Will “Smart Growth” produce smart growth?

While the concepts embraced are sensible and well-intentioned, questions remain as to how effective the laws are likely to be.

By Douglas R. Porter

Introduction

Across America, concerns about “urban sprawl” and out-of-control development are mounting. The November 1998 election demonstrated voter appetite for state and local ballot initiatives to check development, and in the case of New Jersey, for increased taxation for purchase and preservation of open space. Maryland’s re-election of Gov. Glendening is viewed by some as an affirmation of his “Smart Growth” legislation adopted by the General Assembly the previous year.

This legislation, a package of bills labeled “Smart Growth,” encourages but does not require concentrations of growth within and contiguous to existing communities by directing State funding into already developed areas and areas planned for growth. It also protects some rural land outside growth areas by increasing funding in support of the preservation of farms, forests and open space. The strategy is intended to focus attention on renewing and revitalizing older neighborhoods and industrial areas — a goal of particular interest to Baltimore City.

While the concepts embraced by the Smart Growth legislation are sensible, welcome, and long overdue, questions remain about how effective the laws are likely to be in affecting the course of development, whether further steps are needed, and whether the measures so far adopted will significantly decrease the negative trends they are meant to address.

This analysis of Smart Growth policies examines whether the new legislation, principally the Smart Growth Areas Act directing State capital funding, is likely to have a significantly positive effect on the course of development in Maryland, and whether clear standards are provided against which progress can be measured. The analysis is framed by the following questions:

- Does the Smart Growth legislation create an effective process for concentrating development and conserving natural resources? Does the legislation redirect State investment to areas planned for growth and older areas?
- Where is accountability provided for the implementation process?
- How will we quantify improvements in development patterns?
Continued from page 1

• What additions or revisions will increase the likelihood that patterns of future growth will be altered in ways consistent with community goals?

Background

Nationally, Maryland is rightly seen as a leader in creating and sustaining programs designed to conserve farmland and open space; locally, it enjoys a reputation for protecting the Chesapeake Bay. Initiatives that have brought the State recognition and have in some instances been replicated include:

• Program Open Space, which preserves undeveloped land through purchase;
• Chesapeake Bay tributary strategies program which sets goals for reduction of pollution in the watershed area;
• Agricultural Land Preservation program which preserves productive farmland; and
• the Chesapeake Bay Critical Areas Act, which protects a buffer along the shoreline.

But while Maryland has obviously been at the forefront of conservation policies, ever increasing suburbanization and unchecked development threaten to consume remaining undeveloped land, and to damage natural resources on a scale beyond that which these programs were intended to address.

Maryland’s population is projected to grow by more than 840,000 in the next 20 years, fueling construction of an estimated 430,000 new houses, together with associated commercial and industrial development. But recent projections show Maryland’s population and employment growing most rapidly outside urbanized areas, often in the countryside where low-density development quickly replaces farms and forests. This outward expansion of development demands substantial public and private investments in new roads, sewer and water systems, schools and other facilities. Meanwhile, the quality of life and fiscal stability of core cities is being drained by the loss of residents and jobs to suburban and rural areas. For example, from 1990 to 1997, the regional population outside Baltimore City grew by an estimated 160,000, while Baltimore City itself lost almost 80,000 residents.

In 1990, a State commission was formed to look at issues of sprawl, development and potential State actions for intervention. The result was introduction of legislation that set goals and standards for counties to follow in developing their comprehensive land use plans. Perceived as turning too much authority over to the State, the bill was not well received in Annapolis, and failed to pass. The next year saw the introduction and passage of the Economic Growth, Resource Protection and Planning Act of 1992. The act merely asked counties as they updated their comprehensive plans to reflect seven very broad goals or “visions” for guiding development (see inset). These visions have been inconsistently interpreted and their incorporation into local plans has seemed unlikely to result in fundamental changes to planning and development in Maryland.

In 1996, Gov. Glendening approached the issue by keying in on a mechanism under the State’s control: infrastructure funding. By mandating that State infrastructure funds be spent in designated growth areas, State funds could be used as a tool for redevelopment and for slowing sprawl. Although the redirection of State funding could have been implemented simply by administrative changes, Governor Glendening chose to seek greater public support for these policies through the legislative process, perhaps in the expectation that popular support would make and keep the program more acceptable to the electorate. A package of bills was introduced which, together, seek to use State funding as a carrot to encourage more compact development and redevelopment of older areas. The bills, labeled “Smart Growth,” which were somewhat compromised but ultimately passed in 1997 by the Maryland legislature, include the following:

• The “Smart Growth Areas” Act, the most innovative component of the Smart Growth package, targets State money for growth-serving infrastructure into areas designated as “Priority Funding Areas.” The statute establishes existing municipalities and areas within the Washington and Baltimore beltways as “Priority Funding Areas,” and also enables counties to designate additional areas for planned growth.
• The Rural Legacy Act expands funding for acquisitions of and easements for open space and farmland.
• Tax credit legislation encourages job creation in existing urban areas by offering incentives to businesses.
• Brownfields legislation encourages redevelopment of underutilized commercial and industrial sites by reducing the liability risks associated with environmental cleanup.

The key provision, the “Smart Growth Areas” Act, significantly advances the art of state growth management, for which Maryland has been recognized nationally. Of the 11 states

Continued on page 3
with comprehensive laws intended to stimulate more effective management of growth, only Maryland’s 1997 law explicitly mandates that State funds for growth impacting capital projects be spent in designated growth areas. With few exceptions such as Oregon, state-level growth management laws are not generally powerful and states have a long way to go to effect real change in development patterns. The concept of using state funding as a lever for growth management is viewed with great promise and has since been adapted by one other state, Tennessee. Its “annexation and incorporation” act sets standards for establishing and expanding municipal boundaries. Taking a step beyond Maryland’s law, Tennessee directs counties to work with municipalities to establish urban growth boundaries under the threat of withholding state funding for non-compliance.

Voter expectation, raised by the State’s predisposition to favor Smart Growth, is that legislation is in place to significantly redirect development in the State. But the fact is that more remains to be done if we are to have effective Smart Growth. Maryland has yet addressed the difficult issues of greater State control over land use and the establishment of boundaries to growth. Focusing State capital investments on agreed-upon growth areas is a helpful step but its impact, even if vigorously implemented, may still have only a marginal impact on land development.

While Maryland’s approach to land conservation and development appears to be inclusive, well-intentioned and promising, the limitations of the legislation have the effect of rendering the bills subject to inconsistent interpretation and application as outlined in the following sections:

One

The new law does not offer policy guidance or benchmarks for measuring the changes and improvements in development patterns that might be expected to result from Smart Growth policies. The Priority Funding Areas define boundaries for redevelopment and growth for the purposes of investing State infrastructure dollars. There is no underlying requirement for local government land use or facility plans to be responsive to State Priority Funding Areas or to be reworked as a result of new State policy directives. This leaves policy guidance for local planning resting on the vague “visions” of the 1992 Act.

Maryland’s visions are open to interpretation and provide few specific indications of desirable outcomes for planning and development decisions by State agencies and local governments. For example, the vision that directs that “development be concentrated in suitable areas” provides no clues about what is meant by “concentrated” or “suitable” to guide public decision-making about the form, location and timing of a development project or a comprehensive plan. Are concentrations, for example, supposed to be square miles or a few acres in size? With their lack of specifics, the visions do not set a clear direction for what is to be accomplished, and thus do not readily allow measurement of progress in growth management efforts. The Maryland Office of Planning has provided some help by publishing an “elaboration” of the vision statements. This is a beginning, but has not been subjected to discussion and is unofficial. If the Smart Growth law is to have an effect, measurable objectives need to be established to guide State and local implementation of growth management measures and to quantify expected improvements over time.

An Executive Order requires the Office of Planning to report annually to the Governor and the General Assembly on the implementation of the Smart Growth policy. The report is to include a description and cost of State-funded infrastructure projects within and outside Priority Funding Areas. An analysis of the impact of projects approved outside Priority Funding Areas have on the policy is mandated, and is a helpful step, but there is no requirement to measure the accomplishments of the policies against pre-established goals and larger development trends.

The 1992 Planning Act does direct a planning commission to report annually to the Governor and General Assembly on progress made in 12 types of activities. Examples include the achievement of consistency in local development regulations, progress toward achieving protection of sensitive areas, and development and use of techniques for achieving the visions. To aid in meeting this requirement, the planning commission adopted a number of “growth indicators” that the State would monitor regularly. These indicators include measurements such as total acres of developed land—both agricultural and forest; annual vehicle miles of travel; average lot size for all residential parcels of less than five acres; and total preserved agricultural acreage reported annually. However, the measures are not weighted, and are presented without specifying expected outcomes.

Two

With State capital dollars and future State assisted growth tied to Priority Funding Areas, the size and locations of these areas are key. But as presented in the Smart Growth legislation, the criteria and the process for determining the Priority Funding Areas are weak and do not guarantee consistent land use planning among or between jurisdictions. The legislation gives automatic designation for ex-
ample, to incorporated municipalities and areas within the Washington and Baltimore beltways, and it also gives counties the option of designating additional areas. In the original bill, the Priority Funding Areas were to be limited in size in accordance with projected demand for residential, commercial and industrial development over a certain period of time. However, through the legislative process, the criteria have been substantially weakened. Now, State law allows as eligible, industrially zoned land, existing communities with average residential densities of 2 units per acre, and areas planned for development served by sewer at average densities of 3.5 units per acre. Guidance as to how counties are to uniformly calculate density is provided, but it is only advisory and is not enforceable. There are no standards required for an analysis of the amount or location of land necessary to accommodate growth. As a result, counties are afforded a great deal of latitude in designating Priority Funding Areas. Counties with more industrially zoned land or planned sewer service area than may ever be reasonably utilized are not discouraged from designating all the land within these areas. Howard County, for all practical purposes, has designated one-half of the county as a Priority Funding Area, based on a calculation of average density of both existing and planned growth. Counties find they have an incentive to maximize the size of Priority Funding Areas to increase their potential for receiving State funds, defeating the purpose of the legislation.

Early drafts of the legislation called for the State’s Office of Planning to provide a consistency review and give final approval of Priority Funding Areas, but the final bill removed all approval authority by the Office of Planning, reducing its role merely to one of comment. Counties may elect to simply notify the Office of Planning that areas have been designated, resulting in a self-certification process for local governments. The act is silent on the need for oversight to point out inconsistencies among adjoining jurisdictions’ designations. By way of example, there is nothing to prevent one county from designating a growth area abutting the agricultural preservation area of an adjacent county.

By comparison with most other states’ growth management statutes, the Maryland legislation provides for relatively little oversight to assure local government conformance with State goals. Of the 11 states actively engaged in state growth management, over half have established state-level approval procedures for local responses to planning requirements. Some require state approval of local comprehensive plans before they can take effect; some offer incentives for voluntary local plan submissions for state approvals; some provide disincentives but do not mandate for state approval of local plans. Without some type of centralized, accountable responsibility for oversight of the growth management process, Maryland’s goals can quite conveniently be ignored, and implementation, as a consequence, is likely to be inconsistent.

Three

Certain funding programs that seem a logical part of the capital infrastructure of communities, such as school construction, are not affected by the law. For those funding programs that are included, the law provides for exceptions, allowing for project approval outside Priority Funding Areas. These exclusions and exceptions enable State-funded projects to be built outside Priority Funding Areas, diluting the effect of the law.

School costs are a major capital funding requirement in most communi-

Continued on page 5
ment outside Priority Funding Areas. While funding a maintenance project for an existing road may be defensible, criteria for determining project-by-project exceptions are lacking. This loophole, one observer joked, is “large enough to drive a truck through” and raises concerns that transportation funding will continue to flow outside Priority Funding Areas. That exceptions are allowed without standards for predictability raises concerns that transportation funding will continue to flow outside Priority Funding Areas. That exceptions are allowed without standards for predictable outcomes will create expectations that the law is negotiable. The effect would be to increase pressures for exceptions and to weaken the power of the law.

The law allows the Board of Public Works to approve funding for other types of projects outside Priority Funding Areas under certain conditions, or “extraordinary circumstances.” These are defined as “extreme inequity, hardship, or disadvantage that clearly outweighs the benefits” of a Priority Funding Area location and turn on the lack of a reasonable alternative location. In addition, the law allows funding for certain types of projects outside Priority Funding Areas without approval from the Board of Public Works. These exceptions include projects for a natural resource-based industry, tourism facility, or industries in locations “proximate” to an airport, port, railroad, transit facility or major highway interchange. While it may be reasonable to expect some exceptions, such as businesses involved in the extraction of natural resources, proximity to transportation facilities does not in and of itself make development of new industrial facilities conform to Smart Growth objectives. With no definition of “proximate” there are few limitations on where an industry can be located. The option of providing State funds for siting new industries in rural areas along railroads or near highways can generate the very kind of outward sprawl development

The Smart Growth Areas Act was designed to limit. Not only do such industrial locations invite other and contiguous development, but they create increased transportation and other needs.

Four

In building support for Smart Growth legislation, State agencies reached out to a broad range of interest groups. The resulting legislation, however, failed to spell out any specific requirements for citizen participation in local decision making so that designation of Priority Funding Areas, and State agency decisions on project funding outside Priority Funding Areas, were left vague and ineffectual. A subsequent Executive Order by the Governor directs the Office of Planning to “help local governments establish an opportunity for public review of proposed Priority Funding Areas prior to certification.” Lacking specific legislative direction, however, many local governments determined Priority Funding Areas with little or no such input. For projects outside Priority Funding Areas referred to the Board of Public Work for review and approval, there is a modest provision for citizen input, but it is a weak one. A public meeting on the growth impacts of a project is only required in the event that the Board of Public Works first requests an advisory opinion from the State Planning Commission and a citizen exercises his or her right to request a hearing. This provides little allowance for the input of local citizens who may be directly impacted.

Five

Programs for conserving large open space areas provide the “flip side” of programs designed to concentrate urban development and prevent sprawl. These programs are and should be viewed as complementary activities that are mutually supportive. For the Rural Legacy program, the Maryland Department of Natural Resources has proposed that the State acquire development rights to preserve 77,000 acres over the next five years. That goal is difficult to evaluate without an understanding of exactly how the acreage relates to total needs over the next five or ten years. But, more importantly, while the Rural Legacy program sets goals that prioritize the quality or strategic importance of land to be protected, the goals do not emphasize the importance of land under immediate or future threat of development. The criteria set forth in the legislation for selecting areas deal mostly with the quality of the conserved lands as natural, historical and cultural resources, and very little with the more strategic contributions of conserved open spaces in managing development.

Recommendations

The recommendations that follow suggest ways to strengthen Maryland’s Smart Growth and earlier planning acts as they now function. In several instances they reflect lessons learned from other states.

One: The State’s strategic intentions for guiding growth should be better defined by formulation of State objectives and benchmarks that reflect a thoughtful strategy for achieving the goals and provide a means of measuring performance by both state and local governments toward meeting the goals.

For Maryland to achieve Smart Growth goals, it needs clear guidance on what they are and how to achieve them. The seven visions, part of the 1992 planning law and referenced in the 1997 legislation, are the only “official” statements of goals and policies relating to growth and land-use change. In their present form, they are broad strategy statements short on details about desirable forms of development and ways to achieve them. To better define its strategic intentions for guide-
Continued from page 5

Oregon established performance measures dealing with transportation, housing and other aspects of community development that influence movement toward the aims of Smart Growth. Attaining the vision for the concentration of development would be further translated into reduction of low-density sprawl. This goal could be tracked by identifying not only acres of low density development, as proposed by Maryland Office of Planning, but by establishing an objective, for example, that no more than one-quarter of annual developed acreage should be developed at less than a specified low density. To measure progress toward conserving neighborhoods might require setting targets for numbers, or proportions of, housing units to be rehabilitated, compared to existing amounts of deteriorated housing by neighborhood or municipality. Targets for agricultural preservation would call for minimizing development of productive agricultural land by incremental increases in development of no more than x percent. Similar types of targets could be established for the location of employment and job creation within growth areas, and projected reductions in miles of school bus trips per student. The newly created Smart Growth programs and existing funding programs should then be evaluated during the budget process for their contribution towards achieving the goals.

Two: The criteria and process for designating Priority Funding Areas need to be evaluated and modified in light of the counties’ recent designation of the areas.

For the Smart Growth concept to be successful in practice, greater scrutiny of the areas where growth and redevelopment are intended and the process for their designation are needed. The law’s effectiveness turns on whether the Priority Funding Areas are appropriately sized and well placed; yet a question still remains whether the designation process provides enough guidance or incentive for good planning. As required by the law, jurisdictions are to have completed the designation process, giving Priority Funding Areas real boundaries. In light of this, it would be timely for the State, local governments and interested citizens to analyze the Priority Funding Areas of each jurisdiction, and the 3.5 unit per acre requirement for planned residential development and other statutory criteria. Based on the analysis, the criteria for Priority Funding Areas could then be further developed and related to the benchmarks proposed in the previous...
section. An improved law would require the State to reinforce the mandate that counties’ designated Priority Funding Areas satisfy a more stringent development capacity analysis and additional statutory criteria. Additionally, the Maryland Office of Planning and/or other State agencies should have approval authority over the designation of the areas and ensuring that there is consistency in the designations between and among local jurisdictions.

Three: The State should amend the Smart Growth Areas Act to prevent skirting of the intent of the law in cases of schools, transportation and industry.

The Smart Growth legislation omits or shortchanges significant program elements that would strengthen the program. Allowing schools, industries and some kinds of transportation projects to be located without regard to location of Priority Funding Areas opens the door to growth in areas that are not intended for development. If the desire of Marylanders is to address growth issues through investment of State funds, then the loopholes for transportation, school siting and industries and other projects under general exception criteria in the law should be closed.

To better coordinate State and local planning for transportation systems and land development, a more specific policy framework and implementation process should be designed. Recognizing this disconnection, Oregon adopted a Transportation Planning Rule in 1991 to implement the state transportation planning goal. The Rule explains “how local governments and state agencies responsible for transportation planning demonstrate compliance with other statewide planning goals and how transportation facilities are provided on rural lands consistent with the goals.” It further requires state transportation project plans to be compatible with state-approved local comprehensive plans. Oregon’s rule suggests State guidance for transportation planning and investments that might strengthen Maryland’s Smart Growth program.

Four: The State should add requirements for citizen participation in the local designation of Priority Funding Areas and rural legacy areas, and for funding approval for projects outside Priority Funding Areas.

Achieving State goals requires constant interaction among the agencies and jurisdictions whose programs and decisions affect development and among citizens affected by the process. The need, political or otherwise, for notifying citizens’ groups and special interest groups of proposed actions and for soliciting comments from them through formal processes can be argued, but governments in Maryland and elsewhere increasingly have established inclusive processes for major decisions concerning development. Already in place are numerous local processes for notifying affected property owners about specific development proposals. To enable citizens to participate and provide input in Smart Growth decisions uniformly across the State, procedures for obtaining citizens’ views, including advance public notice of local certification processes, and public input to the funding exception process, should be adopted.

Five: The State should provide criteria for Rural Legacy projects that demonstrate the ways that the conserved open spaces will play a role in concentrating development in cities, towns and villages.

To maximize the use of Rural Legacy funds both for conservation and directing development, a geographic and functional relationship between urban growth areas and Rural Legacy conservation efforts should be established. To better plan for the preservation of land through the Rural Legacy program, the State should provide criteria for projects that demonstrate the ways that the conserved open spaces will support the concentration of development in cities, towns and villages. The Rural Legacy program is now being funded at a level that could protect up to 200,000 acres of resource lands by 2011 (according to Maryland Office of Planning estimates). To better target the use of funds, the State could analyze the adequacy of acreage in relation to Maryland’s growth and to quantify the amount of open space that should be conserved in both rapidly growing and slower growing areas of the State.

One potentially useful tool for redirecting growth to conserve rural lands may lie in the concept of transferring development rights (TDRs). TDR programs allow landowners in areas with growth restrictions to sell development rights. Developers purchase such rights and transfer them to other areas in which higher density development is permitted. Ten counties have adopted TDR programs, including Montgomery County, whose program is often referenced as the leading one in the country. The State planning commission has recommended a statewide, voluntary, interjurisdictional TDR program that would allow local governments to transfer rights from one jurisdiction to another and provide a State TDR bank to facilitate purchase and sale of development rights. The proposal ran aground on the issue of shifting rights from one jurisdiction to another. More recently, another proposal suggested a more focused program that would operate in tandem with the Rural Legacy program. This proposal would allow counties to transfer development rights acquired through State Rural Legacy grants to locally designated receiving areas, with half the resulting revenues from developer purchase to be re-directed to ac-
Continued from page 7

requiring more open space and the other half to improving infrastructure in infill and redevelopment areas. This plan would increase spending for acquisition of development rights in open space areas and provide needed funds to upgrade existing community infrastructure.

Conclusion

Looking toward the year 2020, the preamble of the key act, “Smart Growth Areas” defines the problem to be addressed:

“If current patterns of development continue unchanged, Maryland will lose over 500,000 acres of farms and open spaces; will have abandoned many existing and historic neighborhoods; and will have spent millions of taxpayer dollars building new infrastructure.”

To meet the problem head on both in concept and spirit, the Smart Growth legislation takes Maryland in the right direction; it is well intentioned and long overdue. It is a sensible notion that government would help to shape the development it has assisted through subsidization of roads and infrastructure in newly developing areas by withholding funding for unplanned growth and providing incentives for rural land preservation and redevelopment of older areas. Yet, State-funded infrastructure makes up only a small part of the total investment in development which occurs and may still be demanded after poorly planned development has already taken place. Even if all the exceptions are removed and loopholes closed, Smart Growth policies are designed or intended to take Maryland only so far. They do not fundamentally alter the way planning for growth is accomplished. The politics of a State dominated by strong local government powers and a heavy reliance by those counties on new growth for revenues, combined with a vigorous construction and homebuilding lobby, have until now ensured defeat for bolder measures to impose additional requirements for growth. However, the longer the delay, the more rapidly the citizenry is likely to see farms and forests converted to new development, the continued hemorrhaging of older areas, and a State government that is saddled with unsustainable infrastructure development and maintenance bills. While earlier efforts at conservation have put Maryland in a promising position to become a leader in the growth management arena, it is clear that additional scrutiny of both objectives and process are needed.

Local governments need to have measurable goals and a system of accountability for their efforts in meeting Smart Growth goals, and the State needs to provide a roadmap of the direction it wants to go over a 10, 20, or 30 year period. Without this roadmap, the limitations and exclusions of the law make it questionable that these trends, of continuously increasing low-density growth with its consequential loss of farmland and disinvestment in established urban areas, will be significantly affected.

This report argues that without stronger tools (and with detailed instructions in plain English on how to use them, and how to make sure they are working), Maryland cannot create the environment to which it aspires, as described in its ambitious and widely shared vision of sensible growth. ■

Maryland’s Growth Management Objectives: the Seven Visions

The state’s economic growth, resource protection, and planning policy is that:

1. Development shall be concentrated in suitable areas.
2. Sensitive areas shall be protected.
3. In rural areas, growth shall be directed to existing population centers and resource areas shall be protected.
4. Stewardship of the Chesapeake Bay and the land shall be a universal ethic.
5. Conservation of resources, including a reduction in resource consumption, shall be practiced.
6. To encourage the above, economic growth shall be encouraged and regulatory mechanisms shall be streamlined.
7. Funding mechanisms shall be addressed to achieve this policy.


ABELL SALUTES: Continued from page 1

promise. Of the 269 women admitted into the program, 83 are now gainfully employed, and 53 are in the program’s educational system and on the way to becoming candidates for employment. Typical employment situations include: remittance clerk at First National Bank; Parent Education Recruiter, Johns Hopkins University; clerk at Ferris Baker Watts; Patient Care Advocate at Sinai Hospital. About 133 candidates, or 50%, left the program on their own or were asked to leave.

The Abell Foundation salutes the Caroline Center and its director, Sister Pat McLaughlin, for creating and maintaining a program that provides employment and family support for many who, without the Caroline Center, would have prospects for neither. ■