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LA Metropatterns

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Los Angeles Metropatterns

Social Separation and Sprawl in the Los Angeles Region

By Myron Orfield

Contents

Foreword

Los Angeles Metropatterns is a project of the Metropolitan Area Research Corporation (MARC). It was made possible with the support of the Rockefeller Foundation and the ARCO Foundation.

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David Mahoney assisted in the editing of this report. Two Spruce Design is responsible for the graphic design.

Since 1995, MARC has completed (or is in the process of completing) studies of social separation and sprawl in twenty-three regions of the United States, including San Diego, San Francisco, and California's Central Valley.[1] These studies have been conducted in cooperation with dozens of universities, research centers, and private and public organizations throughout the country. Financial support has been given by 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.

Further information on MARC's history, research projects, and methodology can be found on its website: http://www.metroresearch.org.

Los Angeles Metropatterns

An overview

GROWING SOCIAL SEPARATION and wasteful sprawl threaten the future of Los Angeles and all other U.S. metropolitan areas. Social need is concentrated and deepening in central cities, older suburbs, and many outlying communities, isolating those who live there from opportunity. Fast-developing cities on the urban fringe are struggling to provide expensive schools, roads, sewer systems, and other basic infrastructure for their burgeoning populations without adequate local resources. Open space and rural landscapes are being lost to rapid development while roadways reach unprecedented levels of gridlock, especially in the vicinities of growing suburban job centers. Meanwhile, these growth patterns are placing unnecessary strain on the local environment, resulting in pollution of the air and water and over-consumption of limited water supplies.

Los Angeles Metropatterns reports on social, economic, and development trends in the Los Angeles region[2] and outlines policy strategies for reform. Its purposes are: 1) to document social separation and sprawl in the Los Angeles region; 2) to identify specific effects on jurisdictions in the Los Angeles region; and 3) to introduce policy strategies that might be used to address the local and regional impacts of social separation and sprawl. It is MARC's hope that the results of this study will help to further the processes of reform in the Los Angeles region.

With its huge population and land area, tremendous immigration and diversity, and its multi-centered pattern of development, Los Angeles is in many ways unique. However, much of the evidence of social separation and sprawl follows patterns that MARC has seen in its studies of other U.S. metropolitan areas. (In fact, the patterns are more intense and detrimental in Los Angeles than in many other parts of the country.) These patterns are illustrated in this report through the use of color-coded maps generated by geographic information system (GIS) software.[3]

The report concludes with a brief discussion of policy strategies for regional reform aimed at reducing social separation and wasteful land-use patterns. Among these recommended reforms is a regional tax-sharing proposal (in many ways similar to California's existing school equity system), which is discussed in greater detail in Appendix A.

Photo courtesy: Arnesen Photography/LACVB, PictureLA.com Photo credit: © Erik Arnesen

From the Core to the Fringe

The Patterns of Social Separation and Sprawl

IT IS BECOMING INCREASINGLY APPARENT that the fiscal, social, and environmental stresses associated with typical urban development patterns are negatively affecting all metropolitan localities and their residents. Among the many effects are concentrated poverty and its attendant racial segregation, inadequate public infrastructure, over-crowded and under-funded schools, lost open space, environmental degradation, and unnecessarily high development fees. The following section describes how different types of metropolitan communities—from those in the core of a metropolitan area to those on its fringes—are affected by the prevailing patterns of social separation and sprawling development.

ISOLATED INNER-CITY NEIGHBORHOODS

As metropolitan development moves outward, it leaves behind at the core racially segregated, economically depressed neighborhoods. These high-need neighborhoods are both a cause and a result of the complex processes of social separation and sprawling development. The intense needs and social problems related specifically to concentrated poverty cause people to move outward from the core if they can afford to do so. As a result of this outward movement, these already depressed neighborhoods and their residents (increasingly those without residential choices) grow continually more separated from the rest of the metropolitan region.

As poverty concentrates and inner-city needs and problems intensify, these communities become less desirable as places to live and work. Meanwhile, communities without deep poverty develop in other areas of the region—often at the edges. As a result, households are both "pushed" out of inner-city neighborhoods and "pulled" into newer communities at the edges of the region. They are pushed by problems associated with increasingly poor schools, relatively weak property values, fear of increasing crime, and inadequate public spending on basic services. At the same time, they are pulled by schools with fewer poor students, new homes, and—at least initially—more open space.

Ultimately, these disparities contribute to the isolation of inner-city neighborhoods from the educational, employment, and social opportunities available to residents in other parts of the region. This lack of opportunity can remain with the neighborhood for many years, passing from one generation to the next. Even when individuals are able to overcome these limitations, the neighborhoods they grew up in continue to grow poorer because these successful individuals often choose to move away.

Sprawling development patterns have negative consequences for central-city neighborhoods as well as for developing communities on the metropolitan fringe.

Such persistent poverty makes it extremely difficult to ever connect these residents and their neighborhoods back into the metropolitan economy—even in strong economic times.

OLDER COMMUNITIES IN DECLINE

The same patterns of metropolitan growth that lead to poor and isolated central city neighborhoods also create significant fiscal and social stresses in older communities beyond the borders of the region's central city. Generally, these communities are of two types: established suburbs just outside of the central city and older satellite cities that are drawn increasingly into the orbit of the metropolitan region as it expands outward. While the social problems are generally not as severe in these cities as in the poorest central-city neighborhoods, they exhibit signs of growing instability and are at the greatest risk of experiencing rapid social decline. Increasing concentrations of poverty in schools and neighborhoods, decreasing or stagnant home values, the loss of local businesses and jobs, and the erosion of the local tax base are symptoms of this decline.

Young families with children are often the first to avoid or move away from encroaching social problems. In most cases, the flight of these families begins as regional development patterns cause poverty to increase in local schools. As parents see increasing poverty in a community's schools, their perception of the community declines and they become less likely to choose that community as a place to live. In a relatively short period, demand for housing in these communities can drop significantly, followed by declining home-sale prices and weakening retail markets—all of which accelerate the transformation of these communities from relatively stable, middle-class communities to communities in decline.

Further, the housing markets and neighborhoods of these declining communities can be much more fragile than those in the central cities they surround. Lacking the many amenities of the central city—such as a strong commercial and industrial base, unique older neighborhoods that can gentrify into valuable real estate, a large police force, social welfare agencies, diverse arts and culture—they often do not have the resources to prevent social decline or to regenerate once that decline has occurred. The result is a spiraling decline in the social and economic stability of these communities. Over

The housing markets and neighborhoods of declining suburbs can be much more fragile than in the central cities they surround.

Photo credits: Ted Soqui/Impact Visuals (above left) and Chris Faust

time, these cities are at risk of becoming just as isolated from the regional economy as the depressed central-city neighborhoods.

FRINGE CITIES IN FISCAL STRESS

For developing communities, the effects of social separation and sprawl are more fiscal than social. These fiscal effects, however, are intimately related to the social decline of the central city and other communities. Households with the financial ability to choose where they want to live are unlikely to choose declining areas in the core of the region. Rather, they often seek housing in less-developed communities—usually at the edge of the region. A primary attraction of these less-developed communities is the presence of schools with comparatively little poverty. Faced with this growing demand, developing localities often struggle to provide the necessary but expensive public infrastructure, such as roads, sewer systems, and school buildings.

The fact that many of these growing communities are primarily residential in nature tends to worsen the fiscal stress that they face. It is a general rule of suburban fiscal planning that a tax base comprised solely or largely of residential property is insufficient in itself to pay for the infrastructure needed by a city or school district. Thus, many of these communities struggle to provide expensive infrastructure on an inadequate tax base.

Further, in an effort to increase tax revenues, developing localities compete with other cities in the region for commercial and/or industrial properties that can generate higher sales and property tax revenues. Incentives used in this competition generally take the form of taxpayer-funded subsidies, tax incentives, abatements, or complicated redevelopment financing packages that are used to "bribe" businesses to locate within the community's borders. Often, these businesses have already decided to locate somewhere in the region and are simply looking for the best deal that a city will give them. In other cases, the tax incentives and subsidies have little effect on the business location decision and represent unnecessary use of limited public funds—funds that could be used to reduce taxes or improve police and fire protection, libraries, parks, and other city-provided services.

Many growing fringe communities struggle to provide expensive infrastructure on an inadequate tax base.

CONGESTED EMPLOYMENT CENTERS

As employment centers expand outward from the traditional central business district to other areas of the region, traffic congestion and the loss of open spaces increase significantly. Generally, these outlying concentrations of commercial and retail businesses are located in relatively affluent communities, where purchasing power is high and expensive homes are available for company executives. In an effort to preserve the many advantages of their affluence, these cities often zone their land in such a way as to prevent the construction of a broader range of housing choices that would allow greater socioeconomic diversity.

Despite their strong position relative to other communities in the region, these cities also face problems in preserving and maintaining the amenities that made them so desirable in the first place. As Joel Garreau suggests in his book *Edge Cities*, these places soon become as "urban" as the communities that their residents were attempting to avoid. Because of the concentration of retail and offices in the area, local roadways become extremely congested with employees and shoppers. Also, as property in these cities attracts even more executive homes or office and retail buildings, open spaces are threatened and soon lost. Because of the affluence and relative power of the citizenry who live in them, these are often the first communities to actively fight urban sprawl—passing local laws that limit development and/or purchasing open spaces in the area for public parks.

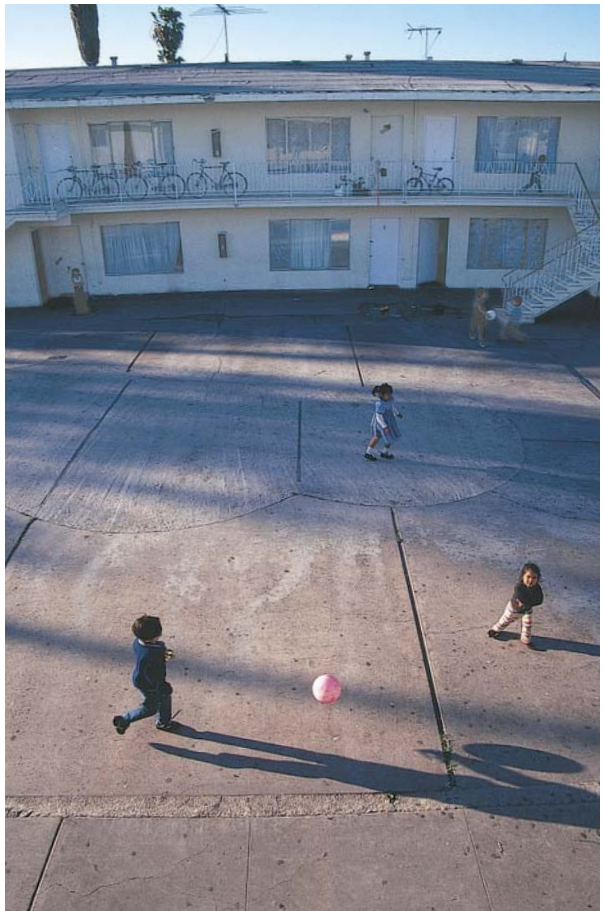
On a regional level, exclusive zoning and unilateral development limits can contribute greatly to social separation and sprawling development. A mismatch between where people work and where they live emerges, with employees commuting both into and out of the area. The result of this mismatch is significant roadway congestion throughout the region, which increases the time wasted in traffic jams and reduces the quality of life. Further, the congestion near these employment centers often means that the majority of the region's highway spending is used to expand the commuting corridors serving these centers—which, ironically, often results in even more development and traffic congestion. Unilateral attempts in these places to slow the pace of this development through local moratoriums may make the local citizens feel as if they are doing something to fight sprawl. In reality however, these local actions only serve to throw development farther out into the fringes of the region, eventually making the problems worse.

Photo credit: Spencer Grant/PhotoEdit

Social Separation and Sprawl in the Los Angeles Region

The Los Angeles region is the second most populous metropolitan area in the country. In 1998, the entire metropolitan area contained nearly 15.2 million people, as well as 177 cities, 209 school districts, and an urbanized area that encompasses more than 3,000 square miles—larger than Delaware and Rhode Island combined. Since 1990, the region has absorbed over 1.2 million people—more than any other metropolitan area in the country.

In some ways, the development patterns that contributed to these conditions in the Los Angeles region are unlike many older regions of the country. While Midwestern and northeastern cities tended to develop radially along streetcar corridors, Los Angeles's development patterns were based more on the automobile and freeway.[4] And while most metropolitan areas are defined by their central city, the Los Angeles region is more accurately described as having multiple centers. In *The Reluctant Metropolis*, William Fulton has written of the reluctance of people in the region to associate themselves with the City of Los Angeles, choosing instead to identify with places such as Orange County, the San Fernando Valley, or San Bernardino.



Poverty and racial segregation are concentrated in neighborhoods and schools at the core of the region.

Despite all of these differences in the physical patterns of development in the Los Angeles region, the impacts on the social landscape are not much different from those seen in other metropolitan areas of the country. In some ways, they are much worse. Severe poverty and racial segregation is concentrated in neighborhoods and schools at the core of the region and in outlying satellite cities. Significant fiscal disparities exist among the region's cities, school districts, and counties. Traffic congestion in the region is worse than in any other metropolitan area.[5] Competition among cities for sales tax revenue wastes millions of valuable tax dollars and encourages sprawl. Growing communities at the edges of the region are struggling with overcrowded schools and inadequate infrastructure—a situation made even worse the in Los Angeles region because of California's property tax system (see page 19).

As social separation and sprawl continue to fragment the Los Angeles region along lines of class and race and spread urban development into the surrounding landscape, it is important to look broadly at the social, economic, and environmental effects of these patterns. More specifically, it is important to know how the benefits and costs of current policies and trends are distributed throughout the region. For instance, as the Los Angeles region expands geographically, what effect does this have on older cities? How do public investments in highways and other development affect patterns of growth and contribute to urban sprawl? Do local tax policies tend to support separation and sprawl or work to prevent them? These are some of the questions that this report attempts to address and bring to the forefront of public policy discussions in the Los Angeles region.

The concentration of poverty in core neighborhoods of Los Angeles has contributed to devastating social upheavals such as the 1992 riots.

Where the Poor Get Poorer

Concentrated Poverty at the Core

ONE OF THE MOST DEVASTATING CONSEQUENCES of social separation and sprawl is the emergence of highly concentrated neighborhoods of poverty at the region's core. The profound lack of educational and economic opportunity created by extreme social isolation intensifies flight from affected neighborhoods and dramatically decreases the quality of life for those left behind.

Urban scholars classify neighborhoods with more than 40 percent of residents in poverty as high-poverty tracts or ghettos, barrios, or slums (depending on the racial composition of the neighborhood).[6] Between 1970 and 1990, a time of national economic prosperity, the number of poor persons living in high-poverty neighborhoods in the United States nearly doubled.

For the residents and children left behind in these increasingly poor communities—disproportionately those who are Hispanic or black—the result of these patterns is isolation from the educational and economic opportunities that will help them succeed later in life. This is because schools and neighborhoods represent a series of reinforcing social networks that contribute to success or failure.[7] Neighborhoods and schools that are not overwhelmed with the social challenges of highly concentrated poverty become streams flowing in the direction of success, moved forward by currents that value hard work, goal-setting, and academic achievement.[8] By contrast, in places where the concentration of poverty intensifies social and economic problems become streams moving toward failure, with currents that reinforce anti-social behavior, drifting, teenage pregnancy, and dropping out of school.[9]

Outside of Appalachia, there are few densely poor white neighborhoods in America. In a typical metro area in 1990, only about 26 percent of poor whites lived in poor neighborhoods.[10] However, 54 percent of poor Hispanic persons and 75 percent of black persons lived in poor neighborhoods. As David Rusk has written, "For the great majority of poor whites...poverty is an individual household condition. Most poor whites are not surrounded by other poor people. For most poor blacks, and, to a lesser degree, for poor Hispanics, poverty is a communal crisis, as well as an individual hardship."[11]

Racial discrimination in the housing market is a fundamental ingredient in the creation of neighborhoods of concentrated poverty. Various studies have shown that housing discrimination on the basis of race takes place at every point of the renting or home-buying process—from the time a black or Hispanic calls a real estate agent to the time he or she applies for a mortgage. According to a summary index created as part of a national housing discrimination survey, the probability of a black or Hispanic person experiencing some form of discrimination during a housing or rental search is approximately 50 percent.[12]

Photo credit: Ted Soqui

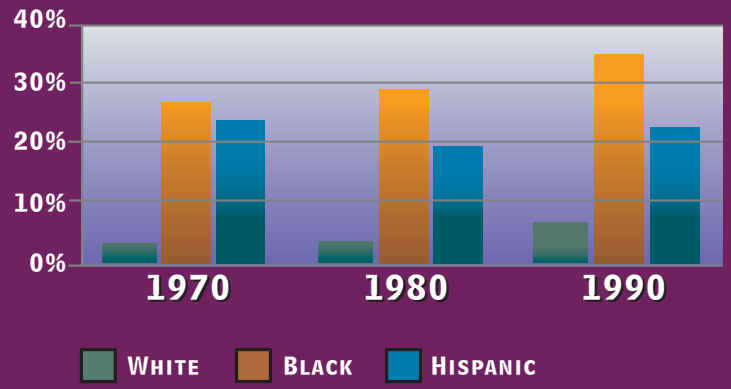
The Effects of Concentrated Poverty

The effects of concentrated poverty on people who live in such neighborhoods can be extremely debilitating. 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.[13] As neighborhoods become dominated by joblessness, racial segregation, and single-parentage, they become isolated from middle-class society and the private economy.[14] Individuals, particularly children, are deprived of local successful role models and connections to opportunity outside the neighborhood. The fear of crime and violence becomes part of everyday life. Further, concentrated poverty among adults and children has been associated with poor health and a higher incidence of disease.[15]

Other studies have found that poor individuals living in concentrated poverty are far more likely to become pregnant as teenagers, drop out of high school, and remain jobless than poor people living in more socially mixed neighborhoods.[16] Similarly, the concentration of poverty and its attendant social isolation leads to the development of speech patterns increasingly distinct from mainstream English.[17] These speech differences make education, job searches, and general interaction with mainstream society difficult.[18]

The effects of concentrated poverty can 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 fair-housing lawsuit of *Hills v. Gautreaux*,[19] thousands of single-parent black families living in Chicago public housing have been provided housing opportunities in predominantly white middle-class suburbs. 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.

Percent of Metropolitan Poor Living in High Poverty Neighborhoods, by Race: 1970–1990

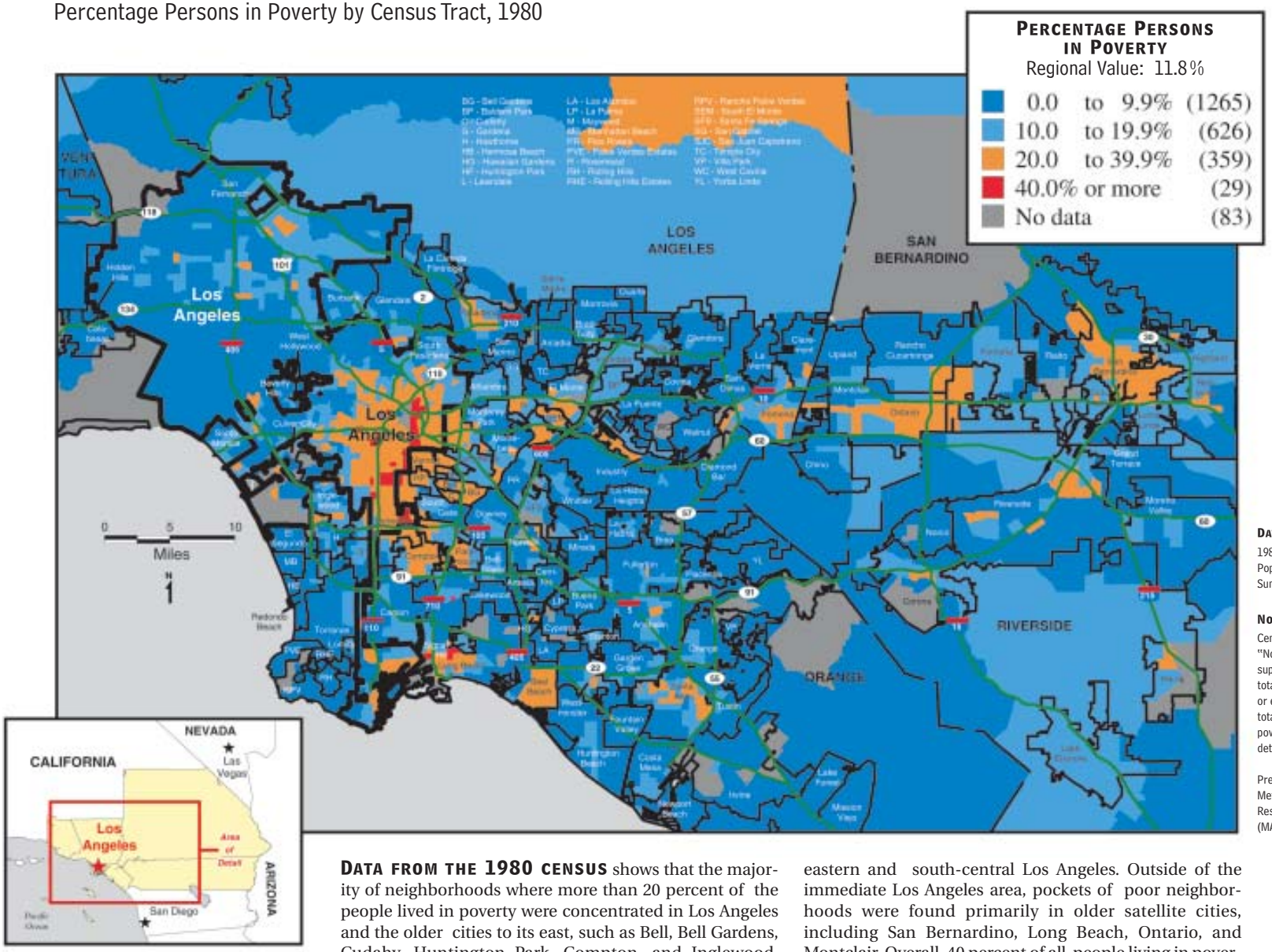


Source: *Poverty and Place: Ghettos, Barrios and the American City*, Paul A. Jargowsky

James Rosenbaum and colleagues from Northwestern University have intensively studied the Gautreaux families.[20] Their research has established that the low-income women who moved to the suburbs "clearly experienced improved employment and earnings, even though the program provided no job training or placement services."[21] Very rapidly after the moves, the suburbanites were about 13 percent more likely to be employed.[22] Rosenbaum also found that the children of the suburban movers dropped out of high school less frequently than the city movers (5 percent vs. 20 percent) and maintained similar grades despite higher standards in suburban schools. They also were significantly more likely to be on a college track (40.3 percent vs. 23.5 percent) and to actually attend college (54 percent vs. 21 percent). In terms of employment, 75 percent of the suburban youth had jobs compared to 41 percent in the city. Moreover, the suburban youth had a significant advantage in job pay and were more likely to have a prestigious job with benefits. Overall, 90 percent of the suburban youth were either working or in school, compared with 74 percent of the city youth.[23]

Concentrated Poverty

Percentage Persons in Poverty by Census Tract, 1980



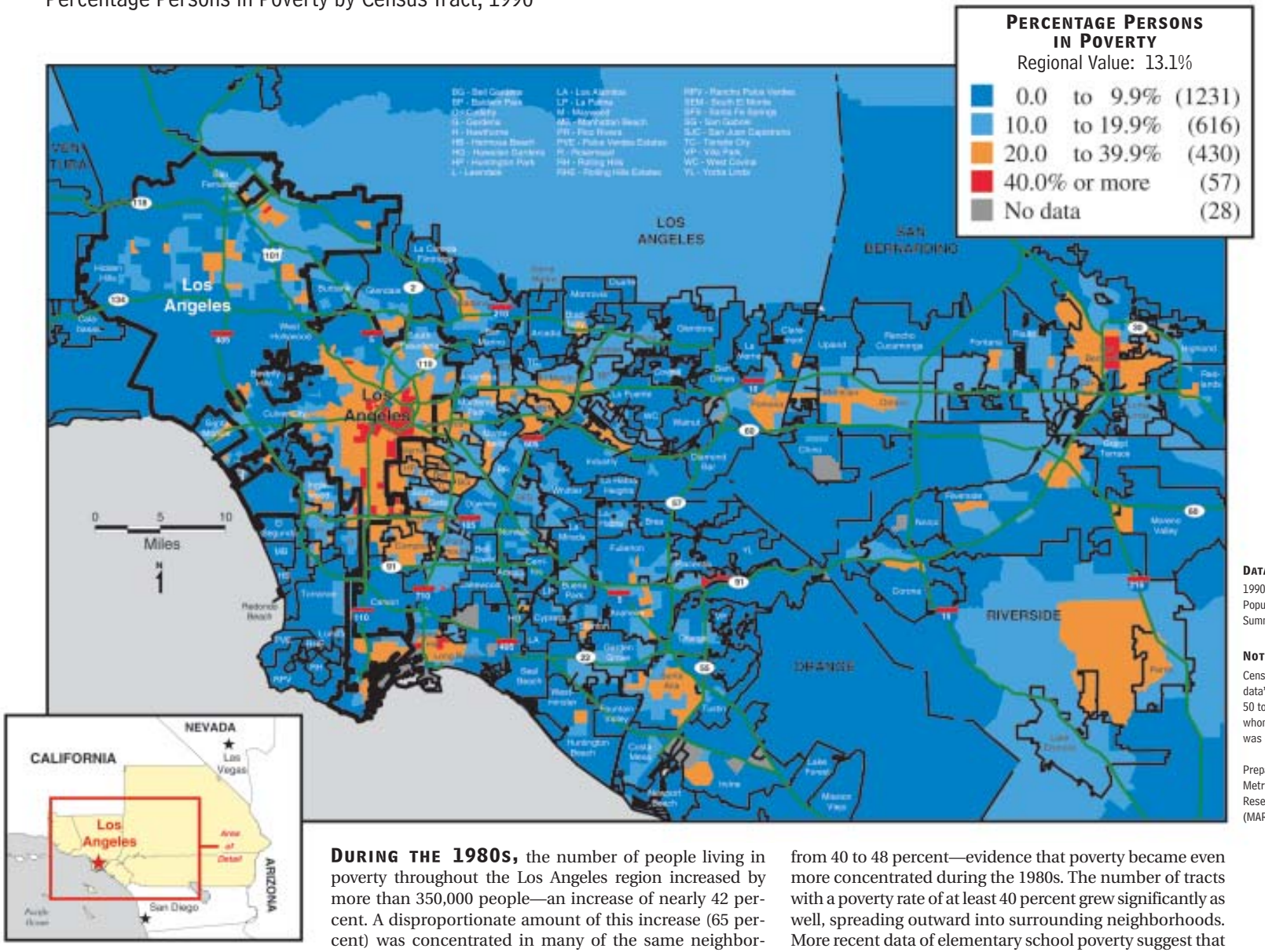
DATA SOURCE:
1980 U.S. Census of Population and Housing Summary Tape File 3A

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

Prepared by the Metropolitan Area Research Corporation (MARC).

DATA FROM THE 1980 CENSUS shows that the majority of neighborhoods where more than 20 percent of the people lived in poverty were concentrated in Los Angeles and the older cities to its east, such as Bell, Bell Gardens, Cudahy, Huntington Park, Compton, and Inglewood. High-poverty tracts (those where the poverty rate exceeded 40 percent) were centered mostly in small pockets of eastern and south-central Los Angeles. Outside of the immediate Los Angeles area, pockets of poor neighborhoods were found primarily in older satellite cities, including San Bernardino, Long Beach, Ontario, and Montclair. Overall, 40 percent of all people living in poverty in the Los Angeles region lived in neighborhoods with a poverty rate of at least 20 percent.

Percentage Persons in Poverty by Census Tract, 1990



DURING THE 1980S, the number of people living in poverty throughout the Los Angeles region increased by more than 350,000 people—an increase of nearly 42 percent. A disproportionate amount of this increase (65 percent) was concentrated in many of the same neighborhoods that were burdened with high poverty in 1980. Overall, the percentage of the region's poor living in neighborhoods with a poverty rate of at least 20 percent grew from 40 to 48 percent—evidence that poverty became even more concentrated during the 1980s. The number of tracts with a poverty rate of at least 40 percent grew significantly as well, spreading outward into surrounding neighborhoods. More recent data of elementary school poverty suggest that the expansion of high-poverty neighborhoods in the core of the region has continued throughout the 1990s, despite strong economic growth in the latter half of the decade.

DATA SOURCE:
1990 U.S. Census of Population and Housing Summary Tape File 3A

NOTE:
Census tracts with "No data" had fewer than 50 total persons for whom poverty status was determined in 1990.

Prepared by the Metropolitan Area Research Corporation (MARC).

Cities In Decline

Disinvestment and Middle-Class Flight

THE SOCIAL DECLINE seen in inner-city neighborhoods is most likely to spread to communities where the middle-class chooses not to live. When middle-class presence declines, there is a growing risk that these places and their residents will be isolated from the growth and investment occurring elsewhere in the region.

Growing poverty in local schools represents a powerful negative prophecy for cities. In the Los Angeles region there has been tremendous growth in student poverty in stressed core communities, such as Bellflower, Anaheim, and Whittier. Generally, families with choices will seek the least poor school district in which they can afford to live. As demand for middle-class housing begins to lag, housing prices fall behind areas with low poverty in their schools. This accelerates the decline, since individuals and businesses with choices available to them tend to look for places with the strongest appreciation in prices. Because of discrimination in the housing market, schools in the declining communities often see a rise in the number of minority students as the rate of student poverty increases.

While an increasing concentration of poverty is a sign of growing stress for a community, high crime rates often signal that a community has already experienced significant social decline. This can be seen in the Los Angeles region, where the highest rates of crime tend to be found in the poorest and most economically depressed communities—both at the core of the region and in older satellite cities. These places are also among those with the most limited resources to provide adequate police protection. When a community experiences high or increasing rates of crime, middle-class families are likely to move away to other communities—just as they tend to do when poverty increases in their local schools. This flight further reduces the resources and stability required to address the increased crime and effectively reduce it.

As growing poverty in local schools pushes families away from older communities, their housing values decline.

Photo credits: Ted Soqui/Impact Visuals (above) and Michael Newman/PhotoEdit (opposite page)

The Persistence of School Segregation

There is a broadly shared illusion that the civil rights movement of the 1960s solved the problem of racial segregation in this country. However, residential patterns remain highly segregated for blacks and Hispanics. Further, recent evidence indicates that segregation is actually increasing in U.S. schools, particularly for black and Hispanic students.

The tables below show that by 1996, Hispanic students attended schools that were poorer and less white than schools attended by any other racial group. Black students were similarly segregated in terms of both race and poverty. Asian students, by contrast, attended schools that were much less segregated than their Hispanic and black counterparts.

Segregation is increasing in schools attended by Hispanic children.

Racial Composition and Poverty Status of Schools Attended by Average Student, by Race 1996–1997

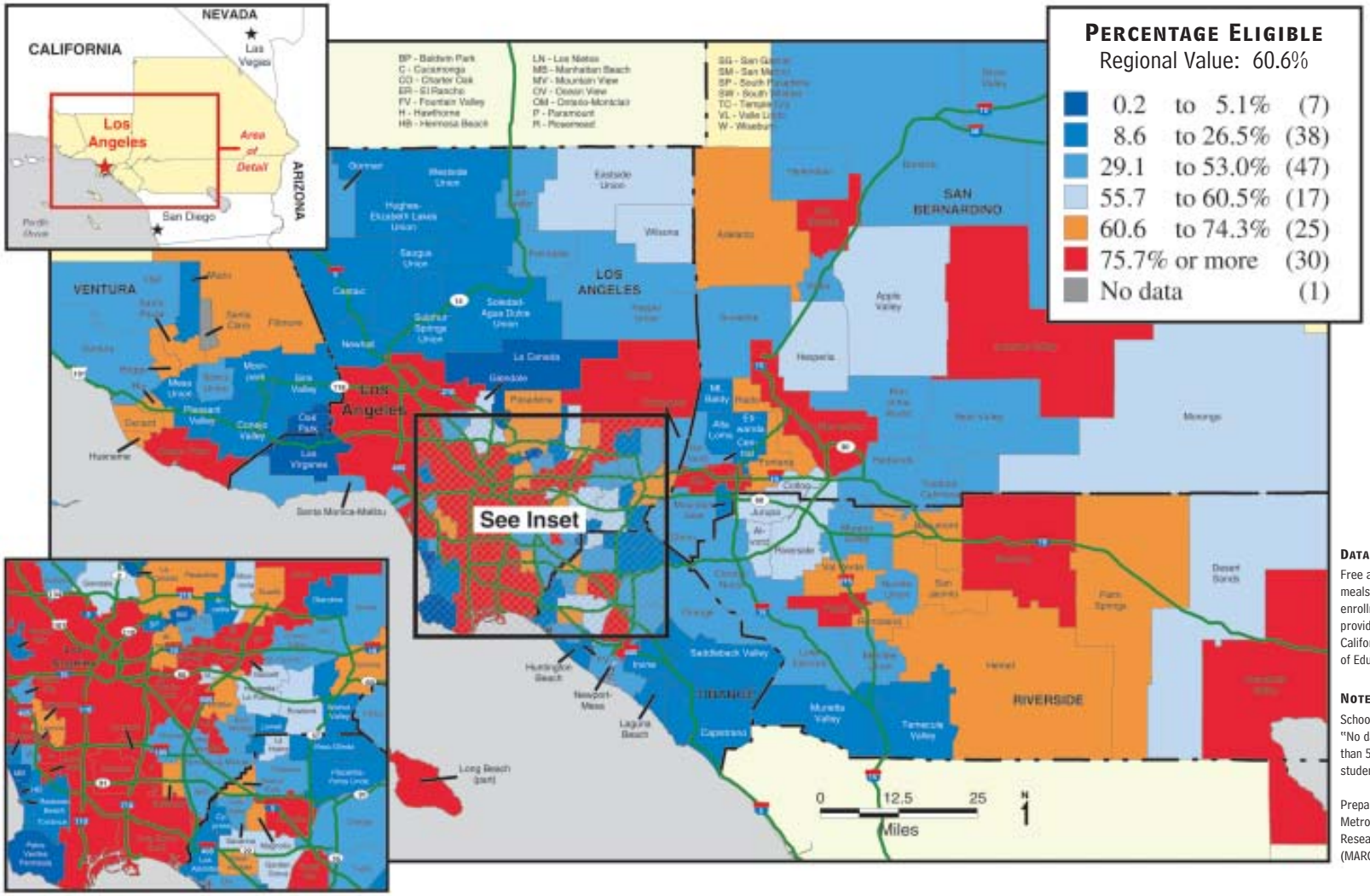
	White Student	Black Student	Hispanic Student	Asian Student	Native American Student
% White	81.2	32.6	29.9	46.9	49.2
% Black	8.6	54.5	11.8	12.1	6.7
% Hispanic	6.6	9.8	52.5	18.5	9.1
% Asian	2.8	2.7	5.0	21.8	2.3
% Native American	0.8	0.4	0.8	0.7	32.7
% Poor (of any race)	18.7	42.7	46.0	29.3	30.9

Source: U.S. Department of Education Office for Civil Rights and NCES Common Core of Data Public School Universe. Tables from Gary Orfield and John T. Yun, "Resegregation in American Schools," (The Civil Rights Project: Harvard University, 1999).

Note: Percent poor signifies the proportion of students receiving free or reduced price lunches because of low family income.

Poverty in Schools

Percentage of Elementary Students Eligible for Free and Reduced-cost Meals by School District, 1996



Data Source:
Free and reduced-cost meals data and total enrollment figures provided by the California Department of Education.

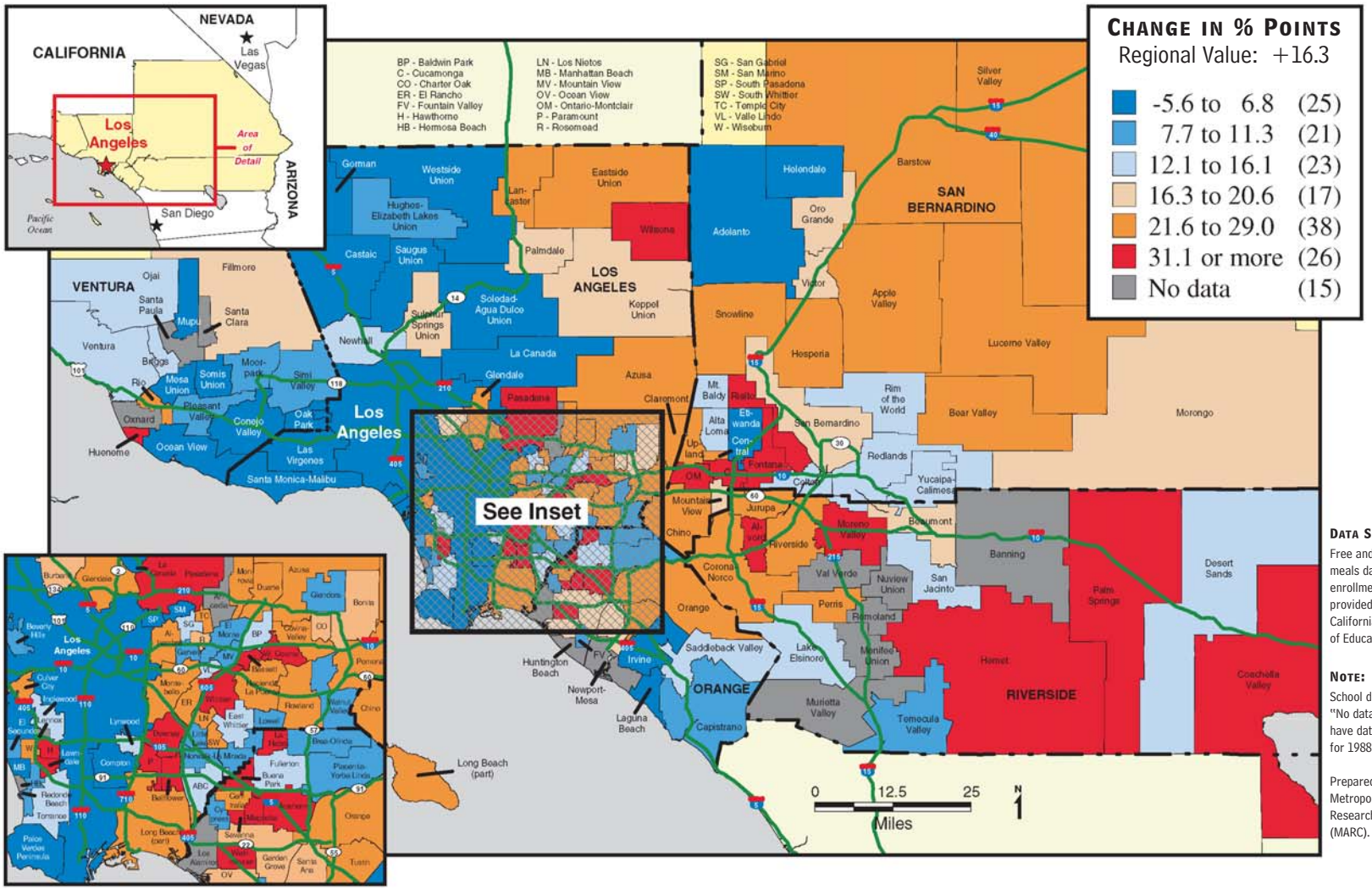
Note:
School districts with "No data" had fewer than 50 elementary students in 1996.

Prepared by the Metropolitan Area Research Corporation (MARC).

Of the nearly 1.5 million elementary students in the 165 school districts of the Los Angeles region in 1996, 61 percent of students were eligible for free or reduced-cost meals. This represents a far greater percentage than is found in California as a whole (about 47 percent of California students are eligible for free or reduced-cost lunches).

In 1996, 83 percent of the elementary school students in the Los Angeles Unified School District qualified for reduced-cost meals. High rates of student poverty were also found in the older communities of southeast Los Angeles County, including the Compton (88 percent), Montebello (79 percent), and Long Beach (76 percent) school districts. Other districts with poverty rates above 75 percent could be found in the San Gabriel Valley and near San Bernardino, Palm Springs, and Adelanto.

Change in Percentage of Elementary Students Eligible for Free and Reduced-cost Meals by School District, 1988-1996



DATA SOURCE:
Free and reduced-cost meals data and total enrollment figures provided by the California Department of Education.

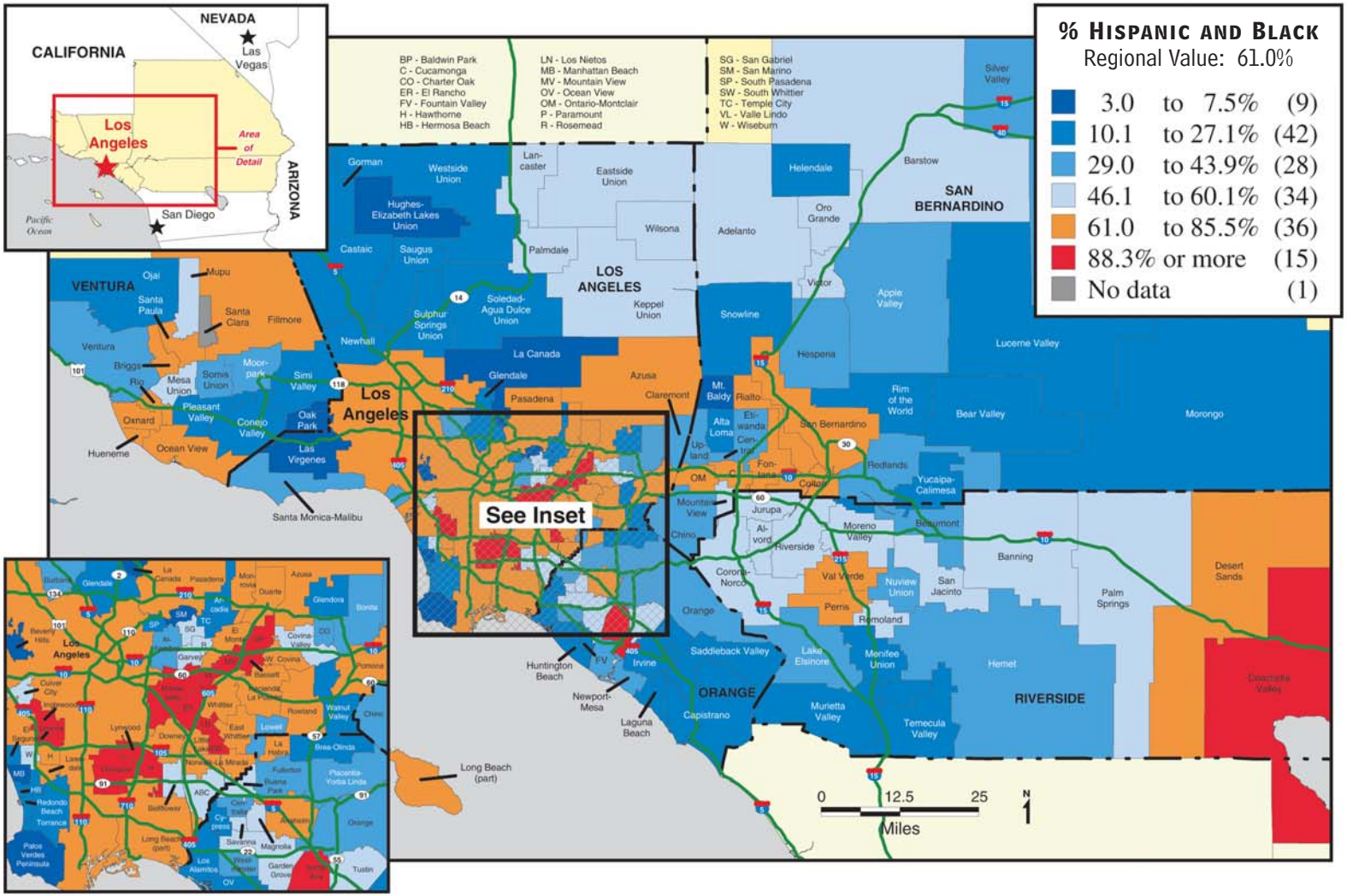
NOTE:
School districts with "No data" did not have data available for 1988.

Prepared by the Metropolitan Area Research Corporation (MARC).

NEARLY ALL of the school districts that saw the fastest increase in elementary school student poverty between 1988 and 1996 were located in the older core communities east of Los Angeles or in low tax-capacity areas of San Bernardino and Riverside Counties. For many of these districts, such as Hawthorne (32 to 86 percent), Anaheim (19 to 79), and Buena Park (29 to 61), student poverty in 1988 was already higher than the regional average, signifying an increasing concentration of poverty in the region. For somewhat less distressed districts, such as Orange (21 to 43), Downey (21 to 53), and Apple Valley (30 to 57), the recent increases in student poverty may signal the beginning stages of increasing social stress and the downward spiral of flight and disinvestment.

Racial Segregation in Schools

Percentage of Hispanic and Black Elementary Students by School District, 1996*



DATA SOURCE:
Racial data and total enrollment figures provided by the California Department of Education.

NOTE:
School districts marked "No data" had fewer than 50 elementary students in 1996.

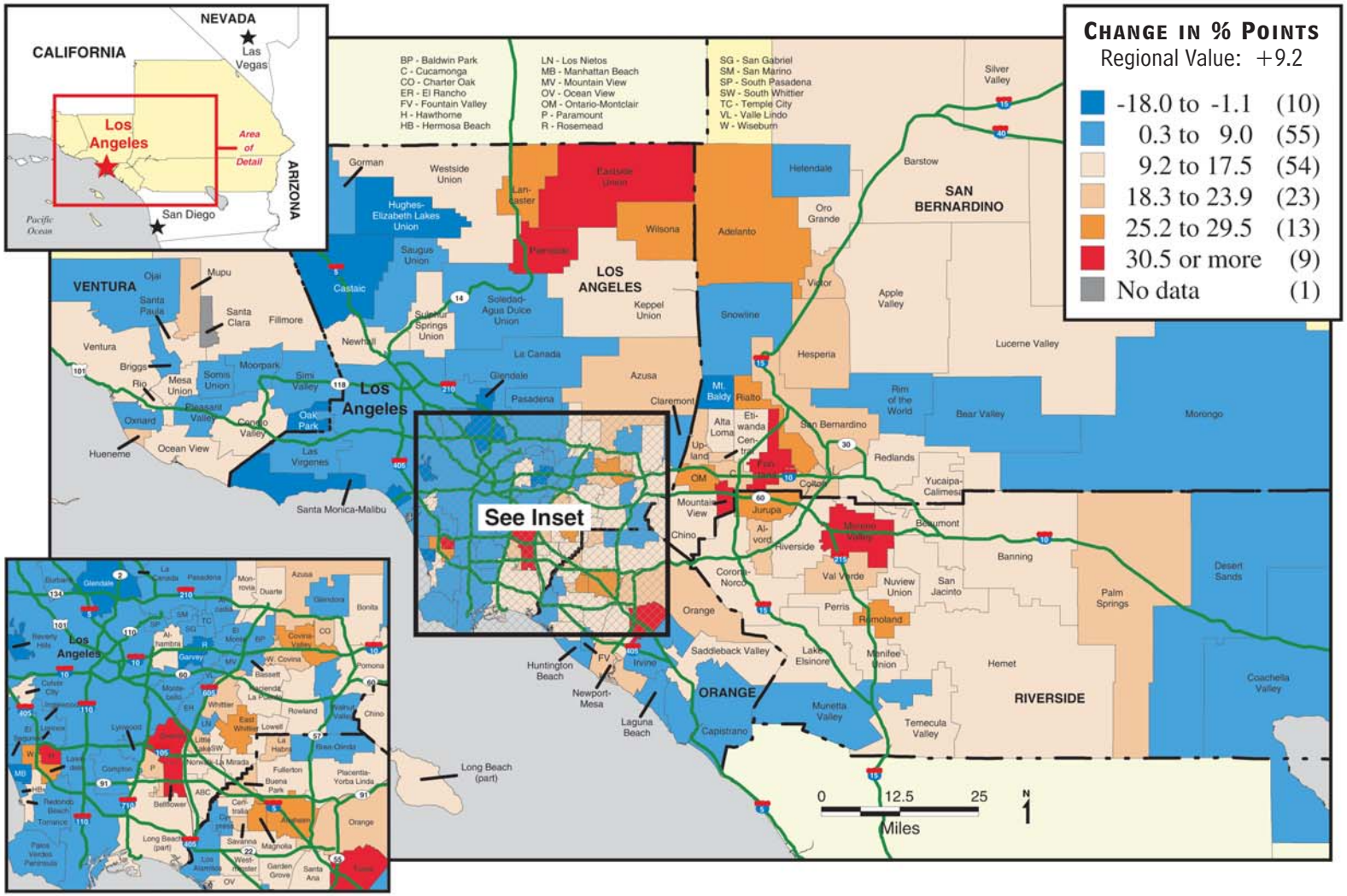
* Asian and Native American students are not included in this analysis because they tend to experience less educational and housing segregation than do Hispanic and black students (see p. 11).

Prepared by the Metropolitan Area Research Corporation (MARC).

SEGREGATION IN THE HOUSING MARKET is placing Hispanic and black students of the Los Angeles region in densely poor schools with severely limited educational opportunities. While blacks have long lived in highly segregated conditions in California, the segregation of Hispanics has increased significantly in recent years. In 1970, Hispanic children attended California schools with an average of 54 percent white enrollment. But by 1996, they were in schools where the average white enrollment had plummeted to under 24 percent.[24]

Overall, 61 percent of elementary students in the Los Angeles region in 1996 were Hispanic or black. School districts with especially high rates of Hispanic and black students were almost exclusively located in economically depressed communities located just to the south and east of Los Angeles. These included Compton (99 percent), Inglewood (98 percent), Lennox (97 percent), and Montebello (93 percent). Districts with extremely low rates of Hispanic and black students were found in more affluent districts of the region, including Las Virgenes (7 percent), Beverly Hills (6 percent), Palos Verdes Peninsula (5 percent), and La Canada (3 percent).

Change in Percentage of Hispanic and Black Elementary Students by School District, 1986-1996*



Data Source:
Racial data and total enrollment figures provided by the California Department of Education.

Note:
Districts marked "No Data" had fewer than 50 elementary students in 1986 or 1996.

* Asian and Native American students are not included in this analysis because they tend to experience less educational and housing segregation than do Hispanic and black students (see p. 11).

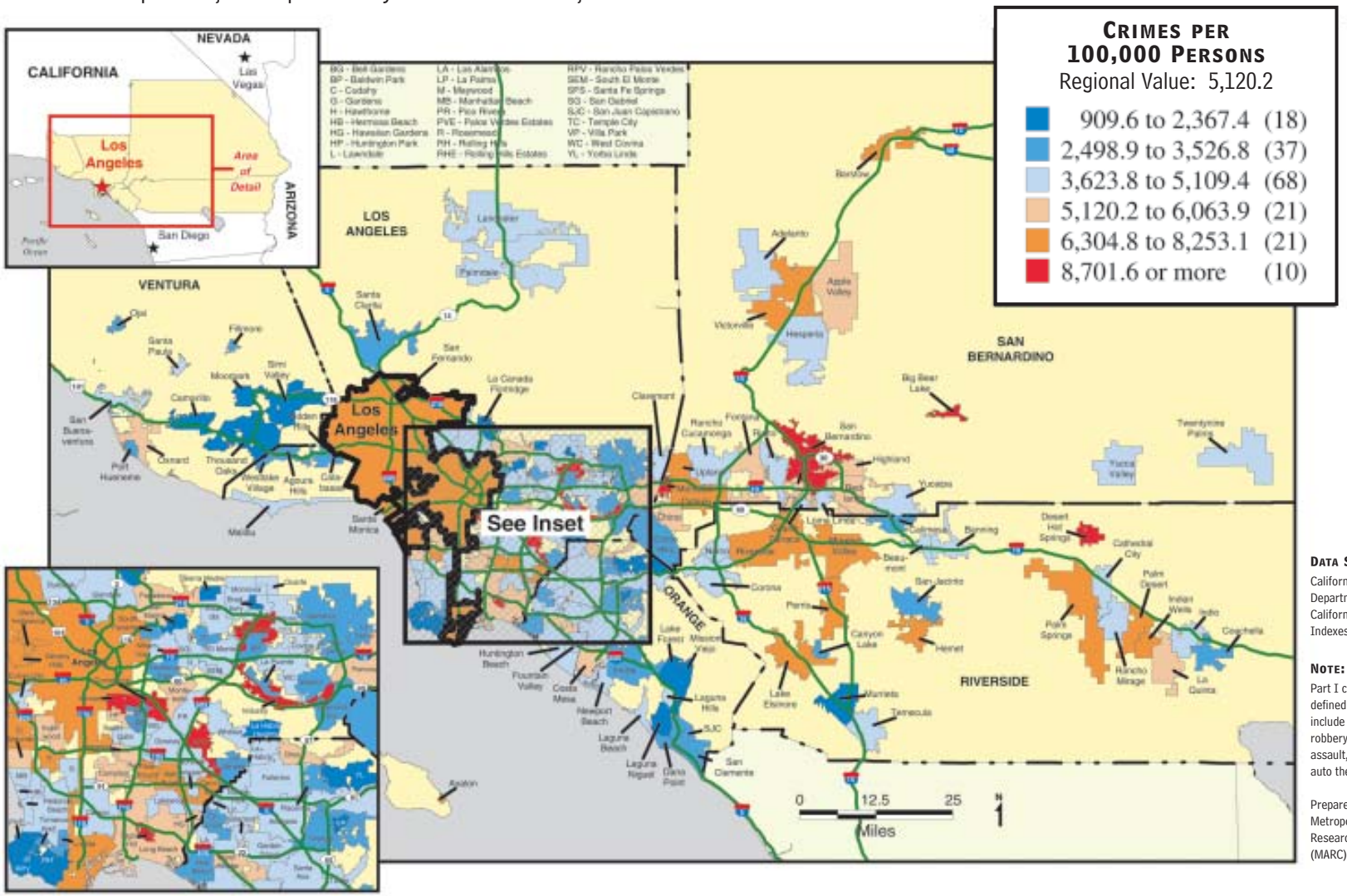
Prepared by the Metropolitan Area Research Corporation (MARC).

As a whole, the percentage of Hispanic and black elementary students in the Los Angeles region increased from 52 to 61 percent between 1986 and 1996. Over one-third of the growth in Hispanic and black elementary students throughout the region occurred in just 33 of the region's 165 school districts—most of which were located in the core of the region and all of which had above average student poverty in 1986. This suggests an increasing concentration of Hispanic and black elementary students in poor schools.

Especially large increases could be found in the core districts of Downey (33 to 68 percent) and Bellflower (24 to 55 percent). Significant increases also occurred in the increasingly poor outlying districts of Mountain View (27 to 58 percent) and Fontana (41 to 77 percent) in San Bernardino County, Moreno Valley (28 to 59 percent) in Riverside County, and Palmdale (21 to 54 percent) and Eastside Union (17 to 50 percent) in northern Los Angeles County.

Crime Rates

Part I Crimes per 100,000 Population by Police Jurisdiction, 1996



Data Source:
California State Department of Justice, California and FBI Crime Indexes, 1996

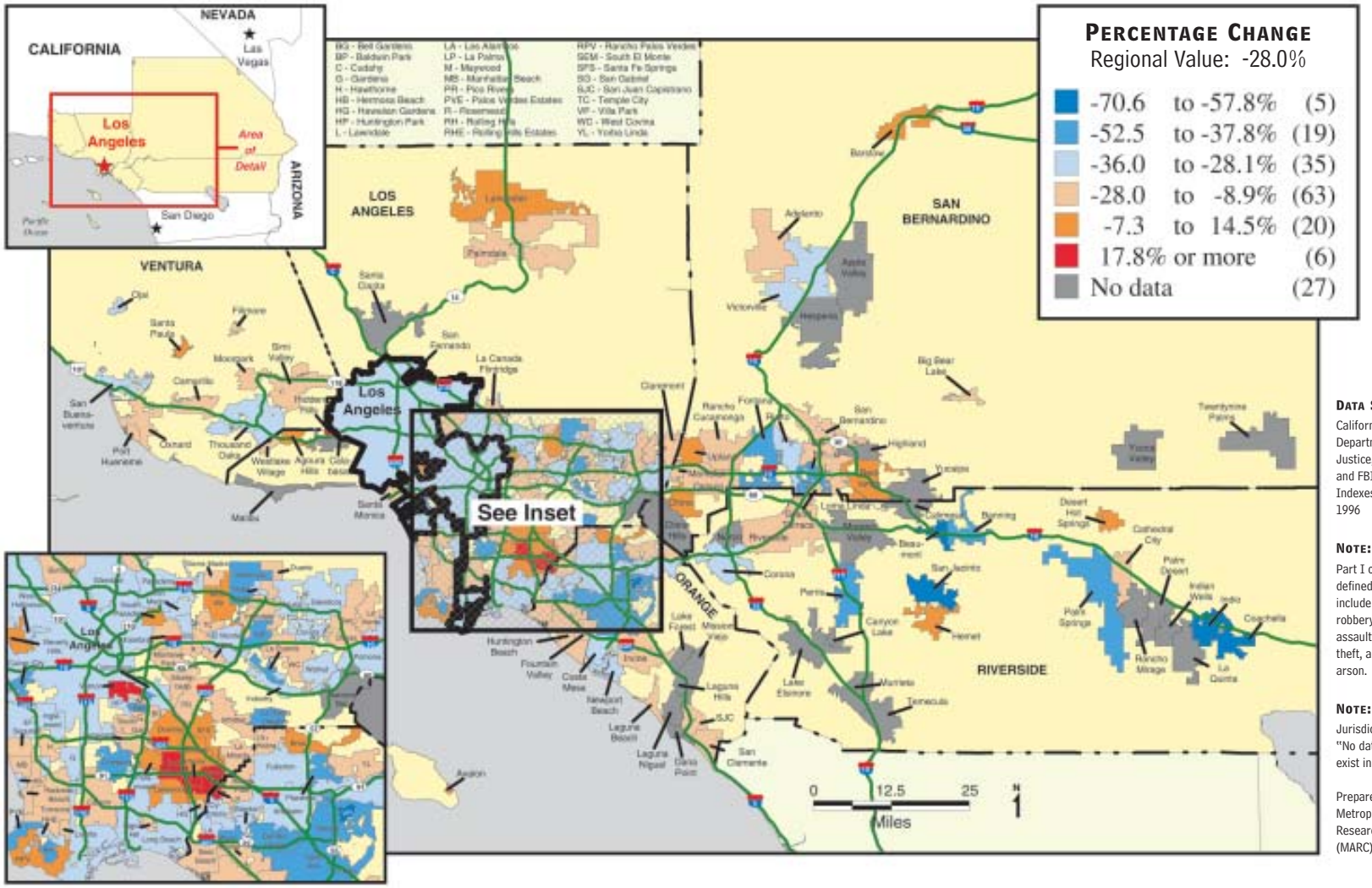
Note:
Part I crimes as defined by the FBI include murder, rape, robbery, aggravated assault, burglary, theft, auto theft, and arson.

Prepared by the Metropolitan Area Research Corporation (MARC).

Overall, Part I crimes (which include both property and violent crimes) in the region were measured at 5,120 crimes per 100,000 persons in 1996. Higher than average Part I crime rates could generally be found in Los Angeles and in cities south and east of the city. A substantial number of cities in San Bernardino and Riverside counties also had relatively high crime rates.

Many of these high-crime cities have a relatively low tax base from which to provide adequate police services; these include Bellflower (6,376 crimes per 100,000 persons), Ontario (6,348), and Redlands (5,522). The communities with the lowest crime rates were concentrated in relatively affluent areas—including the San Fernando Valley and Simi Hills area, southern Orange County, and the Palos Verdes area. These cities include Thousand Oaks (2,345 crimes per 100,000 persons), Mission Viejo (2,230), and Palos Verdes Estates (1,352).

Percentage Change in Part I Crimes per Capita by Police Jurisdiction, 1986-1996



DATA SOURCE: California State Department of Justice, California and FBI Crime Indexes, 1986 and 1996

NOTE: Part I crimes as defined by the FBI include murder, rape, robbery, aggravated assault, burglary, theft, auto theft, and arson.

NOTE: Jurisdictions with "No data" did not exist in 1986.

Prepared by the Metropolitan Area Research Corporation (MARC).

BETWEEN 1986 AND 1996, the per capita Part I crime rate for the entire Los Angeles region declined by 28 percent—from 7,111 to 5,120 crimes per 100,000 residents. This mirrors a national pattern correlated to dramatic employment growth. The small number of cities that actually saw increases in their crime rates tended to be cities with low tax bases concentrated southeast of Los Angeles. These included the communities of Bellflower (rising from 5,407 to 6,376 Part I crimes per 100,000 residents), Norwalk (4,325 to 4,436), and Lakewood (4,937 to 4,988).

On the positive side, a number of relatively poor communities, such as Santa Ana (8,746 to 4,433), Orange (6,462 to 3,435), and Garden Grove (7,208 to 4,296) saw significant declines in their crime rates. Still, a clear pattern emerges, where cities with the most significant rates in crime are centered in the poorest and most economically depressed areas while more affluent areas enjoy relatively low crime rates.

Growing Pains

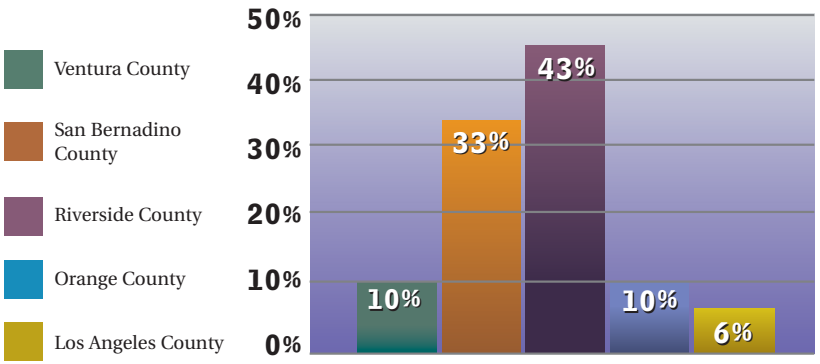
Struggling to Maintain an Adequate Local Tax Base

Many of the cities in the Los Angeles region faced with large and growing spending needs also have a comparatively small tax base from which to generate revenue. Given California's limitations on property tax rates (see facing page), these cities are forced to look for additional sources of revenue, such as development fees. In many cases, however, these alternative sources of revenue are so limited that cities are forced to reduce or eliminate basic public services.[25]

In the Los Angeles region, as with other regions throughout the country, cities with low property and sales tax bases also tend to be burdened with a disproportionate number of factors that make providing public services especially costly—poor school-age children, high crime rates, or significant population growth and rapidly increasing school enrollments. More affluent areas with high tax bases, on the other hand, tend to not be burdened by these factors and are thus better able to provide quality public services without having to search for alternative sources of revenue. When a school district experiences significant growth in its student enrollment over a relatively short period of time, its costs of adequately serving those students tend to increase. These costs generally relate to new infrastructure needs, such as building schools. Spending on these infrastructure needs can limit the amount of money that is available for other education-related needs, such as teachers, books, or other resources.

Significant population growth in a city over a short time period also increases the costs of infrastructure and other public services—especially if the growth was not expected and planned for ahead of time. Many of these costs relate to the initial construction costs associated with new roads, sewer lines, parks, and other infrastructure. When these costs rise, it prevents a city or county from spending that money on other valuable public services.

Percent change in population, by county: 1986–1996



Source: Population Estimates Program, Population Division, U.S. Census Bureau

With rapid population growth comes major infrastructure needs—expenses that many growing communities can ill afford.

The Legacy of Proposition 13

Before 1978, local governments in California were able to tax property within their borders at whatever rate was necessary to provide desired services. Cities, counties, school districts, and other taxing entities could decide each year how much revenue they would need to provide the services that their residents desired, and set their tax rates accordingly. But in the late 1970s, rapidly escalating property values (without commensurate reductions in tax rates) led to a property tax revolt that precipitated state action.

With the passage of Proposition 13 in 1978, control over property tax rates and revenues was shifted to the state—significantly reducing the amount of property tax revenues available to local governments as well as their flexibility in providing varying levels of public services. Statewide, the passage of Proposition 13 resulted in a decrease of $6.8 billion in local property tax revenues (57 percent) between 1975-76 and 1993-94.[26] Major changes that occurred as a result of Proposition 13 include:

Changes in Assessment Procedures—
The value of property for taxing purposes shifted from an estimate of "fair market value" to the actual "acquisition value." In other words, a property's value for tax purposes is equal to the price paid for it at the time of sale. Until the property is re-sold, the assessed value of the property is allowed to rise no more than two percent each year. When the property is sold again, the assessed value becomes the new sale price.

Limitations on the Property Tax Rate—
Proposition 13 limited the property tax rate to no more than 1 percent of assessed value (exceptions are allowed for the payment of voter-approved general obligation debt or pre-1978 government employee retirement plans.) Prior to 1978, local property tax rates in California averaged about 2.7 percent—nearly three times that allowed after Proposition 13.

Allocation of Property Tax Revenues—
Revenues collected on property in a county are distributed back to the local units of government within that county by a state-determined formula. This formula effectively locks in the relative distribution of property tax revenues that existed in 1978, just before Proposition 13 was passed. Statewide, cities receive an average of only 11 percent of total property tax revenues. Counties receive about 19 percent, school districts 52 percent, and other local entities 18 percent.

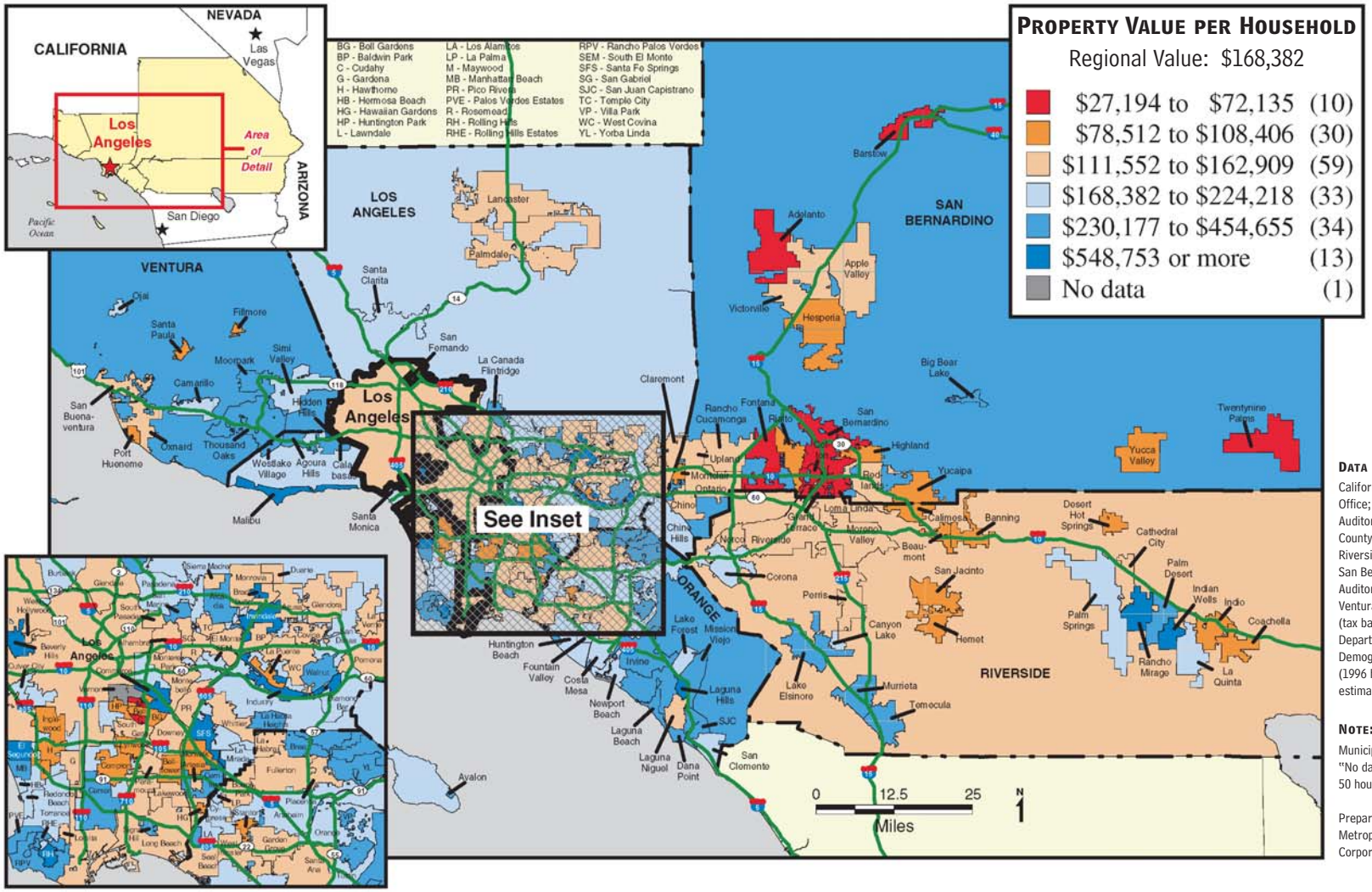
The impact of Proposition 13 on local property tax revenues and local flexibility in providing services has been profound. Without the ability to set their own tax rates, local units of government are constrained in their ability to respond to the desires of their citizens for public services or the need for redevelopment. Further, dependence on alternative sources of revenue has increased. These sources often include development fees (such as charges for the cost of extending sewers) that increase the cost of new housing, or the sales tax, which is often the object of wasteful competition among cities (see page 27).

The passage of Proposition 13 resulted in a 57 percent decrease in local property tax revenue.

All of these effects of Proposition 13 tend to disadvantage low-income, developed communities already experiencing social decline. With the state-mandated limitations on tax rates and little ability to generate revenue from other sources, these localities face significant burdens in trying to reverse the cycle of decline. Most simply fall further behind the other cities, counties, and school districts in the region. Thus, while the overall effect of Proposition 13 and other tax limitations continues to be debated, it has more likely contributed to social separation than helped to alleviate it.

Revenue Factor: Property Tax Base

Assessed Property Value per Household by Municipality and County Unincorporated Area, 1996



Data Source:
California State Controller's Office; Los Angeles County Auditor-Controller; Orange County Auditor-Controller; Riverside County Assessor; San Bernardino County Auditor/Controller-Recorder; Ventura County Assessor (tax base data); California Department of Finance, Demographic Research Unit (1996 household estimates)

Note:
Municipalities with "No data" had fewer than 50 households in 1996.

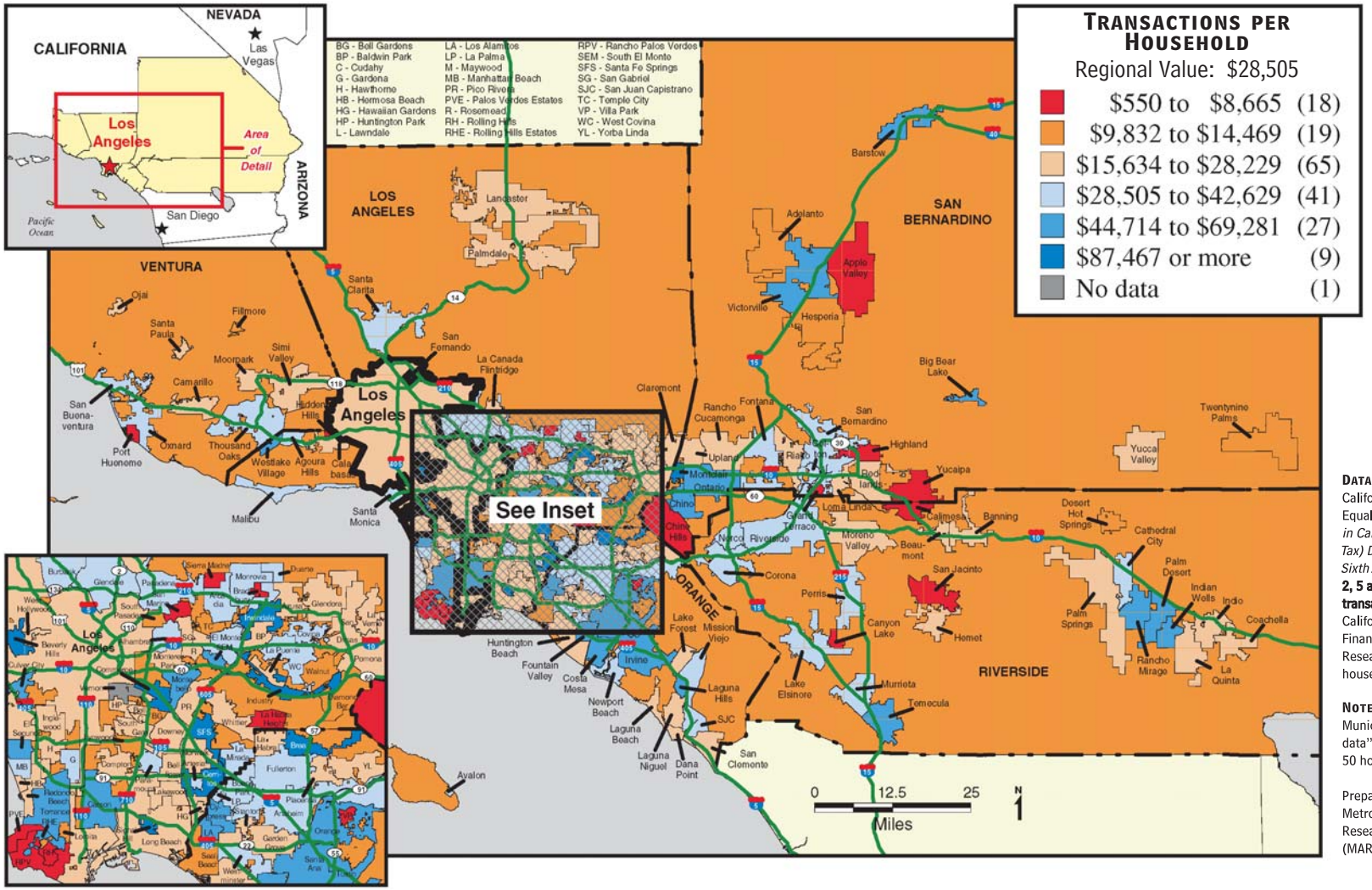
Prepared by the Metropolitan Area Research Corporation (MARC).

The lowest property values (and thus, the lowest property tax base) per household in 1996 could be found almost entirely in outlying areas of San Bernardino and Riverside counties and in the core cities of southeast Los Angeles County, where property is primarily residential in nature and social stress is increasing. By contrast, above-average property values could be found mostly in the growing, affluent communities of southern Orange County and Ventura County.

Overall, assessed property values in the Los Angeles region were measured at $168,382 per household in 1996. Two-thirds of the region's households live in communities where property values are below average. Especially low property tax bases per household were found in outlying satellite communities such as San Bernardino ($61,924), Barstow ($65,526), and Twentynine Palms ($71,618) in San Bernardino County. The older, declining core cities of Inglewood ($98,795), Bellflower ($90,235), Maywood ($72,135), and Cudahy ($68,685) also had low property tax bases. Cities with property tax bases per household that were well above average included Laguna Hills ($681,456), Irvine ($340,486), Arcadia ($234,492), and Moorpark ($230,177).

Revenue Factor: Sales Tax Base

Taxable Sales Transactions per Household by Municipality and County Unincorporated Area, 1996



DATA SOURCE: California State Board of Equalization, *Taxable Sales in California (Sales & Use Tax) During 1996 Thirty-Sixth Annual Report*, Tables **2, 5 and 6 (1**996 taxable **transactions** data); California Department of Finance, Demographic Research Unit (1996 household estimates)

NOTE: Municipalities with "No data" had fewer than 50 households in 1996.

Prepared by the Metropolitan Area Research Corporation (MARC).

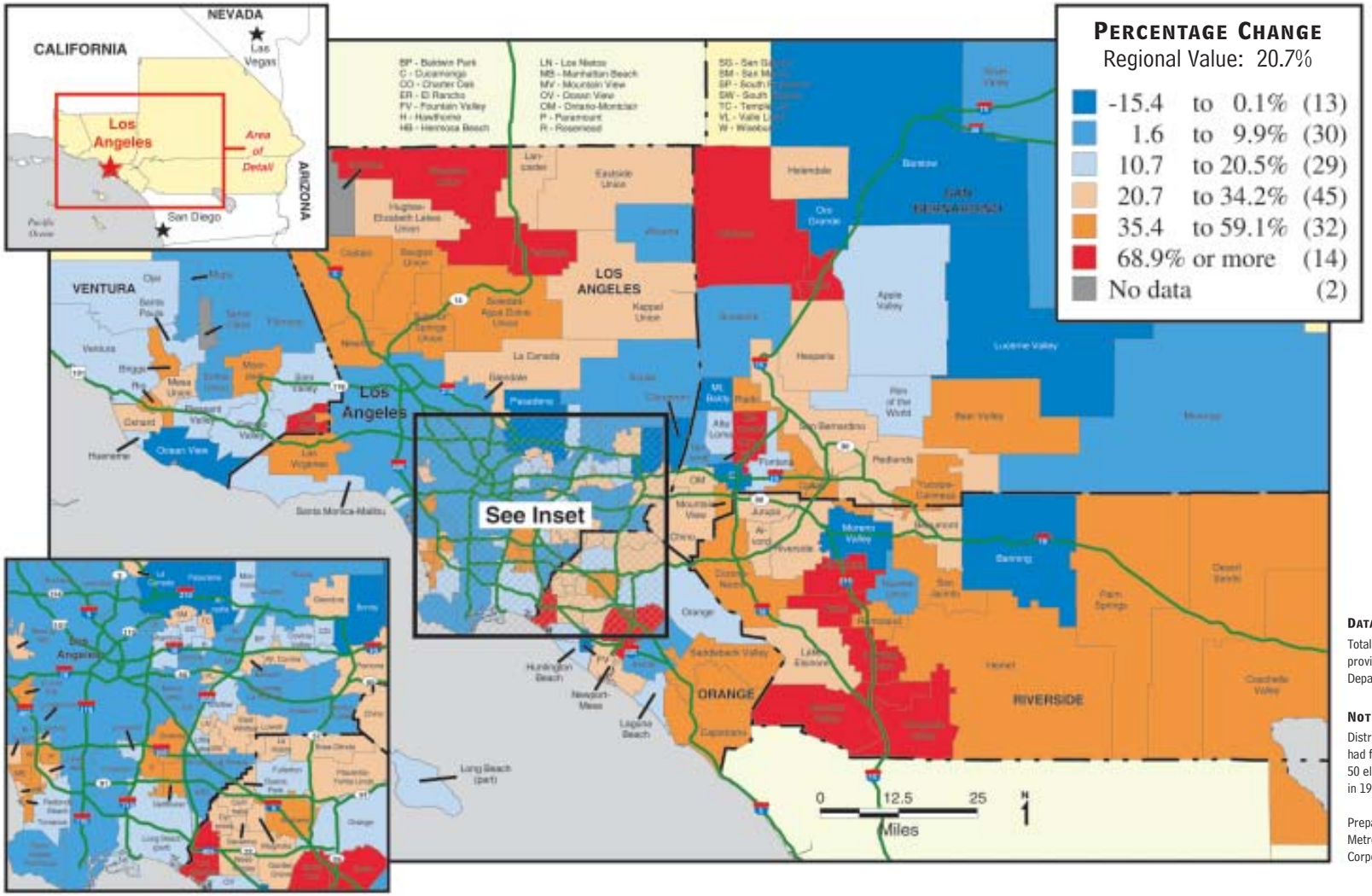
LOCALITIES WITH THE LOWEST taxable sales transactions per household in 1996 were spread throughout the region. In some of these communities, a significant property tax base compensates for the low sales tax base. There are however, a number of cities—particularly stressed core communities in southeast Los Angeles County—that have neither an adequate property nor an adequate sales tax base.

In 1996, taxable transactions in the Los Angeles region were measured at $28,505 per household. Stressed core cities with low sales tax bases included Inglewood ($17,162), Temple City ($13,123), San Marino ($8,470), and Sierra Madre ($3,476). A number of high-income cities with few social stresses, such as Palos Verdes Estates ($3,802), La Habra Heights ($2,524), and Chino Hills ($6,664), also had low sales tax bases. However, the high property tax base in these cities more than makes up for the lack of a sales tax base.

Places with particularly high sales tax bases tended to be located in commercial centers of Orange County, the San Gabriel Valley, and western Riverside County. These included Cerritos ($129,040), Beverly Hills ($96,745), Irvine ($69,245), and El Segundo ($64,701).

Cost Factor: School Enrollment

Growth in Elementary Student Enrollment by School District, 1988-1996



DATA SOURCE:
Total enrollment figures provided by the California Department of Education.

NOTE:
Districts with "No data" had fewer than 50 elementary students in 1988.

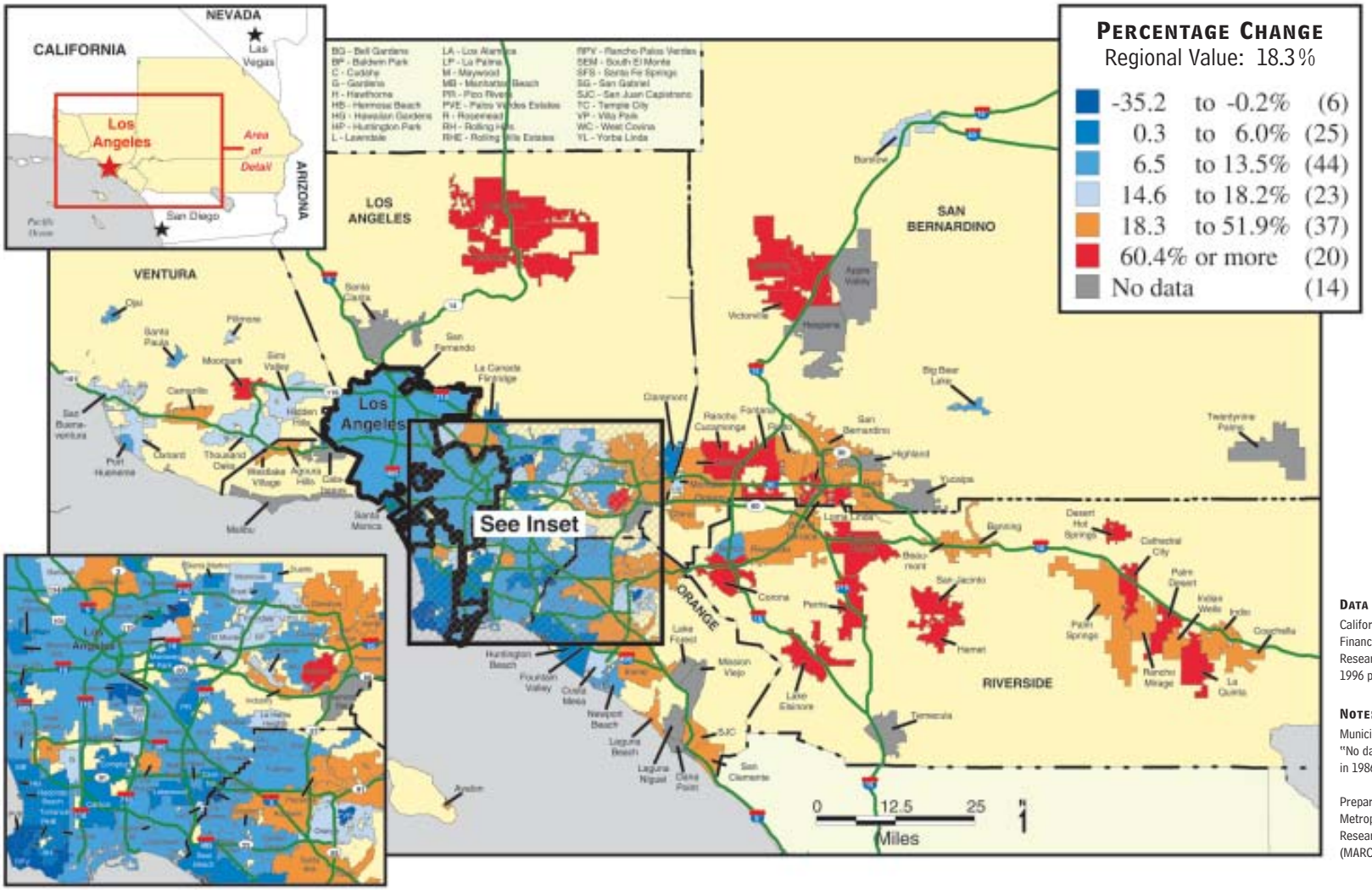
Prepared by the Metropolitan Area Research Corporation (MARC).

OVERALL, the number of students enrolled in elementary schools across the region increased by more than 255,000 students between 1988 and 1996—an increase of nearly 21 percent. About 56 percent of the region's districts with elementary students grew at a rate exceeding the regional average. Most of these were outside of the immediate core area.

Some of the most significant percentage increases in elementary student populations took place in the Antelope Valley of northern Los Angeles County and in Riverside County, areas where the local tax capacity to fund school construction is comparatively small. School districts with particularly high percentage increases over the period included Murietta Valley (which increased by nearly 350 percent), Perris (83 percent), and Coachella Valley (42 percent). Districts closer to the core that grew significantly were Santa Ana (69 percent) and Anaheim (41 percent).

Cost Factor: Population Growth

Growth in Population by Municipality, 1986-1996



DATA SOURCE:
California Department of Finance, Demographic Research Unit (1986 and 1996 population estimates)

NOTE:
Municipalities with "No data" did not exist in 1986.

Prepared by the Metropolitan Area Research Corporation (MARC).

THE POPULATION of the Los Angeles region grew by 16 percent between 1986 and 1996, gaining more than 2.1 million people. The largest percentage increases in population took place in Riverside and San Bernardino counties, which grew by 62 and 46 percent, respectively. Overall, nearly 69 percent of the region's population growth took place outside of Los Angeles County.

Most of the fastest growth in the region was located in communities where the tax base is relatively low and where expensive infrastructure investments would be needed. The relatively small tax base in these cities makes it difficult to pay for necessary infrastructure without state assistance, burdensome development fees, or wasteful efforts to attract retail properties and the sales tax revenue they provide. Among these fast-growing, low tax-capacity cities were Palmdale (which grew by 317 percent), San Jacinto (124 percent), and Moreno Valley (101 percent).

A Web of Worries

Regional Effects of Social Separation and Sprawl

THE PREVIOUS SECTIONS of this report have discussed how social separation and sprawl affect specific cities and other local jurisdictions in the Los Angeles region. However, there are many effects that are not so easily assigned to specific local governments or their property owners and residents. In fact, many of the negative aspects of social separation and sprawl impact the entire region. Some of these—such as traffic congestion and poor air quality—are readily apparent. Others are not so obvious, such as when local governments favor land uses that generate high tax revenues over more beneficial uses. This section describes several factors that contribute to the more generalized effects that are detrimental to the economy and quality of life throughout the region.

FISCAL ZONING AND COMPETITION FOR TAX BASE

Land-use decisions and the amount and quality of public services provided by cities and counties are often significantly influenced by the amount of local tax revenue that is available. This reality forces local jurisdictions to compete for commercial properties, high-valued homes, and office parks, and prevent land uses that generate less revenue but require more city services, such as lower-valued homes or apartments.[27] This process is known as "fiscal zoning." Because there is only a limited supply of these "good" land uses, it is inevitable that a small number of cities will win the competition while the greater majority will lose, leading to significant fiscal disparities. Further, the land uses that generate the most revenue are not necessarily those that provide the greatest long-term benefit for the city and its residents, or for the region as a whole.

This competition, as many critics suggest, creates a number of undesirable consequences. First, wealthy jurisdictions with large tax bases have an advantage over less affluent localities in attracting desired land uses, since individuals and businesses will typically choose to locate in places where the population is generally wealthy and quality services are provided. This leads to a concentration of revenue-generating land uses and their benefits in relatively few localities. Conversely, places with the greatest need for additional revenues to address social and economic problems are at a disadvantage when competing for revenue-generating property, which leads to further social separation. Lastly, competition forces localities to abandon long-range planning as they struggle to attract certain properties before they go elsewhere. This leads to poorly planned, sprawling development that destroys open spaces and causes fiscal stress.

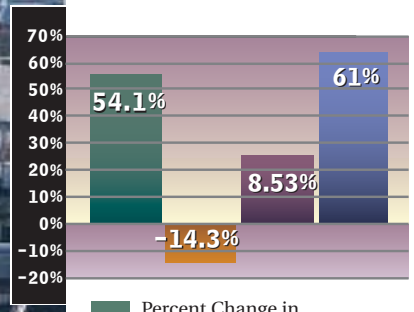
In the Los Angeles region, the clearest motivator of fiscal zoning is the sales tax. Because of limitations imposed on property tax revenue by Proposition 13, the sales tax has taken on increased importance to local officials seeking to increase their overall tax revenues, and has become a focal point for competition. Efforts by cities to attract large retail developments by offering tax breaks, subsidies, and expensive infrastructure improvements has resulted in the wasteful use of public funds (see box on page 27).

JOBS/HOUSING MISMATCH AND TRAFFIC CONGESTION

In many regions, office parks and retail centers outside of the core now absorb a greater share of employment growth than do the traditional central-city employment centers. Many of these jobs are relatively low-paying and low-skilled jobs, especially in the retail businesses that are so highly sought after by California cities. Since many of the employees who fill these jobs cannot afford to live in the executive housing that surrounds these employment centers, they must commute from other areas of the region. For those who are the poorest and most in need of the jobs, it may be very difficult to find transportation to these employment centers. In this sense, the decentralization of employment disproportionately affects poor, inner-city residents and further isolates them from

Photo credit: Spencer Grant/PhotoEdit

FREEWAY CONSTRUCTION IN THE LOS ANGELES REGION 1982–1997



- Percent Change in Freeway Miles
- Percent Change in Average Peak Period Travel Speed
- Percent Change in Population
- Percent Change in Daily Vehicle Miles Traveled

Source: Texas Transportation Institute, 1999 Annual Urban Mobility Study

employment opportunities.[28] This phenomenon is often referred to as a "spatial mismatch" between jobs and housing.[29]

To the extent that workers can get to the jobs, this mismatch between affordable housing and employment opportunities often contributes to extreme congestion at the peak hours of commuting. Further, as development intensifies in the vicinity of these satellite employment centers, traffic congestion caused by commuters and shoppers increases very quickly. Thus, decentralized employment centers can lead not only to the loss of valuable open space, but also to the loss of time spent on congested freeways.

INEFFECTIVE AND INEQUITABLE HIGHWAY SPENDING

Public investments in a metropolitan transportation network—and where such investments take place—can have a significant effect on the degree of social separation and sprawl that a metropolitan region experiences. In the Los Angeles region, imbalanced investments in the regional transportation network have contributed to the social separation and economic decline of many core communities while benefiting areas such as southern Orange County and Ventura County. The increasingly isolated communities at the core of the region bear the costs of transportation investments but experience little, if any, benefit from the economic development that it promotes.

Spending on new highway construction, lane widening, and other improvements frequently targets areas where highway congestion is increasing. This congestion is often caused in part by the fragmented parochial land use pattern in which developing communities compete for jobs and expensive housing. However, because transportation planning typically focuses only on congestion, without addressing these other important factors that *cause* congestion, major expenditures often have little effect on the problems they were designed to counter. According to a recent study of congestion by the Texas Transportation Institute, traffic congestion in the Los Angeles region has steadily worsened between 1982 and 1997—and this region continues to have the worst overall congestion in the nation.[30] Further, a companion study by the Surface Transportation Policy Project (STPP) suggests that expanding road capacity does little to reduce congestion in the long term.[31] According to the STPP report, even as the Los Angeles region has expanded the number of freeway lane-miles in its urbanized areas by 54 percent (1,840 lane-miles), the average peak travel speed on these freeways has dropped by more than 14 percent, from 42 to 36 mph. It suggests that these new freeways fail to reduce congestion because the expanded capacity encourages more people to drive. Moreover, these freeway investments, by spurring developments that exclude the less affluent, can act to further increase the social isolation of poor communities already falling behind the rest of the region.

Expenditures on new highway construction often have little effect on the problems they are intended to counter.

Photo credit: Sibylla Allgaier/Heliphoto

Wasteful Competition in "Sales Tax Canyon"

The wasteful aspects of intra-regional competition for sales tax revenues come to a head in an area William Fulton refers to as "Sales Tax Canyon" in his book, *The Reluctant Metropolis*. Located on the Oxnard Plain along Highway 101 in Ventura County, "Sales Tax Canyon" is a strip of three cities—Oxnard, Ventura, and Camarillo—whose cumulative efforts to attract retail businesses within their borders has wasted valuable public dollars, drained economic development from less affluent cities in the region, and created increased traffic congestion.

The intense competition among these cities for sales tax revenue was spurred on by Proposition 13. As Fulton states, "In 1978, the year before the proposition passed, the three major cities on the Oxnard Plain collected about $8 million in property tax and $10 million in sales tax. In 1979, when the Proposition 13 tax limitations kicked in, the three cities collected almost $12 million in sales tax and only $3.7 million in property tax. It was obvious that, to survive, the Oxnard Plain cities…would have to focus on sales tax."[34]

Because of the importance of the sales tax in generating revenue, Oxnard, Ventura, and Camarillo have each attempted to entice and accommodate retail stores in their cities while at the same time working to prevent their neighbors from doing the same. These efforts have resulted in the use of vast amounts of public dollars for land acquisition, tax breaks, infrastructure improvements, and even cash payments. The cities have also filed and threatened lawsuits against each other to stop proposed retail development—requiring further use of limited tax dollars. In every case, the competition was intensified by the fear of lost sales tax revenue. Freed from the need to compete for these tax revenues, these three cities could have spent their sales tax revenues on improving public services and creating a higher quality of life for their residents. Instead, residents of these cities face increased traffic congestion, the loss of agricultural land, and tax revenues tied up for years in deals with developers.

Intra-regional competition for sales tax revenue wastes public dollars and drains economic development from less affluent cities in the region.

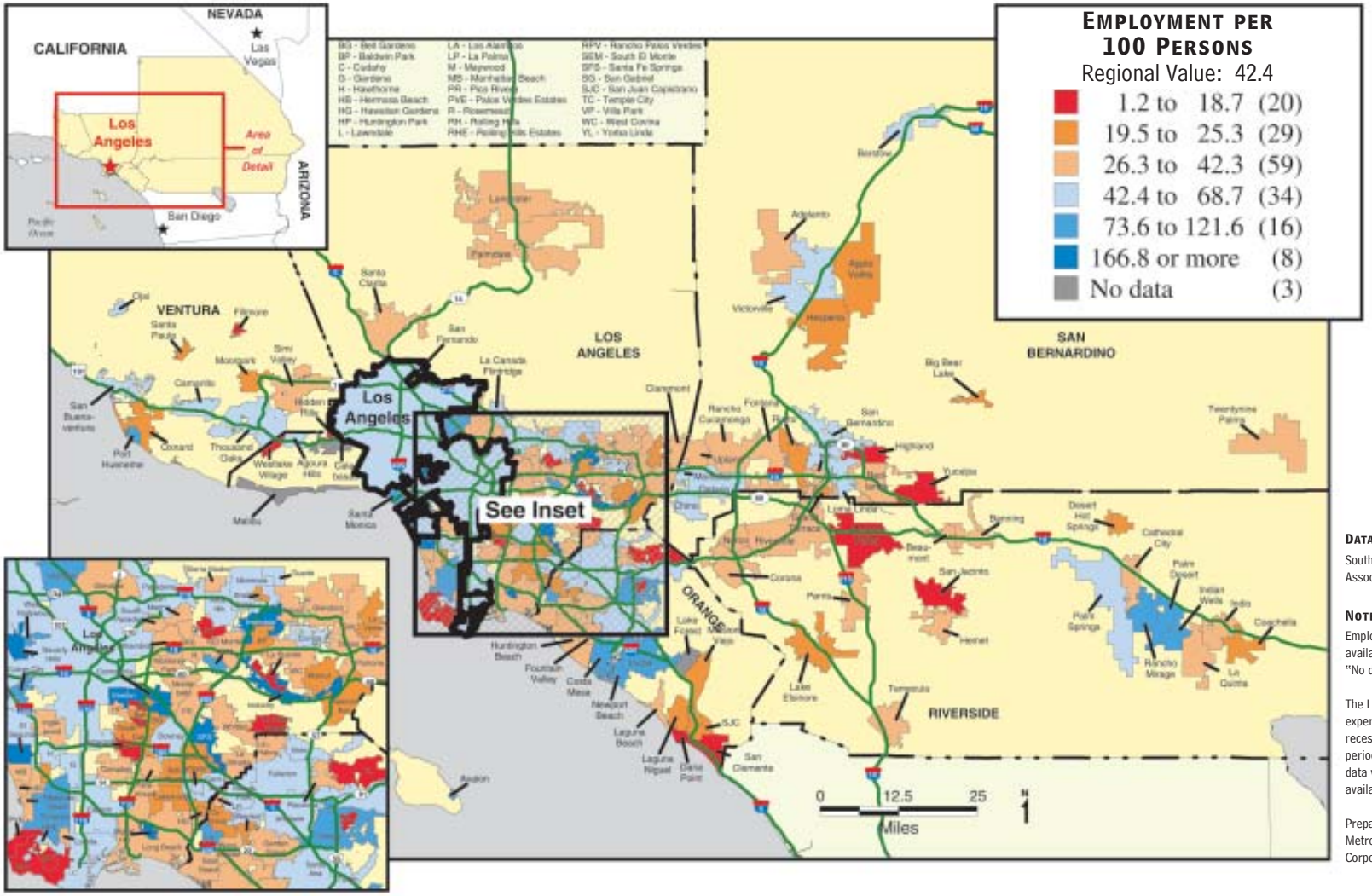
Loss of Open Space and Farmland

The loss of open space and agricultural land has become an important concern in California and the Los Angeles region. The creation of the California Coastal Commission in the 1970s to control growth and protect coastal areas was an early example. More recently, local growth-control initiatives have become major issues at all levels of government—especially in the fastest growing areas.[32] For instance, citizens of Ventura County, one of these rapidly growing areas, recently supported growth controls by voting to prohibit the rezoning of agricultural land in unincorporated areas for the next 20 years without voter approval.[33]

In some communities, attempts are made to reduce the environmental and social impacts caused by the loss of agricultural land and open space—usually in the form of limits on the amount of development that is allowed or tax referenda that approve the purchase of lands for open spaces or parks. By themselves however, these communities cannot affect the conversion of land to urban uses at a regional level. Local limitations on development ultimately contribute to the loss of land in other areas of the region that are unable or unwilling to control the pace or intensity of development. Thus, without a regional land use plan that protects open space and farmland, the actions of individual jurisdictions to control growth and preserve land can actually make the problems associated with sprawl worse rather than better.

Where the Jobs Are

Employment per 100 Persons by Municipality, 1994



DATA SOURCE:
Southern California Association of Governments

NOTE:
Employment data were not available for cities marked "No data."

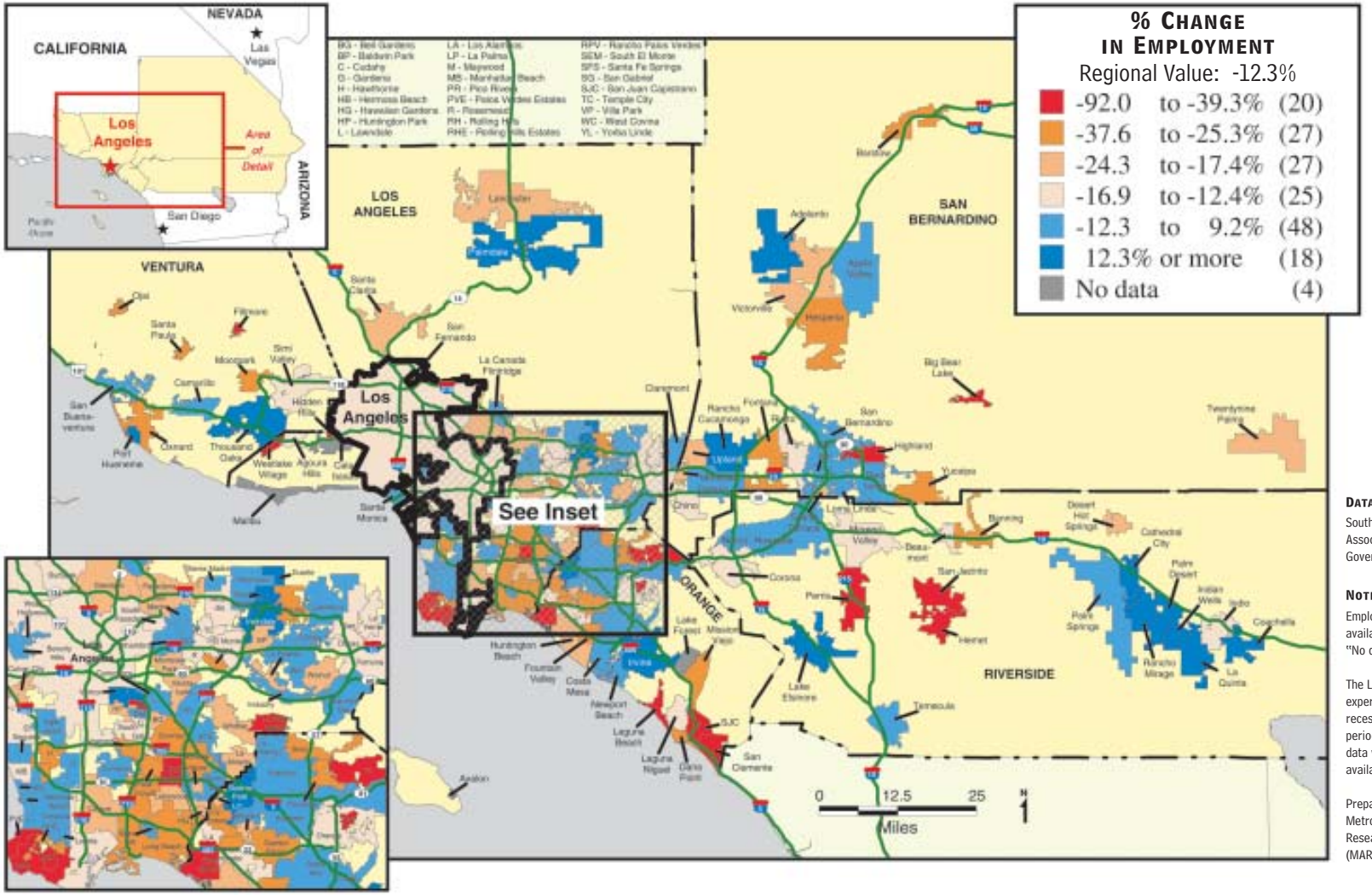
The Los Angeles area experienced an economic recession during the period 1990-94. 1994 jobs data were the most recent available data.

Prepared by the Metropolitan Area Research Corporation (MARC).

IN 1994, the strongest employment centers outside of downtown Los Angeles could be found in areas that are relatively affluent, and thus less accessible to lower income people who reside primarily in the core of the region. These include Irvine (121 jobs per 100 residents) and Newport Beach (102) in Orange County and Thousand Oaks (62) and San Buenaventura (60) in Ventura County.

The lowest per capita employment in the region was in communities of southern Los Angeles County such as Maywood (13 jobs per 100 residents) and Lynwood (18) and in cities surrounding San Bernardino such as Highland (11) and Yucaipa (18). Residents of these cities are among those most in need of low-skill, livable-wage jobs, yet they are far from the employment centers that provide them.

Percentage Change in Employment per Capita by Municipality, 1990-1994



DATA SOURCE:
Southern California Association of Governments

NOTE:
Employment data were not available for cities marked "No data."

The Los Angeles area experienced an economic recession during the period 1990-94. 1994 jobs data were the most recent available data.

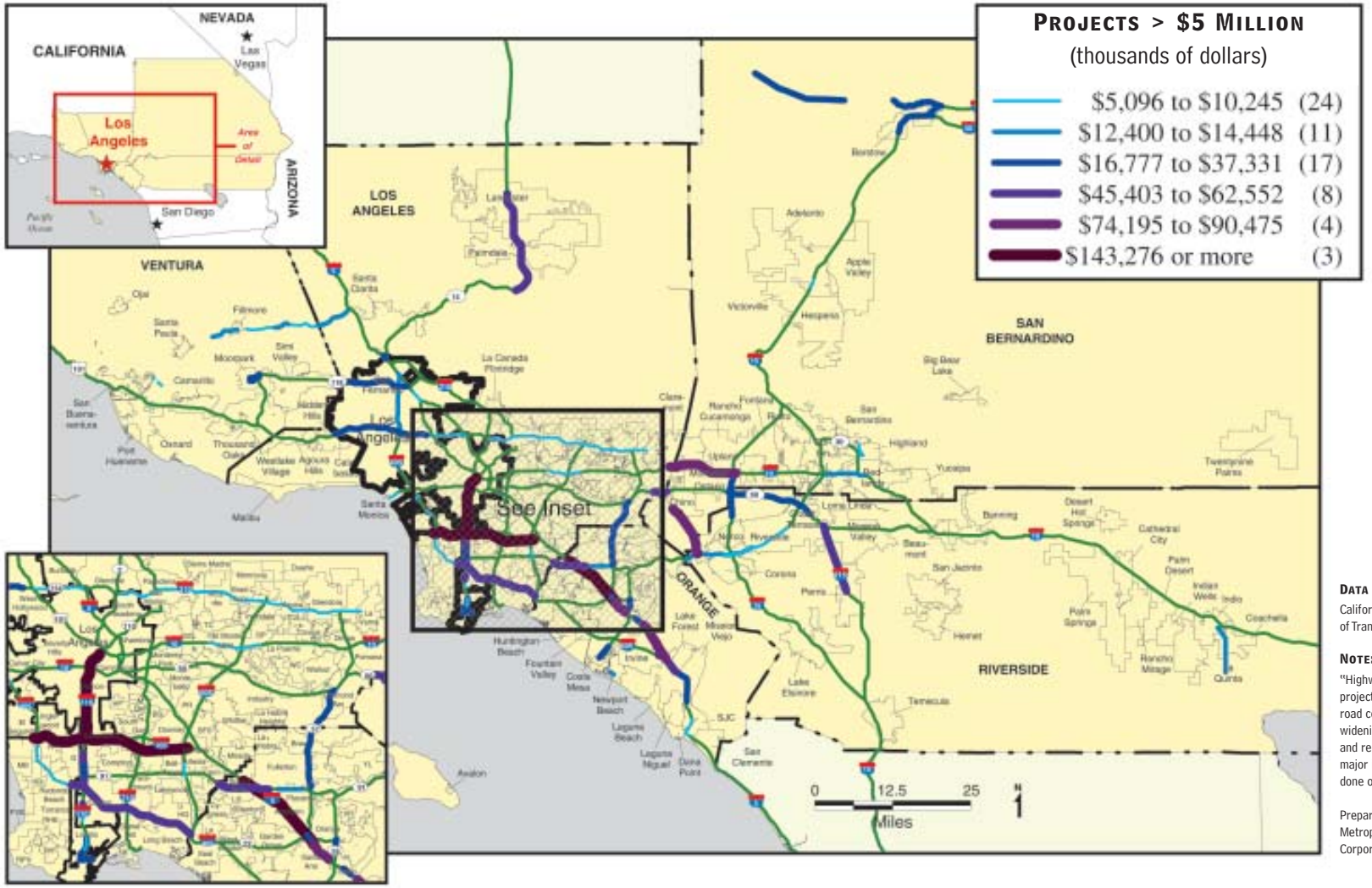
Prepared by the Metropolitan Area Research Corporation (MARC).

DESPITE the traditional concentration of jobs in Los Angeles, per-capita employment there actually decreased by nearly 15 percent between 1990 and 1994. In fact, more than 80 percent of the cities in the Los Angeles region saw their per capita employment decline over the period, at least partly due to the effects of a national recession. However, the employment growth experienced in other cities of the region suggests that the strongest employment centers are located in areas far outside of the core of the region.

Cities with the greatest declines in employment were again located in cities south and east of Los Angeles, such as Bellflower (39 to 22 jobs per 100 persons), Seal Beach (49 to 30), and Long Beach (55 to 40). A few cities in San Bernardino, Riverside, and Ventura counties also experienced significant declines, including Banning (39 to 29), Fontana (38 to 29), and Moorpark (33 to 23). Only a few places saw any sort of significant growth in employment per 100 persons; these included Irvine (108 to 121), Thousand Oaks (51 to 62), and Palmdale (23 to 37). These trends suggest that employment opportunities are dwindling for residents in the core of the region as job growth occurs disproportionately in other areas of the region.

Highway Spending

Spending on Highway Improvements, 1988-1996



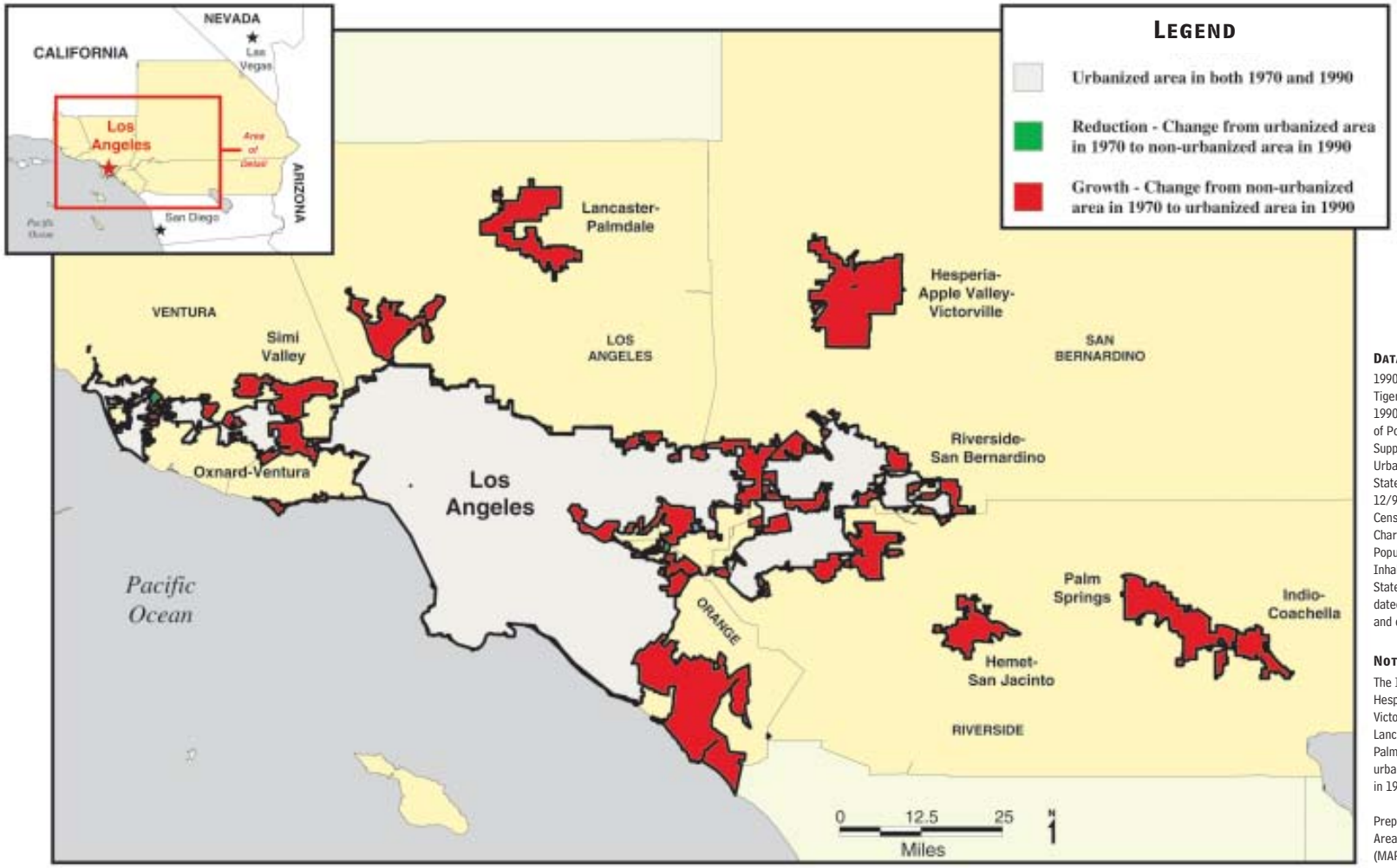
DATA SOURCE:
California Department of Transportation

NOTE:
"Highway Improvement" projects defined as new road construction, road widenings, bridge removals and replacements, and major improvement projects done on intersections.

Prepared by the Metropolitan Area Research Corporation (MARC).

BETWEEN 1988 AND 1996, a significant amount of money was spent expanding freeways, widening bridges, and increasing capacity in areas outside the core of the region. Some of the largest and most expensive projects took place along Interstate 5 in Orange County—one of the most affluent areas in the region. Others helped to improve access to growing residential areas in San Bernardino, Riverside, and northern Los Angeles counties. These improvements, justified as a response to demand and existing congestion, do little to reduce congestion in the long term. In many cases, they encourage people to move to these areas and businesses to locate along them, meaning that any reductions in congestion are only temporary. Even the significant improvements on highways in the core of the region—including the Century Freeway and the Harbor Freeway—have done little to reduce congestion or to help lower-income individuals access jobs in the employment centers at the edge.

Change in Urbanized Area, 1970-1990



Data Source:
1990 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 maps and data)

Note:
The Indio-Coachella, Hesperia-Apple Valley-Victorville, Hemet-San Jacinto, Lancaster-Palmdale, Palm Springs, & Simi Valley urbanized areas did not exist in 1970.

Prepared by the Metropolitan Area Research Corporation (MARC).

According to the Census Bureau's measurement of urbanized areas, the Los Angeles region expanded by more than 1,000 square miles between 1970 and 1990—mostly in areas around relatively large employment centers. Much of this growth has taken place in southern Orange County, in the Simi and Antelope valleys, and in outlying areas of Riverside and San Bernardino counties.

In 1970, the U.S. Census Bureau designated three areas in the Los Angeles region as urbanized: Los Angeles-Long Beach, Riverside-San Bernardino, and Oxnard-Ventura. By 1980, four additional areas within the five-county region were designated urbanized: Palm Springs, Lancaster-Palmdale, Simi Valley, and Hemet-San Jacinto. Over the next decade, two more areas were designated as urbanized: Hesperia-Apple Valley-Victorville in San Bernardino County and Indio-Coachella in Riverside County. Over the entire 20-year period, the amount of land considered urbanized increased significantly, from 1,993 square miles in 1970 to 3,014 in 1990.

Putting Things Right

Regional Solutions to Separation and Sprawl

THE INFORMATION PRESENTED in this report demonstrates the need for a regional approach to stabilize communities experiencing disinvestment, reduce fiscal disparities, and discourage sprawling development. As shown in this report, these problems are closely related to tax policies that discourage regional economic cooperation, public infrastructure investment patterns that support sprawling development, and fragmented governance and land planning. As a result, all local governments and residents throughout the Los Angeles region experience some form of social or fiscal stress and a reduction in the quality of life that they might otherwise enjoy through a more orderly pattern of development.

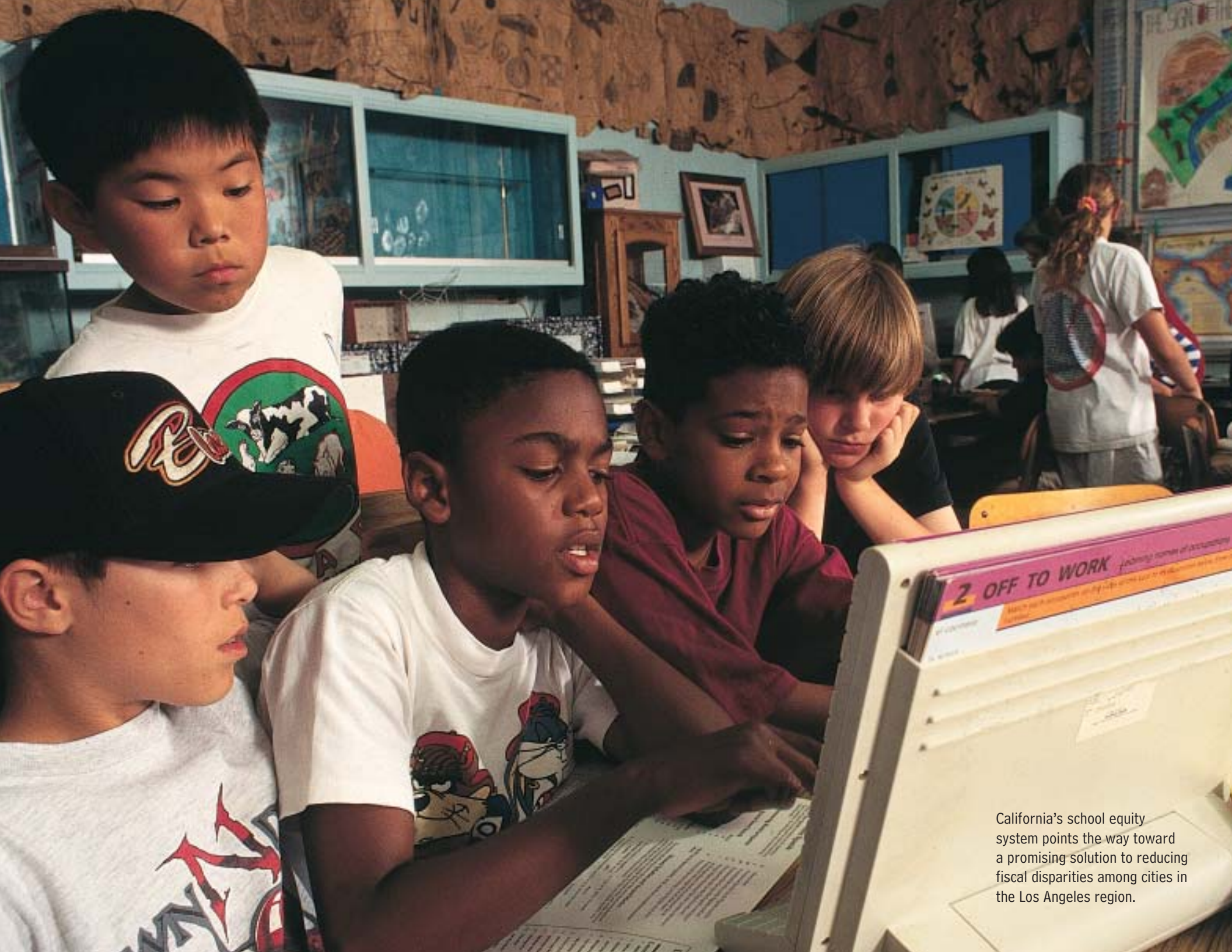
MARC and a growing core of scholars, government officials, business leaders, and environmental and anti-poverty activists believe that the problems associated with metropolitan social separation and sprawl call for a strong, multifaceted, regional response. To combat the patterns that lead to social separation and wasteful sprawl, there are three areas of reform that must be sought on a regional scale: 1) greater fiscal equity among jurisdictions of a region, particularly those with land-use planning powers; 2) smarter growth management through better planning practices; and 3) structural reform of metropolitan governance and transportation planning. These reforms are inter-related and reinforce each other both substantively and politically.

GREATER FISCAL EQUITY

Local governments in the Los Angeles region should gradually move away from funding services through local land-use decisions and toward a form of regional fiscal equity among units of government with land-use planning powers. Sharing local tax resources helps to create equity, reduce wasteful competition, and foster cooperation—making regional land-use planning more possible. It is important to note that in such a system lies the possibility of both improving services and lowering taxes for the vast majority of citizens in the region.

Greater fiscal equity between cities with land-use planning powers in the Los Angeles region can help to reduce disparities and allow communities to create an orderly and efficient regional land-use plan[35] by: 1) easing the fiscal constraints in declining communities and allowing them to re-invest in their community; 2) taking the pressure off growing communities to spread local debt costs through poorly managed growth and wasteful subsidies to developers; and 3) reducing fiscal incentives to compete for land uses that encourage low-density sprawl. This equity

Photo credit: Bill Aron/PhotoEdit



California's school equity system points the way toward a promising solution to reducing fiscal disparities among cities in the Los Angeles region.

Light rail is a key component of a successful multi-modal transportation system.

can be created in a number of ways. In California, sales tax-base sharing provides the greatest promise.

Nearly every state and many metropolitan areas in the nation have already implemented equalization formulas that create greater fiscal equity among local jurisdictions. A few have addressed this problem by consolidating city and county governments or annexing surrounding communities to the central city, but this is increasingly rare. The most common forms of fiscal equalization are school equity systems that reduce the dependence of schools on locally generated revenue (usually property taxes). The state of California, for example, has an equalization system that provides state money to school districts unable to meet a minimum level of funding per student. This makes school funding and educational opportunity less dependent on local wealth and at least somewhat more equitable. In 1996, California's school equity system shared more than $17 billion across the state—about $7.9 billion of which went to school districts in the Los Angeles region.[36]

A tax-base sharing system would produce additional tax base for more than 75% of the Los Angeles region.

While school equity systems such as California's help to reduce disparities among school districts, lessen the burden on communities with low tax revenues, and equalize educational opportunity, they do not address the fiscal inequities between cities and counties that foster wasteful land-use patterns. To address disparities among local governments, several states have created strong 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 factors such as population, tax rates, or local wealth. Among these are Michigan,

Photo courtesy: LACVB, PictureLA.com Photo credit: LACVB/Michele and Tom Grimm

Wisconsin, and Minnesota. A statewide system of general revenue sharing that takes into account differences in the local costs of living and governmental services could be even more effective.

A few states have created regional equalizing mechanisms that use local tax resources to create greater regional equity. Unlike statewide school equity systems or general revenue–sharing systems, these regional equity systems respond to both intra-regional competition for property and sales tax base and to the unique cost of living and property valuation in a particular regional setting. This is done by pooling a percentage of local property values and/or taxable transactions (the tax base), redistributing the pool to the jurisdictions based on need, and then taxing the new amount in each jurisdiction at an area-wide rate.

The primary benefit of pooling the tax base rather than tax revenue is that it produces benefits for multiple levels of government. Since the pool effectively increases the local tax base of a community, all local governments that generate funds from that tax base benefit—counties, school districts, cities, and special districts. Thus, the benefit is much more widely felt than if revenue sharing was conducted only by cities or counties, to the exclusion of other local governments. A regional tax-base sharing system in the Los Angeles region would produce additional tax base for more than 75 percent of the population of the Los Angeles region and allow for improved local services and lower taxes (see appendices).

Whatever method is chosen, a regional equity system must be simulated before discussion begins, so that all parties participating can understand its impact. In order for such a system to generate sufficient political support, the proposed reform must make a positive contribution to the tax base of 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 ultimately see increased local revenues for their community and thus better local services. MARC has modeled several property and sales tax equity proposals for the Los Angeles metropolitan region; these are discussed in Appendix A.

SMART GROWTH

"Smart growth" is a concept that is gaining increasing attention across the country. At its core, smart growth means local planning with a regional perspective. It implies a land-use plan that encourages regional cooperation rather than competition, less destruction of agricultural land and open spaces, a balanced transportation system, greater access to affordable housing, more efficient use of public resources, and, ultimately, less social separation.

As has been shown throughout this report, there are many costs associated with the inequitable, inefficient, sprawling growth seen in so many regions throughout the country, including Los Angeles. If the patterns that result in social separation, disinvested central cities, and growing fiscal stress are allowed to continue, the economic and social stability of the region will be at risk. Worsening traffic congestion, increased energy consumption and pollution, loss of valuable open space and habitat, and increasing social separation are just a few of the negative effects that the Los Angeles region (as well as many other regions throughout the country) has already experienced. These unintended consequences of growth are already degrading the quality of life for many residents in the region, and are likely to affect many more people if left unchecked.

Smart growth is an alternative that addresses many of these issues and provides a way for regions to weather the economic busts that inevitably occur. It will also help regions prepare for the unpredictable economic changes that can occur so quickly in the expanding global economy. A number of scholars have argued that cities and suburbs within a metropolitan area are economically interdependent, and that economically depressed cities in the core of a region suppress economic growth throughout the region. Their studies suggest that when social and economic polarization is minimized and cooperation maximized, the region as a whole is likely to experience stronger and more sustained economic growth.[37]

Smart growth helps regions prepare for the unpredictable economic changes that can occur so quickly in the expanding global economy.

Although smart growth often means different things to different people, several common themes run through most of the efforts being conducted across the country. These include: 1) growth management mecha-

Metropolitan planning organizations like the Southern California Association of Governments must be made more representative and accountable to the regions they serve.

nisms to facilitate orderly and efficient growth in the region; 2) policies that ensure that development will make efficient use of infrastructure that is in place before land is developed; 3) a balanced mix of housing types and costs throughout the region that allows employees to reside near their jobs, allows families to stay in their community as their financial situation changes, and decreases growing social separation; and 4) a multi-modal transportation system, providing multiple methods for moving people and goods throughout the region in the most efficient manner. None of the characteristics are mutually independent, but rather, must be seen as components of a comprehensive whole.

Oregon is widely seen as the national leader in implementing regional smart growth planning. Minnesota has adopted a structure to accomplish much of what is outlined in the Oregon model, but has often failed to implement its statutes. Washington, Maryland, Florida, Georgia, and Tennessee, are among the states that have 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 the country's state legislatures.

METROPOLITAN STRUCTURAL REFORM

Pundits often assert that effective, long-term regional cooperation is impossible. However, they neglect to note that all urbanized areas with a population greater than 50,000 already have a multi-jurisdictional regional government called a Metropolitan Planning Organization (or MPO) in place. An MPO is a body of local officials, appointed by other state and local officials, that plans and allocates resources for building and maintaining a regional transportation system.[38] Though these MPOs are often little known by citizens, they make extremely important decisions that affect the future of their respective regions. However, while MPOs have the power to approve billion-dollar highway projects, they cannot coordinate the local land uses that are necessary for dealing with growing congestion problems.

MPOs need to be empowered to address those issues affecting the entire region—such as transportation, air and water quality, and environmental protection—that cannot be effectively addressed at the local level. They must be able to make infrastructure and other public investment decisions that promote the sustainability of the entire region, the stability of core communities, the efficiency of the regional transportation system, and the protection of valuable ecological and agricultural lands.

Throughout the country, the primary task of MPOs has been to develop a regional transportation plan and distribute federal transportation funds to projects consistent with this plan. Due to the enormous importance of federal funding in completing regional-scale transportation projects, MPOs have a significant influence on the social, economic, and physical form of the region they represent. They are not, however, held directly accountable for their decisions because the citizens of the region do not directly elect them.

Given the significant impact that MPOs can have on shaping regions, it is essential that they be made more representative and accountable to the regions they serve. Typically, MPOs make their decisions without meaningful public input concerning the impact of their transportation decisions on the social and economic health of the entire region—particularly on the older and less affluent areas of the region. Older bedroom communities, inner-city neighborhoods, and organizations committed to these areas need to recognize their common interests and form a constituency in the region to address this lack of accountability.

In the Los Angeles region, the MPO is the Southern California Association of Governments (SCAG), a voluntary organization of regional cities and counties. SCAG is the largest MPO in the nation, representing 180 cities, 6 counties, 15 million people, and an area roughly the size of Indiana. While SCAG does wield some regional planning power—especially in distributing federal transportation funds, such as those resulting from the 1991 Intermodal Surface Transportation and Efficiency Act (ISTEA), and more recently, the 1998 Transportation Equity Act for the 21st Century (TEA-21)—its status as a voluntary organization has limited its ability to conduct planning and develop scale. Regional governance in

Photo credit: David Young-Wolff/PhotoEdit

the Los Angeles region is further complicated by the lack of cooperation on inter-regional matters in the past.[39]

Despite these obstacles, a significant effort was made in the late 1980s to create a strong regional body in the Los Angeles region with the ability to enforce regional land use, housing, and transportation plans. Efforts were also made to make SCAG more accountable in this process, by making its council members directly elected. At the regional level, this effort was fueled largely by the creation of the "L.A. 2000 Committee," a highly regarded task force of regional leaders established by the mayor of Los Angeles that included representatives from business, churches, and government. This committee produced a report that advocated the creation of two powerful regional agencies: one that would set policy for land use, housing, and transportation, and another that would oversee protection of the regional environment. At the state level, several bills were introduced that would have supported greater regional governance and regional growth management—most notably one by then-Assembly Speaker Willie Brown. While these efforts ultimately failed, SCAG has made changes to better serve its members, such as expanding its governing board from 35 to 71 local officials and creating 13 subregional entities for inclusion in the transportation planning process.

Ultimately, MPOs 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, MPOs 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 regional bodies with the proper geographic scope for regional land-use planning should assume the responsibility for coordinating strategies that can effectively address the growing regional problems mentioned above. MARC believes that, ultimately, MPO members should be directly elected.

Appendix A

A Closer Look at Tax-Base Sharing

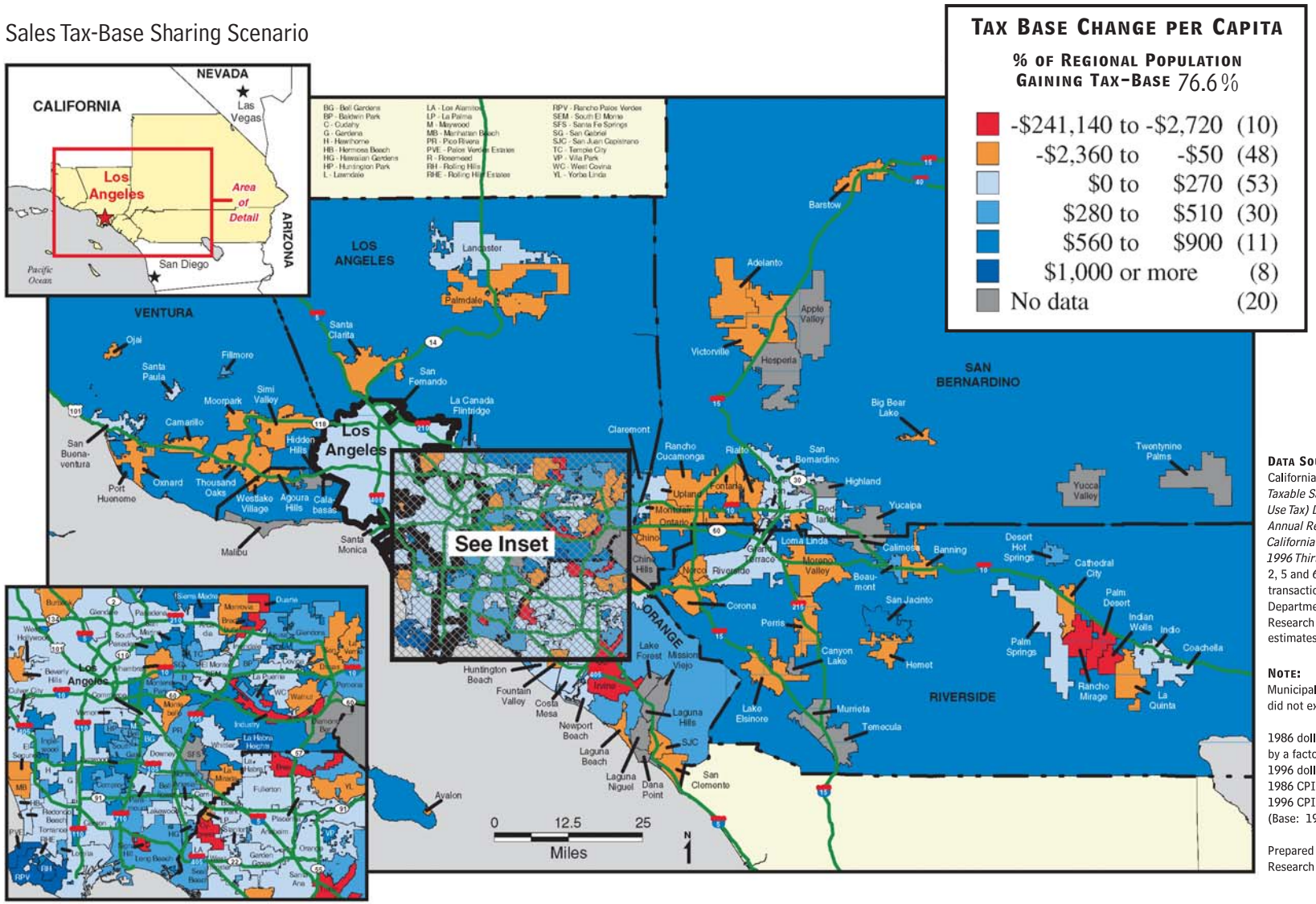
TAX-BASE SHARING is an important step in regional reform, because it helps build relationships and coalitions that will serve to advance other regional reforms. When the financial implications of land-use planning are gradually de-emphasized, it becomes much easier to talk about important regional issues such as cooperation in land use, environment protection, and affordable housing. When the Twin Cities region of Minnesota—an area that is a leader in regional cooperation—recognized that central cities and suburbs experiencing fiscal stress could be united on shared fiscal interests, they overcame some of the more intense social barriers that had long divided the region. Efforts at regional cooperation in the Los Angeles region would be greatly advanced if Los Angeles and the struggling communities surrounding it were to recognize the benefits that tax-base sharing could provide.

At the outset, the numbers clearly add up to a viable coalition for tax-base sharing in the Los Angeles region. MARC has created models of several possible tax-base sharing scenarios for the region, and most of the scenarios produce positive results for the majority of the region's population. A few scenarios would actually provide increased revenues and better services in jurisdictions where as much as 75 percent of the regional population lives. While there are countless formulas that could be used in a tax-base sharing system, one of the most promising examples is presented here.

It is important to note that a property or sales tax-base sharing system requires all communities to tax the affected categories of property or transactions at an area-wide tax rate. In California, under current laws, these rates would have to be within the provisions of Proposition 13 and the Bradley-Burns situs rule. In other words, the rate could not exceed 1 percent plus any rate necessary to pay off voter-approved indebtedness. Further, since this type of resource sharing relates only to the sharing of tax base and not 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. A jurisdiction's total revenue (which would include revenue generated from the new tax base) could still be used as these propositions require.

MARC has created models of several possible tax-base sharing scenarios for the Los Angeles region, and most of them produce the opportunity for lower taxes and better services for the majority of the region's population.

Sales Tax-Base Sharing Scenario



DATA SOURCE:
California State Board of Equalization, *Taxable Sales in California (Sales & Use Tax) During 1986 Twenty-Sixth Annual Report, and Taxable Sales in California (Sales & Use Tax) During 1996 Thirty-Sixth Annual Report*, Tables 2, 5 and 6 (1986 & 1996 taxable transactions data); California Department of Finance, Demographic Research Unit (1996 population estimates).

NOTE:
Municipalities with "No data" did not exist in 1986.

1986 dollars were adjusted upwards by a factor of 1.4471 to convert to 1996 dollars.
1986 CPI = 109.6
1996 CPI = 158.6
(Base: 1982-1984 CPI = 100)

Prepared by the Metropolitan Area Research Corporation (MARC).

IN THIS SCENARIO, each of the cities and the unincorporated areas of each county in the region are required to contribute to the tax-base pool 40 percent of the growth in their taxable sales transactions from 1986 to 1996. This tax-base pool is then redistributed back to the communities based on a formula giving preference to those communities with relatively low taxable transactions per capita.

This particular model run produced new tax base for 77 percent of the total population of the Los Angeles region. More than $3.8 billion in taxable transactions were shared in this scenario. Most cities benefiting were found south and east of Los Angeles, although many cities throughout the region were net recipients—including cities with very high property tax base, but little sales tax base. Less affluent cities that particularly benefit from this scenario are Bell Gardens ($662 per capita), Compton ($442), and Inglewood ($374). In addition, all unincorporated areas would receive disbursements from the regional pool under this formula. Detailed information on this sales tax-base sharing run is given in Appendix B.

Appendix B Hypothetical Sales Tax-Base Sharing

Table 1: Redistribution of 40 percent of Growth in Taxable Transactions 1986-1996 According to Total Taxable Transactions per Capita for Municipalities and County Unincorporated Areas.

Municipality/County Unincorporated Area	Net Distribution	Estimated Population 1996	Per Capita Distribution
Adelanto	($11,855,684)	13,334	($889)
Agoura Hills	($18,140,093)	21,185	($856)
Alhambra	($15,361,917)	88,561	($173)
Anaheim	$46,176,144	293,994	$157
Apple Valley	—	52,756	—
Arcadia	$9,227,186	52,088	$177
Artesia	$3,630,534	16,392	$221
Avalon	($328,136)	3,404	($96)
Azusa	$13,347,368	43,991	$303
Baldwin Park	$21,068,002	73,538	$286
Banning	($1,326,785)	23,861	($56)
Barstow	($50,731,324)	22,264	($2,279)
Beaumont	$3,109,920	10,437	$298
Bell	$17,684,957	36,422	$486
Bell Gardens	$28,970,514	43,757	$662
Bellflower	$20,482,423	65,296	$314
Beverly Hills	($23,063,526)	33,292	($693)
Big Bear Lake	($9,943,485)	5,949	($1,671)
Bradbury	$9,878,330	890	$11,099
Brea	($143,658,999)	34,892	($4,117)
Buena Park	$11,144,920	72,888	$153
Burbank	($25,332,800)	101,474	($250)
Calabasas	—	18,835	—
Calimesa	—	7,304	—
Camarillo	($54,115,251)	58,027	($933)
Canyon Lake	—	11,279	—
Carson	$11,013,530	88,186	$125
Cathedral City	($30,893,011)	35,470	($871)
Cerritos	$3,176,583	55,356	$57
Chino	($123,842,797)	63,295	($1,957)
Chino Hills	—	49,689	—
Claremont	$11,012,670	34,042	$324
Coachella	$849,705	21,036	$40
Colton	$8,681,413	44,443	$195
Commerce	$298,262	12,722	$23
Compton	$41,221,819	93,314	$442
Corona	($192,889,731)	99,487	($1,939)
Costa Mesa	$7,992,637	102,344	$78
Covina	$7,462,991	45,954	$162
Cudahy	$11,544,354	24,412	$473
Culver City	$3,003,260	40,539	$74
Cypress	($156,269,659)	46,517	($3,359)
Dana Point	—	36,077	—
Desert Hot Springs	$6,957,461	14,827	$469
Diamond Bar	—	56,021	—
Downey	$20,726,924	97,621	$212
Duarte	($59,701,710)	21,911	($2,725)
El Monte	$25,284,929	113,357	$223
El Segundo	($2,024,920)	16,068	($126)
Fillmore	$6,444,128	12,753	$505
Fontana	($96,586,144)	103,108	($937)
Fountain Valley	($127,999,365)	54,451	($2,351)
Fullerton	$22,602,940	122,370	$185
Garden Grove	$36,659,728	151,764	$242
Gardena	$11,166,424	56,836	$196
Glendale	$37,758,157	193,546	$195
Glendora	$14,670,299	51,257	$286
Grand Terrace	$13,257,911	13,181	$1,006
Hawaiian Gardens	$5,877,053	14,515	$405
Hawthorne	$18,639,738	76,751	$243
Hemet	($19,202,200)	52,558	($365)
Hermosa Beach	$4,298,451	18,691	$230
Hesperia	—	59,287	—
Hidden Hills	$2,351,176	1,865	$1,261
Highland	—	40,418	—
Huntington Beach	$40,017,805	187,664	$213
Huntington Park	$20,598,330	60,200	$342
Indian Wells	($13,306,845)	3,077	($4,325)
Indio	$10,582,374	42,087	$251
Industry	($165,659,624)	687	($241,135)

Municipality/County Unincorporated Area	Net Distribution	Estimated Population 1996	Per Capita Distribution
Inglewood	$43,454,158	116,089	$374
Irvine	($357,781,584)	127,540	($2,805)
Irwindale	$10,107	1,091	$9
La Canada Flintridge	$5,641,381	20,028	$282
La Habra	$13,014,270	54,257	$240
La Habra Heights	$15,152,244	6,545	$2,315
La Mirada	($42,616,632)	45,798	($931)
La Palma	($24,390,730)	15,544	($1,569)
La Puente	$18,349,003	40,405	$454
La Quinta	($31,795,963)	18,045	($1,762)
La Verne	($2,756,747)	32,320	($85)
Laguna Beach	($6,949,137)	23,851	($291)
Laguna Hills	—	25,084	—
Laguna Niguel	—	55,705	—
Lake Elsinore	($50,791,703)	25,616	($1,983)
Lake Forest	—	57,779	—
Lakewood	$18,078,911	77,187	$234
Lancaster	$30,503,970	121,079	$252
Lawndale	$9,669,095	29,486	$328
Loma Linda	($21,950,625)	21,172	($1,037)
Lomita	$8,090,696	20,101	$403
Long Beach	$155,193,666	437,991	$354
Los Alamitos	$1,516,683	12,338	$123
Los Angeles	$955,272,802	3,639,908	$262
Lynwood	$54,577,144	65,966	$827
Malibu	—	12,184	—
Manhattan Beach	($25,876,472)	33,920	($763)
Maywood	$20,292,542	29,170	$696
Mission Viejo	—	90,138	—
Monrovia	($6,968,874)	38,929	($179)
Montclair	$2,074,069	29,923	$69
Montebello	($26,261,561)	62,166	($422)
Monterey Park	$24,700,878	63,988	$386
Moorpark	($18,193,019)	27,662	($658)
Moreno Valley	($101,883,332)	133,420	($764)
Murrieta	—	34,569	—
Newport Beach	$7,265,154	69,246	$105
Norco	($56,230,261)	24,498	($2,295)
Norwalk	$35,270,779	99,836	$353
Ojai	($3,027,611)	8,040	($377)
Ontario	($301,225,680)	142,229	($2,118)
Orange	$15,289,617	120,043	$127
Oxnard	($24,998,891)	152,778	($164)
Palm Desert	($157,874,428)	33,471	($4,717)
Palm Springs	$7,322,140	41,698	$176
Palmdale	($158,825,931)	112,035	($1,418)
Palos Verdes Estates	$20,868,421	13,976	$1,493
Paramount	$13,838,737	53,933	$257
Pasadena	$16,309,726	137,202	$119
Perris	($49,727,603)	30,478	($1,632)
Pico Rivera	$19,953,422	61,143	$326
Placentia	$9,545,291	45,119	$212
Pomona	$42,873,117	139,860	$307
Port Hueneme	$17,203,910	22,183	$776
Rancho Cucamonga	($154,201,584)	115,768	($1,332)
Rancho Mirage	($29,992,478)	10,557	($2,841)
Rancho Palos Verdes	$49,904,522	42,691	$1,169
Redlands	$8,126,698	65,555	$124
Redondo Beach	$11,276,525	63,945	$176
Rialto	($20,173,278)	80,192	($252)
Riverside	$47,833,034	243,401	$197
Rolling Hills	$22,327,903	1,979	$11,282
Rolling Hills Estates	$972,845	8,193	$119
Rosemead	$24,223,703	54,513	$444
San Bernardino	$33,169,831	181,437	$183
San Buenaventura	$14,399,133	99,992	$144
San Clemente	($12,143,023)	46,728	($260)
San Dimas	($27,331,456)	35,099	($779)
San Fernando	($51,164,903)	23,590	($2,169)
San Gabriel	$11,717,789	39,613	$296
San Jacinto	$14,947,677	23,915	$625
San Juan Capistrano	($55,407,532)	29,023	($1,909)

Municipality/County Unincorporated Area	Net Distribution	Estimated Population 1996	Per Capita Distribution
San Marino	$9,956,390	13,409	$743
Santa Ana	$58,654,963	306,571	$191
Santa Clarita	($35,555,454)	129,924	($2,264)
Santa Fe Springs	—	15,704	—
Santa Monica	$3,298,941	90,306	$37
Santa Paula	$6,185,604	26,597	$233
Seal Beach	$7,754,284	26,434	$293
Sierra Madre	$15,589,599	11,176	$1,395
Signal Hill	($92,551,715)	8,780	($10,541)
Simi Valley	($51,305,631)	102,855	($499)
South El Monte	$3,214,860	21,766	$148
South Gate	$37,174,106	91,102	$408
South Pasadena	$10,000,473	24,881	$402
Stanton	$8,299,070	31,964	$260
Temecula	—	41,850	—
Temple City	$14,992,861	33,055	$454
Thousand Oaks	($85,480,878)	111,676	($765)
Torrance	$13,282,641	139,889	$95
Tustin	($222,104,267)	63,780	($3,482)
Twentynine Palms	—	14,756	—
Unincorporated Los Angeles	$626,649,579	978,238	$641
Unincorporated Orange	$77,806,283	181,278	$429
Unincorporated Riverside	$215,815,392	380,512	$567
Unincorporated San Bernardino	$179,916,478	280,611	$641
Unincorporated Ventura	$57,189,030	91,204	$627
Upland	$15,069,415	66,133	$228
Vernon	$0	81	$0
Victorville	($105,115,097)	59,920	($1,754)
Villa Park	$5,704,603	6,382	$894
Walnut	($6,047,987)	31,614	($191)
West Covina	$23,862,004	101,956	$234
West Hollywood	$4,641,011	37,195	$125
Westlake Village	($14,871,625)	7,836	($1,898)
Westminster	$13,961,310	82,749	$169
Whittier	$21,351,187	82,550	$259
Yorba Linda	($63,665,326)	57,782	($1,102)
Yucaipa	—	37,394	—
Yucca Valley	—	18,604	—

Percentage of regional population gaining sales tax-base: 76.6%

Note: Municipalities without data did not exist in 1986.

Data Sources: California State Board of Equalization, *Taxable Sales in California (Sales & Use Tax) During 1986 Twenty-Sixth Annual Report*, and *Taxable Sales in California (Sales & Use Tax) During 1996 Thirty-Sixth Annual Report*, Tables 2, 5 and 6 (1986 and 1996 taxable transactions data); California Department of Finance, Demographic Research Unit (1996 population estimates).

Methodology:

Each municipality is required to contribute 40 percent of its 1986-1996 growth in taxable transactions* into a tax-base pool. (For the purposes of these tax-base sharing run calculations, the unincorporated areas within each county were treated as if they were municipalities; therefore, the terms "municipality" and "municipal" should be taken to refer to both the actual incorporated municipalities and the surrounding county unincorporated areas.) 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 taxable transactions per capita to the municipality's taxable transactions 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: 1986-1996 municipal growth in taxable transactions* **X** 0.40 **=** Municipal Contribution

Step 2: Municipal population **X** [(region's taxable transactions ÷ region's population) ÷ (municipal taxable transactions ÷ municipal population)] **=** Distribution Index

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

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

Step 5: Municipal Distribution **–** Municipal Contribution **=** Municipal Net Distribution

*1986 dollars were adjusted upwards by a factor of 1.4471 to convert to 1996 dollars. 1986 CPI = 109.6; 1996 CPI=158.6 (Base: 1982-1984 CPI=100)

ENDNOTES

1 MARC projects either completed or in process include: Atlanta, Baltimore, the Central Valley of California, Chicago, Denver, Detroit, Grand Rapids (MI), Houston, the State of Kentucky, Los Angeles, Milwaukee, Minneapolis-St. Paul, Philadelphia, Phoenix, Pittsburgh, Portland (OR), Saginaw, San Diego, San Francisco Bay Area, Seattle, South Florida (Miami), St. Louis, and Washington, D.C.

2 The Los Angeles region is defined in this study as the five-county area designated by the U.S. Office of Management and Budget as the Los Angeles Consolidated Metropolitan Statistical Area (CMSA). It includes Los Angeles, Orange, Riverside, San Bernadino, and Ventura counties.

3 In most cases, the value for the region is at the break between the red and blue categories. Thus, on each map, orange and red jurisdictions are below average for the region and blue jurisdictions are above average. 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 ensure 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.

4 William Fulton, *The Reluctant Metropolis: The Politics of Urban Growth in Los Angeles* (Point Arena, CA: Solano Press Books, 1997), 9-10; 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.: U.S. 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.

5 *1999 Annual Mobility Report (*November 1999), Texas A&M University System: Texas Transportation Institute. Retrieved April 10, 2000, from the World Wide Web: http://mobility.tamu.edu/.

6 Paul A. Jargowsky, *Poverty and Place: Ghettos, Barrios and the American City* (New York: Russell Sage Foundation, 1997)

7 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;" U.S. Department of Education, Office of Educational Research and Improvement, "Urban Schools: The Challenge of Location and Poverty."

8 Ibid.

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10 David Rusk, *Inside Game Outside Game: Winning Strategies for Saving Urban America* (Washington, D.C.: Brookings Institution Press, 1999), p. 71

11 Ibid., 72

12 John Yinger, "Testing for Discrimination in Housing and Related Markets," in *A National Report Card on Discrimination in America*, ed. Michael Fix and Margery Austin Turner (Washington, D.C.: The Urban Institute, 1998).

13 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).

14 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).

15 National Public Health and Hospital Institute, *The Social and Health Landscape of Urban and Suburban America* (Chicago, IL: American Hospital Association Press, 1999)

16 See generally, 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 Social 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.

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Social Problems 38, no. 4 (1991), 448-61; James E. Rosenbaum, Marilyn J. Kulieke, 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).

21 Rosenbaum and Popkin, "Employment and Earnings," 355.

22 Ibid., 348

23 Rosenbaum and Kaufman, "Educational and Occupational Achievements," 4-8. The acceptance of these poor black families in affluent, predominantly white suburbs was not painless or immediate (Rosenbaum and others, "Social Integration," 454-455). 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 support and assistance and essentially no difference in terms of their degree of contact with neighbors. The suburban movers were actually slightly more likely to have friends in their new neighborhoods than the city movers. The suburban movers had more than two times the number of white friends than the city movers and slightly fewer black friends. Further, over time, the degree of integration continued for suburban movers, and re-segregation did not occur.

24 DBS Corp., 1982; 1987; 1996-97 NCES Common Core of Data Public School Universe. Data presented in Gary Orfield and John T. Yun, "Public School Desegregation in the United States" (The Civil Rights Project: Harvard University, 1999).

25 Local governments in the Los Angeles region provide a number of essential services to their residents and to people who work in or visit their jurisdictions. According to a report by The California Budget Project (The California Budget Project, "State and Local Government Finance: A Primer," July 1996) California cities spent the largest share of their revenues on public safety (primarily police and fire protection), public utilities (water, gas, and electric services) and transportation (repair of streets, highways, and storm drains). County expenditures, on the other hand, were led by public assistance (welfare, social services, and general assistance), public protection, and health and sanitation. In addition, local school districts provide public education services.

26 "State and Local Government Finance in California: A Primer." Prepared by The California Budget Project, July 1996.

27 For instance, a survey conducted by the Public Policy Institute of California (Public Policy Institute of California, "Development Strategies in California Cities," San Francisco, CA, 1998) found "strong evidence that city governments do systematically favor retail developments over other land uses when it comes to new development on vacant land, as well as for redevelopment in designated 'blighted' areas...Respondents also indicated that retail projects were the most likely to receive a general plan change or financial incentive from their cities." Sales taxes, of course, are a major source of local revenue that cities feel they can influence through their own decisions.

28 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."

29 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 Spatial 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.

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31 *Why are the Roads so Congested?* (November 1999). Washington, D.C.: Surface Transportation Policy Project. Retrieved April 10, 2000, from the World Wide Web: http://www.transact.org/

32 One study of this can be found in "Growth Governance in Southern California," Claremont Graduate University Research Institute (October 1999).

33 See Phyllis Myers, "Livability at the Ballot Box: State and Local Referenda on Parks, Conservation and Smarter Growth, Election Day 1998," A Discussion Paper Prepared for The Brookings Institution Center on Urban and Metropolitan Policy (January 1999) for a discussion of this and other growth-related referenda.

34 William Fulton, *The Reluctant Metropolis: The Politics of Urban Growth in Los Angeles* (Point Arena, CA, Solano Press Books, 1997), 261

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

36 U.S. Bureau of the Census, "Census of Government Finances," *Public Elementary-Secondary School District Finance* (1996).

37 Edward Hill, Harold Wolman and Coit Ford, "Can Suburbs Survive Without Their Central Cities: Examining the Suburban Dependence Hypothesis," *Urban Affairs* Review, 31(2), 1995; Keith Ihlanfeldt, "The importance of the central city to the regional economy: A review of the arguments and empirical evidence," *Cityscape* 1(2), 1995; Richard Voith, "Do Suburbs Need Cities?" Working paper, Federal Reserve Bank of Philadelphia; William R. Barnes and Larry C. Ledebur, *City Distress, Metropolitan Disparities, and Economic Growth* (Washington, D. C.: National League of Cities, 1992). 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).

38 Portland's MPO (METRO) is the only MPO in the country that has elected representatives. It also has significantly more control over land-use decisions than other MPOs.

39 Paul G. Lewis and Mary Sprague, "Federal Transportation Policy and the Role of Metropolitan Planning Organizations in California," Public Policy Institute of California (April 1997). See also, William Fulton, *The Reluctant Metropolis: The Politics of Urban Growth in Los Angeles*, (Point Arena, CA, Solano Press Books, 1997)

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