

Real Estate

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Research Brief



IN DEFENSE OF “SPRAWL”

INTRODUCTION

For as long as there have been cities, most urban growth has been outward. This trend is accelerating in the modern era because of rapidly falling communications and transportation costs. Today, most growth in America as well as in other developed countries is not in the cities but in the outer suburbs and exurbs. This is significant in the U.S. because of the widespread assertion that suburbanization is a “problem” engendered by peculiar public policies (wide-ranging highway networks, favorable tax treatment of residential mortgage interest, zoning codes, low gasoline taxes, etc.). By contrast, many European and Canadian urban policies strongly favor compact development.

Yet, whatever the policy, it appears not to matter, so powerful and widespread is the preference for suburban living and personal (automobile) mobility -- a preference that is evident wherever and whenever incomes rise above the poverty level.

Nevertheless, old, nostalgic images persist of cities dominated by cozy downtowns with lively pedestrian traffic and easy transit access. Yet most people have chosen to live not in cities but in suburbs where they can afford more space, where taxes are lower, where the air is cleaner, where there is less crime and where the schools are likely to be better.

Industries also have more locational choices than ever. Manufacturers were once compelled to locate near raw materials sites or major transportation crossroads. Now, most are service industries and in a position to take advantage of historically low transportation and communications costs by locating outside the city. Even firms that are still in manufacturing have been leaving city centers. For example, many high-profile auto manufacturers have recently located in rural areas. All of these “footloose” industries can choose to locate where their workers want to live.

The locational choices that workers and their employers make and the widespread demand for personal mobility are clearly mutually reinforcing. Because origins and destinations are more widely dispersed and best reached by car, it is not surprising that demand for conventional transit services has been steadily declining for many years. Huge expenditures on transit have made no difference because the money has usually been spent on the wrong projects and on systems that do not fit modern cities and the lifestyle choices that most people are making. In fact, the lion’s share of spending has been on high-capacity rail systems that are least appropriate to modern settlement patterns. Despite being incredibly expensive (the L.A. subway cost more than \$300 million per mile just to construct), these projects are sustained by a built-in political constituency and therefore have a life of their own. This explains why more and more money is spent on public transit that serves ever smaller commuting shares. Although easily explained, this trend, is alarming and undesirable.

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RESEARCH FINDINGS

Some of the facts of life most relevant to the U.S. discussion are easily available (many are compiled at www.publicpurpose.com). In my view, here are the top ten to note when we discuss the transportation side of things:

1. Transit trips per capita are now at a *historic low*, despite more than \$360 billion of public subsidies since the 1960s.

2. In 1995, transit's market share of total person-trips was just 1.8%, slightly more than school bus (1.7%) but much less than walking (5.4%). Transit commuting in the nation's thirty-three largest metropolitan areas fell from 14.3% in 1960 to 5.7% in 1990. But, 42% of the 1990 figure is accounted for by New York metro area transit users.

3. Between 1985 and 1995, the fifty largest transit systems in the U.S. *lost* 14.5% of their annual ridership. Among the biggest losers were systems in what have long been regarded as built-in urban markets for transit, those with relatively strong downtowns: New York TA, -26.8%; Chicago CTA, -31.2%; Philadelphia SEPTA, -16.3%; San Francisco AC Transit, -14.9%.

4. The ten cities that added light-rail transit in recent years experienced an aggregate system-wide *loss* of boardings. Only four of these systems experienced ridership gains, which, with the exception of San Diego, were very small -- and very far below expectations ("projections").

5. Low ridership plus cost overruns add up to very high costs per passenger trip. One scholar studied eight recently installed rail transit systems and found that costs ranged from \$5.06 to \$16.77 (1988 dollars). Costs per new transit trip averaged almost \$20. High costs have often caused transit agencies to cannibalize their bus systems, causing systemwide transit service to deteriorate. Often, those most hurt have been among the poorest. In Los Angeles, a bus riders group joined by the local NAACP has sued the MTA in an effort to stop subway construction.

6. Busway construction costs per passenger trip are between 10 and 20 percent that of light-rail. In addition to its higher costs, light rail is not grade separated; it is slower and typically carries fewer passengers. Much of a busway's door-to-door speed advantage stems from its more flexible service -- the buses can be their own "feeder" service, obviating the need for transfers.

7. Of the few riders that use new rail, only between 10 and 25 percent are former auto users. Given new rails' low ridership, these numbers are too small to alleviate highway congestion, air quality -- or anything else.

8. The U.S. Department of Transportation's latest (1998) highway cost-allocation study found that the ratio of user fee payments to costs that can reasonably be allocated to autos, pickups and vans ranged from 0.7 to 0.9 (all levels of government). Personal transportation is close to paying for itself but gasoline taxes must also subsidize transit. In contrast the overall average subsidy per transit boarding (1994) was almost 75 percent of cost.

9. Generally speaking, the further an area is from the central city, the greater its growth. Between 1985 and 1995, most job growth was in rural areas; suburban growth has long exceeded central city growth. Now it is the *outer* suburbs and rural areas that are the fastest-growing -- and the least amenable to high-capacity (and inflexible) rail transit systems. The areas that transit once served best, the big-city downtowns, for the most part show very little if any growth.

10. Average commuting speeds (all modes) continue to *rise*. The 1995 average for the U.S. was 33.6 MPH, twenty percent above 1983's average of 28 MPH. Most commuting is now suburb-to-suburb on less congested roads. (Widely touted "congestion indices" that simply calculate area-wide estimated vehicle-miles traveled per lane mile cannot account for these critical redistributions.) Clearly suburbanization ("sprawl") is the traffic solution and not the problem. This benign outcome is made possible by flexible land markets that allow most people to make locational adjustments that enable them to avoid outrageously long commutes. In 1990, just 12.5 percent of commuters had travel times of more than 45 minutes; just six percent had travel times of sixty minutes or more.

IMPLICATIONS AND CONCLUSIONS

There is much more. A substantial scholarly literature developed over the last thirty-five years makes it clear that the reality is approximately as outlined in the opening paragraphs. Wishful thinking ("get people out of their cars") can not change some hard facts. The trouble is that the wishful thinkers are often enlisted by the special interests. Thanks to the recent TEA-21 law, there are now more light-rail proposals on the drawing boards than ever. If built, these will surely worsen already woeful transit waste.

Because public transit is clearly important, policies must change drastically. Resources and interest should be redirected at proposals that are cost-effective and make sense. If there are to be subsidies, they ought to go to transit users, perhaps as vouchers to the elderly and the poor. Deregulation to allow new van services to emerge (and to bring the "gypsy" and "bandit" cabs out of the shadows) ought to be pursued at all levels of government. The most congested roads and highways ought to be decongested by proper pricing. "HOT" lanes that accommodate express buses, new (deregulated) van services, carpools and ought to replace most High Occupancy Vehicle (HOV) lanes and all of the rail transit proposals. These measures not only would accommodate many more travelers but also save taxpayers lots of money.

There is always a penalty to getting it wrong. Getting a place in line for ill conceived federal subsidies is a poor excuse. Cities that pursue high-tax-low-service policies simply exacerbate the forces that compel labor and capital to leave, usually to suburban and exurban venues. Rail transit projects, often promoted as fostering compact development, are instead likely to have precisely the opposite effect.