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GOOD FOR THE TOWN, BAD FOR THE NATION? A COMMENT

In "The Longer View" essay that led off the Winter 1990 issue of the Journal, "Growth Management: Good for the Town, Bad for the Nation?", Benjamin Chinitz, in his typically literate and balanced way described what we know about the impact of urban growth management programs and asked whether the local approach is consistent with national environmental goals. His conclusion was that localism was in this case generally consistent with national goals, although he expressed concern about the housing affordability issue that seems to dog growth management.

My purpose is to respond to his skepticism about a conclusion that I drew in my review of the economic studies of growth controls, *Do Growth Controls Matter?* (1990). My conclusion is that local growth controls contribute to metropolitan sprawl. To quote the penultimate paragraph of Chinitz's essay, "The direct line that some people have drawn from growth management through urban sprawl to greater automobile usage and its adverse consequences for the environment is fraught with fallacy." I want to defend the first segment of the "direct line" that links local growth management to suburban sprawl.

The aforementioned review led me to conclude that growth controls, which are most common in the suburbs, raised prices of existing housing in the towns that adopted new restrictions, lowered the value of undeveloped land subject to the restrictions, and contributed to higher metropolitan-area housing prices. The first conclusion supports the idea that homeowners in the suburbs vote for land use policies that increase the value of their own assets, an observation that will come as no surprise to students of local government finance. I took the lower undeveloped land prices as evidence that developers who would have built in the growth-controlled town relocated somewhere else. The higher metropolitan housing costs suggest that the next-best sites were not in perfectly elastic supply.

The question is whether the sites to which developers fled are closer to or farther from the centers of metropolitan areas. As I pointed out in *The Economics of Zoning Laws* (1985), the

sites could in principle be in either direction, but I gave reasons for suspecting that the jilted developers headed toward the cornfields and orange groves rather than toward the downtown skyscrapers. Using a theoretical urban model, Michelle White (1975) argued that the effect of suburban growth controls on sprawl was indeterminate, depending on the elasticity of substitution of land for capital. But, like most urban models, hers assumed that the city is not already developed, so that developers face none of the problems of building in declining neighborhoods of central cities or placating NIMBY groups in the established suburbs. Under more realistic assumptions about housing production, William Moss (1977) and Stephen Sheppard (1988) showed that suburban development constraints most probably induce sprawl, making the metropolitan land area larger.

The Leapfrog Question

As evidence for the contrary position, Chinitz cites a study of infill development by Richard Peiser (1989): "Peiser's findings show that, when a community says to a developer 'Go away,' the developer is just as likely to move to the built-up area of the metropolitan region as to the periphery." I want to argue that Peiser's study supports rather than contradicts my position. To see why, we need to look into the planning and policy issues that motivated Peiser's interesting study.

A commonplace among planners is that discontinuous development in suburban fringe areas (i.e., leapfrog development) ought to be prevented by a policy that permits only contiguous development. If we consider undeveloped areas around a city as concentric rings A (next to city), B, and C (farthest from city), the idea of the policy is that suburban development should fill in all of ring A, then all of ring B, then all of ring C. The leapfrog pattern of development, in which some development occurs in rings B and C before A gets filled in, should be discouraged, according to this policy. Many modern growth management policies are explicitly motivated to prevent leapfrog development.

Several urban economists have argued, however, that leapfrog-with-infill is actually a benign process, conserving overall land resources and ultimately making for a more dense rather than a less dense city, after all is said and done (Mills 1981; Ohls and Pines 1975). In other words, leapfrog-with-infill prevents sprawl. The process is explained in the text by Edwin Mills and Bruce Hamilton (1989,139-42): land speculators withhold some undeveloped land from economically irreversible commitment to the low-density development demanded by the richer suburban pioneers. The speculators later sell their land for higher density development for middle class homes. Peiser apparently agrees with this analysis when he says, as Chinitz quotes him, that "a freely functioning urban land market with discontinuous patterns of development inherently promotes higher density of development . . . by later infill."

Perhaps because urban economists seem to regard the foregoing argument as self-evident, little empirical evidence has been marshalled in support of it. Peiser is among the first to present systematic evidence that, where infill does occur, it results in higher-density development. He examined subdivisions in the Dallas and Washington metropolitan areas. Newer subdivisions in tracts apparently bypassed by the first wave of development were built on smaller lots, that is, at a higher density, than their older neighbors, who had arrived in an earlier wave of development. This evidence is consistent with the theorists' contention that leapfrog-with-infill reduces sprawl.

A source of confusion is that Peiser, like some others, uses "sprawl," the excessively low density result, as a synonym for "leapfrog," the process. This could lead to the conclusion that Chinitz attributes to him, since in some places Peiser's defense of leapfrog-with-infill reads as a defense of sprawl. But sprawl could result from any process that involved excessively low density development, whether it involved leapfrog-without-infill or excessively large lots contiguous to existing development.

By examining only actually developed subdivisions rather than all potential sites for infill development, Peiser deliberately ignored the effects of local government growth controls that

exclude subdivision altogether. Antigrowth suburbs often zone large tracts for farmland, wetlands, or open space, or they may impose such unreasonable exactions that development is financially foreclosed. Such areas did not appear in Peiser's sample because he was interested in evaluating a different issue-whether higher or lower densities resulted where infill was permitted-rather than finding out where the development foreclosed by growth controls actually ended up.

An example that supports both Peiser's skepticism of anti-leapfrog policies and my contention that growth controls cause sprawl is offered by George Lefcoe (1990), a University of Southern California planning law professor and a former Los Angeles County planning commissioner. Lefcoe notes that the California Open Space Land Act (Cal. Govt. Code Subsection 65561) tries to prevent "premature and unnecessary conversion of open-space land" and "discourage noncontiguous development patterns." He goes on to describe how in practice the anti-leapfrog requirement actually induced greater decentralization.

The law prevented Los Angeles County from zoning noncontiguous, undeveloped areas for urban densities; the land was instead zoned for low density residential use, to meet open space planning requirements. (The dubious equation of low density development with open space is a separate issue.) Areas contiguous to the urbanized area of Los Angeles County that were zoned for high density homes were oversubscribed because the legally mandated population projections that were intended to guide growth were too low. As a result, developers of higher density housing went, in Lefcoe's words, "forum shopping, usually in ever more distant venues.... What can't be built in the northern part of Los Angeles County might be acceptable in Lancaster or Palmdale," towns that are even more remote from existing conurbations than the unincorporated parts of the county.

Rezoning Stories and Other Evidence

If Peiser's infill evidence cannot be used to show that growth management does not cause sprawl, what evidence do I have that local growth controls do cause sprawl? I have located no econometric studies that test entire metropolitan areas, but evidence on individual preservation programs tends to support my conclusion. A geographical study of Olmstead County, Minnesota (Rochester MSA), by Lizbeth Pyle (1985) found that the county's farmland preservation zoning caused scattered rather than concentrated development. Would sprawl have been worse without the preservation program? Jan Brueckner and David Fansler's results (1983) suggest not. Using data from 1970, which was prior to most growth control programs, they found that small and medium-sized urbanized areas surrounded by valuable farmland (like Rochester, Minnesota) had more dense urban development than areas surrounded by low-value rural land. Taken together, these two studies suggest that without the farmland preservation zoning--a mainstay of many local growth controls--there would have been less sprawl. They also give credence to the views of the Minneapolis-area planner who measured the success of his suburban county's farmland preservation program thus: "We're creating problems for the counties that are just outside the metro area. They don't have this type of ordinance, and we're creating a leap frog development effect into these counties" (Toner 1978).

The evidence that I find most convincing, though, is the steady accretion of rezoning stories, in which a developer proposes to use a 40-acre tract to put up, say, 131 single family homes, pretty much like those already standing in the rest of the community, and ends up building 20 condominium units (four earmarked for low-income seniors), 10 mansions, and one "ranchette" after years of negotiations with local government agencies and NIMBY groups. (Bernard Frieden [1979] documented the beginning of this trend in California in the 1970s.) The 20 condos are probably higher density than the single family homes originally proposed, and local officials might proudly point to that fact as well as their inclusionary aspect. What they do not point to, except in Minneapolis, is the 100 housing units that have to be built somewhere else.

Although the central cities might have been willing to take the 100 middle class households

who would have lived in the suburb had the developer's original plan gone through, all demographic trends about central cities suggest that the people headed somewhere else. Indeed, Chinitz cites sources on how much job and housing loss the central cities have had relative to the suburbs. If developers were headed back to the cities after being frustrated in the suburbs, the trend would seem to be the opposite.

What of the possibility that frustrated developers go sideways to another suburb? If they do, the other suburb would have to zone its undeveloped parcels for higher densities than the ones the existing residents live upon to make up for the lower densities of the neighboring, more exclusive community. Maybe this happens, but it seldom makes the papers and journals that I read. Moreover, as the aforementioned article by Lefcoe points out, statewide growth management programs may in practice prevent the more accommodating suburbs from zoning for higher densities by giving anti-growth interests legal standing to harrass local authorities.

The Loss of Agglomeration Economies

To agree with my point that growth controls cause sprawl is not to disagree with the conclusion of Chinitz's essay. He points out, citing Gordon, Kumar, and Richardson (1989), that, even if sprawl does occur, it does not necessarily entail more commuting, since jobs are suburbanizing as fast as households. (See also White [1988] for evidence that commuting among suburban areas is less wasteful than might appear from the monocentric model of cities.) Where we part company, I think, is that Chinitz stops with this observation to point out that such an outcome is acceptable for environmental reasons, because less traffic means less pollution. That may be, but there is another national issue that deserves attention.

Suppose that the reason that both employees and employers move to the suburbs is that downtown traffic congestion is just terrible. And suppose now that suburban congestion gets just as bad, so that half the labor force decides to work at home. The average commuting distance would be greatly reduced by this, since the commute of half the labor force is reduced to walking across the room. But the overall productivity of the economy is bound to be hurt. If work at home were just as productive as work in close physical proximity with many other people, there would be no cities.

The cost of excessive decentralization--sprawl--is the loss of agglomeration economies. When one firm leaves the downtown or a suburban business center for the cheaper labor (because of lower commuting costs) of the low density suburbs or small towns, it imposes an external cost on the firms that remain. While the departing firm takes into account the losses to itself of not being in the business network, it does not take into account the losses it imposes on other firms by leaving, since total productivity shrinks when the network shrinks. Pushing residents away from the firms by low-density land use controls gives the firms extra incentive to break up that old gang of agglomeration benefits. Togetherness in the workplace is not replaced by electronic media, which have yet to come up with a machine that faxes people together for lunch.

We know from a study of the New York region, in which Chinitz was an important contributor, that agglomeration economies are important for cities (Lichtenberg 1960). Jane Jacobs (1969) has persuasively described the importance of face-to-face contact in innovative activities such as research and development. An intriguing article by Adam Jaffe (1989) confirms the Jacobs thesis (without citing her) by finding that close physical proximity of urban universities to businesses increased the number of patents generated by the businesses. The mechanism of transmitting profitable ideas seems to be, as Jaffe puts it, "informal conversations" rather than journal publication.

Metropolitan growth management does not have to lead to excessive decentralization. It could, if we were smart about it, discourage the parochial, not-in-my-backyard, pull-up-the-drawbridge growth management of partially developed suburbs and neighborhoods ripe for appropriate development. It would promote rules that permitted the land market to do the efficient leapfrog-then-infill development that Peiser describes. This means partial

deregulation of the land market, with state rules that limit the scope of the police power to create local monopolies and monetary damages to developers frustrated by unfair regulations. A thorough proposal for such ideas is described in a classic article by Robert Ellickson (1977).

The major role for growth management should be to ensure that the costs of additional public facilities are fairly borne by those who benefit from them and that residents of localities that bear special costs from important regional projects-dumps, prisons, airports, and power plants-should be fairly compensated for them. If growth management worked out this way, the pressure on truly rural land would decline because the demand for housing would be satisfied in more convenient places, and the economic health of central cities would be improved by keeping jobs and middle class households close at hand in the near suburbs or in the cities themselves. That would surely not be bad for the environment, either.

AUTHOR'S NOTE

I am grateful for encouraging comments by Benjamin Chinitz on an earlier draft, though I do not take them as complete agreement with my position.

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