

Sprawl Costs Us All

How Your Taxes Fuel Suburban Sprawl

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► Acknowledgments

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Introduction

Suburban sprawl has been rightly blamed for many things: destroying green space, increasing air and water pollution, fracturing our neighborhoods and forcing us to drive grid-locked roads for every chore. But there is one consequence that usually goes unmentioned — sprawl is draining our pocketbooks and raising our taxes.

think of as a level playing field is tilted steeply in favor of sprawling development.

How do we subsidize sprawl? Through an array of state, local and federal programs — and through incentives built into the development process itself.

The biggest federal contribution to sprawl is the billions of dollars spent on building new roads. Over the past 50 years, we have built almost 4 million miles of highways. This massive network of roads has done more than speed us from point A to point B — it has reshaped the landscape by opening up rural areas to suburban development and it has reshaped our society by making the car king. Travel by car has become not just another option — in too many places, it has become the only option.

Other federal programs are also encouraging sprawl. For years we have subsidized construction in flood plains while making it far too easy to destroy critical wetlands. This encourages the destruction of open spaces and adds to the pressure to sprawl.

The growth of suburban sprawl, though aided by federal spending, is also the product of decisions at the state and local levels. The corporate enticement game — played by everyone from governor to county supervisor — encourages commercial development far from cities and towns. Over the past few decades, corporations have become increasingly

What is suburban sprawl?

Suburban sprawl is irresponsible, poorly planned development that destroys green space, increases traffic, crowds schools and drives up taxes.

What is smart growth?

Smart growth is intelligent, well-planned development that channels growth into existing areas, provides public-transportation options and preserves farm land and open space.

Sprawl is the result of over five decades of subsidies paid for by the American taxpayer. These range from the obvious to the obscure and include big projects — like the billions we spend on new roads — as well as smaller ones — like the tax-breaks that encourage businesses to move to the edge of town. We've subsidized sprawl at such a basic level for so long, that many people believe the status quo is actually fair and neutral. This is false — what we

skilled at playing one community against another in an effort to wrest greater perks from state and local governments. Big-box retailers and isolated business parks are unwittingly subsidized by our own tax dollars.

Sprawl subsidies are also built into the development process itself. Most new, sprawling development costs more to build and service than the taxes or fees it generates. When a new residential or commercial development is built outside of an existing community, roads, sewer systems and water lines have to be built. As the development expands, it requires schools and emergency services. Where does the money for all this come from? In most cases, neither the developers nor the new residents pay their full, fair share — it is the rest of us who make up the difference. The bottom line is that new development is costing us money.

► **What's Inside**

This report identifies the most common subsidies that create sprawl and provides examples from across the United States. For each type of subsidy we provide analysis and solutions. Where appropriate, our report also provides figures for the cost of these subsidies and calculates the cost of sprawl.

Roads and Highways — Roads are the lifeblood of sprawl. Building new roads encourages sprawling develop-

ment and, because of the high cost, crowds out other transportation options. And when driving becomes the only choice, residents must drive for every chore. This leads to gridlocked traffic, frustrated drivers and calls for bigger roads. But it's impossible to build our way out of this mess — new lanes and new roads act like magnets for new traffic, encouraging more people to drive more miles. Recent research has shown that up to one-half of the additional lanes or roads built are filled by this new traffic. This means that highways designed to meet an area's needs for a decade or more become full of traffic in a fraction of that time — putting communities right back where they started.

Schools — A good education is priceless and our children deserve top-notch schools. But, like a cat chasing its tail, sprawl is forcing our school districts to blow their budgets building new schools rather than making our school system great. In community after community, we've seen districts shutting schools in existing neighborhoods as they build

How do we subsidize sprawl?

Building new and wider roads

Building new schools on the fringe

Extending sewer and water lines to sprawling development

Extending emergency service to the fringe

Direct pay-outs to developers

Sprawl is the result of more than five decades of subsidies paid for by the American taxpayer.

new ones on the fringe. The result: We lack the money we need for programs and teachers; the quality of education suffers and our kids pay the price.

Utilities — Building a housing development outside of town saps resources from the community that provides the utilities. The high cost of extending water and sewer systems out to the fringe is rarely paid for by new development. And haphazard growth just compounds this — the farther from existing resources and the more spread-out the development, the more expensive it is to extend the needed infrastructure.

Services — Not only does sprawling development require roads, schools and utilities, it also requires police, fire and emergency medical services. These services are as expensive as they are important. But once again, the taxes and fees generated don't cover the costs — turning a shared resource into a hidden subsidy.

Corporate Subsidies — Though the overwhelming majority of Americans want to protect green spaces like parks, wetlands and farm land, many state and local governments actually encourage the development of these lands. Why? Politicians responsible for the giveaways claim that they are necessary to grow the local economy. However, as we detail,

this Faustian bargain rarely nets the economic benefits that its boosters promise. In fact, in many cases, leaving a field undeveloped or a wetland unfilled is better for an area's economy than developing it.

Solutions — In our conclusion we discuss innovative solutions and successful communities. The good news is that some of the most sprawl-choked places — like Virginia's Prince William County and Florida's Palm Beach County — are turning back the tide of haphazard growth with simple changes in civic and fiscal policy. Though the approaches differ, the underlying principle is the same: We must require developers to pay the true cost of new development and use smart-growth techniques to both minimize these costs and protect the environment.

The vast majority of Americans want clean, safe, livable communities — yet many fear that we are powerless to slow sprawl. The good news is that there are solutions. There are many ways to reign in out-of-control development. And, as this report illustrates, there are many ways to prevent it.

Sprawl is the fruit of 50 years of government subsidies. Cutting these subsidies will not just save us billions of dollars — it will save habitats and green space, lead to cleaner air and water, and revitalize our towns, cities and suburbs.

Roads and Highways

Roads lead to sprawl and sprawling development leads to more driving. New roads rarely relieve congestion and in many cases actually make things worse. Yet, every year, federal and state governments give away billions of dollars to build new highways. The good news is that there are proven solutions to breaking this vicious cycle. Many states are learning that investing in public transportation eases traffic, improves air and water quality, and is more cost-effective than building new roads.

► Seeing Red

Ever been stuck in traffic and wondered: “Where are all these people going?” The answer is “everywhere.” While people once had many ways to travel using public transportation, over the past 50 years we have built a car-only culture. Shopping malls, big-box retailers — even our homes, offices and schools — are too frequently cut off from sidewalks and transit by high-speed access roads and acres of parking. This makes taking public transportation inconvenient and walking or biking dangerous or impossible. Driving is, in many cases, the only option.

And according to recent studies, driving is exactly what we’re doing. In 1998, Americans drove a staggering 2.6 trillion miles¹ — that’s the equivalent of driving to Mars and back almost 10,000 times. We now

drive well over three times as many miles per capita as we did in 1960.² Not surprisingly, sprawl is the major culprit. The Surface Transportation Policy Project (STPP) recently calculated that from 1983 to 1990, almost 70 percent of the increase in driving was due to the impacts of sprawl. This is common sense: Sprawling development forces us to drive more frequently and make longer trips.

Sprawl also forces us to spend more time stuck in traffic. Time lost and fuel burned while stuck in traffic cost us tens of billions of dollars a year. In the birthplace of sprawl — Los Angeles — traffic delays are estimated to cost residents a whopping \$12 billion a year.³ Other metro areas like Washington, D.C., and the San Francisco Bay Area aren’t far behind.

The natural response to being stuck in traffic all the time is to want to build more roads. Unfortunately, building new roads and adding new lanes to existing roads actually encourages more people to drive and opens new areas to sprawl.⁴ The STPP and other researchers have found that for every increase in our highway network, half of the new capacity is taken up by “induced demand” — that is, traffic drawn to the road because it’s there. Building new roads and adding more lanes draws

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people who otherwise would not have driven onto the roads. Combined with the delays created by construction and the time it takes to complete a major project, roadbuilding provides almost no relief from traffic delays.⁵ And it's incredibly expensive.

New highways usually cost tens of millions of dollars per mile. Yet, despite the sticker shock, states just love building them. Why? One reason is that the federal government gives away billions of dollars to build new highways. "TEA-21" — the Transportation Equity Act for the 21st Century — sets out federal transportation spending for six years. Signed into law in June of 1998, it authorizes an eye-popping \$173.1 billion for highways but sets aside only \$41 billion for public transportation projects. In other words, we plan to spend well over four times as much on highways as on public transit (see graph at right).

► **Legacy Highway, Utah**
\$2.76 billion

A perfect example of an unneeded highway fueled by federal cash can be found in Utah. Gov. Mike Leavitt is pushing to build a 120-mile loop that would parallel an existing interstate, destroy critical wildlife habitat and open rural areas to sprawl.

Despite the redundant route, staggering price and serious environmental effects, Gov. Leavitt is pushing forward. The first section, through Davis County, will run right next to the eastern shore of the Great Salt Lake. This area is internationally recognized as one the most valuable shorebird and waterfowl breeding and migration areas in the Western Hemisphere. Millions of birds stop over to rest and feed during their annual migrations. Right next door lies critical habitat where bald eagles nest, red foxes hunt and mule deer graze.⁶ Though a new route that gives wider berth to the area has been proposed, the project would still represent the largest-ever highway intrusion into a wetlands in the western United States.⁷

Another major problem in the Salt Lake City region is the choking smog that periodically blankets the city and its surroundings. Blessed with a stunning mountain range — the Wasatch Front — the area is also cursed with weather inversions that trap polluted air against the peaks. Adding another six lanes, as Gov. Leavitt is proposing with the Legacy Highway, will just make things worse.

Regardless of whether Legacy is built, Salt Lake City will be adding more cars to the road. In preparation for the 2002 Winter Olympics, Interstate-15, which parallels Legacy's proposed route, is slated to

be widened from six lanes to 12.

Proponents of the Legacy Highway point to the geography and culture of the region and argue that roads are the only answer. However, the recently built TRAX light rail system (which has exceeded its ridership goals by 40 percent) is proof positive that transit can work — even in Utah.

Despite the fact that a new freeway will only make traffic worse, and despite all the environmental problems that the road will cause, the most shocking thing about Legacy is its high price. The entire loop has a projected price tag of \$2.76 billion. The first 12 miles will cost an estimated \$374 million — or \$31 million per mile. Of course, the governor of Utah isn't really concerned — like most highway projects, at least half of the cost will be picked up by Uncle Sam.

► **Grand Parkway, Texas** **\$2 Billion**

Houston is already ringed by three huge beltways and each one has only made traffic worse. But despite all the roads and all the traffic, state transportation officials are pushing on with the proposed development of the Grand Parkway.

The new beltway's proposed 177-mile route will destroy key habitat, open rural areas to sprawl and worsen the dirtiest air in the nation. The Parkway will slice through fragile

open spaces including Lake Houston State Park, Brazos Bend State Park and the Katy Prairie. The U.S. Fish and Wildlife Service states that the Grand Parkway will result in "tremendous secondary impacts" because it will open rural areas to more sprawl.⁸

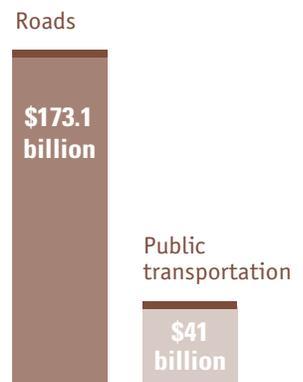
The Grand Parkway will also surely make Houston's dirty air — now the most toxic in the nation — even worse. And, instead of U.S. taxpayers splitting the cost 50-50 with the state, the federal government has agreed to pay 90 percent of the projected \$2 billion cost. That's a cool \$1.8 billion out of our wallets.

► **Woodrow Wilson Bridge,** **District of Columbia** **\$2.1 billion**

The West and South aren't the only places threatened with sprawl-creating boondoggles. Right near the nation's capital, the Federal Highway Administration is finalizing plans for an incredibly expensive 12-lane drawbridge to replace the Woodrow Wilson Bridge over the Potomac River.

This design is plagued with problems. As often happens, many homes would have to be leveled to accommodate the new lanes. And, due to the magnetic effect of expanding roads, the additional capacity created is projected to be used up by the time the bridge is finished. In addition, the new bridge makes it diffi-

Federal Spending on Transportation



Federal transportation spending from 1998 to 2004

Source: FHA

Transportation is both a key cause of sprawl and a potential cure.

cult to add Metro trains or other public transportation to the crossing.

Building a tunnel under the Potomac is a much better idea. Not only would a tunnel cost up to a billion dollars less than the drawbridge, it would be able to immediately accommodate the public transportation that the region so desperately needs. A rail link across the Potomac could move 100,000 commuters per day and reduce traffic and pollution while revitalizing communities like Oxon Hill in Maryland.

Transportation is both a key cause of sprawl and a potential cure —

depending on how we spend our money. The funding and construction of freeways is a huge, hidden sprawl subsidy that is all too often an excuse to build new roads instead of an authentic response to our transportation needs.

Breaking this vicious cycle is easy: all we have to do is spend more on public transportation and less on new roads. In a country like ours, roads will always have their place. But, by investing more in public transportation, we will give people a choice in how they travel — clearing the air, preserving key habitat and freeing us from the traffic trap we have created.

Schools

A top-notch education is crucial for our children's future. But too many communities are distracted from the goal of providing a quality education by the need to build new schools to keep up with sprawling growth. It's hard to pay teachers what they deserve and provide students with up-to-date materials when a district must focus on constantly building new buildings.

To be clear, providing high-quality schools for our students is absolutely critical. The problem is that sprawl forces us to build costly new schools on the outskirts as we close down perfectly good schools in

existing communities. These sprawling schools share all the problems of sprawling development: They are expensive to build and they are cut-off from neighborhoods, public transportation and existing infrastructure.

Between 1970 and 1990, Minneapolis–St. Paul built 78 new schools in the outer suburbs and closed 162 schools in good condition located within city limits.⁹ In Maine, though the student population declined by 27,000 students, the state spent a whopping \$727 million on new school construction.¹⁰

Many districts can't afford such lavish spending on new schools and are forced to erect temporary classrooms instead. According to its state Department of Education, Florida alone has almost 18,000 trailers serving as temporary classrooms. Nationwide, the use of temporary classrooms has reached epidemic proportions. In a 1995 report, the General Accounting Office found that many districts have housed students in such temporary buildings for years. Julian Garcia, general manager of construction services for the Houston Independent School District, estimated that the district is using about 2,100 portable classrooms and leases temporary space in several buildings.

Just like poorly planned housing or commercial development, sprawling schools are far from public transportation and are usually served only by roads. And just like the grownups, kids have to sit in traffic to get there.

A recent Sierra Club study in Colorado found that students are wasting more time than ever stuck in traffic. North of Denver in Larimer County, bus routes take up to a third longer to drive compared with a decade ago.¹¹ And with longer routes, busing students to school is becoming very expensive. In Maine, despite a sharp drop in the student population, spending on bus service has ballooned to \$54 million per year — six times the amount spent 30 years ago.¹²

A recent study of the costs of sprawl in Washington state concluded that school costs were the number one “hidden cost” of sprawl in the state. They found that for the Issaquah School District, providing education cost \$18,600 for each new single-family house. However, the impact fees paid by developers — fees meant to recoup the cost of providing services and structures — ranged from a piddly \$1,100 to a modest \$6,140. This leaves a burden

A recent Sierra Club study found that students are wasting more time than ever stuck in traffic.

Costs of School Expansion in Rhode Island					
	S P R A W L		S M A R T G R O W T H		Net costs of sprawl (in millions)
	Change in enrollment 2000–2020	Cost of school additions (in millions)	Change in enrollment 2000–2020	Cost of school additions (in millions)	
Core	-3,400	\$0	1,900	\$19	-\$19
Ring	500	\$5	1,100	\$12	-\$7
Suburban	5,200	\$52	2,000	\$21	+\$31
Rural	6,600	\$66	4,000	\$40	+\$26
State	8,900	\$123	9,000	\$92	+\$31

Even when a city or county passes a modest impact fee, developers will protest.

of roughly \$12,000 per household to be paid for by the state’s taxpayers.¹³

Unfortunately, this is not an isolated case. The Sierra Club’s study of Colorado’s Front Range finds similar trends. In three separate districts in Larimer County, per-student costs totaled between \$10,874 and \$12,500 — yet the fees charged to developers totaled between \$0 and \$446.

And even when a city or county passes a modest impact fee to cover new school costs, developers will protest. That’s just what’s happening in Apache Junction, Ariz., where developers recently tried to sue the city for \$1 million in past fees. Since 1988, Apache Junction has charged only \$1,300 in impact fees per new home.

A study produced for “Grow Smart Rhode Island” mapped out two different scenarios, one of sprawling development and one focusing on revitalizing existing cities and towns. They found that communities across Rhode Island, if they opted for smart-

growth development, would save a cool \$31 million in school addition costs over the next 20 years (see table on page 9).

Like all sprawl subsidies, these hidden pay-outs do more than cost us money — they tilt the playing field in favor of more sprawl. Building new schools on the outskirts of town also robs districts of the resources needed for other important educational needs. And, just to exacerbate the problem, district officials often don’t coordinate with community planners.¹⁴ So communities end up having to play catch-up with supporting infrastructure like roads and sewer lines, leading to yet more poorly planned development and the loss of more cherished open space.

So how do we break out of this cycle? By charging developers and residents the full, fair cost of bringing schools to new communities, and by making sure our communities and our schools are intelligently designed and properly planned.

Utilities

One sprawl subsidy that is hidden — literally — underground is the cost of extending new sewer and water lines out to sprawling development. In most areas, taxpayers pay the cost of hooking up new develop-

ments to sewer and water service; the further a new development is from town, the more expensive this will be. And though some cities and towns charge fees to help pay for these expensive systems, this rarely

covers the whole bill. Who picks up the difference? The taxpayers do.

Even a simple water or sewer system can cost big bucks. Maryland Gov. Parris Glendening estimated the cost of the average new sewer line to be around \$200,000.¹⁵ Planners in Minneapolis–St. Paul estimate it will cost \$3.1 billion for the new water and sewage services that will be needed to accommodate projected growth between now and 2020.¹⁶

Even when impact fees are charged, they often don't cover the whole cost. For example, in Spring Hill, Tenn., home of the Saturn branch of General Motors, over \$7 million was needed to cover the cost of new sewer and water service for the plant. But, impact fees only recouped \$2 million of the cost—leaving the city with a \$5 million deficit.¹⁷

In Colorado, we find the same dynamic. Arvada, a suburb of Denver, is growing via the tried and true process of land annexation. As part of the annexation agreement, Arvada has agreed to hook up a proposed development, TenEyck, to its sewer system. TenEyck will consist of 90 homes, located nine miles from the nearest sewer line. The new sewer line will cost between \$2.25 million and \$2.7 million, yet the average new home in Arvada will bring in only \$1,293 per year in property taxes. Even if all of the new residents' property taxes were spent paying for the sewer, there

would still be a shortfall of well over \$2 million.

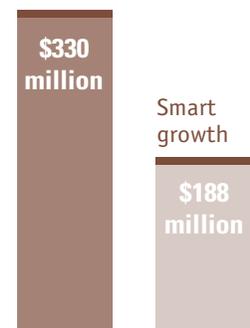
A new study of Pima County, Ariz., starkly reveals how poorly planned growth and irresponsible subsidies can feed on each other to create a financial and environmental nightmare. Pima County allows “wildcat subdivisions”—where landowners can split parcels up to five times and builders are subject to few regulations—to be built almost anywhere. These wildcat developments are the epitome of sprawl—they are built far from existing communities and are subject to little oversight.

According to the study, each new home built in a wildcat development costs the county \$23,000 while contributing only about \$1,700 in property taxes.¹⁸ And wildcat subdivisions are very popular. A 1997 report found that over 40 percent of all new, single-family building permits issued by Pima County were for this type of development. Not surprisingly, this is costing the county a bundle. The report estimates that providing infrastructure and emergency services to these developments costs between \$35 and \$55 million a year.

There are other options. Smart growth can lower infrastructure costs and tax bills. A recent study compared 18 different communities in Michigan and found that smart-growth development reduced construction costs for

Cumulative Cost of Sewer Systems

Sprawling development



Smart-growth savings for Rhode Island: \$142 million

Source: Rhode Island Department of Administration

Taxpayers in existing communities end up footing the bill for extending the public safety net to new areas.

water and sewer lines by almost \$33 million.¹⁹ A more in-depth study of Virginia Beach, Va., found similar savings (see chart on page 17).

Smart growth can save taxpayers a lot of money. In turn, reducing the subsidies hidden in water and sewer line construction will slow sprawl.

Fire, Police and Emergency Medical Services

Fire, police and emergency medical services are crucial to our safety and our peace of mind. But sprawling development is stretching these services thin, forcing us to jeopardize our safety or pay higher taxes. And, since the true cost of extending these services out to sprawling communities isn't paid by the new residents, this cost becomes one more hidden sprawl subsidy.

Fire and police stations are less expensive and land-intensive than roads or schools, but they entail sizable operating costs. Unlike schools, they are on-call 24 hours a day, seven days a week. Thus, even a small force of firefighters can cost a community more than \$500,000 per year.²⁰ And since the size and placement of the force is driven by the need for short response times, the more spread out or poorly planned the transportation system, the more fire and police stations are required.

In sprawling Phoenix, 18 additional fire stations are planned for new suburbs over the next 20 to 40 years,

costing new and current taxpayers up to \$14.7 million annually.²¹

Warren County, outside of Cincinnati, is Ohio's second-fastest growing county — having grown 23 percent since 1990.²² And, like fast-growing counties across the nation, it needs more police officers. Six new deputies will cost the county \$281,000 per year. The community of Monroe, also part of Warren County, has seen its population leap by over 30 percent since 1995. Between 1998 and 1999, fire runs were up by 41 percent, emergency medical calls by nearly 31 percent and police calls by about 11 percent.²³ Fire Chief Mark Neu traces this dramatic increase in fire runs to explosive community growth.²⁴

It's the same story on the East Coast. In Kennebunk, Maine, new development 25 minutes outside of town has created the need for another police patrol. The cruiser and officers needed for the patrol will cost this relatively small town \$175,000 a year.²⁵

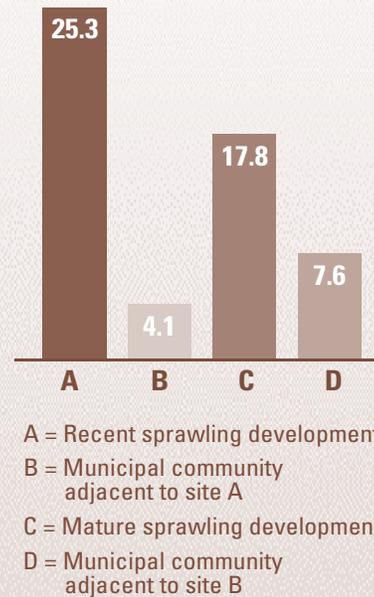
While the costs of more police, fire and emergency services are borne by both existing and new residents, the extra coverage usually benefits new residents alone. So taxpayers in existing communities end up footing much of the bill for extending the public safety net to new areas. Is there an alternative? Instead of building new facilities and hiring the requisite staff, communities can opt to stretch the existing service area. But stretching the service area means longer response times, which sacrifices public safety.

The American Farmland Trust compared police, fire and emergency response times in four different communities in and around Chicago. Their research found, not surprisingly, that emergency personnel took longer to reach newer, sprawling communities. What was surprising

was the difference. The fire department took, on average, almost three times as long to reach new, sprawling development as it did to reach development closer to existing communities. The difference in response times for most police calls was even more pronounced (see graph at right).²⁶

Instead of extending our service areas willy-nilly, we must follow a plan. And, we must charge new residents their fair share. Ensuring that new developments pay for the true cost of these services will save money — and possibly even lives.

Average Police Response Time for All Calls (in minutes)



Source: "Living On The Edge," American Farmland Trust, January 1999

Corporate Subsidies

In poll after poll, Americans express overwhelming support for protecting green space. Yet, year after year, we pay developers to pave over these precious places. Not only do we lose key habitat, storm buffers and natural places to recreate and relax, but we're paying for it through higher taxes.

In 1998, voters passed 70 percent of a record 240 smart-growth initia-

tives on state and local ballots. That year, voters also approved over \$7.5 billion in new funding to protect open space. And this trend shows no signs of dying out: In March, California voters approved the biggest open-space bond measure in state history.

Many Americans would be shocked then to learn that as we fight to

The overwhelming majority of Americans passionately believe in the importance of preserving green space.

protect these precious open spaces, millions and perhaps billions of dollars are being given out by state and local governments to encourage their destruction. Why? Because state and local governments are playing a cynical shell game of incentives to lure development to their region.

It works like this: Big corporations promise towns and cities development projects that will create lots of jobs. All the community has to do is pony up some money in the form of undeveloped land, tax discounts, sweetheart utility deals, massive road projects or even straight cash. And, since most communities feverishly compete against each other in this giveaway game, companies shop around for the best deal (see opposite page).

All this would make sense if these pay-outs benefited our communities. Unfortunately, this is rarely the case. Many times the promised jobs don't pan out. Even if they do, the tax-breaks and incentives lavished on the businesses frequently undercut any economic gain — especially in the case of subdivision development, which usually results in a net loss of revenue for communities.

And then there are the environmental losses. Wetlands, for instance, store and then slowly release flood waters, cutting the damage from massive downpours. Paving wetlands over or plowing them under increases the risk of flooding. Floods have

killed almost 1,000 Americans over the past 10 years and damage has cost us an estimated \$45 billion. Communities that preserve wetlands and flood plains tend to fare better during floods.

Wetlands also act as natural filters by removing toxins from the watershed before they reach streams and rivers. And they serve as habitat for a wide range of species. Despite the critical importance of wetlands — and the economic benefits of protecting them — we are still destroying well over 100,000 acres a year.

A recent U.S. Department of Interior report highlighted 42 federal programs that subsidize wetland destruction. Just seven of these programs cost an estimated \$7 billion a year.

Other types of open space are also valuable. Forests cleanse the air and soak up global-warming gases. Parks and open spaces provide aesthetic and recreational benefits that are hard to calculate but easy to miss.

Unfortunately, not only are we losing these crucial open spaces and paying a steep environmental price, in many cases we are actually paying developers to destroy them.

► **Paying to Sprawl**

One of the most expensive cases of paying to sprawl is unfolding in New Jersey's Hopewell Township. The Merrill Lynch corporation was prom-

CYCLE OF SUBSIDIES

Company asks city or town for a tax break, subsidy or land grant to either encourage it to relocate or to build a new facility. Many times this involves moving an established business from an existing development to the fringe.

The cost of providing the infrastructure and subsidies to the new business turns out to be greater than the economic benefits provided. To make up for the revenue shortfall, the city or town feels compelled to bring more businesses to the area and develop more open space.

Town or city, to build its tax base and attract jobs, grants the company major tax breaks and subsidies. They often also provide infrastructure — like new roads, water lines and sewage service — to the new development. Since it's easier to build on undeveloped land, many cities also often offer open space to entice business to move.

ised well in excess of \$200 million in subsidies to help build a massive office park on mostly undeveloped farm and woodland. This project, which will chew up 450 acres of open space, is inaccessible by public transportation and far from shops, homes or stores. Due to its location in a mostly rural area it is sure to increase sprawl.

The subsidies offered read like a sprawl wish list: \$77 million for road improvements and \$24 million for an eight-mile sewer line — not to mention \$135 million for equipment and an \$8.3 million dollar sales tax break. Yet all these subsidies haven't guaranteed that Merrill Lynch will

keep its workers in state. In fact, the company recently announced plans to cut 800 jobs from its New Jersey workforce.

This is not an isolated case. Wisconsin's Commerce Department has more than 50 incentive programs under its purview, and over the past 13 years has handed out more than \$1 billion worth of incentives. Breaking down these incentives geographically, we find that Milwaukee's suburbs rank as the second biggest recipient of incentives at \$37.9 million.

Yet despite the billions of dollars communities spend trying to attract jobs and businesses, these subsidies

State and local governments are playing a cynical shell game of incentives.

often play only a marginal role in where companies choose to locate. When corporations decide to move, they tend to look more at factors like the quality of the labor force and the region's overall quality of life. This is the ultimate irony of the subsidy game: Taxpayers in existing cities and towns are paying through the nose to attract or keep companies, yet those same companies are still likely to thumb their nose at a community by moving elsewhere.

Chief executives and top managers at 118 foreign-owned companies with operations in North Carolina were asked to rank the factors that influenced their decision to come to the state or to expand operations. For the period between 1997 and 2006, North Carolina has committed more than \$1.72 billion in tax relief and business incentives to attract and retain companies. But in the survey, executives said that the quality and availability of labor and transportation, the overall quality of life and the general business climate were the most important factors in their decisions. Tax incentives, location assistance from government agencies, government financing efforts and state marketing assistance ranked at the bottom.²⁷

Despite this evidence, elected officials across the country describe incentives as a necessary evil and

make it eminently clear that they won't be the first to lay down their arms in the competition for jobs and businesses. So officials in Columbus, Ohio, didn't blink when asked to help finance the development of 6.2 million square feet of retail space in outlying areas like Easton, Tuttle Crossing and Polaris.

Likewise, Jefferson County in Colorado didn't hesitate when multi-billion-dollar corporate giant Gateway Computers asked for hundreds of thousands of dollars — even though it would contribute to the sprawl already eating up the potential host town of Lakewood. Charlotte, N.C., gave the nod right away to a demand for \$161 million worth of tax incentives to build a new plant in a neighboring rural community.²⁸ And, in Pennsylvania, Allegheny County officials are more than happy to provide over \$20 million in tax financing for Deer Creek Crossing.²⁹ This will facilitate the construction of 243 acres worth of retail space on an undeveloped area that includes almost seven acres of valuable wetlands.

There is an alternative. We must demand that local officials consider the true costs of development deals and we must push for businesses to pay their full, fair share of these costs. Only when we end the hidden subsidies that pay for sprawl will we be able to break this destructive cycle.

Solutions

A recent survey by the Pew Charitable Trusts found that suburban sprawl is tied with crime as the top concern for most Americans. The message hammered home by this research is simple: Americans are sick and tired of sprawl.

So why do we keep sprawling? As this report has shown, haphazard growth is being fueled by billions of dollars in government subsidies. From a hundred-mile freeway to a single new sewer line, from a massive megamall to a single subdivision — sprawl subsidies are perverting the free market and undermining our best efforts to grow smarter. We’ve become trapped in an endless cycle that is destroying what Americans hold dear — green spaces, healthy communities,

clean air and water — while draining us of crucial resources.

There is another way: Cut the subsidies that feed sprawl, ensure that the costs of growth are fairly shared and employ tested smart-growth techniques.

We can change business as usual by starting with our transportation spending. Currently, we spend about \$200 million a day on building, expanding and maintaining our huge network of roads. Meanwhile, we spend only a fraction of that on other transportation options, such as light rail and commuter trains. We need to invest more in public transportation and spend less on building new roads.

Though these changes could do

Sprawl is tied with crime as the top concern for most Americans.

Comparison of Smart-Growth Versus Sprawl Development for Virginia Beach, Virginia

Sprawl Development	Smart Growth	Benefits of Smart Growth
Growth in number of dwelling units: 70,000	70,000	—————
Farm land developed: 12,691 acres	7,559 acres	Consumes 45% less land
Annual fiscal impacts on general fund: Negative \$19,067,709	Positive \$5,121,592	Costs 127% less
Total infrastructure costs \$613,681,094	\$338,270,087	Infrastructure costs 45% less
Total vehicle miles traveled per day: 1,711,124	600,635	Citizens drive 65% less, air pollution cut by 50%

Note: This is a comparison between two different scenarios for Virginia Beach, Va., 1990–2010. **Source:** Virginia Sprawl Costs Us All report (Primary source: 1990 study by Siemon, Larsen, Purdy et al.)

SOLUTIONS

- 1. Educate planners and decision-makers about the economics of sprawl: Preserving green space saves tax dollars. Request or perform a Cost of Community Services assessment for recent and new developments. (Contact American Farmland Trust for details — see resource box, next page)**
- 2. Hold local officials accountable for the costs of sprawl. Require property tax impact statements for any proposed development.**
- 3. Make sprawl pay its own way. Demand that developers pay the full, fair costs of any new projects.**
- 4. Make it clear that there are better ways to develop. Suggest smart-growth alternatives to sprawl, such as using intelligent planning that channels growth to areas with infrastructure.**
- 5. Push for more public-transportation options. Advocate for balanced funding that invests our money in public transportation instead of more roads.**

much to stem sprawl, the real work needs to happen at the state and local levels. Thankfully, smarter policies are already being adopted in some places.

Virginia's Prince William County — which was mentioned in our previous sprawl reports as a poster child for bad development — recently passed an ambitious set of measures to better manage growth. Pressured both by citizen concern, and a more than \$300 million deficit in funding for public projects, they plan to preserve the western half of the county as farms and open space while increasing impact fees fivefold. Though the visionary plan, which would take effect in 2001, is already under attack by builders,³⁰ the lesson for

other communities is clear: If Prince William can do it, anyone can.

And other cities and counties are following suit.³¹ Lancaster, Calif., charges developers a fee that increases with the distance from the center of the city. Palm Beach County, Fla. — which reached 1 million people in 1999 — adopted a tiered system to manage growth with four different land use designations: urban/suburban, rural, agricultural reserve and glade. Capital funding for roads, sewer lines and the like are tied to these tiers — reducing subsidies to sprawl.³²

There are also fiscal policies that can help restore neglected urban areas. Several Pennsylvania cities, including Pittsburgh, have benefited from an innovative policy called a “split-rate tax.” Taxes on buildings are reduced and taxes on land are increased. This encourages development in our existing communities and discourages the land speculation that leads to more sprawl.³³

Cutting the subsidies that feed sprawl can help us grow in a more controlled fashion. In turn, smart growth can save us billions of dollars in wasteful spending — as well as conserving open space, reducing air pollution and making our communities more livable. An in-depth study of Virginia Beach, Va., (see page 17) vividly illustrates how the vicious spiral of sprawl and subsidies can be reversed by smart growth and better

planning. According to the study, smart growth will save Virginia Beach well over \$300 million in infrastructure costs — a 45 percent savings compared to sprawling development — while conserving farm land and significantly reducing air pollution.

Though cutting subsidies and using smart-growth techniques can do much to help us reign in sprawling development, the impact of a rapidly growing population should not be ignored. No matter how smart the growth, a rapid increase in population can overwhelm our best efforts. That's why it is essential to work for population stabilization

along with smart growth.

The environmental costs of sprawl — like disappearing green space and polluted air — are all too obvious. But, after five decades, the subsidies that power its spread have become almost invisible. Our previous reports have demonstrated the environmental costs of sprawl and showed us how we can use smart growth techniques to slow out-of-control growth. This report illustrates that by cutting off the subsidies that fuel sprawl, we can prevent poorly planned growth and build safer, cleaner communities — for our families and for our future. n

WHERE TO GO FROM HERE

Want to get learn more about suburban sprawl? Want to get involved with the fight to curb haphazard growth? The **Sierra Club's** main sprawl page is a great place to start: <http://www.sierraclub.org/sprawl/>

To find out what **Sierra Club activists in your area** are up to or to get involved with your local Sierra Club chapter, please visit your chapter's Web page: <http://www.sierraclub.org/chapters/>

If you want more specific help with organizing a Sprawl Costs Us All report, creating a Cost of Community Services assessment or drafting a tax impact statement, please check out our **sprawl-fighters toolkit**: <http://www.sierraclub.org/sprawl/resources/challenge/index.asp>

The American Farmland Trust's Web site is a great source of general information on sprawl and has in-depth information on how to create a Cost of Community Services assessment: <http://www.farmland.org/>

Sprawlwatch is an excellent source of up-to-date news and information on efforts to control sprawl: <http://www.sprawlwatch.org/>

The Surface Transportation Policy Project's Web site has lots of great information on issues related to transportation and sprawl: <http://www.transact.org/>

▶ END NOTES

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