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Comments on Metro's Regional Housing Coordination Strategy

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Table of Contents

Executive Summary..... 1
Introduction..... 1
The Effect of Growth Boundaries on Housing Affordability..... 2
Creating Housing Shortages to Save Things That Are Abundant..... 4
Reducing VMT But Increasing Greenhouse Gas Emissions..... 4
The Incompatibility of Density and Affordability..... 4
Affordable Housing Is Not the Remedy..... 6
Large-Scale Developments Make and Keep Housing Affordable..... 7
The Failure of Top-Down Planning..... 7
The Preference for Single-Family Homes..... 8
Conclusions..... 9
Endnotes..... 10

FIGURES & TABLES

Figure 1: Dallas vs. San Jose Housing..... 2
Table 1: Prices, Value-to-Income Ratios, and Growth of Urban Areas with and without Growth Boundaries.... 3
Figure 2: MSA Inflation-Adjusted Home Price Indicies..... 3
Figure 3: Density vs. Housing Affordability..... 5
Table 2: Urban Area Densities and Housing Affordability..... 5

Comments on Metro's Regional Housing Coordination Strategy

EXECUTIVE SUMMARY

Housing in the Portland urban area has become unaffordable to many, yet Metro's Regional Housing Coordination Strategy would do little to relieve this problem. High housing prices resulted from Metro's top-down planning process that focuses on "housing units" rather than making it possible for homebuilders to produce the single-family homes that most people want. Tiny homes in people's backyards, cramped apartments in five-story buildings, and multiplexes built in place of existing single-family homes are not the kind of housing people want and will not make housing affordable.

Too much of Metro's housing strategy simply represents new layers of the kind of top-down planning that has so far failed to keep housing affordable. Proposed actions such as technical assistance to housing policy makers, promotion of so-called middle housing, brownfield assessment, and a regional land bank are merely government doing things that ought to be done by the private sector, which can do them far more efficiently.

Most of the rest of Metro's housing strategy focuses on building more so-called affordable housing, meaning subsidized housing for low-income households. Yet subsidized housing is not a remedy for housing affordability problems. Given that Portland has a shortage of labor, each new unit of subsidized housing means close to one fewer unit of market-rate housing. Moreover, when subsidized housing is paid for by taxing existing homes (as Metro's 2018 housing bond did) or new construction (as Portland's construction excise tax does), such taxes make the rest of the housing market even less affordable.

Research and events since Metro wrote its 2040 plan in the 1990s has shown that its policy of increasing the region's population density has no reasonable justification. The original purpose was to protect farms, forests, and open space, but these are available in such abundance that it makes no sense to create a housing crisis to protect them. A study paid for by planning advocates predicted that, if the growth boundary and other land-use regulation were eliminated, it would result in urbanization of only 1 percent more of the Willamette Valley than is currently expected to be urbanized by 2050.

More recently, density advocates justified their plans by arguing that higher densities would lead people to drive less and therefore emit less greenhouse gases. Yet studies show that density has either a negligible effect on driving but increases greenhouse gas emissions because automobiles pollute more in the congested traffic that characterizes dense cities.

Most important, census and other data show that Metro's density policies are incompatible with housing affordability. Unfortunately, many of the groups consulted by Metro in writing its housing strategy, including developers and advocates of subsidized housing such as Housing Oregon and advocates of increasing urban densities such as Oregon Smart Growth, all prefer or benefit from policies that make housing less affordable. This prevents any serious consideration of policies that would make housing more affordable such as large expansions of the urban-growth boundary.

On a per-square-foot basis, single-family housing is usually the most affordable, and it is also the kind most people want. Portland-area housing affordability will be restored only when Metro admits that its current policies have failed and takes steps to either abolish or expand the urban growth boundary to include at least 30 percent more land so that the region's residents can have the kind of housing they prefer.

INTRODUCTION

"The causes of the housing crisis that greater Portland faces are entrenched and complex," opens Metro's Regional Housing Coordination Strategy.[1] They are certainly entrenched, but they are not complex. Portland housing was affordable until Metro's predecessor drew an urban-growth boundary limiting the land available for new housing. This created an artificial shortage of housing, particularly the single-family homes most people want. Except during major recessions, housing has grown increasingly unaffordable ever since.

To make matters worse, in the 1990s Metro decided that, instead of expanding the growth boundary sufficiently to allow the construction of enough single-family homes to meet the demand, it would rely heavily on infill development of high-density housing projects to meet new housing demand. Although the Portland area's population has more than doubled since the growth boundary was first drawn, Metro has expanded the boundary by only about 15 percent. The main way Metro wants to house most of the new residents is in types of housing that most families consider undesirable such as small apartments and tiny homes.

"An adequate housing supply is a fundamental building block of a healthy community," says the Land Conservation and Development Commission's housing goal.[2] Metro has failed this test. Median housing prices are approaching five times median family incomes, making housing unaffordable to most new families and households. Yet Metro's only solutions are more of the same.

A standard measure of housing affordability is median home price divided by median family income (value-to-income ratio or V2I). While the numbers vary depending on interest rates and down payment, a family can pay off the mortgage on a house that costs three times their income in about 15 years and one that costs four times their income in 30 years. If it costs much more than four times their income, they cannot get a mortgage using the standard loan criterion unless they make a huge down payment. In short, a housing market whose median home prices are more than four times median family incomes is unaffordable.

Decennial census data from 1960 to 2000 and the Census Bureau's annual American Community Survey since 2005 report median home values and median family incomes for the year before the surveys. This makes it possible to compare value-to-income ratios in Portland and other urban areas for those years.

In 1959, the value-to-income ratio in the Portland urban area was 1.8. It dropped to 1.6 in 1969. But in 1979 it rose to 2.8. The 1980s recession dropped it to 2.0 but it recovered to 3.0 by 1999, then grew to 3.9 in 2009, 4.3 in 2018, and 4.7 in 2023.[3]

Recently, planners blamed the increase in housing prices on single-family zoning, but Portland had zoning for more than four decades before housing affordability began to decline. What changed was the imposition of regional growth-management planning, and in particular the urban growth boundary, in the 1970s.

This pattern can be seen elsewhere. A 1961 law limiting urbanization of rural land made Hawaii the least-affordable state in 1969. California cities went from affordable to unaffordable when they drew strict growth boundaries in the 1970s. Washington's 1990 Growth Management Act made Seattle housing unaffordable in the 1990s.

In these and other cases, the cities had single-family zoning for years or decades without making housing unaffordable. Then the states, counties, or metropolitan governments imposed urban-growth boundaries or some other form of growth management, and housing prices rapidly rose.

THE EFFECT OF GROWTH BOUNDARIES ON HOUSING AFFORDABILITY

Growth boundaries increase housing prices in several ways. Most obviously, they increase the cost of land inside the boundary. A 2017 study found that the average price of an acre of land inside the Portland urban area was $679,000 while the average price of an acre in similarly sized San Antonio was only $192,000.[4]

The second effect of growth boundaries is increased regulation and fees. In areas with no growth boundaries, cities compete with counties for new housing and the taxes they generate. Counties generally have less regulation—in Texas, for example, counties aren't even allowed to zone—and the competition leads cities to minimize regulation as well. The increased regulation that comes with growth boundaries usually includes a lengthier process of getting permits to build new homes, and that adds to the cost of housing. For the same reason, fees are usually much higher in areas with growth boundaries.

A third effect of growth boundaries is to create or exacerbate labor shortages. Higher housing prices mean that homebuilders have to pay workers more so that those workers can afford housing. At some point, workers are priced out of the housing market and move elsewhere.

Figure 1: Dallas vs. San Jose Housing

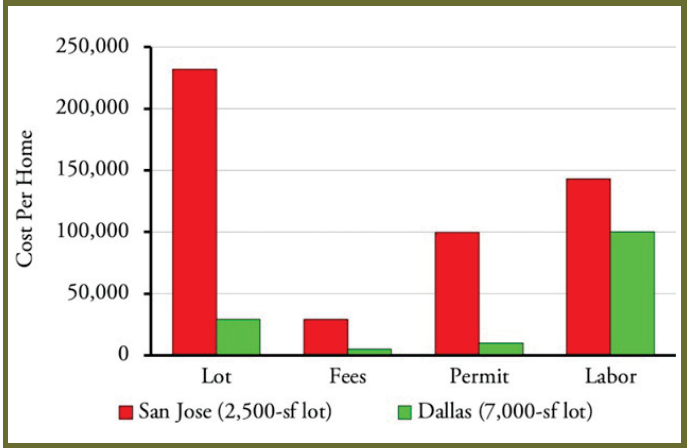

Figure 1: A 2002 study found that urban growth boundaries lead to higher costs of land, fees, permits, and labor, which can more than double the total cost of building a home. Source: See note 5.

A 2002 study found that a 2,500-square-foot lot in San Jose cost $200,000 more than a 7,000-square-foot lot in Dallas (see figure 1). Fees added $24,000 to the cost of the San Jose home while the time required to get a permit added $90,000. Labor cost $43,000 more in San Jose than in Dallas.[5] The difference between Dallas and San Jose median home prices in 2002 was about the same as the difference between San Antonio and Portland prices today, so a comparison of housing in Portland with San Antonio—whose urban area population is about the same as Portland's—would probably produce similar numbers.

According to Zillow, the median price of Portland metro-area homes at the end of 2025 was about $534,600. The median price in San Antonio was only $273,900, little more than half as much as Portland's, despite the fact that San Antonio is growing nine times faster than Portland (see table 1).[6] Both regions face roughly the same raw material

prices. If Portland has a greater labor shortage, it is because high housing prices have priced some construction workers out of the region's housing market. The main differences between these two prices is Portland's urban-growth boundary creating artificial scarcities of land and labor in Portland and increased costs of permits and fees.

More subtly, growth boundaries, even if they seem generous when they are drawn, immediately change the economics of housing. If land outside the existing urban footprint is relatively unregulated, then the supply of housing is what economists call *elastic*, which means that the supply can rapidly respond to changes in demand. If demand goes up, developers and homebuilders can quickly subdivide land and build more homes. If demand goes down, developers and homebuilders can reduce their rate of construction. No matter what the demand, the supply is available, which means housing prices don't significantly change except in response to inflation.

An urban-growth boundary, however, makes the supply of land *inelastic*. Knowing that the supply is limited, developers quickly buy all undeveloped land that is for sale. With a limited land base, a small rise in demand leads to a large increase in land prices and therefore a large increase in new home prices. Owners willing to sell existing homes see that new home prices have gone up, so they ask more for their homes.

Inelasticity works in both directions. If demand declines slightly, housing prices can crash, which is what happened during the 2008 financial crisis. Figure 2 shows that urban areas that don't have urban-growth boundaries, such as Atlanta, Charlotte, and Houston, have had far less volatile housing prices than urban areas with growth boundaries, such as Portland, San Jose, and Seattle.

Figure 2: MSA Inflation-Adjusted Home Price Indices

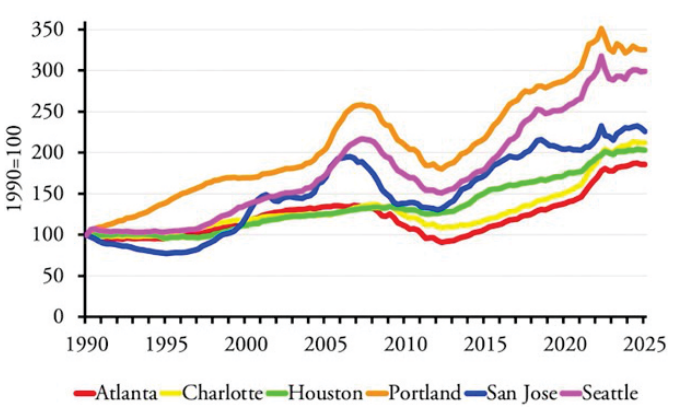

Figure 2: Regions with urban-growth boundaries, including Portland, San Jose, and Seattle, have more volatile housing prices than regions without such boundaries, such as Atlanta, Charlotte, and Houston. Source: Federal Housing Finance Agency Home Price Index, all transactions index for metro areas, https://www.fhfa.gov/hpi/download/quarterly_datasets/hpi_at_metro.xlsx.

Table 1: Prices, Value-to-Income Ratios, and Growth of Urban Areas with and without Growth Boundaries

Urban Area	Median Home Price (December 2025)	Value-to-Income Ratio (2023)	Population Growth (2020-2024)
Areas with Urban Growth Boundary			
Denver	$558,508	4.6	2.8%
Honolulu	831,237	7.1	-1.3%
Missoula	558,237	5.5	3.9%
Portland	534,614	4.7	0.8%
San Jose	1,543,938	8.1	0.3%
Seattle	727,761	5.2	2.9%
Areas without Urban Growth Boundary			
Atlanta	374,117	3.7	4.7%
Charlotte	379,228	3.9	8.1%
Houston	302,473	3.4	8.7%
Indianapolis	283,040	2.9	3.8%
San Antonio	273,946	3.2	7.6%
Tampa	351,532	4.0	7.4%

Table 1: Regions with growth boundaries have higher home prices and are less affordable despite growing slower than many more-affordable regions without growth boundaries. Source: median home prices from Zillow Home Value Index; value-to-income ratios from 2024 American Community Survey tables B19113 and B25077; and growth rates from Census Bureau, "Annual Estimates of the Resident Population for Metropolitan Statistical Areas."

CREATING HOUSING SHORTAGES TO SAVE THINGS THAT ARE ABUNDANT

The original justification for Portland's urban-growth boundary was the supposed need to protect farms, forests, and open space. Yet so-called urban sprawl has never been a threat to these resources. The 2020 census found that only about 3 percent of the United States and just 1.1 percent of Oregon has been urbanized. Even the most heavily developed states, New Jersey and Rhode Island, are classified by the Census Bureau as more than 60 percent rural.[7]

When urban-growth boundaries were first drawn in Oregon, all the land within those boundaries or other city limits covered less than 1-1/4 percent of the land-area of the state and less than 5.9 percent of the Willamette Valley.[8] According to the Department of Agriculture, Oregon has 14.8 million acres of agricultural land but uses less than 25 percent of those acres for growing crops.[9] That means that, even if suburban development converted some cropland acres to urban uses, other acres could easily be substituted.

Similarly, urban development is no threat to Oregon's forests. Using Forest Service inventory data, the Oregon Forest Resources Institute estimates that Oregon's forests are growing 2.655 billion cubic feet of wood per year. Loggers cut 1.132 billion cubic feet and natural mortality equals 800 million cubic feet.[10] That means forests are growing a net 723 million cubic feet of wood per year. Oregon's most productive forests are not located in the Portland area, but if any were, the conversion of those forests to housing would not threaten Oregon's overall wood supply.

Meanwhile, more than half the state is owned by the federal government and protected as national forests, national parks, wildlife refuges, or BLM recreation lands, showing there will never be a shortage of open space.[11] Oregon's land-use planning created a major shortage of housing in order to protect things which are extremely abundant, which is not sensible.

In about 2001, a group of non-profits and government planning agencies called the Willamette Valley Livability Forum, which was led by 1000 Friends of Oregon, hired ECOnorthwest to estimate what the future of the Willamette Valley would look like with and without existing land-use laws. ECOnorthwest found that, at that time, about 444,000 acres of the valley, or 5.9 percent, had been urbanized. Under existing land-use laws, ECOnorthwest predicted that this would increase to 495,000 acres, or 6.6 percent of the valley, by 2050.[12] Though this increase was minor, the Livability Forum called it a "threat to Willamette Valley farm land."[13]

As an alternative, ECOnorthwest projected what would happen if land-use laws were repealed and the state "let private property rights and short-term market forces call the shots." The Willamette Valley Livability Forum derisively called this the "short-term economic gain" alternative. The consultants concluded that, under this alternative, 573,000 acres or a total of 7.6 percent of the valley would be developed by 2050.[14] While the Livability Forum tried to make these numbers sound as alarming as possible, what is truly alarming is that planning advocates believe it is sound policy to make housing unaffordable to protect 1 percent of the valley from urbanization.

CREDUCING VMT BUT INCREASING GREENHOUSE GAS EMISSIONS

More recently, the justification for increasing urban densities has shifted to the supposed need to reduce vehicle-miles traveled. Yet there is little evidence that land-use planning can influence vehicle-miles traveled and some evidence that increasing urban densities can actually increase pollution and greenhouse gas emissions.

In 2008, the Transportation Research Board (a division of the National Academy of Sciences) asked University of California, Irvine, economist David Brownstone to review the literature on the relationship between urban form (including density) and driving. He found that most studies that claimed to have found such a relationship failed to account for self-selection—that is, people who want to drive less tend to live in denser areas. After correcting for self-selection, he concluded that the relationship between density and driving was "too small to be useful" in trying to reduce greenhouse gas emissions.[15]

Data compiled by the Department of Energy show that Americans living in dense cities do drive a little less than those living in low-density suburbs.[16] While this is at least partly due to self-selection, the data also show that people living in denser areas drive in more congested traffic. As a result, they end up using more fuel and emitting more greenhouse gases per capita than people living in lower densities.[17] Thus, if one of Metro's goals is to reduce greenhouse gas emissions, its density policies are doing more harm than good.

THE INCOMPATIBILITY OF DENSITY AND AFFORDABILITY

Historically, Metro's solution to Portland's housing problems has been to increase population densities. But there is a strong *negative* correlation between urban area densities and housing affordability. Figure 3 compares

density and housing affordability in the nation's 200 largest urban areas, showing that areas denser than 4,000 people per square mile have value-to-income ratios of 4 or more and nearly areas denser than 5,000 people per square mile have value-to-income ratios of around 5 or more, while the majority of areas with densities below 3,500 people per square mile are affordable. Metro's densification policies increased the density of the Oregon portion of the Portland urban area from 3,133 people per square mile in 1990 to 4,216 people per square mile in 2020, pushing up its value-to-income ratio from 2.0 in 1989 to 4.7 in 2020.

Figure 3: Density vs. Housing Affordability

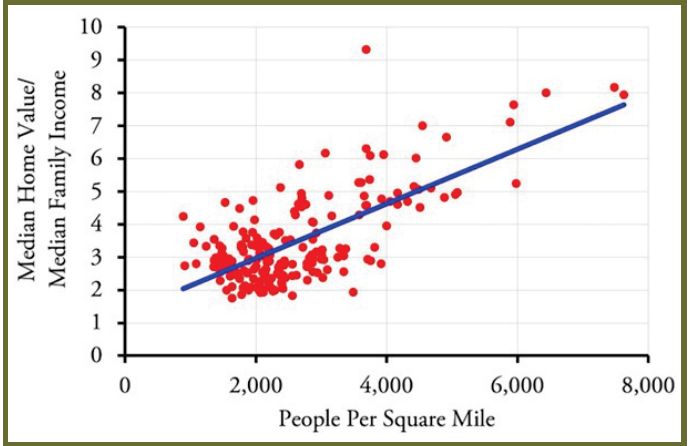

Figure 3: Census data show that higher densities are associated with less affordable housing. The 2020 density of the Portland urban area was 4,050 and the dot representing Portland is right on the blue line representing the average trendline for these data. Source: 2020 census (for densities) and 2021 American Community Survey (for 2020 value-to-income ratios).

No urban area has ever become more affordable by growing denser. As shown in table 2, urban-growth boundaries led West Coast urban areas to significantly increase their densities between 1970 and 2020 and in doing so their affordabilities dramatically declined. Urban areas without urban-growth boundaries such as Atlanta, Charlotte, and Houston either decreased densities or increased them by only a small amount and remain affordable.

In addition to land prices, higher densities are less affordable because mid-rise and high-rise construction costs are much higher, per square foot, than low-rise construction. This is because such construction requires more steel and concrete, elevators, and common areas such as lobbies and hallways that add to construction costs without adding to living areas.

Metro has known that density is not the solution to high housing prices at least since 1997, when a study of Portland housing co-authored by a staff member of the Portland

Table 2: Urban Area Densities and Housing Affordability

	1970 Density	1970 V2I	2020 Density	2020 V2I
Urban Areas with Growth Management Planning				
Denver	3,577	1.8	4,168	4.6
Los Angeles	5,313	2.2	7,476	8.2
Portland	3,092	1.8	4,052	4.7
San Jose	3,699	2.2	6,436	8.0
San Francisco	4,387	2.3	7,626	7.9
San Diego	3,148	2.2	4,550	7.0
Seattle	2,899	1.8	3,607	5.3
Urban Areas without Growth Management Planning				
Atlanta	2,696	1.9	2,040	3.3
Charlotte	2,645	1.7	2,098	3.4
Dallas	1,986	1.6	3,281	3.3
Houston	3,115	1.4	3,340	3.0
Indianapolis	2,152	1.4	2,353	2.6
San Antonio	3,466	1.5	3,248	3.0
Tampa	2,826	1.7	2,872	3.5

Table 2: Areas with urban growth boundaries or other forms of growth management planning have significantly increased their population densities at the expense of significantly reducing housing affordability. Densities shown in people per square mile; V2I is median home value divided by median family income. Source: Census Bureau.

Bureau of Housing found that "housing development costs rise dramatically as building height and housing density increase." The study found that low-rise multiplexes cost 4 percent more per square foot than single-family homes; multifamily housing cost 23 percent more; and mixed-use developments cost 30 percent more per square foot than single-family homes.[18] Contrary to Metro assumptions, single-family housing is the most affordable on a per-square foot basis.

The study also found that three-story housing cost 27 percent more per square foot than two-story; 4-5 story housing cost 48 percent more; and 5-7 story housing cost 107 percent more than two-story. Building 21 to 50 units per acre cost 31 percent more per square foot than 1 to 20 units per acre; 51 to 100 units per acre cost 53 percent more; 101 to 200 units per acre cost 68 percent more; and 201 or more units per acre cost 102 percent more per square foot.

The disparity between low- and high-density housing costs has probably increased since 1997. In 2015, California developer Nicholas Arenson estimated that three-story townhomes typically cost about 50 percent more, per square foot, than one- or two-story homes; four stories typically cost about twice as much; five to seven stories three times as much; and eight or more stories can cost five to seven times as much per square foot. Arenson added that all these forms of denser housing "sell at a discount" to single-family homes making them "infeasible without subsidy" except in "extremely expensive markets."[19]

Multifamily projects can appear affordable only if they are chopped up into smaller units than a typical single-family home. The Portland housing study urged policy makers to "reduce the emphasis on cost-per-unit, because cost per square foot and cost per person housed are more effective standards for comparing cost."[20]

As Metro's housing policies failed to make Portland housing more affordable, the state legislature responded by abolishing single-family zoning. Yet this didn't address the basic problem, which is that the urban-growth boundary has made land expensive.

Studies show that 80 percent of Americans prefer to live in single-family homes.[21] In practice, more than 80 percent of the residents of more than a dozen states live in single-family homes.[22] Thanks to high housing prices, only 73 percent of Portland-area residents are able to realize the dream of living in a single-family home.[23] Replacing single-family homes with multiplexes will only reduce the supply of the kind of housing people prefer, thus making it even more expensive.

AFFORDABLE HOUSING IS NOT THE REMEDY

Metro, Portland, and other local governments also responded to high housing costs by increasing funding for affordable housing. But *affordable housing* and *housing affordability* are two completely different things, and one is not a remedy for the other. *Housing affordability* is an assessment of the general level of housing prices compared with the incomes for *all* households or families, not just low-income ones. Value-to-income ratio is the most basic measure. *Affordable housing* is subsidized housing aimed at people whose incomes are too low to afford housing at prevailing market rates.

Most subsidized housing today is produced by giving developers grants or tax credits for housing projects on the condition that they rent such housing to people whose incomes are below a certain percentage of median incomes at rates that are affordable to such people. There are several problems with these programs.

Several studies have found that most of the benefits of affordable housing programs go to banks and the developers, not low-income renters. A 2010 study found that the rents saved by low-income families amounted to only a third of the programs' cost to taxpayers, "suggesting developers and investors may capture some of the program's benefits."[24] A 2023 study found that the benefits gained by low-income residents of such housing projects were less than a third of the cost of those projects.[25] Since developers usually sell low-income housing tax credits to banks or other financial institutions for less than 75 percent of the value of those credits, the banks, not low-income renters, capture more than a quarter of the value of tax credits, and a majority of the remainder go to the developers and contractors in fees and profits.[26]

Affordable housing has little influence on overall housing affordability and may even reduce it. The same skills required to build affordable housing are also required to build market-rate housing. Considering that construction labor is currently in short supply, every worker helping to build an affordable dwelling is someone unavailable to build a market-rate home. One study found that, for every five units of subsidized housing, four fewer market-rate homes are built.[27]

Moreover, developers of subsidized housing are far from efficient. A 2009 study found that subsidized housing cost an average of 20 percent more per square foot than market-rate housing.[28] The situation has gotten worse since then, partly because housing agencies now are now focused on building costly mid-rise and high-rise housing. Between 2004 and 2019, low-income housing tax credits more than doubled, while the number of units built with such credits

each year declined, leading to a 130 percent increase in cost per unit.[29]

An example of ridiculously unaffordable "affordable" housing is the six-story tall M. Carter Commons, one of the projects funded by Metro's housing bond. It is costing $34.5 million for 63 subsidized apartments that average 591 square feet, resulting in a cost of $548,000 per unit and $942 per livable square foot.[30] Such projects are not going to make Portland-area housing more affordable.

Affordable housing also makes overall housing less affordable when it is funded by taxes on new or existing housing. Portland, for example, funds affordable housing partly out of a construction excise tax on new homes and home remodeling that increases the costs of homes by 1 percent. Metro funded its affordable housing bond out of property taxes, but since lenders take property taxes into account when deciding on mortgage loans, higher taxes make housing less affordable.

Subsidized housing is an example of the *do-something syndrome*. "Politicians need to seem to be doing *something*, even if it is ill-advised, profligate, and futile," says public health specialist Henry Miller.[31] Subsidies to low-income housing won't solve the problem of housing affordability, but it is *something*, so agencies such as Metro support it rather than take the steps that would actually make housing more affordable.

LARGE-SCALE DEVELOPMENTS MAKE AND KEEP HOUSING AFFORDABLE

The 1950s and 1960s were the Golden Age of housing in America. Large-scale subdivisions were planned by developers such as Henry J. Kaiser on the West Coast and William Levitt on the East Coast. These developers installed sewer and water lines, paved the streets, and connected homes to electricity.

They used various forms of assembly line methods to keep homes affordable. Kaiser built kitchens and bathrooms in a factory and trucked to the home sites. Levitt had individual crews specializing in foundations, plumbing, framing, even separate crews for painting different colors. Kaiser and Levitt sold finished homes for less than $10 a square foot—about $125 a square foot in today's dollars.

These large-scale developments soon evolved into what became known as *master-planned communities*, where developers set aside land for parks, schools, and in some cases commercial areas. Such communities are still being built in Texas, North Carolina, and other states that don't have growth-management planning. Because developers pay most of the costs of infrastructure, and pass those costs on to home buyers, these projects require little or no subsidies from existing residents.

Unfortunately, Oregon's urban-growth boundaries have effectively outlawed such communities. It is difficult enough for home builders to find vacant lots for single homes, and impossible to find the hundreds or thousands of acres inside of an urban-growth boundary needed for a master-planned community.

THE FAILURE OF TOP-DOWN PLANNING

Instead of allowing developers to plan master-planned communities from the ground up, Oregon has relied on top-down government planning. This has made housing expensive and created numerous other problems. In response to the high cost of housing, Metro's Regional Housing Coordination Strategy, and the state legislation that required it, is just another layer of top-down planning.

In a classic example of top-down planning, in 2023 Oregon Governor Kotek set a statewide target of 36,000 new homes per year.[32] The failure of such planning is displayed in a chart showing housing production trends on page 29 of the housing strategy. "Housing production rebounded after the 2008 Great Recession but has never returned to the levels of the early 2000s," says the strategy. The chart shows that 7,000 to 8,400 homes per year were built in the Portland area in most years between 2018 and 2023, but this dropped to less than 4,000 homes in 2024, the first year after Governor Kotek set her target.[33]

Many of the "new actions to be taken by Metro" on pages 59 through 103 of the housing strategy represent top-down planning. Action items 1 through 4, 8, and 12 ("create a new housing pre-development and technical assistance grant program," "funding and support for housing production strategy implementation," "conduct an assessment of middle housing," "consider developing a regional pool of housing professionals for technical assistance," "expand resources available for brownfield assessment," and "plan a regional land bank") are all things that would normally be done by the private sector but which Metro is proposing be done by it or other government agencies.

Actions 5, 6, 7, 9, 11, 15, and 16 (and to some degree 12) all relate to affordable housing, not housing affordability. As shown above, building more affordable housing does not make housing more affordable, and may even make it less affordable. Action 10 focuses on voucher programs that may help low-income people but do not contribute to housing affordability. Actions 13 and 14 mainly deal with incorporating the existing top-down planning process into the new housing coordination strategy.

It is ironic that a major portion of the coordination strategy focuses on racial equity when past Metro planning has made Portland one of the most inequitable cities in the nation.[34] The 2000 census found that 42 percent of black families in the Portland urban area owned their own homes.[35] While this was lower than the 66 percent rate for whites, it was higher than the 39 percent rate for blacks in 1990.[36] However, thanks to high housing prices caused by Metro's land-use policies, by 2024 black homeownership rates in the Portland area had fallen to 33 percent. For comparison, black homeownership rates in Houston and San Antonio are both well over 40 percent and in Atlanta they are well over 50 percent.[37]

This is a predictable result of top-down planning. Metro planning is so focused on increasing densities and multifamily housing that it ignores other important social goals such as equity, not to mention the personal preferences of most Oregonians, regardless of race, for living in a single-family home.

THE PREFERENCE FOR SINGLE-FAMILY HOMES

As noted above, four out of five Americans prefer to live in single-family homes. Yet, at least since it developed the 2040 plan, Metro has been hostile to single-family home construction. This hostility is visible throughout its top-down planning process, from the urban-growth boundary to the list of groups that Metro specifically consulted when writing its housing strategy.

Metro's focus on building "housing units" effectively equates tiny homes built in people's backyards and cramped apartments in five-story buildings with 2,200-square-foot single-family homes. Homeseekers hardly consider these equal, yet the fact that most people want single-family homes is ignored in the housing strategy.

The strategy's emphasis on "middle housing," defined as "ADUs, plexes, townhomes, and cottage cluster housing," is an example of Metro planners' disdain for personal housing preferences.[38] The strategy laments that developers and lenders "are hesitant to pursue less common formats such as middle housing because of uncertainty about buyer interest." It is more likely that developers are reasonably certain that there is little buyer interest in most of these housing types, and there would be even less interest if single-family homes were as inexpensive as they are in cities such as San Antonio.

Until recently, planners justified their hostility to single-family home construction by imagining, based on little or no evidence, that American housing preferences were changing. Supposedly, as Baby Boomers became empty nesters, they would want to move to "vibrant" high-density, inner-city housing. Such housing was also going to be more attractive to Millennials and younger generations.

This fantasy was expressed in a 2006 article in the *Journal of the American Planning Association* by Arthur C. Nelson, who studied urban planning at Portland State University. The article predicted that, by 2025, the U.S. would have a surplus of 22 million single-family homes in the suburbs.[39] Based on Nelson's work, the *Atlantic Monthly* predicted that the suburbs would become "the next slums" because hardly anyone would want to live there.[40] Nelson's journal article urged planners to take "leadership" by promoting the construction of 26 million new multifamily homes and discouraging construction of single-family homes.

In fact, Nelson had absolutely no evidence that housing preferences were changing. The only support he offered for his claims was "author's analysis."[41] Now that 2025 has passed, we know for certain that his predictions were 100 percent wrong: suburbs and other low-density areas are more popular than ever.

A 2018 Gallup poll found that at least 40 percent of people in all age groups who lived in dense cities would rather live somewhere else, while more people wanted to live in suburbs and rural areas than actually lived in those places.[42] Remote working during and after the pandemic made is possible for more people to move wherethey preferred to live, and dense cities tended to lose population while low-density areas such as smaller cities and towns gained. Contrary to planners' fantasies, these trends weren't new but merely an acceleration of movements that were already taking place.[43]

Despite the discrediting of Nelson's claims, Metro's housing strategy remains hostile to single-family homes and focuses instead on building more subsidized housing. This strategy is reinforced by Metro's focusing its public consultation on "stakeholders" including Housing Oregon and Welcome Home Oregon.[44] These two groups are coalitions of developers of affordable housing who have clear incentives to support policies that make housing less affordable.

Developers of affordable housing benefit from declines in housing affordability. Rising housing prices increase the number of people unable to afford market-rate housing which in turn increases political demand for more subsidized housing. The developers themselves are funded out of fees they collect from affordable housing projects, and more expensive projects earn greater fees. As a result, affordable housing developers have no incentive to promote actions that would make housing more affordable and powerful incentives to promote actions that make it less affordable. This helps explain why cities like Portland adopt policies, such as the construction excise tax, that make housing less affordable in order to fund more affordable housing.

Other stakeholders mentioned in the housing strategy include the Fair Housing Council of Oregon and Coalition of Communities of Color, which are also advocates for more affordable housing subsidies. Another is Oregon Smart Growth, which advocates for denser housing even though such housing is less affordable.

None of the listed stakeholders represent homebuyers. This allowed Metro to ignore the overwhelming preference for single-family homes. In 2001, the Willamette Valley Livability Forum argued that personal preferences for single-family homes represented "short-term private gain" while planners' preferences that more Portland-area residents live in denser housing represented the "long-term public good."[45]

Metro clearly believes that it is the guardian of the long-term public good, which makes it comfortable making single-family housing unaffordable even as it demands more subsidies to build multifamily housing and so-called middle housing that few people want to live in. All of the justifications for this policy—the supposed croplands crisis, the need to save open space, the imperative to reduce greenhouse gas emissions by reducing driving, and the imagined change in housing tastes towards denser communities—have been proven wrong.

The best way to make housing affordable is to abolish the urban growth boundary and minimize regulation so developers can quickly build master-planned communities outside of the existing urban footprint. This would require the state legislature to repeal Oregon land-use laws or the Land Conservation and Development Commission to repeal some of its goals and regulations.

A second-best solution that would require no action by anyone other than Metro would be to expand the growth boundary enough to make housing affordable again. A 20 percent increase of land inside the boundary would reduce the population density of Oregon's portion of the Portland urban area to 3,500 people per square mile; a 40 percent increase would reduce it to 3,000 people per square mile.

To make room for population growth, the boundary should be expanded by at least 30 percent. This will not only make housing affordable for existing residents, it will make Portland highly attractive to employers discouraged by high housing prices in Washington and California. This could lead to a new economic boom that will benefit existing residents and newcomers alike.

CONCLUSIONS

1. High housing prices in the Portland area are primarily due to the urban growth boundary, restrictions on development outside that boundary, and Metro's unwillingness to expand the boundary to allow homebuilders to meet the demand for single-family homes.

2. High housing prices are also caused by Metro's top-down planning process that significantly adds to the cost and time required to gain approval for building any new housing, emphasizes housing that most people consider to be undesirable, and focuses on densification of the existing urban footprint rather than expansion of the urban growth boundary.

3. Metro's Regional Housing Coordination Strategy merely adds more layers of top-down planning to housing programs. Proposed programs for technical assistance to housing policy makers, promotion of so-called middle housing, brownfield assessment, and a regional land bank are merely government doing things that the private sector would do for itself, likely at a lower cost, in a less regulated housing market.

4. Contrary to Metro's emphasis on affordable housing programs, subsidized housing does not make housing in general more affordable. In fact, by exacerbating labor shortages and increasing taxes on new and existing homes, subsidized housing actually makes housing in general more costly and less affordable.

5. Research and events since Metro wrote its 2040 plan in the 1990s have demolished the case for Metro's strategy of increasing the density of the Portland urban area.

   - A 2001 ECOnorthwest study predicted that 6.6 percent of the Willamette Valley will be urbanized by 2050 under existing rules, but if those rules were eliminated, 7.6 percent would be urbanized. Making housing unaffordable to save 1 percent of the valley from urbanization is bad policy.

   - Recent data from the U.S. Department of Agriculture shows that urbanization is no threat to Oregon's agricultural and forest productivity.

   - Data from the Department of Energy shows that people living in dense urban areas may drive a little less, but because they drive in more congested conditions, transportation used more energy and emits more greenhouse gases per capita in denser areas.

   - Planners' predictions that American housing preferences were favoring denser housing have proven wrong: the vast majority of Americans still prefer single-family housing.

6. Metro should not attempt to dictate the kind of housing people live in. If people want to live in five-storyapartments or cottage cluster housing, developers

should be allowed to meet that demand. But if people want to live in single-family homes, which is the most affordable kind of housing on a per-square-foot basis, developers should be allowed to meet that demand as well.

7. The best way to truly make housing affordable again is to abolish the urban growth boundary and reduce most land-use regulation outside of incorporated cities so that developers can design and build large-scale master-planned communities. This would require the state to take actions beyond Metro's control.

8. A second-best solution is for Metro to greatly expand the boundary, and reduce regulation in the expanded area, so that there are no restrictions other than the prices of raw materials on the ability of people to choose to live in the kind of housing they prefer. While expanding the boundary rather than abolishing it runs the risk of keeping the supply of housing inelastic, which will make housing prices more volatile than they ought to be, a large-enough expansion should make housing more affordable. Increasing the land within the boundary 30 percent would allow population densities to decline enough to make housing affordable again and allow room for population growth.

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