

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF EXPANDING THE )  
URBAN GROWTH BOUNDARY TO ) ORDINANCE NO. 11-1264B  
PROVIDE CAPACITY FOR HOUSING AND )  
EMPLOYMENT TO THE YEAR 2030 AND ) Introduced by Acting Chief Operating Officer  
AMENDING THE METRO CODE TO ) Daniel B. Cooper with the Concurrence of  
CONFORM ) President Tom Hughes

WHEREAS, Metro, cities and counties of the region and many other public and private partners have been joining efforts to make our communities into “the Greatest Place”; and

WHEREAS, state law requires Metro to assess the capacity of the urban growth boundary (UGB) on a periodic basis and, if necessary, increase the region’s capacity for housing and employment for the next 20 years; and

WHEREAS, Metro forecasted the likely range of population and employment growth in the region to the year 2030; and

WHEREAS, Metro assessed the capacity of the UGB, assuming continuation of existing policies and investment strategies, and determined in the *Urban Growth Report 2009-2030* that the UGB did not contain sufficient capacity for the next 20 years; and

WHEREAS, the Metro Council, with the advice and support of the Metropolitan Policy Advisory Committee (MPAC), established six desired outcomes to use as the basis for comparing optional policies and strategies to increase the region’s capacity; and

WHEREAS, the outcomes reflect the region’s desire to develop vibrant, prosperous and sustainable communities with reliable transportation choices that minimize carbon emissions and to distribute the benefits and burdens of development equitably in the region; and

WHEREAS, the Council concluded that it would take all reasonable actions to use land already inside the UGB more efficiently to provide capacity to the year 2030; and

WHEREAS, by Ordinance No. 10-1244B (For the Purpose of Making the Greatest Place and Providing Capacity for Housing and Employment to the year 2030; Amending the Regional Framework Plan and the Metro Code; and Declaring an Emergency), adopted December 9, 2010, the Council adopted new policies, code provisions and an investment strategy to use land within the UGB more efficiently; and

WHEREAS, the actions adopted by Ordinance No. 10-1244B significantly increased the capacity of the UGB, but left a small amount of unmet needs for housing and employment capacity; and

WHEREAS, Metro evaluated all lands designated urban reserves for possible addition to the UGB based upon their relative suitability to meet unmet needs; and

WHEREAS, Metro's Chief Operating Officer recommended addition of 1,657 acres to the UGB for housing and 330 acres suitable for industries that need large parcels on September 6, 2011; and

WHEREAS, Metro held an open house for review and comment on the recommended additions to the UGB in Hillsboro on July 28, 2011; and

WHEREAS, the Council sought advice and a recommendation on additions to the UGB from MPAC on September 14 and 28, 2011, and received a recommendation on September 28; and

WHEREAS, the Council held public hearings on proposed additions to the UGB on October 6 and October 20, 2011; now therefore,

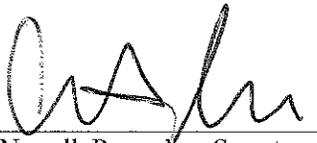
THE METRO COUNCIL HEREBY ORDAINS AS FOLLOWS:

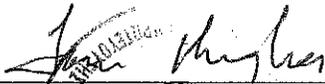
1. The UGB is amended to add areas shown on Exhibit A, attached and incorporated into this ordinance, to provide capacity for housing and employment.
2. The conditions set forth in Exhibit B, attached and incorporated into this ordinance, are applied to areas added to the UGB to ensure they contribute to achievement of the Outcomes in the Regional Framework Plan.
3. The Urban Growth Boundary and Urban and Rural Reserves Map in Title 14 of the Urban Growth Management Functional Plan is amended to be consistent with Exhibits A and B, as shown in Exhibit C, attached and incorporated into this ordinance.
4. The *Urban Growth Report 2009-2030* and the *20 and 50 Year Regional Population and Employment Range Forecasts* are adopted as supporting documents for, and as the basis for capacity decisions made by the Council in Ordinances Nos. 10-1244B and 11-1264B. With the actions taken by Ordinance No. 10-1244B to use land within the UGB more efficiently and the addition by Ordinance No. 11-1264B of 1,985 acres to the UGB for housing and employment at the capacities established in Exhibit B, the UGB has capacity to accommodate 625,183 new people and 300,000 new jobs. The Council intends these capacities to accommodate population and employment at the lower end of the middle third of the ranges determined for the next 20 years in the *20 and 50 Year Regional Population and Employment Range Forecasts*.

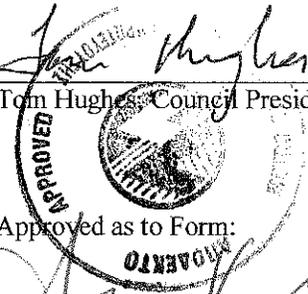
5. The Findings of Fact and Conclusions of Law in Exhibit D, attached and incorporated into this ordinance, explain how the additions to the UGB made by this ordinance comply with state law and the Regional Framework Plan.

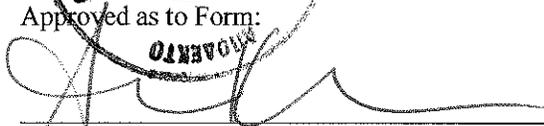
ADOPTED by the Metro Council this 20<sup>th</sup> day of October, 2011.

Attest:

  
for Kelsey Newell, Recording Secretary

  
Tom Hughes, Council President

  
Approved as to Form:

  
Alison Kean Campbell, Acting Metro Attorney



**Ordinance No. 11-1264B**

**Exhibit B, Conditions on Land Added to UGB**

**North of Hillsboro, shown on Exhibit A as Area 1:**

1. The city of Hillsboro, in coordination with Washington County and Metro, shall adopt comprehensive plan provisions and land use regulations for Area 1 to authorize urbanization, pursuant to Metro Code section 3.07.1120.
2. The city shall apply the Regionally Significant Industrial Area (RSIA) designation to Area 1, as described in Metro Code section 3.07.420.
3. Land use regulations adopted pursuant to Metro Code section 3.07.1120 shall provide for creation of at least one parcel of 100 acres or more and at least two parcels of 50 acres or more. The resulting parcels shall be subject to limitations on division in Metro Code 3.07.420.
4. Land use regulations shall prohibit establishment of schools, places of assembly larger than 20,000 square feet and parks intended to serve people other than those working or residing in the RSIA.
5. Land use regulations shall include provisions – such as setbacks, buffers and designated lanes for movement of slow-moving machinery – to enhance compatibility between urban uses in Area 1 and agricultural and forest practices on adjacent land outside the UGB that is zoned for farm or forest use pursuant to statewide planning Goal 3 or 4.
6. The city of Hillsboro and Washington County, in partnership with the Oregon Department of Transportation, shall complete an interchange area management plan for an adequate and safe local transportation network. This plan must be completed and adopted by the Oregon Transportation Commission prior to permitting urban development.

**South Hillsboro, shown on Exhibit A as Area 2:**

1. The city of Hillsboro, in coordination with Washington County and Metro, shall adopt comprehensive plan provisions and land use regulations for Area 2 to authorize urbanization, pursuant to Metro Code section 3.07.1120.
2. The city shall apply the Town Center and Neighborhood designations to Area 2, in conformance with Exhibit A and as described in the Regional Framework Plan, Summary of the 2040 Growth Concept.
3. The city of Hillsboro shall demonstrate that land use regulations adopted pursuant to Metro Code section 3.07.1120 will provide, during the 20-year planning period, capacity to achieve a target of approximately 10,766 dwelling units in Area 2 and adjoining South Hillsboro

Community Plan<sup>1</sup> lands currently in the UGB. No current dwelling unit capacity in the adjoining South Hillsboro Community Plan lands may be counted toward the 10,766 dwelling unit target.

4. Land use regulations shall include provisions – such as setbacks, buffers and designated lanes for movement of slow-moving machinery – to enhance compatibility between urban uses in Area 2 and agricultural and forest practices on adjacent land outside the UGB that is zoned for farm or forest use pursuant to statewide planning Goal 3 or 4.
5. In coordination with the Oregon Department of Transportation, the city of Hillsboro and Washington County shall continue to work toward completion of the TV Highway Corridor Plan and the Hillsboro TV Highway Focus Area Corridor Plan consistent with the Metro Regional Transportation Plan and Oregon Highway Plan.

**South Cooper Mountain, shown on Exhibit A as Area 3:**

1. The city of Beaverton, in coordination with Washington County and Metro, shall adopt comprehensive plan provisions and land use regulations for Area 3 to authorize urbanization, pursuant to Metro Code section 3.07.1120. To implement Principle 1 of Exhibit B to the Reserves IGA between Metro and Washington County, the city shall undertake and complete this planning for the whole of Urban Reserve Area 6B in order to provide appropriate protection and enhancement to the public lands and natural features, and protect and enhance the integrity of Titles 3 and 13 resources in the area. Planning for trails and pedestrian and bicycle travel shall be coordinated with Metro and the county to ensure appropriate access to Cooper Mountain Nature Park.
2. The city shall apply the Main Street and Neighborhood designations to Area 3, in conformance with Exhibit A and as described in the Regional Framework Plan, Summary of the 2040 Growth Concept.
3. Land use regulations adopted pursuant to Metro Code section 3.07.1120 shall provide zoned capacity for a minimum of 4,651 dwelling units in Area 3.
4. Land use regulations shall include provisions – such as setbacks, buffers and designated lanes for movement of slow-moving machinery – to enhance compatibility between urban uses in Area 3 and agricultural and forest practices on adjacent land outside the UGB that is zoned for farm or forest use pursuant to statewide planning Goal 3 or 4.

**East Portion of Roy Rogers West, shown on Exhibit A as Area 4:**

1. The city of Tigard, in coordination with Washington County and Metro, shall adopt comprehensive plan provisions and land use regulations for Area 4 to authorize urbanization, pursuant to Metro Code section 3.07.1120.

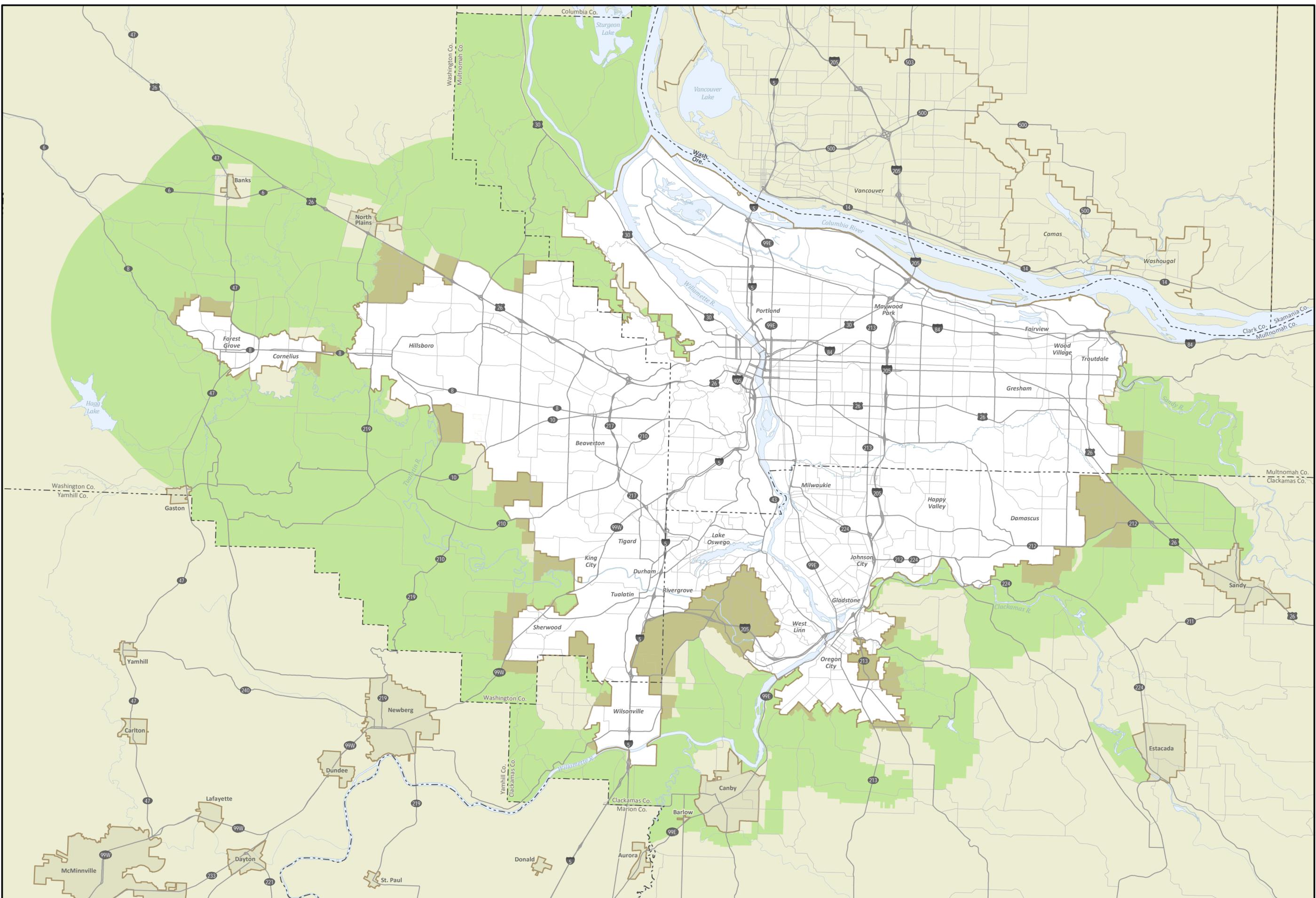
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<sup>1</sup> “South Hillsboro Community Plan” (February 22, 2008, Final Draft).

2. The city shall apply the Neighborhood designation to Area 4, as described in the Regional Framework Plan, Summary of the 2040 Growth Concept.
3. Land use regulations adopted pursuant to Metro Code section 3.07.1120 shall provide zoned capacity for a minimum of 479 dwelling units in Area 4 and adjoining Areas 63 and 64<sup>2</sup> in Tigard, currently in the UGB. No current dwelling unit capacity in the adjoining Areas 63 and 64 may be counted toward the 479 dwelling unit target.
4. Land use regulations shall include provisions – such as setbacks, buffers and designated lanes for movement of slow-moving machinery – to enhance compatibility between urban uses in Area 4 and agricultural and forest practices on adjacent land outside the UGB that is zoned for farm or forest use pursuant to statewide planning Goal 3 or 4.

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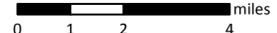
<sup>2</sup> Identified in the West Bull Mountain Community Plan adopted by Washington County in December, 2010.



# Title 14, Urban Growth Boundary

ORDINANCE 11-1264 B, EXHIBIT C

October 6, 2011



The information on this map was derived from digital databases on Metro's GIS. Care was taken in the creation of this map. Metro cannot accept any responsibility for errors, omissions, or positional accuracy. There are no warranties, expressed or implied, including the warranty of merchantability or fitness for a particular purpose, accompanying this product. However, notification of any errors are appreciated.

- County boundaries
- Urban growth boundaries
- Neighbor cities
- Rural reserve
- Urban reserve



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Making a great place

**Exhibit D to Ordinance No. 11-1264B  
Findings of Fact and Conclusions of Law**

Ordinance No 11-1264B (“UGB ordinance”) expands the region’s urban growth boundary to add capacity for industries that need large parcels and for housing the current UGB cannot reasonably accommodate. Actions taken by this ordinance and its predecessor in this periodic review process – Ordinance No. 10-1244B (“capacity ordinance”) - fulfill Metro’s responsibilities under Goal 14, ORS 197.296(6) and 197.299(2).

These findings and conclusions incorporate and supplement the findings made by the Metro Council in the capacity ordinance. That ordinance adopted actions to use land inside the UGB more efficiently to address the capacity shortages identified in the 2009 Urban Growth Report (UGR). As explained in the capacity ordinance findings, the adopted actions reduced, but did not fully close, the identified gaps. This UGB ordinance addresses the remaining gaps.

Outline:

- I. General Findings
  - A. Coordination with Local Governments, Districts and State Agencies
  - B. Citizen Involvement
  
- II. Urban Growth Boundary
  - A. Need for Capacity
    - 1. Need for Housing
    - 2. Need for Large Lots for Industrial Use
  - B. Capacity Added to UGB
    - 1. Added Housing Capacity
      - South Hillsboro (from Urban Reserve 6A)
      - South of Cooper Mtn (from Urban Reserve 6B)
      - Roy Rogers West (from Urban Reserve 6C)
    - 2. Added Capacity for Large-Lot Industrial Uses
      - North of Hillsboro (Urban Reserve Area 8A)
  
- III. Statewide Planning Goals

**I. General Findings**

**A. Coordination with Local Governments, Districts and State Agencies**

These findings address the coordination requirements of ORS 197.299(4)(b), statewide planning Goal 2 and Regional Framework Plan (RFP) Policies 1.3.10; 1.4.3; 1.9.5; 1.9.13; 1.11.3; and 1.14. Metro worked closely with the cities and counties of the region to determine the capacity of the region, to select the urban reserves to study in greater detail, and which reserves to choose to meet the needs identified in the capacity ordinance. Cap Ord Rec 3873; 4194; 4212; 4224-4225. Metro staff selected an initial set of reserves (approximately 8,300 acres) early in 2010,

based upon preliminary discussions with city and county planners. Cap Ord Rec 7268. Later in 2010 and again in 2011, Metro sought the input of city and county elected officials, inviting nominations of additional reserve for further analysis. As a result, the Metro Council directed staff to study approximately 9,800 acres. UGB Ord Rec 342; 348; 368; 738; 786; 1033; 1080; 1097; Staff Report, October 14, 2011, UGB Ord Rec Part 1, p. 3.

As the analysis proceeded, the Council gave strong consideration to the level of support from cities and counties for particular reserves, given the importance of provision of governance and public infrastructure to areas once added to the UGB (discussed further in application of Goal 14 location factors). On September 30, 2011, Metro sent a report on the likely effects of the proposed UGB expansions to all cities and counties in the region. UGB Ord Rec 1038; Staff Report, October 14, 2011, UGB Ord Rec Part 1, p. 4.

Finally, Metro brought proposals to the Metropolitan Policy Advisory Committee (MPAC), composed primarily of local elected officials of the region, and MPAC's Technical Advisory Committee (MTAC) for its recommendations. MPAC made its recommendation to the Metro Council on September 28, 2011, following several meetings of discussion and deliberations by the committee. MPAC recommended approval of the UGB expansion made by the UGB ordinances.<sup>1</sup> Staff Report, October 14, 2011, UGB Ord Rec Part 1, pp. 4-5.

Metro invited its "neighbor cities" to participate in its capacity analysis and efforts to provide capacity and coordinated its analysis with the cities' capacities. At Sandy's request, Metro revised its "green corridor" agreement with the city and Clackamas County to protect a green corridor along Highway 26 between the two urban areas. Staff Report, October 14, 2011, Attachment 13, UGB Ord Rec Part 1, p 3 Both the city of Vancouver and Clark County are members on MPAC and MTAC, both of which worked with Metro to develop the policies and land use regulations in the capacity and UGB ordinances. TriMet and special districts are also represented on these advisory committees. Likewise, representatives of the region's school districts sit on the advisory committees. Metro received comments from the Beaverton, Hillsboro and West Linn-Wilsonville School Districts about their growth needs. The Beaverton and Hillsboro districts have school sites in the areas added to the UGB. The West Linn-Wilsonville School District supported addition of the Advance area to the UGB, in which the district has identified 40 acres for two new schools. UGB Ord Rec 347; 844; 983; 1036; 1084. For reasons set forth in section B(1), below, the Council decided not to add the Advance area to the UGB.<sup>2</sup>

The UGB ordinance places conditions on the addition of urban reserves to the UGB. Metro developed these conditions – addressing housing affordability, compatibility with nearby agricultural practices, protection of industrial lands from conflicting uses; assembly of parcels to create large parcels; retention of large parcels - in cooperation with the local governments responsible for planning the areas added to the UGB. See Exhibit B, UGB Ord Rec, Part 1.

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<sup>1</sup> MPAC recommended that Metro accommodate population and employment at the low end of the middle third of the forecast ranges; that Metro include no more than 1,600 acres for housing capacity, and that Metro assign an average density to residential lands of 20 units/net developable acre. UGB Ord Rec\_\_.

<sup>2</sup> Metro added the 181-acre "Frog Pond" (Study Area 45) to the UGB in 2002, in part, to bring land for public schools into the UGB.

The Council finds that these efforts accommodated the needs and concerns of local government participants as much as possible and meet the requirements of Goal 2 and applicable policies of the Regional Framework Plan.

## **B. Citizen Involvement**

These findings address statewide planning Goal 1 and RFP Policies 1.13; 1.9.13. Metro began its capacity analysis in 2007 and involved residents of the region from the beginning. On August 10, 2010, Metro published “Recommendations from Metro’s Chief Operating Officer.” Volume 2, Appendix 8 of the Recommendations contained the Preliminary Analysis of Potential Urban Growth Boundary Expansion Areas. Metro received extensive public comment on the analysis. Cap Ord Rec 7593-7819.

Metro stopped work on its analysis of areas for addition to the UGB following LCDC’s October 29, 2010, oral remand of urban reserves because Metro intended to tap the reserves as first priority under ORS 197.298(1). Following adoption of new urban reserves in Washington County on April 21, 2011, Metro re-commenced its analysis. On July 5, 2011, Metro published “Recommendations from Metro’s Chief Operating Officer: Preliminary Analysis of Potential Urban Growth Boundary Expansion Areas.” UGB Ord Rec 471. Publication of the recommendations was made that day through the Metro newsfeed and metro-area media. An email announcement was sent to more than 5,000 subscribers. The announcements invited comment on the recommendations; comments were received through August 5. Metro published a log and an account of public comments, along with a report by DHM Research, Inc., that summarized the results of public surveys (Metro’s “Opt In” internet survey tool) on August 11. UGB Ord Rec 795; 884; 1038; 1060; 1358; 1498.

On September 30, 2011, Metro sent a report on the likely effects of the proposed UGB expansion to nearly 34,000 households within one mile of the proposed additions. UGB Ord Rec 1038; 1060; 1358; 1498. The Metro Council held public hearings on the proposed additions on October 6 and October 20, 2011. UGB Ordinance, UGB Ord Rec, Part 1.

The Council finds that these efforts meet the requirements of Goal 1 and applicable policies of the Regional Framework Plan.

## **II. Urban Growth Boundary**

These findings address statewide planning Goal 14 and OAR 660-024-0060; ORS 197.296, 197.298 and 197.299; RFP Policies 1.9.2; 1.9.3; 1.9.4; and 1.9.13; and Metro Code 3.07.1425.

### **A. Need for Capacity**

#### **1. Need for Housing Capacity**

The actions taken by the capacity ordinance to increase the efficiency of the use of land within the UGB reduced but did not eliminate the need for housing capacity identified in the UGR. The Council would prefer to do more of the actions described in the capacity ordinance (investments in high-capacity transit and other infrastructure and urban amenities; incentives such as new urban renewal areas; increases in density; re-designation of land to allow residential use). But the Council recognizes that there is little prospect in the foreseeable future of increased levels of funding for transit and other kinds of value-adding infrastructure. Limitations on the use of tax-increment financing by the Legislature make it unreasonable to expect more revenue from TIF than assumed in the capacity ordinance, as does the recession-caused reduction of property values in the region. Further “upzones” to allow greater density will not result in more market capacity: the region has plenty of zoned capacity, much of which will not be “real” capacity during the next 20 years due to market conditions. Re-designation of land to allow residential use, beyond those made in the capacity ordinance, in the amount needed to close the capacity gap, would create capacity gaps for employment uses. The Council concludes here, as it did in the capacity ordinance<sup>3</sup>, that it has taken all reasonable actions to accommodate needed housing inside the UGB. The Council concludes that it must expand the UGB to accommodate the small amount of remaining housing need.

The capacity ordinance did not complete the determination of housing capacity need. By the ordinance, the Council directed its final capacity decision – made in this UGB ordinance – “to a point between the low end and the high end of the middle third of the [population] forecast range.” Ordinance No. 10-1244B, section 16, p. 4. It is more likely that actual population growth over the next 20 years will fall into the middle third of the forecast range than into the upper or lower thirds of the range. Cap Ord Rec 8161-8162. This UGB ordinance completed the determination of need: on the recommendation of MPAC, the Council decided to accommodate growth in population and employment at the lower end of the middle third of the population and employment range forecasts.<sup>4</sup> Addition of the South Hillsboro, South Cooper Mountain and Roy Rogers West (east portion) areas (1,657 acres total) will accommodate the need for housing capacity that derives from the chosen point on the population forecast.

Testimony during hearings leading to adoption of this UGB ordinance contended that Goal 14 requires that any public money spent on infrastructure to support development on land added to the UGB by this ordinance must instead be invested inside the UGB to use more of the region’s untapped zoned capacity. The assumption underlying the contention is that funds for infrastructure to support development in the areas added to the UGB are fungible and can be used to support re-development inside the UGB. The assumption is neither reasonable nor borne out by experience. First, it must be acknowledged that traditional sources for financing infrastructure have diminished significantly. Cap Ord Rec 3702-3703; 3706-3707. Second, as noted by a group of re-development experts assembled by Metro, some critical sources of money available to urbanize large tracts of undeveloped land are not available for re-development of existing urban areas:

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<sup>3</sup> Ordinance No. 10-1244B, Exhibit P, pp. 3-11.

<sup>4</sup>With the addition of land to the UGB, the UGB has capacity to accommodate 625,183 new people and 300,000 new jobs by the year 2030. UGB Ord Rec\_\_(staff report).

There are [sic] a variety of factors that can influence what local funding sources are available for infrastructure. These include the location of the development, the number of developers involved and their willingness to invest up-front capital, the fragmentation of the land and the political will of the jurisdiction. In new urban areas, where land ownership is often less fragmented and there are only a few developers involved at the start, the public sector can work with the developers to invest up-front capital to fund large needed infrastructure improvements. Developers, whose investments will be reimbursed through SDC credits or fees on future development, are willing to put up this money because they will receive a significant economic return on their investment. Currently, in areas like South Hillsboro and North Bethany significant infrastructure costs will be funded by the local jurisdiction through property taxes, transportation development taxes, community service districts and by private developers through supplemental development fees. This was also the case in South Waterfront, where two major property owners (Oregon Health Sciences University and North Macadam Investors) partnered with the City of Portland to fund the infrastructure needed to redevelop the existing urban area. In existing urban areas, where ownership is more fragmented and each developer is responsible for a smaller portion of infrastructure investment needed to facilitate development, there is less economic benefit that developers will realize by financing infrastructure investments up front. While both existing and new urban areas are able to access traditional funding sources like urban renewal and system development charges, it is this impetus for developers to invest in significant infrastructure improvements that can be more common in new urban areas. Furthermore, according to Metro's 2008 Regional Infrastructure Analysis 3, "urban developments tend to require the majority of their infrastructure up-front, while urbanizing developments can finance this in phases over many years" (Metro, Regional Infrastructure Analysis, 2008). In existing urban areas, which are more compact and must serve as functional developments for existing residents and employees, all necessary infrastructure must be built up-front. Whereas in new urban areas, which are more spread out, infrastructure investments can be phased over time and targeted to the areas where development is planned. This allows developers in new urban areas to fund infrastructure in segments, while funding infrastructure in existing urban areas at once can be challenging for the multiple developers typically found in an existing urban area.

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Examination of federal, state and local funding sources in this memo reveals that funding sources for infrastructure are often tied to a specific location or development and cannot be used interchangeably. Federal or state funding, in the form of loans or grants, is often authorized for a specific project that meets particular criteria. Local funding sources like urban renewal and local improvement districts can only be used in the areas in which they are levied. System development charges and transportation impact fees are used for a narrowly defined list of projects that is often predetermined through capital

improvement plans or transportation plans. For example, taxes and fees raised with a specific purpose, such as Washington County's transportation development tax, can only be used to pay for transportation projects. Furthermore, local funding sources are constrained by geography, as a funding source raised in one area cannot be used to fund infrastructure in another. Washington County's Major Streets Improvement Program (MSTIP), approved by Washington County voters, cannot be used outside of Washington County. The examples of funding sources used in developments across the region highlight this fact that funding is often tied to a specific location.

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Historically, infrastructure investments in new urban areas have been funded in a relatively straightforward manner with public sources such as property taxes and federal investments in highway and water infrastructure. Redevelopment in existing urban areas, which often involves reuse of brownfield sites or adding housing and employment to existing areas, represents a different model than development in new areas, and doesn't necessarily have the same funding options. In comparison to funding for new urban areas, these complexities can make it challenging to utilize various local and state funding sources to support infrastructure in existing urban areas. Private capital has also historically preferred financing development in new areas (i.e. more traditional single family housing or low density employment areas) compared to more compact urban development. Despite the fact that recent demographic, economic and environmental trends are favoring compact development in existing urban areas, redevelopment can be perceived to be a higher investment risk for capital investors (Portland Metropolitan Studies, 2009). The more traditional types of development, typically built for one owner/tenant, are seen as well known investment models with less complexity and therefore, fewer early financing requirements to minimize risk. On the other hand, sites with multi-lease or sale requirements typical of compact development, are required by investors to sell or lease a high percentage of the units very early on in the process to get funding from the banks. For example, a 2005 white paper on infill barriers notes that, "because infill and redevelopment projects are often concerned with providing amenities such as transit and pedestrian orientation, access to retail and employment opportunities and green space and residential dwelling units located above commercial development, the capital lending markets consider such projects as risky." (Infill Development: Barriers and Incentives, 2005). This makes private financing sources more expensive than the standardized capital available in new urban areas (Infill Development: Barriers and Incentives, 2005).

While the paradigm is beginning to shift as a result of many successful urban developments across the region, this perception remains. In addition, the recent financial crisis has increased the standard for banks to invest in projects, which makes it less likely to get private capital funding for non-traditional development types. Cap Ord Rec 7116-7119; Cap Ord

Illustrations of this experience may be observed in infrastructure financing plans for South Hillsboro, North Bethany<sup>5</sup>, Pleasant Valley and South Waterfront in Portland. Large contributions from developers, especially for transportation improvements – usually the largest infrastructure cost (Cap Ord Rec 745; UGB Ord Rec 1084; 1772) – have been essential components of the financing of development in urbanizing areas (added to the UGB). These large contributions are highly unlikely for refill projects. One apparent exception is South Waterfront near Portland’s central city. Developer contribution played a major role in financing infrastructure there. But what made that possible are the characteristics of South Waterfront that make it similar to the South Hillsboro and South Cooper Mountain areas: large tracts of land and a small number of large developers. Cap Ord Rec 7127-7130; UGB Ord Rec 1084; 1772.

In addition, developers can capitalize infrastructure costs in urbanizing area and recover the costs through sales of dwelling units. In redevelopment projects, where the cost of existing infrastructure is already capitalized into the land, a public agency is needed to provide capital to rebuild, replace or expand existing infrastructure:

In urbanizing areas, almost all the necessary capital facilities to initiate a project are located within the project area and can be capitalized into the final product, with the cost recovered upon sale of lots or homes. Consequently, the initial infrastructure costs for urbanizing areas are often largely private. The public costs for developing and maintaining urbanizing areas are typically paid later out of a combination of revenue sources or are paid in terms of social costs such as traffic congestion.

Redevelopment projects in urban areas, by contrast, must rebuild existing facilities, the price of which is already capitalized into the land value. This circumstance necessitates that a public agency provide the capital for the project to commence. The result is that such projects are often criticized on the grounds that there is a large public subsidy. However, when all public facility costs, including regional costs (described below), are added up, urban redevelopments are less expensive per EDU [dwelling unit] than are developments in urbanizing areas. Cap Ord Rec 749-750; 3695; 3706-3708.

Experience also shows that some funding mechanisms commonly used for “refill” (infill and re-development in already-developed areas) are less readily available than in the past. “Refill” is more difficult to build and more difficult to finance. Cap Ord Rec 3705; 3707; 3716-3717. Recent legislation, for example, has made establishment of urban renewal programs more difficult, as demonstrated by the failure of Tualatin’s effort to establish a district to support re-development in its town center. Cap Ord Rec 7125-7126.

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<sup>5</sup> The very difficult search for infrastructure financing to serve the 2002 addition to the UGB at North Bethany contains an important lesson about the crucial role of contributions from developers: even if there are large parcels and few developers involved, if developers pay too much for the land, they will have less to contribute to infrastructure costs.

The Council concludes that it is not reasonable to assume that the investment strategy adopted in the capacity ordinance can be expanded to generate sufficient market capacity in the existing UGB to accommodate the capacity shortfalls identified in that ordinance. There is no basis for assuming more public funds than already assumed in the capacity ordinance will become available for this purpose. Likewise, it is not reasonable, nor is there any basis, to assume that the funds for infrastructure in the South Hillsboro, South Cooper Mountain or Roy Rogers West areas could be diverted to re-development of land inside the UGB.

Testimony also contended that Metro should simply rely on maximum zoned capacity rather than the portion of that maximum capacity that the market can absorb in the next 20 years. Local governments in the region – both at the center of the region and in regional and town centers, corridors and main streets in communities close to the edge of the UGB - have re-zoned many areas to remove obstacles to compact, mixed-use, pedestrian and bicycle-friendly and transit-supportive development. Some ordinances set no maximums on the number of dwelling units that may be authorized. Others set high maximums (as much as 350 units/acre) that have not been realized in the decade since they were established and that modeling indicates will not be fully used in this 20-year planning period. Cap Ord Rec 4150-4156. To count this zoned capacity as available during the planning period is not reasonable and is akin to a disingenuous attempt to comply with statewide planning Goal 10 by zoning one acre at the edge of town at 100 units/acre to meet a community's need for multi-family housing. It must also be recognized that relying upon maximum zoned capacity in the face of information and experience that shows the market cannot absorb it in the planning period would likely have unintended consequences: MetroScope modeling indicates that holding the UGB tight without public investments to induce the private sector to use more of the region's zoned capacity sends household to Vancouver and other neighboring communities with significant adverse effects (trip generation; increased greenhouse gas emissions; increased loss of farmland; etc.). Cap Ord Rec 4155; 4162-4171.

The Council concludes that, notwithstanding Metro's decision in the capacity ordinance to take all reasonable actions to use land more efficiently - which provided capacity for 30,300 of the 27,400-79,300 dwelling unit need identified (UGR) - a shortfall ranging from 15,400 to 26,600 units remains in the middle third of the range forecast. Staff Report, October 14, 2011, UGB Ord Rec Part 1, p. 1-2. This remaining need must be met by expansion of the UGB complies with Goal 14 and ORS 197.296.

## **2. Need for Capacity for Large-Lot Industrial Use**

Metro's analysis of the need for land for large-lot industrial users is summarized in the capacity ordinance findings, with citations to the employment forecast, the Urban Growth Report (especially Appendices 4 and 5) and the Community Investment Strategy. Cap Ord Rec 90-91; 4091. The findings trace the need from the employment forecast, through Metro's analysis of the forecast and the derivation of the need. (The relationship between the population and employment forecast is explained at Cap Ord Rec 4642-4644). The employment forecast estimated the number of jobs in the UGB in 2009 to be 1,037,900. Cap Ord Rec 4647. Job growth between 2008-2030 is forecasted to be 1.3 percent. Cap. Ord. Rec. 4662. The UGR converts this job growth to square feet of building space and to needed acres by correlating jobs to types of buildings and use of land through NAICS codes. Cap Ord Rec 4071-4076; 4270;

4273-4274; 4276-4281; 4285-4292. The industrial land demand (net of infill and re-development) ranges from 274 to 4,930 acres by 2030. Cap Ord Rec 4086.

The need for large lots is derived from this general analysis of industrial land need. The more refined analysis considers only employers that have historically preferred to locate on large parcels. It is not based upon a strategy to attract new industries to the region. Cap Ord Rec 4089; 4118; 4270; 4273-4274; 4285-4292. Metro inventoried existing large employers and large parcel users and, assuming that large lot users would constitute the same proportionate share of any future employment, forecasted future large lot demand. Cap Ord Rec 4089-4091; 4118; 4270; 4273-4274; 4285-4292. Inquiries from companies seeking large lots and advice of experts corroborates the analysis. Cap Ord Rec 4041-4088; 5123-5129; 6379-6384; UGB Ord Rec 361; 1674.

The UGR compares the region's supply with the region's need for large sites for industrial use. The forecast-based analysis shows a need for lots 50 acres and larger in the range of 200 to 800 acres, depending upon the point on the forecast range. Cap Ord Rec 4113-4119; 6872; 6935; 6939-6945; 8164-8165; 1626. See also Business Oregon figures on growth of employment by size of business. UGB Ord Rec 1486. The analysis establishes the factual basis for the need for land for large-lot industrial users.

There is also a policy basis for the Council's decision to provide capacity for this need. This begins with the "Six Outcomes, Characteristics of a Successful Region"<sup>6</sup>, added to the Regional Framework Plan (RFP) by the capacity ordinance (Exhibit A). One of the Outcomes is "Current and future residents benefit from the region's sustained economic competitiveness and prosperity." More specific policies in the RFP are aimed to help achieve this outcome, including Policy 1.4.6.<sup>7</sup> Cap Ord Rec 4119; 6872; 6935; 6939-6945; 8164. The Council implemented this policy by adding 330 acres suitable for large-lot industries, by strengthening protection of all "Regionally Significant Industrial Areas" in Title 4 of the Urban Growth Management Functional Plan<sup>8</sup>, and by imposing conditions to consolidate parcels and limit non-industrial uses. UGB Ord Ex B, Rec Part 1.

Addition of the North Hillsboro area (330 acres) will accommodate the need for capacity for industries that demand large tracts. The addition will bring the capacity of the UGB to 300,000 new jobs, reflecting a 1.35 percent growth rate over the 20-year planning period. It will accommodate approximately 5,000 of the 300,000 jobs forecasted in the planning period. Staff Report, October 14, 2011, p. 7, UGB Ord Rec Part 1.

The Council concludes that its determination of need for 330 acres of land suitable for large-parcel industrial users, derived from the low end of the middle third of the population and

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<sup>6</sup> Six Outcomes (abbreviated): (1) Vibrant communities; (2) Economic prosperity; (3) Transportation choices; (4) Regional climate change leadership; (5) Clean air and water; (6) Equity.

<sup>7</sup> "Consistent with policies promoting a compact urban form, ensure that the region maintains a sufficient supply of tracts 50 acres and larger to meet demand by traded-sector industries for large sites and protect those sites from conversion to non-industrial uses."

<sup>8</sup> Ordinance No. 10-1244B, Exhibit C, amends Title 4 (Industrial and Other Employment Areas) to prohibit new schools and limit the size of new places of assembly and parks.

employment forecasts, complies with Land Need Factor 1 and 2 of Goal 14 through its analysis of existing industries that use and prefer large parcels.

### **B. Capacity Added to UGB**

Metro began the search for the most appropriate land to add to the UGB for this capacity with review of the highest priority lands outside the UGB, prescribed by ORS 197.298(1): the 28,256 acres of land designated urban reserves pursuant to ORS 195.141. Metro neither studied nor included lower priority land. To evaluate urban reserves for possible inclusion, the Council used the location factors in Goal 14 and the relevant policies of Metro's Regional Framework Plan (RFP) as guides.<sup>9</sup> The location factors and policies are implemented in Metro Code 3.07.1425C.

The Council concludes that drawing UGB expansion from urban reserves complies with ORS 197.298(1), Policy 1.9.3 of the Regional Framework Plan and Metro Code 3.07.1425C(7).

In its first level of analysis, Metro considered all 28,256 acres of urban reserves. In 2010, Metro used past studies, such as the Great Communities Report, and findings from the urban and rural reserves process to eliminate some areas from further consideration. Metro also consulted with cities and counties to determine their interest in providing capacity for the needs identified, to provide governance and to provide infrastructure for areas that might be added. Following these consultations and consideration of Metro policies,<sup>10</sup> Metro chose for further study approximately 8,300 acres close to the UGB and most suitable for the needs identified in the UGB. In 2011, Metro again invited local governments to propose other urban reserves to be more closely evaluated. Ultimately, Metro studied 9,800 acres. The process Metro followed is set forth at UGB Ord Rec 474-478.

The methodology for analysis of areas considered for addition to the UGB is described at UGB Ord Rec 478-494. Metro determined that the 9,800 acres contained approximately 5,500 acres of net buildable land. UGB Ord Rec 481. Metro relied upon two sources to determine the feasibility and estimated costs of providing public utilities, parks and schools to the areas: analysis done by Group MacKenzie under contract with Metro and information submitted by cities and counties responsible for particular areas under consideration. UGB Ord Rec 483-484. Metro completed its own analysis of feasibility of a transportation system to serve each area, based upon the arterial and collector road spacing standards in the Regional Transportation Plan. Metro used the ODOT Highway Economic Requirements System (HERS) to estimate costs. TriMet completed a preliminary evaluation of the areas for public transit, with estimated costs. UGB Ord Rec 486-487. Metro conducted its own "ESEE" analysis<sup>11</sup> of the areas described at UGB Ord Rec 487-495. And Metro did an analysis of each area considering the factors in the Metro code that derive from policies in its Regional Framework Plan. UGB Ord Rec 495-496.

The results of these analyses for each area are set forth at UGB Ord Rec 499, Attachment 2. Attachment 3 to the Recommendations compares the estimated costs of transportation, public utilities, parks and schools of the areas considered. Attachment 4 compares the estimated costs of transportation. Attachment 5 displays the results of the environmental analysis. Attachment 6

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<sup>9</sup> The Six Outcomes; RFP Policies 1.9.8; 1.9.9; 1.9.10; 1.9.12.

<sup>10</sup> Policies 1.4 (Employment Choices) and 1.5 (Economic Vitality).

<sup>11</sup> Environmental, social, energy and economic consequences of added land to the UGB, derived from Goal 14.

shows TriMet’s assessment of relative transit service costs. UGB Ord Rec 499, Attachments 3 to 6).

### **1. Added Housing Capacity**

The Metro Council added three areas to the UGB – South Hillsboro, South Cooper Mountain and a portion of the Roy Rogers area – to close the gap between need and capacity for housing (1,656 acres total). Through implementation of Title 11 (Planning for New Urban Areas) of the Urban Growth Management Functional Plan<sup>12</sup> and conditions imposed by Exhibit B to the UGB ordinance, the three areas will be zoned to allow a minimum of 15,896 dwellings units. This capacity, combined with increased capacity within the pre-expansion UGB to be achieved by efficiency measures adopted by the capacity ordinance, provides total residential capacity to accommodate 625,183 new people, near the low end of the middle third of the population range forecast accepted by the Metro Council in the capacity ordinance and adopted by this UGB ordinance. UGB Ordinance; Staff Report, October 14, 2011, pp. 5-6, UGB Ord Rec Part 1.

### **South Hillsboro Analysis Area**

The UGB ordinance adds 1,063 gross vacant buildable acres from the South Hillsboro Urban Reserve 6A. Addition of this South Hillsboro area (“SHA”) will provide capacity for approximately 10,766 dwellings. UGB Ordinance, Rec Part 1; UGB Ordinance Exhibit B, Rec Part 1; UGB Ord Rec 499....

- Factor 1: Efficient Accommodation of Identified Land Needs

SHA has significant advantages over other areas considered for addition to the UGB: few owners; large parcels; flat land and little existing development. Two owners have parcels comprising 650 acres.<sup>13</sup> These large parcels have no significant improvements. UGB Ord Rec 601; 1242; 1773. Most of the area is flat, and only 2.6 percent of the area has slopes greater than 25 percent. There are few if any geographic or physical obstacles to development. UGB Ord Rec 601; 717. Intel’s Aloha campus lies directly east of SHA, across 209th.

The SHA and a larger area have been subject to extensive planning by Hillsboro and landowners. The planning and tentative agreements with landowners demonstrate the area can be urbanized efficiently.

Approximately 79 percent of the gross buildable acres in SHA is unconstrained. Only eight of the other 23 areas studied yield a higher percentage of unconstrained land.<sup>14</sup> UGB Ord Rec 497-711. None of these eight, however, has the advantages noted above.

The Council concludes that these characteristics position SHA to accommodate residential development more efficiently – especially for street connectivity and public transit - than any other area considered. No other area has SHA’s combination of extensive community planning for flat land in large, undeveloped parcels in an area close to a proposed High Capacity Transit

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<sup>12</sup> See Metro Code 3.07.1120C(3).

<sup>13</sup> Newlands Properties owns “Reeds Crossing”, 463 acres; Joe Hanauer (Hagg Lake, LLC) owns 189 acres.

<sup>14</sup> Norwood; Sherwood West; Forest Grove North; Forest Grove North Purdin; Forest Grove South; Cornelius East; Cornelius South; Hillsboro North Jackson School.

line.<sup>15</sup> The Council concludes the area can develop as a Great Community and help achieve the Outcomes in the Regional Framework Plan.

- Factor 2: Orderly and Economic Provision of Public Facilities and Services

SHA has high suitability for sewer, water and transportation services. Only eight other areas of the 24 studied have similar high suitabilities.<sup>16</sup> UGB Ord Rec 715. Hillsboro and private landowners have capacity and financial capability to provide the public facilities needed; the city has expressed its willingness to do so. The city anticipates private developers will pay 70 to 80 percent of the cost of infrastructure. UGB Ord Rec 598-604; 1641; 1767-1771. Metro's Regional High Capacity Transit System Plan designates the TV Highway passing by the northern edge of South Hillsboro as a High Capacity Transit Corridor. SHA is the only area studied to which TriMet currently extends high frequency bus service. Cap Ord Rec 5820.

As with all areas under consideration, utilities, parks and schools will be expensive. UGB Ord Rec 715. But the city, in conjunction with developers and property owners in the area, has developed a community plan and an infrastructure financing strategy. UGB Ord Rec 1107; 1385; 1767-1772. The Hillsboro School District has an option to acquire school sites within SHA. UGB Ord Rec 1682. Hillsboro, service districts and landowners are updating agreements from 2008 to finance water, sewer, stormwater and road improvements. The agreement being negotiated estimates a \$90 million funding gap for transportation and a \$21 million gap for parks for "build-out" in 20 years. The parties to the agreement will eliminate or close these gaps through supplemental SDCs (paid by developers). UGB Ord Rec 1242; 1767-1771; 1773.

The Council concludes that these efforts by the city put the South Hillsboro in a better position to provide services in an orderly and economic manner than any other area considered for expansion for housing capacity.

- Factor 3: Comparative Environmental, Energy, Economic and Social Consequences

SHA includes segments of several streams, including Butternut Creek, which has associated wetlands and floodplains in the area. These constrained portions, however, are small in relation to the unconstrained portions. Environmental consequences to these resources will be relatively easily minimized and mitigated through application of Titles 3 and 13 of Metro's Urban Growth Management Functional Plan<sup>17</sup> (UGMFP), compared to other areas studied. UGB Ord Rec 598-604; 717.

Because most of the area is devoted to agriculture, there will be adverse economic and social consequences to farmers and to agriculture in the area from loss of land base. But the consequences are limited given that the Reserves Golf Course borders the area to the west and the northern portion is bordered on three sides by the UGB and urban development. UGB Ord Rec 600-601.

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<sup>15</sup> The Tualatin Valley Highway (State Highway 8, the northern boundary of the South Hillsboro area, is designated a high-capacity transit corridor in the Regional High Capacity Transit Plan, an element of the 2035 RTP. Cap Ord Rec 5820.

<sup>16</sup> South Cooper Mountain; Forest Grove North; Forest Grove South; Cornelius East; Hillsboro North; Hillsboro Jackson School; Shute Road Interchange; and Groveland Road

<sup>17</sup> Title 3 (Water Quality and Flood Management), Metro Code 3.07.310; Title 13 (Nature in Neighborhoods), Metro Code 3.07.1310.

The Council concludes that the environmental, energy, economic and social consequences of urbanization of SHA are tolerable if mitigated as required by conditions in Ordinance No. 11-1264A and by Titles 3 and 13 of the UGMFP. The consequences are less adverse than those expected from urbanization of most other areas studied. UGB Ord Rec 598-604; 717. (See overall conclusions.)

- Factor 4: Compatibility of Proposed Uses with Nearby Agricultural and Forest Activities

There is no significant portion of SHA or nearby land that is devoted to forest management. Significant agricultural land in farm use borders the area to the south and west, however, and presents compatibility issues. Pockets of rural residential development would serve as buffers between farm practices and urban development for a portion of the “edge” of SHA: the west side of River Road; southwest of the Reserves Golf Course along SW Rosa and River Roads. The golf course itself forms a buffer to the west. This development and existing large-lot rural residential development toward the southern edge reduce compatibility problems. The most important and valuable agriculture takes place south of Butternut Creek and its tributaries. There is no existing buffer between urbanization and agriculture in this part of the area. Mitigation measures, imposed by the UGB ordinance, will be required to reduce incompatibility. UGB Ordinance, Exhibit A, Rec Part 1; UGB Ord Rec 598-604.

A few of the areas studied do not present compatibility issues with agriculture, generally because these areas do not border land in farm use or have natural or built buffers.<sup>18</sup> UGB Ord Rec 598-604. But most areas studied present compatibility issues similar to those faced by urbanization of SHA, especially those areas that border land designated for agriculture. Compared to these areas, SHA has milder compatibility problems because of its extensive edge coterminous with the UGB, the golf course to the west, large-lot residential development toward the southern edge and stream corridors (see Factor 3). UGB Ord Rec 598-604. As with the others, mitigation will reduce incompatibility. The UGB ordinance imposes a condition that requires the adoption of measures to enhance compatibility in the plan and land use regulations for urbanization of SHA. UGB Ordinance, Exhibit B, Rec Part 1. The mitigation required, together with natural and built buffers, will limit adverse effects on nearby agricultural practices.

The Council concludes that the SHA performs as well as most areas studied under this compatibility factor, and that areas more compatible have other disadvantages that make them less satisfactory for addition to the UGB (see overall conclusions.)

- Factor 5: Equitable and Efficient Distribution of Housing and Employment Opportunities Throughout the Region

The addition of SHA to the UGB to accommodate new housing will provide housing opportunities in the part of the region where employment is growing fastest. UGB Ord Rec 1840. The expansions of the UGB made since 1998 added little residential capacity on the west side of the region.<sup>19</sup> Most residential capacity was added to the east side (Damascus). Hillsboro has had

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<sup>18</sup> Maplelane; Beaver Creek Bluffs; Sherwood West; Sherwood South; Tonquin; Graham’s Ferry; Cornelius East.

<sup>19</sup> Since 1998, 14,263 acres have been added to the Clackamas County part of the UGB. Only 6,102 acres have been added to the Washington County portion.

a high ratio of jobs to housing for some time. Addition of capacity for more than 10,700 new dwellings in SHA will bring new housing close to Hillsboro's employment areas and reduce the jobs/housing ratio. The Council concludes that addition of SHA will lead to a more equitable and efficient distribution of housing and employment.

- Factor 6: Contribution to the Purposes of Centers and Corridors

There are two centers near SHA: Aloha Town Center lies approximately 1.2 miles east along the TV Highway; Hillsboro Regional Center lies approximately four miles east. The Aloha Center has a low jobs/housing ratio. Urbanization of SHA will not likely improve Aloha's ratio and may worsen it, particularly if there is a new commercial center built in SHA as planned. Residents of the area may seek services in the Hillsboro Regional Center that are not provided in SHA, providing some enhancement of the regional center. UGB Ord Rec 583-584.

The SoHi Plan developed by Hillsboro and landowners in the area proposes a town center in SHA. The UGB ordinance designates a town center at that location. UGB Ordinance Exhibit B, Rec Part1; UGB Ord Rec 1714-1717. The center will perform the role of town center in the Regional Framework Plan for the 10,700 new dwellings expected in SHA.

The Council concludes that, although addition of SHA is not likely to enhance the roles of the two existing centers closest to the area, it will establish a new town center to serve approximately 25,000 new residents. The South Hillsboro area performs as well as most areas considered on this factor.

- Factor 7: Protection of Farmland Most Important to the Continuation of Commercial Agriculture in the Region

The large majority of SHA is currently farmed and zoned for farm use. By adoption of rural reserves, the region has determined which farmland is most important for the continuation of commercial agriculture in the region. SHA itself is designated urban reserve, in part because the Oregon Department of Agriculture identified the northern portion of it as "conflicted agricultural land", not likely to contribute to commercial agriculture in the long run. The area to the west of SHA is also designated urban reserve. The area to the southwest and south, however, is mostly designated rural reserve and is very important to the continuation of commercial agriculture in the region. The UGB ordinance adds no rural reserve, nor can it given ORS 195.141(2)(c). But urbanization of SHA will present issues of compatibility with farm practices in the rural reserves. These issues are discussed above under Factor 4.

The Council concludes that SHA is no longer part of the most important farmland base, given the identification of its northern part as "conflicted agriculture land" and its designation as urban reserve.

- Factor 8: Avoidance of Conflict with Regionally Significant Fish and Wildlife Habitat

Given that most of the area is devoted to agriculture, there are few natural buffers to protect the inventoried habitat in the South Hillsboro area. Metro has inventoried habitat in the area. But there are no resources in the area protected by Washington County's Goal 5 program. Protection will have to come from implementation by Hillsboro of Metro's Titles 3 and 13 and the city's own land use regulations.

The Council concludes that, although natural resources in SHA may be adversely affected by urban development, the resources will have better protection with application of Titles 3 and 13 than under today's county land use regulations.

- **Factor 9: Clear Transition Between Urban and Rural Lands**

Findings for Factors 3 and 4 describe natural and built buffers between urban uses in SHA and lands that remain rural. As discussed under these factors, a portion of the “edge” with rural land has no buffer. Mitigation measures required to enhance compatibility with farm practices to the south (see Factor 4) will establish some buffering. SW Rosedale Road and the rural reserve designation, will establish an artificial, but long-lived edge.

The Council concludes that SHA performs as well as most areas studied under this factor, and that areas that provide better transitions between urban uses and rural uses have other disadvantages that make them less satisfactory for addition to the UGB. (See overall conclusions.)

- **Policy 1.9.12 on Workforce Housing**

The South Hillsboro Community Plan states that 88 percent of all rental units proposed for the area would be affordable to households earning less than 80 percent of median household income. The plan estimates that 42 percent of owner-occupied units will be affordable to households earning the median income. UGB Ord Rec 1697-1698; 1726-1728; South Hillsboro Community Plan, Spring, 2010, pp. 2; 4; 19-21. The Council concludes that these efforts will help achieve Policy 1.9.12 and Regional Framework Plan Outcome 6.

### **Overall Conclusions for South Hillsboro**

The Council concludes that SHA measures up better under the applicable factors for providing housing capacity than any area studied. With its large parcels, few owners, flat topography, a willing and capable city, developers ready to contribute millions of dollars to the capital cost of infrastructure, its presence on conflicted agricultural land, the large boundary it shares with the UGB and the Reserves Golf Course, its suitability for a compact, mixed-use, pedestrian and bicycle-friendly and transit-supportive development pattern, SHA is more likely than any area considered to become a “great community” and achieve the Outcomes set forth in the RFP.

Compared to SHA, Gresham East has lower suitabilities for water, sewer and transportation services; and small parcels, many with development, that will make urbanization more difficult. Maplelane has the same disadvantages, but also has a high ratio of constrained to unconstrained gross vacant land, which limits its residential capacity. Beavercreek Bluffs has the same difficulties as Maplelane, but a higher constrained land ratio. The Norwood area has lower water, sewer and transportation suitability than SHA. I-5 East has a high ratio of constrained to unconstrained land, including steep slopes that would fracture urban development in its northern portion, and many small parcels, 85 percent of which are improved. Elligsen, too, has much constrained land, difficult infrastructure issues and no easy way to ensure compatibility with agriculture to the south. The Advance area suffers from the same disadvantages. Sherwood West has a low ratio of constrained to unconstrained land, but lower suitabilities for water, sewer and transportation services than SHA. Urbanization of Sherwood West would likely divert the

city's effort from enhancing its town center. Sherwood South has a high ratio of constrained to unconstrained land, a large number of small parcels with improvements and difficult infrastructure issues. Efforts to urbanize it, too, may divert Sherwood's effort to enhance its town center.

The Tonquin area, a quarry, has low suitability for housing and infrastructure issues. Roy Rogers West (Urban Reserve Area 6C) measures well under several factors, but has no easy way to ensure compatibility with agriculture to the west and south. Its rural residential development pattern will make it more difficult to urbanize in a compact, efficient pattern.

Compared to SHA, the Vandermost Road area has a high ratio of constrained to unconstrained land and likely moderate to high adverse economic, social and energy consequences from urbanization. The Forest Grove North area has high suitability for services and medium sized parcels, suitable for urbanization (though not nearly as large as South Hillsboro). But it borders an extensive block of intensely farmed land with no effective buffers, rendering it incompatible with nearby agricultural practices. The Forest Grove North Purdin Road area shows lower suitability for public services than South Hillsboro. Its parcelization pattern makes it conducive to compact and efficient development. But like the Forest Grove North area, it borders an important agricultural area; urbanization there would present larger compatibility challenges than urbanization of SHA. The Forest Grove South area is small (37 acres) and sought by the city for industrial use in conjunction with an industrial site (25 acres) inside the UGB. It is well-suited for efficient and economically-serviced development. But, like the Forest Grove North study areas, Forest Grove South borders an extensive block of important farmland to the south, west and east; the impact of urban development on that block of agricultural land concerns the Council. Cornelius East has high suitability for public services and it presents few compatibility problems or adverse consequences. But its small parcels with residential development would make it very difficult to achieve efficient, compact urban development. The Cornelius South area has the same advantages as Cornelius East. Like the Forest Grove study areas, however, Cornelius South borders an extensive block of important farmland (south and east); the impact of urban development on that block of agricultural land concerns the Council.

The Hillsboro North-Jackson School Road area is highly suitable for efficient, compact development. But it is separated from the UGB (by the Hillsboro North area, added to the UGB by this ordinance) and, hence, not immediately adjacent to urban services as is the South Hillsboro area. It is, itself, important farmland and it borders an extensive block of important farmland, which is not protected from urbanization by North-Jackson School Road or by buffering natural or built features. The Shute Road Interchange area is also highly suitable for efficient, compact development. But it faces farmland compatibility issues. Given its location across Highway 26 and some distance from the Hillsboro and Tanasbourne/Amberglen Regional Centers, it is not likely to contribute to enhancement of those centers. UGB Ord Rec 588-705.

### **South Cooper Mountain Analysis Area**

The UGB ordinance adds 543 acres from the South Cooper Mountain Urban Reserve 6B (1,776). The South Cooper Mountain area (SCMA) will provide capacity for at least 4,354 dwellings. UGB Ordinance, Exhibit B, UGB Ord Rec Part 1; 608-616.

- Factor 1: Efficient Accommodation of Identified Land Needs

The area contains 21 parcels, all but three greater than 10 acres in size. There are seven parcels larger than 30 acres and two larger than 60 acres each. UGB Ord Rec 608-616. Ten ownerships comprise 448 of the 543 acres in SCMA. This parcelization pattern is conducive to efficient urbanization. All of the owners support addition to the UGB and are committed to annexation to Beaverton. Because these owners represent 83 percent of the land, it is likely the city will be able to annex the territory. UGB Order Rec 1; 384. This governance situation is also conducive to the efficient accommodation of development in the area. Finally, the presence of a site for a high school (owned by the Beaverton School District) will make travel between dwellings and school more efficient than in other areas studied. UGB Order Rec 382; 844.

Approximately 30-35 percent of SCMA is constrained by natural resources (stream corridors, wetlands and steep slopes). The large parcel pattern compensates for these constraints; compact urban development is still possible. UGB Ord Rec 608-616. The Council concludes that SCMA can urbanize more efficiently than most areas studied (see overall conclusions, below).

- Factor 2: Orderly and Economic Provision of Public Facilities and Services

SCMA has high suitability for sewer, water and transportation services. UGB Ord Rec 608-616; 715. Beaverton and Clean Water Services have capacity to provide the public facilities and have expressed their willingness to do so. UGB Order Rec 384. These and other services will be expensive. But there are park and schools sites within the area and the school and park districts support addition of the area to the UGB. UGB Order Rec 844. Urban services are adjacent to or nearby the SCMA. UGB Order Rec 368.

The Council finds that these efforts put SCMA in a better position to provide services in an orderly and economic manner than most other areas considered for expansion for housing capacity (see overall conclusions, below).

- Factor 3: Comparative Environmental, Energy, Economic and Social Consequences

Approximately 30-35 percent of SCMA is constrained by natural resources (stream corridors, wetlands, steep slopes and upland habitat). Application of Titles 3 and 13 during comprehensive planning will mitigate effects on these resources. UGB Ord Rec 608-616; 717. The Council concludes that the environmental, energy, economic and social consequences of urbanization of SCMA are tolerable if mitigated as required by conditions in Ordinance No. 11-1264B and by Titles 3 and 13 of the UGMFP. The consequences are less adverse than those expected from urbanization of most other areas studied, (see overall conclusions). UGB Ord Rec 717.

- Factor 4: Compatibility of Proposed Uses with Nearby Agricultural and Forest Activities

The UGB borders SCMA on the east. State Highway 210 (Scholls Ferry Road) forms the southern boundary. There are no compatibility issues to the east; Highway 210 serves as an edge and significant buffer between the area and farms to the south. Pockets of rural residential development to the southwest and the north, a large tract of forest land, and Metro's Cooper Mountain Nature Park isolate SCMA from the most extensive areas of agriculture nearby, and reduce compatibility problems. UGB Ord Rec 608-616. The UGB ordinance imposes

mitigation conditions to reduce incompatibility further. UGB Ordinance, Exhibit B, UGB Ord Rec Part 1.

The Council concludes that SCMA area performs as well as most areas studied under this compatibility factor, and that areas more compatible have other disadvantages that make them less satisfactory for addition to the UGB. (See overall conclusions.)

- Factor 5: Equitable and Efficient Distribution of Housing and Employment Opportunities Throughout the Region

Expansions of the UGB made since 1998 added little residential capacity on the westside of the region.<sup>20</sup> Most residential capacity in that cycle was added to the east side (Damascus). The addition of SCMA to the UGB to accommodate new housing will provide housing opportunities in Beaverton that are in short supply. The conversion (infill and redevelopment) of some central Beaverton neighborhoods from single-family to multi-family (apartments and condominiums) has left a shortage of capacity for small-lot detached single-family dwellings. The city proposes a more balanced mix of housing types in SCMA. Cap Ord Rec 377-378; 389-394; 399. The Council concludes that addition of SCMA will lead to a more equitable and efficient distribution of housing in the Beaverton region.

- Factor 6: Contribution to the Purposes of Centers and Corridors

The Murray Scholls Town Center lies two-thirds of a mile east of SCMA on Scholls Ferry Road. Urbanization of the area will contribute to the center by adding residents to support commercial services in the town center. Residents will also add to the employment base of the center. UGB Ord Rec 374; 608-616. The major owner of commercial properties in the center (Gramor Development, Inc.) supports addition of the SCMA to the UGB. UGB Ord Rec 380.

- Factor 7: Protection of Farmland Most Important to the Continuation of Commercial Agriculture in the Region

By adoption of rural reserves, the region has determined which farmland is most important for the continuation of commercial agriculture in the region. SCMA itself is designated urban reserve. The area to the west of the South Hillsboro area is also designated urban reserve. The area to the southwest and south, however, is designated rural reserve and is very important to the continuation of commercial agriculture in the region. Urbanization of SCMA will present some issues of compatibility with farm practices in the rural reserves. These issues are discussed above under Factor 4.

- Factor 8: Avoidance of Conflict with Regionally Significant Fish and Wildlife Habitat  
SCMA contains a significant amount of riparian and upland habitat, associated with two stream corridors. The area has 19 acres of habitat on Washington County's Goal 5 inventory. UGB Ord Rec 368 (p. 19). Even with the protection of land use regulations to implement Titles 3 and 13 of Metro's UGMFP, urbanization of the area will likely have adverse effects on the habitat. UGB Ord Rec 608-616;717. The Council concludes that SCMA does not rate well under this factor.

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<sup>20</sup> Since 1998, 14,263 acres have been added to the Clackamas County part of the UGB. Only 6,102 acres have been added to the Washington County portion.

- Factor 9: Clear Transition Between Urban and Rural Lands

There are no natural or built features that provide a clear transition between urban uses in SCMA and the rural lands on portion of its perimeter. The features described under Factor 4, above, will provide some transitional uses. Nonetheless, the Council concludes that SCMA does not rate well under this factor.

- Policy 1.9.12 on Workforce Housing

Beaverton's "Prospectus" for the SCMA area proposes a full range of housing types and lot sizes to accommodate the full range of housing needs. The city estimates its planning under Title 11 of the UGMFP will accomplish average densities in the range of 14 to 22 units per net developable acre. UGB Ord Rec 391-397. Title 11 requires the city to provide capacity for affordable housing.<sup>21</sup> The UGB ordinance sets a minimum zoned capacity for SCMA of 4,651 dwelling units (more than 15 units/net developable acre). UGB Ordinance, Exhibit B, UGB Ord Rec Part 1). The Council concludes that efforts by the city described in the Prospectus, agreements the city has achieved with owners of large parcels in the area, and planning by the city to comply with Title 11 will provide capacity for workforce housing in SCMA and help achieve Regional Framework Plan Outcome 6.

### **Overall Conclusions for South Cooper Mountain:**

As explained under Factors 1 and 2 above, the parcelization and ownership patterns in the South Cooper Mountain area (SCMA) are conducive both to efficient accommodation of residential development and to the orderly and economic provision of public facilities and services. Only the South Hillsboro area, also added to the UGB, and SCMA have these two important characteristics in larger quantity than other areas considered. SCMA is not as regularly flat as the South Hillsboro area. Nonetheless, the parcelization and ownership patterns render SCMA almost as susceptible to a compact, mixed-use, pedestrian and bicycle-friendly and transit-supportive development pattern as South Hillsboro. Further, as described under Factors 3, 4, 7 and 9, the combination of natural and built features in and near SCMA causes the area to rate well under those factors in comparison with other areas studied. And, given its proximity to the Murray-Scholls Town Center and the large number of new residences it would add, SCMA area will help support the commercial uses in the center.

Compared to SCMA, Gresham East has lower suitabilities for water, sewer and transportation services; and small parcels, many with development, that will make urbanization more difficult. Maplelane has the same disadvantages, but also has a high ratio of constrained to unconstrained gross vacant land, which will limit its capacity. Beaver Creek Bluffs has the same difficulties as Maplelane, but a higher constrained land ratio. The Norwood area has lower water, sewer, transportation suitability than SCMA. I-5 East has a high ratio of constrained to unconstrained land, including steep slopes that would fracture urban development in its northern portion, and many small parcels, 85 percent of which are improved. Elligsen, too, has much constrained land, difficult infrastructure issues and no easy way to ensure compatibility with agriculture to the south. The Advance area suffers from the same disadvantages. Sherwood West has a low ratio of constrained to unconstrained land, but lower suitabilities for water, sewer and transportation services than SCMA. Urbanization of Sherwood West would likely divert the city's effort from enhancing its town center. Sherwood South has high ratio of constrained to unconstrained land,

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<sup>21</sup> Metro Code 3.07.1110B(1)(c); 3.07.1110C(4); 3.07.1120C(4)

a large number of small parcels with improvements, difficult infrastructure issues. Efforts to urbanize it, too, may divert Sherwood's effort to enhance its town center.

The Tonquin area, a quarry, has low suitability for housing and infrastructure issues. Roy Rogers West measures well under several factors, but has no easy way to ensure compatibility with agriculture to the west and south. Its rural residential development pattern will make it more difficult to urbanize in a compact, efficient pattern.

Compared to SCMA, the Vandermost Road area has a high ratio of constrained to unconstrained land and likely moderate to high adverse economic, social and energy consequences from urbanization. The Forest Grove North area has high suitability for services and medium sized parcels, suitable for urbanization (though not nearly as large as SCMA). But it borders an extensive block of intensely farmed land with no effective buffers, rendering it not compatible with nearby agricultural practices. The Forest Grove North Purdin Road area shows lower suitability for public services than SCMA. Its parcelization pattern makes it conducive to compact and efficient development. But like the Forest Grove North area, it borders an important agricultural area; urbanization there would present larger compatibility challenges than urbanization of SCMA. The Forest Grove South area is small (37 acres) and sought by the city for industrial use in conjunction with an industrial site (25 acres) inside the UGB. It is well-suited for efficient and economically-serviced development. But, like the Forest Grove North study areas, however, Forest Grove South borders an extensive block of important farmland to the south, west and east; the impact of urban development on that block of agricultural land concerns the Council. Cornelius East has high suitability for public services and it presents few compatibility problems or adverse consequences. But its small parcels with residential development would make it very difficult for efficient, compact urban development. The Cornelius South area has the same advantages as Cornelius East. Like the Forest Grove study areas, however, Cornelius South borders an extensive block of important farmland (south and east); the impact of urban development on that block of agricultural land concerns the Council.

The Hillsboro North-Jackson School Road area is highly suitable for efficient, compact development. But it is separated from the UGB (by the Hillsboro North area, added to the UGB by this ordinance) and, hence, not immediately adjacent to or near urban services as is the SCMA. It is, itself, important farmland and it borders an extensive block of important farmland which is not protected from urbanization by buffering natural or built features. The Shute Road Interchange area is also highly suitable for efficient, compact development. But it faces farmland compatibility issues. Given its location across Highway 26 and some distance from the Hillsboro and Tanasbourne/Amberglen Regional Centers, it is not likely to contribute to enhancement of those centers. UGB Ord Rec 688-705.

#### **Roy Rogers West Analysis Area**

The UGB ordinance adds 51.6 acres of the 256-acre Roy Rogers Urban Reserve 6C. Addition of this portion to the UGB will provide capacity for at least 479 dwellings. UGB Ordinance, Exhibit B; Staff Report, October 14, 2011, p. 6, UGB Ord Rec Part 1. Addition of the area will also facilitate urbanization of two areas added to the UGB in 2002.

- Factor 1: Efficient Accommodation of Identified Land Needs

Addition of this 51.6 acres (“RRWA”) will facilitate efficient urbanization of two proximate, but noncontiguous areas added to the UGB in 2002, Areas 63 and 64 (219 and 248 acres, respectively). The West Bull Mountain Concept Plan, adopted by Washington County in December, 2010, included Areas 63 and 64 and the whole of the Roy Rogers West Urban Reserve in order to ensure orderly and economic efficient delivery across an integrated planning area. With cooperation from Washington County and Beaverton, Tigard annexed Area 64 (“River Terrace”) on September 30, 2011. Area 63 remains in unincorporated Washington County, and difficult for Tigard to annex due to the presence of unincorporated urban development between Tigard and Area 63. Both Washington County and the Tigard have agreed that both areas 63 and 64 are most efficiently urbanized by a city capable of providing the full range of urban services. Addition of the two parcels totaling 51.6 acres is the minimum portion of RRWA necessary to extend utility and transportation connections to Area 63, and implement Metro’s 2002 UGB expansion and the West Bull Mountain Concept Plan. UGB Ord Rec 348; 844; 1080; 1097; 1228; Staff Report, October 14, 2011, p. 6, UGB Ord Rec Part 1. .

Of the 51.6 acres that comprise RRWA, 2.9 acres are the right-of-way of Roy Rogers Road. Two parcels comprise the majority of RRWA, each with an existing dwelling. This development pattern will allow for efficient, compact development. Accounting for constraints and other streets, roads, parks and schools, 32 net developable acres remain and provide capacity for 479 dwelling units, required by the UGB ordinance (approximately 15 dwelling units/net acre). UGB Ordinance, Exhibit B, Rec Part 1; Staff Report, October 14, 2011, p. 6, UGB Ord Rec Part 1.

The Council concludes that addition of RRWA will lead to efficient accommodation of residential land needs, both in RRWA and Areas 63 and 64, previously added to the UGB.

- Factor 2: Orderly and Economic Provision of Public Facilities and Services

Addition of RRWA will facilitate the provision of public utilities and transportation facilities to the area and to the Areas 63 and 64. Added to the UGB in 2002, Areas 63 and 64 are not contiguous and, until September 30, 2011, were not serviceable by a city capable of extending services for urbanization. The West Bull Mountain Concept Plan found the RRWA to be the most logical corridor for services to the entire area. Maps of water, sewer, stormwater and streets and roads from the West Bull Mountain demonstrate the advantage of including RRWA in the arrangement of services to Areas 63 and 64. UGB Ord Rec 1080; 1228; Staff Report, October 14, 2011, p. 6, UGB Ord Rec Part 1. .

On September 30, 2011, Tigard, with the support of Washington County and Beaverton, annexed Area 64 (“River Terrace”) and assumed responsibility for providing community planning and urban services delivery to the entirety of the West Bull Mountain planning area. Although Tigard requested addition to the UGB of all of Urban Reserve 6C, the addition of the 51.6-acre portion provides a logical and feasible service corridor to allow the orderly and economic provision of services to lands already within the UGB. UGB Ord Rec 1080; 1228; Staff Report, October 14, 2011, p. 6, UGB Ord Rec Part 1.

The Council concludes that Tigard can provide public facilities and services to RRWA in an orderly and economic manner and that inclusion of RRWA makes provision of facilities and services to old study Areas 63 and 64 more orderly and economic.

- Factor 3: Comparative Environmental, Energy, Economic and Social Consequences  
There are no wetlands or floodplains in RRWA. The Tualatin National Wildlife Refuge lies to the south, but is outside RRWA. Urbanization of RRWA subject to Metro's Titles 3 and 13 will not cause significant adverse effects on refuge resources. Scattered rural residences with some tracts devoted to agriculture characterize the land use pattern of RRWA. Urbanization will not have a significant effect on agriculture in the region, but it will change the rural residential way of life of current residents. UGB Ord Rec 617-625;717. The Council concludes the environmental, energy, economic and social consequences of urbanization of RRWA are acceptable and less adverse than the consequences of urbanizing other areas considered for expansion. UGB Ord Rec 617-625;717.

- Factor 4: Compatibility of Proposed Uses with Nearby Agricultural and Forest Activities

There are significant blocks of agricultural land to the west of RRWA (across Roy Rogers Road). The road forms an edge between future urbanization and agriculture to the west, but it does not ensure compatibility with agricultural practices. Hence, the UGB ordinance applies a condition that requires Tigard to adopt measures to enhance compatibility when it completes planning to urbanize RRWA. UGB Ordinance, Exhibit B, UGB Rec Part 1; Staff Report, October 14, 2011, p. 6, UGB Ord Rec Part 1. The Council concludes that the RRWA performs as well as most areas studied under this compatibility factor.

- Factor 5: Equitable and Efficient Distribution of Housing and Employment Opportunities Throughout the Region

Expansions of the UGB made since 1998 added little residential capacity on the westside of the region.<sup>22</sup> Most residential capacity in that cycle was added to the east side (Damascus). In 2002 Metro added approximately 470 acres immediately east and north of RRWA to the UGB (Areas 63 and 64). These areas have been slow to urbanize and provide needed housing and employment due to their relative isolation from each other and distance from a city capable of providing urban services. On September 30, 2011, Tigard annexed 248 acres in Area 64 and has begun planning the extension of urban services to the area. The addition of RRWA will provide a service corridor between Tigard and Area 63, allowing the development of needed housing on an additional 219 acres of land already with the UGB. UGB Ord Rec 1080; 1228; Staff Report, October 14, 2011, p. 6, UGB Ord Rec Part 1. .

The addition of RRWA to the UGB to accommodate new housing will provide housing opportunities in a part of the region that has had little residential capacity added to the UGB since 1998. The Council concludes that addition of RRWA will lead to a more equitable and efficient distribution of housing on the westside of the region.

- Factor 6: Contribution to the Purposes of Centers and Corridors

New residential development in RRWA is unlikely to contribute in a significant way to the nearby town centers. The King City and Murray/Scholls Town Centers (1.5 and 2.5 miles, respectively, from RRWA) currently have low jobs to housing ratios. Addition of RRWA will

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<sup>22</sup> Since 1998, 14,263 acres have been added to the Clackamas County part of the UGB. Only 6,102 acres have been added to the Washington County portion.

not improve the ratios. UGB Ord Rec 617-625. The Sherwood Town Center is more distant and is unlikely to be affected positively or negatively. The Council concludes that addition of RRWA is not likely to enhance the roles of the two centers closest to the area. This factor does not favor RRWA.

- Factor 7: Protection of Farmland Most Important to the Continuation of Commercial Agriculture in the Region

RRWA is a portion of an urban reserve, designated in part because it is less important for the long-term viability of commercial agriculture in the region than farmland designated rural reserve or left undesignated. The existing UGB borders RRWA on the north and east sides. UGB Ord Rec 617-625. The Council concludes that this portion of the Roy Rogers West Urban Reserve is less important to the region for its agricultural resources than for urbanization, particularly because addition of the area will facilitate efficient and economic urbanization of the South Cooper Mountain area.

- Factor 8: Avoidance of Conflict with Regionally Significant Fish and Wildlife Habitat  
A stream with riparian vegetation passes through RRWA along its northern border with the UGB. The stream corridor is removed from the buildable land inventory as constrained. UGB Ord Rec 617-625; 717. Metro Titles 3 and 13 and Tigard's adopted Title 13 regulations will apply to the corridor. The Council concludes that RRWA can be urbanized with minimal adverse impacts to habitat in the area.

- Factor 9: Clear Transition Between Urban and Rural Lands  
There are no natural or built features that make a clear transition between RRWA and rural lands to the south and west. Roy Rogers Road borders RRWA on the west and forms an edge. The buffering measures required to protect agricultural practices to the west and south will also provide some transition. The Council concludes that other areas studied have natural or built features at their perimeters than RRWA that would provide clearer transition between urban and rural lands.

### **Overall Conclusions for Roy Rogers West:**

Urbanization of the RRWA portion (51.6 acres) of the Roy Rogers Urban Reserve (6C) will have fewer adverse effects on agriculture, habitat and other natural resources than other areas studied due to its small size and extensive border with the existing UGB. Because of the linkage it will provide between Areas 63 and 64, added to the UGB in 2002, it will perform an important role in the efficient urbanization of those areas and in the provision of urban services to the areas. RRWA itself will urbanize efficiently and at 15 units/new developable acre or better. For these reasons, the Council chooses this area above others considered.

## **2. Added Employment Capacity for Large-Lot Industrial Use**

The Council added 330 acres in the North Hillsboro Analysis area to the UGB to meet the need for capacity for industries that seek large parcels. The addition will bring the capacity of the UGB to 300,000 new jobs, reflecting a 1.35 percent growth rate over the 20-year planning period. Staff Report, October 14, 2011, p. 7, UGB Ord Rec Part 1. With the conditions assigned to the area by the UGB ordinance, the area will provide one 100-acre tract and two 50-acre tracts.

Mindful of the characteristics of land that make it suitable to meet the need for large-lot industrial use (relatively large lots; relatively flat; proximate to transportation facilities capable of moving freight; adjacent on near the existing UGB), Metro eliminated from review the urban reserves without those characteristics.<sup>23</sup> Cap Ord Rec 4; 4102; 4274.

Of the 28,000 acres of urban reserves, the following areas have the characteristics, to one degree or another, that might make them suitable for large industrial users. and were considered for addition to meet this specific industrial need: Boring; Elligsen; Advance; Grahams Ferry; South Hillsboro; Forest Grove North; Cornelius South; Hillsboro North; Shute Road Interchange; Groveland Road and Bethany West.

The Council concludes that the Boring, Elligsen, Forest Grove North, Cornelius South and Bethany West areas fail to meet the site requirements. The large parcel in the Boring area lies 1.3 miles east of the UGB. The large parcels in the Elligsen area have slopes greater than 10 percent or lie more than two miles from an interchange (I-5). The Forest Grove North and Cornelius South areas lie more than three miles from an interchange (Hwy 26). The Bethany West area is distant from any city that could provide services (no city proposed addition of the area). The South Hillsboro, Advance, Grahams Ferry, and Groveland Road/Shute Road Interchange areas are discussed further, below.

#### **North Hillsboro Analysis Area**

- Factor 1: Efficient Accommodation of Identified Land Needs

The included portion of the North Hillsboro Analysis area (NHA) is relatively flat. UGB Ord Rec 1772 (map). It is composed of eight parcels, including two parcels between than 50 and 100 acres and three parcels between 20 and 50 acres in size. Little of the gross vacant buildable area is constrained. UGB Ord Rec 679-684; 717; Staff Report, October 14, 2011, p. 7, UGB Ord Rec Part 1. . This parcelization pattern makes consolidation of parcels to comprise 100-acre and 50-acre industrial sites feasible and achievable. UGB Ord Rec 977-979; 1675-1677. The city has agreements from the landowners to consolidate their parcels to comprise one 100-acre and two 50-acre tracts. UGB Ord Rec 754-760; 1239-1241; 1678-1681. The UGB ordinance requires consolidation to yield at least one 100-acre and two 50-acre tracts. UGB Ordinance, Exhibit B, UGB Ord Rec Part 1. The area lies along Highway 26 and within a mile from the Brookwood Parkway interchange. NHAA also adjoins Hillsboro's "cluster" areas, all south of Highway 26. UGB Ord Rec 1646.

The Council concludes NHA can accommodate the full need (330 acres) determined by Metro more efficiently than any other area considered.

- Factor 2: Orderly and Economic Provision of Public Facilities and Services

The included portion of NHA has high suitability for public utilities and transportation connectivity. UGB Ord Rec 679-684; 715-716. The area lies west of Evergreen industrial area, within the UGB, added to the UGB in 2005.<sup>24</sup> The city of Hillsboro has planned and zoned the

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<sup>23</sup> See Goal 14: "In determining need, local governments may specify characteristics, such as parcel size, topography or proximity, necessary for land to be suitable for an identified need." OAR 660-024-0060

<sup>24</sup> Metro Ordinance No. 05-1070A.

Evergreen area for industrial use and has adopted public facilities and services and transportation plans for it. The city also developed a pre-qualifying concept plan for NHA as part of its participation in the 2008-2010 reserves process. That plan shows the utility and transportation links between the Evergreen area and NHA. The services that will be established in that area can be extended to NHA. The city has demonstrated capacity and willingness to extend those services. UGB Ord Rec 1678-1681; 1641.

An analysis of the costs of public services and transportation done for Metro and Hillsboro indicates that the included portion of NHA compares favorably with the Groveland Road area and two other areas in the vicinity. NHA area would require 2.17 miles of new collector and arterial lane miles. The other three areas would require between 9.17 and 15.27 (Groveland Road area) new lane miles. UGB Ord Rec 1167-1170; Staff Report, October 14, 2011, p. 7, Attachments 10 and 11, UGB Ord Rec Part 1.

The Council concludes that public facilities and services can be provided to the NHA in an orderly and economic fashion. It is possible that services could be provided to the Shute Road Interchange area at lower public cost. But a comparison of service costs between these two areas must account for the fact that the Shute Road area will not fully satisfy the need for large parcels; Metro would have to add another area to meet the full need, with additional costs for public facilities and services.

- Factor 3: Comparative Environmental, Energy, Economic and Social Consequences  
The included portion of NHA is largely devoted to agriculture. Hence, industrial uses will have few consequences for the natural resources in the area. UGB Ord Rec 679-684; 717. Industrial uses will displace agricultural uses. But the positive economic effect of industrial use and employment (the average annual 2009 payroll per employee in the existing North Hillsboro industrial area was \$109,866 in 2009) will offset the loss of farmland base and farm employment. UGB Ord Rec 679-684; 1662-1674. It is likely that industrial use will have adverse consequences for habitat in the area. But application and implementation of Titles 3 and 13, required by Title 11 of the UGMFP will minimize those consequences.

The Council concludes that the environmental, energy, economic and social consequences industrial uses in the NHA are acceptable given the beneficial consequences, and that the balance of consequences in the area are similar to those in other areas studied.

- Factor 4: Compatibility of Proposed Uses with Nearby Agricultural and Forest Activities

The included portion of NHA is separated from farmland to the north by Highway 26. The UGB (Evergreen industrial area) borders the area to the south. Between the area and the UGB on the east lies a pocket of rural residential development. Likewise, there are clusters of residential development to the west of the area, mixed among farm parcels. An extensive area of important farmland lies west of the pockets of development. The highway provides a significant edge and buffer that will reduce incompatibilities between industrial uses and farm practices to the north. The rural residential development will likewise separate industrial uses from much of the actively farmed land. The build features, together with measures required by the UGB ordinance, will reduce incompatibility with agricultural activities. UGB Ord Rec 679-684.

The Council concludes that industrial uses in NHA can be rendered generally compatible with nearby farm and forest practices, and that the level of compatibility would be similar to that achievable in other areas studied.

- Factor 5: Equitable and Efficient Distribution of Housing and Employment Opportunities Throughout the Region

In the previous capacity analysis and additions of capacity in response to it (2002-2005), Metro added land for industrial use east (Gresham, Damascus), south (Wilsonville, Tualatin/Sherwood) and west (Hillsboro) of the UGB. These expansions distributed industrial job opportunities equitably around the region. This UGB expansion adds only one area for employment, for those industries that demand large parcels. Given the characteristics needed for that particular part of the employment picture, addition of the 330 acres of NHA is the most efficient way to accommodate the demand. For a variety of reasons, recession included, the areas added for industrial use in 2002 to 2005 have been slow to develop. Given the factors described in these findings for NHA, the Council concludes that addition of NHA provides the best opportunity for this kind of employment in the relatively near future. Together with addition of housing capacity in the South Hillsboro area, NHA will contribute to equitable and efficient distribution of housing and employment to the west end of the region.

- Factor 6: Contribution to the Purposes of Centers and Corridors

Addition of the portion of NHA to the UGB will bring jobs to the area and the city of Hillsboro. New employment will probably induce demand for housing in the Hillsboro and Tanasbourne/Amberglen Regional Centers. But, given the distance from the centers and the already high ratio of jobs to housing in the Hillsboro Regional Center, it is doubtful that addition of NHA will make a significant, direct contribution to either regional center. UGB Ord Rec 679-684. But the NHA will provide employment opportunities for the growing number of dwelling units in the Tanasbourne/Amberglen and Orengo Centers.

The Council concludes that industrial uses will have some positive effects on the Hillsboro and Tanasbourne/Amberglen Regional Centers by providing employment opportunities to residents in those centers, and by generating some employment in businesses in the centers that provide services to industries.

- Factor 7: Protection of Farmland Most Important to the Continuation of Commercial Agriculture in the Region

NHA is designated urban reserve, but it includes important agricultural land, and must be compared with other lands designated urban reserve. There are pockets of rural residential development in and at the perimeter of the area, and Highway 26 to its north that isolate it from the large block of farmland on the north side of the highway. UGB Ord Rec 679-684. Nonetheless, the Council concludes that the SCMA does not rate well under this factor.

- Factor 8: Avoidance of Conflict with Regionally Significant Fish and Wildlife Habitat

Although agricultural practices have disturbed habitat in most of NHA, there is riparian habitat associated with Waible Gulch. Even with the protection of land use regulations to implement titles 3 and 13 of Metro's UGMFP, urbanization of the area will likely have some adverse effects

on the habitat. UGB Ord Rec 679-684; 717. The Council concludes the NHA rates about average under this factor among other areas studied.

- Factor 9: Clear Transition between Urban and Rural Lands

Highway 26 provides an edge and clear transition from industrial use to the south and rural farmland to the north. Measures required by the UGB ordinance to reduce incompatibility with nearby agricultural activities will provide some transitional buffers from nearby farms. UGB Ordinance, Exhibit B, UGB Ord Rec Part 1; 679-684.

The Council concludes that opportunities for clear transitions between industrial uses in NHA and nearby rural lands are as good as opportunities in other areas studied.

### **Overall Conclusions for North Hillsboro Analysis Area**

Compared to NHA, the Advance area has more constraints on efficient use for large industrial uses. Two streams and a BPA powerline and easement bisect the area, reducing the usable area and fragmenting it. The West Linn-Wilsonville School District owns several parcels (totaling 40 acres) in the area, one reason the city of Wilsonville proposes mixed use rather than industrial use for the Advance Area. The city has asked Metro to add the area for residential development to “balance” the high jobs to housing ratio. The area has lower suitabilities for public services and transportation improvements than NHA, and lower compatibility with nearby agricultural activities. UGB Ord Rec 679-684.

Compared to NHA, the Grahams Ferry area has fewer compatibility challenges with agricultural activities. But the area is more severely constrained by riparian habitat, wetlands and floodplain. The terrain is also more sloped than NHA, which reduces its suitability for infrastructure and transportation.

Compared to NHA, the South Hillsboro area is flat and contains large parcels. It has high suitability for public utilities and transportation. It fares just as well as NHA for its relatively small amount of constrained land and compatibility with agriculture. But it lies more than three miles from the nearest interchange, on Highway 26. Metro added the South Hillsboro area to the UGB for housing and mixed-use development because it is, among all the areas studied, the most suitable for compact, mixed-used, pedestrian and bicycle-friendly, transit-supportive development. For these reasons, the Council concludes that South Hillsboro is more important for mixed-use development than for large-lot industrial development.

Like the South Hillsboro area, the Groveland Road and the Shute Road Interchange areas are flat, have few ownerships and have high suitability for public utilities and transportation. UGB Ord Rec 698-714; Staff Report, October 14, 2011, p. 6, UGB Ord Rec Part 1. The Groveland Road area has fewer habitat and natural resource constraints than NHA, but the Shute Road area has constrained land that would fragment the developable area. UGB Ord Rec 698-701; 706-711; 1678-1681. Six separate parcels, the largest of which is 39 acres, comprise the three ownerships. One owner has testified that he would be willing to combine his two lots to create a 69-acre tract. But 21 of these 69 acres lie within the floodplain of Waible Creek. UGB Ord Rec 1065. Through consolidation of parcels, the Shute Road Area could yield one tract of 50 acres of buildable land. UGB Ord Rec 1678-1681. But NHA included will yield one 100-acre and two

50-acre tracts and the entire need identified by Metro. Unlike with NHA, there is no signed agreement in the record that the owners will consolidate their parcels to create a single, large parcel.

The owners in the Shute Road area submitted a comparison of the costs of extending utilities and transportation to the two areas indicating that the costs for Shute Road are a fraction of the costs for NHA. Other information submitted, however casts doubt on the thoroughness of the owners' analysis. As noted by the city of Hillsboro, the owners' analysis does not distinguish between public and private costs. The city notes that the variance between the costs that will be borne by the public is smaller. Services to NHA serve a larger area (330 versus 139 acres). The city further notes that NHA can be served by an existing water reservoir; a new reservoir will be needed north of Highway 26. Also, the area north of Highway 26 would need a new sanitary sewer pump station. UGB Ord Rec 1678-1681.

NHA and Shute Road Interchange areas, with reference to the factors, share several advantages over other areas studied. Both are relatively flat and contain some large parcels. Both are close to an interchange on Highway 26. The Shute Road Interchange area rates higher for the orderly and economic provision of public facilities and services. NHA rates higher for the efficient accommodation of identified land needs. Owners in the Shute Road area emphasize that the area can be developed sooner than NHA because NHA must wait for development in the Evergreen area, added to the UGB for industrial use in 2005. But the Council and the city want the Evergreen area, already inside the UGB, to develop before any territory to be added to the UGB by this ordinance. Because the Council values the efficient use factor higher than the economic provision of services factor in this situation, the Council concludes NHA performs better overall than the Shute Road area.

The Council concludes that the portion of the North Hillsboro Analysis Area (NHA) included measures up better under the applicable factors for providing large parcel employment capacity than any area studied.

#### **Technical Amendment – City of Hillsboro**

The UGB ordinance adds a small parcel (0.83 acres) to the UGB that, for reasons unknown, is an island within the existing UGB and is surrounded by the city of Hillsboro. The island was recently discovered during a Hillsboro annexation process involving land added to the UGB in 1981. Addition of this tract will allow Hillsboro to urbanize the area efficiently. Staff Report, October 14, 2011, p. 7, UGB Ord Rec Part 1.

### **III. Statewide Planning Goals (other than Goal 14)**

Goal 1 (Citizen Involvement): See section IB, above.

Goal 2 (Adequate Factual Base): For coordination, see section IA, above. The Metro Council has concluded that the additions made to the UGB by this UGB ordinance comply with the statewide planning goals, the Regional Framework Plan and other land use laws. The Council's conclusions are based upon substantial evidence in the records of the capacity and UGB ordinances, as found in the Findings of Fact and Conclusions of Law supporting the two

ordinances. The ordinances make the 2009 Urban Growth Report and the population and employment forecast part of these growth management decisions. The Council concludes that the full record supporting the capacity and UGB ordinances provides an adequate factual base for the Council's reasoning in these findings for the additions to the UGB made by this UGB ordinance.

Goal 3 (Farm Land): The Metro Council concludes that the additions to the UGB made by this UGB ordinance are consistent with Goal 3 because they comply with Goal 14. See LCDC Partial Approval and Remand Order 03-WKTASK-001524, p. 47.

Goal 4 (Forest Land): The Metro Council concludes that the additions to the UGB made by this UGB ordinance are consistent with Goal 4 because they comply with Goal 14. See LCDC Partial Approval and Remand Order 03-WKTASK-001524, p. 47.

Goal 5 (Natural Resources): Several urban reserves under consideration contain aggregate resources on county inventories. There are no other county-protected Goal 5 resources in the areas added to the UGB that are not covered by Metro's Titles 3 or 13. UGB Ord Rec 488; 497-711. Addition of land to the UGB does not change or affect comprehensive plan designations or land use regulations that currently apply to the land. Nor does addition of land change the acknowledged inventories of Goal 5 resources in the comprehensive plans of the three counties, on the regulations of the counties to protect the resources.

At the time the appropriate city or county proposes to adopt new plan provisions and land use regulations to allow urbanization of the land, the city or county will be required to show its new regulations comply with Goal 5 and Titles 3 (Water Quality and Flood Management) and 13 (Nature in Neighborhoods) of Metro's acknowledged Urban Growth Management Functional Plan. See LCDC Partial Approval and Remand Order 03-WKTASK-001524, p. 47. It is at that stage in the planning process that particular types of urban development are being considered for the land; this is the appropriate point for consideration of the effects of urbanization upon a Goal 5 resource. See LCDC Partial Approval and Remand Order 03-WKTASK-001524, pp. 25-26.

The Metro Council concludes that the additions to the UGB made by this UGB ordinance are consistent with Goal 5.

Goal 6 (Air, Water and Land Quality): Addition of land to the UGB does not change or affect comprehensive plan designations or land use regulations that currently apply to the land. At the time the appropriate city or county proposes to adopt new plan provisions and land use regulations to allow urbanization of the land, the city or county will be required to show compliance with state and federal air and water quality laws and with Metro's acknowledged 2035 Regional Transportation Plan. It is at that stage in the planning process that particular types of urban development are being considered for the land; that is the appropriate point for consideration of the effects of urbanization upon air and water quality. See LCDC Partial Approval and Remand Order 03-WKTASK-001524, pp. 47-48.

The Metro Council concludes that the additions to the UGB made by this UGB ordinance are consistent with Goal 6.

Goal 7 (Natural Hazards): Metro removed land in the urban reserves added to the UGB that are subject to flood hazard or have slopes in excess of 25 percent from the buildable land inventory and calculations of housing and employment capacity. UGB Ord Rec 412. As amended by Ordinance No. 11-1252, Title 11 (New Urban Areas) establishes new local government planning responsibilities for urban reserve concept planning prior to inclusion in the UGB for hazard areas subject to Title 3 (Water Quality and Flood Management) upon additions of land to the UGB. Cap Ordinance, Exhibit A, Cap Ord Rec Part 6. At the time of planning the new urban areas, the responsible city or county must ensure its new comprehensive plan provisions and land use regulations comply with Metro's Title 3 and statewide planning Goal 7. See LCDC Partial Approval and Remand Order 03-WKTASK-001524, p. 48.

The Metro Council concludes that the additions to the UGB made by this UGB ordinance are consistent with Goal 7.

Goal 8 (Recreation): Metro removed land in the urban reserves added to the UGB designated for park or open spaces use from the buildable land inventory and calculations of housing and employment capacity. Metro also set aside 2.2 percent of the land added to the UGB for future parks. UGB Ord Rec 479-480. As amended by Ordinance No. 11-1252, Title 11 (New Urban Areas) establishes new local government planning responsibilities for urban reserve concept planning prior to inclusion in the UGB, and for new urban areas included in the UGB, for bikeways, parks and recreational trails. Cap Ordinance, Exhibit A, Cap Ord Rec Part 6. Urbanization of the South Cooper Mountain area may affect Metro's Cooper Mountain Nature Park. The UGB includes a condition requiring coordination of planning for SCMA with planning for the park. UGB Ordinance, Exhibit B, UGB Ord Rec Part 1.

The Metro Council concludes that the additions to the UGB made by this UGB ordinance are consistent with Goal 8.

Goal 9 (Economy): Although Goal 9 does not apply to Metro, the addition of 330 acres of land suitable and designated for industrial use and protected from conflicting uses advances the purposes of Goal 9. The Metro Council concludes that the additions to the UGB made by this UGB ordinance are consistent with Goal 9.

Goal 10 (Housing): Addition of 1,657 acres designated to provide needed capacity for housing helps achieve the purposes of Goal 10. Making the additions subject to conditions intended to make the housing affordable to the households forecasted to come to the region in the next 20 years also helps achieve the purposes of the goal. The Metro Council, by Ordinance No. 11-1252, also submitted to the department in this periodic review process, amends Title 11 (New Urban Areas) of the Urban Growth Management Functional Plan to establish new "needed housing" responsibilities for local governments planning for urban reserve in preparation for addition to the UGB and for new urban areas once added to the UGB. Cap Ordinance, Exhibit A, Cap Ord Rec Part 6.

The capacity ordinance adopted a new strategy for affordable housing: by integrating the region's planning for transit and land use planning, the region will reduce the number of

households that are burdened by combined housing and transportation costs. Cap Ord Rec 5157; 8168. Information not available at the time of adoption of the capacity ordinance indicates that the strategy will be effective: housing and transportation costs are proving to be lower in light rail “station areas.” The population and number of dwelling units in the region’s centers— where there are concentrations of higher density residential development and a broader range of housing types - is also growing. UGB Ord Rec 227-340; Transit-Oriented Development Strategic Plan, 2011.

The Metro Council concludes that the combination of actions taken in the capacity ordinance and UGB ordinances will make housing in the region more affordable and comply with Goal 5.

Goal 11 (Public Facilities and Services): Metro does not develop public facility plans; cities and counties do. Metro is responsible for coordinating public facility planning by cities and counties. ORS 197.025(1). The analysis of urban reserves considered for addition to the UGB and the coordination of that effort with cities, counties and service providers, fulfill Metro’s responsibility under Goal 11. UGB Ord Rec 451; 715-718.

Addition of land to the UGB does not change or affect comprehensive plan designations or land use regulations that currently apply to the land. At the time the appropriate city or county proposes to adopt new plan provisions and land use regulations to allow urbanization of the land, the city or county will be required to show compliance with Metro’s Title 11 (Planning for New Urban Areas) and Goal 11. See LCDC Partial Approval and Remand Order 03-WKTASK-001524, p. 49.

Goal 12 (Transportation): Metro developed cost estimates for an arterial and collector road network for each urban reserve under consideration, using the connectivity standards in the recently acknowledged 2035 Regional Transportation Plan. The analysis looked beyond the boundaries of the reserve areas to connect the network to the transportation system within the existing UGB. Planning-level capital cost estimates for roads were developed using ODOT’s “Highway Economic Requirements System” (HERS). UGB Ord Rec 483-484; 497-714; 716. Metro also produced a preliminary transit evaluation, with estimated capital costs, developed by TriMet. The TriMet analysis estimated service feasibility, headways and span of service. UGB Ord Rec 718.

Metro’s Title 11 (Planning for New Urban Areas), Metro’s Regional Transportation Functional Plan (Metro Code 3.07) and Goal 12 will apply to the amendments to the responsible local governments’ comprehensive plans and land use regulations to prepare for urbanization once urban reserves are added to the UGB. The Metro Council concludes that the UGB ordinance complies with Goal 12. See LCDC Partial Approval and Remand Order 03-WKTASK-001524, p. 49.

Goal 13 (Energy): There are no known sources of energy in the study area. Easements for transmission of electricity, gas and oil are mapped and accounted for. UGB Ord Rec 488-489. Actions to use land inside the pre-expansion UGB by the capacity ordinance more efficiently will move the region to a more compact urban form. Conditions placed upon new urban areas by the UGB ordinance will help ensure a more compact form of those areas. The Metro Council

concludes that the capacity and UGB ordinances comply with Goal 13. See LCDC Partial Approval and Remand Order 03-WKTASK-001524, p. 49.

Goal 15 (Willamette Greenway): The UGB ordinance adds no land to the UGB that is subject to regulations to protect the Willamette River Greenway. The Metro Council concludes that the additions to the UGB made by this UGB ordinance are consistent with Goal 15.