



To: Honorable Tom Hughes, President and
Members of the Metro Council

From: Mayor Jerry Willey, City of Hillsboro

Date: April 21, 2016

Subject: Metro article "Where Growth Happens" published on February 12, 2016

As a mayor of a jurisdiction familiar with the complex and sometimes difficult issues associated with development of new urban areas, I read with interest an article published by Metro in February entitled *Where growth happens: Development in cities, delays on the edge*. The article identifies ten areas around the region where UGB expansions have occurred and compares the number of housing units built to date with the number of units planned. The article shows a wide gap between the two. Over the years, I have spoken with leaders of other jurisdictions around the region about the complicated process of developing expansion areas, which in many cases was exacerbated by the 2007-2009 recession. As I read the article, I expected to see information about the rapid pace of development occurring in many of the case study areas; I also expected to read about the roadblocks some jurisdictions continue to face. What I found instead did little to explain the challenges and successes associated with land brought into the UGB. I'm writing to encourage a more informed conversation about expectations and needs of new urban areas.

Metro's principal finding is that over the past 16 years, new urban areas have "struggled" to supply the amount of housing the region expected, whereas home construction in the City of Portland has been significant. Knowing that some of the region's UGB expansion areas are experiencing rapid growth, I was surprised to see them characterized in this way. The case studies presented by Metro did not acknowledge the nuances between the different expansion areas. For instance the report treats Damascus the same as South Hillsboro. Based on this, Hillsboro staff looked into these case studies more carefully. Not surprisingly, the research found that while there can be similarities, no two areas are the same and broad generalizations about the performance of new urban areas as a whole doesn't tell the story of how they are actually performing. Because Metro's report utilizes 2014 data, it doesn't capture the recent and sometimes significant development some jurisdictions are experiencing.

The research, developed in consultation with the case study jurisdictions, shows that older UGB expansion areas brought in prior to the 2007-2009 recession, on the whole, have taken longer to develop than newer areas. As the housing market has recovered, many of these areas have been able to retool their strategies and development is moving forward. Others are continuing to look for ways to fund the infrastructure necessary for development after funding agreements were nullified by developer bankruptcy.

Newer UGB expansion areas, as a group, have fared much better than their older counterparts. Several jurisdictions expect their expansion areas to be completely built out within 10 years of UGB expansion. Even for areas added as recently as 2014, e.g. Forest Grove and Cornelius, development applications are coming in and construction of more than 1,000 homes is expected over the next few years. The City of Tigard reports that more than half of the planned homes in River Terrace have received entitlements, even though the community plan was only adopted in 2014. North Bethany weathered the recession, litigation, costly infrastructure needs, and yet more than half of its planned homes now have entitlements.

The pace of development is so rapid in these areas that some service providers are racing to keep up with demand. Clean Water Services is working feverishly to supply sewer service to areas like River Terrace and Beaverton School District is getting ready to construct new schools to relieve overcrowding in the North Bethany area. The Oregonian reports that the City of Wilsonville has been seeing unprecedented housing growth for the past three years due in large part to development in Villebois¹. The City of Beaverton reports that South Cooper Mountain, a 2011 expansion, is experiencing steady development and expects all 3,430 planned homes to be fully entitled within 5 years. In other words, these areas are currently providing, and are expected to continue to provide, housing at a very rapid pace. **In these four areas alone, more than 5,500 houses currently have entitlements, and nearly 4,800 additional homes are expected in the next 5 years, assuming development trends hold.**

For some jurisdictions, providing the infrastructure such as wastewater treatment and new streets that must be in place before development can occur can be a complex, time consuming and expensive process. The jurisdictions responsible for South Hillsboro and Pleasant Valley have been working through such issues. Once resolved, development would likely occur at the same pace as the case studies currently under development, meaning that **in the next 5 years, more than 5,500² new homes could come on line in just South Hillsboro and Pleasant Valley alone.**

Legislation recently signed by Governor Kate Brown, which bypasses city requirements for voter approval on many annexations, may prove to be the rather unexpected resolution to the longstanding governance issues in Sherwood and Oregon City's new urban areas. These areas have concept plans and in some cases, developers at the ready, but voter approval on annexation has prevented development. It is more difficult to predict when these areas will develop, although it is not likely that significant construction will occur in Oregon City in the next 5 years.

Two case studies were so recently added to the UGB (2014) that on first glance, it would seem impossible that they would be anywhere close to development. But the opposite is true. Both Forest Grove and Cornelius have undertaken a substantial amount of planning, with Cornelius adopting Comprehensive Plan amendments in late 2015. Both areas have developers at the ready and expect to begin seeing development in the next one to three years. **If development activity is consistent with trends, UGB expansion areas in Forest Grove and Cornelius could supply nearly 1,200 additional housing units in the next 5 years.**

Looking at all the case studies together, these areas could see 12,500 additional housing units in the next 5 years alone³.

¹ http://www.oregonlive.com/front-porch/index.ssf/2015/09/wilsonville_crushing_single-fa.html

² Assumes major construction activity begins in Pleasant Valley in 2018; South Hillsboro in 2019. Assumes an annual build out rate of 22%, the average annual entitlements rate for River Terrace, North Bethany, Villebois, and South Cooper Mountain.

³ Damascus has been excluded from this analysis; while it is an instructive case study in its own right, it does not belong in a discussion of viable new urban areas expected to supply housing for the region.

In every case except Damascus, the case study communities are in compliance with Metro's requirements for density, inclusion of affordable housing, and other requirements of Urban Growth Management Functional Plan Title 11. Garnering accolades recognizing a range of activities from outstanding planning to affordable housing opportunities to green building innovation, these communities are doing more than simply complying with Metro requirements; they are providing needed housing and community services in innovative, sustainable and distinguished ways.

To be sure, the UGB expansion areas will not fulfill the region's housing supply needs on their own; but they are a significant piece of our regional housing strategy and important to local jurisdictions with local housing needs. The report "Where Growth Happens" appears to focus only on the struggles of developing the expansion areas and not the success that is currently occurring. I hope that Metro would acknowledge the effort of jurisdictions to contribute to the housing supply and I hope that a more nuanced regional dialog about the development of new urban areas will provide a better understanding of how the region as a whole can continue to supply needed housing.

Sincerely,

A handwritten signature in black ink, appearing to be "Jerry W. Wiley", written over a horizontal line.

Jerry W. Wiley
Mayor