

Keizer Growth Opportunities Workshop

Costs of Growth Report



Submitted to:

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I. Introduction

The City of Keizer and its leaders are working to explore how the City should best meet its goals as its population grows. As part of that work, the City received a grant from the State of Oregon's Transportation and Growth Management Program. This is the final work product contracted under that grant.

On June 13, 2018 Keizer's Mayor, City Council, and Planning Commission engaged in a joint work session to hear from City Staff and its consultant team about issues related to how Keizer may grow. A primary purpose of the meeting was to learn more and discuss how and where the City might grow, what benefits might be had, and the costs associated.

This report describes a number of fiscal political and social factors associated with different patterns of urban growth. It is intended to inform conversations about expanding the urban growth boundary (UGB) and improving underdeveloped areas. It includes an examination of UGB expansion efforts in Oregon and the infrastructure costs encountered in areas where expansions have occurred. The process for UGB expansion within the unique shared UGB setting was investigated and a legal framework is described. It also includes guidance on land use and transportation planning, scenario planning for the future and fiscal impact analysis.

Recent Experiences with UGB Amendments

The UGB amendment process involves significant analysis, public process, and development of clear legal findings. It is often contentious. The results from other jurisdictions that have recently attempted to expand their UGBs shows tells us:

- Expansions must be tied closely to quality data. Three primary documents are used to quantify need and identify capacity
 - Buildable Lands Inventory
 - Housing Needs Analysis
 - Economic Opportunities Analysis
- Strictly adhere to the Goal 14 policies prioritizing rural "exception" lands over lands designated for Exclusive Farm (or Forest) Use.
- Development in UGB expansion areas will cost more due to the needs for new infrastructure

Options for Growth

Research in 2013 shows that Keizer is just over 300 acres short of having enough land to accommodate the forecasted population and jobs for year 2035. The Salem-Keizer UGB contains capacity for growth beyond the needs of the two cities combined. Keizer can therefore, unilaterally decide if it wishes to forego a UGB expansion that address the needs highlighted by the research. However, if the City chooses to pursue and expansion it will need either unanimous agreement from the City of Salem and Marion and Polk Counties or intervention from the Oregon Legislature formally separating the UGB. There is a formal process set forth in all four jurisdictions Comprehensive Plans. The Salem Keizer Area Planning Advisory Committee (SKAPAC) utilizes elected and appointed officials from all four jurisdictions and required unanimous agreement for any recommendations it makes.

Costs of Growth

In addition to the UGB amendment process, the Costs of Growth Report relays the cost increases that other cities have encountered. In four UGB expansion areas in the Portland Metro Area System Development Charges, representing the developer's share of infrastructure rose by an average of \$8,400 for an increase of 23%. Keizer's current SDCs are roughly \$4,439 for a single-family home.

Planning for Growth

As Keizer looks to the future and an updated Comprehensive Plan it should engage in a scenario planning process. Scenario planning builds on the traditional wide-ranging public engagement strategy by adding a series of analytical tools coupled with extensive public outreach. By developing alternate land use and transportation futures within a computer model enables cities to evaluate potential future conditions against comprehensive plan policies or other goals. The activity can lead to an updated Comprehensive Plan map, Transportation and other Infrastructure master plans and new policies to drive them

If Keizer decides that it wants to expand its UGB it would need to separate from Salem. This is a multi-step process that should not start until new forecasting data is available in 2021 and will also require new technical research related to supply, demand and capacity for jobs and housing. Further, any proposed expansion will need to prioritize lands not zoned EFU, such as the Clear Lake Rd area.

II. Key points from Workshop

Growth

Keizer, the 13th largest city in Oregon, like other cities in the Mid-Willamette valley has been growing. The US Census and PSU Population Research Center find the city has grown by 20% since the year 2000.

A 2013 Housing Needs Analysis (HNA) concluded the city's need for new housing by 2033 would be 4,513 units. With an estimated capacity on currently vacant and underused lands of 2,738 housing units, the report stated Keizer would be short of the land needed for the remaining 1,674 units by 197 acres. These numbers will be updated in 2019 with a new HNA being funded by the State of Oregon in response to HB 4006. To make an impact on housing affordability, in 2018 the Oregon Legislature allocated \$1.73 million to the Department of Land Conservation and Development for housing planning technical assistance in HB 4006. The bill allocates funding "for the purpose of providing technical assistance to local governments in increasing the affordability of housing." The bill directs the department to give priority to cities over 10,000 population where at least 25 percent of the renter households in the city are "severely rent-burdened." A household is "severely rent-burdened" if the household spends more than 50 percent of the income of the household on gross rent for housing¹. "Kaiser is one of the top priority cities for this funding coming in at 27% with its rent-burdened population².

Figure 1— Table from Keizer Housing Needs Analysis 2013

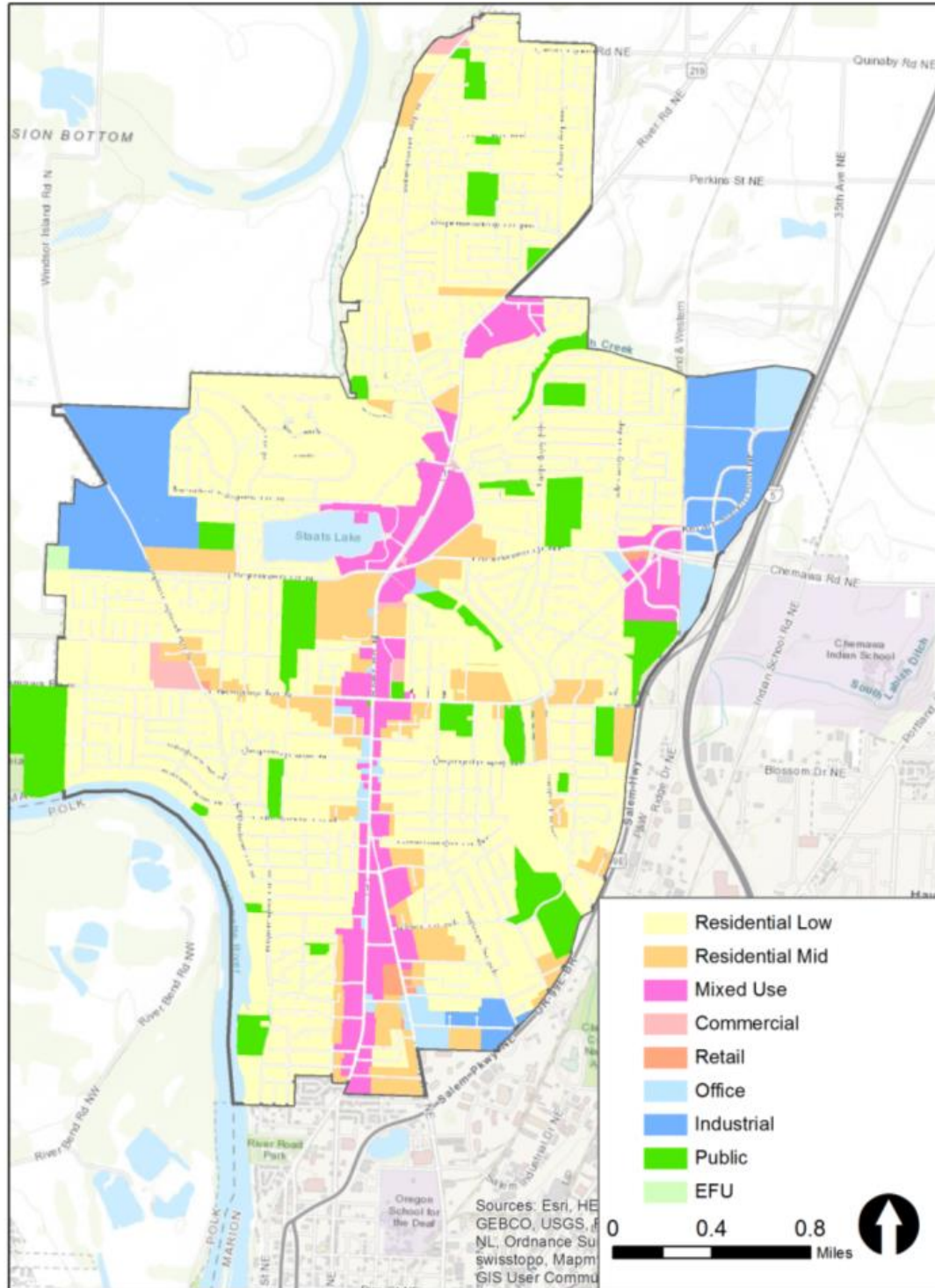
Figure 8: Projected New Units Need by 2033, Keizer

Zoning Designation			NEW UNITS NEEDED (2033) vs. CAPACITY							
			Capacity of Vacant Lands (In Units) ¹	S.F. Detached	S.F. Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Total Units
				1,782	765	141	402	1,260	162	4,513
RS	Single Family Residential	1,527	977	550	-	-	-	-	1,527	← New Units Needed (2032)
RL	Limited Density Residential	-	-	-	-	-	-	-	0	
RL-LU	Limited D.R. - Limited Use	-	-	-	-	-	-	-	0	
RM (Medium)	Medium Density Residential	-	-	-	-	-	-	-	0	← Distribution of Remaining BLI Capacity
RM (Medium High)	Medium Density Residential	362	-	-	-	-	362	-	362	
RM-LU	MDR - Limited Use	-	-	-	-	-	-	-	0	
RH	High Density Residential	-	-	-	-	-	-	-	0	
UT	Urban Transition	383	245	138	-	-	-	-	383	
MU	Mixed Use (Keizer Station)	153	-	-	-	-	153	-	153	← Total Capacity of Buildable Lands
MU	Mixed Use (Other)	314	-	-	-	-	314	-	314	
Totals/Averages:		2,738	1,222	687	0	0	829	0	2,738	
Accessory Dwelling Unit Assumption :			100							
			560	77	41	402	431	12	1,674	← Remaining Unit Need

Sources: City of KEIZER, MWVCOG, Johnson Reid LLC

The majority of land in Keizer is zoned for low density residential use. In fact, more than 70% of residents today live in single-family homes³. The largest share of future land is projected to be used to build additional single-family housing. This housing need is one factor spurring the discussion about possible UGB expansion or increased density within the city.

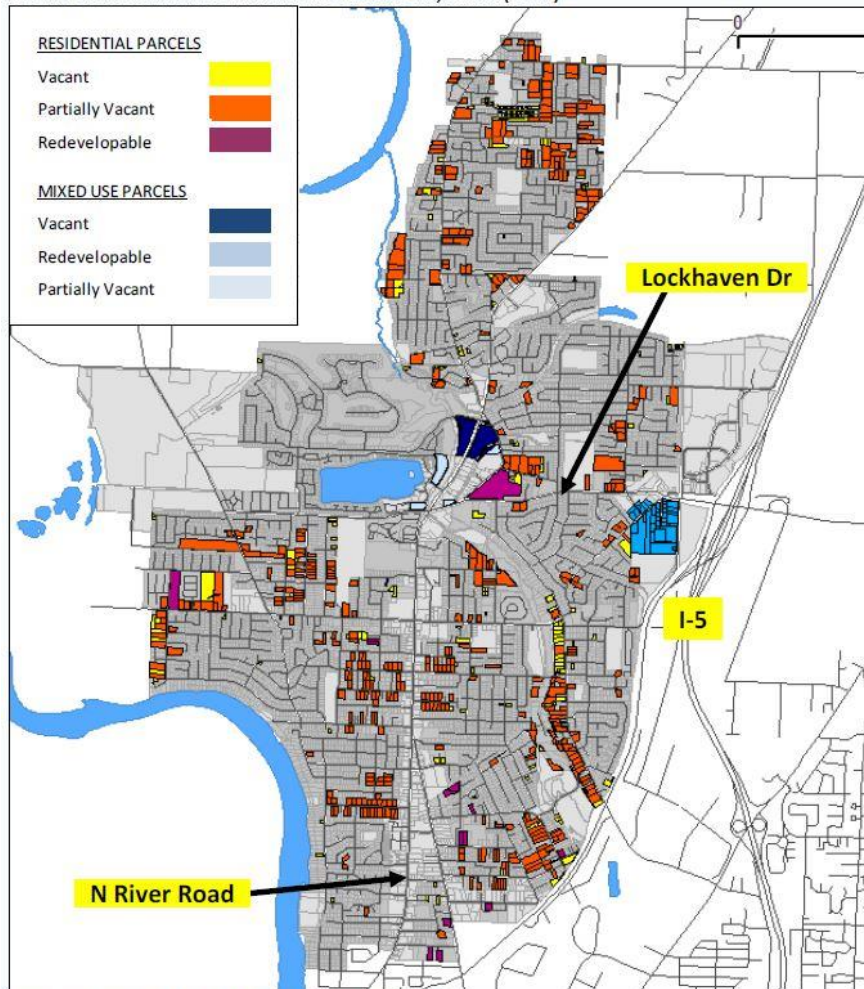
Figure 2— Keizer Zoning The majority of Keizer is zoned for low density residential.



Source: Otak, Inc., City of Keizer, ESRI

Figure 3— Potentially Developable Lands

FIGURE C4: RESIDENTIAL BUILDABLE LANDS INVENTORY, KEIZER (2013)



Source: MWVCOG B.L.I., City of Keizer, Johnson Reid LLC

Keizer is often referred to as a bedroom community. The city's adjacency to Salem accounts for much travel from Keizer residents, for work, shopping and entertainment. Proximity to job centers in the Portland Metro region also attract commuters and shoppers from Keizer. The City is home to just 0.4 jobs per household and research shows that job-to-housing ratios below 1.2 result in significantly higher amounts of Vehicles Miles Travelled (VMT)⁴. In human terms this means that it can be difficult for residents to find jobs that don't require a long drive. Adding new, and intensifying existing businesses uses can help reduce the amount of driving in Keizer. Additionally, business properties tend to be more valuable than residential and subsequently generate more tax revenue than similarly sized residential lots.

The Urban Growth Boundary (UGB)

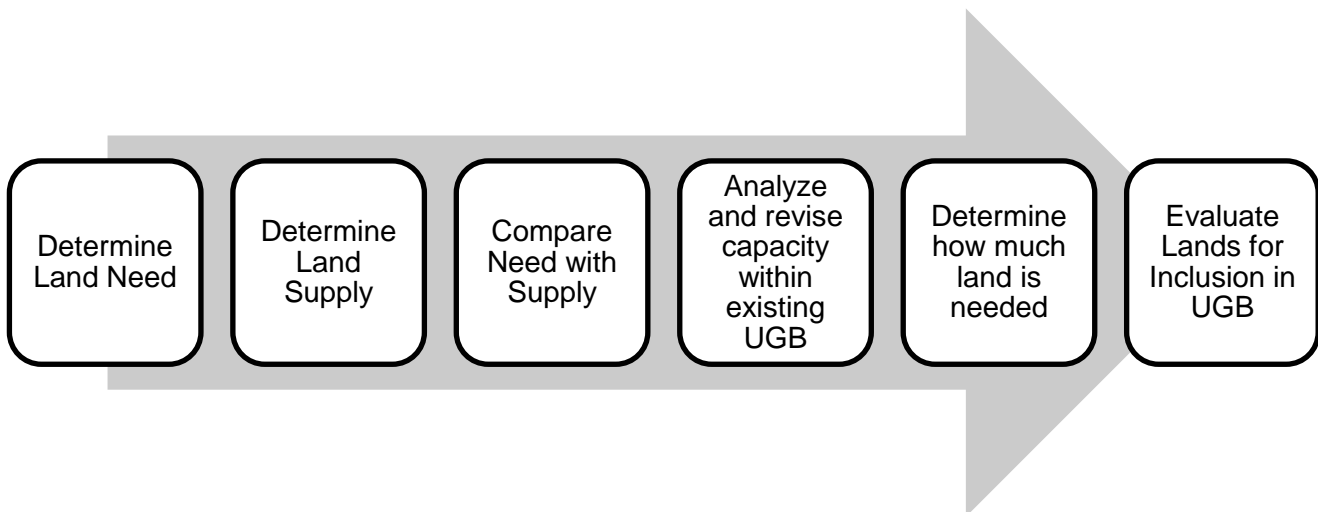
Considering the demand for housing, and a desire to increase the number of jobs in the City some have brought up the idea of expanding the Urban Growth Boundary. Others, concerned about changing Keizer's character, adjacent farmland, or the costs associated with outward growth are less keen on the idea. There are several considerations that should be explored, such as:

- Legal issues with expanding a UGB. Expansions are not routine, considerable work is required as Oregon law is set to protect farm and forest land. Additionally, Keizer shares a UGB with the City of Salem, further complicating the issue.

- Expenses related to the infrastructure required to serve new lands, such as water, sewer, public safety and increased traffic.
- Community character and how Keizer might change if it expands outward.

Oregon's planning program calls for orderly urban growth, using urban growth boundaries (UGBs) to protect lands used for Oregon's second-largest industry, agriculture, while encouraging cities to have sufficient land for future growth in housing, jobs, and commercial needs. Each year several cities apply to go through a defined legal process of expanding their urban growth boundaries. The process begins with a Buildable Lands Inventory (BLI), Economic Opportunities Analysis (EOA) and an HNA, as Keizer has done, and then involves a series of steps to ensure that land inside the city is being used effectively and that any expansion can be efficiently served to avoid impacts to the environment or the farming economy.

Figure 4— Summary of UGB expansion process



Source: Oregon Scenario Planning Guidelines

While many cities are successful, others are not able to demonstrate their expansions meet Oregon's planning laws, particularly if they are expanding onto high-value farm or forest lands.

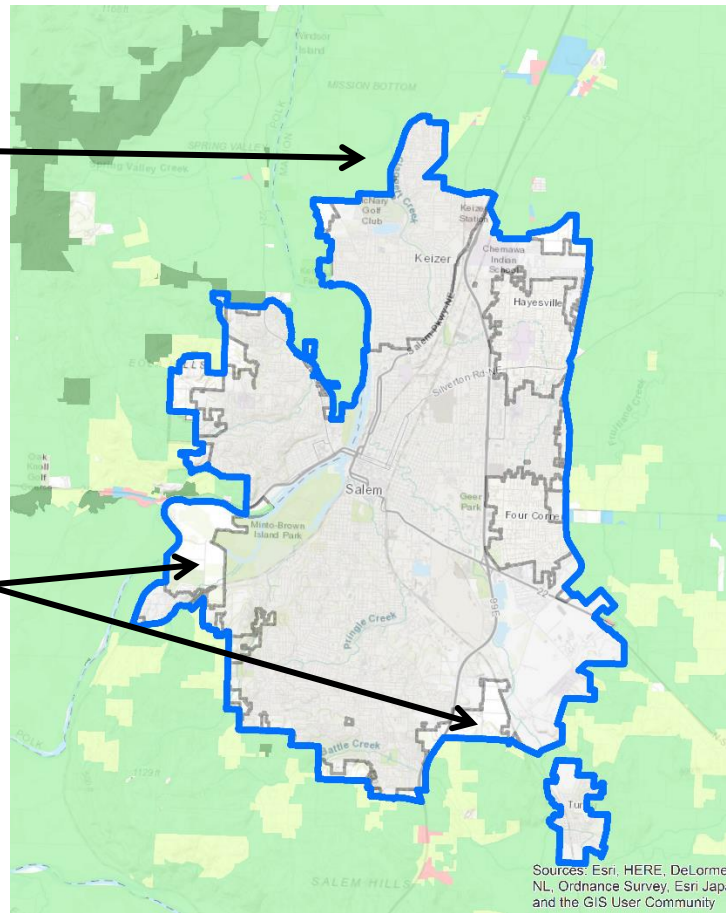
Conditions are further complicated in Keizer because it shares a UGB with Salem. Any changes to this UGB must be agreed upon by both affected cities, as well as Marion and Polk Counties, before being considered effective. All four jurisdictions have the same regional policies adopted in each of their comprehensive plans.

Salem's analyses have indicated that the city has enough land available with the existing Salem/Keizer UGB to accommodate the projected growth for both cities. Being part of a joint urban area both Cities share a population forecast from Portland State University's (PSU) Center for Population Research. Starting in 2021 PSU will separate the forecasts, providing both cities with a more precise outlook of predicted localized needs.

Figure 5— The Salem-Keizer shared UGB

The land surrounding (light green) Keizer is largely designated for farming.

Salem also has nearby land it can annex – land that is not farmland.



Source: Otak and Oregon Spatial Library

The surplus housing capacity within the UGB is located primarily within and nearby Salem’s urban area. Keizer’s HNA clearly demonstrates a need for additional residential homes. However, the entire shared UGB must be found lacking in capacity prior to adding land. While orderly growth is the basic premise of the land use planning program’s Goal 14 Urbanization, and OAR Division 24 that implements the goal, this conclusion was further formalized in 2017 when the Oregon Court of Appeals issued an opinion and order in “Department of Land Conservation and Development Vs. City of Klamath Falls”. The City attempted to use findings from its Economic Opportunities Analysis (EOA) to target an expansion for new job lands, but not for the entire 20-year period. The court’s decision essentially eliminates the possibility for a subregional approach⁵.

Keizer’s Comprehensive Plan is supportive of maintaining a shared UGB. Goal a.1.a is to “Maintain a shared urban growth boundary through a coordinated regional effort.” Further, Keizer, along with Salem, Marion and Polk Counties is part of a shared agreement establishing the Salem Keizer Area Planning Advisory Committee (SKAPAC) to provide for coordination of regional planning issues. Addendum 2 of the Comprehensive Plan contains the agreement that outlines the role and process of the SKAPAC in working to solve issues of regional concern. One of which is “Decisions that will result in a change in the regional urban growth boundary.”

Should Keizer choose to pursue a UGB expansion for its outlying areas, it would need to establish its own UGB. Two pathways forward are evident. The first is to work within the process outlined in Keizer’s Comprehensive plan. Such a process would begin with Keizer developing a staff report documenting findings and recommendations or a proposal for submittal to the SKAPAC utilizing the following generalized process.

- The issue would first go to the staff subcommittee. The subcommittee is comprised of one staff person from each of the member jurisdictions. If parties can reach unanimous agreement, it will publish its recommendation, which would then become supporting material for Keizer as it would then work to amend its Comprehensive Plan and seek acknowledgement from the Land Conservation Development Commission (LCDC).
- If no unanimous agreement can be reached within 21 days of the subcommittee meeting, the item would be elevated to the elected officials subcommittee, comprised of one elected official from each member jurisdiction. As with before, agreement of all parties would allow for Keizer to move forward with the proposal.
- If unanimous agreement is not found among the members of the elected officials subcommittee for the city's proposal it would then be brought forward before a joint meeting of the governing bodies of the affected jurisdictions.
- Following the joint meeting, the City could act as it so chooses, either terminating the requested action or moving forward under its legislative authority. However, the public record from the SKAPAC process would be entered into the record of such action, and all parties to the SKAPAC will therefore have valid standing for an appeal if they so choose.

The second approach would be to work with the Oregon Legislature to draft a bill and pass a law that creates separate UGBs for Keizer and Salem. Such boundaries would be set based on the defined urban areas from the two city's comprehensive plans. This approach was used previously to separate the cities of Eugene and Springfield.

Further considerations are in Section IV of this report: Policy Issues Warranting Consideration.

Costs of Growth

In addition to the UGB amendment process, the Costs of Growth memo examines various costs associated with facilitating growth on the edge of an urban area.

One way to think about the costs associated with growth is to divide them between monetary or direct costs and those that are non-monetary or indirect.

Fiscal / service costs

- Utilities
- Transportation
- Parks
- Public Safety
- Schools
- Other services

Non-monetary / indirect costs

- Changes to rural character and function
- Changes to city neighborhood character
- Possible school district split
- Traffic congestion and crashes
- Health impacts
- Environmental costs—energy, pollution

The costs of growth can be examined by looking at numerous types of investments, each of which is shared by various parties. Each piece of land in Keizer sits within multiple jurisdictions and service provider boundaries. Development is also dependent on larger city, state, regional, and national infrastructure systems.

In this report we are primarily considering the fiscal costs as they pertain to the responsible local jurisdictions in the context of accommodating growth on the edge of a city. The type of development has a direct impact on the costs that will be incurred.

The first cost to be incurred involves the process of planning for areas added to UGBs, which is typically borne by municipalities. Sometimes a portion may be covered by regional government, state government, or area landowners. Once planning is approved, the cost of physical development is shared by government agencies and private sector developers. Developers build roads and sidewalks, water and sewer lines, and other items that together comprise the onsite or local infrastructure, in accordance with required public specifications. Constructing the infrastructure within a subdivision requires the developer to connect it to the larger public systems at the edge of the development. Most of the roads, water, and sewer utilities are then transferred to public ownership to ensure ongoing maintenance. The public—whether local, regional, or state—is responsible for the larger, system-wide infrastructure. This typically includes the larger roads (freeways, highways, arterials, and collectors) and the water tanks, pumps and mains, sewer treatment plants, and public parks and open spaces.

Municipalities including Keizer charge System Development Charges (SDCs). Funds raised from SDCs are used to help develop the municipality's infrastructure. In cases where the larger systems are not in place at the time of development request, the jurisdiction may require the developer to either pay for or make the needed upgrade as a condition attached to their land use approval. In some cases, developers are repaid in part by SDCs that are collected in the future. As SDCs are only allowed for certain costs, SDCs never cover the complete costs of growth. Other funding source tools such as creation of local improvement Districts or the creation of Urban Renewal districts may also be utilized.

The following section summarizes the utilities, transportation, parks, and public safety costs associated with potential growth and development in Keizer.

Infrastructure

Utilities

In this report, “public utilities” refers to the facilities required to treat and convey water, sewer, and stormwater. Operations for these utilities are proscribed by periodically updated master plans that describe the types and costs of upgrades that will be needed, by what date, and who will be responsible. Expanding the City's UGB would require detailed engineering studies for the expansion area or areas and possibly updates to the master plans themselves depending on the age of the plans and size of the expansion.

Figure 6— Utilities being installed to serve new development



- **Water**

The City of Keizer owns wells, pumps, storage and treatment facilities that are used to deliver clean water to residences and commercial entities within the City. The City's master plans and the subsequent facilities were developed through analyzing both existing and expected future development within the City. Improvements to the system are made using money that comes to the City through SDCs. Utility systems would need to be expanded for the new lands and upgrades might also be required for transmission facilities within the existing city as the demand for water increases.



- **Wastewater**

Wastewater, also referred to as sewer, is conveyed through the city using pipes and pumps owned and operated by Keizer itself. The Willow Lake facility was sized in anticipation of agricultural processing facilities that were not developed. According to a recent study, the facility and transmission lines could serve at least 380 acres of expansion.

- **Stormwater**

Stormwater is the term used to refer to water, largely from rain that falls on the ground but is not immediately absorbed. This is handled in a variety of ways. for example, there is a network of pipes and treatment facilities that release water into streams basins and infiltration wells. New development in an expansion area would be required to develop a system to address stormwater.



Transportation

- **Roads and Highways**

Roadways are intended to provide space for travel by people in automobiles, in buses, on bikes, mobility devices and on foot. They also typically include stormwater facilities and provide the location and routing for water, sewer and franchise utilities such as gas, electricity and cable television. Roads are almost always publicly owned, with exceptions being for small private facilities that serve only a small number of homes or for on-site circulation in commercial areas. The City is responsible for maintenance of all public roads in Keizer.

Figure 7— Newly developed roadway



Construction of roads is divided between public and private entities. Larger roads, commonly referred to as arterials, are typically constructed by a municipality such as Keizer. The roads are built to match city standards. The costs of constructing collector roads, which bring traffic from local neighborhood streets to and from arterials, may be shared between developers and the city. If a planned collector runs through a housing project for example, the developer will build the road. However, since the road will likely serve people beyond the housing development the developer will be reimbursed by the city for the additional capacity that is created for others to use. Local, neighborhood streets are built by the developer and maintained by the city.

Upgrades and maintenance of roads is paid for and managed by the agency that owns the roads. The City of Keizer is responsible for all of the roads within the City except for I-5 and its ramps. Developers may be charged for a partial share of upgrades if modelling predicts that the development will have direct impact on the City's facilities. Examples include intersection upgrades and signal installation and sometimes road widening.

Figure 8— Example – upgrades to Chemawa RD N to provide for safer travel among all users.⁶



Source: City of Keizer

- **Transit**

In Keizer, transit is provided by Cherriots, which runs busses over a 76 square mile service boundary. Approximately 83% of the agency's costs are covered by public funds, with the remainder coming from fares

paid by riders and other sources such as advertising. The public funding comes from a combination of sources. The largest share, at 47%, comes from a transit district assessment of 76 cents per \$1,000 dollars of assessed property value. Federal and State governments also provide funding.

Developers do not pay for transit service directly. If services are extended to the new areas beyond the current UGB it would likely take the form of 30 – 60 minute weekday only service, and add some additional costs to Cherriots that would compete for the limited Federal and State funding.

Parks

Parks are developed and maintained by the City of Keizer. Developers pay SDCs, some of which are targeted toward parks. The recent passage of the park service fee highlights the necessity of funding parks through a variety of means, including SDCs.

Public Safety

The City of Keizer operates an independent police department. Funding is provided through the general fund via property taxes. Developers do not contribute to the police department directly. Keizer also operates a municipal court, but corrections-related detentions are provided at county, state and federal facilities.

The Keizer Fire District and the Marion County Fire District #1 are independent organizations that serve the people in and around the City. They receive funding from a variety of sources from taxes to ambulance revenue and federal grants.

New development can create a short-term service demand that can precede the funding needed support these public safety departments. New development at the edge of the city would also farther from existing stations which can increase response time.

Schools and Other Services

Public education is proved by the Salem-Keizer school district. Funding for schools comes predominately from property taxes. While Keizer residents are served by 7 elementary and 2 middle schools, McNary High School alone provides public education for grades 9 through 12. If the UGB were to expand to the North, it is possible that students in southern neighborhoods might have to shift to North or McKay High Schools in Salem or sent to the Gervis School District or having the boundaries realigned. These issues are outside of the control of the City, however they do affect the adopted goal of maintaining a “one high school” city.

Library services in Keizer are provided by an all-volunteer staff. The majority of books, computers and other media have been donated by the community. Growth could add demand for more services but would not bring with it any financial resources.

Who bears the costs?

The common method of urban growth places most of the near-term costs onto the developer of land, which is usually transferred to new home owners via home prices. Municipalities’ near-term costs come primarily from staffing and consultants in planning for growth areas and working with the development community to process the legal decisions and permits. Over time, with ongoing operations, maintenance and future upgrades, the costs shift to the public’s shoulders.



During the June work session, the City Council and Planning Commission examined the issue of System Development Charges (SDCs). Local governments typically charge developers fees to help cover the cost of building new infrastructure. Oregon law governs these System Development Charges. In Oregon, charges are allowed for:

- Wastewater
- Stormwater
- Transportation
- Parks and recreation
- Water

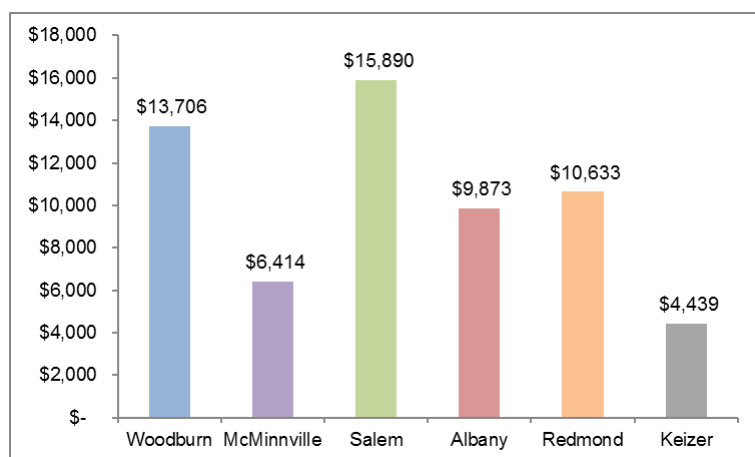
SDCs can be charged for all types of new development and are scaled based on the anticipated impact of the development type. For example, multifamily housing tends to have lower per-unit impact on roads than single-family housing as it generates fewer and shorter car trips per household.

Funds generated by SDCs can only be spent on developing new infrastructure or upgrading existing facilities to handle the new demand placed upon them. Therefore, the use of funds is limited to accommodating only the new growth. For example, if a road or intersection needs upgrades, SDC funds can only be used to cover the portion of the upgrade that serves the new traffic demand. Consider this theoretical situation: an intersection that serves 13,500 vehicles per day is at its full capacity. If new development generates 1,500 new trips, triggering a \$1 million improvement, the SDC funding would be limited to covering its share, perhaps \$100,000 of the tab. The local government would then need to either come up with the additional \$900,000, or existing residents would simply have to learn to live with more congestion. Additionally, SDCs cannot be used to support ongoing maintenance and operations. So, while they can be very helpful in building a new facility—such as a park—any staffing related to the park must come from the City's existing funding sources.

The discussion at the work session included a discussion on the amount charged by selected peer cities and the charges being levied in the UGB expansion areas of the Portland Metro area.

As of 2018 Keizer charges a developer \$4,439 per single-family home to contribute to the costs of infrastructure that serves that development. Comparable cities to Keizer require developers to pay a larger share of development costs.

Figure 9—System Development Charges



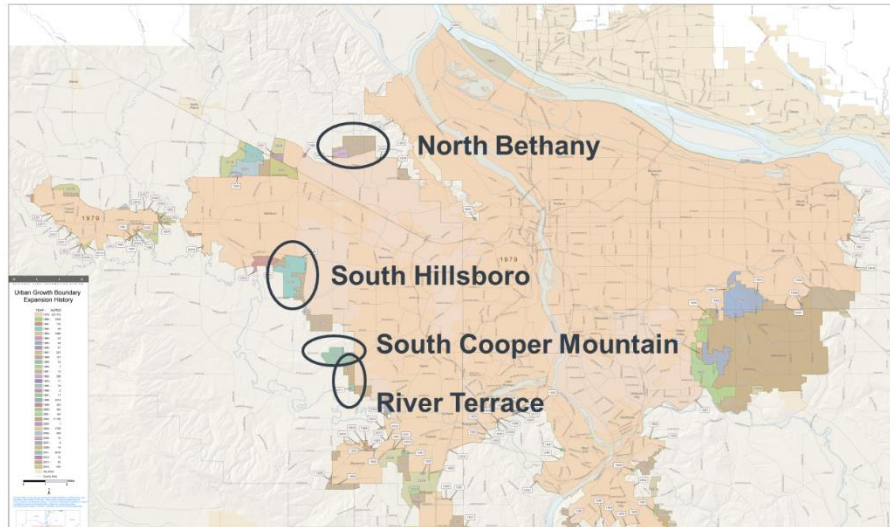
Source: City of Woodburn, City of McMinnville, City of Keizer, League of Oregon Cities, Homebuilders Association of Metropolitan Portland, Home Builders Association of Marion & Polk Counties

UGB Expansion Areas: North Bethany, Beaverton, Hillsboro, Tigard⁷

To examine the costs and outcomes of UGB expansions in Oregon, the team examined some of the areas where expansions have occurred, and which are currently being built out. Four such areas within the Portland Metro region provide significant insight into the high infrastructure costs associated with urban expansion. These were selected because they are among the few locations in Oregon where sizable UGB amendments have occurred and brought development to greenfield lands. They include:

- North Bethany, Washington County: added in 2002
- South Cooper Mountain, Beaverton: added in 2011
- South Hillsboro: added in 2011
- River Terrace, Tigard: added in 2002

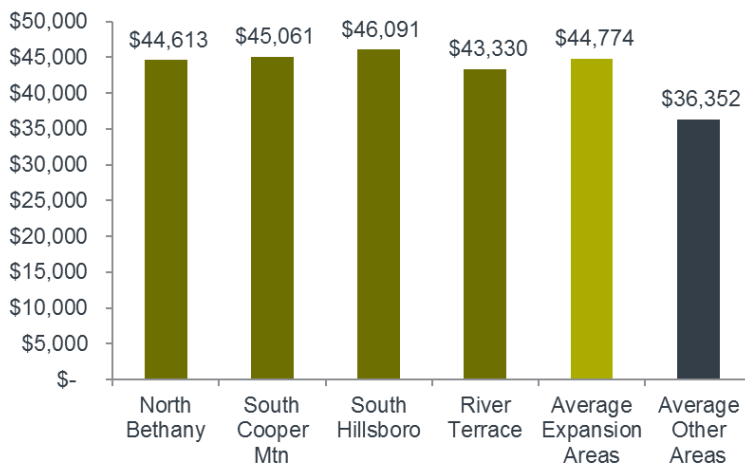
Figure 10—Portland Metro UGB Expansion Areas



Source: Metro RLIS

As described above, the primary source of funding for new roads and other public facilities comes from the SDCs that are attached to each development. The four expansion areas are similar in that SDCs for these areas are higher than the fees charged for development other areas of the same jurisdiction. Figure 11 below shows that the average SDC fee for a single-family home within the four Metro UGB expansion areas is \$44,774.

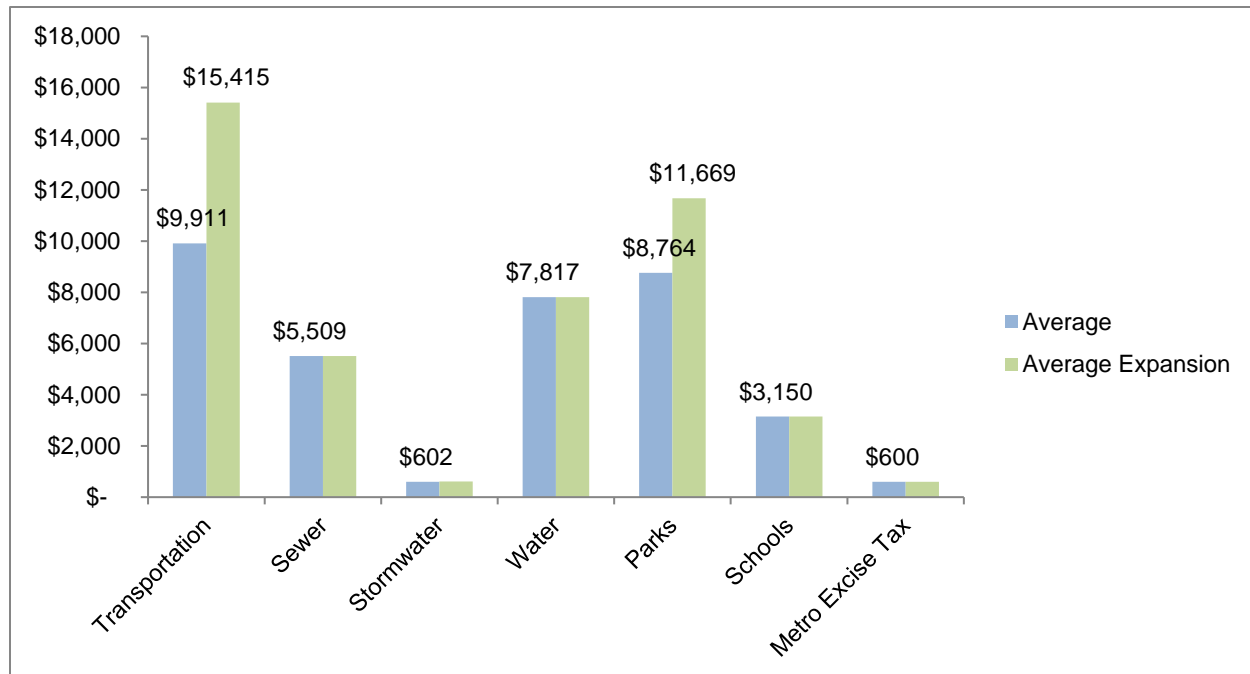
Figure 11—Average SDCs for Single-Family Homes, UGB Expansion Areas



Source: Washington County, City of Beaverton, City of Hillsboro, City of Tigard; Otak, Inc. Spring 2018

To cover the cost of providing services within these new expansion areas, all the jurisdictions studied have levied some level of additional SDCs on homes built in these locations, as compared to other areas within the previous UGB, where services were already available. The average SDC fee among the four jurisdictions for lands inside the previous UGB is \$36,352. The average for the four expansion areas is \$44,774; 23% higher. Figure 12 below looks at SDCs by category, comparing average fees for the four expansion areas to average fees for the other areas within each jurisdiction. The most significant changes are observed for the fees for transportation and parks so that new roads and parks can be built in the expansion areas. For example, within Keizer, expansion of the UGB to would require both new roads and upgrades to facilities such as River Road, in order to mitigate for the additional vehicle trips that would be generated. Similarly, expansion areas have no parks when they're first added to the UGB. Accordingly, additional funds are needed to both purchase land and develop new parks.

Figure 12—SDCs by Category: Expansion Areas vs. Other Areas within Jurisdictions



Source: Washington County, City of Beaverton, City of Hillsboro, City of Tigard; Otak, Inc.

Even with the SDC fees, urban expansion areas in Oregon have faced significant challenges in financing for infrastructure—particularly new roads. This has contributed to long delays between the time some areas are brought into a UGB and when they are finally developed. In North Bethany, for example, there was an approximate 10-year lag between expansion and when the first homes were constructed. The County also went through a long and contentious planning process prior to allowing new development.⁸ As of 2016, only 573 homes out of a planned 3,800-4,700 had been built or approved for construction.⁹ A 2008 report by ECONorthwest estimated the capital costs associated with the public infrastructure for North Bethany at \$520 - \$540 million. That report pointed out that North Bethany's existing funding mechanisms and SDC rates at the time would leave unfunded over \$385 million in public costs, or about \$100,000 underfunding per new home.¹⁰

The County eventually approved a roughly \$69 million funding strategy, including higher SDCs for North Bethany, Transportation Development Tax (TDT) funds, and using up to \$10 million from the county's Major Streets Transportation Improvement Program (MSTIP)—funded through county-wide property taxes. An additional amount is also incorporated into the property taxes of the lots within North Bethany (at a rate of \$1.25 per \$1,000 of assessed value), as part of the North Bethany County Service District.¹¹ High SDCs can become to be a significant barrier to the development desired for an expansion area if the final home price would exceed the local market's ability to pay.

What this means for Keizer

If Keizer were to expand outward, it would likely follow similar patterns as the expansion areas examined in this memo. With Keizer's low tax rates, new or upgraded infrastructure will not be paid for by tax revenue generated by current and new residents. Keizer's current SDC methodology does not anticipate a large UGB expansion and would have to be revised to increase rates. But Keizer is known for maintaining very low SDCs compared to rates in comparable communities. Funding necessary infrastructure based purely on SDCs could increase development costs to the point that Keizer is no longer seen as a desirable place to build, compared to surrounding areas—especially if higher fees are not reflected in lower land prices paid by developers. And Keizer residents have been reluctant to raise taxes, so they may not be willing to vote for a special tax district to fund infrastructure improvements—as Washington County residents did for North Bethany. Keizer may not see the desired development if the funding for infrastructure just isn't there.

Additional Costs

In addition to the service costs discussed above, there are several costs associated more with outward growth than infill. Costs include things like traffic congestion, health impacts, and pollution. These costs are often “externalities” not borne directly by those who create them. However, these costs may be internalized as well—affecting those living or working in the new developments. Some of the key costs:

- **Traffic Congestion and Transportation Costs:** Outward expansion tends to increase the distances people must travel to reach activities, while reducing the efficiency of walking and using public transit. Therefore, it tends to increase the amount vehicle miles traveled (VMT) per capita. This, in turn, has a number of negative impacts, including increased traffic congestion. Keizer is often referred to as a bedroom community because the majority of its working residents leave the city for jobs in other jurisdictions. Stakeholder interviews revealed that an increasing number of people are locating in Keizer but working in the Portland Metro area. UGB expansion might lead to continuing this trend as Keizer's home prices are more competitive than Portland area suburbs. Other costs discussed below are directly related to increased VMT.¹²
- **Traffic Crashes:** Increased VMT is associated with an increased risk in traffic crashes and traffic fatalities and injuries. Also, with fewer mobility options, higher-risk drivers (youths, seniors, people under the influence of alcohol or drugs) are more likely to rely on their car to get around, which increases the risk of traffic crashes.¹³
- **Health Impacts:** Lower-density development and increased VMT tends to increase sedentary living, and is associated with increase rates of obesity and risk of preventable health problems. The cost is often borne by higher medical bills and insurance rates.
- **Energy Consumption and Pollution:** Not only is low-density growth associated with higher vehicle pollution, it is also associated with higher heating/cooling requirements for buildings. Numerous single-story buildings are collectively less energy efficient than a smaller number of taller, larger buildings. More infrastructure (roads, street lights, sewers, etc.) is also associated with higher energy consumption.¹⁴
- **Economic Development:** Cities that are more spread-out tend to have worse outcomes for productivity, employment, incomes, and real estate development than more compact cities. There are a number of reasons for this, but among them are higher transport and service costs, and lower accessibility and locational efficiencies. This is particularly true for knowledge-based industries such as technology and the arts.
- **Community Character:** This potential cost of growth is particularly difficult to quantify. It's the sense that when a city grows outward, it may lose some of the character that its residents appreciate about the city. Keizer is known for being a close-knit community where neighbors all know each other. This character may be threatened by outward expansion that results in more spread-out neighborhoods.

Figure 13— Farming and Residences outside the UGB NE of Keizer whose surroundings could change with UGB expansion



Also not known is who might move into newly created neighborhoods. Will the new homes be bought by people already living or working in the mid-Willamette Valley or people making longer commutes to the Portland Metro area? Some interviewed stakeholders expressed concern about how involved Portland area commuters would be in local activities. Keizer also prides itself on being a “one high school town,” in which McNary High School serves as the social center of the community. Outward growth may result in the school district needing to redraw its boundaries, and students in south and southeast Keizer having to attend a different school.

These are just a few of the potential costs associated with outward growth. Of course, any type of growth has both costs and benefits. However, there is an abundance of research supporting the idea that low-density growth tends to have higher public and private costs than compact growth.

Cost of Outward Growth: Literature Review

The findings above are supported by the literature around the costs of outward growth. Several studies have found outward growth (often referred to as sprawl or greenfield development) is associated with much higher costs than infill development. This includes both direct service costs and non-monetary costs. A brief sampling of this literature is provided below.

Capital and Maintenance Costs

A 2012 report by the Sustainable Cities Initiative summarized the results of two “cost of growth” studies undertaken in Calgary, Canada and Los Cabos, Mexico. The Calgary study identified a savings of 33% for the capital cost of roads, transit, water, and other infrastructure, that could be achieved through compact urban growth—as opposed to a more sprawling growth pattern. Savings of 14% were expected for operational costs. The Los Cabos study identified even higher savings of 38% on capital costs and 60% on operational costs.¹⁵

A 2013 study by Strategic Economics and Smart Growth America surveyed 17 studies of compact and sprawling development scenarios in cities across the country.¹⁶ The study found compact development costs, on average, 38% less in up-front infrastructure than “conventional suburban development” for things like roads, sewers and

water lines. This is because compact development requires less infrastructure, meaning that upfront capital costs, long-term operations and maintenance costs, and eventually replacement costs, are all lower. Compact development costs 10% less in ongoing delivery of services such as law enforcement, ambulances, waste hauling, and fire service. By reducing the distances service delivery vehicles must travel, significant cost savings are possible. Furthermore, compact development produces on average about 10 times more tax revenue per acre than conventional suburban development.

Another study conducted in Halifax, Nova Scotia found even starker differences between the costs of service delivery in compact versus sprawling areas.¹⁷ This study, prepared in 2005, found that the cost of delivering services varied directly in proportion to how far apart homes were spaced. Overall, the most sprawling areas impose three times the annual cost per household as the most compact areas. Differences are even greater for hard infrastructure like water, sewers, and roads—which can cost up to 10 times more over the lifecycle of the investment for sprawling areas, compared to compact areas.

Impact Fees

Many cities reflect the cost differences between infill and greenfield development in the impact fees they charge new development. A study in City of Sacramento impact fees for residential development on undeveloped greenfield sites were twice as high as for infill sites. Commercial, impact fees on undeveloped sites were 10 times those for infill. Atlanta has reduced impact fees by 50% for projects located within half a mile of a transit station, while Loveland, Colorado, reduced these fees by 25% for mixed-use projects. These are not only incentives for more desirable development patterns; these lower fees reflect the real cost savings afforded by infill development.¹⁸

Transportation & Environmental Costs

The EPA found infill to result in:

- Shorter average trip distances
- Fewer vehicle miles traveled (VMT) per capita
- Shorter travel times
- Lower household travel costs
- Lower emission production
- Greater access to multi-modal amenities

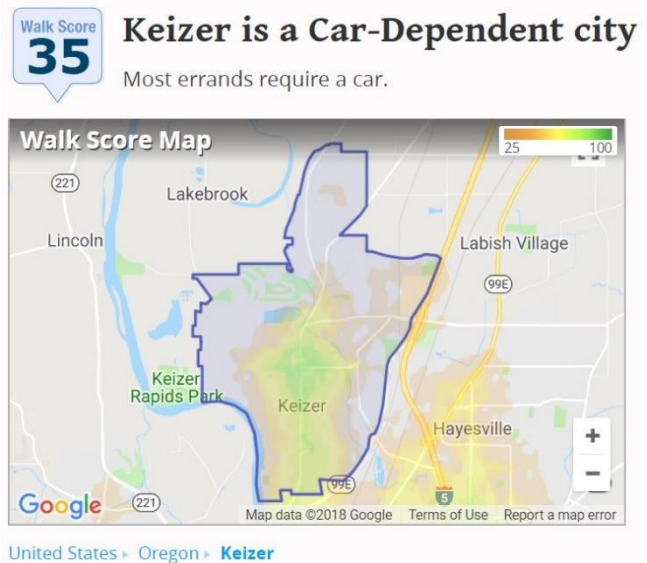
A 1999 study prepared by the Environmental Protection Agency (EPA) compared the transportation and environmental impacts of locating the same development on two sites—one infill site and one suburban edge/greenfield site—in three regions in California, Maryland, and Florida.¹⁹ For each pair of sites, the study modeled the expected impacts in six different categories, and predicted the infill site would outperform the greenfield site in each dimension. In terms of transportation impacts, the infill site was predicted to have shorter average trip distance, fewer vehicle miles traveled (VMT) per capita, and generally shorter travel times than the greenfield site. The infill site was also predicted to have lower public infrastructure and household travel costs. As would be expected given lower VMT, environmental impacts such

as emissions production were also predicted to be smaller for infill sites. Furthermore, the infill sites had greater access to multi-modal transportation options and better access to community amenities than the greenfield sites. These case studies suggest greenfield development has significant disadvantages compared to infill development, and can making travel less convenient by increasing travel time, increasing transportation costs, and increasing congestion. Greenfield development is also costlier in terms of public and private transportation dollars, and in externalities.

Although there are costs associated with any type of growth, these studies suggest that the costs of outward growth can be significantly higher than internal growth.

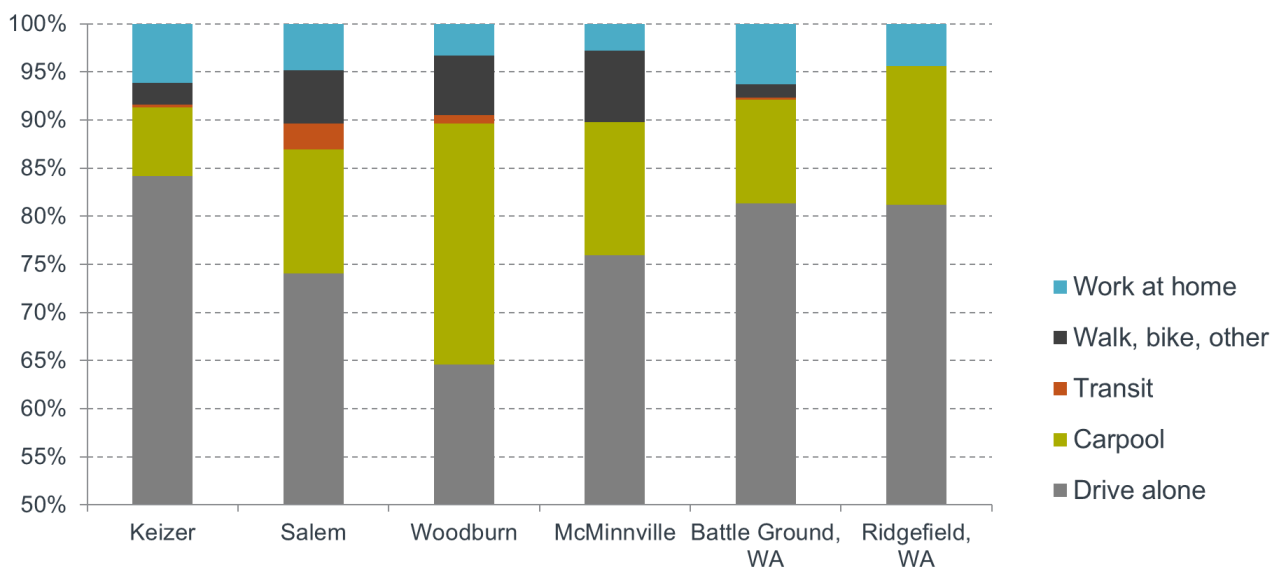
Mobility in Keizer

Keizer, as common with many bedroom communities is relatively car dependent. Consultation with www.walkscore.com categorized the city as having a Walkscore of 35 out of a total possible of 100, suggesting that most trips are very difficult without using a car. Closer examination of the map however reveals that the commercial and mixed-use areas along River Road and Cherry Avenue have significantly higher walk scores. In fact, when centered on the Chemawa Road and River Road intersection the score jumps to 83. People living or working in these areas are able to handle the day's errands without using a car for each trip.



According to the US Census American Community Survey, more than 80% of the work trips made by Keizer residents involve driving alone.

Figure 14—Means of Transportation to Work (ACS 2016)



Below 50% on this table indicates Drive alone

Residential growth at the edge, or via a UGB expansion would likely continue or add to the high percentage of people driving alone to work. Peer cities such as Salem, Woodburn or McMinnville, with more jobs available within the city have greater numbers of people walking or biking, using transit or carpooling. Infill growth in Keizer, especially job growth could facilitate more travel options for Keizer's residents along with shorter trips.

III. Input from public about growth patterns of selected comparable cities

This report and presentation focused on three examples of jurisdictions attempting to grow outward. The City of Woodburn, located approximately 15 miles north of Keizer, submitted a periodic review work task that included a request of 979 acres of land to accommodate growth in housing and jobs, plus an additional ramp to I-5. Meanwhile, in 1996, McMinnville pursued an expansion of 1,200 acres for future housing and mixed-use development, a good portion of which was land zoned for farming. In 2002, Washington County working with the regional government Metro, proposed expansion of the regional UGB onto 800 acres in North Bethany to accommodate future housing, schools and open space. This memorandum will delve into these cases, examining each jurisdiction's motivation, process, and outcome. Note: the information on these case studies was presented in greater detail in the June 7th Cost of Growth Memo. This memo contains a recap followed by a summary of the input that was received during the joint work session of the City Council and Planning Commission.



Woodburn

In the late 1990s the City, having previously annexed most of the land within its UGB, began to look outward for places to accommodate growth. The City was successful in amending its UGB in 2016, after working for over a decade and expending an estimated at over \$1 million in public funds.²⁰ Woodburn's pursuit of industrial expansion land was twice challenged by farmland conservation advocates and remanded by the Oregon Court of Appeals. The City was finally able to receive approval of its expansion plan after seeking mediation with the State of Oregon, Marion County, and 1000 Friends of Oregon.

What happened?

UGB Amendment Timeline:

- 1997 – City of Woodburn's Periodic Review Work Program approved by DLCD
- 2005 – City adopted amendments to its Growth Management and Urbanization Plan
- 2007 – LCDC approved amendment; 1000 Friends of Oregon and six other parties petitioned Oregon Court of Appeals for judicial review
- 2010 – Court of Appeals reversed and remanded LCDC's decision
- 2011 – LCDC approved amendment again after the proposal was amended, further explaining its decision-making criteria and procedure; same parties petitioned Court of Appeals
- 2014 – Court of Appeals reversed and remanded again
- 2015 – Mediation between the City of Woodburn, 1000 Friends of Oregon, Marion County and DLCD
- Parties signed a Framework for Mediation Settlement Agreement
- 2015 – Woodburn and Marion County adopted ordinance to amend UGB as settled in framework agreement
- 2016 – Expansion approved by State of Oregon

Figure 15— Woodburn UGB Concept Map

City Requested:

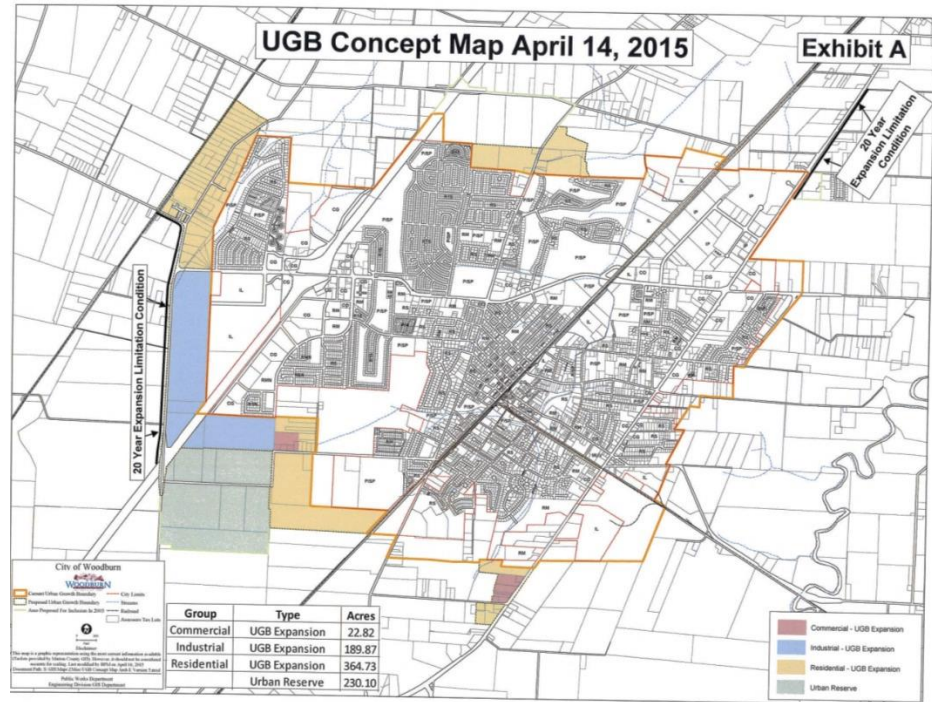
- 546 acres for residential
 - 409 acres for industrial
 - 22 acres for commercial
- Advocates Objected To:

- amount of industrial land
- inclusion of high-value farmland

Mediation in 2015: Woodburn, Marion County, 1000 Friends of Oregon & State of Oregon

Agreement included:

- 20-year expansion limitations
- Excluding 230 acres designating as Urban Reserves
- Excluding approx. 125 acres of residential land



Source: Woodburn, OR

Lessons for Keizer

What worked?

Although they faced significant legal challenges throughout the expansion process, it is worth noting that LCDC approved Woodburn's proposed UGB amendment in 2007 and again in 2011. The City followed the requirements of Goal 14 in avoiding potential conflict by including all exception areas adjacent to the existing UGB in its proposed UGB expansion before considering including any resource lands. The City says it was fairly conservative in assessing how much additional land would be needed, based on the development potential of existing land within the UGB.²¹

While the quantity of added residential land was later modified during the mediation process, the City's initial proposals for expanding the UGB for the purpose of residential and commercial development were not challenged. There were no substantive objections to the City's methodology, to its justification, or to the quantity of residential and commercial land it proposed to include. However, as part of its agreement with the other parties in the mediation proceedings, the City agreed to exclude about 125 acres of residential land that it had initially included in the UGB. This was likely a trade-off the City made in return for the other parties allowing some of the industrial expansion to move forward.

What didn't work?

As already discussed, the City's approach to industrial expansion was met with vehement opposition from advocacy groups. The Court of Appeals petitioners pointed to both the *quantity* and *type* of land the City proposed to include in its expansion areas as being problematic. The petitioners' main argument against the quantity of land proposed to be included was that it overestimated its industrial land need beyond a 20-year supply, and therefore violated Oregon Statewide Planning Goal 14. While the City had attempted to account for "market choice" in

selecting a range of expansion sites to suit various size and access needs, the petitioners argued that this resulted in an oversupply of land, and the Court found LCDC did not sufficiently justify its approval of the City's approach.

Because the court cases only ruled on the land quantity issue, the City's case for expanding onto resource land (i.e., high-quality farmland) was not addressed. However, we assume that if the City had only included exception lands, and perhaps lower-quality farmland, in its proposed expansion, fewer objections would have been raised.

Key Takeaways

- Keizer is also surrounded by some of the best farmland in the state. If the City were to include valuable farmland in a UGB amendment, the proposal would be strictly scrutinized by advocacy groups.
- If looking to add industrial land, consider which approach to take. The target-industries approach, as opposed to the employees-per-acre approach, relies on assumptions that are more easily challenged in court.
- Consider mediation early in the process. Woodburn's mediation with DLCD, Marion County, and 1000 Friends of Oregon was very successful, although the City did end up making several concessions. It's possible that if the City had negotiated with 1000 Friends earlier in the process, it could have avoided years of court battles.

McMinnville

After trying to expand its UGB for over 10 years, the City of McMinnville abandoned its plans in 2012. The City's proposed expansion was challenged in the Court of Appeals, with opponents arguing against its inclusion of resource land over exception lands.

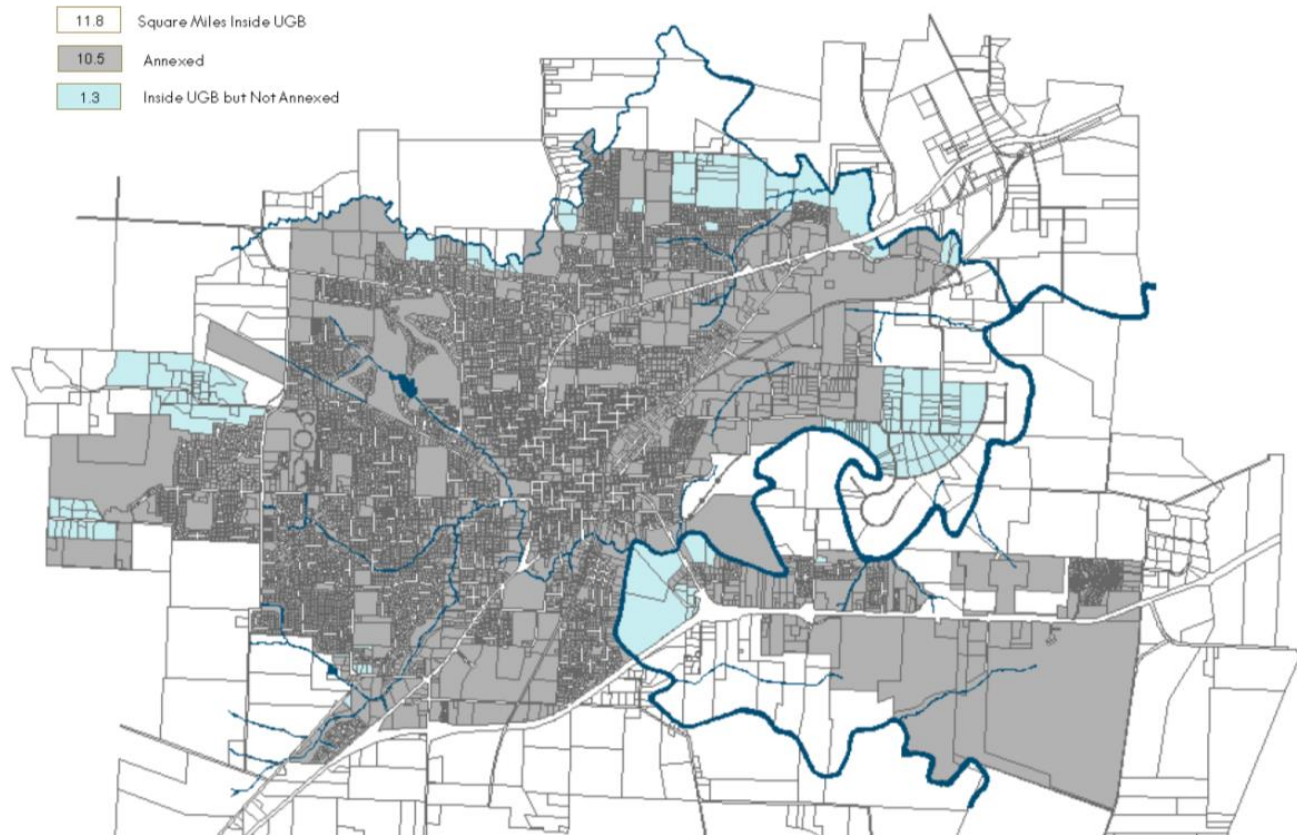
McMinnville experienced rapid growth at the end of the 20th century, doubling its population between 1980 and 2002 to 28,200 residents. Population projections estimated that the city would reach 44,000 residents by 2023. To accommodate this growth, the City of McMinnville proposed to expand its UGB by 1,200 acres, which amounted to 890 buildable acres. 1000 Friends of Oregon claimed this included over 800 acres of high-quality farmland.

What happened?

UGB Amendment Timeline:

- 1996 – City began periodic review process to update Comprehensive Plan
- 2003 – City of McMinnville adopted amendments to its Growth Management and Urbanization Plan
- 2004 – LCDC remanded back to the City
- 2006 – DLCD approved the plan and UGB amendment
- 2007 – 1000 Friends of Oregon and Friends of Yamhill County appealed the decision to LCDC
- 2008 – LCDC approved UGB amendment
- 2011 – 1000 Friends of Oregon and Yamhill County petitioned Oregon Court of Appeals for judicial review
- 2011-2012 – Court reversed the decision and remanded to LCDC
- After remand, City chose not to pursue further

Figure 16— McMinnville, OR



- UGB was proposed to expand by 1,200 acres
- Approx. 2/3 was high-quality farmland
- Advocates objected to exclusion of rural residential “exception lands” in favor of farmland
- Since 2012, City has adopted efficiency measures to accommodate growth
- The City is currently revisiting UGB expansion; concerned that land supply is inhibiting growth

Lessons for Keizer

What worked?

Like Woodburn, McMinnville’s UGB amendment was approved by DLCD and later LCDC before being challenged in the Court of Appeals. The State agreed with McMinnville’s compliance with Goal 14 in justifying its inclusion of various resource areas—although conservation groups’ objections later did in the City’s expansion proposal.

What didn’t work?

The City of McMinnville differed from Woodburn in choosing to exclude some exception land adjacent to its boundaries from its expansion plans. In their case, it was the location/type of land that became the key issue, as opposed to the quantity. The Court of Appeals determined that the City’s analysis of land needs and justification for land selection was insufficient. The City was overly restrictive in avoiding exception lands in favor of resource lands, so that it might develop Neighborhood Activity Centers to the exclusion of other developable land.

Key Takeaways

- Follow the rules as conservatively as possible when it comes to expanding onto farmland. A narrower approach would have been to bring in some exception areas for lower-density housing—or at least to

assess the need for that type of housing, even if the exception areas did not fit the desired profile for developing NACs.

- As the State updates its rules, it often reinforces the need to avoid resource areas in UGB amendments. As discussed below, LCDC has tweaked the UGB amendment rules to make the amendment process more straightforward, but the changes won't necessarily make it easier to expand onto prime farmland.

North Bethany, Washington County

North Bethany is an area of unincorporated Washington County that was added to the Portland Metropolitan Urban Growth Boundary in 2002. North Bethany is one of a few significant UGB expansion areas west of the Cascades that have been developed. It also provides an example of successful UGB expansion in an area that contained resource zoned lands. Though the UGB amendment was held up in litigation for several years, the real lesson that Keizer can glean from North Bethany is less about the UGB expansion process and more about the subsequent development process. Though now rapidly developing with new single-family and multifamily housing, the area sat largely undeveloped for many years.

What happened?

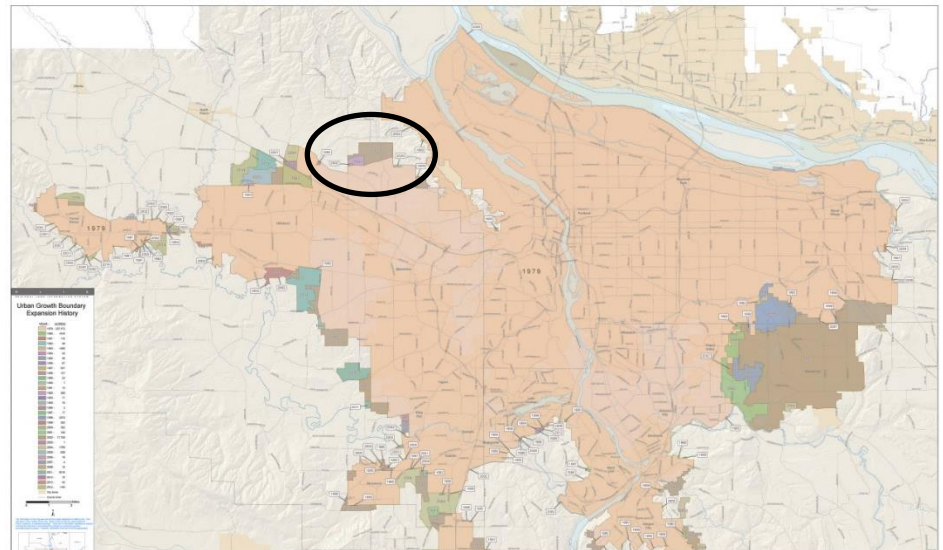
UGB Amendment Timeline:

- 2002 – Metro amends UGB
- 2003 – LCDC acknowledges amendment
- 2004 – Washington County takes over as long-term service provider (from Beaverton)
- 2005 – Oregon Court of Appeals upholds LCDC decision

Overview

The North Bethany area is located north of Highway 26 in northeast Washington County. In 2002, Beaverton, Washington County and area landowners worked with Metro to get the approximately 800-acre area added to the region's UGB. Metro approved the request and amended its UGB. After LCDC acknowledged (approved) the UGB amendment, farmland conservation advocates appealed the decision. There was a ten-year lag between the UGB expansion and when the first homes were constructed in North Bethany

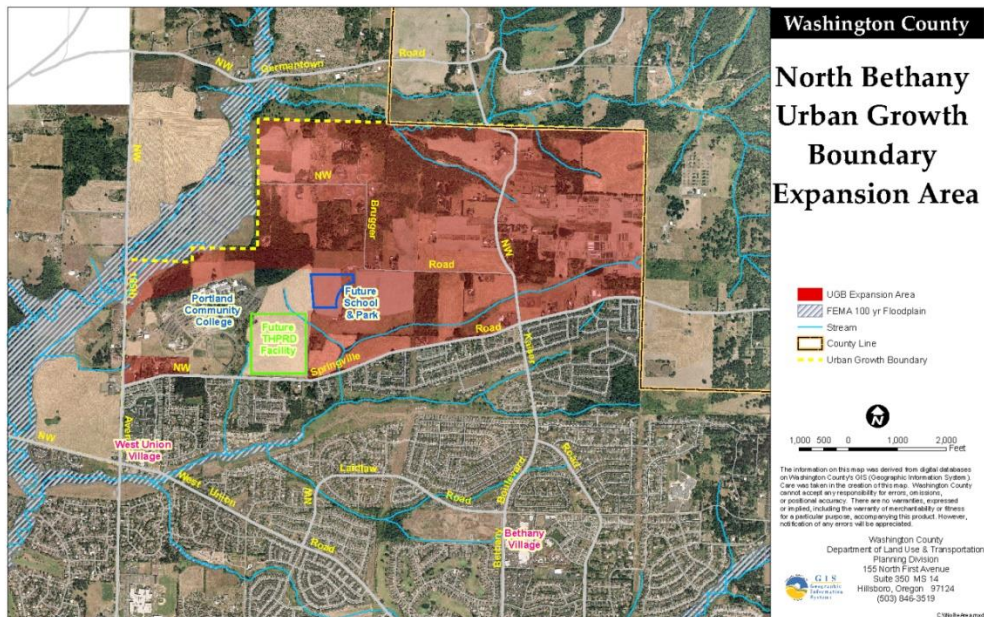
Figure 17— North Bethany - One of many areas added in 2002 – the year of Metro's largest UGB expansion in history



Source: Metro RLIS

Figure 18— North Bethany

- 800 acres added to UGB
- Contained a balance of exception land and EFU zoned farmland



Source: Washington County Department of Land Use & Transportation

Lessons for Keizer

North Bethany included a balance of exception land and farmland, and the location of these areas in relation to each other, and in relation to the already-developed areas of Bethany, helped make the case for the inclusion of EFU land. Metro was able to justify the EFU land's inclusion as necessary to allow the most efficient installation of infrastructure and utilities, and to plan the North Bethany area as a complete community, thereby meeting Goal 14. North Bethany also had multi-jurisdictional buy-in from Washington County, Beaverton, Metro, and the Metro Policy Advisory Committee, which was key to the expansion plan's approval.

The critical lesson Keizer can take from North Bethany is how costly growth can be. After expansion, the planning process revealed that the County's existing funding sources for infrastructure would leave them approximately \$100,000 for each house that were to be built. Not being able to cover such costs with general fund monies, Washington County and its regional partners created a funding package from several sources. The \$69 million infrastructure funding package included increasing the System Development Charges (SDCs), utilizing county-wide Transportation Development Tax (TDT) funds, acquiring up to \$10 million from Major Streets Transportation Improvement Program (MSTIP)—funded through county-wide property taxes plus additional property taxes for lots in North Bethany (\$1.25 per \$1,000 of assessed value)

Key takeaways:

- The average SDC fee charged for single-family homes built in the Portland Metro UGB expansion areas is \$44,774—23% higher than the average fee charged for homes built inside the previous UGB. Total public infrastructure costs may exceed \$100,000 per dwelling.
- Keizer charges \$4,439 in SDC fees, much lower than the expansion areas and peer cities
- SDCs are not fully covering the costs of growth, so expansion areas have faced significant challenges in financing for infrastructure—particularly for new roads

- Higher SDCs can significantly raise the cost of development, and depending on the market, could possibly prevent the development that is sought through the UGB expansion.

Input from work session

Prior to the work session city staff and the consultant met with numerous stakeholders to learn about matters that are important to Keizer and how growth might result in impacts or benefits. These meetings led the team in development of the research and the materials that were used in the work session. The work session itself was structured into three sections, followed by time for discussion.

- What happens when we grow
- Case studies
- Effects on budgets and community character

Participants were also invited to ask questions during the presentation.

Following is a synopsis of the conversations that occurred.

- Some may have been surprised to learn of the amount of new growth expected, and asked questions about the composition. One asked for clarification on the amount of single-family housing as compared to multi-family. Another, appearing to be leery of expansion suggested that an economic downturn might lessen or negate the demand for housing.
- The discussion quickly began to focus on the issue of the shared UGB. Participants asked about the City's ability to take actions given that the UGB is shared. The discussion led to the conclusion that Keizer could not expand its UGB unless it were to separate from Salem. The process for such a separation was not known, but State officials were researching it on the City's behalf. Said process is described later in this memorandum.
- Another significant topic of discussion was the affordability of housing in Keizer and surrounding cities. There appeared to be a shared confidence that increasing the number houses available would be key to maintaining or improving affordability within Keizer. Associated with this notion was the belief that UGB expansion would provide room for said new homes and relieve pressure on the available housing despite there not being any known examples where this proved true. Some expansions may have prevented some price escalation that might have occurred, however, none have shown expansion areas to be more affordable than homes within a UGB.
- Transportation is a hot topic for any planning endeavor. Some talked about current levels of congestion and voiced concern regarding expansion impacting the City's north / south travel. Another perspective suggested that UGB expansion could provide housing options in Keizer for people that might otherwise move farther from the region's job center to find affordable housing. The presenter mentioned an existing trend of people working in the Portland Metro area accepting long commutes for Keizer's community feel and relative affordability when compared to cities such as Tualatin or Wilsonville.
- While it was discussed, there was no consensus on how expansion or redevelopment would affect community character. One person concluded the discussion with a rhetorical question, "Do we as a community want to grow? Change is inevitable."

IV. Policy issues that warrant attention from local policy makers and community members

Growth

Keizer has choices to make when it comes to growth. The Comprehensive Plan provides much direction toward how the City should grow. It sets aspirations for improving the jobs to housing ratio, efficiently accommodating new housing, and directs where and how growth should occur. It does not however answer one of the recurring questions from the June work session, "Does the city need to grow" and if yes, by how much, and in what fashion? "What happens if we don't grow?" was another common question. Concern was also expressed regarding the potential impacts to the city, such as increased traffic on River Road. "Growth" can mean different

things. While the City is likely to see *population* growth and growth in the number of *housing units*, there is no requirement the *acreage* of the city must grow.

The HNA contains projections of growth, defining the amount of housing and subsequent 197-acres of land needed to accommodate that growth. However, the shared land supply with Salem means that Keizer is not on the hook to make new lands available. While some growth will occur with or without government intervention, there is no requirement that Keizer add more people or businesses to its city limits. To answer the larger question of “should we grow” will require a large-scale community conversation. Developing a shared vision of the future can be an effective way to kick off an update to the City’s Comprehensive Plan. If the City does choose to pursue UGB expansion, several actions will be required, including amending the Comprehensive Plan. A holistic approach, considering the large range of policy issues can help to ensure that policy changes are well thought out, not just reactive to a single need or desire such as establishing a UGB.

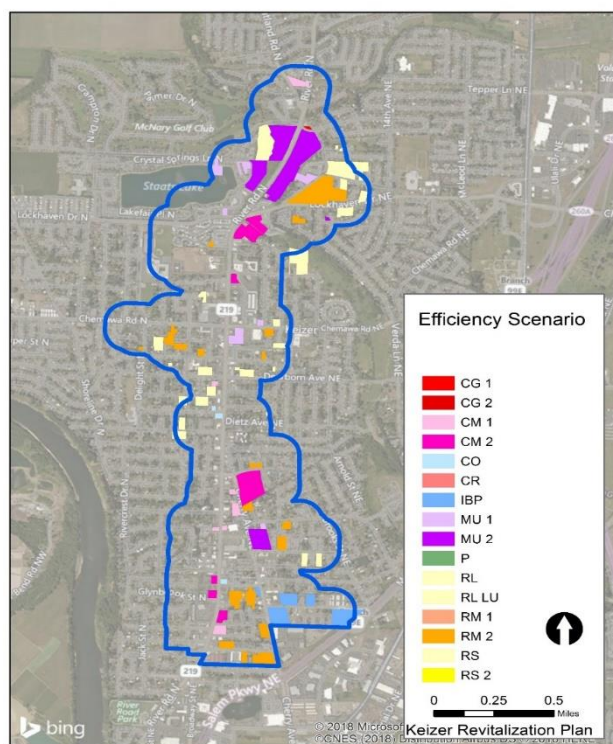
Expansion, Infill or Both

With limited amounts of vacant land, significant growth in new single-family homes within Keizer proper would most likely need to rely upon expansion of the UGB. Keizer could also consider methods to open up capacity for new housing within the existing UGB. While there may not be room for the amount of low-density single-family homes identified by the HNA, there are additional housing types that may be a good fit for the city’s vacant and underutilized lands.

Infill

The city is currently engaged in planning aimed at enhancements to the River Road and Cherry Avenue corridor area. That plan will help develop a sense of what redevelopment should look like, how much growth capacity the corridor can accommodate, and the benefits or impacts of infill development. The plan will detail a series of implementation actions in which the City may choose to engage. These actions will range from changes to the zoning code or design standards on up to fiscal investments. As part of that effort the city analyzed several future land use scenarios. One scenario looked at what might happen if zoning regulations were modified to allow owners to use their land more efficiently.

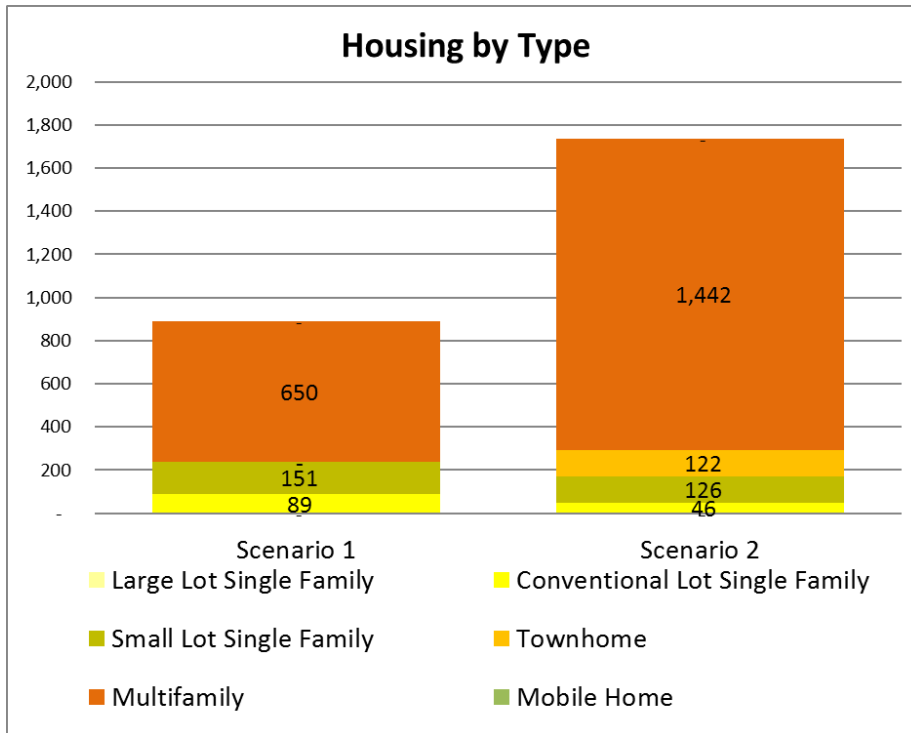
Figure 19— Scenario 2 (Efficiency Scenario)
colored areas show places that may have growth potential



Source: Otak

Generally, it assumed that zoning would change to allow buildings to cover more of the property, lifting some of the required parking and enabling more townhomes and small multi-family buildings such as duplexes. The scenario showed that residential capacity within the River Road / Cherry Avenue corridor could grow. The current 2035 forecast estimates an existing capacity of 889 dwelling units. The scenario planning reveals that this could grow up to 1,705 units via redevelopment and infill. Because the land in the corridor is largely zoned for commerce and multi-family development, the largest gains come in the form of multi-family housing. Further scenario analysis citywide would likely reveal additional capacity for some of the small lot single-family homes, duplexes and townhomes scattered among the city’s many neighborhoods.

Figure 20— Growth Capacity Scenarios for the River Road / Cherry Avenue Corridor. Scenario 1 represents existing policies, Scenario 2 tested relaxing zoning requirements



Source: Otak

Both scenarios included a mix of development activities, from adding a small home to the side or rear of a large lot, to redeveloping existing commercial building into office, apartments or mixed-use buildings.

Figure 21— Examples of Infill Development



Accessory Dwelling Unit, Portland



Townhome, Keizer



Mixed Use, Bend

People sometimes see large homes on single-family lots and assume that those, being valuable, provide for most of a City's tax base. However, commercial, multi-family buildings and even small lot single-family buildings typically generate more tax revenue on a per acre bases. As shown in the map to the right, except for some of the City's most expensive homes, the business properties along River Road have the highest taxable value and therefore generate more revenue on a per foot or acre basis. (Greener colors show lower value, brighter/redder colors show higher value.)

Expansion

There are numerous legal and financial considerations involved with a UGB expansion. Keizer must decide if it is ready and/or willing to embark on such an endeavor. And, is the City willing fee structures be raised to cover costs, or will Keizer's existing residents pay for the infrastructure needed by the new development?

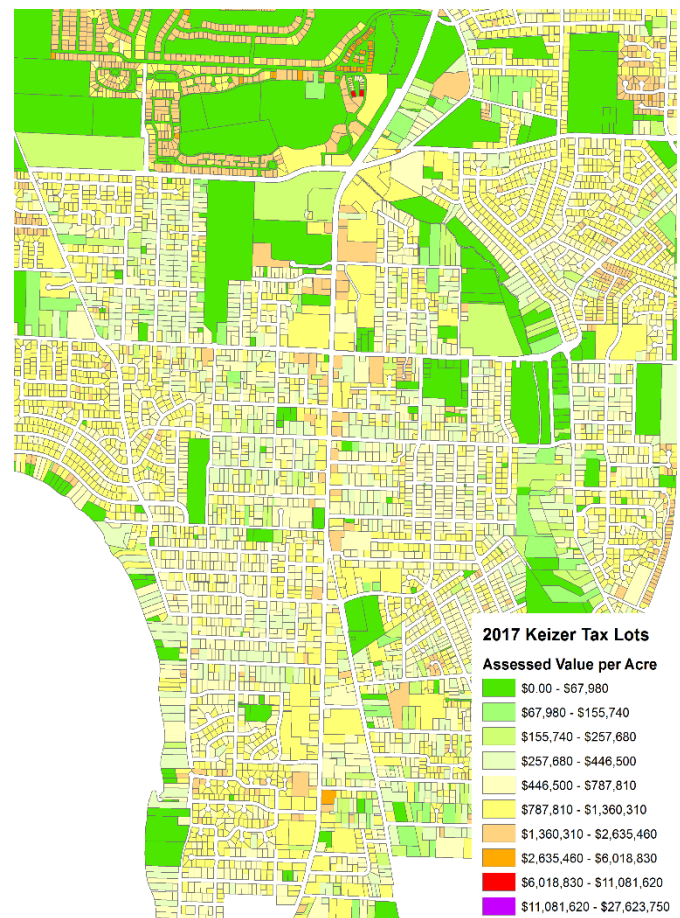
If Keizer decides that it wants to expand beyond the current UGB it would need to first separate from Salem and form its own boundary. As discussed above, this is a multi-step process. The process for UGB expansion and development requires significant effort and is never guaranteed. Assuming agreement of all parties, the following provides a snapshot of steps required

1. Obtain forecast from PSU in 2021
2. Analysis of forecast relative to policies and conditions (Includes updates to Buildable Lands Inventory (BLI), Economic Opportunities Analysis (EOA) and Housing Needs Analysis (HNA)
3. Document conflicts or failure to meet Comprehensive Plan policies based on conditions (forecast plus capacity)
4. Initiate SKAPAC process with proposal to expand
5. Develop Comprehensive Plan update or amendments following agreement from SKAPAC or if agreement cannot be reached, a legislative solution would be required.
6. Assuming Keizer is successful at separating from the shared UGB through either process, the city would submit a post acknowledgement plan amendment to DLCD to start the process of UGB expansion.
7. DLCD would work with City on a timeline to have required findings submitted supporting the expansion.
8. Develop area master plan and amend Comprehensive Plan for new areas added to the UGB
9. Annex and apply zoning to new lands
10. Permit development

Growth In and Out

Let's take a look at the City of Beaverton as an example for growing both through infill and UGB expansion. Following up on a city-wide visioning effort Beaverton decided that its residents wanted both new urban housing and more conventional single-family neighborhoods. Outward growth was focused to the South Cooper Mountain UGB expansion, described earlier. This expansion area is now home to a new high school and construction of a few thousand dwelling units is near completion. According to www.zillow.com single-family homes in the vicinity are valued at around \$500,000 apiece. This compares with a city-wide average of \$382,100. For comparison,

Figure 22— Assessed Value Per Acre



Source: Oregon Department of Land Conservation and Development

Zillow estimates the median home price in Keizer at \$279,500. We cannot speculate as to future Keizer home prices in this report but based on the Beaverton example, one would likely expect to see prices higher than median value of homes today in a new growth area.

In the South Cooper Mountain greenfield area, the City of Beaverton is an active participant in planning for its growth. The city is acquiring utility easements either through exactions or condemnations. It is funding the construction of water and sewer lines, expenses that may be paid back over the years as SDC revenue becomes available. And, the City also has more than five staff members whose jobs are at least partially devoted to the expansion area.

At the same time the city also initiated several efforts to facilitate infill development. It embarked on planning for its historic downtown and an aging industrial area. Beaverton developed a city-wide pedestrian and bicycle master plan and broke ground on a substantial redevelopment site that it purchased and put out to bid for construction.

Figure 23—Home Values - South Cooper Mtn. area in Beaverton



Source: www.zillow.com

Figure 24— “The Rise Central” in Beaverton



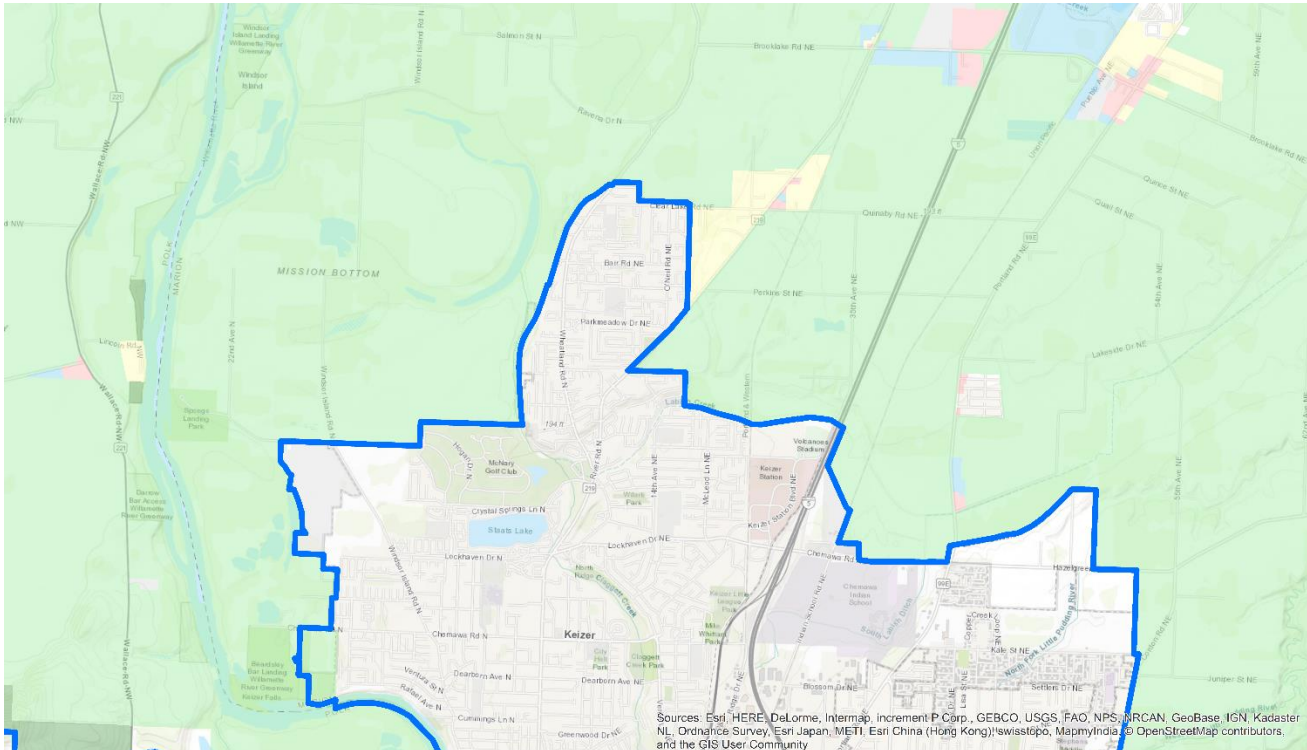
Source: <http://www.rembold.com/new-gallery/> Copyright Rembold 2015

Beaverton highlights the possibilities for a city to proactively engage in both greenfield and infill development. It should be noted that the city and private sector are both investing heavily on all fronts to bring the community vision to reality.

Community Character

Urban Growth Boundaries in Oregon are required to maintain a 20-year supply of land for development. If cities or regions continue to grow, UGBs are expected to move outward periodically. Keizer has no independent course of action to consider a UGB expansion if it stays in the shared UGB. Accordingly, Keizer would need to establish its own UGB prior to expansion.

Figure 25— Land Use Designations Northern Keizer. Lands shown in yellow and red are designated as Acreage Residential and Commercial also referred to as “Exception Lands”. Green shows Exclusive Farm Use and Timber Zoning



Source: Otak, Oregon Spatial Library and ESRI

At such a time when expansion near Keizer is warranted, State law requires that cities first look toward “Exception Lands”, a term for lands that through exceptions to Goal Three or Four, are not designated for farm or forest use. These areas are generally indefinable as small rural acreages, often with housing or small shops. The map above uses green to depict lands designated for farming by Marion County’s Comprehensive Plan. The yellow and red areas would need to be considered, and possibly added to the UGB prior to any of the designated farmland.

One of the difficulties cities face when expanding is potential resistance from existing land owners. Owners of large tracts, say greater than 10 acres may see economic gain from development and be interested in annexation and development within the city. On the other hand, smaller acreage residences or greenhouse operations may not have room for a large enough amount of new homes to warrant development and be resistant to being added to the City. As seen in the following map, the non-farm lands in the Clear Lake Rd area are home to a range of residential development types.

Figure 26— Aerial View of Properties Along Clear Lake Rd NE



Source: Google Earth

V. Key actions to promote transportation choices

Oregon’s statewide planning system fosters an integration of land use and transportation planning and related policies and investments. Universally, residents and business owners across Oregon cite traffic and congestion as significant issues. The City’s Transportation System Plan describes how to keep Keizer’s traffic flowing at acceptable levels. Most of the conventional improvements listed in the TSP are aimed at facilitating safe and efficient movement, and funding for such investments is limited if identified at all.

Beyond these traditional traffic investments multi-modal opportunities abound. Vibrant commercial areas, such as those being investigated along River Rd can allow people to park their car once, if they brought it at all, and fulfill the rest of their needs on foot, bike or transit. Sometimes these are called “park once” districts. Success relies on quality placemaking, think about the historic United States Main Street, where walking from shop to shop is both convenient and pleasant. We often refer to these areas as 20-minute neighborhoods. The notion is that a person can get the majority of his or her daily needs taken care of within a 20 minute, walk or ride. These areas generally have a mix of land uses, often within a building. Higher densities within these areas also better facilitates transit feasibility. Common features include prominent non-auto circulation facilities (sidewalks, pathways, re-designed

intersections), wayfinding, transit stations, and public spaces. Redeveloping roadways is often used to shift the focus of transportation facilities from solely moving cars and trucks to being part of the public space and serving the many community residents who are too young, poor, old, or infirm to drive. Some of the common techniques include designing for lower speeds via fewer or narrower traffic lanes, increased landscaping and in some cases on-street parking.

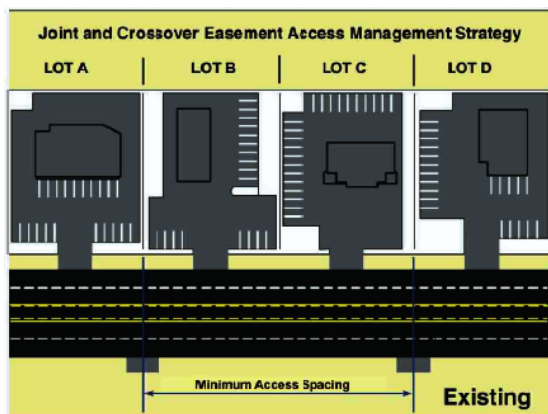
The River Road corridor presents an example of a place where removing multiple curb cuts as described in the TSP could greatly enhance the pedestrian realm and encourage more active transportation.

Figure 27— Example: Roadway Rebuilding

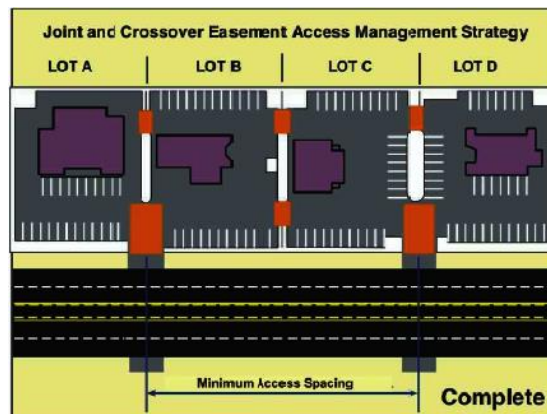


Source: City of Keizer – Chemewa Rd N before and after

Figure 28— Crossover Easements to Limit Curb Cuts



Source: Keizer TSP



Low-stress bike networks, sometimes called Neighborhood Greenways, are being established in numerous cities. These networks focus on providing alternative routes from the main arterials for biking and walking. Vivid signs make them easily identifiable by people in cars or on bikes.



New technology is also playing a larger role in urban placemaking. Many of the investments in new technologies are investments in staff time rather than physical property. More and more cities are using car, bike share, and e-scooters to solve some of the transportation gaps. In these cases, the City doesn't build anything or buy the devices, but it must develop and enforce regulations, or collect taxes, efforts that require additional staff. A person

in Keizer may have great access to work via the bus, however bike share, e-scooter, and short-term car rentals, may be all that is needed for them to live car-free, saving thousands of dollars per year they can use for other household expenses.

VI. Resources for City growth scenario work

A number of planning activities have been referenced in this memorandum that can assist the City of Keizer in both making decisions and preparing the necessary findings of fact required to support these decisions. Following is a synopsis of the potential activities and how the City could use them.

Population Forecast

The Portland State University's Center for Population Research provides growth forecasts for all of Oregon's cities outside of the Portland Metro area. To date PSU has treated Salem and Keizer as one urban area in their forecast work. Starting in 2021 PSU will separate Keizer from Salem. For the first time the City will have growth forecasting isolated to just Keizer. This will enable the City to more effectively examine potential growth patterns and land needs. Additionally, the PSU forecasts are considered the only official forecast for use in establishing or expanding a UGB. If the city aspires to expand the UGB, the process should begin with the 2021 forecast numbers.

Buildable Lands Inventory (BLI)

Having an accurate picture of existing conditions is fundamental when considering future outcomes and possibilities. A Buildable Lands Inventory is comprised of a geographic database, tracking the status of every parcel in the city. Most noteworthy, the BLI will identify properties that are vacant, underutilized, developed and environmentally constrained. Planners employ Geographic Information Systems (GIS) with the BLI to estimate the city's capacity for future housing and jobs. The city's current BLI dates to 2013. When the new forecasting becomes available in 2021 an updated BLI will be needed to make accurate findings related to growth capacity.

Economic Opportunities Analysis (EOA)

An EOA will help the city convert the forecast along with the BLI into an understanding of how much, if any, land the city might need for future job lands. The 2013 EOA did not declare an outright need based on the existing supply. Keizer's Comprehensive Plan however, contains policies related to improving the jobs to housing ratio within the City. Properly separating the job forecast from today's joint Salem/Keizer projections may add valuable information to the discussion of locating jobs not purely for economic reasons, but also for trip reduction and reducing household costs due to transportation.

Housing Needs Analysis (HNA)

As with the EOA, the City has an HNA from 2013. It showed a need for residential land that could not be met by lands within Keizer's city limits. The 2021 forecast will provide more accurate information. Coupled with the BLI and EOA this report will cue the City up for large-scale scenario planning.

Scenario planning

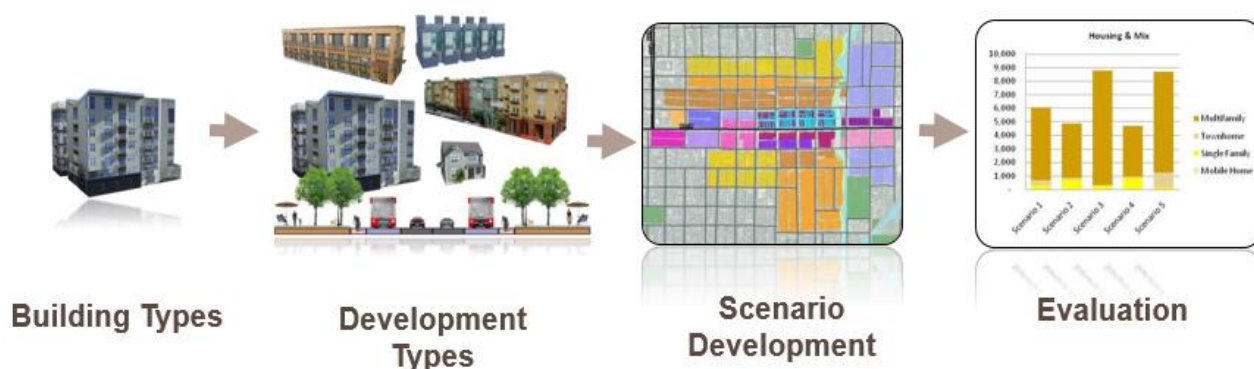
The State of Oregon's Scenario Planning Guidelines describe scenario planning thusly:

Oregon has a long tradition of land use and transportation planning. Most cities and counties already have a comprehensive plan and a transportation system plan (TSP), and each metropolitan planning organization (MPO) works to coordinate transportation planning and funding within its region. This system of planning has served Oregon well, designating lands for urban development while protecting farm and forest lands and planning for transportation needs. However, with each individual community having its own UGB and TSP,

existing plans do not always represent a coherent vision for the interrelated housing, jobs and transportation needs of an overall metropolitan region.

...scenario planning does allow a community to look long-term and envision the future it wants, rather than accept the trend line embodied in most existing plans. Scenario planning encourages policy makers, stakeholders and the public to think outside the box and consider a wider range of opportunities, challenges, and possible futures than typically considered in most traditional planning applications. Scenario planning is not about predicting the future or providing a specific answer. Rather, it is a methodology for “seeing” alternative futures not easily estimated using past trends or assumptions. The expectation is that through the process of conceiving, developing, and evaluating a series of future scenarios and the outcomes they produce, a preferred and feasible course of action can be identified. While standard planning processes tend to focus on processes and decisions under the control of the agency conducting the planning, scenario planning purposefully focuses on the combination of internal and external influences, including those statewide and national trends. Today, large- scale land use and transportation planning has evolved to include expanded public processes, involving a wide variety of stakeholders, conducted by a variety of organizations.²²

Figure 29— Scenario Planning At A Glance



Source: www.envisiontomorrow.org

Scenario planning can greatly enhance the comprehensive planning process. It builds on the traditional wide-ranging public engagement strategy by adding a series of analytical tools. At the heart of any scenario planning platform is the ability to create alternate land use and transportation futures building upon on a city or region's current patterns. Scenarios are developed within a GIS platform and evaluated against a series of guiding principles, such as comprehensive plan policies. Scenario planning can help identify robust strategies. Those that prove successful among a range of scenarios, or a preferred future. These can then be embodied in new infrastructure master plans and, may become the basis for the updated comprehensive plan land use and transportation map updates.

After the 2021 forecast update, coupled with updated EOA, HNA and BLI findings, Keizer will be poised to use scenario planning. Many conditions will be reflected differently in 2021 than they were in 2013, the last time the city updated key planning documents. Predictably more land will have been developed. Other variables will also be uncovered by that analysis such as, will more growth occur through redevelopment? Or, perhaps more importantly, how much of the forecasted growth will be assigned to Keizer and how will that affect the demand for housing? The city will have a new view of existing conditions as it considers the results of the research and gets a better understanding of its future land needs.

VII. Integrating fiscal analysis into growth planning

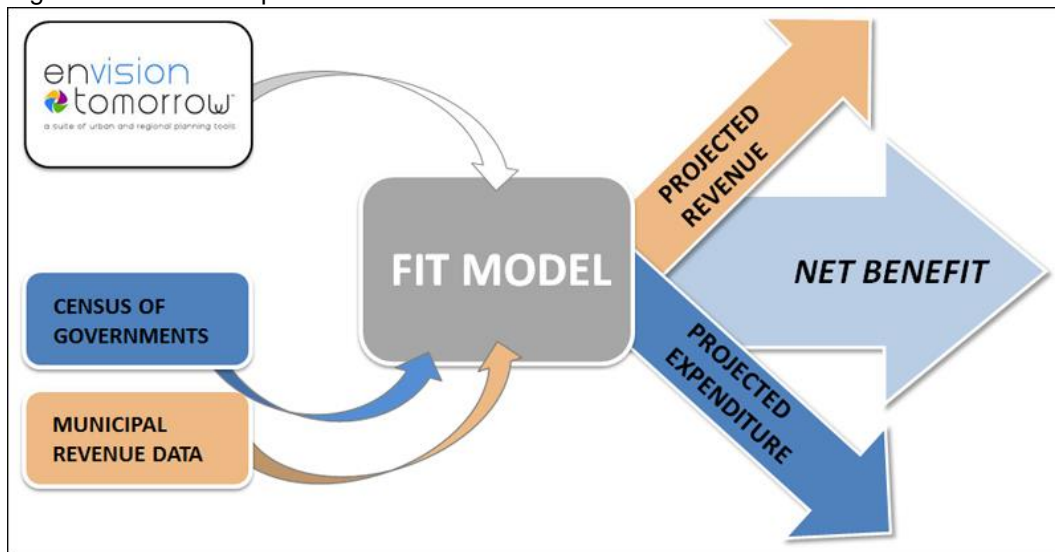
Following the planning activities described above Keizer should develop an implementation program which includes identification of specific programs, capital projects, and investments. They must be assessed for

expected level of effort, costs, and likely results, then sorted by priority and feasibility. Any planning activity should be investigated for fiscal impact or benefit.

Investments in infrastructure and programs should include an assessment of the ability for funding, both public and private. Overspending of public resources can lead to budgetary woes, tax increases, service cuts or all the above. Private overspending can also bring public risk or unintended consequences. For example, a bankrupt project can mar the public landscape for years.

Many scenario modelling platforms contain modules for analyzing both near-term capital costs and long-term fiscal health. The most common approach relies upon estimating the costs of infrastructure within a given land use and transportation scenario to determine the most cost-effective growth patterns. The more advanced tools projects costs into the future coupled with estimated changes to the tax base. Any new building will typically result in an increase to the amount of property taxes collected. However, the user, type and location of that building all help to determine if it results in positive or negative income for the City. For example, a group of single-family residential homes will cost more to serve and bring in less tax revenue than a similar number of units in a mixed-use building near River Rd that is served by existing infrastructure. The Envision Tomorrow²³ scenario software, for example, includes a module based on the Federal Reserves' Fiscal Impact Tool.

Figure 30— Fiscal Impact Model



Source: www.envisiontomorrow.org Creative Commons

Using local tax rates and population characteristics coupled with the infrastructure, land use and economic components of scenarios to project future revenues and capital and maintenance costs. This enhancement increases the value of scenario planning greatly.

Another approach to fiscal responsibility is to develop a flexible plan that is proactive as needed, yet responsive and therefore adaptable to changing conditions and circumstances. Each action should be reviewed to assess both benefits and costs, be they staffing, programs or capital investment. A well-developed strategic plan aids the city in deploying resources effectively. Such a program can be organized into categories noting the priority, or the timeframe such as:

“Do Now” Leading catalytic projects

These are programs, infrastructure and open space projects that are necessary to support achieve city-wide goals. These can include new programs or policy and zoning code changes. Some may be landmark, such as major roadway redesigns or new public open spaces.

“Do When” Community infrastructure projects

These are improvements to an entire system that benefit all residents and employees in the area and those who come to visit. Examples could include new transportation or infrastructure investments such as those programed in the TSP or in response to unexpected growth, or additions of public open space as funds become available. These projects can extend beyond Keizer’s core, recognizing that large systems such as transportation or stormwater have both local and citywide effects.

“Do If” Co-investment projects

Projects directly tied to redevelopment on private properties. These are opportunistic projects, contingent upon partnerships with willing property owners and developers to move forward, usually through negotiated development agreements. Many cities use tax increment financing for these which is not currently available in Keizer. Do If projects can also include actions that are led by others which would be supported by the City in some fashion. For example, the City may not be interested in creating a Local Improvement District whereby special taxes are levied for a specific area (such as a UGB expansion, or Mainstreet district). However, if land owners choose to invest, the City may help to facilitate it.

VIII. Conclusions

Keizer is standing at a fork in the road with choices ahead that are new and unfamiliar. The most fundamental question revolves on how the City should look and feel in the future. Will it, can it, retain the qualities it has today? Does the city need to grow? And, what type of growth best complements the Keizer we know?

Outward growth can provide room for more of the types of single-family neighborhoods for which Keizer is known. However, it has impacts that must be weighed as well, from political aspect of changing community character to the dollars and sense costs of providing new infrastructure.

Keizer has not had large-scale annexation or expansion since its original incorporation in 1982 and is still governed by a shared UGB.1990. This memorandum describes the path forward by which the City can begin such a process. Success isn’t certain, and it will take several years, require significant staff and financial resources and collaboration with other agencies. And, most importantly it will require robust engagement with Keizer’s residents, workers and business people.

If Keizer chooses to expand, development costs will be higher than what we are seeing today. The new infrastructure in the expansion areas will be built from scratch, and existing systems may need upgrades to handle the new traffic and other demands. These costs will need to be borne by someone; potentially through much higher SDCs and exactions.

The City will also likely need to commit hundreds of thousands of dollars in staff time and consultant resources to plan for expansion and growth. Keizer is known for low taxes and fees, carrying this tradition forward may be difficult. Both expansion and participation in infill development will require some level of public participation. To preserve budgets and service levels, revenues will have to increase.

There is also uncertainty about how builders will respond to the demand for new housing. The expensive new infrastructure that will be required to serve an expansion area could result in new homes being more expensive than what people are used to seeing in Keizer. If developers cannot build homes that are price competitive, they may delay construction until pent up demand drives existing home prices higher.

If Keizer decides that it wants to expand beyond the current UGB it would need to first separate from Salem and form its own boundary. As discussed above, this is a multi-step process. The process for UGB expansion and development requires significant effort and is never guaranteed. Assuming agreement of all parties, the following provides a snapshot of steps required

- Begin with the current efforts to update the BLI/HNA in preparation for the 2021 PSU official population projection. This interim projection will be created in anticipation of the “official” number and will serve as a reasonable guide.
- Utilize a public scenario planning process to examine potential growth patterns with the community values, fiscal conditions and policies from the Comprehensive Plan
- Based on results of scenario planning, develop a strategic implementation plan.
- If UGB expansion is desired and is included within the strategic plan:
 - Update the Comprehensive Plan with new 2021 findings
 - Submit UGB expansion proposal to DLCD
 - Annex and apply zoning to new lands
 - Develop Infrastructure and permit development
- With or without UGB expansion, act upon the strategic plan.

If, how, where and when to grow are all big questions that deserve a continued robust city-wide discussion that can lead to deliberate actions that will support goals and visions of Keizer’s constituents.

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