



Date: June 23, 2015
To: Metro Council
From: Council President Tom Hughes
Re: Direction to COO on the 2015 urban growth management decision

Metro has a long history of successful urban growth management decision-making. I am particularly pleased that in the current growth management cycle this agency has sought the broad participation of our local jurisdiction partners, key stakeholders, and an array of technical experts in developing the methodology and assumptions that would ground this urban growth management decision, in addition to analyzing the forecast and its implications for our region. It's been a long process, we've heard from many perspectives, and it is now time for the Metro Council to move towards making a decision. Following are my suggestions, on which I'd like your feedback at our June 25 work session.

Current urban growth management decision cycle

In December 2014, the Council accepted the draft Urban Growth Report (UGR). On the advice of MPAC and others, the Metro Council identified a number of topics that would benefit from additional discussion during 2015. At the February 17, 2015, Council work session, we directed staff to proceed with a revised work program that focused discussions this spring on the following three topics:

- How much residential development should be assumed as likely in the region's centers and corridors, including those in Portland?
- How much residential development should be assumed as likely in the City of Damascus?
- Should the region plan for the midpoint of the forecast range, which has the highest probability, or should the region plan for higher or lower growth?

That revised work program was intended to lead to a Metro Council process decision in fall 2015. We discussed two options for that process:

Option 1: Conclude the urban growth management decision in 2015, prior to resolution of the urban reserves in Clackamas and Multnomah counties (this option included the possibility of starting and concluding the next UGM cycle sooner than the 6 year requirement)

Option 2: Request an extension from the state for the urban growth management decision to wait for the resolution of urban reserves and to allow for additional discussion of housing needs

Having participated in Council discussions this spring, and having heard about the general tenor of MPAC's discussions, I believe that the Council should proceed with Option 1 and aim for the conclusion of this cycle's urban growth management process in early fall of 2015. To prepare for that decision, I

suggest that we ask the Chief Operating Officer to prepare a recommendation for the Council by July 22, 2015. As anticipated in the existing work program, MPAC would be asked to respond to this recommendation and make a recommendation of its own in September.

I suggest that we choose the option of concluding the urban growth management decision this year for a number of reasons. The first two are practical considerations:

- Urban reserves are not yet acknowledged. The region needs to finalize urban and rural reserves before devoting more time to discussing whether there is a need for a UGB expansion into urban reserves.
- Asking for an extension from the state creates a situation in which the data and analysis contained in the draft UGR may become stale by the time the extended deadline arrives.

My other reasons for suggesting that the Council conclude its urban growth management decision this year are based on the policy discussions that we engaged in this spring. I believe we have the input and direction we need to now work towards a conclusion:

- This spring, the Metro Council and MPAC both devoted several meetings to the topic of development in urban centers. In those meetings, I was particularly struck by the data suggesting that 60 percent of newly formed households will be single or two-person households. We also heard about challenges in creating enough housing in many locations around the region, particularly for households with lower incomes, and we heard a great deal of concern raised about assuming that an historically significant amount of growth will occur in the city of Portland. In light of these circumstances, the COO Recommendation should propose a way to support the plans our local government partners – including Portland – have put in place to accommodate growth, while proposing options to guard against reliance on what might be overly optimistic growth projections. The COO Recommendation should also detail how growth-related policy issues, such as infrastructure, governance, and affordability, can be incorporated into the final urban growth report.
- At the Metro Council's joint work session with the Damascus City Council, city councilors told us that they believe Damascus residents are likely to vote for disincorporation in 2016. They also told us that, as a consequence, the western area of the city is more likely to develop as parcels annex to Happy Valley and other areas develop as unincorporated Clackamas County. In addition, they said that the eastern portion of Damascus is unlikely to develop in the near future given the difficulty of providing water and sewer infrastructure to that area. These realities should be incorporated into the COO Recommendation.
- This spring, we discussed the range forecast, which allows us to acknowledge uncertainty when looking out 20 years. From a statistical standpoint, the midpoint of the forecast range has the highest probability. However, we've spent much of the last year hearing about the various challenges of producing housing in many locations, whether it's our downtowns or our urban growth boundary expansion areas. On the other hand, we've heard that many sectors of our regional economy have had a good recovery from the Great Recession. The COO Recommendation should explore the implications of picking a point in the range forecast that is at or very close to the middle of the range. The recommendation should also provide the Council with options and analysis because I know, based on our discussions, that there are a variety of views on the Council about the most appropriate point in the range forecast.

Completion of the next UGR

During this growth management decision cycle, it's become clear that our region, like other metro areas, may be at an important inflection point. The scale, speed, locations, costs, and types of development that we are seeing are different than the past. With so much change happening, we need to monitor economic, demographic, and development trends and adjust with the times, which is why we need to report on and discuss these trends on an ongoing basis. This should be one of the purposes of Metro's forthcoming Regional Snapshots program.

That rapid pace of change is also why I suggest that staff should produce a new draft UGR in the next three years – sooner than required under the law – but not until urban and rural reserves are acknowledged. I propose that the Metro Council include in our urban growth management decision this fall a commitment to an accelerated UGR analysis following the current cycle.

Completion of Urban/Rural Reserves

After many years of discussion and litigation, the region now needs to finalize urban and rural reserve designations in Multnomah and Clackamas Counties. In fact, the discussions we have had over the UGR and this growth management decision has taken place within the context of the remand of the reserves in these two counties. In many ways, the pending remand has hamstrung our conversations about the best ways to manage the region's growth. While I understand that these designations require the collaboration and agreement of many parties, I would like the COO Recommendation to suggest a timeline and process for acknowledgement of reserves, and I recommend that we as a Council commit to completing our work on the remand before the end of 2015.

While all of that work is happening, I also expect that cities that are interested in UGB expansion will do their part to complete concept plans for urban reserve areas. Metro remains committed to being a partner on those efforts, most tangibly in the Community Planning and Development Grant program that we administer.

I look forward to discussing these suggestions with you at our work session on Thursday June 25.