

**State and local goals to concentrate growth, not sprawl on to farmland, are working**

Oregonians take pride in our state. We cherish the sense of place that we've successfully guarded even as significant population growth has occurred. Time and time again, people in the Metro region have told us that they want us to continue protecting the region's quality of life. For example, in a poll a few years ago 80 percent of voters in our region agreed that over the next 25 years, building on all vacant lots and redeveloping all substandard buildings along commercial streets near their neighborhood is a reasonable choice to make so that less farm and forest land will have to be developed. Eighty percent also strongly or somewhat agree we should be "building more neighborhoods where people can get where they need to go by walking, biking, or taking public transit."

The cities and counties of our region have planned accordingly to concentrate growth in commercial centers and along transportation corridors. The market is responding, and those plans are now coming to fruition all across our region, from Orenco Station in Hillsboro to downtown Milwaukie, from the Pearl District in Portland to Villebois in Wilsonville.

**Building new housing is a question of land readiness, not just land supply**

From 1998 through 2012, 94 percent of new homes were built inside the original 1979 Metro-area urban growth boundary. Although Metro has expanded its UGB by more than 32,000 acres since it was first put in place 35 years ago – in fact, has expanded it in every review we have conducted – much of that expansion land is still sitting vacant today. Residential development in expansion areas amounts to just 6,500 homes built over the course of 14 years. Most of these homes are out of the financial reach of people with average incomes. By comparison, more homes have been built in the City of Portland alone over the last year and a half.

Most of the 6,500 homes were built in a couple of past UGB expansion areas. What we've learned from these experiences is that two things matter most in achieving development goals – governance and finance. Without those, no housing gets built. Hillsboro and Wilsonville are two examples of proactive cities in our region that have worked hard to solve the governance and finance challenges in UGB expansion areas. Yet, even with such determination, finance can be a serious obstacle. The South Hillsboro area, which was added to the Metro UGB in 2011, still has a large, unresolved infrastructure finance gap. In Wilsonville, the Villebois development has reached 50 percent build-out after 17 years of hard work. These expansion areas are important for each community but are really complements to the much larger proportion of residential growth we have seen and will continue to see being built in pre-existing urban areas.

**Metro's buildable land inventory and analysis is peer-reviewed**

Metro takes the job of managing growth seriously. In our most recent review of our region's capacity to accommodate growth, called the Urban Growth Report, we conducted a transparent technical process involving scores of experts from the public, private, and academic sectors. More than ever before, we asked outside technical experts for advice on which methods to use. The

Oregon Home Builders Association, which has brought this bill forward, was well-represented throughout this process.

A key element of our Urban Growth Report is a buildable land inventory. To develop our buildable land inventory, we started at the individual tax lot level, analyzing detailed aerial photos of the entire region. We asked experts how to handle environmental constraints such as steep slopes, wetlands and habitat areas – and removed these areas from the buildable land inventory. We removed future street rights-of-way. When it came to infill and redevelopment, we asked developers what they would be willing to pay for developed properties in different locations, compared that to property values and used that information to evaluate what areas might see redevelopment or infill over the next twenty years. We took all of that and identified a preliminary buildable land inventory detailed down to the tax lot level. We then sought review of the inventory from every city and county in the region. Therefore, the buildable land inventory in the draft 2014 Urban Growth Report reflects extensive critique and review and our projections of our region’s ability to accommodate growth represent significant discounts from existing zoned capacity. That’s because it’s based on an analysis of what the real estate market could actually produce, rather than what is theoretically allowed by local zoning.

HBA had several representatives participate throughout the process that led to the draft 2014 Urban Growth Report. Quoting a September 23, 2013 memo from HBA of Metropolitan Portland:

*“The bottom line is that overall this is a very comprehensive approach which includes robust data gathering and detailed analysis. The methodology accounts for a lot of varying issues with vacant land and redevelopable land. We think Metro has done a pretty good job at recognizing some of the constraints on land availability/supply and taking those factors into consideration.”*

When it came to our population and employment forecast, we again reached out to experts, conducting a peer review chaired by former state economist Dr. Tom Potiowsky. The peer review panel also included economists and demographers from Portland State University, NW Natural, ECONorthwest, and Johnson Economics. The methods, results, and a summary of the peer review process as well as everything else described in this testimony are all documented in the draft 2014 Urban Growth Report.

### **Metro opposes HB 3221**

The -1 amendment to House Bill 3221 creates new and different requirements for this already extensive process, for Metro and for cities across the state. As local growth management practitioners, we find the amendments in this bill to be either unnecessary or actually incomprehensible, and we fear this bill may be an effort to force a particular outcome from local land use processes. (The page and line numbers below refer to the -1 amendment.)

### **HB 3221 will add complexity and time**

The proposed -1 amendment adds more requirements to an already-overloaded statute and provides no discernible benefit to urban growth management decisions. For example:

- Page 2, lines 14-26 – This section reorganizes existing requirements but also adds new language that would add considerable extra work, new analysis and uncertainty to what

is already required of a buildable land analysis, without any identified benefit. For example, the bill appears to require land title research at the tax lot level – not productive and not even feasible considering the approximately 530,000 tax lots inside the Metro UGB. What we need to know about growth capacity is already adequately captured by zoning designations and the adjustments mentioned earlier.

### **HB 3221 is vague or incomprehensible**

The -1 amendment adds vague, unclear language, again with no discernible benefit, including:

- Page 3, lines 23-28 – adds a “baseline” standard to buildable land analyses, based on what exists today, without explaining what it means or why. We already report on what exists so again it adds uncertainty without demonstrated benefit. As introduced, HB 3221 required local governments to assume static or very small increases in density levels in their forecast of the future – an assumption that is clearly at odds with past experience and market realities. If that is the intent of this term, we would strongly oppose such a change, which would do away with any meaningful attempt at forecasting future development in keeping with community plans.
- Page 5, lines 20-26 – adds more vague language, this time to the requirements for a growth management decision that does not expand the UGB. Under existing law, if a local government chooses to adopt “efficiency measures” rather than expand the UGB, it must adopt amendments to its policies or regulations. Adding a requirement to specify the date seems superfluous.
- Page 6, lines 2-6 – probably the most confusing addition in the amendments, this language requires a local government making no UGB expansion or a partial expansion to “account for lapses in time” and “provide for future expansion of the urban growth boundary...if circumstances so require.” We cannot envision how these requirements could ever be implemented. Local governments periodically forecast growth, estimate capacity to accommodate that growth, and make urban growth management decisions. This language seems to contemplate a constant monitoring of housing capacity, which is at odds with how our land use system functions.

We urge you to oppose HB 3221. Metro’s urban growth management decisions have always been guided by forecasts and a comprehensive analysis of capacity and we have worked with partners to improve our analysis each time. This measure appears to be an effort to force urban growth expansions when they are not desired by the public, when they may not be needed and when there may not be a city willing or able to provide governance and infrastructure. Worse, the proposed amendments would force Metro and cities around the state to waste scarce public resources on additional analysis that would not meaningfully inform the public debate about urban growth management.

Instead of making our long-range planning process more bureaucratic and complex, Metro hopes to continue our work with the Home Builders Association and many other partners on today’s critical challenges, including land readiness and infrastructure provision, that can make real differences to our communities, our economy and our citizens.

Thank you for the opportunity to testify today.