

Just Say...Not So Fast to the UGB Expansions

by Christopher Hall – February 8, 2024
Testimony on SB 1537

To the Senate Committee On Housing and Development

Senator Kayse Jama, Chair
Senator Dick Anderson, Vice Chair

To the extent that the UGB expansion is a sweetener to the developers and their powerful lobby to choke down the excellent provisions of SB 1537, it is a poison pill for many who would otherwise support SB 1537. Legislators should remove that set of provisions or significantly increase densities in the proposed UGB expansion areas by 50% over the prevailing density of any given city that envisions expanding its UGB.

According to the figure provided to Governor Kotek, Oregonians need 140,000 units now to meet demand across the state. That's a deficit in housing for about 350,000 people. If there aren't this many homeless people in Oregon, then perhaps this figure represents people living crammed into apartments and garages.

The Oregon Department of Administrative Services Regional Housing Needs Analysis (RHNA) statewide housing analysis calls for 584,000 housing units in the next 20 years. However, the governor calls for 440,000 units in the next 20 years – which one is the correct number? If we use the accepted average number of residents per household at 2.45, then just the lower estimate alone is 1,078,000 more people than currently live in Oregon, which is 26% over the existing population of 4.2 million residents. Such growth is unheard of.

Most estimates are closer to 15% or less in population growth over the next 20 years. From 2000 to 2020, Oregon's growth rate was 12%. Not only are the two projected growth rates (440K and 584K) significantly disparate (a 32% difference from one to the other), but both may be inflated and could have the effect of overstating justifications that allegedly favor the UGB expansion proposal (discussed further below). Notably, the Governor's lower growth figure of 440,000 new housing units projects twice the growth rate of the past 20 years.

We urge officials to consider Portland State University's research on population – [here is one example of their research for Lane County](#). Researchers state:

“Population of Lane County is projected to grow from approximately 382,000 in 2020 to 491,000 by 2070. The growth rate is projected to decline from 0.8% to 0.4% between 2025 and 2045, and thereafter remain at 0.4%.” PSU expects Lane County to grow by 28% over 50 years; over 20 years, it's closer to 11%. The U.S. Census Bureau forecasts a 14% growth rate for all of Oregon over 20 years. In general, more third-party data should be provided by independent entities such as PSU and the U.S. Census Bureau.

The [Oregon Housing Needs Analysis](#) discusses the need for a UGB expansion and says it is necessary, by arguing for more housing units from a supply-side ideology. Section 1.4 *Streamline land capacity and urbanization processes to expedite well-planned expansions*, calls for expansion into the UGB of cities with over 10,000 people. On page 26 (pg 31 of the PDF) staff write [**emphasis added**]: “We

need to **increase the certainty that expansions are needed**, reduce the likelihood of challenges, and simplify and streamline this process.” The OHNA authors articulate a preposterous if not Orwellian take on supply-side ideology.

To promote the expansion of UGBs, the OHNA continues pushing a supply-side theory, arguing: “To put the emphasis on housing production, we recommend shifting the focus of land use efficiency measures from a Housing Capacity Analysis limited to analyzing the potential of lands for providing housing to the Housing Production Strategy (HPS).” They argue in favor of UGBs by going from a capacity analysis to a production strategy; the former assesses demand; the latter is blind ambition to drive supply. (Page 27) They further explain: “Leading with production requires some adjustments to the sequencing of Goal 10 compliance within Oregon’s land use program.” (Page 27) Leading with production, indeed.

The OHNA argues that urban in-fill is theoretical in its development potential but not real in its actual potential for development. Saying that UGBs need to be expanded because in-fill is not possible is a hackneyed mendacity. This statement is the most common fallacy lodged against urban in-fill planning by those who promote development sprawl on undeveloped lands. Urban in-fill is widely practiced in cities across the world, and Oregon should lead on walkable, tight-knit urban communities that are climate-friendly.

The expansion proposal of UGBs in SB 1537 is a push by proponents of a supply-side system at a time when demand is at an all time high. This dissonance is a red flag. The demand for housing that the majority of Oregonians can afford is sufficient to drive supply. What needs to happen, however, is that government, not the market, must provide solutions. The market had its chance and failed: it is the reason why we have a housing crisis. Most of the components in SB 1537 will ease the housing crisis because state government is removing barriers to housing development. Given the substantial development potential still extant within our cities, no amount of supply-side UGB expansions will make a difference.

Proponents of the UGB expansion effectively use claims of affordable housing to cleanse the UGB expansion of its market-driven neoliberal bias. This is a form of 'equity washing,' which is transparent and cynical.

When this writer lived in San Diego for 15 years, he had a front-row seat to the redevelopment of Centre City – what San Diego called its downtown. California Redevelopment Law was on steroids from 1998 to 2006, and abuses of the system led Governor Brown to end the program. As an elected official on the Centre City Advisory Committee representing business in the downtown redevelopment project area, and as a board member of C3, Citizens Coordinate for Century 3, this writer witnessed and sought to stop abuses related to misrepresenting population projections to justify supply-siding development potential.

The scheme was elegant as it was simple: just ten years after approving the 20-year 1992 *Downtown Community Plan* for the redevelopment of Centre City, developers, landowners, hoteliers, and bankers called for a new plan to increase density on the basis that the 1992 population forecast of 55,000 for 2012 was considered too low and they expected that it would be 100,000 by 2020. Notably, the population in 2010 was 28,000, in 2016 it was 34,000, and in 2019, the population reached 37,000. Today, the downtown population tops out at around 40,000.

Their revised 2002 population projection for 2020 was fraudulent – they knew they'd never supply-side

the market to reach their fictional goals, but that wasn't the point. They wanted to increase floor area ratios all over downtown so the land and rundown properties they happened to own or had development rights to build on could be taller, and hence, more profitable. They couldn't get variances or conditional use permits for individual parcels they owned to go up 10 to 20 stories higher, but they could revise the entire Downtown Community Plan on false pretenses to juice their individual properties, which is precisely what happened.

The effects were insidious: land values jumped from \$250 to \$500 overnight on the speculation that the Downtown Community Plan revision would pass, which made four-story apartments unable to pencil out. The new plan, without having passed, was class-cleansing downtown. Had the original 1992 plan been kept in place, the city would still have grown faster with much more affordable housing units available to a wider range of people. Urban in-fill with five-story apartments and condos are reasonable, accessible, and climate-friendly. These are the homes Oregonians need and can afford.

During the public hearing for SB 1537 on February 8, 2024, Senator Deb Patterson noted the median house price in Salem is \$500,000. The skyrocketing of housing prices is a result of low supply; however, demand is for housing at half that cost; demand is not for housing that costs half a million dollars. Development of new units should focus exclusively on this broad sector of the market. SB 1537 must promote and enable housing that the majority of people can afford.

In Oregon, under the pretenses of the supply-side ideology driving the UBG expansion, the unrealistic 20-year growth projections discussed earlier in this testimony (e.g.: 440K and 584K housing units) appear to be pressed into service to justify the expansion of the UGBs. At a 12% population growth similar to the past 20 years, there would be just over 200,000 new housing units needed. Add to that the current deficit of 140,000 units (a number that needs peer review), and the total is still only 340,000 units. **By all appearances, the high level of pent-up demand for housing in the present moment is being used as a proxy to portray unreasonable growth projections in the future.**

A housing deficit today, which is the result of poor management by the public sector and a misplaced reliance on the private sector, is not an indicator of future population growth, but that is what the housing deficit is being portrayed as. The current housing deficit is the result of a failure in governance and management at a growth rate of 12% over the past 20 years. To conflate the gross mismanagement of 12% population growth of the past with an implausible projection of 26% projection in growth going forward as the reason for the expansion of the UGBs is unacceptable.

Oregon's cities have a lot of room to grow within their existing UGBs and city centers. While Portland has a density of about 5,000 people per square mile, most of Oregon's mid-sized cities have densities in the 3,000 to 3,500 range. Oregon should allow the expansion of UGBs when densities increase by 50% from what each city is currently at today. We've given the free market a chance to solve the problem and it made the situation worse and untenable. SB 1537 and other related bills must take over the job serving the public interest, but without the free-style UGB expansions. Along with this bill, HB 4155 and HB 4134 are valuable pieces of legislation to benefit Oregonians.

Sincerely,

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