

### The Need for Careful Planning

Growth caps are generally used to limit the number of residential building permits issued in a community on a monthly or annual basis. However, without careful planning, growth caps can have unintended negative effects including sprawling development patterns, a lack of affordable housing, and insufficient municipal funds for future growth. In such cases, the end result may be exclusionary and inappropriate.

### State of Maine Perspective

Maine experienced little population growth but significant population shifts in the final decade of the 20<sup>th</sup> century. The state's overall population grew by only 3.8% from 1990 to 2000, but population increased in some coastal counties by rates approaching 14%. This shifting population was accompanied by an even larger growth in land consumption and an increased demand for housing, which in turn put pressure on municipal budgets, natural resources and community character. In response, many suburbanizing towns began implementing residential growth caps, or rate of growth ordinances, to inhibit the rate of growth and reduce the burdens on municipal services and infrastructure.

Current state law (Maine Revised Statutes Title 30-A, Chapter 187, § 4360) allows municipalities to establish three different types of growth caps:

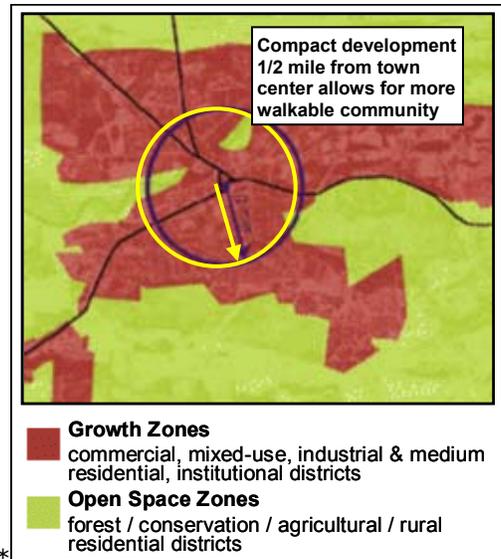
- **Temporary caps** are adopted to limit development while towns establish adequate regulatory and fiscal capacity to accommodate future growth.
- **Differential caps** apply only in locally-designated rural areas, and serve as a growth management tool to direct most development towards designated growth areas.
- **Permanent caps** apply to entire towns on an ongoing basis.

State law also requires towns with growth caps to review and update their ordinances at least every 3 years to determine whether the caps are still necessary and how they might be adjusted to meet current conditions. Rate of growth ordinances are required to be consistent with comprehensive plans that are consistent with the Growth Management statutes.

*As of Jan. 1, 2003, no rate of growth ordinance is valid unless it is pursuant to a consistent comprehensive plan.*

### Current Attitudes Towards Growth Caps

Most proponents of smart growth support the use of **temporary caps** with sunset clauses while towns address future growth through additional planning, investment, or regulation. Inclusion of a sunset clause in rate-of-growth ordinances allows the temporary cap to expire once a town has gotten its regulatory and fiscal house in order. **Differential growth caps** can also be useful tools for managing and directing growth in communities, particularly towards locally-designated growth areas and away from designated rural areas. **Permanent growth caps** are generally discouraged by smart growth advocates because they often are used as a surrogate for comprehensive planning, carefully considered land-use ordinances, and adequate capital programming.



According to the SPO, towns must address several issues in their comprehensive plans before implementing any kind of growth cap. These issues include:

- Existing or projected capacity problems for municipal facilities and services;
- The linkage between growth caps and allocation of existing and future capacity of municipal facilities and services;
- Allowable growth based on town's historic growth rate and a reasonable share of future growth in the surrounding region;

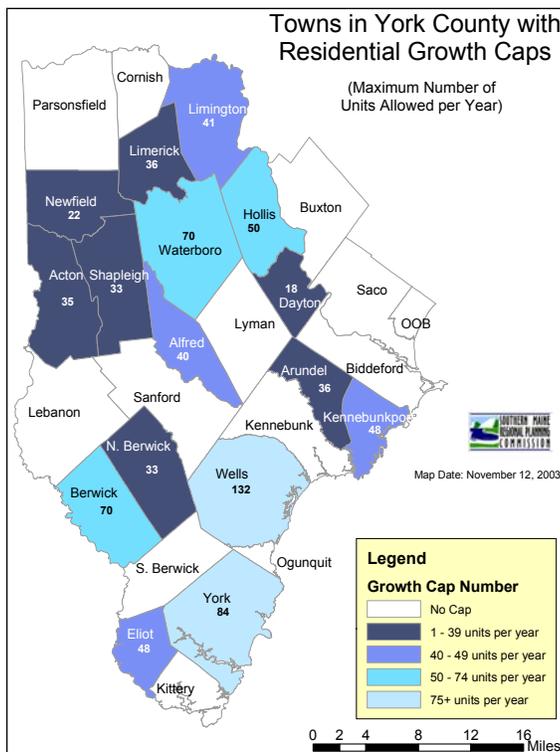
## Information and Tools for Citizen Planners

- The impact of growth cap on housing affordability; and
- The impact of growth cap on neighboring communities.

In addition, prior to adopting a growth cap, towns must set forth a strategy for developing a capital investment plan which would increase the capacity of their municipal facilities and services.

### Case Study: Growth Caps in York County

Between 1990 and 2000, York County's population grew by 13.5%, the highest growth rate in the State. Over half of the towns in York County - most of them outside of the more heavily developed service centers such as Biddeford, Sanford and Kittery - currently have some form of growth cap in place.



The growth caps appear to be having an unexpected county-wide effect: a "smart growth" development pattern wherein outlying communities function as designated rural areas while service center communities, such as Sanford, continue to grow.

In fact, however, the growth that is allowed in the outlying towns is of the sprawling type that slowly replaces rather than protects rural lands. There is no attempt to direct it to parts of town where it can be best absorbed. It has a secondary effect of pushing

development not just toward the service centers, but to the next furthest town out. And by limiting the supply of housing it has the effect, intended or not, of excluding households of modest means – both by prohibiting certain forms of housing, like apartments, that could not be built within the cap's limits, and by pushing prices to unaffordable levels.

Montgomery County Maryland has refined the use of growth caps to include provisions for "capacity metering," which establish regional growth caps on the basis of infrastructure investment as measured by the percent of programmed planned infrastructure. These measurements account for school crowding, transportation and market indicators, as well as development and demographic trends and forecasts.

Maryland-National Capital Park & Planning Commission ([www.mc-mncppc.org/development/agp/policy/item7\\_071703.pdf](http://www.mc-mncppc.org/development/agp/policy/item7_071703.pdf))

### Making Growth Caps 'Smart'

Three elements help growth caps achieve the goals of Smart Growth while allowing a rural town to slow the overall rate of growth. These are:

1. Using differential caps that reduce building permits issued in rural areas while allowing higher levels of permits in growth areas. In this way, caps direct growth, not just control the overall amount of growth.
2. Designing caps that are strongly tied to comprehensive planning efforts by the Town including open space planning, identification of sensitive natural resources, fiscal impact analysis, build-out analysis, fair housing distribution on a regional basis, capital improvement programs and other elements.
3. Allowing exemptions from caps (i.e., allowing additional permits) for projects that meet broader community goals such as affordable housing, multifamily housing, and elder/assisted living housing.

#### ADDITIONAL RESOURCES

- State Planning Office link -- Land Use Planning Resources page
- Vermont Forum on Sprawl

#### RELATED TOPICS

- Designated Growth Areas
- Urban Growth Boundaries
- Fiscal Impact Analysis
- Comprehensive Plans
- Open Space Planning
- Build-out Analysis

*\*Graphic on page 1 courtesy of Vermont Forum on Sprawl*