



600 NE Grand Ave.  
Portland, OR 97232-2736

## Council work session agenda

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**Tuesday, April 9, 2024**

**10:30 AM**

**Metro Regional Center, Council Chamber,  
<https://zoom.us/j/615079992> Webinar ID:  
615 079 992 or 888-475-4499 (toll free)  
<https://www.youtube.com/watch?v=-yuNc9Qjq3A>**

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This meeting will be held electronically and in person at the Metro Regional Center Council Chamber.

You can join the meeting on your computer or other device by using this link:

<https://www.youtube.com/watch?v=-yuNc9Qjq3A>

**10:30 Call to Order and Roll Call**

**10:35 Work Session Topics:**

10:35 2024 Urban Growth Management: Preliminary Growth  
Capacity Estimates

[24-6037](#)

Presenter(s): Eryn Kehe, Metro  
Ted Reid, Metro  
Clint Chiavarini, Metro  
Becky Hewitt, ECONorthwest

Attachments: [Staff Report](#)

**11:20 Chief Operating Officer Communication**

**11:25 Councilor Communication**

**11:30 Adjourn**

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ការគោរពសិទ្ធិពលរដ្ឋរបស់ ។ សំរាប់ព័ត៌មានអំពីកម្មវិធីសិទ្ធិពលរដ្ឋរបស់ Metro ឬដើម្បីទទួលបានការប្រឹក្សាស្តីពីការរើសអើងសូមទូរស័ព្ទទៅលេខ 503-797-1700 ។ [www.oregonmetro.gov/civilrights](http://www.oregonmetro.gov/civilrights) ។ បើលោកអ្នកត្រូវការអ្នកបកប្រែភាសានៅពេលអង្គប្រជុំសាធារណៈ សូមទូរស័ព្ទមកលេខ 503-797-1700 (ម៉ោង 8 ព្រឹកដល់ម៉ោង 5 ល្ងាច ថ្ងៃច្រើនការ) ប្រាំពីរថ្ងៃ ថ្ងៃធ្វើការ មុនថ្ងៃប្រជុំដើម្បីអាចឲ្យគេបកប្រែភាសាមកសំរាប់លោកអ្នក ។

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**2024 Urban Growth Management:  
Preliminary Growth Capacity Estimates**  
*Presentation*

Metro Council Work Session  
Tuesday, April 9, 2024

2024 URBAN GROWTH MANAGEMENT:  
PRELIMINARY GROWTH CAPACITY ESTIMATES

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Date: March 19, 2024  
Department: Planning, Development, and  
Research  
Meeting Date: April 9, 2024

Prepared by: Ted Reid, Principal Regional  
Planner [ted.reid@oregonmetro.gov](mailto:ted.reid@oregonmetro.gov)  
Presenter(s): Clint Chiavarini (he, him);  
Becky Hewitt: ECONorthwest (she, her);  
Eryn Kehe (she, her); Ted Reid (he, him);  
Length: 45 minutes

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### **ISSUE STATEMENT**

The region's urban growth boundary (UGB) delineates urban and rural uses and is a tool for ensuring thoughtful and efficient growth patterns. The Metro Council is required by state law to – at least every six years – determine whether the UGB has adequate land for expected housing and job growth. The Metro Council last made this determination in December 2018 and is scheduled to do so again by the end of 2024. The Metro Council has directed staff to proceed with an approved work program and requested periodic updates.

A central aspect of the work program is estimating how much room the current UGB has for housing and employment growth. To complete this analysis staff must determine the growth capacity of vacant and partially vacant lands as well as lands that may be used for redevelopment and infill.

Because this work involves, not just inventorying land, but also forecasting how lands may get developed in the future, there is a degree of uncertainty. Staff seeks to provide the Metro Council with the best available information through several means:

- Reviewing methodologies and results with local jurisdictions and subject area experts
- Seeking to understand the trends and market factors that may influence future development
- Recognizing sensitivity to assumptions and expressing capacity results as a range

At the April work session, Metro staff will summarize and answer questions regarding:

- How the UGB capacity analysis informs the Metro Council's growth management decision
- Methods for estimating UGB capacity
- Preliminary UGB capacity estimates for housing
- Sources of uncertainty in estimating housing capacity
- Next steps for local review

### **ACTION REQUESTED**

Update the Council on implementation of the work program for the 2024 urban growth management decision, focusing on the preliminary residential capacity analysis.

## **IDENTIFIED POLICY OUTCOMES**

State law and regional policies lay out an intention to make efficient use of land inside the UGB and to only expand the UGB if there is a demonstrable regional need to accommodate expected housing or job growth. The Metro Council makes this growth management decision for the region after significant engagement. To ensure that areas added to the UGB are ready for growth, it is the Metro Council's policy to only expand the UGB in urban reserves that have been concept planned by a city or a county. Metro provides grant funding for local jurisdictions to complete concept planning.

## **POLICY QUESTION(S)**

- Does the Council have any questions for staff about preliminary UGB capacity estimates?

## **POLICY OPTIONS FOR COUNCIL TO CONSIDER**

The Council may provide staff with direction on:

- Advice that would be useful from MPAC or CORE
- Updates that the Council would like to have going forward

## **STAFF RECOMMENDATIONS**

- Staff recommends proceeding with the work program

## **STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION**

Regional urban growth management decisions have long been one of the Metro Council's core responsibilities. The Metro UGB – first adopted in 1979 – is one of Metro's tools for achieving the 2040 Growth Concept's vision for compact growth, thereby protecting farms and forests outside the UGB and focusing public and private investment in existing communities. These are all key to reducing greenhouse gas emissions and expanding housing options.

The UGB is just one policy tool, however, and must be accompanied by other policies, partnerships, and investments to make good on the 2040 Growth Concept and to address challenges like housing affordability, displacement, homelessness, and economic development. Often, growth management processes provide a venue for identifying the need for new initiatives.

Metro strives for transparency in its growth management work, which can be challenging given its highly technical aspects. The 2024 decision will provide opportunities for interested parties to inform and understand the many technical and policy aspects of this work. Those opportunities include, not only standing advisory committees, but also groups formed for this decision process such as the UGR Roundtable, the Land Use Technical Advisory Group, the regional forecast expert review panel, and the Youth Cohort.

## **BACKGROUND**

At its March 7, 2023 work session, the Council directed staff to begin implementing the work program for the 2024 urban growth management decision. The Council also directed staff to periodically update the Council on work program implementation, particularly related to engagement activities.

## **ATTACHMENTS**

- Is legislation required for Council action?  Yes  No
- If yes, is draft legislation attached?  Yes  No
- What other materials are you presenting today?
  - UGM project timeline and tentative committee engagement schedule

Materials following this page were distributed at the meeting.



# **Urban growth management update: Preliminary capacity results**

**Council Work Session  
April 9, 2024**

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

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

## City expansion proposals

- Letters of interest
- Expansion proposals

*2040 planning and development grants available*

## Metro Council decision

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

Nov 2022 - July 2024

Dec 2023 - April 2024

Aug 2024 - Dec 2024

Residential readiness analyses

Capacity analysis - begin BLI and regional proforma model

Draft capacity analysis available for local review

Regional forecast updated

Housing needs analysis

Draft UGR public comment period

Public hearing

Letters of interest due

You are here

Proposals due

Advisory group input

Final UGB decision

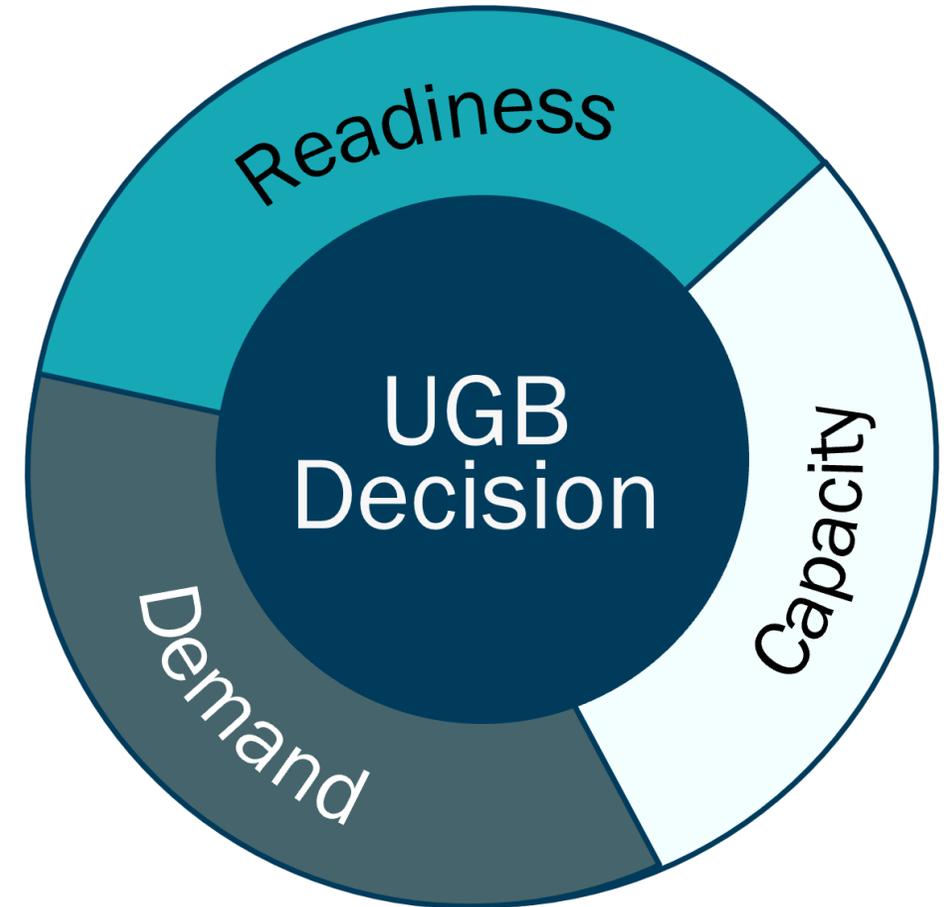
## Engagement

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

# Project timeline

# A decision support tool

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



# Some things to keep in mind about the capacity analysis

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

# Capacity estimates based on:

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

# Where do we estimate capacity?

Vacant and partially vacant land



Land used for redevelopment and infill

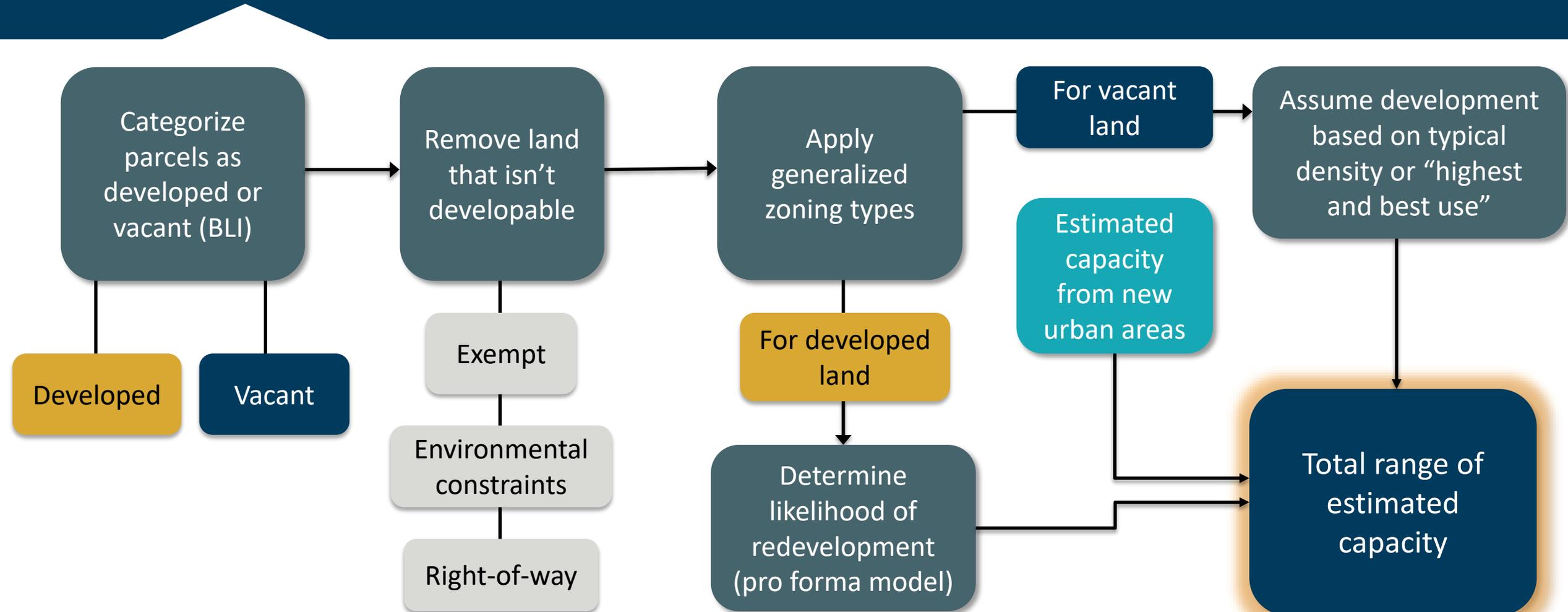


Land in concept planned areas without urban level zoning



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

# How do we estimate capacity?

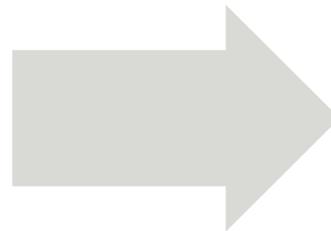


**Questions?**

# Pro forma model variables

## How viable is (re)development?

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



## What are the odds of redevelopment?

- Redevelopment rate compared to historic trends based on feasibility results

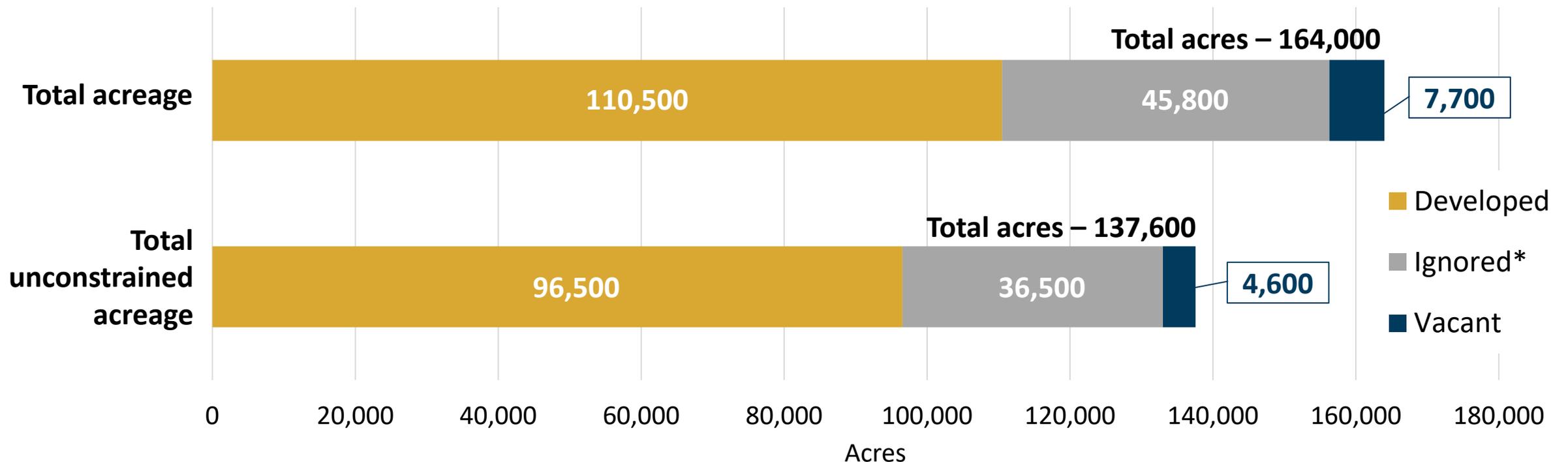
*\*Cap rate = relationship between the revenue an income-generating property produces and its sale price. Higher cap rate means properties are worth less at the same revenues.*

# Notes about the pro forma model

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

# Results of the Buildable Lands Inventory (BLI)

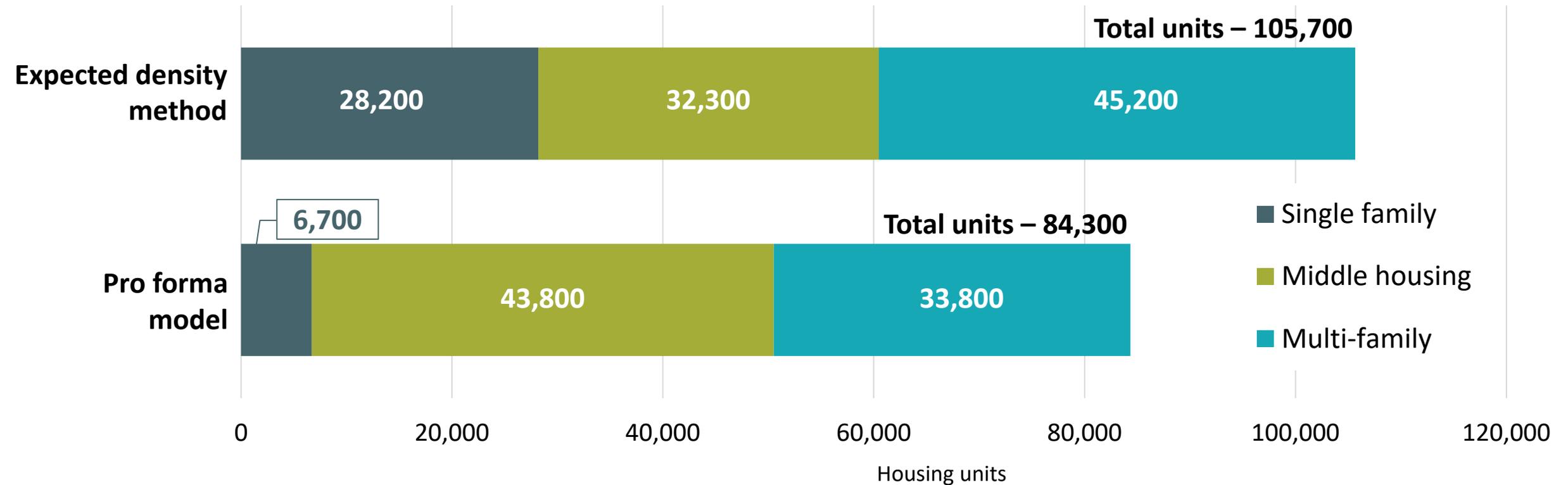
## Residential land within the existing UGB by type



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

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

# Vacant land – preliminary results

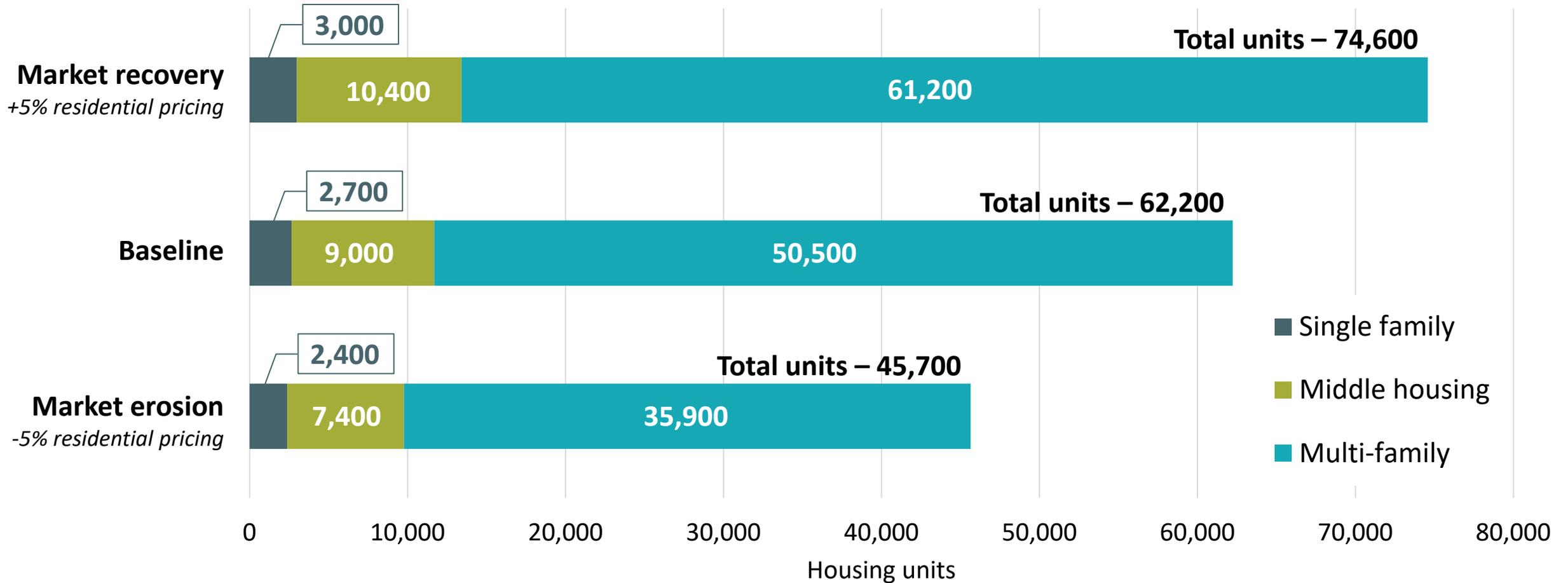


*Note: Small lot detached units are counted under the “single family” category rather than middle housing, due to the market response to this housing type*

# Redevelopment – establishing the “baseline”

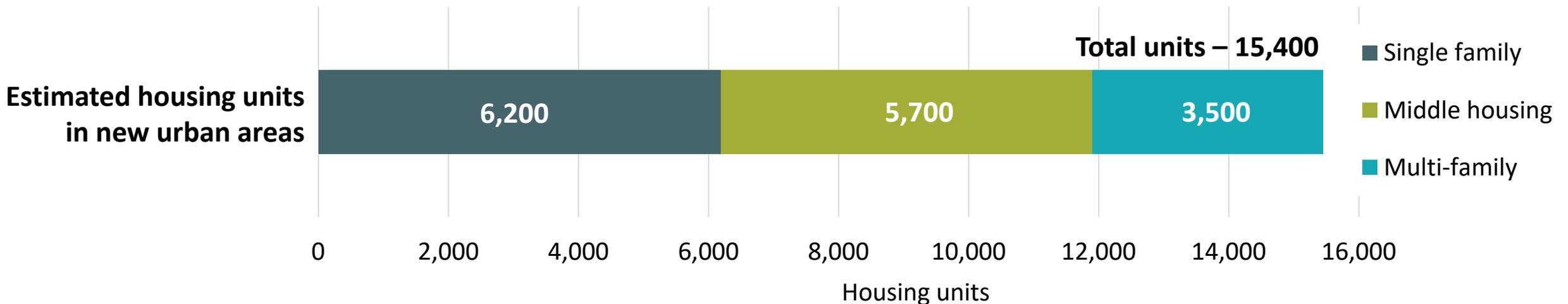
- Market conditions assume modest recovery
  - Interest rates and cap rates come back down somewhat
  - Relationship between rents/prices & construction costs remains similar to today
- Redevelopment rates aligned with trends over last 20 years

# Redevelopment – preliminary results



# New urban areas

- Areas that have been added to the UGB but have not yet received urban level zoning – Frog Pond, Cooper Mountain, Kingston Terrace, River Terrace 2.0, Clermont Wilsonville
- Capacity based on local concept plan designations



# Additional future adjustments to capacity results

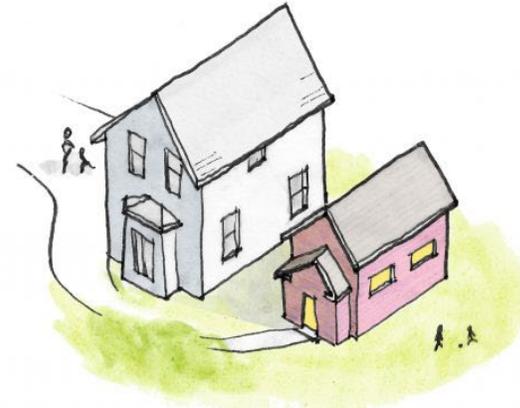


## Additional capacity

- Office to residential conversion
- ADUs and middle housing conversion

## Less capacity

- Second homes and vacation rentals



STAND-ALONE DETACHED



ADU OVER A GARAGE

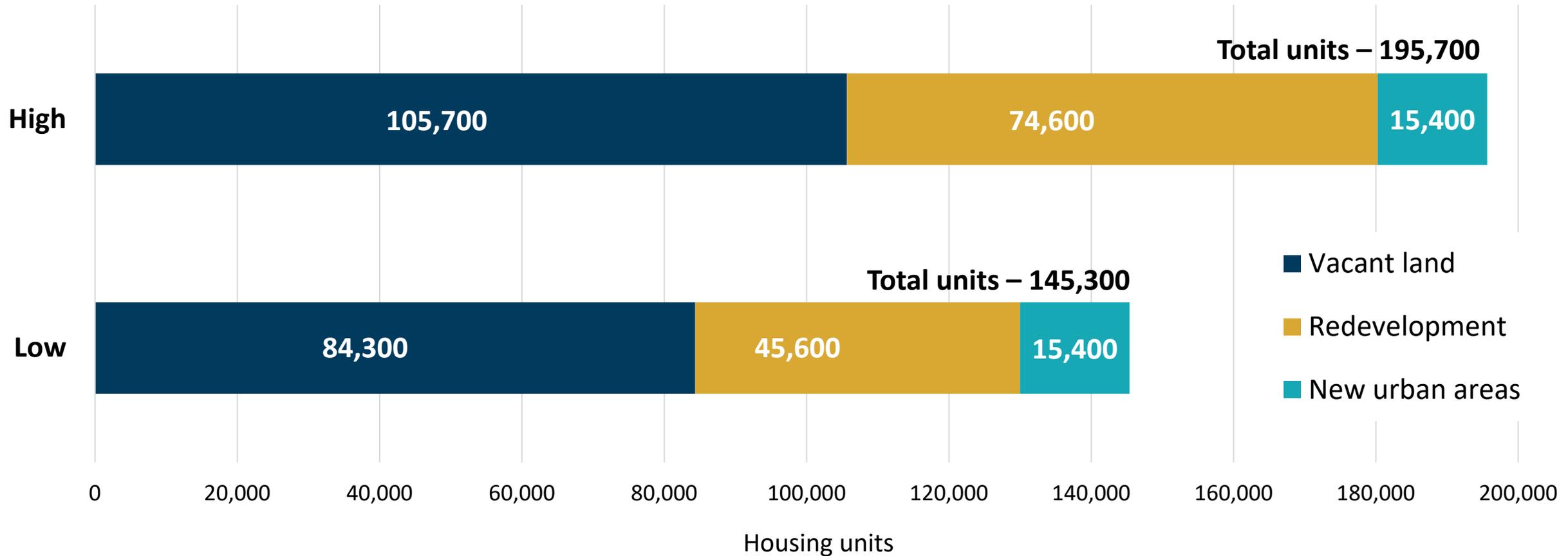


ATTACHED ADU



BASEMENT ADU

# Combined preliminary capacity results



**Questions?**

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

