CORRECTING THE RECORD

Comparing development policy in Portland, Oregon and Atlanta, Georgia

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Introduction

The Congress for the New Urbanism aims to change the way America builds its cities and towns. We want regions that are made of thriving neighborhoods, connected by efficient, effective transit. We want neighborhoods that feel alive, where people from all walks of life can cross each other’s paths and meet their needs. We call this form of development New Urbanism, and the policies that support it are called Smart Growth.

Current development practices create sprawl. For too long, our development system has produced a landscape that is dominated by the private car. Most new developments are miserable to walk in, and impossible to serve with transit. No wonder traffic jams get worse every year.

There is wide support for changing this state of affairs. Tens of millions of Americans want to live in walkable neighborhoods served by transit. However, a cottage industry of “sprawl apologists” has sprung up. This small group of individuals and think tanks aggressively distribute misinformation about New Urbanism and Smart Growth, developing notoriety as defenders of the status quo.

The most frequently quoted individual behind these “Dumb Growth” efforts is Wendell Cox. In his papers, Cox attacks Portland, Oregon as the epitome of Smart Growth, and uses Atlanta, Georgia as an example of the high quality of life provided by car-dependent development.

Imitating Portland’s policies of urban growth boundaries will not guarantee quality growth or a better transportation system within a metropolitan area. Urban growth boundaries must be complemented by smart land use, transportation, and housing policies. Portland, though imperfect, has created this complex of policies, and the city’s residents are currently reaping the benefits.

This paper shows that Portland is doing much better than Cox admits. It demonstrates that many of Cox’s statistics are questionable, if not simply false.

Cox’s writings have distorted the facts. We aim to correct the record.

Smart Growth cuts congestion

Cox claims: From 1990 to 1999 Atlanta’s per capita daily VMT increased 20.6 percent compared with 28.5 percent in Portland. And, Portland’s daily hours of delay will increase, due to transit oriented development, on roadways by 600 percent by 2020.

**Error Number One**

This finding is based on a statistic that has since been corrected by its authors.

Cox uses Federal Highway Administration data on population and daily vehicle miles travelled (VMT) for the Portland-Vancouver region. The FHWA has already acknowledged an error in the population estimate for 1999 — the agency accidentally reduced the population for the Portland Metro region by approximately 150,000 from 1998. This makes VMT per capita appear to have increased far more than it actually did.

When this error is corrected, the increase in VMT per capita is about 9.6 percent for the combined Portland-
Vancouver region over the period 1990–1999, not 28.5 percent. This is less than half the increase found in Atlanta.

Even this number is higher than that from another reputable source. According to the federal Highway Performance Monitoring System, actual VMT increase per capita is only 8.2 percent.

To compare Smart Growth with business as usual, Portland is but one good example. Miami/Dade County, Florida, has also had an urban limit line for 30 years. Both Portland and Miami show dramatically lower overall driving than Atlanta, as well as much slower rates of increase. These are shown in Chart 1.

These results have led the independent Texas Transportation Institute (TTI) to find, “The rate of growth in traffic congestion is starting to slow, and Portland’s long-term attack on transportation problems is starting to give the region an edge over cities that have spent hundreds of millions of dollars on new freeways.”

**Error Number 2**

Cox uses the TTI travel time index to claim that Portland and Atlanta are tied in 8th place for congestion. However, TTI’s supporting documents say that the Travel Time Index is an intermediate value used to calculate the hours of delay, excess fuel, and congestion cost. It measures average vehicle speed, not the real world effect of congestion. The real picture emerges when time lost in traffic is compared. When Atlanta is compared to other less sprawling regions, it reveals the advantages of a compact area over a sprawling one (Table 1).

**Since 1992, Portland’s congestion rankings have either remained unchanged or improved slightly. Meanwhile, Atlanta, which in 1992 was 16th nationally in congestion, has shot to the top of the charts.**

Atlanta fares much worse than many cities in their rising cost of congestion (Table 2). When comparing the annual congestion cost from 1990 through 1999, Portland and Miami have increased far less than Atlanta, showing the advantage of maintaining a compact region in the face of growth.

Cox’s Claim: The median price between 1991 and 2000 in Portland rose 110 percent to $168,000;
Smart Growth makes housing affordable

Atlanta’s rose 65 percent to $150,000 and nationwide the average rose 49 percent to $152,000.

**Error Number 1**

Cox’ source, the NAHB affordability index, overstates the housing affordability problem in Portland. Portland has a median income of $55,900 and median sale price of $168,000, making the ratio of price to income 1 to 3. However, the NAHB gives Portland an affordability score of 40.2. Using a simple ratio of price to income, Portland is more affordable than Santa Barbara, California, where median income is $56,500 and

the median sale price is $210,000 (a ration of 1 to 3.7). However, the NAHB system ranks Santa Barbara as more affordable, with a score of 45.7. Similarly, Denver is ranked much more affordably, with a score of 56.3, even though that city’s ratio of income to home price is exactly the same as Portland’s.

The NAHB index doesn’t reflect reality, because its methods are overly abstract. To determine affordability, the NAHB calculates a home mort-

gage and compares it to the median income in an area. Because mortgage calculations are affected by property taxes and insurance, the abstract model gives some curious results. Oregon’s voters have chosen to have high property taxes, in return for having no sales tax. Insurance rates are also higher in Oregon than in many other states. These factors throw off standardized, nationwide calculations.

**Error Number 2**

Cox blames the city’s Urban Growth Boundary (UGB) for housing costs, ignoring other factors. While housing in the region did get more expensive for the first few years of the 1990s, land supply played a very small role in rising costs.

According to the Oregon Housing Cost Study, the median home price in the Portland area rapidly increased from 1991 to 1998. Yet in looking at specific developments, the increase in raw land costs was only $15,704 of the total increase, less than the $25,317 increase in hard and soft land costs, such as water and sewer lines, utilities, system development charges, and architecture fees. The same held true elsewhere in the state. In Eugene-Springfield, the modest increase in land costs, $1,778, was dwarfed by the increase in the cost of building the house itself, $18,772. In Salem, land costs rose by only $1,542 while hard and soft land costs rose by $21,670 and the cost of building the house rose by $12,791. The only cost a UGB could affect is land cost. Land cost has risen slightly, but other costs are responsible for most of the housing price increase.

Finally, Oregon’s UGB laws do not restrict the amount of available land. Oregon law requires fast-growing cities, cities with populations over 25,000, and metropolitan service districts to include enough buildable land for the next 20 years of residential growth within their urban growth boundaries (Oregon Revised Statutes, 197.296). A perpetual 20-year supply of residential land clearly is not a severe limit.

A joint study by the Home Builders Association of Metropolitan Portland and 1000 Friends of
Oregon concluded that Oregon’s program of UGBs, in combination with other tools from the land use program, has kept housing prices in the Portland metropolitan area lower than other West Coast cities. This is because the program requires cities to designate land for all types of housing, and because developers wishing to build on that land get one of the fastest permitting processes in the nation.

In 1992, the same group wrote, “Land use regulation can in fact be a powerful force to reduce housing costs and red tape. In Oregon, it has done just that.”

**Error Number 3**
Focusing on affordability in 1990 and 2000 ignores the more detailed trend. Despite an ongoing economic boom, Portland’s housing cost increases flattened out after 1995, and now roughly match the rate of inflation. Chart 3 indicates how home prices changed as the UGB was created and the Functional Plan (land use plan for the region) was adopted. In fact, the percent change in home prices stabilized and began to fall as the Functional Plan was adopted. If anything, this graph shows that the region’s land use rules have been a success. This could be because developers enjoy the stable environment of predictable land use rules. The Oregon system seems able to provide housing reliably, even during boom times.

**Error Number 4**
Growth management actually helps improve affordability. A Rutgers University study concluded that without a statewide planning act in New Jersey, each new home would cost $12,000 to $15,000 more. Rutgers pegged capital costs attributable to sprawl development patterns at $1.3 billion over 20 years for roads, water, sewer and school facilities. Additional operating and maintenance costs of $400 million annually were linked to sprawl development.

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**Scholars’ views on growth boundaries**

In 1998, Eban Goodstein, a Professor of Economics at Lewis and Clark College, examined the relationship between the UGB and housing prices. He concluded, “Is Portland’s UGB responsible for an affordability crisis in that city? Our answer is probably not.”

In the peer-reviewed journal Contemporary Economic Policy, Eban Goodstein of the US Department of Justice wrote, “We find the UGB has created upward pressure on housing prices, but the effect is relatively small in magnitude.”

The Spring 2000 Journal of the American Planning Association also suggests UGBs don’t have a significant impact on housing affordability (Rolf Pendall, “Local Land Use Regulation and the Chain of Exclusion.”) Pendall writes: “According to this study, permit caps and growth boundaries, often modeled as supply constraints that will inexorably elevate housing prices, did not consistently reduce housing growth in the 1980s. Neither did they have any consistent average effect on housing unit types, tenure, or affordability....”

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**Smart Growth helps a region’s economy**

Cox’s claim: During the 1990s, Atlanta’s employment increased 37.3 percent compared with 30.5 percent in Portland. Median household income also increased more dramatically in Atlanta, up 52 percent here from 1990 to 2000 compared with 44.7 percent in Portland.

**Error Number 1**
Both Portland and Atlanta boomed in the 1990’s. A 30.5 percent increase in employment is not evidence of policies that hurt the economy. Statewide, Oregon’s total employment per capita remained the same throughout the 1990s, at about .5 jobs per capita.

**Error Number 2**
Growth management has actually helped the Oregon economy considerably.

- Because of growth management, Metro Portland’s counties remain in the top 5 nursery producing counties in the state, and have high agricultural output.
- The high usage of transit in the Portland region removes approximately 51.7 million car trips from the regional infrastructure. Transit also allows for more efficient use of land, keeping people closer to their destinations.
Cox’s claim: State and local government costs rose 13 percent per capita in Georgia compared with 82 percent in Oregon.

**Error Number 1**

These numbers are apples and oranges. Oregon’s 16.5% increase per biennium between 1991–1993 and 2001–2003 is due to new mandates from its voters. Two thirds of the $6 billion growth came from the voters’ shifting the state’s education budget from school district property taxes to state income taxes. Another billion came from increased access to health care for moderate and low income Oregonians under Measure 44. Another $290 million came from increased spending on prisons and parkland.

**Error Number 2**

Smart growth actually saves taxpayers money. According to the non-partisan watchdog group the Tax Foundation, Oregonians pay lower taxes than do Georgians. The Tax Foundation looks at both state and local taxes. They find that the tax burden for Oregon is substantially lower than in Georgia. In 2000, Oregon ranked 39th in the nation, while Georgia ranked 27th.

**Error Number 3**

In fact, sprawl is the system that requires subsidies. In 1989 monograph for the Urban Land Institute, James Frank, associate professor of urban and regional planning at Florida State, estimated a $48,000 per house sprawl “premium” for providing services to a three unit per acre development located ten miles from central facilities and employment centers. By contrast, the same costs for a home in a 12-unit per acre development, located closer in, with an equal mix of townhouses, garden apartments and single family homes, would be 50 percent lower.

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**Smart Growth saves government money**

Even anti-Smart Growthers generally agree that if people want to use mass transit and drive less, public policy should help make this happen. However, they argue that transit is not cost-effective, and that sprawl is the only free-market way to reduce congestion. Portland’s experience demonstrates that transit is cost-effective.

Metro, the Portland regional government, annually tracks vehicle miles driven for the region from roadway vehicle counts. From 1990 to 1999 the region’s actual VM T rose 33%. During the same time period the region saw a 21% increase in population.

However, the miles per person per day has stabilized since 1996 at about 21 miles/person/day. This is in part due to the fact that the Portland region has stayed approximately the same size and its transit usage has increased by 42% over the same time period. As of mid-2000, transit usage had increased in 103 out of the previous 104 months.

Today, 75% of Portland’s public transportation users are car owners that have chosen transit over auto use, at least for some trips. In 1999, the year after Portland’s Westside light rail opened, the number of transit users in the corridor increased 137 percent, to 33,900 average daily trips. 12,000 new people were riding transit for the first time. As of 2001, the light rail system carries approximately 70,000 trips per day.

There is no secret silver bullet or cultural difference in the Portland region that induces people to drive less. They have safe and pleasant ways to walk or bike such as sidewalks, pedestrian crossings, bike lanes, and places to walk to. They have a convenient bus system. Under such circumstances, people anywhere will drive less.