

Staying Small by Thinking Big

Growth Management Strategies for Small Towns

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Abstract

Urban sprawl continues its march into many exurban, small towns. But with small budgets and limited staff, these towns have limited financial resources and little training in methods to manage development pressures. However, creative, effective growth management tools have been developed, refined and used in larger communities like Portland, Oregon and Boulder, Colorado for decades. Small towns battling development pressures need only look to these growth management “veterans” for court-tested strategies that can help them manage growth. Armed with a vision, a strategic plan and these tools, small towns can manage the relentless onslaught of sprawl. They can stay small by thinking big.

Introduction

Many small towns across America are under extreme pressure to grow. Populations in outer ring suburbs and exurban areas are steadily growing as city dwellers and inner-ring suburbanites continue to look for that bucolic home in the woods, away from the hustle and bustle of cities and suburbs. Unfortunately, in many cases, small towns do not have the professional staff or expertise to effectively manage growth. More often than not, they are forced to react *to* development as opposed to acting *on* it to manage it. Small town officials may be unaware of, or only remotely familiar with, growth management strategies that can help maintain order so growth does not occur uncontrollably.

The foundation of growth management rests on four footings: a vision, a development plan, regulations, and processes. Towns must have these in place to help them manage growth. As well, there already exists a wealth of resources already in use in other communities that can be adopted. Many cities and suburbs have had court-tested growth management strategies in place for decades that can be refined to fit a given town’s specific situation. To get a handle on growth, small towns need to begin thinking and acting like big towns by developing detailed plans and putting in place land use policies, regulations, and processes that will maintain their small town feel while allowing appropriate development.

Vision First

In terms of development, the most successful towns, large or small, are those with a clear vision of what they want to be. Whether it is a town like Waynesville, Ohio (pop. 2,500), the “Antiques Capitol of the Midwest;” Sprague, Connecticut (pop. 3,000), “A 19th Century Town Restored for 21st Century Commerce and Recreation;” or Berthoud, Colorado (pop. 4,839), “The Garden Spot of Colorado,” growth management starts with community vision. Without it, a community will react to as opposed to act to create positive development. In this case, the old Hebrew proverb rings true: “Where there is no vision, the people perish (figuratively!).” Without vision, growth will occur, but in a haphazard and potentially destructive manner.

Planning Second

As part of establishing a vision, successful communities take on a strategic planning initiative. This effort should be developed consistent with the town’s plan of conservation and development to ensure coordination. The initiative begins by organizing stakeholders in the community to build consensus around a vision. At the same time, the group begins to examine the town’s strengths and weaknesses and to evaluate those things that are either opportunities for or

deterrents to growth. The group will consider everything such as available resources, gaps in the town's infrastructure, barriers to development, and an evaluation at what the town is, good or bad. This examination brings into focus the town's vision and leads to a strategic plan for encouraging and controlling the kind of growth the town wants.

The elements of a complete strategic plan include a vision/mission statement, goals, objectives, strategies, action steps, and a way to monitor and evaluate the plan. Taking each piece separately, the vision statement should establish what the town wants to be. Goals provide general directions and expected outcomes. Objectives for each goal outline measurable results, targets, and dates that lead to its accomplishment. Each objective should be realistic, achievable, and measurable. Strategies are assigned to each objective. These are step-by-step, "How are we going to do this?" actions that will accomplish both the goals and the objectives. Action steps define, for each strategy, the projects the town will undertake to execute that strategy. These action steps determine what will be done, who will do it, when will it be done, and how much will it cost. Defining each project and who is responsible is critical to executing the plan. Finally, the plan should have some mechanism to measure progress and evaluate results. These last two pieces are the ones most frequently left out of a strategic plan, causing it to grow stale and not be completely executed.

Now, what does a strategic economic development plan designed to *encourage* growth have to do with growth management, when the usual goal of growth management is to *restrain* growth? This strategic plan, in concert with a town's plan of conservation and development, gives the town tools with which to develop regulations and processes that will manage and contain growth in the way the town desires.

For example, Sprague, Connecticut, mentioned earlier, is a rural, New England town about 10 miles north of two of the world's largest and most active Native American gambling casinos which, between them, employ more than 20,000 people. The explosive employment growth generated by the casinos over the past decade has pressured all the towns in southeast Connecticut to build housing. The leadership in Sprague recognized that it did not have in place the tools to manage the growth pressures it was experiencing. So, in 2003, the planning and zoning commission adopted a one-year moratorium on new subdivisions while it updated the town's Plan of Conservation and Development and completed a strategic plan, published in June 2004.¹

The planning effort was led by the economic development commission and included members of various town committees, local businesses, and community organizations; there was no outside professional consulting. The plan starts with a 10-year vision accompanied by five economic goals, among them to, "Expand our commercial sector and broaden our commercial tax base, while achieving a balanced growth of the grand list and stable mill rates." To accomplish this goal, Sprague developed five "Strategic Directions:" 1) create a business friendly environment for commerce and industry; 2) restore the economic potential of our former mill sites; 3) protect open spaces through conservation, planning and development, preserve and celebrate Sprague's 19th century industrial heritage and architectural style; 4) re-develop and improve and extend the town public infrastructure; and 5) develop community facilities and a quality of life for residents and visitors. Each "strategic direction" has associated with it a series of objectives, strategies, actions, timelines, and resources required for its accomplishment.

For example, Sprague outlined a strategic direction to restore its former mill sites, many of which date to the 19th century (see Figure 1). This is a direction that will take many years to complete given that mill redevelopment is very complex. However, Sprague took its initial step in summer

2004. This action step took shape as local and regional economic development staff, in conjunction with the electric/gas utility, arranged a tour of the Baltic Mill and other Sprague mills for an agent working for investors who redevelop old mills. The one-day event succeeded in giving much needed attention to some of Sprague's long unused assets. While it has not yet borne fruit, this initiative shows how a small town can use a plan to create development opportunities.

Regulations and Processes

Armed with a vision and a plan, a town can now go about formulating regulations and processes allowing it to manage its growth and become the town it wants to be. What goals should the town have? The National Association of Realtors® in its "Growth Management Fact Book" sums it up quite succinctly: Growth strategies should control the "rate, amount, type, location and quality of growth".²

There are five basic objectives of growth management³:

- Controlling the location, density and rate of growth;
- Providing public facilities and infrastructure;
- Preserving the community's character;
- Protecting the environment; and
- Providing housing.

The strategies that follow not only will help a town accomplish these objectives, but will balance residential, commercial, and industrial development with the preservation of open space. It is important to understand, however, that not all of these strategies are legal in every state and may require enabling legislation. As well, not all of these strategies will work in every town; nor, can every town execute these due to their complexity. Each town, based on its vision and plan, will have to evaluate individual strategies on their applicability to that town.

Controlling Location, Density and Rate of Growth

That said, there are several ways to control the location, density, and rate of growth, that is, the where, what, when, and how fast. First, a community, like Sprague, can declare a short-term moratorium where the town limits development either completely or in part. However, a town can only do this for a limited time and it must be done within the context of a planning process. Sprague did this while it developed its re-development strategy and updated its plan of conservation and development.

Second, a municipality can apply a rate-of-growth system where it limits the number of building permits in any given year. Boulder, Colorado, has used some variation of such a system since the 1980s, where residential permits are limited to a certain percentage of the permits given the prior year.⁴ For example, if the city allows 300 units to be built and it gets requests for 400 units, each builder is allowed to build three-quarters of its request. In January 2000, the city began allowing exemptions from the system for units in mixed use, business or industrial zones and "market rate" units in developments where at least 35 percent of the units are "affordable."⁵ Using this technique, Boulder is better able to manage and direct its housing stock growth.

Third, a technique pioneered in Oregon in 1973 is called an urban growth boundary that marks, in this case, a separation between urban and rural land. In 1976, voters in the three-county area surrounding Portland created the first elected regional government called Metro, which is responsible for land use planning in the region's 27 jurisdictions. Metro created an urban growth boundary that encompasses 24 municipalities, parts of three counties and totals 237,000 acres, within which growth is encouraged.⁶ Areas outside the boundary are ineligible for municipal

services. This system is now in jeopardy because in November 2004 Oregonians passed Measure 37. This measure requires any governing authority, be it state, county, city, or metropolitan service district, that enacts a land use regulation that restricts the use of private real property and has the effect of reducing the fair market value of the property, then the owner shall be paid just compensation within two years. In lieu of the compensation, the enacting authority may modify, remove or not apply the regulation and allow the owner to use the property as permitted when it was acquired. In these days of tight government funding, the finances to compensate the owners will probably be lacking; so, development outside the boundary is likely to begin.

Providing Public Facilities and Infrastructure

Small towns also need to limit growth because it can place untenable stress on public infrastructure. One of the biggest costs to a town is serving new developments. To mitigate this, development approvals are based on the provision of public infrastructure including water and sewer service, roads, and schools. Montgomery County, Maryland, which includes Rockville, has been effective in using a test called “adequate public facilities.” In this case, a developer will receive approvals only if the county planning board determines “that public facilities will be adequate to support and service the area of the proposed subdivision.”⁷ The board considers the development’s expected effects on the area’s transportation, water, and sewer infrastructure, and on local school systems.

Second, a small town may be able to impose impact fees. These are exactions on developers for the provision of infrastructure. These are not legal in every state; in fact, only 22 states allow these fees. They limit growth by making developments more expensive for the developer, costs which they may not be able to recover from buyers. There are two legal requirements on impact fees. First, there must be a nexus between the development and the infrastructure for which the developer is paying. In other words, a small town cannot exact an impact fee for infrastructure that is not related to the development. It must be for infrastructure that will serve the development. Second, the fee must be proportional to impact of the development. That is, if the impact on local infrastructure is only worth, say, \$100,000, the small town cannot charge, say, \$1 million. This strategy’s shortcoming is that it does not always reduce sprawl, as development can continue wherever the developer wants to go so long as he or she willing to pay the fee.

Third, a small town can create a Special Assessment District (SAD), where it assesses a special property tax on developments in certain districts where special infrastructure exists or is needed for the development. Southfield, Michigan, is a community that has such regulations. It levies a tax that distributes the costs of public improvements over those property owners who will reap a direct benefit. Examples are sanitary sewers, storm drains, water mains, roads, dust control, sidewalk construction, and street lighting.⁸

In Southfield, a SAD is initiated by a petition to the city council, which then must follow a five-step approval process. The steps include a report by the city administrator which addresses the need for and cost of the improvements, and what percentage of the total cost should be paid through the special assessment. The city council then goes through a series of resolutions that detail the cost to each property owner in the district, set a public hearing date, direct the engineering department to finalize the improvement costs and construction plans, and give final approval to the district.

Preserving the Community’s Character

The third reason for a small town to control growth is to maintain its character, whether it’s a small town in New England with its churches on the town green, or a Midwest farm town with its downtown diner and general store. A town can establish design standards so that a 19th century

downtown does not wind up with buildings that would look more at home in Las Vegas, thus preserving its character. Design standards are the tool that control a building's appearance and architecture. Why would a town do this? As one Connecticut town planning director put it, "Quality gets quality."⁹ Towns that apply design standards and "encourage" quality buildings will generate more excellent projects as a result.

Simsbury, Connecticut, has a complete design manual that it gives to builders when they bring projects to the town. The voluntary standards address everything from building elements such as canopies and exterior materials such as signage to trees, and streetscape components. Along with the manual's guidelines, the town has a five-step process through which all projects must pass prior to receiving approval. All of this is explained to builders when projects are presented to the town, so builders know up front what to expect.

Insisting on design standards worked well for Glastonbury, Connecticut, when Home Depot proposed to build one of its typical, big box stores. Glastonbury, a suburb of Hartford, has an unwritten policy of "no prototypes" -- that is, the town will not approve a national chain's prototype building if it does not complement the design standards envisioned for specific areas within the community. The result is Home Depot built a brick-faced store with extensive landscape features consistent with the type of development approved earlier at an adjacent project named Somerset Square. A comparison of assessments on Home Depots in Connecticut revealed the Glastonbury store had a higher assessment on a per square foot basis than any other store studied. Clearly, the design standards applied to this store have yielded higher tax revenues than what would have been generated by a prototype store. Moreover, the Home Depot project inspired an adjacent Staples store to be built in a similar fashion. Overall, enhanced architecture and increased tax revenues have resulted in a "win-win" for Glastonbury.

Protecting the Environment

Small towns also want to manage growth to retain their traditional ambience and protect the environment. The best way to do this is to preserve open space for public use, and in the process, protect key natural resources such as reservoirs and sensitive natural habitats. Hebron, Connecticut's (pop. 9,361) Open Space and Land Acquisition Committee promotes open space because it: "provides for recreational areas... scenic vistas(and)habitat for wildlife...preserves areas of cultural heritage (and) protects natural resources including clean air and drinking water."¹⁰

A second way to preserve open space is to simply purchase it. However, for a small town, the expense may be problematic unless, like Connecticut, a state has funds available to towns for purchasing open space. Also, with land ownership comes the responsibility to maintain and a requirement to insure it.

A second way to protect open space is to purchase development rights. Once a town determines its interest in a piece of property, it negotiates to purchase a conservation easement on the land, what amounts to a permanent deed restriction. The landowner keeps ownership of the land as well as the other rights, such as privacy, mineral and access rights. Many towns use a land trust, a non-profit organization formed to hold land and conservation easements. Typical conservation easements include Articles that detail the easement's duration, the restricted and prohibited activities, breach and enforcement remedies, public access, and exhibits of the land and easement. The Maryland Department of Natural Resources offers a downloadable conservation easement template that small towns can edit and use located at www.dnr.state.md.us/met/model.html.

A third common way to preserve open space is to apply cluster zoning to residential areas. A small town allows developers to build at higher densities in exchange for leaving the remainder of

the land as open space. Langley, Washington (pop. 1,095), for example, has a cottage development zone for small houses that allows one unit per 2,904 sq. ft. of lot area and requires a minimum of 400 sq. ft. of common open space. This zone limits the size of the dwelling to 975 sq. ft., saving open space on this island community.¹¹

An open space preservation technique similar to cluster zoning is that of planned unit development. In this case, the small town allows the developer to plan the entire lot area with multiple uses as opposed to planning each use separately on multiple lots. The developer plans into the project open space along with other uses such as retail and residential. Petaluma, California, has such an ordinance whose purpose is to “allow inclusion within its boundaries a mixture of uses, or unusual density, building intensity, or design characteristics, which would not normally be permitted in a single use district, and to govern the development of residential projects subject to the Residential Control System, Chapter 17.26 of Petaluma Municipal Code.”¹² Protecting the environment can also be accomplished by connecting two separate landowners via transfer of development rights (TDR). Similar to purchase of development rights, a TDR agreement allows a landowner (“sender”), whose property the town wants to protect from development, to sell its development rights to another landowner (“Receiver”) whose property can be developed. The “Receiver,” in turn, is given incentives to buy the development rights such as higher densities, an expedited approval process and the like. The “Sender” retains all of the other rights associated with landownership. TDR programs are not legal in all states. The third way to protect rural environments applies to agricultural lands. Two techniques frequently used are Purchase of Agricultural Conservation Easements (PACE) programs and agricultural protective zoning. PACE programs are TDR programs that are limited to agricultural lands. The basic concept of purchasing a conservation deed restriction is the same. Agricultural protective zoning restricts the use and numbers of units on agricultural land. DeKalb County, Illinois, has an Agricultural District zone which recognizes that the health and welfare of its citizens are “greatly dependent upon the sustenance and economic benefits provided by a viable agricultural industry.”¹³ The regulations comprise, among others, permitted and special land uses and developments, and lot area requirements. This zoning requires, for example, the minimum lot area for a farm residence to be 40 acres. Allowable uses are farm buildings, grazing, forage and the like.

Providing Housing

Finally, small towns need to control their housing stock. Successful communities manage housing growth while ensuring housing options for residents regardless of their incomes. One way this is done is through inclusionary zoning, where a town requires that housing developers build a certain percentage of new units which are “affordable.” In exchange, the builder receives incentives such as expedited approvals, fee waivers, and higher allowed densities. Key to this technique is defining exactly what “affordable” means. In many communities, this means such units cannot be greater than 30 percent of a moderate income person’s total income, adjusted for household size.

Another technique links housing development to office development. Here, office developers are required or induced to do one of the following: build affordable housing, contribute to a housing fund, and/or make an equity contribution to public housing. These housing linkage programs, whether mandatory or voluntary, usually have regulations that address some combination of what the developer is obligated to contribute, a housing linkage fee or formula used to calculate the housing requirement, and mechanics of the program, among others.

There are two requirements for a program like this to be successful. First, legally, there must be a nexus between the development and the housing. Generally, municipalities have asserted that

office and commercial development have brought in upper income residents and their demand for housing, which, in turn, has pushed out low- and moderate-income housing. A housing linkage program addresses this effect by requiring commercial builders to contribute toward the construction of low- and moderate-income housing.

Second, for this program to work there must be office development in the municipality. Obviously, if there is no office development, there will be no requirement to construct housing. However, the negative effect of pushing out low/moderate housing is probably not occurring either. So the effectiveness of these programs is a direct result of commercial building cycles. To mitigate this cyclical effect, some municipalities have included a wide array of commercial developments in their lists of obligated projects and not just office development. Cambridge, Massachusetts, has a housing linkage program which requires office developers of projects larger than 30,000 sq. ft. to contribute \$3.86 (as of June 2003) for every square foot over 2,500 sq. ft. of the project that falls under the requirement. The uses that fall under the requirement include office, laboratory, noncommercial research, and open air retail among others.¹⁴

In a relatively new development, municipalities have begun to use what are called “smart code” or “smart incentives” to induce housing developers to rehabilitate older buildings and invest in existing neighborhoods. This helps developers overcome issues associated with older buildings by relaxing codes that may be difficult for an older building to meet. These incentives promote infill development and reuse of older structures that may be underutilized or empty. In many of these cases, the older building cannot meet new building codes just by the way it was constructed many years ago when codes were either less stringent or nonexistent.

Enfield, Connecticut, has such a program called its “Targeted Investment Abatement Program.” The town first developed an eligibility zone based on census tract data. It did so to attract investment in a lower income part of town where new investment was lacking. The regulations allow a tax abatement on either commercial or residential properties. Enfield gives a seven-year tax abatement on the building’s increased assessment according to a declining schedule. The first year’s abatement is 100 percent; it then declines in increments down to 7 percent in the seventh year, after which it expires. At current mill rates, for example, a \$50,000 assessment increase in a commercial building would save the owner nearly \$7,600 in property taxes over seven years. This program was new in 2004 so results to date are not significant; but some work has been done on buildings where it was long overdue.

On the national level, the U.S. Department of Housing and Urban Development has developed a set of usable regulations for programs like this that can be accessed at www.huduser.org/publications/destech/rehapbr.html. Any municipality can use them as a starting point for its own regulations. The states of Maryland and New Jersey are leaders on “smart code” regulations; both have codes available on their web sites. New Jersey’s “Rehabilitation Subcode” can be found on its Department of Community Affairs web site, www.state.nj.us/dca/codes/rehab. The Maryland “Rehabilitation Code Program” can be found on its Department of Housing and Community Development web site, www.dhcd.state.md.us/smart/codes/rehab.htm.

One of the latest trends in growth management is regulating the forms of buildings and not necessarily the uses. Called “form based zoning,” this technique focuses on regulating such details as where a building sits on a property and its architectural style. The Arlington, Virginia Columbia Pike Form Based Code¹⁵ is one example. It regulates property location, building form, architecture, and use. As for property location, the code includes “Regulating Plans” -- maps of

each of the Pike's districts -- that show what building type can be built at any location within a district. It also includes required lines for buildings, trees, and streetlights.

Arlington's "Building Envelope Standards" regulate the building's envelope such as its height, windows, use, and siting. Height, for example, limits the number of stories (rather than feet), which allows designers flexibility in designing interior spaces. Finally, the city's "Architectural Standards" regulates exterior building materials, the building's outside walls, signage, and lighting.

For its part, Arlington has developed an expedited approval process for those developers who agree to build by the form-based code's standards. For projects of less than a 30,000 square foot footprint, there is a "By-Right Option," 30-day approval process that includes no mandatory public hearings. These projects are approved through a staff level review process that ensures the project meets the Pike's standards.

Finally, no discussion on growth management is complete without considering how these techniques may affect housing prices. Most would say these tools would tend to drive up housing costs. Recall your Economics 101 class, specifically the laws of supply and demand: restrict supply, and all other things being equal, prices go up. A survey of housing prices in the larger communities discussed here show that they are, indeed, some of the most expensive places in America to live. However, is that due strictly to their growth management strategies?

Prices, of course, are determined by both the demand and supply of an item, in this case a home. On the demand side, they are affected by some combination of the following: population; income; interest rates; the location in the state, municipality, and neighborhood; and the home's vicinity to "good" schools, parks, and other community amenities. It is also affected by the home's size, style and amenities, among others.

As for supply, it is affected by the availability and cost of the land, the economy of both the nation and the region, growth management regulations and programs, construction labor and materials costs, etc. These are not exhaustive lists but they indicate the number of factors involved in the price of housing, of which growth management tools are only one component.

Conclusion

Be that as it may, small towns can effectively use these tools, developed primarily by big towns, to manage pressures to develop. By first having a vision and both a plan of conservation and an economic development strategy, they can create meaningful regulations that will put in place the processes for managing growth. The big towns have done it; the small ones can do it too. It just takes some big thinking.

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³*Id.*, pp. 2, 3

⁴Joseph de Raismes, H. Lawrence Hoyt, Peter, Pollock, Jerry Gordon, David Gehr, City of Boulder, Office of City Attorney, "*Growth Management Boulder, Colorado: A Case Study*," (2002), p. 36

⁵ *Id.*, p. 39

⁶ Metro, “*The Nature of 2040 - The region's 50-year strategy for managing growth*”, June 1, 2000

⁷ Montgomery County Code Section 50-35(k), “*Adequate Public Facilities Ordinance*”

⁸ Southfield City Code, Chapters 6 and 22

⁹ Kenith Leslie, Director of Community Development, Glastonbury, Conn.

¹⁰ Hebron Open Space Land Acquisition Committee, “*How Does Open Space Benefit You?*”

¹¹ City of Langley Municipal Code, Title 18, Chapter 18.28

¹² City of Petaluma, Calif., Zoning Ordinance No. 1072 N.C.S., Article 19A, Section 19A-100

¹³ Zoning Ordinance of DeKalb County, Schedule of District Regulations, Article 4, Section 4.02

¹⁴ Zoning Ordinance of the City of Cambridge, Mass., Article 11, Section 202.1

¹⁵ www.columbiapikepartnership.com/scripts

USEFUL WEB SITES: Many towns do not know where to begin or where to go for ideas on growth management. Here are a few web sites that can be used as a place to start.

American Farmland Trust - www.farmland.org

State of Maryland - www.DHCD.state.md.us

State of New Jersey - www.state.nj.us/dca

American Planning Association - www.planning.org

Urban Land Institute - www.uli.org

Smart Growth America - www.smartgrowthamerica.com

National Association of Realtors - www.nar.org

Smart Growth Network - www.smartgrowth.org

Land Trust Alliance - www.lta.org

Congress for the New Urbanism - www.cnu.org

Pace University Land Use Law Center - <http://law.pace.edu/landuse/index.html>