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Portland: Economic Growth Noose Loosened PORTLAND BACKTRACKS ON URBAN GROWTH BOUNDARY

By Wendell Cox

Illustrations:

American Dream Portland Style

Portland Planning Houses Without Sidewalks

The Portland area seems to be learning that the heavy hand of regulation can get in the way of economic growth. Metro, the regional land use agency, adopted a policy in the late 1990s that fit a tight economic noose (urban growth boundary) around the area, and Portlanders are paying the price. While Oregon's land use laws are anything but ideal, at least they anticipated that public agencies would be responsible enough to ensure that there was the mandated urban growth boundaries would contain a 20 year supply of buildable land. Vain hope.

Apparently, Portland's planners found out about Hong Kong where people live more on top of one-another than next door, and determined that there was plenty of land to build up. They saw no reason, therefore, to allow a significant expansion of the urban growth boundary. As a result, they adopted policies that would allow the area of urban development to expand by from 14,000 to 19,000 acres through 2040. Things were to get a bit more crowded in this urban area, where planners expected nearly 70 percent more people to fit into only six to eight percent more land.

But a number of things have gone wrong in the meantime. Densities cannot be increased more than 50 percent someone noticing. And communities began to notice when Metro's regulations forced multi-story apartment buildings to be constructed in quiet single-family neighborhoods.

People were so upset that a strong anti-density referendum qualified for the May 2001 ballot. Metro, fearing people were as upset as they were, defensively put its own watered-down anti-density referendum on the same ballot claiming that the citizen's measure was too extreme. Metro's strategy succeeded. But wait. A vote against density is a vote against density, and that's what more than



60 percent of Portlanders voted against.

Meanwhile, the economic noose was doing its own damage. During the 1990s, housing affordability declined more, by far, in Portland than in any other metropolitan area in the nation with more than 1,000,000 residents. Land was running out, there was less competition for development, and home builders understandably began to build units that were, on average, more expensive.

Believing their own “there is no place like this in the world” tourist brochures, local officials set about dictating to business. One major Nike, firm was told that it would have to build affordable housing to get approval to expand its world headquarters. Nike ended the silliness by suggesting the unthinkable --- that like Boeing left Seattle for Chicago, they could leave Portland. Intel, the computer chip manufacturer was had to agree to an “impact fee” for adding new employees above a certain number as a condition of expanding its facilities. Further, Metro has plans to ration land for new business development to businesses it determines have greater growth producing impacts, and to virtually outlaw “big-box” stores (presumably its constituents favor higher prices).

But, Portland may not even have enough room for the planning anointed businesses. Already there is a shortage of land for new industrial and commercial development. There is no such shortage, however, in Clark County, across the Columbia River in Washington, or in neighboring Idaho, nor it virtually any of the other major metropolitan areas of the United States. In a world of increasing competitiveness, and “offshoring” of many of very type jobs Portland would like to attract,



Metro’s policies could not be more out of place. Portland’s know-it-all anti-business climate may be one of the reasons that its unemployment rate has consistently been the among the highest in the nation in recent years.

But Metro is beginning to get the message, however slowly. Late in 2002, Metro approved a more than 18,000 acre increase in the urban growth boundary. This takes the land inside the noose to nearly the maximum area it had previously projected for 2040. But that was before the 2001 referendum.

Then there’s the matter of industrial land, In December, Metro began analysis of another 29,000 new acres of land for industrial development (all of it on the urban fringe, where no transit

system could provide automobile competitive service). If Metro adds this land to the noose, which economics says it had better, the urban growth boundary will have been expanded 22 percent since 2000 --- more than twice the amount that had been projected for addition by 2040. At this rate, by 2040 the urban growth boundary will encompass as much space as would have been urbanized (according to Metro) if there had been no serious land use regulation. Of course, all of this would have been accomplished with much less pain, and many more home owners. It's time for a little glasnost in Portland.

Wendell Cox is principal of Wendell Cox Consultancy in metropolitan St. Louis and a visiting professor at the Conservatoire National des Arts et Metiers in Paris.

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