

Hon. Tom Hughes, President
And Metro Councilors
600 NE Grand Avenue
Portland, OR 97232

Mayor Shane Bemis
City of Gresham

Mayor Wade Byers
City of Gladstone

Mayor John Cook
City of Tigard

Mayor Jef Dalin
City of Cornelius

Mayor Doug Daoust
City of Troutdale

Mayor Lori DeRemer
City of Happy Valley

Mayor Denny Doyle
City of Beaverton

Mayor Jeremy Ferguson
City of Milwaukie

Mayor Mark Hardie
City of Maywood Park

Mayor David Hatcher
City of North Plains

Mayor Heather Kibbey
City of Rivergrove

Mayor Tim Knapp
City of Wilsonville

Mayor John Kovash
City of West Linn

Mayor Bill Middleton
City of Sherwood

Mayor Doug Neeley
City of Oregon City

Mayor Lou Ogden
City of Tualatin

Mayor Gery Schirado
City of Durham

Mayor Ron Shay
City of King City

Mayor Patricia Smith
City of Wood Village

Mayor Steve Spinnett
City of Damascus

Mayor Kent Stuebaker
City of Lake Oswego

Mayor Pete Truax
City of Forest Grove

Mayor Mike Weatherby
City of Fairview

Mayor Jerry Willey
City of Hillsboro

Re: 2014 Urban Growth Report

Dear President Hughes and Metro Councilors:

As the elected leaders of 24 cities in the Portland Metropolitan region we are writing to you to express our shared concerns about the 2014 Urban Growth Report (“UGR”). Please note that these concerns are in addition to those that may be submitted by individual jurisdictions. We request that you take these concerns and the corresponding recommendations under advisement in accepting the UGR and direct staff to work with its regional partners to make the recommended changes outlined below.

We appreciate the efforts on behalf of Metro Council and Staff to reach out to regional partners earlier in the process and to be far more inclusive than in past UGR efforts. As you are aware, many of our jurisdictions have participated in formulating the components of the UGR, including the buildable lands analysis and the first ever regional residential preference survey. While these efforts exceed those of the past, we have significant concerns in the following three areas:

1. Negative Impact of the UGR Assumptions and Outcomes on the Ability to Meet Climate Smart Targets.

The Urban Growth Report and the Climate Smart Communities project have been led by Metro on parallel tracks. However, there has been little technical work or policy discussion on how assumptions and decisions of the UGR will impact the region’s ability to meet target reductions of emissions from light duty vehicles. The UGR has two assumptions that will likely negatively impact the region’s ability to meet greenhouse gas emission reduction targets:

- Greater split in multi-family housing: The UGR assumes a change in the split between single-family housing and multi-family housing from 60% /40% to a 36% /64%.
- Large absorption of growth in Portland. The UGR assumes 58% of capacity is within the City of Portland.

The likely negative impacts of these assumptions include:

- Forcing those looking for affordable single-family housing to move to neighboring communities outside the Portland Metropolitan region, resulting in longer commutes. We have already seen this through increased growth in the neighboring cities of Canby and Sandy and Woodburn.
- What are the regional implications if the targeted increases in Portland’s capacity are not realized?

Clearly, longer commutes and traffic congestion will hamper the region’s ability to meet its targets. While the UGR discounts the notion of “jobs-housing balance,” the simple fact is that, if we do not allow for residential development near high job growth areas, we preclude such a balance, resulting in no choice but longer commute times.

Recommendation: Include as a policy discussion in early 2015 the impact of the residential

assumptions in the UGR on the region's ability to meet greenhouse gas reduction targets. Leave open the ability to amend the UGR and/or change underlying assumptions in the UGR and Metroscope modeling to take into consideration the outcome of such conversations. This effort should include an analysis of the benefits of allowing expansion for residential growth close to job centers.

2. The Continued Unrealistic Reliance on Development in Damascus.

The 2009 Urban Growth Report assumed that infrastructure would not be available in Damascus until 2020 (or ten years after the growth management decision). Similarly, the current UGR assumes development will not occur in Damascus for another ten years. However, the reasonableness of this assumption must be questioned given:

- The 68% voter rejection of the most recent iteration of the Damascus Comprehensive Plan; and
- The October 22, 2014 Court of Appeals decision in *City of Damascus v. Brown*, (A156920)(Or. App. 2014), holding that HB 4029¹ is unconstitutional.

It's been ten years since Damascus incorporated, during which time the city has seen increased resistance to planning and development efforts. Additionally, Damascus faces challenging and costly infrastructure issues that, without the support of planning efforts, it is not likely to overcome. Given these facts, reliance on Damascus must be eliminated or reduced to ensure that the region can meet its 20-year housing demand.

Recommendation: While we recommend excluding the availability of Damascus from the current inventory for the entire 20-year period, the minimal action needed is:

- Reconsideration of when the region will see any significant development in Damascus;
- Significant reduction or elimination in the assumed number of units/year that will realistically be developed in Damascus;² and
- Analyze the impact by the elimination or reduction of the reliance on Damascus on the need to add additional replacement land to the UGB for single-family housing.

3. The Need to Incorporate Significant Results of the Residential Preference Survey into the UGR Prior to Making the Growth Management Decision.

As noted above, the UGR assumes a reversal in split between single and multi-family housing, assuming a much larger percentage for multi-family housing. However, the UGR was produced without benefit of the Residential Preference Study (the "Study"). Significant findings of the Study include:

- **65% of respondents live in single-family detached homes and 80% would prefer to live in a single-family detached home;**
- In contrast, 28% live in multi-family housing and only 13% prefer multi-family housing;
- Suburban residents prefer suburban neighborhoods over other neighborhood types;

¹ House Bill 4029 (2014) allowed "landowners with property located on the boundary of the City of Damascus to withdraw their property from the jurisdiction of the city and promptly seek annexation into another nearby City." *City of Damascus v. Brown* at p.11.

² As pointed out by Wilsonville in its October 14, 2014, letter concerning the UGR, an assumption of 1,000 units of housing/year in Damascus (with 80% of units as single-family housing) is unrealistic when compared to other new UGB expansion areas that have had community support for planning and development. In addition to Wilsonville's record high of 220 single-family units in 2014, Hillsboro's Witch Hazel development averaged 177 units/year and a recent market study indicates that South Hillsboro is likely to develop at an average of 500 units/year.

- Commute times have the least impact on choice of neighborhood; and
- Residents of urban neighborhoods or town centers are the second most satisfied behind rural neighborhood residents.

The Study *does not* mean the region has to make a choice, as explained by Metro staff, between “building single-family homes from here to Salem” or implementing the 2040 Regional Plan. Instead, the cumulative results of the Study indicate that the types of development we are seeing and planning for in new urban areas (i.e., with a mix of housing types and nearby amenities for residents – “complete communities”) meets the demands of residents.

Recommendation: The purpose of the Study was to better inform the UGR. Because of the timing of the Study results subsequent to the release of the UGR, the Study has not been taken into the account. Consequently, Metro must reconcile the UGR with the Study in 2015 prior to making its growth management decision. This will require adjusting assumptions in MetroScope to create a better balance between single and multi-family housing – a balance that is more reflective of the market, as expressed by the desires of the regional residents.

There is considerable risk if this adjustment is not made:

- Demand for multi-family housing may likely be lower than projected, with a corresponding increased demand for single-family homes.
- There is a likely negative impact on housing affordability. Because of the resulting underproduction of single-family homes and corresponding higher demand, prices of single-family homes will increase.
- Those seeking affordable, single-family housing will be forced to live in neighboring communities outside of the metro region.
- Longer commutes will have a negative impact on the ability of the region to meet its greenhouse gas emission reduction targets (*see issue 1 above*).

As noted above, while the 2014 UGR is an improvement over past efforts, without these changes in the above recommendations, the result will be significant negative impacts in meeting the needs of residents, as well as the region’s ability to meet its goals of reducing greenhouse gas emissions and creating great communities. We look forward to working with Metro to see that these changes are incorporated in 2015, prior to a discussion and decision on growth management.