Boise State University ScholarWorks

College of Business and Economics Poster Presentations

2013 Undergraduate Research and Scholarship Conference

4-15-2013

A True Cost Nightmare, The American Dream

Trevor Walton Department of Economics, Boise State University

David Gillette Department of Economics, Boise State University

Jon Hampton Department of Economics, Boise State University

Garett McClinton Department of Economics, Boise State University

Lucas Westcott Department of Economics, Boise State University

Winner of the 2013 College of Business and Economics Dean's Choice Award.



BOISE STATE UNIVERSITY

Scope:

The population for the Ada/Canyon county region of SW Idaho is expected to nearly double over the next 20 years from 589,000 in 2010 to 1,046,000 in 2035 according to COMPASS. This problem accompanied by a lack of urban planning foresight and regulation has a history of inefficient land use resulting in low density housing and an overuse of available land, Urban Sprawl.

Through a cost analysis, we determine the projected financial impact of this population increase, and suggest policy changes modeled after cities who have faced the same predicament.

Costs of Sprawl:

Some major Urban Sprawling consequences include: congestion on streets and highways during peak travel times; mortgage deductibles increase consumption of rural land and housing, underpricing of infrastructure; and minimum lot size zoning. These causes of sprawl are negative externalities to low density cities and may have an unsustainable cost. The major costs associated with low density cities include higher personal transportation costs, increased air pollution, and increased cost in infrastructure to meet the commuter demand. There are many factors behind urban sprawling that reflect consumer behavior, anti-sprawling policies attempt to curve urban growth and promote high density living for a sustainable future.

Idaho Smart Growth:

Principles of Smart Growth

- Direct development toward existing
- communities.
- Adopt compact building patterns and efficient infrastructure design.
- Provide a variety of transportation choices.
- Create walkable neighborhoods.
- Foster distinctive, attractive communities with a strong sense of place.
- Mix land uses.
- Create a range of housing choices and opportunities.
- Encourage community and stakeholder collaboration.
- Make development decisions predictable, fair and cost-effective.
- Preserve open space, farmland, natural beauty and critical environment.

The American Dream or A True-Cost Nightmare Jon Hampton, David Gillette, Garett McClinton, Trevor Walton, Lucas Westcott

Faculty Advisor: Samia Islam, Ph.D. **Prepared for Econ 322 Urban Economics** 10th Annual Undergraduate Research Conference, Boise State University, April 15, 2013



Figure 1,2 is the 2010 demographic population density and 2035 projections to population density according to COMPASS. The Community Planning Association of Southwest Idaho (COMPASS) plays an important role in making decisions about future long-range transportation needs in the Treasure Valley. These projections are a reasonable estimate of the number and general location of houses, people, and jobs in the future.



encourage population density.

Recommendations: In an effort to mitigate urban sprawl and the costs associated with it, we recommend implementing some combination of the following:

Congestion Tax - Although drivers will experience a decrease in consumer surplus, there would be a decrease in trip time, reduced volume and a reduction in other taxes.

High Occupancy or Toll (HOT) Lanes – These encourage modal substitution, travel during offpeak hours, route change and combining of trips. Fees can be used toward the road maintenance fund. The incidence would fall on those who actually use the infrastructure.

Eliminate Free Parking - This would apply to both big employers and the Downtown area. Fees collected could be used to fund the expansion of public transit since those who may be discouraged by the fees would still require transportation.

Development Tax – This fee would be incurred on each acre of land that is converted from agricultural to urban use. Its effects would be twofold: first, it would encourage development of urban land, and, second, it would cover the costs of city services (water, electricity, sewer, roads, etc.) being extended to the previously agricultural land.

Increase Vehicle Registration Fees – For fiscal year 2013, the cost of road maintenance in Ada County is \$21,865,450. Only 40.2 percent (\$8,800,000) of this cost is currently covered by vehicle registration fees. Increasing this fee would ensure that those purchasing vehicles are responsible for the upkeep of the roads on which they drive, discourage vehicle use and, therefore, serve to slow Urban Sprawl.

Summary With the forecast of a significant increase in Urban Sprawl by 2035 it is important, now more than ever, to put into place policies to encourage the construction of high density developments as well as decreasing the area's dependency on automobiles as their primary mode of transport.



