



Marissa Madrigal, COO
Metro
600 NE Grand Avenue
Portland OR 97232

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Dear COO Madrigal,

First, I want to thank you for convening the year-long Urban Growth Report Stakeholder table. It created an opportunity to better understand the work done by Metro staff preparing the report, while also hearing from partner organizations about concerns and challenges. While I do think it helped build goodwill among regional partners who often feel frustrated by the process, it did also lay bare some of the places where there may be an opportunity for improvements.

Beyond this Growth Management Decision, Westside Economic Alliance looks forward to continued partnership with Metro Council and staff to identify those opportunities for improving the input, process and subsequent outcomes for our region.

POPULATION & HIGH GROWTH PROJECTIONS

Turning to the 2024 Urban Growth Report, it’s important that we begin with the population estimates on which so much of this report rests. The early conclusion is that regional growth is slowing because Oregon’s birth rates are among the nation’s lowest. Given this data point, the report correctly concludes that net in-migration will be the primary driver of regional population growth. The report goes on to state, “Slowing population growth also mean slower job growth.”

What the report fails to state clearly is that if net in-migration will be the primary source of regional population growth then our region’s, and our state’s, housing and economic future will be overly dependent on smart policy decisions that encourage growth.

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It is to that end that Westside Economic Alliance highly encourages COO Madrigal, and subsequently the Metro Council, to adopt high growth population forecasts for our region. It is far better to plan for growth and not see it realized than it is to plan for decline and risk the underproduction of housing and jobs, adding pressure that results in another housing crisis or economic stagnation.

Just as we are seeing an out-migration of a certain segment of our population due to their concerns about public policy choices, we could create in-migration through the adoption of a different set of policy choices.

Adopting the high-growth population forecast will give Metro and the local jurisdictions more flexibility to meet our communities' needs and should be viewed as a prudent public policy decision.

EMPLOYMENT LANDS

According to the Urban Growth Report, Metro staff have forecasted a surplus of Industrial land supply with a current capacity of 5,950 acres and a 20-year projection of a surplus of between 450 and 7,450 acres. However, the report also highlights some of the realities on the ground that act as major detractors to the current capacity estimate: in particular slope and lot size.

Slope

Over the course of the Urban Growth Report roundtable, we heard from developers that Oregon Revised Statute applies the definition for “buildable land” for residential construction to commercial and industrial land. As such, we learned that slopes of up to 25% are considered legally “buildable” for the purposes of all employment land, yet commercial and industrial developers say they will not consider land buildable with more than a 7% slope grade. When challenged on this, staff identified 1,300 acres with a slope greater than 7% that were counted within the buildable land inventory. **We recommend COO Madrigal and the Metro Council amend the Employment Land forecast to reflect this reality.**

Lot Size

An additional concern with the gross figure of 6,000 acres of ‘surplus’ industrial land is lot size. According to the Urban Growth Report the average lot size is 3.8 acres with a median lot size of 1.7 acres.

According to the data of the currently vacant industrial land, here is the breakdown of available vacant lots by acreage:

- 545 lots are less than 1 acre = 148 acres
- 97 lots are 1-1.99 acres = 142 acres
- 72 lots are 2-2.99 acres = 178 acres
- 49 lots are 3 – 3.99 acres = 167 acres

- 27 lots are 4 – 4.99 acres = 127 acres
- 22 lots are 5 – 5.99 acres = 125 acres
- 10 lots are 6 – 6.99 acres = 63.5 acres
- 13 lots are 7 – 7.99 acres = 96 acres
- 11 lots are 8 – 8.99 acres = 101 acres
- 6 lots are 9 – 9.99 acres = 66 acres
- 22 lots are 10 – 14.99 acres = 271 acres
- 12 lots are 15 – 19.99 acres = 219.5 acres
- 4 lots are 20 – 24.99 acres = 164 acres
- 6 lots are 25 – 29.99 = 107 acres
- 12 lots are 30 acres or more = 594 acres

Given the overabundance of small sites and the fact that the current vacancy rate for industrial land is below 5 percent across the region, the reality is that the vast majority of this acreage could not be used to serve the industrial market.

We recommend that COO Madrigal and the Metro Council direct staff to work with industrial developers to identify a minimum lot size that is realistic for effective industrial development. Any lots below that lot size should be removed from the overall land supply calculation.

As mentioned in the draft Urban Growth Report, the data and analysis of industrial land supply is not the only information that the Council may consider when determining whether there is a need to expand the Urban Growth Boundary. They may also consider whether there is a regional need for industrial sites with specific site characteristics such as larger sized sites.

The Oregon Semiconductor Task Force recommended that in order to be competitive over the next 5-10 growth cycle, the state needed to identify the following development ready sites:

- Two (2) sites of 500+ acres for advanced R&D or production fabrication operations
- Four (4) sites of 50-100 acres for device manufacturers or equipment manufacturers
- Eight (8) sites of 15-35 acres for key suppliers to the ecosystem

And while this site list is a statewide recommendation, we know that industries will often create clusters. Indeed, in EcoNW's report (Appendix 9) they note:

The Metro Region already has a strong cluster for semiconductors in Hillsboro with Intel's Gordon Moore Park at Ronler Acres Research Campus, which creates 1,000 patents a year. This existing strength in semiconductor manufacturing can position the region to capture other semiconductor activities, and semiconductors are half of the state's annual exports. The semiconductor boom in the 1990s was

precipitated by the state having 2000 acres of industrial land, which led to billions of dollars of investment and doubling the industrial employee count.

To prepare for the next influx of semiconductor activity, the region will need to have a supply of industrial land to support business growth and expansion. The Semiconductor Task Force's Industrial Lands Subcommittee found that the key site characteristics that the semiconductor prefers is a location near other semiconductor businesses and labor, parcels of at least 25 acres, and sites that have infrastructure in place to support development that can begin within 6 months to three years. The subcommittee identified a lack of land that met these criteria.

And, as noted on pages 55-56 of the Urban Growth Report:

[T]he Metro Council established the following policy in the Regional Framework Plan:

'1.4.6 Consistent with policies promoting a compact urban form, ensure that the region maintains a sufficient supply of tracts 50 acres and larger to meet demand by traded-sector industries for large sites and protect those sites from conversion to non-industrial uses.'

Since the 2017 update of the Regional Industrial Site Readiness inventory of large industrial sites, 15 large industrial sites have developed. Six of the sites that developed are over 50 acres in size. There are ten remaining sites over 50 acres inside the UGB. Of those, two sites have marine or airport use restrictions, leaving eight sites over 50 buildable acres inside the UGB that are available to the general industrial market.

And so, the Semiconductor Task Force, the EcoNW Report and Metro's own policy recommends additional land of at least 25 acres with a push to identify 'sufficient supply of tracts 50 acres or larger' to meet the industrial needs of the region. And yet the overwhelming majority of vacant industrial land is LESS THAN 25 acres. There is an imbalance in acreage lot size availability and without a recommendation to discount acreage too small for real industrial development, Metro Council could stagnate the region's ability to leverage generational federal and state investment potential.

SUPERSITING AUTHORITY

Per the passage of Senate Bill 4, Oregon's CHIPs Bill, Governor Kotek maintains supersiting authority through the end of 2024. Should the Governor choose to use this authority, we urge Metro Council to see this as an additive, rather than as a replacement for, an Employment Land expansion in the Growth Management Decision.

We urge Metro to consider the generational investments that may be lost should the Governor provide the extraordinary opportunity of a regional supersite for semiconductors but the region is unable to support that work due to a lack of available mid-size lots needed for a healthy cluster.

CITY OF SHERWOOD EXPANSION PROPOSAL

We enthusiastically and without reservation support the City of Sherwood's request for expansion without any conditions. While Metro may want to make recommendations or provide incentives to encourage certain kinds of growth, we trust the rigorous public engagement process that Sherwood has already conducted and trust that they will continue to engage their community to understand how to grow reasonably and responsibly.

Metro staff made clear during our roundtable convening that Metro is not a zoning organization. To that end, we ask Metro to allow the city to work with their residents in the coming years to decide what makes most sense for their community's needs. It is imperative that policymakers recognize that every jurisdiction in our region has their own unique community needs and that heavy handed policy making to try to make suburban areas mimic urban areas is unreasonable.

We encourage Metro to engage in the process, as other regional partners plan to do, to provide input about best practice and guidance for equitable outcomes. But beyond that, **COO Madrigal and the Metro Council should allow local jurisdictions to grow within their own boundaries in a way that best reflects the community they are working with their residents to create.**

To be clear we ask COO Madrigal, and subsequently the Metro Council to:

- Add 340 net acres of residential land to the UGB as proposed in the Sherwood West Concept Plan as proposed.
- Add 130 net acres of flex industrial land to the UGB as proposed in the Sherwood West Concept Plan as proposed.
- Add 135 net acres of commercial and hospitality land to the UGB as proposed in the Sherwood West Concept Plan as proposed.

CLOSING

Westside Economic Alliance wants to again appreciate the work of Metro staff who prepared this cycle's Urban Growth Report. It is a massive undertaking, and this year another layer of public engagement was added via the Urban Growth Roundtable that took a significant amount of staff time.

To close, Westside Economic Alliance on behalf of our members, ask **COO Madrigal and the Metro Council to lean into a Growth Management Decision that is aspirational.** Throughout the region we are hearing alarm bells going off that our growth in the coming

decades will be reliant on in-migration. In-migration can be super charged through smart policy choices. Job growth can be ramped up through smart policy choices. Land readiness can be increased through smart policy choices and investments.

Adopting a high growth population scenario is the first step to unlocking the potential for smart regional policy and investments that will help our region's employers and local jurisdictions realize economic growth and prosperity.

Thank you for your time and commitment to the growth of our region.

Sincerely,

A handwritten signature in blue ink that reads "elizabeth mazzara myers". The signature is written in a cursive, lowercase style.

Elizabeth Mazzara Myers, Executive Director

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