November 17, 2009

Hon. David Bragdon, President & Metro Council Members
Members of the Reserves Core 4 Committee
600 NE Grand Avenue
Portland, OR 97232

Re: State Agency Comments on Urban and Rural Reserves

Hon. Ladies & Gentlemen:

This letter and its attachments respond to the site-specific recommendations for the proposed North Hillsboro Industrial Reserves contained in joint State Agencies’ Letter (“State Letter”) to the Metro Regional Reserves Committee dated October 14, 2009. We respectfully request your consideration and inclusion of these materials in the Regional Reserves formal Record.

While there are other important comments in the State Letter with which we agree and disagree, we focus and respond to these site-specific recommendations for the reasons set forth below.

The Recommendation Would Eliminate Any Large Lots for Industrial Use from the Urban Reserves.

The State Agencies’ recommendation to designate as “rural reserves” a triangular-shaped area below US Hwy 26 and bounded by Hwy 26, Meek Road and Waibel/Mckay Creeks would remove half (1,370 acres) of a proposed 2,720-acres Industrial/Employment Reserve Area south of Hwy 26 as recommended by the Washington County Reserves Steering Committee (see attached Map).

The Metro Chief Operating Officer’s (“COO”) recommendation is that the entire 2,720 acres South of US Highway 26 are “suitable” for “urban reserves” designation for “employment purposes.” The COO recommendation is based on a suitability finding, as urban reserves in this area “... would help maintain and further enhance the local and regional economy through its strategic location along the Hwy 26 employment corridor; specifically to attract the ‘cluster anchor’ industrial users that Hillsboro is targeting” (emphasis added). The COO recommendation further states that “because of this lands suitability for long-term employment needs for a
specific type of industrial user, preservation of the land for this ‘cluster anchor’ sector of the economy will be necessary”.

The State recommendation leaves only about 1,350 marginally productive acres south of Hwy 26 for urban reserves. There are no “large lots” (i.e., parcels containing 50-100 acres or more) within those 1,350 acres. Thus, the State’s rural reserve recommendation for the triangle-shaped area ignores the COO urban reserves suitability findings. If followed, it would undermine the maintenance and further enhancement of the regional economy recommended by the COO.

Nearly half of the 1,350 acres (east of Jackson School Road) recommended for urban reserves by the State Letter have no meaningful industrial use potential: Much of the land sits under a building-restricted Hillsboro Airport Clear Approach & Safety Zones and, therefore, is severely limited for industrial production uses and activities (i.e., glare, steam emissions, noise, vibrations, etc.). Much of the area not under that Zone are true “exception lands”; i.e., parcels 5-10 acres in size (and smaller) that are also subject to stringent State Goal 5/Metro Title 3 flood plains, riparian corridors (Waibel Creek) and upland resources (mature tree stands) development restrictions already set by Washington County land use regulations. As noted in the Letter, “. . . the floodplain and riparian habitats associated with McKay Creek and Waibel Creek should receive protection during urban development.”

If coupled with a rural reserve designation of lands (1,400 acres) north of Hwy 26 below West Union Road and west of Helvetia Road, this State recommendation would result in only about 700 suitable acres in the North Hillsboro Area (west of Jackson School Road along Evergreen Road) available for urban use in the next 40-50 years. The City’s concept plan is for long-term residential use of these 700 acres to provide housing close-by existing employment and the proposed 3,500-acre North Hillsboro Industrial Reserves Area.

If Followed, the State’s Recommendation Would Significantly Diminish the Region’s Competitiveness in Attracting Job-Creating Industries, Negatively Impacting the Regional and State Economy.

The State Letter acknowledges the importance of the Metro Regional employment base to the State economy by emphasizing the need for “an adequate supply of employment lands” (State Letter, p.5). As noted by the State, industries that originate in the Metro Region often “seed” businesses throughout the State. Consequently, if industry is not given room to grow within the Metro Region, there will be an adverse effect on the State, in addition to the Regional, economy.

Despite the general acknowledgement in the State Letter regarding the Region’s economic impact on the state economy, following the State recommendation with respect to the North Hillsboro Industrial Urban Reserves would quash any chance of achieving what the Oregon Business Department recommends for the North Hillsboro area as cited on page 19 of the State
Letter: “Business Oregon supports a larger urban reserve designation in this (North Hillsboro) area as needed to support long-term economic growth in key industries that are crucial to the state’s economy”.¹ If followed, there simply would be no room for the kind of long-term growth in these key industries in this area, as urged by Business Oregon.

The combined effect of designating the area in question and the lands north of Hwy 26 as rural reserves would be to eliminate the Region’s competitiveness in attracting and locating new, large “anchor companies” in the 3 industry clusters (tech, solar manufacturing and bio-pharmacy) that need large sites (50-100 acres) in Washington County. These industry clusters need large sites (50-100 acres) in the North Hillsboro Industrial Area. Without suitable sites available in the proposed North Hillsboro Industrial Reserve Area, inquiring companies will quickly lose interest in locating in the Region. There are no suitable sites inside the UGB, as demonstrated by the attached code-name list of Hillsboro site availability inquiries from outside companies during the last few years. This list was obtained from the city Economic Development Department through Business Oregon.

The State’s Recommendation Does Not Balance Both Urban and Rural Reserve Factors, as Envisioned by SB 1011

The State recommendation rests on the presence of “significant agricultural lands” within the subject 1,370-acres triangle area. On its face, this singular rationale seems like a mere application of the ORS 197.298 land priority hierarchy – rather than the SB 1011/OAR Division 27 urban reserve factors – to support this recommendation. It does exactly the opposite of what the State Letter (pp 13-14) admonishes against – that the capacity/value of land for one purpose – in this case agriculture use – should not be used as the measure of the capacity/value of that land for another use, in this case, urban employment use. It seems directly contrary to the kinds of broader and more comprehensive land suitability assessment and determinations that drafters of SB 1011 wanted to achieve through urban and rural reserves designations. Specifically, that the urban and rural reserve factors of OAR 660-027-0050 and 660-027-0060, respectively, must be balanced.

Additionally, the agricultural lands rationale seems pale when considering that almost 108,000 acres of land in Washington County are being considered for rural reserves to protect the integrity of that industry in the Tualatin Valley. It is important to keep in mind that designating the “triangle” urban reserves would not give any “urbanization land use entitlement” to such lands, nor remove any existing County farmland use/activities restrictions now applicable to the land. Such land entitlements will only happen IF – after being designated urban reserves - the

¹ The State recommendation would be particularly harmful to a State (economy), which “...is likely to have a harder time coming up with money to pay for schools and other public services” and is “...one of 10 states at greatest peril of following California over a state budget cliff”. Oregon makes list of top 10 on the brink, November 12, 2009, Oregonian.
land is found by Metro to be needed for urban (employment) use within the UGB. In short, Metro would control the agricultural fate of the triangle area if it is designated urban reserves.

The State recommendation also rests on the design of Jackson School Road (a County arterial roadway included in the County Transportation System Plan) and the Jackson School Road Interchange to serve “rural traffic levels”. However, these facilities already serve urban traffic generated each day from North Plains, Cornelius, Forest Grove and Hillsboro, as well as West County agricultural operations. Designating the “triangular area” urban reserves will not add any more urban traffic to these facilities beyond current traffic because the designation carries no legal urban land use entitlements. Nor would it change the existing farmland use/activities restrictions applicable to that area. Thus, this rationale for the recommendation seems to lack substantive merit.

**Conclusion**

While the State Letter acknowledges the need for “an adequate supply of employment lands in the Metro UGB,” the recommendation in the State Letter for the subject triangle area does not seem to follow this advice. If followed, it would instead do the opposite: Create North Hillsboro employment urban reserves containing scattered small and mid-size environmentally-constrained and development-restricted parcels unsuitable for employment use by new large anchor companies (and many mid-size companies) that are so vital to the growth and diversity of the industry clusters already established inside the UGB north of Hillsboro. Such a recommendation would result in a failure to balance both the urban and rural reserve factors.

For these reasons, we strongly recommend not excluding the subject triangle from an urban reserves designation. Rather, we believe following the COO’s report recommendation for this area to be the correction action.

Respectfully submitted:

CITY OF HILLSBORO

Jerry W. Willey
Mayor

Copy w/ encl: Richard Whitman, DLCD, and the State Agencies