Technical and Physical Feasibility Fact Sheet
Alternative 52: Growth Management

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1. Definition of Alternative

A-52: Develop a sustainable and coordinated growth management plan for adoption and implementation by local governments in the Middle Rio Grande region in order to: (1) reduce water consumption, (2) minimize impact on water resources, (3) encourage conservation oriented economic development, and (4) ensure adequate water supplies for any proposed development.

2. Summary of the Alternative Analysis

Alternative A-30 focuses on linking land use and subdivision development. Because there is overlap between the alternatives, this alternative has focused broader growth management policies and ways to link conservation to growth management. Growth management techniques typically regulate the timing, location, and type of growth. These techniques do not necessarily limit growth, although timing can be a limiting factor.

Growth management programs can be also paired with water management programs. For example, the San Diego region couples growth management with conservation, water recycling, desalination, emergency surface storage, and pursuit of imported water supplies (70 to 95 percent of San Diego's water is imported) (San Diego Association of Governments, 2001). The region's water demand projections are linked to growth forecasts, and water supply is an important component of the regional growth management strategy. The goal/policy of the San Diego region is to ensure the availability of water for future growth. Colorado has taken a similar approach to managing growth and its water supplies.

The City of Albuquerque's Planned Growth Strategy (PGS) takes the approach that growth should be managed in a way that protects the City's infrastructure budget and maintains a balance between investment in fringe development and established areas. The strategy assumes that growth will be the same whether it is managed or not, and therefore implementation of the PGS would only manage, not reduce, growth.

As described by the Water Assembly, Alternative A-52 includes not only land use changes, but also a comprehensive approach to sustainable growth of the region. This alternative addresses the location of growth and land use patterns, but not necessarily the quantity of growth.

Original suggested actions that are incorporated into this alternative are as follows:

- Develop a methodology for sustainable growth management
- Implement water-based managed growth
- Provide public policy consistent with the available resources
- Ensure the availability of water drive land use and planning
- Provide each community with the ability to determine its own regional and local use of land and water
- Promote small community autonomy with or without incorporation
- Integrate future water use and development within a comprehensive land use plan and zoning in the City of Albuquerque and Bernalillo County

Growth management techniques evaluated in this fact sheet are:

- *Management of utility service areas:* This approach would tie urban growth to the capacity and planned extent of public utility systems. Specifically, local governments would base development approvals on the adequacy of public utility systems and their ability to support planned development and water system capacity, including adequate water supply. As part of this approach, a local government would assess the cost of water supply expansion to new development through impact fees for water rights acquisition.

- *Rural water supply:* Proof of adequate water supply would be required for new development in rural areas. Proof of an adequate water supply in new subdivisions in

New Mexico counties is required by the New Mexico Subdivision Act. This approach is not effective for land subdivided prior to the adoption of the Act, but can be used to tie new subdivisions to water availability, if water availability assurances are adequately enforced and cumulative impacts are evaluated.

- *Location of growth*: Municipalities and counties can regulate the location of growth to protect surface water and groundwater quality and to protect aquifer recharge areas.

- *Conservation-oriented economic development:* Water use can be considered when the jurisdictions in the region make decisions about economic development incentives. For example, jurisdictions could increase the incentives available to low water using industries, industries that use water efficiently, and/or industries with a high added value relative to water use.

- *Regional coordination:* Coordination among the jurisdictions in the region is essential if a growth management strategy is to work. Otherwise, development will simply be shifted to jurisdictions with the least restrictions or demands on development. The emphasis on community autonomy may be problematic for regional coordination.

3. Alternative Evaluation

3.1 Technical Feasibility

Enabling New Technologies and Status

Although municipalities and counties in New Mexico have the authority to implement growth management strategies, jurisdictions in the Middle Rio Grande (MRG) planning region have not implemented growth management programs. The region's largest municipality, Albuquerque, is struggling with the challenges of formally managing its growth through regulations. This has been a controversial effort, and the outcome is not yet determined.. Other jurisdictions in the region with fewer staff and planning resources could have difficulty implementing a comprehensive growth management strategy.

Urban service requirements: City of Albuquerque water and wastewater extension policies require annexation of new developments that will hook up to the municipal water and

wastewater systems. Over the past 20 years, this policy has resulted in fairly contiguous urban growth surrounding Albuquerque. Other public systems have enabled growth in northwest Albuquerque, Rio Rancho, Sandia Heights and the East Mountain Area of Bernalillo County, as well as in neighboring municipalities.

Growth boundaries: Some communities, including Portland, Oregon, and San Diego County, have established "urban growth boundaries," that aim to restrict urban growth to these areas. In general, these boundaries were established to protect rural land outside of the boundary. In Oregon, for example, agricultural interests supported state legislation mandating growth management as a means of protecting their industry. Such an approach might work in the MRG planning region where landowners recognize a need for agricultural land protection. However, in much of the region, urban development is the most lucrative use of land for the landowner. As a result, there is limited political support for urban growth boundaries. Additionally for the Albuquerque metro area, any consideration of urban growth boundaries needs to take into account natural boundaries such as Pueblo land; thus, the greatest impact would be on the westside.

Portland has had an urban growth boundary since 1980; a population of 1.3 million lived within the boundary as of the 2000 census. The boundary contains 369 square miles and has been expanded 30 times, with 5,000 acres added over 20 years (Metro Planning Department, 2002). Under state law, Metro, the regional agency that implements Portland's growth management program, must maintain a 20-year supply of land within the growth boundary. The boundary is reviewed at least every five years. Priorities for inclusion in the boundary are:

1. Land designated as urban reserves
2. Exception land (land that does not have value as farm or forest land
3. Marginal farm or forest land that is also designated as exception land
4. Farm and forest land.

The boundary is being expanded in anticipation of population growth of 500,000 people over the next 20 years. Urban reserves have been fully developed in the Portland area and the region is now studying exception lands to determine which are most appropriate to bring into the urban growth boundary to meet growth needs for the next 20 years. Lands are evaluated based on (1) the ease of providing services in an orderly, efficient, and economic matter, (2) the number of

new housing units and jobs the land can accommodate, (3) environmental, energy, social and economic issues, and (4) compatibility with surrounding agriculture Concentration of density in centers and along transportation corridors and provision of transportation choices are important aspects of the region's plan for protecting existing neighborhoods and maintaining mobility (Metro Planning Department, 2002).

Experts argue about the success of urban growth boundaries. Proponents believe that urban growth boundaries are a way to maintain contiguous development, promote complete communities with jobs and shopping close to where people live, protect precious open space, and provide public services more efficiently and cost effectively. Opponents state that the artificial limitations placed on land supply result in increasing in housing costs and leapfrog growth to areas outside the boundary. In Portland, developers acknowledge that the urban growth boundary has provided certainty regarding which lands can and cannot be developed and has sped up the development approval process. However, they argue that the cost savings associated with these benefits has been outweighed by cost increases. In Portland, densities have not been as high as expected, partly because of neighborhood opposition. Home prices have risen, and development has been pushed outside of the boundary, including into Washington State where Oregon's laws do not apply.

Development fees: Development fees, which assess the cost of needed infrastructure to new development, are one management tool that is already being used in the MRG planning region. The cost of water rights to ensure an available supply for new development can be included in a jurisdiction's development fees. The City of Rio Rancho, Bernalillo County, and the Village of Los Lunas have implemented development fees, which are intended to help communities pay for the cost of growth—primarily infrastructure and facility expansion costs. The New Mexico Development Fees Act specifies how development fees must be established and administered. Bernalillo County recently reduced its fees.

Jurisdictions can assess variable fees based on differences in cost of service. For example, lower fees can be assessed for areas within a utility service area and higher fees for areas that require service extensions. Presumably, variable fees would provide an incentive for location, timing, and type of growth that minimizes infrastructure cost. No local jurisdiction has adopted variable fees.

Development fees equalize costs to new development rather than apply differential assessments that can result from individually negotiated infrastructure requirements. As a result, they provide up-front certainty to both developers and the jurisdiction regarding the portion of public infrastructure costs that the private sector will pay. Timing problems can arise if, for example, the pace of development slows in an area where infrastructure improvements are only partially funded and a jurisdiction is forced to build improvement before fees are received.

Adequate Public Facilities Ordinance (APFO): Local governments have tied development approvals to the existing or planned availability of adequate public facilities and services through an Adequate Public Facilities Ordinance, also referred to as concurrency. An APFO allows a community to maintain control over the timing and sequence of new development; forces the community to link its comprehensive land use plan with its capital improvement program, a principle of good planning that is often ignored; and can encourage contiguous or even infill development because of its proximity to existing urban infrastructure and services. To the extent that land in areas with public facilities is limited, this ordinance will encourage developers to build at higher densities. However, an AFPO may increase the complexity of the development process and the cost of processing development proposals, which could, in turn, increase housing costs.

Montgomery County, Maryland has had an APFO in place since 1973. Decisions about location, type, density, and mix of development are made through the County's general plan and other land use plans. The APFO affects only the timing of development. Water facilities are considered adequate if service is planned within two years. The County publishes an annual report that provides information about growth areas and infrastructure capacity. Montgomery County has faced problems with lack of funding for planned infrastructure, resulting in lack of capacity and moratoria on development. The moratoria are not politically acceptable.

AFPOs can have unintended consequences if the local government does not follow its capital improvements program or if growth can take place without the jurisdiction's approval. In Ramapo, New York, failure to follow through on planned public facilities investments barred all new development and led to dissatisfaction and eventual repeal of the City's adequate public facilities ordinance. In Sarasota County, Florida, the strategy of refusing to extend public

facilities did not prevent new growth. The growth occurred despite this strategy, and the county later had to replace piecemeal and inadequate public services and infrastructure.

Some aspects of an AFPO are included in the City of Albuquerque's Planned Growth Strategy (PGS), and the idea of concurrency is a controversial aspect of the strategy. A proposal to tie development to school capacity received strong opposition from the local business community. Local capacity to follow through on infrastructure commitments and political acceptability is an issue with this approach to growth management.

Infrastructure Development Requirements

- Any type of growth management program requires that local governments plan proactively for adequate infrastructure to meet projected growth and to make an adequate supply of land available for development. Follow-through on commitments to provide infrastructure are critical if infrastructure availability and an adopted infrastructure plan provide a basis for development approvals.

Total Time to Implement

- The impact of this alternative on water demand will not be immediate. This alternative would be implemented over 20 or more years.

3.1.1 Physical and Hydrological Impacts

Effect on Water Demand

If growth management results in slower growth, projected water demand would be reduced over time since there would be fewer people and jobs. The San Diego Association of Governments (2001) has estimated the impact of public growth management policies on that region's growth. The study evaluated policies that allocate growth, reduce fertility rates, and restrict housing, the economy, and immigration.

This study noted that growth occurs in response to natural increase, economic opportunity, and the desirability of a location. If a location has employment opportunities, a high quality of life, and is a desirable place to live, it is likely to grow as youth elect to stay in the community and new families migrate into the area. The conclusion of the San Diego study is that growth can be managed in a manner that protects the quality of the environment, including water. Although

local governments can affect the supply of housing or space available for economic development, their ability to affect population growth is limited. After years of unsuccessfully trying to limit growth, the current policy in the San Diego region is to manage growth, not limit it.

The experience of regions with growth management policies in place has shown that local growth measures have no significant impact on overall population growth rates, but they play an important role in the geographic distribution of growth. No policies have been proposed in the MRG planning region to limit supply, but policies such as impact fees indirectly affect housing stock by increasing prices. In Portland, for example, homebuilders report a 300 percent increase in land prices within the urban growth boundary, which has caused a 35 percent to 40 percent increase in the sales price of homes since 1993 (Metro Planning Department, 2002). This compares to a 25 percent increase in the consumer price index for housing for all urban consumers in the U.S.

Job growth, without equivalent growth in housing availability, encourages people to commute from outside the region. The San Diego study notes that some evidence indicates that as land prices increase in communities with growth boundaries, non-residential uses can outbid residential uses, forcing residential uses to lower priced land outside of the boundary. In the case of the MRG planning region, limits on housing supply could impact water demand in neighboring basins that do not have similar policies in place.

Policies that seek to limit economic growth can have a negative impact on current residents of the region by limiting or reducing job opportunities.

Effect on Water Supply (surface and groundwater)

None.

Water Saved/Lost (consumption and depletions)

Growth management policies can have the effect of slowing growth in the areas to which they apply. However, such policies may simply shift growth outside of their effective boundaries. Thus, uniform implementation of this alternative throughout the region is essential. A regional planning authority could assist in implementing consistent policies throughout the region (see A-67, *Water Authority/Banking)*.

The San Diego study simulated growth-slowing policies to estimate their potential impact on growth. In this study, the following techniques affected growth rates:

- Limits on new housing construction to 40 percent below a current baseline resulted in the following impacts:
  - 10 percent housing shortfall
  - In-commuters requiring housing outside the region
  - 20 percent house price increase, with a variance of 2 to 35 percent among jurisdictions
  - Reduced vacancy rates
  - Change in the jobs housing balance from 1.16 jobs per dwelling unit to 1.29 jobs per dwelling unit (in the middle Rio Grande region, ratio of jobs to housing is 1.22, ranging from 1.32 in Bernalillo County to .92 in Valencia County)
  - Reduction in population growth rate from 1.6 percent per year to 1.4 percent per year over 20 years
- Limit on non-residential construction
  - Reduced non-residential vacancy rates from 5 to 3 percent
  - Increased employment density from 3.3 to 3.5 employees per square foot
  - Increased commercial, office and industrial lease rates
- Shift in the job mix to increase the number of high value added jobs
  - Slowed job growth from 27 percent in 20 years to 24 percent in 20 years, resulting in slowed population growth
  - Increased regional income level
  - Cost involved in training workers, slow to implement because it requires shift in work force characteristics

Impacts to Water Quality (and mitigations)

- None.

Watershed/Geologic Impacts

- None.

3.1.2 Environmental Impacts

Growth management policies could have a positive impact on environmental conditions if they protect critical areas by steering development away from environmentally sensitive areas. The City of Albuquerque, for example, has protected sensitive areas through its Open Space Program. Through this program, the City purchased critical lands, including the steep slopes of the Sandia Foothills and the volcanic escarpment on the City's northwest mesa. Bernalillo County has also implemented a similar program and has protected open space lands through fee simple purchase.

Impact to Ecosystems

- This alternative will not protect ecosystems unless growth management policies specifically address ecosystem protection.

Implications to Endangered Species

- This alternative will not protect endangered species unless growth management policies specifically address protection of endangered species.

3.2 Financial Feasibility

3.2.1 Initial Cost to Implement

- The initial cost to local governments of implementing this alternative would be the administrative costs associated with a growth management program. Growth management entails a proactive government role in planning and constructing infrastructure in targeted growth areas. Local jurisdictions would need to follow through on capital improvements commitments if a growth management strategy is to work.

- Some of the growth management strategies discussed shift the cost of infrastructure and water supply to new development from local government. Such policies would likely increase housing costs in the region.

3.2.2 Potential Funding Source

- Local government sources, including bond financing of capital improvements, would be the most typical and predictable source of revenue.

- Costs can also be shifted to landowners and developers, and consequently the homebuyer.

3.2.3 Ongoing Cost for Operation and Maintenance

- There is some evidence of lower ongoing costs associated with efficient provision of services; however, the exact impact on ongoing infrastructure costs is unknown.

3.3 Other Considerations

- Local governments will need to technically and politically define "sustainability" and develop a common approach to growth management across the region.

- Growth management is not the same thing as limiting growth.

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