



CREEC

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

HEADLINES:

Regional Urban Reserves/Rural Reserves. 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); 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. In 5/10, the Metro Council will adopt the entire package, including the final 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.

Coalition for a Prosperous Region. The Reserves Business Advisory Group (RBAG), an informal group that has closely followed the UR/RR process and related UGB expansion study for the past 18 months, has morphed into a new coalition of 10 labor and business organizations known as the Coalition for a Prosperous Region (CPR), under the auspices of the Portland Business Alliance. As an affiliate member, CREEC representatives have been testifying on the Reserves Process under the CPR banner since January. On 1/21/10, CPR submitted an entire package to Metro including its preliminary legal findings supporting the need for more URs and undesignated acreage and its alternative map*. This effort was both to influence the outcome and create legal standing so that CPR and its affiliates can participate in LCDC acknowledgement. Currently, CPR is raising about \$25,000 from its members to fund the retention of a land use attorney to assist in representing CPR through the LCDC hearing.

Metro President’s Race. Possibly one of the most important races in the region, the race for Metro President to replace departing President David Bragdon is heating up. Entering the race late just after Thanksgiving, former Hillsboro Mayor Tom Hughes is coming on strong, raising money and securing endorsements. However, both Robert Stacey, former director of 1,000 Friends, and Rex Burkholder, currently a Metro Councilor, have been running strong races. If one of the three does not get a majority in the May primary, considered unlikely, the two highest vote-getters will advance to the general election in November. Because of the low voter familiarity with either the position or the three contenders, the race is considered a toss-up.

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, the one-every-five-years’ process. For nearly two years, the Metro staff and Council have been sending signals 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). The possible exception is the need for more large-lot industrial and employment land. A special subcommittee made up of local jurisdictional economic development directors and private-sector business community representatives are exploring the need and mechanism for identifying and bringing in this additional land with Metro staff.

UPCOMING MEETINGS

CREEC Board Meeting. CREEC’s next board meeting will be held on Thursday, 4/15/10, from 7:30 – 9:00 AM at Perkins Coie, 10th Floor Conference Room, 1120 NW Couch Street.

*PDFs of the 2/25/10 Metro and 1/21/10 CPR maps are attachments to this CREEC Update mailing.

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). An even more draconian version of the latter, presented by the Farm/Natural Resource Coalition (FNRC), called for only 15,000 gross acres of URs for the 50-year planning period, with the difference converted to RRs. In contrast, the map presented by the Coalition for a Prosperous Region (CPR) presented an alternative vision of 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 was 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 in late 1/10. Although these efforts did not result an increase in total future urbanizable land, it can be argued that the business community’s technical work and testimony helped keep the total UR land at the higher end of the range under consideration.

The summary above in no way conveys the degree to which the decision-making process has become polarized, with Clackamas County siding with farm and natural resource interests who lobbied hard to minimize URs in Washington County in an effort to eliminate any “foundational farmland” from being urbanized. As it is, the 12,800 gross acres of proposed URs contain less than 3% of prime farmland in the county, with the remaining 97+% protected as RRs. Proposed URs include significant acreage northwest of the City of Hillsboro south of Highway 26 and 600 acres north of Cornelius across Council Creek. The City of Cornelius, the region’s poorest community, has been attempting to add a supply of industrial land on its northeast edge for the past five years, stopped twice by Washco Farm Bureau and 1,000 Friends’ efforts. This time, County Chair Tom Brian is determined that Cornelius receives its fair share of future growth. The Portland joined these efforts to reduce URs – Mayor Sam Adams came out in support of the FNRC map – in a move to protect the city’s competitive position, which added central city/suburban city competition to a process already pitting county against county and urban against rural interests.

At the end of 5/10, the Metro Council will adopt the entire package, including the final 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. This package includes mechanisms 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 RRs are inviolate for up to 50 years.

The Washco Farm Bureau and 1,000 Friends 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. CPR has been establishing its legal standing to participate in the acknowledgement hearing both to further its aims to increase URs/undesigned land and oppose any further reduction of UR acreage. The CPR legal strategy is discussed 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)

Currently, CPR is attempting to raise funds from among its members to retain a land use attorney to advise the group through the acknowledgement hearing before LCDC. This involves establishing "standing" in the current decision-making process and raising 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 position, which means asking Metro to consider adding URs and/or more strategically-located undesignated acreage in Washington County.

Regional Urban Growth Boundary (UGB) Periodic Review

Making The Greatest Place Report. In 9/09, Metro COO Michael Jordan, released a report that outlines a series of policy recommendations "aimed at better integrating regional land use and transportation efforts in a way that sustains economic competitiveness and prosperity, protects farms and natural areas, and enhances our quality of life". This report is the culmination of a multi-year effort, entitled "Making the Greatest Place," and will inform actions by the Metro Council this fall on the adoption of the Regional Transportation Plan (RTP); agreements with Clackamas, Multnomah and Washington Counties on urban and rural reserves; and the completion of the state-required capacity analysis of the UGB.

Metro's Urban Growth Report. Metro staff has finalized its two-volume Urban Growth Report (UGR), the UGR-Residential and UGR-Employment, estimating the 20-year metropolitan land demand and supply. After analyzing several scenarios with varying key assumptions, the report concludes that there is likely to be sufficient land within the existing Regional UGB to accommodate the 20-year demand of housing and employment even at the higher end of the projected range forecasts for population and jobs. The exception may be for large-lot sites, the analysis of need/demand for which is now under discussion in a special subcommittee composed of Metro staff, local jurisdiction economic development managers and development community representatives.

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 and sewer. The 3rd session is scheduled for 3/18/10.

Metro President Race. Now that David Bragdon is term-limited, Metro will have a new president in 2011. Until recently, there were two declared candidates, Metro Councilor Rex Burkholder and 1,000 Friends Executive Director Bob Stacey. As the more moderate of the two candidates, Burkholder has been hoping to win the support of the business community. However, the mix changed over Thanksgiving when former Hillsboro Mayor Tom Hughes threw his hat in the ring. Despite his late start, Hughes is coming on strong, raising money and securing endorsements. However, both Stacey and Burkholder have been running strong races. If one of the three does not get a majority in the May primary, considered unlikely, the two highest vote-getters will advance to the general election in November. Because of the low voter familiarity with either the position or the three contenders, the race is considered a toss-up.

he University of Oregon Index of Economic Indicators™ jumped 1.7% 1/10 to 88.5 (1997=100) from a revised December figure of 87.0. This is the third consecutive month of gains in excess of 1%, that suggests solid economic growth, but without translation into significant overall job gains. Specifically:

- Labor market indicators are showing improvement, with the pace of layoffs clearly moderating and employee payrolls – largely for temporary workers – rising to their highest level in nearly a year.
- Residential building permits rose again, bringing activity to the level of last April. However, the gains may be temporary as early data suggests that home sales are slowing again.
- Like the US economy, the Oregon economy is bouncing off the recession lows of last summer. The labor market response to improving conditions, however, has been tepid at best. While overall job losses have largely ended, concerns about the sustainability of growth appears to be leaving firms cautious about hiring.

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