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A Natural Resources Defense Council-Sprawl Watch-Smart Growth America Report Are State Budget Shortfalls Shortchanging Smart Growth Initiatives?

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In the 1990s, public opposition to suburban sprawl spurred states to create a spectrum of innovative smart-growth initiatives. They included better planning rules and incentives, tax credits for historic preservation, funding for development rights purchases, and increased transit spending. Some of these initiatives were adopted by governors, some were established by legislation, and still others were born of ballot measures.¹

Despite recent signs of an economic recovery, states are struggling to balance their budgets for the upcoming fiscal year. Plummeting revenues have led to budget shortfalls of millions, and in some cases, billions of dollars. How are smart growth initiatives faring?

Although legislators are still deliberating over the fate of a range of state programs, there are some disturbing trends. Disregarding public support for smart growth programs, lawmakers in several states are proposing to cut them first. Given the success of these programs, such cuts would be, as the saying goes, penny-wise and pound-foolish. Gutting these programs or killing them outright may help balance today's budget, but it will present a much bigger bill later by threatening the local economy, the environment and public health.

State Budget Battles

States find themselves in an unenviable position. The economic downturn, exacerbated by the tragic events of last September and the nearly \$37.5 billion in tax cuts states adopted in the late 1990 boom years, has dramatically reduced revenues.² And although it looks like the economy is on its way to recovery, that is cold comfort to state budget officials struggling to make ends meet in this fiscal year and the next. For example, the Rockefeller Institute reviewed estimates of tax payments from 35 states and found that the median expected payment for this April was down nearly 15 percent from last year.³ One estimate places the aggregate budget shortfall for states for fiscal year 2002 at a crushing \$40 billion.⁴

Some at the helm have their eyes fixed squarely on smart growth's economic benefits and are looking elsewhere to cut. Others, unfortunately, are making shortsighted assessments of the benefits of smart growth. More than a dozen states have made or are considering cuts to smart growth programs for this fiscal year or the next. Below is a roundup of what some state legislators are doing – or not doing – to protect smart growth initiatives.

¹ Many of these programs relied on changes in development regulations as states sought to modernize land-use statutes, many of which have not changed since the 1920s. Other programs relied on economic incentives to achieve their goals. In fact, since 1998, voters have passed more than 500 local and state ballot measures that raised nearly \$22 billion to protect open space. Source: Land Trust Alliance, <http://www.lta.org/publicpolicy/landvote2001.htm>; the authors included the \$2.6 billion Proposition 40 that passed in California on March 5 in the total.

² According to the National Association of State Legislatures.

³ "States Will Be Raising Their Economic Forecasts But May Lower Their Revenue Forecasts," Donald J. Boyd and Nicholas W. Jenny, *The Rockefeller Institute State Fiscal News: Vol. 2, No. 3*, 3/02.

⁴ "Total Shortfalls Expected for Fiscal Year 2002," National Association of State Budget Officers, 1/25/02.

The Northeast

Massachusetts: Despite a multibillion-dollar projected budget shortfall in fiscal year 2003, Massachusetts is considering the largest ever environmental bond bill ever, pegged at \$625 million.⁵ This measure would boost the economy by protecting watersheds and parks, and cleaning up brownfields sites ripe for development. In addition, a pending legislative proposal would encourage state, regional and local planning offices to incorporate smart growth principles in their work, and would provide funding assistance.⁶ This small state witnessed the development of more than 200,000 acres from 1992 to 1997 alone, so these investments are desperately needed to reduce pressure to develop scenic green spaces.⁷

New Jersey: Newly elected Gov. Jim McGreevey faces a projected deficit of \$2.9 billion dollars.⁸ Among his first responses for this fiscal year was to cut \$32 million from an open space protection fund and lay off some 600 state employees.⁹ The layoff eliminated all of the positions in the state planning office, one of the lead agencies responsible for smart growth planning in the state. Thanks in part to pressure from NRDC, New Jersey Future and other groups, the governor reinstated some planning staff and established a Smart Growth Policy Council to coordinate smart growth work in all state agencies. He also spared a land preservation trust established in 1999.¹⁰ Hopefully, McGreevey's moves to protect this fund and elevate smart growth as a priority is a sign that he will support vital programs.

New York: In his annual budget address to the state legislature, Gov. George Pataki proudly pointed out that his state has preserved hundreds of thousands of acres of open space in recent years. He also made a commitment to build on this legacy.¹¹ Nevertheless, his proposed biennial 2002-2003 budget would shift \$100 million for an environmental protection fund dedicated to parks, open space protection and solid waste, into the general fund to help cope with a multibillion-dollar state budget shortfall for fiscal year 2002.¹² He also has proposed shifting an additional \$28 million from this environmental fund to programs usually financed by the general fund.¹³

Pennsylvania: Former Gov. Tom Ridge made a strong commitment to protecting green space from suburban sprawl through a five-year, \$650-million Growing Greener initiative, which provides funding for protecting open spaces and cleaning up abandoned coal mines.¹⁴ To reduce a \$622 million gap, Gov. Mark Schweiker froze \$50 million of the program for the current fiscal year.¹⁵ In addition, he has proposed to reduce fiscal year 2003's allotment \$48.6 million, from \$135.5 million to \$85.9 million – a 36 percent cut.¹⁶ That's not good news in a state where a lack

⁵ Personal correspondence from Bennett Heart, Conservation Law Foundation, 3/22/02.

⁶ Ibid.

⁷ Natural Resources Inventory, Natural Resources Conservation Service, U.S. Department of Agriculture.

⁸ "Ousted Planners Being Rehired; Curb on Suburbs Regains Priority," Sally E. Goldenberg, *Bergen County Record*, 2/9/02

⁹ "Cutbacks endanger anti-sprawl programs," Diane Mastrull and Nancy Petersen, *Philadelphia Inquirer*, 2/17/02.

¹⁰ "Keeping it green," Editorial, *Philadelphia Inquirer*, 2/25/02.

¹¹ 2002-2003 Budget Address, 1/22/02

¹² "Loss for Environment; Proposed NY budget cuts \$100m from fund," Jioni Palmer, *Newsday*, 2/27/02; conversation with John Stouffer of the Sierra Club Atlantic Chapter.

¹³ Conversation with John Stouffer of the Sierra Club Atlantic Chapter.

¹⁴ "Cutbacks endanger anti-sprawl programs," Dianne Mastrull and Nancy Petersen, *Philadelphia Inquirer*, 2/17/02.

¹⁵ Ibid.

¹⁶ Ibid.

of coordinated local planning and other problems allowed development to overrun more than 500,000 acres of open space in the 1990s, despite little population growth.¹⁷ This is not the time to back off from Tom Ridge's commitment to address the problem.

The Midwest

Minnesota: The land of a thousand lakes faces a shortfall of \$1.9 billion for fiscal years 2002 and 2003.¹⁸ That's why budget discussions are now dominated by a heated debate over meeting future transportation needs by increasing the state gasoline tax.¹⁹ As this debate unfolds, some legislators are floating proposals to reduce or eliminate funding for open space protection programs. For example, Gov. Jesse Ventura has proposed cutting more than 60 percent of the Metro Greenways Program for fiscal years 2003-2004, while the state House of Representatives has proposed zeroing it out entirely.²⁰ This valuable program includes planning grants for natural resource inventories and management, as well as land acquisition, and is considered the state's "crown jewel" of open space protection programs by the Minnesota Sierra Club.²¹

Ohio: Faced with a \$400-million deficit in the current fiscal year and the possibility of a shortfall twice that high next year, Ohio lawmakers are taking a hard look at the state's Office of Farmland Preservation.²² This office runs a grant program for open space protection as part of a \$400-million bond issue approved by voters in November 2000.²³ Lawmakers initially blocked all funds for the office – about \$200,000 – in this year's state budget, but then reinstated a third of the money.²⁴ As legislators search for ways to make ends meet, environmentalists are worried that this important program is ripe for gutting in the next fiscal year.

Wisconsin: To deal with a \$1.1 billion shortfall, Wisconsin decision-makers have proposed chopping more than a third of its state stewardship fund, from \$600 million to \$372 million, through 2010.²⁵ This cutback would make it difficult to comply with new smart growth rules requiring localities to adopt new land use plans by 2010, although there is a proposal to extend the deadline for adopting new plans to 2014.²⁶ In addition, local governments seeking to improve planning will have to cope with a substantially diminished planning grants program, which is likely to suffer a \$500,000 cut.²⁷

The South

District of Columbia: The Washington, D.C., region is one of the most congested areas in the country. More than 200,000 residents spend an hour or more commuting to work daily.²⁸ Much of

¹⁷ Natural Resources Inventory, Natural Resources Conservation Service, U.S. Department of Agriculture.

¹⁸ Minnesota Budget Project, www.mnncn.org/bp/compare.htm

¹⁹ "Highways-Transit Funding; State Needs Balanced Transportation Plan," Editorial, *Saint Paul Pioneer-Press*, 2/18/02.

²⁰ Conversation with Al Singer, Minnesota Department Natural Resources, 3/21/02.

²¹ Minnesota Department of Natural Resources fact sheet; conversation with North Star Chapter of the Sierra Club, 3/21/02.

²² Deficit numbers from Gov. George Ryan, as quoted in "Governor: State facing \$400 million budget deficit," Andrew Welsh-Huggins, Associated Press, 2/20/02.

²³ "State budget shuts farmland office," Martin Stolz, *Cleveland Plain-Dealer*, 6/6/01.

²⁴ Ibid; e-mail correspondence from American Farmland Trust office in Columbus, Ohio, 3/18/02.

²⁵ *Milwaukee Journal Sentinel*, 1/23/02; "Don't slash stewardship fund," Editorial, *Ashland Daily Press*, 3/12/02.

²⁶ "Budgets spread too thin," Antoinette Rahn, *Wisconsin Rapids Daily Tribune*, 2/16/02; "Comparative Summary of Budget Recommendations," Legislative Fiscal Bureau, 3/13/02.

²⁷ "Comparative Summary of Budget Recommendations," Legislative Fiscal Bureau, 3/13/02.

²⁸ Bureau of the Census, 2000 Census.

this driving is triggered by sprawling development, and vehicle exhaust is a major reason the region violates federal standards for smog pollution.

The region is now committed to finance measures to clean up the air, including pedestrian, bike and transit projects. This commitment was achieved despite the reluctance of Washington and Virginia officials, who balked at spending the \$38 million needed for these projects because of their concerns over budget shortfalls.²⁹ In the eleventh hour, Maryland Gov. Parris Glendening announced that his state would provide its share of the funding, forcing the hand of other officials on the region's Transportation Planning Board to do the same.³⁰ Thanks to Gov. Glendening's foresight, the region's residents will be able to breathe a bit easier.

Florida: The Sunshine State is awash in development, losing more than 800,000 acres of open space between 1992 and 1997, alone.³¹ Even so, the current legislative session has featured proposals for cuts in fiscal year 2003 that would undermine efforts to build affordable housing and reduce funding for open space protection.

An unusual alliance, including the Florida Home Builders Association, the Florida League of Cities, the Florida Catholic Conference and the 1,000 Friends of Florida, defeated a proposal to reduce funding for affordable housing early in the legislative session. However, there is another proposal to reduce funding for affordable housing trust funds, despite the ever-increasing need.³²

While environmental and smart growth groups secured funding for open space once this year, there is a proposal in the state legislature that would shift \$100 million dedicated to open space protection to non-environmental initiatives. This proposal would shift money from popular programs, such as Preservation 2000 and Florida Forever.³³ In addition, there is another proposal that would cut \$20 million from the Conservation and Recreation Lands Trust.³⁴

Maryland: Gov. Parris Glendening has vigorously pursued smart growth in Maryland by initiating such programs as the Rural Legacy Program, a companion to the 30-year-old Program Open Space. These programs built on a long history of concern over such fragile environments as the Chesapeake Bay and in 1999 prompted the Sierra Club to rank Maryland the top state for protecting open space.³⁵ Now, as the state struggles to address a deficit of several hundred million dollars, shortsighted state lawmakers are proposing to backpedal on the smart growth progress Maryland made in the 1990s. Some proposals would reduce Program Open Space by as much as 50 percent and the Rural Legacy Program 70 percent. The Rural Legacy program budget would plummet from more than \$37 million to less than \$12 million.³⁶ Overall, current legislative proposals would slash nearly \$200 million in land preservation.

Oddly, state officials also are considering eliminating the popular Community Legacy Program, which provides funding for such revitalization activities as home renovation and acquiring vacant

²⁹ "Delay Likely for Area Clean-Air Measures," Katherine Shaver, *Washington Post*, 2/20/02.

³⁰ "Area Board Adopts Plan to Clean Air," Katherine Shaver, *Washington Post*, 2/21/01.

³¹ Natural Resources Inventory, Natural Resources Conservation Service, U.S. Department of Agriculture.

³² "Growth Management Alert," *1,000 Friends of Florida*, 3/18/02.

³³ "Growth Management Alert," *1,000 Friends of Florida*, 3/18/02.

³⁴ *Ibid.*

³⁵ *Solving Sprawl: The Sierra Club Rates the States*, 1999.

³⁶ Analysis from *1,000 Friends of Maryland* using data from the State Legislative Services Department, 3/5/02.

buildings in older neighborhoods. In fiscal year 2002 alone, this program attracted 90 applications for more than \$101 million – roughly 10 times the program’s 2002 funding level.³⁷

Smart growth enjoys strong public support, so this debate is far from over. The two chambers of the legislature disagree on the proposed cuts, and the governor, a champion of smart growth, is likely to have the last word.³⁸ Smart growth advocacy groups remain engaged and optimistic that Maryland will remain on the right track.

North Carolina: North Carolina has lost nearly 1.5 million acres to development since 1982, making it one of the top sprawl-threatened states in the country.³⁹ In spite of this problem, Gov. Mike Easley recently cut several open space protection funds to cope with a big shortfall this fiscal year. These include the Clean Water Management Trust Fund, which shrunk by \$20.8 million – more than 50 percent; the Parks and Recreation Trust Fund, which lost \$5 million of its \$12.7 million budget; and the Natural Heritage Trust Fund, which went from \$11.8 million to \$8.8 million.⁴⁰ The state does face a whopping \$900 million shortfall in this fiscal year, but undermining these programs will jeopardize the state’s environment and long-term economic health.⁴¹

Tennessee: Since 1982, nearly 900,000 acres of Tennessee open space has been developed.⁴² The Nashville region, in particular, risks becoming another Atlanta and was dubbed the country’s most sprawling city by USA Today.⁴³ In spite of this, there is talk in the state house of eliminating a \$13-million parks, land and wetlands acquisition program to help cope with an estimated \$800,000 to \$1 billion shortfall.⁴⁴

The West

California: Although California is coping with a budget deficit of about \$12 billion, it is maintaining its commitment to smart growth.⁴⁵ The passage of Proposition 40 brings \$2.6 billion to the table for open space protection, historic preservation and community revitalization.⁴⁶ In addition, officials in Sacramento are considering a proposal to introduce revenue sharing to the area. Regions grow haphazardly, in part, because they compete for new development to ensure an adequate tax base that will pay for public services. Sacramento may become the only region besides Minneapolis-St. Paul to split revenues from new development to revitalize older communities and reduce the need to chase more development.⁴⁷

³⁷ “Governor Glendening Announces Overwhelming Response to Maryland’s Community Legacy Program,” Press Release from Governor’s Office, 8/01.

³⁸ Personal correspondence with the Governor’s Office of Smart Growth, 3/20/02.

³⁹ Natural Resources Inventory, Natural Resources Conservation Service, U.S. Department of Agriculture.

⁴⁰ Figures and analysis courtesy of Richard Bell of the Western North Carolina Alliance.

⁴¹ “Water Projects dependent on state grants in limbo,” Nomee Landis, *Fayette Online Local News*, 2/22/02.

⁴² Natural Resources Inventory, Natural Resources Conservation Service, U.S. Department of Agriculture.

⁴³ “What You Don’t Know About Sprawl – Controlling Development A Big Concern, But Analysis Has Unexpected Findings,” Haya El Nasser and Paul Overberg, *USA Today*, 2/22/01.

⁴⁴ “What Kyle says state has to make up for,” *Tennessean.com*, 2/27/02; “Total Shortfalls Expected for Fiscal Year 2002,” National Association of State Budget Officers, 1/25/02.

⁴⁵ “Are States to Blame for Their Fiscal Woes?,” Jason White, *Stateline.org*, 3/13/02.

⁴⁶ <http://www.voteyeson40.org/funding/fundingschedule.html>

⁴⁷ For more detailed information about this debate see “Sacramento Tax-Sharing Bill Forces Regionalism Issue, But Opposition Holds Firm,” Bill Fulton, *California Planning and Development Report*, 2002.

Colorado: Rapidly growing Colorado faces a budget shortfall of \$232 million in fiscal year 2002.⁴⁸ The state House has adopted budget cuts, and the state Senate is considering them. Proposals include slashing the Colorado Heritage Planning Grant Program, which has awarded about \$1.4 million to 31 regional growth management projects since 2000. Legislators have proposed cutting \$750,000 from the program in fiscal year 2002, leaving it with a bare \$200,000 for the upcoming grant cycle.⁴⁹

Utah: The success of the recent Olympic winter games in Utah has failed to portend similar successes in preserving the state's open space. Facing a deficit of \$300 million for fiscal years 2002-2003, the state decided to slash its LeRay McAllister Open Space Fund 65 percent, which leaves a meager \$700,000 for grants to communities and property owners interested in protecting open space.⁵⁰ Meanwhile, state funding for the multibillion dollar, four-lane, 120-mile Legacy Highway is still intact. This massive highway project is controversial because of the threat it would pose to wildlife habitat and Salt Lake City's already poor air quality.⁵¹

Washington: In the 1990s, Washington's strong growth management act softened sprawl's impact: Only 200,000 acres were developed.⁵² But the state is going further. The state legislature recently passed five important smart growth statutes, including one that requires the state to do a better job managing infrastructure spending and link it to transportation and land use planning.⁵³ Meanwhile, 1,000 Friends of Washington and other advocacy groups are working with state officials to set up an agricultural conservation easements program to safeguard farmland. They also are pushing for the state's Office of Financial Management to consider environmental protection and community revitalization when making spending decisions.⁵⁴

There is one exception to the great news from Washington, however. Despite the tight fiscal climate – one estimate predicts that the state faces a \$1.6 billion shortfall in fiscal years 2001 to 2003 – lawmakers are floating proposals to invest \$8 billion in transportation projects, with less than a fifth proposed for alternatives to driving such as transit, bicycle projects and trails.⁵⁵ Smart growth advocates remain hopeful that they can build on their winning track record in the legislature this year by defeating these measures.

Keeping It In Context: Smart Growth Remains a Priority

While our national priorities clearly have changed since the tragic events of September 11, with homeland security and rejuvenating the economy at the top of the public's list of key concerns, Americans tend to have a different list of local priorities. Concerns about sprawl continue to hover at the top of that list. Recent polls show strong support for growth management among voters in Colorado and New Jersey.⁵⁶ That reflects a trend suggested by surveys such as the Pew

⁴⁸ According to the state's Legislative Council, as cited in "Senate to take up budget cuts," Arthur Kane, *Denver Post*, 3/17/02.

⁴⁹ As introduced in a state House of Representatives bill.

⁵⁰ "After Games, Legislature Wasn't Fun; Agencies left to pick up pieces after budget-slashing session," Greg Burton and Dan Harrie, *Salt Lake Tribune*, 3/9/02.

⁵¹ *Sprawl Costs Us All: How Your Taxes Fuel Suburban Sprawl*, Sierra Club, 4/00.

⁵² Natural Resources Inventory, Natural Resources Conservation Service, U.S. Department of Agriculture.

⁵³ Personal correspondence, *1,000 Friends of Washington*.

⁵⁴ *1,000 Friends of Washington* web site.

⁵⁵ Press release, Office of Gov. Gary Locke, 3/15/02; *1,000 Friends of Washington* web site.

⁵⁶ Colorado - Rocky Mountain News/News 4 poll, 11/10/01; Eagleton Institute of Politics Center for Public Interest Polling, 9/27/01-10/3/01.

Center for Civic Journalism 2000 poll, which found that sprawl tied crime as one of the most pressing local problems for Americans.⁵⁷

What is happening as states grapple with budget shortfalls is significant, but it is little more than a blip in an upward trend of increased interest and investment in smart growth activities. For example, the passage of a \$2.6 billion bond measure in California in March 2002 is just part of a bigger trend. In election years 1998 and 2000, voters approved \$7.5 billion and \$8.3 billion in open space protection funding. In off-election years 1999 and 2001, voters approved \$1.8 billion and \$1.7 billion, respectively.⁵⁸ Even in last November's election, in the teeth of a faltering economy, Americans passed an impressive 73 percent of the open space protection ballot measures in 14 states, confirming the fact that suburban sprawl remains a top concern.⁵⁹ If we include other growth-management-related measures, there is a clear upward trend in the sheer number of ballot measures between 1996 and 2000.⁶⁰

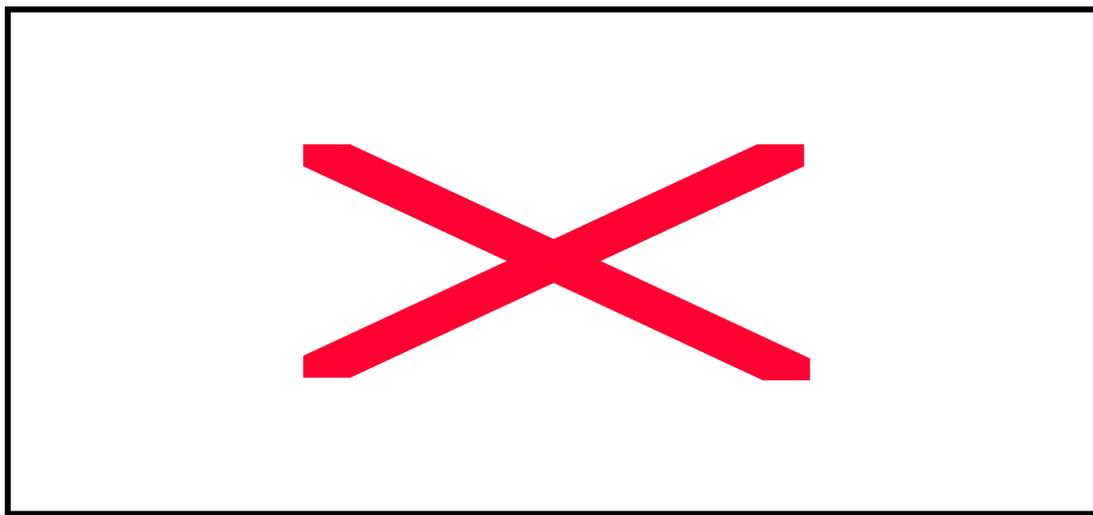


Figure 1: State and Local Conservation and Smart Growth Ballot Measures

Smart Growth is Fiscally Responsible

There is a growing body of evidence that smart growth planning can achieve substantial cost savings. The concept is easy to grasp – compact, efficient development means fewer miles of roads and sewer lines. There are private sector savings as well, due to reduced per-unit costs for infrastructure, such as power and telephone lines, and more efficient service routes. Analysts can quantify the savings from avoiding infrastructure costs, and some in several Northeastern states have done the calculations.

- Grow Smart Rhode Island commissioned a study contrasting smart growth and sprawl scenarios from 2000 to 2020 and found that smart growth initiatives could achieve a

⁵⁷ “Straight Talk From Americans,” *Pew Center for Civic Journalism*, 2000.

⁵⁸ Land Trust Alliance, <http://www.lta.org/publicpolicy/landvote2001.htm>

⁵⁹ *Ibid.*

⁶⁰ Notes: All data from State Resource Strategies (Phyllis Myers). 2000 figure modified to adjust for different methodologies in 1998 and 2000 reports.

staggering savings of \$1.43 billion, an amount nearly equal to the state's current annual budget.⁶¹

- Researchers at Rutgers University assessed savings possible if New Jersey adhered to its state plan rather than allowing current development trends to continue. They found that if the state did not build transportation and water infrastructure required by current sprawling development trends, it could accrue savings of \$2.32 billion.⁶²
- Looking back over a 20-year period (1975-1995), Maine's state planning office found that in spite of a decline of 27,000 public school students, the state spent \$338 million building new school facilities in fast-growing areas.⁶³

Some state officials understand the need to change with the times. Remarkably, in the midst of a multibillion-dollar budget crunch, 57 percent of California voters voted for Proposition 40 in early March 2002, which raised \$2.6 billion worth of bond authority for measures to protect open space and natural resources. Even more remarkable is the support the measure received from the state treasurer, Philip Angelides. He wrote an endorsement letter stating that the measure would "enhance growth in the economy and protect our standard of living." He concluded, "These investments are fiscally sound and urgently needed."

Angelides realizes that investments like those provided by Proposition 40 will pay off in the long run by ensuring that California attracts and retains high-quality companies and workers. As the chief financial officer of our most populous state, he knows that corporations are more mobile than ever before, and that quality of life weighs heavily as a factor when they decide to relocate or open a satellite facility. This became clear to sprawling Atlanta in 1999 when Hewlett Packard declined to construct a second office tower in the region because of traffic congestion and air quality.

Smart Growth Means Changing the Rules

One of the lessons of this tough budget cycle is that states interested in smart growth should adopt an array of tools to address the challenges of suburban sprawl. One such tool involves changing the basic ground rules for local planning.

Increasingly, states have been adopting policies that create new rules for planning. There is no better time to do this than now, as we head into the 21st century, given that many state policies have not changed since the 1920s. The pace of reform is heartening. For example, the American Planning Association surveyed states and found that from 1999 to 2001, more than 2,000 pieces of planning reform legislation were debated in state capitols across the country. One-fifth of those bills were adopted.⁶⁴

⁶¹ *The Costs of Suburban Sprawl and Urban Decay in Rhode Island*, prepared for Grow Smart Rhode Island by H.C. Planning Consultants and Planimetrics, LLP, 12/99.

⁶² *The Costs and Benefits of Alternative Growth Patterns: The Impact Assessment of the New Jersey State Plan*, Center for Urban Policy Research, Rutgers, 9/00.

⁶³ *The Cost of Sprawl*, Maine State Planning Office, 5/97.

⁶⁴ *Planning for Smart Growth: 2002 State of the States*, Summary Report, American Planning Association, 2/02.

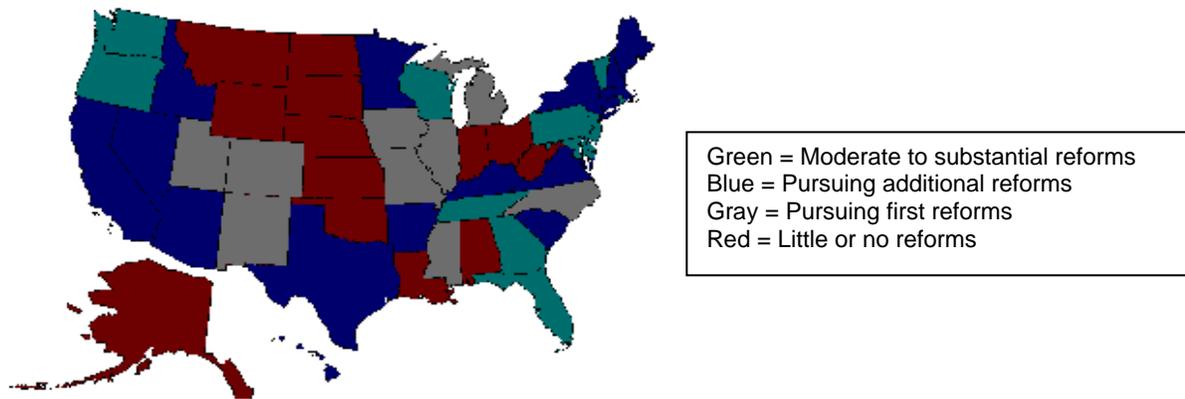


Figure 2: States Pursuing Planning Reforms⁶⁵

If done right, changing the rules for planning would mean more affordable housing. The best policies reduce sprawl *and* increase the supply of affordable housing by directing growth to certain locations using such smart growth tactics as comprehensive planning, adequate public facilities ordinances, and zoning tools. On the other hand, a growing body of research shows that rules that attempt to control growth through building-permit caps or mandated low-density zoning are not only exclusionary, they likely will increase suburban sprawl.⁶⁶

If state legislatures adopt more smart growth rules, they will help their cities and towns meet home-buying demand in the coming decade. Analysts expect slightly fewer annual home purchases in the next decade than in the 1990s, but a greater share of purchases likely will be made by aging Baby Boomers (45 and older). Market research shows a demand among this age group for houses located in neighborhoods that are walkable and offer easy access to shopping and other amenities – the very definition of smart growth.⁶⁷ One recent study found that the demand from this growing market segment is likely to double in this decade from its 1990s level. However, the study concludes that, if current building trends continue, this demand may not be fully satisfied because the market lacks the capacity to meet it.⁶⁸

Trends are not destiny, however, and states guarantee affordable and adequate housing by continuing to change the rules.

We Can Have Smart Growth *and* Smart Budgets

There are no easy answers for states seeking to make ends meet in stormy fiscal times. But it is critical to stay the course with smart growth initiatives. These investments offer big returns. They

⁶⁵ Adapted with permission from American Planning Association graphic.

⁶⁶ “The Link Between Growth Management and Housing Affordability: The Academic Evidence,” Arthur C. Nelson, et al., Discussion Paper prepared for the Brookings Institution Center on Urban and Metropolitan Policy, 2/02; “Do land-use controls cause sprawl?” *Environment and Planning B: Planning and Design* (volume 26), Rolf Pendall, 1999.

⁶⁷ See for example *Emerging Trends in Real Estate 2000*, Pricewaterhouse Coopers, LLP and Lend Lease Real Estate Investment, Inc., 10/11/99.

⁶⁸ “Current Preferences and Future Demand for Denser Residential Environments,” Dowell Myers and Elizabeth Gearin, University of Southern California, *Housing Policy Debate*, Volume 12, Issue 4, Fannie Mae Foundation 2001.

will help municipalities avoid new spending on expensive roads, sewers and other infrastructure. They will help safeguard a region's quality of life, which attracts and retains businesses. And they will help meet future housing needs.

Americans in fast-growing states are extremely worried about suburban sprawl. They are counting on their elected officials to make a commitment to smart growth and stick with it. This commitment is now being sorely tested. This is not the time to return to the failed policies of the past, especially since we have dozens of examples around the country of programs building vibrant communities, revitalizing older neighborhoods, and protecting our cherished green spaces.⁶⁹

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The Natural Resources Defense Council is a national, non-profit organization of scientists, lawyers and environmental specialists dedicated to protecting public health and the environment. Founded in 1970, NRDC has more than 500,000 members nationwide, served from offices in New York, Washington, Los Angeles and San Francisco. More information is available at NRDC's Web site, www.nrdc.org.

The Sprawl Watch Clearinghouse is an information resource center. Sprawl Watch's mission is to make the tools, techniques, and strategies developed to manage growth, accessible to citizens, grassroots organizations, environmentalists, public officials, planners, architects, the media and business leaders. At the Clearinghouse we identify, collect, compile, and disseminate information on the best land use practices, for those listed above. <http://www.sprawlwatch.org>

⁶⁹ Benfield, F. Kaid, Terris, Jutka and Vorsanger, Nancy, "Solving Sprawl," NRDC, 2002