

Why sprawl is a problem

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An MPR interview with Evan Richert

A recent report of the Maine State Planning Office entitled "The Cost of Sprawl" (May 1997) begins with the observation.... "We are spreading out. Over the last 30 years, the fastest growing towns in Maine have been "new suburbs" 10 to 25 miles distant from metropolitan areas....These high growth communities have accounted for virtually all of the state's population growth. From town square to the countryside, from Main Street to the mall, we are dispersing.... This outward movement has had unanticipated and unintended consequences...."

Such consequences are the focus of this Maine Policy Review interview with Evan Richert, director of the Maine State Planning Office. Richert points out that sprawl has implications for Maine's fiscal integrity, quality of environment, and character of communities. As policy makers continue to focus on reducing tax burden and promoting economic development, Richert points out that the issue of sprawl will need to be factored into our solutions. He calls for statewide dialogue and suggests we pursue economic incentives rather than a regulatory approach to curb this pattern of development,

Richert also comments on the status of utility restructuring. He is joined by State Economist Laurie Lachance for this portion of the interview.

Maine Policy Review: *What has happened recently to place sprawl so high on the policy agenda?*

Evan Richert: For one thing, the economy is improving and growth is now more evident than it was in the early 1990s. Particularly in southern Maine, there has been a resurgence in building permits and housing development. However, even without this resurgence, the way Maine is growing is of concern.

We are seeing a redistribution of Maine's population across the landscape. This is not new or unique to Maine; it has been occurring for the last half-century across the country. Yet today we are much more aware of the implications of this pattern of development, be they fiscal, environmental, or related to the character of communities in Maine. In the 1980s when the prevention of sprawl became one of the central pieces of the state's growth management program, many people were focused primarily on maintaining the character of Maine's communities. Generally, people expressed concerns about such things as rural places becoming suburban or the loss of farm land. Now, we also are focused on the fiscal and environmental implications, which are much more quantifiable.

MPR: *Can you give an example of where the cost of sprawl has been quantified?*

Richert: The fiscal effects of school construction provide a stark example. From 1970 to 1995, Maine's school-age population—meaning, the population of children in public schools—fell by 27,000, despite the upturn in the late 1980s and early 1990s as a result of the baby boomers' children hitting school-age years. Yet from 1975 to 1995, virtually that same period of time, the state government committed to \$727 million for new school construction and additions. And roughly half of that, as best as we can estimate from Department of Education records, or \$338 million, was used to build new capacity in fast-growing towns. So, we're building new capacity at hundreds of millions of dollars of cost for a shrinking school population, and that's because we're closing schools in South Portland and Portland and Bangor and Caribou and building brand new schools largely at state expense in outlying communities.

This new school construction has added implications for services like school busing. In 1970, state and local government paid \$8 million per year to bus children to school. Last year, in real dollars, they paid \$54 million—62 percent by the state. Why? Because we are building new schools in areas where nobody can walk, and we are not taking care of urban neighborhoods. As a result, fewer children in urban communities are walking to school because it's no longer safe, and in many rural areas 100 percent of the children are dependent on the bus. The state budget alone spends something on the order of \$50 million a year just on tires and bricks for schools. I'd rather be spending that same money on computers and field trips and teachers' salaries. Sprawl is expensive. This state needs to decide whether it's worth the cost. In my opinion, it's not, but on this issue the public needs to decide.

Ultimately, the costs of sprawl raise questions of fiscal integrity and equity. What tax burden do we want to support? Who should pay for the consequences of sprawl? People should have the right to choose where they want to live. If they want to live in an outlying community, they should have that right. But should the people who make that choice also be paying the full cost of that choice? This is a major question we are wrestling with right now because of the costs to both rural and urban/service-center communities.

MPR: *How are the costs of sprawl borne currently?*

Richert: Right now, state government subsidizes sprawl—through its community revenue-sharing formula, transportation formulas, school construction policies, and through utility regulation that requires an averaging of costs no matter where one lives. Our policies in all these areas emphasize the spreading out of development, even though it's much more expensive to provide communications and basic infrastructure in outlying areas than in urban areas. We say to people: You can live wherever you want. It's your right as Americans. Not only will we help you pay for it, we also will not take full note of what it's doing to our communities—either to our urban towns and cities left behind or the rural places that are being entered.

MPR: *If we were to take full note of what's happening to our urban and rural communities, what would we see?*

Richert: The life is draining out of urban communities as the middle class leaves for outlying communities. The dependent population is becoming a much bigger share of the remaining population, whether that's elderly people or low-income people or people with disabilities. A child in a service-center community is twice as likely to have a special need than a child in the growing outlying communities. As the population leaves, fewer institutions can be supported. Department stores no longer exist downtown. We're now closing churches. Post offices are leaving downtown. And we're closing neighborhood schools. Every time we close one of those institutions we cut a little hole in the fabric of these urban places and make them less livable.

Our fast-growing rural communities also are not winners. On one hand, it is quite understandable that they would be proud that people want to move to their communities because they're good places to live. On the other hand, look what it does to them. It creates a demand for highway bypasses, such as around Gorham and the suburbs west of Portland. It generates a need for more tax revenues so property taxes increase, in many cases at a rate 50 percent faster than in the state as a whole.

It changes the identity and the character of the community. To many people who are moving to rural areas, rural simply means not being able to see your neighbors through the picture window and having trees around you and being able to go out and take a walk around your two, three, or five acres. It evokes a sense of peace and privacy and a feeling like it's safe for your children. But that truly is not rural. A rural landscape is very different from a suburban landscape.

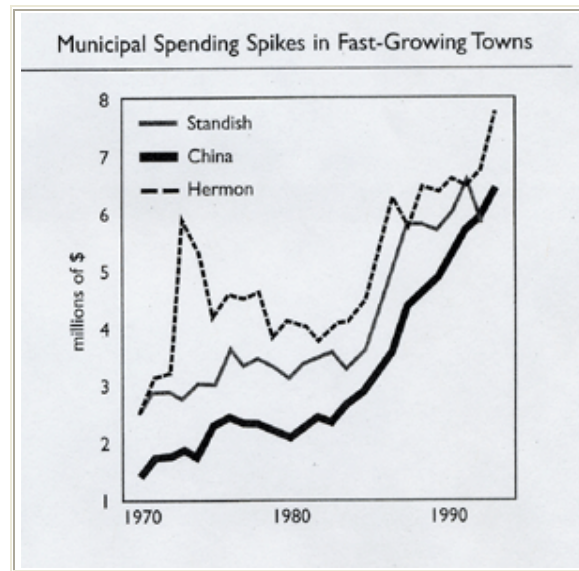
A rural landscape is a working landscape. It is a landscape in which the people who live there have an active relationship with the land and often get their livelihood from the land. It's land organized for production, whether that's farms, fiber, mining, minerals, or even outdoor recreation.

A suburban landscape, which has its place, nevertheless represents a passive relationship to the land. It is not a working landscape. It is land organized for consumption, not production. In fact, land that goes into production in a suburban environment usually causes quite an uproar. All you have to do is try to get a permit for a gravel pit or to spread sludge or to build an energy facility. It is almost impossible anymore to find a place to put the things that involve productive activity on the land. If you are within easy reach of a marketplace, you probably are within a quarter or half-mile of somebody's house, so it gets opposed.

Over time, sprawl changes the character of the land drastically, and I think we have to become much more honest when we say, "We want to keep the rural character of our communities." We ought to be saying, "We want to keep the low-density, suburban character of our communities. We don't want rural. What we want is a house in the park."

Rural residents have to decide whether they welcome such changes. I think, in general, many of them would say, "Some growth is fine, but at a pace that allows us to absorb it at the margin." Unfortunately, many rural communities are exploding. They struggle to maintain their budgets

by absorbing population growth as long as they can. They try to get by without a full-time code enforcement officer or town manager, or without a new fire station. They hold on as long as they can and then, over a five- to six-year period, bang! Communities reach a critical mass and all of a sudden they have to absorb huge budget increases. Taxes go up sharply in order to add capacity. This is what a lot of communities—the Standishes and the Gorhams and probably, in the Bangor area, the Hampdens and the Hermons are experiencing.



MPR: *How is sprawl affecting the environment?*

Richert: The Maine Environmental Priorities Project looked at fifteen environmental areas and ranked them as either high-risk, medium-risk, or low risk. Six of the fifteen areas were ranked as high-risk, and four of those are related directly to how we settle ourselves across the landscape. Those four areas are the terrestrial environment, the aquatic environments of lakes and estuaries, outdoor air, and drinking water.

All these areas also are affected by distance. The farther people have to commute to work, the more roads you need, the more gasoline is burned, and so forth. Such factors affect the quality of air, especially with respect to ozone and the pollutants emitted by automobiles. In addition, a spread-out pattern of development means larger lots, usually bigger lawns, and greater stretches of roadway to accommodate that pattern and development.

Studies conducted outside of Maine show that such patterns of development generate significantly more storm water runoff than a traditional neighborhood pattern of development.

Then there's the fragmentation of the land and its implications for wildlife. Every species has a home range. There are some species that benefit from the introduction of human beings more intrusively into their environment, those that like edge habitat such as deer, and those that thrive on an urban environment such as skunks, raccoons, blue jays, and crows. But there are others that dwindle in the environment and suffer. The fragmentation of habitat is probably the biggest concern the Department of Inland Fisheries and Wildlife has for the management of wildlife in

Maine. Environmental impacts are very incremental but, in the end, profound. Nobody can trace it to the action of any one household or any one activity, but once it has happened, it's simply too late.

MPR: *You mentioned that the prevention of sprawl has been a goal of the state since 1988. What has happened to the growth management program implemented then?*

Richert: Maine passed a fairly pioneering growth management program in 1988 and invested quite a lot of money in it for a couple of years. It started in 1988 as a mandatory program in which all communities in Maine, by a certain date, were going to be required to have comprehensive plans in place. Those plans were expected to be consistent with a series of state goals having to do with economic growth, the preservation of natural resources, the prevention of sprawl, and others. Every community also was going to have to adopt land-use regulations to implement by a certain date. In each case, the community would get dollars from the state to help prepare its comprehensive plan and implement ordinances and capital improvement programs. When the recession hit and the state's budget went into crisis in 1990-91, the program was drastically changed. It essentially became a voluntary program and the monies for planning and implementation were cut drastically. The program still exists, and we get some \$300,000 to \$400,000 per year out to communities to develop comprehensive plans and land-use ordinances. But it has lost momentum without a mandate and the monies to make it happen.

MPR: *Do you anticipate major legislative initiatives in the next session to address this issue?*

Richert: I think there might be some proposals in the next session. We have devoted the past several months to dialogue— trying to figure out whether the people of Maine think this is a problem. If they don't, then we will spend our time on other things. But if committing half a billion dollars to new schools for a shrinking school population, and if the quality of lakes whose watersheds are recently being developed, and if the character of our communities are all important enough for people to say, "Let's do something about it," then we'll propose some solutions. I think the solutions are much less likely to be the strong arm of regulation and much more likely to be marketplace-driven, fiscal kinds of solutions.

MPR: *You mentioned that sprawl is occurring across the country. Are there examples of successful market-driven approaches to preventing sprawl from which we can learn?*

Richert: Several examples come immediately to mind. Portland, Oregon, some years ago established urban growth boundaries. Inside those urban growth boundaries, which is where the services are, it's easy to develop, you can get permits quickly it's very streamlined, and housing is affordable you get a choice of housing and so forth. Outside of that urban service boundary it is very difficult to develop, and people's right to develop their land as they wish is very restricted.

In Montgomery County, Maryland, they have a system that has similar effects, in that they have designated a wide agricultural area as largely off-limits to new development. But they have implemented a transfer-of-development-rights program in which the landowners in those rural areas have the right to sell development rights. They preserve their development rights; they just can't exercise those rights. But they can sell those rights to developers in the urban centers,

where the growth is going to occur, so they get compensated through the marketplace. As a result, thousands of acres have not only been preserved, but also compensated for through this transfer-of-development-rights program.

In addition, a number of communities have gone to innovative land-use zoning. Instead of setting minimum lot sizes and saying you can't build on anything smaller than this, they're setting maximum lot sizes and saying you can't build on anything bigger than this, because they're promoting compactness and traditional neighborhood development. We could not re-create in most of Maine the wonderful villages that we love because zoning outlaws it. In Sacramento, California, and in a number of other communities in the country they specifically tailor their zoning to allow those kinds of neighborhoods to be re-created. We could do that. Even if we didn't prohibit the other kind, we could at least not outlaw this kind and provide a choice.

MPR: *Ultimately, who will decide whether sprawl is a problem? If municipalities decide that it is, who will determine whether the state is proposing unfair burdens on local governments?*

Richert: I think state-local relationships will be part of the debate, but I also believe that not all municipalities will think alike on this issue. Service-center communities like Portland, Lewiston, and Bangor, as well as places like Dover-Foxcroft and Madawaska, are being hurt quite deeply by this pattern of development—both fiscally and socially. Also, the outlying rural communities—those that are rapidly becoming suburban in nature—are seeing their tax rates rise at a rate 50 percent faster than the urban places. They are feeling the crunch, too.

There probably will be more debate between service-center and outlying communities than between state and local governments as a whole. I think it will be very difficult for the Maine Municipal Association to gain consensus on this issue because any restructuring of formulas or fiscal arrangements is going to benefit some and injure others.

MPR: *How do we get people to think constructively about solutions?*

Richert: We need a good discussion for at least the next six to twelve months. There also are some funding formulas and policies state government can begin to consider. We can begin to shift towards marketplace solutions in which people will know up front the costs associated with living in town versus in outlying or rural communities. If we can make some decisions about how to proceed over the next year or two, then I think people, by and large, will make decisions that reflect the marketplace incentives that are implemented. Eventually, the marketplace will gain a momentum of its own.

MPR: *Is it fair to ask historically rural Maine residents to begin paying for services they have always received and could not otherwise afford? How do we address the equity issue?*

Richert: We really have, broadly speaking, three large groups of municipalities. One group is the service-center communities—the places that provide the jobs, that provide most of the retail sales, that provide most of the social services. Then we have a group of communities that are the growing suburban communities—often formerly rural—or communities that still are rural but are in transition. Demographically, this group of communities, which actually is a plurality of the

communities in Maine—not a majority, but a plurality—are demographically better off than the service-center communities. They are experiencing rapid growth and are in great transition. Then there is a third group—traditional rural communities. They remain economically stressed and are experiencing a steady outmigration of their population.

It would be a problem if we treated all these communities the same. What we call rural is really not all rural. For example, in telecommunications and utility policy, we've always accepted the averaging of costs because we believe in universal service. Yet a good chunk of the communities we still call rural are, in fact, suburban. We are subsidizing the cost of communications and basic infrastructure in these communities that are much better off than many urban and truly rural places.

MPR: *What sounds like kind of an esoteric question on growth management really becomes the fabric of our life and the quality of our life and how we perceive ourselves.*

Richert: The way we use our land is a direct reflection of our values, both in society and as individuals and families. This spreading-out phenomenon is very powerful. Many people gain a sense of freedom and privacy. It is unfortunate that given the opportunity, we give up community quite readily, despite the fact that in New England we have such wonderful communities. Sprawl is powerful, but I think it's time for people to decide whether it is within our enlightened self-interest to exercise some restraint in this area.

MPR: *Where do we stand with regard to electric utility restructuring? Why is it so important to Maine?*

Richert: First, the Northeast and New England, including Maine, have energy costs that are well above the national average. This puts us in an economically uncompetitive position versus the rest of the country. In theory, deregulation and competition in the energy market will help to bring some parity to that situation. Second, if we chose to stick with our monopoly pricing practices, we'd be ignoring technology as well as the recent actions of the Federal Energy Regulation Commission to allow new fuels and new generation modes. In truth, we have had no choice but to try and deregulate in a way that keeps us current with the marketplace.

MPR: *Many skeptics say that our energy costs may increase for at least a five-year period, especially if we pay 100 percent of stranded investment costs. What are your thoughts?*

Laurie Lachance: We anticipate there may not be huge price breaks for everybody in the short run, but in the long run everybody will be better off. If markets work at all, we will converge toward a national clearing price. What many people don't know is that we already are paying 100 percent of stranded costs. We bear the costs of any past uneconomic decisions that have been deemed prudent. For example, we're paying for several plants that have never produced a kilowatt hour for Maine.

MPR: *Should we be paying all those into the future?*

Lachance: We do have a responsibility to pay for some significant portion of those. I don't know if we should pay 100 percent, but if they are proven to be prudent and nonmitigatory then we have to pay the full costs.

Richert: However, it is probably not the case that the utilities will get 100 percent of stranded costs. They haven't in other states. Ultimately, it's up to the Public Utilities Commission.

MPR: *Who will bear the costs of future investments?*

Lachance: Maine's new law sends to market forces the generation portion of electricity. Whereas stranded costs are predominantly in the field of generation today, in the future they will be borne by investors rather than rate payers. In the future, the risk of bad decisions will fall to the investor, not the rate payer. By March 1 of the year 2000, this will affect all generating facilities—the ones currently in place and future facilities. Investors also will benefit from the upside of good decisions. Let the investors benefit fully when they make great decisions and let them pay the cost for bad decisions.

MPR: *Can we predict what will happen with Maine's new legislation?*

Lachance: We will see things happen that we never could have imagined. Competing generation companies already are advertising in Maine. They are striking deals with Maine's prime customers. They're courting others. Some of these companies have launched multi-million-dollar efforts—setting up suites in the Boston area just for people to concentrate on getting to know customers, wining and dining them, and striking deals for the future.

MPR: *Will individual households be put in a position to make choices about from whom they purchase their power? Or will decisions be made by communities or regions?*

Richert: Probably such decisions will take place at the community level. Theoretically, it could go down to the individual level, but I can't imagine it will. I think aggregators are going to become very important players in this whole picture. Also community will be defined in many different ways—not just geographically, but also by affiliation. I know the [Cumberland County government] is looking at the potential of serving as an aggregator for the communities in Cumberland County. Chambers of commerce are probably looking at the role of being an aggregator and, of course, the private marketplace will emerge—brokers and marketers and private/nonprofit entities.

MPR: *Is it crazy to speculate on what regulated utilities will look like ten years from now?*

Richert: I think they all will have completely unbundled arrangements. In fact, unbundling will begin in 2000. In addition, I think market forces will sweep up utilities and other energy providers into a different kind of business. We're going to have energy providers rather than electric utilities. They will be focused on the delivery of outcomes—like heating and lights—rather than a specific kind of fuel.

The other factor that will enhance the restructuring process is that we very likely will become proximate to a number of different energy sources. We may become a region of plentiful energy, with natural gas at Sable Island and the hydropower development that's occurring in Quebec and Newfoundland. The key is choice. It's not just deregulation of the electrical utility market it s choice of fuel—renewable oil, natural gas, and others.

MPR: *Will lowered energy costs exert a marginal influence, or is it a central driver in making us more economically competitive?*

Richert: As Laurie said earlier, in the short run the influence probably will be marginal because costs will not fall significantly, at least until the issue of stranded costs is behind us. But in the long run, lower energy costs will be a central driver of our economy. A recent study by Robert Tannenwald at the Federal Reserve of Boston found the cost of energy to be the number one factor associated with a state's economic growth. The long- term success of our economy depends on lower energy costs.



Since 1995, Evan D. Richert has served as director of the Maine State Planning Office, the policy and planning arm of state government. Before being appointed by Governor Angus King, Richert was co-owner and president of Market Decisions, Inc., a South Portland-based planning and consulting firm.

Full site: Richert, Evan. 1997. *Why sprawl is a problem*. Vol 6(2): 44-49.