

## **Policy Brief 11: What is the likely effect of implementing an Urban Growth Boundary and/or concurrency regulations?**

There has been an increased interest in recent years about the use of Urban Growth Boundaries (UGBs) as potential tools to promote the efficient use of land, public facilities, and services. This interest is largely due to the perception by policymakers that many land use planning strategies have failed to "curb sprawl" (Pendall, Martin, and Fulton 2002).

There is little rigorous empirical analysis available about the effectiveness of UGBs and existing scholarly research remains questionable with regard to the true impacts and costs of implementing UGB policies (Pendall, Martin, and Fulton 2002). However, much descriptive material does exist about UGBs and based on this research and knowledge, it is possible to draw some preliminary conclusions about the probable effects of implementing UGBs (Pendall, Martin, and Fulton 2002).

It is important to note that UGBs are part of a broader array of land use tools that have traditionally been known as "growth management". Growth management does not just include UGBs, but also includes infrastructure policies, and land acquisition strategies as well as a wide range of other tools that may try to control the rate of growth or mitigate its impact (Kelly 1993). Although these tools and policies do have an affect on urban growth, they are not dealt with in detail in this brief.

### **Urban Growth Boundaries Defined**

UGBs are simply land use regulations that prohibit urban development outside a certain boundary. Many localities, particularly in the West, have used UGBs to contain future development and to protect agricultural land and open space from development with the intent of encouraging more livable urban spaces (Pendall, Martin, and Fulton 2002). Under the UGB concept, a government – at the local,

county, regional, or state level – estimates the amount of land needed for new businesses, housing, recreation, and other forms of development for a given period of time. Then a line is drawn around this land with new development occurring within the line but not outside it (Bollier 1998). It is possible to change a UGB from time to time when conditions demand it and UGBs are often deliberately designated to accommodate growth for a specified period of time – usually 20 to 30 years – and revisited periodically to be changed as necessary (Pendall, Martin, and Fulton 2002).

As mentioned earlier, a wide variety of tools can affect urban growth along with UGBs. These tools include regulation, public ownership of land, and policies regarding the timing and sequencing of public infrastructure construction (Nelson and Duncan 1995). For example, an urban service area like the Metropolitan Council's MUSA is a more flexible form of an UGB. It denotes a line beyond which a city has decided that its infrastructure – typically sewer and water – should not extend. In many metro areas, urban service areas support a "tiering" system – that is, a system that directs public infrastructure into new areas in a particular sequence – in order to eliminate "leapfrog" development, encourage orderly urban expansion, and reduce the cost of public infrastructure (Pendall, Martin, and Fulton 2002). Urban services are also often tied to adequate public facilities ordinances (APFOs) – tools adopted by municipalities and counties to restrict or prohibit new urban growth unless that growth is served by roads, public water, public sewers, and other urban infrastructure (Pendall, Martin, and Fulton 2002).

#### **Motivation—4-E's**

Growth management advocates have heavily promoted UGBs in recent years. However, UGBs still appear to be exceptions rather than the rule in most parts of the country and they appear to be found mostly in the West (Pendall, Martin, and Fulton 2002). The underlying motivations to implement UGBs can vary widely. However, the primary goals of most UGBs are to address land use problems

associated with efficiency, equity, experience (quality of life), and environment. According to the Brookings Institution Center on Urban and Metropolitan Policy, the primary goals of UGBs are as follows: (1) the preservation of natural land, as well as farmland and resource extraction land whose economic value will not be able to compete with urban development; (2) the cost-efficient construction and use of urban infrastructure; (3) the reinvestment in existing urbanized areas that might otherwise be neglected; and (4) the creation of higher-density land-use patterns that encourage a mix of uses and patronage of public transit, leading to a more efficient utilization of land in urbanized areas (Pendall, Martin, and Fulton 2002).

### **Description and Background**

As mentioned earlier, UGBs still appear exceptions rather than the rule in most parts of the country. About half of the states have overhauled their local planning legislation in the past 30 years to require or encourage some kind of growth management system (Pendall, Martin, and Fulton 2002). Often, these "growth management" or "smart growth" amendments have been designed to encourage more orderly, predictable, and efficient urban growth, or they have required or encouraged local governments to engage in some form of growth management (Pendall, Martin, and Fulton 2002). In some cases – Oregon and Washington in particular – the overhauls have explicitly required local and regional governments to designate urban growth boundaries whereas statutory overhauls in Minnesota (for the Twin Cities Metropolitan Area), Florida, Maryland, and Tennessee have focused on infrastructure policy by combining urban service areas, tiering systems, and local adequate public facilities ordinances (Pendall, Martin, and Fulton 2002). Beyond these mandatory approaches to growth management, other states have enacted new incentives and explicitly permitted growth management programs. For example, New Jersey and Maine both have procedures that require state agencies to give priority to investments in locally designated growth areas and limit them in areas designated for little or no development UGBs (Johnson et al. 2002; Pendall, Martin, and Fulton 2002).

Wisconsin, Pennsylvania, and Arizona recently amended their planning laws; explicit language in these states enables municipalities to establish urban service areas or UGBs (Johnson et al. 2002; Pendall, Martin, and Fulton 2002).

Normally, urban service areas or UGB policies are adopted at the local and county government level and are rarely coordinated at the level of the metropolitan area with the exception of a few cases where state law requires metropolitan level urban growth management policies (Johnson et al. 2002; Pendall, Martin, and Fulton 2002).

### **Evaluation**

Much remains to be known about UGBs. There is not a comprehensive survey done to determine how frequently UGBs are used and scholarly research remains questionable with regard to the true impacts of UGBs on both the cost and the form of urban areas (Pendall, Martin, and Fulton 2002). Despite the dearth of scholarly research on the subject, there has been longstanding debate in the urban planning and smart growth literature as to the effects of UGBs. For instance, some argue that UGBs create positive outcomes in the form of stemming sprawl, while others argue that UGBs increase housing prices by limiting the availability of land suitable for building (Downs, Nelson, and Fischel 2002).

One of the few studies to empirically examine the effects of UGBs is a study sponsored by the Fannie Mae Foundation titled, *Have Housing Prices Risen Faster in Portland Than Elsewhere?* In this study, Anthony Downs provides evidence that a UGB could, at least for a short period, exert upward pressure on housing prices if an UGB is combined with other factors strongly stimulating the demand for housing in a region, like employment growth did in Portland from 1990 to 1994. The study concluded that there was not sufficient evidence to prove that the UGB was the sole cause of increased housing prices in Portland since the implementation of their UGB in 1979 (Fannie Mae Foundation 2002).

## **Conclusion—4-E's**

It is important to mention again that aside from UGBs there are many other factors that influence patterns of urban growth. These factors include land-ownership patterns, large-scale transportation decisions by states and the federal government, private markets for residential and non-residential development, private investment decisions, and unique topographical characteristics. As a result, UGBs are really part of a broader array of land use tools used to shape urban form. It is also important to know that despite widespread public debate, the national experience with UGBs is not geographically broad. The research conducted to date has not been comprehensive or definitive and very often it has led to mixed results – even in the case of Portland, the nation's longest experiment with a strong UGB (Downs, Nelson, and Fischel 2002; Pendall, Martin, and Fulton 2002). As a result, on a scale from 1 to 4, with 1 being favorable and 4 being poor, UGBs are a 2 with respect to addressing problems associated with economic efficiency, social equity, the environment, and individual experience.

### ***Efficiency and the Environment***

UGBs are somewhat efficient in the sense they tend to encourage greater increases in density in areas designated for growth as long as local policy permits it. On the other hand, UGBs superficially address environmental concerns because most UGB policies will inevitably drive some urban growth completely beyond the bounded area surrounding urban areas stimulating "leapfrog" development into areas that UGBs are meant to protect.

### ***Social Equity***

UGBs are arguably equitable in the sense that they demand reinvestment in existing urbanized areas that might otherwise be neglected or bypassed in favor of more desirable land beyond the urban periphery. However, this investment does not guarantee that all citizens will be treated equitably when land use decisions are being made.

### ***Individual Experience***

It is difficult to quantify individual experience (or quality of life) with regard to UGBs because such a measure is too subjective.

There are no simple approaches to studying and measuring the effects of UGBs because the problems they are meant to address were generated and embedded by fundamental legal, political, and social structures that have long shaped the growth processes in urban areas. In order for UGBs to be effective in the future, they must work in combination with a variety of other legal, political, and social structures that promote the efficient use of land, public facilities, and services in urban areas in addition to addressing specific matters relating to economic efficiency, social equity, the environment, and individual experience.

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