



August 22nd, 2024

Marissa Madrigal, COO
Metro
600 NE Grand Ave.
Portland, OR 97232

Cc:
President Lynn Peterson
Councilor Ashton Simpson
Councilor Christine Lewis
Councilor Duncan Hwang
Councilor Gerritt Rosenthal
Councilor Juan Carlos Gonzalez
Councilor Mary Nolan

RE: Metro's 2024 Urban Growth Report and Sherwood's Urban Growth Boundary Expansion Request

Dear Ms. Madrigal,

My name is Preston Korst and I'm the Director of Government Affairs at the Home Building Association of Greater Portland. HBA is dedicated to maximizing housing choice for all who reside in our region by shaping an environment in which industry professionals can meet the diverse needs of all communities.

I'd like to start off by personally thanking you and the rest of Metro's planning staff, including Katherine Ciarlo, Eryn Kehe, Ted Reid, Malu Wilkinson (and many more) for hosting and facilitating the Urban Growth Report Stakeholder Roundtable. This broad and diverse group of interested parties met for two hours monthly for nearly a year to discuss and debate the central tenants of the Urban Growth Report (UGR) and the impacts it will have on our region. As HBA's representative in that group, I can say that it provided much needed dialogue and reflection space for us to discuss how we as a region wish to grow. Your willingness to provide that opportunity is greatly appreciated.

In this letter, we hope to outline our industry's perspective on the 2024 Draft UGR and to provide our unequivocal support for the City of Sherwood's Urban Growth Boundary (UGB) expansion request.

For housing affordability and the overall health of our economy, HBA and many others in the housing industry urge your COO Recommendation and Metro Council to take a high-growth position when evaluating our region's land supply and housing needs in this UGR and move to approve Sherwood's UGB request without conditions.

Consider for a moment the exorbitant costs to purchase a home in our region. According to Zillow, the median home sale price in June was \$521,133 (Multnomah County), \$579,979 (Washington County), and

\$631,000 (Clackamas County). Staggering as these figures are, they come as no surprise given that Oregon is staring down a [housing deficit of 140,000 units](#). And if our goal is to advance economic justice and racial equity, then we must reverse these trends in a way that builds wealth and increases homeownership opportunities for more families who've traditionally been locked out of the homebuying market. In other words, WE ARE IN A HOUSING CRISIS.

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UGR Question #1: Which population and growth projections should Council make?

With the UGR, we believe that the focal and starting point rests primarily on the population and growth scenarios presented in the report. While the draft contains a lot to applaud—including acknowledgements of an existing regional housing shortage, changing housing choices due to the pandemic, and the creation of newly allowed middle housing options—it still includes elements that are concerning for our industry.

For one, the report concludes that regional population growth is slowing because birthrates are dropping (which of course is an established national trend). This means that in-migrating residents will be the primary driver of our population growth, as it has been in recent years. This analysis makes sense. However, the report erroneously assumes that, “Slowing population growth also means slower job growth.” We respectfully disagree.

Though we concur that we can't necessarily change what the data tells us, we *can* choose policies that will bend the precision of that data towards a stronger economic future. In other words, if we use this growth report to prepare for strong economic and housing growth, we believe that in-migration will adapt towards a higher-opportunity future—if you build it, they will come. On the flipside, if we plan for anemic growth and limit our ability to adapt to the market, we'll just be realizing our own economic stagnation. In either case, it's a self-fulfilling prophesy.

UGR Recommendation #1: assume and position the report with the high-growth population scenario.

We feel that Metro would not only be wise, but would be making the most responsible public-policy decision to plan for growth, despite what projections may or may not suggest. Preparing with an attitude of a high-growth scenario provides Metro and local jurisdictions with more flexibility to plan for the future that will avoid future housing crises and economic stagnation. As we hear often from planners: *failing to plan is planning to fail*.

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UGR Question #2: How should Council approach housing need and development scenarios?

To start, we want to acknowledge the fact that Metro staff included in this report an existing housing shortage of 23,700 units. While many in the housing industry would argue (with additional sources) that number is considerably low, it is still an important indication of how serious our housing crisis is to Metro. Moving on from there, we appreciate the difficult work that went into calculating our housing needs over the next 20 years. And we believe it would be misleading, if not negligent, to suggest that our region's housing needs are anything except *high*. Therefore, **we urge Metro to adopt the high-forecast housing need of at least 203,200 units over the next 20 years**. This reflects a greater sense of reality than the baseline or low-point figures hold.

Additionally, in the report, Metro also makes assumptions about not only the rate of our growth, but also *how we will and should grow*. Found on pages 38-39, the report contains several assumptions for development potentials using “illustrative demand and capacity scenarios.” While we aren’t exactly sure which data these trends were founded upon, we do feel that they all but marginalizes and unduly prevents the construction of new, single-family homes for residents. It assumes, either through economic reality or lifestyle choices, that our region’s historically strong demand for homeownership isn’t a viable scenario going forward. Again, we disagree.

And importantly, just after the limited scenarios are presented, the report goes on to say that “...it will be the market, not Metro’s UGR calculations, that determine what mix of middle housing and single-unit detached housing gets built...” Yet, in the way that the housing needs scenarios are presented, Metro is essentially asking its Council to do just that by attaching to their decision a condition and outcome which will essentially select which types of housing should get built. Housing construction is a market-driven industry, with the overwhelming majority being built by private developers. We believe that it is not within Metro’s power or provision to attempt to guide the mix of housing the market will bear, least of all with just four narrow scenarios.

UGR Recommendation #2: Metro should adopt a high-forecast housing need. Also, it should reject the growth scenarios presented in the UGR or establish an additional scenario that creates flexibility for the housing market to adapt to the demand of consumers.

A high need scenario reflects the reality on the ground and will allow policymakers across the region take actions that will address the high cost of housing in their communities. Also, we believe that the forecasted development scenarios have been created despite the fact that nearly [4 out of 5 Oregonian’s still prefer to live in a single-family home](#) versus other housing types. And it fails to recognize the power that public-policy-making has on the creation of new housing, which could make single-family entry-level homes more affordable. Lastly, it ignores the fact that the vast majority of homeownership opportunities lie in the single-family market. We believe that Metro should consider that our region’s collective desire to foster equity and economic justice will rely on the unique wealth and community-building opportunities that arise with homeownership.

City of Sherwood UGB Expansion Request

This year, the City of Sherwood is the only city requesting a UGB expansion—and we believe that it would have a tremendous impact on our region, in the form of 4,500 good-paying jobs, roughly 5,000 new homes, and the creation of hundreds of acres of parks and natural areas.

For almost two years, I had the pleasure of sitting on the Sherwood West Technical Advisory Committee which helped shape the concept planning for the area. I can say without reservation that the plan brought forward by staff, regional stakeholders, and community members has been careful, conscientious, and equitable. **We applaud the delivered outcome and encourage Metro to move forward with an approval that encompasses the entirety of the 1,291 acres as requested, without conditions.**

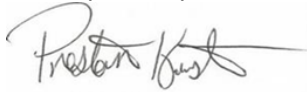
As Metro knows well, bringing new lands into the UGB requires focused planning, financing for infrastructure, and a building environment that can support growth. Fortunately, Sherwood is primed for just that. Over the last several years, the city has undergone extensive public engagement to develop a plan that is innovative, forward-thinking, and contains a variety of tools that will create complete and livable communities. However, adding conditions as suggested in a recent Council Session, could be

detrimental to that extensive outreach. There are serious political costs to adding conditions, not to mention the hundreds of thousands of dollars in grants and general fund dollars would be jeopardized if onerous restrictions are placed on this community-led design.

Given the continued severity of our region's housing crisis, mixed with the budding opportunities to capitalize on historic investments for local economic development—HBA and our partners in the housing sector view this request as a great example of a planning process that will bear fruit for generations. It will help empower our region to reach its housing production goals while creating an indispensable lifeline to a struggling local economy. For affordability and the overall supply of housing, the Sherwood West proposal is an undeniably smart plan that deserves the community's support and Council's unanimous vote.

In closing, we would like to thank Metro staff and Council for the dedicated service they offer to our communities. From long-range planning to affordable housing development, the work you do is not easy and the stakeholder groups you engage are broad and not always agreeable. We appreciate the efforts taken to develop the 2024 Draft UGR and to review Sherwood's 2024 UGB Expansion. And we implore you to consider the serious housing crisis we are facing when making your ultimate recommendations and decisions.

Thank you for your consideration of our testimony,

A handwritten signature in black ink that reads "Preston Korst". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Preston Korst

Director of Public Policy and Government Affairs
Home Building Association of Greater Portland