

Findings of Fact and Conclusions of Law

Ordinance No. 24-1520 accepts the recommendation of Metro's Chief Operating Officer (COO) to expand the Urban Growth Boundary (UGB) to add approximately 1,291 acres of land in the Sherwood West planning area in order to provide an adequate supply of land for housing and employment growth in the Metro region over the next 20 years. These findings of fact and conclusions of law explain how the Metro Council decision complies with state and regional land use laws and policies.

Section A of these findings describes some of the history leading to this decision, and summarizes the approach applied by Metro in the preparation of the 2024 Urban Growth Report (UGR) and the Metro Council's decision to expand the UGB. Section B of these findings describes compliance with requirements in Statewide Planning Goal 2 and regional policies regarding coordination with other local governments in the region. Section C describes compliance with requirements in Statewide Planning Goal 1 and regional policies regarding citizen involvement. Section D describes compliance with state and regional requirements regarding urban growth boundary decisions, including Statewide Planning Goals 14 and 10 and ORS 197A.350. Section E describes compliance with all other Statewide Planning Goals.

A. History and Framework for Decision

This 2024 growth management decision applies the same approach that was first used by Metro in 2018, an approach that was over a decade in the making. The journey began in 2007 when the Oregon Legislature adopted Senate Bill 1011, authorizing Metro and the three counties to designate urban and rural reserves. The designation of urban reserves in 2011 established the maximum footprint for urban growth boundary expansions over the next 50 years and removed hundreds of thousands of acres of valuable farm and forest land from potential urbanization.

In 2010, the Metro Council adopted a policy of taking an outcomes-based approach to future growth management decisions. This policy is based in part on Metro's experience with prior UGB expansions into areas where there was no existing plan for governance, development, or financing of needed infrastructure; unfortunately, those areas have often failed to develop. The history of Metro UGB expansions over the last 20 years clearly demonstrates that land readiness is more important than land supply for addressing housing needs and job growth. In order to increase the likelihood that development will actually occur in new UGB expansion areas, Metro now requires advance planning for areas that cities want to annex and urbanize. In 2010, Metro adopted amendments to Title 11 of the Urban Growth Management Functional Plan requiring cities to adopt concept plans for urban reserve areas prior to those areas being added to the UGB.

In November 2015 the Metro Council adopted the 2014 UGR, concluding that there was sufficient capacity within the existing UGB to provide a 20-year supply of land for housing and employment growth. As part of that ordinance, the Council directed Metro planning staff to work with regional partners to explore possible improvements to the growth management process and to produce a new UGR within three years, rather than six.

Responding to that directive, in May 2016 Metro convened an Urban Growth Readiness Task Force comprised of 17 public and private sector representatives to develop recommendations for improving the growth management process. The Task Force met five times between May 2016 and February 2017 and ultimately presented a set of recommendations to the Metro Council for improvements, which were accepted by the Metro Council via Resolution No. 17-4764. Those recommendations included three core concepts: (1) create expectations for cities to propose modest residential UGB expansions into concept planned urban reserves; (2) seek greater flexibility for addressing regional housing needs; and (3) seek greater flexibility when choosing among concept planned urban reserves for UGB expansions.

The Task Force recommended that Metro adopt changes in its decision-making processes to implement the three core concepts by making future growth management decisions based on specific UGB expansion proposals submitted by cities. Metro staff worked with the Metro Technical Advisory Committee (MTAC) to prepare and refine proposed amendments to the Metro Code to implement the directives from the Task Force and the Metro Council. Those code amendments were approved by the Metro Policy Advisory Committee (MPAC) and adopted by the Metro Council via Ordinance No. 17-1408 on December 14, 2017.

This 2024 UGB decision is the second application of Metro's new approach to UGB expansions. Consistent with the directives of the Task Force and the Metro Council, in 2017 Metro staff created a process where interested cities may submit proposals for UGB expansions. In 2018, four cities submitted proposals; however, in 2024 only the City of Sherwood submitted a concept plan proposal to Metro by the May 31, 2024 deadline. Sherwood's proposal was reviewed by Metro staff and by the Metro Technical Advisory Committee (MTAC), the Metro Policy Advisory Committee (MPAC), the Metro Committee on Racial Equity (CORE), and the Urban Growth Roundtable, and city staff made a presentation to the Metro Council regarding the proposal at a work session on May 28, 2024.

Metro staff released the draft UGR on July 9, 2024, providing an analysis of the regional buildable land supply, a 20-year population and employment growth forecast, and an analysis of a number of potential scenarios testing different permutations of residential growth-related assumptions. The draft UGR concluded that the Metro Council has the latitude to determine whether there is a regional need to expand the UGB as proposed. There are two components to the UGR: a 61-page narrative and the 11 attached appendices. The actual technical analysis that comprises the UGR is included in the appendices, and the UGR narrative provides a descriptive summary of the information included in the appendices. The UGR and its appendices have been revised and finalized since release of the draft in July 2024.

Metro held a 45-day public comment period on the draft UGR from July 9, 2024 through August 22, 2024. After reviewing the draft UGR and the public comments, the Metro COO issued her recommendation on August 26, 2024, recommending that Sherwood West should be added to the UGB with conditions of approval designed to ensure an adequate supply and mix of housing, affordability, and protection of two 50-acre parcels for large-lot industrial use. The COO recommendation was endorsed by MPAC on September 25, 2025, with three additional recommendations from the committee to the Metro Council. After taking testimony regarding the city's proposals and the COO recommendation at a public hearing on September 26, 2024, the

Metro Council held a work session on October 8, 2024, at which time the Metro Council endorsed the COO recommendation regarding adding Sherwood West to the UGB and directed Metro staff to prepare an ordinance and proceed with finalizing the planning and analysis to support expanding the UGB in Sherwood West.

B. Coordination with Local Governments and State Agencies

This section addresses the coordination requirements of Statewide Planning Goal 2 and Regional Framework Plan (RFP) Policies 1.11.3, and 1.14. In preparing and adopting the UGR, Metro has coordinated extensively with the cities and counties in the region and relevant state agencies over the last two years. This includes significant coordination in the development of the technical elements of the UGR, discussed further in Section C below, and engagement at MPAC and MTAC as described in this section.

Metro and the City of Sherwood have also coordinated with the Sherwood School District. Cities are required under Title 11 of the Urban Growth Management Functional Plan to coordinate with school districts as they complete concept plans for urban reserves. Sherwood included school district representatives in its planning efforts. School districts also have representatives on both MTAC and MPAC, providing them with a means to stay informed and comment on the urban growth management decision. Lastly, lands owned by school districts, which are often zoned for residential use, are excluded from the buildable land inventory documented in UGR Appendix 2.

Since 2023, topics related to this growth management decision have been extensively reviewed and discussed by MPAC, which is an advisory committee to the Metro Council consisting of elected officials from cities, counties and special districts throughout the region, as well as citizens and representatives of TriMet and the Department of Land Conservation and Development (DLCD). At its meeting on September 25, 2024, MPAC voted to recommend that the Metro Council accept the COO recommendations and add the 1,291-acre Sherwood West area to the UGB. As described in more detail below, the UGR has been an agenda item before MTAC in at least 17 of its meetings since 2023, and before MPAC in at least 16 meetings since 2023. MTAC includes 35 representatives from local governments and service providers across the region as well as ODOT, housing and development stakeholders, environmental advocacy groups, land use advocacy organizations, and DLCD.

MTAC has discussed aspects of this growth management decision on the following occasions:

MTAC meeting date	Topic
2-15-23	Work program update regarding 2024 urban growth management decision
3-15-23	Development outcomes in urban centers in past UGB expansions
5-17-23	Middle housing potential and affordability
6-21-23	Housing filtering, gentrification and displacement trends
7-19-23	Public engagement plan
9-20-23	Update on BLI approach
11-15-23	BLI update; HNA approach

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12-20-23	Sherwood West concept plan
1-17-24	Economic and demographic trends; work from home trends
2-21-24	Regional growth forecast
3-20-24	Preliminary capacity range estimates
4-17-24	Preliminary housing needs
5-15-24	Sherwood West concept plan
6-26-24	Employment land analysis
7-17-24	Review of draft Urban Growth Report
8-28-24	Metro COO recommendations
9-18-24	Metro COO recommendations; vote and recommendations to MPAC

Since 2023, MPAC has devoted many meetings to discussing residential and employment trends and the region’s economic outlook, reviewing the City of Sherwood’s UGB expansion proposal, reviewing the draft UGR, and generally preparing to make a growth management recommendation to the Metro Council. MPAC meetings related to the urban growth management decision include the following:

MPAC meeting date	Topic
2-22-23	Work program update regarding 2024 urban growth management decision
3-22-23	Development outcomes in urban centers in past UGB expansions
5-24-23	Oregon Housing Needs Analysis update
6-28-23	Middle housing potential and affordability
7-26-23	Public engagement plan; housing filtering; gentrification and displacement trends
11-8-23	UGB capacity estimation approach
12-13-23	UGB capacity update; Sherwood West concept plan
1-24-24	Economist and demographer forecasting panel
2-28-24	Draft regional forecast
3-27-24	Preliminary capacity range estimates
4-24-24	Preliminary housing needs
5-22-24	Sherwood West concept plan
6-26-24	Employment land analysis
7-24-24	Draft Urban Growth Report
9-11-24	Metro COO recommendations
9-25-24	Metro COO recommendations; vote and recommendations to Metro Council

At its meeting on September 25, 2024, MPAC voted to recommend that the Metro Council accept the COO recommendations and expand the UGB to include Sherwood West, but with an additional recommendation that the Metro Council adopt the high growth forecast rather than the baseline forecast.

C. Citizen Involvement

These findings address Statewide Planning Goal 1 and Regional Framework Plan (RFP) Policy 1.13. Metro began the process of preparing the UGR in 2023 and has worked closely with key stakeholders and residents of the region from the beginning.

The UGR is a reflection of the expert knowledge of many stakeholders from around the region. Throughout the development of the draft UGR, staff engaged outside expertise from the public and private sectors. This work also builds on previous technical engagement activities. From mid-2023 through mid-2024, staff sought review and collaboration on a number of topics:

- The Land Use Technical Advisory Group (LUTAG), a working group of approximately 20 public and private sector experts provided advice on the methods used for estimating the region’s buildable land inventory (UGR Appendix 2), with a particular emphasis on how to estimate redevelopment potential. LUTAG also conducted a review of the preliminary buildable land inventory results.
- All cities and counties in the region were given the opportunity to review a preliminary buildable land inventory at the tax lot level, as well as jurisdiction-level estimates of growth capacity for housing and jobs. All comments received by Metro were incorporated into the inventory used in the UGR. In response to additional comments received after the release of the draft UGR, minor corrections have been made to the inventory.
- A peer review group of four economists and demographers advised on the assumptions built into the seven-county population and employment forecast (UGR Appendix 1), the forecast results, and sources of uncertainty in the forecast. The expert review panel summary is attached to the UGR as Appendix 1A.
- In September 2023, the Metro COO convened the Urban Growth Roundtable, which was comprised of private and public sector representatives with the goal of lending more transparency to Metro’s regional growth management analyses and processes. The Roundtable met twelve times from September 2023 through July 2024, covering all aspects of the regional growth management process and the UGR. Metro staff incorporated feedback from the Roundtable into the UGR.
- In September 2023, Metro also convened a Youth Cohort to provide Metro staff with youth perspectives on urban planning and growth management in the context of the 2024 growth management decision. The Youth Cohort met eight times from September 2023 through July 2024; their comments and perspectives are summarized by topic and described in the corresponding sections of the UGR.

In addition to the above-described collaboration with public and private sector stakeholders, the public process involved in adopting the UGR has provided considerable opportunities for citizen involvement and engagement. In addition to the MTAC and MPAC meetings regarding the UGR detailed above, all of which were public meetings, the Metro Council has held nine public

meetings in 2024 alone on topics involving the UGR, including public hearings on September 26, 2024, October 3, 2024, and November 21, 2024. A 45-day public comment period on the draft UGR was held open from July 9, 2024 through August 22, 2024. Public comments were summarized in a report that was provided to MPAC and the Metro Council and posted on Metro’s website.

D. Urban Growth Management Statutes and Rules

These findings address Statewide Planning Goals 10 and 14, ORS 197A.350 – 197A.362, and OAR chapter 660 divisions 7 and 24.

Metro’s obligation to complete an inventory of buildable lands and analysis of housing need for purposes of ensuring a 20-year supply of land inside the UGB arises out of ORS 197A.350. That statute directs Metro to undertake the required inventory and analysis not later than six years after completion of the previous analysis. Metro’s previous UGR and growth management decision were adopted six years ago in 2018.

1. Buildable Land Inventory

The first step in the process required under ORS 197A.350(3)(a) is to undertake an inventory of the supply of buildable residential land inside the UGB. The applicable Goal 14 rules provide that local governments “must inventory land inside the UGB to determine whether there is adequate development capacity to accommodate 20-year needs” for both residential and employment land. OAR 660-024-0050(1). This section of the findings focuses on Metro’s analysis of the residential component of the inventory.

For purposes of the inventory required under ORS 197A.350(3)(a), buildable land is defined to include vacant and partially vacant land planned or zoned for residential use, land that may be used for mixed residential and employment uses under existing planning or zoning, and land that may be used for residential infill or redevelopment. ORS 197A.350(4)(a). The buildable land inventory informs the calculation of the capacity of the UGB to accommodate future growth.

The analysis is guided in part by ORS 197A.350(5)(a), which provides that the determination of housing capacity must be based on data collected since Metro’s last UGR analysis, and that the data must include:

- (A) The number, density and average mix of housing types of urban residential development that have actually occurred;
- (B) Trends in density and average mix of housing types of urban residential development;
- (C) Market factors that may substantially impact future urban residential development; and
- (D) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

The information required by ORS 197A.350(5)(a) is provided in Appendix 5A of the UGR, which also describes the performance measures identified in ORS 197A.370 (formerly ORS 197.301).

Metro’s methodology for calculating the region’s buildable land inventory is described in Appendix 2 of the UGR and summarized on pages 30-33 of the UGR. The methodology began by analyzing detailed aerial photos of all land inside the UGB and applying current local plan and zoning designations. The methodology also applied the specific inventory requirements set forth in ORS 197A.350(4)(a)-(b). See Appendix 2, page 19. One of the more complicated aspects of creating an inventory of buildable land is determining how to accurately predict whether land that is already developed might be redeveloped in the next 20 years, as required under ORS 197A.350(4)(D). To assist in estimating the developable and redevelopable land in the region, Metro staff worked closely with an independent land use technical advisory group (LUTAG) consisting of representatives from cities, counties, the state, private sector development experts, and the Homebuilding Association of Metropolitan Portland. The group reviewed and updated the assumptions and methodologies that were applied in the 2018 buildable land inventory. Those methodologies are described in Appendix 2 of the UGR.

As noted above, predicting whether and when property that is already developed will be redeveloped for multifamily and mixed-use purposes is probably the most challenging aspect of the BLI analysis. For the 2024 UGR, Metro sought to improve upon the methods previously used in the 2018 UGR and to account for newer state law requirements allowing the development of middle housing in all single-family zones. Metro teamed with Johnson Economics to develop a pro forma model that estimates future development for individual properties over the next 20 years based on comparing existing and potential property values to identify properties that are financially feasible for development. Consistent with ORS 197A.350(5)(a), which requires that the housing capacity determination must be based on data collected since Metro’s last UGR analysis, Metro reviewed past development data to estimate the likelihood that development would actually occur on the subset of financially feasible properties. This methodology was used to create a regional estimate of growth capacity.

The buildable land inventory results are shown on Table 9 of the UGR. After applying the methodologies described in Appendix 2 and taking input from cities and counties on a preliminary draft of the inventory, the analysis concludes that the existing UGB has an inventory of buildable land that can provide 175,500 housing units of various types including single unit detached, middle housing, and multi-unit housing.

2. Housing Need

The next step in the process required under ORS 197A.350(3)(b) is to analyze existing and projected housing need by type and density range to determine the number of units and amount of land needed inside the UGB for each needed housing type for the next 20 years. The core part of the need analysis has always been to forecast what types of housing will be needed over the next 20 years. However, since the adoption of House Bill 2003 in 2019, Metro’s analysis must also include need projections based on additional factors identified in ORS 197A.348(2) for identifying more “current” household needs. The factors listed in ORS 197A.348(2) for Metro to

analyze are as follows:

- (a) Projected needed housing units over the next 20 years;
- (b) Current housing underproduction;
- (c) Housing units needed for people experiencing homelessness; and
- (d) Housing units projected to be converted into vacation homes or second homes during the next 20 years.

First, to identify future housing needs over the next 20 years, Metro prepares a regional population and employment forecast, which is provided in Appendix 1 of the UGR and summarized on pages 15-21 of the UGR narrative. As with the buildable land inventory, Metro convened a peer review group consisting of economists and demographers to help create the 2044 forecast. As described in Appendix 8 of the UGR and summarized on pages 33-38 of the UGR narrative, the regional forecast is an input for the regional housing needs analysis.

The UGR describes the 20-year housing need forecast for the region in terms of three possible residential demand scenarios: low growth, baseline growth, and high growth. The baseline growth forecast provides the best estimate of what future growth in the region will be and is the basis for the Metro Council's decision.

The baseline population forecast estimates that there will be about 315,000 additional people in the seven-county Metropolitan Statistical Area (MSA) by 2044. UGR narrative, page 18. That equates to about 203,500 new households. UGR narrative, page 35.

The next step involves estimating what percentage of the total number of forecasted household units in the seven-county MSA will locate within the Metro UGB by applying a capture rate. Metro applied a 70.7 percent capture rate, which generally represents a historical average of Metro's capture rate from 2010 to 2022. This identifies a need for 143,900 new household units. Applying a five percent vacancy rate to that number to account for an average number of vacancies at any given time equates to a need for 151,100 new dwelling units in the Metro UGB by 2044. UGR narrative, page 35. Adding the current housing need estimate based on the required factors in ORS 197A.348(2)(b)-(d) results in a total of 178,000 units of total housing need. UGR narrative, table 14.

Projected growth is then assigned to different housing types based on household life stage (*e.g.*, age, income, number of people per household). The three housing types considered in the UGR analysis are single family detached housing, middle housing alternatives, and multifamily units. This analysis is described in detail in Appendix 8 of the UGR at pages 17-18 and the three resulting future demand scenarios are depicted in Figure 14 of the UGR.

The UGR then pairs the three residential demand scenarios depicted in Figure 14 (low, baseline, and high) with an array of alternative residential supply scenarios. The two sets of scenarios are inherently related because, under basic economic principles, higher growth and demand for housing will cause the market to respond by increasing supply. These scenarios are described in more detail in Appendix 8 and are generally informed by whether the demand for housing and the resulting supply is slower/weaker or faster/stronger.

The combined analysis results in four alternative residential growth scenario outcomes that are described on page 39 of the 2024 UGR. The four scenarios generally correlate to low, baseline, and high growth forecasts but with a market supply for middle housing that is more difficult to predict. The scenarios therefore include a high growth forecast with a stronger urban market, a baseline growth forecast with an increased trend toward middle housing, a baseline growth forecast with a trend toward single-family housing, and a low growth forecast with weaker market conditions resulting in housing choices remaining static based on past preferences.

The Metro Council accepts the recommendation of the Metro COO and staff to plan for the baseline “new normal” scenario as described in the 2024 UGR, combined with an assumption that vacant land will trend more toward being developed with single unit detached homes rather than middle housing. This is generally described on page 39 of the UGR as Scenario 3 and a more data-driven description of the scenario is provided in Appendix 8 at page 19. Based on the detailed and extensive evidence and analysis provided by staff and described in the UGR, the Metro Council finds that Scenario 3 provides the most reasonable estimate of the amount and type of future growth that the region can expect over the next 20 years.

The analysis regarding “current” housing needs under the additional factors required to be considered under ORS 197A.348(2)(b)-(d) is summarized on pages 33-35 of the 2024 UGR. The methods used for estimating those needs are described in more detail in Appendix 8A. An analysis regarding other types of “needed housing” as described in the definition of that term under ORS 197A.348(1) is provided in Appendix 8 of the UGR at pages 15-16. As described there, specific housing types such as government assisted housing and manufactured dwellings are subsets of the three broader housing types that Metro is tasked with analyzing for purposes of determining whether there will be a sufficient supply of buildable land inside the existing UGB over the next 20 years: single family housing, middle housing, and multifamily housing. Government assisted housing could take the form of any of those three housing types. Similarly, manufactured homes are essentially a construction technique, most often for single unit detached or middle housing, not a specific housing type with its own particular land capacity needs that may be assessed for purposes of determining future regional land need. Agricultural workforce housing is allowed under ORS 197A.395 in any residential or commercial zone that allows housing; accordingly, Metro’s assessment of housing capacity and needs addresses farmworker housing in the same way that it addresses housing needs for all types of workers. Similarly, under ORS 197A.430(2), single room occupancies must be allowed in all local single-family and multifamily residential zones, which means that Metro’s analysis of capacity and need for the more general housing types includes needs for SROs, a specific tenure-based designation that is more relevant to city and county housing regulations for local housing needs than the regional 20-year land need determination that Metro is tasked with adopting.

As described in Appendix 8, the core analysis required of Metro is to determine whether there will be a need for more buildable land in the next 20 years. This is fundamentally a question of land capacity and what the demand for varying densities of future housing types will be, based largely on what types are allowed under local zoning codes. Metro’s future need analysis is necessarily focused on the three basic structure types because those housing types are quantifiable under the local zoning codes of the 24 cities and three counties in the Metro region.

Other more specific types of housing described in the “needed housing” definition of ORS 197A.348(1) such as government assisted housing, affordable housing, manufactured homes, and farmworker housing, could be any of the types of housing analyzed by Metro depending on how the building is designed and built. Accordingly, they are folded into the broader categories for purposes of identifying a 20-year land need for housing. Assessing needs for the more specific types of housing identified in ORS 197A.348(1) becomes relevant when cities and counties are adopting their own local housing needs analyses and adopting local zoning codes that are responsive to specifically identified local needs as required under state law.

Table 15 of the UGR provides the results of combining the Scenario 3 projected need with the current need estimate, and then comparing the total need against the UGB capacity data provided in table 9. The outcome is a regional capacity deficit for single unit detached and middle housing that totals approximately 3,100 units.

The concept plan adopted by the Sherwood City Council for Sherwood West indicates that it can provide a total of 3,120 single family, middle housing, and multifamily units. This ordinance includes a condition of approval requiring the city to plan for either 3,120 housing units in the expansion area or an average density of 9.2 units per net acre in residentially zoned areas. The Metro Council finds that expanding the UGB to include the Sherwood West urban reserve area will provide sufficient buildable land acreage to meet existing and future housing needs over the next 20 years.

3. Employment Land Analysis

In addition to the statutory and rule requirements addressed above regarding provision of a sufficient amount of residential land for needed housing, Goal 14 also requires Metro to ensure there is adequate development capacity inside the UGB to accommodate needs for employment land over the next 20 years. However, unlike the statutory needed housing requirements, which require Metro to undertake a UGR analysis at least every six years and include highly prescriptive requirements regarding the applicable methodologies, there are not similarly detailed state requirements that apply to Metro’s employment land need analysis and resulting conclusions.

Metro’s analysis begins with a buildable land inventory, which “must include suitable vacant and developed land designated for industrial or other employment use.” OAR 660-024-0050(1). That rule provides that the inventory should be conducted in accordance with the Goal 9 rule at OAR 660-009-0015, which requires a description of all employment land sites, including site characteristics and development constraints, within each zoning district.

The approach utilized by Metro to comply with the requirements of the Goal 9 rule was developed in consultation with DLCDC and is set forth in Appendix 6 of the UGR. Relevant site characteristics and data points are described in Table 1, and those characteristics are reviewed and applied to particular areas and employment land types as shown on the maps and tables in the rest of Appendix 6.

The methodology utilized by Metro in making its capacity calculations for vacant and redevelopable employment land is described in Appendix 2 of the UGR along with the residential inventory. As with the residential inventory, the methodologies for developing the inventory of employment capacity were developed by a technical working group consisting of representatives from public and private sector organizations.

The results of the employment land inventory are summarized in Table 18 of the 2024 UGR. A more detailed description broken down by jurisdiction is provided in the table on page seven of Appendix 2. The adjusted capacity figures show an inventory of 514 acres of land available for commercial employment use and 5,331 acres for industrial use.

However, the aggregate acreage of all industrial sites in the Metro region does not tell the entire story of industrial site availability. As described in the UGR at pages 55 to 58, most of the region's industrial land supply consists of smaller parcels with an average lot size of 3.8 acres and a median lot size of 1.7 acres, and there is a shortage of larger industrial sites that are in demand for industrial expansion and recruitment.

As part of Metro's 2018 growth management decision, Metro partnered with the Mackenzie consulting firm, Greater Portland, NAIOP, the Portland Business Alliance, PGE, and the Port of Portland to produce the 2017 Regional Industrial Site Readiness Inventory, which specifically examined the supply of large industrial sites in the Metro region that were available to accommodate existing and future employers. The resulting report broke down available 25+ acre sites into three tiers based primarily on how long the site could be ready for development, with Tier 1 sites being potentially ready within 180 days and Tier 3 sites requiring 30 months or longer. The 2017 report found a shortage of Tier 1 sites larger than 50 acres and noted that "if this regional issue is not addressed, the Portland region will experience lost opportunities for new game-changer business locations and expansions."

The 2017 regional inventory of large industrial sites was updated for the Semiconductor Task Force in 2022. As described in the UGR narrative, since the 2017 Regional Inventory of large industrial sites, 15 large sites have developed and six of those are over 50 acres, leaving only eight remaining available sites over 50 acres inside the UGB. A map of those sites is provided in Figure 24 of the UGR narrative. Two of the sites are owned by the Port of Portland and carry zoning restrictions for marine or airport use, leaving only six sites over 50 acres inside the UGB that are available to the general industrial market.

In 2022, Oregon's two U.S. Senators, Governor Brown, Representative Suzanne Bonamici, and the CEO of Portland General Electric created the Semiconductor Task Force in order to develop a strategy for Oregon to secure potentially billions of dollars in capital investments by the federal government and the semiconductor industry to fill a worldwide chip shortage. The Task Force produced a detailed report concluding, in part, that Oregon is on the cusp of a semiconductor industry boom similar to the 1990s – a boom that was facilitated in part by 2,000+ plus acres of available industrial land in the western part of the Metro region. The Task Force concluded that Oregon, and particularly the Metro region, faces a serious shortage of available, development-ready large industrial sites to accommodate valuable economic growth that will be spurred by the \$52 billion in incentives being made available by the federal CHIPS Act.

The Semiconductor Task Force report is attached to the UGR as Appendix 11, which is adopted and incorporated as part of this ordinance. That report notes that the Metro region is the key to continued growth and development of the semiconductor sector, and states the importance of clustering to that industry, concluding that semiconductor businesses are highly likely to continue the type of clustering that has historically occurred on the west side of the Metro region. The report identifies a short-term need for four sites of 50-100 acres that would be suitable for integrated device manufacturers or major semiconductor equipment manufacturers. The Metro Council concurs with and adopts these conclusions.

As described in the 2024 UGR, there are currently only six available sites within the UGB that are 50 acres or larger with slopes under seven percent that could be available for industrial uses of the type identified by the Semiconductor Task Force. As depicted on the map at Figure 24 of the UGR, four of those sites are not sufficiently proximate to existing high-tech clusters in the west side of the region to accommodate the need for large sites for high-tech manufacturing uses. Although there are two large 50+ acre sites in the vicinity of Forest Grove and Hillsboro, those two sites are insufficient to address the need for four sites of 50-100 acres identified by the Task Force.

The City of Sherwood's concept plan for Sherwood West proposes to provide 130 net acres of land on the north end of the expansion area that will be designated for employment uses and would be available to accommodate the type of high-tech industrial and flex building uses identified by the Task Force. That 130-acre area includes two potential sites that are larger than 50 acres, nearly flat, and proximate to high-tech clusters on the west side.

To better understand the availability of industrial sites in the Metro region in the context of Sherwood's proposal, Metro contracted with ECONorthwest to conduct a survey of regional and local data trends regarding employment needs and site availability, and to consider whether the proposed Sherwood West expansion area has site characteristics that could accommodate identified industrial land needs. The ECONorthwest report is included in the UGR as Appendix 9. That report concludes, in part, that there is a very short supply of large industrial sites in the Metro region, and that industrial space is in high demand. The report notes that over the past five years, industrial vacancy rates in the Metro region have been at 4.1 percent, and the vacancy rate for Washington County in 2023 was a mere 2.5 percent. These extremely low vacancy rates create a barrier to the region's ability to attract new companies and to expand existing companies.

The region's lack of large industrial sites for new companies is also described in correspondence to Metro from Greater Portland Inc. (GPI) dated November 8, 2024. In that letter GPI provides a table showing business recruitment data for the Metro region, specifically inquiries from and outcomes for businesses looking for sites larger than 40 acres since the third quarter of 2021. That letter explains that of the 12 potential projects that did not end up locating in the Metro region, five were lost as the direct result of the region's lack of available large lot sites. Those projects were seeking sites for clean technology, computer and electronics, and advanced manufacturing companies.

Regarding the proposed Sherwood West expansion area, the ECONorthwest report concludes that, based on its survey of regional industrial trends and site availability, the Sherwood West employment area provides specific site characteristics that would meet the regional need for large 50-acre parcels with slopes under seven percent, minimal need for site aggregation, and proximity to transportation facilities and existing semiconductor companies. This assessment indicates that Sherwood West has characteristics that are more suitable for needed high-tech industrial growth than other lands inside the existing UGB. Making the two 50-acre sites in Sherwood West available for high-tech manufacturing use would help address the existing shortage of such sites for regional economic development.

Further evidence in support of adding two 50+ acre sites in Sherwood West is provided in a memorandum from Metro staff to the Metro Council dated November 26, 2024. That memo provides more detailed information about the eight existing 50+ acre industrial sites currently inside the UGB and about the specific characteristics that make the Sherwood sites more suitable to meet the need for large-lot high-tech industrial use. Specifically, the memo indicates that, compared to other sites inside the UGB, the two Sherwood West sites are comparatively closer to the existing cluster of semiconductor industries on the west side of the Metro region, using the Intel Ronler Acres site as the point from which distances are measured. Although there is one other 50+ acre site at Coffee Creek that is only slightly further away, the Sherwood West sites are more suitable because they are comparatively flat and include larger parcels that include tax lots in common ownership, making site aggregation comparatively easier. As noted in the Metro staff memo, the Coffee Creek site consists of 20 separate tax lots under ten acres that are in 12 different ownerships. The Metro Council finds that, in addition to lacking the same proximity provided by the Sherwood West sites, the Coffee Creek site includes slopes of greater than seven percent and presents site aggregation challenges that make it less likely to be developable for large-lot industrial use within a reasonable timeframe.

The Metro Council also finds that testimony submitted via letter from the City of Sherwood dated November 27, 2024 provides compelling evidence in support of the suitability of the two Sherwood West sites for industrial use. That letter notes four particular advantages of the Sherwood West sites. First, regarding proximity to Hillsboro's semiconductor cluster, the city notes that Sherwood West "benefits from close access to major semiconductor companies, including Intel, Qorvo, Lattice Semiconductor, and Jireh Semiconductor. Notably, Sherwood West is only 4 miles from Lam Research, a leading global semiconductor supplier and the second-largest private employer in the Portland Metro area located on the Sherwood-Tualatin border."

Second, the city's letter describes specific supply chain advantages provided by the Sherwood West sites, notably reduced transportation times and costs for equipment and material deliveries, and efficient access to key suppliers. Third, the city describes benefits that would be provided by existing skilled workforce readiness in the City of Sherwood for future high-tech manufacturing jobs, relying in part on data provided in the city's 2023 Economic Opportunities Analysis and a U.S. Census Bureau survey indicating that approximately 15 percent of Sherwood residents are employed in advanced manufacturing, high-tech, or semiconductor-related sectors. Finally, the city notes that Sherwood West is directly accessible via multiple transportation routes that offer

freight and commuter access to existing high-tech hubs in Washington County, and that it benefits from close proximity to existing utilities.

Contrary to assertions made by opponents, the requirements of Metro Title 13 will not be a hindrance to assembling two 50-acre flat buildable parcels in the northern part of Sherwood West. The existing Title 13 inventory for the area is from 2005 and is outdated; because the area is currently outside of Metro, Title 13 does not create habitat protection requirements that are binding until it is added to the UGB and to Metro's jurisdictional boundary. When this area is added to the UGB, Title 13 requires the city and Metro to update the inventory to reflect any changes in conditions that have occurred since 2005, including the removal of a substantial number of trees that has occurred since that time. The city's new comprehensive plan and land use regulations for the area will need to comply with Title 13; however, under Metro Code, compliance can mean allowing some encroachment even into inventoried habitat.

Further, Ordinance No. 24-1520 includes a condition of approval requiring that the city will adopt local land use regulations, annexation procedures or other means to ensure that there will be two industrial sites of at least 50 acres or larger that will be protected from division.

Considering and weighing all the evidence in the record, the Metro Council finds there is a shortage of large-lot industrial sites in the region of the type described by the Semiconductor Task Force and the ECONorthwest report, and that adding Sherwood West will provide two new 50-acre sites to the regional employment inventory that will be able to absorb new or expanding high-tech manufacturing businesses that are looking for sites with proximity to existing high-tech clusters on the west side. Based on all of the evidence described above, the Council finds that the Sherwood West sites provide specific characteristics that make them more suitable for high-tech industrial use than other sites inside or outside the existing Metro UGB.

Regarding commercial employment land, applying the baseline growth forecast, the 2024 UGR identifies a capacity of 514 acres inside the existing UGB and a demand for approximately 800 acres, leaving a deficit of approximately 286 acres. The city's concept plan provides that 135 acres will be planned for a commercial zone in the southern portion of the Sherwood West area. As noted in Appendix 3 of the UGR, some commercial employment categories may be accommodated within industrial areas. The very minor remaining commercial land deficit of about 150 acres represents less than half of one percent of the existing inventory of 5,331 acres of industrial land inside the existing UGB. The Metro Council finds that the mathematically insignificant deficit of about 150 commercial acres may be accommodated within the region's existing inventory of 5,331 acres of industrial land over the next 20 years.

4. Locational Alternatives Analysis

Statewide Planning Goal 14 directs local governments, including Metro, to consider four locational factors as part of any decision to expand the UGB:

- Factor 1 – Efficient accommodation of identified land needs;
- Factor 2 – Orderly and economic provision of public facilities and services;
- Factor 3 – Comparative environmental, energy, economic and social consequences;

- Factor 4 – Compatibility of the proposed urban uses with nearby agricultural and forest activities occurring on farm and forest land outside the UGB.

Metro’s analysis of the four locational factors is governed by OAR 660-024-0060, which provides that when considering a UGB amendment, “Metro must determine which land to add by evaluating alternative urban growth boundary locations,” consistent with the priority of lands specified in ORS 197A.355. The highest priority of land available under ORS 197A.355 is urban reserve. Because all expansion areas are designated urban reserve, OAR 660-024-0060(1)(b) directs Metro to apply the location factors of Goal 14 to the urban reserve areas to choose which land in that priority to include in the UGB.

Metro’s application of the urban reserve factors to all 27 urban reserve areas in the Metro region is set forth in Appendix 7 to the UGR. As described in that analysis, Metro undertook a two-step process by first applying the Goal 14 factors and other locational requirements in OAR 660-024-0060 to all urban reserve areas (Appendix 7). Next, based on the outcome of the initial analysis, Metro applied the separate Metro Code location factors to a smaller set of 20 urban reserve areas that were determined to be potentially suitable under the Goal 14 factors. That analysis is in Appendix 7A.

Seven of the urban reserve areas were determined to be the least suitable for urbanization based on the Goal 14 analysis: Boring, Boring-Highway 26, Damascus, Stafford, Rosemont, Norwood and Tonquin. The summary rankings for all 27 areas under each factor are shown in the table at the end of Appendix 7 (Attachment 3). These seven areas all share significant infrastructure hurdles that would need to be addressed prior to services such as sanitary sewer and water being available. For instance, the closest sanitary sewer services to the Damascus or the Boring urban reserves is well over a mile away and sanitary sewer service for Stafford and Rosemont needs to flow through the Borland urban reserve area, requiring the Borland urban reserve area to be urbanized first.

A second group of urban reserves were determined to rate low for one or more types of public facilities and services. While the obstacles may not be as significant as in the areas noted above, these areas do face infrastructure difficulties related to large swaths of adjacent undeveloped land inside the UGB, undetermined service providers, current need for improvements to meet existing demand, and high costs for future needed improvements. In addition, most of these areas rated high for environmental consequences due in part to the number and location of potential stream crossings. This includes Beaver Creek Bluffs, Borland, David Hill, Ellingsen Road North, Ellingsen Road South, Gresham East, Henrici, Holcomb, I-5 East, Maplelane, Rosa, and Sherwood South.

The remaining urban reserve areas rated reasonably well for public facilities and services as well as the other Goal 14 factors. This group includes Bendemeer, Bethany West, Brookwood Parkway, Grahams Ferry, Holly Lane, Sherwood North, Sherwood West, and Wilsonville Southwest. These areas rated at medium or high for the four different locational factors.

However, of the eight areas that did not have at least one low rating, five of them are too small or otherwise would not provide sufficient buildable land to meet the identified need for both

housing and employment (Brookwood Parkway, Grahams Ferry, Holly Lane, Sherwood North and Wilsonville Southwest). Another, Bethany West, is more than a mile away from the closest city, which is the preferred provider of urban services in Washington County per the Urbanization Forum agreement between Washington County and the cities within the county. This limits its ability to be urbanized in time to efficiently accommodate the identified land needs.

In undertaking this review of alternative urban reserve areas, the Metro Council is cognizant of the region's history of expanding the UGB into areas that have failed to develop, or have developed very slowly, due to a lack of governance and/or planning for development. Therefore, in its evaluation of the relative merits of the urban reserve areas under the factors in Goal 14 and the Metro Code, the Metro Council is exercising its discretion to place greater weight on the two factors that are impacted by the existence of adjacent cities with locally adopted concept plans for the relevant urban reserve area. Those two factors are: (1) efficient accommodation of identified land needs, and (2) orderly and economic provision of public facilities and services. A city's adoption of a concept plan that meets the requirements of UGMFP Title 11 demonstrates that the city has a plan for future development and is willing and able to efficiently accommodate the identified land need and provide public facilities and services within a time frame that will be considerably faster than other areas that do not have a concept plan.

The 2024 UGR concludes that the region needs more housing production to keep up with population growth and employment land for high-tech industrial uses. In order to better meet these identified needs, the Metro Council is choosing to prioritize the consideration of an urban reserve area with an adopted concept plan, because that area is more likely to produce development sooner and thereby more efficiently accommodate the identified need than other reserve areas that are not already planned. The concept plan also describes the city's plan for future development and paying for infrastructure, thereby making it more likely that Sherwood West can provide public facilities and services in an orderly and economic manner.

In 2018, Metro utilized this same approach in its Goal 14 locational analysis that supported a UGB expansion into four different urban reserve areas. Metro's 2018 analysis was reviewed and approved by DLCD and by LCDC, and described by the Oregon Court of Appeals as follows:

“In the staff report, DLCD further explained, with regard to a recent expansion of the metropolitan area UGB, Metro gave ‘decisive weight’ to whether a concept plan had been adopted by various cities in determining whether to add land near those cities to the UGB, and that that methodology was approved by LCDC:

“In January 2020, [LCDC] approved a 2,100 acre Metro UGB expansion which utilized Metro's methodology. The commission found that the methodology, as applied by Metro, was consistent with Goal 14, relevant state statutes, and Metro's own code and Regional Framework Plan. Metro received four applications from cities within its boundaries (Beaverton, Hillsboro, King City, and Wilsonville) for a UGB expansion for which that city would take responsibility. All four cities submitted concept plans providing details on the proposed urban communities that would result.

Metro also completed a technically sufficient analysis under Goal 14 of all of its urban reserve areas, * * * but gave decisive weight to the adoption of the concept plans by these four cities as demonstrating that lands within these concept plan areas were best suited for UGB expansion.”

Marks v. Land Conservation & Dev. Comm'n, 327 Ore. App. 708, 716 (2023).

The methodology that was previously used by Metro in 2018 and approved by LCDC is the same methodology used in this decision. In its considering and weighing of the locational factors under Goal 14 and the Metro Code, the Metro Council is giving greater weight to Sherwood West under the first two factors, because Sherwood West is the only urban reserve area that has been concept planned.

The expansion area being approved in this ordinance is the Sherwood West urban reserve area. As described in Appendix 7 and 7A, Sherwood West ranked comparatively high under the Goal 14 factors and the Metro Code factors and has the benefit of completed concept planning by a city that is eager to annex, urbanize, and govern the areas. The Sherwood West concept plan describes the city’s ability to provide and pay for urban services, expected housing types and number of units, natural resource protection needs and governance issues. Identifying and planning for these issues in advance dramatically increases the likelihood that these urban reserve areas will be able to efficiently accommodate the identified residential land need within a reasonable timeframe and will provide public facilities and services in an orderly and economic manner. Therefore, the Metro Council finds that the Sherwood West urban reserve area will better accommodate the identified land need and more readily provide urban services under the first two locational factors in both Goal 14 and the Metro Code.

Application of the non-redundant locational factors in the Metro Code to the remaining 20 urban reserve areas is provided in Appendix 7A of the UGR. As noted in Attachment 3 to Appendix 7A, all urban reserve areas received a high ranking for factor 2 regarding protection of farmland for commercial agriculture, since all areas are urban reserves that by definition are appropriate for urbanization. All of the urban reserve areas except Sherwood West received a low ranking under factor 4 regarding contribution to the purposes of centers and corridors, primarily due to the distance between the urban reserve areas and the closest designated center, lack of direct connections and transit service, and the character of the land uses in between; also, most of the other urban reserve areas are comparatively small, which means those areas would have fewer residents and therefore make smaller contributions to center and/or corridor development.

Turning to the remaining two Metro Code factors, four urban reserve areas (Brookwood Parkway, Grahams Ferry, Holly Lane, and Wilsonville Southwest) received high rankings for avoidance of regionally significant fish and wildlife habitat and high or medium rankings for transition between urban and rural lands. However, all of those areas have features that make them unable and/or less efficient for accommodating the identified land needs. Brookwood Parkway is very small at 62 gross acres and is heavily parcelized with rural residential development – it contains 24 separate tax lots and all but three are developed, leaving only 24 net vacant buildable acres. As explained in the Goal 14 analysis, “the small size of the reserve’s tax lots and their existing residential development make it less likely to be able to accommodate new

employment land uses. Rather, the reserve is considered able to accommodate a small residential land need.” The locational characteristics of Brookwood Parkway significantly limit its ability to provide land to accommodate the land needs identified by the Metro Council.

Similarly, the Wilsonville Southwest urban reserve area is very small at 67 gross acres and does not provide enough land to accommodate the identified needs for residential and employment land. Although the area is largely undeveloped and primarily in agricultural use, it contains only 20 net vacant buildable acres.

The Grahams Ferry urban reserve area is larger than Brookwood Parkway and Wilsonville Southwest at 203 gross acres; however, this area still does not provide enough land to accommodate the identified need, and the Goal 14 analysis concludes that the area is not suitable to accommodate an employment land need, due in part to the lack of potential roadway connections. The area is heavily parcelized and developed, with more than 70 percent of its 24 tax lots being smaller than five acres; it currently contains only 68 net vacant buildable acres. Twenty of the 24 tax lots are developed, with the median assessed value of those improvements being more than \$306,000, and one 2.7-acre lot has improvements assessed at more than \$1.4 million. These factors significantly limit the likelihood of future urbanization and contribute to the inability of the Grahams Ferry area to accommodate the identified needs for residential and employment land within a reasonable timeframe.

The Holly Lane – Newell Creek Canyon urban reserve area contains 695 gross acres. It is irregularly shaped and is nearly an island that is surrounded by the UGB except for a 1,100-foot rural edge. The area has a state highway (Hwy 213) running through the middle of it. A significant amount of the acreage, 203 acres, is owned by Metro and is part of the Newell Creek Canyon Nature Park. Almost all of this reserve areas has slopes greater than 10 percent. The main amount of buildable land is along one north-south road, South Holly Lane, which contains numerous rural residences and has limited potential connections to land inside the UGB to the east due to steep slopes and significant natural resources. Due to the steep slopes and other site constraints, the Goal 14 analysis concludes that this urban reserve area could only accommodate a small residential land need and could not accommodate employment needs. The Metro Council finds that, although this area has high scores regarding three of the Metro Code factors, those advantages are outweighed by factors 1, 2, and 3 under Goal 14 – the topography, parcelization, protected areas, environmental consequences, and difficulty of providing urban services to the area make it less able to efficiently accommodate the identified land needs or to provide public facilities and services in an orderly and economic manner.

On balance, considering and weighing the locational factors under both Goal 14 and the Metro Code, the Metro Council finds that the Sherwood West urban reserve area received among the highest rankings when all the factors are considered together. As described above, the Council is exercising its discretion to provide greater weight to the first and second factors under both Goal 14 and the Metro Code regarding efficient accommodation of identified land needs and orderly and efficient provision of public facilities and services. The fact that the City of Sherwood has adopted a concept plan for Sherwood West describing how the area will be planned and developed indicates that the land in Sherwood West can accommodate the need for housing and employment within a significantly shorter time frame than any other reserve areas. Under this

analysis and based on the evidence and findings provided in Appendix 7 and Appendix 7A regarding application of the factors to all 27 urban reserve areas, the Metro Council finds that Sherwood West provides the best location for this UGB expansion.

One opponent, the West of Sherwood Farm Alliance, asserts that Metro's analysis incorrectly applies factor seven under the Metro Code, which requires a comparative evaluation of urban reserve areas based on "protection of farmland that is most important for the continuation of commercial agriculture in the region." Metro Code § 3.07.1425(c)(7). Metro's analysis in Appendix 7A considered and applied this factor to all 20 relevant urban reserve areas, and reached a conclusion that all urban reserve areas score highly regarding this factor, because the decision made by Metro and the three counties in 2011 to designate these areas as urban reserve necessarily made them the most appropriate for urbanization under state law. In other words, all urban reserve areas are equally less important for protecting commercial agriculture than Goal 3 farmland that is not an urban reserve. Since all urban reserve areas are designated as potentially the next areas that will be added to a UGB and urbanized, there is no basis to rank some higher than others in terms of protecting farmland. Potential urbanization of each urban reserve area and its compatibility with nearby agricultural activities occurring on Goal 3 protected farmland outside the UGB was evaluated in Appendix 7 under Goal 14 factor 4, and those rankings are in Attachment 3 to Appendix 7.

The Metro Council is afforded deference in the interpretation of its own code provisions. The Council finds that the analysis of Metro Code section 3.07.1425(c)(7) provided in Appendix 7A and described above is consistent with the purpose and intent of that section. Further, the Metro Council finds that there is insufficient evidence in the record to support a conclusion that urbanization of Sherwood West would have significantly greater impacts on commercial agriculture than in other urban reserve areas. Finally, even if there are potential impacts on current commercial agriculture activities in Sherwood West, that factor under the Metro Code is outweighed by the fact that there is an adopted concept plan for Sherwood West, which provides greater weight in favor of that location under the first two factors of Goal 14 and Metro Code 3.07.1425(c). For these reasons, the Metro Council finds that even if impacts to agricultural activities exist and are considered, such impacts are outweighed by the ability of Sherwood West to efficiently accommodate the identified land need and provide orderly and economic public facilities and services; accordingly, Sherwood West still provides the best location for this UGB expansion when all of the factors are considered, weighed, and balanced.

5. Additional Factors for UGB Expansion Proposals

In 2017 the Metro Council adopted amendments to Metro Code section 3.07.1425 identifying certain other factors to be considered in determining which urban reserve areas being proposed by cities for a UGB expansion will better meet an identified need for housing. Those factors are considered and applied in this section. The Metro Council finds that because the purpose of this code section is to choose between urban reserve areas being proposed for addition to the UGB by cities, only the area being proposed for an expansion should be considered. The Council also notes that in adopting these factors, the expressly stated intent was not to create criteria that must be satisfied, but factors to be considered and weighed, in the manner of the Goal 14 locational factors.

The first factor is whether the urban reserve area is adjacent to a city with an acknowledged housing needs analysis that is coordinated with the Metro regional growth forecast. Sherwood West has an adopted and acknowledged housing needs analyses that has been coordinated with Metro.

The second factor is whether the area has been concept planned consistent with Title 11 of the UGMFP. The City of Sherwood has an adopted concept plan for Sherwood West that the city submitted to Metro as part of its proposal to expand the UGB in that area, and the Metro Council finds that the city's concept plan is consistent with the requirements of Title 11.

The third factor is whether the city that prepared the concept plan has demonstrated progress toward the actions described in Metro Code section 3.07.620 in its existing urban areas. That section of Title 6 provides that in order to be eligible for a regional investment in a Center, Corridor, Station Community, or Main Street, a city must adopt a map showing boundaries for those areas and adopt a plan of actions and investments. The Metro Council finds that the City of Sherwood has demonstrated progress toward the Title 6 requirements. The city adopted its Town Center Plan on September 17, 2013. Metro's 2017 State of the Centers Atlas indicates that the Sherwood Town Center scores above average for park access, average for private amenities, bike route density, sidewalk density, and people per acre, and below average for transit access and block size compared to other Metro designed Centers. Since adoption of the Town Center Plan, the city has taken actions and made investments that demonstrate progress toward the objectives of Title 6, including:

- Allowing high-density multi-family development as a permitted use in all commercial zones
- Providing a complete waiver of parking requirements for Old Town and most development within the Town Center in conformance with Climate Friendly and Equitable Communities standards for parking reform near frequent transit
- Approval of all housing-related variances for multi-family housing within the Town Center since adoption
- City-funded sidewalk and bicycle improvements the entire length of Larger Farms Parkway
- City-funded construction/reconstruction of the sidewalks, pathways, and alleyways in Old Town to be multipurpose sidewalks
- Reconfiguration of streets in Old Town to encourage greater walkability and interconnectedness with the Town Center
- Installing wayfinding monuments to facilitate greater awareness of the unique characteristics of the Town Center as described in the Town Center Plan's policies
- Construction of a performing arts center, library, city hall, parking, and Cannery Square
- Funding and construction of the Cedar Creek/Tonquin Trail identified in the Sherwood Town Center Plan's Bike/Pedestrian Improvement List
- Bicycle improvements on Highway 99W at the Meinecke and Sherwood Boulevard intersections in conjunction with private multifamily or mixed-use development.

The fourth factor is whether the city that prepared the concept plan has implemented best practices for preserving and increasing the supply and diversity of affordable housing in its existing urban areas, including multifamily housing types that are more affordable than traditional detached single family dwellings. The city has also adopted amendments to its land use regulations that comply with DLCDC's Climate Friendly and Equitable Communities (CFEC) rules, which reduce obligations to provide costly off-street parking for residential development. In 2021 the city adopted a new comprehensive plan that includes a policy that the city will provide opportunities for "a variety of housing types in locations and at price points that meet the needs of current and future residents." The city has also completed a Housing Needs Analysis for the 2019-2039 planning period that estimates housing needs by all income levels. The results of the HNA provide the city with the technical and factual background relating to current and future housing needs including the projected need for housing at 80% of the median family income of Washington County. The Metro Council finds that the City of Sherwood has demonstrated success in increasing the supply and diversity of housing types in its existing urban areas and taken steps toward increasing the supply of affordable housing.

The fifth factor is whether the city that prepared the concept plan has taken actions to advance Metro's six desired outcomes in the Regional Framework Plan. First, as noted above, it is important to underscore that this is a factor to be considered by the Metro Council, and not an approval criterion. Next, opponents argue that the City of Sherwood's *concept plan* for the Sherwood West area does not further the six desired outcomes. However, the applicable factor to be considered by the Metro Council is not whether the concept plan for the proposed expansion area itself furthers the six desired outcomes – the relevant question is whether the city has generally taken actions to advance the six desired outcomes.

The Metro Council finds that the city has demonstrated progress toward the six outcomes, for the reasons explained by the city in Attachment B to its Sherwood West concept plan submittal to Metro dated April 3, 2024, and as described in the following findings regarding each of the six outcomes.

a. People live, work and play in vibrant communities where their everyday needs are easily accessible.

A vibrant community is a complete community where housing, industry, commerce, education and recreation come together to meet the needs of its residents. In 2013, Sherwood developed a Town Center Plan, which includes three districts in Sherwood's existing urban area. The Sherwood Town Center Plan designates and lays out a plan for a walkable urban center that meets regional planning objectives and guides future growth and development. The Town Center includes the Old Town Overlay District as well as centrally located large format retail centers. This mixture of small scale and large format retail provides opportunities for Sherwood residents to meet their everyday needs without driving long distances or driving at all. The Old Town District provides restaurants, wine tasting, hair and beauty services, tax and accounting services, among other commercial services. The large format retail centers provide grocery shopping and other commercial retail opportunities that are less compatible with historic buildings and small spaces.

Sherwood has been successful in reducing regulatory and other barriers to mixed-use, pedestrian-friendly, and transit-supportive development in its Town Center and Old Town in recent years. The City reduced parking requirements (prior to CFEC) to provide flexibility in the design of multi-family and mixed-use development within Old Town, and increased building height limits to allow for mid-level multi-family and mixed-use development. The City encouraged the use of planned unit developments to transfer densities among multiple sites to allow for denser mid-rise residential construction. More recently the City has further reduced parking requirements in accordance with CFEC regulations for all properties within the Town Center.

In addition to policy changes to encourage a walkable community, the city invested in sidewalk and bicycle improvements along the length of Langer Farms Parkway, which spans the Town Center north to south along its eastern edge. The City also reconfigured and redeveloped streets in the Old Town core to encourage greater walkability and interconnectedness with other districts of the Town Center. Recent planning efforts have focused on extending the local and regional trail system into and out of the Town Center with extensions into Sherwood West. A portion of the Cedar Creek / Ice Age Trail was completed in 2022 which will provide an off-street connection between Highway 99W in the north and Old Town in the south.

Sherwood is currently constructing a new pedestrian bridge over Highway 99W. The highway creates a clear physical barrier between Sherwood West and current city limits, and the pedestrian bridge will provide a safe and convenient pedestrian crossing of the highway to serve new residents in Sherwood West. The City is also partnering with Clean Water Services to plan and construct needed sewer improvements to serve the area. Appendix N of the concept plan provides details regarding infrastructure investments that are currently underway. Opponents offer no evidence to support their contention that adding Sherwood West to the UGB will require federal funding or other major infrastructure grants pulling public investment dollars away from the broader region and disproportionately aiding Sherwood alone.

Shifting the focus to the Sherwood West expansion area, which is not actually the focus of the relevant Metro Code factor, the Sherwood West concept plan calls for a mixture of land uses to help make everyday needs accessible, including for residents without a vehicle. The Sherwood West area is adjacent to and a part of Sherwood's network of streets that carry both local and regional traffic. The concept plan proposes a connected network of streets in Sherwood West that will tie existing and new growth together to create livable and walkable neighborhoods, and mitigating impacts of regional through-traffic. The concept plan proposes a mixture of employment uses that are intended to enhance and strengthen the city's Town Center by offering complementary uses to encourage more housing and visitors.

The Metro Council finds that the city has demonstrated progress toward this desired outcome.

b. Current and future residents benefit from the region's sustained economic competitiveness and prosperity.

In 2021 the city adopted its 2040 comprehensive plan – one of the six core components of that plan is to provide for a thriving and diversified economy. As described in the city's UGB expansion proposal, in recent years the city has focused on attracting living wage jobs that take

advantage of the region’s existing economic advantages. The city has outperformed Washington County in terms of employment growth over the last decade. The average annual growth rate from 2010 through 2020 was 3.1 percent for the city compared to a countywide average of 1.9 percent during the same period.

As described in the city’s UGB expansion proposal, a key area of job growth in the city is Sherwood’s Tonquin Employment Area which sits along the city’s eastern edge on Tualatin-Sherwood Rd. The Tonquin Employment Area has seen strong employment growth within the last six years, as 195 acres of land have been annexed into the City for development and 1.6 million square feet of Employment Industrial zoned land has received site plan approval for development. Recent developments include T-S Corporate Park and the Sherwood Commerce Center, which house all traded-sector employers, including LAM Research, DW Fritz, Rahi, NSI, and Olympus Controls. These trends contribute to the success of traded company sectors within the Portland region and provide the opportunity for more Sherwood residents to live and work in the community.

The city adopted an Economic Opportunities Analysis in 2023, which indicates that the city has a highly educated population: 95.5 percent of adult residents hold a high school diploma or higher, and 43 percent have bachelor’s degrees. Additionally, according to the U.S. Census Bureau's American Community Survey (ACS, 2018-2022), approximately 15 percent of the city’s residents are employed in advanced manufacturing, high-tech, or semiconductor-related sectors. These current residents will benefit from the proposed urbanization of Sherwood West. The mixed-employment zone is designed to be the primary employment area for Sherwood West and will accommodate office, light industrial, and flex employment uses. The zone will create the opportunity for technology and traded sector businesses to grow in the region – providing a space for stable, high paying jobs. The mixed-employment zone has been planned with anticipation of new development occurring in the SW Roy Rogers Rd. and SW 175th Ave. corridor in Washington County. The addition of Sherwood West can provide local job opportunities for current and future residents, reduce commuting times, and strengthen the regional workforce pipeline.

The Metro Council finds that the city has demonstrated progress toward this desired outcome.

c. People have safe and reliable transportation choices that enhance their quality of life.

Sherwood is located on the southwest border of the Portland metropolitan region. Choices for transportation in and out of the city are primarily by private vehicles via Highway 99W, Tualatin-Sherwood Road, and Roy Rogers Road. Tualatin-Sherwood Road is developed as a multi-modal street with sidewalks and bike lanes its entire length from Tualatin to Sherwood, where it terminates at Highway 99W.

TriMet operates transit service into Sherwood with two routes that provide people with transportation options to other areas in the Portland Metro Region. Sherwood is located on the southwestern boundary of the TriMet service district. Route 94 originates in Tigard and terminates in Sherwood’s Old Town Transit Center, and Route 97 originates in Tualatin and

terminates on Langer Drive and 99W in Sherwood. TriMet provides safe and reliable public transportation options for Sherwood residents, workers, and visitors.

The city's adopted 2040 Comprehensive Plan includes a chapter on Coordinated and Connected Infrastructure. The first two adopted goals in that chapter are: (1) Plan and implement a transportation system that is forward-looking, responsive and innovative to maximize capacity and ensure safety, efficiency and retention of Sherwood's livability and small-town character; and (2) Create and enhance safe and viable transportation options for travel between destinations locally and regionally with particular attention to connecting the areas of Sherwood east and west of Highway 99W, Old Town, and the Tualatin National Wildlife Refuge. The plan includes an adopted policy to prioritize use of street design features to promote safe and comfortable travel by pedestrians, cyclists, emergency responders, transit users and motorists.

As described in the city's UGB expansion proposal, the city provides an interconnected system of walking and biking trails. There are 6.5 miles of paved multi-use trails within the City's open space system. These trails provide connections through Sherwood's open space and parks, providing important connections between neighborhoods, schools, parks, Sherwood's Historic Old Town, and other services. The city is also in progress of constructing a pedestrian bridge over Highway 99W which will connect existing city limits to the new Sherwood High School and larger Sherwood West planning area. The bridge is expected to be completed in Fall 2025 and will offer a safe, reliable active transportation for generations of future students and residents in Sherwood. The bridge will connect the primary commercial and mixed-use center within Sherwood West with the off-street trail system that ultimately connects Sherwood's Historic Old Town and designated Town Center. The pedestrian bridge is expected to enhance the safety and quality of life of existing and future residents by providing a safe crossing of Highway 99W while offering views of the surrounding foothills and valley.

The Metro Council finds that the city has demonstrated progress toward this desired outcome.

d. The region is a leader in minimizing contribution to global warming.

As described in the city's UGB expansion proposal, the city has made investments aimed at reducing carbon emissions, including installation of solar panels, electric car charging stations, and replacing all city streetlights with energy-efficient LED lights. The city also reduced parking requirements (prior to CFEC) to provide flexibility in the design of multi-family and mixed-use development within Old Town, and increased building height limits to allow for mid-level multi-family and mixed-use development. The city has encouraged the use of planned unit developments to transfer densities among multiple sites to allow for denser mid-rise residential construction. More recently the city has further reduced parking requirements in accordance with CFEC regulations for all properties within the Town Center. As described in the expansion proposal, the city has also invested in a system of interconnected walking/biking trails and is working on the design and construction of a new off-street multi-modal trail that runs through the city along Cedar Creek and connecting to Metro's Ice Age Tonquin Trail.

Opponents have suggested that the addition of new roads within Sherwood West will necessarily increase vehicle miles travelled, which translates into greater carbon emissions. As explained in

the city's UGB expansion proposal, Sherwood West is planned to provide a complete community, including a system of sidewalks and bike lanes allowing future residents to reduce reliance on vehicles. The city's proposal to add between 3,117 -5,582 new housing units, 50 percent or more of which is multifamily, is intended to provide housing opportunities for individuals and families that might otherwise locate to surrounding cities or unincorporated Washington and Yamhill counties instead of Sherwood due to the limited supply of housing in Sherwood. The range of housing choices anticipated for the proposed expansion area is intended to reduce spillover growth from Sherwood to surrounding areas.

The Metro Council finds that the city has demonstrated progress toward this desired outcome.

e. Current and future generations enjoy clean air, clean water, and healthy ecosystems.

As described in Metro's 2023 Compliance Report for the Urban Growth Management Functional Plan, Sherwood is in compliance with Metro's requirements in Title 3 (Water Quality and Flood Management) and Title 13 (Nature in the Neighborhoods). The city is a program partner in the Tualatin Basin Fish & Wildlife Habitat Program, which implements Titles 3 and 13 for Sherwood and other Tualatin Basin jurisdictions. Clean Water Services programs (Healthy Streams, Storm Water Management Plan, new Design and Construction Standards) implement Titles 3 and 13 in Sherwood along with regulations and requirements in the Sherwood zoning code that require street trees and tree canopy standards for new development.

The city's adopted comprehensive plan and development code also require protection of wetland, habitat, and other identified natural resources, consistent with requirements in Clean Water Services, Division of State Lands, and US Army Corps of Engineers regulations. As described in the city's UGB expansion proposal, the city code standards for protection of upland wildlife habitat and riparian habitat extend beyond the boundaries of the floodplain or Clean Water Services buffer standards. The Sherwood code provides protection for all trees and woodlands when associated with a development application by requiring that trees and woodlands be protected to the maximum extent feasible and that mitigation take place when trees must be removed. The city's development code also includes tree removal standards that apply to properties that are not subject to a land use application or action.

The city has a capital improvement program for natural resources protection, as well as park and trail acquisition and development. The park and natural areas acquisition program is implemented through a Five-year Capital Improvement Program, which includes actions such as the planning, funding, and development of the Cedar Creek Trail/Tonquin Ice Age Trail.

Regarding the Sherwood West concept plan, one of the goals and associated evaluation criteria for the Sherwood West design was that it incorporate development that protects and provides access to nature. Of the 1,291 acres of the proposed expansion area, nearly 500 acres, approximately 40 percent of the area would be designated creek corridor open space, general open space, and parks. In the proposed design, the stream corridor buffers reflect community priorities for natural feature protection, recreation, and connectivity. One of the design options realigns Elwert Road, an arterial road in the proposed expansion area, to cross two Chicken

Creek tributary streams at the narrowest points to reduce the road expansion's impact on the creek corridor. The Sherwood West Concept plan was developed to provide current and future generations with clean air, clean water, and healthy ecosystems.

The Metro Council finds that the city has demonstrated progress toward this desired outcome.

f. The benefits and burdens of growth and change are distributed equitably.

With the adoption of the Strategic Plan to Advance Racial Equity, Diversity, and Inclusion in 2016 and the creation of the 2015 Equity Baseline Report, Metro has committed to addressing barriers experienced by people of color and improving equity outcomes for historically disadvantaged groups. According to the city's adopted 2019-2039 Housing Needs Analysis, Sherwood's population is becoming more ethnically diverse. About six percent of Sherwood's population is Latino, an increase from 4.7 percent in 2000. Growth in the Hispanic and Latino population will affect Sherwood's housing needs in a variety of ways. The HNA also indicates that Sherwood's population is growing older. The aging of the population will result in increased demand for smaller single-family housing, multifamily housing, and housing for seniors.

As described in the city's UGB expansion proposal, during the city's 2040 Comprehensive Plan update, the city partnered with the School District Share Center, CASA of Oregon, local area churches, and the Sherwood Senior Center to engage senior and Spanish-speaking and Latino(a) populations in the city planning efforts. In addition, Sherwood became a member of the WHO/AARP network of age-friendly communities in 2024. The City Council's commitment to equity and inclusivity is expressed in Resolution No. 2022-07, Adopting a City of Sherwood Diversity, Equity, Inclusion, and Accessibility (DEIA) statement that provides: "The City of Sherwood expressly supports and endorses a culture of appreciation for the inherent value of all persons in the community." These efforts indicate that the city is demonstrating progress toward providing more meaningful engagement and promoting diversity, equity, inclusion, and accessibility within the city, and toward more equitably distributing the benefits and burdens of growth and change.

As described in the city's UGB expansion proposal, Sherwood West's design features a variety of housing options, new employment opportunities, parks, and active transportation choices. The city's stated intent is that providing additional opportunities for housing, parks, jobs, and transportation in Sherwood West will provide a platform for an equitable distribution of positive outcomes that would benefit communities of color in the greater area. Sherwood West will provide walkable and bikeable amenities and transportation safety improvements for residents on the city's east side as the Highway 99W pedestrian overcrossing project ties Sherwood High School to the YMCA, community skatepark and trail system. In addition to housing choices, the city's plan to designate employment land and attract living wage jobs are intended to further equity outcomes. The mixed-employment zone in Sherwood West will target the manufacturing sector, which would include more living wage jobs compared to other industries.

The Metro Council finds that the city has demonstrated progress toward this desired outcome. The Council also reiterates that, in adopting the factors in section 3.07.1425 of the Metro Code,

the Council's expressly stated intent was not to create criteria that must be satisfied, but factors to be considered and weighed, in the manner of the Goal 14 locational factors. The Council finds that the city has demonstrated progress toward each of the six desired outcomes and toward the other factors that must be considered under section 3.07.1425 of the Metro Code.

6. Ethics Complaint

The West of Sherwood Farm Alliance asserts that Metro Councilor Gonzalez made a public endorsement of the Sherwood West UGB expansion prior to the conclusion of the public process that "violates the spirit" of Goal 1 and Metro's public engagement principles. The Farm Alliance does not identify the statement or when it was made, and does not attempt to explain why a public statement by an elected official in support of a legislative proposal is legally improper or should require recusal. The Metro Council finds no basis for this claim.

E. Statewide Planning Goals

Goal 1 (Citizen Involvement): See findings in Section C above.

Goal 2 (Adequate Factual Base): Findings regarding the coordination element of Goal 2 are set forth above in Section B. The Metro Council finds that the UGR and the information it relies upon provide an adequate factual base for these findings and the adoption of the UGR. The Metro Council concludes that adoption of Ordinance No. 24-1520 complies with Goal 2.

Goal 3 (Farmland): Under OAR 660-024-0020(1) Goal 3 is not applicable.

Goal 4 (Forestland): Under OAR 660-024-0020(1) Goal 4 is not applicable.

Goal 5 (Natural Resources): The Metro Council finds that adoption of Ordinance No. 24-1520 does not impact any inventoried Goal 5 resources and is therefore consistent with Goal 5 and its implementing rules.

Goal 6 (Air, Water and Land Quality): The Metro Council finds that the adoption of Ordinance No. 24-1520 does not impact any comprehensive plan designations or land use regulations that relate to protection of air, water and land quality. Ordinance No. 18-1427 does not authorize any particular uses of property with environmental impacts, and therefore does not implicate Goal 6.

Goal 7 (Natural Hazards): The Metro Council finds that adoption of Ordinance No. 24-1520 does not impact any existing local plans, policies, or inventories regarding natural hazards and does not authorize any particular uses of property in natural hazard areas; therefore, this decision does not implicate Goal 7.

Goal 8 (Recreation): The Metro Council finds that adoption of Ordinance No. 24-1520 does not involve recreation planning or destination resort siting; therefore, this decision does not implicate Goal 8.

Exhibit F to Ordinance No. 24-1520

Goal 9 (Economy): Although Goal 9 does not apply to Metro, the Metro Council concludes that adoption of Ordinance No. 24-1520 does not impact local comprehensive plans, policies or inventories regarding economic development.

Goal 10 (Housing): See findings in Section D above.

Goal 11 (Public Facilities and Services): Metro does not provide public facilities or services and does not adopt public facility plans; Metro is responsible for coordinating public facility planning by cities and counties. The Metro Council finds that adoption of Ordinance No. 24-1520 does not impact the planning for or provision of public facilities and services; therefore, this decision does not implicate Goal 11.

Goal 12 (Transportation): Under OAR 660-024-0020(1) the Goal 12 requirements in the Transportation Planning Rule do not apply to a UGB amendment that does not involve amendment of the local planning designation for the expansion areas allowing development.

Goal 13 (Energy): The Metro Council finds that the adoption of Ordinance No. 24-1520 promotes a compact urban form and the efficient use of energy within the UGB. To the extent Goal 13 applies, the Metro Council concludes that this decision is consistent with Goal 13.

Goal 14 (Urbanization): See findings in Section D above.

Goal 15 (Willamette River Greenway): The Metro Council finds that adoption of Ordinance No. 24-1520 has no impact on the Willamette River Greenway; therefore, this decision does not implicate Goal 15.