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Want to make housing affordable? Ditch urban growth boundaries

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A lot of terrible ideas are coming out of Oregon this year. Although Portland, Bend and other Oregon cities face housing affordability crises, most proposals to fix the problem will actually make it worse.

These proposals suffer from a complete lack of common sense. For example, here's a piece of common sense: *When you make something more expensive, it becomes less affordable.*

While that seems obvious, it was apparently overlooked by proponents of inclusionary zoning, which would allow Portland and other cities to require homebuilders to sell a fixed share of their new homes for less than market rates. Of course, that means they'll have to raise the prices on the rest of the homes they build, meaning most houses become less affordable.

Here's another piece of common sense ignored by these schemes: *When the cost of new homes rises, the price of used homes follows.* Sellers of existing homes naturally want to get as much as they can for their homes, so when new home costs increase, they can increase the amount they ask for their homes.

This means inclusionary zoning not only makes new homes less affordable, it makes existing housing less affordable as well. Owners of existing homes get windfall profits, but homebuyers lose.

Another piece of common sense: *When government regulates the price of something, we get less of it, and the price goes up.* Rent control may benefit existing renters, but it also discourages developers from building more rental housing, thus making rental housing less affordable overall.

This same applies to inclusionary zoning. Not only does such zoning force builders to sell most of the homes they build for higher prices, it leads them to build fewer homes overall. Inclusionary zoning has been conclusively proven to make housing less affordable.

Inclusionary zoning, rent control and other housing schemes are misplaced because they fail to address the real problem: land supply. Here's a common-sense rule: *When government limits the supply of something and demand increases, prices go up.* The elephants in the room that no one is talking about are Oregon's urban-growth boundaries.

Since 1980, the population within Portland's urban-growth boundary has grown by 70 percent, yet the boundary has been expanded by less than 15 percent. Land prices have grown by hundreds of percent and, despite the urban planners' mantra, growing up instead of out does not make housing affordable.

Oregon's housing affordability crisis can be directly traced to growth boundaries, which make homes cost twice as much as they should. Oregon legislators want to assuage their guilt for making housing unaffordable by passing measures that will provide affordable housing for a lucky few, but make housing even less affordable for everyone else.

While the growth boundaries impose huge costs on renters and homebuyers, they produce few of the benefits that are claimed for them. Supposedly they reduce urban-service costs by a few thousand dollars per home. But what good are slightly lower service costs when houses cost \$100,000 more than they should?

Growth boundaries are supposed to protect farms. But all of the urban areas in Oregon occupy just 1.5 percent of the state, and with or without boundaries urbanization is no threat to the productivity of Oregon farms, forests or open space.

Supposedly, urban-growth boundaries save energy and reduce driving. But midrise and high-rise housing actually use more energy per square foot than single-family homes (and cost more to build, too). Meanwhile, University of California, Irvine, economist David Brownstone has shown that the effects of density on driving are "too small to be useful" in saving energy or reducing pollution.

Merely expanding urban-growth boundaries will do little to make housing more affordable. Most expansions have been small and have been followed by numerous other barriers to home construction in the expanded areas.

The only real solution for Oregon's housing crisis is to eliminate the growth boundaries. Until then, everything else is just window dressing.

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