

Who pays for Growth? We do!

Towns make a mistake of thinking more growth is the answer to their money problems. Although, expansion has attractive aspects it obscures the long-term downside of the added tax burden it puts on residents who have to pay for the expansion as well as increase traffic and crime. Mostly ignored or unnoticed is the incremental cost of expanding major facilities required by growth. Almost invariably, the problems only worsen because tax increases seldom cover the true costs of expansion, which include such things as the replacement or expansion of capital facilities, such as power, storm water, sewer and water treatment plants and hiring more staff.

Economists have found that residential development incurs a net fiscal deficit. For example, a residential development requires \$1.25 in municipal services for every \$1 of revenue generated. Towns neglect to cover adequately the additional costs that will be needed to provide services for the new growth like roads, road and utility maintenance as well as upgrading, public services, increase in city service fees, police and fire protection, etc. The officials create a long-term deficit that local taxpayers eventually have to pay. Since these unanticipated costs are spread among all taxpayers, existing taxpayers unwittingly subsidize the expansion – in effect the losers subsidize the winners. Furthermore, in many communities that are experiencing sudden second home expansion, existing less wealthy long term resident taxpayers are subsidizing the well-to-do.

When the cost of new infrastructure for newcomers is paid by all taxpayers, the effect is a subsidizing for relatively rich newcomers. Additionally, newcomers often demand higher levels of public services than had previously existed. Moreover, the prices of land, homes, property taxes, rent, and private services increase because newcomers can afford more, and this raises the cost of living which often forces long-term residents to leave.

For all these reasons, we all need to engage in the decisions underlying these issues and officials should scrutinize the fiscal consequences of land use decisions. We must insist that our communities manage growth more carefully and make the necessary changes to update their general plans and ordinances and adopt growth management strategies to make growth pay its way.

What you can do:

Get actively involved in planning decisions about your community's future. Encourage a compact community and efficient use of land, community and resources. Lets join together to address our community challenges that require good governance and better decisions by communities.

Getting involved, working together, and creating new approaches to growth collectively will create a better outcome and can achieve multiple benefits simultaneously. To meet the enormous challenges of rapid growth and development your town should identify more effective growth management strategies that would help shape a better long-term future. Ask them to enact ordinances to protect the ridge lines, provide for public trails, include more urban open space in projects and include affordable housing. We need to change the enabling statutes because the current statutes are outdated and times have changed but the zoning hasn't. Lets invest in our future and change the polices that are inconsistent with quality growth strategies.

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As James Rouse, the master builder of Columbia, Maryland, put it:

“The most important thing we have yet to learn is that there is so much more we can do about creating successful communities and successful lives for the people of our country than we attempt to do. We continually fall short of the possible that is out there in front of us because we envision so little is possible. We are always undershooting in what we believe it is possible to do.”