

Perspective on Population Forecasting

From the "Urban Forum", co-sponsored by AOC, LOC & DLCD; facilitated by Oregon Consensus Program

FIRST EDITION

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AOC, LOC and DLCD have convened a group of stakeholders to explore a legislative concept that would resolve longstanding problems with 20-year population forecasting under the Oregon land use program. This effort has been facilitated by the Oregon Consensus Program, and has proceeded with participation of key stakeholders including cities, counties, Homebuilders, 1000 Friends, Metro, and state agencies. The group has gathered information and ideas, conducted research about the cost and problems with forecasting under the current system, and have agreed to the concept framework that is broadly outlined below. The Governor's office has also been following this effort, as a building block to the urban growth boundary process changes they will be proposing as legislation in 2013. As the stakeholder group works through the process and the details of the concept continue to evolve, additional information will be available to you through subsequent newsletters.

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LEGISLATIVE CONCEPT

Problem

State law¹ requires a coordinated population forecast for each county, including urban and rural areas of the county, for use in maintaining and updating comprehensive plans. Each county, as the "coordinating body" under state law, must adopt a forecast, except where Metro is required to assume that role in the three-county Portland metropolitan region. Each county is also required to keep its forecast current through periodic updates. Under ORS 195.025, all comprehensive land use plans, and the population forecasts that are the basis of such plans, must be coordinated among cities within the county and among state agencies, special districts and other "levels of government."

Despite this legislative mandate and for a variety of locally-driven reasons, more than half the counties in Oregon either have not adopted a coordinated population forecast or have not updated their forecast within the last ten years. This is in part due to cost, including the "political cost" of decisions necessary to "allocate" a county-wide forecast among multiple cities in a county, and the potential for costly litigation. It may also be due to the fact that unlike cities, most counties do not need a population forecast because they are not required to accommodate future population growth. Cities are required by statute to use a coordinated forecast to update their land use plans – including urban growth boundary (UGB) updates. In many communities, delay or lack of a coordinated county forecast has impeded timely land use planning required of cities.

The monetary costs of complying with the current system are substantial and include: in-house or consultant and litigation costs to counties; in-house or consultant and litigation costs to cities; staff, grant and litigation costs to the state; and litigation or other costs to non-governmental stakeholders that have an interest in population forecasting and land use.

¹ **195.036 Area population forecast; coordination.** The coordinating body under ORS 195.025 (1) shall establish and maintain a population forecast for the entire area within its boundary for use in maintaining and updating comprehensive plans, and shall coordinate the forecast with the local governments within its boundary.

Additional problems that have been identified with the current system but would be solved by the new concept include: lost “opportunity” costs to communities from a delay in planning or plan updates; lack of a standardized methodology used for forecasting by differing counties; inconsistencies within single jurisdictions of required forecasts for differing purposes and differing timeframes; prevalence for forecasts to be initially appealed or challenged at a later date as part of a subsequent land use action; limited updates to areas with forecasts, even in areas with fast growing populations.

Solution

Concept: Under the new concept, legislation will provide that population forecasting will be conducted by an expert “third party” entity, such as the Population Research Center at Portland State University (State Board of Higher Education). This entity would be tasked with the issuance of scheduled and regularly refreshed population forecasts for every city and county in the state. These forecasts must be used by individual cities and counties for land use purposes (e.g., for UGBs, transportation, and public facilities planning) instead of the county-adopted or city-initiated forecasts that are authorized under current law.

Timing: The third party entity shall produce a forecast for every city and county within the state in accordance with the following schedule: Year 1 – develop forecast model and issue 36 county forecasts; Year 2 – issue forecasts for one fourth of the state, concentrating on fast growing cities/counties; Year 3 – issue forecasts for one fourth of the state; Year 4 – issue forecasts for one fourth of the state; Year 5 – issue forecasts for remaining fourth of the state. From then on, the forecast would be refreshed for every jurisdiction every fourth year.

Methodology: It is anticipated that a state-of-the-art cohort component model will be utilized, that accounting for key trends in mortality, migration and birth, along with local, public input on additional trends and other factors that may affect population. The components and assumptions within the model must be clearly documented and transparent. During the forecast process, public meetings will be held (place-appropriate to the forecasted jurisdiction), public input will be sought, and preliminary/final results will be presented to the appropriate public officials.

Forecast Specifics: All population forecasts will be based on a fifty-year horizon with five-year increments. Additionally, yearly forecasts will be available for each of the first 10 years of the forecast horizon.

Review Team: The Methodology Review Team will provide a peer-review component to ensure that the third party uses an unbiased, data driven methodology. The team will consist of outside experts knowledgeable about Oregon’s population trends and planning issues, as well as representatives of local government and other community interests, and will be chaired by the State Economist. The Review Team’s main functions are to identify key issues to be considered in the population forecast, analysis and work products.

Appeals: The legislation will specify that the local government adoption of a population forecast produced by the third party is NOT a land use decision (and thus, not subject to appeal to LUBA).

Challenge Process: Under petition from a city, county or other party, and within a specific timeframe, the third party may revise its determination of the population of a city, county or other area. Forecasts may be revised based on the information gained in the challenge, or a determination may be made that the initial forecast is sufficient. The 30-day challenge process is similar to the process for population estimates currently used and described under ORS 190.530²). Under this process, the third party entity would have the final authority to resolve challenges to its forecast (rather than LUBA).

Costs: As previously stated, not all counties have provided forecasts nor have they expended funds to do so. If they *did* meet current statutory requirements, and several of these were litigated (as they have been in the recent past), the cost of one-time county compliance is estimated at \$1.5 million. If just 25 cities also generated their own forecasts, that would add another \$500,000. If litigation occurred, it would cost the city and the public participants approximately \$50,000 more every time. Under the new concept, considerable cost savings will be realized by all

² See ORS 190.510-190.620 regarding current process for certified population estimates.

parties – one time compliance would total approximately \$725,000 for all 217 non-Metro cities and all 36 non-Metro counties.

Phasing: Recognizing the need to provide options to jurisdictions that have recently adopted a new forecast, or are already underway with producing a forecast, the legislation will provide several options for the phasing in of the third party forecasts. Once a county or city receives its initial third party forecast, it cannot adopt a new locally-generated forecast.

Local governments will be authorized to select one of three options that will determine when they must utilize their third party population forecast: 1) as soon as the initial forecast is presented and finalized by the third party, or 2) if a county or city has a current, adopted forecast, it can wait until a “second round” forecast is presented and finalized by the third party, or 3) if a 35-notice has been filed for a post-acknowledgement plan amendment or a periodic review work task has been approved prior to receiving its “second round” forecast, a county or city can elect to use either its previously adopted forecast or its initial third party forecast for the duration of work required by that land use action. Once a county or city elects to use a third party forecast, it cannot utilize previously adopted forecasts for subsequent projects.

Metro: Metro currently has its own statutory responsibilities (ORS 195.025; 195.036) and process for providing long-range forecasts to the Metro area and jurisdictions within the Metro boundary – under the new concept, Metro will retain that responsibility for city-county coordinated forecasts within the Metro jurisdiction. The third party will produce county forecasts for Clackamas, Multnomah, and Washington Counties, and forecast for cities in those counties that are outside the Metro boundary. Metro and the third party will coordinate their methodologies to ensure complementary forecasts.

Statute/Rules: It is anticipated that statute (through legislation) will include the concept framework, and be complemented through appropriate agency rulemaking – the State Board of Higher Education and the Oregon Department of Land Conservation and Development (DLCD). As the current process is codified in statute, the new concept will require legislative action.

Timeline for Implementation: Legislation will be proposed to the 2013 Legislature by DLCD and the Governor; and if passed, will become likely become effective by July 1, 2013.

The timeline for forecasting would be as follows: July 2013-June 2014 – set up system and issue 36 county forecasts; July 2014-June 2015 – issue forecasts for one fourth of the state, concentrating on fast growing cities/counties; July 2015-June 2016 – issue forecasts for one fourth of the state; July 2016-June 2017 – issue forecasts for one fourth of the state; July 2017-June 2018 – issue forecasts for remaining fourth of the state. From then on, the forecasts would follow the same cycle, and be refreshed for every jurisdiction every fourth year.

Funding: It is anticipated that the new concept will incorporate a direct, collaborative funding plan that may include resources from agency planning grants, agency forecasting programs, and/or other sources. It will not be funded directly by individual counties or cities.

Q & A FOR COUNTIES AND CITIES

Why doesn't the current system work?

Although counties are required by statute in ORS 195.036 to adopt forecasts for both the rural and urban portions of the county, for a variety of reasons, many counties either have not completed them or have had difficulty in keeping these forecasts up to date. State law also requires cities to use a coordinated forecast to update their land use plans – including urban growth boundary updates. Although cities have limited authority to generate their own urban area “safe harbor” forecasts, this methodology generally results in unrealistically low forecasts, and many have struggled to achieve the required, timely county adoption of their individually generated forecasts. Current and future trends indicate that there are growing numbers of cities finding it necessary to begin urban growth boundary updates, requiring fresh population forecasts.

What are the benefits to counties and cities?

The new system will provide a consistent and defensible forecast methodology which incorporates local and public input and conditions, provides tremendous cost savings, reduces appeals and lawsuits, and delivers

efficiency and timeliness in the development and refreshment of forecasts.

How are forecast numbers used?

Cities and counties are required to use these numbers for comprehensive land use planning purposes – for urban growth boundary planning and expansion, transportation planning, and public facilities planning. They may also be used for school facility planning, long-term water supply planning, park and recreation planning, and other types of long-term planning.

Will the new system cost more? How will it be paid for?

The new system will actually result in considerable cost savings by all parties – one time compliance would total approximately \$725,000 for all non-Metro cities and counties. As not all counties have provided forecasts nor have they expended funds to do so, it is difficult to estimate comparable costs of the existing system. But if counties *did* meet current statutory requirements, and several of these were litigated (as they have been in the recent past), the cost of one-time statewide county compliance is conservatively estimated at \$1.5 million. If the costs of city forecasts and litigation are added, the estimate for compliance rises considerably. The new system will be paid for with a collaborative funding plan that may include resources from agency planning grants, agency forecasting programs, and/or other sources. It will not be funded directly by individual counties or cities.

Is there a remedy if my city/county disagrees with the third party number?

Yes. Cities, counties or "other parties" may request the third party to revise its determination of the population of a city, county or other area. The forecasts may be revised within a 30-day period, based on the information gained in the challenge, or a determination may be made that the initial forecast is sufficient. Under this process, the third party would have the final authority to resolve challenges to its forecast (rather than LUBA).

PSU will also work closely with communities when initially preparing their forecasts by scheduling two meetings to meet with local officials to ensure that the local input, data, and context is properly accounted for.

What if my city is fast growing – will the numbers reflect our needs?

Yes, a city's past and current growth trend information will be incorporated into their projection. Additionally, local input will be incorporated into the process, regarding growth trends and conditions such as investment decisions that support population growth. Because these numbers will be refreshed every four years, subsequent demographic changes and new investments will be captured quickly and accounted for on a regular basis.

What if my city/county is working on a new forecast now or would like to before the new system is implemented – do I need to stop?

No, you do not need to stop. Recognizing that local officials are the appropriate decision makers to best gauge local implementation of the new numbers, there will be alternate timeframes available for phasing-in. But once a county or city receives its initial third party forecast, it cannot adopt a new locally-generated forecast.

Local governments will be authorized to select one of three options that will determine when they must utilize their third party population forecast: 1) as soon as the initial forecast is presented and finalized by the third party, or 2) if a county or city has a current, adopted forecast, it can wait until a "second round" forecast is presented and finalized by the third party, or 3) if a 35-notice has been filed for a post-acknowledgement plan amendment or a periodic review work task has been approved prior to receiving its "second round" forecast, a county or city can elect to use either its previously adopted forecast or its initial third party forecast for the duration of work required by that land use action. Once a county or city elects to use a third party forecast, it cannot utilize previously adopted forecasts for subsequent projects.

My city/county needs funding for improved infrastructure, and we believe that having the largest population projection possible will help us achieve greater state resources. Will the new system change that?

Like our current system, the new system is not intended to limit a community's vision; local, adopted growth-related policies will continue to be significant considerations. The criteria for forecasting continues the use of objective, factual information and professional forecasting methods, providing each community regularly refreshed population projections that reflect a community's growth and policy investment decisions. The availability of state

funds to help finance a local government's capital improvement project is not changed by the new concept, nor does the concept change the ability for cities or counties to do scenario-planning.

What if my city or county wants to opt out of the new system? Can we generate and use numbers independent from the new system?

Our current system allows counties and cities to generate forecast numbers but has proven to be less than advantageous because of the difficulties of intergovernmental coordination between counties and cities, the time and expense involved, and the frequency of land use appeals. Continuing a system that essentially is broken - that allows inconsistent methodologies between units of local government and ignores statewide "control" totals, has no certainty in terms of timing when cities will have valid forecast numbers for critical land use purposes, continues to erode relationships between counties and cities, allows land use appeals, and costs too much - would not be beneficial policy on a statewide basis, and therefore not included in the new concept.

Because the forecast numbers in the new concept will be provided by a "neutral" third party, and the methodology used approved by a review team of experts, the "politics" experienced by local elected officials associated with population forecasting goes away - the forecast becomes a unbiased, data driven exercise rather than a political one. Coupled with the new, non-land use decision status, the new system provides substantially more benefit than perceived benefits of in-house city or county forecasts. After a city/county selects the implementation option that best fits their needs, only "third party" forecasts may be utilized.

How will the new system work in the Metro area?

Metro will continue to provide long-range forecasts to the Metro area and jurisdictions within the Metro boundary. The "third party" will produce county forecasts for Clackamas, Multnomah, and Washington Counties, and forecasts for cities in those counties that are outside the Metro boundary. Metro and the "third party" will coordinate their methodologies to ensure complementary forecasts.

How do we know that the forecast will be done correctly?

The population forecast model, including all the components and assumptions, will be clearly documented to ensure a transparent process. Additionally, a technical advisory team of experts will be required to provide a peer-review component to ensure that the third party uses unbiased, data-driven methodologies and that best practices are followed. The team will consist of outside experts knowledgeable about Oregon's population trends and planning issues, as well as representatives of local government and other community interests.

Portland State University has been talked about as the "third party" Why would PSU be a good choice?

Since the creation of the Population Research Center (PRC) at Portland State University in 1965, PRC has served Oregon by providing demographic services to assist in policy and planning decisions. Serving as a lead state agency that works with the U.S Census Bureau to disseminate information at the local level, PRC has a long-established history of providing coordinated population forecasts to private firms, public agencies, and not-for-profit groups. In addition, PRC faculty and staff collectively possess over 50 years of training and experience in demographic research methods, forecasting, census data, survey research, and statistical analysis.

The experience of PRC faculty and staff, particularly with coordinated population forecasts, ensures a consistent forecast methodology that produces transparent results by working with officials and citizens at the local level to incorporate data and input on the trends and factors affecting population in their communities. This approach is superior to retrospective-only forecasting, and offers more reliable numbers for decision-making.

ADDITIONAL INFORMATION

For additional information, please contact LOC- Linda Ludwig, lludwig@orcities.org; AOC- Mike Eliason, meliason@aocweb.org; DLCD-Bob Rindy, Bob.Rindy@state.or.us; Oregon Consensus- Laurel Singer, laurels@pdx.edu.

