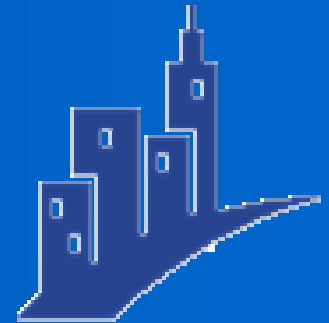


The Brookings Institution

Center on Urban and Metropolitan Policy

Amy Liu, Deputy Director

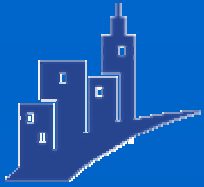


Growth in the Heartland: The Implications for Fiscal and Economic Health

Presentation to Greening the Heartland 2004:

Beyond Sustainability

March 10, 2004



Growth in the Heartland

I

What are the growth and development trends in the state of MO?

II

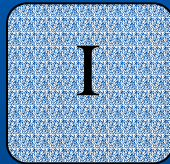
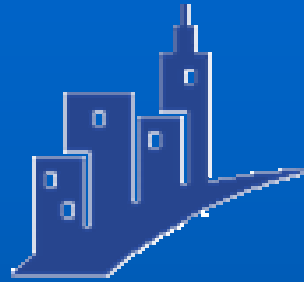
What are the consequences of these growth trends?

III

Why are some of these trends occurring?

IV

What are strategies that MO and other states can pursue to help communities grow in high quality ways?



What are the growth trends in Missouri?



Purpose of Report

- **Provide a comprehensive view of the state's growth and development trends**
 - 2 large metros (Kansas City & St. Louis)**
 - 4 smaller metros (Springfield, Columbia, Joplin, St. Joseph)**
 - Rural areas**
- **Recommend ways in which Missouri can grow in more efficient and fiscally responsible ways**



Main Findings

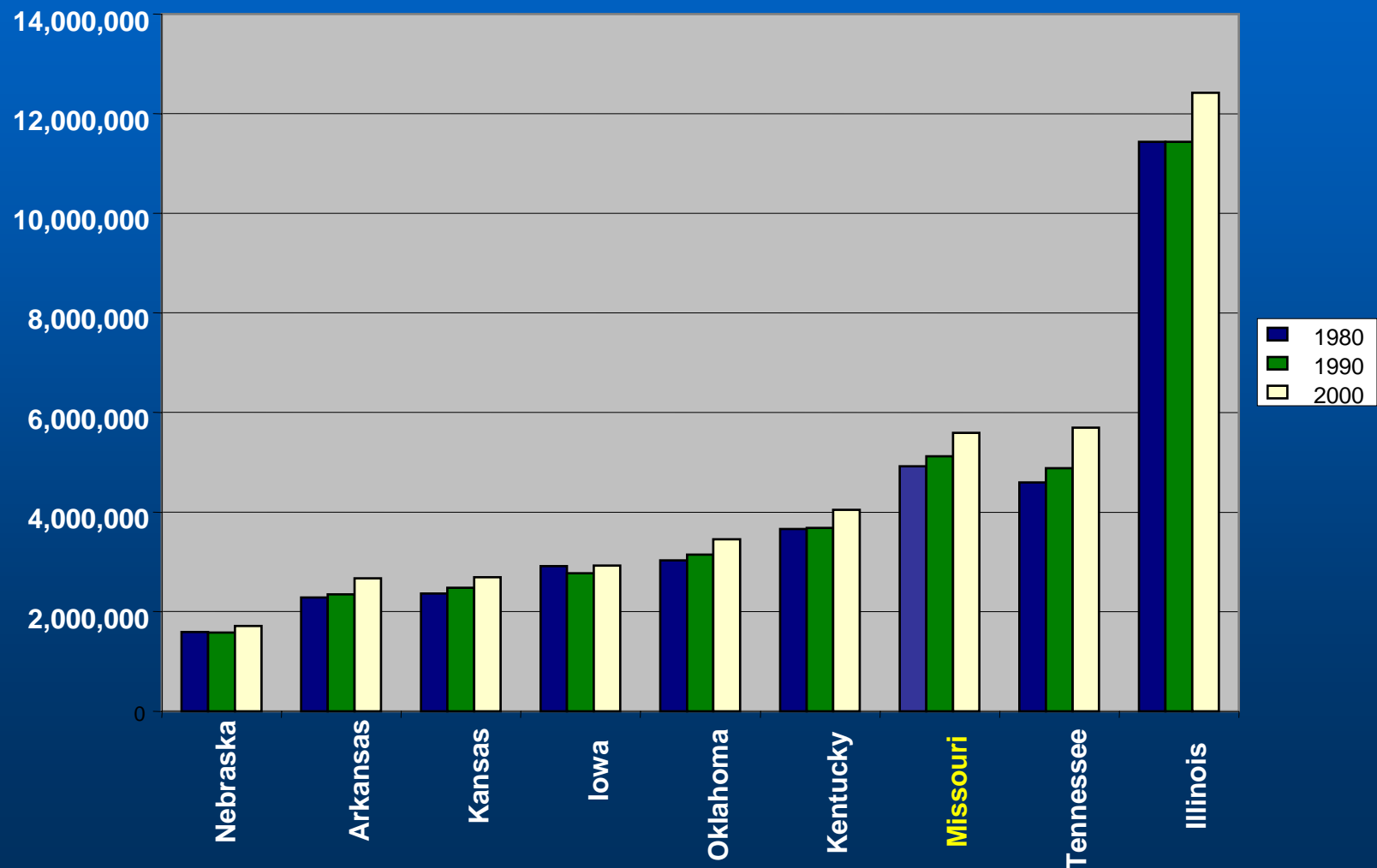
- **State of Missouri benefited from growth in the 1990s, although some of that growth has slowed recently.**
- **But as it grew, the state also became more spread out.**
- **While growth has benefits, dispersed growth comes with costs.**
- **The state can give communities the tools and opportunities to grow in more fiscally and economically sound ways.**



1. Missouri benefited from growth in the 1990s



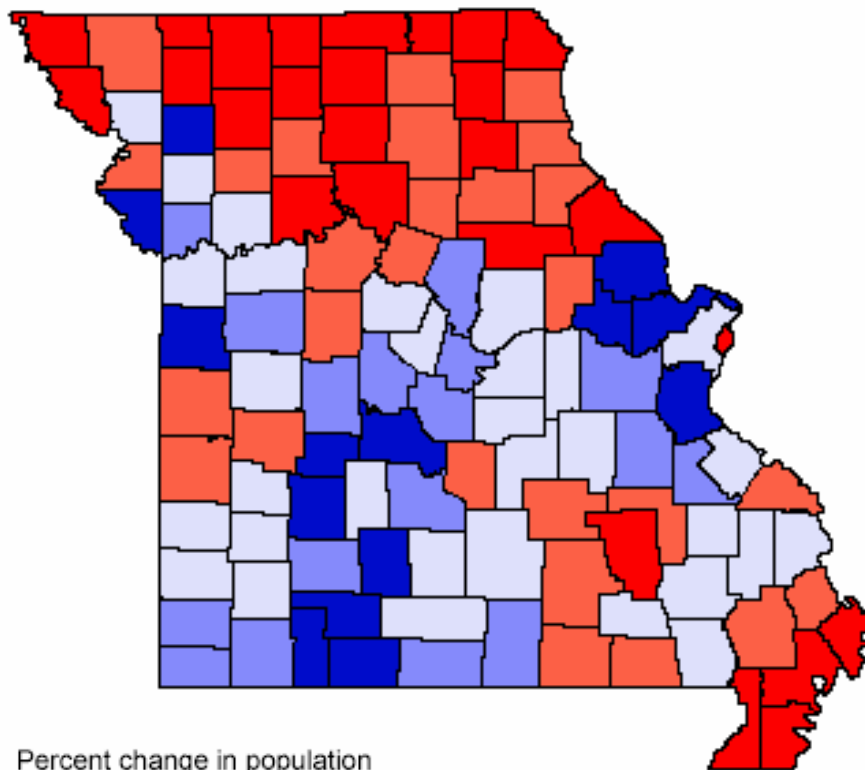
The state grew from 5.1 million residents in 1990 to 5.6 million in 2000.



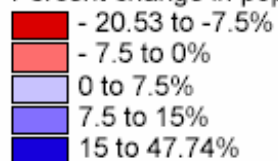


Population and job growth was well distributed around the state.
Many rural areas bounced back in the 1990s.

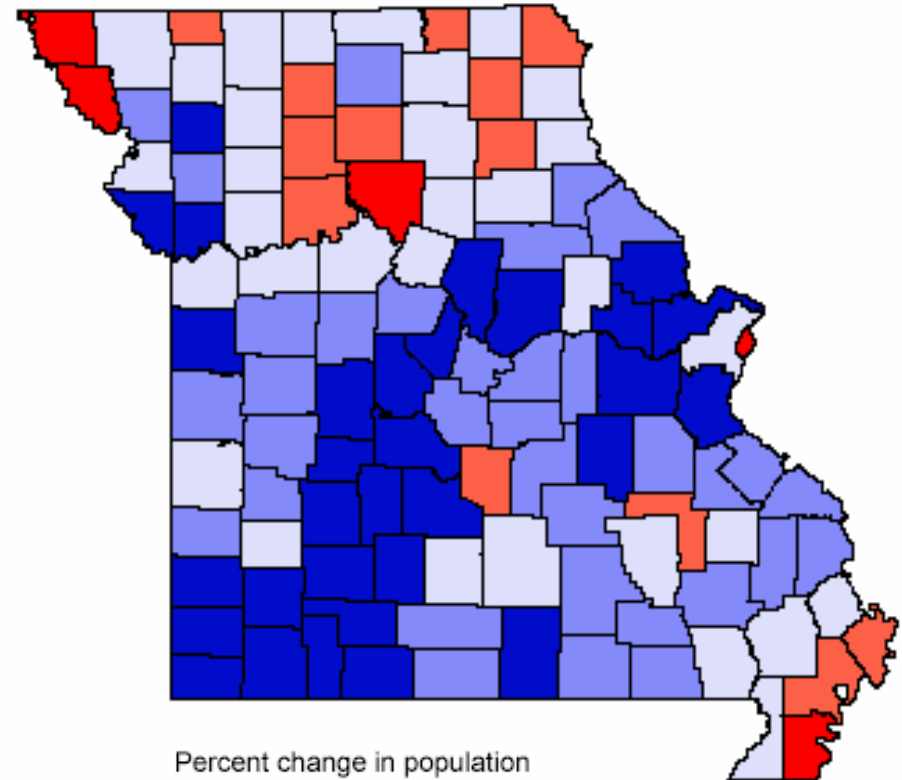
**Percentage Change in Population
1980-1990**



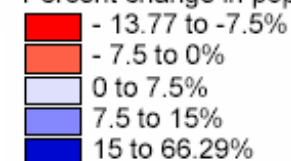
Percent change in population



**Percentage Change in Population
1990-2000**

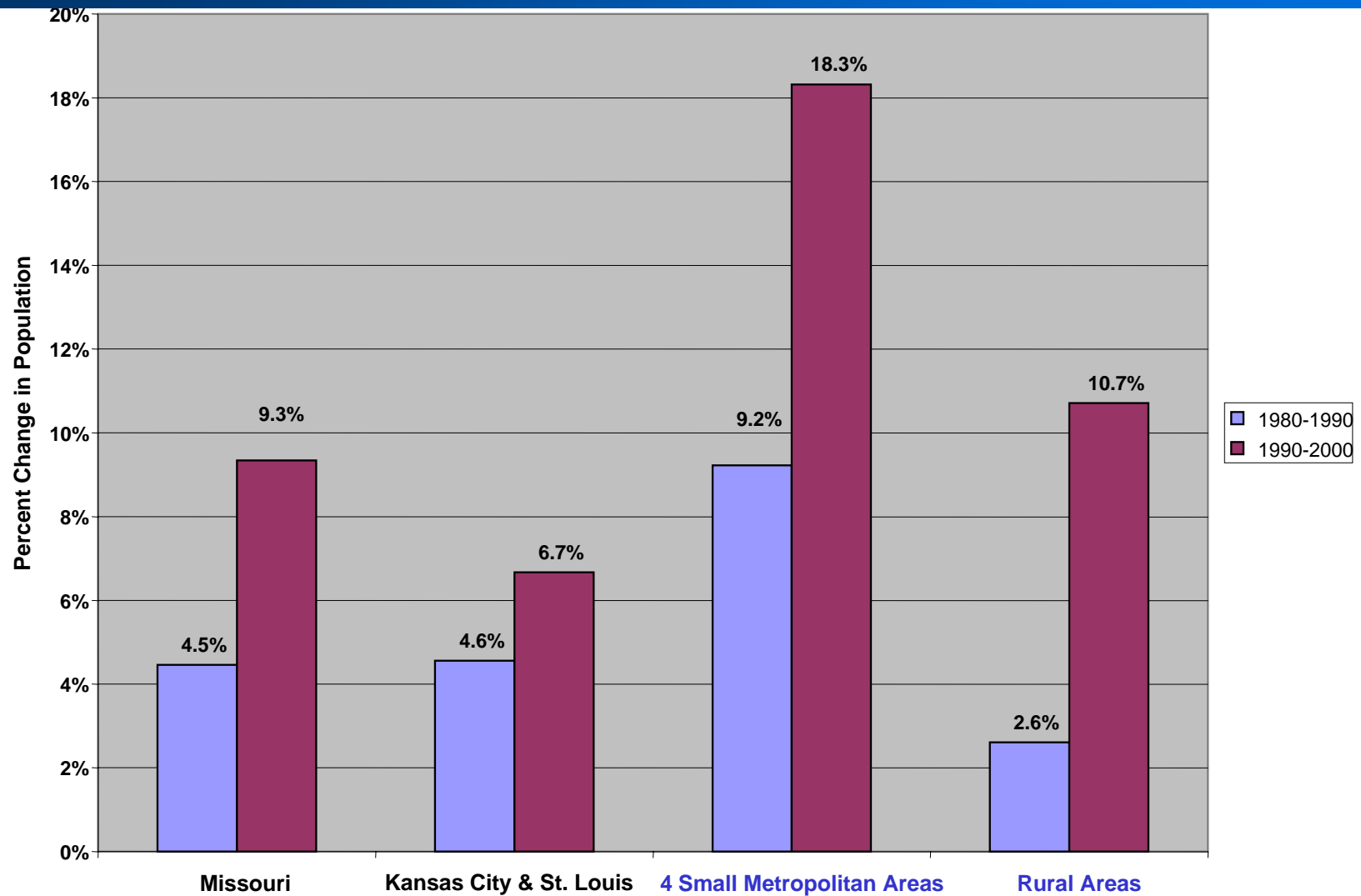


Percent change in population





Missouri's small metro areas and rural areas outpaced the rest of the state in population growth during the 1990s.

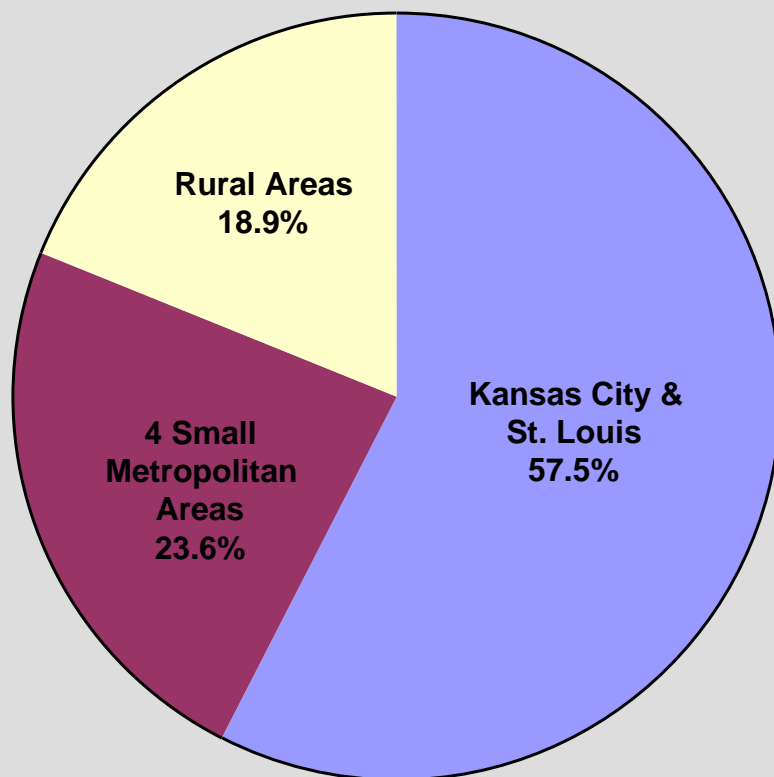


Source: U.S. Census Bureau

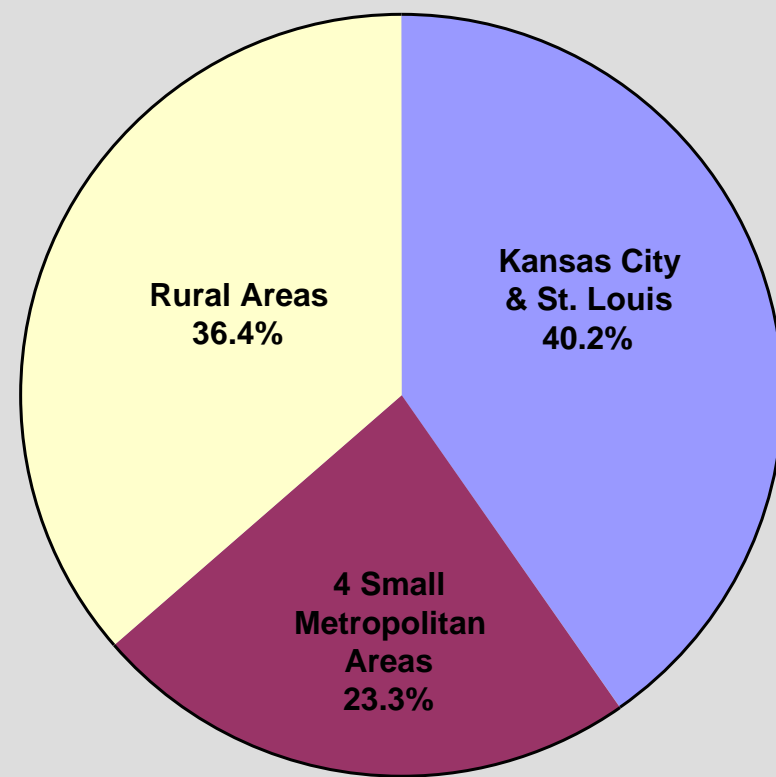


The rural areas' share of the state's population growth doubled between the 1980s and 1990s while the two major metro areas' share dropped dramatically.

1980-1990

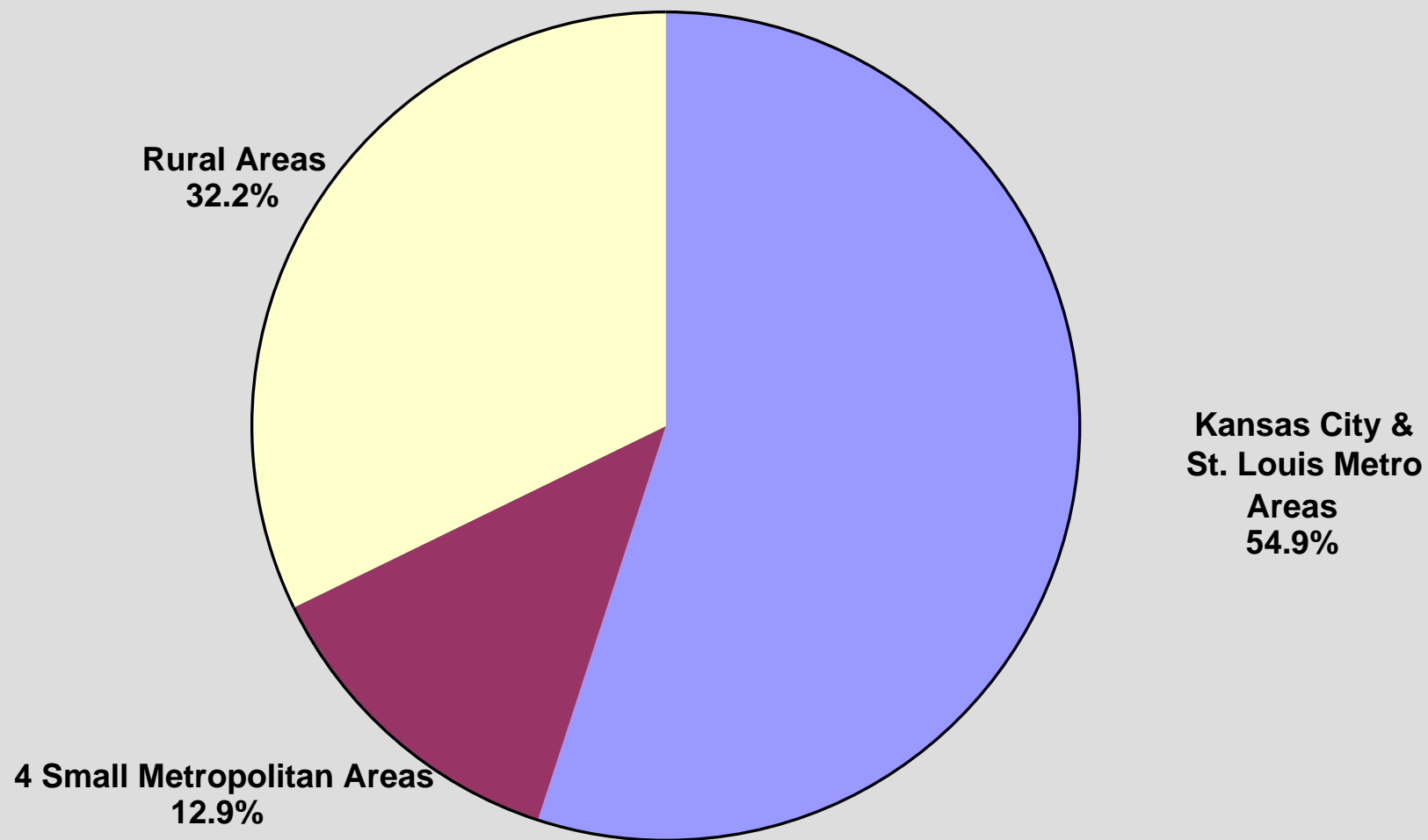


1990-2000





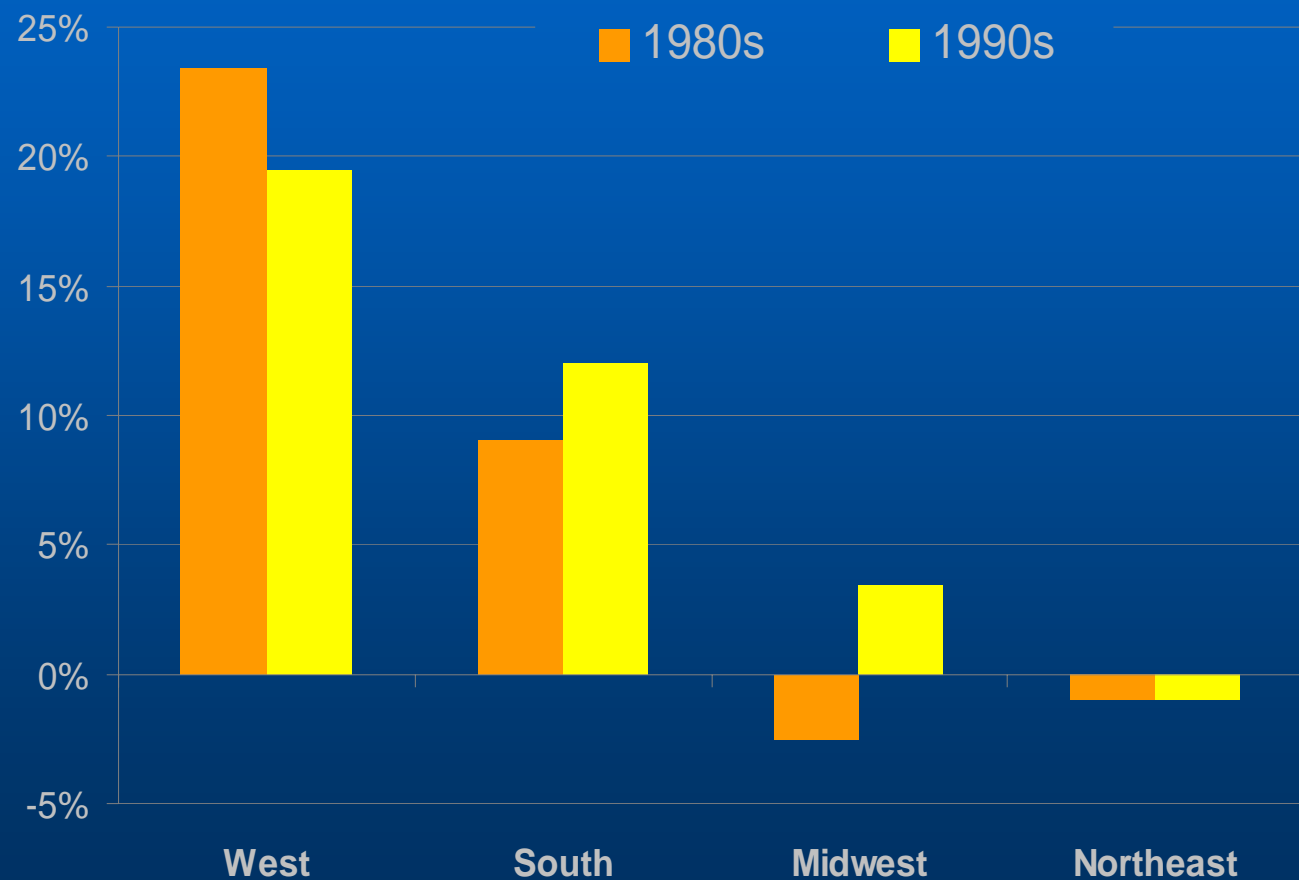
A majority of the state's population lived in Missouri's two largest metropolitan areas in 2000.





In general, cities in the Midwest also grew in the 1990s, reversing a decade of loss in the 1980s.

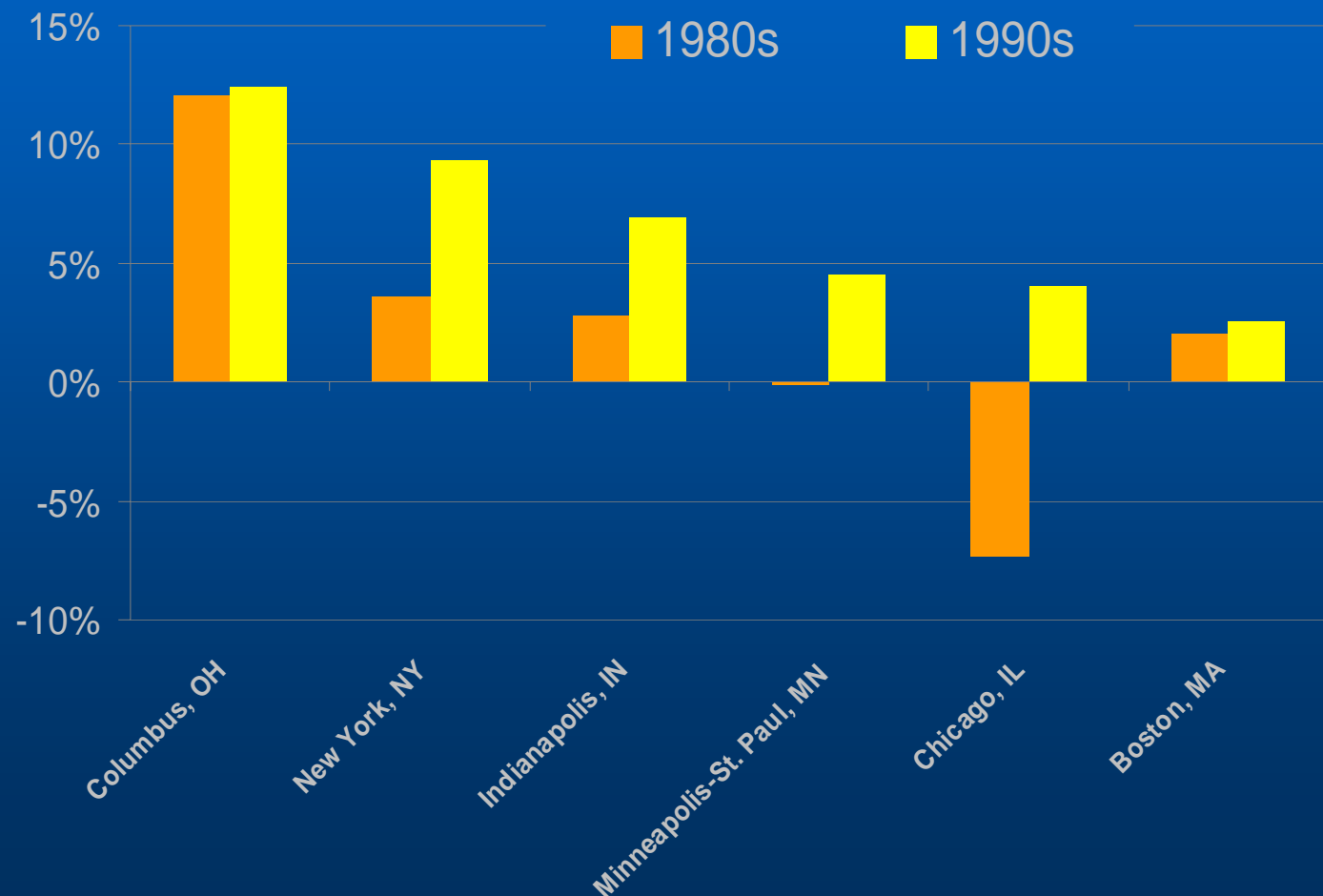
Percent change
in population,
1980-2000





Specifically, many cities in the Midwest and Northeast fared better in the 1990s than in the 1980s.

Percent change
in population,
1980-2000

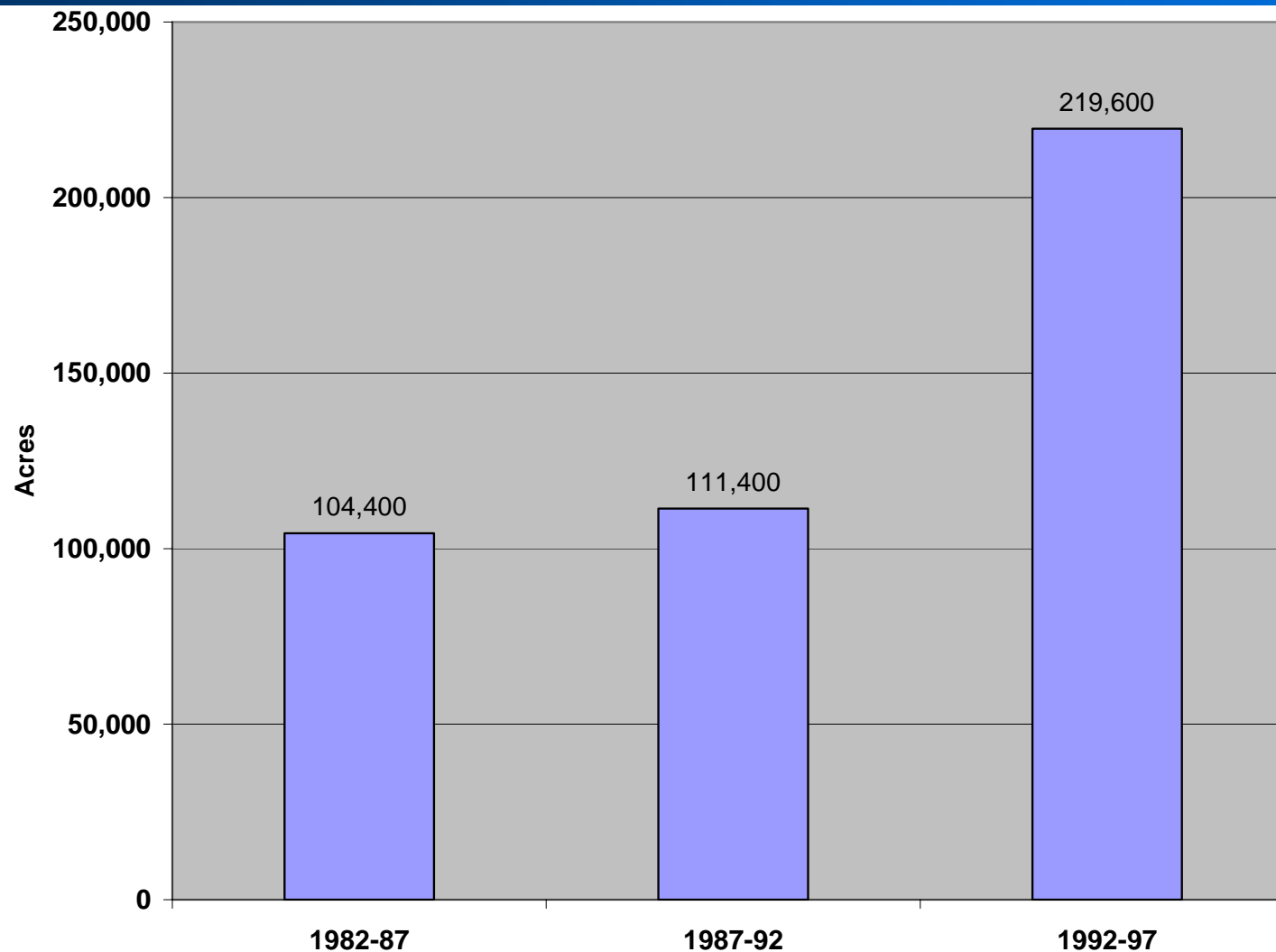




2. Missouri is physically spreading out.

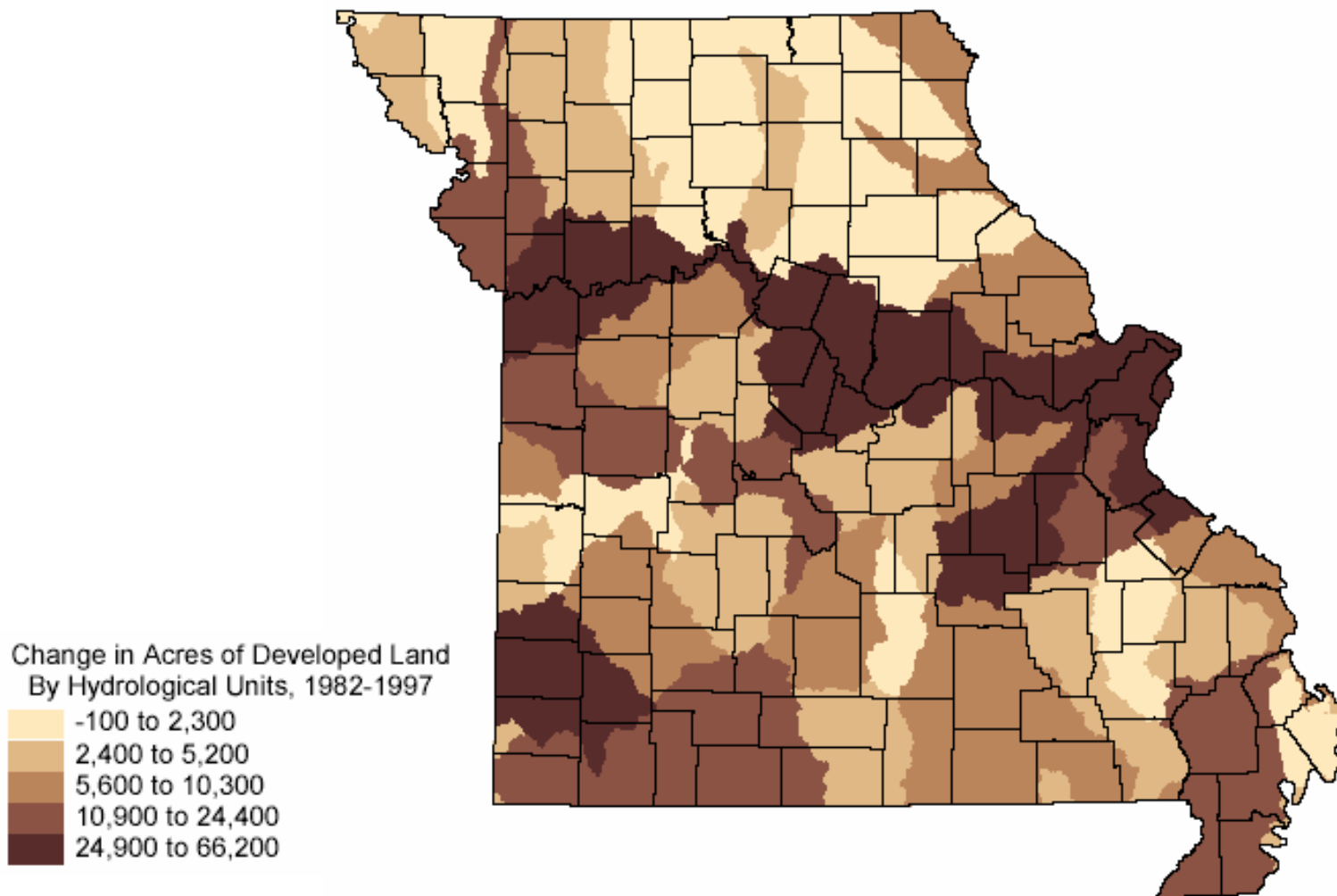


Missouri developed more land in the five years 1992-1997 than in the ten years prior.



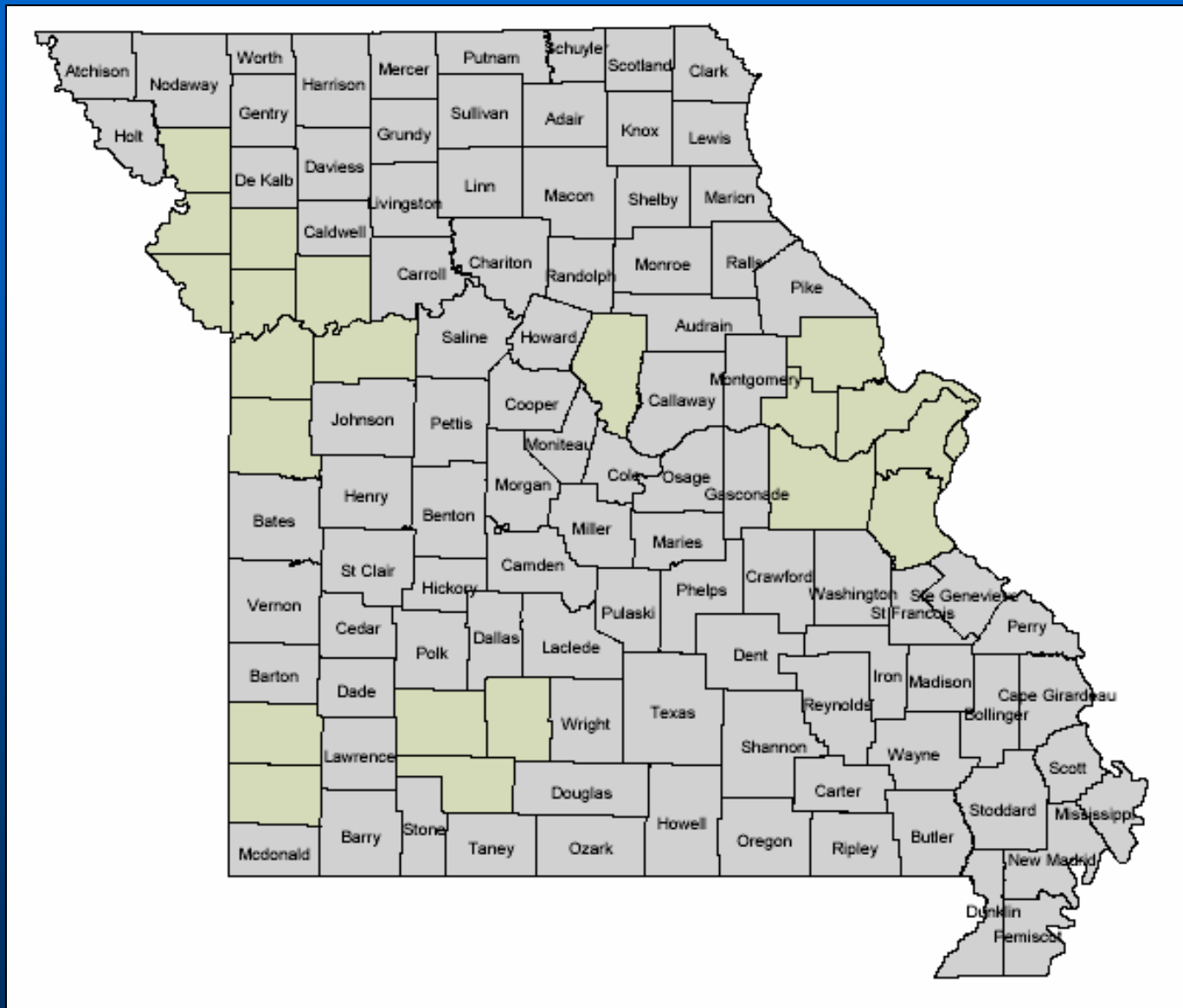


The most intense development activity swept across the middle of the state between Kansas City and St. Louis and through the Ozarks.





Missouri's rural areas are decentralizing

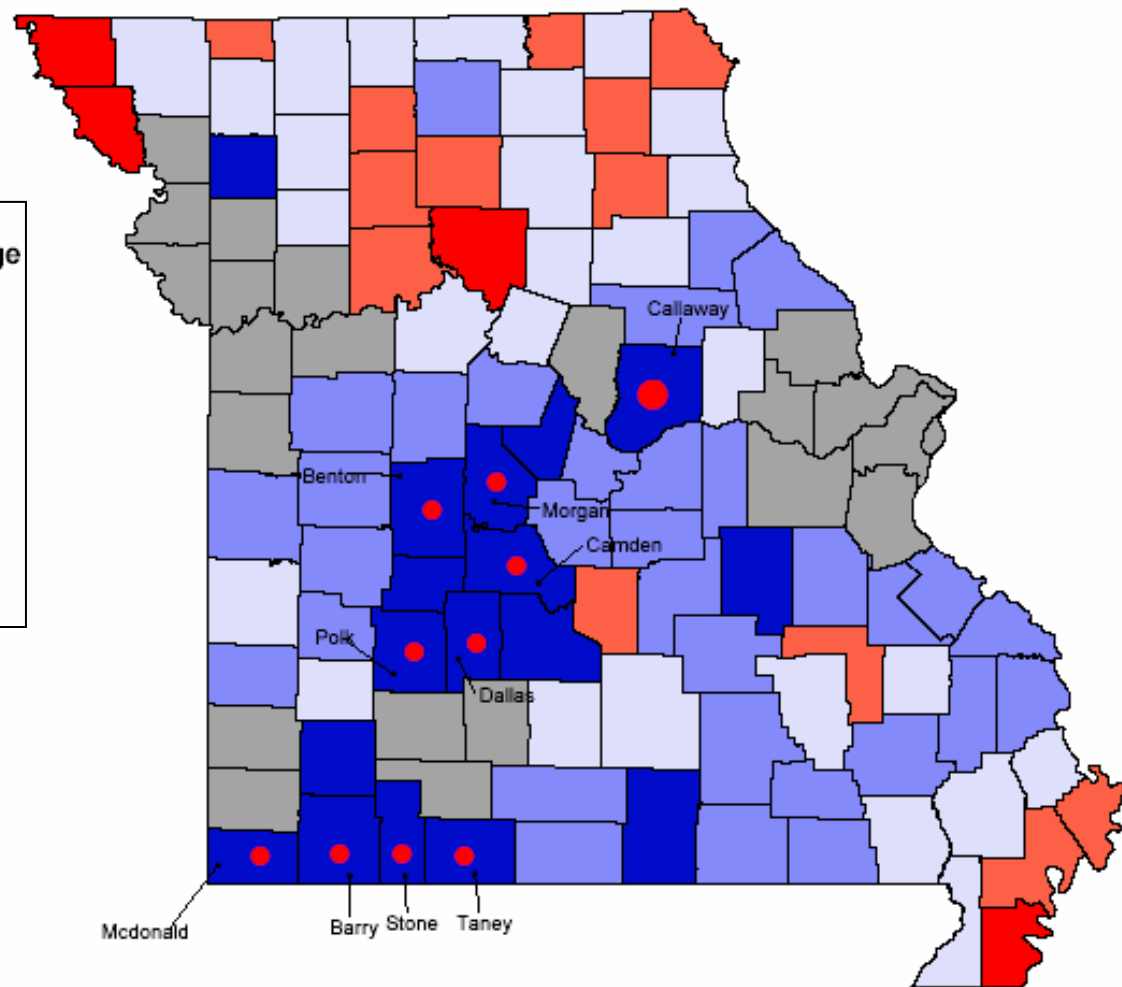




In the 1990s, 76 out of 93 rural counties grew. In the 1980s, only 42 did.

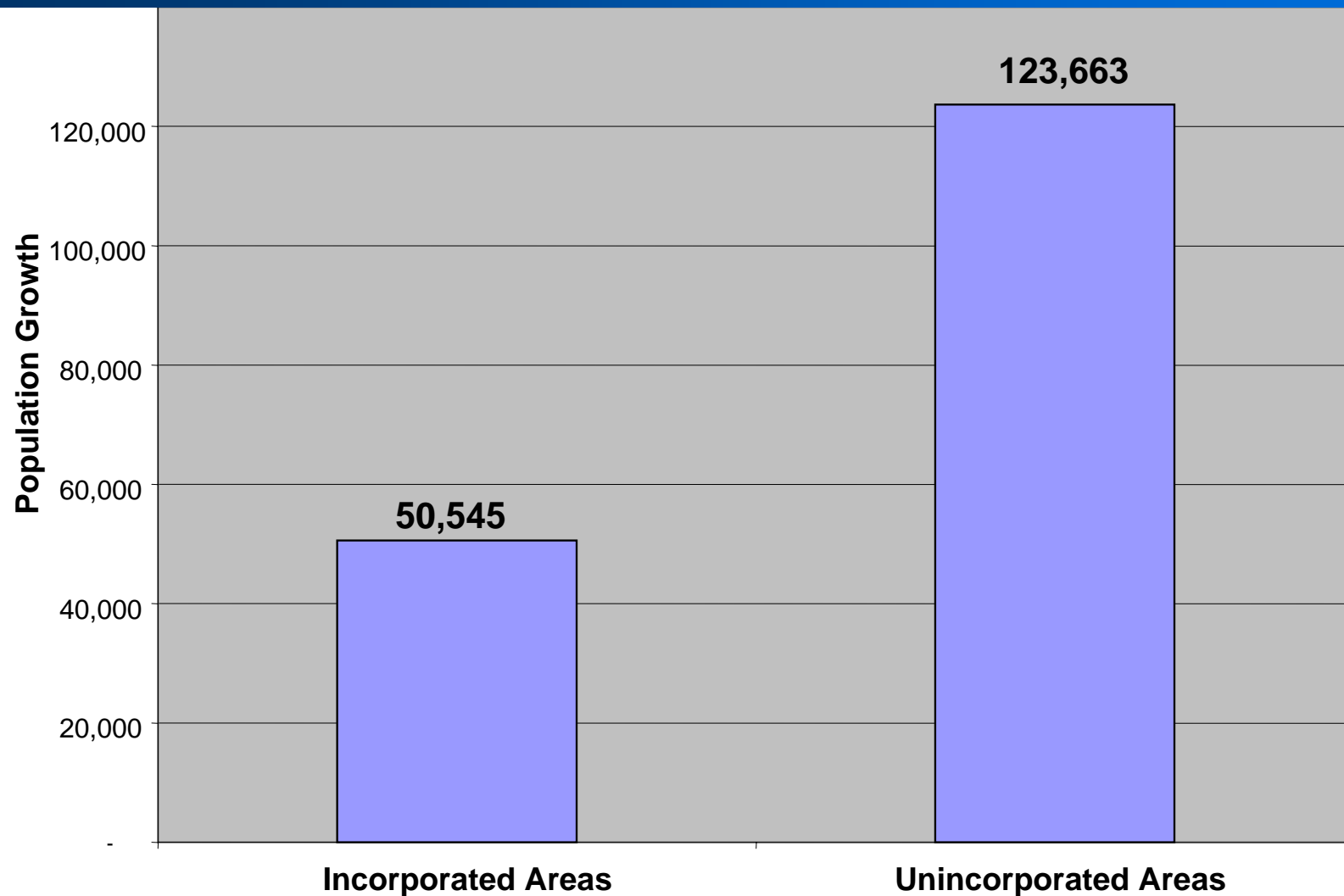
10 Fastest Growing Rural Counties	1990-2000 Change	1990-2000 Percent Change
Taney	14,142	55.3%
Stone	9,580	50.2%
Camden	9,556	34.7%
McDonald	4,743	28.0%
Callaway	7,957	24.3%
Morgan	3,735	23.9%
Benton	3,321	23.9%
Dallas	3,015	23.8%
Polk	5,166	23.7%
Barry	6,463	23.5%

Percent Change in Population



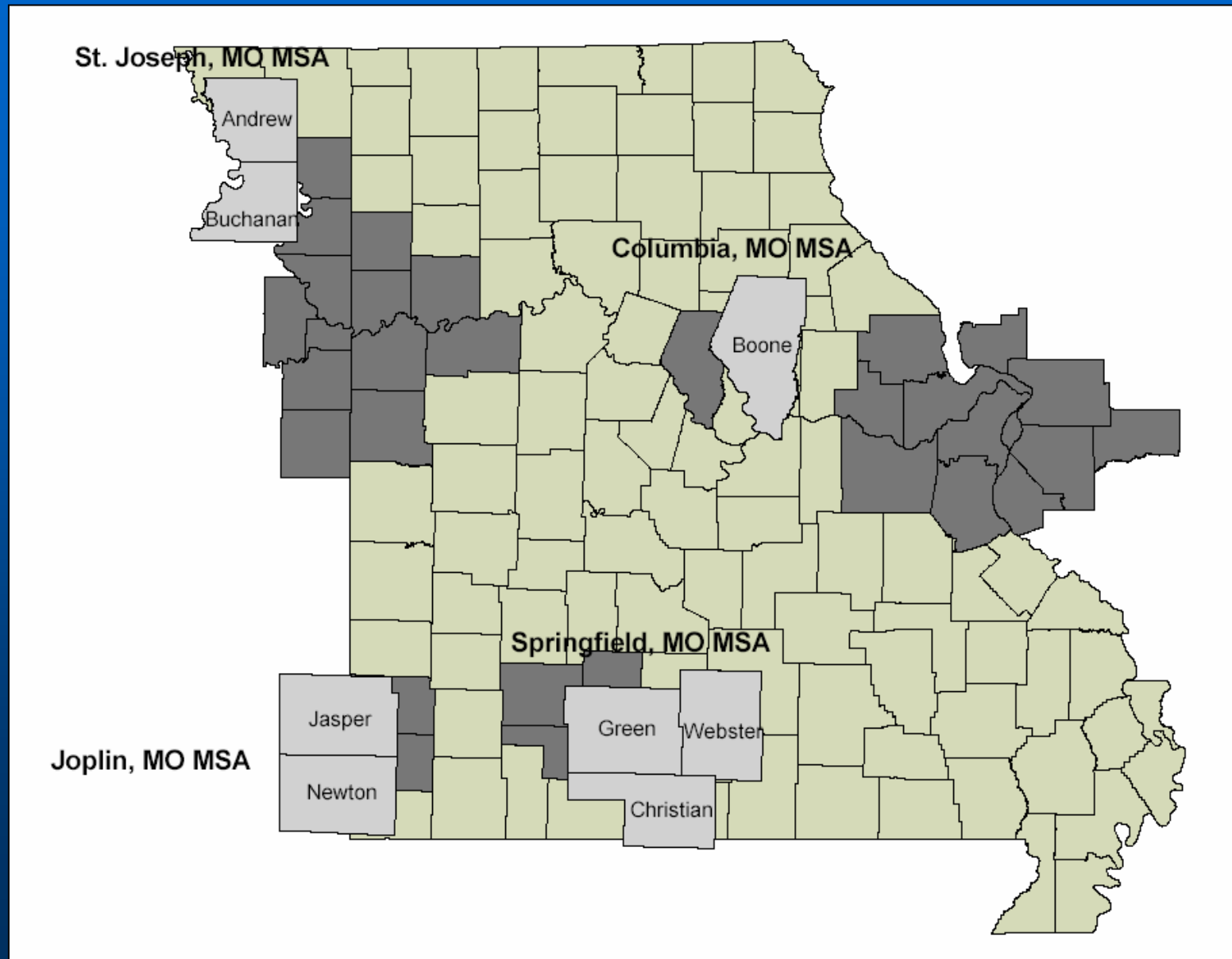


Unincorporated rural Missouri added almost three times as many new residents as did rural towns.



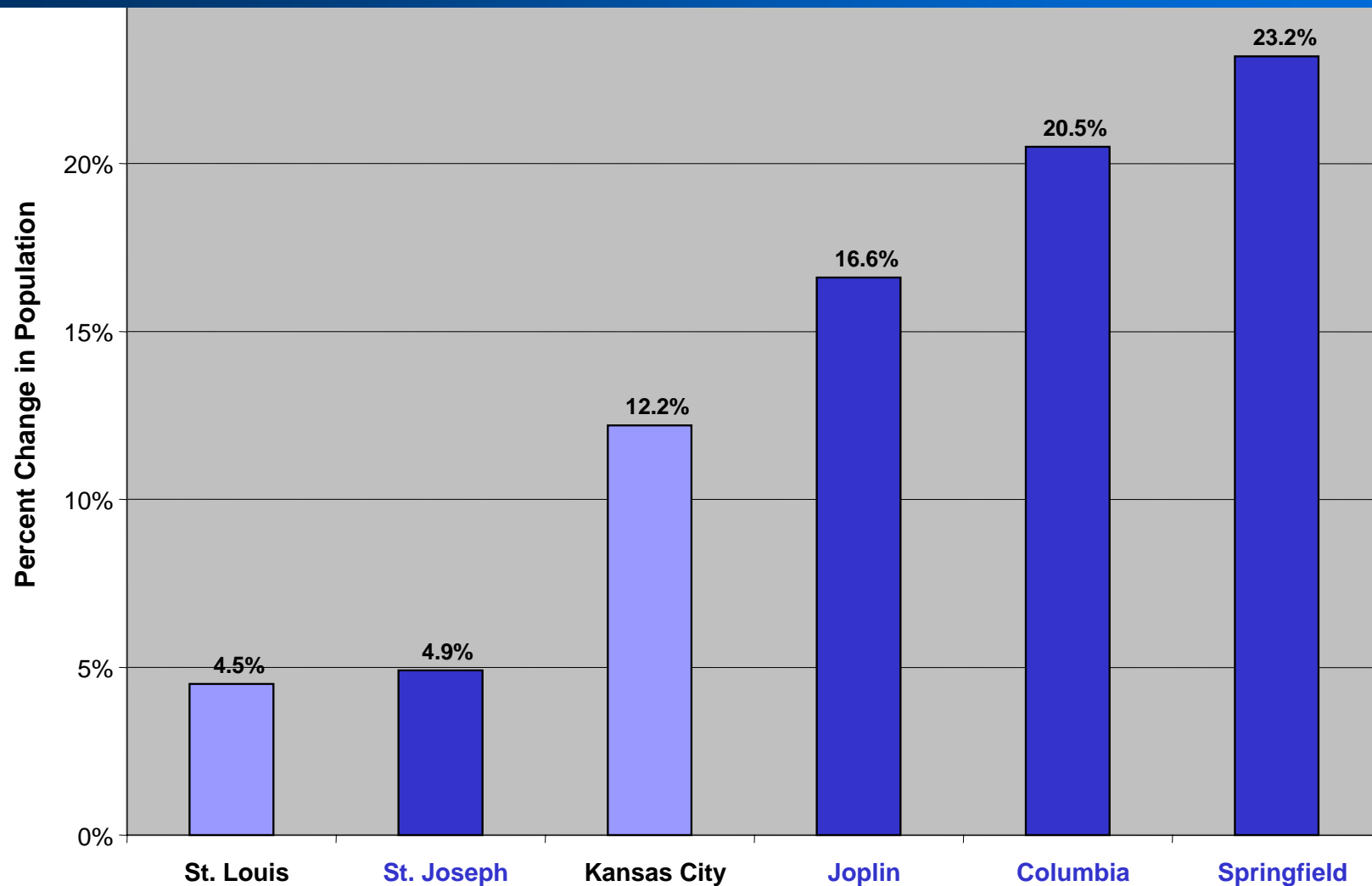


Missouri's 4 small metropolitan areas are decentralizing





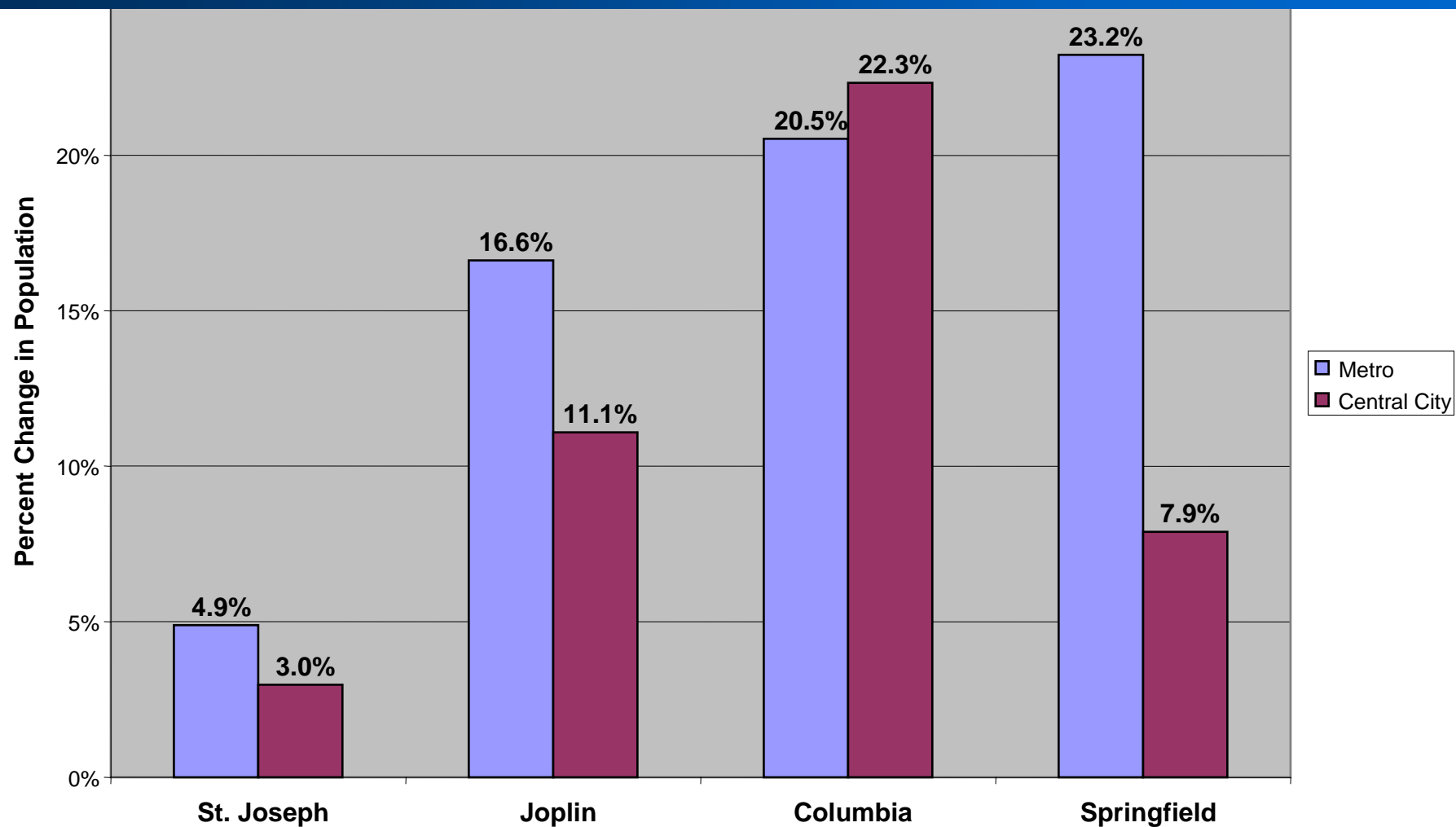
Overall, Missouri's smaller metro areas led the state in population growth in the 1990s.



Source: U.S. Census Bureau

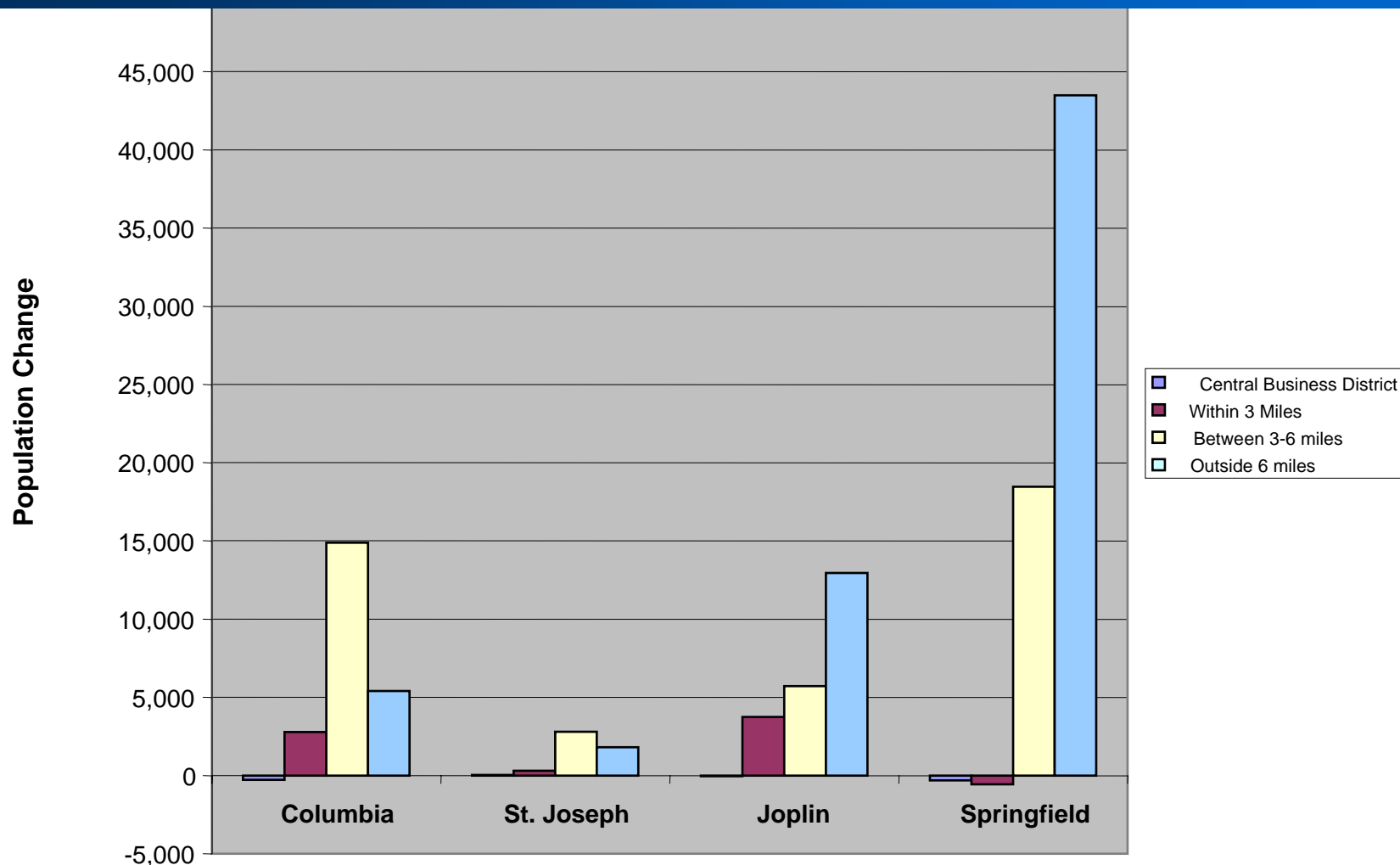


All of the small cities grew, but their metro areas grew faster. Columbia was an exception.



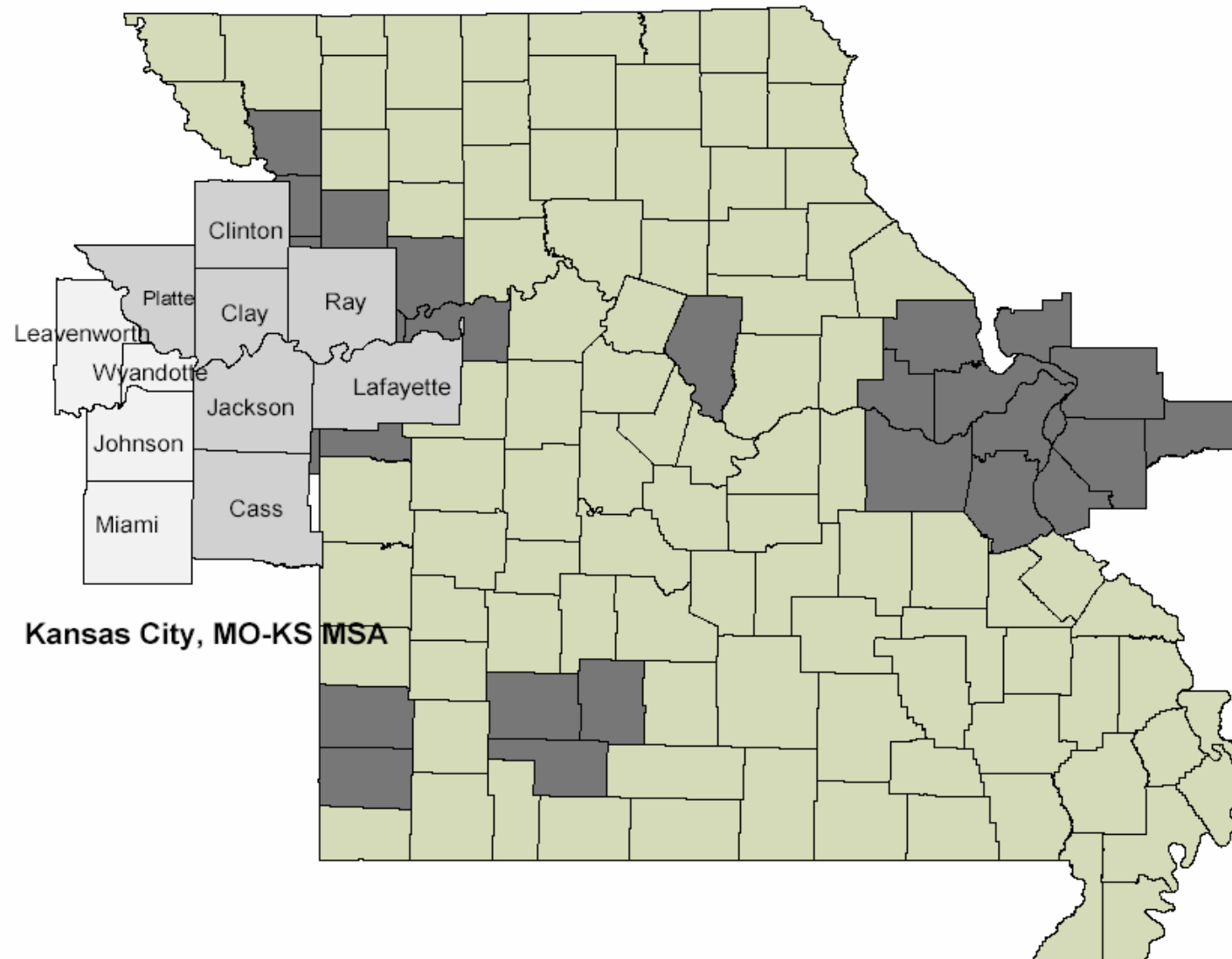


Most population growth in the 4 smaller metro areas took place more than 3 miles away from the city center.



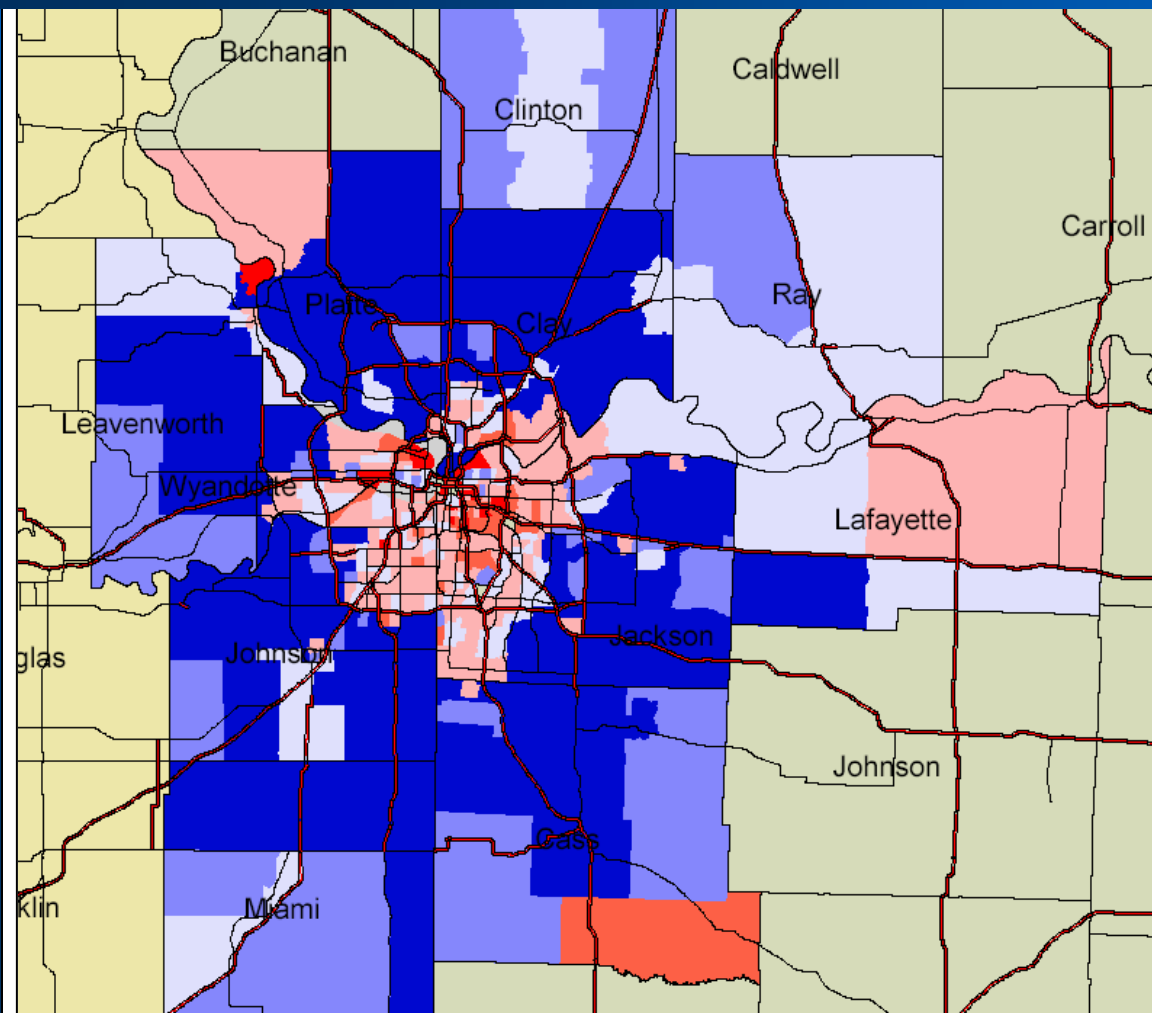


Kansas City metropolitan area is decentralizing

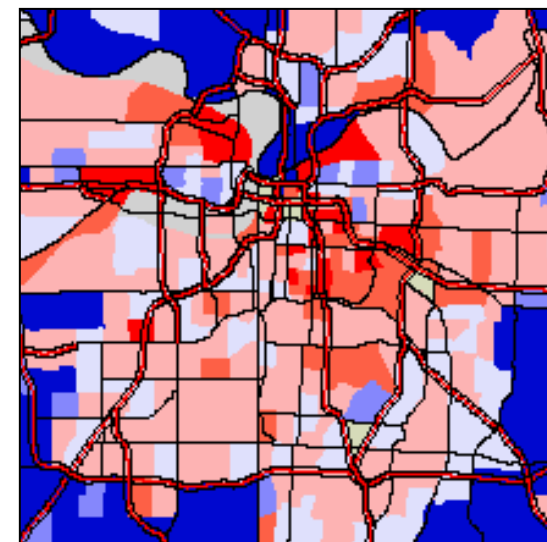
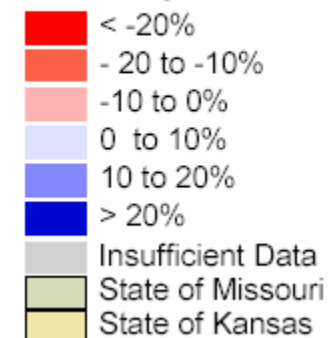




Kansas City, Missouri grew during the 1990s, but the overwhelming growth took place in the suburbs.



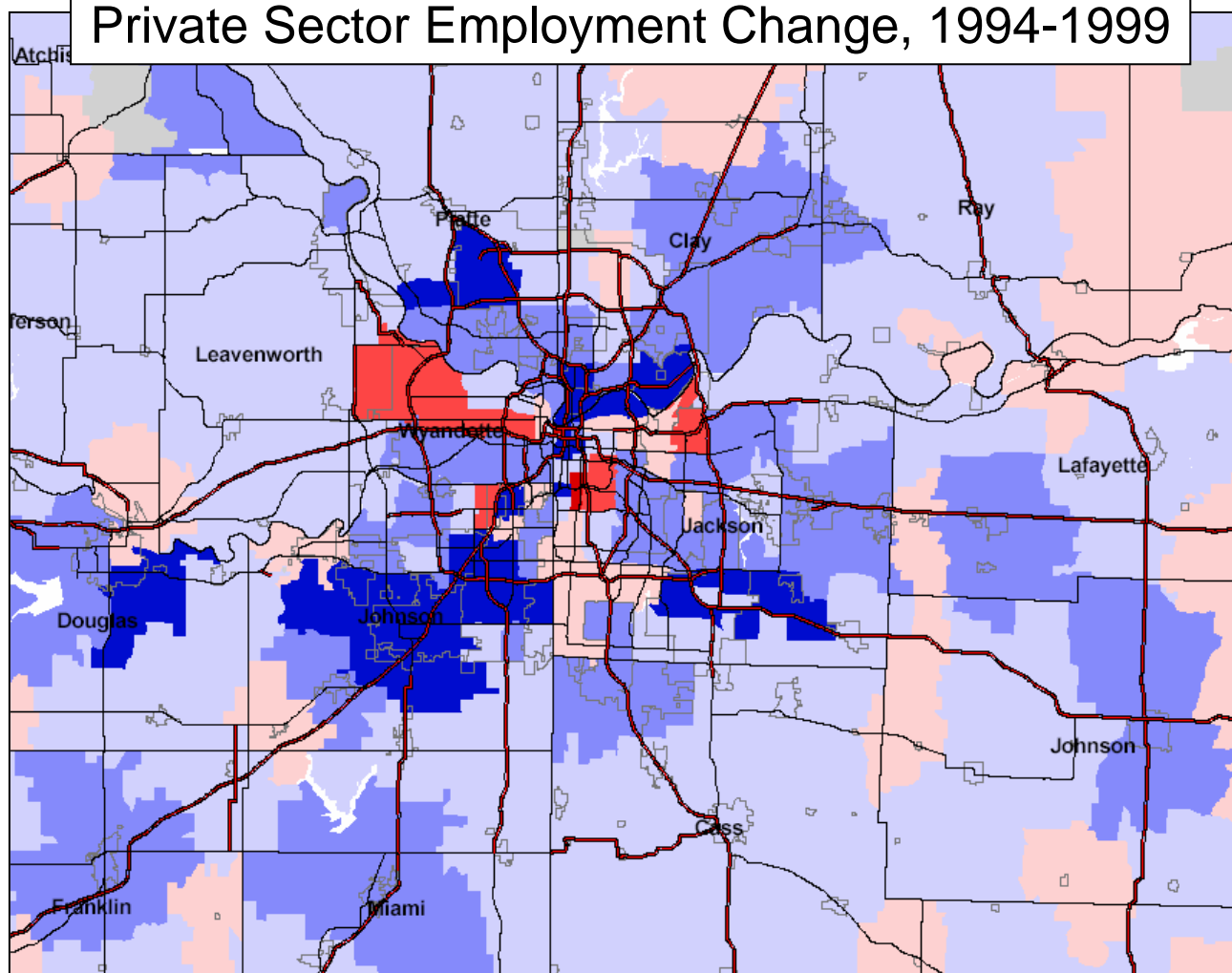
**Percent Change
in Population**



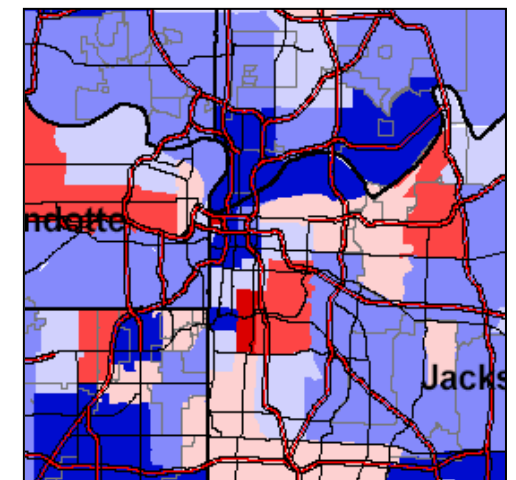
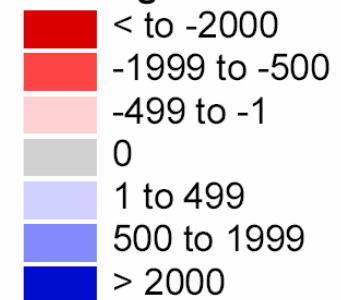


Private sector employment also decentralized during the 1990s.

Private Sector Employment Change, 1994-1999

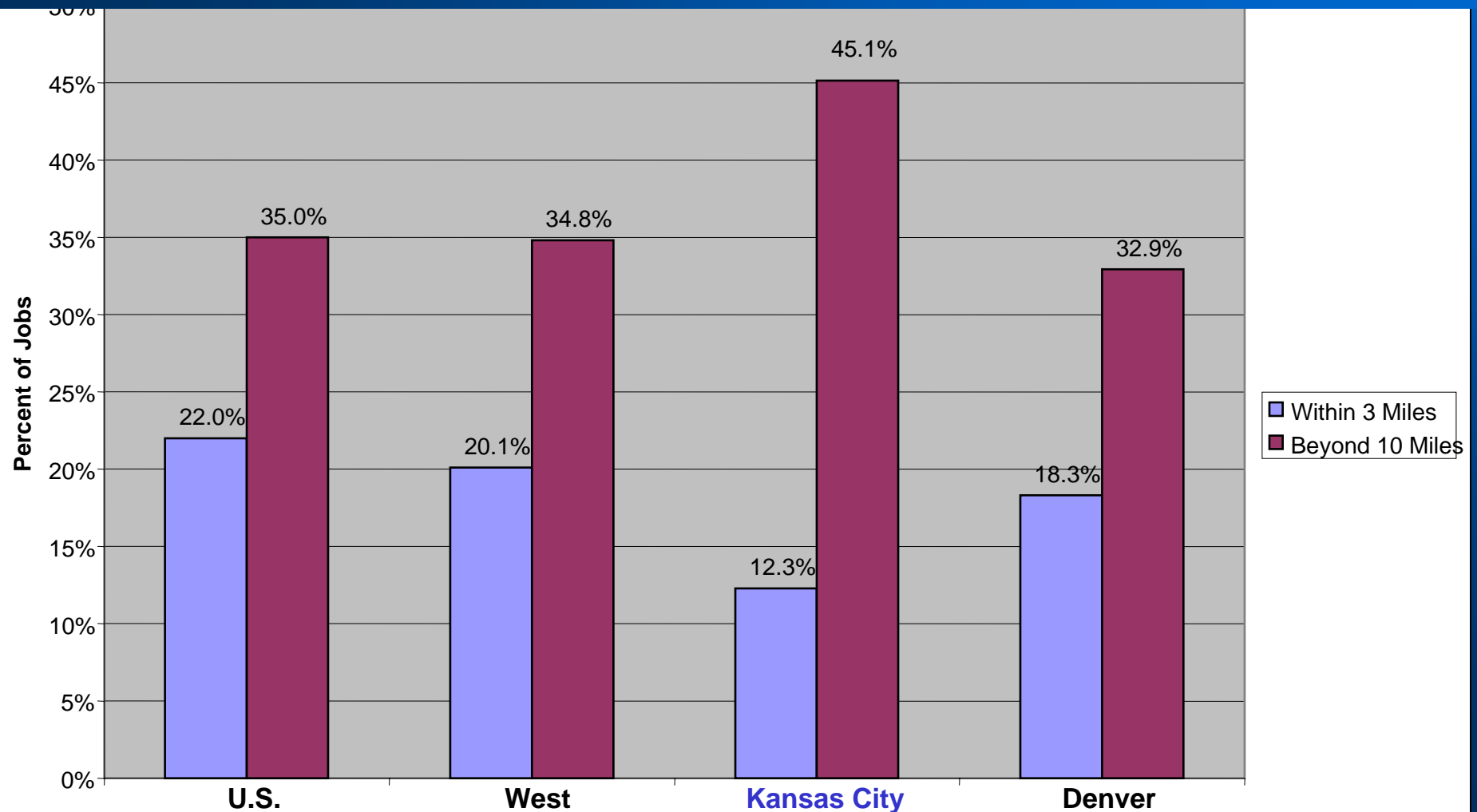


Change in Jobs



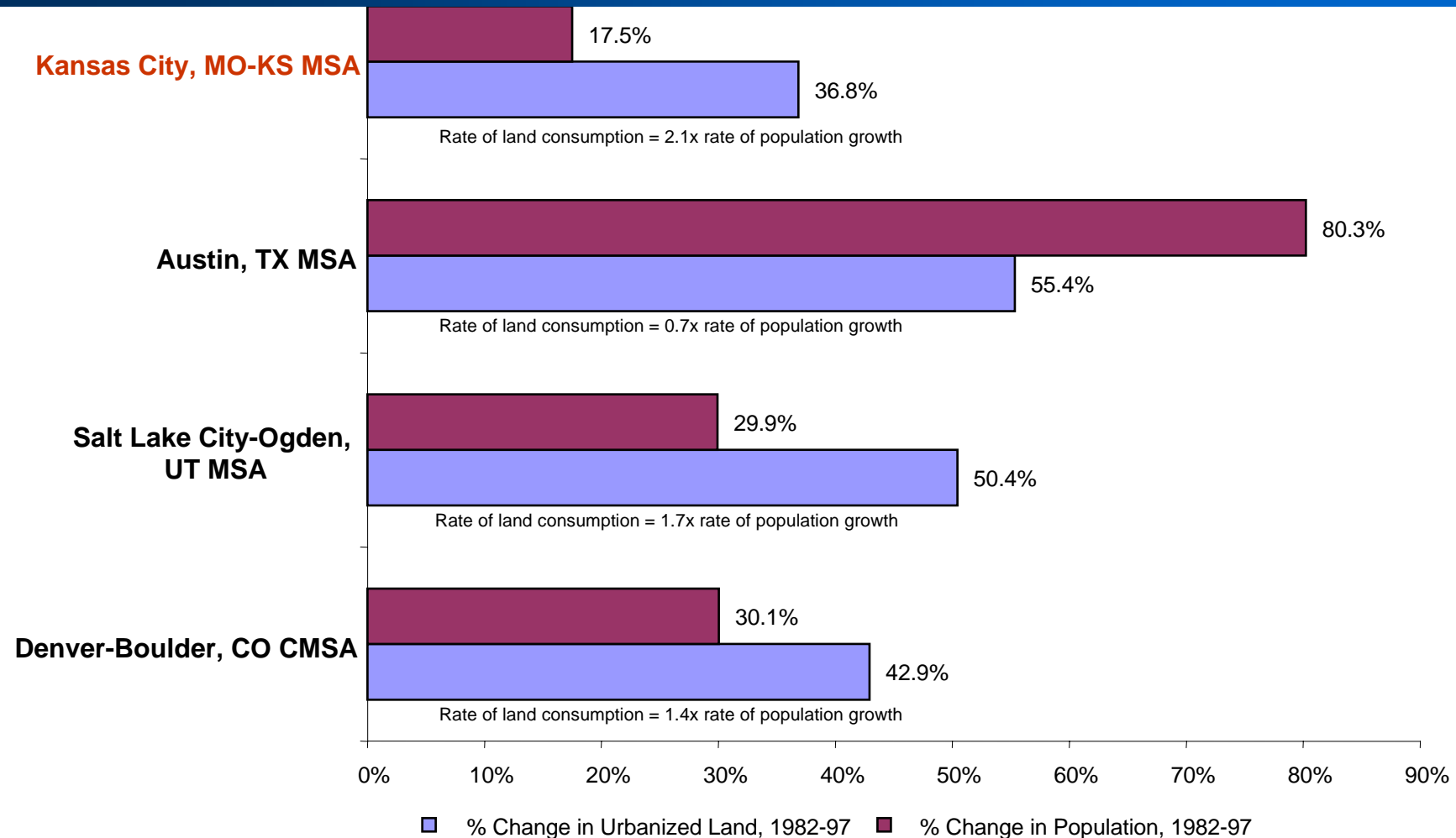


An unusually large share of the Kansas City region's jobs are located more than 10 miles away from the city center.



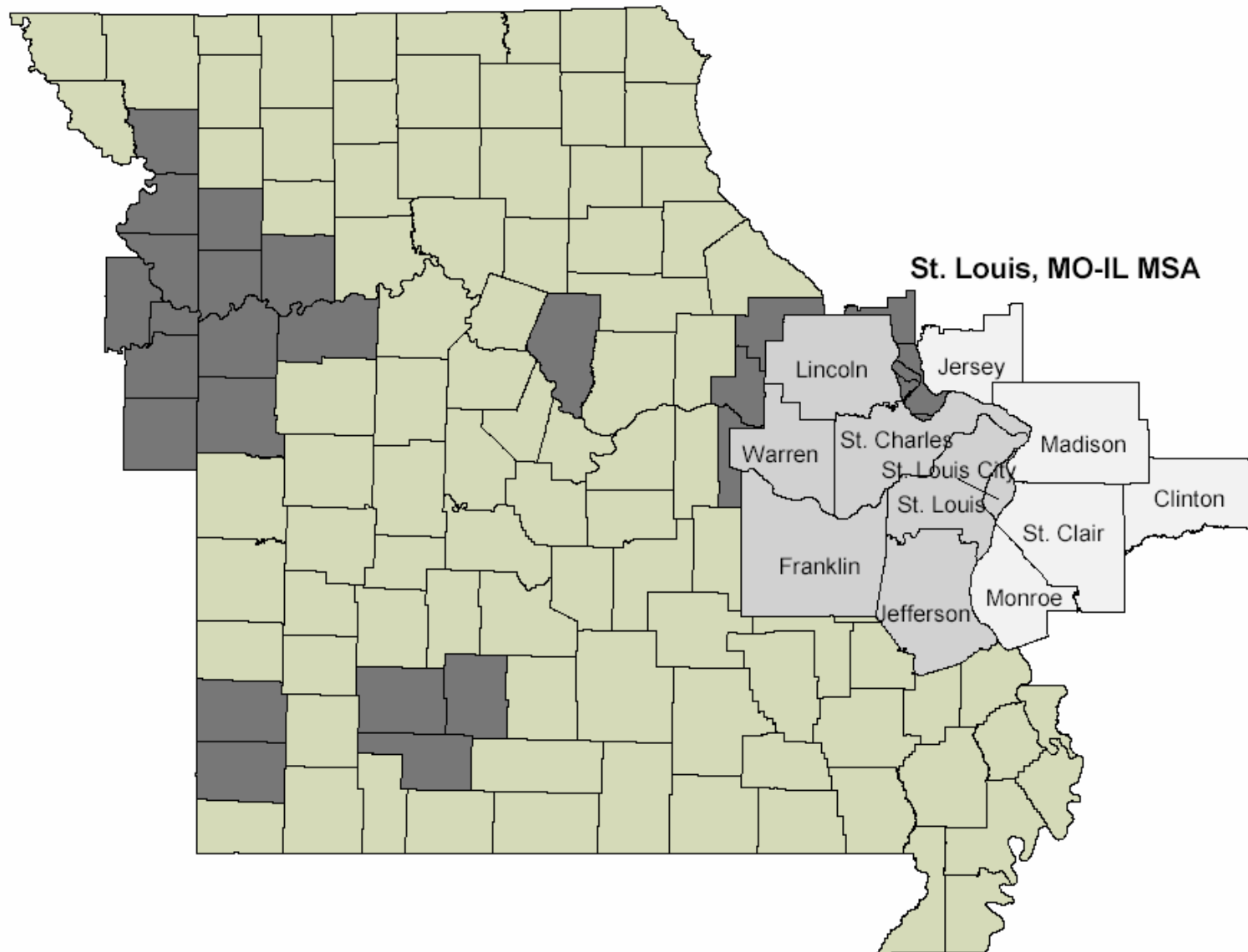


The Kansas City metro area urbanized land at twice the rate of population growth over the last two decades – significantly more inefficiently than its peers.



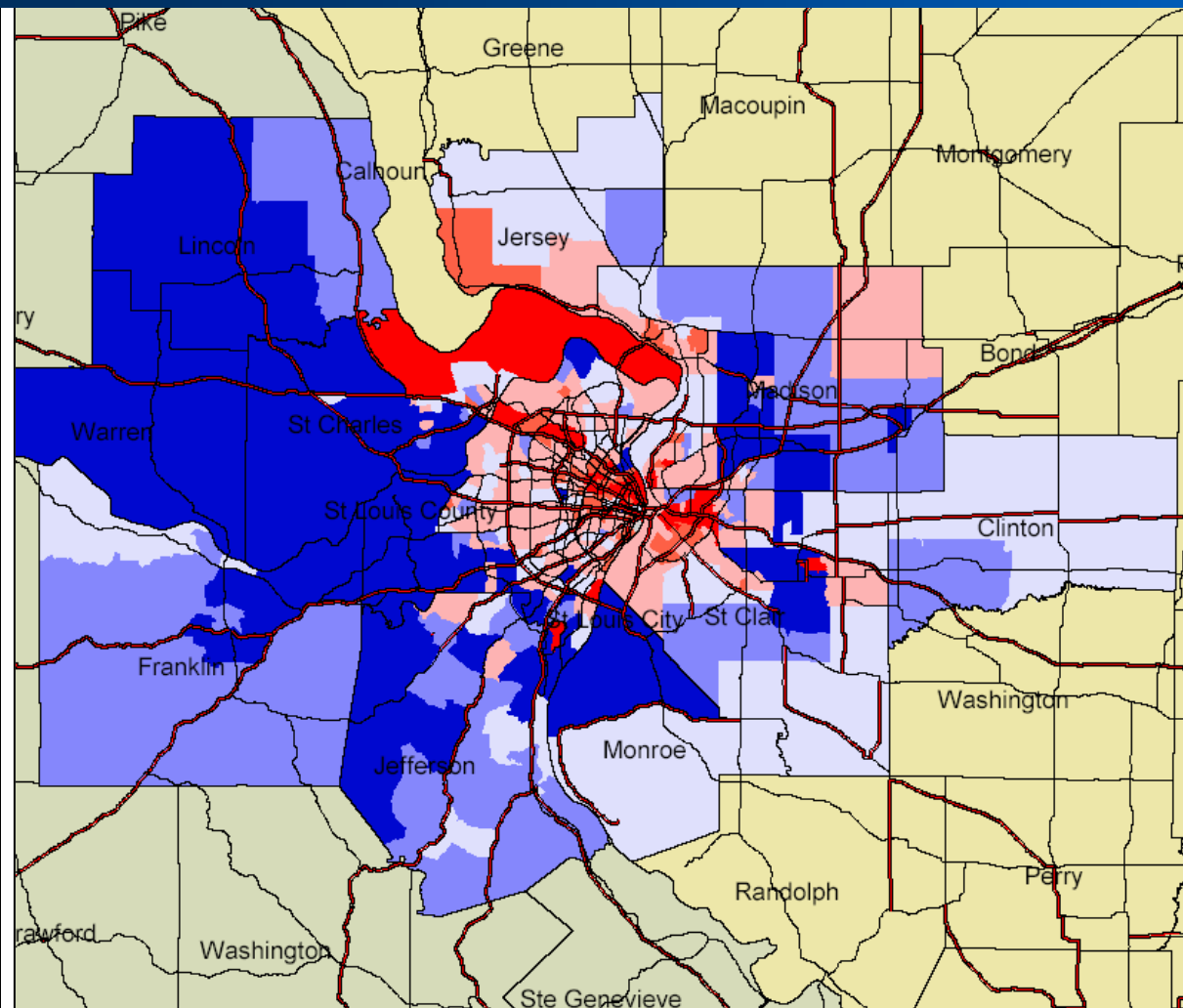


St. Louis metropolitan area is also decentralizing

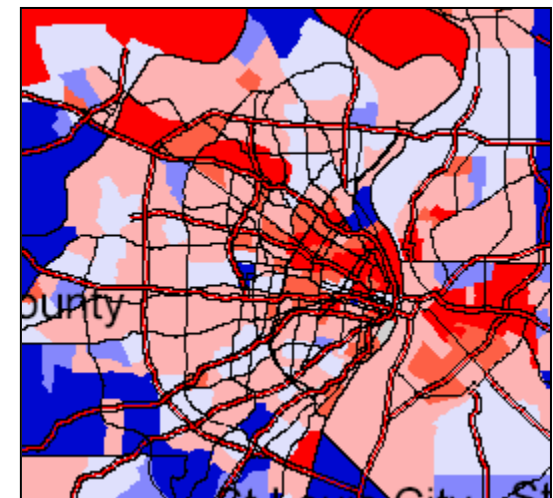
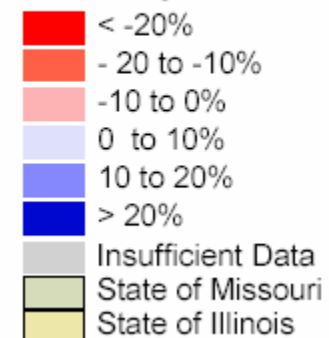




The core of the St. Louis area is losing population while growth is shifting outwards.



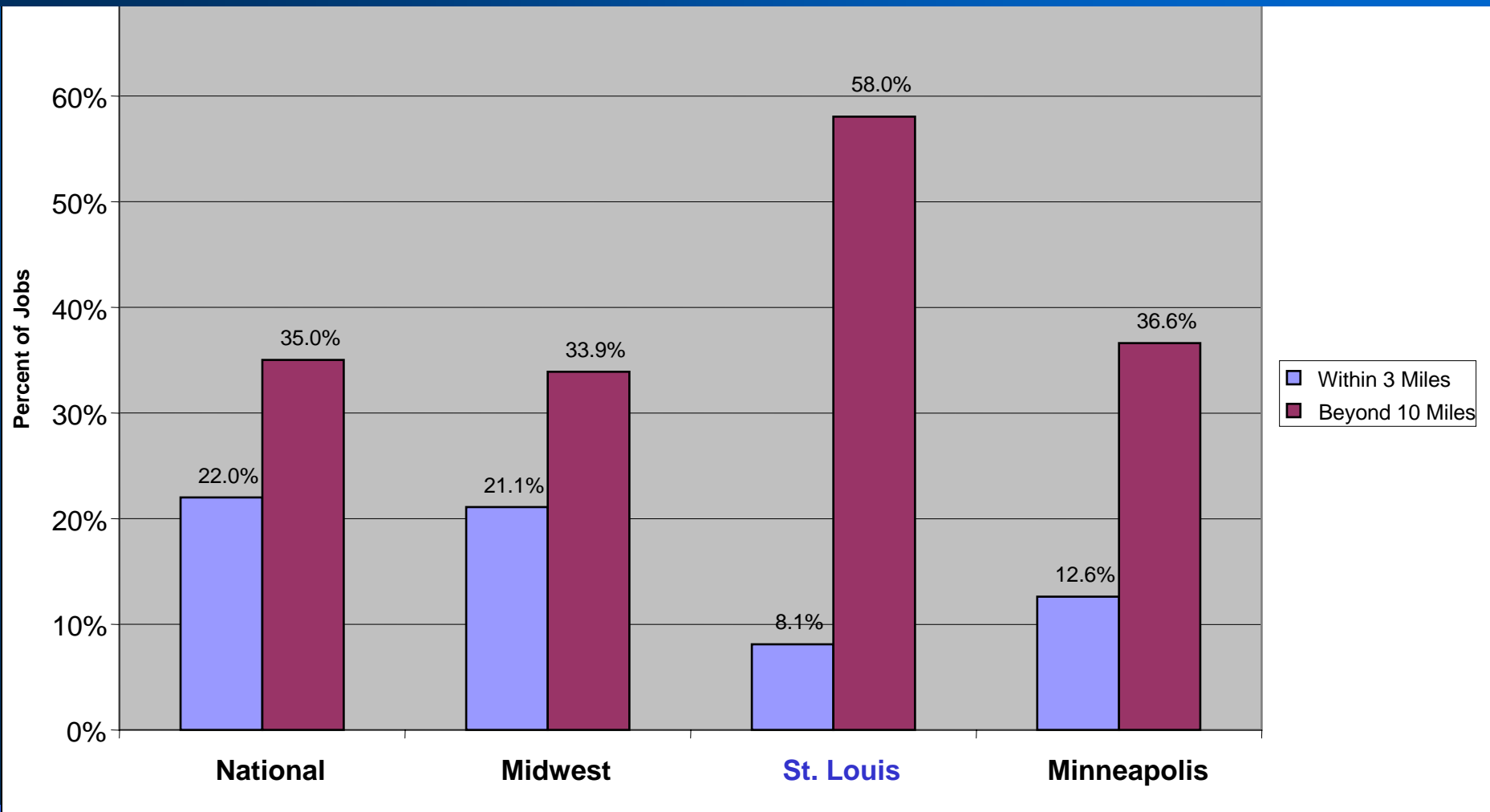
**Percent Change
in Population**





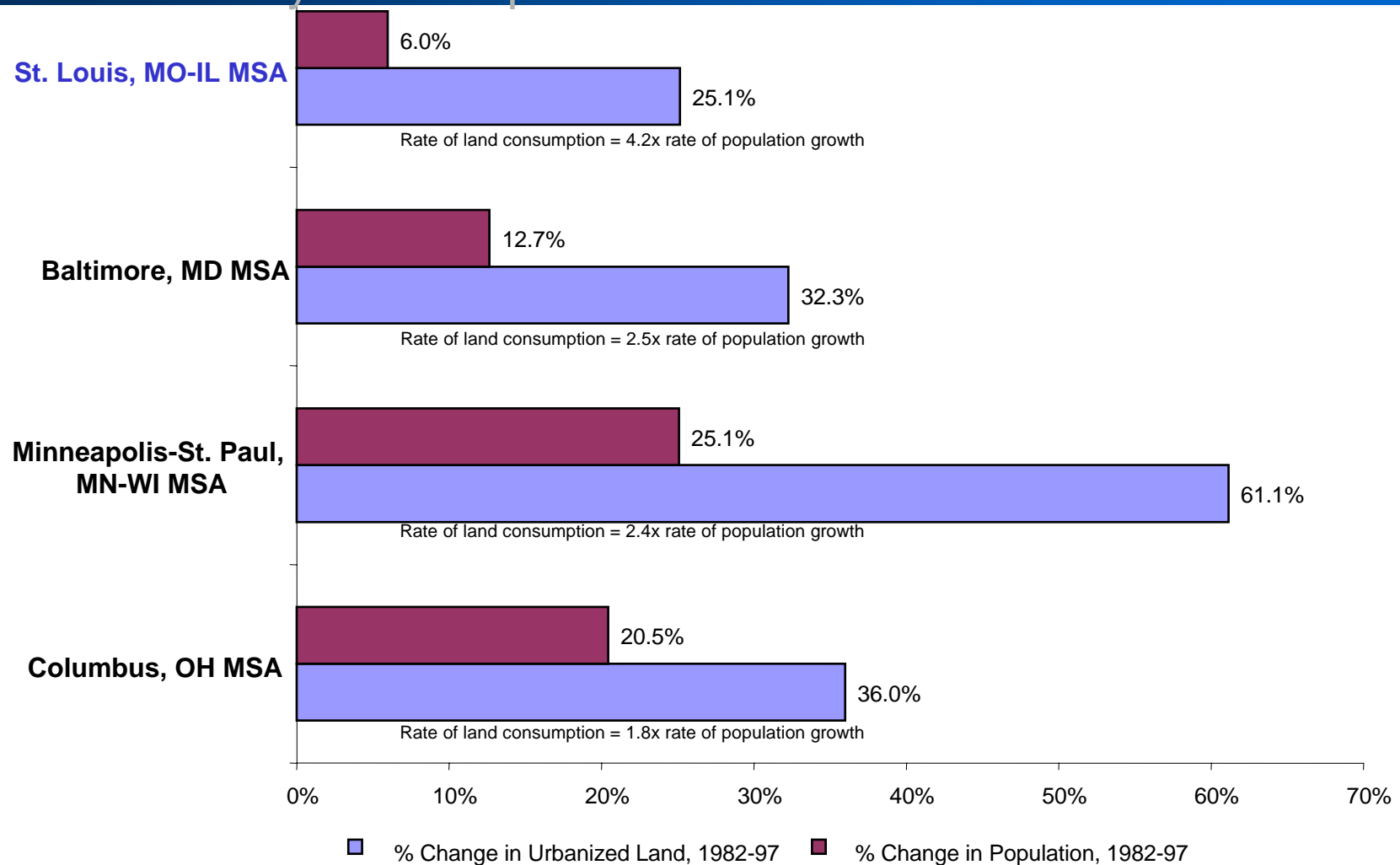


An extraordinary portion of jobs in the St. Louis region are located more than 10 miles from the city center.





The St. Louis metro area consumed land at four times the rate of population growth over the last two decades -- significantly more inefficiently than its peers.

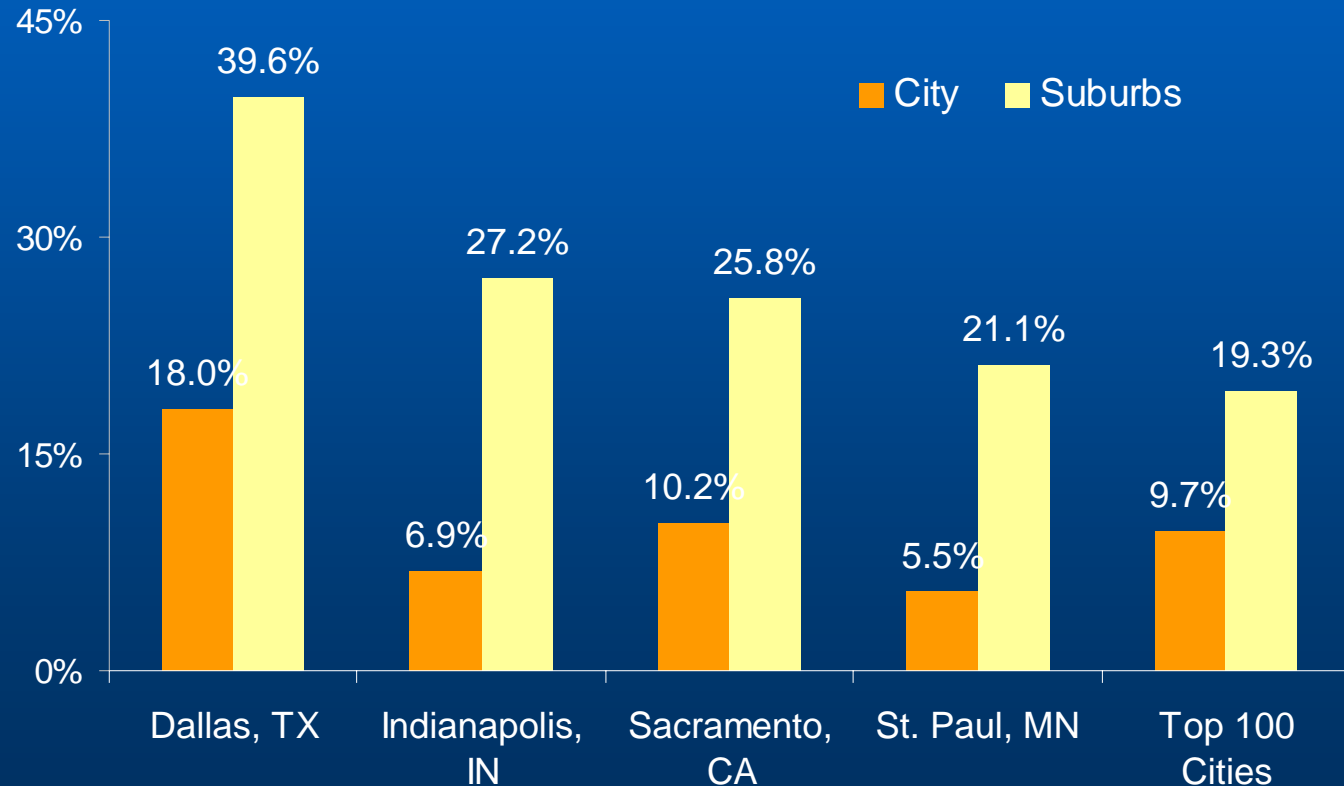




Population decentralization is similarly found in nearly every U.S. metropolitan area

Selected cities and suburbs,
population growth
1990-2000

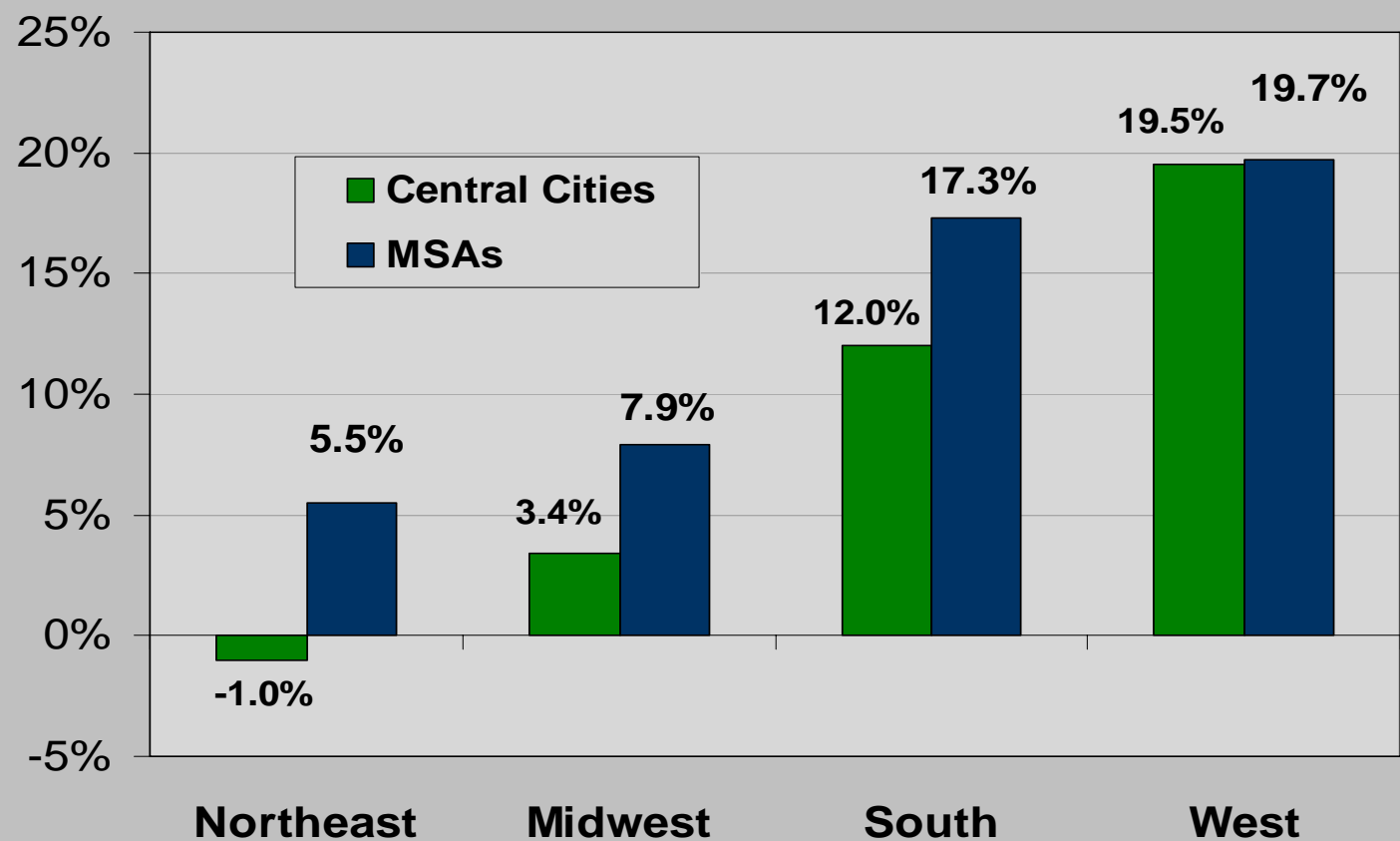
Source:
U.S. Census Bureau





In general, Midwest suburbs grew at twice the rate of their central cities in the 1990s; in the West, cities and suburbs grew at the same pace

Percent
population
growth,
1990-2000

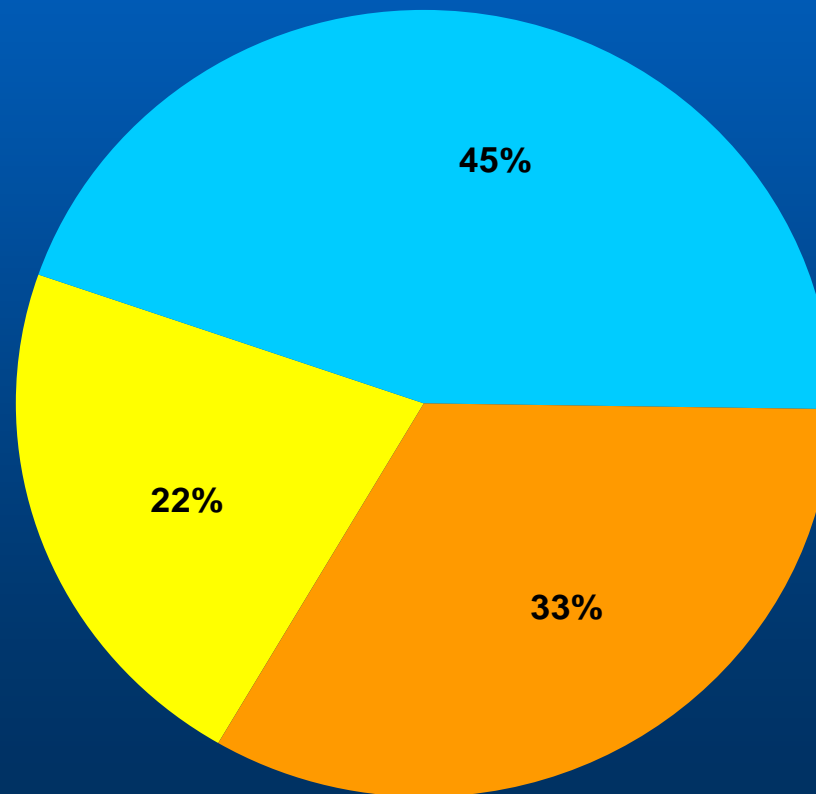




More than 30% of jobs in the top 100 metro areas are now located 10-miles from downtowns.

Share of
metropolitan
employment, 100
largest
metropolitan areas,
1996

■ 3-mile share ■ 10-mile share ■ Outside 10-mile share

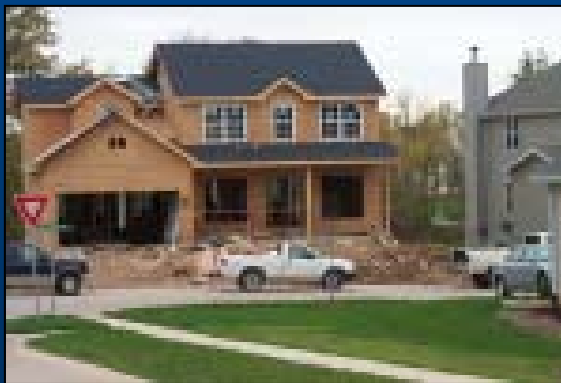




What are the consequences of these growth trends?



**Low-density, decentralized development is undercutting
some of the benefits of growth**



Decentralization is Costly

**Increases Costs on
Communities & Taxpayers**



Low density development imposes great costs on states and localities.

Low density development increases demand for:

- New schools
- New roads
- New public facilities
- Sewer and water extensions

Low density development increases the costs of key services:

- Police
- Fire
- Emergency medical



The cost of delivering new services for every 1,000 residents in select Kentucky counties is lower in more compact places

Central City Counties

Fayette

Development Pattern

(more concentrated)

Cost

(\$1.08)

Jefferson

(more spread out)

\$37.55

Suburban Counties

Shelby

(more concentrated)

\$88.27

Pendleton

(more spread out)

\$1222.39

Counties With Small Towns

Warren

(more concentrated)

\$53.89

Pulaski

(more spread out)

\$239.93

Outer Ring and Rural

Garrard

(more concentrated)

\$454.51

McCracken

(more spread out)

\$618.90

*Services includes Police, Fire, Highway, Schools, Sewer, and Solid Waste



Since 1990, many MO school districts have built new facilities at a high cost to the community.

<i>School District</i>	<i>County</i>	<i>New Buildings since 1990</i>	<i>Cost of New/ Expanded Facilities</i>
Francis Howell R-III	St. Charles	12	\$126,100,000
Blue Springs R-IV	Jackson	10	\$81,300,000
Ft. Zumwalt R-II	St. Charles	9	N.A.
Lee's Summit R-VII	Jackson	8	\$149,640,000
Columbia 93	Boone	7	\$55,620,410
Springfield	Greene	7	\$24,800,000

Francis Howell School District

1985 Enrollment=4,000

2001 Enrollment=18,513

Cost of Buildings= \$126 million



There are significant costs associated with water and sewer improvements

Branson area sewer districts

Except for Branson and Hollister, most of the sewerage of populated areas along Lake Taneycomo has been done since voters passed a half-cent sewer tax in 1993. More than \$26 million of tax revenue has taken more than 2,700 septic tanks out of service.

**Rockaway Beach,
Merriam Woods and
Bull Creek Village**

Forsyth





**Taneyville
Village**

Branson

Hollister

Lake
Taneycomo

65

-  Cities sewerage in partnership with sewer district
-  Sewered by Taney Co. Regional Sewer Dist.
-  Other sewerage areas
-  Next priority areas

ONLINE EDITION

Springfield

Taney
County

Area of
detail



SOURCE: TANEY COUNTY REGIONAL SEWER DISTRICT

JEFF HARPER / NEWS-LEADER



Decentralization is Costly

Erodes Missouri's Rural Heritage





Missouri's current pattern of growth is eroding the state's rural heritage.

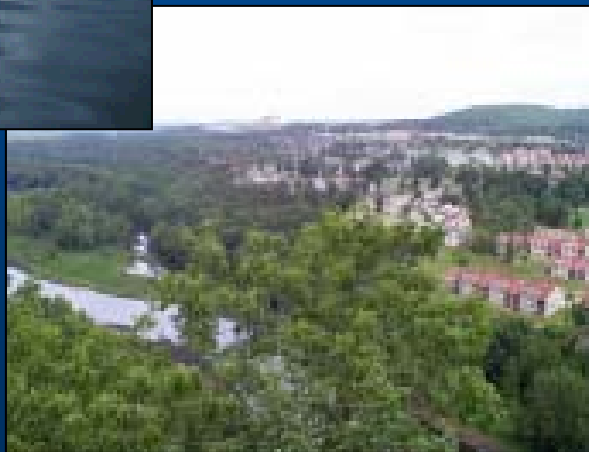
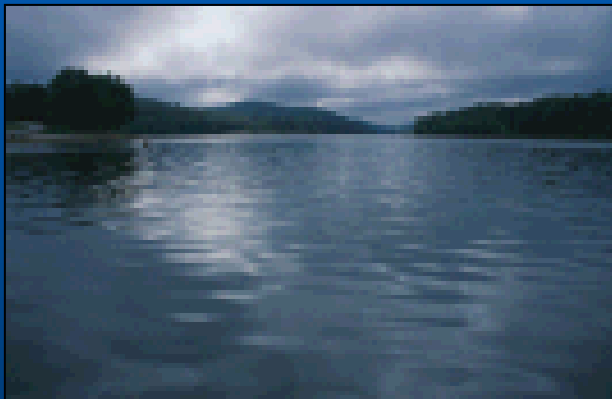
- **Farmland is being lost.**
- **Hunting and fishing spots are disappearing.**
- **The ambiance of old battlefields is waning.**
- **Country roads are getting crowded.**





Decentralization is Costly

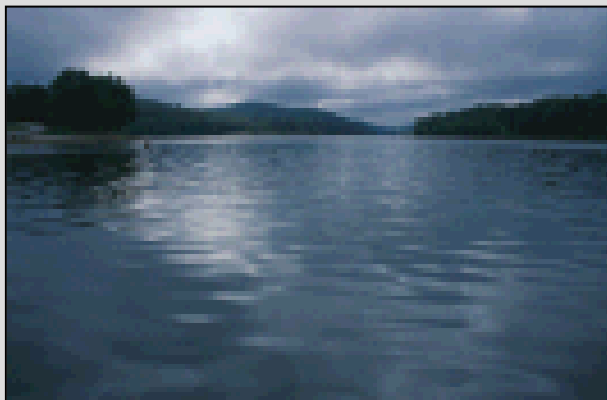
Threatens the Environment & Natural Areas





Missouri's current pattern of growth is threatening the environment and natural areas.

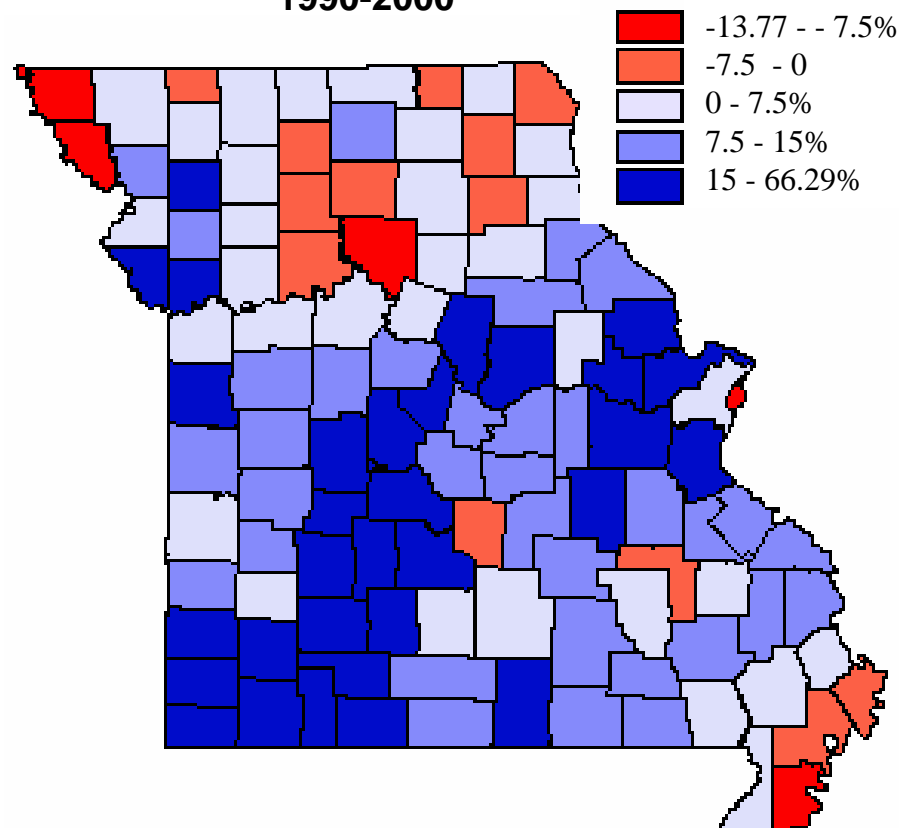
- **Vast tracts of forest, stream, and grassland have been developed.**
- **The state is fouling its waters.**
- **Air pollution - particularly in St. Louis - continues to place many Missourians at risk.**



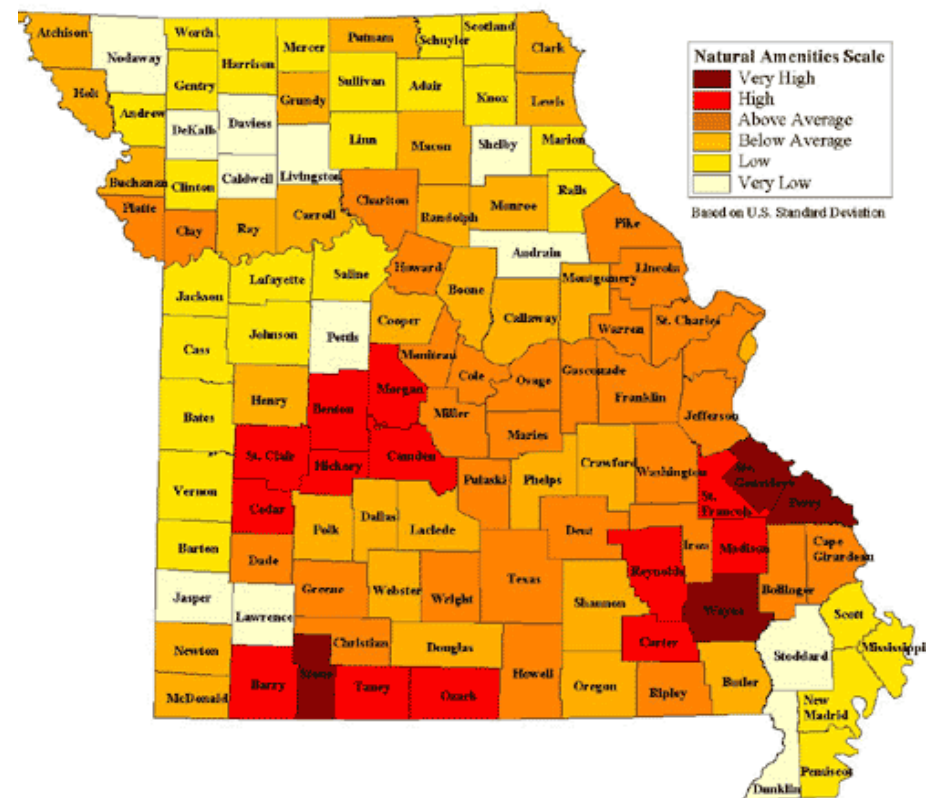


Missouri's fastest growth is often occurring in counties with the most natural amenities.

**Percentage Change in Population
1990-2000**



**Missouri's Natural Amenities
1999**

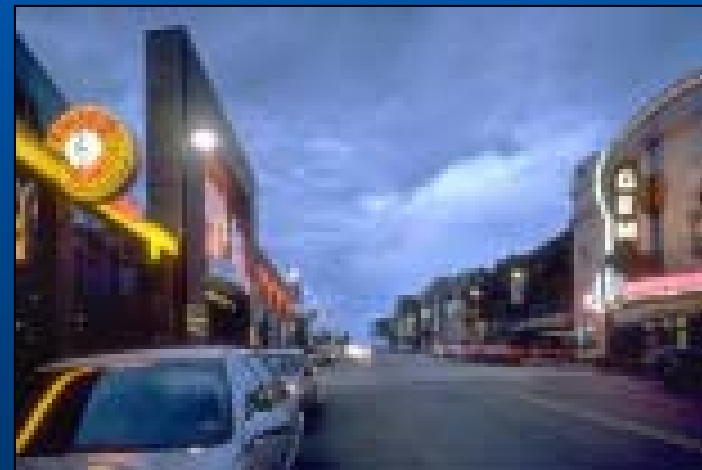


Source: Missouri Association of Counties, Missouri Department of Economic Development

Source: Missouri Department of Economic Development



Decentralization is Costly
**Diminishes Economic
Competitiveness &
Quality of Life**





Missouri's current pattern of growth is hurting Missouri's competitiveness by eroding its quality of life

Decentralization:

- **Is weakening the downtown cores that attract and retain young workers and employers**
- **Is reducing choice for different types of communities**
- **Threatens the state's best natural amenities and the \$1.5 billion-a-year Ozarks tourism industry**



Emerging academic evidence shows that:

- **The cities and metro areas with highly skilled workers also have high population and income growth**
- **The cities that provide high density learning environments will excel in creativity and innovation**
- **The cities and metro areas that have high proportions of skilled, educated workers are able to reinvent themselves and adapt to changing economic needs**



Across the nation, the cities and metros with the highest shares of educated workers have common qualities:

- Thick labor markets
- Vibrant and distinctive downtowns
- Plentiful amenities
- A positive, tolerant culture



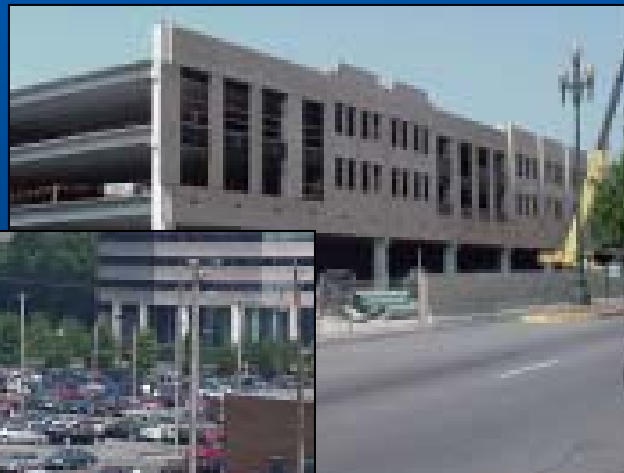
With their weak downtowns, Missouri's cities lag on key indicators of competitiveness such as innovation and talent

		1990s	2000
	Creativity	Downtown	Pop. Share
	Rank	Pop. Change	with B.A.
San Francisco	1	22%	45.0%
Boston	3	30%	35.6%
San Deigo	3	20%	35.0%
Seattle	5	44%	47.2%
Raleigh-Durham	6	27%	43.6%
Minneapolis-St. Paul	11	20%	35.2%
Atlanta	14	111%	34.6%
Denver	14	51%	34.5%
Kansas City	35	-13.1%	22.4%
St. Louis	45	4.2%	19.1%



Decentralization is Costly

**Strains the Transportation
System & Increases
Travel Costs**





Decentralization is Costly

**Isolates Low-Income
Residents & Minorities
from Opportunities**





Why are some of these trends occurring?



Current State Policies in Missouri Facilitate Decentralization

- Fragmented Governance
- Heavy Local Reliance on the Sales Tax
- History of Road Building
- Weak Land-use Planning



Missouri has a high number of local governments

Missouri has 3,416 local governments - 8th largest among states.

- 114 Counties
- 962 local governments
- 1400 plus rural “special districts”
- 308 road districts (largest in nation)



Kansas City and St. Louis are among the most fragmented metropolitan areas in the country.

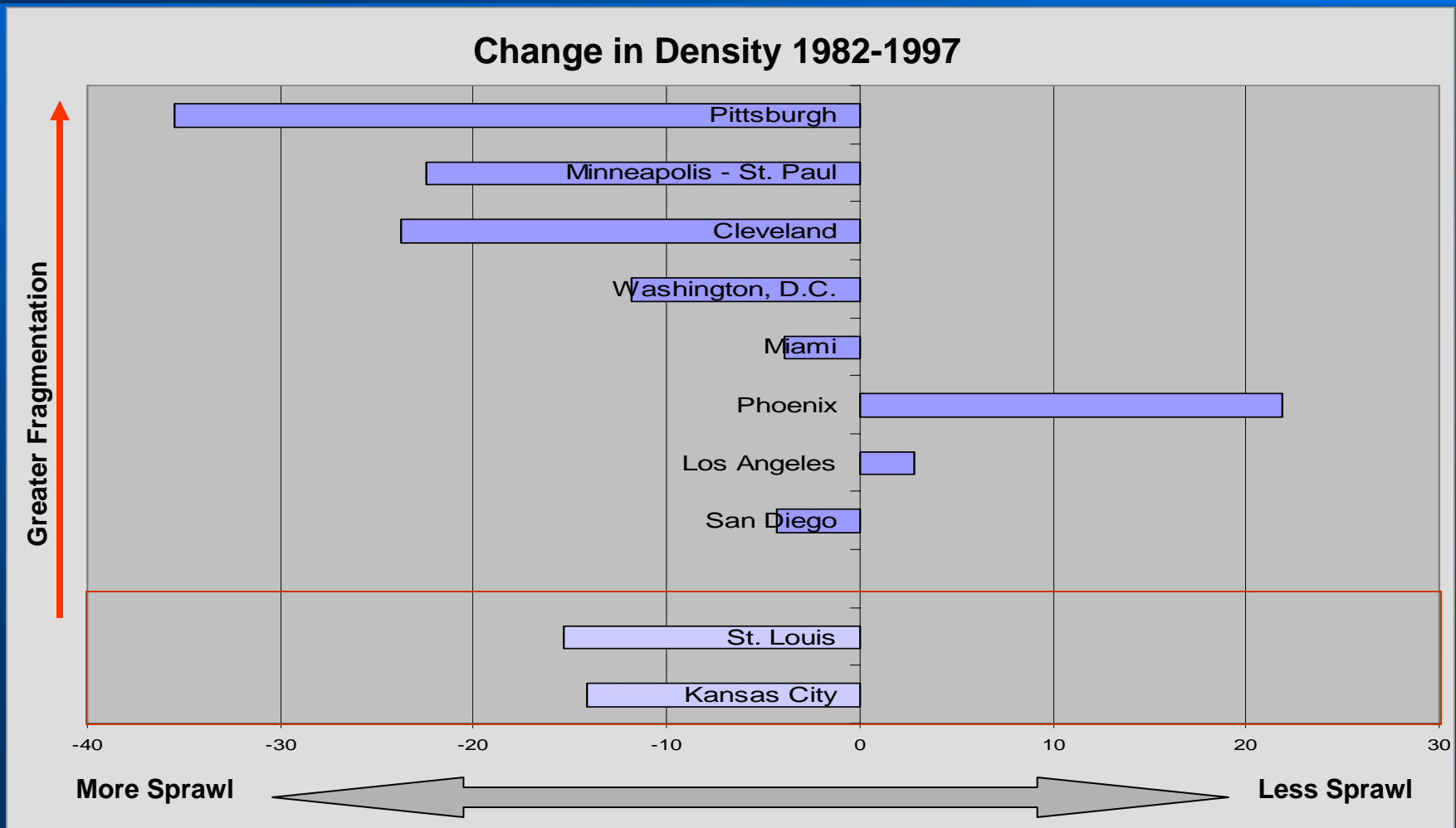
Political Fragmentation				
Metropolitan area	Counties	Municipalities and townships	Total local governments	Local governments per 100,000 residents
Pittsburgh	6	412	418	17.7
Minneapolis - St. Paul	13	331	344	12.3
St. Louis	12	300	312	12.2
Kansas City	11	171	182	10.6
Cleveland	8	259	267	9.2
Philadelphia	14	428	442	7.4
.
Miami	2	55	57	1.6
Phoenix	2	32	34	1.2
Los Angeles	5	177	182	1.2
San Diego	1	18	19	0.7



Source: Myron Orfield. "American Metro Politics: The New Suburban Reality." Brookings, 2002.



Greater government fragmentation correlates to greater sprawl.



Source: William Fulton, et. al. "Who Sprawls Most? How Growth Patterns Differ Across the U.S." Brookings, July 2001.

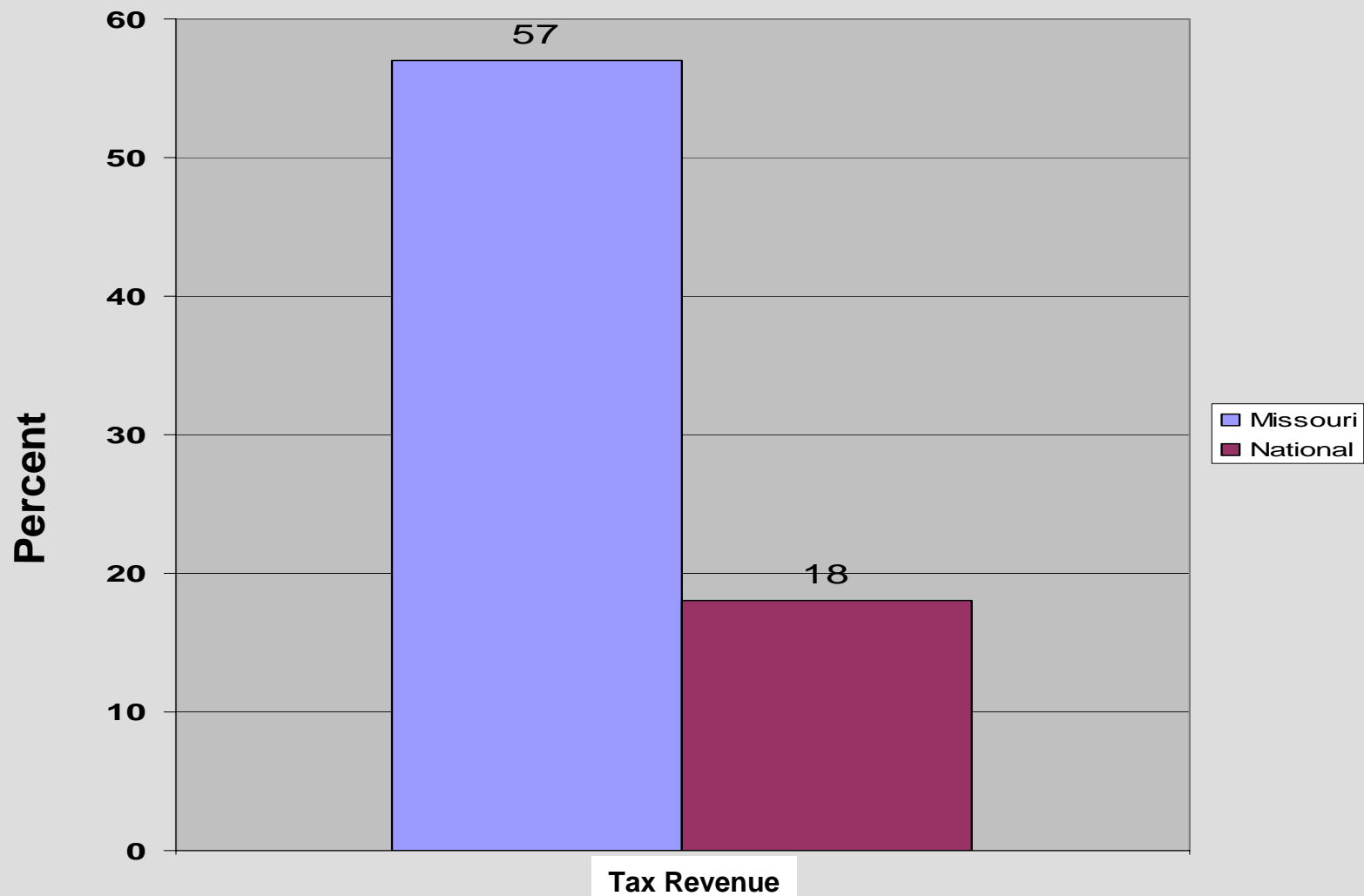


And a high profusion of local governments hobbles a state's economic competitiveness

- CMU's Jerry Paytas concludes that fragmented regions saw their share of the total income generated in 285 metro areas slip between 1972 and 1997
- Paul Lewis concludes fragmentation results in decreased shares of office space in central business districts, less "centrality," longer commute times, more "edge cities," and more sprawl



Missouri municipalities rely heavily on local sales taxes and are forced to compete for retail for fiscal growth.





Missouri transportation spending facilitates decentralization.

- **Missouri is the 17th largest state yet it has:**
 - the 7th largest state-owned highway system; and
 - the 8th largest total of state and local lane miles in the country.
- **During the 1990s, 3,423 lane miles were added to the system.**
- **Meanwhile, pavement conditions deteriorated on MoDOT roads.**



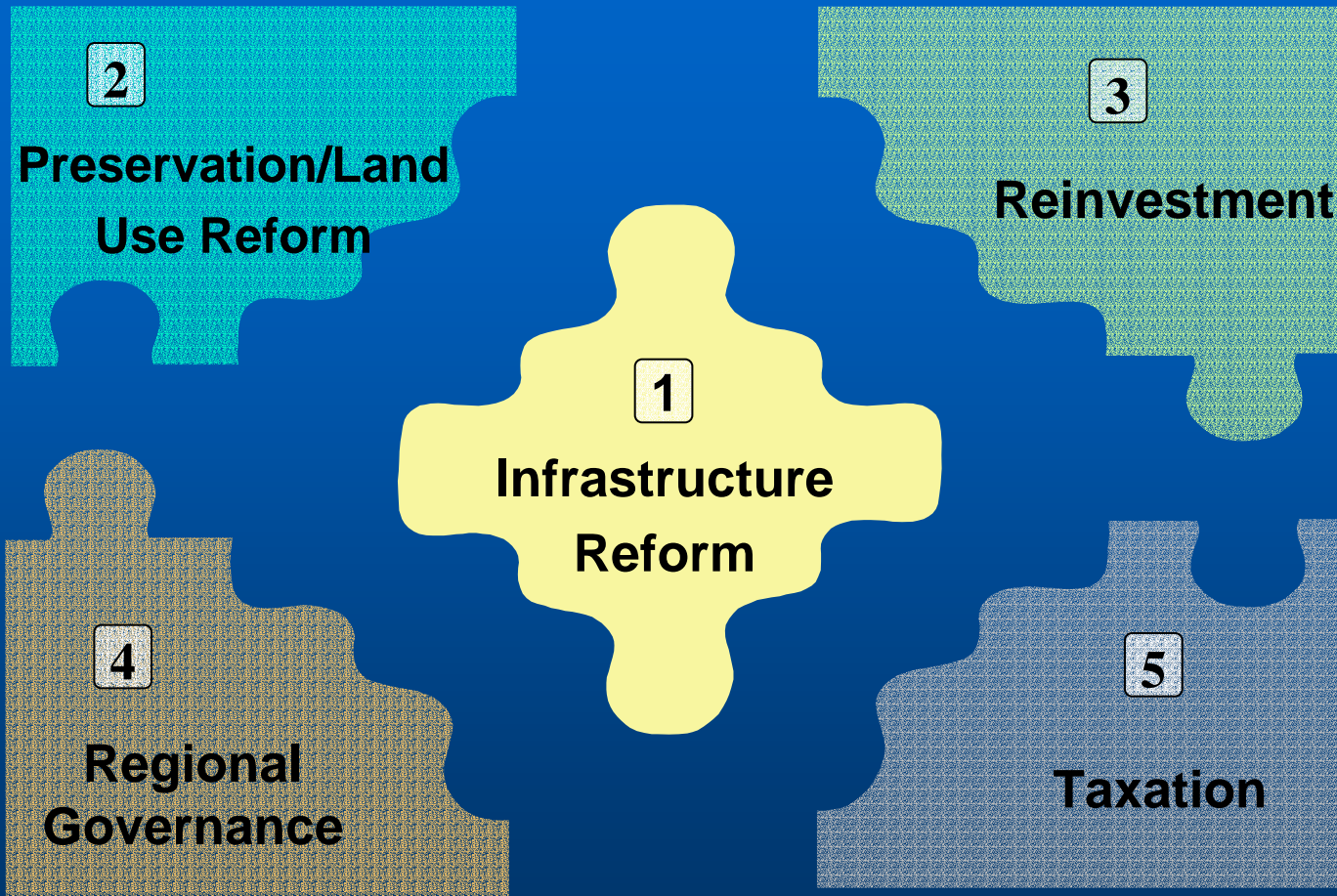
Missouri's lack of planning leads to haphazard and inefficient uses of land.

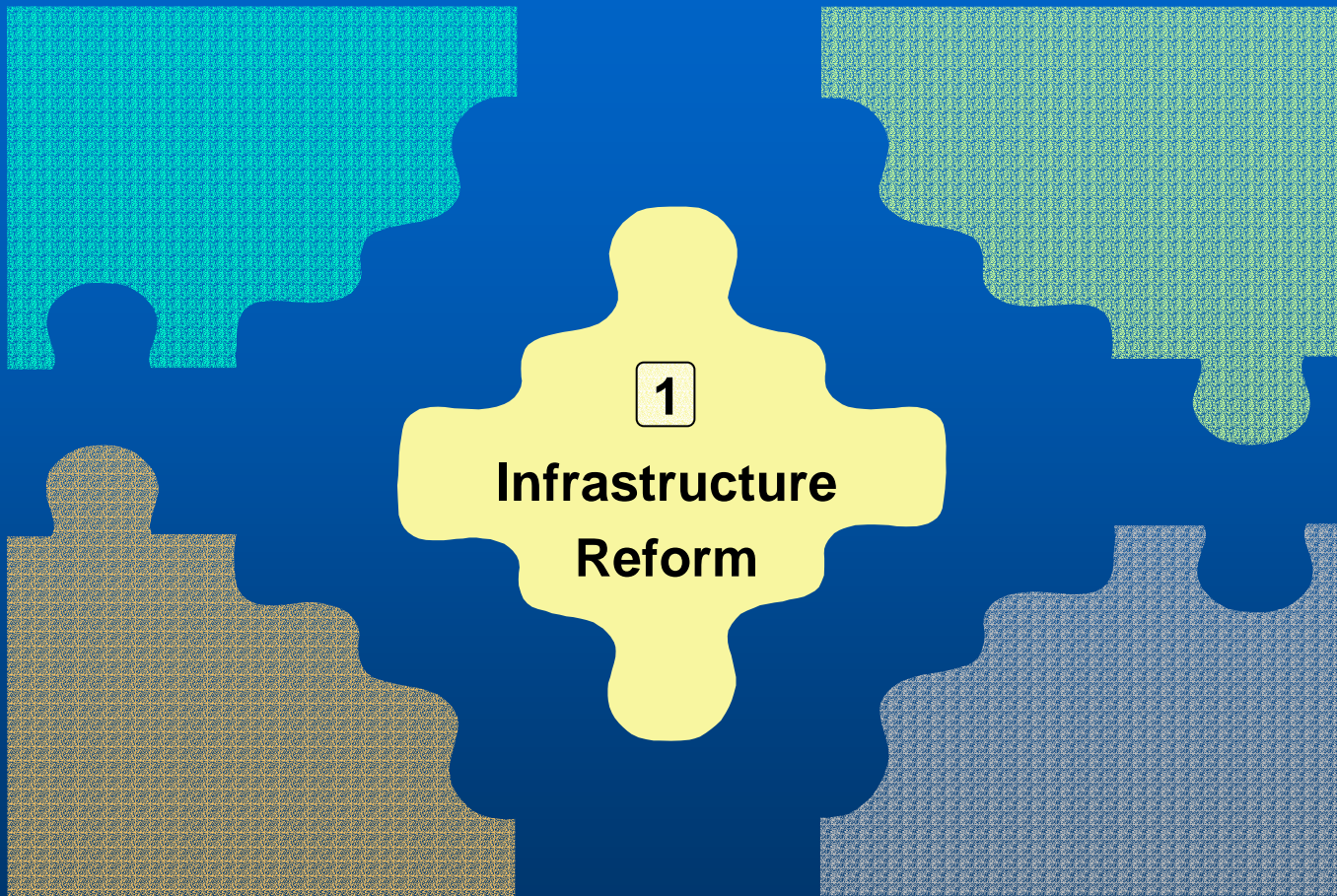
- **Missouri's planning statutes have not been significantly updated since their implementation in the 1920s.**
- **Only 37 counties have adopted planning and zoning while only 21 counties have implemented it (out of 114).**
- **Few localities have the capacity to adequately plan.**



IV

What can states do to help communities grow in more economically and fiscally healthy ways?







THE GOAL: *Coordinate transportation and infrastructure investments to build strong communities and maximize scarce dollars*

- 1. Use capital to support sensible land-use**
- 2. Preserve and maintain existing system and communities**
- 3. Support alternative transportation strategies**



Massachusetts Commonwealth Coordinating Council

- **Governor Mitt Romney instituted a cabinet-lead council that seeks to coordinate priority activities among disparate agencies: housing and community development, economic development, transportation, and environment**
- **Priorities include: increasing housing and economic activities around major transit nodes and transportation corridors**



2

Preservation/Land Use Reform





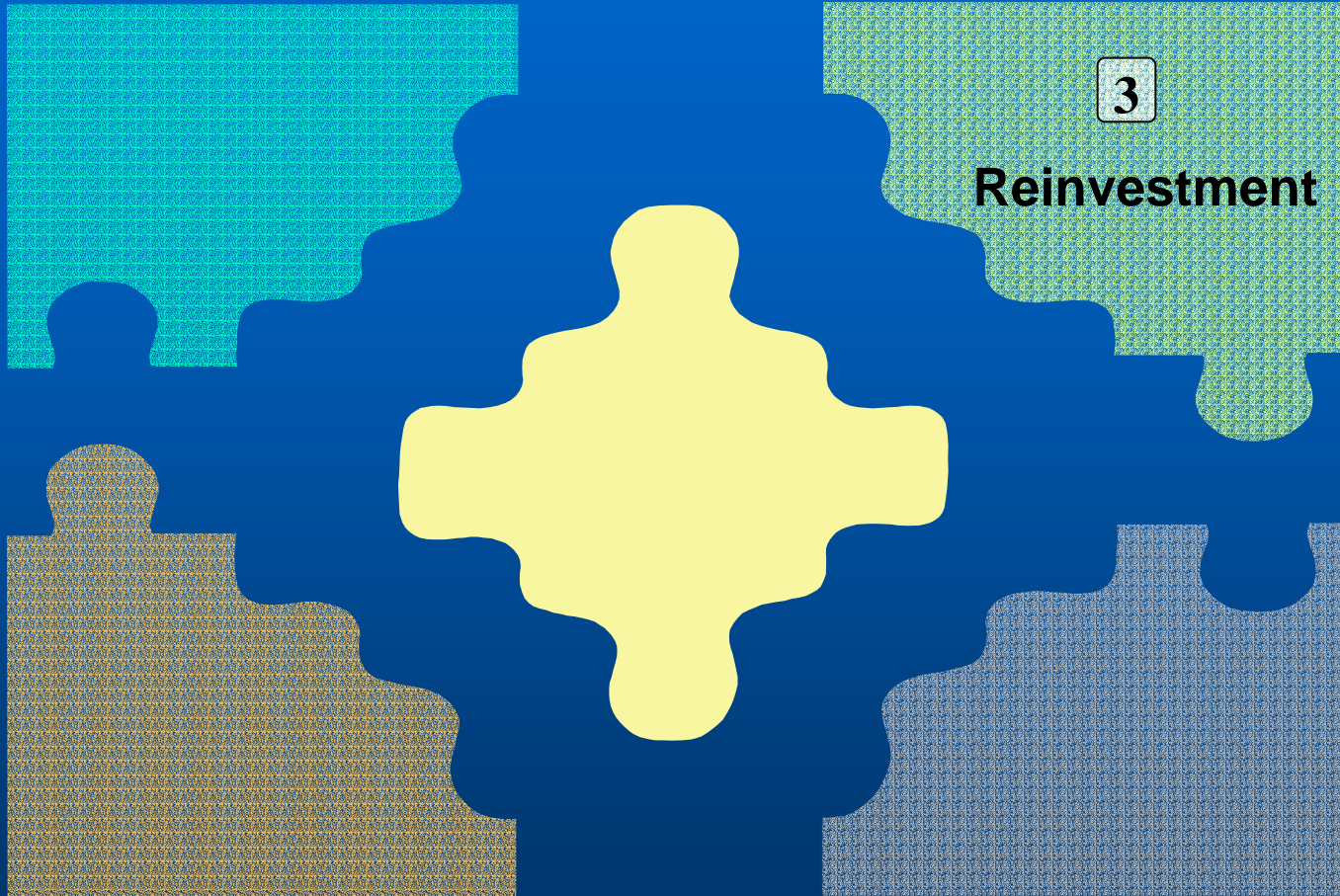
THE GOAL: *Protect the integrity of signature rural spaces and preserve different types of communities by supporting better local planning*

- 1. Update the state's outmoded planning statutes to provide localities the tools and guidance they need to manage change**
- 2. Provide education, outreach, technical assistance, and financial incentives to encourage local planning efforts**



Illinois Local Planning Assistance Act (2002)

- **2002 legislation updates Illinois' 1920s era planning statutes.**
- **Provides guidance on the elements of sound local planning but does not mandate content.**
- **Offers a wide variety of planning-related assistance to boost localities capacity**
 - **Model ordinances**
 - **Grants**
 - **Training programs**





THE GOAL: *Make reinvestment in older, established communities a top priority*

- 1. Develop a competitive vision, based on assets of existing places, that drive investment decisions**
- 2. Invest in assets that drive innovation (e.g. downtowns, main streets, historic preservation)**
- 3. Create a state inventory of vacant and abandoned properties and facilitate their reuse**
- 4. Modernize and simplify zoning and building codes to promote infill development**



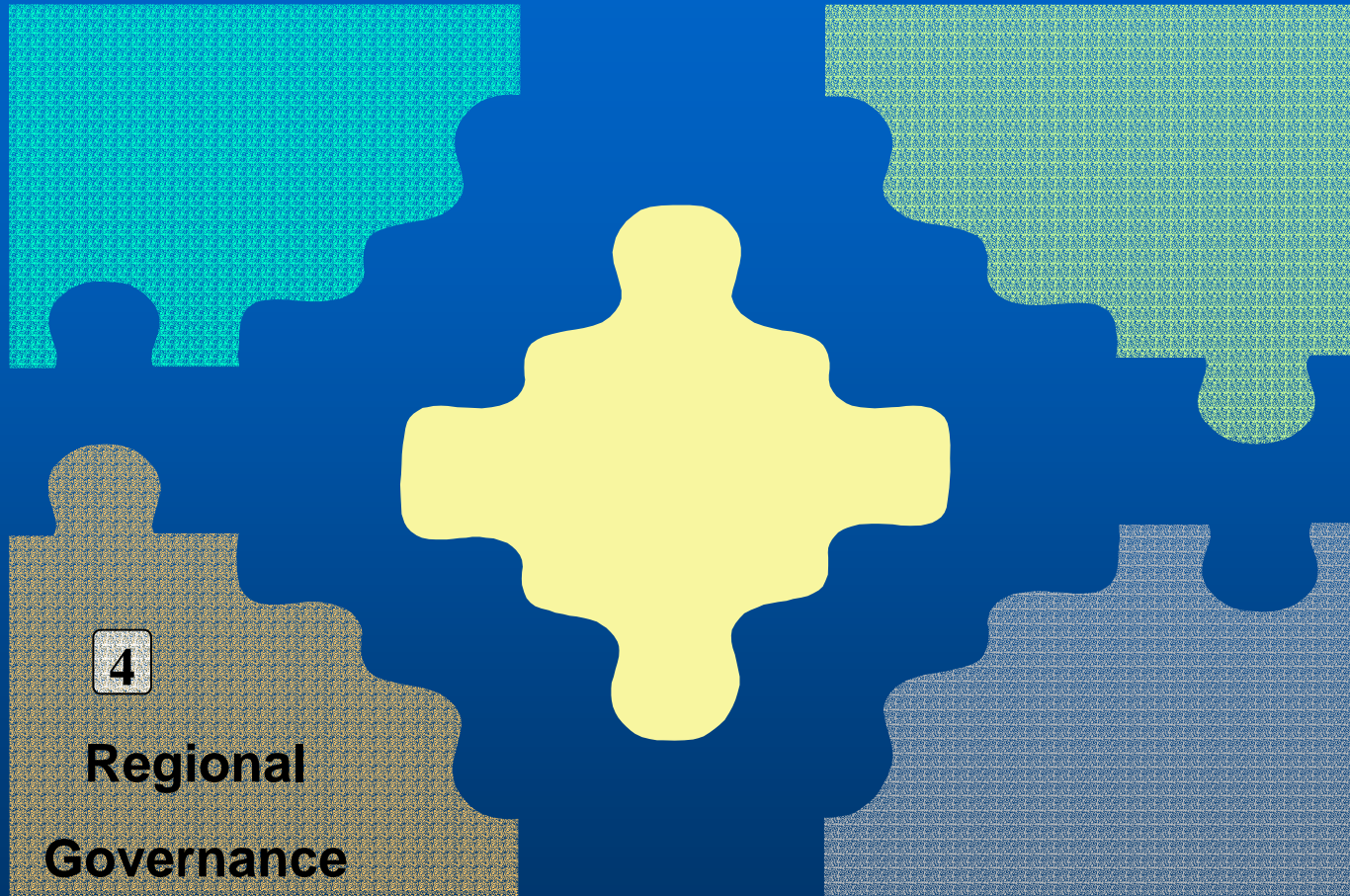
Maryland and New Jersey's "Smart" building codes

- New Jersey (1998) and Maryland (2000) passed new legislation and guidelines to modify building code standards for the rehab of older buildings.
- In NJ, the amount of money spent on rehab work in five largest cities jumped 90% between 1997 and 1999.
- MD accompanied its "smart codes" with model infill codes -- zoning and code standards to accommodate higher densities, mixed uses, building heights, lot sizes, building setbacks



Redevelopment in the U.K.

- **Launched in 1998, the United Kingdom's Previously-Developed Land (PDL) project is working to inventory all vacant and derelict land in England and Wales.**
- **In addition, the national government has set a target that 60 percent of all the country's new housing should be built on previously-used sites by 2008.**
- **In 2001, 61 percent of housing built was constructed on brownfields or through the conversion of existing buildings.**



4

**Regional
Governance**



THE GOAL: *Promote regional cohesion and collaboration among localities*

- 1. Embrace regional planning councils and regional bodies**
- 2. Encourage collaboration with financial assistance and capacity building assistance**
- 3. Reward collaboration by making it a priority**



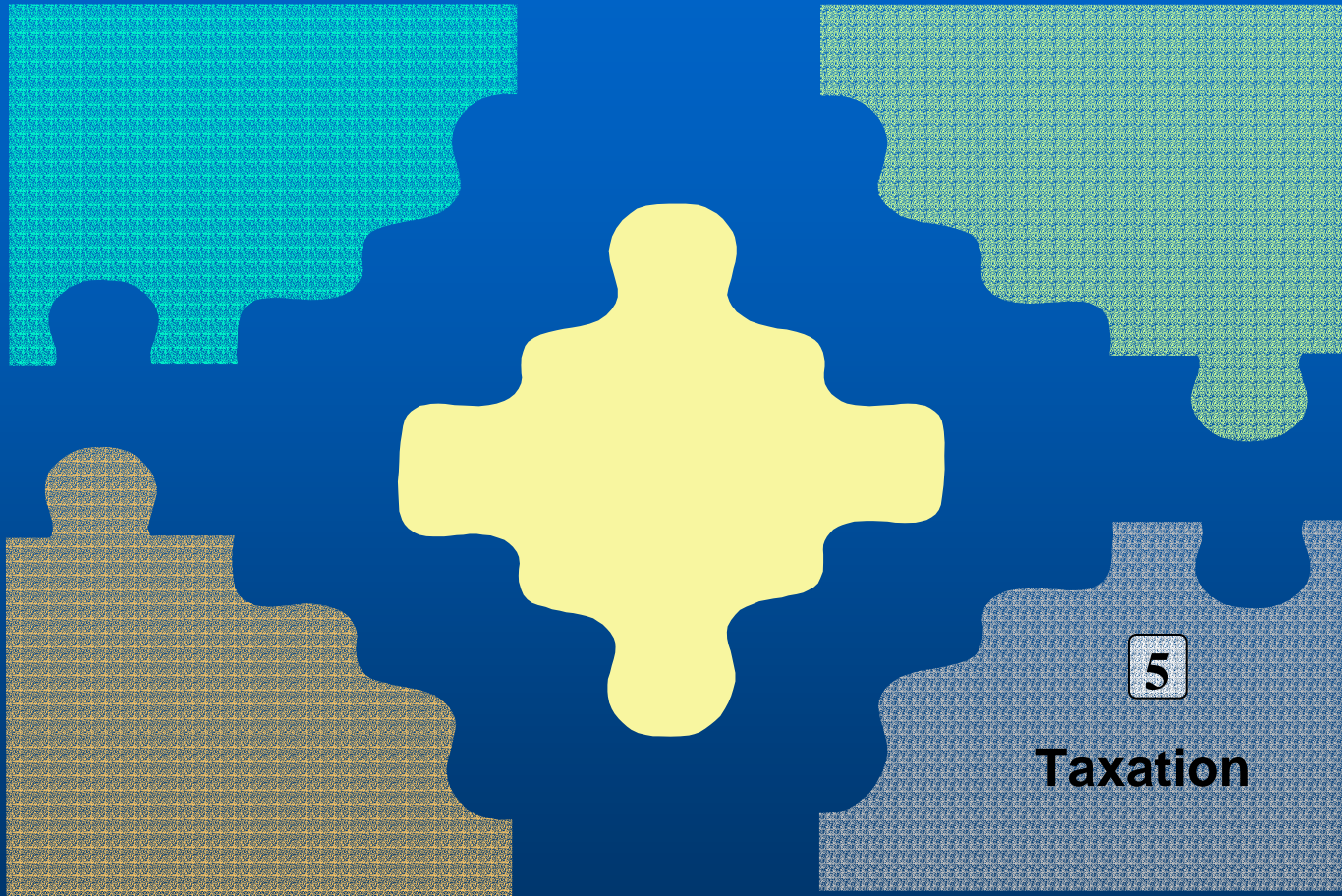
Pennsylvania Center for Local Government Assistance

- **A statewide clearing house for planning aid:**
 - Grants
 - Education/training
 - Technical assistance
 - Research
- **Works to promote multi-municipal planning while supporting flexibility and local control**
- **Prioritizes planning grants to municipalities that incorporate multi municipal approaches. It has resulted in over 150 intergovernmental agreements.**



Texas' Distribution of CDBG Money

- **With thousands of local governments, state turned to its 24 regional councils of government (COGs) to rationalize fund allocation and promote multi-municipal cooperation**
- **COGs spend grants on projects considered priorities for the region**
- **This ensures that a regional perspective governs how funds are spent, avoiding a more disconnected, overly localized distribution system**





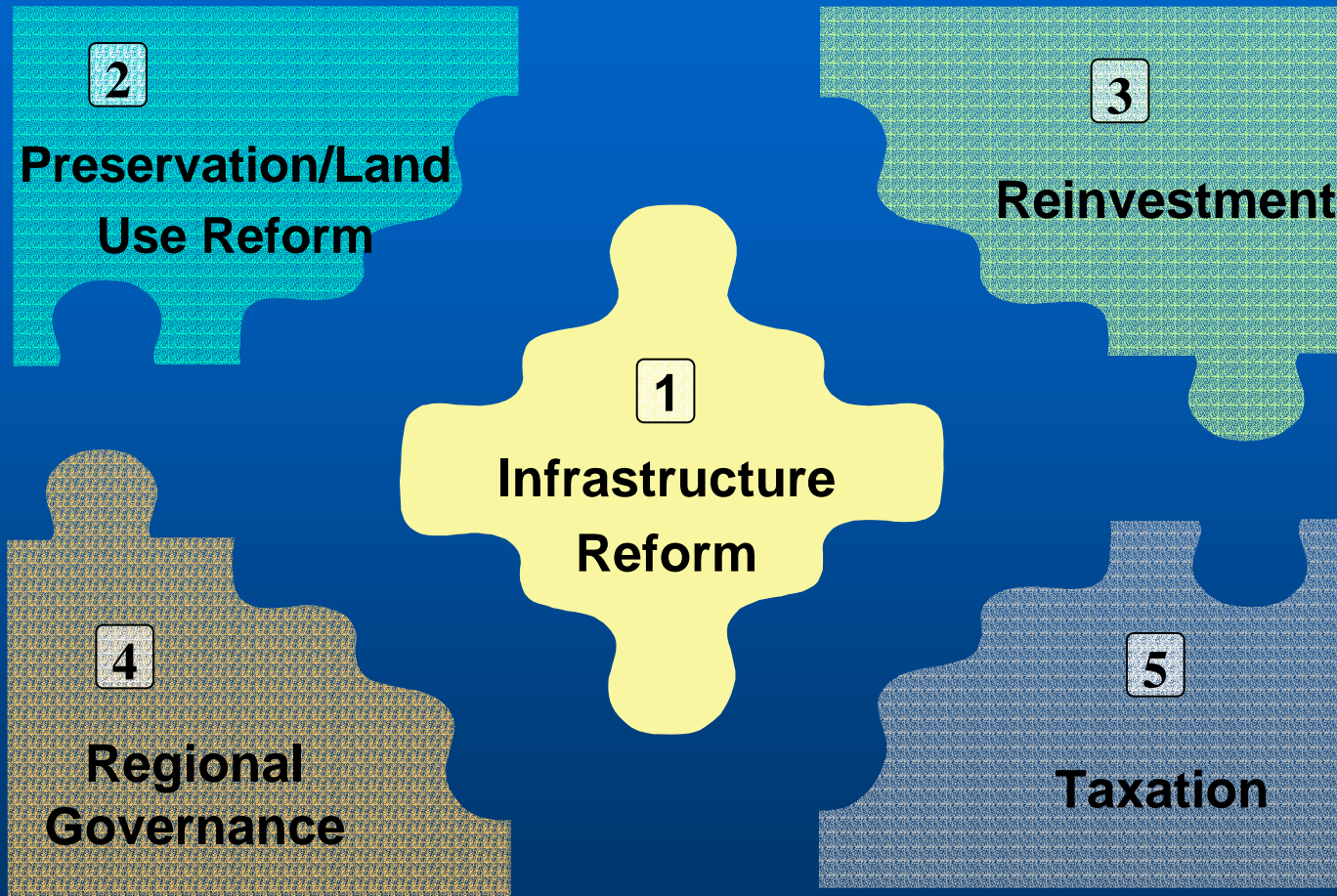
THE GOAL: *Reform tax and fiscal structures to promote more efficient growth*

- 1. Examine the spatial effects of state tax policies or spending (e.g. TIFs)**
- 2. Convene commission to review state-local tax system to remove incentives to inefficient growth patterns**
- 3. Allow local experimentation on tax reform**



Minnesota's Subsidy Accountability Law

- **The law mandates an annual reporting procedure for tracking economic development grants, loans and Tax Increment Financing.**
- **Each local, regional, or state agency that provides the subsidies must report both the goals and results.**





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