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## Like rail, TOD won't live up to promises

by Cliff Slater

In the Advertiser last April we wrote [“Rail just another ‘investment’ that won’t pay” \(4/19\)](#) about how governments tend to destroy the nation’s wealth “investing” in projects that when completed are worth far less than the taxpayer money poured into them. We contrasted that with private sector investments in toll roads that pay for themselves.

Among such “worth less” projects we mentioned rail transit lines, stadiums, and convention centers. We forgot to mention Transit Oriented Development (TOD), the latest “investment” to be foisted on us by tax-wasting politicians.<sup>i</sup>

They tell us that, “Transit Oriented Development is the exciting new fast growing trend in creating vibrant, livable communities. Also known as Transit Oriented Design, or TOD, it is the creation of compact, walkable communities centered around high quality train systems. This makes it possible to live a higher quality life without complete dependence on a car for mobility and survival.”<sup>ii</sup>

They talk a good story about TODs but what they are really talking about are planners’ visions for high density apartment blocks with an average of less than one parking space per apartment, with ground level retail stores and within walking distances of rail stations.

Now think about that for a minute. Do you really want to live in “vibrant” communities around train stations? For most people the answer is no; if you want a “vibrant” community, and a few do, you can easily move to Chinatown or Waikiki.

This is why all, repeat all, TODs on the Mainland are highly subsidized<sup>iii</sup> and that will be the outcome for the TODs planned here. The authorities cannot get enough people to voluntarily move into high density apartment blocks with little parking space. And so the authorities subsidize the apartments to entice people to move in.

In Portland, for example, with the most highly touted TODs, most of which I have visited,<sup>iv</sup> the subsidies come mostly in the form of property tax forgiveness for developers for as long as 20 years.<sup>v</sup> And since Portland’s property taxes have to fund their schools they are three times higher than those of Honolulu. These are incredible subsidies paid for by the remaining unsubsidized homeowners.

As long as the zoning allows it there is nothing to stop developers from building this kind of housing project. It would be acceptable if developers could sell or rent these apartments without asking us taxpayers to subsidize their efforts. But TODs are not about improving the housing

stock any more than rail transit is about transportation. This is all about politicians and planners exercising what they perceive as their divine right to plan our lives — no matter what the cost.

TOD proponents are people with the same mentality that gave us the disastrous post-war high-rise public housing projects, most of which had to eventually be blown up — literally.<sup>vi</sup>

However, since the definition of TODs — high density apartment blocks centering on transit stations — also well describe the now defunct high rise public housing projects, we should not be too surprised when we see the final bills for TODs.

In summary, the result of TODs will be highly subsidized apartment blocks accessed by highly subsidized rail transit. You have to ask: Are the benefits that even *theoretically* might accrue to these projects worth their incredible cost?

*Cliff Slater is a local businessman and writer. The footnoted version of this op/ed is at [www.cliffslater.com](http://www.cliffslater.com)*

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#### Endnotes:

- <sup>i</sup> TODs and “Smart Growth” are part of the anti-automobile movement. The whole transition among intellectuals and public officials is well documented in “Driving Force,” by James Dunn, from the Brookings Institution. <http://www.amazon.com/Driving-Forces-Automobile-Politics-Mobility/dp/0815719639>
- <sup>ii</sup> <http://www.transitorienteddevelopment.org/>
- <sup>iii</sup> The following is by a pro-rail, pro-TOD writer, “It is one thing to designate TOD communities, but quite another to implement them. The re-zoning of station areas for higher density development is the most expedient regulatory mechanism available. But experience has shown that desired development will not occur simply on the basis of its classification as an allowable use. Financial inducements are needed to prompt timely development.” [http://www.vtqi.org/gihing\\_tod.pdf](http://www.vtqi.org/gihing_tod.pdf)
- <sup>iv</sup> We have not visited the newest, [South Waterfront](#). Click for a description by the Portland Mercury.
- <sup>v</sup> Here are eight examples of Portland subsidies for Smart Growth housing: [exemption 1](#) , [exemption 2](#) , [exemption 3](#) , [exemption 4](#) , [exemption 5](#) , [exemption 6](#) , [exemption 7](#) , [exemption 8](#) . The value of the property tax exemptions for just these eight buildings is over \$20 million in a ten year period.
- The following is excerpted from the [Cascade Policy Institute’s “The mythical world of Transit Oriented Development.”](#)
- “Portland-area politicians have devised an array of subsidy programs to help create TODs, including (but not limited to):
- A Federal Transit Administration program known as the TOD Implementation Program (administered locally by Metro), which allows Metro to issue grants to developers ranging anywhere from \$50,000 to \$2,000,000 per project;
  - Ten-year property tax abatements for TODs;
  - The Congestion Mitigation Air Quality (CMAQ) fund, which received an initial appropriation of \$3.5 million to conduct a TOD Program in the Portland metropolitan region. A primary goal of the CMAQ-TOD Program is "to demonstrate how well-designed, transit friendly projects can improve air quality and reduce automobile congestion;"
  - The use of Portland's urban renewal authority to declare vast areas of Portland as "blighted" as a means of creating urban renewal districts, administered by the Portland Development Commission (PDC),

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thereby capturing property tax revenues that would otherwise flow to the general fund. These revenues are then used to subsidize politically favored TODs;

- Capital grants from Congress for light rail construction;
- Selling property from agencies such as Metro at below-market rates to TOD developers;
- Legislation recently enacted that would authorize cities like Beaverton (which has no urban renewal authority) to designate "vertical housing development zones" to issue progressively higher property tax exemptions for buildings that are built to greater heights."

<sup>vi</sup> Articles and videos about the demolition of public housing:

<http://en.wikipedia.org/wiki/Pruitt-Igoe>

<http://www.11alive.com/video/default.aspx?bctid=66454834001#/12%2DStory+Public+Housing+Tower+Reduced+to+Rubble/66454834001>

[http://www.youtube.com/watch?v=Sy9HZBAzN58&feature=player\\_embedded](http://www.youtube.com/watch?v=Sy9HZBAzN58&feature=player_embedded)

<http://urbanomnibus.net/2010/02/demolished/> article video above

<http://vodpod.com/watch/3429229-mantua-hall-implosion-from-lemon-hill>

*Further reading:*

<http://210.74.184.3/international/case/case/810.pdf>

[http://www.drpa.org/pdfs/PATCO\\_TOD\\_Sum.pdf](http://www.drpa.org/pdfs/PATCO_TOD_Sum.pdf) PATCO

<http://www.nctr.usf.edu/jpt/pdf/JPT11-3Renne.pdf> New Orleans

[http://www.i2i.org/main/article.php?article\\_id=1300](http://www.i2i.org/main/article.php?article_id=1300)