

The Urban Growth Boundary Issue

Heats Back Up

by **WILLIAM ROBIE** of Central Oregon Association of REALTORS

The increase in home prices in Central Oregon from late 2011 to late 2013 was welcome news to residents who saw their home value plummet after 2007. It's also been a boost for Central Oregon's economy because rising home prices create an incentive for more production, which keeps people employed and circulates money through the community. The rapid rise in building activity in 2013 was the result of pent up demand.

The downside of this latest boom is that it comes at a time when job growth and the overall economy are improving sluggishly. The latest economic data show there are more career-type jobs being added to the economy, but job growth in Bend, especially, is still weighted toward the service sector. For young families and employed singles looking to become homeowners the barrier is high and getting higher. The supply of affordable homes for first time buyers and working families is depleted. With a vacancy rate of less than one percent we are also in the midst of a crisis in rental housing. That is bad news for our long term economic outlook. Housing costs are a significant obstacle to economic development because they make it difficult for employers to attract talent.

The lack of an adequate supply of developable land and increased housing demand continue to put upward pressure on home prices. A shortage of "workforce priced" housing will not be met soon despite the best efforts of builders. Abundant and affordable land would go a long way to meeting market demands and relieving the pressure on home prices and rentals.

Oregon's state regulated land use system dictates to local communities all but the smallest details of how they must grow. All of these directives, driven by the desires of unelected political appointees limit the options of local governments, developers and builders to meet the diversity of consumer demand for affordable housing, commercial and industrial properties.

The state-funded Regional Economic Opportunity Analysis in 2010 and the subsequent creation of the Central Oregon Large Lot Industrial Land program were a tacit admission that the current system is too restrictive, fails to recognize market realities and inhibits economic competitiveness.

The City of Bend is mired in a UGB expansion process forcing it to build

more multi-family residences (apartments) and increase housing density in its future growth even though the city's history shows that people prefer single family homes with more elbow room. In the meantime, buildable land is consumed and housing prices climb.

Even more critical to our long-term economic outlook, Bend has very little industrial land left to meet the needs of new or expanding businesses. With few options to choose from companies looking to relocate to Bend end up going elsewhere. This is great news for Redmond, Prineville and communities that have industrial land to meet market demands, but it raises serious concerns about Bend's livability.

A healthy balance of jobs and housing is a key element of a community's livability. The state's land use system threatens to make Bend even more unaffordable for many people and make it harder to attract the employers necessary to grow the economy and raise wages.

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