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Coalition for Smart Growth Summit 2009

The Cost of Growth and What it Means to Our Community

September 29, 2009

Keynote Speaker: Joanne Denworth. The Benefits of Smart Growth

Morning Panel: The Costs of Infrastructure:

Craig Reed, PennDOT Smart Transportation Initiative

Dave Kilmer, Red Rose Transit Authority

Larry Downing, PPL retired

Terry Kauffman, Mount Joy Borough Authority

Jeff Rutt, Keystone Custom Homes

Lunch Speaker: Karen Martynick, Smart Growth and Agriculture

Afternoon Panel: Costs of Public Services:

James Walsh, Police Chief, West Lampeter Township

Rick Kane, Fire Chief, Manheim Township

Steve Iovino, former School District Superintendent

Ralph Goodno, Lancaster County Conservancy

Dan Zimmerman, Warwick Township Manager

Keynote - Joanne Denworth, Senior Policy Manager for Pennsylvania Governor's Office

Lancaster County is the most progressive county for planning in Pennsylvania.

In the wake of the financial crisis, subprime mortgage debacle, and real estate market collapse, there is growing recognition in the real estate industry, among citizens and local governments that current patterns of development are unsustainable

Citing the Urban Land Institute's Emerging Trends in Real Estate – the “best advice for 2009” is to retrench on development and reorient to mixed-use and infill. Higher-density residential with retail will gain favor in next round of building.

Within Pennsylvania metropolitan areas there is:

- 84% of population
- 87% of the jobs, and
- 92% of the state's gross domestic product

What is Smart Growth? The Basics

States and municipalities are adopting smart growth principles and measures of performance for development and investment. Citing the Lincoln Institute Smart Growth Policies 2004, smart growth:

- Promotes compact development
- Protects natural resources and environmental quality
- Provides a variety of transportation options
- Supplies affordable, mixed use housing
- Creates net positive fiscal impacts

Key Smart Growth Concepts: Compact Mixed use development

Smart growth concepts include the following:

- Land use patterns that increase the density, mix of uses, contiguity, connectedness, and pedestrian orientation of development
- Location matters - high residential density in the middle of nowhere yields few benefits
- Compact, mixed use development is not multifamily housing only – small-lot, single-family development can yield benefits

Recent studies estimate that doubling residential density across a metropolitan area might lower household motor vehicle travel time by about 5% to 12%, and perhaps by as much as 25%, if coupled with higher employment concentrations, significant public transit improvements, mixed uses, and other supportive demand management measures. More compact, mixed-use development can produce reductions in energy consumption and CO₂ emissions both directly and indirectly.

MPC Tools to Help Direct Growth & Protect Resources

The Municipal Planning Code (MPC) amendments in 2000 provided for multi-municipal planning for distribution of uses. The courts will consider the multi-municipal plan in any zoning challenge; the state will prefer funding for planning & investments that implement a multi-municipal plan. Special tools include Transfer of Development Rights (TDR), Specific Plan for shared commercial development, tax base sharing, Planned Mixed Use Communities, Traditional Neighborhood Development, and implementation through intergovernmental agreements among participants.

Multi-Municipal Planning Successes in Pennsylvania

One fourth of all Pennsylvania municipalities plan together. Phoenixville is a model for joint planning.

Over 750 of 2,562 municipalities are now planning together. There are 172 multi-municipal plans; 116 are adopted, and 51 are in the process of approval as of 2008. Only a handful were doing so before enactment of Article XI (Citing "Plan Regionally, Implement Locally, 10,000 Friends of Pa Report 2008).

Actual implementation of plans is proceeding. Some are adopting joint zoning; others are adopting individual zoning ordinances consistent with the area plan.



The Costs of Infrastructure – Morning Panel

Craig Reed, PennDot Smart Transportation Initiative

The principles of "Smart growth" and "Smart Transportation" are mutually supportive and share the common outcome of stronger, more livable communities and sustainable infrastructure that supports them. Highway development since the 1950s made it easier to "sprawl" and place more demands the highway system. The cycle is unsustainable.

Pennsylvania is the 5th worst state for structurally deficient bridges. It will take over \$1.5 Billion per year over the next 25 years for Pennsylvania to reduce its percentage of structurally deficient bridges to the national average of 8.9%.

74% of all commodities arrive via highway. PennDot provides mobility, while land use planning provides origins and destinations.

Strong partnerships between municipal planning and transportation planning is a win-win.

David Kilmer, Red Rose Transit Authority

Red Rose Transit Authority (RTTA) has 19 bus routes and serves 2 million passengers per year. The problem is that new development, both residential and commercial, is usually located in areas that are not along existing bus routes.

To add one bus stop one mile from an existing service route adds two hours per day of service costs to the route, which translate into a cost increase of \$1100 per week.

Transportation planners ask municipalities to “Design us in.” If public transportation is not “designed in”, costs go up and service frequency goes down. Public transportation should not be an afterthought.

Municipalities need to consider transit stops in planning for development – incorporate them. Designation of transit stops should be a part of their plans.

Shopping centers are usually designed for cars, not people or buses. Shopping center workers often arrive by bus.

In the current economy, RRTA is seeing a double digit decrease in ridership. Gas prices also affect ridership - when gas reaches \$3.50/gallon people start riding the bus.

The costs to operate one bus is approximately \$370K/year. This includes a \$70K up charge to meet clean air standards. Smaller buses do not reduce the cost.

Smart growth – you can't do it with out us.

Larry Downing, PPL Retired, Utilities

In Pennsylvania electric and gas utilities are obligated to add costs for new and established services into a common rate base – this is an obligation know as “cost of service.”. New development adds costs to everyone's electric bill.

In Maryland developers pay costs for establishing new electric service.

Utilities need to be at table early on in municipal planning for development

Not having smart growth – we will all be paying more. Typical costs of sprawl

- PPL 12,000 volt line to new development - \$250K/mile
- PPL transmission line - \$1 million/mile
- PPL upgrade to substations - \$6 million
- Cost per new customer: new development, high density – \$4K/household
- Cost per new customer: new development, low density - \$15K/household

Environmental impact of providing electric service to sprawl

- New transmission line – mostly in agriculture areas interfering with farm operations
- New substations usually not placed in the development but in isolated areas
- Tree cutting and tree trimming along electric lines. PPL costs - \$20million/year

Including electric and gas utility companies in the development of regional comprehensive plans mitigates the costs the public pays for new service.

Terry Kauffman, Mount Joy Borough Authority, Water and Sewer

Drinking water resources are the “gold of the future.”

Costs of water/sewer infrastructure do get brought to the table in development negotiations.

Costs of providing water and sewer services

- Traditional suburban development - 5/6 units per acre - \$195.50 per lineal foot (Elm Tree development)
- Mixed use housing development - 8 unit per acre - \$162 per lineal foot (Mount Joy County Homes)
- High density mixed use development – 7.6 unit per acre - \$119 per lineal foot (Florin Hill)

Costs of replacing water and sewer infrastructure on main street, Mount Joy

- \$400/lineal foot. Most municipalities are not putting money aside to replace aging infrastructure.

Because Lancaster County sewer and water rates are so low, most projects do not qualify for federal funding. Pennsylvania rates are too low to meet costs of service; federal standard is \$1,000 average per year to pay your way.



Jeff Rutt, Keystone Custom Homes, Developer

The development climate has changed. There is now demand for more urban walkable communities.

His company is building TND's (Traditional Neighborhood Development) under standards authorized under the new TND chapter in 2000 MPC amendments.

A new EPA study and other studies have compared costs of development based on lot size, water & sewer, housing type, density, transportation costs. All conclude that TND consistently costs less to build. However, because TND and more dense housing are treated as conditional uses in most municipalities (instead of by right) cost of approvals takes longer and ends up costing the developer as much or more to build.

There is a need to partner with municipalities to plan and zone for such development in appropriate places and make it by right in those places.

Also we need an “upcharge” to incentivize compact TND type development over sprawling development

Lunch Speaker - Karen Martynick, Director, Lancaster Farmland Trust

Lancaster County leads the nation in farmland preservation. Over 85,000 acres preserved in Lancaster County. But conservation easements alone will not save agriculture in Lancaster County. It is the foundation but it is not enough.

Preserving agriculture and maintaining growth is Smart Growth.

We must recognize that farmland is part of our economic infrastructure. Farming is linked to our quality of life, heritage and culture. Incremental decisions have a long term impact on our ability to manage growth.

Key messages –

- For preservationists – you cannot save everything, pick your battles
- For municipal officials – toughen up, don’t give away the store, and learn to say no
- For the development community – play by the rules



The Costs of Services – Afternoon Panel

James Walsh, Police Chief, West Lampeter Township

His top objectives are to provide service and keep costs down. Response time must be 7 minutes for any call, and 5 minutes for emergencies. Friends of the Force – they volunteers help keep costs down.

Police need to be included in comprehensive planning for development as they are eyes and ears of the community and will be called upon to serve every place and aspect of the community, including parks and recreation as well as safe streets.

Rick Kane, Fire Chief, Manheim Township

Manheim Township has three fire stations that answer 3,000 calls per year.

For fire protection, demand for service is the main driver of costs. Equipment and fuel costs are astronomical. Equipment and fuel costs (2 mpg) are the main expenses of fire protection irrespective of whether the protection is from volunteer or career personal. Demand for fire services – 28% false alarms, 32% car accidents.

For police protection, salary is the main driver of cost.

Equipment Costs

- Fire engine \$400K – \$700K
- Ladder truck \$650K - \$1000K
- Tanker truck \$500K – \$700K

Each has a 15 – 18 year lifespan.

Fire protection labor costs – per capita for township residents

- | | |
|--|----------|
| • All volunteer (2007 costs) | \$19.44 |
| • Part time and volunteer (projected costs 2010) | \$35.50 |
| • Career fire fighters | \$150.00 |

Sprawl increases fuel costs for fire companies. However, increased density increases equipment costs because more expensive equipment is needed to deal with taller buildings. So smart growth is “a wash” when considering its impact on fire protection costs.

Steve Iovino, Former Superintendent, Warwick School District

Warwick School District

Schools should be planned with smart growth in mind. Joint planning with municipalities and community involvement is essential.

Comparing the costs/benefits of renovating an existing centrally located school with a replacement school at the edge of a borough:

- Building a new school at the edge of town requires a campus setting and consumes acres of open space (10 acres plus one acre for each grade level at the school)
- A school at the edge of town attracts residential growth and fills more quickly
- Centrally renovated school requires less busing - \$90,000/year savings
- Centrally renovated school better utilize near by community resources as part of the educational program

Ralph Goodno, Lancaster County Conservancy

Green infrastructure can reduce the costs of gray (built) infrastructure and provide benefits. Green infrastructure is basically our natural life support systems, which can be used as a substitute for gray infrastructure. Green infrastructure includes forests parks, greenways and ecological areas. These systems maintain the quality of our water and air for free. Gray infrastructure can do the same job at great costs.

Sprawl increases the costs of gray infrastructure and reduces the benefits of green infrastructure. When comparing the costs of gray and green infrastructure remember to include the cost of natural resources lost - timber, farms, water and air degradation, heritage tourism, flood control and recreational opportunities.

Dan Zimmerman, Warwick Township Manager

Municipalities sharing public services reduce costs and improve service. Warwick Township shares services with Lititz Borough and Elizabeth Township.

Shared services in the Warwick area:

- Warwick Regional Recreation Commission
- Warwick Emergency Services Alliance
- Joint Planning Staff

Benefits of sharing public services include:

- Meeting regional needs without duplicating efforts
- Promotes a regional attitude
- Cost-efficiency and shared burden
- Mitigates the effects of cost inflation

When sharing public services it is important to hire staff to run shared services and share costs.

Questions and comments from the public:

Questions to panel focused on impact fees and whether these should be authorized in PA (beyond the transportation impact fee that exists for traffic improvements related to the particular development.)

Panelist answers:

Larry Downing: Mannheim Township has parks & recreation & transportation impact fees on developer, which can reduce costs to homeowners, but when passed on can add \$10,000-20,000 to cost of a house, which affects affordability.

Jeff Rutt: from developers perspective impact fees need to be set within reason and be bearable for developer and homeowners.

Terry Kaufman: Municipalities need to get where we can go without impact fees. Needed for schools. Florida has an education impact fee to help pay for schools, which many in PA would support.

Randy Harris: (audience): Municipalities need to make use of enhanced authority in Municipal Planning Code (MPC) section 603 for the protection of natural and historic resources. Impact fees should be used as an incentive to build in not out – no if build in,

yes if build out. Urban issues can be tougher. Need to get a better balance between pedestrian and bus friendly environments. Use smaller buses.

Dave Kilmer: Lack of sidewalks in outer communities a problem for bus service – no place to wait; plan bus stops as required part of development.

Carol Simpson (audience) – How do we get municipal authorities to work together? How do we get people on board to support transfer development rights (TDR's)? Keystone's 4th Traditional Neighborhood Development planned for Mannheim Township was "fought to the death" by local citizens. TOD rail sites defeated by people. Education is needed.