

Urban Growth Management Study

Summary Report

July 1991

Oregon Department of Land Conservation and Development

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SUMMARY REPORT

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July 1991

**Oregon Department of Land Conservation and Development
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*Oregon [will] accept growth, but...on our
terms — on Oregon's terms.*

*Governor Barbara Roberts
1991 Governor's Symposium on
Growth Management and
Livable Communities,
March 26, 1991*

Foreword

Thirty to forty billion dollars. Will we use it to build communities that preserve and even enhance the livability Oregonians now enjoy? Or will we spend it as other states have, in ways that bring endless traffic congestion, air pollution, and high taxes to our cities and distress to the natural areas we prize?

That, conservatively, is the kind of money Oregonians will spend on new housing and public facilities over the next 20 years. We can invest it wisely to yield both immediate and long-term benefits. Or we can misdirect it in ways that compromise, or even ruin, our quality of life.

Not to take action is to make the second choice. Even with our superior statewide system of local planning, this study shows that the patterns of development now occurring are beginning to choke Oregon's livability. Ways must be found that enable every community to alter these patterns. The study suggests directions worth pursuing.

Not surprisingly, Oregon must again rely on its proven capacity to innovate. There are no models to follow. Other states are still designing or implementing their systems, or do not have one at all. As a growth management pioneer, Oregon must break new ground.

Working with Governor Roberts and other state commissions and agencies, the Land Conservation and Development Commission is committed to strengthening growth management in Oregon. We invite local governments, citizens, and other interests with a stake in sound growth management to join with us. It will take concerted effort, courage, and creativity, but Oregonians know that we can do it.

Bill Blosser
Chair, Land Conservation and
Development Commission

Acknowledgments

A variety of individuals deserve recognition for their contributions to the Urban Growth Management Study.

Contractor reports reflect the professional excellence and personal commitment to sound public policy among members of Oregon's consulting community. Each report's incisiveness and sheer scope substantially exceed what the fees paid would ordinarily command. Contractors team members are listed below.

Two groups volunteered their advice and guidance. A committee of Andy Anderson, Brent Curtis, Steve Bryant, Russ Nebon, Kent Squires, Bob Stacey, and Burton Weast advised on the Annexation and Urban Growth Management Study. A second committee advised on the summary report and study follow-up plan. Its members were Bill Blosser, Jan Childs, Jim Eisenhard, Russ Nebon, Lynne Saxton, Ethan Seltzer, and Tom Vanderzanden.

Department staff also contributed. As director until May 1991, Susan Brody oversaw the study in all but its last phases. Lloyd Chapman, Shelia Preston and Jeff Weber helped with report typography and graphics. Bob Peterson and Erika Jenkins handled report reproduction; Cindy Lesmeister and Penny Fahey handled distribution, including contractor reports. Kelie Cox, Mary Gould, Lorene Judge, and Bill Thomas provided contract management support. Bob Cortright, Mitch Rohse, and Jim Sitzman provided review comments.

Special tribute goes to Peter Wilson, who authored the report on property tax deferral policy inside urban growth boundaries. Peter lost his life in a canoeing accident on the Owyhee River Memorial Day weekend 1991.

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Summary of Major Conclusions and Proposals

DEVELOPMENT INSIDE URBAN GROWTH BOUNDARIES

Major Conclusions

Despite the impressive accomplishments of Oregon's land use planning system, growth has begun eroding the livability of the state's urban areas. Even where comprehensive plans have averted the worst forms of escalation in housing costs, traffic congestion, and leapfrog development found elsewhere on the West Coast, they have not eliminated sprawl *inside* urban growth boundaries (UGBs). More than anything else, it is sprawl, and the chronic underprovision of roads, parks, and other urban service facilities which accompanies it, that threaten our long-term urban livability.

Sprawl and urban service facility underprovision result from interacting economic forces and government policies. Some have effects which improvements in growth management may be able to counteract:

- Subdivision sizes too small to raise community-wide development issues, help meet community-wide facility needs, or permit integrated community designs.

Dispersed development inside UGBs which fragments and dilutes infrastructure investments, fosters development densities below levels planned and permitted, and contributes to the underprovision of urban services.

- Prevailing models for both residential development and suburban office development which foster high levels of auto dependency, trip generation, and congestion on arterial roads.
- The threat of community opposition and costly delays which discourages residential developers from building to plan densities and from placing multi-family units in appropriate locations.
- Fragmented authority for growth management which blurs responsibility for region-wide growth issues, discourages adoption of appropriate development standards, reduces coordination of urban service extensions, obstructs infill development, and perpetuates tax inequities.
- Inadequate cooperation between cities and special service districts on long-term service delivery issues.

Major Proposals

1. Establish "focused growth plans" and adequate public facilities requirements as means to concentrate public and private investment within UGBs to sequentially add to the supply of land fully provided with urban service facilities. A focused growth plan would designate the area or areas to be used to meet five- to ten-year growth needs, within which public infrastructure investments would be concentrated. They would also include agreements with special districts defining long-term service provision roles and the terms and conditions for tran-

sitions in capital facility ownership and administration. Adequate public facilities requirements would limit development outside focused growth areas and sequence it inside them.

2. Explore the feasibility of "cooperative microplanning," by which local government, citizens, and developers would collaborate on an urban design for an area. The design would provide for all urban facilities and specify land uses, street designs, landscaping, and development standards at a level of detail which permits approvals without discretionary reviews.
3. Provide for centralizing growth management authority inside each UGB by requiring a city/county growth management agreement to elect among a) designating a single jurisdiction as having lead authority; b) vesting lead authority in a joint board of elected officials; c) withholding approval of urban development absent extension of urban services and city annexation; d) "cross-acceptance," i.e., an inter-jurisdictional review and approval process, applicable to urban development actions; or, e) a combination of these approaches.
4. Adopt a new method of annexation. Under it, once the voters of a city and areas to be annexed had approved an annexation plan, annexations covered by the plan could proceed without further votes if urban service extensions conformed to standards the plan established.

DEVELOPMENT OUTSIDE URBAN GROWTH BOUNDARIES AND URBAN GROWTH BOUNDARY EXPANSION

Major Conclusions

In fast-growing parts of the state, large amounts of development are occurring outside UGBs but within commuting distance of them. It is occurring both on lands zoned for commercial farm and forest production and in exception areas, i.e., lands identified as "committed" to uses other than farming or forestry. In all four case study areas, this has resulted in a ring of low-density, rural residential development around much or all of the UGB. In combination with preexisting development, this will severely constrain UGB expansion. Among other effects, excessive development outside UGBs also undermines the ability to provide urban services needed to accommodate growth and maintain livability inside UGBs.

Major Proposals

1. To enable UGB expansion, identify expansion areas and designate them "urban reserves." Within urban reserves, prohibit nonfarm and nonforest dwellings on lands planned and zoned for exclusive farm or forest use and establish a floor minimum lot size of 20 acres or larger for sparsely developed portions of urban fringe exception areas.
2. Amend the statewide planning goals to more clearly define policy on exurban development within commuting distance of UGBs. The amendments should consider the effects of exurban development on the accomplishment of statewide planning program and local plan objectives inside UGBs and the

values to be protected and balanced in planning for exurban areas. These should include economy in the provision of services, public safety, protection of commercial farm and forest land uses, natural resource conservation, and the scenic and open space qualities of countryside outside cities.

3. Establish a planning framework for exurban exception areas. The framework should include standards for appropriate uses, densities, and public services in exurban exception areas. It also should encourage or require the clustering of development. Where they do not now exist, the framework should provide for the development of plans for exurban exception areas.
4. Expand the scope of city/county growth management agreements to include the entire area within commuting distance of a UGB. The agreements should provide for "cross-acceptance," i.e., an inter-jurisdictional review and approval process, applicable to plan amendments, major development approvals, and major urban service extensions, including roads.

INFRASTRUCTURE FUNDING

Major Conclusions

For water, sewer, and road systems alone, local governments in Oregon face *annual* infrastructure development needs of nearly *\$1 billion*. Local and state funding sources have been identified for only about one-half of these needs. Except in the case of general obligation bonds, access to capital markets to finance infrastructure can be difficult and costly, especially for small jurisdictions. Local government revenue raising mechanisms are underused. There is a shortfall between amounts these mechanisms *could raise* and amounts they *actually raise*.

Oregon lacks a state agency the principal mission of which is to assist local government with infrastructure finance. Five state agencies offer financial assistance, but only to accomplish agency purposes, such as pollution control or economic development. Ballot measure 5 will impair local government's ability to finance infrastructure and increase the value state assistance in infrastructure finance would yield.

Major Proposals

1. Create a state agency with the mission of aiding local government with infrastructure funding, especially the issuance of long-term debt as a means of financing. Alternatively, assign this mission to an existing agency.
2. Formulate an amendment to the Oregon constitution to authorize voters to approve special levies of up to 20 years in duration to pay for municipal infrastructure, outside ballot measure 5 limits. Also formulate a strategy for securing the amendment's enactment, including voter approval.

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SECTION I.

INTRODUCTION

Oregon has the best system in America for preserving livability while accommodating urban growth. But it is not good enough. Oregon's prized livability is slipping. Unless something is done, the slippage will continue.

Compared side by side, Oregon's growth management system stands up to any other. Oregon's 1973 Senate Bill 100 pioneered growth management. Recent years have seen other states adopt their own systems. Some break new ground. Florida has a requirement that urban services keep pace with development, for example. And Florida, Georgia, and Vermont have "regional review," which can give a city a voice when its neighbors take actions that affect it. Oregon has neither. But their systems lack some of the strongest features of Oregon's. Urban growth boundaries. A state agency obligation to act consistently with city and county comprehensive plans. And, most important of all, planning conducted at the local level but held to state standards.

Nonetheless, when the late 1980s brought the prospect of sustained, long-term, rapid growth, many harbored concerns. Not until the early 1980s was Oregon's statewide planning program fully in place. And because the recession lingered in Oregon longer than elsewhere, nowhere did rapid growth begin to test the system until the mid-1980s. Faced in the late 1980s by looming growth, state officials feared the existence of undetected weaknesses. When, at the behest of these officials, the Department of Land Conservation and Development hired contractors to critically examine the program, it confirmed the concerns to be well founded.

While the study's assignment was to seek out the shortcomings of Oregon's growth management program, the research highlighted the program's immense accomplishments. It has prevented rampant urban sprawl, the kind that brings large subdivisions to the countryside 20 miles or more outside cities. Even where highest, Oregon's housing prices are modest compared to Puget Sound and northern California. Perhaps most significant, the program has given Oregon the structure for a successful growth management system and most of its principal components. It remains only to supplement, enhance, and refine them. And the program has endowed the state with knowledgeable local public officials and citizens skilled in making the planning system work.

No other state has ever successfully avoided the worst consequences of growth or harnessed it to improve livability. Because of the statewide planning program, Oregon is uniquely positioned to be the first.

How to Read This Report

As discussed below, this report is organized to serve as an agenda for improving growth management in Oregon. It identifies a range of issues and lists related study conclusions. It also arrays proposals for addressing the issues. The report lists only proposals the Department believes warrant further development and examination. However, they are not as yet the Department's recommendations. They require more refinement and evaluation, including by local government officials and others outside the Department, before being recommended for adoption.

Most of the proposals come from the contractor reports prepared as part of the Urban Growth Management Study. The appendix lists these reports. A few proposals came from other sources. These include Senate Bill 91 from the 1991 Legislative Assembly, the Commission's transportation rule development process, and Department staff.

Study Follow-up

This report is designed as an agenda for a process to translate study findings into specific actions. The Land Conservation and Development Commission will conduct a hearing on study findings and proposals at its August 1991 meeting. It will also name three "task groups," each corresponding to one of the report's principal sections. They will begin work in the fall of 1991, using the proposals as starting points. Their first assignment will be to add to, drop, or modify proposals, flesh them out, and return to the commission with specific recommendations. They will then develop language for administrative rulemaking, amendments to the statewide planning goals, or legislation. Pilot demonstrations will be used where a study proposal needs testing before it is implemented.

At least one Land Conservation and Development Commission member will sit on each task group. The Department will recruit other participants from state and local government, interested organizations, and the private sector. Anyone interested should contact the Department.

Relationship to Other Initiatives

Only together with other initiatives can the statewide planning program hope to accomplish Oregon's objective of preserving livability while accommodating growth. Some advances will be achievable only through the cooperative marshaling of private and public investment resources. While it can foster such investments, the program itself can contribute only small resource investments of its own. Pricing, such as the free parking commonly available outside downtown areas, also plays a powerful role, over which the planning program has little direct influence. And livability, itself, has dimensions, such as the quality of education, which the program cannot meaningfully affect.

Opportunities to protect and enhance livability outside the traditionally regulatory ambit of the statewide planning program are as important as the proposals this report contains. Plans of the Oregon Progress Board to focus on livability offer

promise of identifying ways regulation can work in concert with other approaches. Seizing such opportunities is a way to magnify the program's impact.

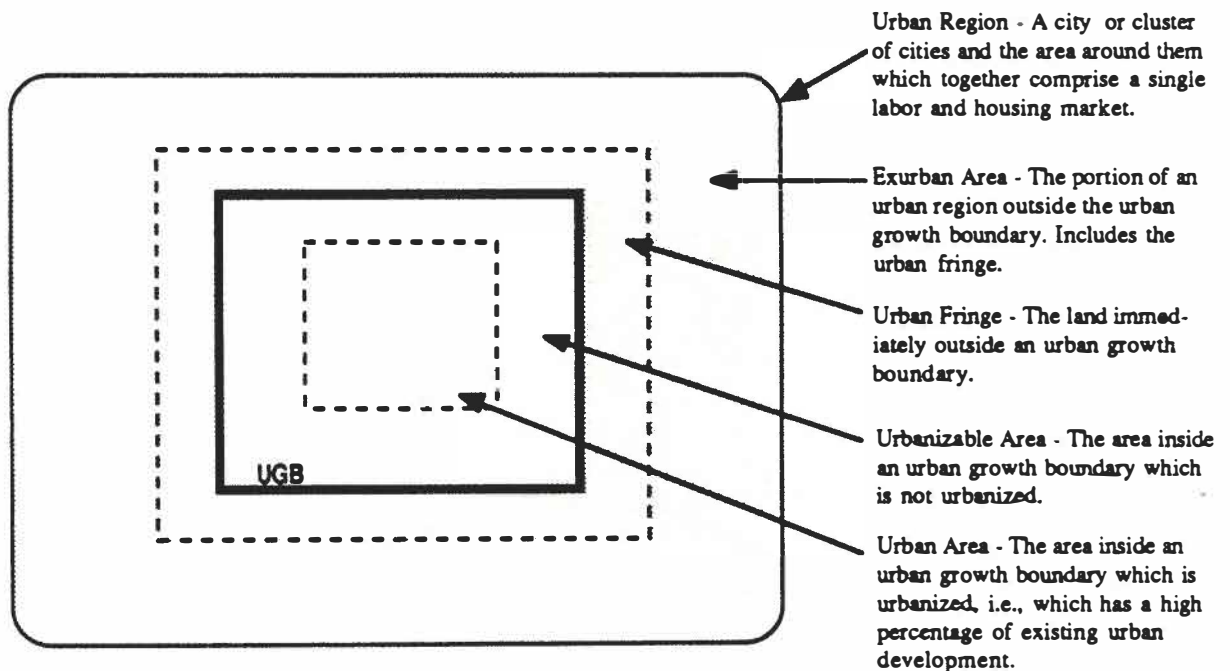
A Caution

Readers may find some proposals in the report arresting. Some alter accustomed practices and institutional roles. But they are not without precedent. One proposal, for example, is for adoption of adequate public facilities ordinances. Such ordinances establish minimum standards of urban service availability as a precondition of development approval. Washington County already has one. Another proposal would move to the local government planning process decisions developers and builders now make. Earlier in Oregon's history, this was common. Yet another proposal would place lead growth management authority in a single unit of local government or inter-jurisdictional board. In New England, lead responsibility rests with cities and towns; counties hardly exist. In Maryland, counties are preeminent. Present practices and prerogatives are no more than the legacy of past efforts to meet community needs. As needs change, so must they.

Just as important, changes are imperative if Oregon is to realize its hope of accommodating growth but preserving livability. Left alone, the present system will not deliver the future Oregonians desire.

Study Terminology

The diagram below explains the terminology this report uses to refer to a city and the area around it.



SECTION II.

DEVELOPMENT INSIDE URBAN GROWTH BOUNDARIES

A. ISSUES

Based on case studies of the Bend, Brookings, Medford, and Portland areas, Oregon's fast-growing urban areas are seeing their livability slip and are not building the communities they envisioned at the time they adopted their comprehensive plans. Residential development is consuming more land than their plans call for, and they are not keeping up with growing needs for urban services and public amenities. Root causes lie in how development occurs in Oregon and how it is regulated.

At the same time, a new understanding of the relationship between land use and transportation has emerged in the period since when most cities and counties in Oregon adopted their plans. The period has also seen alarming growth in automobile trip generation. This suggests that the development patterns present comprehensive plans embody may be contributing to the deterioration in livability fast-growing communities are experiencing.

Pages 6 through 19 contain related study conclusions organized under seven issues:

1. Slipping livability
2. Sprawl and its consequences
3. Fragmented development as a cause of sprawl and incomplete communities
4. Fragmented growth management authority as a cause of sprawl and incomplete communities
5. Infill and redevelopment
6. The land use/transportation connection
7. Tax deferrals

Proposals that address all seven issues begin on page 20.

B. CONCLUSIONS

Slipping Livability

Livability in Oregon's fast-growing communities is slipping. Indicators suggest that fast-growing Oregon communities have not lost their livability, but are seeing it deteriorate. These indicators measure only the physical aspects of a community, which growth management can most directly affect. But their deterioration can undermine the non-physical dimensions of a community's livability, like public safety, educational opportunities, and cultural amenities. The slippage found is sufficient to demonstrate cause for concern.

1. **Rising Traffic Congestion.** Traffic volume and level of service estimates document the increasing congestion residents of the Bend, Medford, and Portland areas have experienced, especially at suburban locations. (Case Studies, p. 27.) Despite its small size, even in Brookings, congestion on Highway 101 and around the post office have become annoying and intrusive.
2. **Declining Air Quality.** Recent trends toward improvement may be slowing or even reversing. Air quality in Medford and Portland improved during the 1985-89 case study period. But, in 1990, Portland had the highest number of violations of the federal ambient air quality standard for ozone in ten years. It continues to fall below the federal standard for carbon monoxide, and carbon monoxide levels are increasing at suburban locations as traffic volumes grow. (Case Studies, p. 27; Department of Environmental Quality.)
3. **Growing Auto Dependency.** Between 1982 and 1988, total vehicle miles traveled (VMT) in the Portland metro area grew by over 40 percent compared to population growth of five percent. This is reflective of national trends, where VMT is increasing at rates from two to five times the rate of population growth in major urban areas. The trend is due partly to urban sprawl, which causes longer trip distances. (Department of Environmental Quality.)
4. **Lagging Park Development.** With some exceptions, new park development is lagging. The City of Medford increased its developed park land per 1,000 residents between 1985 and 1989 by five percent. Brookings, however, acquired no new park land, even for playgrounds. While the City of Bend acquired park land, it did not develop it for park use. In the Portland area, the Tualatin Hills Park and Recreation District in Washington County increased its holdings by six percent. Clackamas County, by contrast, added almost no park land. (Case Studies, p. 27.)
5. **Increasing Housing Costs.** In general, increases in home selling prices and multiple family rental rates in the four case study areas between 1985 and 1989 were greater than increases in personal and median family income during the same period. This was most noticeable in the Brookings area,

where increased demand for housing, fueled by people moving into the area, is contributing to increases in housing costs that are about twice the annual increase in personal income. At the same time, housing prices have not increased in Oregon as quickly as they have in neighboring states on the West Coast. (Case Studies, p. 28.)

Sprawl and its Consequences

Sprawl is the enemy of livability. More than anything else, sprawl inside UGBs is causing the slippage in livability Oregon communities are experiencing. As in every other part of the US, suburban sprawl is the prevailing development model in Oregon.

6. **The suburban sprawl development model erodes livability.** Central elements of the model are single-family, detached homes; unlimited personal reliance on the private automobile; and low-rise workplaces in parklike settings with free parking. The model results in a pattern of development which causes severe traffic congestion, environmental degradation, high-cost housing, and loss of open space. It does this primarily by requiring auto use for virtually every trip and by dedicating disproportionately large quantities of land to private use in the form of single family home sites. (Presentation of Anthony Downs, Senior Fellow, Brookings Institution, to the Governor's Symposium on Growth Management and Livable Communities, March 26, 1991.)
7. **Suburban sprawl also imposes high public costs.** The street, utility, and school capital costs of noncontiguous single family development at three dwelling units per acre (du/acre) are over 50 percent higher than the costs of contiguous development with equal proportions of conventional single family housing, single family cluster units, townhouses, garden apartments, and high-rise apartments.¹ (See also Infrastructure Funding Study, pp. 63 ff.)
8. **Recent case study area development demonstrates that suburban sprawl is the prevailing model of development in Oregon.** In the period 1985-89, single family units accounted for most new residential construction in the Bend, Brookings, and Medford case study areas. Average new single family subdivision densities were only 2.0 du/acre inside the Bend UGB, 3.5 du/acre inside the Brookings UGB, and 4.2 du/acre inside the Medford UGB. These equate to lot sizes of approximately 21,000, 12,000, and 10,000 sq.ft., respectively. While single family units represented only 46 percent of new residential construction in the Portland area, its average single family density was only 5.0 du's/acre, equating to a lot size of 8,500 sq.ft. (Table 1; Case Studies, pp. 21-23.)

¹ Frank. James E., *The Costs of Alternative Development Patterns, A Review of the Literature*, The Urban Land Institute, 1989, p.39. The total estimated capital cost of the low density sprawl pattern in 1987 dollars is \$35,000 per unit; for the compact pattern, \$23,000.

9. **Case study area development is occurring at densities substantially below what applicable local plans call for.** New subdivision lots fell 67 percent short of allowed densities inside the Bend UGB, 44 percent short inside the Brookings UGB, and 25 percent short inside the Medford UGB. (Table 1; Case Studies, pp. 21-23.) Lots created by subdivision for single-family homes fell 34 percent below allowed density inside the Portland UGB, and approved multiple family units fell 23 percent below allowed densities. (Table 1; Portland Case Study, p. A-43.)
10. **In addition to eroding livability, underbuilding will cause UGBs to be larger than expected and expanded earlier.** If present trends continue, the Bend and Brookings UGBs will have to be larger than they are now to accommodate the same forecasted population, and will have to be expanded earlier. (Case Studies, pp. 21-22.)
11. **In the Portland area, actual residential densities may not require premature UGB expansion.** Overall density during the study period, including multiple family development, was 9 units per acre, exceeding the 6.8 units per acre assumed in justifying the size of the metro area UGB. ("Revisiting Oregon's Goal 10,"² p. 60.) Unlike other places in the state, to achieve af-

TABLE 1
NEW SINGLE FAMILY RESIDENTIAL SUBDIVISION LOT DENSITY, 1985-89

Actual Density and Allowable Density

Location	Actual Single Family Lots Per Net Acre				Lots Per Net Acre Density Allowed by Plan/Zoning			
	Portland	Medford	Bend	Brookings	Portland	Medford	Bend	Brookings
Inside UGBs	5.0	4.2	N/A	3.5	7.6	N/A	N/A	6.2
Primary UGB	5.0	4.2	2.0	3.5	7.6	5.6	6.0	6.2
Urban Area	5.0	3.6	2.5	3.6	7.2	6.3	6.6	6.0
Urbanizable Area	5.0	4.7	1.6	3.1	8.3	5.2	5.4	7.3
Other UGBs	5.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Outside UGBs	0.25	0.1	0.1	3.6				
Urban Fringe	0.25	0.1	0.2	N/A				
Exception Areas	N/A	0.1	0.2	N/A				
Resources Areas	N/A	N/A	N/A	N/A				
Rest of Exurban Area	0.29	0.2	0.1	3.6				
Exception Areas	N/A	0.2	0.2	5.0				
Resources Areas	N/A	N/A	N/A	2.9				

Source: ECO Northwest for the Department of Land Conservation and Development, Urban Growth Management Case Studies, January 1991, Table 2-6.

² 1000 Friends of Oregon and The Home Builders Association of Metropolitan Portland, "Managing Growth to Promote Affordable Housing: Revisiting Oregon's Goal 10," Technical Report, July 1991. This study used the same data base as the Portland case study.

fordable housing objectives, plan densities in the Portland area are higher than the densities used in justifying the size of the UGB. (Case Studies, p. 22.) It also has special objectives for the mix of single family and multiple family housing to achieve affordable housing.

12. **While the Portland area met its housing affordability density and mix objectives, it did so at the expense of remaining development capacity, threatening the region's ability to continue meeting its affordable housing objectives.** Multiple family units accounted for 54 percent of new housing during the study period, exceeding the 1980-2000 goal of 50 percent. Similarly, with an overall density of development of 9 units per acre, the jurisdictions of the region generally met applicable 1980-2000 density goals. However, the region met these goals using land planned and zoned for development at densities substantially higher than were actually built. As a result, insufficient capacity remains to achieve affordable housing goals over the entire period 1980-2000. ("Revisiting Oregon's Goal 10," p. 8.)
13. **Causes of sprawl and the shortfall between actual and allowed residential densities include economic forces and government policies.** Factors thought to favor development at densities lower than allowed include:
 - a. Consumer preferences.
 - b. Increasing real incomes among households able to afford single family homes.
 - c. Federal, state, and local policies which encourage large lot sizes and reliance on the automobile.³
 - d. Reduced probability of community opposition to development proposals and of legal challenges.
 - e. Reduced developer financing costs in building for the high-end housing market versus the low and moderately priced housing markets, caused by faster development approvals and cash buyers.
 - f. Building industry reluctance to depart from conventional suburban development models because of concerns regarding marketability, financing costs, financing availability, and community opposition.
 - g. Government policies which permit single family development on land zoned for multiple family development. In all case study areas, single family subdivisions are occurring in multiple family residential zones. In the City of Bend, for example, 190 subdivision lots

³ Examples: federal and state income tax deductions for home mortgage interest (the larger the lot, the larger the deduction), federal and state motor vehicle fuel taxes far below the "real" costs of motor vehicle use, local approval of development outside city limits where property tax rates are lower (although ballot measure 5 should reduce the effect of this policy).

were approved in areas zoned for multiple family use. (Case Studies, p. 23.)

- h. Zoning which establishes density maximums, but not density minimums.
- i. Local regulations which indirectly reduce density (e.g., minimum parking ratios which reduce the units a site can accommodate).
- j. Policies in some jurisdictions which permit development inside UGBs with septic systems, which require large lots.
- k. Consumer choice of housing based on individual household preference rather than on cumulative environmental and economic impacts.

14. Policies which permit development anywhere inside a UGB and a lack of restrictions on development without full urban services contribute to density shortfalls. Land prices in unpopulated locations are low because they do not reflect the full costs of the roads, utilities, schools, etc., ultimately needed to serve them. This permits attracting home buyers with competitive prices and lack of crowding and congestion. The resulting marketability, combined with the low land costs, attracts developers. However, because the density of development which maximizes profits is proportional to land cost, the densities at such locations are commensurately low. Statewide planning goal 14 implicitly calls for urbanization to occur sequentially.⁴ Nonetheless, present state policy in Oregon allows development to occur anywhere within a UGB, and, statewide, only a few jurisdictions require high standards of urban service availability as a condition of development approval.⁵

15. Partitioning is also contributing to low densities. While most new lots are created by subdivision, land partitions inside UGBs are creating large lot

4 Goal 14 reads, in part:

Land within the [urban growth] boundaries... shall be considered available over time for urban uses.

Conversion of urbanizable land to urban uses shall be based on consideration of:

- (1) Orderly, economic provision for public facilities and services;
- (2) Availability of sufficient land for the various uses to ensure choices in the marketplace;
- (3) LCDC Goals; and
- (4) Encouragement of development in urban areas before conversion of urbanizable areas.

5 Another phenomenon is high density development at locations near the UGB, remote from pre-existing development. This results in part from reduced community opposition when neighbors are few. Both phenomena occur, but do not cancel each other out.

developments which will constrain future development at urban densities. Unless done for multiple family development, when a large residential lot is created by partition, either it will be developed at low density or it will continue to be redivided without benefit of the coordinated planning and public services that the subdivision process provides.

- a. Inside the Bend UGB, of 41 lots created by partition between 1985 and 1989, 24 were two acres or larger, 18 of which were five acres or larger. (Bend Case Study, p. A-25.)
- b. Inside the Brookings UGB, 21 of 103 lots created were two acres or larger, six of which were five acres or larger. (Brookings Case Study, p. A-25.)
- c. However, inside the Medford UGB and a portion of the Portland area given detailed study, only small percentages of partitions created large lots.⁶

All the residential partitions in Bend and Brookings occurred on land zoned for single family development.

Fragmented Development as a Cause of Sprawl and Incomplete Communities

A prerequisite of fashioning statewide planning program responses to the sprawl development patterns inside Oregon's UGBs is understanding their causes, especially causes the program is able to affect. Fragmented development is one of two such causes which also lie behind insufficient public facilities and services and incoherent community design. More than anything else, these, along with sprawl, are undercutting livability in fast-growth Oregon communities.

16. **Individual development proposals in Oregon are normally small in scale, i.e., less than 50 acres in size, even in the Portland area.** The median subdivision size in the Portland area from 1985 to 1989 was 5.3 acres. Less than one percent of all subdivisions were over 50 acres in size, and they accounted for only five percent of total lots.⁷
17. **The scale of development in Oregon is small because:**
 - a. **The quantity of growth, even where large in percentage terms, has been too small to attract or support large-scale developers.**

6 Inside the Medford UGB, of 186 lots created, only nine were two acres or larger, of which only three were five acres or larger. (Medford Case Study, p.A30.) In a fast-growing portion of the Portland UGB, of 149 residential partitions approved from 1986-1989, 11 created lots two acres or larger, six of which were five acres or larger. (Portland Case Study, p. A-55.) All but 16 of the lots created by partition in Medford were on land zoned for single family development. The Portland case study did not record the zoning of partitioned land.

7 Based on a 16-jurisdiction sample representing over 90 percent of all approvals. Source: Scot Siegel, 1000 Friends of Oregon, using data base developed for the 1000 Friends of Oregon/Home Builders Association of Metropolitan Portland study of the Metropolitan Housing Rule.

- b. **Capital costs rapidly increase with the scale of development; the larger the scale of development, the larger the proportion of urban service facilities a development, rather than the community at large, will have to pay for.** Capital costs for small-scale developments (less than 50 acres in size) range from \$6,000 to \$10,000 per dwelling unit. Capital costs for large-scale developments (from 50 to 250 acres in size) range from \$10,000 to \$17,000 per dwelling unit. For community-scale development (over 250 acres in size) capital costs range from \$14,000 to \$34,000 per dwelling unit. These costs include schools and developed park and community facilities. The sharp differences favor small-scale development proposals. (Annexation Study, pp. viii, x; Annexation Study Appendices, pp. 96-97.)
 - c. **Small-scale developments add little or no measurable marginal operating cost.⁸** As the scale of development increases, marginal operating costs increase in absolute terms and a development is likely to be required to provide and pay for more community services. This, too, favors small development proposals. (Annexation Study, p. viii; Annexation Study Appendices, pp. 105-08.)
 - d. **The larger the scale of development, the greater the likelihood that more than one city or county will have development authority and a diverse array of local governments and special districts will have responsibility for urban service delivery.** This complicates issues of design standards, financing, and cost responsibility, and adds another incentive to keep development proposals small. (Annexation Study, p. viii; Annexation Study Appendices, pp. 94-96.)
 - e. **In UGBs with multiple jurisdictions, standards vary for the facilities and services a developer must provide.** This and variations in the standards the facilities must meet encourage development to occur where short-term costs to the developer are lowest, not where it best serves the urban region's long-term interests. (Annexation Study, p. vii.)
18. **The predominance of small-scale development in Oregon contributes to inadequate provision of urban facilities and services, incoherent community design, poor traffic circulation and adaptability to transit service, and the underbuilding of density.** This is so for the same reasons that the capital costs of small-scale developments are lower than for large and community-scale developments. The latter frame community-wide development issues, including the design of street and road systems, the need for parks and other public facilities, density, and overall community

8 The incremental cost added by the development.

design (i.e., how uses and facilities are arranged in relation to each other). Attaching conditions to the approval of large-scale developments also provides a means of addressing these issues. Small-scale developments neither raise community-scale issues nor provide similar opportunities for conditioning their approval.

19. **Among other consequences, the small scale of development perpetuates reliance on the automobile and traffic congestion.** Reducing the need for auto trips and avoiding congestion requires community-scale design which cannot be accomplished when development occurs in small, fragmented projects. Factors affecting auto dependency and traffic congestion include street system design, provision for walking and biking, (e.g., sidewalk standards), walking distances to transit and convenience commercial uses, density, and mixing land uses. Making effective use of these factors requires community-wide planning and design.

Fragmented Growth Management Authority as a Cause of Sprawl and Incomplete Communities

The statewide planning program also is able to affect fragmented growth management authority. Like fragmented development, fragmented growth management authority is a cause of sprawl, insufficient public facilities and services, and incoherent community design.

20. **Authority for growth management is fragmented inside Oregon's UGBs.** By growth management authority is meant authority for planning, zoning, subdivision approval, urban renewal, and the provision of urban service facilities. All UGBs in Oregon contain at least two jurisdictions (a city and a county), and in only one case has a county yielded lead growth management responsibility to cities.⁹ While cities and counties coordinate with one another, in most cases, counties have retained growth management authority outside city limits.¹⁰ In some UGBs, there are multiple cities and/or multiple counties. Many sewer, water, fire, and school districts also exist inside UGBs. Although special districts do not have general growth management authority, their urban service delivery role is vital to growth management and their number and diversity contribute to the fragmentation.
21. **Significant urbanization is occurring outside city limits.** Nearly all study period development inside the Medford UGB was within city limits, but large shares of the urbanization in the other three case study areas occurred in unincorporated areas. Of total 1985-89 residential development inside the Bend UGB, 34 percent was outside the city limits. Inside the Portland metro UGB, 30 percent was outside city limits, and inside the Brookings

9 Lane County has delegated development administration authority to the cities of Eugene and Springfield.

10 However, Marion County does not allow subdivisions within the Salem/Keizer UGB in the absence of annexation and extension of urban services, effectively yielding to the two cities authority over urbanization. Other, similar instances probably exist.

UGB, 22 percent was outside city limits. (Case Studies, Table 2-1).

22. **Fragmented authority impairs growth management in a variety of ways:**
- a. **As discussed above, it fosters small-scale, fragmented development.**
 - b. **Individual jurisdictions are discouraged from establishing appropriate standards and financing mechanisms necessary for efficient and equitable growth.** This is because development can gravitate toward those areas with the greatest amount of development subsidy, away from areas charging the full community cost of development. (Annexation Study, p. ix; Annexation Study Appendices, p. 151.)
 - c. **Development tends to occur where short-term costs to the developer are lowest rather than where it would best meet overall needs.** This is because standards can vary among jurisdictions for what facilities and services a development should provide and what it should pay for versus what should be provided by local government and paid for from general taxes. (Annexation Study Appendices, p. 149.)
 - d. **The level of coordination between the exercise of planning authority and the provision of public facilities and services is reduced.** Urban services in urban growth areas are delivered primarily through special districts and cities, mostly through special districts. Except for roads and police, counties do not usually assume responsibility for the provision of urban services. Coordination must thus occur *between*, rather than *within*, units of local government. In addition, in many instances coordination agreements between counties and special districts do not exist. (Annexation Study Appendices, p. 150.)
 - e. **Areas having growth capacity and designated to grow do not because no single jurisdiction has the fiscal capability, planning authority, economic incentive, and accountability necessary to overcome the obstacles holding growth back.** Areas of partial and incomplete development outside city limits are common in Oregon. Often they are under-provided with urban facilities and services, yet contain significant, but broken up, development capacity. Lack of the fiscal authority available to a city and such factors as inappropriate zoning districts or lack of urban renewal capability can interfere with the ability of a county to tackle such areas. At the same time, uncertain ability to collect taxes from such areas caused by barriers to annexation, and the potential for costs to exceed revenues even if annexation succeeds, discourage cities from addressing them. And neither a city nor a county can be held accountable because neither has principal responsibility. (Annexation Study

Appendices, p. 149.)

- f. **Issues of regional concern tend not to get framed or addressed because no single jurisdiction has region-wide responsibility.**
 - g. **The fragmentation creates economic incentives to perpetuate the fragmentation.** One incentive arises from the subsidy created by the mismatch between the revenue raising areas of counties and their service delivery areas. Some counties collect revenues countywide that support services provided only in unincorporated areas. A second incentive arises from the location of low tax, low service areas adjacent to high tax, high service areas. Without paying for them, residents of the former benefit from the parks, libraries, public safety, streets, and roads of the latter. Those benefited have reason to oppose changes which would remove the benefits. (Annexation Study Appendices, p. 150.)
23. **Most counties would prefer to get out of the growth management role and turn it over to cities.** Most counties would prefer to concentrate on rural land use issues. Clackamas County is an exception; the County has taken an official stance as an urban service provider. Washington County has tried to coordinate urban growth, but sees itself in an interim role. (Annexation Study, p. viii.)
24. **Most special districts see themselves as providers of a single public service.** Most agree that they are not the proper government to be the growth management leader, but want to be active participants in decisions affecting them and the territory and citizens they serve.
25. **As long-term service providers inside UGBs, special districts can be used to serve important functions. They can be used to:**
- a. **Serve areas which differ substantially in the cost of providing service, thereby providing economically efficient cost allocation.**¹¹
 - b. **Serve newly developed areas, thereby facilitating the allocation of costs between such areas and previously developed areas.**
 - c. **Serve territory which overlaps more than one city, thereby permitting regional or subregional service delivery when more cost-effective.**
26. **One reason for the fragmentation in growth management responsibility in Oregon is that annexations have been limited.** History has not borne out the premise of the Statewide Planning Goals and Guidelines that cities would annex lands inside UGBs and serve as principal providers of urban services. In practice, while a few cities have annexed large areas, most

¹¹ Oregon law requires uniform tax rates within a taxing district, preventing the cost of tax-supported services to be allocated proportionately to cost of service.

cities have annexed very little land, and large amounts of urbanization is occurring outside city limits. (Annexation Study, pp. 84-85.)

27. **A variety of factors account for the limited amount of city annexation that has occurred:**
 - a. **Statutory rights to a vote can be used to block annexations.** While there is no constitutional right to a vote on annexations, Oregon law accords rights to a vote under all annexation methods not initiated by at least one-half of all registered voters or electors in the area to be annexed. The only exceptions are cases of health hazards and "island" annexations. Such votes have stopped annexations even where the annexing city and affected special districts have signed written agreements governing the consequences of the annexation. (Annexations Study, pp. 76-82.)
 - b. **In some instances, cities face economic disincentives to annex.** In the case of partially developed areas, costs to upgrade urban services can exceed added property tax revenues. Many residents of such areas oppose annexation and accomplishing infill development poses much greater difficulties than developing undeveloped land. (Annexation Study, p. 74.)
 - c. **Many cities have adopted a passive or reactive posture toward annexations.** Some cities work actively to promote annexation by such means as canvassing targeted areas to "market" city services and the advantages of annexation. The absence of such a posture among other cities can be attributed to lack of resources, unwillingness to force annexation over the objections even of a minority of affected residents, and concern about the burdens annexation would place on the city. (Annexation Study, p. 73.)
 - d. **In the absence of prior agreements, special service districts sometimes oppose annexations because they threaten vital district interests.** These include ownership of capital facilities, tax base size, long-term financial viability, customer rate levels, quality of service, and employee job security and compensation. (Annexation Study, pp. 73-74.)
28. **Some areas have found ways to overcome growth management problems:**
 - a. **Some cities, counties, and special districts have created planning, financial, and operating agreements.** These agreements, which include "transition agreements,"¹² are intended to provide the necessary facilities and services to meet local needs.

12 Lane County has "transition agreements" with the cities of Eugene and Springfield. The agreements give the cities planning and zoning authority over urban development inside the UGB.

- b. **Some local governments have attempted to identify the costs of growth and implement development charges which are commensurate with or proportional to these costs.**
- c. **West Linn has conducted detailed urbanization planning for a large area (greater than 250 acres). The aim was to do in-depth facility planning and identify all the costs, revenues, and governmental jurisdictions necessary to supply a full range of urban services, including both capital investment and operation and maintenance. Washington County has made similar efforts.**
- d. **A few jurisdictions have established requirements that public services be adequate as a precondition of development approval.**

(Annexation Study, p. xii; Annexation Study Appendices, p. 151.)

Infill and Redevelopment

- 29. **Amounts of urban infill and redevelopment are insufficient. While Statewide Planning Goal 14 calls for "encouragement of development within urban areas before conversion of urbanizable areas," in Bend and Medford, only small percentages of single family residential development occurred in urban areas.¹³ (See Table 2, p. 35.) Most multiple family units built inside the Bend and Medford UGBs were in urban areas, but the number of units was far below single family units. (Case Studies, p. 23.)**

The Land Use/Transportation Connection

- 30. **The understanding of the relationship between land use and transportation has changed. Existing comprehensive plans were developed in the 1970s and early 1980s. They generally call for a continuation of conventional development patterns and assume continued principal reliance on the automobile for transportation.**
 - a. **Dramatic increases in trip generation rates have spotlighted conventional development patterns as a major contributor to declining urban livability.**
 - b. **A new model of urban development has emerged which can provide key benefits of conventional models, especially home ownership, privacy, and a private yard, but avoid their worst consequences. Community features the model seeks to provide are:**
 - **Neighborhood commercial uses located near transit stops and within walking distance of homes.**
 - **Integration of office uses to enhance market support for transit service.**

¹³ Areas with a high percentage urban development prior to the 1985-89 study period, indicating that development would be infill or redevelopment.

- Daycare and other services.
 - Public spaces to foster community identity and provide for outdoor recreation and amenity.
 - A mix of residential densities.
 - Street systems that shorten walking distances and reduce use of collector and arterial streets for intra-neighborhood auto trips.
 - Street designs supportive of walking.
 - Provision for bicycling.
- c. It has become widely accepted that transportation and land use planning should occur jointly. The earlier view assigned to transportation planning the role of meeting transportation needs established by a land use plan. The new view recognizes that land use patterns affect transportation demand and limit choices for meeting it, that land use planning needs to take these effects into account, and that transportation facilities affect land use.

31. A review of the transportation consequences of land use alternatives best occurs as part of the comprehensive planning process. In adopting administrative rules on transportation planning April 26, 1991, the Land Conservation and Development Commission stated:

In the course of this rulemaking effort the Commission has determined that avoiding the kinds of transportation problems that face rapidly growing urban areas in other states will require reconsideration of how urban growth will be accommodated. The reason is that the pattern of growth set out in existing land use plans has a major effect on the kind of transportation system that we need. The separation of residential, commercial, industrial and other uses requires that people drive virtually everywhere they need to go. This creates a need for a major road system which, in turn, encourages people to live, work and shop at increasingly spread out locations.

While the Commission is convinced that reconsideration of land use patterns in our urban areas is needed, it has decided not to adopt a statewide requirement for re-evaluation of land use at this time. The reason is that the Commission is now in the midst of a comprehensive evaluation of the state's urban growth management policies. Based on this evaluation, the Commission expects to make and recommend changes to the state's policies on how growth within urban areas should occur.

Tax Deferrals

Oregon, like most states, provides preferential property tax treatment for farm and forestland. Qualifying properties are assessed at farm-use or forest-use value, rather than at market value. Deferrals near urban areas can provide substantial tax savings.

32. **The amount of tax deferred property inside UGBs is substantial.** In many communities, tax-deferred property constitutes one-third to one-half of the supply of vacant land. However, typically, over one-half the tax-deferred property within a UGB lacks access to urban services and is not yet ready to be developed at urban densities. (Tax Deferral Study, p. iv.)
33. **Farm and forest tax deferrals inside UGBs support accomplishing the density objectives of comprehensive land use plans.** Research literature documents that, as urban areas grow over time, land values increase and the optimal intensity of use for a parcel also increases. For residential uses, this means higher densities. Because tax deferral allows an owner to wait while demand grows, in the long run it encourages a higher density development pattern. (Tax Deferral Study, p. v.)
34. **Once urban services and demand can support development at urban densities, however, continued tax deferral for farm or forest property can create growth management problems.** Tax deferrals may exacerbate shortages of land zoned for particular uses and confer monopoly power on land owners to command inflated prices. Moreover, the tax revenue forgone continues to climb, while other landowners shoulder the cost of public services. (Tax Deferral Study, p. v.)
35. **Withdrawal of tax deferral can cause landowners to develop their properties or sell it for development sooner than they would otherwise.** Property taxes which may be only \$10 per acre under deferral can jump to \$500 or more per acre if tax-deferred property is assessed at market value. (Tax Deferral Study, p. v.)
36. **Farm and forest tax deferrals inside UGBs result in a small, though not insignificant, shift in tax burden to non-deferred properties.** Based on several case studies, if deferrals did not exist inside UGBs, tax rates would be from one-half to three percent lower. Ballot Measure 5 will reduce the size of the shift. The shift is also offset by a charge that is collected when deferred properties are converted to nonfarm or nonforest uses. This "rollback" tax typically recoups about five years worth of taxes at full market value.

C. PROPOSALS

The proposals that follow are ideas for modifying the statewide planning program and how local governments handle planning and development. Each is intended to address causes the foregoing analysis identifies as contributing to the problems of sprawl development and incomplete communities Oregon is experiencing. They are intended as starting points for the formulation of specific actions. These can take the form of initiatives by local governments, demonstration projects, changes to administrative rules, amendments to the Statewide Planning Goals, and amendments to Oregon statutory law.

Centralization of Growth Management Authority

Reducing fragmentation in growth management authority is fundamental. It will yield direct benefits and simplify and expedite implementation of other proposals. As stated in conclusion 20, by growth management authority is meant authority for planning, zoning, subdivision approval, urban renewal, and the provision of urban service facilities.

1. **Each city and county should centralize authority for growth management inside the city's UGB.** How this is accomplished should be left to local choice based on what is most appropriate for local needs and circumstances. Growth management agreements would be altered to reflect the choice and establish terms and conditions. Alternatives should include:
 - a. **Designating a single jurisdiction as having lead authority.** Where a growth management agreement designates the *city* as having lead responsibility, the county would delegate to the city complete growth management authority, as defined above, inside the UGB. The agreement should specify county rights of notice, review, and consultation. Where an agreement designates a *county* as the lead jurisdiction for growth management, affected cities should have such rights. (Annexation Study, p. xix.)¹⁴
 - b. **Vesting lead growth management responsibility in a joint board or committee composed of elected city and county officials.** The board or committee would exercise full growth management authority within the UGB outside city limits, with advisory powers inside city limits on growth management matters. (Annexation Study, p. xx.) ORS Chapter 190 authorizes units of local government to execute intergovernmental agreements under which all the authority of each party can be exercised.
 - c. **Withholding approval of subdivisions and other forms of urban development in the absence of the extension of urban services**

¹⁴ Lane County has such agreements with the cities of Eugene and Springfield. Under it, Lane County adopts city zoning and subdivision ordinances, which the city then administers.

and city annexation. This has the effect of placing with a city exclusive jurisdiction over urbanization. This is the transition agreement approach, which Marion County and the cities of Salem and Keizer have taken.

- d. **Cross-acceptance.** By cross-acceptance is meant a process by which jurisdictions within an urban region systematically:
 - Review each other's planning actions for consistency with their own plans and objectives.
 - Work to harmonize their plans and policies.
 - When necessary to come to agreement, participate in mediation.
 - e. **A combination of the above approaches.** For example, in a single-county urban region with more than one city, the cities could enter into transition agreements with the county and rely on cross-acceptance between or among each other.
2. **The approach selected and the agreements implementing it should meet minimum standards. The standards should include:**
- a. **The lead jurisdiction or joint board should have available to it sufficient growth management authority and capacity.** This would include: a zoning code with districts corresponding to the urban land use designations in the applicable comprehensive plan; a subdivision ordinance which can apply the subdivision standards contained in the comprehensive plan; an urban renewal authority and capability equivalent to the UGB's city; and an authority to enter into cooperative agreements with special districts. (Annexation Study, p. xx.)
 - b. **Every area of partial and incomplete development should have a lead jurisdiction (or joint board) with clear principal responsibility for infilling it and all jurisdictions should have an obligation to cooperate with the lead jurisdiction.**
 - c. **Where lead authority is not vested in a single jurisdiction or joint board, every "planning action" of region-wide significance should be subject to cross-acceptance.** "Planning actions" would include plan amendments, development approvals, use of urban renewal powers, and urban service extensions.
 - d. **The approach should provide a means to establish urban service design standards. See below.**
3. **Where a single UGB contains more than one city, it should be able to designate as many lead jurisdictions as there are cities. For example, the**

Eugene-Springfield urban region should have the option to either designate a single lead jurisdiction for the entire region or designate lead jurisdictions for subregions. (Annexation Study, p. xx.)

4. **In the Portland area, lead jurisdictions should be designated for subregions, with Metro retaining its *regional* growth management role.** As used in this report, growth management authority refers to the exercise of planning, zoning, urban renewal, and service extension powers. Growth management authority would be centralized for subregions. Subregions could follow county boundaries, correspond to areas of influence of component cities, combine both approaches, or follow some other approach. Metro would continue in its present regional planning and coordination role, including its responsibilities for urban growth boundary administration, establishment of urban growth goals and objectives, and functional planning.
5. **Urban regions should adopt urban service design standards applicable throughout the UGB.** The purpose would be to reduce inconsistent urban service levels inside UGBs, service gaps, uncoordinated urban service extensions, incentives to develop where standards are lowest, and disincentives to establish adequate standards experienced by jurisdictions concerned to remain "development competitive." To preserve choice, the standards would be minimums; developers would remain free to exceed them. The standards should address streets and other transportation facilities, sidewalks and other subdivision features, sewage collection and treatment, storm drainage, parks, and school facilities. If necessary, LCDC should make regional minimum urban service standards obligatory. Where more than one city and urban growth boundary comprise a single housing market, the standards should be adopted by all the component jurisdictions. (Annexation Study, p. xvi.)

Focused Growth Plans and Adequate Public Facilities Requirements for Fast-Growing Urban Regions

Centralizing growth management authority will not be enough. It is also necessary to counteract the fragmentation of development, its tendency to occur in areas of low urban service levels, and the resulting sprawl development patterns and dilution and underprovision of infrastructure investments.

6. **Fast-growing urban regions should develop "focused growth plans" for meeting near-term urbanization needs and adopt adequate public facilities requirements.**
 - a. **Focused growth plans would draw from public facility plans, but contain additional features.** They should include:
 - i. Designation of the area or areas within the UGB to be used to meet growth needs for a minimum of five years up to a maximum of ten years.

- ii. Maps showing the specific facilities (e.g., sanitary and storm sewer mains, water mains, collector streets, parks, elementary schools) that will serve a sufficient amount of the designated urban growth area(s) to meet projected needs for at least five years.
 - iii. A strategy and schedule for constructing plan facilities in a coordinated manner that sequentially adds fully served land to the region's supply of land for urban development.
 - iv. For each facility, a designation of the unit of local government (city, county, or special service district) that is responsible for providing it and the financing strategy the unit of government intends to use. The strategy should link the estimated facility cost with an identified revenue source and financing mechanism.
 - v. Cooperative agreements among the units of local government involved specifying 1) the responsibilities of each unit for the construction, management, and administration of planned urban service facilities; and, 2) the terms and conditions for transitions in the ownership, management, and administration of urban service facilities in the designated urban growth area over at least five years.
- b. **The strict adequate public facilities requirement should be applicable throughout the UGB.** It should withhold development approval absent full urban service facilities with design capacities sufficient to meet build-out demand. Its role would be to strictly limit development outside the focused growth area(s) (i.e., the areas the focused growth plan designates for near-term development) and prevent premature development inside the focused growth area(s).

The full urban service facilities requirement should be defined in a way that assures adequate police and fire protection and water, sewer, storm drainage, and collector street capacity at the time of occupancy. Park and school availability, arterial street capacity, and, where applicable, public transit service, should be required within no more than three years of occupancy.¹⁵

(Annexation Study, p. xx.)

¹⁵ Washington County has an adequate public facilities requirement which is similar in concept to the one proposed here.

Rationale. Focused growth plans are intended to address several serious shortcomings of present growth management in Oregon:

- i. **Jurisdictional fragmentation.** At present, annexation proposals can be extremely threatening to affected special service districts in a manner that can make opposition to annexation the most effective method of protecting a district's legitimate interests. This obscures opportunities for arrangements which can benefit both the district and annexing city, and annexation is an unsatisfactory vehicle for constructive issue resolution. The cooperative agreement feature is intended to resolve these issues and identify opportunities *in advance of* when annexation is proposed.
- ii. **Density shortfalls.** Densities are falling short of plan densities in part because development is occurring without full urban services. By diverting development from under-served locations with artificially low land prices to locations with full urban service facilities, the proposal would raise profit-maximizing densities and, therefore, actual densities.
- iii. **Diffused infrastructure investments.** At present, infrastructure programming attempts to optimize responding to demand generated by past development and responding to current development needs. Developers, moreover, are attracted to locations where urban services are at the minimum levels which still permit development approval and successful marketing, because such locations often offer high profit margins. The diffusion undercuts the ability of local government to finance infrastructure investments. Focused growth plans would help focus investment and the development which raises the revenues to meet financing obligations.
- iv. **Underprovision of needed facilities.** Development projects now tend to be too small to provide community-scale facilities. Focused growth plans would provide an alternative means of securing the construction of such facilities.
- v. **Collateral benefits of focused growth plans include:**
 - By being more explicit about where its development will occur, a community will more readily see the issues which growth frames for it, like how much park land it wants and where parks should be located.
 - They will help achieve street networks that promote transit and bicycle use and walking.
 - By fostering more specific neighborhood planning,

focused growth plans will ease the siting of multiple family housing. When a household occupies a single family home located near a site already designated for apartments, it is less likely to object when the time comes to build the apartments, and less likely to succeed if it does object.

- By more specifically identifying planned public facilities, focused growth plans will strengthen a developer's ability to ensure that system development charges are used for facilities that benefit the developer's project.
- By reducing the amount of development which occurs outside focused growth areas, focused growth plans will extend the time agricultural operations inside urban growth boundaries can continue before being constrained by urbanization.

7. **Focused growth plans should be updated as often as is necessary to maintain in focused growth areas no less than a five-year supply of vacant land with full urban service facilities available to it.** The definition of full urban service facilities available should be the same as in proposal 6.
8. **Focused growth plans should assign roles to special districts in a manner which takes advantage of their attributes.** While the long-term role of special districts should be left to local discretion and the negotiation of cooperative agreements, focused growth plans should assign long-term service delivery roles in a manner that maximizes:
 - a. Economic efficiency, i.e., allocating charges among urban service consumers in a manner that reflects differences in the cost of providing services to them.
 - b. Tax equity, i.e., matching the beneficiaries of the services supported by a tax with the payers of the tax.
 - c. The equitable allocation of costs between new development and prior development.
 - d. Economies of scale.
 - e. Consumer access, i.e., the ability of urban service consumers to easily identify, contact, and hold accountable service providers.

(Annexation Study, p. xvii.)

9. **If necessary, LCDC should require focused growth plans in fast-growing urban regions.** Focused growth plans should be optional elsewhere. (Annexation Study, p. xvi.)

"Cooperative Microplanning"

Focused growth plans would not completely address the problems of fragmented development.

10. **As an additional means of improving growth management and fostering community livability, Oregon should explore an alternative approach to development.** Under this approach, a partnership of local government, developers, and area residents would substitute for the large development company which, in other parts of the U.S., creates integrated, community scale, mixed-use development projects. The approach could be used for in-fill or redevelopment, as well as new development. It could be used to develop tracts of several hundred acres or adapted to small areas, such as for redevelopment along a collector street in a single neighborhood.
- a. Elements of this approach would include:
 - i. **Formulation and adoption of a detailed development plan.** The plan would be as detailed as if prepared for an individual developer, specifying land uses, street designs, landscaping, and residential design standards.
 - ii. **Provision for all facilities.** If small in scale, the plan would provide for all neighborhood-scale facilities, such as playgrounds. If larger in scale, it would provide for all neighborhood and community-scale facilities, such as parks, daycare facilities, and school sites.
 - iii. **Specification of type and location of housing and other uses in detail.** It would leave only architectural design undecided, but subject to standards, such as for setbacks from the street.
 - iv. **Specification at a level of detail which permits issuance of development approvals *without* discretionary land use actions.**
 - v. **Preparation using a process which provides for full expression of community preferences and opportunity for developer input on consumer tastes and preferences.**
 - b. Other features of the concept are:
 - i. **Design costs could be financed.** This would be done in the same manner as infrastructure, such as sewer and water lines. Revenues would come from system development char-

ges and assessments. In the case of infill, it could also come from urban renewal funds.

- ii. **The affected area would be rezoned.** Zone regulations would permit development consistent with the plan, subject to discretionary review. Alternatively, they would permit development which conforms with the plan as of right, i.e., not subject to discretionary review.
- iii. **Affected land would remain in private ownership.** Most development proposals would likely conform to the plan to take advantage of the reduced time, cost, and risk of approval as of right compared with discretionary review. Other proposals would have to be found consistent with the plan.
- iv. **As a first step, a pilot project of the approach would be used to test its feasibility.** This would be done with an interested community, developers, and service providers.

c. The concept offers a means to:

- i. Achieve communities which are fully equipped with facilities and have integrated designs.
- ii. Better integrate transit planning into community planning.
- iii. Increase the density of development by designing it into plans that avoid its problems and make it desirable.
- iv. Site high density housing and other community uses, such as recreational facilities, which often encounter opposition.
- v. Encourage and secure the full benefits of mixed use development.
- vi. Carry out transit-oriented community designs in metropolitan areas and pedestrian-oriented designs which reduce auto use and dependency at all locations, including medium and small communities.

Strengthening Coordination with Special Districts

A key feature of focused growth plans is use of cooperative agreements to address special district issues. This is also important where focused growth plans are not used.

- 11. **LCDC should encourage greater coordination with special districts.** Focused growth plans will cause this to occur in areas that adopt them; additional steps are needed for other areas. The commission should review and, if necessary, amend Statewide Planning Goals 2, 11, 12, and 14 and associated administrative rules to:

- a. Require compliance with the requirement of ORS 197.185 that

special districts enter into cooperative agreements with counties to ensure compliance with city and county comprehensive plans. Cooperative agreements should define the role the special districts will play in the provision of urban services; specify their responsibilities for the construction, management, and administration of planned urban service facilities; and state the terms and conditions for transitions in the ownership, management, and administration of urban service facilities. (Annexation Study, p. xviii.)

- b. Encourage or require cities and counties to actively involve special service districts in comprehensive planning, including periodic review, public facility plan (PFP) updates, and plan amendments. (Annexation Study, p. xviii.)
 - c. As part of the PFP process, require that all district boundaries be mapped relative to city limits and UGBs, including those that may be outside, but abut, the UGB.
 - d. As with urban regions which adopt focused growth plans, establish a strict adequate public facilities requirement applicable throughout the UGB. The requirement should withhold development approval absent full urban service facilities with design capacities sufficient to meet build-out demand.¹⁶
12. **Cooperative agreements should decide the long-term roles of special service districts inside UGBs.** Where a cooperative agreement, whether or not part of a focused growth plan, identifies a special district as having a long-term or permanent role in the provision of services, it should clearly identify when and where the district will provide services: a) under contract to the city and on the city's behalf, or, b) directly to consumers. (Annexation Study, p. xvii.)
13. **Cooperative agreements should provide for the continuation of pre-existing special district services to areas outside areas to be urbanized.** If a cooperative agreement calls for reductions in a special service district's territory, it should address how the remaining portion of the district is to receive services in an affordable manner (e.g., through merger with another district or through receipt of contract services from the annexing city or another district). This is particularly relevant where a district's boundaries straddle a UGB. Annexation of the urbanizable portion of the district may leave an uneconomic remnant of the district to serve remaining land and customers. (Annexation Study, p. xvii.)
14. **Cooperative agreements should protect special district solvency and commitments.** When a cooperative agreement provides for the elimination of a special district, consolidations, or reductions in size, it should address

16 See proposal 6 for the definition of "full urban services."

the district's capital debt and short and long-term finances; rates; employee compensation, benefits, and job security; and quality of service. (Annexation Study, p. xvii.)

Redevelopment and Infill

Growth management objectives cannot be met through new development alone. Statewide Planning Goal 14 calls for "encouragement of development within urban areas before conversion of urbanizable areas."

15. **Urban regions should be required to meet minimum ratios of residential units built in urbanized areas to residential units in urbanizable areas.** The many obstacles to infill development and redevelopment necessitate strong incentives supporting it. Urban regions should retain discretion to devise approaches to meeting the ratios. LCDC should provide assistance in devising infill strategies, such as methods for recruiting building industry participation.
16. **UGB expansion should be conditioned on accomplishing minimum quantities of infill development as a proportion of all development inside a UGB.** Urban regions should retain discretion to allocate infill responsibilities when there is more than one jurisdiction, and to devise infill approaches. LCDC should provide allocation standards or guidelines. (Case Studies, p. 20.)

Other Methods to Improve Growth Management

The following proposals should apply inside all UGBs.

17. **Zoning codes should specify minimum zoning densities as well as maximum densities and prohibit residential development in nonresidential zones except in the case of mixed-use developments.** Zoning regulations normally specify only a maximum density or, in the case of single family residential districts, a minimum lot size. They also often permit residential development in commercial and industrial zones and single family development in multi family zones. (Case Studies, p. 22.)
18. **Interim development should be tightly restricted.** Because development in advance of urbanization may be inconsistent with appropriate land use when urbanization occurs and will constrain the configuration of urban development, interim development should be avoided. In advance of urban service extension, minimum lot sizes should be at least ten acres. Larger minimums (e.g., 20 acres) to preserve large parcels for ultimate urbanization are desirable. If exceptions are made, redevelopment plans should be required. (Case Studies, pp. 22-25.)
19. **Partitioning should be strictly limited.** Single-family residential land divisions inside UGBs should be by subdivision. This provides a greater degree of planning and permits applying the public improvement standards contained in subdivision ordinances. "Serial partitions," i.e., annual land

divisions that avoid the subdivision regulations, should be prohibited. Partitions should not be allowed for single-family development. (Case Studies, p. 25.)

Annexation Methods

As discussed in conclusions 26 through 27, obstacles to annexation contribute to the fragmentation of authority for growth management.

20. **The Legislative Assembly should authorize a new method to annex territory covered by focused growth plans which allows annexations linked to the extension of urban services.** Under this method, a city, in conjunction with the special service districts serving the focused growth area, would formulate an annexation plan and put it to a vote of the residents of the city and of the areas to be annexed. If approved, annexations could occur in phases linked to the extension of urban services without additional votes.

Annexation plan contents should include:

- a. Annexation phases coordinated with the extension of urban services as contained in the focused growth plan.
- b. Standards of urban service availability required as a precondition of annexation.
- c. The planned timing of urban service facility extensions.
- d. The plan's effects on existing urban service providers.
- e. The long-term benefits to the areas annexed and to the city.

(Annexation Study, p. xx.)

21. **In addition to a city, an annexation plan should grant annexation authority to special service districts which the applicable focused growth plan designates as having long-term service delivery roles.** (Annexation Study, p. xxi.)
22. **In boundary commission areas (the Portland metro area and Eugene/Springfield area), voter approval of an annexation plan should trigger streamlined annexation procedures, such as waiver of a boundary commission public hearing for annexations consistent with the plan.** (Annexation Study, p. xxi.)
23. **The state should retain all current annexation methods.** These methods would be used in areas not covered by focused growth plans and in areas covered by a focused growth plan where an annexation plan has not been approved. The existence of these methods would help prevent voter rejection of an annexation plan from serving as an anti-growth referendum. (Annexation Study, p. xxi.)

Land Use and Transportation Planning

Not all opportunities to reduce sprawl development patterns lie in how comprehensive plans are implemented. Some are in the plans, themselves.

24. **Each city in Oregon should undertake a systematic review of its comprehensive plan and implementing ordinances in light of recent changes in the understanding of the relationship between land use and transportation. The review should examine:**
- a. The development patterns they embody.
 - b. The levels of transportation demand these models cause, the transportation facilities needed to meet the demand, and the cost of the facilities.
 - c. Alternative development models and associated transportation demand, facility needs, and facility costs.
 - d. How the alternatives compare in terms of transportation planning rule requirements, including a) that transportation plans reduce principal reliance on the automobile; b) that transportation plans in MPO areas limit vehicle miles of travel; and, c) that MPO areas reduce per capita parking spaces.¹⁷
 - e. How the alternatives compare in terms of energy consumption, environmental quality, land consumption, access to open space, infrastructure costs, and housing affordability.
25. **Elements of a comprehensive plan and implementing ordinances this review should consider include:**
- a. Plan densities.
 - b. Policies on mixed use development.
 - c. Policies and zoning regulations affecting alternatives to the private automobile for travel, including walking, bicycling, carpooling, and public transit.

¹⁷ OAR 660-12-035(3)(e) addresses reliance on the automobile. OAR660-12-035(4) requires MPO plans to achieve no increase in per capita vehicle miles of travel within 10 years of plan adoption, a ten percent reduction within 20 years, and a 20 percent reduction within 30 years. OAR660-12-045(5)(c) requires MPO areas to implement a parking plan which reduces per capita parking spaces by ten percent over the planning period. An MPO is a metropolitan planning organization; Oregon MPO areas are Eugene-Springfield, Medford, Portland, and Salem.

Property Tax Deferrals

Modifying the statewide planning program and how local governments manage growth hold the greatest potential for curbing sprawl inside Oregon's UGBs. But tax policy should work in concert with, not against, sound growth management.

26. **Oregon should retain farm and forest property tax deferrals inside UGBs.** Wholesale elimination would contribute to premature, low-density development, needlessly disrupt farming operations, and consume open space unnecessarily. (Tax Deferral Study, p. viii.)
27. **Property should become ineligible for tax deferrals when urban services become available to it.** Standards for urban service availability should be established to avoid premature development but also to avoid use of deferrals to reduce the cost of holding land that is appropriate for urbanization. Owners would be free to continue withholding land from development, but without a tax subsidy. (Tax Deferral Study, p. viii.)
28. **Where tax deferrals are withdrawn, owners should be able to accrue annual tax obligations until the property is sold or developed.** Otherwise withdrawal would cause unnecessary dislocation and financial hardship for landowners who lack access to capital to pay taxes. Liability for rollback taxes (i.e., taxes for earlier years) should be canceled, as is done generally when the government rather than the landowner initiates termination of a tax deferral. (Tax Deferral Study, p. viii.)
29. **A ten-acre minimum lot size should be imposed on new deferrals inside UGBs.** The purpose is to preserve the land's productivity for resource use and to discourage partitioning into lot sizes which constrain later urbanization. (Tax Deferral Study, p. viii.)

SECTION III
DEVELOPMENT OUTSIDE URBAN GROWTH BOUNDARIES
AND URBAN GROWTH BOUNDARY EXPANSION

A. ISSUES

There are four, interrelated issues:

1. The constraints on UGB expansion caused by development in the urban fringe.¹⁸
2. The desirability of UGB expansion into exception areas and secondary lands before commercial farm and forest resource lands.
3. The benefits of including inside UGBs fringe exception areas developed at "quasi-urban" densities, i.e., densities of one to two dwelling units per acre.
4. The interrelationships between an urban region's exurban development and development inside its UGB.¹⁹

B. CONCLUSIONS

Constraints on UGB Expansion

1. **Development occurring in UGB fringe areas will seriously confine options for UGB expansion.** Recent residential development in the urban fringe has resulted in a ring of low-density residential development around much or all of the UGB in each of the four case study areas. This development, in combination with preexisting development, will severely constrain UGB expansion. This is so even though only five to 15 percent of new 1985-89 case study area residential units and partitions were located in urban fringe areas. In Medford, for example, 49 dwelling units and 36 parcels were approved from 1985 through 1989 in the urban fringe. Twenty-two of these dwellings and 23 parcels were approved on resource lands adjacent to the UGB. In 1990, when the City of Medford expanded its UGB, owners of acreage homesites effectively blocked expansion into their "neighborhoods." (Case Studies, pp. 13, 19.)
2. **By confining options for UGB expansion, development in fringe areas will force UGB expansion into lands zoned for commercial agriculture which otherwise could be avoided.**
3. **Case study area fringe development occurred in both exception areas and on lands zoned for commercial resource uses.** In Bend, 66 percent

18 Areas outside of but close to UGBs (in the case studies, generally within one to two miles of a UGB).

19 By "exurban" is meant the portion of an urban region outside its urban growth boundary. See page 3.

occurred in exception areas, 34 percent on commercial resource lands; in Brookings, 62 percent in exception areas, 38 percent on commercial resource lands; and in Medford, 55 percent in exception areas, 45 percent on commercial resource lands. (Table 2.) (A breakdown for the Portland area is not available.)

4. **Development in UGB fringe areas is not limited to lots that predated the statewide planning program.** The study period saw many new subdivision lots created in the Bend, Medford, and Portland urban fringes. (Table 3.) In Bend, about 17 percent of all lots created through subdivision were outside the UGB. In Medford, partitions accounted for more new lots outside the UGB than subdivisions. Partitions may represent a significant share of the new exurban lots created in the other case study areas, as well. (Case Studies, p. 11.)
5. **Ten-acre minimum lot size zoning reduced the amount of development outside the Brookings UGB.** Under a settlement agreement growing out of the Supreme Court's 1986 Curry County decision, in 1989 the County rezoned areas immediately surrounding the UGB to require 10-acre minimum lot sizes. The amount of fringe development dropped substantially. Nearly all the single family dwellings Curry County approved in the Brookings urban fringe during the study period before then (starting in 1985) had been on lots of less than five acres. Had ten-acre zoning been in place earlier, the number of study period single family residences built in the Brookings fringe would have been much smaller. (Case Studies, p. 13; Brookings Case Study, p. A-4.)
6. **The statewide planning program now contains no requirement that urban areas plan for UGB expansion needs beyond 20 years.** As a result, there is no explicit, recognized policy to regulate development in areas that might be needed for long-term UGB expansion in a manner which preserves the ability to develop them at urban densities.

Partially Developed Exception Areas

7. **Some exception areas adjacent to or near UGBs are already so developed that development at urban densities will be difficult regardless of present or future zoning.** Such areas are developed at quasi-urban densities of from one to two dwelling units per acre. Allowing these areas to in-fill at similar densities may be appropriate. Pending LCDC rulemaking, however, the Curry County decision has created uncertainty about the legality of approving new houses and parcels in partially developed rural residential exception areas, especially at densities of one to 2.5 dwelling units per acre. (Case Studies, p. 13.)

TABLE 2
TOTAL RESIDENTIAL DEVELOPMENT, CASE STUDY AREAS, 1985-89
Number of Units

Location	Number of Units in Study Areas (SA)			
	Portland SA	Medford SA	Bend SA	Brookings SA
Inside UGBs	41,104	1,694	2,023	443
Inside Primary UGB	40,879	804	1,822	443
Urban Area	25,637	341	474	N/A
Urbanizable Area	15,242	463	1,348	N/A
Other UGBs	225	890	201	0
Outside UGBs	2,051	529	2,705	256
Urban Fringe	713	49	192	109
Exception Areas	N/A	27	127	68
Resources Areas	N/A	22	65	5
Rest of Exurban Area	1,338	480	2,513	147
Exception Areas	N/A	284	2,074	141
Resources Areas	N/A	196	439	6
Study Area Totals	43,155	2,223	4,728	699

Percent of Total Units by Jurisdiction

Location	Percent of Units in Study Areas (SA)			
	Portland SA	Medford SA	Bend SA	Brookings SA
Inside UGBs	95.2	76.3	42.8	63.4
Inside Primary UGB	94.7	36.2	38.5	63.4
Urban Area	59.1	15.3	10.5	N/A
Urbanizable Area	35.0	20.8	28.5	N/A
Other UGBs	0.5	40.0	4.3	0.0
Outside UGBs	4.8	23.8	57.2	36.6
Urban Fringe	1.7	2.2	4.1	15.6
Exception Areas	N/A	1.2	2.7	9.7
Resources Areas	N/A	1.0	1.4	0.7
Rest of Exurban Area	3.1	21.6	53.2	21.0
Exception Areas	N/A	12.8	43.9	20.2
Resources Areas	N/A	8.8	9.3	0.9
Study Area Totals	100	100	100	100

Source: ECO Northwest for the Department of Land Conservation and Development, Urban Growth Management Case Studies, January 1991, Table 2-1.

TABLE 3
APPROVED SUBDIVISION LOTS, CASE STUDY AREAS, 1985-89
Number of Lots

Location	Number of Lots in Study Areas (SA)			
	Portland SA	Medford SA	Bend SA	Brookings SA
Inside UGBs	14,272	1,267	1,476	295
Inside Primary UGB	14,079	1,267	1,476	295
Urban Area	9,707	193	762	N/A
Urbanizable Area	4,372	1,074	714	N/A
City(s)	9,455	1,267	N/A	251
Unincorporated	4,624	0	N/A	44
Other UGBs	193	N/A	N/A	N/A
Outside UGBs	175	51	299	4
Urban Fringe	151	44	75	0
Exception Areas	N/A	44	75	0
Resources Areas	N/A	0	0	0
Rest of Exurban Area	24	7	224	4
Exception Areas	N/A	7	191	4
Resources Areas	N/A	0	33	0
Study Area Total	14,447	1,318	1,775	299

Percent of Lots by Jurisdiction

Location	Percent of Lots in Study Areas (SA)			
	Portland SA	Medford SA	Bend SA	Brookings SA
Inside UGBs	98.9	96.1	83.2	98.7
Inside Primary UGB	97.6	96.1	83.2	98.7
Urban Area	66.7	14.6	42.9	N/A
Urbanizable Area	29.7	81.4	40.2	N/A
City(s)	64.6	100.0	N/A	83.9
Unincorporated	31.7	0.0	N/A	14.7
Other UGBs	1.3	N/A	N/A	N/A
Outside UGBs	1.2	3.9	16.8	1.3
Urban Fringe	1.0	3.3	4.2	0.0
Exception Areas	N/A	3.3	4.2	0.0
Resources Areas	N/A	0.0	0.0	0.0
Rest of Exurban Area	0.2	0.5	12.6	1.3
Exception Areas	N/A	0.5	10.8	1.3
Resources Areas	N/A	0.0	1.9	0.0
Study Area Totals	100	100	100	100

Source: ECO Northwest for the Department of Land Conservation and Development, Urban Growth Management Case Studies, January 1991, Table 2-4.

Residential Development Outside UGBs and its Interrelationship with Development Inside UGBs

The statewide planning goals recognize "acreage homesites" as a legitimate use of lands contained in exception areas. Some housing consumers prefer rural locations. As with any type of development, however, excess amounts of rural residential development can have harmful consequences.

- 8. Large portions of the development in Oregon's fast-growing urban regions are occurring outside their UGBs.** In the Bend area, 57 percent of total 1985-89 residential growth occurred outside Bend's UGB; in Brookings, 37 percent; and in Medford, 24 percent. (Table 2; Case Studies, pp. 7, 11.) In the Portland area, only five percent of total 1985-89 residential growth occurred outside UGBs. However, reflecting the large amount of exception lands near the Clackamas County portion of the Portland metro area UGB, about 20 percent of its single-family development occurred outside UGBs, while in Multnomah and Washington Counties only about four percent occurred outside UGBs. (Portland Case Study, p. 7.)
- 9. Most case study exurban development occurred in exception areas.** Statewide, large amounts of residential development is occurring on lands zoned for commercial farm and forest uses. However, most case study exurban development occurred in exception areas. In both the Bend and Brookings areas, 81 percent of 1985-89 exurban residential development was in exception areas. In the Medford area, 59 percent was in exception areas. (Table 2.)
- 10. Significant amounts of exurban development are occurring on commercial resource lands.** In the Medford area, 41 percent of 1985-89 exurban residential development was on resource lands, and, in both the Medford area and the Bend area, resource lands accounted for about ten percent of total 1985-89 residential development. (Table 2.)
- 11. The large amount of exurban development results from economic trends and governmental policies.** Although conditions vary from place to place, these trends and policies include the decentralization of employment; increasing real incomes; lower land costs and taxes outside urban areas; lack of urban service capacity inside UGBs; improved access provided by intercity highways; the large number of exception areas approved at the time of comprehensive plan acknowledgment; and policies on rural residential development which are restrictive in some locations and less restrictive in others. Because of these factors, in some cases, with only modest increases in travel time, households with a preference for rural settings can find rural locations at lower cost than equivalent urban alternatives. (Case Studies, p. 15.)

tion, especially from wood stove and motor vehicle emissions, and the costs it exacts on health and livability.

14. **In some areas, the capacity remains for large amounts of additional exurban development in exception areas.** There is capacity for about 11,000 additional dwelling units on exception lands in the Portland area and for about 12,000 units in the Bend area. At recent growth rates, the Bend capacity is so large it could absorb all single-family development there for the next 14 years. (Case Studies, p. 11.)

C. PROPOSALS

As with the proposals in section II, those that follow are ideas for modifying the statewide planning program. They are intended as starting points for the formulation of specific actions in the form of changes to administrative rules, amendments to the Statewide Planning Goals, and amendments to Oregon statutory law.

Urban Reserves

The first proposal addresses constraints on UGB expansion.

1. **To preserve UGB fringe lands for possible UGB expansion, communities in Oregon should establish urban reserves outside UGBs.** "Urban reserve" means land officially identified for future UGB expansion. Development on land within an urban reserve would be restricted so that the land would be available for future UGB expansion. Because major public facilities are typically designed to accommodate growth for 50 years, urban reserves also would permit planning for infrastructure construction beyond the 20-year period on which UGBs are based. (Case Studies, p. 19; Senate Bill 91, 66th Legislative Assembly.)
2. **Within urban reserves, nonfarm and nonforest dwellings should be prohibited on lands planned and zoned for exclusive farm or forest use and a floor minimum lot size of 20 acres or larger should be established for sparsely developed portions of urban fringe exception areas with long-term potential for urban levels of development.** Where development, such as farm-related structures, is permitted, its placement should be located to avoid conflict with identifiable long-term public facility projects, such as extensions of major arterials. If the configuration of future urban development can be foreseen, plats for future redevelopment (sometimes called "shadow plats") should be recorded and property improvements required to be compatible with the plats.
3. **UGB expansion criteria should link expansion to standards for the amount and density of development and redevelopment inside UGBs.** Urban reserves will undermine the statewide planning program's resource land protection objectives and contribute to the problem of low densities described in section II of this report if they result in accelerated UGB expansion. To avoid this and ensure that reserves preserve land for future

12. **Among the harmful effects of excess amounts of exurban development are:**
- a. **Exacerbation of the already impaired ability of urban service providers inside a UGB to finance the urban infrastructure needed to accommodate growth.** Lack of adequate financial tools is the most serious impediment to meeting urban service needs inside UGBs. Meeting these needs is further impaired by the uncertainty of forecasting revenue streams to support a new sewer or water line, for example, when new households may locate not only anywhere within a UGB but also outside it.
 - b. **Constraints on UGB expansion. See above.**
 - c. **Expanding conflicts between farm and urban activities and the loss of open space and natural beauty around urban areas.**
 - d. **Higher costs of delivering school, police and fire protection, and other services.**
 - e. **Higher costs of community water systems.**
 - f. **Reduced serviceability by public transportation, greater auto dependency, and higher traffic burdens on suburban and urban street systems.**
13. **Other interrelationships exist between areas inside and outside a UGB:**
- a. **They operate as a single housing market.** An urban region's housing consumers choose between areas inside and outside the UGB. A study of Portland area exurbanites shows they are socioeconomically similar to suburbanites.²⁰
 - b. **Because they operate as a single housing market, housing choices outside UGBs affect the need and demand for housing choices inside, and vice versa.**
 - c. **They operate as a single labor market.** Many exurbanites work at locations inside UGBs. Where new jobs are located inside a UGB can affect the location of demand for exurban home sites.
 - d. **They operate as a single market for consumer goods and services.**
 - e. **They operate as a single "market" for recreation.** Exurbanites patronize urban and suburban recreational facilities and urbanites and suburbanites visit exurban areas for outdoor recreation, such as fishing, swimming, and bicycling.
 - f. **They operate as a single air shed.** An urban region's urban, suburban, and exurban residents share responsibility for its air pollu-

20 Judy S. Davis, "A Case Study of the Portland, Oregon, Region," 1990.

