

**Enrolled**  
**House Bill 2456**

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor John A. Kitzhaber, M.D., for Department of Land Conservation and Development)

CHAPTER .....

AN ACT

Relating to determination of the development capacity of lands proposed for inclusion in urban growth boundaries; amending ORS 197A.312.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1.** ORS 197A.312 is amended to read:

197A.312. (1) In addition to and not in lieu of the method prescribed in ORS 197.295 to 197.314 and the statewide land use planning goals, the Land Conservation and Development Commission shall adopt a method by which a city outside Metro that has a population of 10,000 or more may evaluate or amend its urban growth boundary.

(2) The commission shall design the method so that:

(a) A city using the method:

(A) Will have within its boundaries sufficient buildable lands and other development capacity, including land and capacity for needed housing and employment opportunities, to meet the growth in population and employment forecast to occur over a 14-year period.

(B) Will not become less efficient in its use of land as a result of a change to the urban growth boundary.

(b) The urban population per square mile will continue to increase over time on a statewide basis and in major regions of the state, including that portion of the Willamette Valley outside of Metro.

(c) The rate of conversion of agricultural and forest lands to urban uses does not increase over time in any major region of the state.

(3) Under the method adopted by the commission:

(a) A city's determination of the amount of buildable lands needed for housing, employment and other urban uses must be based on the population and employment growth forecast to occur over a 14-year period.

(b) A city's determination of the supply and development capacity of lands within its urban growth boundary must be based on:

(A) An inventory of vacant and partially vacant buildable lands within the urban growth boundary;

(B) The comprehensive plan designation and the zoning of the portion of the buildable lands that is urban; and

(C) Factors established by the commission for forecasting:

(i) The development and redevelopment capacity of urbanizable lands within the urban growth boundary; and

(ii) The redevelopment capacity of developed urban lands within the urban growth boundary.

**(c) A city's determination of the supply and development capacity of lands the city proposes to include within the urban growth boundary must be based on:**

**(A) An inventory of vacant and partially vacant lands; and**

**(B) Factors established by the commission for forecasting the development and redevelopment capacity of the lands.**

*[(c)]* **(d)** A city shall consider a range or combination of measures identified by rule of the commission to accommodate future need for land within the urban growth boundary and implement at least one measure or satisfy an alternate performance standard established by the commission. The commission shall design the alternate performance standard so that the standard is satisfied when the city:

(A) Has a development code that contains specified provisions designed to encourage the development of needed housing; and

(B) Demonstrates that, during the preceding planning period, the city:

(i) If located in the Willamette Valley, exceeded the median rate of redevelopment and infill for cities with a population of 10,000 or more in the Willamette Valley that are outside of the boundaries of Metro by an amount set by commission rule; and

(ii) If located outside of the Willamette Valley, exceeded the median rate of redevelopment and infill for cities with a population of 10,000 or more that are outside the Willamette Valley by an amount set by commission rule.

*[(d)]* **(e)** A city shall demonstrate that lands included within the urban growth boundary:

(A) Include sufficient serviceable land for at least a seven-year period.

(B) Can all be serviceable over a 14-year period.

*[(e)]* **(f)** Lands included within the urban growth boundary:

(A) Must be planned and zoned for categories of land uses in amounts that are roughly proportional to the land need determined for each category of use;

(B) Must be planned and zoned for an intensity of use that is generally consistent with the estimates that were used to determine the amount of land needed;

(C) Must be planned and zoned to meet the requirements for needed housing, and those requirements must be specified by rule of the commission in a manner that is as objective as practicable; and

(D) May be either:

(i) Planned and zoned, or otherwise conditioned, to avoid significantly affecting a state highway, a state highway interchange or a freight route designated in the Oregon Highway Plan; or

(ii) Allowed to significantly affect a state highway, a state highway interchange or a freight route designated in the Oregon Highway Plan subject to mitigation, consistent with rules of the commission, if the lands are planned and zoned for compact urban development or industrial uses.

(4) For purposes of subsection (3)(a) of this section, population growth must be forecast as provided in ORS 195.033. Employment growth must be forecast based on the population growth forecast for the city or the employment growth forecast issued by the Employment Department for the county or region. The commission shall establish factors, by rule, for converting the forecasted population and employment growth into forecasts of land need for housing, employment and other categories of uses. The factors must:

(a) Be based on an empirical evaluation of the relation between population and employment growth and the rate and trends of land utilization in the recent past in the applicable major region of the state;

(b) Reflect consideration by the commission of any significant changes occurring or expected to occur in the markets for urban land uses in that major region of the state;

(c) Be designed to encourage an increase in the land use efficiency of a city, subject to market conditions; and

(d) Provide a range of policy choices for a city about the form of its future growth.

(5) For purposes of subsection (3)(b) of this section, the commission shall establish factors for supply and development capacity that are:

(a) Based on an empirical evaluation of the population and employment growth that has occurred on similarly situated lands through development and redevelopment;

(b) Based on consideration by the commission of any significant changes occurring or expected to occur in the markets for urban land uses in that major region of the state;

(c) Designed to encourage an increase in the land use efficiency of the city, subject to market conditions; and

(d) Designed to provide a range of policy choices for a city about the form of its future growth.

(6) For purposes of subsection (3)(c) of this section, the commission shall establish factors that are:

(a) Based on an empirical evaluation of the population and employment growth that has occurred on similarly situated lands through development and redevelopment;

(b) Based on consideration by the commission of any significant changes occurring or expected to occur in the markets for urban land uses in each major region of the state;

(c) Designed to encourage an increase in the land use efficiency of the city, subject to market conditions; and

(d) Designed to provide a range of policy choices for a city about the form of its future growth.

(7) For lands that are included within an urban growth boundary pursuant to this section and not made serviceable within 20 years after the date of their inclusion, the commission may provide by rule that:

(a) The lands must be removed from within the urban growth boundary the next time the city evaluates the urban growth boundary; or

(b) The planned development capacity of the lands must be reduced if there are significant increases in the cost of making the lands serviceable.

(8) When lands included within the urban growth boundary pursuant to this section are planned and zoned for industrial or residential uses, the lands must remain planned and zoned for the use unless a rule of the commission allows a change in planning and zoning based on a significant change in circumstance.

**Passed by House March 3, 2015**

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Timothy G. Sekerak, Chief Clerk of House

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Tina Kotek, Speaker of House

**Passed by Senate May 26, 2015**

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Peter Courtney, President of Senate

**Received by Governor:**

.....M.,....., 2015

**Approved:**

.....M.,....., 2015

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Kate Brown, Governor

**Filed in Office of Secretary of State:**

.....M.,....., 2015

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Jeanne P. Atkins, Secretary of State