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Toward Defining a Zero Option: Discussion Draft

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Discussion Draft
November 16, 1995

~ The ZERO Option Group ~

Toward Defining a ZERO Option

The technical and political landscape for putting a serious ZERO Option on the table is shifting. Metro has recently announced a reduction in the need for 2015 Urban Growth Boundary (UGB) expansion from 4,000 to 9,000 acres down to 4,800 acres (maybe less). This is certainly a trend in the right direction. The change has come, in part, because local governments have accepted the challenge to step up to the table and start to implement the Region 2040 Growth Concept immediately.

Expanding the UGB is an irreversible action. You can't change your mind and later "unexpand the UGB". Therefore, it is critically important that the ZERO Option be given the benefit of the doubt. If we are wrong the remedy is very simple, expand the boundary later.

This memorandum pulls together some starting points at the policy and technical level for how to get the rest of the way to a ZERO Option. Based on the analysis done to date there are a variety of ways to get to a very defensible ZERO Option. **Using a conservative set of assumptions the need for a *negative* 6454 acre "expansion" of the UGB in 2015 can be demonstrated.**

~ Policy Strategies ~

Getting to a ZERO Option will require local governments showing Metro it is possible to do more than what *The Oregonian* has labeled the "Burton Option." The policy implications for achieving a ZERO Option will need to be discussed and resolved by MPAC.

The policy questions include:

- **When does it make sense to expand the UGB?** It's unclear. There is no legal requirement to expand the UGB at this time. The region faces a major policy choice for when and *if* to expand the boundary. We can have early implementation of Region 2040 *now* and delay changing the UGB until 1997 or technically as late as 2002.
- **Can we avoid double jeopardy?** Yes. The current Metro schedule assumes two expansions of the UGB in the next 18 months -- a double jeopardy of sorts -- May '96 adopt a 2015 UGB and in July '97 adopt a 2020 UGB. A better option is to wait until 1997 and take one action on the UGB.
- **Is there a legitimate ZERO Option for Metro to consider?** Yes. Until this week local governments had yet to be asked to accommodate the additional growth necessary to realize a ZERO Option. The growth allocation process at Metro initially assumed a 6,000 acre expansion of the UGB -- the technical work now underway was seen by some as a self fulfilling prophecy to implement the "Burton Option."
- **Does a delay in expanding the UGB mean a delay in implementing Region 2040?** No. Early implementation actions can become the basis to move ahead with an aggressive early implementation program which results in no expansion. There is no need to believe that a delay in expanding the boundary equals delay in early implementation of 2040.
- **What will the ZERO Option look like?**
 - ◆ single action on the UGB in 1997 (verse twice in 18 months);
 - ◆ acceleration of early implementation plans by local governments;
 - ◆ local government actions on early implementation determines the amount of UGB expansion necessary in 1997, if any.

~ Technical Strategies ~

Metro has an elaborate methodology for identifying and quantifying buildable land. The technical basis for a UGB decision will be drawn largely from that methodology. To get to a ZERO Option it will be necessary for local governments to show where Metro has been too conservative and challenge some of the methodology for buildable land. The 4,800 acre expansion Metro is now talking about represents the equivalent of just 2% of the land in the UGB. That means relatively small changes in assumptions can have a significant impact.

Region 2040 is on the cutting edge of growth management. Nobody has tried to do this before, so the methodology is being defined as we go along. Metro's staff has done a super job, but even they would agree more refinement is possible. A decision to expand the UGB is irreversible. You can't go backwards and later "unexpand" the UGB. Consequently, a greater burden of proof should be put on those who want to expand.

Generally the areas where Metro assumptions are too conservative fall into three categories:

- Evolving methodology;
- Evolving marketplace; and,
- Local government / citizen willingness to do more.

Here are some instances where it appears Metro assumptions could be challenged/improved on:

Evolving Methodology

- **Net to Gross Efficiency Factor** -- The "net to gross efficiency factor" has the single biggest acreage swing in Growth-O-Matic model used by Metro staff. According to Stuart Todd, the Metro staff person who built Growth-O-Matic, the 1.5 net to gross efficiency factor used in the model is based on the assumption that a substantial amount of new land will be brought into the

boundary. For analyzing land inside the boundary Stuart believes it is fair to use a factor of 1.3 to reflect the relative efficiencies of development inside the UGB verses land outside the boundary. The 25,092 vacant gross acres inside the UGB have already been reduced to account for factors such as slopes and flood plains. By using a factor of 1.3 you are "taking out" an additional 25% of land for schools, parks, roads ect. in order to convert it to net acres.

By simply changing the "net to gross efficiency factor" from 1.5 to 1.3 for land inside the UGB the amount of land required for 2015 is reduced by over 4800 acres!

Evolving Marketplace

- **Market Shift in Lot Size** -- The single largest consumer of land inside the boundary is single family residential. Small shifts in lot size can make big impacts on the amount of UGB expansion. Based on what we see happening in the marketplace today it is clear that Metro's assumptions are too conservative. Oregon Title predicts that within 5 years the average lot size for single family will decrease to 5700 square feet. The Metro Growth-O-Matic base case assumes we get down to an average lot size of 6,000 square feet in 2015.
- **Redevelopment in Neighborhoods not Accounted For** -- Redevelopment on small lots in existing neighborhoods consistent with existing zoning apparently is being ignored in Metro's current assumptions. All the anecdotal information says this is a bigger and bigger slice of the single family pie, perhaps as much as 25% of residential development. To the extent such development is occurring Metro's calculations need to account for it. Local governments need to offer a series of findings for Metro to use. John Fregonese has said it is fair to assume 15% of residential is redevelopment. With that assumption the amount of land needed is reduced by 4300 acres.

Local Government / Citizen Willingness to do More

- **Credit for Early Implementation** -- The early implementation package agreed to by MPAC -- changing zoning to reflect 2040, establishing minimum residential densities, reducing required parking minimums -- should result in a considerable saving of developable land inside the UGB. Those savings have yet to be quantified or accounted for. In addition, the speed and relative ease of early implementation so far make it clear that Metro's assumption of a 10 year "ramp-up" of 2040 implementation is much too conservative. A more defensible number is 5 years.
- **Skinny Street Factor** -- With skinny streets and design standards for compact growth a net to gross efficiency factor of 1.3 may even be too high. To count any further reduction we need to look at the development code elements of an early implementation package. With a "skinny street/urban code factor" you could lower the 25% take out number to 20%. That shift is worth about 1200 acres.
- **Over Supply of Industrial Land** -- The early 2040 analysis showed a substantial surplus of industrial land -- something like a 100 year land supply. Based on that Metro staff recommended that significant pieces of industrial land be converted to residential. In the face of opposition by some jurisdictional staff Metro gave up. If there really is a significant oversupply of industrial land that assumption ought to be revisited. Metro's code requires them "to determine whether any significant surplus of developable land in one or more land categories could be suitable to address the unmet forecasted need."
- **Reduce Outer Neighborhoods** -- A major consumer of single family land are the low density outer neighborhoods on the edge of the UGB. In many areas of the region it seems appropriate to convert the outer neighborhood designation to inner neighborhood. Gresham has already asked Metro to make this change. The Hillsboro outer neighborhoods south of the Sunset

near Westside MAX are also good candidates.

~ Implications ~

The ZERO Option is technically and politically viable. Local governments are moving ahead aggressively to implement Region 2040. And there is no legal or technical need to expand the boundary at this time. Even if you assume only a handful of the possible conservative changes identified here there is more than enough land to meet a 20 year land supply.

Attached is a ZERO Option run using the Metro Growth-O-Matic model showing the need for a 6575 acre "negative expansion" of the UGB.

The specific assumptions plugged into the model where:

GROWTH-O-MATIC MODEL RUNS

<u>Assumptions</u>	<u>ZERO Option</u>	<u>Metro</u>	<u>1995</u>
UGB Efficiency Factor	1.3	1.5	NA
Ramp-up	5 years	10 years	NA
Redevelopment	15%	0	25%
Single Family lot size	5500 SqFt	6000	6700
Townhouse	15%	15%	5%
UGB Expansion Required	-6475	+6455	NA

(As Metro staff have been careful to point out the model is only a rough approximation of need. It is, however the best tool we have available at this time.)

Attachment

ZERO OPTION

Variables noted at bottom

Forecasts	94-201	90-2040	Land Supply	Need Estimate	Alternative	vac 2040	res. gross acres
Total in Region	314761	547105	2040 Vacant Gross Acres	25092	25092	25092	
% in Metro UGB/UR	69.4%	69.4%	2040 Redevelopable G Acres	4881	4881	redev 2040 res. gross acres	
Metro UGB share	218363	379550	Total	29973	29973	4881	
Recent growth '90-'94		37676	Net to Gross Efficiency F	1.5	1.3		
Metro HH		341874	Needed Gross Acres	27113	23498		
Vacancy Rate	2.3%	2.3%	UGB Expansion for 2015	-2860	-6475		
Metro Dwelling units	223385	349737	Urban Reserves for 2040	12543	12543		

Dwellings	2015	2040	Housing Split	Density	DU/yr 2015	DU/yr 2040
Dwellings	223385	349737	Initial Final	Initial Final	11169	7771.9
Ramp-Up Years	5	5	SFR 68% 50%	SFR 8000 5500		
Remaining Years	15	40	TW _{nHs} 5% 15%	TW _{nHs} 15 18		
Total Years	20	45	MFR 27% 35%	MFR 18 25	lot size to du/ac	5.445 initial 7.92 final

SFR	101641	54%	SFR	13921	95-201	15-2040
TW _{nHs}	24015	13%	TW _{nHs}	1392	SFR	15078
MFR	64226	34%	MFR	2762	TW _{nHs}	6700
	189882			18076	MFR	11725

Net Acres Needed		Bonus Units	
SFR	21359	0	0
TW _{nHs}	2480	0	0
MFR	4505	0	0
Gross ac	28344	0	0
	42516		

2040 Dwellings

SFR	*****	SFR	21359
TW _{nHs}	43818	TW _{nHs}	2480
MFR	*****	MFR	4505
	*****		28344
		Gross ac	42516

Net Acres Needed

SFR	21359
TW _{nHs}	2480
MFR	4505
	28344
	42516

Assumptions: UGB Efficiency Factor 1.3, 5 year ramp up, 15% redevlp, 5500 SqFt SF, 15% TW_{nH}

November 9, 1995

T31UGB Gross Acres in UGB by 2040 plan category

Reg Zon	VAC	Redev	Total	Develop
residential	25092	4881		
'ff'	1199	163	1363	19
'mfr1'	0	0	0	9981
'sfr1'	0	0	0	2088
'sfr2'	7444	522	7966	25993
'sfr3'	9888	1165	11053	45382
'mfr1'	1920	443	2364	11116
'mfr2'	32	35	66	1955
'pud'	2825	926	3751	152
'cr'	2659	1133	3793	645
'cg'	0	0	0	5212
'cc'	0	0	0	2111
'cc'	43	8	52	1082
'ff'	0	0	0	5834
'mfr'	0	0	0	9577
'mfr'	553	92	645	2442
'pos'	592	101	693	1355
'pr'	280	33	313	1216
'muc1'	938	1229	2167	3
'muc2'	441	807	1249	0
'muc3'	79	352	431	0
'mual'	3998	1234	5232	0
'is'	6383	2252	8635	0
	39276	10495	49772	126172

(note: see embedded formula for residential percent assumed in or approx. res. = 100% for sfr/mfr, 90% pud (small lot on cont