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City of Portland
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Subject: Metro Comments on City of Portland Buildable Land Methodology and Analysis

Dear Tom:

Thank you for the opportunity to review and comment on the City of Portland's draft buildable land analysis. The buildable land inventory (BLI) is the basis for estimating capacity. As the regional government responsible for regional coordination of population and employment forecast, Metro considers having a consistent approach to BLI as critical. Metro staff appreciates having the opportunity to review and also comment on the city's BLI during its development.

Based on our review of the materials you have provided, Metro staff believes that the BLI is consistent with the regional approach and support adoption of it as the basis for the development of the Portland Plan. In addition to using it to assess capacity, staff understands that your Natural Resource Inventory, prepared as part of the BLI, will be used as the basis for seeking compliance with Nature in Neighborhood Title 13 in Metro's Urban Growth Management Functional Plan. Metro staff supports the use of the Natural Resource Inventory as the basis for Title 13 compliance and will continue to work closely with city staff as they complete a phased Title 13 compliance strategy.

Metro comments below on your BLI methodology are based specifically on the information you presented at the October 28, 2010 Periodic Review Assistance Team Partners meeting and the hand-outs (Eric Engstrom's memo to the Planning Commission on the Portland Plan Factual Basis and Buildable Lands Analysis dated July 8, 2010; Inventory maps information presented to the Planning Commission on March 9, 2010; and City of Portland Development Capacity Analysis GIS Model report dated May 18, 2010).

Following are Metro staff observations on the city's BLI methodology and comments to consider as your draft buildable land analysis is refined and moved forward.

Land base: The explanation of the land the city considered indicates that the city's BLI is more detailed than Metro's BLI. City staff demonstrated expert knowledge of the city, considered all lands and incorporated same into the BLI data. The city breaks its land into three capacity categories - full, diminished, or no capacity – while Metro applies a regional vacant land inventory methodology that considers fully and partially vacant sites and then deducts land for specific constraints. One example of field knowledge is how your staff looked over the public lands data layer for errors and omissions and were able to field verify the GIS data. This is an example of how your city BLI is more detailed than Metro's.

Constraints / Suitability of the Land: The city breaks constraints into five categories: 1) No constraints; 2) Low constraints; 3) Constrained; 4) Highly constrained; and 5) Fully constrained. Metro does not explicitly handle its data in this way. For slope, public ownership and utility land-related constraints, we deduct the full area from the inventory as not buildable. For environmental constraints we add back some capacity where limited development is likely to happen. Metro staff believes that your conclusions are within a reasonable range and consistent with Metro's approach.

Capacity: The city's capacity estimate for both residential and non-residential capacity is not materially different from Metro's capacity estimates in its 2009 Urban Growth Report (UGR) study. Both capacity estimates begin with Metro's vacant land inventory. From this point, the slightly different interpretation of environmental constraints and development constraint assumptions that were applied by Metro and the city, the two capacity estimates arrive at slightly different inventory amounts. The city editing of its capacity estimates, particularly its vacant buildable inventory of industrial land, and its better understanding of current marketability of its industrial land inventory provides an opportunity to adjust and further refine its capacity estimates. This last adjustment can be materially different in the case of industrial capacity; however, the refinement is likely to improve the near term accuracy of the city's industrial inventory. In sum, Metro and the city's estimate of buildable vacant land inventory are similar and any differences can be explained by the city's more detailed knowledge of its vacant land inventory.

Where the capacity estimates between the city and Metro's UGR differ is in the treatment of redevelopment (and infill). The city methodology for estimating redevelopment capacity (a supply factor) is theoretically appealing and differs from conventional improvement to land valuation methods. The city's use of extensive GIS data offers a different approach which compares current development densities with maximum theoretical zoning densities to evaluate whether additional redevelopment capacity can be generated in the future. The city's approach skirts the problem of poor valuation data that normally is used in the traditional redevelopment estimation approach. Since redevelopment is subject to the whims of the marketplace, the city considers a range of redevelopment potential by seeking to identify environmental and market/development constraints that may impair the future likelihood of additional redevelopment (see suitability of land). At this point, it is unclear that without substantial historical precedence to determine if the city's new redevelopment estimation approach is more accurate. However, we wish to emphasize that the city's new method is theoretically quite appealing and look forward to additional testing of its accuracy.

To be clear, Metro does not explicitly estimate redevelopment capacity/supply in its treatment of development capacity for the UGR. Instead, we treat redevelopment as a "demand-side" calculation through our "refill rate" studies. The refill rate measures the proportion of marginal demand that is/was accommodated through redevelopment or infill. The refill rate is essentially a deduction of future demand that is expected to be accommodated by redevelopment or infill. The UGR does not expressly measure redevelopment inventory because of the refill rate that we apply in estimating residential and non-residential need. The city's estimate of redevelopment capacity appears to closely resemble the amount of refill projected in Metro's model (MetroScope) and included in the UGR despite the differences in methods.

We are looking forward to working with the City of Portland to improve Metro's data on an on-going basis and in particular projects, while ensuring that we fully understand the city's underlying GIS methodologies/assumptions/definitions to avoid inconsistencies among our conclusions.

Please send us copies of the final reports submitted to the Oregon Department of Land Conservation and Development. Thank you.

Sincerely,

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