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The Rise of Market Urbanism

By Michael Lewyn

In a 2015 book, anti-sprawl activist Ben Ross wrote that “a school of libertarian urbanists has emerged, propounding a free-market case against sprawl.” Benjamin Ross, *Dead End: Suburban Sprawl and the Rebirth of American Urbanism* (2014). Market urbanism (in the words of the movement’s leading blog, at marketurbanism.com) seeks to reconcile “classic liberal economics and

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ethics (*market*) with an appreciation of the urban way of life and its benefits to society (*urbanism*).”

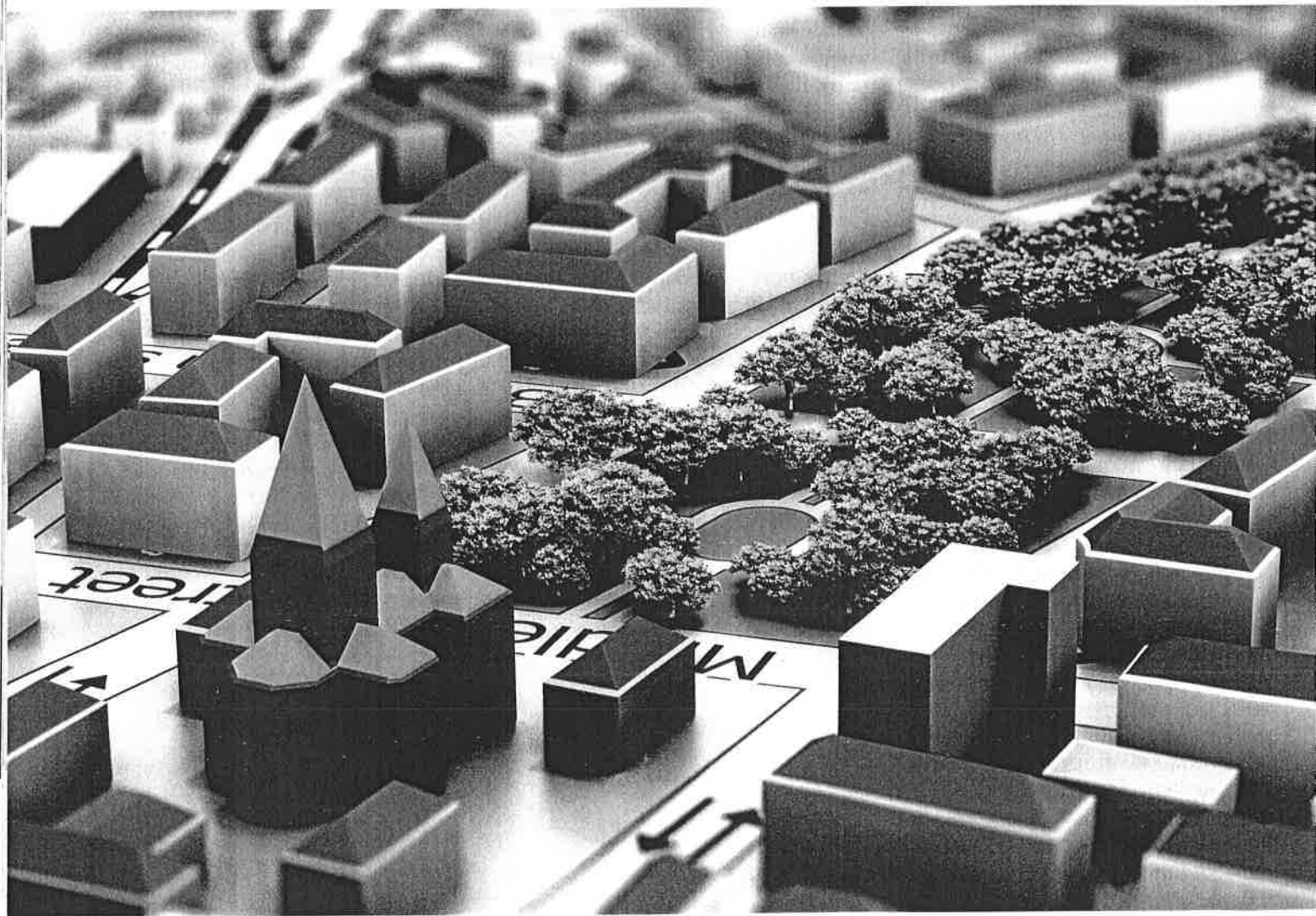
Who Are Market Urbanists and Why Do They Exist?

The market urbanist movement is partially a response to some commentators’ attempts to equate suburban sprawl (that is, the growth of automobile-dependent suburbia) and the free market. Both defenders of the status quo and environmentalist critics of suburbanization often see sprawl as

an expression of the market at work. Market urbanists reject this assumption, emphasizing the role of land use regulation and government street design policies in making suburbs more automobile-oriented.

Market urbanism is also a response to the renewed growth of central cities. While some cities continue to decline, others have rebounded from their 20th-century population losses. Some recent economic scholarship explains why dense cities are still attractive to people and businesses, despite their higher

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land costs and their higher levels of crime and poverty. Economists who raise this point argue that urban development makes economic sense because of “agglomeration economies”—the benefits that arise when people and businesses locate near each other. These economies include the ability of firms and workers to specialize where there is a wider variety of potential customers nearby, as well as the ability of firms and workers to learn from nearby competitors. Based on this scholarship, market urbanists see cities as economically efficient. See Daniel B. Rodriguez and David Schleicher, *The Location Market*, 19 Geo. Mason L. Rev. 637, 640-41 (2012).

The rising popularity of urban living has led to explosions in urban housing costs. Since 2000, housing prices in city centers have increased 50 percent more rapidly than in metropolitan

areas generally. The market urbanist movement is in part a response to this problem; market urbanists believe that the free market can solve the problem of rising urban rents.

There are no major market urbanist organizations comparable to anti-sprawl organizations such as Smart Growth America and the Congress for the New Urbanism. However, there are numerous market urbanist blogs and web sites, such as the Market Urbanism web site (at marketurbanism.com) and many Facebook groups. Also, market urbanists provide intellectual ammunition for the YIMBY (Yes In My Back Yard) movement, a movement of community activists who seek to increase housing supply in high-cost cities. YIMBYs have focused on electing city council candidates who will amend zoning laws to allow more housing construction, supporting pro-housing ballot initiatives, and lobbying city councils and state legislatures. The discussion below explains how market urbanists differ both from anti-sprawl movements such as new urbanism and from defenders of suburban sprawl.

How Market Urbanists Are Similar to (and Different from) the Anti-Sprawl Movement

Market urbanists, like anti-sprawl activists, value walkable cities and criticize land use regulations that encourage or mandate automobile-oriented development. For example, both market urbanists and anti-sprawl activists assert that:

Although market urbanists share new urbanists’ interests in pedestrian-friendly development, they are more focused on economic rationales.

- requirements to provide parking artificially increase driving by encouraging businesses to surround their shops with parking (thus making walking less convenient as pedestrians trudge through car-infested parking lots);
- regulations limiting population density force Americans into cars, by mandating densities so low that few people can live within walking distance of public transit or other destinations; and
- regulations that separate land use also force Americans into cars, by ensuring that Americans must live far from shops and jobs.

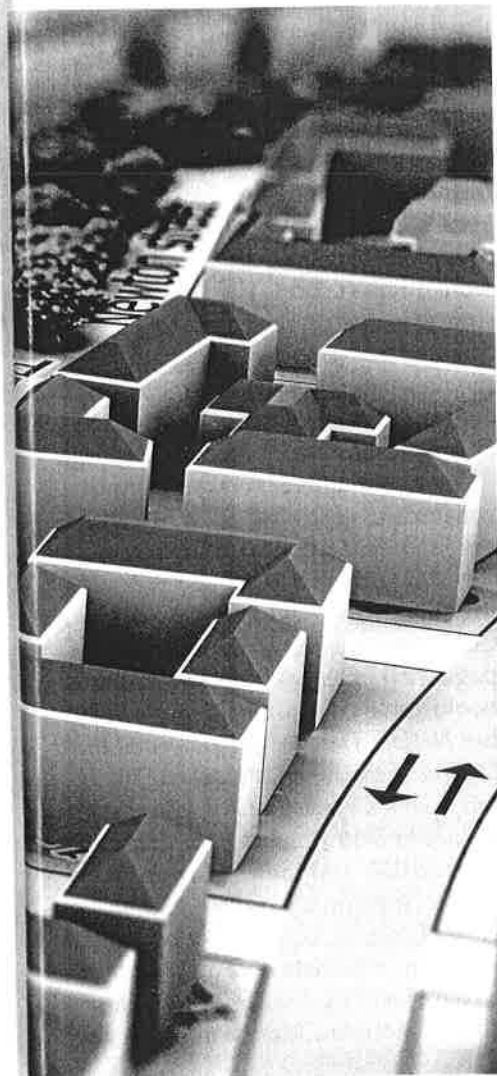
Both groups also criticize automobile-oriented government transportation policies, such as:

- city-to-suburb highways that facilitate commuting from suburbia; and
- wide streets that make traffic less safe by facilitating speeding.

Many anti-sprawl activists are primarily motivated, however, by environmental and aesthetic concerns: they believe that sprawl is environmentally unsustainable because it increases auto emissions, is inequitable because it disfavors non-drivers, and is simply ugly.

Although market urbanists share new urbanists’ interests in pedestrian-friendly development, they are more focused on economic rationales, especially the cost of housing. For example, market urbanist Nolan Gray points out that when zoning limits the supply of urban apartments, rents increase, thus diminishing public access to city life. Market urbanists also emphasize the fiscal cost of sprawl. If a city builds out rather than up, it must build new infrastructure: for example, houses in a suburban cul-de-sac will require more sewer pipes than an equivalent number of urban rowhouses, because houses in the former are further apart.

These distinctions can lead to policy differences. Market urbanists tend to favor libertarian housing policies, because they tend to value markets and housing supply more than do new urbanists. For example, market urbanist





Market urbanists emphasize that sprawl is in large part a creature of government regulation.

Sanford Ikeda criticizes historic preservation laws, because “[u]sing political power to preserve any cherished way of life . . . is not only futile but ultimately destructive of liberty. This goes for preserving a historic community as much as preserving current marriage practices.” Sandy Ikeda, *Preservation at the Expense of Liberty*, Marketurbanism.com (Nov. 8, 2016), <http://marketurbanism.com/2016/11/08/preservation-at-the-expense-of-liberty/>. On a more utilitarian note, Edward Glaeser has argued that by limiting new construction, historic preservation laws cause housing prices and rents to increase. E.g., Edward L. Glaeser, *Preservation Follies*, City J., Spring 2010.

By contrast, new urbanists are often strong supporters of historic preservation: they tend to believe that older buildings are more appealing and tend to make neighborhoods more valuable. Some commentators also argue that older buildings are more environment-friendly because of the energy required to construct a new building.

Market urbanists tend to be more willing than new urbanists to accept high-rises, suggesting that even expensive tall buildings increase affordability by increasing citywide housing supply. By contrast, new urbanists often oppose high-rises on aesthetic grounds and question whether such buildings are good for street life.

Market urbanists and new urbanists may also differ as to the merits of anti-sprawl land use regulations, such as urban growth boundaries that prevent suburbia from expanding into rural areas. Some new urbanists favor such limits, to combat the negative environmental effects of sprawl. Market urbanists, by contrast, tend to emphasize that such regulations artificially limit the housing supply and

thus might increase housing costs.

Finally, market urbanists and new urbanists do not always share the same attitude toward public transit. The Charter of the Congress for the New Urbanism writes that “[t]ransit, bicycle, and pedestrian systems should maximize access and mobility throughout the region while reducing dependence on the automobile.” This attitude flows naturally from new urbanists’ concerns about the environmental costs and social inequities caused by sprawl. Although market urbanists tend to be skeptical of government highway spending, they also tend to be skeptical of large-scale public transit spending, and some have gone so far as to endorse transit privatization.

How Market Urbanists Differ from Supporters of Suburbia

Defenders of suburban sprawl (or for lack of a better word, “suburbanists”) take suburbia as a given: they believe that since suburbia dominates the American landscape, it must be the unstoppable result of affluence and freedom.

By contrast, market urbanists emphasize that sprawl is in large part a creature of government regulation. Government creates regulations that make it difficult for Americans to walk from their homes to jobs or shops; government creates highways that make it easier to reach suburbs by car than to commute by bike or foot or public transit; government creates streets that are virtually unusable for walkers. And what government has done with regulation, it can undo with deregulation.

However, market urbanists do have something in common with suburbanists: market urbanists do value the free market, and like many defenders of the status quo, they tend

to value reducing housing costs over environmental protection.

For More Information

The market urbanist library is still relatively small. The author’s book, *Government Intervention and Suburban Sprawl: The Case for Market Urbanism* (2017), discusses suburbanization from a market urbanist viewpoint. Edward Glaeser’s *Triumph of the City* (2011) was written before “market urbanism” became a movement, but is a market urbanist book insofar as it explains why cities are still economically valuable and criticizes government regulation that limits growth in central cities. Donald Shoup’s *The High Cost of Free Parking* (2011) focuses on market-oriented alternatives to minimum parking requirements. Also, many other books that critique suburban sprawl or anti-walkability regulations raise market urbanist arguments, even if their authors favor more government regulation or spending than market urbanists would like.

For readers who want something smaller than a book, I recommend the Market Urbanism blog (marketurbanism.com) as well as the Market Urbanism Report (marketurbanismreport.com). The American Conservative’s Urbs column frequently raises market urbanism themes (<http://www.theamericanconservative.com/urbs/>), as does the Strong Towns page (strongtowns.org).

As noted above, market urbanist concerns overlap considerably with anti-sprawl and new urbanist concerns. To find out more about new urbanism, one might start with the Congress for New Urbanism webpage (cnu.org). Leading new urbanist books include Andres Duany’s *Suburban Nation: The Rise of Sprawl and the Decline of the American Dream* (2010), Jeff Speck’s *Walkable City: How Downtown Can Save America, One Step at a Time* (2013), and James Howard Kunstler’s *Home from Nowhere* (1993). And of course, both market urbanists and new urbanists owe a great debt to Jane Jacobs’s *The Death and Life of Great American Cities* (1961). ■