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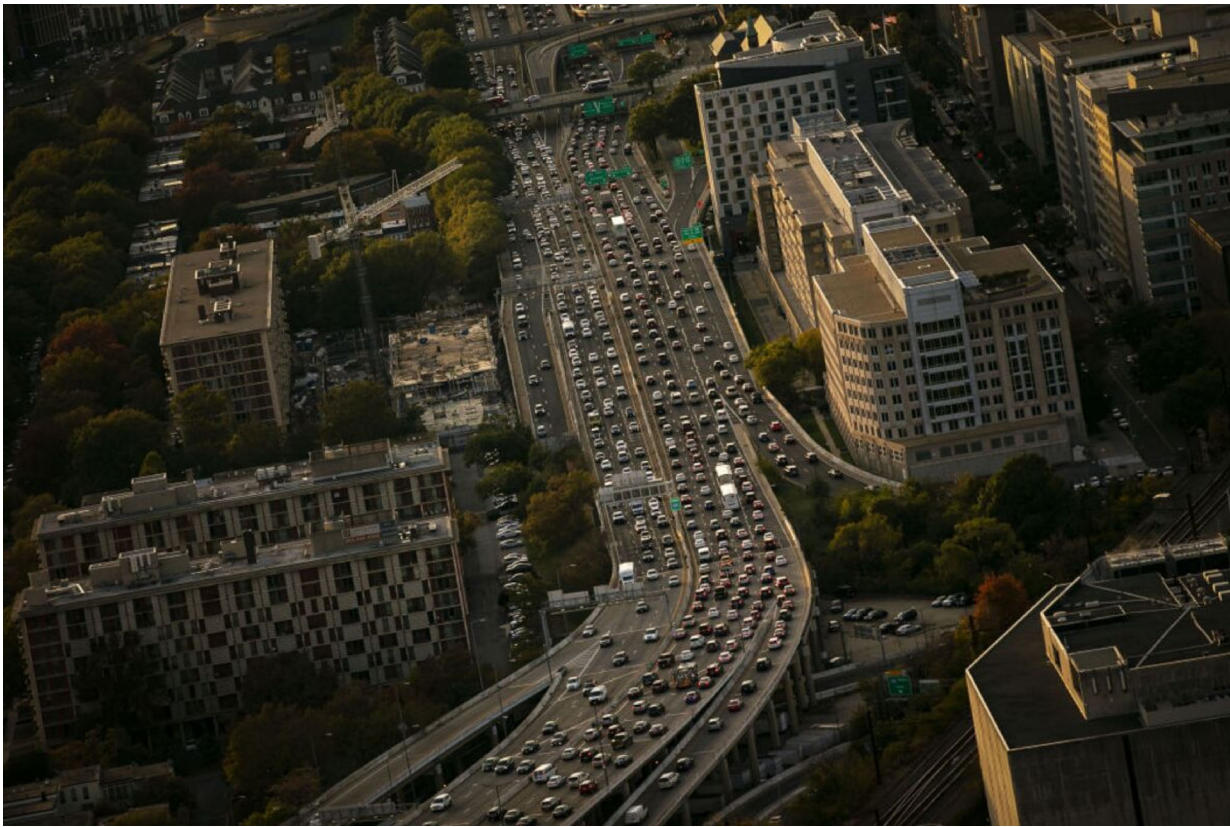
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Urban Highways Cost Billions in Lost Home Value, Property Taxes

A new study quantifies the monetary loss of interstates that displaced residents and neighborhoods in Washington, DC and Atlanta.



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Thousands of residents were ejected to make way for I-395 in Washington, DC. *Photographer: Al Drago/Bloomberg*

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In 1960, two highway segments cut through majority-Black neighborhoods in Washington, DC Interstates 395 and 695, known locally as the Southwest and Southeast freeways, forced the removal of at least 1,400 occupied housing units and ejected about 4,700 residents. That was just a small fraction of the total population that was displaced by urban renewal projects throughout the city at that time.

Similar stories played out across the country as highways tore holes through inner-city neighborhoods coast to coast. Now a new report from the nonprofit Smart Growth America quantifies the monetary losses caused by that rending of urban fabric. In DC, those two interstate sections eliminated at least \$1.4 billion in home value, based on today's market. They also cost the city at least \$7.6 million in annual property taxes (based on the 2023 residential property tax rate of 0.54%).

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While urban researchers have previously studied how highway infrastructure affects property values and neighborhood cohesion, “Divided by Design” is one of the first to add up those damages in economic terms. The harm to households “was very physical and now we can prove that it had actual dollars that went with it,” said Beth Osborne, vice president of transportation and thriving communities at Smart Growth America.

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The report uses data from the US census, the Federal Highway Administration and local highway archives to analyze the land physically occupied by a small number of highways and the surrounding buffer zones in DC and Atlanta and compare it to the current tax rate of that area. Osborne says they used a conservative estimate of land affected by the construction, to show that even by the most modest calculation, “the damage was profound.”

In Atlanta, the report found that the 11-mile segment of Interstate 20 that crosses through the city destroyed around 2,200 homes and displaced 7,500 people, 40% of whom were Black. The value of those homes would today add up to \$676 million in

equity for owners. The loss also cost the city at least \$6.4 million in annual property taxes, based on the 2023 tax rate.

These numbers don't take into account the commercial property taxes that could have been generated by the thousands of businesses that were destroyed for these freeways, according to Megan Wright, an economic development associate at Smart Growth America who worked on the report.

The team decided to focus its study only on highway segments in DC and Atlanta because of the familiarity they had with those areas and because the historical records for both of those cities are "relatively accurate and accessible," said Wright.

The report authors hope policymakers consider these monetary costs more directly as they look at constructing new highways or expanding highways.

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The US Department of Transportation currently uses a metric to assess the economic benefit of future highways known as the value of travel time savings. This measure looks at the economic benefit of a project by assessing hourly wages that might otherwise be lost to traffic, as well as the money a traveler would spend to save travel time. For instance, if someone would pay \$1 to save six minutes, their value of time would be \$10 per hour.

But Osbourne criticizes that time-savings metric because it fails to account for highways' negative effects.

“The economic benefits that the transportation community gives for building these roadways and expanding them are more theoretical about saving time, but what was damaged was quite concrete,” she said. “More suburban white commuters gained time with theoretical monetary benefit, and often Black and brown families lost generational wealth in order to accommodate that.”

It also makes the assumption that new or expanded highways will save time, even though a concept known as induced demand calls that idea into question, she said.

The federal government has done more in recent years to try to repair the harms caused by these highways. Congress's Bipartisan Infrastructure Law includes funding to reconnect communities divided by these highways. In some cases, the US Department of Transportation has also found ways to intervene in local plans to expand highways.

But Smart Growth America's researchers called the \$4 billion reconnecting communities initiative a “pittance” compared to the rest of the infrastructure law, which gives localities wide discretion to build and expand highways.

The authors also hope that the USDOT can begin to “prioritize the safety of everyone over the speed of a few” taking into consideration forms of transportation besides driving – like walking, biking and public transportation – when they calculate infrastructure and transportation improvements.

The report also examines what happened in urban neighborhoods that stayed intact after residents defeated highway construction plans. Interstate 485 was going to divide white neighborhoods in the of Atlanta, such as Morningside-Lenox Park, Virginia-Highland, and Inman Park, but opposition from these communities led to the project's cancellation. Today, real estate values in these areas are twice as high as in some of the other Atlanta neighborhoods that highways ultimately divided.

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Treb Allen, a professor of economics at Dartmouth University who was not involved in the report, agreed that accounting for lost property values alone likely underestimates the negative impacts of highways. Besides not including commercial real estate values, the report doesn't look at factors like changes to the economic makeup of the neighborhood, proximity to jobs for displaced residents and loss of neighborhood cohesion that could change the structure of the city, he said.


"I think it's going to change the structure of the city as a whole," Allen said. "People who were living in that neighborhood are forced to move elsewhere. There's a cost associated with that."



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