. 2000; U.S. Bureau of Labor Statistics and Oregon State Employment Division

5 counties = Multnomah, Clackamas, Washington, Yamhill and Clark

Table 2: Site choices of solar manufacturing firms in Oregon

Company	City	Acres	Using existing building?	Notes
PV Powered	Bend	9	Undetermined (appears yes)	Company founded in Bend. 100,000 square feet of building on former Oregon Woodworking site. Manufactures power inverters.
Solaicx	Portland	21	yes	
SolarWorld	Hillsboro	94	yes	Company in final stages of expansion at Hillsboro site. Moved into existing Komatsu silicon wafer facility.
Peak Sun Silicon	Millersburg	8	no	Company has option to purchase an additional 90 acres in Millersburg
XsunX	Wood Village	8.28	yes	Company first chose Oregon as a location and then began a site selection process, looking for existing buildings. The building that XsunX leases previously housed Merix, a high-tech manufacturer.
SpectraWatt	Hillsboro	20	no	Intel spinoff on Intel campus (has 20 acres). Halted construction because of a lack of investment money. Moved to New York because of public incentives.
Sanyo	Salem	20	no	
Oregon Crystal Technologies	Gresham	Less than 1	yes	In Rockwood urban renewal area – deciding between 2 existing buildings
Uni-Chem	Eugene	200	yes	Locating in old Hynix semiconductor factory, which is 1,000,000 square feet. Remainder of property is vacant.

ATTACHMENT 2

Proposed revisions and corrections to September 15, 2009 Draft Urban Growth Report

Additions to text are shown underlined
Deletions are shown ~~strikethrough~~

Employment analysis

Pg. 35:
Delete the final paragraph on the page.

Appendix 3, page 1:
Delete the final paragraph on the page.

Pg. 54, Table 20:
Edit the caption to read as follows:
"Table 20: ~~Net~~ New employment, square feet and acreage demand, net of refill, by market ring under two growth scenarios (2010 to 2030)"

Pg. 55:
Text to be revised as follows:

"Capacity demand varies by market subarea, accounting for market realities in the location decisions made by the region's employers. Based on analysis of the trends just described, net of refill demand, there will be ~~a need~~ demand for between 274 and 4,930 acres of ~~additional~~ industrial capacity and between 1,944 and 3,832 acres of ~~additional~~ non-industrial capacity within the UGB by 2030."

"Figures 14-17 show the 20-year capacity demand (net of refill ~~redevelopment~~ demand) by market subarea. At the low end of the population and employment forecast there is a projected flat demand for industrial jobs, commensurate with national trends showing a decline in manufacturing."

Pgs. 56-57, Figures 14-17:
Edit captions to clarify that demand is net of refill demand

Pg. 58:
Edit the first paragraph on the page as follows:

"New industrial opportunities that require large buildable lots are difficult to forecast accurately. Demand for large industrial lots (greater than 25 gross acres) is usually precipitated by one or more large employers looking for a new location for a production or warehouse facility. This is dependent on the decisions of individual firms and not the trends of an industry as a whole. Consequently, forecasts of large lot demand are inevitably uncertain. With that caveat, this analysis looks at the large lot preferences of large employers and multi-tenant business parks using a forecast-based approach. Given this uncertainty, the Metro Policy Advisory Committee has recommended the consideration of additional large lot demand that supplements the demand identified through the employment forecast-based approach."

Edit the final paragraph on the page as follows:

"Large-lot demand for marine and rail terminal uses is not included in this analysis. These types of facilities may have relatively few employees and little building square footage. Consequently, a job forecast may be an inadequate means of forecasting land demand for these uses. This is another reason why additional large lot demand is considered as a supplement to the demand identified through the employment forecast-based approach." ~~Furthermore~~ However, ~~t~~these uses are extremely location specific and their preferences are not likely to be met ~~accommodated~~ through UGB expansions.

Pg. 83:
Last paragraph on page to be revised as follows:

"Figures 30 and 31 depict the 5- and 20-year acreage ~~building square foot~~ demand range (from the 20-year forecast) for industrial and ~~commercial~~ non-industrial employment along with the previously described capacity range. Large lot demand and capacity are addressed separately. The demand range is illustrated with two lines that show the upper and lower end of the acreage ~~building square foot~~ demand forecast."

Pg. 84:
Insert the following text below figure 30:

"This portion of the analysis assesses the current urban growth boundary's capacity to accommodate industrial job growth on vacant, buildable land or through refill. The assessment of demand for large, vacant lots for industrial uses is handled separately. At both ends of the employment range forecast, there is adequate capacity inside the current urban growth boundary to accommodate the next 20 years of general industrial job growth."

Pg. 85:
Insert the following text below figure 31:

"Depending on the amount of non-industrial employment growth that is realized, there is demand for zero to 1,168 acres of additional capacity."

Pg. 86:
To reflect MPAC's recommendation on large lots for industrial uses, edit the heading at the top of the page to read as follows:

"Comparison of large lot supply with forecast-based assessment of ~~potential~~ large lot demand"

To reflect MPAC's recommendation, edit the second paragraph on the page to read as follows:

"Without any assumption about tax lot assembly, this employment forecast-based analysis identifies surplus capacity of 25-to-50-acre lots, but a potential deficit of tax lots over 50 acres and lots over 100 acres (under both the high and low growth forecasts), as shown in Table 32."

To reflect MPAC's recommendation, add the following section to the end of the page:

"**Policy basis for considering an expanded range of large lot demand**
The forecast-based assessment of large lot demand provides policy makers with an initial range of potential demand to consider. However, as noted, assessing future large lot demand with a job forecast-based approach has limitations. There are legitimate policy reasons to consider a wider range of demand for large lots, using the initial forecast-based approach for a sense of scale. Doing so gives policy makers the flexibility to weigh the risks and benefits of providing too much or too little large lot capacity.

There is inherent uncertainty in forecasting employment in large, traded-sector firms, which may consider several cities, regions, states or countries when choosing a site. These firms can have economic multiplier effects, bringing wealth into the region and leading to spinoff firms and employment. A few cities in the region have identified large lot users (particularly high-tech manufacturers) as a primary focus of their economic development plans. The range of large lots that will be in demand over the next 20 years will be the product of a number of factors that are impossible to forecast, including:

- Decisions of individual firms that participate in a global marketplace; and
- The political will of cities, the region, and the State (both here and in other regions) to implement economic development strategies.

The forecast-based analysis also assumes that preferences for large lots will remain largely the same in the future as they are today. There are at least two countervailing trends that indicate preferences may change, particularly for industrial, warehouse, and distribution uses. The direction and degree of change is open to interpretation:

- Rising land prices may lead to more efficient use of land, thereby increasing the number of employees per acre; and
- The substitution of machinery and robotics for human labor may reduce the number of employees per acre.

An employment forecast-based approach may also have shortcomings for estimating land demand for rail, air and marine terminal uses. These uses are critical to the health of the region's economy. Freight terminal uses can require relatively large areas of land, but do not necessarily require high employment densities. Consequently, demand for these uses may not be adequately accounted for using an employment forecast alone.

No amount of technical analysis can provide a completely precise assessment of future large lot demand. Thus, the Metro Policy Advisory Committee has expressed a desire to have flexibility in the region's plans to attract and retain potential traded-sector employment growth. Due to the limitations of further technical analysis, the expansion of the potential range of large lot demand is being done on a policy basis rather than through technical analysis. This expansion of the range is consistent with the guidance offered by Oregon Administrative Rule 660-024-0040, which states that: *"the 20-year need determinations are estimates which, although based on the best available information and methodologies, should not be held to an unreasonably high level of precision."*

When the forecast-based analysis and policy considerations are taken into account, as recommended by the Metro Policy Advisory Committee, the total 20-year demand for additional capacity in large lot

configurations is between 200 and 1,500 acres. Within this range, there is a need for policy flexibility in determining the sizes and locations of large lots to provide, so this final analysis does not specify those characteristics."

Residential analysis

Pg. 114:

Insert a map of the residential buildable land inventory.

Pages 115-117

Edit the section on parks as follows:

"**Parks:** To calculate the UGB's capacity for residential growth, this urban growth report deducts the amount of vacant land inside the UGB that may be used for future parks (effectively, this amount of land is not available for residential development). This calculation only includes future parks that are intended for active uses, such as ball fields or playgrounds. Habitat or natural areas are not included since they are already deducted from the vacant land inventory.

There are several possible ways to calculate the number of acres that may be used for future parks. ~~One approach would be to use a level-of-service standard for parks. However, an agreed upon regional standard does not exist. Since no alternative approach has been suggested,~~ This urban growth report builds on ~~uses~~ the ~~same~~ methodology that was used for the 2002 report. That ~~This~~ methodology was recommended by MPAC in 2002 and was based on estimated park land acquisition revenues~~, based on~~ from system development charges (SDCs).

To inform the analysis in this report, current park SDC rates were inventoried for each city in the region. (Information may be found in Appendix 6.) Most of the local governments that levied parks SDCs in 2002 have increased their rates. In addition, two cities, King City and Rivergrove, have started levying parks SDCs since 2002. Also, a few local governments are currently employing a system whereby different fees are levied in different locations.

The 2002 urban growth report estimated that 1,100 acres of vacant land inside the UGB would be used for future parks. Like other possible approaches to estimating future park acreage inside the UGB, this SDC approach has its limitations and should be taken as a reasonable estimate rather than a precise accounting. Due to these limitations (summarized below), the updated inventory of park SDC rates does not provide a compelling reason to substantially alter ~~change~~ this assumption:

- Each city will respond to residential growth in different ways. For instance, some cities may not have much vacant land left for parks, but will use SDC revenues to make capital improvements to existing parks.
- Different cities will witness different amounts of residential growth. A local government with high parks SDCs may not see a lot of growth over the next 20 years, while a local government with low SDC rates may see tremendous growth, or vice versa.
- While a majority of local governments around the region have increased their parks SDCs over the last several years, this does not mean that there is additional money for land acquisition.
    - It is likely that the increased rates are an attempt to more fully recuperate land acquisition or capital improvement costs and that updated SDC rates still do not cover all costs.

    - The cost of flat, vacant land will continue to increase. SDC revenues will not necessarily keep pace with land values.
- Funding for parks is and probably will continue to be limited. Metro's 2008 *Regional Infrastructure Analysis* found that the cost and availability of land is one of the biggest challenges in providing sufficient parks to accommodate future growth.
- A line item in an urban growth report for parks will not necessarily result in parks for citizens to enjoy. The effect is simply that the vacant land supply assumption is reduced, increasing the potential need for UGB expansions. A UGB expansion will not address park needs in existing urban areas, which are likely to see substantial growth.
    - There is a Major UGB Amendment process that can be initiated by local jurisdictions to bring land into the UGB for park needs that are not anticipated in cyclical legislative UGB expansions (as contemplated in the context of this report). The Major Amendment Process may be a more appropriate means of addressing specific park needs that can be accommodated through UGB expansions.

Limited funding and limited vacant land in urban locations point to a need for creative and collaborative solutions that help ensure the future provision of parks throughout the region:

- Efficient use of existing land and infrastructure by taking advantage of power line easements or the space around reservoirs and water towers. For example, Tualatin Hills Park and Recreation District utilizes existing Bonneville Power Administration rights of way to operate parks and trails.
- Collaboration between multiple districts or other local governments. Sunnyside Village Green Park is a collaborative effort between North Clackamas Parks and Recreation District and Clackamas County's Water Environment Services Department that combines park facilities with stormwater management infrastructure.
- The Trust for Public Land's 2009 article on "shoehorn parks" recognizes that school facilities can be leveraged to create park capacity, but doing so requires great collaboration and commitment to success from park districts and the school system (Harnik, 2009). Popular events like Portland's Sunday Parkways demonstrate that streets can serve as temporary park space.

To maintain an approach that is consistent with the one recommended by MPAC in 2002, an implied parks level of service was calculated as follows:

The 2002 Urban Growth Report forecasted growth of 220,700 dwelling units over the 20 year period and identified that 1,100 acres should be deducted from the vacant land supply for future parks for the same time period. The implied level of service was 1,100 park acres for 220,700 new dwelling units. The current Urban Growth Report forecasts 262,400 new dwelling units in the UGB over the next 20 years (baseline assumption). Applying the same implied level of service standard as used in 2002 (1,100 /220,700 * 262,400) results in a deduction of 1,300 acres from the region's vacant land supply to address future park demand."

Appendix 6, page 11
Edit the final paragraph on the page to read as follows:

"The 2002 urban growth report estimated that 1,100 acres of vacant land inside the UGB would be demanded ~~used~~ for future parks. Like other possible approaches to estimating future park acreage demand inside the UGB, this SDC approach has its limitations and should be taken as a reasonable estimate rather than a precise accounting. Due to these limitations (summarized below), the updated inventory of park SDC rates does not provide a compelling reason to substantially alter ~~change~~ this assumption:"

Add the following text:

"To maintain an approach that is consistent with the one recommended by MPAC in 2002, an implied parks level of service was calculated as follows:

The 2002 Urban Growth Report forecasted growth of 220,700 dwelling units over the 20 year period and identified that 1,100 acres should be deducted from the vacant land supply for future parks for the same time period. The implied level of service was 1,100 park acres for 220,700 new dwelling units. The current Urban Growth Report forecasts 262,400 new dwelling units in the UGB over the next 20 years (baseline assumption). Applying the same implied level of service standard as used in 2002 (1,100 /220,700 * 262,400) results in a deduction of 1,300 acres from the region's vacant land supply to address future park demand."

Pg. 127:
Correct the residential supply range on the bottom of the page such that the expected supply is 196,900 dwelling units and the potential supply is 356,800 dwelling units. This correction is necessary because of the revised estimate of future parks acreage demand and to correct calculation errors.

Appendix 6, page 2:

Replace the table with the following. This table contains changes that are necessary because of the revised future parks acreage estimate and to correct calculation errors.

2009 to 2030 Urban Growth Report (UGR)

Residential Dwelling Capacity Range Assessment

December 2009

Line No.		Residential DEMAND Assumption Low	Baseline	High
	Residential Demand Estimates (in Dwelling Units)			
1a/	7-County Population Forecast (2007 to 2030)	728,200	875,000	1,024,400
1b/	7-County Household Forecast (2007 to 2030)	348,600	408,300	469,100
2/	**Capture 61.8% of 7-County Forecast in Metro UGB**	**215,400**	**252,300**	**289,900**
3/	plus: 4% vacancy rate (source: 2000 Census)	8,600	10,100	11,600
4/	**Dwelling Unit Demand in the Metro UGB:**	**224,000**	**262,400**	**301,500**

		Residential SUPPLY Assumptions BASELINE	
	July 2007 Vacant Land Inventory (Metro UGB):		
5/	**Gross Vacant Land in current Metro UGB**	**44,800**	
6/	less: Local Water Quality, floodways and Habitat Protection areas (ENV)	8,600	
7/	**Gross Vacant Buildable Acres in Metro UGB (GVBA)**	**36,200**	
8/	less: Fed., State, Municipal exempt land (actual count)	3,200	
9/	less: Acres of Platted Single Family Lots (actual count)	1,300	A
10/	less: Acres for Future Places of Worship and Social Org. (actual = 600 acres)	700	C
11/	less: Major Easements (Natural Gas, Electric & Petroleum) (actual count)	1,000	R
12/	less: Acres for Future Streets (0%, 10%, 18.5%)	4,900	E
13/	less: Acres for New Schools (H=45, M=55, E=70; actual = 1,000 acres)	1,000	S
14/	less: Acres for New Parks (based on SDC fees)	1,300	
15/	less: New Urban Areas (actual net of ENV, future streeets and dev. land)	7,900	
16/	**Net Vacant Buildable Acres (NVBA) - total**	**14,800**	
	Net Vacant Buildable Acres (NVBA) by Type (less-New Urban Areas):	**Metro UGB**	
17a/	Net Vacant Buildable Acres - Mixed Use Residential (MUR)	1,000	
17b/	Net Vacant Buildable Acres - Residential	6,300	

		Residential CAPACITY Assumption Low	Baseline	High	
	Residential Housing Supply Assessment - Metro UGB				
18/	**Dwelling Unit Capacity of Vacant Land at Local Zoning (or Plan) - 2008 Q3**	**62,500**	**62,500**	**62,500**	
18a/	less: High-density MFR products not market feasible within next 20 years	(18,400)	(18,400)		
19/	add: Res. Development in vac. Mixed Use Districts (MUR)	28,600	28,600	28,600	
20/	less: Capacity Lost to SFR Underbuild @ 5%	(2,200)	(2,200)	(2,200)	
21a/	add: Res. Development Capacity on ENV land (no. taxlots wholly in Title 3)	100	100	100	
21b/	add: Res. Development Capacity on Title 13 areas (80% of zoned capacity)	19,300	19,300	19,300	U
22/	add: Units from Platted Single Family Lots under 3/8 acre (actual count)	8,800	8,800	8,800	N
23/	add: Units from Residential Refill @ 33%	73,900	86,600	99,500	I
23a/	add: Units from Residential Refill @ 40% (addition of 7% more)			21,100	T
23b/	add: Potential Units from *Subsidized* Residential Refill			71,100	S
24/	add: Estimated Capacity from New Urban Areas	48,000	48,000	48,000	
25/	less: New Urban Development not yet market feasible	(24,000)	(24,000)		
26/	**Subtotal: Dwelling Unit Capacity Supply Range**	**196,600**	**209,300**	**356,800**	

		Low Supply - High Demand		Low Demand - High Supply
27/	**Full range of difference between capacity and demand (dwelling units):**	(104,900)	(53,100)	**132,800**

		Low Supply- Low Demand	Low Supply- High Demand
28/	**UGR assessment of difference between capacity and supply (dwelling units)**	(27,400)	(104,900)

Pg. 128:
Insert the following text after the second-to-last paragraph on the page:

"Through the year 2030, counting only the "solid" capacity, there is demand for additional capacity to accommodate between 27,400 to 104,900 households."

Appendix 7, pg. 3:
Revise the table to include median household income levels for the eight household types. Include this information throughout the appendix.

Appendix 8, pg. 8:
Edit the text to read as follows:
"Figure~~s~~ 4.1AB ~~and C~~ shows the region's residential capacity by generalized zoning. Figure 4.1AB depicts the gross buildable acres of ~~residential~~ land by "vacant" and "partially vacant" categories."

Appendix 8, pg. 8:
Insert the following table and notes:

Table 4.1AB: Gross vacant and partially vacant acres inside the UGB by zoning class (year 2007)

Zone Class	Fully Vacant Tax lot Acres	Partially Vacant Tax Lot Acres	Total Vacant Acres
CC	21	24	45
CG	349	195	543
CN	28	34	62
CO	89	51	140
FF	2,788	3,570	6,358
IH	768	1,066	1,834
IL	2,415	2,386	4,801
MFR1	41	95	135
MFR2	168	174	341
MFR3	116	144	260
MFR4	95	96	191
MFR5	9	32	41
MFR6	1		1
MFR7	73	51	124
MU	2	0	2
MUE	1,114	1,371	2,485
MUR1	79	35	114
MUR10	105	66	170
MUR2	120	160	279
MUR3	24	21	45
MUR4	141	150	291
MUR5	177	71	249
MUR6	21	9	31
MUR7	200	87	286
MUR8	128	146	275
MUR9	110	97	207
PF	54	246	299
POS	274	349	622
RRFU	4,130	7,253	11,383
SFR1	47	61	108
SFR10	40	46	86
SFR11	41	16	57
SFR12	77	74	152
SFR14	44	8	52
SFR15	26	44	71

SFR2	778	884	1,662
SFR3	36	41	77
SFR4	1,463	1,663	3,126
SFR5	1,032	1,045	2,077
SFR6	1,043	1,470	2,513
SFR7	407	331	739
SFR8	21	34	55
SFR9	164	378	541
Total	**18,859**	**24,073**	**42,932**

Note: Acreages reported in this table differ somewhat from the acres reported in the UGR because of differences in how public rights of way, public lands, etc. are accounted for.

Appendix 8, pg. 8:

Delete references to Table 4.1C. Data for Table 4.1C has been consolidated to appear in table 4.1AB.

Appendix 8, pg. 10:
Insert the following table and notes:

Table 5.1: Metro UGB historical land use consumption in acres: 2002-2007

Year	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Developed land	201,336	203,145	204,456	205,894	209,419	210,582
Vacant land	52,514	50,705	51,151	49,727	46,235	45,076
Total	*253,849*	*253,850*	*255,607*	*255,621*	*255,654*	*255,658*
Vacant land detail	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Residential vacant	16,488	15,617	14,944	13,672	12,307	12,099
Nonresidential vacant	12,047	11,679	11,865	9,764	8,881	8,485
Open space, rural, parks	16,560	16,290	17,303	15,362	15,610	15,307
Total gross buildable acres	*45,095*	*43,586*	*44,112*	*38,798*	*36,797*	*35,891*
Constrained land	7,419	7,118	7,039	10,929	9,437	9,185
Total vacant land	*52,514*	*50,705*	*51,151*	*49,727*	*46,235*	*45,076*

Notes:

- *Acreages reported in this table differ somewhat from the acres reported in the UGR because of differences in how public rights of way, public lands, etc. are accounted for.*
- *For years 2005 - 2007: res = MFR, MUR, SFR; non-res = COM, IND, MUE; other = PF, POS, RUR. Except: no PF in 2005*
- *For years 2002 - 2004: res = MFR, SFR; non-res = COM, IND, MUC; other = POS, RUR*
- *For years 2002 - 2005: PF are part of COM*
- *Constrained land for years 2005 - 2007 is based on the constrained land analysis completed for the 2009 UGR and includes Title 3 and Title 13 land*
- *Constrained land for years 2002 - 2004 is based on Title 3 land only*

Appendix 8, pg. 20:
Insert the following sentence in first paragraph:

"All dollar amounts are expressed in 2005 dollars."

Appendix 8, pgs. 20 and 21:

Correct tables 303.1a and 303.1b to reflect potential demand for government assistance at more price levels. Corrected tables to appear as follows:

Figure 303.1a: owner-occupied dwelling units by price (2005$) and housing type (2005 and 2030)

Owner-occupied dwelling units							
	Total dwelling units			Detached Housing		Attached Housing	
Approx. dwelling value	Year 2005	Year 2030	Difference in dwelling units 2005 to 2030)	Single-family and manufactured units	Manufactured units in parks	Single family units	Apartments, townhouses, condos
< $150,000	30,259	44,411	14,152	A	A	A	A
$150,000 - $200,000	27,191	26,954	(237)	A	A	A	A
$200,000 - $250,000	31,796	15,301	(16,495)	MRKT	MRKT	MRKT	MRKT
$250,000 - $300,000	21,442	30,657	9,215	MRKT	MRKT	MRKT	MRKT
$300,000 - $400,000	44,089	41,522	(2,566)	MRKT	MRKT	MRKT	MRKT
$400,000 - $500,000	49,363	52,167	2,804	MRKT	MRKT	MRKT	MRKT
$500,000 - $750,000	58,184	107,613	49,429	MRKT	MRKT	MRKT	MRKT
> $750,000	96,294	265,820	169,527	MRKT	MRKT	MRKT	MRKT
Total Units	358,617	584,445	225,828	116,848	*	*	108,980

Figure 303.1b: renter-occupied dwelling units by price (2005$) and housing type (2005 and 2030)

Renter-occupied dwelling units							
	Total dwelling units			Detached Housing		Attached Housing	
Approx. monthly rent	Year 2005	Year 2030	Difference in dwelling	Single-family and manufactured	Manufactured units in parks	Single family units	Apartments, townhouses, condos
< $400	43,167	19,195	(23,972)	A	A	A	A
$400 - $475	18,967	31,926	12,958	A	A	A	A
$475 - $550	25,514	25,812	298	A	A	A	A
$550 - $625	27,479	24,531	(2,948)	A	A	A	A
$625 - $750	24,854	38,485	13,630	A	A	A	A
$750 - $900	34,359	43,000	8,641	A	A	A	A
$900 - $1,100	13,315	40,881	27,566	A	A	A	A
> $1,100	26,038	64,724	38,686	MRKT	MRKT	MRKT	MRKT
Total Units	213,693	288,554	74,861	1,676	*	*	73,185

Appendix 8, pgs. 20 and 21:
Edit note that accompanies tables 303.1a and 303.1b to read as follows:

"A" denotes housing that would be partially assisted, given the dwelling unit value. It is a question for policy makers how many of these units will receive government assistance. As of November 2007, 10,608 households in the tri-county area received Section 8 vouchers.

Pgs. 133 and 135:
Correct data labels on pie charts (charts for high growth erroneously show the same percentages as low growth).

Pg. 151:
Under "policy choices," insert the following additional policy option:

"Expansion of housing voucher programs could increase housing choices for more households."

Pg. 153:
Edit the first paragraph of the "future cost burden" section as follows:

"If we continue with current policy and investment direction, the number of cost-burdened households could double by the year 2030. In the year 2005, there were approximately 94,000 cost-burdened households inside the Metro UGB (about 16 percent of all households in the Metro region or about 43 percent of renter households). By the year 2030, if current trends and policies continue, between 17 to 23 percent of all ~~the~~ households inside the Metro region or 51 to 69 percent of renter households could be described as cost-burdened. If the high end of the population range forecast is reached by the year 2030

and new policies and investments are not pursued, the number of cost-burdened households may more than double, totaling 200,000 households."

Pg. 154:
Correct the number of cost burdened households in the year 2005 (92,060).

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ATTACHMENT 3

Metro | *Memo*

Date:	November 24, 2009
To:	Malu Wilkinson, urban growth report project manager
From:	Dennis Yee, Metro Chief Economist
Re:	Technical Reviews Conducted to Validate Metro's Regional Macro-economic modeling and forecasting

Background

Leading up to Metro's periodic assessment of the urban growth boundary's capacity to accommodate residential and employment growth, three separate review panels were formed at various times to assist Metro in the validation of its economic/demographic modeling and forecasting methods and to analyze forecast results. The population and economic trends of the Portland-Beaverton-Vancouver PMSA region were examined by these review panels. Each panel validated Metro's overall modeling and forecasting methods and was asked to look closely at a certain aspect of the modeling and forecasting methodology. The panels' independent expertise was utilized to review and recommend improvements.

Review Panel One *(National review panel convened to validate forecast theory and practice)*

The first review panel was convened in 2006 – mainly to review the forecast methodology, analyze the technical efficiency of econometric equations and model specifications and to review the soundness of Metro's proposed probabilistic population forecast approach [i.e., range forecast methodology] and range / risk forecasting and analysis.

Composition of review panel one

- Dr. Lawrence Carter, University of Oregon – expert in demographic forecasting
- Dr. George Hough, Portland State University – director of center for population research and census
- Dr. Tom Potiowsky – State Economist, Oregon
- Dr. Marshall Vest – director of Economic and Business Research Center, Professor of Economics, University of Arizona
- Dr. Mary Allender, University of Portland – Assoc. Professor of Economics and Statistics
- Dr. Tim McDaniels, University of British Columbia – environmental policy, decision making & risk management

Summary remarks and conclusions of review panel one

1. The panel was asked to review and then validate Metro's economic and demographic forecast methodology and confirm the correctness of using a range forecast approach.

- Panel members unanimously agreed that a range forecast is the preferred approach in helping decision makers with managing an uncertain economic future and providing leeway for managing forecast risk especially in the extreme long-run as is the case in Metro's management of the urban growth boundary. The nature of Metro's decision making should, according to the panel, rely upon an economic model that utilizes a structural approach for forecasting growth trends, and also permits analysts to run scenarios and test policy sensitivities to various land use, economic or transportation policy variables. Metro's modeling framework according to the panel is well suited for the type of analytical applications employed by Metro.

2. Upon confirming the general approach of the Metro economic model, the panel turned to analyzing and validating the individual structures of the economic model and its efficacy for Metro planning and policy analysis purposes.
   - Panel members reviewed the technical specifications of each economic equation, variable and statistical efficiency and soundness of the equations. They determined that the Metro economic model represented the current practice of modeling regional economies and employed state of the art theories and practices.
   - They found the use of the inter-industry demand variables which capture the input-output relationships between regional industries to be a unique and innovative approach that should improve forecasting accuracies and represent well the possibilities of testing policy sensitivity on industry employment changes.
   - The panel analyzed the linkages between regional job growth and national job trends. Staff explained that the econometric equations were developed to maximize the information that national forecasts would reveal in regional growth and that Metro utilized as national forecast drivers the projections produced by IHS Global Insight, Inc., a nationally recognized firm. Panel members did not believe we could necessarily do any better assuming forecast drivers from other vendors. In fact both, Oregon and Arizona forecasters utilize to a high degree products produced by Global Insight.

3. Certify the overall fitness of the Metro economic model for its use in projecting population and employment growth for the Portland-Beaverton-Vancouver, OR-WA PMSA.
   - The panel reviewed the soundness of the model by comparing the job multipliers[3] reported by Metro's econometric model and those of other known models for other regions in the U.S. The regional model passed all the battery of usual econometric and statistical tests for goodness of fit.

[3] Multipliers summarize and describe the internal properties and workings of the model –they are one of many diagnostic tools. Exceedingly large multipliers would cause the model to exhibit unstable properties and explosive non-convergence, which would tend to invalidate the model. None of the employment multipliers in the short or long-run displayed a significant problem.

Review Panel Two *(Statewide review panel convened to validate the 50-year range forecast and assumptions)*

In May 2008, Metro forecasters developed a 50-year regional forecast and implemented the recommendations from the first panel to utilize probabilistic population forecasting techniques and to produce a range forecast. Statewide professionals who were more familiar with Oregon and in particular Portland's economy were called together to discuss their views and analyze the 50-year forecast outlook for the Metro region. In front of an audience of 200 interested stakeholders, these two moderated panels discussed the merits of the range forecast (per the recommendation of the first panel) and validated the soundness of Metro's modeling and assumptions with the objective of certifying the reasonableness of a 50-year population and employment outlook. One panel also discussed the long-range demographic, economic, climate, energy and land use trends that could emerge during the forecast period to influence regional population, employment and land use.

Composition of review panel two

Panel discussion exploring long-range issues and trends that influence regional population, economy and land use

Moderated by Duncan Wyse, President of Oregon Business Council

- Eric Hovee, Principal at ED Hovee & Co., LLC
- Joe Cortright, President of Impressa LLC
- Mike Martens, Director of Spatial Analysis, EcoTrust
- Dr. Bruce Weber, Prof. of Agriculture and Resource Economics, Oregon State University

Expert panel to present and discuss results from different forecasting methods and to provide perspectives through a moderated discussion.

- Dr. Kanhaiya Vaidya – Senior State Demographer, Oregon Office of Economic Analysis
- Art Ayre – State Labor Economist, Oregon Employment Department
- Terry Morlan – Director of Planning, Northwest Power & Conservation Council
- Dennis Yee – Chief Economist, Metro

Summary remarks and conclusions of review panel two

1. Among the topics discussed were: aging population and its impact on future housing demand; economic growth and what could be drivers for the next wave of growth and innovation in the state; climate change and its impact on migration in the US; climate change and Oregon's emphasis on "green development"; and the future makeup of the Willamette Valley's agricultural economy in light of urban development pressures.
    - Although the panelists raised interesting issues that would likely confront the Portland region and impact Portland area population and economic projections, it was plain from the tenor of the discussion that these highly informed commentators had a sense of the risks to the regional forecast, but it was unclear as to how these "mega-trends" would ultimately impact the forecast in a quantifiable fashion.
    - Panelists concluded that these "mega-trends" can impact the forecast and impose significant uncertainty and risk to a forecast. The appropriate response to this very uncertain future is to use a range forecast that affords a high degree of planning flexibility.

2. The chief objective of the afternoon review panel was to gather input and comments about how "mega-trends" may eventually feed through to impact regional long-term growth. Each of the panel members are forecast practitioners who have had significant experience in forecasting growth in Oregon. The panel was charged with reviewing the implementation and results of Metro's 50-year regional range forecast.
   - The state demographer confirmed that the state and Metro employ similar cohort-component models for forecast long-run population trends. There are differences in key assumptions, but they owe to variations between state-level demographics vs. Metro demographics which tend to more urban conditions that impact fertility and mortality rate assumptions.
   - The state labor economist prepares county-level employment estimates. Although no two forecasts are necessarily alike, he concluded that the underlying assumptions are consistent between the Metro model vs. the state's county-level economic model. Growth rates in Metro's base case scenario and the state's forecasts were highly comparable (the state does not produce a range forecast so only base case numbers could be compared).
   - The NW Power Planning Council utilizes sophisticated forecast simulation software. This software is capable of generating a multitude of scenarios which are combined to form a "solution space" or "forecast envelope" (i.e., range forecast). The forecast director for the Power Planning Council echoed numerous times the importance of risk planning and the need for economic and demographic forecasts to recognize uncertainty in its growth trends. Although Metro uses a different software approach in formulating its forecast ranges, there was agreement that "range forecasting" is the appropriate means to project long-term regional growth.

Review panel three *(Local review panel convened to validate the 20-year range forecast and regional growth assumptions which could impact the economy, population and land use trends)*
A third panel was formed in 2009 to review the 20-year regional forecast that became the basis for the urban growth report for housing and employment. This panel's chief responsibility was to validate the 20-year range forecast and to identify any regional trends that didn't comport with national trends. This panel was composed of local practitioners, forecasters, consultants and stakeholders who rely on the forecast for municipal planning purposes.

Composition of review panel three

- Steve Kelley, Senior Planner, Washington County
- Scott Drumm, Manager, Research & Market Information, Port of Portland
- Eric Hovee, Principal at ED Hovee & Co., LLC
- Scott Bailey, Washington State Economist, Vancouver area focus
- Brendan Buckley, Johnson-Reid LLC
- Uma Krishnan, City of Portland Demographer
- Todd Chase, FCS group LLC

Summary remarks and conclusions of review panel three

1. Review appropriateness of range forecast methodology
   - The panel agreed that due to forecast uncertainty and the degree of risk going into the future, a "range forecast" was more preferable than a "point forecast". Planning flexibility was an oft-cited reason in favor of proceeding with a range forecast.

2. Discuss reasonableness of the "width of the range forecast"
   - The panel did not spend much effort reviewing the variance assumptions that comprise the range, but generally believed that using historical variances as a surrogate for future forecast variances was a satisfactory means of estimating future ranges. The ranges were estimated using "monte carlo" simulation software such that a 90% cumulative distribution function was defined as the forecast range for population. Overall, total employment and population "widths" for the forecast range seemed statistically appropriate, but some disagreement arose when discussion turned to individual industry projections for employment. (see next bullet)

3. Review soundness of forecast outlook
   - There was minimal concern that the annualized growth rates for both population and employment projections for the region were slower than at any recent historical experience except for decade of the 80's which saw growth plummet due to the recession. It was explained that in the last 30 years, the Portland region is now (over 2 million people) twice its former size. Even with lower predicted growth rates (1.4% APR), growth compounding each year the region is expected to again nearly double in size during the next 30 years.
   - The debate on the regional forecast centered mostly around selected industries and, in particular, the potential for some emerging industry(s) to erupt with significant job growth and, with that job trend, bring large firms that could anchor growth in that particular industry for decades to come. The debate circled around how much faster can we reasonably predict job growth in one industry to outpace the U.S. average or U.S. forecast. The Metro forecast already assumes (as a placeholder) the high tech sector in the region to be a sector that we predict to be a "high-flyer" in manufacturing. (Most other Metro manufacturing sectors are projected to perform slightly better over the forecast period than the U.S. projected average, but high-tech has been singled out to be an above average growth sector.) [Please see Metro Regional Forecast Employment appendix that compares the US forecast against the Metro forecast.] The debate boils down to a matter of degree about how much faster high tech in the region will likely outpace nationwide trends. Metro believes that its forecasting is sound and based on statistically valid relationships modeled between the regional economy and the U.S. A minority of the panel members disagreed, believing that anecdotal interviews and ad hoc evidence point to significantly faster economic growth.

4. Discuss impact land supply has on regional growth projections
   - Land supply is not presently an explicit explanatory variable in the regional macro-economic model. In the past, there was no statistical evidence that showed land supply as a sticking point to economic growth. However, in the past, vacant land was not as scarce as it is today for urban style development purposes. Land has not been a limiting factor in the past, so it's not surprising that Metro's statistical modeling would not reveal any tangible correlation.
   - Recently, practical measurements of land supply indicate much less available land than previous measures have shown. Members agreed that land is a factor input into production and a key ingredient in promoting economic development. Still, there has been scant statistical evidence that we can draw upon to embed a land and capital substitution parameter into the econometric model that would stand up to statistical inquiry. On the other hand, there is mounting conjectural evidence that large tracts of inexpensive land can be a motivating factor to attracting large scale manufacturing plants to a particular region.
   - Technological innovation and comparative manufacturing advantages may make this point moot in the distant future, but again the panel could not settle on a conclusion. This issue is still unresolved and to be determined in future forecasts.

BEFORE THE
LAND CONSERVATION AND DEVELOPMENT COMMISSION
OF THE STATE OF OREGON

IN THE MATTER OF	)	**APPROVAL**
THE PERIODIC REVIEW OF	)	**ORDER**
THE REGIONAL URBAN GROWTH	)	**07-WKTASK-001726**
BOUNDARY FOR METRO	)	

This matter came before the Land Conservation and Development Commission (Commission) on March 23 and April 12, 2006, as a referral of Metro's re-submittal of periodic review Work Task 2, pursuant to ORS 197.633, ORS 197.644(2) and OAR chapter 660, division 25.[1] Metro adopted the submittal in response to the Commission's Partial Approval and Remand Order 05-WKTASK-001673 and Remand Order 05-WKTASK-001685. The Commission fully considered Metro's Work Task 2 re-submittal; oral argument and written comments, objections and exceptions of parties and Metro; and the report of the Director of the Department of Land Conservation and Development (Department).

History and Summary of Work Task 2

The Commission approved Metro's Periodic Review Work Program on July 28, 2000 (Approval Order #001243). Work Task 2 of the approved Work Program required Metro to estimate 20-year population and employment growth to the year 2022 and assess the capacity of the regional Urban Growth Boundary (UGB) to accommodate the identified need, and, if necessary, increase the capacity of the UGB. Work Task 2 consisted of specified subtasks (12a – Regional Forecast; 12b – Housing Needs Analysis; 13 – Land Supply Analysis; 14a – Residential Land Needs Analysis; 14b – Employment Land Need Analysis; 15 – Alternative Analysis; 16 – Technical Amendments to the UGB; 17 – Selection of Lands for UGB Amendment).

Metro forecasted a population increase of 525,000 people and identified a need to accommodate 355,000 jobs by 2022. Metro analyzed the capacity of land within the UGB to accommodate the determined need. Metro's Task 2 submittals have included measures both to increase the capacity of residential and employment land within the present UGB and to expand the UGB to accommodate the determined need. On March 20, 2003, the Commission granted partial approval of Task 2 to acknowledge Metro's amendment of the regional UGB to include five "Regionally Significant Industrial Areas." LCDC Order 03-WKTASK-001491. On July 7, 2003, the Commission approved an UGB expansion of 18,638 acres to accommodate Metro's identified

[1] The Land Conservation and Development Commission amended OAR chapter 660, division 25 effective May 15, 2006. The prior version of OAR chapter 660, division 25, filed and certified effective February 14, 2000, applies to the Commission review of Metro's submittal. *See* OAR 660-025-0230(1)(d) (establishing applicable date for amendments as relevant to this submittal). Where this order cites to OAR chapter 660, division 25, it is citing to the applicable version of that rule.

residential and a portion of the identified employment need. LCDC Order 03-WKTASK-001524. The Commission also remanded portions of Task 2 to Metro to address three issues. *Id.* at 50. On judicial review of that order, the Oregon Court of Appeals reversed and remanded for reconsideration Metro's decision to include Study Areas 37 and 94, but otherwise affirmed the order. *See City of West Linn v. LCDC*, 201 Or App 419, 119 P3d 285 (2005). On October 31, 2005, the Commission modified its Partial Approval and Remand Order 03-WKTASK-001524 to reverse the approval of the inclusion of Study Areas 37 and 94 and to remand to Metro the inclusion of Study Areas 37 and 94 for further findings under Metro Code 3.01.020. LCDC Order 05-WKTASK-001685. The Commission instructed Metro on remand to "either include Study Areas 37 and 94 based on findings under Metro Code 3.01.020 that are supported by substantial evidence, or fulfill the requirements of Work Task 2 in any other manner that complies with the statewide planning goals." *Id.* at 2.

On July 22, 2005, the Commission approved an UGB expansion of 1,678 acres to accommodate a portion of Metro's identified employment need. LCDC Order 05-WKTASK-001673. The Commission also remanded portions of Task 2 to Metro to complete work on six issues. *Id.* at 70-71. The Commission partially remanded Metro's submittal to:

> "(a) Ensure that the amount of land added to the UGB under Task 2 includes an adequate amount of land for public infrastructure including streets;
> "(b) Amend the *2002–2022 Urban Growth Report: An Employment Land Needs Analysis* as necessary, to incorporate any changes to assumptions in that analysis (such as the change in the 52 percent redevelopment and infill rate on industrial lands);
> "(c) Demonstrate that the supply of large lots within the UGB is sufficient to meet the need identified in the *2002-2022 Urban Growth Report: An Employment Land Need Analysis*, provide additional large lot parcels to meet the identified need, or demonstrate how the need can be accommodated within the existing UGB;
> "(d) Clarify whether the 70 percent of land for warehousing and distribution uses applies to all vacant industrial land or only to the need to add land to the UGB;
> "(e) Based on the results of the analysis of (a) through (c), recalculate the total acreage of industrial land supply and compare that number with the identified land need of 1,180 net acres; and
> "(f) Refine the analysis of how Metro 'balanced' the locational factors of Goal 14 (factors 3 through 7) in reaching its decision to include the Cornelius area as described in Exhibit E to Ordinance No. 04-1040B in the UGB over other areas of equal statutory priority, including why the economic consequences outweighed the retention of agricultural land and compatibility with adjacent agricultural uses." LCDC Order 05-WKTASK-001673 at 70-71.

No party sought judicial review of that order pursuant to ORS 197.650 and ORS 183.482.

On remand of LCDC Order 05-WKTASK-001673 and LCDC Order 05-WKTASK-001685, Metro adopted Ordinance No. 05-1070A on November 17, 2005.

Metro Ordinance No. 07-1070A amends the Metro UGB to include 65 gross acres of land near Cornelius; 550 gross acres of land near Hillsboro (Evergreen); and 261 acres of land at Hayden Island Terminal 6. That Ordinance excludes the portions of Study Areas 37 and 94 that were added to the UGB by Ordinance No. 02-969B. Metro also amended the *2002-2022 Urban Growth Report: An Employment Land Need Analysis*. Additionally, Metro adopted findings of fact and conclusions of law to explain how the submittal complies with applicable statewide and regional land use law provisions.

Pursuant to OAR 660-025-0150(1)(c), the Director referred Metro's submittal to the Commission for review and action. As discussed below, the Commission concludes that Ordinance No. 05-1070A complies with applicable statewide and regional land use law provisions. The Commission therefore orders that Metro Work Task 2 is approved, pursuant to OAR 660-025-0160(8)(a).

Objections

The Department received a total of eight objections it determined to be valid under OAR 660-025-0140(2). The valid objectors are the City of Hillsboro, the City of Cornelius, the City of Forest Grove, 1000 Friends of Oregon, Commercial Real Estate Economic Coalition (CREEC), National Association of Industrial and Office Properties (NAIOP), Westside Economic Alliance, and the Washington County Farm Bureau.[2] The Department determined that the objection of James H. Burns was not filed within the 21-day deadline provided in OAR 660-025-0140(2)(a); therefore, Mr. Burns did not file a valid objection and the Commission did not consider it. OAR 660-025-0140(3).

Exceptions

Under the Commission's rules, persons that filed a valid objection to this Task 2 submittal are permitted to file written exceptions to the director's report. OAR 660-025-0160(3). The City of Hillsboro, the City of Cornelius, 1000 Friends of Oregon, CREEC, NAIOP, and Westside Economic Alliance filed valid exceptions.

Oral Argument

On its own motion, the Commission decided to allow oral argument, pursuant to OAR 660-025-0160(7). The Commission provided an opportunity for the department, objectors and Metro to argue. The Commission did not request any new evidence or information. The Commission did allow the City of Hillsboro's motion to take new information in the form of three newspaper articles:

1. Jim Redden, *Plant may signal a biotech future*, Portland Tribune, March 21, 2006

2. *Oregon hits a big score with Genentech*, The Oregonian, March 18, 2006

[2] The Washington County Farm Bureau objection is signed by Tad VanderZanden, Dave Vanasche, Larry Duyck, and Keith Fishback as individuals and members of the Washington County Farm Bureau. This order refers to those individuals and the farm bureau collectively as the Washington County Farm Bureau.

3. Ted Sickinger and Joe Rojas-Burke, *Genentech will build site in Hillsboro*, The Oregonian, March 18, 2006

The City of Hillsboro submitted the articles to demonstrate that a large tract of the Shute Road site added to the UGB by Ordinance No. 02-983B and acknowledged by LCDC Order 03-WKTASK-001491 on March 20, 2003, is being purchased for a biotechnology manufacturing use. The Commission provided the other objectors and Metro the opportunity to comment on the information that the City of Hillsboro submitted. The Commission otherwise heard the referral based on the written record.

Review of Metro's Submittal

Removal of Study Areas 37 and 94

The Commission remanded Metro Task 2, in part, ordering Metro to "either include Study Areas 37 and 94 based on findings under Metro Code 3.01.020 that are supported by substantial evidence, or fulfill the requirements of Work Task 2 in any other manner that complies with the statewide planning goals." LCDC Order 05-WKTASK-001685 at 2. Metro amended the UGB to exclude the portions of Study Areas 37 and 94 that were previously added to the UGB. Ordinance No. 05-1070A at 2. Metro determined that the exclusion of Study Areas 37 and 94 would eliminate 1,221 dwelling units, eliminating the previous surplus of 666 dwelling units. Metro determined that overall, it had met 99.6 percent of the identified need for residential land. November 8, 2005 Memorandum to Metro Council from Lydia Neill. The Department received no objections regarding this portion of Metro's submittal.

On review of Work Task 2, the Commission previously decided that "Metro's inclusion of capacity for 666 dwelling units in excess of the estimated 20-year demand for 220,700 dwelling units conforms with the purposes of Goal 10 to encourage adequate numbers of needed housing and Goal 14 to provide for an orderly and efficient transition from rural to urban use." LCDC Order 03-WKTASK-001524 at 27. The Commission likewise now concludes that Metro has complied with the goals on the whole, and that the .4 percent deficit from the identified need for dwelling units is both technical and minor in nature under ORS 197.747. The Commission concludes that Metro has complied with this requirement of LCDC Order 05-WKTASK-001685 and the goals.

Land for Public Infrastructure

The Commission remanded Metro Task 2 to "[e]nsure that the amount of land added to the UGB under Task 2 includes an adequate amount of land for public infrastructure including streets[.]" LCDC Order 05-WKTASK-001673 at 70. On remand, Metro found that 175 acres must be deducted from the amount of buildable land added to the UGB. Ordinance No. 05-1070A amends the Metro UGB to add 345 net buildable acres of industrial land, including the 175 acres to address the deduction for infrastructure. Exhibit D to Ordinance No. 05-1070A at 2. The Department concluded

that Metro's submittal satisfied this remand item. DLCD Revised Staff Report at 6. The Department did not receive any objections to this portion of Metro's submittal. The Commission concludes that Metro has complied with this requirement of LCDC Order 05-WKTASK-001673 and the goals.

Amend *2002 –2022 Urban Growth Report: An Employment Land Needs Analysis*

The Commission remanded Metro Task 2 to "[a]mend the *2002–2022 Urban Growth Report: An Employment Land Needs Analysis* as necessary, to incorporate any changes to assumptions in that analysis (such as the change in the 52 percent redevelopment and infill rate on industrial lands)[.]" LCDC Order 05-WKTASK-001673 at 70. On remand, Metro amended the *2002–2022 Urban Growth Report: An Employment Land Needs Analysis* to include an addendum that changes the commercial refill rate to recognize changes taking place in the marketplace. Exhibit C to Ordinance No. 05-1070A. The Department concluded that Metro's submittal satisfied this remand item. DLCD Revised Staff Report at 6. The Department did not receive any objections to this portion of Metro's submittal. The Commission concludes that Metro has complied with this requirement of LCDC Order 05-WKTASK-001673 and the goals.

Satisfy Identified Industrial Need for Large Lots

The Commission remanded Metro Task 2 to "[d]emonstrate that the supply of large lots within the UGB is sufficient to meet the need identified in the *2002—2022 Urban Growth Report: An Employment Land Need Analysis*, provide additional large lot parcels to meet the identified need, or demonstrate how the need can be accommodated within the existing UGB[.]" LCDC Order 05-WKTASK-001673 at 71. On remand, Metro amended the UGB to include the Evergreen Expansion Area. Metro placed a condition of approval on the Evergreen Expansion Area that requires the City of Hillsboro to develop a lot/parcel reconfiguration plan that results in at least one parcel that is 100 acres or larger in size. Exhibit B to Ordinance No. 05-1070A at 1. Metro found that the addition of the Evergreen Expansion Area large lot would fulfill the identified need for large parcels of industrial lands. Exhibit D to Ordinance No. 05-1070A at 2-3. The Department concluded that Metro's submittal satisfied this remand item. DLCD Revised Staff Report at 7. The Department received objections and an exception challenging on this and other bases Metro's inclusion of the Evergreen Expansion Area. Because Metro met its identified employment need for large parcels of industrial land in part by the inclusion of the Evergreen Expansion Area, the Commission turns to consideration of the site specific objections to the Evergreen Expansion Area.

Objections to Evergreen Expansion Area

Metro amended the UGB to include 550 gross acres of the Evergreen Study Area north of Hillsboro.[3] Ordinance No. 05-1070A. The Evergreen Expansion Area,

[3] Metro identified the Evergreen Study Area in the 2003 Industrial Land Alternative Analysis Study as a 985 total acre area composed of 2002 Alternative Analysis Study Areas 79 and 80 and 2003 Alternative Analysis Study Area L. 2003 Industrial Land Alternative Analysis Study at 100. The Evergreen

comprised of 337 acres of EFU-zoned resource land and 213 acres of exception land, would provide 416 gross buildable acres, which after deducting 95 acres for public infrastructure, adds 321 net buildable acres of land to the UGB designated for industrial use. Exhibit A-1 to Ordinance No. 05-1070A. 1000 Friends of Oregon objects that the inclusion of the Evergreen Expansion Area does not comply with Metro Regional Framework Plan (RFP) Policies 1.1 (Urban Form), 1.4 (Economic Opportunity & Industrial Lands), 1.6 (Growth Management) 1.7 (Urban/Rural Transition) and 1.12 (Protection of Agricultural and Forest Resource Lands); Statewide Planning Goal 14, and ORS 197.298.[4] The Washington County Farm Bureau objects generally that the inclusion of the Evergreen Expansion Area takes land from an agricultural industrial use to make it available for other industrial uses, and specifically that it does not comply with RFP Policies 1.7 and 1.12, Statewide Planning Goals 9 and 14, and ORS 197.298.

Statewide Planning Goal 9

The Washington County Farm Bureau objects that taking land "from a going and growing industry for mere speculation" seems contrary to Statewide Planning Goal 9. Goal 9 is "[t]o provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens." The Washington County Farm Bureau observes that the Evergreen Expansion Area is presently employed in an industrial use, to wit, agricultural production, that currently produces traded sector products and that the region's agricultural industry requires an adequate land base. Metro recognized that all of the areas under consideration, including the Evergreen Expansion Area, contribute to the agricultural economy of the region. Exhibit D to Ordinance No. 05-1070A at 10. Metro placed significance on its determination that the Evergreen Expansion Area "lies next to some of the most important industrial land in the region and the state." *Id.* at 13. The Commission observes that Goal 9 does not specifically address changing land from one type of industry to another type of industry. However, the Commission rejects this objection as a matter of law, because neither Goal 9 nor the Goal 9 rule applies to Metro. LCDC Order 05-WKTASK-001673 at 14.

Statewide Planning Goal 14, factors 6 and 7, RFP Policy 1.12, and ORS 197.298

1000 Friends of Oregon and the Washington County Farm Bureau both object that inclusion of the Evergreen Expansion Area is a significant incursion into the Tualatin Valley's agricultural land base, contrary to the provisions of RFP Policy 1.12, Goal 14, factors 6 and 7, and ORS 197.298. 1000 Friends of Oregon and the Washington County Farm Bureau also cite to the rankings of the Oregon Department of Agriculture's *Limited Choices* report, which ranked Evergreen as a low priority for urbanization.

Expansion Area Metro added in Ordinance No. 05-1070A is a 550-acre portion of the Evergreen Study Area. *See* Exhibit A-1 to Ordinance No. 05-1070A. This order refers to the area added to the UGB as the Evergreen Expansion Area.

[4] 1000 Friends of Oregon filed a timely exception that renewed the arguments made in its objections. The Commission considers 1000 Friends of Oregon's exception in the discussion and disposition of their objection.

ORS 197.298 provides a hierarchy of lands for inclusion within an UGB, with higher value agricultural lands being last in the hierarchy under most circumstances. Goal 14, factors 6 and 7 require Metro to consider retention of agricultural lands and compatibility of urban uses with nearby rural agricultural uses.[5] RFP Policy 1.12 provides in part:

> "1.12.1 Agricultural and forest land outside the UGB shall be protected from urbanization, and accounted for in regional economic and development plans, consistent with this Plan. However, Metro recognizes that all the statewide goals, including Statewide Goal 10, and Goal 14, Urbanization, are of equal importance to Goals 3 and 4, which protect agriculture and forest resource lands. These goals represent competing and, some times, conflicting policy interest which need to be balanced.
>
> "1.12.2 When the Council must choose among agricultural lands of the same soil classification for addition to the UGB, the Council shall choose agricultural land deemed less important to the continuation of commercial agriculture in the region."[6]

The Evergreen Expansion Area contains Class II soils. Because Metro determined that it had utilized all lands of higher priority under ORS 197.298 capable of accommodating the identified need for industrial land, Metro considered 12 areas of predominantly Class II soils: Forest Grove West, Forest Grove East, Jackson School Road, Wilsonville East, Wilsonville South, Cornelius (rest of 1,154 acres studied), Farmington, Helvetia, West Union, Evergreen, Noyer Creek and Hillsboro South. Exhibit D to Ordinance No. 05-1070A at 4. The Commission agreed that ORS 197.298 does not establish a priority between areas of Class II soils and that Metro must look to the Goal 14 locational factors 3-7 to determine which areas of Class II soils should be brought into the UGB to meet the identified industrial need. LCDC Order 05-WKTASK-001673 at 43-44.

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[5] Goal 14 provides in part:

> "Urban growth boundaries shall be established to identify and separate urbanizable land from rural land. Establishment and change of the boundaries shall be based upon considerations of the following factors:
>
> "* * *
>
> "(6) Retention of agricultural land as defined, with Class I being the highest priority for retention and Class VI the lowest priority; and,
>
> "(7) Compatibility of the proposed urban uses with nearby agricultural activities."

[6] The Commission acknowledged Metro amendments to RFP Policy 1.12. LCDC Order 05-WKTASK-001673 at 70. The Commission concluded "the amendments to RFP Policy 1.12 comply with the statewide planning goals and ORS 197.340(1), which requires Metro to give the goals equal weight." LCDC Order 05-WKTASK-001673 at 41.

Metro described its methodology for selecting amongst the study areas of the same soil type:

> "Finally, the Council turned to the many lands under consideration with predominantly Class II soils. To choose among thousands of acres of this flat farmland near urban industrial areas or near freeway interchanges, the Council considered the locational factors of Goal 14 and policies in its Regional Framework Plan ('RFP') and Regional Transportation Plan ('RTP'). Further, the Council sought advice from a group of farmers and agriculturalists in the three counties, assembled by the Oregon Department of Agriculture ('ODA'). This group submitted a report to the Council entitled 'Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban Growth Boundary for Industrial Use.' [Appendix A, Item (i).)] Preliminary guidance from ODA led the Council to consider an amendment to Policy 1.12 of the RFP on agricultural land, adopted and applied in Ordinance No. 04-1040B: 'When the Council must choose among agricultural lands of the same soil classification for addition to the UGB, the Council shall choose agricultural land deemed less important to the continuation of commercial agriculture in the region.'" Exhibit G to Ordinance No. 04-1040B at 5.

The Commission has discussed the role of the RFP in Metro's consideration of areas for inclusion in the regional UGB:

> "[F]or lands of the same priority under ORS 197.298 that can reasonably accommodate Metro's identified need for industrial land, Metro considers and balances Goal 14, factors 3 to 7 to determine locations to expand the UGB. Although they do not take precedence over criteria in state law, Metro also bases the selection of lands of the same priority for inclusion on RFP policies. *See* Ordinance No. 04-1040B, Appendix A, item a at 5 and Attachment 1 (describing and diagramming relationship of applicable provisions). In RFP Policy 1.12.2, Metro has refined the consideration and balancing that it undertakes under the Goal 14, factors 3 to 7. RFP Policy 1.12.2 relates to the maximum efficiency of commercial agriculture on the fringe of the UGB (factor 4); the economics of commercial agriculture (factor 5); and refines the retention of agricultural land (factor 6) and compatibility (factor 7) analysis." LCDC Order 05-WKTASK-001673 at 41.

For the Evergreen Expansion Area, Metro made findings regarding Goal 14, factors 6 and 7 and RFP Policy 1.12. Metro concluded that the Evergreen and West Union study areas contain a lower percentage of Class I and II soils than the other areas. Exhibit D to Ordinance No. 05-1070A at 11. Metro noted that the Evergreen Expansion Area resource land is neither irrigated nor within an irrigation district, and that only Wilsonville East ranks lower in importance for commercial agriculture than Evergreen in ODA's *Limited Choices* report. *Id.* Metro concluded that of the 12 study areas, inclusion

of Evergreen Expansion Area would best protect farmland that is most important to the continuation of commercial agriculture in the region. *Id.*

Metro also considered the compatibility of urban uses of the Evergreen Expansion Area with nearby agricultural activities on resource lands outside the UGB as required by Goal 14, factor 7 and RFP Policy 1.12. Metro found:

> "Development in the Evergreen area would have some adverse effects on nearby farm practices, but less significant than the effects generated by industrial development in most other areas under consideration. Evergreen borders the UGB on the east and south and rural residential development and roads on the west. In *Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban Growth Boundary for Industrial Use*, April, 2004, the Oregon Department of Agriculture characterized the Evergreen area south of Waible/Gulch Creek as 'nearly surrounded', and for that reason, advised Metro to include the area before including other farmland areas under consideration except Wilsonville East. Following the recommendation, Ordinance No. 05-1070A includes only that portion of the Evergreen Study Area that lies south of the creek." Exhibit D to Ordinance No. 05-1070A at 8.

Metro concluded "inclusion of the Noyer Creek Area or portions of the Cornelius and Evergreen Study Area would have the fewest adverse effects on nearby farm or forest practices." *Id.* at 9.

The Commission finds that Metro considered the provisions of RFP Policy 1.12 and considered and balanced the location factors of Goal 14, including factors 6 and 7, and complied with the hierarchy of ORS 197.298. The Commission rejects these objections by 1000 Friends of Oregon and the Washington County Farm Bureau.

RFP Policy 1.1 (Urban Form), **RFP Policy 1.6** (Growth Management), and **RFP Policy 1.7** (Urban/Rural Transition)

1000 Friends of Oregon objects that the Evergreen Expansion Area does not meet Metro's urban form polices, contending that the Evergreen Expansion Area is not compact, does not use natural or built features as a boundary, and does not provide a clear distinction between urban and rural lands. 1000 Friends of Oregon and the Washington County Farm Bureau contend that Shute Road serves as a logical western edge for the UGB, or alternatively that the exception area at Sewell Road better demarks a distinction between urban and rural lands.

Metro RFP Policy 1.1, relating to Urban Form, provides:

"It is the policy of the Metro Council to:
"1.1.1 Balance the region's growth by:
"a. Maintaining a compact urban form, with easy access to nature.

"b. Preserving existing stable and distinct neighborhoods by focusing commercial and residential growth in mixed-use centers and corridors at a pedestrian scale.
"c. Ensuring affordability and maintaining a variety of housing choices with good access to jobs and assuring that market-based preferences are not eliminated by regulation.
"d. Targeting public investments to reinforce a compact urban form."

Consistent with RFP Policy 1.1, and Goal 14, factor 4,[7] Metro compared the candidate study areas for efficient use of land, both the land considered for addition to the UGB and the adjacent land within the UGB. *See* Exhibit D to Ordinance No. 05-1070A at 5-7. Metro concluded that the Evergreen Expansion Area could efficiently provide large industrial sites in an area that joins an existing industrial area on two sides. The Commission concludes that Metro considered maintaining a compact urban form in concluding that adding industrial land adjacent to an important industrial area within the UGB maximizes the efficient use of both areas. 1000 Friends of Oregon does not explain how the Evergreen Expansion Area detracts from Metro's policy to maintain "compact" urban growth. The Commission rejects 1000 Friends of Oregon's objection that Metro's inclusion of the portion of the Evergreen Study Area does not comply with RFP Policy 1.1.

Metro RFP Policy 1.6, relating to Growth Management, provides in part:

"It is the policy of the Metro Council to:
"1.6.1 Manage the urban land supply in a manner consistent with state law by:
"* * *
"b. Providing a clear distinction between urban and rural lands."

Complementary to RFP Policy 1.6.1(b), Metro RFP Policy 1.7, relating to Urban/Rural Transition, provides in part:

"It is the policy of the Metro Council to:
"1.7.1 Ensure that there is a clear transition between urban and rural land that makes best use of natural and built landscape features and that recognizes the likely long-term prospects for regional urban growth.
"1.7.2 Locate the Metro UGB using natural and built features, including roads, rivers, creeks, streams, drainage basin boundaries, floodplains, power lines, major topographic features and historic patterns of land use or settlement."

Metro included the Evergreen Expansion Area, which adjoins the UGB to the south and to the east. To the north, Metro decided to include only the portions of the Evergreen Study Area that are south of Waible/Gulch Creek, finding that to be consistent with the advice in the "*Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban growth Boundary for Industrial Use*" report. Exhibit D to Ordinance No. 05-1070A at 8. The "*Limited Choices*" report states, "[Waible] Creek, its

[7] Goal 14, factor 4 requires Metro to consider "[m]aximum efficiency of land uses within and on the fringe of the existing urban area."

associated riparian corridor and the exceptions lands located along Sewell Road would provide buffers between future urbanization and farming operations located further to the and to the west." Ordinance No. 04-1040B, Appendix A, item i at 10. The "*Limited Choices*" report does support 1000 Friends of Oregon's and the Washington County Farm Bureau's contention that the Sewell Road exception area would provide a buffer between rural and urban uses. However, as exception lands, ORS 197.298 prioritizes that area for urbanization. The Commission cannot conclude that Metro erred in including the Sewell Road exception area as part of the Evergreen Expansion Area. Metro chose a road for the western boundary of the expansion area. RFP Policy 1.7.2 expressly allows built features, including roads to locate the UGB. The Commission concludes that Metro considered and applied the provisions of RFP Policies 1.6 and 1.7 in establishing the portion of the Evergreen Study Area to include in the UGB. The Commission rejects the objections of 1000 Friends of Oregon and the Washington County Farm Bureau under and related to RFP Polices 1.6 and 1.7.

RFP Policy 1.4 (Economic Opportunity & Industrial Lands)

1000 Friends of Oregon objects that the Evergreen Expansion Area violates RFP Policy 1.4 (Economic Opportunity & Industrial Lands). 1000 Friends of Oregon objection at 2. 1000 Friends of Oregon states "Metro Policies 1.4 calls for Metro to 'maintain a strong economic climate' through a 'diverse and sufficient supply of jobs' and to designate and protect those areas 'with site characteristics that make them especially suitable to the particular requirements of industries'[.]" *Id.* at 3. The Commission does not find the quoted policies in the applicable RFP Policy 1.4. LCDC Order 03-WKTASK-001524 acknowledged Metro's amendments to RFP Policy 1.4 (Exhibit D to Ordinance 02-969B).[8] The Evergreen Expansion Area is not designated a

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[8] Exhibit D to Ordinance No. 02-969B states:

> "New Regional Framework Plan Policy on Economic Opportunity
>
> "According to the Regional Industrial Land Study, economic expansion of the 1990s diminished the region's inventory of land suitable for industries that offer the best opportunities for new family-wage jobs. Sites suitable for these industries should be identified and protected from incompatible uses.
>
> "1.4.1 Metro, with the aid of leaders in the business and development community and local governments in the region, shall designate as Regionally Significant Industrial Areas those areas with site characteristics that make them especially suitable for the particular requirements of industries that offer the best opportunities for family-wage jobs.
>
> "1.4.2 Metro, through the Urban Growth Management Functional Plan, and local governments shall exercise their comprehensive planning and zoning authorities to protect Regionally Significant Industrial Areas from incompatible uses."

Presently, RFP Policy 1.4 "Economic Opportunity" provides:

> "It is the policy of the Metro Council to:
>
> "1.4.1 Locate expansions of the UGB for industrial or commercial purposes in locations consistent with this plan and where, consistent with state statutes and statewide goals, an assessment of the type, mix and wages of existing and anticipated jobs within subregions justifies such expansion.

Regionally Significant Industrial Area by this submittal. The Commission concludes that the submittal does not violate the applicable provisions of RFP Policy 1.4.

Regardless, the Commission understands the gist of 1000 Friends of Oregon's objection to be that Metro is taking land from the land base of the agriculture industry in favor of urban industrial land use. The Commission does not find that the goals specifically address changing land from one type of industry to another type of industry. To the extent the restriction 1000 Friends of Oregon assigns RFP Policy 1.4 in its objection implicated the Evergreen Expansion Area, the Commission finds that the Goal 14 "locational factors" are the means for considering the impact of taking land from the land base of the agriculture industry in favor of urban industrial land use. The Commission rejected 1000 Friends of Oregon's objection based on Goal 14, factors 4, 6, and 7, above. 1000 Friends of Oregon asserts that Metro's Goal 14, factor 5 staff report regarding the economic, social, and energy impacts of taking this land out of the county's agricultural land base is not adequate.[9] The staff report is part of Metro's submittal in support of Ordinance No. 05-1070B. Attachment 5 to that report, the September 2005 Addendum to the Alternatives Analysis, concludes that inclusion of the Evergreen Expansion Area would result in moderate social, energy, and economic consequences. That conclusion appears in the overall consideration of the locational factors. *See* Staff Report Table 4 to Ordinance No. 05-1070 at 11. Metro identified that a con of the Evergreen Expansion Area is the impact on commercial agriculture by pushing urban development further into the agricultural base in Washington County, but concluded:

> "The nearly surrounded nature of the agriculture lands in the Evergreen area (between the UGB on the east and south and exceptions lands to the west), potential for good edges, moderate level of small parcels and the fact that the areas is not in an irrigation district are the primary reasons that this area received consideration." Staff Report to Ordinance No. 05-1070 at 13.

"1.4.2 Balance the number and wage level of jobs within each subregion with housing cost and availability within that subregion. Strategies are to be coordinated with the planning and implementation activities of this element with Policy 1.3, Housing and Affordable Housing, and Policy 1.8, Developed Urban Land.

"1.4.3 Designate, with the aid of leaders in the business and development community and local governments in the region, as Regionally Significant Industrial Areas those areas with site characteristics that make them especially suitable for the particular requirements of industries that offer the best opportunities for family-wage jobs.

"1.4.4 Require, through the Urban Growth Management Functional Plan, that local governments exercise their comprehensive planning and zoning authorities to protect Regionally Significant Industrial Areas from incompatible uses."

[9] Goal 14, factor 5 requires consideration of:

"Environmental, energy, economic and social consequences[.]"

1000 Friends of Oregon's objection does not fault Metro's 'environmental' analysis of the Evergreen Expansion Area. *See* Addendum to the Alternatives Analysis (September 2005) at 3-4.

In the findings, Metro also found that because the Evergreen Expansion Area would be available for industrial use sooner than any other study area under consideration, perhaps as a "shovel-ready" site, it would have the best overall consequences for the region. Exhibit D to Ordinance No. 05-1070 at 8. The Commission finds that collectively, the social, energy, and economic analysis submitted by Metro is an adequate consideration of the locational factors of Goal 14. The Commission rejects this objection of 1000 Friends of Oregon.

1000 Friends of Oregon and the Washington County Farm Bureau both observe that urban industrial use of the Evergreen Expansion Area will place greater transportation and infrastructure demands than agricultural use of the area. Both parties also observe that urbanization will make it more difficult to move farm equipment. Washington County Farm Bureau observes that much of the region's growth has occurred in Washington County, that farmland is a natural resource and contributes to livability. Neither party explains how these observations amount to a deficiency in Metro's submittal. The Commission finds that Metro considered these consequences of urbanization of the Evergreen Expansion Area. In recognition of these and consequences, Metro adopted conditions of approval, including a requirement that the City of Hillsboro adopt land use regulations to enhance the compatibility between industrial uses in the Evergreen Expansion Area and agricultural practices on adjacent land outside the UGB. Exhibit B to Ordinance No. 05-1070. The Commission rejects these objections of 1000 Friends of Oregon and the Washington County Farm Bureau.

1000 Friends of Oregon argues that the Evergreen Expansion Area is not necessary to meet the region's large industrial lots or warehouse and distribution needs. The Commission disagrees. As discussed above, Metro found that the addition of the Evergreen Expansion Area large lot would fulfill the identified need for large parcels of industrial lands. Exhibit D to Ordinance No. 05-1070A at 2-3. Although 1000 Friends of Oregon correctly observes that the addition of the Evergreen Expansion Area would not fulfill the identified need for the warehouse and distribution industry, as discussed below, Metro determined that "more than 70 percent of vacant, buildable industrial land within the UGB is suitable for the warehouse and distribution industry." Exhibit D to Ordinance No. 05-1070A at 3. Therefore, although the Evergreen Expansion Area is not needed to meet the warehouse and distribution component of the identified employment need, it does satisfy part of the identified need for large parcels of industrial lands. The Commission rejects this objection of 1000 Friends of Oregon.

The Commission, having rejected all objections to Metro's inclusion of the Evergreen Expansion Area, approves Metro's inclusion of that area and the condition requiring reconfiguration to produce at least one parcel that is 100 acres or larger in size. The Commission concludes that Metro has complied with remand item 7(c) of LCDC Order 05-WKTASK-001673 and the goals.

Land for Warehousing and Distribution

The Commission remanded Metro Task 2 to "[c]larify whether the 70 percent of land for warehousing and distribution uses applies to all vacant industrial land or only to the need to add land to the UGB[.]" LCDC Order 05-WKTASK-001673 at 71. On remand, Metro evaluated all of the vacant buildable land in the region including land added to the UGB, finding that "more than 70 percent of vacant, buildable industrial land within the UGB is suitable for the warehouse and distribution industry." Exhibit D to Ordinance No. 05-1070A at 3. The Department concluded that Metro's submittal satisfied this remand item. DLCD Revised Staff Report at 7. The Department did not receive any objections to this portion of Metro's submittal. The Commission concludes that Metro has complied with this requirement of LCDC Order 05-WKTASK-001673 and the goals.

Recalculate Total Acreage of Industrial Land Supply

The Commission remanded Metro Task 2 to "recalculate the total acreage of industrial land supply and compare that number with the identified land need of 1,180 net acres[.]" LCDC Order 05-WKTASK-001673 at 71. Metro calculated that it had not met 435 net acres of the total identified need of 9,366 acres for industrial land. Exhibit D to Ordinance No. 05-1070A at 3-4. On remand, Metro added 345 net acres, bringing the industrial land capacity of the UGB to 9,276 acres, 90 acres shy of the need Metro identified in the *2002-2022 Urban Growth Report: An Employment Land Need Analysis* (UGR-E). Metro found that this "supply is so close to the calculated need that it is well within the limits of precision of the many assumptions that are part of the need determination (the population forecast; the employment capture rate; the industrial refill rate; employment density; the rate of encroachment by non-industrial uses; the vintage industrial relocation rate)." Exhibit D to Ordinance No. 05-1070A at 4. Metro concluded that the difference of less than one percent between the need and the supply is so small as to be minor and technical in nature. *Id.* The Department received objections and exceptions challenging Metro's conclusion that it has provided a 20-year supply of industrial land for the region in compliance with Goal 14.

Statewide Planning Goal 14

Several objectors contend that Metro's submittal does not comply with Statewide Planning Goal 14. Generally, the objections and exceptions contend that either as a matter of law or based on a prior Commission decision in this matter, that Goal 14 requires Metro to provide an amount of land necessary to precisely meet or exceed the identified employment need in the UGR-E. Some objectors contend that Metro must be able to meet some of the identified employment need in the immediate or short-term. One objector contends that the Commission should require Metro to reevaluate its identified need.

Goal 14 is "[t]o provide for an orderly and efficient transition from rural to urban land use."[10] OAR 660-015-0000(14). Goal 14 requires that change to a UGB be based upon considerations of seven factors:

> "(1) Demonstrated need to accommodate long-range urban population growth requirements consistent with LCDC goals;
>
> "(2) Need for housing, employment opportunities, and livability;
>
> "(3) Orderly and economic provision for public facilities and services;
>
> "(4) Maximum efficiency of land uses within and on the fringe of the existing urban area;
>
> "(5) Environmental, energy, economic and social consequences;
>
> "(6) Retention of agricultural land as defined, with Class I being the highest priority for retention and Class VI the lowest priority; and,
>
> "(7) Compatibility of the proposed urban uses with nearby agricultural activities."

Factors 1 and 2 are the "need" factors. *Friends of Linn County v. Linn County*, 41 Or LUBA 342, 344 (2002). Factors 3 to 7 are known as the "locational factors." *D.S. Parklane Development, Inc. v. Metro*, 165 Or App 1, 7 n 1, 994 P2d 1205 (2000).

Identified Need

The Westside Economic Alliance objects that the need forecasted in the UGR-E understates the true needs of the region and suggests that the Commission should remand Metro's submittal with direction to meet the region's true employment need, not that identified in the acknowledged UGR-E. The Westside Economic Alliance objection argues "the region and the state would be better served if Metro were ordered to rely on Metro's updated information, and to satisfy the need as it is now anticipated to exist." Westside Economic Alliance objection at 4. The Westside Economic Alliance renews this concern in its exception, stating "we believe the Commission should require Metro to use the new information they have, to accommodate the demands we now agree are coming much faster than expected." Westside Economic Alliance exception at 3. Because sustaining this objection or exception would require Metro to reevaluate its identified need for employment opportunities, the Commission considers it first.

Pursuant to Goal 14, factor 2, Work Task 2, Subtask 14b required Metro to analyze the region's projected need for employment land to 2022. The *2002—2022 Urban Growth Report: An Employment Land Need Analysis* (Ordinance No. 02-969B,

[10] On April 28, 2005, the Commission adopted amendments to Goal 14 and amended related OARs. The Commission reviews this work task submittal under the prior version of Goal 14 effective at the time the Commission approved Metro's periodic review work program in 2000.

Appendix A, item 4) and the supplement to the UGR-E (Ordinance No. 04-1040B, Appendix A, item b) provide Metro's analysis of the need for land for new jobs through the year 2022. Metro defined its industrial land need as having particular characteristics:

> "Metro defined the need as 1,968 acres of land composed generally of less than 10 percent slope that lies either within two miles of a freeway interchange or within one mile of an existing industrial area." Exhibit G to Ordinance No. 04-1040B at 2.

The Commission previously rejected objections to Metro's employment lands needs analysis, Subtask 14b, the UGR-E and approved Metro's identified employment opportunities need. LCDC Order No. 03-WKTASK-001524 at 2, 22, 50. While the Commission subsequently remanded the UGR-E for amendment pursuant to the consistency provisions of Goal 2, the Commission did not sustain any objections to Metro's identified employment opportunities need. *See* LCDC Order No. 001673 at 16-32. Because the Commission approved the employment need identified in the UGR-E and no party sought judicial review of that approval, the employment need identified in the UGR-E is acknowledged. OAR 660-025-0160(9). The Commission finds that nothing in Metro's current submittal requires Metro to rework the employment need of the previously acknowledged UGR-E. *Hummel v. LCDC*, 152 Or App 404, 410-411, 954 P2d 824 (1998). The Commission rejects Westside Economic Alliance's objection, exception, and proposed remedy regarding Metro's acknowledged need for employment opportunities.

Means of Meeting the Identified Need

Westside Economic Alliance contends that the Commission should require Metro to add 1,968 acres of land representing the employment need that was identified in 2002. In previously rejecting a similar objection, the Commission stated:

> "The Commission finds that Metro did not reduce the identified industrial land need. Metro started with an unmet industrial need of 1,968 acres, consistent with the UGR-E and LCDC Order 03-WKTASK-001524. To the extent that this and other objections contend that the Commission directed Metro to simply add 1,968 net acres to the UGB, the objections misconstrue the Commission's order and the Goal 2 and 14 requirements for expanding a UGB. The Commission concludes that Metro complied with the goals and the requirements of its acknowledged Periodic Review Work Program in first determining whether the identified need for industrial employment opportunities could be accommodated within the existing UGB before adding land to the UGB to meet the identified need. Goal 2, Goal 14, and OAR 660-004-0010(1)(c)(B)(ii); *see also* Metro Periodic Review Work Program, Subtask 17 at 13 (requiring 'consideration of whether needs can be accommodated within the existing UGB before expanding it.')." LCDC Order No. 001673 at 21-22.

The Commission also specifically determined that Metro had an adequate factual base to demonstrate that the efficiency measures in Title 4 of the Urban Growth Management Functional Plan (UGMFP) would save an estimated 1,400 acres of industrial land. *Id.* at 22. Neither Westside Economic Alliance nor any other party sought judicial review of that conclusion. The Commission rejects this objection both on the merits and as an untimely challenge to its prior order.

Meeting the Identified Need

The City of Hillsboro, the City of Cornelius, the City of Forest Grove, CREEC, and NAIOP argue that, as a matter of law the Goal 14, factor 1 and 2 "Need" requirement imposes upon Metro a legal obligation to provide an amount of land that is "at least" equal to the projected land needs for a 20-year supply of industrial land. City of Hillsboro objection at 6; exception at 1-2; City of Forest Grove objection at 4-5, NAIOP objection at 3; exception at 1-2; CREEC objection at 5; exception at 1-2. The objectors contend that the Commission must strictly construe and Metro must accommodate the 1,180 net acres industrial land need Metro identified. The City of Hillsboro takes exception to the notion that Goal 14 allows land need deficits that are minor in nature. City of Hillsboro exception at 2. The Westside Economic Alliance objects that Metro was directed to correct the 133 acre deficit, but failed to add 133 acres to do so. Westside Economic Alliance objection at 4; exception at 2. The City of Cornelius argues "Metro must fully accommodate its identified land need as a matter of law and policy." City of Cornelius Exception at 1.

The City of Cornelius objection cites to the commission's 2003 Order as "the law of the case"[11] that held that Metro must provide an amount of land "at least" equal to the identified employment need for industrial land. The Commission stated:

> "The Associated General Contractors, Portland Business Alliance, and Regional Economic Development Partners object that Metro did not provide sufficient industrial land to meet all of the need which it has identified. OAR 660-009-0025(2) requires Metro to provide an amount of land that is at least equal to the projected land needs for a 20-year supply of industrial land. The Commission concludes that Work Task 2 has not provided sufficient industrial land to meet the identified need. The Commission sustains the objections to the incomplete accommodation of the need for industrial lands." LCDC Order 03-WKTASK-001524 at 28.

In that passage, the Commission analogized to the requirements of the Goal 9 rule, OAR chapter 660, division 9. As this Commission clarified in its more recent order, neither Goal 9 nor the Goal 9 rule applies to Metro. LCDC Order 05-WKTASK-001673 at 14-16. The Commission clarified that Metro's responsibility to ensure a long-term supply of employment land inside the UGB stems from Goal 14, not Goal 9. LCDC Order 05-

[11] The "law of the case" doctrine "is that principle under which determination of questions of law will generally be held to govern case throughout all its subsequent stages where such determination has already been made on a prior appeal to a court of last resort." *Black's Law Dictionary* 798 (5th ed 1979).

WKTASK-001673 at 16 n 8. The Commission considered and rejected arguments that either Goal 14 or the Commission's 2003 order obliged Metro to "fully accommodate" the identified need for employment lands. The Commission *specifically* left open the possibility that a shortfall in meeting the employment land needs would be deemed "minor in nature" under ORS 197.747.

> "The Commission concludes that a 133-acre shortfall, constituting one percent of the total overall land need of 9,366 acres for the 20-year planning period (UGR-E), may ultimately be considered 'minor in nature' as a matter of law. However, the Commission further concludes that such a determination is premature in light of the Commission's partial remand in this Order for Metro to evaluate elements of its Goal 14 needs analysis." LCDC Order 05-WKTASK-001673 at 30.

To the extent that the law of the case doctrine pertains to this issue, it is the latter holding of the Commission – that a shortfall may be minor in nature as a matter of law – that is the law of the case. No party sought judicial review of that holding.

Ordinance No. 05-1070A adds 345 net acres of land to the UGB, bringing the industrial land capacity of the UGB to 9,276 acres, 90 acres shy of the total need for industrial land identified in the UGR-E. Exhibit D to Ordinance No. 05-1070A at 4. The Commission now turns to whether a 90-acre shortfall, constituting less than one percent of the total overall identified land need of 9,366 acres for the 20-year planning period, may be considered 'minor in nature' as a matter of law. The objectors contend that either Goal 14 or *former* RFP Policy 1.9[12] require Metro to precisely provide a 20-year supply of land to satisfy the employment opportunities need. Several objectors note that nothing in the plain language of the Goal 14 need factors state or imply that accommodating anything less than full 20-year land need is permissible. While the Commission agrees that Goal 14 requires Metro to project its 20-year need for employment opportunity and to take steps to reasonably accommodate the identified need, the objector's contention that Metro must "fully accommodate" or provide "at least" its identified need of 9,366 acres of industrial land ignores ORS 197.747. ORS 197.747 defines "compliance with the goals" to mean that the submittal, "on the whole, conform with the purposes of the goals and any failure to meet individual goal requirements is technical or minor in nature." It is ORS 197.747, not Goal 14 that allows a minor shortfall in accommodating an identified need. Metro found that the 9,276 acre "supply is so close to the calculated need that it is well within the limits of precision of the many assumptions that are part of the need determination (the population forecast; the employment forecast; the capture rate; the industrial refill rate, employment density; the rate of encroachment by non-industrial uses; the vintage industrial relocation rate)." Exhibit D to Ordinance No. 05-1070A at 4. Metro concluded that the difference of less than one percent between the need and the supply is so small as to be minor and technical in nature. *Id.* The Commission concludes that Goal 14 read together with ORS 197.747 allows the

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[12] The City of Forest Grove, CREEC, and NAIOP cite to *former* RFP Policy 1.9, which provided in part:

> "The regional UGB, a long-term planning tool, shall separate urbanizable from rural land and be based on the region's 20-year projected need for land[.]"

Commission to approve Metro's submittal where it accommodates over 99 percent of its acknowledged need for employment opportunities. The Commission rejects each objection and exception that contends otherwise.

Finally, the City of Cornelius argues that by adding the entire Cornelius study area, Metro would have exceeded its identified employment land need by one-acre, which is more "minor in nature" than a 90-acre deficit is. Assuming for purposes of discussion that contention is correct, that is not what Metro has submitted as its completed work task, and is not what is before the Commission. The Commission has jurisdiction to review Metro's completed work task submittals. ORS 197.644(2). The Commission is not in a position to anticipate how Metro would satisfy the 90-acre deficit if the Commission were to direct Metro to do so. Thus, the issue properly before the Commission on its review of this submittal is whether a 90-acre shortfall, constituting less than one percent of the total overall land need of 9,366 acres for the 20-year planning period (UGR-E), is 'minor in nature' as a matter of law. As decided above, the Commission concludes that the shortfall is minor in nature and that Metro had provided an adequate supply of industrial land to meet the need identified in the UGR-E.

Short-term needs

The Westside Economic Alliance objects that Metro failed to accommodate the region's short-term industrial land needs, contrary to Goal 9 and Goal 14. WEA objection at 6-8. Objectors the City of Forest Grove, NAIOP, and CREEC contend that Metro failed to insure that a reasonable portion of the 20-year supply of industrial land is either development ready or capable of being made so within a short period of time. City of Forest Grove objection at 3, CREEC objection at 5, NAIOP objection at 4. The Commission has rejected the assertion that Metro has an obligation under state law to provide a short-term supply of industrial land.

"Short-term Supply of Land

"Langdon Farms, Hillsboro, and Westside Economic Alliance raised objections and exceptions regarding the short-term supply of industrial land, specifically that for warehouse/distribution. The obligation to provide a short-term supply of serviceable sites comes from OAR chapter 660, division 009, which implements Goal 9 and ORS 197.712. As discussed above, Goal 9, ORS 197.712, and division 009 do not apply to Metro. OAR 660-009-0025(3), pertaining to short-term supply of serviceable sites, provides "[i]f the local government is required to prepare a public facility plan by OAR chapter 660, division 011." Because Metro is not a local government that is required prepare a public facility plan by OAR chapter 660, division 011, the rule on its face does not apply to Metro. *The Commission concludes that Metro is not responsible for planning a short-term supply of industrial land.*" LCDC Order 05-WKTASK-001673 at 16 (emphasis added).

The Commission rejects these objections of Westside Economic Alliance, the City of Forest Grove, CREEC, and NAIOP.

The Commission concludes that Metro has complied with Goal 14 and the requirement of LCDC Order 05-WKTASK-001673 to "recalculate the total acreage of industrial land supply and compare that number with the identified land need of 1,180 net acres[.]"

Objections to Cornelius Expansion Area

The Commission remanded Metro Task 2 to "[r]efine the analysis of how Metro 'balanced' the locational factors of Goal 14 (factors 3 through 7) in reaching its decision to include the Cornelius area as described in Exhibit E to Ordinance No. 04-1040B in the UGB over other areas of equal statutory priority, including why the economic consequences outweighed the retention of agricultural land and compatibility with adjacent agricultural uses." LCDC Order 05-WKTASK-001673 at 70-71. On remand, Metro concluded that adding 65 acres (24 net acres) north of the City of Cornelius best achieves the RFP policies and complies with state law.[13] Metro found that the Cornelius Expansion Area reduces the impact of UGB expansion on the agriculture industry; is among the easiest study areas to serve efficiently; accommodates industrial development more efficiently than other study areas; reduces impacts on area roads relative to the prior submittal; avoids negative economic and social consequences from loss of the agricultural land base; and supports the designated Main Street in the City of Cornelius, which effectively serves as the "center" of Cornelius. *See* Exhibit D to Ordinance No. 05-1070A at 5-20 (Metro findings comparing Cornelius Expansion Area to 12 study areas under consideration).

ORS 197.298

The City of Hillsboro contends "the exception land must be brought into the UGB <u>before</u> (or concurrent with) any Class II resource land within the Cornelius Site in order to avoid violating the ORS 197.298(1) priorities." City of Hillsboro objection at 9. The City of Hillsboro, the City of Forest Grove, NAIOP and CREEC object that Metro violated ORS 197.298 by not including exception land to the north of Council Creek on the basis that Council Creek is a "natural boundary." City of Hillsboro objection at 7-10, City of Forest Grove objection at 5-6, NAIOP objection at 4-5; exception at 2, CREEC objection at 6-7; exception at 2. The City of Cornelius objects that the Cornelius Study

[13] Metro identified the Cornelius Study Area in the 2003 Industrial Land Alternative Analysis Study as a 1,154 total-acre area composed of 2002 Alternative Analysis Study Areas 75 and 76 and 2003 Alternative Analysis Study Area H. 2003 Industrial Land Alternative Analysis Study at 84. Metro submitted a 262-acre portion of the Cornelius Study Area for inclusion in the UGB in Ordinance No. 04-1040B, which the Commission remanded for further consideration. *See* Exhibit E to Ordinance No. 04-1040B (depicting 262-acre portion submitted for inclusion in the UGB). The Cornelius Expansion Area Metro added in Ordinance No. 05-1070A is a 65-acre portion of the Cornelius Study Area. *See* Exhibit A-1 to Ordinance No. 05-1070A. This order refers to the area added to the UGB as the Cornelius Expansion Area.

Area has the highest priority under ORS 197.298 of the areas Metro studied. City of Cornelius objection at 7; exception at 2-3.

As discussed above with respect to the Evergreen Expansion Area, for this expansion effort, Metro was considering 12 areas of predominantly Class II soils.[14] Exhibit D to Ordinance No. 05-1070A at 4. ORS 197.298 does not establish a priority between areas of Class II soils; therefore, Metro must look to the Goal 14 locational factors 3-7 to determine which areas of Class II soils should be brought into the UGB to meet the identified industrial need. LCDC Order 05-WKTASK-001673 at 43-44. Metro recognized that the Cornelius Expansion Area did not include areas of exception land that had previously been submitted to the Commission as an UGB expansion in Ordinance No. 04-1040B. Metro provided three reasons for not including the exception areas north of Council Creek:

> "First, the exception land, like the excluded farmland, lies north of Council Creek. Both the Oregon Department of Agriculture and the Washington County Farm Bureau urged the Council not to expand the UGB north of this creek. Council Creek is the best barrier between urbanization in Cornelius and commercial agriculture to the north. Urbanization of this exception land would not only threaten commercial agriculture on the excluded farmland that lies between the two exception areas. It would also allow development that would worsen the existing intrusion into the commercial farm area north of Council Creek and erode the confidence of area farmers in the viability of commercial agriculture in the area.
>
> "Second, provision of urban services to the two exception areas would not be efficient without providing services to the farmland that lies between them. Extension of streets into the exception areas alone would limit accessibility to fire and life safety vehicles and place additional demands on local streets within the pre-expansion UGB. Development of looped water and sewer systems – more efficient and safer – through the exception areas and intervening farmland becomes less feasible without development of the farmland and may not be legally possible under state planning laws.
>
> "Third, the exception land that lies to the east of the excluded farmland borders residential land across the UGB to the south. It does not adjoin industrial land. Further, Council Creek also traverses the area east to west, following approximately the course of the UGB. As noted in the Alternative Analysis attached to the September 20, 2005, Staff Report, there is protected corridor

[14] The City of Cornelius contends that the Cornelius Study Area is "exceedingly close to qualifying as second priority land under ORS 197.298(1)(b)." Assuming that is correct, the Commission does not conclude that Metro can be held to have erred on this record for considering the Cornelius Study Area as Soil Class II resource land under ORS 197.298(1)(d) and (2). The 1,154 acre Cornelius Study Area contained 55 percent Class II soils and 20 percent exception land. October 13, 2005 Staff Report to Ordinance No. 05-1070 at 11. The 262-acre portion of the Cornelius Study Area for inclusion in the UGB in Ordinance No. 04-1040B also contained 55 percent Class II soils. *Id.*

> averaging 280 feet wide along the creek that would separate industrial uses in the exception area from uses within the existing UGB.
>
> "In sum, in order to protect the commercial agricultural land base and use industrial land efficiently, it is necessary to exclude all land north of Council Creek."

Exhibit D to Ordinance No. 05-1070A at 19-20. Metro applied the locational factors of Goal 14 and its RFP Polices to determine which of the 12 identified study areas should be utilized to accommodate the identified need for employment opportunities in the UGR-E. Metro's findings under those criteria are at Exhibit D to Ordinance No. 05-1070A at 5-20.

Statewide Planning Goal 2 – Adequate Factual Base

The City of Cornelius objects that Metro lacked an adequate factual base under Goal 2 to decide to meet industrial need in the Cornelius area only on lands south of Council Creek. City of Cornelius objection at 5; exception at 4. The City of Cornelius argues that an adequate factual base exists to support the portion of the Cornelius Study Area that Metro submitted in Ordinance No. 04-1040B.

The Goal 2 requirement for an adequate factual base requires that legislative land use decision be supported by substantial evidence. *DLCD v. Douglas County*, 37 Or LUBA 129, 132 (1999). Substantial evidence exists to support a finding of fact when the record, viewed as a whole, would permit a reasonable person to make the finding. ORS 183.482(8)(c) and *Dodd v. Hood River County,* 317 Or 172, 179, 855 P2d 608 (1993). Where the evidence in the record is conflicting, if a reasonable person could reach the decision Metro made in view of all the evidence in the record, the choice between the conflicting evidence belongs to Metro. *Mazeski v. Wasco County,* 28 Or LUBA 178, 185 (1994), *aff'd* 133 Or App 258, 890 P2d 455 (1995).

The Commission has jurisdiction to review Metro's completed work task submittals. ORS 197.644(2). The Commission does not foretell whether Metro would determine, based on consideration of the locational factors of Goal 14, that the portion of the Cornelius Study Area that Metro submitted in Ordinance No. 04-1040B was on balance an appropriate place to expand the UGB at this time. As a matter of law, that is precisely why the Commission remanded Metro's analysis of the "balancing of the locational factors of Goal 14 (factors 3 through 7) in reaching its decision to include the Cornelius area as described in Exhibit E to Ordinance No. 04-1040B in the UGB over other areas of equal statutory priority, including why the economic consequences outweighed the retention of agricultural land and compatibility with adjacent agricultural uses." LCDC Order 05-WKTASK-001673 at 70-71. The question before the Commission is not that posed in the City of Cornelius' objection – whether there would have been substantial evidence to support a decision to bring in the portion of the Cornelius Study Area that Metro submitted in Ordinance No. 04-1040B – the question

before the Commission is whether Metro's decision to include the Cornelius Expansion Area was supported by substantial evidence.[15]

Metro's findings regarding the Cornelius Expansion Area include the following:

> "The Council was persuaded by testimony of farmers in the area and the Oregon Department of Agriculture that adding land north of Council Creek would create an intrusion into an area of critical importance to commercial agriculture in the Tualatin Valley." Exhibit D to Ordinance No. 05-1070A at 4.

and

> "Avoidance of negative economic and social consequences from loss of agricultural land was one of the reasons the Council reduced the size of this area, based upon testimony by the Oregon Department of Agriculture and the Washington County Farm Bureau that land to the north of Council Creek is important to the commercial Agricultural land base in the Tualatin Valley. *Id.* at 16.

and

> "The Washington County Farm Bureau testified that inclusion of *any* land north of Council Creek – farmland or exception land (some of which is being farmed) – would harm commercial agriculture in the Tualatin Valley by diminishing the land base and introducing conflicts. Development north of Council Creek would encounter no significant barrier to further expansion to the north, eroding certainty among farmers in the Tualatin Valley. Letters from a farm products processor and a farm implement dealer in Cornelius expressed concern that further loss of farmland would make it difficult for them to remain in business. All of this evidence persuades the Council that inclusion of land north of Council Creek would be inconsistent with [RFP] Policy 1.12 and Goal 14 and would be more harmful to commercial agriculture than inclusion of farmland in the Evergreen Area." *Id.* at 18.

The record contains a report to Metro entitled "*Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban growth Boundary for Industrial Use*" that was prepared by a group of farmers and agriculturists assembled by the Oregon Department of Agriculture. With regard to the Cornelius Study Area, the report states:

> "The workgroup is very concerned about beginning a pattern of development that would protrude out into the agricultural lands located north of Cornelius and

[15] The City of Cornelius also argues that Metro could have brought in the resource land north of Council Creek pursuant to ORS 197.298(3)(b) and (c). Assuming that is correct, the Commission does not consider this possibility a basis to remand Metro's decision. As discussed above, the Commission's jurisdiction is limited to review of Metro's submittal.

> Forest Grove and west of Hillsboro. The current urban growth boundary corresponds with Council Creek. Council Creek and its associated floodplain and riparian zone currently provide a good edge and buffer between urban and resource lands. *The area located north of these cities and west of the City of Hillsboro is considered by the workgroup to be a core agricultural area in the county and metro area. The long-term integrity of this agricultural core area could be compromised with the protrusion of development into the core area.*" Ordinance No. 04-1040B, Appendix A, item i at 11-12 (emphasis in the original).

Metro's submittal includes an October 25, 2005 letter from the Oregon Department of Agriculture which expresses concern about introducing development into agricultural core areas, stating "Expansion north of [Council] Creek would project a finger of urban development with several edges into prime farmland."

The record also includes the 2003 Industrial Land Alternative Analysis Study, which determined that urbanization of the entire Cornelius Study Area would have high adverse consequences for nearby agriculture. *Id.* at 85-86; Table A-4. By comparison, urbanization of the Cornelius Expansion Area "would have a medium impact on adjacent agricultural activity to the north, east and west." September 2005 Addendum to the Alternative Analysis, Cornelius Supplement at 3. The Commission concludes that Metro's decision to meet some of its identified industrial need in the Cornelius Expansion Area, *i.e.*, only on lands south of Council Creek, is supported by substantial evidence. The Commission further concludes that although the record included evidence that could support inclusion of a larger portion of the Cornelius Study Area, such evidence was in conflict with the substantial evidence described above. Under those circumstances, because the Commission concludes Metro reasonably could reach the decision it made in view of all the evidence in the record, the choice between the conflicting evidence belongs to Metro. *Mazeski v. Wasco County,* 28 Or LUBA at 185.

Scope of LCDC Order 05-WKTASK-001673 Remand

The City of Cornelius contends the Commission's remand order simply directed Metro to adopt new findings under the locational factors to justify inclusion of the portion of the Cornelius study area previously submitted in Ordinance No. 04-1040B. City of Cornelius objection at 9-10; exception at 4. The City of Cornelius further contends that Metro lacked the authority to include less than all of the Cornelius Study Area, or to conclude that another area studied for inclusion was more suitable based upon consideration of the locational factors of Goal 14. The City of Hillsboro argued that the Commission's remand to Metro directed Metro "how" to comply with Goal 2 Coordination, stating "It was only supposed to prepare sufficient findings to support the entire Site being added to the UGB." Remarks of Hillsboro to the Commission on March 23, 2006.

The Commission remanded the inclusion of the Cornelius Study Area for further analysis by Metro and additional findings to demonstrate its consideration and balancing

of the Goal 14, factors 3 to 7. LCDC Order 05-WKTASK-001673 at 35. The Commission remanded the Cornelius study area to:

> "Refine the analysis of how Metro 'balanced' the locational factors of Goal 14 (factors 3 through 7) in reaching its decision to include the Cornelius area as described in Exhibit E to Ordinance No. 04-1040B in the UGB over those areas of equal statutory priority, including why the economic consequences outweighed the retention of agricultural land and compatibility with adjacent agricultural uses." *Id.* at 70-71.

The Commission did not order Metro to include the Cornelius area, either in whole or in part. *See* OAR 660-025-0160(8)(c) (authorizing Commission to order specific plan or land use regulation revisions which are final and do not require further Commission review). The Commission specifically remanded to Metro to refine its analysis of that area under the locational factors emphasizing the focus to include factors 6 and 7. Metro did so and determined that at this time, the urbanization of the agricultural lands north of Council Creek was neither compatible with the continuation of Washington County agricultural activities nor an efficient use of industrial land.

Goal 14, factors 3 to 7, known as the "locational factors," do not stand alone as five independent approval criterion, the factors must be individually addressed and applied equally, and then Metro must consider and balance the five factors in reaching a conclusion concerning whether adding a specific area to the UGB achieves the overall goal to provide for an orderly and efficient transition from rural to urban land use. *D.S. Parklane Development, Inc.*, 165 Or App at 24; *1000 Friends of Oregon v. Metro*, 174 Or App 406, 410, 26 P3d 1108 (2001). The purpose of evaluation of the locational factors of Goal 14 is to determine which lands are best able to meet the identified need and Goal 14 overall. In this instance, Metro determined that the lands south of Council Creek met some of the identified need, but because the lands north of Council Creek posed such a negative impact to the integrity of the agricultural enterprise in the area, that in balancing the locational factors, the regional UGB should not include the area north of Council Creek. This is exactly the type of analysis that the Commission remanded the prior submittal to Metro to perform. The Commission concludes that Metro did not exceed its authority on remand.

The Westside Economic Alliance Objection 3 contends that the Commission should direct Metro "to reinstate, with justifications already ordered, the 262 acre expansion north of Cornelius previously proposed in Ordinance 04-1040B" or in the alternative "include other lands that satisfy the identified regional need for industrial lands." Westside Economic Alliance objection at 4. As discussed above, the Commission previously remanded for clarification Metro's justification for submitting the portion of the Cornelius Study Area in Ordinance No. 04-1040B. Inherent in that remand is the Commission's conclusion that the justification for the 262 acre area was not clear as to how Metro justified the submittal. The Commission concludes that reinstating those same justifications now would still not be sufficiently clear to include the 262 acre expansion. The Commission also notes that it has concluded above that

Metro's submittal has met its identified employment need, because the remaining shortfall for the region is minor in nature.

Hard Boundaries

Westside Economic Alliance Objection 4 contends that establishing "hard boundaries" in general, and specifically the decision to not include lands north of Council Creek, is inconsistent with ORS 197.298 and Goal 14. Westside Economic Alliance objection at 4. The City of Forest Grove, NAIOP, and CREEC object to the use of "'artificial edges', whether natural, e.g., creeks, or man-made, e.g., highways to 'trump' the land hierarchy established in ORS 197.298." *See also* CREEC and NAIOP exception at 2. As discussed above, to meet the identified employment need, Metro was considering 12 study areas that included Class II soils. Exhibit D Ordinance No. 05-1070A at 4. The Commission agreed that ORS 197.298 does not establish a priority between areas of Class II soils and that Metro must look to the Goal 14 locational factors 3-7 to determine which areas of Class II soils should be brought into the UGB to meet the identified industrial need. LCDC Order 05-WKTASK-001673 at 43-44. The Commission has held

> "for lands of the same priority under ORS 197.298 that can reasonably accommodate Metro's identified need for industrial land, Metro considers and balances Goal 14, factors 3 to 7 to determine locations to expand the UGB. Although they do not take precedence over criteria in state law, Metro also bases the selection of lands of the same priority for inclusion on RFP policies. *See* Ordinance No. 04-1040B, Appendix A, item a at 5 and Attachment 1 (describing and diagramming relationship of applicable provisions)." LCDC Order 05-WKTASK-001673 at 41.

To the extent that Metro's submittal had the effect of establishing a "hard boundary" or "artificial edge" at Council Creek, the Commission concludes that Metro did so by applying the locational factors of Goal 14 and consistent with RFP 1.7.2. The Commission does not find that Metro established either "hard boundaries" or an "artificial edge" that are not in compliance with either ORS 197.298 or Goal 14. The Commission rejects Westside Economic Alliance Objection 4 and this aspect of the City of Forest Grove's third objection, NAIOP's second objection, and CREEC's third objection.

Statewide Planning Goal 2 – Coordination

The City of Forest Grove and CREEC object that Metro did not comply with ORS 197.015(5), Statewide Planning Goal 2, and OAR 660-015-0000(2). Forest Grove and CREEC contend Metro "failed to respect MPAC's original recommendation and failed to afford an opportunity for MPAC and the most affected jurisdictions, the Cities of Hillsboro and Cornelius, to advise it regarding new information attained at the 11/10/0[5] hearing in a timely and meaningful way before final adoption." Forest Grove objection at 4; CREEC objection at 4. The City of Hillsboro objects and filed an exception

contending that Metro did not comply with the coordination requirements of Goal 2. The Westside Economic Alliance also objects that Metro ignored its Goal 2 obligation to coordinate with local government by ignoring the findings and recommendations of local officials. Westside Economic Alliance objection at 5.

Goal 2 provides "[e]ach plan and related implementation measure shall be coordinated with the plans of affected governmental units."[16] As used in Goal 2, a regional framework plan is "coordinated" once "the needs of all levels of governments, semipublic and private agencies and the citizens of Oregon have been considered and accommodated as much as possible." ORS 197.015(5). Previously, the Commission has stated the coordination requirement as follows;

> "the coordination requirement is satisfied where Metro has engaged in an exchange of information regarding an affected governmental unit's concerns, put forth a reasonable effort to accommodate those concerns and legitimate interests as much as possible, and made findings responding to legitimate concerns." LCDC Order 05-WKTASK-001673 at 10.

Metro detailed its coordination with local governments and special districts, finding that it "accommodated the requests and concerns of local governments as much as it could, consistent with statewide planning Goal 2, ORS 195.025 and ORS 268.385,[17] Regional Framework Plan Policy 1.11 and Regional Transportation Plan Policy 2.0." Exhibit D to Ordinance No. 05-1070A at 1. The record includes a November 14, 2005 letter from Metro Council President David Bragdon to Cornelius Mayor Terry Rilling setting forth Metro's reasons regarding the Cornelius Expansion Area. The City of Cornelius and others submitted additional written testimony to Metro and testified at the November 17, 2005 hearing. The record reflects that in this instance, Metro has exchanged information with the affected local governments of the cities of Cornelius, Forest Grove, and Hillsboro, and also MPAC. The record also reflects that Metro exchanged information with the Oregon Department of Agriculture pertinent to the Cornelius Expansion Area.

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[16] Goal 2 defines "Affected Governmental Units" as "those local governments * * * which have programs, land ownerships, or responsibilities within the area included in the plan."

[17] ORS 195.025 provide in part:

> "(1) In addition to the responsibilities stated in ORS 197.175, each county, through its governing body, shall be responsible for coordinating all planning activities affecting land uses within the county, including planning activities of the county, cities, special districts and state agencies, to assure an integrated comprehensive plan for the entire area of the county. In addition to being subject to the provisions of ORS chapters 195, 196 and 197 with respect to city or special district boundary changes, as defined by ORS 197.175 (1), the governing body of the Metropolitan Service District shall be considered the county review, advisory and coordinative body for Multnomah, Clackamas and Washington Counties for the areas within that district."

ORS 268.385(1) provides:

> "For the purposes of ORS 195.025, the district formed under this chapter shall exercise within the district the review, advisory and coordinative functions assigned under ORS 195.025 (1) to each county and city that is within the district."

Ultimately, Metro made a determination that under the locational factors of Goal 14, the area south, but north of Council Creek should be brought into the regional UGB. Metro made findings relating how concern over intrusion into the agricultural area north of Council Creek led Metro to conclude that that area was not appropriate for urbanization at this time. The coordination requirement of Goal 2 does not dictate outcomes, only a good faith obligation to a process.

The City of Cornelius argues that Metro's initial decision on November 10, 2005 to include the Cornelius Expansion Area that the City then testified on at the November 17, 2005 hearing did not permit the City to make any substantive comments because Metro had not yet adopted findings for the Cornelius Expansion Area. The Commission does not find anything in Goal 2 that requires Metro to provide an opportunity to comment on *findings*, let alone an opportunity to do so before Metro adopts them. *See DLCD v. Fargo Interchange Service District*, 27 Or LUBA 150, 154, *rev'd & rem'd on other grounds* 129 Or App 447, 879 P2d 224 (1994) (no statute, statewide planning goal or administrative rule requires that a local government adopt findings to support a legislative land use decision); *Citizens for Resp. Growth v. City of Seaside*, 23 Or LUBA 100, 115 *rev'd & rem'd on other grounds* 116 Or App 275, 840 P2d 1370 (1992) (no prohibition against a local government making a tentative oral decision, followed by adoption of a final written decision containing its supporting findings). The City of Cornelius argues "we believe Goal 2 required Metro to provide Cornelius more than seven days to rebut the farmer's conclusions and demonstrate why including all of the site would not constitute an intrusion into farmland[.]" City of Cornelius exception at 3-4. To the extent the City of Cornelius contends that seven days between hearings was not an adequate amount of time for coordination, the Commission disagrees. See *Residents of Rosemont v. Metro*, 38 Or LUBA 199, 230 (2000) *aff'd; rev'd & rem'd on other grounds* 173 Or App 321, 21 P3d 1108(2001) (LUBA held that a seven day comment period on a revised UGB expansion by Metro to be consistent with Goal 2 coordination requirement under circumstances where local government had opportunity to comment on original plan).

The City of Hillsboro argues "we believe Metro had the Goal 2 duty to 'accommodate as much as possible' the Cornelius need for the entire Cornelius site to remain within the UGB" because including the site was "possible." City of Hillsboro exception at 3. The Commission concludes that nothing Goal 2 or ORS 195.025 and ORS 268.385 require Metro to include a site within the UGB if a local government asks Metro to do so and the proposed site meets the legal standards for a UGB amendment. *City of Sandy v. Metro*, 48 Or LUBA 363, 379 *aff'd* 200 Or App 481, 115 P3d 960 (2005). As LUBA noted, "Metro could have any number of reasons why it might favor one site that meets those standards over another site that also meets those standards." *Id.* at 379 n 16. Thus, the Goal 2 duty to 'accommodate as much as possible' does not carry an "obligation" of accommodation. *Id.* at 379.

CREEC and NAIOP argue that "The Regional Goal 2 obligates Metro to do more than just 'exchange information' with the Cornelius and its advisory committees, MTAC and MPAC, about the size of the Cornelius Site it includes in the Regional UGB."

CREEC and NAIOP exception at 2. To the extent CREEC and NAIOP contend that there is a "Regional Goal 2" that requires more of Metro than Goal 2, the Commission disagrees. Metro does not have a higher obligation in performing its coordination than is imposed under Goal 2. *City of Sandy v. Metro*, 48 Or LUBA at 379.

The Commission has considered all of the objections and exceptions raised regarding the Goal 2 coordination obligation. The Commission rejects those objections and exceptions.

Complete Communities

The City of Cornelius generally objects that Metro's submittal does not advance the 2040 Growth Concept ambition of creating "complete communities." City of Cornelius objection at 10. Metro found that the Cornelius Expansion Area supports the designated Main Street in the City of Cornelius, which effectively serves as the "center" of Cornelius, and will provide employment opportunities for the many residents of Cornelius who now travel to other parts of the region for work. Exhibit D to Ordinance No. 05-1070A at 17. The City of Cornelius does not explain how the submittal is not in compliance with an applicable provision of state or regional planning law; it only asserts that a larger expansion area would do more to further regional policy. The Commission does not find a basis to sustain this objection.

Port of Portland Terminal 6

Metro amended the UGB to include 261 acres of land at the Port of Portland's Terminal 6 at Hayden Island. Exhibit A-4 to Ordinance No. 05-1070A. The Hayden Island Expansion Area makes the UGB conterminous with the City of Portland City Boundary. The department found no issues with this aspect of Metro's submittal. DLCD Revised Staff Report at 8 The department did not receive any objections to this portion of Metro's submittal. The Commission concludes that Metro's inclusion of this area complies with the goals.

COMPLIANCE WITH STATEWIDE PLANNING GOALS

Goal 1 – Citizen Involvement

Metro's citizen involvement efforts comply with Goal 1 and Metro's public involvement policies that implement Goal 1.

Goal 2 – Land Use Planning

Metro complied with the Goal 2 requirement that it provide opportunities for review and comment by citizens and affected governmental units.

Metro complied with the Goal 2 requirement for an adequate factual base because the Task 2 submittal is supported by substantial evidence in the record, viewed as a whole.

Metro also complied with the requirement of Goal 2 that it coordinate its Task 2 subtasks with affected units of local government. Metro included, retained, or decided not to include some areas within the UGB over the objections of several local governments. The coordination requirement requires Metro to offer the local government a meaningful opportunity to make its concerns known to Metro, to accommodate those concerns as much as possible, and to make responsive findings to legitimate concerns.

Goal 2 also requires the submittal to be consistent with applicable plan and implementation measures, including Metro's RFP and the Regional Transportation Plan ("RTP"). Metro complied with Goal 2.

Goal 3 – Agricultural Lands

By complying with Goal 14 and the priorities of ORS 197.298(1), Metro has complied with Goal 3.

Goal 4 – Forest Lands

By complying with Goal 14 and the priorities of ORS 197.298(1), Metro has complied with Goal 4.

Goal 5 – Open Spaces, Scenic and Historic Areas and Natural Resources

Metro's submittal complies with Goal 5. UGMFP Title 11 (acknowledged) carries previously acknowledged Goal 5 code provisions of Clackamas, Multnomah and Washington Counties forward until local governments adopt plan amendments and zone changes to authorize urbanization of land added to the UGB. Goal 5 will apply to those amendments.

Goal 6 – Air, Water and Land Resources Quality

UGMFP Title 11 (acknowledged) requires each local government to comply with UGMFP Title 3 (acknowledged) when it amends its comprehensive plan and land use regulations to authorize urbanization of land added to the UGB. Metro's Task 2 decisions comply with the policies of the RTP. The Commission acknowledged UGMFP Title 3 and the RTP to comply with Goal 6. Metro's submittal complies with Goal 6.

Goal 7 - Areas Subject to Natural Disasters and Hazards

Metro excluded environmentally constrained areas from the inventory of buildable land or limited its capacity in its calculation of the employment capacity of each study area (see Alternatives Analysis). Each local government responsible for an

area added to the UGB must complete the planning requirements of UGMFP Title 11 (acknowledged), including compliance with UGMFP Title 3 (acknowledged) on floodplains, riparian areas and erosion control. Metro's submittal complies with Goal 7.

Goal 8 – Recreational Needs

The UGR-E removed parks and open space from the inventory of buildable land. UGMFP Title 11 (acknowledged) requires local governments to show general locations for new parks and open spaces in "urban growth diagrams" for territory added to the UGB. The submittal complies with Goal 8.

Goal 9 - Economic Development

Goal 9 assigns no direct responsibility to Metro. Under Task 2, Metro reviewed the economic development elements of the comprehensive plans of the 24 cities and three counties that comprise the metropolitan area. Metro used the review in its determination of the region's need for employment land and for coordination with local governments of its choices to add land to the UGB for employment purposes.

Metro revised UGMFP Title 4 (Industrial and Other Employment Areas) to improve protection of the land base for industrial uses from conflicts with other uses. Metro also, in adding land to the UGB for industrial use, placed conditions to help ensure the land's availability for that purpose. These measures comply with Goal 9.

Goal 10 - Housing

Metro's submittal removes Areas 37 and 94, resulting in a .4 percent deficit from the identified need for dwelling units. That deficit is both technical and minor in nature under ORS 197.747; therefore Metro has complied with Goal 10 on the whole.

Goal 11 – Public Facilities and Services

Goal 11 requires cities and counties, not Metro, to develop public facility plans. Goal 11 does make Metro responsible for coordination of city and county public facility plans. OAR 660-011-0015(2). For areas added to the UGB, Metro accomplishes coordination through implementation of UGMFP Title 11 (acknowledged). UGMFP Title 11 requires the local government with planning responsibility over land added to the UGB to include public facility planning in the amendments to its comprehensive plan and land use regulations prior to urbanization. Goal 11 applies directly to these local amendments. Metro's submittal complies with Goal 11.

Goal 12 – Transportation

Metro found and concluded that its submittal complies with its acknowledged RTP policies. As with public facilities, UGMFP Title 11 (acknowledged) requires the local government with planning responsibility over land added to the UGB to include

transportation planning in the amendments to its comprehensive plan and land use regulations prior to urbanization. Goal 12 applies directly to these local amendments. Metro's submittal complies with Goal 12.

Goal 13 – Energy Conservation

Through compliance with Goal 14, which requires an efficient transition from rural to urban land use, and the RFP (2040 Growth Concept), which requires a compact urban form, Metro's Task 2 decisions comply with Goal 13.

Goal 14 – Urbanization

Metro's submittal addressed the remand tasks related to Goal 14. Metro has based its change to the UGB on the need to provide adequate employment opportunities. Pursuant to ORS 197.747, the Commission concluded that where Metro accommodated more than 99 percent of its acknowledged need for employment opportunities, any shortfall is technical or minor in nature. Metro's submittal, on the whole, complies with Goal 14.

Goal 15 – Willamette River Greenway

UGMFP Title 11 (acknowledged) carries previously acknowledged Goal 5 code provisions of Clackamas, Multnomah and Washington Counties taken to comply with Goal 15 forward until local governments adopt plan amendments and zone changes to authorize urbanization of land added to the UGB. Goal 15 will apply to those amendments.

UGMFP Title 11 also requires local governments to apply UGMFP Title 3 (acknowledged) to lands added to the UGB. Included within Title 3 are limitations on the use of floodplains and riparian areas.

Metro's Task 2 submittal complies with Goal 15.

Conclusion

Based on consideration of the record as a whole, the foregoing discussion, the director's report, and responses to the objections, exceptions, and oral argument, the Commission concludes that Metro's periodic review Task 2 complies with the statewide planning goals and is approved, pursuant to OAR 660-025-0150 and 660-025-0160.

THEREFORE, IT IS ORDERED THAT:

Pursuant to OAR 660-025-0160(8)(a), the Commission orders that Metro Work Task 2 is approved. If no appeal to the Court of Appeals is filed within the time provided in ORS 183.482, Work Task 2 shall be deemed acknowledged. OAR 660-025-0160(9).

The Commission has considered every valid objection and exception. The Commission rejects all objections and exceptions, whether discussed herein or not.

Scope of Appellate Review: Pursuant to the Commission's authority under OAR 660-025-0160(7) to take appropriate action on Metro Periodic Review Work Task 2, the Commission hereby orders that to the extent any of the UGB Expansion Areas are not affected by a specific appeal of another UGB Expansion Area, and to the extent no appeal is made on an objection that affects all expansions, any unaffected expansion areas are severed from any further proceedings or appeals associated with Work Task 2, and Metro's decision regarding those unaffected expansion areas is acknowledged.

DATED THIS 2nd DAY OF MAY 2007.

FOR THE COMMISSION:

Lane Shetterly, Director
Department of Land
Conservation and Development

NOTE: You may be entitled to judicial review of this order. Judicial review may be obtained by filing a petition for review within 60 days from the service of this final order. Judicial review is pursuant to the provision of ORS 183.482 and 197.650.

Copies of all exhibits are available for review at the department's office at 635 Capitol Street NE, Suite 150, Salem.

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