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# San Diego Metropolitcs

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**DRAFT**

**San Diego Metropolitcs:  
A Regional Agenda for  
Community and Stability**

Myron Orfield

Metropolitan Area Research Corporation

A Report to San Diego Dialogue

August 1999

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Lisa Bigaouette, Emily Greenwald, Bill Lanoux, Scott Laursen, Andrea Swansby, and Aaron Timbo of MARC made the maps and assisted in the production of the report. Myron Orfield is MARC's executive director.

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## I. Introduction

### A. Metropolitan Polarization

Social and economic disparity and wasteful development patterns threaten the future of metropolitan regions across the country. This pattern begins with the concentration of social and economic need in a region's central city and many older, inner suburbs. This concentration destabilizes schools and neighborhoods, is associated with increases in crime, and results in the flight of middle-class families and businesses. As social needs accelerate in these places, the property and sales tax base supporting local services erodes. In most metropolitan areas, about 40 to 65 percent of the regional population live in jurisdictions such as these.

The mythic dichotomy of urban decline and suburban prosperity holds that social and economic decline stop neatly at the central city borders. Nothing could be further from the truth. As poverty and social instability cross into communities just outside of the central city, all of the trends of urban decline accelerate and intensify. Lacking the strong business district, vitality and resources, high-end housing market, parks, culture and amenities that the central city has—and without a large police department and social service agencies to respond to growing social stress—the schools in these communities become poor faster and the local retail evaporates more rapidly.

Next, in a related pattern, middle-income communities begin to experience increases in their poverty and crime rates. These places could well become tomorrow's troubled communities, particularly those that have low property and sales tax wealth. Like the group of declining communities discussed above, these places are often inner suburbs but also include many fast-growing, low property value second- and third-tier cities. In most regions, these places are home to another 20 to 40 percent of the regional population.

As middle-class families—generally those who cannot afford the executive homes now built in America's more prosperous communities—leave declining neighborhoods of the central city and inner suburbs, many are jumping out of a social frying pan and into a fiscal one. When they reject neighborhoods and schools of increasing social stress, they often land in communities with enormous fiscal stress. These edge communities, predominately composed of housing below \$200,000 in value and with many times the region's ratio of school-age children to adults, find their local base of resources substantially inadequate to cover the costs of new schools and other infrastructure needed to properly support the scale of growth.

Because these fast-growing communities often allow septic-tank development to occur on lots too small to absorb sewer effluent, groundwater and lakes become polluted; if wells are a local source of water, the public health is seriously threatened. The remediation that is soon required by the state (*i.e.*, digging up roads, lawns, and basements in order to connect to sewer systems) requires enormous expenditure, costing the community many times what it would have cost to do it right in the first instance. Further, due to a lack of planning in these places, local roads are soon too narrow to handle the traffic. Again, the remediation necessary (*i.e.*, moving commercial and residential buildings back from roads) is a huge expense for local taxpayers. All of this is assessed off the very small tax base of communities that could not even afford to plan in the first place.

Finally, upper-income communities that are dominated by expensive homes capture the largest share of regional infrastructure spending, economic growth, and jobs. These places are primarily recently developed communities with wealthy residential subdivisions and modern office parks, but in many regions they also include some older, established, close-in communities. As the property and sales tax base expands in these affluent areas and their housing markets remain closed to most of the region's low-wage workers, they become both socially and politically isolated from regional responsibilities. In most metropolitan areas, only about 10 to 20 percent of the regional population live in places such as these.

As these affluent communities achieve the enviable position of having the region's largest base of tax resources and the least need for social services, they become the most desirable places in the region to live. As business and housing developers compete for locations in these communities on the edge of the metropolitan area, open space evaporates and people who sought an insulated life closer to natural amenities find themselves in the midst of edge-city urban life with as much or more congestion, development, and stress as the places they left behind. As the highly desirable land melts away into development, "pass-through" traffic increases as new roads are built to connect residents of the next urbanizing community.

While these affluent communities have resources, they often cannot, by themselves, control the pace of development that pushes them toward something they do not want to become: a crowded edge city with little green space and unattractive levels of traffic congestion. These high-income places often pass significant tax referenda for comparatively modest open space initiatives. As development pressure increases, these communities, and communities with strong support for local agriculture, are the most likely to unilaterally act to control growth. While local development moratoria or slowdowns seem like a solution at the time, ultimately they only throw development further out to the next growth-hungry community. Thus, such well-intentioned unilateral action to halt growth can actually make the problems associated with sprawl worse rather than better. For example, in 1972, Petaluma, California decided to slow growth by limiting the number of building permits issued annually, causing housing demands to dramatically increase in further-out Santa Rosa.<sup>1</sup> Indeed, the population of the Santa Rosa area nearly doubled between 1970 and 1980. Actions like this cause regions to become geographically larger than they would be under a plan to accommodate growth in an orderly manner. In Santa Rosa additional infrastructure in terms of roads and sewers had to be built and residents of Petaluma were forced to deal with the dramatically increased traffic moving through their community.

Social and economic polarization and sprawling development patterns on a regional scale exact costs in terms of waste of human resources, deterioration of much of the region's core communities, increased fiscal stress, increased costs of infrastructure and land, loss of agricultural and fragile lands, increased vehicle miles traveled, and increase in number of automobile trips. These costs will be discussed in detail in Section II of this report.

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<sup>1</sup> Anthony Downs, *New Visions for Metropolitan America* (Washington DC: The Brookings Institution, 1994): 36.

## B. A Regional Agenda

Only through a strong, multifaceted, regional response can social and economic polarization and wasteful development patterns be countered. A growing core of scholars; national, state, and local government officials; and activists from urban, faith-based, business, good-government, and environmental backgrounds, believe that metropolitan separation and sprawl need a strong, multifaceted, regional response. To combat these trends, there are three areas of reform that must be sought on a regional scale: 1) greater equity among jurisdictions of a region, particularly those with land-use planning powers, 2) smarter growth through better planning practices, 3) structural reform of metropolitan governance and transportation planning to allow for fair and efficient transportation and community planning. These reforms are inter-related and reinforce each other substantively and politically.

In the 1970s, moderate “Rockefeller” Republicans, such as Richard Lugar of Indiana, Tom McCall of Oregon, Harold Levander of Minnesota, and George Romney and William Milliken of Michigan, began to outline an elegant limited government response to the problem of inter-local disparity and sprawling, inefficient land use. The message of cost-effective regional planning, supported by local business leadership, had a strong influence in Minneapolis-St. Paul (Twin Cities), Indianapolis, and Portland, Oregon twenty-five years ago. In 1970 the city of Indianapolis merged with Marion County into one unified government. In 1971 the state of Minnesota passed groundbreaking legislation for a system of tax-base sharing among the cities and counties of that region, and in 1975 implemented the system. In 1973 the state of Oregon passed its Land Use Act, a statewide planning framework that requires each of the state's 242 cities and 36 counties to establish an urban growth boundary and develop a long-range, comprehensive plan for development within those boundaries. In 1979, voters in the Portland, Oregon metropolitan area chose to make that region's metropolitan planning organization a directly elected regional body—the first (and as yet, the only) one of its kind in the U.S. During the 1980s, Minnesota established a regional boundary called the Metropolitan Urban Services Area around the Twin Cities region and Florida passed its Growth Management Act.

In the 1990s there has been a renewed interest in land use and regional reform across the nation. The state of Washington helped to spark this regional planning renaissance with its 1990 Growth Management Act. In Washington D.C., former United States Housing and Urban Development Secretary Henry Cisneros advocated that the federal government strengthen metropolitan coordination of affordable housing, land use, environmental protection, and transportation issues. In 1994, President Clinton issued an executive order beginning this process.<sup>2</sup> In 1997, Maryland, under the leadership of Governor Parris Glendening, passed legislation that limits growth to locally-designated “smart growth” areas by withholding infrastructure funding for development outside such areas. In September 1998 in a speech at the Brookings Institution, Vice-President Al Gore announced a federal agenda “to help encourage smarter growth and more livable communities all across America”.<sup>3</sup> Later that year, the

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<sup>2</sup> United States President Bill Clinton, Executive Order, “Leadership and Coordination of Fair Housing in Federal Programs: Affirmatively Furthering Fair Housing, Executive Order 12892 of January 17, 1994,” *The Weekly Compilation of Presidential Documents* (24 January 1994): 110-14.

<sup>3</sup> United States Vice President Al Gore, *Brookings Policy Series*, September 2, 1998.



Tennessee legislature passed land-use planning legislation requiring urban growth boundaries around developing municipalities, and New Jersey voters approved the dedication of \$98 million a year for the next ten years to preserve one million acres of farmland and open space. Governor Christine Todd Whitman lead this effort in New Jersey.

Recently the Commercial Club of Chicago and the Greater Baltimore Committee, whose members represent some of the most significant business interests in their respective regions, endorsed sweeping proposals for regional reform including tax-base sharing, land-use planning, and regional governance reform.<sup>4</sup> They believed that these reforms were very important to the economic health of their metropolitan areas.

Columnist Neal Peirce has helped to revitalize this type of good-government metropolitanism, broadening its base by emphasizing the social and economic interdependence of metropolitan areas and the need for regional economic coordination to compete effectively in the new world economy.<sup>5</sup> On another front, David Rusk, former mayor of Albuquerque, New Mexico, has simply and effectively connected the issues of metropolitanism and social equity.<sup>6</sup> He has done this by showing that regions with an effective metropolitan planning body are more equitable, less segregated by race and class, and economically healthier. Anthony Downs, of the Brookings Institution, has assembled his own research together with recent groundbreaking work of urban poverty scholars, economists, transportation experts, and land-use planners. He makes compelling new arguments for metropolitan governance and broad metropolitan-based reforms in fair housing, transportation, land use, and regional fiscal equity.<sup>7</sup>

In separate studies, William Barnes and Larry Ledebur, Richard Voith, and H. V. Savitch asserted the deep interconnections of metropolitan economies. A study of seventy-eight metropolitan areas, conducted by Barnes and Ledebur, for example, found that between 1979 and 1989 in most U. S. metropolitan areas, median household incomes of central cities and suburbs moved up and down together.<sup>8</sup> They also found that the strength of this relationship appears to be increasing. An earlier study of forty-eight metropolitan areas, conducted by the same team, found that metropolitan areas with the smallest gap between city and suburban incomes had the greatest regional job growth.<sup>9</sup>

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<sup>4</sup> Elmer W. Johnson, "Chicago Metropolis 2020, Draft Plan of 1999: Preparing Metropolitan Chicago for the 21<sup>st</sup> Century", A Project of the Commercial Club of Chicago, Draft, October 1998; Greater Baltimore Committee, "One Region, One Future: A Report on Regionalism", July 1997.

<sup>5</sup> Neal Peirce, *Citistates: How Urban America Can Prosper in a Competitive World* (Washington, D.C.: Seven Locks Press, 1993).

<sup>6</sup> David Rusk, *Cities Without Suburbs* (Washington, D.C.: Woodrow Wilson Center Press, 1993).

<sup>7</sup> Downs, *New Visions*.

<sup>8</sup> Larry C. Ledebur and William R. Barnes, "*All In It Together*": *Cities, Suburbs and Local Economic Regions* (Washington, D. C.: National League of Cities, 1993).

<sup>9</sup> William R. Barnes and Larry C. Ledebur, *City Distress, Metropolitan Disparities, and Economic Growth* (Washington, D. C.: National League of Cities, 1992).

These scholars argue that cities and suburbs within a metropolitan area are interdependent; and that when social and economic polarization is minimized, the region is stronger; and that regional planning and metro-wide reforms are good for the entire region. Despite this, many believe that metropolitan reforms are no longer possible because the suburbs have taken over American politics.<sup>10</sup> Representing over 50 percent of the American population, clearly “the suburbs” do have great political power. Commentators glory in an ideal of small suburban government close to the people. They maintain that regional reform threatens this idea.

In response, the reality of the late 1990s, as described in the pages that follow, contrasts starkly with this impression. Once policy makers and reform advocates recognize that suburban communities are not a monolith with common needs and resources, the declining inner communities and low tax base developing places, as well as fast-growing high fiscal capacity communities, can identify each other as allies in regional reform and begin to work together for a stronger, more stable region. Some of these communities will find their motivation in a common social and fiscal decline that requires regional equity, others in the need to plan for growth for a sustainable, stable future.

In the end, regional reform seeks to create circumstances in which a new ideal of local control and long-term community stability can become a reality—an ideal in which central cities and declining neighborhoods of older, inner suburbs can maintain a middle-class base and renew themselves, and in which developing communities can have decent services and be free from destabilizing patterns of boom and bust.

### C. San Diego Metropolitics

“San Diego Metropolitics” reports on regional social, economic, and growth trends in the San Diego area and outlines policy strategies for regional reform.<sup>11</sup> Its purpose is threefold: 1) to identify and document social and economic separation and sprawl in the San Diego region; 2) to identify like communities within the San Diego region, particularly stressed communities with low property and sales tax capacity; and 3) to introduce policy strategies for addressing the problem of regional polarization. It is the Metropolitan Area Research Corporation’s (MARC) hope that the results of this study will help to further the processes of metropolitan reform in the San Diego region. Through an analysis of the progressive and negative effects of metropolitan polarization on people and communities, this study will provide evidence regarding the necessity of reform for elected officials as well as for the traditional advocates of land use, housing, fiscal and governmental reform.

Since 1995, with the support of over fifteen of the nation’s leading philanthropies—including the Ford, Rockefeller, and MacArthur foundations—and the U.S. Department of Housing and Urban Development, and in partnership with dozens of universities and research

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<sup>10</sup> Anthony Downs, in *New Visions* repeatedly outlines the necessity of sweeping metropolitan reform and then dismisses the possibility of political success because of the monolithic opposition of the suburbs.

<sup>11</sup> The San Diego region is defined in this study as San Diego County (the San Diego Metropolitan Statistical Area (MSA) designated by the Federal Office of Management and Budget).

centers, MARC has completed (or is in the process of completing) similar studies of social separation and sprawl in twenty-two metropolitan areas of the United States.<sup>12</sup> MARC has developed a four-step process to analyze regional trends that combines quantitative socioeconomic data with qualitative information gathered at the local level. MARC's studies demonstrate that 1) social separation and sprawl are occurring in small and large regions across the country; 2) in any region, communities classified as "suburbs" represent a group of heterogeneous communities whose current conditions and future prospects differ greatly; and 3) coalitions can be forged in any region between previously thought unlikely partners—elected officials of the central city and suburban communities of a region—to support and implement regional reforms in the best interests of all the citizens of the region.

Those who should read this report include people working to respond to poverty in central city neighborhoods and other declining places in the region, advocates for smart growth and the environment, and especially, state legislators and elected officials who represent cities and the county. The cities and county are political units with land-use planning powers and are the true units of regional competition or cooperation. Land-use planning powers—interacting with competition for valuable tax resources, local citizen preferences, regional and local infrastructure policy, and racial discrimination—shape the region's future. The cities and county are also the centers of real political power which will facilitate or impede metropolitan reform. Because these elected officials are an important audience for this report, much of the data in Sections III and IV are presented at the municipality and county level. Those who make decisions for municipalities and other units of government—mayors, county commissioners, council members, state legislators—often do not have adequate data upon which to base their decisions. They generally have a sense of what is happening within their jurisdiction, but often do not have adequate information concerning how regional trends and the behavior of other units of government are likely to shape their future. Moreover, elected officials are often not aware of the number of other communities that are facing similar challenges.

"San Diego Metropolitcs" begins with a general discussion in Section II of the detrimental effects of concentrating a region's poor in abandoned neighborhoods of the central city and inner suburbs and the costs of wasteful development patterns. Section III presents the results of MARC's analysis to identify like communities—or subregions—within the San Diego area. Section IV documents regional polarization in the area by simply presenting, through the use of color maps, social and economic data for all of the jurisdictions in the region. Finally, in Section V, the report briefly discusses policy strategies for regional reform and in Section VI explores metropolitan tax-base sharing in greater detail.

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<sup>12</sup> MARC projects either completed or in process include: Atlanta, Baltimore, Central Valley of California, Chicago, Denver, Detroit, Grand Rapids, Houston, Los Angeles, Milwaukee, Minneapolis-St. Paul, Philadelphia, Phoenix, Pittsburgh, Portland, Saginaw, San Francisco Bay Area, Seattle, South Florida (Miami), St. Louis, and Washington DC.

## II. Problems Associated with Regional Polarization and Sprawl

### A. Concentrated Poverty

In the central cities of most major U.S. metropolitan areas, there is a subset of distressed census tracts with more than 40 percent of their population below the federal poverty line. According to sociologists, such neighborhoods are extreme poverty tracts or ghettos.<sup>13</sup> Surrounding these severely distressed neighborhoods are transitional neighborhoods with 20 to 40 percent of their population in poverty.<sup>14</sup> According to Paul Jargowsky, between 1970 and 1990 the national poverty rate declined from 13.6 to 12.8 percent and the metropolitan poverty rate barely increased, moving from 10.9 to 11.8 percent. However, despite large increases in social spending and the gross national product, the population of high poverty areas doubled and their geographic size expanded faster than their population increased.

In the 1970s, extreme poverty tracts and transitional neighborhoods exploded in size and population in the large cities of the Northeast and Midwest. During the 1970s, New York City's ghetto, the nation's largest, increased from 70 census tracts to 311.<sup>15</sup> During the 1980s, ghettoization rapidly increased in Chicago, Detroit, and many of the secondary cities of the Northeast and Midwest.<sup>16</sup> In 1980, 48 percent of Detroit's census tracts had at least 20 percent of the residents in poverty; by 1990, 75 percent of its tracts did.<sup>17</sup> In Midwestern cities as a whole, the number of ghettoized tracts doubled in the 1980s.<sup>18</sup> Throughout these two decades, the concentration of poverty grew at a much faster pace than poverty itself. Poverty rates in U.S. metropolitan areas remained stable, increasing by only 0.9 percentage points, yet persons in poverty living in high-poverty areas almost doubled in this period – increasing by 98.0 percent.<sup>19</sup>

The expansion of extreme and transitional poverty tracts is not just confined to these large urban centers of the Northeast and Midwest. MARC have found that these trends, while more severe in some cities than in others, are present and worsening in all of the regions MARC has studied thus far. Furthermore, as the number and population of poverty tracts has grown in most metropolitan areas, they have spilled beyond the central city borders into older, inner-ring

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<sup>13</sup> See Paul A. Jargowsky and Mary Jo Bane, "Ghetto Poverty in the United States, 1970 to 1980," in Christopher Jencks and Paul E. Peterson (eds.), *The Urban Underclass* (Washington, DC: The Brookings Institution), 235-273; John D. Kasarda, "Inner-City Concentrated Poverty and Neighborhood Distress: 1970 to 1990," *Housing Policy Debate* 4, no. 3, 253-302.

<sup>14</sup> Ibid.

<sup>15</sup> Kasarda, "Concentrated Poverty," 261.

<sup>16</sup> Kasarda, "Concentrated Poverty"; Paul A. Jargowsky, "Ghetto Poverty Among Blacks," *Journal of Policy Analysis and Management* 13, no. 2 (1994): 288-310.

<sup>17</sup> Kasarda, "Concentrated Poverty," 261.

<sup>18</sup> Ibid., 260.

<sup>19</sup> Paul A. Jargowsky, *Poverty and Place*.

suburbs. Between 1980 and 1990, while the three central cities of the South Florida region (Miami, Fort Lauderdale, and West Palm Beach) combined went from 13 to 27 extreme poverty tracts and from 33 to 40 transitional tracts, their inner suburbs went from 5 to 8 extreme poverty tracts and from 18 to 49 transitional tracts. Similarly, as the city of Baltimore lost poverty tracts between 1980 and 1990—going from 36 to 35 extreme poverty tracts and from 69 to 63 transitional tracts, its inner suburbs gained poverty tracts—going from zero to two extreme poverty tracts and from one to two transitional tracts. The Portland, Oregon region, which went from 3 to 10 extreme poverty tracts and from 18 to 28 transitional poverty tracts during the 1980's (all located in the central city), gained its first two suburban poverty tracts during that period.

Stimulated by William Julius Wilson's book, *The Truly Disadvantaged*, scholars in the late 1980s began actively studying the effects of concentrated poverty in metropolitan areas. Their research confirms that concentrated poverty multiplies the severity of problems faced by both communities and poor individuals.<sup>20</sup> As neighborhoods become dominated by joblessness, racial segregation, and single-parentage, they become isolated from middle-class society and the private economy.<sup>21</sup> Individuals, particularly children, are deprived of local successful role models and connections to opportunity outside the neighborhood.

Studies have found that poor individuals living in concentrated poverty are far more likely to become pregnant as teenagers,<sup>22</sup> drop out of high school,<sup>23</sup> and remain jobless<sup>24</sup> than if

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<sup>20</sup> William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (Chicago: University of Chicago Press, 1987); Douglas S. Massey and Nancy A. Denton, *American Apartheid: Segregation and the Making of the Underclass* (Cambridge: Harvard University Press, 1993); Christopher Jencks and Paul Peterson eds., *The Urban Underclass* (Washington, D.C.: Brookings Institution, 1991); Nicholas Lemann, *The Promised Land: The Great Black Migration and How it Changed America* (New York: Alfred A Knopf, 1991); Nicholas Lemann, "The Origins of the Underclass," *The Atlantic Monthly* 257 (1986): 31-55; Hope Melton, "Ghettos of the Nineties: The Consequences of Concentrated Poverty," (St. Paul Department of Planning and Economic Development, November 10, 1993).

<sup>21</sup> See generally George C. Galster, "A Cumulative Causation Model of the Underclass: Implications for Urban Economic Policy Development," in *The Metropolis in Black and White: Place, Power and Polarization*, eds. George Galster and Edward Hill (New Brunswick, NJ: Center for Urban Policy Research, 1992).

<sup>22</sup> Jonathan Crane, "The Effects of Neighborhoods on Dropping Out of School and Teenage Childbearing," in *The Urban Underclass*, eds. C. Jencks and P. Peterson (Washington, D.C.: Brookings Institution, 1991), 299-320; Susan E. Mayer, "How Much Does a High School's Racial and Socioeconomic Mix Affect Graduation and Teenage Fertility Rates?" in *The Urban Underclass*, 321-41; Massey and Denton, *American Apartheid* 169-70; Dennis P. Hogan and Evelyn Kitagawa, "The Impact of Social Status, Family Structure, and Neighborhood on the Fertility of Black Adolescents," *American Journal of Sociology* 90, no. 4 (1985): 825-55; Frank F. Furstenburg, Jr., S. Philip Morgan, Kristen A. Moore, and James Peterson, "Race Differences in the Timing of Adolescent Intercourse," *American Sociological Review* 52 (1987): 511-18; Elijah Anderson, "Neighborhood Effects on Teenage Pregnancy," in *The Urban Underclass*, 375-98; Sara McLanahan and Irwin Garfinkel, "Single Mothers, the Underclass, and Social Policy," *The Annals of the American Academy of Political and Social Science* 501 (1989): 92.

<sup>23</sup> Crane, "The Effects of Neighborhoods," 274-320; Mayer, "Graduation and Teenage Fertility Rates," 321-41; Massey and Denton, *American Apartheid*, 169-70.

<sup>24</sup> Massey and Denton, *American Apartheid*, 180-82.

they lived in socioeconomically mixed neighborhoods. These types of outcome dramatically diminish the quality of life and opportunity. Similarly, the concentration of poverty and its attendant social isolation leads to the development of speech patterns increasingly distinct from mainstream English.<sup>25</sup> These speech differences make education, job search, and general interaction with mainstream society difficult.<sup>26</sup>

The effects of concentrated poverty can also be seen by comparing the experience of the poor living in concentrated poverty to that of poor individuals living in mixed-income communities. At least one large social experiment demonstrates that when poor individuals are freed from poor neighborhoods and provided with opportunities, their lives can change quite dramatically. Under a 1976 court order in the case of *Hills v. Gautreaux*,<sup>27</sup> thousands of single-parent black families living in Chicago public housing have been provided housing opportunities in predominantly white middle-class suburbs. Under the consent decree in a fair housing lawsuit originally brought in 1966, more than 5,000 low-income households have been given housing opportunities in the Chicago area. By random assignment more than half of these households moved to affluent suburbs that were more than 96 percent white, while the other participants moved to neighborhoods that were poor and more than 90 percent black. The pool of *Gautreaux* families thus provides a strong sample to study the effects of suburban housing opportunities on very poor city residents.

James Rosenbaum and colleagues from Northwestern University have intensively studied the *Gautreaux* families.<sup>28</sup> His research established that the low-income women who moved to

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<sup>25</sup> John Baugh, *Black Street Speech: Its History, Structure and Survival* (Austin: University of Texas Press, 1983): 11-22; William Labov, *Language in the Inner City: Studies in the Black English Vernacular* (Philadelphia: University of Pennsylvania Press, 1972); Id., "The Logic of Nonstandard English" in *Black American English: Its Background and its Usage in the Schools and in Literature*, ed. Paul Stoller (New York: Dell Publishing Company, 1975); William Labov and Wendell Harris, "De Facto Segregation of Black and White Vernaculars," in *Diversity and Diachrony*, ed. David Sankoff, Current Issues in Linguistic Theory Series, vol. 53 (Philadelphia: Benjamins, 1986), 1-24; William Labov, *Locating Language in Space and Time* (New York: Academic Press, 1980).

<sup>26</sup> Joleen Kirschmen and Kathryn M. Neckerman, "'We'd Love to Hire Them, But...': The Meaning of Race for Employers" in *The Urban Underclass*, eds. C. Jencks and P. Peterson (Washington, D.C.: Brookings Institution, 1991): 203-32; Roger Shuy, "Teacher Training and Urban Language Problems," in *Black American English: Its Background and Its Usage in the Schools and in Literature*, ed. Paul Stoller (New York: Dell Publishing Company, 1975): 168-85.

<sup>27</sup> *Hills v. Gautreaux*, 425 US 284 (1976).

<sup>28</sup> James Rosenbaum and Susan Popkin, "Employment and Earnings of Low-Income Blacks Who Move to Middle-Class Suburbs," in *The Urban Underclass* eds. C. Jencks and P. Peterson (Washington, D.C.: Brookings Institution, 1991); Rosenbaum, Popkin, Kaufman, and Rustin, "Social Integration of Low-Income Black Adults in Middle-Class White Suburbs," *Social Problems* 38, no. 4 (1991): 448-61; James E. Rosenbaum, Marilyn J. Kuliecke, and Leonard S. Rubinowitz, "White Suburban Schools' Responses to Low-Income Black Children: Sources of Successes and Problems," *The Urban Review* 20, no. 1 (1988): 28-41; James E. Rosenbaum and Susan Popkin, "Black Pioneers: Do Their Moves to the Suburbs Increase Economic Opportunity for Mothers and Children?" *Housing Policy Debate* 2, no. 4 (1991): 1179-1213; James E. Rosenbaum and Julie Kaufman, "Educational and Occupational Achievements of Low Income Black Youth in White Suburbs" (paper presented at the annual meeting of the American Sociological Association, Cincinnati, Oh., 18 October 1991).

the suburbs “clearly experienced improved employment and earnings, even though the program provided no job training or placement services.”<sup>29</sup> Very rapidly after the moves, the suburbanites were about 15 percent more likely to be employed.<sup>30</sup> Rosenbaum found that the children of the suburban movers dropped out of high school less frequently than the city movers (5 percent vs. 20 percent).<sup>31</sup> Second, they maintained similar grades despite higher standards in suburban schools. Third, the children who moved to the suburbs were significantly more likely to be on a college track (40.3 percent vs. 23.5 percent<sup>32</sup>) and went to college at a rate of 54 percent, compared with 21 percent who stayed in the city.<sup>33</sup> In terms of employment, 75 percent of the suburban youth had jobs compared to 41 percent in the city.<sup>34</sup> Moreover, the suburban youth had a significant advantage in job pay and were more likely to have a prestigious job with benefits.<sup>35</sup> Finally, 90 percent of the suburban youth were either working or in school compared with 74 percent of the city youth.<sup>36</sup>

As poverty concentrates in central cities and inner communities and social disorganization increases, crime grows, and waves of middle-class flight and business disinvestment surrounding those places intensify. At the same time city resources decline. As the middle class leave, there are fewer customers for local retailers and the value of local housing declines precipitously. In the poorest metropolitan neighborhoods, basic private services, even grocery stores, disappear.<sup>37</sup> Social needs begin to accelerate, while the resources to address those needs decline. These cities become pressed to provide more with less.<sup>38</sup> As the quality of

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<sup>29</sup> Rosenbaum and Popkin, “Employment and Earnings.”

<sup>30</sup> Ibid.

<sup>31</sup> Rosenbaum and Kaufman, “Educational and Occupational Achievements,” 4.

<sup>32</sup> Ibid., 5.

<sup>33</sup> Ibid., 5-6.

<sup>34</sup> Ibid., 6-7.

<sup>35</sup> Ibid.

<sup>36</sup> Ibid. The acceptance of these poor black families in affluent, predominantly white suburbs was not painless or immediate. At the outset, about 52 percent of the suburban movers reported incidence of racial harassment, compared to 23 percent in the city. However, the incidence of harassment rapidly decreased over time. Interestingly, both the suburban and city movers reported similar amounts of neighbor assistance and support (24.8 percent suburban v. 25.0 percent city) and essentially no difference in terms of their degree of contact with neighbors. When asked, the suburban movers were actually slightly more likely to have friends in their new neighborhoods than the city movers did. In terms of interracial friendships, the suburban movers had more than two times the number of white friends that the city movers had and slightly fewer black friends. Further, over time, the degree of integration continued for suburban movers, and re-segregation did not occur.

<sup>37</sup> Gary Orfield, “Ghettoization and Its Alternatives,” in ed. Paul Peterson, *The New Urban Reality* (Washington, D.C.: Brookings Institution, 1985): 163.

<sup>38</sup> George Sternlieb and Robert W. Burchell, *Residential Abandonment: The Tenement Landlord Revisited*. (New Brunswick: Center of Urban Policy Research, Rutgers University, 1977), cited in: Robert W. Burchell, et. al.,

services declines in the least desirable parts of the region, the flight of the middle class and the private economy accelerates. Larger industrial and service businesses are disadvantaged by deteriorating public infrastructure, crime, loss of property market value, lack of room for expansion or parking, lack of rapid access to radial highways, and the cost of remediation of polluted land.<sup>39</sup> In addition, urban employers increasingly believe that the work force in distressed and ghetto neighborhoods is unsuitable.

At the same time, the zoning policies of many jurisdictions help to ensure that the region's poorest residents remain in poor neighborhoods of the central city and declining inner suburbs. By requiring low maximum building densities, the zoning codes of many jurisdictions allow for little or no multi-family housing. These codes also include requirements for single-family housing such as large minimum lot sizes, two car garages, and high minimum square footage. Such requirements raise the cost of development, effectively excluding poor (or even middle-class) persons.

In the clearest sense, the increase of property and sales tax wealth in affluent suburbs and the stagnation or decline of local resources in central city and inner-suburban communities represents, in part, an interregional transfer of tax resources. As such, the loss of value and increased fiscal stress in older, poorer communities is a cost of regional polarization and urban sprawl.

In the end, the lack of a social mortar necessary to hold neighborhoods together and build communities makes community development in concentrated poverty neighborhoods difficult. Programs geared at job training or creation must struggle to incorporate the diversity of human resources and experiences of a social group that has been isolated from the functioning economy and jobs, from adequate nutrition and schools that succeed, and from a supportive and economically stable family structure. To the extent such programs succeed, individuals—even if they are employed in the neighborhood—often move to less poor areas.<sup>40</sup> Physical rehabilitation programs, while they improve the quality of shelter and neighborhood appearance, do little to attack the underlying “tangle of pathology”<sup>41</sup> associated with concentrated poverty.

In terms of business development, areas of concentrated poverty have great difficulty competing with developing suburbs that offer middle-class customers, low crime rates, increasing property market values, room for expansion and parking, new highways, and few contaminated industrial sites. Thus, it is not surprising that even when enormous financial

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*Costs of Sprawl Revisited: The Evidence of Sprawl's Negative and Positive Impacts.* (Transportation Research Board, National Research Council).

<sup>39</sup> John D. Kasarda, “Urban Change and Minority Opportunities,” in *The New Urban Reality*, ed. P. Peterson (Washington, D.C.: Brookings Institution, 1985): 33-68; John D. Kasarda, “Urban Industrial Transition and the Underclass,” *The Annals of the American Academy of Political and Social Science* 501 (1989): 26-47.

<sup>40</sup> Nicholas Lemann, “The Myth of Community Development,” *The New York Times Sunday Magazine* (2 January 1994); *Ibid.*, “The Promised Land,” 109-222; Rusk, *Cities Without Suburbs*, 44-47.

<sup>41</sup> See Wilson, *The Truly Disadvantaged*, 21.



resources have been devoted to enterprise zones or inner-city tax abatements, it has been very difficult to stimulate viable business opportunities that employ poor residents.<sup>42</sup>

David Rusk recently studied the effects of several of the largest and most successful inner-city focused, antipoverty initiatives in the country.<sup>43</sup> In virtually all of these areas of massive inner-city investment, family and individual poverty rates substantially increased and moved further from metropolitan norms, the median household income declined and moved further away from the metro average, and the communities grew more segregated.

In response, it is possible that efforts that target poor inner-city neighborhoods have made these communities better than they might otherwise have been; it is impossible to know how they would have fared without such intense investment. Moreover, Rusk's analysis does not reflect individuals who have been empowered by such programs and have left poor neighborhoods. It is also true that these programs have often represented the only available response to concentrated poverty. However, in the end, Rusk's study does indicate that central-city, antipoverty efforts alone are woefully inadequate in the face of the enormous force of metropolitan polarization.

Proposed solutions to the problem of concentrations of poverty differ widely in approach. The debate most central to this report focuses on the relative value of creating housing opportunities throughout the region for low-income working and poor people versus investing in the communities in which they now live. It is clear that both strategies are necessary. It is fundamentally important for low-income people to have access to high quality education, good jobs, services, loans, and other amenities a mixed-income community provides, and for low-income families to be able to choose where they want to live based on a wide variety of factors. A metropolitan development agenda should address barriers to low-income people, particularly people of color, moving closer to suburban jobs and schools located in the affluent communities of the region and, at the same time, the revitalization of existing low-income neighborhoods in ways that benefit (rather than simply displace) the incumbent residents. In the end, the goal of

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<sup>42</sup> See generally Roy E. Green, ed., *Enterprise Zones: New Directions in Economic Development* (Newbury Park, CA: Sage Publications, 1991); Thomas Donlan, "Danger Zones: The Required Ingredient in an Enterprise Zone is Enterprise," *Barron's* (22 June 1992): 10; Glenda Glover and J. Paul Brownridge, "Enterprise Zones as an Instrument of Urban Policy: A Review of the Zones in South Central Los Angeles," *Government Finance Review* (June 1993): 15-17; Neal Peirce, "Enterprise Zones - No Great Shakes," *National Journal* (17 July 1993): 1828; Elizabeth Larson, "Network News: Enterprise Zones Ignore the Importance of Social Networks," *Reason* (April 1994): 17; Richard Pomp, Sandra Kanter, Kenneth Simonson, and Roger Vaughan, "Can Tax Policy be Used to Stimulate Economic Development?" *The American University Law Review* 29 no. 207 (1979-80): 207-33; Paul Kantor and H. V. Savitch, "Can Politicians Bargain with Business: A Theoretical and Comparative Perspective on Urban Development," *Urban Affairs Quarterly* 29 no. 2 (1993): 230-255; Elizabeth Gunn, "The Growth of Enterprise Zones: A Policy Transformation," *Policy Studies Journal* 21 no. 3 (1993): 432-49; Otto Hetzel, "Some Historical Lessons for Implementing the Clinton Administration's Empowerment Zones and Enterprise Community Programs: Experiences from the Model Cities Program," *The Urban Lawyer* 26 no. 1 (1994): 63-81; Jeffrey Katz "Enterprise Zones Struggle To Make Their Mark," *CQ* (17 July 1993): 1880-83; Timothy Bartik, *Who Benefits From State and Local Economic Development Policies?* (Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 1991): 17-62; Laura McClure, "Enterprise Zones Have Negligible History of Success," *National Catholic Reporter* (13 November 1992); Glenda Glover, "Enterprise Zones: Incentives are Not Attracting Minority Firms," *The Review of Black Political Economy* (Summer 1993): 73-99.

<sup>43</sup> David Rusk, *Inside Game/Outside Game* (Washington, D.C.: Brookings Institution, 1999).

regional reform is to create thriving, mixed-income neighborhoods in *all* communities of the region.

## B. Racial Segregation

A majority of those who live in concentrated poverty areas are black and Hispanic (77 percent in 1990), greatly disproportionate to the general population of the United States (20.5 percent in 1990).<sup>44</sup> MARC has found that this is as true in regions with a small minority population as it is in regions with a large minority population. Nationwide, in 1990 there were almost as many poor white persons in the country's metropolitan areas as blacks and Hispanics combined (10.8 million poor whites, 6.9 million poor blacks, and 4.8 million poor Hispanics). Yet three-quarters of these poor whites lived in middle-class neighborhoods (mostly suburban), while three-quarters of poor blacks and one half of poor Hispanics lived in transitional or extreme poverty neighborhoods.<sup>45</sup> Jargowsky found that the number of African Americans living in high poverty neighborhoods climbed from 2.4 million to 4.2 million between 1970 and 1990 and that the number of Hispanics living in high poverty neighborhoods increased from 729,000 to 2.0 million during this period.<sup>46</sup>

Despite the fact that poor members of minority groups continue to be far more likely to live in concentrated poverty than are poor whites, the discussion of racial segregation has long left the nation's political radar screen—the discussion of social separation never really got there. There appears to be a broadly shared illusion that after a period of substantial civil rights reform in the 1960's, the problem of segregation has largely been solved. This clearly is not the case. Raising public awareness about regional socioeconomic polarization also means renewing the discussion of race and segregation.

The segregation of blacks in American cities and metropolitan areas is unique in its intensity and longevity. Comparing black residential segregation to the segregation of ethnic European immigrants in this century (*e.g.*, Italians, Poles, Jews), black segregation has steadily increased for most of this century (only recently declining slightly) while European ethnics integrated into mainstream society very soon after arriving. The highest level of spatial isolation ever measured for European ethnic groups was experienced by Milwaukee's Italians in 1910; their level of segregation reached an index of 56, where 100 equals total segregation.<sup>47</sup>

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<sup>44</sup> Paul A. Jargowsky, *Poverty and Place: Ghettos, Barrios, and the American City*, (New York: Russell Sage Foundation, 1997).

<sup>45</sup> David Rusk, *Inside Game Outside Game: Winning Strategies for Saving Urban America* (Washington, D.C.: Brookings Institution Press, 1999).

<sup>46</sup> Paul A. Jargowsky and Mary Jo Bane, "Ghetto Poverty in the United States, 1970 to 1980".

<sup>47</sup> Stanley Lieberson, *A Piece of the Pie: Blacks and White Immigrants since 1880* (Berkeley: University of California Press, 1980), cited in Massey and Denton, *American Apartheid*.

Using racial and ethnic data for city ward populations, this index was developed by computing the percentage of a given racial or ethnic population living in the ward of the average citizen of that racial or ethnic group. This average, or *isolation index*, measures the extent to which a group lives in neighborhoods that are primarily of their race or

Thereafter, the degree of isolation for all European ethnic groups fell steadily as children and grandchildren moved out of poverty and into mainstream society.<sup>48</sup>

Yet for blacks—poor or not—the opposite is true. In 1910 the average isolation index for blacks was 9.7, but by 1970 it had climbed to 73.5 in northern cities and 76.4 in southern cities.<sup>49</sup> Further, in 1980, Douglas Massey and Nancy Denton found that a rise in socioeconomic status for some blacks had virtually no effect on their level of segregation: black segregation was almost as high for affluent and middle-class blacks as it was for poor blacks, and was higher than for any other racial group, regardless of income. For example, in the Los Angeles metropolitan area, affluent blacks were more segregated than poor Hispanics (indices of 78.9 and 64, respectively), and in the San Francisco-Oakland region, affluent blacks were more segregated than poor Asians (indices of 72.1 and 64 respectively).<sup>50</sup>

Massey and Denton also found that average black isolation in U.S. metropolitan areas was ten times higher than for Asians, and while Hispanics are more segregated than Asians, blacks are still 2.5 times more isolated than Hispanics.<sup>51</sup>

The level of black isolation has dropped slightly since 1970, but still remains higher than the highest level ever reached by any other group. Using another measure of segregation (the Taeuber index), Massey and Denton show that the average index of black segregation in 1970 in northern metropolitan areas was 84.5 and in southern areas, 75.3. In 1990, this segregation index measured blacks at 77.8 in the north and 66.5 in the south.<sup>52</sup>

Discriminatory housing practices are a significant contributing factor to racial segregation in metropolitan regions. In his book *Closed Doors, Opportunities Lost*, John Yinger analyzed discrimination against blacks and Hispanics in the housing market. In studies as recent as 1991 and 1993, he found that discrimination takes place at every point of the home-buying (or renting)

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ethnicity. For example, a value of 50 percent for blacks means that blacks are equally likely to have whites and blacks as neighbors; a value of 100 percent means that blacks live in totally black areas.

<sup>48</sup> Massey and Denton, *American Apartheid*.

<sup>49</sup> Lieberman, *A Piece of the Pie*; Massey and Denton, *American Apartheid*.

<sup>50</sup> Douglas S. Massey and Nancy A. Denton, “Trends in the Residential Segregation of Blacks, Hispanics, and Asians: 1970 and 1980,” *American Sociological Review* 52 (1987): 815-16; cited in Massey and Denton, *American Apartheid*.

<sup>51</sup> Douglas S. Massey and Nancy A. Denton “Trends in the Residential Segregation of Blacks, Hispanics, and Asians: 1970 and 1980”.

U.S. metropolitan areas refers here to the 50 largest Standard Metropolitan Statistical Areas.

<sup>52</sup> Ibid.; and Roderick J. Harrison and Daniel H. Weinberg, “Racial and Ethnic Segregation in 1990,” presented at the annual meetings of the Population Association of America, April 20–May 2, 1992, Denver, CO; cited in Massey and Denton, *American Apartheid*.

These indices of racial segregation measure the relative percentage of blacks who would have to move their place of residence to a different census tract in order to achieve an integrated, *i.e.* even racial residential pattern.

process, from the time a black or Hispanic calls a real estate agent to the time he is denied a mortgage. Examples of housing market discrimination include: a real estate agent indicating that an advertised unit is sold, when it is not; an agent showing only the advertised unit and no others; a lender denying a mortgage to a minority person when he would give the same mortgage to a white person; or an agent *steering* his customers—be they whites, minorities, rich or poor—to neighborhoods dominated by their race.<sup>53</sup> All told, Yinger calculates that a black person has a 60 percent chance of being discriminated against when he seeks to buy a home and visits one real estate agent; this increases to 90 percent when he visits three agents. Yinger found that housing discrimination was more prominent against blacks than Hispanics, but still significant for Hispanics as well.

### C. Fiscal Stress and High Development Costs on the Region's Fringe

Not only does regional polarization negatively impact the central city and other declining inner communities of a region, it also creates serious problems on the region's fringe—both for the communities that are developing there and for the natural environment.

As social and economic decline moves outward from the region's core, tides of middle-class families—often young families with children—sweep into fringe communities where local governments compete for limited tax resources to cover their growing infrastructure costs. Different types of land uses require different levels of public services (*e.g.*, schools, sewer and water treatment, roads, social services) and generate varying levels of tax revenue for a city. Understandably, from a local government standpoint, those uses that generate the most tax revenue and cost the least in terms of public services are the most desirable. Generally, non-residential uses are more profitable than residential uses with variable levels of return within each of these categories.<sup>54</sup> As the most profitable uses leave the compact confines of the central city, they become diluted in the vast expanse of the suburbs; there simply are not enough research office parks for every community to have one. Usually, only the wealthiest cities are able to attract the types of development that provide the most tax base and require the fewest city resources.<sup>55</sup> Other cities are left with miles of townhomes and mobile home parks that do not pay the cost of the schools, sewer lines, and other infrastructure the new residents require.

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<sup>53</sup> John Yinger, *Closed Doors, Opportunities Lost: The Continuing Costs of Housing Discrimination* (New York: Russell Sage Foundation, 1995).

<sup>54</sup> Typically the least profitable use are mobile home parks and the most profitable are research office parks, with garden apartments, inexpensive single-family homes, 3-4 bedroom townhomes, expensive single-family homes, 2-3 bedroom townhomes, retail facilities, open space, garden condominiums, age-restricted housing, 1 bedroom/studio high-rise apartments, industrial development, and office parks in between (moving from least to most desirable). In a very simple analysis, the break even point for school districts is somewhere between 3-4 bedroom townhomes and expensive single-family homes and the break-even point for municipalities is about at open space.

From Robert W. Burchell, "Fiscal Impact Analysis: State of the Art and State of the Practice," in Susan G. Robinson, ed. *Financing Growth: Who Benefits? Who Pays? And How Much?* (Government Finance Officers Association, 1990).

<sup>55</sup> Burchell, et. al., *Costs of Sprawl Revisited*.

It costs more to provide infrastructure—such as sewer service and adequate roads—to low density sprawling communities after the houses are built, than it does to provide such infrastructure to well planned, walkable neighborhoods before they are developed. Recent studies have found that public infrastructure costs for compact, planned development were 75 to 95 percent of the cost for unplanned, sprawl-type development.<sup>56</sup> Similarly, these studies found higher aggregate land costs under sprawl-type development than under compact, planned development.<sup>57</sup> This is because more people occupy less land under the former scenario than the latter.

Finally, development that utilizes existing capacity costs regions less over time than does new development. For example, in a study comparing potential costs that would be incurred and revenues that would be generated under low-density, sprawl-type development versus compact, planned development in the state of New Jersey, Robert Burchell found that directing population and job growth to already developed areas and using existing infrastructure, would save municipalities \$112 million annually and school districts \$286 million annually in maintenance costs and debt service.<sup>58</sup>

#### D. Environmental and Transportation Impacts

The vast supply of developmental infrastructure put into communities on the region's fringe—many of which are restrictively zoned, allowing little affordable housing—creates land-use patterns that are low density, economically inefficient, and environmentally harmful. Growing communities that face tremendous service and infrastructure needs (as described above) offer development incentives and zone in ways that allow them to capture the most tax base.<sup>59</sup> In so doing, they lock the region into low-density development patterns that needlessly destroy tens of thousands of acres of forest and farmland, destabilize environmentally sensitive areas, and greatly increase vehicle miles traveled and the number of automobile trips made.

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<sup>56</sup> James E. Frank, *The Costs of Alternative Development Patterns: A Review of the Literature* (1989); James E. Duncan, et. al, *The Search for Efficient Urban Growth Patterns* (1989); Robert W. Burchell, *Impact Assessment of the New Jersey Interim State Development and Redevelopment Plan* (1992); Robert W. Burchell, *Fiscal Impacts of Alternative Land Development Patterns in Michigan: The Costs of Current Development Versus Compact Growth* (1997); Robert W. Burchell, *South Carolina Infrastructure Study: Projection of Statewide Infrastructure Costs 1995-2015* (1997); Robert W. Burchell and David Listokin, *Land, Infrastructure, Housing Costs, and Fiscal Impacts Associated with Growth: The Literature on the Impacts of Traditional versus Managed Growth* (1995); cited in Burchell, et. al., *Costs of Sprawl Revisited*.

<sup>57</sup> Burchell, *Impact Assessment of the New Jersey Interim State Development and Redevelopment Plan*; Burchell, *Fiscal Impacts of Alternative Land Development Patterns in Michigan*; Burchell, *South Carolina Infrastructure Study*; John D. Landis, "Imagining Land Use Futures: Applying the California Urban Futures Model", *Journal of the American Planning Association*, 61, 4 (Autumn): 438-457 (1995); cited in: Robert W. Burchell, et. al., *Costs of Sprawl Revisited*.

<sup>58</sup> Burchell, *Impact Assessment of the New Jersey Interim State Development and Redevelopment Plan*.

<sup>59</sup> D. Winsor, *Fiscal Zoning in Suburban Communities* (1979); B. Rolleston, "Determinants of Restrictive Suburban Zoning: An Empirical Analysis," *Journal of Urban Economics* 21 (1987): 1-21; M. Wasylenko, "Evidence of Fiscal Differentials and Intrametropolitan Firm Relocation," *Land Economics* 56 (1980): 339-56.

In *Costs of Sprawl Revisited*, Robert Burchell and colleagues synthesized approximately 500 studies that measured the costs of sprawl. They found broad agreement in the studies that sprawl development as opposed to compact development generates more miles of vehicle travel and more automobile trips (and fewer trips using other modes of transportation).<sup>60</sup> These transportation-related impacts are caused by lower levels of density and more segregated land uses. In communities developing on the region's fringe, the places where people live, work, play, go to school, and shop are spread over a much greater land area and are rarely integrated, essentially requiring travel by car and requiring many miles of such travel. Ultimately this can mean increased air and water pollution, noise, parking costs, and accident costs. When homes, shops, and workplaces are clustered together, as under higher-density, planned forms of development, fewer trips by automobile are necessary as some trips can be combined, and other modes of travel become more efficient and feasible, such as transit, walking, and bicycling.

Burchell also found broad agreement among the studies he examined that more agricultural and fragile lands are lost under sprawl development than under compact, planned development. In essence, the studies found this to be so because more lands are needed for low density development on the edges of metropolitan regions. When land just beyond the developed area of a region becomes highly sought after, those who own it experience tremendous pressure to sell. Because land on the edge of the region is so valuable—both to the seller and to the city once it is developed—and because development there often lacks coordinated planning, it is likely that sensitive areas such as wetlands, flood plains, and steeply sloped and unstable coastal areas will be developed. As an example of this, one study estimates that 110 million acres of wetlands have been lost in the United States since colonial times, or 55 percent of originally documented wetlands.<sup>61</sup> When these fragile lands are developed and later fail, the damage—to people, homes, and communities—is often devastating and the financial costs exorbitant.

Probably the most intensive effort to protect agricultural and fragile lands in the United States from development has been the establishment of over 1,300 land trusts, some dating to the 1950s. However, while these efforts have been well-intentioned, they have been extremely costly and terribly ineffective in changing the nature of U.S. development patterns. In order to purchase potentially developable land from land owners, these trusts secure large amounts of money from public and private sources. As the land trusts occupy philanthropic and community energy and commitment (much like community development has occupied the field of urban poverty) trend-shaping action that systemically affects regional social separation and sprawling land-use patterns—goals that are more controversial and difficult to accomplish but yield more effective, long-term results—are almost entirely ignored.

Despite intense investment in land trusts by government agencies and foundations, sprawl development continues to consume more land on the edge of metropolitan regions each year than

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<sup>60</sup> Burchell, et. al., *Costs of Sprawl Revisited*.

<sup>61</sup> Thomas E. Dahl, *Wetlands Losses in the United States: 1780s - 1980s* (1990).

all of these land trusts have saved in twenty years.<sup>62</sup> According to the American Farmland Trust, only about 36,000 acres of farmland are saved from development each year by the fourteen largest state land trusts.<sup>63</sup> The Trust for Public Land, one of the largest land trusts in the nation, has protected nearly 40,000 acres of land per year since 1976 (both farmland and environmentally sensitive lands).<sup>64</sup> These numbers, while large, are not nearly enough to make up for the millions of acres of agricultural and fragile lands lost each year that could have been protected by legislation like the Oregon Land Use Act.

### III. The Diversity of Metropolitan Areas

#### A. The Sectoral Development of American Metropolitan Areas

Students of American metropolitan housing markets, from Homer Hoyt through John Adams, have demonstrated that American metropolitan areas develop in socioeconomic sectors, or wedges, that reach out from central city neighborhoods deep into suburbia.<sup>65</sup> As cities come into being, neighborhoods segment along class lines in sectors surrounding a growing central business district. The working class settles within walking distance of industrial sites. The middle class forms neighborhoods “upwind (or at least not downwind)”<sup>66</sup> from heavy transport and manufacturing areas on sites close to white-collar, downtown jobs. The upper class settles in neighborhoods removed from the other two groups, often on land with attractive topographical features. Over time, these three distinct neighborhoods grow in pie-shaped wedges into the expanding city.

Historically, as these sectors filled out city boundaries, working-class neighborhoods extended into working-class first- and second-tier suburbs, middle-class neighborhoods into middle-class suburbs, and upper-class neighborhoods into upper-class suburbs. These patterns followed streetcar lines and radial access roads beyond the city into the first-tier suburbs.

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<sup>62</sup> Henry R. Richmond, "Program Design: The American Land Institute". a report to the Steering Committee, American Land Institute, August 29, 1997.

<sup>63</sup> Trust for Public Land newsletter, September 22, 1996.

<sup>64</sup> Richmond, "A Land Use Policy Agenda for 21<sup>st</sup> Century America".

<sup>65</sup> John S. Adams, "Housing Submarkets in an American Metropolis," in *Our Changing Cities*, ed. John Fraser, (Baltimore: Johns Hopkins University Press, 1991), 108-26; Homer Hoyt, *The Structure and Growth of Residential Neighborhoods in American Cities* (Washington D.C.: US Government Printing Office, 1939) reprinted in 1966 with analysis of the 1960 census data; Ronald F. Abler and John S. Adams, *A Comparative Atlas of America's Great Cities: Twenty Metropolitan Regions* (University of Minnesota Press: Association of American Geographers, 1976); John Adams, *Housing America in the 1980s* (New York: Russell Sage Foundation, 1987); John S. Adams, "The Sectoral Dynamic of Housing Markets within Midwestern Cities of the United States," in *The Geographic Evolution of the United States Urban System*, ed. John Adams.

<sup>66</sup> Adams, "Sectoral Dynamic."

Over time, these patterns have played out in the San Diego region. Here, it appears the poor, historically concentrated in the neighborhoods closest to downtown San Diego, have spread from there south and east into the nearby suburban communities of National City, Chula Vista, Imperial Beach, Lemon Grove, and La Mesa. The middle-class appears to have spread from eastern San Diego into the suburbs just east of the city: Santee, El Cajon, and the unincorporated parts of San Diego County just beyond those places. At the same time, the affluent neighborhoods on San Diego's north side have spread further north into places like Solana Beach, Encinitas, Carlsbad, and Poway.

## B. San Diego Metropolitan Subregions

The current estimated total population of the San Diego region is 2,853,258 and there are 19 incorporated places. We have divided all of the municipalities (excluding San Diego) and unincorporated San Diego County into eight subregions of the San Diego metropolitan area: 1) Low Capacity, Developed, Stressed; 2) Low Capacity, Developing, Stressed; 3) Low Capacity, Developed; 4) Low Capacity, Developing; 5) High Capacity, Developed, Stressed; 6) High Capacity, Developing, Stressed; 7) High Capacity, Developed; 8) High Capacity, Developing (Figure 1). The jurisdictions were divided into these subregions based on their relative property and sales tax capacities, their relative percentage of non-Asian minority elementary students and percentage of students eligible for free lunch, and their stage of development (see Appendix A for the data and calculations used to assign places to subregions).<sup>67</sup>

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<sup>67</sup> First, a weighted regional property tax *rate* is calculated from the total of all the jurisdiction's assessed property values and property tax revenues. This rate is then applied to each jurisdiction's total assessed property value per household to determine its property tax capacity. Next, a weighted regional sales tax rate is calculated from the total of all the jurisdiction's taxable transaction values and sales tax revenues. This rate is then applied to each jurisdiction's taxable transactions per household to determine its sales tax capacity. Each jurisdiction's two tax capacity figures are then summed together to produce a property and sales tax capacity figure. Each jurisdiction is then assigned a capacity score based on its value in relation to the regional value (above the regional value = High Capacity, below the regional value = Low Capacity). Next, for each jurisdiction, z-scores are determined for both of the stress factors (percentage of non-Asian minority elementary students and percentage of students eligible for free lunch). A z-score is the normalized deviation from the average. So, for example, a jurisdiction whose percentage non-Asian elementary students fell at exactly average for the region would have a non-Asian elementary students z-score of zero. The z-scores were multiplied by -1 resulting in a positive number for places with a below-average stress level and a negative number for places with an above-average stress level. Then, the two z-scores were averaged together to arrive at a combined stress score for the jurisdiction. Finally a stage of development component value is assigned to each jurisdiction based on the percentage of the jurisdiction's total land area that has been developed (80 percent or more developed land = Developed, less than 80 percent developed land = Developing). Each jurisdiction is then assigned to one of the eight subregion categories based on their stress score, fiscal capacity score, and stage of development score.

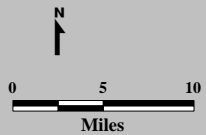
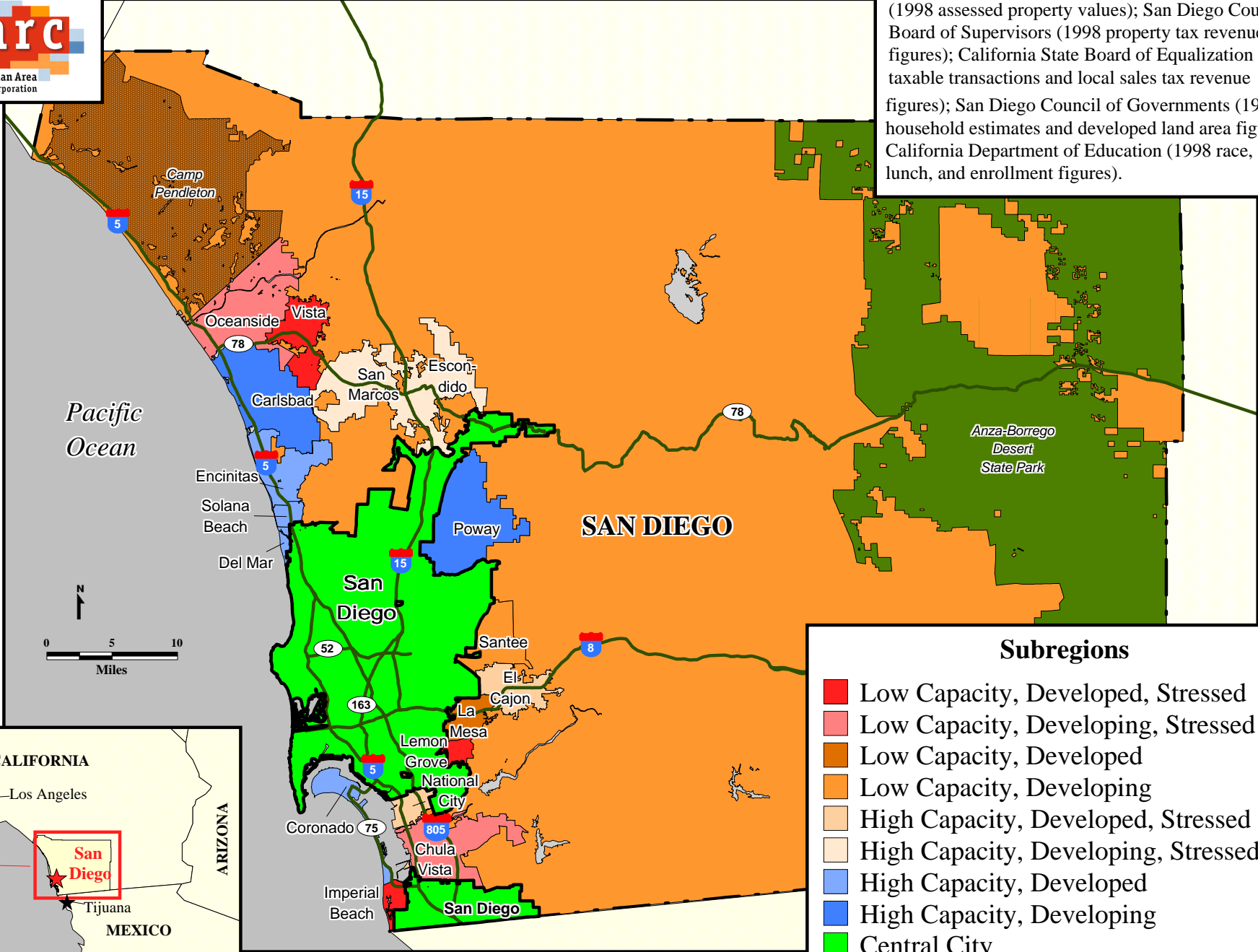
1998 percentage of non-Asian minority elementary students and 1998 percentage of students eligible for free lunch data are from the California Department of Education; 1998 assessed property values are from the San Diego County Assessor-Recorder; 1998 property tax revenues are from the San Diego County Board of Supervisors; 1997 taxable transactions and local sales tax revenues are from the California State Board of Equalization; 1998 household estimates and developed land figures are from the San Diego Council of Governments.



# Figure 1: San Diego Subregions



Data Sources: San Diego County Assessor-Recorder (1998 assessed property values); San Diego County Board of Supervisors (1998 property tax revenue figures); California State Board of Equalization (1997 taxable transactions and local sales tax revenue figures); San Diego Council of Governments (1998 household estimates and developed land area figures); California Department of Education (1998 race, free lunch, and enrollment figures).



Subregions	
<span style="color: red;">■</span>	Low Capacity, Developed, Stressed (3)
<span style="color: pink;">■</span>	Low Capacity, Developing, Stressed (2)
<span style="color: brown;">■</span>	Low Capacity, Developed (1)
<span style="color: orange;">■</span>	Low Capacity, Developing (2)
<span style="color: lightorange;">■</span>	High Capacity, Developed, Stressed (2)
<span style="color: peachpuff;">■</span>	High Capacity, Developing, Stressed (2)
<span style="color: lightblue;">■</span>	High Capacity, Developed (4)
<span style="color: blue;">■</span>	High Capacity, Developing (2)
<span style="color: green;">■</span>	Central City (1)

## 1. The Fiscal Capacity Component

Property tax capacity is used as a measure of local fiscal capacity because, despite limitations set by Proposition 13, it is the second largest source of local tax revenue for cities and the largest source for counties. Sales tax capacity is used as a measure of local wealth because it is the largest source of local tax revenue for cities (counties do not rely very heavily on sales tax). This will be discussed in greater detail in the Fiscal Disparities section of this report. Further, unlike most of the other major sources of city and county revenue—such as state and federal aid—tax revenue sources (and competition among jurisdictions for them), are intimately tied to city and county land-use decisions.

Low capacity communities typically have few resources with which to address growing social needs (if they are also stressed communities such as Vista, Imperial Beach, or Lemon Grove) and infrastructural needs (if they are developing communities such as Oceanside or Santee). If they are developing, they will often engage in bidding wars that they cannot afford in order to attract land uses that require the least city services and generate the most sales or property tax revenue. High capacity communities often have adequate resources to address their social or infrastructural needs. If they are lucky and also have few social stresses (such as Poway, Encinitas, or Del Mar) their tax revenues can go much further and they can provide their residents and businesses with more and better quality services than other jurisdictions can. Many high capacity communities (such as National City or San Marcos), however, fall into this category because they have a large industrial base or have many strip malls and big-box retail facilities rejected by the wealthier communities. The former often means a poorer residential community with high social needs (which can strain the schools) and the latter usually means a higher than usual crime rate (a strain on the local police department).

## 2. The Social Stress Component

We use percentage of students eligible for free and reduced-cost lunch as a measure of social stress because schools are the first victim and the most powerful perpetrator of metropolitan polarization. Local schools become socioeconomically distressed before neighborhoods themselves become poor. Hence, increasing poverty among a community's schoolchildren is a prophecy for the community. This will be discussed in greater detail in the Schools section of this report. In essence, the school children are the most likely individuals to be adults in the community. Further, middle-class families with residential choices will not tolerate high concentrations of poverty in their local schools. As the middle-class opt out of communities because of their schools, it sets in place a whole series of changes that will have significant, long term consequences for the community.

Stressed communities are places that have experienced negative social change and increased racial segregation since 1980 or are beginning to experience such change. Stressed places that also have low fiscal capacity (such as Imperial Beach or Lemon Grove), often do not have sufficient resources to respond to growing social challenges. It is important to note that in older metropolitan areas of the country, as poverty and social instability crossed city/suburban lines or began to grow in older towns and cities overrun by urban sprawl, it actually began to accelerate and intensify. Many older transitioning suburbs on the south and west sides of Chicago and in communities such as Camden, New Jersey and Compton, California suffer much more

severe segregation, deprivation, and intense levels of crime than the cities they adjoin.<sup>68</sup> The many stressed communities of the San Diego region (particularly those that have low fiscal capacity and are fully developed) face this same danger.

### 3. The Stage of Development Component

Whether a city is fully-developed or has room for growth (and therefore room for additional property and sales tax base) will greatly influence its perception of its future and its receptivity to a regional cooperation on land use, fiscal, and governance policies. If a city is fully developed, unless it can afford the costs associated with redevelopment, it has far fewer development options than greenfield developing communities. Fully developed cities, particularly if they are stressed and of low fiscal capacity, can have great difficulty competing in a metropolitan environment with more advantaged communities. These types of communities, if they can be identified, are far easier to convince of the need for regional cooperation. Hence, they often form a nucleus for further coalition building. Conversely, developing cities, even if stressed, often feel that they can grow their way out of problems by creating a more aggressive fiscal zoning policy, i.e. by competing harder for big-box stores and by keeping out the affordable housing. Finally, fully-developed communities, even if they are affluent, realize that a new regime of land-use planning is not likely to effect them much for the simple reason that they have completed most of their development decisions. Hence, they are easier at the beginning to convince of the need for regional cooperation.

## IV. Demographic Findings

This section examines social, economic, and urbanization trends in the San Diego metropolitan area to determine whether regional polarization and sprawl are occurring. These trends are illustrated using color-coded, GIS-generated maps, where in most cases, the value for the region is at the break between the orange and blue categories.<sup>69</sup> Thus, on each map, orange and red jurisdictions are below average for the region and blue jurisdictions are above average. The patterns revealed through comparing these maps will help to identify local governments with common needs and resources in the San Diego area.

The first few maps and tables illustrate social and economic trends in the region between the 1980 and 1990 census periods. These data show that during the 1980's poverty grew increasingly concentrated in San Diego (including San Ysidro), in suburbs just south and east of downtown San Diego, as well as in the satellite cities north of the city along State Highway 78 (the Vista Freeway). Further, the greatest decreases in income and increases in childhood poverty and female-headed households were in the suburbs—not in the central city—particularly in the South Bay communities of National City, Chula Vista, and Imperial Beach and in the eastern suburbs of San Diego. By 1990 almost all of the region's southern communities were doing very poorly in terms of income, childhood poverty, and female-headed households. At the same time,

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<sup>68</sup> Orfield and Monfort, "School Desegregation," 30; Rob Gurwitt, "Saving the Aging Suburb," *Governing* 6, no. 8 (1993): 36; Paul Glastris and Dorian Friedman, "A Tale of Two Suburbias," *US News and World Report* (9 November 1993): 32-36; Massey and Denton, *American Apartheid*, 67-74. See also Schools section below.

despite some increase in female-headed households, most of the communities just north of San Diego and south of the Vista Freeway were doing much better than the regional average by 1990.

While poverty, childhood poverty, household income, and female-headed household data are not available for the region beyond 1990, other data indicate that the same trends have continued well into the 1990's. The twenty-four maps that follow the census data show that social need continues to be concentrated in San Diego, its eastern suburbs, the South Bay communities (excluding Coronado), and to a lesser extent, the cities along the Vista Freeway. In these same places, economic resources remain among the lowest in the region and continue to decline. At the same time, the jurisdictions north of San Diego but south of the Vista Freeway—the places with the fewest social needs and most economic resources in 1990—are only getting better. In addition, regional resources are flowing to these areas, further improving the status of these places.

#### A. Concentrated Poverty

As discussed in Section II of this report, the effects of concentrated poverty are devastating—both to individuals and to communities. In the central city of San Diego there is a subset of distressed census tracts with more than 40 percent of its population below the federal poverty line.<sup>70</sup> According to sociologists, such neighborhoods are extreme poverty tracts or ghettos.<sup>71</sup> Surrounding these severely distressed neighborhoods are transitional neighborhoods with 20 to 40 percent of their population in poverty.<sup>72</sup> In the 1970s, extreme poverty tracts and transitional neighborhoods exploded in size and population in the large cities of the Northeast and Midwest. During the 1970s, New York City's ghetto, the nation's largest, increased from 70 census tracts to 311.<sup>73</sup> During the 1980s, ghettoization rapidly increased in Chicago, Detroit, and

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<sup>69</sup> The maps presented in this section were created using geographic information system (GIS) software. This software attaches data stored in a separate database to a geographic base map. The data source for each map is noted on the map. The break points for the data were determined using a method of natural breaks. With this method the data are split at places where a gap in the data naturally occurs. This method helps to insure that the places in a particular color category have values that are closer to each other than they are to the values for places in other categories.

<sup>70</sup> In 1990 the poverty line for a single mother with a child was \$8,420; for a family of three it was \$10,560; for a family of four, \$12,700. (Federal Register 1990, vol. 55, no. 33: 5665). While it could be argued that the Federal poverty line is a rather conservative measure of poverty, we use it here for reasons of data availability and to be able to compare poverty levels in this region to other metropolitan areas of the U.S. Another measure of poverty is student eligibility for the Federal Free and Reduced-cost Meal program—130% of the Federal poverty line for free lunches and 185% of the poverty line for reduced cost lunches. This measure will be used later in this study.

<sup>71</sup> See Paul A. Jargowsky and Mary Jo Bane, "Ghetto Poverty in the United States, 1970 to 1980," in Christopher Jencks and Paul E. Peterson (eds.), *The Urban Underclass* (Washington, DC: The Brookings Institution, 1991), 235-273; John D. Kasarda, "Inner-City Concentrated Poverty and Neighborhood Distress: 1970 to 1990," *Housing Policy Debate* 4, no. 3: 253-302.

<sup>72</sup> Ibid.

<sup>73</sup> Kasarda, "Concentrated Poverty," 261.

many of the secondary cities of the Northeast and Midwest.<sup>74</sup> This trend, thus far, has been less pronounced in western cities, but poverty is growing.<sup>75</sup>

In 1980, 11.8 percent of the San Diego region lived in poverty (Figure 2).<sup>76</sup> By 1990 this figure had decreased to 10.9 percent—by 0.9 percentage points (Figure 3).<sup>77</sup> Despite this overall decrease in percentage persons in poverty, poverty became more *concentrated* in the central city and in the centers of the region’s older inner suburbs and satellite cities. In 1980 there was one extreme poverty tract (a tract with 40 percent or more of its residents in poverty) in the San Diego region. This one tract was in downtown San Diego. By 1990 there were a total of seven extreme poverty tracts in the region. Again, all were in the central city. An additional forty-five tracts in the region were transitional tracts in 1980 (tracts with between 20 and 40 percent of their population in poverty). Thirty-four of these were in San Diego, four were in National City, and three were in Oceanside. Vista, El Cajon, Coronado, and unincorporated San Diego County each had one such tract. The number of transitional tracts in the region increased by six between 1980 and 1990 to fifty-one. While the central city lost four transitional tracts (because they became extreme poverty tracts), National City gained one, San Diego County gained two, El Cajon gained two, and San Marcos, Lemon Grove and Escondido gained their first transitional tracts. Escondido actually gained its first four such tracts!

**Poverty Tracts, 1980**

	<u>San Diego</u>	<u>Suburbs</u>	<u>Total Region</u>
<b>Extreme (40%+)</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Transitional (20-40%)</b>	<b>34</b>	<b>11</b>	<b>45</b>

**Poverty Tracts, 1990**

	<u>San Diego</u>	<u>Suburbs</u>	<u>Total Region</u>
<b>Extreme (40%+)</b>	<b>7</b>	<b>0</b>	<b>7</b>
<b>Transitional (20-40%)</b>	<b>30</b>	<b>21</b>	<b>51</b>

**B. Poor Children**

In the next three sections, the 1990 data are first presented at the municipality and county level and then at the census tract level. Municipalities and counties have land-use planning powers and are where regional reform begins. Elected officials who represent these places need

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<sup>74</sup> Kasarda, “Concentrated Poverty”; Paul A. Jargowsky, “Ghetto Poverty Among Blacks,” *Journal of Policy Analysis and Management* 13, no. 2 (1994): 288-310.

<sup>75</sup> Ibid.

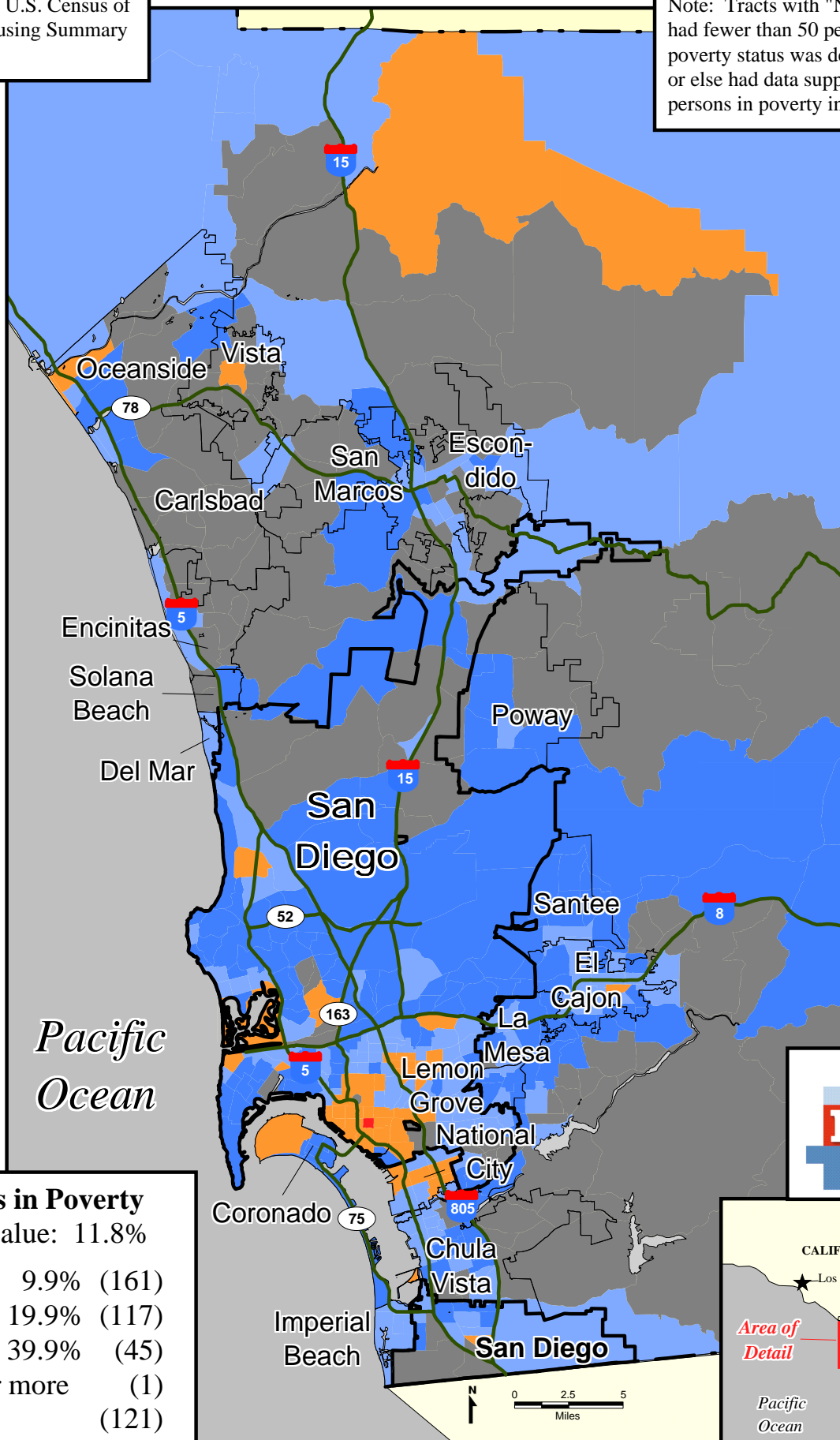
<sup>76</sup> *Census of Population and Housing, 1980: Summary Tape File 3A*, [machine-readable data files] / prepared by the Bureau of the Census. –Washington: The Bureau [producer and distributor], 1981.

<sup>77</sup> *Census of Population and Housing, 1990: Summary Tape File 3A*, CD ROM/ prepared by the Bureau of the Census. –Washington: The Bureau [producer and distributor], 1991.

# Figure 2: Percentage Persons in Poverty by Census Tract, 1980

Data Source: 1980 U.S. Census of Population and Housing Summary Tape File 3A.

Note: Tracts with "No data" either had fewer than 50 persons for whom poverty status was determined in 1980 or else had data suppression on total persons in poverty in 1980.



**% Persons in Poverty**  
Regional Value: 11.8%

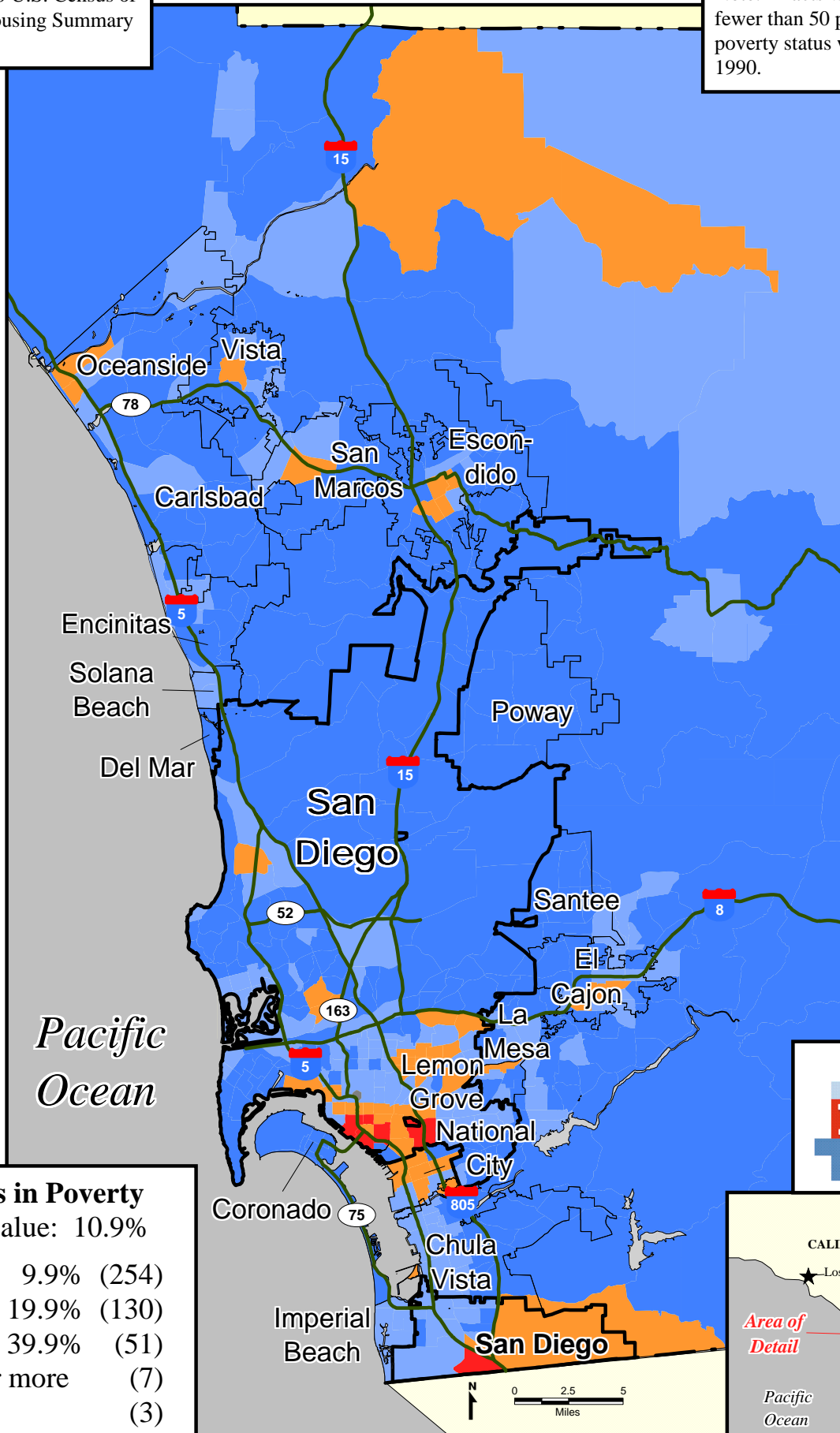
Dark Blue	0.0 to 9.9%	(161)
Light Blue	10.0 to 19.9%	(117)
Orange	20.0 to 39.9%	(45)
Red	40.0% or more	(1)
Grey	No data	(121)



# Figure 3: Percentage Persons in Poverty by Census Tract, 1990

Data Source: 1990 U.S. Census of Population and Housing Summary Tape File 3A.

Note: Tracts with "No data" had fewer than 50 persons for whom poverty status was determined in 1990.



**% Persons in Poverty**  
Regional Value: 10.9%

0.0 to 9.9%	(254)
10.0 to 19.9%	(130)
20.0 to 39.9%	(51)
40.0% or more	(7)
No data	(3)



to be able to see what is happening within their borders relative to other municipalities and counties in the region. When making decisions for his or her jurisdiction, an elected official must consider the jurisdiction's disadvantages and assets in the aggregate and how they compare to other jurisdictions in the region. For these reasons, data presented at the municipality or county level can be very valuable. Census tracts help to illustrate what is happening within large and diverse jurisdictions like San Diego and in the sparsely populated unincorporated areas of the counties.

During the 1980s, the federal poverty line did not keep up with inflation. By 1990, a single mother and her child were not considered poor unless they had an annual income of less than \$8,420.<sup>78</sup> Most social scientists do not think this is a measure of poverty, but of desperate poverty.<sup>79</sup>

In 1990, 17.2 percent of the San Diego region's children under five years old lived in poverty (Figure 4).<sup>80</sup> In the city of San Diego, 20.8 percent the children under five years old lived in poverty. However, two suburban communities had more preschool children living in poverty than the central city: El Cajon (21.8 percent) and National City (33.5 percent). Imperial Beach was just below San Diego with 20.6 percent children under five in poverty. These were all stressed communities. On the other hand, four cities had fewer than 6 percent children under five in poverty. These were all high capacity cities with few social stresses (both developing and developed): Carlsbad (5.9 percent), Encinitas (4.9 percent), Coronado (2.2 percent), and Del Mar (0 percent).

A look at the census tracts shows that, while overall more than 20 percent of the children in the city of San Diego lived in poverty, large parts of the city had very small percentages of poor children. The majority of the tracts north of I-8 (the Mission Valley Freeway) in San Diego had less than 11 percent children under five in poverty (Figure 5). Similarly, while unincorporated St. Charles County as a whole had 13.4 percent of its preschool children living in poverty, there large tracts in northern and southeastern San Diego County with more than 20 percent poor children.

In terms of the change in the level of childhood poverty over the decade, overall childhood poverty remained relatively stable, decreasing by only 0.8 of a percentage point (Figure 6).<sup>81</sup> During this period, the rate of childhood poverty in the city of San Diego also remained relatively stable, increasing by only 0.8 of a percentage point. However, as childhood poverty swept across city/suburban borders, in many communities it tended to grow more rapidly than in the central city. Between 1980 and 1990 four communities increased at a greater rate than the central city. All of these were high capacity, stressed communities (both developed and

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<sup>78</sup> Family of three: \$10,560; family of four: \$12,700. (Federal Register 1990, vol. 55, no. 33: 5665).

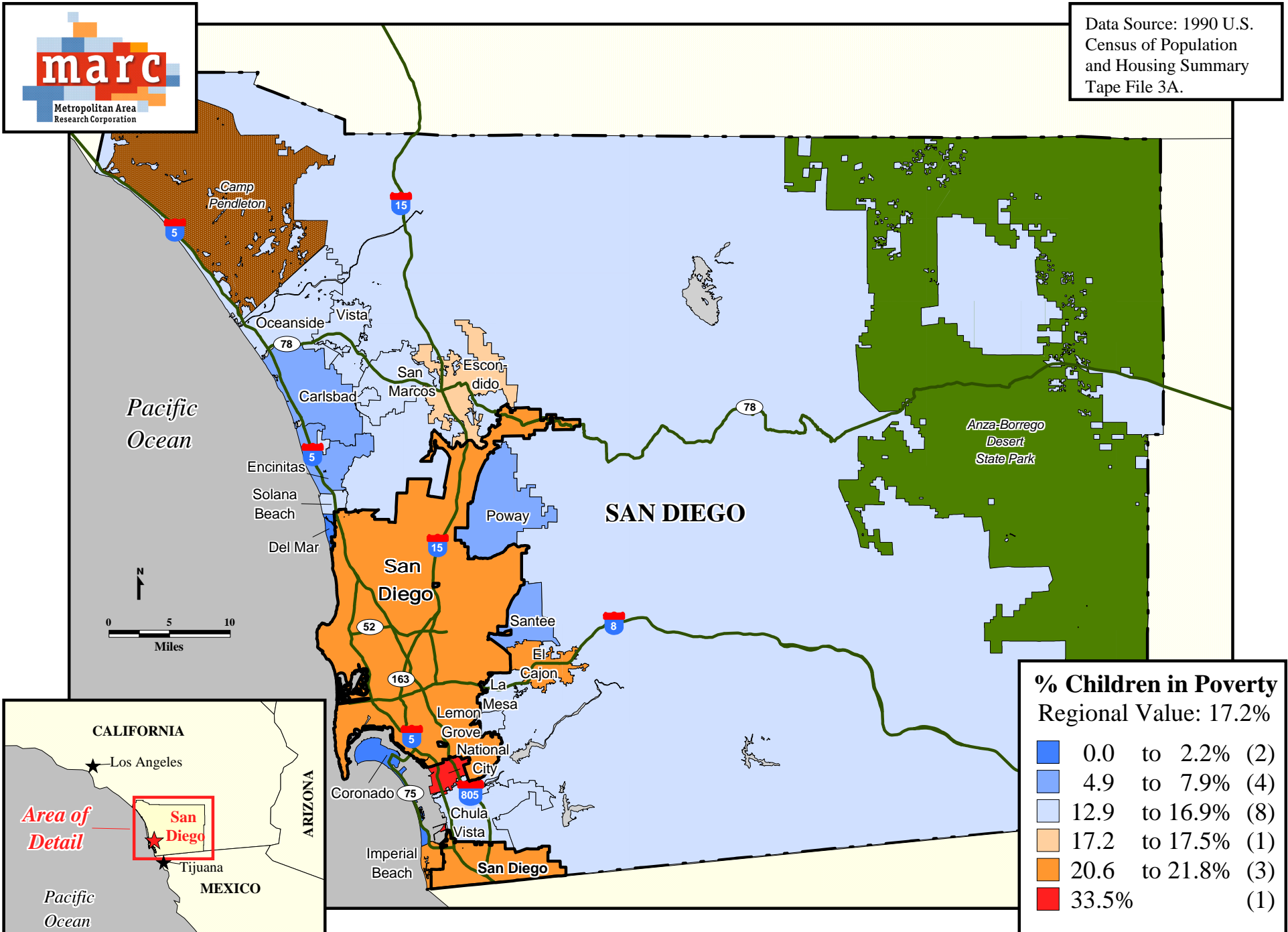
<sup>79</sup> Another measure of poverty is student eligibility for the Federal Free and Reduced-cost Meal program—130% of the Federal poverty line for free lunches and 185% of the poverty line for reduced cost lunches. This measure will be used later in this study.

<sup>80</sup> *Census of Population and Housing, 1990: Summary Tape File 3A.*

<sup>81</sup> *Census of Population and Housing, 1980: Summary Tape File 3A and Census of Population and Housing, 1990: Summary Tape File 3A.*



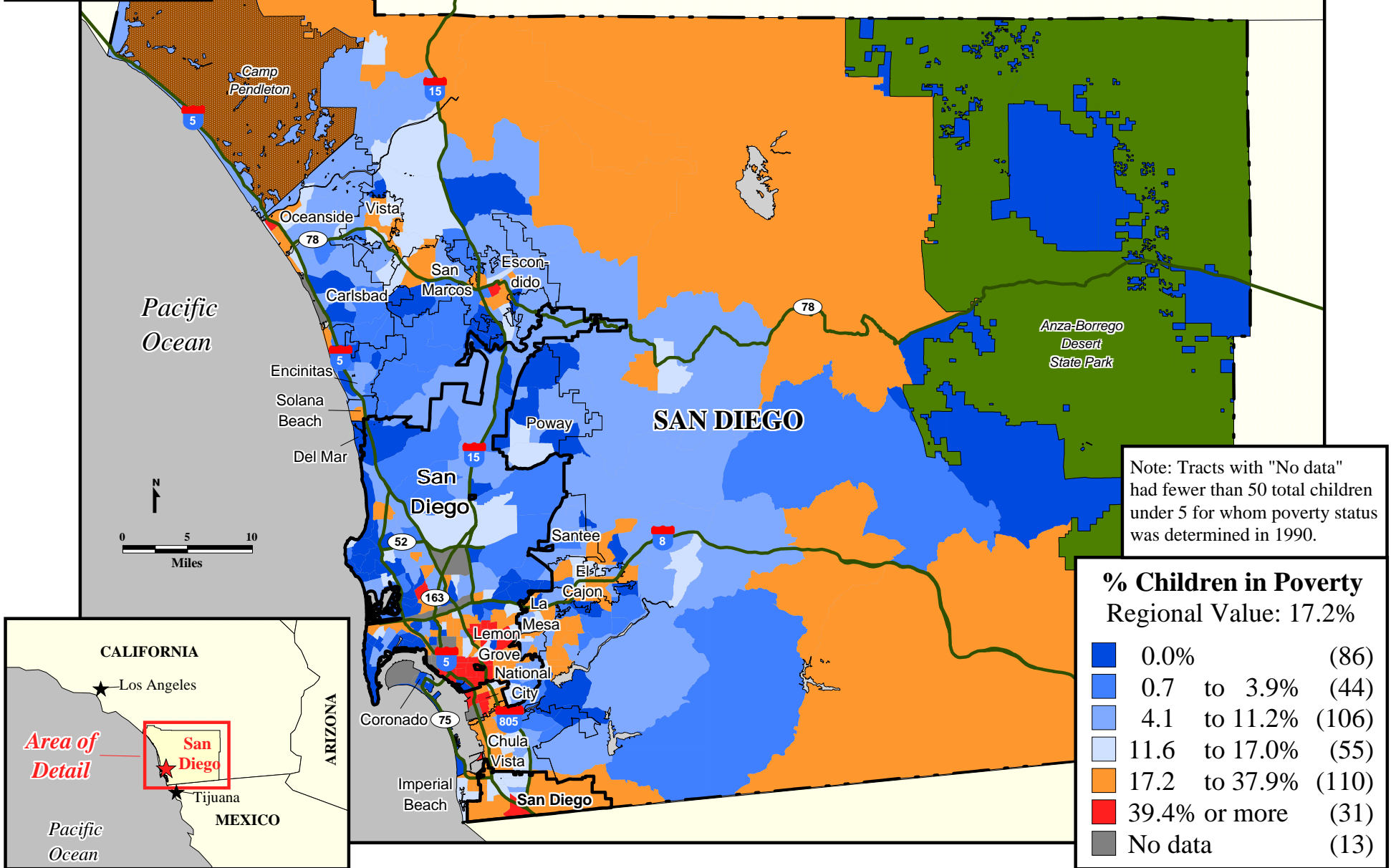
**Figure 4: Percentage of Children Under 5 in Poverty by Municipality and County Unincorporated Area, 1990**



**Figure 5: Percentage of Children Under 5 in Poverty by Census Tract, 1990**



Data Source: 1990 U.S. Census of Population and Housing Summary Tape File 3A.

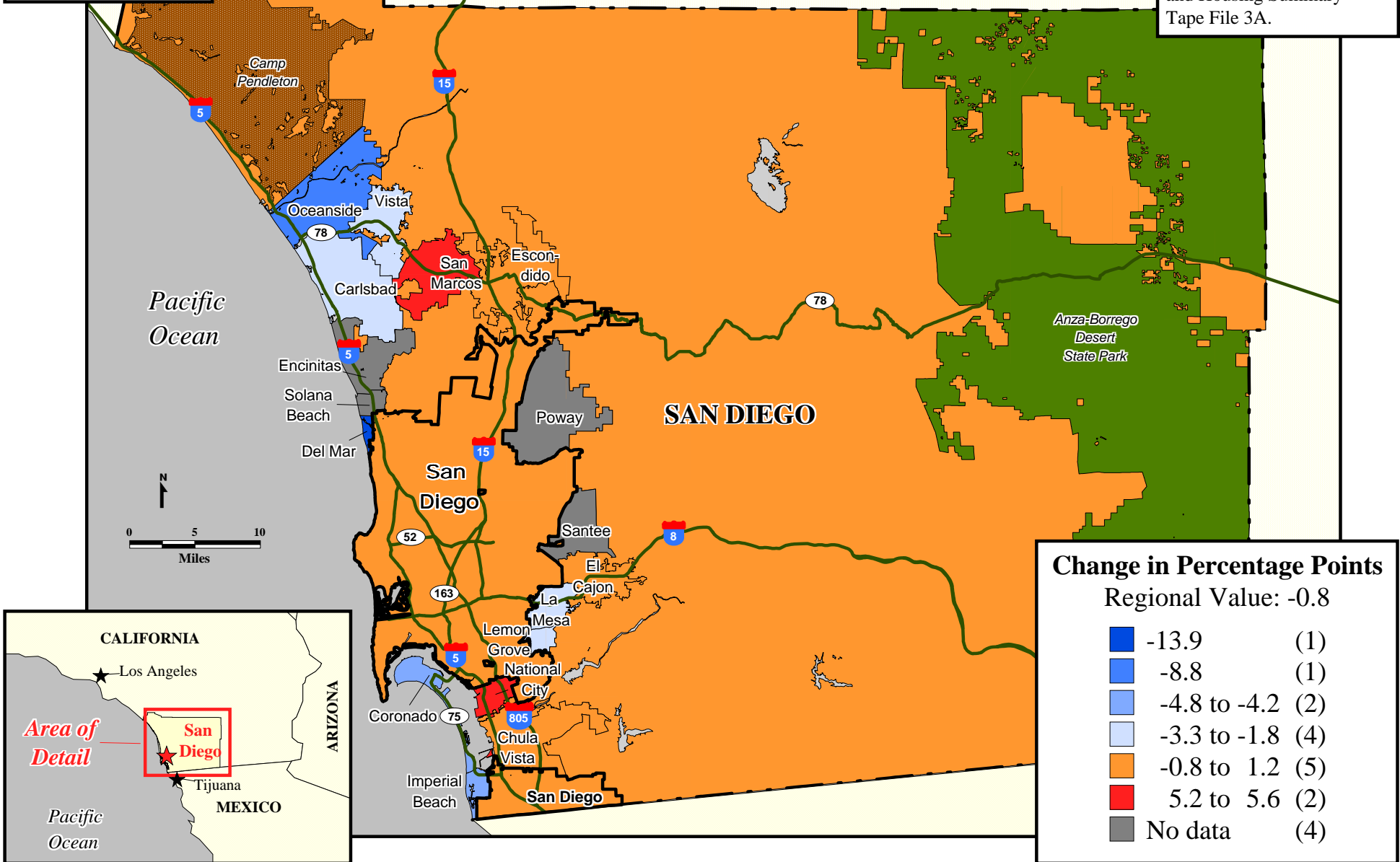


# Figure 6: Change in Percentage Points - Children Under 5 in Poverty by Municipality and County Unincorporated Area, 1980-1990

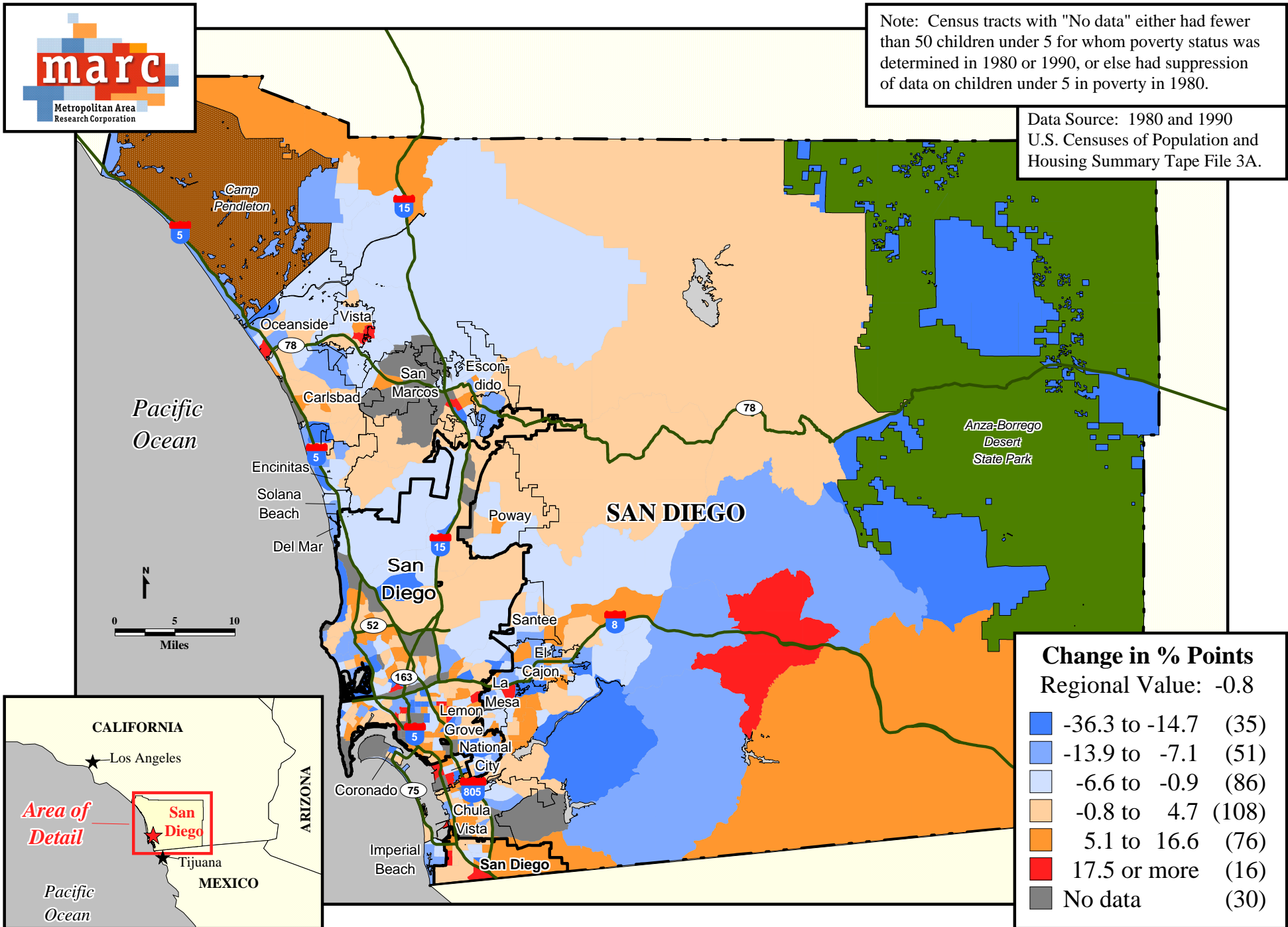


Note: Municipalities with "No data" did not exist in 1980.

Data Source: 1980 & 1990 U.S. Censuses of Population and Housing Summary Tape File 3A.



# Figure 7: Change in Percentage Points - Children Under 5 in Poverty by Census Tract, 1980-1990



developing). Two suburban communities increased by more than 5 percentage points: San Marcos went from 11.7 to 16.9 percent poor children (5.2 percentage points) and National City went from 27.9 to 33.5 percent poor children (5.6 percentage points). On the other hand, Carlsbad, Coronado, and Del Mar—high capacity cities already among the lowest in percentage poor children in 1980—decreased in this figure over the decade. Carlsbad went from 8.7 to 5.9 percent (-2.8 percentage points), Coronado from 6.4 to 2.2 percent (-4.2 percentage points), and Del Mar from 13.9 to 0 percent (-13.9 percentage points).

Again, the tract-level map shows much diversity in most of the region's jurisdictions, particularly in the city of San Diego and in unincorporated San Diego County (Figure 7).

### C. Female-Headed Households

We use percent female-headed households as a measure of a city's social and economic stress because it allows us to include a portion of the population that may not necessarily have poverty-level incomes, but nevertheless do have very low incomes and have additional challenges and needs that two-parent families often do not have. Children in homes with one parent have only one adult to care for them and to bear the emotional and interpersonal responsibilities of raising children—a daunting enough task for two people. Further, single-parent households are simply much poorer than two-parent households and hence pay less taxes and are likely to require more services in terms of local school and social welfare expenditures. The Statistical Abstract of the United States shows that in 1995 the median household income for a married couple with children under 18 was \$47,129, for a single father it was \$33,534, and for a single mother it was only \$21,348.<sup>82</sup> Thus, half of all households headed by single mothers in the U.S. in 1995 made less than \$21,348 per year. Further, while nearly 75 percent of single mothers with children had household incomes below \$35,000, only 34 percent of married families with children did.

In the San Diego region, single mothers headed 19.0 percent of all households with children in 1990 (Figure 8).<sup>83</sup> Over 20 percent of all households with children in the city of San Diego and in five suburban communities were headed by single mothers: San Diego (21.4 percent), Imperial Beach (22.0 percent), La Mesa (23.8 percent), El Cajon (25.3 percent), and National City (28.0 percent). All of these places were fully developed and most were low capacity and/or stressed. Except for unincorporated San Diego County (12.6 percent), the places with the smallest percentage of female-headed households were high capacity cities with few social stresses: Carlsbad (15.6 percent), Del Mar (13.8 percent), and Poway (11.1 percent).

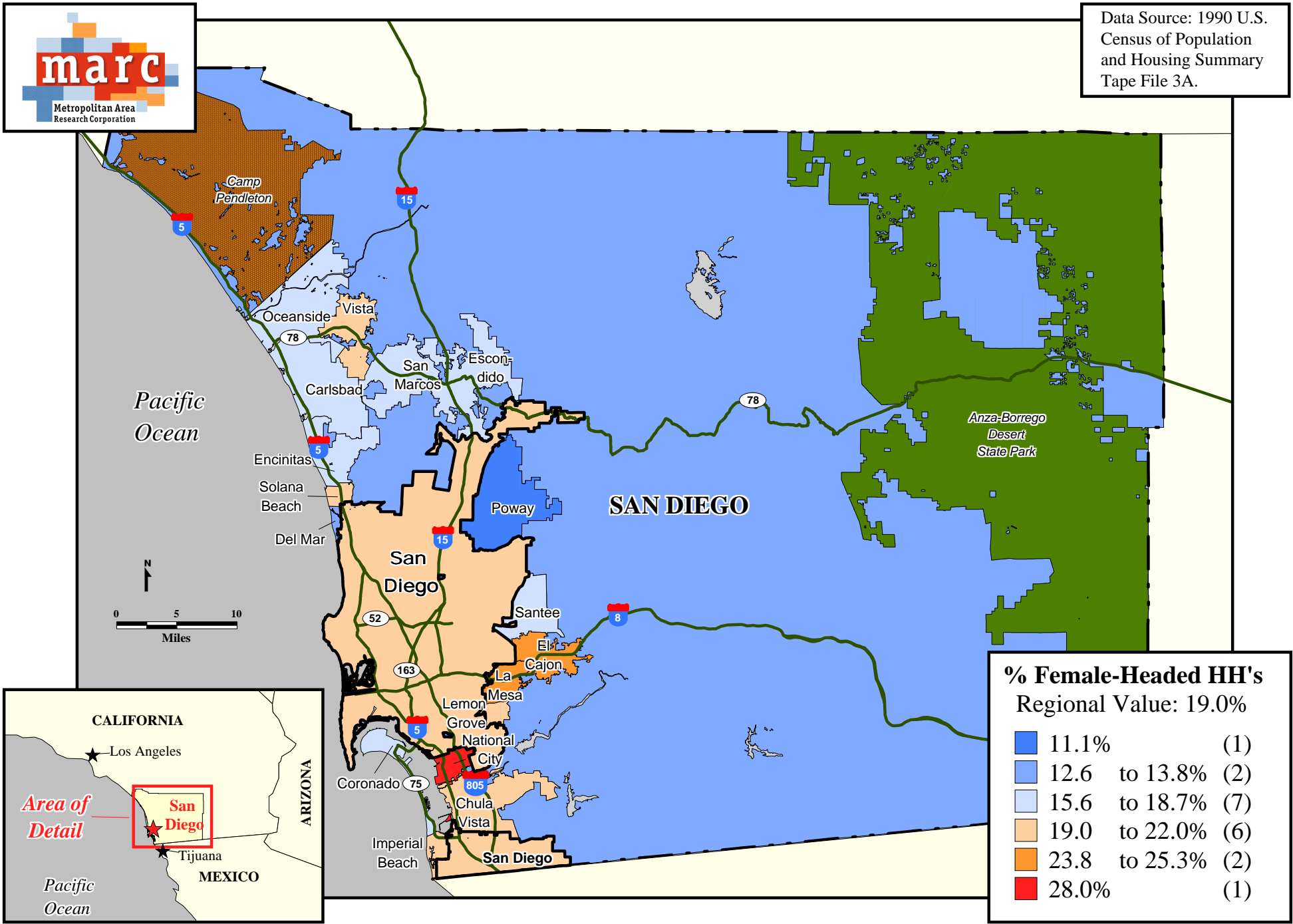
The tract-level map shows that while overall the city of San Diego had 21.4 percent female-headed households, most of the tracts north of I-8 had less than 14 percent poor children (Figure 9). Also, while overall San Diego County had 12.6 percent female-headed households, the southeastern corner of the county had more than 20 percent female-headed households.

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<sup>82</sup> U.S. Bureau of the Census, *Statistical Abstract of the United States: 1997* (117th edition.) Washington, DC, 1997.

<sup>83</sup> *Census of Population and Housing, 1990: Summary Tape File 3A.*

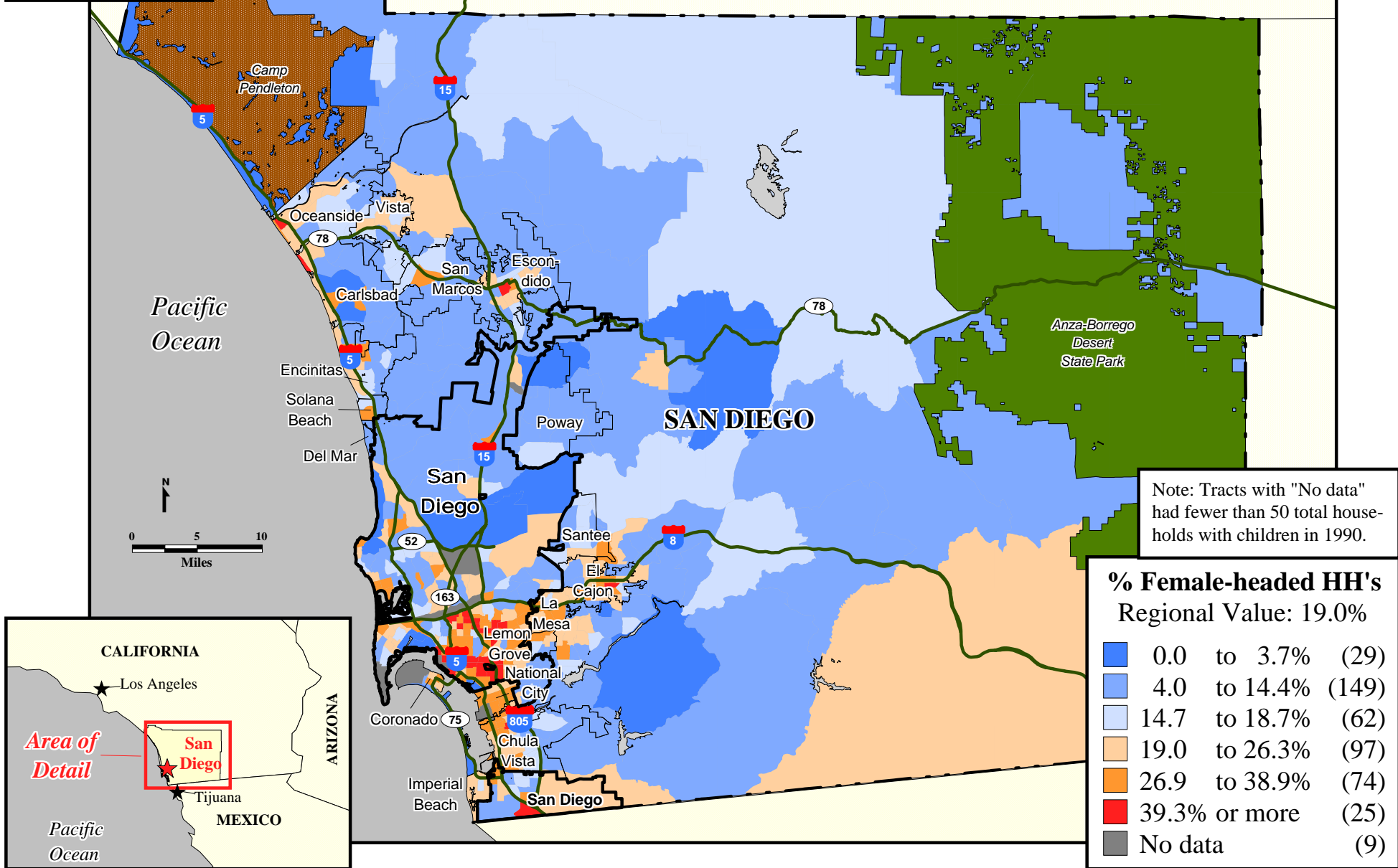
**Figure 8: Female-headed Households with Children as a Percentage of Total Households with Children by Municipality and County Unincorporated Area, 1990**



**Figure 9: Female-headed Households with Children as a Percentage of Total Households with Children by Census Tract, 1990**



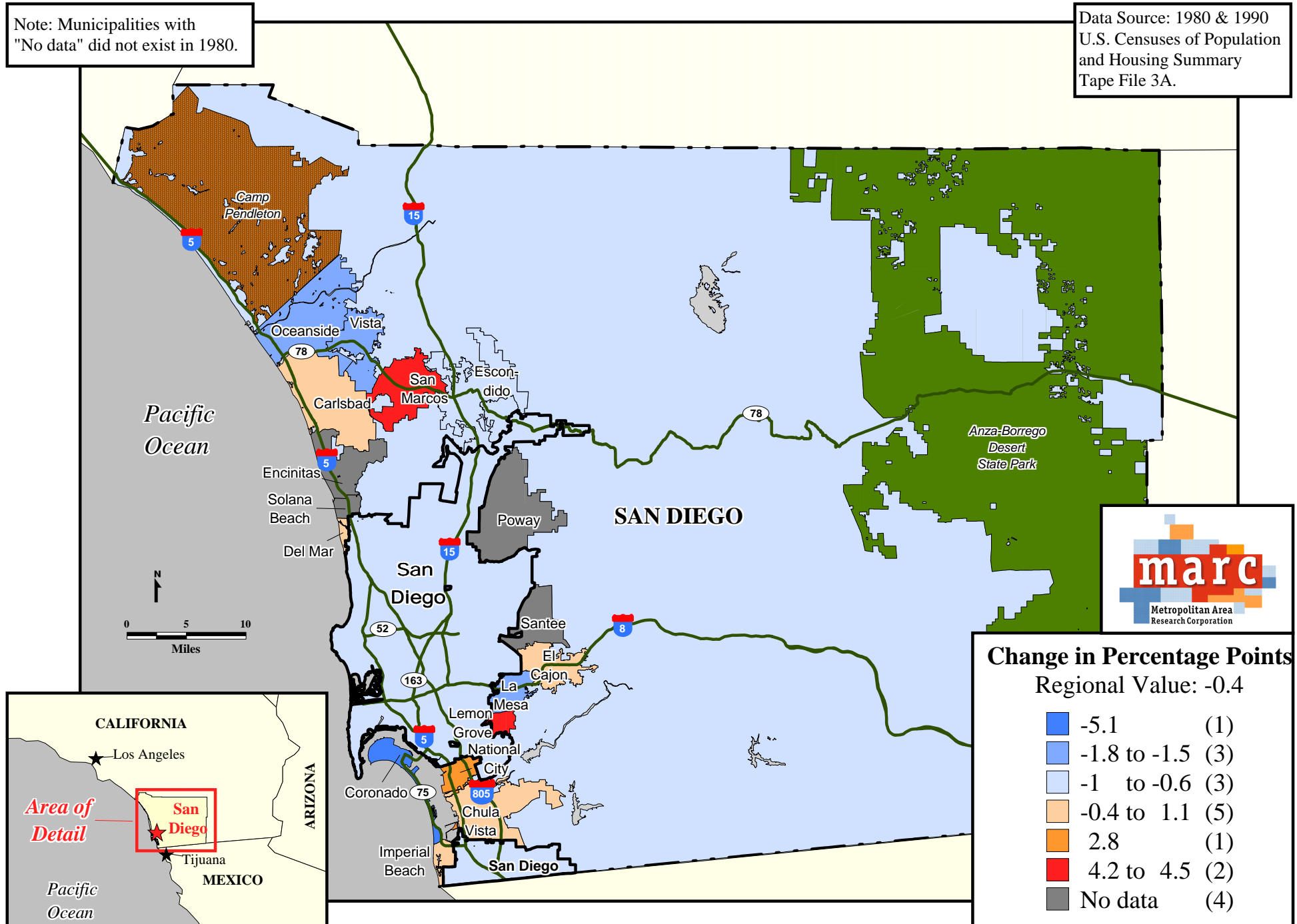
Data Source: 1990 U.S. Census of Population and Housing Summary Tape File 3A.



**Figure 10: Change in Percentage Points - Female-headed Households with Children as a Percentage of Total Households with Children by Municipality and County Unincorporated Area, 1980-1990**

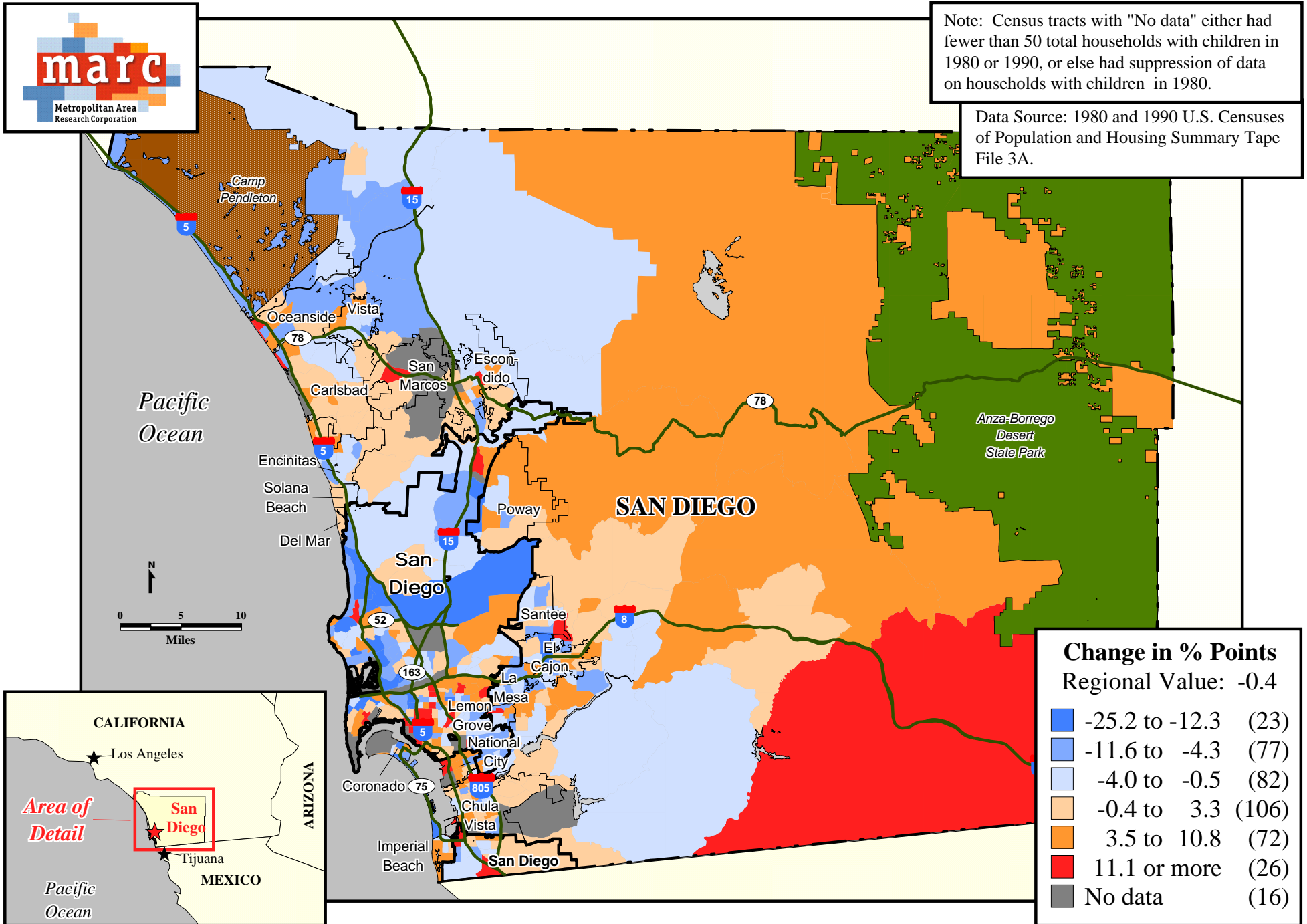
Note: Municipalities with "No data" did not exist in 1980.

Data Source: 1980 & 1990 U.S. Censuses of Population and Housing Summary Tape File 3A.





# Figure 11: Change in Percentage Points - Female-headed Households with Children as a Percentage of Total Households with Children by Census Tract, 1980-1990



Over the decade, the percentage of female-headed households in the region remained stable, decreasing by only 0.4 of a percentage point (Figure 10).<sup>84</sup> The city of San Diego decreased at about the same rate as the region as a whole—by 0.6 of a percentage point. The greatest increases in the region in female-headed households were in San Marcos, which went from 13.6 to 17.8 percent (4.2 percentage points) and Lemon Grove, which went from 16.9 to 21.4 percent (4.5 percentage points). The only city to decrease by more than 2 percentage points was Coronado, which went from 23.0 to 17.9 percent female-headed households (-5.1 percentage points).

The tract-level maps shows that most tracts in southern San Diego increased considerably in female-headed households over the decade despite the city-wide decrease of -0.6 of a percentage point (Figure 11). Similarly, despite the county-wide decrease of one percentage point in San Diego County there were increases in the eastern part of the county, particularly in the southeastern corner.

#### D. Median Household Income

In 1989 the estimated regional median household income for the San Diego-area was \$35,022 (Figure 12).<sup>85</sup> The city of San Diego's median household income in 1989 was \$33,686—just below the regional value. Ten suburban communities had lower median household incomes in 1989 than the central city. Among these were all nine of the stressed communities of the region, including Lemon Grove (\$31,851), La Mesa (\$31,171), El Cajon (\$28,108), and National City (\$22,129). The cities with the highest median household incomes in 1990 were all high capacity places with very few social stresses, including Del Mar (\$51,821), Solana Beach (\$52,000), and Poway (\$53,252).

The tract-level map shows that almost all of the tracts south of the Mission Valley Freeway in the city of San Diego had median household incomes below the regional value—many were less than \$19,000 (Figure 13). Yet, there were large parts of northern San Diego that had median household incomes higher than \$58,000. Likewise, there was much diversity in income in unincorporated San Diego County.

Between 1979 and 1989, the regional median household income, adjusted for inflation, increased by an estimated 19.9 percent (Figure 14).<sup>86</sup> During this period, the city of San Diego's median household income increased at about the same rate as the region as a whole—by 20.2 percent (from \$28,035 to \$33,686). Indeed, every jurisdiction increased in median household income during this period, although some increased far more than others. The smallest increases were in the socially stressed communities of Chula Vista, which went from \$30,739 to \$32,012 (4.1 percent); Lemon Grove, which went from \$30,643 to \$31,851 (3.9 percent); and San

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<sup>84</sup> *Census of Population and Housing, 1980: Summary Tape File 3A* and *Census of Population and Housing, 1990: Summary Tape File 3A*.

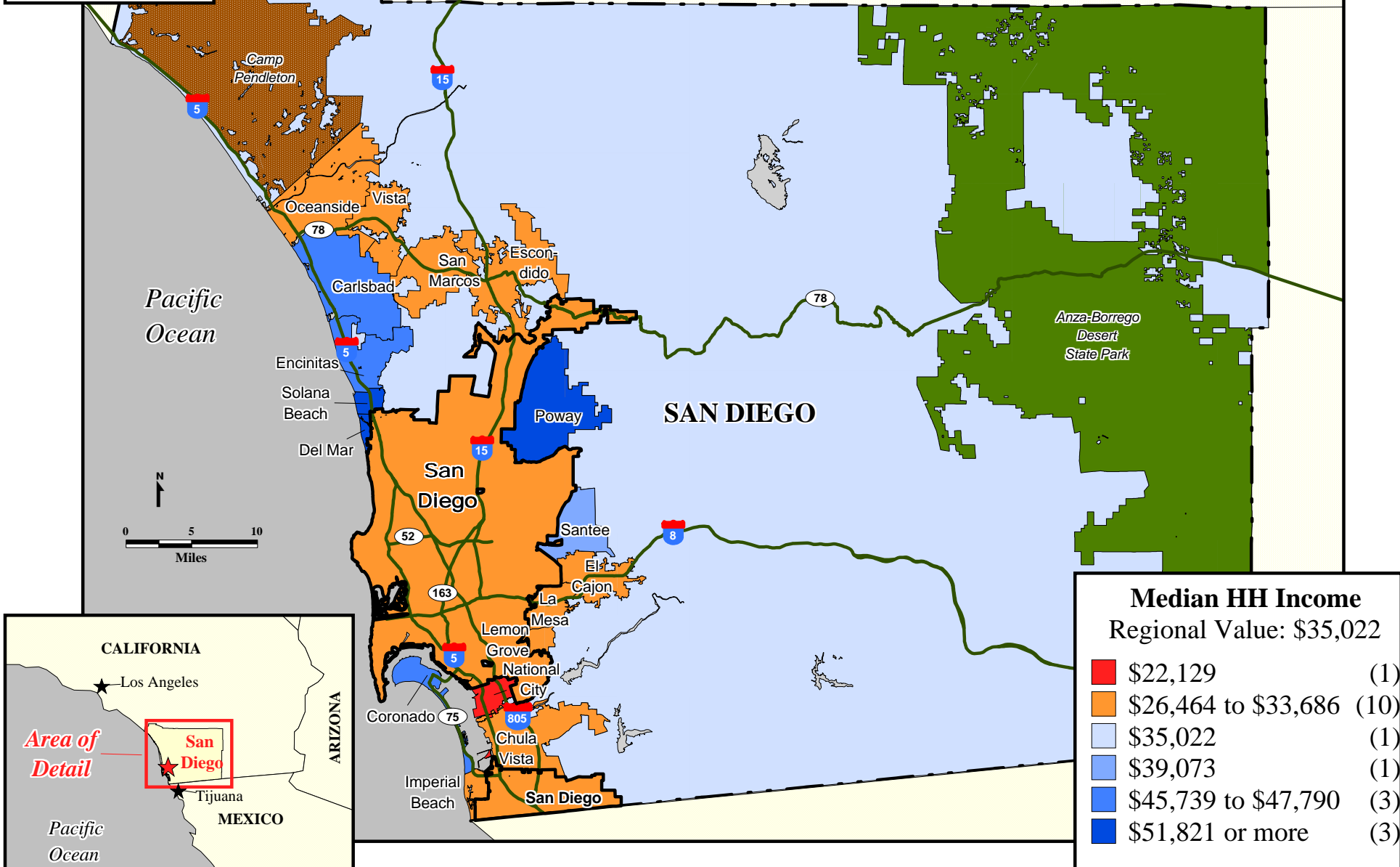
<sup>85</sup> *Census of Population and Housing, 1990: Summary Tape File 3A*.

<sup>86</sup> *Census of Population and Housing, 1980: Summary Tape File 3A* and *Census of Population and Housing, 1990: Summary Tape File 3A*.

**Figure 12: Median Household Income by Municipality and County Unincorporated Area, 1989**



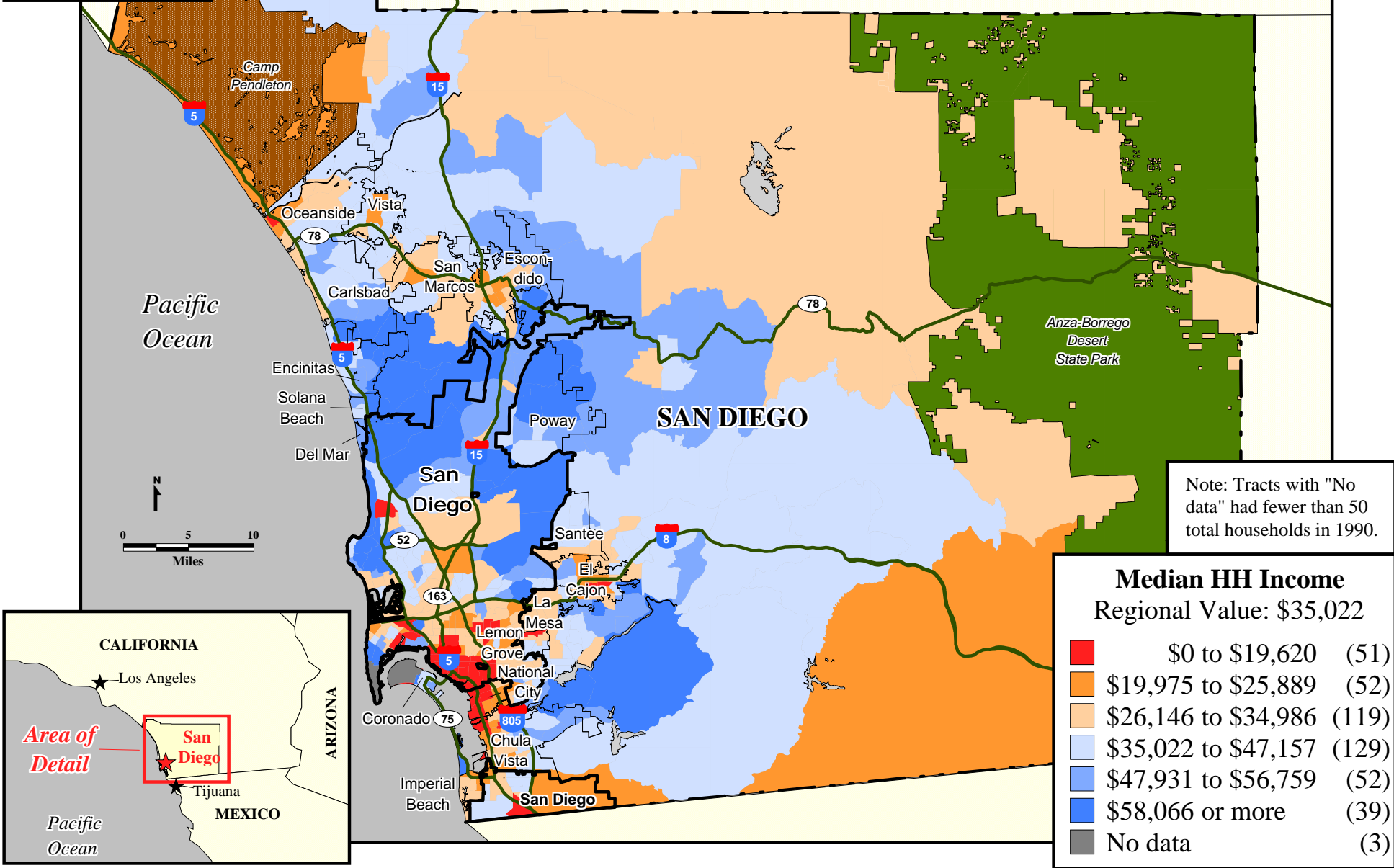
Data Source: 1990 U.S. Census of Population and Housing Summary Tape File 3A.



# Figure 13: Median Household Income by Census Tract, 1989



Data Source: 1990 U.S. Census of Population and Housing Summary Tape File 3A.



Note: Tracts with "No data" had fewer than 50 total households in 1990.

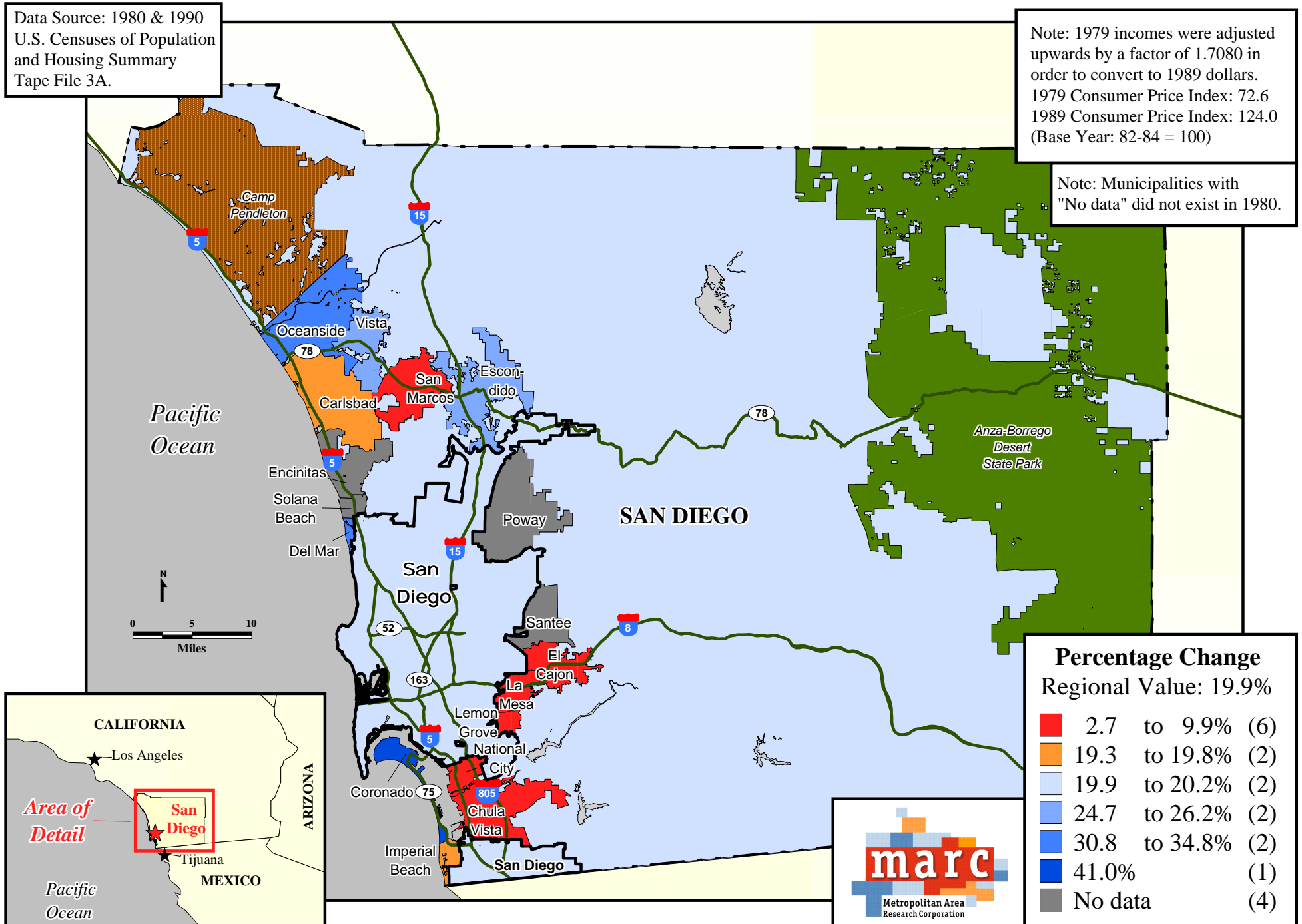
Median HH Income		
Regional Value: \$35,022		
Red	\$0 to \$19,620	(51)
Orange	\$19,975 to \$25,889	(52)
Light Orange	\$26,146 to \$34,986	(119)
Light Blue	\$35,022 to \$47,157	(129)
Blue	\$47,931 to \$56,759	(52)
Dark Blue	\$58,066 or more	(39)
Grey	No data	(3)

# Figure 14: Percentage Change in Median Household Income by Municipality and County Unincorporated Area, 1979-1989 (Adjusted by CPI)

Data Source: 1980 & 1990 U.S. Censuses of Population and Housing Summary Tape File 3A.

Note: 1979 incomes were adjusted upwards by a factor of 1.7080 in order to convert to 1989 dollars.  
 1979 Consumer Price Index: 72.6  
 1989 Consumer Price Index: 124.0  
 (Base Year: 82-84 = 100)

Note: Municipalities with "No data" did not exist in 1980.



Percentage Change		
Regional Value: 19.9%		
■ (Red)	2.7 to 9.9%	(6)
■ (Orange)	19.3 to 19.8%	(2)
■ (Light Blue)	19.9 to 20.2%	(2)
■ (Medium Blue)	24.7 to 26.2%	(2)
■ (Dark Blue)	30.8 to 34.8%	(2)
■ (Blue)	41.0%	(1)
■ (Grey)	No data	(4)



**Figure 15: Percentage Change in Median Household Income by Census Tract, 1979-1989 (Adjusted by CPI)**

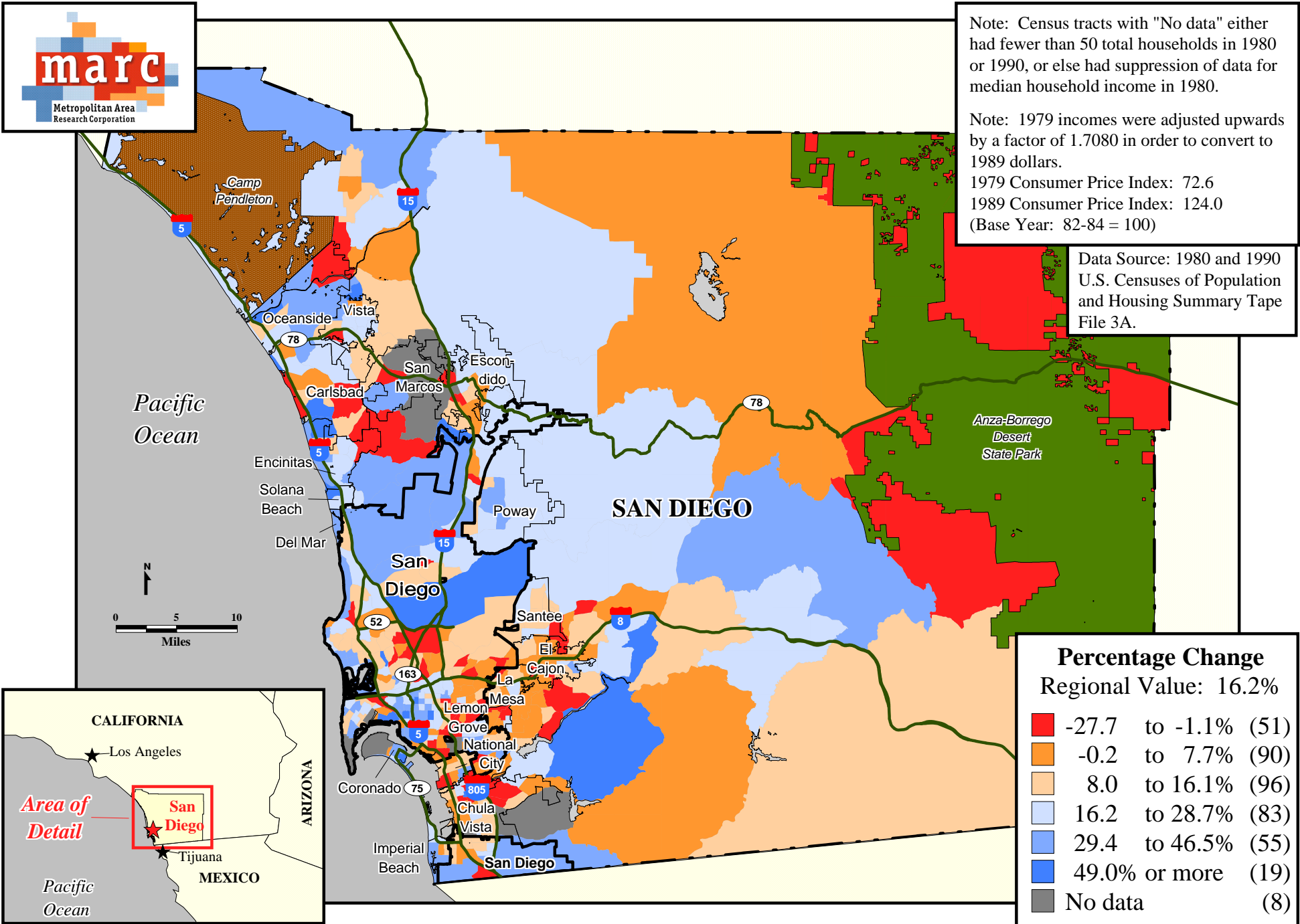


Note: Census tracts with "No data" either had fewer than 50 total households in 1980 or 1990, or else had suppression of data for median household income in 1980.

Note: 1979 incomes were adjusted upwards by a factor of 1.7080 in order to convert to 1989 dollars.

1979 Consumer Price Index: 72.6  
 1989 Consumer Price Index: 124.0  
 (Base Year: 82-84 = 100)

Data Source: 1980 and 1990 U.S. Censuses of Population and Housing Summary Tape File 3A.



**Percentage Change**  
 Regional Value: 16.2%

Red	-27.7 to -1.1%	(51)
Orange	-0.2 to 7.7%	(90)
Light Orange	8.0 to 16.1%	(96)
Light Blue	16.2 to 28.7%	(83)
Blue	29.4 to 46.5%	(55)
Dark Blue	49.0% or more	(19)
Grey	No data	(8)



Marcos, which went from \$31,111 to \$31,961 (2.7 percent). The greatest increases were in high capacity, developed communities, with few social stresses: Del Mar, which went from \$38,430 to \$51,821 (34.8 percent) and Coronado, which went from \$33,904 to \$47,790 (41.0 percent).

The tract-level maps shows that despite the large overall increase in median household income in the city of San Diego, there were a number of tracts in southern San Diego that decreased in median household income—some by as much as 15 or 20 percent (Figure 15).

#### E. Schools

Schools are the first victim and the most powerful perpetuator of metropolitan polarization. Local schools become socioeconomically distressed before neighborhoods themselves become poor. Hence, increasing poverty among a community's schoolchildren is a prophecy for the community. First, the community's children often become its adults. Second, middle-class families, who form the bedrock of stable communities, will not tolerate high concentrations of poverty in their schools, and frequently depart in search of better educational opportunities for their children.

The results can be clearly seen in and around places where there is dramatic flight from the schools. The central city, low capacity, and stressed communities of the San Diego region struggle under a disproportionate share of concentrated poverty and segregation. The schools in these districts face increasing social and academic challenges often with the lowest per-pupil spending in the region. On the other hand, school systems located in high capacity areas with few social stresses enjoy insulated, stable prosperity financed by local business growth.<sup>87</sup>

Just as concentrated poverty in schools destabilizes communities, it has a very negative effect on individual access and achievement. Schools are not just instruction and textbooks, but, like neighborhoods, represent a series of reinforcing social networks that contribute to success or failure.<sup>88</sup> Fast-track, well-funded schools with a high percentage of students from stable middle- and upper-class families are streams moving in the direction of success, with currents that value hard work, goal setting, and academic achievement.<sup>89</sup> Monolithically poor central city or inner-suburban schools with a large number of students in poverty are streams moving toward failure, with currents that reinforce anti-social behavior, drifting, teenage pregnancy, and dropping out.<sup>90</sup>

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<sup>87</sup> This section looks at social indicators for the school districts of the San Diego region. Later in this report, in the Fiscal Disparities section, we will look closer at disparities in per pupil spending across the region.

<sup>88</sup> Jomills Braddock II and James McPartland, "The Social and Academic Consequence of School Desegregation," *Equity & Choice* (February 1988): 5; see also Gary Orfield and Carole Ashkinaze, *The Closing Door: Conservative Policy and Black Opportunity* (Chicago: University of Chicago Press, 1991), 131; James Rosenbaum, Marilyn Kulieke, and Leonard Rubinowitz, "Low-Income Black Children in White Suburban Schools: A Study of School and Student Responses," *Journal of Negro Education* 56, no. 1 (1987): 35; Rosenbaum, Kulieke, and Rubinowitz, "White Suburban Schools."

<sup>89</sup> Ibid.

<sup>90</sup> Ibid.; Susan E. Mayer, "How Much Does a High School's Racial and Socioeconomic Mix Affect Graduation and Teenage Fertility Rates?" 321-41 in *The Urban Underclass*; Jonathon Kozol, *Savage Inequalities: Children in America's Schools* (New York: Harper Perennial, 1991); Robert Crain and Rita Mahard, "School Racial

## 1. Students Eligible for Free Lunch

Most social scientists use eligibility for free lunch statistics to measure children in poverty. They believe that it is more realistic than federal poverty standards. Children are eligible for the free lunch program at school if their family's income is not above 130 percent of the federal poverty level.

At the school district level, the percentage of all students eligible for free lunch in 1998 in the San Diego region was 36.5 percent (Figure 16).<sup>91</sup> This figure ranged from 0 percent in the Rancho Santa Fe District to 100 percent in the National School District. The San Diego District was in the middle with 52.7 percent of its students eligible for the program. Other than National, school districts with a larger percentage of poor children than the San Diego District were San Ysidro (71.4 percent) and Pauma (81.0 percent). Escondido was just below the central city with 51.4 percent poor students. At the other end of the spectrum, the districts with the smallest percentages of poor children were Del Mar (2.6 percent) and Poway (6.9 percent).

A look at the region's individual elementary schools gives greater definition to the disparity within the large school districts. In 1998, 64 of the 306 elementary schools in the region for which data were available had more than 67.7 percent of their students eligible for the free lunch program (Figure 17).<sup>92</sup> About half of these were in central city districts (San Diego, San Ysidro, and South Bay) the other half were in suburban districts, including eight in the National District, four each in Cajon Valley and Escondido, and three in Oceanside. The next category on Figure 17, schools with between 55.4 and 65.7 percent eligible students, includes fourteen in central city districts, three in the Vista School District, two in Cajon Valley, and one each in districts such as La Mesa, Chula Vista, and Carlsbad.

Between 1988 and 1998 the region as a whole increased by 10 percentage points in students eligible for free lunch (Figure 18). The San Diego District increased during this period by 4.5 percentage points (from 48.2 to 52.7 percent) and thirteen districts increased by more than 10 percentage points. These included San Pasqual, which went from 0 to 16.1 percent poor children (16.1 percentage points); Cajon Valley, which went from 22.2 to 41.6 percent (19.4 percentage points); Escondido, which went from 29.8 to 51.4 percent (21.6 percentage points); and National, which went from 74.4 to 100 percent (25.6 percentage points). On the other hand, the Poway District decreased in percent poor children by 1.2 percentage points—from 8.1 to 6.9 percent. The very poor San Ysidro District decreased the most of all districts—by 10 percentage points—from 81.4 to 71.4 percent.

At the elementary-school level, sixty-four schools increased in percentage poor students by more than 16.2 percentage points (Figure 19). These included eleven schools in the San Diego

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Composition and Black College Attendance and Achievement Test Performance," *Sociology of Education* 51 no. 2, (1978): 81-101; Peter Scheirer, "Poverty, Not Bureaucracy: Poverty, Segregation, and Inequality in Metropolitan Chicago Schools," (Metropolitan Opportunity Project, University of Chicago, 1989).

<sup>91</sup> School district-level and free lunch data are from the California Department of Education's website.

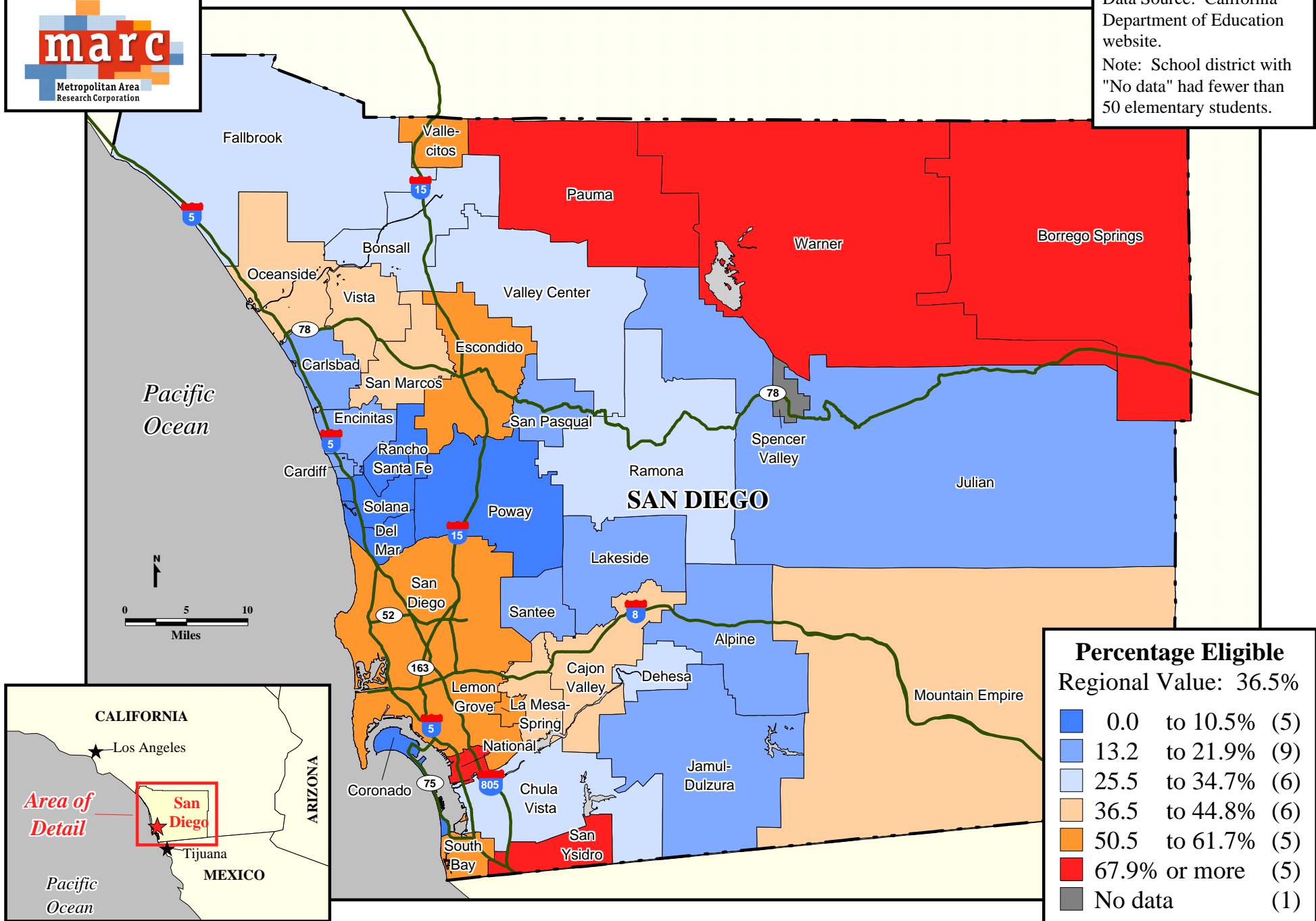
<sup>92</sup> Elementary school-level free lunch data are from the California Department of Education's website.



**Figure 16: Percentage of Elementary Students Eligible for Free Lunch by School District, 1998**



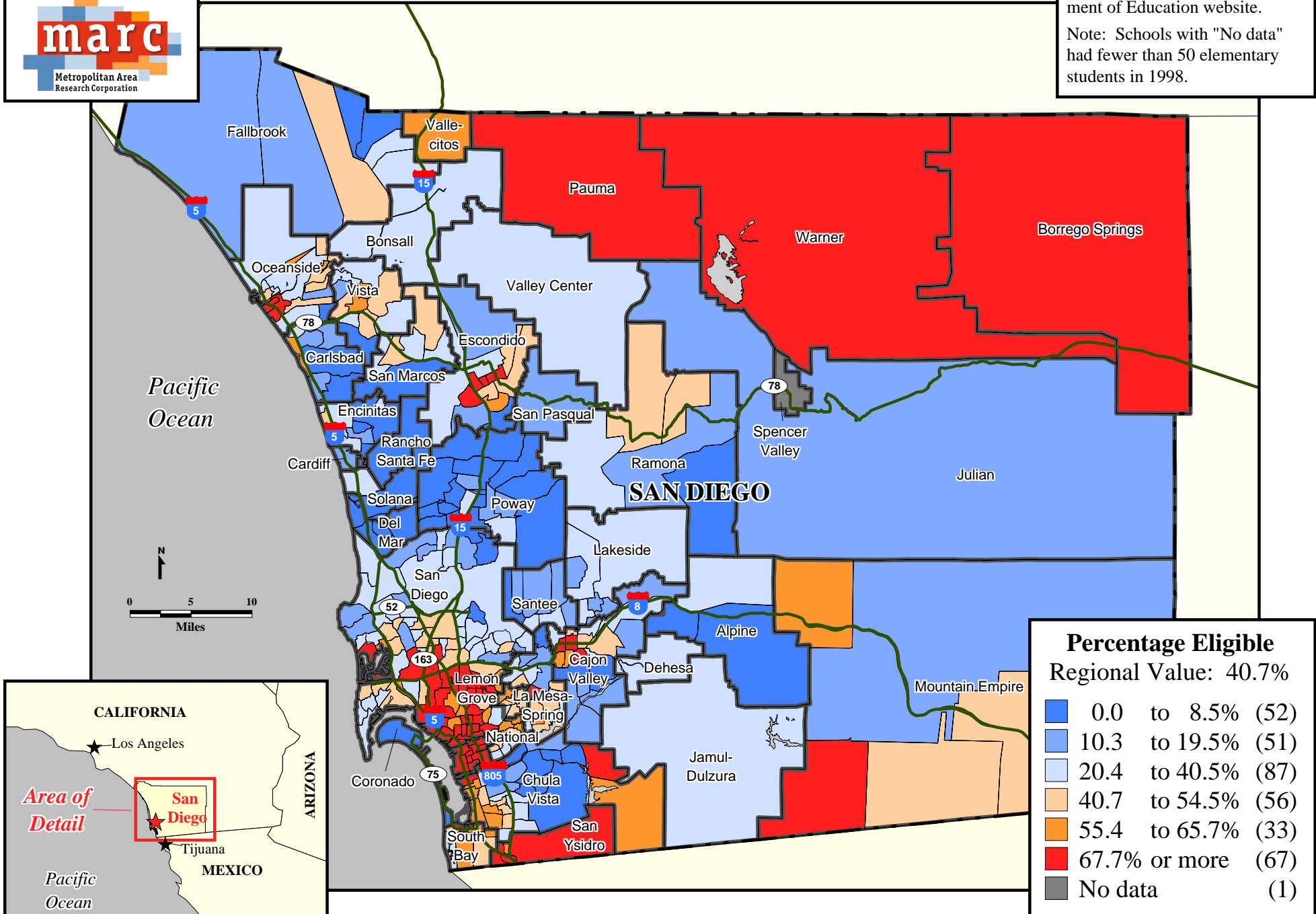
Data Source: California Department of Education website.  
 Note: School district with "No data" had fewer than 50 elementary students.



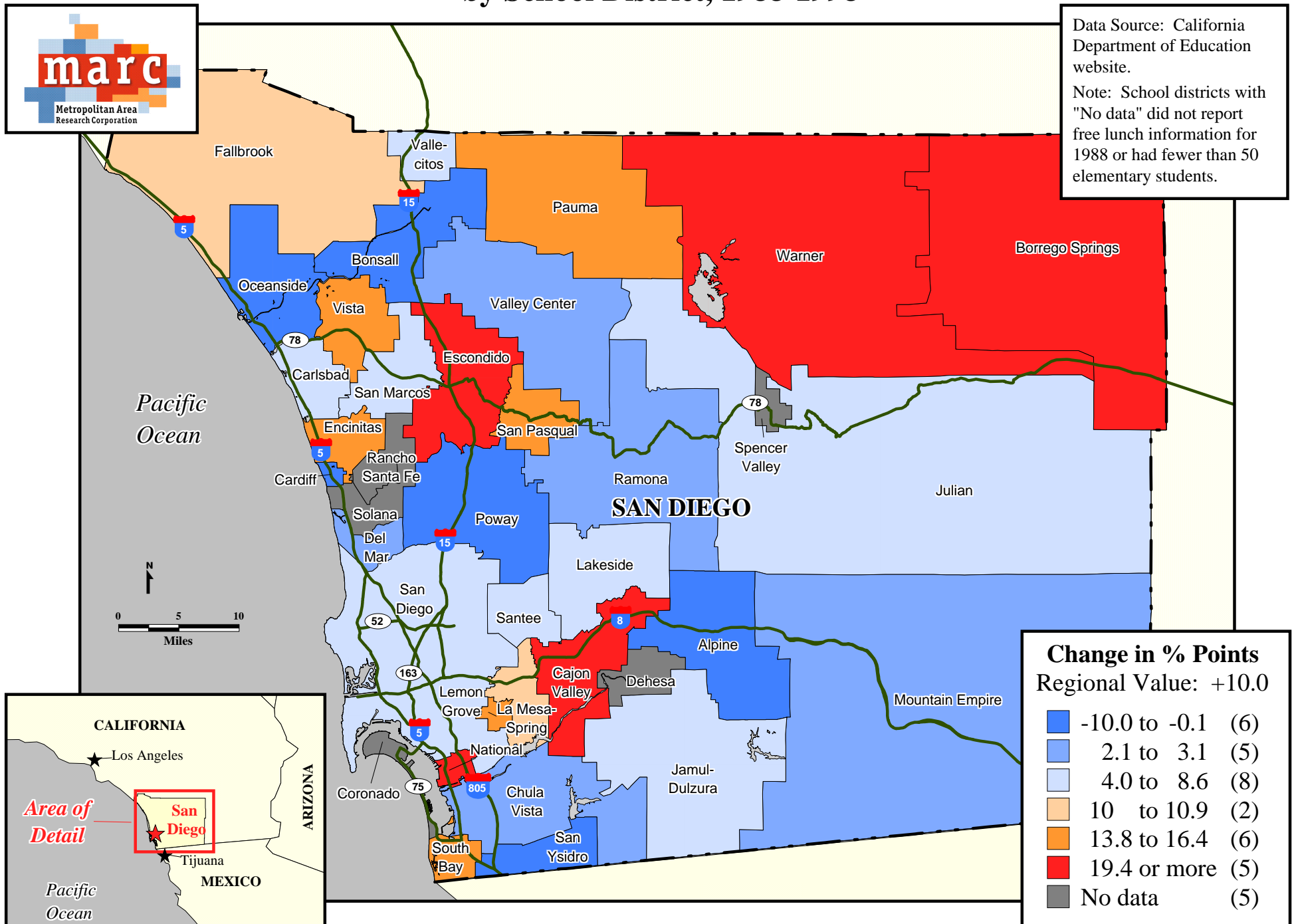
**Figure 17: Percentage of Students Eligible for Free Lunch by Elementary School, 1998**



Data Source: California Department of Education website.  
 Note: Schools with "No data" had fewer than 50 elementary students in 1998.



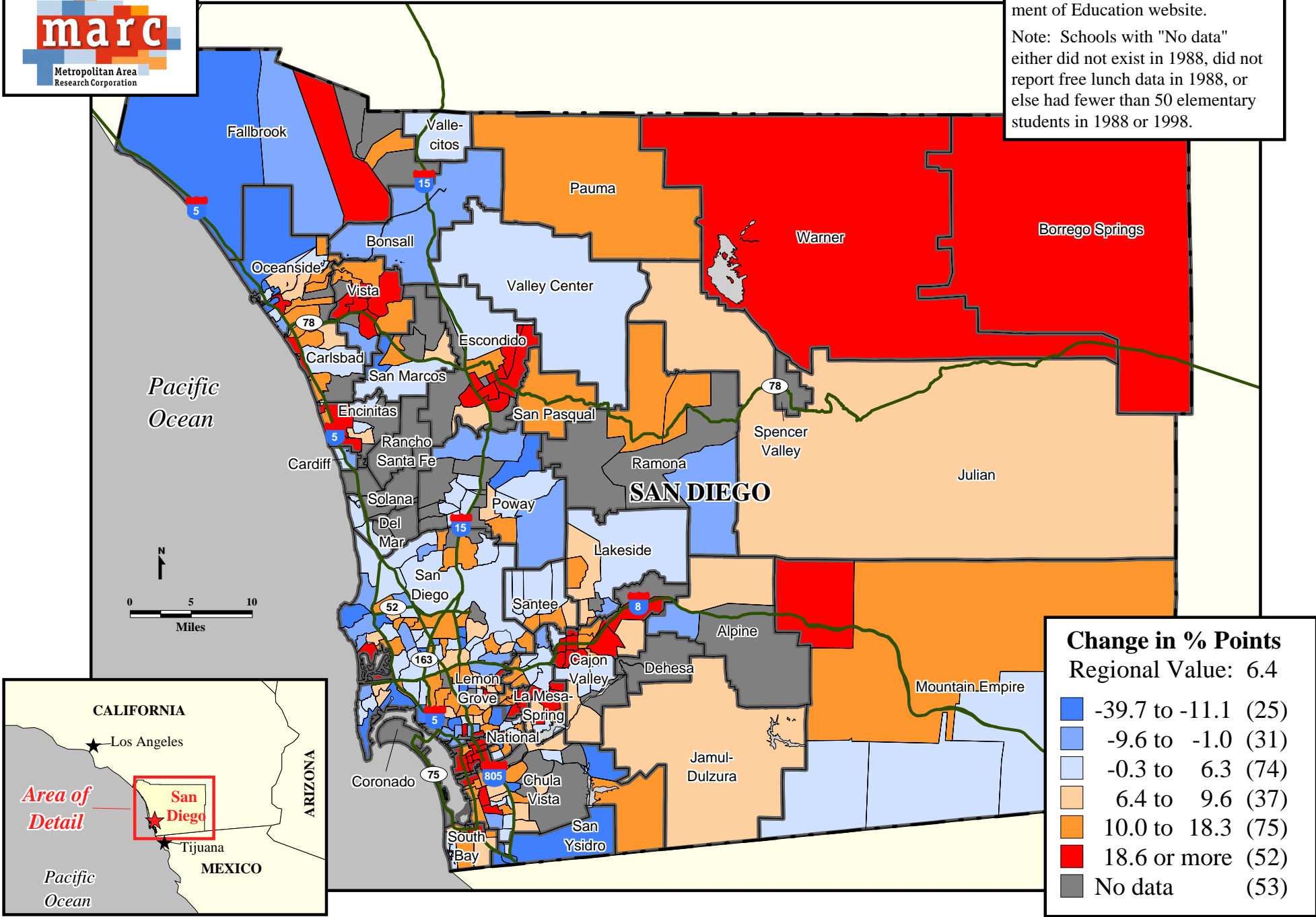
**Figure 18: Change in Percentage Points - Elementary Students Eligible for Free Lunch by School District, 1988-1998**



**Figure 19: Change in Percentage Points - Students Eligible for Free Lunch by Elementary School, 1988-1998**



Data Source: California Department of Education website.  
 Note: Schools with "No data" either did not exist in 1988, did not report free lunch data in 1988, or else had fewer than 50 elementary students in 1988 or 1998.



**Change in % Points**  
 Regional Value: 6.4

Dark Blue	-39.7 to -11.1	(25)
Medium Blue	-9.6 to -1.0	(31)
Light Blue	-0.3 to 6.3	(74)
Light Orange	6.4 to 9.6	(37)
Dark Orange	10.0 to 18.3	(75)
Red	18.6 or more	(52)
Grey	No data	(53)

District, eight schools each in the Cajon Valley and Escondido districts, seven in the National District, and six in the Vista District. The greatest increases were in two Escondido schools (51.3 and 80.0 percentage points). At the same time, twenty-nine schools decreased by more than 8.2 percentage points. These included fourteen in the San Diego District, four in the San Ysidro District, three in the Oceanside District, and two in the Chula Vista District. The greatest decreases were in two San Diego District schools.

## 2. Non-Asian Minority Students

As poverty concentrates, so does the segregation of students in the region's schools. Here we have chosen to examine only the segregation of non-Asian minority students because national studies show that blacks and Hispanics in particular experience much higher and more persistent levels of racial segregation both in terms of housing and schools than other racial groups, such as Asians (see discussion in Section II of this report). While it is conceivable that some members of the Asian community, particularly more recently immigrated Southeast Asians, experience high levels of segregation, we were unable to locate literature on Asian segregation and housing market discrimination equivalent to the powerful evidence of such patterns in terms of blacks and Hispanics.

The greatest concentration of non-Asian minority students in the San Diego region in 1998 was in the San Diego districts and in the South Bay districts. Here, most districts had more than 54 percent non-Asian minority students. In 1998, the San Diego region as a whole had 39.2 percent non-Asian minority elementary students in its schools (Figure 20).<sup>93</sup> This figure ranged from 4.4 percent in the Rancho Santa Fe District to 96.2 percent in the San Ysidro District. The percentage non-Asian minority students in the San Diego District was 57.4 percent. Other than San Ysidro, districts with a majority minority student body were Oceanside (60.1 percent), Chula Vista (65.1 percent), and National (80.5 percent). Other than Rancho Santa Fe, the districts with the smallest percentages of minority students were Poway (11.9 percent) and Del Mar (4.9 percent).

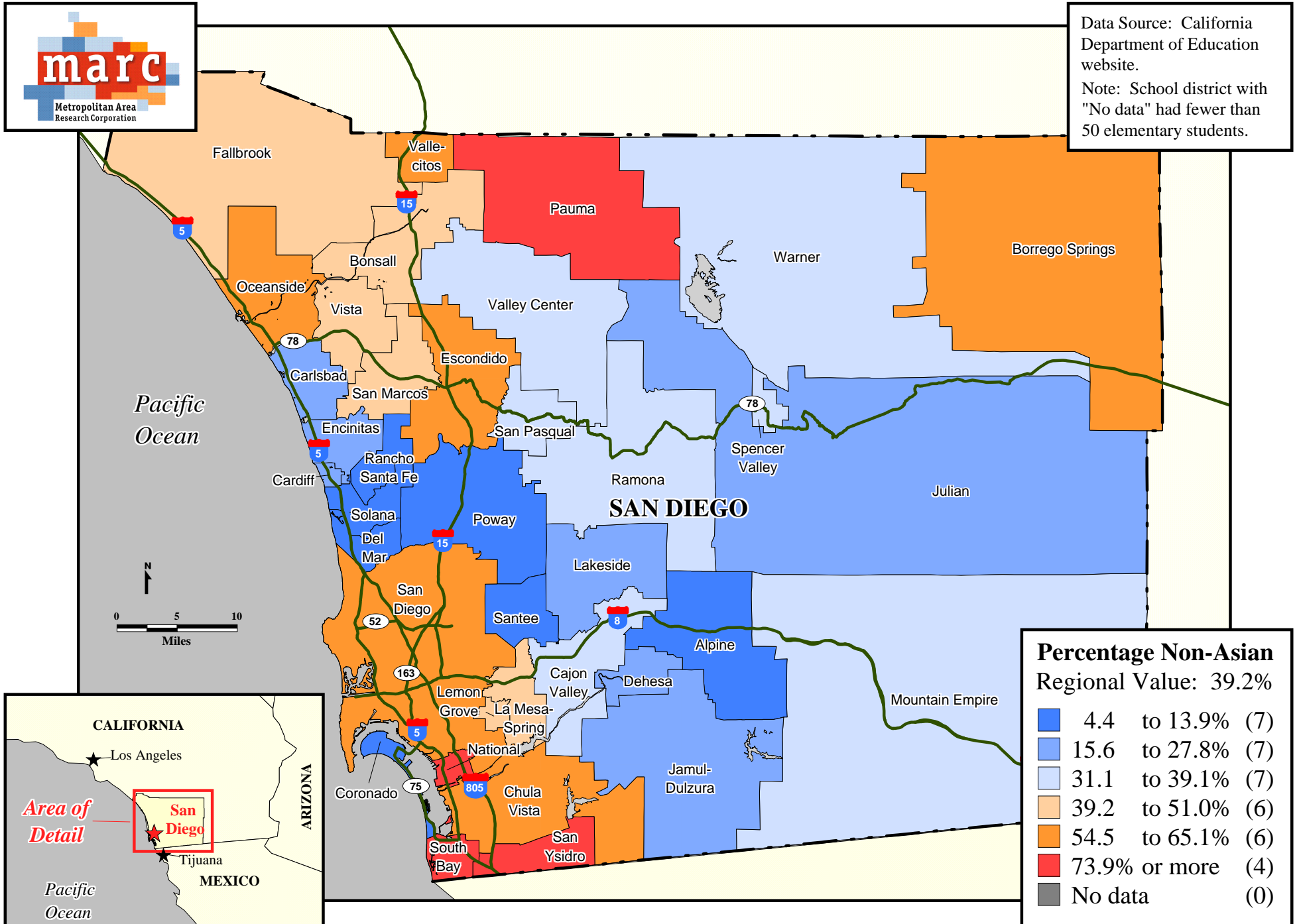
The elementary school map shows a clear concentration of schools with high percentages of minority students in southern San Diego and in the districts of the South Bay (Figure 21). Forty elementary schools in the region had 83.6 percent or more non-Asian minority students in 1998.<sup>94</sup> Twenty-four of these were in San Diego districts, five were in the Chula Vista District, and four were in the National District. There were also large percentages of minority students in the elementary schools of Vista, San Marcos, and Escondido. On the other hand, the largest concentrations of white students were in the districts just north and northeast of the central city. There were forty-eight schools in the region with less than 13 percent non-Asian minority students. These included thirteen schools in the Poway District, seven in the Santee District, four each in the Del Mar and Encinitas Districts, three in the Cajon Valley District, and two in the Carlsbad District.

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<sup>93</sup> School district level minority student data are from the California Department of Education's website.

<sup>94</sup> Elementary school level minority student data are from the California Department of Education's website.

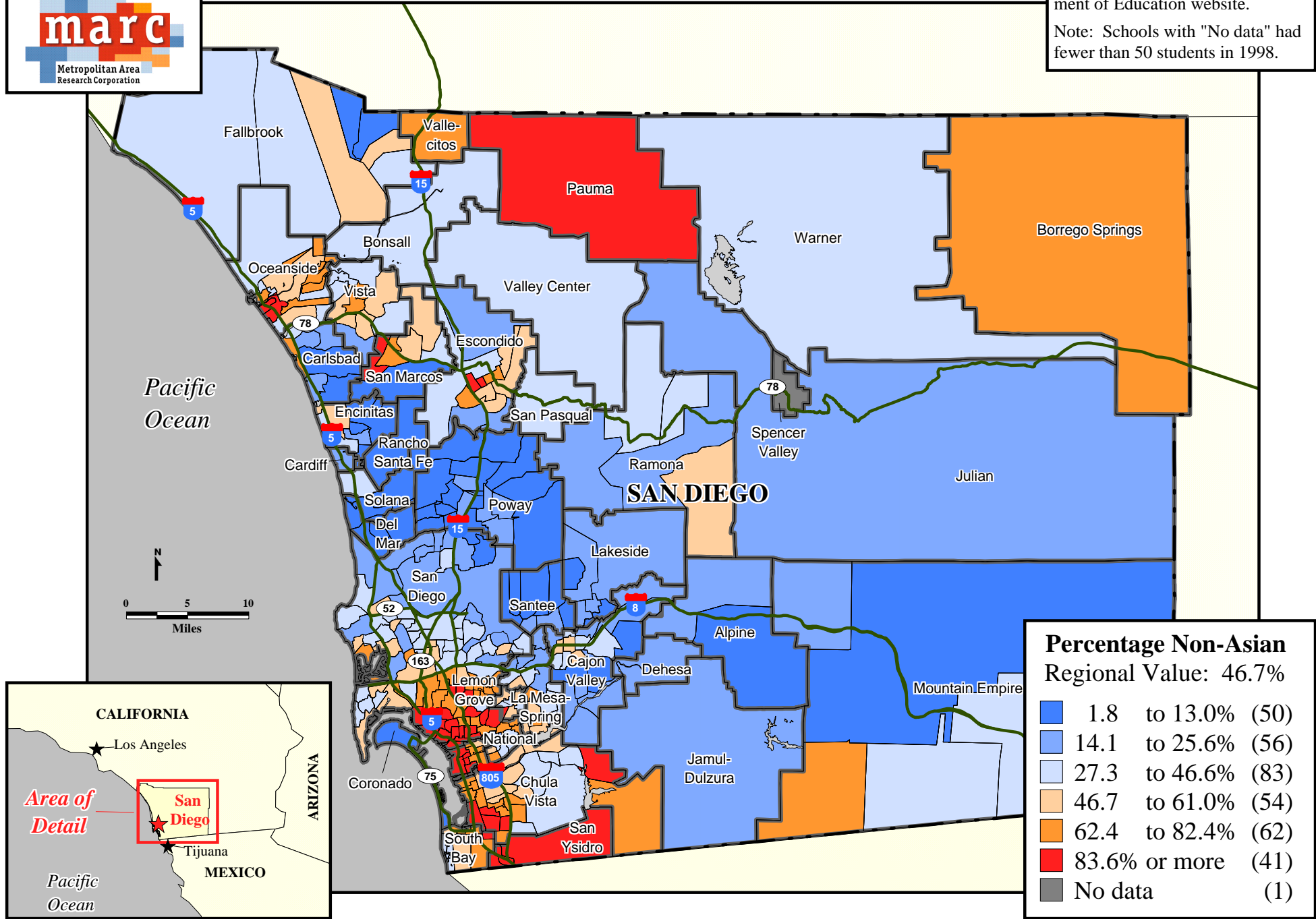
**Figure 20: Percentage Non-Asian Minority Elementary Students by School District, 1998**



# Figure 21: Percentage Non-Asian Minority Students by Elementary School, 1998

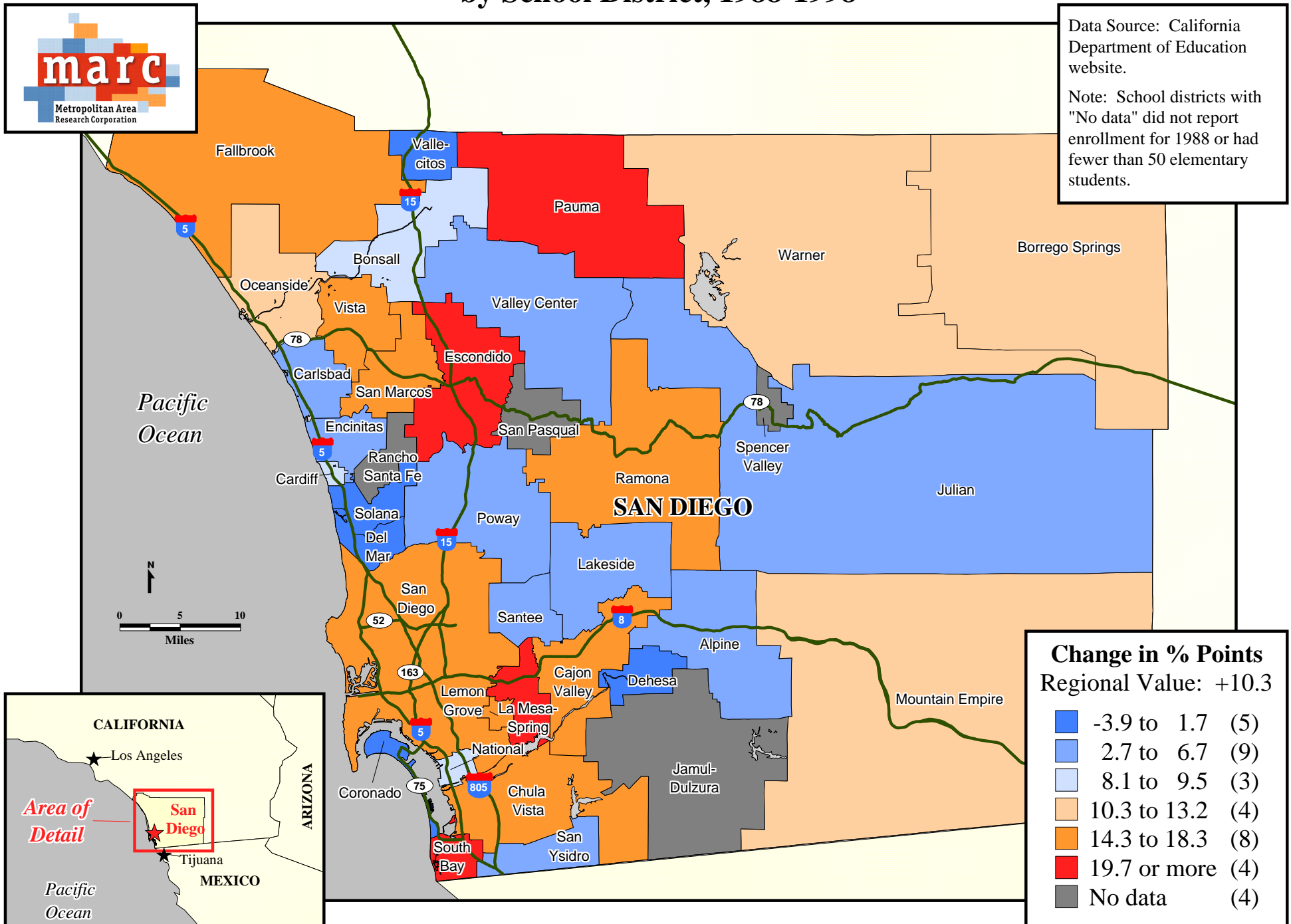


Data Source: California Department of Education website.  
 Note: Schools with "No data" had fewer than 50 students in 1998.



Percentage Non-Asian		
Regional Value: 46.7%		
1.8 to 13.0%	(50)	Dark Blue
14.1 to 25.6%	(56)	Medium Blue
27.3 to 46.6%	(83)	Light Blue
46.7 to 61.0%	(54)	Orange
62.4 to 82.4%	(62)	Dark Orange
83.6% or more	(41)	Red
No data	(1)	Grey

# Figure 22: Change in Percentage Points - Non-Asian Minority Elementary Students by School District, 1988-1998

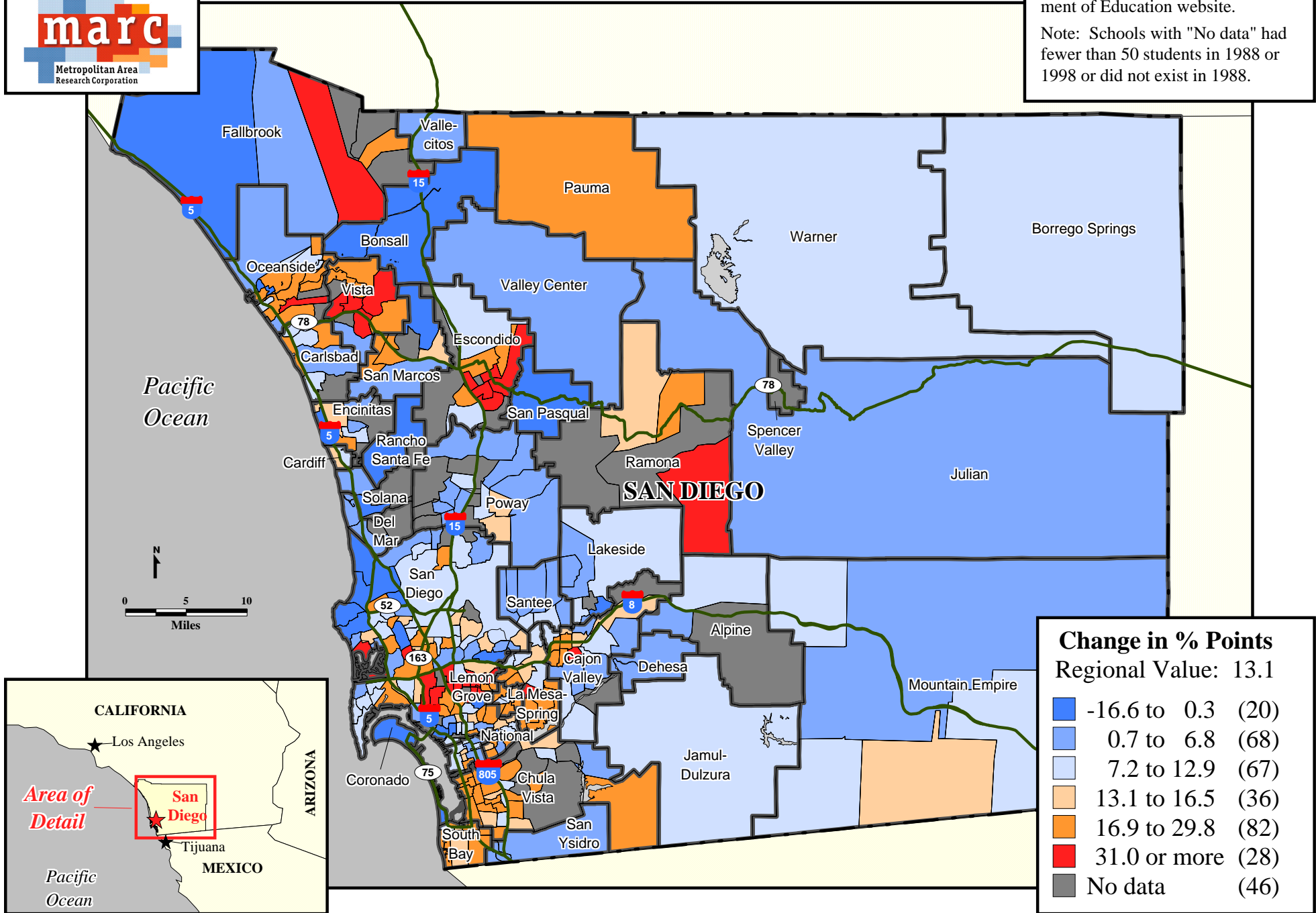




# Figure 23: Change in Percentage Points - Non-Asian Minority Students by Elementary School, 1988-1998



Data Source: California Department of Education website.  
 Note: Schools with "No data" had fewer than 50 students in 1988 or 1998 or did not exist in 1988.



**Change in % Points**  
 Regional Value: 13.1

- -16.6 to 0.3 (20)
- 0.7 to 6.8 (68)
- 7.2 to 12.9 (67)
- 13.1 to 16.5 (36)
- 16.9 to 29.8 (82)
- 31.0 or more (28)
- No data (46)

As a whole, the percentage of non-Asian minority elementary students in the region increased by 10.3 percentage points between 1991 and 1998 (Figure 22). The San Diego School District increased in non-Asian minority students by 15.0 percentage points during this period, going from 42.4 to 57.4 percent. The San Ysidro District increased by only 3.3 percentage points (from 92.9 to 96.2 percent) and the South Bay District by 20.8 percent (from 53.1 to 73.9 percentage points). Ten suburban districts increased in percentage non-Asian minority students by more than 15 percentage points. Most were located in the South Bay or southeast of downtown San Diego. These included Chula Vista, which went from 49.2 to 65.1 percent non-Asian minority (15.9 percentage points) and La Mesa-Spring Valley, which went from 21.3 to 41.6 percent (20.3 percentage points). The Escondido District increased in percent minority students more than any other district in the region—from 28.8 to 54.5 percent (25.7 percentage points). Only two districts decreased in non-Asian minority students during this period and both already had rather small minority populations in 1988. These were Solana, which went from 13.4 to 12.7 percent (-0.7 percentage point) and Rancho Santa Fe, which went from 8.3 to 4.4 percent (-3.9 percentage points). The Del Mar District, also with very few minority students in 1988, increased by only one percentage point—from 3.9 to 4.9 percent.

A look at the region's elementary schools shows that a number of individual suburban schools increased considerably in percentage non-Asian minority students between 1988 and 1998, particularly in the districts north of the city along the Vista Freeway, in the South Bay area, and southeast of the city (Figure 23). Twenty-nine elementary schools increased by 31 percentage points or more. These included twelve schools in the San Diego District, four schools in the Escondido District, and three in the Vista District. The greatest increases were in an Escondido school—from 15.6 to 59.1 percent (43.4 percentage points), a Vista school—from 32.2 to 76.6 percent (44.4 percentage points), and a Ramona school—from 7.4 to 55.2 percent (47.8 percentage points). On the other hand, fourteen schools decreased in percentage non-Asian minority students. These included eight in the San Diego District and one each in the already very low districts of Coronado, Lakeside, and Rancho Santa Fe. The greatest decrease in the region was in San Diego's La Jolla school, which went from 45.9 to 29.3 percent non-Asian minority students (-16.6 percentage points).

## F. Crime

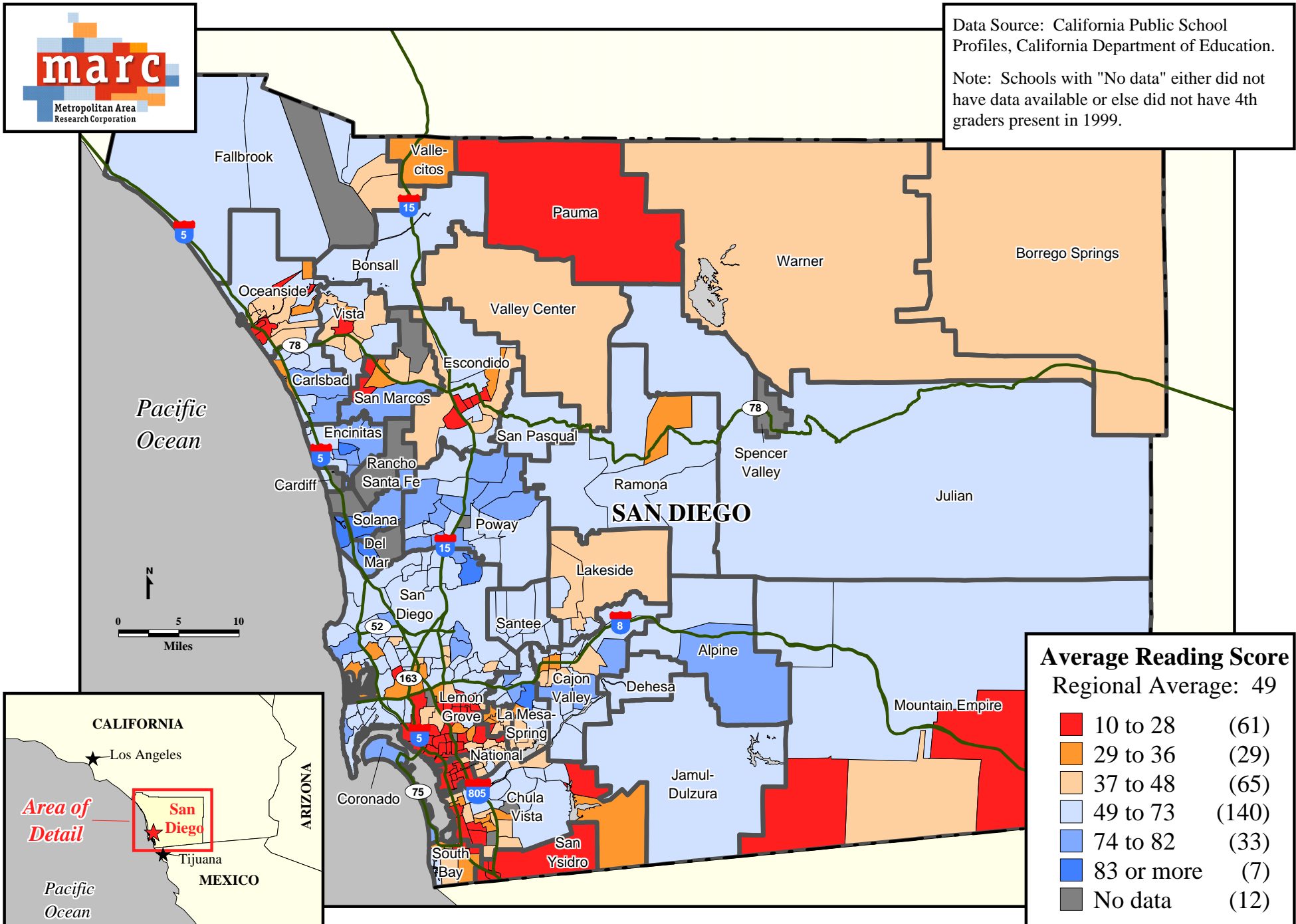
In 1997, the overall Part I crime rate for the San Diego region was 4,769.6 crimes per 100,000 persons (Figure 24).<sup>95</sup> There were 719.1 violent crimes per 100,000 persons in the region. The crime rate in the city of San Diego in that year was 4,944.5 Part I crimes and 817.7 violent crimes per 100,000 residents. Of the region's 19 police jurisdictions four police

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<sup>95</sup> 1997 crime data for the region are from the California Department of Justice, Division of Law Enforcement, Bureau of Criminal Statistics. Population estimates are from the California Department of Finance, Demographic Research Unit.

Part I crimes as defined by the FBI include murder, rape, robbery, aggravated assault, burglary, larceny, automobile theft, and arson. The violent crimes category is a subset of Part I crime and consists of murder, rape, robbery, and aggravated assault.

# Figure 24: Average Grade 4 SAT 9 Reading Score by Elementary School, 1999



jurisdictions reported higher Part I crime rates than San Diego and two had higher violent crime rates than San Diego.<sup>96</sup>

The suburban jurisdictions with the highest Part I and violent crime rates were all stressed communities primarily located in the South Bay area and southeast of San Diego. These included El Cajon, which had a Part I crime rate of 5,923.1 per 100,000 persons and National City (6,068.3 per 100,000 persons). Both of these cities were high capacity communities; it is common to find high Part I crime rates in cities with many retail outlets where there are increased opportunities for shoplifting and other petty crimes. Similarly, contributing to the high crime rates often found in central cities are the many cultural and sporting events that take place there, bringing thousands of visitors and opportunities for crime to the city. These additional people, however, are not reflected in per capita (per resident) crime rates. Unfortunately, families and businesses deciding where to locate within a metropolitan area, usually do not care *why* the crime rate in a particular jurisdiction is high, they only know that it is, and thus choose a different place.

El Cajon and National City also had the highest violent crime rates in 1997, 856.0 and 967.9 crimes per 100,000 persons, respectively. Other cities with high violent crime rates included Oceanside (747.9) and Imperial Beach (814.1).

At the other end of the spectrum, there were five jurisdictions that reported Part I crime rates of less than 3,000 per 100,000 persons. Most of these communities were high capacity places located north of San Diego and south of the Vista Freeway, such as Encinitas (2,645.3 per 100,000 persons), Solana Beach (2,178.8 per 100,000 persons), and Poway (1,962.7 per 100,000). High capacity, developed Coronado (2,069.9 per 100,000 persons) and low capacity, developing Santee (2,386.8 per 100,000 persons) were also among the lowest crime places in the region. Coronado had the lowest violent crime rate in the region, 78.7 crimes per 100,000 persons.

Within the city of San Diego, Part I and violent crime rates in 1998 were highest in the downtown neighborhoods, near the Miramar Navel Air Station, and in San Ysidro neighborhoods (Figure 25).<sup>97</sup> The neighborhoods with the highest Part I and violent crime rates in the city included East Village (17,705.9 Part I and 6,611.1 violent crimes per 100,000 persons), Horton Plaza (4,691.6 violent and 53,518.7 Part I crimes per 100,000 persons), and Kearny Mesa (9,627.3 violent and 101,242.2 Part I crimes per 100,000 persons). However, the neighborhoods with the lowest crime rates in the city, primarily located in the northern and northeastern part of the city, had lower Part I rates than any suburban jurisdiction of the region and lower violent crime rates than all but Coronado. For example, the Rancho Penasquitos neighborhood had a Part I rate of 1,836.2 crimes per 100,000 persons and Sabre Springs had a Part I rate of 1,582.4 crimes per 100,000 persons. Likewise, the Del Mar Heights neighborhood had a violent crime rate of 81.9 crimes per 100,000 persons and Sabre Springs had a violent crime rate of 59.2 crimes per 100,000 persons, the lowest rate in the region.

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<sup>96</sup> When comparing crime rates it is important to keep in mind that the level of detail and accuracy in crime reporting can vary considerably over time and across police jurisdictions.

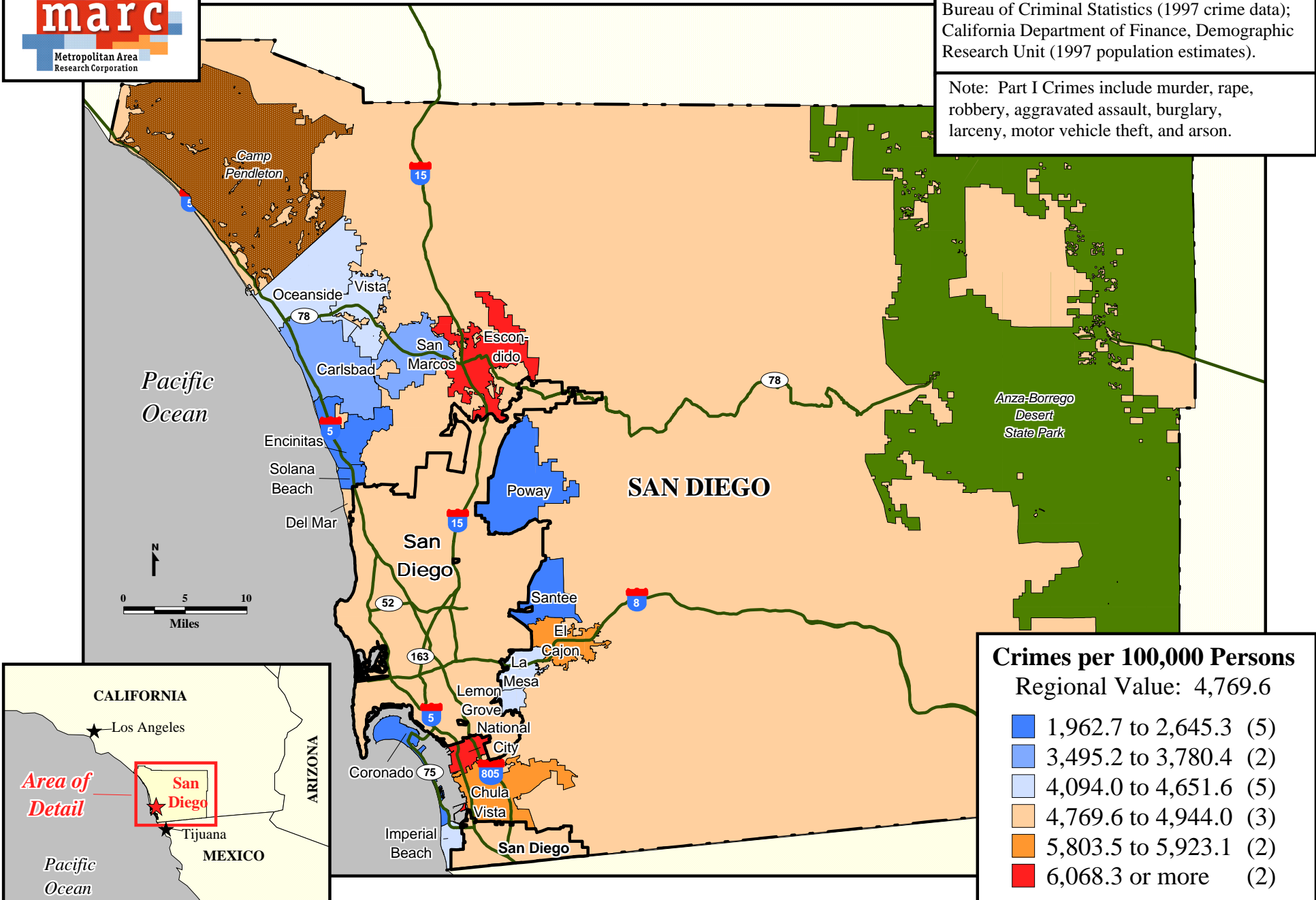
<sup>97</sup> San Diego crime data from the San Diego Police Department, Crime Analysis Unit.

# Figure 25: Part I Crimes per 100,000 Persons by Police Jurisdiction, 1997



Data Sources: California Department of Justice, Division of Law Enforcement, Bureau of Criminal Statistics (1997 crime data); California Department of Finance, Demographic Research Unit (1997 population estimates).

Note: Part I Crimes include murder, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft, and arson.



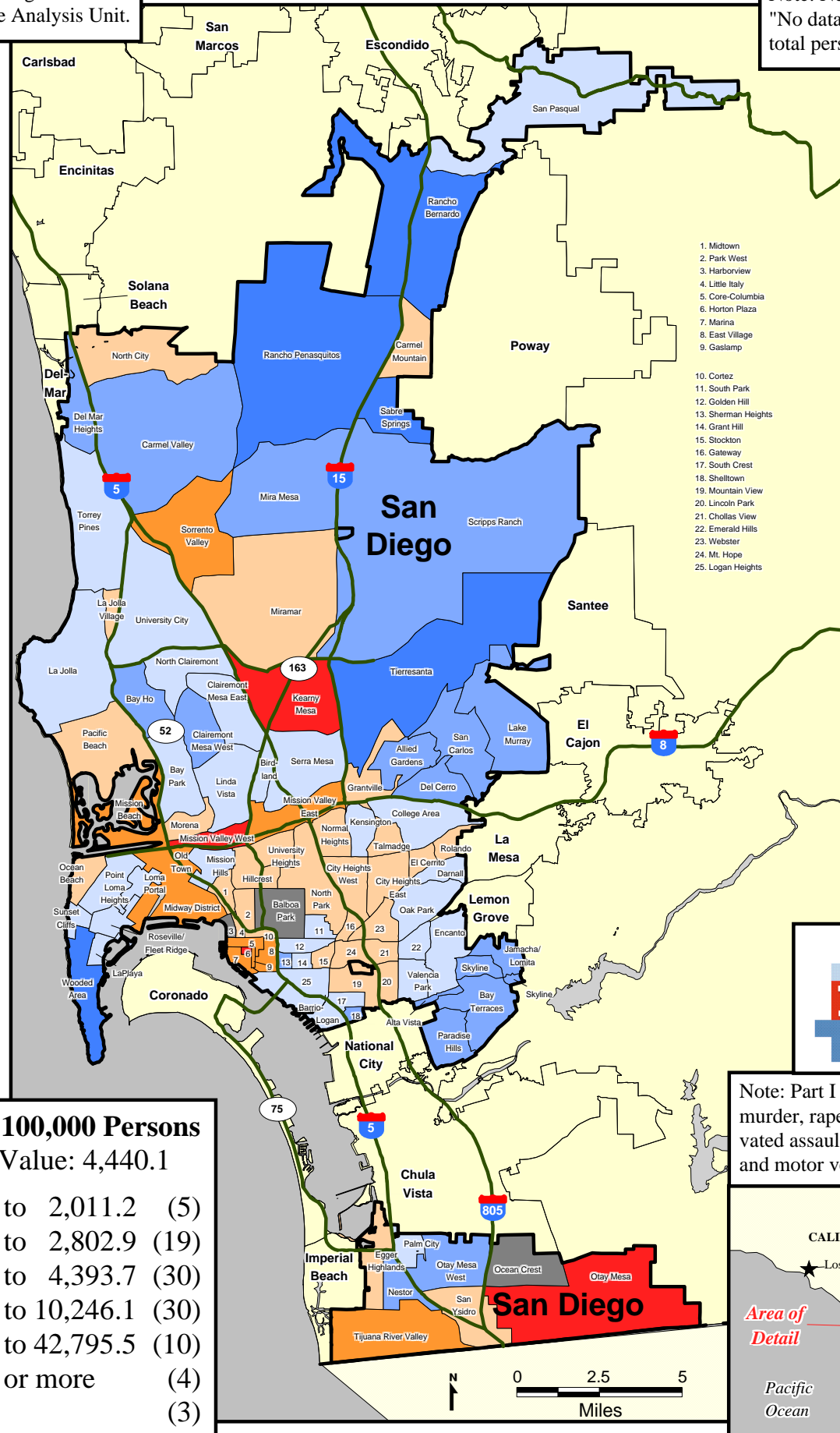
**Crimes per 100,000 Persons**  
Regional Value: 4,769.6

1,962.7 to 2,645.3	(5)
3,495.2 to 3,780.4	(2)
4,094.0 to 4,651.6	(5)
4,769.6 to 4,944.0	(3)
5,803.5 to 5,923.1	(2)
6,068.3 or more	(2)

# Figure 26: Part I Crimes per 100,000 Persons by Neighborhood, 1998

Data Source: San Diego Police Department, Crime Analysis Unit.

Note: Neighborhoods with "No data" had fewer than 50 total persons in 1998.



1. Midtown
2. Park West
3. Harborview
4. Little Italy
5. Core-Columbia
6. Horton Plaza
7. Marina
8. East Village
9. Gaslamp
10. Cortez
11. South Park
12. Golden Hill
13. Sherman Heights
14. Grant Hill
15. Stockton
16. Gateway
17. South Crest
18. Shelltown
19. Mountain View
20. Lincoln Park
21. Chollas View
22. Emerald Hills
23. Webster
24. Mt. Hope
25. Logan Heights

**Crimes per 100,000 Persons**  
Citywide Value: 4,440.1

Dark Blue	1,015.1 to 2,011.2	(5)
Medium Blue	2,113.1 to 2,802.9	(19)
Light Blue	2,989.7 to 4,393.7	(30)
Orange	4,440.1 to 10,246.1	(30)
Dark Orange	13,995.4 to 42,795.5	(10)
Red	53,518.7 or more	(4)
Grey	No data	(3)



Note: Part I Crimes include murder, rape, robbery, aggravated assault, burglary, larceny, and motor vehicle theft.



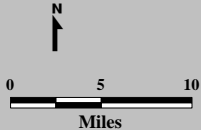
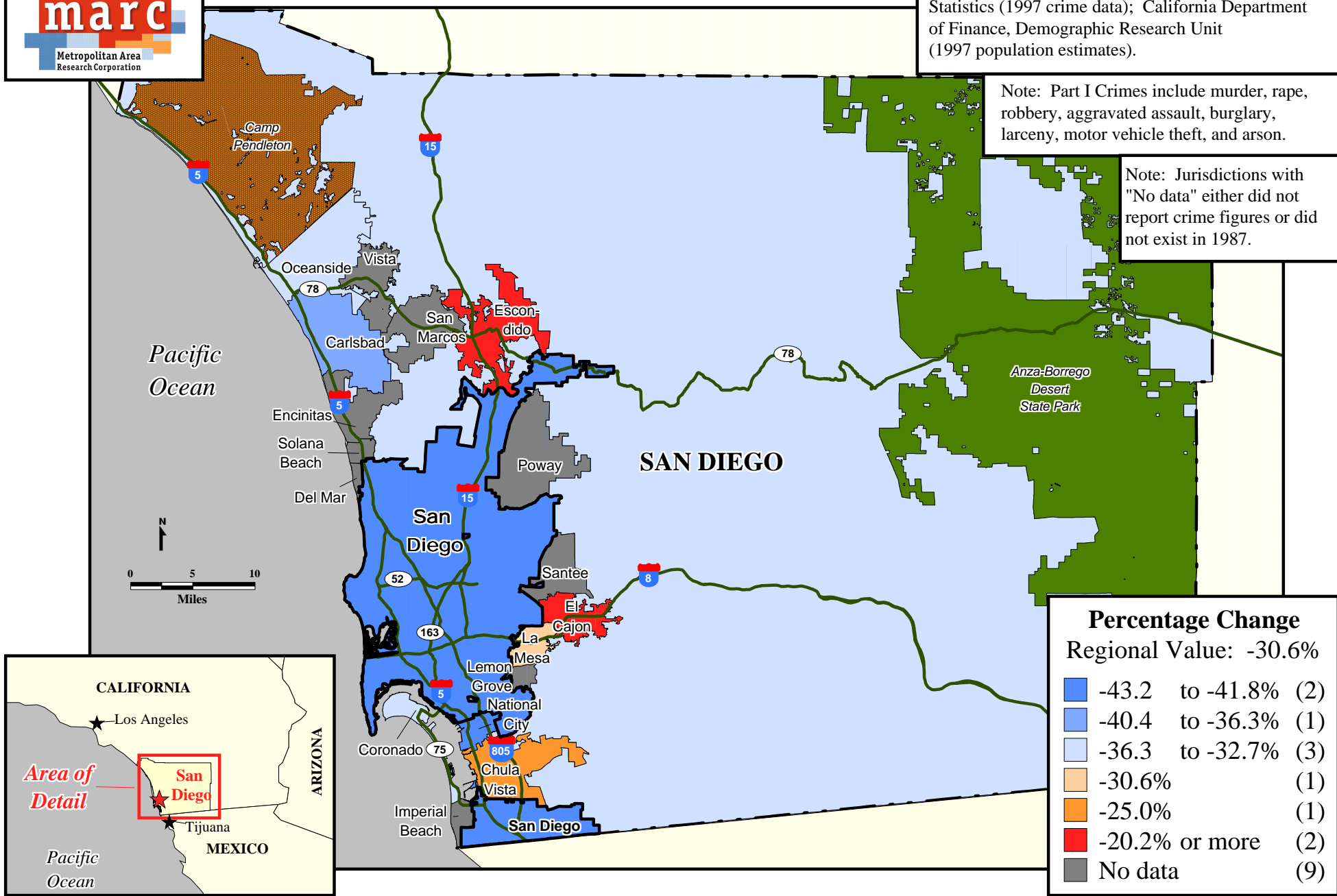
# Figure 27: Percentage Change in Part I Crimes per 100,000 Persons by Police Jurisdiction, 1987-1997



Data Sources: California Department of Justice, Division of Law Enforcement, Bureau of Criminal Statistics (1997 crime data); California Department of Finance, Demographic Research Unit (1997 population estimates).

Note: Part I Crimes include murder, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft, and arson.

Note: Jurisdictions with "No data" either did not report crime figures or did not exist in 1987.

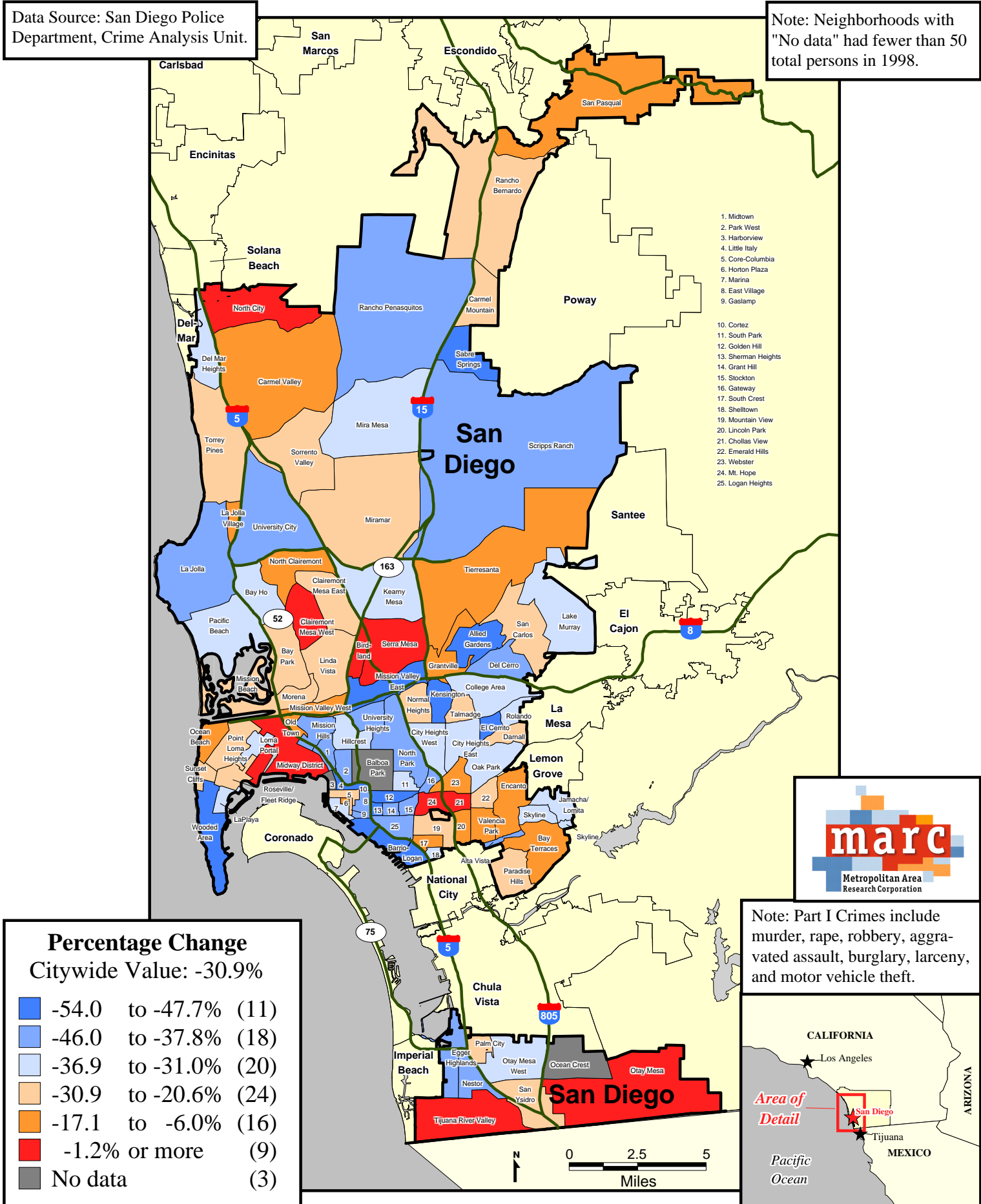


Percentage Change	
Regional Value: -30.6%	
Dark Blue	-43.2 to -41.8% (2)
Medium Blue	-40.4 to -36.3% (1)
Light Blue	-36.3 to -32.7% (3)
Light Orange	-30.6% (1)
Dark Orange	-25.0% (1)
Red	-20.2% or more (2)
Grey	No data (9)

# Figure 28: Percentage Change in Part I Crimes per Capita by Neighborhood, 1994-1998

Data Source: San Diego Police Department, Crime Analysis Unit.

Note: Neighborhoods with "No data" had fewer than 50 total persons in 1998.





Between 1987 and 1997, the overall Part I crime rate in the San Diego region decreased by 30.6 percent (Figure 26); all jurisdictions of the region saw decreases in their Part I rates.<sup>98</sup> During this period, the city of San Diego saw the largest decrease in its Part I crime rate, -43.1 percent (from 8,687.3 to 4,944.5 per 100,000). Carlsbad and National City also saw large decreases. Carlsbad decreased by 40.4 percent (from 6,341.3 to 3,780.4 crimes per 100,000 persons) and National City decreased by 41.8 percent (from 10,428.4 to 6,068.3 crimes per 100,000 persons). The jurisdictions that decreased the least were Escondido (-20.2 percent, from 7,602.2 to 6,069.2 crimes per 100,000) and El Cajon (-17.4 percent, from 7,167.6 to 5,923.1 crimes per 100,000 persons). These jurisdictions were also the only ones that saw increases in their violent rates. Violent crime increased by 24.2 percent in Escondido and 51.9 percent in El Cajon. In comparison, the city of San Diego saw an overall decrease of 8.5 percent in its violent crime rate during this period.

Between 1990 and 1998 Part I and violent crime rates decreased in most of the neighborhoods of San Diego (Figure 27). Indeed, five neighborhoods near downtown and in the central part of the city saw decreases in their Part I crime rates of more than 50 percent. These included the Golden Hill neighborhood, which saw a decrease of 50.5 percent (from 7,262.2 to 3,594.6 crimes per 100,000 persons) and Barrio Logan, which saw a decrease of 54.0 percent, from 7,058.1 to 3,243.8 crimes per 100,000 persons. However, eight neighborhoods saw increases in their Part I crime rates during this period. For example, Clairemont Mesa West saw an increase of 13.4 percent (from 2,213.5 to 2,510.2 crimes per 100,000 persons) and Mt. Hope saw an increase of 27.9 percent (from 5,474.6 to 7,000.4 crimes per 100,000 persons). In addition, nine of the city's one-hundred-and-one neighborhoods saw increases in violent crimes as well.

## G. Jobs

### 1. The Spatial Mismatch Hypothesis

Twenty-five years ago, John Kain, an economist at Harvard, argued for the existence of a “spatial mismatch” between affordable housing and available jobs.<sup>99</sup> The theory posits that American cities are undergoing transformations from centers of goods and production to centers of information processing. The blue-collar jobs that once made up the economic backbone of cities have either vanished or moved to the developing suburbs, if not overseas. Central-city low-skilled jobs are no longer available. In addition, neighborhood retail businesses that served the middle class have also to a large extent relocated to the suburbs.<sup>100</sup> The spatial mismatch theory states that it is not lack of jobs per se that is the problem, since central-city population growth has been as slow as central-city job growth. The problem is that the percentage of central-city jobs

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<sup>98</sup> 1987 crime data for the region are from the California Department of Justice, Division of Law Enforcement, Bureau of Criminal Statistics. Population estimates are from the California Department of Finance, Demographic Research Unit.

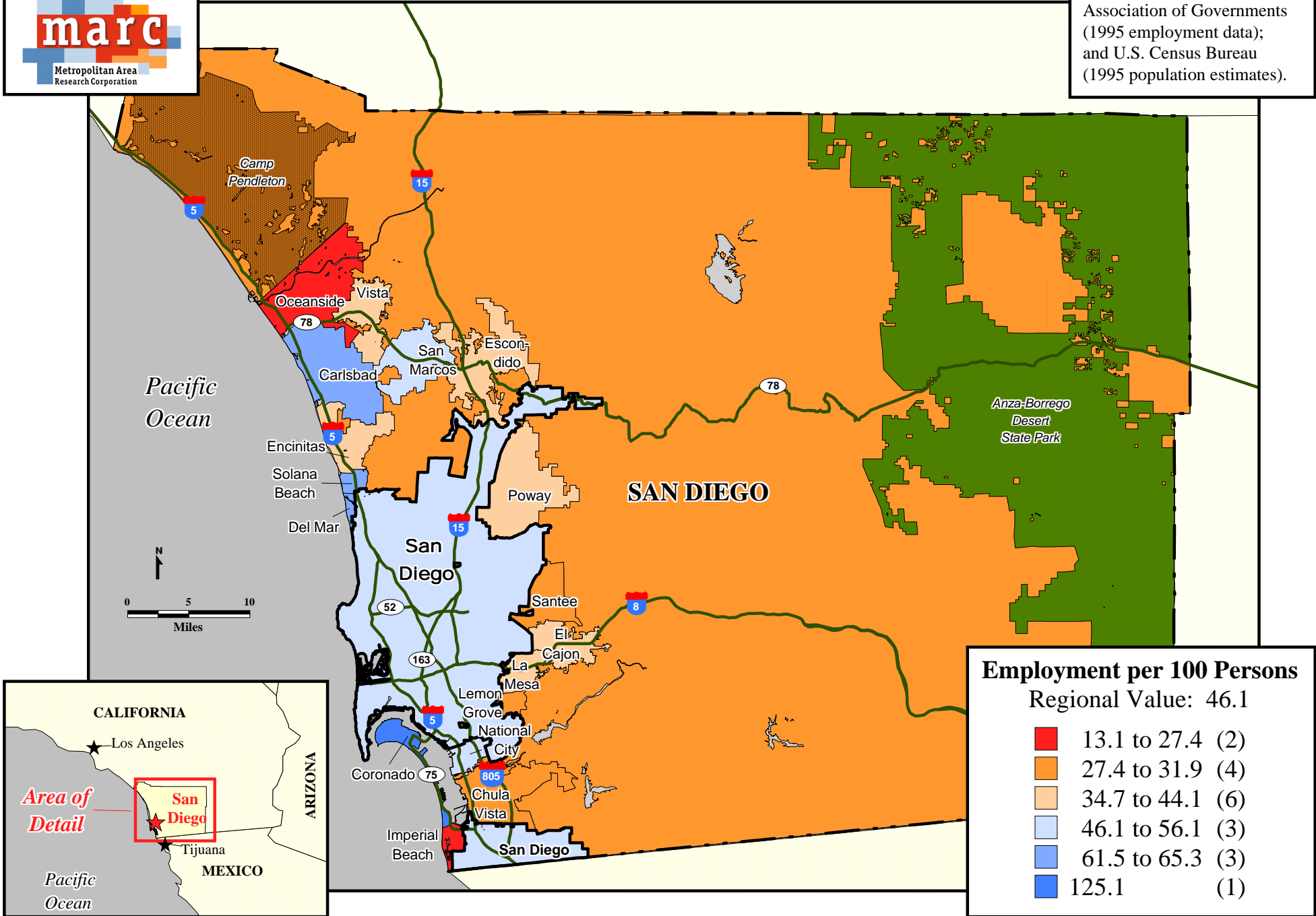
<sup>99</sup> John Kain, “Housing Segregation, Negro Unemployment, and Metropolitan Decentralization,” *Quarterly Journal of Economics* 82 (May 1968): 175-97.

<sup>100</sup> John D. Kasarda, “Urban Industrial Transition and the Underclass,” *Annals of the American Academy of Political and Social Sciences* 501 (January 1989): 36.

# Figure 29: Employment per 100 Persons by Municipality and County Unincorporated Area, 1995



Data Source: San Diego Association of Governments (1995 employment data); and U.S. Census Bureau (1995 population estimates).

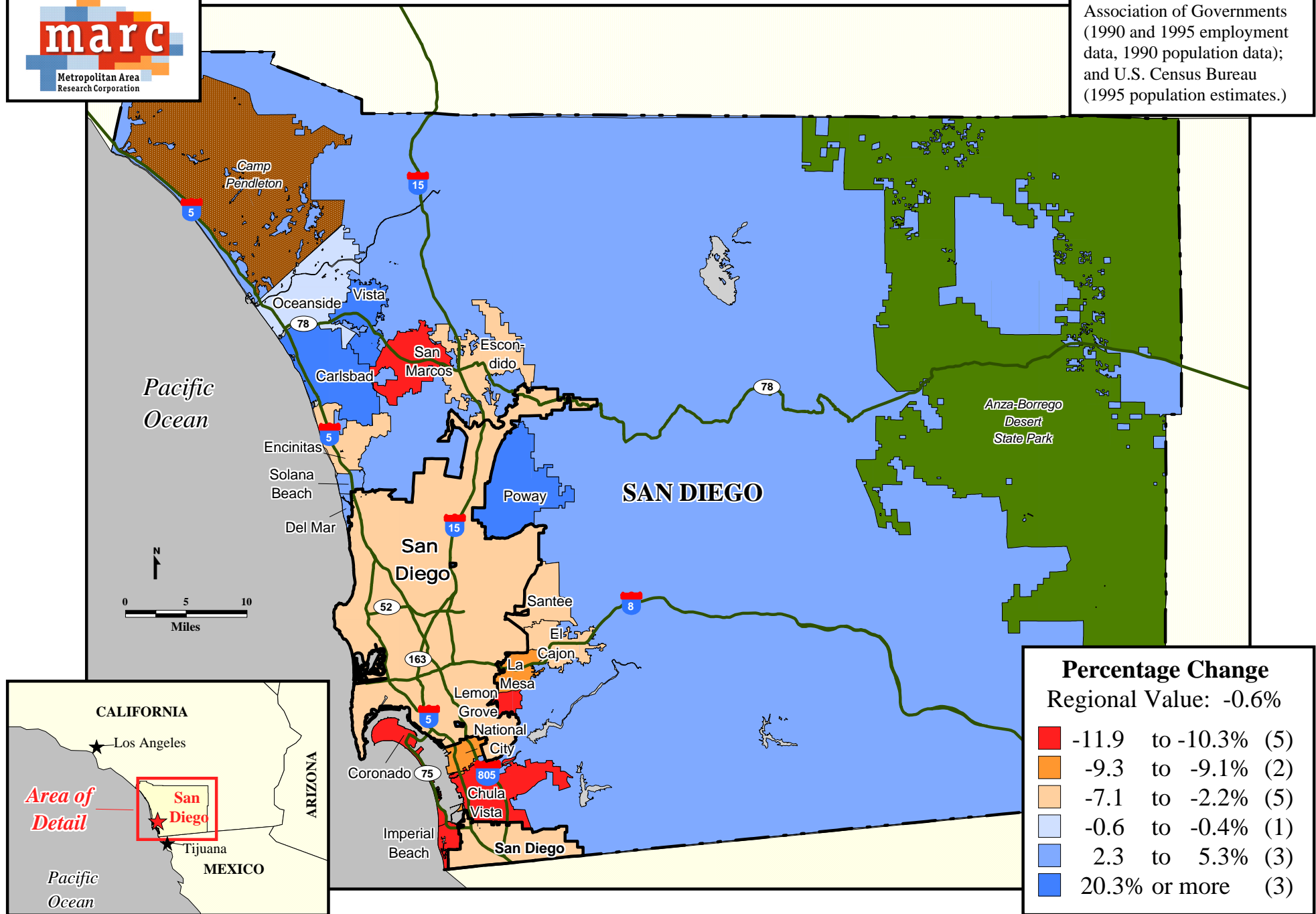


Employment per 100 Persons	
Regional Value: 46.1	
13.1 to 27.4	(2)
27.4 to 31.9	(4)
34.7 to 44.1	(6)
46.1 to 56.1	(3)
61.5 to 65.3	(3)
125.1	(1)

# Figure 30: Percentage Change in Employment per Capita by Municipality and County Unincorporated Area, 1990-1995



Data Source: San Diego Association of Governments (1990 and 1995 employment data, 1990 population data); and U.S. Census Bureau (1995 population estimates.)



with high educational requirements is increasing, while the average education level of central-city residents is dropping.<sup>101</sup> In addition, essentially all of the net growth in jobs with low educational requirements is occurring in the suburbs.<sup>102</sup> This low-skilled jobs exodus to the suburbs disproportionately affects central-city poor people, particularly minorities, who often face a more limited choice of housing location in job growth areas and a lack of transit services from the urban core to those suburbs.<sup>103</sup>

## 2. Jobs per Capita

In order to better determine where the region's jobs are located in relation to those who need them, employment data presented here show where the jobs are located, rather than how many employed people live in each jurisdiction. Number of jobs per capita is also a measure of a jurisdiction's relative strength in the regional economy and in competition for tax base.

In 1995, the San Diego region as a whole had 46.1 jobs per 100 persons (Figure 28).<sup>104</sup> San Diego had the fifth highest number of jobs (56.1 jobs per 100 persons). The most job-rich cities were high capacity, primarily developed communities, such as Solana Beach (65.3 jobs per 100 persons) and Coronado (125.1 jobs per 100 persons). Most of these communities were located north of San Diego and south of the Vista Freeway. Communities with the fewest jobs per 100 persons were all low capacity places and included Santee (27.4 jobs per 100 persons), Oceanside (25.0 jobs per 100 persons), and Imperial Beach (13.1 jobs per 100 persons).

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<sup>101</sup> Ibid.

<sup>102</sup> Ibid.

<sup>103</sup> For further discussion of the pros and cons of the spatial mismatch hypothesis, see Joseph Mooney, "Housing Segregation, Negro Employment and Metropolitan Decentralization: An Alternative Perspective," *Quarterly Journal of Economics* (May 1969): 299-311. See Hutchinson (1974); Farley (1987); Inlanfedt and Sjoquist (1990-2); Offner and Saks (1971) Friedlander (1972); Harrison (1974), Leonard (1986); all in Kathy Novak, "Jobs and Housing: Policy Options for Metropolitan Development," (Research Department: Minnesota House of Representatives February 1994); David Elwood, "The Spacial Mismatch Hypothesis: Are the Teenage Jobs Missing in the Ghetto?" in *The Black Youth Employment Crisis* eds. Richard B. Freeman and Harry J. Holzer (1986): 147-90.

<sup>104</sup> Employment data are from the San Diego Association of Governments; population data are from the U.S. Census Bureau.

Between 1990 and 1995, the region as a whole remained fairly stable in jobs per capita, decreasing by just 0.6 percent (Figure 29). However, changes in jobs per capita in individual jurisdictions ranged from decreases of 11.9 percent to increases of 29.0 percent during this period. The city of San Diego fell in the middle of this range, decreasing in jobs per 100 persons by 6.0 percent (from 59.7 jobs per 100 persons in 1990 to 56.1 jobs per 100 persons in 1995). The largest decreases were in the South Bay area and southeast of the central city as well as some areas along the Vista Freeway, while the largest increases were north of San Diego. For example, Chula Vista decreased in jobs per 100 persons by 11.9 percent (from 36.2 to 31.9 jobs per 100 persons), while Vista increased in jobs per 100 persons by 25.9 percent (from 28.6 to 36.0 jobs per 100 persons) and Poway increased in jobs per 100 persons by 29.0 percent (from 26.9 to 34.7 jobs per 100 persons).

## H. Infrastructure

Scholars and commentators say regional governance is impossible in the United States. But in terms of transportation spending, regionalism has been going on for at least twenty years. Money for highways comes from federal, state, and local sources. Today these highway projects are some of the largest governmental public works programs in the nation. The billions of dollars that build and maintain regional highway systems belong indivisibly to every citizen in the region—as much to the resident of San Diego, Chula Vista, or Lemon Grove as to the resident of Poway, Encinitas, or Carlsbad. It is money that could be spent on enhancing the core communities of the region or on expanding the region’s boundaries. It is money that could rebuild the infrastructure in San Diego’s older South Bay suburbs or help urbanize previously undeveloped parts of San Diego County. The Metropolitan Planning Organization (MPO) gets to decide where this money goes.

In MARC studies throughout the nation, the largest share of new highway construction dollars are spent on radial highways leading out of the core of the region (the employment basin) to the heart of the developing quarter. This appears to be the case in the San Diego region as well.

There is a constant debate among environmentalists and the highway construction complex about whether highway investment follows growth or causes it. It does both. Generally the road segments that are prioritized are the most congested. However, when the signal is given to increase capacity, the land use on the outward edge of the corridor responds with more growth, more housing, more commercial development, and more jobs. Often, these edge city communities *only* build expensive housing and job generating facilities. This causes congestion both on the radial roads leading out from where the workers can afford to live in the city and inner suburbs, and increasingly on roads even further out beyond those new suburban office centers. Once a large concentration of jobs becomes established on the periphery, it expands the size of the region another 20-40 minutes of commute time from the edge city centers. The broad decentralization of employment is one of the biggest agents of sprawl.

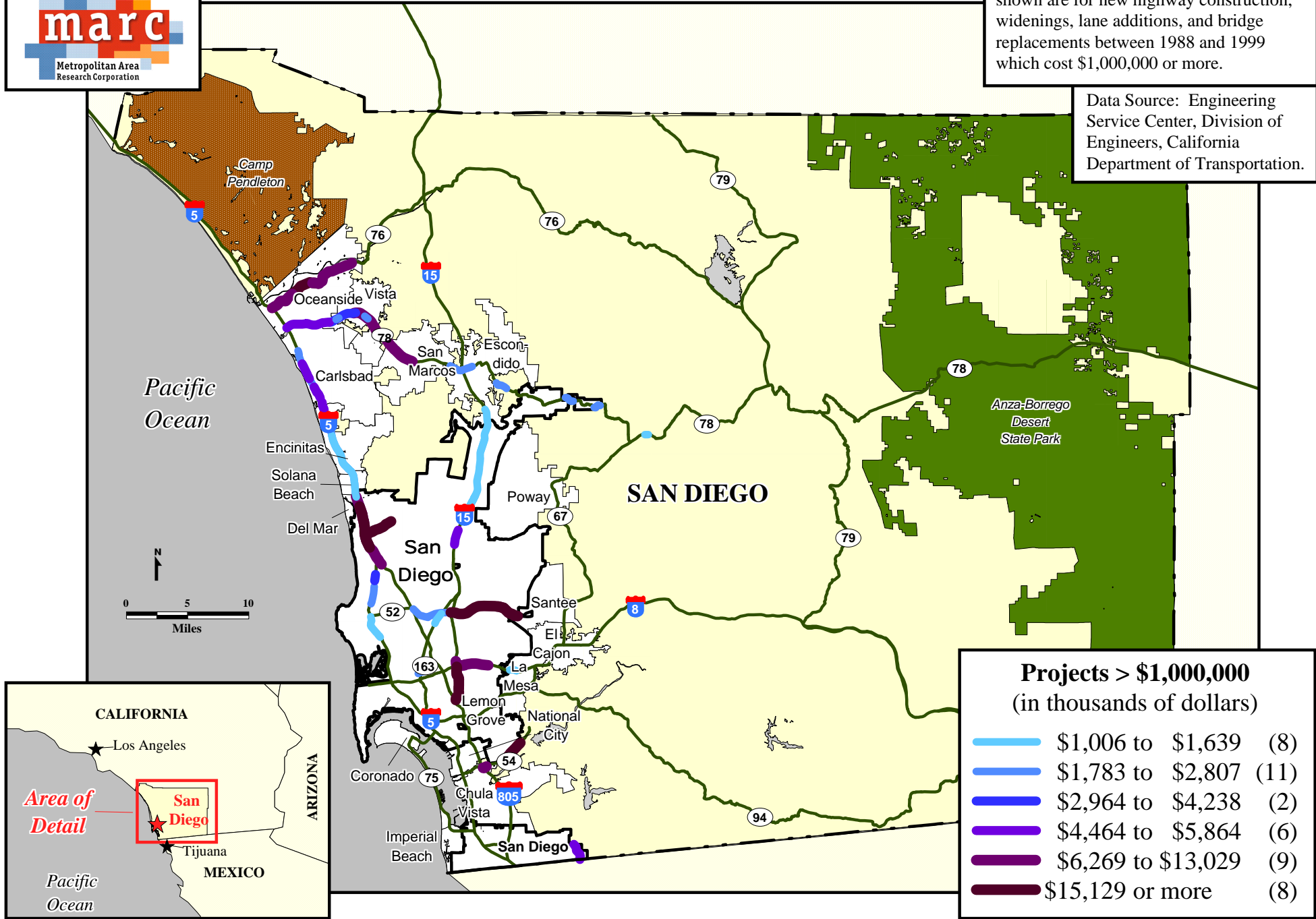
Sadly, given existing land-use patterns and the competition among communities for high-valued housing and income-producing commercial properties, the massive public works dollars spent on highway-capacity enhancement—theoretically on congestion reduction—only seem to reinforce a system of growing jobs/housing imbalance and sprawl that makes congestion worse

# Figure 31: Past Spending on Highway Improvement Projects, 1988-1999



Note: Highway improvement projects shown are for new highway construction, widenings, lane additions, and bridge replacements between 1988 and 1999 which cost \$1,000,000 or more.

Data Source: Engineering Service Center, Division of Engineers, California Department of Transportation.

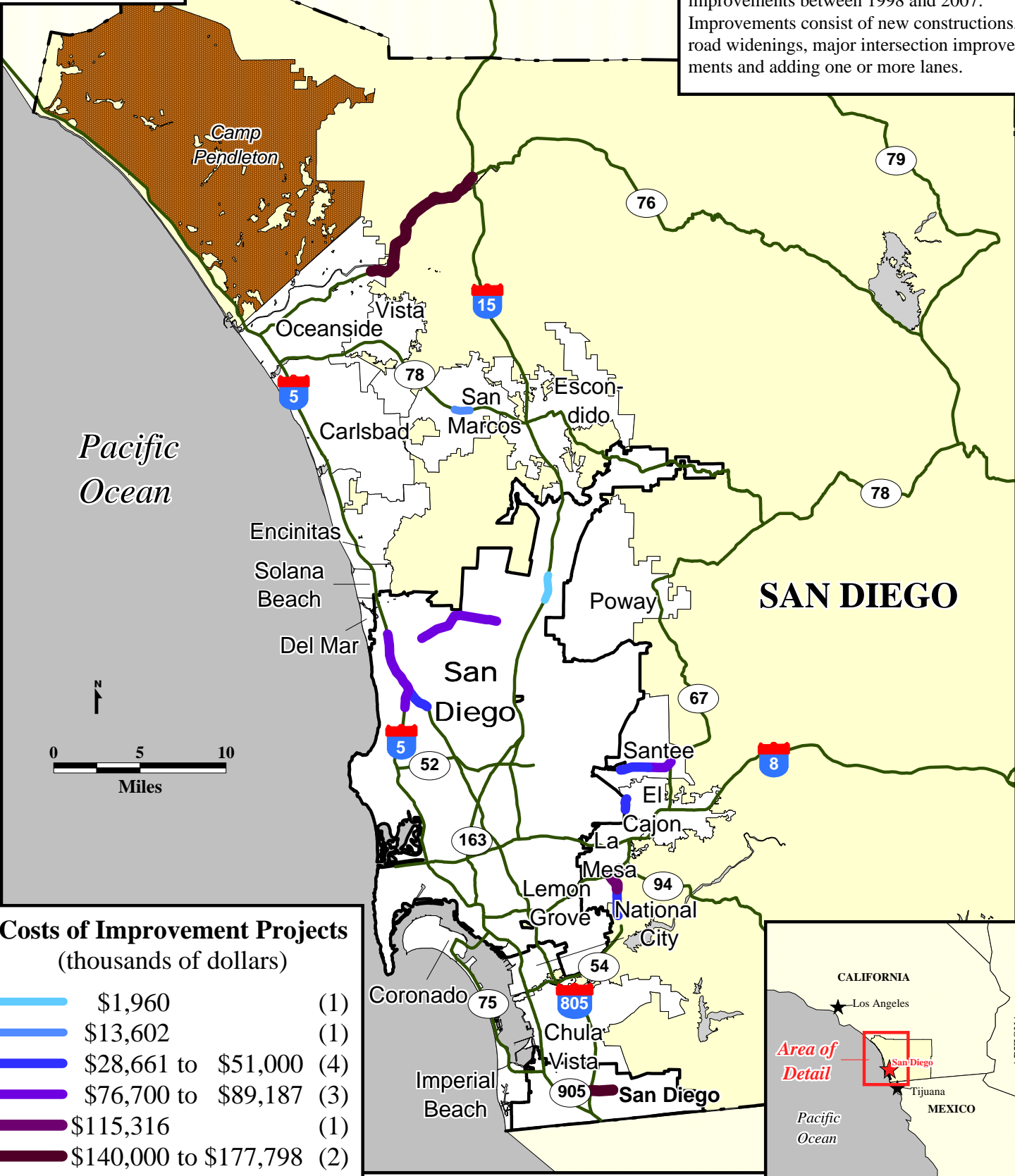


# Figure 32: Projected Highway Improvements, 1998-2007



Data Source: State of California - Business, Transportation and Housing Agency, Department of Transportation.

Note: Highway projects shown are for improvements between 1998 and 2007. Improvements consist of new constructions, road widenings, major intersection improvements and adding one or more lanes.



### Costs of Improvement Projects (thousands of dollars)

- \$1,960 (1)
- \$13,602 (1)
- \$28,661 to \$51,000 (4)
- \$76,700 to \$89,187 (3)
- \$115,316 (1)
- \$140,000 to \$177,798 (2)



and dramatically increases the size of the region and the threat to open space and productive agricultural lands.

Recently, the Surface Transportation Policy Project analyzed highway congestion data from the Texas Transportation Institute for 70 metropolitan areas between 1985 and 1996 and found that large investments in highway capacity did not result in easing congestion.<sup>105</sup> The STPP study compared metropolitan regions that have added significant new highway capacity in an effort to ease congestion to those that added little new capacity and found no difference in traffic congestion by 1996. Moreover, the study found that regions that increased road capacity spent approximately \$22 billion more than those that did not increase capacity, but ended up with higher congestion costs per person, more wasted fuel, and increased travel delay.

Further, the continual increase in highway capacity in growing outer communities intensifies the mismatch between the location of jobs and workers, and exacerbates the overall socioeconomic polarization occurring among communities of the region.<sup>106</sup> In many regions, homeowners who choose to buy in communities developing on the fringes of urbanized areas sometimes have very long commutes to their places of work in the city or in other growing suburbs, increasing the strain on the transportation system.

Meanwhile, for many people the opposite problem holds true: their place of work moves to the suburbs, but the community's restrictions on affordable housing development prevents them from moving there as well. The urban planner Robert Cervero at Berkeley has shown that upwards of forty percent of the automobiles that clog highways at rush hour are driven by people who cannot afford to live close to their work.<sup>107</sup> Cervero suggests fair housing, including barrier removal, as one of the most important ways to reduce freeway congestion.<sup>108</sup> Although the effectiveness of jobs-housing balance in reducing freeway congestion has been hotly debated in recent years, a 1996 study by Cervero found that without coordinated regional planning, the imbalance between location of jobs and workers is more acute.<sup>109</sup>

New highway capacity also does not necessarily serve the community in which the highway construction actually occurs. Freeway lane widenings mean increased traffic, pollution, and encroachment of noise on communities. These neighborhoods must choose between soundwalls and noise, both of which lower property values and quality of life. Instead, the areas

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<sup>105</sup> Surface Transportation Policy Project, "An Analysis of the Relationship Between Highway Expansion and Congestion in Metropolitan Areas: Lessons from the 15-Year Texas Transportation Institute Study", November 1998.

<sup>106</sup> Yale Rabin, "Highways as a Barrier to Equal Access," *Annals of the American Academy of Political Science* (1974). See generally Metropolitan Planning Council of Chicago, "Trouble in the Core."

<sup>107</sup> Robert Cervero, "Jobs-Housing Balance and Regional Mobility," *American Planning Association Journal* (Spring 1989).

<sup>108</sup> Ibid.

<sup>109</sup> Robert Cervero, "Jobs-Housing Balance Revisited," *American Planning Association Journal* (Autumn 1996).



that actually benefit from increased new capacity are the areas to which traffic is being directed, improving access for commuters both into and out of the community.

With that in mind, MARC examined past and projected highway spending in the San Diego region. Between 1988 and 1999, the California Department of Transportation spent approximately \$382 million on major highway improvement projects in the San Diego region (Figure 30).<sup>110</sup> The most expensive group of projects during this period was the widening of I-5 (the San Diego Freeway) (including bridges) from I-805 (the Jacob Dekema Freeway) in San Diego north through the high capacity communities of Solana Beach, Encinitas, and Carlsbad (\$81 million). If one adds to this the widening of the San Diego Freeway south of where it meets the Jacob Dekema Freeway (\$7.6 million) and the construction of part of State Highway 56 in northwestern San Diego (in the Carmel Valley) (\$25 million), the total spent connecting affluent northern San Diego to the high capacity suburbs north of the city and thus improving access for commuters to and from those areas, was approximately \$114 million—or about 30 percent of all highway improvement spending in the region during this period.

The second most expensive group of projects during this period was the widening of the Soledad Freeway (State Highway 52) to six lanes from Jacob Dekema east to about I-15 (the Escondido Freeway) and the new construction of the Soledad (four lanes) from the Escondido east to Santee (\$66 million). Third, the new construction of the I-15 (eight lanes) connecting Wabash Boulevard and the Escondido Freeway cost the region just under \$66 million.

In addition to the above spending on past highway projects, \$884 million has been programmed for major highway improvement projects in the San Diego region between 1998 and 2007 (Figure 31).<sup>111</sup> Here it appears that in the future much of the region's highway improvement spending will be focused on the low capacity communities just east of the central city. During this period the greatest highway improvement investment is planned for the low capacity suburbs just east of San Diego: a total of \$163 million is planned for the construction of a six-lane freeway from Jamacha Road between Spring Valley and Lemon Grove north to Panorama Drive and State Highway 94, then on to Campo Road in La Mesa (two projects). The second most expensive project planned for this period is the widening of State Highway 76 east of Oceanside to the Escondido Freeway (\$140 million) and the third most expensive project is the construction of the four-lane Soledad Freeway (State Highway 52) through Santee (\$130 million).

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<sup>110</sup> Past highway improvements spending data are from the Engineering Service Center, Division of Engineers, California Department of Transportation. "Highway Improvements" are defined as bridge replacements, lane widenings, lane additions, and new highway construction. These are projects that add new capacity to the system; maintenance is not included here. Also, included here and on Figure 30 are only improvement projects that cost \$1 million or more. In other words, the \$382 million figure does not include improvement projects that cost less than \$1 million.

<sup>111</sup> Projected highway improvements spending data are from the business, Transportation and Housing Agency, California Department of Transportation. Unlike the past highway spending data and map, here we include all improvement projects—not just those that cost \$1 million or more.

## I. Regional Sprawl

According to the U.S. Census Bureau, a city's urbanized area consists of the central city and its adjacent urban fringe, including all contiguous territory settled at the density of at least 1,000 persons per square mile.<sup>112</sup> By comparing the change in population between census periods within a designated urbanized area and the change in the size of the land area that is defined as urbanized, we can determine whether that area as a whole is becoming more compact or is sprawling as it develops.

In 1990 the San Diego urbanized area—which is delineated by the Census Bureau and covers the city of San Diego and portions of San Diego County north of the central city along the coast into the Camp Pendleton area, east of the central city into unincorporated areas of San Diego county, and south to the Mexican border—was settled at a density of 3,932.8 persons per square mile (Figure 32).<sup>113</sup> This was an increase in population density from 1970 of 24.9 percent. In that year, the population density in the area was 3,148.0 persons per square mile. Put another way, the number of people living in the urbanized area surrounding San Diego nearly doubled at an increase of 96.0 percent (from 1,198,323 to 2,348,417), while the land area they occupied increased by 81.3 percent (from 380.7 to 690.2 square miles).

The San Diego region is one of the few regions MARC has studied that has not become more sprawling during the 1970's and 1980's. While the region is clearly growing, it is bounded by the Pacific Ocean on the west, the Mexican border on the south, and mountainous terrain to the east, making it difficult to expand geographically in any of those directions. This leaves the northerly direction as the easiest area of expansion. Indeed, major highway corridors are concentrated along the coast north toward Los Angeles; it is therefore no surprise that growth in land area has primarily taken place in this direction. Most developing communities lie in this portion of the San Diego region.

## J. Fiscal Disparities

### 1. Overview

When the property tax and local sales taxes are basic revenue sources for local governments with land-planning powers, fiscal zoning occurs as jurisdictions compete for property wealth and sales tax revenue. Through fiscal zoning, jurisdictions deliberately develop predominantly expensive homes and commercial-industrial properties with low social service needs.<sup>114</sup> In such a way, they prevent the construction of lower-cost housing that have associated social needs, thus keeping demands on city resources low.

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<sup>112</sup> Also included in the urbanized area are large concentrations of non-residential urban area, such as industrial parks, office areas, and airports.

<sup>113</sup> Population and land area data from the "1990 Census of Population and Housing Supplementary Reports Urbanized Areas of the United States and Puerto Rico" (December 1993), and the "1970 Census of Population Supplementary Report, Population and Land Area of Urbanized Areas: 1970 and 1960" (February 1972).

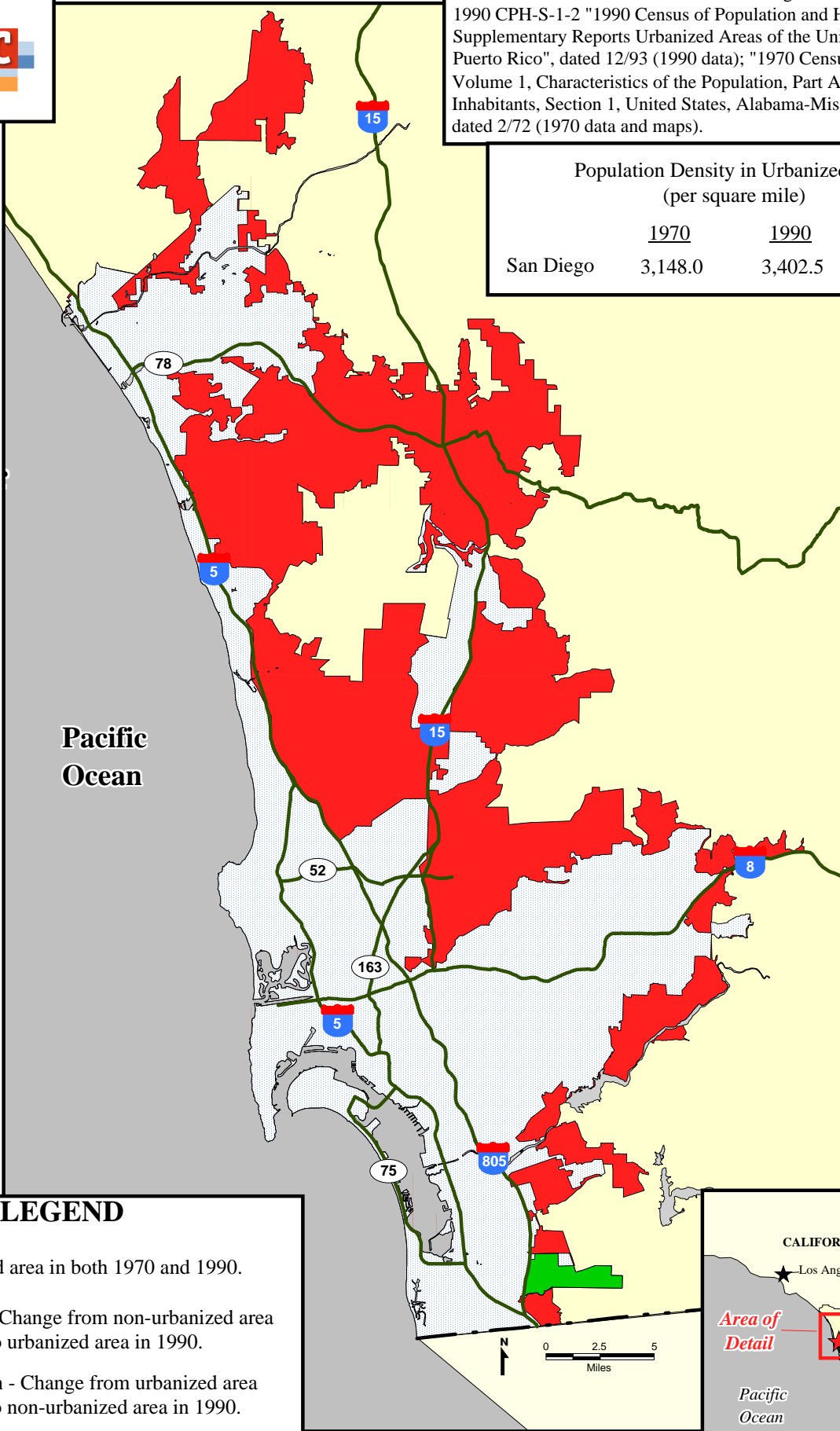
<sup>114</sup> D. Winsor, *Fiscal Zoning in Suburban Communities* (1979); B. Rolleston, "Determinants of Restrictive Suburban Zoning: An Empirical Analysis," *Journal of Urban Economics* 21 (1987): 1-21; M. Wasylenko, "Evidence

# Figure 33: Change in Urbanized Area 1970-1990



Data Sources: 1995 U.S. Census Bureau Tiger Files (1990 map); 1990 CPH-S-1-2 "1990 Census of Population and Housing Supplementary Reports Urbanized Areas of the United States and Puerto Rico", dated 12/93 (1990 data); "1970 Census of Population", Volume 1, Characteristics of the Population, Part A, Number of Inhabitants, Section 1, United States, Alabama-Mississippi", dated 2/72 (1970 data and maps).

Population Density in Urbanized Area (per square mile)			
	<u>1970</u>	<u>1990</u>	<u>% Change</u>
San Diego	3,148.0	3,402.5	8.1%



**LEGEND**

- Urbanized area in both 1970 and 1990.
- Growth - Change from non-urbanized area in 1970 to urbanized area in 1990.
- Reduction - Change from urbanized area in 1970 to non-urbanized area in 1990.

CALIFORNIA

Los Angeles

Area of Detail

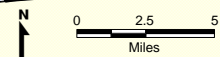
San Diego

Tijuana

Pacific Ocean

ARIZONA

MEXICO



The dynamic of fiscal zoning creates three sets of mutually reinforcing relationships. First, the wealthier jurisdictions that have little or no affordable housing and have large tax resources continue to attract more and more business, continually increasing that city's base of assessed values and tax revenues to the city. Because of low social needs, these places can provide higher quality local services than can most other cities.

A second reinforcing relationship involves those jurisdictions that have increasing social needs on a declining base of assessed property values and taxable sales. This combination leads to declining consumer demographics, increased tax rates,<sup>115</sup> and decreased local revenue, resulting in fewer and less adequate public services. All of these factors are large negatives in terms of business location and retention. Often, central cities and inner, older suburbs spend a great deal of money on unsuccessful efforts to become more socio-economically stable, as their property tax base and their sales tax revenues evaporate out from under them.

The third relationship concerns the developing jurisdictions that lose the battle of fiscal zoning. These are fast-growing suburbs that have not yet attracted business or executive housing and must pay for their schools, police, parks, curbs, and gutters with fewer resources. In order to generate adequate revenue to address their growing needs, they are forced to abandon long-range thinking and build lower-valued homes and multi-family units rejected by the wealthier jurisdictions. These decisions, in the long run, catch up with working- and middle-class suburbs and they become the declining suburbs of tomorrow. Further, in a perhaps futile attempt to remain competitive, developing communities often suppress local expenditures on public services, particularly on schools.

The increase of property and sales tax wealth in some communities and the stagnancy or decline of property values and taxable sales transactions in the central cities and older, inner suburbs represents an interregional transfer of tax base. As such, the loss of value in older poorer communities is one of the costs of economic polarization. Federal, state, and local governments spend billions of dollars building infrastructure such as schools, freeways, and sewers which add enormous value to growing parts of the region. To the extent that these public expenditures serve to transfer value, they are wasted. Adding to this dysfunction, the infrastructure of new cities is paid for by taxes and fees levied on the residents and businesses of the older parts of the region.

## 2. Cities and Counties

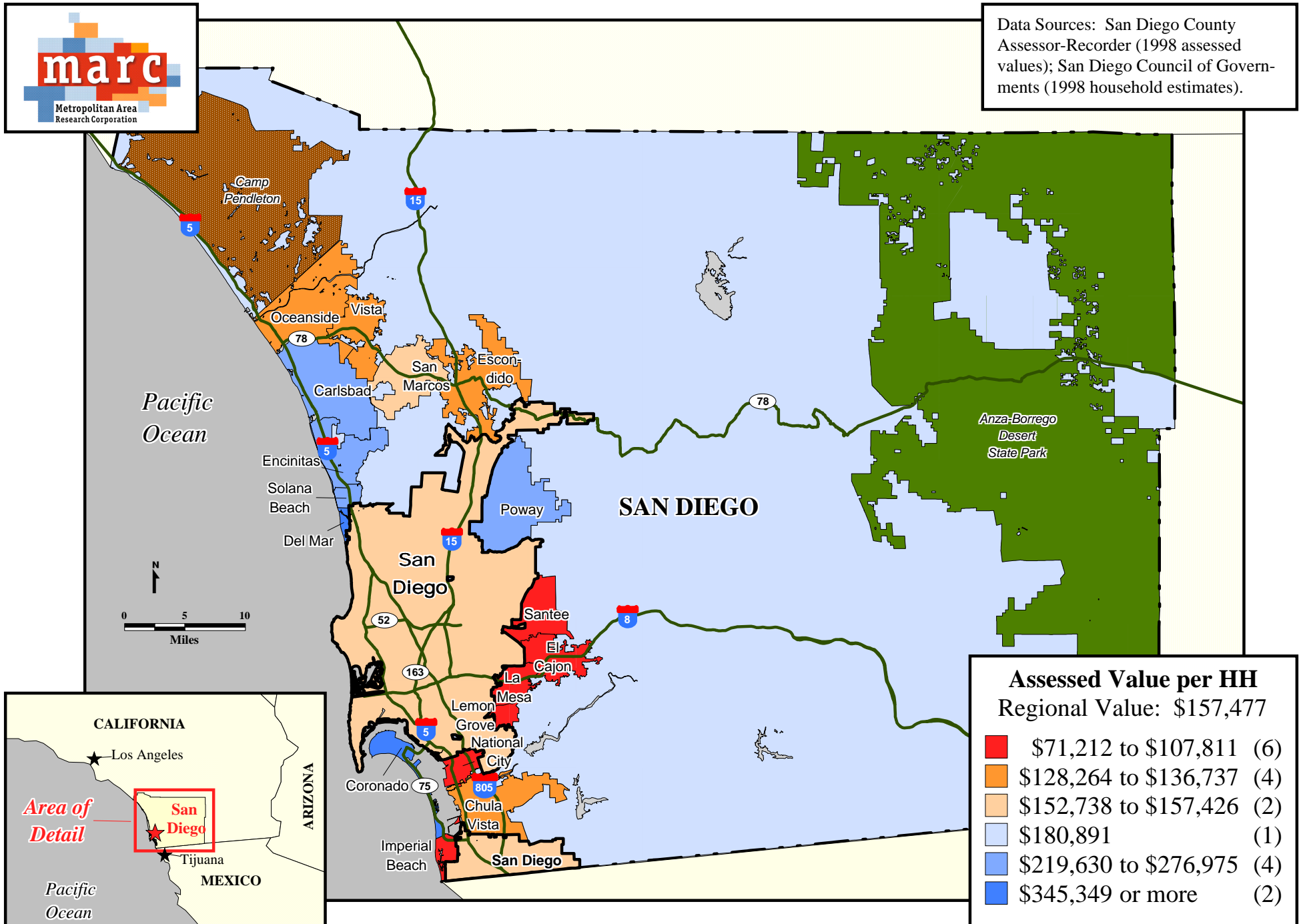
In this section we look at assessed property values (property tax base) per household. We do not look at property tax *revenues*. We simply present the *base* in order to illustrate the resources from which each city has to draw (under current definitions of "assessed value"), relative to other cities in the region. It is important to keep in mind that in California, *assessed property value* is not always the same as *current fair market value* and that local jurisdictions have no control over property tax rates. In 1978 California voters approved the property tax

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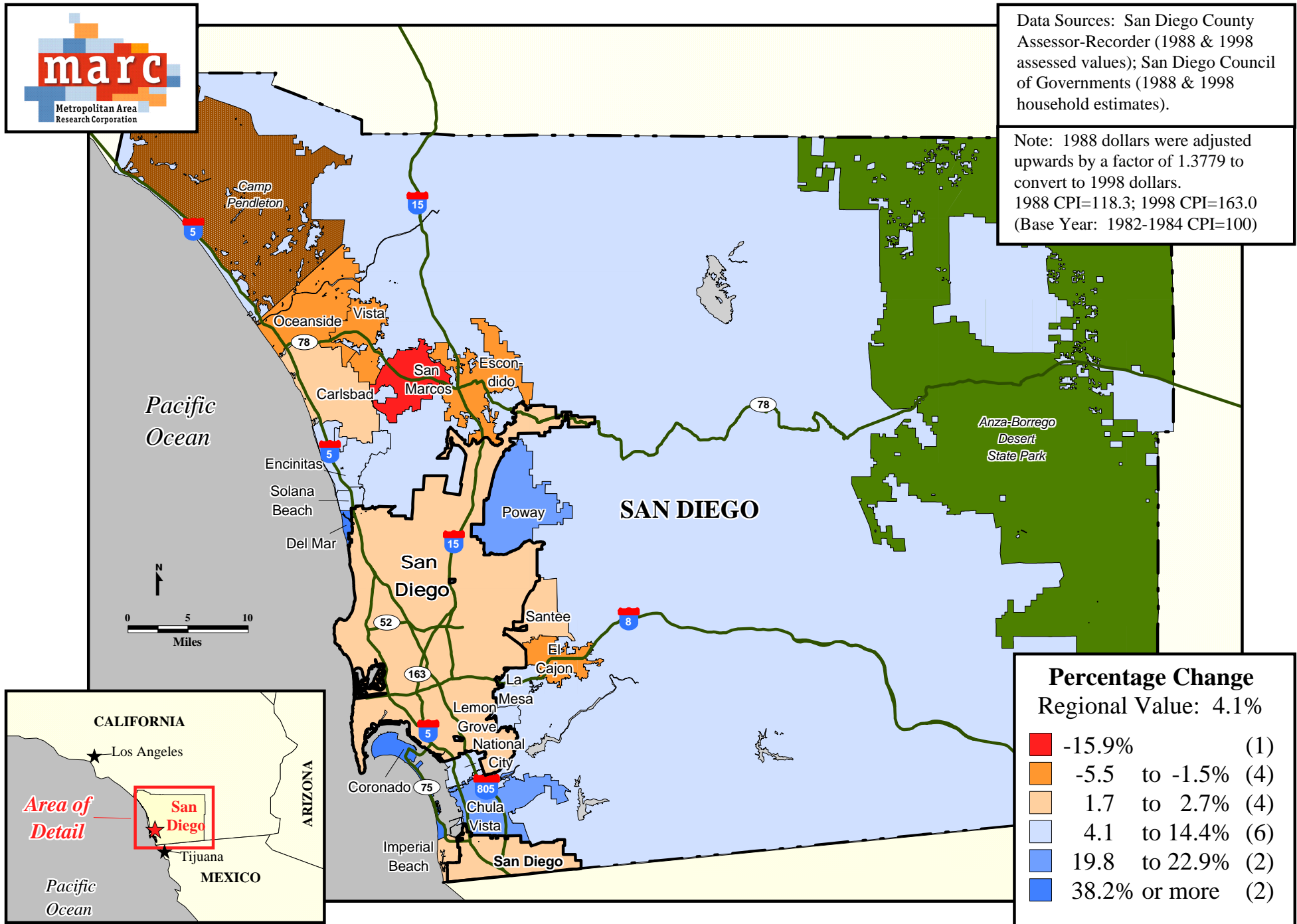
of Fiscal Differentials and Intrametropolitan Firm Relocation," *Land Economics* 56 (1980): 339-56; Cervero, "Regional Mobility."

<sup>115</sup> Although in California, due to Proposition 13, tax rates cannot increase beyond one percent.

**Figure 34: Assessed Property Value per Household by Municipality and County Unincorporated Area, 1998**



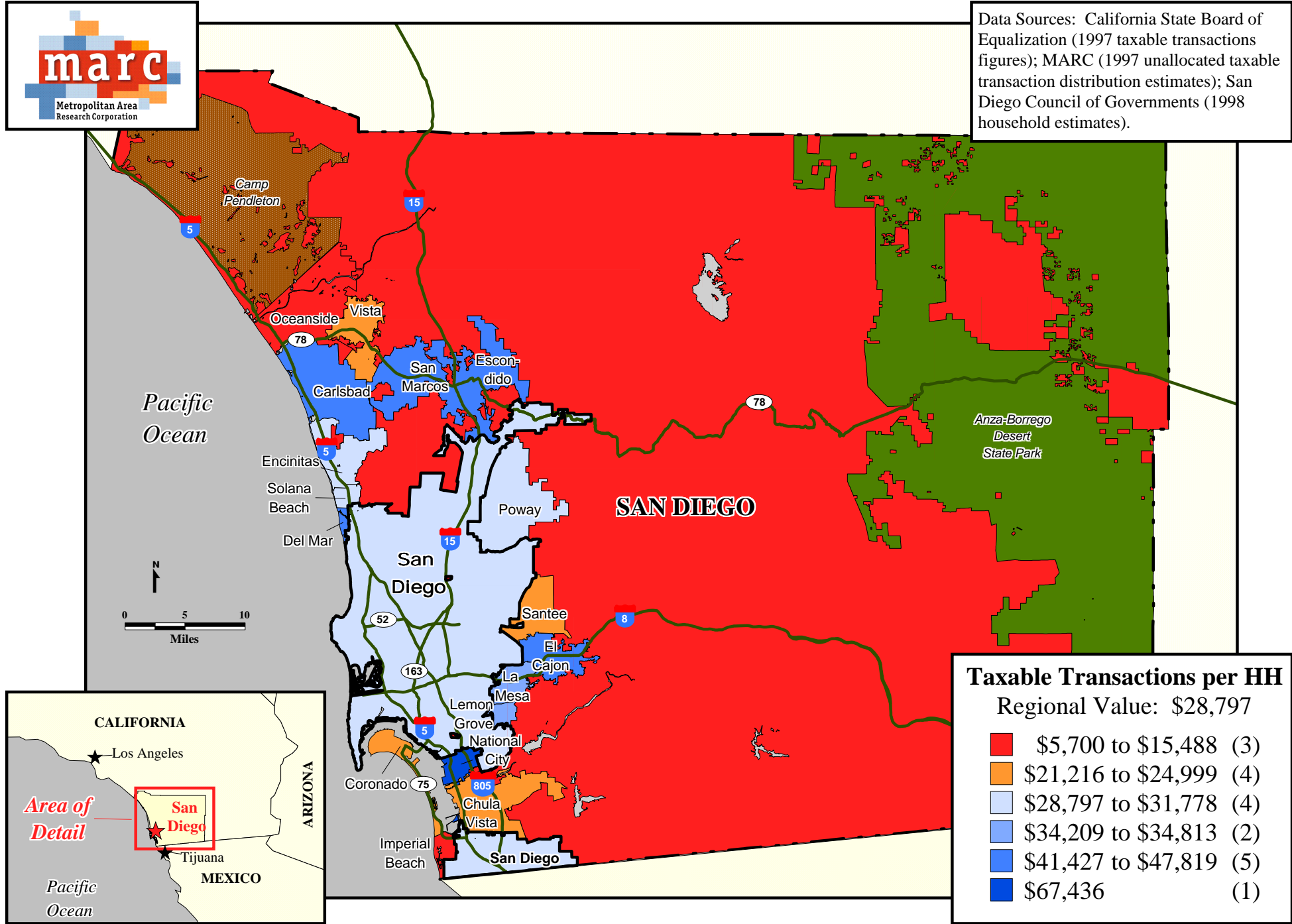
**Figure 35: Percentage Change in Total Assessed Valuation per Household by Municipality and County Unincorporated Area, 1988-1998 (Adjusted by CPI)**



**Figure 36: Taxable Transactions per Household by Municipality and County Unincorporated Area, 1997**



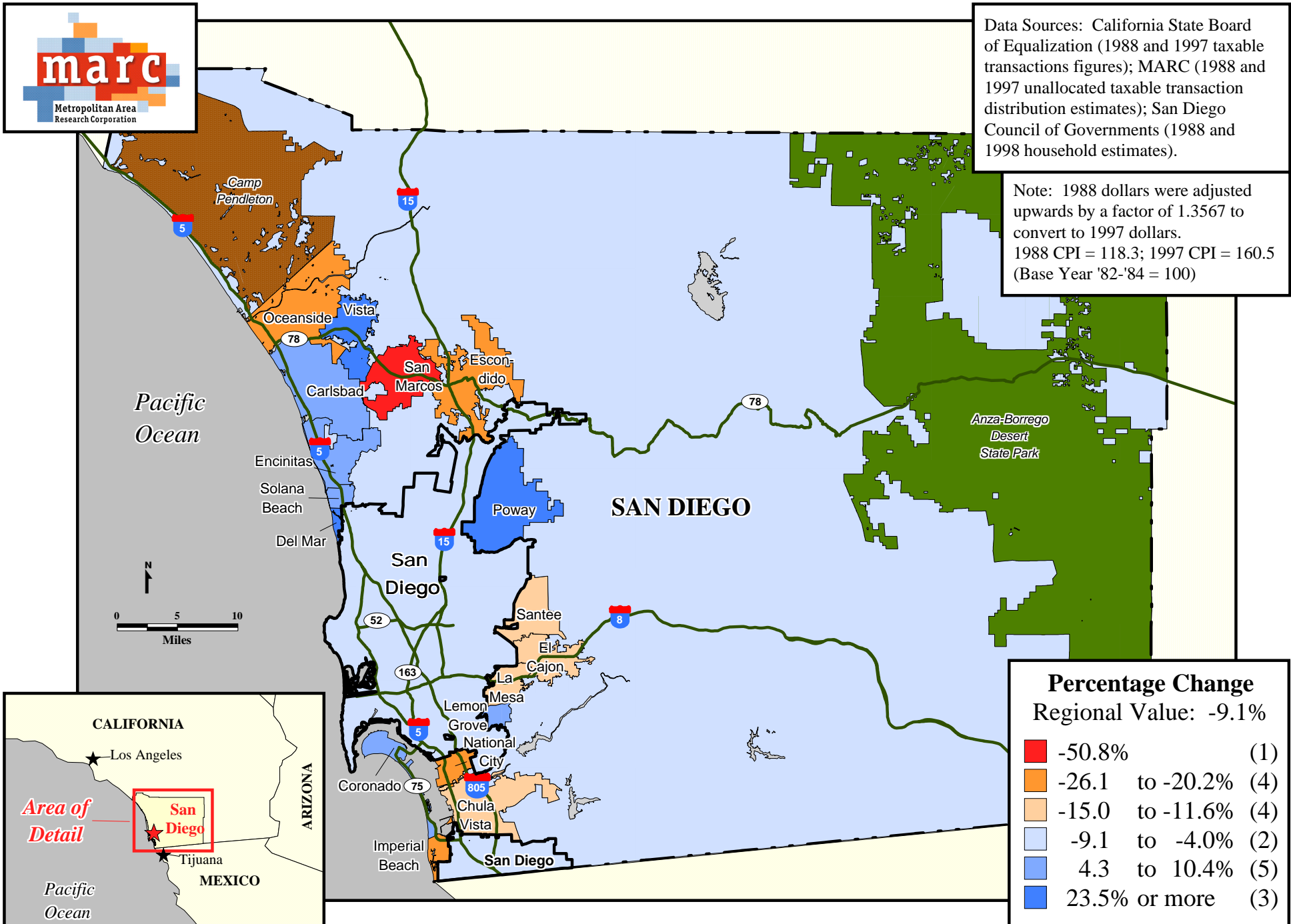
Data Sources: California State Board of Equalization (1997 taxable transactions figures); MARC (1997 unallocated taxable transaction distribution estimates); San Diego Council of Governments (1998 household estimates).



**Taxable Transactions per HH**  
Regional Value: \$28,797

Red	\$5,700 to \$15,488	(3)
Orange	\$21,216 to \$24,999	(4)
Light Blue	\$28,797 to \$31,778	(4)
Medium Blue	\$34,209 to \$34,813	(2)
Dark Blue	\$41,427 to \$47,819	(5)
Blue	\$67,436	(1)

# Figure 37: Percentage Change in Taxable Transactions per Household by Municipality and County Unincorporated Area, 1988-1997





limitation initiative, Proposition 13.<sup>116</sup> This initiative constitutionally set property tax rates (for cities, counties, and schools combined) at one percent of “taxable value” plus the rate necessary to pay off voter-approved indebtedness. At that point, the taxable value on properties became the 1975 purchase price. On properties that have changed ownership since 1978 or have been newly constructed, the taxable value is the value at time of acquisition. In addition, Proposition 13 limited the annual amount by which the taxable value can increase, to adjust for inflation, to the rate set by the California Consumer Price Index, but not to exceed two percent per year. As a result, there can be considerable disparity in the value of two identical properties, simply because the properties were purchased by their current owners in different years.

Despite the limitations set by Proposition 13, the property tax remains one of the largest resources of revenues for California cities and counties. For cities, property tax revenues make up 6.1 percent of all revenues and 21.1 percent of all *tax* revenues.<sup>117</sup> Of twenty-seven total city revenue sources cited in the California State Controller’s *Cities Annual Report*, property taxes in 1996-97 were the fourth largest source of revenue (after electric service charges at 11.1 percent, sales taxes at 9.2 percent, and state aid at 6.8 percent). For counties, property tax revenues make up approximately 12.1 percent of all revenues and 80.9 percent of all *tax* revenues.<sup>118</sup> Of thirteen total county revenue sources, property taxes in 1996-97 were the third largest source (after state aid at 43.3 percent and federal aid at 21.1 percent).

In the San Diego region, in the places where social needs are greatest, overall total assessed property value is comparatively low. In 1998, the assessed property value per household in the San Diego region was \$157,477 (Figure 33).<sup>119</sup> The city of San Diego’s total assessed property value per household was about even with the regional value, \$157,426. However, eleven jurisdictions had lower assessed values per household than San Diego, lower than the regional value. All but two of these were stressed communities and most were fully developed. The lowest valued places were located in the South Bay area and just east of San Diego. These included Chula Vista (\$128,264 per household), La Mesa (\$107,253 per household), El Cajon (\$100,764 per household), and Imperial Beach (\$71,213 per household). At the other end of the spectrum, seven jurisdictions had property values per household greater than San Diego’s, greater than the regional value. Every single one of these places was unstressed. Of the cities in this group, all but one, Coronado, was located north of San Diego and south of the Vista Freeway. The highest valued places in the region were Carlsbad (\$251,835 per household), Solana Beach (\$276,975 per household), Coronado (\$345,349 per household), and Del Mar (\$395,468 per household).

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<sup>116</sup> The information in this section on Proposition 13 is from: The California State Board of Equalization, *California Property Tax* (January 1997).

<sup>117</sup> California State Controller’s Office, *Cities Annual Report*, April 14, 1999.

<sup>118</sup> California State Controller’s Office, *Counties Annual Report*, September 30, 1998.

<sup>119</sup> 1998 assessed property values are from the San Diego County Assessor-Recorder; 1998 household estimates are from the San Diego Council of Governments.

Between 1988 and 1998 the San Diego region experienced a 4.1 percent increase in overall assessed property value per household (Figure 34). The city of San Diego increased in property value during this period by 2.5 percent—from \$153,589 in 1988 (in 1998 dollars) to \$157,426 in 1998. Yet, during this period, five suburban jurisdictions lost property value. All of these were stressed communities and all but one were located along the Vista Freeway. These included Escondido, which went from \$136,901 in 1988 to \$131,227 in 1998 (-4.1 percent); Oceanside, which went from \$139,117 to \$131,516 (-5.5 percent) and San Marcos, which went from \$181,669 to \$152,738 (-15.9 percent). In contrast, three places increased in property value during this period by more than 20 percent. These were all high capacity, unstressed places: Poway, which went from \$187,321 to \$230,144 (22.9 percent); Coronado, which went from \$249,953 to \$345,349 (38.2 percent); and Del Mar, which went from \$279,350 to \$395,468 (41.6 percent).

In California, because of the property tax limitation, local sales taxes are an important source of revenue for cities and counties, but particularly for cities as counties receive a greater share of the property tax distribution from the state. In 1996-97, sales taxes were approximately 9.2 percent of all revenues for cities and 31.5 percent of all *tax* revenues for cities.<sup>120</sup> Of twenty-seven total city revenue sources cited in the California State Controller's *Cities Annual Report*, sales taxes were the second largest source of revenue (electric service charges were the largest source at 11.1 percent). For counties, sales tax revenues were approximately 1.4 percent of all revenues and 9.5 percent of all *tax* revenues.<sup>121</sup> Of thirteen total county revenue sources, sales taxes were one of the smallest sources.

In 1997 the overall taxable sales per household in the San Diego region was \$28,797 (Figure 35)<sup>122</sup>. In the city of San Diego, the taxable sales per household totaled \$31,778 or about 110 percent of the regional value. Seven communities fell below the regional average in this category, and three were below \$16,000 in taxable sales per household. These places were all low capacity communities. They included the two stressed cities of Oceanside (\$15,488 per household) and Imperial Beach (\$5,700 per household) as well as unincorporated San Diego County (\$9,626 per household). On the other hand, places with high taxable sales per household were all high capacity communities and were primarily located north of San Diego and along the Vista Freeway. These included Escondido (\$45,424 per household) and Carlsbad (\$47,361 per household). The high capacity, developing, stressed city of National City also had very high taxable sales per household (\$67,437).

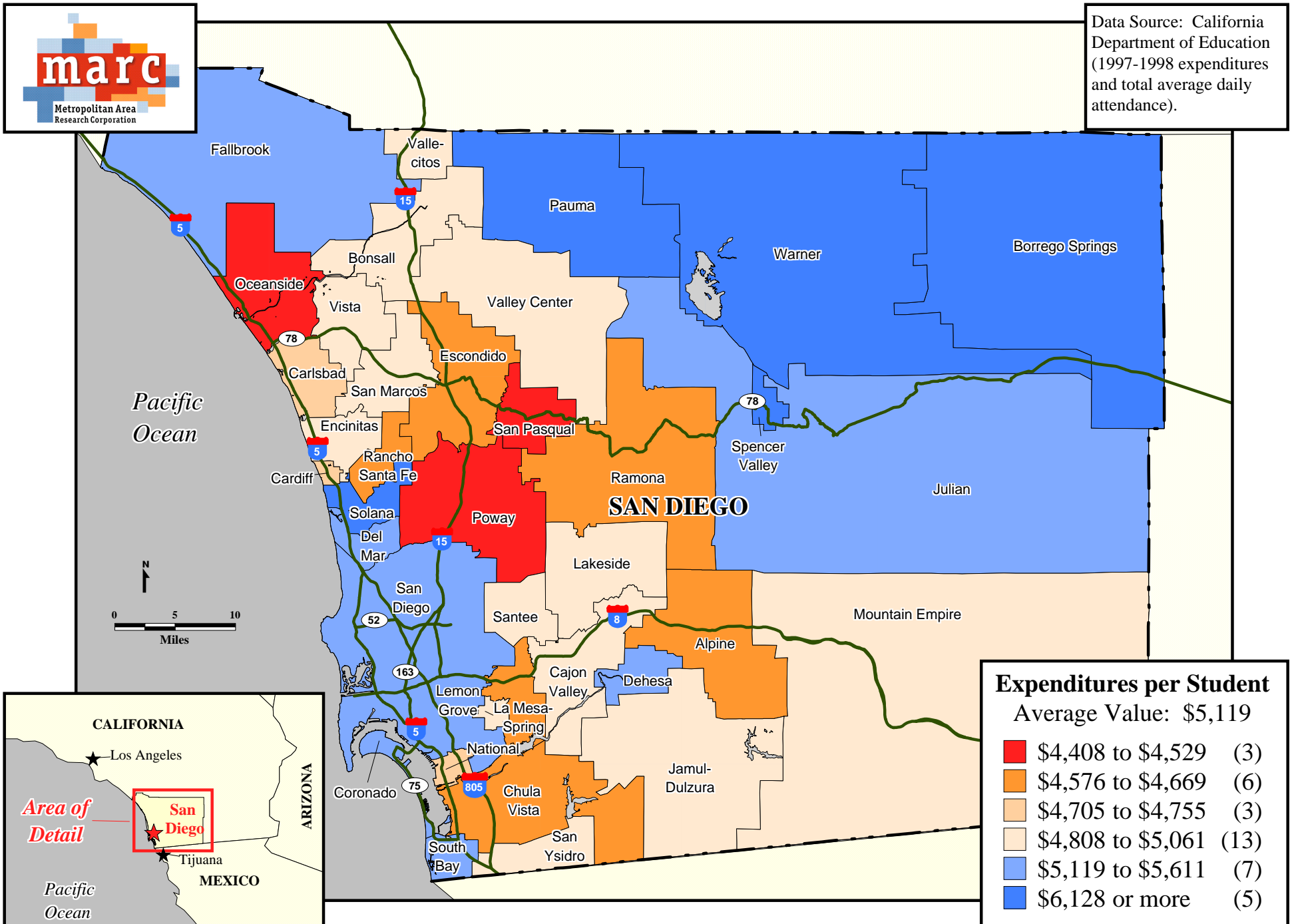
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<sup>120</sup> California State Controller's Office, *Cities Annual Report*.

<sup>121</sup> California State Controller's Office, *Counties Annual Report*.

<sup>122</sup> 1997 taxable transactions data from the California State Board of Equalization; 1998 household estimates are from the San Diego Council of Governments; MARC estimated 1997 unallocated taxable transaction distribution.

# Figure 38: Expenditures per Student by School District, 1998



Between 1988 and 1997 total taxable sales per household in the San Diego region decreased by 9.1 percent (Figure 36)<sup>123</sup>. Within individual cities during this period, changes in total taxable sales per household spanned a range of about 86 percentage points, from –50.8 percent to 35.0 percent. The city of San Diego fell in the middle of this range, decreasing in taxable sales per household by 4.0 percent, from \$33,107 (in 1997 dollars) to \$31,778. The largest decreases were in stressed communities. They included Oceanside (-25.8 percent, from \$20,874 to \$15,488 per household), National City (-26.1 percent, from \$91,237 to \$67,437 per household), and San Marcos (-50.8 percent, from \$86,211 to \$42,383 per household). Conversely, the largest increases were primarily in places with very few social stresses, such as Poway (23.5 percent, from \$25,130 to \$31,046 per household) and Del Mar (35.0 percent, from \$35,423 to \$47,819 per household).

### 3. School Districts

The average annual spending in the school districts of the San Diego region in 1998 was \$5,119 per student, ranging from \$4,408 in the San Pasqual School District to \$6,798 in the Warner School District (Figure 37).<sup>124</sup> Interestingly enough, the San Diego school districts were not among the lowest spenders. Overall, the San Diego District spent \$5,602 per student in 1998, the seventh highest of thirty-seven districts in the region. The San Ysidro District spent just below the regional average per student (\$5,061), and the South Bay District was about average for the region (\$5,121). Central cities often spend a relatively high amount on education due to the fact that these school districts commonly have more money-intensive special education programs—for children with unique challenges such as learning disabilities, physical disabilities, behavioral problems, or speaking English as a second language.

In addition to San Pasqual, the districts that spent the least per student were located north of San Diego and also included some developing districts southeast of the central city. For example, Poway spent \$4,529 per student, Oceanside spent \$4,495 per student, and Chula Vista spent \$4,667 per student. All but one of the districts that spent more than San Diego were small, outlying rural districts in the northeast area of the region. The one closer-in district that spent more than the San Diego District was Solana (\$6,128 per student). Del Mar (5,449 per student), Fallbrook (\$5,247 per student), and Coronado (\$5,143 per student) were just below the San Diego District.

## V. Metropolitan Solutions

The foregoing patterns demonstrate the need for a regional approach to stabilize the central city and other declining communities of the region. As social separation continues, it

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<sup>123</sup> 1988 taxable transactions data from the California State Board of Equalization; 1988 household estimates are from the San Diego Council of Governments; MARC estimated 1988 unallocated taxable transaction distribution.

<sup>124</sup> 1998 school district expenditure data from the California Department of Education (1997-1998 expenditures and total average daily attendance).

creates an increasingly rapid decline in many stressed jurisdictions of the region. Nowhere is this seen more clearly than in the changing social and racial population of the schools. As regional needs concentrate on the limited resources of the central city and other stressed communities, these places, forced to compete with communities that have few social needs and significant tax resources, can do little to stabilize. Fragmented land-use control and unhealthy, unequal competition for sales tax revenues institutionalize separation, lead to wasteful infrastructure policy, and squander valuable natural resources. Some developing communities with a low property and sales tax capacity are not able to finance adequate wastewater, road and other developmental infrastructure. As jobs and executive housing concentrate elsewhere in the region, those places dominate the region's economic growth. Here, because of an increasing mismatch between housing and employment and the fact that road improvements themselves stimulate further development, congestion grows in ways that cannot be solved by widening the highways. Residents in these rapidly developing places, like residents in the declining older communities, become increasingly dissatisfied with the resulting quality of life.

MARC and a growing core of scholars; national, state, and local government officials; and activists from urban, faith-based, business, good-government, and environmental backgrounds, believe that metropolitan social separation and sprawl need a strong, multifaceted, regional response. To combat these trends, there are three areas of reform that must be sought on a regional scale: 1) greater equity among jurisdictions of a region, particularly those with land-use planning powers, 2) smarter growth through better planning practices, 3) structural reform of metropolitan governance and transportation planning to allow for fair and efficient transportation and community planning. These reforms are inter-related and reinforce each other substantively and politically.

#### A. Equity

Local government tax resources are very frequently the basis of land-use decisions. This reality forces local jurisdictions to compete for commercial properties, high valued homes, and office parks and eschew land uses that generate less revenue but require more city services, such as lower-valued homes or apartments. Reducing the dependence on local sources of revenue for local government operations, or creating greater regional equity, ameliorates disparities and reduces competition. By lessening the direct fiscal consequences for zoning decisions and by creating a stable base of shared local resources, equity makes it more possible to achieve and sustain regional land-use planning.

Many states and metropolitan areas have implemented strategies for creating greater equity. A few regions have solved this problem through consolidation or annexation (of the central city to its surrounding county). But this is increasingly rare. A number of states have progressive school equity systems which eliminate much of the burden of local schools from the central city and other older, declining communities. The state of California, for example, has an equalization system to help localities fund their public schools. This system is based on a formula that guarantees a minimum level of funding per pupil. For school districts whose share of the state-distributed property taxes are not sufficient to meet that minimum funding level, the state provides the difference from its general fund. In this way, school funding and educational opportunity is made at least somewhat more equitable and less dependent on local wealth.

School equity systems such as the one in California, help to reduce disparities among school districts, lessen the burden on communities that receive few tax revenues, and equalize educational opportunity, but they do not affect equity among local units of government with land-use powers—cities and counties. To address disparities among these units, some states have created strong statewide general revenue sharing systems where a portion of the tax revenue collected by the state is redistributed to jurisdictions based on a formula that takes into consideration local wealth and/or social need. A few states have created regional equalizing mechanisms where local tax resources in the metropolitan area are pooled and redistributed based on local wealth and/or social need. Some states have two or more of the above systems operating together.

Unlike a statewide school equity system or a general revenue sharing system, metropolitan equity responds to both intra-metropolitan competition for tax base and to the unique cost of living and property valuation in a particular regional setting. MARC believes that regional equity reform is premised on a system that shares some part of an existing state or local revenue source. This is done by pooling a portion of local property values or taxable transactions (or both), redistributing the pool to the jurisdictions based on need, and then taxing the new amount in each jurisdiction at an area-wide rate. In California, of course, this rate would have to fall within the parameters of Proposition 13, i.e., be no more than one percent. By pooling the base rather than revenues, not only can the same rate be applied across jurisdictions (as discussed above), but cities, counties, schools, and other districts would all benefit from that shared base.

In any region, a regional equity system such as this must be fully modeled (or simulated) before discussion begins, so that all parties participating can understand its impact. In order for such a system to succeed, the proposed reform must add tax base to jurisdictions in which approximately two-thirds of the regional population lives. A substantial portion, if not a majority, of residents who live outside the central city (as well as in the central city) should see increased local revenues for their community and thus, better local services. MARC has modeled several property and sales tax equity proposals for the San Diego metropolitan region and will discuss two of them in Section VI. Both of these models result in increased tax base for a substantial majority of the region's population.

## 1. Fairness

In a nation committed to equal opportunity for individuals, basic public services such as police and fire, local infrastructure, parks, and schools should be relatively equal on a metropolitan level. Equal opportunity is undercut when people of moderate means have inferior public services because they cannot afford to live in property-rich communities.

In most U.S. regions, including San Diego, places where social needs are substantial and growing, tax base (property and sales) is insufficient; where the tax base is strong and growing, social needs are stable or declining. By gradually moving away from local tax base as the basis of local services, the growing property and sales tax wealth in the region can become available to meet the legitimate needs of local government.

## 2. Competition for Tax Base and Fiscal Zoning

Intra-metropolitan competition for tax base is harmful to the region. First, it is wasteful for cities or counties to engage in bidding wars for businesses, such as regional malls or retail facilities, that have already chosen to locate in the region. In such situations, public monies are used to improve the fiscal position and services of one community at the expense of another. These battles can induce large public subsidies from troubled communities that lack adequate local resources to meet the immediate needs of their residents, as well as from affluent communities that may not need the new businesses to sustain themselves. More often than not the outcome of the struggle is predetermined not by the subsidy, but by the characteristics of the community. Most often the affluent place that has few social stresses wins over the troubled one.

On the other hand, some form of gradual inter-local equity, encourages the region to work and compete together against other U.S. and overseas regions. When all of the local governments of a region benefit by attracting a business to any part of the region, they are much more apt to cooperate in ways that can bring meaningful business and employment opportunities to the region.

### 3. Land Use Planning

While social decline and local fiscal stress “push” people and businesses out of older declining communities, extraordinarily rapid housing construction fueled by local fiscal needs in developing areas “pulls” them. As new communities develop they face large debt burdens in terms of infrastructure, such as streets, sewers, parks, and schools. As the debt comes due there is tremendous pressure on these communities to spread these costs through growth. Hence, the very fragmentation of the tax base encourages sprawl.

Low tax base communities sometimes build low valued properties or retail centers on inadequate infrastructure in order to accumulate enough tax base to pay yesterday’s bills. They do this without considering the long term infrastructure costs associated with later sewer and other infrastructure remediation. Often this occurs because these communities do not have adequate local planning resources to evaluate the full cost of development decisions. Sometimes they simply have no choice given the existing fiscal demands. It is MARC’s experience that most local officials would much prefer to build at typical suburban densities with appropriate sewer and road infrastructure that is provided at state or regional expense and is put in place *before* development occurs.

In response, inter-local equity: 1) eases the fiscal crisis in declining communities allowing them to shore up decline; 2) takes the pressure off growing communities to spread local debt costs through poorly-managed growth; and 3) undermines fiscal incentives encouraging low-density sprawl.

In the Twin Cities region in the early 1980's, reformers attempting to pass legislation for metropolitan land-use planning used tax-base sharing as a quid pro quo to gain political support in the low fiscal capacity developing suburbs.<sup>125</sup> When low tax base communities were told that an urban service line was going to be drawn through the middle of their cities and that land

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<sup>125</sup> Alan Dale Albert, “Sharing Suburbia’s Wealth: The Political Economy of Tax Base Sharing in the Twin Cities,” BA Thesis, Harvard University, March, 1979.

outside that boundary would be zoned at agricultural densities, they cried foul. They argued that they needed the land for the development of tax base and to pay for overcrowded schools. Compromise and acceptance was reached when they were shown the potential benefits of a tax-base sharing system, *i.e.* that they would receive new taxable property value and would actually gain fiscal capacity per capita faster than they would solely through the development of lower-valued residential property. In the end, in Minnesota the low tax base communities accepted land-use planning in exchange for tax-base sharing.

#### 4. Reinvestment in the Core

An important corollary of equity is the creation of a regional fund for reinvestment in the central city and declining older suburban neighborhoods. Reinvestment in these communities also helps to create fiscal equity. Central cities and declining older communities, already fiscally stressed with low tax bases and minimal public services, cannot begin the process of reinvestment that is necessary to remain competitive. Regional funds can be created to clean up older industrial parks and polluted areas (brownfields), rebuild infrastructure such as sewers and roads, rehabilitate housing, replenish and augment urban parks and amenities. Part of the reinvestment strategy includes equitable geographic allocation of transportation investment, which involves a more publicly accountable distribution and balance of highway and transit resources. (This will be discussed further in the governance reform section below.)

##### B. Smart Growth

While the San Diego region actually became more dense between 1970 and 1990, and really is limited by the ocean, mountains, and the Mexican border in how far it can sprawl, it is still growing in terms of population and any growing region can benefit from well-planned and regionally coordinated growth. If local governments representing a small percentage of the region can continue to develop only expensive homes and commercial properties, attracting the largest share of the region's jobs without providing housing affordable to most workers, they will rapidly draw off all the wealth and economic growth of the region. At the same time, the growing communities to the north of San Diego, could commit the entire region to sprawling land use in that direction that is disproportionate to population increases, thus worsening congestion, worsening consumption of energy, worsening pollution, and increasing social separation. Land-use planning requires setting outward limits for growth in the form of an urban growth boundary, staging new infrastructure, such as roads and adequate sewer, together with new housing, developing at a density that will support some minimal form of public transportation, and assuring the provision in all communities of a fair share of affordable housing. Oregon leads the nation in regional land-use planning. Minnesota has adopted a structure to do much of what is outlined in the Oregon model, but has often failed to implement its statutes. Washington, Maryland, Florida, Georgia, Tennessee, and many smaller regions have also adopted smart growth land-use plans, although some have been more effective than others and some are too new to evaluate. An underlying debate on this issue is growing in more than half of U.S. state legislatures.



## 1. The Oregon Model

In the early 1970s under the leadership of moderate Republican Governor Tom McCall, Oregon instituted the nation's most thoughtful, comprehensive land-use planning system. At the heart of Oregon's system are 19 planning goals that are achieved through comprehensive planning at the city and county level. While MARC believes that the debate about land-use planning throughout the country is extremely positive and that the various solutions that are being created will provide new models and new evidence about how growth management can work, in the long run the Oregon model described below remains the most effective effort to date. It involves the following elements, all of which are necessary components for the most effective land-use planning framework: (a) community-wide planning goals; (b) locally developed land-use plans addressing these goals; (c) review of these plans by a regional entity; (d) an adjudication process; and (e) periodic effectiveness evaluation by an independent entity.<sup>126</sup>

### a. Planning Goals and Guidelines

Under the Oregon system, the state promulgates a statement of planning goals applicable to all jurisdictions. The goals include the creation of an urban growth boundary around every city and county (a regional boundary in the case of metropolitan areas), affordable housing (including overall density goals), and coherence with regional plans for transportation, sewerage, parks, and school infrastructure. Any local plans and policies inconsistent with these goals are challengeable in court or in special forums created for such adjudication. In conjunction with these reforms, building standards and maximum turnaround time for local development decisions are then made uniform. These reforms help builders make long-term plans to maximize their resources and foster patterns of region-wide sustainable development.

In terms of the development of a regional or urban growth boundary, the region or city is required to plan for growth at present absorption rates and to draw a line around the area that would accommodate such growth over a set period of time, perhaps twenty years. Growth is deflected from sensitive environmental areas and highly productive farmland and toward areas where urban services are present or could most easily be provided.

The density and affordable housing goals reinforce the barrier-reduction component of fair housing, as discussed below. In the Portland metropolitan area, the housing rule designed to help achieve the state's housing goal, requires all of the jurisdictions of the region to allow for a construction mix that includes at least 50 percent multifamily development and allows development at certain minimum target densities. In the city of Portland, the target density is ten units per buildable acre; in most Portland suburbs, it is six to eight units.<sup>127</sup>

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<sup>126</sup> Downs, *New Visions*, pp. 180--81.

<sup>127</sup> 1000 Friends of Oregon and the Home Builders Association of Metropolitan Portland, *Managing Growth to Promote Affordable Housing: Revisiting Oregon's Goal 10*, executive summary (Portland, Ore., September 1991), p. 3.

In Washington County, Oregon, the most affluent of the Portland region's three metropolitan counties, 11,110 multifamily units approved in five years nearly equaled the 13,893 units that were planned to be built over twenty years under the pre-housing rule plans. Multiple family housing now makes up 54 percent of new development.<sup>128</sup> Before the housing rule, average lots sizes were 13,000 square feet. Since the rule, two-thirds of the homes are built on lots smaller than 9,000 square feet.<sup>129</sup> Without the growth boundary and housing rule, the same number of housing units would have consumed an additional 1,500 acres of land.<sup>130</sup> Because of the density savings already realized, there will be space for 14,000 additional units within the Portland urban growth boundary. While the price of land has gone up within Portland's urban growth boundary, the housing rule has lowered the cost of housing on a regional basis, and Portland's average housing costs are lower than those of comparable West Coast cities. Seventy-seven percent of the region's households can afford to rent the median-priced two-bedroom apartment, and 67 percent can afford mortgage payments on the median-priced two-bedroom home.<sup>131</sup>

In addition, increasing building density and housing-type diversity makes mass transit economically and physically possible. Density also saves local infrastructure costs for building new highways and sewer extensions.

#### b. Local Land-use Plans

If local governments are to be required to develop a comprehensive land-use plan that addresses regional or statewide goals, citizen participation should be required in formulating these plans as is required under Oregon's system. Planning and revision would remain in the hands of local governments, which helps preserve local autonomy, but within the context of a broader regional framework.

#### c. Plan Review

Under Oregon's plan, a special state land-use agency reviews all local plans to ensure consistency with the goals and suggest revisions of any inconsistencies. This entity has the power to withhold approval from local plans, which prevents the municipality from receiving beneficial services such as regional roads, sewers, or other aid from state and federal governments. The same entity coordinates local transportation, utility regulation, environmental protection, and activities of other governmental units that have a regional significance. This ensures that all

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<sup>128</sup> Ibid.

<sup>129</sup> 1000 Friends and Home Builders, "Managing Growth"; Robert Liberty, *Oregon's Comprehensive Growth Management*.

<sup>130</sup> 1000 Friends and Home Builders, "Managing Growth".

<sup>131</sup> Ibid.

actions of state agencies within the region are consistent with regional plans, local plans, and other agency decisions.

Transportation is particularly important in this regard. Land-use policy needs to govern decisions about new infrastructure. All land-use and infrastructural decisions must be coordinated in a way that maximizes the use of existing roads, sewerage, and other infrastructure. Today, in transportation planning, congestion and demand (perhaps also political power) are the main criteria for providing new infrastructure. This means that a growing community receives new sewers or roads even if an adjacent community has excess paid-for capacity. Infrastructure-on-demand, costs less for the new community, but perpetuates leapfrogging, low-density patterns at the periphery, and the entire metropolitan region pays. Moreover, affordable housing near new jobs can relieve commuter congestion on regional roads.

#### d. Adjudication Process

The Oregon system includes an adjudication process to settle disputes between the local governments and the state land-use agency and between developers and local governments. A special court, or a quasi-judicial administrative agency is designed to do this, without resorting to state and federal courts. This allows localities to develop an expertise in these matters and be more efficient; it also costs less and renders faster decisions than the courts.

#### e. Independent Review

Finally, an independent entity, not the state structure, periodically evaluates the effectiveness of the coordinated plan.

In the end, such a system does not involve a prohibition on growth or even growth control, but is a system of sustainable, planned growth. It recognizes the new housing needs of a growing regional population, but also that growth must be anticipated and planned. Through planning, the region maximizes the use of existing public infrastructure, reduces stress on highways and sewers, allows individuals access to opportunity in communities where it is plentiful, reduces regulation and its costs for the building industry, and stabilizes the region's core communities.

### 2. Regional Affordable Housing

An increased commitment to affordable housing in the developing part of a region is also a component of a good regional plan. Affordable housing allows people to live closer to new jobs created in outlying areas of the region and thus relieves congestion on the highways. It provides opportunities for parents with school-age children and the elderly to remain in their community and their school district—where they have an established support system—when their life situation changes, such as through divorce, death of a partner, long-term illness, or retirement. It allows young adults to live close to the places where they grew up. Finally, a gradually increasing commitment to affordable housing in the developing ring slowly relieves the concentration of social need growing in the city and declining older suburban neighborhoods. There are three components to regional affordable housing: (a) reducing non-rational barriers in zoning codes, development agreements, and development practices; (b) creating a regional funding source to

provide subsidies for housing throughout the region; and (c) providing a system of testing to first understand, then eliminate, the pattern of housing discrimination in the region. Montgomery County, Maryland has been a national leader along the first two steps through its moderately-priced dwelling unit program. Oregon, Massachusetts, Minnesota, and New Jersey have taken important steps here as well. Social science data exist on the third problem, but no state has actively taken steps in this direction.

### C. Metropolitan Structural Reform

Metropolitan Planning Organizations, already set up to develop regional transportation plans and allocate enormous federal and state transportation resources, should be made more representative and accountable to the regions they serve. Presently, these MPO's make region-shaping decisions without detailed discussion concerning the impact of their transportation decisions on the social health of the older part of the region. Often there is not significant public input. Perhaps older communities and city neighborhoods and groups committed to these areas do not believe there is a large enough constituency in the region to provide a corrective to the status quo.

For example, with the implementation of the 1991 Intermodal Surface Transportation and Efficiency Act (ISTEA), and more recently, the 1998 Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21), large federal resources were made available to MPO's for transit and other forms of investment which would strengthen the viability of the core of many U.S. regions. ISTEA has been a significant help to places with a strong commitment to public transportation and, if properly implemented, TEA-21 could be an equally important piece of legislation. Of particular importance to regional stability, TEA-21 includes an increase in funds for highway system improvements and a decrease in new capacity funds. TEA-21 includes a job access program which is intended to help people coming off welfare get to their new jobs located throughout a metro area. TEA-21 also includes a community preservation pilot program that addresses the integration of transportation and land use. A significant part of a regional agenda in any metropolitan area includes making sure that state legislation conform to take full advantage of the flexibility of TEA-21, making regional decision makers that allocate TEA-21 funds more accountable to all the citizens of a given region, and allowing representatives from the older, inner communities—places that have very different transportation/transit needs than those living on the region's fringe—to be full participants in decisions involving the allocation of transportation dollars.

Ultimately, with the participation of such groups, MPO's should evolve into bodies that much more explicitly weigh the effects of their decisions on the social health of the older parts of the region and the fiscal and environmental health of the developing areas. To do this effectively, MPO's should evolve into structures with proportional representation that fully takes into account the different types of regional communities and their varied needs. Over time, more fairly apportioned bodies, representing the only entity with the proper geographic scope for regional land-use planning, should assume growing responsibility for implementing the initiatives discussed above. MARC believes that these bodies should ultimately be directly elected.

## VI. A Closer Look at Tax-base Sharing

Tax-base sharing is an important first step in regional reform, as it helps build relationships and coalitions which will serve to advance other regional reforms. In Minnesota, when the central city and declining suburban areas could be united on common shared fiscal interests, they overcame some of the more intense barriers created by race and class that had long divided these subregions. The regionalism effort in the San Diego region would be greatly advanced if San Diego and its struggling surrounding communities could unite.

### A. The Politics of Tax-base Sharing

#### 1. The Twin Cities Fiscal Disparities System

In 1971, the Minnesota Legislature adopted a regional tax-base sharing system for the Twin Cities metropolitan area, commonly referred to as “the fiscal disparities program.”<sup>132</sup> Under this program, each city in the region contributes forty percent of the growth of its commercial and industrial property tax *value* (not *revenue*) acquired after 1971 to a regional pool. This pooled tax base is then distributed to each jurisdiction on the basis of inverse net commercial tax capacity and taxed at an area-wide tax rate. A highly equalizing system, the fiscal disparities program reduces tax base disparities among jurisdictions of the region from 50-to-1 to roughly 12-to-1. Presently, about \$393 million dollars, or about 20 percent of the regional tax base, is shared annually.

While Minnesota’s fiscal disparities program produces powerful equalizing effects, the formula is still not perfect. Fiscal zoning and competition for tax base continues. In this light, while a partial tax-base sharing system like the Minnesota program does not end regional competition, it does make it marginally more fair. A system that shares a larger percent of the regional tax base would be much more effective in reducing competition.

There are also some inequities. Communities in the Twin Cities metropolitan area with a higher than average commercial base, but with low-valued homes and increasing social need, contribute tax base. On the other hand, cities dominated by high-valued homes that have eschewed commercial development, but have large per-household tax bases, receive money from the system. A system that shares high-valued residential tax base as well as commercial and industrial tax base would reduce this problem.

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<sup>132</sup> Many states have a statewide general revenue sharing system and many have school equity systems that eliminate much of the burden of local schools from the central city and older suburbs, but do not affect local units of government—cities and counties—with land-use powers. Currently the State of Minnesota is the only state in the nation that has a tax-base sharing system in place to provide fiscal equity among cities and counties in a metropolitan region, although this policy is currently being debated in a number of state legislatures across the country. In addition to its regional tax-base sharing system, Minnesota also has a statewide general revenue system and a school equity system.

In the 1995 session, the Minnesota legislature passed, but the governor vetoed, Fiscal Disparities II: The Metro Area Tax Cut Act. Under this bill, metropolitan jurisdictions would share the growth on the increment of value above \$200,000 on high-valued homes. Short of total sharing, this expanded fiscal disparities system would have counterbalanced the inequities of the present system, undermined fiscal zoning and competition for tax base, and greatly expanded the tax-base sharing system. In addition, with only 17 percent of the region contributing tax base and fully 83 percent receiving, it was a most popular proposal among local governments.

## 2. Is Tax-base Sharing Possible Only in Minnesota?

There is a broadly shared belief that tax-base sharing came out of some cosmic consensualism in progressive Minnesota that cannot be duplicated elsewhere in the nation. This is not true.

First, tax-base sharing in Minnesota has always been controversial. Many suburban governments at first feared loss of tax base and local control. But legislative leaders realized the high degree to which property wealth was concentrated. To help convince other elected officials of the benefits of sharing the tax base, they developed computer runs that showed the projected amount of tax base cities would actually gain. Most of the older and developing middle-class suburbs were potential recipients. When officials from these suburbs realized that tax-base sharing was likely to substantially increase their tax base and stabilize their future fiscal situation, they became supporters. As one legislator put it, “before the (simulated tax-base sharing) runs, tax-base sharing was communism, afterwards it was ‘pretty good policy.’”

The legislative debate surrounding the fiscal disparities program was hardly consensual. Legislators from recipient communities supported tax-base sharing and legislators from contributing communities opposed it. When the bill became law, contributing communities brought suit against the state and litigated unsuccessfully all the way to the United States Supreme Court.<sup>133</sup> Contributors remain opposed, and every session their representatives introduce bills to either limit their contribution to the system or abolish the program entirely. Thus the Minnesota experience with tax-base sharing should not be viewed as a rarefied consensus, but as a strategy model for creating political coalitions to influence regional reform.

It is often said that Minnesota is different from the rest of the nation because it does not have any social or racial divisions. In response, Minnesota and the Twin Cities can be placed on a continuum. While the social and economic declines and polarization are clearly not as severe as New York, Chicago, or Detroit, they are worse than most younger and smaller regions and even than some of similar size, age, and complexity. The public schools of the central cities of Minneapolis and Saint Paul have 60 percent poor and non-white/non-Asian students in their public schools—only ten points behind Chicago—and more rapidly growing concentrated poverty. A recent regional debate on fair housing was marred by divisive discussions of race and class. Further, while the Twin Cities has the rudiments of regional cooperation, it has an unusually high number of local governments with land-use powers (187) and school districts (49) that must cooperate. In the end, the same basic dynamics that have divided and conquered older,

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<sup>133</sup> *Burnsville v Onischuk*, 301 Minn. 137, 22 N.W.2d 523 cert. denied 420 U.S. 916 (1974).

larger regions are firmly rooted in the Twin Cities. Likewise, the local coalitions that are beginning to take action in the Twin Cities in response to regional polarization can be built elsewhere.

## B. Tax-base Sharing in the San Diego Region

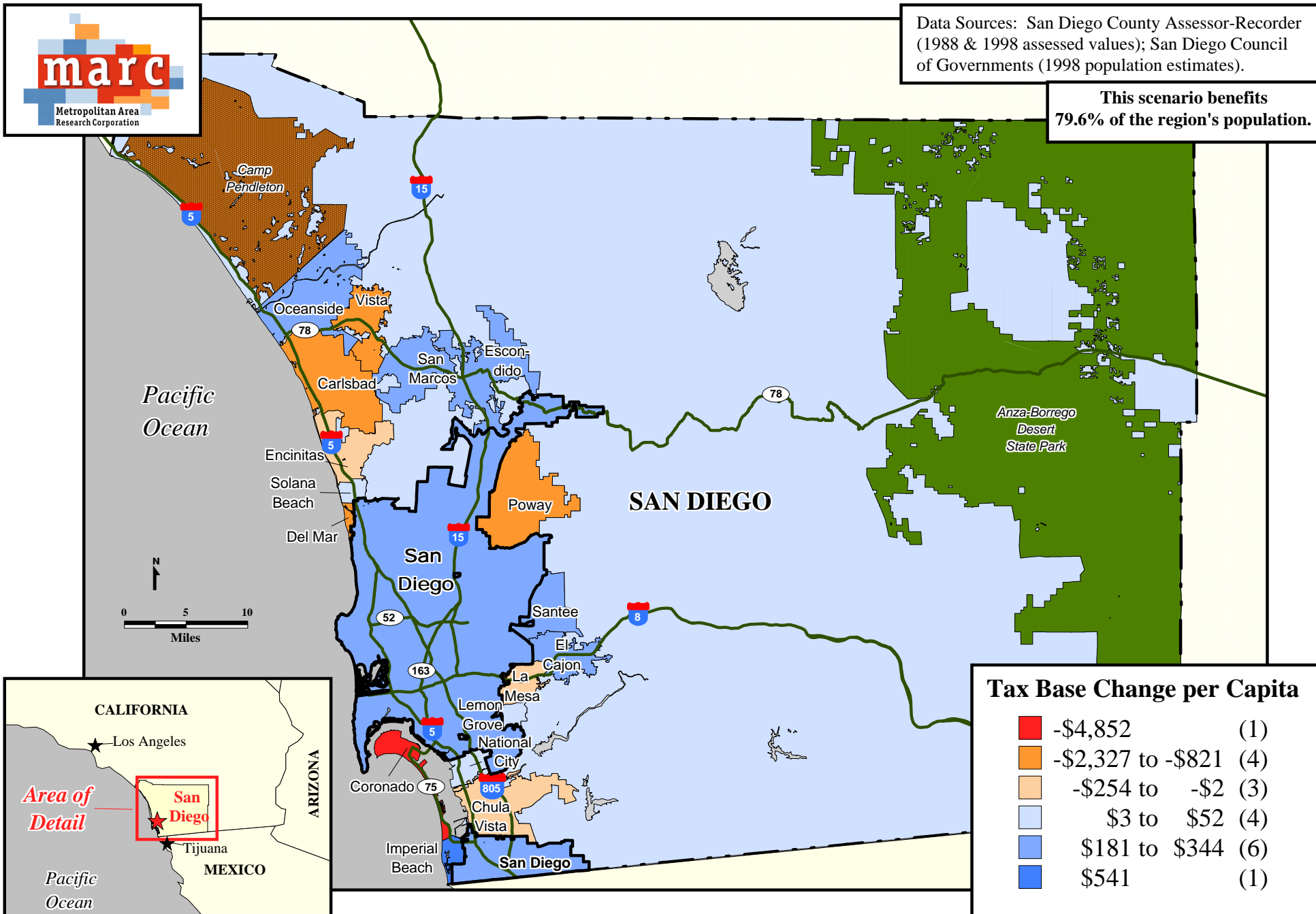
At the outset, clearly the numbers add up to a viable coalition for tax-base sharing in the San Diego region. Over 80 percent of the regional population live in jurisdictions that could gain new tax base under a properly structured proposal. While the San Diego region is divided like most regions across a variety of issues, proponents of tax-base sharing have to remember that all they are asking of the majority of communities is support for an arrangement that would increase their tax revenues and give them greater levels of service. Further, because such a system means sharing the property values across the region, older cities that currently are disadvantaged because they have many commercial and residential properties that are still assessed at pre-1978 values, can benefit from growth in other parts of the region.

Equity mechanisms must be forged in the give and take of each local community. They must ultimately reflect the political situation and the balance of political power present in a given place at a given time. The Metropolitan Area Research Corporation has created models of several possible regional tax-base sharing scenarios for the San Diego region. Most of the scenarios produced positive results for at least 80 percent of the region's population. A few scenarios would actually provide increased tax revenue, and thus better services, for as much as 89 percent of the people of the San Diego region. While there are countless formulas that could be used in a tax-base sharing system, we present here two of the most promising examples. In both of these cases over 79 percent of the total population of the San Diego region receives new tax base. The following paragraphs describe two of these hypothetical tax-base sharing scenarios—one that shares a portion of commercial/industrial assessed property values and one that shares a portion of taxable retail transactions—and what such a system potentially could do for the region (see Appendices B and C for spreadsheets containing complete descriptions of how these tax-base sharing models were calculated and their results).

In the first example of tax-base sharing, each of the cities and the county are required to contribute to the tax-base pool, 40 percent of the growth in their commercial/industrial property value between 1988 and 1998. This tax-base pool is then redistributed back out to the communities based on a formula giving preference to those places with a low total assessed property value per capita. Thus, those places with low commercial/industrial property tax base and low per capita assessed property values receive additional tax base from the pool, while those places with high commercial/industrial property tax base and high per capita assessed property values contribute to the worse-off areas.

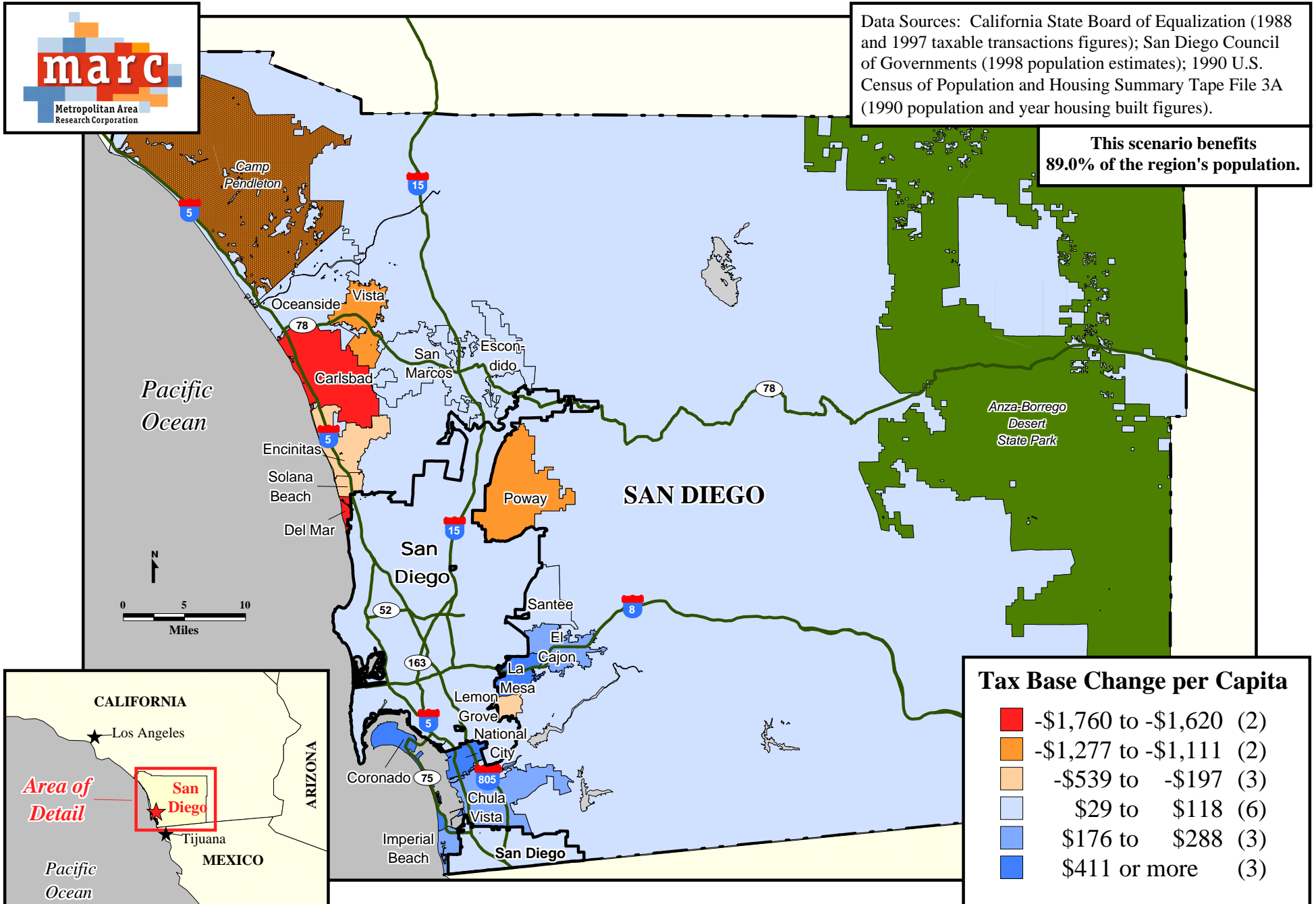
This particular model run produced new tax base for ten of the region's 19 jurisdictions—79.6 percent of the total population of the San Diego region (Figure 38). Almost all of the recipients were stressed cities with low capacity. Jurisdictions that received the most new assessed property value included Oceanside (\$234 per capita), Escondido (\$294 per capita), Santee (\$344 per capita), and Imperial Beach (\$541 per capita). The city of San Diego received \$234 per capita in new assessed property value.

**Figure 39: Redistribution of 40% of Growth in Assessed Commercial/Industrial Property Value 1988-1998 According to Total Assessed Property Value per Capita by Municipality and County Unincorporated Area**





**Figure 40: Redistribution of 40% of Growth in Taxable Transactions 1988-1997 According to Percentage of Housing Built Before 1950 by Municipality and County Unincorporated Area**



It's important to note that this property tax base sharing system requires all communities to tax the affected categories of property at an area-wide tax rate. In California, this rate would have to be within the provisions of Proposition 13. In other words, the rate could not exceed one percent plus any rate necessary to pay off voter-approved indebtedness. Since this type of resource sharing deals only with the sharing of tax *base* and not with *revenue*, neither Proposition 4 (which requires that revenues in excess of the budget limit be returned to taxpayers) nor Proposition 218 (which requires that a specific amount of tax revenues go to schools) would be affected. Revenues generated from the new property tax base could still be redistributed according to current formulas.

In the second tax-base sharing scenario, each of the cities and the county are required to contribute to the tax-base pool, 40 percent of the growth in their taxable sales transactions between 1988 and 1997. This tax-base pool is then redistributed back out to the communities based on a formula that gives preference to those places with a high percentage of housing built before 1950. Thus, those places with low taxable transactions and a greater percentage of older housing stock receive additional tax base from the pool, while those places with high taxable transactions and a higher percentage of newer housing stock contribute to the worse-off areas.

This run provided new tax base for 12 of the region's 19 communities—89.0 percent of the regional population (Figure 39). Most of the same places that received new tax base under the first formula were also recipient under this formula. As with the first run, almost all of the recipients that received new taxable sales base were stressed places with low tax capacity. The biggest recipients here were Chula Vista (4189 per capita), La Mesa (\$411 per capita), Coronado (\$496 per capita), and National City (\$676 per capita). The city of San Diego received \$100 per capita.

## VII. Conclusion

The San Diego metropolitan region is not prepared to meet the future.

The jurisdictions of the San Diego region are participating in a wasteful zero-sum competition in a single regional economy. Over time, this pattern produces growing disparities between local governments, neighborhoods and the citizens of the region. In so doing, it serves to polarize the region socially, economically, racially, and politically—each year making cooperation necessary to solve vital present and future problems less feasible. The status quo represents a divisive system that wastes money, energy, time, human potential and in some cases even people's lives. It is preventing the greater San Diego region from reaching its full potential in terms of economic growth, social stability, environmental stewardship, and quality of life.

This report represents the beginnings of an agenda designed to deal with growing regional instability and disparities. While it is controversial, it represents only a best first effort, subject to the negotiation, reformation, and synthesis that occurs in all political progress. While the issues will be difficult, it is MARC's hope that this region can work together—reason together—to solve its mutual problems.

The real importance of this discussion is the realization that the San Diego region is suffering from a series of problems that are too massive for the central city and individual communities to confront alone.

## Appendix A: Z-Score Calculations Used in Determining Subregions

Municipality / County Unincorporated Area	Combined Property / Sales Tax Fiscal Capacity	Fiscal Capacity Compared to Regional Value	% of Land Area Developed, 1995	Stage of Develop- ment Compared to 80.0%	% Non-Asian Minority Elementary Students, 1998	Non- Asian Minority Z-Score	% Eligible - Free Lunch, 1998	Free Lunch Z- Score	Stress Z- Score	Stress Z- Score Compared to Regional Average	Combined Fiscal Capacity / Stage of Development / Stress Value
Imperial Beach	\$153	Low Capacity	94.1%	Developed	59.5%	-0.88470	54.2%	-0.95547	-0.92008	Stressed	Low Capacity, Developed, Stressed
Lemon Grove	\$481	Low Capacity	97.8%	Developed	54.0%	-0.63175	40.9%	-0.36686	-0.49931	Stressed	Low Capacity, Developed, Stressed
Vista	\$440	Low Capacity	81.5%	Developed	59.5%	-0.88470	46.7%	-0.62355	-0.75412	Stressed	Low Capacity, Developed, Stressed
La Mesa	\$503	Low Capacity	95.6%	Developed	33.9%	0.29264	30.4%	0.09783	0.19523		Low Capacity, Developed
Chula Vista	\$429	Low Capacity	73.5%	Developing	67.8%	-1.26641	20.5%	0.53597	-0.36522	Stressed	Low Capacity, Developing, Stressed
Oceanside	\$335	Low Capacity	79.3%	Developing	54.8%	-0.66854	38.7%	-0.26950	-0.46902	Stressed	Low Capacity, Developing, Stressed
Santee	\$388	Low Capacity	50.6%	Developing	11.9%	1.30441	17.8%	0.65546	0.97994		Low Capacity, Developing
Unincorporated San Diego	\$340	Low Capacity	47.8%	Developing	40.0%	0.01210	30.6%	0.08898	0.05054		Low Capacity, Developing
El Cajon	\$563	High Capacity	92.8%	Developed	37.1%	0.14547	52.3%	-0.87138	-0.36296	Stressed	High Capacity, Developed, Stressed
National City	\$827	High Capacity	96.3%	Developed	79.7%	-1.81369	97.5%	-2.87177	-2.34273	Stressed	High Capacity, Developed, Stressed
Coronado	\$677	High Capacity	95.2%	Developed	9.7%	1.40559	4.9%	1.22636	1.31598		High Capacity, Developed
Del Mar	\$1,020	High Capacity	95.4%	Developed	8.1%	1.47917	6.2%	1.16883	1.32400		High Capacity, Developed
Encinitas	\$600	High Capacity	86.3%	Developed	24.0%	0.74794	13.8%	0.83248	0.79021		High Capacity, Developed
Solana Beach	\$669	High Capacity	97.6%	Developed	27.3%	0.59617	22.7%	0.43860	0.51739		High Capacity, Developed
Escondido	\$645	High Capacity	67.3%	Developing	59.8%	-0.89849	53.7%	-0.93334	-0.91592	Stressed	High Capacity, Developing, Stressed
San Marcos	\$641	High Capacity	50.6%	Developing	53.3%	-0.59956	25.8%	0.30141	-0.14908	Stressed	High Capacity, Developing, Stressed
Carlsbad	\$825	High Capacity	61.5%	Developing	22.1%	0.83532	14.3%	0.81036	0.82284		High Capacity, Developing
Poway	\$627	High Capacity	51.8%	Developing	11.8%	1.30901	7.5%	1.11130	1.21015		High Capacity, Developing
<b>San Diego</b>	<b>\$538</b>	<b>High Capacity</b>	<b>79.3%</b>	<b>Developing</b>	<b>50.7%</b>	<b>-0.47999</b>	<b>41.1%</b>	<b>-0.37571</b>	<b>-0.42785</b>	<b>Stressed</b>	<b>Central City</b>
<b>Regional Value:</b>	<b>\$508</b>			<b>Averages:</b>	<b>40.3%</b>		<b>32.6%</b>				
				<b>Standard</b>	<b>21.7</b>		<b>22.6</b>				
				<b>Deviation:</b>							

Data Sources: San Diego County Assessor-Recorder (1998 assessed property values); San Diego County Board of Supervisors (1998 property tax revenue figures); California State Board of Equalization (1997 taxable transactions and local sales tax revenue figures); San Diego Council of Governments (1998 household estimates and developed land area figures); California Department of Education (1998 race, free lunch, and enrollment figures).

## Appendix B: Hypothetical Property Tax-Base Sharing Run 1. Redistribution of 40% of Growth in Commercial/Industrial Property Value, 1988-1998, According to Total Assessed Property Value Per Capita by Municipality and County Unincorporated Area

Municipality / County Unincorporated Area	Subregions	Net Distribution	Estimated Population, 1998	Per Capita Won / Lost
1 Imperial Beach	Low Capacity, Developed, Stressed	\$15,452,093	28,557	\$541
2 Santee	Low Capacity, Developing	\$19,429,465	56,538	\$344
3 Escondido	High Capacity, Developing, Stressed	\$36,231,247	123,148	\$294
4 Oceanside	Low Capacity, Developing, Stressed	\$35,993,421	153,869	\$234
<b>5 San Diego</b>	<b>Central City</b>	<b>\$286,923,098</b>	<b>1,224,848</b>	<b>\$234</b>
6 El Cajon	High Capacity, Developed, Stressed	\$17,058,262	94,490	\$181
San Marcos	High Capacity, Developing, Stressed	\$9,220,231	50,827	\$181
8 Lemon Grove	Low Capacity, Developed, Stressed	\$1,323,609	25,317	\$52
9 Unincorporated San Diego	Low Capacity, Developing	\$7,549,541	454,190	\$17
10 Solana Beach	High Capacity, Developed	\$43,085	13,945	\$3
11 National City	High Capacity, Developed, Stressed	(\$119,959)	54,400	(\$2)
12 La Mesa	Low Capacity, Developed	(\$3,466,643)	57,973	(\$60)
13 Encinitas	High Capacity, Developed	(\$7,847,239)	58,915	(\$133)
14 Chula Vista	Low Capacity, Developing, Stressed	(\$41,094,380)	162,047	(\$254)
15 Carlsbad	High Capacity, Developing	(\$60,464,951)	73,688	(\$821)
16 Poway	High Capacity, Developing	(\$56,001,402)	47,098	(\$1,189)
17 Vista	Low Capacity, Developed, Stressed	(\$118,081,884)	82,901	(\$1,424)
18 Del Mar	High Capacity, Developed	(\$12,232,269)	5,257	(\$2,327)
19 Coronado	High Capacity, Developed	(\$129,915,323)	26,777	(\$4,852)

### Percentage of regional population living in winning areas: 79.6%

Data Sources: San Diego County Assessor-Recorder (1988 and 1998 assessed values); San Diego Council of Governments (1998 population estimates).

Note: 1988 dollars were adjusted upwards by a factor of 1.3779 to convert to 1998 dollars.  
1988 CPI=118.3; 1998 CPI=163.0 (Base: 1982-1984 CPI=100)

#### Methodology:

Each municipality is required to contribute 40% of its growth in commercial / industrial assessed value from 1988 to 1998 into a tax-base pool. (For the purposes of these taxbase sharing run calculations, the unincorporated area of the county was treated as if it were a municipality; therefore, the terms "municipality" and "municipal" should be taken to refer to both the actual incorporated municipalities and the surrounding county unincorporated area.) Then, a "distribution index" is calculated to determine what percentage share each municipality will get back out of the pool. This distribution index is equal to the municipality's population multiplied by the ratio of the metropolitan region's total assessed value per capita to the municipality's total assessed value per capita. Each municipality's distribution index is then divided by the sum of all the distribution indexes to arrive at each municipality's percentage share of the tax-base pool. This percentage is then multiplied by the tax-base pool amount to determine the actual amount the municipality receives back. Finally, the amount the municipality contributes is subtracted from the amount the municipality receives to arrive at the net distribution to the municipality.

Step 1: 1988-1998 municipal commercial / industrial assessed value growth \* 0.40 = Municipal Contribution

Step 2: municipal population \* ((region's total assessed value / region's population) /

(municipal total assessed value / municipal population)) = Distribution Index

Step 3: Distribution Index / sum of Distribution Indexes = Municipal Share of tax base to be distributed

Step 4: Municipal Share \* sum of Municipal Contributions = Municipal Distribution

Step 5: Municipal Distribution - Municipal Contribution = Municipal Net Distribution



## Appendix C: Hypothetical Property Tax-Base Sharing Run 2. Redistribution of 40% of Growth in Taxable Transactions, 1988-1997, According to Percentage of Housing Built Before 1950 by Municipality and County Unincorporated Area.

Municipality / County Unincorporated Area	Subregions	Net Distribution	Estimated Population, 1998	Per Capita Won / Lost
1 National City	High Capacity, Developed, Stressed	\$36,785,487	54,400	\$676
2 Coronado	High Capacity, Developed	\$13,281,745	26,777	\$496
3 La Mesa	Low Capacity, Developed	\$23,855,333	57,973	\$411
4 Imperial Beach	Low Capacity, Developed, Stressed	\$8,232,992	28,557	\$288
5 Chula Vista	Low Capacity, Developing, Stressed	\$30,686,379	162,047	\$189
6 El Cajon	High Capacity, Developed, Stressed	\$16,592,878	94,490	\$176
7 Oceanside	Low Capacity, Developing, Stressed	\$18,147,848	153,869	\$118
8 Escondido	High Capacity, Developing, Stressed	\$12,910,562	123,148	\$105
<b>9 San Diego</b>	<b>Central City</b>	<b>\$122,452,979</b>	<b>1,224,848</b>	<b>\$100</b>
10 Unincorporated San Diego	Low Capacity, Developing	\$38,547,786	454,190	\$85
11 Santee	Low Capacity, Developing	\$3,556,327	56,538	\$63
12 San Marcos	High Capacity, Developing, Stressed	\$1,465,452	50,827	\$29
13 Lemon Grove	Low Capacity, Developed, Stressed	(\$4,975,668)	25,317	(\$197)
14 Solana Beach	High Capacity, Developed	(\$2,992,056)	13,945	(\$215)
15 Encinitas	High Capacity, Developed	(\$31,757,639)	58,915	(\$539)
16 Poway	High Capacity, Developing	(\$52,315,455)	47,098	(\$1,111)
17 Vista	Low Capacity, Developed, Stressed	(\$105,863,490)	82,901	(\$1,277)
18 Carlsbad	High Capacity, Developing	(\$119,358,575)	73,688	(\$1,620)
19 Del Mar	High Capacity, Developed	(\$9,252,886)	5,257	(\$1,760)

### Percentage of regional population living in winning areas: 89.0%

Data Sources: California State Board of Equalization (1988 and 1997 taxable transactions figures); San Diego Council of Governments (1998 population estimates); 1990 U.S. Census of Population and Housing Summary Tape File 3A (1990 population and year housing built figures).

Note: 1988 dollars were adjusted upwards by a factor of 1.3567 to convert to 1997 dollars.  
1988 CPI=118.3; 1997 CPI=160.5 (Base: 1982-1984 CPI=100)

#### Methodology:

Each municipality is required to contribute 40% of its 1988-1997 growth in taxable transactions into a tax-base pool. (For the purposes of these taxbase sharing run calculations, the unincorporated area of the county was treated as if it were a municipality; therefore, the terms "municipality" and "municipal" should be taken to refer to both the actual incorporated municipalities and the surrounding county unincorporated area.) Then, a "distribution index" is calculated to determine what percentage share each municipality will get back out of the pool. This distribution index is equal to the municipality's population multiplied by the ratio of the municipality's percentage of housing built before 1950 to the metropolitan region's percentage of housing built before 1950. Each municipality's distribution index is then divided by the sum of all the distribution indexes to arrive at each municipality's percentage share of the tax-base pool. This percentage is then multiplied by the tax-base pool amount to determine the actual amount the municipality receives back. Finally, the amount the municipality contributes is subtracted from the amount the municipality receives to arrive at the net distribution to the municipality.

Step 1: 1988-1997 municipal growth in taxable transactions \* 0.40 = Municipal Contribution

Step 2: municipal population \* ((municipal pre-1950 housing / municipal total housing) /

(region's pre-1950 housing / region's total housing)) = Distribution Index

Step 3: Distribution Index / sum of Distribution Indexes = Municipal Share of tax base to be distributed

Step 4: Municipal Share \* sum of Municipal Contributions = Municipal Distribution

Step 5: Municipal Distribution - Municipal Contribution = Municipal Net Distribution

