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CC: Metro

Thursday, January 9, 2025

RE: Objections to Metro's Ordinance No. 24-1520

Founded in 1974, 1000 Friends of Oregon is a statewide mission-based 501(c)(3) nonprofit organization. Our mission is to work with Oregonians to enhance our quality of life by building livable urban and rural communities, protecting family farms and forests, and conserving natural areas. We realize our mission by partnering with Oregonians on major land conservation and development decisions ranging from urban growth boundary expansions, land readiness efforts, comprehensive plan updates, development applications, and more. These decisions can lead to positive or negative experiences for present and future generations, shaping the kind of communities, economies, environments, and choices afforded to Oregonians. That is why researching, engaging, and organizing to shape these decisions to offer the most positive experiences for as many Oregonians as possible is of paramount importance.

### **Overview of Oregon's Urban Growth Boundaries**

Our statewide land use planning program calls for the best-available data and science to manage our urban growth boundaries in recognition of their importance to ensure resiliency of our natural resource lands, foster connected, compact, and vibrant centers and corridors, and guide development away from harm's way. Processes, if done correctly, adapt and accommodate for changes in employment and population growth and can anticipate and mitigate the harms that occur when farms, forests, and/or watersheds are developed into and/or are paved over. We see the flexibility and the adaptive nature of our urban growth boundaries in data collected by the lead state agency. "From 2016 through 2023, cities filed 42 comprehensive plan amendments to adjust their UGBs. Of those, only two plan amendments were not approved, resulting in 40 successful UGB adjustments. This data suggests that major change is not necessary. Almost overwhelmingly, the current process delivers timely, non-controversial results."<sup>1</sup>

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<sup>1</sup> Department of Land Conservation and Development. Last updated July 14, 2023.  
[https://www.oregon.gov/lcd/UP/Documents/UGB\\_Amendments\\_2016-2023.pdf](https://www.oregon.gov/lcd/UP/Documents/UGB_Amendments_2016-2023.pdf)



Our statewide land use planning program requires local governments and metropolitan service districts to prioritize data and science in these decisions. In the rare instances where all or certain parts of an UGB expansion decision are not legally justified, Oregonians have the right to raise questions, concerns, and objections for course-correction.

### Overview on Metro's 1,291-acre Urban Growth Boundary Expansion

The Metro Council consists of a president, elected regionwide, and six councilors who are elected by each district every four years. Amongst growing responsibilities such as managing affordable housing bond measures, parks and nature bond measures, and supportive services, Metro Council holds the responsibility of managing the UGB. Every six years, the Metro Council must determine whether or not the existing UGB is sufficient to meet projected population and employment growth or declines over a 20-year timeframe. "Metro Council can consider expanding the greater Portland region's urban growth boundary **if there is a regional need for land to accommodate the next 20 years of jobs and housing growth**. However, the region has learned that adding more land alone is not enough. UGB expansions only produce jobs or housing when a city can provide infrastructure like pipes, roads, sidewalks, parks, and schools."<sup>2</sup>

However, before making a final determination on whether or not there was regional need, Metro Council called for submissions from local governments interested in expanding their UGB. One city responded with interest: the City of Sherwood. On March 5, 2024, the City of Sherwood adopted Resolution 2024-0013, stating that the City of Sherwood would submit a UGB expansion application for 1,291-acres to Metro "during the 2024 expansion cycle for the entirety of Sherwood West as described in the Concept Plan."<sup>3</sup> Subsequently, in July 2024, Metro issued its draft Urban Growth Report with proposed methodologies to gauge regional inventory on employment and housing capacity within the existing UGB as well as forecast current and future housing and employment demand. On August 26 2024, Metro COO Marissa Madrigal recommended approving the City of Sherwood's application with direction for Council to create conditions to advance regional (and statewide) goals, particularly with respect to housing. On December 5, 2024, Metro Council adopted No. Ordinance 24-1520 and its appendices to approve the City of Sherwood's UGB expansion application for 1,291 acres.

To help us protect and enhance the quality of life for all Oregonians, especially historically and currently excluded Oregonians, living in the greater Portland area, 1000 Friends of Oregon

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<sup>2</sup> Metro. Metro Website, Landing Page on the 2040 Growth Management. Last accessed January 8, 2025. <https://www.oregonmetro.gov/public-projects/2024-growth-management-decision/expansion-proposal>

<sup>3</sup> City of Sherwood. Resolution 2024-0013 and accompanying documents including the Sherwood West Concept Plan. Last accessed January 8, 2025. <https://www.oregonmetro.gov/sites/default/files/2024/05/09/Sherwood-West-Expansion-Proposal-Part-2.pdf>



(Friends) respectfully objects to Metro's regional government submittal of Ordinance No. 24-1520, an amendment to the Metro regional UGB that adds approximately 1,291 acres of land to the UGB in the Sherwood West planning area. As we describe below, Metro's sequence of events renders the decision defective, ignores critical information from its largest local jurisdiction that significantly alters the regional inventory, and disregards multiple regional and statewide laws that DLCD has dedicated countless hours, staff time, and taxpayer resources to provide technical assistance, planning grant capacity, and knowledge exchange for local and regional jurisdictions to comply.

Our objections include the following: Procedural Review, Demonstrated Participation, and Alleged Deficiencies and Specific Revisions.

## **I. Procedural Review**

Under ORS 197.626, "a local government shall submit for review and the Land Conservation and Development Commission shall review the following final land use decisions: (b) [a]n amendment of an urban growth boundary by a city with a population of 2,500 or more within its urban growth boundary that adds more than 50 acres to the area within the urban growth boundary [...]." Additionally, under OAR 660-025-0040(2), "[...] the commission has exclusive jurisdiction for review of the following final decisions for compliance with the statewide planning goals."

According to OAR 660-025-0140(2), in order for an objection to be valid, it must:

- (a) Be in writing and filed with the department's Salem office no later than 21 days from the date the local government sent the notice;
- (b) Clearly identify an alleged deficiency in the work task or adopted comprehensive plan amendment sufficiently to identify the relevant section of the final decision and the statute, goal, or administrative rule the submittal is alleged to have violated;
- (c) Suggest specific revisions that would resolve the objection; and
- (d) Demonstrate that the objecting party participated orally or in writing in the local process leading to the final decision.

Regarding (a), the notice provided to Friends by Metro staff indicated that the notice of decision was submitted to the Department of Land Conservation and Development (DLCD) on December 19, 2024, making the deadline for submittal of this letter January 9, 2025.

Regarding (b), this letter identifies the alleged deficiencies and rule violations in the adopted amendments.



Regarding (c), we suggest that the appropriate action is for the DLCD director to remand the plan amendments as provided in OAR 660-025-0150(1)(b) for the reasons stated in this letter.

Regarding (d), Friends participated orally and in writing at Metro proceedings spanning from September 29, 2024 to the final decision December 5, 2025. We elaborate below in Section II.

## **II. 1000 Friends of Oregon's Demonstrated Participation in Metro's UGB Expansion Process**

Beginning in September 29, 2024, 1000 Friends of Oregon participated in Metro's UGB expansion process with multiple staff throughout the process, raising ideas, questions, and possible solutions for Metro Council. Friends staff, Brett Morgan and Samuel Diaz, participated as invited stakeholders in the Metro urban growth stakeholder roundtable meetings that occurred monthly. Friends staff, Brett Morgan and Mary Kyle McCurdy, also participated as appointed representatives of Metro's Technical Advisory Committee and Transportation Policy Alternatives Committee. Friends staff Samuel Diaz submitted written and oral testimony to Metro Council and staff in response to the draft 2024 Urban Growth Report, Metro COO Marissa Madrigal's August 2024 recommendation on the UGB expansion, and the UGB expansion's decision outlined in Ordinance 24-1520.

## **III. Alleged Deficiencies and Specific Revisions**

Throughout the UGB expansion process, several members of Metro Council acknowledged political pressures to expand the UGB before the completion of staff analyses, local review, and public comment; one member lamenting that there were not more UGB expansion applications. However, the August 2024 Urban Growth Report revealed that Metro "likely has room to accommodate most, if not all, of the region's existing and future housing needs within the existing UGB for the next 20 years."<sup>4</sup> And, the same report also documented a surplus of available industrial land, totalling over 3,191 acres surplus. Moreover, staff analysis stressed the need to focus on housing production strategies inside the existing UGB, underscoring the higher likelihood of meeting the region's housing needs. Staff recognized that "adding more land alone is not enough. UGB expansions only produce jobs or housing when a city can provide infrastructure like pipes, roads, sidewalks, parks, and schools."<sup>5</sup>

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<sup>4</sup> Metro. Urban Growth Report Executive Summary at page 4. August 2024.

<https://www.oregonmetro.gov/sites/default/files/2024/11/01/2024-UGR-EXEC-summary-FINAL.pdf>

<sup>5</sup> Metro. Metro Website, Landing Page on the 2040 Growth Management. Last accessed January 8, 2025. <https://www.oregonmetro.gov/public-projects/2024-growth-management-decision/expansion-proposal>



Instead of prioritizing the legal requirements and the best available data provided to Metro at multiple junctures of the process, political pressure primarily drove the decision for UGB expansion. Exhibit B includes several “conditions” that read as aspirations or that replicate actions already proposed by the City of Sherwood’s Sherwood West Concept Plan. This Exhibit B was also created in response primarily to political pressures; the City of Sherwood Mayor and staff testified at multiple hearings against the notion of any conditions imposed by Metro Council. And, a vote by the Metro Policy Advisory Committee taken during the September 24, 2024 meeting in which DLCD Deputy Director Kiristin Greene participated as a nonvoting member, passed an amendment intended to pressure Metro Council to adopt the UGB expansion without any conditions.<sup>6</sup>

As a result of political pressures as the primary driver of this UGB expansion, the UGB expansion and appendices before you fail to comply, let alone refer to multiple, critical statewide and regional requirements necessary for all of us to succeed in addressing our housing needs, rebuilding and building a prosperous and inclusive economy, and taking action on reducing carbon pollution.

The following deficiencies and specific revisions are as follows:

- A. Metro fails to demonstrate how the UGB expansion complies with the land need thresholds outlined in OAR 660-024-0040, ORS 197A, Land Use Planning Goal 14, and Metro Code Sections 3.07.1405 - 3.07.1465 [residential needs and capacity].

As Metro, itself, acknowledges: “Metro Council can consider expanding the greater Portland region’s urban growth boundary **if there is a regional need for land to accommodate the next 20 years of jobs and housing growth.**”<sup>7</sup> Under Goal 14, “prior to expanding the UGB, a local government must demonstrate that the estimated needs cannot reasonably be accommodated on land already inside the [existing] UGB.”

Therefore, the main and initial question before the Metro Council is whether there is sufficient capacity within the existing UGB to accommodate current and future housing needs. The answer, based on Metro’s own data as well as a significant update from the

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<sup>6</sup> Metro. Metro Policy Advisory Committee agenda, meeting materials, and meeting recording. September 25, 2024.

<https://oregonmetro.legistar.com/View.ashx?M=A&ID=1229275&GUID=F6FD3D73-AA7B-4FAF-AEB3-705582FB1637>

<https://oregonmetro.legistar.com/View.ashx?M=E1&ID=1229275&GUID=F6FD3D73-AA7B-4FAF-AEB3-705582FB1637>

[https://oregonmetro.granicus.com/MediaPlayer.php?view\\_id=1&clip\\_id=888](https://oregonmetro.granicus.com/MediaPlayer.php?view_id=1&clip_id=888)

<sup>7</sup> Metro. Metro Website, Landing Page on the 2040 Growth Management. Last accessed January 8, 2025. <https://www.oregonmetro.gov/public-projects/2024-growth-management-decision/expansion-proposal>





City of Portland, is a resounding yes. Metro failed to demonstrate that the estimated needs cannot reasonably be accommodated on land inside the existing UGB.

In its August 2024 Urban Growth Report, Metro staff reflect that “while there is a housing crisis nationally and in our region, it is not clear that shortage is caused by sheer lack of space for housing to be built on.”<sup>8</sup> The 2024 Urban Growth Report goes on to state that “analysis of the Urban Growth Report reveal[s] that there is likely room to accommodate most, if not all, of the region’s existing and future housing needs inside the existing UGB for the next 20 years.”<sup>9</sup> In the August 2024 Urban Growth Report, staff’s initial assessment of future housing needs details:

*Table 2: Recommended Metro region current and future housing need assumptions (2024-2044)*

7-county MSA baseline household growth (2024-2044)	203,530
Future household growth in Metro UGB (70% to 72% Metro UGB capture)	142,500 to 146,500
Add 5% vacancy rate (to convert future households to homes)	7,100 to 7,400
Subtotal of UGB future housing needs (number of homes)	149,600 to 153,900
Add current housing needs (underproduction, homelessness, 2 <sup>nd</sup> and vacation rentals)	26,953
Total current and future UGB housing need (2024-2044, rounded)	176,500 to 180,800

Metro’s COO’s August 2024 recommendation notes that staff recommend that Metro Council plan for 176,500 to 180,800 additional homes in the Metro UGB to meet current and future needs.

In the same month that Metro finalized its 2024 Urban Growth Report, the City of Portland added new information that unequivocally confirms that there is sufficient land within the existing UGB to accommodate current and future housing needs over a 20-year timeframe. On August 28, 2024, Portland City Council unanimously adopted an updated housing production strategy, developing tangible actions over a 6-year timeframe in line with Governor Tina Kotek’s Executive Order goals to produce 36,000

<sup>8</sup> Metro. Urban Growth Report Executive Summary at page 4. August 2024.  
<https://www.oregonmetro.gov/sites/default/files/2024/11/01/2024-UGR-EXEC-summary-FINAL.pdf>

<sup>9</sup> Metro. Urban Growth Report Executive Summary at page 4. August 2024.  
<https://www.oregonmetro.gov/sites/default/files/2024/11/01/2024-UGR-EXEC-summary-FINAL.pdf>



housing units annually and in line with the Oregon Housing Needs Analysis requirements. The City of Portland reflected upon its work, stating: “the housing needs analysis estimated a demand for an additional 120,560 dwelling units by 2045. The Buildable Land Inventory (BLI) found that current plans and zoning provide an estimated development capacity of 236,977 units. At a basic level, Portland has more than enough development capacity to meet future demand. However, the needs analysis goes further to address specific housing needs such as affordability, accessibility, and larger households.”<sup>10</sup> Ahead of the UGB expansion decision at Metro, the City of Portland and several commenters shared the updated findings from the City of Portland’s Resolution with Metro through formal advisory committees; the housing production strategy was also submitted in writing to Metro Council.

However, Metro Council failed to adopt, incorporate, and reassess the capacity for the 20-year land needs for the region with the updated housing production strategy in accordance with several requirements, including those outlined in Land Use Planning Goal 14, ORS 197A, and Metro Code Sections 3.07.1405 - 3.07.1465. Given the significant capacity to develop and redevelop within the City of Portland’s boundaries alone, the redevelopment potential rate assumption in Metro’s Urban Growth Report should have increased and, therefore, would have confirmed the Urban Growth Report’s nod that there is enough land inside the existing UGB to accommodate the region’s current and future housing needs over the 20-year period. In which case, Metro Council should have determined that the threshold required for Metro to meet in order to expand has not been met.

This error is significant as Metro’s COO recommendation stated: “Staff recommend that the Metro Council base their decision on a finding that there is capacity inside the UGB for 175,500 additional homes.” This appears to serve as a crux for giving “latitude” for Metro to expand its UGB. However, given the City of Portland’s updated Housing Production Strategy’s figures, there is no reasonable basis for Metro to determine that there is not sufficient capacity to accommodate current and future housing needs within the existing UGB.

We urge DLCD to help the region make the best, informed decision and set the correct course for addressing our housing crisis by undoing the suppression of the critical information and hard work completed by the City of Portland. We urge DLCD to support the Metro Council to make a data-driven decision to help the greater Portland area recover and rebuild after some tumultuous years.

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<sup>10</sup> City of Portland, Resolution 37673, August 28, 2024.  
<https://www.portland.gov/council/documents/resolution/adopted/37673>



To correct these errors, Friends requests DLCD remand Ordinance No. 24-1520 back to Metro for Metro to accept the City of Portland's updated housing production strategy into the Urban Growth Report's buildable land inventory at which time Metro staff must reassess the region's land needs for current and future housing over a 20-year time period in accordance with OAR 660-024-0040(4). DLCD's support is consistent with Metro's assessment in its August 2024 Urban Growth Report that the region must "focus on housing production strategies inside the existing UGB, underscoring the higher likelihood of meeting the housing needs."<sup>11</sup>

- B. Metro fails to demonstrate how the UGB expansion complies with the land need requirements outlined in OAR 660-024-0040, Land Use Planning Goal 14, ORS 197A, and Metro Code Sections 3.07.1405 - 3.07.1465 [employment needs and capacity].

As Metro, itself, acknowledges: "Metro Council can consider expanding the greater Portland region's urban growth boundary **if there is a regional need for land to accommodate the next 20 years of jobs and housing growth.**"<sup>12</sup> Under Goal 14, "prior to expanding the UGB, a local government must demonstrate that the estimated needs cannot reasonably be accommodated on land already inside the [existing] UGB."

The main question before the Metro Council is whether there is sufficient capacity within the existing UGB to accommodate current and future employment needs. The answer, based on Metro's own data and private sector reports is a resounding yes. Metro Council has not met the threshold to determine that the employment needs cannot be reasonably accommodated inside the existing UGB.

The August 2024 Urban Growth Report depicts two gap analyses for employment (demand and capacity side-by-side):

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<sup>11</sup> Metro. Urban Growth Report Executive Summary at page 4. August 2024.  
<https://www.oregonmetro.gov/sites/default/files/2024/11/01/2024-UGR-EXEC-summary-FINAL.pdf>

<sup>12</sup> Metro. Metro Website, Landing Page on the 2040 Growth Management. Last accessed January 8, 2025.  
<https://www.oregonmetro.gov/public-projects/2024-growth-management-decision/expansion-proposal>





## Commercial land gap analysis results

Commercial lands support all other non-industrial employment uses like offices, retail, and medical. To some extent, commercial demand also gets met on industrial lands, for example through retail uses on industrially zoned lands. However, this analysis has not estimated that potential crossover. The binary classification of employment capacity as industrial or commercial may have the effect of overstating the deficit for commercial land. A similar issue may be present for mixed use zones since the pro forma model often “chooses” residential redevelopment over commercial redevelopment. In reality, demand for commercial space would lead to more redevelopment for that use, potentially in combination with residential uses above.

Table 20: commercial land capacity gap for Metro UGB 2024-2044

	Capacity (acres)	Demand (acres)	Surplus or deficit (acres)
Low growth forecast	514	-300	+814
Baseline growth forecast	514	800	-286
High growth forecast	514	2,300	-1,786

## Employment lands gap analysis results

### Industrial land gap analysis results

Industrial lands support uses like industrial, flex/business parks, and warehousing. This analysis found that, in aggregate, there is a surplus of industrial lands inside the UGB for meeting expected industrial employment growth. This is true even under the high growth forecast.

Table 19: Industrial land capacity gap for Metro UGB 2024-2044

	Capacity (acres)	Demand (acres)	Surplus or deficit (acres)
Low growth forecast	5,331	-1,500	+6,831
Baseline growth forecast	5,331	1,400	+3,931
High growth forecast	5,331	5,200	+131

As Metro Council adopted the baseline growth forecast, staff analysis demonstrates a surplus of over 3,500 acres for employment uses. Additionally, the greater Portland area reports a 24% region-wide vacancy rate in our commercial buildings, not including shadow space (where a building is leased on paper, but employees are not using the building regularly). Colliers International shares a forecast for continued, downward demand for the future of commercial leases, noting that this is the 17th consecutive quarter of increasing vacancy rate in the greater metro region and that a significant

amount of leases are coming up for renewal/expiration. The greater Portland area currently offers significant employment capacity in addition to Metro's over 3,000 surplus acreage via existing buildings, notching a 33% vacancy rate in Portland's Central City alone.<sup>13</sup>

And, to assess the greater Portland area's industrial lands capacity and demand, Friends looks to Colliers International who, every quarter, reports a region-wide performance. Currently, Colliers International 7.5% vacancy rate (over 15 million square feet of industrial space in the greater market<sup>14</sup>). Over 1.03 million industrial square feet has been added to the current supply with 16% of it only pre-leased. The City of Sherwood, itself, celebrated a brand new industrial park on over 35 acres now available for lease.<sup>15</sup>



Sherwood Commerce Center, Opened 2024, Leasing Available in all Three Buildings

Notwithstanding the documented +3500 acres surplus of employment land inside the existing UGB, Metro's No. 24-1520 and Sherwood West Concept Plan propose approximately 135 acres of hospitality/retail use without Metro demonstrating these uses cannot be accommodated within the existing UGB.

With respect to the industrial lands surplus, Metro staff appear to note that the categories between commercial and industrial lands are interchangeable. "Consistent with observed development trends, assume a small portion (about 150 acres) of the region's industrial land surplus is available for commercial employment uses, thereby addressing any

<sup>13</sup> Colliers International. Portland Metro Office Market Report Q3 2024.

<https://www.colliers.com/en/research/portland/2024-q3-portland-metro-office-market-report>

<sup>14</sup> Colliers International. Portland Metro Industrial Market Q3 2024.

<https://www.colliers.com/en/research/portland/2024-q3-portland-metro-industrial-market-report>

<sup>15</sup> Sherwood Commerce Center, 2024.

<https://www.loopnet.com/Listing/21600-SW-Oregon-St-Sherwood-OR/26881071/>



remaining commercial capacity gap.”<sup>16</sup> Using that logic consistently, Metro has effectively determined that there is a 3,500 acre-surplus of employment lands and, therefore, does not meet the threshold to expand the UGB.

To correct this errors, Friends requests DLCD remand Ordinance No. 24-1520 back to Metro for Metro to reassess the Urban Growth Report’s buildable land inventory at which time Metro staff must reassess the region’s land needs for current and future employment over a 20-year time period in accordance with OAR 660-024-0040(4), ORS 197A, and Metro Code Sections 3.07.1405 - 3.07.1465. With respect to the large industrial lots, Metro notes the need to focus on brownfield redevelopment, site aggregation, land readiness funding and financing tools to bring land to Tier I, and more.

We acknowledge that while adding undeveloped land outside the UGB far from existing services and infrastructure is neither justified nor helpful for short-term economic growth needs, we understand that the Metro Council may want to secure or designate industrial lands for industrial uses in a shorter time frame, particularly for the semiconductor industry. The Metro COO notes “high tech manufacturing has become a major focus of incentive programs from the federal government designed to increase domestic production of critical technologies...a lack of available sites would be a limiting factor in our region’s ability to take advantage of historic incentives to support economic development.”<sup>17</sup> There is questionable evidence demonstrating that there is still outstanding demand to compete for historic incentives (several CHIPS and Science Act applications have been successful ranging from Intel to Micron) as well as lack of available sites (Hillsboro and Wilsonville have large sites inside the existing UGB zoned for industrial uses).

As a show of good faith to Metro Council and COO’s stated goals, Friends requests that DLCD remand Ordinance No. 24-1520 back to Metro and include an option for Metro to determine if there is an appropriate and justified designation of lands for industrial uses for the large sites under OAR 660-009-0025 and consistent with Metro Code Sections 3.07.1405 - 3.07.1465. Notably, OAR 660-009-0025 requires that:

“Plans for cities and counties within a Metropolitan Planning Organization or cities and counties that adopt policies relating to the short-term supply of land must designate suitable land to respond to economic development opportunities as they arise. Cities and counties may maintain the short-term supply of land according to the strategies adopted

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<sup>16</sup> Metro. Urban Growth Report at page 61. August 2024.

<https://www.oregonmetro.gov/sites/default/files/2024/11/01/2024-UGR-summary-FINAL.pdf>

<sup>17</sup> Metro. COO Recommendation on the UGB Management Decision at page 7. August 2024.

<https://www.oregonmetro.gov/sites/default/files/2024/08/26/2024-UGM-COO-staff-recommendation.pdf>



pursuant to OAR 660-009-0020 (Industrial and Other Employment Development Policies)(2).”

(a)

Except as provided for in subsections (b) and (c), cities and counties subject to this section must provide at least 25 percent of the total land supply within the urban growth boundary designated for industrial and other employment uses as short-term supply.

- C. Metro Council’s No. 24-1520 and Exhibit B fail to meet Statewide Land Use Planning Goal 10’s housing goals and requirements, OAR 660-015-0000(10), Metro’s Regional Framework Code Section 1.3, and Metro’s Urban Growth Management Functional Plan in Section 3.07.1110.

Metro Council and the City of Sherwood underscore the need to focus on delivering affordable housing, yet the UGB Expansion and Exhibit B fail to connect the UGB expansion with the housing need requirements set forth in State Land Use Planning Goal 10 and several sections of Metro Code.

Statewide Planning Goal 10 OAR 660-015-0000(10)

*To provide for the housing needs of citizens of the state. Buildable lands for residential use shall be inventoried and plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.*

. . . .

*Needed Housing Units -- means housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels. On and after the beginning of the first periodic review of a local government's acknowledged comprehensive plan, "needed housing units" also includes government-assisted housing. For cities having populations larger than 2,500 people and counties having populations larger than 15,000 people, "needed housing units" also includes (but is not limited to) attached and detached single-family housing, multiple-family housing, and manufactured homes, whether occupied by owners or renters.*

*GUIDELINES A. PLANNING 1. In addition to inventories of buildable lands, housing elements of a comprehensive plan should, at a minimum, include: (1) a comparison of the distribution of the existing population by income with the distribution of available housing units by cost;*





Metro Regional Framework Plan:

*1.3 Housing Choices and Opportunities*

*It is the policy of the Metro Council to:*

*1.3.1. Provide housing choices in the region, including single family, multi-family, ownership and rental housing, and housing offered by the private, public and nonprofit sectors, paying special attention to those households with fewest housing choices.*

*1.3.2. As part of the effort to provide housing choices, encourage local governments to ensure that their land use regulations: a. Allow a diverse range of housing types; b. Make housing choices available to households of all income levels; and c. Allow affordable housing, particularly in Centers and Corridors and other areas well-served with public services and frequent transit service.*

*1.3.3. Reduce the percentage of the region's households that are cost-burdened, meaning those households paying more than 50 percent of their incomes on housing and transportation.*

From the Metro Urban Growth Management Functional Plan:

3.07.1110 Planning for Areas Designated Urban Reserve

(a) The county responsible for land use planning for an urban reserve and any city likely to provide governance or an urban service for the area, shall, in conjunction with Metro and appropriate service districts, develop a concept plan for the urban reserve prior to its addition to the UGB pursuant to sections . . .

(b) A local government, in creating a concept plan to comply with this section, shall consider actions necessary to achieve the following outcomes:

(1) If the plan proposes a mix of residential and employment uses:

(C) A range of housing of different types, tenure and prices addressing the housing needs in the prospective UGB expansion area in the context of the housing needs of the governing city, the county, and the region if data on regional housing needs are available, in order to help create economically and socially vital and complete neighborhoods and cities and avoiding the concentration of poverty and the isolation of families and people of modest means;

ORS 197A.018 Definition of "needed housing."





*(1) As used in ORS chapter 197A, and except as provided in subsection (2) of this section:*

(a) “Needed housing” means housing by affordability level, as described in ORS 184.453 (4), type, characteristics and location that is necessary to accommodate the city’s allocated housing need over the 20-year planning period in effect when the city’s housing capacity is determined.

(b) “Needed housing” includes the following housing types:

- (A) Detached single-family housing, middle housing types as described in ORS 197A.420 and multifamily housing that is owned or rented;
- (B) Government assisted housing;
- (C) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.493;
- (D) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions;
- (E) Housing for agricultural workers;
- (F) Housing for individuals with a variety of disabilities, related to mobility or communications that require accessibility features;
- (G) Housing for older persons, as defined in ORS 659A.421;
- (H) Housing for college or university students, if relevant to the region; and
- (I) Single room occupancies as defined in ORS 197A.430.

ORS 197A.348 Definition of “needed housing.”

(1) As used in ORS 197A.350 and this section, “needed housing” means all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the United States Department of Housing and Urban Development under 42 U.S.C. 1437a. “Needed housing” includes the following housing types:

- (a) Attached and detached single-family housing, middle housing types as described in ORS 197A.420 and multiple family housing for both owner and renter occupancy;
- (b) Government assisted housing;
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.493;



(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions;

(e) Agriculture workforce housing; and

(f) Single room occupancies as defined in ORS 197A.430.

ORS 197A.350 Determination of housing capacity and accommodation of needed housing by Metro.

(2)(a) Metro shall demonstrate that its regional framework plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years:

. . . .

(3) In performing the duties under subsection (2) of this section, Metro shall:

(a) Inventory the supply of buildable lands within the urban growth boundary and determine the housing capacity of the buildable lands; and

(b) Conduct an analysis of existing and projected housing need by type and density range, in accordance with all factors under ORS 197A.348 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.

There is no question that Oregon is suffering from a housing affordability crisis. Oregon's land use system includes requirements for all local governments to plan and allow the housing Oregonians need and address this crisis. But, there are conflicting statements of housing needs between the State of Oregon, Metro, and the City of Sherwood. Metro's Ordinance No. 24-1520 includes a provision, stating that "the 2024 Urban Growth Report estimates that approximately 60 percent of the region's new renter households and 33 percent of new owner households will have incomes below \$60,000 and, depending on household size, households in this income bracket are classified by the U.S. Department of Housing and Urban Development as low income or very low income."<sup>18</sup> In contrast, the City of Sherwood's 2019 ECONorthwest analysis states that "about 18% of Sherwood's new households will be low income, earning 50% or less of Washington County's median income."<sup>19</sup>

<sup>18</sup> Metro. Ordinance No 24-1520. December 5, 2024.

<https://www.oregonmetro.gov/sites/default/files/2024/11/05/Ordinance-24-1520.pdf>

<sup>19</sup> ECONorthwest, prepared for the City of Sherwood. Sherwood Housing Needs Analysis 2019 to 2039 at page 30. February 2019.

[https://cityofsherwood-my.sharepoint.com/personal/rutledge\\_sherwoodoregon\\_gov/\\_layouts/15/onedrive](https://cityofsherwood-my.sharepoint.com/personal/rutledge_sherwoodoregon_gov/_layouts/15/onedrive)



Meanwhile, DLCD's leadership in creating a collaborative, transparent, and data-driven approach to further defining housing needs in Goals 10 and 14 offer us more clarity into the deficiency in Sherwood's housing needs analysis prepared by ECONorthwest.

Metro's No. 24-1520 includes ECONorthwest's housing needs analysis prepared for the City of Sherwood dating February 2019. Table 4 from the report below:

**Table 4. Estimate of needed new dwelling units by income level, Sherwood, 2019-2039**

Commonly Financially Attainable Housing Products					
Market Segment by Income Portland MSA MFI: \$69,400	Income Range	Number of New Households in Sherwood	Percent of Households in Sherwood (currently)	Owner-occupied	Renter-occupied
High (120% or more of MFI)	\$83,280 or more	725	42%	All housing types; higher	All housing types; higher
Upper Middle (80%-120% of MFI)	\$55,520 to \$83,280	467	27%	All housing types; lower	All housing types; lower
Lower Middle (50%-80% of MFI)	\$34,700 to \$55,520	232	13%	Single-family attached;	Single-family attached;
Lower (30%-50% of less of MFI)	\$20,820 to \$34,700	117	7%	Manufactured in parks	Apartments; manufactured
Very Low (Less than 30% of MFI)	Less than \$20,820	188	11%	None	Apartments; new and used

Source: ECONorthwest  
MFI is Median Family Income

↑  
Primarily New Housing  
Primarily Used Housing  
↓

Oregon cities must use numbers provided through the OHNA process to determine land needs for housing needs under OAR 660-024-0040(4).

OHNA provides accurate, up-to-date housing needs based on income level. Table of OHNA's Methodology for Sherwood below.<sup>20</sup> Friends made repeated requests in writing and orally for Metro Council, Metro staff, and Sherwood staff to incorporate the draft findings from the parallel OHNA process into the UGB expansion analysis and decision. As indicated in Metro's No. 24-1520 and Exhibit B, Friends' requests were ignored.

<sup>20</sup> Department of Administrative Services. *Oregon Housing Needs Analysis Draft Methodology*. September 2024.

<https://www.oregon.gov/ohcs/about-us/Documents/RHNA%20and%20OHNA/OHNA-Draft-Methodology-Report.pdf>

and *Oregon Housing Needs Analysis Final Methodology*. December 2024.

<https://www.oregon.gov/das/oea/Documents/OHNA-Methodology-Report-2024.pdf>



#### Oregon Housing Needs Analysis Methodology

Metro UGBs	Results	Total	0-30% AMI	31-60% AMI	61-80% AMI	81-120% AMI	>120% AMI
Milwaukie	1 year	109	14	17	12	22	44
	20 year	2,164	265	338	235	442	885
Molalla UGB	1 year	65	14	12	7	11	21
	20 year	1,152	198	197	126	214	418
Multnomah UA	1 year	55	10	10	6	10	18
	20 year	982	155	165	107	194	362
North Plains UGB	1 year	39	7	7	4	7	14
	20 year	724	108	119	79	139	278
Oregon City	1 year	274	37	44	30	54	108
	20 year	5,358	691	853	587	1,066	2,160
Portland	1 year	2,851	334	431	302	620	1,164
	20 year	57,019	6,678	8,615	6,032	12,408	23,287
Rivergrove	1 year	3	1	1	0	1	0
	20 year	44	12	9	4	10	9
Sandy UGB	1 year	86	18	15	9	15	28
	20 year	1,523	259	259	166	286	553
Sherwood	1 year	144	33	28	16	24	42
	20 year	2,427	450	437	271	441	828

Overall, Metro's No. 24-1520's 1,291-acre expansion appears to raise a basic question on whether or not metropolitan service districts and local jurisdictions must align their UGB expansion decisions and their local HNA and HPS with OHNA requirements. State law, and our statewide housing crisis, requires the answer to this question to be yes.

To correct this error, we request DLCD remand No. 24-1520 back to Metro Council with directives for Metro Council to incorporate the updated numbers finalized through the OHNA process for regional totals and for the City of Sherwood to update its Housing Needs Analysis and Housing Production Strategy.

In addition to the conflicting definitions between the State of Oregon, Metro, and the City of Sherwood, Metro's UGB expansion into Sherwood does not deliver the housing needs for current and future residents under OAR 660-024-0040(4) and Metro Codes. Neither Metro's Exhibit B to Ordinance No 24-1520 nor the City of Sherwood's supporting documents include enforceable conditions for the city to help address OHNA's housing requirements, particularly the region's housing needs for Oregonians earning under the area median income. The City of Sherwood, itself, acknowledges that housing prices within Sherwood are higher than average and that "sales price data suggest that, overall,



owner-occupied housing being produced in Sherwood was more expensive because it is larger housing built in other cities in the southwestern Portland area.”<sup>21</sup> It is important to note that this larger, more expensive housing is built in part due to the City of Sherwood’s preferences for certain housing over others outlined in its zoning code. “In addition, Sherwood is at the edge of the Metro UGB, making transportation costs higher for households in Sherwood, compared to households who live in more central parts of the region.”<sup>22</sup>

Since Sherwood is at the edge of the Metro UGB, Friends urged Metro Council to include a condition to zone, incentive, and/or allow agricultural housing. Nearby affordable housing providers report waitlists and multiple calls from agricultural employers and workers for available affordable housing. And despite the Sherwood West Concept Plan’s call for its use of approximately 135 acres for hospitality/retail use presented as “The Gates to Wine Country”, Friends cannot find anywhere in Metro’s No. 24-1520, Exhibit-B, or Sherwood’s 2019 Housing Needs Analysis prepared by ECONorthwest that documents the agricultural housing needs of current or future residents or how the 1,291-acre expansion accommodates these housing needs.

To correct this deficiency, we request DLCD remand No. 24-1520 back to Metro Council with directives for Metro Council to incorporate the updated numbers finalized through the OHNA process for regional totals for agricultural housing needs and for the City of Sherwood to update its Housing Needs Analysis and Housing Production Strategy with specific agricultural housing needs and strategies to meet these needs.

- D. Metro and the City of Sherwood fail to demonstrate how the 1,291-acre UGB expansion reduces carbon pollution required by the regionally adopted Climate Smart Communities Strategy and state legislation.

We are not aware of an analysis done by Metro or City of Sherwood staff to determine if this expansion proposal demonstrates how the 1,291-acre UGB expansion reduces carbon pollution required by Metro’s Climate Smart Strategy, the state’s greenhouse gas emission reduction targets, or the goals outlined in the Climate Friendly Equitable

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<sup>21</sup> ECONorthwest, prepared for the City of Sherwood. Sherwood Housing Needs Analysis 2019 to 2039 at page 26. February 2019.

[https://cityofsherwood-my.sharepoint.com/personal/rutledgee\\_sherwoodoregon\\_gov/\\_layouts/15/onedrive.aspx?id=%2Fpersonal%2Frutledgee%5Fsherwoodoregon%5Fgov%2FDocuments%2FCORE%20Material%20for%20July%20Presentation%2FF%20Sherwood%20HNA%202019%2D2039%2Epdf&parent=%2Fpersonal%2Frutledgee%5Fsherwoodoregon%5Fgov%2FDocuments%2FCORE%20Material%20for%20July%20Presentation&ga=1](https://cityofsherwood-my.sharepoint.com/personal/rutledgee_sherwoodoregon_gov/_layouts/15/onedrive.aspx?id=%2Fpersonal%2Frutledgee%5Fsherwoodoregon%5Fgov%2FDocuments%2FCORE%20Material%20for%20July%20Presentation%2FF%20Sherwood%20HNA%202019%2D2039%2Epdf&parent=%2Fpersonal%2Frutledgee%5Fsherwoodoregon%5Fgov%2FDocuments%2FCORE%20Material%20for%20July%20Presentation&ga=1)

<sup>22</sup> *Id.*





Communities rulemaking.<sup>2324</sup> To fill this gap, 1000 Friends of Oregon used Shift to analyze the anticipated greenhouse gas emissions from increased Vehicles Miles Travelled (VMT) that would occur on road extensions and new roads built because of the UGB expansion.

Currently, Washington County has approximately 425 lane miles of class 2 and 3 facilities inducing 1.6 billion VMT per year. By replicating the current transportation system designed in Sherwood and the supporting documents provided by the City of Sherwood, we can reasonably approximate road extensions and new roads to total about 26 - 34 miles. Using Shift, we can see that this UGB expansion proposal - assuming the conservative 26 miles - would induce an additional 59 to 89 million VMT per year. Under today's conditions, the annual emissions from this increase would be .4 MMTCO<sub>2e</sub> to .9 MMTCO<sub>2e</sub>. This carbon pollution increase translates to approximately 8,100 more passenger cars or light trucks on the road or 4 million gallons of gas each year.<sup>25</sup>

These estimates represent a conservative figure when comparing Sherwood data from BestPlaces, a locally-based comprehensive database. Currently, the breakdown for how residents in Sherwood get to work: 80.1% drive in their own car alone, 7.6% carpool with others, 6.5% work from home, and 2.4% take mass transit. Metro's No 24-1520 or Exhibit B does not include reference to Climate Smart Communities, carbon reduction goals.<sup>26</sup> During the Metro Policy Advisory Committee's September 25, 2024 meeting discussing whether or not to approve the UGB expansion and in which DLCD's Deputy Director Kirstin Greene participated in, a board member of TriMet Thomas Kim reflected that "that he cannot vote yes on...because Sherwood's proposal is mostly single-family housing and duplexes and not the dense housing that TriMet usually supports."<sup>27</sup> Board

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<sup>23</sup> The Climate Smart Strategy, adopted by Metro Council in 2014, fulfills a 2009 mandate by the Oregon Legislature, requiring Metro to develop and implement a strategy to reduce the region's per capita greenhouse gas emissions from cars and light trucks at least 20 percent by 2035. House Bill 2001 (2009) Oregon Senate Bill 1059 (2010).  
<https://www.oregonmetro.gov/climate-smart-strategy#:~:text=The%20Climate%20Smart%20Strategy%20fulfills,least%2020%20percent%20by%202035>.

<sup>24</sup> The greenhouse gas reduction target for the Portland Metropolitan area is 20% reduction by 2035 and 35% reduction by 2045, with annual targets. Annual greenhouse gas emission reduction targets for the Portland Metropolitan Area are found in OAR 664-004-0020.  
[https://oregon.public.law/rules/oar\\_660-044-0020](https://oregon.public.law/rules/oar_660-044-0020)

<sup>25</sup> Shift. Calculated using Sherwood West urban expansion plan. September 25, 2024. <https://shift.rmi.org/>

<sup>26</sup> BestPlaces. <https://www.bestplaces.net/transportation/city/oregon/sherwood>

<sup>27</sup> Metro. Metro Policy Advisory Committee agenda, meeting materials, and meeting recording. September 25, 2024.  
<https://oregonmetro.legistar.com/View.ashx?M=A&ID=1229275&GUID=F6FD3D73-AA7B-4FAF-AEB3-705582FB1637>



member Kim explained that TriMet “already receives numerous critical feedback from suburban cities like Sherwood requesting more services - nothing wrong with that - but the very reason why TriMet cannot serve in these areas is because it becomes more costly and difficult to serve these areas that are not as dense.” Planning and zoning decisions are foundational decisions for whether or not Oregonians are able to get where they need and want to go without driving for every single trip.

Metro’s Ordinance No. 24-1520 fails to provide transportation choices for future residents of this area by failing to plan for more connected, dense, and complete communities. It is reasonable to conclude the UGB expansion encourages, and arguably requires, an automobile-dependent lifestyle, for residents to enjoy Sherwood and the surrounding region. This not only limits the opportunities of residents who call Sherwood home, but also limits the ages, abilities, and income levels of who is able to live in Sherwood by effectively requiring car ownership upon residency.

This also threatens the ability of Metro and the City of Sherwood to meet carbon pollution reduction targets outlined in Metro’s Climate Smart Strategy and OAR 664-004-0200. Maybe more importantly for everyday Oregonians, effective carbon pollution reduction strategies bring co-benefits: more compact, walkable, and rollable centers and corridors guide conservation and development investments in ways that create more livable, affordable, and vibrant communities for residents and visitors alike. This UGB expansion would continue to bring added costs to the daily lives of residents, ranging from costs to build and maintain the roads, lighting, sewer and water pipes, and emergency services.

To correct this error, Friends requests DLCD remand Ordinance No. 24-1520 back to Metro to analyze the carbon pollution increase resulting from the current UGB expansion and concept plans submitted by the City of Sherwood. Metro and the City of Sherwood can choose to either pause the UGB expansion or develop an UGB expansion with conditions to reduce VMT consistent with Metro’s Climate Smart Communities and OAR 664-004-0200.

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We greatly appreciate DLCD's attention to our objections as you review Metro's No. 12-1520 and supplemental materials. Please do not hesitate to call me at (503)497-1000 or email at [sam@friends.org](mailto:sam@friends.org). We respectfully request an email correspondence with the final decision and any relating materials to [Sam@friends.org](mailto:Sam@friends.org).

Thank you for your service to ensure we have strong, healthy, and prosperous communities now and into the future through our land conservation and development decisions.

Sincerely,

A handwritten signature in black ink that reads "Sam Diaz".

Samuel Diaz  
Executive Director