



METRO COUNCIL PRESIDENT TOM HUGHES

January 29, 2016

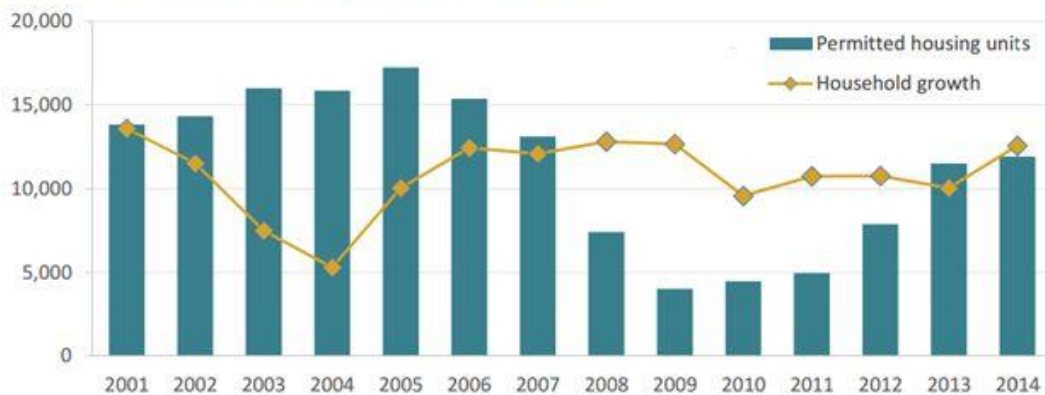
Senator Sara Gelser
Chair, Senate Committee on Human Services and Early Childhood
Oregon State Capital
Salem, OR 97301

Dear Senator Gelser and Members of the Committee:

I am writing on behalf of the Metro Council to urge you to oppose SB 1548. This measure would allow valuable farm and forest land to be converted to urban development under the incorrect assumption that that will somehow address the housing affordability crisis now or in the future. As a former mayor, a planning commissioner, and now Metro Council President, I am quite familiar with both the provision of affordable housing and urban growth management. I can tell you the proposal in this bill will neither lead to more affordable housing units nor to smart urban growth management decisions.

The current housing affordability crisis is the result of a lack of affordable housing units – primarily rental units – coupled with stagnant wages for lower and middle income workers. Housing construction dropped off dramatically during and after the Great Recession and now, with the improving economy, people are moving to the Portland area and other metropolitan areas in high numbers. Metro has just released a report on housing affordability, and the chart below from that report illustrates this drop-off in housing development contrasted with continuing strong growth in population.

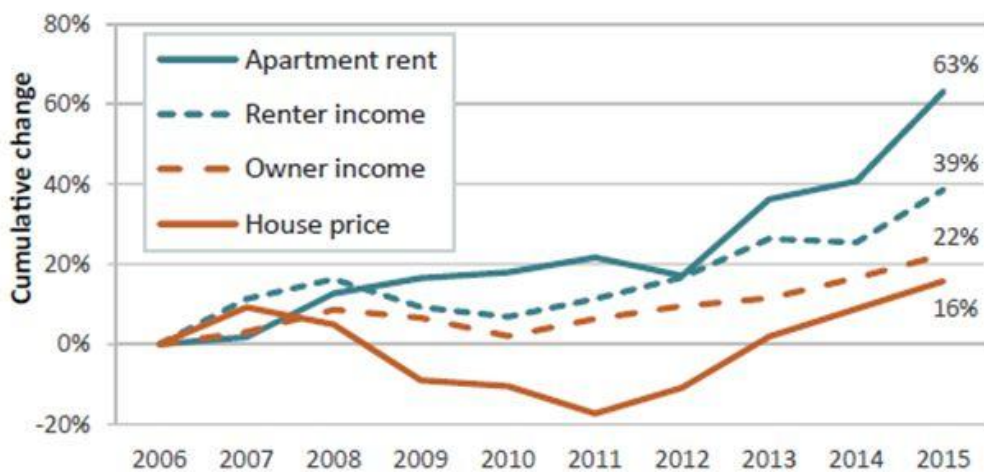
Figure 2 Portland region permitted housing units and expected household growth |
Source U.S. Census Bureau. Johnson Economics



Population growth divided by 2.57, the long-term average household size in the Portland metropolitan area.

This sudden growth, coupled with a dearth of rental housing, has caused a sharp increase in rents. Housing prices have also risen, but nowhere near as sharply as rental rates. On the income side, while homeowner income has increased faster than home prices, renter income has not kept pace with rental rate increases. The chart below displays illustrates how this affordability crisis is truly a rental housing issue.

Figure 5 Change in income and home prices | Source Multifamily NW, RMLS, U.S. Census Bureau, Johnson Economics



SB 1548 would do nothing to increase the supply of rental units to address the current crisis. We know from twenty years of experience that realizing actual development in UGB expansion areas is a complicated and lengthy process. Metro has expanded the urban growth boundary by thousands of acres over the past twenty years. We expected to see 70,000 housing units built in those UGB expansion areas, but permits have been issued for fewer than 8 percent of those expected units.

During that same period, housing development within the original 1979 UGB has been robust. People are moving to our region because of strong economic growth and quality of life. Within the Portland area, people are flocking to urban centers because they want to live in walkable neighborhoods, near transit, and close to schools and shopping.

The Metro area has a 20-year supply of land for housing. More land is not the solution to the current housing crisis. The development of multi-family rental units to meet the growing demand for housing is the solution. Metro and our local government partners are working to help solve the problem – in fact, Metro is convening a long-planned Equitable Housing Summit this Monday, February 1, which will bring together over 200 local officials, developers, and affordable housing advocates to discuss specific solutions.

I encourage you to support new tools for state and local governments that will actually address the current lack of affordable rental and other housing units within our existing cities. In particular, we would welcome the state's help in addressing current barriers to development in the Metro region like annexation and infrastructure. Without annexation reform, funding for infrastructure, and local government readiness, the thousands of acres we have already added to the UGB will likely not be developed. Adding even more land without addressing these challenges would be an exercise in futility. Please do not get distracted from important initiatives to solve the housing crisis by the call from the building industry to abandon key principles of the state's land use laws or to further tighten restrictions on local governments. Please oppose SB 1548.

Sincerely,

A handwritten signature in cursive script that reads "Tom Hughes".

Tom Hughes
President, Metro Council