

October 2016 #16-42

Summary:

The housing affordability crisis is turning Portland, already one of the whitest cities in America, into one that is even whiter. To end discrimination against low-income minorities, the Oregon legislature must repeal the state's land use laws and regulations that make housing unaffordable.

Word Count 739

“...Portland’s high housing prices aren’t a result of capitalism; they are due to government land-use restrictions.”

Oregon Must End “Economic Apartheid”

By Randal O’Toole

The [housing affordability crisis](#) is turning Portland, already one of the whitest cities in America, into one that is even whiter. Census data indicate that, between 2010 and 2014, the number of whites living in the city of Portland grew by 30,500, or 6.8 percent, but the number of blacks shrank by 4,500, or 11.5 percent.

Some of those blacks moved to Portland suburbs, but most moved out of the Portland area completely. While the number of whites in the Portland urban area grew by 94,000, the number of blacks shrank by 3,400.

Even before 2010, Portland’s high housing prices were negatively affecting blacks and other low-income groups. Census data show that, between 2000 and 2010, the share of households headed by whites living in single-family detached homes declined by 3.3 percent, but the share of households headed by blacks living in such homes declined 16.1 percent.

Housing prices also affected homeownership. Between 2000 and 2010, the share of whites living in their own homes fell by 2.2 percent, but the share of blacks (which was already well below the white share) fell by 12.6 percent.

In short, Portland’s housing affordability crisis forced some low-income people to leave the region and others into lower-quality housing. This process has led some to charge the region with “economic apartheid.” Yet, planners defend the region’s housing prices, one saying, “[This is capitalism](#); how do you fight it?”

In fact, Portland’s high housing prices aren’t a result of capitalism; they are due to government land use restrictions. Portland planners celebrate the fact that the region’s urban growth boundary has forced the population to “grow up, not out,” as the region’s population density has [grown by 20 percent](#) since the boundary was first drawn in 1979.

Such increased densities are a prescription for increased land and housing costs. In 1990, an acre of land suitable for home construction inside the growth boundary cost about \$25,000. Today, a similar acre, if you can find it, would generally cost about \$300,000.

Higher land prices are accompanied by increased regulation as Portland-area governments know that homebuyers have few alternatives if they don’t want to endure long commutes. In 1999, the Portland City Council approved a



comprehensive design ordinance despite warnings from the Home Builders Association of Metropolitan Portland that the new rules would make housing more expensive.

Portland and other Oregon cities also have stiff system development charges that can add [\\$20,000 to \\$40,000](#) to the cost of a new home. By comparison, similar charges in Houston, one of the nation's most affordable housing markets, are [less than \\$2,000](#) for homes of up to 3,000 square feet.

In 1990, the median value of owner-occupied homes in the Portland area was twice median family incomes, which was very affordable. Today, thanks to the growth boundary and regulation within the boundary, it is nearly five times median family incomes, which is very unaffordable.

These policies effectively discriminate against low-income blacks and other minorities; and under a [2015 Supreme Court ruling](#), they violate the Fair Housing Act just as much as if Portland put out a sign saying, "No blacks allowed." The ruling said that land use policies that make housing more expensive can be legal under the Fair Housing Act only if they have a legitimate goal and there is no other way of accomplishing that goal without making housing less affordable.

For example, requiring sewer hookups makes housing more expensive but has a legitimate goal of protecting public health. The goals of the urban growth boundary and densification, however, are either not legitimate or could be achieved without creating a housing crisis.

Boundary advocates often claim the growth boundary is needed to preserve farms and open space. But all of the urban developments in Oregon only occupy 1.5 percent of the state; and if there were no boundaries, it still would be less than 2 percent. Urbanization is no threat to Oregon farms, forests, or open space.

Advocates also claim that densification will lead people to drive less, saving energy and reducing greenhouse gas emissions. However, the effects of density on driving are tiny, especially when compared with the huge costs; and there are much better ways of saving energy and reducing emissions that don't make housing unaffordable.

To end discrimination against blacks and other low-income minorities, the Oregon legislature must [repeal the state's land use laws that authorize growth boundaries](#) and other regulations that make housing unaffordable.

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