Controversy and Debate over Possible Causes Poverty Concentration

- Manifestation of “natural” growth – rising incomes, preferences suburbs
  -or-
- Result of foolish government policies and perverse government incentives to local governments, developers, homeowners.

Casual Ordering Questions

- Did the decline of the central cities inspire suburban sprawl by giving the middle class ample reason to flee the frightening poverty and social disorder of the inner city?
- Or did suburban sprawl erode the tax base and siphon off middle-class families and institutions, thereby destabilizing central-city neighborhoods and causing their decline?

Spatial Disparities

- Automobile reliance – middle-class SFH, racial tensions, school desegregation, government incentives/subsidies encouraged suburbanization.
- Suburban sprawl disproportionately benefits new developments and higher tiers of income distribution...
- Process leads to concentrations of poverty which physically and socially isolate segments of the population from society, education resources and employment opportunities.
- Middle-class exodus... leads to a rapid concentration poverty – Poor replacements.
- Poor neighborhoods are poverty machines.

Urban Transformation

- Urban core historically areas with concentrations of poor – function to assimilate people to new country.
- Concentration Social Problems – housing, unemployment, single parenthood, gangs, violence and drug/alcohol abuse.
- Significant streams of poor migrating in from abroad – California / Texas.
- Huge poverty increases among blacks and Hispanics – foreign born immigrants.

Dissimilar Housing Types

- No necessary connection need exist – if new suburbs develop a variety of housing types. Gated, low and moderate income.
- Pockets of poverty – traps people, isolates them from opportunity - travel and jobs.
- Sprawl is related to poverty and inequality mainly because it creates greater degree of separation between income classes.

California / Regional Analysis

- Substantially higher poverty rate as compared to the rest of the nation
- Higher housing costs than other states - intensified by population increases.
- Greater proportion of high-poverty groups – foreign-born (non-English speaking).
- A large proportion of families headed by single women with children which have the highest poverty rate.
- Tremendous growth – Tremendous Challenges. Pro-active responses.
- We are at the Crossroads – future depends on our responses today.
Federal Impact on Sprawl

From Chapter 6 in Squires titled “Encourage, Then Cope: Washington and the Sprawl Machine.”

Basic Point: Given underlying factors pushing sprawl, the federal government engages in policies that exacerbate the problem. Something about mitigation

Five underlying factors:

1. Strong History of Property Rights
2. Fragmented Local Government
3. Disproportionate Political Influence of Interest Groups
4. Innovation in Transportation and Communication Technology
5. Large Supply of Land

Four Sprawling Federal Policies:

1. Housing Policy
   a. Property tax deduction
   b. Home-loan guarantee
2. Defense Spending
   a. Focused on western U.S. accelerated car-based development
3. Transportation Spending
   a. Bias towards highway spending
4. Environmental Regulations
   a. Brownfield clean-up and Environmental Impact Report (EIR) requirement

Policy Recommendations for SACOG:

- Transportation – Use the flexibility given by TEA-21 to lessen the gap between the social benefit and private cost of transit
- Environment – Test brownfield sites to take the uncertainty away for potential developers and prioritize those best suited for development

Note on Utility (Happiness) Maximization:

All the economic models we have looked at that involve consumer choice – bid-rent functions, supply and demand graph for mass transit and auto usage – have a basic assumption that consumers know exactly the choices that will make them happiest.

There is a growing body of experimental evidence that suggests people systematically overestimate the utility they will get from purchases over time. We may adapt to some goods lessening their value over time (like new jewelry). With housing, the preference for a large and isolated home may make social interactions less likely and frequent. Some economists and psychologists suggest that we would adapt and gain less utility that we thought with the large home, but that social interaction gives lasting utility. So people choosing low density neighborhoods may not be maximizing utility.
Midterm Presentation by Brian Salverson

Sprawl, Concentration of Poverty, and Urban Inequality

Written by Paul Jargowsky

I. Sacramento Regional Land Use Issues
   A. Projected Population Growth
      1. Regional growth of 1.7 million in next 50 years
   B. PPIC surveys
      1. Sacramento Area: growth top concern, public outcry for regional coordination.
   C. SACOG: needs to show more leadership

II. Paul Jargowsky
   A. Historical decline of the central city.
      1. Automobile, economic growth, and increased racial tensions
      2. Resulting outcomes: income segregation, racial segregation, and concentrated poverty
   B. Economic Explanations
      1. Spatial Mismatch Hypothesis
      2. “Flight from Blight”
   C. Criticism of Jargowsky
      1. Failure to introduce “Tiebout Hypothesis”
      2. Failure to adequately explain labor market’s role and “Skills Mismatch”
      3. No explicit policy recommendations are made
   D. Valuable Contributions
      1. Places focus on equity dimension of sprawl
      2. Points out that people are responding to existing incentives and the rules of the game
      3. Recognizes that zoning, tax rules, development subsides, and government intervention all play roles.

III. Policy Recommendations
   A. Inclusionary Housing
      1. Means towards overcoming spatial segregation
      2. Gautreaux example
      3. California example: lack of compliance
   B. Earned Income Tax Credit
      1. Targets families
      2. Does not place burden on business owners
      3. No waiting list
Sherry Okun’s study of Charles Jaret’s article, “Suburban Expansion in Atlanta: ‘The City without Limits’ Faces Some” looks at the pitfalls and policies of sprawl in Atlanta in relation to expected growth in Sacramento.

**Major Themes Historically Related to Land Uses in Atlanta**

- Segregation
- Leapfrog Development

**Recent Policies Meant to Combat By-Products of Sprawl**

- Georgia Regional Transportation Authority (GRTA)
- Greenspace Programs
- Encouraging Smart Growth Development
- Business Commitment to Preserving Downtown

**Lessons for Sacramento**

- Make Light Rail Available in All Neighborhoods
- Relax Zoning Codes to Promote Mixed-Use Developments
- Keep Intown Neighborhoods as Substitutes to Outer Suburbs
Summary: What is this article about?

- In 1973, Governor Tom McCall convinced Oregonians to renew their covenant with their land, and encouraged each citizen to “act right” instead of letting the behavior of the “grasping wastrels” take over the land.
- Urban growth boundaries (UGBs) in Portland are an important planning tool which have acquired strong and symbolic power among their residents.
- This planning tool proves that choices about a boundary’s management involve technical questions as well as making “morally” conscious decisions.
- Oregon Senate Bill (SB) 100 [revised SB 10] passed in 1973 required every Oregon city and county to prepare a comprehensive planning strategy which promotes statewide goals of encouraging “strong local planning” within state guidelines that uphold a positive vision of the public interest.
- The Land Conservation and Development Commission (LCDC) mandates local governments to revise unsatisfactory planning and development strategies.
- In 1978, Portlanders adopted and approved a formation of regional government – Metro (Metropolitan Service District) which has a directly elected council and executive to manage growth and development proposals.
- Oregon embraced the “moralistic community” which understood politics as a public activity centered on some notion of the “public good” and properly devoted to advancing public interest.
- The UGB is “a symbol of morally informed choice, and [an] example to many Oregonians of watchful, caring, [and] rational stewardship.”

Critiques of the Strengths and Weaknesses of the Article:

- The urban growth boundary in Portland works well because there is a strong and politically savvy constituency of businesses and citizens who are committed to living and investing in protecting and promoting central-city living within an UGB.
- The UGB debate continues between supporters of “smart growth” and development advocates who see the UGB as a counterproductive tool in planning. If tools are counterproductive, economic improvement is less likely to happen.
- The Metro council “hangs tough” on growth management, but if the land values outside the boundary drops too low, economic development should be encouraged.

Lessons learned that would be relevant to policy formation in the six-county Sacramento region:

- Since land is finite, managing sprawl should be conducted in a “balanced” manner.
- UGBs will help managed growth. Specifically, flexible boundaries will ensure accountability to handle excessive growth.
- A Land Planning Commission should support “smart growth” if their efforts strive to protect and enhance agricultural development in a fair and balanced manner.
- Collaboration between city planning and program development should blend and share their interests so that an alliance between the voters and the advocates for planning can be formed at city and county levels.
Maryland implemented a “smart growth” package of policies in 1997 with 3 objectives:

1) “to save our most valuable remaining natural resources before they are forever lost”,
2) “to support existing communities and neighborhoods by targeting state resources to support development in areas where the infrastructure is already in place or planned to support it”, and
3) “to save taxpayers millions of dollars in the unnecessary cost of building the infrastructure required to support sprawl.”

Several pieces of legislation were passed to support the aforementioned objectives.

- The 1997 Smart Growth Areas Act directs state funding into already developed or planned areas of growth.
- The 1997 Rural Legacy Act aims to preserve agricultural land by allowing land trusts and local governments to purchase development rights.
- The Brownfields Voluntary Cleanup and Revitalization Incentives Program gives tax breaks and shields owners from retroactive liability concerning brownfields.
- The Job Creation Tax Credit Program aims to bring jobs to the central city areas, as opposed to the suburbs. A tax credit is provided for each new full-time job that is created by a qualified business.
- The Live Near Your Work Program attempts to bring people closer to their jobs. Employees are given incentives to purchase homes near their workplaces.

Any success that Maryland has in curbing sprawl may be due in part to the programs being implemented statewide. The Sacramento region cannot act alone and expect to have similar outcomes. Without a statewide mandate there is too much competition between localities which distorts where firms and people locate.

Possible courses of action for SACOG:

- Even without a state mandate, cities within the Sacramento region could help to curb sprawl by directing state-provided funding towards areas within their boundaries that already have infrastructure. In order to encourage this, SACOG could threaten to withhold transportation funds from the area’s cities.

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• SACOG should implement a program similar to Maryland’s Live Near Your Work program. Federal and state grants should be applied for in order to fund this program.
Sprawl Concentration of Poverty, and Urban Sprawl

I. Past and future context (nationally and locally)
Sacramento is to double in population in next 50 years
Housing stock should also double

Historical reasons for sprawl
G.I. Bill
Desegregation
Economic prosperity

Increasing concentration of poverty

<table>
<thead>
<tr>
<th>Metropolitan Area</th>
<th>Geographic Area</th>
<th>Population</th>
<th>Number of Census Tracts</th>
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<tbody>
<tr>
<td>New York</td>
<td>51</td>
<td>–4</td>
<td>–11</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>107</td>
<td>123</td>
<td>40</td>
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<tr>
<td>Chicago</td>
<td>108</td>
<td>7</td>
<td>35</td>
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<tr>
<td>Philadelphia</td>
<td>48</td>
<td>–9</td>
<td>1</td>
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<tr>
<td>Detroit</td>
<td>307</td>
<td>248</td>
<td>192</td>
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<tr>
<td>Dallas-Ft. Worth</td>
<td>51</td>
<td>135</td>
<td>100</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>52</td>
<td>–43</td>
<td>0</td>
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<tr>
<td>San Francisco</td>
<td>136</td>
<td>37</td>
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<td>243</td>
<td>292</td>
</tr>
<tr>
<td>Boston</td>
<td>39</td>
<td>36</td>
<td>25</td>
</tr>
<tr>
<td>Minneapolis-St. Paul</td>
<td>363</td>
<td>224</td>
<td>200</td>
</tr>
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</table>

Minorities are hurt relatively more
i.e. higher unemployment, increased % in concentrated poverty, and social distress that’s associated

Racial segregation and labor market can’t be driving forces
Segregation declined and average metro economies grew 1970-1990

II. Circular relationship between sprawl and concentration of poverty

Sprawl is partially a result of affluence and preferences

Sprawl promotes income and racial segregation
Sorting by municipal services such as school quality and differing tax schemes
Suburbanization has always been about a “push” away from urban qualities and “pull” to get suburban qualities

Median income rises with newer houses (geographical zones)
Homogeneity also increases in terms of income, race, and ethnicity with newer homes

<table>
<thead>
<tr>
<th>Median Year Built</th>
<th>Central City</th>
<th>Suburbs</th>
<th>All</th>
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<tbody>
<tr>
<td></td>
<td>Mean Household Income ($)</td>
<td></td>
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<tr>
<td>1949 and earlier</td>
<td>32,500</td>
<td>42,501</td>
<td>35,370</td>
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<tr>
<td>1950–1959</td>
<td>34,336</td>
<td>44,854</td>
<td>40,240</td>
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<tr>
<td>1970–1979</td>
<td>38,829</td>
<td>43,915</td>
<td>42,626</td>
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<tr>
<td>1980–1989</td>
<td>44,873</td>
<td>50,549</td>
<td>49,037</td>
</tr>
<tr>
<td></td>
<td>Standard Deviation of Neighborhood Mean Incomes ($)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1949 and earlier</td>
<td>17,174</td>
<td>24,267</td>
<td>19,994</td>
</tr>
<tr>
<td>1950–1959</td>
<td>18,441</td>
<td>21,921</td>
<td>21,123</td>
</tr>
<tr>
<td>1960–1969</td>
<td>19,097</td>
<td>20,194</td>
<td>20,156</td>
</tr>
<tr>
<td>1970–1979</td>
<td>16,400</td>
<td>16,734</td>
<td>16,796</td>
</tr>
<tr>
<td>1980–1989</td>
<td>16,609</td>
<td>17,229</td>
<td>17,250</td>
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<td></td>
<td>Coefficient of Variation</td>
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<tr>
<td>1949 and earlier</td>
<td>0.53</td>
<td>0.57</td>
<td>0.57</td>
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<tr>
<td>1950–1959</td>
<td>0.54</td>
<td>0.49</td>
<td>0.52</td>
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<td>1960–1969</td>
<td>0.51</td>
<td>0.45</td>
<td>0.48</td>
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<tr>
<td>1970–1979</td>
<td>0.42</td>
<td>0.38</td>
<td>0.39</td>
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<tr>
<td>1980–1989</td>
<td>0.37</td>
<td>0.34</td>
<td>0.35</td>
</tr>
</tbody>
</table>

Central cities lacking in terms of transportation, employment information, and possibly employment opportunities

Central city schools cost more but are loosing their tax base

Poor neighborhoods reduce positive peer group effects

**III. Policy Implications**
Inconsistent use of the term “sprawl” detracts from the issues
Low-density: benefits vs. costs
Most vacant land is on periphery of urban areas
Exclusionary effects and policies are main culprits with respect to the concentration of poverty

Suburbanization increases the number of local governments and pits one community against another through competition for the tax base
Presentation Outline


- Theme: Political feasibility of metropolitan reform.

- ‘First wave’ – metropolitan reformers in the mid-20th century. Metropolitan solutions rested on a particular vision of reason and the power of rational ideas (efficiency & rational planning) to lead to restructured institutions. They implicitly believed that metropolitan fragmentation was a passing phase.
  - Challenge: resistance grounded in concrete interests, allegiance to local loyalties, and pragmatic suspicion to change.

- “Second wave” – contemporary metropolitan reformers – other articles in the book. Introduces environmentalism and social equity as motivating values for metropolitan reform. These carry a stronger normative punch and add up to a more politically sophisticated assault on the forces of fragmentation. This reformulated argument uses ideas to mobilize interests, resulting in a more potent combination.
  - Challenge: Coalition against metropolitan reform has also become more sophisticated through the elaboration of its own powerful set of ideas – Public choice theories provide the argument that smaller jurisdictions are more efficient, responsive, and conducive to personal freedom. In some cases resistance is rooted in racial and class suspicions. Furthermore, resistance has become more ingrained, because the institutions of metropolitan fragmentation have, over time and cumulatively, reconfigured interests in ways that further reinforce them – an attribute not fully appreciated by both the first and second waves of metropolitan reformers.

- Strategies: Using institutions to change institutions – i) using the authoritative power of higher levels of government to mandate or systematically encourage local reforms. ii) using the judicial system. iii) shifting authority over certain kinds of decisions to already existing units of government that operate on a metropolitan or state scale. iv) “seeding” the ideas and interests of metropolitanism.

- Recommendations. Along with the above strategies, I suggest 3 policy actions: i) Strengthen planning requirements protecting farmlands and natural areas; ii) Increase public awareness/appreciation of the population and land-use issues highlighting the grave consequences of doing business as usual; and iii) removal of suburban minimum lot size zoning regulations, and the introduction of development taxes along with congestion tolls.
Adrienne Shilton
PPA 251

Less Sprawl, Greater Equity? The Potential for Revenue Sharing in the Chicago Region

I. Summary of California growth issues
   - A crisis in Affordable Housing (housing prices and rents in many regions across the US are sky high, not to mention inadequate affordable housing production)
   - Disappearing Landscapes and Farmlands (farmland and open space are being devoured at a fast rate)

II. Local Government Finance
   - The “fiscalization” of land use (current policies in many regions across the United States create a situation where local governments are encouraged to act in ways that only benefit their municipalities. These policies do not necessarily benefit the region and usually end up hurting the lower-income population)
   - Barriers to sustainable development (the authors argue that because of the incentive structure of local government finance, we need to be thinking about structural reform)

III. Revenue Sharing: A tool for smarter, more equitable community investments
   - Minneapolis-St. Paul example (in Minneapolis-St. Paul, each city has to contribute a percentage of their growth to a commercial and industrial tax base to a regional fund. This case of revenue sharing began in 1975, and the authors explain that the program has reduced fiscal inequality in the region.)
   - Past Sacramento efforts (Sacramento Assemblyman Darrell Steinberg realized that the current incentive structure for local government finance needed to change to address sprawl and inequity. His legislation would have fundamentally changed the way sales tax revenues were distributed in the six counties. The end goal was to reduce competition over massive auto or shopping malls, and incentivize land uses that were more in line with regional needs.)

IV. Investing in a Sustainable Future
   - New revenue sharing program for Sacramento region; a better calculated approach (The next sales tax revenue sharing bill in our region needs to be promoted in a way that overcomes the idea of local autonomy – a very real and powerful force in California. Participation should be voluntary; however the participation would be tied to incentives like infrastructure or other state funding to program participation)
EXECUTIVE SUMMARY

The analysis of the article titled “Transportation, Land Use and the Impacts of Sprawl on Poor Children and Families” from Gregory Squire’s book, Urban Sprawl, was commissioned by Sacramento Area Council of Governments (SACOG) Board of Director and Sacramento Mayor Heather Fargo. The analysis explores the consequences of sprawl on poor families and contributing concepts that contribute to the low quality of life they experience as a result of sprawl, discusses the applicability of problems raised in the article to the greater Sacramento area and suggests possible public policy options to combat the negative effects on poor families generated by sprawl.

In the next 50 years, the greater Sacramento metropolitan region, including the Counties of El Dorado, Sacramento, Sutter, Placer, Yolo and Yuba, is projected to undergo huge population and demographic changes that will greatly impact land use decisions. It is projected that the rate of growth and particularly, the rate of growth in the number of households with children under the age of 18, will decrease from current levels. Despite a decrease in growth rates, the area will add an additional 1 million jobs, 1.7 million residents and 800,000 households. The projected growth will require local governments to plan and prepare now for the influx of people in the region so that negative effects of sprawl can be eliminated or mitigated. The analysis will illustrate that growth and sprawl have adverse consequences on poor children and their families.

This analysis examines sprawl and how it affects the transportation and housing options available to families with children, particularly low-income families, defined as an annual income of $10,000 or less per family member. In addition to suffering the negative externalities of sprawl like congestion, air pollution, noise, less exercise and fewer opportunities to develop dependence from their families, poor families with children are harmed more by sprawl as it determines the type of housing their families can afford and personal transportation and accessibility.

Additionally, the analysis recommends the following public policy responses to address the adverse consequences faced by poor families as a result of urban sprawl.

- Change public transit policy so that it allows for easier migration of people outward from the city;
- Provide incentives to businesses that either hire local residents and/or relocate to areas in which have been abandoned;
- Allow the use of portable housing vouchers;
- Increase the number of affordable housing units throughout the region;
- Encourage the development of pedestrian-oriented developments and inclusionary zoning.