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Misfiring from the Urban Moat: The Congress of New Urbanism's Response to *American Growth Boundaries*

The Congress for the New Urbanism (CNU) has issued a response to *American Growth Boundaries* (December 2001). The piece is authored by John Fregonese (Fregonese-Callithorpe Associates and former planning director of Portland Metro), Lynn Peterson (Tri-Met, the Portland transit agency) with the assistance of Dr. Arthur C. Nelson (Georgia Tech). CNU is a principal proponent of so-called "smart growth" policies and the leading organizational advocate of "new urbanism."

American Dream Boundaries, by Wendell Cox, was released by the Georgia Public Policy Foundation¹ (July 2001) in response to a paper by Dr. Arthur C. Nelson which hypothesized that so-called smart growth strategies might have induced superior performance in Oregon and Portland in relation to Atlanta and Georgia, which do not have such policies. *American Growth Boundaries* reviewed the analysis by Dr. Nelson and found generally that the purported Portland and Oregon performance advantages had either disappeared in subsequent years or simply did not exist.

The CNU response misses the mark, failing to identify a single error in *ADB*.

CNU Misfire #1: *ADB* Did Not Rely on FHWA Data:

CNU takes issue with the fact that per capita driving increased more in Portland than in Atlanta during the 1990s. (*American Dream Boundaries* had made this point to counter the Nelson paper contention that traffic was growing faster in the Atlanta area than in Portland.) CNU claims that *American Growth Boundaries* used erroneous Federal Highway Administration (FHWA) population data that was low by approximately 150,000.

¹ www.gppf.org

In fact, CNU is dead wrong on this point --- ADB did not use the incorrect FHWA data. As the documentation in *American Growth Boundaries* clearly indicates, the data relied upon was from the Texas Transportation Institute, not FHWA. The TTI data did not contain the error identified in the FHWA data (The TTI data contains a population estimate of 1,490,000, approximately 150,000 above the 1,338,000 incorrect FHWA estimate). The table from *ADB* is reproduced below.

Table #8			
Per Capita Daily Vehicle Miles Traveled			
	1990	1999	Change
Atlanta	29.1	35.1	20.6%
Portland	16.2	20.9	28.5%
Average	20.6	22.9	11.4%
Source: Calculated from Texas Transportation Institute data			

No error or withdrawal has occurred with respect to the TTI data used in *American Growth Boundaries*. The *American Dream Boundaries* contention that Portland's per capita traffic grew the fastest remains unchallenged.

**CNU Misfire #2:
State and Local Means State and Local:**

CNU notes that *American Dream Boundaries* found state and local government expenditures per capita to have risen more rapidly in Oregon than in Georgia. (*American Dream Boundaries* had made this point to counter speculation in the Nelson paper that earlier data showing slower tax growth in Oregon might be the result of smart growth.) CNU claims that two-thirds of the Oregon increase in state and local revenues resulted from shifting the cost of education from property taxes to the state income tax. Shifting the funding burden from one state or local source to another does not change state and local expenditures. CNU's response thus misses the point entirely. **Oregon infrastructure costs have risen considerably faster than Georgia's, despite Oregon's smart growth policies.** CNU then suggests that studies show that smart growth improves housing affordability by reducing infrastructure costs. The infrastructure cost trend in Oregon, which CNU does not dispute, is exactly the opposite. The *American Dream Boundaries* contention remains unchallenged --- infrastructure spending, which was to have grown less under smart growth, has grown more in smart growth Oregon.

**CNU Misfire #3:
The Travel Time Index is an Effective Measure of Congestion:**

CNU attempts to minimize the fact that traffic congestion in Portland has become among the worst in the nation. CNU suggests that the Texas Transportation

Institute "Travel Time Index" (TTI) used in *American Dream Boundaries* is an inferior measure. The Texas Transportation Institute disagrees:

The concepts used in the travel time index (TTI) -- the relationship between the travel conditions in the peak period and those in free-flow conditions -- are seen as some of the best ways to communicate mobility levels. The travel time index itself is a good measure because it includes the recurring conditions and the conditions during incidents. The (CNU) reference to the TTI as an intermediate value is probably a mis-reading of the Methodology Appendix of the 2001 Annual Report. The words "travel rate" are used in the Appendix in reference to an intermediate value. The TTI uses the units of travel rate in both the peak and free-flow components. But the index is much more useful than a simple use of the travel rate value. (e-mail from the Texas Transportation Institute 25 November 2001).

In fact, the Travel Time Index is the best current indicator of the additional time needed to make trips during peak travel hours. The *American Dream Boundaries* contention that Portland has some of the nation's worst traffic congestion and a Travel Time Index worse than Atlanta remains unchallenged.

CNU Misfire #4: All Things Being Equal, Water Runs Downhill

With respect to housing affordability, CNU misfires on multiple issues. CNU claims that the National Association of Home Builders Housing Opportunity Index (HOI) is invalid, because CNU finds discrepancies between that index and its own calculations of median income and median house price. The HOI is not a measure of median income and median housing prices, it is a measure of the percentage of households in a region that can afford the median family house. These are two different things.

But since CNU raises the issue of the relationship between median income and median house price, it is interesting to note that Oregon house prices rose considerably more than those in any other state or the District of Columbia in the 1990s. Further, **the decline in median income relative to median house price was considerably greater in Oregon than in any other state or the District of Columbia in the 1990s.**²

CNU also suggests that an urban growth boundary, such as Portland's, could only affect land prices. This demonstrates a naivete rivaling that of Soviet planners, who thought they had outsmarted market pricing, and thereby bankrupted the country. The judgment of planners is no substitute for the market.

² [www.demographia.com/db-statehouse\\$2000.htm](http://www.demographia.com/db-statehouse$2000.htm) and www.demographia.com/db-statehouseinc2000.htm

Rationing land drives up virtually all costs, not just land costs, because it reduces competition for virtually all factors of production.

CNU claims that housing is more costly in Oregon at least partially due to higher insurance costs. In fact, the American Housing Survey indicates that average house insurance costs are lower in Portland than in Atlanta.

In the final analysis, CNU seems oblivious to the most fundamental of economic principals --- that scarcity raises prices. In the long run, it simply must be expected that rationing of land will raise the price of housing. To argue otherwise is analogous to suggesting that, all things being equal, water runs uphill, or that urban planners can negate the law of gravity.

**CNU Misfire #5:
Misinterpreting the Thesis:**

CNU suggests that *American Dream Boundaries* attributes Atlanta's greater economic growth to its lack of smart growth policies. *American Dream Boundaries* makes no such point. The context of *American Dream Boundaries* was simply to show that Portland's smart growth policies had not produced the superior performance that Dr. Nelson had perceived from earlier data.

**CNU Misfire #6
Semantics: Understanding the Meaning of "Error"**

While none of the so-called errors cited by CNU stand, three are simply CNU advocacy statements, not allegations of error (B-4, C-1 and C-2).³

A Scorecard

None of the so-called errors cited by CNU were in fact errors.

- As was noted above, in three cases no error is alleged (B-4, C-1 and C-2).
- In four cases, CNU was simply wrong (A-1, A-2, B-1 and B-2)
- In one case, CNU suggests a different (shorter) analysis period (B-3), indicating a difference in judgment.

³ The so-called errors are numbered by CNU in three sections. For simplicity, this paper uses "A," "B" and "C" to denote those sections.