

Protecting Freedom, Mobility, and  
Affordable Homeownership

# The American Dreamer

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## The Future of Affordability: Austin, November 6-8

“The Future of Affordability” will be the theme of the 2015 American Dream conference, which will take place in Austin, Texas on November 6 through 8. Austin is the perfect place for a conference with this theme.

Texas is one of the fastest-growing states in the union, thanks partly to its affordable housing markets. But the city of Austin, due in large part to local land-use regulation, has the least affordable housing in the state (though still remaining more affordable than most cities in California).

At the same time, Texas has pioneered the use of toll roads that have done much to improve mobility at an affordable cost. Yet several Texas cities, in-



*Three years after it opened, Austin's MetroRail carried fewer than 1,500 round-trip riders per weekday. The Federal Transit Administration classifies the rail line, which uses Diesel-powered railcars, as "hybrid rail" as it is a cross between commuter rail and light rail. Wikipedia photo by Larry D. Moore.*

cluding Austin, have built expensive rail transit lines that carry few people. Austin's rail line in particular opened years late at more than twice the projected cost and carries about half the projected riders.

All of these contrasts will help conference goers determine what makes housing and transportation affordable and what policies states and cities should adopt to keep themselves competitive in the 21st century. The conference will include a tour of the Austin area, including a close look at Austin's rail line. It will also feature national and local experts in housing, land-use, and transportation issues.

Despite controversies over toll roads, the Texas legislature has created two innovative varieties of  
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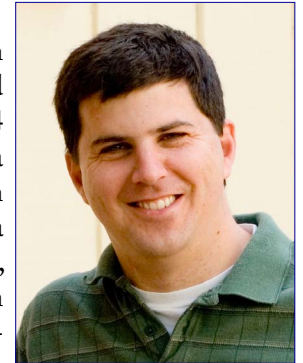


*According to Coldwell Banker's 2014 home price index, a 4-bedroom, 2-bath home in the city of Austin will set you back \$370,000, more than any other major city in Texas but far less than most major cities on either the east or west coasts.*

## From the President

by Butch Porter

Greetings to all American dreamers! I was elected ADC president at the 2014 meeting in Denver. As a business owner, I've been active in Northern Virginia politics for the last 10 years, with particular emphasis on regional land-use and transportation planning.



ADC has been an invaluable resource in helping me understand debates on mobility and homeownership. Since 2003, ADC conferences have offered many new ideas for putting freedom and local control at the center of these discussions.

We're very excited to be going to Austin, Texas, this November for the 2015 conference, and we look forward to seeing you there. The last year has seen some significant victories, but to sustain that trend, we need more people like you helping fight against transportation waste, blatant abuse of the public trust, and threats to property rights through so called "sustainability planning."

Please check out our [YouTube channel](#) for sessions from our previous conferences. Also, look to the ADC website for more support between the conferences. ADC's new "Rail Toolkit" is a great start to a "one-stop shop" of resources for liberty-minded activists in transportation and land-use.

# Federal Transit Funding Is Fundamentally Unfair

Federal transit funding is highly inequitable. It returns some urban areas as much as eight times as much money, for every transit rider carried, as goes to other urban areas. At the extremes are Salt Lake City, which gets \$2.17 in federal capital funds per transit rider, and Milwaukee, which gets only 26 cents per rider. These numbers are based on federal funding and transit ridership numbers between 1991 and 2013.

The biggest source of this inequity is whether urban areas are building expensive rail transit lines. On

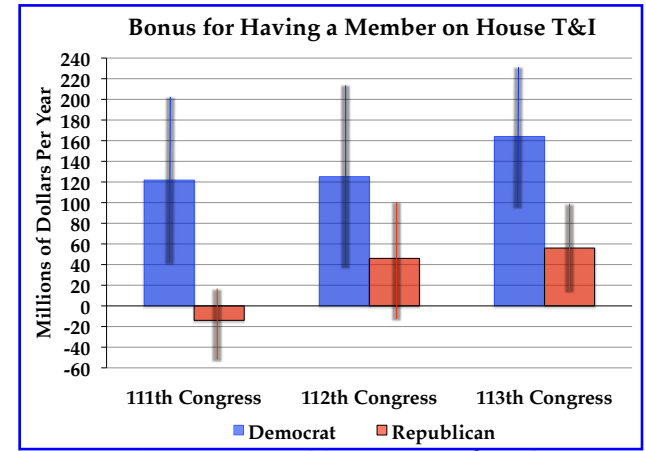
average, regions that didn't have rail transit in 1970 but built new rail lines since 1991 get about a third more money per transit rider than regions with no rail transit. Shockingly, the worst-off regions are those that had rail transit in 1970: if funds had been distributed according to how many transit riders were carried, New York City would have collected more than \$500 million dollars in additional federal funds per year.

In addition to Salt Lake City, the other big "winners" were Baltimore, Dallas, Portland, Seattle, and Washington DC, each of which collected \$40 million per year more than they would have received if funds were allocated by transit ridership. In addition to New York and Milwaukee, the big losers were Atlanta, Boston, Detroit, Los Angeles, and San Antonio, each of which received at least \$10 million per year less than they would have received if funds had been distributed more fairly.

Of course, there are many ways of determining an equitable distribution of funds other than the number of transit riders carried. But whether distributed by riders, fare revenues, regional populations, land area, or any other factor, the current funding mechanism is highly unfair.

Since the vast majority of federal transit funds are given for capital improvements, transit agencies seem to have learned that building expensive capital projects, such as rail lines or bus terminals, is the best way to get the most federal funds.

It also helps to have political connections. A close look at the data reveals that states with a Democrat on the House Transportation & Infrastructure Committee received an average "bonus" of \$120 million in federal transit funds per year over states with no representation on the committee. States with a Republican on the committee collected an average bonus of no more than \$60 million per year, and in some years actually received less money than states



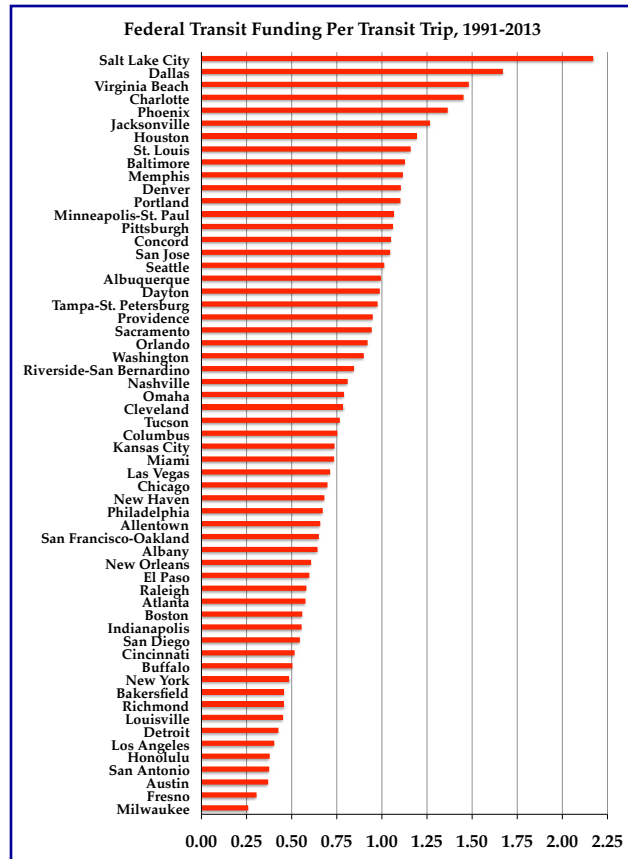
*Having a Democrat on the Transportation & Infrastructure Committee earned states far more federal transit funds than having a Republican on the committee. The solid lines show the range of extra funds for 95 percent of the states in each group.*

with no members on the committee.

Some think the best way to fix this problem is to get the federal government out of the transit funding business entirely. A more politically acceptable way would be to distribute all federal transportation funds using formulas rather than as competitive grants. No matter how rigorous the criteria for competitive grants, they are far more likely to be distributed politically than formula funds.

If current transit funding is unfair when measured by funds per transit rider, then a better formula would be to distribute federal funds according to the number of transit riders carried in the previous year. One problem with this is that most ridership numbers are only estimates, and transit agencies would be tempted to exaggerate these numbers in order to get more funds. Instead, the formula should be based on transit fares, as fare data are more reliable.

The Cato Institute will soon publish these data in a paper by Randal O'Toole and Michelangelo Landgrave. Watch for an announcement of that paper on Cato's and ADC's web sites.



*By having aggressive rail construction programs, regions like Salt Lake City and Dallas pulled in far more federal funds than regions such as San Antonio and Milwaukee, that have no new rail lines. Many cities with older rail systems, such as Boston and New York, also received less money.*



# The Economist Gets It Right on the Suburbs

by Wendell Cox

The massive exodus of people from rural areas to urban areas over the past 200 years has been called the “great urbanization.” For more than two centuries, people have been leaving rural areas to live in urban areas. Most urban growth has been on or beyond the urban fringe—in the suburbs and exurbs. Appropriately, *The Economist’s* December 6, 2014 issue refers to the urbanization trend as the “great suburbanization.”

The preponderance of suburban growth is evident in high income world metropolitan areas. For decades, nearly all growth in nearly all cities has been in the suburbs. Some notable examples are London, Toronto, San Francisco, Portland, Tokyo, Zürich and Seoul. The dominance of suburban growth is also evident in the major cities of the less developed world, from Sao Paulo and Mexico City, to Cairo, Manila, Jakarta, Beijing and Kolkata (see the *Evolving Urban Form* series). *The Economist* describes the substantial spatial expansion of residences and jobs in Chennai (formerly Madras), a soon-to-be megacity in India.

*The Economist* quotes New York University geographer Shlomo Angel, whose groundbreaking work (such as in *Planet of Cities*) indicates that “almost every city is becoming less dense.” Contrary to the popular perception of increasing densities, cities become less dense as they add more population. This extends even to the lowest income cities, such as Addis Abeba (Ethiopia), where the population has increased more than 250 percent since the middle 1970s, while the urban population density has declined more than 70 percent. China’s rapidly growing cities exhibit the same tendency: according to *The Economist*: “Mr. Angel finds that population densities tend to drop when Chinese cities knock down cheaply built walk-up apartments and replace them with high towers.”

Functional suburbs and exurbs—areas with high automobile usage and lower densities—dominate

the 51 major US metropolitan areas (over 1,000,000 population). More than 85 percent of the population lives in functional suburbs or exurbs and this has been increasing (Figure). Nearly all population growth has been in functional suburbs since World War II.

Yet, urban core growth rates have improved since 2010. But *The Economist* points out factors that could prevent this long overdue improvement from being sustained in the future. Schools are “still often dire in the middles of cities,” according to *The Economist*. Any hope of keeping most young families as they raise children seems impossible until core cities take on the politically challenging task of school reform.

*The Economist* also notes the huge government employee pension obligations of some large core cities, suggesting the necessity of cutting services or raising taxes. “Both answers were likely to drive residents to nearby suburbs, making the problem worse. No number of trams, coffee shops or urban hipsters will save cities that slip into this whirlpool.” *The Economist* specifically cites Chicago and New York, but could have cited many more examples.

*The Economist* is refreshingly direct in its characterization of attempts to stop urban spatial expansion (“urban sprawl”). “Suburbs rarely cease growing of their own accord. The only reliable way to stop them, it turns out, is to stop them forcefully. But the consequences of doing that are severe.” *The Economist*: chronicles the experience of London, with its “green belt” (“urban growth boundary”): “Because of the green belt London has almost no modern suburban houses and very high property prices.”

The social consequences have been massive. “The freezing of London’s suburbs has probably aided the revival of inner-London neighbourhoods like Brixton. It has also forced many people into undignified homes, widened the wealth gap between property owners and everyone else, and enriched rentiers.” Housing is typically the largest share of household expenditures and

raising its price reduces discretionary incomes (lowers living standards), while increasing poverty.

Higher house prices and lower discretionary incomes are not limited to London. Among the 85 major metropolitan areas covered in the *10th Annual Demographia International Housing Affordability Survey*, all with “severely unaffordable” housing have London style land-use regulation or similar land use restrictions. These financial reverses are not limited to suburban households, since urban containment policies are associated with substantial house price increases urban cores as much as in suburbs.

Oblivious to this revealed preference for residential and often commercial suburban location, many retro – urbanists, including many who are well placed, have viewed the suburbs with “concern and disdain,” according to *The Economist*. Since the Great Financial Crisis, *The Economist* notes that this has turned to “doom-mongering.”

*The Economist* summarily dismisses suburban doom doctrine: “Those who argue that suburbia is dying are wrong on the facts; those who say it is doomed by the superiority of higher-density life make a far from convincing case.”

“A wiser policy would be to plan for huge expansion,” *The Economist* suggests in its editorial leader. “Acquire strips of land for roads and railways, and chunks for parks, before the city sprawls into them.”

*The Economist* contrasts this with the approach of the urban planner, “that confident soul who believes he knows where people will want to live and work, and how they will get from one to the other.” Consistent with the virtually universal goals of improving living standards and reducing poverty, the *Economist* concludes that, “We should all look forward to the time when Chinese and Indian teenagers write sulky songs about the appalling dullness of suburbia.”

Adapted from “[Cities: Better for the Great Suburbanization](#),” in newgeography.com.

# 2015 Conference

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highway authorities. The first, known as county toll road authorities, builds toll roads and pays for them out of tolls. The second, known as regional mobility authorities, builds both toll and free roads and pays for them out of a variety of taxes and fees. Our conference will examine both to see how well they are working and which might work best in other states.

We'll also look at municipal utility districts, which have enabled developers to provide some of the most affordable housing in the nation. ADC is still lining up speakers for the conference. Check ADC's [conference web page](#) for the latest information.



*As the Texas state capital, Austin has a lively nightlife and downtown. Wikipedia photo by LoneStarMike.*

The conference will take place at the Crown Plaza Austin, located at 6121 N. IH-35. Conference attendees will be able to reserve rooms [on line](#) at a special rate of \$119 per night; simply add "adc" to the group code field. You can also make reservations by calling 512-323-5466; be sure to specify you are attending the American Dream conference. Our conference rate is good for any night from November 2nd through November 10th, so you can come early or stay late and enjoy Austin's renowned night life, parks, and other entertainments.

To register for the conference, use the registration form on this page or go to our [on-line registration form](#), where you can pay by check or PayPal.

# ADC Rail Toolkit

The American Dream Coalition's website now includes a [Rail Transit Toolkit](#) that is designed to help people understand and fight wastefully expensive transit projects. The toolkit includes a basic description of the various [types of rail projects](#), including light rail, heavy rail, commuter rail, and streetcars, and the most effective things people can do to challenge such projects.

Also included is a section on [how to respond](#) to arguments in favor of rail and one on [arguments you can make](#) against rail. "While it is important to respond to arguments made by rail advocates," says the toolkit, "it is even more important in a political debate to bring up new arguments about why rail transit is a waste of money."

For example, the toolkit suggests opponents make a list of goods or services that could be purchased for the price of the rail project. The Cascade Policy Institute made a [video](#) showing that, for the cost of a rail line in Portland, the city could have doubled bus service in the corridor and operated that service 24 hours a day for 150 years, leaving enough money to buy every Portland high school freshman a new MacBook Air and iPad for 150 years.

Another argument is that transit agencies should fill their buses before worrying about building rail. The average number of people on board transit buses has been slowly declining for years, and in many cities less than a dozen seats are filled, over the course of a day, on 40-seat buses. Yet a few transit agencies manage to fill more than half the seats on those buses, suggesting that cities that want to build rail should do more to fill their bus seats rather than waste money on an expensive project that will serve few people.

Another part of the toolkit describes [what to look for when reviewing](#) alternatives, environmental impact statements, and other background documents. ADC hopes that this toolkit will help people promote sound transportation policies in their regions.

# Membership & Conference Registration Form

You can join ADC, renew, order 2014 conference DVDs, or register for the 2015 Preserving the American Dream conference using this form or [on-line](#). If you want to register for just part of the 2015 conference, or sign up spouses at a discounted rate, please use the on-line form.

- Yes! Please sign me up for the 2015 American Dream Conference. I am enclosing a check for:
  - \$229 early-bird rate (conference and meals; rate increases to \$249 after October 16)
  - \$99 student/low-income (same meals)
- Please include me on the optional Friday tour, including lunch, for \$50
- Special dietary request:  Kosher  Vegetarian  Vegan
- Please send me DVDs from the 2014 conference for  \$50 (members) or  \$100 (non-members)
- Please enter or renew my individual membership in the American Dream Coalition for \$30
- Please enter or renew my group membership in the American Dream Coalition for \$250
- 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 [americandreamcoalition.org](http://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 September 4 or if someone else takes your place.*

The **Crown Plaza Austin**, 6121 N IH-35, offers a conference rate of \$119 per night for any nights from November 2 through 10 if you make reservations by October 16. To reserve rooms, call 512-323-5466 and specify you are attending the American Dream conference, or go [on line](#) and, when asked, enter "adc" in the "group code" field.