

Discovering Urbanism

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[The future does need to be paid for](#)

topic: [Supply and Demand](#), [Transportation System](#)

[This month's Atlantic](#) is a special *Future of the City* edition with a number of thought-provoking features and essays. Before getting into the actual material, I just have to say ... it's interesting how cities have always been associated with the future, and countryside the past. We picture the gleaming skyscraper and the quaint red barn, when, in reality, today's farms are as tricked out in chemicals and high-tech machinery as a heavy pharmaceutical plant and cities are a repository for layers and layers of cultural artifacts. Still there's something about cities that stoke the imagination, and countryside a nostalgic sense of comfort. This seems appropriate to me.

Anyway, Chris Leinberger writes [a follow-up](#) to his landmark [The Next Slums?](#) piece from 2008. As a real estate developer, he knows that the old model of building housing as quickly and cheaply as possible on the metropolitan fringe is no longer viable. On the other hand, building the kinds of walkable urban neighborhoods that are in demand (and in short supply) is difficult to do given the infrastructure and local regulatory systems currently in place. To roll with this paradigm shift, rail lines have to be built and zoning has to be reformed to open up the ensuing development potential.

His solution for doing this is simple,

"Transportation drives development, so development can and should help pay for transportation"

To me, Leinberger's argument has echos from 19th century economic reformer Henry George, only told in reverse. [George noticed](#) an injustice in the way the benefits from public improvements were distributed throughout society. Selected landowners, because they possess a natural monopoly over a particular geographical space, are able to capture much of the value of new infrastructure, parks, and other public amenities, when they have not put in the labor to produce this value. Essentially, they are just lucky or well-connected. George advocated a land value tax to redistribute the benefits back to the community, and Leinberger is saying the "landowners" should be the ones paying for the improvements in the first place.

Financing transit with private capital will certainly be complicated. In the days when a streetcar line could be extended out into fresh greenfields, it made sense of the fields owner to foot the bill for the transportation in order to bring people to his land. But retrofitting a rail system on top of existing development requires a much more complex financial calculation and enough buy-in from numerous

property owners, some of whom are more interested in redeveloping than others.

Still there's lots of smart people thinking about this financing strategy. Here's a 2008 report from Reconnecting America, [Capturing the Value of Transit](#). Another from the Victoria Transport Policy Institute in 2009, [The Value Capture Approach To Stimulating Transit Oriented Development And Financing Transit Station Area Improvements](#). Finally, a 2009 report to the Minnesota Legislature from a group including David Levinson, [Value Capture for Transportation Finance](#).