



Prove It

The Costs and Benefits of Sprawl

BY PETER GORDON AND HARRY W. RICHARDSON

Cities have been generating suburbs for as long as records have existed. Most of the world's large cities are growing outward now, and very likely the pace will accelerate in the new age of information networking. Unpopular as the word is in some quarters, it is hard to avoid concluding that "sprawl" is most people's preferred life-style. Because no one wants to appear to contradict popular choices and interfere with the principle of consumer sovereignty, the critics of sprawl instead blame distorted prices, such as automobile subsidies and mortgage

interest deductions, and claimed but unregistered costs of sprawl, such as unpaid-for infrastructure, lost agricultural output, congestion, and dirty air.

The cost position, however, is encumbered with at least two problems. First, most of us are not cost minimizers. Rather, we trade off costs for perceived benefits. And second, the costs argument is empirically shaky. Traffic "doomsday" forecasts, for example, have gone the way of most other dire predictions. Why? Because suburbanization has turned out to be the traffic safety valve. Increasingly footloose industry

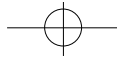
has followed workers into the suburbs and exurban areas, and most commuting now takes place suburb-to-suburb on faster, less crowded roads. The last three surveys by the Nationwide Personal Transportation Survey (NPTS) show increasing average work trip speeds—28 mph in 1983, 32.3 mph in 1990, and 33.6 mph in 1995.

The alleged loss of prime farmlands is, in the words of the late Julian Simon, "the most conclusively discredited environmental-political fraud of recent times." U.S. cropland use peaked in 1930. Each year American farmers grow more crops using less land and labor.

As for the "compactness equals efficiency" argument,

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technological change takes us in the direction of efficient small-scale provision, weakening the old idea that scale economies of utility generation are there to be exploited by more compact urban forms. Large retail establishments, for example, can now keep low-kilowatt natural gas turbines on the premises.

U.S. public policies do not have a singular spatial thrust. Some policies, such as subsidized downtown renewal, subsidized and downtown-focused transit, subsidized downtown convention centers, sports stadia, and similar facilities, favor centralized settlement. Others, including inflexible zoning codes and the deductibility of mortgage interest and real estate property tax, favor dispersal.

The much vaunted subsidies to the auto-highway system consist mainly of decisions by government policymakers not to tax drivers to recover the cost of such externalities as congestion and environmental damage. And that issue recedes in importance as highway speeds increase and internal combustion engines become cleaner. The mortgage interest tax deduction raises land values throughout the metropolitan region. It has contributed much less to central-city decline than have suburban minimum lot size restrictions and poorer central-city amenities. In any event, reducing subsidies makes more sense than equalizing them, as, for example, through trying to equate automobile and transit subsidies.

The evidence that has been assembled on the difficult issue of infrastructure services costs is, at best, mixed. Even if it could be conclusively demonstrated that suburban and exurban infrastructure costs are higher than central-city costs, the solution is not to ban suburbanization and low-density development or introduce strict growth management controls. A

better approach is to use developer impact fees (fees per residential unit imposed on new development) to recoup any difference between the fiscal costs and revenues from residential development.

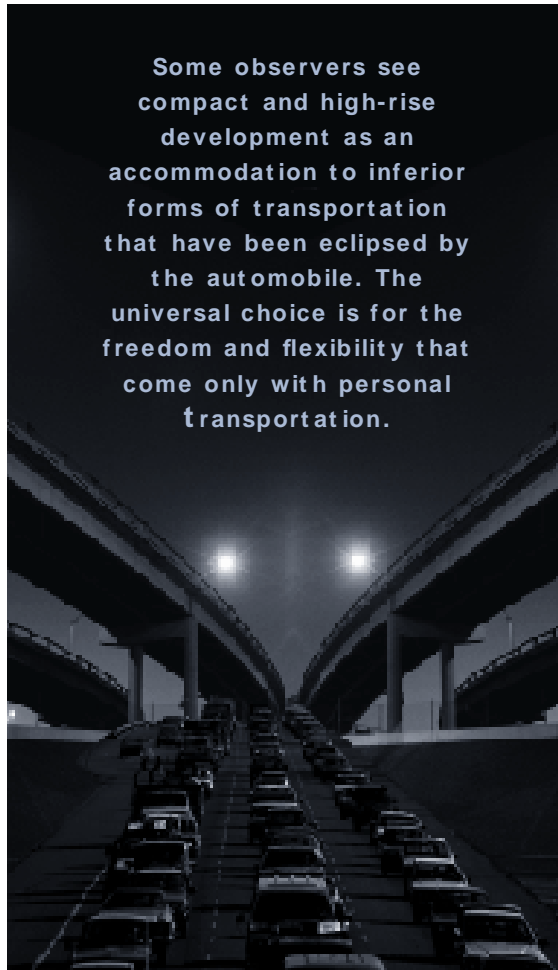
The Need for Clarity

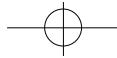
The sprawl discussion is distorted by a high degree of misinformation. To take one example, state and local growth management, "smart growth," and anti-sprawl protagonists frequently cite Los Angeles as the sprawl capital of the United States, with a land use pattern to be avoided at all costs. In fact, the urbanized area of the Los Angeles metropolitan region has the highest residential densities in the United States—higher even than the New York urbanized region—largely the result of its high land prices.

Casual observers have been deceived by looking at only the gross densities based on all the land area, much of which consists of vast unbuildable areas such as mountains and peripheral deserts. Another false conception is that suburban areas are dominated by single-family homes on large lots. In fact, the suburban and exurban "attached house" share of the metropolitan housing stock is about 50 percent. Of the nation's presumably higher-density attached housing, then, half is located outside central cities.

Increasingly, the attack on sprawl is being justified by the need to achieve the goal of "sustainable urbanization." But no one has defined the term satisfactorily. Rather, the talk is of recycling, increasing densities, and promoting transit as instruments for preserving resources for future use. The concern for future generations that sustainability implies gives insufficient weight to today's problems of poverty and inequality. In the words of Nobel Prize-winning economist

Some observers see compact and high-rise development as an accommodation to inferior forms of transportation that have been eclipsed by the automobile. The universal choice is for the freedom and flexibility that come only with personal transportation.





Robert Solow, "There is at least as strong a case for reducing contemporary inequality (and probably stronger) as for worrying about the uncertain status of future generations." In our view, these problems cannot be alleviated significantly via the social engineering of urban space.

Some observers see compact and high-rise development as an accommodation to inferior forms of transportation that have been eclipsed by the automobile. The universal choice is for the freedom and flexibility that come only with personal transportation. Collective transportation loses in any head-to-head contest, as the widespread operations of large numbers of clandestine "gypsy" cabs and vans above one of the world's premier subway systems in New York City make clear. Even in New York, many origins and destinations are too dispersed to be serviced by fixed-route systems. The record of conventional transit throughout the United States is the same theme writ large. After hundreds of billions of dollars of public subsidy, transit use per capita is now at a historic low. The evolution of American cities and life-styles has outgrown 19th-century-style urban transit. Ironically, the mass transit favored by anti-sprawl activists—street cars, subways, and urban rail systems of earlier days—was the prime instrument of suburbanization. The automobile merely diversified its radial pattern.

And though mass transit supporters argue for higher densities to reduce congestion and improve air quality, in fact the relationship between density and traffic congestion is positive rather than negative, and the link between congestion and air quality is very complex and highly technical.

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There is a small, if growing, scattering of compact new developments in the suburban and, more often, exurban environments, but their impact on anti-sprawl goals is minimal. There is, for example, no evidence that they reduce off-site trips. Any reasonable assumptions about the extent of future compact developments must yield the conclusion that their influence on tomorrow's urban landscape is minuscule.

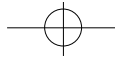
Proponents of the New Urbanism claim the ability to design community-friendly neighborhoods, thus joining the movement to revive communitarianism. While there is a lively debate over the current state of civil society (as the contributors to this *Review's* fall 1997 issue make clear), the case of the New Urbanists is much less clear. Residential developments and whole neighborhoods are being supplied by mar-

ket-savvy builders attentive to the trade-offs that their customers are eager to make. People in compact communities live as privately as those in low-density suburbs. Were people to demand cozier spatial arrangements, they would soon get them. Moreover, the public's demand for "community" is being met in other ways, facilitated by the auto and even Internet access. In terms of transportation, we know that the overwhelming amount of travel is nonwork travel. About one-fifth of person-trips are for work-related purposes, one-fifth are for shopping, and three-fifths are for "social" reasons (including the NPTS categories "other family and personal business," "school/church," "visit friends or relatives," and "other social or recreational" purposes).

Dealing with the Costs of Sprawl

We are not advocating a "laissez-faire" approach to the development of our cities. Cities are,

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almost by definition, the cause of myriad unintended costs. Many problems (not all) can, and should, be resolved by low-cost negotiation between the affected parties (for example, developers and environmentalists) or by the exchange of expanded property rights (using such measures as emission fees, congestion prices, and development credits). The more radical measures proposed by critics of American cities—maximum densities, restrictions on automobile use, and mandatory fees and taxes to pay for transit—are grounded in misconceptions and are unlikely to achieve their stated goals.

The principle of consumer sovereignty has played a powerful role in the increase in America's wealth and in the welfare of its citizens. Producers (including developers) have responded rapidly to households' demands. It is a giant step backward to interfere with this effective process unless the benefits of intervention substantially exceed its costs. Bans on the amount of land that individuals can consume, or even worse, on driving, are extremely difficult to justify. In fact, when households purchase a single-family home in the suburbs, they are not consuming land per se. Rather, they are buying a number of attributes—good public schools, relative safety from crime, easy access to recreation and shopping opportunities, low taxes, responsive public services. Lot size is rarely crucial to the decision. In any event, lot sizes are becoming smaller as a result of rising land prices, and there may be opportunities for developers through creative design to reduce lot sizes still further while preserving privacy. But smaller lots are not going to revive the central city or alter significantly the consequences of suburban and exurban development.

Paradoxically, as the U.S. political system increasingly emphasizes deregulation and market processes at the federal, and sometimes the state, level, command-and-control restrictions and interest-group impositions at the local level are growing and are frequently being reinforced by actions in the courts. Much of this shift, exemplified by the expansion of land use regulations, reflects a retargeting of regulatory activity from economic sectors to such social concerns as education, health, and the environment. But for the cost-benefit calculus advocated by the anti-sprawl protagonists to prevail, the quality of their empirical evidence must be improved. ■