Statement of Geoffrey Anderson, President and CEO of Smart Growth America

Before the Senate Homeland Security and Governmental Affairs Committee
July 22, 2008

Mr. Chairman, Madam Chairman and members of the Committee, thank you for holding a hearing on such an important set of issues.

My name is Geoff Anderson and I am the President of Smart Growth America. Smart Growth America is a nationwide coalition supporting communities looking for a better way to grow: one that protects farmland and open space, revitalizes neighborhoods, keeps housing affordable, and provides more transportation options. Our more than 100 coalition members include the leading national organizations focusing on affordable housing, environmental protection, social equity, and transportation policy along with other issues as well as state, regional, and local organizations working on behalf of their communities.

I was asked by the committee to discuss the ways in which smart growth and greater investment in less oil-dependent transportation choices could help improve our energy security and reduce the burden facing Americans due to high gas prices. My testimony will focus on three main areas: First, what is the role that smart growth can play in reducing our oil dependence; second, what are some of the most effective policies and practices that have been implemented around the country in this area, and finally, how can Congress go further in helping communities reduce oil consumption and meet the growing demand for more walkable communities with greater transportation choices.

We know that our country needs to significantly reduce our dependence on oil to make us more economically secure and to protect Americans from rising fuel prices. Given that 70 percent[1] of the oil consumed in this country is from the transportation sector, any strategy to make use more energy independent needs to have as a leading component reducing oil use in this sector.

There are three main ways that oil consumption in the transportation sector can be reduced: we can make our cars more fuel efficient so they consume less oil; we can power them on alternative sources of energy; and thirdly, we can reduce demand so that people are driving less because they have other alternatives. While those first two solutions are important and need to be a critical part of the solution, the third option has three important advantages. First, the most cost-effective, cleanest gallon of oil is the one that's not used. Second, we already have the technology available to help people drive less—we know that investing in public transportation, making communities more walkable, and creating more housing near job centers results in less driving.

[1] Energy Information Administration (2006)

Finally, helping people drive less doesn't require that people buy a new car, as these other solutions do. Instead, it actually helps people save money overall. Families in areas with good transit and walkable neighborhoods pay less than 10 percent of their income for transportation, while families living in areas with fewer alternative transportation options pay upwards of 25 percent. Access to transit can reduce the need of a car in a two- car household, resulting in a savings of $6,000 a year.[2]

My testimony will focus on how smart growth is the most effective means of achieving this third solution of reducing demand for oil, by helping give people the choice to drive less. Smart growth is a concept that has been used to mean a pattern of development that generally consumes less land than much traditional sprawl in the U.S., provides a range of housing options, prioritizes growth in already-developed areas, makes shops and services convenient to reach, and emphasizes making communities more walkable and public transit-friendly. For much of our country's history our small towns, cities, and neighborhoods could be considered 'smart growth.' However, in the 1950's and '60's with cheap fuel and abundant land, we started passing transportation and land use policies that have made many of our communities today unwalkable, cut off from jobs and services, and without any alternative to driving long distances. Under most of the country's land use regulations, a neighborhood like Georgetown or Old Town Alexandria would be illegal today. We have literally built oil dependence into our communities an as a result we are ill-equipped to deal with a world of $4 a gallon gas.

Smart growth and investment in greater transportation choices has been a proven means of boosting economic development while reducing oil consumption, and helping people avoid high gas prices and time stuck in traffic. In the recent book *Growing Cooler,* a publication from the Urban Land Institute and Smart Growth America, analysis on the relationship between development patterns and energy shows that just from land use changes alone, people drive about a third less on average in a smart growth neighborhood compared to others. The findings show that people who move into compact, "green neighborhoods" are making as big a contribution to reduce oil consumption as those who buy the most efficient hybrid vehicles, but remain in car-dependent areas. An analysis by NRDC found that shifting just 10 percent of of new housing to smart growth over 10 years would save 4.95 billion gallons of gasoline, 118 million barrels of oil, and $220 billion in household gas expenses.[3]

By adding in greater investment in public transportation and other transportation choices, the result is even more significant reductions in driving rates and oil consumption. In the San Francisco Bay Area, vehicle miles traveled for households living within ½ mile of transit is half that of families living in suburban locations more than 1-mile from rail or ferry stops.[4] The explanation is simple: communities that are walkable and transit-

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[2] Reconnecting America's Center for Transit Oriented Development. Realizing the Potential: Expanding Housing opportunities near Transit. (April 2007)

[3] NRDC (2008)

[4] Metropolitan Transportation Commission. New Places, New Choices: Transit-Oriented Development in the San Francisco Bay Area. (November 2006)

friendly, with shops, services, and jobs in closer reach give people the opportunity to drive less. And overwhelmingly, when people are given the choice to spend less time in their car and more time with their families, they do.

An important point is that investment in public transportation alone isn't enough to reduce vehicle miles traveled; it needs to be complemented with the land use changes that help support transit by increasing the number of people who live and work in close proximity to transit stops. For example, in Multnomah County, Oregon, residents without access to good transit made 82 percent of their trips by car. For residents that lived near good transit alone, that number dropped to 74 percent. But for residents living near transit with supportive development, that number dropped substantially more to 58 percent. Additionally, the distance that the average resident traveled by car decreased twice as much when transit was paired with good land use.[5]

Several communities and cities around the country have led the way in encouraging walkable, convenient communities with a range of transportation choices. Portland, Oregon, with a reputation as a livable, healthy, and prosperous city, saved the equivalent of $2.6 billion annually in gasoline and time because of measures the city implemented to reduce the need for residents to drive, including smart growth zoning regulations that helped make neighborhoods more walkable and supported the institution of a light rail system. Per capita vehicle miles traveled rates in Portland are 20 percent lower than the national average for other large metro areas, according to a CEOs for Cities report.[6]

Arlington's work to expand high-density, mixed-use development around its Metrorail stations in the Rosslyn- Ballston corridor has led to high levels of development with little growth in vehicle miles traveled, meanwhile neighboring counties have seen rapid growth in traffic. This development pattern didn't happen by accident; Arlington made significant changes to its land use regulations, including zoning overlays, to actively encourage this kind of mixed use, compact, Metro-oriented growth. Arlington also undertook several initiatives to make the area more walkable, including a program to retrofit existing streets for pedestrian friendliness, initation of a car-sharing program, and development of a series of initiatives to boost Metro ridership. More than just its impact on driving rates, this transit-oriented development pattern and investment in transportation choices was a successful economic development strategy; roughly a third of the County's tax base is from just this corridor alone.

In Atlanta, Georgia, the Atlantic Station® community is a 138-acre environmental redevelopment and reclamation of the former Atlantic Steel Mill that has helped residents and workers significantly reduce driving rates. The largest urban brownfield redevelopment in the U.S., this property is a national model for smart growth that includes 6 million square feet of LEED-certified office space, 2 million square feet of retail and entertainment space, 1,000 hotel rooms, and will have between 3,000 and 5,000 residential units upon full built-out. The complex was designed so people can leave their

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[5] Portland Metro 1994 Travel Behavior Survey

[6] CEOs for Cities. Green Dividends for Portland. July, 2007

cars parked. The Atlantic Station neighborhood operates a transit shuttle system that circulates between a MARTA station and the Atlantic Station community, which carries 60,000 people a month. Space is reserved for light rail service in anticipation of future transit investments. The project has also started a "Go Carless" campaign to encourage car-dependent Atlantans to consider the advantages of living working and playing in a walkable, transit-friendly community. Recent travel surveys show that residents of Atlantic Station average 8.6 miles per day in their care, compared to an average of 32.4 miles a day compared to an average of 32.4 miles a day for the average Atlantan.

Smart growth strategies are applicable to rural areas as well as cities, This approach has helped not just reduce oil consumption and driving, but improved water quality, reduced infrastructure costs, and revitalized Main Streets across America. In Littleton, New Hampshire, a small town with a population of a little over 6,000, the loss of manufacturing jobs left a poor prognosis for the future of the community. But the town government proactively invested in the town center in partnership with the National Main Street Program. This effort was incredibly successful; the revitalized downtown brought in new jobs, businesses, residents, and consumers. People in Littleton are now walking around downtown to shop instead of driving to the regional mall located further on the periphery.

These communities are reaping the benefits of their decision to encourage smart growth today—their residents are less impacted by high gas prices because they have alternatives to driving, and studies show that housing values and foreclosure rates have remained low relative to the hardest hit neighborhoods which have been the exurban communities on the edge without alternatives to driving. However, it's important to note that most communities that opted to "grow smart" didn't pursue that strategy out of a desire to reduce oil consumption, preserve housing values, or reduce global warming emissions from cars, even though all of them are seeing those results today. Instead, many communities and developers have invested in smart growth because there is a huge unmet demand for these kinds of neighborhoods and smart growth makes communities more vibrant, with a high quality of life that many people today desire. Additionally, instead of costing communities money, smart growth saves money in the long term because it reduces spending on infrastructure. For example, a new home 10 miles from downtown costs taxpayers twice as much on average as a home in a central city area due to infrastructure costs.[7]

The surge in gas prices is merely accelerating existing, underlying trends pointing to an unmet need for more walkable, convenient communities with greater transportation options. A 2004 Survey by Smart Growth America and the National Association of Realtors showed that 6 in 10 prospective homebuyers wanted walkable neighborhoods. Part of the reason for this shift is changing demographics. With a large section of the population getting beyond driving years and fewer households with children, the large single family suburban home is now the American dream for only a segment of our

[7] National Association of Local Government Environmental Professionals and Smart Growth Leadership Institute. Smart Growth is Smart Business. (2004)

nation's citizens. By 2025, roughly a quarter of households will have children, compared to half of all households at the height of the baby boom.

Real estate analysis has shown that aging baby boomers, as well as young people in their 20's and 30's are showing a much higher preference for homes in compact, walkable neighborhoods and are representative of a higher proportion of the home-buying public than ever before. Projections by Chris Nelson at Virginia Tech University show that the demand that will exist for large lot single family homes in 2025 is actually already more than met by the supply we have today.

As a result, smart growth isn't just good for reducing our dependence on oil; it's also good for business and our economy. An increasing number of developers are capitalizing on these trends by specializing in infill development, conversion of historic properties and warehouses, and development around transit centers. Yet huge policy barriers on every level of government still exist that make this kind of development, which reduces our dependence on oil, harder to do than development that increases oil consumption, increases the need for driving, and forces people to spend more at the gas pump.

Our outdated tax, land use, and transportation system was largely designed to meet the development needs of our country in the 1950's and '60's. On the local level, most zoning and land use codes make it illegal to do mixed use development, which means that too many of our communities have become bedroom communities cut off from convenient access to shops and services. We've hurt the character and economic vitality of many of America's small towns and forced people to drive long distances by making it easier and cheaper for businesses to locate by an interchange instead of on our Main Streets. On the federal level, our transportation system has subsidized low density expansion and made it easier to build more highways than meet the need for quality public transportation. It's time to bring our policies into the 21st century and ensure we're meeting the needs of our economy and our citizens today, as well as helping to solve important national problems like energy independence and climate change.

Congress has instituted some programs and policies that should be applauded for helping to encourage smart growth and reduce our dependence on driving. Tax credits that encourage brownfields redevelopment have helped make projects like the Atlantic Station community possible and led to major economic investments and environmental improvements in our older cities and towns. Similarly, the historic preservation tax credit, which encourages the rehabilitation of historic properties and is matched by many state programs, has revitalized many older neighborhoods and helped concentrate development to support walking and public transportation. Finally, the federal government has started to invest more money in public transportation and recognize the importance of travel options beyond driving. In ISTEA, the transportation legislation passed in 1991, Congress boosted funding for transit, recognized walking and biking as valid modes, and gave metropolitan areas some direct funding to help solve their transportation challenges.

Yet we need to do much more at every level of government to encourage the kind of development and transportation we know will reduce our dependence on oil. Fortunately,

these changes will not only improve our energy security, but they will also strengthen our economy, revitalize our cities and towns, and provide the kinds of neighborhoods and transportation choices that Americans desperately want. Only 5 percent of Americans today live within a half-mile of quality public transportation. Yet of those that do, 33 percent regularly use transit and 44 percent regularly travel by walking, bicycle, or transit.

We have three main categories of federal policy recommendations to reduce our dependence on oil and help give Americans cheaper, better alternatives to driving:

1. Target 10 percent of the revenues from climate change legislation to help encourage walkable neighborhoods with better public transportation options.
2. Ensure that the next surface transportation bill, up for reauthorization in 2009, reduces our dependence on oil and our global warming emissions.
3. Reform the current tax code to better encourage the kind of development and transportation choices that result in more energy efficient, lower cost options for Americans.

In terms of the first policy recommendation, Congress needs to recognize that we will be unable to meet the greenhouse gas reductions scientists recommend without fundamentally altering our country's development patterns. Driving rates have increased by three times the rate of population growth since 1980, in large part due to our development patterns. Even with gas price increases, if we don't give people alternatives, most Americans will have no other choice than to drive longer and longer distances in the future, which will make us more dependent on oil instead of less.

Giving people the option to live closer to work, to walk to run errands, and to take public transportation is critical. In a future carbon constrained world, Americans will be pressed even harder to deal with the high cost of driving. For low income and working class families, Congress needs to give people alternatives to paying that high cost. Walking, biking, and public transit are low cost options for people that reduce our dependence on oil and decrease global warming pollution.

We propose significant funding from a cap-and-trade climate bill (10% of the total revenues generated) be directed to state, regional, and local governments to provide their citizens with greater transportation options and incentivize smart growth development. These funds should be directed to two purposes: helping communities retool and build the technical capacity to plan for more energy efficient development, and a performance-based fund for projects in the plans to reduce vehicle miles traveled—including better transit service, infrastructure to support infill development, sidewalks and bike lanes or other methods shown to reduce VMT.

Secondly, we also need a transportation bill that moves us in the right direction toward an energy independent and carbon-constrained future. We cannot continue our current system, which makes it much easier to build a new highway than a new transit system, provides only minimal investment in biking and walking, and rewards states through the

highway formula for higher oil consumption and VMT. We must significantly boost investment in public transportation and move to a performance-based system that rewards states and communities for making progress on national priorities, including reducing our dependence on oil. Finally, we need to link our transportation investments with our investments in housing and infrastructure so that we are building communities that work as a whole.

Finally, we need to examine the current tax incentives and ensure that we're incentivizing the kind of development and transportation choices that reduce people's reliance on cars and oil consumption, rather than increasing them. Tax incentives like the Historic Preservation Tax Credit, the Low Income Housing Tax Credit, the Brownfields Program and others should provide bonuses for use in locations near transit and in compact, walkable neighborhoods to maximize their energy and climate impacts. In addition to having tax incentives for green buildings, we should have a 'Smart Location' tax credit and targets for 'Location-Efficient Mortgages,' which would make it more affordable for people to live in places where they'll be able to drive less.

Several existing legislative vehicles help move us toward a future where we can spend less on gas, have more transportation choices, and reduce our oil consumption. We support the Complete Streets legislation sponsored by Senator Tom Harkin in the Senate (S. 2686) that would help get the most out of federal transportation investments by ensuring the streets we build with federal money work for all Americans—whether by walking, biking, taking the bus, or driving, regardless of age or ability. This bill would give Americans better transportation options while encouraging healthier lifestyles and reducing our dependence on driving. In another few weeks, Senator Tom Carper will be introducing legislation that would target funding from a cap-and-trade system to states and local governments that are taking steps to help residents drive less by investing in smart growth and greater transportation choices. Finally, we support legislation that would expand the Historic Preservation Tax Credit (S.584) and the Brownfields programs, which both aid investment in areas that are generally more walkable and better served by public transportation.

Again, I thank you for the opportunity to testify today. We all agree that reducing our dependence on oil and helping Americans deal with gas prices are important national goals. Smart growth development, which helps people have the choices to drive less, is an important means to those goals that also delivers other critical benefits and meets the growing demand for these kinds of communities. Smart Growth America looks forward to working with you to help encourage this kind of growth and greater transportation alternatives through federal legislation.