

# GETTING OUR CITIES OUT OF BANKRUPTCY

20 May 2012

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City after city in the U.S. is tottering on the edge of bankruptcy, with the infection threatening to spread nationwide. Municipal bonds, once considered the most conservative of investments, are being red-flagged as unrepayable. What has happened?

What is emerging is a series of unexamined and untested fantasies that our culture has manifested in urban form and finance over the past half-century. Suburbia, and the car-centered life, was promoted as a new kind of freedom, but nobody bothered to pencil in the enormous maintenance, energy, and operating costs of such patterns. Private developers were allowed to pay initial infrastructure costs of streets and utilities, with cities agreeing – with no consideration of costs – to pick up the ongoing operation and maintenance costs.

As those initial lifecycles expired and repair costs began to rise, public agencies fell into the cultural fantasies of state and federal aid, and of debt-financing those costs, which more than doubles the true costs to the community. More "growth" – or continued expansion of unaffordable patterns – has almost universally been put forth as the way to "save" our communities. More jobs, more tax-base, more taxes. The resultant reality has shown that to be fantasy.

The Minnesota-based non-profit organization, [Strong Towns](#), has made an important analysis of [the financial condition of cities in Minnesota](#) and elsewhere, showing in some cases that only a third of existing city budgets come from local taxes – the remaining two-thirds from state and federal aid. As those sources dry up, we're having to look forward to massive reduction in local services or a fundamental re-examination of how we build and maintain our communities. And none of this even factors in the financial fraud of Wall Street, housing bubbles, peak oil, or global warming.

Our communities are saddled with development and finance patterns leaving us mired in financial debt-traps, and with increasingly unaffordable infrastructure costs. *Strong Towns'* PDF, [Curbside Chatbook](#), outlines what they've learned to date.

The good news is that there *are* ways out of this mire. There are good options, strategies, and answers. The even better news is that it is WAY cheaper and easier getting *out of* suburban fantasy worlds than it was building them. And the best news is we can end up with way happier, more productive lives with less impact on resources and others.

Our fantasies, desires, living patterns, resources and technologies employed to achieve them are an interwoven web, not solvable by single answers. What we perceive as problems have multiple causes. But again, the *good* news is that any *real* answer helps solve *multiple* problems!

Back in 1974, working in Oregon Governor Tom McCall's Office of Energy Research and Development during the "first" oil crisis, we developed policies to address core issues of needed change. We also looked long and hard at transition to a world operating without subsidized depletion of fossil fuels, and related suburban living patterns. Our subsequent publications, such as [Suburban Renewal](#), through RAIN Magazine, began to outline viable actions. My subsequent development in the mid-1970s of a sustainable economics that is ten times as effective as our current fraudulent economics showed we have ample resources to meet *everyone's* needs.<sup>i</sup>

So here is a quick overview of elements that together in various combinations can resolve so many of our current problems and impinging community bankruptcies:

- **GET OUT OF DEBT TRAPS:**
  - Yes it's possible. "American Dream Housing" for example, ends up with homeowners paying more to finance and energy companies than for the construction costs of their homes. See [A New Housing Paradigm](#). For pieces of getting affordable housing out of the debt-traps, see [NeahCasa.org](#).
  - Generically, for urban infrastructure, the simplest approach is to replace system expansion and upgrade expenditures by coupling improvement in energy, water, transportation use efficiency with increasing density of housing using our existing systems. The can then serve double the number of users with no needed increase in capacity or costs. This ends up providing double tax revenues to operate and maintain systems. It also releases the expansion and upgrade funds for use paying off existing debts. See "[Quick and Simple Answers](#)" for more details on debt traps and release of energy and dollars from unnecessary systems.

For 35 years I've seen our local electric utility continually paying interest on 20-30 years of past capital projects – doubling their costs - while in contrast our local sewer district paid off it's construction loan and has cash reserves to pay for maintenance.

- **IMPLEMENT HONEST, SUSTAINABLE, FULL-COST LIFECYCLE COSTING FOR ALL URBAN SERVICES:**
  - False cost accounting is the norm when trying to get a public project approved. Only construction costs are usually examined, without engineering and architectural costs, operating costs, durability of

system and lifecycle costs, disposal costs, externalized costs, taxpayer-makeup costs for tax-credit financing, loan repayment interest costs, etc. We need to know [true and total costs](#) before committing to often unnecessary and unwise projects – in all parts of our lives.

- Projecting future capital project needs and costs for all community infrastructure, then queuing the projects so they don't become emergency and debt-financed projects can cut costs in half.
- Even when "full" costs of alternatives appear the same, they may leave us in far different "[endgame](#)" situations. Those impacts need to be examined.
- Current economics is not a science, but a fraudulent smokescreen to mask exploitation. True economics shows we can do things *ten times* better, making enough available for all. There *are* resources to pay for what we need, if we end diversion of funds from real needs. Details: [Truth and Consequences in Economics](#), [The Economics of Wholeness](#), [THE ECONOMICS OF TRUE SUSTAINABILITY](#)

- **STOP GROWTH: There are two important elements to this:**

- *Get rid of our "Growth Is Good" mantra.* Any high-school math student can tell you that exponential growth is impossible in a finite world.

Yet we unquestioningly invest immense amounts of our work, energy, and resources to accommodate growth. Every generation, we double the number of our houses, cement plants, electrical generating plants, coal mines, cities, roads, and water systems - and prematurely demolish existing ones - to accommodate more people and more "things". ***Stabilizing growth can totally avoid somewhere between 33% and 40% of our total work.***<sup>ii</sup>

- *Stop growth of urban or suburban areas, infrastructure, etc.* Improved, more intensive use of existing can not only improve tax revenue allocated to maintenance of infrastructure, but also release funding which can pre-payoff debts and get us out of debt traps (above).

- **USE EXISTING INFRASTRUCTURE MORE WISELY AND INTENSELY:**

- *Streets:* Elimination of streets is a valuable but case-specific strategy, dependent on underground utility locations, etc. Removal of a single block of cross-street gives two 50' lots, room for four dwellings, and with common corner setbacks, room for pedestrian and bike paths. It replaces street maintenance costs with tax income from lots. Existing blacktop can be remixed, concrete crushed for reuse as gravel.

- *Utilities:* [Deep energy retrofits of existing homes](#) can reduce energy, sewer, and water use by 80%<sup>iii</sup>. Accessory dwelling units, or duplexing, can double number of housing units per existing lot. [Together](#), these can reduce utility operating costs, eliminate upgrade/expansion needs, increase maintenance funding for existing infrastructure.

Knowing true costs of our urban infrastructure shows the importance and value of alternatives such as recycling sewage, requiring onsite stormwater management, reuse of greywater, or planting trees and roofs to eliminate urban heat islands and air conditioning needs

- *Housing:* [Accessory Dwelling Units](#) are one approach to increasing housing density. [Merely closing off the hall in a three-bedroom ranch house can convert it into two units](#). Combined with deep energy retrofits, we gain employment, very inexpensive housing, improved use of utility infrastructure, and huge savings. [Click for details](#).
- **MAKE OUR INNER CITIES SAFE AND HEART-Y.** We shouldn't feel a need to flee to suburbia:
  - [Implement living wages](#). Nobody mentions that a number of cities already require this. Think how many tokenistic government programs could be eliminated, and lives improved, by just this one action.
  - *Decriminalize non-addictive drugs.*
  - [Create beauty](#). [It isn't expensive](#).
  - Include [intangible property](#) in property taxes to restore more equity to the community, while giving needed funding for infrastructure.
  - *Create community*. It's our real wealth.
- **TRANSFORM SUBURBIA:**
  - [Suburban Renewal](#) can use what exists there in new ways, and accommodate needed growth without infrastructure costs.
- **LOCALIZE AND SUSTAINABILIZE FOOD, HEALTH, TRANSPORTATION, HOUSING, EDUCATION, ETC.** This can reduce costs generally by 90%, eliminating bankruptcy fears:
  - *Food:*
    - CSAs, or Community-Supported Agriculture is one element.
    - Fritz Schumacher, author of *Small is Beautiful*, responded to our Suburban Renewal back in 1974, saying that "Tender, Loving Care" agriculture, or turning suburban lawns into growing our own food had been proven in Britain to be highly more productive. Recent studies have confirmed that bio-intensive home gardens reduce energy use by 90%<sup>iv</sup>.

- And the Farallones Institute's *Integral Urban House* project of the 1970s demonstrated this possible on an *urban* lot as well<sup>v</sup>.
  - We need to look deeper into food *quality*. It is still virtually impossible to find *full-protein*, not "*whole grain*" bread. Whole grains still have 90% less protein than a century ago, caused by hyper-chemical fertilizer that maximizes mass without maintaining protein and other nutrient levels.
- *Housing*: [A New Housing Paradigm](#), suggests major potentials for simpler, more energy-efficient and [flexible](#) housing.
  - *Transportation*: New options can reduce personal transportation energy use by 70-90%, with some *increase* in convenience and amenities. See [Quick and Simple Answers](#)

Rethink and be creative with existing systems. Curitiba busses give transit at a fraction of cost of subways or new urban rail systems. High-efficiency and occupancy cars may be more efficient than mass transit. Building housing over shopping center parking can eliminate much of its need. Fees for studded tires can pay their huge maintenance impacts.

[Rethink parking requirements.](#)

- *Health*: Single payer medicare for all cuts costs in half, makes health available to all. We can do what other countries successfully do. Another piece of the jigsaw puzzle of reducing local funding needs. Details: [Real Health Care](#)
  - *Education*: Non-required, free education, ways of reducing costs by 90%. It's time for change, we have models that work, it's already happening. Details: [Higher Education](#), [Terminal Ed: Our Schools Are Dead](#). Public financing of higher education, as before the 1980s, cuts costs in half compared to student loan financing, and doesn't put everyone into starting life in a debt-trap.
- **BAN UNFUNDED MANDATES:**
    - *Many excessive expenditures on infrastructure are forced on our communities.* They have little to do with health and well-being and more to do with the occupational background of those developing building code, EPA, and other mandates that are forced on individuals and local communities without associated funding.

Our local water district, for example, was forced to chlorinate water, with huge cost for storage tanks, power backups, chlorination systems, etc., even though the water had always tested 100% safe.

- **RESTORE DEMOCRACY:**
  - See [Occupy](#) for more detailed overview of needs and possibilities in this area.
  - *Responsibility* as well as "freedom" needs to become part of our base values.

For more details see:

[Quick and Simple Answers](#): Simple and multiple ways to reduce dollar and energy expenditures by 90% and live better in the process.

[Occupy](#): More detail on some of the political dimensions of regaining control of our communities and our lives.

[TomBender.org](#) and [NeahCasa.org](#)

<sup>i</sup> [The Economics of True Sustainability](#)

<sup>ii</sup> See [Quick and Simple Answers](#).

<sup>iii</sup>

<sup>iv</sup> The Land Institute, 1993 Annual Report; E.U. von Weizsacker, *Earth Politics*, 1994; and Ecology Action annual report, 1993.

<sup>v</sup> *The Integral Urban House: Self Reliant Living in the City*, by Sim VanderRyn, Farallones Institute, and Helga and Bill Olkowski (1979/2008)