Smart Growth for Everyone

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The smart growth movement has made major inroads in so-called “blue” states such as California, Oregon, and Maryland, but it has stalled in “red” states, where Republicans and conservatives view it with suspicion, outright hostility or, in the case of the anti-Agenda 21 fringe, a United Nations plot to impose socialism on the United States.

There is nothing intrinsically liberal or conservative about the idea of creating more efficient human settlement patterns. But liberals embraced the movement first and they have defined it as something to be engineered primarily from above. There’s no social problem that a good dose of state intervention won’t fix! Allergic to calls for bigger, stronger, more coercive government—herding people onto mass transit and into apartment buildings are the exaggerated images they react to—conservatives have thrown out the smart-growth baby with the liberal bathwater.

The challenge for smart growth supporters is to frame the debate so as to avoid triggering conservative alarm bells. That takes more than avoiding language that make conservatives see red, such as anything that might hint that the goal is to achieve “social justice,” ward off “global warming,” or otherwise make the world a happier place for liberals. It requires articulating the case for smart growth as a means of advancing conservative values. There is a conservative case for smart growth. With this essay, I will try to make that case.

So, what conservative values are we talking about? Conservatism is a diverse movement, encompassing secular libertarians, religious evangelicals, and Main Street businesses, but I think it's fair to say that most conservatives are dedicated to the following: small government, low taxes, restrained regulation, strong property rights, and distrust of elites.

Now, let's look at the public policies that have shaped land use since World War II and view them through the prism of conservative principles.

**Land use codes.** The underlying premise of zoning codes is that residential, retail, and commercial land uses should be rigidly segregated. Of course it makes sense to separate some land uses, particularly industrial activities that are excessively toxic, noisy, dusty, or otherwise unpleasant. But for the most part, there is no rational reason for the codes. Most problems that stem from houses and businesses existing side by side can be resolved with nuisance codes.
Zoning codes breed regulations and require a government planning apparatus to enforce them. They usurp the right of property owners to do what they want with their land, telling people what they can build and where. And they short-circuit the free exchange of goods. It's one thing to allow people to live in cul-de-sac subdivisions, work in office parks, and shop in malls surrounded by vast parking lots. It's quite a different thing to require them to do so as a matter of code. Typical zoning codes effectively ban the building of compact, walkable, mixed-use communities except when a developer engages in the lengthy, expensive, and risky process of petitioning for a special permit. There is no basis in conservative thought for discriminating against neighborhoods where people can walk to the corner store, take the bus, or live in an apartment above the shop or studio where they work. Indeed, the intellectual genesis for such controls can be traced to the progressive movement.

**Low densities.** Many counties have imposed density limitations on new growth with the thought that they would limit the impact of development on roads and schools. But smearing 1,000 people over 1,000 acres of land makes it impossible to provide roads, utilities, and services as efficiently as if they were concentrated in 100 acres, or even 10 acres, of land. Fiscal conservatives should object to such inefficiency. And property rights advocates should object to the restrictions placed on what property owners can build on their land.

I would add one critical caveat. While people should be free to build wherever they want, they have no claim to the full panoply of government services—roads, water, sewer, schools, public safety, etc.—in remote, inefficiently served locations at the same prices as those services are available to others. Property owners should bear the full location-variable costs of where they build.

**Leapfrog development.** Hop-scotch development makes human settlement patterns inefficient by scattering subdivisions, shopping centers, and office parks across the countryside, leaving large holes in the urban fabric. As mentioned above, it is more expensive to provide roads, utilities, and public services to scattered development than to compact development. Scatteration, along with segregated land uses and density downzoning, drives up the cost of transportation and local government services.

Why does leapfrog development occur? It is not the result of the natural workings of a free market. There are two driving forces. The first is the willingness of state and local governments to subsidize the road improvements needed to reach new development from urban centers. A political economy has evolved in which developers and landowners contribute large sums to state and local elected politicians and seek favors in return. This is the rent-seeking culture of Washington, D.C., writ small. The second arises from "anti-growth" politicians reacting to the rising cost of public services by restricting new development in their jurisdictions. Developers then build projects in friendlier jurisdictions, typically farther from the urban core. Thus, foes of sprawl in one county push growth into another. Neither pro-developer subsidies nor anti-developer zoning restrictions should be palatable to conservatives.
Parking mandates. Zoning codes mandate minimum parking requirements in an indiscriminate manner, as if homeowners, shopping center developers, and employers couldn't judge for themselves how much parking they need. Because parking is mandated, property developers have no incentive to economize on space or achieve synergies between land uses that experience peak parking demands during the day (offices) and the evening (residences). The result is a vast excess of mostly empty acreage devoted to parking. This parking is expensive, driving up the cost of development, and it pushes buildings farther apart at the expense of walkability. Parking mandates should be odious to every conservative who opposes unnecessary regulation.

Transit monopolies. Virtually every mass transit enterprise in the United States loses money, representing a drain on the taxpayer. One can argue that transit deserves its public subsidies because it provides public goods such as transporting people to work, reducing traffic, dirty automobile emissions, and the like. But there is no avoiding the fact that transit companies are a fiscal drain.

State-owned monopolies fail almost every known test of conservative principles. First of all, they're monopolies, which are not known for their dedication to cost control or public service. Second, they're government-owned monopolies, which means that politics, not economics, drive critical decisions on routes and fares. That's inefficiency squared. Worse, transit monopolies limit competition and innovation, slowing the consumer shift to more responsive, cost-effective, private-sector transportation alternatives made possible by GPS-equipped smart phones.

In summary, land use is one of the most heavily regulated and subsidized sectors of the American economy. Only health care, education, and defense can compete in the degree to which government intrudes. Not surprisingly, like those sectors, real estate is among the most dysfunctional sectors of the American economy. Many conservatives perversely defend the institutional arrangements that have created contemporary suburbia with its scattered, low-density, disconnected, and car-dependent pattern of development. But that is a disastrous mistake. Conservatives need to systematically apply principles of limited government to the goal of creating smarter, more efficient patterns of growth.

So, what would conservative transportation and land use policies look like? As the saying goes, the devil is in the details. Frankly, because conservatives have given so little thought to smart growth, it's not always clear what those details should be. An enormous amount of intellectual spade work remains to be done. The policies that follow are very broad brush-stroke and are meant mainly to stimulate thinking.

Roll back government regulation of the real estate marketplace. The current regulatory regime puts developers in a straitjacket that allows no outcome other than segregated land uses. We need to roll back the regulations that outlaw mixed uses, and we need to re-think low-density mandates. Unfortunately, a careless reversal of sprawl-inducing rules could lead to chaos. Perhaps the rollback could be accomplished piecemeal. Perhaps counties could allow alternative "form-based codes" that accommodate mixed uses and allow higher densities while buffering homeowners from...
high-rises being built nearby. The goal should be to give developers more freedom to recycle outdated, auto-centric subdivisions and shopping centers into walkable, mixed-use communities when market conditions permit without enduring lengthy and risky zoning petitions.

**Restore homeowner property rights.** Upon what philosophical principle does government prohibit individual landowners from adapting their single-family dwellings into properties that include income-producing garage apartments or granny flats? If Neighbor A fears that his property value will fall because Neighbor B is leasing out the basement to a college student, should that fear trump the right of Neighbor B to do what he wishes with his property? Think of all the homeowners these days who are having difficulty paying their mortgages. Why shouldn’t they have the freedom to make ends meet by taking in a roommate or converting the basement into an apartment? Think of all the people who have difficulty finding affordable housing. Why should they be forced to seek shelter in apartments that they can’t afford or in neighborhoods they can afford but where they don’t want to live?

**Encourage innovation in real estate development.** Have county zoning codes reached such a state of timeless perfection that they should dictate land uses for all time? Are planners so omnipotent that they accurately predict the market demand for housing and business space in a dynamic economy for years in the future? Not bloody likely. Governments should unleash entrepreneurs by giving them more freedom. Let the marketplace, not comprehensive plans, decide what gets built and where.

**Deregulate mass transit.** Municipal transit monopolies and taxicab oligopolies are economic dinosaurs. Taxicabs and municipal bus services following fixed routes on fixed schedules have changed little since the 1940s. The IT revolution is revolutionizing transportation services just like it’s transforming every other sector of the economy. The ability to track vehicles and riders by the GPS feature in their smartphones opens up possibilities for transportation services that no one could have imagined only four or five years ago. Governments should stop propping up failed, money-losing enterprises and clear space for the transportation innovators. The future will look a lot less like Yellow Taxi and the city bus line and a lot more like Megabus, ZipCar, Uber, Avego… and maybe even Jamaican jitneys.

**Make growth pay its own way.** Conservatives should embrace the principle that people and enterprises should be free to build what they want where they want as long as they cause no harm to others—but they are not entitled to an unlimited claim on the taxpayer
to fund the extension of utilities and public services to remote or inefficiently served locations.

Putting this idea into practice will require much more sophisticated fiscal analytics than most local governments now have. Conceptually, I see it working like this: cities and counties should levy an impact fee on new houses, shopping centers, and office buildings to cover the up-front capital cost of adding new schools, water and sewer lines, public safety buildings, and other infrastructure. The charge would vary depending on the location. If there is underused infrastructure in an existing neighborhood, there might be no fee at all. If the location already has public services that require a modest expansion of capacity, the impact fee would cover pro-rata costs (costs per unit). If the location is expensive to serve, the fee would be higher. The aim of the jurisdiction should not be to encourage or discourage growth and development, but to ensure that growth covers the cost of providing public services.

**Adopt user pays transportation.** Conservatives must stop subsidizing the auto-centric lifestyles of their rural and suburban constituents. The automobile is only one transportation mode among many, and there is no philosophical justification for favoring cars over buses, bicycles, vans, Segways, or other ways of getting around. (Indeed, as automobiles cause pollution, there are philosophical justifications for discouraging their use.) Once upon a time, the motor fuels tax functioned as a user fee that covered most of the expense associated with roads and highways. But many so-called conservatives refuse to raise the gas tax on the grounds that it is a "tax," and all taxes are equally bad. If conservatives truly oppose subsidies, they would object to propping up road construction with transportation taxes, fees, and charges that bear no relation to how much a person drives or the demand he places on the transportation network. Ironically, by artificially reducing the cost of driving, such tax policies encourage people to drive more, thus aggravating the very traffic congestion the taxes are meant to address.

Transportation funding should be restructured as a user/benefit pays system: those who use the system contribute to it in direct proportion to their use. Those who benefit indirectly from the system—primarily landowners whose property values increase when transportation access is improved—should contribute to the cost of construction. Between tolls, gasoline taxes, proffers, impact fees, and special tax districts, there are ample means to fund new transportation improvements.

**Prioritize by ROI.** Currently, transportation dollars are distributed according to ideological and political considerations. Roads, mass transit, and other transportation projects should be funded on the basis of how much they ameliorate congestion, improve safety, reduce pollution, and create jobs (as opposed to shifting jobs from one location to another). The cost should be compared to the benefits, and the projects ranked according to return on investment. Money should flow to the projects offering the highest rate of return.

Follow these general prescriptions and you'll end up with conservative smart growth. It will resemble liberal smart growth in shifting growth and development from "suburban sprawl" toward more compact, walkable, mixed-use communities to the extent that the public demands
them. There will be fewer transportation subsidies and more transportation innovation. There will be fewer roads that open up land for greenfield development, and there will be more re-development of aging neighborhoods, shopping centers, and office parks that use existing infrastructure.

The great difference between the conservative and liberal visions is that growth and development under conservative principles will be propelled by entrepreneurs and consumers in a freer market, bubbling from the bottom up, not imposed top-down by politicians, planners, and elites. But surely there is enough overlap in visions that we can find common ground and make smart growth a reality.

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