

Why Do Florida Counties Adopt Urban Growth Boundaries?

Randall Holcomb

Florida's growth management policies require all of Florida's local governments to have a local comprehensive plan that complies with the state's 1985 Growth Management Act. A required part of every plan is a land use map that shows allowable uses of all land within the jurisdiction. In effect, the land use map creates an urban growth boundary by delineating where growth is allowed. Nevertheless, 28 of Florida's 67 counties have drawn up an explicit urban growth boundary, which might be viewed as redundant or unnecessary in light of the fact that all allowable land uses are already specified in the required land use map. This Policy Brief reports the results of an empirical study that examined factors that would motivate counties to adopt an urban growth boundary.

Three different types of factors were considered when looking at what causes counties to adopt urban growth boundaries. First, population factors that tend to cause growth pressures were considered. Second, differences in the form of government were analyzed because they might affect the types of policies counties implement. Third, demographic factors that reflect differences in the characteristics of people in different counties were analyzed.

One might expect population factors to be associated with the existence of urban growth boundaries. Counties with larger populations, with higher population densities, and with higher rates of population growth might feel growth pressures more acutely, and be inclined to adopt urban growth boundaries, so these factors were examined in the study. Whether a county is a coastal county was also accounted for in the analysis, because coastal counties have natural barriers to expansion, and more development tends to occur close to the coast.

The county's form of government might also matter. Some types of governmental organization may lead to more restrictions than others, so the study considered whether the county's government was run by an appointed administrator or an elected chief executive, along with whether the county was a home rule county.

Demographic factors were also considered: median age of the county's residents; percentage of the population over age 65; percentage of the population enrolled in public schools; and the

per capita income of county residents. Political orientation might also make a difference, as some constituencies may be more inclined to favor government regulatory mechanisms in general. Political orientation was accounted for by examining the percentage of voters in the county who voted for Al Gore in 2000, under the idea that a more liberal county might be more inclined to favor urban growth boundaries.

A detailed statistical analysis of all these factors was undertaken in the study, but the results of that analysis are easily summarized. Looked at individually, many of these factors are correlated with the counties that have chosen to impose urban growth boundaries, but considering all factors together, when per capita income is taken into account, none of the other factors have any impact on whether a county adopts an urban growth boundary. The higher a county's per capita income, the more likely it is to have an explicit urban growth boundary.

One might expect some of the growth-related factors, such as population density, or population growth, to be the primary determining factors of urban growth boundaries, but after taking into account a county's per capita income, growth and other population-related factors are not related to whether a county adopts an urban growth boundary. Only income matters.

Why Is Income Important?

The importance of income as a determining factor in whether a county adopts an urban growth boundary makes some sense when one considers the effect of urban growth boundaries. Florida's growth management laws work by restricting what people are allowed to do with their land, and urban growth boundaries are very explicit restrictions. They make the boundary created by the required land use map even firmer. By drawing a hard-and-fast urban growth boundary, land outside the boundary cannot be developed the way that land inside the boundary can, so urban growth boundaries explicitly restrict the supply of developable land.

The price of real estate, like the price of anything else, is determined by the laws of supply and demand. If the supply is restricted, the price will be higher. Thus, urban growth boundaries contribute to

higher real estate prices. Any growth restriction, if it is effective, will cause housing prices to rise.

People who already own their own homes will see the value of their houses rise, so homeowners experience this direct benefit from growth boundaries. People who rent – who tend to have lower incomes compared to homeowners – will find their housing expenses increase. Urban growth boundaries, by restricting the supply of developable land, benefit upper-income people, who tend to own their own homes, but harm lower-income people, who are more likely to be renters. Urban growth boundaries transfer wealth from poorer people to richer people.

When one understands the effects of urban growth boundaries, it makes sense that they would tend to be favored by upper-income people, and that counties with higher per capita incomes would find more political support for urban growth boundaries than lower-income counties. Looking purely at the self-interest of citizens and voters, higher-income voters can increase their wealth (that is, the value of their homes) by implementing urban growth boundaries, whereas lower-income voters, who are more likely to be renters, will see their expenses rise if the boundaries are imposed.

Of course, people are motivated by more than just narrow self-interest, and supporters of urban growth boundaries might favor them because they facilitate environmental preservation, or preserve the quality of life by limiting development. Nothing in this analysis examines whether the effects of urban growth boundaries are, on net, desirable or undesirable. However, it is interesting to see that they tend to get enough political support to be implemented in areas where more constituents are likely to perceive that the boundaries would enhance their private wealth. This finding is consistent with a substantial amount of academic literature which finds that in a wide range of circumstances people's political preferences

tend to be heavily weighted toward policies that support their own private interests. One would not be surprised that, in general, people tend to support public policies that benefit them, and urban growth boundaries provide another example.

Conclusions and Implications

With regard to the growth management process in general, the political factors behind urban growth boundaries are likely to be similar to the politics behind other growth management policies, and these results suggest that growth management policies will tend to be the result of a political process driven by the interests of upper-income individuals. Even if their interests are partly based on altruism, as, for example, if upper-income people are more likely to support stronger environmental protection, their interests are still at odds with those of lower-income individuals who weigh environmental protection less heavily and affordable housing more heavily. The distributional consequences of growth restrictions are especially noteworthy. More restrictive growth policies tend to produce private benefits for upper-income people and impose private costs on lower-income people.

In political decision-making people tend to weigh their own interests heavily, and it appears that in the case of urban growth boundaries in Florida, economic self-interest trumps concerns about growth. When self-interest and the general public interest coincide, as will often be the case, the results can be desirable, but there will be a minimal role for government because individuals pursuing their own self-interests will be led by an invisible hand to do what is best for everyone. When self-interest and the general public interest do not coincide, the results of this study suggest that policies are likely to be driven by the interests of politically powerful constituents.

Randall G. Holcombe is DeVoe Moore Professor of Economics at Florida State University. This Policy Brief summarizes Randall G. Holcombe, "Why Do Florida Counties Adopt Urban Growth Boundaries?" Chapter 14 in Timothy S. Chapin, Charles E. Connerly, and Harrison T. Higgins, eds., *Growth Management in Florida: Planning for Paradise* (Aldershot, UK: Ashgate, 2007).

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DEVOE L. MOORE CENTER
150 BELLAMY BUILDING
THE FLORIDA STATE UNIVERSITY
Tallahassee, FL 32306-2220
Telephone: (850) 644-3848 • Fax: (850) 644-0581
www.fsu.edu/~policy