



FLASHBACK

COMMENTARY

Wendler: The sorting of Austin's policies and people

Ed Wendler, LOCAL CONTRIBUTOR

Monday, July 06, 2009

I recently read about the Tiebout Model, sometimes called Tiebout Sorting. No, it's not a new kickboxing workout.

Charles Tiebout was an economist who studied cities and suburbs in the 1950s. His observation was that each suburb was different, but the residents of each area were homogenous. His explanation was that households pick where to live based on a package of amenities, services and taxes. Over time, communities become more homogenous as the politically dominant group reinforces its desires by electing a city council that pushes the amenities and tax levies that group prefers.

The Tiebout Model is helpful when thinking about what kind of city Austin will become and the demographic profile of the residents who will live here. When I read about a City Council policy or budget decision, I ask, "What sort of person would use that amenity?" I also ask, "What group would want the service that is getting the budget ax?" Those groups might find that service in Round Rock, Pflugerville or elsewhere and move.

Here are a couple of examples of how the theory works. In this budget, Austin is proposing to close some neighborhood pools and to shorten the time others are open. Who uses neighborhood pools? Probably families with young kids. Probably families who can't afford a backyard pool. Probably a family that doesn't belong to a country club. Probably a family that doesn't live in a downtown high rise with its own rooftop pool. If a neighborhood pool is important, a family with kids might move to a suburb where neighborhood parks are important.

Austin is proposing to create a city department to promote live music. What demographic segment wants live music to be a priority? Probably young people. Probably singles or young couples with no kids. Probably those who don't have to be at work at 8:00 the next morning. Maybe students. Probably people with disposable income to spend on a Wednesday night out at a club.

Austin just adopted a \$250 million plan to promote biking as a form of commuting. Who will bike to work? Probably young people. Probably singles or couples with no kids to pick up at day care. Maybe people who can afford or want to live downtown. Probably not people who work where a more formal dress code is in effect. A two-income family with kids might pick a more car-friendly environment, like Williamson County.

Over years, these decisions pile up and attract a certain type of resident and a certain economic group. Residents are sorted into communities that have the amenities and services they want and can afford.

Some liberal economists have used Tiebout's observation as a starting point to discuss forms of economic segregation. They argue that cities, sometimes intentionally, sometimes not, use the package of amenities and taxes to weed out residents who don't want the amenities or those who don't pay enough in taxes to support the amenity package.

An example might be the proposed revitalization of Riverside Drive. I read that 40,000 people live along Riverside; most in very affordable apartments. Austin is proposing rail service down the center of Riverside and will rezone the area for vertical mixed use, apartments atop retail, which yields much higher rents. The stated reason is: It is good for the tax base.

What that really means is that residents who can only pay limited rent are being replaced to make way for residents who pay higher rent. Higher rents mean higher property values. Higher values mean more tax revenue to pay for bike lanes. The lower-income people who now live along Riverside have to relocate, most to the suburbs or a bedroom community.

The Tiebout Model is a useful framework to watch Austin's decisions and to ask who wants the services that are being funded and those that are getting axed.

As a third-generation Austinite, I am amazed at how Austin has changed. It's not that it's bigger. It's not the traffic congestion. It's not that the Armadillo is gone. It's that Austin was a low-cost city of middle-class families. Despite its bogus claim of diversity, Austin is sorting itself into a costly city for young, childless and high-income people.

Wendler is an Austin developer.