It is clear that Americans' attitudes towards growth are changing. People increasingly consider sprawl to be a problem. But can smart growth really give people what they want? To answer that question, we need to understand exactly what smart growth is and what makes it the sensible choice.

What is Smart Growth?

We define smart growth according to its outcomes—outcomes that mirror the basic values of most Americans. Smart growth is growth that helps to achieve these six goals:

1. Neighborhood Livability
   The central goal of any smart growth plan is the quality of the neighborhoods where we live. They should be safe, convenient, attractive, and affordable. Sprawl development too often forces trade-offs between these goals. Some neighborhoods are safe but not convenient. Others are convenient but not affordable. Too many affordable neighborhoods are not safe. Careful planning can help bring all these elements together.

2. Better Access, Less Traffic
   One of the major downsides of sprawl is traffic. By putting jobs, homes and other destinations far apart and requiring a car for every trip, sprawl makes everyday tasks a chore. Smart growth's emphasis on mixing land uses, clustering development, and providing multiple transportation choices helps us manage congestion, pollute less and save energy. Those who want to drive can, but people who would rather not drive everywhere or don't own a car have other choices.

3. Thriving Cities, Suburbs and Towns
   Smart growth puts the needs of existing communities first. By guiding development to already built-up areas, money for investments in transportation, schools, libraries and other public services can go to the communities where people live today. This is especially important for neighborhoods that have inadequate public services and low levels of private investment. It is also critical for preserving what makes so many places special—historic buildings, historic districts and cultural landmarks.

4. Shared Benefits
   Sprawl leaves too many people behind. Divisions by income and race have allowed some areas to prosper while others languish. As basic needs such as jobs, education and health care become less plentiful in some communities, residents have diminishing opportunities to participate in their regional economy. Smart growth enables all residents to be beneficiaries of prosperity.

5. Lower Costs, Lower Taxes
   Sprawl costs money. Opening up green space to new development means that the cost of new schools, roads, sewer lines, and water supplies will be borne by residents throughout metro areas. Sprawl also means families have to own more cars and drive them further. This has made transportation the second highest category of household spending.

6. Keeping Open Space Open
   By focusing development in already built-up areas, smart growth preserves rapidly vanishing natural treasures. From forests and farms to wetlands and wildlife, smart growth lets us pass on to our children the landscapes we love. Communities are demanding more parks that are conveniently located and bring recreation within reach of more people. Also, protecting natural resources will provide healthier air and cleaner drinking water.

How is Smart Growth Achieved?

Setting goals is easy. Attaining them is always the challenge. But after years of experience with an assortment of projects, we are beginning to see what approaches work best. Though techniques will vary across regions and community types, the ten tools listed here can form the basis for a sensible and effective smart growth plan. This list has been adopted by a variety of political and business leaders, including the National Governors' Association.

To achieve smart growth, communities should:

1. Mix Land Uses.
   New, clustered development works best if it includes a mix of stores, jobs and homes. Single-use districts make life less convenient and require more driving.

2. Take Advantage of Existing Community Assets.
   From local parks to neighborhood schools to transit systems, public investments should focus on getting the most out of what we’ve already built.
3. Make Development Decisions Predictable, Fair, and Cost-Effective. Builders wishing to implement smart growth should face no more obstacles than those contributing to sprawl. In fact, communities may choose to provide incentives for smarter development.

4. Foster "Walkable", Close Knit Neighborhoods. These places offer not just the opportunity to walk—sidewalks are a necessity—but something to walk to, whether it’s the corner store, the transit stop or a school. A compact, walkable neighborhood contributes to peoples’ sense of community because neighbors get to know each other, not just each other’s cars.

5. Promote Distinctive, Attractive Communities with a Strong Sense of Place, Including the Rehabilitation and Use of Historic Buildings. In every community, there are things that make each place special, from train stations to local businesses. These should be protected and celebrated.

6. Preserve Open Space, Farmland, Natural Beauty, and Critical Environmental Areas. People want to stay connected to nature and are faster than any other area in the country. During the same period, the mid-1980s to the mid-1990s, Atlanta built highways and developed land faster than any other area in the country. As shown in the chart to the right, both metro areas experienced rapid population and job growth, but commute times in Portland actually declined 9 percent, while in Atlanta commutes lengthened by 1 percent despite an aggressive and costly freeway widening program. Air quality problems, measured by number of “ozone alert” days, declined 6 percent in Portland while they rose by 5 percent in Atlanta. Perhaps most importantly, Portland residents surveyed noted that the quality of their neighborhoods improved by 9 percent while Atlantans responded that the quality of their communities declined by 1 percent.

7. Strengthen and Encourage Growth in Existing Communities. Before we plow up more forests and farms, we should look for opportunities to grow in already built-up areas.

8. Provide a Variety of Transportation Choices. People can’t get out of their cars unless we provide them with another way to get where they’re going. More communities need safe and reliable public transportation, sidewalks and bike paths.

9. Make Development Decisions Predictable, Fair and Cost-Effective. Builders wishing to implement smart growth should face no more obstacles than those contributing to sprawl. In fact, communities may choose to provide incentives for smarter development.

10. Encourage Citizen and Stakeholder Participation in Development Decisions. Plans developed without strong citizen involvement don’t have staying power. When people feel left out of important decisions, they won’t be there to help out when tough choices have to be made.

A TALE OF TWO CITIES: PORTLAND, OREGON AND ATLANTA, GEORGIA. A recent study by Professor Arthur C. Nelson of the Georgia Institute of Technology presents hard evidence for the quality of life benefits of smart growth by comparing Portland, Oregon with Atlanta, Georgia. Portland has invested in public transportation and has controlled sprawl by maintaining a band of open space around the metro area. During the same period, the mid-1980s to the mid-1990s, Atlanta built highways and developed land faster than any other area in the country. As shown in the chart to the right, both metro areas experienced rapid population and job growth, but commute times in Portland actually declined 9 percent, while in Atlanta commutes lengthened by 1 percent despite an aggressive and costly freeway widening program. Air quality problems, measured by number of “ozone alert” days, declined 6 percent in Portland while they rose by 5 percent in Atlanta. Perhaps most importantly, Portland residents surveyed noted that the quality of their neighborhoods improved by 9 percent while Atlantans responded that the quality of their communities declined by 1 percent.

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These results are consistent with public perceptions of livability in each area. Portland is widely regarded as the American city that best exemplifies smart growth. Real estate industry analysts recognized this in a recent report, noting that “Portland has growth controls, which investors increasingly covet, and excellent quality-of-life perceptions.” Atlanta, on the other hand, has now been dubbed “Sprawl City,” beset by problems ranging from geographically severe racial segregation, air pollution, and the longest average commute in America. In fact, large corporations such as Hewlett Packard have passed over the region as a potential site for new facilities. Hopefully, these perceptions will someday be a thing of the past for Atlanta. A recent federally mandated moratorium on highway construction has spurred business leaders and public officials into action to promote smarter growth.

WHY SMART GROWTH MAKES SENSE FOR TOWNS AND SUBURBS

In rural and suburban areas where sprawl is happening, communities face tough choices when it comes to growth. Many landowners feel they have no choice but to sell their properties to developers, and too many communities watch helplessly as nearby farmland, forests, fragile ecosystems, and scenic landscapes succumb to sprawl. But poll after poll demonstrates that people greatly value open space and are willing to pay to preserve it. A growing body of research shows that protecting open space makes fiscal sense. There is a common myth that development is good for the local bottom line. But in fact, new residential development demands more in services than it contributes in taxes, and existing residents typically foot the bill. Over 10 “cost of community services” studies conducted nationwide show that residential development costs a municipality more in maintenance costs than farmland and open space.

For example, in a study of costs in Skagit County, Washington, developed land required 1.25 cents in services for each $1 of revenue it produced, agricultural land only required 5 cents in services for each $1 of property tax revenue. Farmland and open space conservation also have indirect positive tax benefits such as increasing nearby property values, increasing revenues from tourism and reducing costs for flood control and water supply. Bond rating institutions, which rate the overall financial health of municipalities, are now rewarding communities with better bond ratings when they have farmland protection programs.

### Why Smart Growth Makes Sense for Towns and Suburbs

<table>
<thead>
<tr>
<th>Measure</th>
<th>Portland</th>
<th>Atlanta</th>
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<tr>
<td>Population Growth</td>
<td>+26%</td>
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<td>Job Growth</td>
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<td>Commute Time</td>
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<td>Energy Consumption per Capita</td>
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<tr>
<td>Neighborhood Quality</td>
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SMART GROWTH DELIVERS VALUE TO HOMEOWNERS More and more, the desire for smarter growth is being reflected in real estate trends, as Americans are rediscovering the appeal of traditional neighborhoods—ones in which you might find a attractive mix of houses, shops, townhomes, parks and civic buildings. These are neighborhoods where people don’t have to drive everywhere because destinations are close by and a range of transportation choic- es—reliable public transit, bicycle lanes, side- walks—are safe, convenient and plentiful. They are culturally diverse communities with a rich array of amenities. Sales of new homes that emulate many of these qualities—known as “New Urbanism”—are booming. Today, over 200 New Urbanist develop- ments have been built and occupied all across America. Because of their excellent design, such properties tend to sell out quickly and command a $5,000 to $30,000 price premium above nearby units of comparable size, according to a recent Urban Land Institute study.

Developers who have seized on these new opportunities are gaining handsome profits. The real estate investment trust (REIT) most heavily invested in New Urbanism, Atlanta based Post Properties, is perhaps the best example. In the SACRAMENTO BUSINESS JOURNAL, a senior analyst with Goldman Sachs argued that, “Post probably has one of the best balance sheets in the REIT industry, and that’s no B.S.” The nation’s largest homebuilder, Pulte Homes, has reported that more than 65 percent of active home-shoppers in South Florida prefer communities designed around New Urbanist principles rather than conventional sprawl.

As demographics change, this trend will only get stronger. Sprawl development is geared to nuclear families with children. But today, 31 percent of American households are childless sin- gle people. The number of empty nesters and older people is rising, and they exhibit the strongest preference for New Urban and established neighborhoods.

Is Sprawl a Good Investment? Each year two financial research firms, PricewaterhouseCoopers LLP and Lend Lease Real Estate Investments Inc., assess the commercial real estate market. Increasingly, they are warning investors away from suburban office parks and malls, and towards 24-hour districts with a more urban character. Their most recent report, Emerging Trends in Real Estate 2000, sends this message in unmistakable language:

“Endless traffic lights, interactions, and turning lanes highlight [suburban-]test frustration as they battle a legacy of poorly conceived infrastructure, abysmal regional planning, and ‘anything goes’ development.”

“Emerging Trends interviewees repeatedly mentioned infill redevel- opment... projects as favored investments. ‘We’re going back to the future,’ said an investment management executive. ‘The whole issue of...regenerating the city and the idea of place is finally being accepted by the investor and business commu- nity. Today’s poorly conceived suburbs will be the ghettos of the future.’”

“You can still wager on suburban ‘growth path investing’... but it’s a risky play. The boomers’ prime child rearing years are over, and Generation X decid- edly prefers the more exciting opportunities offered by big cities... The golden era is over. What remains is a pockmarked suburban landscape, with attractive better-planned communities interspersed among areas destitute for eventual obsolescence. Many of these places weren’t built to last.”

Suburban degeneration is increasing, while 24-hour cities and prime infill locations gain face...”

In 1997, for example, the State of New Jersey adopted an innovative urban code to encourage the renovation of decaying buildings. Within a year, rehabilitation investment statewide rose by 8 percent. In the cities of Newark, Jersey City and Trenton, spending increased by 60 percent, 83 percent and 40 percent, respectively. Gains in Newark totaled $41 million. The reinvestment boom has been so successful that other states are following suit; Maryland enacted a similar law in April 2000. For residents, revitalized neighborhoods mean better places to live and more choices about where to work. At the federal level, two laws have played a key role in spurring these new opportunities: the Community Reinvestment Act (CRA) and the Home Mortgage Disclosure Act (HMDA). CRA encourages lending institu- tions to invest in the communities that they serve, ensuring that some savings from the resi- dents of minority and low-income neighborhoods are being reinvested in their own community. Since 1977, CRA has secured roughly a trillion dollars of investment in mortgage lending, affordable housing development, small business lending and other community development proj- ects. HMDA requires financial institutions to tell the public how they are investing their funds, thereby providing communities with a valuable tool for assessing investment under CRA. An array of parties, from developers to non-profit organizations, have been able to use CRA and HMDA to reinvest in neglected communities and bring them back to life. In the photos to the left are a sample of “before and after” pictures of affordable housing and redevelopment projects.