"Anti-Sprawl" Report Deeply Flawed

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Good morning. I truly appreciate the opportunity to be with you this morning to talk about land use in light of the report recently issued by Gov. Granholm's Land Use Leadership Council.

I'm sure it is no reflection on the report that its release coincided with Michigan's worst blackout. But there are those who say the loss of power would not have been nearly as widespread were it not for so many darn suburbs.

It's no joke that development is being demonized for every ill, from drug abuse to obesity. For example, the Sprawl Guide published by Planning Commissioners' Journal blames development for heart-disease, diabetes, asthma and depression.

So based on their interpretation, Siberians are the healthiest people on the planet.

In fact, Americans are living longer than at any time in history — 76.9 years, on average. Life expectancy circa 1900, long before sprawl entered the lexicon, was a mere 48 years.

Meanwhile, the land-use council concluded that poverty, crime and substandard schooling in some Michigan cities are attributable to sprawl. According to the council report: "Growth patterns in Michigan have resulted in concentrations of poverty in some rural areas and in most of the state's older core cities."

But this is an unfortunate and dangerous misreading of modern history. And to the extent that we misdiagnose social problems, we move that much farther from real solutions such as school choice, tax relief, accountability and the like.

I'll have more to say later about this and other questionable conclusions in the council report. But first allow me to provide some background on the council and its ideological underpinnings.

During the 2002 gubernatorial campaign, both Dick Posthumus and Jennifer Granholm played to the Green vote by touting their environmental credentials and proposing major changes from Engler-era policies.

Alas, when it came to the actual election, saving the family farmer evidently didn't apply to Dick Posthumus.

Just a month after taking office, Gov. Granholm appointed the 26-member land-use council to recommend so-called "smart growth" initiatives for Michigan. Such blue-ribbon commissions allow elected officials to claim credit for taking action while avoiding all blame for the actual outcome.

Gov. Granholm is hardly alone in taking on land use. Four of her immediate predecessors likewise launched anti-sprawl initiatives. But for all of Lansing's efforts to centralize land-use control, local units of government are understandably reluctant to cede their zoning and planning powers. And rightfully so. Imagine if your mother-in-law took control of your home.

An independent assessment of state land-use programs might have proven useful. But that's why we have groups like the Mackinac Center. I recently completed a study of the state's principal farmland preservation program; a program which, incidentally, the land-use council is proposing to expand.

Under the program, tax credits totaling nearly $800 million have been granted to owners of 45 percent of farmland statewide in return for maintaining agricultural production and resisting development. But according to my calculations, the bulk of credits granted between 1982 and 2001 have been applied to farmland distant from development pressures. Instead, the program mostly benefits the farmers already least likely to develop their land. In other words, a bunch of farmers in Missaukee County are collecting tax credits to protect their farmland from sprawl when nobody but the farmers who live there even know where the place is. Needless to say, the program has had little effect on stemming the conversion of farmland to other uses.

But rather than assess the effectiveness of current programs, the governor instead issued a far more restricted charge to her council. Even before its first meeting, the panel was tutored on 10 "smart-growth" commandments upon which to base its policy recommendations. And no, the ACLU did not challenge this environmental orthodoxy. The council was instructed to:

1. Create a range of housing opportunities and choices.

2. Create walkable neighborhoods.

3. Encourage community and stakeholder collaboration.

4. Foster distinctive, attractive communities with a strong sense of place.

5. Make development decisions predictable, fair, and cost-effective.

6. Mix land uses.

7. Preserve open space, farmland, natural beauty and critical environmental areas.

8. Provide a variety of transportation choices.

9. Strengthen and direct development towards existing communities.

10.Take advantage of compact development design.

Additionally, the council was directed to develop proposals that would achieve "sustainability" and the "equitable distribution of social and environmental benefits."

From my perspective, such premises could hardly yield sound policy. And sure enough, the 70-plus pages of recommendations rivals North Korea for central planning genius. They include:

1. Creation of a statewide land-control plan.

2. Massive expansion of public transportation systems.

3. Limits on new road construction and other infrastructure.

4. More restrictive zoning.

5. And my personal favorite, imposition of a "Smart Growth" curriculum in public schools.

Just imagine the new and improved story problems our kids may be subjected to: If Jack lives in a 2,500 square foot house in Birmingham, and Jane lives in an 800-square foot walk-up in Detroit, who is fatter?

The council does deserve credit for advancing the principle that the state should not subsidize private development by underwriting infrastructure. It should go without saying that individual home buyers, not taxpayers, should cover their own costs. Moreover, our freedoms are best preserved by avoiding reliance on government. And any developer who asks for and receives subsidies loses any

right to complain about government interference.

The council also acted wisely in recommending the continued rationalization of cleanup standards initiated by the Engler administration. It is simply nonsensical to require that the soil beneath a parking lot be clean enough to eat.

Of course, the council couched its recommendations in market-friendly terms, which can be counted as progress of sorts. "The focus on incentives and assistance rather than mandates encourages private-sector cooperation," the report states. But experience has proven that government interference in land-use decisions — no matter how supposedly market oriented — distorts the market, which usually means that we end up paying more for our product choices.

Much was made of the "bipartisan" nature of the council when the governor announced its creation. According to the council report, every effort was made to reach consensus.

In fact, diverse opinions weren’t as welcome as some members had hoped. A request by some panel members to summarize their opposition reasoning in the report was denied, as was publication of a minority report. Instead, the report simply notes the names of panel members who lodged a reservation or objection (via the appropriate form) to a specific recommendation. Five of the 26 members submitted 20 or more objections, and six others submitted six or less, according to council staff.

The body of the report was prepared by Public Sector Consultants (PSC), a Lansing-based public relations firm hired to facilitate the council’s work. Some of the background material supplied by PSC staff amounted to, shall we say, a liberal interpretation of reality. For example, declarations that development in Michigan will double by 2040, and that land-use trends have had a "major negative effect" on biodiversity in the state.

The council ignored taxpayer cost in crafting its recommendations. Indeed, the policy proposals, if enacted, would have enormous budgetary implications, including swelling the state’s debt load. Billions of dollars would be needed to expand existing programs and to initiate all the new ones envisioned by the council.

But Michigan's debt load has already increased substantially in the past decade. Between 1991 and 2001, for example, the ratio of general obligation bond debt to total General Fund expenditures doubled. And per-capita bond debt rose 59 percent in the same period.

Meanwhile, Michigan's per-capita debt load relative to other states has worsened considerably in recent years. The state ranked 36th nationally in state debt per capita in both 1980 and 1990, but had jumped to 24th by 1997, making Michigan the California of the Midwest without benefit of the better weather.

Equally troubling is the threat to private property rights inherent in new government land-use controls as proposed by the council. The report claims, "Where recommendations are made that could involve new regulation of private property, they have been carefully considered to ensure that (1) there is a documented, compelling need sufficient to warrant their inclusion, (2) the negative impacts on private property are minimized, and (3) the identified problem is not amenable to a non-regulatory solution."

But I challenge anyone here to reconcile such rhetoric with a recommendation to "enable local governments to adopt and enforce more robust aesthetic controls." Or a recommendation to greatly reduce the number of land divisions. Or to require developers to offer affordable, high-density housing.

The report rightfully acknowledges that stricter land-use controls are hardly in keeping with public sentiment. "Michigan's citizens … continue to express their living choices by moving out of urban communities and into rural areas; they abandon small lots in cities for large lots in the country."

But rather than regard such choice as the advantage of living in a free society, the council instead prescribes that "We need to alter the current dynamics: the understandable lure of open space, newer and more expansive homes, and better public services and the accompanying decline of cities," the report states.

Or as George Orwell would put it: Good is bad.

Garnering the greatest media attention to date is the council's recommendation to coordinate land-use planning among townships, municipalities, counties and the state. Legislation to do so, in fact, already has been proposed. And I recommend that you consult our legislative tracking website, MichiganVotes.org, to keep abreast of what will likely be an onslaught of land-use legislation in coming months.

But just imagine such a system. It would require an extraordinary level of knowledge and certainty about future land-use trends that the vast majority of planning departments and staff are simply incapable of obtaining. In many municipalities, it's a miracle if the

building and planning office can process a permit.

In fact, much of the vision that underlies such comprehensive plans is unknowable because markets create innovations that cannot be anticipated and because preferences change over time.

Beyond being unworkable, such rigid state control is simply unnecessary. Alarm over land use is rooted in the popular misconception that forestland and farmland are fast disappearing as residential and commercial development overtake the landscape.

But by every measure, Michigan remains largely a rural state. More than 18 million of Michigan's 36 million acres is forestland, a share that has actually grown by 2 million acres in the past 20 years. The amount of urbanized area comprises less than 10 percent of the state.

Even assuming a doubling of urbanized area over the next two decades, the Michigan Association of Home Builders has calculated that Michigan would still feature more non-urbanized land than 16 states, including Pennsylvania, Ohio, Tennessee, Virginia, New Jersey and Massachusetts.

The current rate of development across the state is actually slower than in decades past. The most significant residential shift actually occurred between 1900 and 1930, when the proportion of Michigan residents in rural communities dropped by half. The ratio of city dwellers to rural residents has changed only slightly in the years since.

Metropolitan areas now comprise 27.8 percent of the state. Yet Michigan's population has grown from 2.4 million in 1900 to 9.9 million in 2000.

In truth, our perceptions of uncontrolled growth and the loss of open space appear to stem more from the cumulative impact of two centuries of development rather than from any modern surge of "sprawl."

There are fewer farms in Michigan today. In 1920, for example, there were 196,447 farms totaling about 19 million acres of land, compared to 46,027 farms with a land area of 10.4 million acres in 1997.

The largest decline actually occurred between 1940 and 1970, with the conversion of 106,000 farms and more than 6 million acres. This post-war transformation was fueled, in part, by rising incomes and automobility, as well as by tax incentives for home ownership

and by subsidized highway and sewer construction. Concurrently, a "green revolution" in agriculture and global trade reduced demand for cropland and pasture.

The rate of farmland loss has since slowed considerably. And in many instances, farmers have idled the least productive cropland, which reduces the environmental impact of herbicides, fertilizers and other intensive treatments.

Conventional wisdom holds that most farmland is lost to residential and commercial development. In fact, 75 percent of farmland is converted to forestland or parks, wildlife areas or hunting preserves, while only 25 percent of the conversions involve development.

Even with 45 percent less land devoted to crops today as in the 1920s, agricultural yields have reached record highs. Michigan dairy farmers, for example, averaged 4,990 pounds of milk per cow annually in 1925 compared to 19,017 pounds per cow per year by 2000.

Nor are continued farmland conversions likely to impact the food supply. According to the Economic Research Service of the U.S. Department of Agriculture: "Urbanization and the increase in rural residences do not threaten the U.S. cropland base or the level of agricultural production at present or in the near term."

The last thing we need is more government land control. As it is, the single largest landholder in Michigan is government, which controls 28 percent of all property in the state. The Michigan Department of Natural Resources (DNR) controls 4.5 million acres, or 12 percent of the total land area. This sizable inventory ranks Michigan as 7th nationwide in the percentage of state-controlled land.

In addition to DNR lands, the Michigan Department of Transportation controls 180,000 acres, and the Department of Military Affairs manages another 155,000 acres.

The federal government controls 3.1 million acres, or 8 percent of the total state land area, while local units of government control 114,000 acres, largely for recreation.

There are significant economic consequences to such large government land inventories. Unlike private property owners who have to pay property taxes, the DNR remits a heavily discounted "payment in lieu of taxes" (PILT) to counties and local governments. The amount of this annual payment is based on how

the agency obtained the land.

Numerous counties in which large blocks of state land are located depend heavily on these PILT payments, discounted though they are. Thus, legislators and local officials were stunned in June by the agency's announcement that it did not intend to pay the $150 million owed to locals for state-controlled lands.

Any private landowner unable to pay his or her taxes would be forced either to sell the property or face forfeiture. But in spite of the shortfall, I discovered that DNR officials actually authorized at least $16 million worth of new land acquisitions. This demonstrates the unparalleled power of the state to ignore debt and, at the same time, increase spending.

The Legislature subsequently appropriated additional funds to cover the debt. But the governor is considering a permanent reduction in PILT payments.

What's missing from the land-use report is an appreciation for what our development represents. Every American generation has built anew, extending through ingenuity and innovation all the achievements successively inherited. And it is precisely this accumulation of material and intangible wealth that has made environmental improvement all the more possible. Subsistence societies simply cannot afford to protect natural resources or to indulge in outdoor leisures.

Our collective wealth makes possible our desire for open space. And suburbanization is one realization of that desire. Indeed, 80 percent of Americans surveyed in 1991 said that if given the choice, they prefer low-density, single-family homes.

Compared to the tenements and flats of yesteryear, single-family homes with private yards represent a huge leap in progress. This is hardly a new phenomenon. Upward mobility has been our societal course since the Industrial Revolution. Our unsurpassed technological progress — both economic and agricultural — has allowed us to venture beyond the city in search of clearer air, cleaner water, greener land, safer streets, and better schools. And I, for one, am not about to relinquish that choice willingly.