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THE URBAN GROWTH BOUNDARY OF PORTLAND, OREGON: ASSESSING EFFECTIVENESS - HOUSING AND AFFORDABILITY

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Abstract

The Urban Growth Boundary (UGB) of Portland, Oregon is among the most widely studied cases of growth boundaries as a policy instrument for land use planning. This paper considers outcomes and lessons learned respecting the effectiveness of the UGB policy, with an emphasis on housing and housing affordability.

Background and Context

The City of Portland is a municipality and part of the Portland Metro Area (PMA), a regional government in the State of Oregon. The boundaries of the Portland–Vancouver–Hillsboro Metropolitan Statistical Area (MSA) as defined by the United States Census, includes the PMA, its surrounding Oregon counties, and both counties and municipalities in the State of Washington. The regional and state boundaries

separating jurisdictional control over policy implementation within the MSA are relevant to the UGB case, but are outside the scope of this paper.

Facts of the Case:
UGBs

The UGB policy flows from State of Oregon legislative statutes known as Senate Bill 10 (1969) and Senate Bill 100 (1973) (Abbott, 2023), which established the Land Conservation and Development Commission (LCDC). The LCDC immediately undertook a multi-year program of public hearings and set out 19 state-wide planning goals, established between 1974 and 1977. These included "Goal 10 Housing" and "Goal 14 Urbanization," which included the requirement for UGBs to be established (Oregon DLUD). Other policy goals identified by the LCDC included agricultural lands, transportation, forest lands, citizen involvement, and economic development.

The LCDC requires comprehensive land use plans to be developed by all cities and counties, and that these plans must be consistent with the 19 statewide goals. Work on the Portland UGB began prior to the establishment of the Portland Metropolitan Area (PMA) in 1979, which is responsible for managing the UGB throughout the three counties and 24 cities that make up the PMA, including the City of Portland. (Oates, 2023; Oregon Metro 2023). The PMA notes that the Portland UGB "has been expanded about three dozen times since it was first drawn" (PMA, 2023).

Facts of the Case:
Housing Policy

Statutory provisions for "needed housing" were introduced in Oregon in 1983 (Oregon DLUD), well-after the adoption of the 19 State Planning Goals and UGBs.
Under the State of Oregon's Comprehensive Land Use Planning Statute 1, "197.307 – Needed Housing Policy," housing need and affordability are explicitly recognized in the context of UBGs. The requirement for objective standards for housing is also specified:

> " When a need has been shown for housing within an urban growth boundary at particular price ranges and rent levels, needed housing shall be permitted in one or more zoning districts or in zones described by some comprehensive plans as overlay zones with sufficient buildable land to satisfy that need"(Oregon, 197.307).

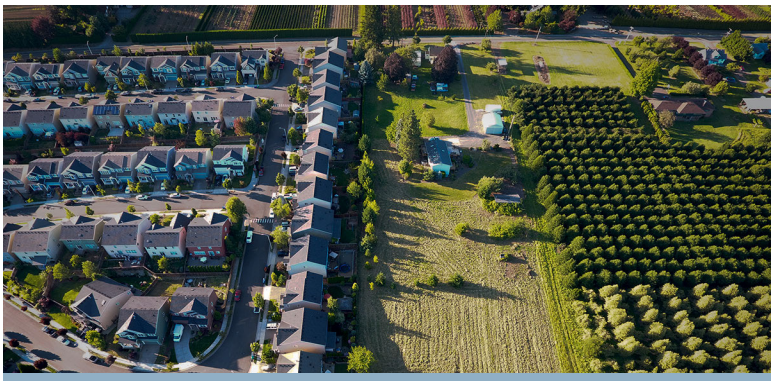

Figure 1: The photo depicts the distinct division between the urban and rural areas surrounding Portland, Oregon, with the urban growth boundary clearly visible.

The Policy also stresses that "

> "… a local government may adopt and apply only clear and objective standards, conditions and procedures regulating the development of housing, including needed housing.

The standards, conditions and procedures:

(a) May include, but are not limited to, one or more provisions regulating the density or height of a development.

(b) May not have the effect, either in themselves or cumulatively, of discouraging needed housing through unreasonable cost or delay." (Oregon 197.307)

The Oregon Secretary of State also issues administrative rules on local governments for meeting the requirements of 197.307 and related statutes that govern land use and development. These rules include definitions of housing types, housing market research and reporting requirements, and, for example, buildable land within a UGB:

"Buildable Land" means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. Land is generally considered "suitable and available" unless it:

(a) Is severely constrained by natural hazards as determined under Statewide Planning Goal 7;

(b) Is subject to natural resource protection measures determined under Statewide Planning Goals 5, 6, 15, 16, 17 or 18;

(c) Has slopes of 25 percent or greater;

(d) Is within the 100-year flood plain; or

(e) Cannot be provided with public facilities" (Oregon Secretary of State)."

This excerpt underscores the conscious effort of the State to require a comprehensive approach to planning, including the needed housing policy, by cross-referencing other state-wide planning goals identified by the LCDC.

Outcomes:

UGB

In the case of Portland, the implementation of urban containment policies has led to a reduction in the rate of urban expansion and an increase in population density in some areas (Giovannoni, 2015). However, the author also notes that these policies have had mixed success in achieving other goals such as reducing traffic congestion and promoting social equity.

Runa and Singleton (2021) found that Portland's urban growth boundary (UGB) has been effective in containing urban sprawl, but that it has also led to unintended consequences. such as the creation of "edge cities" just beyond the boundary, which has contributed to traffic congestion and increased commuting times for those who live within the boundary.

Noting the particular policy structure of the Portland UGB and the political processes that led to it, other studies have also highlighted the importance of contextual factors in determining the success of urban containment policies. Banister and Zhang (2005) found that urban containment policies in China have been more successful in large cities with higher levels of economic development and stronger institutional

capacity. Similarly, Wu and Webster (1998) found that urban containment policies in Melbourne, Australia have been more effective in areas with higher levels of public transport provision.

Outcomes:

Housing Policy

Runa and Singleton (2021) found that one outcome of the UGB is the rise in housing prices within the boundary, which has made it difficult for low-income households to afford housing. Similarly, Mildner (2018), found that the Portland UGB resulted in limited land availability than when combined with increased demand, led to a 44% increase in housing prices in the Portland metropolitan area compared to neighboring areas. Mildner argues that the UGB has contributed to an imbalance in the housing market, with an over-reliance on high-density development and limited availability of single-family homes, resulting in a lack of housing options for families who prefer single-family homes and yards.

Another outcome of Portland's urban containment planning is the focus on mixed-use developments within the city. Miller (2009) notes that the city has encouraged mixed-use development to reduce automobile dependence, promote walkability, and reduce carbon emissions. Miller finds that this approach has led to the creation of pedestrian-friendly neighborhoods and the preservation of open space within the city, while also promoting economic growth.

Lessons Learned:

UGB

Stakeholder engagement is important in the planning process. When Oregon, the LCDC, and the PMA pursued UGBs as a policy instrument, they received pushback from developers who saw it as a hindrance to growth. By engaging with community members and emphasizing the benefits of the policy, Portland was able to overcome this opposition and successfully implement the urban growth boundary (Giovannoni, 2015).

Jurisdiction matters. UGBs in Oregon are a policy instrument that emerged from a comprehensive and rational approach to planning, exemplified by the LCDC's 19 goals. Flowing from State requirements, implementation of the Portland UGB accelerated after the PMA was formed.

UGBs require flexibility. As previously noted, the Portland UGB "has been expanded about three dozen times since it was first drawn" (PMA, 2023).

Portland is not the only case worth studying. Chung et al., 2019 found that rigid implementation of urban containment policies can result in unintended consequences, such as urban sprawl in neighboring areas. For example, when Seoul, South Korea implemented an urban growth boundary, it led to an increase in housing prices within the boundary and pushed residents to move to neighboring areas, which resulted in increased traffic congestion and environmental degradation (Chung et al., 2019). It is important to consider the unique characteristics of each city and tailor policies accordingly.

Cox (2015) found that urban containment policies in the San Francisco Bay Area contributed to a shortage of affordable

housing, as land values and development costs increased within the boundary. Cox recommends that policymakers consider strategies such as inclusionary zoning, density bonuses, and public subsidies to promote affordable housing development within the boundary.

Bartholomew and Ewing (2011) found that the Salt Lake County's urban growth boundary in Utah had a negative impact on affordable housing, by increasing land and housing prices within the boundary, which disproportionately affected lower-income residents. The authors suggest that policymakers consider alternative strategies, such as transit-oriented development and infill development, to promote affordable housing while still preserving open spaces.

Social Equity is an Outcome Variable. Research by Zhang et al., 2018 found that urban containment policies can exacerbate social inequities if not implemented with careful consideration of their impact on different socioeconomic groups. For example, implementing an urban growth boundary can result in higher housing prices within the boundary, which can disproportionately affect low-income residents (Zhang et al., 2018). Thus, it is important to consider the potential impact on different socioeconomic groups and take steps to mitigate any negative effects.

A key lesson learned from urban containment planning is the need to prioritize and incorporate affordable housing within the boundary. While urban containment policies can help protect open spaces and preserve the natural environment, they can also exacerbate housing affordability issues if not implemented thoughtfully.

UGBs in Portland and Elsewhere, Illustrate that "Planning is Grey," meaning that urban planning involves many trade-offs and compromises between different goals and stakeholders, and that there is rarely a single right or wrong answer. On the one hand, the UGB has been effective in containing urban sprawl and promoting compact, mixed-use development, which can reduce automobile dependence, preserve open space, and promote economic growth. However, the UGB has also led to unintended consequences, such as rising housing prices and increased commuting times for those who live within the boundary. In addition, the UGB has contributed to the creation of "edge cities" just beyond the boundary, which can contribute to traffic congestion and further sprawl.

These outcomes demonstrate the complexity of urban planning and the need for trade-offs and compromises. For example, the goal of containing urban sprawl conflicts with the goal of housing affordability, as limiting the supply of land within the UGB can drive up housing prices. Similarly, the goal of promoting compact development conflicts with the goal of reducing commuting times, as concentrating development within the UGB can create traffic congestion and longer commutes.

Other examples of "grey" planning trade-offs include balancing economic development with environmental sustainability, balancing transportation investments between different modes, and balancing the needs of different neighborhoods and communities within a city. In each case, there are multiple goals and stakeholders to consider, and no clear right or wrong answer.

Lessons Learned:

Housing

Needed Housing policies alone did not address needed housing. When the housing market tighten abruptly and affordability decreased in the years following the 2008 financial crisis, the City of Portland directed its housing policy arm, the Portland Housing Bureau (PHB), to implement a new Mandatory Inclusionary Zoning (MIZ) program (Bates, 2020).

Under MIZ, developers are required developers to include affordable units in new residential developments or pay a fee to support affordable housing elsewhere. Bates notes that this policy was implemented to address the issue of gentrification and displacement of low-income residents in rapidly developing areas. The policy also faced pushback from developers who claimed that the policy would make it more difficult and expensive to build new housing, and was criticized by others for not going far enough in addressing the issue of displacement, as it only required a small percentage of affordable units in new developments.

Between 2016 and 2019, 335 affordable units were produced as a result of the MIZ policy, and an additional 401 units were in the pipeline (Portland Bureau of Planning and Sustainability, 2020). However, the report also noted that the number of affordable units produced was not keeping pace with the demand for affordable housing in the city.

State wide planning goals, and instruments such as UGBs and MIZ do not fully consider and cannot fully influence the behaviour of housing markets. Housing affordability is a personal business, where household income is compared to the price of rent. Rents are impacted by the structure and behaviour of housing markets, which are in turn affected by a wide range of economic and regulatory conditions, including federal policies on housing finance (see for example, Diller and Sullivan, 2018).

Other factors matter. The outcomes for housing as an LCDC goal, were influenced by other policy instruments, by market forces, and by financial conditions outside the scope or influence of the UGB. Other policies set out detailed approval requirements for "needed housing" after the UGB was implemented, and had their own role in what kind of housing was built. Dramatic changes in other factors, before and after the 2008 financial crisis, affected housing supply and affordability in Portland and other cities in the U.S.

Economic arguments can made that UGBs, whether established explicitly as they are in Oregon, or implicitly as they are in British Columbia under that province's Agricultural Land Reserve laws, inhibit real estate development and housing supply. But both cases also involve the limitations of mountainous terrain and the attractiveness of coastal climate zones, which respectively inhibit supply and encourage demand for housing. These factors will persistently impact affordability whether or not boundary-driven regulatory limitations exist. The evidence suggests that the more important question is not whether UGBs impact housing affordability, but how does that impact compare to the impacts of other factors.

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