



Local Government Efforts to Promote Economic Growth and Development

Cities and counties play a major part in the competition for economic growth and development. They can encourage growth by establishing policies and programs to accommodate development. Or, they can discourage development with uncertain, inconsistent policies and no-growth moratoria. Frequently, they do both. While discouraging growth – to the long-term detriment of the community – is by far the easier task, local governments here and across the country are demonstrating that smart growth policies can accommodate and foster economic growth while enhancing the community’s quality of life.

In this fourth of our series, *Growth in Perspective*, we discuss what local governments are doing to promote economic growth and development and what they need to do in order to be more successful.

As we have previously observed, there are as many interpretations of “smart growth” and how it should be accomplished as there are communities throughout the country. This is good news, according to Steve Hayward, a senior fellow with the Pacific Research Institute in San Francisco. Hayward says that a “simplistic, one-size-fits-all” approach would be a “profound mistake.”¹

Growth policies must be sensitive to community values and conditions. But there are problems that are ubiquitous, and solutions and approaches that have common application. Current zoning in many areas, for example, makes smart growth illegal with requirements for wide streets, large set backs and lot sizes, and prohibitions on mixed uses. While regions will vary on how they choose to address these restrictions, there are a number of positive developments emerging according to the Urban Land Institute. These include:

- Alternative street design guidelines necessary to create smart growth neighborhoods;
- Alternative zoning overlays that permit greater mixes of use, lower parking requirements, and smaller setbacks;
- Developers that are building smart growth communities, earning good returns, and creating comparables necessary to financing future projects;
- Local governments that are speeding up permitting processes for developments that meet smart growth goals;
- States that are making brownfield redevelopment easier, providing liability protection, favorable financing, and discounted impact fees; and
- Capital gains tax revisions on home sales that allow people to trade down without incurring a tax penalty.²



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Infill housing in cities like Washington, D.C., Boston and San Francisco, where urban living is well established, in cities such as Dallas, Nashville and Milwaukee, where it is not, as well as in new compact suburban communities, like Harbor Town in Tennessee, Kentlands in Maryland, Laguna West in California, and Southern Village in North Carolina, have benefited from a fresh view of land use policies and are meeting with “remarkable acceptance across the country,” according to the National Association of Realtors (NAR).³

Coordination is the Key

NAR which supports “smart growth” and “new urbanism,” says that “too often, local governments rush to adopt plans and ordinances without a community consensus on what it wants the future of the community to be.” NAR has found that local zoning and permitting regulations and restrictive building and environmental codes in many areas of the country have been adopted in a “piece-meal” fashion over time. Soaring housing prices, reduced effort to build affordable housing, racial and ethnic segregation, and traffic congestion, according to the report, are unintended consequences that can often be traced back to problematic local growth policies and regulations.⁴

In Washington the legislature enacted the Growth Management Act (GMA) in part to address these problems. Adopted in 1990, GMA requires cities and counties in the fastest growing areas of the state to prepare comprehensive plans. The rationale is, if a community coordinates all its critical growth-related activities, and if its plan is consistent with state and federal laws and regulations, it will achieve its growth and quality of life objectives more effectively. The critical growth elements that GMA requires are land use, housing, capital facilities, transportation, utilities, shorelines, and rural character. A community’s plans must articulate the amount, location, and density of various types of land uses – residential, commercial and industrial. Development regulations, like subdivision and zoning ordinances, are required. And, areas that are defined to be especially vulnerable, like wetlands and flood-prone areas, as well as farm and forest lands, must be identified and plans developed for their protection and conservation.

GMA recognizes that government decisions at all levels in land use, transportation, and capital facilities (such as roads, water and sewer systems) affect an area’s ability to increase its wealth and economic vitality. Confirming the NAR report findings, Washington’s Office of Community Development reports that prior to GMA, “. . . many Washington cities and counties had land use regulations that were developed a piece at a time, not necessarily consistent with each other or based on a set of common goals. . . Now, the GMA requires local governments planning under GMA to adopt development regulations that carry out and are consistent with the comprehensive plan.”⁵ In order to facilitate orderly development, land use regulatory reform, passed in 1995, requires all local governments in Washington “. . . to establish integrated, consolidated land use permit systems.”⁶ In turn, once these plans have been reviewed and adopted, state agencies are also required to adhere to them.⁷

Beyond a comprehensive, integrated approach to addressing what can seem to be the conflicting goals of economic vitality and quality of life, the NAR report suggests that a good first step is for a community to conduct a “smart growth



audit.” This audit would review a community’s policies and regulations — comprehensive plans, zoning ordinances, transportation plans, environmental policies, water and sewer plans, capital improvement programs, permit regulations, and other related documents — and evaluate the extent to which they promote the goals of the community, accommodate growth, encourage or discourage responsible development, and are consistent with one another.

If done properly, Washington comes close to requiring its communities planning under the GMA to perform the tasks associated with a smart growth audit. RCW 36.70.130 requires counties to fully review and evaluate their development regulations, comprehensive plans, and critical areas ordinances and their effectiveness in achieving goals and accommodating growth. Success is hard to document yet, however, according to Holly Gadbow at the Office of Community Development. “There are so many deficits,” she says. She believes our focus needs to be on building infrastructure to meet existing needs first and then developing adequate infrastructure for new growth.

Infrastructure lays the framework. Washington Association of Realtors (WAR) points out, “Infrastructure is an important investment in the growth of society, the economy and our quality of life. Investing in infrastructure helps accommodate and facilitate quality growth to benefit the whole community.” In fact, providing the infrastructure can attract new business, that in turn drives the economic engine that funds many of the services the community wants, WAR says.

“Wise growth policy” will assure adequate infrastructure to accommodate growth and long-range capital budgeting at both the state and local levels,” says Pacific Research Institute’s Hayward. Again, Washington’s GMA anticipates the goal, however, as noted in an earlier report in this series, there has been little infrastructure gain in ten years (see ePB 00-37, December 18, 2000, *A Firm Foundation for Growth*).

And the nature of infrastructure is changing with changing technology. Advanced telecommunications infrastructure, like fiber optic cable, which allows high-speed connections for voice, data, and internet communication, has risen to the top of the list in recent years. Many smaller communities in Washington believe this development has the potential to jump-start their rural economic development programs. Hundreds of private telecommunication service providers are now regulated by the state Utilities and Transportation Commission and are poised to compete with one another. In a made-to-order example of public-private partnership, local public utility districts and rural ports in Washington are installing fiber, taking it the “last mile” to the doorstep of customers throughout their respective regions. Private telecom companies will then be able to lease bandwidth and compete for retail customers.

Even with this promising development for rural areas, local governments must coordinate their infrastructure development with their land use plans. Infrastructure – highways, roads, sewers, sewage treatment, water, and storm water facilities, and now advanced telecommunications — potentially involves many different local and state agencies, like port authorities, special fire, water, irrigation, transit, school, parks, hospital, or utility improvement districts, city street and county road departments, as well as private businesses providing cable, natural gas, electricity, telecommunication, and garbage services. “Only with



well-thought-out-capital facilities plans that include adequate financing methods will local governments and Washington be able to effectively and realistically provide for growth,”⁸ says the state’s OCD.

A Helping Hand Helps

Beyond specific policies and regulations, local government sets the tone for growth and development by making it either easier or more difficult to do business at city hall or the county courthouse. A coordinated permit review process can play a key role. Technology is helping. Increasingly, cities, counties, and various local agencies and organizations are providing basic educational and timesaving information on permitting over the Internet.

The city of Seattle’s Online Permit Desk, for example, provides businesses and individuals not only the ability to view the whole Municipal Code for the city, but an increasing ability to:

- apply for certain permits;
- view the status of their permit applications or complaints;
- request a required inspection;
- view daily over-the-counter permits issued; as well as
- locate information on recent code changes.⁹

This use of Internet communication reduces the need for individuals to spend the time in traffic, on-hold, or in lines getting information from the local permitting offices, or money on increasingly expensive, hard-to-find parking in order to go to city hall in person.

The city’s web site also provides links to regional economic development resources. The private, non-profit Economic Development Council (EDC) of Seattle and King County, for example, offers a matrix of resources and appropriate agencies or organizations to contact for questions from licensing and permitting, financing, worker training, labor relations, marketing, taxes, exporting, siting, to technical assistance for business expansions, retentions, relocations, and new locations.

The EDC web site also provides information on:

- the local market for office, industrial, retail and apartment space, offering the total leasable area available, vacancy rates, and average square foot lease rates in various areas of the county;
- the electric, gas, water, sewer, and telecommunications utilities operating in the area with rate comparison by user class with other selected cities through the country;
- the tax structure, explaining the various taxes that apply to doing business in the state and the local area;
- the research and development organizations and activities present in the area that provide ready access to cutting-edge perspectives on developments that could affect the direction of business and business technology;
- the area’s global trading relations and the resources available that support international trade; and finally,



- ❑ the area’s different modes of transportation and how long in days or hours it takes to get from the Puget Sound area to various metropolitan areas around the country.¹⁰

As helpful and welcoming as these resources are, however, ‘you’ve gotta know the territory.’ The cities in King County are all different and “fragmentation is an issue,” according to Mike Luis, Manager with the Housing Partnership. “Permit processing is handled differently in different communities. Building departments are different with different policies. Some are better than others; some are just less busy,” he says. This frustrates builders and potentially exacerbates an already complex development process.

In Conclusion

Certainly GMA and its implementation in Washington have been controversial. But, underlying most GMA concerns has been a recurring theme that bears repeating: Responsible development depends upon government policies that are clear, consistent, and certain.

In spite of all the different approaches to growth across the country, and all the disagreements on whether or how to manage it, some unifying axioms are emerging for growth communities:

- ❑ When government regulations, fees, and processes add unnecessary costs to development projects, building prices will rise unnecessarily.
- ❑ When land use policies and regulations result in constricted housing supply, prices will rise.
- ❑ When government policies withhold the capital investment in infrastructure necessary to accommodate growth, the community at-large will bear the costs in terms of traffic congestion, pollution, overcrowding, and a generally diminished quality of life.
- ❑ Time-consuming processes, inconsistent policies, costly and onerous permitting and development regulations will eventually stall an area’s economic engine.

When these steps are avoided and communities begin to plan for growth in a spirit of accommodation, economic growth may ensue that enhances a region’s quality of life, contributes to environmental responsibility, and increases community vitality.

Endnotes

¹ *Growth Control, The Latest Sequel!* Steven Hayward, CBIA Journal, Fourth Quarter, 1998.

² Smart Growth in Our Future? Geoffrey Anderson and Harriet Tregoning, ULI on the Future: Smart Growth, Urban Land Institute, 1998 pp 4-11.

³ Smart Growth: A Resource For Realtors, The Issues, the Economics, and the Debate, National Association of Realtors, 2000.

⁴ Ibid.

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- ⁵ GMA and Development Regulations, *It's in the details: Local development regulations offer specifics on how comprehensive plans are carried out*, Washington State Office of Community Development, http://www.ocd.wa.gov/info/lgd/growth/fact_sheets/Development_Regulations.htm. July 20, 1998.
- ⁶ GMA and Quality of Life, *Growth management is making a positive difference in Washington state*, Washington State Office of Community Development, http://www.ocd.wa.gov/info/lgd/growth/fact_sheets/Quality_of_life.htm. July 20, 1998.
- ⁷ GMA and Development Regulations, *It's in the details: Local development regulations offer specifics on how comprehensive plans are carried out*, Washington State Office of Community Development, http://www.ocd.wa.gov/info/lgd/growth/fact_sheets/Development_Regulations.htm. July 20, 1998.
- ⁸ GMA and Capital Facilities, *Roads, sewers, water, stormwater, and other capital projects are essential for economic vitality, quality of life*, Washington State Office of Community Development, http://www.ocd.wa.gov/info/lgd/growth/fact_sheets/Capital_Facilities.htm. July 20, 1998.
- ⁹ <http://www.ci.seattle.wa.us/dclu/permitdesk/>
- ¹⁰ <http://www.edc-sea.org/business.html>

