

ISSUE NO. 2

URBAN LIMIT LINES

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There is a growing shortage of buildable land in Riverside County, and home-builders' land costs are rising. Builders are being forced to raise their prices accordingly, and it is becoming harder to provide housing in the "popular" price ranges.

#### CAUSES

The shortage of buildable land is caused by a combination of three factors:

1. The existing large-lot zoning.
2. The lack of an adequate public infrastructure in potential home-building areas, and
3. The difficulty of "assembling" numerous small landholdings into sizable building sites.

If the county's economy is to continue to grow, all three of these impediments must be addressed.

#### URBAN GROWTH BOUNDARIES

In places where it cannot readily be changed, large-lot zoning acts as a de facto "urban growth boundary" restricting homebuilding activity.

There are proposals afoot that would aggravate this problem:

1. The amount of land subject to large-lot zoning would be expanded under the new General Plan, rather than reduced, and
2. A regulatory land-use map would be adopted limiting urban development to certain specific areas.

Under the proposals being advanced, the following provisions would apply:

1. All land in the unincorporated area would be designated for either (1) wildlife conservation and open space preservation, (2) agricultural use, (3) other rural uses, or (4) urban use.
2. No changes in these mapped boundaries would be allowed for at least 10 years. Also, with few exceptions, boundary revisions would be considered only on a countywide basis rather than through "piecemeal" revisions.

3. Owners of land lying outside the boundaries of the designated urban area would be "discouraged" from developing their property for other than agricultural and other rural uses. This would be accomplished through the use of "disincentives", notably the extension of large-lot zoning.
4. Development in the unincorporated area would be minimized, restricting housing growth mainly to the cities.
5. The amount of land included in the county's designated "urban area" would be based on projected housing needs over the next 20 years, after deducting the portion of that estimated growth that "should be" funneled into the cities.
6. All "rural" land in the unincorporated area would be kept essentially undeveloped.

### FALLACIES

These proposals are fallacious on a number of counts, including the following:

1. The amounts and locations of land earmarked for urban use would be compromises based on the demands of various interest groups. There is no assurance, then, that the supply of "urban" land would be at all adequate to meet homebuilding needs.
2. No one can foresee the future, especially 20 years out. Thus, the 20-year projections of homebuilding land "requirements" could prove to be very wrong.
3. Once urban-area boundaries were established, they would be almost impossible to change; any significant expansion of the designated urban area would be opposed strongly by most interest groups. There is no assurance, then, that the boundaries could be revised to keep pace with market demands, either at all or quickly enough to avoid creating shortages of buildable land and driving up builders' land costs.
4. If builders' land costs were to rise progressively, home prices would have to keep pace. As a consequence, homebuilding opportunities would be limited increasingly to small projects of expensive homes on ever-smaller lots. "Volume" builders would be forced to leave the county.
5. The decline in homebuilding activity would in turn be felt throughout the economy, and a general economic recession could well set in.

6. Meanwhile, as discussed under ISSUE NO 1 (LARGE-LOT ZONING), the residential potentials of most "rural" areas would gradually be destroyed through land abandonment, parcel-map land divisions, large-lot development of poor quality, a shrinking tax and assessment base, and a deteriorating public infrastructure.

### PORTLAND'S EXPERIENCE

Establishing urban limit lines in an effort to stop "sprawl" is a principal feature of the "Smart Growth" concept being promoted both nationally and locally.

The concept is modeled on Oregon's growth-control measures, and Portland's program is often cited as a prime example.

Problems: A more objective look at Portland's experience, however, shows that its growth controls are simply making matters worse. By setting an Urban Growth Boundary (UGB), Portland's regulations have produced the following results:

1. Homebuilders' land costs have risen sharply, forcing home prices up in response. The Portland area now ranks among the most expensive places in the nation to live.
2. Rising home prices in the core area are forcing increasing numbers of people to seek lower-cost housing elsewhere, including in other communities 20 or more miles away.
3. Many who no longer can afford to live in Portland nevertheless continue to work there, and the mounting commuting traffic is overtaxing freeway capacities.
4. To discourage the use of automobiles, the program eschews new roadway and highway construction in favor of promoting rail transit. Rail transit, however, is proving to be costly and ineffective, and roadway and highway congestion is a growing problem.
5. The capacities of other elements of the public infrastructure are also under growth pressure. Emphasis on using "infill" and "redevelopment" sites for new housing is causing particularly severe problems. Nearby schools, for example, are increasingly incapable of accommodating the influx of new students, yet cannot be expanded because of physical and financial limitations.
6. Residential densities throughout the UGB area are being forced up excessively, not only to "spread" land costs over more dwelling

exceeded. Despite costly corrective construction, the capacities of schools, libraries, parks, recreational facilities, utilities systems, etc., inevitably will be exceeded. At the moment, for example, there is growing concern over the inadequacy of Portland's sewage treatment and disposal system.

6. Opportunities to create "planned communities" and "new towns" will continue to be lost. Most cities in Oregon have their own UGB programs, and they will keep development from occurring in the "green belts" between cities.
7. As it becomes evident that the UGB boundaries are virtually inviolate and cannot be expanded appreciably, owners of rural land will be forced increasingly to abandon their property or institute lawsuits.
8. Rural properties that are abandoned will become eyesores. As targets for illegal dumping, they will become cluttered with old car bodies and other unsightly debris. As a consequence, "green belts" will turn into permanent wastelands.
9. As housing prices in the UGB area continue to rise, "working people" will be forced out and the labor force will shrink. The lack of a large lower-cost labor pool, coupled with high land costs and a shortage of building sites will discourage manufacturers from locating in the Portland area and encourage others to leave.
10. Large retail outlets and other consumer businesses will also begin bypassing the Portland market, or leaving it. To survive, most businesses of this kind need access to large numbers of young families. Older upper-income buyers do not offer enough sales potential.
11. As the homebuilding industry continues to shrink, other construction and business volumes decline, and industrial activity lessens, economic growth will slow. In turn, governmental revenues will drop, public employment levels will fall, and money available to support public programs, including those dealing with environmental protection, will become increasingly scarce.

### CONCLUSIONS

Portland's growth-control program is a blueprint for economic decline and social disruption, and nothing like it must be allowed to take root in Riverside County.

To avoid this pitfall, the County must not establish urban limit lines of any kind, either directly or indirectly.

Land Markets. Land markets are highly sensitive. If builders foresee a land shortage, they will compete with each other for available properties and bid up their price. The County must therefore adopt land-use policies that will give builders access at all times to a varied and assured land supply that is essentially unlimited.

A primary objective must be to keep homebuilders' land costs at affordable levels. This goal can only be achieved by increasing land supplies, not restricting them.

Land-Use Map. It is important to note that (1) State law does not require a parcel-specific land-use map; (2) the County does not presently have such a map; and (3) the reasons stated in the current General Plan for not including a map remain valid.

If the County feels compelled to adopt a land-use map of some sort, the map at least must not designate specific areas for single-family homes. To do so would surely result in shortages of homebuilding land (real or perceived) and set in motion the unhappy chain of events Portland is experiencing.