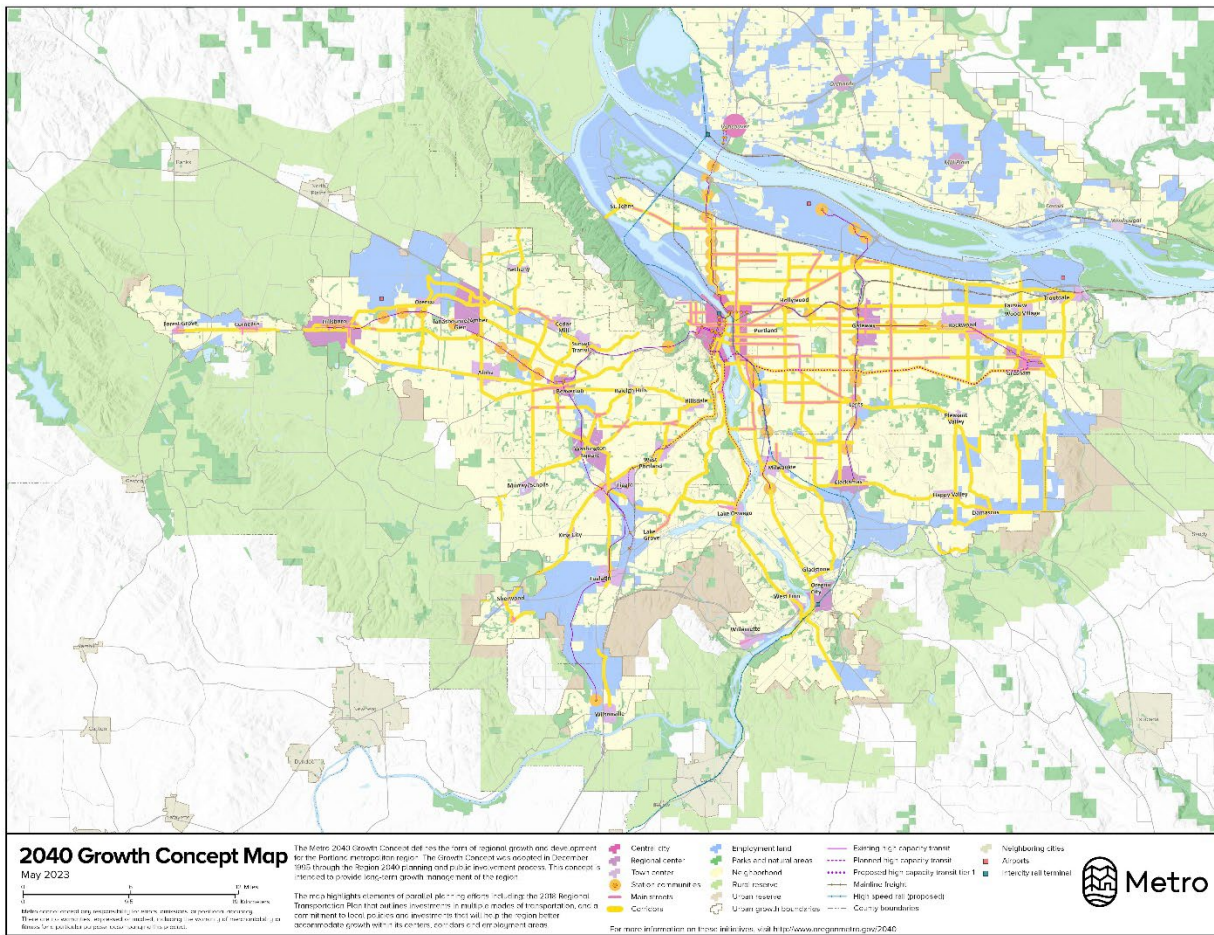


# Urban Growth Management: frequently used terms and concepts

## 2040 Growth Concept

The 2040 Growth Concept is a 50-year plan for growth in greater Portland that the Metro Council adopted in 1995. The Growth Concept Map identifies urban locations as the focal points for growth: the central city, regional centers, town centers, main streets, regional centers, station communities, corridors, and industrial areas. The map shows the region's urban growth boundary, which defines where urban development may occur, and urban reserves, which are the locations that may be added to the boundary if there is a demonstrated regional need for more land. Parks, natural areas, and rural reserves depicted in green are to remain undeveloped.



## Urban growth boundary (UGB)

Every city in Oregon is required to adopt an urban growth boundary that defines where urban development and uses may occur. Outside of boundaries, provision of urban services like sewer is

prohibited and zoning codes are geared towards rural uses. Inside boundaries, zoning codes should encourage efficient development of housing and jobs.

State laws require that Metro manage a regional boundary. This is in recognition of the regional nature of our economy, housing market, commute sheds, and environment. Metro may only expand the boundary upon demonstration of a regional need for more land. The urban growth report is Metro's periodic analysis of regional land needs.

Under state law, Metro can only expand the boundary onto adopted urban reserves. Metro has an additional policy to only expand onto urban reserves that have been concept planned by a city. This is to ensure that any expansion results in intended development.

## Bringing land into the urban growth boundary

State law defines the criteria that are used to determine the order in which lands are included within the urban growth boundary.

First priority - Urban reserve land: Urban reserves are designated areas outside the current urban growth boundary as the only locations where Metro can expand the boundary to accommodate growth. Metro can only add lower priority lands (listed below) to the UGB if the identified land need cannot be met with urban reserves. In no case can Metro add rural reserves to the UGB.

Second priority - Exception land (also known as non-resource land): Exception land is land next to the urban growth boundary that is not farm or forestland and is not designated as either urban or rural reserve. Second priority also could include farm or forestland that is completely surrounded by exception land but that is not "high value" farm or forest land.

Third priority - Marginal land: Marginal land is a classification of non-resource (exception) land outside of designated urban and rural reserves that allows dwelling units on exclusive farm use land. Marginal lands are unique to Washington County.

Fourth priority - Farm or forest land: Within this category, soil class or forest productivity further sets priorities. Priority is given to the area of lower productivity. In other words, the best, most productive farm or forestland outside of designated urban and rural reserves is the last land to be considered for inclusion in the urban growth boundary.

## Concept plan

A document that describes how a city plans to urbanize an urban reserve, including the desired community vision, the broad location of proposed land uses, and conceptual transportation and utility infrastructure. The concept plan is a required component of an urban growth boundary expansion proposal, meant to demonstrate a city's readiness. Metro code describes what a city must address in a concept plan. Metro also provides grant funding for these local planning efforts.

## Urban and rural reserves

Urban and rural reserves are lands that are outside the Metro urban growth boundary. In 2010, after a multiyear regional process enabled under state law, Metro and the three counties designated urban and

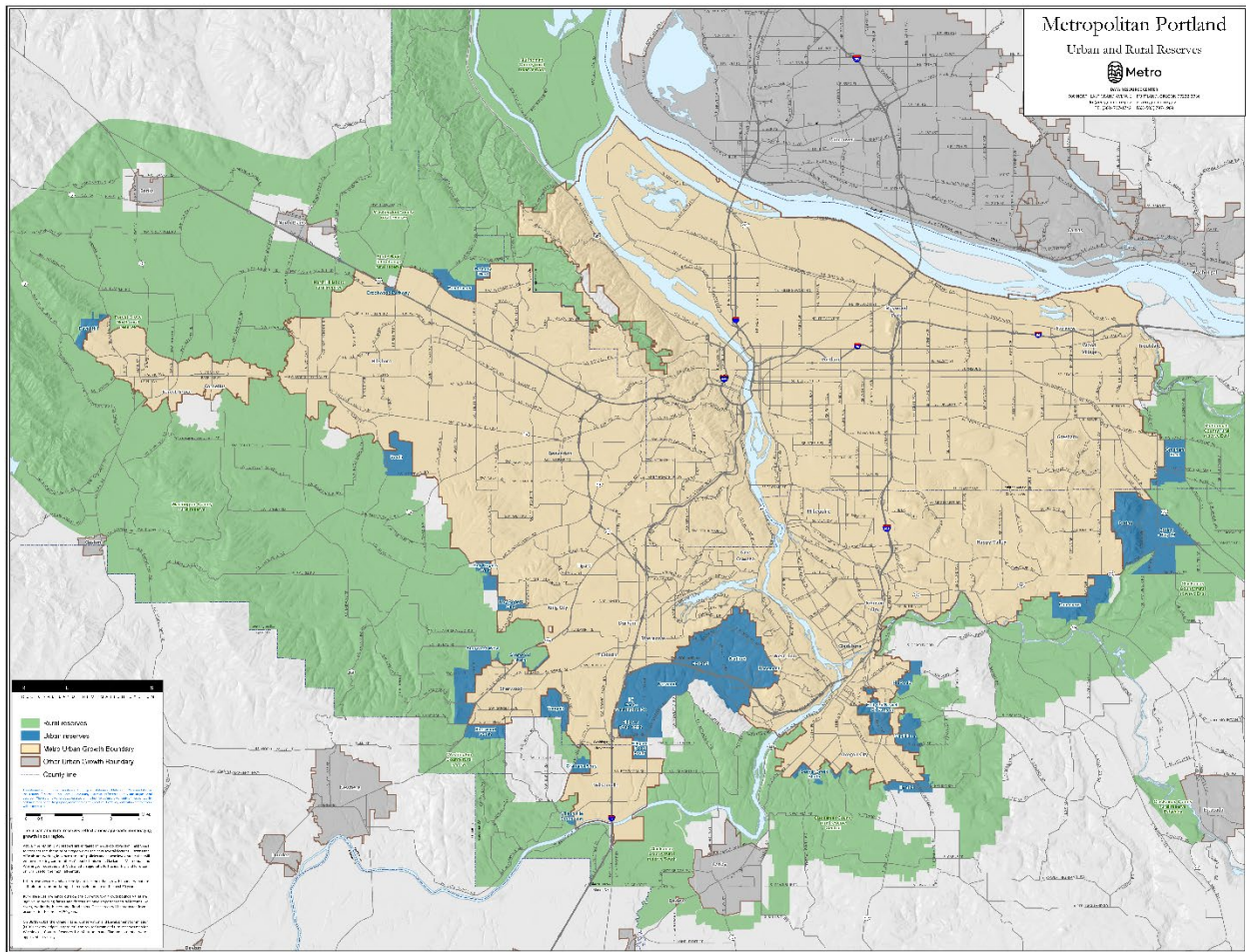


rural reserves to provide long-term certainty for cities, counties, property owners, Metro, farm and forest operators, and others.

Urban reserves are suitable for urbanization and are the only locations where Metro can expand the boundary.

Rural reserves are lands that are high value working farms or forests, or have important natural features like rivers, wetlands, buttes and floodplains. Per state law, rural reserves are off limits for urbanization until the year 2065 at the earliest. This is intended to provide certainty.

“Undesignated” areas are neither urban nor rural reserve and effectively cannot be added to the boundary.

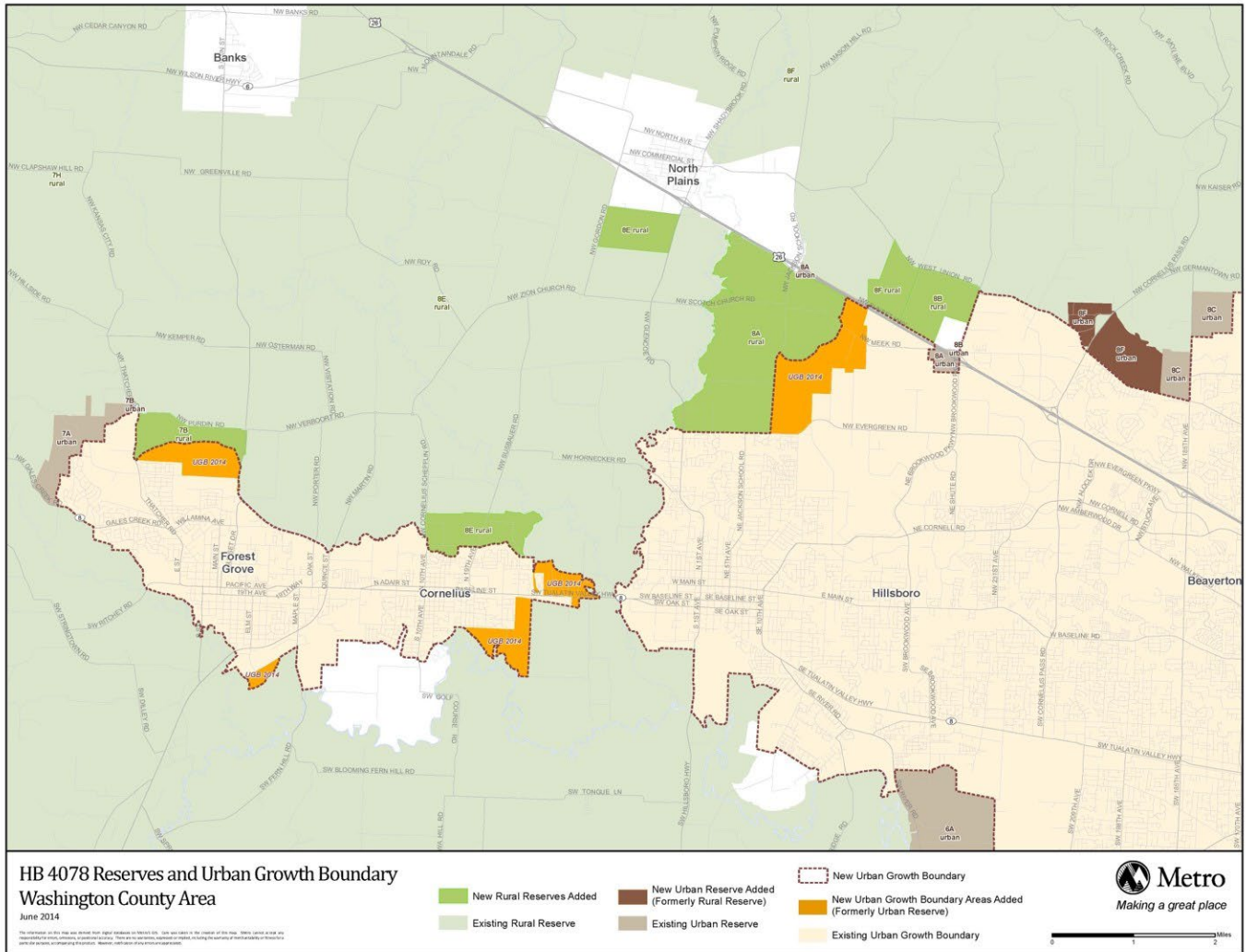


*Note: some of the originally designated urban reserves have already been added to the UGB and are no longer depicted here as urban reserves. These areas include areas added to Cornelius, Forest Grove, Hillsboro, Beaverton, King City, Wilsonville, and Tigard. The above map has not yet been updated to reflect the 2023 addition of the River Terrace (Tigard) urban reserve to the UGB.*

## House Bill 4078 – “The Grand Bargain”

After the adoption of urban and rural reserves, a 2014 Court of Appeals ruling introduced new uncertainty and caused a variety of mayors, legislators and interested parties to negotiate a legislative

compromise to ongoing disagreements about urban and rural reserve designations in Washington County. HB 4078, also referred to as the Land Use Grand Bargain, placed into statute several urban growth boundary expansions and urban and rural reserve designations in Washington County. Today, urban and rural reserve designations in Washington County remain codified in statute.



## Urban growth report (UGR)

The urban growth report or UGR is a required periodic (at least every six years) assessment of whether there is a regional need to expand the urban growth boundary for the next 20 years of growth. The UGR provides the Metro Council with information when making its growth management decision. A UGR is not intended as an aspirational vision statement or economic development strategy.

The UGR contains several analyses, including a buildable land inventory, estimations of growth capacity on those lands, assessments of development trends, a regional population, household, and employment forecast, and a regional housing needs analysis.

Metro is currently working to complete a 2024 UGR, which will be released in draft form in summer 2024. Perspectives from a variety of advisory groups will be reflected in the UGR. The Metro Council will consider adopting a final UGR in December 2024 as part of its growth management decision.

## Regional forecast

Following state law, Metro completes a regional forecast for population, household, and employment growth. The regional forecast is included in the UGR. It is for the 7-county Metropolitan Statistical Area, which includes Clackamas, Clark, Columbia, Multnomah, Skamania, Washington, and Yamhill counties.

Metro has a strong track record with the accuracy of its regional forecast. This is the result of using reliable data sources such as the Census, the Bureau of Labor Statistics, the Bureau of Economic Analysis, IHS Markit, the PSU Population Research Center, and the Oregon and Washington health authorities. These forecasts are further validated through expert panel reviews with external economists and demographers.

Though Metro’s forecasts have proven reliable, we also recognize that there is uncertainty when looking forward 20 years. To reflect this uncertainty, Metro uses a range forecast with a baseline and high and low growth forecasts.

The population forecast includes details on age, gender, and – new for the 2024 forecast—race, ethnicity, and disability status.

The household forecast includes details on household size, income, and age (of the householder). “Household” describes the people, not the home.

The employment forecast includes details on different economic sectors such as manufacturing, retail, professional services, health, and education.

## Regional Housing Demand/Needs Analysis

Another core part of an urban growth report is a Regional Housing Needs Analysis. This statutorily required analysis assesses the existing and future (20-year) housing needs of a variety of household income groups. Existing housing needs arise from houselessness and historic underproduction of housing. Future needs are a product of the regional household forecast. These housing needs are also linked to housing types (e.g., duplexes, townhouses, or apartments) so that housing needs can be translated into demand for space/land. The analysis geography is the current urban growth boundary.

## House Bill 2001 and middle housing

In 2019, the Oregon Legislature passed HB 2001 to increase housing choice and supply. This bill allows for a range of middle housing types (duplexes, triplexes, fourplexes, townhouses, and cottage clusters) to be built on residential land that has been traditionally zoned solely for single-family detached homes. Cities across the state have now adopted their own zoning code amendments to implement this bill. The 2024 Urban Growth Report will include an assessment of demand and capacity for middle housing.



## UGB growth capacity

Determining whether there is a regional need for UGB expansion requires an understanding of how much room there is for the next 20 years of housing and job growth inside the current boundary. That determination depends on several factors, including:

- Buildable land – Defined in more detail below, buildable land is land inside the UGB that may provide room for long-term housing and business growth.
- Zoning allowances – Local zoning codes describe what is allowed on land and are factored into Metro’s capacity analysis. For instance, denser developments such as midrise apartments require less land than single-family homes. Because there are hundreds of zone types in the region, Metro consolidates these codes into a regional classification for analytic purposes.
- Likelihood of development – Development, redevelopment, and infill will not necessarily happen simply because zoning allows high-density uses. Metro assesses the likelihood the market will build different building types using a real estate development pro forma model.

## Buildable land

Buildable land is land inside a UGB that can provide space for additional homes or businesses. Buildable land includes vacant land as well as already-developed land that may be available for redevelopment or infill over a 20-year planning period. Though Metro’s land inventory methods and results undergo extensive review by local government partners and development experts, the inventory is intended to provide a long-range regional estimate, not definitive determinations at the parcel level.

Accounted for in the inventory:

- Environmental constraints like steep slopes, wetlands, and floodways.
- Space that will be needed for future roads and sidewalks, particularly on larger vacant lands that would require more rights-of-way to serve development.
- Properties that are not available for housing or business development because they have a different intended use. Examples include park lands, open spaces, church properties, Tribal lands, and government-owned lands.

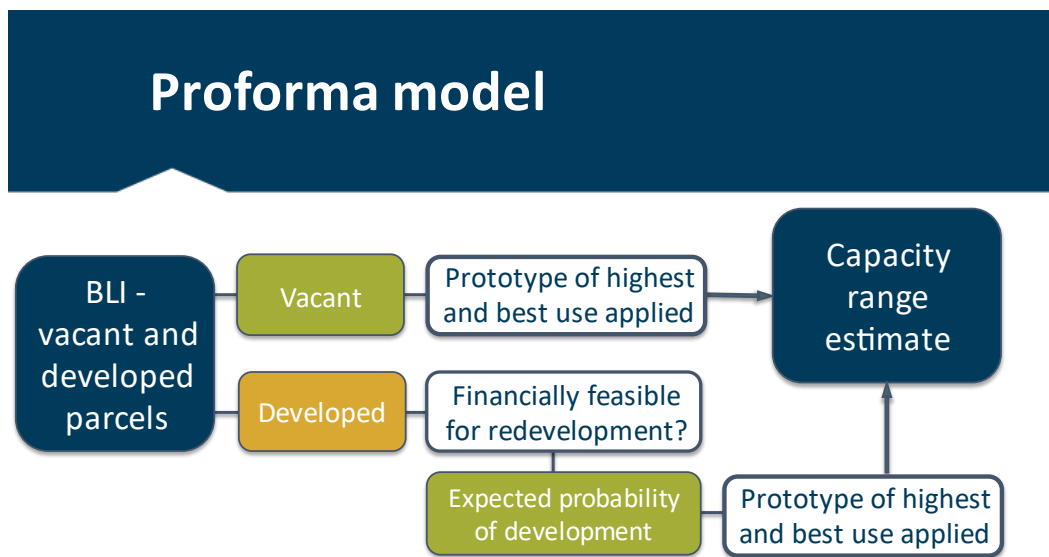
Vacant or partially vacant lands are a type of buildable land. They include parcels that have no buildings or surface parking lots, or that have a significant portion without such improvements. State law instructs Metro to count vacant land as buildable. The vacant land inventory entails careful review of aerial photos.

Redevelopment land is a type of buildable land and refers to a net increase in the number of homes on a parcel because of the removal of an existing building and replacement with a new building with more housing units than were removed. For instance, if a single-family home were demolished and replaced with a triplex, this redevelopment would provide a net increase of two housing units.

Infill land is a type of buildable land and refers to a net increase in the number of homes on a parcel when an existing building is retained. For instance, if a single-family home were divided into a duplex or if an accessory dwelling unit were built in the backyard, this infill would provide a net increase of one housing unit.

## Pro forma model

For the 2024 Urban Growth Report, Metro has engaged consultants to develop a regional financial model that can be used to estimate development capacity on buildable lands – both vacant and already-developed – over the next 20 years. The pro forma model determines the highest-and-best use for each parcel by identifying a building prototype that is most feasible. There are dozens of possible building prototypes, such as manufacturing, office, retail, apartments, single-family homes, or triplexes. Because the model is sensitive to assumptions such as interest rates or construction costs, regional capacity results will be reported as a range that recognizes analytic uncertainty. These capacity estimates are not intended to be definitive feasibility determinations at the parcel level. Instead, they provide the building blocks for a regional estimate.



*\*BLI = buildable land inventory*

## Senate Bill 4 – the Oregon CHIPS Act

Senate Bill 4 dedicates \$190 million to develop a grant and loan program to support semiconductor businesses looking to expand in Oregon. This provides the opportunity for significant federal funding provided by the U.S. CHIPS and Science Act of August 2022. It also funds \$10 million to help communities prepare land for manufacturing sites and \$10 million for a University Innovation Research fund that will help public universities secure federal research grants.

The bill also granted a new authority – through 2024 – to the Governor to expand urban growth boundaries, if it is determined that doing so is the only way a semiconductor project can move forward. Boundary changes can be made for up to eight sites — six of no more than 500 acres and two of any size. This authority is sometimes referred to as super-siting.

## Annexation

Urban growth boundary expansion is just a first step in the development timeline. A city must then approve an annexation application to bring property into city limits. Annexation provides urbanizing

areas with city services and voting privileges and brings the property under the regulatory and taxing authority of the city's government.

## Comprehensive plan

All Oregon cities and counties must adopt a comprehensive plan to implement a broad, long-term vision for their community, typically set over a planning horizon of 20 years. The plan describes future land uses and accompanying components of the built environment – transportation networks, bicycle and pedestrian infrastructure, utilities, parks, natural resources, housing, economic development, and schools. Local jurisdictions periodically review their comprehensive plans to address local planning needs, regional regulations, and new state requirements.

The comprehensive plan provides more detail than a concept plan. After Metro expands the urban growth boundary, cities must update their comprehensive plans and zoning designations to incorporate the new urban area. Metro provides grant funding for these plan updates.

## Land Use Technical Advisory Group (LUTAG)

This group advises staff on the technical analyses included in the Urban Growth Report, particularly the buildable land inventory (BLI) and growth capacity estimation (the pro forma model) methods and results. Membership includes local jurisdiction planning staff, Metro research staff, and additional development professionals. All cities and counties in the region were invited to participate.

## Exclusive Farm Use (EFU)

The purpose of the EFU (exclusive farm use) zone is to provide areas for continued practice of commercial agriculture. It is intended to be applied in areas composed of land with high-value farm soils. EFU zones are typically applied by counties, outside of urban growth boundaries. These zones limit uses that conflict with farming and ranching and restrict division of properties into smaller parcels.

Exclusive farm use zones are regulated by zoning and planning statutes and local zoning ordinances. Allowable and conditional uses in an EFU zone are defined in ORS 215.213 or 215.283.