



# DEBUNKING CATO: Why Portland Works Better Than the Analysis of Its Chief Neo-Libertarian Critic

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CONGRESS  
FOR THE  
NEW  
URBANISM

A CNU Fact Check

In a “Policy Analysis” written for the libertarian Cato Institute, Randall O’Toole calls Portland, Oregon “The City That Doesn’t Work,” condemning its attempts to reduce sprawl and automobile dependence through urban growth boundaries, light rail expansion and transit-oriented development.<sup>1</sup> In this report, I seek to show that O’Toole’s attacks on Portland often miss the mark by distorting and misrepresenting data.

Let’s get one thing straight from the beginning. Much of O’Toole’s “Policy Analysis” has little to do with “policy” or “analysis.” His paper begins with a personal attack on former Portland Mayor Neil Goldschmidt, who held the city’s top office way back in the 1970s though he’s worked as an influential lobbyist since then. O’Toole psychoanalyzes Goldschmidt, stating that “For Goldschmidt, the big advantage of light rail was that it was expensive, easily absorbing most of the federal funds that had been allocated to the Mt. Hood Freeway”.<sup>2</sup> He also accuses Goldschmidt of statutory rape,<sup>3</sup> using “political muscle to have friends, relatives and political proteges appointed to various high offices”,<sup>4</sup> creating a “light-rail mafia ... to favor Goldschmidt’s clients and friends”,<sup>5</sup> and being “involved in a shady deal to take over Portland General Electric [a local utility].”<sup>6</sup>

Even if Neil Goldschmidt is a bad man, O’Toole’s personalization of complex transportation and land use issues is not particularly relevant to the substance of these issues. Cato’s web page says the institution is devoted to “limited government, individual liberty, free markets and peace”<sup>7</sup> — none of which is obviously related to Neil Goldschmidt’s alleged nasty deeds.

But underneath O’Toole’s mountain of personal attacks lies a few arguments worthy of discussion. O’Toole suggests that:

- 1) Improvements to Portland’s transit system have failed to increase transit ridership;
- 2) Portland’s attempts at transit-oriented development have consistently failed;
- 3) Portland’s attempt to limit sprawl by revitalizing its central city has failed;
- 4) Portland’s planning system has failed to attract popular support;
- 5) Portland’s urban growth boundary has made Portland one of America’s most expensive cities;
- 6) Portland’s transportation policies have made Portland one of America’s most congested cities; and
- 7) Portland’s plans have created a business-unfriendly environment.

The strategies adopted in Portland aren’t completely synonymous with New Urbanism. The region’s urban growth boundary, in particular, splits new urbanists into at least two camps -- those who see it as a beneficial way to curb sprawl and preserve valuable natural resources and those who eschew such broad restrictions on sprawl in favor of efforts to empower and legalize urbanism so it can compete on a level playing field. But in its commitment to improved transit, its embrace of mixed-use development on traditional city streets and blocks, and other strategies, the Portland way is very compatible with the Charter of the New Urbanism, so it’s worthwhile to consider carefully O’Toole’s assertions about the failings of these strategies to determine how much validity there is to them. Not much, it turns out.

Let’s take them in order.

## I. Transit Ridership

Undeniably, Portland's transit ridership has increased since light rail was instituted in 1986.<sup>8</sup> Between 1987 and 2006, the number of bus riders increased from 30.6 million to 47.7 million (an increase of more than 50%), while the number of rail riders increased from 4.7 million to 27.2 million (an increase of about 500%). Overall transit ridership has more than doubled, from 35.4 million to 74.9 million.<sup>9</sup> By contrast, the population of Portland's urbanized area has grown by only about 50-60%.<sup>10</sup>

During most of this period, Portland had only one light rail line. Since Portland's second light rail line opened up in 1998,<sup>11</sup> ridership grew more rapidly than during the early years of Portland rail. Between 1997 and 2006, Portland's light rail ridership grew from 7.8 million to 27.2 million (an increase of over 200%), and total transit ridership grew from 51.4 million to 74.9 million (an increase of roughly 45% in just nine years).<sup>12</sup>

O'Toole seeks to minimize the significance of Portland's success by pointing out that Portland's transit ridership grew more slowly than driving back in the 1980s, "when the region's first light-rail line was under construction."<sup>13</sup> But for the first half of that decade, Portland's light-rail line had not yet been built. Obviously, an unbuilt rail line is not likely to contribute to transit ridership.

O'Toole also points out that Portland's buses suffered occasional drops in ridership; indeed, bus ridership dropped in 4 of the past 20 years (1988, 2003, 2005, 2006).<sup>14</sup> However, these fluctuations are not due to Portlanders' inherent dislike of public transit. O'Toole himself blames these declines on service cutbacks, stating:

- "cost overruns forced Tri-Met to raise bus fares and reduce service" in the 1980s.<sup>15</sup>
- "Tri-Met had to make service cuts due to the 2001 recession."<sup>16</sup>
- In 2006, "due to budget and service cuts, Portland transit ridership grew by an anemic 0.1 percent."<sup>17</sup>

On this subject, O'Toole is in violent agreement with transit advocates: both agree that when transit service is reduced, ridership will decline. It logically follows, then, that when service increases, transit ridership will rise as has been the case, in fact, when Portland's transit agency increased, rather than reduced, service. It further follows that had Portland consistently increased service (rather than occasionally reducing bus service), it would have achieved even greater increases in ridership.

O'Toole tries to tie light rail growth to service cutbacks, asserting that Portland cannibalized its bus system to build light rail.<sup>18</sup> But the overall growth of Portland's transit ridership (discussed above) suggests otherwise. In any event, the proper balance between bus and rail is a technical and difficult issue.

What is more important is Portland's overall achievement: a transit system that has experienced increased ridership to a much greater extent than most. As noted above, transit ridership has doubled in Portland over the past twenty years.<sup>19</sup> By contrast, transit ridership has increased nationally during this period — but by only about 15%.<sup>20</sup> So by national standards, Portland's transit system is a success — a flawed success, to be sure, but a success.

What are the broader implications of this success? It may be the case that, as O'Toole argues, Portland could have achieved even better results by emphasizing buses more and rail less. But regardless of the proper balance between rail and buses, the growth of Portland's transit ridership shows that where transit service is improved, ridership will grow. And the occasional

dips in ridership pointed out by O'Toole show that where transit service is reduced, ridership will not grow. Either reality rebuts the common claim that transit ridership will never grow anywhere because Americans are "wedded to their cars."

## II. Transit-Oriented Development

Several transit-oriented developments have cropped up next to light-rail stations. O'Toole brands these developments as failures, because "there is little evidence that they have significantly changed people's travel habits."<sup>21</sup> For example, O'Toole criticizes the mixed-use Orenco Station development. Citing a study by Lewis & Clark researcher Bruce Podobnik, O'Toole relies upon Podobnik's statement that "most residents of the neighborhood report using alternative modes of transportation far less than do their counterparts in Northeast Portland."<sup>22</sup>

However, a look at Podobnik's study reveals a somewhat different story. The study points out that 18% of Orenco Station residents use public transit to get to work —<sup>23</sup> a figure higher than the regional average.<sup>24</sup> Although this figure is lower than the figure for Northeast Portland, this fact proves little, because Northeast Portland is the city's poorest, and thus most transit-dependent area.<sup>25</sup> More important is Podobnik's finding that Orenco's design increased transit usage. According to his survey of Orenco residents, 69% of Orenco residents used mass transit more frequently than in their prior neighborhoods.<sup>26</sup> Thus, the Podobnik study suggests that transit-oriented development does have a positive effect upon transit ridership.

By contrast, O'Toole's criticism of Cascade Station, a transit-adjacent office-retail-hotel development, is more persuasive. This area near Portland's airport was originally slated for development as early as 2001, but in fact is just beginning to develop. Why? According to O'Toole, "no one wanted to lease a small shop or office on a site that was miles from any residential areas."<sup>27</sup>

However, O'Toole's claim actually bolsters a common new urbanist view: that mixed use development can actually be as or more profitable than single-use development. If Cascade Station had included a residential component, its residents could have lived within walking distance of its stores — a factor that might well have accelerated Cascade Station's commercial development. Thus, the answer to Cascade Station's problems is better urbanism rather than sprawl.

O'Toole also complains that these developments are heavily subsidized. As Toole points out, the city relies heavily on tax-increment financing (TIF), which he describes as follows:

Under tax-increment financing, the existing property taxes collected from an urban renewal district are frozen, meaning they are distributed, as before, to schools and other services. All property taxes collected on new improvements — the increment — are used to subsidize those improvements.<sup>28</sup>

In other words, the government treasury is no worse off than before the improvements were made, because only the revenues arising from the improvement itself escape government hands — hardly a subsidy comparable to more traditional subsidy programs.

### III. Portland and Sprawl

Portland's rising transit ridership is not unique; other cities have improved their transit systems and experienced increased transit ridership. What makes Portland unique is the survival and growth of its regional core: while many central cities have grown very slowly or declined in recent decades, Portland's central city has grown almost as fast as its suburbs.

O'Toole himself writes between 1990 and 2000, Portland grew by 21 percent.<sup>29</sup> This rate of increase is only slightly lower than that of Portland's surrounding suburbs; during the same 1990-2000 period, the population of the Portland urbanized area grew by about a third.<sup>30</sup>

But O'Toole prefers to see the glass as half-empty rather than as half-full: according to O'Toole, the fact that some suburbs are growing faster than Portland is evidence that "people escaped Portland's planning system by moving to communities outside the reach of Portland planners."<sup>31</sup> This argument overlooks the possibility that a suburb with a large amount of undeveloped land will always grow faster than a suburb or central city with less undeveloped land, even under a relatively pro-urban planning system. Thus, Portland should be compared not just to its own suburbs but to other cities with less aggressive planning policies. Is the "growth gap" between Portland and its suburbs larger or smaller than the gap between other cities and their suburbs? If the gap is larger, then maybe Portland has been doing something wrong. But if the gap is smaller, Portland's planning policies, whatever their demerits, may have limited sprawl.

Table 1 below compares Portland with other western cities of similar size and regional growth rates.

TABLE 1: Portland vs. Other Western Cities

	1980-2000 population growth <sup>32</sup>	
	Cities	metropolitan area
Portland	43	43
Denver	12	47
Seattle	14	46
Salt Lake City	11	46

In all four regions listed above, regional population grew by about 40-50%. But Portland's results radically differ from those of other cities. In Portland, the city grew as fast as the suburbs. Elsewhere, the suburbs grew three or four times as fast as the city. Thus, Portland's policies appear to have been more successful at containing sprawl than those of comparable cities. Or put another way, comparatively fewer Portlanders chose to "escape" their central city than their counterparts in other major western cities.

If Portland had always been a rapidly growing city, it could be argued that Portland's policies had nothing to do with its progress. But in fact, Portland actually lost population between 1950 and 1980, unlike Denver, Seattle and Salt Lake City (all of which experienced modest population growth during this period).<sup>33</sup> So if Portland had not enacted an urban growth boundary (UGB) in the early 1980s, it might have become a declining city like Baltimore or Cleveland, rather than a slowly growing city like Denver or Salt Lake City.

O'Toole argues that regardless of Portland's overall growth rate, its high housing prices have prevented the city from retaining families with children. He points out that "only 21 percent of city of Portland residents are under the age of 18, compared to 27 percent of Portland's suburban residents."<sup>34</sup>

In fact, the number of children in Portland actually increased during the 1990s. Census data show that between 1990 and 2000, the number of children under 5 increased by 6% (from 30,314 to 32,300), and that the number of children under 18 increased by about 16% (from 95,762 to 111,454).<sup>35</sup> Thus, it is no longer the case that Portland is losing children to its suburbs.

In sum, Portland, unlike many other American central cities, has continued to attract new residents- both adults and children.

#### **IV. Do Portlanders Like Portland's System?**

O'Toole argues that Portland's planning system is unpopular because "several recent elections and other events have seen defeats for the planners, but they continue to plan anyway."<sup>36</sup> However, most of his claims relate to events nearly a decade ago, such as rezoning decisions in the late 1990s. More recent events do not support his assertion that Portlanders yearn to turn Portland into a more conventional city.

A 2005 survey of Oregon voters showed that 69 percent believed that growth management made Oregon a more desirable place to live.<sup>37</sup> An equally high percentage valued "planning-based decisions for land use" over "market-based decisions for land use."<sup>38</sup> Only 32% believed that current land use regulations were "too strict"; an equal number said land-use regulations were "about right", and 21% even believed that Oregon's land use regulations were "not strict enough."<sup>39</sup> In other words, planners "continue to plan" because Oregonians want them to continue to plan, even as they reject those planners' occasional excesses.

O'Toole points out that Oregonians "worry about a growing gap between Portland's have and have-nots" and that some Portlanders believe that the city's economic development programs are wasteful.<sup>40</sup> But someone's position on economic inequality or wasteful government spending need not predict her opinions on her city's land-use policies, any more than either set of views should predict her opinion about the war on Iraq. Moreover, O'Toole does not provide any evidence that these concerns are shared by a majority of Portlanders.

O'Toole relies on the passage of Measure 37, a 2004 referendum that allowed "anyone whose property values had been reduced by planning or zoning to ask for either compensation or have the rules waived."<sup>41</sup> But as the poll data above suggests, the passage of Measure 37 does not indicate widespread dissatisfaction with the status quo. Measure 37 states:

If a public entity enacts or enforces a new land use regulation or enforces a land use regulation enacted prior to the effective date of this amendment that restricts the use of private real property or any interest therein and has the effect of reducing the fair market value of the property, or any interest therein, then the owner of the property shall be paid just compensation.<sup>42</sup>

At first glance, this seems to be a noncontroversial measure. Who could be against paying property owners "just compensation"? Uninformed voters may well have found such language very tempting, even if they were contented with the status quo.

Moreover, the long-term future of Measure 37 is uncertain. This November, another ballot measure, Measure 49, may limit the reach of Measure 37.<sup>43</sup> The measure may well pass: a recent survey showed that if the 2004 election was held today, Measure 37 would lose 48%-29%.<sup>44</sup>

In sum, it seems clear that Oregonians combine general support for the state’s land-use planning system with concern over the occasional excesses of government. Thus, they certainly do not share O’Toole’s disdain for the planning system as a whole.

**V. Does Portland’s Planning Create Unaffordable Housing?**

O’Toole asserts that Portland’s planning has caused “increasingly unaffordable housing prices.”<sup>45</sup> According to O’Toole, growth boundaries limit the supply of land available for new construction, and thus raise housing prices.

In Portland, the median regional income is \$63,800, and the median house prices is \$280,000 — more than a 4-to-1 ratio. Although this situation is not ideal, other regions without regionwide UGBs have much more serious housing problems. Table 2 below compares Portland to some of America’s most unaffordable markets:

TABLE 2 America’s Most Unaffordable Housing Markets, as of 2<sup>nd</sup> quarter 2007<sup>46</sup>  
(all numbers in thousands)

	Median family income	Median home price	price/income ratio
Portland	63.8	280	4.3
San Francisco, CA	86.5	802	9.2
Los Angeles, CA	61.7	530	8.6
New York, NY	59.5	510	8.5
San Diego, CA	69.4	470	6.7
Miami, FL	45.2	290	6.4
Sacramento, CA	67.2	355	5.2
Las Vegas, NV	60.1	290	4.8
Boston, MA	76.9	353	4.6
Salt Lake City, UT	60.1	266	4.4
Orlando, FL	54.9	240	4.3

As Table 2 shows, many other regions have far more serious housing affordability problems than Portland, whether affordability is measured by average housing prices or by the ratio between housing prices and income.

O’Toole is not foolish enough to deny that some other American regions are far more expensive than Portland. Nevertheless, he claims, “During the 1990s, housing affordability declined by more in Portland than in any other urban area in the United States.”<sup>47</sup> Since his paper was written in 2007, his reliance on 1990s data is as puzzling as it is pointless. In recent years, home prices have risen far more rapidly in the areas listed above than in Portland, as Table 3 shows.

TABLE 3 Where prices rose most (all numbers except percentages in thousands)<sup>48</sup>

	1995 (1 <sup>st</sup> quarter)			2007 (2 <sup>nd</sup> quarter)		% ratio increase
	income	price	price/income ratio	price	price/income ratio	
Portland	42.7	120	2.8	280	4.3	53 (from 2.8 to 4.3)
San Francisco	58.8	273	4.6	802	9.2	100
Los Angeles	45.2	157	3.5	530	8.6	145
New York	43	154	3.6	510	8.5	136
San Diego	45.4	157	3.4	470	6.7	98
Miami	35.7	88	2.3	290	6.4	178
Sacramento	45.2	131	2.6	355	5.2	100
Las Vegas	41.1	120	2.9	290	4.8	65
Boston	53.1	139	2.6	353	4.6	77
Salt Lake City	42.2	121	2.9	266	4.4	51
Orlando	40	87	2.2	240	4.3	95

In nine of the ten metro areas listed above, price/income ratios rose more rapidly between 1995 and 2007 than in Portland. The lone exception (Salt Lake City) was virtually identical to Portland.

If one disregards income changes and focuses solely on price increases, Portland again seems no worse than other markets. As Table 2 shows, the median home price in Portland increased by a factor of 2.3 - hardly a result conducive to affordability. But the median home price roughly tripled in San Diego, and more than tripled in Los Angeles, New York, and Miami. In every single market listed above, home prices at least doubled. In sum, the notion that Portland's price increases are unique among American cities is just wrong.

O'Toole argues that California counties have enacted growth management policies similar to those of Portland, thus explaining California's higher housing prices.<sup>49</sup> But California's UGBs, unlike those of Portland, are not regionwide: they have been adopted by local governments, and thus are easily leapfrogged by developers who can move to nearby counties.<sup>50</sup> These rules have not been adopted in major regional centers, but in agricultural communities: a study published in the University of Michigan's local government policy report showed that cities and counties with UGBs are, on the average, located in counties where 40% of all land is used for agriculture.<sup>51</sup> In Southern California (home of two of the cities listed above, Los Angeles and San Diego), only 15% of all municipalities have UGBs.<sup>52</sup> Thus, California's UGBs are basically toothless, and probably have little effect on major regional cities.

The Michigan study did find that cities with UGBs had somewhat higher housing prices than cities without. However, the "price gap" was quite minor; housing prices increased by 3.5% a year (35% between 1990 and 2000) in cities with UGBs, and 2.1% a year (21% between 1990 and 2000) in the average city without UGBs.<sup>53</sup> Both sets of price increases were far smaller than the housing price increases in the California regions listed above: in Sacramento, San Diego, San Francisco, and Los Angeles, housing prices increased by at least 14% per year (170% over the



1995-2007 period). Thus, it seems unlikely that the UGBs of a few rural and suburban towns had a significant effect on the housing prices of big cities and their inner suburbs.

Finally, O'Toole argues that even if Portland is not the most expensive place in America to live, other cities with less restrictive policies are cheaper. This argument lacks merit for two reasons. First, some cities not targeted by O'Toole are actually more expensive than Portland (such as Boston, Las Vegas and Orlando). Second, some of O'Toole's role models are becoming almost as expensive as Portland. For example, O'Toole claims (without citing any evidence) that "Portland's high housing prices led many potential employers to look at Boise, Omaha or other affordable communities."<sup>54</sup> But Boise is almost as expensive as Portland. The median Boise home cost \$247,000- more than four times the median family income of \$58,500.<sup>55</sup> O'Toole also states that Portland "is far less affordable than many less-regulated housing markets, such as Atlanta, Raleigh, and Houston."<sup>56</sup> However, Raleigh and Houston both have housing price/median income ratios of just over 3;<sup>57</sup> according to O'Toole himself, "markets with ratios above 3 verge on unaffordable."<sup>58</sup> Atlanta's 2.7 ratio<sup>59</sup> is slightly better; however, this ratio actually understates the city of Atlanta's costliness because safer, close-in neighborhoods are far more expensive than the regional average.<sup>60</sup>

Finally, O'Toole's claim that allowing additional development means lower home prices contradicts his own apparent opposition to infill development. In another section of his paper, O'Toole complains that Portland-area planners sought to "densify" existing neighborhoods by allowing additional development within existing neighborhoods.<sup>61</sup> But if Portland allowed builders to develop additional housing units within the city, those units would have increased the supply of housing units, and thus (according to O'Toole's own logic) reduced housing prices. In other words, O'Toole claims that development affects housing prices when it occurs outside an UGB, but seems to think that infill development is somehow immune to the law of supply and demand. How can both propositions be true?

## **VI. Portland and Congestion**

O'Toole claims that Portland has suffered unusually high levels of traffic congestion because its government has failed to build an adequate supply of roads. His argument is both wrong and (given Cato's libertarian goals) a little hypocritical.

### **A. The Facts**

O'Toole claims that "Between 1982 and 2003, the amount of time the average commuter wasted in traffic increased more rapidly in Portland than in . . . almost any other U.S. urban area."<sup>62</sup> In support of this contention, O'Toole cites Table 4 of the Texas Transportation Institute's ("TTI") 2005 Mobility Report.<sup>63</sup>

This table shows that Portland travelers suffer 39 hours per congestion per year - less than their counterparts in Atlanta, Washington, Dallas, Los Angeles, Chicago, San Francisco, Detroit, Miami, Boston, New York, Phoenix, Houston, Riverside, San Diego, Orlando, Baltimore, Minneapolis, Denver, Seattle, Sacramento, San Jose, Tampa, Austin, Charlotte, and Louisville.<sup>64</sup>

According to the TTI Mobility Report, the average urbanized area (among 85 regions studied) suffered 47 hours of congestion. Thus, Portland suffers from less congestion than the national average.

To be fair, O'Toole is not claiming that Portland suffers from more congestion than any

other region. Instead, he is claiming that congestion increased more rapidly in Portland than elsewhere. But this statistic does not mean very much; a change from very little of something to a small amount of something is still minor. For example, suppose that in the Third World country of Catostan, family income increases from \$100 per year to \$200 per year. This 100% increase in income dwarfs recent economic growth in the United States; nevertheless, most citizens of Catostan would happily prefer the United States's standard of living. Similarly, Portland began the 1980s with only 7 hours per person of congestion — a level so low that any increase would be dramatic in percentage terms.<sup>65</sup>

If increased congestion is measured by the number of additional hours lost to congestion, as opposed to a percentage increase, Portland looks pretty ordinary. In Portland, yearly congestion per person increased by 32 hours from 1982 to 2003 (from 7 to 39) — not an outstanding record, to be sure. But according to TTI, congestion increased by 31 hours in the average urban area surveyed. Thus, Portland's congestion record is again no worse than average.

O'Toole may be relying upon the measure of congestion most unfavorable to Portland — the percentage increase in hours lost to congestion. But even by this measure, a sizable number of regions have worse records than Portland, as Table 4 points out.

TABLE 4: PERCENTAGE INCREASE IN HOURS LOST TO CONGESTION

	hours lost 1982	hours lost 2003	% increase
Portland	7	39	457
Riverside, CA	9	55	511
San Diego, CA	8	52	550
Minneapolis, MN	3	43	1333
Indianapolis, IN	4	38	850
Providence, RI	5	33	560
Cincinnati, OH	4	30	650
Columbus, OH	4	29	625
Kansas City, MO			
-KS	2	17	750
Cleveland, OH	1	10	900
Tucson, AZ	5	36	620
Memphis, TN			
-MS-AR	3	33	1000
Salt Lake City, UT	3	31	933
Omaha, NE	4	23	475
El Paso, TX-NM	2	18	800
Albany, NY	2	13	550
Akron, OH	2	12	500
Toledo, OH	2	12	500
Rochester, NY	1	7	600
Colorado			
Springs, CO	2	27	1250

Even by O'Toole's own preferred measure of congestion, nineteen urbanized areas have suffered more rapid congestion increases than Portland.

### B. Libertarians For Big Government

O'Toole's article was written for the Cato Institute, an institution which prides itself on its adherence to the principles of "limited government, individual liberty, free markets and peace."<sup>66</sup> So a casual reader might think that O'Toole would be disinclined to promote "Big Government" solutions to Portland's problems.

But in this case, the casual reader would be wrong. O'Toole complains that local governments have failed to add a third lane to I-5, and have failed to "add capacity" for the Sellwood Bridge. In a time when both liberals and conservatives routinely attack congressional "earmarks" of money for local pork-barrel projects, O'Toole complains that local governments have turned down a local congressman's earmark of funds to expand State Highway 217.<sup>67</sup> Displaying a touching trust in federal bureaucrats, O'Toole cites a Federal Highway Administration bureaucrat's statement that Portland needs "additional highway capacity options."<sup>68</sup> He even favors the creation of a new bureaucracy, a "regional tollroads authority to sell bonds . . . to build highways."<sup>69</sup> When government favors cars, O'Toole is a fervent believer in the wisdom of Big Brother. Only when government seeks to comfort pedestrians and transit users does O'Toole's libertarian side emerge from hiding.

Even on land use issues, he is at best a reluctant deregulator. Instead of calling for less government regulation, he urges Portlanders to merely "return planning functions to local governments"<sup>70</sup> — which, if local government conduct elsewhere is any guide, will frequently cave in to local "Not In My Backyard" (NIMBY) sentiment, freezing infill development in its tracks.<sup>71</sup> He also urges the state to pass legislation giving groups of landowners "the ability to opt out of local land-use planning and zoning by creating a homeowners' or landowners' association that writes its own plans and protective covenants."<sup>72</sup> So if a group of homeowners don't want to regulate development, government gets to do it. But if they want to seize control over their neighbors' land use, government gives them the power to do it. Either way, the ultimate result is likely to be more regulation of individual landowners rather than less.

O'Toole is a consistent opponent of regulation designed to prevent sprawl; however, his position on regulations that limit infill development seems to be more equivocal.

## VII. Bad For Business?

O'Toole asserts that Portland's high cost of living and traffic congestion have created an environment unfriendly to business, thus causing businesses to leave Portland for cheaper places. (He also suggests that Portland has higher taxes than other regions, but provides no data in support of this claim).<sup>73</sup>

As of June 2007, Portland's unemployment rate was 4.8%, slightly below the statewide average of 5.1%<sup>74</sup> and roughly comparable to the national unemployment rate of 4.7%.<sup>75</sup> Thus, Portland is hardly in terrible shape economically.

Even if Portland's cost of living was unusually high, the correlation between high housing

prices and high unemployment is slim indeed. Table 2 above lists ten major metropolitan areas where housing is more expensive than in Portland. Three of them (Orlando, Salt Lake City and Miami) have unemployment rates below 4%. (In fact, Salt Lake City's unemployment rate is under 2.8%). And not one of them has an unemployment rate above 5.2%, only half a point higher than the national average.<sup>76</sup>

## **VIII. Summary**

O'Toole seeks to show that Portland's transit system is useless, and that its land use and transportation policies have caused its economy to decline, its core city to lose people to its suburbs, its roads to become more congested, and its houses to become dangerously expensive. On every point, he overstates his case; Portland has repopulated its urban core and increased transit ridership, while Portland's most serious problems (such as housing affordability) are no worse than those of other cities. In fact, rising house prices in Portland are evidence that consumers are competing to live there, hardly a sign of failure. In his own peculiar way, mostly by prompting a closer look at the facts, O'Toole has helped show that Portland has many positive lessons to teach other metro areas.

## IX. Endnotes

Randall O'Toole, Debunking Portland, The City That Doesn't Work, at [http://www.cato.org/pub\\_display.php?pub\\_id=8463](http://www.cato.org/pub_display.php?pub_id=8463) (hereinafter "O'Toole").

2 Id. at 3.

3 Id. at 4.

4 Id.

5 Id.

6 Id.

7 About Cato, at <http://www.cato.org/about/about.html>

8 Railway Technology, Portland Light Rail Expansion, at <http://www.railway-technology.com/projects/portland/>

9 Tri-Met Fixed Route Service and Ridership Information, at <http://www.trimet.org/pdfs/ridership/busmaxstat.pdf> ("Tri-Met Ridership").

10 Between 1987 and 2003, regional population grew from 1.16 million to 1.7 million - a 46% increase. See Mobility Data for Portland, OR-WA, at [http://mobility.tamu.edu/ums/congestion\\_data/tables/portland.pdf](http://mobility.tamu.edu/ums/congestion_data/tables/portland.pdf)

Given a 2-3% rate of yearly growth, the region's population probably grew an additional 5-10% between 2003 and 2006.

11 See Railway Technology, *supra*.

12 Tri-Met Ridership, *supra*.

13 O'Toole at 5.

14 Tri-Met Ridership, *supra*.

15 O'Toole at 5.

16 Id. at 6.

17 Id.

18 Id. at 6 (suggesting that after 2001 recession, high cost of rail "forced the agency to cut deeper than would have been necessary if it operated a debt-free, bus-only system.").

19 Tri-Met Ridership, *supra*.

20 See U.S. Census Bureau, Statistical Abstract of the United States 1990 at 611, <http://www2.census.gov/prod2/statcomp/documents/1990-06.pdf> (8.7 billion riders in 1987), American Public Transit Association, Americans Take More Than 10 Billion Trips on Public Transportation for the First Time in Almost Fifty Years, at [http://www.apta.com/media/releases/documents/070312\\_ten\\_billion.pdf](http://www.apta.com/media/releases/documents/070312_ten_billion.pdf) (10.1 billion transit riders in 2006).

21 O'Toole at 6.

22 Id.

23 Bruce Podobnik, The Social and Environmental Achievements of New Urbanism: Evidence from Orenco Station at 9, at <http://www.lclark.edu/~podobnik/orenco02.pdf>

24 See O'Toole at 5 (7.7% of regional commuters use transit to get to work).

25 Id. at 8 ("Residents of Northeast Portland [where the lowest median household income was registered] often do not own vehicles, and so many of them are forced to rely on mass transit even though they might prefer to travel in a private car.")

26 Id. at 9.

27 Id. at 8. According to O'Toole, Cascade Station's location near an airport somehow made it "not suitable for residential use." Id.

28 Id. at 15.

29 Id. at 10.

30 Portland Mobility Data., supra. (population of urbanized area increased from 1.19 million in 1990 to 1.59 million in 2000).

31 O’Toole at 9.

32 See Michael Lewyn, *Sprawl, Growth Boundaries and the Rehnquist Court*, 2002 Utah L. Rev. 1, 26 (2002).

33 Id.

34 O’Toole at 15.

35 1990 statistics are available from US Census Bureau, 1990 Census, Table QT-P1A (find [http://factfinder.census.gov/servlet/DatasetMainPageServlet?\\_ds\\_name=DEC\\_1990\\_STF1\\_&\\_program=DEC&\\_lang=en](http://factfinder.census.gov/servlet/DatasetMainPageServlet?_ds_name=DEC_1990_STF1_&_program=DEC&_lang=en), then click “Quick Tables links”, then look up Portland, then go to appropriate table); 2000 statistics are most easily found at MapStats from FedStats, <http://www.fedstats.gov/qf/states/41/4159000.html>

36 O’Toole at 9.

37 See Oregonians’ Values and Beliefs About Land Use, at <http://www.envisionoregon.org/resources/otflup/events/20060510/sb82eilandppt051006.pdf>

38 Id.

39 Id.

40 O’Toole at 11.

41 Id.

42 Text of Measure 37, at [http://www.sos.state.or.us/elections/nov22004/guide/meas/m37\\_text.html](http://www.sos.state.or.us/elections/nov22004/guide/meas/m37_text.html)

43 1000 Friends of Oregon, *Measure 49: The Campaign To Fix Measure 37*, at <http://newsite.friends.org/issues/measure37.html>

44 Ben Tulchin and Lunna Lopes, *Voters Have Buyer’s Remorse for Measure 37 in Oregon*, at [http://www.greenbergresearch.com/articles/1816/2427\\_ORMeasure37.pdf](http://www.greenbergresearch.com/articles/1816/2427_ORMeasure37.pdf) I note, however, that the survey was conducted for a environmentalist organization, Defenders of Wildlife.

45 O’Toole at 11.

46 All data in this table come from the National Association of Homebuilders’ Housing Opportunity Index spreadsheet for the second quarter of 2007, at [http://www.nahb.org/fileUpload\\_details.aspx?contentID=536](http://www.nahb.org/fileUpload_details.aspx?contentID=536) (“NAHB 2007”). This is by no means a comprehensive list of all regions more expensive than Portland. However, many regions listed in the NAHB chart are satellites of the larger regions listed above (such as Orange County, California, which is closely tied to Los Angeles) or are small, resort-oriented regions (such as Naples, Florida) as opposed to major metropolitan areas like Portland.

47 O’Toole at 11.

48 All data are from the NAHB housing affordability spreadsheet at [http://www.nahb.org/fileUpload\\_details.aspx?contentID=34325](http://www.nahb.org/fileUpload_details.aspx?contentID=34325) (“NAHB 1995-2007”) I chose 1995 as a starting point because the data in that spreadsheet begins in 1995.

49 O’Toole at 12.

50 See Elisabeth R. Gerber and Justin H. Phillips, *Growth Management Policy in California Communities 3*, at <http://closup.umich.edu/research/reports/pr-2-growthmgmt.pdf> (In none of California’s regions do a majority of cities have growth boundaries).

51 Id.

52 Id.

53 Id. at 7.

54 O’Toole at 12.

55 2007 NAHB, *supra*.

56 O'Toole at 11.

57 2007 NAHB, *supra*. (In Houston, median income is \$57,300 and median home price is \$173,000; in Raleigh, median income is \$69,800 and median home price is \$235,000).

58 O'Toole at 11.

59 2007 NAHB, *supra*. (In Atlanta, median income is \$67,100 and median sales prices is \$183,000).

60 For example, in Buckhead, an affluent intown neighborhood (zip code 30305) the average price is \$588,000- and that price includes condominiums! See 30305 Zip Code Detailed Profile, at <http://www.city-data.com/zips/30305.html> Thus, the "regional median home price" listed in NAHB statistics is relevant only to people most willing to live in dangerous neighborhoods or people willing to "drive to qualify" by suffering from long commutes.

61 O'Toole at 10.

62 O'Toole at 13.

63 O'Toole at 20 n. 73, citing David Schrank and Tim Lomax, The 2005 Urban Mobility Report at 18, at [tinyurl.com/3bbr79](http://tinyurl.com/3bbr79) ("Schrank").

64 Schrank at 18-19.

65 *Id.* at 18.

66 About Cato, *supra*.

67 O'Toole at 13. Incidentally, if O'Toole is trying to argue that local opposition to the earmark was based on anti-highway sentiment, this claim is contradicted by the very story he cites in a footnote. According to the story, "state and local transportation officials decided the project should take a back seat to other projects that were much closer to construction, such as improvements to U.S. 26 in Washington County and the Delta Park area of Interstate 5." James Mayer, Wu's offer of highway money creates a pileup, *The Oregonian*, July 3, 2006, at 2006 WLNR 11600071. In fact, Portland has increased highway capacity. Between 1982 and 2003, Portland-area freeway miles increased from 570 to 715, and arterial mileage from 450 to 950. See Portland Mobility Data, *supra*.

68 O'Toole at 14.

69 O'Toole at 18.

70 *Id.* at 17.

71 See Jonathan Levine, *Zoned Out* at 127-31 (2006) (surveys of developers show that majority of developers would build more housing in cities and inner suburbs were it not for local regulation).

72 O'Toole at 18.

73 *Id.* at 16.

74 Bureau of Labor Statistics, Metropolitan Area Employment and Unemployment at Table 1, [http://www.bls.gov/news.release/archives/metro\\_08012007.pdf](http://www.bls.gov/news.release/archives/metro_08012007.pdf)

75 *Id.* at 1.

76 *Id.*, Table 1. This dubious distinction belongs to Sacramento and New York.