

Oregon Local News - Metro's UGB decision will have impact on Canby

DANIEL PEARSON - Observers say Metro's decision not to expand its urban growth boundary was not intentionally made so towns outside the boundary would have to deal with land-use battles and interest groups. Others feel differently, as this graffiti on downtown Canby wall near city hall demonstrates.

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On Nov. 12, Portland's Metro Council voted not to expand the city's 258,000-acre urban growth boundary for the first time in 10 years, concluding it has what it needs to manage growth through 2035.



It's a move that opens a window for cities like Canby, which sit just outside the UGB, to at least in the short term absorb some of the rapidly increasing population of the greater Portland metro region, and to attract large employers with its shovel-ready parcels and existing, ready-to-turn-on infrastructure that is in place in the Pioneer Industrial Park. Those in Canby who follow planning decisions closely say Metro didn't decide against expanding Portland's UGB just so the 26 cities inside the boundary could avoid finding solutions to tough questions, like how working class and middle-class families can afford housing when the cost of a good single-family home in many Portland suburbs starts around \$350,000 and the median Oregon household income in 2014 was \$51,000, according to the Regional Multiple Listing Service (RMLS) and the U.S. Census.

Observers also say Metro's decision wasn't made because it knew a town like Canby, with its existing infrastructure and buildable inventory of industrial and residential land, will end up absorbing new development without having to fight interest groups, like 1,000 Friends of Oregon, or voter annexation, allowing Metro to stay out of costly land-use legal battles, at least until it reviews the UGB again in 2018.

John Williams, deputy director of Metro's planning development department, chief author of the report that says Metro doesn't need to add more land, and former planning director of Canby said demographic forecasts show an increasing number of households with one or two people only, an increasing number of households with an older population as the "head of household," and an increasing number of lower-income households are projected inside the metro UGB during the next 20 years.

"All of those factors, an aging population, income levels, size of households, point to a different housing

market in the future,” Williams said. “That, paired with an increased demand for living near real urban amenities are the reasons why we made the decision to build up and not out. It’s increasingly difficult to fund the construction of new infrastructure. Cities with voter-approved annexation have been failing in their attempts to expand, getting those (parcels) through the planning process and then financed and developed. It takes a long time and Canby already has all of those pieces in place.” There’s long been a trend in Canby that if single-family homes are provided people will move here, and Metro’s action and decision to build high rises rather than new suburbs in a slight way reinforces that, said Bryan Brown, Canby’s planning director.

“There is still a demographic that wants that American dream, and it’s available in Canby,” Brown said. “It’s not that far away from Portland, and you can’t get that in Portland now, not with the lot sizes that are available here. Housing may become even tighter in Portland because of their action.”

Housing affordable for some While all of this sounds good for the city, which stands to benefit from the tax revenue generated by new properties, the question remains: Where are people going to live in Canby, and who is buying? Canby’s housing market is tight by all accounts. The recent median sales price of a single-family home was about \$315,000 compared to \$447,000 in the West Linn-Lake Oswego area, \$350,000 in Tualatin-Sherwood-Wilsonville and \$330,000 in Milwaukie-Gladstone-Clackamas-Estacada, according to the RMLS.

That relatively-lower median sales price is attracting buyers, mostly from out of town, although local brokers say there is some movement up and down in the housing market. In November, there were 24 new listings in Canby while 27 of all existing listings sold. In mid-December there were about 50 active listings on the market, the RMLS said.

There even have been deals made in Canby, and elsewhere, where homebuyers offer more than the listed for-sale price because they can get more house and a bigger yard for their investment, and because they can afford to. “The lots are getting smaller here, but smaller here is in the 7,000-square-foot range while in Portland 5,000 square feet is the average size,” said Rick Robinson, Canby’s city administrator.

In many cases, Canby buyers are willing to commute farther across the Metro area – 87 percent of workers who live in Canby commute out of town for work, according to the Oregon Employment Department – in exchange for the larger house and yard, the small-town, community feel and the committed school district.

For instance, Jennifer and Roy Burchett, who paid \$319,000 for their home purchased in Dec. 2014 in Canby’s Valley Farms subdivision, both commute to the other side of Portland to work, Jennifer to 122nd and Halsey Street, Roy to northeast Portland’s industrial district. Neither seem to regard the longer commute as a detriment to living in Canby.

“We were living in Gladstone and commuting to Portland,” Mrs. Burchett said. “It’s a few more minutes out but it’s worth it. We drove out to Canby and looked around and it seemed like a really nice place with good schools. I thought it would be less expensive since it’s a little further out but Canby is a desirable place.”

Developers already are positioning to capitalize on that perceived value by building six new subdivisions in Canby that will add 150 single-family home sites, 21 townhome sites and 10 manufactured home sites to the local residential real estate inventory, according to figures from Canby Economic Development.

Brown said residential real estate development projects here have consumed on average about 45 vacant plats per year for the past 10 years. In 2015, Canby’s planning department issued 63 residential single-family home permits, most to Stafford Land Company, Pacific Lifestyle Homes and Oregon Development West, the companies building the six subdivisions.

Stafford Land’s Rick Waible said there is plenty of opportunity to add to Canby’s real estate inventory, and observers say it is needed. Canby has less than two months-worth of housing inventory – the average time a home stayed on the market in Canby recently was about 31 days, said Gina Hosford, a broker for Better

Homes and Gardens who focuses on Canby.

“Low inventory is making it challenging for homebuyers,” Hosford previously told the Herald. “We need new listings.”

With all of this anticipated growth city officials have publicly debated whether or not middle-class families are being priced out of living in Canby. Mayor Brian Hodson said the scale of affordability depends on how you look at it.

“The house my wife and I are in is affordable to us,” Hodson said. “It’s the same thing when you ask the question, what is workforce housing? Is that housing for someone making minimum wage? There was a vision cast when the Pioneer Industrial Park was built and the urban renewal committee came into being 15 years ago, but because of the recession we’ve really only had seven years of development rather than 15 ... We know we are going to need housing and that Canby has to have jobs. How do we tailor our community to that? Hopefully, we will be a good enough draw that companies want to move into Canby.”

Canby Pioneer Industrial Park as economic engine

Canby has several companies eyeing a move into its industrial park, some from Multnomah County that may bring jobs, and several others from outside of Oregon that appear close to committing to deals that would bring to the city more than \$200 million in investments, 1 million square feet of industrial-commercial space, and hundreds of so-called white collar jobs.

City officials give those potential deals code names, for example in this case Project Borealis, Project Blue Ice and Project Everest, because industrial companies are notoriously secretive about strategic decisions and often if word gets out they are even considering a move that’s enough to stop a prospective deal in its tracks, said Renate Mengelberg, Canby’s economic development director.

Present growth in the Pioneer Industrial Park is, arguably, demonstrative of its attractiveness. McCormack Properties is building a 33,000-square-foot facility, and is actively marketing another 70,000 square feet of ready-to-go land. McCormack also leased an 18,000-square-foot building in its Trend Business Center to an out-of-state company called Grand Northern Products, which plans to service the industrial park’s thriving metals industry cluster, companies like American Steel, Pioneer Pump, JV Northwest, and others, Mengelberg said.

Many cities offer tax incentives in the way of abatements for what are called SDCs, or system development charges, which are fees collected from builders by cities and partially used to streets and parks and infrastructure and other municipal services. Canby doesn’t have those incentives, so companies looking to relocate here are not receiving large tax breaks. They’re coming because the city already has a planned urban renewal district and the infrastructure to serve it in place, Williams said.

Where will workers live?

At the front of the industrial park, just up S. Pine Street from the Trend Business Center, is a 7.6-acre lot where Vancouver developer IDM will break ground this spring on a 166-unit apartment complex. Canby Commons will house some residents who work at good-paying jobs in the park, and add to Canby’s rental market inventory, where the vacancy rate hovers around 1 percent and the average wait time to get into an apartment is a year and a half, IDM’s Jason Larson said.

As of November 18, 2015 Canby had approximately 137 vacant platted lots remaining, including the 27 that are under construction but the plat is not yet filed. That number increases to 146 lots if the nine created by partitions, also known as the North Redwood Development Concept Plan, are included, Brown said.

If the normal rate of consumption in Canby is around 45 lots each year, Canby has about three years-worth of residential land left, which is not enough, said Joseph Schaefer, chairman of Aurora’s planning commission and a land-use planner for Portland law firm Jordan Ramis.

“Cities are supposed to maintain a 20-year land supply,” Schaefer said. “If a city thinks its running short you study your existing land supply for residential, commercial and industrial – different types of use. You study growth rates in terms of population, employment, the number of building permits, and you line that up with your existing land inventories and you decide whether you have 20 years-worth or not.”

Supporting documents from Metro find Canby is surrounded by rural reserve land, which is designated for agricultural use for the next 50 years, and although Canby is up against its UGB limit the city can create another concept plan, like with N. Redwood, which provides more structure around how that land will be developed, Mengelberg said.

“That’s a requirement by Metro and other cities and they develop in an orderly fashion – plan, get approved and then develop,” she said. “Any attempt to leapfrog and move haphazardly and voters have historically shown a willingness to stop and re-evaluate the type of development proposed. The other side of coin is voters are willing to approve approved growth when it’s done in a managed way. Canby has a pretty good record approving annexation requests. A lot of them have been smaller parcels, Hope Village a good example, annexed quite a bit of land over the years.”

While the city plans its next move, and waits to see if it can land a large-scale industrial company that brings with it many wellpaying jobs, people will continue moving to Canby, favoring higher gasoline costs and commuting over paying a higher mortgage inside Metro’s UGB and the convenience of being closer to the center city.

Like Nikki and Morgan Annas – Morgan originally is from Canby – who moved here from Salem with their children in 2011. The Annas’ could have moved closer in but opted for Canby because of its quality of life, something observers say is the real draw to The Garden Spot.

“With his commute it was getting strenuous and tiring, so we decided it was time to move closer to his job,” Nikki Annas said. “We love the Canby School District – the teachers here are great – and I don’t do big city. I don’t even like driving in Portland so living there wasn’t an option. It was kind of a compromise. He takes about 30 minutes to commute to work but what we get in terms of a house and quality of life, Canby has it all.”