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Vermont Forum on Sprawl

Smart Growth:



How governments choose to invest public resources can play a key role in economic development and growth patterns. Decisions on road construction, sewer extensions, school siting, and the like can make all the difference in creating healthy, sustainable communities. Unfortunately, economic development policy is often crafted or carried out in ways that unwittingly support sprawl—low density, disconnected, auto-dependent development—which can impose sizable costs on communities and states.

The Vermont Smart Growth Collaborative (VSGC), a coalition of ten nonprofit organizations, was concerned that state and local policies

might inadvertently be supporting sprawl in the Green Mountain State. To help inform policy makers, VSGC comprehensively analyzed the state's investments, policies, and programs, identifying those that supported smart growth and those that encouraged sprawl. VSGC's findings are instructive for states that want to formulate policy that minimizes costs and promotes economic development, affordable housing, transportation, and downtown revitalization.

Sprawl vs. Smart Growth: Costs and Benefits

While there are varying definitions of sprawl

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The Power of the Public Purse



and smart growth (see sidebar on page 15), there are several generally accepted features that distinguish the two. Sprawl development is most often characterized as low density, spread-out development that is disconnected or isolated from existing development. This type of development often uses open space inefficiently and its spread-out nature increases the cost of delivering services. It tends to direct resources away from older areas, potentially contributing to the decay of downtowns and existing development. Sprawl development typically produces uniform housing types with little price variety, and new developments usually have limited transportation options, requiring access by car

and reducing the ability to walk to schools, libraries, stores, and jobs.

In contrast, according to the definition of Anthony Downs, a senior fellow in economics at the Brookings Institution, smart growth is development that:

- limits outward expansion.
- promotes higher density land use.
- encourages mixed-use zoning.
- reduces travel by private vehicles.
- revitalizes older areas.
- preserves open space.

Research has shown that these smart growth

The Cost of Sprawl vs. Smart Growth

	Sprawl	Smart Growth	Savings
Acres of Land Converted	2.7 million	2.2 million	0.5 million
Miles of New Local Roads	429,929	406,011	23,919
Number of New Water and Sewer Laterals	6.3 million	5.7 million	0.6 million
Fiscal Impact per Household	\$ 1,778	\$ 1,618	\$ 160
Average Housing Cost	\$258,168	\$245,168	\$13,000
Miles Traveled by the Individual	172 million	166 million	6 million

Source: Lincoln Institute of Land Policy.

principles can save money and promote economic growth. A recent report by the Brookings Institution's Center on Urban and Metropolitan Policy found three significant ways in which smart growth development can enhance the local and regional economy. First, by concentrating development around existing infrastructure, the costs of public services can be greatly reduced. Fewer roads and sewers will be needed, school bus trips and police patrol routes will be shorter, and so on. Second, denser labor markets, healthier downtowns, less congestion, and higher concentrations of community benefits were found to contribute to better worker productivity and higher average personal income in a region over time. Lastly, they found that when a city's economic picture improves and its poverty rates decline, the surrounding suburbs also experience a rise in incomes, house prices, and population.

The Lincoln Institute of Land Policy also examined the relative costs of sprawl and smart growth in its study of the fiscal impacts of alternative development patterns in New England and the Mid Atlantic. The study found that, given the same increase in the number of households in a 25-year period, a smart growth development pattern focusing on city centers, smaller lots, mixed uses, and higher densities would preserve over half a million acres of land compared with a sprawl pattern of development

(see table). In addition, smart growth development would significantly reduce the miles of new roads and the number of sewer and water laterals needed. Overall, the total cost savings of employing a smart growth pattern of development would be almost \$9 billion for local governments and \$3 billion for state governments.

Smart growth is not a new concept. Planners have long been aware that low density, spread-out development is associated with higher costs for municipal services. They have seen that rapid growth in outlying areas can contribute to a decline in center cities. They also know that in order to achieve smart growth development, state and local governments must make public spending decisions that support this pattern of growth.

The power of the public purse is strong. State and local governments spent roughly \$260 million in FY 2001 on public infrastructure. The allocation of these public dollars can greatly impact how and where development occurs.

Increasingly, states and local governments are making public investment decisions that encompass the principles of smart growth. For example, Maryland established a statewide smart growth program in the late 1990s under Governor Parris Glendening. This program requires state investments to be focused in Priority Funding Areas (PFAs), defined as existing urban centers and

other designated growth areas. Under this program, funding for new school construction in remote areas was redirected towards existing neighborhood schools. Transportation dollars were spent primarily on maintaining existing roads and improving public transit in PFAs, rather than on highway bypass construction in the outlying areas of the state. By 2000, the state's efforts had preserved nearly 50,000 acres of open space and brought new development to Maryland's city centers.

In other states, some municipalities have established growth boundaries which confine public services to certain areas and contain development. Others have adopted ordinances that require adequate public services to be in place before development can occur. In general, states are paying greater attention to the fiscal capacity of communities when choosing where to expand development. And local governments have begun to revamp zoning ordinances to foster greater housing options, higher density, and more mixed-use neighborhoods.

But not all state and local decisions support smart growth. In Maine, a study by the State Planning Office showed that between 1970 and 1995, the state's population of school age children fell by more than 27,000. However, the state committed \$338 million to build new schools in outlying towns and suburbs and increased its school busing expenditures from \$9 million to \$54 million to accommo-

date students living farther away from schools. Examples of such public investment decisions that contribute to sprawl and increase costs prompted VSGC to undertake an examination of state and local spending decisions in Vermont.

Vermont: A Case Study

Vermont has been recognized as a national leader of smart growth development, and it has a long history of creating policy and legislation that support the state's vision of compact settlements separated by rural countryside. However, it was not clear that the state's agencies were consistent and cooperative in their support of this smart growth vision for the state. For this reason, in 2002, the Vermont Smart Growth Collaborative (VSGC) conducted a survey of the recent policies, regulations, and public investment decisions that affected growth patterns within the state.

VSGC examined the practices of the major government entities that directly impact land development in Vermont.¹ Together, these agencies govern the transportation, water, sewer, housing, and other public works decisions for the state. VSGC first reviewed the laws and regulations that govern these agencies. They then assessed whether these agencies generally promoted sprawl or smart growth by categorizing each agency's capital expenditures from the past four to five years as either one or the other. For example, a

¹Ten agencies were examined in the study: Vermont Agency of Administration; Vermont Economic Development Authority; Vermont Economic Progress Council; Vermont Department of Education; Vermont Environmental Board; Vermont Agency of Natural Resources; Vermont Agency of Transportation; Vermont Housing and Conservation Board; Chittenden County Metropolitan Planning Organization; U.S. Small Business Administration.

Vermont Laws Support Smart Growth

Vermont has a long history of promoting smart growth. In the past three decades, the state has adopted several important laws and executive orders that protect its vision for the managed growth of compact settlements separated by rural countryside.

1970 — Act 250, State Land Use and Development Control Law

This law established a statewide review process for projects of a certain size and impact. These developments were required to show that they would not create environmental harm or excess burdens on municipal services.

1973 — State Land Capability and Development Plan

This law modified Act 250 to require project reviews to also assess the impact of a project on prime agricultural and forestry soils, aesthetics, historic resources, land use, public investments, energy conservation, and the fiscal health of the region.

1987 — The Housing and Conservation Trust Fund

This executive order created a trust fund for affordable housing, land conservation, and historic preservation in accordance with the state's land use vision.

1988 — Act 200, the State Growth Management Act

This law required regional planning commissions and state agencies to adopt land use plans that were in alignment with Vermont's stated growth goals and policies. Additionally, it required any local municipal plans to also meet the state standards, and it offered municipalities that adopted plans eligibility for planning grants and the right to levy local impact fees.

1998 — Vermont Downtown Program

This executive order, renewed in 2002, provided financial incentives, technical assistance, and permit relief for development in downtowns, villages, and designated town centers.

2000 — Development Cabinet Law

This law established a Development Cabinet within the Office of the Governor to enforce Act 200 at the state level. The cabinet would ensure that state investments and policies adhered to the state's land use priorities, including directing investment to downtowns and protecting the rural working landscape. Recently, the Cabinet was reconfigured as the Jobs and Development Cabinet, and today it is more focused on economic development issues than on planning.

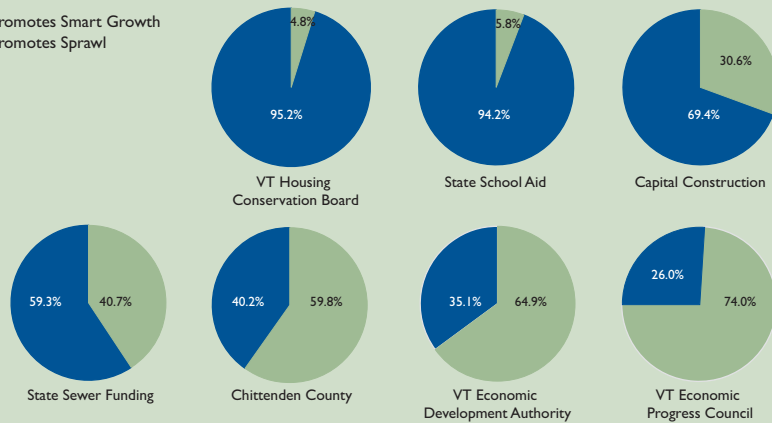
state subsidy given to a business that was located outside a community center or away from existing development and infrastructure was considered a sprawl investment. On the other hand, a housing subsidy for the rehabilitation of a downtown building for affordable rental units was considered smart growth. Some expenditures, such as ski lift facilities, did not fit into either category, and these were excluded from the analysis.

VSGC recognized that its analysis

would not capture the complex set of factors that determine the allocation of funds. For instance, though VSGC would consider a sewer line extension to a mobile home park located in a remote part of town sprawl, the investment addressed the important safety and sanitation needs of the park's residents. Thus, VSGC's goal was not to evaluate every spending decision, but to observe the trends in public spending that contribute to smart growth or sprawl.

Investments Promoting Smart Growth vs. Sprawl by Vermont Government Agencies

■ Promotes Smart Growth
■ Promotes Sprawl



Source: Vermont Smart Growth Collaborative.

The analysis produced several general conclusions about the relationship between public spending and smart growth in Vermont:

1. Existing smart growth laws are not always followed.

Many of Vermont's laws explicitly require state agencies to employ smart growth principles when making decisions. However, VSGC found that these provisions are not consistently followed (see chart). Of all of the

agencies, the Vermont Housing and Conservation Board was the most successful in investing in projects that promoted smart growth and limited sprawl. Between 1998 and 2002, of the \$30.8 million the Board invested in affordable housing projects, \$23.2 million, or 75 percent, was directed to downtowns and existing growth centers. Additionally, the Board spent \$32 million on farmland preservation, open space projects, and historic preservation programs. On the other end of the



spectrum, nearly three-quarters of the investments of the Vermont Economic Progress Council were found to have promoted sprawl. For example, of the \$64.3 million in tax credits the Council allocated to businesses between 1998 and 2002, 72 percent went to sprawl projects, many of which were located in commercial and industrial parks away from town centers.

2. Unity of purpose is not matched by unity of action.

VSGC also found that no formal coordination exists among state agencies or their investments. There is no governing body that ensures that state plans are up-to-date and that they conform to state land use policies. No one coordinates agency investments to ensure that they complement each other or, at least, do not conflict with state interests. This lack of a formal body to orchestrate smart growth policy often leads to confusion and conflicting policies. For example, VSGC found that neither the Vermont Economic Development Authority nor the Vermont Economic Progress Council realized that they were subject to state planning requirements and smart growth objectives. VSGC believes that Vermont would benefit from establishing a state planning office that could coordinate planning among agencies and ensure compliance with state laws.

3. State investments could be more prudent.

As the Brookings Institution report points out, it is fiscally preferable to reinvest in existing infrastructure before subsidizing new development. However, VSGC found that this principle was not consistently followed by Vermont state agencies. For example, Vermont currently faces a gap of \$110 million in funding for maintenance of existing highways. Funding that could be used for this reinvestment had been allocated to several new highway construction projects, including a new highway around Burlington.

A Broader Definition of Smart Growth

The concept of smart growth development has been embraced by a wide array of groups, ranging from planners, architects, and developers to environmental groups, affordable housing organizations, and businesses. Many nonprofit coalitions have formed to represent these diverse interests and to promote smart growth development at the local, state, and national levels. Nationally, the Growth Management Leadership Alliance and Smart Growth America are two of the largest, and both have created extensive networks connecting local groups who are working on this issue.

The presence of these diverse parties and viewpoints in the smart growth discussion has, in many cases, broadened the scope of its meaning. The Vermont Smart Growth Collaborative's definition of smart growth, for example, emphasizes the role of smart growth in promoting community development. In addition to Anthony Downs's elements (see page 11), VSGC believes smart growth is development that reinvests in existing community assets, provides options for affordable housing, and creates walkable communities. It considers smart growth a way to spur economic development in older communities and provide citizens with ready access to education, jobs, and open space.

However, construction on this highway was recently halted by a U.S. District Court decision, in part because of its potential contribution to sprawl development. The decision may free up funds to address some of the state's immediate road maintenance needs.

4. Better planning could improve the permitting process, expediting economic development in the state.

The current permitting process is complicated by overlapping jurisdictions, required duplicate local and state reviews, and poorly designed local regulations. While these problems are not easily resolved, VSGC found that initially planning a project around state land use policies can substantially smooth and quicken the permitting process. For instance, before undertaking a substantial sewer project, one Vermont town worked closely with the Agency of Natural Resources to better understand the state's requirement that such investments be focused within growth centers. Equipped with a clear knowledge of the rule's requirements, the town designed its sewer expansion to limit growth to three village centers and to prevent hook-ups along the connecting lines. Because the project

was designed to meet state standards, it sailed through the permitting process in just a few months.

A Lesson for All States

Inadvertent or not, states can subsidize sprawl. They can direct public investment in ways that promote new construction over reinvestment. They can encourage land development outside of center cities. They may not consistently adhere to a coordinated state vision of planning and development.

However, states can also support smart growth. And, by promoting these smart growth objectives, states can experience significant public dollar savings and increased economic health. As state and local governments struggle with how to contain government spending and how to revitalize their city centers, they should assess how well their state policies support smart growth ideals. By recognizing the ways in which sprawl is being subsidized, states can adjust their investment practices to achieve greater public savings and more efficient land use through smart growth.

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