

BACON'S REBELLION

The Op/Ed Page for Virginia's New Economy

The Road to Righteousness

Here's a package of four fundamental reforms based on fiscally conservative, free-market principles that would ameliorate Virginia's transportation crisis.

By James A. Bacon

After the response to my recent columns on transportation, I had to check myself in the mirror to make sure I was the same person. I'd begun wondering if I'd transmogrified into some wine-sipping, brie-tasting, Prius-driving weenie who idealizes Portland, Ore., as the the pinnacles of American civilization.

Much to my relief, my reflection shows the same irascible, middle-aged, Middle American I always thought I was. I drive a four-wheel-drive Jeep Cherokee and live in a suburban subdivision in Henrico County. Although I do enjoy red wine and enjoy the occasional ride on Amtrak—suspicious habits, to be sure—I still develop apoplexy when government wastes money and increases taxes. What my conservative critics overlook is that I've consistently urged reform of Virginia's back-firing jalopy of a transportation system on the basis of *free market principles*—not "smart growth" regulations.

The critics of my columns, I've noticed with some satis-

faction, rarely defend the present state of affairs. They erect a straw dog, which they label "smart growth," and attack its extreme forms in places like Portland and Montgomery County, Md., where, I quite agree, government is obtrusive and the results, particularly as measured by relief from traffic congestion, are less than impressive.



Admittedly, I agree that the smart growth crowd is dead-on accurate with its critique of contemporary suburbia. But I have never advocated drawing growth boundaries around our metro areas or loading up local governments with greater regulatory powers.

My critics are attacking the phantoms of their own febrile imaginations, not my actual proposals. Ironically, by defending Business As Usual, they have become unwitting apologists for a pattern of growth that has flourished in a hot house of government regulations that differ only in degree from many of the smart-growth remedies they abhor.

Transportation policy in Virginia, I submit, should be guided by two simple principles:

- *Citizens should enjoy the freedom to live where they want and choose the form of transport they want—provided that they pay the full costs associated with their choices.*
- *Government policies that change human behavior through incentives are preferable to those that prescribe behavior through regulations, red tape and bureaucracy.*

How, then, do we translate these principles into transportation policy for Virginia?

The first step on the path to understanding is to acknowledge the driving force behind traffic congestion: 50 years of scattered, land-intensive development that forces everyone over the age of 16 into automobiles and compels them to drive ever greater distances in order to participate in contemporary American society.

Yes, it's true that a growing population and spreading prosperity that allows more people to buy cars accounts for some of the increased traffic on Virginia roads. But half or more of the impetus behind traffic congestion comes from the land-

swallowing pattern of development commonly known as suburban sprawl.

Defenders of Business As Usual contend that this suburban pattern of development--10-acre lots, cul de sac subdivisions, lengthy commutes to office parks, unsightly strip development along major thoroughfares and all the rest—results from the marketplace delivering what people want. I don't buy it. People do want larger, affordable houses with modern amenities, safe communities and decent schools, which they find mainly in the suburbs. But there is absolutely no logical connection between safe streets and decent schools on the one hand, and the scatteration of development and the squeezing of people through a handful of overloaded arterial roads on the other. (Actually, there is a connection, but it is a negative one--sprawl drives up the cost of public safety and schools, but that's a topic for another column.)

The changes listed below are limited in scope. They would not bring about a much-needed constitutional overhaul of Virginia's antiquated system of state and local government, designed as it is around long defunct, 19th-century patterns of development in which cities were urban, counties were rural and there was nothing in between. In an ideal world, "local" governments would be redrawn around the functional units of social and eco-

nomic organization—what my colleague Ed Risse calls New Urban Regions--that encompass core cities, suburban counties and satellite rural counties. But until a constituency for such revolutionary change emerges, I submit these more modest proposals as measures that can be enacted in the current political environment.

Restructure transportation funding. Most state funding for the Virginia Department of Transportation comes from a 17.5 cent-per-gallon levy on the gasoline tax. Of all state taxes, this is the least objectionable because there is a rational nexus between what a citizen pays and the benefit he receives in the form of road maintenance and new road construction. The gasoline tax acts, in effect, as a user fee.

I have no problem with the gasoline tax--but I have a very big problem with the half-cent sales tax that supplements it. There's no connection between the payment of the sales tax on the purchase of, say, a pair of shoes or a DVD player and the transportation projects the tax is used to underwrite. Under the sales tax, Virginians who drive asphalt-pounding Hummers 30,000 miles a year and those who telecommute, walk or ride the bus to work are taxed alike. The virtuous are punished while the profligate escape the consequences of their choices.

As a matter of fairness and economic rationality, the people who use Virginia's roads are the ones who should pay for it. The easiest, least intrusive way to accomplish that goal is to fund transportation projects by means of the gasoline tax.

If Virginia eliminated the sales tax and raised the gasoline tax so as to raise a comparable amount of revenue, a very important thing would happen. By making driving more expensive, the higher price of gasoline would alter the decision-making calculus of citizens. Whether to buy a house with a 20-minute ride to work or a 40-minute commute. Whether to buy a second car or to take the METRO to work every day. Whether to car-pool with a buddy or drive alone. Whether to put up with the daily grind or start a home business and skip the commute altogether. Although many people would suck up the increase cost of gasoline and change none of their driving habits, some would make decisions that allow them to drive less, thus easing the strain on the transportation system for everyone.

Legislators ought to take an additional step: Hike the gasoline tax another few pennies per gallon to raise funds needed to mitigate the environmental impact of automobile combustion. It is not a matter of serious dispute that auto emissions contributes to low-atmosphere ozone, which

harms human health, and the formation of nitrogen-based compounds, which settle in the Chesapeake Bay and feed oxygen-depleting algae blooms. Motorists, not the public at large, should be required to pay the cost of addressing this damage.

Finally, any additional funding for road-and-highway projects should be raised through the gasoline tax. If the cost to motorists doubles, so be it. People need to pay for the benefits they receive. To subsidize excessive driving through the sales tax or other levies is the functional equivalent of welfare for soccer moms.

Reform property taxes.

Virginia localities tax both land and buildings with deleterious consequences. Landowners who improve their properties, an economically desirable activity, are punished with higher taxes. Landowners who hold their land off the market, speculating on future price increases, suffer little in the way of carrying costs. That's one of the reasons that suburbs experience a Swiss Cheese pattern of development: Buildings alternate in leap-frog fashion past vacant or underutilized lots as developers seek willing sellers. The Virginia Department of Transportation, then, must dedicate scarce resources to expand the capacity of roads running farther into the urban periphery than otherwise would be necessary.

Virginia needs to shift its local tax base to system that taxes only the land, not the improvements. The carrying costs of vacant or underutilized property would soar, giving speculators an incentive either to develop the land or sell it to someone else who will develop it. Government and taxpayers benefit because the resulting in-fill and redevelopment requires only a fraction of the new investment in roads, utilities and public facilities.

Reform zoning codes. Contemporary zoning codes exist to accommodate the movement of automobiles, not pedestrians. Any entrepreneur seeking to develop a tract of land according to the mixed-use, pedestrian-friendly design principles of the New Urbanism movement would find himself thwarted by rules regarding building setbacks, parking spaces, street widths, density restrictions and a thicket of other regulations. In most counties, anyone wishing to undertake pedestrian-friendly development must petition for a special use permit, requiring months if not years of public hearings, often over the objections of local citizens. The risk of rejection means that only a handful of deep-pocketed developers can play the game. Smaller builders just default to the prevailing zoning code and build whatever dreck the county allows them to.

Why should localities allow only one set of urban design principles? Localities should

have the right to enact alternative zoning codes, like Albemarle County's, based on New Urbanism design principles, as long as they've been carefully reviewed and vetted. New Urbanism zoning codes would provide developers more creative latitude, providing consumers with a wider range of choices about the kinds of communities where they live and work.

A free market would support a variety of development types--not the strip mall/cul de sac monoculture of contemporary suburbia. A significant percentage of the population would choose to live in pea-pod subdivisions and 10-acre farmettes, but a large segment would prefer the small-town feel of grid streets, people-friendly streetscapes and a finely grained mix of offices, shops, apartments and single family dwellings that make walking a viable option for many trips.

By itself, New Urbanism development is not a cure-all. Plopping a large New Urbanism project in the wrong location can throw the regional transportation system out of whack. But placed in the right location, development inspired by New Urbanism places less strain on the transportation system than a comparable amount of square footage of Business As Usual development. Coupled with property tax reform and the higher price of gasoline, zoning reform could be the engine of urban and suburban redevelopment in ar-

was already served by roads and utilities.

Alter the state transportation formula. Traditionally, VDOT funding for road projects has largely followed development. When local projects generate traffic and congestion, VDOT widens roads, adds extra lanes, installs turning lanes, or occasionally, builds entire new freeways to keep the traffic moving. The system is reactive. VDOT has no influence over where development occurs. Its job is to clean up the mess.

VDOT needs a different set of funding guidelines. Although the allocation of funds between regional districts need not change, the formula for distributing funds *within* those districts does. The idea would be to reward communities for pursuing traffic-mitigation policies. Cities and counties that showed the greatest progress in limiting the growth in traffic, as measured by an objective yardstick such as total vehicle miles driven, would receive more money.

Localities would be free to pursue a wide range of strategies, such as discouraging scattered development, promoting pedestrian friendly streetscapes, promoting mass transit, stimulating carpooling or launching tele-work programs. No one would be *forced* to do anything--localities would be free to do nothing at all. But the rewards would flow to local governments that collaborated with one another,

partnered with the private sector, or devised innovative solutions to manage traffic congestion.

No one of these four proposals will have a decisive impact on traffic congestion. But the combination could be powerful. Higher gasoline taxes would prompt individual Virginians to re-evaluate their profligate driving habits. A revamped property tax would encourage in-fill development and dampen speculation on the metropolitan periphery. More flexible zoning codes would make it easier for developers to build new neighborhoods focused on people not cars. And overhauling VDOT's funding formula would incentivize localities to take into account the impact of their land use decisions on the transportation system.

The common theme of all four proposals is to create incentives--not government dictates--that encourage people to engage in economically rational behavior that benefits the common good. These proposals don't create layers of bureaucracy and red tape. And rather than restrict consumer options, these proposals would offer a greater diversity of community designs to choose from.

Politically, the proposals work as a package: There's something in it for everybody. Environmentalists ought to like the package because it dampens the out-of-control growth of automobile traffic and establishes the principle that motorists

should help pay for mitigating the pollution they create. The anti-tax crowd ought to like it because it does not rely solely upon the failed tax-and-build policies of the past. Local governments ought to like it because it gives them more policy options than they have now. Even the tax-and-spend constituencies ought to like it because it provides a rationale for raising more transportation dollars through the gasoline tax.

What's the flaw? I can't see any--other than the fact that we must rely upon our elected officials to act boldly. If Virginia's politicians are beholden to the special interests committed to the tax-and-build status quo, there is little chance that these ideas will see the light of day. But if our legislators truly believe in the free-market principles that they profess, Virginia could lead the other 49 states down the road to transportation righteousness.

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