The Folly of “Smart Growth”

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Throughout the United States, city and state governments are turning to “smart growth” urban planning strategies to slow suburban “sprawl.” Spurred by concerns over traffic congestion, air pollution, and loss of open space, the plans are intended to improve urban livability. The strategies include purposeful efforts to increase urban population densities, boost mass transit ridership, and decrease auto driving.

In order to achieve those goals, “smart growth” governments nationwide are implementing a degree of land-use regulation that is unprecedented in the United States prior to 1990. Unfortunately, as we will see from the experiences of the Portland, Ore., area, such regulation can produce an even worse quality of life for residents. The policies’ real effects appear to be increases in traffic congestion, air pollution, consumer costs, taxes, and just about every other impediment to urban livability.

Trouble in the Suburbs

In the late nineteenth century, transportation was slow and expensive. As a result, many people chose to live in dense cities so they could be near workplaces and retail shops. But that situation began to change in the 1890s with the introduction of the streetcar and automobile. Suddenly, large numbers of Americans were able to move to lower density areas outside the cities. Today, about half of all Americans live in low-density suburbs, and half of the remainder live in very-low-density rural areas. Only about a quarter live in relatively dense central cities.

Low densities provide many benefits that people value, including lower land costs, private yards with gardens and play areas, less congested roads, proximity to recreation areas, and access to a wide variety of low-cost consumer goods and services. What is more, as people moved to the suburbs, employers followed them; commute times have remained relatively constant despite the growth of suburban areas.

Despite the benefits of suburban living, some political leaders and social activists in the early 1970s began to vilify low-density suburbs as “sprawl.” The anti-sprawl movement came into prominence in 1973 when George Dantzig and Thomas Saaty published their book Compact City: A Plan for a Livable Urban Environment. The book unleashed a large movement of planners and architects who endorsed government efforts to mandate much higher population densities, more multi-family dwellings, and severe limits on auto driving.

However, the movement has met considerable opposition from the public. Few Americans are willing to give up their automobiles, single-family homes, and large backyards. As smart growth advocate Douglas Porter of the Urban Land Institute has lamented, there is a “gap between the daily mode of living desired by most Americans and the mode that most city planners believe is most appropriate. Americans generally want a house on a large lot and three cars in every garage…. Yet that dream translates into low-density sprawl and dependence on roads and highways.”

Regional governments. To the disappointment of smart growth proponents, many locally elected officials are unwilling to enact smart growth policies for fear of the wrath of voters in subsequent elections. Porter and others have suggested a way around that problem: endowing regional governments with the “powers to require local plans to conform to regional or state goals.” As Brookings Institution economist Anthony Downs notes, such a regional government “can take controversial stands without making its individual members commit themselves to those stands. Each member can claim that ‘the organization’ did

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The nuclei of such regional governments were first created in the 1960s when the federal departments of Transportation and Housing and Urban Development required all major urban areas to form “metropolitan planning organizations” (MPOs). The organizations’ original purpose was to apply for and distribute federal funds, not dictate to local governments. But they now provide a convenient framework for establishing the regional authorities that smart growth proponents want.

OREGON: A CASE STUDY

One of the nation’s most aggressive smart growth efforts has been undertaken in Oregon. There, state and local officials, along with the Portland MPO, regulate everything from the number and location of parking spaces that retailers can provide their customers to the number of people who can attend church services on Sundays.

Central to Oregon’s planning system are the urban-growth boundaries that were drawn around every city and town in the state in the late 1970s. On most of the land outside of the urban-growth boundaries, the state allows people to build new homes only if they own at least 160 acres that they actually farm, and the land generated $40,000 to $80,000 per year in agriculture revenues in two of the last three years. (Ironically, less than one-fifth of existing farms meet that income test). The Oregon regulations have successfully slowed development in non-urban areas; only about 100 landowners per year have been allowed to build homes on their farms.
The urban-growth boundaries were originally supposed to be flexible planning tools. Much of the land inside the boundaries was vacant at the time the lines were drawn, and planners promised to expand the boundaries as the vacant land was used. However, soon after the boundaries were created, they became sacred lines. People who lived just inside wanted to preserve their scenic views and open space, so they fought any expansion of the boundaries.

In the late 1980s, the Portland area was growing rapidly and realtors and homebuilders began to worry that the region was running out of land. A self-styled land-use planning watchdog group called “1000 Friends of Oregon” proposed an alternative to boundary expansion: increased population densities within the boundary. In a major study begun in 1989 known as the “land use, transportation, and air quality” study (LUTRAQ), the group reasoned that higher densities would make transit service a feasible alternative to driving. Mixed-use developments that combined housing with offices and retail shops would allow people to walk to the store and work instead of driving. Thus, 1000 Friends promised, increased densities and land-use controls would allow the region to grow while maintaining its livability and minimizing congestion.

In 1991, Richard Benner, an attorney with 1000 Friends, became director of the state Department of Land Conservation and Development, the agency that oversees land-use planning. That same year, the Land Conservation and Development Commission (LCDC) — which oversees the department — issued rules requiring all major cities in the state to reduce the amount of per capita by 20 percent (later modified to 10 percent). To achieve that reduction, the rules directed the cities to increase densities, promote mixed-use developments, reduce parking and discourage auto-oriented shopping areas, and emphasize transit instead of highways.

Portland’s MPO, known as “Metro,” projected that the population of the Portland area would grow by 80 percent over the next fifty years. To comply with the new LCDC rules, Metro wrote a plan that called for expanding the urban-growth boundary by no more than six percent over the fifty-year period. That meant that the population density inside the boundary would increase by 70 percent.

**Density targets** To achieve that increase, Metro gave population targets to each of the 24 cities and three counties inside the boundary. To meet the targets, municipalities were required to rezone existing neighborhoods or vacant lands to higher densities. The new minimum density zoning codes specified, for example, that the owner of a vacant quarter-acre lot in an area zoned for 24-unit-per-acre apartments could not build a single home — or even a duplex — on the lot. Instead, the owner would be required to build at least a six-unit complex, or else nothing could be built on the land at all.

The region’s cities and counties encountered major opposition when they tried to rezone existing neighborhoods to higher densities. One Portland suburb recalled its mayor and two members of its city council from office after they endorsed higher densities over local opposition. To meet their targets, planners turned to rezoning farms and other open spaces as high-density areas. One suburban county rezoned a golf course for 1,100 new housing units and 200,000 square feet of office space. Ten thousand acres of prime farmland inside the urban-growth boundary were also targeted for development.

**Light rail** Planners were especially aggressive about rezoning neighborhoods near Portland’s light-rail line, which opened in 1986. They believed that higher densities along the light rail would promote light-rail ridership. However, time has shown that few people want to live in such high-density communities and few developers want to construct them, even if there is convenient access to mass transit. As city planner Mike Saba told the Portland city council in 1996, “We have not seen any of the kind of development — of a mid-rise, higher-density, mixed-use,
mixed-income type – that we would’ve liked to have seen” along the light-rail line. In the same meeting, city council member Charles Hales noted, “We are in the hottest real estate market in the country,” yet “most of those sites [along the light-rail line] are still vacant.” Hales then convinced his fellow council members to offer developers 10 years of property tax waivers for any high-density housing built near light-rail stations.

At the other end of the light-rail line, the city of Gresham gave developers tax breaks, waived development fees, and even provided direct grants to support higher-density development. Gresham officials claimed that the subsidies were only needed to prove to developers that high-density developments were marketable. Yet no such proof has materialized, even though Metro and local governments have used a variety of subsidies to support high-density development, including the following:

1. The city of Portland sold city parklands to developers at less than fair-market value, on the condition that the buyers build high-density developments.
2. Metro uses federal grants to buy land and then resells it to developers at a loss to support high-density developments.
3. One county directed its county library system to use library construction funds to build four- to five-story mixed-use developments, with the library on the ground floor and apartments above.
4. The nearby city of Beaverton provided $9 million in tax breaks and infrastructure subsidies to a mixed-use development that was being built near a light-rail station. The development later went bankrupt because the developer could not convince bankers to finance a project with inadequate parking.

**House shortage** Metro’s land-use policies have distorted the region’s housing market greatly. The urban-growth boundary and restrictions on new single-family housing have turned Portland from one the nation’s most affordable markets for single-family housing in 1989 to one of the least affordable since 1996. Since 1990, the cost of an acre of land available for housing has risen from $20,000 to $200,000. According to the National Association of Homebuilders, in 1989 more than two-thirds of Portland households could afford to buy a median-priced home. Today it is around 30 percent. Meanwhile, regions such as Las Vegas that have grown much faster than Portland but without urban-growth boundaries have maintained their housing affordability.

The Portland area’s response to the lack of affordable housing has been the implementation of more regulation. Both Metro and the Portland city council have endorsed or passed rules requiring developers to provide affordable housing in every development. Yet despite the shortage of single-family housing, Portland residents have failed to embrace Metro’s high-density developments. In 1999, apartment vacancy rates were at seven percent, the highest in the decade, and reached 11 percent for apartments built in the 1990s. In a market where single-family home prices have nearly doubled, apartment rents have failed to keep up with inflation.

**Planned gridlock** Metro planners have also placed a stranglehold on the Portland-area road system. In order to increase the use of public transportation, the agency has publicly announced its goal of increasing roadway congestion to the point of stop-and-go traffic flow on roads parallel to existing or planned transit lines. According to Metro’s Regional Transportation Plan, when rail transit is available, “transportation solutions aimed solely at relieving congestion are inappropriate.”

Metro is employing three strategies to achieve its desired levels of congestion. First, it diverts most of the region’s transportation funds to mass transit projects instead of road improvement. Public transit carries less than three percent of Portland-area passenger travel, yet for nearly two decades the region has invested some two-thirds of its transportation dollars into light rail and other transit rather than roads.

Second, Metro asserts that it will not add road capacity to most freeways and highways. One of Portland’s worst transportation bottlenecks is located on Interstate 5 just south of the Columbia River. Most of I-5 has three lanes in each direction but, for a two-mile stretch, the southbound lanes shrink to two. As a result, thousands of commuters who moved to Vancouver, Wash., to escape Portland taxes and land-use regulation now face huge delays in commuting to Portland each morning.

To resolve the congestion, Metro wants to construct a light rail line between Portland and Vancouver. Metro requested that Vancouver pay $480 million toward the project, but city voters soundly rejected that request. Their decision is supported by a careful analysis of the economics of such projects: A typical light-rail line costs as much to build as a four-lane free-
way, yet no light-rail line in the nation carries half as many people as a single lane of a typical urban freeway. Widening I-5 to three lanes for the two miles that are now bottlenecked would cost only about $10 to $20 million and would increase flow capacities by far more than would be carried on the light rail. But Metro will not allow the highway expansion until the light-rail line is fully financed.

Metro’s third congestion-building strategy is “traffic calming” — the reduction of road capacities on major arterials throughout the Portland area. Auxiliary right-turn lanes are to be removed, left-turn lanes are to be filled with concrete barriers, and other lanes of traffic are to be designated as bike lanes. Metro has targeted several of the area’s most heavily trafficked roads for such treatment.

Other efforts As another way of encouraging people to walk or use public transit instead of driving, Metro’s plans require that new retail stores be built fronting on streets, instead of being separated from the streets by parking areas. Metro has also limited the construction of any new stores or shopping malls larger than 80,000 square feet — about the size of a Wal-Mart.

On top of that, the city of Portland recently passed a new design code aimed at discouraging auto-oriented homes. A central part of the new code is the prohibition on construction of what smart growth proponents derisively call “snout houses” — homes with a prominent garage in front. Supposedly, people will drive less if the garage is recessed behind the front façade of the house. Other rules require that streets be so narrow that residents can park only on one side.

Smart growth advocates believe they know best how people should live. That belief seems destined to be discredited along with “urban renewal” policies and public housing projects.

Success? Although the smart growth policies — high-density developments, light-rail transit, limited freeway expansions, traffic calming, and parking limits — are supposed to reduce per capita driving by 10 percent, Metro’s own planners say that they will fail to meet that goal. In 1990, 92 percent of all Portland-area travel was done by auto, and the region’s residents drove an average of 13.5 miles per day. Using one of the nation’s most sophisticated transportation planning models, Metro predicts that its plans will reduce the auto’s share of travel by only four percent and cut per capita driving by only 0.7 miles per day. What is more, the projections likely are optimistic; a Federal Highway Administration report indicates that, by 1998, the region’s per-capita driving was already 20 percent greater than in 1990.

The state Department of Land Conservation and Development has responded to Metro’s predictions by proposing additional rules. One rule requires that, if cities cannot prove that land-use and transportation policies will meet state targets, they must impose even stricter land-use and transportation policies.

Even with a five- or 10-percent reduction in per capita driving, the projected 80-percent increase in population density assures that Metro’s plan will greatly increase Portland-area congestion. Metro predicts that the amount of time Portland-area residents waste sitting in traffic will quintuple by 2020. Cars pollute more in stop-and-go traffic, so increased congestion increases air pollution. Metro predicts its plan will increase area smog by 10 percent.

EMPTY ARGUMENTS

Supporters of smart growth argue that people would really prefer to live in high-density cities. Low-density suburbs, they claim, are the artificial result of such factors as government subsidies, zoning codes, white flight from cities, and inner-city crime or poor-quality schools. But those claims are false. Over the past fifty years, the vast majority of federal subsidies have gone to central cities, not to suburbs. Suburbs in areas without zoning codes look practically
identical to suburbs that are zoned. And suburbs have grown just as fast in parts of the country that are not afflicted heavily by racial strife, crime, or poor-quality schools.

Another argument that smart growth advocates often use is that cities cannot afford to subsidize the sewers, water, and other infrastructure needed to support low-density suburbs. In fact, as noted by Harvard researchers Alan Alshuler and José Gómez-Ibáñez, it costs far less to provide infrastructure to new developments than it does to augment the infrastructure of existing areas to support the higher densities demanded by smart growth. Older studies that purported to demonstrate the “costs of sprawl” — which were based entirely on hypothetical data — seem to have gotten it backwards: An analysis of actual urban service costs by Duke University researcher Helen Ladd found that the costs are higher in higher densities. Worries that existing residents have to subsidize newcomers are also generally unfounded. When the costs of schools are assigned to residential areas, it turns out that all residential areas — both new and existing ones — are cross-subsidized by the taxes paid by commercial areas.

**USING THE MARKET**

Opponents of smart growth do not necessarily endorse the status quo. Urban areas have their problems, including congestion, air pollution, inadequate transportation alternatives for people who cannot drive, and conflicts over land use and open space. But smart growth policies make those problems worse. On the other hand, many — if not all — of the problems have free-market or market-like solutions.

**Transportation** For instance, since the 1960s, British transportation economist Gabriel Roth has argued that busy roadways should institute a toll system that charges higher fees for driving during rush hour than other hours of the day. That proposal has become practical thanks to the development of electronic toll collection, which has removed the need for traffic-delaying tollbooths. Such “value pricing,” as supporters call Roth’s scheme, is currently in use on highways in California, Texas, New Jersey, and elsewhere.

Market forces can also be used to provide incentives for auto owners to drive cleaner cars. Governments could institute annual fees for drivers that are based on the amount of pollution that each car emits. The fees would encourage drivers to install clean air technologies in their cars, purchase newer, more efficient vehicles, and do less driving.

People who are disabled, too old, too young, too poor, or otherwise unable to drive have long been the major users of public transit. Planners’ attempts to attract middle-class commuters out of their autos by building expensive rail projects have often hurt transit-dependent people as fares increase and service is cut back in order to pay for rail construction. But instead of building high-cost, high-capacity rail lines and then attempting to redesign cities to provide ridership, planners should focus on designing transit systems to serve low-density urban areas. That means using low-capacity jitneys, shuttle vans, and demand-responsive transit systems. It also means demonopolizing public transit, opening the door for private providers of transportation services.

**Zoning** Land-use conflicts and open space questions are best settled at the local level, not by city or metropolitan governments. In Houston and other cities that lack zoning, developers have enhanced home values by establishing protective covenants and creating homeowners associations to enforce and change the covenants in response to changing tastes and demand. University of Maryland professor Robert Nelson has proposed that cities with zoning should instead “privatize their neighborhoods” by allowing people to form their own neighborhood associations and take over zoning questions. Such neighborhoods could also protect open space and create neighborhood parks.

Such market-oriented policies allow people to choose how they want to live and insure that they pay the full cost of their choices. In contrast, smart growth advocates seem to believe that they know best how people should live. That belief seems destined to one day join the beliefs in urban renewal and public housing projects as government-directed efforts that caused enormous damage to urban livability.

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**READINGS**