

Background

No. 2260
April 14, 2009



Published by The Heritage Foundation

President Obama's New Plan to Decide Where Americans Live and How They Travel

Ronald D. Utt, Ph.D.

President Barack Obama's early comments on his opposition to suburban sprawl and his intention to alter the way Americans live and travel took a step closer to reality when he created an interdepartmental initiative on housing and transportation costs.¹ A March press release issued by the U.S. Department of Transportation (DOT) and the U.S. Department of Housing and Urban Development (HUD) announced a new interagency partnership to create "affordable, sustainable communities."² Included among its many goals are projects to:

- Develop a new cost index that combines housing and transportation costs into a single measure to better illuminate the true costs by "redefining affordability and making it transparent,"
- Encourage "transportation choice," and
- Require even more planning by the many federally funded regional planning entities that are already attempting to guide Americans toward a supposedly better life.

Rich in the sort of progressive euphemisms used to mask real intentions, the press release heralds a process that could likely lead to an unprecedented federal effort to force Americans into an antiquated lifestyle that was common to the early years of the previous century. More specifically, these initiatives reflect an escalation in what is shaping up as President Obama's apparent intent to re-energize and lead the Left's longstanding war against America's suburbs.

Talking Points

- President Barack Obama's newly created partnership between the Department of Transportation and the Department of Housing and Urban Development will likely lead to an unprecedented federal effort to force Americans into an antiquated lifestyle that was common to the early years of the previous century.
- More specifically, these initiatives reflect an escalation in what is shaping up as President Obama's apparent intent to re-energize and lead the Left's longstanding war against America's suburbs.
- This effort could also be used to distort federal transportation and housing cost data in ways to coerce and bribe Americans to use more public transportation and move back into the cities and close-in suburbs.
- A similar effort during the Clinton Administration threatened to deny federal transportation funds to the city of Atlanta unless the entire state of Georgia adopted Smart Growth strategies requiring greater transit use.

This paper, in its entirety, can be found at:
www.heritage.org/Research/SmartGrowth/bg2260.cfm

Produced by the Thomas A. Roe Institute
for Economic Policy Studies

Published by The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002-4999
(202) 546-4400 • heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

The Liberals' Anti-Suburban Bias

Long ago, when it focused on the plight of low-income families, the American Left welcomed the suburbs as a healthy alternative to the airless tenements, congestion, and industrial concentration that characterized the cities and their working-class residents in the late 19th century. By the 1950s, however, it had become more fashionable for liberals to turn against the suburbs when a more prosperous America looked outside the central cities for better housing and public services and, in the process, abandoned public transportation for the flexibility, mobility, and privacy of automobiles.

Today, approximately 75 percent of Americans live in the suburbs, and only a handful of older cities that have not annexed suburban areas have populations exceeding their 1950 levels. Despite these near-universal preferences, however, many liberals continue to oppose the trend of suburbanization.

Their efforts bore some fruit in the 1990s when the environmental movement joined forces with the anti-suburban Left to create the Smart Growth and New Urbanist movements. While both movements encouraged the concentration of people in denser communities that relied less on the automobile for transportation, both were quickly corrupted by the anti-growth, not-in-my-backyard (NIMBY) factions that used the rhetoric (and acquiescence) of the Left to adopt exclusionary laws to upgrade their communities' demographic profiles by discouraging prospective homebuyers of more modest means (disproportionately ethnic minorities) from living in the community.

In implementing these anti-growth strategies, many communities adopted such mechanisms as exclusionary zoning, impact fees, involuntary profers, mandatory amenities, growth boundaries, service districts, infrastructure concurrency, and large-lot zoning. In the process, these regulations led to a significant escalation in home prices in target com-

munities by limiting the supply of land for housing.³ These Smart Growth laws also contributed to suburban sprawl as modest-income families looked for less-expensive housing farther away from the metropolitan centers in communities that had yet to adopt Smart Growth prohibitions.

Despite the imposition of the many regulatory obstacles to buying homes in the suburbs, and despite efforts by the nation's aesthetic elites to demonize suburban living, the vast majority of American households opted to live in the suburbs instead of the more fashionable, albeit still dysfunctional, central cities or the older close-in suburbs. The latest U.S. Bureau of the Census population and migration figures indicate that this trend is continuing. Among the many reasons for this are the many benefits associated with owning a single-family detached house with some land, some equity, and some privacy, as well as the fact that Americans could buy "more house" if they were willing to move beyond the unaffordable, close-to-the-city communities.

Suburbanites also reaped the benefits of living in communities with functioning governments and quality public services, especially in education. While the commute to work was longer and the transportation costs greater, the several hundred thousand dollars in housing savings more than made up for the extra 20 or 30 minutes of additional driving time.

Restricting Growth—Even More

Recognizing that their anti-growth strategies have failed to deter the millions of American families that still flock to the burbs, Smart Growth advocates have now enlisted the federal government in their war against the suburbs, and the HUD–DOT partnership is the beginning of that effort. Although there is no shortage of detailed information from many sources (including HUD) on housing costs for

1. "Remarks by the President at Fort Myers Town Hall," The White House, February 10, 2009, at http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-at-Fort-Myers-Town-Hall/ (April 7, 2009).
2. Press release, "HUD and DOT Partnership: Sustainable Communities," U.S. Department of Transportation, March 18, 2009, at <http://www.dot.gov/affairs/dot3209.htm> (April 7, 2009).
3. See Wendell Cox and Ronald D. Utt, "Don't Regulate the Suburbs: America Needs a Housing Policy That Works," Heritage Foundation *Background* No. 2247, March 5, 2009, at <http://www.heritage.org/Research/SmartGrowth/bg2247.cfm>.

every state, metropolitan area, and municipality in America, Smart Growth advocates contend that these readily available data are incorrect because they overlook the many “hidden costs” of suburban lifestyles, an assertion that relies on unsubstantiated allegations of greater infrastructure costs, environmental degradation, and the high cost of automobile operation.

To save Americans from these alleged higher living costs, the Smart Growth and New Urbanist movements want Americans to move into higher-density developments—such as townhouses and high-rise apartment buildings—which, the anti-suburbanists contend, can be better served by public transportation (hence the commitment to “transportation choice,” a process whereby commuters are bribed or coerced into an inconvenient mode of transportation that most would not choose on their own)—thereby freeing the hapless American people from relying on their automobiles. Other key benefits illuminated in this fable are the preservation of land, reduced carbon footprints, greater social interaction through forced proximity, and a higher aesthetic standard in community and housing design as government planners and politicians assume greater responsibility for artistic choices.

As with most other fables, the fundamental premise of the Smart Growth effort to restructure American lives rests on fabricated assumptions that have no support either in reality or in the copious housing and transportation data collected by the federal government and other institutions. As an earlier Heritage Foundation study using nationwide municipal data from the U.S. Bureau of the Census revealed, there is no evidence to indicate that infrastructure or other public costs in low-density suburbs are any greater than those in high-density communities.⁴

As for the alleged savings in transportation costs that are predicted to occur by shifting from cars to mass transit, data from a 2004 DOT study reveal that public transit survives on massive taxpayer subsidies that are generally hidden and excluded

from any discussions of the relative costs and benefits of different modes of travel.⁵ When all costs are considered, public transit is far more expensive than automobiles.

That 2004 DOT study was expected to become an annual assessment, but congressional opposition to DOT’s exposure of the high costs of urban transit and Amtrak forced DOT to cancel any subsequent studies. In response to President Obama’s newest call for greater “transparency” in transportation costs, this DOT compilation of federal subsidies by transportation mode should be revived and made available to the public by Transportation Secretary Ray LaHood.

Recognizing the importance of accurate and up-to-date cost data in making good policy decisions, The Heritage Foundation has assumed responsibility for updating and maintaining this DOT series of federal subsidies by mode and will publish its findings this spring. Notwithstanding Smart Growth assertions to the contrary, public transit requires massive federal subsidies to maintain even its current mediocre and expensive service, which is used by less than 2 percent of the American population.

In 2006, the most recent period for which data are available, the federal subsidy for public transit amounted to \$165.61 per 1,000 passenger miles, while automobiles earned the federal government a \$0.93 “profit” per 1,000 passenger miles, in large part because federal fuel taxes paid by motorists are used to subsidize other projects, including transit. President Obama’s commitment to transportation-cost “transparency” should include the compilation, calculation, and publication of this long-suppressed DOT data series.

Enhanced Central Planning by Government

Finally, the proposal exhibits a child-like faith in government planning, a concept that half the world quickly abandoned in the late 1980s when all of the formerly socialist countries (except, of course, for

4. Wendell Cox and Joshua Utt, “The Costs of Sprawl Reconsidered: What the Data Really Show,” Heritage Foundation *Backgrounder* No. 1770, June 25, 2004, at <http://www.heritage.org/Research/SmartGrowth/bg1770.cfm>.

5. U.S. Department of Transportation, Bureau of Transportation Statistics, “Federal Subsidies to Passenger Transportation,” December 2004, at http://www.bts.gov/programs/federal_subsidies_to_passenger_transportation/pdf/entire.pdf (April 7, 2009).

Cuba and North Korea) rejected state planning in favor of private-sector initiative, economic freedom, and market solutions. Nonetheless, and ever the optimist, the President proposes that the existing regional planning authorities be given yet more responsibility—and power.

At present, HUD requires states, counties, and cities to conduct five-year Consolidated Plans estimating housing status and needs, and DOT requires the federally funded Metropolitan Planning Organizations (MPOs) to develop Long-Range Transportation Plans and four-year Transportation Improvement Programs. Despite billions of dollars of spending on these entities, all of this costly planning coincided with what many believe has been one of the worst housing and transportation environments in U.S. history. Over the past decade, housing became less affordable than ever, and this has contributed to the most severe housing recession since the Great Depression. While all of the MPOs were huffing and puffing away on their little transportation plans, traffic congestion continued to worsen, and the quality of the transportation infrastructure continued to decline, despite record federal and state transportation spending on both.

Nonetheless, having failed separately to come anywhere close to performing the straightforward tasks assigned to them, the White House proposes that these two forms of planning initiatives be combined in a cooperative partnership, and that they be given even more responsibility and greater control over living and travel policies for the American people.

Conclusion

Despite the broad scope of this new DOT–HUD partnership, the press release announcing it was long on euphemisms and slogans and offered little

or no substance as to what it intended to accomplish beyond the enhancement of existing bureaucracies and greater data manipulation. Nonetheless, the euphemisms it did embrace belong to those who want to force dramatic changes on how Americans live their lives.

While some may hope this effort is nothing more than the President's attempt to use the White House as a bully pulpit to encourage Americans to mimic the urbane lifestyle he experienced in an upscale Chicago neighborhood, the record of past such efforts by the federal government is more troubling.

In January 1998, President Bill Clinton's Environmental Protection Agency threatened to withhold federal transportation funds from the Atlanta region because it did not meet federal air-quality standards and said that it would agree to restore the funding only if the state of Georgia dramatically altered its land-use and transportation policies in ways similar to those characteristic of the Smart Growth polices that discourage single-family detached housing and encourage public transit use and investment. Georgia agreed to do this, at least through the waning days of the Clinton Administration, but soon abandoned the policies when leadership in Washington changed.

Carol Browner headed the EPA when the threat was imposed on Atlanta under Clinton. Today, she is Assistant to the President for Energy and Climate Change. With the prospect of even worse to come from this new DOT–HUD partnership on sustainable communities, those who are skeptical of the President's grandiose efforts at social engineering should be on the alert.

—Ronald D. Utt, Ph.D., is Herbert and Joyce Morgan Senior Research Fellow in the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation.