

The Chambers of Commerce are a very important source of information. We have utilized in the past direct personal letters, and even form letters, to contact their officials and various other groups, such as truckers and local business men, that we hear about moving into the Thruway area. In this way we try to get the facts relating to the effect of the Thruway on land use.

If We Can Measure the Benefits, Could We Devise the Taxation?
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There are a few things we should think about, particularly in relationship to the reasons we are here; that is, the problems of finding some answers rather quickly for the Congress, for the state legislators, and for the highway engineers who must make immediate locations.

I think all of us accept the point made some time ago ^{1/} that new increments of value are likely to decrease as the highway system improves and expands. The spectacular effects that have been observed may have come about because we have dealt with a very local area or an area within a community.

We have talked about the area of influence of the Dallas Freeway. Another freeway and another direction would change the pattern and would not have, as several people recognized, such dramatic effects on land values and land use as the first freeway development.

From the point of view of the Bureau of Public Roads there is also a larger problem—the net social gain. We may have a benefit to Boston or a benefit to Massachusetts and a benefit to Los Angeles, all of which tend to offset each other. When Congress is dealing with a highway system for the whole nation, presumably it would have to evaluate its impact in terms of the total effect.

One of the things that I am frequently asked and don't have the answer to is: "When we talk about impacts on land values, to what extent are we talking about benefits to highway users, the so-called idea of the transmitted benefit?" More specifically, there have been frequent references to savings in time and operating economies. These are regarded as benefits to highway users. Then an effort is made to find out the effect on land values, calling these benefits to land owners. To what extent are the same things being counted both ways?

With reference to financing the highway program, if we are talking primarily about the same benefit but measuring it in two different ways, then our conclusions with respect to the appropriate distribution of the fiscal burden will be quite different than if we assume that they are separable things.

If land values and the other possible impacts are net rather than transmitted benefits, is there any practical way of applying the known facts to the financing of highways? If we found increases in land values, we have assumed that we should impose property taxes in order to finance the highways, to make the property owner pay part of the costs. We have

^{1/}Zettel, R. M., Proc., Institute of Traffic Engineers (1953).



A section of freeway at the south city limits of San Rafael, California. Note the character of the land use developments along this expressway and the physical and functional insulation of such uses from the highway facility itself.

to think about the actualities of the tax structure. Is there any practical way in which that can be done?

In the Dallas study, Mr. Adkins talked about affected and non-affected areas. If you found that there was an impact on land values and were to impose property taxes, wouldn't you be taxing the non-affected areas in order to pay for the initial benefits in the affected areas? The practicalities of the tax structure would probably require that course.

With respect to public hearings, we have a very practical problem. Congress has required consideration of the economic effects of freeways and of any of the highway relocations. The California Legislature last session added to its highway statutes a requirement that the Highway Commission consider the impact on the community values before locating a particular highway.

We have, to my knowledge, no definition of these community values that we are supposed to be considering. We have no techniques of measuring them. The Highway Division has to say in public hearings that it has considered, but it can't show just how the matter has been considered. They have no method, no formula for community values. They have their user benefit-cost analysis, and to this they add their good judgment or personal estimates in considering community values. If these values ought to be considered, we need a technique for measuring them.

The question was raised as to whether or not economic impact studies were helping the highway divisions in selling their programs. I would say: "Yes, they do to a certain extent." A point is reached (or at least I think such a point has been reached in California) where a highway program is accepted. But there will continue to be the difficult problem of locating these highways. You can't talk about the savings of one-half cent a day to a million motorists, or say to the man who is going to have his house taken by a freeway: "There is a net social gain." He has built a rose garden that you are not going to pay for when you condemn his property.

This does not mean, however, that the values of these studies have been lost. With respect to the individual hearings, their usefulness is clear. But even when you have sold key leaders in the state on the desirability of a highway program, those key leaders will sometimes have to do a little soul-searching when the highway location affects them adversely.

One of the difficulties now confronting us is that we have been adopting freeway locations by bits and pieces. We build a mile out in this direction, and then we have enough money to go to Los Angeles and build another couple of miles there. Possibly this is one of the basic deficiencies in the current program. The Legislature has requested the Department of Public Works, on recommendation of the citizens advisory committee, to set up a freeway system for the entire state, without regard to present jurisdiction over the highways. The citizens committee hopes that if we could set before the State of California the ultimate freeway system, as nearly as we can now foresee it, we will engender a great deal more interest.

We don't have to search for areas in which to build the highways. In our locational problems, we have two kinds of situations. We build a freeway, and it produces changes in land use. Conversely, the changes in land use come, and we have to build a freeway to take care of the people already there. It has worked both ways.