1	BEFORE THE LAND USE BOARD OF APPEALS
2	OF THE STATE OF OREGON
3	CUNDEDCON LLC
4	GUNDERSON, LLC
5	Petitioner,
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7	VS.
8	CUTY OF DODTH AND
9	CITY OF PORTLAND,
10	Respondent,
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13	EDIENDS OF CATHEDDAL DADY NEIGHDODHOOD
14	FRIENDS OF CATHEDRAL PARK NEIGHBORHOOD
15	ASSOCIATION, UNIVERSITY OF PORTLAND,
16	AUDUBON SOCIETY OF PORTLAND,
17	and WILLAMETTE RIVERKEEPER,
18	Intervenors-Respondents.
19 20	LUBA No. 2010-039
21	LUBA No. 2010-039
22	WODVING WATERERONT COALITION
23	WORKING WATERFRONT COALITION, Petitioner,
24	r ennoner,
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26	VS.
27 27	CITY OF PORTLAND,
28	Respondent,
29	Respondent,
30	and
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32	FRIENDS OF CATHEDRAL PARK NEIGHBORHOOD
33	ASSOCIATION, UNIVERSITY OF PORTLAND,
34	AUDUBON SOCIETY OF PORTLAND,
35	and WILLAMETTE RIVERKEEPER,
36	Intervenors-Respondents.
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38	LUBA No. 2010-040
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40	SCHNITZER STEEL INDUSTRIES, INC.,
41	Petitioner,
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43	VS.
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45	CITY OF PORTLAND,

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6	ASSOCIATION, UNIVERSITY OF PORTLAND,
7	AUDUBON SOCIETY OF PORTLAND,
8	and WILLAMETTE RIVERKEEPER,
9	Intervenors-Respondents.
10	LUDA No. 2010 041
11	LUBA No. 2010-041
12	FINAL ODINION
13	FINAL OPINION
14	AND ORDER
15	Annual from City of Dortland
16 17	Appeal from City of Portland.
18	Robyn Ridler Aoyagi, Portland, filed a petition for review and argued on behalf or
19	petitioner Gunderson LLC. With her on the brief were Joseph S. Voboril, Steven D. Olson
20	and Tonkon Torp LLP.
21	and Tonkon Torp ELT.
22	Phillip E. Grillo, Portland, filed a petition for review and argued on behalf or
23	petitioner Working Waterfront Coalition. With him on the brief was Miller Nash LLP.
24	petitioner working watermont countries. With him on the orier was whiter wash EET.
25	Steven L. Pfeiffer, Portland, filed a petition for review and argued on behalf or
26	petitioner Schnitzer Steel Industries Inc. With him on the brief were Roger A. Alfred
27	Corinne S. Celko and Perkins Coie LLP.
28	
29	Kathryn S. Beaumont, Chief Deputy City Attorney, Portland, filed a response brief
30	and argued on behalf of the respondent. With her on the brief was Linly F. Rees, Deputy
31	City Attorney.
32	
33	Daniel J. Rohlf, Portland, filed a response brief and Jessica Johnson argued on behalt
34	of intervenors-respondents Audubon Society of Portland and Willamette Riverkeeper. With
35	him on the brief were Tom Buchele and the Pacific Environmental Advocacy Center.
36	·
37	Kathryn E. Holland, Vancouver, Washington, represented intervenor-responden
38	Friends of Cathedral Park Neighborhood Association.
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40	Christe C. White, Portland, represented intervenor-respondent University of Portland.
41	
42	RYAN, Board Member; HOLSTUN, Board Chair; BASSHAM, Board Member
43	participated in the decision.
44	
45	REMANDED 01/21/2011
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You are entitled to judicial review of this Order. Judicial review is governed by the provisions of ORS 197.850.

Opinion by Ryan.

2 NATURE OF THE DECISION

Petitioners appeal a decision by the city adopting amendments to the city's comprehensive plan text and maps and the city's zoning code text and maps.

INTRODUCTION

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The challenged decision adopts the North Reach River Plan (NRRP), which amends portions of the Portland Comprehensive Plan (PCP) text and maps and the Portland City Code (PCC) text and maps. The NRRP replaces a portion of the city's existing Willamette Greenway Plan that was previously adopted by the city in 1987 and acknowledged by the Land Conservation and Development Commission (LCDC) to be in compliance with Statewide Planning Goal 15 (Willamette River Greenway).

The area affected by the decision, known as the North Reach of the Willamette (North Reach), is a 12-mile stretch of the Willamette River from the Broadway Bridge to the

¹ This opinion uses a number of acronyms and abbreviations, as follows:

NRRP North Reach River Plan

PCP Portland Comprehensive Plan

PCC Portland City Code

RE Overlay River Environmental Overlay Zone

RI Overlay River Industrial Overlay Zone

RG Overlay River General Overlay Zone

RR Overlay River Recreational Overlay Zone

VE Vegetation Enhancement requirements

NRI Willamette River Natural Resources Inventory

WWC Working Waterfront Coalition, one of the petitioners in these consolidated

appeals

Page 4

Willamette River's confluence with the Columbia River, and includes an approximately 5,500-acre industrial area within the city known as the Portland Harbor. The Portland Harbor contains most of the city's Heavy Industrial (HI)-zoned land and approximately one-third of the city's industrial land base. A portion of the North Reach is designated in the PCP as an "industrial sanctuary." The Willamette River within the Portland Harbor area contains the primary shipping channel for the city and provides access to other modes of transportation including rail, roads, and pipelines. The North Reach also contains remnant bottomland hardwood forests, upland forests, wetlands, streams, riparian corridors, beaches, and islands. The National Marine Fisheries Service has listed several species of salmon that spawn in the Willamette River as threatened or endangered under the Endangered Species Act, and the North Reach portion of the river has been designated as special habitat for endangered salmon by the city.

As relevant to these appeals, the decision: (1) amends the PCC zoning map to apply a new River Environmental (RE) overlay to approximately 423 acres of riverfront properties within the North Reach that are within the River Industrial (RI), River General (RG), or River Recreational (RR) overlay zones; (2) amends the PCC zoning map to apply the River Environmental Conservation (RC) overlay zone to approximately 104 acres and to apply the River Environmental Protection (RP) overlay zone to approximately 79 acres; (3) amends the text of the PCC to require River Review for certain non-exempt and discretionary development of properties within the RE overlay zone; (4) amends the text of the PCC to adopt Vegetation Enhancement (VE) requirements for new development within the RI, RG, and RR zones; (5) amends the PCP to adopt the Willamette River Natural Resources Inventory (NRI); (6) amends the PCP map to change the PCP map designation of a 42-acre property from industrial to mixed employment; and (7) amends the PCC zoning map to modify the Willamette River Greenway Boundary as required by Statewide Planning Goal 15

1 (Willamette River Greenway). We summarize briefly below the changes to the PCC enacted 2 by the adoption of the NRRP that are central to the issues presented in the present appeal:

A. River Review

As provided in newly enacted PCC 33.860.300, some proposed development of properties with the new RE overlay will require discretionary review by the city to confirm that (1) the proposed development will minimize the loss of natural resources; and (2) the proposed location, design, and construction methods will have the least significant detrimental impact on natural resources of all practicable and significantly different alternatives. If the proposed development cannot avoid impacts on natural resources, then mitigating the impacts is required. The preference is to mitigate on-site, but if the city determines that on-site mitigation is not "practicable or ecologically beneficial," then the city can allow off-site mitigation either (1) by planting vegetation at one of the city's River Restoration sites to be acquired and designated as such at some point in the future; (2) by purchasing mitigation credits from a city-certified mitigation bank to be created or certified at a later time; or (3) by paying a mitigation fee in lieu of on-site mitigation. Record 408. The third option expires two years after the effective date of the ordinance.

B. Vegetation Enhancement

For properties within the RI, RG, and RR overlay zones, certain development proposals will require the development site to be planted with vegetation until 15 percent of the site's total acreage is planted with vegetation. The value of the new vegetation must be in an amount equal to the lesser of 1 percent of the project's value and \$200,000, and the vegetation can be planted on-site or on an eco-roof. In the alternative, the applicant may choose to pay the city the lesser of 1 percent of the project value and \$200,000.

REPLY BRIEF

Petitioners Gunderson, LLC (Gunderson), Working Waterfront Coalition (WWC) and Schnitzer Steel Industries, Inc. (Schnitzer) (together petitioners) each move to file a separate

- 1 reply brief to respond to new matters they allege were included in the response brief. The
- 2 city objects to the reply briefs and argues that the new matters that are identified by
- 3 petitioners are not new matters. We agree with petitioners that the reply briefs respond to
- 4 new matters. The reply briefs are allowed.

MOTION TO TAKE OFFICIAL NOTICE

At oral argument, the city moved to take official notice of Ordinance 184276, an ordinance that was adopted by the city on December 1, 2010 that amended the effective date of the NRRP from January 1, 2011 to July 1, 2011. Under ORS 40.090(7), LUBA may take official notice of "[a]n ordinance, comprehensive plan or enactment of any county or incorporated city in this state, or a right derived therefrom * * *." The city's motion is allowed.

STATEWIDE PLANNING GOAL 9

Petitioners allege overlapping and related assignments of error that generally assert that parts of the NRRP violate Statewide Planning Goal 9 (Economic Development) and the Goal 9 administrative rules at OAR 660, Division 9.²

A. Goal 9, Paragraph 3

Goal 9, paragraph 3 provides in relevant part that comprehensive plans must "[p]rovide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies." There is also a statutory obligation for local governments to plan for commercial and industrial development. ORS 197.707 through 197.719. Administrative rules at OAR chapter 660, division 9 implement Goal 9, but those rules apply only in certain specified circumstances. However, where a city enacts zoning amendments that are likely to reduce the supply of buildable industrial and commercial lands, even if the Goal 9 rule does not

² This section addresses Gunderson's First Assignment of Error, Schnitzer's First Assignment of Error, and the portions of WWC's First through Fourth Assignments of Error that address Goal 9.

apply to the decision, the city has an obligation to demonstrate that despite any such reductions in development potential for industrial and commercial lands, the city's land supply inventories continue to comply with Goal 9. *Opus Development Corp. v. City of Eugene*, 28 Or LUBA 670, 691 (1995); *Volny v. City of Bend*, 37 Or LUBA 493, 510-11 (2000).

1. Effect of RE Overlay and the VE Standards on Industrial Land Supply

According to petitioners, the on-site mitigation requirements for proposed development within the RE overlay zone and the new VE requirements will have the effect of diverting a significant amount of industrial land from potential industrial use and will effectively decrease the supply of industrial land available for industrial development. Given that decreased supply, petitioners contend that the record does not support the city's determination that after adoption of the NRRP the city will remain in compliance with Goal 9, paragraph 3's requirement that the city maintain an adequate supply of sites for a variety of industrial and commercial uses.³

The city's Goal 9, paragraph 3 determination was based in part on the fact that off-site mitigation and fee-in-lieu options are possible in particular cases, in which case no industrial land would be lost to non-industrial uses. Petitioners argue that even if the city determines in every case that on-site mitigation is not "practicable or ecologically beneficial" and allows off-site mitigation, any allowed off-site mitigation will occur on one of 18 potential restoration sites in the North Reach area, at least some of which are zoned industrial. With respect to the new VE standards, petitioners maintain that the new requirement that development of all properties within the RI, RG and RR overlay zones requires planting on-site vegetation until 15 percent of the site is vegetated will similarly

³ Petitioners calculate that approximately 692 acres will become unavailable for industrial development as a result of the mitigation required under River Review, the VE standards, and the RC and RP overlay zones.

remove land from the city's industrial land supply. Petitioners also argue that even if all property owners opted to pay the fee-in-lieu of planting vegetation, the vegetation that will be purchased and planted with those fees will be planted at restoration sites within the North Reach that are presumed to be zoned industrial.

Petitioners also argue that the RC and RP overlay zones restrict development to such a degree that properties with these overlays should be considered unavailable for future development, and their removal from use as industrial land should have been taken into account by the city in determining whether the city's industrial land supply is adequate. WWC additionally argues that the NRRP's requirement that the city acquire and build a continuous greenway trail along the River violates Goal 9, paragraph 3 because it removes land that will be used for the greenway trail from the city's industrial land base.

The city responds that the NRRP's requirement for mitigation of impacts to natural resources for RE overlay property development, the VE standards, the RC and RP overlay zones, and the greenway trail section of the NRRP will not affect the city's industrial land supply. First, the city argues, not every development on property within the RE overlay zone will be subject to River Review because the NRRP contains a number of exceptions for nondiscretionary and exempt development activities. In addition, according to the city, the requirement for on-site mitigation of impacts from development of RE overlay properties and the VE standards are not much different from the landscaping requirements that previously arose out of discretionary review of development within the area and other regulations that previously applied under regulations that were superceded by the amendments adopted by the decision on appeal. With respect to the 18 sites identified as potential restoration sites within the North Reach, the city argues that the sites are merely in the identification process and as of the date the NRRP was adopted, maintain their current industrial zoning and are available for development with industrial uses. With respect to the RC and RP overlay zones, the city responds that the city council concluded that even if the 104 acres subject to

the RC and RP overlay zones are considered to be unavailable for industrial development, enough buildable industrial land remains. Finally, with respect to the requirement that the city acquire and build a greenway trail along the entire length of the river, we understand the city to respond that the NRRP's statements concerning a greenway trail are aspirational and recognize the challenges of siting a trail within an industrial area.

We agree with petitioners that the record does not support a determination that the RE overlay and the mitigation requirements of River Review will not have an effect on the city's supply of industrial land. The mitigation requirements include a presumption that mitigation will occur on-site. On-site mitigation will be in the form of planting replacement or other vegetation to offset the impacts to the site's natural resources from the proposed development, and once that replacement vegetation is planted, the planted area will be unavailable for development unless the property owner again undergoes River Review. Although it is possible that, as the city posits, in every case the city could determine that onsite mitigation is not "practicable or ecologically beneficial" and allow off-site mitigation, the city does not dispute that off-site mitigation will occur at one of the 18 identified potential restoration sites within the North Reach, which are currently zoned for industrial use. If off-site mitigation occurs at those sites, then presumably those sites will not be available for industrial development. Further, even if in every case the city allowed an applicant to purchase mitigation credits or pay a mitigation "fee-in-lieu" of planting, the end result of the payment of those funds under the NRRP is that mitigation for the loss of identified resources will occur somewhere within the North Reach area, and could reduce the amount of industrial land available for development.

With respect to the VE standards, although the VE standards are structured somewhat differently from the mitigation requirements in that it is entirely the applicant's choice whether to plant vegetation or pay a fee in lieu, the fact remains that even if every applicant chose the payment option, the paid funds are dedicated under the NRRP to planting

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vegetation on one of the city's restoration sites within the North Reach. We understand petitioners to argue, and the city does not dispute, that those sites are currently planned and zoned for industrial use. For the reasons explained above, planting those sites as vegetated natural areas would reduce the amount of industrial land available for development. Similarly, with respect to the RP and RC overlay zones, it appears that land within those zones will be subject to strict development constraints that will likely make all or part of those lands unavailable for development. We agree with petitioners that the VE standards could have the effect of decreasing the amount of land that was available for industrial development prior to adoption of the disputed amendments. In addition, with respect to the NRRP's call for a greenway trail, we agree with petitioners that the city has an obligation to determine whether eventual designation and construction of the trail will cause the city to have an inadequate supply of industrial land.

Because the likely result of applying the new regulations is that the city's supply of land potentially available for new or expanded industrial development would be effectively reduced, perhaps significantly so, it is incumbent on the city to consider the impact of such potential reductions on the city's industrial land supply and determine, based on an adequate factual base, whether any such impacts on the inventory are consistent with the city's Goal 9 obligation to maintain an adequate supply of industrial land. To do so, the city must necessarily (1) undertake to quantify to the extent necessary the number of acres the new regulations will likely remove from potential industrial development, compared to the existing acknowledged regulations, and (2) evaluate the impact of any net reduction in land supply on the city's Goal 9 inventory of industrial lands. The second step will entail making at least some determinations regarding the adequacy of the city's industrial land supply, before and after application of the new regulations.

As noted, the city's initial position that the NRRP will have zero impact on the industrial land supply is not supported by the record. Petitioners argued below that,

conservatively estimated, the NRRP will result in the loss of approximately 692 acres of industrial land in the North Reach to industrial uses. That estimate may be inflated, as the city argues, but the city cites to no other evidence supporting a different estimate. The city apparently made no attempt to quantify the impacts of the NRRP on the industrial land supply in the North Reach. Unless there is some other adequate factual or legal basis to conclude that the city's industrial land supply remains adequate after the NRRP is applied, remand is necessary for the city to consider and make some attempt to estimate how many net industrial acres, if any, would likely be lost to potential industrial development under the NRRP.

As discussed below, we understand the city to take the position that, regardless of how many acres might be lost to potential industrial use under the NRRP, the city's current supply of industrial land remains adequate for purposes of Goal 9, paragraph 3, based on a 2009 economic opportunities analysis the city has drafted for purposes of periodic review. Petitioners challenge the city's reliance on that 2009 analysis and other documents, and we turn to that dispute.

2. Adequacy of Industrial Land Supply

a. 2009 Economic Opportunities Analysis (2009 EOA)

The city concluded that the NRRP would not reduce the city's five year supply of industrial sites in the North Reach.⁴ The city based its determination on a draft economic

⁴ The city adopted findings that concluded that the new standards would not decrease the city's "short term" supply of industrial and commercial sites in the North Reach:

[&]quot;Goal 9 requires the City to provide an adequate supply of sites for industrial and commercial uses, but does not require adequacy over a specific planning period as does the Goal 9 rule. Application of the proposed environmental overlay zones will not decrease the City's currently adequate short-term supply of industrial and commercial sites in the North Reach consistent with Goal 9. While industrial and employment uses will continue to be allowed within the environmental overlay zones in the North Reach, meeting the regulations associated with the zoning will in some instances increase the cost of development. According to a draft Economic Opportunities Analysis (draft EOA) recently prepared for use in City's periodic review and comprehensive plan update process, the potential increased cost

- 1 opportunities analysis prepared in 2009 (2009 EOA) that is part of the record. Citing DS
- 2 Parklane, Inc. v. Metro, 165 Or App 1, 22, 994 P2d 1205 (2000) (Parklane) and 1000
- 3 Friends of Oregon v. City of Dundee, 203 Or App 207, 124 P3d 1249 (2005) (Dundee),
- 4 petitioners argue that the city's reliance on the 2009 EOA to support its conclusion is
- 5 prohibited by Statewide Planning Goal 2 (Land Use Planning) because the 2009 EOA has not
- 6 been adopted as part of the PCP.⁵

and increased timeline of development associated with the environmental overlay zone regulations will affect the available land supply over the next 25 years by reducing the amount of environmentally zoned land absorbed into the market over that time period. The River Plan/North Reach environmental overlay zoning amendments were inventoried in the draft EOA analysis. The mid-range demand scenario of the draft EOA estimates that only 40 percent of the environmentally zoned land in the harbor and airport industrial districts on average will be available for development by 2035, while the implications of the overlays will vary widely by site. However, the draft EOA also concludes the City has an adequate short-term supply of unconstrained vacant land to meet forecast demand for industrial and employment land over the next five years. The draft EOA estimates that by 2035 the expected demand for industrial land in the harbor and airport districts will exceed the available supply by approximately 600 acres.

"The City will address this predicted shortfall through the periodic review process, which is currently underway, and will identify and adopt citywide policies and programs to respond to the identified need. The periodic review process will undertake the regulatory analysis required by Goal 9 rule on a city-wide basis and is expected to be completed within five years. Options for addressing the industrial and employment land supply shortfall are explored in the draft EOA. Examples include setting specific job growth targets (or a regional capture rate target), refining the industrial retention policies, provision of land for regionally significant freight terminal demand (e.g., annexation of West Hayden Island for marine terminal development), and enhanced Airport City concept, gap funding to resolve brownfield issues, encouraging full site utilization, further investigation of market opportunities (e.g., manufacturing recovery, sustainable design, increased FAR), setting use priorities through incentives (e.g., high wages, traded sectors, sustainability edge), and transportation and utility improvements for site development. The draft EOA will be adopted as part of the periodic review process.

"The River Plan / North Reach environmental overlay zone amendments are consistent with Goal 9 because, as the findings demonstrate, the amendments will not impact the short-term supply of available industrial and employment land, and the long-term identified in the City's draft EOA will be addressed before any shortfall is realized." Record 1436-37 (emphasis added).

⁵ Goal 2's purpose is "[t]o establish a land use planning process and policy framework as a basis for all decisions and actions related to use of land and to assure an adequate factual base for such decisions and actions." That goal further provides that "[c]ity, county, state and federal agency and special district plans and actions related to land use shall be consistent with the comprehensive plans of cities and counties and regional plans adopted under ORS Chapter 268." *See* OAR 660-015-0000(2).

In *Parklane* and again in *Dundee*, the Court of Appeals concluded that the regional and local governments in those appeals violated Goal 2 in making decisions that relied primarily or conclusively on studies and information that had not been adopted as a part of their acknowledged comprehensive plans, rather than relying on studies and projections that had been incorporated into their comprehensive plans. *Parklane*, 165 Or App at 22-23; *Dundee*, 203 Or App at 216. In *Parklane*, the Court concluded that Metro erred in relying on a draft report that was included in the record, that was an update of data used to develop Metro's adopted 2040 projection of its 20-year supply of land in 2017 and that projected a greater deficit of housing in 2040 than the adopted Metro 2040 projection projected for 2017.

In *Dundee*, the city adopted an update to its buildable lands inventory (BLI) in 1988 that projected a surplus of approximately 30 acres of buildable residential land within the city's urban growth boundary in 2005. That 1988 BLI was adopted as part of the city's comprehensive plan. In 2003, the city prepared a new buildable lands inventory (the 2003 BLI) that indicated that the city would have a surplus of between 97 and 155 acres of buildable residential land in 2020, even if the proposed Newberg-Dundee bypass that was the subject of the challenged comprehensive plan amendment was built across some of the city's inventory of buildable residential land. The Court reviewed the city's findings in support of the comprehensive plan amendment and concluded that the city erred in those findings in relying on the 2003 BLI that was not a part of the city's comprehensive plan to conclude that even with the bypass built, the city retained an adequate supply of buildable residential land.

The Court held that Goal 2 requires local governments to make planning decisions on the basis of acknowledged comprehensive plans and acknowledged planning documents:

The Court rejected LUBA's conclusion that the city did not err in relying on the 2003 BLI.

"In sum, a planning decision based on a study contemplated by a comprehensive plan but not incorporated into the comprehensive plan after the study is carried out is not a planning decision that is made on the basis of the comprehensive plan and acknowledged planning documents, as is required by Goal 2. * * * That is not a matter of mere abstract concern. Rather, it goes

to the heart of the practical application of the land use laws: The comprehensive plan is the fundamental document that governs land use planning. Citizens must be able to rely on the fact that the acknowledged comprehensive plan and information integrated in that plan will serve as the basis for land use decisions, rather than running the risk of being 'sandbagged' by government's reliance on new data that is inconsistent with the information on which the comprehensive plan was based." *Dundee*, 203 Or App at 216 (citations omitted).

There was no dispute that the city's decision in *Dundee* would result in some of its inventoried buildable residential land being diverted to use for the proposed bypass. The city's error in *Dundee* was its reliance on 2020 projections of an expected large surplus of buildable residential lands—projections that had not been adopted as part of the city comprehensive plan—in place of projections of a smaller expected surplus of buildable residential lands in the city's comprehensive plan.

The factual circumstances differ here in some respects from the factual circumstances presented in *Parklane* and in *Dundee* because, as we determine below, the 1989 EOA that is part of the PCP does not include any express projection of the city's industrial land needs in 2010, the year the NRRP was adopted. Therefore, unlike in *Parklane* and *Dundee*, the 2009 EOA is not inconsistent with the PCP. The 2009 EOA is, as far as we can tell, the city's first attempt to quantify its supply of industrial land in 2009 and project industrial land needs through 2035. However, even with those differences in circumstances, we conclude that the city erred in relying on the 2009 EOA to conclude that adopting the additional restrictions on industrial lands that are included in the NRRP will not result in the city failing to comply with Goal 9. While the 2009 EOA is included in the evidentiary record, as we have already noted, it has not been adopted as part of the PCP. As the Court of Appeals held in *Dundee*, the "comprehensive plan and information integrated in that plan [must] serve as the basis for land use decisions." As we explain below, the 1989 EOA that is part of the PCP does not provide an adequate factual basis for finding that after adopting the NRRP the city comprehensive plan will remain consistent with Goal 9's requirement that the city "[p]rovide

for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies." If the city relies on the 2009 EOA as the primary basis for its determination that the challenged amendments are consistent with the city's Goal 9 obligations, under *Dundee* it has little choice but to amend its comprehensive plan to adopt the 2009 EOA or take other appropriate action to amend the plan so that it will provide an adequate basis for the required Goal 9 determination.

The findings quoted above at n 4 make clear that the city relied on the 2009 EOA's projections that the city's industrial land supply would be sufficient for the next five years to conclude that the city's industrial land supply is adequate. That reliance runs afoul of Goal 2, as explained in *Parklane* and *Dundee*, even if the 2009 EOA is part of the record and would otherwise provide an adequate factual base to support the decision, because it has not been adopted as part of the city's acknowledged comprehensive plan

Although we conclude above that the city may not base its decision regarding compliance with Goal 9 on the 2009 EOA because that document is not a part of the PCP, we nevertheless address petitioners' challenges to the substance of the 2009 EOA. That EOA has problems of its own that lead us to conclude that even if the city could properly rely on the 2009 EOA, it does not provide an adequate factual base on which the city could base its decision that the NRRP will not have an impact on the city's industrial land base that violates Goal 9.

The 2009 EOA analyzed vacant and partially vacant industrial land in five geographic areas: Central City Commercial, Central City Industrial, Columbia Harbor, Columbia East, and Dispersed Industrial. Record 3261-3318. The geographic area identified in the 2009 EOA as the "Columbia Harbor" appears to include the North Reach as well as industrial lands near and including the airport and other lands east of North Portland Road, the city's identified eastern boundary for the North Reach. The 2009 EOA concludes that there are

approximately 100 acres of vacant and unconstrained sites in the Columbia Harbor geographic area. Record 3276. The 2009 EOA also concludes:

"Columbia Harbor: Columbia Harbor reports the widest variation in land demand, from a low of 230 [acres] to a high of 1,230 [acres] (more that any other geography). It also contains more vacant land than any other geography, much of it constrained by contamination and environmental overlays.

"For the industrial areas, only vacant land was included in the tally of 'easiest to develop parcels' (for commercial geographies, both vacant and low-value parcels were included). Columbia Harbor is a special geography as the appropriate host of regional transportation land demand. Without this demand source, the geography has sufficient available vacant acreage in both the low and mid scenarios, and shortage of about 170 acres in the high scenario. When regional transportation needs are included, all scenarios report a shortage: about 100 acres in the low scenario, 600 in the mid and over 800 in the high scenario.

"Without regional transportation land, the high scenario requires that 4% of Columbia Harbor's developed land redevelop. No redevelopment is required in the low and mid scenarios. When regional transportation needs are included, the required redevelopment rate increases to 2%, 14% and 19% in the low, mid and high demand scenarios. The redevelopment need would be reduced is added industrial land is annexed to the City." Record 3284.

The 2009 EOA analyzes vacant and partially vacant parcels with existing environmental overlays, which are described as "environmental overlays (covering more than 10% of the parcel) that impacts development. The relevant environmental overlays are ** * newly proposed p, c, and e (protection, conservation, environmental) overlays within the North Reach. Beyond the North Reach, land impacted by a p overlay has been removed from the vacant land inventory as unbuildable." Record 3276. The 2009 EOA appears to

⁶ The 2009 EOA describes the effect of the c, p, and e overlays:

[&]quot;The implications of environmental overlays for parcel developability vary widely. For wetlands/riparian areas, development requires balanced land cut & fill, which reduces the portion of the site on which buildings can locate. Environmental overlays also tend to increase the cost and timeline of development. For this analysis, it is assumed that some portion of sites with environmental overlays will not develop. No data exists to fully ground-truth this assumption in past trends, especially as the portion of vacant land impacted by environmental zoning has risen steadily over time (as vacant land decreases and

have considered the effect of the new on-site mitigation requirements that accompany some development of property within the RE overlay zone in its analysis of vacant and partially vacant land with environmental constraints, but it does not appear to have considered the effect of the new VE standards on the availability of land within the RI, RG, and RR zones for development.

We also question the appropriateness of the 2009 EOA's analysis of a geographic area that lumps together land that does not have any river access with river-accessible land in determining the availability of industrial land for development, given that Goal 9, paragraph 3 requires the city to provide an adequate supply of industrial land, not only with respect to total acreage, but also with regard to size, type, location, and service levels. *See Opus Dev. Corp. v. City of Eugene*, 28 Or LUBA 670 (1995) (rezoning industrial land to a mixed use zone that allows both industrial and residential uses requires a demonstration under Goal 9 that the city retains an adequate supply of industrial and commercial lands). The city has apparently recognized through the "River" overlay zoning (RI and RG) that is reserved for river-dependent and river-related uses that industrial land with river access has unique site characteristics.

Finally, even assuming that the 2009 EOA's lumping together of the North Reach area with other non-river access industrial districts to analyze land availability is appropriate, it is not entirely clear from the 2009 EOA, and in particular the passage quoted above from the report's "Reconciliation and Results" section, that it does in fact conclude that the city has an adequate supply of industrial land for development within the next five years. The passage quoted above does not set forth a particular time frame after which the city will have a shortage of industrial land in the Columbia Harbor geographic area, but appears to conclude that if no Columbia Harbor land is developed for transportation improvements,

under the low and mid-range scenarios there will be a sufficient supply of industrial land within that geographic area for industrial use for some unspecified period of time. But the report recognizes that the Columbia Harbor geographic area will supply the majority, if not all, of the land to be developed for transportation needs, and also appears to assume that no land within the Columbia Harbor will be developed for transportation needs during the first five years of the planning period. Record 3264-66. The underlying basis for that assumption is not apparent from the report, given that the report identifies rail yard expansion and marine terminal expansion as potential sources of industrial land development that do not readily correlate to projected employment needs. Record 3269-70. With respect to marine terminal expansion, the report notes a historic trend of approximately 16 acres per year being developed for marine cargo uses, but it does not indicate why that historic trend is inapplicable to the first five years of the planning period. Record 3270.

In sum, for the reasons explained above, it was error for the city to rely on the 2009 EOA to determine whether after adoption of the NRRP the city continues to have an adequate supply of industrial lands under Goal 9, and we agree with petitioners that the 2009 EOA does not constitute an adequate factual base to support the city's conclusion that the city will continue to have an adequate supply of industrial land after the restrictions on development take effect.

b. 1989 Economic Opportunities Analysis (1989 EOA)

The city argues that even if its reliance on the 2009 EOA was improper, a 1989 economic opportunities analysis (1989 EOA) that was acknowledged by LCDC during the city's periodic review proceedings and is part of the PCP provides an adequate factual base to support its conclusion that the proposed NRRP will not decrease the city's industrial land supply. The 1989 EOA is attached to the city's brief at Appendix 214-231, and a portion of the 1989 EOA is also located at Record 3248-3255. According to the city, the 1989 EOA shows that the city has an adequate supply of industrial land. However, the problem with the

city's argument is that the findings above at n 4 make clear that the city did not rely on that 1989 EOA to support its conclusion; rather it relied exclusively on the 2009 EOA. The fact that the city might have relied upon the 1989 EOA to provide an adequate factual base to support the city's decision does not cure that reliance problem. *See Dundee*, 203 Or App at 215 (refusing to consider whether the city might have relied on the inventory in its comprehensive plan when the city clearly relied on an inventory that was not adopted as part of the city comprehensive plan).

In addition, even if the city had relied on the 1989 EOA, the 1989 EOA does not provide an adequate factual base to support the decision. The 1989 EOA does not indicate any definite planning period or include projections about future demand, or otherwise contain a forecast or estimate of projected industrial land needs in 2010 based on employment or other need projected over any specific period of time that we can see. Although the 1989 EOA states that incorporated results from a 1987 vacant lands analysis led the city to conclude that the city had a "sufficient inventory of vacant buildable commercial and industrial land," it is not clear from that EOA what the city meant by use of the word "sufficient" because the EOA does not include an analysis of or projections about future land supply or needs. Response Brief App. 227. As far as we can tell, the 1989 EOA evaluates current supply but lacks any evaluation of future demand for industrial and commercial land and lacks any projections regarding the amount of land needed to meet that demand. The 1989 EOA concluded that in 1989 the city had a sufficient amount of industrial

⁷ The 1989 EOA quotes the then-applicable version of OAR Chapter 660, division 09, which required in relevant part that "[p]lans for areas of 2,500 or more population must designate enough serviceable sites *to meet needs of the next five years.* * * *" Response Brief Appendix 215 (emphasis added.) However, there is no projection of supply and demand, even for a five year period.

land. But that 1989 EOA does not provide support for the city's argument that, based on the 1989 EOA, the city has a sufficient supply of vacant industrial land in 2010.⁸

B. Goal 9, Paragraph 4

Goal 9, paragraph 4 requires the city's plan and land use regulations in relevant part to "[1]imit the uses on or near sites zoned for specific industrial and commercial uses to those which are compatible with proposed uses." WWC argues that the NRRP requirements for vegetation amount to *de facto* conversion of that land into use as nature preserves and that use of industrial-zoned property for a nature preserve is incompatible with industrial uses in general.

The city responds that the vegetation and mitigation requirements do not convert property into "nature preserves" in violation of Goal 9, paragraph 4 because vegetation is not a "use" of the property. According to the city, the reference in the goal to "uses" refers to zoning classifications that are incompatible with industrial zoning, not incidental activities that might occur on industrial land. In addition, the city responds, the mitigation requirements and the VE standards are not "uses" but are development standards that might result in planting of vegetation.

We agree with the city. Petitioners do not explain how, even if vegetation could be viewed as a "use" as that word is used in Goal 9, that use is "incompatible" with industrial and commercial uses.

⁸ Another problem with the city's reliance on the 1989 EOA as adequate support for its decision is that the 1987 vacant lands analysis contains no identifiable analysis of the area that is impacted by the NRRP, but rather analyzes vacant industrial parcels by industrial district. Although some of those districts may have land located within the North Reach that is subject to the NRRP, such as the Guilds Lake Industrial District, the Linnton Industrial District, and the St. Johns Industrial District, it is simply not clear from the 1987 vacant lands analysis whether the analysis includes the area that the city has now designated as the North Reach and subjected to the NRRP's provisions.

C. OAR 660-009-0010(4)

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a. McCormick & Baxter Site Redesignation

Where a local government amends the plan designation of two or more acres of land from an industrial use designation to a non-industrial use designation, OAR 660-009-0010(4) requires in relevant part that the local government "[d]emonstrate that the proposed amendment is consistent with *its most recent economic opportunities analysis* * * *." (Emphases added.)⁹ The city found that the redesignation on the PCP map of the 42-acre McCormick & Baxter site from Industrial Sanctuary to Mixed Employment fell within the ambit of the rule, and adopted findings that the redesignation of the site is consistent with both the 1989 EOA and the 2009 EOA.¹⁰

⁹ OAR 660-009-0010(4) provides:

"For a post-acknowledgement plan amendment under OAR chapter 660, division 18, that changes the plan designation of land in excess of two acres within an existing urban growth boundary from an industrial use designation to a non-industrial use designation, or an other employment use designation to any other use designation, a city or county must address all applicable planning requirements, and:

- "(a) Demonstrate that the proposed amendment is consistent with its most recent economic opportunities analysis and the parts of its acknowledged comprehensive plan which address the requirements of this division; or
- "(b) Amend its comprehensive plan to incorporate the proposed amendment, consistent with the requirements of this division; or
- "(c) Adopt a combination of the above, consistent with the requirements of this division."

"In general, post acknowledgement comprehensive plan amendments are not required to comply the Goal 9 rule outside of the periodic review process. However, post-acknowledgement plan amendments that change the plan designation of land in excess of two acres must comply with the Goal 9 rule. The River Plan / North Reach amendments change the comprehensive plan map designation of a 42-acre parcel known as the McCormick and Baxter site from Industrial Sanctuary to Mixed Employment. This amendment exceeds the two acre threshold thus triggering the analysis required by section 660-09-0010(4).

¹⁰ Although the city in its brief asserts that the redesignation of the site is not a change in the plan designation from an industrial to a non-industrial designation and that OAR 660-009-0010(4) does not apply, the city's decision concluded that compliance with OAR 660-009-0010(4) was required and adopted the following findings:

"The McCormick and Baxter site is a brownfield site. The property is located on the Willamette River south of the railroad bridge, and was used as a wood treatment facility from 1941 to 1991. The site has been vacant since 1991. * **

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"As mentioned above, the City's most recent economic opportunities analysis was prepared n July 2009, and will be reviewed and adopted as part of the periodic review process and update of the Comprehensive Plan. The draft EOA indicates that over the next five years the City has an adequate supply of unconstrained vacant land to meet forecast industrial and employment demand. Therefore, in the short-term, the amendment to comprehensive plan designation for the McCormick and Baxter site is consistent with the City's most recent EOA.

"However, the draft EOA further indicates that over the following twenty years the City could face a shortfall of industrial and employments lands. The predicted shortfall is based partially on the impact of the cost constraints on land absorption including constraints associated with brownfield clean up and development. The conclusions of the draft EOA are based partly on an estimation that only 30 percent of the brownfield sites will be available for redevelopment in the next 25 years. The River Plan / North Reach includes an amendment that will encourage redevelopment of brownfield sites in the North Reach thereby reducing the potential industrial land supply shortfall. The amendments recommend implementation of the HarborReDI project which will result in an action plan to redevelop 18 indentified brownfield sites along the Portland Harbor. Few of these brownfield sites are expected to be available as current short-term land supply, but the HarborReDI project aims to facilitate both short-term redevelopment opportunities as specific sites (Linnton Plywood, Time Oil and Simplot), and over the long-term, full redevelopment of all of the identified sites. In addition, the City's intends to address the predicted long-term industrial land supply shortfall through citywide policies and programs adopted through the periodic review process.

"The draft EOA also concludes that the City is facing a potential shortfall of campus institutional land between 2015 and 2035. The amendment of the McCormick and Baxter site is intended to facilitate the expansion of the University of Portland which help reduce the predicted shortfall.

"The Goal 9 rule requires the City to demonstrate that the amendment to the McCormick & Baxter site is consistent with the City's 'most recent economic opportunities analysis'. The City's most recent adopted EOA is in the form of industrial and commercial land inventories adopted as background documentation for the City's Comprehensive Plan Goal 5, Economic Development. According to a 1987 vacant land analysis cited in the City's adopted report responding to its first periodic review order, the City has 'a sufficient inventory of vacant buildable commercial and industrial land' (pg. 135, City of Portland, Oregon Comprehensive Plan Periodic Review: Proposed Local Review Order, March 1989; Resolution No. 34523). The 1987 report identifies that the City has 2,290.56 acres of vacant buildable industrial land available and deems that figure sufficient. The report also identifies another 3,441.36 acres of industrial land within a hazard area [on] the floodplain and states that much of the vacant industrial land within the floodplain can be developed. LDCD acknowledged the determination that the City has sufficient commercial and industrial land in the City's first periodic review.

"Given that in 1987 the City had a sufficient supply of vacant buildable industrial land and had a substantial surplus beyond that which was deemed sufficient, the change to the comprehensive plan map designation for the 42 acres McCormick and Baxter site is not

Petitioners challenge the city's reliance on the 2009 EOA as prohibited by Goal 2 and the Court of Appeals' reasoning in its *Parklane* and *Dundee* opinions, and also challenge the city's conclusion that the map change is consistent with the 1989 EOA. We generally agree with petitioners that where OAR 660-009-0010(4) applies, the city cannot satisfy the rule based on an unadopted, draft EOA. *Freedman v. City of Grants Pass*, 57 Or LUBA 385, 390 (2008) (citing *Parklane* and *Dundee*). However, based on the city's findings quoted at n 10, we understand the city to have relied on the 1989 EOA to conclude that the redesignation is consistent with that EOA. For that reason, we disagree with petitioners that the city erred as a matter of law in referring to the 2009 EOA in its findings.

However, for the reasons explained above, we agree with petitioners that the 1989 EOA does not provide evidentiary support for the city's conclusion. As explained above, the 1989 EOA included only a present calculation of the city's supply of industrial land and a conclusion that the city possessed, at that time, an adequate supply of industrial land. It did not project the city's land needs for any period of time, and particularly did not project the city's industrial land needs in 2010. Although the language of OAR 660-009-0010(4) is difficult to apply where there is apparently no projection of land need contained in the city's most recently adopted EOA, a determination of "consistency *with*" an adopted document appears to require at a minimum something against which the new planning action is measured, and where there is no baseline determination to measure against, it is not possible

significant because it is offset by the portion of the 3,441 acres of partially buildable industrial land that can be developed. Therefore, the amendment of the comprehensive plan map designation from Industrial Sanctuary to Mixed Employment for the 42 acres McCormick and Baxter site is consistent with the City's most recent adopted economic opportunities analysis. Furthermore, the amendment of the comprehensive plan map designation for the McCormick and Baxter site is consistent with the City's draft economic opportunities analysis to the extent that the draft shows an adequate supply of industrial and employment land for the next five years." Record 1437-39.

Given those findings, we reject the city's attempt in its brief to assert that OAR 660-009-0010(4) does not apply. The city is free to change and attempt to defend that position on remand, but it may not recharacterize the legal position that the city took in the decision on appeal.

to make a determination that the new planning action is "consistent with" anything. For that reason, we agree with petitioners that the city's findings are inadequate to explain why the

redesignation of the 42-acre site is "consistent with" the 1989 EOA.

b. RE Overlay and VE Standards

In a portion of its first assignment of error, Schnitzer additionally argues that the new VE standards and the River Review mitigation requirements within the NRRP are a *de facto* change in the plan designation for more than two acres of land to a non-industrial use and that the city erred in failing to determine whether those provisions meet the requirements of OAR 660-009-0010(4) based on the city's 1989 EOA. The city responds, and we agree, that application of the RE overlay is not a *de facto* change in the plan designation for the properties that are within the overlay, and we similarly agree that imposition of the VE Standards for development of RI, RG, and RR zoned property does not change the plan designation for property within those base industrial zones.

Gunderson's First Assignment of Error, Schnitzer's First Assignment of Error, and the portions of WWC's First through Fourth Assignments of Error that address Goal 9 are sustained, in part.

STATEWIDE PLANNING GOAL 12

In its seventh assignment of error, WWC argues that the NRRP violates OAR 660-012-0060. Under OAR 660-012-0060, when an amendment to a comprehensive plan or land use regulation would significantly affect an existing or planned transportation facility, the local government must address the effects by taking one of the steps identified in OAR 660-012-0060(2). Under OAR 660-012-0060, a plan amendment significantly affects a transportation facility if it would reduce the performance of the facility below the minimum acceptable standard identified in the relevant transportation system plan, or worsen the performance of a facility otherwise projected to perform below that minimum acceptable standard, as measured at the end of the planning period identified in the transportation

system plan. WWC argues that the NRRP will significantly affect the Willamette River, a transportation facility as defined in OAR 660-012-0005(30), because it restricts, limits, and in some cases prevents access to the river as a mode of transportation on river-dependent and river-related parcels in such a manner that it reduces the performance of the river as a transportation facility below minimum performance standards identified in the city's Freight Master Plan, which WWC asserts is part of the PCP. In support of its argument, WWC cites provisions of the Freight Master Plan that WWC maintains provide performance standards for freight that is moved on the water. WWC Petition for Review 37-38.

The city responds that the NRRP will not significantly affect the functional classification of the River because there is no functional classification of the River and there are no performance standards for the River in the PCP. In addition, the city responds, the NRRP will not prevent access to the river, because even if proposed development is subject to River Review, River Review will require on-site mitigation of effects to natural resources, but would not allow the city to deny an application for river development.

While we tend to agree with the city that the goal of River Review is not to prevent development of river-related transportation facilities from occurring, we need not resolve that question because we agree with the city that the Freight Master Plan does not provide performance standards for the river as a transportation facility. The general language in the Freight Master Plan that is cited by WWC does not rise to the level of a performance standard. *See People for Responsible Prosperity v. City of Warrenton*, 52 Or LUBA 181, 207 (2006) (a general statement in a comprehensive plan is not a "minimum acceptable performance standard" as used in OAR 660-012-0060(1) and cannot be the basis for a challenge under that rule).

WWC's seventh assignment of error is denied.

STATEWIDE PLANNING GOAL 2

Statewide Planning Goal 2 (Land Use Planning) requires in relevant part that the city

"assure an adequate factual base for [all decisions and actions related to use of land]." See n

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A. Adequate Factual Base (Natural Resources Inventory)

As part of the NRRP, the city adopted a Natural Resources Inventory (NRI) that catalogued properties within the North Reach based on their value as habitat and riparian areas. In selecting properties to include within the RE overlay zone, the city ranked riparian corridor values and wildlife habitat values within the North Reach as high, medium, or low, and assigned the RE overlay to properties with high and medium rankings. In its second assignment of error, Gunderson argues that the city's decision to designate properties for inclusion in the RE overlay zone, and its property in particular, is not supported by an adequate factual base. Gunderson maintains that the record is devoid of an explanation about what resource attributes of its property led the city to include it within the RE overlay zone. According to Gunderson, the city applied the RE overlay to some properties based on the presence of non-native vegetation, which is inconsistent with city and state policies that encourage the removal of non-native and invasive vegetation. Because Gunderson's property includes only non-native vegetation, Gunderson argues the city erred in assigning it high and medium resource values.

The city responds by pointing to evidence in the record that explains that portions of Gunderson's property possess riparian corridor values and were assigned a combined medium and high rank. The city explains that the city's model for preparing the NRI did not distinguish between native and non-native vegetation, because the fact that certain vegetation has been designated for some purposes as invasive does not mean that that vegetation has no value for riparian corridor functions. The city also responds that the NRRP contains both a

- formal and an informal process for correcting RE overlay zone mapping errors if property owners believe the designation is erroneous. Record 2493, 2686 and 3119.
- 3 The city cites to hundreds of pages in the record that support the city's conclusion
- 4 that the RE overlay properties have resource value as riparian corridors and habitat areas.
- 5 We agree with the city that there is an adequate factual base in the record to support its
- 6 designation of RE overlay properties and its designation of Gunderson's property within the
- 7 RE overlay zone.

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8 Gunderson's second assignment of error is denied.

B. Consistency with PCP Policies

- Goal 2 provides in relevant part that "city * * * plans and actions related to land use
- shall be consistent with the comprehensive plans of cities and counties * * *." In addition,
- OAR 660-009-0010(4) requires that the city must demonstrate that "* * * the proposed
- 13 [McCormick & Baxter site plan] amendment is consistent with * * * the parts of its
- 14 acknowledged comprehensive plan which address the requirements of [OAR 660, Division
- 15 9]." See n 9. 11 PCP Goal 5, Economic Development, implements Goal 9.
- Petitioners argue that the NRRP is inconsistent with various provisions of the PCP
- that implement Goal 9.¹²

1. Guild's Lake Industrial Sanctuary Plan (GLISP)

19 PCP Goal 5, Policy 5.12 provides that one of the purposes of PCP Goal 5 is to:

¹¹ The city found that the redesignation of the McCormick & Baxter site is consistent with PCP policies that implement Goal 9:

[&]quot;The amendment is also consistent with the parts of the comprehensive plan that address the requirements of Goal 9 because the amendment is consistent with [PCP Goal 5 and PCP Policy 2.14]. These two [PCP] goals addressed the requirements of Goal 9. The findings for these two comprehensive plan goals also address why the [NRRP] s consistent with the requirements of * * * Goal 9 and are incorporated here." Record 1439.

¹² This section addresses Gunderson's Third Assignment of Error, Schnitzer's Third Assignment of Error, and portions of WWC's First through Fourth Assignments of Error.

"Encourage the economic stability of the Guild's Lake Industrial Sanctuary, maintain its major public and private investments in multimodal infrastructure, protect its industrial lands and job base, and enhance its capacity to accommodate future industrial growth by including the Guild's Lake Industrial Sanctuary Plan as part of this Comprehensive Plan."

In order to implement Policy 5.12, the city adopted the Guild's Lake Industrial Sanctuary Plan (GLISP). The GLISP applies to approximately 1,625 acres of the land in the North Reach. Petitioners argue that the city's findings are inadequate to demonstrate that the NRRP is consistent with various GLISP policies because the findings do not address specific GLISP policies or otherwise explain how the NRRP is consistent with those policies.¹³ Petitioners also argue that the NRRP is inconsistent with various provisions of the GLISP.

The city agrees that there are no findings explicitly addressing the GLISP policies cited by petitioners, but points out that no statute requires that all legislative land use decisions be supported by findings. However, even in circumstances where there is no statutory requirement that a particular legislative decision be supported by findings, "there must be enough in the way of findings or accessible material in the record of the legislative act to show that applicable criteria were applied and that required considerations were indeed considered." *Citizens Against Irresponsible Growth v. Metro*, 179 Or App 12, 16 n 6, 38 P3d 956 (2002). The city points to other findings regarding similar PCP policies in support of its response that the NRRP is consistent with the GLISP policies cited by petitioners. In this case the arguments presented in the city's brief pointing to other findings are simply not sufficient to establish that the city considered the GLISP policies cited by petitioners in determining whether the NRRP is consistent with the GLISP. Additional findings will be required to make that demonstration.

¹³ The specific GLISP policies cited by petitioners are Policy 1, Objectives 1 and 3, and Policy 3, Objectives 7 and 9.

2. PCP Goal 5, Policy 5.1, Objectives A and C, and PCP Goal 5, Policy 5.4, Objective A

PCP Goal 5 Policy 5.1, Objective A requires the city to ensure that it has an adequate supply of industrial land. The city concluded, based on its findings under Goal 9, that the NRRP would not affect the city's short-term supply of industrial land, and that therefore the NRRP is consistent with Policy 5.1, Objectives A and C. The city also adopted general

7 findings that the NRRP is consistent with PCP Goal 5.15 Those general findings repeat in

"Objectives:

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"A. Ensure that there are sufficient inventories of commercially and industrially-zoned, buildable land supplied with adequate levels of public and transportation services.

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"C. Retain industrial sanctuary zones and maximize use of infrastructure and intermodal transportation linkages with and within these areas."

- "Goal 5, Economic Development, calls for promotion of a strong and diverse economy which provides a full range of employment and economic choices for individuals and families in all parts of the city. The amendments are consistent with this goal because they retain and strengthen the City's industrial sanctuary policy in the North Reach thereby supporting a thriving working harbor that provides family-wage jobs and help support the economy of the City and region. The amendments:
- "a) Strictly limit quasi-judicial comprehensive plan map amendments on prime industrial lands in the North Reach;
- "b) Retain the River Industrial overlay zone which preserves river front parcels in the zone for river-dependent and river-related uses;
- "c) Identify and prioritize a coordinated program of public investment in infrastructure improvements to support existing and future industrial development;
- "d) Reduce regulations where possible to encourage development and redevelopment of vacant and underutilized sites;

¹⁴ PCP Goal 5, Policy 5.1 provides in relevant part:

[&]quot;5.1 Urban Development and Revitalization

[&]quot;Encourage investment in the development, redevelopment, rehabilitation and adaptive reuse of urban land and buildings for employment and housing opportunities.

¹⁵ The city adopted findings in support of its conclusion that the redesignation of the McCormick & Baxter site is consistent with the PCP and that the NRRP is consistent with PCP Goal 5:

1	some instances the city's findings under Goal 9 regarding the effect of the NRRP. Compare
2	Record 1435 and 1466. Petitioners challenge the city's conclusion that the NRRP is
3	consistent with PCP Goal 5. In particular, petitioners challenge the city's characterization of
4	the NRRP as "reduc[ing] regulations where possible to encourage development and
5	redevelopment of vacant and underutilized sites," because petitioners argue the NRRP
6	actually requires undeveloped areas to be dedicated to vegetation and on-site mitigation. The
7	city responds that the RE overlay and VE standards will not affect the city's supply of
8	industrial land, a response that we rejected above. Given our agreement with petitioners'
9	Goal 9 challenges above, we also agree with petitioners that the city's reliance on its
10	conclusions under Goal 9 that the NRRP would not affect the city's industrial land supply is
11	not sufficient to explain why the NRRP is consistent with PCP Goal 5.

3. PCP Goal 5, Policy 5.4, Objective A

13 WWC argues that the NRRP is inconsistent with PCP Goal 5, Policy 5.4, Objective 14 A, which provides:

"5.4 Transportation System

"Promote a multi-modal regional transportation system that stimulates and supports long term economic development and business investment.

"Objectives:

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"A. Support multimodal freight transportation improvements to provide competitive regional access to global markets and facilitate the

[&]quot;e) Reduce the number of discretionary land use reviews required for development by implementing clear and objective development standard where possible;

[&]quot;f) Clarify regulations that have been indentified as vague or ineffective;

[&]quot;g) Implement several fee-in-lieu options for meeting development standards as a way to meet plan objectives and maximize on-site development potential;

[&]quot;h) Identify and facilitate development of the Willamette River Greenway trail which will connect the neighborhoods and work centers in the North Reach with other parts of the City, and increase commuting options for employees." Record 1466.

efficient movement of goods and services in and out of Portland's major industrial and commercial districts. Ensure access to intermodal terminals and related distribution facilities to facilitate the local, national, and international distribution of goods and services."

Similar to its arguments under Goal 12, WWC argues that the RE overlay zone and River Review is inconsistent with this PCP provision because the RE overlay zone and River Review will prevent access to the river to such a degree that it fails to "[e]nsure access to intermodal terminals and related distribution facilities * * *" as required by Policy 5.4, Objective A. The city responds that neither the RE overlay zone nor River Review eliminate access to the river for river-dependent and river-related uses, but that River Review may require a developer to consider design alternatives that might lessen the impact on natural resources. As we explain above, River Review in and of itself does not prevent access to the river and we reject WWC's argument to the contrary. We agree with the city with that the NRRP is not inconsistent with the above-quoted provision.

4. PCP Goal 5, Policy 5.8, Objectives B and C

The city adopted findings that the NRRP is consistent with PCP Goal 5, Policy 5.8, Objectives A, D, and E. 16 In its third assignment of error, Schnitzer argues that the city erred

"Diversity and Identity in Industrial Areas

"Promote a variety of efficient, safe and attractive industrial sanctuary and mixed employment areas in Portland.

"Objectives:

- "A. Recognize and promote the variety of industrial areas in Portland through development regulations which reflect the varied physical characteristics of the city's industrial areas. Distinguish between older developed areas and newer, less developed ones.
- "B. For each industrial zone, establish specific development requirements, while providing a mechanism to allow modification of the regulations when the proposed project design meets the purpose of the regulation.

¹⁶ Policy 5.8 provides:

1 in failing to adopt findings that the NRRP is consistent with Objectives B and C. According

to Schnitzer, the NRRP is inconsistent with Objective B because the new VE standards do

not include a mechanism for considering whether the proposed design "meets the purpose" of

4 the regulation and do not provide for modification of the regulations when a proposed

development meets the purpose. According to Schnitzer, the NRRP is inconsistent with

Objective C because it does not "permit[] increased development" or "use flexibility, after

reviews to ensure that the purposes of industrial zoning regulations are met."

8 The city responds that Objective B, if it is applicable, is satisfied because new PCC

33.865.110 provides a mechanism for modifying the regulations. Response Brief 52, App.

131. We agree with the city.

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The city responds that Objective C does not apply to the decision. We understand the city to take the position that there are no industrial parks within the North Reach so that provision does not apply. Absent any disagreement from Schnitzer on that point, then we agree with the city that Objective C does not apply and the city did not err in failing to address it.

[&]quot;C. Promote industrial parks by permitting increased development and use flexibility, after reviews to ensure that the purposes of industrial zoning regulations are met.

[&]quot;D. Within industrial districts, allow some lands designated for commercial or mixed employment. Provide for this while maintaining the overall industrial orientation of the districts.

[&]quot;E. Create mixed employment areas which encourage a broad range of employment opportunities by permitting a mix of industrial and commercial activities. Prevent land use conflicts within the mixed employment areas through the use of development standards and by limiting conflicting types of development.

[&]quot;F. For activities which tend to have substantial off-site impacts or demands on public services, limit the zones where they are permitted outright, and require additional reviews where they may be appropriate.

[&]quot;G. In determining allowable uses in zones, permit industrial activities outside of industrial sanctuaries when the activity, scale and physical development of the use are compatible with the intent of the base zone."

5. PCP Goal 2, Policy 2.14, Industrial Sanctuaries

2 PCP Goal 2, Urban Development, includes a policy that the city shall "[p]rovide 3 industrial sanctuaries * * * [and] [e]ncourage the growth of industrial activities in the city by preserving industrial land primarily for manufacturing purposes." The city found that the 4 NRRP is consistent with Policy 2.14.¹⁷ Petitioners argue that the NRRP is inconsistent with 5 6 PCP Policy 2.14 because the NRRP does not preserve the North Reach, and specifically the 7 Guild's Lake Industrial Sanctuary, primarily for manufacturing uses, and further it prevents 8 the growth of manufacturing and industrial uses by requiring undeveloped land to be 9 dedicated to natural resource creation.

The city responds that the industrial land in the North Reach will continue to be preserved primarily for industrial purposes, and points out that of the approximately 5,000 acres of industrial land in the North Reach, petitioners' worst case assumption is that less than 700 acres will eventually be required for vegetation in the North Reach. We agree with the city. The fact that the NRRP imposes some additional development constraints on

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¹⁷ The city found:

[&]quot;Policy 2.14, Industrial Sanctuaries, calls for encouraging the growth of industrial activities by preserving industrial land primarily for manufacturing purposes. The amendments are consistent with this policy because they maintain the North Reach as a thriving industrial and employment area that provides family-wage jobs. The plan supports the North Reach as a thriving industrial area by:

[&]quot;a) Preserving the industrial and employment zoning in the North Reach;

[&]quot;b) Limiting quasi-judicial comprehensive plan map amendments on prime industrial land, which will protect the industrial sanctuary and the jobs created by the industrial and employment uses in the area;

[&]quot;c) Preserving the River Industrial overlay zone, which preserves land specifically for river-dependent and river-related uses. This requirement insures that the North Reach will continue to be a working industrial harbor;

[&]quot;d) Identifying and prioritizing public investments in a coordinated program of capital projects that will improve the infrastructure systems in the North Reach based on projected growth." Record 1460.

industrial land or could require some land to be vegetated does not, in itself, mean that it fails to preserve the area primarily for manufacturing purposes.

6. The City's IH Zone

The Heavy Industrial (IH) zone is the zone that implements the city's industrial sanctuary plan designation. PCC 33.140.030(D) provides that "[t]he [IH] zone provides areas where all kinds of industries may locate including those not desirable in other zones due to their objectionable impacts or appearance. The development standards are the minimum necessary to assure safe, functional, efficient, and environmentally sound development." Gunderson argues that the NRRP is inconsistent with the city's IH Zone because the NRRP imposes an inconsistent purpose from the stated purpose of the IH zone (to provide an area where all kinds of industries may locate), and imposes development standards that are more than the "minimum necessary to assure safe, functional, and environmentally sound development."

We see no inconsistency between the description of the purpose of the IH zone and the reference to development standards that are "necessary to assure safe, functional and *environmentally sound* development" (emphasis added), and the NRRP provisions that contain development standards that appear to be intended to assure "environmentally sound development."

Gunderson's Third Assignment of Error, Schnitzer's Third Assignment of Error, and WWC's First through Fourth Assignments of Error are sustained, in part.

STATEWIDE PLANNING GOAL 15

A. Development Review

Statewide Planning Goal 15 (Willamette River Greenway) requires state and local governments to "protect, conserve, enhance and maintain the natural, scenic, historical, agricultural, economic and recreational qualities of lands along the Willamette River as the Willamette River Greenway." OAR 660-015-0005. Goal 15, Paragraph (A)(1) provides in

1 relevant part that "[i]ntensification of uses, changes in use or developments may be permitted 2 after this date only when they are consistent with the Willamette Greenway Statute, this goal, 3 the interim goals in ORS 215.515(1) and the statewide planning goals, as the case may be, 4 and when such changes have been approved as provided in the Preliminary Greenway Plan 5 or similar provisions in the completed plan as appropriate." Goal 15, Paragraph (F)(3) requires local governments to "establish provisions * * * for the review of intensifications, 6 7 changes of use or developments to insure their compatibility with the Willamette River 8 Greenway." Goal 15, Paragraph K defines the terms "changes of use" and "intensifications." 18 9

Goal 15, Paragraph (C)(3)(j) specifies in relevant part that "[d]evelopments shall be directed away from the river to the greatest possible degree; provided, however, lands

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¹⁸ Those definitions are:

[&]quot;1. Change of Use means making a different use of the land or water than that which existed on December 6, 1975. It includes a change which requires construction, alterations of the land, water or other areas outside of existing buildings or structures and which substantially alters or affects the land or water. It does not include a change of use of a building or other structure which does not substantially alter or affect the land or water upon which it is situated. * * * The sale of property is not in itself considered to be a change of use. An existing open storage area shall be considered to be the same as a building. Landscaping, construction of driveways, modifications of existing structures, or the construction or placement of such subsidiary structures or facilities as are usual and necessary to the use and enjoyment of existing improvements shall not be considered a change of use for the purposes of this Goal.

[&]quot;****

[&]quot;3. **Intensification** means any additions which increase or expand the area or amount of an existing use, or the level of activity. Remodeling of the exterior of a structure not excluded below is an intensification when it will substantially alter the appearance of the structure.

*** Maintenance and repair usual and necessary for the continuance of an existing use is not an intensification of use. Reasonable emergency procedures necessary for the safety or the protection of property are not an intensification of use. Residential use of lands within the Greenway includes the practices and activities customarily related to the use and enjoyment of one's home. Landscaping, construction of driveways, modification of existing structures or construction or placement of such subsidiary structures or facilities adjacent to the residence as are usual and necessary to such use and enjoyment shall not be considered an intensification for the purposes of this Goal. Seasonal increases in gravel operations shall not be considered an intensification of use."

committed to urban uses within the Greenway shall be permitted to continue as urban uses, including * * * industrial * * * uses." (Emphasis added.) Goal 15, Paragraph (C)(3)(k) provides that "[a] setback line will be established to keep structures separated from the river * * The setback line shall not apply to water-related or water-dependent uses." (Emphasis added.)

Petitioners argue that the River Review standards in the NRRP incorrectly subject certain developments that are not "changes of use" or an "intensification" under Goal 15, Paragraph K to River Review. Petitioners also argue that both the River Review and VE standards will always require an applicant to plant vegetation and thus will establish a *de facto* setback to keep structures that are "water-related or water-dependent" as that term is used in Goal 15, Paragraph (C)(3)(k) separated from the river. ¹⁹ According to WWC, Goal 15, Paragraph (C)(3)(j) protects certain uses from being "directed away from the river" and from being subjected to River Review as "intensifications" or "changes of use" under Goal 15's definitions.

The city first responds that Goal 15, Paragraph (C)(3)(j) does not provide a blanket exemption from development review for expansions or intensifications of existing urban uses that are located within the Greenway, but merely recognizes that urban uses that were already located along the riverfront at Goal 15's adoption are allowed to remain along the riverfront without having to be relocated "away from the river." The city points out that Goal 15, Paragraph (A)(1) prohibits development that is a change in use or intensification of use without demonstrating compliance with the goal, and Goal 15, Paragraph (F)(3) *requires* development that is a change of use or intensification of use to be reviewed through a local compatibility review.

¹⁹ This section addresses WWC's Fifth Assignment of Error and Schnitzer's Second Assignment of Error.

The city also responds that the NRRP exempts from River Review a multitude of development activities that the city appropriately determined under Goal 15's definitions of "change of use" and "intensification" are important for the continuation of urban uses and have minimal impact on identified resources. Response Brief App. 65-70. Finally, with respect to WWC's argument that the River Review requirements establish a de facto setback on water-dependent or water-related uses, the city points out that even if mitigation is required through River Review, the mitigation options include planting vegetation anywhere on the site or paying a fee in lieu of planting vegetation and thus, no setback is required.

We agree with the city that Goal 15, Paragraph (C)(3)(j) simply cannot be read as broadly as petitioners urge to exempt expansions or intensifications of all existing urban uses from development review, especially given that Goal 15 requires the city to review certain developments. We also agree with the city that the development that it has categorically exempted from River Review and/or made subject to a stream-lined review process, as set forth in PCC 33.475.430(A), is consistent with Goal 15, Paragraph K's description of actions that are not a "change of use" or "intensification." Finally, we agree with the city that River Review and the VE standards do not create a *de facto* setback applying to water-dependent and water-related uses in contravention of Goal 15, Paragraph (C)(3)(k). Petitioners have not explained how the requirement that certain development proposals undergo River Review or plant vegetation will mean that a setback from the river is automatically imposed on all development.

B. Greenway Boundary Amendments

1. Inventory

Goal 15, Paragraph B requires the city to inventory certain features of land to determine which properties to include within the Greenway boundary. The NRI that was adopted as part of the NRRP includes the city's inventory. Based on that inventory, the NRRP amended the city's zoning map to amend the location of the Greenway boundary. The

amendments to the Greenway boundary include Schnitzer's property, which had previously not been included within the boundary.

WWC and Schnitzer argue that the inventory that is required by Goal 15, Paragraph B is incomplete. ²⁰ According to Schnitzer, it fails to include inventories of multiple features that are required to be included. ²¹

The city responds that challenges to the Greenway boundary amendment's compliance with Goal 15 are not within LUBA's scope of review. ORS 390.322 gives LCDC jurisdiction to approve greenway boundary amendments, and OAR 660-020-0065(6) provides that such amendments are to be approved by rule making. According to the city, because ORS 197.825(2)(d) provides that LUBA does not have jurisdiction to review administrative agency decisions that result in rule making, LUBA may not review challenges to the portion of the NRRP that amends the Greenway boundary, including Schnitzer's challenge to the adequacy of the inventory required by Goal 15, Paragraph B.

We agree with the city. Challenges to the city's amendment of the Greenway boundary are not within LUBA's scope of review. Accordingly, we do not address WWC's Fifth Assignment of Error and that portion of Schnitzer's Second Assignment of Error that challenges the Greenway boundary amendment.

²⁰ This section addresses WWC's Fifth Assignment of Error and a portion of Schnitzer's Second Assignment of Error.

²¹ According to Schnitzer, the missing items include public recreation sites, historical and archaelogical sites, significant natural and scenic areas, land currently committed to industrial and commercial use, the ownership of property, hydrological conditions, ecologically fragile areas, recreational needs, other uses of land and water in or near the Greenway, and potential areas for acquisition. *See* Goal 15, Paragraph (B)(3),(4),(6) and (9) through (15).

²² The parties advise us that LCDC is currently considering the city's request to amend the greenway boundary.

2. Effective Date

Where a local government seeks to modify the Greenway boundary that has previously been approved by LCDC, the local government is required to obtain LCDC's approval of the modification. OAR 660-020-0065(2). OAR 660-020-0065(7) provides that "[t]he local jurisdiction shall adopt the Willamette Greenway Plan amendment by ordinance. *Such ordinance shall not have an effective date which is prior to LCDC's adoption of the plan amendment*." (Emphasis added). If LCDC approves the amendment to the Greenway boundary, it adopts an administrative rule so stating. OAR 660-020-0065(6). The city adopted the NRRP on April 15, 2010 and delayed the effective date of the NRRP to January 1, 2011. Record 12. After the current appeals were filed, the city adopted an ordinance that changed the effective date of the NRRP to July 1, 2011.

All petitioners argue that the city violated OAR 660-020-0065(7) by providing an effective date for the NRRP that, it turns out, is to occur before LCDC takes action to approve or disapprove the Greenway boundary amendments.²⁵ As noted, LCDC's review of the city's amendments to the Greenway boundary is underway and as far as we know is not complete as of the date of this opinion.

It is unclear to us whether we have authority to reverse or remand the NRRP based upon an alleged violation of OAR 660-020-0065(7). In any case, assuming we do, the issue is effectively moot. Ordinance 184726 arguably had the effect of forestalling any violation

²³ OAR 660 Division 20 implements ORS 390.310 to 390.368, the statutes regulating the Willamette River Greenway. ORS 390.314 places responsibility for coordination of the development and maintenance of a comprehensive plan for the Willamette River Greenway with the Oregon Parks and Recreation Department (OPRD). Under ORS 390.322, LCDC approves the greenway plan and any revisions to the plan are submitted to OPRD for review and then forwarded to LCDC for review. OAR 660-020-0065 establishes the procedure for amending the Greenway Plan.

²⁴ The city moves LUBA to take official notice of Ordinance 184276 that was adopted on December 1, 2010. As explained above, the city's motion is granted.

²⁵ This section addresses Gunderson's fourth assignment of error, WWC's sixth assignment of error, and Schnitzer's fourth assignment of error.

of OAR 660-020-0065(7). Even if Ordinance 184726 did not have that effect, as explained above we must remand the NRRP for other reasons. Our remand makes the NRRP ineffective, as a matter of law. It is likely that by the time the city completes the proceedings on remand the issue of compliance with OAR 660-020-0065(7) will no longer be an issue. If it is, then the city will have the opportunity to prevent future violation of the rule, for example, by providing an effective date for the Greenway boundary amendments that is to occur after LCDC adopts a rule approving the amendments. Accordingly, we decline to address Gunderson's Fourth Assignment of Error, WWC's Sixth Assignment of Error, and Schnitzer's Fourth Assignment of Error.

The city's decision is remanded.