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Summary:

Portland's rapidly growing housing prices are a major hardship on newcomers, renters, and low-income families. For social justice, Oregon must repeal the laws allowing urban growth boundaries to make housing affordable again.

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“Though many urban planners deny it, there is no doubt that the ultimate source of Portland’s housing crisis is the region’s urban growth boundary.”

Abolish Growth Boundaries to Ensure Fair Housing

By Randal O’Toole

A recent Supreme Court decision found that government policies that make housing expensive may violate fair housing laws. This decision could have a profound impact on Portland’s housing market.

[Portland’s rapidly growing housing prices are a major hardship](#) on newcomers, renters, and low-income families. Particularly hard hit are blacks, whose per capita incomes remain only about 60 percent of whites’.

The housing crisis has actually forced many blacks to move outside of the region. According to Census Bureau estimates, between 2010 and 2014, white numbers grew by 6.8 percent in the city of Portland and 6.5 percent in the Portland urban area, while black populations fell by 11.5 percent in the city and 5.3 percent in the urban area, thus reaffirming the claim that Portland is “the [whitest city in America](#).”

Though many urban planners deny it, there is no doubt that the ultimate source of Portland’s housing crisis is the region’s urban growth boundary. Common sense says that restricting the supply of something for which demand is increasing will cause prices to go up. This is confirmed by economic studies from [Harvard](#), the [Federal Reserve Board](#), the [University of California](#), and the [University of Washington](#), among other [places](#), concluding that strict land-use regulation is the main cause of unaffordable housing.

Other policies also make housing less affordable, including lengthy delays in the permitting process, onerous impact fees, and gaudy architectural design codes. But these policies would have little effect if developers could meet market demand by building homes in unregulated areas outside of existing cities. Urban growth boundaries not only limit supply, but they shield city governments from outside competition.

In 1857, Oregon’s first constitution banned blacks from moving to the state. This was rendered unconstitutional by the 14th Amendment to the U.S. Constitution in 1868. But in June 2015, the Supreme Court [ruled](#) that governments that impose land-use restrictions that make housing less affordable can be just as guilty of violating the Fair Housing Act as if they put up a sign on their borders saying, “No blacks allowed.”

A [rule](#) written by the Department of Housing and Urban Development says that “land-use rules, ordinances, policies, or procedures” that make housing more



expensive are allowable only if they are needed to achieve a “legitimate” goal and there were no other way of reaching that goal that wouldn’t increase housing costs. None of the reasons used to justify Oregon’s urban growth boundaries meet these tests.

For example, planning advocates say boundaries are needed to protect farms, forests, and open space. But more than 98 percent of Oregon is rural, and urbanization is no threat to the state’s agricultural or timber production.

Planning advocates also say boundaries help save energy and reduce greenhouse gas emissions. But [research](#) has shown that the effect of growth boundaries on these things is tiny, and there are far better ways of saving energy and reducing emissions that don’t make housing more expensive.

Many Portland planners argue that housing can be made more affordable by [growing up, not out](#), that is, by increasing urban densities rather than allowing the region to “sprawl” across the landscape. But this has never worked anywhere.

Recent census data clearly reveal a [strong correlation](#) between urban densities and unaffordability. Moreover, fifty years of census data also show a strong correlation between increases in urban densities and declines in housing affordability.

For example, in 1969, the San Francisco Bay Area was very affordable, with median housing prices a little more than twice median family incomes. Since then, urban growth boundaries adopted by Bay Area counties have increased densities by 65 percent, while median housing prices have grown to seven times median family incomes.

When comparing urban areas across the country, it is clear that the key to housing affordability is to keep land outside of city limits relatively unregulated so that developers and builders can meet demand. For social justice, Oregon must repeal the laws allowing urban growth boundaries and regulation of unincorporated lands.

Randal O’Toole is an adjunct scholar with Cascade Policy Institute, Oregon’s free market public policy research organization. He is the author of Cascade’s new report, [Using Disparate Impact to Restore Housing Affordability and Property Rights](#).

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