



METRO
PEOPLE PLACES
OPEN SPACES

Let's talk viewpoints

Where do we grow from here?

MODERATOR

Carolyn Myers Lindberg, small-business owner

PANELISTS

Fred Bruning, president, Center Oaks Properties

Rudy Kadlub, chief executive officer, Costa Pacific Homes

Andy Kerr, president, Alternatives to Growth Oregon

Gerrit Knaap, director of research, National Center for Smart Growth, University of Maryland

Robert Liberty, director, 1000 Friends of Oregon

Gussie McRobert, commissioner, Oregon Land Conservation and Development Commission

Panelists were asked to share their vision for managing growth in the region taking into account existing state and regional policies and the following questions:

1. How much change including increased density should happen inside our existing communities?
2. Should Metro add land to the UGB for industrial jobs even if this means developing farmland?
3. What affect would your vision have on housing costs, housing values, the economy and jobs?
4. How should the region balance competing interests and values when making an urban growth boundary decision – private property rights, environmental protection, infrastructure costs and people's varying definition of "livability?"

The panelist's written responses are attached.

Metro –Let’s Talk

Rudy Kadlub, CEO, Costa Pacific Communities

Metro faces a daunting task in implementing the state and regional policies for managing growth. Promoting efficient use of land while at the same time providing diverse housing options, for example, is at best a lively sparring session if not a heavyweight championship fight embattling farmers, environmentalists, policymakers, developers and homebuilders. Developers are not the creators of growth, but accommodators attempting to meet the demands of a wide variety of household profiles, e.g., single heads of household, couples, and small and even large families, all with a wide range of incomes and locational needs. However, efficient land use policies require densities that restrict the variety of housing options.

Farmland and natural resource protection, though admirable, threatens the region’s economy because it has contributed immensely to the rapid rise in housing prices by constraining land supply. The region is losing its appeal to large employers who just ten years ago looked at the region’s affordable housing stock as one of the main reasons for locating jobs here. However, the high price of land now precludes the creation of affordable single family detached starter housing and has employers looking elsewhere for relocation or expansion.

To manage growth effectively there must be a cohesive link between transportation and land use, yet we can barely agree on definitions let alone how to tie them together. And finally, getting agreement in the region as to what a balanced transportation system should be is like trying to get Americans to agree to a national religion.

Given the existing regulatory framework’s attempts to protect urban farmland and Metro’s interpretation of the state land use law’s requirement to take exception land first, a plan to expand the region’s UBG that would enhance the region’s livability eludes me.

If Metro is forced to satisfy a majority of the region’s land needs with the Damascus area property the region’s livability will be further eroded. Even though the area will be permitted for jobs and housing, it will take years and significant cost to attract those jobs and put facilities in place – years longer than it will take to build housing in the area. The occupants of the new housing in that subregion then will be commuting longer to jobs in the central city, North Portland, and Washington and Clark counties. The majority of the potential expansion land is in the Damascus area on the far southeast edge of the region – an area where no strong transportation link exists and where little manufacturing employment exists.

Our current policies require lands brought into the boundary, if zoned for residential use, to bear much higher densities than traditional suburban development. All the lands available for expansion exist at the edges of urbanization, therefore, as we grow we are concentrating more and more population at the outer edges of the region putting more pressure on the already overcrowded transportation corridors as residents of these new neighborhood’s attempt to get to jobs located elsewhere.

Therefore, if expansion is to occur in the southeast, in my opinion it should be zoned for industry only, not housing. When, and if, the jobs are in place then residential land which can be developed quickly should follow.

Increasing densities inside existing centers and communities especially near existing jobs is an excellent planning idea but difficult to achieve. High density housing satisfies only a portion of the household types in need of housing and generally costs more to build per square foot than less dense housing. The costs increase even more if built on land converted from industrial use (brownfield) or if it involves remodeling existing structures. Such reuse also carries the burden of more restrictive codes and longer permitting times. It is important for Metro to create incentives for developers who will build this type of housing near the central core and jobs.

The region's high tech job base is centered in Washington County where the state's largest private employer, Intel, has invested billions of dollars, created thousands of jobs, and attracted thousands more. Although it has taken the better part of two decades to put those jobs in place, the high tech industry has revived and diversified the region's economy from its one-dimensional reliance on the wood products industry prior to 1985.

However, this boon to the economy has not come without cost to the livability in the region because the huge influx of jobs has caused such an imbalance with housing that the "reverse commute" on Highway 26 is the region's worst. More pressure is being placed on the region's air quality because of the additional vehicle miles traveled and the area's residents are spending more time in their cars and less at their jobs or with their families.

I believe that expanding onto some farmland in Washington County for housing (not industry) is critical to solving this problem.

Although I have referred to specific examples herein, in general, I believe that development patterns should occur such that jobs, housing, and services are brought along concurrently and in proximity to each other. In addition, this mixed-use growth should occur along existing transportation corridors or at transportation hubs. Smart growth communities like Orenco Station in Hillsboro which provide a variety of concentrated housing types and retail services near existing jobs and transit should be greatly encouraged.

Smart growth will put more jobs, housing, and services within walking or cycling distance of each other or to commuter and light rail, but will require some transformation of how employers accommodate their employee's transportation needs, how retailers and service providers look at distributing their goods and services, and the region's willingness to compromise and balance the region's farmland with air quality and livability.

Statement of Andy Kerr, President, Alternatives to Growth Oregon, 205 SE Grand Ave. #203, Portland, 97214, 503/222-0282, www.AGOregon.org, andykerr@AGOregon.org¹

Anybody who wants Oregon to become another California raise your hand! Seeing none, the question is now on the table: When do we stop growing to avoid becoming another California?

The Los Angeles River and the Hudson River were both once home to salmon. However, their respective regions grew too much for the salmon to cope.

If, according to its charter, Metro's primary function is "planning and policy making to preserve and enhance the quality of life and the environment for ourselves and future generations" then Metro is failing to fulfill that mandate. On Metro's web page, you will find this statement:

(Metro) provides planning services and land-use information to local governments, policy makers and citizens of the region so that we can maintain our livability while planning for the next 50 years of growth."

"(M)aintain our livability" *and* "50 years of growth"? Pick one, and call me back. It is impossible to both enhance the quality of life and the environment for ourselves and future generations and accommodate population growth.

A collective inability to envision an Oregon without population growth and an equally collective reluctance to lose our quality of life and environmental quality has forced our body politic into believing in a fantasy: that we can have both quality of life and environmental quality *and* population growth and its supposed benefits. Just because we want it, very very much, doesn't make it true or possible. We'd all very much like a fat-free hot-fudge sundae, but it is no more possible to achieve than keeping Oregon Oregon with endless population growth.

Metro is presuming another 475,000 people in the next 20 years, comparable to past growth. History need not be destiny, unless we allow it.

In forecasting population increase, planners tend to merely look in the rearview mirror and assume the road is straight. Yet, they don't similarly forecast by extrapolation losses in environmental quality and quality of life that will occur if this population growth occurs. Instead, planners assume unprecedented levels of taxation, government regulation and tolerance that would be necessary to facilitate its proposed mitigation measures.

These mitigation measures to ameliorate the effects of population increase, especially while encouraging and accommodating it, will not work. Mitigation is giving you a wheelchair after amputating your legs. It's better than nothing, I grant you, but it's not the same quality of life.

The Metro Council can use its power to discourage population growth, but it must have a political will to do so. Even if this Metro Council feels it cannot oppose growth, they have an obligation to tell its constituents the truth: it is impossible to maintain quality of life and environmental quality and accommodate population growth in the future.

My charge is to "share my vision for managing growth." I am supposed to accept the "existing regulatory framework for managing the urban growth boundary and accommodating growth." I cannot accept this presumption. We have a choice in this region. We can either maintain quality of life and environmental quality or we can accommodate population growth. We cannot do both.

"Where Do We Growth From Here?" is a catchy, but self-limiting, phrase. If we continue to limit ourselves to debating *how* and *where* to grow, and not also discuss *whether* to grow, Oregon will end up another California, the Willamette Valley another Puget Sound and Portland a Los Angeles with light rail.

Nevertheless, I will now share my vision, but with the proviso that population growth is neither desirable nor inevitable.

• *How much change including increased density and efficiencies should happen inside our centers and existing communities.*

We have become, and can be, more efficient. The problem is, population growth makes per capita efficiency improvements ultimately futile. While density conserves land in the short-term, it does nothing to conserve water or air or most other resources. In the long-term, if population growth continues, increased density means merely more people when the Willamette Valley is ultimately filled up.

During the 1990s, households in Portland reduced their per capita emission for CO₂ by 12%. However, these savings to reduce global warming were erased by increased population growth.ⁱⁱⁱ

Consider air quality. Although Portland's population has increased 50% since 1970—the passage of the Clean Air Act—the city's view of Mount Hood is the best in a generation. Two decades ago city haze was so bad the mountain could be seen only 35% of the time on clear days. Now it is visible more than twice as often. The reason is technological improvements of factories, wood stoves, and automobiles. Nevertheless, technology has its limits. Planners estimate that air quality will peak between 2001-2010 as population increase overwhelms the technological gains.^{iv}

Forcing density on communities and neighborhoods is the surest way to destroy what public support remains for land use planning. The density increases that are politically acceptable (in some circles) to propose, will only result in more crowded streets and neighborhoods. The amounts of density to tip a community away from, for example, automobile dependence is level of people living above, below and beside each other than is not acceptable to most current residents.

- *Whether Metro should add land to the UGB for industrial jobs even if this might mean developing high quality farmland.*

For at least the past decade, Oregon has spent over a billion dollars annually subsidizing growth.^v Oregon government prostituted itself for high technology industry in the name of jobs, though it is an inherently unstable industry. The result is that we now have the nation's highest unemployment rate and lowest job growth. By giving away tax breaks and free infrastructure, destroying farm land, clogging our highways and schools, Oregon has beat Mississippi in the race to the bottom. Growth is a race one loses the faster one runs. It would be cheaper for local government to buy up all the undeveloped land within their borders to prevent—rather than subsidize—its development.^{vi}

- *The effect your vision would have on housing values and affordability, the economy and jobs.*

If you want affordable housing, then support the end of subsidies to growth. Two things will happen. First, tax monies that we now spend subsidizing growth that result in the fouling of our own nest and feathering the nests of some rich, can instead be spent directly helping poor people.

Second, and most importantly, *demand* is the most critical factor in housing prices, not supply. If Metro and other governments weren't seeking new industry, housing for everyone would be more affordable, because the *demand* for new housing would lessen. When business moves in, people who don't presently live here fill the majority of the jobs and essentially all the new housing.

Instead of wasting tax money seeking to bring in more business, government could focus on the quality of existing jobs and develop an economy that put people before profit.

- *How to balance the competing interests and values in making an urban growth boundary decision—private property rights, environmental protection, infrastructure costs and people's varying definitions of "livability."*

"Livability" is only hard to define if you are unwilling to accept a community without population growth. Otherwise, "livability" is easy to define. "Livability" is what we have now. It is the tax rates,

classroom sizes, air quality, water quality, commute times, open space, library hours, density, etc. that we have now. Collectively, people, by living where they do, define their definition of livability. These and other measures will not improve with population growth. Private property rights and environmental protection are only in competition with each other because both go down as population rises. As population increases, infrastructure costs rise even faster.

Ironically, surveys reveal that overpopulation and becoming another California are the greatest fears of Oregonians.^{vii} Metro's own polling tells us that population growth is the key quality of life issue for area residents. Most metro residents want Metro to take steps to slow population growth.^{viii} Only 2% of Oregonians think the state's population is "too small." 65% think that we are "the right size." Remarkably, 29% think our state's population is already "too large."^{ix}

Population growth is propelling plans to drink from a watershed where over 70% of the state's residents live^x and excrete. 93% of all Willamette River fish have dioxin in their tissues.^{xi} Dioxin is the most toxic human-made chemical that we know of.^{xii} Since 1995, toxic chemical discharges into the Willamette Basin have nearly doubled.^{xiii} So much for all that *clean* industry we've attracted.

The intake for this new Wilsonville water filtration plant would be just downstream from a stretch of the river where up to 74% of the squawfish have skeletal deformities—including 3-eyed fish.^{xiv} The only reason to drink from the Willamette is that the region has "outgrown" the Bull Run Watershed.

What about traffic? Planners have estimated that to maintain the existing "quality of traffic" and to accommodate the next 20 years of population increase in the Portland area, \$13.5 billion would have to be spent on roads and other transportation. Such would include, among other things, double decking all the freeways. Planners estimate that perhaps \$3.5 billion could be found, but only if the voters approve a 2¢ per gallon increase in the gas tax *each year for the next 20 years*. The voters soundly defeated a modest 5¢ per gallon increase in the state gas tax in 2000 by approximately an 8-1 margin.^{xv}

Rather than concluding that the accommodation of such growth and maintaining livability were incompatible, instead the planners lowered their, and by our acquiesce, all of our expectations. Since we can only reasonably expect about \$2.3 billion to be available, you can count on congestion levels increasing 685% over 1994 levels.^{xvi}

What is intolerable traffic today will be commonplace tomorrow. If you wanted to fully maintain existing quality of traffic, we'd have to raise the gas tax to \$1.54 per gallon and build many freeways. In any case, we'll have 24-hour traffic reports, even on weekends.

As the Governor's Task Force on Growth noted, growth exacerbates government revenue problems; it does not relieve them.^{xvii} Tax money that used to pay for existing government services is being diverted to subsidize growth. Popular government services—such as libraries—are increasingly funded through voter-approved serial levies and bond measures. Politicians know the voters will approve such measures, but wouldn't approve of their tax moneys going to subsidize new industry and new residents. Large tax revolts correlate with large population growth.

Some Oregon planners and politicians find humor—or at least irony—in the following statements: "Oregonians hate sprawl. Oregonians hate density."^{xviii}

As Americans, we are not used to having to choose. We want it all, and often have gotten it all. However, if a city chooses to grow for the supposed benefits such population increase has, then that city will inevitably lose other values. You can't have small-town values in a big city.

The choices offered by Metro—sprawl to Damascus now or later?; develop St. Marys' Woods now or later?; densify Milwaukie first and then Gresham, or vice versa?—are only the choices offered to a condemned person. The gas chamber, firing squad, electrocution and lethal injection are indeed significant choices in the short-term, but in the long run it doesn't make any difference.

A few Oregonians are making quite a killing on growth, some are making a living on growth, while most Oregonians are paying for growth that is killing the Oregon we love.

By some measures, Oregon livability has improved in the last quarter-century, despite—not because of—population growth. It was the fear of population increase destroying our quality of life and environmental quality that drove Oregon to do land use planning.

Like an adult human, Oregon has matured; any further growth is either fat or cancer.

We could book our favorite fishing hole or mountaintop through Ticketmaster, but is that the Oregon we want to live in?

The fact that Portland—today or tomorrow—is—or will be—more livable than Newark, Los Angeles, Dallas, Mexico City, or Calcutta is of no comfort. I am only interested in an Oregon that is at least as good to live in 2040 as it is today.

Slow growth is like being in an airplane that is going to inevitably crash, but it takes a long time. Smart growth is that you get to ride in first class while the plane is going down. The only smart growth is no growth.

Remember Isaiah 5:8: *Woe unto them that join house to house, that lay field to field, till there be no place that they may be placed, alone in the midst of the Earth.*

Time does not permit me to expound on the ways to end growth. That is the subject of another talk.^{xix}

While planning and management can mitigate some of the worse impacts of growth, there is one value held by most Oregonians for which there is no adequate technological fix: the loss of elbowroom. Cocaine and Prozac are commonly tried, but the side effects are awful.

Any good cause is a lost cause if we don't stabilize population at sustainable levels.

While we must plan for growth, let us also have—as our first choice—a plan not to grow.

The only thing more radical than the end of growth is continuing to grow.

(Footnotes available at www.AGOregon.org.)

-
- ⁱ Adapted from: Kerr, Andy. 2000. *Endless Growth or the End of Growth*. Portland: Alternatives to Growth Oregon. 18 pp.
- ⁱⁱ <http://www.metro-region.org/growth/gms.html> (as of 3/1/02).
- ⁱⁱⁱ _____. *Green Pages*. 2001. City of Portland. 7.
- ^{iv} Suo, Steve. 1998. "A Hazy Future For A Clear View." Portland: *The Oregonian*. September 20.
- ^v Fodor, Eben. 2002. *Assessment of Statewide Growth Subsidies in Oregon*. Fodor and Associates, Eugene, Oregon for Alternatives to Growth Oregon, Portland. 115.
- ^{vi} Fodor, 1999. *Better Not Bigger: How to Take Control of Urban Growth and Improve Your Community*. Gabriola Island, BC: New Society Publishers. 134.
- ^{vii} _____. 1993. *Oregon Values and Beliefs Summary*. Portland: Oregon Business Council. 29.
- ^{viii} Metro Public Opinion Study Telephone Survey. Davis and Hibbits, Inc. May 2001.
- ^{ix} "Survey shows Oregonians don't support growth." The Associated Press, January 14, 2000.
- ^x Haberman, Rita, Joe Coffman, Mary Lou Soscia, Patricia Benner and Don Francis. 1997. *Floods and Floodplains: Willamette Riverkeeper's State of the Willamette 1997*. Portland: Willamette Riverkeeper. 3.
- ^{xi} Haberman, et al., 11.
- ^{xii} Weiss, Laura. 2000. *Zero Tolerance: Persistent Poisons in Oregon, Source and Solutions*. Portland: Oregon Environmental Council (www.orcouncil.org). 6.
- ^{xiii} Grossman, Elizabeth, Joe Coffman, Cathy Torici, Rosemary Furfey and Mary Lou Soscia, 2000. *Under the Surface: Willamette Riverkeeper's State of the Willamette 2000*. Portland: Willamette Riverkeeper. 23.
- ^{xiv} Francis, Don and Rita Haberman. 1998. *Our Future, Our Choice: Willamette Riverkeeper's State of the Willamette 1998*. Portland: Willamette Riverkeeper. 13.
- ^{xv} <http://www.sos.state.or.us/elections/may162000/results.htm>
- ^{xvi} _____. 1999. *1999 Regional Transportation Plan*. Portland: Metro. Table 5.2.
- ^{xvii} _____. 1999. *Growth and Its Impacts on Oregon: A Report From Governor Kitzhaber's Task Force on Growth in Oregon*. Salem: State of Oregon. 6-1.
- ^{xviii} Fodor, Eben. 1999. "Growing Better, Not Bigger." Portland: *Oregon Planners Journal*. July/August. 7
- ^{xix} Kerr, Andy. 2000. *25 Actions to End Growth in Oregon*. Portland: Alternatives to Growth Oregon. (available at www.AGOregon.org.)

**THE LINK BETWEEN
GROWTH MANAGEMENT AND HOUSING AFFORDABILITY:
THE ACADEMIC EVIDENCE**

Arthur C. Nelson
Georgia Institute of Technology

Rolf Pendall
Cornell University

Casey J. Dawkins
Georgia Institute of Technology

Gerrit J. Knaap
University of Maryland

A Discussion Paper Prepared for
The Brookings Institution Center on Urban and Metropolitan Policy

February 2002

THE LINK BETWEEN GROWTH MANAGEMENT AND HOUSING AFFORDABILITY: THE ACADEMIC EVIDENCE

EXECUTIVE SUMMARY

Rising concerns about traffic congestion, loss of farmland, urban disinvestment, and the costs of public infrastructure have led an increasing number of state and local governments to adopt new policies to better manage metropolitan growth. Such programs often involve a package of tools such as zoning, comprehensive plans, subdivision regulations, development fees and exactions, and infrastructure investments and are sometimes described as growth controls, growth management, sustainable development, or smart growth. Despite these efforts' increasing popularity, some observers are concerned that such efforts adversely affect land and housing markets and lead to problems of housing affordability.

We must remember that many of the ills resulting from today's sprawling development patterns are themselves caused in part by traditional land use planning and zoning practices (sometimes deliberately), such as exclusionary housing and other local land use practices. Growth controls, as distinguished from growth management, bear a striking resemblance to these traditional practices, because they are adopted with only local benefits in mind and without concern for the possible costs that other communities might bear as a consequence. Growth management, by contrast, seeks to preserve public goods, improve social equity and minimize adverse impacts of development while still accommodating new housing and economic growth.

The common assumption is that by limiting the supply of developable land, all growth management policies reduce the supply of housing. Basic economic theory suggests that if housing supply is low relative to demand, then the price for it will be high, reducing its affordability. While this reasoning may seem logical, it is far too simplistic. Housing prices are actually determined by a host of interacting factors, such as the price of land, the supply and types of housing, the demand for housing, and the amount of residential choice and mobility in the area. Further complicating this market reality is that growth management policies vary widely by state and by region and are unevenly enforced and implemented.

This report is a comprehensive review of the academic literature on the role of growth management on affordable housing. In short, the report finds that:

- 1. Market demand, not land constraints, is the primary determinant of housing prices.**

The strength of the housing market is the single most importance influence on housing prices whether growth management programs are present or not. The effects of growth management policies on housing prices are much more complicated to isolate because of the variations in policy styles and implementation, the structure of local housing markets, the patterns of land ownership, and the stringency of other local regulations. Even research on

the effects of urban growth boundaries (UGBs), focused largely on Portland, Oregon, suggests that UGBs can affect land values, but their effects on housing affordability remain in dispute. For example, economists have found that Portland's growth in housing prices is more attributed to increased housing demand, increased employment, and rising incomes than its urban growth boundary. Moreover, after an initial spike in housing prices between 1990 and 1994, attributed by economists to rapid increases in jobs and wages, Portland's housing prices since then have risen at about the national average. The reason may be that despite limiting the amount of land, Portland's growth management policies actually increase housing supply relative to demand.

2. **Both traditional land use regulations and growth management policies can raise the price of housing.** In the end, both traditional zoning practices and growth management policies can increase home prices, but they do so in different ways.

- Traditional zoning and other planning and land use controls limit the supply and accessibility of affordable housing, thereby raising home prices by excluding lower-income households. Evidence shows that certain growth control and land use policies actually reduce jurisdictions' housing supply and the affordability of their housing. Such policies, already widespread in the U.S., include requirements for low-density-only, minimum housing size, or bans against attached or cluster homes. Such policies are, in fact, specifically intended to make housing more expensive and thereby exclude lower-income families, who are often people of color. This "chain of exclusion" is a powerful reality for limiting the affordability of housing in certain jurisdictions.
- Many growth management policies improve the supply and location of affordable housing and accommodate other development needs, thereby increasing the desirability of the community and thus the price of housing. When crafted properly, growth management programs break the chain of exclusion by incorporating policies that increase housing densities, mandating a mix of housing types, and promoting regional fair share housing or other inclusionary housing elements. Studies have found that growth boundaries and adequate public facilities ordinances were often associated with shifts toward multi-family housing. Growth management programs can also make housing more affordable by lowering public infrastructure costs and minimizing regulatory delays. Finally, properly designed growth management programs also plan for all development needs, such as more open space, access to public transportation, and walkable neighborhoods. In communities with such growth management programs, residents are not necessarily worse off if housing prices increase. Instead, higher housing prices may be offset by lower transportation and energy costs and better access to jobs, services, and amenities.

3. **If housing prices may increase in any land use environment, then the decision is between good and bad regulation to improve housing choice.** The question for affordable housing is not whether prices rise because of growth management, but which regulation - traditional land use practices or growth management programs - will increase the distribution of housing types in a metropolitan area. Traditional land use practices tend be "laissez-faire" in their approach to affordable housing, or they deliberately zone for low-density, expensive homes to exclude low-income households or communities of color. Properly designed growth management programs, on the other hand, aim to overcome these exclusionary effects. Portland, for instance, has a growth management policy that draws a growth boundary to protect farmland but also increases densities inside the boundary and mandates the development of a mix of housing types, including affordable housing. However, even well-intentioned growth management programs can be ill-designed; they can accommodate too much growth and allow sprawl, or they can accommodate too little growth and result in higher housing prices. This is arguably what happened in parts of California where growth boundaries were drawn so tightly without accommodating other housing needs that housing supply fell relative to demand. Thus, housing prices rose dramatically, and poor residents were priced out or forced to overcrowd. Properly designed growth management programs are ones that include policies that mitigate the adverse effects of urban growth and the adverse price effects on lower-income households.

STATEMENT REGARDING DEVELOPMENT IN THE PORTLAND METRO REGION

Robert Liberty, 1000 Friends of Oregon www.friends.org

Priorities for Future Development

The reason Metro is discussing expanding the regional urban growth boundary (UGB) is House Bill 2709, the 20-year land supply law passed by the 1995 Legislature in response to intense lobbying by the home builders' lobby. Since Metro has a duty to comply with state law, it now must consider where and how development should occur.

The first priority for development is in places where new private investment is needed in order to maintain economic vitality, in those neighborhoods experiencing falling property values, declining average incomes and closing shops. From a regional perspective, it is more important to re-invest in these places (without spurring displacement) by filling potholes, creating parks and encouraging new jobs and development, than in building new highways and new houses at the edge of the region.

The second priority is to promote development on properties that will convert them from neighborhood liabilities into neighborhood assets. This means taking abandoned commercial sites, contaminated industrial land and empty parking lots and turning them into housing, shops and parks. That is what happened in the warehouses and railyards of the River District. It is what could happen along South Macadam Avenue and it is what should be happening on contaminated and abandoned lots in Northeast Portland.

The third priority is to promote in-fill development on undeveloped properties already inside the urban growth boundary, but not on land needed for parks, open space or to protect fish and water quality.

The last priority is to build new, complete, towns and in urban growth boundary expansion areas which are already partly developed for residential, commercial or industrial uses, such as the Damascus area. These towns and neighborhoods should have their fair share of the region's jobs, a wide variety of types of housing for all income levels, as well as shops and services in every neighborhood. There should be a choice of how to travel, by foot, bike and transit as well as the car, ample parks and natural areas and a grade school and community center in each neighborhood.

If we stick to these priorities there is no need to open up productive farm and forestlands for development. There is no need to require tearing down good housing or radically refashioning existing single family residential neighborhoods.

UGB Expansions and Housing Costs

Limitless land supplies do not assure affordable housing. According to the information posted by the National Association of Home Builders (NAHB) on their website, the average price of single family home in the Portland in the third quarter of 2001 was \$173,000, compared to \$150,000 in Las Vegas, \$156,000 in Salt Lake City, \$164,000 in

Tacoma, \$202,000 in Denver, \$204,000 in Sacramento, \$230,000 in Seattle, \$231,000 in Los Angeles, \$270,000 in San Diego, \$450,000 in San Jose and \$520,000 in San Francisco. (See the NAHB Housing Opportunity Index tables their website www.nahb.com.) The NAHB ranked Portland's home affordability as 163rd out of 186 metro regions in the third quarter of 2001. At 162nd place (*i.e.* ranking as more affordable) was Orange County, California, where homes cost \$300,000, \$127,000 more than Portland. (The Brookings Institution's recent report has debunked the myth that the UGB is responsible for Portland' home prices; <http://www.brook.edu>) The Homebuilders Association's concern about housing affordability would have more credibility if: (1) They promised their members would guarantee passing along their land cost savings to new home purchasers; (2) They stopped lobbying against inclusionary zoning and other means of increasing the supply of affordable housing.

UGB Expansions and Regional Economic Development

We must not allow one part of the region to cream off the best jobs and the best housing and avoid the responsibilities that come with growth. We should not repeat the mistakes of the Silicon Valley where high home prices and horrible commutes were the price paid for having too many of the new jobs located in just one part of the Bay Area. We must rethink our definition of "economic development.." Rather than focusing solely on the chase after campus industrial development in the volatile high tech sector, we should spend more attention on increasing opportunities for work among those who have had difficulty finding jobs. That means paying attention to the ways we can encourage new jobs in the neighborhoods where they are needed, using existing buildings and facilities.

Fairness to Property Owners and Taxpayers

Government should avoid imposing new regulations that heavily and disproportionately fall on a few residential landowners. Unlike land developers and land speculators homeowners did not buy their home as a business investment and may not have taken the risk of this kind of regulation into account. On the other hand, individual landowners do not have a "right" to destroy, degrade natural resources that belong to the general public, including streams and the fish that live in them.

But if we are to pay compensation or variances for regulatory "wipeouts", then in fairness to taxpayers who will pay that compensation, we need to tax the excess profits of landowners who have reaped windfalls from changes in regulations or government investments in roads, etc. For example, as Dennis Derby and others have suggested, when the UGB is expanded land values can increase as much as 1000%. Those speculative profits should be taxed to pay those owners of land whose homesites have decreased in value. The windfall tax can also be used to help pay for the new parks, sewers and road needed to serve the urban development in the UGB expansion area.

Population Growth & Development: Different Issues, Different Causes and Different Responses

Many people assume that population growth and development are the same thing; that new development is simply and directly a reflection of population growth. Therefore, they conclude, if they can limit or control population growth they can stop development.

According to a recent analysis of US Census Data by Leon Kolankiewicz and Roy Beck, population growth accounts for only half of sprawl; the rest is accounted for by increased per capita land consumption. (<http://www.sprawlcity.org/studyUSA/index.html>) In other words, if we stopped all population growth, we would still have about one-half of the new development that we are experiencing. In Italy, where the population is falling, new development is sprawling outside of historic cities and towns and onto farmland because of rising incomes.

The tools that address the effects of development patterns are land use planning and regulation. The tools and techniques that would slow or stop population growth nationally or regionally (and the agencies in charge of them) are very different: They include educational programs for poor women, birth control programs, restrictions on immigration and elimination or changes to job-creation promotion programs and various tax programs.

Efforts to slow population growth should focus on the agencies and programs that promote population growth, rather than on the agencies and programs that address development patterns.

March 15, 2002
Gussie McRobert

Where Do We Grow From Here?

How much change including increased density and efficiencies should happen inside our centers and existing communities?"

1. Increased density in Regional Centers should not be prohibited if local governments choose to do so. The greater the density in Regional Centers, the greater protection and certainty that neighborhoods will not have to change because Metro's Functional Plan allows "average densities." Gresham is the example of how not to implement 2040. Staff will not allow density averaging.
 2. 2040 was never meant to result in cookie cutter small lot subdivisions. If that has been the result, it's not the fault of Metro 2040 but of simplistic approaches to planning by cities.
- Redevelopment should not be talked about only as an "efficiency" tool. Redevelopment is also an opportunity to give downtowns much needed face-lifts. Redevelopment should be encouraged to prevent expensive UGB expansions but cannot be expected to completely prevent expansions.

Should Metro expand the UGB into farmland for industrial use?

- Polite way to ask whether farmland should always trump other uses. Statutes and rules give options that provide flexibility but real world application results in preference for keeping Exclusive Farm Use lands in tact.
- Also a polite way to ask whether a subregional needs analysis supports a UGB expansion in Washington County for more industrial lands. Avoids asking whether the county's transportation infrastructure can handle more traffic.

How do answers to questions 1 and 2 affect housing, economy, jobs.

- People with much greater knowledge and expertise than I have do not agree on the affect of urban growth boundaries and housing costs. The most recent study was done by the Brooking Institute and essentially said the economy is a greater factor in housing costs that UGB's.
- Also need to be clear on comparisons of housing costs. The National Homebuilders Association numbers include taxes and did not used to include changes in Oregon because of property tax limitations approved by voters. Federal and state environmental regulations have increased the cost of providing new infrastructure making redevelopment with existing infrastructure more attractive.

- Urban growth boundaries are also not the only explanation for a growing or shrinking economy. Cities with natural urban growth boundaries, such as San Francisco and Salt Lake City, remain economically healthy with no room for expansion. Without connectivity to give businesses and residents travel options other than a few major highways, will productivity be negatively effected making an area less attractive for expansion? At what point will traffic gridlock make companies leave as has happened in some California high-tech regions> We haven't talked about these issues as a region.

Balancing competing interests and values when considering UGB expansions.

- The US Supreme Court in the Petaluma, California decision basically ruled that development could not be denied if it complied with zoning. Eugene learned a \$3 million lesson recently when the city rejected an application on land zoned in its Comprehensive Plan that allowed the desired use. Some say, fine, then no zoning at all is the answer. Would you want a pig farm next to your house in the city?
- Land use is not an appropriate tool to retain open space. It is dishonest and unfair to property owners to do so.
- 2040 was not meant to limit choices in housing types. Builders say they want large lots but land developers divide land into small lots even when they're not required. Government is not always the problem. Northwest 23rd is not everyone's idea of livability and any plan that doesn't allow housing options will eventually fail.