

Biking and hiking, but no parking

Are Oregon's strict planning rules stifling growth?

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The city of Vancouver, Washington lies just across the Columbia river from Portland, Oregon. Since 1990 Portland's population has grown by 38%, while Vancouver's has nearly quadrupled. To critics, that is proof that Oregon's strict land-use laws are crimping the city and the state's growth. To supporters, it is a sign that the planning regime is working as intended, preventing sprawl and preserving Portland's pristine surroundings—on Oregon's side of the river, at any rate.

No one disputes that Oregon's land-use law, in force for 40 years, is among the strictest in the country. The governor who pushed for its adoption insisted that the state's "quality of life" was at risk from "sagebrush subdivision, coastal condo-mania and the ravenous rampage of suburbia". To hold these horrors in check, and bolster Oregon's two main industries at the time (forestry and farming), he pushed for every inch of the state to be zoned, with cities corralled within "urban growth boundaries". A new house can be built outside these areas only for the use of a farmer, his relatives or employees, only on a tract of at least 80 acres which has produced at least \$40,000 a year in agricultural income in recent years, and only if there is no alternative structure on the same land that could be used for the same purpose. Inside the growth boundaries, meanwhile, planners urge ever denser construction and discourage cars.

Jim Rue, the head of the agency that oversees these rules, says that they have been a success. Since Oregon's planning regime came into force, he points out, the state has lost just 1% of its farmland, while Washington has seen almost 10% disappear. Had sprawl not been kept in check, he adds, Oregon's booming wine industry would not exist, since houses and vines would otherwise compete for the same south-facing hillsides. Martha Bennett, who runs Metro, the agency that supervises planning for Portland and its hinterland, sees other intangible benefits. Locals prize easy access to hiking, berry-picking and beaches; that is the yin to the yang of Portland's crowded streets, she says. Both the walkable neighbourhoods and the unspoilt surroundings, she believes, help to attract young, bright migrants to the city.

Planning officials do not deny that the rules they oversee probably impede economic growth on the margins. Nonetheless, property prices, Mr Rue notes, remain lower than in the other big cities in the region, such as Seattle and San Francisco; by the same token, employment is growing faster in Portland than in the rest of Oregon despite its especially severe regulations. Tom Hughes, the head of the elected council that presides over Metro, likens Oregon's economy to its strawberries: they are slower growing than Californian ones, he says, but also more flavourful.

Zoning bureaucrats also admit that Oregonians often chafe against their edicts. When Metro allowed developers to build apartment buildings without any parking in districts near railway stations, Ms Bennett recalls, existing residents "went bananas" at the prospect that parking

spaces on the street might get harder to find. Last year a group calling itself the Clackistani Allied Forces, which opposes plans to bring more development to Clackamas County, on Portland's south-eastern fringes, asked the local council to disavow Metro's talk of "smart growth" and urban renewal "or face the dire consequences at the hands of the mainstream voters".

The problem, Mr Rue contends, is that voters "are completely schizophrenic". They say they dislike sprawl, yet they abhor efforts to pack more people into their neighbourhoods or prise them from their cars. Although they have backed the planning regime in several referendums, they have also balked at light-rail schemes intended to underpin it and approved a more generous compensation scheme for landowners hurt by zoning. Others say that Oregon's single-party rule (the state has not had a Republican governor since 1987) has prevented a proper debate.

Randal O'Toole of the Cato Institute, a free-market think-tank, says Oregonians are shooting themselves in the feet. By his calculation, housing costs nearly twice as much relative to local incomes in the states with the strictest planning regimes compared with those with the most permissive. Thus a city like Houston, which has very little land-use regulation, is expanding by 120,000 people a year as migrants rush to live in its big, cheap houses. Portland, by contrast, is deterring migrants and thus subduing economic growth.

NIMBYs make the world less equal

An increasing amount of academic evidence backs up that claim. In a paper published in 2007, Raven Saks, an economist at the Federal Reserve, found that much demand for labour went unmet in cities with strict planning rules. Last year two academics at Harvard University, Peter Ganong and Daniel Shoag, found not only that land-use restrictions were impeding migration to wealthier parts of the country, but that those impediments accounted for roughly a tenth of the increase in inequality in wages since 1980.

Yet Oregon's planning tsars insist they are not trying to prevent growth, only ensure that it can continue indefinitely. Mr Rue, for one, says it is not outlandish to imagine that Oregon will receive a wave of "climate refugees" from places like Texas in the future. If so, he says, they will have to learn to live in greater proximity.