

Thoughts on Building Strong Towns

Volume III

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Foreword by Toby Dougherty

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Strong Towns

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Foreword

by Toby Dougherty

I became the City Manager of Hays, Kansas in 2007. From all outward appearances, Hays was on solid financial footing. We had adequate reserves and a balanced budget. Our employees were well compensated. Our taxes were among the lowest in the state. We were experiencing slow but steady growth, and our economy was somewhat diversified. But something kept gnawing at me. Something wasn't right. As I dug deeper into the city's finances, the situation became clear. Hays was on an unsustainable course.

This unsustainability wasn't because prior staff and elected officials didn't care, it was because they were not asking the right questions. Infrastructure was not valued, depreciated, or funded. We had a capital improvement wish list, masked as a capital improvement plan. We regularly practiced long range financial forecasting. However, the revenue projections were based on historic gains in the 1990's and early 2000's and they were unsustainable. It soon became clear to me that the current path could lead only to higher taxes or fewer services.

For some time, it appeared I was the only one who could see this unsustainable trend, and I struggled for a simple way to illustrate the problem. One day I had a long layover in the Denver airport where I read the Curbside Chat and was introduced to Strong Towns. The Curbside Chat blew me away with its simple illustration of a complex problem facing most cities, counties, and states. Strong Towns gave me the tools and outlook I needed to illustrate the problem in Hays.

In lieu of a staff retreat, the executive staff and I spent the next few months exploring the problem. We used business

analytics to break down the City of Hays financially into its smallest components, determining what generates revenues and what creates costs. We asked the tough questions, and we did the math. Upon completion, we could finally illustrate the problem. The findings were presented to the governing body and public with great pride.

Did sweeping changes result? Not exactly.

We have all heard the phrase: “If you are not growing, you are dying”. This phrase is even more meaningful on the high plains of Western Kansas where the majority of counties are depopulating. Pointing out that new growth produces more costs than revenues and could be viewed as a liability flew in the face of convention. Some just weren’t buying it. Still, though the going was tough, several changes were enacted and Hays is in a much better financial position today.

A few years ago, Chuck Marohn asked me to record a podcast for Strong Towns where I discussed our experience. Shortly afterward I received a call from the city management staff in Fate, Texas asking about the metrics we used to evaluate Hays. Fate was experiencing significant growth and the management staff feared it was unsustainable. Fate staff used Hays’ metrics, improved them, and tailored them to determine what sustainable growth looked like. Most importantly, they were able to go one step further in getting the metrics codified as a way to score proposals for new development.

Cities do not come with instruction manuals. There is no magic formula or ten-step plan that will produce a strong town. Cities are complex and diverse environments. But even the most diverse residents want the same thing: a prosperous, livable, and sustainable community.

Cities are the last bastions of fiscal responsibility. Unlike the federal government, cities cannot print money. Unlike state governments, cities cannot pass on responsibilities and unfunded mandates to governmental units beneath them. As Chuck Marohn is quick to point out, most cities have participated in the “Growth Ponzi Scheme.” The good news is that many of those cities have recognized the unsustainable nature of those actions and are developing strategies to address the problem. Strong citizens and strong towns will play a key role in defining that future.

Strong Towns represents a mindset, more resembling the Socratic Method than a ten-step plan. It is about asking the tough questions, doing the math, emphasizing sustainability, and focusing on human-scaled results. Those with the Strong Towns mindset are effecting change in cities large and small, at the neighborhood and state level, in the urban core and the suburbs, and we are making a difference. However, we should not operate under the illusion that change will be swift or easy. We are attempting to overcome 70 years of unsustainable practices with a lot of momentum.

This book is a reflection of the Strong Towns movement. In the book you will read about a myriad of subjects from a diverse group of authors. Not everything will resonate with you. Take what you can from this book and use it to further the conversation in your community. Remember that optimal can be the enemy of acceptable, and no one has a monopoly on good ideas. Fight for big changes, but accept the small ones and keep pushing. It is imperative that we all work to keep the conversation going and this book is a critical part of that effort.

Introduction

The mission of Strong Towns is to support a model of development that allows America's cities, towns and neighborhoods to become financially strong and resilient. We hope to one day be obsolete, but unfortunately, right now our mission is very much needed.

All around us, we see communities mired in debt, struggling just to patch potholes or repaint storefronts. Yet we also see our governments spending incredible sums of money on new highways, stadiums and civic centers. Why is there such a mismatch between our neighborhoods' basic needs — unfulfilled — and a seemingly endless pot of money that our local leaders can tap into to pay for unnecessary mega-projects? How can we change this model of development so that our towns build lasting prosperity from the bottom up, for people like you and me, instead of faking it from the top down?

These are some of the key questions Strong Towns sets out to answer.

As advocates for a strong America, we know the following to be true:

- Strong cities, towns and neighborhoods cannot happen without strong citizens (people who care).
- Local government is a platform for strong citizens to collaboratively build a prosperous place.
- Financial solvency is a prerequisite for long term prosperity.
- Land is the base resource from which community prosperity is built and sustained. It must not be squandered.
- A transportation system is a means of creating prosperity in a community, not an end unto itself.

- Job creation and economic growth are the results of a healthy local economy, not substitutes for one.

We root ourselves in a specific approach to change and development. A Strong Towns approach:

- Relies on small, incremental investments (little bets) instead of large, transformative projects;
- Emphasizes resiliency of result over efficiency of execution;
- Is designed to adapt to feedback;
- Is inspired by bottom-up action (chaotic but smart) and not top-down systems (orderly but dumb);
- Seeks to conduct as much of life as possible at a personal scale; and
- Is obsessive about accounting for its revenues, expenses, assets and long term liabilities (do the math).

This book, *Thoughts on Building Strong Towns Volume III*, is a look at some of the ways we have applied these principles and this approach to the most pressing issues facing American cities — dangerous streets, affordable housing, and crumbling infrastructure, to name a few. At times, we take a theoretical look at the underlying economic causes at play, and elsewhere, we get down to brass tacks to talk about concrete strategies for building strong towns.

The essays in this book have been compiled and edited from articles published on our website, StrongTowns.org, in 2016.

We hope they provoke thought and inspire action. You won't find any blueprints or policy outlines here; at Strong Towns, we ask that you use your own knowledge and consideration to implement these ideas in *your* community. Only you know how to do that best.

Strong Towns

As you contemplate the concepts discussed in this book, know that there are people like you all across North America who are advocating to build strong towns, too. We're a growing movement, and we're glad you're part of it.

1. Engineers Should not Design Streets.

by Charles Marohn

In the spring of 2016, I was invited to participate in the 5th Annual Mayor's Bike Ride in Duluth, MN. The friendly woman riding next to me asked me a pointed question: What can be done to better educate engineers so they will start to build streets that are about more than simply moving cars? My answer rejected the premise of the question: We should not be asking engineers to design streets.

Roads vs. Streets

Roads and streets are two separate things. The function of a road is to connect productive places. You can think of a road as a refinement of the railroad — a road on rails — where people board in one place, get off in another and there is a high speed connection between the two.

In contrast, the function of a street is to serve as a platform for building wealth. On a street, we're attempting to grow the complex ecosystem that produces community wealth. In these environments, people are the indicator species of success. With a street we're trying to create environments where humans and human interaction flourish.

Designing Roads

Engineers are well-suited to designing roads. Road environments are quite simple and, thus, lend themselves well to things like design manuals and uniform guidelines. There are only so many variables, and the relationship they have to each other is fairly straightforward. In the United States, we have tested, refined and codified an engineering approach to roads that is pretty amazing and, in terms of engineering, the envy of the world.

There are two primary variables for designing a road: design speed and projected traffic volume. From those two numbers, we can derive the number of lanes, lane width, shoulder width, the width of clear zones and the allowable horizontal and vertical curvature. From those factors, we can specify all the pavement markings and signage that are necessary. We can then monitor things like the Level of Service, the 85th percentile speed and traffic counts to optimize how the road functions over time. Engineers are really good at this.

Building Streets

Engineers are not good at building streets nor can the typical engineer readily become good at it. Streets that produce wealth for a community are complex environments. They do not lend themselves well to rote standards or even design guidelines. There are numerous variables at play that interact with each other, forming feedback loops that change in ways impossible to predict.

Consider just one variable: the future of the adjacent land. The operative component of building wealth on a street is *building*. Who owns the property? What are they going to do with it? What is their capacity? Will they stick with it? Will they find the love of their life and move across the country?

Each property has a near infinite set of complexities to it that change and respond to change, each of which is far more important to the wealth capacity of the street than, for example, the lane width.

Designing Streets for People

If we're trying to create an ecosystem that results in our indicator species (people) showing up in greater and greater numbers, we can't just focus on one or two variables. It can't be just design speed and volume. The natural ecosystem

equivalent would be an observation that productive forests have trees and so we hire our forest engineers to go out and plant rows and rows of the optimum tree. It's obvious that, absent other flora and fauna, insects and bacteria, sunlight and rain and a myriad of other variables, the trees we are planting just aren't enough to get the ecosystem we're after.

If we're trying to create a natural ecosystem, we first have to recognize the environment we're in. A desert ecosystem will be far different than a northern forest. We then need to seed the basic elements, but we don't direct them day-to-day; we nurture them as they grow. If we know what we're after — if we know our indicator species of success — then, when we see the experiment getting way off track, we can intervene in small ways to nudge it back on course. We can introduce small changes and see how the system responds. Over time, our natural ecosystem will show us how it wants to grow.

We do a disservice to our communities when we treat streets as if they were roads, when we ignore the complex environments streets are meant to create and treat them as if they were simple throughput models. Streets need to be designed block by block. Those designs need to be responsive and adaptable.

Understanding that 99%+ of all streets that will exist a decade from now already exist today, what we're really talking about here in North America isn't building new streets but making good use of existing streets. The way we do this — the way we design block by block in ways that are responsive and adaptable — is to try things and see what works. Our tools are not traffic counters and code books but paint, cones and straw bales. Before we make any change permanent, we test it first to see what works.

They don't teach this in any engineering program. There are

no engineering manuals that recommend this approach.

Building Productive Streets

So if we can't leave street design to our engineers, who should design them? The answer is as simple as it is radical: everyone. Building a productive street is a collective endeavor that involves the people who live on it, those who own property on it, those who traverse it as well as the myriad of professionals who have expertise they can lend to the discussion.

Put your least technical person on staff in charge of your next street. Empower them to meet with people, observe how people use the street and then experiment, in a low cost way, with different alternatives. Keep experimenting until you start to see your indicator species show up. Now you have a design you can hand over to your engineer to specify the technical stuff — pavement thickness, paint specs, et cetera— and get the project built.

Engineers are highly competent at building roads. When you are trying to move automobiles quickly from one place to another, put your engineers in charge and do what they recommend. When you are trying to build a street — when you are trying to make your city wealthier and more prosperous — make your engineer one small voice in a larger chorus of people whose actions dictate what your design should be.

2. Please, I'm not a Smart Growth Advocate.

by Charles Marohn

It's a recurring theme we run into over and over again with coverage of Strong Towns in the media:

Smart Growth advocate Charles Marohn...

Charles Marohn, Smart Growth advocate...

Strong Towns, a Smart Growth advocacy organization,...

I knew this was a serious problem when I complained to my wife — a journalist — and she responded with, “If you're not a Smart Growth advocate, what are you then?”

Ouch.

I'm not a Smart Growth Advocate.

I don't have a lot of problems with people who are. If you did a Venn diagram of the things I think are important and the things that the typical Smart Growth advocate thinks are important, there is probably a lot of overlapping space. Still, I've been to conferences focusing on Smart Growth, I've been on panels talking about Smart Growth and I've read plenty of Smart Growth literature. Unlike other labels that sort of apply to me but don't make me cringe when people use them — traffic engineer, conservative, Catholic, radical — I really dislike being called a Smart Growth advocate.

First, I've never called myself an advocate of Smart Growth. The people who write for Strong Towns don't call us Smart Growth advocates. We don't use the term in any way to describe who we are or what we are about. You can search our site and the only place you'll find it is in the names of conferences I've been asked to speak at and a couple instances when I've been critical of the Smart Growth approach.

Second, I've been very intentional about how I use the term because I don't like it or what it means to many people. There is a condescending aspect to the adjective "smart" because, of course, the opposite of smart is dumb. We've gone to great lengths here to demonstrate that auto-oriented development, at its essence, is anything but dumb and that the people who promote it are not only rational but often quite thoughtful. The problem is in the long term trade-offs.

If we're going to call systems that create suburban development dumb, and infer that the people who choose this option are mentally lacking, then for consistency we need to also apply that label to people who take out payday loans, start smoking or eat themselves into obesity. The underlying social and psychological motivations are largely the same — valuing near term benefits over long term disadvantages — and are very human. I don't think people who take out payday loans are dumb and, more clearly, I don't think my *not* taking out a payday loan makes me smart.

Third, I've never been compelled by the Smart Growth message because I don't find the language advocates use to be very compelling. In a Google search of "what is smart growth" I get the following:

Smart growth is a better way to build and maintain our towns and cities. Smart growth means building urban, suburban and rural communities with housing and transportation choices near jobs, shops and schools. This approach supports local economies and protects the environment.

If we leave out the term "smart growth" and showed the rest to any suburban mayor advocating for a federally-funded highway interchange so they can land the big box store,

McDonald's and cul-de-sac subdivision, they would have no problem with it.

Now, maybe I'm naive — maybe this is the kind of soft language you need to use if you are to be politically relevant in the vortex of Washington D.C. — but it does nothing for me. It feels designed to be inoffensive to everyone in a kind of disingenuous way. It's one of the reasons I've been confused, for example, when the Congress for the New Urbanism — which has a really compelling and generally unambiguous set of principles¹ that have inspired me as a member — latches on to the Smart Growth moniker.

Fourth, here at Strong Towns, we are obsessed with the insolvency of our cities. That is what motivates us and what is at the heart of our conversation. All too often I see people and organizations that advocate for Smart Growth principles promoting, for example, financially insolvent transit systems as an alternative to financially insolvent highway building. Or biking and walking infrastructure where there are no people to walk or bike. Or building patterns that meet superficial density metrics even though they do so miles out of town and completely out of context.

We Focus on Financial Solvency.

Financial solvency is not an afterthought for Strong Towns advocates. We don't have a checklist of things we are trying to accomplish that includes, as one aspiration, public investments that make financial sense. As we say in our core principles: financial solvency is a prerequisite.

When we focus first and foremost on financial solvency, a lot of great things — stuff that Smart Growth advocates generally love — start to happen. We find that walking and

¹ See <https://www.cnu.org/who-we-are/charter-new-urbanism>

biking are the highest returning investments we can make. We discover that traditional building patterns — downtowns surrounded by walkable neighborhoods — are financially very productive. We find that parking infrastructure, and auto-oriented investments in general, are a huge financial loser. And we discover that neighborhoods that mature incrementally over time not only create more opportunity for more people to live at a wide range of price points, but they make people and communities broadly wealthy with much less risk.

And this brings me to the fifth and final point, the place where I tend to diverge the furthest from the typical Smart Growth advocate, and that is in the role of centralized government. As I (somewhat controversially) said at a Smart Growth conference a few years ago: Are you about programs and funding, or are you about people and outcomes?

We've made the difference between orderly but dumb and chaotic but smart approaches a cornerstone of the Strong Towns conversation. Way too often I see Smart Growth organizations and advocates distrusting people, natural systems and organic growth in favor of approaches that are centralized and ordered around the "right" set of policies. This is using Robert Moses means to achieve Jane Jacobs ends. I find it completely incoherent.

I'm not convinced we are any smarter or have any better intentions than the people who used top down interventions to bring us urban renewal, empty pedestrian malls and highways through our neighborhoods. What gives Smart Growth advocates the confidence that they now have it figured out? At Strong Towns, we lack that confidence and our humility forces us to adopt more humble, incremental means.

Now, I have to note that some my best friends are Smart

Growth advocates. As I wrote at the beginning of this piece: we have more points of agreement than points of divergence. At Strong Towns, we welcome any and all Smart Growth advocates to our conversation and believe they will find a lot here to like. That being said, I wish news reporters would stop calling me a Smart Growth advocate. I'm very intentional about not being one.

I'm a Strong Towns Advocate.

The answer to my wife's question was simple: I'm a Strong Towns advocate. The reality is, even though our movement is growing at an amazing rate, that term — Strong Towns advocate — is not yet part of the mainstream dialog on growth and development. It needs to be.

You can help us get there by sharing our stuff with others. This movement is about finding a million people who will do just that. When we reach that level, we'll have a nation of people advocating for a financially solvent approach that also happens to help us live more prosperous, happy and just lives.

If you want to help us get there, please join this movement. Just visit strongtowns.org/membership to sign up.

3. Sprawl is Not the Problem.

by Charles Marohn

I made a few people upset when I asked that I not be called a Smart Growth advocate. Actually, I received a lot of email and messages on that one and the ratio of positive to negative feedback was, in my rough estimation, about 8:1. Still, some of you were upset because you identify as a Smart Growth advocate and wish that I did likewise.

One comment, in particular, stuck with me. This from a Strong Towns member, so not someone who is uninformed on what we are doing. He wrote:

Let's focus our energy on the people building the weak towns full of sprawl.

I've been writing for Strong Towns roughly three days a week since 2008. In those hundreds of thousands of words — or in the over 300 podcasts I've recorded — you will not find me using the word "sprawl" except where I have excerpted or otherwise quoted someone else. There is a simple reason for that: I don't think sprawl is the problem.

At least, it's not the problem I'm trying to solve. Google provides the following definition of sprawl, which I find to be fairly accurate in the way I hear others use it:

The expansion of an urban or industrial area into the adjoining countryside in a way perceived to be disorganized and unattractive.

What is Sprawl?

Let's first look at that definition. If we could somehow reset the American landscape back to 1945, I don't think anyone — even the most ardent smart growth advocate — is going

to have a problem with *expansion of an urban or industrial area into the adjoining countryside*. The problem comes with those two adjectives used to describe the expansion: *disorganized* and *unattractive*.

Many people — particularly planners — look at the American landscape and see disorganization, as if having properly-sized signs, verdant parking lots and decorative, night sky lighting would cure what's wrong with these places. As an engineer, I don't see disorganization. In fact, I see one of the most highly organized mass endeavors ever undertaken by humanity.

We have transformed an entire continent around a new theory of development. This required incredible levels of centralized coordination on policy, finance and regulation. American development is exquisitely organized.

That leaves us with *unattractive*, a rather subjective — and dare I say, polarizing — descriptor that really doesn't move the conversation very far. On one of our podcast episodes in 2015, I interviewed my local council member and he talked about how he found wide streets without any cars parked along them to be aesthetically pleasing. You may disagree (I do) but you're not going to convince him, or millions of other Americans, that a gritty urban street is beautiful while the tree-lined suburban boulevard fronting their manicured lawns is ugly, despite how transitory the latter experience may be.

Strong Towns is not an anti-sprawl organization because sprawl is not the problem.

The Problem is the Suburban Experiment.

At Strong Towns, we have identified the problem as the Suburban Experiment, which we contrast with the Traditional

Development Pattern:

The Suburban Experiment: The approach to growth and development that became dominant in North America during the 20th Century. There are two distinguishing characteristics of this approach that differentiate it from the Traditional Development Pattern. They are: (1) New growth happens at a large scale; and (2) Construction is done to a finished state; there is no further growth anticipated after the initial construction.

Traditional Development Pattern: The approach to growth and development that humans used for thousands of years across different cultures, continents and latitudes. There are two distinguishing characteristics of this pattern that differentiate it from the Suburban Experiment. They are: (1) Growth happens incrementally over time; and (2) All neighborhoods are on a continuum of improvement.

During the Great Depression and after World War II, America began to build places at a grand scale. As we did so, we increasingly began to believe that what we built was then finished. New construction devices and cheap energy sources allowed us to work at this grand scale and our increasing affluence allowed us to dream big.

It was like a skinny kid who always wanted to stop getting pushed around by the schoolyard bully suddenly woke to find the bully in the hospital and a seemingly endless supply of steroids in the medicine cabinet. It's hard to blame a generation that struggled through war and hardship for choosing the open path to success.

This contrasts with the wealth and prosperity of pre-

Depression America. As it had been around the world for thousands of years, this success was the byproduct of small investments over a broad area over a sustained period of time. Incremental growth slowly improved and refined the places humans lived. It wasn't without a lot of stress, but the Traditional Development Pattern provided a path for broad, inclusive improvement and a long track record for having done so.

The Growth Ponzi Scheme

The prosperity of the America of the Suburban Experiment is largely an illusion, a distortion brought about by what we've called the Growth Ponzi Scheme.² It manifests in quick growth and job creation but has enormous long term costs. As those costs come due, cities experience increasing poverty, growing income gaps, declining neighborhoods, concentrated power, unpayable debts and, as a result, widespread social anxiety. This is not a suburban phenomenon; it is an American one.

The Suburban Experiment has ruined our cities and our countryside alike. I remember Andres Duany commenting a few years ago on how American urbanists roundly cheer the placement of a street bench, something any other civilization would find to be so routine and mundane as to be beneath noting.

New York City, arguably the best urban city in North America, is still pathetic compared to even a moderately nice European city. Or compared to NYC of 1916. When urbanists pretend that "sprawl" is the problem, we truly grasp the splinter in our neighbor's eye while failing to see the plank in our own.

² See: <http://www.strongtowns.org/the-growth-ponzi-scheme/>

Sprawl is a symptom.

If you insist, consider sprawl a symptom of the Suburban Experiment. It is only one symptom, of many, and it can't be dealt with without addressing the underlying disease.

To circle back to the previous chapter on smart growth: we won't fix the dysfunctional byproduct of centralized, collective action with more centralized, collective action. Our cities need organic, incremental, citizen-led responses to our current set of problems.

I encourage you all to stop using the word sprawl. It doesn't accurately describe the problem, it prevents us from getting to real responses and it unnecessarily divides the national dialog in ways that are unhelpful.

4. Want Community? Build Walkability.

by Sarah Kobos

Lately, I've been thinking about how our cities shape our habits and our lives. Prioritize car travel and parking lots, and you get places where everybody drives. Build places where it's delightful to walk, and pedestrians magically appear. Make it safe to bike, and cyclists come out of the woodwork.

Drop me in any location—like the “Street View” guy from Google Maps—and I can instantly tell if it's a good place for people.

Are the streets narrow enough that drivers slow down and folks feel comfortable on foot? Are the buildings built up to the sidewalk, where pedestrians and transit users can access storefronts without coming into conflict with cars? Is the streetscape interesting to humans, providing a diversity of options and opportunities to explore? Do buildings have sufficient windows to breathe life into the street—allowing people on the outside to see in, and people on the inside to see out?

These are just a few of the variables that make places rich and inviting to people. And for the most part, we quit building them about 70 years ago. Not because people suddenly didn't want to walk, bike and use transit. We basically regulated walkability out of our cities and towns.

Municipal zoning ordinances separated commercial uses from residential ones, and enshrined car-oriented design at the local level. Transportation engineering standards transformed our city streets into high-speed stroads.³ Meanwhile,

³ A stroad is a street-road hybrid. We coined the phrase during the early

changes to lending practices and federal mortgage insurance regulations made it easy and cheap to get a loan on a single-family home in the suburbs, while making it significantly harder to finance mixed-use buildings.

We pay for these mistakes with our bodies as decades of car-centric design have transformed us from active humans into motorists reliant on machines for movement. But our communities also pay a price as people who drive are more isolated and detached from the cities they call home. I don't mean to knock people who drive. (I live in a city where driving is often the only practical choice.) I simply mean that when you walk or bike, you experience your hometown in a much more intimate way.

Neighborhoods Need Eyes (and Ears) on the Street.

A few weeks ago, while biking home from work, I was enjoying a long downhill stretch of road late on a Tuesday night. Catching all the green lights is a beautiful thing for a cyclist, and I was pedaling fast.

The sound of breaking glass stopped me.

I braked sharply and circled back, listening and looking for the source of the sound. Unfortunately, it appeared to be coming from the vacant Tulsa Club building, an art deco masterpiece that has suffered from decades of neglect and damage inflicted by vandals, fire, and an absentee slumlord. After many years and several false starts, it's finally under new ownership and everyone in the community hopes this historic icon can return to its former glory.

Which is why it really ticked me off when I heard a second crash. Someone was either breaking in, or breaking windows

for fun. Without a moment's hesitation, I was off my bike and yelling at them to stop.

I called the cops, and shined my bike light into the dark passageway between buildings while waiting for them to arrive. When the police showed up, I got back on my bike and headed home. But I kept thinking about what had happened. If I'd been in my car, I never would have heard a sound. I wouldn't have stopped, because I wouldn't have known anything was wrong.

There's More Than One Way to Gauge a Community's Health.

When we talk about healthy communities, we often talk about economic prosperity, access to fresh produce or chronic disease among populations.

But there's more than one way to gauge a community's health, and it's not about dollars or waistlines or longevity statistics. It's about engaging in your community and being a part of the world around you.

Every time I walk or bike, I enter into this world on a much deeper level. When I bike to work, I speak to strangers. People say hello. They ask directions. They comment on the weather. At a minimum, I get eye contact and a wave. More often than not, people smile.

Over time, you start to recognize people: The doormen at the downtown hotel. The folks at the bus stop. The kids on bikes delivering sandwiches to office workers. The crossing guard at the elementary school. The homeless guy soaking in the sun on a warm winter day.

As people start to recognize you, the smiles get bigger, and the hellos get friendlier. You start to feel that we're all in this

thing together. Every time it happens, it makes my day. Every time, I feel a part of something bigger and better than myself. Maybe that's the definition of community.

Traditional Building Patterns Bring us Together.

Two things are at play here. One, I'm on my bike. I'm recognizable as a human being. I'm not encased in a sound-proof bubble of glass and steel. Two, my route to work takes me through older neighborhoods into the heart of downtown. I pass homes and schools and offices and shops, all of which are easily visible from the street. Houses and storefronts are built closer to the street, and there are a lot more people on foot. We're close enough to recognize each other and it's possible to speak.

I rarely bike through places where single-use buildings are fronted by giant parking lots. If I did, I wouldn't interact with nearly as many people. In these places, I would only interact with cars—which is a lot more dangerous for cyclists and a lot less fun.

But the way we build our cities impacts more than just cyclists. Over the years, I've come to believe that older, more traditional development patterns are actually safer and better for everyone. When buildings "face" the street and meet the sidewalk, not only does it put "eyes on the street," but walkable places create more opportunities for people to meet, to speak, and to care about each other.

When houses have front porches instead of backyard decks, people are more likely to know their neighbors, at least by sight, and they will notice if anything unusual is happening in the vicinity. When people live above commercial spaces in mixed-use buildings, they "activate" the space both night and day. The area never feels abandoned, because people are always around.

Contrast this with the Suburban Model.

In a typical suburban neighborhood, people enter their vehicles within the protective shroud of their garage. They drive to their destinations without speaking to anyone who's not already on speed dial. They park in enormous parking lots, where they may see other humans, but their main focus is avoiding being run over by an SUV. Later, they return home, where the garage door closes behind them like the drawbridge of a medieval castle. Outdoor activities take place behind privacy fences and yards are so large that people who can afford to pay others to mow the lawn for them. Neighbors rarely have occasion to speak and often don't even know each other's names.

This doesn't sound like the American dream to me. When we stopped building traditional, walkable places, we lost something important: the chance to have routine, face-to-face contact with strangers, and the opportunity to see and know and learn from people who are not exactly like us. In addition, we've decimated the kinds of neighborhoods in which people can easily look after each other.

What we've done is not good for our communities. It's probably bad for our souls, too.

I can't help but believe that our neighborhoods, our cities, and our commitment to each other would improve if more of us lived in places where "bumping into someone on the street" didn't involve heavy traffic and a fender bender.

To get there, changes are needed. We need to fix our zoning codes to enable traditional mixed-use neighborhoods. We need to challenge our transportation policies and stop prioritizing car travel over all other modes. And we need to eliminate the regulatory obstacles that make it difficult to obtain financing for renovation or construction of small,

Strong Towns

mixed-use buildings in walkable neighborhoods

Cities evolve. We create our future one building at a time. So there's no time like the present to start building—and rebuilding—places that are great for people and communities (again).

5. Understanding Growth, Part I

by Charles Marohn

"We have become over-obsessed with the idea of growth. We are not exactly sure what we are growing toward, but we compensate for this shortcoming by accelerating."

- Tomas Sedlacek, *Economics of Good and Evil*

My hometown of Brainerd, MN, is millions of dollars in debt. We're one of the poorest cities in the state and are perpetually among the highest in unemployment. More of our budget comes from aid from the state than we raise locally through property taxes. We have untold obligations we cannot meet, from building repairs to road maintenance, and we've laid off our fire fighters and many of our police officers. Yet, despite our fragile and nearly desperate financial state, we are about to borrow another \$10.7 million for a sewer and water expansion project we don't really need. Why would we do such a thing?

The one word answer: growth.

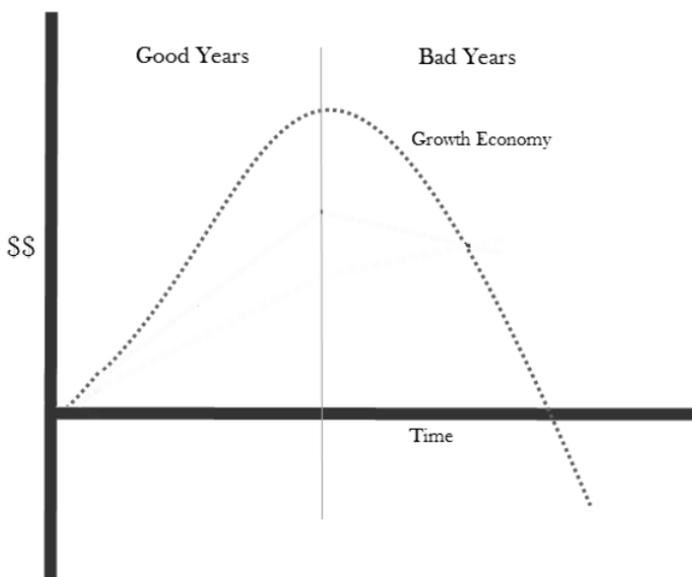
In the next five chapters, I'm going to be offering a Strong Towns interpretation of the insights of Czech economist Tomas Sedlacek whose book, *Economics of Good and Evil*, I've spent a lot of time with. Let's just say that I've finally found an economist I can respect.

Speaking during the darkest days of the recent European economic crisis, Sedlacek argued that our economy is not depressed but is more correctly described as manic-depressive. The mania we collectively experience is both on the way up and the way down, although we only choose to treat the latter. The former we embrace.

During the good times, "we always wanted to grow just a little more than we otherwise could." There was always a reason why, if a little bit of growth was good, more would be even better. It was very easy to justify various kinds of mischief — from annual deficits to artificially low interest rates — in order to wring just a little more growth out of the economy. This is true whether your goals were motivated by left wing thinking or right wing thinking.

Very consistent with the mindset of The Patron Saint of Strong Towns Thinking, Nassim Taleb, Sedlacek suggests that our economic policy of recent decades has been to sell stability in order to buy growth. This is what I alluded to in the Brainerd example I started this piece with. We're already unstable, yet we're prepared to commit half a generation of projected revenues for the slim chance that we are going to be able to experience some growth today.

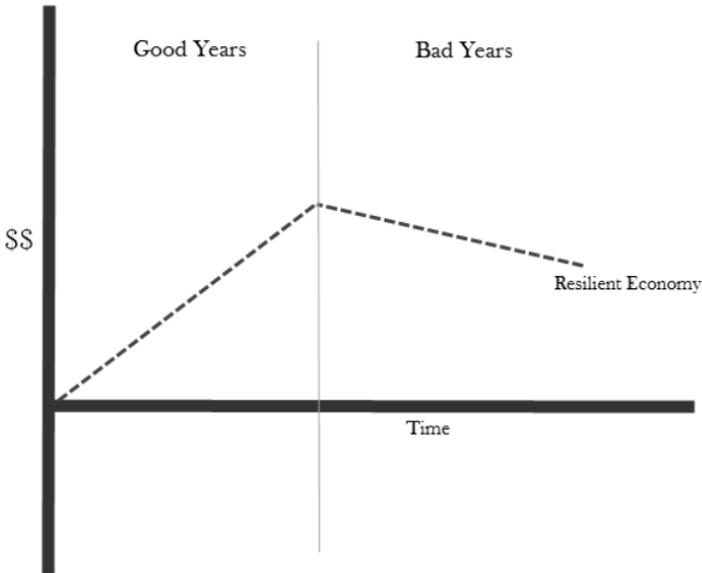
These policies — which begin at the national level and make their way down to the local — have the effect of amplifying growth during the good years and then accelerating downturns in the difficult years. This is why an economy can grow really fast from 2001 through 2008 and then suddenly collapse. Graphically, here is how our current growth economy tends to perform.



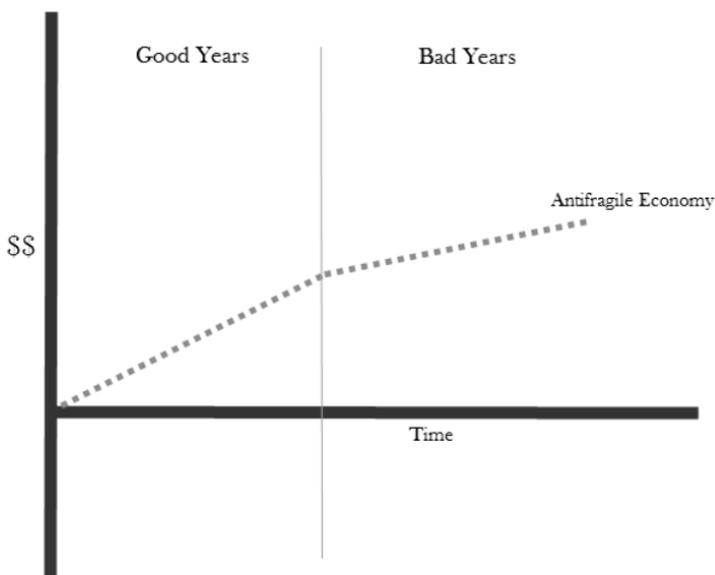
I'll pause here and note that we collectively call the period between 2001 and 2008 a housing **bubble**. From 2008 until 2010 we saw that bubble burst. Now housing is back to 2008 levels, but do we have another bubble? Of course not. We call 2010 to 2016 a housing **recovery**. An inflated sense of esteem is one of the criteria for the manic phase of a bi-polar disorder.

I want to contrast a growth economy with a resilient economy. The idea of a resilient economy is that we sacrifice some growth in order to gain stability. During the good years, we would not grow quite as much and, in turn, during the bad years things would not decline so precipitously. Forgoing debt, buying insurance, fully funding your pensions and prioritizing maintenance are all ways to pursue a resilient strategy. Such an economy would perform more like this.

Strong Towns



Let me contrast both of these approaches with a Strong Towns approach, embodied in Nassim Taleb's concept of antifragility. An antifragile economy is one that gains from disorder. Such a system will experience growth during the good years, although not nearly as much as the growth economy or the resilient economy. However, the antifragile approach will continue to experience some success during the bad years. As it is stressed, it grows stronger. Here's what that looks like.

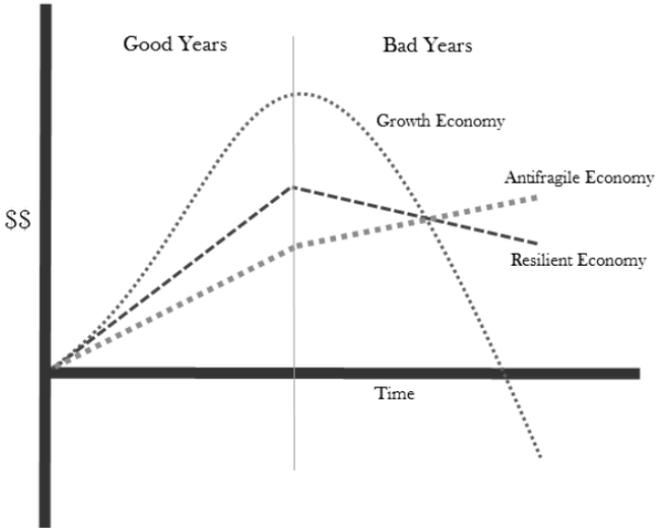


Where does such a system exist? For cities, the antifragile approach is the traditional development pattern. It is the incremental way in which we built and matured cities for thousands of years all around the world. Flexible building forms, constantly maturing neighborhoods and incremental investments — cities that continually grow up, grow out and grow more intense — ensure that there are always positive ways to improve.

The antifragile approach does not outperform the growth economy or even the resilient economy during the good years. In times of extreme affluence such as America experienced after World War II, sticking to the antifragile approach — especially after two decades of depression and war — was not going to happen. Our natural human inclinations overrode our time tested wisdom. In many ways, I understand that.

Strong Towns

What is harder to understand — and harder yet to forgive — is the way we accelerated our debt during those good years in order to grow just a little bit more. We traded stability for growth until now we find that we have neither.



"People say Greece is behind. It is actually the other way around. Greece is ahead. They just went bankrupt twenty years before everybody else."

- Tomas Sedlacek, *Economics of Good and Evil*

6. Understanding Growth, Part II

by Charles Marohn

"It would appear then that there are two ways to be happy in consumption: to permanently escalate consumption (to reach the next unit of happiness, we need ever more consumption material) or to become aware that we have enough. The only thing we have a real shortage of is shortage itself."

- Tomas Sedlacek, *Economics of Good and Evil*

There is a tragic paradox to the women's movements of the past century, specifically when it comes to women in the workplace. What started out as liberation – the choice of whether or not to work and to have that labor valued and respected in the same way as a man – has evolved into something else. Today most women do not have a choice as to whether or not they work. Work is an economic necessity.

In a theoretical sense, women entering the workplace should have meant a number of positive things at the family level of finance. For a home that now had two breadwinners, it should have meant a higher standard of living. It should have provided the household with more capacity for leisure time. It should have given the other spouse the ability to work less or to choose a different job that perhaps was more fulfilling. In short, the sacrifice of extra labor should have provided the benefit of a better life for everyone.

It may have in the early years, but our insatiable lust for additional economic growth wore away those benefits. We've now reached a point where we have sucked all the productivity gains out of employing the other half of our workforce — as economists like to call women — and still we need more growth. To what end?

Czech economist Tomas Sedlacek observed the following in

his book *Economics of Good and Evil*⁴:

The United States could have devoted the technological development of the last twenty years to saving time. In other words, if the United States remained at the standard of living it had twenty years ago, and were to invest technological progress into free time, maintaining this standard would require 40 percent less work, or a three-day workweek.

Stated another way: Imagine how spartan and deprived your life was back in the 1990's (not). If you were to have sacrificed and simply maintained that standard of living — house sizes, gadgets, automobiles, et cetera — today it would only take three days of your labor each week to sustain that quality of life. So, if we measured success in terms of, say, leisure time instead of growth, the path we've been on the last two decades has resulted in a vastly reduced standard of living.

We don't measure success in leisure time, however, which is actually an interesting observation when one stops to ponder it. *Why do we work?* Sedlacek puts forth some provocative challenges to the growth economy, such as an examination of the modern treatment of Sabbath. The Sabbath is a day of abstinence from work recognized by Jewish and Christian religions. It's a time out. A day of rest. Not a day to work a few hours or get caught up on the yard.

Genesis describes God's labor of creating the heavens and earth and all of that takes six days. On the seventh day, God rests. God doesn't rest because God needs to be back at the office Monday morning to create another universe. God rests

⁴ Sedlacek, Tomas. *Economics of Good and Evil: The Quest for Economic Meaning from Gilgamesh to Wall Street*. New York: Oxford University Press, 2013.

because God is done.

As modern Americans, do we work for the weekend? Do we put in our toil and labor so that we can be *done* and then rest? Or do we, as modern economists who argue over the proper length of the work week put forth, need rest so that we can become more productive workers? Who serves whom?

The political right in this country often treats the growth economy as a religion, as if it in and of itself is a thing possessed with a higher morality. Growth is a good unto itself. This is why, in the wake of the financial crisis, some so-called conservatives had open discussions about the merits of the Beijing Consensus — a little state capitalism with some authoritarianism thrown in — if that is what was needed to get growth going again.

Again, do we have western democracy that can result in economic growth OR do we require economic growth in order to have western democracy? Which is the dependent and which is the independent variable for us?

The political left largely accepts the dogma of a growth economy but tries to wield the power for good. Instead of changing the system to function differently, there is a lot more power to be had in letting it churn and then reallocating the spoils. And, of course, let's just take on huge amounts of debt if we have to — of course we do, people are in need, after all — in order to increase that (managed) growth.

The refreshing thing about Sedlacek is that, unlike his economist peers, who deny humanity and replace us with *homo economicus*, a totally rational being that cleanly fits their mathematical models, he starts with a deeper understanding

of human motivation. We're not the utility-maximizing entities that our economic models count on us to be. There's a lot of good that comes from growth, but growth is not the only good. An economy based solely on growth is one that misses out on a lot, not to mention wreaks a lot of havoc.

This brings me to one last rhetorical question: What does the end look like? When the growth economy has provided everyone a house, two cars, clothes, food, two iPhones, a driverless car and a robot maid, what then? Are we *done*? Does our model even contemplate a time when we have enough, or at least a time when our wants are insufficient to create a 3% annual rate of Gross Domestic Product (GDP) growth? Sadly, the answer is "no."

"If maximum growth is the imperative of our time, at any cost, then true rest and satisfaction are not possible."

- Tomas Sedlacek, *Economics of Good and Evil*

7. Understanding Growth, Part III

by Charles Marohn

"The debate on GDP growth frequently tends to be nonsensical. GDP growth can simply be influenced with the help of debt (and either through fiscal policy in the form of deficits or budget surpluses) or through the help of interest rates (monetary policy). So what sense do GDP growth statistics make in a situation with a several times larger deficit in its background? What sense does it make to measure riches if I have borrowed to acquire them?"

- Thomas Sedlacek, *Economics of Good and Evil*

Common consensus among our intellectual class is that debt doesn't matter. Perhaps more precisely: concerns over debt are less important than concerns over growth. Paul Krugman, the living caricature of this mindset, writing in his book *End This Depression Now!*, made the following argument in the introduction⁵:

Every time I read some academic or opinion article discussing what we should be doing to prevent future financial crises—and I read many such articles—I get a bit impatient. Yes, it's a worthy question, but since we have yet to recover from the last crisis, shouldn't achieving recovery be our first priority?

He then goes on to lament that GDP growth, "is barely above its pre-crisis peak," a clear sign that we are in a depression. Krugman has argued that more debt is a moral imperative — debt is good and nobody understands debt (except him) — that we're not grasping the basic lessons of John Maynard Keynes when we contemplate policies of

⁵ Krugman, Paul. *End This Depression Now!* New York: W. W. Norton & Company, 2013.

fiscal austerity:

When everyone suddenly decided that debt levels were too high, debtors were forced to spend less, but creditors weren't willing to spend more, and the result has been a depression—not a Great Depression, but a depression all the same.

Czech economist Tomas Sedlacek calls our current growth economy "Bastard Keynesian". He points to the story from Genesis of Joseph interpreting Pharaoh's dream as the first macro-economic forecast, a forerunner of Keynesianism. In the story, Pharaoh has a dream of seven fat cows grazing who are then consumed by seven lean cows. In a subsequent dream, Pharaoh sees seven heads of healthy grain devoured by seven thin and withered heads of grain. When none of Pharaoh's magicians or wise men can adequately explain the meaning, Joseph is summoned. As Sedlacek writes in *Economics of Good and Evil*, Joseph told Pharaoh:

God has shown Pharaoh what he is about to do. Seven years of great abundance are coming throughout the land of Egypt, but seven years of famine will follow them. Then all the abundance in Egypt will be forgotten, and the famine will ravage the land. The abundance in the land will not be remembered, because the famine that follows it will be so severe.

Joseph then provided a way to deal with this crisis, one that would require prudence and sacrifice during the good years:

Let Pharaoh appoint commissioners over the land to take a fifth of the harvest of Egypt during the seven years of abundance. They should collect all the food of these good years that are coming and store up the grain under the authority of Pharaoh, to be kept in the cities

for food. This food should be held in reserve for the country, to be used during the seven years of famine that will come upon Egypt, so that the country may not be ruined by the famine.

This is the essence of Keynes. During the good years we save so that, during the difficult years, we can spend. One of his great insights is the paradox of thrift: when everyone cuts back on spending, as tends to happen during economic downturns, it only makes the crisis worse. In response, Keynes suggests that government can — and should, like Pharaoh — step in to build up reserves during good times so that, in those inevitable downturns, it can fill the gap and prevent unnecessary suffering.

What happens when Pharaoh wants more growth during the good years — because growth is a good unto itself and more is always better/necessary — *and* also wants to be able to counteract downturn during the lean years? That is where our growth economy operates now, which is why Sedlacek calls it Bastard Keynesian. It takes one half — spending during downturns — while doing little in the way of prudence to build up reserves during the good years.

This has turned our growth economy into a debt economy. We cheer when the economy grows by 3% in a year even when our collective debt levels have risen by more than 3% of GDP. Nobody who borrows \$10,000 believes themselves to be \$10,000 richer, yet we manage our growth economy as if this is an actual reality.

In a manner that mainstream American economic thought reflexively laughs at — think Ron Paul, the gold standard, and the original Tea Party emphasis on balanced budgets — Sedlacek describes the way in which interest rates allow money to travel through time. From *Economics of Good and*

Evil (emphasis mine):

Money can also travel through time. This time-travel of money is possible precisely because of interest. Because money is an abstract construct, it is not bound by matter, space, or even time. All you need is a word, possibly written, or even a verbal promise, "Start it, I'll pay it," and you can start to build a skyscraper in Dubai.

*Understandably, banknotes and coins cannot travel through time. But they are only symbols, a materialization, an embodiment or incarnation of that energy. Due to this characteristic, **we can energy-strip the future to the benefit of the present.** Debt can transfer energy from the future to the present.*

On the other hand, saving can accumulate energy from the past and send it to the present. Fiscal and monetary policy is no different than managing this energy.

We will soon have experienced a decade of interest rates at or near zero. Understand what that is. It is a desperate attempt to energy strip as much of our future productivity as possible for the benefit of today. Negative interest rates, as are now being contemplated, would allow us to reach just a little bit further into the future. We are buying growth and the price we pay is our future stability.

Let me put some numbers to this abstract notion of lost stability. Back in 2013, we began to suffer through the horrors of the sequester. The sequester is an \$85 billion reduction in spending on a \$3.5 trillion federal budget, something Paul Krugman called a Domsday Machine, but we can well imagine Pharaoh calling a prudent move. Nonetheless, consider that, with our unprecedentedly low interest rates, over the past decade we've been able to

expand our national debt to nearly \$19 trillion without increasing our annual debt service costs. At this point, for every 1% rise in interest rates, we are facing an additional \$190 billion in interest expense — more than double the *Doomsday Machine* of the sequester — just to pay interest on our past spending.

How much stability do we have if our policymakers can't raise interest rates without exploding the budget? *Ah, but Chuck, inflation is low.* Yes, but if you Krugmanites are successful in your theory — and how can you not be if the theory is to print and borrow endless sums of money until we get acceptable levels of spending back — then inflation will rise and you will be forced to pick your cyanide. Destroy people's lives — especially the poor — through relentlessly rising prices or blow up the growth economy and suffer through the collapse. My guess is we'll try to stick it to the poor, but really, all bets should be off at this point.

As Sedlacek contends: "It's not a question of austerity: yes or no, but when." Sedlacek suggests that Keynes today would be considered an extreme right wing thinker.

We have suffered a tragic subject/object reversal. We created a growth economy to serve us. Now we serve it.

Debt once served us. Now we serve it.

8. Understanding Growth, Part IV

by Charles Marohn

“If we believe that man is evil in his nature, therefore that a person himself is dog eat dog (animal), then the hard hand of a ruler is called for. If we believe that people in and of themselves, in their nature, gravitate toward good, then it is possible to loosen up the reins and live in a society that is more laissez-faire.”

- Tomas Sedlacek, *Economics of Good and Evil*

In a recent episode of Dan Carlin's Hardcore History podcast,⁶ Carlin quotes Lt. Col. Dave Grossman, from the book *On Killing: The Psychological Cost of Learning to Kill in War and Society*, as saying that it is the "proximity to the victim that determines how resistant to killing people tend to be."

It is a rather obvious, yet profound, point that is made in a more humorous way by the comedian Louis CK as he discusses the difference between how he reacts to nameless, faceless person in an adjacent car and how he would treat a person standing next to him in an elevator. In the separation of the car, he spews hate, but in the elevator he is far more tolerant. When it comes to human morality, proximity matters.

Adam Smith is most well known today for *The Wealth of Nations* and, in that book, his single (perhaps offhanded) mention of the *Invisible Hand* is the most famous passage. To say we have literally built our entire growth economy around this notion — that a market where everyone works in their own selfish, self interest will magically produce optimum outcomes for society — would not be an over-

⁶ See <http://www.dancarlin.com/hardcore-history-57-kings-kings-ii/>

statement. Here is that quote, as it's commonly presented⁷:

It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest.

...he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it.

Interestingly, as listeners to our podcast heard when I interviewed Econtalk host Russ Roberts⁸ on his book *How Adam Smith Can Change Your Life*, Smith's primary obsession was not with economics. It was with morals. His first book — *The Theory of Moral Sentiments* — is a fascinating prism through which to view *The Wealth of Nations*.

If we listen to the leading voices of today's economics profession, we are told that we are consumers, a rational, utility-maximizing creature of their models that has taken to being called *Homo Economicus*. Yet, Adam Smith — whose invisible hand has been used to justify all manner of private vice in the name of the common good — clearly recognized that people are motivated by far more than their own rational self interest. In *The Theory of Moral Sentiments*, he wrote⁹:

Regard to our own private happiness and interest, too,

⁷ Smith, Adam. *Wealth of Nations*. New York: Bantam Classics, 2003.

⁸ See <http://www.strongtowns.org/journal/2015/2/24/episode-207-russ-roberts-on-adam-smith>

⁹ Smith, Adam. *The Theory of Moral Sentiments*. New York: Penguin Classics, 2010.

appear upon many occasions very laudable principles of action.

And later:

Kindness is the parent of kindness; and if to be beloved by our brethren be the great object of our ambition, the surest way of obtaining it is, by our conduct to show that we really love them.

The Czech economist Tomas Sedlacek argues that there is an invisible hand, but that it is not constrained to simply the realm of the market. It crosses into the realm of the social, the psychological and the historical. It compels us to act and react as a society in certain ways which often are not, in a purely economic sense, wholly rational. From *Economics of Good and Evil*:

For small acts (hunting together, work in a factory), small love is enough: Camaraderie. For great acts, however, great love is necessary, real love: Friendship. Friendship that eludes the economic understanding of quid pro quo. Friendship gives. One friend gives (fully) for the other. That is friendship for life and death, never for profit and personal gain.

In times past, the butcher, the brewer and the baker — particularly in the age of Adam Smith — would all have been people we personally knew. They lived up the street. Our kids would have played with their kids. We would likely have gone to the same church, received the same moral teachings and been part of the same circle of peers. To say our transactions were purely market-based is missing a lot. I care about the butcher, the brewer and the baker, not in some abstract way that I generally care for humanity, but in a very real way because I know them.

Sedlacek shares this insight as well and compares love — yes, I assure you, he is an economist — to a force that behaves differently based on proximity:

It could almost be said that “small love” is a kind of gravitational force which, while weak (and almost imperceptible in comparison with other forces), is similar to charity in that it is a weak love, difficult to detect in comparison with other loves (which are intense and concentrated on one or a couple of people). But just as with short but strong (nuclear) forces and distant and weak (gravitational) forces, charitas holds together large units, in our case society—in a similar way to how gravity keeps together objects at large distances but is not as “strong” as nuclear or electric forces.

In the name of maximum growth, we have moved the morality of market transactions in our society — in pursuit of maximum efficiency — from the realm of near and strong to that of distant and weak.

So that my meat is (theoretically) the highest quality at the lowest price, I now bypass the butcher — he has long been put out of business — and instead buy it from a national retailer. The clerk there does not know the shareholders who own the company, nor do they know the clerk. Or me. None of us know the actual people who cared for the animal, slaughtered the animal, processed the animal or transported the meat to the store. Nearly all moral dimension in this transaction have been removed leaving me, the clerk and the shareholder owners of the company free to treat each other with the least amount of social connection possible.

Yet, society still operates with an amazing degree of individual decency. It is still news when someone acts terri-

bly because it is a rare occurrence. That should be a refreshing observation and should make us less fearful of a world where we sacrifice growth for stability, where we focus less on maximizing efficiency in our markets and more on building the resilience of our cities, towns and neighborhoods. Unfortunately, that is not the case, and so we've shown, in the face of all these distant and weak moral connections, an inclination to turn our power to do good over to others with the hopes that they will enforce a better world.

Again, from Sedlacek:

The question of whether man is good or evil is a key question for the social sciences. "Regulation" will develop from it. If man is evil by nature, then it is necessary to force him toward good (in the context and under the pretext of "social good") and limit his freedom. If it is a dog-eat-dog world, as Hobbes believes, we need a strong state, a powerful Leviathan that forces men toward (men's unnatural) good. But if on the other hand human nature (or something of the ontological core of man's being, his very "I") is good, then more laissez-faire is possible. Man can be left alone, because human nature will automatically have a tendency to steer him toward good.

State interventions, regulation, and limits to freedom need be applied only where man as part of a whole is not sufficiently (collectively) rational, where spontaneous social coordination works poorly or where forced coordination is capable of ensuring better results (in the case of externalities, for example). This is one of the key questions for economics: Can the free will of thousands of individuals be relied on, or does society need coordination from above?

Are we a society of villains or of neighbors?

I believe we are a society of people inclined to be neighbors who have adopted an economic structure predicated on our villainy. By shifting our markets from interactions that are predominantly distant and socially weak to those that are near and socially strong, we can start to move beyond our fragile dependence on growth and debt to a stronger America based on strong cities, towns and neighborhoods.

9. Understanding Growth, Part V

by Charles Marohn

"In recent decades, our debt has risen not out of shortage but out of surplus, excessiveness. Our society is not suffering from famine, but it must solve another problem—how to host a meal for someone who is full."

- Tomas Sedlacek, *Economics of Good and Evil*

Here's an illustration of strength versus fragility which is helpful as we consider the nature of productive cities.



In the rain forest, you have a complex, adaptive system that has emerged in a way that is, as a byproduct of how it emerged, highly resilient and adaptable. The corn field, in contrast, is a system based on efficiency, constantly increasing the amount of output for a given unit of input. One hail storm, a few weeks of drought or a swarm of locusts and it's gone.

We might think we prefer the human equivalent of the rain

forest, but do we?

Let's pretend we were made king/queen of a portion of a rain forest and, magically, we had the authority and resources we needed to right the wrongs, correct the deficiencies, that we saw in the world around us. What would we do?

As we delved into the situation, we would quickly realize that the process of emerging, of developing a resilient equilibrium, is a brutal one. In the rain forest, one creature's cruel death is the essential nutrients for many others. A tree grows strong and creates an ecosystem of winners and losers. Another tree falls and an entirely different system of winners and losers takes over. Would any of us have the wisdom to decide which winners are best? Which is the optimum path for that moment in time?

Or would we, as ecologists suggest, let well enough alone so that the infinitely complex interactions that give the rain forest its adaptive resiliency can run their course?

Since World War II, Americans have seemingly had the power and the resources to right the wrongs, correct the deficiencies, in the world around us. Whether the wrongs you've identified emanate from concerns of the political left or the political right, there have been enough resources available to move ahead as far as political consensus would allow. There is something noble in this — who doesn't want the world to be a better place — but also something dangerous and destructive. Just as with meddling in the rain forest ecosystem, how do we know what is actually the best course of action? How do we know what set of winners is optimum?

Enter modern economists. If there is one thing American society has been able to achieve broad consensus on it is that

more growth provides us with more resources and, whatever problems we are actively trying to solve, more resources are really helpful. The paradox of our economy is that we create more collective resources — growth in GDP — by individually consuming more resources. This system worked for a long time — we leveraged individual appetites to accelerate collective growth — but now, as Czech economist Tomas Sedlacek suggests, we've reached the point where individuals are unable, or unwilling, to consume enough to keep it going. From the *Economics of Good and Evil*:

Economics mainly counts on situations when a person is unsaturated and would like to consume more (and also make more money). What would economics look like without this? Our resources have grown so much that we can allow much more than full satiation. Economics is the study of "allocation of scarce resources," but what happens when they are in abundance?

Today, it feels like we're stuck. We've so many problems to solve. With the way we go about solving problems — largely top/down, centrally directed efforts — we need more resources. Yet, we struggle to get our economy to grow because, individually, we can't or won't consume at the levels needed to generate those collective resources. Is this the ultimate irony? Can we only satisfy our needs by increasing our neediness?

For reasons that are not important to this conversation, I've spent a great deal of time thinking about the business model of a newspaper, and I'd like to use those insights to contrast our current approach to what was and could be again.

When we look at a local, family-owned newspaper, we see an endeavor that is the ultimate invisible hand kind of undertaking. It is a business proposition that, if done well, is also a

great service to the community. I've known a number of local news publishers who make a good living reporting on the local comings and goings, breaking the occasional big story, crying with families when they have tragedy and celebrating success when it is found. In time they often come to own a building, maybe some equipment and can someday pass on the entire enterprise — with some modest gain — to a new generation. Few find riches but many have experienced enough success to make them among the privileged and powerful within their communities.

Now take the modern corporate media company. I won't suggest that these endeavors don't also struggle to be a service to the community, but the risk and reward are much different. It isn't adequate for a publicly traded company to simply do good work and make a modest profit year after year. The dictates of shareholders — rightfully, as is our system — are that profits must be maximized, to increase year after year. New efficiencies must be found. New opportunities must be exploited. Capital must be leveraged by a leadership team required to return value to shareholders.

Pretty soon the paper lays off senior reporters — the ones with sources and community knowledge — in a cost cutting measure. Then the team that actually designs the paper — the ones who grasp local nuance and culture — are let go so assembly can be outsourced to corporate offices on the other side of the country. Pretty soon the software used to lay out the paper is standardized to the low bidder, even though it doesn't really work. And on and on and on.

The product here — a local newspaper — is very similar between these two, but the motives and incentives in the underlying production are vastly different. So, would our lives be worse off if our local news was brought to us by a locally-owned newspaper rather than a publicly-traded

corporation? It's hard to argue that it would.

Yet, if it were locally produced, that paper would be free of the continuous need to increase efficiency, the constant pressure to increase profits and expand margins above all else. Sure, a good business owner would still do some of that, but as part of the community they would also balance those urges with the other competing interests, many of them social and without direct economic payoff. And, if 3% year-to-year growth didn't happen, that too would be okay.

We cannot have a centralized, corporate-driven, debt economy without continuous growth, but we cannot sustain continuous growth. We therefore need a different model, one that doesn't require continuous growth. That is only going to be found at the local level, by localizing those endeavors that can be localized. As a matter of public policy, we should be doing everything we can to end the subsidies and incentives that promote the big/centralized — banks, corporations, government — and focus our efforts on seeding the small/localized wherever possible. More chaotic but smart and less orderly but dumb. We can have growth, but not be a slave to it.

If we do this, I believe we'll have an economic system that is more moral, more just. From *Economics of Good and Evil*:

In our constant desire to have more and more, we have sacrificed the pleasantness of labor. We want too much and so we work too much. We are by far the richest civilization that has ever existed, but we are just as far from the word "enough" or from satisfaction, if not further, than at any time in the distinct "primitive" past. In one sentence: If we ourselves did not have to constantly increase GDP and productivity at all costs, we would not have to also constantly overwork ourselves in "the

sweat of our faces.”

I'm going to return to the rain forest because I suggested earlier that locally complex systems are brutal, that their resiliency is the byproduct of frequent failure and adaptation. How can a system like that be more just? How can we call something like that moral? There are many of you eager to vote for your brand of tyrant for president, someone who will enforce your version of righteousness and morality on a country badly needing both, often because you don't trust your neighbors to do the right thing.

The rain forest is brutal, yes, but nature is filled with countless examples of altruism. From plants that interlock roots to share water during drought to birds that warn others of danger. Humans are the most social of all species. We're wired to work together. Let's stop trying to bypass that wiring.

One of the most positive things about recent reflections on Urban Renewal policies is the acknowledgement that the African American communities that were bulldozed may have been poor, but they were also vibrant. They were full of strong social connections, the kind that makes a place resilient. The great injustice that was done in these places had economic ramifications, for sure, but the worst aspect was social. We tore apart the complex fabric of the community. That we would now out of fear resist the restoration of this fabric, in poor and affluent neighborhoods alike, defies all that we have learned. Are we still so lacking in humility?

I end this series with one last excerpt from *The Economics of Good and Evil*. This is a quote from John Maynard Keynes on what life could be like in an economy where growth is good, but not the only good, where people are more than

consumers, more than some theoretical *Homo Economicus*, where our fate is not directed by economists or central planners but by our relationships with each other:

When the accumulation of wealth is no longer of high social importance, there will be great changes in the code of morals. We shall be able to rid ourselves of many of the pseudo-moral principles which have hagridden us for two hundred years, by which we have exalted some of the most distasteful of human qualities into the position of the highest virtues.

I see us free, therefore, to return to some of the most sure and certain principles of religion and traditional virtue — that avarice is a vice, that the exaction of usury is a misdemeanor, and the love of money is detestable, that those walk most truly in the paths of virtue and sane wisdom who take least thought for the morrow.

We shall once more value ends above means and prefer the good to the useful. We shall honor those who can teach us how to pluck the hour and the day virtuously and well, the delightful people who are capable of taking direct enjoyment in things, the lilies of the field who toil not, neither do they spin.

10. Suburban Poverty: Hiding in Plain Sight

by Daniel Herriges

There is arguably no place where half a century of suburban growth has more resembled a giant Ponzi scheme than in Florida. The state of Florida went all-in on the suburban experiment in a way that few other places did. For reasons that may have more than a little to do with the advent of air conditioning, the state's population did not begin to grow rapidly until the post-WWII era, when the economic and public policy forces driving suburbanization were at their peak. Add a state economy driven by land speculation and lax-to-nonexistent development regulations, and you've got yourself a perfect storm.

Florida soon became the poster child for disastrously unsustainable development — both fiscally and environmentally. Unsurprisingly, boom-and-bust cycles tend to hit the state hard. The suburban experiment has been most ruinous in precisely the places that were first to embrace it, and that embraced it with the most reckless abandon.

Narrative accounts of the fallout of Florida land scams and ill-conceived development are legion. But if you haven't been to this part of the country, you may not know what the fallout looks like. "Suburbia will be the new slums" may be something you've heard or read in urbanist circles but not yet encountered a preview of on the ground, because there's really nothing comparable in the Midwest or Northeast. In 2016, fringe exurban communities around Minneapolis-St. Paul, where I grew up, are still affluent and exclusive places, while poverty is growing fastest in inner-ring suburbs. Not true in the boom-and-bust Sunbelt.

A Tour Through Florida's Zombie Subdivisions

Let's take a field trip to Southwest Florida, which was hit as

hard as anywhere in the U.S. by the real-estate market collapse and foreclosure crisis that began in 2006. If you Google "foreclosure ground zero" and scan the first few pages of results, you'll find many claimants to the (dis)honor, but Lehigh Acres and Cape Coral are two names that show up again and again.

Cape Coral is a large suburb of Fort Myers. Founded in 1957 and intended as a retirement community, its population has more than doubled since 1990 to over 150,000 residents, and residents under age 25 now outnumber residents over 65.

Cape Coral was built at a breakneck pace by its developer, the Gulf American Corporation. In a pattern you see over and over in Florida — which boggled my mind when I first moved there — the developer paved huge swaths of the street grid before most of the lots were even sold, let alone homes built. The result is this:



Image from Google Maps¹⁰

10 From <https://www.google.com/maps/@26.7326372,->

Florida is infamous for "zombie subdivisions" like this, where rudimentary infrastructure exists but the promised boom never came. There are those (many of them realtors) who will tell you it's still coming: This may be the decade! The future is bright! You can have your affordable home amid sunshine and palm trees and relax on Easy Street!

Don't count on it.

Lehigh Acres is located east (inland) from Fort Myers. Its population has more than *quintupled* between 1990 and 2010, from 13,611 to 86,784. The population is young and relatively low-income.

Lehigh Acres is *huge*. It occupies about 95 square miles, twice the land area of San Francisco or Boston. It's hard to overstate the extent of these master-planned, pre-platted Florida developments, and it's hard to comprehend their sheer mind-boggling scale unless you've been there. Like northwestern Cape Coral, much of eastern Lehigh Acres is utterly empty:

82.0539008,0a,82.2y,144.53h,72.4t/data=!3m4!1e1!3m2!1sjmRYJnygETH0XzB4yxL-Lw!2e0?source=apiv3

Strong Towns



Image from Google Maps¹¹

A bit to the north, we find the adjoining cities of Port Charlotte and North Port, halfway between Sarasota and Fort Myers (about 40 miles from each). North Port's per capita income is \$16,836, far lower than the \$28,326 for Sarasota County, of which it is a part. The population averages about a decade younger than the county as a whole (which is famously a retirement destination), and half of all households have children. By now you're getting the picture.

These are not cities that even existed before WWII; they have zero traditional neighborhoods. They were wilderness in 1950. But nor are they the elite, affluent exurbs that surround most Midwestern and Northeastern cities. They were

¹¹ From <https://www.google.com/maps?ll=26.634876,-81.592442&z=13&t=h&hl=en-US&gl=US&mapclient=embed>

never built to be. They were built to provide vast — almost unimaginably vast — swaths of cheap real-estate and low-quality tract housing to buyers with access to a mortgage market awash in easy credit.

These places were hit hard by subprime and predatory lending in the 2000-2006 period and the fallout was predictable. In North Port, the tax base dropped 59 percent from 2007 to 2011.¹²

Foreclosures are no longer happening at the rate they were a few years ago, but there's still a large inventory of vacant homes sitting around.

Houses are few and far between in these areas. The whole city is still less than 1/3 built out.

Zombie subdivisions are a big problem for the homeowners stuck in them. In many cases, the up-front infrastructure costs for these developments were funded with a CDD: Community Development District. This is an entity created by the developer and authorized to sell bonds to pay for street paving, lighting, sidewalks, et cetera. The residents, once enough of them move in, pay an annual assessment to pay back the CDD bonds.

But what if the market crashes and the promised residents never move in? The Sarasota Herald-Tribune ran this exposé in 2013 about Gran Paradiso, a zombie subdivision in North Port with a failed CDD¹³:

¹² Sword, Doug. “Billions vanish from tax base Sarasota County: With another drop, loss for four years is \$22 billion.” *Sarasota Herald-Tribune*, May 24, 2011.
<http://www.heraldtribune.com/article/20110524/ARCHIVES/105241047?p=all&tc=pgall> (Retrieved October 19, 2017)

¹³ White, Dale. “Homeowners in failed tax districts find themselves in a

Only two dozen homes exist in what was to be a 1,999-home, master-planned community. The homes are separated by undeveloped tracts of high weeds that residents say attract snakes, field mice and wild boars. Trespassers illegally dump debris on empty lots. The streetlights are shut off, compelling drivers to use their high-beam headlights at night so they can negotiate the development's meandering lanes. The palatial, Tuscan-style clubhouse stands eerily empty and only partially built — without the promised library, media center, fitness club, steam and massage rooms, crafts room, and billiards and card room.

Astonishingly, at the worst point of the recession around 2010, an expert on the CDD bond market, Richard Lehmann, estimated that 73 percent of Florida CDDs were in default.¹⁴

This isn't rocket science. Rather, it's "We built this stuff assuming people would come, they didn't come, and now we have no idea how we're ever going to pay for it."

Hiding in Plain Sight

Even the built-up areas in these exurban boomtowns have an aging, dilapidated housing stock and high poverty rates. I paid a visit to one census tract in Port Charlotte, Florida (the older counterpart to North Port, across the county line in Charlotte County), because data showed it had the highest

bind." *Herald Tribune*, March 8, 2013.
<http://www.heraldtribune.com/article/20130308/ARTICLE/130309612?p=all&tc=pgall&tc=ar> (Retrieved October 19, 2017)

¹⁴ Sword, Doug. "Development districts face wave of bond defaults." *Herald Tribune*, August 10, 2010.
<http://www.heraldtribune.com/article/20100810/ARTICLE/8101062?p=all&tc=pgall&tc=ar> (Retrieved October 19, 2017)

rate of poverty and mortgage foreclosures in the area. It looks like this:



Photo by Daniel Herriges

The thing about suburban poverty is that, unlike urban poverty, it hides in plain sight. These are not horrific images of blight. But the overriding sense I had while exploring the neighborhood was of an eerie quiet. Many of these houses seem to be vacant. I can't tell how many only seem that way because their residents are seasonal—but this was February, when the vast majority of seasonal Florida residents are there.

Some homes are in minor disrepair. There are vacant lots here and there. Some homes are bank-owned. The cars parked in front yards and driveways are beat-up and old. I didn't get to talk to anyone about the neighborhood because I barely saw anyone. There is an overriding sense of isolation. And in fact, the experience of poverty in such an environment is one of isolation from the resources you need to get back on your feet.

Remember what I said about living on Easy Street? I wasn't joking. There really is an "East Street" in Port Charlotte. If

you walk down Easy Street, in the poorest neighborhood of Port Charlotte, to its intersection with Tamiami Trail (the area's main commercial drag) you encounter this bleak scenery:



Photo by Daniel Herriges

The area gives new meaning to “unwalkable.” You can get nowhere safely or pleasantly on foot. Walk Score bears this perception out with data: North Port receives a 6¹⁵ and Port Charlotte, a 15¹⁶ out of 100. Both are labeled “car-dependent.”

Commercial areas are dominated by strip malls in various stages of decline. There is a large mall a couple miles away that seems to be hanging on for now, but has some conspicuous vacancies even within it. The only jobs in sight are low-wage ones in the service industries. The white-collar jobs are in Sarasota or Ft. Myers, both of which can be an hour or more away in peak traffic. A map from the Census Bureau's

¹⁵ See https://www.walkscore.com/FL/North_Port

¹⁶ See https://www.walkscore.com/FL/Port_Charlotte

OnTheMap website¹⁷ — an interactive way to look at employment statistics broken down by location and industry — shows how the jobs paying more than \$3,333 a month, or \$40,000 a year, are concentrated in the urban cores of Sarasota and Bradenton. Not much white-collar work to be had in North Port. (What exists is largely in the medical field, naturally a big industry anywhere you have a lot of retirees.)

So you bought a house out here because it was cheap, much cheaper than closer to the heart of things in Sarasota. But now you need to be a two or three car household and commute dozens of miles a day. The simple logistics of life — get the kids from school, buy groceries, et cetera — may be a challenge. There is virtually no transit, and what *does* exist goes virtually nowhere useful.

North Port, and even older and more decrepit Port Charlotte, are not slums. Most of the area is solidly middle-class. But it wouldn't take much to send a place like this over the edge, or a family in a precarious situation in a place like this over the edge. Imagine something causes gas to return to \$4 per gallon instead of \$1.60. Imagine the havoc that would wreak on a middle- or low-income family's budget in a place where driving vast distances is as unavoidable as it is here.

Infrastructure Struggles

The public realm is also a disaster. North Port streets are crumbling, and there are a lot of them: 822 miles of streets for 60,000 people. Most of the city is characterized by incredibly low densities, with only one or two houses on many blocks. How on earth are they going to maintain their infrastructure? (Hint: They're not.)

¹⁷ See <http://onthemap.ces.census.gov/>

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Ah, but perhaps I'm not giving enough credit to the amenities the area has to offer its young families. Look at this beautiful regional park on Google Maps. Imagine taking an after-dinner stroll to it from one of the, uh, many homes in the vicinity:



Image from Google Maps¹⁸

Water issues are also a challenge. Most North Port residents are on well water, and many are dealing with quality issues and clamoring to be hooked up to city water. The Herald Tribune reports:

[T]he cost of bringing services to developed neighborhoods is challenging in pre-platted communities like North Port, Port Charlotte, Port St. Lucie and Cape Coral, North Port Utilities Business Manager Jennifer

¹⁸ From <https://www.google.com/maps?ll=27.010128,-82.179094&z=15&t=h&hl=en-US&gl=US&mapclient=embed>

*Desrosiers said. "Several years back it was estimated it would cost more than \$2 billion to get water and sewer for the entire city," she said.*¹⁹

Who's going to pay for that? Do any population growth projections support the idea that these cities will reach build-out? Not a chance.

So the roads will continue to crumble. The houses will not age well because they were built cheaply to begin with. This is already bargain-basement real estate, not a destination. North Port's selling point — and that of Cape Coral, and Lehigh Acres, and so much of remote exurban Florida — has always been that it's cheap, not that it's desirable or exclusive. Cheap can only get you so far.

Ultimately, homeowners in these places have been sold a bill of goods: "You can buy a house now in a safe, quiet, growing community that will appreciate over time." And the community may grow in population — I expect it will — but it's spread out so thin on the landscape that it's hard to see it ever becoming a sustainable, productive place that generates wealth for inhabitants and enough tax base to sustain the extravagant amount of infrastructure that's already been built. This, of course, being infrastructure that federal financing has supported with home mortgage loans for decades.

Life in the exurban fallout zones of the housing crisis is precarious. It may not be terrible, depending on your situation. If you have a stable income, and you're not banking on your cheap house appreciating to give you a nest egg,

¹⁹ Davidson, Michael Scott. "North Port well problems boost city water's appeal." *Herald Tribune*, February 21, 2016. <http://www.heraldtribune.com/article/20160221/ARTICLE/160229950/2416/NEWS?p=all&tc=pgall&tc=ar> (Retrieved October 19, 2017)

you might be fine there. But the future of these places is not bright unless they change course. Federal policy must play a role in that.

As of the last couple years, developers have started building again in Gran Paradiso, that zombie subdivision with the failed CDD mentioned earlier.²⁰ Sounds like more boom times in sunny Florida! Until next time, then.

²⁰ Bubil, Harold. “North Port’s West Villages rebounding?” *Herald Tribune*, February 21, 2014.
<http://www.heraldtribune.com/article/20140221/ARTICLE/140229938?p=all&tc=pgall&tc=ar> (Retrieved October 19, 2017)

11. It's Time to End the Routine Traffic Stop.

by Charles Marohn

A couple years ago during a cold Minnesota winter, I crashed my car into a school bus. We were traveling perpendicular routes after dropping kids off at the school and met at an unmarked intersection. The bus was on the right and entered first and so, on both counts, had the right of way. I was driving slow — less than 20 mph — but the street was really slippery and I nipped the rear of the bus. I didn't damage the bus at all but, depressingly, I totaled my little Honda Fit.

Not only did the city police show up, but because it was a school bus, they called in the state highway patrol. I received a reckless driving ticket — standard procedure, I was told — but everyone was very nice and even apologetic about it. One of the police officers offered to drive me to my office. They seemed to know this was a stressful situation and did their best to make it less so for me.

It saddens me that this isn't the experience all people have with local law enforcement, yet I'm keenly aware that it is not. I wrote the following essay after the police shooting of Philando Castile in Minnesota, in July of 2016. The officer was later acquitted of all charges. Across the country, the same thing is happening. We seem a long ways from even discussing these problems seriously, let alone addressing the systematic underlying causes. I'm more convinced than ever that ending the routine traffic stop would be a good place to start.

One day, back when I ran my own planning firm, one of my colleagues returned quite agitated from a site visit he was

doing. He was slamming things and raising his voice — very out of character. I found out that he had gotten pulled over by a police officer in the city of Breezy Point for rolling through a stop sign.

"The crazy thing is, I had come to a complete stop," I remember him saying.

I completely believed him. For a few months, I had filled in as the Breezy Point city administrator while they were searching for a permanent replacement. In that capacity, I had a chance to meet with the police chief. He was a nice enough guy, and certainly well-liked in the community, but his approach made me uncomfortable.

He instructed his officers to be very aggressive in pulling people over. He told me they would look for any reason they could to make a stop and then use that interaction as a stepping-stone of sorts to fish for bigger things. Did the driver sound a little strange? Get her out of the car for a sobriety test. Run her license and check for warrants. Pry around and see if you smell pot (or something like it).

The police chief bragged that they had nailed a lot of really bad people this way — individuals who had warrants or other red flags on their records. Often they would be able to seize the vehicle or other property and sell that at auction, the proceeds of which they got to keep in the Department in a process I still don't fully understand. In the short time I was there, whenever he wanted a new piece of equipment and there wasn't money in the budget, he would seek authorization to use the asset forfeiture fund, which was off budget and had an unknown balance (at least to me — and I tried to get access) but which, we were assured, had enough in it to cover the purchase.

So when my colleague said he was pulled over for no reason, I had no problem believing him. I had been pulled over myself in Breezy Point on a few occasions. One instance that I remember was for a taillight being out. I had a mouse chew through the wire and spent hundreds of dollars trying to get it fixed but there was something loose we couldn't isolate. I'm not joking here: if I pounded on the light, it would flicker back on. I told this to the officer and he said he'd let me show him if I would open the trunk so he could see inside. My light back on, and my trunk searched, I was allowed to go on my way without a ticket.

I've had a lot — *a lot*— of interactions with traffic police. Back in my consulting days, there were years when I put 50,000 miles on my car (I worked all over the state). Lots of these miles were late at night in rural areas where the police were just waiting for the lone car to drive through the 55 mph to 30 mph transition on the edge of town — the guarantee ticket zone. I once got a ticket for going 40 mph in a 30 mph. When I drove past the patrol car he rapidly turned around and I responded by immediately pulling over. I received the ticket while sitting at the 55 mph sign.

"Right there the sign says 55, officer," I protested.

"You can't go 55 until you get to the sign," he informed me.

I kept a clip on tie in my car because I had a long streak where I would not get a ticket if I was wearing a tie. If I didn't have a tie, it seemed like an automatic ticket. So I kept a tie handy. First view of the shiny lights and I'd reach for my tie.

Once, my best friend Mike and I were leaving Moondance Jam, a music festival where our band was the regional host band. I don't drink and he hadn't been drinking either, but traveling 60 mph in a 55 zone (a speed generally slower than

traffic) gave the officer the excuse to pull us over. He wanted to know if we had been drinking. "We weren't drinking; we're musicians," Mike helpfully offered from the passenger seat, a line that has become a recurring punchline in our friendship. I got a ticket that time. No tie.

Philando Castile, who was shot dead by a St. Anthony police officer during a routine traffic stop here in Minnesota on July 6, 2016 had been pulled over by police 49 times.²¹ As if that wasn't an amazingly high number, keep in mind that he was only 32 years old. This paragraph from the Star Tribune story sounded eerily familiar, both from my experience as a driver and as the administrator in Breezy Point:

Castile had been stopped before, when officers spotted him not wearing a seat belt, or when an officer ran his plate number and found his license had been revoked for not paying an earlier fine. Numerous stops came after he didn't use a turn signal. A few came after he was speeding. He was stopped for rolling through a right turn on a red light, having window tints that were too dark, and at least twice for not having a rear license plate light. He was rarely ticketed for the reason he was stopped.

Now, I'm not going to argue that he wasn't breaking the law each of those 49 times. I'm not going to argue that my coworker didn't roll through the stop sign, that I didn't accelerate to 40 before I reached the 55 sign and that I didn't deserve to be pulled over those other times. In other words, I'm not trying to argue whether the police were right or wrong.

21 Stahl, Brandon. "Philando Castile was caught up in a cycle of traffic stops, fines." *Star Tribune*, July 17, 2016. <http://www.startribune.com/castile-lived-in-a-cycle-of-traffic-stops-fines/387046341/> (Retrieved November 10, 2017)

There are three points I do want to argue though. First, the things that Philando Castile was pulled over for are things that most of us do on a daily basis. Rolling through a right turn is a good example. Slightly speeding is another. In fact, most of us have stories of being passed by a police officer only to see them pull into a Burger King up the street. Most people feel safe, and in fact are safe, operating a vehicle outside of what is strictly proscribed by law.

This leads me to the second point, which is that the decision to pull someone over or to not pull them over is wholly discretionary. The police routinely sit outside my office where a wide stroad takes a twisty corner (i.e. a perfect speed trap position) and could pull people over all day, every day. There is one specific scene from one of my favorite all time YouTube videos (Speed Kills Your Pocketbook²²) where the police officer is running radar and *everyone* is speeding. If traffic enforcement is about enforcing the law, *period*, then police would just pull people over continuously. Nonstop. 24/7.

Let's pause and note here that traffic stops are one of the most dangerous things a police officer does. As a 2010 article from the Orlando Sentinel explains²³:

"Traffic stops and domestic violence are the highest-risk calls — you have no idea what you're walking into," said John Gnagey, executive director of the National Tactical Officers Association. "If I had to rank them, I'd

²² See <https://www.youtube.com/watch?v=2BKdbxX1pDw>

²³ Pierson Curtis, Henry. "Traffic stops among most dangerous police duties." *Orlando Sentinel*, December 9, 2010. http://articles.orlandosentinel.com/2010-12-09/news/os-traffic-stops-deadly-20101209_1_phillipe-louis-officer-jared-famularo-officer-edward-diaz (Retrieved Nov 10, 2017)

rank traffic stops first and domestic violence second."

During the past decade, traffic stops have been a leading cause of death for police officers, according to the National Law Enforcement Officers Memorial Fund in Washington. From 2000 through 2009, 118 officers were killed conducting traffic stops, compared with 82 handling domestic-violence complaints and 74 during disturbance calls, said Memorial Fund spokesman Steve Groeninger.

This brings me to my third point: If we want to keep police officers safe, and we want to reduce the number of (seemingly racially linked) negative interactions with law enforcement, and we desire a country where rules matter, then we need to end the routine traffic stop. We need to approach traffic safety in a way that does not depend on law enforcement for routine matters but instead reserves those empowered with lethal force for truly deviant situations.

But Chuck, what you're advocating for is chaos! No, it's not. Where law enforcement (or others) identify problematic places in our transportation system, those are engineering problems — design problems. If everyone (or even a high percentage of people) is speeding through a section, then either the speed limit is wrong or the design is wrong. Take your pick. Either way, it's not an issue that enforcement can solve. Watch that "Speed Kills Your Pocketbook" video and you'll get a cheeky, but very good, analysis of the relationship between design, speed and enforcement. Here's the operative quote from a report cited in the video (4:23):

The majority of motorists drive at a speed they consider reasonable and safe for road, traffic and environmental conditions. Posted limits, which are set higher or lower than dictated by roadway and traffic conditions are

ignored by the majority of drivers.

This is how you get laws that are ignored by everyone and police who pull people over at their discretion. It's a bad situation that damages the credibility of all involved.

As we've said many times before at Strong Towns, if people are driving faster than we want them to, then we need to redesign that stretch of road/street to get the outcome we want. We should not be putting police officers in the dangerous position of having to make traffic stops that, at the end of the day, don't change driver behavior.

There are many of you who want to live in a police state where enforcement is the mechanism we rely on to address traffic issues. I'll just respond with the observation that you are likely part of a demographic that doesn't get pulled over often (and, as I've tried to demonstrate here, it's not because you are always following the law). Furthermore, from my experience, the more aggressively traffic laws are enforced on the middle class, the more complaining and resentment there is. I've seen a police chief reprimanded for parking patrol cars down the street from the bar and then pulling over everyone who broke any small law around closing time. That's very effective for DUI enforcement, but it's not good for public relations.

So let's put the onus on engineers, urban designers and others (because, as we detail in chapter one, engineers should not be designing streets) for speeding, but what about the other infractions? What about all those people rolling through stop signs, driving with a tail light out or doing other non-heinous crimes that currently present either: (a) an opportunity for law enforcement officers to fish for a big catch, or (b) the most dangerous thing a police officer must do, depending on your point of view?

If we acknowledge that getting pulled over for failing to stop fully at a stop sign is not likely to reduce the number of people rolling through stops by more than one (and then, only temporarily), I think technology can help us out. We can equip traffic patrol cars with cameras and computers (most already have them). When an officer observes one of these non-life-threatening infractions, they press a button to save the last thirty seconds of film to a file and continue to record until they've documented the license plate. Then that gets mailed in and justice can be served (at volume even) without endangering a single police officer (or black man). What if I'm driving someone else's car? The same thing as if I park someone else's car illegally: we work it out.

Of course, all of these incidents should also be tracked. If there is a place where people are predisposed to roll through red lights, I would haul my design team out there to figure out why. And if I'm the mayor or city engineer, I'd do the same thing every time there is a collision with a biker or pedestrian or any time a collision results in hospitalization. We have the National Transportation Safety Board for airline crashes which often leads to redesigning entire planes based on what we find, yet if we can blame speeding for any automobile crash, we tend to check the box and move on. That's not good enough.

I'm sick of seeing people killed during routine traffic stops, events that are as unnecessary as they are unhelpful. There are better ways for us to handle these situations. Let's end the traffic stop.

12. Cultivating Imagination

by Sara Joy Proppe

Note: This essay was also written just after the shooting of Philando Castile in St. Paul, MN in July, 2016.

I think we can all agree that the past month of news has been overwhelming and heartbreaking. The death of Philando Castile has hit particularly close to home for me. The shooting occurred less than two miles from where I live, and the protests that shut down Interstate 94 happened less than half a mile from my house. That night I sat under the whirl of circling helicopters, feeling trapped and useless to do much of anything about the angst, hurt, and anger being expressed just outside my door. A few days later, from my back door I watched Philando's casket on a horse-drawn carriage lead the funeral procession down my street.

That same week I attended two community meetings — one about a parking study being conducted for my neighborhood, the other about a test zoning ordinance that would allow accessory dwelling units to be built. Going to these meetings felt like a strange and superfluous privilege given the circumstances of my neighborhood. In all honesty, I have not been sure how to resolve the tension of living in such close proximity to this pain and yet feeling removed from it. Likewise, talking about parking in the midst of these circumstances seems so trivial, and yet, I care about parking and its implications for my neighborhood.

I have found myself asking, *How do I carry both of these realities within myself because the truth is I am one person and can only live one reality?* The answer begs for imagination and here my thoughts consistently return to my community garden.

My garden is literally across the street from the funeral home where Philando's body was last viewed by loved ones. Both the garden and the funeral home also front Interstate 94, which in the 1960s tragically tore through the heart of the Rondo neighborhood, a thriving African American community. For me, this is not insignificant. Adjacent to one of the most historically divisive physical structures in the City of Saint Paul is a place where family and friends together confront the reality of death alongside a place where neighbors together plant new life every spring. Holding these realities together requires imagination.

I have come to see that, in a small way, my community garden is fertile ground for imagination and hope. Wendell Berry in his work of fiction, *Hannah Coulter*, writes of such imagination²⁴:

[It is] hard to live in one place and imagine another. It is hard to live one life and imagine another. But imagination is what is needed. Want of imagination makes things unreal enough to be destroyed. By imagination I mean knowledge and love. I mean compassion.

My community garden cultivates this imagination because it serves as a space for knowing my neighbors, and even more, does so in a context in which we are all equally dependent. The earth itself does not give privilege to one type of person over another. Every single person is at the mercy of the soil and the weather, which follow their own natural rhythms. As fellow gardeners, we are in this endeavor together. Perhaps this is why the Bible implores that in seeking the welfare of the city we are to build houses and plant gardens.²⁵

²⁴ Berry, Wendell. *Hannah Coulter*. Berkeley: Shoemaker & Hoard, 2005.

²⁵ See Jeremiah 29:4-7

Through my community garden, I have met people from all walks of life. Together, we have gained a better understanding of and appreciation for those who live in our community. We are better able to imagine the lives of one another. And, lately, I have begun to consider that my participation in the community garden is a step of reconciliation for myself and with others.

Systems and structures need to be changed. Yes. But, as Gregory Wolfe points out,²⁶ “...when words like ‘life,’ ‘choice,’ ‘rights,’ and so on are cut off from their concrete sources in human experience they become abstract and oppressive.” Thus, at a time when it is easy to feel powerless to affect change on macro levels, shaping strong neighborhood imaginations is a cogent place to start.

We must build places that enable us to see the lives of others with knowledge, love, and compassion. This means getting our hands dirty in the soil of our community. This means participating in both community gardens and contentious parking meetings, and rightly recognizing that even these matters have the power to value or devalue, to legitimize or delegitimize particular people.

I’ll end with a quote from C.S. Lewis that I often keep in mind while navigating my own spheres of influence. He writes²⁷:

There are no ordinary people. You have never talked to a mere mortal. Nations, cultures, arts, civilizations — these are mortal, and their life is to ours as the life of a gnat. But it is immortals whom we joke with, work with,

²⁶ Wolfe, Gregory. *Some Questions about Politics and the Imagination*. Image. <https://imagejournal.org/article/questions-politics-imagination/>

²⁷ Lewis, C.S. *The Weight of Glory*. New York: HarperOne, 2001.

marry, snub and exploit — immortal horrors or everlasting splendors. This does not mean that we are to be perpetually solemn. We must play. But our merriment must be of that kind (and it is, in fact, the merriest kind) which exists between people who have, from the outset, taken each other seriously — no flippancy, no superiority, no presumption.

13. Localizing Affordable Housing

by Daniel Herriges

I live in one of those blue urban bubbles you've heard so much about since the 2016 presidential election. So my social circles were filled with a good deal of generalized shock and anger and dislocation in the days that followed the surprise outcome. But I also had a good number of friends and acquaintances with a much more concrete worry, because I'm in a graduate program in Urban and Regional Planning and many of my classmates are considering or plan on working in the affordable housing industry. The common refrain I heard from them was, "My career plans depend on HUD [the U.S. Department of Housing and Urban Development], and now who knows *what's* going to happen to HUD?"

It's unfortunate that we depend so much on the federal bureaucracy to produce housing, something that is really a quintessentially local concern. There are reasons for it, both historical and practical, but it is ultimately a source of fragility. It puts local entities' ability to meet local needs at the mercy of distant decision makers whose priorities may or may not be aligned with those needs. Cities and advocacy groups should be thinking about how to re-localize and claim more control over the way we tackle these problems.

How Affordable Housing Works

People who work in the field talk about capital-A "Affordable housing" as a very different thing from lower-case-a "affordable housing." The latter means, literally, housing that people can afford to own or rent. The former, however, refers to housing which receives some form of subsidy: either its rent is kept below market-rate by deed-restriction or law, and/or its tenants are income-screened or

subsidized with vouchers. And it is very much an industry, which operates according to a pretty standard set of rules and financing mechanisms.

Particularly in the Twin Cities region of Minnesota, there is a remarkably large and active affordable housing industry, including several prominent nonprofit developers and charitable foundations that frequently collaborate to get projects done. I've been told by professor after professor, "Minnesota is just about the best place in the nation to be if you want to work in affordable housing."

But there's a glaring source of fragility here: affordable housing development, as it is most often practiced, grinds to a halt without federal money.

The reasons for this are complex and date back to the New Deal, and they're beyond the scope of this essay. But essentially, from the late 1930s through the mid-1960s, most low-income housing was public housing, funded by the federal government and administered by local housing authorities. By the mid-'60s, the public housing program was in disarray—infamous for poor living conditions, deferred maintenance, high crime rates and social dysfunction, and near-total racial segregation.

With bipartisan support during the Nixon Administration, Congress shifted housing resources toward programs that would leverage the private and nonprofit sectors to produce low-income housing, rather than have government do so directly. These include the Section 8 voucher program, begun in 1974, and Community Development Block Grants, which are given to local governments to spend nearly however they see fit, within some very basic parameters.

In 1986, the IRS, of all agencies, became the largest player

in subsidized housing when a revamp of the federal tax code created the Low Income Housing Tax Credit (LIHTC). Non-profit housing developers apply in a competitive process to be awarded these tax credits; those who receive them can turn around and sell the credits to an investor. The investor receives a dollar-for-dollar reduction of his tax bill. The non-profit uses the proceeds to supply the bulk of the funding for an affordable housing development project.

LIHTC dominates affordable housing finance in the United States: it has created nearly three million units since its inception.²⁸ No other program comes close to that number. LIHTC is the biggest source of funding for new projects by far, but HUD money is often the deal-clincher. An extremely simplified funding package for the construction of an affordable multifamily complex looks something like: 70% equity from the sale of LIHTC credits, 25% mortgage, and 5% money from one of HUD's various grant programs. Cities and local foundations often chip in too at the margins to make the deal pencil out.

This reliance on a grant-based model, and specifically on federal dollars, makes the affordable housing sector vulnerable and chronically underfunded. It's no wonder that subsidized affordable housing meets only a tiny fraction of the demand for it. (The Section 8 voucher program, for example, serves only about 1 in 4 households eligible for it, with long waiting lists in nearly every city.²⁹)

²⁸ “Low-Income Housing Tax Credits.” HUD User. <https://www.huduser.gov/portal/datasets/lihtc.html> (Retrieved October 17, 2017).

²⁹ “Rental assistance is effective but serves only a fraction of eligible households.” Center on Budget and Policy Priorities. <https://www.cbpp.org/sites/default/files/atoms/files/2-24-09hous-sec2.pdf> (Retrieved October 17, 2017).

But there's no denying that, in expensive cities, subsidized housing provides homes for a significant number of people. For just one example, it's estimated that around 18% of the housing units in the Columbia Heights neighborhood of Washington, DC are income-restricted.³⁰ That translates to thousands of low-income people who get to stay in an increasingly expensive area where many of them have deep roots — people who otherwise might have been displaced by rising rents and evictions. That's not insignificant.

This moment of uncertainty about the fate of federal support for housing is a great time to put some Strong Towns principles into action. Strong Towns is about building fiscally sound and resilient communities. Resilience means knowing you're going to be able to finish what you started. If you've got grand plans for your town but they will fall apart if federal money dries up — if a recession leads to belt-tightening or a change of the party in power alters federal priorities — you're probably not a Strong Town.

This is true in transportation and public infrastructure. It's true when it comes to big-ticket economic development initiatives. And it's true when it comes to housing.

How can we take a more holistic look at *why* affordable housing is a problem in our cities to begin with? Why is the housing market failing so thoroughly that there is such a massive shortage of decent housing that won't break the bank for lower-income Americans? And once we've taken that look, how can we fix the shortage in a way that is

³⁰ Howell, Kathryn Leigh. "Transforming Neighborhoods, Changing Communities: Collective agency and rights in a new era of Urban Redevelopment in Washington, DC." PhD diss., The University of Texas at Austin, 2013.
<https://repositories.lib.utexas.edu/bitstream/handle/2152/23193/HOWELL-DISSERTATION-2013.pdf>

fiscally sustainable and resilient to changing political winds, as well as responsive to local feedback mechanisms?

Here are a few thoughts on what cities and affordable housing developers should be doing:

1. Find local resources, and use them to leverage scarce state and federal ones.

If HUD's budget gets slashed, housing developers are going to have to get more resourceful. Press your city and county to dedicate what funds they can. Use these funds to leverage and stretch the dollars from federal grant programs. Try to match them with local contributions. Build connections with local foundations and key business players. Affordable housing becomes not just a social-welfare issue, but also an economic development problem in expensive cities where employers may struggle to attract a workforce; local Chambers of Commerce are often deeply interested in this issue.

2. Make life easier for small landlords.

Let's be clear about one thing: most affordable housing is not "Affordable Housing." Most low-income people live in units sold and rented on the open market without any subsidy. It's a quirk of the capital-A Affordable Housing industry that it has even coined its own jargon for something that really shouldn't need it: NOAH — Naturally Occurring Affordable Housing. Also known as... housing.

While NOAH is the most important source of affordable housing,³¹ the rule that there's no free lunch applies: a cheap apartment is almost certainly cheap for a reason. It may be in a high-crime neighborhood. It may be in awful condition,

³¹ See <http://www.strongtowns.org/journal/2016/2/23/most-affordable-housing-is-not-subsidized>

with severe mold or plumbing problems. Small-time mom-and-pop landlords may struggle to pay for routine maintenance if they can't bring in enough rent to justify it.

There are a few ways that local policy changes can help preserve small-scale rental housing. One is tiered code enforcement. Aggressive code enforcement can be a barrier to renovating old buildings that need it; they may be out of compliance with zoning or building codes in ways that have been "grandfathered in," but a renovation can cause that grandfathering to lapse. Sensible code enforcement should involve a simple set of rules and procedures, and should prioritize actual pressing health and safety issues over things that are more cosmetic or can safely be deferred for later.

In November 2016, Strong Towns member and contributor Johnny Sanphillippo wrote about the ordeal he went through trying to renovate and operate a small rental property in Cincinnati.³² It's well worth a read. Faced with bureaucratic obstruction, Johnny eventually gave up. That's Cincinnati's loss, and his would-have-been-tenants' loss as well.

This kind of thing is a local problem with a local solution; no HUD involved.

3. Unlock incremental growth in housing supply.

There's a more macro problem here which shouldn't be ignored: why does demand for subsidized housing so badly outpace the supply of subsidy dollars? Why is the market, in many parts of the country, failing to meet the housing needs of a large segment of the population?

A big reason has to be that we've choked off many of the avenues for housing supply to grow organically to meet

³² See <http://www.strongtowns.org/journal/2016/11/8/lessons-learned>

demand. It used to be that neighborhoods in high demand would gradually intensify in land use over time: duplexes and triplexes would replace single-family homes, small apartment buildings would go up on individual lots. But a whole swath of these "missing middle" housing types have been zoned out of most American neighborhoods.

This leads to unproductive, car-dependent development patterns, which directly affect affordability because transportation costs are a huge part of the average household's budget. An incremental, Strong Towns model of development would tilt the playing field back in favor of walkable communities.

There's another way the lack of missing middle housing hurts affordability. Without incremental growth in housing supply, what we get is two types of neighborhoods: those that see nearly zero redevelopment, and those where land values have risen enough to justify massive residential projects on the scale of whole city blocks. A lot of backlash against skyrocketing housing costs is occurring in a handful of hot urban neighborhoods in places like San Francisco, DC, and Brooklyn, where redevelopment has produced a torrent of rapid, disruptive change in the character and demographics of the neighborhood.

You hear about the Mission District in San Francisco. You hear a lot less about the huge swaths of that city — more than half of its area, easily — that are low-rise, almost exclusively single-family homes, and zoned in a way that totally precludes incremental development.

Boil a pot of water on your stove with the lid on. Then crack the lid just a little. See how intensely the steam comes rushing out of that one little opening? The change in demographics and high cost of living in the Mission is a

direct result of the near-total lack of incremental development in the other 80-90% of neighborhoods.

And here's the dirty little secret of the federally-funded affordable housing model: It's part and parcel of this binary system where neighborhoods have only two choices—no change or cataclysmic change. The LIHTC funding model in particular, because of how it's driven by large institutional investors, has a strong bias toward large projects — 60, 80, 100, 200 units. So even affordable housing projects contribute to the perception of disruptive neighborhood change. These mega-projects disrupt the urbanism and walkability of a neighborhood. They are fragile and can become costly failures.

Strong Towns has a clear set of suggestions for addressing this: Unlock the Missing Middle. Unlock the next increment of development across a broad swath of our cities.

4. Support novel models of shared equity.

Community land trusts are a mechanism for making affordable homeownership available to low-income people, and preserving a stock of affordable housing in a neighborhood by removing land from the speculative real-estate market. A Land Trust is a nonprofit that buys up and holds residential lots. It then sells the houses, but not the land, to low-income households. When and if the family sells the house, they can only reap the appreciation on the structure itself from any renovations or improvements they may have made. They are insulated from any fluctuations in the underlying land value.

Limited-Equity Cooperatives similarly give low-income people an ownership stake in a home they could not otherwise buy. A co-op can be anything from a single apartment building to a cluster of free-standing homes; the key is that

residents own a share which entitles them to a housing unit, but do not own the underlying land: the co-op organization does. Maintenance and management expenses are shared, and the mortgage is shared across all units in the co-op, reducing the risk of default.

Models like this are versatile, equitable, low-risk, and not at all tied to a particular funding source such as federal tax credits. The specifics of how they work can be adjusted for local conditions in a way that housing tax credits as a standardized investment product never can. I predict, in an age of re-localization of the way we handle urban problems such as housing, we'll see more and more things like this.

5. Create permanent local funding sources tied to market feedback.

Properly-functioning feedback mechanisms are important to the long-term solvency of any program. Localities should fund subsidized housing through mechanisms that try to ensure the funding pool will mirror the actual demand. A property tax surcharge dedicated to a fund for affordable housing is one way to do this. If the market is hot, and there is greater risk of displacement from rent hikes, more money comes in to address the issue. If the market cools, there is less money, but also less immediate need.

Inclusionary zoning, in which developers of large market-rate projects are required to set aside a certain percentage of units for low-income tenants, is another option. It effectively uses property owners' windfall gains in rapidly-rising markets to fund affordable housing to deal with the social problems (i.e. displacement of low-income people) created by those rising prices.

Inclusionary zoning is controversial — some argue it has a market-distorting effect and may disincentivize new

development to the point where it's self-defeating, others that it's not scalable enough. It certainly doesn't make sense everywhere, but in the Seattles and Austins and New Yorks and DCs of the world it may.

That's the beauty of local solutions to local problems. They can and should be adapted to local conditions.

6. Continue to advocate for federal policy change.

None of this means that federal policy will be irrelevant to local problems. HUD and other federal resources *are* important, because often the places that are struggling locally are the places that really need an influx of resources. If rich regions can spend more to help their poor than poor regions, then those disparities are just going to be magnified over time. And geographic disparities between rich and poor regions of the country are a big part of what's causing our current political polarization.

In addition, there are federal policies that directly hamstring efforts to reform local land-use and housing policy. We, at Strong Towns, have been very critical of these barriers in the past. Federal Housing Administration rules and mortgage lending industry practices put incremental, fiscally productive forms of development at a huge disadvantage.

The federal government matters, but ultimately, building Strong Towns means building local economic ecosystems that are in balance and sustainable—where local funds are able to meet local needs in ways that are responsive to local conditions. This is as true in the housing sector as in anything else urban planners, developers, and activists do.

14. The Next Baby Boom: Affordable Urban Lifestyles for Millennials with Children

by Jennifer Griffin

Affordable urban living for millennial families with children has the potential to become one of the largest market demands in the near future.

My interest in this issue came from my husband's and my own struggle in dealing with it. Like many young adults of our millennial generation, my husband and I spent the decade after graduating college living and working in some of the major metropolitan cities in the US and abroad — cities like London, New York, and Washington, DC. As we entered our 30s and started thinking about having kids, we wanted to find a place to start our family that would allow us to maintain our urban lifestyle with our children, both for our sake and for theirs. However, as architects and urban designers on middle-class salaries, being able to do so affordably in these top-tier cities seemed impossible.

What we desired was to live and work in a great urban neighborhood within these top-tier cities that was safe and inclusive of quality kid-friendly amenities, institutions, and infrastructure. We longed to settle in places such as Park Slope, Brooklyn, or Columbia Heights, Washington, DC.

However, with median home sale prices within these neighborhoods between \$500,000 and \$1.5 million, and with median rental prices nearing \$3,000/month, the reality of what we could afford was instead a tiny apartment in a questionably safe urban neighborhood or a single-family house in the exurbs surrounding the city. Neither one was an attractive option, so in the end, we decided to ditch the top-tier cities and relocate to Tulsa, OK. I'd like to use Tulsa as a case study to illustrate what I believe has the potential to

become a much larger trend.

Tulsa, OK: A Case Study in Millennial Urban Living with Kids

Now, why use Tulsa? Tulsa — a highly conservative, slow-to-change, oil-and-gas-dominated city — is one of the most unlikely suspects to attract young, urban, well-educated, forward-thinking, entrepreneurial millennials. Yet, once we moved there, that’s exactly what we found.

Before looking further at the solutions that Tulsa and other 2nd- and 3rd-cities offer millennials (especially those with kids), let’s pause for a moment to talk about the data and potential market trends to come. First, we all know that millennials now make up the largest portion of the population and that the majority of them – roughly 71% – want to live and work in walkable, mixed-use urban neighborhoods. Furthermore, though birth rates have decreased and, as of 2010, only 36% of millennial women have had children, studies have shown that another 47% of millennials still desire to have children.³³ They are simply waiting until later in life to do so.

Financially, 62% of millennials have incurred student debt at an average of \$27,000, and just under a third get help with expenses from relatives.³⁴ Let’s put this in perspective. A generation ago, when our parents were buying their first homes in the 70s with very little or no student debt, \$27,000 was actually the median sale price of a new home in the US.

³³ Wang, Wendy. “For Millennials, Parenthood Trumps Marriage.” Pew Research Center. <http://www.pewsocialtrends.org/2011/03/09/for-millennials-parenthood-trumps-marriage/> (Retrieved October 17, 2017).

³⁴ “Gen Y and Housing: What They Want and Where They Want It.” Urban Land Institute. <https://americas.uli.org/report/gen-y-housing-want-want/> (Retrieved October 17, 2017).

In fact, even during the housing bubble of the late 1980s, the median sale price of a new home in 1989 was \$120,000. At this price, \$27,000 would easily cover a 20% down payment for a mortgage.

Given these financial constraints, what are the trends in living arrangements of millennials? According to a 2014 survey, 50% of millennials are renters (27% of whom live with roommates), 21% live at home with their parents, and 14% live in multi-generational households.³⁵ These numbers have increased over the last generation, showing a trend in shared living arrangements. In fact, as of 2014, 18% of all Americans (i.e. 57 million people) live in multi-generational family households, which is double the number of those who lived in such households in 1980.³⁶

What all this means is that over the next decade or so, we are potentially looking at a baby boom creating a significant number of households with children that strongly desire to (continue to) live and work in walkable, mixed-use neighborhoods, and that are also open to creative living arrangements to make life affordable. What these urban, child-bearing millennials want is the “complete package.” They want neighborhoods that are not only walkable and mixed-use, but are now also safe for kids with good schools, good parks, good childcare options, a good community, and...they want it all for a good price.

This is where Tulsa fits in. Ultimately, as millennials with children get priced out of the major metropolitan cities, they are now looking at 2nd- and 3rd-tier cities to provide them

³⁵ Ibid.

³⁶ *In Post-Recession Era, Young Adults Drive Continuing Rise in Multigenerational Living*. Washington: Pew Research Center, 2014. <http://www.pewsocialtrends.org/files/2014/07/ST-2014-07-17-multigen-households-report.pdf> (Retrieved October 17, 2017).

with what they want. What they are finding in these 2nd- and 3rd-tier cities is affordable housing in traditional pre-war neighborhoods on the immediate edges of downtown.

These “collar” neighborhoods are a 20-minute walk or a 5-minute bike ride to the downtown and are compact, walkable, and mixed-use. They also contain a variety of affordable, family-sized housing stock available within them.

Thus, we went from the financially unattainable dream of a \$500,000 to \$1.5 million home in a “family-friendly” urban neighborhood in a top-tier cities to an attainable one between \$175,000 and \$300,000 located in the traditional neighborhoods of 2nd- and 3rd-tier cities that are still inclusive of many or all of the desired elements that urban millennials with children want.

What’s also attracting millennials to these 2nd- and 3rd-tier cities is that they are a size that makes getting involved locally (and making a big impact in the process) possible. Additionally, given that the suburbs of these cities are where many millennials grew up, relocating to these places puts family (and ultimately child support) within close proximity. Something to note, however, is that not all collar neighborhoods are equal. It all depends on where they are on the socio-economic spectrum or in the revitalization process. What this has created is a variety of scenarios or solutions for attaining “the complete package.”

A Housing Option for Every Family

It should be noted that one of the greatest virtues of these traditional, pre-war collar neighborhoods — especially those in Tulsa — is the incredibly diverse array of housing types seamlessly integrated within them.

Everything from small 400-square-foot flats to large manor homes are located side-by-side in a cohesive mass and scale. The variety of ages and conditions — both of the collar neighborhoods themselves and of the housing types within them (because these neighborhoods were built up, added to, and/or renovated over time) — further augment the diversity of price points available.

Among the housing types found in Tulsa's collar neighborhoods, the majority are small lot, small footprint single-family detached homes. The price per square foot of these units, depending on the physical condition of the property, varies tremendously. Therefore, if a millennial family with kids is willing to throw in some sweat equity and renovate, that family can obtain a home in one of the more desirable collar neighborhoods without breaking the bank.

Like all material goods, however, there is a finite supply of these small single-family homes, and they are the first to get bought up as these areas become more and more attractive to young urban families with children. Fortunately, the diversity of housing types found within these neighborhoods coupled with the millennial generations' openness to creative, non-conventional living arrangements continues to provide solutions for obtaining their desired lifestyle. I'm going to highlight three alternative options that I've found in Tulsa's collar neighborhoods alone.

Option One is the classic *Missing Middle Housing* model. This basically amounts to buying small in a great urban neighborhood — for example, buying a unit within an attached townhouse courtyard, duplex, fourplex, or 6-flat apartment building. This is the perfect solution for families looking to be more efficient with their space (and more resourceful with their pocket book), but still with room enough for their kids to be free-range in the leafy green

streets, semi-private courtyards, and public parks located within these neighborhoods.

Option Two is the *Multigenerational Living* model. This is what our family chose to do. We essentially leveraged our familial and financial assets and bought a slightly larger house with my husband's parents in one of the highly sought-after collar neighborhoods. This came at a higher price tag than if we bought in another, not yet fully revitalized collar neighborhood, but it ends up being incredibly affordable for a number of reasons.

First, we share operational costs between four adults, and we have in-house, high quality, affordable childcare (i.e. a live-in grand-nanny). Moreover, one of the reasons why our collar neighborhood is more expensive than others is that it has a good public elementary school located across the street from our house. Considering that tuition for private elementary education around town can cost upwards of \$5,000, having a quality public school in our neighborhood can save us a minimum of \$70,000 for two kids from pre-kindergarten through 5th grade.

Furthermore, our house, like many of the homes in Tulsa's collar neighborhoods, has a detached carriage house with a granny flat above. Instead of the grandparents actually living in the granny flat, we passively increased our property's density by sharing the main house with them and renting out the flat to bring in some additional income. Finally, we have a number of other social and familial benefits from this living arrangement, such as the grandparents being able to gracefully age in place.

Finally, Option Three is the *Entrepreneurial Communitarian* model. This is similar to multi-generational living, but done with neighbors rather than family members. It is what our

friends Nathan and Kristin (with their two kids) decided to do. They bought a large house in a less revitalized collar neighborhood — a neighborhood without a good public school and where crime was an issue. However, their house (for its size) was very inexpensive.

To make things even more affordable and to improve neighborhood safety, they essentially converted their large home into a passive income generator and neighborhood community center. Living in a top-floor flat in their attic with their two kids, they rent out four other rooms and leave the ground floor as communal space not only for their renters but also for the neighborhood at large, hosting a variety of neighborhood gatherings there throughout the week.

Moreover, they further reduced their operating costs by converting their yard into productive agriculture, complete with a chicken coop and beehives. They even went so far as to convert the existing in-ground pool in their backyard into a basin for growing edible bamboo.

These diverse housing options in an affordable city like Tulsa give my family and other millennial families like mine an array of choices for how we live, work and play. We don't have to give up the walkable neighborhood in exchange for the good school, or the comfortable home in exchange for nearby amenities. We can choose the housing option that works for us and build a good life there. It's the complete package.

15. What's the Matter with Portland?

by Charles Marohn

In 2016, I had my first experience in Portland, Oregon. We've been trying to schedule a Strong Towns event there for some time so a trip had been long overdue. When I was in graduate school pursuing a degree in urban and regional planning, it seemed like one out of four lectures contained Portland as a case study. At least half of my class intended to move there upon graduation. It has a certain lore in my mind.

From an urban design standpoint, downtown Portland didn't disappoint. It's a planner's Disneyland. Block after block of the consistently best urban form I've experienced in North America. I spent a lot of time just walking around and taking it all in. Very impressive.

And perhaps it was the unquestionable greatness of the downtown that made most everything outside of it seem really bad in comparison (although there were some bright pockets there too). Or perhaps it actually was really bad. I had three forays into the outskirts, two by automobile and one by rail, and I was struck, not only by how ordinary by North American standards most of it was, but also by how run down it felt.



Just outside the Cleveland Ave MAX stop in Gresham. (Photo from Google Maps)

We took the MAX — Portland's light rail system — out to neighboring city of Gresham. Again, the urban design of each rail stop was amazing; there are clearly some brilliant people working on transportation there. Outside of the right-of-way, however, things got really bleak. For miles along the route, within walking distance of many of these nice rail stops, the housing looked rundown and neglected.

It was hard to reconcile what I was seeing with what I was hearing. I was repeatedly told that affordable housing was a huge problem. I met some neighborhood activists in Gresham, one in particular who told me that he used to live near the downtown and kept getting forced further and further out because he couldn't afford the housing. In my tour, I was shown building after building — all very low value and some quite derelict — with some enormous price tags attached, millions of dollars for structures a stiff wind away from being condemned.

If housing values are so high, and demand is so high, why isn't the housing stock nicer? Why were many people not maintaining their yards, keeping the paint up and doing the little things you'd expect to see in a place where modest homes were selling for prices well into six figures?

I think one possible answer to these questions gives a clue to the unaffordable housing problem facing Portland and a number of other cities. Before we get into that, however, I'd like to take some time to review — and question — the standard explanations for why housing in Portland is so expensive.

1. So many people want to live here and they'll pay anything because Portland is so nice.

I'm always reflexively skeptical of this kind of thinking. *I want to live here and am willing to pay high prices to do so and, of course, everyone is like me.* This reasoning can give us blinders that keep us from realizing that different people do different things for different reasons, especially those not in our own economic strata.

Case in point, there was nothing really nice about Gresham. In fact, it was not really nice at all. Why are all these people willing to pay inflated prices to live in Gresham? I don't think it is because they love living 35 minutes by train from Portland. It's not like the people I saw there were living in small, overpriced apartments because they valued the opportunity to ride the MAX into downtown, sip a local latte and eat at a food truck.

Put another way, Portland may be nice and the culture may be great for some, but there are a large number of people who are paying really high prices for sub-par housing and an experience they could get far more affordably somewhere else. While it is a happy notion for people in Portland to believe that they're so wonderful — and I don't ridicule that because, as a Minnesotan, I know everyone living here is well above average — it doesn't make any sense as the influence of a broad economic trend.

As I've said before, I absolutely can't get enough lobster at \$1 per pound. At \$25 per pound, I'm more discriminating. At \$50 per pound, I'll stick with hamburger. Love of something can drive a market, but only so far.

2. We are not building enough housing to meet demand.

This is the more intellectually rational argument and I heard it a lot. Essentially, there is a supply and demand curve prob-

lem. Too much demand and not enough supply thus higher prices. The answer then is to build a lot more housing and eventually... what? Reverse the Portland housing bubble and bring housing more in line with wages? Slow the increases so that people scraping by can continue to scrape by?

I don't buy this argument either. Yes, supply and demand curves are real and the demand for housing certainly drives up price, but I don't find this to be the cause of sustained massive price increases. Supply and demand curves suggest that, when prices increase, demand will decrease when supply stays constant. You can't sustain increasing demand while also sustaining increasing prices and increasing supply. You can do it for a while, but not over many, many years.



Homes in Northeast Portland. (Photo from Google Maps)

This logic would have us believe that, if Portland housing prices fell by 25%, instead of 10,000 people per year planning to move to Portland, 20,000 people or more would show up year after year until housing prices went back up to what people were willing to pay to live in such an amazing place. Maybe someone can put together a model that pretends to demonstrate this; I don't find the argument credible.

3. It's cheaper than San Francisco.

I heard this one a couple of times: people from San Francisco look at Portland as a huge bargain and are bidding up the prices. It felt like an old wives' tale, something that someone heard or perhaps even experienced once or twice that has now become legend throughout the community in complete disproportion to its actual influence.

Let's say a large percentage of the (supposedly) 10,000 people per year I was repeatedly told are moving to Portland come from San Francisco and other areas with over-inflated housing markets. The theory then is that they are influencing peak prices which is having an economic trickle down effect to all these other marginal places? Again, I think that is a comfortable theory and if I was in real estate or development I would certainly want people to believe it, but it doesn't explain high prices at the margins. Luxury condos: sure. Dilapidated hotels renting for \$2,500 per month for a two bedroom: not credible. Something else is keeping the market from finding a lower equilibrium.

4. The Urban Growth Boundary creates artificial scarcity and drives up price.

This is a ridiculous argument to anyone who has gotten out of the ivory tower, freed themselves of dogma and actually walked around the areas outside of Portland's downtown. There's so much space, so much underutilized property, that it's a ludicrous notion that land scarcity is part of the problem.

But Chuck, without greenfield development we can't build the auto-oriented, single-family homes that the market is demanding.

If it was just a matter of meeting a massive demand, developers would never build single-family homes on cul-

de-sacs. The only reason that is even a lament is because a certain kind of developer with a certain kind of financing knows how to make nearly-guaranteed profits delivering it. It's a financial train wreck and, if Portland can avoid it, they will be much better off.

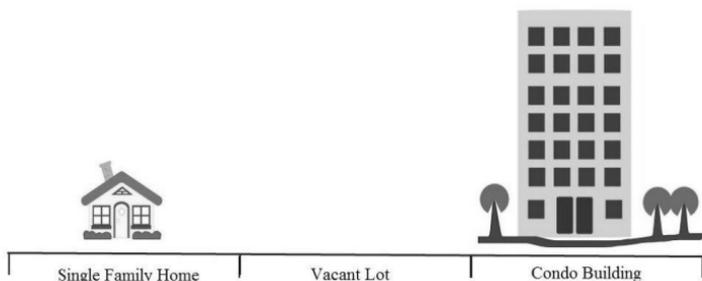
If there is a lack of anything — and I am really not confident that there truly is — it certainly is not land for development.

So what *is* going on? In the next chapter, I'll explain how Portland's rail investments and planning theories on transit-oriented development have combined with a social stickiness in housing to artificially inflate Portland's housing market in a dangerous manner. Those dogmatically committed to a certain set of beliefs or outcomes in this debate may want to skip the next chapter. If you're a planner, this could be a little depressing. The theories I outlined above are far too comforting and convenient. You've been warned.

16. Distorting Housing Prices

by Charles Marohn

There are two parts to the Portland housing conversation. One is psychological and one is financial. To explain the financial, I'm going to present a hypothetical situation that I've seen in Portland as well as other bizarre housing markets like Austin, Texas and Northern California.

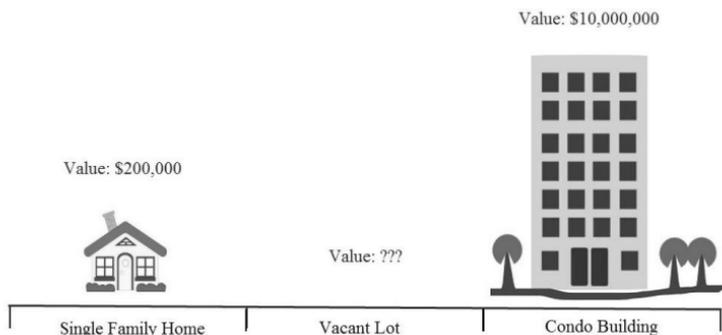


Consider three adjacent parcels of identical size, shape and all other defining characteristics. One contains a single family home that was built prior to the construction of Portland's light rail line. The second is a vacant lot. The third parcel contains a condominium unit that was built along the rail corridor consistent with the theory of Transit Oriented Development (TOD), the idea of promoting increased density in areas where significant transportation investments have been made (i.e. "build it and they will come").

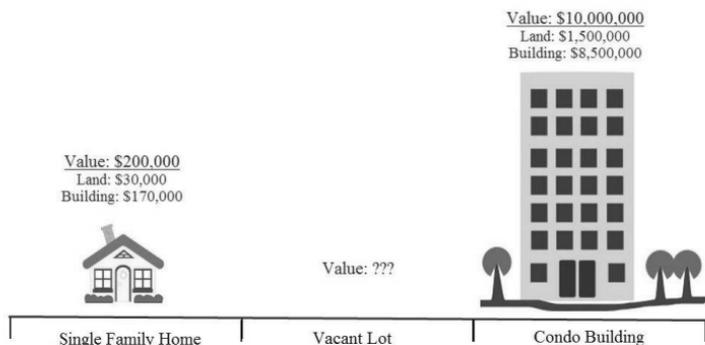
Let's consider a situation where the vacant lot in the middle is put up for sale. What should the asking price be? The most logical way to make that determination is to look at the adjacent properties and determine how the parcel could be developed. What is its highest and best use?

Thoughts on Building Strong Towns, Vol. III

We see that the single family home is valued at \$200,000 while the condo building is valued at \$10 million. If you owned the vacant lot, how much would you ask for it?



You could look to the left and see a single family home and deduce that, if the purchaser of the parcel was going to build a single family home consistent with the local market, they could pay up to \$30,000 for your parcel and still make the math work. However, if you look to the right, you'll realize that someone buying the parcel with the intention of building a condo unit could pay 50x that much, about \$1.5 million.

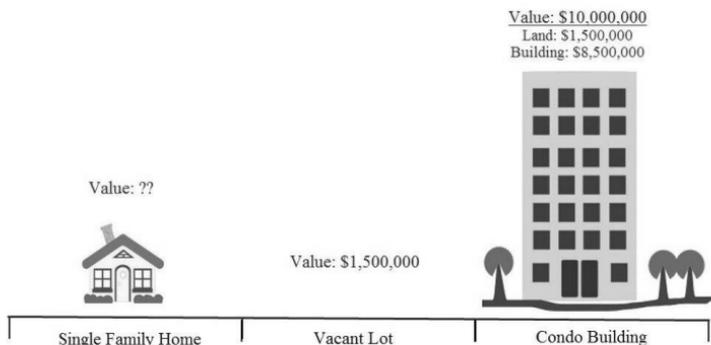


Strong Towns

Would you rather have \$30,000 or \$1.5 million?

Of course, the sale price of the parcel is going to reflect the highest reasonable possible use. With the TOD regulations in place encouraging the maximum use of that rail investment, that means the vacant parcel is going to sell for \$1.5 million, a nice haul for the lucky individual who wound up with land near the rail line. (I'm assuming, consistent with the windfall way we make public investments in America, there was no assessment when the rail line was built.)

Let's turn our attention now to that single family home. It now sits next to a vacant lot worth \$1.5 million and a condo building worth \$10 million. How much is that single family home worth?



Whatever the answer is, we can clearly see that it's not worth \$200,000 anymore. With the vacant lot going for \$1.5 million, all of the value of the single family home is now in the land. The home itself is essentially worthless, a scrape off building that actually lowers the value of the property due to the demolition costs. The single family home in this situation is worth nearly the same as the vacant lot: \$1.5 million.

I previously mentioned that I was shocked by how nice the nice parts of Portland were and how bad the bad parts of Portland were. There wasn't a lot in between, at least not that I saw. I believe that is because the development approach I've explained here represents an all-or-nothing, binary kind of endeavor.

If you owned that single family home, would you install granite countertops? Would you put in a Jacuzzi tub? Would you do an addition to create a theater room? Of course not. You own a home that's worth over a million dollars, yet it has none of the things a million dollar home would have and the reason is simple: you would never get that money back. The house is going to get torn down whether it has granite counter tops or not. Adding them may marginally improve your life, but it doesn't change the value and thus is a bad investment.

As is mowing the yard or picking up the trash.

You see this artificial distortion creating all kinds of unnatural side effects, such as the McMansion scrape off. The land values are so high, and the building values so comparatively low, that it actually makes financial sense for the very affluent to buy the parcel, tear down the building and build their own multi-million dollar home. That kind of thing may seem normal to those that have grown accustomed to it, but historically it's an aberration.

One last thing to note: If every parcel in Portland (or Austin or Northern California) that had unnaturally elevated land values were to be redeveloped to its highest and best use — the use that would justify those property values — then Portland would need millions more people. Perhaps tens of millions.

That will not happen in any kind of reasonable timeframe so what is going to happen — what must happen — is that, at some point, supply will exceed demand and prices will fall dramatically. Everyone who sold before the inflection will be huge winners (condo-inflated prices). Everyone who sells after will get normal single-family home prices.

It's just like a stock market bubble with all the animal spirits and irrational exuberance, except for the fact that housing prices, like wages (but unlike stocks) are sticky.

17. Spiking a Rising Tide

by Charles Marohn

A wave laps up on the beach. The force of the surge pushes water up against the wet sand. The action is understandable, a rhythm that is quite predictable. Even little children find it easy to discern the areas where their feet will get wet from those places where the effort of building a sand castle won't be wasted.

Up the shore is a seawall. The waves act differently there. When the water hits the wall, it explodes upward, the force of the wave ultimately dissipated by gravity instead of friction. Kids play near the edge of the wall, but not too close (unless they want to get splashed by the mist).

The last chapter explained how large leaps in the development pattern — from single family home to multi-story tower — distorts land values and, in doing so, artificially drives up prices on lands zoned for such a leap.

Between the time I wrote that chapter and this, I was experiencing yet another example of the same phenomenon in San Marcos, Texas.

On a walking tour there, we strolled through blocks and blocks of gaps — empty and underutilized lots — just off of their core downtown. I pointed out a nice little home as an example of what the city should be striving for to fill in these gaps and then pointed to the adjacent vacant lot as the perfect place to start.

That was when I was informed that the vacant lot was zoned T-5 Urban Center (2-5 story multi-family housing) and that the owner wanted \$600,000 for it, making my proposed modest home financially impossible.

I asked why this land was zoned T-5 when there was so much underutilized property in the area, so much dead space. The answer was exactly what I heard in Portland and exactly what I heard in Austin: we're growing.

Supposedly there is so much demand for housing in San Marcos that T-5 zoning is needed — all that high density development is necessary — to meet the demand. I walked around for hours and experienced an endless amount of underutilized property, just as I had outside the cores of Portland and Austin. It was more property than would ever be utilized at T-5 intensity and it was sitting there, high priced and waiting for the right buyer to come by and make the owner rich.

And the property owner had good reason to find this wait rational. It was reported to me that prices had been going up dramatically. There were a couple parts of town where high density development — in this case some five story apartments — was going on. With the land consistently going up in value and the cost to hold it minimal (it is being taxed as raw land) why not wait for a windfall? San Marcos is growing — everyone knows it — so sit back and let the growth make you rich.

This is the same thing I experienced here in my home town in a personal way over the past twenty years. My parents purchased the 80-acre Marohn homestead back when I was a little boy for something like \$500 per acre. In the mid-1990's, development was taking off in the Brainerd area and raw land started to skyrocket. The narrative was that all those rich people from the Minneapolis/St. Paul area were moving up and they could afford to pay outrageous prices. Heck, they thought land was so cheap they just threw money at it.

We heard reports of land selling for \$20,000 per acre. Then I, in my capacity as an engineer, worked with someone who paid the insane price of \$30,000 per acre for land about a mile away from our farm. A little later, one of the old farms just up the road sold for \$35,000 per acre. My parents were convinced that their much nicer property was certainly worth \$40,000 per acre, at least. They still own it and while the tax assessor has it worth six figures, their own personal balance sheet values it in the millions.

Here's the absurd thing: there is so much land available here for development that the price should be zero. Or, at most, the price of the land should be as if it were used for forestry, agriculture or hunting. Years ago, I did some simple math and showed some bankers that there is over 100 years' worth of supply of *developed* lots in the area. That excluded the raw land, land that the owners still expect to be worth millions.

John Maynard Keynes observed that wages are sticky. That is, when market conditions falter and businesses start to see profits drop, they are more apt to lay people off than to cut wages. People are very resistant to wage decreases because humans are wired to be very sensitive to loss, far more than we are to gain. Freeze wages for three years and people will gripe. Cut wages for three years and they will revolt.

Land prices are subject to this same human condition. Unless forced to sell — such as in an estate sale — many people mentally book gains and will not sell until those gains — or something near them — can be realized. This is why rumors of free-spending Chinese, wealthy San Franciscans and tech workers dripping with dollars are so widespread. They are part of a cultural belief system that explain — in an affirming way — what we see happening.

Portland grew by 1.5% last year.³⁷ These are growth rates not seen since before 2008. Just ponder that number — 1.5% growth — and contrast that with housing prices and rents that are growing by double digits. Portland has spent billions — *billions* — preparing for growth. They have built rail lines all over the place, built highways throughout and run thousands of miles of pipe in anticipation of growth. Yet, they can't handle 1.5% growth without blowing up housing prices?

Think of any other entity in any other realm that grows by 1.5% per year and contrast the reaction of that system with the hysteria of Portland. If this is only a 1.5% wave, it doesn't make sense. That kind of wave should roll across the sand and dissipate. Something is magnifying it.

In Portland today, there are three types of places where this wave is being accommodated. The first is the core downtown, what I've called an urban planning Disneyland, where truly high demand for a unique place combine with high building costs and relative scarcity to price this area out of reach for most.

The second place is in the remaining greenfield areas, where single family homes are being built in the insolvent suburban style we see all over North America. Neighborhoods are built all at once to a finished state; there is no next increment of intensity anticipated.

The third — the spike — is in those corridors zoned for high

³⁷ Frazier, Laura. "2015 Census estimates: Oregon population growth nearly hits pre-recession rate." *Oregon Live*, March 24, 2016. http://www.oregonlive.com/pacific-northwest-news/index.ssf/2016/03/oregon_population_passes_4_mil.html (Retrieved October 17, 2017).

density, where the highest and best use is priced into the land. In these areas, the government has already made the investment — the rail line — and put in place the regulatory environment that has created a windfall for property owners. All those property owners need to do now is wait around until it is their turn to sell to a developer, someone ready to pay the price to build high density. In the meantime, any scarcity — real or perceived — just drives up the price and increases the long term payoff.

Scarcity also helps the high density developer. Assembling the land, acquiring the permits and going through the development process for a condominium tower or apartment complex involves taking on great risk over an extended period. It's best not to get too far out in front of a market — one only growing 1.5% per year — so that you don't get exposed if (when) there is a correction. High land prices are a bummer, but you can find good deals now and then and the high price of the finished product gives some added margin for error.

So how do we free up more raw land for development? How do we get these stagnating properties off the sidelines and into the game? How do we get developers to proceed more quickly? There is a very simple answer, but it is counter-intuitive and directly clashes with the planning profession's fetish with density.

The simple answer is downzoning.

What if along all these rail corridors and at all of these rail stops, instead of being able to build an eight-story condo unit, all a developer was allowed to build was the next increment of intensity? For most of that area, that would mean single family homes. In that case, what would happen to land prices? They would drop. They would crater, in fact.

This would free up an incredible amount of land for cheap, affordable development while also taking a substantial amount of pressure off of the existing single-family neighborhoods.

But Chuck, Portland is growing (by 1.5% per year) and pretty soon all of that vacant and underutilized land is going to be built upon. Portland will be built out and we'll be pressured to extend the Urban Growth Boundary for new greenfield development. How you can possibly support single-family homes?

I'm not advocating for single family homes. I'm advocating for incremental development. Portland (and Austin and San Marcos and...) are trying to skip increments. They are trying to have a toned body without proper diet and exercise. They are trying to sprint before they have learned to crawl. They are obsessing over their theories of density and, in the process, they are stagnating their cities and leaving wide swaths of their population behind.

There is no such thing as "built out" in a Strong Town. There is no such thing as being done. Cities that grow incrementally are on a continuum of improvement and so, when a block is so-called fully developed, the next increment of intensity must always be available. By right. Everywhere.

Let me reiterate: I would zone the entire city to allow the next level of intensity everywhere, by right. In almost all neighborhoods, that would be considered an upzoning, allowing more development than is currently available. In a few select neighborhoods, where our density fetish is artificially distorting land values, that would result in a downzoning.

Here's a bit of feedback I received on these ideas:

Suppose you're right and Portland has invested in transit oriented development, which by some voodoo has jacked up housing costs everywhere, snowballing the demand for more transit oriented development. What's the worst case scenario if growth abruptly halts? We are left with a bunch of high quality, sustainable, resilient neighborhoods with falling rent? That's not exactly a bad thing.

To be clear: I don't think the demand is for transit oriented development, per se. That's just the only development our fetish with density will allow us to consider in these places. You start with that given the proposition becomes a self-reinforcing one. I don't start there.

Still, the worst case is we spend a couple of decades needlessly squeezing the poorest of Portland's residents further and further to the margins. We appease our guilt and anxiety over this problem by distorting the housing market further with rent controls and inclusionary zoning, things that, if they have worked at all (and I'm highly skeptical), have only worked on the margins.

Planners get paid and have fun spouting Jane Jacobs while acting like Robert Moses. Developers and bankers get paid, of course. Corporations that can work at the scale demanded by Portland's development approach also do well while the small, incremental developer is squeezed out (that's okay; she can go be a barista as they are in high demand).

And after decades of squeezing, economic distortions so great that even middle class and upper middle class find it hard to make it, the growth stops and all that inflated land adjusts back to normal prices. Hundreds of billions of dollars of wealth are lost. Many decent and hardworking

people are thrust into extreme financial distress. And to make matters worse, at the time of greatest need, the city (which is dependent on the artificially high land values for a large part of its revenue) struggles just to make their debt payments, let alone do anything to make life better for people that are suffering. These are the people who must — if this place is to ever prosper again — continue to find themselves in love with Portland, even when it isn't growing.

But yeah, at least you'll have some high density buildings to enjoy.

18. The Neighbor's Dilemma

by Daniel Herriges

I walked into the lobby of the county administration building in Sarasota, Florida one afternoon in August to a throng of mostly white-haired folks cheering and high-fiving. In fact, I'm not sure you could have found more white-haired folks cheering anywhere else this side of a Barry Manilow concert.

The white-haired folks (and some younger ones) in question had just emerged from a packed County Commission hearing at which the commission denied a developer's petition to build 35 new homes in an existing residential subdivision of 403 homes. The 35 homes were slated for an open expanse of grass and weeds at the back of the subdivision that had once housed a water-treatment facility before the neighborhood was connected to county water and sewer lines in the 1990s.

The petition was denied for a complex array of legal reasons, which don't much matter to my argument here. The neighbors opposed the 35 homes for their own set of reasons, which were made clear in public comment after public comment: Traffic on neighborhood streets. Disruption of their peace and quiet during construction. Loss of green space.

There's a prevailing narrative out there about cranky white-haired suburban NIMBYs (Not In My Backyard people). It says they're selfish and can't see the bigger picture; that they have antiquated views and don't get that the public *wants* mixed-use, walkable neighborhoods now; that they have too much time on their hands and nothing better to do than go to public meetings and rabble-rouse.

I think these characterizations all miss the point, as does the "NIMBY" pejorative itself in most cases. Homeowners who oppose the kinds of things that many urbanists find sensible and that make for more fiscally-sustainable and productive places aren't oblivious, exceptionally selfish, or deserving of being mocked or demonized. They are responding to a set of very rational incentives, and those rational incentives are at the heart of why it's going to be extremely difficult to alter the course of the Suburban Experiment in a meaningful way.

The Problem with “Open Space”

The Prisoner's Dilemma is a famous illustration from game theory of why individuals pursuing their own rational interests may fail to arrive at a mutually-beneficial outcome. I'd argue that urban residents face their own sort of prisoner's dilemma when it comes to land-use planning. (Credit is due to Daniel Kay Hertz of *City Observatory* for inspiring me with a somewhat different application of this idea to land-use policy.³⁸)

Call it the Neighbor's Dilemma. If you and I live a few miles apart in the same city, development decisions that are good for me aren't necessarily good for you and vice versa. Furthermore, what's good for *us* as a collective is often elusive and doesn't end up having a constituency willing to go to bat for it. This collective-action challenge is far more problematic in car-dependent communities than in traditional, walkable ones for reasons I'll elaborate on below.

Let's zoom out for a minute to talk about land use in Sarasota County. The "open space" that suburban neighbors successfully saved from becoming 35 new homes is little more than an empty field of grass, tucked away at the back

³⁸ See <http://cityobservatory.org/the-prisoners-dilemma-of-local-only-planning/>

of a subdivision. I guess it could one day be turned into a park for the use of neighborhood residents, but suburbia is full of little pockets of land like this, most of which will never be put to meaningful use. What is the cost of decisions like this, repeated over and over across the landscape? Essentially, a "swiss cheese" development pattern full of holes.



Source: Google Maps

In this map, observe the sheer amount of land in this part of town that, at a glance, constitutes "non-places."³⁹ The prevailing pattern is relatively densely-packed residential subdivisions surrounded by a whole lot of wooded land. Most of this land is not open to the public. It's not part of a park. It's not part of someone's yard. It's not a street or road or sidewalk or any sort of public facility. It's just there. It's there because developers commit to a certain set-aside of "open space" (as distinct from *usable* recreational space)

³⁹ See <http://www.strongtowns.org/journal/2014/10/14/places-and-non-places> to learn more about the concept.

when they build subdivisions, and any later attempt to go back and build on that open space is liable to be met with predictable, fierce resistance from the existing residents.

The consequences writ large of all of this inefficient land use are predictable: More wilderness paved over for new housing. Longer driving distances between destinations. Traffic congestion from the increased amount of driving that area households must do. More miles of roads and sewer pipes that must be maintained to support the same population. An unproductive land-use pattern that does not generate the wealth to pay for its public infrastructure. The looming threat of insolvency when it comes time to repair or replace said infrastructure.

Southwest Florida is a rapidly-growing region. The population of Sarasota County alone is projected to increase by 100,000 people by 2040. Where is it going to house those people? Pave over more of paradise, doubling down on the suburban pattern? Or do infill development — i.e. find ways to squeeze more value out of infrastructure investments already made in existing neighborhoods, the fiscally and environmentally prudent approach.

Neighborly Opposition

So are the folks who turn out to oppose those incremental changes the villains in this story? Let's zoom back in to that Commission chamber. I went in with an open mind trying to listen and empathize. What kinds of things were they saying?

The most common concern was traffic: every single trip in or out of these 35 homes, at the very back of a large subdivision with only one exit, would be in a car down 23-foot wide streets with no sidewalks that are used by residents for strolling and walking their dogs. At busy times

of day, I can imagine there being noticeably more cars.

A related and also repeated complaint was that heavy construction vehicles would be traversing those 23-foot wide streets for a year or more, causing major disruption to neighborhood quality of life during that period. Can I argue with that? Not really; it would undoubtedly be disruptive.

Should the subdivision have been built with only one exit onto an arterial road, instead of a more connected street grid? No, but it was. Do people have a God-given right to demand that no one drive in front of their houses? No, but they do have an *incentive* to use their voice in the democratic process to minimize those impacts,

Some of the complaints at the podium were overstated — one speaker objected that the headlights of cars turning onto the new street after dark would shine "right into her living room" — but who among us hasn't ever overstated a case in the name of making a point or winning an argument?

It's frankly true that these people bought into the neighborhood with the expectation that the property in question wouldn't be developed. Most were expressly told that the subdivision was "fully built-out" and were surprised to learn last year that the developer could add more homes. They were angry because their expectations were now being violated.

I could argue all day about whether these objections are serious or frivolous, or whether they outweigh the developer's property rights or the collective interest in making the best use of land. Those arguments almost never move people who don't want to be moved, though. The kind of person who chose to buy property in a gated HOA subdivision did so for a reason.

More important than telling them why they're wrong and expecting to change minds (you won't) is understanding the fact that they have *zero* incentive other than altruism to adopt the other side on this issue. What do the residents of the 403 existing homes in this subdivision possibly have to gain from 35 additional homes? There is only downside for them.

This fact, though — and here's the important part — is actually a function of the car-dependent development pattern. It's not inherent to all cities.

The Car-Dependent Suburb's Response to Development

Think of it this way. You can roughly divide your city or metropolitan area up into circles or zones of concern — you have different incentives based on how proximate an area is to you or how remote.

Zone A is your immediate neighborhood, let's say, within a 20-minute walk of your home. In a city where the prevailing mode of transportation is the private car, what's important to you to have in Zone A? Probably safety and comfort. Pleasant aesthetics. School quality, if you have kids. Low crime. These factors impact your life every day, and you will show up to a public meeting and pick a fight over them if you have to.

Zone B — out of walking distance but within 20 or 30 minutes' travel time by other means (i.e. your car) — is the broader city in which you likely work and where you spend your time and your money. You want amenities: retail and entertainment options. You want efficient mobility so you can access those amenities. You have an interest in development in Zone B, including residential development, because those residents will be new customers for businesses that

you can then patronize. If enough people move in, maybe your town will finally get that Trader Joe's you've been hoping for! But your utility is maximized if all those new people move into your Zone B, and none of them into your Zone A.

Zone C is the rest of the metro area beyond convenient travel range and the surrounding undeveloped land. Your primary interaction with Zone C may well be when you leave town to travel somewhere or get out and enjoy nature. You'd like nature to be accessible. You don't want traffic to be abysmal on the highway out of town. You certainly don't have an interest in endless sprawl, and if Trader Joe's opens up an hour from you, that's not so exciting — you probably won't be making such a trek too often.

I'd sum it up this way, in a car-dependent community: Residents have incentives to be strongly anti-development in their Zone A, moderately pro-development in their Zone B, and moderately anti-development in their Zone C.

But your Zone B is someone else's Zone A, and vice versa. People generally won't pack a public meeting over a particular issue unless they have a strong personal stake in the outcome. So the public hearing for any development approval is packed with the immediate neighbors, and — surprise, surprise — they're always unanimously opposed. Elected officials in suburban areas are likely overwhelmed with the perception that their residents hate new development and want absolutely nothing built anywhere.

The result is either an elected body that finds itself consistently voting against the opinions of its most vocal constituents, or one that takes the easy road and approves largely greenfield development that doesn't have a "Zone A" constituency to oppose it yet. (Frogs and birds and deer

haven't figured out yet how to fill out comment cards or use a microphone.) Are we surprised when they take the easy road?

The Walkable City's Response to Development

In walkable cities, the incentive structure works differently. Your Zone A now overlaps quite a bit with your Zone B: your neighborhood is plausibly the place where you work, shop and play. New development down the street might still decrease your quality of life in some respects. But it might also increase it. It might get you that cool coffee shop or that Trader Joe's. It might get you higher-frequency transit. It might get you increased public safety by way of eyes on the street.

The biggest detrimental effect of residential density in a car-dominated setting, and invariably the biggest thing angry neighbors come out to speak against, is traffic congestion. But pedestrian congestion, outside of tourist destinations or major events like street fairs? Not really a thing.

It's not that there's no opposition to development in walkable cities. There is. But the battles are fought over things like views, historic preservation, design, and public space. Sometimes over a desire for socioeconomic exclusivity—low-income housing remains unpopular almost everywhere. These battles can get ugly. But I'd suggest that in general, there's a lot more room in walkable places to reach a win-win outcome between residents and developers.

The problem with a car-dependent place is that *any* development at all may be a net negative for the established residents of a neighborhood. The problem with a car-dependent place is that any development at all may be a net negative. There is effectively no concession the developer can offer that turns it into a net positive in the short run. In

the long run, infill development is needed to improve the fiscal solvency of these places and to create opportunities to transition away from car-dependence. But in the short run? I get more traffic in front of my house and on the roads I drive each day.

Suburban places that succeed in making the transition to strong towns over the coming years will be the ones that figure out ways of breaking through this logjam of citizen opposition to even incremental change. We need to be talking about interests and incentives, not appealing to a sense of altruism or shared civic destiny to get the job done.

19. The Magic of Tree-Lined Streets

by Sarah Kobos

It's time to talk about trees.

Why? Because I live in Tulsa, Oklahoma, where it's currently 96 degrees Fahrenheit with 50% humidity, resulting in a heat index of 109 degrees. This is just a scientific way to say that it's hotter than hell-fired habaneros out there. And to be frank, nobody cares about walkable urbanism when they're sweating through their clothes.

A few days ago, despite the soaring temperatures, I decided to run a couple errands. Since both trips were within a mile and a half of my house, I hopped on my bike. For the first mile or so, I was able to cut through neighborhoods where mature trees shaded my route. With the shade and a nice breeze, the ride was amazingly comfortable. "This isn't so bad," I thought, casually dismissing all the heat warnings I'd heard earlier in the day.

Unfortunately, my sanguine attitude evaporated the moment I emerged from the sanctuary of a shaded neighborhood into a treeless, asphalt furnace.

No disrespect to Joan of Arc, but at least if you get burned at the stake, it's a dry heat. This was more like being boiled. And then fried. If you built a sauna inside a kiln, it would feel something like this street.

A Hostile Walk Environment

The only thing worse than biking on a treeless street on a scorching hot day is walking on one. Since cycling creates its own breeze, you get some relief through evaporative cooling. You also reach your destination faster, which mini-

mizes the agony. Without trees, walking along a typical city street in the summer heat is not only unpleasant, it can be life threatening.

So when you talk about “complete streets” and “active transportation” be sure to mention the importance of canopy trees, because in a hot climate, if you don’t have shade, these options are moot. Everyone with a car is going to drive. Everyone without a car is going to suffer, or stay home.

And if you’ve never thought about street trees as a social justice issue, an afternoon spent in the summer sun walking to (and waiting for) the bus might just change your mind.

Simply put, trees matter. And I don’t mean those shrubs people stick in parking lots to fulfill the landscaping requirements of the zoning code. I mean real trees: The kind that line sidewalks and create canopies over the street. The kind that turn inhospitable environments into pleasant places for people.

The Decline and Fall of the Urban Street Tree

Our ancestors, who hadn’t yet invented air-conditioning or automobiles, understood this. They knew that city building and tree planting went hand in hand. Thus, long before the introduction of zoning codes, cities passed laws requiring trees to be planted along the public rights-of-way.

Unfortunately, here in Tulsa, our urban forest has suffered in recent decades. In my lifetime alone, a number of tragic events — both man-made and natural — have decimated our once dignified tree-lined streets. Dutch Elm Disease, wind storms, ice storms, and butchering by unqualified tree-trimmers (many hired by the local electric company to protect power lines) have destroyed countless thousands of mature trees throughout the city.

Lots of them have never been replanted. Many people simply don't relish dealing with them after the expensive ordeal of removing massive downed trees from their property. (I don't know if a tree makes a sound when it falls in the forest; but when it crushes your roof, it leaves a lasting impression.) Some can't afford the luxury of replanting. Others, like many rental property owners, just don't bother. And those with the inclination and financial resources to replant may select an inappropriate species or ineffective location for their replacement trees.

When it comes to creating tree canopies, many obstacles are enshrined in public policy. Zoning codes apply to private property, not the city's right-of-way, so required trees are often set back too far from the street to create a pleasing pedestrian environment.

Engineering standards require clear sight lines next to the road, which prevents street trees from being located where they are most effective. And the local power company recommends planting short, ornamental trees near power lines, which, all too often, are located along arterial streets. Together, these rules eliminate the possibility of creating or restoring a tree canopy that would benefit pedestrians and cyclists throughout the city.

Beyond Pedestrian Comfort: Street Trees and the Bottom Line

We have a long way to go to replace what has been lost. But we have to keep working because street trees make places more walkable and bikeable and beautiful — all of which should be reason enough to fight for better streetscaping.

But there are myriad other ways in which street trees benefit cities and individuals alike. Among the most important to municipalities are significant reductions in storm water run-

off⁴⁰; improved air quality and reductions in greenhouse gases like ozone and carbon dioxide⁴¹; improved pedestrian and driver safety⁴²; and higher taxes resulting from increased property values and commercial sales.⁴³

To achieve these benefits, we need to take trees seriously. Especially in urban areas, you can't just stick a tree in the ground and expect it to prosper. For cities interested in maximizing their return on investment of street trees, the Environmental Protection Agency has created a guide focused on design considerations that will allow street trees to survive and thrive well into maturity.⁴⁴

Whether you care about the environment, energy savings, property values, public health or your city's bottom line — plant a tree by the street. You'll make sweaty cyclists and pedestrians happy for generations to come.

⁴⁰ “Stormwater to Street Trees.” EPA.
<https://www.epa.gov/sites/production/files/2015-11/documents/stormwater2streettrees.pdf> (Retrieved October 17, 2017)

⁴¹ “Trees Improve our Air Quality.” Urban Forestry Network.
<http://urbanforestrynetwork.org/benefits/air%20quality.htm> (Retrieved October 17, 2017)

⁴² “Safe Streets.” Green Cities: Good Health.
https://depts.washington.edu/hhwb/Thm_SafeStreets.html (Retrieved October 17, 2017)

⁴³ “Local Economics.” Green Cities: Good Health.
https://depts.washington.edu/hhwb/Thm_Economics.html (Retrieved October 17, 2017)

⁴⁴ See: <https://www.epa.gov/sites/production/files/2015-11/documents/stormwater2streettrees.pdf>

20. Putting our Towns on the Path Toward Good Public Transit

by Rachel Quednau

I love transit. I ride the bus frequently in my current city and have relied completely on public transit in past cities where I've lived including New York City and Washington, DC. If we're talking about my personal feelings towards transit, I would love to see much of the current transportation dollars we spend on roads diverted towards transit spending.

But I cannot remove my Strong Towns, fiscally-responsible hat when I look at transit projects. If we're going to be critical of road projects that spend billions in taxpayer dollars, we have to also be critical of transit projects that do the same. There are fiscally responsible ways to build transit systems and there are many incredible transit systems flourishing in cities across the continent. But there are also pitfalls to be avoided here.

Today, I want to discuss a few of the common arguments that I often hear about public transit in the context of the Strong Towns movement, including arguments that every town needs transit, that incrementally growing a transit system is impossible, and that large rail projects are the best way to get more people using public transit.

Scaling Transit

When I hear Strong Towns readers saying “You guys don't do a good job of talking about transit,” (which happens every few months) I wonder if what they really mean is, “You guys don't do a good job of affirming my personal belief that we need more transit everywhere and advocating for large increases in transit spending.”

At Strong Towns, we have an audience that lives in everything from the smallest rural towns to medium-sized cities and suburbs to some of the biggest cities in the world. We aren't going to tell New York City how to run its transit system — they seem to be doing a pretty good job and that's a local issue anyway. But we also aren't going to tell a rural township that it needs a bus rapid transit system when none of its residents have ever ridden a bus.

Most cities are somewhere along that spectrum—they've got some sort of bus system that is likely largely ridden by low-income, elderly and disabled residents, and maybe they've got light rail or bus rapid transit plans in the works. These communities can improve their transit systems with an incremental approach and the right cultural mindset. Without it, they are at risk of wasting billions.

An Incremental Approach to Transit?

I know several Strong Towns readers have argued that an incremental approach to transit isn't possible, but I disagree.

When we talk about a Strong Towns approach to transit, we *have* to think about incremental ways to improve these existing systems. Maybe that means rethinking the routes and frequencies to serve more people in a better way, like Houston did (with help from a Strong Towns member)⁴⁵. Maybe it means converting to Bus Rapid Transit along key lines, like Fort Collins, CO did.⁴⁶ Maybe it means one day turning some of those bus routes into permanent light rail lines.

If you're in a very small town, then maybe the first transit

⁴⁵ See <http://www.strongtowns.org/journal/2016/1/25/texas-transportation-funding-its-not-all-bad-news>

⁴⁶ See <http://www.strongtowns.org/journal/2015/9/22/built-to-the-max>

step you can take — if that’s a transportation option your community desires — is investing in some large vans, figuring out which populations would be most likely to use them and charting a route that takes those people where they need to go. (That’s how I got around in my college town of Walla Walla, WA.) Or maybe, if your town is truly tiny and rural, there is no place or need for transit anyway because driving, biking and walking fit best with the existing infrastructure and preferences of your neighbors.

Small-scale, incrementally-grown transit can work. My husband’s grandparents started a homegrown, small-scale transit system in the town of Stevens Point, WI back in the 1970s. When the town’s previous bus system failed, Roland Thurmaier (my husband’s grandfather) formed a cooperative of community members who agreed to pay into the bus system at the rate of \$5 a share. The system started with \$900 in 1972 (about \$5,200 in today’s dollars).

They realized immediately that they could not maintain the extended system that the local government had originally attempted to build. Instead, they pared down the routes to connect residents with key shopping areas. An article in 1972 published in *The Pointer* (the local university student newspaper in Stevens Point), quotes Thurmaier as saying that 15-20% of the residents in the town don’t own cars. Many of those were (and are) students, because the University of Wisconsin has a campus in Stevens Point. Thurmaier explains in an interview in the article⁴⁷:

The car is one of the extravagant users of our natural resources and, in fact, the people who do not own cars

⁴⁷ Lattin, Bob. “Pessimism Looms Over Stevens Point Bussing.” *The Pointer*, September 15, 1972. <https://epapers.uwsp.edu/pointers/1972/1972Sep15.pdf> (Retrieved November 10, 2017)

are subsidizing those who own cars; because those people, either through rent or direct property tax, are paying for the elaborate street system we have, wages for traffic patrolmen, and that kind of thing.

A man before his time. Those words are as true today as they were in 1972, and we know that wages for traffic patrolmen are just one of many expenses (paving, barriers, signals, et cetera) that our extended American road system incurs. From \$900, with volunteer bus drivers and in the beginning, just one old school bus, a cooperative of Stevens Point residents built a workable bus system that fit their community's needs and its budget. Over time, they added to their fleet, moved their office out of the Thurmaier family home, sold advertising to raise additional revenue, adjusted routes based on need, and hosted free-ride days to increase their visibility. In 1979, the city took over the bus system again. It has grown incrementally over time and is successfully operating to this day.

A Cultural Shift

We desperately need a cultural shift if we're going to make transit a useful and worthwhile investment for our cities and towns. I live in the mid-sized city of Milwaukee in a middle class, densely-populated neighborhood full of mostly childless young people and seniors. Using my city's subpar bus system, I can still get to many of the places I want to go because I am located close to the downtown, which is the heart of our hub-and-spoke bus network.

Despite this excellent location, relative affordability of our bus system (\$1.75 per ride with an M-card), frustrating challenge of parking in our dense neighborhood and prime demographics for easy transit use, many of my nearby friends have never and will never take the bus — even when they're going to an event where parking will be a huge head-

ache and expense. Even when they're planning to be drinking. Even when there is a bus stop literally in front of their homes. Because they are part of the middle class and probably grew up in towns where bus use was uncommon and reserved for the poor, they do not even consider riding the bus. That's for someone else to do.

Understand that I live in an urban neighborhood in the heart of a city that is warming to things like bike lanes, mixed-use developments, and walkability — all the hallmarks of a modern, urbanist lifestyle. My friends visit breweries, live in apartments, shop local — all the stereotypical urban millennial stuff you'd expect. And yet they won't ride the bus. *Car is king*, as my alderman once phrased it.

In my town, a new streetcar line is in the works that will make a two-mile loop around the downtown. It will cost \$128 million to build (a good chunk of it, outside money, of course) and will probably be used mostly by tourists or downtown office workers getting lunch or doing shopping after work. It's not really helping people to commute because the distance it covers is so small that you could easily walk or bike it, and this neighborhood is already thoroughly served by bus routes anyway.

The goal is for this line to be a starting point for other routes to expand out from. I'm hopeful that that's the case, but I'm also maintaining a healthy skepticism.

I was recently chatting with a friend who works at the regional headquarters of a bank in a downtown office building with a parking ramp. It costs a good deal of money to park in the ramp every day and it's about a 20 minute walk from his apartment, so most days, he chooses to walk or take the bus to work. He has a car, but he makes this choice because it's economically beneficial to him (not to mention

safer, healthier and less stressful than driving in rush hour traffic).

However, he commented that the vast majority of his coworkers pay for parking in the ramp every day, including the ones who live within easy busing distance because, as my friend put it, “If you’re making six figures as a bank manager, you’re not going to take the bus.”

This is what we’re up against if we want to promote increased transit options in our cities.

Many transit advocates state that rail is the best way to get more people using public transit because it’s a more appealing option for middle and upper class people compared with buses. I know there’s survey data to back up that statement, but I still don’t think that justifies the immense expense of rail in many cases.

I honestly don’t understand why there is a mythical love of rail over buses. Perhaps it’s because people associate rail travel with beautiful European cities, Harry Potter or historic America? Or maybe the preference of rail over buses is because people perceive rail to be quicker than buses? That may be true with subway systems and is sometimes the case with separated light rail, but it’s not often the case with streetcars (unless other street improvements are made simultaneously, as Jarrett Walker points out, and that could happen with bus lines too). Most American cities are not considering subway lines when they talk about building rail anyway, so it’s a moot point.

Jarrett Walker, transportation planner and writer at HumanTransit.org has a very wise perspective on this issue⁴⁸:

⁴⁸ Walker, Jarrett. “Streetcars: An Inconvenient Truth.” *Human Transit*,

We are living in a time of epochal changes in the culture of transportation, increasingly forced upon us by a changing calculus about what works and what we can afford. I have seen monumental changes of attitude in the nearly three decades that I have watched these issues. For that reason, I instinctively give more weight to values that have proven themselves stable over centuries — such as the need to save travel time and money — than to the negative associations that may have gathered around buses, in some cities but not others, just in the last half-century. When people face a stark choice between retaining their prejudices or saving time/money, prejudices can change pretty fast.

In addition to the streetcar in the works in my city of Milwaukee, there's also a Bus Rapid Transit (BRT) line proposed to run East-West through the middle of the city. This 7-mile route would connect the western half of the city and western suburbs with downtown jobs, as well as connecting urban residents with jobs in the western suburbs. The 2-mile streetcar project is estimated to cost \$128 million⁴⁹ while the BRT line is estimated to cost between \$41.9 million to \$47.9 million⁵⁰. The corridor that the BRT line plans to service is heavily congested and heavily traveled during rush hour. The inner-city neighborhood it would reach is one of the poorest in Milwaukee.

July 3, 2009. <http://humantransit.org/2009/07/streetcars-an-inconvenient-truth.html> (Retrieved October 17, 2017)

⁴⁹ “About Streetcars.” The Milwaukee Streetcar. <http://milwaukeestreetcar.com/frequently-asked-questions.php> (Retrieved November 2, 2016)

⁵⁰ “Milwaukee County East-West Bus Rapid Transit Financial Plan.” Milwaukee: Milwaukee County, 2016. http://www.eastwestbrt.com/assets/eastwestbrt_financial_plan.pdf (Retrieved November 2, 2016)

If I were in charge of funding decisions in this city, I'd build three BRT lines (East-West, North-South and Downtown-Northwest) before I'd give the streetcar project a second glance. And, if these cost estimates are similar across the board, we could do all of that for only \$7 million more than the entire streetcar project. We could serve tens of thousands of Milwaukeeans of varying incomes with that kind of investment, and we could adapt that route as the population and job centers changed over time. In my opinion, if there's public transit money to be spent in a midsize city like mine, standard busing and BRT are a far more worthwhile investment than rail.

Meatless Meals

In sum, I don't think our cities should be making massive rail investments merely because they think it will encourage wealthy people to finally give public transit a shot. I'd rather focus time, effort and even money on changing the culture around busing and adjusting bus routes for increasing ridership — proving that it can save people time, money and stress — and eventually transitioning to Bus Rapid Transit where appropriate. In some cities, rail is ideal and the community is ready for that investment, but in many like mine, I think it's too risky.

On the article that spurred this whole conversation,⁵¹ Strong Towns' contributor and member, Alexander Dukes offered an insightful comment on public transit hesitance:

I think you have to give people time to overcome their ignorance. People think highways are absolutely necessary because they know nothing else. People think transit is only for the poor because they've never seen

⁵¹ See <http://www.strongtowns.org/journal/2016/10/4/suburban-commatransit>

people that aren't poor ride it (and because it requires them to surrender their autonomy and use the prescribed routes — something automation will solve I think). We know all of these things work together to make a place work well — it takes time for the public at large to understand that.

I'll give non-transit users even more credit: If we want transit to be highly successful and financially sustainable, we need a critical mass of users. In many towns, cities and suburbs, that means we're going to need people who drive a car several times a day, every day, everywhere, to relocate at least some of those trips to a bus. That's going to be a real challenge.

It's like asking someone who has eaten meat every day for their whole life — and who believes that meat is the easiest to prepare and most delicious food — to have a few meatless meals each week. It's not impossible, especially since we're not asking them to become a full-fledged vegetarian, but it's going to take some easing in, and showing them that there are plenty of tasty meatless meals, and offering ideas for what to cook and proving that those meals will fill them up just as well as a pork chop could. In the end, they'll hopefully realize that vegetarian meals are often cheaper and healthier, but it's a huge mindset shift.

To take the metaphor even further, a person who is resistant to changing their diet in this manner might eventually have a wake up call — like a heart attack — after which the doctor says, “If you want to live, you need to stop eating so much meat.” In the same way, many of us find ourselves using transit (or biking or walking) because we simply cannot afford the expense of a car. Growing up, my family used a car to get basically everywhere and when I started driving as a teenager, I would borrow my parents' car. But when I

attended college and after I graduated, there was no way I could afford my own car, so I went without. I figured out other transportation options.

This experience of losing the option to drive — whether because of a loss in income, an injury, aging, et cetera — forces people to find other modes of transportation. As the cost of living and gas rise while wages and wealth stagnate, more and more Americans will find themselves needing to drive less or give up their cars altogether. And when they encounter that situation, I'm going to guess that they'll be willing to use whatever transportation options are available to them. It's not going to matter whether that vehicle looks like a sleek new train or a ten-year-old bus, they — like me — will take whatever will get them where they need to go in a safe, affordable and timely manner.

Is Big the Only Way?

If we say that only a massive transit system has any hope of making an impact on a city (something I've heard several times), then we need to very critically assess how much money we are willing to invest in that gamble, how much the system will be used and how much payoff we can be guaranteed to receive.

Personally, I think that premise is absurd. Do I wish my city had a more extensive transit network and more frequent service? Absolutely. Do I think that our existing bus system has no value for the people of Milwaukee? I believe the 142,000 average bus trips daily in my city (41% of which are to or from employment) speak for themselves.⁵² I believe

⁵² “Milwaukee County Transit System 2016 Annual Report.” Milwaukee: MCTS, 2016. <https://www.ridemcts.com/getattachment/About-MCTS/MCTS-One-Sheet-Overview.pdf?lang=en-US> (Retrieved October 18, 2017)

the tens of thousands of Milwaukeeans who don't own cars (including me) and rely solely on busing and walking for their transportation are making very good use of our bus system. And they deserve a better one.

So, yes we need more and better transit. But we cannot be blind to the financial risks that expensive transit systems — especially completely new ones — create. Before we invest in them, we have to look at them with the same critical eye with which we view expensive road projects:

- Will this investment make my town better?
- Will we be able to pay for the maintenance of this project 10, 30, 50 years down the road?
- Does this project depend on build-it-and-they-will-come assumptions to work financially
- Will this create value for my town today and for future decades?
- Can we afford this project?
- Is this the best use of limited resources?

What's the Goal?

When thinking about transit (or any other investment in our cities), we have to ask ourselves what the ultimate goal is. For some urban advocates, I think the goal is simply: Get more people riding transit. If that's the case, then we may not see eye to eye in transit conversations, because many transit advocates coming from that perspective will choose to build the most attractive, fastest and biggest project possible, right?

But if the goal is:

- Build more financially sustainable cities, or
- Create cities that are affordable for everyone who lives in them, or
- Develop a transit system that meets the needs of all residents, or

- Plan for the future of our cities in a realistic and affordable manner

then we are having a different sort of conversation, and I think we will find that we have a lot in common. We all want cities where residents of different incomes, ages and abilities can safely and easily get where they need to go. We all want cities that are financially resilient and aren't putting future generations in debt. We *can* achieve these goals with public transit as part of our transportation network and we should. We just need to go about it in with an incremental, financially-aware and realistic mindset.

21. Pain or Death? The View from the Balloon *by Charles Marohn*

There are credible scientists making serious plans to offset global warming by spraying sulfuric acid into the upper atmosphere. The idea is that the sulfur combines with water vapor to form a fine particulate that will remain airborne and deflect some of the sun's rays, thus offsetting the heating effect. People advocating for this believe they can fine tune the climate like a thermostat.

Of course, this is absurd, and many of you intuitively grasp that. The climate is a complex, adaptive system involving far more than simply solar rays. It's the height of arrogance — or foolishness — to believe we can fine tune such a complex system. Even if we managed to for a while, the compounding impacts over time are totally unpredictable. I'm guessing that most people reading this essay would believe it better to stop impacting the climate today — to dramatically reduce our CO2 emissions — than to try and mitigate the effects after the fact.

Sadly, many of us are domain dependent with our skepticism. We cringe at the notion that the climate can be manipulated to our ends but we show no skepticism at all when it comes to fine tuning other complex systems. I made this case in regards to the economy in a 2015 Strong Towns podcast episode called “Climates and Markets.”⁵³ The skeptic on climate manipulation embraces economic manipulation (and visa versa, just to make this uncomfortable for everyone).

⁵³ See <https://www.strongtowns.org/journal/2015/8/26/podcast-how-245-climates-and-markets>.

In late July of 2016, the McAlvany Commentary released an interview with author and economist Richard Duncan.⁵⁴ I've listened to it five times, along with a lot of other stuff that Duncan has said in other places. I've finally found a Keynesian economist that I can relate to. That is, I've found one that seems to be honest and forthright. He scares the hell out of me, but at least he's not pretending he's found some secret formula that only the like-minded are enlightened enough to understand.

Let me elaborate. The first half of the interview is a brilliant analysis of China and the relationship between China's economy and the rest of the world. It would be a disservice to break it down too far — you should really listen to it — but I will try with this: China saves while America consumes and this works for everyone so long as credit continues to expand.

His insight in that first half on the inflation/deflation debate was also fascinating. He contends — and I see his point and agree — that globalization has been deflationary on wages (driven down the cost of labor worldwide) and, while there has been asset inflation (a bubble in stocks and housing), the lower wages have offset inflationary pressures we would normally expect to see from money printing. So print away; there are still billions of people willing to work at really low wages and we've got a long ways to go until there is a labor shortage and the incomes of the poorest become competitive. (Note that I'm not suggesting this is tasteful, just honest from the viewpoint of a demand-side economist.)

In the second half of the interview, he builds on these insights and gives, what I'm calling, an honest assessment of

⁵⁴ See <https://youtu.be/10-pbUXkt54>

where we're at right now economically. I'd like to start with this quote from the interview:

...in terms of the broader economy, and the broader economic implications, the world has really never experienced the sort of conditions that we now are facing, where we have such high debt levels globally, and where we, at the same time, have a global economy with enormous excess capacity, not only across all the industries, but even more importantly, in the labor market. In India, you could easily find 300 million people who would work for \$5 a day, so we have massive excess capacity in labor, which means there are no inflationary pressures.

Everyone is trying to understand what we have to do to prevent our economy from collapsing, and hopefully, to be able to return to growth. But it's important for everyone to understand that there is no real past experience for us to draw on. This isn't 1776 and the age of Adam Smith, nor is it the early 1900s when Ludwig von Mises was writing about the consequences of credit expansion. This is a new period, and we're going to have to come up with our own solution to this crisis of ours if we're going to avoid disaster, and look at things, not using textbooks that are 50 years, 100 years, 250 years old, which don't apply to our age. We're living in a different period, and we have different tools available to us that we're going to have to use if we're going to avoid disaster.

This is the part that I find so fascinating, the reason I've listened to this over and over and over again. Typically what we hear from demand-side economists advocating for intervention is some trope about the Great Depression and World War II (Bernanke was an expert on the Depression, so we

were told) and the terrible lessons from inaction. The Paul Krugmans of this world argue that the mistake that caused the Depression was inaction, that the Federal Reserve's willingness to act aggressively in 2008 saved us from a repeat calamity. It's the prime data point. Textbook Keynes. In fact, from the interview:

[The Great] depression only ended when World War II started, and at that point, government spending in the U.S. increased by 900% during the war. That ended the depression.

We're in a similar situation now, except in 2008 probably the bubble was even larger than in 1930. This time, when it popped, rather than doing nothing, they acted very aggressively. They haven't solved the problem, but we've had eight more years of prosperity that we wouldn't have had.

What I find fascinating is the admission that this policy has led us into uncharted waters, that today is not simply a wash/rinse/repeat of the 1930's. That we're someplace where the textbooks don't apply and the old models are not applicable. We're figuring it out as we go.

Contrast this admission with the certainty of the next statement — which follows shortly after the previous one in the interview — and see if you feel any of my misgivings.

And now we find ourselves in the situation where, remarkably, what the last eight years has shown us, has proven, is that it is possible for the U.S. government to borrow and spend trillions of dollars that it doesn't have, and to finance it with paper money creation without creating inflation. So, the sensible thing to do, of course, would be for the government to borrow more, and to invest it, and rebuild our rotting infrastructure.

And there we are. Remarkably, we've proven what works. So now on to our national political consensus, the only thing we really agree on as Americans in a reflexive kind of way: let's rebuild our rotting infrastructure. Let's throw trillions of dollars at the highways, trains, ports and utilities of this country and — I'm going to say this intentionally — make America great again. It's the obvious thing to do, right?

I'm going to get into Duncan's vision of stimulus spending later, but for the rest of this chapter, I want to dwell on why this all matters — why it's important that, in this complex, adaptive system which we call an economy, we acknowledge that we're far into uncharted waters, and that we're making it up as we go along.

David McAlvany pushes Duncan on whether or not more debt and more spending is really a solution or whether it is simply buying us more time. In other words, isn't he just advocating kicking the can down the road to avoid the consequences of our prior bad economic decisions? Duncan's answer:

...the crucial question is, how much pain would there be? Would it be a couple of years of acute pain followed by a return to the garden of Eden of laissez-faire? Or would it be death? If it's death after 50 years and a 64-trillion dollar expansion of credit, or something resembling a ten-year depression followed by World War III with nuclear weapons, that would be pretty much end of our civilization. So, that's the question that we have to decide. Can we take the pain? Can we endure 25% unemployment?

Those are some pretty high stakes. Duncan makes it clear later on what he thinks the stakes are.

So, many bright and well-meaning people advocate balancing the budget, reducing the debt level, banning the Fed, but that's just like someone who has gone up in a hot air balloon, far up in the sky, suddenly looking down and becoming frightened and advocating cutting off all the hot air. Well, our balloon has been inflated by massive amounts of credit for more than half a century. If you cut off the credit now, our hot air balloon is going to crash to the ground and we're all going to die. So, we need to keep the credit flowing.

So, in other words, if you want to look at this black or white, we can cut off the credit and collapse into a great depression and have our civilization collapse, or we can have the government do a lot of deficit spending financed by the Fed, and grow our way out of this into an age of unprecedented prosperity.

Read that entire quote again. We're in an economic hot air balloon way up in the sky — that's where our past policies have taken us. Our choices are to cut off the hot air and plummet to earth (civilization collapse) or go even higher and try to reach a level of "unprecedented prosperity".

I'm sorry, but that's insanity. Those might seem to be our only two choices now, but there should be nobody looking back with pride that "50 years and a 64-trillion dollar expansion of credit" gave the Baby Boom generation a great ride. And there should be nobody looking ahead into the vast unknown with confidence when the collapse of civilization is one potential outcome of our experiment — and not an unlikely one, according to Duncan.

Earlier in this book, you read a series I wrote on the work of Czech economist Tomas Sedlacek. His primary insight is that our post World War II economy — coinciding with

America's Suburban Experiment and the building of all that infrastructure we now so desperately want to repair — is one in which we traded stability for growth. In Duncan's terms, we wanted to ride the balloon higher and higher, despite the risk involved.

Sedlacek suggests we now need to trade growth for stability, slowing our economy and reducing our debts in order to decrease our risk of collapse. Duncan contends that is impossible, that we'll collapse if we slow at all and our only choice is to ride the balloon aggressively higher. Duncan might be right on collapse, but is that the kind of world you want to live in? And is taking the balloon higher really the only other alternative?

If you spend time freaking out over the climate and the run-away impacts that releasing a couple hundred million years worth of stored energy in just a couple of centuries may have on that complex system, you should also be freaking out over the (bipartisan) disaster that is our fragile global economic system, a system of arguably greater complexity and volatility. We urgently need to get moving on building strong towns.

22. A Rising Balloon Lifts All Fools

by Charles Marohn

If we buy Richard Duncan's contention that the American economy is so far up in balloon territory that we have no choice but to borrow and print trillions more dollars to keep it all going or face a disastrous — potentially civilization ending — reset of conditions, then what do we do?

I do agree with his contention, mind you, and my response is to build strong towns. Our cities, towns and neighborhoods are financially fragile and we need to get to work shoring them up. Fine-grained investments. Get small and get agile. Shift our capital investments from, in the words of Tomas Sedlacek, chasing growth to building stability. Lots of resilient local shops. Lots of adaptable building types. Different, low-cost transportation options. Less dependence on cheap energy. Local food production. That kind of thing.

That is not the response that Duncan has, however. And again, I think his brazen honesty — his willingness to take the showering of free money beyond easy platitudes (green energy, free college, high speed rail, et cetera) and into a workable strategy — is what fascinates me. In fact, here's Duncan repeating the Keynesian platitudes before he gets to specifics⁵⁵:

The Fed has bought these government bonds, and the government still must pay interest on those bonds to the Fed, but at the end of every year the Fed takes all of its profits which come from the interest on those bonds and

⁵⁵ “July 27, 2016: Richard Duncan: Creditism has replaced capitalism.” *McAlvany Weekly Commentary*.

<https://mcalvanyweeklycommentary.com/july-27-2016-richard-duncan-creditism-has-replaced-capitalism/> (Retrieved October 18, 2017)

gives it right back to the government, meaning the government is not really paying interest on that debt, meaning that those bonds have essentially been cancelled, so with every month that passes we hear more and more about helicopter money and perpetual debt, issuing perpetual bonds, meaning bonds that will never be repaid. That would make it possible for the government to spend more on infrastructure in the short term, and ideally, on investing in new industries and technologies over the longer run, investment in things like genetic engineering, biotech, nanotech, green energy, to restructure the U.S. economy, creating new jobs and inducing a new technological revolution.

We have all this free money — the debt is essentially canceled — so now we can do all these great things. Note that it goes without saying that today's great things will turn out better than the great things we did the last time we had lots of cheap money (urban renewal, highways through the middle of our cities, a highway interchange with a big box store for every town, and so on).

So how do we do all these great things? Here's a thought that Duncan puts forward⁵⁶:

The government, for instance, could fund a government/Elon Musk joint venture, and fund it with, let's say, ten billion dollars, or 25-billion dollars, or 100 billion dollars, and see what kind of innovation you get out that. It would mind-boggling. It would induce the most incredible technological revolution you can imagine.

Now, pick out the 10,000 most promising entrepreneurs

⁵⁶ Ibid.

and scientists and have the government fund them and set up joint venture projects with them where the government funds it, keeps a majority stake, and therefore shares in the profits. But let the entrepreneurs run them. And we would usher in an age of technological miracles and medical marvels that would certainly take us far, far from the brink of collapse where we are at the moment.

That is mind-boggling, but not for the reasons Duncan — and like-minded Keynesians who, by the way, are running our economy — might believe.

First, this is how innovation happens? We pass around billions of dollars to smart people and see what they can do with it? I love how he phrases it, "Let the entrepreneurs run them," as if our definition of entrepreneur is now the rich kid who inherited his family fortune and managed to not squander it. In the new economy of free money, in the world of Richard Duncan, being an entrepreneur doesn't involve taking a real risk, unless you consider gambling with house money (while personally getting paid huge sums of money) some kind of a risk.

In a world without real feedback, we're not going to get the outcomes we want, regardless of how much money we can throw at something. Technological miracles and medical marvels do not benefit large parts of the American population today, an astoundingly high percentage of whom are living paycheck to paycheck and can't afford them. What makes us think that will change, especially if our plan is simply to throw more and more money at the current winners?

Second, you think we're having a revolution now? You perhaps don't like Trump and his supporters? The rhetoric of

Bernie Sanders makes you uncomfortable? They are going to look like Eagle Scouts compared to what will come next if Duncan's kind of plan is adopted (and I think it is increasingly likely that it will).

You think that guy who had the auto assembly job in the 1980's, who shifted to home construction in the 1990's and now finds himself unemployed or working the night shift at Walmart post 2008 is going to be one of the lucky 10,000 to be handed a government lottery ticket?

Yes, our economic approach for generations has been to bribe the working poor and middle class with bread and circuses, from highways to housing subsidies to stadiums. Promises of a new "technological revolution" full of advances in genetic engineering, biotech, nanotech and green energy sound great for the hipster class and the high net worth retirees, but it loses its sheen when viewed through the glass at the dollar store.

Again, it's hard to argue that this vision is little more than an expansion — perhaps a grand expansion — of our current approach. Does this approach seem to be working? Does it seem to be trending in the right direction? Even if it is for you, the 2016 political cycle should be Exhibit A to suggest that's not a broadly shared experience. Even if Duncan's plan was great economics — and I'm highly dubious — it's socially unacceptable (except during an extreme crisis, me now subtly channeling Oliver Stone).

Finally, and most relevant to our conversation here, this takes us further and further from a Strong Towns approach. There is no way that people with even the best of intentions can distribute trillions of dollars from a centralized system and have it result in anything fine-grained. Helicopter money in a modern state means subsidizing the current pat-

tern of development, from expanding highways and the outward expansion of cities to the big box stores and chain destinations to suburban McMansions and high rise condo units. This is who we are today, a byproduct of the systems we established to get our balloon this high in the first place. More money — more hot air into the balloon — is never going to result in the substantive changes we seek.

The Strong Towns movement is a response to how financially fragile our cities have become. In a representative democracy such as ours, Duncan's approach — and the bipartisan approach of others who would shower money on our current system — can only make the fragility problem worse. This thinking scares me.

You have to admire the sheer hubris of Duncan, however. I'm a huge Disney fan, but his vision is *when-you-wish-upon-a-star-your-dreams-come-true* thinking on steroids. Escapism is wonderful, but it shouldn't be the basis of an economy.

23. What Clearly Makes us Richer

by Charles Marohn

When the math had to make sense, when we actually had constraints, the painful feedback within the complex systems that are cities resulted in a compact development pattern. The unreality of our modern economic system — the absence of regular, painful feedback or any substantive constraints — has distorted our development pattern. Can we have cities that work with economics that don't work?

I laughed more than a little when I started reading Paul Krugman's August 8 column "Time to Borrow." It's time to borrow in Krugman's world, or as others would say, it's Monday. In a worn out and very predictable way, America's foremost Keynesian advocate argues that now is (still) the right time to borrow money to build more infrastructure. In his words, we have pressing needs and very low interest rates. *Come on, people... It's too obvious to even debate.*

Here's where he gets interesting⁵⁷:

So investing more in infrastructure would clearly make us richer. Meanwhile, the federal government can borrow at incredibly low interest rates: 10-year, inflation-protected bonds yielded just 0.09 percent on Friday. Put these two facts together — big needs for public investment, and very low interest rates — and it suggests not just that we should be borrowing to invest, but that this investment might well pay for itself even in purely fiscal terms.

⁵⁷ Krugman, Paul. "Time to Borrow." *New York Times*, August 6, 2016. <https://www.nytimes.com/2016/08/08/opinion/time-to-borrow.html> (Retrieved October 18, 2017)

As I wrote about in the previous chapter on Richard Duncan, I find the contention by Krugman that more borrowed money to pay for infrastructure spending "might well pay for itself" fascinating for its honesty. It might pay for itself, but it might not.

His caveat "in purely fiscal terms" buttresses a point I've made for years: Our infrastructure investments are not paying for themselves in fiscal terms — they are not making us wealthier, especially at the local level — unless you use economist math and equate things like saved travel time and reduced wear-and-tear with cash. It's great in theory but try making a pension payment with ninety seconds of saved travel time.

The article Krugman referenced for "might well pay for itself" is from the like-minded Larry Summers, former Secretary of the Treasury. In the article, Summers complains about a Congressional Budget Office report ("The Macroeconomic and Budgetary Effects of Federal Investment") that suggests the opposite: federal infrastructure investments are *not* paying for themselves. He provides a very specific example of how current conditions provide an opportunity for a positive return⁵⁸:

Imagine an infrastructure project that costs \$1 and yields a modest 5 cents a year in real return forever, in terms of higher GDP. The project thus has a 5 percent social rate of return. Tax collections will rise by about 1.5 cents a year. With the indexed bond market suggesting federal real borrowing costs that are negative for 10 years and 50 basis points for 30 years, the government will come out ahead on the investment.

⁵⁸ Summer, Larry. "When the best ump's blow a call." *LarrySummer.com*, July 14, 2016. <http://larrysummers.com/2016/07/14/even-the-best-ump's-occasionally-blow-a-call/> (Retrieved October 18, 2017)

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Let's use his numbers, which I think are recklessly optimistic. He claims that for every dollar we borrow and spend on infrastructure, we'll have five cents of social return. Great, but we don't pay the bills with social return. For that we need money.

Summers suggests we will get 1.5 cents of financial return each year. That's 30% of the "social rate of return" which also seems bizarre to me since the federal government collects about 20% of GDP; it's hard to see how they collect a higher percentage of money from a fictional statistic that would be greater than GDP. Nonetheless, let's go with it.

Here's how these numbers work out over thirty years (ignore your inner Nassim Taleb when looking out this far):

Year	Debt	Interest	Revenue	Difference	Cumulative Debt
1	\$ 1.00	\$ 0.0050	\$ 0.015	\$ 0.0100	\$ 0.9900
2	\$ 0.99	\$ 0.0050	\$ 0.015	\$ 0.0101	\$ 0.9800
3	\$ 0.98	\$ 0.0049	\$ 0.015	\$ 0.0101	\$ 0.9698
4	\$ 0.97	\$ 0.0048	\$ 0.015	\$ 0.0102	\$ 0.9597
5	\$ 0.96	\$ 0.0048	\$ 0.015	\$ 0.0102	\$ 0.9495
6	\$ 0.95	\$ 0.0047	\$ 0.015	\$ 0.0103	\$ 0.9392
7	\$ 0.94	\$ 0.0047	\$ 0.015	\$ 0.0103	\$ 0.9289
8	\$ 0.93	\$ 0.0046	\$ 0.015	\$ 0.0104	\$ 0.9186
9	\$ 0.92	\$ 0.0046	\$ 0.015	\$ 0.0104	\$ 0.9082
10	\$ 0.91	\$ 0.0045	\$ 0.015	\$ 0.0105	\$ 0.8977
11	\$ 0.90	\$ 0.0045	\$ 0.015	\$ 0.0105	\$ 0.8872
12	\$ 0.89	\$ 0.0044	\$ 0.015	\$ 0.0106	\$ 0.8766
13	\$ 0.88	\$ 0.0044	\$ 0.015	\$ 0.0106	\$ 0.8660
14	\$ 0.87	\$ 0.0043	\$ 0.015	\$ 0.0107	\$ 0.8554
15	\$ 0.86	\$ 0.0043	\$ 0.015	\$ 0.0107	\$ 0.8446
16	\$ 0.84	\$ 0.0042	\$ 0.015	\$ 0.0108	\$ 0.8339
17	\$ 0.83	\$ 0.0042	\$ 0.015	\$ 0.0108	\$ 0.8230
18	\$ 0.82	\$ 0.0041	\$ 0.015	\$ 0.0109	\$ 0.8121
19	\$ 0.81	\$ 0.0041	\$ 0.015	\$ 0.0109	\$ 0.8012
20	\$ 0.80	\$ 0.0040	\$ 0.015	\$ 0.0110	\$ 0.7902
21	\$ 0.79	\$ 0.0040	\$ 0.015	\$ 0.0110	\$ 0.7792
22	\$ 0.78	\$ 0.0039	\$ 0.015	\$ 0.0111	\$ 0.7681
23	\$ 0.77	\$ 0.0038	\$ 0.015	\$ 0.0112	\$ 0.7569
24	\$ 0.76	\$ 0.0038	\$ 0.015	\$ 0.0112	\$ 0.7457
25	\$ 0.75	\$ 0.0037	\$ 0.015	\$ 0.0113	\$ 0.7344
26	\$ 0.73	\$ 0.0037	\$ 0.015	\$ 0.0113	\$ 0.7231
27	\$ 0.72	\$ 0.0036	\$ 0.015	\$ 0.0114	\$ 0.7117
28	\$ 0.71	\$ 0.0036	\$ 0.015	\$ 0.0114	\$ 0.7003
29	\$ 0.70	\$ 0.0035	\$ 0.015	\$ 0.0115	\$ 0.6888
30	\$ 0.69	\$ 0.0034	\$ 0.015	\$ 0.0116	\$ 0.6772

For those of you that don't like spreadsheets, I'll summarize: After thirty years of what would be an historically unprecedented low level of interest combined with a sustained high level of return for decades-old infrastructure, we will only manage to repay a third of the money we have borrowed to build the infrastructure.

Note: This isn't investing in infrastructure to — as Krugman said — "clearly make us richer." We don't recoup our money on the investment, let alone have extra money for education, defense, medical spending, et cetera. We're not richer, we're poorer, and now we have the added burden of all this unproductive infrastructure to maintain as well.

Let me channel my inner Krugman. Pretend for a moment that I have a Nobel Prize and erect a couple of straw man counter arguments for me to slay. The first one is that there are all these other benefits — the whole "social rate of return" — that I'm ignoring. At Strong Towns, we're all for a high social rate of return, but let me reference one of our core principles: *Financial solvency is a prerequisite for long term prosperity.*

We must strive for a *sustainable* social rate of return, one that we can maintain and incrementally build generation after generation. However they are pretending to measure a social rate of return — and I'm more than dubious to have an economist make policy on such a measurement — it's clear that it can be jacked up for short term benefit just like GDP, quarterly profits and any other macroeconomic metric. In the words of Detroit reporter Charlie LeDuff, "Get the money together or the kids don't have a future."

Here's the second straw man: *Chuck, you're a fool... Don't you understand that we don't plan to pay back this debt.*

That's a fascinating assertion based on this new theory of credit economics that Richard Duncan outlined. If that's the case, than Krugman/Summers/Duncan can argue that — and have argued that — it's truly time to borrow, we cannot lose anything and all we can do is win by borrowing.

My only response is that, if this is the world we live in, a world where we believe we have no constraints, then why bother with infrastructure? What is magic about pipes, steel and asphalt? If we can borrow trillions, never pay it back, have no intention of ever paying it back, and suffer no consequences for that action, why not just give Americans money? Why don't we all live like kings? Why bother with the charade of building a road? Let's just cut out the middle-man.

These macroeconomic theories, even if they work well at the national level (which is highly questionable), wreak havoc on local government balance sheets. We don't see any national politician or party who truly understands how to build Strong Towns or grasps why an America made of strong cities, towns and neighborhoods is essential to our prosperity.

Let's change that.

24. An Infrastructure Crisis?

by Charles Marohn

“We are going to have an investment in infrastructure—our roads, our bridges, our tunnels, our ports, our airports. But it’s not only what you can see. It’s also under the ground—the water systems, the sewer systems and, yes, we need a new modern electric grid.” — Hillary Clinton, Democratic Nominee for President

“I would say at least double her numbers, and you’re really going to need more than that. We have bridges that are falling down. We’ll get a fund, we’ll make a phenomenal deal with the low interest rates and rebuild our infrastructure.” — Donald Trump, Republican Nominee for President

I started Strong towns in November 2008, a presidential election year. I liked John McCain personally and thought he would make a decent, level-headed president. I also liked Barack Obama as a person and — like the Nobel Peace Prize committee would express in short order — was optimistic about what his election might mean. Still, despite being disposed to actually like the two candidates, I found the entire election season bewildering.

Earlier that year, we experienced seismic shocks in our financial system leading to the collapse, and Fed/Treasury-orchestrated sweetheart buyout, of Bear Stearns. Then we had gas prices over the \$4 mark and the collapse of the sub-prime housing market. This all seemingly climaxed in the failure of Lehman Brothers, which shortly cascaded into bailouts and golden parachutes for everyone involved, including AIG, Fannie/Freddie and all the big Wall Street banks.

I'll never forget hearing from our key national leaders — President G.W. Bush, Henry Paulson, Ben Bernanke, Nancy Pelosi — that, if Congress did not appropriate, in 24 hours, \$700 billion dollars in bank bailouts, there would be no food on the grocery store shelves by week's end. And then they gave the banks \$700 billion dollars. Holy Shit.

I was bewildered because our national conversation — while predictably superficial and hysterical all around — did not seem in any way up to the task at hand. The gauntlet had been thrown down — nearly a trillion dollars or Americans starve — and what was our national call to action? *Send us your shovel ready projects. Oh, and don't stop buying stuff on credit.*

Question: What is a shovel ready project? Answer: It is a project that made its way through the entire bureaucratic process but then, when it came time to fund it, had so little real return that even the politicians balked at borrowing the money for it. Thus, the plans went on a shelf where they could someday be pulled out and dusted off the next time the rising tide of federal money raised all bloats.

At the time I started writing here, I felt like a voice in the wilderness. I had worked on these infrastructure projects, had seen the housing crisis develop from the permits written out of my office, had a front row seat at the Panem-level, over-consumption fest that is the American economy. I saw all of this as the core problem. The rest of the country was apparently seeing it as the solution. Either they were crazy or I was crazy. At that point, I was open to either option.

Fast forward eight years. Here's what we've learned: The American economy is a Growth Ponzi Scheme, one where we try to optimize the macro statistics of GDP and

unemployment (short term transactions) and generate a short-term Illusion of Wealth by having our cities, neighborhoods and families take on enormous long term liabilities.

In this undertaking, we're cheered on by the Infrastructure Cult, a collection of self-serving individuals and organizations that directly benefit from the current approach. They exploit — on a multi-trillion dollar scale — the natural human inclination for temporal discounting, the overvaluing of immediate benefits and the deep discounting of future liabilities.

As our infrastructure liabilities grow to absurd levels, we never ask how we got here, why do these investments not generate enough productivity — enough real return — to be sustained? We just ask the ridiculously simple question: How do we get more money to continue building? Infrastructure spending for congestion-free commutes, ample parking and new development are the bread and circuses of our time.

Like the Roman bread and circuses, we have a cross-cultural consensus that this is a great idea. During the 2016 election, one presidential candidate released a bold proposal with eye-popping numbers (that, amazingly, were still a small fraction of the amount actually needed to make good on every promise we've made to fix and maintain stuff). The rival candidate then proposed to double the amount.

As a Christian, I suppose I should be somewhat relieved that our populace is so easily bribed; I won't be forced to duel any ravenous lions to placate the masses. Still, this is what is considered serious public policy in 2016? Pension smoothing, raiding the Federal Reserve's cash flow and selling part of the Strategic Petroleum Reserve just to build a few more bridges and some additional lane miles?

There's something else important that we've learned, something that can help us deal with these complex problems right now. At Strong Towns, we see that our cities, towns and neighborhoods are dripping with opportunity. These opportunities are not of the mega-project variety. They don't come with ribbon cuttings, press releases and legislative approvals. They are small — seemingly beneath us, perhaps — but they can positively transform everything about how we live our lives.

A row of trees here. A bike lane there. A crosswalk. A street light. A sidewalk. Some benches. In the nation we've built, the high returning infrastructure investments are now of the details, details, details variety.

In a nation that has spent more than seven decades frantically spreading out, there are trillions of dollars of unproductive infrastructure already in the ground today waiting for us to make better use of. Every city has long stretches of road and street, curb and sidewalk, pipes, pumps and valves that have nothing on them. Even more have something of low value, something that needs to be improved to a higher order of community wealth.

There are an endless number of parks that have parking lots but aren't designed to radiate value to surrounding properties. There are tens of thousands of downtowns that are cut off from their surrounding neighborhoods by nasty roads. Neighborhoods in decline where there is an unnecessary bank run on confidence. Libraries, schools and community centers in fields on the edge of town. The list is endless.

This is the true challenge we face. How do we take these massive public investments and, with the limited resources

we have, make productive use of them? If we're committed to maintaining all this infrastructure, how do we make that a financially beneficial undertaking?

How do we get beyond the simple propaganda equation of ****Spending Money on Infrastructure = Jobs and Growth**** and make investments that actually make us wealthier?

25. The Fix our Infrastructure Fallacy

by Charles Marohn

There is an obvious problem with the theory that continued infrastructure investments will create economic growth. That is, there is a problem that is obvious to most people yet not obvious to economists and others to which infrastructure investments are an abstraction in a spreadsheet, the political path of least resistance for the supposed greater good of increased fiscal expansion.

This obvious problem can best be explained with a common example.

Let's say the state and federal government team up back in the 1980's to build a highway, complete with interchanges and frontage roads. Through more state/federal government assistance, local debt, increased taxes and some private investment, the local government is able to provide sewer and water to this area. The result: an explosion of growth.

Three decades later, this small stretch of ubiquitous Americana is now looking worn. The fake rock siding is chipped. The vinyl strip malls look dated. The parking lots are overgrown with weeds. The small details – the window treatments, landscaping and dumpster locations, for example – signal another era. Even the ones that are successful three decades later – and that list is very short – top out at the highest compliment one could give the high school homecoming royalty at their 30-year reunion: they look good for their age.

State and federal infrastructure investments do one of two things for local governments. They either (1) build a new

place of prosperity, shifting the action from the old and worn to the shiny and new, or they (2) attempt to fix and maintain what is already there.

After decades of doing the former, we are now growing fewer and fewer winners, but the losers – all those former winners now long past the Illusion of Wealth phase of this growth approach – are growing exponentially. This is partially why there is increasing demand to do the latter, to actually maintain what we've already built.

Here's the rub: Go out and rebuild that highway. Fix that frontage road. Replace that pipe. Add some modern bling like decorative lighting, landscaping and sidewalks. What do you get?

If you actually measure the result, not much. Even if you manage to get some of those strip malls redeveloped, the tax base is not going to soar. If you can keep some of those big box stores from being boarded up, great, but they are not going to double in value. The upside potential for the auto-oriented American landscape is really small; most of what will ever be there has already been built.

Build it the first time and get growth. Walk away from it a generation later and get decline. Maintain it and get little to nothing, an upside of general stagnation. With the way we do business in America, the second life cycle is not much fun.

Let me state this another way: Our decision today is not about whether or not to build infrastructure as a way to experience growth in the same way we did in the 1960's. No, our decision is about what to maintain and to what extent we will walk away from stuff we built in the past. The easy growth is done and has been for some time.

This is obvious to anyone grounded in reality, yet if you make your living with a spreadsheet doing back-testing of regression curves, you can look at past infrastructure investments and make some remarkable predictions about the future. We spent X and it produced Y amount of growth. The data proves it! The math on that is ridiculous in and of itself, but extending those gains into the future is ridiculous squared.

Things continue on until they don't. And it's not always obvious until it is. My fellow Americans, we need to rethink our approach to growth, development and infrastructure so that we get more out of our public investments. Otherwise, while we might achieve the arbitrary fiscal goal for next quarter, we'll continue bankrupting our cities, towns and neighborhoods.

Let's start building strong towns.

26. Infrastructure Spending for Dummies

by Charles Marohn

I've spent a great deal of time trying to convince people of a few truths that are unconventional in our current political/economic paradigm.

First, our national economy — which is based on the premise that we can have strong cities, neighborhoods and families by having prosperity trickle down from on high, through government programs or corporate success, depending on your political preference — is a distorted mess. Worse, the people managing and influencing this craziness have a perverse view of reality, an understanding of what it means to be successful in America today that is completely divorced from the reality that you and I experience.

The one seeming point of consensus across all this insanity is that of the need for more infrastructure spending. We share this national consensus despite the ridiculous nature of the math behind the theory — "good investment" for an economist does not mean what you think it means — and the obvious fact that fixing infrastructure does not create "growth" in the same way building it the first time supposedly did.

Strong Towns advocates need to be able to bring some common sense to this conversation. Here are some basic facts that will help us all stay grounded.

Fact #1: Growth is easy.

If there is one thing we should have learned from the 2008 banking crisis it is that growth is easy. As Tomas Sedlacek has taught us, we can experience growth if we're willing to

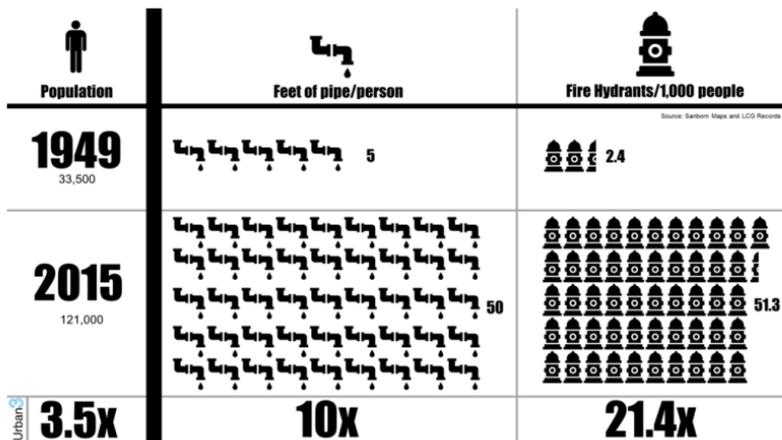
give up stability. The insurance company AIG sold policies on subprime mortgages at extremely favorable rates, even after they suspected the underlying securities were bad. They did this because each sale was pure profit today while any payout they would need to make on a claim would happen in the future. Everyone got a bonus when the deals were made but, long term, the company is insolvent and lots of people who thought they were insured find out they are not (until the government steps in).

Our cities work the same way. We can do that new project — add new lanes, build a new interchange, extend those utilities — and experience growth right now. We won't have to go out and fix any of that stuff for decades. Everyone involved today looks good — and many will get bonuses or be re-elected — but those long term liabilities are still there (even if accounting rules don't require cities to show them).

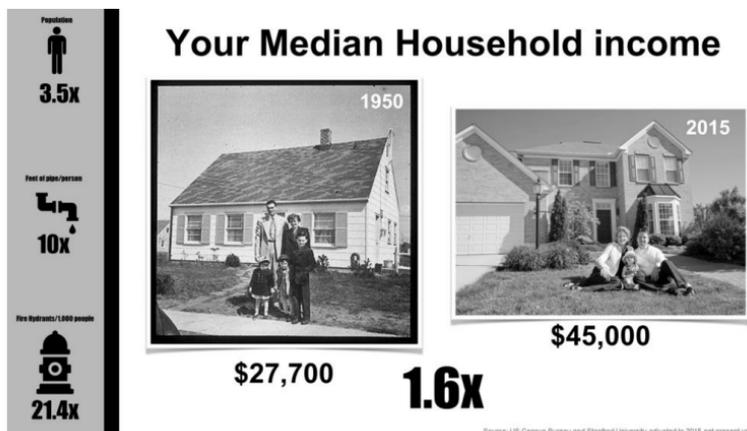
Fact #2: Wealth creation is different than growth.

If I gave you a thousand dollars, you would feel wealthier. If I loaned you a thousand dollars, you would not. There is a huge difference between these two options that we all intuitively understand. We get so seduced by the macroeconomic theories of those who would suggest the federal government can print and borrow with no apparent limit — and perhaps they can, although I doubt it — that we don't consider how little these notions apply to cities.

Here's some vivid data we (Strong Towns along with Urban 3) put together for Lafayette, Louisiana. Note how, since World War II, Lafayette has experienced growth in terms of population. They have also experienced growth in terms of the length of pipe and number of hydrants, which corresponds to the growth in the land area within the city.



The typical family in Lafayette now has 10x the length of pipe their excess wealth must maintain and 21x the number of hydrants than their counterpart from seven decades ago. So has their family wealth increased by more than 21x? Not even close.



It's one thing to experience growth. It's another thing entirely to build wealth. Our cities don't need more growth,

especially as we've been experiencing it. They desperately need to build wealth. We need to grow our incomes and our net worth faster than we grow our liabilities. Period.

Fact #3: The liabilities your city takes on are yours.

We might think the state or federal government is going to be there to bail us out. They are not. There may be a little bit of money trickling down here or there, but if you want that pipe fixed, that money almost certainly must come from the wealth in your city. If you want that road repaired, you're going to have to pay for it. As my friend Joe Minicozzi says, *there is no infrastructure fairy*.

For cities, this makes all that state and federal infrastructure spending — especially that which goes for new expansion — a poison gift, a financial millstone long term around a community's neck.

Still, you're going to receive it anyway. Politicians want it. Economists want it. Voters want it. It is very likely that, within the next 12 to 24 months, your community is going to get some money for infrastructure.

What are you going to do with it?

27. Project Propaganda

by Charles Marohn

Back in my city planning days, I was sitting in a project meeting with a bunch of city and county officials. We had been pouring over details for months, holding public conversations, trying to find a way through what was a rather contentious set of issues. On that day, one of the project team was arriving with an economic analysis that was going to be used to advocate for funding in Washington DC and at the state capitol. None of us had seen the analysis and there was some apprehension as we waited.

When the moment arrived, we were all stunned. In huge font on the front of the handout was the statement "8:1 Benefit to Cost Ratio." This project — which was really expensive as well as somewhat ludicrous, most of us understood — was going to create eight times the benefits than it cost? A good friend of mine at the meeting — someone who supported the project — made a statement along the lines of, *I'm not sure where this number came from, but I'll take it.*

In Chapter 23, I analyzed a Paul Krugman article calling on the federal government to borrow money and make a big investment in infrastructure. There was a subtle nuance in Krugman's words that I want to unfold now. Here's what he wrote in his column "Time to Borrow"⁵⁹:

So investing more in infrastructure would clearly make us richer. Meanwhile, the federal government can borrow at incredibly low interest rates: 10-year, inflation-protected bonds yielded just 0.09 percent on Friday.

⁵⁹ Krugman, Paul. "Time to Borrow." *New York Times*, August 6, 2016.

Put these two facts together — big needs for public investment, and very low interest rates — and it suggests not just that we should be borrowing to invest, but that this investment might well pay for itself even in purely fiscal terms.

Focus on the modifier in that last sentence.*even in purely fiscal terms*. Let me rephrase his sentence to highlight the nuance:

.....it suggests not just that we should be borrowing to invest, but that this type of investment, which would normally have a social payback but not a fiscal payback, is so good that it might actually be a lucrative financial investment too.

If we are to build strong towns, it is important to understand the difference between a social payback and a fiscal payback.

When that 8:1 benefit to cost ratio was presented for the ludicrous project I was working on, that was eight dollars of social value for every one dollar of real money spent. In a world where there is no constraint on money, that's a good project. In a world where infrastructure investments are actually supposed to build wealth — financial productivity that will allow us to repair and replace that infrastructure when it is someday needed — we must have higher expectations.

I want to focus on one aspect of social value because, in a nation where we are quite sophisticated in the lies we tell ourselves, this is prime propaganda. That aspect is time saved, the most common and largest factor used in these analyses. I've documented how this is done for projects as

well as how organizations like the American Society of Civil Engineers use it to create their propaganda papers. Here's how it works.

Let's say we have a congested stretch of roadway. We're going to add another lane in each direction. We estimate that this will allow traffic to flow more smoothly and, through that stretch of roadway, save the typical driver 30 seconds a day. That doesn't seem like much, but take 30 seconds and multiply it by 50,000 cars per day and then multiply that by 365 days per year and then multiply that by 50 years for the full project life and then multiply that by \$30/hr in salary and benefits of the typical employee and, all of a sudden, that half a minute is worth nearly \$10 million in social value.

Here's how you know this is total propaganda and not a real effort to discern the true costs or benefits of a project: this calculation never takes into account traffic delays due to construction. You know, those five and ten minute stretches over the entire summer where you just sit there. Those are never considered.

Guess what else is never considered? Traffic signals for one. Interchanges and other accesses for another. We use the propaganda math to justify improvements that theoretically speed up traffic, but we never apply the same mathematical formulas to projects that slow down traffic.

When you hear a politician, economist or project engineer touting the payback in infrastructure spending, they are either ignorant or are feeding you cheap propaganda. Either way, we need to demand better.

The high returning investments today look nothing like the stuff we are funding. We've been so obsessed with the mech-

anisms of doing large projects that we've ignored all the small little details that are crying out for attention. Really high returning things like planting trees, painting crosswalks, putting out benches and building bike lanes. And I don't mean high returning in a social sense — although they might be that too — but high returning in a financial sense. Our cities need a generation or more of fine-grained investment, not the coarse stuff we get with our orderly but dumb approach.

In many ways, we could do so much better if we actually had a lot less to work with.

28. Small Bets

by Andrew Price

At Strong Towns, we talk a lot about making small incremental improvements rather than always looking for the next mega-project. Why? Because everything we do has some risk, and it is foolish to think otherwise. If Nassim Taleb teaches us anything, it is that we are more robust (and even antifragile, if we are able to learn from our mistakes) when we have a pool of money with which to make many smaller bets rather than just a few large bets. Instead of going double or nothing on one large mega-project, we should be making many small bets, where we can handle the fallout or undo what we did with little penalty if an individual bet goes south.

I am going to share some of the small bets that my city of Hoboken, NJ has been making. These are bets that are small enough where, if they fail, we could simply move on with no real harm to the viability of the city, and if they succeed, we can duplicate them elsewhere.

Sidewalk Widening

Hoboken has a walkway along our waterfront, but there is one part of the system that is interrupted by a piece of industrial property. At that point, you must detour around the industrial property on a very narrow sidewalk. While eventually it would be nice to have the walkway connect our entire waterfront, it is possible to do something to improve the experience today, so the city undertook an experiment where they tested a wider sidewalk using cones and temporary fences.

I like small experiments like these because if it fails, you can simply take the cones and fences down and try it elsewhere.

Fortunately, the city council deemed the trial a success and voted to permanently widen the sidewalk.

Crosswalk Bump-outs

Narrowing the distance of the 'danger zone' you have to cross makes walking safer and more pleasant. Unfortunately, the space between our curbs is often large, and moving the curb is expensive because of the elaborate drainage we have, but that does not mean we have to let our drains dictate our street layout or our safety. Just like with widening the sidewalk, we can experiment with bumping out the pedestrian zone to minimize the distance of the crossing.

If it works and people like it, we don't have to go the expensive route of moving the curb. We can repave that part of the street in a different material. (New York City does it even cheaper than this by painting in sidewalk bump-outs.)

Wayfinding Signs

I was pleasantly surprised one day when I started to see wayfinding signs popping up in my city with directions to popular destinations and the walking and biking times to those locations listed.

I live in Hoboken, so telling a local already familiar with the area where 14th Street is isn't that useful. But, I could imagine how useful signs like these would be if I were visiting a new area of Jersey City or Brooklyn, so I am sure these signs will find good use for people visiting Hoboken.

Community Art

I am not a fan of monotony, so I enjoy a little bit of artwork around the place. Hoboken recently allowed local students to paint murals over our drains.

I would love to see us crowdsource more art from the community, giving students, professionals, and hobbyists alike room to showcase sculptures and other art pieces in public.

Adding a Bit of Character

One of the best ways to add value to a street to make it more desirable and pleasant is to add character, and one of the easiest ways to add character to a street is to change up the materials.

In Hoboken, on-street parking was turned into a sidewalk (which now has tables and chairs), and the asphalt was repaved in Belgian blocks.

Hoboken has been making small improvements like this, replacing asphalt with Belgian blocks, block by block. I like this approach, because rather than apply for a grant to repave the entire length of a street at once, Hoboken has been doing it one block at a time.

Let's say it happens to handle snow really badly, or too many women trip over the cobblestones with heels on, and we realize this was a mistake, we can just stop at the block we were on (and potentially reverse our experiment), rather than being too far in on the project with no money to turn back.

Conclusion

These are just a few examples of small incremental bets that my city is taking. I am far more excited watching these little incremental improvements pop up around town than a new supermarket or the redesign of our main street, the final plans which look awfully similar to how the street is today.

Small bets are an affordable way to incrementally improve the places we love. Small bets are cheap, they are doable,

and we can get instant feedback from the community on their outcome before we over-invest ourselves in a mega-project. Every city should be looking at the low hanging fruit that they can use to continually improve themselves.

29. The Emerging Democratized Economy *by Alexander Dukes*

We've all heard of small towns whose economies have been devastated by the depression of a national industry that employs most of the townspeople. Appalachian coal mining towns are becoming the latest victim of this phenomenon due to the decreasing cost of renewable energy. These towns' reliance on only a couple of employers to sustain their economies sets them up to be communities with a single point of failure. When these towns' economies are only subjected to the economic stresses they were designed to handle, they perform quite well. On the other hand, economies with a single point of failure tend to break when they encounter an unexpected economic condition like falling renewable energy prices.

Our communities' tenuous relationship with these massive employers is not some recent accident. Rather, this state of reliance is built into the economic culture we've harbored in the United States since the beginning of the 20th century.

The Modernist Economy

Our current national economy looks to a relatively small cadre of massive corporations to drive economic growth. This economy came of age during the industrial revolution. A product of its time, it is deeply associated with the early 20th century dogma of "the one best way" and "form follows function." For this reason, I call it "the Modernist Economy." The Modernist Economy is defined by large national and multinational corporations that use mechanization and standardization to achieve mass production.

Prior to the advent of mass production, most communities

relied on highly skilled craftsmen to produce goods for their regional market. Each product produced by the craftsman tended to be fairly unique to the individual and was adapted to the region from which the maker hailed. The market for most consumer products at this time was the same region in which they were produced.

When the Modernist Economy arrived, comparatively less-skilled laborers were employed on a massive scale to produce goods and services with the aid of machines. The volume of products produced by the modernist corporations greatly outpaced the craftsmen. Further, modernist corporations took advantage of new transportation options like railroads, canals, and highways to expand product markets from the regional scale to the national and multinational scales. Unable to compete with the modernist corporations on volume, market penetration, or price, the majority of American craftsmen were driven out of business.

The phenomenon of larger companies forcing smaller firms out of business has continued among the Modernist firms themselves. Over time, the capital requirements needed to sustain mechanization and mass production have priced all but a few companies out of their respective industries. Through mergers and market share dominance, the practice of pricing out the competition has only allowed the surviving companies to grow larger.

This is why so many of our communities are totally reliant on one or two industries to sustain their economies. Because there are only a few companies left in many industries, communities feel they have nowhere to turn except to these massive corporations to drive local economic growth. Communities that lack local industries sufficient to sustain their economies are often desperate to attract companies. The odd phenomenon of giving away huge tax breaks or

massive infrastructure gifts to attract far away employers is the logical result of this local industry shortage.

Fortunately, it seems that a grassroots reaction to the modernist economic ethos of standardization and mass production is beginning to birth a new economic paradigm.

The Democratized Economy

Demos, the root word for democracy translates from Greek to English as “the common people.” A “Democratized Economy” is an economy that looks to the talent and wisdom of the population at large to drive the economy. Unlike the Modernist Economy, the Democratized Economy does not see the public merely as “consumers” to whom a few industrial titans sell products. Rather, the Democratized Economy views the public as a resource from which new ideas and products emerge spontaneously. The Democratized Economy is defined by a more inclusive culture of production that pulls us back to regional economies based on locally crafted products that are specialized to serve niches that the Modernist Economy ignores.

The recent popularization of craft beer across the United States is just the latest example of specialization becoming the norm. Craft beer companies have no need for Anheuser-Busch’s automated assembly lines and massive labor force. Rather, craft beer companies rely on a few local craftsmen that manage every step of the beer-making process. This combination of skill and a lean labor force gives craft beer companies a distinct advantage over Anheuser-Busch: the ability to adapt their product to a regional market.

Without having to commit thousands of workers and machines to a new product, craft breweries can quickly and easily adapt to their respective region. Of course, craft brewers will never make as much revenue as Big Busch, but

being big isn't the point. The point is to be sustainable at an appropriate scale. For craft breweries, the "appropriate scale" is to be a locally owned and operated seller to a regional market.

These craft brewers are seeing success at their smaller scale. In 2015, the Brewers Association calculated that there were more than 4,000 breweries actively making beer in the United States.⁶⁰ This is the highest number of brewers since 1873, when there were 4,131 breweries. For perspective, in 1970 there were fewer than 100 breweries nationwide. By the mid 1990's craft breweries began a gradual resurgence that has steadily grown to the current fever pitch of about a thousand new breweries opening every year.

It is important to note that local craft breweries still have ample room to grow. The U.S. population has grown a bit since the brewery climax in 1873. To reach a brewery per-capita equivalent to 1873, there would have to be 30,000 breweries in the United States today. No one expects the number to reach that height anytime soon; however, it does give you an idea of the hyper-locality of the pre-Modernist economy, and how much more local we can become.

The Democratized Economy's leaner, more specialized means of producing goods and services is not just limited to beer companies. The advent of digital distribution has allowed highly specialized music production facilities to take root in many small cities across America. The progressive internet news network, "The Young Turks" is an example of a smaller, more specialized media company that could (and sometimes does, using local correspondents) broadcast from any town with an Internet connection. Online

⁶⁰ Watson, Bart. "U.S. Passes 4,000 Breweries." *Brewers Association*, September 28, 2015. <https://www.brewersassociation.org/insights/4000-breweries/> (Retrieved October 18, 2017)

seller Etsy's whole existence is based on linking leaner, more specialized producers with customers. And as 3D printing continues to improve, many believe that the 21st century equivalent of a blacksmith's shop will emerge to produce local consumer products on demand.

New localized ventures like craft breweries, micro-music studios, small-scale news networks, and local consumer product manufacturers are the "canaries in the coal mine" for the democratized economic paradigm. Towns and cities should leverage the accessibility of the Democratized Economy to move away from their dependency on one or two massive employers in a national industry. Instead, local economies should be based on several smaller employers in a variety of industries that serve their respective region. In practice, this means communities should focus less on begging non-local corporations to bring jobs to their town, and focus more on supporting their own local entrepreneurs to build their economy from the bottom up.

Ultimately, the key to building a sustainable local economy is to nurture a diverse set of employers that operate in multiple industries. In the Modernist Economy, only larger cities could hope to achieve this due to corporate consolidation. With the emergence of the Democratized Economy, localized production for regional markets is returning to the fore. It will eventually allow smaller communities to achieve economic diversity by playing host to their own home-grown, regional scale ventures. Our communities should seize this opportunity by investing in their local population to encourage the spontaneous entrepreneurship at the heart of American culture, and the Democratized Economy.

30. Pre-Election Thoughts

by Charles Marohn

Note: The entire collection of essays in this book were written in 2016, an election year. This essay was written just prior to Election Day, and the one that follows was written just after.

I'm in what we call here in Minnesota a "mixed marriage" — I'm Catholic and my wife is Lutheran — and, by way of being a godparent, I found myself in a Lutheran service on Reformation Sunday, the 499th anniversary of the Protestant Reformation. I spent the time during the frequent and excessively long bouts of singing pondering the social conditions that surrounded the Reformation and Martin Luther's role in catalyzing them.

A simple reading of history would have us believe that Martin Luther was annoyed with the Pope, wrote out some complaints and nailed them to the church door and then — after a period of some anxiety — started holding church services with the previously alluded to emphasis on the singing of hymns. In fact, I would have believed this myself today if I had never read the book, *Michelangelo and the Pope's Ceiling* by Ross King, which touched off a vein of curiosity on the topic that I've still not satiated.

The reality is that Martin Luther came after a long line of reformers had stood up and were summarily put down for the transgression of speaking out. Many were burned at the stake for heresy, including John Wycliffe, whose writings questioning church doctrine proved so influential that, three decades after his death, his body was exhumed for the sole purpose of burning it (that will teach him). In the context of a long struggle, the most unique thing about Martin Luther

was that he survived — thanks to the protection of some nobles who were also unhappy with the church — and was able to spread his message (props to Gutenberg).

In a vacuum, the Reformation makes no sense. This was, after all, a rebellion against God, at least as most at the time understood divinity. What made the fire of Reformation successful was the kindling of a beleaguered population. I try to imagine what religious life would be like for your standard man or woman in the 1400's. A man who is sworn to a life of poverty and virtue, yet is clearly living the most luxurious (and often debauched) life imaginable in your town, would interpret for you the word of God, which is written in a language you cannot read or understand. Those interpretations would affirm your lowly social standing, and his higher standing — as well as that of the ruling class — as the will of God. You would then need to visit this man regularly in private where you were expected to confess all of your sins — not only deeds but sinful thoughts — or risk eternal damnation. Of course, with a generous contribution of gold (money you did not have but others seemingly did) you would be able to shorten the term of suffering you would experience in the afterlife.

One of Martin Luther's unforgivable transgressions was translating the Bible into German. Imagine the shock of finally being able to read the word of God for yourself and, in doing so, learning that Jesus seemed a lot more peasant-like than you had been led to believe. Millions would die in the Reformation, that kindling set aflame as the ruling elite fought to retain or gain power. Sitting in my comfortable pew on a beautiful Sunday morning, it's hard to say that level of carnage and suffering was worth it.

Yet, it's also hard to see another way it could have unfolded.

I started writing what would later become Strong Towns in November 2008 after, what seemed at the time, a miserable election season. Funny how quaint it looks now. Despite the feeling of hope and change that year, the candidates and their parties were silent, where they weren't overtly hostile, to the issues I felt most important. Writing for me was a form of therapy, a way to express my thoughts in a world that I thought was spinning off into crazy land.

Major banks and insurance companies failing because they made really dangerous and risky decisions and then getting bailed out by the government. The Federal Reserve buying up every home mortgage they could get their hands on. Stimulus spending targeting the most worthless and destructive set of old school infrastructure projects just because they were "shovel ready". Interest rates at zero. ZERO! And all of this craziness was bi-partisan, opposed by only a small group of people on the kook fringe of each party.

Geography has given me a number of unique insights, revelations forged through the pain of having to resolve conflicting viewpoints I find equally compelling. I live in an old, declining town right next to a shiny new suburban city; I've been able to watch the Illusion of Wealth play out in high fidelity due to a natural experiment that exists in few other places. I grew up on a farm but live in a city. I was in the Army but am more of a civil liberties than a law-and-order guy. I grew up dirt poor but now make a nice professional living. I'm an engineer (left brain) and a planner (right brain). And, politically, I live in a Blue dot in a Red region of a consistently Blue state.

When it comes to presidential elections, my head understands Blue, but my heart bleeds Red.

I've long turned off cable news and political talk radio; I

think we would all be better off without it. What I can't escape — although I take a weekly 24-hour social media sabbath — is Facebook. While social media has been criticized for narrowing the range of ideas we are exposed to, that is only because we tend to be friends with people like ourselves. I'm fortunate to have a broad range of friends from many different places, but during election season, that means I get an equal amount of the following sorts of social media posts:

- An article about Hillary Clinton with the commentary: “THE WITCH NEEDS TO BE IN PRISON!!!!”
- An article about Donald Trump with the quote: “Anyone who likes, supports or votes for Trump is flat out just a stupid moronic asshole.”

And that's just two examples.

Since I spend most of my time at Strong Towns sharing things of the head, I'm going to give you a little bit of the heart today. My hope is that, regardless of what happens tomorrow, we can all realize that — despite what the ruling class of our day wants us to believe — we peasants have a lot more in common with each other than with them. The discontent out here is real and justified, although not always well-directed. While I don't see a way the bloodbath of the Reformation could have been avoided, I do see some paths for our transition from unstable extremes of wealth and power to be less messy than it seems to be trending. Each hopeful path begins with understanding.

For me, Cracked — yes, I said Cracked — had the best piece of the entire election cycle explaining Trump voters: “How Half of America Lost Its F**king Mind” (and don't read it if you are overly sensitive to curse words). I nodded my head the entire way through. The very first point — it's

not about red and blue states, it's about the country versus the city — reminds me of the American Civil War, where the two clashing economic systems of the industrial North and the plantation South were "resolved" in favor of the stronger. The way we culturally view each other today has similar contrast (although the outcome of the present clash is less in doubt). From the article⁶¹:

People living in the countryside are twice as likely to own a gun and will probably get married younger. People in the urban "blue" areas talk faster and walk faster. They are more likely to be drug abusers but less likely to be alcoholics. The blues are less likely to own land and, most importantly, they're less likely to be Evangelical Christians.

In the small towns, this often gets expressed as "They don't share our values!" and my progressive friends love to scoff at that. "What, like illiteracy and homophobia?!!!"

Nope. Everything.

When I listen or read Vox — and I do listen to a couple of their podcasts regularly because Malcolm Gladwell told me to — I often find myself yelling at the stereo, "Get a f**king clue!" I get them — I intellectually understand where they are coming from and what makes them see the world the way they do and I respect it — but they don't get me. More importantly, they don't have a clue about the people I grew up with and continue to live with as neighbors. Not. A. Clue. Again, from Cracked:

These are people who come from a long line of folks

⁶¹ Wong, David. "How Half Of America Lost Its F**king Mind." *Cracked*, October 12, 2016. <http://www.cracked.com/blog/6-reasons-trumps-rise-that-no-one-talks-about/> (Retrieved October 18, 2017)

who took pride in looking after themselves. Where I'm from, you weren't a real man unless you could repair a car, patch a roof, hunt your own meat, and defend your home from an intruder. It was a source of shame to be dependent on anyone — especially the government. You mowed your own lawn and fixed your own pipes when they leaked, you hauled your own firewood in your own pickup truck.

The rural folk with the Trump signs in their yards say their way of life is dying, and you smirk and say what they really mean is that blacks and gays are finally getting equal rights and they hate it. But I'm telling you, they say their way of life is dying because their way of life is dying. It's not their imagination. No movie about the future portrays it as being full of traditional families, hunters, and coal mines. Well, except for Hunger Games, and that was depicted as an apocalypse.

If you'd like this explained in a more intellectual way, *Radio Open Source with Christopher Lydon* has done the best reporting that I've seen on the issue. Lydon is a traditional liberal but has a curiosity and level of compassion that I have found makes him keenly insightful. His episode, "Secular Rapture: Trump and the American Dispossessed," was particularly good. I shared it with a number of my left-of-center friends and the response was positive. *I think I understand now.* That episode included J.D. Vance, the author of *Hillbilly Elegy: A Memoir of a Family and Culture in Crisis*, and Arlie Hochschild, author of *Strangers in their Own Land: Anger and Mourning on the American Right*, both books that will be on my recommended reading list at the end of the year.

The latter book had a discussion on environmental regulations that felt very Strong Towns to me. It paralleled

some of the points I made in my series about housing in Portland (Chapters 15-17). Hochschild writes⁶²:

"If your motorboat leaks a little gas into the water, the warden'll write you up. But if companies leak thousands of gallons of it and kill all the life here? The state lets them go. If you shoot an endangered brown pelican, they'll put you in jail. But if a company kills the brown pelican by poisoning the fish he eats? They let it go. I think they overregulate the bottom because it's harder to regulate the top."

In big cities, it's easier to skew things towards "the top" because it's harder, messier and — with the way government is set up today — just way more difficult to work at the bottom. I understand the passionate arguments of those who think I've somehow lost it on Portland — that I've suddenly become ignorant and in need of a big city enlightenment — yet I feel I had a lot more in common on a personal level with the (non-professional) people I met there. At one point, as we were getting the professional tour of all the greatness that (supposedly) is Portland's TOD development, I turned to one of those non-professionals and softly said, "This is a bunch of crap, isn't it." He gave me the shrug and nod, a universal signal I've known since my youth on the farm and perfected as a private in the Army. *Yeah, it's crap, but what do you do?*

Well, what do you do? I wrote a while back about how the size and scale of Red America and Blue America had a huge impact on how one views the effectiveness of government.⁶³

⁶² Hochschild, Arlie. *Strangers in their Own Land: Anger and Mourning on the American Right*. New York: The New Press, 2016.

⁶³ See: <http://www.strongtowns.org/journal/2016/3/3/big-fish-in-a-small-pond>

In small towns, in politically red areas, the largest employers are frequently governments. The highest paid professionals work for government, the most secure jobs with the best benefits are with the government and the largest force impacting the direction of the city is the government. And, as I noted earlier, these places are really struggling, which makes the biggest player (government) a real easy target. None of this is true in big cities, especially in the places occupied by the country's professional class. To quote myself from that prior essay:

If someone lives in a place dominated by state/fed money, where progress is continually thwarted by state/federal mandates, it is not hard to imagine where the healthy skepticism of government would originate. Conversely, if someone lives in a place where the state/federal governments are less important players, where they often serve as a difference-maker in achieving locally-established goals, it is easy to understand why such a person would look more favorably on state/federal interventions.

Intellectually, I've always struggled to understand Democratic voters as they relate to the presidency. Whether Bob Dole, George W. Bush, John McCain (and Sarah Palin), Mitt Romney or Donald Trump, every four years we're told that electing a Republican will mean the apocalypse. *Seriously, can we really have a madman such as that running this country?* Yet, straight ticket Democratic voters consistently vote for people and policies that strengthen the role of centralized government and give more and more power to fewer and fewer people. My friends, you will not get a Trajan without the occasional Nero. If Nero destroys all you have worked for, shouldn't the obsession be Nero-proofing the government (making it smaller and the power more distributed)?

The poor people of this country — red and blue voters alike — have far more in common with each other than with the governing elite, the professional class and others who are doing well in the current system. Whether it's the dislocated I met in Portland who have no future at a TOD, those getting pushed aside in Shreveport to make way for a new highway or those living in my hometown who can't safely walk to the store yet are on the hook for millions for a sewer and water expansion meant to create growth, the system is not working. And it's not going to work for them. There is no amount of job training, tuition credits or housing programs that will get them beyond living paycheck to paycheck. There is no tax structure or subsidy regime which will give them dignity. The modern bible is not only written in a different language, they are keenly aware that the people interpreting it for them don't truly have their best interests at heart.

What will give them dignity, what will give them a real chance, is an economy scaled to them: One that operates at the block level, not at the mega region. One where a TOD site doesn't sit empty for decades waiting for the high density mega-project while food trucks and starter shacks face mounds of regulatory bureaucracy. One where we choose to mend our sidewalks instead of expand our highways. One where neighborhood resiliency is prioritized over Walmart efficiency.

I've traveled this country for years now. I've spoken to more people and seen more of the good and bad than just about anyone. What this country needs, what can unite us, is a Strong Towns approach. We will have a strong and prosperous nation only when we have strong cities, towns and neighborhoods. That kind of prosperity cannot be imposed or engineered from the top; it must be built slowly from the ground up. Scale our economy to those working at the

ground level and we will see a true prosperity emerge from the fear and acrimony that is our national dialog.

Regardless of how you vote tomorrow, let's work each and every day to empower those who are trying to build a strong town.

31. Affirmative Action for Ideology

by Charles Marohn

Note: The entire collection of essays in this book were written in 2016, an election year. This essay was written just after Election Day.

“He who knows only his own side of the case knows little of that. His reasons may be good, and no one may have been able to refute them. But if he is equally unable to refute the reasons on the opposite side, if he does not so much as know what they are, he has no ground for preferring either opinion.

Nor is it enough that he should hear the opinions of adversaries from his own teachers, presented as they state them, and accompanied by what they offer as refutations. He must be able to hear them from persons who actually believe them. [...] He must know them in their most plausible and persuasive form.” — John Stuart Mill

In the Curbside Chat, I describe the modern, American approach to development as a massive experiment, an aggressive deviation from thousands of years of accumulated wisdom on how to build places.⁶⁴ It is an economic experiment, yes, but I always point out that it is also a social, cultural and political experiment. Much like bees evolved hives that work in concert with their genetic dispositions — bees and the nature of hives evolved together, each impacting and guiding the other — pre-Suburban Experiment cities reflect the genetic dispositions of humans.

⁶⁴ Visit <http://www.strongtowns.org/curbside-chat> to learn more.

This is one of the primary reasons I reject the planning profession's density fetish: it simplifies vast complexity down to a simple, blunt metric. The hubris of believing that thousands of years of humans incrementally figuring out how to build cities can be best represented today in a single number is insulting to anyone who thinks seriously about it.

Conversely, there is something powerful to understanding how temporal discounting — the predisposition of humans to highly value positive feedback today and deeply discount potential negative feedback in the distant future — would lead modern Americans, free from the physical restraints of pre-industrial development, to overbuild, to commit ourselves to a Ponzi-scheme path of development that rewards us now but leaves us with crippling long term liabilities. The left/right narratives we are bombarded with daily ignore — where they don't aggressively exploit — this natural human failing.

The Growth Ponzi Scheme is the result of a human disposition that we all share. It's not some problem of the engineering/planning profession. We can't blame this on weak or corrupt politicians. It's not a society unmoored and predisposed to greed or self-indulgence. No, we're all wired this way. For reasons that we can surmise, humans living as hunter/gatherers tens of thousands of years ago found it advantageous to indulge whenever they found it possible and not to worry so much about the long term consequences. We inherit those predispositions, even though we live in a time of plenty.

Consider the ideal human physiology of 100,000 years ago. Jared Diamond describes it in his book *The World Until Yesterday*. Since large meals were infrequent, the ideal person would be able to consume a lot of food at one time when it became available. That person would then

metabolize the food slowly, much of it converted to fat that would sustain them during the weeks or months between large meals. The ideal person would then shed this fat slowly so as to survive the extended time when the only food would be roots, nuts or berries.

Today, in a time where food is in abundance for most of the Earth's inhabitants, that physiology is a nightmare. Imagine most of everything you eat being converted to fat which then burns off really, really slowly. Diamond hypothesizes that there was a huge die-off when humans became agrarian and had to adapt to life with more food security. We can witness similar stress today in Polynesian societies where food security has resulted in obesity rates as high as 95% and diabetes beyond epidemic proportions.⁶⁵

Modern humans are a byproduct of our evolutionary past and so, if we want to change things, we don't need better engineers or new politicians but a different cultural conversation. We need a conversation that addresses our natural dispositions now that we no longer have the restraints that held our ancestors in check.

Psychologist Jonathan Haidt has researched the evolutionary basis of our moral beliefs. He suggests that nature provides a first draft of what he calls the "moral mind", essentially the predispositions that come naturally to us all. That first draft is then revised by culture and experience, shaping us into who we are.

Haidt and his research colleagues have identified five elements that they believe make up that first draft of the moral

65 Senthilingam, Meera. "How paradise became the fattest place in the world." *CNN*, May 1, 2015.

<http://www.cnn.com/2015/05/01/health/pacific-islands-obesity/>
(Retrieved October 18, 2017)

mind. These are the things, as infants, that we are immediately prepared to learn. They include:

1. Harm/Care
2. Fairness/Reciprocity
3. In Group Loyalty
4. Authority/Respect
5. Purity/Sanctity

In other words, as humans, we're generally predisposed to care for others and see harm as morally wrong. We have an innate sense of fairness and the need to reciprocate. We tend to display loyalty to our group as well as identify authority figures to whom it is natural to show deference. And we have a sense of what is right and wrong to do to our bodies. Now I'm not suggesting — and Haidt does not suggest — that we all are the same at birth because we are clearly not, just that our moral wiring is configured to operate on these channels.

For example, I'll focus for a moment on Purity/Sanctity, which is probably the most controversial moral channel today. It's pretty easy to grasp why a morality over what entered one's body was important to pre-historic humans. Those with this predisposition would have had moral reservations that kept them from ingesting things or engaging in acts that caused them harm, thus making them more likely to survive. Such people would have less downside risk — they are not the ones trying out new mushrooms — but would still enjoy the upside potential from those not wired in this way (after all, if the person without a Purity/Sanctity morality channel survived eating the mushrooms, the prudish would also benefit from the knowledge, despite not taking any risk). I gaze at my pet dog out the window and see a different species that does not contain this moral wiring on purity.

In modern times, this ancient wiring plays out in strange ways. Today's political right tends to moralize sex while the political left tends to moralize things like food. It's always been comical to me how the food purists in our audience flip out every time I mention how much I enjoy Mountain Dew. People continually send me emails on how horrible it is and how it will certainly lead to my future suffering. Haidt's research has helped me understand this reaction, but it also helped me realize how my frequent mentioning of Mountain Dew is a subtle signal that I don't practice food purity, that my morality does not emerge from the cultural left.

Haidt suggests that culture and experience has molded the moral mapping of people who tend to be liberal and those who tend to be conservative in different ways. While liberals focus almost exclusively on the first two — Harm/Care and Fairness/Reciprocity — discounting the others in most ways, those who identify as conservatives embrace all five, often even discounting the first two when the other three are threatened.

In a larger sense, Haidt suggests that liberals tend to speak for the weak and oppressed, even at the risk of chaos, while conservatives speak for institutions and traditions, even at a cost to those at the bottom.

This reality is most clear to me in the reaction to the Black Lives Matter movement. The liberals I know tend to see Black Lives Matter protests in terms of social justice, of speaking up for an oppressed group to end harm and promote fairness. The conservatives I know are often sympathetic to individual instances of police abuse of minorities (and thus are bewildered/frustrated when they are called racist) but, when looking at police/minority interactions as a group, place a higher moral value on the institution of policing and the social order it provides.

It's hard to say that one side is exclusively right and the other exclusively wrong, but politically we often do. In retrospect, my essay on ending the routine traffic stop (Chapter 11) was an attempt to bridge that moral divide (and, incidentally, there were quite a few African American men in our audience who thanked me for the essay, and several white folks in my town who were very angry with me for defaming police officers).

This is really important because, as our most recent election demonstrated, our cities have become moral monocultures, as has our countryside. They each reflect one set of moral tuning, a reality each side considers exclusively correct. That reality is a key aspect of the Suburban Experiment and a key distinction between it and the Traditional Development Pattern. As Haidt says in a TED Talk⁶⁶:

I think that the greatest wonder in the world is not the Grand Canyon. The Grand Canyon is really simple. It's just a lot of rock and then a lot of water and wind and a lot of time. And you get the Grand Canyon. It's not that complicated.

This is what's really complicated: that there were people living in places like the Grand Canyon cooperating with each other. Or on the savannas of Africa. Or on the frozen shores of Alaska. And then some of these villages grew into the mighty cities of Babylon and Rome and Tenochtitlan. How did this happen? This is an absolute miracle; much harder to explain than the Grand Canyon.

The answer, I think, is that they used every tool in the toolbox. It took all our moral psychology to create these

⁶⁶ See <https://www.youtube.com/watch?v=vs41JrnGaxc>

cooperative groups.

In our cities, we need people who are concerned with the harm done to others and we need people to champion social justice. But we also need people who express group loyalty, who show deference to authority and institutions and who call on others to suppress their base urges and work for higher ends. It can't be one to the exclusion of the other; it must be a mix of both.

If we want our cities to be strong, there must be a struggle between the moral vision of the left and the right in every neighborhood and every city, just like there was when these special creations of humanity were evolved along with us in the first place.

Our cities don't just need racial or ethnic diversity, they need moral diversity as well. When people share all the same morals they start to act like a team and, as Haidt suggests, the psychology of teams shuts down open-minded thinking.

In his book *The Big Sort: Why the Clustering of Like-Minded America is Tearing Us Apart*, journalist Bill Bishop combines demographic data, election results and research in human psychology to show exactly how this is happening. As we move around in the modern America of the Suburban Experiment, we are able to self sort into neighborhoods of people with moral mapping similar to our own. Statistically, this moves the median of accepted discourse in each neighborhood further to the extremes.

A moderate opinion in an electorally blue city would be a radically left opinion in Red America. Conversely, a moderate opinion in a red precinct is offensive and heretical to those in Blue America. We experience a different reality and there is nobody there to challenge that reality, even though it

is woefully incomplete.

I experienced this over the past few months in my own life. I moved from a very red area outside of town to a deep blue area in the middle of it. Of all the races on the ballot, there was one I was confident in predicting. Our Minnesota House race had a young, dynamic candidate running on the Democratic Farm Labor ticket and I would have put big money on her winning. Her signs and billboards were everywhere. People were coming to my door weekly on her behalf. My neighbors were hosting fundraisers and meetups for her. It seemed like she had so much momentum, until election night when she won our precinct in a big way, but lost the overall election by a near 2:1 margin.

I now live in a Blue Bubble, a place devoid of real moral diversity. These are beautiful people and I enjoy living among them, but I know that without the day-to-day tension of meeting and knowing people with different views, different values and different ways of interpreting events, we are going to become closed minded. There will be some comfort in that because, not only will we believe ourselves morally correct and even superior, we will experience the affirmation of that belief from those around us. This is really dangerous.

And so I'm going to suggest today that our cities apply ideological affirmative action to conservatives, and that our countrysides do the same with liberals. If we're committed to diversity of all types, we should work to ensure that ideologically diverse voices — with their different moral tuning — are part of the dialog for how we improve our cities, towns and neighborhoods.

It will be painful and it will be frustrating — it is so much easier to simply discount the other and brand them heretical to all we hold sacred — but the lessons of history prove that

the challenges and restraints caused by the moral mix of humanity are necessary to producing successful places.

There is a beautiful line in the Prayer of Saint Francis that I find myself frequently clinging to. It has come to me as I finish this piece:

*O divine Master, grant that I may not so much seek
to be consoled as to console,
to be understood as to understand,
to be loved as to love.*

Building a Strong Town requires that we seek, not to be understood, but to understand each other. True understanding requires moral diversity, not just as an abstract exercise, but in the day to day struggle that is making a place work. In the absence of moral diversity, let's make extra effort to seek those who are outside of our moral matrix. We do this and our efforts at building stronger cities will be informed by a truer reality.

Concluding Thoughts and an Invitation

Strong Towns began in a small town in northern Minnesota. There was a point not too long ago as our organization grew, when we entertained the idea of being a Minnesota-focused nonprofit — doing consulting and hosting events and writing about issues in Minnesota. Maybe we would've made some good things happen in the Land of 10,000 Lakes as a result.

But we did not choose that direction for our organization, because we are not just an organization. We are a movement. We want to build strong towns across America, not in one state alone. And we believe that our goals can only be achieved if a critical mass of people in this country (we're aiming for a million people who care) are tuned into the Strong Towns message and working to implement it where they live. Instead of just seeing some Minnesota towns reevaluate their development pattern, we are seeing governments, organizations and citizens across the continent begin to build more prosperous and economically sustainable communities.

We think that we are stronger together—that someone in a small town in Iowa can learn things from someone in a small town in Maine; that even people in a suburb in California can learn things from people in a big city in Texas. We're proud to share articles and interviews from contributors around the continent. The essays within this book come from Tulsa, Hoboken, Sarasota and more.

But here's the thing, we can't make any town a stronger place without *you*. We need you reading our content (thanks!), attending our events, bringing these ideas back to your town, and supporting this movement.

Visit StrongTowns.org/membership to join us.

This relationship is symbiotic: We are working to make towns across the country safer, healthier, stronger and more resilient for future generations by sharing tools and ideas and discussions. And we need *you* to work to make your town stronger by putting those tools, ideas and discussions into action.

By reading this book, you've taken an important step toward understanding the problems that face American communities. Now it's time to reflect on what that means for *your* community and to think about how you can make that place better.

Thank you. And keep doing what you can to build strong towns.

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Marohn is the lead author of *Thoughts on Building Strong Towns Volumes 1 and 2*, as well as *A World Class Transportation System*. He hosts the Strong Towns Podcast and is a primary writer for Strong Towns' web content. He has presented Strong Towns concepts in hundreds of cities and towns across North America.

Chuck grew up on a small farm in Central Minnesota. The oldest of three sons of two elementary school teachers, he joined the Minnesota National Guard on his 17th birthday during his junior year of high school and served for nine years. In addition to being passionate about building a stronger America, he loves playing music, is an obsessive reader and religiously follows his favorite team, the Minnesota Twins. Chuck and his wife live with their two daughters and two Samoyeds in their hometown of Brainerd, Minnesota.

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Daniel Herriges has been a regular contributor to Strong Towns since 2015 and is a founding member of the organization. Daniel has a Masters in Urban and Regional Planning from the University of Minnesota. His obsession with maps began before he could read. His budding environmentalism can be traced back to age 4, when he yelled at his parents for stepping on weeds growing in sidewalk cracks. His love of great urban design and human-scaled, livable places has also been lifelong. Daniel has a B.A. from Stanford University in Human Biology with a concentration in Conservation and Sustainable Development. After college, he worked as an environmental activist for several years, in support of indigenous people's rights and conservation in the Amazon rainforest. He can often be found hiking or cycling. Daniel is from St. Paul, Minnesota.

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Andrew Price has been a regular contributor to Strong Towns since 2013 and is a founding member of the organization. Andrew is a software developer by day and an urbanist by night. He is passionate about traditional urbanism – he believes in fine-grained, highly walkable places that are built for people. He grew up in Australia and now lives in the United States with his wife. Andrew is a regular contributor on Strong Towns and runs his own blog, andrewalexanderprice.com. You can find many of his photographs throughout the Strong Towns website. Andrew's motivation to be involved in Strong Towns and urbanism is to create a great place that he and his wife, and

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Rachel Quednau serves as Communications Director for Strong Towns and has been a regular contributor and podcast host for Strong Towns since 2015. Previously, she worked for several organizations fighting to end homelessness at the federal and local levels. Rachel is a Midwesterner currently living in Milwaukee, WI with her husband, Jack, but draws from her experiences living in New York City, Washington, DC, Walla Walla, WA and Minneapolis, MN to help her build better places wherever she is. Rachel has a B.A. in Religion from Whitman College. One of her favorite ways to get to know a new city is by going for a run in it. You can find her musings on Twitter @rquednau.

Strong Towns

About Strong Towns

Strong Towns is a nonprofit media organization leading a national movement for change. We're challenging every American to fundamentally rethink how our cities are built, and we're shining a spotlight on an approach that will make us truly prosperous.

The mission of Strong Towns is to advocate for a model of development that allows America's cities, towns and neighborhoods to grow financially strong and resilient.

For the United States to be a prosperous country, it must have strong cities, towns and neighborhoods. Enduring prosperity for our communities cannot be artificially created from the outside but must be built from within, incrementally over time. A Strong Towns approach relies on incremental investments instead of large, transformative projects, emphasizes resiliency of result over efficiency of execution, and is inspired by bottom-up action, not top-down systems.

Strong Towns produces award-winning daily articles and podcasts, as well as events across the country. Strong Towns has thousands of members throughout the world.

Learn more at www.StrongTowns.org.