



P.O. Box 928 • Salem, Oregon 97308
(503) 588-6550 • (800) 452-0338 • Fax: (503) 399-4863
www.orcities.org

March 7, 2013

To: Rep. Brian Clem, Chair
Rep. Kevin Cameron, Vice Chair
Rep. Lew Frederick, Vice Chair
Members of the House Committee on Land Use

From: Erin Doyle, Intergovernmental Relations Associate

Re: HB 2253 – Population Forecasting

As you know, the League of Oregon Cities represents all 242 cities within the state of Oregon, and is directed by our member cities to pursue solutions to priority problems faced by our cities. This year, developing a workable solution to the urban growth expansion process is a top priority for our members, and as a result the League and a number of our member's city planners have actively worked with the governor's task force on urban growth. The governor's taskforce has worked to include all persons affected by land use decisions and urban growth boundary changes in particular, not just cities, but all of the state agencies, citizen representatives, builders, farmers, and counties. Part of that solution has been developing a program that addresses the population forecasting system, which is the foundation of the comprehensive planning done by each city, including urban growth boundary changes, urban reserve designations, transportation planning, comprehensive plan updates, and infrastructure updating.

HB 2253

Like all decisions, there must be a starting point for reforming the methods a city uses for addressing its land needs. In Oregon, that has been determining the future population of a city based on an adequate factual base, which essentially boils down to the population forecast. Currently, each county is responsible for developing the population forecast for its boundaries. But, for a variety of reasons, many counties have not completed a forecast or have not updated their forecast in the last ten years. Data collected in 2011 showed us that 14 counties had not generated a forecast and seven others had not updated the forecast in the past ten years. Approximately half of the 95 cities responding to the question stated that they had sought independent population forecasts. Of those cities completing their population forecasts, only half had those forecasts adopted by their county. And, the time frame for adoption by the county had a huge range from two weeks to seven years, but averaged at approximately one year. The adoption of these

forecasts becomes a legislative land use decision that is appealable to the Land Used Board of Appeals (LUBA) and then the courts.

When a city decides to modify its urban growth boundary (UGB), the basis for the calculation of needed growth is the population forecast. The physical size of a city must reflect the size of the city's population and economic development needs. However, to provide an adequate factual basis, the city must have an updated population forecast to work from. If there is no recent forecast, the city must develop its own, adding to the high cost of long-term planning. If a city uses available forecast, the city's expansion decision is subject to one more avenue of appeal that can require starting over even though the city did what was required of it.

In examining these costs and inconsistent reforecasting, the cities began working with a number of stakeholders to determine a better path forward which will assist local planning by first addressing how population forecasting is completed in the state. The solution is in HB 2253, which will move the responsibility for population forecasting to an unbiased, third party professional population forecasting center at Portland State University. The bill requires that the state fund continuously updated forecasting that can be used by cities and counties to develop their long-term plans. This will provide cities with up-to-date forecasting on which to base its comprehensive planning and infrastructure development. In addition, it will shift costs from local government to the state which adds a savings component for local jurisdictions. As part of my testimony, I have included an article that my predecessor at the League, Linda Ludwig, drafted related to this proposed legislation which reflects the overall savings that will be realized by passing this legislation.

In addition, the bill accounts for cities not wanting to disrupt current processes that are started on population forecasts developed prior to the new system's adoption, allowing a city to move into the new population forecasting model when it makes sense at the local level. Moreover, the extensive population forecasting projection completed by Metro will not be disrupted and allows Metro to continue its own forecasting program and work with PSU on methodology if it finds it necessary.

This solution does not remove the local perspective from the process. Instead, local governments and citizens will be brought into the process from the beginning to provide data and information to PSU to ensure that the forecast reflects not only demographic trends but also local decisions that will have a long term effect on the potential growth of a region. Moreover, there will be ongoing conversations as PSU develops their reports with cities, counties, and interested members of the public. Further, PSU will provide all interested parties with the opportunity to review their preliminary forecast before it is finalized. Once PSU issues the final forecast there is still a period of administrative review open to local governments and interested members of the public to request re-examination of information. PSU will then finalize the forecast based on any further input during the administrative review and the forecast will then become final.

The last key component is that the final report does not become a land use decision as it is currently. Therefore, there will not be an appeal to LUBA or the courts related to the forecast. Because there is a removal of potential bias related to calculating the forecast by using a third party, the need for appeal is diminished. In addition, having a board to review the methodology and the transparency within PSU's system will allow people to review the forecast and work within process to avoid the need for an appeal.

For these reasons, the League of Cities is very supportive of HB 2253 and urges that the committee pass it with a do pass recommendation. Thank you for the opportunity to testify regarding the important proposal presented in HB 2253. This bill is an important first step in working to make our land use system work better for all concerned parties.

Population Forecasting - The Foundation for Comprehensive Planning

By Linda Ludwig

Legislation will be proposed by Governor John Kitzhaber in the 2013 session that will change the way population forecasts are produced in Oregon and will limit opportunities for appeal. This article examines the history of population forecasts and the specific details of the proposed legislation.

Background

Population forecasts are the starting point when city elected officials make decisions regarding growth management—including urban growth boundary (UGB) analysis and expansions, and updates to transportation system plans, public facility plans and capital improvement plans. Cities are required by law to use population forecasts to update their comprehensive plans, but securing a forecast in a timely manner has been difficult for many cities.

Counties, outside of the Portland-Metro area, have been required to provide and keep updated population forecasts for the urban and rural portions of their county. Despite this legislative mandate, and for a variety of locally-driven and economic reasons, the majority of counties have either not adopted a coordinated population forecast or have not provided timely updates. This has been due in part to cost—including the “political” costs of decisions necessary to allocate a county-wide forecast among multiple cities in a county—and the potential for litigation. It may also be because, unlike cities, most counties do not need a population forecast because they are not required to accommodate future population growth. Adding to the costs has been the increase of litigation—many forecasts have been challenged either initially or as part of a subsequent land use action.

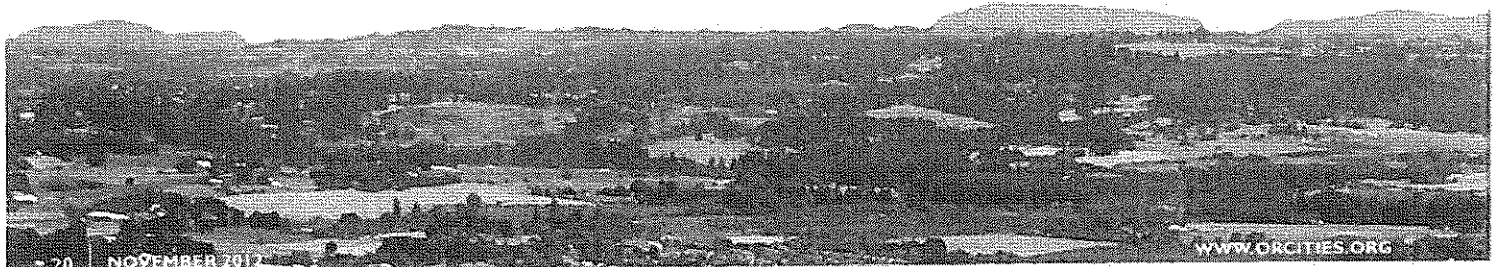
Cities that have utilized their limited authority to generate their own forecasts have also been stymied by appeals and the lack of county action. Current and future trends indicate that there are growing numbers of cities finding it necessary to begin a UGB update as their land supply diminishes, requiring fresh forecasts.

The Framework

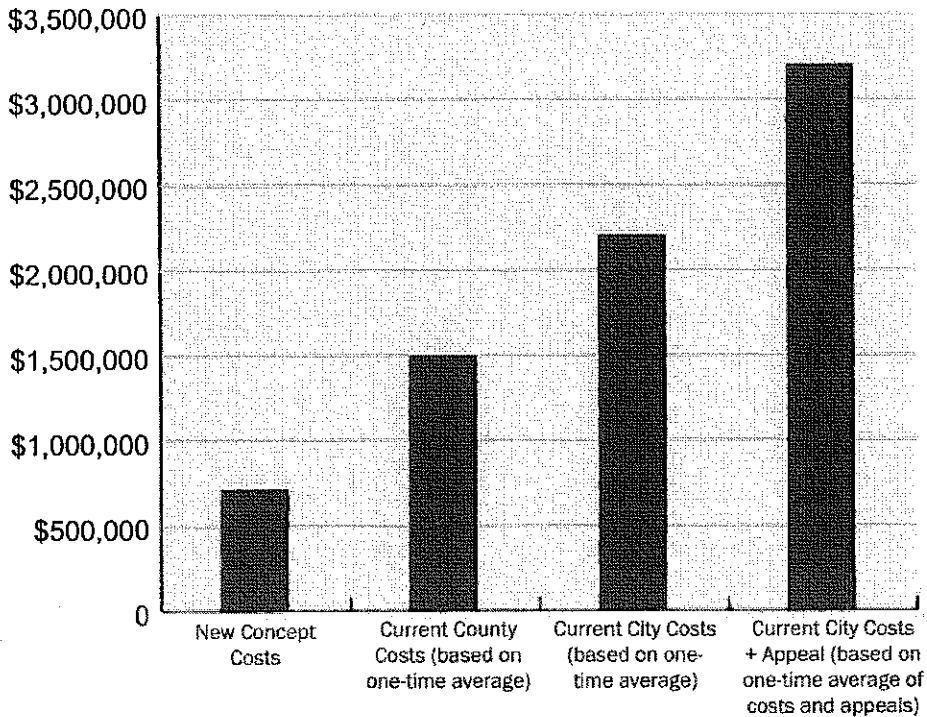
In 2011, a group of key stakeholders were convened to explore a legislative concept that would resolve the longstanding problems with population forecasting. The effort was facilitated by the Oregon Consensus program at Portland State University, which gathered information and ideas, conducted research, and developed a concept framework. The governor's office closely followed this effort, recognizing that a better forecasting system would be an important building block to the broad urban growth boundary process changes that will also be proposed in 2013.

The concept developed by the 2011 stakeholder group calls for forecasting to be re-assigned from counties to a neutral third party, the Population Research Center (PRC) at Portland State University. The PRC will provide fresh 50-year forecasts to cities every four years—incorporating new policy changes or investment decisions that may support population growth and would affect a city's forecast. It will conduct a localized process, with multiple opportunities for input from cities, counties and citizens, and provide flexibility for cities to decide when they should begin to use the new forecasts. Complex areas, such as shared urban growth boundaries or cities that include portions of more than one county, will be forecasted at the same time.

In addition, forecasts would no longer be considered a land use decision, and therefore would not be appealable to the Land Use Board of Appeals (LUBA). There will, however, be a short, administrative challenge process available to a city, county or citizen that doesn't agree with the forecast and has additional information that could result in a forecast adjustment. Metro will continue to provide long-range forecasts to cities and counties within the Metro boundary, while the PRC will produce forecasts for the jurisdictions outside the Metro boundary in Clackamas, Multnomah and Washington Counties. Metro and the PRC will coordinate their data inputs and control numbers to ensure complementary forecasts for the three-county region.



New Concept Cost Savings



Statute Versus Rule

It is anticipated that the concept framework will be provided in statute, while the procedural elements will be authorized in rule, so that they may be adjusted appropriately as experience dictates. As the current process is also codified in statute, the new concept will require legislative action in 2013.

Examples of procedural elements that may be addressed by rule include provisions to:

- Establish the forecast "increments" available within the 50-year forecast (i.e. annual, or every five years, etc.);
- Establish the type of information and data that is included in the forecast;
- Establish the four-year "phasing" of forecasts (i.e., which cities "go first" in a four-year cycle);
- Establish a flexible process for cities to transition from the use of existing forecasts to the new forecasts;
- Allow a city to contract directly and independently with PRC for a "mid-cycle" review;
- Allow a county to provide voluntary support to a city or number of cities within their county during their forecast;

- Authorize a formal extension request for cities and counties to provide additional data to PRC;
- Provide an ample number of local government meeting opportunities to provide data and feedback to PRC; and
- Allow forecasts that have been adopted into comprehensive plans through a Regional Problem Solving project to remain valid.

Funding and Cost Savings

For local governments, the proposed legislative concept would provide substantial cost savings. Although not all counties have provided forecasts or expended funds to do so, if they did meet their statutory requirements and several of these were litigated as experience dictates, the cost to counties would be at least double the cost of the new concept. If the additional costs that cities have spent on forecasts were added and some of these were litigated, the costs are either triple or quadruple the cost of the concept. The Local Government Grant Program in the Oregon Department of Land Conservation and Development's (DLCD) budget will provide the ongoing framework for the program and the funding appropriation. Funding for the population forecasting concept will be included in the budget request for DLCD, and will likely be included in the 2013-15 Governor's Recommended Budget.

(continued on page 22)



PRC Expertise

The question has been raised, "Why PRC?"

Since 1965, the PRC has served Oregon by providing demographic services to assist in policy and planning decisions. As the lead agency that works with the U.S. Census Bureau to disseminate information at the local level, the PRC has a long-standing history of providing coordinated population forecasts to private firms, public agencies and not-for-profit groups. PRC faculty and staff collectively possess more than 50 years of training and experience in demographic research methods, forecasting, census data, survey research and statistical analysis.

The population forecast model, including all the components, data points and assumptions, will be clearly documented to ensure a transparent process. Additionally, an advisory team comprised of experts in the field and city and county representatives will be appointed by the Oregon Land Conservation and Development to ensure that unbiased, data-driven methodologies are used and that best practices and sound local processes are followed.

Legislative Process

The population forecasting bill will be filed at the request of Governor John Kitzhaber for DLCD, to be considered by the 2013 Legislature. At this time, it is too early to know either the chamber of introduction or to which legislative committee it will be assigned, but League staff will continue to keep its members duly informed. A draft of the actual bill language will be available sometime in December.

The LOC Board of Directors voted to include population forecasting as one of five top legislative priorities for the session. A video explaining the concept featuring DLCD Director Jim Rue and Keizer City Councilor Cathy Clark is available on the League's Facebook page at: www.facebook.com/LeagueOfOregonCities.

Editor's Note: Linda Ludwig is the League's Deputy Legislative Director. ■

Population Forecasting Concept AT A GLANCE

- Forecasts will be provided by the Portland State University's Population Research Center (PRC) and issued for one-fourth of the state every year.
- Cities will receive new forecasts every four years, with a 50-year forecast horizon; will include single year increments.
- Includes a local process that allows multiple opportunities for input from cities, counties, citizens.
- Forecasts will not be a land use decision, and not appealable to LUBA.
- A funding request for the forecasting concept will be included in 2013-15 DLCD budget.
- A short 60-day challenge process will be available if a city, county or citizen does not agree with the forecast.
- Three generous phase-in options allow cities and counties to choose when they begin using the new numbers.
- Metro retains responsibility for city/county forecasts in its boundary, but must coordinate methodologies with the PRC. The PRC will produce forecasts for cities and counties in Multnomah/Clackamas/Washington County, outside of Metro.
- A review team comprised of experts in the field and city and county representatives will review methodology, local data collection and provide peer review to the PRC.
- Framework will be statutory, with procedures provided by administrative rule.
- Cities with a shared UGB or shared county boundaries will be coordinated and forecasted in the same "round."

