

METRO 2025 LEGISLATIVE ISSUE IDENTIFICATION

Person completing form/Department: Anneliese Koehler

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ISSUE: Metro Annexation

BACKGROUND:

For historical reasons, the Metro District Boundary and the Metro Urban Growth Boundary (UGB) are not entirely coterminous. In some locations, territory is inside the UGB but outside the District Boundary; in some other locations, territory is inside the District Boundary but outside the UGB. A property must be in the Metro District Boundary as well as in the UGB to be developed with urban land uses, including urban residential and industrial uses. Before urban development can occur, property that is already in the UGB – and perhaps even already in city limits and/or zoned for urban land uses -- must be annexed to the Metro District.

Annexation to the Metro District is its own process, separate from city annexation, and has its own requirements. The District annexation process requires:

- Applicants paying a \$3,000 application fee/deposit;
- Preparation of application materials, sometimes with the assistance of a costly private attorney, planner, and/or surveyor;
- Notices in the Oregonian;
- Mailing of printed public notices to sometimes hundreds of property owners;
- Printing of public notice signs, as well as driving across the region to post and collect signs;
- Multiple meetings of the Metro Council; and
- Hours of work by staff of Metro, the state's DOR, and county tax assessors and clerks.

The criteria considered in the District annexation application process are largely clear and objective, leaving the public with little opportunity to influence the decision on an application, despite the required invitations in public notices to submit comments and participate in a public hearing. Recently, there have been members of the public who have taken the time to testify on annexation applications at public hearings, but the concerns about prospective development, while potentially valid, did not relate to the approval criteria. Inviting the public to comment on technical criteria they may not understand or proposals they may not be able to influence can lead to confusion and frustration.

Cities have also reported frustration with the District annexation process, feeling like property already in the UGB and already planned for urban uses should be able to be annexed to their city and promptly developed, without another regulatory layer.

Furthermore, the District annexation process can have administrative redundancies. For example, the very same surveys that must be submitted to DOR for annexation of a territory a

city often must be submitted again for annexation to the District, because the two annexations are considered separate processes when they occur at different times. This redundancy requires additional staff time.

Critically, final approval of a separate Metro District annexation application takes several months and can delay residential and industrial development until completion.

In 2009, Metro remedied this issue for properties added to the UGB moving forward (see Legislative history for more detail). However, that legislation did not address properties that were already in the UGB but not yet in the Metro District.

Of the properties already in the UGB but still outside the Metro District and requiring annexation, there are:

1. Properties still outside city limits; and
2. Properties already annexed to cities (and, in some cases, already urbanized).

Currently, there are nearly 500 tax lots in category 1 and over 1,000 tax lots in category 2. In the last several years, Metro has processed six to ten Metro District annexation applications annually, with each application on average being for just a few tax lots. At the current rate, it could take 50 more years for Metro to fully annex in all properties already inside the UGB.

Staff is proposing legislation that would address category 1: properties that are inside the UGB but outside the Metro District and outside of city limits. The proposal would streamline Metro's annexation process for impacted properties by automatically annexing the property to Metro's service district when a city annexes the property to its city limits, without the need for a separate Metro District annexation application. Impacted properties are throughout the entire region with concentration near the cities of Happy Valley, Hillsboro, Oregon City, and Wilsonville.

RECOMMENDATION:

Support efforts to streamline Metro's annexation process.

LEGISLATIVE HISTORY:

In 2009, the Oregon Legislature passed HB 3043 which aligned Metro's UGB and service district boundary moving forward. Under the bill, as land comes into Metro's UGB, it also automatically comes into the Metro District Boundary as well. This applied only to future UGB expansions and did not impact land already inside the UGB but outside the Metro District Boundary.

OTHER INTERESTED PARTIES:

Metro region cities. Homebuilders and developers. Impacted property owners.

IMPACT IF PROPOSED ACTION OCCURS:

Passage of this legislation would streamline Metro’s annexation process. It would reduce the cost and time burden on individual property owners, Metro Council and staff, DOR, county tax assessors and clerks. It would speed up urban development, including housing.

RACIAL EQUITY IMPACTS

N/A

CLIMATE IMPACTS

N/A