

**The Impacts of Smart Growth on Municipal Finance:
Perspectives of City Planning Directors Across Texas**

By

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~ Dedication ~

I would first like to thank my Savior for giving me the opportunity and fortitude to accomplish this work. To Him goes all the glory.

I also want to express my deepest thanks to my sweet husband, Geoff, for putting up with me, and for being my chief editor, muse, and love of my life.

A thanks also goes out to the rest of my family for their support and encouragement throughout the years.

Abstract

In the decades after WWII cities experienced an outflow of people and businesses to the suburbs. This migration was due to an increase in highways and automobile use and in part due to increased crime, declining schools, and a desire for a higher quality of life outside the city. In the past decade this suburbanization has been labeled "sprawl" and is blamed for everything from community disintegration to destroying the ozone layer.

Smart Growth has arrived as a growth management tool to counteract the perceived negative aspects of sprawl. Smart Growth seeks to address the problems of sprawl with several solutions. These solutions include economically revitalizing the urban core, creating higher population densities within the urban core, managing infrastructure to control suburban growth and counteracting the subsidies given to sprawl.

Extensive debate exists on the theories behind the development of Smart Growth as well as Smart Growth's solutions. To find out if these solutions will solve the problems of sprawl it is helpful to explore the attitudes of those who deal with Smart Growth first hand. The purpose of this research is to determine the perceptions that City Planners across Texas have about the fiscal impacts of Smart Growth policies on municipal finance.

This research demonstrates that overall City Planning Directors across Texas currently have an overall positive view of the effects of Smart Growth on municipal finance. However, a wide range of opinions is indicated by the research. Only time itself will tell if Smart Growth will live up to its supporters' claims.

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CHAPTER ONE: INTRODUCTION

Synopsis

This chapter introduces the subject of Smart Growth. A brief historical perspective is presented along with discussion of Smart Growth's emergence as a high profile issue. Smart Growth initiatives in Austin, Texas are examined. The research purpose is introduced along with brief summaries of the following chapters.

Smart Growth: A Historical Perspective

"Oh give me land, lots of land under starry skies above, don't fence me in"; this line from a popular Cole Porter song of the 1940's exemplifies, although simply, the sentiment of many American's as they move away from urban areas. After the end of World War II, the increase in automobiles and highways combined with an abundance of fossil fuels allowed Americans the freedom of making a home outside the city while still having access to all city services. Owning a home on a nice size lot in the suburbs complete with a white picket fence was, and still is to many, the American ideal. This ideal has quickly become the focus of controversy and debate. Suburbanization has been labeled "sprawl" and is blamed for everything from community disintegration to destroying the ozone layer. To get a handle on this perceived threat a development plan called "Smart Growth" has evolved.

Smart Growth Today

The use of Smart Growth initiatives in America is growing. Samuel Staley (1999, p. 5) suggests this growth management program is quickly becoming a national issue. President Clinton and Vice President Al Gore have come out in support for growth management plans. Both have announced policies that encourage growth planning at all levels of government. Their plans call for "direct federal spending as well as assistance to local, state, and regional efforts to protect undeveloped land and to encourage the building of more livable communities" (Anonymous, 1999, p.65). The federal spending for these programs consists of 10 billion dollars in new tax credits and public transportation grants (p. 65). The Clinton Administration has called these programs "the single largest investment in Smart Growth and sound community planning in America's history".

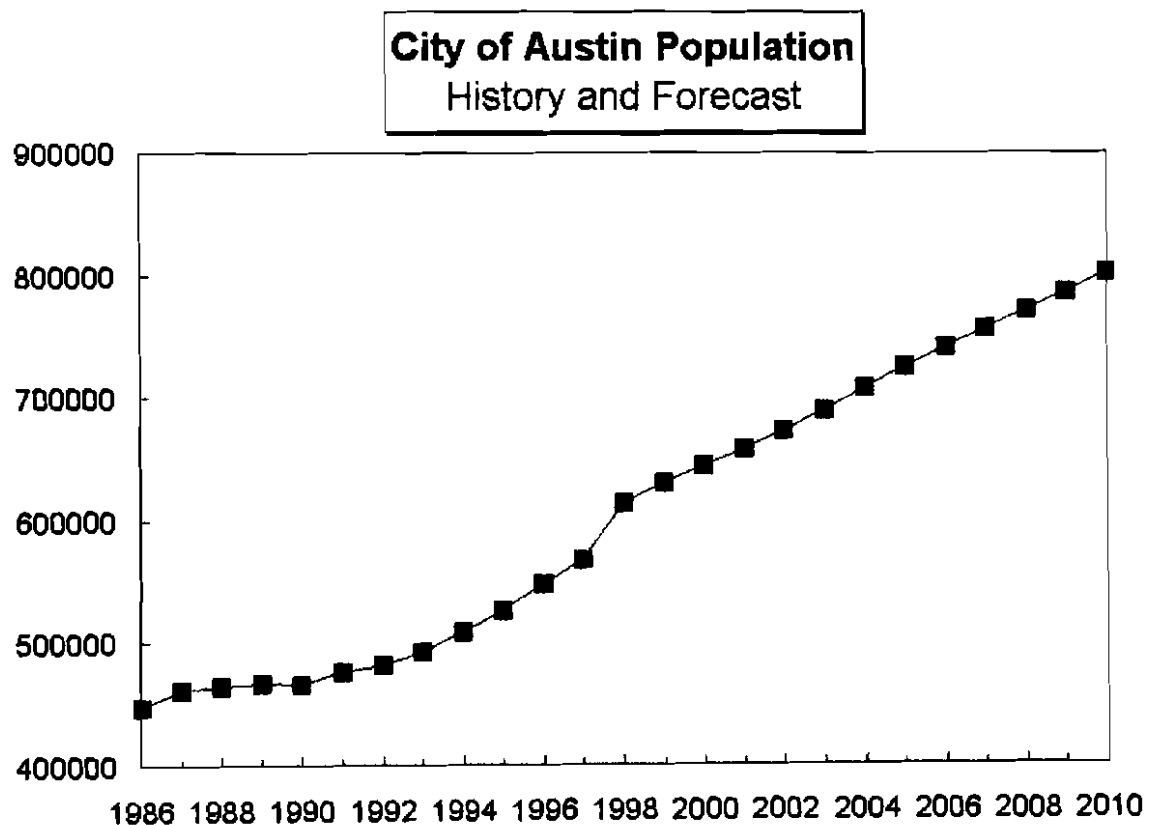
Smart Growth has expanded at the state and city level as well. Three states had official policies in the 1970's. They were Hawaii, Vermont, and Oregon. This number has grown to ten in the 1990's (Staley, p.5). Numerous cities have put Smart Growth into place in the last decade; Los Angeles, Seattle, Portland, Baltimore, Cincinnati, Dallas, Denver, Detroit, and Austin to name a few. These cities have instituted growth zones where development is encouraged and environmentally sensitive areas have been protected through city ordinances. In most of these cities people are encouraged to move into the inner city and to work close to home.

A Texas Setting: Austin, Texas

Austin, Texas is one of the fastest growing cities in the nation. In 1994, the Austin City Council appointed the Citizen's Planning Committee, or CPC, to study this

growth and what effects it would have on the city. The committee determined that another 600,000 residents would move to the Austin area in the next twenty years putting the total population at over 1 million residents. (Citizen's Planning Committee Report, 1995, 1). Figure 1.1 shows the population forecast for Austin in a steep climb in the next decade. The committee felt very strongly that if actions were not taken the city would not be able to accommodate the growth predicted at the current standard of living.

Figure 1.1:



source: www.ci.austin.tx.us/smartgrowth, 2000.

The Planning Committee report concluded:

Without new energy and new direction, Austin will plunge into the misery and decay that plagues other urban areas across the country. We will become a city with rising unemployment, under-performing schools, spiraling crime rates, increased homelessness and high taxes. Without a new direction, the Austin of tomorrow will devolve into a decayed center city surrounded by far-flung bedroom suburbs interspersed with disjointed commercial areas (2).

The committee recommended that action needed to be taken by the city “in order to produce and sustain a livable city with a viable tax base.” (CPC, 3). The following 12 steps were suggested to prepare Austin for proper growth and development to sustain it for decades to come:

1. Simplify the development process with clear purpose and flexible approaches to ensure predictability, accountability and performance.
2. Coordinate the new process with a comprehensive, integrated system of neighborhood associations.
3. Strengthen the entire community with new development.
4. Consider transportation and land use needs as equal parts of the planning and development process.
5. Encourage high-quality pedestrian- and transit-friendly mixed-use development.
6. Urge immediate redevelopment of downtown Austin.
7. Reinvest in East Austin.
8. Evaluate each project's effect on low-income neighborhoods.
9. Use incentives to foster positive development and investment.
10. Include environmental protection measures in development plans.
11. Coordinate closely with surrounding communities.
12. Implement intergovernmental planning (CPC 1995, 3)

This sentiment led to the creation and acceptance of the Smart Growth Initiative by the Austin City Council on Wednesday, February 25, 1998. It's stated goal was to manage growth, protect the City's quality of life and assure the creation of a healthy economy (www.ci.austin.tx.us/smartgrowth, 2000).

The Austin City Council created a subcommittee to develop the Austin Smart Growth Initiative. The subcommittee worked with a focus group drawn from the community and came up with proposals to manage the forecasted growth. The Smart Growth proposals developed largely mimicked the proposals that came out of the aforementioned Citizen's Planning Committee (CPC) report. The overall goal of Austin's plans is to slow the rate of suburban sprawl while investing in existing developed areas. This objective is accomplished through three programs:

- Determine How and Where Austin Grows
- Improve Austin's Quality of Life
- Enhance Austin's Tax Base (www.ci.austin.tx.us/smartgrowth, 2000)

The committee identified "smart growth zones" to determine how and where Austin should grow (see Appendix A). Some of the desired development zones are the urban core, university district, and downtown. Areas where growth is discouraged are the environmental protection zones such as the Edwards Aquifer recharge zone. The city plans to develop further guidelines for residential, commercial and transportation planning in order to control where growth is allowed.

Tenements of the second program of improving Austin's quality of life include neighborhood planning, developing the economy and protecting the environment. Neighborhood design would have to follow a city master plan that preserves the character

of existing neighborhoods, promotes development of urban housing and a pedestrian friendly environment. The city would support economic health through regional alliances to strengthen the economy and support new employers. The environment would be strictly protected using “parks and green space systems as primary elements in smart growth planning, endangered species protection, and watershed protection placing important natural areas in the public domain” (www.ci.austin.tx.us/smartgrowth, 2000).

The third main program of enhancing the tax base encompasses strategic investments, better use of public funds and the aforementioned regional agreements. These plans are similar to the tenements used to promote economic development previously mentioned. Incentives would be offered to promote major new employment within the urban core and for developing clean industry within Austin. Regional agreements would make beneficial improvements less costly by dividing the expenses among the areas effected.

These broad Smart Growth Programs are meant to protect the City of Austin from the problems of unplanned growth and development. Austin is a fascinating example of Smart Growth at work. As previously stated it is becoming policy at all levels of government. As such Smart Growth presents an interesting study as to its perceived effect particularly in the area of municipal finance.

Research Purpose

Smart Growth seeks to address the problems of sprawl with several solutions. These solutions include economically revitalizing the urban core, creating higher population densities within the urban core, managing infrastructure to control suburban growth and counteracting the subsidies given to sprawl. To find out if these solutions

will really solve the problems of sprawl it is helpful to explore the attitudes of those who deal with Smart Growth first hand. The purpose of this research is to determine the perceptions that City Planners across Texas have about the fiscal impacts of Smart Growth policies on municipal finance.

Research Layout

The study is presented in the following manner. Chapter Two contains a review of the literature on Smart Growth. The literature is used to define the topic, examine the reasons for Smart Growth's development and review both Smart Growth's initiatives and criticisms. The conceptual framework of the research is introduced.

Chapter Three is the methodology chapter. This chapter presents the manner in which the study has been conducted and outlines the reasoning behind the methods used. The operationalization of the conceptual framework is detailed. Chapter Four contains the results and an analysis of the research. Multiple tables and graphs are used to explain the results using simple statistics and percentages. Results are explained in reference to the conceptual framework. Chapter Five is the conclusion chapter. A summary of the results is presented in reference to each working hypothesis. Appendices include the Austin Smart Growth Zones Map, a summary table of municipal budget segments, the survey, and a table of the comments sent in on the Survey.

CHAPTER TWO: A REVIEW OF THE LITERATURE

Synopsis

The Literature Review Chapter defines Smart Growth, examines the reasons for its development and reviews both Smart Growth's initiatives and criticisms. This chapter also introduces the conceptual framework for this research.

Defining Smart Growth

Smart Growth is a growth management plan developed to counteract the negative aspects of suburbanization. In order to fully understand how Smart Growth and its components have evolved, it is helpful to examine the various definitions of Smart Growth. Samuel Staley, Ph.D. (1999) states that the plan has evolved to address the concerns "that low density residential development threatens farmland and open space, increases public-service costs, encourages the public and wealth to leave central cities, and degrades the environment" (p.1). The definitions of Smart Growth that have developed to deal with these concerns vary greatly.

Douglas Porter (1997), President of the Growth Management Institute, defines Smart Growth as, "a conscious government program intended to influence the rate, amount, type, location, and/or quality of future development within a local jurisdiction" (p.10). Another definition is "a public governmental activity designed to direct and guide the private development process" (p.11). According to Mark Roseland (1998) this governmental activity has the three core elements, namely entrenching environmental needs within economic policies, redistributing wealth within counties by fairly

distributing "environmental benefits and costs between generations", and focusing on qualitative development rather than just quantitative (p.4). Similarly, The Governor of Maryland, Parris Glendening (1997), describes Smart Growth as having three main goals; saving natural resources, revitalizing urban areas, and saving infrastructure costs (p.32).

The National Association of Homebuilders, NAHB (1999), gives a definition of Smart Growth from a business perspective. Smart Growth is "an idea that addresses the questions of how best to plan for and manage growth, when and where new residential and commercial development as well as schools and major highways should be built and located, and how to pay for the infrastructure required to serve a growing population" (p.

4). The NAHB defines the six key elements of Smart Growth as:

1. *Anticipating and planning for economic development and growth in a timely, orderly, and predictable manner.*
2. *Establishing a long-term comprehensive plan in each local jurisdiction that makes available an ample supply of land for residential, commercial, recreational, and industrial uses as well as taking extra care to set aside meaningful open space and to protect environmentally sensitive areas.*
3. *Removing barriers to allow innovative land-use planning techniques to be used in building higher density and mixed use developments as well as in-fill developments in suburban and inner city neighborhoods.*
4. *Planning and constructing new schools, roads, water and sewer treatment facilities and other public infrastructure in a timely manner to keep pace with the current and future demand for housing, and finding a fair and broad based way to underwrite the costs of infrastructure investment that benefits the entire community.*
5. *Achieving a reasonable balance in the land-use planning process by using innovative planning concepts to protect the environment and preserve meaningful open space, improve traffic flow, relieve overcrowded schools and enhance the quality of life for all residents.*
6. *Ensuring that the process for reviewing site-specific land development applications is reasonable, predictable and fair for applicants and contiguous neighbors (p.5).*

The Urban Land Institute, ULI, perhaps provides the most succinct definition. The ULI defines Smart Growth as a course of action that "invests time, attention and resources in restoring community and vitality to center cities and older suburbs and in encouraging more town-centered, transit and pedestrian oriented new development" (ULI, 1998, p. 2). The bottom line in all these definitions is that Smart Growth is a development plan to solve the problems that suburbanization, or sprawl, is perceived to cause.

Reasons for the Development of Smart Growth

Smart Growth advocates¹ believe the negative aspects of suburbanization drive the need for Smart Growth policies. Mark Roseland (1998) claims that "urban sprawl is one legacy of abundant fossil fuel and our perceived right to unrestricted use of the private car whatever the social costs and externalities" (p.16). He argues that as more people move further away from the urban centers a wealth of problems are created. Many trends such as environmental degradation, traffic congestion, loss of community, decaying older cities, and the growing fiscal concerns of development have led to the heightened awareness of sprawl and consequently the perceived need for Smart Growth. By examining these negative aspects one can better understand what Smart Growth policies are trying to accomplish.

¹ Authors Geddes, Porter, and Kelley advocated growth management plans similar to Smart Growth but never used the term "Smart Growth" per se. Other Smart Growth advocates alluded to are Goode, Glendening, Adler, Ewing, Roseland, and the Urban Land Institute.

Environmental Degradation

Douglas Porter (1997) suggests that as people move out into open land and bring development with them, people become increasingly aware of the living environment and environmental quality (p. 4). Porter argues that "haphazard development consumes valuable open spaces, and prime farmlands, disturbs wildlife habitats and wetlands, and destroys historic and cultural features that link the community to its heritage" (p.7). Concern over this type of careless growth leads Smart Growth advocates to conclude that a plan is needed to create protected areas of no growth and direct where development occurs. In a report by the Presidents Commission on Sustainable Development, it is stated that there is a need to maintain "an equitable share of the nations natural wealth for future generations" (Porter, p.23). In this respect Smart Growth is intended to protect the community's environment even when it leads to overruling "a private interest in land" (Porter, p. 22). It is estimated that the 266 million Americans today will increase to 394 million by 2050 (Porter, p.3). Smart Growth is a development tool to deal with the increasing population's needs in order to minimize the harmful effects on the environment.

Traffic Congestion

A natural consequence of suburban development and urban depopulation is traffic. Historically, mass transit is located within the inner city and does not provide a link between most employers and suburban developments. Even businesses within suburbs, such as restaurants, grocers, and shopping centers are not within walking

distance of residential developments. As a result suburbanites are automobile dependent, increasing traffic congestion as more people travel from their homes to conduct their daily business. This dependency on the automobile requires an increasing highway infrastructure to meet the needs of the growing suburbs. The development and maintenance of such an infrastructure requires a significant effort from government at all levels. It is also believed that traffic congestion contributes to environmental degradation, previously mentioned, by decreasing air quality levels (Porter, p.175). Smart Growth addresses the problem of traffic congestion to deal with the infrastructure and environmental problems it causes.

Loss of Community

As populations spend more time in traffic and live in sprawling, less dense suburban developments, they have fewer opportunities to interact with fellow members of their community. Over time a sense of community degrades, leaving communities made up of isolated families. Alexis De Toqueville, as cited in Geddes (1997), identified this trend in the early 19th century, which makes it almost as old as America itself.

Each person, withdrawn into himself, behaves as though he is a stranger to the density of others. His children and his good friends constitute for him the whole of the human species. As for his transactions with his fellow citizens, he may be among them, but he sees them not; he touches them, but does not feel them; he exists only in himself and for himself alone. And if on these terms there remains in him a sense of family, there no longer remains a sense of society (p. 81).

Smart Growth advocates maintain that the suburbanization of America has made the trend described by Toqueville problematic. Not only are suburbs robbing the city of the population needed for close knit communities but the suburbs themselves do not foster such community environments. In a *Newsweek* article "Bye, Bye, Suburban Dream",

suburbs are described as "banal places with souls of shopping malls"(Adler, p. 40).

Likewise, Barbara Kelly (1987) argues that suburbs lack community life and are poorly designed to interface with the rest of the city (p. 65). Smart Growth plans attempt to design developments in order to provide close knit communities to live, work and play.

Decay of Older Cities

Not only has suburbanization contributed to a decreased sense of community, it has left a smaller, poorer population in the inner city. According to Richard Aaronson (1996) the changing demographics has left inner cities with the burden of providing more social services from a lower tax base (p. 5). Population in the suburbs has grown from 23% in 1950 to 46% in 1990 (Aaronson, p.7). The source of the majority of this growth is the exodus of people from the urban core.

The individuals moving to the suburbs are typically more economically mobile. Thus, not only are there more poor in the central cities they are more concentrated. "Neighborhoods in which poor people are concentrated are more seriously plagued by crime, drug abuse, unemployment, births out of wedlock, and other social ills than are higher income neighborhoods"(Aaronson, p.8). Also, inner cities are disproportionately made up of older populations. Older, or poor citizens typically use more public services but are the least able to contribute to the economy.

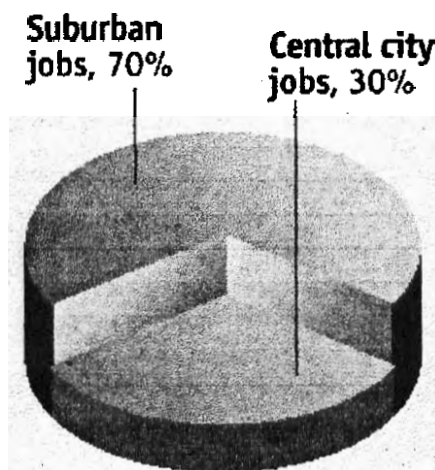
Robert Geddes (1997) sums up the problem as a shift of power to the suburbs.² "As the diligent, well-organized, well-behaved, solidly married, and prominent leave the

² Porter, Aaronson, and Robert Geddes write extensively on the subject of urban decline.

city for the suburb, the suburb will have increasing resources and fewer calls on them, while the city will be left with fewer resources and increasing calls"(p. 28).

The problem is not only the loss of population but also the loss of new business growth. In Figure 2.1 a graph by the National Association of Homebuilders shows that the majority of new jobs are in the suburbs. Seventy percent of all new jobs are being created within the suburbs not in the central city. Along with more new businesses being created in the inner city, many established businesses are moving to the suburbs.³

Figure 2.1: Suburban Job Growth



Source: The National Association of Homebuilders (p. 4)

Aaronson (1996) contends that the movement of businesses moving to the suburbs came in three stages. In the first stage, between the 1920's and 1930's small numbers of businesses were moving into the inner suburban communities. Then in the second stage, between the 1940's and 1960's, improvements to highways and communication technology facilitated the movement. In the last stage, the 1970's to the present, industry

³ This seems counterintuitive to the traffic congestion problem mentioned earlier. This was not addressed in the literature. However, it can be reasoned that as previously stated businesses are only accessible to residential areas by car. Additionally, people are still not encouraged to live where they work.

continues to infill in the suburbs and have begun to cluster (Aaronson, p.36). As the people and commerce leave the central cities the urban areas face declines in business and in neighborhood conditions. Smart Growth advocates believe that central city decline can be altered with their development plan restoring vitality to the inner city.

Fiscal Problems in the Inner City

The urban decline that occurs as people and business move to the suburbs not only causes a job-housing imbalance and social decay in central cities, it also causes economic decay. As Porter states, suburbanization has "grave effects on fiscal conditions of many local jurisdictions. Decreasing investments in maintaining infrastructure systems parallel declines in business and neighborhood conditions. Tax bases erode even as social costs rise" (Porter, p.176). This decay causes problems for both the revenue and expenditure side of municipal budgeting.

Sanford Grooves (1986) argues that as the inner city declines several economic factors are effected. The economic factor most effected is one of a city's own-source revenues, namely taxes. A decaying inner city leads to lower personal and business income per capita and hence less city revenue from property taxes, sales taxes, income taxes and business taxes. Municipalities gain most of their tax revenue from property and sales taxes, so a decline in these revenues impairs cities the most (Burchell, 1984 p. 4). The decrease in these revenues is caused by two interrelated factors, namely the departure of businesses and households to the suburbs

The younger and wealthier portion of the population is the group most likely to move to the suburbs. The remaining population of the urban core consists of the elderly and low-income individuals and as a result the revenue from sales and property tax

revenue decreases (Aaronson, p.44). Seniors tend to be paid with social security or pensions and receive "full or partial exemptions from property taxes and user charges". Seniors also spend less money than the younger population, thus decreasing sales tax revenue (Grooves, p.112). Low-income individuals left behind in the Center City spend less money as well and spend larger percentages of their income on items that are often tax exempt such as food and rent. Also, the less wealthy populations tend to own or live in property that has a lower taxable value. Thus a tax base supported by these two groups is significantly degraded (Aaronson, p.93).

As businesses move to the suburbs, business activity in the inner city degrades. Commerce that remains in the urban core does not generate enough revenue to move to the suburbs or is tied to the inner city. Either way the sales tax revenue they generate is reduced. These businesses also often do not have the sufficient funds to maintain their property, thus decreasing the revenue generated from their property taxes (Grooves, p.130). Often cities raise property taxes to make up for these shortfalls in revenue. This sometimes backfires further encouraging urban blight by tending to "discourage economic development and accelerate decline in weakened neighborhoods" (Mikesell, p. 33).

Other revenues negatively effected by suburban sprawl are bonds and transfers. The declining economic condition of many cities eventually has negative effects on their rating in the municipal bond market. They owe more, borrow more, and have less income. Thus, the bond rating of these decaying cities declines (Burchell, 1984, p. 236). Also, the declining urban city becomes more dependent on intergovernmental transfers

for revenue (p. 239). With these revenue shortfalls, the urban city has difficulty raising the money it needs to stay vibrant.

The expenditure side of budgeting is also negatively effected by sprawl. As the inner cities lose people to the suburbs it is difficult to reduce expenditures proportional to the loss. Most expenditures are fixed and difficult to change (Grooves, p.109). If anything, expenditures have to be increased for both public services and infrastructure since the city is socially and structurally decaying. Expenditures are also needed for additional infrastructure of the sprawling new developments.

According to Aaronson (1996) the decaying city has serious expenditure needs in the areas of infrastructure and social services (p. 93). The infrastructure is older in the inner city demanding more frequent repair or replacement. As mentioned before, the proportion of social ills are higher, leading to a greater need for social services (Aaronson, p. 8). Burchell (1984) concurs, stating that social welfare and public services costs are higher in urban centers. He estimates that expenses for simple municipal functions are double those found in suburban areas (p. 11). Declining cities have to raise more money to deal with expenditure and service needs. Urban cities need "significant across the board spending commitments to bring their infrastructure up to par. Yet, these distressed cities are least likely to be able to undertake such improvements given necessary revenue channeling to basic operating functions" (Burchell, 1984, p. 230). Thus, sprawl has caused revenue shortfalls and increasing expenditure needs for urban cities. Smart Growth is a proposal for urban cities to fix these economic problems as well as the social and environmental problems reviewed earlier.

Smart Growth Initiatives and their Critics

Smart Growth's overall objective is to counteract the negative aspects of sprawl through controlled development. Smart Growth advocates believe that their solutions cannot be left only up to local jurisdictions but must be done on a regional level. The Urban Land Institute (1998) states that regional cooperation is needed for Smart Growth to fully work. If, for example, there isn't regional cooperation, then controlling development in one area will cause development to move to other jurisdictions (ULI, p.3). The argument is that controlling development at a regional level will protect the environment, reduce traffic congestion, restore a sense of community, restore the vitality of older cities and make the urban areas fiscally sound. These goals are interrelated and as such can be successfully examined by reviewing the following Smart Growth initiatives: transportation planning, development planning, and social and economic revitalization of the urban core.

An examination of Smart Growth initiatives is incomplete without an equal investigation of its' opposition. The literature is rich with critics⁴ of this growth management policy. One general criticism of the policy is that Americans usually like making decisions at the level closest to the problem. Thus, if any development decisions need to be made by government, they should be done at the local not regional, state or federal level (Porter, p. 220). Another general criticism is that placing government in control of development works against the market. The development that is occurring is not haphazard or random. "Real estate markets coordinate thousands of consumer and producer decisions each day and signal important information about costs and revenue

⁴ Critics of Smart Growth include Staley, Gordon & Richardson, and Campbell. Burchell expressed criticism of growth management plans, but not specifically Smart Growth.

through real-estate prices" (Staley, p.10). The market matches consumer preferences with products and services and the value of these preferences are reflected in the prices. Land developers are like any other business because if they assess consumer needs correctly they stay in business (Staley, p. 10). Besides these general criticisms of Smart Growth, criticisms for each initiative exist in the literature. The following sections examine the advocates and the critics' arguments regarding the Smart Growth initiatives.

Transportation Planning

Smart Growth evolved partly due to the increased awareness of traffic congestion and concern for the environment. Consequently one part of Smart Growth focuses on transportation planning. Specifically, this planning calls for reducing automobile use increasing mass transit, and creating more pedestrian friendly environments. To accommodate automobiles yet reduce usage; Smart Growth plans require an end to the indirect subsidies to automobile drivers, specifically subsidies for highway infrastructure. The plan requires that users be charged fees "that convey the true cost of expanding highways" (Roseland, 13). This approach removes some of the fiscal burden of highway infrastructure development from government while discouraging the use of automobiles.

To provide a viable alternative to automobiles, Smart Growth plans rely on the development of mass transit systems, primarily light rail lines, that take into account planned growth areas. Ideally, funding for such systems is provided from the funds that had previously been used to subsidize highway infrastructure. Smart Growth advocates believe increased mass transit use will help protect the environment as well as reduce traffic congestion. Ann Goode (1999) suggests that Smart Growth can "reduce air and

water pollution by encouraging forms of development that maximize use of mass transit and reduce the need for automobiles" (p.1).

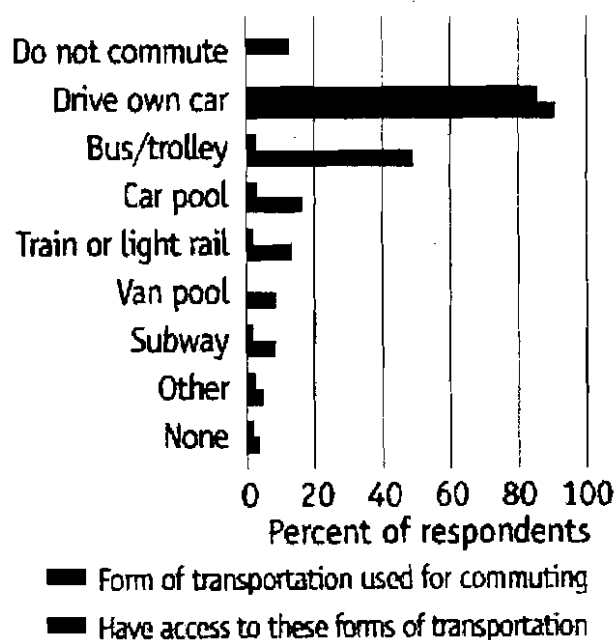
Smart Growth's transportation initiative also includes an emphasis on pedestrian-friendly development. Smart Growth supporters want narrow streets and on street parking (rather than parking lots). Roseland states that these will restrict automobile traffic that in turn makes the streets more attractive to pedestrians. Likewise, more protection at intersections and better locations for bus stops are also ways to encourage pedestrian traffic and mass transit use. Smart Growth advocates believe connected paths for pedestrians and cyclists between subdivisions and transit stops are more beneficial as well (Roseland, p.15). Another method to encourage pedestrian traffic is to create more attractive sidewalks. Safe and well-maintained sidewalks are more likely to be used. These development changes would aid pedestrian traffic and make them as easy to use as automobiles.

Despite its popularity with some, Smart Growth's transportation planning is an area that draws a great deal of criticism. Critics attack the position that travel to the suburbs is extraordinarily subsidized. Peter Gordon and Harry Richardson (1997), professors of Planning and Economics at the University of Southern California, argue that more subsidies are given to mass transit than to automobile travel. They concede that there should be some congestion pricing and emission fees but still "the full auto subsidy adds up to little more than 22 cents per passenger mile and still falls short of the (public) transit subsidy" (96).

Critics reject the idea that mass transit of any form will reduce congestion. Gordon maintains that mass transit is really impractical for low-density areas and

"despite more than 25 years of federal assistance, mass transit carries only 5% of people who commute to work". They argue that fixed route services like rail lines will have less ridership than even bus routes (which currently have minimal ridership) since rail lines are less flexible. Additionally, people seem to prefer the autonomy of driving their own car as seen in Figure 2.2. This table shows the responses from a survey question asked by the NAHB. The NAHB asked what forms of transportation were available to them and what form of transportation the subjects used for commuting. The graph makes it clear that even with other options available including mass transit the personal car is preferred by over 80% of the respondents.

Figure 2.2: Transportation Preference



Source: The National Association of Homebuilders (p. 15)

Gordon and Richardson also claim that suburbanization really has had little effect on traffic problems. In fact as industry follows the labor force into the suburban areas

commute times will be shorter and hence traffic congestion will become even less of a problem (Gordon and Richardson, p. 97). Increasing technology will also aid in shortening commute times because more people will work at home. In sum, many critics argue that the theory that suburbanization is subsidized is flawed and that in time congestion will fix itself.

Planning Development

Ending sprawl and redirecting growth back into the urban city are basic tenets of Smart Growth. Smart Growth's development plan seeks to address the problems of unplanned development. It addresses these problems in two main ways: preserving open space and increasing density within the urban core. Smart Growth advocates argue that America will run out of open space if growth is not curtailed. Growth should be encouraged within the urban core and protected elsewhere. If development remains unplanned, growth will occur sporadically sometimes leaving vacant areas in-between developed areas. Smart Growth supporters argue that this "leap frog" development is harmful for two reasons. It wastes valuable open space and it costs more to service the distant community. Smart Growth advocates maintain that people live in the suburbs because "suburban sprawl is built into the zoning codes of most communities and the lending policies of virtually every bank" and not because they necessarily want to live far from the city (Adler, p. 40). Finally, Smart Growth advocates contend that much of the population is currently under served because they want housing in the city even if it means on smaller lots.

In order to accommodate greater numbers within the urban core, Smart Growth plans often require higher development densities. Adler (1995) defines higher density as designing for five to six units per acre rather than two to three. Housing types should be mixed including detached, row, apartments, and "granny flats" tucked away above the garages. In addition, the tight housing community should be within a quarter-mile radius of a transit stop and a grocer (p. 40). According to the Urban Land Institute the use of mixed land use zoning makes transit easier because everything is nearby, trips are shorter. This would have a positive effect on the environment reducing air pollution by reducing traffic congestion.

Smart Growth plans include the clustering of employment as well. Cluster employment in high-density zones makes mass transit less costly and reduces car pool time (ULI, p.16). The focus, however, is on housing because it constitutes most of the built environment. Controlling where growth is allowed to develop provides a way to elucidate the harms of suburbanization. Proponents of Smart Growth argue that Smart Growth will put an end to many of the aspects of development that endanger the environment such as consumption of open space, and air pollution due to transportation abuse.

Smart Growth's critics attack both goals to preserve open space and increase density. First, the goal to preserve open space is based on the theory that the nation is running out of open space that cannot be supported with real data. According to Staley (1999), over 3/4 of the states have 90% of their land in "rural uses, including forests, cropland, pasture, wildlife reserves, and parks" (p.1). Gordon and Richardson (1997), state that "if the entire US population lived at 'suburban sprawl' densities of one acre per

household, just three percent of the total land area of the 48 contiguous states would be utilized" (Gordon and Richardson, p.96). Also, Staley argues the market economy is becoming increasingly protective of open space on its own. Agreements between property owners and private land trusts are on the rise and subdivision designs are incorporating more open space in response to consumer preference (Staley, p.1, 40). Staley maintains that "local residents are more concerned about the loss of open space in their own backyard than hundreds of miles away" (Staley, p. 41). In fact, restricting development past a boundary sometimes reduces open space within the boundary. For example, in Portland, which has a growth boundary encompassing three counties, experienced the problem of development occurring so much within the growth boundary it eliminated the open space there where the citizens could the enjoy the land most (Staley, p. 42).

The density doctrine of Smart Growth has its critics as well. The criticisms are focused on two areas. One, suburbanization is falsely accused as problematic, and two, higher density will only make things worse. Staley (1999) claims that although sprawl is blamed for scattered development in actuality "scattered sites are eventually connected through infill"(p.16). That is, the areas between developments are where commercial and higher density residential areas are most likely to develop in time. In fact, surveys show that the dreaded "leap frog" development that Smart Growth advocates talk of in disdain may actually be efficient in a growing jurisdiction. Through infill the urban area and the leap frog development are linked at a relatively lower price since the infrastructure is already partially in place. Staley goes on to say that land use goes through cycles

"population density goes up as communities mature" then high growth areas become low and vice versa (p.16).

The theory that density will solve a declining city's problems is also refuted. Freida Campbell (1998) states this aspect of Smart Growth is based on a theory from a 1974 study called "Costs of Sprawl", which has now been discredited by its originators (p.11). The study found that increased density could be used to solve density-related problems. Barret Riordan, senior manager at the United States Council on Environmental Quality, who worked on the study, says today that the study's, "hypothetical values differed profoundly from real world conditions", thus rendering it invalid. In Riordan's opinion, "Smart Growth is based on discredited research and will likely ultimately discredit any state that adopts it"(Campbell, p. 11).

Rather than solve problems, density is believed to cause social, economic, and environmental problems. Campbell states that as density increases, traffic, taxes, infrastructure, and crime (particularly violent crime) increase. She uses statistics from a Duke University study as evidence that taxes, school, police, and fire expenditures, and crime were higher with increased density (Campbell, p.21). Far from reducing air pollution, Staley (1999) points out that "air quality deteriorates as residential densities increase and that cities with the worst ratings air quality ratings have the highest population densities (p. 1). As population increases the increase in congestion degrades air quality even further (Staley, p. 39). Given that density causes these problems, Campbell argues that Smart Growth could very well promote the new slums of the 21st century (Campbell, p. 12).

Socially Revitalizing the Urban Core

Redeveloping degrading inner cities is another main goal of Smart Growth. This task encompasses rebuilding a community spirit. Champions of Smart Growth argue that community spirit has suffered due to random unplanned development. To foster community development Smart Growth activists support old fashion style villages with high density.

With village type planning Smart Growth intends to foster community development. Plans include places to meet, gather and get to know the neighbors. Barbara Kelly (1989) concurs, insisting that society needs a return to the "community builders" who came out of a building revolution in the 1940's. These community builders planned communities with parks, schools, and shopping centers. Smart Growth incorporates many of the early community builder's principles. Both community builders and Smart Growth supporters want planning "to ensure that new subdivisions would be accessible to highways, parks and other infrastructure" (Kelly, p. 146).

Smart Growth community building is exemplified by planners Andres Duany and wife Elizabeth Plater-Zyberk. They design Smart Growth style "villages" in Seattle. Their designs follow three basic principles. The first key component is that neighborhoods are planned densely with an identifiable community center. The second building block is civic space, namely parks and outdoor public spaces for people to gather (Adler, p. 40). Lastly, streetscapes must be harmonious. Duany and Plater-Zyberk claim that "cuteness is the glue that holds neighborhoods together at five units per acre" (Adler, p. 40). Adler maintains that "obviously, no one with a choice in the matter would want to look out his window at a 7-eleven" but with a harmonious design no one would notice or care.

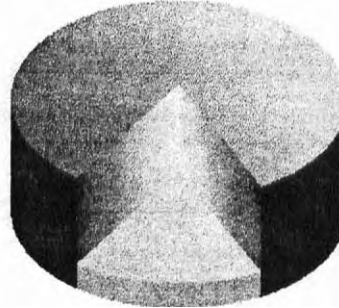
Criticisms of Smart Growth's solutions to loss of community are mainly the same criticisms against the density aspect of Smart Growth. (Campbell, p.21) Far from crafting a community spirit, community building plans mandate denser populations and in so doing increase crime, traffic congestion, and environmental decay (Campbell, p.21). These factors are detrimental to community spirit. Smart Growth critics maintain that community spirit cannot be created by the government. A sense of community is formed when families are able to live freely where they choose.

Also, despite what Smart Growth advocates reason, Staley (1999) maintains that people leave the inner city as a result of many push/pull factors. Some of the push factors are crime, bad education systems, higher tax rates, "anti-competitive regulations and a deteriorating housing stock"(p. 35). He argues that restricting where people can live will not alleviate the problems causing them to leave (Staley, p. 11). Factors pulling individuals into the suburbs are better education systems, less than half the crime rate in rural areas, and suburban homes, which tend to be larger with more modern amenities like bigger kitchens, master bed/bathrooms, and walk in closets. Gordon (1997) concurs, arguing that repeatedly in surveys consumers are shown to prefer suburban living and homes that are on larger lots (p. 96). In Figure 2.3 a survey by The National Association of Homebuilders suggests that individuals strongly prefer the suburbs despite the longer commutes.

Figure 2.3: Suburban Home Preference

Q: You have two options: buying a \$150,000 townhouse in an urban setting close to public transportation, work and shopping or purchase a larger, detached single-family home in an outlying suburban area with longer distances to work, public transportation and shopping. Which option would you choose?

Detached home in suburban area, 83%



Townhouse in city, 17%

Source: The National Association of Homebuilders (p. 16)

Lastly, critics say that Smart Growth does not address the real reasons the center cities are decaying. Gordon states that ignoring these symptoms and going for political remedies will only end up failing while wasting taxpayers funds (p. 100). Staley argues similarly,

A community focused on preservation is unsustainable. As incomes rise, people expect their quality of life to improve as well. They expect better housing and communities and most people move their families to take advantage of the better lifestyle. At the state level, attempts to preserve the existing character of a community run the risk of destroying the economic and social fabric of the state (p. 50).

Economically Revitalizing the Urban Core

As previously stated, increased suburbanization leads to degrading fiscal conditions within the urban core. One of the main tenets of Smart Growth is to resolve these fiscal problems. If Smart Growth is unable to create a fiscally sound urban core

Smart Growth will not survive. To economically revitalize the urban core, Smart Growth supporters propose increasing density, transferring subsidies from the suburbs to the urban core, creating growth moratoriums to decrease infrastructure costs, and regional revenue sharing. They believe these actions will return fiscal soundness to decaying inner cities.

Increasing density, as previously examined, is a primary tool of Smart Growth. Advocates believe it is extremely important in the area of rebuilding the fiscal condition of the urban core. The basic premise here is that the more compact an area is made the more economically efficient. Less infrastructure is needed to serve a larger population. Thus, if the urban cities are made denser the fiscal burden of infrastructure is decreased. Likewise, Porter argues that low-density development is disproportionately draining on budgets because research has "found that low-density development required more extensive and therefore more costly infrastructure systems than higher-density development" (p. 58). Even in low-density areas where the initial cost of infrastructure is low, when more development occurs the original infrastructure must be replaced at substantial cost.

Another facet of Smart Growth's urban renewal initiative is to end suburban subsidies and redirect them to the urban core. The ULI maintains that in order to facilitate Smart Growth's redevelopment of the inner city the government must stop subsidizing the suburbs. The ULI argues that suburbs have been subsidized in countless ways; first with the GI Bill, then through the tax code with mortgage loans and property tax payment deductions. These subsidies create a tax advantage for larger more expensive housing and often favor new low-density developments outside the city (ULI, p. 7). Subsidies are also passed on to suburban areas through infrastructure policy and

spending. For example, the phone company spends from two to ten times as much for phone service outside the city although customers inside and outside the city pay the same rate. The ULI states that if suburbanites had to pay for the actual cost of services like water and sewer facilities they would think twice before moving out of the city.

Adler (1995) concedes that the solution to economically redeveloping the urban core is more complicated than just "ending subsidies". The challenge is to change people's perceptions. Currently, the inner city is perceived to be an alien place that most businesses and suburbanites refuse to reside (p. 40). Significant efforts are needed to make the inner city more attractive to residents and businesses alike. Mark Roseland (1998) argues that one of the solutions is to counteract the subsidies given to sprawl using financial incentives to redevelop urban communities. Subsidies, taxes, charges, tradable permits, and performance bonds are all tools to "level the playing field" (Roseland, p. 27). These tools would be used to influence two groups, namely, the general public and businesses (Roseland, p.28). The ULI states if these incentives are used a revitalization can occur. ULI literature proposes that if subsidies can be redirected from the suburbs to the inner city an enticing infrastructure can be built. For example, suburbanites desire secure environments, attractive affordable housing, civic centers, retail and entertainment services. Companies are attracted by Class- A office space, hotels, parking, and convention centers (ULI, p. 51). Decaying inner cities either have degraded unusable facilities or do not have them at all. Once this infrastructure is in place, people and businesses will return to the urban core. An urban core filled with residents and businesses will once again thrive economically.

In order to further discourage sprawl developments, Douglas Porter argues that development should pay for itself through exactions, impact fees, and special taxing districts. He also states that federal and state assistance may be needed through government programs such as President Clinton's empowerment zone. Introduced in 1994, Clinton's plan includes

Nine zones authorized to receive large block grants (\$100 million for urban areas, \$40 million for rural ones) and businesses in the zones will be eligible for tax credits and deductions. Another six cities were designated for grants but not tax benefits, and 91 other communities were designated as community enterprise communities and awarded grants of \$3 million. A \$30 billion fund was set up for additional assistance to all cities (Porter, p. 189).

Porter also suggests that sharing 40% of general revenue regionally can pay for smart growth development. Sharing revenue forces governments to focus on what is going on inside their jurisdiction as well as the affects on other areas in the region.

Finally, Porter lists several useful local economic development techniques:

- Formulate an economic development strategy that targets businesses and employment opportunities most compatible with other community objectives and most feasible given existing and potential community resources
- Develop a marketing program that emphasizes community assets, including labor availability, transportation facilities, tax structure, accessibility to natural resources or existing related businesses, and attractive sites.
- **Arrange financing tools to aid development, including tax abatements and waivers,** establishing of community development corporations, as conduits for public grants and low-cost loans to promising firms, and targeted financing mechanisms such as special taxing districts.
- Assemble and improving potential sites for business development, including obtaining appropriate zoning, addressing hazardous waste and other environmental site problems, and providing basic infrastructure.
- Make available public land or facilities as potential sites, offering public lease commitments in proposed developments, and providing supportive facilities such as

parking, port facilities, and child care centers, and supporting services such as job training programs.

- Expedite the development approval process and reducing the complexities of existing zoning and building codes (especially important in existing industrial and business areas (Porter, p. 191).

All of these are Smart Growth's answer to the fiscal concerns of the costs of sprawl.

Critics of Smart Growth disagree with both the perceptions of the fiscal problems discussed earlier and with the solutions Smart Growth offers. The opposition to Smart Growth's solutions is significant. One of the most common areas attacked is the theory of the efficiency of compactness. Peter Gordon and Harry Richardson state that "the economic and resource efficiency of compact development has never been adequately demonstrated" (p. 97). Richard Aaronson asserts that it is true that some costs of services go up as density goes down but not for all services. He states, for example, that once a plant is built the costs are fixed. It won't change for the level of use. Staley also points out a negative aspect of compact development is that for it to be successful it has to be dependent on the state government. This means that the state government will be allowed to "supercede parochial local government interests that favor low-density residential development" (Staley, p. 31).

Porter discusses research done by Robert Burchell and Paul Tischler, specialists in fiscal studies regarding the revenue side of local budgeting. Tischler states that often lower density areas make up for their higher expenditures through the revenue that can be raised from them (as cited in Porter, p.60). That is, often as densities decrease, property values increase. Hence, "lower-density, high-market values will generate higher net revenues than more compact development" (p.60). Samuel Staley agrees arguing that "cost of development studies exaggerate the effects of suburbanization on local

government". The developers cover most of the costs. The definition of sprawl is largely dependent on who is using it and their agenda. Staley notes that sprawl is really a "transitional period between rural and urban land use" (p. 9). Thus, often expenditures for leapfrog developments are really just an investment for the future because in time the area between the city and the suburbs will be developed.

Critics disagree with the theory that sprawl is very expensive due to the added infrastructure costs of the suburbs. Tischler claims that "sprawl development increases some infrastructure costs by relatively small amounts, about 25% for local roads, 15% for water and sewer systems, and 5% for schools" (as cited in Porter, p.60). Other infrastructure costs are shifted onto the developer themselves or to the homebuyers. For example, cities often raise water rates to fund infrastructure like water and sewer facilities rather than paying for it themselves (Porter, p 59). Tischler also argues that if one only considers capital costs than sprawl costs more. However, operating expenditures are usually 80% of most cities' budgets. Thus, operational costs should play a more significant role in the decision making. Regarding operational expenditures, Tischler contends that "for some services operational costs may not vary significantly due to development patterns"(Porter, p. 60).

Furthermore, Staley states that according to a study by Rutgers University the effect Smart Growth has on infrastructure costs and housing prices is not what the Smart Growth advocates say it will be. First, land savings benefits of Smart Growth are modest. Smart Growth simply "slows the rate of increase it doesn't stop land development" (Staley, p.32). Second, infrastructure benefits from having smaller lots, clustered together may not ever appear. In some cases the study found that large lot developments

could actually reduce the cost of infrastructure through, for example, the use of septic systems or privatization. Lastly, the study found that with Smart Growth housing prices are likely to rise. Smart Growth limits the number of houses (particularly large lot homes) while demand remains high. If demand rises the developers will profit encouraging them to develop even more.

Porter similarly affirms that, "growth limits and moratoriums that reduce the amount of development below market demands create artificial shortages and quasi-monopoly conditions that can boost development prices" (p. 262). Growth moratoriums often cause infrastructure costs to rise. These costs are then shifted to the private sector. This shift has a harmful effect on economic development (Porter, p.263). Staley points out that shifting the cost burden may have an effect opposite of Smart Growth advocates predictions. If the current residents are forced to pay the entire cost of development it could create equity problems. Only the wealthy could afford low density, rural housing, "creating a significant income wedge between those that could afford the new homes and those that could not" (Staley, p.28). Finally, growth management has to be regionalized rather than dealt with solely at the local jurisdiction. Staley asserts that giving more power to the region or state governments could erode the social and economic aspects of the local cities even more. The local jurisdictions would no longer have the "unique capacity for setting priorities in meeting the multiple needs in each area and for coordinating the provisions of services effectively and efficiently" (Staley, p.12).

Smart Growth critics also point out that implementing Smart Growth itself will be a burden on fiscal resources. According to Ann Eberhart Goode (1999), "redevelopment in the urban core can be a complex matter". Smart Growth redevelopment projects such

as infill housing and mixed-use areas generate less return on investment than other urban core projects. Private investors prefer simple, low-risk projects in the less developed urban areas or high revenue generating developments in the urban core such as office buildings. (p. 6) In order for Smart Growth plans for urban core development to work, either significant financial incentives need to be offered to private investors to encourage their participation or government at some level would need to finance the development directly. Either way the cost of urban revitalization falls back on government, increasing the fiscal problems, not solving them.

Conceptual Framework

As the review of the literature demonstrates one of the main tenets of Smart Growth is to re-establish a fiscally sound urban core. If Smart Growth is unable to create a fiscally sound urban core Smart Growth will not survive. To find out if Smart Growth is the solution to revitalizing the urban core it is helpful to explore the attitudes of those who deal with Smart Growth first hand. As previously stated the purpose of this research is to determine the perceptions that City Planners across Texas have about the fiscal impacts of Smart Growth policies on municipal finance.

This research is exploratory in nature and uses a working hypotheses conceptual framework. The conceptual framework is the tool or theory "used to guide the collection of data and the subsequent analysis"(Kaplan 1964, p. 268). The working hypothesis framework is used because Smart Growth is a relatively new topic and judging its effectiveness is difficult. One method for determining how effective Smart Growth policies is at reducing the negative impacts of sprawl is to examine Smart Growth's perceived impacts on the municipal budget. In this study a working hypothesis is linked

to each part of a municipal budget (see Appendix B for description on segments of a municipal budget).

Table 2.1: Conceptual Framework: linking the literature to the working hypothesis

Working Hypothesis:	Scholarly Support:
WH1: City Planners will believe there is a connection between Smart Growth and property tax revenue.	
WH1a: City Planners will perceive that there is a relationship between Smart Growth policies and property tax revenue.	Porter (1997), Burchell (1978, 1985), Mikesell (1993), Grooves (1986), Staley (1999), Gordon (1997)
WH1b: City Planners will have beliefs about the causes of the perceived relationship between Smart Growth policies and property tax revenue.	Staley (1999), Porter (1997), Gordon (1997), Burchell (1978, 1985), Mikesell (1993), Grooves (1986)
WH2: City Planners will perceive that there is a relationship between Smart Growth policies and own source revenue .	Porter (1997), Mikesell (1993), Burchell (1978, 1985), Grooves (1986), Roseland (1998)
WH3: City Planners will perceive that there is a relationship between Smart Growth policies and operational expenditures .	Burchell (1978, 1985), Grooves (1986), Aaronson (1996), Mikesell (1993), Campbell (1998), Staley (1999)
WH4: City Planners will perceive that there is a connection between Smart Growth and capital expenditures.	
WH4a: City Planners will perceive that there is a relationship between Smart Growth policies and capital expenditures.	Porter (1997), Burchell (1978, 1985), Goode (1999), Campbell (1998)
WH4b: City Planners will have beliefs about the causes of the perceived relationship between Smart Growth policies and capital expenditures.	Staley (1999), Gordon (1997)

In Table 2.1 the four Working Hypotheses are detailed along with the scholarly works that support each hypotheses. Working Hypothesis One states that City Planners will believe there is a connection between Smart Growth and property tax revenue. This

Hypothesis is broken down into Working Hypothesis One-A and One-B. Working Hypothesis One-A (WH1a) states City Planners will perceive that there is a relationship between Smart Growth policies and property tax revenue. WH1a addresses the revenue side of municipal finance through property taxes. The second part of WH1, WH1b, states City Planners will have beliefs about the causes of the perceived relationship between Smart Growth policies and property tax revenue. Smart Growth advocates argue that decaying urban cities suffer from declining property tax revenue due to a loss of population (Grooves 1986, 112,130, Porter 1998, Burchell 1978,1985). Often a rise in property tax rates will not make up for the revenue loss and may even encourage further urban blight (Mikesell 1993, 33). Generally, Smart Growth policies address this problem by bringing people back into the urban areas at higher densities.

Working Hypothesis Two (WH2) states City Planners will perceive that there is a relationship between Smart Growth policies and own source revenues to increase. Own source revenues, excluding property taxes, represent 60% of most local government budgets (Mikesell 1993, 28). Declining cities suffering from the effects of sprawl have difficulty raising funds to keep up with "higher expenditure and service requirements" (Burchell 1984, 239). The decay of the inner city means a lowering of personal income per capita and hence less revenue from property taxes, sales taxes, income taxes and business taxes (Grooves 1986, Porter 1998). Smart Growth policies attempt to solve the problems of declining own source revenues through increasing subsidies, taxes, charges, tradable permits, and performance bonds (Roseland 1998, 27). These are useful to counteract subsidies for sprawl. Also, user fees can be used to discourage sprawl and

encourage urban revitalization (33). In this way Smart Growth is believed to be a solution to declining own source revenues.

Working Hypothesis Three (WH3) states City Planners will perceive there is a relationship between Smart Growth policies and operational expenditures. Operational expenditures include salaries, statutory costs and material costs (Burchell 1984, 4). As inner cities lose people to the suburbs it is difficult to reduce expenditures proportional to the loss. Also, the majority of expenditures are fixed and difficult to change (Grooves 1986, 109, Aaronson 1996, 5). In most cases expenditures have to be increased for both public services and infrastructure since the city is socially and structurally decaying (Grooves 1986, Burchell 1984, 256, Mikesell 1993, 9). Smart Growth policies address this issue by containing the area in which public services are provided. This approach is based on a 1974 study called "Costs of Sprawl", which states that higher density reduces expenditures thus making the city cheaper to build and live (Campbell 1998, 10).

Working Hypothesis Four (WH4) states that City Planners will perceive that there is a connection between Smart Growth and capital expenditures. WH4 is broken down into Working Hypothesis Four-A and Four-B. Working Hypothesis Four-A (WH4a) states City Planners will perceive there is a relationship between Smart Growth policies and capital expenditures. Working Hypothesis Four-B (WH4b) states City Planners will have beliefs about the causes of the perceived relationship between Smart Growth policies and capital expenditures. Suburbanization increases capital expenditures because of a need for infrastructure to reach sprawling new developments. Smart Growth's solutions are based on the theory that "compact development saves capital and operating costs for infrastructure systems" (Porter 1997, 58, Goode 1999, 1, Campbell 1998, 1).

Smart Growth policies address this issue by making development pay for itself in sprawling areas and by compacting development within the urban center. In *Managing Growth in America's Communities*, Douglas Porter argues that development should pay for itself through exactions, impact fees, and special taxing districts. He also states that federal and state assistance may be needed through the new enterprise or empowerment zones (Porter, p.189). Advocates of Smart Growth argue that in these ways municipal capital expenditures will go down in relation to city's revenues. After testing these hypotheses a clear picture is presented of the practitioner's perceptions of the fiscal impacts of Smart Growth. The findings should bring some data to the dialogue surrounding Smart Growth and fiscal impacts on municipal budgeting. The methodology for this study is presented in the next chapter.

CHAPTER THREE: METHODOLOGY

Synopsis

This chapter discusses the research methodology used in the empirical part of the study. The questionnaire is designed using the conceptual framework. The conceptual framework organizes the ideas and the questionnaire is the organ of empirical inquiry. It is designed so that there is near one-to-one correspondence with the conceptual framework. The conceptual framework is operationalized and illustrated with a table linking the working hypotheses to survey questions.

Research Methodology

Survey research was chosen as the research methodology to determine the perceptions of Texas' City Planning Directors on the fiscal impacts of Smart Growth policies on municipal finance. A list of 112 Planning Directors across the state was obtained from the Texas Municipal League. Faculty members of the Planning Department at Southwest Texas State University tested the survey's usability. The Planning Directors were mailed the survey (see Appendix C) including a cover letter, and self-addressed stamped envelope. A return deadline was specified in the letter. After the deadline passed random follow-up calls were placed to those who had not returned the survey.

Survey Research Strengths and Weaknesses

Survey research has many "advantages in terms of economy and the amount of data that can be collected" (Babbie 1995, 277). Surveys are appropriate in this study since it is exploratory, the individuals are the unit of analysis and attitudes are being measured (Babbie 1995, 257). Also, the population is simply too large to observe directly. For this reason, survey research is appropriate since the subjects are located across the state of Texas. One of the weaknesses of survey research is that "standardized questionnaire items often represent the least common denominator in assessing people's attitudes" (273). The general nature of the survey hides the details of the circumstances that create the planner's attitudes. In this particular study this will not be a problem since only perceptions are being studied and not the specifics behind them. Also, a comment section was included after each question to help capture some amount of detail.

Operationalization of the Working Hypotheses

Table 3.1 demonstrates how the working hypotheses are operationalized using the questionnaire.

Table 3.1: Operationalization of the Conceptual Framework

Working Hypothesis:	Survey Questions:
WH1: City Planners will believe that there is a connection between Smart Growth policies and property tax revenue.	
WH1a: City Planners will perceive that there is a relationship between Smart Growth policies and property tax revenue.	1. Smart Growth policies will cause property tax revenue to increase.
WH1b: City Planners will have beliefs about the causes of the perceived relationship between Smart Growth policies and property tax revenue.	2. Any property tax revenue increase is due to higher property values caused by Smart Growth policies. 3. Any property tax revenue increase is due to higher density caused by Smart Growth policies. 4. Any property tax revenue decrease is due to higher property values caused by Smart Growth policies, which has encouraged urban blight.
WH2: City Planners will perceive that there is a relationship between Smart Growth policies and own source revenue.	5. Smart Growth policies will increase revenues through sales taxes and user fees. 6. Overall, do you think that Smart Growth policies will improve the state of a municipality's revenues?
WH3: City Planners will perceive that there is a relationship between Smart Growth policies and operational expenditures.	7. Costs of services for utilities will go down as Smart Growth policies increase density. 8. Costs of services for education will go down as Smart Growth policies increase density. 9. Costs of services for public safety will go down as Smart Growth policies increase density. 10. Overall, do you think that Smart Growth policies will improve the state of a municipality's expenditures?
WH4: City Planners will believe that there is a connection between Smart Growth policies and capital expenditures.	
WH4a: City Planners will perceive that there is a relationship between Smart Growth policies and capital expenditures.	11. Smart Growth policies will decrease infrastructure costs.
WH4b: City Planners will have beliefs about the causes of the perceived relationship between Smart Growth policies and capital expenditures.	12. Smart Growth policies will decrease infrastructure costs by passing costs on to developers. 13. Smart Growth policies will actually increase infrastructure costs due to the expensive nature of central city development?

*All questions use a likert scale from strongly agree to strongly disagree.

Table 3.1 illustrates how the working hypotheses are operationalized into survey questions. The survey itself employs the Likert scale to score responses on all questions except the demographic questions from Strongly Agree (+2), Agree (+1), No Opinion (0), Disagree (-1), and Strongly Disagree (-2). Demographic questions were scored with percentages. Descriptive summary statistics were calculated for each question's responses. Percent distributions and means were used to illustrate results of survey. Inferential statistics were figured to measure statistical significance. Taken as a whole these statistics demonstrate the perceptions of the fiscal impacts of smart growth on municipal finance. Chapter 4 reports the results of the research.

CHAPTER FOUR: RESULTS

Synopsis

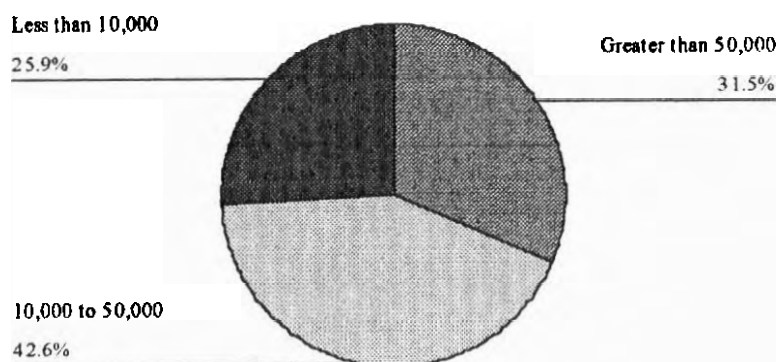
This chapter contains the results from the survey sent to City Planning Directors across the state. Tables and graphs containing simple statistics are used to help explain the results. Results will be explained in reference to the working hypotheses to which they are linked.

Demographics

The survey instrument was mailed to 112 City Planning Directors across Texas. City Planning Directors guide the planning process for a municipality. The American Planning Association defines this planning process as using economic and demographic analysis, resource evaluation, goal setting and strategic planning to develop options from which communities can choose future development (www.planning.org, 2000). Fifty-four City Planning Directors responded to the survey. Figure 4.1 shows the breakdown of the city size of those responding. The majority of respondents (42.6%) were City Planners of cities with populations between 10,000 to 50,000.

Figure 4.1

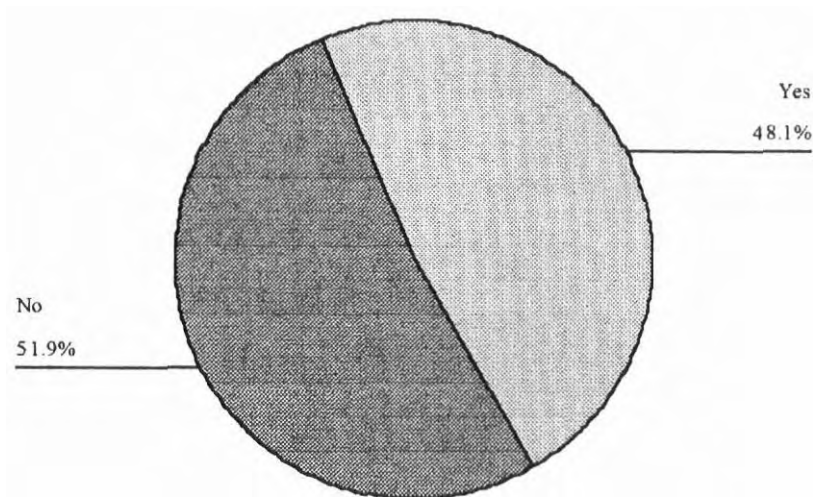
Respondents by City Size



Planner's of Cities with populations of less than 10,000 represented 25.9% of the respondents. Lastly, those with populations over 50,000 represented 31.5 % of the respondents. Thus, a wide distribution of city sizes responded to the survey.

Figure 4.2

Experience with Smart Growth



Respondents=52

Figure 4.2 shows the breakdown of respondents who had worked with Smart Growth before as a planner. Respondents were almost evenly divided between those that had experience and those that had never dealt with Smart Growth as a planner before. This is interesting to note since it demonstrates that one group was not overly represented in the survey results.

WH1: Perceptions of Smart Growth on Property Tax Revenue

The rationale for this hypothesis comes from the literature that describes one of the ways Smart Growth will return fiscal soundness to the urban core is through raising property values and as such raise property tax revenue. To find out if Smart Growth will help solve the problems of revenue shortfalls City Planners were asked their perceptions.

Table 4.1 provides the results of City Planners perceptions of Smart Growth on Property Tax Revenue. The table shows that the mean of the answers was positive at .31

Table 4.1 Percentage Distributions, Means and T-test Significance for Responses (Question 1)

Survey Question	N=	Mean	% Agree	% Disagree	% Neutral	Significance
Smart Growth and Property Tax Revenue	52	.31	61.5%	27%	11.5%	< .05

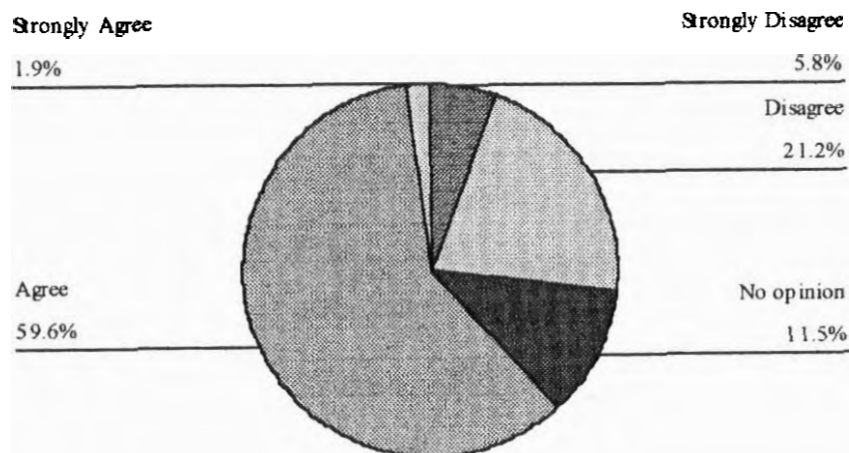
All responses on a +2 to -2 scale.

This shows that the respondents did perceive a relationship between Smart Growth and property tax revenue. The t-test demonstrates that the results were significantly different from the neutral response at the .05 level.

Figure 4.3 shows the responses when asked their perceptions on whether Smart Growth would cause an increase in property tax revenues. The majority (59.6%) of respondents agreed that Smart Growth policies would cause property tax revenue to increase.

Figure 4.3

Smart Growth Will Cause Increased Tax Revenues



Respondents=52

One of the majority respondents stated that “for the short term (1-5 years), increased ad valorem taxes for specific parcels would increase, but not sufficiently to offset the ad valorem tax revenues increases that would have been realized if suburbanization had continued. Citywide I believe tax revenue and less city costs would be realized in the long term (5+years).”⁵ The large percentage of those that disagreed (21.2%) illustrates why the mean is not more positive and mirrors the diversity found in the literature.

Working Hypothesis 1b was designed to determine whether City Planners would have beliefs about what causes the relationship between Smart Growth and property tax revenue. Table 4.2 displays that the respondents did have opinions on the causes of the relationship. The results show that the City Planners thought that increases in property tax revenue were both due to higher property tax values and higher density caused by Smart Growth policies. However, only the question regarding urban blight differed significantly from neutral.

Table 4.2 Percentage Distributions, Means and T-test Significance for Responses (Question 2-4)

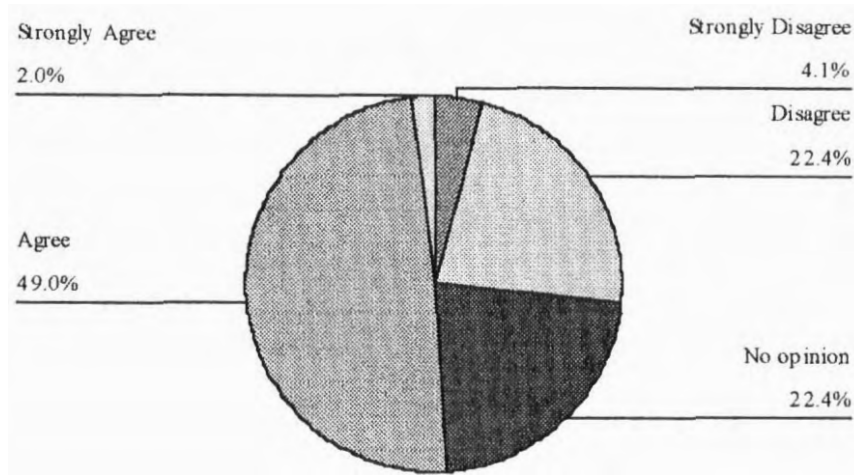
Survey Question	N=	Mean	% Agree	% Disagree	% Neutral	Significance
Revenue increase due to higher property tax values.	49	.22	51%	26.5%	22.4%	> .05
Revenue increase due to higher density.	50	.16	50%	32%	18%	> .05
Revenue decrease due to urban blight.	48	-.65	18.7%	62.5%	29.2%	< .05

All responses on a +2 to -2 scale.

⁵ For a complete list of comments made by survey respondents see Appendix D

Figure 4.4

Tax Revenue Increase Due to Higher Property Values

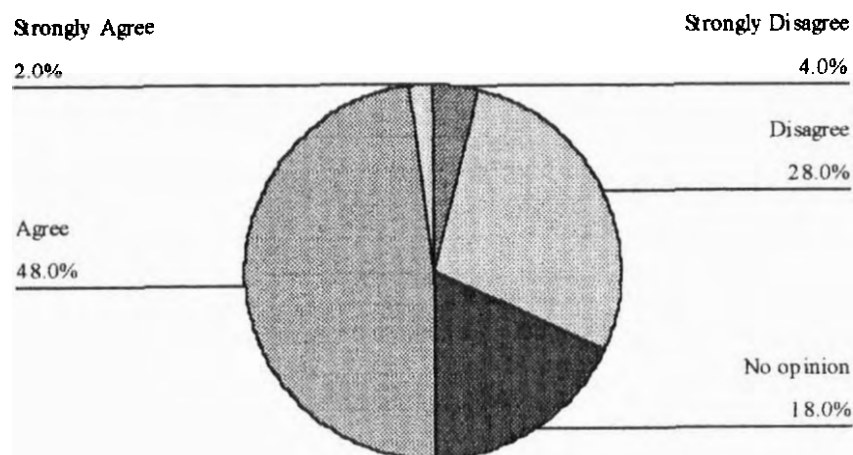


Respondents=49

Figure 4.4 and 4.5 show the majority of the planners agreed (49.0% and 48.0% respectively) that any property tax revenue increase is due to higher property values and higher density caused by Smart Growth.

Figure 4.5

Tax Revenue Increase Caused by Higher Density



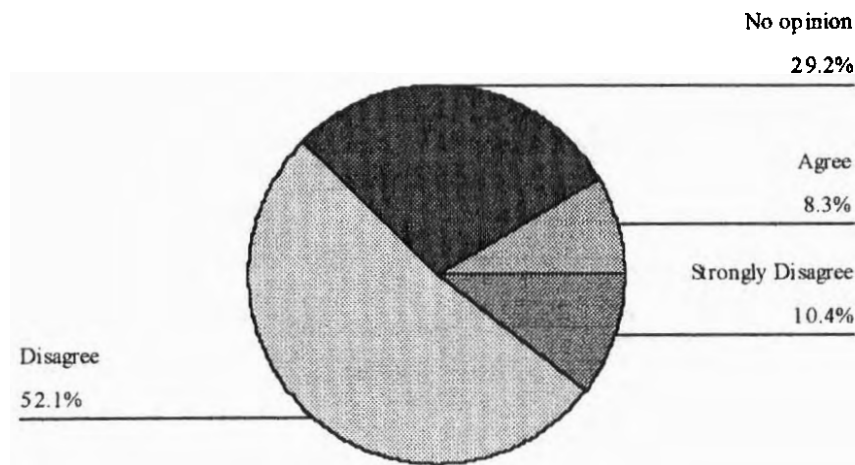
Respondents=50

In the literature some worried that higher property taxes would cause urban blight that would lead to an actual decline in property tax revenue. However, the planners did not agree (mean -.65) that any property tax revenue decrease would be due to Smart Growth induced urban blight.

Figure 4.6 displays the results of how planners felt about whether Smart Growth might indirectly cause urban blight due to a rise in property values. The respondents clearly disagreed (52.1%). The second largest group (29.2%) marked 'no opinion'. Some respondents commented that this question was confusing so it is difficult to say if the results accurately measure the true feelings of the City Planners.

Figure 4.6

Smart Growth Causes Urban Blight, Lowering Revenue



Respondents=48

WH2: Perceptions on Smart Growth and Own Source Revenue

The second working hypothesis was designed to determine if planners perceived a relationship between Smart Growth policies and own source revenue. To see

if Smart Growth could be an answer to declining own source revenues the City Planners were asked their perceptions. Table 4.3 demonstrates that for both questions relating to this working hypothesis the means were positive. This indicates that not only did the planners have opinions but the planners perceived the relationships to be positive. The data for WH2 implies that the perceptions regarding Smart Growth policies and own source revenues are significantly different from neutral.

Table 4.3 Percentage Distributions, Means and T-test Significance for Responses (Question 5-6)

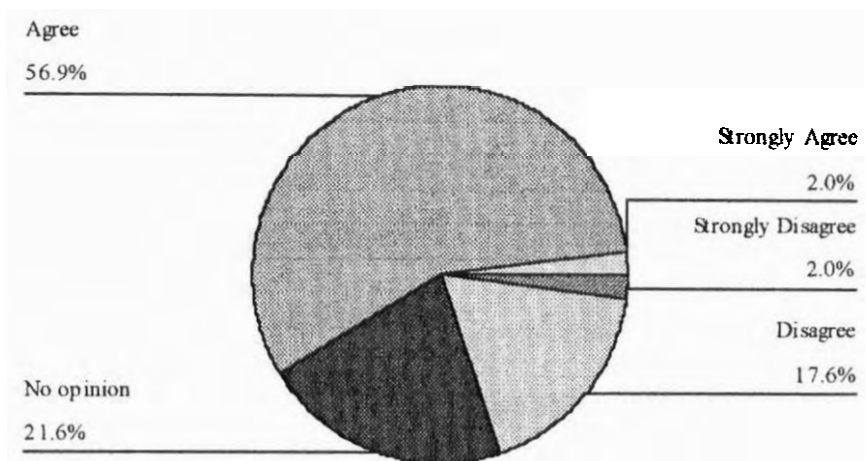
Survey Question	N=	Mean	% Agree	% Disagree	% Neutral	Significance
Revenue increase due to sales taxes and user fees.	51	.39	58.9%	19.6%	21.6%	< .01
Smart Growth improves overall revenue.	52	.62	73.1%	13.4%	13.5%	< .01

All responses on a +2 to -2 scale.

More specifically, Figure 4.7 shows that a majority of the planners (56.9%) agreed that Smart Growth policies would increase revenues through sales taxes and user fees. The next largest groups were those with no opinion (21.6%) and those that disagreed (17.6%) that Smart Growth would increase sales and user taxes.

Figure 4.7

Smart Growth Will Raise Sales Tax/User Fee Revenue

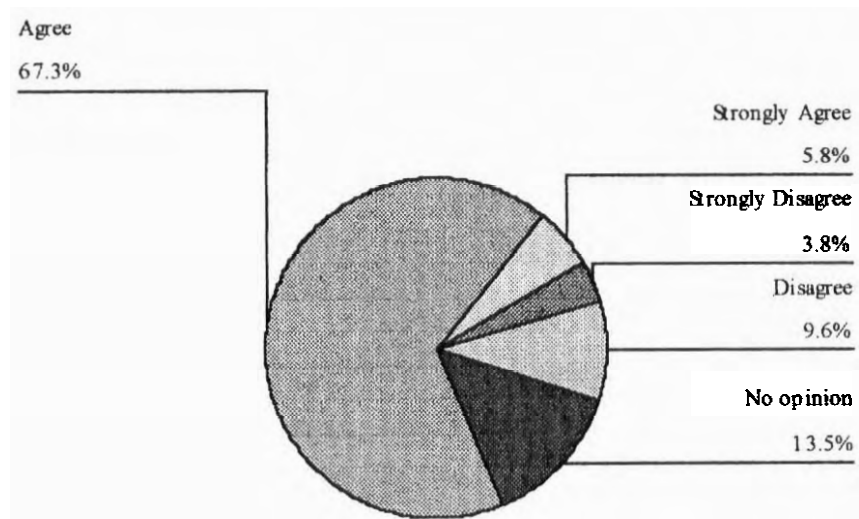


Respondents=51

An overwhelming percentage of the planners (67.3%) believed that overall, Smart Growth policies would improve a municipality’s revenues. This concurs with the majority of planners that believed property, sales and user fee revenues would be increased by Smart Growth.

Figure 4.8

Smart Growth Will Improve The State of Municipal Revenue



Respondents=52

WH3: Perceptions of Smart Growth on Operational Expenditures

Hypothesis three's intent was to find out the planners' perceptions on how operational expenditures would be effected by Smart Growth. The literature describes that a goal of Smart Growth is to lower operational expenditures by increasing density. Table 4.4 shows the means of the perceptions of cost savings due to Smart Growth changes in various operational expenditures. The survey instrument was useful in determining that City Planners did perceive a relationship between Smart Growth policies and operational expenditures. According to the means the planners felt that Smart Growth policies would be useful in decreasing the cost of services for utilities but not for education or public safety. However, only the results regarding the overall improvement of a municipality's expenditures were found to be statistically significant. The figures go into more detail on how the planners responded to the survey instrument.

**Table 4.4 Percentage Distributions, Means and T-test Significance for Responses
(Question 7-10)**

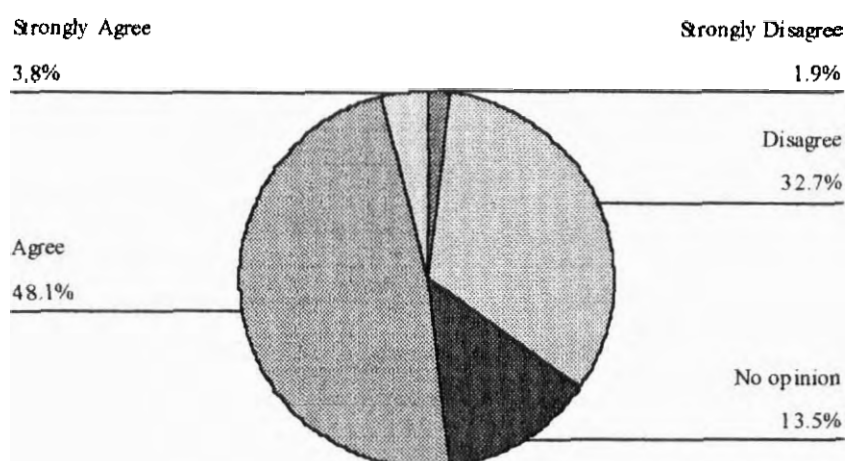
Survey Question	N=	Mean	% Agree	% Disagree	% Neutral	Significance
Higher density decreases utility costs.	52	.19	51.9%	34.6%	13.5%	> .05
Higher density decreases education costs.	51	-.24	27.5%	49%	23.5%	> .05
Higher density decreases public safety costs.	51	-.27	29.4%	47.1%	23.5%	> .05
Smart Growth improves overall expenditures.	51	.41	56.8%	19.6%	23.5%	< .05

All responses on a +2 to -2 scale.

Figure 4.9 demonstrates that the planners largely agreed (48.1%) that Smart Growth policies that increased density would decrease operational expenditures for utilities. However there was a large group that disagreed (32.7%) demonstrating that clearly not all the City Planners concur that increasing density is the answer to bringing utility infrastructure costs down for cities.

Figure 4.9

Higher Population Density Will Decrease Utility Costs



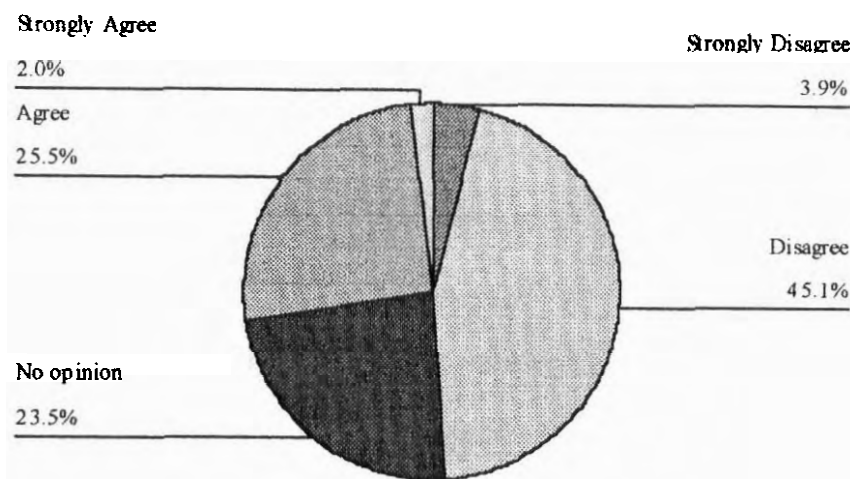
Respondents=52

However, planners disagreed that Smart Growth policies that increased density would decrease the cost of education services (45.1%). Christopher A. Turk, City Planner for the City of Boerne, stated that "older urban areas typically do not have school facilities, or if they do, they are outdated and will have to be rebuilt if they are to attract today's parents". This sentiment had many dissenters. The second largest group (25.5%) agreed

that increasing density as a tool of Smart Growth would decrease the cost of services for education.

Figure 4.10

Higher Population Density Will Lower Education Costs



Respondents=51

Figure 4.11 shows that the City Planners were even more divided over whether Smart Growth policies that increased density would actually decrease the cost of services for public safety. Most disagreed (37.3%) but they amounted to only slightly more than those that agreed (29.4%) and only roughly ten percent more than the third largest group (23.5%) which had no opinion. This question had the most even division of

agree/disagree. One City Planner that strongly disagreed poignantly stated that , “rats in a maze go nuts and do weird things to their neighbors”. This sentiment mimicks some of the literature implying that increased denisties causes an increase in crime.

Figure 4.11

Higher Population Density Lowers Public Safety Costs

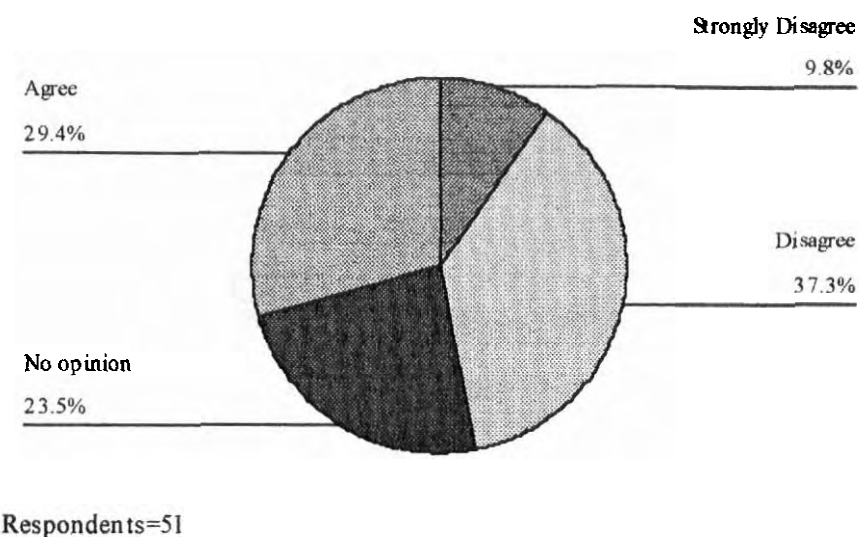
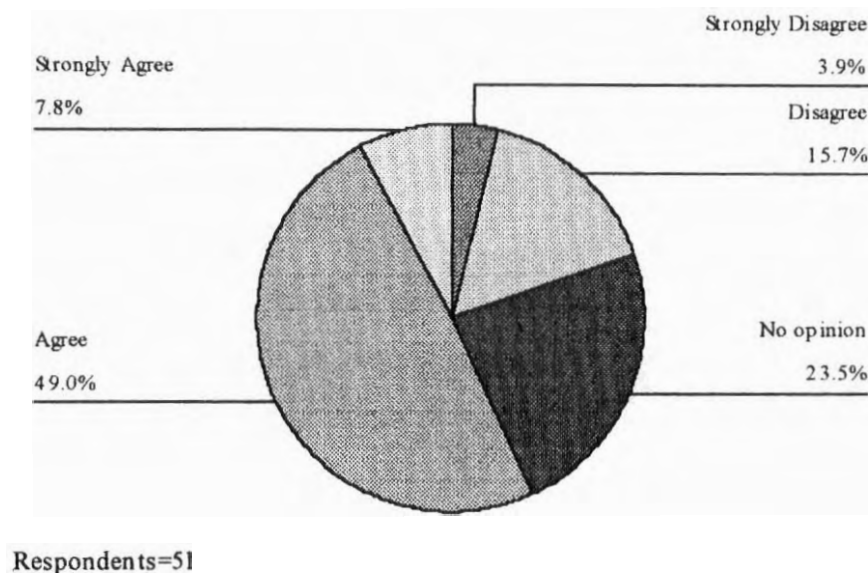


Figure 4.12 shows that the majority (49.0%) believed that overall Smart Growth would improve a municipality's expenditures. This is particularly interesting since most of the City Planners did not agree that Smart Growth would cause public safety or education costs to decrease. Accordingly, in the comment section of the survey one planner wrote that “more compact growth is more efficient, i.e. shorter lengths of utility extensions are cheaper to maintain”. However, another stated that “density does not necessarily decrease the cost of providing a service. There are examples where any per capita cost

reduction for providing a service to a core urban area are not outdistanced by the cost to provide an increased scope of services to meet demands created by other social economic influences”. These quotes exemplify the dispersion found in the results.

Figure 4.12

Smart Growth Will Improve the State of Municipal Expenditures



Though there was great division in the opinions on the subject of whether Smart Growth would decrease operational expenditures it is clear that the City Planners perceive a relationship between the two.

WH4: Perceptions of Smart Growth on Capital Expenditures

Hypothesis four focused on yet another aspect of municipal finance, capital expenditures. The hypothesis was designed to find out if planners perceived a

relationship between Smart Growth policies and capital expenditures. The results of the survey are shown in Table 4.5. The perceived relationship is demonstrated with the mean of .17. However, the dispersion is so great the t-test data shows that there is not a statistical difference from a neutral response.

Table 4.5 Percentage Distributions, Means and T-test Significance for Responses (Question 11)

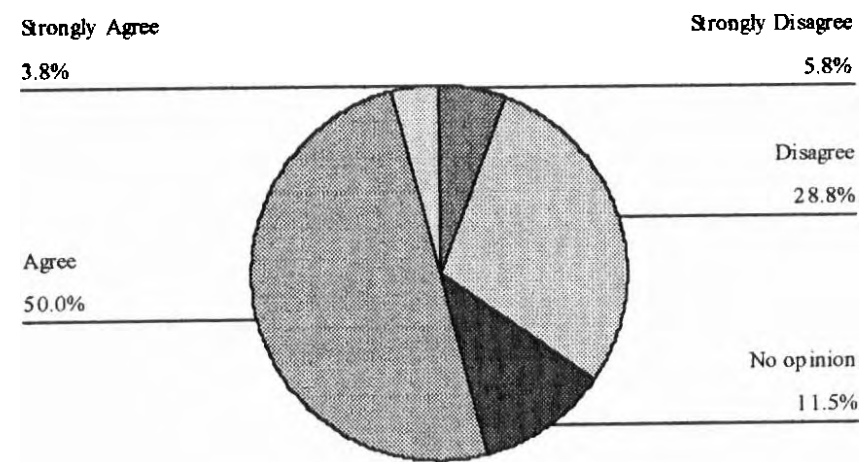
Survey Question	N=	Mean	% Agree	% Disagree	% Neutral	Significance
Smart Growth lowers infrastructure costs.	52	.17	53.8%	34.6%	11.5%	> .05

All responses on a +2 to -2 scale.

Figure 4.13 more specifically demonstrates that the majority (50.0%) agreed that Smart Growth policies would decrease infrastructure costs. Again, there was a strong second group (28.8%) of those that disagreed.

Figure 4.13

Smart Growth Policies Will Lower Infrastructure Costs



Respondents=52

The survey instrument showed that not only did the City Planners perceive a relationship between Smart Growth policies and capital expenditures they largely believed that Smart Growth would decrease those expenditures.

The second part of Hypothesis Four was intended to find out the beliefs of planners on how Smart Growth effected capital expenditures. That is, the results of the survey question for WH4a lead one to believe that City Planners do perceive a relationship between Smart Growth and capital expenditures. WH4b explores the perceived causes of the relationship. The means in Table 4.6 demonstrate that the planners did not believe passing costs on to developers would decrease infrastructure costs. The planners also did not perceive that a possible increase in infrastructure costs would occur due to the expensive nature of central city development. Though again, due to the large dispersion in the results the t-test does not show a statistical significant difference from a neutral response.

Table 4.6 Percentage Distributions, Means and T-test Significance for Responses (Question 12-13)

Survey Question	N=	Mean	% Agree	% Disagree	% Neutral	Significance
Passing costs to developers lowers infrastructure costs.	52	-.19	28.8%	46.1%	25.0%	> .05
Center city redevelopment increases infrastructure costs.	52	-.23	26.9%	48%	25.0%	> .05

All responses on a +2 to -2 scale.

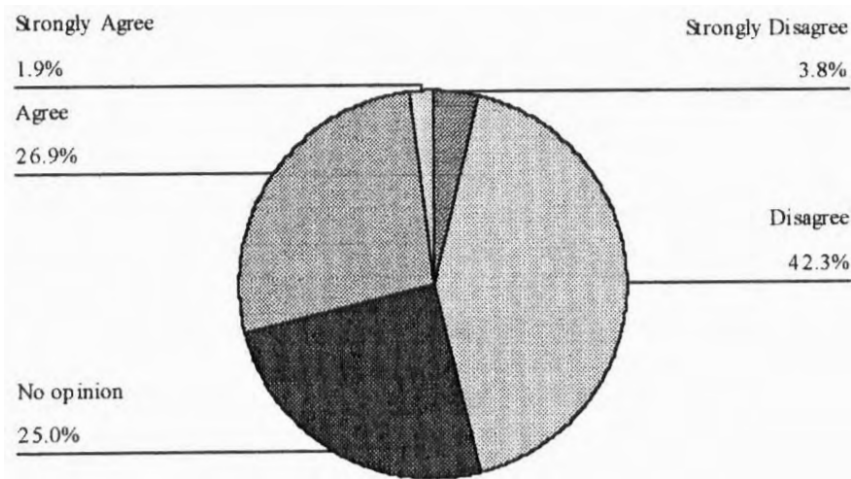
These insights are seen more clearly in the pie graphs. Figure 4.14 demonstrates that the majority (42.3%) of the City Planners did not perceive that Smart Growth

policies would decrease infrastructure costs by passing costs onto developers. One planner commented on this stating that passing costs onto developers is not new to Smart Growth, “it is and has been done for years”. Another comment made implied that though passing costs onto developers might be used by Smart Growth, incentive plans could be more profitable. This planner wrote:

The reasonableness of exactions for development has been determined to a large extent by case law. A growth concept which economically encourages a developer to invest in an area where the municipality desires development is generally more functional and defensible then one which seeks to penalize a developer through exaction for choosing to develop in another location.

The comments exemplify the wide dispersion (42.3% disagree, 26.9% agree, 25.0% no opinion) of opinions for this topic.

Figure 4.14
Passing Costs on to Developers Will Lower Infrastructure Costs

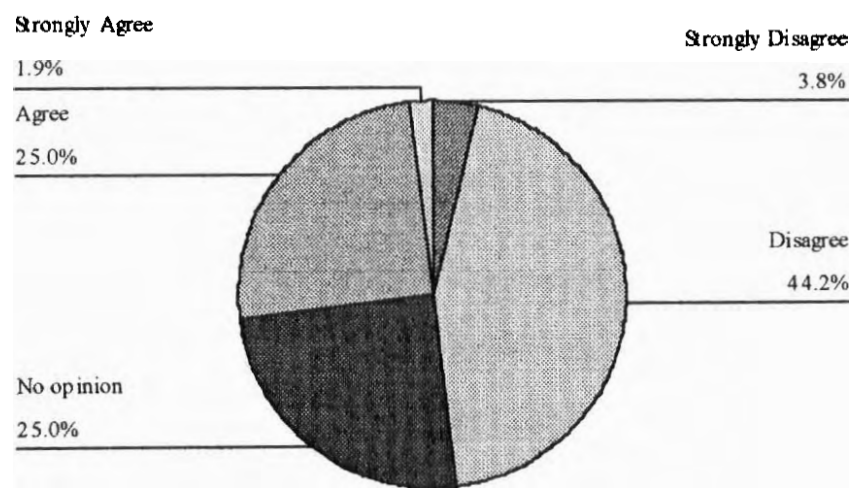


Respondents=52

Finally, in Figure 4.15 One can see that the majority (44.2 %) of the planners surveyed disagreed that Smart Growth will actually increase infrastructure costs due to

the expensive nature of central city development. The literature review addressed some concern that to rebuild the urban core would be costly due to the need to redevelop the infrastructure within the central city. The majority of the planners did not share this concern. For example, one City Planner stated that “central city infrastructure improvements will need to be rebuilt anyway”. However, one planner believing that the costs would go up stated that it would largely depend on the state of the existing infrastructure. Again, there is a wide dispersion of opinions with 44.2% disagreeing, 25.0% agreeing, and 25.0% with no opinion.

Figure 4.15
City Center Development Will Increase Infrastructure Costs



Respondents=52

Overall, the planners were found to have beliefs on what causes the relationship between Smart Growth policies and capital expenditures. Chapter five will summarize the findings of the survey instrument.

CHAPTER FIVE: CONCLUSION

Synopsis

This chapter goes over the summary findings of each working hypothesis. The summary findings are displayed in Table 5.1.

Table 5.1: Summary Findings

Working Hypothesis:		Evidence:
WH1: Smart Growth and Property Tax Revenue. a. Perceptions of a relationship. b. Perceptions of causes of relationship.	Supports Mixed	Supports
WH2: Smart Growth and Own Source Revenue.		Strongly Supports
WH3: Smart Growth and operational expenditures.		Mixed
WH4: Smart Growth and capital expenditures. a. Perceptions of a relationship. b. Perceptions of causes of relationship.	Mixed Mixed	Mixed

Smart Growth and Property Tax Revenue (WH1)

The evidence shows that City Planners do perceive a relationship between Smart Growth policies and property tax revenue. In fact, a strong majority believed that Smart Growth would raise property tax revenue (WH1a).

Furthermore, the results demonstrate that City Planners have specific beliefs on the causes of the relationship between Smart Growth and property tax revenue. That is, they have opinions on what aspects of Smart Growth positively or negatively affect property tax revenue. The findings suggest that the planners believed that Smart Growth would increase property value and density leading to higher property tax revenue. They did not believe the same higher property values would lead to urban blight (WHb). Even so the results the results (for WH1b) show a wide dispersion in opinions and thus cannot be viewed as significantly different from the neutral response of zero.

Smart Growth and Own Source Revenue (WH2)

The data shows that the City Planners did perceive a relationship between Smart Growth policies and own source revenue (other than property tax revenue). In fact, the results demonstrate that Planners believed that not only would Smart Growth increase sales tax and user fee revenue but also it would significantly improve the overall state of a municipality's revenues. For this hypothesis the data was significantly different from the neutral position.

Smart Growth and Operational Expenditures (WH3)

The evidence shows that City Planners did perceive a relationship between Smart Growth policies and operational expenditures. More specifically, they believed that Smart Growth would decrease utility operational expenditures but increase educational and public safety operational expenditures. Nevertheless, the Planners thought that Smart

Growth would in an overall sense improve a municipality's expenditures. Again, the data showed a wide dispersion creating mixed results regarding its significance.

Smart Growth and Capital Expenditures (WH4)

Results show that the City Planners believed that there is a relationship between Smart Growth policies and Capital Expenditures. In particular the planners held that Smart Growth would decrease infrastructure costs (WH4a).

Evidence shows that not only did the Planners perceive a relationship between Smart Growth and a municipality's expenditures they had beliefs on the causes (WH4b). The planners did not think that the decrease in infrastructure costs was due to passing costs onto developers. They also did not believe that Smart Growth would actually increase infrastructure costs since the urban city would have to be redeveloped. Still, for both parts of this hypothesis, though a clear majority could be seen, the wide variety of opinions displayed makes it difficult to view the data as significant.

Conclusion

Overall, the majority of the Texas City Planning Directors surveyed seemed to view Smart Growth as positively impacting municipal finance. However, a wide range of opinions was indicated by the research. Smart Growth is such a relatively new subject it may be years before the opinions are more polarized. As for now, after exploring the perceptions of those who deal with Smart Growth first hand it seems that the solutions Smart Growth offers to solve the fiscal problems of sprawl are optimistically viewed. Only time will tell if Smart Growth will live up to its supporters' claims.

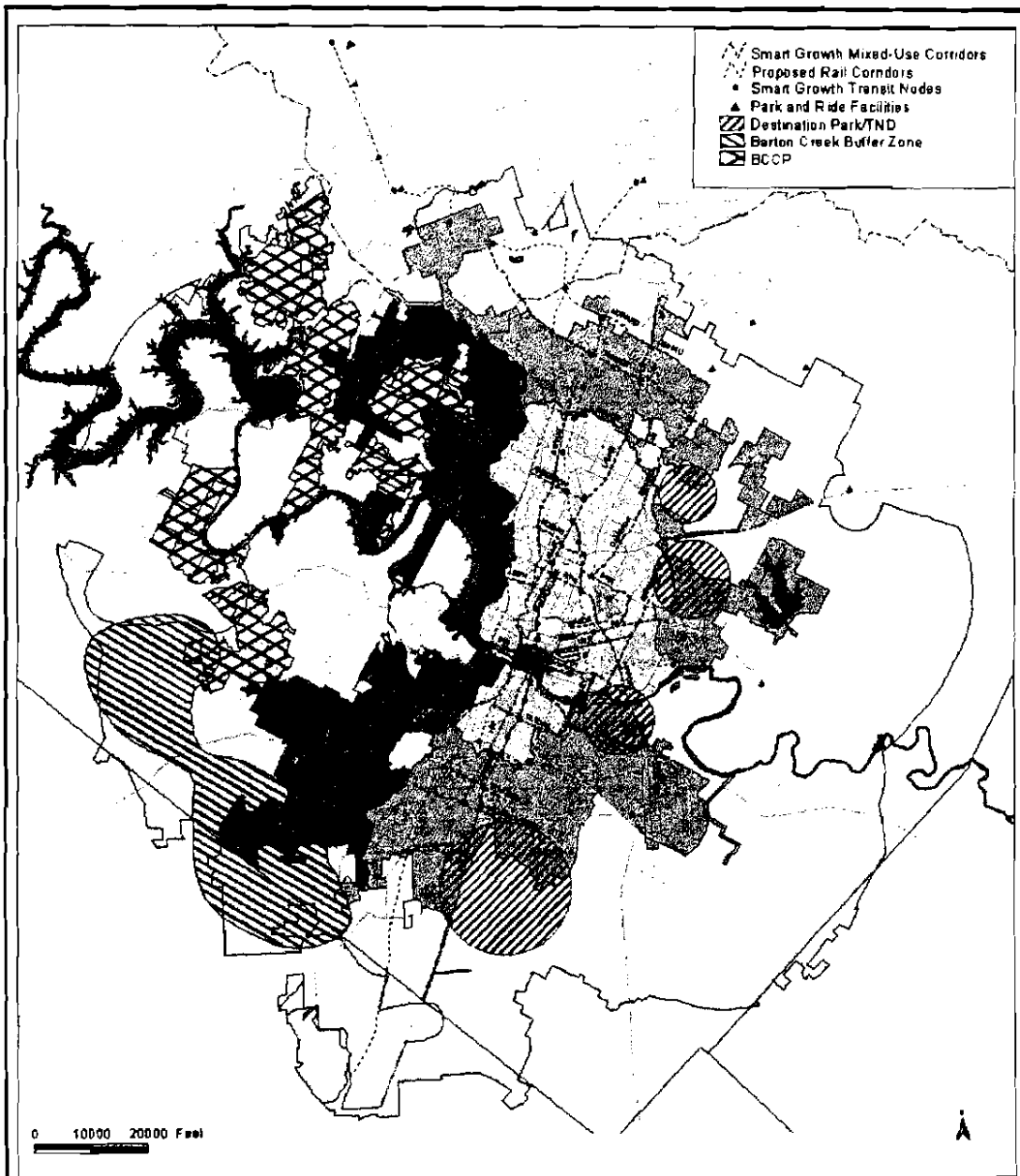
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Appendix A

Austin Smart Growth Zone Map (Draft Version)



Austin Smart Growth Zones

DRAFT

<http://www.ci.austin.tx.us/smartgrowth>

Desired Development Zone

- Central Business District
- University Area, CURE
- Urban Core
- Inside Full Purpose Jurisdiction
- Outside Full Purpose Jurisdiction

Drinking Water Protection Zone

- Inside Full Purpose Jurisdiction
- Outside Full Purpose Jurisdiction

Produced by PEC&D, Planning Division
February 1999. Data sources apply.

Appendix B

Parts of a Municipal Budget

Main parts of a Municipal Budget

Revenue:

All amounts of money received by a government from external sources.

Main sources of revenue:

Property Tax

Sales Tax

Other (user fees and charges)

Bonds & Transfers

Expenditure:

Proposed expenditures for operating a municipality.

Operational:

Education

Highways & transportation infrastructure

Utilities

Public Safety

Public Health

Sewer & Sanitation

Parks & recreation

Other

Capital:

Capital assets

Investments for capital assets separate from operating expenditures.

* Source: John Mikesell, *Fiscal Administration*, 1999.

Appendix C

Survey Instrument

Smart Growth Survey

Smart Growth has been defined by one writer as a growth management plan developed to counteract the negative aspects of suburbanization.

To achieve this goal some advocates of Smart Growth propose the following policies:

- to economically revitalize the urban core,
- to create higher population densities within the urban core,
- to manage infrastructure to control suburban growth,
- to counteract the subsidies given to suburbanization.

1. Smart Growth policies will likely cause property tax revenue to increase.

Ostrongly agree Oagree Ono opinion Odisagree Ostrongly disagree

Comment (optional) _____

2. Any property tax revenue increase is likely due to higher property values caused by Smart Growth policies.

Ostrongly agree Oagree Ono opinion Odisagree Ostrongly disagree

Comment (optional) _____

3. Any property tax revenue increase is likely due to higher density caused by Smart Growth policies.

Ostrongly agree Oagree Ono opinion Odisagree Ostrongly disagree

Comment (optional) _____

4. Any property tax revenue decrease is due to higher property values caused by Smart Growth policies, which have encouraged urban blight.

Ostrongly agree Oagree Ono opinion Odisagree Ostrongly disagree

Comment (optional) _____

5. Smart Growth policies will likely increase revenues through sales taxes and user fees.

Ostrongly agree Oagree Ono opinion Odisagree Ostrongly disagree

Comment (optional) _____

6. Overall, do you think that Smart Growth policies will improve the overall revenue base of a municipality?

Ostrongly agree Oagree Ono opinion Odisagree Ostrongly disagree

Comment (optional) _____

7. Costs of services for utilities will likely go down as Smart Growth policies increase density.

Ostrongly agree Oagree Ono opinion Odisagree Ostrongly disagree

Comment (optional) _____

8. Costs of services for education will likely go down as Smart Growth policies increase density.
Ostrongly agree Oagree Ono opinion Odisagree Ostrongly disagree

Comment (optional) _____

9. Costs of services for public safety will likely go down as Smart Growth policies increase density.
Ostrongly agree Oagree Ono opinion Odisagree Ostrongly disagree

Comment (optional) _____

10. Overall, do you think that Smart Growth policies will improve the state of a municipality's expenditures?
Ostrongly agree Oagree Ono opinion Odisagree Ostrongly disagree

Comment (optional) _____

11. Smart Growth policies will likely decrease infrastructure costs.
Ostrongly agree Oagree Ono opinion Odisagree Ostrongly disagree

Comment (optional) _____

12. Smart Growth policies will likely decrease infrastructure costs by passing costs on to developers.
Ostrongly agree Oagree Ono opinion Odisagree Ostrongly disagree

Comment (optional) _____

13. Smart Growth policies will likely increase infrastructure costs due to the expensive nature of central city development.
Ostrongly agree Oagree Ono opinion Odisagree Ostrongly disagree

Comment (optional) _____

14. Do you currently work as a planner?
O Yes ONo

15. Have you dealt with Smart Growth as a planner?
O Yes ONo

16. You may quote me. O Yes O No
You may use my quotes anonymously. O Yes O No

17. Please send a copy of completed survey results. O Yes O No

Please return survey to:
Suzan Shofner
513 Clearcreek Dr.
Leander, TX 78641

Appendix D

Comments from Surveys

Written Comments to Survey Instrument Questions:

1. Smart Growth policies will cause property tax revenue to increase.
"More efficient use of infrastructure can reduce tax burdens."
"This depends on whether or not suburban growth is curtailed; if it is, one would suspect that property taxes would balance out."
"Not sure there is a correlation / varies by community."
"It depends on the census information/ demographics of each community"
"In the short term (1-5years), increased ad valorem taxes for specific parcels would increase, but not sufficiently to off-set the ad valorem tax revenues increases that would have been realized if suburbanization had continued citywide. I believe tax revenue and less city costs would be realized in the long term (5 years +)."
"Property tax revenue is a function of land (real estate) value, assessed value of improvements and tax rate. Land use and development policies that sustain current property values and encourage development investment have a positive impact on the property tax revenue. In an environment where the urban areas remains "healthy" as the municipality continues to grow, revenues from property tax, sales tax, personal property and franchise fees will increase."
"Smart Growth will permit cities to extend and pay for facilities when they are needed and have the users."
"The principal objective ought to be allowing infrastructure to keep pace with development."
"Any increase will be based on tax increases imposed by any taxing entity."
2. Any property tax revenue increase is due to higher property values caused by Smart Growth policies.
"Not that simple."
"Inconclusive – a TIF major destination pt., etc. could also increase property value."
"Property tax increase is definitely caused by increased development. It will continue to happen with or without smart growth pollicies"
"Speculative"
"Possibly"
"That, and supplemental growth"
"No. Increases are due to growth! However, expenses may also increase above the revenue increase unless Smart Growth policies are adopted."
"As long as amenities are generated"
"There are too many variables to support this statement"
"If above policy offsets rural subdivisions within twenty miles."
3. Any property tax revenue increase is due to higher density caused by Smart Growth policies.

"No clear correlation"
"Increases would be the result of a higher quality development."
"Do not see direct relationship between tax revenue increases and population density... other factors are involved."
"Smart Growth does not necessarily mean density. It may mean no growth until development pays for it."
"If the above policy is focused on urban areas only."
4. Any property tax revenue decrease is due to higher property values caused by Smart Growth policies, which has encouraged urban blight.
"This question makes no sense."
"Poor sentence"
"If Smart Growth policies are adapted for the city, there should eventually be a decrease in urban sprawl (leap frog) These decreases could be off-set by fewer public dollars for more infrastructure."
"Statement does not make sense – again, no direct relationship between tax revenue decrease and higher property values?"
"Urban blight has its own multitude of causes"
"How can tax revenues decrease if there are higher property values?? Smart Growth is not supposed to cause urban blight."
"Applying rational principles to development will not cause blight"
"If the above policy is properly used, the urban blight will not be as noticeable."
5. Smart Growth policies will increase revenues through sales taxes and user fees.
"Maybe for large cities – to the detriment of smaller cities and suburbs."
"Sales tax revenue is a function of sales volume, which is not necessarily affected by smart growth policies; in fact, decrease revenues are as likely."
"Almost no commercial area in town"
"These are not related"
"As will all growth..."
"Same people, same purchasing power."
6. Overall, do you think that Smart Growth policies will improve the state of a municipality's revenues?
"Cities have had a hard time keeping up with providing for increase density. (Police protection, water, sewer, garbage collection, etc.)"
"Depends upon how it is implemented and the program"
"I do not think SG policy increases revenue; rather it can serve to decrease the expense of services through efficiency."
"If implemented comprehensively."
"Revenue is not the purpose of Smart Growth."
"Primarily due to the competitive advantage gained by central retail operations – residents tend to shop close to home"
"Especially those with little or no room for corporate limit expansion and placement with in an urbanized region, i.e. D/FW."

"I believe that orderly development is fiscally sound"
"Properly managed it has the potential."
7. Costs of services for utilities will go down as Smart Growth policies increase density.
"Utilities in certain areas are typically outdated and undersized and to bring them up to existing standards will be more expensive than extending new lines into undeveloped areas."
"Density does not necessarily decrease the cost of providing a service. There are examples where any per capital cost reduction for providing a service to a core urban area are outdistanced by the cost to provide an increased scope of services to meet demands created by other social economic influences."
"Increase densities require increased treatment facilities...it is probably a tradeoff."
"Marginal decrease"
"If coupled with limited annexation"
"As cost rise, these extra expenses are always passed onto final user".
"Higher densities may lead to more efficient utility layouts, but many undersized utility lines may have to be upgraded"
"After necessary expansion or rehabilitation, increased users per square mile could provide for cost reductions"
"In theory only"
"Supply and demand – current demand already exceeds supply in many areas."
8. Costs of services for education will go down as Smart Growth policies increase density.
"Older urban areas typically do not have school facilities, or if they do, they are outdated and will have to be rebuilt if they are to attract today's parents."
"Higher density could lead to greater efficiencies with schools, such as bus services, etc."
"Savings on transportation and multiple school sites likely not to offset expanding capacity at existing urban core facilities."
"Only a little"
"Will have to increase physical plant (more schools for denser neighborhoods, maintaining a certain size of enrollment for optimum education benefit"
"School districts don't necessarily use the same methods for school planning"
"Current costs of education are increasing - that trend will not stop."
9. Costs of services for public safety will go down as Smart Growth policies increase density.
"Higher population concentrations increase some types of crime."
"Such services could decrease relative to efficiencies with auto travel; however again, I do not think there is a direct relationship – other variables affect cost P.S. services."
"Unsure- higher concentration of population may result in increased crime and increased fire risk..making null the gains from building fewer facilities".
"Minor potential for savings"
"Depends. High density multi-family can increase crime!"

"Rats in a maze go nuts and do weird things to their neighbors."
"Only if well designed"
"Higher density –higher visibility more public safety."
10. Overall, do you think that Smart Growth policies will improve the state of a municipality's expenditures?
"More compact growth is more efficient i.e. shorter lengths of utility extension are cheaper to maintain."
"Smart Growth increases efficiency not necessarily expenditures."
"Unsure – This may simply shift costs to a different segment or to a latter time."
"Don't understand the question"
"No."
11. Smart Growth policies will decrease infrastructure costs.
"Traffic calming measures have become controversial and costly"
"Initial infrastructure costs – yes ..However, long-term maintenance may be more expensive and difficult. Service disruptions for maintenance will have a much greater impact on a larger population segment."
"Again higher density = more costs."
12. Smart Growth policies will decrease infrastructure costs by passing costs on to developers.
"This is and has been done for years – it is called "pro-rata" or "impact fees".
"Decrease of city costs and infrastructure due to the improved efficiency of the city to serve higher density developments-- less miles water sewer and storm drainage"
"Most infrastructure cost (initial) is the responsibly of the developer, so the decrease would be mostly direct, instead of "passed on". Such savings from municipalities would be passed on to taxpayers."
"The reasonableness of exaction's for development has been determined to a large extent by case law. A growth concept which economically encourages a developer to invest in an area where the municipality desires development is generally more functional and defensible then one which seeks to penalize a developer through exaction for choosing to develop in another location."
"Profitability rules. Majority of cost will be passed on to consumers resulting in rising housing costs."
"Developer cost passed on to residents."
"Impact fees"
"More efficient use of infrastructure also reduces the cost"
"Maintenance, bonds, future growth."
13. Smart Growth policies will actually increase infrastructure costs due to the expensive nature of central city development?
"Central city infrastructure improvements will need to be rebuilt anyway."
"Depending on shape of existing infrastructure in central city, more costs can be incurred."

“Long term maintenance costs. Initial development cost will be less.”
“Possible, depending on many factors, i.e. quality/quantity of infrastructure, service areas, land use, and others.”
“Any increase to be minimal if primary utility line was initially managed and correctly planned for that density”.
“**** has only 525 people – we will be impacted by ****’s growth.”
“Retro-fitting always cost more, if not in actual cost then in abatements.”