



# Managing Growth with Priority Funding Areas: Promise, Politics and Performance



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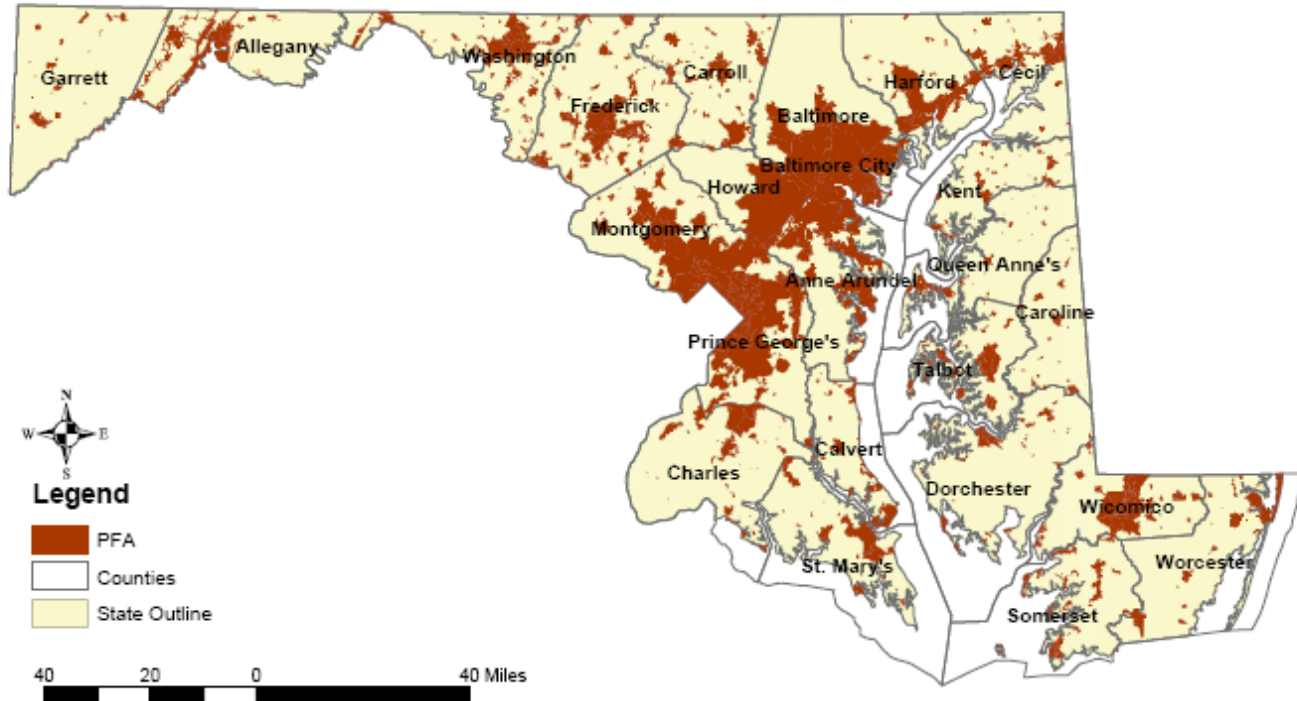
# Overview

- Evaluation of the effects of Priority Funding Areas
- Three parts:
  - Establishing PFAs
  - Implementation of PFAs
  - Effects on Residential Development Patterns



# Priority Funding Areas

Maryland Priority Funding Areas 2000





# Growth Related Spending

- Maryland Department of Transportation
- Department of Housing and Community Development
- Department of Business and Economic Development
- Maryland Department of Environment
- Department of General Services

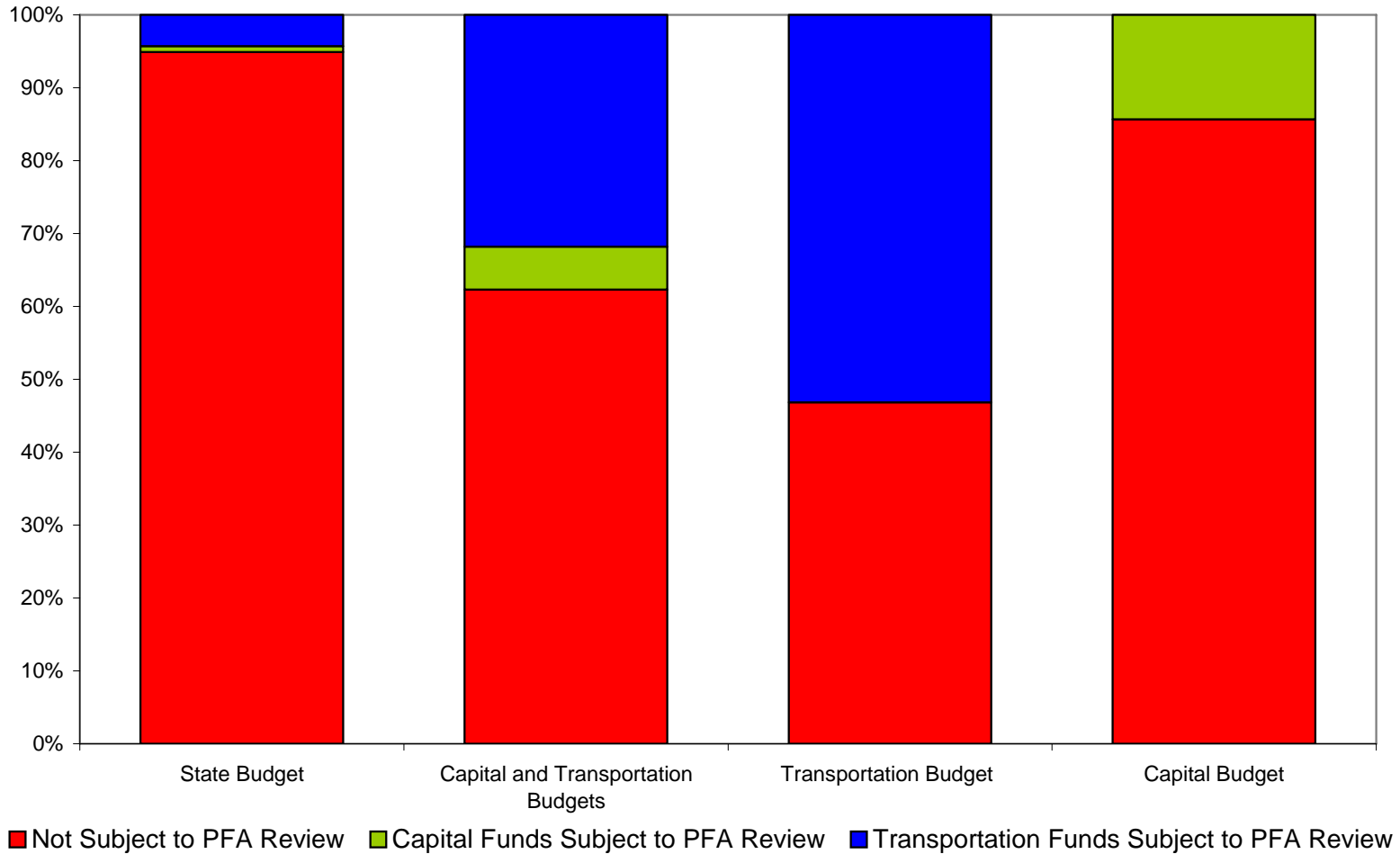


# ● ● ● | Spending After PFAs

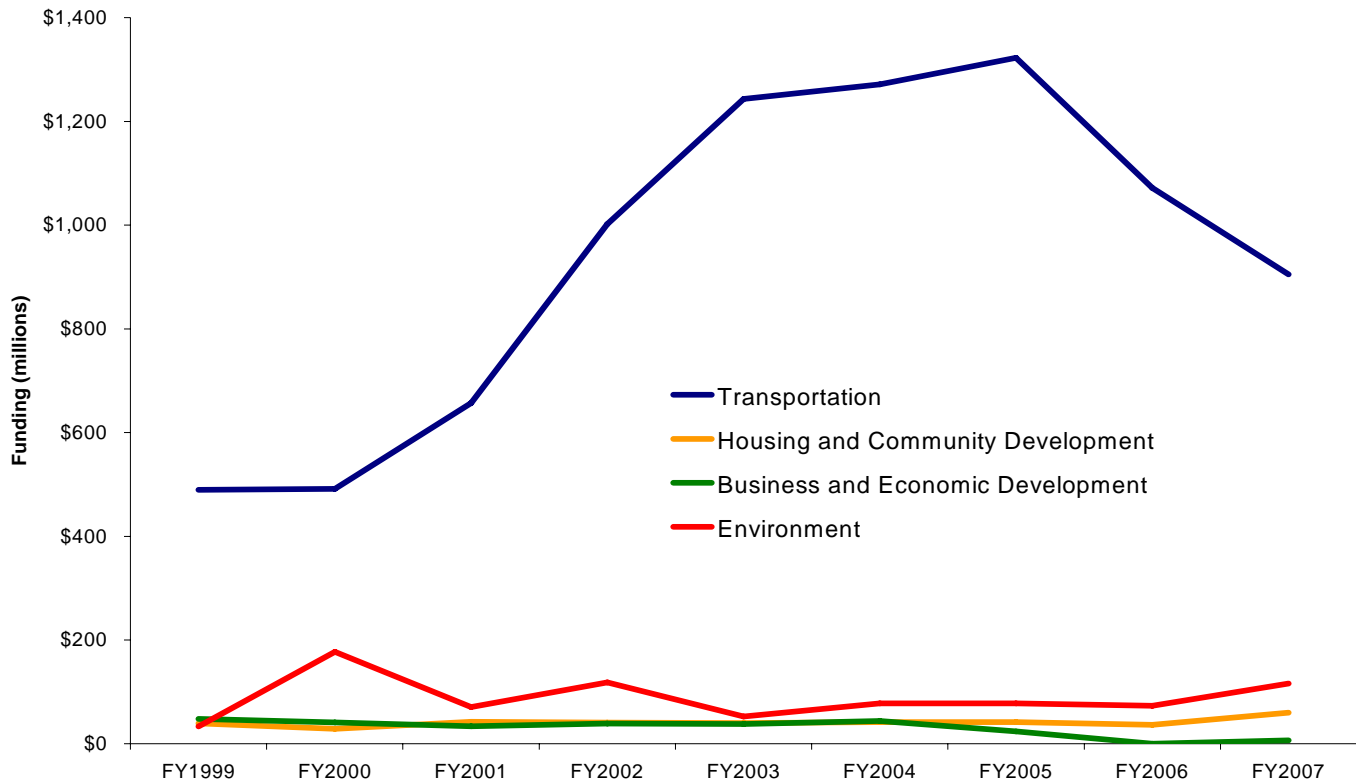
- How much of the state's spending, since 1998, is "growth-related" and thus subject to PFA review?
- How much of the state's spending, since 1998, that are subject to PFA review, were in fact spent within PFAs?



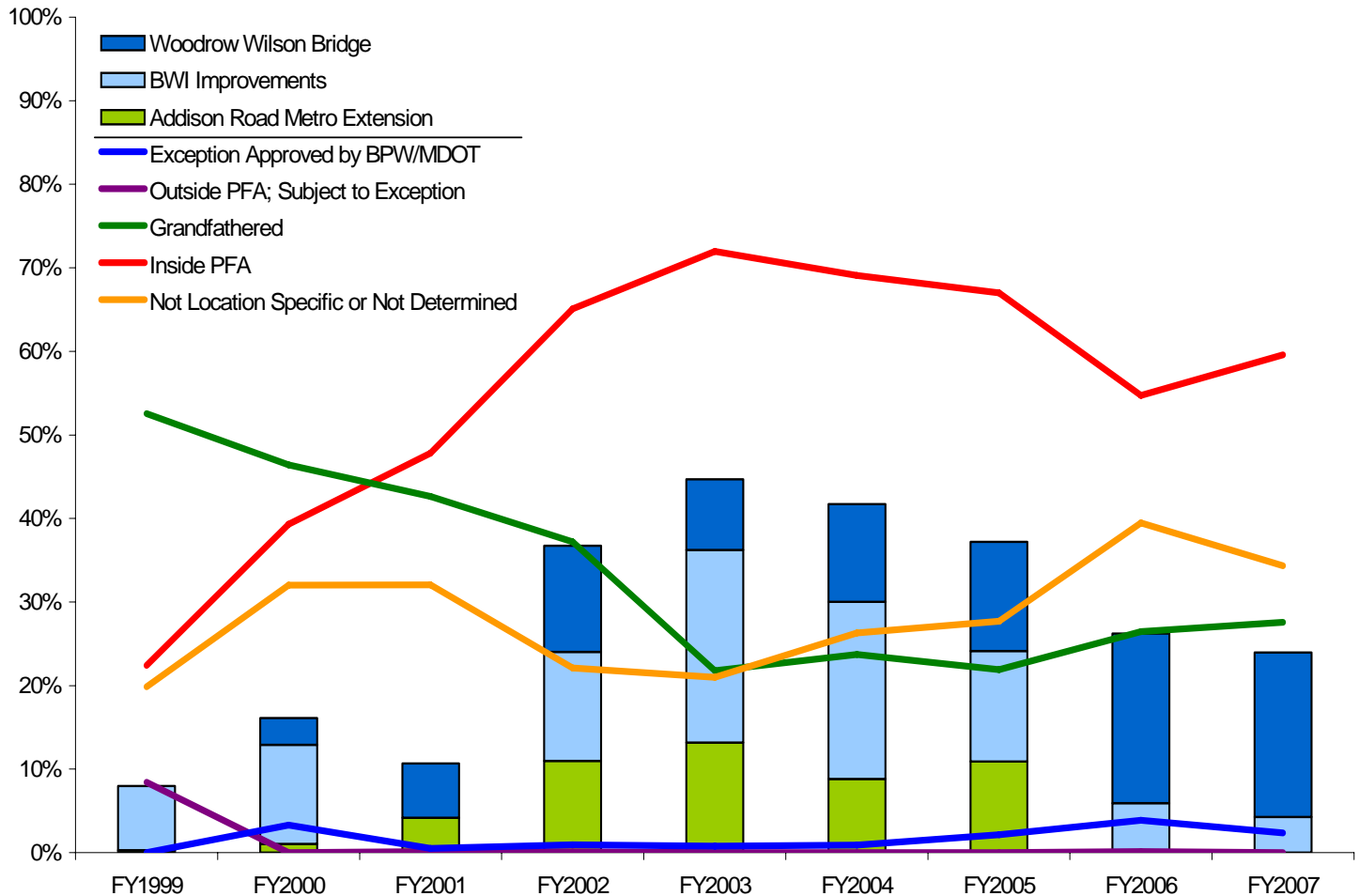
# Total State Spending



# Total State Spending by Agency



# Transportation Spending

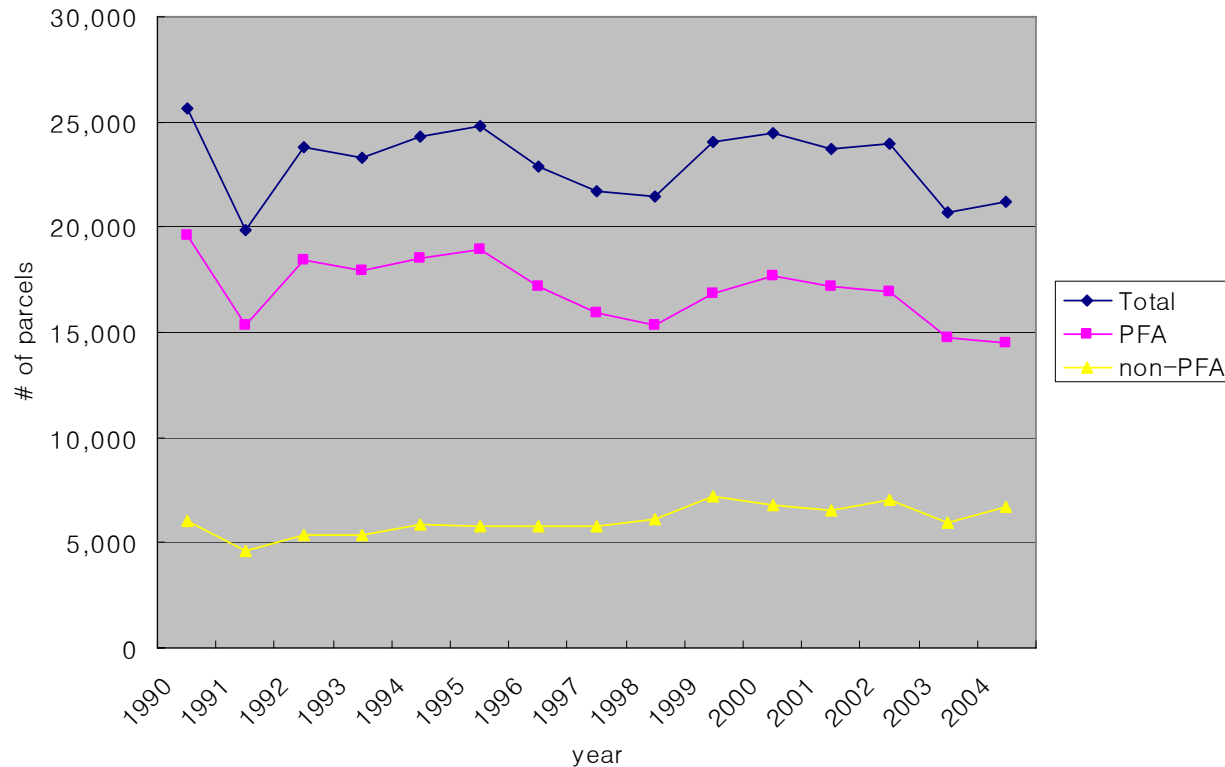




# Summary

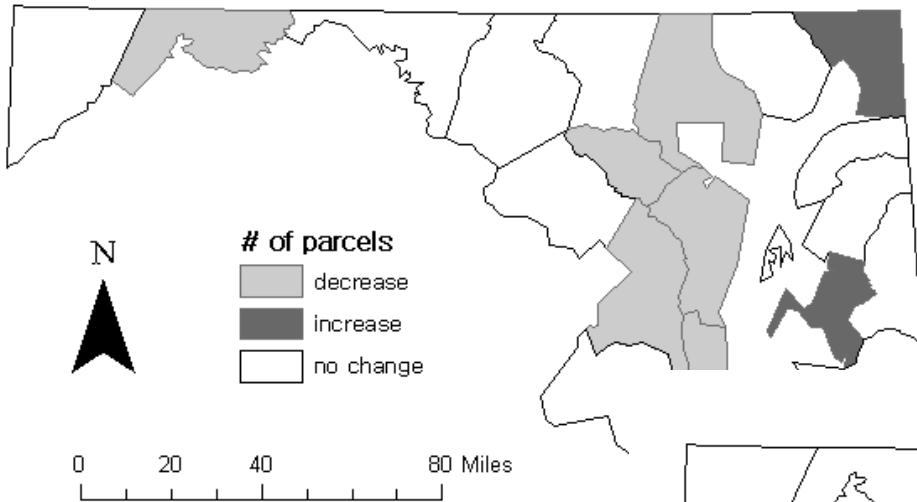
- Most PFAs were drawn within a year and are based on existing densities and infrastructure capacity. PFAs have changed little since first designated.
- Because reporting requirements were not met consistently, it is difficult to assess whether or how much state agencies restricted their spending in conformance with the Smart Growth Areas Act
- The total amount of the state budget subject to PFA review is small (only 5%) and of that, 85% is transportation funding
- Of transportation projects, 60% of projects were specifically inside PFAs, while the remainder were grandfathered, not location specific, or excepted.

# Number of Newly Developed Parcels



Significant decrease in PFA (95%) and significant increase outside the PFA (99%)

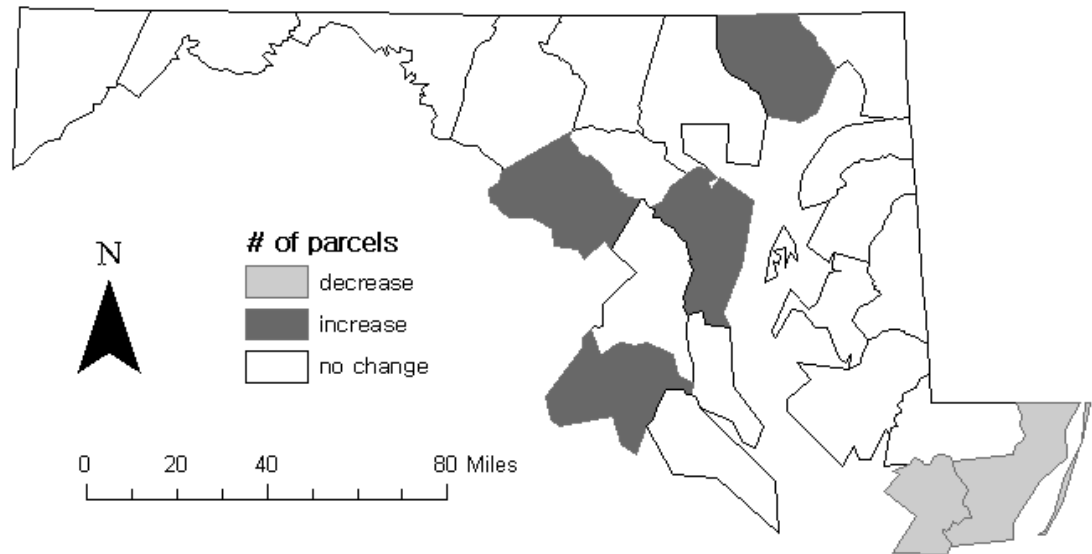
# Variations by County (95%)



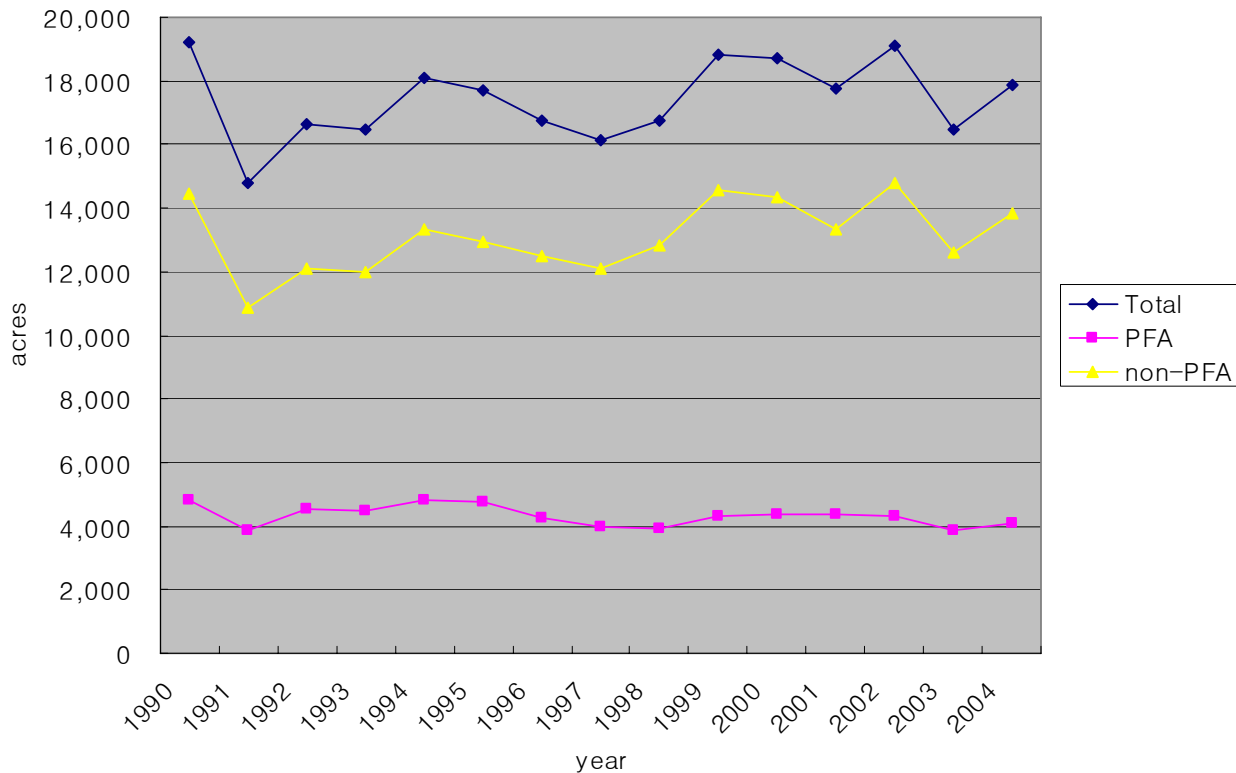
Change in PFA

- difference between suburbs and outer areas (reflecting tight market?)
- large numbers in the suburban area (key to the successful state policy)

Change in Non-PFA



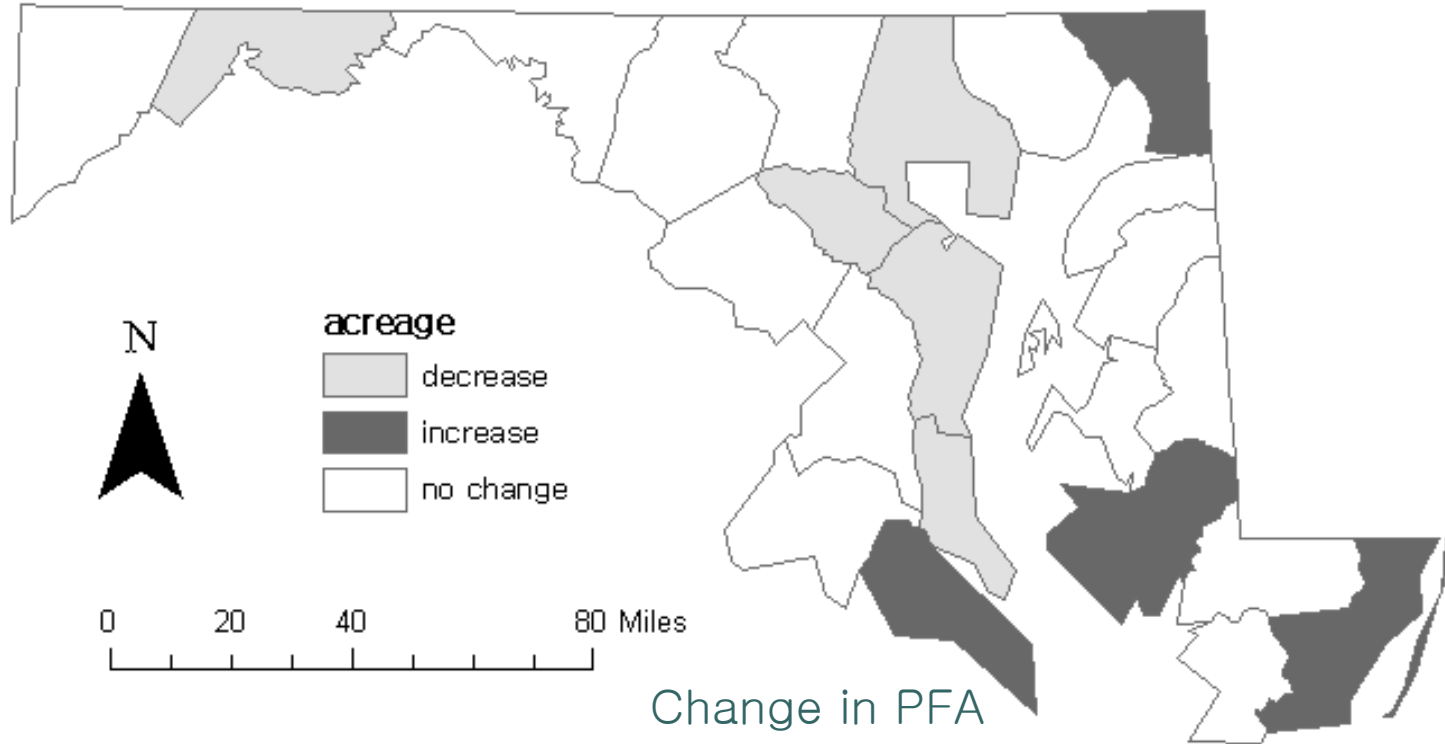
# Acres of Newly Developed Parcels



Relatively mild change

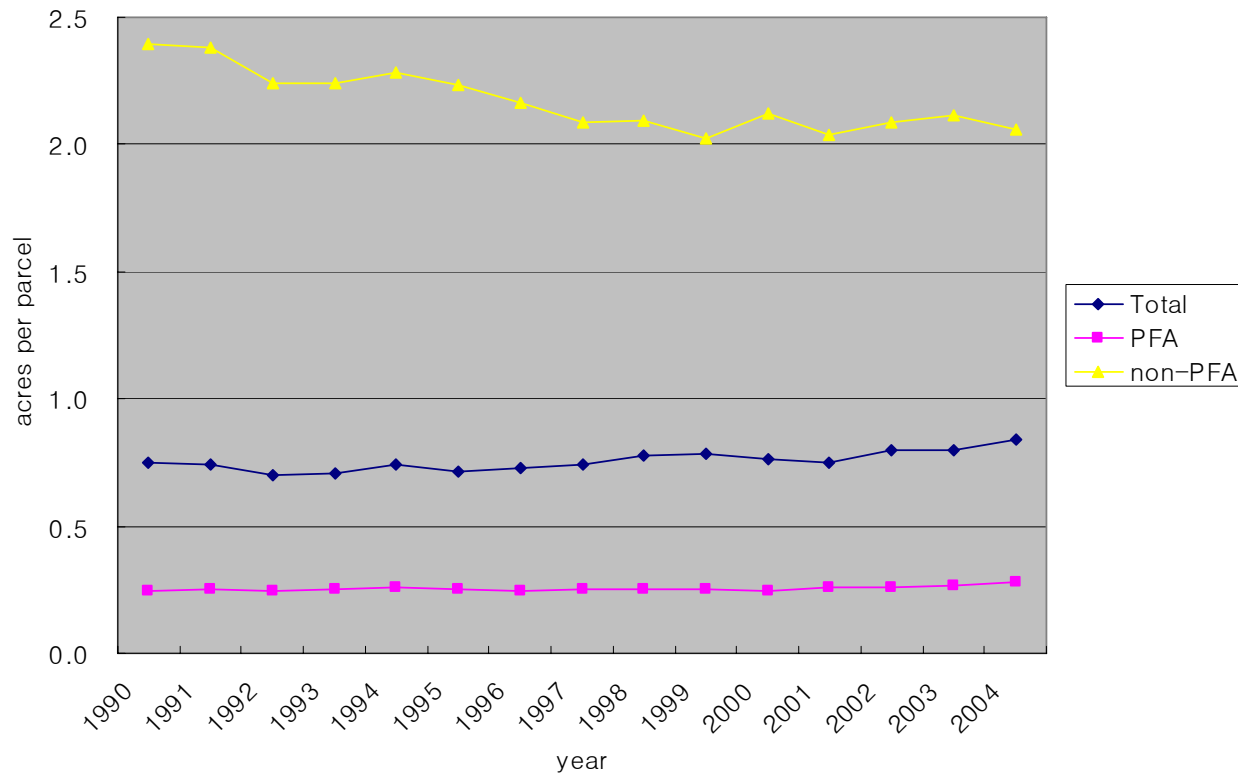
Significant decrease in PFA (90%), significant increase in non-PFA (90%)

# Variations by County (95%)



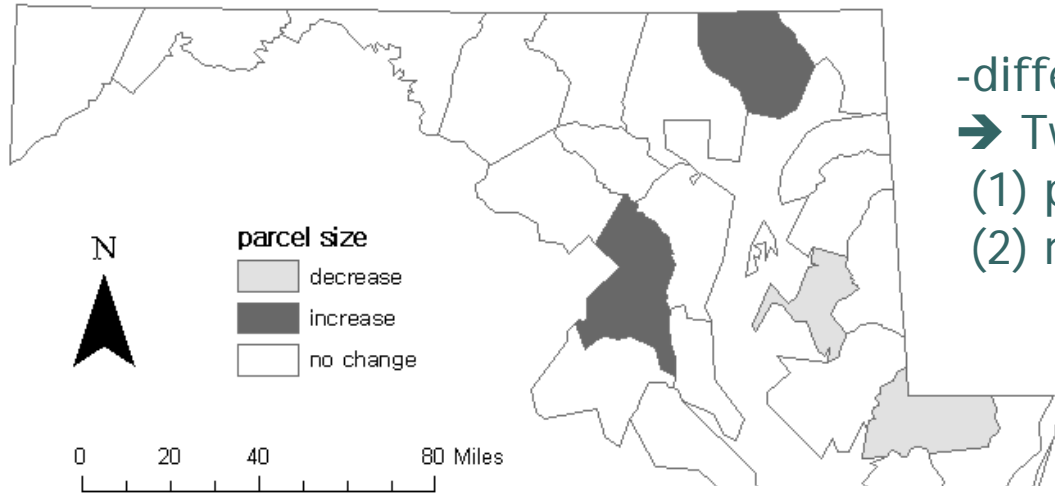
- difference between suburbs and outer areas  
(difference in remaining development capacity?)
- large numbers in suburbs  
(key to the successful state policy)
- change in non-PFA: significant increase in Anne Arundel, Charles, St. Mary's

# Average Parcel Size of Newly Developed Parcels



Mild increase in PFA (90%), significant decrease in non-PFA (99%)

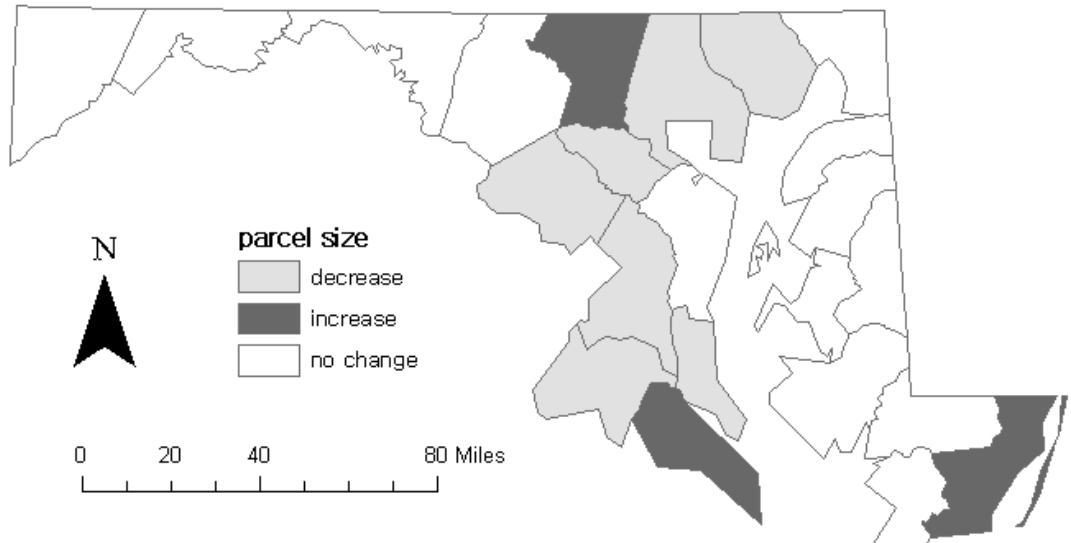
# Variations by County (95%)



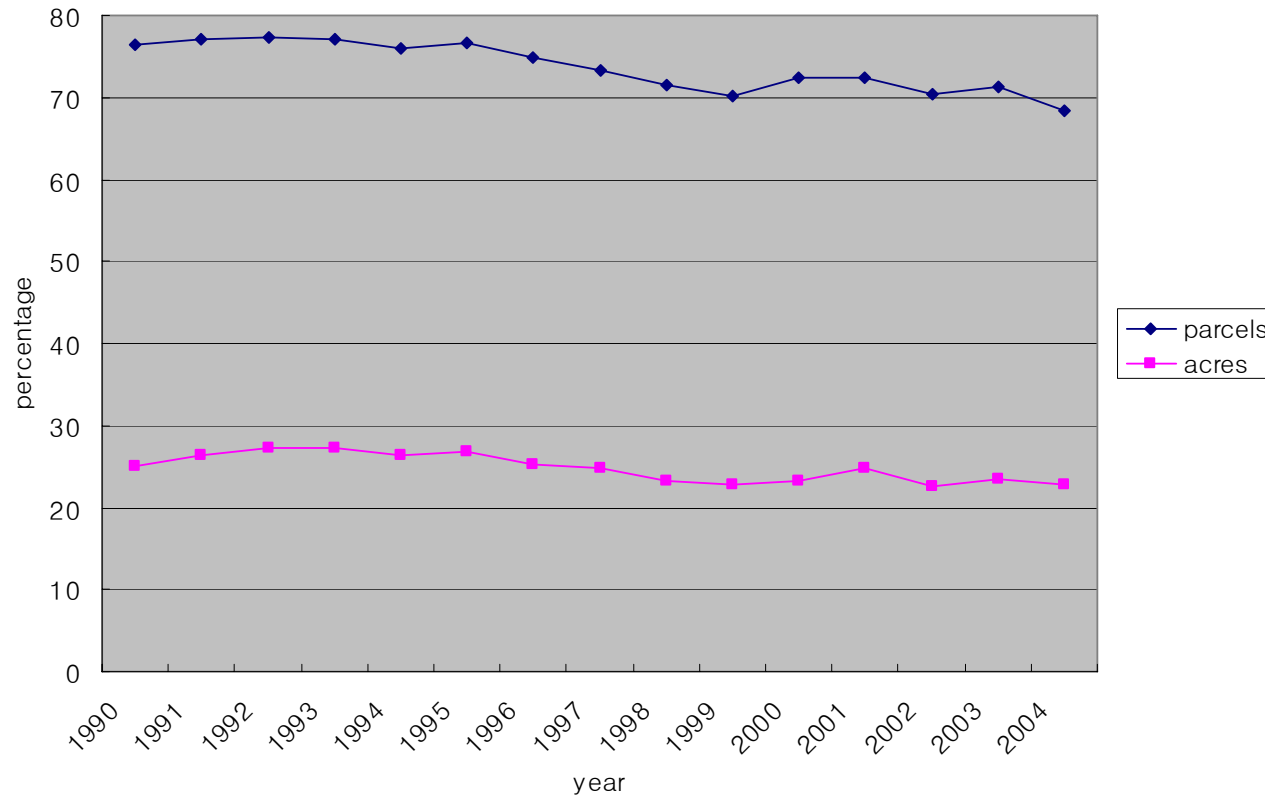
Change in PFA

- different from the previous patterns
- Two speculations in case of suburbs
  - (1) policy works outside the PFA?
  - (2) market is already tight even outside the PFA?

Change in Non-PFA



# Percentage of the Number and Acres of Newly Developed Parcels



Both show significant decrease (99%)

70% of parcels inside the PFA, but 70% of acres outside





# Conclusions

- Policy not very effective on new housing development
  - Strong development pressure: housing demand vs. remaining development capacity
  - Limitation of incentive-based policy?
  - Different evaluation depending on the policy goal
    - Slowdown or decrease of growth?
- Decrease in average parcel size outside the PFA
  - Effect of policy or high development pressure?
- A distinctive variation by county
  - Suburbs and outer areas
- Magnitude issue
  - Statewide trend heavily influenced by the trends of suburban counties



# Policy Implications

- Statewide policy impact evaluation required
  - Impact evaluation analysis on new housing development
  - Understanding causes of the policy failure
    - Is it because of Incentive-based policy, tight market condition, or benefits from agglomeration economies > incentives?
- In-depth survey of newly developed houses outside the PFA
  - Characteristics (year, acreage, location, housing type etc.)
  - Especially focusing on right outside the PFA
    - Area with best accessibility among outside the PFA
- Customized Smart Growth policy needed for counties
  - Universal policy may not work
    - Differences observed between suburbs and outer areas
  - Individual county-based policy or grouping of counties according to the similarity in characteristics