THE CREEPING COSTS OF SPRAWL

Information and Tools for Citizen Planners

Is Your Fuse Lit?

Do you live in a rural town within a 30- or 40-minute drive of a job center? Is your population growing? Has the population reached 2,500? Is there at least one home per 20 acres in town (for example, 1,000 homes in a town of about 30 square miles?)?

If you answered yes to any three of these questions, the fuse has been lit. Your days as a rural town are numbered.

You are on your way to becoming a low-density suburb, a different, more demanding animal than the rural town you've been living in. Within the foreseeable future, the per capita cost of providing town and K-12 services will start to rise at a rate and with a persistence that will seem impossible to control. Maybe it has already started.

The One-Two Punch

Suburban sprawl happens at two scales. The first is regional: the leapfrogging of development across boundaries into towns 10, 20, even 40 minutes away from traditional job or "service" centers. The second is local: low-density households spreading out of the town's villages into its rural territories.

Together, they are a one-two punch on local budgets.

In the first instance, it is regional sprawl that matters most. In most regions, the spreading out of the population happens over such a large area that any town experiences it incrementally. But looking at it over a period of two or three decades reveals an unmistakable pattern.

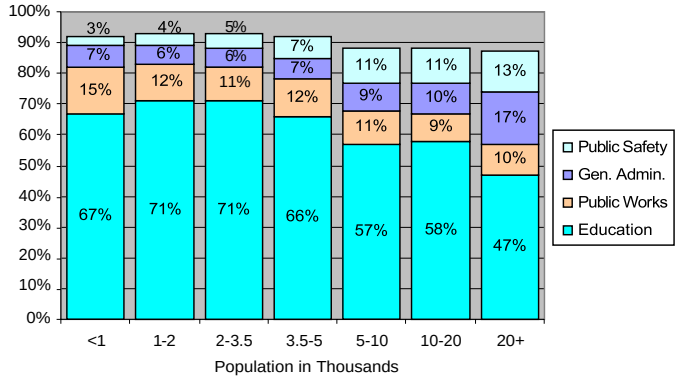
The best indicator is the size of population itself. For most Maine towns with populations under 2,500, the sense of being in a rural place is strong: not just in the landscape, but also in town government. Town government likely depends on a town meeting, is very part-time, involves many volunteers, and delivers only limited town services beyond K-12 education.

When a town passes the 2,500 to 3,500 mark, it experiences a notable change. On average, local costs for non-educational services increase from less than 30% of the total budget to more than a third *(See Chart 1, from the Maine Municipal Association)*. The pressure grows to deliver more services and on a more full-time basis.

Above the 5,000 mark, non-educational costs on average approach 45% of the total. Costs required for public safety services go from about 5% of the total to about 11%. The share required for general administration rises to about a tenth of the budget. Other services, such as parks and recreation, may be introduced for the first time.

Chart 1

Maine Municipal Expenditures by Population Size (2002 Survey Estimates)



The Rise of the 2,500+ Town

More and more towns are passing the 2,500, 3,500, and 5,000 population thresholds. This is due only in part to overall population growth in Maine, which has been modest. It is due primarily to a migration of the population out of service centers - first to close-in suburbs, then to second- and third-tier suburbs, especially in southern, central, and coastal Maine.

In 1960, only 80 of Maine's 489 organized municipalities had populations over 2,500, including 61 above 3,500 and 38 above 5,000. **In 2000, these numbers had increased to 131**, 96 and 58 respectively. **By 2015, the State Planning Office projects nearly 150** municipalities, about 30% of the total statewide, will have passed the 2,500 mark. See Charts 2 and 3.

Chart 2

Twenty-six towns that had fewer than 2,500 people in 1960 had passed the 3,500 mark as of 2000. In descending order of 2000 populations, they are:

Standish	9,285	China	4,106
Buxton	7,452	Greene	4,076
Gray	6,820	Vassalboro	4,047
Waterboro	6,214	Glenburn	3,964
Harpswell	5,239	Oxford	3,960
Lebanon	5,083	Lyman	3,795
Turner	4,972	Warren	3,794
Poland	4,866	Monmouth	3,785
Sabattus	4,486	Kennebunkport	3,720
Hermon	4,437	Wiscasset	3,603
Raymond	4,299	Winterport	3,602
North Berwick	4,293	Arundel	3,571
Hollis	4,114	Sidney	3,514

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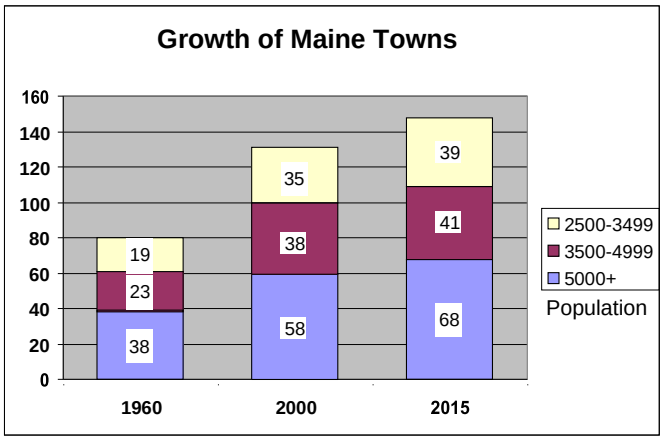


In fact, by 2015, **more than half the municipalities in Maine's southern 7 counties – 74 out of 135** – will have populations of over 3,500, and more than a third of them (48) will have populations of over 5,000. This means increased demand for services, bigger budgets, and higher local property taxes. It is a one-two punch against rural towns."

Creeping Costs

Suburbanizing towns may not appreciate the fiscal impacts that await them. That's because they do not experience the fiscal effects of the one-two punch until much later. The fuse, once lit, takes 10-15 years to ignite the spending associated with sprawl. By then, other things may get the blame: the school board for not controlling costs, the state for not handing out more aid, the teachers for asking higher salaries, etc. But sprawl lit the fuse.

In the early years of suburbanization – when incremental development is spread over a large area and rural character still dominates – the per capita costs of town services actually fall.

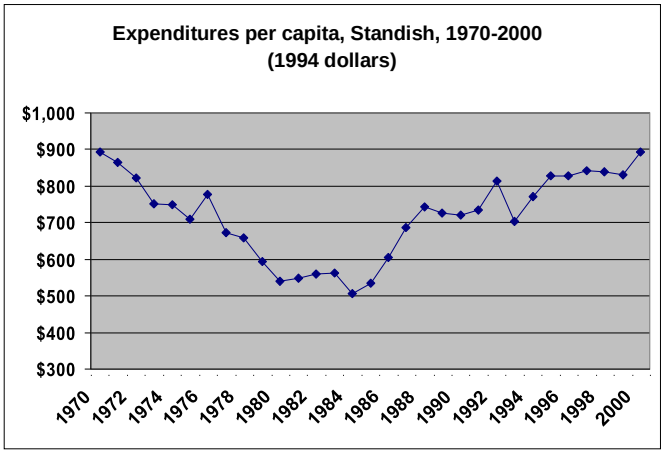
Why? Because towns are frugal. They absorb the first waves of growth within the same voluntary governmental structure that has served them well over the years. Selectmen carry out most executive functions. Many staff are part-time or wear two or more hats. The fire department is all-volunteer. The town relies on the county sheriff for police services. A road commissioner performs the duties of public works. There is no recreation department. Most costs are school-related.

This describes Standish in 1970. Suburbanization had begun slowly in the 1960s, and in 1970 the population reached about 3,100. Throughout the 1970s and into the 1980s, suburbanization accelerated. But the town worked hard to absorb the growth "at the margins" – that is, within its existing capabilities. As a result, real per capita spending dropped by more than 40% (See Chart 4).

But this bottomed out in 1984-85. The "margins" were all used up. By then the population was well over 5,000. The town switched to a manager-council form of government and added capacity in schools, public works, public safety, and community services. By 2000, the real per capita costs had returned to their 1970 level and were still rising. By 2003, general government was 10% of the expenditures, and total non-school expenses were 40% of the total.

The result is the U-shaped cost curve you see below on Chart 4. On the 15-year downslope, the creeping fiscal costs of sprawl may be camouflaged. As a result, concern about sprawl may be small. When the turn is made and per capita costs start rising again, so does dissatisfaction with higher property taxes. The question is whether people connect the town's fiscal situation to the real culprit: regional sprawl.

Chart 4



How much of these rising costs are due to sprawl versus other factors beyond a town's control? Can the costs of sprawl be controlled--through good local land use decisions (such as directing growth into village areas)--once regional sprawl has engulfed a town? **What we do know is that as more towns break the 2,500-3,500 mark – not because of population growth but because of migration– the cost of local government is rising beyond the means of many.**

ADDITIONAL RESOURCES

- "The Cost of Sprawl" Maine State Planning Office
- Economic Benefits of Smart Growth and Costs of Sprawl