



Metro | *Making a great place*

December 3, 2014

Dr. Gerard Mildner
Associate Professor of Real Estate
Portland State University
P.O. Box 751
Portland, OR 97207-0751

Dear Dr. Mildner:

We believe there is broad agreement in our region about protecting our outstanding natural resources and our amazingly livable communities. Ensuring those protections is the intent behind Oregon's land use system and the goal of the work we do at Metro every day. What also is clear is that managing urban growth is a challenging, complicated endeavor. That is why Metro uses a technical tool called MetroScope to help *inform* decision makers about the tradeoffs involved in different policy decisions. Again, MetroScope informs policy decisions. It does not make them.

While Metro welcomes the opportunity to discuss MetroScope, our technical work and relevant policy questions, your recent critique of Metro's Urban Growth Report contains significantly misleading statements and errors.

Metro's draft Urban Growth Report has undergone extensive review for two years by more than 40 experts from the private sector, public sector and academia. We have made great efforts to provide information and clarity that could assist you in gaining an understanding and conducting an effective review of our work. We pointed out that your draft contained numerous inaccuracies and mischaracterizations. We offered to meet with you to answer your questions but you declined. Instead, you have spread misinformation via the media.

To ensure an informed policy conversation, Metro believes it is vital to address some serious problems with your work. Here are ten:

1. MetroScope is an economic forecasting model that takes into account household tenure, single-family versus multi-family, and location preferences for residential housing. This speaks to the demand side of the economic model which accounts for tastes and preferences of different types of households. Notably, during 2008, you were part of a PSU review team that found:

"MetroScope integrates the residential housing model with transportation, land use, and commercial location models. Thus, this analysis is consistent with the models and assumptions used for transportation and urban growth boundary (UGB) planning. It can therefore provide a fuller and more realistic model of housing development that incorporates the impact of household choice, development economics, and commuting preferences."

Your statement that "in the MetroScope model, housing preferences play no role, only zoning capacity," is incorrect.

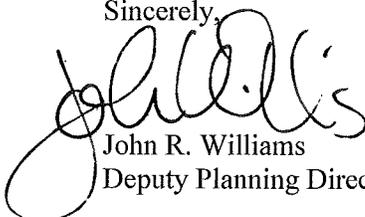
2. MetroScope factors in the development currently allowed by local cities and counties based on their locally adopted zoning districts and a detailed buildable land inventory. In fact, that is the real purpose of the urban growth report, as required by state law – to assess how future growth will be accommodated under existing plans and policies. These local inputs are the residential supplies utilized in forecasting future growth trends. They are externally decided and not MetroScope

“assumptions.” MetroScope is a robust equilibrium model that balances housing demand and supply. Your statements about many of the model’s inputs are incorrect.

3. MetroScope operates in 5-year increments rather than Case Shiller index’s annual increments. It is not designed or intended to capture exact annual variations but does produce similar trending information when used appropriately to look at the longer time periods, such as 2015 to 2035.
4. MetroScope is a regional model for the seven-county Metropolitan Statistical Area (MSA). It models growth across the entire seven-county area, not just the Metropolitan Portland UGB as you claim. Again, your statements are incorrect. Importantly, a number of model outputs including vehicle miles traveled, housing tenure, and housing production mix will also vary across these different geographies.
5. You assert that MetroScope does not account for any future UGB expansions between now and 2035 and that the model forces growth into the existing UGB. When we model what happens under current policies we factor in future UGB expansions within our region’s already designated urban reserves. In truth, a significant share of our designated urban reserves are assumed to be within the Metro UGB by the end of the planning period.
6. There can be no doubt that virtually all development requires some public investment. Nonetheless, your analysis asserts that costs only apply to existing plans and policies but somehow don’t apply if development occurs in UGB expansion areas.
7. Your findings are skewed because you inflate housing prices but not wages. At the same time, you fail to make any meaningful or documented connection among the inflation you allege will occur and the relative supply of land.
8. You ignore the fact that people are voting with their feet. The popularity and redevelopment of close-in neighborhoods, main streets, and town centers is based on the fact that many people want to live in communities where they can walk, use transit or bike if they want. Metro’s work is directed at giving people more choices to live in these kinds of communities. That’s the best way to ensure affordability for everyone.
9. You ignore that your preference for unregulated growth and development has high costs, and that the public and elected officials have consciously and repeatedly chosen the path we are on for a wide variety of social, environmental and economic reasons. Ensuring half the region’s new housing is single-family would require development of at least 4,000 acres every six years -- that’s an area three-quarters the size of Forest Park. And yet, you offer no realistic path to paying for the public structures and systems required to support that style of growth while decrying the costs for the alternative.
10. Finally, you dismiss the MetroScope model, but you make selective use of its data on several occasions where the data support your conclusions. The MetroScope model has been peer reviewed, including a 2008 review by a team at PSU that included you.

We stand by our work and welcome a reasonable and factual debate about what’s best for our growing region. Unfortunately, your paper moves us away from that debate and perpetuates misunderstanding about MetroScope, the Urban Growth Report and the very real challenges of planning for and managing urban growth. Just as we offered before, we remain willing to meet to discuss these important matters.

Sincerely,


John R. Williams
Deputy Planning Director


Molly Vogt
Interim Research Center Director