

Testimony of Joseph Cortright

to the

House Rules Committee

HB 3414 (-17 Amendments)

June 8, 2023

I strongly urge the Oregon Legislature not to adopt the proposed -17 amendments to HB 3414. Busting the urban growth boundary will do nothing to address Oregon's housing affordability challenges. Here's why:

1. **Affordability is about growing up, not out.** The economic literature is very clear that the problem is primarily constraints on achieving higher levels of density within existing urban areas: i.e. building more multi-family housing. Rents are rising in Portland (and Seattle and San Francisco) because of the difficulty/constraint on building more density in the center, not expanding the periphery. More housing in the center makes better use of our existing, expensive infrastructure, and lowers transportation costs and pollution. Adding land at the urban edge does little to expand either the supply of housing or, more importantly, the supply of affordable housing. In the last 15 years, the Metro urban growth boundary (or UGB) has been expanded to add more than 32,000 acres of land. Since 2000, those UGB expansion areas have added only 8,500 new housing units, about 7% of new dwellings built since 2000.
2. **The market demand/affordability problem is in the urban core.** That message is abundantly clear in the shift in home prices in Portland. [All of the price appreciation in the Portland area is focused on the urban core.](#) In 2005 that homes in Portland sold for a \$20,000 discount to homes in the suburban counties. Now Portland homes sell for a \$27,000 premium to homes in the suburbs. Adding more land on the periphery does very little to influence supply in the center, where the demand is.
3. **Adding more supply in the core is the key to addressing affordability.** The solution to rising rents is to continue to aggressively expand the supply of housing, especially in the core in Portland. Build more apartments. Demand has shifted much more quickly than supply, and the development pipeline is long and slow, but as new units come on line, they help absorb the demand that is pushing up prices. In recent weeks, [Seattle rents have begun to soften.](#) Seattle is roughly a year or so ahead of us in the up-cycle in housing construction.
4. **Expanding urban growth areas creates prodigious, and largely un-funded costs** for local and state governments. Adding more land at the periphery of our cities and urban areas requires expensive investments in roads, water and sewer lines, and other capital

costs. In contrast, accommodating growth in existing developed areas utilizes our existing investments in public infrastructure.

5. **More peripheral growth creates higher costs for households.** Oregon's system of urban growth boundaries has created much more compact patterns of growth than in the rest of the US. Because things are closer together and there's less sprawl, we don't have to drive as much as other Americans—and that saves households money. The average Portland area resident drives about 20 percent less than the average resident of comparable metro areas in the US. That lower level of driving means we spend less on cars and gasoline, and the savings are huge: Portland area residents spend a billion dollars less on cars and fuel than if they drove as much as the U.S. average. That's an additional billion dollars a year they have to spend in the local economy.
6. **More peripheral growth is bad for the environment.** We know that adding more housing at the urban fringe produces more driving. Sprawling housing is impossible or expensive to serve by transit, and these fringe areas have the lowest rates of walking or cycling of any places in the region. Fringe development locks in a pattern of car-dependence that produces more miles of vehicle travel, higher levels of air pollution and greenhouse gases, and makes it that much more difficult to make progress toward the state's established climate goals.