Smart Growth Policies
and the Quality of Life in Volusia County

Randall G. Holcombe
DeVoe Moore Professor of Economics
Florida State University

What is "Smart Growth?"

And Why Don't We Have it?

Compact, Walkable, Mixed Use Development

- Prevented by zoning regulations.
- Exclusionary zoning; minimum lot sizes, setback requirements.
- Single-use development viewed as desirable 50 years ago.

These are Desirable Features of "Smart Growth"

- Sometimes they have been prevented by government regulation.
- In part they are the product of what people viewed as "smart" development decades ago when urban planners viewed suburbs as a desirable way to escape the problems of city living.

What is "Smart Growth?"

And Why Don't We Have it?

To the Extent that People Want This Type of Development, Developers Will Build It Without Government Mandates

Developers have an incentive to produce the type of housing people want.

Government mandates have a limited ability to accomplish "smart growth" goals.

Results of a 2002 Opinion Poll of the National Association of Homebuilders

64% of Americans would like to live in a larger home;

Only 17 to 23% wanted to live closer to work, shopping, entertainment, and restaurants;

Only 7 to 9% wanted to live closer to "the city" or to public transportation; 82% preferred to live in a single-family home in the suburbs, while 18% wanted a home "in the city, close to work, public transportation, and shopping.

"Smart Growth" Has Emphasized Two Main Policy Objectives

1. Encourage Alternative Modes of Transportation, to Reduce Automobile Travel

2. Encourage More Compact, Higher Density Development

Policies To Implement These Objectives Tend To Produce Outcomes That Make Growth-Related Problems Worse.

Objective: Encourage Alternatives to Automobile Travel

Even When People Live in Mixed Use Development, Most of Their Trips To Work and To Shop Are By Automobile

Mixed use development has almost no effect on the amount of automobile travel

Automobile travel is more convenient, more flexible, and gives people more control over their environment.

Modern retailing is based on automobile travel so (1) stores can draw from a large customer base, and (2) so customers can carry large quantities of merchandise. (The next time you are at the grocery store, ask yourself how many customers could walk home with the amount of merchandise they are buying.)

Less than 5% of Commuters Nationwide Use Mass Transit, and That Percentage Is Consistently Falling Over Time

Even if mass transit were extremely successful and doubled its share of commuters, the decline in automobile travel would barely be noticeable.

Most people who support mass transit think, "If we increase mass transit ridership, there will be more room on the road for me!" Would you take the bus to work if that option were available to you?

Objective: Encourage Alternatives to Automobile Travel

Reality: Walkable Neighborhoods Enhance the Quality of Life, But They Do Not Appreciably Reduce Automobile Use

Reality: Land Use Policy That Does Not Conform To an Automobile-Centric Lifestyle Will Increase Traffic Congestion and Air Pollution, and Will Lower the Quality of Life

Objective: Encourage Higher-Density Development

Many Justifications:

1. To encourage alternatives to automobile travel;

We have already seen that the auto-centric nature of modern society is unlikely to change.

2. To control the cost of government services;

Studies show that population density has almost no relationship to the per capita cost of government services, except that at very high population densities, the per person cost of government services rises with higher population densities.

3. To help preserve the quality of the environment.

This is especially relevant to Volusia County, because many of the recommendations by the Volusia Smart Growth Implementation Committee are based on this objective.

Tools To Encourage Higher-Density Development

1. Cluster Development;
2. Urban Growth Boundaries;
3. Other Tools.

Tax incentives, zero lot line restrictions, minimum density zoning (not directly relevant to Volusia County at this time).

Cluster Development

Disadvantages:

1. Creates less-walkable communities, and hinders mixed use communities, because of open space between clusters, in opposition to the goals of "smart growth" and in opposition to the goals of the Volusia Smart Growth Implementation Committee Final Report.
2. Forces smaller lot sizes (why not just restrict the area that can be developed, and let the developer choose the lot size);
3. Forces infrastructure to by-pass land that will never be developed. This will create "leapfrog development," or "strip or ribbon development," which is generally viewed as undesirable from a "smart growth" perspective. Not all "leapfrog development" is undesirable, but the arguments against it may apply to mandating cluster development.

Advantages?

Homeowners may prefer smaller lots surrounded by undeveloped areas, but if so, developers will produce cluster development on their own and the county does not need to implement a cluster development policy. If a county mandate is required to produce cluster development, that is evidence that the policy lowers the value of land in Volusia County.

Urban Growth Boundaries

Urban Growth Boundaries Restrict the Supply of Developable Land, Causing Land Prices to Rise.

Even If the Rate of Population Growth Is Unaffected By the Boundary, Land Prices Still Rise Because Owners of Developable Land Gain Some Monopoly Power and Can Charge More for Their Land.

Higher Land Prices Create Higher Population Density. (That's why the population density is higher in Manhattan, New York, than in Manhattan, Kansas.)

Higher Land Prices Mean Higher Housing Prices: Growth Management (as Practiced in Florida and in Volusia County), Works Against Affordable Housing.

Higher Land Prices Mean that It Is More Expensive to Acquire Land for Environmental Preservation.

Urban Growth Boundaries: The Effects of Higher Population Density

Higher Population Density Increases Traffic Congestion.

- More people in a given area means more traffic, and more traffic congestion.

Higher Population Density Increases Pollution of All Kinds.

- Idling autos in congested areas create more pollution than cars moving at highway speeds.
- Denser development means fewer open spaces to absorb water runoff, increasing water pollution.
- Studies show that soil contamination and all other forms of pollution increase with increases in population density.

Urban Growth Boundaries: The Effects of Higher Population Density

Higher Population Density Reduces Living Space and Lowers People's Standards of Living.

As incomes increase, people want to buy more living space. Forcing population density up forces living standards down.

Higher density goes with higher housing costs, which means people spend more on housing and have less to spend on other things.

That's why it tends to be upper-income people, and people who already own their own homes, who promote urban growth boundaries.

Urban Growth Boundaries: The Effects of Higher Housing Prices

Urban Growth Boundaries Work Against the Goal of Affordable Housing.

Higher Housing Costs Make It Difficult for Service Industry Workers To Live Near Their Jobs.

Higher Housing Prices Make It More Difficult for People to Become Homeowners.

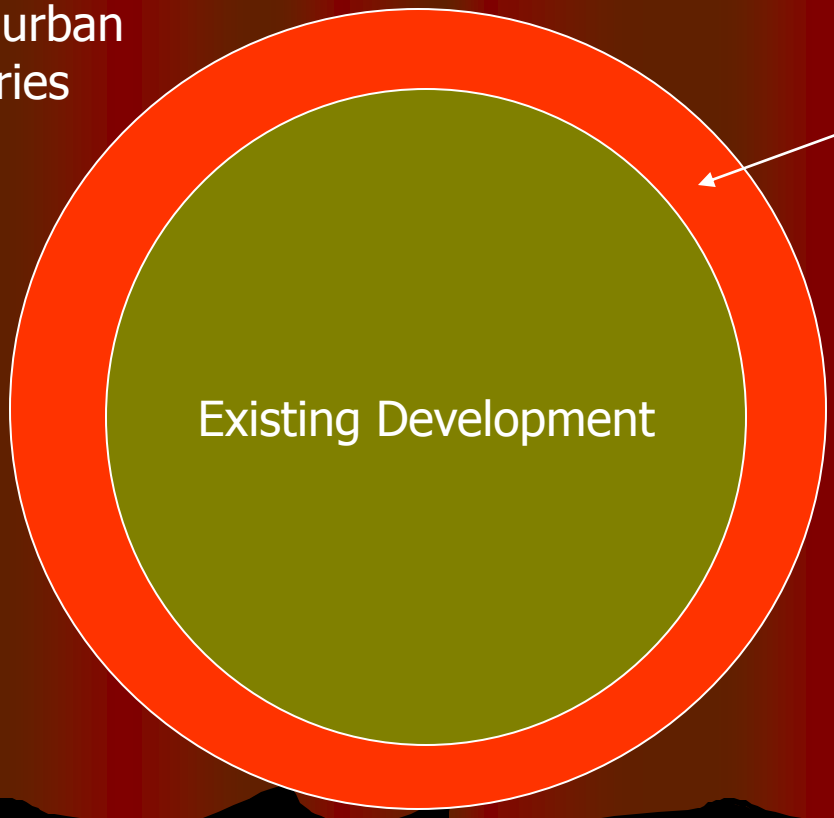
Higher Housing Prices Slow Economic Development.

Higher Housing Prices Provide Capital Gains to Existing Homeowners, Who Are Also Voters. That's Why Policies that Produce Higher Housing Prices Receive Political Support, Despite Their Pernicious Effects.

How Many People Who Are Attending This Meeting (or who are reading this slide without attending) are renters? Not many, I am sure, unless they are doing so because it is part of their job. The reality is that because land use policy is made by homeowners, that policy works to favor homeowners, and to harm the interests of renters. Because homeowners tend to have higher incomes than renters, land use policy is made by upper-income people for their benefit, and works against the interests of lower-income people.

Relaxing Urban Growth Boundaries Leads to Higher-Density Development

As areas grow, urban growth boundaries expand at the periphery to accommodate new growth.

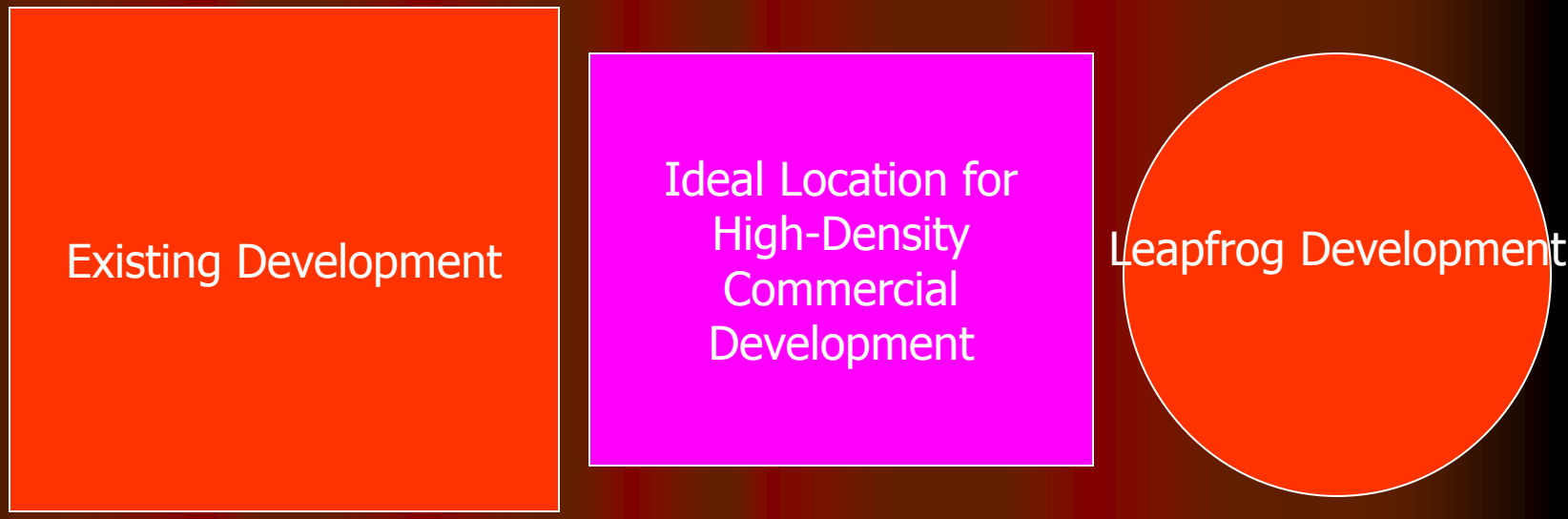


New Development at the periphery tends to be low-density.

Relaxing Urban Growth Boundaries Leads to Higher-Density Development

Relaxing Urban Growth Boundaries Leads to Higher-Density Development

Relaxing Urban Growth Boundaries Leads to Higher-Density Development



The Effects of "Smart Growth" in Portland, Oregon

Portland's policies are often considered at the forefront of "Smart Growth." They have a strong urban growth boundary, minimum density zoning, light rail mass transit, and other "Smart Growth" policies in place.

Many studies have shown higher housing and land costs in Portland. The price of an acre of residential land in Portland grew from $20,000 in 1989 to $150,000 in 1996.

Land prices have risen so much in Portland that developers are buying single family homes and tearing them down to put up apartments.

Even though Portland's population is growing, the number of families with children is falling. Portland is becoming a city of singles and married people without children.

Portland's population under age 18 is falling, and Portland is closing schools because of the decline in school enrollment.

Because population density is increasing in Portland without a proportional increase in roads, traffic congestion is increasing and air pollution is worsening.

Issues Related to the Volusia Smart Growth Implementation Committee Final Report

1. Environmental Preservation;
2. Transportation Issues;
3. Affordable Housing;
4. Economic Development.

The Volusia Smart Growth Implementation Committee Final Report deals only with environmental preservation, and ignores these other areas.

The Transportation Network Determines Optimal Land Use Patterns

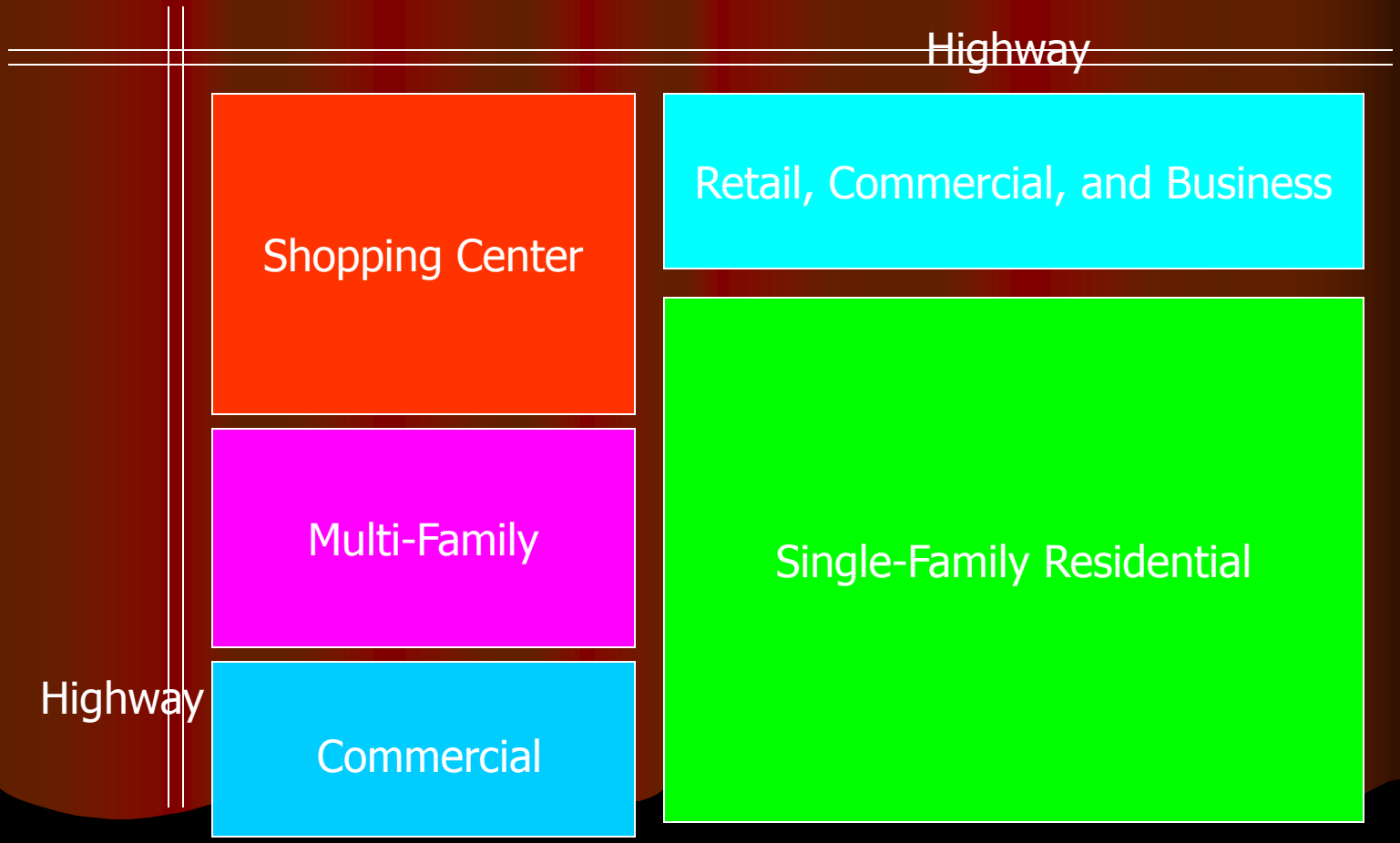
Throughout History, Land Use Patterns Have Been Determined By the Transportation Network.

Prior to about 1850, land use patterns were largely determined by the land's relationship to navigable waterways. Cities developed at natural harbors and along navigable rivers.

From 1850 to 1950 the proximity to rail lines became more important in determining land use patterns.

After 1950, roads became the dominant part of the transportation network, and land use patterns have largely been determined by the location of the land relative to the road network.

The Transportation Network Determines Optimal Land Use Patterns



The Transportation Network Must Be Planned Out Decades Ahead

Advance Planning Is Essential for Optimal Land Use Patterns.

Advance Planning Is Essential to Minimize Traffic Congestion.

Retrofitting Roadways (e.g., new roads, widening existing roads) Is Much More Expensive Than Securing Adequate Right-of-Way Ahead of Time.

Optimal Land-Use Planning Must Recognize That We Will Be an Auto-Centric Society for the Foreseeable Future.

Volusia County Is Expecting Substantial Population Increases in the Next Few Decades. Roadway Improvements Are Essential, Especially In Light of the County's Urban Growth Boundaries.

Affordable Housing

Housing Prices Are Determined By Supply and Demand.

You Can't Build Affordable Housing. (You Can Build Cheap Housing, But If Housing Is In Short Supply, Even The Cheapest Housing Will Still Be Expensive.)

Urban Growth Boundaries Limit the Supply of Housing, So Make Housing Less Affordable.

Volusia County Has Already Put Into Place Policies That Will Make Housing Less Affordable.

The Only Way To Make Housing More Affordable Is To Increase the Supply of Developable Land.

Economic Development

Volusia County Has a Tourist-Oriented Service Economy. As Housing Prices Rise, Where Will Those Service Workers Live?

One Strategy Is To Try To Attract Higher-Wage Industries, But Many Local Governments Have Tried, With Mixed Results. (Central Florida Does Have a High-Tech Corridor, with Computer and Space-Related Industries.)

The Best Strategy Is To Make Volusia County An Attractive Place To Do Business, By Making It Easy To Site Businesses, By Keeping Taxes Low, and By Providing Infrastructure Support.

Volusia County's Anti-Growth Policies (e.g., the Urban Growth Boundaries) Work Against the County's Economic Development.

The Volusia Smart Growth Implementation Committee Final Report

Recommendations A1-A7 Address Environmental Protection, Which Is Well-Covered In the Report.

Recommendation A7 suggests "improving existing roads rather than constructing new ones," and if new roads are built, they "should include maximum land-use protections or acquisition of access rights along the right-of-way." This would have an adverse impact on economic development.

Recommendations B1-B4 Argue for Policies That Direct Growth To Already-Developed Areas.

These recommendations would restrict the supply of developable land, raising land costs and housing costs, and would work against the goals of affordable housing and economic development.

The Volusia Smart Growth Implementation Committee Final Report

Recommendations C1-C7 Argue for a Visioning Process To Produce "Smart Growth."

Recommendation C4 Argues the Merits of Affordable Housing, But the Other Recommendations Would Make Housing Less Affordable.

Recommendation C6 Supports Plans To Implement Smart Growth and Remove Obstacles to It. In Many Cases Zoning Laws, Setback Requirements, and Other Regulations Prevent Mixed Use and Higher Density Development.

The Volusia Smart Growth Implementation Committee Final Report

Recommendations D1-D13 and D-16 Argue for Preserving Rural and Agricultural Land.

Recommendation D1 advocates clustering, which works against the smart growth goals of creating mixed-use walkable communities.

Recommendations D12-13 (SB 360) argue for the protection of rural communities from encroaching urban development. What is the threat? That shopping will become more convenient? That rural residents will not have to drive as far for urban services? That population density in rural areas will increase? Any "threats" I can envision are a move toward the goals of "smart growth."

Recommendation D16 (SB 360) is to allow for the development of new rural communities. Urban growth boundaries work against this, and rural communities do not satisfy the tenets of "smart growth."

Many of the Recommendations D1-D13 and D-16 seem to be at odds with "smart growth," as described in the Volusia Smart Growth Implementation Committee Final Report.

The Volusia Smart Growth Implementation Committee Final Report

Recommendations E1-E12 Deal With Infrastructure

Recommendation E4 supports mass transit, including light rail. Mass transit cannot relieve traffic congestion, and is not a cost-effective mode of transportation. Money is better spent improving roads. Public transportation should be viewed as a service for people who cannot drive, who cannot afford cars, or who choose not to drive.

Recommendation E12 argues for allocating funds for infrastructure to areas that will have greater needs because of increased population densities as a result of smart growth. This recommendation appears to recognize that smart growth policies increase infrastructure costs.

The Volusia Smart Growth Implementation Committee Final Report

Recommendations F1-F15 Deal With Education and Smart Growth

This section of the Report notes the importance of identifying and acquiring public school sites as development is undertaken. SB 360 has added education to the local planning process, and the Report offers some good recommendations for implementation.

The Volusia Smart Growth Implementation Committee Final Report

Recommendations G1-G3 Deal With Economic Development

Recommendation G1 says "economic development efforts shall be consistent with and supportive of smart growth." The Report is completely honest in stating that it places the goals of smart growth above people's economic interests.

Recommendation G2 says "smart growth planning should address… consequences of smart growth development," but it does not say how.

Recommendation G3 says that cities and the county should do analysis to understand the full cost of smart growth and other development scenarios. My analysis suggests there are potentially high costs of the smart growth policies recommended in the Committee's Report.

The Volusia Smart Growth Implementation Committee Final Report

Summary of the Report: Number of Recommendations That:

Call for restrictions on growth: 28 (all recommendations under A, B, and D, E3, E6, and G1)

Propose methods for water conservation: 4 (E8-E11)

Address school siting and facilities: 15 (F1-15)

Are about the design of the planning process: 7 (C1, C2, C7, E1, E2, E7, D16)

Address affordable housing and economic development: 2 (C4, and G2)

Advocate "smart growth" as a type of development: 4 (C3, C6, E4, E5).

Address the costs of smart growth: 2 (E12 and G3)

More Than Half of the Report's 62 Recommendations Call For Restrictions on Growth and Conservation; Less than 10% Deal With "Smart Growth" as a Type of Development.

An Alternative Visioning Process: The Build-Out Plan

What Will Volusia County's Land Use Pattern Be When the County Is Completely Built Out?

Rather Than Looking 5 or 10 Years Ahead, Build-Out Plans Look Decades Ahead, To When All Developable Land Has Been Developed.

Environmental Preservation Is an Important Component of the Build-Out Plan. The Plan Maps Out Areas That Will Never Be Developed.

Build-Out Plans Allow More Flexibility Than Shorter-Term Plans. "Leapfrog Development" Might Be Approved for an Area That Would Be Developed Eventually, and Urban Growth Boundaries Do Not Need To Be So Constraining.

Following a Build-Out Plan Can Both Accomplish the Goals of Environmental Preservation and Increase the Supply of Developable Land, Holding Land and Housing Prices Down and Aiding Economic Development.

Florida's Department of Community Affairs Has Encouraged the Use of Build-Out Plans, and Several Florida Counties Are Using Them Now.

Using a Build-Out Plan as the Basis for Growth Management

Why Is It Desirable To Have A Plan?

1. To protect the environment.

2. To guide transportation planning and the development and improvement of roads.

3. To give private landowners and developers information that can allow them to maximize the value of their property to them, and to the community.

If circumstances change (a new employer wants to relocate to Volusia County, or an existing business wants to expand; a developer wants to put apartments in an area designated for commercial development), the build-out plan can be modified to reflect new circumstances.

Transportation Planning Is an Essential Part of Growth Management

1. Transportation corridors determine optimal land use patterns.

2. Transportation plans must recognize the auto-centric nature of modern society to be effective. Public transportation is an essential service for those who cannot drive, but it does not have the potential to appreciably relieve traffic congestion.

3. Traffic congestion is one of the most frequent complaints about growth, and planning must be pro-active in this area to minimize congestion.

4. Effective planning means identifying future transportation corridors, securing rights-of-way, considering limiting access to thoroughfares to further reduce congestion, and being pro-active. It costs much more to retrofit road capacity than to acquire and build sufficient capacity ahead of time. Pro-active policy also increases the quality of life by minimizing congestion and traffic delays. Less congestion means less pollution and a better environment.

Conclusion: Using a Build-Out Plan as the Basis for Growth Management

1. Protect the environment. Identify those areas that should be preserved and buy them or find other means of preserving their environmental amenities.

2. Develop a build-out plan that identifies the type of land use Volusia County would expect throughout the county.

3. Identify transportation corridors, and obtain rights-of-way early to hold down costs, and to guide future development.

4. Relax urban growth boundaries, consistent with the build-out plan, to increase the supply of developable land and keep housing affordable.

5. Don't write the plan in stone. Allow market forces to direct development and modify the build-out plan over time, as long as changes are consistent with the community's vision.