

Opportunity Urbanism Policy Framework

By Tory Gattis

In recent years, urbanism has focused on aesthetics, environmentalism, and the needs of elites with the New Urbanism, Smart Growth, and Creative Class movements. Cities like Portland and San Francisco have been held up as models. Meanwhile, globalization has shifted the path to the middle class and above in America (and much of the developed world) from blue-collar manufacturing to white/pink-collar services. Because services typically need to be “in-person” (vs. remote manufacturing), this economic shift means that *cities matter* much more as engines of upward social mobility, the very essence of the American Dream.

We believe that urban planners and government officials need to rediscover this core mission of cities, changing the talent game from “attraction” with winners and losers to “grow your own”, where everyone wins. How should cities think differently to embrace this mission? To answer that question, we’ve assembled a new framework under the label “**Opportunity Urbanism.**”

Cities need to better empower citizens to accomplish these four enablers for upward social mobility:

1. Additional education for self or children
2. Getting a better job (superior skills match, improved productivity and pay)
3. Starting a business
4. Affordable home ownership

So the core question is “how can a city make more of these events happen for more people?” Our prescription revolves around the theme of maximizing their “**opportunity zone.**” What represents a rich environment for these four events? The more education, job, startup, or affordable home options they have within their personal travel-time/cost tolerance, the more likely they are to take advantage of them. That’s their opportunity zone.

We will explore four elements of maximizing the opportunity zone:

1. **Geographic Size**, through transportation mobility
2. **People/Jobs**, including reasonable density/infill
3. **Economic Fuel**, by maximizing *discretionary income* through economic development (i.e. high-paying jobs) combined with a low cost of living
4. **Dynamic Vibrancy**, by cutting restrictive zoning, land use, and permitting red tape

Geographic Size

The most obvious driver for expanding the opportunity zone is transportation mobility, whether by car or transit. What parts of the city can they access in 10, 20, 30 or more minutes? That represents their education, job, and home ownership opportunities, as well as their potential customer and employee base if they decide to start a business. The longer the travel time, the less likely they are to take advantage of any given option. Most critically, mobility determines access to affordable housing within a reasonable commute. Key drivers of mobility are the transit network, the freeway/arterial network, and traffic congestion.

When mobility increases, the number of potential job options also increases. Even small increases in mobility can radically increase the number of available job opportunities in larger metros because the area of the opportunity zone is related to the square of distance covered in a period of time (i.e. the radius of the circle, $\text{area} = \pi r^2$). For example, a half-hour commute at an average speed of 30mph can access about 700 sq. miles. Increase the average trip speed only 40% to 42mph, and the opportunity zone nearly doubles to almost 1,400 sq. miles.

When people have access to more job options, they're more likely to find a new job that's a better fit for their skills. That means they're more productive, which means they can be paid more. That not only boosts their own income and upward mobility, but they also feed that extra income back into the local economy, creating a multiplier effect.

Mobility also supports more small business entrepreneurship and diverse retail/commercial offerings. Good mobility means those businesses can draw on a larger potential customer base, which means they can fill a small niche (like, for instance, obscure ethnic cuisine restaurants) and still have enough customers to stay in business because they can draw from such a large area.

The power of transportation to improve upward social mobility is well-illustrated in these excerpts from a recent report from the Reason Foundation¹:

A lack of mobility is a key reason why the transit-dependent poor have trouble moving up the economic ladder. Although congestion makes auto travel increasingly sluggish, driving is still generally much faster than taking transit. It takes the average transit user twice as long to get to work as the average car commuter. This is true even in the New York metro area, where transit commuters endure our nation's longest commutes (52 minutes each way). In Chicago, the average transit commute is 50 minutes and it's more than 45 minutes in San Francisco, Washington, D.C., and Philadelphia.

Most jobs are not clustered around a rail line or bus route. Rather, they are scattered throughout a metro area and that makes the kind of point-to-point travel offered by the automobile particularly helpful. UCLA's Evelyn Blumenberg discovered that residents in the Watts section of Los Angeles who can drive have **access to 59 times as many jobs as their neighbors who rely on public transit.**

Few things are better at helping the poor pull themselves out of poverty than improved mobility. Programs that get cars to the poor—though relatively rare—have shown strong success. Surveys of workers who received cars through such programs reveal that improved mobility brought them better jobs and higher wages, and a University of California, Berkeley study estimates that **auto-ownership could cut the black-white unemployment gap nearly in half.**

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Researchers Rémy Proud'homme and Chang-Woon Lee analyzed employment dynamics in 22 French cities. They discovered that when mobility increased—when people were

¹ "Why Mobility Matters" by Ted Balaker, Reason Foundation, August 2006, http://www.reason.org/pb43_whymobilitymatters.pdf

able to increase the area they could reach in a fixed amount of time—the economy expanded. **A 10 percent increase in average travel speeds was associated with a 15 percent expansion of the labor market and a 3 percent increase in productivity. Jobseekers were able to find better jobs, and employers had access to more workers and more customers.**

Mobility investments have lost popularity in recent years, usually due to the lament that any new capacity “will just fill up eventually anyway.” The benefits of increased capacity – like more access to more jobs and affordable housing for more people – are not obviously apparent, and therefore are often ignored – while the direct costs in money, neighborhood impacts, and construction hassles are all too visible. Local leaders need to do a much better job articulating the real value of these investments to citizens and voters.

Another common belief is that freezing mobility infrastructure (or refocusing most resources on transit) will help curb suburban sprawl and return people to the core. The reality is that employers will follow their employees to areas with good schools and affordable high-quality housing if their employees cannot reasonably commute to them from such places. The end result is a sprawling, vibrant suburban fringe with a stagnant core as jobs flee outward. And the biggest irony is that sprawl actually *increases* under such policies. Once employers have moved to the suburbs, employees then feel comfortable moving another half-hour out *beyond that* into the exurban periphery. As long as employers stay in the core, sprawl has practical limits if employees want to maintain a reasonable commute.

A final myth is that a robust car-based transportation network is incompatible with popular New Urbanist concepts and neighborhoods. New Urbanism is a great paradigm at the neighborhood level, but those neighborhoods need to be linked together with a freeway and arterial network across a larger region if you want an integrated and cohesive metro economy. The pedestrian and the car operate at totally different scales (3mph vs. 30-60mph), and therefore the right form factors for each are different. You don't build a city around just the pedestrian or just the car, but for both. Getting militant about one over the other makes about as much sense as asking "should our country be built around the car or the airplane?" Well, the answer is **both**: the car for shorter distances, and the airplane for longer ones - and that means interstates **and** airports. The same logic applies at the scale of a city/metro-region: you need freeways for longer distances, arterials for medium distances, and narrow streets with sidewalks for very short distances (i.e. the pedestrian district/neighborhood). New Urbanism makes the very valid point that we've sort of forgotten about that last category over the last few decades - and we're now rediscovering it - but that doesn't invalidate the other two scales any more than they invalidated the pedestrian scale.

People/Jobs

People have been migrating to cities for hundreds of years for the simple reason that more people equals more opportunity. More people can support more education and employment options. Businesses have access to more potential customers and employees.

The implications for policy? Well, for one, **growth is good**, despite becoming more and more unfashionable in many cities. It creates more options and opportunities for more people – existing residents as well as newcomers. Another implication is that reasonable infill and density

are also good. Growth, infill, and density increase the people and jobs in a given opportunity zone.

Of course, more people can also lead to a decrease in mobility because of traffic congestion, thus shrinking the opportunity zone geographically while increasing density. This tradeoff must be recognized and accounted for. Many cities respond by fighting growth and density, when they probably instead should be increasing investments in transportation infrastructure to offset the population increases. Combining more population and jobs with more mobility infrastructure makes for larger, more energetic opportunity zones, and therefore increased upward social mobility.

More people and jobs in a given opportunity zone also means more discretionary income in that zone, the economic fuel of opportunity.

Economic Fuel

Once an opportunity zone's geography and population is defined, what makes one a richer or poorer opportunity environment? The raw fuel of opportunity is **discretionary income**, defined by economists as income left over after the basic costs of living like housing, groceries, transportation, utilities, health care, and taxes. This money can be spent directly on post-secondary education or training, endow the seed money to start a business, support a charity, or provide the consumer purchasing power to support local businesses and startups that in-turn provide jobs.

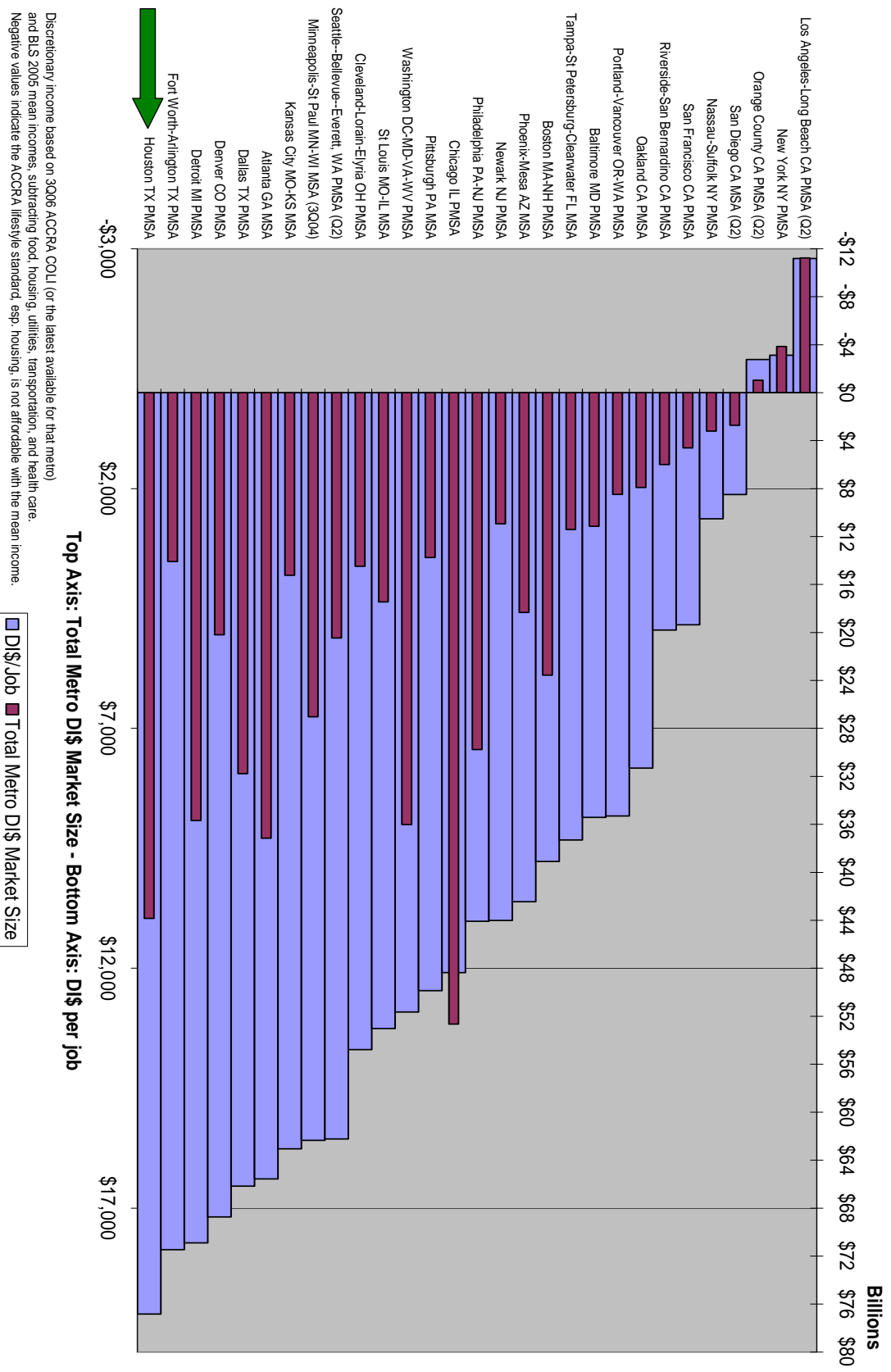
Maximizing the discretionary income in an opportunity zone involves:

1. **Maximizing incomes** with high-paying jobs (traditional economic development)
2. **Minimizing the cost of living**, which, in addition to low taxes, involves having the most competitive markets possible in goods and services providers as well as housing (minimal supply constraints)

With regards to the first point on maximizing incomes, discretionary income supports urban vibrancy and amenities like restaurants, bars/nightclubs, museums, sports, arts, entertainment, shopping, and other leisure activities – which in turn helps the city attract new high-paying jobs (a positive feedback loop). For example, the Zagat Survey notes that Houstonians dine out more frequently than any other major U.S. city – 4.2 times per week on average, which is 30% above the national average and 24% above New York City². A better name for this application of the discretionary income metric may be “**opportunity and vibrancy dollars.**”

² Zagat Survey press release 4/7/06, <http://www.zagat.com/about/about.aspx?menu=PR49>

Houston #1 metro for cost-of-living adjusted discretionary income (DI\$)



Dynamic Vibrancy

Our last major element for maximizing opportunity zones is **minimal zoning/permitting/land-use regulations**. These restrictions often increase commercial and residential costs, as well as preventing population density where there is housing demand. Easy availability of affordable commercial space is critical to entrepreneurship. More commercial space also means more competition, lowering prices and increasing discretionary income. The same effect applies to residential space: the more there is, the more affordable it will be, and therefore the more discretionary income that will be created. Finally, minimizing these restrictions increases the vibrancy of the local construction industry, a good source of skilled and unskilled blue-collar jobs that provide important “rungs” on the ladder of upward social mobility.

The opposite of this approach is the growing problem of **opportunity segregation**: using zoning/permitting/land-use regulations to keep out “undesirable” populations from growing affluent areas. Examples include harshly limiting the availability of apartments or affordable homes, or limiting apartments to 1 or 2 bedrooms to discourage lower-income families from living in them and “burdening” the school system with their children. It’s a regional and national game of “hot potato” with disadvantaged and minority populations that keeps them from accessing the job and education opportunities that would enable them and their children’s upward social mobility. It has overtones of the aristocracy in 18th century pre-revolution France, and it’s a national shame that deserves exposure and rectification.

So what do we find when we measure up Houston against these four opportunity zone maximizing elements?

1. An extensive freeway, HOV, and transit network (buses with a core light rail line). Wide-ranging retail along freeway frontage roads also increases competition and opportunity zone accessibility.
2. A substantial and diverse metro population of 5+ million.
3. A job base with higher-than-average pay (driven by the energy, health care, the port, technology, and aerospace industries) and the lowest cost of living of any major U.S. metro, especially housing.
4. No zoning and streamlined permitting promotes low commercial and residential costs, high competition among goods and services providers, a robust construction industry, and higher densities where there is demand, usually through apartment complexes, condo towers, and townhomes.

One measurable result: Houston’s population in hard-core poverty areas fell by 107,272 (47.8%) during the 1990s, one of the largest urban declines according to the Brookings Institution³.

While Houston may have some high-paying industry cluster advantages and an entrepreneurial culture other cities would find difficult to emulate, most of the drivers of **opportunity urbanism** are well within the control of any city in America:

- Investments in mobility infrastructure, including innovative approaches like congestion-priced toll lanes to create a self-funding high-speed bus/van/carpool transit network serving the multiple dispersed job centers of modern metros.

³ “Stunning Progress, Hidden Problems: The dramatic decline of concentrated poverty in the 1990s” by Paul Jargowsky, The Brookings Institution, May 2003.

- Embrace growth, density, and infill.
- Bring down the cost of living by increasing the supply of commercial and residential space, and therefore increasing competition.
- Overhaul and streamline zoning, land-use, and permitting codes.

The result should be a transformation into a vibrant, growing “**city of opportunity.**”