



CREEC

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COMMERCIAL REAL ESTATE ECONOMIC COALITION UPDATE (CREEC) (MAY 2010)

HEADLINES:

Regional Urban Reserves/Rural Reserves. On 5/21/10, the Metro Council closed the legal record for the Reserves Process. In early June, the Council is expected to adopt the entire Reserves package, including the 2060 Reserves Map and related documentation, intergovernmental agreements (IGAs) with each participating county, proposed modifications to Metro regulations and legal findings, and send it to the Department of Land Conservation and Development (DCLD) for acknowledgement. Because of the controversy surrounding the process, DCLD Director Richard Whitman is likely to punt the decision directly to the Land Conservation and Development Commission (LCDC), which will hold a hearing in the fall. As reported in the 3/10 CREEC Update, the 2060 Reserves Map contains 28,090 gross acres of Urban Reserves (UR) and 272,120 gross acres of Rural Reserves (RR); the map has an undetermined amount of “undesigned” acreage in and around URs to provide the safety valve for future expansion if needed. The shortage of undesignated acreage is particularly acute in Washington County.

CPR Legal Challenge. Composed of 10 labor and business organizations, the Coalition for a Prosperous Region (CPR) formed earlier this year, under the auspices of the Portland Business Alliance. On 1/21/10, CPR submitted detailed testimony to Metro including its preliminary legal findings supporting the need for more URs and undesignated acreage and its alternative map. In late 5/10, CPR supplemented this with additional testimony related to proposed changes to Title 11 (Planning for New Urban Areas). CPR has raised a legal fund from its various constituent organizations to file an “objection” with LCDC in opposition to several important aspects of the Reserves decision. In mid-May, CPR hired the legal firm of Black Helderline, with attorneys Stark Ackerman and Carrie MacLaren taking the lead.

Periodic Review. Closely related to the Reserves Process is the decision now pending at the end of 2010 on whether to expand the Regional Urban Growth Boundary (UGB) for this round of Periodic Review, which occurs once every five years. For nearly two years, the Metro staff and Council have been signaling that there will be little need to expand the boundary, and this view has been reflected in Metro COO Michael Jordan’s “Making the Greatest Place Report” (9/09). Currently, there is a documented shortfall of land to accommodate a 20-year demand for an additional 44,000 – 62,000 dwelling units and between 200 – 1,500 gross acres of large-lot industrial land, resulting from the study of the special subcommittee that met earlier this year. This shortfall will be accommodated by a combination of infill/refill within the existing boundary and land brought into the boundary from the newly-designated URs.

Metro President’s Race. One of the most important elected positions in the region, the race for Metro Council President to replace departing David Bragdon narrowed to two candidates after the 5/18/10 primary. Despite a significant disadvantage in fundraising but with endorsements from all the region’s major newspapers, Tom Hughes, ex-mayor of Hillsboro, garnered 37% of the vote compared to the Bob Stacey, who won 35%. The third contender, Metro Councilor Rex Burkholder, is out of the race. Hughes and Stacey have significantly different positions and constituencies that should make for an interesting and hard-fought race. To some degree, the candidates will split up Burkholder’s voters, a combination of environmental and labor/business interests. In addition, with less than 40% turn-out in the primary, there is a sizable portion of the electorate yet to reach.

CREEC Board Meeting. CREEC’s next board meeting will be held on Thursday, 6/17/10, from 7:30 – 9:00 AM at Perkins Cole, 10th Floor Conference Room, 1120 NW Couch Street.

DISCUSSION

Reserves Process. On 2/25/10, the Metro Council adopted its preliminary 2060 Reserves Map with 28,090 gross acres of Urban Reserves (UR) and 272,120 gross acres of Rural Reserves (RR) with an undetermined amount of “undesigned” acreage in and around URs to provide the safety valve for future expansion if needed. The shortage of undesigned acreage is particularly acute in Washington County. The proposal results in a ratio of nearly 10 acres of RR for every acre of UR.

The 2/25/10 Reserves Map is closer to the one supported by the Metro Council, the so-called Bragdon/Hosticka Map (29,000 gross UR acres), than a competing map proposed by Liberty/Park/Burkholder (19,900 gross UR acres). In contrast, the map submitted to Metro by the CPR presented an alternative version with 40,800 acres of UR, 28,850 acres of undesigned land adjacent to the existing UGB and proposed URs, and 225,000 gross acres of RR. The coalition’s map is designed to underscore the need for both more URs and undesigned acreage, particularly in Washington County, a contention backed up in its summary of legal issues, all of which was submitted to the Metro record on 1/21/10.

On 5/20/10, the Metro Council held its final hearing, with adoption of the entire Reserves package slated for early June. The latter includes the final Reserves map, intergovernmental agreements (IGAs) with each of its county partners, proposed modification of the 2040 Framework and Functional Plans and legal findings, to be sent to the Land Conservation and Development Commission (LCDC) for an “acknowledgement” this summer, although the actual hearing is not scheduled until October. This package includes a requirement for doing concept planning in UR areas prior to being brought into the regional UGB (Title 11 modifications) and requirements for a mandatory review in no more than 20 years. However, the issue is moot in Washington County unless there is more undesigned acreage into which to expand URs if the initial projections prove to be inadequate, as designated RRs are inviolate for 50 years.

Title 11. As part of the Reserves package described above, Metro is proposing modification of Title 11 (Planning for New Urban Areas) of the 2040 Growth Management Functional Plan to address how newly-designated URs are to be selected for inclusion in the Regional UGB and how they will be planned and developed once included. It is from these URs that land will be brought into UGB in the upcoming Periodic Review at the end of this year (see below). One particularly problematic provision requires that a UR be annexed to a city prior to being developed. Although this may be preferable to having new urban-level development within unincorporated counties, there are some potentially serious barriers to this, including URs not adjacent to a city (e.g., West Bull Mountain), or where cities either refuse to plan for and annex (e.g., cities adjacent to the Stafford Basin) or cannot if voter-approved annexations fail (e.g., in such communities as Oregon City, Tualatin, Lake Oswego and Sherwood). For this reason, CPR submitted testimony to Metro that proposes a safety valve be incorporated into the revised text to allow Metro and the affected county to make alternative arrangements for governance and service provision outside a city if necessary. This proposal garnered little support at MTAC, MPAC or the Metro Council and, as a result, CPR has added this issue to the list of concerns upon which it plans to file an objection to LCDC acknowledgement of the Reserves package discussed in further detail below.

Coalition for a Prosperous Region (CPR). An outgrowth of the informal Reserves Business Advisory Group, which provided support to the business community’s representatives on the Regional Reserves Steering Committee, CPR was founded in early 2010 with the following members:

- Clackamas County Business Alliance (CCBA)
- Columbia Corridor Association (CCA)
- Columbia Pacific Building Trades Council (CPBTC)
- Commercial Real Estate Association (Oregon NAIOP)
- Commercial Real Estate Economic Coalition (CREEC)
- East Metro Economic Alliance (EMEA)
- Home Builders Association of Metropolitan Portland (HBAMP)
- Portland Metropolitan Association of Realtors® (PMAR)
- Portland Business Alliance (PBA)
- Westside Economic Alliance (WEA)

CPR has established standing in the Reserves Process by submitting detailed testimony to Metro in January and again in May that raises its issues of concern with sufficient specificity to “hold a place at the table”. This permits CPR to raise an objection to the Metro-adopted package and ask that LCDC remand the decision back to Metro to make corrections; from CPR’s perspective, this means asking Metro to consider adding URs and/or more strategically-located undesignated acreage in Washington County. This will require CPR to file an objection with LCDC in opposition to several important aspects of the Reserves decision. In mid-May, CPR hired the legal team of Stark Ackerman and Carrie MacLaren from Black Helterline to guide this effort. It is anticipated that there will be several objections filed. The Washington County Farm Bureau and 1,000 Friends of Oregon already are on record that they will oppose much of the Washington County URs, especially that north of Council Creek, a drop-dead physical barrier from their point of view. Opponents against the designation of most of the Stafford Basin as an UR also are likely to object.

Regional Urban Growth Boundary (UGB) Periodic Review

Making the Greatest Places. At a recent MTAC meeting, Metro staff presented a schedule of the “Making the Greatest Places” Project to determine whether the Regional UGB will be expanded at the end of 2010 (attached). The schedule features key decision points from this point forward.

Regional Transportation Plan (RTP) Update. The legal record for the RTP Update closed earlier this month and the package is being reviewed by the MPAC and JPACT before its adoption by the Metro Council in a hearing now slated for 6/10/10. The package includes:

- Ordinance 10-1241
- 2035 RTP Summary Report
- 2035 RTP Update
- 2010-2020 RTP Implementation Plan
- 2035 Technical Appendix

Regional Infrastructure Conversation. In 12/09, COO Michael Jordan invited a wide range of business community interests to a series of breakfast meetings to begin a discussion on the public/private funding of future infrastructure such as roads, water, sewer and other capital investments of regional importance. This informal advisory group, including several CREEC and CPR members, has recommended the establishment by Metro of a Regional Investments Steering Committee, composed of the region’s most prominent leaders in the for-profit and non-profit sectors. The committee will function under Metro’s legal authority but be organized like many of the regional public/private partnerships founded in such regions as Chicago, Oklahoma City and Salt Lake City. The steering committee will be charged with identifying the types of regional investments to be included; identify a package of funding options composed of existing and possibly new funding sources for each investment category; propose the legal governance and program for implementing the distribution of such funding; and develop a public relations’ strategy to win voter approval. Metro, which will fund the effort and provide administrative and technical support, hopes to have the steering committee established in the fall for a process expected to take about three years.

Capacity Ordinance. Metro is still on track to make the decision about expanding the Regional Urban Growth Boundary in this round of Periodic Review by the end of 2010. Since URs have been established and soon will be approved (barring a remand from LCDC), any expansions will be taken from designated URs. There is a shortfall of land to accommodate a 20-year demand for 44,000 – 62,000 dwelling units and between 200 – 1,500 gross acres of large-lot industrial, resulting from the study of the special subcommittee that met earlier this year. Either this demand must be absorbed into the existing UGB and/or accommodated on newly-designated URs and brought into the boundary. To begin the process, Metro staff talked to all the outlying local cities to identify the pool of land available for study for expansion that these jurisdictions were ready and willing to urbanize. This yielded about 3,000 acres. However, Metro’s legal counsel has advised staff that there needs to be a pool of about 8,000 candidate acres to demonstrate to LCDC that a full range of options (sizes, locations, development considerations) were evaluated. A flow chart showing how this process will be implemented is included as an attached file.

As an illustration of the controversy that this process already has engendered, several Clackamas County public officials wrote a memorandum on 5/12/10 to MPAC noting that there is such a great vacancy of industrial space within the existing UGB because of the "Great Recession", they doubt the need to bring in any additional large-lot industrial land at all in the upcoming decision. This is countered by a 5/21/10 memorandum from Washington County Chair Tom Bryan and several Washington County elected officials who counter this claim by noting that the large-lot parcels needed by traded-sector companies cannot be accommodated in existing industrial buildings scattered throughout the region. This position is supported by a substantial amount of technical data.

Metro President Race. *Now that David Bragdon is term-limited, Metro will have a new president in 2011. As a result of the recent primary election, the race is now down to Tom Hughes, former mayor of Hillsboro, and Bob Stacey, until recently executive director of 1,000 Friends of Oregon. Despite entering the race late and being outspent 3 to 1 by Stacey, Hughes garnered 37% of the vote, compared to Stacey's 35%. Despite the funding gap, Hughes was able to garner endorsements from all of the region's major newspapers. The third contender, Metro Councilor Rex Burkholder, only won 28% of the vote and is now out of the race. Hughes and Stacey have significantly different positions and constituencies that should make for an interesting and hard-fought race. To some degree, the men will split up Burkholder's voters, a combination of environmental and labor/business interests. In addition, with less than 40% turnout in the primary, there is a sizable portion of the electorate yet to reach.*

*For more information, contact CREEC **Advocate Beverly Bookin** or **Administrator Rebecca Woods** at The Bookin Group (503.241.2423).*