

Editors' Introduction **Planning Portland Style: Pitfalls and Possibilities**

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Abstract

The nation can learn much from regional growth management in Portland, OR, which uses an urban growth boundary (UGB) to maintain a compact metropolitan form. Carl Abbott, Henry R. Richmond, and William A. Fischel offer very different views on how to interpret Portland's lessons; however, they agree that Portland is clearly trying something innovative. In fact, Portland's style of growth management has touched a nerve in the booming urban West, where even California is actively debating its implications.

We fear that many fast-growing regions throughout the country will use UGBs to simply slow development rather than integrate them into a comprehensive planning strategy as Portland has. We especially worry about the impact on affordable housing. Portland's politics give the region a unique urban form that now—in and of itself—helps maintain a coalition between city and suburbs on such key issues as housing, transportation, economic development, and equity among municipalities.

Keywords: Growth management; Land use; Housing; Urban planning

Our companion publication, the *Journal of Housing Research*, recently published an article by economist Stephen Malpezzi (1996) that examines how local land use regulations in 56 U.S. metropolitan areas influence housing markets. Part of the research focuses on the benefits gained by regulations designed to relieve traffic congestion. One such regulatory strategy prescribes building a more compact, higher-density region around existing urban centers. Malpezzi finds that regions with congestion-relieving regulations save their residents an average of just 3 minutes of commuting time off a national average of 48 minutes—hardly the type of finding that regulation advocates would find encouraging. Carl Abbott's article in this issue and the comments that follow explore what lessons Portland, OR, a region that employs land use regulation to mandate a compact urban form, has to offer the rest of the nation. This detailed analysis of one region's approach to growth control provides a case-level context for Malpezzi's numbers. We ask that our

readers weigh both kinds of data as they consider the value of land use regulation in promoting livable and economically vital regions.

Portland is one of the few regions in the country where the central city and suburbs work together to solve problems. Many credit this success to the region's urban growth boundary (UGB), which limits sprawl—a term that describes the spread of detached houses on big lots and commercial strip development.¹ Advocates argue that the UGB preserves open space and forces the region to revitalize its downtown and older neighborhoods. Critics charge that the boundary, which has been in place for nearly two decades, distorts market forces by creating an artificial scarcity of land. They point to the region's rapidly rising housing costs as a key negative consequence of the policy.

We, the editors of *Housing Policy Debate*, sought to clarify this critical land use issue by offering three participants in the Portland Community Forum sponsored by the Fannie Mae Foundation and the Kennedy School of Government the opportunity to make their cases in the pages of the journal. As we anticipated, this sparked a lively debate that, we hope, provides critical insight into what planning Portland style means for the rest of the nation. First we summarize the thoughts and comments of our three authors; then we offer our own assessment of what lessons other regions can learn from Portland's experience.

Carl Abbott, an urban studies professor at Portland State University, provides an overview of the political and historical forces that led to Portland's unique regional governance, in which, as Abbott notes, "city and suburbs talk to each other." Abbott offers a generally positive appraisal of Portland's growth management experiment but cautions that many of the practices may not be replicable elsewhere because of the region's unique set of favorable conditions, which includes a tradition of progressive politics.

Henry R. Richmond, a key player in Oregon's land reform movement and director of the National Growth Management Leadership Project, sees Portland's UGB as an unqualified success that produces compact, manageable regions while preserving farmland. Richmond's comment also contends that the lessons learned in Portland can be easily applied throughout the nation. He counterintuitively argues that UGBs are progrowth in that they allow builders to intensely develop land within the

¹ For a detailed description of how UGBs work, see Easley (1992).

boundary free from the NIMBY (“not in my backyard”) obstacles they typically encounter elsewhere.

By contrast, Dartmouth College economist William A. Fischel provides a cautionary note on the widespread use of UGBs in the form of a cleverly constructed parable. In Fischel’s fictional Zeeland, residents stop their popular island from growing so that their fishing industry will not run out of ocean. Zeeland’s “island growth boundary” limits the supply of new land and forces the construction of small huts on small lots. Zeelanders are deceived into believing that their island is so popular that new residents and trade will keep flowing their way despite the cramped conditions. To their dismay, Zeelanders find out too late that theirs is just one tiny island in a sea of competing islands that are only too happy to keep growing to accommodate new residents. Fischel’s parable makes a key point: Portlanders must consider their actions in the context of a national and international economy, even as they seek to solve local problems. Portland’s emulators are equally warned.

Those using Portland as a planning model should take note of a central theme in both Abbott’s and Richmond’s articles: UGBs work best when linked to a comprehensive regional planning strategy. Portland’s UGB is packaged with numerous provisions that address such critical concerns as affordable housing. Portland also attempts to ensure that its land reform does not derail economic growth. The impulse to limit sprawl and preserve open space may, if not well managed, stifle economic growth, limit consumer choice, and ultimately result in higher housing costs. As we write, many regions, especially those in America’s booming urban West, are considering similar measures. San Jose and Seattle, to mention just two notable examples, have recently instituted UGBs. Our fear is that these regions will use UGBs to slow development rather than fully integrate them into a comprehensive planning strategy as Portland has done. If booming metropolitan areas apply UGBs indiscriminately, the result will be harsh limits on land supply precisely when land costs are under the most pressure due to growth—a sure recipe for a housing affordability crisis.

Seattle’s case is especially worrisome for those concerned that Portland-style UGBs will be used elsewhere without Portland’s comprehensive land use planning, which includes such provisions as mandated fair-share housing. Portland established its UGB at a point of relatively static growth. It also drew the line at some distance from existing built-up areas, giving the region an open zone before development reached the edge of its UGB.

Seattle, by contrast, drew its boundary during an economic boom and wrapped it tightly around existing infrastructure (*King County Benchmark Report 1996*). Seattle also has less information than Portland on how to monitor land use to ensure that all potentially developable open space is used to its maximum, a key to maintaining a market equilibrium when using UGBs.

Seattle may already be experiencing some cost impact from its UGB. The Urban Land Institute (1996, 341) finds that

The impact of the [Washington's] growth management act on lot prices began [by 1996] to be felt in earnest as prices of residential lots rose sharply, especially in King County [Seattle's county].² Despite relatively stable lumber prices, construction costs for new houses rose by 3.2 percent because of higher land costs. Intense competition for lots continued throughout the year, especially for lots already served by utilities.

The Urban Land Institute foresees a speculative run-up in Seattle's lot prices over the next several years as buildable land becomes increasingly scarce.

Despite some potential downsides, such as higher lot prices, Portland-style planning is increasingly popular throughout the American West. Even Southern California, the model for the postwar metropolis, is now seriously debating the social and economic costs of sprawl. A recent study by the Bank of America (California's largest bank), *Beyond Sprawl: New Patterns of Growth to Fit the New California* (Fulton 1995), offered a stunning indictment of California-style development, arguing, not unlike Richmond, that unregulated land use is bad for business. *Beyond Sprawl* asserts that "sprawl has shifted from an engine of California's growth to a force that threatens to *inhibit* growth and degrade the quality of life" (p. 1, emphasis in original). While the report stops well short of proposing UGBs à la Portland, it does advise developers to build more compact regions by using urban infill.

Beyond Sprawl set off a chain reaction throughout California as developers and financial and research institutions chose up sides over its conclusions. Researchers at the University of Southern California countered *Beyond Sprawl* with their study *The Case*

² In 1990 the Washington State legislature passed a growth management act that requires all urban counties and their cities to develop comprehensive land use plans and enact the regulations needed to implement these plans.

for *Suburban Development* (Gordon and Richardson 1996). This was soon followed by a counterreport from the Natural Resources Defense Council entitled *Response to "The Case for Suburban Development"* (Fitts and Holtzclaw 1996). This, in turn, prompted the Wells Fargo Bank to issue *Preserving the American Dream: The Facts about Suburban Communities and Housing Choice* (Hayward 1996). The charges and countercharges by powerful interests over which style of development is most appropriate for the nation's most populous state shows how high the stakes really are for all regions.³

Oregon's land use reforms and Portland's planning practices offer many critical lessons for the rest of the nation. Ultimately, it is up to those involved in the planning process nationwide to determine what is relevant to their communities. But there is one key point that we believe should not be lost in the interpretation. Portland's plan uses urban form—in and of itself—as a key element in addressing regional issues such as housing, transportation, and economic development. While many other states and regions experiment with ways to correct inequalities between the city and suburbs, such as fair-share housing in New Jersey and California (Calavita, Grimes, and Mallach 1997) or revenue sharing between municipalities in Minneapolis–St. Paul (Orfield 1997), none does so by building equity directly into regional urban design.

Portland's timing also proved crucial to its success. The region put its plan in place before experiencing rapid growth. Portland was therefore in the unique position of being able to control regional structure as it evolved. By contrast, many other boomtowns of the West, such as Phoenix and Denver, look like clones of Los Angeles. Yet even those places, where the growth genie is out of the bottle, can still learn from Portland. Before the entire Front Range of Colorado's Rockies and the Central Valley of Arizona are completely consumed by urban growth, these regions could effectively use a UGB linked to a host of planning initiatives that increase the built density of land already developed without causing land costs to spiral out of control.

³ The debate also spilled onto the pages of the *Journal of the American Planning Association*, where Gordon and Richardson (1997) challenged the commonly held idea that compact cities are a desirable planning goal. Their challenge did not go unanswered, as Reid Ewing (1997) made a case against what he termed "Los Angeles-style sprawl." For a quick summary of the case for sprawl, see Black (1996).

We find that Portland also pursues an unintended, or at least unspoken, nonurban-urban policy that links the interest of middle-class residents throughout the region to the central city. Inhabitants of many western cities place a high premium on quality of life, often tied to the recreational opportunities offered by immediate access to mountains, deserts, and ocean (Abbott 1993). Such individuals may come to see sprawling regional growth as a “crisis” in cases where it consumes the very places that they cherish. They may also prove willing to solve this crisis by accepting dense local development for the preservation of nearby open space (a Portland tradeoff mentioned in Abbott’s article). The swap, in turn, requires the region to turn inward in quest of new development. Central-city land gains value as sites for infill projects. Suburbanites develop a stake in the central city as a revitalized urban core takes development pressure off the regional edge. The acceptance of compact urban form by suburbanites, for self-interested reasons, has the unintended effect of directing growth back to cities, just as Oregon’s attempt to save its farmland and open spaces had the unintended effect of saving its cities (Dionne 1997).

The “swap” that we identify here currently has more appeal in the West than in the East. This is not to say that easterners are unconcerned with the costs of sprawl. One need only look to the New Jersey state land use plan to see that is not the case (Burchell et al. 1992).⁴ Yet this concern has reached a crisis point in few eastern metropolitan areas.⁵ Therefore eastern suburbanites may prove less ready to use Portland’s methods to halt sprawl.

In either case—East or West—the debate over sprawl must be taken up in state legislatures, for it is they who ultimately

⁴ The *Washington Post* recently ran a series of front-page stories highlighting the costs of sprawl to metropolitan Washington, especially its consumption of the region’s open space (Frankel and Fehr 1997).

⁵ Interestingly, most eastern metropolitan areas suffer from even worse sprawl than western ones. For example, eastern regions such as New York spread out into semirural suburbs, an exurban zone of hobby farms and gradually appearing hinterland. At the same time, water shortages, mountain surroundings, and federal landholdings generally restrain western urban sprawl. Western metropolises often end in relatively high-density cluster housing and office parks that sharply define their edges. Thus Los Angeles, America’s second most populous metropolitan area, covers less space than Minneapolis–St. Paul. Cities like Los Angeles, Phoenix, and Las Vegas have lower densities than eastern urban cores, but their overall metropolitan regions are typically more compact and uniform. The wide-open spaces ringing western cities are deceptive; they inhibit expansion and often halt it (Lang, Popper, and Popper 1995, 1997).

regulate most local land uses. More important, states dictate, to varying degrees, the structure and boundaries of urban form and the powers and authorities of local governance. This fact may be one reason the debate over land use reform has barely penetrated the national urban policy discussion. When the issue arises at the federal level, it often takes the form of a highly partisan debate over the cost of regulation, as in the Advisory Commission on Regulatory Barriers to Affordable Housing organized by Jack Kemp, the Bush administration's secretary of housing and urban development (Downs 1991).

Yet the federal policies that shape regions lie buried in legislation that on the surface seems unrelated to urban form. Transportation bills, tax policy, welfare reform, and environmental regulation all play a role in determining where and how regions will grow and decline. While much of this legislation is directed to the states, little attention is paid to how they may use these funds to favor some parts of the region over others. Moreover, federal policy is seldom designed to create incentives for state governments to encourage regional thinking.⁶ States on their own therefore effectively set the decision-making structure that can enhance or kill the chances for true regional governance in how they charter local governments. In the case of Oregon, where the state had the political will to force localities to cooperate on land use issues, one can see the central roles that states must play in fostering regional governments.

Even though Portland's planning process addresses some regional equity issues by redirecting growth to urban cores, we also detect a possible exclusionary element. It seems as though Portland's land use reforms primarily benefit property owners—this in a region where fewer than 6 in 10 residents own homes (Urban Land Institute 1996). In this light, we find Richmond's comment that land use reform in Oregon is “less and less seen as being at odds with property rights” rather interesting. To us, it is fully in line with property rights—perhaps to a fault. Portland homeowners, as Abbott notes, benefit from the UGB because it maintains property values by creating demand for even rather modest dwellings. For those who already own homes, there may be little incentive to adjust the boundary to accommodate more growth. Such an adjustment could lower both the quality of life and home values. Thus one can easily see the Portland region

⁶ Anthony Downs (1996) argues that the federal government should require states to create regional governance as part of a package that includes devolution of federal power to the states (e.g., consider the case of Intermodal Surface Transportation Efficiency Act legislation, which mandated a form of regionalism).

as a big, government-sanctioned homeowners association, with the UGB serving as a metaphorical wall that rings a gated community.

Abbott correctly identifies the political process as critical to Portland's success, for it produced an urban form that—in and of itself—now helps sustain the very urban-suburban coalition that led to its creation. Winston Churchill once said, “We shape our buildings; thereafter they shape us” (as quoted in Clapp 1987, 53). The same could be said of Portland. Portlanders planned for a compact region, where the distinctions between city and suburbs are muted. In turn, this urban form created an environment where suburbanites continue to identify with the city. What could have been an ephemeral alliance between the two has become self-reinforcing. It turns out that cities and suburbs have plenty to talk about and plenty to agree upon when the differences between them remain modest. For example, in metropolitan areas that are dense enough that most residents have access to public transportation, more people have a direct interest in the system. The same could be said about a host of similar structural issues that typically divide cities from their suburbs. Portland's UGB is one means to ensure that even the edge of the region still looks, feels, and, correspondingly, thinks like the center.⁷

For the moment, many of Portland's economic tradeoffs seem tolerable—even productive. If lot costs rise slightly because of restricted supply, then the percentage that land costs factor into home prices drops as regulation allows for building on smaller lots. But at some point, the costs of land may outstrip the economies of building on smaller lots. When that market condition prevails, it may prove Portland's day of reckoning. Portland still needs to determine at what point it has reached optimal density and then plan for additions to the UGB at that same level of density. If the postwar sprawling metropolis has finally reached its limit, then Portland's compact region may prove a harbinger. Yet the unintended consequences of hasty attempts to redirect urban growth, such as the potential loss of affordable housing, must remain a paramount concern. It will take years to know the final verdict on Portland's bold experiment.

⁷ For a description of the affinity that residents of high-density suburbs have for central cities, see Lang, Hughes, and Danielsen (1997).

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The authors thank Karen Danielsen and John Carlisi for helpful suggestions they made during the development of this manuscript.

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