

Virginia Viewpoint

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Outsmarting Growth's Impacts in Virginia

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Summary

Traditional comprehensive land use planning has a poor track record of providing affordable housing while protecting the environment and preserving private property rights. Virginians must avoid the mistakes of the past and be innovative in addressing these competing interests.

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Under impact planning, a potential project would be evaluated based on (among other elements) its requirements for public services. The key discussion point would be the extent the project is revenue neutral—it generates sufficient revenues to cover the costs of providing services and infrastructure.

Growth issues have popped into Virginia's state legislature on and off for more than 30 years. Now, many think the time is ripe for comprehensive statewide planning reform.

Virginia's elected officials, however, should be mindful of the "Law of Unintended Consequences" as they ponder reform's next steps. Good intentions and noble goals are not enough.

Affordable housing is a case in point. Most smart-growth proposals make maintaining and increasing affordable housing a key statewide goal. Even the Virginia legislature's resolution creating its current growth commission noted that one of its key concerns is growth's impact on housing availability.

Yet, an analysis of housing prices in Washington and Florida by Reason Public Policy Institute found that simply complying with statewide growth-management laws accounted for about one quarter of the increase in housing prices in each state. These results were found after controlling for the effects of growth, income, household size, and location.

Another study conducted with Solimar Research Group in California confirmed what most members of local planning boards already know. Local governments tend to approve new housing at substantially lower densities than local plans permit. In Ventura County, California, this means a housing shortage will emerge by 2008 as the county's cities run out of space for new housing.

Virginians can avoid these pitfalls if they resist the tendency to put too much faith in traditional, top-down comprehensive planning. In the United States, comprehensive plans are political documents—they change to fit the political mood and climate of the times. Certainty is an illusion.

So, what's the alternative?

Virginians need to think outside the box. As incomes rise and consumer-housing preferences become more and more diverse, real-estate markets need flexibility and room to adapt. Conventional planning is incapable of achieving this. The seemingly endless stream of public hearings, micromanagement of site plans, and special-interest opposition to new development creates a cumbersome, costly, and highly uncertain approval process. This process does more to stifle housing innovation than promote it.

Virginians need a planning system grounded in a respect for housing innovation, market efficiencies, and the preservation of property rights. The

alternative might best be characterized as “impact” planning. Rather than wrestle over abstract concepts of land use (e.g., whether land should be officially designated as office, retail, warehouse, low-density residential, or high density residential), development regulations should focus on tangible nuisances and spillover impacts. Regulatory review would focus on mitigating problems.

Impact planning gives elected officials, planners, and developers a new, more efficient framework for addressing legitimate public concerns about growth while promoting more efficient land use.

Take infrastructure financing. The adequacy of current revenues to finance core infrastructure such as roads, water, and sewer was the first issue the state legislature identified as a focus for its growth study commission.

Under impact planning, a potential project would be evaluated based on (among other elements) its requirements for public services. The key discussion point would be the extent the project is revenue neutral—it generates sufficient revenues to cover the costs of providing services and infrastructure. If the project covers its infrastructure costs—either by providing the infrastructure privately or by paying a local government for the services via a user charge—it gets the green light.

Traffic congestion is another example. Using the impact planning principle, a new project would be evaluated based on its ability to mitigate the effects of more cars on the road. Traffic impacts are typically mitigated by expanding existing lanes, adding turn lanes, or even paying for roads directly.

The impact planning principle has benefits beyond matching revenues to public services. After all, planning should expand housing options for residents, not narrow them. Impact planning also creates flexibility in the land market so that developers can design projects that capture many environmental benefits.

For example, clustering housing on a smaller portion of a lot while leaving the remaining land vacant could save infrastructure costs, increasing profit margins. The homes would also benefit from immediate access to large swaths of open space. Land conservation then becomes both politically viable and potentially profitable.

Growth creates new sets of challenges for all communities. The task before Virginia’s policymakers is to ensure that state and local planning laws embrace a dynamic housing market that preserves choice and diversity while avoiding a costly, highly politicized development approval process. Market-oriented approaches to planning similar to impact planning are more likely to outsmart growth’s impacts than imposing a conventional, hierarchical or centralizing statewide planning system.

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