San Diego: The End of Growth

BASIC INFORMATION[1]		World Rank[2]	Similar to
Urban Area Population: 2000	2,674,000	110	Harbin, Dakar, Cape Town, Seattle, Curitiba
Urban Land Area: Square Miles: 2001	782	36	Phoenix, Seoul-Incheon, Melbourne,
Urban Land Area: Square Kilometers: 2001	2.025		
Population per Square Mile	3,400	641	Washington, Portland, Winnipeg, Calgary, Perth
Population per Square Kilometer	1.300		

16 November 2007

Everyone's Paradise

There are few urban areas in the United States more highly favored than San Diego. San Diego is nearly universally considered a good place to live. It has one of the best climates in the nation. The Pacific Ocean keeps temperatures from getting as hot as in the desert, which is just over the mountains. In this regard, San Diego has a huge advantage over relatively nearby Phoenix and Las Vegas. Moreover, San Diego simply does not get very cold, which gives it a strong advantage over more northerly west coast urban areas like Portland, Seattle and Vancouver. Finally, rain and clouds are somewhat rare in San Diego, sparing it the grayness that drives depression and even suicide rates higher in places like Portland and Seattle. Then there is the matter of humidity. San Diego is not like Singapore, Miami, Houston or even Chicago or Toronto. This Mediterranean climate is largely devoid of humidity when the temperature is high.

Finally, the urban area that San Diego most resembles in climate, geography and topography, Los Angeles, has long since lost its former allure, due to its much larger population. Thus, San Diego is as popular among Los Angelenos as it is among residents of colder regions with more inclement weather.

Smart Growth and the End of Growth

San Diego, however, is not without its difficulties. This paradise of American urban areas has fallen into trends that should cause great alarm. The principal problem is housing affordability, which has been virtually destroyed in the last decade. Ten years ago, the median house price was less than 4.0 times the median household income. This measure, recommended by both

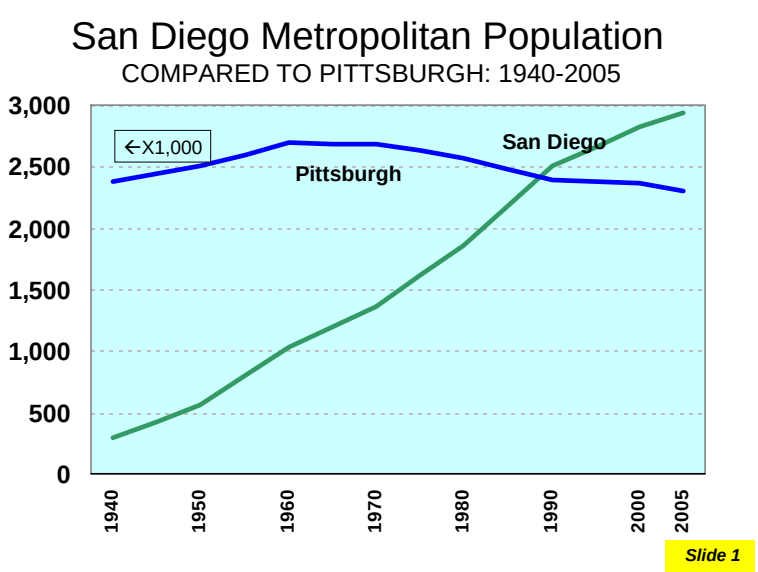
[1] For definitions of urban terms see http://www.demographia.com/db-define.pdf.
[2] Among urban 707 areas with more than 500,000 population (http://www.demographia.com/db-worldua.com)

the United Nations and the World Bank, is called the Median Multiple. The normal maximum has historically been 3.0 in the urban areas of the Anglosphere and Quebec.[3] Things were not good ten years ago. They are a disaster now. San Diego's Median Multiple has exploded to over 10, making housing prices relative to incomes more than three times average. Things are even worse for lower income households, with the "Quarter Multiple" at 1.8 times the Median Multiple (the Quarter Multiple estimates the number of years of 25th percentile gross household income that would be required to purchase the 25th percentile cost house), at an estimated 18 years.[4]

The most notable impact is in domestic migration. Paradise is now exporting residents to other areas of the nation. Moreover, San Diego's growth rate has slowed to a crawl. The San Diego metropolitan area, the nation's only major one-county metropolitan area, grew less than 4,000 annually between 2004 and 2006. This is a 90 percent drop from the 40,000 added between 2000 and 2001, and even further down from the 50,000 annual average from 1980 to 2000. It is generally acknowledged that growth has been killed by San Diego's impossible housing affordability, itself the victim of so-called "smart growth" (more about this later)

This represents a massive turnaround in population growth rates. San Diego has been one of the nation's fastest growing metropolitan areas since World War II. In 1940, the metropolitan area had fewer than 300,000 residents. By 2000, the population was nearly 10 times as high. This is approximately four times the national growth rate. The contrast is even more stark compared to "Rust Belt" Pittsburgh (Slide 1), which has lost population since 1940 and has been perhaps the most economically depressed large metropolitan area in the high-income world since that time.

The San Diego Association of Governments (the metropolitan planning organization) predicted that population would rise to 4,000,000 by 2030. That no longer seems likely.[5] Based upon that prediction, it would have been expected that San Diego would reach 3,200,000 by the 2010 census. If the more recent growth rates prevail, San Diego will fall short of 3,000,000 by 2010 and its 2030 population will be only 3,200,000.



Domestic Migration: Abandoning San Diego

Even more worryingly, San Diego is losing large numbers of people to other parts of the nation. Between 2000 and 2006, San Diego lost 4.2 percent of its population to domestic migration --- movement by residents to other counties in the nation. This is a stunning development for a metropolitan area that has had such a strong growth trend for so long. This is as bad as or worse than the four principal Rust Belt

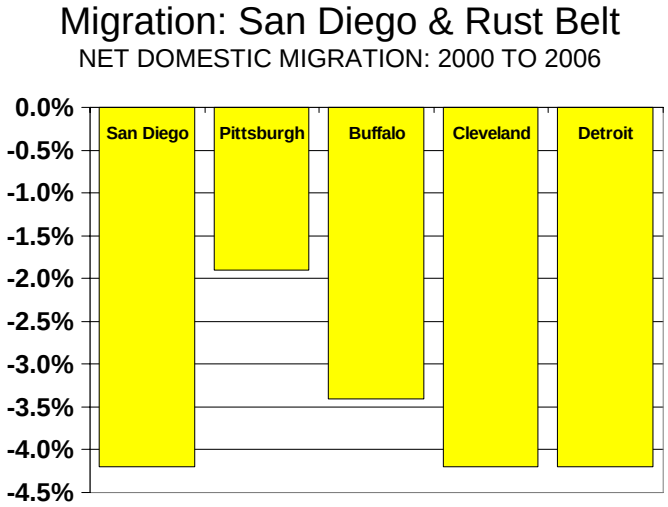
[3] http://www.demographia.com/dhi-ix2005q3.pdf.
[4] Assumes the Quarter Value Multiple to Median Value Multiple ratio. See: http://www.demographia.com/db-quartermult.pdf.
[5] http://www.ocregister.com/opinion/growth-county-san-1819868-million-california.

metropolitan areas --- Pittsburgh lost 1.9 percent of its population to domestic migration, Buffalo lost 3.4 percent to domestic migration and San Diego tied Cleveland and Detroit, which also lost 4.2 percent (Slide 2). This led me to close a commentary in the *San Diego Union Tribune* with "welcome to the Rust Belt, San Diego."[6]

Moreover, the out-migration is intensifying. Between 2000 and 2002, San Diego lost fewer than 1,000 domestic migrants annually. Between 2003 and 2006, San Diego lost more than 35,000 domestic migrants annually. As a result, San Diego's domestic migration losses were worse than all but four of the nation's top 50 metropolitan areas: New York, Los Angeles, San Jose and flood ravaged New Orleans.

Setting

San Diego is located on the southern coast of southern California. Downtown San Diego is somewhat more than 100 miles (160 kilometers) south of downtown Los Angeles. However, the two urban areas are much closer. Along Interstate 5, approximately 20 miles (32 kilometers) separates the two urban areas, with the US Marine base Camp Pendleton between San Clemente (in Los Angeles) and Oceanside (in San Diego). Along Interstate 15, more easterly, approximately 15 miles (24 kilometers) separates the two urban areas, with mountains between Temecula (in Los Angeles) and Escondido (in San Diego).



Slide 2

The metropolitan area, San Diego County, is the southernmost county on the California coast and it borders Mexico. The metropolitan area is located in valleys, on mesas and hills, peninsulas and between and around bays. As a result, the topography of San Diego is somewhat unusual for a large urban area. This topography means that it is virtually impossible to efficiently construct the kind of arterial street grid that would make traffic flow well. Grid street systems tend to be relatively small and interrupted. In this regard, San Diego is similar to Istanbul on the European side of the Bosporus. This topography is quite unlike any other major urban area in the United States, even San Francisco-San Jose, which has hills and bays, but where development tends to be in long corridors. In San Diego, the development is generally, a series of communities separated by geography from other communities in the area.

The San Diego metropolitan area has nearly 3,000,000 residents, while the urban agglomeration has 2,674,000residents. Surprisingly for its topographically interrupted development San Diego is relatively dense. The 2000 census put San Diego's urban population density at 3,400, above that of Portland. The San Diego urban area is adjacent to the Tijuana urban area, just across the Mexican border. Together, these adjacent urban areas have more

[6] http://www.signonsandiego.com/uniontrib/20070419/news_lz7e19cox.html.

than 4,000,000 residents, but without free movement across the border cannot be considered a single urban agglomeration or metropolitan area.

Commercial Development

San Diego has a modest downtown area for a metropolitan area of its size. Downtown is located on San Diego Bay and has an employment base estimated at 62,000 in 2000.[7] This is a full one-third less than Pittsburgh, and less than smaller Portland or Austin. Even so, San Diego has a far stronger downtown area than Phoenix, which it might be argued has none at all.

Inevitably, an underpowered central business district leads to all manner of inferiority complexes and attempts to prove "world class city" status. The reality, however, is that dense downtown areas are a historical anomaly that developed in major US urban areas (and Canadian and Australian urban areas) between the late 1800s and World War II. The driving factors were large population and transit systems that made downtown areas the one place people could reach on a modern transport system. As automobile use proliferated, the principal function of downtown became less critical, because people could access the entire urban area by car.

As a result, San Diego, like other urban areas, has developed "edge cities," which are small areas of concentrated development, surrounded by large parking lots and generally poorly served by public transport. But that is just the beginning. Most employment in San Diego is neither downtown nor in edge cities, but rather in the "edgeless cities," of even less concentrated development that is spread throughout the urban area. It is this decentralized development that makes American style urban areas the world's most efficient, with enviable average work trip travel times.

Balboa Park

San Diego has one of the nation's most distinctive and largest city parks. Balboa Park is located just to the northeast of downtown. Balboa Park covers 1,200 acres (500 hectares) and is considered the largest "cultural" park in the nation, with a number of museums. Balboa Park is one of the few places outside Australia where eucalyptus trees other than the tall "Eglobulus" ("blue gum") can be found (Slides 60-62). Balboa Park has some of the smaller eucalypts that have a smaller profile, similar to that of most deciduous trees (Blue gums are found in many locations in California, as well as in Portugal and Sao Paulo state in Brazil).

Housing

San Diego has a wide range of residential neighborhoods, made even more obvious by the topographical separation that occurs. There are older (by San Diego standards) districts such as Point Loma (Slides 19-37), to the west of downtown, and the North Park district to the east (Slides 64-77). Many houses in these areas were built before World War II, often in the California Spanish bungalow style. There are the increasingly large houses built during the 1950s, 1960s, 1970s and 1980s in suburban areas such as La Mesa (Slides 91-93) and other parts of the city of San Diego. In La Mesa there are mobile homes that had been made permanent (Slide 92). This may be one of the longer term options for improving low income housing affordability in this overly expensive urban area. Then there are the McMansions built in the 1990s and 2000s in a variety of neighborhoods. Scripps Highlands is a good example of this (Slides 97-104).

[7] http://www.demographia.com/demographia/db-cbd2000.pdf

Like all major US urban areas, San Diego is also enjoying a downtown residential renaissance, with the development of high-rise condominiums. It is not clear, here or elsewhere, how many of these are principal residences as opposed to secondary residences of suburbanites able to afford living part of the time in the central business district.

Housing Affordability: A Thing of the Past

San Diego has embraced the strategies of smart growth with a vengeance and growth has virtually stopped. San Diego places significant limits on housing development (such as an urban growth boundary), which raises the price of land and has driven the median house price to $600,000. With housing prices now more than 10 times household incomes, San Diego has become unaffordable and is no longer the draw that it was just a few years ago. This portends difficulty for the economy. The current data suggests that mortgage payments will rise to more than 60 percent of household incomes in the future, which is, of course, largely impossible from the perspective of affordability.

This means that something will have to change. There are a number of possibilities, which include massive reductions in house prices, continued strong out-migration and a moribund economy. Already, sales of houses have fallen substantially. There are other possibilities as well. However, what does not appear to be a possibility is this metropolitan area, with only slightly higher than average incomes, being able to maintain its current lifestyles with housing prices at present levels.

Today, a San Diego household can gain a “relocation bonus” of $1,000,000 or more by moving to affordable urban areas, such as Atlanta, Dallas-Fort Worth, Indianapolis or Kansas City, all of which are gaining domestic migrants. Obviously, these inland metropolitan areas are not close to the beach and have generally less attractive climates. However, living in a rental unit for life, or in a tiny condominium in fine weather near the beach is already being rejected by many for a life in larger housing, with a yard (garden) in areas where the weather is not as nice.

Road and Highway Transport

San Diego, typical of a California urban area, has a robust freeway system. Two interstate routes end here, Interstate 8, which runs east to Casa Grande, Arizona (south of Phoenix). The other route, Interstate 5 runs north to Blaine, Washington (just south of Vancouver, BC). However, the challenges the system faces make traffic congestion among the worst in the nation. The topography that has precluded an effective arterial street grid forces more traffic on to the freeways. There is also San Diego’s higher density, which leads to more intense traffic volumes and congestion. There may be no place in the world where there is such a concentration of north-south freeways so far away from the central business district than in San Diego’s Mission Valley. Here, within a span of little more than 5 miles (8 kilometers), there are four freeways --- Interstate 5, State Route 163, Interstate 805 and Interstate 15 (which becomes state route 15 to the south). San Diego has begun to develop a system of toll express lanes (“HOT lanes”) on its freeway system. This is evident with the construction along Interstate 15, to the north, where there are 6 lanes of traffic in each direction and two additional HOT lanes in the middle.

Interstate 8: Main Street: San Diego’s “Main Street” does not get to downtown. It is Interstate 8, an east-west freeway, which bisects Mission Valley (Slides 79-90). Mission Valley has many of the area’s shopping centers and edge cities. Mission Valley is also home to the football

stadium (currently branded as Qualicom Stadium), which is the home of the San Diego Chargers professional football team and the San Diego State University football team. The San Diego Padres played at Qualicom until their new baseball stadium (currently branded as Petco Stadium) was built downtown.

Public Transport

Public transport in San Diego is, as in most US urban areas, a necessary after-thought. An area with such a small central business district cannot be expected to have a strong public transport system and it is not surprising that San Diego's public transport market share is 1.1 percent (2005).[8] Nonetheless, San Diego is a model for the rest of the United States. San Diego has competitively tendered 53 percent of its bus service over the past 25 years and has, as a result, saved nearly $500,000,000 relative to inflation (2006$). The competitively tendered service is now operated at 43 percent less per hour than the government operated service. This has permitted service levels to be increased 85 percent.

San Diego also implemented the first modern US trolley (tram or light rail) system, with a line between downtown and the Mexican border in 1982 (Slide 54). The demand was so strong that for some years the system came close to covering its operating costs from commercial revenues, including fares. Additional routes have been built, including an east line to La Mesa and a line through Mission Valley to Santee. However, these lines have been much less successful, not having the strong draw of the Mexican border to drive up patronage. However, San Diego has generally built its trolley system at lower cost than other new systems in the United States and its operating costs per passenger mile are generally lower than others. As a result, San Diego is probably by far the most efficient metropolitan public transport system in the United States, given its comparatively weak underlying demand.

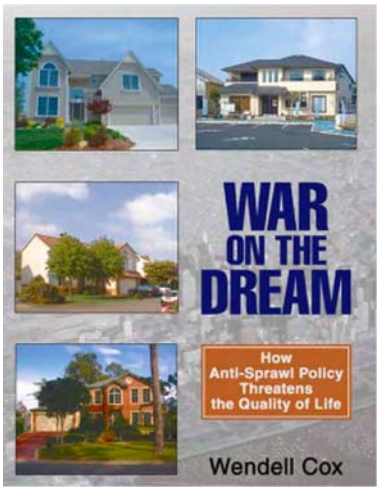
Airport

For any who miss the old Hong Kong International Airport, there is still San Diego. The old Hong Kong Airport was surrounded by the dense urban development of Hong Kong and was challenging for pilots to negotiate landing. Passengers were often shocked at the urbanization by and over which they flew so closely. Hong Kong's new international airport takes all of that excitement away.

But excitement still reigns in San Diego. The airport is located very near downtown. The eastern edge of the runway is no more than one-third of a mile (500 meters) from a hill, which includes modest high rise apartment and condominium buildings. Like old Hong Kong, passengers are shocked as pilots demonstrate their skill in landing here (Slides 12, 53 & 59).

Masthead superimposed on a map of centro in Belo Horizonte, Brazil

[8] http://www.publicpurpose.com/ut-usa2005r.htm.



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Urban Tours by Rental Car: About the Series

Urban Tours by Rental Car offers perspectives on urban development obtained by automobile tours through urban areas. Rental cars are not the favored method for visiting cities, especially those outside one's own country. Instead, tourists and urban planners favor packaged tours or local public transport systems. Both are splendid ways for seeing the city as it used to be --- the very reason for most tourist visits. The historical core areas contain monuments, prime government and religious edifices and quaint neighborhoods that are often centuries old. This is particularly important to tourists from the newer urban areas of the American, Canadian or Australian West, where history extends not far before World War II. It is further understandable that few tourists travel thousands of miles to see the newer suburban areas that look very much like home. But most tourists do not profess to be students of the urban area.

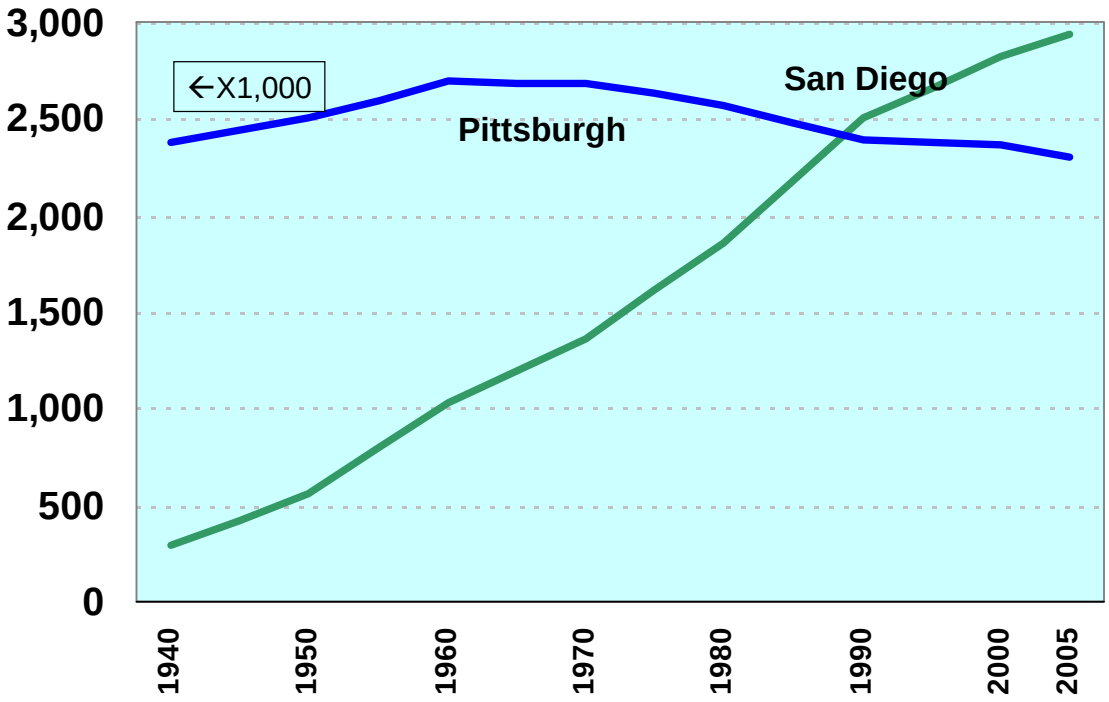
For the urban planner interested in understanding the whole urban area, it is not enough to study the core alone, regardless of its architectural attractiveness, romanticism, history or affirmation of an individually preferred life style. No one, regardless of the depth of their education can develop reliable conceptions from an unrepresentative sample, and urban cores are the very essence of unrepresentative samples. Both public transport and packaged tours miss the larger part --- the expanse of sprawling residential and business development that rings virtually all major urban areas. They may be of little interest to many urban planners, but they should be.

Stripping away regional architectural facades, one might as well be in the suburbs of Phoenix, Portland, Perth or Paris. Here, the automobile is king, because no public transport system has been developed that can effectively serve destinations outside the core (at least at a price any society can afford). While public transport market shares are higher in European suburban areas than in the New World, much of the difference is attributable to lower incomes and less automobile access. Indeed, public transport's principal weakness, lack of automobile competitiveness, is itself a contributing factor to the rising motorization occurring from the suburbs of Copenhagen and Nagoya to the suburbs of Lagos and Mumbai. To oversimplify this phenomenon as being a "love affair with the automobile" is the equivalent of saying that Singaporeans or Brazilians have a love affair with air conditioning. Human beings prefer comfort to discomfort and they prefer free time to time over which they have no control.

It is no wonder that tourists return to the United States thinking that all Paris looks like the second arrondissement (less than one percent does) and that urban planners think all of Milan looks like the architectural treasures that surround the Cathedral. In fact, the sprawling suburbs of Europe, Japan, Canada and Connecticut resemble one another in many ways. For any seeking to study the urban area in its entirety --- not just the favored haunts of core-dwelling elites --- there is no alternative to "getting behind the wheel." Thus, *Urban Tours by Rental Car.*

San Diego Metropolitan Population

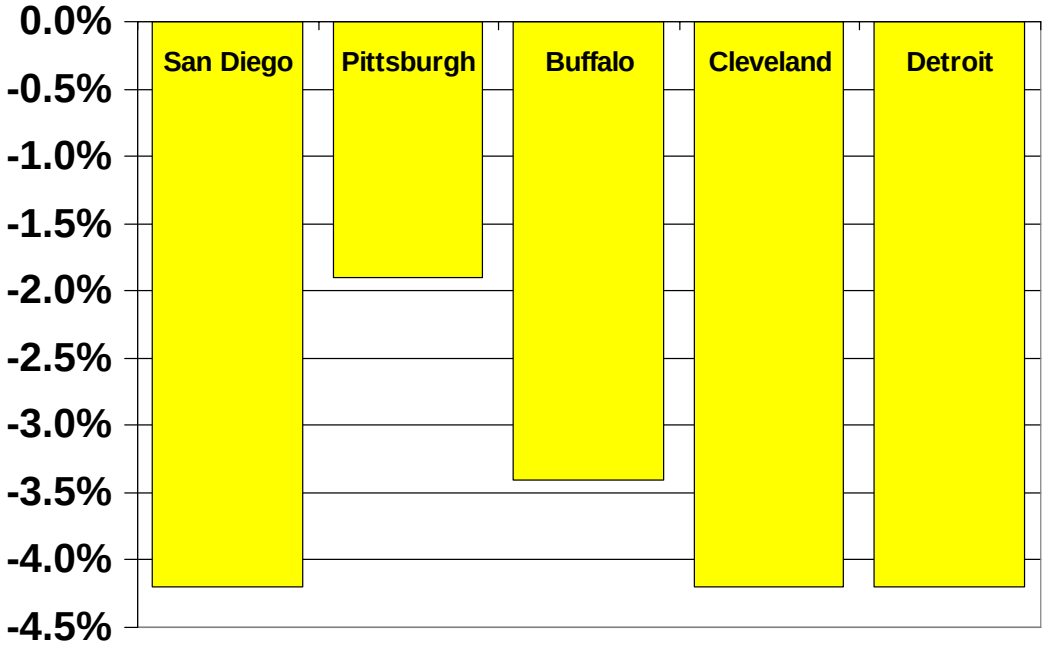
COMPARED TO PITTSBURGH: 1940-2005



Slide 1

Migration: San Diego & Rust Belt

NET DOMESTIC MIGRATION: 2000 TO 2006



Slide 2

Interstate 15 (North): 12 General Purpose Lanes & 2 HOT Lanes

Slide 3

Freeway 163 Near Downtown

Slide 4

Freeway 163 Near Downtown

Slide 5

Condominium Building: Downtown

Slide 6

Downtown

Slide 7

Downtown

Slide 8

North of Downtown

Slide 9

North of Downtown

Slide 10

North of Downtown

Slide 11

North of Downtown with Landing Airplane

Slide 12

Downtown

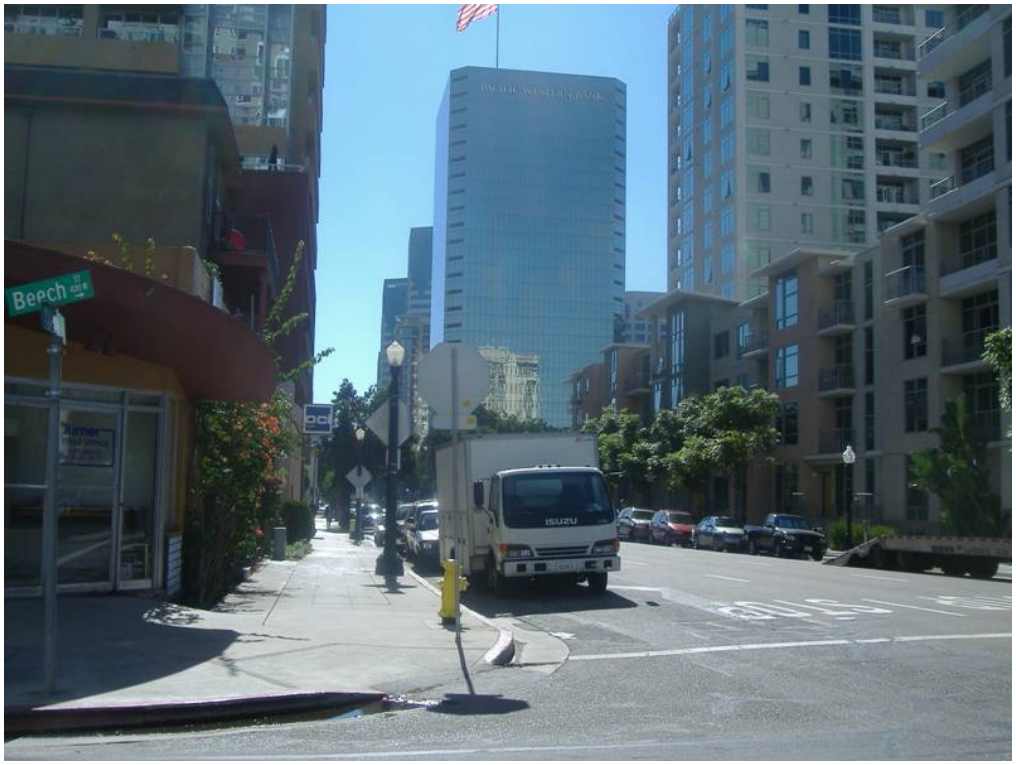
Slide 13

Downtown

Slide 14

Downtown

Slide 15



Downtown

Slide 16

Downtown: County Hall of Administration

Slide 17

Downtown

Slide 18

Point Loma

Slide 19

Point Loma

Slide 20

Point Loma

Slide 21

Point Loma

Slide 22

Point Loma

Slide 23

Coronado Bridge from Point Loma

Slide 24

Point Loma & Downtown

Slide 25

Downtown from Point Loma

Slide 26

Point Loma

Slide 27

Point Loma

Slide 28

Point Loma & Downtown

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Point Loma

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Point Loma

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Point Loma

Slide 33

Point Loma

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Point Loma

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Point Loma & Downtown

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Point Loma

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Downtown from Harbor Island

Slide 38

Coronado Bridge from Harbor Island

Slide 39

Downtown & Coronado Bridge from Harbor Island

Slide 40

Point Loma from Harbor Island

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Downtown

Slide 42

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Slide 51

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Slide 52

North of Downtown with Landing Airplane

Slide 53

Downtown: San Diego Trolley

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Slide 57

Downtown

Slide 58

Landing Airplane from Balboa Park

Slide 59

Balboa Park & Eucalypts

Slide 60

Balboa Park & Eucalypts

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Balboa Park & Eucalypts

Slide 62

North of Balboa Park

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North Park

Slide 77

I-805 Toward Mission Valley

Slide 78

Mission Valley (I-8)

Slide 79

Mission Valley (I-8)

Slide 80

Mission Valley (I-8)

Slide 81

Mission Valley (I-8)

Slide 82

Mission Valley (I-8)

Slide 83

Mission Valley (I-8)

Slide 84

Mission Valley (I-8/I-805 Junction)

Slide 85

Mission Valley (I-8)

Slide 86

Mission Valley: Stadium (I-8)

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Mission Valley (I-8)

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Mission Valley & Trolley Line (I-8)

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Mission Valley (I-8)

Slide 90

La Mesa

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La Mesa: Permanent Mobile Homes

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La Mesa

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La Mesa

Slide 94

La Mesa

Slide 95

I-15 North

Slide 96

Scripps Highlands

Slide 97

Scripps Highlands

Slide 98

Scripps Highlands

Slide 99

Northeast Suburban

Slide 100

Scripps Highlands

Slide 101

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Northeast Suburban

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Northeast Suburban

Slide 109

Northeast Suburban

Slide 110

San Marcos (Northeast Suburban)

Slide 111

San Marcos (Northeast Suburban)

Slide 112

I-15 North

Slide 113

I-15 North near Riverside County Line

Slide 114