2024 Urban Growth Report

December 5, 2024

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LIST OF ACRONYMS

The following is a list of acronyms used throughout this document.

BLI: buildable land inventory
CEDS: Comprehensive Economic Development Strategy
CORE: Committee on Racial Equity
MPAC: Metro Policy Advisory Committee
MSA: Metropolitan Statistical Area (7-county area)
MTAC: Metro Technical Advisory Committee
OEA: Oregon Office of Economic Analysis
UGB: urban growth boundary
UGR: urban growth report

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EXECUTIVE SUMMARY

Oregonians have a long tradition of taking a thoughtful approach to growth that protects farms and forests and helps shape vibrant, sustainable urban communities. Tools like the urban growth boundary (UGB) enable us to make the most of the land we have as we work toward achieving our region's shared goals. Over the past four decades the urban growth boundary has helped the Portland metro region minimize our carbon footprint and focus development in town centers and along transportation corridors, providing easier access to destinations where people live, work, play and study.

Under Oregon state land use law, urban growth management decisions focus on whether there is an identified regional need to add land to the UGB for forecasted housing and jobs growth. But a decision about whether to expand the boundary goes beyond that requirement. It also provides a chance to check in on how the region is changing, highlight successes, and draw attention to areas of concern. In the coming months, the Metro Council will make their 2024 growth management decision against a backdrop of new regional challenges and opportunities, informed by a shared desire to improve housing affordability, community stability, downtown revitalization, and equitable economic growth.

Metro and its partners are prepared to confront the challenges faced by our region with policies and investments that extend beyond managing the region's UGB. Examples include investing in supportive housing services, affordable housing, parks and nature. Together we are building regional transit connections along 82nd Avenue in east Portland and Clackamas County and along the Tualatin Valley Highway; and these new connections are leveraged by Comprehensive Economic Development Strategy (CEDS) plans and investments.

We also understand that collectively, we must do more to broaden the availability of affordable housing and economic prosperity. In this context, if a need is identified to provide more land for housing and job creation, Metro's charge is to work with cities seeking proposed UGB expansions that meet certain conditions. For the 2024 growth management decision, only one city – Sherwood – has requested an expansion. The request includes a completed concept plan for a proposed expansion within a designated urban reserve area.

This Urban Growth Report (UGR) sets out data and analysis to inform the Metro Council's decision whether to expand the UGB as proposed by the City of Sherwood.

Planning amid uncertainty

Slower population and employment growth

Several factors shape the context for the decision whether to expand the UGB. Among them, regional population growth is slowing. This reflects a nationwide trend where people are choosing to have fewer children (U.S. Department of Health and Human Services, 2024) - and Oregon's birth rates are among the nation's lowest. This means that in coming years our region

is likely to see population growth only from net in-migration. Consequently, regional population growth rates are projected to be lower over the next 20 years. The relatively high cost of living on the West Coast may be an additional headwind for regional population growth from migration, which historically has been highly variable from year to year. However, the regional forecast contains optimism that, over the long run, greater Portland's quality of life will attract people seeking a place to live and work at rates similar to the decades long historic average.

Slowing population growth also means slower job growth. Sectors expected to grow the most are those that serve the existing population, such as health care and professional services.

Holding our ground in semiconductor manufacturing

Despite long-term declines at the national level, the greater Portland region is expected to maintain its historic strength in high-tech manufacturing thanks in part to assistance from the CHIPS Act. Computer and electronic manufacturing jobs are holding steady with modest gains due to our region's advantages in semiconductor research and development rather than large-scale production, which is more vulnerable to offshoring to countries with lower costs.

Underproduction of housing, particularly for people with the fewest resources

Our nation's housing markets continue to struggle to produce enough housing to match household growth, particularly for households with lower incomes. This backlog of housing production became evident in the aftermath of the 2008 housing bubble and recession – and its effects are still felt today. Those who experience this housing shortage most acutely are people with the fewest resources. Housing instability and houselessness disproportionately impact people of color.

For developers and builders, the cost of labor, materials and lending remain a burden on housing production. Nationwide, access to buildable lots is a challenge in part because of lower numbers of land development companies. In our region, as elsewhere, the cost of serving raw lands with needed infrastructure is a significant barrier to housing development.

On a positive note, jurisdictions around the state have removed regulatory barriers to producing a greater variety of housing types. "Middle housing" options that include townhouses, duplexes, triplexes, quadplexes and cottage clusters hold promise for providing additional housing types for people of varying incomes – particularly ownership options in smaller formats. In fact, in the future middle housing may well be more profitable to build than single unit detached housing.

Pandemic impacts on work

Though many aspects of life have returned to normal after the COVID-19 pandemic in 2020 and 2021, it has had lasting impacts on what that "normal" looks like. After peaking in 2021, the share of employees working from home full time or hybrid remained at 24 percent in 2022 for the greater Portland metropolitan area. While offering more flexibility for office workers and

some cost savings for businesses, this persistent trend has led to high office vacancy rates and has long-term implications for demand for office space.

Housing capacity needs

While there is a housing crisis nationally and in our region, it is not clear that shortage is caused by a sheer lack of space for additional housing to be built. Metro's UGB housing need analysis shows that within the Metro area UGB, there is an existing need for approximately 27,000 homes to address historic underproduction and its impacts, including houselessness, as well as housing being used as second homes or vacation rentals. Additionally, under the baseline population forecast conducted for this Urban Growth Report, approximately 150,000 additional homes are needed to meet expected population growth over the next 20 years.

Trends projecting more one-person households and an aging population (often on fixed incomes) indicate that the need for more affordable, smaller homes will increase. To meet these housing needs, we must continue to focus on public investment and removing barriers to housing production in existing urban locations.

Housing capacity gap analysis

Analysis conducted for the draft Urban Growth Report revealed that there is likely room to accommodate most, if not all, of the region's existing and future housing needs inside the existing UGB for the next 20 years. Growth projections vary, however - and based on the range of those projections the Metro Council has latitude to determine there is a need to add the Sherwood West urban reserve to the UGB or to take other measures to encourage redevelopment. This latitude derives from several factors described in more detail in this report. Generally, those factors relate to uncertainty around future migration rates, redevelopment potential, and middle housing potential. As a result of different growth projections, the UGB capacity deficit, or "gap," for accommodating housing needs can vary.

Based on the analysis in the draft 2024 UGR, Metro's Chief Operating Officer subsequently recommended that the Metro Council address a regional deficit of growth capacity for 2,300 to 5,300 homes and further recommended that the Council expand the UGB to include the Sherwood West urban reserve to address the growth capacity deficit. Based on Council direction, this analysis provides a final assessment of housing capacity needs as a basis for the 2024 growth management decision.

Employment land needs

Industrial land needs

Although analysis shows a surplus of industrial land in aggregate throughout the region, individual businesses seeking specific development-ready properties for sale or lease may struggle to find options.

Metro, with review by cities and counties, identified over 5,000 acres of industrial land inside the UGB that meets the legal definition of being buildable.[1] The Urban Growth Report analysis shows a regional surplus of 3,930 acres of industrial land to accommodate expected industrial job growth under the most likely (baseline) forecast. There is a small surplus even under a high growth employment forecast.

However, the available acres of industrial land may not always have the location and site characteristics that will accommodate current needs for industrial development, particulary with regard to site size. The Sherwood West employment area offers the potential for business growth because of unique characteristics that are in short supply elsewhere in the UGB, including the potential for assembling larger 50+ acre sites, relatively flat parcels, and relative proximity to existing job clusters.

Industrial land options

Informed by the analysis in the draft 2024 UGR, Metro's Chief Operating Officer subsequently recommended that the Council expand the UGB to include the Sherwood West urban reserve to address the need for two 50-acre industrial sites identified by the Oregon Semiconductor Task Force. The need for those two large sites cannot reasonably be met on industrial lands already inside the UGB because the inventory of industrial lands lacks a sufficient number of industrial sites of this size that also have the site characteristics needed to accommodate high-tech manufacturing.

Commercial land needs

Depending on the amount of employment growth anticipated, this analysis identifies a potential surplus of 814 buildable acres of commercial land (low growth forecast) to a potential deficit of 1,786 buildable acres (high growth forecast). Under the most likely (baseline) growth forecast, there is a deficit of 286 buildable acres.

Commercial land options

Informed by the analysis in the draft 2024 UGR, Metro's Chief Operating Officer subsequently recommended that the Council expand the UGB to include the Sherwood West urban reserve to address the need for additional commercial land under the baseline forecast. Consistent with observed development trends, it is reasonable to assume that a small portion of the region's industrial land surplus will be available for commercial uses[2], thereby addressing any remaining, negligible commercial capacity gap. Likewise, it is reasonable to assume that, if there is

[1] This estimate has been revised downward since the release of the draft UGR based on advice to use a lower (10 percent) slope threshold for industrial lands.

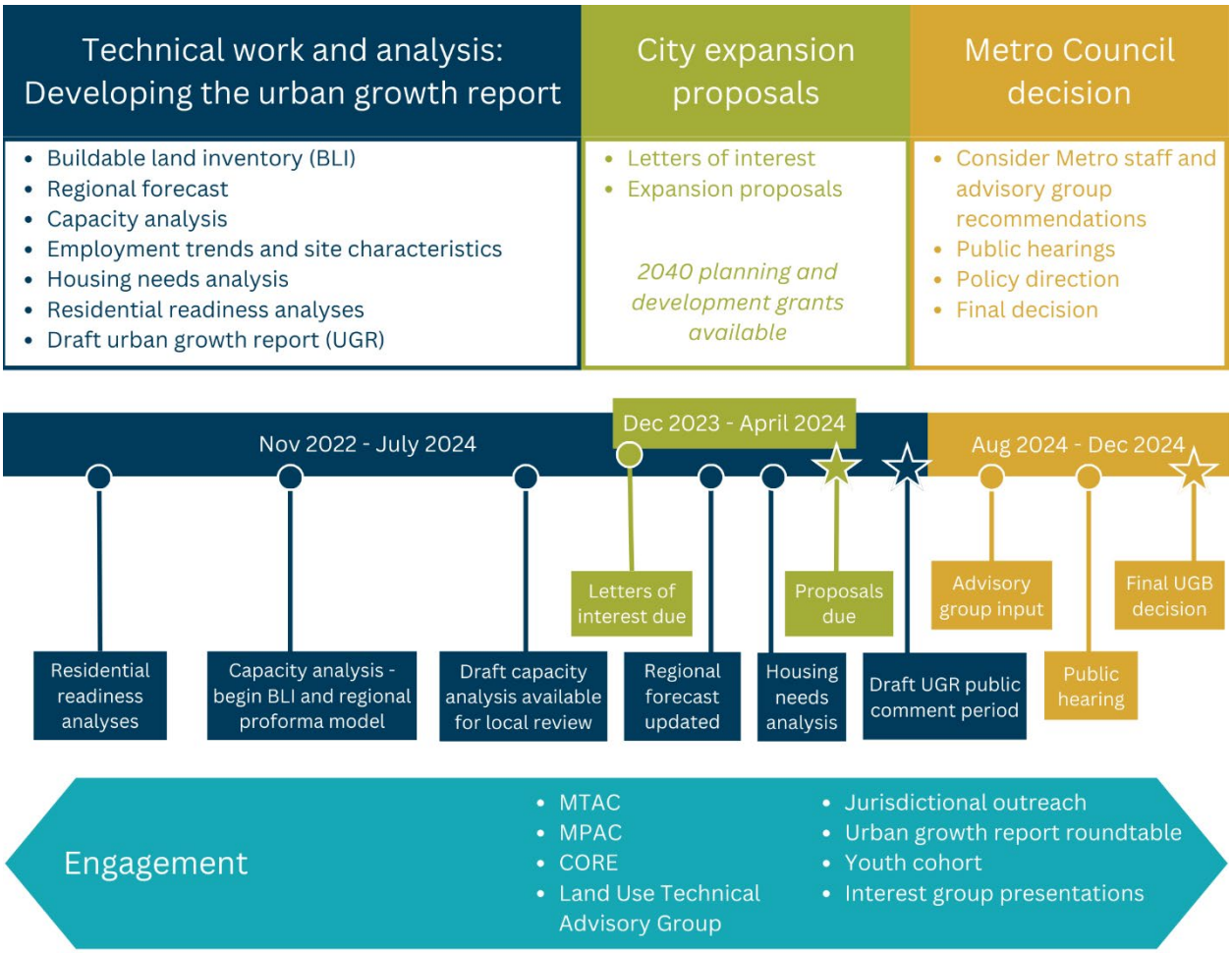
[2] These may be, for instance, office jobs at industrial firms or smaller retail uses in industrial areas that serve the needs of nearby workers.

remaining demand for commercial space, additional commercial redevelopment in mixed-use zones would occur.[3]

Engagement

Metro staff have shared information from this report and explained the methods used to collect and analyze the data during its production. An Urban Growth Report Roundtable started meeting in September 2023 and met eleven times to discuss approaches used to collect data and share early information.

Staff from cities, counties and local experts were invited to review data during the process to ensure accuracy. Thank you to everyone who participated in the production of this analysis.



[3] As described in Appendix 2, pro forma modeling typically identified residential uses, rather than commercial uses, as the most financially feasible form of redevelopment in mixed-use zones.

2024 Urban Growth Report

Urban Growth Report Roundtable and Youth Cohort perspectives

For the 2024 urban growth management decision, Metro's Chief Operating Officer convened an Urban Growth Report Roundtable with the goal of having additional transparency around how Metro conducts its analyses.

Metro also convened a Youth Cohort with the goals of developing future leadership in urban planning and providing avenues for youth to share their perspectives in this decision process.

Youth Cohort and Roundtable perspectives are summarized in sidebars throughout this document.

LAND READINESS, NOT JUST LAND SUPPLY

Our region has learned that growth management decisions need to focus on at least two major factors:

- Whether there is a long-term regional need for more land inside the UGB. State laws establish this expectation to which Metro's analyses respond.
- Whether there is a plan for making UGB expansions ready for development of housing and businesses. Metro, as a matter of adopted policy, orients its decision making around city readiness for UGB expansions.

Before the adoption of urban and rural reserves in 2010, growth management decisions focused solely on the first factor, establishing whether there was a regional need for land. While we continue to strive for objective analyses of land need, we also have learned that we must pay attention to the readiness of potential UGB expansion areas. This was based on multiple instances of expanding the UGB only to see the land sit for years or decades before developing as intended. Figure 1 illustrates this point, showing the slow production of housing in older UGB expansion areas that did not answer the question of readiness before UGB expansion.

UGR Roundtable perspectives: Development barriers

Development barriers and the feasibility of future development was another recurring topic in the group. The discussions included barrier to housing, commercial and industrial development. During an activity where participants identified development barriers, the list included:

- Price of property
- Zoning and market mismatch
- Market conditions outweigh subsidies
- Property owner motivations
- Cost of infrastructure to serve site
- Parcel assembly
- Site constraints
- Environmental challenges – brownfields, floodplains
- Absentee landowner
- Land banking
- Political challenges
- Public ownership
- Easements
- Regulatory requirements – frontage, trees, stormwater, fees
- Transportation infrastructure not well maintained and difficult site access

Members seek creative solutions and collaboration between the development community, local jurisdictions, Metro, and the State of Oregon. Some roundtable members specifically called out the long timeline from the beginning of the concept planning process to the start of construction and suggested reducing the amount of detail and procedures required to complete these steps. Others mentioned that their biggest barriers are expensive infrastructure and cost prohibitive development code requirements, especially on infill sites.

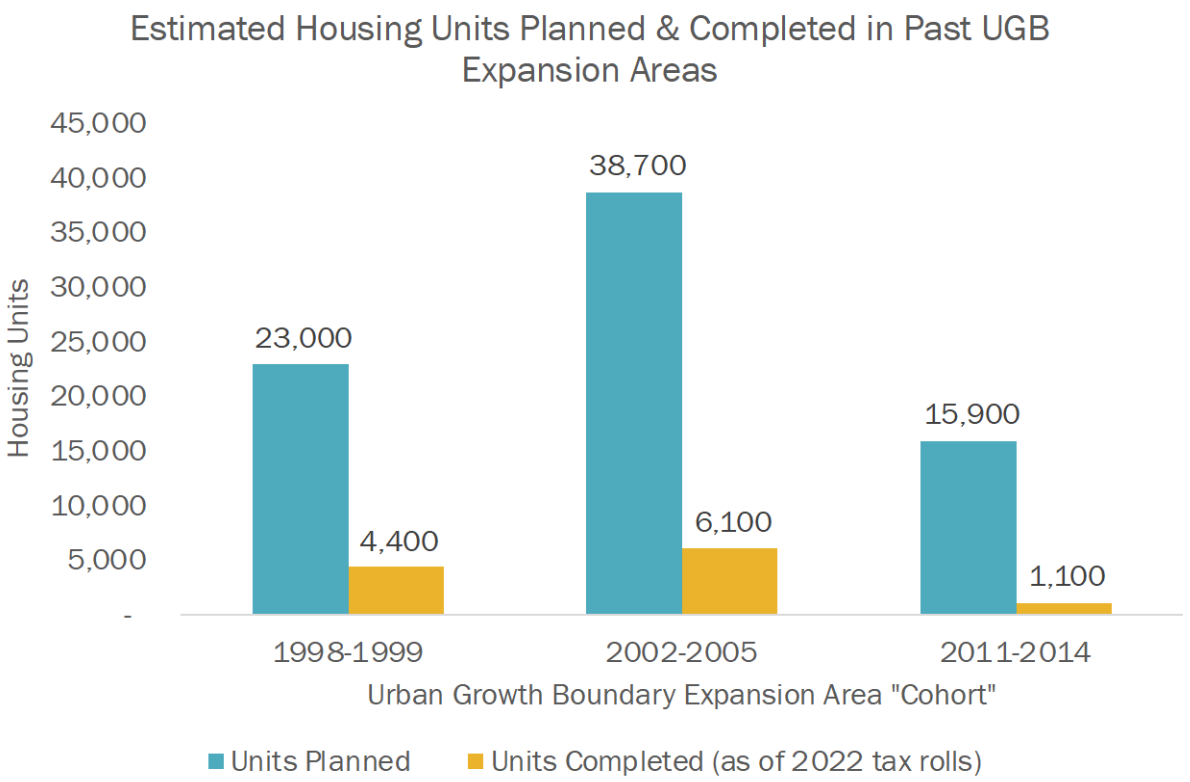


Figure 1: housing units planned and built to date in older UGB expansion areas

Since 2010, it is the Metro Council's policy to only expand the UGB into urban reserves that have been concept planned by a local jurisdiction. Metro provides grant funding for cities seeking to complete concept plans for urban reserves. Title 11 of Metro code lays out concept planning requirements.

In 2017, on advice from the City Readiness Advisory Group, the Metro Technical Advisory Committee (MTAC), and the Metro Policy Advisory Committee (MPAC), the Metro Council adopted additional policies that provide more clarity for cities regarding what needs to be addressed in their UGB expansion proposals. Title 14 of the Metro code describes those factors, including, for example, demonstrating that the city has worked to remove barriers to mixed-use development and has implemented best practices for preserving and increasing the supply and diversity of affordable housing in its existing urban areas.

The 2018 growth management decision was the first full implementation of this readiness-focused approach. In 2018, four cities proposed UGB expansions and the Metro Council approved all four. Today, these cities have completed or are working to complete comprehensive planning for these areas. However, even with a focus on city readiness, development can take time. To date, no housing development has occurred in these four expansion areas.

For the 2024 growth management decision, one city, Sherwood, has proposed a UGB expansion in the Sherwood West urban reserve. The City of Sherwood's concept plan includes a mix of housing and employment uses as well as protection of habitat and open space areas.

UNDERSTANDING THE IMPACT OF THE URBAN GROWTH DECISION

Who benefits and who is burdened?

The UGB helps us make the most of public resources by focusing on development that supports building and maintaining streets, pipes, schools and parks that every community needs. However, not everyone benefits equally from these investments.

The greater Portland area has a history of inequitable and racist land use and development such as redlining, destruction of neighborhoods through the misuse of urban renewal, exclusionary covenants, and zoning codes that only allowed single-unit detached housing on larger lots, which has led to gentrification and displacement.

Displacement has disproportionately affected communities of color, leading to a shift in the racial geography of the region over the last decade. Displacement is a geographic consequence of a series of systemic inequities and racist policies and can have wide-ranging impacts on health and well-being – impacts that can span generations.

Youth Cohort perspectives: Equity and engagement

As the youth cohort learned about the urban growth management decision, a primary focus of their feedback was ensuring that the process centered on **equity and meaningful community engagement.** Many participants wanted the Metro Council to make sure that they were hearing a broad variety of perspectives, especially those that are not always heard in this process. When learning about the Sherwood West proposal, the group wanted to consider how people living in surrounding areas may be affected and wanted the plan to reflect racial equity considerations when discussing access to future homes and job opportunities. The group emphasized the importance of local participation and education, and underlined the role of young people in this process as the primary source for understanding the priorities and challenges that the next generation will face as they will grow up to inherit the outcomes of the plans that are made today.

Understanding the impacts of planning decisions is critical in building a more equitable region where all people have access to the places and resources they need to flourish. Continued work at all levels of government is needed to affirmatively further fair housing and to ensure that affordable housing is available in all communities.

To better understand the wide-ranging impacts of urban growth management decisions, Metro examined previous expansion areas ahead of the 2024 growth decision to determine who has benefited and who has been harmed in expansions of the boundary.

These case studies focus specifically on population demographics, housing type, and home values to measure how the urban growth boundary might impact affordability, housing type, and displacement in greater Portland, and how we can build thriving communities for all in UGB expansion areas and beyond.

A Snapshot of Bethany and Happy Valley

Metro gathered housing and census and housing data for two past expansion areas: Bethany in 2002 and Happy Valley in 1998.

Metro examined this data to understand who has moved to expansion areas as well as how many houses have been built, the types of housing available (townhome, single-unit detached home, etc.), as well as median home value.

These case studies provide a snapshot of two communities that have developed the land within the expanded UGB. Metro focused on assessing these two areas because many other past expansion areas have not yet developed or have been slow to develop.

UGR Roundtable perspectives: Diversity, equity and justice

Diversity, equity, inclusion, and justice topics were woven throughout the UGR roundtable discussions. Staff heard from some members that it is important to center community in our conversation and remember the people that are represented in the technical analysis, elevating qualitative data to the same importance and value as quantitative data. Participants suggested connecting the data related to race, ethnicity with personal stories of lived experiences. This is a way to understand how different demographic groups have different needs and unique positions in the community.

Happy Valley

In 1998, Metro expanded the UGB near Happy Valley to include an additional 660 acres of land. The city has further expanded their city limits into a portion of the 13,000-acre expansion of the Damascus area approved in 2002. Since this time, more than 6,200 housing units (source: RLIS Housing Inventory) have been built or permitted in the expansion areas, and the expanded UGB is now home to more than 20,000 people.

Table 1: Race and ethnicity of people living in Happy Valley (2020 Census)

Race/Ethnicity Census Categories	Happy Valley expansion only	Happy Valley total
White	62%	64%
Black	2%	2%
AIAN (Amer. Indian/Alaskan Native)	0%	0%
Asian	21%	20%
NHPI (Native Hawaiian/Pacific Islander)	0%	0%
Other	0%	0%
Multiple	6%	6%
Hispanic	8%	7%
BIPOC (total non-white)	38%	36%

Analysis: There is no significant difference in the demographics of residents within the expanded UGB area and the total Happy Valley population.

Table 2: Housing types in Happy Valley (Source: RLIS Housing Inventory)

% of homes built that are middle housing	Happy Valley expansion only	Happy Valley total
Middle housing		7%
Multifamily	31%	20%
Other	6%	5%
Single-unit detached housing	58%	68%

Analysis: A higher percentage of middle family and multifamily housing was developed in Happy Valley's UGB expansion areas than in Happy Valley overall.

Implication for affordability: Middle family and multifamily housing types support denser communities where you live closer to places you work, live, play, etc.

Table 3: Affordability & assessed home values in Happy Valley (Source: County Tax Assessor data)

Median home assessed value by home type	Happy Valley expansion only	Happy Valley total
Single-unit detached housing	$695,786	$733,856
Townhouse	$438,329	$431,854

Analysis: Townhouses in the UGB are slightly more affordable than those in the other areas of Happy Valley, in which single-unit detached homes are slightly less expensive. All housing types in Happy Valley are, on average, above the regional average home value. High housing production costs contribute to the overall regional supply shortage and can have a long-term impact on housing costs.

Bethany

In 2002, the Metro Council brought 960 acres into the UGB in Washington County's North Bethany area. More than 5,000 homes are planned for the area.

Since then, approximately 3,525 homes have been built or approved for construction in the area.[4] As of mid-February, the least expensive home in the area was for sale for $405,995.

Table 4: Race and ethnicity of people living in Bathany (2020 Census)

Race/Ethnicity Census Categories	Bethany expansion	Bethany total
White	27%	40%
Black	3%	2%
AIAN (Amer. Indian/Alaskan Native)	0%	0%
Asian	58%	44%
NHPI (Native Hawaiian/Pacific Islander)	0%	0%
Other	1%	1%
Multiple	4%	5%
Hispanic	6%	7%
BIPOC (total non-white)	73%	60%

Analysis: The Bethany expansion area is home to significantly more residents who identify as Asian than the Bethany population overall.

Table 5: Housing types in Bethany (source: Metro Land Development Monitoring System)

% of homes built that are middle housing	Bethany expansion	Bethany total
Middle housing	11%	8%
Multifamily	20%	20%
Other	0%	2%
Single-unit detached housing	69%	70%

Analysis: A slightly higher percentage of middle family and multifamily housing was developed in the UGB expansion area than in Bethany overall.

Implication for affordability: These housing types are supportive of denser communities where you live closer to places you work, live, play, etc.

Table 6: Affordability & assessed home values in Bethany (source: Metro Land Development Monitoring System)

Median home assessed value by home type	Bethany expansion	Bethany total
Single-unit detached housing	$784,740	$761,170
Townhouse	$474,310	$481,895

[4] Note that this is a correction to an error in the draft UGR, which inadvertently understated the number of homes built to date.

Analysis: Townhouses in the UGB are slightly more affordable than those in Bethany overall which Single-unit detached homes were slightly less expensive. All housing in Bethany is above the regional average home value. High housing production costs contribute to the overall regional supply shortage and can have a long-term impact on housing costs.

Limitations of census data and data collection

While the data in this report is accurate and reliable, it relies heavily on census data. Different communities have different levels of comfort engaging with government censuses and surveys. Additionally, smaller demographic segments of the population are harder to count in the census.

These longstanding cultural and statistical issues can result in undercounts, especially for marginalized communities, such as immigrants and refugees, people of color, people who speak limited English, people who are unhoused and people with disabilities. Comparing and making sense of decennial censuses in the United States can be difficult for other reasons, as well.

Additionally, the size and shape of the UGB expansion areas limit the amount of reliable demographic data available. Expansion areas are often small portions of larger geographies used by the census. For example, there is census data about race and ethnicity available at a geographic scale that more closely aligns with expansion areas but the census does not provide data about income for the same geographic scale.

Lessons learned

Metro's analysis of these case studies did not provide conclusive results. This process highlights the need for more and different data to understand equity impacts.

This initial attempt at understanding the impact of UGB expansions paves the way to continue exploring affordability, equity areas, the social consequences, how people move and why, and what it means to benefit from and be impacted by expansion decisions.

Urban growth boundary expansion areas are sparsely populated when added to boundary. The number of people living and working in these areas who are directly affected by UGB expansions is relatively small, but they are important to consider. People with direct connections to expansion areas include property owners (who will likely profit from the sale and development of their land), renters (who are at risk of displacement), as well as farm and forest workers (whose jobs are at risk of displacement). It is worth noting that land that is considered most important for commercial agriculture and forestry use is in rural reserves and not eligible for urban expansion.

It is difficult to draw conclusions about the impact of urban growth decisions on the affordability or livability of existing urban areas because there are many economic and social factors at play. One way of examining the potential impact of the UGB on housing affordability is

to compare the greater Portland region to similar metro regions without urban growth boundaries. Austin, Denver and Atlanta have similar housing prices to greater Portland, which could indicate that the UGB does not have a significant impact on affordability in greater Portland.

Looking forward

While it is not possible to predict who will move into newly urbanized areas, there are many ways to help make newly developed areas welcoming to a diversity of community members. These strategies include, but are not limited to, local zoning policies that encourage a diversity of housing types and mixed-use developments, fostering strong communities that include access to nature and community spaces, as well as building affordable housing and transportation infrastructure. Strategies could also include a racial equity assessment and deep community engagement that inform expansion proposals.

Metro can evolve this process to better understand how the urban growth management decision impacts communities and reduces racial disparities in the greater Portland region. Future urban growth management decisions must prioritize community engagement with community members early and often and improve the agency's approach to involving community members in this technical and long-term process.

If community members are not working alongside Metro, there is a risk of perpetuating the inequities in this region. With a commitment to building a more equitable region, Metro will set the tables for continued conversations and collaboration to advance the region's understanding of how urban growth management impacts marginalized communities—particularly people of color.

HOW MUCH POPULATION GROWTH IS EXPECTED?

A core aspect of making growth management decisions is determining the rate of population, household, and job growth in the Metro UGB over the next 20 years. Metro accomplishes this by first conducting a forecast for the seven-county Metropolitan Statistical Area (MSA). As described in appendices 1 and 1A, this forecast is based on the best available data sources and uses accepted practices for forecasting. To ensure the quality of the forecast, external economists and demographers review it for its reasonableness.

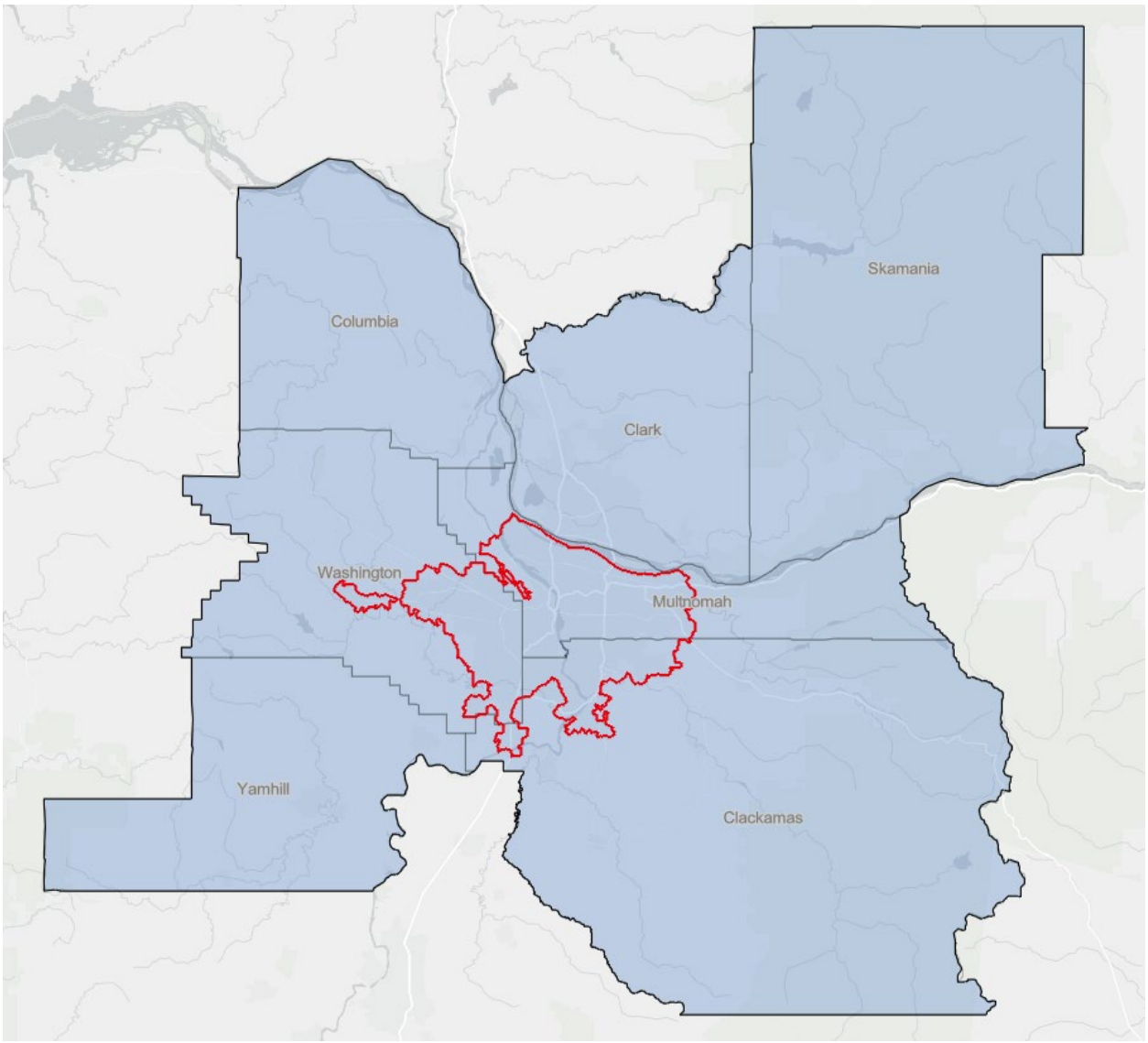


Figure 2: 7-county Metropolitan Statistical Area (MSA) and Metro UGB (shown in red)

People are choosing to have fewer children

In previous population forecasts, the long-term decline in birth rates in the U.S. and the Metro region was expected to plateau. However, birth rates have continued to decline and it is now a widely held view that the population in our nation, state, and region will decline without migration.

Our region is not alone. A recent study published in the British medical journal, The Lancet, estimates that by the year 2100, 97 percent of countries will see population declines without net positive migration.[i] Figure 3 depicts the greater Portland MSA's history and forecast for annual natural change (live births minus deaths). After a near-term increase, natural change is expected to be negative after the year 2033.

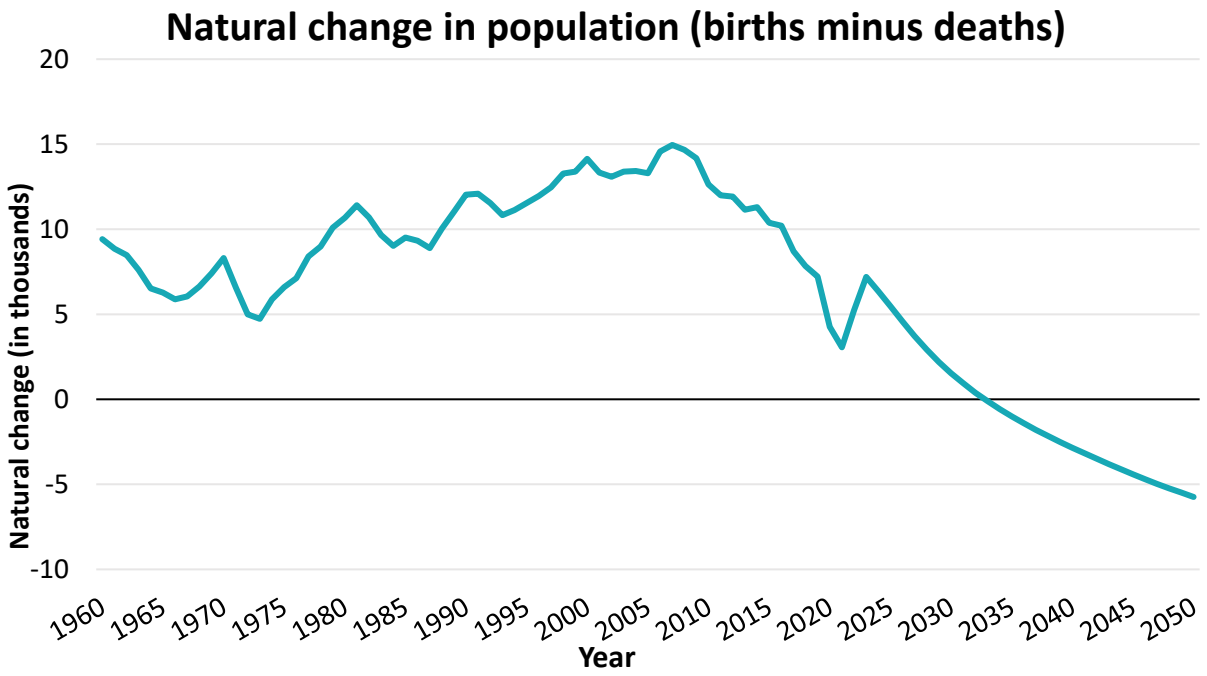


Figure 3: Natural change (live births minus deaths) for the Portland MSA

Future migration levels are a source of uncertainty

The baseline draft regional forecast assumes that net migration will be sustained at the historic average level, which would result in regional population growth, albeit at a slower rate because of negative natural change (deaths will outnumber births). Under the baseline forecast, net migration is expected to add 15,000 people per year to the MSA population.

Expert reviewers of the regional forecast emphasized that, while it is a reasonable assumption, there is uncertainty around maintaining this historic average net migration rate. Reviewers saw potential for lower net migration rates due to affordability issues on the West Coast, including greater Portland.

Reviewers also indicated that, though it makes intuitive sense that the Pacific Northwest will attract migrants from areas with higher climate risk, there is no data to support this assumption. The variation in historic net migration rates illustrates this lack of a trend (see Figure 4). Metropolitan areas that have higher climate risk in the desert, southwest, coastal areas, and the Sunbelt continue to see some of the highest rates of growth in the country. A 2016 symposium on the topic also emphasized these points (Binder, 2016).

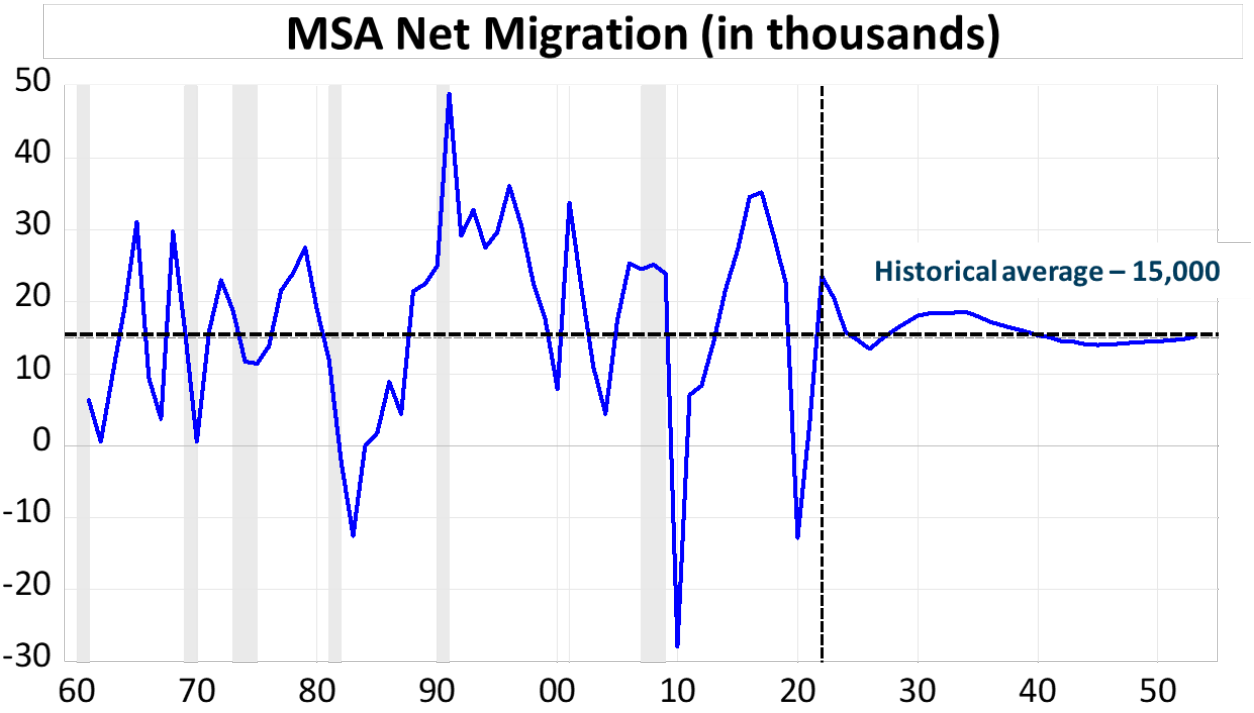


Figure 4: Net migration (in 1000s of people) for the Portland MSA: 1960-2050

Population forecast results

The baseline forecast estimates approximately 315,000 more people in the Portland region between 2024 and 2044 for a total population of 2,901,000 by 2044. The baseline forecast is the most likely forecast. However, as noted, there is uncertainty surrounding population growth, particularly for future migration trends. To recognize that uncertainty, Metro has also completed low and high growth forecasts. While these alternative forecasts are both possible, they are not as likely as they would require sustained and sizable decreases or increases in net migration.

Table 7: Population range forecast for the Portland MSA: 2024-2044

	Low	Baseline	High
2024	2,529,000	2,586,000	2,644,000
2044	2,521,000	2,901,000	3,281,000
Difference	-8,000	315,000	637,000

Note: 2024 population numbers are estimates and therefore vary between low and high forecasts

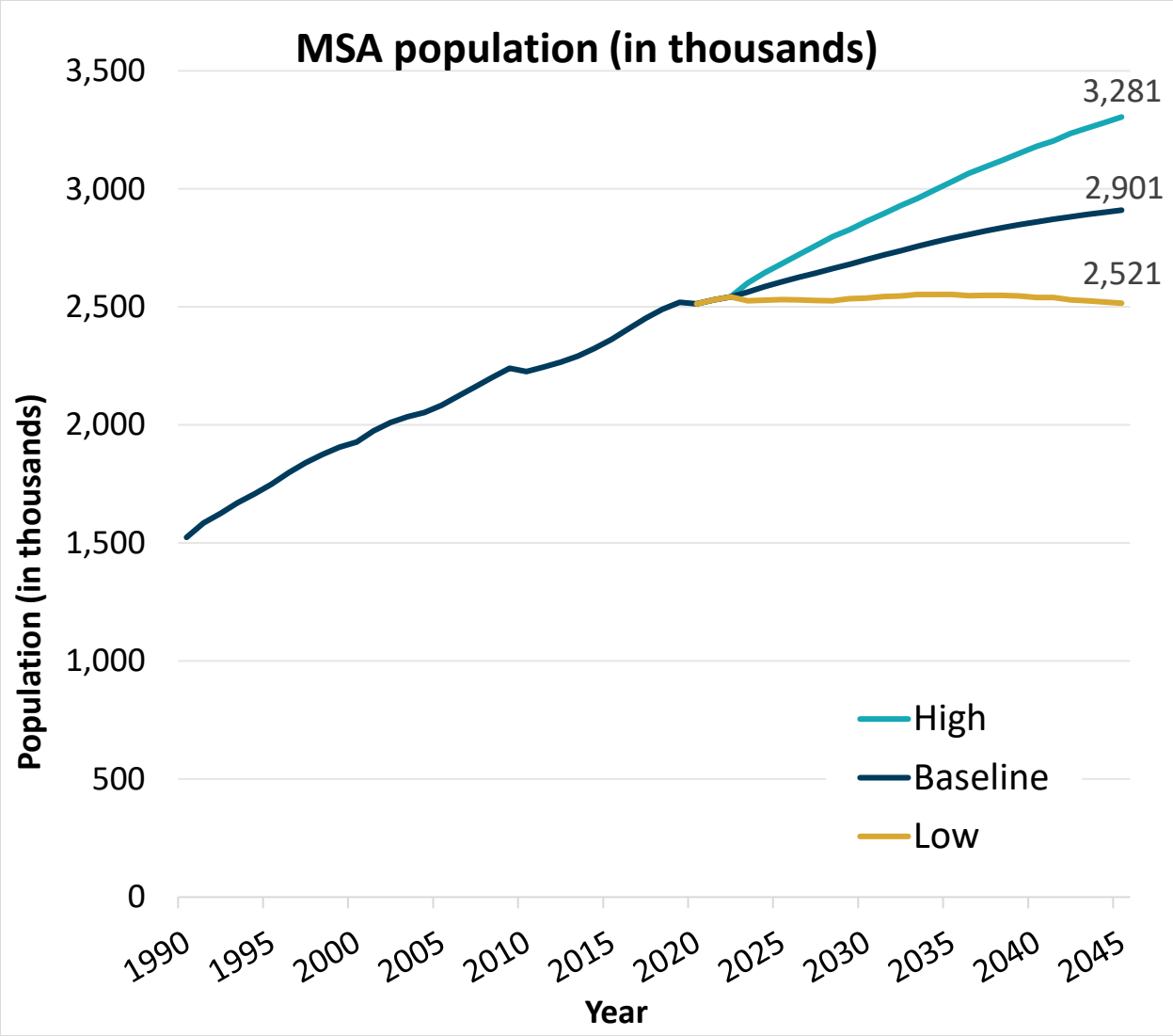


Figure 5: Portland MSA population history and forecast: 2024-2044

REGIONAL HOUSING NEEDS ANALYSIS

Even with a population growing at a slower rate, the region needs to remain focused on people's housing needs. Demographic shifts related to this slower growth rate provide insights into the region's future housing needs for the 2024-2044 period.

Demographic trends

People are choosing to have fewer children:

- In our region, the average household will have fewer people, dropping from 2.41 people today to 2.27 people in 2044.
- Today, approximately two-thirds of households have two or fewer people. That share is expected to increase.

- With fewer people choosing to have children, the median householder age will increase. Households headed by someone over 65 years will constitute the greatest share – almost two-thirds – of the change in households.

As the Millennial generation ages, Gen Z follows in its wake as a smaller generation:

- Compared to today, there will be a slight decrease in the number of families with children with a householder 25-44 years old (instead of Millennials, the smaller Gen Z will be in this age cohort in the year 2044).
- About a quarter of new households will be aged 45 to 64 with children (this will be the Millennial generation in the year 2044).

Smaller, older households mean, on average, fewer wage earners per household:

- With an older population, more people will be retired and on fixed incomes. 41 percent of new households will be seniors with lower (below $60,000) household incomes.
- Over 60 percent of new renter households will have household incomes less than $60,000, contributing to additional need for housing affordable to households earning 30 to 80 percent of area median income.
- 82 percent of new renter households will have incomes less than $100,000.

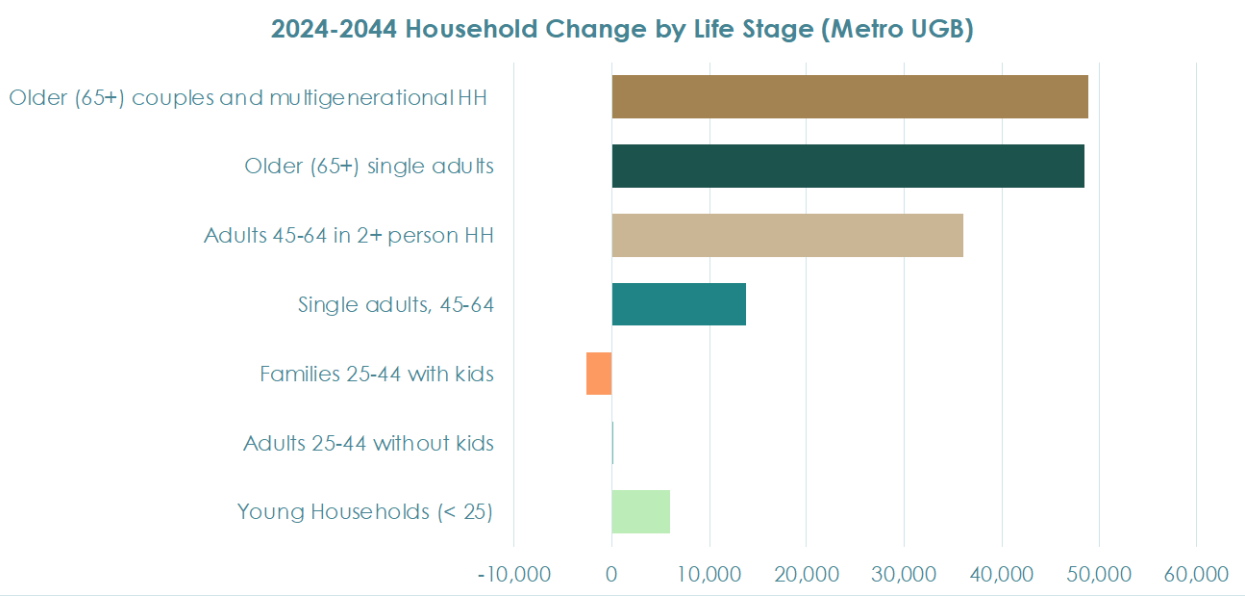


Figure 6: 2024-2044 household change (UGB) by life stage (source: ECONorthwest analysis of Metro baseline regional forecast)

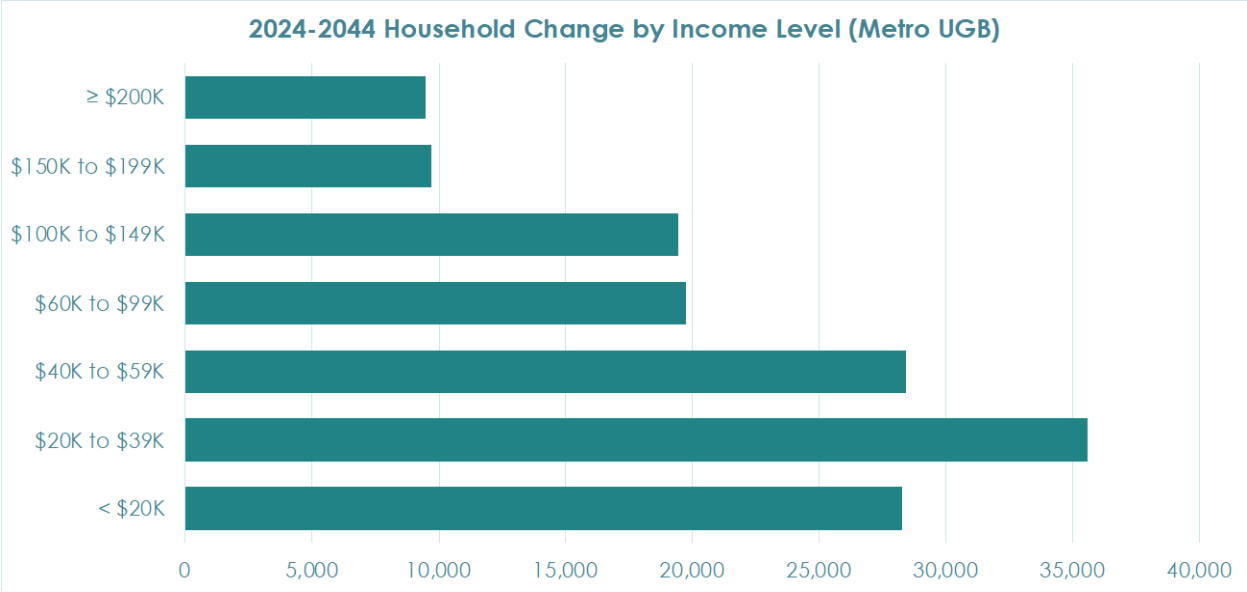


Figure 7: 2024-2044 household change (UGB) by income level (source: ECONorthwest analysis of Metro baseline forecast)

Residential trends

Underproduction of housing

Our nation's housing markets continue to struggle to produce enough housing to match household growth, particularly for people earning lower incomes. This backlog of housing production became clear in the aftermath of the 2008 housing bubble and is still with us today.

More recently, higher interest rates have caused many homeowners who might otherwise move to stay put since they cannot afford to take on a new mortgage at higher rates. This contributes to low inventory of houses for sale. In the end, those that feel the housing shortage most acutely are people with the fewest resources.

For developers and builders, the costs of labor, materials and lending remain a drag on housing production. Nationwide, access to buildable lots is a challenge in part because of lower numbers of land development companies and the costs of serving raw lands with needed infrastructure.

Regional housing production, gentrification, and displacement

The interaction between housing supply and demand influences affordability. While new market rate housing is rarely "affordable," housing production contributes to the overall regional supply and can have a long-term impact on housing costs. Metro, seeking to better understand the role of regional housing supply in affordability, contracted with ECONorthwest to provide an overview of these regional housing market dynamics.

UGR Roundtable perspectives: Housing production and affordability

Housing production and affordability was an important topic to UGR roundtable members. Participants expressed the need for renewing funding sources and establishing clear goals for affordable housing development to meet regional needs at various income levels. This affordable housing production should include units for both rent and ownership. Members mentioned that housing and land are resources for generational wealth building. Other roundtable members working in housing development cited the high infrastructure costs as a substantial barrier to housing affordability and production. This led to conversation about the need for policies to address historic underproduction and advocate for infrastructure funding. Some roundtable members advocated for workforce housing to support job growth in the region. By proactively planning for workforce housing at different income levels, including addressing the specific needs for farmworker housing, cost of living may become less of a barrier for workers here today and those considering moving in the future.

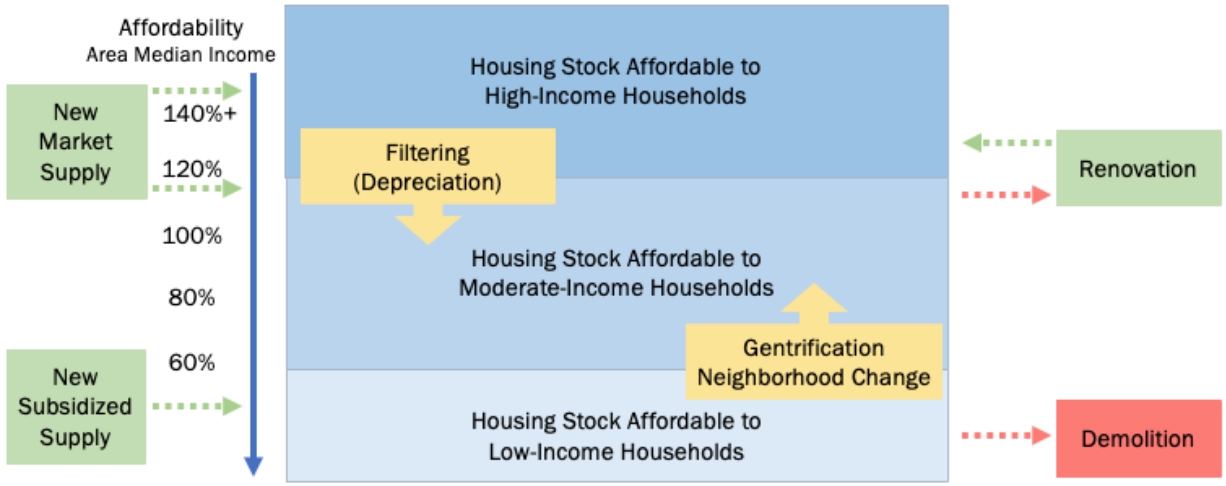


Figure 8: illustration of how new housing supply affects housing markets (source: ECONorthwest)

ECONorthwest's work on this topic can be found in Appendix 10. Takeaways include:

- The supply of new market-rate housing is crucial for moderating price increases.
    - However, depreciation of housing (filtering) alone won't meet the needs of lower-income households.
- Housing displacement risk should inform public policies and investments, but not necessarily inhibit them.
    - Creating affordability in high-opportunity areas with access to services and amenities is as important as maintaining affordability in areas at risk of displacement.
    - Investments in existing communities may increase property values and may need to be paired with investments in stability.
    - Households experiencing economic precarity face displacement risks wherever they live without appropriate support.
- Preventing and mitigating displacement is hard, but not impossible.
    - The UGB is just one policy tool. Many more interventions and partnerships are required to succeed.
- Data alone is not enough to understand gentrification and displacement.
    - Lived experiences and awareness of history can supplement data.

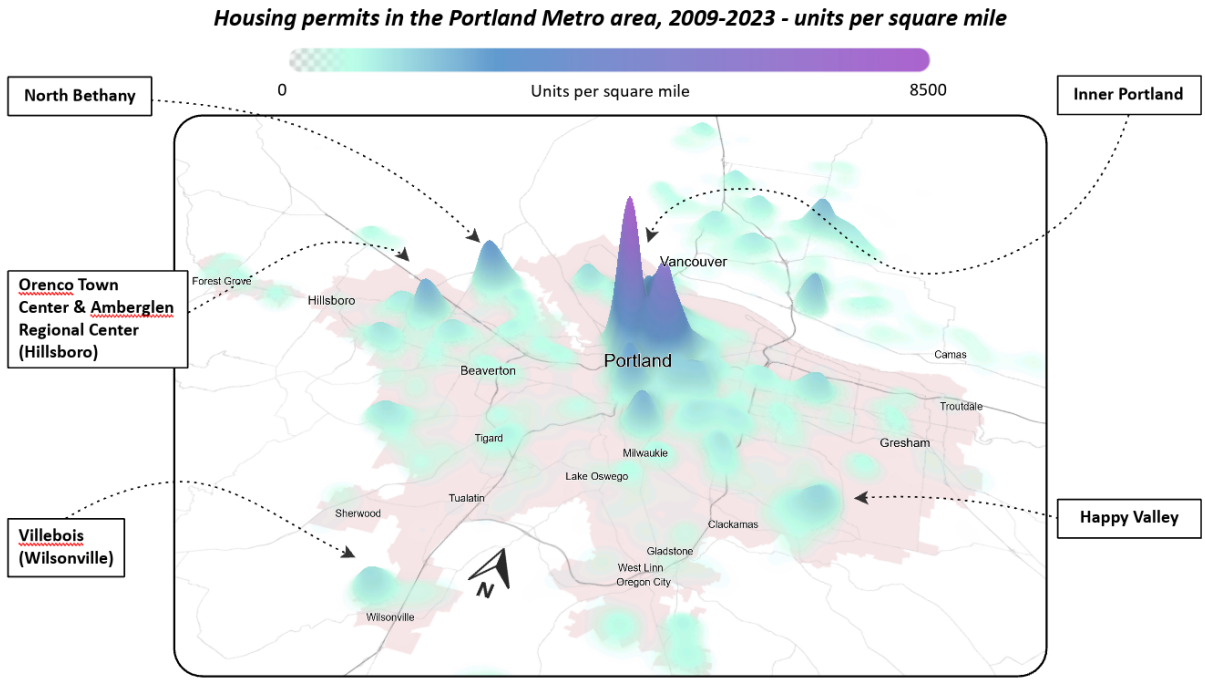
Housing production by location

The 2040 Growth Concept, Greater Portland's long-standing plan for growth, seeks to focus housing development in urban centers, corridors and main streets. This is typically achieved through redevelopment or infill. Approximately 93,000 homes were built inside the UGB from 2013 to 2022. A little more than half of that housing was built through redevelopment rather than vacant land development. Figure 9 depicts the intensity of residential development around the region for the 2009-2023 period. Many 2040 centers and corridors have contributed to this housing production.

Focusing growth in urban areas helps our region to minimize impacts on rural areas outside the UGB. Ongoing efforts are needed to ensure equitable access to nature in urban areas. Climate change brings with it additional urgency to enhance our urban tree canopy to protect people from extreme heat events.

Youth Cohort perspectives: Building communities with access

A recurring theme throughout the youth cohort meetings was the importance of **building communities with access** to opportunities and a variety of community spaces, especially for access that was not car-dependent. This theme included the cohort priority that new neighborhoods should include spaces for everyone and that people should be able to meet their needs without having to rely on a car. Cohort participants emphasized priorities of walkability, public transit access, and accessibility in connections through new neighborhoods. The theme of access also included access to opportunity – jobs with livable wages, and opportunity to meet needs like buying nutritious foods and gathering with other community members.



Source: Construction Monitor data report Q1 2009 - Q2 2023. Created September 2023

Figure 9: housing units permitted per square mile 2009-2023

Housing type trends

Today's housing mix is the result of decades of change. Though single-unit detached homes are the predominant housing type today (52 percent of housing inside the Metro UGB), as shown in Figure 10 they have represented a smaller share (30 percent) of new housing over the last decade.

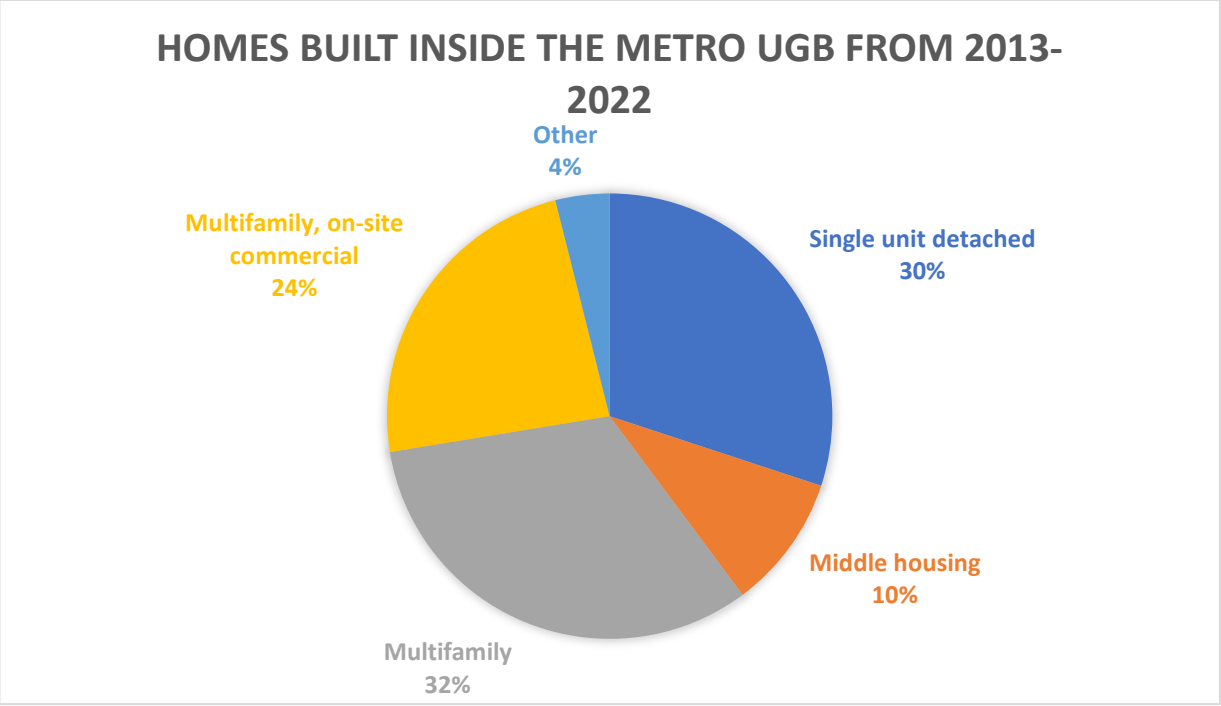


Figure 10: new housing built by type inside the Metro UGB from 2013-2022

Middle housing options such as townhouses, duplexes, triplexes, quadplexes, cottage clusters and accessory dwelling units are now allowed in zones that allow single-unit detached homes. This legalization of middle housing is recent for several of these housing types. Others, such as townhouses, duplexes and accessory dwelling units have a longer history. Over 9,000 middle housing units were built inside the UGB from 2013 through 2022 with townhouses and accessory dwelling units making up the majority. See Figure 11.

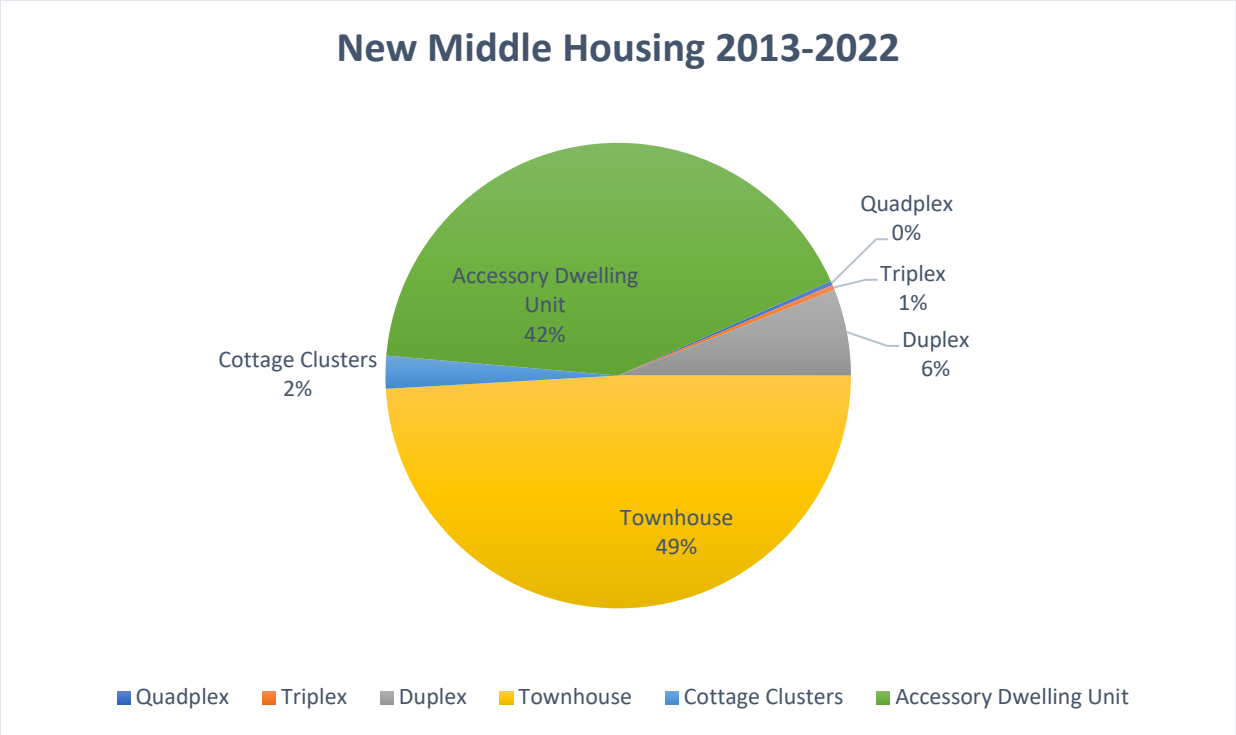


Figure 11: Middle housing developed in the Metro UGB from 2013-2022

Housing density trends

The region has adopted policies to encourage efficient use of land inside the UGB. On average, higher density has been achieved through redevelopment rather than vacant land consumption. However, there are exceptions such as single-unit detached and middle housing, which have achieved higher densities on vacant land.

Table 8: housing density for new housing (units per acre) by housing type and land source (Metro UGB, 2013-2022)

Housing type	Infill/ Redevelopment	Vacant land consumption	Total
Single-unit detached	5.4	7.5	**6.6**
Middle housing	17.1	21.3	**19.8**
Multifamily	71.9	35.1	**49.7**
Multifamily, on-site commercial	148.0	67.4	**101.2**
Other	28.9	26.9	**27.7**
Total	**18.8**	**14.4**	**16.3**

Note: "other" housing includes, for instance, dormitories, retirement facilities, and floating homes

The 2040 Growth Concept seeks to focus housing growth in urban centers and corridors. Figure 12 summarizes where housing has been built in relation to the 2040 Growth Concept over the last decade. The largest shares of housing have been built in non-center areas (neighborhoods) in Multnomah and Washington counties, followed by Multnomah County corridors.

UGR Roundtable perspectives: Regional vision for the future

Many of the topics brought to the roundtable inspired broader conversations about the **regional vision for the future**. As challenges and solutions grew beyond land use interventions, members felt that it was important to be proactive about change rather than reacting. Some participants felt that the reputation of our region is at risk, and that bold, optimistic visions are needed to create a different future for the region. This will might involve a messy process to bring many different voices, perspectives, and priorities to the table. Many of the challenges and concerns mentioned throughout this process go beyond the urban growth management decision itself and require continued leadership and collaboration to find new solutions and commitment to see them through.

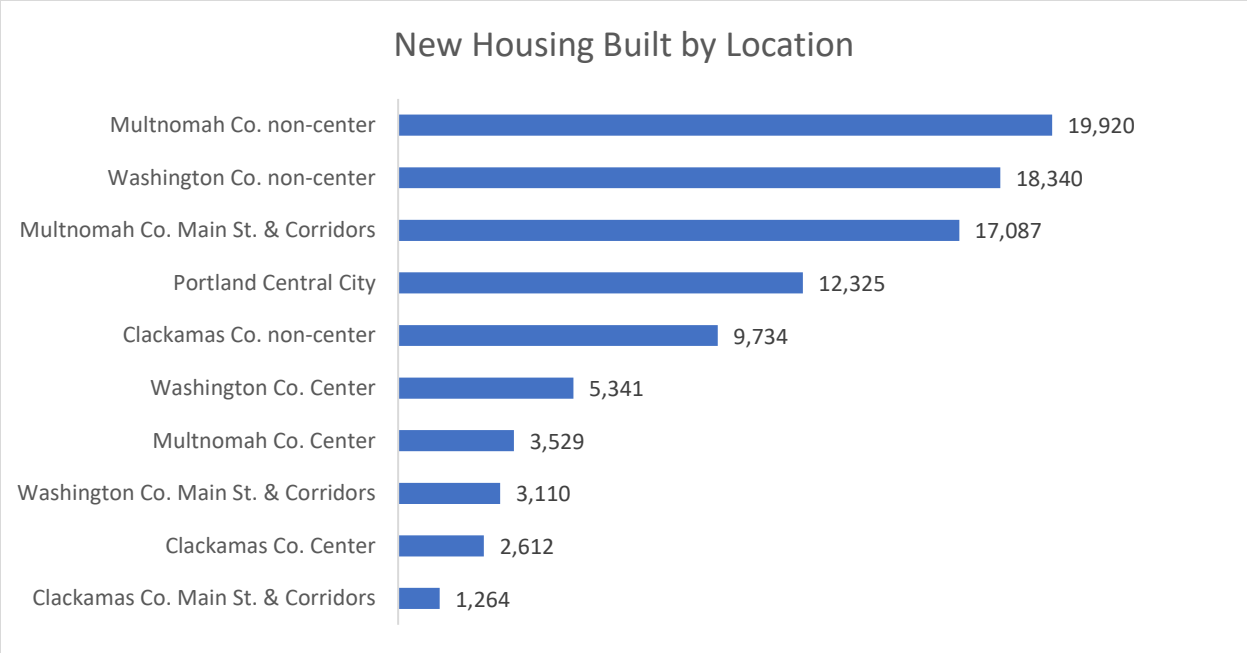


Figure 12: housing units built inside the Metro UGB by location 2013-2022

The highest densities of new housing have been built in the Portland Central City (average 235 units per acre) and Multnomah County corridors and main streets (56 units per acre). The lowest densities of new housing have been built in Clackamas County non-centers (6 units per acre) and Washington County non-centers (10 units per acre).

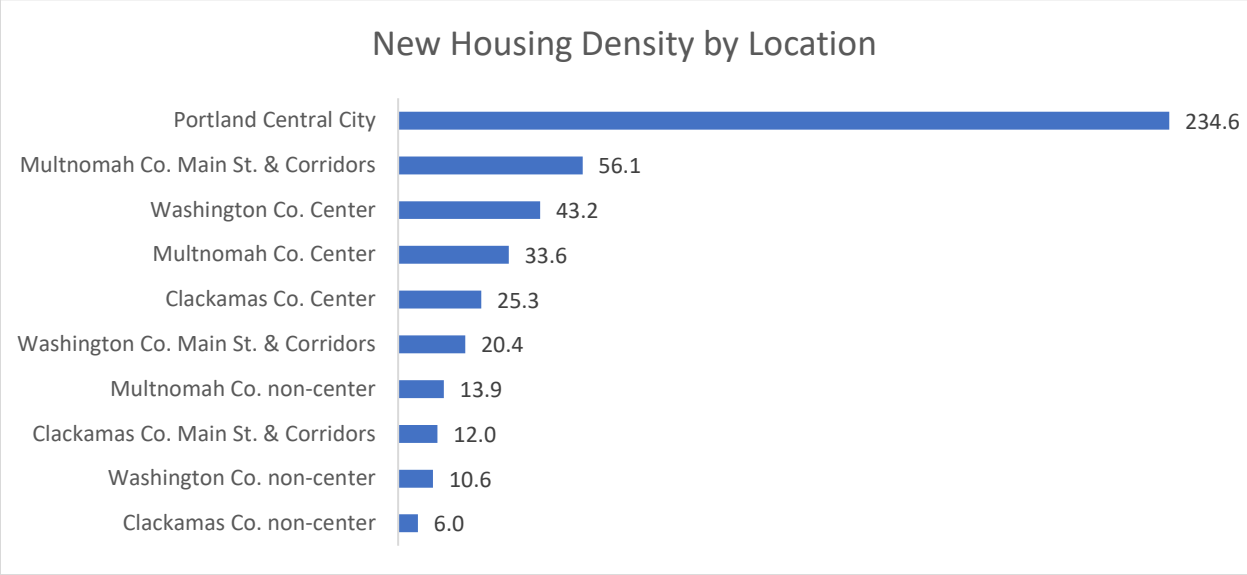


Figure 13: housing densities (units per acre) by location for new housing built from 2013-2022 inside the Metro UGB

Housing growth capacity

In addition to forecasting household growth and reviewing housing development trends, a core aspect of the UGR is determining how much capacity there is inside the current UGB for additional housing growth. Using methods discussed by the Land Use Technical Advisory Group (LUTAG)[5], Metro identifies three main categories of capacity that are described in more detail in Appendix 2:

- Vacant and partially vacant land
- Land that may be usable for redevelopment over the next 20 years
- New urban areas, which are areas that have been added to the UGB in recent years that do not yet have urban level zoning.

Because of long-standing challenges with city governance, planning or infrastructure costs, Metro does not count growth capacity on approximately 3,000 acres in the eastern portion of the former City of Damascus, where Happy Valley has not indicated an intention to annex.

All cities and counties in the region were provided opportunities to review and suggest edits to the buildable land inventory and capacity estimates for those lands.

New methods for estimating potential housing production on existing lands

Because most of the region's housing growth occurs through redevelopment of already-developed lands, Metro has sought to improve how it estimates growth capacity from redevelopment in each UGR. Additionally, recent allowances for middle housing necessitate new methods of estimating potential market responses. While we seek to improve the accuracy of our capacity estimates, we also need to be clear about uncertainty

UGR Roundtable perspectives: Access to nature and climate

Access to nature and climate adaptation was a high priority for some of the roundtable members. More broadly, some participants voiced the need to prioritize environmental conservation during land use decisions and that these decisions should reflect adaptation for climate change. The conversations about infill and redevelopment sparked comments about the need to support a healthy urban tree canopy and to ensure equitable access to parks and publicly accessible green spaces.

As the climate continues to change and result in warmer summers and increased fire seasons, some members urged the group to consider tradeoffs between density, livability, and climate resilience. There was interest in how housing built in different parts of the region will result in different climate impacts based on access to transit, density levels, and reliance on cars.

[5] LUTAG is a special purpose group that is periodically convened by Metro to provide advice on how we estimate growth capacity. The group met six times for the draft 2024 UGR.

when forecasting future market feasibility. This is why Metro expresses capacity estimates as a range.

For the 2024 UGR, Metro worked with Johnson Economics to develop a pro forma model that estimates future development for individual properties, creating a regional estimate of growth capacity. The underlying assumption is that if the value of a property with new development is high relative to the current value of the property, it will be more likely to see development or redevelopment. Essentially, development or redevelopment is more likely if it is profitable. Documentation of the model can be found in Appendix 2.

The model identifies one of 43 possible building prototypes that represents the most profitable use. Even when the model indicates that properties are financially feasible for redevelopment, not all properties are counted as redevelopment capacity. Instead, the model uses backcasting to estimate the smaller share of properties that may actually redevelop. This is intended to make sure that housing production estimates are reliable. Likewise, it addresses the legal requirement that capacity estimates are based on what has historically been built and market factors that may influence future development.

Youth Cohort perspectives: Housing crisis and affordability

The youth cohort learned about the statewide housing crisis and the role of local and regional government in helping to address the needs of today's population and future incoming residents and felt strongly that **housing affordability** was a strong value that should guide the UGB process. Cohort members wanted to see plans that included housing options that would work for many different people – including options for different housing types and price points. They group wanted to see that an expansion would help with the housing crisis and also that any expansion would be using the land available wisely to provide the most options to the most amount of people.

Of note, modeling indicates that middle housing – which has only recently been extensively allowed under zoning codes– will often be more profitable to develop than single-unit detached housing. This housing type presents opportunities to better match the changing needs of smaller households.

The pro forma model and other methods provide the means of estimating a range of potential growth capacity inside the UGB. Capacity is summarized in three categories:

- Single-unit detached housing
- Middle housing
- Multifamily housing

The methods used to establish a range of capacity for these three housing categories include:

- Pro forma scenarios that assume baseline market conditions as well as market erosion and market recovery
- An "expected density" approach that is based on observed development of vacant land
- A range for future accessory dwelling unit production and middle housing conversion/infill. This includes internal conversions of existing homes into multiple units as well as infill development where the original structure is retained and additional housing units are added to the lot.
- A range for possible office-to-residential conversion. See Appendix 2 for more details about how conversion potential was estimated.
- Capacity scenarios that include residential zones skewing more towards single-unit detached housing or middle housing.[6]

[6] In their review of capacity estimates, some jurisdictions noted that preliminary estimates skewed more towards middle housing than they would expect. Since middle housing is allowed in zones that allow single-unit detached homes, there is a tradeoff that occurs. Assuming more single-unit detached housing capacity results in lower middle housing capacity. Conversely, assuming more middle housing capacity results in lower single-unit detached housing capacity. Because middle housing develops at higher densities, this is not a one-for-one tradeoff.

Table 9 summarizes the residential capacity assumptions that are assumed as the basis for the 2024 growth management decision. As noted, Appendix 2 describes a range of capacity which depends on market responses. The final assumptions described below lie within that range.

Table 9: Summary of residential growth capacity inside the UGB by housing type

	UGB Capacity Assumptions (number of homes)			
	single-detached	middle housing	multifamily	Total
Vacant land (mix leans toward single-unit detached)[6]	34,944	13,228	42,970	91,142
Redevelopment (Baseline)	12,292	11,727	24,382	48,400
Concept plan areas and planned development on vacant land	9,096	6,662	4,138	19,896
Other planned redevelopment (e.g., OMSI District)	135	172	9,830	10,137
Office-to-residential conversion (baseline)	-	-	1,000	1,000
ADUs and middle housing conversion/infill (low)	-	4,955	-	4,955
Total UGB capacity (rounded)	**56,500**	**36,700**	**82,300**	**175,500**
Capacity housing mix	32%	21%	47%	100%

Housing needs

State law instructs Metro to estimate current and future housing needs. Methods for estimating current housing needs are described in more detail in Appendix 8A. Methods for estimating future housing needs are described in more detail in Appendix 8.

Current housing needs

As described in state law, current housing needs include:

- Historic underproduction of housing, essentially the backlog of homes that ideally would have been built to keep up with household growth. Underproduction of housing has been a nationwide phenomenon since the 2007/2008 Housing Bubble.
- Housing for people experiencing houselessness. Houselessness is caused by underproduction of housing, particularly affordable housing.
- Homes lost to second homes and vacation rentals.

People experiencing houselessness are not counted by the Census, so additional data sources are necessary. Methods for estimating current housing needs are described in more detail in Appendix 8A. To estimate the number of homes needed to house people experiencing houselessness, this analysis relies on an April 2024 Portland State University (PSU) report on findings on the 2023 Point in Time Count for the three-county area (Zapata, 2024). As noted in the report, point in time counts have limitations and are an undercount for several reasons:

1. It is impossible to find and count everyone sleeping outside.
2. The count is conducted on a single night so does not capture every experience or episode of houselessness.
3. The U.S. Department of Housing and Urban Development definition of houselessness does not include people who are "doubled up" with other households.

The PSU report attempts to address the second issue by including administrative data about people in need of homeless services, which has been deduplicated with the point in time count. However, the administrative data are uneven across the three counties.

The report attempts to adjust for the third issue by using McKinney-Vinto data on students experiencing houselessness.

Table 10: Current housing needs by income group (Metro UGB)

Percent area median income	Historic underproduction	For people experiencing homelessness
0-30%	4,200	7,750
30-60%	5,300	700
60-80%	2,700	250
80-120%	2,200	-
120%+	700	-
Total	**15,000**	**8,700**

Note: housing for households earning less than 80 percent area median income is generally understood to require government assistance. Numbers are rounded and may not add exactly to the total shown. The third component of current housing needs (units lost to second and vacation homes) is not shown here because those homes do not address the needs (by income) of resident households. This third component is, however, included in subsequent estimates of housing needs that inform the analysis of how much housing capacity is needed.

Using methods like those under development for the Oregon Housing Needs Analysis (OHNA) program, ECONorthwest assigned these housing needs by income group to housing types as depicted in Table 11. Multifamily housing is the predominant housing type needed because of the affordability required to match household incomes described in Table 10. Table 11 also

summarizes housing "lost" to second and vacation homes. These homes are included because they are not available for housing the region's residents.

Table 11: current housing needs by housing type (Metro UGB)

	Historic underproduction	For people experiencing homelessness	Second and vacation homes
Single-Unit Detached	700	-	1,100
Middle Housing	2,100	50	1,800
Multifamily	12,200	8,650	400
Total	**15,000**	**8,700**	**3,300**

Note: numbers are rounded to avoid implying too much precision

Future housing needs

Estimating future housing needs entails several steps:

1. Forecast household growth for 7-county MSA for the 2024-2044 period.[7]
2. Apply an assumed UGB capture rate to determine housing need in the Metro UGB. Based on history and an opportunity to attract more growth with the proposed Sherwood West expansion, it is assumed that 70.7% of MSA household growth is captured in Metro UGB.
3. Apply a vacancy rate of 5 percent to allow household moves within the UGB and to convert households into housing units.
4. Express total housing unit needed in the UGB for 2024-2044.

Table 12 depicts these first four steps for the baseline forecast, which the basis for the 2024 growth management decision.

Table 12: Steps for translating 7-county MSA household growth into Metro UGB future housing units needed (2024-2044)

	Baseline, most likely
7-county total HH Growth 2024-2044	203,500
UGB capture rate	70.7%
UGB total household growth 2024-2044	143,900
Housing units needed per new household (5% vacancy rate)	1.05
UGB total housing units needed 2024-2044	151,100

[7] This final analysis relies on the baseline (most likely) forecast.

The next step is to assign housing types based on household life stage (age, income, size, presence of kids). This step is handled through several scenarios intended to model different possibilities. These scenarios paired housing choices with forecasts (low, baseline, high) that follow internal logic. For instance, high growth has historically manifested itself as heightened demand for urban development since growth tends to come from younger households migrating to the region. These scenarios are described in more detail in Appendix 8.

a. High growth, strong urban market: high growth forecast; housing trends like development over the last decade with high demand for housing in urban locations; market uptake of middle housing.
b. Baseline growth, new normal: baseline (most likely) growth forecast; as households age, their housing choices shift towards those of older households today, but not to same extent as past generations. More households choose middle housing than have historically.
c. Low growth, following in footsteps: housing choices at each life-stage remain constant – as current households age, their housing choices look the same as those of older households today. This is accompanied by slower household growth, an aging population, and weaker market conditions as these would likely be necessary conditions for households to continue making these housing choices.

Figure 14 depicts the mix of housing in these three scenarios. The share of single-unit detached housing is highest in the “following in footsteps” scenario, followed by “new normal,” and “strong urban market.” The shares of middle housing and multifamily housing are highest in the “strong urban market” scenario, followed by “new normal,” and “following in footsteps.”

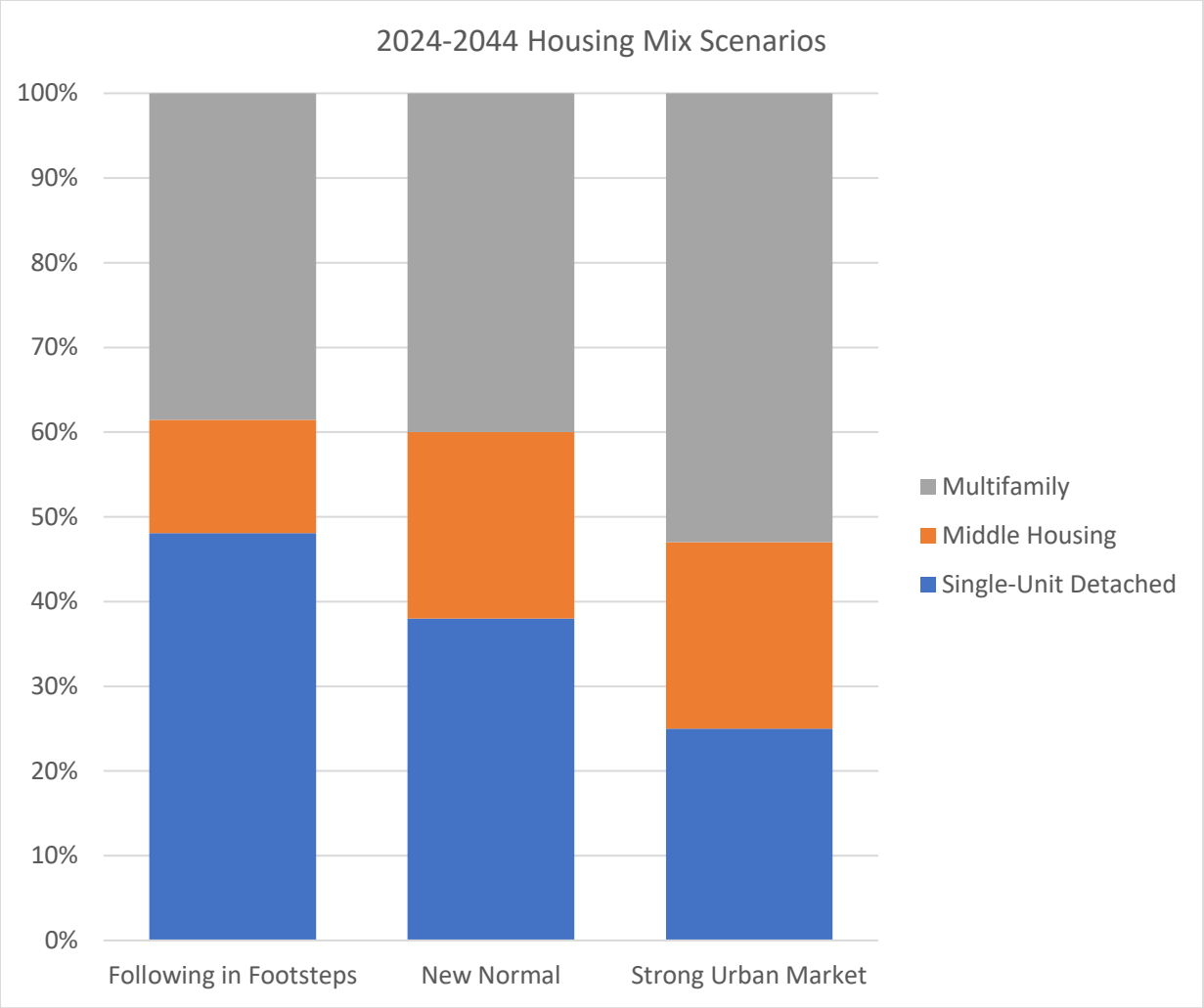


Figure 14: 2024-2044 housing mix scenarios (source: ECONorthwest)

Because the baseline forecast coupled with "new normal" housing mix assumptions is the basis for the 2024 growth management decision, only that scenario is summarized below. Details about other scenarios can be found in Appendix 8.

Table 13: Future housing need under the preferred scenario: baseline growth, "new normal" (Metro UGB, 2024-2044)

Housing type	Baseline growth, new normal
Single-Unit Detached	57,400
Middle Housing	33,250
Multifamily	60,450
Total	151,100

Total Metro UGB housing needs

Current and future housing needs by housing type are summarized in Table 14.

Table 14: current and future housing needs for the Metro UGB under the preferred scenario (2024-2044)

	UGB Housing under the Preferred Scenario (baseline forecast, "new normal")			
	single-detached	middle housing	multifamily	Total
Future need: baseline forecast (see Table 13)	57,400	33,250	60,450	151,100
Units lost to 2nd and vacation homes	1,072	1,769	443	3,285
Historic underproduction	726	2,089	12,160	14,975
Households experiencing houselessness	-	40	8,653	8,693
Total Housing Need (rounded)	**59,200**	**37,100**	**81,700**	**178,000**
Needed housing mix	33%	21%	46%	100%

Note: final totals are rounded to the nearest 100 to avoid implying too much precision

Housing capacity gap analysis

The draft 2024 UGR indicated that the Metro Council has latitude to determine whether additional housing capacity is needed to accommodate potential household growth. This latitude derives from several factors.

- Uncertainty regarding the amount of future household growth from future migration into and out of the Metro region.
    - Increased migration would likely come from younger households who typically seek multifamily housing.
    - Decreased migration would amplify the trend of an aging population, which will tend to age in place.
- Uncertainty regarding the potential redevelopment of lands inside the UGB, depending on market conditions.
    - Even for properties that are financially feasible for redevelopment, there is uncertainty regarding which ones of them may redevelop over the twenty-year time horizon.
    - Redevelopment capacity is not static. Additional population/household growth would likely increase redevelopment potential as more developers respond to demand. This would increase multi-family and middle housing production (capacity), which corresponds to the housing needs of the younger households that are more likely to migrate to our region.

- The extent to which future housing choices are influenced by smaller household sizes and affordability concerns vs. the persistence of past trends.
- Whether households perceive middle housing as a relatively lower cost ownership alternative to single-unit detached homes or condos.
- The degree to which builders shift from single-unit detached to middle housing to achieve higher profitability.[8]

Depending on the above factors, the UGB capacity gaps for accommodating existing and future housing needs vary. The draft UGR's ranges were developed using several illustrative demand and capacity scenarios that sought to apply consistent economic reasoning in any given scenario. The three demand scenarios are as previously described, now paired with four capacity scenarios. See Appendix 8 for more detail. These scenarios are not the only ones that could be considered plausible. Instead, these scenarios are intended to provide information to support decision making. Slight changes to assumptions about demand, capacity, or housing mix would produce different results.

Scenario 1: following in footsteps, low growth, lower redevelopment, and less middle housing
Housing choices at each life-stage remain constant – as current households age, their housing choices look the same as those of older households today. This is accompanied by slower household growth, an aging population, and weaker market conditions as these would likely be necessary conditions for households to continue making these housing choices. Redevelopment potential is lower and housing capacity on vacant land skews towards detached single-unit housing.

Scenario 2: new normal with baseline assumptions about growth and capacity
As households age, their housing choices shift towards those of older households today, but not to same extent as past generations. More households choose middle housing than in scenario 1. This is accompanied by baseline (most likely) household growth. Capacity assumptions tend towards baseline with middle housing slightly more likely on vacant lands than detached single-unit housing.

Scenario 3: new normal with baseline assumptions about growth and capacity, except vacant land capacity skews towards single-unit detached
As households age, their housing choices shift towards those of older households today, but not to same extent as past generations. More households choose middle housing than in scenario 1. This is accompanied by baseline (most likely) household growth. Capacity assumptions tend towards baseline with single-unit detached housing more likely on vacant lands than middle

[8] Pro forma modeling shows that middle housing is often more profitable than single-family housing. However, some suburban jurisdictions indicated in their review of capacity estimates that they would expect a bigger share of single-unit detached housing than middle housing. This feedback is reflected in scenario 3 with a heavier mix of single-unit detached housing expected on vacant lands.

housing.[9] This scenario also assumes less accessory dwelling unit production and middle housing conversion as sources of capacity. Scenario 3 is the basis for Metro's 2024 growth management decision.

Scenario 4: strong urban market with fast growth, higher redevelopment potential, and more middle housing

Consistent with historic migration dynamics, faster household growth comes from increased in-migration of younger households who are more apt to relocate than older households.[10] This influences the types of housing that are most in demand. Specifically, consistent with their life stage and incomes, these younger households typically will seek multifamily and middle housing. Redevelopment potential increases with stronger market demand for urban residential options. Consistent with development trends over the last decade, multifamily housing makes up a majority share.

[9] This increased mix of single-unit detached housing (as opposed to middle housing) reflects feedback received from some suburban jurisdictions in their review of capacity estimates.

[10] Per the U.S. Census, a majority of the people that moved to the Portland MSA from 2000-2010 are between the ages of 25 to 34. Using U.S. Census 2022 Current Population Survey data, we calculate that the odds of changing homes in 2022 were highest for the 20-25 age cohort (5.5% odds), followed by those aged 25-44 (3.75% odds), 45-64 (1.75% odds), and 65+ (1% odds).

Housing capacity gap results

Metro is relying on Scenario 3 as the basis for its growth management decision since it represents the most likely conditions for population growth, growth capacity, and housing mix. Table 15 summarizes this scenario and the resulting housing capacity deficits.

Table 15: Capacity deficits or surpluses for current and future housing needs under the assumed scenario (2024-2044)

	UGB Housing Need (Scenario 3)			
	single-detached	middle housing	multifamily	Total
Future need: baseline forecast (see Table 13)	57,400	33,250	60,450	151,100
Units lost to 2nd and vacation homes	1,072	1,769	443	3,285
Historic underproduction	726	2,089	12,160	14,975
Households experiencing houselessness	-	40	8,653	8,693
Total Housing Need (rounded)	**59,200**	**37,100**	**81,700**	**178,000**
Needed housing mix	33%	21%	46%	100%
Total UGB capacity (rounded; see Table 9)	56,500	36,700	82,300	175,500
Deficits (rounded)	**(2,700)**	**(400)**	**600**	

Note: numbers are rounded to avoid implying too much precision

As shown, under the assumed scenario there is a regional capacity deficit for single-unit detached and middle housing that totals 3,100 units.

Table 16 compares the current housing mix as well as the mix of new housing built from 2013 through 2022 with the scenario that is the basis for the 2024 growth management decision. Compared with housing production trends over the last decade, the assumed scenario indicates similar single-unit detached housing demand. The notable change is that newly allowed middle housing is expected to represent a larger share of future housing demand than it has over the last decade. Pro forma modeling conducted for the purpose of estimating growth capacity finds that middle housing is often financially feasible (see Appendix 2). Likewise, middle housing may offer more affordable ownership options for smaller households that make up a significant portion of expected household growth.

Table 16: current total, recent trend, and future mix of new housing (Metro UGB)

	Single-unit detached	Middle housing	Multifamily
Current total housing mix	52%	7%	35%
New housing built 2013-2022	30%	10%	57%
Assumed scenario	33%	21%	46%

Note: current and historic housing shares don't total 100% because Metro also tracks "other" housing types that are not listed here, for instance dormitories, floating homes, and retirement facilities. Those "other" housing types are not specifically forecasted for future housing demand.

Housing capacity options

When the Metro Council determines that there is a need for additional capacity to address housing needs, there are two approaches it may pursue. The Metro Council may take measures to increase the likelihood of housing development on land already inside the UGB and/or expand the UGB. The Council has indicated that it intends to do the latter and expand the UGB to include the Sherwood West urban reserve, which will provide 3,120 homes to meet the need identified above. Likewise, the Council intends to adopt conditions of approval to help achieve the housing mix and number of housing units that will best meet the region's housing needs. Regardless of the Council's growth management decision, there is a need for ongoing work to spur the production of housing, particularly for households with the fewest resources.

UGR Roundtable perspectives: Infrastructure funding

The need for **infrastructure funding** came up frequently in roundtable discussions. It was mentioned as a necessary solution in discussions of housing production and affordability, development barriers and the role of Metro and local governments. This is an area where many roundtable participants advocated for regional partnership in advocating for infrastructure funding at the State and with the Federal government.

REGIONAL EMPLOYMENT ANALYSIS

Employment trends

Much has changed in the economy in recent years and more change appears to be on the way. Drivers of change include:

- Persistence of working from home for many office workers
- High office vacancy rates
- Automation and artificial intelligence
- Slowing population growth
- An aging workforce
- Domestic manufacturing policies such as the CHIPS Act

Pandemic impacts on work

Though many aspects of life have returned to normal after the coronavirus pandemic, it has had lasting effects on what that "normal" looks like. After peaking in 2021, the share of workers working from home either full time or hybrid remained at 24 percent in 2022 for the greater Portland metropolitan area. This persistent trend has led to high office vacancy rates and has long-term implications for demand for office space.

Greater Portland is among the top 10 metro areas in the country for the highest shares of people working from home. As shown in Figure 15, rates increased drastically after 2019 and have persisted as of 2022. For office workers, hybrid and remote work is expected to endure. This has implications for future demand for office space.

In the last few years, there was early enthusiasm about the potential for converting vacant office buildings into housing. That enthusiasm has been tempered by recognition that many office buildings do not lend themselves to these conversions because of issues related to inadequate access to exterior windows and complications related to replumbing buildings for kitchens and bathrooms in individual apartments. Metro worked with ECONorthwest to develop estimates for conversion potential over the 20-year planning period. Those estimates, modest as they are, are included in the residential capacity estimates. ECONorthwest's analysis can be found in Attachment A to Appendix 2.

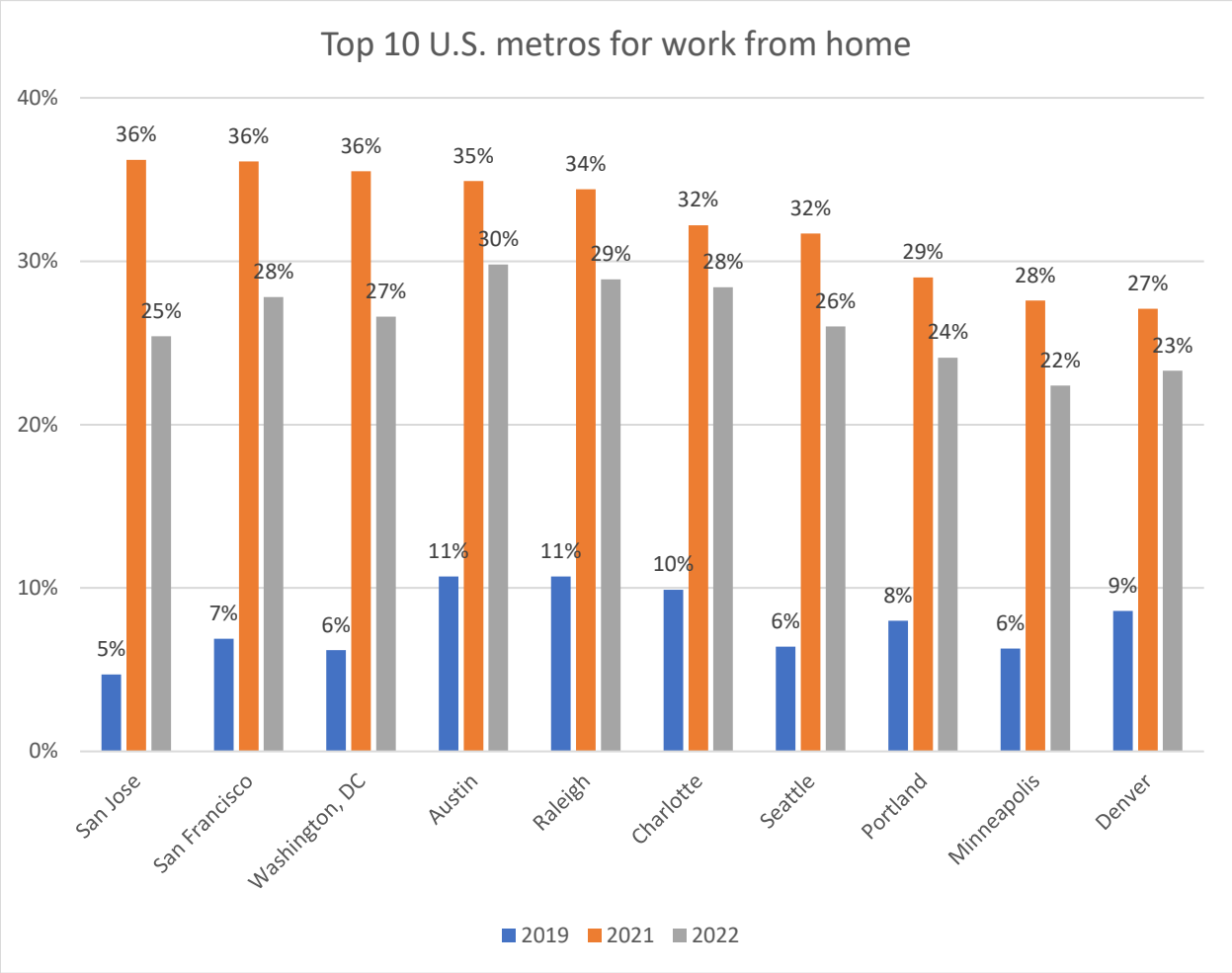


Figure 15: share of all workers that report working from home by MSA (ACS 1-year estimates)

Greater Portland's economy is regional. People's lives span city, county and state boundaries. As shown in Figure 16, many workers live in one county and work in another. This is a product of the complex decisions that people make about where to live and work, including consideration of community and housing preferences, quality of local schools, proximity to friends and family, budget, their career choices, and career choices of a partner or spouse.

This is one reason why Metro is tasked with having a regional perspective in its growth management decisions. Keeping the region compact is the best way to keep commutes as short as possible. The outward growth of metropolitan areas elsewhere in the U.S. has not resulted in their residents living and working in the same community. In fact, their average vehicle miles travelled per capita tend to be higher than those in greater Portland.

More recently, there is evidence that the increased prevalence of working from home has fundamentally shifted these commute patterns, sometimes reducing the share of commuters that live in one county and work in another by half. For instance, in 2021, the share of workers

that live in Clark County, but work in Multnomah County and vice versa had been cut roughly in half compared to 2019.

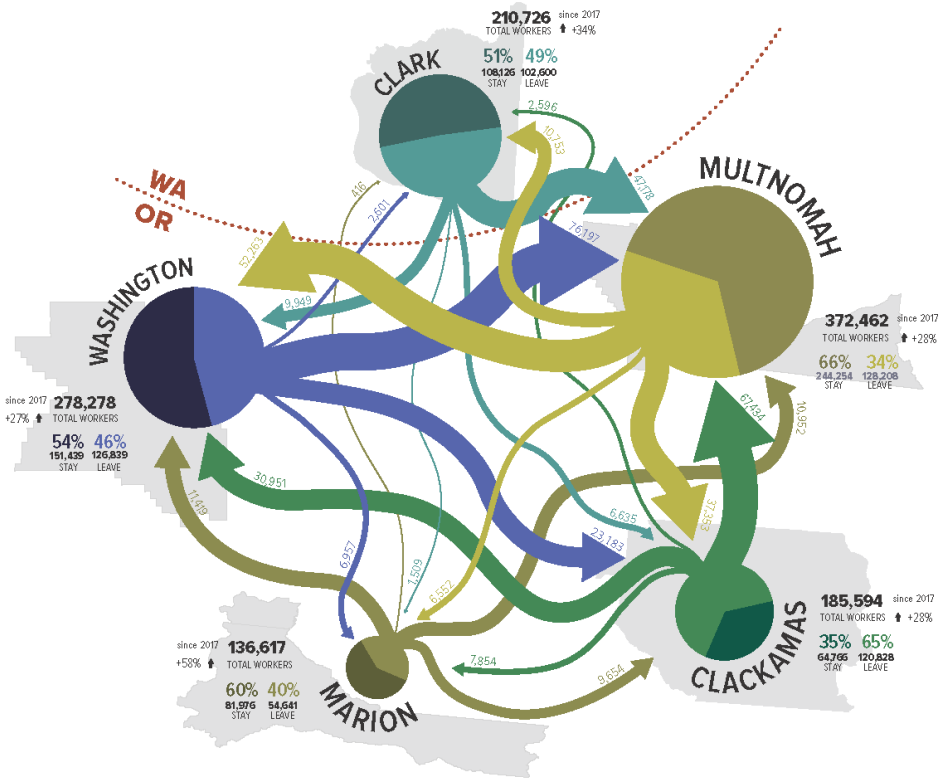


Figure 16: regional commute patterns in 2019 (source U.S. Census, LEHD)

Automation and artificial intelligence

Automation of tasks is typically done with the goal of lowering costs and increasing productivity. Automation can complement human labor, allowing workers to focus on other tasks. For example, voice mail has freed businesses from writing down phone messages. This does not mean that automation will entirely replace occupations, but it may replace repetitive tasks once completed by workers. According to the Brookings Institution, occupations that are most susceptible to having a high share (70-100 percent) of tasks automated include production, food service and transportation. More recently, artificial intelligence has made inroads into tasks like software coding.

Given the mix of occupations in the greater Portland region, 45 percent of tasks are susceptible to automation (Muro, 2019).This study also indicates that younger workers, and Hispanic, American Indian, and Black workers are most likely to be adversely impacted by automation. These trends will be monitored in years to come. For some sectors, automation may result in lower job growth rates or lower employment densities.

Slower population growth means slower workforce growth

Job growth is expected to be closely tied to population growth, both in terms of the degree of growth and the types of sectors that are expected to growth the most. As with the population and household forecast, the employment forecast was reviewed by an external panel of economists and demographers. The panel found the regional employment forecast to be reasonable. A summary of that review is included as Appendix 1A.

With birth rates expected to decline, population growth will continue, but a slower rate, and the workforce will age. Figure 17 depicts the current population pyramid for the region. Age cohorts that are younger than 25 are smaller than older age cohorts. This will mean that, without additional migration of young people into the region, there will be fewer people in their prime working years 20 years from now.

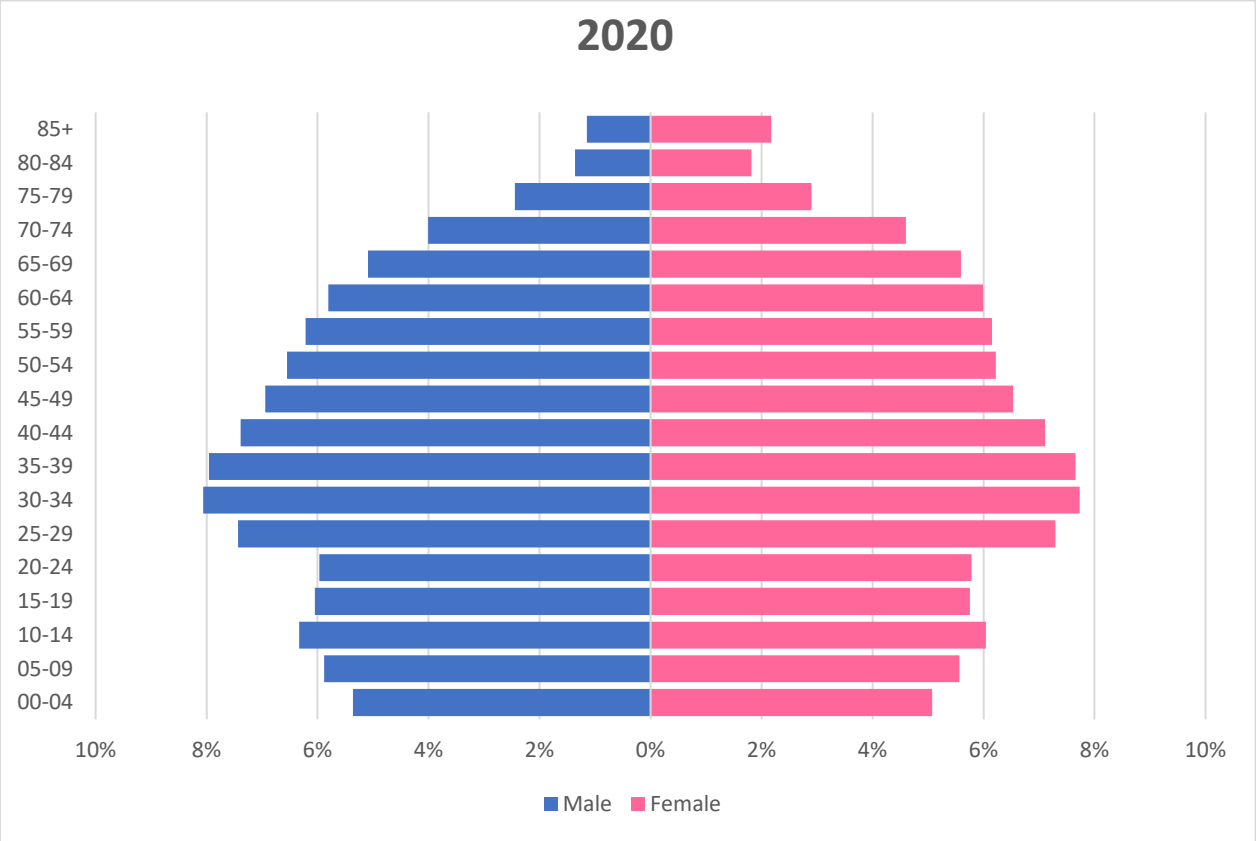


Figure 17: Portland MSA population pyramid in 2020 (source: U.S. Census)

With slower population growth, job growth will also be slower. Under the baseline forecast, 110,400 additional jobs are expected in the 7-county MSA between 2024 and 2044.

Uncertainty in the employment forecast

Even more so than with population growth, there is uncertainty surrounding employment growth. The regional economy is part of a global economy and is subject to current events as well as those that may come, but that cannot be predicted: pandemics, wars, innovations, new

trade policies, federal investments, interest rates, recessions and rebounds. For these reasons, Metro uses a range forecast depicting possible growth (see Figure 18). While low and high growth are possible, they are not as likely to materialize as the baseline forecast. Higher job growth would require sustained increases in people moving to the region beyond historic rates of net migration.

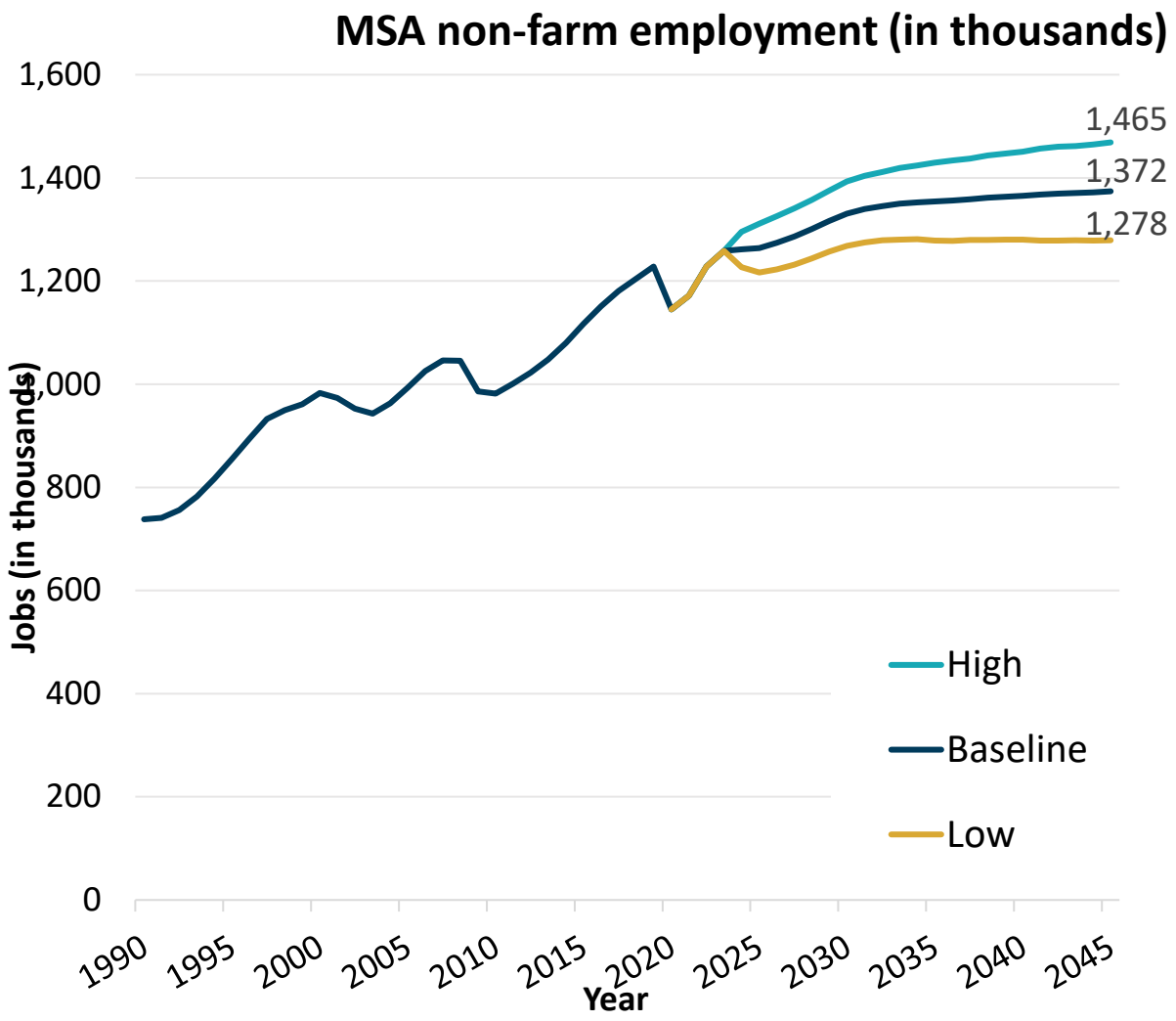


Figure 18: 7-county MSA non-farm employment forecast 2024-2044

Despite this uncertainty, Metro has a strong track record with its employment forecasts. Compared with actual employment numbers from 2019 (pre-pandemic), the three most recent regional forecasts have all been reliable. As shown in Table 17, forecasts for total non-farm employment are all with two percentage points of actuals. In the case of computer and electronic manufacturing – a sector of interest to the region – Metro overestimated jobs in two out of three of the most recent forecasts.

Table 17: Comparison of past Metro forecasts for the 7-county MSA with 2019 actual employment

	Past regional forecasts compared to 2019 actual employment		
	2009 forecast	**2014 forecast**	**2018 forecast**
Total non-farm employment	1.3%	-1.8%	-1.1%
Computer and electronics manufacturing employment	-2.3%	5.1%	0.8%

The fastest growing sectors are expected to be those that serve the population. As shown in Figure 19, sectors like professional and business services, healthcare, retail trade, and construction are forecast to have the most job growth. Because this forecast is intended to inform a decision about whether there is a need to expand the UGB for urban uses, it focuses on non-farm employment. However, it is important to note that agriculture continues to play a prominent role in Oregon's economy. In 2022, the value of Oregon's agricultural exports was $2.37 billion (Oregon Department of Agriculture, 2024).

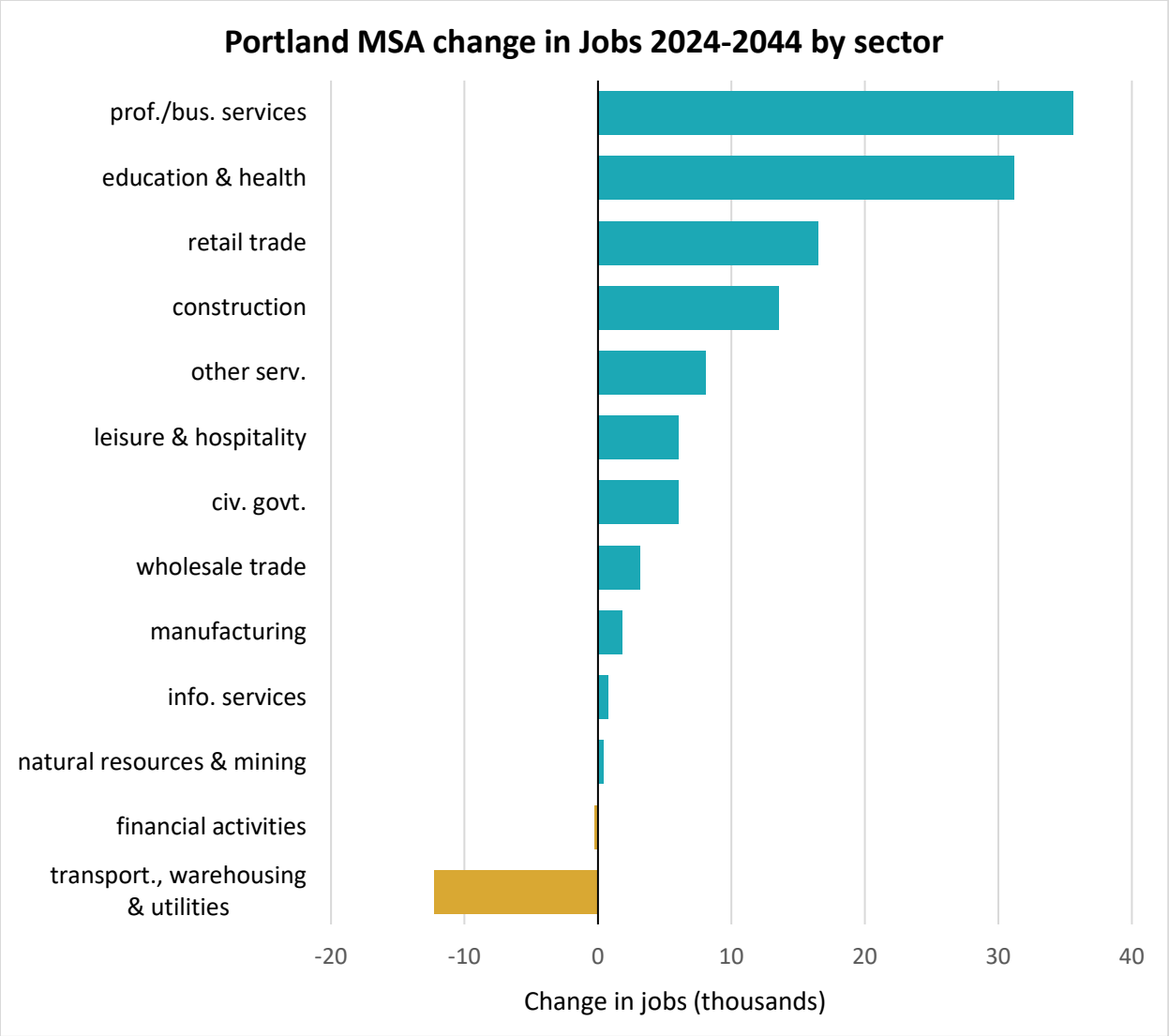


Figure 19: Metro employment forecast by sector (MSA, 2024-2044)

High-tech manufacturing employment in the draft 2024 regional forecast

Because of greater Portland's relative strengths in computer and electronic products manufacturing, there is long-standing interest in this sector. Consequently, Metro often fields questions about its forecast for this sector, including questions about how the CHIPS Act and its investments in semiconductor manufacturing influence Metro's forecast.

Greater Portland has significant strength in engineering and design of semiconductors. CHIPS Act investments help maintain those competitive advantages, which have different implications for land use and land needs than the construction of new semiconductor fabrication facilities.

National context for manufacturing employment

According to the U.S. Bureau of Labor Statistics (BLS), manufacturing employment reached its national peak four decades ago, in 1979. Since then, manufacturing employment has fallen in each of the five recessions and, in each case, never recovered to pre-recession levels. In the Metro region (7-county Metropolitan Statistical Area), the peak was reached in the late 1990s. Going forward, Metro's forecast shows more resilience for manufacturing employment at the regional scale than the S&P Global Insight forecast indicates for the nation. See Figure 20.

UGR Roundtable perspectives

Economic development was a high priority topic for many roundtable participants they encourage Metro to think about how we stay competitive as a region. There were some conversations about the importance of desirable industrial land that will attract manufacturing and industrial businesses to the region to increase the number of high paying jobs for the region's residents. Others raised concern about what barriers are causing businesses to leave. Some participants pointed to zoning code as a barrier for mixed employment and industrial areas where allowed uses can be unclear. Some members mentioned land affordability as a barrier. Overall, many participants support recruitment efforts for high tech manufacturing.

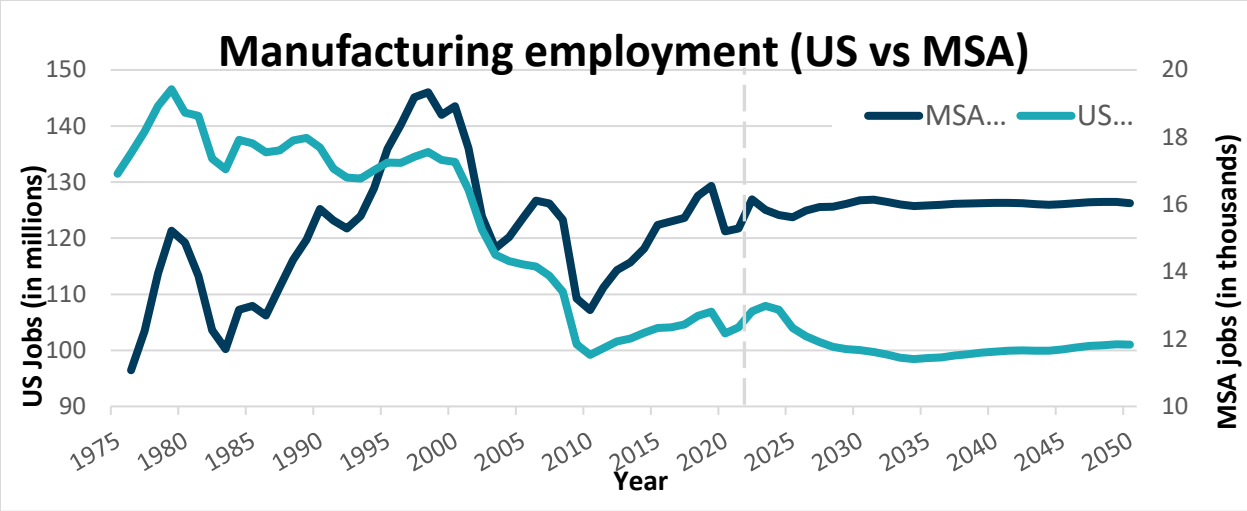


Figure 20: Manufacturing employment in the U.S. and the 7-county Portland Metropolitan Statistical Area (note different y axes)

Sources: Historic data: U.S. Bureau of Labor Statistics; National forecast: S&P Global Insight; MSA forecast: Metro

Nationally, durable goods manufacturing sectors, including the computer and electronics manufacturing sector, are all well below their 1979 job numbers. There are 55 percent the number of jobs in the computer and electronics manufacturing sector today as there were in 1979. The causes are well established and include offshoring and automation.

State context for computer and electronic product manufacturing

For the state of Oregon, early 2001 marks the high point for employment in the computer and electronic manufacturing sector. For this sector, the state is currently at the same employment level as it was 20 years ago.

The Oregon Office of Economic Analysis (OEA) forecasts that the CHIPS Act will result in an additional 3,000 computer and electronic product manufacturing jobs statewide over the next five years (Oregon Office of Economic Analysis, 2023) before flattening for the duration of the 10-year forecast.

Regional forecast for computer and electronic product manufacturing

Metro's draft regional forecast for computer and electronic manufacturing is consistent with the forecast from the OEA. As shown in Figure 20, Metro's forecast indicates short-term impacts of the CHIPS Act. The average annual growth rates for the computer and electronics manufacturing sector are 0.5% (statewide jobs) in the OEA forecast and 0.4% (MSA jobs) in the Metro forecast. Metro's expert forecast review panel indicated that job increases from the CHIPS Act will be in the nearer term, followed by a longer-term slide, resulting in a slight net increase from 2024 to 2044. Panelists indicated that a second or third CHIPS Act or similarly scaled public subsidies would be necessary for computer and electronic product manufacturing job gains persist in the longer term.

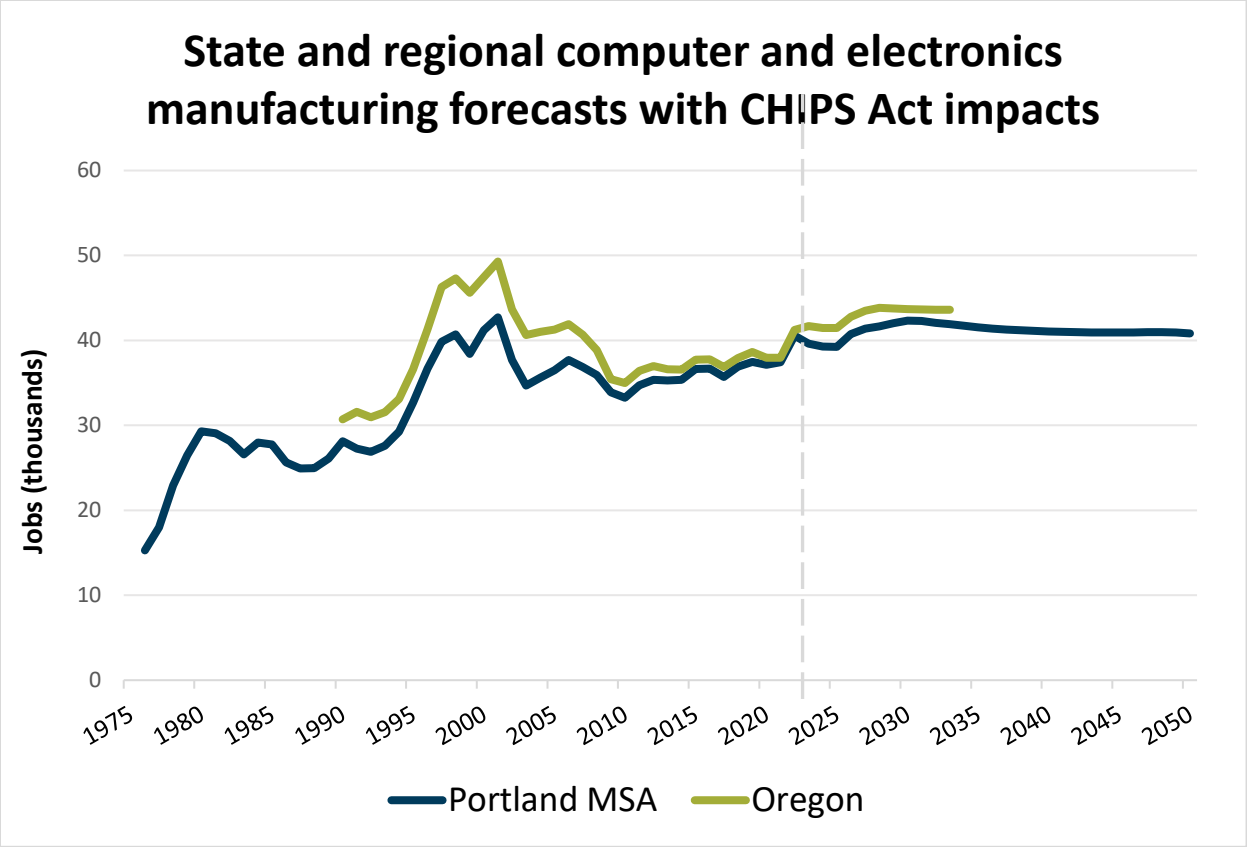


Figure 21: comparison of state and regional forecast for computer and electronics manufacturing with CHIPS Act impacts; State forecast; OEA; MSA forecast: Metro

The positive effects of the CHIPS Act in the computer electronics manufacturing sector are incorporated into the regional forecast model as an exogenous assumption (added from outside the forecast model framework). The model has inter-industry demand variables which estimate indirect and induced effects of computer and electronics manufacturing job increases on other sectors such as the construction or professional and business services sectors.[11] In other words, each new high-tech manufacturing job will have a multiplier effect in other sectors. Those multipliers effects are implicit in the forecast results.

Employment growth capacity

Employment land is sorted into two categories: industrial and commercial. The commercial category includes a portion of lands zoned for mixed uses. Appendix 2 has more details about the methods and results of this capacity analysis. As described earlier in this report, the pro forma model was also used to estimate redevelopment potential on employment lands. Unlike

[11] Metro staff has not specifically calculated these impacts in other sectors with and without the CHIPS Act, but an increase in the manufacturing sector will generally lead to increases in some other sectors. Economic literature indicates that each high-tech manufacturing job has a multiplier effect of 3.5 to 4 jobs in other sectors in regional economies with an existing high-tech cluster.

with residential lands, the model identified minimal redevelopment potential on employment lands. As shown in Table 18, the region's employment growth capacity comes almost entirely from vacant land and infill potential.

Relatively low redevelopment capacity for commercial employment uses can, in part, be explained by the fact that the pro forma model used for estimating redevelopment chooses the most profitable development option. This can produce skewed results in mixed-use zones. In many cases, the model identifies multifamily residential as the most profitable use on lands zoned for mixed-use. In reality, demand for commercial space would lead to more redevelopment for that use, potentially with ground-floor commercial and residential uses above. Consequently, redevelopment capacity for commercial uses as depicted in Table 18 may be an underestimate.

Jurisdiction-level capacity estimates were provided for review by local jurisdictions and reflect suggested edits. Buildable lands are part of the region's long-term land supply but are not necessarily development ready or for sale today. Of note, employment growth capacity is not counted on West Hayden Island and the eastern portion of the former City of Damascus. This is because of long-standing planning, governance, or infrastructure provision challenges.

The industrial land inventory has been revised downward since it was published in the draft UGR to reflect a lower threshold for slopes. For this final analysis, industrial lands are not counted as buildable if their slope exceeds 10 percent. This threshold is based on advice from the Oregon Department of Land Conservation and Development.

Table 18: employment capacity in the Metro UGB as reviewed by local jurisdictions

Capacity type	Industrial buildable acres	Commercial buildable acres
Vacant	2,405	288
Infill	2,803	147
Redevelopment	59	46
New urban areas	65	33
Total	**5,331**	**514**

Appendix 6 includes a description of the site characteristics of these employment lands.

Employment land needs analysis

The regional employment forecast is a primary source of information for estimating the region's future employment land needs. Several steps are taken to convert those forecast jobs into demand for land and are summarized in Figure 23. These methods are like those typically used by cities when completing Economic Opportunities Analyses. Additional details about these steps can be found in Appendix 3.

Generally, these steps are intended to address three issues:

- Not all the larger 7-county MSA employment growth will occur inside the Metro UGB. We use a UGB "capture rate" based on historic rates to estimate UGB employment growth.
- There are factors impacting future employment land need that must be accounted for:
    - Work from home and hybrid work have become more widely accepted and reduce demand for commercial office space.
    - Current high office vacancies provide an additional source of commercial office capacity that has not been accounted for in employment capacity estimates because it cannot be characterized as vacant land, redevelopment, or infill.
- Distinct types of jobs have different building and space requirements. For instance, office buildings can be multi-story and have higher employment densities while warehouses tend to be single-story and have lower employment densities because of automation. A group of public and private sector experts was convened on two occasions to provide input on these assumptions.

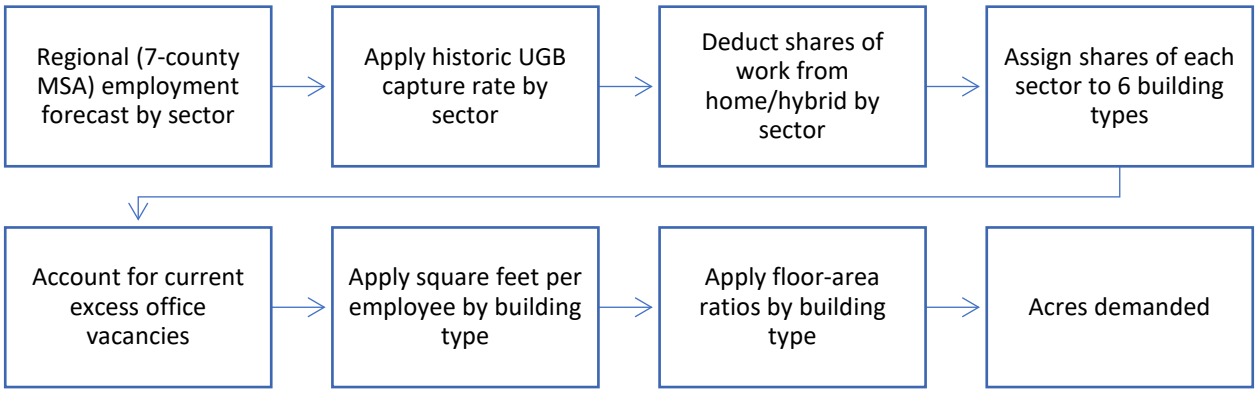


Figure 22: overview of steps for translating forecast jobs into 20-year demand for land

Applying these steps, results in an estimated baseline regional demand from 2024 to 2044 for the following:

- 1,400 buildable acres needed for industrial employment
- 800 buildable acres needed for commercial employment

Employment lands gap analysis results

Industrial land gap analysis results

Industrial lands support uses like industrial, flex/business parks, and warehousing. This analysis found that, in aggregate, there is a surplus of industrial lands inside the UGB for meeting expected industrial employment growth. This is true even under the high growth forecast.

Table 19: Industrial land capacity gap for Metro UGB 2024-2044

	Capacity (acres)	Demand (acres)	Surplus or deficit (acres)
Low growth forecast	5,331	-1,500	+6,831
Baseline growth forecast	5,331	1,400	+3,931
High growth forecast	5,331	5,200	+131

Though, in aggregate, there is a regional surplus of industrial land, those acres of land may not have the location and site characteristics that will lead to industrial development. Over the years, Metro has partnered on several updates of the Regional Industrial Site Readiness inventory. Those analyses consistently find that many of the region's large industrial sites (25+ buildable acres) are not ready for development and need action or investment to address:

- Transportation improvements
- Wetland mitigation
- Brownfield cleanup
- Site assembly
- City annexation and zoning

The inventory of large industrial sites was updated for the Oregon Semiconductor Task Force in 2022. The portion of the inventory for the Metro UGB is shown in Figure 24. Tier One sites could be development ready within six months. Tier Two sites would likely take 7 to 30 months to become development ready. Tier Three sites would likely take over 30 months to become development ready.

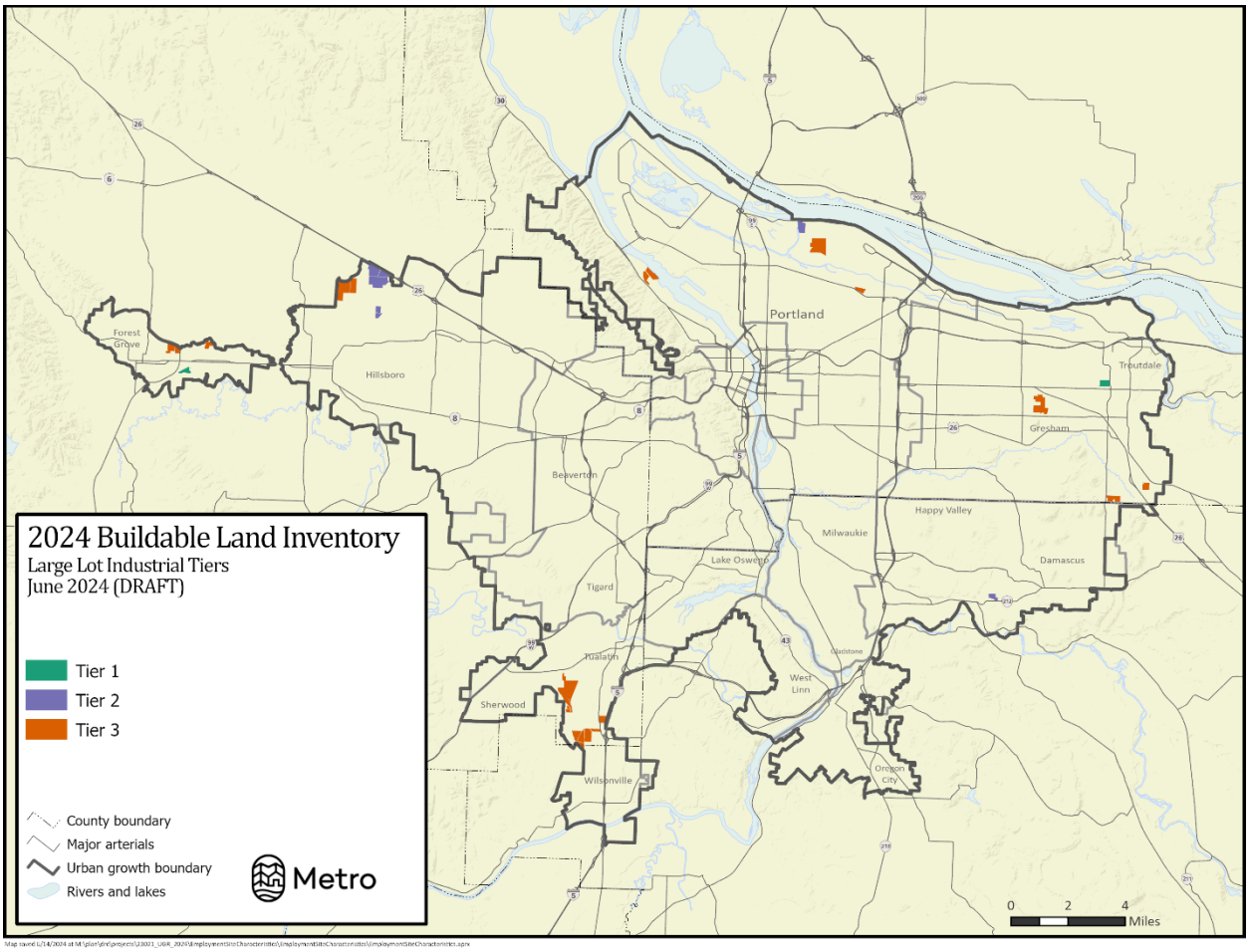


Figure 23: Inventory of large industrial sites (25+ buildable acres) in the Metro UGB

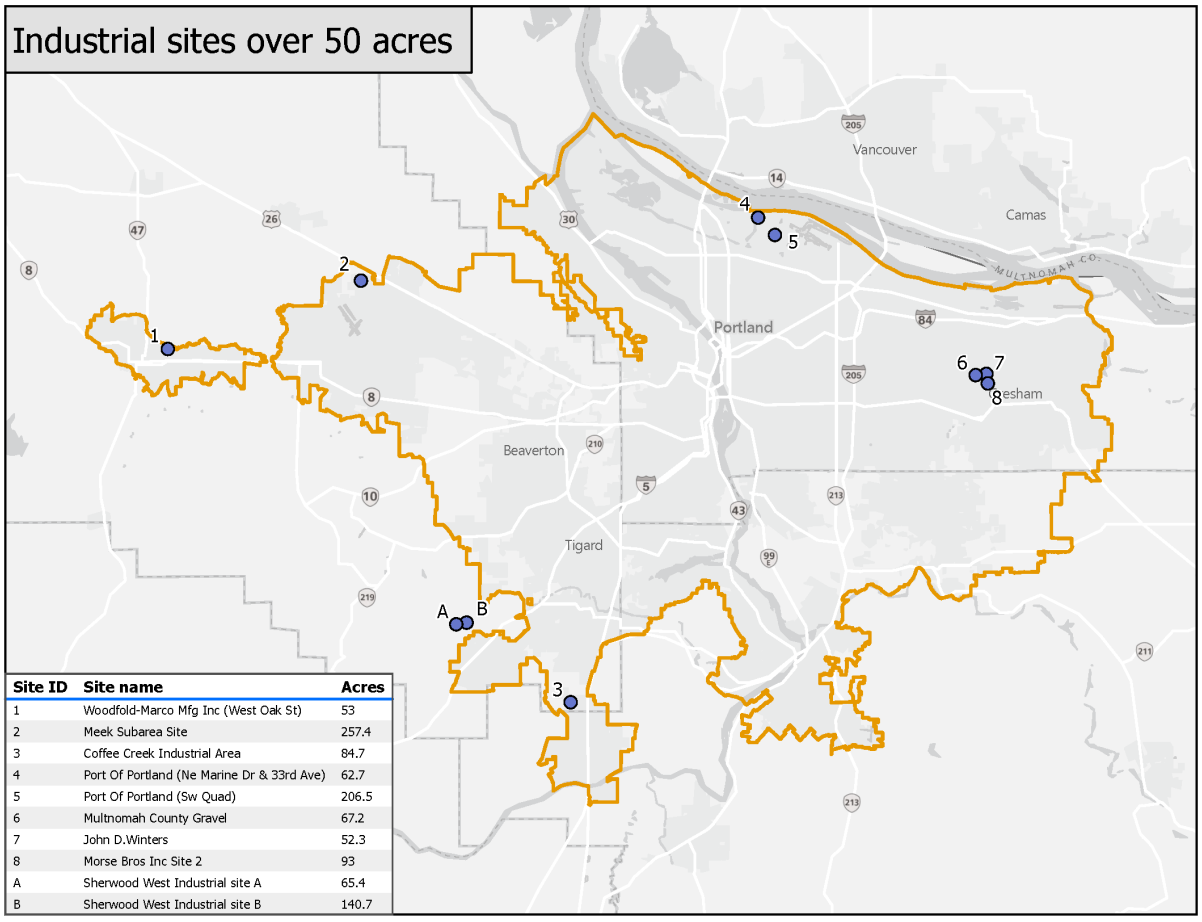
While a site-by-site review of development challenges is not possible for the thousands of acres of smaller industrial sites in the UGB, it is likely that many smaller sites are also held back by similar challenges. A more general assessment of the characteristics of these employment lands is included in Appendix 6. Much 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.[12] Metro's 2023 Small Site Industrial Readiness report found that small industrial spaces are in high demand and have lower vacancy rates than the overall industrial space vacancy rate. These small spaces and parcels that can accommodate them serve an important role for new or smaller businesses, which are often woman or minority owned.

However, smaller industrial spaces and smaller parcels can't serve the entire industrial market. In particular, larger sites are in demand for expansion of existing businesses and recruitment of businesses from outside of the region. For that reason, the Metro Council established the following policy in the Regional Framework Plan:

[12] These statistics are for vacant and infill lands and do not include redevelopment lands.

"1.4.6 Consistent with policies promoting a compact urban form, ensure that the region maintains a sufficient supply of tracts 50 acres and larger to meet demand by traded-sector industries for large sites and protect those sites from conversion to non-industrial uses."

Since the 2017 update of the Regional Industrial Site Readiness inventory of large industrial sites, 15 large industrial sites have developed. Six of the sites that developed are over 50 acres in size. There are eight remaining available sites over 50 acres inside the UGB and their locations are shown in Figure 24. Of those, two sites (numbered 4 and 5 on the map) are owned by the Port of Portland and have 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.



Site ID	Site name	Acres
1	Woodfold-Marco Mfg Inc (West Oak St)	53
2	Meek Subarea Site	257.4
3	Coffee Creek Industrial Area	84.7
4	Port Of Portland (Ne Marine Dr & 33rd Ave)	62.7
5	Port Of Portland (Sw Quad)	206.5
6	Multnomah County Gravel	67.2
7	John D.Winters	52.3
8	Morse Bros Inc Site 2	93
A	Sherwood West Industrial site A	65.4
B	Sherwood West Industrial site B	140.7

Figure 24: regional inventory of industrial sites over 50 buildable acres in size (note, sites A and B are part of the proposed Sherwood West UGB expansion)

It is not possible to precisely forecast long-term demand for individual sites since development of these sites depends on individual business decisions. Firms have idiosyncratic site needs or preferences such as access to skilled workers, specialized infrastructure, proximity to existing economic clusters, availability of financial incentives, and tax climate. However, the State of

Oregon has a priority of supporting high-tech manufacturing and it is informative to assess the typical site needs for that sector.

The August 2022 Oregon Semiconductor Task Force report is attached as Appendix 11 and incorporated as part of this UGR. That report identifies short term needs for the following:

- Two sites of 500+ acres each to accommodate large-scale semiconductor R&D and/or production fabrication operations.
- Four sites of 50-100 acres suitable for integrated device manufacturers or major semiconductor equipment manufacturers.
- At least eight sites of 15-35 acres to enable key suppliers to the semiconductor cluster to locate and expand.

The Task Force report also explains the importance of clustering to the semiconductor industry, which is driven in part by a need for proximity to suppliers. As noted above, there are six sites in the Metro UGB that are 50-plus acres in size that have slopes less than seven percent and are available for use by the general industrial market. However, four of those sites are not proximate to existing high-tech manufacturing clusters and cannot reasonably be expected to accommodate high-tech manufacturing uses, which require proximity to other high-tech firms to create a mutually beneficial network of suppliers and skilled labor. Thus, the two remaining sites currently in the UGB are insufficient to address the need for four sites of 50-100 acres identified by the Oregon Semiconductor Task Force.

Analysis of the specific site characteristics in the proposed Sherwood West employment area

The Sherwood West Concept Plan includes land for housing, schools and civic facilities, park space and 265 net acres[13] for employment uses that would support about 4,500 new jobs. Though there is, in aggregate, a surplus of industrial acreage inside the UGB, there are still valid reasons that support adding the Sherwood West urban reserve to the UGB. ECONorthwest explored regional and local data trends to assess whether the sites identified for future employment growth in Sherwood West have characteristics that make them more suitable for meeting the employment needs of the Metro region.

ECONorthwest's analysis is attached as Appendix 9 and finds that the land within the North District Mixed Employment Area of the Sherwood West urban reserve has specific characteristics that meet a regional need for large 40 to 50-acre parcels with minimal need for site aggregation, slopes under seven percent, and proximity to the highway and existing semiconductor companies. This assessment indicates that Sherwood West would be more suitable to meet identified needs for high-tech industrial growth than other lands inside the existing UGB.

UGR Roundtable perspectives: Agricultural land demand

The discussions around future growth and urbanization prompted some members to express concern about **competing demands on agricultural land**. Participants expressed that agriculture land is employment land pointing out that industrial or commercial zoned uses are not the only way to support job growth in the region. It was important to some roundtable participants that as urban reserves come into the growth boundary and develop, that there is an understanding of the transportation needs for both rural and residential uses – and that those transportation needs are addressed in a compatible way. Other participants noted the link between environmental policy goals and preserving agricultural land, including mentioning that there is an increased cost and carbon footprint of pushing food production outside of Oregon.

Industrial land options

The Metro Council concurs with the Oregon Semiconductor Task Force determination that there is a need for additional 50-plus acre sites in the Metro region that could be addressed by adding Sherwood West to the UGB. The 130 net acre mixed employment portion of the Sherwood West

[13] Includes employment lands in the southern "hospitality zone" as well as lands in the northern mixed employment area.

urban reserve offers unique site characteristics for industrial and flex building uses that are in demand and that cannot be found elsewhere in the UGB.

Commercial land gap analysis results

Commercial lands support all other non-industrial employment uses like offices, retail, and medical. To some extent, commercial demand also gets met on industrial lands, for example through retail uses on industrially zoned lands. However, this analysis has not estimated that potential crossover. The binary classification of employment capacity as industrial or commercial may have the effect of overstating the deficit for commercial land. A similar issue may be present for mixed use zones since the pro forma model often "chooses" residential redevelopment over commercial redevelopment. In reality, demand for commercial space would lead to more redevelopment for that use, potentially in combination with residential uses above.

Table 20: commercial land capacity gap for Metro UGB 2024-2044

	Capacity (acres)	Demand (acres)	Surplus or deficit (acres)
Low growth forecast	514	-300	+814
Baseline growth forecast	514	800	-286
High growth forecast	514	2,300	-1,786

Given the current nationwide challenge of there being excess vacant office buildings, this finding of a potential capacity deficit creates some dissonance. However, it is important to remember that the commercial category includes uses that go beyond office uses (for instance, retail and medical) and this is a long-term demand forecast.

Commercial land options

Informed by this analysis, the Metro Council has indicated its intention to plan for the baseline forecast and find a need for a UGB expansion:

- Add the 135-net-acre commercial employment portions of Sherwood West urban reserve to the UGB; and,
- Consistent with observed development trends, assume that a small portion (about 150 acres) of the region's industrial land surplus is available for commercial employment uses, thereby addressing any remaining commercial capacity gap.

CONCLUSION

The 2024 urban growth management decision, like growth management decisions before it, has surfaced people's thoughts on many topics. Some of those topics relate directly to long-term land supply while others relate more generally to land use planning. Others require collaboration across sectors.

UGR Roundtable perspectives: Summary

Discussing the variety of regional challenges and concerns led to conversations about the **role of Metro and local governments** in finding solutions. Roundtable members highlighted primary roles of Metro as listening to local concerns, partnering with cities to find infrastructure funding, advocating at the state level, and being nimble and flexible to change. Some of the local jurisdiction representatives mentioned the increasing need for fiscal balance in their community to continue to fund their local services.

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If you picnic at Blue Lake or take your kids to the Oregon Zoo, enjoy symphonies at the Schnitz or auto shows at the convention center, put out your trash or drive your car – we've already crossed paths.

So, hello. We're Metro – nice to meet you.

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