

area gets included in the UGB. Sometimes that may be a family that has owned and farmed the land for generations; sometimes it may be a developer who wants to build homes and businesses on it as soon as possible; sometimes it may be a land development company exclusively interested in its present selling price. Whoever now catches this windfall did little or nothing to create it. They just happened to own the right land at the right time.

To convert a rural area into a vital urban community takes new neighborhood goods. Who is going to pay the \$20,000 to \$30,000 per dwelling unit it costs? As things stand now, taxpayers already housed and businesses already in operation foot

What would happen if an assessment for community facilities and planning were imposed on the land as a condition of development? The community's infrastructure development costs would be paid out of the developers profits at the time of land sale or development. Knowing this, buyers would pay that much less for the land. This is what happens today in East Multnomah County where properties have a sanitary sewer assessment due when they change hands. Buyers pay a sales price equal to the open market, yet the sewer assessment is paid from the proceeds, reducing the seller's profit. A UGB land conversion assessment, collected by Metro, could work in exactly the same way.

From our example above, sellers would no longer pocket over \$120,000 per acre. They would net something in the order of \$100,000 per acre after the dues were paid. Yet, although developers would be sharing the

increase in value generated by the conversion of their land to urban uses with the taxpayers who pay for the new infrastructure, rather than capturing it all for themselves, they too would be better off.

Making development pay its own way would ensure that full urban services sufficient for development to urban densities would be provided in a timely fashion. Presently, without this mechanism inside the UGB, government is not recouping the value it creates. Hence, development is slow, uncertain, incomplete, and often at densities below an economic optimum.

Public investment in infrastructure pumps up profits from development. With speculative profits so high, one can expect some resistance to reform. Yet the sooner reformers act, the easier it will be for government—i.e. the taxpayer—to share the wealth that UGB expansion creates. Assessing the costs of providing public services to newly developed land allows for efficient and timely provision of those services. Real estate prices might remain the same, but by reforming the current "developer welfare" system, those who reap the benefits of Portland's growth would also pay their fair share of the costs.

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Graph source: Metro Housing Needs Analysis, Technical Appendix 1 (p. 24, 1996)

When prices go up 600 percent to 1000 percent, where does the money go? Whoever now catches this windfall did little or nothing to create it.

the bill. Because no mechanism currently exists to share the profits created by converting land from rural to urban uses, those who own the land reap all the benefits and pay none of the costs.

Founders of a New Northwest

by David Roth

If you're interested in this Forum, there's a new book for you to read. It's *Founders of a New Northwest* (\$10), just published by Sustainable Northwest, a non-profit foundation established by Ted Hallock after his stint as one of Oregon's representatives on the Northwest Power Planning Council. The book contains profiles of several dozen people and organizations whose work exemplifies the foundation's mission: to resolve the conflict between environmental preservation and prosperity here in the Northwest.

The Northwest Power Planning Council was the first regional effort in the Northwest to develop an ecological approach to preservation and development. It was established by agreement among the four NW states, Oregon, Washington, Idaho and Montana, and funded by the Bonneville Power Administration. It was the precursor of the watershed approach to environmental protection of endangered species which was established more than a decade later by the Clinton administration.

The Council's purpose was to manage the energy system of the Northwest to sustain reasonable economic growth and restore the Columbia River salmon runs to something of their former vigor. Put more simply, its job was to prevent the extinction of the last Columbia salmon runs without removing the dams. After years of research, experiment, and debate by the Council, its efforts have recently been buried under a flood of contempt caused by scandalous reports that the salmon runs continue to decline despite

massive expenditures (mainly in the form of foregone electrical revenues).

Sustainable Northwest takes a grassroots approach to the same problem. It is led by some of the same environmental pragmatists with whom Hallock has worked for a long time. The best known are two governors—Neal Goldschmidt, who originally appointed Hallock to the NW Power Planning Council, and Cecil Andrus, of Idaho, the other NW Republican Governor who gave President Nixon an environmental pain in the neck.

Having seen the bitterness of the environmental conflict spread from lumber to ranching and farming, the leaders of Sustainable Northwest wanted to publicize and sponsor projects designed to escape the vicious circle of attack and counterattack. They believe that environmentalists and the people who depend on the land for their livelihoods actually share an interest in preservation, and that they should work together to find ways to preserve both natural habitat and the traditional ways of life. Hence this book.

The stories are drawn from all over the Northwest. The Founders include ranchers, Native Americans, lawyers, politicians, and Forest Service personnel. Their stories fall into such categories as business and marketing, collaborative land management and restoration, and forest and timber management. If you're looking for ideas or contacts, start here. Copies may be ordered from Sustainable Northwest, 1020 SW Taylor Suite 200, Portland, OR 97205; (503)221-6911; e-mail: sustnw@teleport.com.

Book Review