

# Urban growth management update: Preliminary capacity results

UGR Roundtable  
March 15, 2024

## Technical work and analysis: Developing the urban growth report

- Buildable land inventory (BLI)
- Regional forecast
- Capacity analysis
- Employment trends and site characteristics
- Housing needs analysis
- Residential readiness analyses
- Draft urban growth report (UGR)

## City expansion proposals

- Letters of interest
- Expansion proposals

*2040 planning and development grants available*

## Metro Council decision

- Consider Metro staff and advisory group recommendations
- Public hearings
- Policy direction
- Final decision

Nov 2022 - July 2024

Dec 2023 - April 2024

Aug 2024 - Dec 2024

Residential readiness analyses

Capacity analysis - begin BLI and regional proforma model

Draft capacity analysis available for local review

Regional forecast updated

Housing needs analysis

Draft UGR public comment period

Public hearing

Letters of interest due

You are here

Proposals due

Advisory group input

Final UGB decision

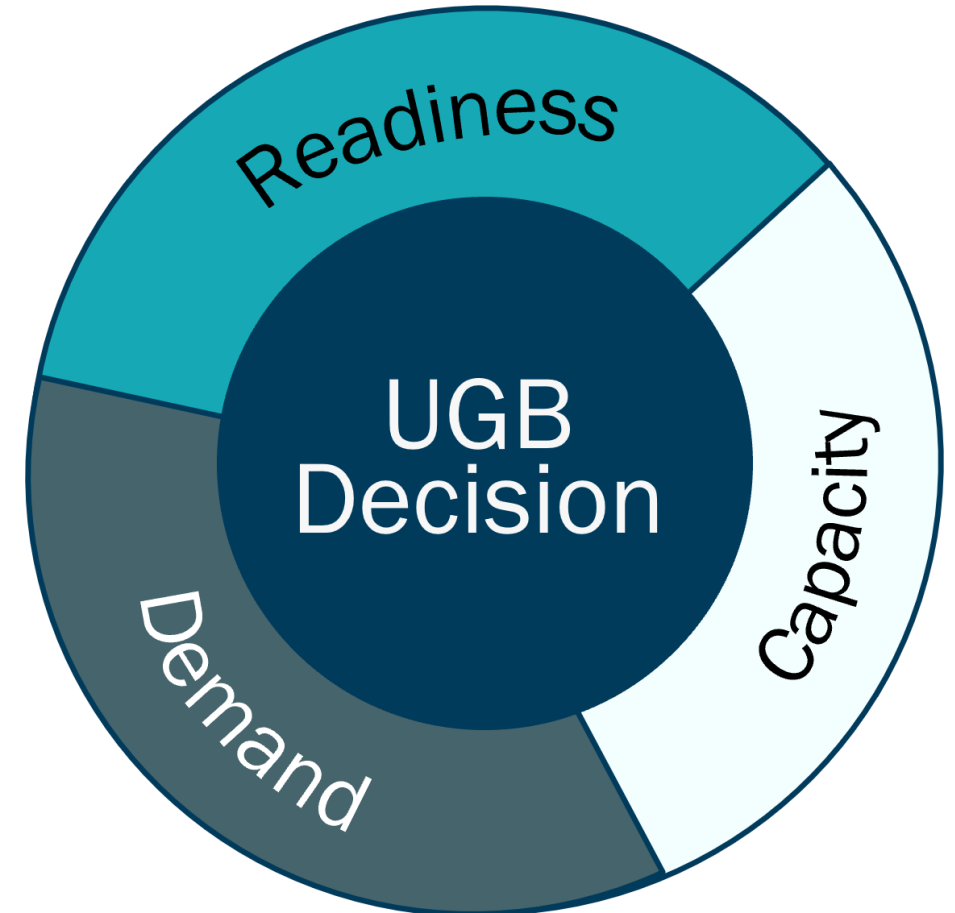
## Engagement

- MTAC
- MPAC
- CORE
- Land Use Technical Advisory Group
- Jurisdictional outreach
- Urban growth report roundtable
- Youth cohort
- Interest group presentations

# Project timeline

# A decision support tool

The Urban Growth Report (UGR) is a decision-making tool for the Metro Council.



# Regional forecast - recap

- We still expect to grow as a region, just at a slower pace - declining natural change is the driving factor.
- Sector-specific gains are forecasted for professional and business services, education and health, retail, and construction. As manufacturing declines nationally, our region is holding steady.
- This is a forecast, not a plan. Every 6 years, these projections are updated, and a new urban growth management decision is made.

# Regional forecast - recap

- Data has limitations
  - Census data and employment categories miss people and unique kinds of work
  - Anyone who analyzes data brings a perspective
- We compare our data and seek peer review
- Produce a range to acknowledge uncertainty

# Activity + Introductions



# Some things to keep in mind about the capacity analysis

- Volatility of market factors
- Analysis on a regional scale
- Results presented as a range
- These results are preliminary and will undergo local review for additional refinement

# Capacity estimates based on:

- Actual redevelopment that occurred – “backcasting”
- Trends in density and mix of housing types
- Market factors that may impact future development
- 20-year time horizon



# Where do we estimate capacity?

Vacant and partially  
vacant land



Land used for redevelopment  
and infill

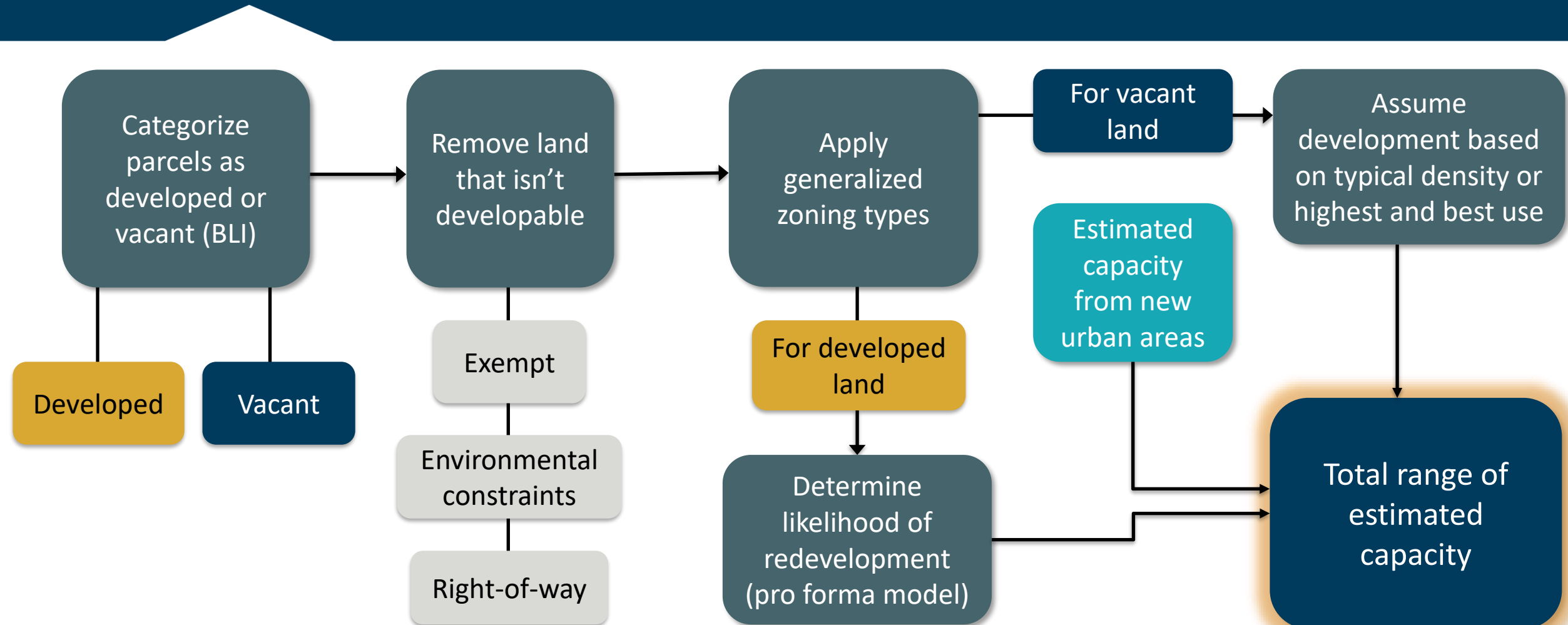


Land in concept planned areas  
without urban level zoning



*All capacity calculations are done on lands within the existing urban growth boundary and summarized on a regional scale*

# How do we estimate capacity?

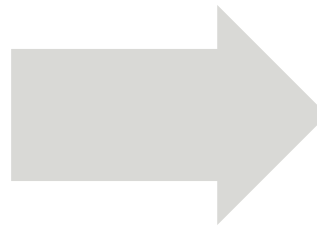


**Questions?**

# Pro forma model variables

## How viable is redevelopment?

- Rents & sale prices
- Construction costs
- Cap rates\* (linked to interest rates)



## If redevelopment is viable, what are the odds it happens?

- Redevelopment rate compared to historic trends

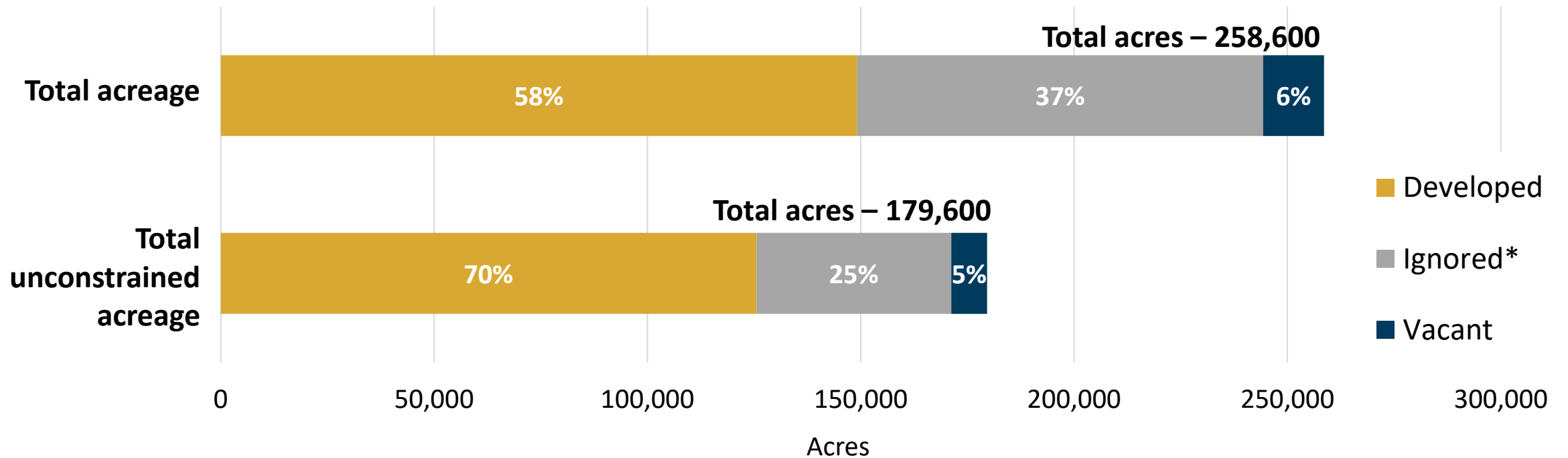
*\*Cap rate = relationship between the revenue an income-generating property produces and its sale price. Higher cap rate means properties are worth less at the same revenues.*

# Notes about the pro forma model

- Used to understand what types of (re)development are most likely to be market feasible
- Only accounts for market rate development
- Does not account for additions or conversions where the original home is preserved
- Does not account for local incentives, policies, or interventions to spark redevelopment in the market

# Results of the Buildable Lands Inventory (BLI)

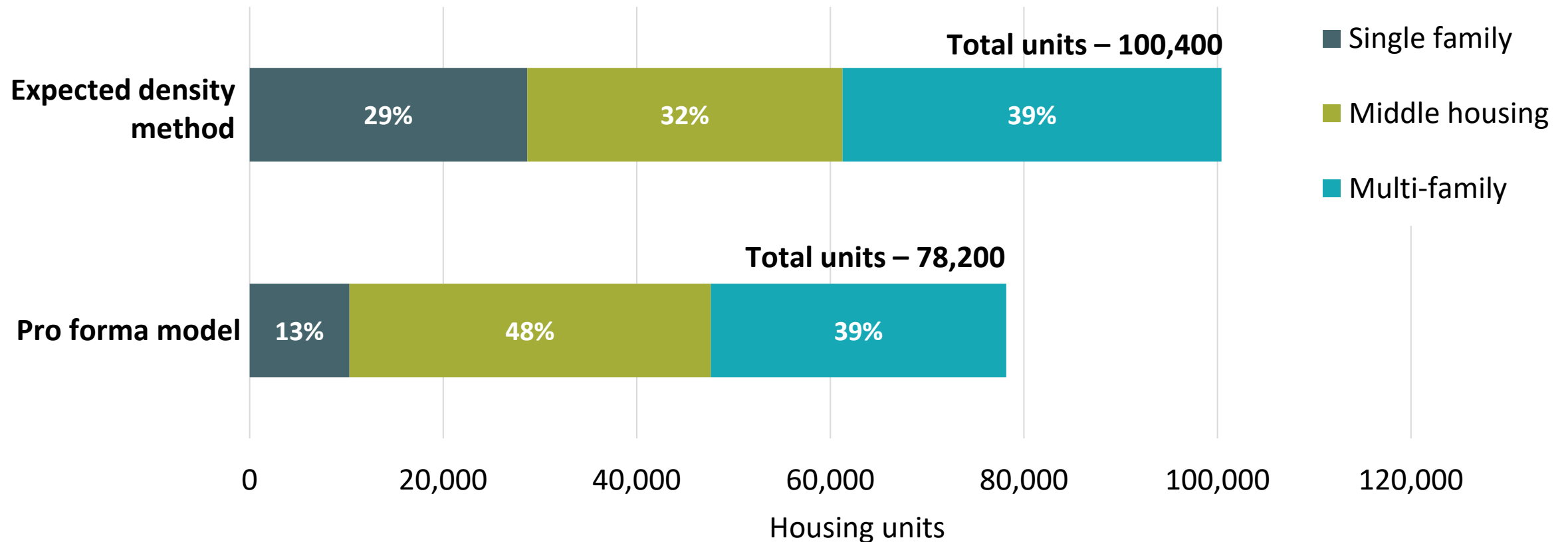
## Land within the existing UGB by type



*\*Ignored taxlots include right-of-way, tax exempt, parks, open space, HOA, golf courses, rail property, schools, and small taxlots under 1000 sq. ft.*

*\*\*Unconstrained land removes environmental constraints such as flood plains, wetlands, steep slopes, and important habitat*

# Vacant land – preliminary results



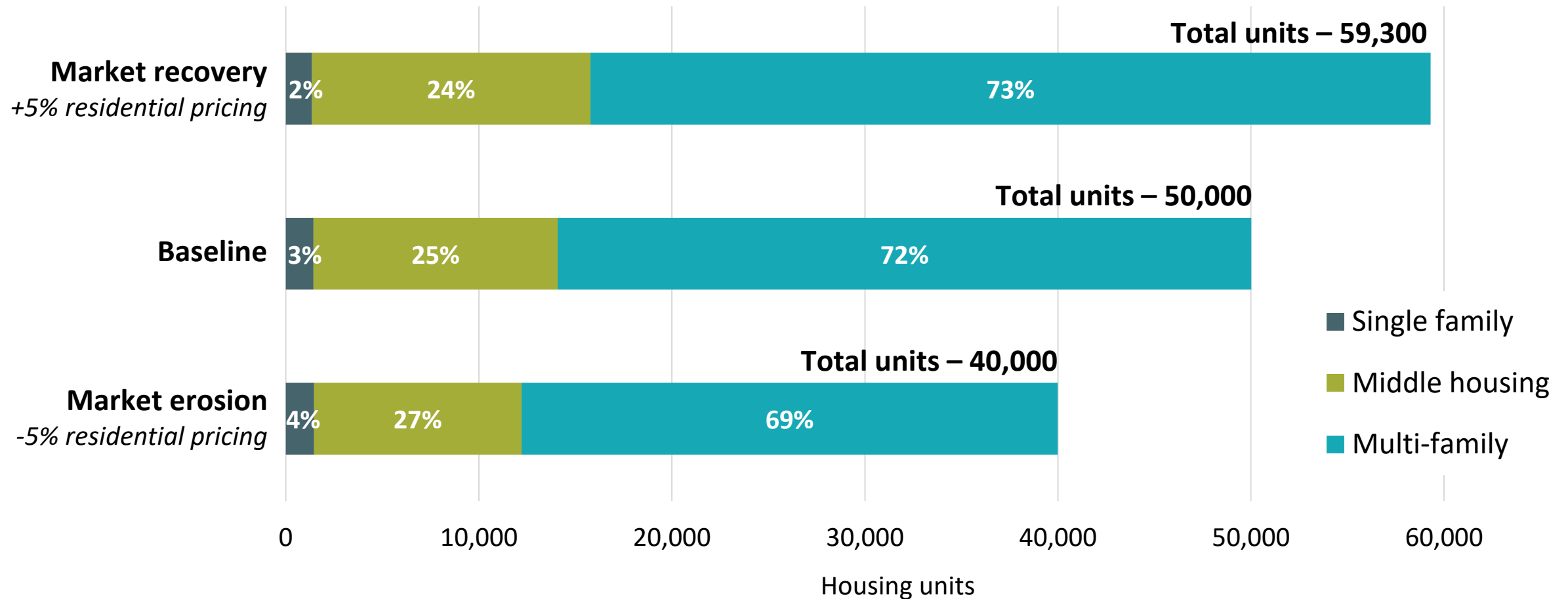
*Note: Small lot detached units are counted under the “single family” category rather than middle housing, due to the market response to this housing type*

# Redevelopment – establishing the “baseline”

- **Market conditions assume modest recovery**
  - Interest rates and cap rates come back down somewhat
  - Relationship between rents/prices & construction costs remains similar to today
- **Redevelopment rates aligned with trends over last 20 years**

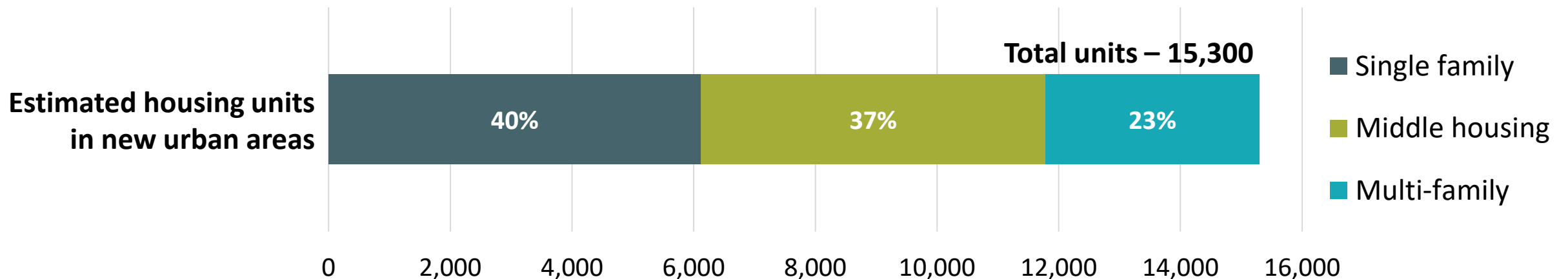


# Redevelopment – preliminary results



# New urban areas

- Areas that have been added to the UGB but have not yet received urban level zoning
- Capacity based on local concept plan designations



# Additional future adjustments to capacity results



## Additional capacity

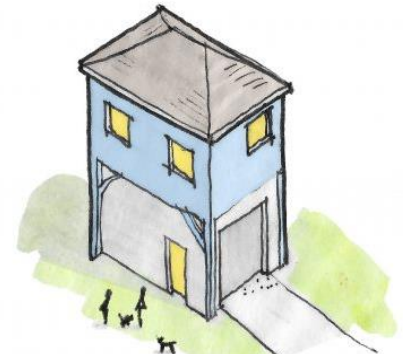
- Office to residential conversion
- ADUs and middle housing conversion

## Less capacity

- Second homes and vacation rentals



STAND-ALONE DETACHED



ADU OVER A GARAGE

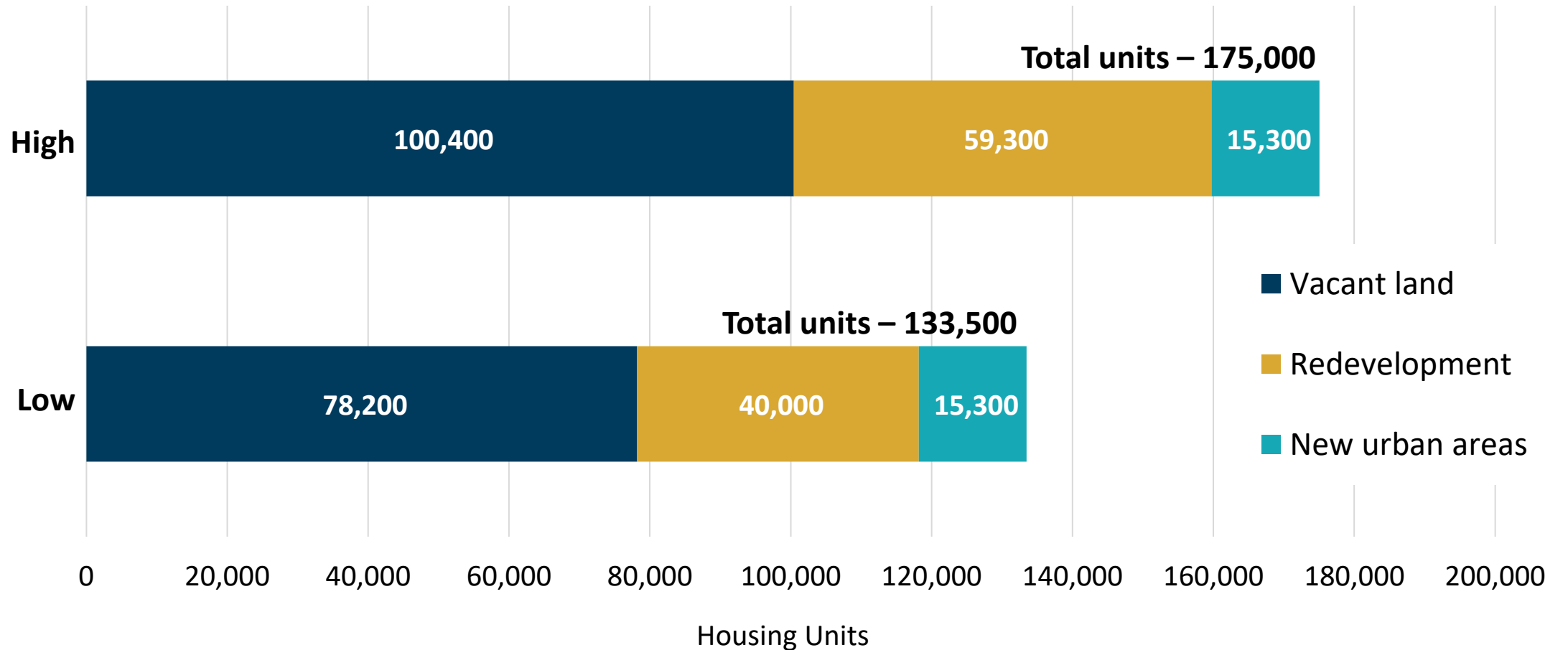


ATTACHED ADU



BASEMENT ADU

# Combined capacity results



**Questions?**

# What's next

- Review at the local level
- Housing needs analysis
- Historic development trends
- Reflection of what we've heard so far and how to incorporate the feedback into the COO recommendation

[oregonmetro.gov](http://oregonmetro.gov)

