

A Summary of Approaches Associated with Smart Growth Strategies

Summaries developed by students in Clemson's PRTM 820, March, 1999, Clemson, SC

Tools

Regulatory tools include:

- 1. Quality Development Standards:** Regulations adopted in zoning ordinances to ensure high quality attractive development and site design. Often address landscaping and vegetation protection, preservation of special views, controls on signs and billboards, and river corridors.
- 2. Cluster Zoning:** Concentration of development densities on a small part of parcel and preservation of the remainder in open space.
- 3. Urban Growth Boundaries:** Policies and regulations that delineated boundaries within which urban development must occur. Land outside boundaries protected for agricultural, silvicultural, and open space uses.
- 4. Agricultural Land/Open Space Zoning:** Land use regulations establish large minimum lot sizes for development—often 40 acres or more—to preserve open space and farm land.
- 5. Adequate Public Facilities and Concurrency Ordinances:** Ordinances requiring specified levels of public services as conditions for new development approvals or that services be available before development starts.
- 6. Exactions, Dedications, and Impact Fees:** Requirements for improvements, land dedications, or payment of fees as condition for development approval.
- 7. Fair Share Concepts:** Approach to ensure adequate land is available for variety of development types, including affordable housing, sometimes by requiring that localities meet “fair share” of regional needs, or requiring developer to provide certain percentage of affordable units in a residential development.
- 8. Open Space/Park Purchases:** Government acquisition of property with full title ensures land will be protected and/or opened to the public.
- 9. Intergovernmental Agreements:** Multi-jurisdictional land use plans and strategies negotiated by two or more local governments to address regional impacts of growth and development.

Other developmental planning tools include:

- 10. Private Land Trusts:** Private, non-profit entities that can facilitate land acquisition and preservation of sensitive lands by serving as conduits for or recipients of land grants or conservation easements can offer significant income and estate tax benefits to private landowners.
- 11. Private Land Conservation Efforts:** Private sector initiatives to undertake limited development that concentrates development on less sensitive parcels and protects open space and natural resources.
- 12. Tax Incentives and Credits:** Preferential tax assessments and tax credits/deductions offered to encourage low-density uses, accomplish land preservation goals, or provide affordable housing.

Land Use Regulations

Comprehensive Planning and Zoning

Communities in the United States have engaged in land use regulation and growth management since the early 1900s. Since that time, thousands of cities, towns, and counties throughout the country have adopted comprehensive land use plans and have zoned their communities in accord with those plans. While comprehensive planning and zoning have become the basic tools of development and growth management in most places, there is increasing recognition that these traditional approaches have shortcomings and may need to be supplemented with other tools.

Advantages:

- Planning and zoning can establish a basic rational framework for making development and land use decisions in a community.
- By encouraging local governments to think carefully about regional land use and growth issues such as transportation, infrastructure, and open space, comprehensive planning requirements can be very valuable.
- Basic zoning can protect uses such as residential from adverse impacts of industrial and commercial developments.
- In their more sophisticated forms, zoning ordinances can address a wide variety of environmental and design impacts of development.

Disadvantages:

- Local governments may not have adequate resources to undertake the studies and background work to produce an effective plan without assistance from the state or regional planning entity. Moreover, if there is no enforcement mechanism to ensure the implementation of approved plans, then comprehensive plan requirements may produce thick plans without real results.
- Zoning ordinances requiring rigid separation of uses can make creative, mixed-use developments difficult.
- Zoning ordinances often do not address some important aspects of growth management such as timing and rate of growth.
- Zoning controls may increase property values for some landowners, but adversely affect others.

Urban Growth Boundaries and Designated Development Zones

Where cities designate areas for urban growth, growth management policies can guide new development patterns by directing urban service extensions to such areas and withholding them from others. The essential concept involves the use of urban service extension policies to define the areas where new development will or will not have access to municipal urban services, thus steering new development toward designated growth areas. Most recent state growth management initiatives have required localities to establish urban growth boundaries within which new development is to be targeted and accommodated.

Advantages:

- When used in combination with appropriate capital improvement policies, etc., growth boundaries can help steer development toward these areas and prevent the costly overextension of public services.
- Growth boundaries can influence growth patterns in a simple understandable fashion.
- Creation of urban growth boundaries has proven to be an effective tool to protect open space and agricultural and forest lands.

Disadvantages:

- Urban growth policies alone provide no guidance to development patterns within the growth boundary and do not address development quality issues.
- Use of urban growth boundaries as a growth management tool can be undermined if surrounding jurisdictions allow urban-type development outside the line.
- If not enough property is provided to accommodate development within the urban growth boundaries, overly strict delineations may drive up the cost of land.

□ Property values outside the urban growth boundary may be affected because there is a presumption against urban-style development.

Market Alternatives

Among the more common alternatives being considered alongside regulation and tax incentives are market approaches. Specifically, transferable development rights programs (TDR) and purchasable development rights programs (PDR) have been discussed. TDR's and PDR's are the two market mechanisms that have been most commonly used in the United States to manage urban growth.

Although both programs are market mechanisms designed to improve upon the current institution's ability to drive efficient land use, the two approaches are quite dissimilar in their potential implementations.

Transferable Development Rights Programs

A TDR program directs land development toward already-developed areas in a community by providing a market whereby rural landowners can sell their right to convert their properties to high density developments. Buyers are either government or private developers seeking to increase development within an urban boundary. The policy has the effect of preserving rural land on the urban fringe while compensating the rural landowner the dollar amount he or she foregoes by preserving the land in its existing state.

Purchasable Development Rights Programs

Unlike TDR's, PDR's have been judged widely successful under even the simplest land-use planning regimes. Under a PDR program, payments to landowners are drawn from land trust funds, funds created by the public and available for the sole purpose of compensating landowners that opt not to sell or develop. The land upon which the development rights are purchased is generally perceived by the public as better maximizing true economic rents in its natural state rather than in a developed state. It is thus, in theory, a market exchange between a landowner and the public at large. This mechanism for land protection was prevalent prior to the early 1970's in the United States. But, the many federal, state, and nonprofit buyout funds dwindled over the last three decades giving way to increased regulation.

Incentives

Grants/Loans

Government funds are made available for a variety of purposes, such as direct financing in the form of low-interest loans or grants to seed appropriate development proposals in targeted areas.

Advantages:

□ give the government a direct and immediate means for shaping development; can leverage significant private investment; and can serve to take the sting out of regulatory programs.

Disadvantages:

□ cast the government into a role of determining which development project is most worthy; can be costly; and can create substantial administrative burdens.

Revolving Funds

Local governments establish revolving funds for property acquisition or development. Governments may combine the use of revolving funds with purchase and sellback programs, with the proceeds from resales deposited back into the

revolving fund and reapplied toward further purchases. This technique has been applied in land conservation and historic preservation programs around the nation.

Advantages:

- stretch limited financial resources by applying essentially the same funds to numerous development projects; can leverage private investment; and
- can be useful where the fund can target feasible development or where markets are strong enough to provide some capital gains on property sales.

Disadvantages:

- initial start-up costs can be high and funds may incur the financial risk that the development will fail and deplete the fund or that there will be no resale market.

Preferential Taxation

Where potential profits motivate landowners to convert low-density land uses to higher intensities, preferential tax programs such as current use assessments can counter these motives by providing incentives to maintain existing low intensity uses.

Advantages:

- equitable means to encourage low-density uses through tax assessments that reflect current rather than prospective values and accomplishing land conservation goals without use of regulations.

Disadvantages:

- may be costly in terms of foregone tax revenues and profit motive may outweigh benefits of a property tax break and lead to inappropriate development.
- Local governments levy real property taxes against the assessed value of property. Current use assessments alter assessment practices by requiring assessments to reflect actual current uses rather than prospective potential uses.

Federal Land Preservation Incentives

Federal, state, and local laws offer financial incentives for land protection.

Advantages:

- effective in context of agricultural and wetlands protection and provide protection without direct regulation.

Disadvantage:

- may involve costly government subsidies.

Sanctuaries For Existing Uses

Zoning techniques create exclusive sanctuaries that prevent the encroachment of incompatible uses.

Advantages:

- create protected areas for threatened uses and discourage other uses from locating in the vicinity; and help to resist speculative intrusions into areas with desirable land uses that might be forced out by the market.

Disadvantages:

- may exclude compatible uses, ultimately creating pressure for more intense development; and may reduce agricultural or industrial land values by reducing market opportunities to convert lands to other uses.

Density Bonuses For Land Conservation

Increased densities are allowed to encourage developers to use open space design techniques in new developments.

Advantage:

reward developers for protecting and preserving open space, rural character, and sometimes specific resources such as ridge lines.

Disadvantages:

- may not be appropriate where large-scale land preservation is preferable; conservation objectives may be diminished if incentives are too generous; and
- developments designed to qualify for bonuses may ignore other important planning objectives.

Educational And Informational Programs

Technical assistance offered to local governments and private citizens helps make planning and other programs more effective.

Advantages:

- help local governments to understand the full range of options available to them regarding growth management and the pros, cons, and implementation aspects of such programs;
- make private landowners aware of government assistance and incentive programs; and help to lessen the impact of regulatory programs.

Disadvantages:

- informational and educational programs can be costly;
- periodic updates and informational flows must be sustained on a continuing basis; and
- programs are often targeted by budget cutters.