

From the Director

by Eileen Bruskewitz

We at the American Dream Coalition are working very hard to make the 2013 Preserving the American Dream conference our best ever. Our line-up of speakers includes an intriguing set of experts.



Forensic accountant Tiffany Couch will show how her analysis of a controversial bridge in the Portland area revealed that government funds were funneled to lobbyists to promote the bridge. Stanley Kurtz will dissect Obama's war on the suburbs. Hawaiians Cliff Slater and Panos Prevadouros will show how they have been fighting an expensive rail project in Honolulu.

We will also have familiar faces. Wendell Cox will show how cities can become more prosperous. Randal O'Toole and Robert Poole will suggest ways to reform federal transportation policy. See a complete list of speakers on our conference [web page](#).

The conference location in Washington DC will give you a chance to visit with your congressional delegations while you are there. I hope to see you on October 27-29!

Obama's War on the Suburbs

President Obama is expanding the administration's war on the suburbs, says Stanley Kurtz of the Ethics and Public Policy Center. One way he is doing so is through housing policies ostensibly aimed at helping the poor, but in fact aimed at rebuilding the suburbs at higher densities.

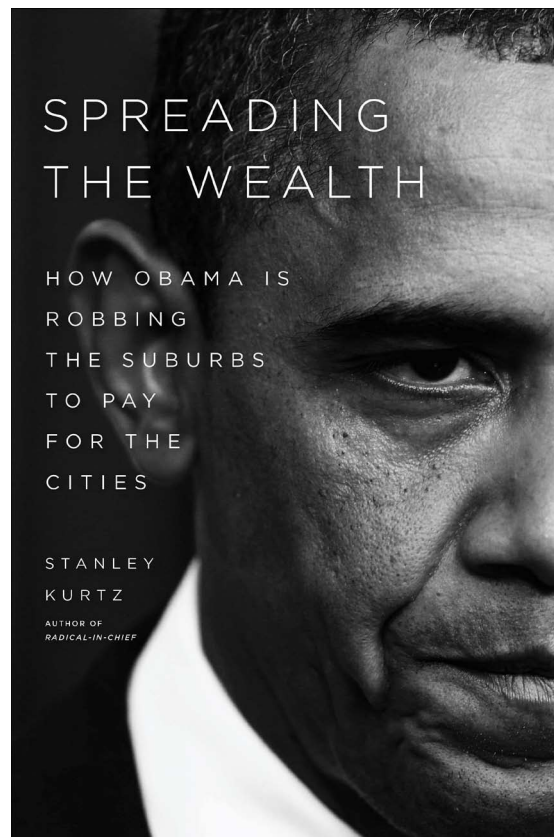
In July, the Department of Housing and Urban Development (HUD) issued new regulations requiring all cities getting federal aid to promote fair housing. "The apparent purpose of this rule change is to force suburban neighborhoods with no record of housing discrimination to build more public housing targeted to ethnic and racial minorities," says Kurtz.

Yet the real goal, Kurtz continues, is to help "to block suburban development, press Americans into hyper-dense cities, and force us out of our cars." The HUD rule, says Kurtz, is only one part of the administration's overall anti-suburban policies and programs.

Another part is the HUD's "sustainable communities" grant program, which gives money to cities that promise to promote higher-density housing because that is supposedly more sustainable. Kurtz notes that HUD's second-largest sustainable communities grant went to the San Francisco Metropolitan Transportation Commission to help write Plan Bay Area, which calls for packing 80 percent of all new housing and 65 percent of all new jobs in selected "priority development areas." Though the plan projects 30 percent population growth for the region, it calls for strict policies to prevent a single acre of greenfield development.

Between 2009 and 2012, the administration gave out more than \$100 billion worth of grants to cities and metropolitan areas to promote smart growth, build streetcars, and encourage regional planning. Kurtz is particularly incensed about regional planning, which he sees as a way for planners to override the decisions of local democratically elected governments.

Kurtz' 2012 book, *Spreading the Wealth: How Obama Is Robbing the Suburbs to Pay for the Cities*, predicted Obama would step up his war on the suburbs in his second term, and now those predictions are coming true. Kurtz will present an update to the book at the Preserving the American Dream conference on October 28.



Making Cities Prosperous

For years, urban planners have listened to Richard Florida, an urbanologist who argues that cities need to reshape themselves to attract a “creative class” of people who earn the highest incomes. Florida claims that such people prefer dense, walkable cities, so planners have promoted such cities through the use of urban-growth boundaries, rail transit construction, and subsidies to inner-city redevelopments that emphasize mixed uses and multifamily housing.

Wendell Cox, however, has a different view of cities. In a series of groundbreaking reports, he shows that the fastest-growing urban areas are also the ones that have the least land-use regulation.

Cities praised by Florida, says Cox, enjoy a false prosperity resulting from planner-induced artificial housing shortages. Average incomes in San Francisco may be higher than in San Antonio, but not because San Francisco has attracted higher-income people. Instead, Bay Area urban-growth boundaries have made housing so expensive that moderate- and low-income people have left the region.



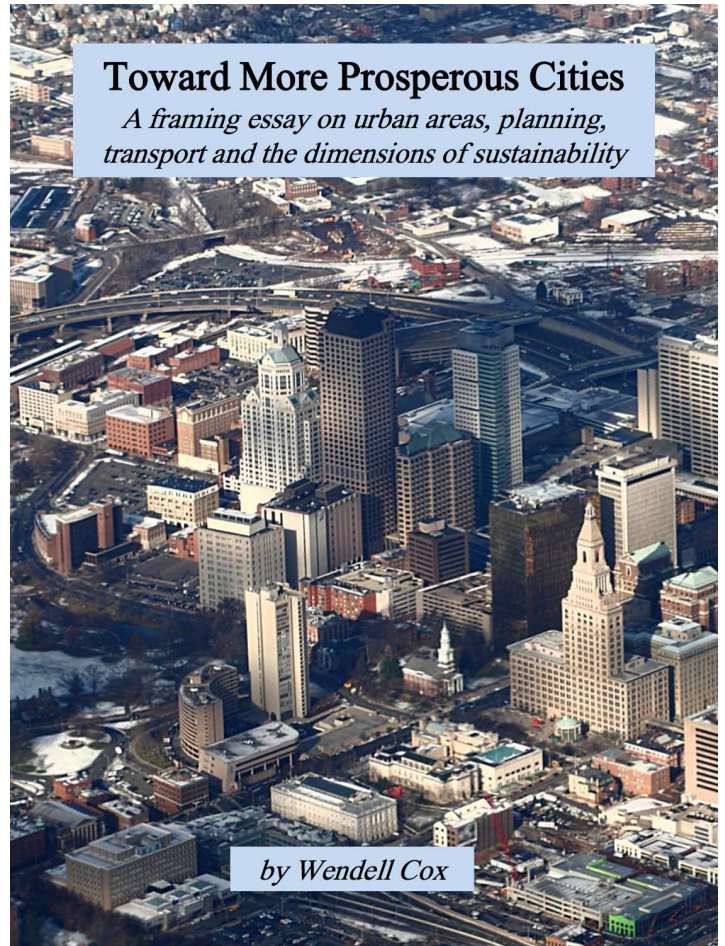
Urban Policy

A Time for a Paradigm Shift

Wendell Cox

Cox's [paper](#) for Canada's Frontier Centre urges urban leaders to give up urban-growth boundaries and other containment policies.

Cox believes it is at least as important for cities to provide opportunities for low- and moderate-income people to achieve prosperity as it is for them to attract high-income people. But even if cities want to attract the “creative class,” it isn't clear that such people flock to dense, walkable neighborhoods in any greater numbers than anyone else. In fact, says Cox, America's suburbs are growing far faster than the central or inner cities, and that growth is taking place among all age, race, and other major demographic classes.

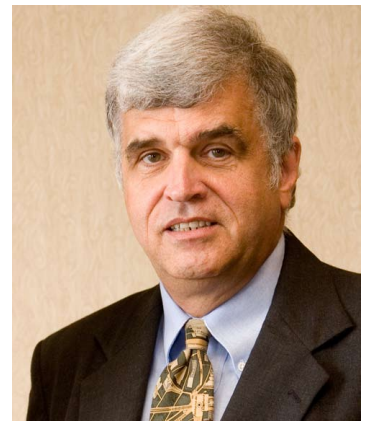


Cox's [paper](#) on urban prosperity was written for a blog named “[World Streets](#).”

Since planning advocates often make bogus claims to support their contention that more people want to live in dense, inner cities, Cox often fact-checks these claims. Recently, the *Wall Street Journal* and *Washington Post* [reported](#) that one million baby boomers moved into the downtown areas of the nation's fifty largest cities between 2000 and 2010. Cox, however, used census data to prove that [exactly the opposite](#) had happened:

more than one million baby boomers had moved *out* of inner-city neighborhoods during those years. The *Wall Street Journal* published a retraction; the *Washington Post* did not.

Cox's message is that cities that want to promote economic growth and prosperity should reduce their regulation, not attempt to regulate and subsidize planners' preconceived notions of how people should live. Cox will be presenting this message at the 2013 Preserving the American Dream conference.



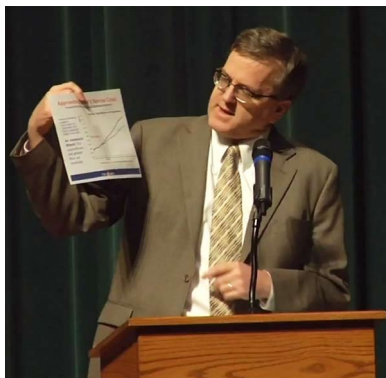
Wendell Cox will speak at the American Dream conference on October 28.

Will Portland Be the Next Detroit?

Urban planners often point to Portland as a model of sound land-use and transportation planning. The region's urban-growth boundary, transit-oriented developments, light-rail system, and streetcars are the envy of many other cities.

They are also leading Portland into bankruptcy as it finds itself increasingly unable to pay its bills even as it spends more and more on expensive rail lines and subsidies to high-density developments. The inside story of what is happening in Portland reveals a situation that other cities should avoid, not envy. Here are just a few of the problems Portland is facing.

- **Unfunded pension obligations:** Portland has funded only half of its pension obligations, less than any state and the second-lowest of the nation's 50 largest cities. (Detroit had funded 93 percent of its pension obligations.) Portland has also funded only 4 percent of its health-care obligations.
- **Transit system running out of money:** In 1995, Portland's transit agency, TriMet, persuaded transit unions to support its rail plans by agreeing to one of the most generous pension and health-care plans ever. Now TriMet's general manager says meeting these unfunded obligations will force it to cut transit service by 70 percent.
- **City infrastructure is crumbling:** After diverting transportation dollars to building the world's most-expensive streetcar line—nearly \$150 million for three miles—Portland's streets are in terrible shape, it has no money to repave streets for the next five years, and it only has half as much money as needed to maintain city-owned buildings.
- **Transit-oriented developments don't increase transit ridership:** Though Portland and its suburbs have subsidized scores of high-density developments along light-rail lines, the vast majority of residents of these developments still drive to work. The share of overall Portland-area commuters who take transit to work has fallen from 10 percent in 1980 to 8 percent in 2010.
- **Mixed-use developments don't work:** Many Portland transit-oriented developments include shops on the ground floor and apartments above. But in many cases, the shops are vacant as planners provided no parking for retailers. The owner of at least one



Actual counts of how people living in Portland's transit-oriented developments commute to work by Cascade Policy Institute director John Charles revealed that the dense developments create more congestion than transit ridership.



The ground floor of this apartment complex next to Portland's westside light-rail line was supposed to be shops, but after 10 years of vacancies, the owner is turning them into apartments.

- development is converting shops to apartments.
- **Streetcars late and over budget:** In order to meet federal "buy America" requirements, Portland politicians arranged for a local company to build replicas of streetcars made in the Czech Republic. So far, the streetcars are more than a year late, have cost more than twice as much as the Czech cars, and don't run as well as the Czech cars.
- **A ridiculously expensive bridge:** Eager to export the Portland's light-rail system into Vancouver, Washington, planners have developed a \$3.4 billion plan to replace an aging but structurally sound bridge across the Columbia River. To make it possible for light-rail cars to cross the bridge, the new bridge will be too low for existing river traffic and the region will have to spend at least another \$90 million compensating shipping companies that will be put out of business by the bridge.
- **Ethics violations:** To sell the bridge plan, planners gave \$130 million to a consulting firm to supposedly



Tiffany Couch's forensic accounting of the Columbia River Bridge revealed how government funds ended up paying lobbyists to promote the bridge.

write an environmental impact statement. The firm then hired lobbyists to promote the plan in the Oregon and Washington legislatures. The Oregon lobbyist never registered with the state, instead portraying herself as an "advisor" to the governor, and is now under investigation for ethics violations.

John Charles of the Cascade Policy Institute and forensic accountant Tiffany Couch, and other speakers will describe these issues in detail at the 2013 Preserving the American Dream conference. Other speakers will include John Glennen, who will show how Portland-area zoning make it impossible for anyone to build a house on a large lot, thus denying the American dream to many.

Debate to Focus Attention on “New Starts”

The 2013 Preserving the American Dream conference will open with a debate over the federal “New Starts” fund that provides \$2 billion a year to cities that want to build light rail, streetcars, and other “fixed-guideway” transit. The debate will ask, “Should Congress replace the New Starts program with a program giving the same amount of money to transit agencies distributed using a formula based on annual ridership or fares?”



Randal O'Toole

Speaking in favor of this idea will be Randal O'Toole, a senior fellow with the Cato Institute, which published O'Toole's analysis of the New Starts program earlier this year. New Starts, says O'Toole, gives transit agencies incentives to choose high-cost alternatives when lower-cost buses would work just as well if not better. New Starts can be used for bus-rapid transit, but only for exclusive busways; it will not fund bus-rapid transit lines

that use existing streets.

Arguing in opposition will be Art Guzzetti, vice-president for policy of the American Public Transportation Association (APTA). Prior to working for APTA, Guzzetti worked for New Jersey Transit and the Port Authority of Allegheny County, both of which operate rail lines, so Guzzetti is personally familiar with the issue.

Whether to build rail transit has provoked major controversies in many cities. Less than 35 American urban areas have some form of rail transit, but construction is underway in at least four more



Art Guzzetti

(Cincinnati, Honolulu, Orlando, and Tucson), and rail supporters have urged rail construction in many others cities, including Albuquerque, Indianapolis, Kansas City, Las Vegas, Milwaukee, Raleigh, San Antonio, and St. Petersburg.

Rail advocates say that people who drive to work are more likely to switch to a railcar or train than a bus and that rail lines do more to promote economic development than buses. Rail skeptics say that many cities that have built rail transit lines have actually hurt transit riders because the high cost of rail has forced them to cut bus service.

O'Toole's proposal wouldn't prevent cities from

building rail, but it would change the incentives created by federal grants. Under the current system, transit agencies can increase their share of federal funds by developing more expensive transit projects. Under O'Toole's proposal, transit agencies could increase their share of federal funds only by actually increasing ridership. This would give agencies an incentive to build rail lines only if they were the best way to boost ridership. In most cases, improvements to bus service would be more cost-effective than building rail lines.

ADC Conference Registration and Membership Form

You can join ADC, renew your membership, or register for the 2013 Preserving the American Dream conference using this form or [on-line](#). If you just want to register for part of the conference, please use the on-line form.

- Yes! Please sign me up to attend the 2013 Preserving the American Dream Conference. I am enclosing a check for:
 - \$299 standard rate (conference and meals from Sunday dinner through Tuesday lunch)
 - \$199 student/low-income (same meals)
- Please include me on the optional Sunday tour, including lunch, for \$50
- Meal preferences: Kosher Vegetarian Vegan
- Please enter or renew my membership in the American Dream Coalition for \$30
- I also want to contribute:
 - \$100 \$1,000 \$_____
- Enclosed is my check
- I will pay by Credit Card through PayPal using on-line registration at www.americandreamcoalition.org

Name _____

Address _____

City _____

State _____ Zip _____

Phone _____

e-mail _____

Please make checks payable to American Dream Coalition and send to ADC, P.O. Box 76, Camp Sherman, Oregon 97730. Full refunds will be provided if you cancel before October 4 or if someone else takes your place.

The Doubletree Washington, 1515 Rhode Island Avenue NW, offers a conference rate of \$139 per night from October 24 through 30 if you make reservations by October 4th. To reserve rooms, call 800-492-5195 and specify that you are attending the American Dream conference.