Development by Design:
Land Use Planning and Regulation in Rural Communities

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Last November voters around the country passed more than 150 ballot initiatives to preserve open space and/or reshape development. On top of that, twelve states have enacted growth management laws, still other states are considering them, and Vice-President Gore made "Smart Growth" a theme of his presidential campaign. What's all the excitement about? In a word: sprawl.

Loosely defined, sprawl is the chopped-up, spread-out, segregated, low-density, auto-dependent development that can be found on the edge of virtually every city in the nation, creeping outward, suburb after strip mall, Edge City after Wal-Mart, and into the hinterlands—to mixed reviews.

- To some, sprawl is simply the result of a free market in which developers supply what homebuyers and businesses demand
- To others, it's the negative consequences of a tangle of policies, technologies, and misguided beliefs.
- For inner city residents and activists, sprawl represents the emptying of downtown, giving the doughnut to the suburbs and leaving them with the hole.
- To suburbanites, it's a ticket out of crime, congestion, and bad schools and into convenience, quality living, and a big backyard.
- To many that make a living off of development—realtors, builders, and the like—sprawl is development, it's business, and it's a right.
- To others of a more environmental bent, it's the antithesis of development, it's cancer, and it's not about rights, but rather responsibilities.

The primary interest here, however, is how sprawl (and the land use planning processes that either promote or control it) plays in rural America. And, naturally enough, there is no consensus there either. On the one hand, many rural residents see sprawl as a threat to their way of life—their open space, farms, and close-knit community. They see farmland gobbled up for houses and ranchettes. They see downtown shrivel and die, when the big-box store opens out on the highway. And they see a place that meant so much to them, become a place that's no different from any other—a generic town without identity.

On the other hand, some rural folks don't see it as sprawl at all. In fact, they don't see growth of any kind in their neck of the woods. Instead, they see unemployment, poverty, out-migration, and the other trappings of a community that's shrinking rather than expanding. To them, sprawl looks like economic development—a much-needed shot in the arm, bringing jobs, customers, and tax dollars—if only they could get it. And while they might agree that "something's being lost," for them the gains far exceed the loss. "You can't eat a sense of place, after all."

Different Needs, Different Solutions, A Common Set of Tools

Were it simply a philosophical difference—whether and how a community grows—it likely would have little heat. Folks could agree to disagree. But in fact, the debate is anything but philosophical. We're talking land. We're talking rights. And we're talking money.

Therefore, the debate about how a community will (or even if it will) grow and develop should take place in all rural communities—those facing rapid growth and those only dreaming of growth. Land use planning and regulation play a huge role, whether trying to control growth or promote it. Because, e-commerce notwithstanding, everything happens some place.

Local governments face a variety of challenges in guarding and promoting the health, safety, and welfare of their citizens. To deal with those challenges, they have numerous tools, including those that control land use. Several come readily to mind—planning, zoning, permitting, condemning—while others—taxation, infrastructure provision, exactions, design review—may not. The point here is not to present an exhaustive discussion of the ways local communities can control land use. The point is to provide a brief overview of the rationale, costs, and benefits of doing so in rural communities.

Rationale

Whether a community faces growth or decline, the rationale for land use planning and regulation is the same: it "enables people to influence changes in the appearance, economy, and social life of their community."[1] The circumstances will, of course, vary and therefore so will the decisions about land use. But the rationale does not.

Many, of course, disagree with that rationale. They see land use planning and regulation as interference in the market and infringement on their rights. And they do not like it. According to a poll by Time magazine and CNN, 69 percent of the people polled believed that "the ability of individuals to do what they want with land that they own" is more important than "the ability of government to regulate development for the common good." Only 25 percent believed the opposite.[2] Obviously, land use planning and regulation faces an uphill battle.

In fact, the regulation of land use does constrain market interactions and individual property rights. There's no question about it. To argue that it is therefore unnecessary and unconstitutional, if not downright evil, is, however, a gross exaggeration and misunderstanding of land use planning and regulation, the market, and property rights.

First, land use planning and regulation—as practiced today in most of the United States—and as advocated here—is a process in which the public participates and makes collective decisions for the common good. It is not the blueprinting of a community or economy in secret by a governmental entity. This is not the Soviet Union, and planning commissions are not tiny Politburos.

Second, with all due respect to Adam Smith, the uncoordinated decisions and actions of individuals in pursuit solely of their personal good does not always lead to the common good. If it did, there would be no pollution, traffic jams, or other negative consequences—things that economists call externalities—which the public must bear because of private actions.

Finally, government does have the right to regulate land use. Professor Lori Garkovich of the University of Kentucky explains.

> In our society, property rights may be thought of as a bundle of sticks, each representing a different type of right to land. For example, one stick is the right to sell, others the right to lease, to grant a mortgage, to subdivide, to grant an easement, or to pass on to an heir. Still other sticks may represent the landowner's interest in the air, water, mineral, or development rights…
>
> However, there are four rights to property that have always been reserved to the public (government), these are the right to tax land, the right to take land for public use with just compensation, the right to regulate or control the use of land, and the right of escheat (to take land in the event of the owner's death without any heirs).
>
> An unbroken string of Supreme Court decisions have upheld these public rights in private property.
>
> …Thus, while private property rights have been and remain the cornerstone of our democratic society, they have never been absolute. From the beginning, there has been a recognition that the public has an important interest in how private land is used.[3]

Costs

There are, of course, costs associated with planning and the regulation of land use. First and foremost is the cost incurred by landowners who may have their ability to do with their land as they see fit, reduced. Second, there are costs associated with the process itself—salaries of planning officials (if, in fact, they are paid) as well as various other administrative costs. Finally, there are costs that may result from different planning decisions. For example, some regulations may limit the options that residents—home buyers, developers, business owners, etc.—have about where to live, what kind of house to buy, where to locate a business, etc. Other regulations may increase density and result in costs such as increased congestion.

Alternatively, regulations might decrease density but reduce the amount of unspoiled lands. Still other regulations can result in higher (or lower) priced housing. Finally, some decisions might result in the need to expand roads or water and sewer lines. Whatever the case, there are costs associated with land use planning and regulation.

Benefits

Cost Savings

There are, however, costs for not planning. Some of those costs are easily quantified, such as those for extending roads and water lines. Some are not, such as those associated with pollution, loss of open space, and loss of community identity. Not surprisingly then, one of the biggest benefits to land-use planning and regulation is cost savings. Through planning and regulation, development can be steered to minimize the need for, and consumption of, land, infrastructure, and public services. In so doing, it can also reduce the cost of underutilizing or abandoning existing infrastructure. And the savings can be enormous.

Burchell and Shad summarized the findings of various studies on sprawl versus "compact development" or "smart growth"—development that is concentrated in suitable areas, protects sensitive areas, directs growth to existing population centers, and conserves resources. They found that compared with sprawl, smart growth

- consumes only 40 percent as much land overall; 60 percent as much agricultural land, and 17 percent as much fragile land;
- costs only 75 percent as much for roads, 95 percent as much for schools, and 85 percent as much for utilities;
- costs 2 to 3 percent less per year for municipal and school operating costs.[4]

Such savings may come as a shock to many who believe that development pays for itself. In fact, for every dollar generated in tax revenue, residential development requires $1.05-$1.36 back in infrastructure and services. Commercial and industrial development requires only $.18-$.44, and agriculture requires only $.21-$.48.[5]

Of course, other economic considerations must be taken into account—both pro and con. On the one hand, development can do more for an economy than simply generate tax revenue. It can bring jobs and income into a region. On the other hand, the savings realized from smart growth can reduce costs to businesses and residents in the area and thereby enable a region to retain or establish competitiveness. Savings can also be plowed back into the community in a variety of beneficial ways.

Burchell and Listokin describe what can happen when a community does not realize this savings, that is, when a community allows growth to occur unplanned, in sprawl fashion.

> The dual costs of (1) providing new infrastructure for those moving outward, and (2) maintaining the old infrastructure for the population and economic entities that are left behind, cause taxes and development costs to rise throughout the metropolitan area, thus causing a regional rise in the costs either to do business or reside in the area. As a result of wage and product cost increases to allow responses to these cost increases, companies and regions become less competitive. The reality of doing little to channel the outward flow and land appetite of the real estate market brings upon economic triage wherein a finite amount of money is allocated to prepare and access new areas while old areas are left to die. These are the middle-stage signs of a region that is becoming noncompetitive and whose end state is a major loss of economic tenants.[6]

Economic Well-being

That quote from Burchell and Listokin points to the economic benefits to be gained from planned development—economic benefits that go beyond cost savings. Good planning and land use regulation—that is, planning and regulation that conserves land and minimizes infrastructure expenditures—can help a region's competitiveness. By adding another criterion—protecting and preserving the rural small-town character—it can help even more.

Survey after survey shows that a large percentage of Americans would prefer to live in a small town. And as we have seen in the past decade, more and more of them are acting upon that preference. "The major demographic news for rural and small-town America in the 1990s has been the rebound of population growth," reports the U.S. Department of Agriculture.[7] From 1990 to 1997, nearly three-fourths of all nonmetro counties added people, with most of those counties getting some or all of their increase from people moving in—"a far cry from the conventional pattern of the past," says USDA. Indeed, rural areas throughout the nation as a whole grew by 6.6 percent during the seven-year period. Not bad, considering metro areas grew only a bit faster, 7.6 percent.

Obviously, not every rural place has grown that much or even at all. The fastest growing communities tend to be those with one or more of the following characteristics: adjacent to a metropolitan area, attractive to retirees, recreational amenities, large amounts of federal land. Why? People like to live in small towns but have access to big city amenities—shopping, cultural activities, and the like. They also prefer to live where the scenery is beautiful, the climate is mild, and there are a lot of opportunities for outdoor activities.

So, what has any of this to do with planning? Plenty. People are moving from the city to the country, because they like what the country has to offer. Without careful planning and regulations to guide the development that accompanies those city refugees, however, the country can very quickly begin to look like the suburbs those folks left. When that happens, the attraction of the place—for newcomers and old-timers alike—can be lost, killing the goose that laid the golden egg.

Planning in the Bluegrass. The Kentucky Bluegrass is just such a growing place—or, more accurately, set of places—that is trying to keep the goose alive. The rolling hills surrounding Lexington are famous for their beauty and the thoroughbred horse farms that dot them. Throw in a mild climate, the urban amenities of Lexington and Louisville (universities, hospitals, hotels, convention centers, etc.), and a strong regional economy—based, in part, on the automotive manufacturing industry that has taken up residence there—and you've got all the necessary ingredients for growth in the region's rural areas. On top of all that, Lexington and its surrounding county, Fayette, instituted an urban growth boundary in the 1950s. By restricting development of land lying outside of the growth boundary, Lexington-Fayette County have helped push development into nearby counties. This "leapfrogging" effect puts even more pressure on neighboring rural areas.

Consequently, leaders in the region have been quite active on the issue. The *Lexington Herald-Leader* ran a wide-ranging series of articles on the topic in the summer of 2000, and Bluegrass Tomorrow—a regional planning organization—retained a team of consultants to help them think about the issue and come up with possible solutions. Such region-wide thinking notwithstanding, most of the action takes place at the county and city levels, sometimes jointly, sometimes not.

South of Louisville, Nelson County faces development pressure—development that could, if allowed, harm the county's scenic, historic, and cultural amenities that comprise a large portion of its economy. In response to that pressure, and through foresight on the part of the community, Nelson County recently adopted an Economic Development Plan that, among other things, incorporates land use planning. Specifically, one of the plan's six goals is to coordinate economic growth with the provision of infrastructure. Inclusion of this goal comes from the recognition of several factors:

- "[T]hat geographically dispersed settlement patterns lead to higher community services delivery costs for local governments, while more compact settlement patterns have lower services costs."

- "The relationship between taxes generated by residential development in the rural portions of the county and the cost of delivering public services (specifically school transportation, public water, public sanitation, police and emergency medical services) to these residences needs to be evaluated by local government to insure that future growth does not place an undue financial burden on local government."

- Changing travel patterns of workers "have implications for the local transportation system, not the least of which is the tremendous increase in traffic and

> congestion reported by local residents." Therefore, "Effective economic development planning will require careful coordination with local and state transportation officials to insure adequate transportation facilities…"[8]

To accomplish the goal, Nelson County proposes five strategies:

- Evaluate capacity of current infrastructure.
- Identify needed infrastructure improvements to support economic growth.
- Identify transportation needs for economic growth, and implement the county transportation plan.
- Develop recommendations for capital improvements to support future growth.
- Identify appropriate areas for future economic growth.[9]

A second goal with explicit land use connections is to "enhance the quality of life as a mechanism for supporting economic growth." Strategies in pursuit of this goal include:

- Identifying lands needed for economic growth and mechanisms for providing those lands.
- Developing recommendations to ensure a stock of housing that supports economic development.[10]

Not resting on their laurels, Bardstown and Nelson County are also now considering design guidelines that would help ensure that future development fits into the existing context. Helping the city and county are the Rural Heritage Program at the National Trust for Historic Preservation, the University of Kentucky's School of Landscape Architecture, and the Kentucky Heritage Council. And while John Downs, director of the joint planning commission allows that the effort may meet with some resistance, he cites evidence that shows the benefits–namely, that good design sells.

Summing it up, John Ware, president of the Nelson County Economic Development Agency, says that Bardstown (Nelson County's major town) is "the type of community that we grew up in or wish we grew up in" and that planning is part of an "ongoing effort to keep our downtown maybe the way everybody would like their downtown to be."

Economic Rehabilitation

But what about rural communities that are not attracting population, those left out of the so-called "rural rebound?" According to USDA, "The Great Plains…continues to have large areas of [population] loss, as do many parts of the Corn Belt, the Mississippi Delta, and the Southern Coal Fields."[11] In addition, many of the traditional rural industries—farming, mining, logging, and the like—and the areas that depend heavily on them—continue to slide. Not surprisingly then, rural poverty remains a problem, with nearly a quarter of nonmetro counties registering persistently high rates of poverty—20 percent or more in each of the last four censuses. The question is, "What, if anything, can land use planning do for rural areas in decline?"

Though perhaps less obvious, the answer again seems to be "plenty." If the rural comparative advantage is shifting from cheap land and labor and the extractive value of natural resources toward natural and cultural amenities, then communities that care for and develop those amenities stand to gain economically—even communities on the ropes. University of Montana Economics Professor Thomas Power puts it this way:

> ...people care where they live and, given the choice, gravitate toward more desirable residential areas. Economic activity tends to follow them. Thus it cannot be said that environmental quality is only an aesthetic concern to be pursued if a community feels prosperous enough to afford it. Environmental quality has become a central element of local economic bases and a central determinant of local economic vitality.

He goes on to say that:

> …Commitment to place is important to local economic development, and thus the qualities that instill commitment have economic importance in addition

> to whatever social, biological, or cultural importance they have. One quality that has always instilled a sense of place is a desirable natural landscape. Another is an attractive social environment. Efforts to protect the landscape and enhance the social environment have to be looked at as integral to any economic development strategy. They are not just social or aesthetic concerns. As local citizens organize themselves to promote continued economic vitality in their community, the qualities that make it an attractive place to live, work, and do business should be of central concern.[12]

Obviously, one of the primary ways communities "protect the landscape and enhance the social environment" is through land use planning and regulation.

Planner Edward McMahon also sees a nexus between a community's image and its economic well-being. He then goes further by urging communities to resist the temptation to take any type of "development" they can get.

> …a community's image is important to its economic well-being. The best places to live, work, and visit are those places that are willing to uphold their standards in the face of pressure to allow lowest common denominator development. The bottom line for most businesses is securing access to profitable trade areas. They evaluate locations based on their economic potential. If they are required to address local design, landscaping, or signage requirements, they will usually do so. They might prefer a gaudy 100-foot tall sign, but they will settle for the 20-foot tall sign everybody else has.[13]

When it comes to quantifying the economic benefits of planning (as opposed to cost savings), Power documents extensively the benefits that accrue to local economies that recognize, preserve, and capture the value of high quality natural and social environments—efforts that by definition entail land use planning and control. Among those benefits are the dollars spent by newcomers, the "multiplier effect" of those dollars turning over in the local economy, the jobs that are consequently created (at least one for each working-aged newcomer, Power says), expansion of local markets as they respond to the additional activity, and even an increase in governmental dollars from programs that are geared to population size. In summary, if demand for quality of life—social, cultural, natural, and other amenities—outstrips supply (and it does), the price for that quality of life—the development value of it—will go up.[14]

In some states, there may be additional economic benefits to planning. For example, legislators in Kentucky are considering a state planning law that would provide incentives for local areas to plan—extra credit for community development block grants, capital projects, transportation projects, Economic Development Cabinet initiatives, and the like. To get those incentives, localities will need to formulate comprehensive plans that, among other things, designate areas that will remain open for development and areas that will be preserved. In those latter areas, dubbed "Limited Service Areas," municipal services will not be extended, provided, or upgraded by any government. The effect will be to create growth boundaries akin to Lexington-Fayette County's Urban Service Boundary.

Planning in Appalachia. The story of Harlan County, deep in the Appalachian Hills, is a stereotypical rural hard luck story—one of isolation, dependence on extractive industry, and economic downturn. The unemployment rate sits at more than three times the state average after mechanization and other changes in the coal industry reduced jobs by half. Poverty, lack of modern infrastructure and facilities, and few development alternatives are part of the same story. But there is hope; Harlan County is not without assets or alternatives.

In the spring of 1999, a group of local officials, business owners, and citizens met to discuss ways of promoting economic development in the county. Figuring that recruitment for the area's industrial parks was better left to the state, the group settled on promoting recreational tourism to take advantage of the region's scenic beauty, proximity to historic tourist attracts in neighboring counties, and relatively easy access for large numbers of people. The only problem: 70-80 percent of land in the county is privately owned by coal and timber companies who intend one day to harvest it. Consequently, the land is not for sale and, in some cases, unavailable even for use because of liability concerns.

While the county has no planning or zoning, the group did hit on a land use solution: easements. The group is currently seeking ways for the county to obtain easements on the land that will allow for the development of trails and other recreational facilities while absolving the landowners of liability. If that can be achieved, the group believes that more tourists can be lured to the county for hiking, horseback riding, canoeing, and other activities that will help Harlan's ailing economy. And once that happens, the next logical step will be the development of support services—hotels, restaurants, and the like. Rob Miller, County Extension Agent in Harlan, says that ultimately planning and zoning may be necessary to accommodate and guide the development that is hoped for. Instituting it will, however, "be contentious."

Planning in Indiana. Pike County in the southwest corner of Indiana has the only coal-dependent economy in the state. And though per capita income is not that low, the county suffers from a wage disparity between coal and power plant jobs and low-paying service jobs, a stagnant economy, and population loss. Like Harlan County, however, there is a bright spot and land use planning plays a role.

Hoping to build its economic future by supplying and serving the Toyota plant in nearby Princeton, Pike County recently completed a comprehensive land use plan, and zoning ordinances are expected to follow. The plan—part of a systematic effort to properly plan for community and economic development—addresses the fact that new business prospects want local land use planning and zoning to protect investments they might make. According to Karen Dearlove, Executive Director of the Indiana 15 Regional Planning Commission, that is a big issue for areas with no zoning or land-use regulations in place. Indeed, the lack of local land use planning and zoning has hampered the local economic development corporation's efforts to promote Pike County as a location for business development.

Which Way From Here?

In spite of the benefits, many communities have not planned adequately, if indeed at all, for future land use. Take Kentucky for example. While Kentucky has a state planning law on the books, critics say it is largely ineffective, with no sanctions requiring planning and no incentives promoting it. As a result, 27 of Kentucky's 120 counties have no planning either at the county or city level. Planning in the other 93 counties varies—in some, planning efforts are done jointly between the county and cities within the county, in others, cities plan independently.

In addition, the forces against change are strong. Burchell and Shad elaborate.

First, current development continues to be popular because of the short-term benefits that accrue to households and businesses as opposed to the long-term costs that accrue to society.

Second, current development is closely aligned with traditional American land conversion that has been characterized as a 'prairie' philosophy. According to this philosophy, land is available in unlimited supply to be converted to developed uses, and it is the responsibility of both political jurisdictions and professionals in the development arena to ensure that land is ready for development, regardless of cost (Delafons, 1962).[15]

A third factor that operates in favor of continuing current development trends is that the costs of this type of development have not been made explicit to the public. Sprawl is a 'build now, pay later' land-use pattern, as opposed to the 'pay as you grow' land-use pattern of compact growth. (Michigan Society of Planning Officials 1995).[16] That is, the physical and social costs of current development have been and will be borne by current and future populations. As a result, to the individual they appear small.[17]

Further explanation of the first point is found in Burchell and Listokin.

> The reason that this process goes on is that traditional development, in the short run, is not all that bad for the region. Traditional development is an efficient distribution of economic activities in both a macro and micro sense (Muller 1981).[18] Firms and people are distributed to localities that minimize individual out-of-pocket costs. Shopping and journey to work

trips have the greatest amount of freedom and the shortest times, reflecting this allocation of development (Muller 1986).[19]

Traditional development also has a cleansing and regenerative effect. It provides a new market-driven alternative when existing economic entities become dated or difficult/inconvenient to access. Further, traditional development is a bellwether for change. It senses the cutting edge of the desires of consumers and casts that sense in new development product at preferred locations. Moving outward from a dated or inconvenient core is the easiest individual solution and what consumers seek in most marketplaces. The larger societal costs or impacts of these development patterns are not considered when the firm's or individual's choices are made to pursue them.[20]

Only time will tell whether these forces, combined with the philosophical opposition to planning that is prevalent in the United States and perhaps more so in rural areas, will hold sway over the mounting pressure to promote planning and smart growth. In all likelihood, however, rural places—especially remote and/or lagging ones—will be among the last to adopt land use planning despite its many benefits.

Footnotes

1. T. Daniels, J. Keller, and M. Lapping, The Smalltown Planning Handbook, (Washington, DC: American Planning Association, 1988) p.3.

2. *Time*, (March 22, 1999) p. 48.

3. Lori Garkovich, *Frequently Asked Questions About Land Use Planning and Zoning* (University of Kentucky Cooperative Extension Service, July 1999).

4. David Burchell and Naveed Shad, "A National Perspective on Land Use Policy Alternatives and Consequences," paper presented at National Farm Foundation's National Public Policy Education Conference (Portland, Oregon: September, 1998).
5. American Farmland Trust.

6. Robert Burchell and David Listokin, *The Economic Effects of Trend Versus Vision Growth in the Lexington Metropolitan Area* (Lexington, Bluegrass Tomorrow) 1995.

7. Economic Research Service, U.S. Department of Agriculture. *Rural Conditions and Trends*. (Washington, DC) Vol. 9, No. 2.
8. Lori Garkovich, *Nelson County Economic Development Plan* (Nelson County, Kentucky: September 1999).

9. Ibid

10. Ibid

11. *Rural Conditions and Trends.*

12. Thomas M. Power, *Lost Landscapes and Failed Economies: The Search for a Value of Place.* (Washington, DC: Island Press, 1996) p. 237-238.

13. Edward T. McMahon on Planners Web www.plannersweb.com

14. *Lost Landscapes and Failed Economies.*

15. Delafons, John. 1962. *Land Use Controls in the United States.* Cambridge, MA: Harvard-MIT Joint Center for Urban Studies. Cited in Burchell and Shad.

16. Michigan Society of Planning Officials. 1995. *Patterns on the Land: Our Choices–Our Future.* Rochester, Michigan: Michigan Society of Planning Officials. Cited in Burchell and Shad.

17. Burchell and Shad, p. 11

18. Muller, Peter. 1981. *Contemporary Suburban America*. Englewood Cliffs, NJ: Prentice Hall. Cited in Burchell and Listokin.

19. Muller, Peter. 1986. "Transportation and urban form: Stages in the spatial evolution of the American metropolis." In Susan Hanson (ed.), *Geography of Urban Transportation.* New York: Guilford Press. Cited in Burchell and Listokin.

20. Burchell and Listokin. p. 44.