
Oregon 2000 Commission

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The report of the Oregon 2000 Commission

The challenges and costs of rapid population growth.
OREGON 2000 COMMISSION

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Ken Johnson provided the framework for citizen participation; Jack Carter, Intergovernmental Relations Division provided background reports and portions of chapter 3; the staff of the Intergovernmental Relations Division offered clerical, typing and distribution services; many representatives of state agencies, county and city governments, the academic community, public and private interest groups, and citizens of Oregon made valuable contributions to Commission meetings and to this report.

This material is the result of tax-supported research funded in part by a grant from the Pacific Northwest Regional Commission and as such is not copyrightable. It may be freely reprinted with customary crediting of the source.
The Oregon 2000 Commission was created by Governor Robert Straub in 1978 because of concern over rapidly increasing population and the potential impact upon the state's natural resources.

My predecessor's concerns on growth are shared by all. Oregon is growing and growth can bring benefits as well as problems.

Given those concerns, the Oregon 2000 Commission was formed to accomplish the following objectives:

(1) Provide opportunities for interested citizens to participate in developing policies for the management of growth;

(2) Secure public response to alternative growth and development policies and their potential impact on the future of the state;

(3) Review and evaluate current state policies and programs affecting growth and development to determine the need for new programs or changes in existing programs;

(4) Make recommendations concerning means of most effectively implementing growth policies; and

(5) Report to the Governor and the Legislative Assembly on the implications of major state decisions on growth and development of the state.

The Commission under the chairmanship of Dr. Leonard Rice has assembled an impressive number of statistics and presents them for easy public understanding. It has also made judgements on growth and other matters and has arrived at many recommendations.

I am sure this report will be a significant and helpful tool in your efforts to plan for a better Oregon.
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Introduction

Growth means many things to many people. In one sense, it simply means more people in a place than there were before. But such a simple definition ignores the fact that growth has become a public, political issue and when that happens simple meanings are usually lost. Even the subject of growth has become clouded. Sometimes growth refers to population, sometimes to economic development or diversification and sometimes to physical development and urbanization. When it refers to economic development it sometimes means creating new jobs; sometimes increasing the income of those employed; sometimes increasing total economic output. In other cases it refers to changing the components of the economy, e.g. shifting from reliance on pulp and paper manufacturing to tourism, electronic manufacturing or some other mix of economic activity which may or may not increase the total jobs, employment or output. In this report we will try to define these words precisely.

Growth — population increase;
Economic Growth — increases in jobs, income or output as specified;
Economic Development — changes in the structure of the economy which may or may not lead to economic growth; and
Development — physical development including the change in land use from rural to urban.
SUMMARY

The Oregon 2000 Commission has approved the following nine recommendations, four of which require further development before they can be implemented.

1. In a few limited areas of the state where rapid growth is already or potentially threatening destruction of irreplaceable natural resources or environmental quality, the Commission urges the designation of such areas as "areas of critical state concern" and the imposition of such growth restraints as will curb the present or potential destructive growth. See Chap. 1, page 31.

2. Establish by Executive Order a Growth Management Council. See Chap. 3, page 64.

3. Establish by Executive Order a citizens' advisory body to the Growth Management Council. See Chap. 3, page 64.

4. Designate an official or agency having lead responsibility in coordination of state growth policies and activities. See Chap. 3, page 64.

5. Assign as a specific function of the official or agency having lead responsibility the coordination and analysis of state-wide data on demographic and economic activities and trends and natural and human resources. See Chap. 3, page 64.

FOR FURTHER DEVELOPMENT

6. The state should assist local governments which desire them to draft and apply local growth management plans in accordance with their acknowledged comprehensive plans, while taking steps to ensure that growth is equitably distributed on a regional basis. See Chap. 3, page 59.

7. The state should formulate a cohesive Urban Policy to assist cities in meeting the demands and costs of growth. See Chap. 4, page 65.

8. The state should articulate a Satellite Cities strategy to encourage more balanced and dispersed growth among large and small cities in the major urbanized areas of the state. State and federal programs should support such regional growth plans. See Chap. 4, page 70.

9. The state should articulate an Alternative Growth Centers strategy to assist in dispersing population growth and diversifying economic growth in those communities, particularly in eastern and southern Oregon and the coastal regions, which seek to grow and have the environmental and resource base to support growth. See Chap. 4, page 74.
Chapter 1. Oregon's Growth and Change

Oregon's population is growing twice as fast as the rest of the nation. Two-thirds of that growth is caused by people moving here from other states. The old slogan "visit but don't stay" has been only half heeded. Our visitor industry—already the third largest industry in the state—is growing rapidly.

Since 1970 we have grown by an average of 3,500 people every month. This growth has meant the addition of more people than live in Portland. While the state's rate of growth in the first half of the 1970's was high it has accelerated since 1975. Since 1975 we have been adding about 4,800 people to our state every month. In 1976 less than one out of three Oregonians had lived here their entire life.¹

If our borders were sealed tomorrow and no one came in or went out we would reduce our growth by two-thirds. But we would still grow. Oregon, like the rest of the nation, is at an historically low point in what demographers call natural increase (births minus deaths). But even at this low point one out of every three new Oregonians is born here. While there is considerable debate on the question, many forecasters predict a rise in the U.S. birth rate in the late 1980's or the 1990's.

Even if we sealed our borders and if there were no natural increase, growth and its other face—decline—would still be an issue. When most people move, they do not move to another state. Even if growth were stopped, we would still have thousands of people moving from one place in the state to another. Therefore we would still have regions of the state which would be growing, while others declined. Most movers do not even move to another county. Consequently, some towns and cities would be growing in a region, while others did not. And within the towns some neighborhoods would grow, new ones would be built, and others would decline.

Should the population level stay the same year after year there would still be change. The smaller the area we look at the larger and faster the change will be. In some elementary schools in Oregon half or more of the children graduating from a particular classroom are different from the ones who enrolled in the fall.

The difficulty this degree of change presents to our teachers, to the children and to the whole educational system would be difficult to calculate. When change is linked to the demands of growth the difficulty is compounded. This report and its recommendations are mainly about growth and its demands. But it is also about change and ways to better equip ourselves to manage it as well. The two cannot be separated.

Our Projected Growth

In 1975, the Center for Population Research and Census at Portland State University (CPRC) published a series forecasting Oregon’s population to the year 2000. The series consists of three forecasts, one high, one medium and one low. In each of the forecasts our currently low rate of births was assumed to last until 2000. The factor that varies among the three is net migration, that is, the number of people moving into the state each year minus those who move out.

The results of the three forecasts are:

- **High** year 2000 population = 3,761,465
- **Medium** year 2000 population = 3,301,361
- **Low** year 2000 population = 3,020,208

Source: Center for Population Research and Census, Portland State University, 1976.
To obtain the High forecast the migration assumption was that the trend between 1970 and 1975 would continue to 2000. To obtain the Medium forecast the 1970-1975 trend tapered off to the lower 1960-1970 level by 2000. To obtain the Low forecast the 1970-1975 trend tapered off to no net migration by 2000.

In 1975 when the forecasts were completed the CPRC indicated that the Low forecast was the most reasonable. The Oregon 2000 Commission chose to use the medium forecast for its own base-line based on the reasonableness of the migration assumption and on the regionally prepared forecasts for the Portland, Salem, and Eugene areas. By 1979, it was clear that the state was on a path that would exceed even the High forecast. However, it seems likely, although far less than certain, that there will be some slowdown in the average rate of growth over the next twenty years.

In 1975, the Center for Population Research and Census at Portland State University prepared a set of three population forecasts — High, Medium and Low — for Oregon through the year 2000. The Center's revised official estimates for 1978, released in January 1979, indicate that:

- Twenty of Oregon's thirty-six counties have already exceeded one or more of their forecast population figures for 1980;
- Ten have exceeded their High 1980 forecasts;
- And one county — Morrow — has passed its High forecast population for 1990 and the Low figure for 2000.

It is likely that between 1979 and the year 2000 our state will have increased in population the equivalent of ten new Salems or perhaps three new Portlands. However, this new growth will be added to a state which has only one city that could even remotely be classified as large by national standards. While we have over 200 cities, only 31 have a population of 10,000 or more and only 10 of these have more than 25,000. Indeed, outside the Willamette Valley between Portland and Eugene there is only one city over 25,000 population in the entire state. Therefore our growth over the next twenty years will create a number of cities in the 50,000 population range, the Salem and Eugene urban areas will have become moderate sized (around 250,000) and the four-county Portland area will have a population of 1.5 to 2.0 million (up from a million today).

What Oregon will be like with a million or more new residents is impossible to say. There is no doubt that a million new people will create new demands that can only be met through a partnership of public and private efforts. Consider several of the basic factors for example.

a. Solid Waste

One of the most difficult areas for government action is securing land and facilities in which to dispose of solid waste. If we conservatively estimate that each person contributes 2.5 pounds of waste per day—then in the year 2000 we must somehow be able to bury, recycle or otherwise dispose of an additional 456,000 tons of waste per year.

b. Water Supply

A million new Oregonians will mean an additional 18.4 million gallons of fresh water consumed per day from public supplies. The amount withdrawn would be ten times as much. The mere dollar cost of expanding public supply water systems to

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1 Testimony of Dr. James Weiss, Director of CPRC to Oregon 2000 Commission.
2 The most conservative forecasts indicate a growth of approximately 900,000 while others range as high as 1.5 million.
3 Medford at 39,500 in 1978.
meet this need is huge. As will be described in later sections of this report the direct dollar costs are only part of the cost in a state where competition for water is growing intense.

c. Outdoor Recreation

Survey data collected in 1975 indicated that 54% of Oregon's population camp, 47% fish, and 35% hike. Even if these percentages were to remain the same to the year 2000 we should consider the effect of perhaps 486,000 new campers, 423,000 new fishermen and 315,000 new hikers living in the state.

While these figures are certainly simplifications, they are helpful in illustrating a major point. If you are a camper, fisherman, or hiker, your “favorite spot” could become a “favorite spot” to many more people. Despite the bountiful outdoor resources of Oregon (e.g. 62,000 miles of fishing streams) people do not, can not and will not distribute themselves evenly across the vast outdoor resources of the state.

Some areas are so ecologically fragile they can support only limited recreation use. Other areas are hardly accessible, too distant, or simply lack recreational opportunities.

The headwaters of the Metolius River—a very sensitive area—are no longer open to the public, except for viewing from a developed, restricted, viewpoint area behind fencing. White water boating trips—an experience pursued by a small but growing percentage of Oregonians—has reached such a level that limited scheduled permits are now issued for some rivers.

Controlling entry, restricting activities, charging fees, scheduling—each are public actions which were unheard of in Oregon a few short years ago. They are with us now and are an integral part of our future. Without them we lose not only the resources, but through overcrowding lose the personal satisfactions we seek from the outdoors.

As the pressures of use increase on resources and as government regulation increases, many current Oregonians will feel their quality of life has diminished. For some it will be time to move on to more open areas even though they know the frontiers are almost gone and their own move carries the irony of a self-defeating trend.

Interstate Migration

Migration in and out of Oregon does not happen evenly across the state. A number of studies show that people moving from one state to another tend to move where the jobs are and where they have friends or relatives. These factors tend to make the metropolitan areas of the Willamette Valley a favored destination. The same studies show that the “average” interstate mover is younger (20 to 35), better educated and in higher status and better paying occupations than the non-mover. There appears to be little difference between those moving in and those moving out of Oregon.

What A State Growth Policy is and What it Affects

The environmental movement of the late 1960's and early 1970's focused on pollution control. This expanded to the notion of environmental impact and land

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1A survey of 23 Oregon cities conducted by the Oregon 2000 Commission indicated a projected capital expenditure by these cities of over $50 million solely for expansion of water systems over the next five years.


3Bumperstickers in Idaho read “Don't Oregonize Idaho!”
### CHART 1
1970-1977 RATES OF GROWTH BY AGE GROUP, COUNTY AND PERCENTAGE POPULATION OVER 65 YEARS

<table>
<thead>
<tr>
<th>County</th>
<th>Non-Elderly Growth</th>
<th>Over 65 Growth</th>
<th>% Pop. Over 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baker</td>
<td>6.9%</td>
<td>11.31%</td>
<td>14.65%</td>
</tr>
<tr>
<td>Benton</td>
<td>25.36%</td>
<td>24.74%</td>
<td>6.89%</td>
</tr>
<tr>
<td>Clackamas</td>
<td>26.6%</td>
<td>31.15%</td>
<td>9.27%</td>
</tr>
<tr>
<td>Clatsop</td>
<td>4.16%</td>
<td>7.65%</td>
<td>14.72%</td>
</tr>
<tr>
<td>Columbia</td>
<td>15.21%</td>
<td>19.59%</td>
<td>10.68%</td>
</tr>
<tr>
<td>Coos</td>
<td>7.73%</td>
<td>11.89%</td>
<td>9.36%</td>
</tr>
<tr>
<td>Crook</td>
<td>20.71%</td>
<td>25.12%</td>
<td>10.99%</td>
</tr>
<tr>
<td>Curry</td>
<td>10.96%</td>
<td>15.84%</td>
<td>11.14%</td>
</tr>
<tr>
<td>Deschutes</td>
<td>52.07%</td>
<td>59.02%</td>
<td>11.47%</td>
</tr>
<tr>
<td>Douglas</td>
<td>16.22%</td>
<td>21.02%</td>
<td>9.43%</td>
</tr>
<tr>
<td>Gilliam</td>
<td>10.77%</td>
<td>6.82%</td>
<td>11.71%</td>
</tr>
<tr>
<td>Grant</td>
<td>8.72%</td>
<td>11.03%</td>
<td>11.54%</td>
</tr>
<tr>
<td>Harney</td>
<td>6.23%</td>
<td>11.64%</td>
<td>9.46%</td>
</tr>
<tr>
<td>Hood River</td>
<td>10.17%</td>
<td>14.62%</td>
<td>12.15%</td>
</tr>
<tr>
<td>Jackson</td>
<td>24.97%</td>
<td>28.92%</td>
<td>12.19%</td>
</tr>
<tr>
<td>Jefferson</td>
<td>17.81%</td>
<td>23.20%</td>
<td>6.62%</td>
</tr>
<tr>
<td>Josephine</td>
<td>41.43%</td>
<td>47.65%</td>
<td>16.03%</td>
</tr>
<tr>
<td>Klamath</td>
<td>12.63%</td>
<td>16.42%</td>
<td>8.63%</td>
</tr>
<tr>
<td>Lake</td>
<td>4.79%</td>
<td>10.81%</td>
<td>10.04%</td>
</tr>
<tr>
<td>Lane</td>
<td>18.16%</td>
<td>20.38%</td>
<td>8.47%</td>
</tr>
<tr>
<td>Lincoln</td>
<td>10.60%</td>
<td>15.77%</td>
<td>16.79%</td>
</tr>
<tr>
<td>Linn</td>
<td>17.79%</td>
<td>21.95%</td>
<td>9.91%</td>
</tr>
<tr>
<td>Malheur</td>
<td>7.42%</td>
<td>11.96%</td>
<td>11.01%</td>
</tr>
<tr>
<td>Merlin</td>
<td>17.00%</td>
<td>20.52%</td>
<td>12.68%</td>
</tr>
<tr>
<td>Morrow</td>
<td>23.59%</td>
<td>29.12%</td>
<td>13.26%</td>
</tr>
<tr>
<td>Multnomah</td>
<td>-2%</td>
<td>1.32%</td>
<td>12.84%</td>
</tr>
<tr>
<td>Polk</td>
<td>18.44%</td>
<td>21.58%</td>
<td>12.03%</td>
</tr>
<tr>
<td>Sherman</td>
<td>2.29%</td>
<td>7.76%</td>
<td>10.72%</td>
</tr>
<tr>
<td>Tillamook</td>
<td>4.21%</td>
<td>8.99%</td>
<td>13.88%</td>
</tr>
<tr>
<td>Umatilla</td>
<td>15.48%</td>
<td>19.81%</td>
<td>11.52%</td>
</tr>
<tr>
<td>Union</td>
<td>16.30%</td>
<td>19.03%</td>
<td>12.31%</td>
</tr>
<tr>
<td>Wallawga</td>
<td>9.76%</td>
<td>15.01%</td>
<td>13.77%</td>
</tr>
<tr>
<td>Wasco</td>
<td>8.44%</td>
<td>5.03%</td>
<td>11.86%</td>
</tr>
<tr>
<td>Washington</td>
<td>28.91%</td>
<td>30.04%</td>
<td>7.92%</td>
</tr>
<tr>
<td>Wheeler</td>
<td>3.39%</td>
<td>7.50%</td>
<td>11.19%</td>
</tr>
<tr>
<td>Yamhill</td>
<td>16.83%</td>
<td>20.87%</td>
<td>13.73%</td>
</tr>
<tr>
<td>STATEWIDE</td>
<td>14.36%</td>
<td>16.29%</td>
<td>9.78%</td>
</tr>
<tr>
<td>STATEWIDE EXCLUDING MULTNOMAH</td>
<td>19.87%</td>
<td>23.0433%</td>
<td>10.45%</td>
</tr>
</tbody>
</table>

Source: Oregon 2000 Commission derived from data supplied by U.S. Census Bureau and estimates prepared by Center for Population Research and Census, Portland State University.

### Oregon Population 1960-2000
By Age Group
(Based on CPRC Low Forecast)
Population (1,000's)

One question is whether Oregon is becoming a major retirement destination. The answer is no, when comparisons are made to some of the other rapidly growing states in the Western U.S. (Figure 1)

![Figure 1: PERCENT INCREASE IN POPULATION 65 YEARS OF AGE AND OLDER—1970 to 1975](source)

<table>
<thead>
<tr>
<th>State</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oregon</td>
<td>14.6%</td>
</tr>
<tr>
<td>Nevada</td>
<td>43.6%</td>
</tr>
<tr>
<td>Utah</td>
<td>18.1%</td>
</tr>
<tr>
<td>Arizona</td>
<td>32.9%</td>
</tr>
<tr>
<td>New Mexico</td>
<td>28.5%</td>
</tr>
<tr>
<td>U.S.</td>
<td>12.2%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau
Compiled by Council of State Gov'ts

However, in 1976 the proportion of Oregon’s population in the 65-and-over age group was slightly higher than that of Washington, Idaho or California.\(^1\) Since 1970 that age group has grown faster in Oregon than the under 65 group. (Figure 2)

![Figure 2: PERCENTAGE INCREASE BY AGE GROUP FOR OREGON AND OREGON EXCLUDING MULTNOMAH COUNTY 1970-1977](source)

<table>
<thead>
<tr>
<th>Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>65 Group</td>
<td>16.29%</td>
</tr>
<tr>
<td>Oregon excluding Multnomah Co.—</td>
<td>23.94%</td>
</tr>
<tr>
<td>Under 65 Group</td>
<td>14.36%</td>
</tr>
<tr>
<td>Oregon excluding Multnomah Co.—</td>
<td>19.87%</td>
</tr>
</tbody>
</table>

Source: Oregon 2000 from estimates by C.P.R.C., P.S.U.

A disproportionate number of the 65 and over group lives in Portland.\(^2\) In 1977 over 27% of the state’s population in this age group lived in Multnomah County. However, since 1970 there has been little growth among the over 65 age group in Multnomah County. As with all other age groups in the Portland area, there has been significant and rapid migration to the suburbs of adjoining Clackamas and Washington Counties (and probably to Eastern Multnomah County).

A review of Chart 1 shows clearly that the over 65 age group is growing more rapidly than the under sixty-five group in almost every area of the state. Josephine County with 16% of their population in the typical retirement age group continues to show strong growth among those over 65. Lincoln County is likewise a growing area with the state’s highest percentage of population in this age group. The rapid growth of Deschutes County is relatively stronger in retirement age group although the percentage of the county’s population in that group is still only slightly higher than the state-wide average. If present trends continue, however, some 17% of Deschutes County’s population will be over 65 in 1985.

Based on Oregon 2000 Commission interviews with local officials, other areas where retirement living may be increasing significantly are some of the towns in Eastern Oregon, towns on the Southern Coast and parts of the Mid-Columbia counties. Little data is really available to assess those impressions, yet the implications for health care and other needs could be substantial for the local area and the state.

\(^1\) The West in the 70’s, Council of State Governments, 1978.

\(^2\) Specific data on this age group for the City of Portland was not available—therefore data for Multnomah County has been used.
use. These gave rise to the identification of growth, growth policy and growth management as appropriate nomenclature for the host of questions, problems and goals that cut across land use, the economy, the environment, energy and the future.

At the local government level growth as an issue quickly became synonymous with growth management and control. At the state level growth emerged as an issue in at least two fundamentally different ways. In some states it was the avenue that allowed for thinking about and acting on "alternative futures."

Probably the best example of this approach is the *Alternatives for Washington* project that lasted for several years in Washington state. The idea behind the project and others launched in at least a half dozen other states was that citizens could be asked to identify the kind of future they desired. One could then work backwards in time from the future, identify measurements and needed public actions along the way until the present was reached and an action plan to move toward the desired future begun. In most states the effort involved the identification of state goals and not the elaborate alternative futures involved in the Washington effort.

The second major approach taken by states was the targeting of state investment to try to achieve existing state goals. California, Michigan, Massachusetts and North Carolina each started major programs aimed in this direction since 1975. Typically the target for investment has been the cities.

Hawaii followed a different path. The rapid population growth of this small state threatened many features that its citizens value. In his 1977 State of the State Address, Gov. George Ariyoshi said:

The problem of excessive population seems to be central to nearly every problem in our state.

Too many people means too few jobs and too much competition for them: too many people means too little land for agriculture, and parks, and scenic vistas; too many people means too much pressure on all our governmental and private institutions.

In short, too many people can spell disaster for this state.

*The Hawaii Approach*

The Hawaii approach to growth management passed through three stages and evolved over the last decade. First came the policy to try to stimulate growth in the outlying areas and retard it in the Honolulu area. Second came an effort to identify the environmental carrying capacity of the islands — just how much growth and development could be supported. Last came specific measures to try to limit population growth.

The Hawaii example shows that there is no single answer or approach, nor is growth policy quickly developed and implemented. It should be an operating concern of state government, something which can change as understanding and conditions change. It needs the active involvement of the governor, state agencies and the legislature.

**INFORMATION—A KEY TO GROWTH POLICY**

Oregonians enroute to the year 2000 might be compared to Lewis and Clark on their way to Oregon 175 years ago. Had the expedition not sent out scouts to observe and report back on what lay ahead—the obstacles, the best routes, the possible dangers to prepare for—who knows how much more they would have suffered; lost time, lost people, or even lost their way entirely.

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2. Including the Idaho Tomorrow project.
Without this same type of reconnaissance, information gathering, and reporting, analysis and redirection, Oregon could be a scoutless expedition—incurring unnecessary suffering, losing time, options, and money.

Our Lack of Information

Because predicting the future is so difficult, the need for solid up-to-date information is imperative. The 2000 Commission finds state government to be totally unprepared to make effective use of information that is available, to develop new information that is needed, and to even ensure that co-equal state agencies are operating on the same basic assumptions.

Oregon stands alone among West Coast state governments in not preparing and frequently updating demographic and econometric projections of its population and economy. It has no unit of state government with primary responsibility for coordinating, cataloguing or disseminating information. It can not even ensure that state agencies are basing important decisions affecting budgets and the state's future growth and development on the same basic information.

The state should learn a lesson from the federal government. For years different federal agencies relied upon different sources of information to allocate various grants, loans, and other assistance to state and local governments. While one federal agency was sending assistance to a community based on one set of population projections, another agency was sending aid justified by a set of contradictory data.

Recently a number of federal agencies have banded together to require that state and local governments use a single data source and that it be reasonable. For Oregon that will mean, for example, one agreed-upon state population projection, and projections for Oregon cities and counties which when totalled together do not exceed the projected state total. Since the full impact of this federal crackdown will not take force until 1982 or 1983 Oregon should act now to ensure that such data consistency is in place before that time. It should also act to ensure that we are prepared to update such standardized information frequently to reflect the rapid changes taking place in the state. This recommendation along with state preparations to better use the 1980 Census should be well thought out so that our other information deficiencies could be handled as well.

Oregon state government is deficient in three information areas; demographics, econometrics, and natural resources. In some cases, the problem is a lack of critical information, e.g., location and limitations of ground water, projections of short- and long-range economic activity. In other cases it is a lack of coordination among the providers of data, e.g., scale, timing, format. A state or local official, businessman, or interested Oregonian should be able to go to one place to either directly obtain necessary information or learn where it can be found. There should not be duplication of information collected, and in a state which prides itself on foresight, there should be a commitment to determining what information is needed and then seeing that it is available.

Improving our capabilities to gather, coordinate, analyze, and communicate information will not be done quickly because we have so far to go. It will require both executive and legislative action and it will cost money. First steps can be taken immediately and at little cost. We do not need a giant integrated, computerized information system capable of answering all questions about everything. On the other hand, new techniques and technologies can and should be used when they are more effective and less costly.

Long Range Prediction Risks

Because our society changes so rapidly, long range predictions are, at best, risky. For example, during World War II, Oregon's population grew rapidly. If
planners at that time had used the 1940's growth rate as a base for future needs, they would have been planning for a population of some four million rather than the actual 1979 population of two and a half million.

Even a planning horizon of five-to-six years is likely to include a number of unexpected events. For instance, between 1970 and 1975 the availability of petroleum products so radically changed that it altered the pattern of economic growth in this country.

Yet, despite this fallibility in predicting the future, we still must make the attempt. To do otherwise would leave us unprepared to cope or to help shape future events.

How, Why and Where Oregon Changed

Metropolitan and Non-Metropolitan Growth

Since 1970 there has been a resurgence of growth in the non-metropolitan areas of the United States. As noted in The President's Urban Policy Report (1978), "For the first time in a century and a half, population growth in the non-metropolitan areas of the country outstripped metropolitan growth." The movement of people out of large cities has also affected Oregon. Portland's population inside city limits is lower now than in 1950.

The population of Oregon's non-metropolitan counties* grew twice the rate of the 1960's. Western Oregon counties with the fastest rate of growth were Benton, Jackson and Josephine. In Central Oregon, Deschutes County had the highest growth rate in the state. Morrow, Umatilla, and Union Counties also grew faster than the state average.

1970-1977: High Growth Counties (Number & Percent)

<table>
<thead>
<tr>
<th>County</th>
<th>Increase</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clackamas</td>
<td>+9000</td>
<td>+4.3%</td>
</tr>
<tr>
<td>Coos</td>
<td>+2100</td>
<td>+3.4%</td>
</tr>
<tr>
<td>Curry</td>
<td>+1500</td>
<td>+2.9%</td>
</tr>
<tr>
<td>Deschutes</td>
<td>+2900</td>
<td>+6.2%</td>
</tr>
<tr>
<td>Jackson</td>
<td>+6000</td>
<td>+3.8%</td>
</tr>
<tr>
<td>Josephine</td>
<td>+1200</td>
<td>+3.4%</td>
</tr>
<tr>
<td>Klamath</td>
<td>+2200</td>
<td>+3.9%</td>
</tr>
<tr>
<td>Lane</td>
<td>+9600</td>
<td>+3.7%</td>
</tr>
<tr>
<td>Lincoln</td>
<td>+2500</td>
<td>+3.7%</td>
</tr>
<tr>
<td>Linn</td>
<td>+3200</td>
<td>+3.9%</td>
</tr>
<tr>
<td>Marion</td>
<td>+9600</td>
<td>+6.4%</td>
</tr>
<tr>
<td>Morrow</td>
<td>+1850</td>
<td>+15.3%</td>
</tr>
<tr>
<td>Multnomah (except Portland)</td>
<td>+10450</td>
<td>+6.1%</td>
</tr>
<tr>
<td>Polk</td>
<td>+2900</td>
<td>+6.2%</td>
</tr>
<tr>
<td>Tillamook</td>
<td>+1200</td>
<td>+6.4%</td>
</tr>
<tr>
<td>Umatilla</td>
<td>+1600</td>
<td>+3.5%</td>
</tr>
<tr>
<td>Washington</td>
<td>+14200</td>
<td>+7.1%</td>
</tr>
<tr>
<td>Yamhill</td>
<td>+2900</td>
<td>+6.1%</td>
</tr>
</tbody>
</table>


*Oregon's metropolitan counties are Clackamas, Lane, Marion, Multnomah, Polk, and Washington.
During the 1960's, 90% of the state's growth occurred in the Willamette Valley. This dominance has been reduced in the 1970's. Valley growth since 1970 has been only 66% of the state total. Furthermore,

—There are three western Oregon counties which are emerging as metropolitan areas—Linn, Benton and Jackson.

—If the growth in these three emerging metropolitan counties is added to that of the existing metropolitan counties, then 69% of the state's population growth in the 1970's can be seen as "metropolitan" in character.

—Concentrating on the rate of growth (percentage increase) instead of the amount of growth can be misleading. In the 1970's Clackamas and Washington Counties in the Portland area have added nearly twice as many persons to their population as did all of Oregon east of the Cascades.

—While the coastal counties have added relatively few new residents (3.6% growth since 1970) the location of the population has increasingly concentrated in the small land area adjacent to the beach.

—And of critical importance—75% to 80% of the state's growth since 1970 has occurred in and immediately adjacent to our incorporated cities.

Even if the 1970's accelerated rate of growth in non-metropolitan and non-Willamette Valley areas continues to the year 2000, the basic pattern of population distribution in the state essentially will be unchanged. However, local and regional changes could be drastic. Even though all projections indicate continued growth in Oregon generally and raging growth in some areas, there are likely to be local areas and even regions where the issue is how to cope with a declining population.

**Economic Change**

Oregon's natural resources are the primary basis of its economic activity. Land, forests and water provide the material for the number one and two industries of the state—lumber and wood products and agriculture/food processing. Indirectly they explain our third largest "industry," tourism and recreation. Of the three, the lumber and wood products economic category is dominant.

But like the rest of the nation, Western Europe and Japan, Oregon is well on its way toward developing what has been called a post-industrial economy—relatively fewer jobs in agriculture and manufacturing and more in white collar occupations and services. In fact, today there are as many or more Oregonians employed in wholesale and retail trade as in all manufacturing. The same movement is about to occur in services. If present trends continue, new government employment will surpass new manufacturing employment in the 1980's. This change is closely related to a number of other changes: population growth; the location of growth; the type and scale of development; and the fact that an increasingly large percentage of our citizens have consciously chosen to move here rather than live in another part of the country.

One of the fundamental implications is probable conflict between the new growth and the two historical mainstays of our economy—agriculture and forestry.

Continued urbanization and population growth have impacts far beyond the amount of land developed for residential, commercial and industrial purposes. Aside from the often noted effect of driving up nearby land values, there are other less quantifiable effects of growth and development. Agricultural and timber producers often find their political voice diluted in public forums, as an area becomes more urban. Vandalism, restrictions on noise and dust, fertilizer, herbicide and pesticide application and many other direct and indirect conflicting forces build along with proximity to the city. The state has taken some direct action to prohibit unreasonable or nuisance restrictions on farmers when their land is zoned for exclusive farm use. However, the conflict remains.
These conflicting forces can also build in places remote from the city itself. They are strong where the state's growing urban population spends leisure time—the scenic and recreational areas. Again the conflicting forces are a result of physically sharing the same area (e.g., second home development) and psychologically sharing it (e.g., expansion of wilderness areas). This difference in perspective is complicated in Oregon by the fact that half our land is owned and managed by the Federal Government. As a result, there are many who do not live here but exercise their public right to influence the use of the land, forests and water in the state.

**Forests**

Oregon's forests are one of the most important resources of the state. About half of the state (30 million acres) is forest land, although not all is commercial forest land.¹

A major reason for the importance of forests is their direct value as a crop which can be cultivated and harvested on a perpetual basis. This means dollars and jobs.

The state's economy has been and will be dominated for some time by the harvesting and processing of timber. However, domination of the forest products industry is decreasing. In 1950 half of our manufacturing employment was directly in lumber and wood products. Today, this sector of our economy continues to bring more dollars into the state than any other. But in the last quarter century the share of manufacturing employment in lumber and wood products has slipped by 38%. The share will continue to decline as other fast-growing sectors account for increasing percentages of our economy. The decline has other origins as well.

Analysts point to the increasing technological sophistication of the industry, which means fewer workers can produce the same or greater amount of lumber or wood products. But most important, absolute declines of as much as 20%-25% have been projected in Douglas Fir harvests over the next twenty years.²

¹Facts About Oregon, xiii, 14 and information supplied by Oregon State Department of Forestry. Depending on the definitions used, Oregon's commercial timberland is 15 to 25 million acres.

²Timber for Oregon's Tomorrow, an analysis of Reasonably Possible Occurrences, Bueter, Johnson, and Scheurman, Research Bulletin 19, School of Forestry, Oregon State University, Corvallis, 1976.
While Oregon has a number of other harvestable tree species (notably Ponderosa Pine) it is the Douglas Fir primarily of Western Oregon that dominates the industry.

The forest industry owns 24% of the state’s commercial forest land which contains 24% of the state’s timber supply. The major owner of forests and harvestable supplies is the federal government. The U.S. Forest Service alone owns and manages 47% of the forest land, which contains 46% of the timber supply. Other public bodies—primarily the U.S. Bureau of Land Management—control another 16% of the state’s supply. Thus 62% of the state’s supply is publicly controlled. The remaining 14% is privately held on farms and by other small woodlot owners.¹

With only 24% of the supply, forest industry lands provide 51% of the state’s harvest. Compare this to the National Forest Lands, which contain 46% of supply but provide only 27% of the harvest.²

![Comparison of Industry and National Forest Supply and Harvest](image)

The projected declines in harvest and employment over the next two decades will occur on the forest industry lands. They will occur because forest industry lands no longer contain significant amounts of old growth timber. These lands are into their second and in some cases even third harvest. Despite replanting and intensive management for thirty to fifty years, there simply is not as much timber to be harvested per acre from a secondary growth forest as from an old growth forest where trees have been standing for 100, 200, or more years.

The relatively short period of time in which Oregon has had a significant forest industry is illustrated by the fact that even in 1972 fully two-thirds of the total timber volume harvested in the state was from trees that predated the state itself. As each year goes by the percentage of volume from secondary or converted (from old growth) forests increases.³

The projected declines assume no change in present policies. A change (or changes) in public policy could soften or even avert the declines. But to change the policies in the required ways means that other public goals would have to be diminished.

¹Data supplied by the State Forestry Dept.
²Ibid
³Oregon State Dept. of Forestry data
The main area in which federal policy could avert the projected declines is the scheduling of timber cut on National Forests. Prior to 1976, Forest Service policy on harvests would have depleted the supply of old growth timber (trees 100 years old or more) by the 21st century and declines in production on public lands could be expected, just as has already occurred on timber company lands in this century.

Due to these projected declines the National Forest Management Act of 1976 established a policy of non-declining evenflow harvest schedules. The policy means that the amount of timber harvested should be calculated so that there will always be a steady supply available for harvest. The policy also says that harvests can only be increased if other forest uses are not diminished.

However, it is technically possible to increase the harvest of public old growth timber for the next two decades and with proper replanting and management of the secondary growth to sustain a level of production equal to our current level of harvest in perpetuity. This would require a change in federal policy. The policy change required would mean:

—Federal timber harvests would be increased enough to offset the decline on private lands caused by the conversion of those lands to secondary growth-regenerated forests.
—Both private and public forests would be managed for maximum timber production for the coming centuries.
—in the future, old growth Douglas Fir forests would be found only on those public lands reserved from logging (i.e. Wilderness Areas) or which were not economically accessible unless management plans specifically set other areas aside.

If federal law is not changed to compensate for the declines on private timber company lands, two other alternatives are available. One is to increase the level of forest management through such procedures as:

—Reforestation. Preparing the land and replanting on denuded or understocked forest lands.
—Commercial thinning. Concentrating growth on the more valuable trees by harvesting and marketing some less desirable trees before maturity.
—Precommercial thinning. Eliminating competing vegetation by chemical applications or mechanical clearing.
—Mortality salvage. Harvesting trees that have been killed or damaged by fire, insects or disease.
—Fertilization and genetic improvement. Adding nutrients to the soil and carefully propagating seedlings from superior trees.

The second alternative is to promote higher productivity from private lands, which are not owned by the timber industry. The small woodlot owners of Oregon collectively own 14% of the forest land, yet they provide only 5% of the state’s annual harvest. The difficulty of significantly improving production of this resource lies in the pattern of fragmented ownership, small parcels, and lack of understanding, motivation, or capital to improve production. Oregon has taken some steps to increase production by small woodlot owners and the State Land Use Law (SB 100) requires that forest lands be protected in much the same manner as are agricultural lands.

Public policies regarding timber production are not made in isolation of other public policy goals. Indeed the federal Multiple Use-Sustained Yield Act of 1960 and subsequent Forest Service policy specifically requires the Forest Service to balance

1 National Forest Management Act of 1976
2 p. 13GAO study
3 State Dept. of Forestry
timber production on National Forests with a number of other public purposes such as recreation, wildlife habitat, water-shed protection and visual and environmental quality. The proposals to increase harvests and intensify management bump up against not only law (e.g., non-declining even flow policy) but important value-laden political judgements as well.

For example intensive forest management will benefit certain types of recreational activities as well as the industry. What may suffer are the natural aspects of the forests—the esthetic experience, water-shed protection, some types of wildlife habitat, solitude.

More management will most likely mean easier access which will be compounded by population growth and expansion of tourism and recreation. This pressure will have to be controlled by entry restrictions, more permit requirements, user fees, or other means of lessening human impact on the forests. It also means that as the number of users increases, public objections to the obvious effects of timber management will also increase. These again raise the issue of public choices in a state becoming increasingly large and urban.

Another example is the intensity of debate over proposals to include additional Oregon acreage under the National Wilderness Preservation System. Political bargaining is an indication of the conflict in public goals. Land set aside for wilderness is not available for logging, off-the-road vehicle recreation or some of the other forest uses the public demands. When it is felt that management of the National Forests is leaning too much toward any one purpose, the political reaction is predictable.

These issues raise a number of basic questions which should be considered:
1. Will harvests on public forest lands in Oregon be used to offset losses on private forest lands?
2. Is it in the national interest to increase the supply of Oregon Douglas Fir timber over the next twenty years?
3. Should Oregon continue to fight to retain its national dominance in soft wood lumber production or should the gains by other regions of the U.S. be viewed as a way to further stimulate or force diversification of the state’s economy?
4. Are much higher levels of timber harvest and management in Forest Service and Bureau of Land Management forests more important to the long-term future quality of life in Oregon than are some of the less economically tangible uses of the forest resource?

Overdependence on Lumber

In addition to the predictable conflict over how to best use the forest resource there is another major implication of the predicted decline or stabilization in lumber and wood products employment. In 1977 half of Oregon’s counties relied on the industry for two-thirds or more of their manufacturing employment.

<table>
<thead>
<tr>
<th>Oregon counties which depend on lumber or wood products for more than 50% of manufacturing employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lane</td>
</tr>
<tr>
<td>Baker</td>
</tr>
<tr>
<td>Coos</td>
</tr>
<tr>
<td>Crook</td>
</tr>
<tr>
<td>Curry</td>
</tr>
<tr>
<td>Deschutes</td>
</tr>
<tr>
<td>Douglas</td>
</tr>
<tr>
<td>Grant</td>
</tr>
<tr>
<td>Harney</td>
</tr>
</tbody>
</table>

(Source: Research Division of Oregon Dept. of Economic Development, based on Oregon Employment Division data)
A number of local communities are as dependent on a single paper or plywood plant, as an Old West mining town was on gold.

<table>
<thead>
<tr>
<th>Place</th>
<th>Manufacturing Employment</th>
<th>Major Plant</th>
<th>Percent of Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gardiner</td>
<td>920</td>
<td>International Paper</td>
<td>100</td>
</tr>
<tr>
<td>Wauna</td>
<td>720</td>
<td>Crown-Zellerbach</td>
<td>100</td>
</tr>
<tr>
<td>Hines</td>
<td>936</td>
<td>Hines Lumber Co.</td>
<td>99</td>
</tr>
<tr>
<td>West Linn</td>
<td>641</td>
<td>Crown-Zellerbach</td>
<td>98</td>
</tr>
<tr>
<td>Veneta</td>
<td>623</td>
<td>International Paper</td>
<td>96</td>
</tr>
<tr>
<td>Dillard</td>
<td>2830</td>
<td>Roseburg Lumber Co.</td>
<td>82</td>
</tr>
<tr>
<td>Drain</td>
<td>614</td>
<td>Woolley Enterprises</td>
<td>81</td>
</tr>
<tr>
<td>Toledo</td>
<td>1265</td>
<td>Georgia-Pacific</td>
<td>79</td>
</tr>
<tr>
<td>North Bend</td>
<td>2067</td>
<td>Weyerhaeuser</td>
<td>78</td>
</tr>
</tbody>
</table>


It is state policy to try to diversify the economic base of the state as a whole and the economy of our cities, towns and counties. However, long-term trends plus the predictably unexpected, should warn us that we ought to be prepared for better coping with decline (whether prolonged and chronic or short-term and traumatic) in some communities and counties.

Agriculture

There seems to be more public understanding of the challenges facing Oregon’s agriculture than the other parts of our economy. Some of the major trends of agriculture are: fewer farms; larger-sized farms; fewer workers; greater foreign export; and irrigation.

SELECTED OREGON FARM FACTS

- Number of farms declined 30% between 1969 and 1974
- Agricultural employment down 45% between 1950 and 1975, continued decline projected
- Half of Oregon farmers report greater income from off-farm activity than agriculture
- 20% of Oregon agricultural products exported to other nations in 1977—up from 10% in 1969
- Irrigated farm land up 14% between 1959 and 1974; more than half of the harvested crop in Oregon is irrigated, compared to 14.3% nationally
- 100,000 acres of land brought under irrigation in the Hermiston-Boardman area since 1977. Ground water table in Oregon’s largest aquifer declining and surface water withdrawals judged interfering with competing uses according to state agencies.

Percent of Oregon Population
Living in Rural Areas — 1850-1970

Source: Facts About Oregon, Oregon Dept. of Economic Development, 1976
The protection of agricultural land from urban development is a cause that has enjoyed considerable public support for a number of years, perhaps in some measure because farming and ranching are so integral to Oregonians' sense of what the state ought to be.

Some areas in the state are now facing major problems due to low water flows. Lined up in the conflict over water are the following: state and federal environmental standards, protection of fish and wildlife, recreational uses, public water supplies and hydro-electric use vs. irrigation. Each of the non-irrigation uses becomes more demanding with Oregon's population growth, urbanization and economic change.

Some Changes in Oregon's Economic Structure

It has been projected that one out of every four new manufacturing jobs created in Oregon over the coming years will be in the electronics industry. High technology firms have been rapidly increasing their share of Oregon's economic structure. These firms are particularly important when one considers the fact that they tend to be relatively high-wage, do not use much energy per job and have a greater amount of freedom over where they locate than many other basic industries. While they are often cited as non-polluting, it should be remembered that the cars found in 1,000 place parking lots are as much an air pollution source as a smokestack, and are often harder to control.

International trade has been an area of real expansion in Oregon's economy—particularly with the Pacific rim and Asian markets. The degree to which this fact represents a basic shift in the nature of the state's economy depends on the question of whether we continue to export raw goods—wheat, logs, etc.—or whether it increasingly becomes finished goods.

Relating Economic Change to Growth and Development

Changes in Oregon's economy affect different regions of the state in different ways. Advantages to some may be disadvantages to others. As lumber and wood products dominate the economy, so does the Portland area dominate the state's employment picture. With only 16% of the state's population the city of Portland provides 47% of the state's manufacturing employment (excluding lumber and wood products), 50% of the wholesale trade jobs, over a third of the services jobs, and over one-fourth of the retail trade jobs.

The picture emerges even more clearly when the tri-county Portland area is considered. With 40% of the state's population the area has:

67% of Oregon's wholesale trade jobs; 50% of Oregon's retail trade jobs; 48% of Oregon's manufacturing jobs; 62% of Oregon's service jobs.

While Portland's population has generally declined over the last decade, the tri-county metropolitan area has mushroomed. There has also been a trend toward suburbanization of job opportunities. Care must be taken to avoid the economic strangulation that has choked central cities in other parts of the country.

Oregon's Legislature has played a positive role in advancing a regional perspective on these and other Portland metropolitan issues. The future of the Metropolitan Service District is being watched from forty-nine other state capitols. The successful Port of Portland established in the early 1900's demonstrates Oregon's historical foresight on regional issues.

The Portland area is an example of how growth is, in many instances, truly a regional issue. Growth, development, and change is occurring in four different Oregon counties, plus another in the southwestern part of the state of Washington. What happens in one jurisdiction affects what happens in another. This highlights the need for more than just local perspective when addressing the growth issue.
The Disadvantaged Eastern Counties

The eastern part of the state continues to lag behind in per capita income. While some eastern counties do not fit the mold (Sherman and Morrow Counties ranked one and two in per capita income in 1975), five of the six lowest ranking counties were eastern. There is a long-standing presumption that the state should encourage economic growth and development in the eastern counties in order to close the east-west gap. There is likewise some sentiment that Willamette Valley population growth ought to be somehow redirected east of the Cascades. Between 1960 and 1970 one-third of Oregon’s counties lost population. All but one of them (Curry) were in eastern Oregon. Since 1970 some of the state’s most spectacular growth rates were east of the Cascades, notably Deschutes (+53.7%) and Morrow (+24.3%). Gilliam is the only one which had lost population since 1970.

However, since migration (both in and out) is the most important factor affecting the growth of the state, it is instructive to look at the migration pattern from an east-west perspective in the 1970’s. Only eleven Oregon counties have had more natural increase than net migration. Nine of them were eastern counties. In other words, despite the non-metropolitan growth trend in the U.S. and Oregon, our “declining” counties have not shared in the basic growth phenomenon of the 1970’s: heavy in-migration. These counties may again register net population losses in coming years.

<table>
<thead>
<tr>
<th>OREGON</th>
<th>WEST</th>
<th>CENTRAL</th>
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Source: Pacific Northwest Regional Plan, 1977, U.S. Dept. of Commerce

The bulk of this growth is projected to occur in the three metro areas (over half in the Portland SMSA). Other centers of employment growth are in Rogue Valley, Deschutes County, and Morrow/Lake/Ontario. These areas to varying degrees already have a public infrastructure in place to support the economic, social, environmental, financial, and other impacts of such growth. This is less true in Mid-Columbia and Deschutes. Concentration of growth in the existing metro areas (and the emerging Corvallis Albany metro area) means continued geographical developmental “Imbalance” in the state. These areas will continue to act as migration magnets to out of state firms and workers and as intra-state magnets from areas with fewer economic, environmental and social opportunities.

There are some basic barriers to major economic development and growth for much of eastern Oregon. Access to the major markets and transportation centers of western Oregon, water availability, and climate are among these. Then there is the self-reinforcing barrier of a lack of urban, cultural and educational amenities. Certainly all eastern counties do not share all these barriers nor each to the same degree. But they are widespread enough to call into question the probable success of a major redirection of growth effort.

However, a selective and strategic program to promote economic growth in some eastern Oregon areas which have demonstrable competitive advantages could produce results. The major question for the state becomes the identification of those target areas capable of supporting population growth and economic development and among those identified, finding the ones which want it. State investment in those areas should follow — not necessarily new dollars, but redirected dollars. The state could then identify ways to assist declining areas in managing that decline in the most effective manner.

Many of the same economic problems that beset eastern Oregon apply to the coast, especially the northern and southern counties. Energy shortages may depress
the coastal tourist industry and add to unemployment there. But expansion of the fishery and seafood processing industry holds promise. Port activity (especially in Coos Bay) is another economic development plus.

The growth of high-technology manufacturing, however, will most affect the already economically advantaged areas of the state. While such firms are termed "foot-loose" there are constraints on where they locate. Access to air transport is one. Perhaps most important is the suitability of the physical and social environment and the availability of skilled workers.

New Growth Patterns

While there is a logical and historically tested relationship between job expansion and population growth, the rules of the relationship seem to be changing. Some Oregon communities find themselves suddenly growing in population without the creation of a large number of new jobs acting as a magnet. The explosive 1970's growth in parts of Josephine, Jackson and Deschutes counties is a prime example. The effect of unexpected growth can be devastating. Land prices have zoomed in Ashland, and the small town of Umatilla was suddenly forced to build a new elementary school and sewer plant.

We seem to have entered a new era where more Americans are moving in pursuit of a broadly defined "quality of life." When Oregon employers recruit nationally, they are surprised at the number of highly qualified applicants who are willing to accept a cut in salary simply to relocate to Oregon. If there is one theme that would seem to characterize the vision being sought it would be harmony—social and environmental. New and potential migrants often refer to Oregon as "unspoiled."

The state's natural attributes are a major part of the conception, but the vision extends to a notion that Oregon has not yet hit the social or economic pace and complexity of other parts of the country. Housing and land seem undervalued to many immigrants. Some value the racial, ethnic and social class homogeneity of the state.

The quality of life in Oregon (real and imagined) is one of a set of factors influencing how and why Oregon is growing. The other side of the question is the real or imagined quality of life in our neighbor states. Events in California and Washington can influence residents of those states in their desire to stay or leave—and Oregonians' desire to move there. As could be expected, these two states are the largest contributors of migrants to Oregon (over 50%).

National policies and economic conditions also affect Oregon's growth and economic development. The dependence of the lumber and wood products industry on national currents has been a major economic problem in Oregon for many years. As foreign trade becomes more important to our economy, national and international policies and conditions will increase their influence here.

The population of Jackson and Josephine Counties is expected to reach 200,000 in the 1980's. To support that population 24,000 jobs at 6% unemployment or 20,000 jobs at 10% unemployment would have been created since 1975. Theory says that if jobs are created faster than workers are made available, in-migration will occur. If jobs are created more slowly, unemployment will rise and out-migration will occur. There is evidence that in-migration occurs more easily than out-migration. The type of jobs created is also an important factor in determining whether the existing labor force will fill them or in-migrants with more appropriate skills will migrate to the area.

Advantages and Disadvantages of Oregon's Growth and Change

Oregon has not had a reputation as a place of great economic opportunity. The state chronically lags behind the rest of the nation in per capita income and is often well above the national average in unemployment.
However, since 1975 the state's economy has been expanding rapidly. It has even exceeded our rate of growth. In 1977 we added some 75,000 new jobs. Continued job creation at this level would reduce our unemployment rate to practically zero in less than five years and would create even more pressures for immigration. Since there is usually a lag of two or three years between the creation of new jobs and in-migration we may not yet have seen the effect on migration from this most recent spurt of economic development.

The issue this raises goes to the heart of the pros and cons of Oregon's growth. Higher income, lower unemployment and greater financial security are central goals for both individuals and for government action. Achieving these goals requires economic growth and development. At the same time there are goals which revolve around personal security and contentment and the public responsibility to be a steward of the state's natural resources.

Growth and development may bring more traffic congestion, crime, dealing with strangers, social tension, pollution, crowded recreation and leisure areas, higher taxes and other factors which reduce personal security and contentment and put a strain on our natural resources.
The search for ways to increase the financial security and well-being of all Oregonians while not sacrificing the other values is exceedingly complex and difficult. As the state and its communities increase in size, and the citizens engage in new activities, public values change as well. This change is already being felt in the politics of local areas undergoing rapid change, and will be felt more and more at the state level. New constituencies, coalitions and values mean that the balance will constantly be struck and re-struck over time. State growth policy is a tool for both better managing the change and raising more enduring goals for Oregon.

Growth in Demand

When considering the effects of growth, it is easy to assume that a 50% increase in population means 50% more water used, cars registered or homes needed. In fact, demands upon the resources that we use and for services we want are growing more rapidly than the population. Even if population size remained constant, we would still be faced with growth in demand. Population growth compounds the problems. Many local governments in stable or even declining areas are already having to provide more services for fewer people.

The age and income of our population also affects demands on the state's resources. Most projections of Oregon's future population indicate a drop in the percentage of both the young and those over sixty-five. Such a percentage decline implies a greater per capita income available for those in the middle years—there are fewer dependents. It also seems to imply (all other things remaining constant) that there will be little need for new nursing homes or additional classrooms.

However, things do not remain constant. One of the basic variables is the location of growth. If the number of seniors in an area increases, as in Woodburn, then those services geared to an older population must be provided. Major new subdivisions often bring a demand for a new school within walking distance. Changes in location and differences in the type of growth between areas, even when there is no new growth, can result in demands for new services which local governments have an obligation to provide.

The problems caused by growth are sometimes large in scale and dramatic. For example: dramatic growth and private capital investment in the Hermiston/Boardman area along the Columbia River. More often the problems are the result of a long series of small decisions following one upon the other. The chronic and persistent loss of farms next to town and the traffic on highways that gets heavier each year are the kind of growth effects we usually see. These growth problems are the hardest to control because they are the cumulative and long-term results of the actions of individuals.

Southern Oregon presents an example of this kind of growth problem. Air quality in the Rogue Valley (Medford) is worse than Portland's. Medford violated Federal Air Quality Standards two out of every three days in 1977 and the main reason was emissions from cars and trucks. Yet Medford has added an average of over 1,000 new residents every year since 1970. State, federal and local decisions to construct or widen roads, approve dams and extend sewers are examples of the kind of decisions governments make which may be needed to accommodate new growth, but which may also stimulate further growth.

Some local governments have begun to see a new reaction to growth from their citizens. Increasing numbers of citizens and neighborhood groups are saying “don't upgrade the street—it will only attract more people.” In a way we are faced with a dilemma. If we act to accommodate existing growth, we may attract enough additional growth to cancel out the gains. It is like the new freeway which is so convenient that it is soon as overcrowded as the route it replaced. Newly constructed, modern schools attract affluent families to suburban residential areas and leave downtown school buildings, built to serve an earlier generation, dilapidated and empty.

Solving growth problems does not necessarily create new growth; in the long run, it appears that there is a strong correlation between affluence and a rising standard of living on the one hand, and falling birth rates on the other—though consumption and number of family units may in fact rise. But often enough, the very steps a locality takes to solve the problems created by past growth increase the attractiveness of that community for newcomers, and the game of catch-up goes on. We must give careful thought to the possible future growth effects of what we propose to do today. To what extent are we willing to accept more potholes in our streets, fewer job opportunities, less certain long-term supplies of water, electricity and fuel in order to discourage growth?

Public Goals and Private Expectations

Oregonians have identified and they pursue many different goals. These are goals which either guide public actions or serve as bench marks against which to measure changes in the state. Such goals are found in the statutes establishing or directing almost all state functions. They were enacted individually and over a long period of time and are neither systematic nor necessarily complementary. After passage of the state land use legislation in 1972 (S.B. 100), Oregonians were given a chance to make their collective public goals more coherent and systematic.
Goals and Guidelines of the Land Conservation and Development Commission were developed over a period of several years and through a process which actively involved thousands of Oregonians. In a sense, these goals are a distillation of the public aspirations which are found in other laws and also those goals which while commonly held had not yet found legal expression.

The strong concern for the state's resource base and for environmental amenity is probably the most apparent theme among the goals. This concern is central to what might be termed the Oregon life-style and the image we carry of the state. It is reflected in the emphasis on conservation of natural and social resources. It is found in the environmental protection focus and the preservation of the state's economic base which is rooted in agriculture and forestry. It is a concept which is broader than rural conservation but which extends to the urban environment as well.

A second theme which emerges from the goals is the strong role to be played in public decision-making by the citizens of the state and by their local governments. This theme is an integral part of the political history of the State. It is exemplified by Oregon's Initiative and Referendum process, its lay legislature, the existence of over two hundred state boards, commissions and councils, the constitutional limitations placed on gubernatorial power, and the lack of centralized planning and management authority.

While neither of these themes is peculiar to Oregon, they are fundamental guideposts around which support or opposition to public actions is most often rallied in Oregon. There does not seem to be the same level of popular support for other possible themes—e.g. social and economic equity, culture and the arts, large scale economic expansion.

There certainly are other major public goals in Oregon which enjoy general support—quality education, public safety, fiscal conservatism, and many others. However, it is the two themes of the importance of the natural environment and the role of the citizen which the Oregon 2000 Commission finds as the most pervasive and descriptive of Oregon as compared with other states.

The major public goals of Oregon will be severely tested over the next two decades. Not only will they be tested, they will have to be modified. Growth, development and change will inevitably force reinterpretations of what is acceptable. This is not to predict that the two major themes will no longer be major themes by the year 2000—they may be. But they will have taken on some new thresholds and new meanings as well.
Water Conflict

Water is one of the most basic natural resources. Because it is basic there are many competing demands placed upon it. It is needed for:

- irrigation
- domestic and commercial use
- industry
- navigation
- electricity production
- fisheries (commercial, sport, and non-game)
- recreation
- maintenance of water quality
- forests
- flood control
- scenic amenity

In many areas of the state we have passed the point where there is enough water to meet everyone's demand for it.

- In the Columbia North-Slope area of Morrow and Umatilla Counties, underground water is being depleted in order to feed an explosive growth in agribusiness. ¹
- The Willamette River is barely maintained from violation of pollution standards during the summer only by massive releases of water stored behind the dams of the Willamette River Project. Significant growth in oxygen depleting pollutants like municipally treated waste water or a major increase in irrigated agriculture will mean an undoing of the massive environmental clean-up of that river.²

COMPETING WATER USES

1. Irrigation
2. Navigation
3. Fish and Wildlife
4. Power
5. Recreation
6. Water Quality
7. Municipal and Industrial
8. Flood Control
9. In-Stream Uses/Out of Stream Uses
10. Consumptive Uses/Non-Consumptive Uses

Source: Derived from Pacific Northwest River Basin Commission maps.

- The Columbia River which drains some 300,000 square miles of land in British Columbia, Montana, Idaho, Washington and Oregon can not satisfy all

simultaneous water use demands during years of average runoff. The list of specific water problem areas and issues could be expanded greatly. However, the general issue can be stated fairly simply:

The issues are complex and perplexing. Scenic, clean, fishable streams, rivers and lakes, are vital to Oregon's public and private goals. Maintenance and promotion of agriculture are also vital. Safe, dependable, and efficient supplies of public drinking water are vital. Plenty of affordable electricity from hydroelectric generators is vital. There is no trouble getting agreement on these goals. But there is escalating trouble in getting agreement on which of these goals is more important than the others, and there is no agreement that any of these goals should be sacrificed.

Yet, balance among uses is necessary and will be even more an issue in the face of growth and change. Continuing expansion of irrigated agriculture and greater awareness and priority placed on maintaining stream flows for fish and for water quality are the trends which portend the most divisiveness. Power generation issues are almost certain to become more critical as well. Already, manipulation of water flows in the Columbia River to improve salmon passage is done at the expense of hydro-electric production. If, as seems possible, the salmon runs to the upper Columbia Basin receive greater legal protection as under the federal Endangered Species Act, the balance of water uses on the Columbia will have to be adjusted. As the financial cost of coal-fired and nuclear generated power increases, many potential hydroelectric damsites in Oregon which were thought to be uneconomical, may begin to look competitive. Yet damming up free-flowing streams will mean high costs to fisheries and other public values. The lesson is clear that growth, development and change accelerate tradeoffs and heighten the conflict among public goals and between public and private goals.

Who Owns Oregon?

Oregonians, long-term and recent arrivals, aspire to own and control a private piece of the state's natural resource and environmental amenity. For some the aspiration is as seemingly modest as a single-family house on a quarter-acre lot. For others it is a state and federally subsidized veterans' mortgage loan to buy a small farm in the Willamette Valley or elsewhere which they can operate part-time while holding another job. For others it is a second home or a vacation trailer site at the coast, in the junipers, or on the river or lake. And for others it is the single family home on five acres far enough from town to be rural, but close enough to enjoy the commercial, economic, and cultural advantages.

As more and more Oregonians are able to achieve their aspiration the value of their achievement is lessened. Each of the above examples in different degrees, but in the same way, not only reduces the overall value of the state's natural resource and environmental amenity, but the individual satisfaction we can derive from it. The process is like inflation—more and more buys less and less.

Federal ownership of half of Oregon

The single most valuable natural resource and environmental amenity asset which Oregonians collectively enjoy is that which we do not own—the 50% of the state controlled by the federal government. Federal ownership and management have meant protection from private acquisition and development of some of the state's most scenic areas. They guarantee public access and leisure use of vast tracts of land and water while generating jobs and income through timber harvests and grazing. It is a stark probability that this historical quirk of ownership has meant and will mean more to the natural outdoor amenity of the state than any other factor between now and the year 2000.

Trace the cumulative implications, for example, of the desire for a single-family house on a quarter acre lot. The Oregon State Housing Division has projected that by the year 2000 some 240,000 new, owner-occupied houses will be needed. If
these houses averaged a quarter acre lot each it would mean far more than 60,000 acres of land consumed. If one includes the amount of land which must also be developed for streets, parks, and economic activity, etc., the land requirement reaches 325,200 acres. This is an area of land about the size of a two-mile wide swath running down Inter-state 5 from Portland to Grants Pass.

Land consumption—or continuing suburban sprawl—is clearly not acceptable to most Oregonians’ vision of how we should develop. Indeed, the idea behind Urban Growth Boundaries is in large measure to prevent sprawl. However, that is a public goal. Our private goals seem to call for more and more sprawl. Certainly, energy costs, land costs and enlightened application of land use laws will all interact to promote the public goal at the sacrifice of our private goal. Between 1970 and 1978, the Housing Division reports that half of Oregon’s new housing was rental units and mobile homes.

The movement toward multi-family owned housing (condominium and cooperative) has taken off in other parts of the country and will certainly become a major factor here over the coming decades. State government can and should show leadership in stimulating higher density, lower cost housing.

The fact that Oregon state government, through the Department of Veterans’ Affairs, is the largest single lender of home mortgages in the United States, gives Oregon a special responsibility to assist in shaping development in ways that help resolve the conflict between private goals and public goals.

COMMISSION POSITION ON DESTRUCTIVE GROWTH

There has been and continues to be rapid and substantial population growth in the Grants Pass, Medford, Ashland Corridor. Ironically, the area used to be where some Oregonians moved for health reasons. The air pollution potential of the Rogue River Valley has been known for years. Today, due to economic and population growth, Medford is in violation of air quality standards two out of every three days. Yet we have allowed spiralling growth to contaminate the environment in the area beyond any sensible limits. Continued growth also means a regional sewer system rapidly reaching capacity — only to be enlarged at public demand in order to accommodate further growth. Further growth and change continue to erode the

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economic viability of one of the most unique agricultural areas in the state, the orchards of Bear Creek Valley. Neither the region nor the state seems to be able to say that growth has gone too far. Only the Department of Environmental Quality and to a lesser extent, the Department of Transportation have been able to act in substantive ways and then through the implementation of federal programs and requirements.

No one seems to be able or willing to say that continued rapid population growth is bad and that state government has a responsibility to discourage it. Even were there a will to say it, the means available to state government to do much about it are not clear. However, at a minimum, all state agencies could and should test all their decisions affecting the area for a possible effect on growth. No state agency should take action which will further it.

Unfortunately explosive and destructive growth is occurring in other areas of the state as well. Major growth in the Hermiston/Umatilla/Boardman area is an example. In this area growth is being provoked in large measure by agribusiness expansion and public works projects. Agribusiness expansion is happening at the remarkably shortsighted expense of the region's most precious resource—water. Groundwater is being depleted, some of it from underground reservoirs which will not be recharged even if pumping stopped today. According to the economic plans of both Morrow and Umatilla counties, even the current level of irrigated agriculture cannot be supported in the future without diversion of Columbia River water. But the Columbia is so fully allocated that even now in average run-off years it cannot fully meet all existing simultaneous demands for its water. Economic growth coupled with rampant urbanization is creating conditions which will demand future long-term commitments of local, state and federal funds to undo problems which should have never been created.

Sixty minutes east of Portland and linked by Interstate 80N and Amtrak is one of the state's most unique and fragile natural resource areas—the Hood River Valley. The agricultural base is the famous fruitcrops which enjoy enormous advantages of climate, soil and dependable water supplies. Hood River is Oregon's second smallest county and only 22% of the land is in private ownership. Growth and development (such as the Banfield Light Rail System) put this county and its irreplaceable resources in extreme jeopardy of becoming a fashionable if distant bedroom of the Portland metropolitan area. Unfortunately, however, orchards and urbanization do not mix, as orchardists from the Medford area can attest. Oregonians should not wait for the area to be lost.

LCDC presently has the authority to recommend that sites and areas of the state that possess unique ecological or historical value be designated as "areas of critical state concern." Such designation requires legislative approval. The Commission urges that steps leading to such a designation for the severely threatened areas of the state be taken now.

Land

While ownership totals give some hint of the state's land resource, more important are the qualities of land available and the best (and sometimes conflicting) uses to which it can be put. For example, a study conducted in 1974-75 for the Oregon Coastal Conservation and Development Commission attempted to inventory the amount of land suitable for urbanization in Clatsop, Tillamook, Lincoln, Coastal Lane, Coastal Douglas, Coos and Curry counties. The inventory revealed that after publicly owned and timber company land was subtracted from the totals an average of only 17.9% of the land was privately held. Among these counties there was a range of 23.8% in Lincoln and a low 11.3% in Tillamook in this category. Of that privately held land, the amount currently urban or urbanizing along with that considered suitable for urbanization was identified. The percentage of the private land considered urbanizable varied from a high of 11% in Lincoln County to a low of 2% in Curry County. Even these amounts were high since those potentially


**KEY GROWTH RELATED RESOURCE FACTORS**

### LAND OWNERSHIP

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<th>BLM (%)</th>
<th>USFS (%)</th>
<th>BIA (%)</th>
<th>Other Federal (%)</th>
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*Note: Per cents are rounded to the nearest tenth.*


Sources for land ownership table:

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urbanizable lands included farm and other agricultural acreages. In varying degrees, the same facts apply throughout the state.1 The actual amount available for any particular use of the land is far less than we might intuitively assume.

The Soil Conservation Service of the U.S. Dept. of Agriculture has developed a system to classify soils. Class I through IV soils are considered the prime classes for agricultural use. Our state land use legislation recognizes this fact and mandates a fairly rigorous protection of these lands through local plans and zoning. Of Oregon’s total land area of over 61 million acres, only 14.8% is of Class I-IV type soil. A tiny .3% is Class I and half of the Class I soil is in the Willamette Valley, which also has well over half the state’s population.2

The 194,004 acres of Class I soil is an area about the size of the developed Eugene/Springfield Metropolitan Region.3 Cities and towns show an affmity for the

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2Data Compiled by Dept. of Land Conservation and Development from Oregon Soil and Water Conservation Needs Inventory, Soil Conservation Service, 1971. 22.8% of Class I-IV is private land.

3The Ranally Metro Area 1979 estimate of the Eugene built-up area is 355 square miles compared to the 304 square miles of Class I soils.
most productive land. While approximately 50% of the state is forest land, only about 20% is being managed as commercially productive. The two primary commercial species are Douglas fir and ponderosa pine.

Fisheries

The salmon runs of Oregon have been one of the mainstays of human life since prehistoric times. As a result of water resource development projects, large areas of the state no longer provide habitat to salmon and steelhead. For example, Fish and Wildlife estimated that the South Umpqua which was a nursery area for 28,000 salmon and steelhead in 1956, today produces approximately 7,500 fish; much of the Willamette River Basin spring chinook and steelhead habitat has been lost through dams in the Cascade Mountains. Eastern Oregon habitat in Malheur and Baker Counties has been lost through dams and irrigation along the Columbia, Snake and Owyhee Rivers. Southern Oregon habitat in Klamath County has been lost as well.

In other areas of the state, chinook, coho, and steelhead are fighting a battle for survival. The technical and political complexity of the battle tends to obscure the basic issues. Simply put, dams on the Columbia and its tributaries, along with irrigated agricultural development have made massive reductions in the natural

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1 Facts about Oregon, xiii 14.
fishery resource of the entire river basin. The public, through federal and state agencies, has attempted to sustain and improve fish levels through hatchery production and other management devices. We have reached the point where the Columbia River salmon runs are dependent on the hatchery production. In the meanwhile, increasingly contentious groups of fishermen fight one another over fewer fish. At the same time fish management agencies struggle to prevent the remnant wild fish stocks from being wiped out by the hatchery stocks they have built over the years. These interacting forces all happen in the context of competing and fragmented control and management over the water and land development throughout the river basin.

The catch and value of commercial fish landed in Oregon fluctuates greatly each year due to changes in supplies of fish and in price. However, landings in 1974 give an idea of the direct value of commercial fisheries. During that year some $30 million worth of fish were landed. About 45% was salmon, 45% albacore and 10% mostly bottom fish. An additional $8 million worth of shellfish were landed (95% of this was shrimp and crabs). The greatest growth potential for the industry must lie with the so-called under-utilized species since salmon harvests are limited for reasons previously described and albacore harvests are dependent on environmental and climatological conditions beyond our control. There is a tremendous annual variation in albacore landings and the variation within much tighter limits of ocean-caught chinook and coho.

Oregon trawl landings of bottom fish have averaged 20.75 million pounds for the last ten years. This is less than half that of Washington State. Federal legislation now gives Oregon fishermen greater access and advantage over foreign fleets.

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when harvesting off the U.S. Coast. The hake or Pacific Whiting is seen as having
great potential for future Oregon fisheries and fish processing. It remains only a
potential due to the lack of market demand for this abundant species. Some
joint-venture fishing where Oregon fishermen deliver the fish to waiting Soviet
processing ships has been started.

The estuaries of the state are absolutely critical in providing food and habitat
for salmon, and our other marine resources. Different species at different stages in
their lives depend on this most biologically productive resource.

Water

Estuaries—Probably no part of the natural ecosystem is more life sustaining
and productive than the estuary. In addition to its critical importance as a part of
the marine environment it has great economic importance as well. Much of the
state's commercial fishery industry depends on the productivity of the states' limited
estuarine environment. The goals and guidelines of the Land Conservation and
Development Commission require a rigorous planning process designed to protect
the state's estuaries and associated wetlands. ¹ Under this process each estuary is
divided into as many as three different types of areas. The three classes range from
areas where the estuary is strictly protected down to a class where development
activity is allowed. However, even the development class is limited and strictly
controlled. The major estuarine areas of Oregon are:

OREGON ESTUARIES

Source: Oregon Areas of Environmental Concern, Battelle Pacific

¹Statewide Planning Goals and Guidelines: Goal 16 Estuarine Resources.
Streams and Rivers—Oregon has some 62,000 miles of streams; many of these are small and intermittent. Approximately \( \frac{1}{3} \) of these stream miles are classified as fish producing. The state’s Scenic Waterways Act (1970) affords some protection to a few of the state’s streams (approximately 500 miles). Currently designated for protection are:

—much of the Rogue River west of Grants Pass; the Illinois leading into the Rogue; the northern two-thirds of the Deschutes; the northern half of the John Day; the Minam River; a stretch of the Owyhee leading to the reservoir; twelve and one-half miles of the Sandy River; and fifteen and one-half miles of the Clackamas River.

Under the Act these designated portions of the rivers are to remain free-flowing. However, the precariousness of the protection was highlighted by proposals for a hydroelectric dam on the Illinois in 1978.

In addition to the Scenic Waterways Act we also have a special program especially designed for the Willamette River. The Willamette River Greenway program seeks to protect the lands along the river from development that is inconsistent with natural, scenic and recreational goals.

The quantity and quality of waters in the state’s rivers and streams vary greatly. In some areas naturally occurring low flows of water in the summer dry up some streams. Other streams are dried up or reduced to drastically low levels by man—principally by irrigation withdrawals. Low flows spell disaster for fish and other aquatic life; reducing the self-cleansing potential of the streams and increasing the temperature also mean poor water quality. Oregon’s Department of Environmental Quality has identified the following areas where water withdrawals are causing severe problems:

- Southwestern part of the Willamette Basin; Main stem and South Fork parts of the Umpqua Basin; Central part of the Rogue Basin; Crooked River part of the Deschutes Basin; Malheur River Basin; and Umatilla River Basin.

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Water Problem Areas — Actual and Potential

**Map showing water problem areas in Oregon.**


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1. As classified by Oregon Fish and Wildlife Commission cited in Oregon Areas of Env. Concern.
2. O.R.S. 390.310-368
The Columbia River which we share with three other states and Canada is the most important fresh water resource in the state. We depend on the Columbia for the bulk of our electricity, most of our navigation, support of the world’s most important salmon runs, irrigation, recreation and many other uses. Development of dams along the Columbia has progressed to the point where only one 57-mile stretch is free-flowing. In total some 43.6 million acre feet of water are stored.

While these dams have had a positive effect on energy and navigation, they have had negative effects on salmon and steelhead. Most importantly they have fundamentally altered the yardstick by which the use of water in the river is evaluated. Water not stored and spilled over turbines is foregone energy production. Therefore all uses other than hydroelectric production must compete with the value placed on that energy. Growing energy demands have brought us to the point where the Columbia can not satisfy all water use demands placed upon it.

Under these circumstances it would seem reasonable that the four states and the federal government would collectively develop and enforce water use policy for the Columbia. However, this has not happened. The result is unilateral reservation of future water supplies by our sister states. Meanwhile Oregon as the most down-stream state has been less aggressive with its demands and relies on federal government agencies with interests in maintaining water flow (e.g. the U.S. Fish and Wildlife Service and the Bonneville Power Administration), to insure that our current and future options are kept open. The development of state policy regarding the Columbia River remains an open agenda question for state government and one with great implications.

Recreation

Oregon’s unsurpassed outdoor recreation opportunities—camping, hunting, fishing, skiing, and a host of others—rank near the top among the features that citizens of the state are determined to preserve. At the same time, they are a powerful magnet for both new residents and tourists, whose very numbers threaten to overwhelm them.

Over half of Oregon’s total land area, or nearly 32 million acres, is under federal control. Most of this is in rangeland and forests, and a large part is open to the public for recreational purposes. According to the State Parks Branch, about 60% of the recreational and preservation land in the state is federal land.

However, it is the state that provides the largest portion of recreational land that is developed and open for general purpose public use. Apart from some acreage in or near urban centers to serve that growing population, the Parks Branch does not foresee acquisition of much more recreational land in the next 20 years. Oregon ranks second in the nation in the number of state parks, but only 19th in the total acreage, resulting from a large number of small-area parks like highway waysides. The fact that it is sixth in state park attendance reflects the greater-than-average intensity of use this park land received (and to an extent the vastness of federal holdings which are also available for recreational use but frequently much less accessible).

Park use is increasing at a rate exceeding the population growth. During the decade 1967-1977, park use increased at 6% a year, while the population was increasing at a rate of 2% or less. Almost three-quarters of both day-use and overnight camp visits were recorded in the coastal areas and the Willamette Valley. With rising energy costs, there is likely to be an increase in use of easily accessible recreation areas near urban centers, and a relative tapering off in overnight use. With this probability in mind, the Parks Branch plans to devote more resources to development and rehabilitation of existing park land near population centers and encouragement of local governments to assume greater acquisition and development responsibilities. "Full-service" campsite development will get less emphasis.
Oregonians will continue to enjoy a diversity in outdoor recreation opportunities, but there will inevitably be more restrictions. Fishing and hunting seasons will become shorter, and more and more species will have to be fully protected if they are to survive at all. Access to certain areas will become more costly and more restricted. "Conflicting" interests—hiking vs. off-road vehicles, or fishing vs. powerboating, for example—may have to be kept apart more stringently. Recreation is a major natural resource of this state, and should be managed no less than forests or agricultural land.

Emerging Energy Resources

According to the State Dept. of Energy, there are a number of areas in Oregon where geothermal energy applications may be feasible. While there is a long
history of exploration in Oregon both on and off-shore, the first major find of fossil fuel in Oregon was reported in 1979. It is expected that leasing and drilling activity will increase greatly following the discovery of natural gas in commercial qualities in Columbia County.

The Oregon Department of Energy has concluded that Oregon receives more useful solar radiation than many southern states (due mainly to the length of the heating season), and is completing a comprehensive survey of the economics of solar heating in the state. Recent legislation at the state and federal levels offer tax incentives for installation of solar and other alternative energy sources for residential heating requirements. There are promising sites for the utilization of wind energy along the Columbia Gorge and the Oregon coast. DOE estimates (which the Department cautions are very tentative) foresee costs for wind-generated electricity comparable to those of conventional thermal generating plants, both nuclear and coal-fired, by 1985.

It is estimated that 15% of Oregon's total energy supply is from wood waste alone. There is a potential for much greater utilization of waste materials, including crop residues and wood waste, as an energy source. Rapidly rising petroleum prices may make alcohol production (for gasohol) economically feasible.
Chapter 2. Paying the Costs of Growth

Growth is costly. It places demands on all of us, collectively, through a variety of state and local jurisdictions. More people and additional residential and business development need more and better streets, traffic controls, water and sewer systems, schools, police and fire protection and a variety of other facilities and services. This support, if needed to meet rapid growth over a short period, can result in a surge of new costs that may literally overtax community capacity or willingness to respond.

If required supporting facilities and services are not provided on a timely basis, costs may be initially lower but can be much higher later, particularly to the public. Costs of delay are felt almost immediately. They continue until proper facilities and services are provided for the individuals and firms in newly developed areas in two ways: tangibly in terms of dollars spent or lost and intangibly in terms of inconvenience and less enjoyment of their new neighborhood. To illustrate, the area where facilities and services are delayed may suffer: 1) greater fire damage—from lack of adequate fire protection; 2) damage to residents' cars and travel delays—from obsolete street systems; 3) flooded yards or basements—from an overburdened storm drain system; 4) inadequate education for children—because of overloaded school facilities and teachers; or 5) higher burglary losses and vandalism—from lack of sufficient police patrol and street lighting.

Such a new community is not the type of growth that Oregon wants nor the type our citizens, new or old, can afford. The least costly and the most desirable growth requires that true costs of growth be identified, understood and met from the start. Instances in which rapid growth makes this process politically or financially more difficult will require special effort.

Growth in Oregon is costing even more today for a number of reasons, among them, inflation. The Consumer Price Index has doubled since 1967. Prices paid by state and local governments (expressed as the "Implicit Price Deflator" of government costs) have exceeded even that. Personnel costs have more than doubled. Some materials, like gasoline for vehicles—police cars, maintenance trucks,
etc.—have more than tripled in cost to Oregon's cities in the last five years. Other petroleum-based products show similar escalations, as this commodity becomes ever scarcer. Contract construction costs have gone up 10% each year during that same period.

Second, greater numbers of people and their use of streets, water systems, utilities and social services have placed demands on urban areas exceeding the rate of population growth. Traffic on major streets in Salem, for example, has more than doubled since 1960, while the area's population rose only 50%.1

In addition, many of Oregon's small or mid-sized cities are growing to a size where bigger really means more expensive. It has been shown, for example, that the per capita costs of providing most public services in cities greater than 25,000 in population tend to be higher than in smaller towns.2 At projected rates of growth a large number of Oregon cities will be approaching populations where economies of scale do not seem to apply.

Between 1973 and 1977 the state's population increased 8%. During the same period residential electricity consumption increased 14.8% and commercial use by 21%. Only industrial electricity use has increased less rapidly than the population—at 6.6%. There have been major declines in the use of both gas and oil by residential customers since 1973. When this fact is considered along with the increasing use of wood for home heating and with important gains in conservation, we can understand how total residential energy use (not including wood) per capita has declined but per capita residential electricity use has increased.3 The growing population demands ever more electrical power, and if new generation is to be provided by nuclear or coal-fired plants, it will be at a unit cost at least ten times that of existing hydropower.

Third, there are increased standards for air and water quality, highway safety, occupational safety and health, and equal access by minorities, women and the handicapped to public facilities and services. These standards may be bringing about desired environmental, health or social conditions, but they have a high dollar price.

Fourth, local governments have increased the number and variety of their programs in response to local needs and desires. Local and state governments have provided bike and jogging paths, local parks, emergency medical units, police/school liaison programs, human relations programs, senior centers and other facilities, all of which may meet special interest or general community desires, but all of which increase public sector costs.

Fifth, as urban growth fills in more sparsely populated areas, inadequate public facilities that were too small or not constructed at all in the first place must be rebuilt or installed. The present high cost often includes the price of short-sightedness, overly conservative fiscal attitudes or inadequate planning of earlier community decisions.

Who is paying the bill?

Having recognized that growth does cost, the inevitable question of "Who pays for it?" arises. To the extent that the costs of growth are paid for by our taxes, a brief examination of our tax system is in order. Today the public is

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1From city traffic counts on major streets, 1960 to 1978. Area population grew from approximately 80,000 to 120,000.
2Hirsch, Werner Z. The Economics of State and Local Governments, McGraw Hill, 1970. Hirsch points out that some functions of local government do achieve greater economies of scale above 100,000 population. Examples of such functions are sewer and water systems, bonding, and purchasing. Labor and administrative costs are seen as inversely proportional to size. Hirsch concludes that an optimum population size is 50,000 to 100,000.
expressing opposition to taxes at all levels, as governmental spending increases and the tax burden falls more heavily on some than on others.

The Tax System

In Oregon our present state and local tax system is considered to be well administered. It relies heavily on income and property taxes; Oregon is one of three states having no general sales tax. It is one of the very few states in which the state and local taxes take a higher percentage from higher incomes than from lower incomes throughout the full range of incomes.¹

In response to the current feeling of resistance to higher taxes, there will probably continue to be strong pressure to reduce the property tax. Such reduction, particularly if it involves greater use of state income taxes, would push the tax burden more heavily toward the higher income taxpayer. Other significant facts should be kept in mind. The state's 6% limitation means that even with escalating assessments, the actual property tax is checked by voter approval of local budgets which exceed the limited increase. The state's tax burden at $418 per capita (6.7% of personal income) in 1977 was below the $472 per person (7.4% of personal income) average of the 50 states. Per capita 1977 personal income of $6,261 was slightly below the national average of $6,393. Licensing of passenger vehicles @ $10 per year is the lowest of the 50 states despite deterioration of the state highway system. Oregon's state debt of about $2 billion is exceeded by only four other states; unlike other states, this debt is almost entirely in veterans' home loans, and secured by mortgages on these properties. There is current concern, however, for the effect of this large debt on future bond interest rates. It may in some prospective bidders' minds cause caution. This issue must be kept in mind if state bond sales are to be used to any extent in the future to pay for demands of growth.

Financing Growth at the Local Level

Much of the public responsibility for supporting growing population and physical development is lodged with our more than 1400 units of local government. Let us look briefly at the three main types of local units—counties, cities and school districts.

¹From a study by Stephen E. Lile, Western Kentucky University, December, 1975.
Counties

Counties as subdivisions of the state with prescribed major functions in roads and streets, health, public safety, court administration and property tax administration are probably less affected financially by growth than are schools or cities. Nonetheless their roles are affected by growth itself and by changing patterns of development brought on by growth. Unincorporated areas adjacent to cities demand urban-type facilities and services either directly from the county or through special service districts. The extent of this type of growth-related financial burden could be most affected by jurisdictional changes — annexations or incorporations which would shift the responsibility to cities. Social changes and changes mandated by the State Legislature are other major factors which have placed added financial responsibilities on counties for planning, health and criminal justice systems. Counties have attempted to secure increased state assistance for these required services but have had limited success.

Counties in Oregon tend to be debt-free. Only 12 of Oregon's 36 counties have any debt and it is small—totalling only $23.8 million as of June 19, 1977. Highways probably remain the largest capital facility need as well as one requiring a substantial part of annual expenditures of the counties.

Cities

Cities in Oregon include all incorporated places regardless of population (Greenhorn with three to Portland with almost 400,000). They have heavy responsibilities for financing growth. Cities are the units of general purpose government commonly called upon to provide the physical "infrastructure" for added population as it settles in existing and new neighborhoods and communities. They must also provide the higher levels of public safety, public works and cultural and recreational services needed by growing concentrations of people and businesses.

A Commission survey of twenty of the larger cities of the state, whose populations total nearly 900,000, shows a need for capital facilities over the next 10 years of approximately $1 billion—$600 million the first 5-year period, $400 million the second 5 years. These projected capital improvement expenditures cannot be entirely attributed to new growth, since they include some rehabilitation and reconstruction and some "catch-up" on past growth. They appear, however, to indicate that a "yardstick" of public capital tied to Oregon's current growth rate which projects needed capital expenditures of $150 million per year by all types of public bodies is conservative.1

Reliance on Substantial Federal & State Aid

The same Commission survey also indicates an expectation that federal and state grants-in-aid would be counted on for about 25% of the total capital investment. Although this may be realistic for some cities, others, perhaps those less adept at grantsmanship or lacking technical or professional staff capacity, will not find the federal/state largess big enough to go around. Is this process best designed to serve statewide interests? Does it ensure that aid reaches the cities where need is greatest? Should the state, if it develops a clear view of development needs or objectives throughout the state, enter into the allocation process more aggressively than it does now? Finally, should the state ensure that critical growth demands in specific locations are met by adding dollars to the size of the federal/state grant pie? Some possible answers are suggested at the end of this chapter.

Capital construction is very often financed through bond sales. Although a complete survey of debt incurred by cities was not attempted, data collected on debt of the state's twenty-four largest cities show much unused legal capacity. The

1Based on the Pacific Northwest Regional Plan, Nov. 1977, which concludes that a capital investment of $3.80 is required to support each $1.00 of personal income.
legal limit for tax-supported borrowing for Oregon cities is 3% of total assessed valuation. Only seven cities exceeded 25% of this limit; four (Hillsboro, La Grande, Lebanon and Salem) exceeded 50%; the highest is at 62% of statutory limit.

School Districts

School districts probably have less flexibility in their revenue-raising systems than either counties or cities. They are dependent primarily on state aid and the local property tax. They have historically used about two-thirds of the local property tax and have received substantial state aid through the basic school support program.

Basic state support for local school district operating costs has represented a continuing state commitment that has increased substantially in dollars over the years but has varied widely as a percent of school costs. As aid to school districts fluctuates, there is a ratchet effect that operates on the districts. Programs and commitments established when state and federal aid is on the high side are not easily jettisoned if the aid is subsequently reduced. The burden for maintaining such programs then falls to the local property tax. State aid has grown over the past 25 years ten-fold — from $70.8 million to $719.9 million. As a percent of the state’s general fund, this aid has actually declined slightly—from 31.2% to 28.1% over the same 25-year period. Its contribution to local school operating budgets has varied fairly widely. It reached the 40% mark in 1951-52 but as school budgets increased, fell below that, reached a low of 22.3% in 1970-71 and now, as a result of 1977 legislative action, again reached the 40% level in 1978-79.

School Debt

For capital outlay, schools are dependent upon locally-approved capital improvement levies or bond sales, both paid by local property taxes. Not surprisingly there is much more general debt incurred collectively by school districts than by counties or cities. Even though state population projections show very little likely growth in Oregon’s school age population, local rapid growth and shifts of population within districts have caused renewed pressures for new school buildings. Higher safety standards, recent requirements for access to school facilities by the handicapped, and an aging inventory of present buildings are generating substantial need for replacement and rehabilitation capital funding.

A compilation of statewide school debt as of June 30, 1977 shows seventeen districts (of nearly 300 in the state) with outstanding general obligation debt of more than $5 million. Two of the state’s recent rapid growth areas—Beaverton and Salem—top the list at $29.8 and $25.0 million respectively. The total indebtedness of the seventeen districts was $175.3 million.

Property Taxes and Growth Financing

Although the property tax is still most heavily relied upon to finance local operating and growth responsibilities, its use is increasingly being challenged. How valid is the challenge? Our property tax system is generally well administered, well controlled and supervised by the state through county assessors. It contains some built-in restraints on its growth—especially through the constitutional 6% limitation on annual growth in tax revenue. This limitation may lessen its responsiveness in meeting growth demands, but it also helps avoid some of the California-type tax escalations which led to passage of Proposition 13 there in June 1978. It also contains a considerable measure of relief to lower-income homeowners and renters which removes some of the most criticized regressive features of the property tax. As good as our property tax system is, however, one can still raise questions as to the extent it should be relied upon to support such things as schools or a community’s general growth costs.
Revenue-Raising Alternatives—Are They More “Equitable”? 

There appears to be growing citizen sentiment for property tax alternatives—not just in opposition to being taxed so heavily, but also to shift the costs of growth to new development and direct beneficiaries and users of new facilities and services. Thus we are seeing greater use of special assessments, various types of systems development charges and renewed interest in other user charges which more closely resemble private market charges for products sold or services rendered. In the aftermath of Proposition 13, California local governments have dramatically increased fees and charges to developers.

Some specific alternatives and changes which do shift growth and local public service cost burdens and which are being used here or elsewhere are:

1) **"Systems Development Charge"**—the developer directly—and the home-buyer ultimately—pays for all or a greater share of public facilities needed to serve a new development or tie to the existing community infrastructure. It does raise money, but is criticized for raising costs of new housing.

2) **Tax-Base Sharing**—used in the Minneapolis-St. Paul urban area to allocate tax valuation benefits of new development more equitably among local governments within a metropolitan area that together share some of the burdens for servicing that new development and the people it attracts.

3) **Site Value Taxation**—a property tax modification where all or a portion of the tax burden is shifted to the land, at its highest and best use, and away from the buildings or improvements on the site. It is believed to have a more positive impact upon rehabilitation, and prevention of urban sprawl and land speculation than the present tax and valuation approach.

4) **User Charges**—not particularly new except in the greater extent to which some would like to see them used in lieu of general tax support for specific governmental facilities and services. Some examples are: public swimming pool fees, sewer user charges, dog licenses, automobile registrations, various inspection fees, and street lighting charges.

5) **Removal of Property Tax Exemptions**—would require currently tax-exempt properties that make use of local governmental services to pay the total tax bill or that portion related to costs of fire and police protection or other functions which directly benefit or service the property. The perceived advantage would be more equitable sharing of tax burden and more relationship between benefits received and costs incurred.

Non-Revenue Alternatives to Meet Growth Costs

Additional money may not always be needed to meet some growth. Working on the assumptions that “an ounce of prevention is worth a pound of cure,” or that “working smarter not harder” can solve problems, the state has opportunities to avoid or at least minimize some growth costs. Some examples:

1) Coordination of Department of Environmental Quality, Department of Land Conservation & Development, Department of Water Resources and local governments to protect the quality and quantity of community water supplies.

2) Management of stream flows to avoid costly third-stage community sewage treatment facilities. Such coordinated action must be based on good information gathering, analysis and sharing. It is good planning as part of good growth management.

The State’s New Role—From Neutral to Positive

With statewide opposition to burgeoning property taxes and with many local taxpayers questioning how much of the cost of growth should be borne by the total community, our tax structure may change. It seems certain that the state will be
considering ways to reduce property taxes collected for local governments and
shifting all or a portion of that tax burden to statewide revenue-raising mechanisms.
The result will inevitably be a greater role for state aid to local governments.

Methods and formulas for distributing this additional aid should be studied
carefully. The state could simply replace lost local property tax revenue or continue
the uniform per capita distributions. However, we might use this occasion to tie
more closely at least some of the increased state aid to meet specific local areas’
needs or to assist in bringing about desired growth objectives and perhaps minimiz-
ing objectionable growth and its impacts.

The federal government has been looking at some of these same issues as it
speaks of “targeting” grant monies to areas of greatest need or to achieve national
objectives—e.g. preventing deterioration of existing older urban neighborhoods.
Opportunities for shifts in distribution criteria are always easier at the time total aid
funds are being increased—hence no jurisdiction need suffer absolute cuts in what
it has historically been receiving, although it may not gain as much as another
jurisdiction.

Oregon now has the opportunity to do some targeting of its own. We are
beginning to realize that growth is indeed costly and that at different rates and in
different locations its impacts can vary significantly. With some clearer policy on
where priority targets are—be they geographic places or programs—the state can
shift the financial structure from a neutral to a positive position in growth manage-
ment.

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<table>
<thead>
<tr>
<th>PROJECTED CAPITAL OUTLAYS OF TWENTY OREGON CITIES</th>
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<tbody>
<tr>
<td>(EXCLUDING PORTLAND)</td>
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<tr>
<td>1978-1983</td>
</tr>
<tr>
<td>TOTAL of all cities reporting .................$450 million</td>
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<tr>
<td>(Portland $150 million)</td>
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A. For expansion or new systems (77%)

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<tr>
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<tbody>
<tr>
<td>Water</td>
<td>16%</td>
<td>$56,108,000</td>
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<tr>
<td>Stormdrains</td>
<td>6%</td>
<td>20,630,000</td>
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<tr>
<td>Sewer</td>
<td>45%</td>
<td>155,433,000</td>
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<tr>
<td>Streets</td>
<td>24%</td>
<td>83,630,000</td>
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<tr>
<td>Parks</td>
<td>9%</td>
<td>32,112,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>347,913,000</td>
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</table>

B. For reconstruction or replacement (23%)

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<tr>
<th></th>
<th></th>
<th></th>
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<tbody>
<tr>
<td>Water</td>
<td>13%</td>
<td>$12,653,000</td>
</tr>
<tr>
<td>Stormdrains</td>
<td>6%</td>
<td>6,436,000</td>
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<tr>
<td>Sewer</td>
<td>29%</td>
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<tr>
<td>Streets</td>
<td>50%</td>
<td>49,526,000</td>
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<td>Parks</td>
<td>2%</td>
<td>2,390,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>99,954,000</td>
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</tbody>
</table>

Data based on Oregon 2000 Commission survey, Dec. 1978. Limited to reporting on water, sewer,
stormdrains, streets, parks and recreation. Some categories in some cities covered by special districts and
not included here.
Chapter 3. Growth Policy and Growth Management

State Role in Growth Policy

Oregon state government activities possess considerable power, presently and even more potentially, to impact on Oregon’s future. Acting both directly through its own agencies and programs and indirectly through local governments, positive aspects of state activities can be substantially improved and focused. By filling in gaps and eliminating some inconsistencies the state can strengthen and more fully develop its policy toward growth. Responsibility for development of growth and growth management policies rests with all three levels of government. The state is in a pivotal role. It can strongly influence the use of federal funds and the impact of federal standards since it administers many of the federal programs directly and reviews others. It can also mandate policies, provide guidance, and offer technical assistance to local governments on growth matters. The state also determines the basic structure of local governments and the extent of their responsibilities, thus strongly affecting their capacity to deal with growth and change. Figure 1 inventories the major actors and their existing roles at the state level.

Role of Cities, Counties and Special Districts

The Leading Edge — Local Government

Local governments are in practice and by legal requirement the major actors in contending with Oregon’s growth. Special districts provide a myriad of services to residents of many areas — fire protection, sewer service, water supply, road maintenance, public recreation facilities, etc. Through provision of new buildings and added teaching staff and programs, school districts must contend with both absolute growth in numbers plus shifts in location of students. As populations grow and shift in location and type of activity, counties are faced with increasing court and criminal justice demands for social services and tax administration activities. Traditionally and increasingly so through state policy, cities are being required to provide a wide range of basic physical structures and service programs to their expanding corporate areas and to additional numbers of people.

Local Comprehensive Plans

Most of the formally existing state growth policies which attempt to provide direction to local growth management activities are incorporated in the Land Conservation and Development Commission (LCDC) adopted goals and guidelines. This planning process has been underway for several years and each month sees a new batch of locally-developed plans being reviewed. As of June 1979, about 40 of the required 277 plans have now been reviewed and acknowledged by LCDC. It is intended that all local plans complete the review and acknowledgement process by July 1980.

Urban growth boundaries, required in each city’s plan, establish very significant patterns of population growth which are intended to contain the urban “sprawl” common in other growing urban areas of the nation. By speaking to the various written goals, local plans are to provide for conservation of Oregon’s air and water quality, preservation of its agricultural and forest lands, provision of adequate open space and recreation areas, adequate and affordable housing, best use of energy resources, diversification of the local economy, and protection of such fragile and desirable physical features as the Willamette River Greenway, and coastal beaches, shorelands and estuaries.
Special Districts

Special taxing districts may be formed under a variety of specific State laws, each one of which authorizes single purpose organizations. These districts provide such services as fire protection, domestic water supply, irrigation, lighting, and parks and recreation. Other legislation permits counties to establish "county service districts" which enable unincorporated sub-areas of the county to establish taxing districts to finance several specific services — like sanitary sewers, storm drainage or water supply. Special legislation also has authorized the formation of the Metropolitan Service District (MSD) comprising portions of three counties in the Portland Area.

In examining the role of special districts, it is important to distinguish the type of geographic area they cover. They serve either: 1) rural areas (outside urban growth boundaries); 2) suburban areas within urban growth boundaries; or 3) areas which encompass one or more incorporated cities in a fairly large geographic area.

First, those special districts which exist in rural areas may offer the best, and sometimes the only, way to provide area residents and property with needed facilities or services. Rural fire protection districts and irrigation districts are examples. They serve an important role in maintaining and improving the quality of life in rural Oregon.

Second are those districts within developing areas around cities and within established urban growth boundaries. Such entities many times overlap in serving the same area as increasing densities of population demand a greater variety of urban services or facilities. At some point, then, it may prove better for the area and people being served to consider replacement of a number of single-purpose districts — each with its own governing board and taxing authority — with one government offering a full range of urban services. This can be accomplished by incorporation — forming a new city, or annexation — becoming part of an existing adjacent city.

Third is the situation where solution to multi-jurisdictional problems, which may extend over a large geographic area, may best be provided by special service districts — like the Lane (Eugene-Springfield) Transit District, the Tri-Met Public Transit District or the Metropolitan Service District in the greater Portland area. In addition to extending over jurisdictions of several cities to address broad-based problems, this type of special district may also be particularly well suited to providing high-cost facilities (e.g. sewage treatment plants) which may require a larger financial base than that provided by any one city. They also have a special role in providing high-cost facilities at a regional scale to ensure uniformity in the quality of services in the region, and through economies of scale, providing them at lower cost.

The Closest Thing to a "State Plan"

Collectively, then, these plans constitute the closest thing Oregon has to a growth plan. They will truly be the state’s growth plan to the extent that they can fully reflect not only the statewide thinking expressed in the goals, but also to the extent that they reflect coordination of other goal-sensitive federal and state plans and programs. Where explicit state goals do not govern local plans, or where state agencies lack adequate policy guidance from the legislative or the executive branch, locally-developed goals and desires will determine what the plan contains. The failure of the state to identify its growth goals and see that they are reflected in local plans can diminish the role of the local plan in implementing state objectives.

UGB's (Urban Growth Boundaries)

The concept of urban growth boundaries is established by LCDC Goal 14. It requires each of Oregon’s 241 incorporated cities, ranging in size from Greenhorn, population 3, in eastern Oregon to Portland, population 366,000, to establish such
Figure 1

Present Roles of the State

1. S.B. 100/LCDC/S.B. 570.

The state's land use law (Senate Bill 100, passed by the Legislature in 1973) requires local governments to develop comprehensive land use plans within the framework of established state goals. In development of these plans cities and counties are required jointly to establish urban growth boundaries around each city. Urban services are to be supplied within the boundaries, but not outside. Much of the state's growth will thus be channeled to the areas within urban growth boundaries. State agencies participate in the development of plans at the local level. These plans must accommodate state agency concerns. State agencies, in turn, must not violate local plans once they are acknowledged as being in compliance with state-wide goals.

2. Department of Economic Development

The Department of Economic Development is required through its legislation to balance economic development with environmental protection; promote a greater level of development in rural areas; diversify the economic base of the state; and consider the growth impacts of development.

Two of the department's programs are particularly relevant to growth. One, the Industrial Development Revenue Bond program, is used to attract industrial development and help local communities diversify their economic base. The other is the Economically Lagging Areas program, which provides tax credits in approved areas for certain types of industrial construction and expansion projects. The Lagging Areas Program specifies particular geographic areas for special assistance in promoting economic development and change.

3. Department of Environmental Quality

The Department of Environmental Quality attempts to maintain and improve air and water quality in Oregon through regulation and grant incentives. Air quality is maintained through requirements that potential new polluters not exceed given levels of pollution in an airshed and through programs to reduce existing pollution levels. Cities and counties may experience marked difficulties with economic expansion as they approach pollution limits. The Portland, Eugene, and Medford areas already have problems. Water quality is maintained through regulation of pollutants dumped in streams and through funding for construction of sewage treatment plants. Program standards may place limits on the expansion of sewer capacity or require costly new methods of treatment as rivers and streams approach pollution saturation. The Willamette River is already carrying virtually all the pollutants it can hold under the standards.

4. Department of Transportation

Except for minor additions and modifications, the Department of Transportation has concluded that the basic transportation system for the state is complete. The Department is concentrating its efforts on maintenance of the existing system. It should be noted, however, that some potentially major changes are being studied — a passenger rail system from Eugene to Portland and light rail systems in the Portland area.

Transit programs offer both capital and operating assistance to existing transit systems, and they work toward establishment of good inter-urban transit links. The Department's aeronautics programs plan for a logical system of airports and commuter services in the state and offer funding and technical assistance to local governments making airport improvements. Remote communities are dependent upon convenient transit and air transportation programs to make them attractive sites for growth and development. Highway funds are broken down into a series of categories directed to bridges and different classes of highways. Some of these funds are available to local governments. In the future they will be used increasingly for preservation as the state's transportation system nears completion and as funds for highway construction are effectively diminished by inflation and growth.

(continued)
5. Water Resources Department

The Department of Water Resources develops plans for the use of water in each of the river basins in Oregon. These plans, in effect, limit the uses to which water can be put. The Water Policy Review Board, in updating the plans, has authority to specify the quantity of water to be used for each permitted purpose in each river basin and to reserve streams from further appropriation. The amount of water reserved or otherwise available (or not available) for industrial and municipal expansion may affect the quantity of water to be used for each permitted purpose in each river basin and to reserve streams from further appropriation. In effect, limit the uses to which water can be put. The Water Policy Review Board, in updating the plans, has authority to specify the state of flexibility in deciding uses for water in the future when conditions may be changed.

6. Housing Programs

The State Housing Division has two programs with impact on growth. The Local Housing Assistance Program offers information, technical assistance, planning assistance, and training to local governments. The Lower Income Housing Finance Program finances single family mortgage loans and multi-family apartments which receive federal rent subsidies. These two programs aid localities in their efforts to service growth, particularly where low income families are involved.

The Department of Veterans' Affairs sells state tax exempt bonds, proceeds of which are used to provide funds for low interest mortgage financing. Ownership of homes and construction of new homes have been greatly encouraged by this program. Currently some twenty-five percent of the state's annual home loan market is being met through this program.

7. Health Systems Agencies

The three regional Health Systems Agencies in the state determine where new health facilities will be located and where modifications and rehabilitation will take place, if federal funds are used.

8. Boundary Commissions

The state has established boundary commissions in each of the three metropolitan areas (Portland, Salem, Eugene/Springfield). Members are appointed by the Governor and staff activities are funded directly by the state. Commissioners follow state policy and land use guidelines in reviewing and deciding upon local government boundary and organization changes including annexations, extra-territorial extension of facilities and services, creation of special districts and so on.

The impartial third-party role of the Commissions is designed to bring about consistent and logical services and governmental structures in major urbanizing areas. Their impacts on the rate, location and quality of growth are significant.

9. The State Legislature

The Legislature makes basic growth decisions in passing legislation and allocating funds for all of the state programs mentioned above. It also plays a more direct role through its review of the activities of the Department of Land Conservation and Development by the Joint Committee on Land Use and through its efforts to assist and strengthen local governments through such programs as State Revenue Sharing, Home Owner and Renter Property Tax Relief Program, Basic School Support program, and governmental reorganization efforts such as the Metropolitan Service District reorganization in the Portland area and the establishment of Boundary Commissions in metropolitan areas.

a relatively low property tax rate. The Port of Portland, for example, obtains about 3% of its operational funding from a property tax rate of 89c per $1000 in Multnomah County. Economic development activities of ports — provision of industrial sites, improvement of facilities to move goods and promotion of trade — can have significant impact on the local economies and growth of the regions they serve. The narrower focus, functionally, of these districts can be an advantage in attaining their development goals. This narrower approach can also become a disadvantage, however, unless their activities truly reflect local community desires and are well coordinated with goals of affected city and county governments. City/county plans must direct the activities of port districts.

Rapid Growth Area Needs

Growth has had and does have uneven impacts. From time to time various parts of the state have already and will in the future experience periods of growth rapid enough to disrupt an area's ability to keep it within manageable bounds.

1Port property tax rates for all purposes (operating and bond retirement) for FY '79-80 were: Portland, 94c; unincorporated balance of Multnomah County, 89c; Clackamas and Washington Counties, 48c.
Beaverton has recently experienced a building boom and population increase so great as to prompt the City Council to declare a 6-month moratorium on new building permits until a better plan and system for handling the new development could be put in place. The North Columbia region in Umatilla-Morrow-Gilliam County area was the subject of a special state report called *Boomtown* which documented the forces and impacts of some federal, state and private decisions which suddenly brought such rapid immigration to the area that both public and private facilities and services, caught off guard, became strained; some were overburdened; some came into being only after hardships were endured by new and old residents alike. Other areas of the state — Salem, Bend, Medford — have recently experienced some of this same rapid development varying only in extent or degree of impact from the Beaverton and North Columbia experiences.

It is likely that over the next 21 years new rapid growth situations will arise — perhaps in other areas of the state or again in these same areas. Although the massive effort now being completed by local governments to install comprehensive plans will better prepare them to deal with such future situations, these plans are no panacea. While they are significant and usable tools, they do not automatically create fiscal resources, statewide or regional strategies or even local managerial capacity.

The State’s Ability to Control Population Growth

Much of the discussion in this report has concentrated on subjects dealing only with population growth and the current roles of state and local governments in responding to it. No discussion of state growth policy can ignore the possibility of directly controlling population increase itself. One possible state population goal that has received some consideration is to try to maintain Oregon’s rate of growth at the national average. The state rate is currently two and one-half times the national rate. Oregon’s birth and death rates are roughly comparable to the national average. Therefore, to reduce our rate of growth to the national average would mean more evenly balancing inmigration with outmigration in order to reduce the state’s net population growth.

The great sweep of national migration patterns is something a single state can influence only marginally. The movement of the nation’s population to the so-called Sun Belt and to the West puts Oregon on the receiving end of broad demographic and economic forces.

The question to be answered is “Can a single state consciously alter its relative share of a region’s population growth or decline?” Specifically, “Can Oregon alter its relative attractiveness as a migration destination among the growing western states?” It is assumed that no state can take steps in violation of the equal protection clause of the Constitution, nor can a state impede the right of citizens to travel, nor can a state interfere with interstate commerce. This assumption of Constitutional guarantees forecloses the question of “Can a state directly limit persons from moving into the state?”

The New Hampshire Case

There has been much national discussion on the movement of people and capital from the Northeastern Region to the Sun Belt. Between 1970 and 1977, population in the Northeast increased by a mere 0.4%.

However, during this period of Regional “no growth” New Hampshire grew by 15% (111,000 persons). New Hampshire’s growth was in contradiction to the regional trend. New Hampshire, like Oregon, enjoys the reputation of having a grand natural environment. But it also has developed, and as a matter of state policy nurtures, a reputation as a “small

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1The increase was 219,000 persons for the entire region compared to an increase of 284,000 in Oregon during the same period.
government" state. For a number of years New Hampshire has been one of the lowest of all states in per capita taxes. The state has increasingly been seen as a desirable retirement destination. These interrelated factors seem to have greatly increased the relative attractiveness of the state to intra-regional migrants. New Hampshire's example does seem to indicate that it is possible for a state to consciously affect its relative share of a region's growth or decline. However, New Hampshire's taxation and revenue policies have evolved not as growth management (inducing) tools — even though they may have that effect. As in the other states they are firstly revenue raising mechanisms. It should also be noted that the relatively high tax burden in neighboring highly urbanized states may have as much to do with the effect of New Hampshire's policies as anything else.2

The Washington State Case

Another case example is Washington state. Oregon and Washington share similar natural amenities. Climate, environmental quality, even natural sub-state regional variations are quite similar. Historically, Washington has been the more popular of the two as a destination for migrants, hence its larger population (2.5 million in Oregon, 3.7 in Washington). Since 1970 Oregon has been growing more than Washington.

One of the key relationships cited as explaining interstate migration is the surplus or deficit of jobs in comparison to needed workers. The working of this relationship can be shown by examining the Washington case.

In 1969 Washington's population was 3,343,000. A year later it climbed by 70,000. The year following it increased another 22,000. Then in 1971-72 the popula-

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2 Between 1960 and 1970 Connecticut grew almost as rapidly as New Hampshire and registered three times as many net immigrants which seems to indicate that tax and revenue policies are by no means single determinants of relative growth rates.
tion plummeted by 17,000. The reason for the dramatic reversal of trends was massive lay-offs by Boeing Co. and dependent firms. From 1970 to 1971 the Seattle area lost 80,000 jobs.

Oregon's growth during the same period is instructive. From 1969-70 Oregon grew by 39,000, and the next year by 34,000. In 1971-72, when Washington lost 17,000, Oregon's growth jumped to 50,000, a 47% increase.

The assumption is that employment opportunities are part of what makes one state more or less attractive to migrants than another. The occupations and wage levels available are further refinements to the assumption. National studies indicate that the typical interstate migrant is fairly well educated, between 25 and 35 years old and interested in economic improvement. Therefore, a surplus of low-skill, low-wage jobs is not likely to attract the typical migrant. A corollary assumption is that events in one state can influence migration into another, particularly if it is close and offers a similar or better economic, natural and social environment.

If job creation (or loss) is an influencing factor on migration, then it is a possible policy instrument by which a state could indirectly alter its pattern of population growth.

To what extent can or does state government control job creation (amount, type, and location)? In the Washington state experience just cited, the largest single influencing factor was a U.S. Congressional decision not to develop a U.S. supersonic transport aircraft. While this was a governmental decision, it was hardly one over which state government had great influence, despite Washington's powerful Congressional delegation.

Further, the Congressional decision itself would have had far less impact on outmigration were the Seattle area economy less dependent on a single economic sector and a single employer within the sector. Such a decision affecting a major Portland area employer would have had a far less sweeping impact since Portland has one of the most diversified metropolitan economies in the country.

The State and Economic Development

Every state attempts to influence job creation. In the 1950's most states directed efforts at what was known as industrial development. Oregon created the Oregon Development Commission in 1953 to promote industrial development. The Commission was replaced by the Department of Planning and Development in 1957. The Department saw itself as "... essentially a program of economic or payroll development..." In the 1960's the Department became a division of the Department of Commerce. By 1967 the "planning" functions of the Division were shifted to the Governor's Office and the Division was renamed the Economic Development Division. In 1973 the Economic Development Commission and Department were established by the Legislature. For at least the past 25 years Oregon has with varying degrees of enthusiasm and statutory responsibility attempted to influence job creation.

Evaluating the effectiveness of these efforts is exceedingly difficult. No one knows in what ways, if any, the state's economy would have been substantially different without this quarter of a century of "economic and payroll development." The real impact of state development programs is an area of research that should be pursued. Some analysis of the inter-state differential impact of business incentive

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programs has been done. The finding is that there is no evidence that such programs have much influence on "... decisions of firms with respect to relocation, expansion, or start up of new facilities."

These research findings are not necessarily an indictment of state level development programs. Business incentive programs, such as Oregon's lagging areas tax incentive legislation, are not the only functions of the State's Department of Economic Development. For example, the Department serves as an information developer and broker for existing and potential Oregon firms. The Department also serves as an advocate of economic development interests within the political arena of state government and provides technical and financial assistance to local governments. The Department can also play a role in helping to establish and define that elusive atmosphere usually called the "state's business climate."

But can the state really control the creation of jobs? The answer probably has to be NO. The state probably can through its policies dampen job creation (business investment). And the state can influence public works which directly and indirectly affect jobs. At best, state influence or control on jobs is an inefficient and often clumsy instrument for attaining population goals. State policies and programs can dampen job creation by increasing the cost of doing business or through outright regulatory prohibitions. State policy during the recent past on grass seed field burning is a good example of the clear impact the state can have on an industry. Field burning regulation is also a good example of the basic conflicts inherent in exercising state authority in a business dampening manner.

Higher income, lower unemployment and greater financial security are central goals for both individuals and for government action. Achieving these goals requires economic growth and development. Is state government willing to take explicit actions to curtail economic growth and development in order to achieve population goals? The answer is probably no. Are local governments willing? The answer is a qualified yes.

Local Government Growth Control

Local growth control and growth management techniques have become fairly widespread nationally. The harbingers of growth control sentiments have appeared in Oregon. A heated community decision surrounding the location of a major new electronics plant near Corvallis was in large measure an issue of population growth limitation vs. economic opportunity. Ultimately the plant was built, but the growth/no-growth divisions within the community can be expected to persist. A major public opinion poll conducted in Eugene in 1977 asked "Do you believe the City of Eugene should attempt to limit growth of population in Eugene?" Fifty-five percent responded "yes."

Most local governments do not propose measures to control population growth as such. Rather, the more complex and indirect approach is "growth management" which tends to concentrate on achieving the most efficient pattern of development and the least costly expansion of urban services and facilities. Therefore, growth management usually concerns the location and timing of development, sometimes the type of development and frequently new arrangements for financing public facilities and services. While any of these may have an effect on the amount of population or the rate of its growth, they are not explicitly population control measures.

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2 A survey conducted by researchers at the Center for Urban Studies, University of North Carolina in 1975 indicated some three hundred communities involved nationally in active growth management programs.

Local Growth Management

Growth management efforts at the local level are generally a response to growing individual and neighborhood perception that growth is causing them problems. Problems may range from vague feelings that things are just getting too "crowded" or "busy" in the community to more specific problems relating to double-shifting at schools, higher property taxes, increased traffic on commuting routes or through once-quiet residential neighborhoods. Citizens begin to complain that "something should be done about..." (traffic congestion, school overcrowding, lack of adequate parks, etc.).

Local governments have been responding to these kinds of demands for a long time, but recently, more and more Oregon communities are coming to recognize that many of these demands are symptoms of one common phenomenon — growth. Along with this recognition has come greater understanding of what growth is, what its impacts are and how various types and rates of growth interact as they cause community change. Today there is a much clearer and more widespread belief that the most effective response to individual growth-related problems is one that is systematic, comprehensive and flexible — a growth management plan.

Much of what comprises such a plan is now required, or at least recommended, by the LCDC Goals and Guidelines as part of each community's Comprehensive Plan. For some communities, an LCDC-acknowledged comprehensive plan may be enough of a growth management system to enable that community to grow in a very healthy way. For others it will fall short.

Quantity & Quality — Accommodation or Control?

A comprehensive plan which accommodates growth may through various means assure the quality of life in a particular community. In other instances, use of growth management plans which go beyond "accommodation" and speak to greater controls or influences on rate and amount of growth, as well as on type, location and quality, may be deemed necessary. Such cities as Boulder, Colorado; Ramapo, New York; and Davis and Petaluma, California, have opted for more controlled growth management tools related to pre-determined rates of growth in order to retain a desirable quality of life within their communities.

Such more forceful efforts have also generated opposition from groups or individuals both within and outside of those communities expressed through both political and legal challenges. From a legal perspective, numerical limits on growth have been upheld where the limits do not discriminate racially, where they are reasonable in terms of a "fair share" of regional growth, and where a community has reasonable and logically developed limitations connected to promoting the general welfare of the community. Reasons given by courts which have upheld these more inclusive growth management plans include:

1) the plan preserves desired "small-town" characteristics;
2) it is needed to avoid uncontrolled rapid growth;
3) it decreases or avoids environmental harm;
4) it prohibits growth into an area unsuited for residential development;
5) it recognizes that public facilities are not capable of sustaining more growth;
6) that no demand exists for growth greater than that permitted; and
7) that the demand which does exist is limited basically to second homes.¹

While this report has taken the general approach that it is practically and most probably constitutionally not possible to limit growth of the state as a whole, it does hold that it is possible to provide for some direction of that growth among and within regions of the state by state-local plans and strategies.

The concept of limiting urban growth to specific geographic areas — those within urban growth boundaries — is now a state policy under LCDC. It is not clear, however, what happens when population and development pressures build up within specific boundaries. Are they really going to provide permanent open space between cities or forever preserve good farm land around urban areas? Time will tell, but perhaps good growth management plans which attempt to influence numerical growth will become strong components of policy to positively achieve intended development patterns. The alternative may merely be phased urban sprawl. Advantages may accrue during the growth period, but the eventual sprawling connection of ever-expanding growth boundaries could produce the same undesirable results of the faster, less controlled variety of development which we have witnessed in many eastern and California urban areas.

**Tools of Growth Management**

Local government efforts to accommodate and manage growth can include a wide variety of control measures, both traditional and innovative. More traditional tools include conventional zoning and subdivision regulations and usually some schedule of public service extensions as contained in 5- or 6-year capital improvement programs. Other methods, some quite new and innovative, include:

1) Public acquisition of land through:
   a) fee simple acquisitions to provide for permanent public use or reserve land for future development by private or public interests (i.e. industrial parks, land banking);
   b) less than fee simple acquisitions to preserve open space and regulate the intensity of development through purchase of easements or development rights.

2) Public improvements including:
   a) requirements for adequate off-site facilities for support of new development (e.g. parking, drainage);
   b) selective location and sizing of facilities (e.g. sewer and water lines) to influence the amount and location of growth;
   c) programming of capital improvements to influence the timing of growth;
   d) controlling access to existing facilities.

3) Environmental controls such as:
   a) restrictive standards for special areas (e.g., flood plains, geological hazard areas);
   b) designation of critical environmental areas;
   c) pollution control standards;
   d) environmental impact statements;
   e) requirements for statement of non-environmental (i.e. fiscal, social, economic) impacts upon the region.

4) Zoning techniques including:
   a) planned unit developments;
   b) flexible zoning which permits variation of location or density of development on a site;
   c) special permit zoning in which a zone carries special restrictions in addition to those generally applied in that zone;
   d) conditional zoning through which a locality gains special design or other development controls from a land owner in exchange for favorable rezoning;
   e) exclusive farm use zoning both to preserve agricultural uses and to limit urban development;
   f) performance standards to protect overloading of public facilities or degradation of nearby sensitive environments while permitting several different types of development.
5) Subdivision techniques such as:
   a) requiring dedication of land for public use such as parks, streets or
      school sites;
   b) money in lieu of contributed land or capital facilities.

6) Tax and fee systems such as:
   a) preferential or differential taxation (e.g. lower taxes on farm land, or
city downtown apartments);
   b) special assessments for needed capital facilities;
   c) systems development charges;
   d) differential tax areas to more closely match type and timing of facilities
      and services to equitable payments from developing areas;
   e) tax base sharing.

Each of these tools listed is being used by at least one governmental unit in
the U.S. today. Many of them are being used in Oregon. As recognition of growth's
impacts increases, and as experience in the use of each tool is gained, we are sure
to see more and more of Oregon's local governments using these and other tools in
combination to "manage" their growth. Oregon cities and towns will increasingly
attempt to influence the quantity as well as quality of growth rather than merely
react to development proposals.

Oregon's Local Growth Management Experience

Efforts of all local governments in the state have recently been aimed toward
comprehensive plan preparation to meet state LCDC deadlines, as mandated by
O.R.S. 197. All plans are to be completed by July 1, 1980. Attention can then be
expected to focus on more fully developing and refining implementation measures.
In some areas that effort is well underway. Such cities as Salem and Eugene
currently have growth management plans being publicly presented and critiqued. A
system has been largely implemented in Woodburn, where a growth management
ordinance similar to that of Petaluma, California, has been limiting building permits
since March, 1977.

The Woodburn ordinance attempts to regulate the annual growth rate as the
city grows toward a year 2000 target population (derived from a regional population
projection) of 23,000 (from 11,000 in 1979). Woodburn had experienced several years
of rapid unmanaged growth and knew firsthand some of its pains and challenges.

"Another effect which was noted was an increase in quality in the projects
which were approved by the city during this time. Developers who had previously
spent only a cursory amount of time in design of their projects and the project's
impact on city services changed their attitude and competed with one another to
insure that they would receive the maximum number of points under the growth
management ordinance." —
John Fregonese, Planning Director of Woodburn, May, 1979.

Much of the original rationale for controlled growth toward a fixed population
was based on sewer plant capacity and the city's fiscal capacity to provide an
adequate sanitary sewer system and other needed public facilities. However the
growth management plan seems to have won widespread community support for
many other financial and quality-of-life reasons as it has gone through the citizen
involvement process.

The breadth and sturdiness of community support, as well as legal aspects of
the controlled growth approach will undoubtedly be tested as Woodburn submits its
Comprehensive Plan, (including the growth management ordinance) to the plan
acknowledgement process before the Land Conservation and Development Commis-
sion in 1979.

1Study of Growth Management Locales in which 125 of 200 local governmental units responding indicated they had
some form of conscious "growth management" program. See Appendix B of Constitutional Issues of Growth Manage-
What are the probable criticisms of the Woodburn approach? There are probably two major ones — that such plans require increased governmental regulation, and that they limit the supply and increase the cost of housing. The degree of validity to these arguments will obviously vary depending upon the individual growth management plan and the unique circumstances and characteristics of each community. It is important to note, however, that while there is some question concerning the adverse impacts of growth management, we have clear evidence of the adverse economic, social and environmental impacts of uncontrolled growth. Clearly there are trade-offs involved in the growth management process, and greater understanding of these relationships and better measurement of various impacts will be necessary in order to strike the proper balance between controls and growth pressures.

What degree of subdivision regulation is needed to maximize long-term community livability and minimize public costs? Would this amount to excluding lower-income families from living there? How tight can an urban growth boundary be before land costs escalate unreasonably? What is the value of the farming preserved around an urban growth boundary compared to the size of that community and its supply and cost of housing? How tightly can a community control its own destiny before it infringes on the rights of potential new citizens or imposes undue burdens on its neighboring cities? These are but a few of the "trade-off" questions which will be asked in Oregon over the next 20 years.

State Commitment

To implement provisions of S.B.100 and to achieve completion of local comprehensive plans, the state has already made a large commitment, primarily through the Department of Land Conservation and Development and its planning grants to local governments. Perhaps an equal effort to assure quality in implementation measures — through development of good growth management systems — is now in order. Growth management plans can have high pay-offs in terms of the quality of community life, but the complexities — legal, fiscal, and social — are vast. State technical assistance, counsel and advice of knowledgeable professionals, workshops on specific topics, preparation of good base data, discussions of latest legal decisions, would help avoid forcing each local community to reinvent its own "wheel" of growth management.1 Not only could state, local and federal public money be spent more effectively, but earlier pay-offs in the form of higher quality growth could begin to accrue to counties, cities, neighborhoods and residents of Oregon.

In considering such assistance, it is important to emphasize that state involvement should not mean state domination or imposition of inflexible, uniform methods or procedures. The 2000 Commission in its meetings around the state was impressed with the variety of regional differences in growth problems and the number of different approaches being taken to solve them. While there is need for a good state-wide effort to provide basic data, information and advice, local and regional officials believe they are in the best position to combine such knowledge with their own intimate knowledge of local situations to produce the most effective growth management answers. State and local governments have long complained about rigid and irrelevant rules within federal programs. Oregon's state government should avoid these same criticisms.

Responsibility for avoiding such criticism is two-way, however. Local officials who feel their region is somehow unique or different should be willing and able to join with other local governments within that region to clearly identify such differences, to show how they affect statewide application of a policy or program, and to specify the changes that should be made to permit a statewide approach to be more

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1A recent publication, The Local Growth Management Handbook, prepared for the Southern Growth Policy Board by E. R. Schwertz, Jr., Research Associate, Center for Local Government Technology, Oklahoma State University, March, 1979, partly meets these needs and suggests individual state efforts in each of the 14 states which comprise the Southern Growth Policies Board.
easily and logically applied within their region. The state, through either the legisla-
tive or executive branch, must then be willing to evaluate such information object-
tively and, where reasonable, build flexibility into law and administrative regulation
without sacrifice of legitimate statewide goals. This process is more one of attitudes
than of formal procedures. However, the general lack of effective institutions to
develop, communicate and act upon regional goals and solutions unnecessarily
compounds the problem. The process also implies that when problems are identified
by the state, the proposed solutions should be drawn clearly enough that the
solution is not imposed in areas of the state where the problem does not exist.

One specific example of how state aid could be effectively provided is in
disseminating information on, and helping in the application of, fiscal impact anal-
sis techniques to local development proposals or alternative growth strategies. Some
basic factual data and valid methods of evaluating the economic and fiscal impacts
of different types, rates and locations of development are emerging.¹ Some com-
puterized evaluation programs are now available and tested. Fiscal impact analysis
can be legitimately used, particularly to pin down some of the basic cost/revenue
tradeoffs of particular development proposals.

Greater use of valid fiscal analyses in developing and implementing local
growth strategies could be of substantial aid to local governments throughout the
state. Greater knowledge of such analyses by local officials could minimize their
misuse or misinterpretation both by local governments and by special interest
groups or individuals.

Growth Management and Public Perceptions

Growth, particularly that associated with economic development, has tradition-
ally been viewed as synonymous with prosperity and the better life. Oregon’s rapid
growth of the 1940’s was indeed welcomed and encouraged to improve the quality
of life of most Oregonians who resided in an essentially underdeveloped region of
the nation. Great capacity to accept such growth — physically, economically and
psychologically — then existed within the state and the minds of its people. Its
short-term benefits undoubtedly outweighed its costs.

If public attitudes toward growth are changing — and there is ample evidence
of and reason for this change — why have there not been more clearly defined
public policies and programs at both state and local government levels to manage
our recent growth? Perhaps many feel our growth cannot be effectively or equitably
managed. The general climate of distrust of government and public officials, the
disenchantment with governmental regulation, the scant evidence of anyone’s ability
to manage today’s complexities, and even the structure of government itself con-
spire to delay effective growth management programs.

Local Government

Focusing greater attention upon our governmental structure is one way to
make significant progress toward resolving these dilemmas. Our present efforts to
govern generally, and to manage growth specifically, include the state, 36 counties,
240 cities, and more than 1,000 other special service districts. This system in many
areas of the state involves so many actors within a relatively small geographic area
that it is confusing not only to the general public, but also to the involved
government officials. While the present thrust of state policy places heavy respon-
sibilities upon counties and cities, the commensurate degree of authority, particularly
in urban areas, is lacking. The most evident example of this is city responsibility for
the orderly conversion of developable land to urban uses within growth boundaries.

¹See Thomas Muller, Fiscal Impacts of Land Development — A Critique of Methods and a Review of Issues. The Urban
Under present law, counties are assigned the task of coordinating local land use planning. This is so throughout the state except in the Portland area where the Columbia Region Association of Governments, in recognition of the extension of the metropolitan area over three counties, was legally assigned that role. That role has since been assumed by the Metropolitan Service District.

Again, the question of matching responsibility and authority within a geographic area comes into question. Single counties in other areas of the state may not have the necessary regional perspective and operating responsibility to do the job. City-County disputes are being resolved through two-party agreements. Presumably the same process will carry over to the plan implementation and growth management process as well. Concerns with this assignment of roles have focused around several issues:

1. How can the county play a coordinative/reviewing/approval role in planning and growth management when it is a key actor in the area? This is like having one of the players in a baseball game also acting as umpire.

2. Are the city-county agreements not the subject of such horse trading that the best land use and development decisions are lost? In the attempt to maintain good relationships, would a city dare risk the loss of long-term overall political cooperation from its county commissioners by adamantly holding to some desirable comprehensive plan objective opposed by the county? As one city official wryly noted, "We have to live with them."

3. Is one county in a position to look at the regional growth situation (one extending over two or more counties) and come up with either the best data or the best application of it within a one-county area? Can the two or more counties be expected collaboratively to provide their own necessary regional perspective? Many who have reviewed these questions in meetings with the 2000 Commission and staff believe the answers come down on the side of changing the counties’ present roles — removing them from the local plan-approval coordination process. The suggestions as to what would replace them are not so uniform. While need for a more neutral review body is acceptable, neither regional associations nor governments nor LCDC itself is deemed an acceptable replacement.

The best answer would appear to be use of governor-appointed boundary commissions whose jurisdiction over local government actions within each region would also include population forecasting, reconciliation of growth management plans with these regional forecasts, conflict resolution of local growth management planning, in addition to present boundary responsibilities.

Another alternative would be to permit establishment of multi-county service districts, patterned after the Portland area MSD, with responsibilities for regional planning functions.

Enabling legislation for multi-county or regional service districts could also provide a more effective approach to certain regional problems — like waste disposal, water supply, or economic development. Some have suggested that the easiest way to accomplish this would be to merge some counties and provide them with a greater range of tools to manage truly regional functions effectively.

While there are good arguments for expanding the geographic scope for city or multi-county authority, there is also concern that larger, more distant governments may lose some of the close citizen input which smaller geographic areas allow. Some of Oregon’s larger cities — Portland, Salem, and Eugene — have attempted to overcome this disadvantage by establishing neighborhood organizations. These groups are largely advisory, but can play important roles in planning and general government through contacts with the planning commission and city council. Other large cities in which neighborhood groups are active have granted them specific control over budget or programs. This is a formal action, giving them legitimate powers beyond those of advice or political influence.
This same combination of neighborhood and larger government can be applied in a so-called two-tier approach to government in metropolitan areas. An areawide government (like the MSD in Portland) exercises control over specific areawide functions, like waste collection and disposal, planning, zoo operation, etc., while cities, counties, or special districts continue to provide other urban services. It is believed this approach can work best where direct services to citizens, such as police protection, recreation programs or community development activities are kept within the smaller units of government. This enables the maximum amount of flexibility in type and level of service to meet particular local or neighborhood needs. It also can enable equitable levels of local tax support based upon the services provided.

On the other hand, the more facility-oriented, high capital cost functions like water supply, disposal of solid waste and sewerage are often better performed on a large scale by a larger unit of government. There is less need to "localize" or "fine tune" such functions to reflect local conditions. There is more logic in financing them from a larger base of support both for supplying the greater sums needed and to spread the costs more equitably.

A Structure For More Effective State Growth Management

If there is an advantage to be derived from examining local government structure, it is equally important to review the state's organizational relationships. The roles of various state agencies relating to growth and development were described earlier in this chapter. These roles are defined by law or administrative rules. The report also enumerates some state policies, tax laws, and sharing of general revenue and special taxes with local governments which affect local government responsibilities and structure — and which have significant impact on growth. What is not detailed is the management structure which provides for coordination of these various state activities to ensure they most effectively operate together to reach Oregon's goals.

Obviously there is a process which exists and operates now. Various public agencies involved know much of what is necessary to achieve coordinated approaches to managing new developments within an area of the state. They know which agencies to contact and proceed accordingly. Local governments also contact specific state agencies. Developers themselves, particularly when they are knowledgeable and desirous of avoiding delays and ensuring that their projects are well planned and integrated with all affected public facilities and services, initiate contacts and work with a number of state and local agencies.

The Permit Application Center in the Intergovernmental Relations Division facilitates coordination and smooths the process for specific developments. Activities of the Land Conservation and Development Commission are beginning to initiate more integrated, coordinated growth planning at local levels. As local plans are prepared it will be doing more of the same with state departments — making sure their activities are in harmony with local plans and with one another.

In summary, there are many ways in which those agencies affecting growth have opportunity to interact. Coordination among knowledgeable individuals in public agencies and private firms does indeed take place. As Oregon has grown, this informal process has avoided the most glaring errors. No freeways have had to be abandoned because they were constructed in the wrong place; no large subdivisions have sat unoccupied for lack of a sewage disposal system; few rare or desirable park sites have been lost to development just prior to public purchase. In short, there have not been sensational mistakes or any catastrophes to which one can point resulting from the present structure's inadequacies.

But are there opportunities for better, less disruptive, less costly growth which would have been possible were the coordinative mechanisms more formally and
overtly in place and operating within more comprehensive, clearly defined state policies and strategies?

Some would say that LCDC goals and guidelines and greater use by the Commission of its assigned statutory authority would provide the additional needed "management" of Oregon's growth. With sufficient political support supplemented with some additional goals or strategies, either by the Legislature directly or through LCDC, existing organization could fulfill the broader planning and management role needed.

Others contend that this approach is inadequate and that other organizational structures and assignments of responsibility are required. Their suggestions range from the creation of an Office of State Planning within the Executive Department or Governor's Office, to a full-blown new Department of Growth Management and Community Affairs. Different and improved structure can be created by Legislative act, Executive Order, or even informal directives to existing state agencies.

The Commission looked at several different organization charts reflecting some of these approaches. It decided not to recommend any specific structure. It did, however, distill from the several options some concepts which it felt are valid and which should be incorporated in whole or part into whatever new structure finally emerges. These fundamental organizational points are:

1) Form a coordinating group of department heads and those top program managers whose activities most closely affect growth and development of the state. This "Growth Management Council" with clear and visible support of the Governor could become the focal point for:
   • exchanging information on growth;
   • developing a comprehensive growth strategy for recommendation to the Governor and/or Legislature;
   • using such policy as a well-understood guide to devising and implementing programs within each member's area of responsibility;
   • and continued discussion, evaluation and necessary revision of both policy (by recommendation) or practices (by their own, or the Governor's, administrative action) to improve the way Oregon is growing.

2) Create a citizen's advisory group to the Growth Management Council consisting of a member from each of the policy boards of those departments or divisions on the Council plus several officials representing the major types of local government. This group would operate more at a policy level, and would advise the Council in its policy development and amendment role as well as suggesting changes in program operation that would improve progress toward stated goals or gain more consistency among different activities.

3) Assign preparation and review of a comprehensive 5- or 6-year state Capital Improvement Program (CIP) to the Growth Management Council as a specific operating function. Such a broader perspective and longer-range view is needed. Commented one Commission member: "The time frame governing state planning in Oregon is too short. Most 'long-range' state planning is in two-year increments designed to meet the legislative budgeting process."

Under the umbrella of newly-developed Oregon growth policies and strategies, this multi-year plan, including means for financing it, would become a key element in directing the location, rate or quality of growth. It could focus state construction projects to assist localities in their growth management plans, let both public and private agencies plan for specific developments and assist in carrying out state/local/regional growth strategies. The Council's broad perspective of state programs could ensure that investment of state funds in construction projects were coordinated and consistent. Inclusion of direct federal construction could be informally included in the state CIP or at least coordinated with it. Even local projects substantially assisted by federal and/or state funds could be handled similarly to convey the full impact of state decisions directing and supporting growth.
4) Designate a state agency or officer to exercise lead responsibility for managing growth-related activities of the state. This department or person would be a logical choice for chairing and providing staff support for the Council. Assignment of this function to a new state office established in the Governor's Office or Executive Department might be one approach; an expanded assignment to the Department of Land Conservation and Development could be another. This office would fill the role of chief coordinator of the state's growth policies and programs acting both directly and through the Growth Management Council.

5) Develop a structure for consolidating key growth data and information of a demographic, natural and human resource, and econometric nature. This function could best be assigned to that entity which has lead responsibility for managing and coordinating growth-related activities. It could also become a function of the Growth Management Council using data now being collected and disseminated by an array of state agencies including the Center for Population Research and Census, the Bureau of Governmental Research and Service, the Department of Energy and the Employment Division.

Under either approach it is of prime importance for various state agencies and local governments to use the best available and consistent data if plans and subsequent programs and projects are to be mutually supportive, consistent and economical. Data should be analyzed and interpreted as to their growth implications. Trends should be identified, projections prepared and interrelationships shown. It becomes important to move in this area, with or without other structural changes, since the state's role in and use of the 1980 Census is now being discussed and designed.

Collection, analysis and dissemination of the data collected are extremely important to a multitude of state, local and private decisions affecting the future course of the state. An improved integrated structure to manage this whole process is needed today.

Specific Recommended Actions

To implement these changes in the state's organization for better coordination and management of growth, the Commission strongly recommends that:

1. The Governor by Executive Order establish a Growth Management Council consisting of heads of key growth-related state agencies including at least the following departments and divisions: Land Conservation and Development, Environmental Quality, Transportation, Energy, Forestry, Agriculture, Economic Development and Housing, Water Resources, Human Resources. The general function of this Council will be to advise the Governor on growth issues including new policies, strategies and programs and coordination of them.

2. The Governor by Executive Order, establish a citizens advisory body to the Growth Management Council consisting of at least one member from each board or commission attached to the agencies represented on the Council plus a representative each of counties, cities and school districts.

3. The Governor by appropriate action, including recommendations for any necessary legislative action, designate an official (or agency) with lead responsibility for coordination of state growth policies and activities including but not limited to chairing the Growth Management Council and providing it with necessary staff support, preparation of a state Capital Improvement Program, and recommendations for specific elements of growth management policy.

4. The Governor assign as a specific function of the official (or agency) with such designated lead responsibility, the coordination of state data and information collection, analysis and distribution. The data shall include demographic, economic, natural and human resource information. All state agencies shall use the official estimates and projections prepared through such effort for their own planning and budgeting purposes. Further legislative action to organize and fund this coordinated approach should be taken as needed.
Chapter 4. Recommended Policies and Strategies

Structural changes at both local and state levels can help improve the processes of managing growth. But processes occur within policy as well as organizational frameworks. The Commission has found need for several major changes and additions to state policy and implementing strategy. The Commission specifically recommends creation of an integrated state Urban Policy and strategies to encourage some greater balance of growth — a Satellite Cities program and one of Alternative Regional Growth Centers.

Need for Cohesive Urban Policy

Oregon does have urban policies — probably better ones than most states. To the extent that LCDC-acknowledged comprehensive plans truly reflect stated goals they provide a much better framework for guiding growth than previously existed.

Gaps remain to be filled; questions still need answers. What happens when growth begins to exceed the identified capacities of a county’s urban growth boundaries? Are the cities which are willing to expand the ones that should expand? What criteria can the state use to identify and encourage a development pattern that “best” serves the greatest public good? What policies can help resolve the dilemma of cities — that of financing sufficient facilities and services to support new residential neighborhoods on the one hand, while not contributing to the already spiraling costs of new housing? The dilemma is complicated further by the need to somehow make the effort politically saleable to the entire community.

Do present state policies facilitate the professed goals of providing orderly economical conversion of urbanizable land to full urban uses? Does state taxation and fiscal policy bolster the most efficient land use? Is it state policy to promote a coordinated full-service, financially equitable urban development and service process? Unfortunately answers to these questions are mostly “no.”

The foundation for a full urban policy primarily consists of goals set forth in individual comprehensive plans. The bricks and mortar to complete the full policy structure need first to be clearly identified and then put into a cohesive whole and kept there by a strong top management process. With at least 75% of Oregon’s growth occurring within urban areas, this task is too important to ignore.

Lack of Regional Policy

There exists even less in the way of state regional policy. The policy to assist “lagging areas” is intended to assist eastern Oregon. Otherwise no consistent themes in existing policies clearly establish preferred roles, rates of desired growth or priority for receipt of state technical or financial resources among the various regions of the state. It may be that the state’s policy is only to be a reactor to demands which surface as growth happens. But this would set up some potentially costly reactive responses which could be avoided. Unfortunately insufficient information has been collected and analyzed to answer even this basic question.

A state role which anticipates growth and takes more preventive measures may indeed head off future environmental mistakes or costly growth-reactive remedies. Both the isolated cities in rural regions and the abutting population centers in metropolitan areas could themselves do a better growth management job if some clearer regional policy existed. State agencies could better allocate their resources were such policy in existence.

URBAN POLICY

Most Oregonians now live in cities. Seventy-five to eighty percent of our population growth between now and 2000 is expected to occur within boundaries of urban growth centers. Although these urban growth areas vary widely in physical
size and population, there are common community responsibilities to provide services which are similar in kind if not in level and intensity. All of these urban areas are now preparing comprehensive plans to guide their physical growth and economic development under broad goals developed through the state’s Land Conservation and Development Commission and under locally-formulated community goals. While collectively these goals provide major guidance to local planning and growth, we have found gaps, omissions and possible contradictory state policies which thwart or hinder the type and quality of urban growth and development stated or implied in present goals. In short, there is need for a more fully-developed, cohesive and clear state Urban Policy under which gaps and inconsistencies in legislation and program can be identified and remedied.

**URBAN POLICY GOALS AND OBJECTIVES**

An Urban Policy should reinforce the present thrust toward focusing growth within defined urban growth areas and strengthen the primary position of cities in meeting responsibilities for the urban environment.

Specific objectives will enable more specific identification of what needs to be done if progress is to be made and evaluated. Some recommended objectives are restatements or extensions of existing LCDC Goals; others are new. The order in which they are listed suggests no particular priority.

**MAJOR OBJECTIVES — OREGON URBAN POLICY**

1. **Minimize long-term public and private costs of urban facilities and services needed to support new growth and development.**
   
   Costs of growth are real. They must be identified, faced, dealt with and paid, but they should and can be kept to a minimum, and in most instances decreased by appropriate governmental actions.

2. **Promote a more equitable sharing of growth costs and benefits within urban areas.**
   
   Lines on maps and restrictive tax policies sometimes relieve beneficiaries (both people and property) of public facilities and services of the obligation to help pay for such facilities and services. The quality of the urban environment can be improved and unfair burdens on specific groups of taxpayers can be relieved if this objective can be attained.

3. **Help provide for a sufficient number of stable job opportunities for urban residents.**
   
   The fundamental source of individual as well as community well-being is stable and adequate individual income. As growth and change occur, employment opportunities may shift from place to place or vary considerably from time to time. The state can take two basic approaches to help fulfill this objective:
   
   (1) provide governmental assistance and cooperation to employers; and
   
   (2) support educational and vocational training assistance to individuals.

4. **Assist areas experiencing unanticipated rapid growth to manage it.**

   Rapid, unexpected growth can sometimes overwhelm a community’s financial or organizational capabilities. The result can be higher long-term public costs, immediate private costs and deterioration of community livability. The state should and can help such communities.
5. *Retain and enhance the vitality and livability of urban centers, both commercial cores and surrounding residential neighborhoods.*

It has been proven true in numerous urban areas that if the core of a city decays, the rest of the city is in trouble. Good economic sense and strong social and conservation ethics combine to support the wisdom of this objective. Substantial public and private investment already exists in the central parts of most of our urban areas — an investment that should be recognized and supported by state policy.

6. *Provide a framework for state programs and decisions to be more effectively coordinated and focused to assist state and local urban strategies.*

Clear policy, well understood, conscientiously and knowledgeably pursued by key public and private-sector executives, can itself go far in achieving a stated urban goal. This does not come without top-level state government commitment by both legislative and executive branches. Nor does it generally have much "staying power" without "institutionalizing" (making it a specific and legitimate part of day-to-day activities) among the many units of state government. Further, it must be reflected in the key role state government plays in reviewing proposed federal activities in the state. Some specific recommendations on restructuring state government, which should help meet this objective, are set forth on page 62.

7. *Enhance conservation and efficient use of energy.*

Local comprehensive plans are now required to incorporate this objective. Oregon has become a leader nationally in encouraging progress toward this end. It is only prudent to give this objective a prominent place in urban policy and programs.

8. *Prevent the inefficient use and underutilization of urban and urbanizable land.*

For a number of very valid reasons, Oregon has already chosen to limit the geographical extent of development in and around each urban place — by requiring definite urban growth boundaries. The most efficient use of land within each urban growth area is equally important. Some additional efforts can help us achieve this objective.

9. *Increase accessibility of affordable housing to urban residents.*


Government has acknowledged the importance of this by taking an active role in housing policy. Rapid population growth in Oregon has combined with an even more rapid increase in the demand for housing. This demand is expected to increase faster than growth in population between now and 2000.

Oregon's commitment to help supply housing at prices as many of its citizens as possible can afford is clear. The state's veterans' loan program is financing about 25% of the annual home ownership mortgage market at interest rates substantially below market rate. State Housing Division programs designed to assist low and moderate income home ownership and rental markets are growing. The Land Conservation and Development Commission's Goal 10 requires local comprehensive plans to encourage affordable housing through appropriate zoning and subdivision regulations, rehabilitation, rent subsidy and other programs. As basic and valid a goal as provision of decent housing is, we should remain aware of all the costs involved in its achievement. Direct subsidies are easy to see and quantify; use of
HOUSING NEEDS WILL INCREASE FASTER THAN POPULATION

CHANGES IN HOUSING TYPE

Source: Data supplied by Housing Division, Oregon Dept. of Commerce.

tax-exempt state financing is not so easily seen but can be quantified and should be understood as a subsidy. What may be most difficult to realize is that continued insistence upon an ever-present multi-year supply of "buildable" and "available" land within urban growth boundaries to accommodate housing and keep land costs low may become too costly a method for achieving affordable housing. It may conflict too drastically with other legitimate urban growth objectives. This is especially true if we continue to view housing as primarily single-family detached units each on a large lot. The urban development pattern to provide this type of housing may involve extremely high public costs for facilities and services, high energy costs in both transportation and space heating, high environmental costs from consumption of open-space and productive agricultural lands. In short, too many other values could be sacrificed to satisfy the continuing demand for this type of housing.

Although it may be difficult to see clearly today, much less accept, our current pattern of urban development, especially in the larger cities and more urbanized areas, will have to change. As Oregon grows, its major cities inevitably must become more densely populated if we are to balance housing, community costs, desired land development patterns and individual housing expectations more reasonably.

Perhaps individual housing expectations will resist change the most. The "American Dream" of owning the traditional single-family suburban home is deeply ingrained in our culture and societal norms. Although sky-rocketing costs for energy and new homes are causing some people to rethink their ideas on the type of home they want, the general desire persists. Unfortunately alternate types of housing — town houses, condominiums, apartments of good quality — are still perceived as "second-class" and of inferior status. Most still consider them appropriate only for
transitional periods of life or for people not yet "arrived." To that extent, they will not be sought after or designed for permanent residences or for persons who seek society's stamp of status.

Until alternatives to the traditional single-family detached homes are considered desirable by the consumer, designed and built as quality residences by developers, looked upon more favorably by banking institutions, and properly zoned and supported with public services by city and county governments, the present low density "California-type" subdivision will continue to sprawl across Oregon's future landscape in repetitive land-consumptive, energy-wasteful patterns.

We must all realize that higher density urban living in Oregon will still be relatively low by East Coast or European urban standards. Most of our urban areas, even the largest, are still capable of developing and redeveloping their existing areas for much greater population densities containing high quality housing and neighborhoods. This approach must be viewed as a realistic and necessary alternative to ever-expanding urban boundaries to provide for new low density urban housing.

Implementation Measures

The Oregon 2000 Commission has considered a number of specific state actions to help reach the urban policy objectives. Some of these recommendations obviously contribute to achievement of more than one objective. Specific measures recommended (not in priority order) are:

A. Use LCDC Goal 10 (Housing Goal) more aggressively to ensure that local land use and zoning decisions help attain lower cost housing.

B. Continue and expand use of state housing assistance programs to help meet needs of low and moderate income persons, while 1) monitoring the need for more direct subsidy programs and 2) encouraging housing rehabilitation through a state model code for housing rehabilitation and/or development of a low-interest rehabilitation loan fund.

C. Develop a state policy of applying rigid tests for expansion of urban growth boundaries.

D. Improve the ability of cities to annex developed or developing land within their acknowledged urban growth boundaries.

E. Require or encourage coordination and integration of local water systems within each urban growth area.

F. Continue to emphasize strong energy conservation programs by state and local governments with added emphasis on the price structure to achieve conservation and development of alternative energy sources which are renewable.

G. Develop criteria which the state can apply to allocation of any projects or grant funds that give preference to central areas of existing cities where such preference is consistent with local comprehensive plans.

H. Establish a "Growth Fund" for the state to use in assisting local governments to implement growth management plans.
I. Develop alternate means by which "systems development charges" could provide needed revenue without adverse front-end impacts on housing costs.

J. Site state offices and other facilities to support development plans of local communities.

K. Limit property tax exemption.

L. Amend state property tax laws to permit site value taxation within urban growth boundaries.

M. Develop a property tax sharing plan for use in metropolitan areas and in special situations in non-metropolitan areas.

N. Identify and quantify, through the river basin planning process, long-range urban water supply needs, including instream flows necessary for pollution control.

Recommended Regional Growth Strategies

Two types of regional growth issues are addressed in the following proposals. One deals with the long-range decentralization of population and physical development within the major urban regions of the state (the existing and emerging metropolitan areas). The other deals with the long-term decentralization of economic opportunity and population within the state as a whole.

I Satellite Towns Strategy

Approximately 70% of Oregon's growth is settling in the State's major urban regions —

- **Portland Area**
  - Multnomah County
  - Washington County
  - Clackamas County

- **Salem Area**
  - Marion County
  - Polk County
  - Yamhill County

- **Albany/Corvallis**
  - Benton County
  - Linn County

- **Eugene/Springfield Area**
  - Lane County

- **Medford Area**
  - Jackson County
  - Josephine County

One critical feature of growth in the urban areas is the cross-relationship of its impact. Over time an urban area begins to develop as an economic and social network. The Legislature has recognized this phenomenon by requiring a metropolitan perspective in the Portland area for a number of functions.

Like most large cities in the United States, the city of Portland has not been growing for a number of years. Increased energy costs and other factors could reverse the trend over the coming years. However, the Portland Metropolitan suburban areas have been expanding rapidly in population and territory. Gresham has grown in population by nearly 200% since 1970 and many other incorporated and unincorporated urban areas in the tri-county area are undergoing the same explosive growth.

In Salem, Albany, Corvallis, Eugene/Springfield and Medford/Ashland/Grants Pass, rapid metropolitan growth is occurring and is projected to continue for some time. However, in these cases the central cities are growing and expanding as well as the outlying communities.
A serious gap in Oregon’s current law and policy concerns the desired distribution of growth among localities in metropolitan-type areas. If both Phoenix and Talent, small towns south of Medford, are planning for year 2000 populations of 15,000 each, how and by whom should this regional pattern be evaluated? Current laws place responsibility for coordinating land use plans on the counties — but this responsibility extends only to elimination of conflicts. It does not provide a framework for deciding if the pattern of growth being planned for is best for the entire area.

The issue of metropolitan development patterns was raised in a 1972 state report, *The Willamette Valley Choices For The Future*. Despite subsequent passage of the State Land Use Law, there is still no mechanism to decide these questions. The Commission finds that the state should consider establishing a Satellite Town Strategy. The effects of no policy will not be readily apparent until twenty or thirty years have passed. By then, it will be too late to act. As one local planner described it, “A series of unrelated, unplanned development decisions are like carcinogens in the body; by the time they’re noticeable, its usually too late to stop their destructive course.”

*Future Growth Roles*

The concept proposed is the state government recognition of the future growth role of each existing city and town within the state’s metropolitan areas (including the emerging Albany/Corvallis and Medford/Ashland/Grants Pass areas). If agreement can be reached on the best role for each town, then necessary public investment decisions to help it achieve its role can be made.

State Government (LCDC and/or the Joint Land Use Committee) or in the case of the Portland area, the Metropolitan Service District, in cooperation with the cities and counties of each area would designate existing towns surrounding the urban
center as satellite growth areas. Such a designation would be based on findings that:

1. Long-term, continued expansion of the size and territory of the central city is not in the best interest of the city, region or statewide goals.

2. Decentralizing urban growth within major urban regions would be more efficient than either continued concentration or unplanned spill-over growth and would create more livable urban areas by the year 2000.

3. One or more of the surrounding towns could accept a larger regional role as a growth area over the coming decades.

4. The local governments involved and the state, through its own actions and influence on federal actions, could facilitate growth in designated satellite growth towns in preference to other towns in the region.

The process of identifying roles and sizes of satellite urban areas is analogous to identification of neighborhoods and their roles within one city. Some neighborhoods are largely residential, some primarily industrial, some (like the central business district) largely commercial. In some neighborhoods, small neighborhood shopping centers are located to serve that particular area’s shopping needs of a convenience nature — groceries, laundromat, dry cleaners, etc. In another neighborhood a community shopping center may serve a larger area of the city and will offer a larger variety of stores and some offices. For the city as a whole, or for the region in which it’s located, a regional shopping center, usually the central business district, provides goods and services for all the neighborhoods. This balanced, planned pattern is commonly accepted within a city. A similar approach within a metropolitan area is applicable when viewing the relationship of the central city to the satellites.

Desired or expected population levels can be the key to following a satellite town’s strategy. Each metropolitan region has regional population projections for the entire area. The total regional projection is typically broken down into shares for individual jurisdictions within the region. The smaller the town in the region, the greater the amount of guesswork there is in deriving or developing a projected population. It is possible to be reasonably confident, for example, about a five year population projection for the multi-county Salem region. The share of that projection that will go to the cities of Aumsville, Silverton or Turner is dependent on so many uncertainties that a single decision by a large developer, by the city, state or federal government can render any projection meaningless overnight.

Forecasts and Projections

What is needed as a first step is a forecasted population for each of the towns and cities in the region. A forecast is different from a projection in that it reflects reasonable expectations about changes that might alter past trends. In other words the forecast should be the population that the city or town wants and can take reasonable steps to achieve. When all of the forecasts in the region are added up they should equal the regional projection.

This kind of process flows logically out of the required comprehensive planning process and should be a part of it. But it raises serious problems that need to be resolved. Resolving conflicts among forecasts is one of the most important. Under state land use statutes, this role is delegated to the Metropolitan Service District in the Portland area and to the individual counties in the other major urban regions of the state. The difficulties involved with relying on counties to perform an even-handed, effective role for urban regional coordination was discussed earlier on page 61. Except where a regional planning district exists (only MSD today) the state should assume responsibility. This could be done directly — for example the Executive Department or the Department of Land Conservation and Development could certify a regional projection and provide a forum for the development of
cooperative and compatible forecasts by the individual jurisdictions (including the counties). If individual compatible forecasts were not forthcoming the state would allocate a regional share of the projected population to the jurisdictions. This share, like a cooperatively agreed-upon forecast, would become one of the planning assumptions behind the locally adopted comprehensive plan and would be incorporated into the plan as a part of the annual updating process. An alternative approach would be indirect state responsibility. In this case local Councils of Government would be assigned the responsibility to perform the regional function. In either case legislation and appropriations would be required.

Local forecasts could include the desire of some small towns in the region to develop more economic independence from the central city(s) and to grow more or more rapidly than might otherwise occur. This desire would be backed up by positive state support for the emerging role of the satellite town(s).

**Proposed State Actions**

Proposed actions the state should take to facilitate growth and development in satellite growth towns include:

—Priority in state grants, loans and technical assistance for water, sewer, transportation, housing and economic development.

—Priority on construction or improvement of transportation routes (including inter-city public transit operations between the satellite(s) and the central city(s)).

—Greater flexibility in extension and modification of urban growth boundaries in satellites. More rigid policy for other jurisdictions (See Urban Policy Objective C).

—State review and coordination of direct federal action and grants to support satellite growth objectives.

—Priority for designated satellites to proposed Growth Impact Fund Assistance to expand developable sites. (See Urban Policy Objective H.)

Other proposed actions discussed under *Urban Policy, Implementation Measures* which could support the satellite towns proposal are:

—Develop regional tax sharing (Urban Policy Objective M).

—Identify and quantify long-range urban water supply needs (including multi-use instream needs) as a part of the river basin planning process (Urban Policy Objective N).

—Secure sufficient long-term stream flows in certain rivers to reduce the likelihood of third-level sewage treatment (Urban Policy Objective N).

The proposed Satellite Towns Strategy is based on the assumption that purposeful and planned decentralized development in Oregon's major urban areas would help prevent the major urban centers from growing to the point where they become so large that major inefficiencies in scale result. However, the question is not really an economic one in the end. It is rather a question of just how large the citizens of the cities would like to see them become. There are urban amenities — museums, concerts, specialized restaurants — that can only come with size and the market and diversity that brings. But there are also costs that come with size as well and the two need to be balanced. A close-knit cooperative urban region where surrounding smaller towns provide a diversity of choice in where to live and work can provide the scale for many urban amenities but reduce the social and economic costs of over-concentration. This strategy calls upon local governments to ask their citizens in a straight-forward way the question of how large they want their city to become and at what price.
II Alternative Growth Strategies

The desire to strengthen economic opportunity for Oregonians living in eastern Oregon, the Coast, and southern Oregon is a part of the state’s current policy orientation. There is, however, little substantive action to back up this orientation.

The historical momentum of growth and development and the weight of natural advantages have created self-perpetuating economic development and population growth in much of the Willamette Valley. This presents a formidable challenge to the conscious redistribution of future growth to alternative areas. Despite the difficulties, there are two primary reasons for pursuing an alternative growth strategy:

1. The pressures of continued high levels of population growth in the Willamette and Rogue Valleys are becoming increasingly difficult and costly to manage (see page 9).
2. The economic well-being of Oregonians in the less developed areas of the state continues to lag behind the state as a whole.

A successful policy of redistributing growth rests on two basic assumptions. These are:

1. A Tighter Lid on Willamette Valley Growth
   The costs of growth will be made increasingly more explicit, will be shifted to new development, and the public management of the non-fiscal impacts of growth will be made more rigorous. The effect of these trends will be to increase the cost of new growth and development in the traditional centers of Oregon growth. Such trends include:
   - Continued aggressive application of state and federal environmental laws.
   - Full implementation of State Land Use Law (ORS Chapter 197).
   - Local government’s developing growth management programs affecting the rate, timing, type and location of new growth (e.g., Beaverton, Corvallis, Salem).
   - Spreading public sentiment to have new development pay more of its full cost, as through systems development charges.
   These factors are assumed to make non-Valley, non-Metropolitan areas relatively more attractive for the location of new firms in Oregon.

2. Public Support and Stimulation of Alternative Growth Areas
   - Private market forces are the most significant factors affecting economic development. If economic development is to be stimulated in areas where it has not occurred historically, it must be done in a way to allow the private market to work efficiently. It cannot rely on public subsidy.
   - For much of eastern, southern and coastal Oregon, economic development will have to be resource-based or tourism/recreation-based, at least for the short term.
   - Given the limited dollars and influence available to state government in stimulating alternative growth areas, the dollars and influence must be targeted to areas of most likely success.

Possible Actions to Implement an Alternative Growth Areas Strategy:

- The state (possibly the Department of Economic Development and/or Department of Land Conservation and Development) would identify a limited number of specific alternative growth centers based on their economic potential. Some studies indicate the absolute minimum population size of such centers to be
10,000 to 20,000. Most other studies place the minimum size much higher (50,000 to 100,000). In the Oregon context, however, these latter size requirements would defeat the strategy before it had begun.

—The state, appropriate federal agencies (Farmers Home Administration, Economic Development Administration), and the local governments involved in the economic region would further develop and enhance the existing local economic development plan(s) with full citizen participation.

—A long-range analysis of natural and possible environmental constraints would be identified as a part of the enhanced economic development plan. The analysis would consider both the level and types of impact which the area could absorb. Subsequent development proposals would be subject to review for consistency with the analysis.

—Selected alternative growth centers would be given priority for state grants, loans, programs, for economic development purposes: transportation, job training, water and sewer, facilities siting, industrial development bonds, are examples.

—The state should direct its economic development efforts toward those economic sectors and industry-types most related to expansion or location in eastern, coastal and southern Oregon (ports, food and fisheries processing, timber processing, geo-thermal energy users, etc.).

—The state in cooperation with the potential growth centers and federal agencies would direct public investment toward stimulating economic growth in and around the centers, for example industrial development, small business technical assistance, revenue bonds to provide long-term debt financing or venture capital to new or existing business, training programs, recruitment, matched to particular locations, joint venture development. The Community College system should be made an integral part of this system of assistance.

—A state/federal committee would be established to coordinate and target federal investments and grants to ensure support for the alternative growth centers.

The successful implementation of this strategy implies a strong and long-lasting state commitment to the target areas. Such a strategy is politically difficult to develop and implement in the first place, even if general agreement on its need can be reached. By its nature such a strategy must be selective and concentrated — which means some areas will be left out. It means putting resources where, by definition, there are few votes. Even if it can be developed in terms of specific legislation, rules and regulation, maintaining its integrity over a couple of decades will require an enormous amount of political statesmanship and leadership. Yet without it we are assigning chronic economic problems to some regions and chronic growth problems to others.

Implementation Measures

The Oregon 2000 Commission has considered a number of specific state actions to help reach the urban policy objectives. Some of these recommendations obviously contribute to achievement of more than one objective. Specific measures recommended (not in priority order) are:

A. Use LCDC Goal 10 (Housing Goal) more aggressively to ensure that local land use and zoning decisions help attain lower cost housing.

The Land Conservation and Development Commission (LCDC) has a

1 Recent research has confirmed what many local and state economic development specialists have long suspected — the high powered inter-state, inter-local competition to recruit large firms from one place to another is an ineffective strategy. However, to the extent that the state continues to engage in industrial recruitment, it should be limited solely to the alternative growth areas.

powerful tool in Goal 10 as it reviews local comprehensive plans for their adherence to providing for "affordable" housing.

Already LCDC has challenged exclusion or excessive restriction of mobile home sites. The Commission can also ask cities and counties to incorporate such things as more multiple-family housing zones, smaller lot sizes or cluster housing zones, if a plan does not provide adequate numbers or locations for housing of less cost. The 2000 Commission supports both clarification of expected local actions and rigorous review of plans to ensure those expectations are realistically met.

B. Continue and expand use of state housing assistance programs to help meet needs of low and moderate income persons, while 1) monitoring need for more direct subsidy programs and 2) encouraging housing rehabilitation through a state model code for housing rehabilitation and/or development of low-interest rehabilitation loan fund.

The state acting through the Housing Division and the Department of Veterans Affairs is currently using the tax-exempt borrowing power of the state to make lower interest mortgage money available to qualified veterans and low-to-moderate-income home buyers. With recent significant increases in housing costs, the need for close monitoring of the state's efforts and how they mesh with federal and local efforts becomes increasingly important if the objective of affordable housing for our growing population is to be realized. Some increased emphasis on rehabilitation of existing housing may become a significant and effective part of the state's efforts. At the same time, rehabilitation helps cities stabilize older residential neighborhoods that are now fully served by existing public facilities. Direct aid to cities and counties could be provided through rehabilitation technical assistance and training, code revision suggestions and technical and financial aid in setting up locally-administered low-interest rehabilitation loan programs.

C. Develop a state policy of applying rigid tests for expansion of urban growth boundaries.

Presumably there is, or should be, considerable permanence to urban growth boundaries, particularly if they are initially established with enough foresight and if land use plans within them are rationally developed and administered. If the boundaries become mere temporary holding patterns, then not only will their advantage (efficient land use, farm land preservation, reducing cost of public facilities, etc.) not be fully realized, but their disadvantages could predominate. More permanent boundaries should ideally be created through a coordinated state-regional-city process in which agreement on sizes of boundaries (and the subsequent city-size within them) could combine the best of local desire, local and regional capacity and state need.

The question of what happens when a specific urban boundary is "filled" may not have to be faced for many years, but it should be anticipated at an early stage in the planning process. One possible answer is use of "satellite" cities as discussed under the Regional Growth Strategies proposal.

D. Improve ability of cities to annex developed or developing land within their acknowledged urban growth boundaries.

The ability of a city not only to plan but to implement the plan and manage the growth in and around it is now severely hampered. Annexation of adjoining unincorporated areas is difficult under current state law. The Oregon 2000 Commission favors the thrust of a proposal by the League of Oregon Cities which would make annexation decisions within an urban area subject to the planning process and, if necessary, majority vote of the entire area (city plus
annexing area. Further refinement of this approach through development of specific criteria identifying logical annexation areas and timing is necessary, but the concept of the city as the primary provider of most urban facilities and services requires that it eventually operate within the total urban growth area.

E. **Require or encourage coordination and integration of local water systems within each urban growth area.**

If Measure D cited above is successfully implemented, then most but perhaps not all of the necessity for this recommendation is removed. Both public and private water systems can now operate within existing suburban areas around a growing city. There are currently numerous barriers — annexation law, boundary commission limitations, etc. — which hinder an integrated, efficient approach to supplying and distributing sufficient quantity and quality of water to meet present and future urban needs. Small, independent systems may still have a role to play in developing urban areas, but only if their supply and distribution systems are designed to fit into the necessary future system. Failure to bring this about can be wasteful of dollars and water and impose inconvenience and even health and fire safety hazards to local area consumers.

F. **Continue to emphasize strong energy conservation programs by state and local governments with added emphasis on the price structure to achieve conservation, and development of alternative energy sources which are renewable.**

Oregon has been a leader among states in legislation and programs which encourage general energy conservation. Through the LCDC energy goal, local plans are also encouraged to reflect conservation in land use and development strategies. Both these approaches should be continued and strengthened as necessary to maintain and improve present momentum.

The 2000 Commission also believes pricing policies can provide added built-in incentives to conserve by matching conservation with individual or corporate economic interests. In implementing this part of the recommendation, some protection against undue hardships for lower income persons should be considered.

G. **Develop criteria which state can apply to allocation of any projects or grant funds that give preference to central areas of existing cities where such preference is consistent with local comprehensive plans.**

For a number of reasons private developers often find that suburban or even rural locations are easier and less expensive to work with than urban core areas. Yet neglect of urban core areas is more costly in the long term to the taxpayers of the entire community. Comprehensive plan statements about the importance of urban core areas do not by themselves, even with supporting zoning, significantly offset centrifugal forces. Public financial aid and development projects in the core area can and have redressed the balance and enabled core area commercial and residential redevelopment to be economically successful for the private developer and the total community in some cities.

Participation by the state, in harmony with local governments, directly through state projects and grants and indirectly through review of federal programs could materially assist in supporting urban centers throughout the state.

H. **Establish a "Growth Fund" for the state to use in assisting local governments to implement growth management plans.**

A massive effort is nearing completion — that of comprehensive plan preparation by all cities and counties. The state has over the past 5 years made a substantial investment in this process. To help ensure that these plans are successfully implemented and to enable statewide or regional growth goals to be
achieved, proper timing of supporting capital facilities is key. As discussed in Chapter 2, rapid growth can sometimes overwhelm the financial capability of a given community to provide necessary capital facilities.

A state fund which could direct aid to local areas having difficulty in meeting the capital demands of their growth management plans would not only meet specific area needs but would generally help preserve the considerable investment the state has in local growth plans. Legislative action will be needed to establish a fund of this type. It should provide bonding capacity and direct appropriation. Appropriate funds could come from existing state revenue sources or perhaps more appropriately from taxing a direct growth-related activity such as residential real estate transfers.

Targeting of assistance from the Growth Fund could go to:
1) urban areas experiencing rapid growth;
2) specific state/local projects that meet tests of state urban or regional development goals;
3) urban areas designated as satellite growth centers to aid them in stimulating and accommodating additional population.

I. Develop alternate means by which “systems development charges” could provide needed revenue without adverse front-end impacts on housing costs.

As identified in the body of the report, the need for added revenue and public desires to shift more of the public development cost burdens to new developments has caused increased use of systems development charges. This has in turn generated vocal opposition from the homebuilding industry and the Department of Commerce Housing Division because it increases the purchase price of new homes.

Changes in state law could lessen the cost burden on new homes. One way would be to authorize cities or counties to establish differential tax areas so that a newly developing neighborhood might carry a special development tax for a 10, 20 or 30 year period that provided the same level of revenue as would a systems development charge. Another way would be to permit the systems development charge to be handled by the new property owner in a manner similar to a Bancrofted special assessment and payable in installments over a 10 or 20 year period. Were this approach used, the lien on the property would have to be established as junior to the first mortgage to enable it to be carried separately. Both approaches would require new legislation.

J. Site state offices and other facilities to support development plans of local communities.

A clear policy of this nature backed by criteria in the state Department of General Services’ site selection specifications would formalize what has been only sporadically practiced in the past. Where the state has options on when and where to build or rent space for state government operations, it obviously looks to where that facility can best meet the operational needs of the state organization. Since facilities can significantly affect traffic patterns, adjacent land uses, public costs of supporting facilities, and similar demands, site selection decisions should also be as supportive of local goals as possible. Formal recognition of this support is needed.

K. Limit property tax exemption.

Property of substantial value is now exempt from local property taxes. This means such property does not help pay for direct public services (police and fire protection, street lighting, etc.) which benefit the property and which is required
for it. Much of the exempt property is owned by the state itself. Law changes which enable such serviced property to pay the local government for services would assist the locality in paying for such service costs and result in more equitable sharing of the local tax burden. In the case of the state, a payment in lieu of tax would be needed, since legally the state cannot be subject to local taxation.

L. Amend state property tax laws to permit site value taxation within urban growth boundaries.

So-called site value taxation has been discussed for over 80 years. Many economists agree that taxing only land, or a greater tax on land in relation to improvements on it, can encourage private development and redevelopment which reinforce desirable urban land uses. It could therefore be a powerful tool in implementing local comprehensive plans. Variations of site value taxation are being used in Pittsburgh and Hawaii, in newly developing nations, and have been used for many years in Australia, New Zealand, South Africa and Denmark. Data from Australia where it has been in use for more than 100 years indicate it does assist in preventing deterioration of urban core area buildings and promotes higher utilization of serviced urban land generally. Its use in Oregon would best be limited to land within urban growth boundaries in order to avoid detrimental impacts on farmland.

M. Develop a property tax sharing plan for use in metropolitan areas and in special situations in non-metropolitan areas.

Competition for that significant new chunk of tax valuation represented by a new industrial complex or shopping center, particularly among separate cities within a single metropolitan area, is a frequent occurrence. One community can capture the tax value while its neighbors incur only the public service burdens imposed by the plant or shopping center and its employees or customers. This same type of situation can occur when a high-valued facility such as an electrical generating plant locates in one jurisdiction while adjacent cities or counties are required to build new facilities to meet corresponding rapid growth without any great growth in financial capability.

In both types of situations, a sharing of the increased value from the new development among those affected communities could assist in meeting growth demands and more equitably distribute tax burdens. Such a plan is now being used successfully in the Minneapolis-St. Paul, Minnesota, area.

Tax base sharing has an additional advantage in its beneficial impact on land use. With less need for each city or county to capture its own high value tax plum, there is less tendency to overzone for industrial or commercial uses. Land zoned for these uses can be viewed in an areawide context and matched more reasonably to the needs of the total area.

Implementation of such tax sharing should be at the option of governmental units within the area affected, using legislative authority and implemented within state guidelines.

N. Identify and quantify through the river basin planning process, long-range urban water-supply needs, including instream flows necessary for pollution control.

Growth is placing increased demands upon both surface water and ground-water supplies. Even where the total is sufficient, growth can impose higher costs on urban areas to secure a sufficient and safe supply. Costs to bring it from greater distances or to adequately treat it to meet federal drinking water standards can be aggravated by growth.
Identification of realistic long-range needs for urban use and allocation of sufficient water rights to meet such needs would help assure that expected new growth can be supported. This approach would promote better and more realistic planning by cities and other public agencies responsible for supplying and distributing water to future developments, and let other potential public and private users know how much future supply will be available for their use — enabling them to plan more realistically as well. Costly remedial measures (e.g. construction of lengthy supply lines) in response to “surprises” can thus be minimized.

It is important to recognize the relationship between adequate instream flows and the degree of treatment required of both municipal and industrial sewage. Expensive third-stage waste treatment processes can perhaps be avoided or at least delayed by assuring adequate instream flows. Less tangible aesthetic and recreational purposes are also served by adequately flowing streams and rivers.

As this identification and allocation proceeds, it may be necessary or desirable to re-examine the assigned uses of water behind some federal dams. Assignments or “authorizations” of water have been made among such uses as flood control, power generation, recreation, maintenance of fish life, water quality, domestic water supplies, and irrigation. Conditions existing at the time of dam construction, when the water uses were assigned by Congress, may have substantially changed — greater urbanization, less irrigable farm land available, more sensitivity to water pollution, etc. Requests for Congressional action to reassign or change priorities for water behind dams would be based upon changed present conditions and projected future conditions. Formal action on such requests would occur only where thorough and realistic planning for the entire region served by the dam had taken place.