Smart Growth America
Making Neighborhoods Great Together

Building Better Budgets
Talking Points for Grantees - DRAFT
As of 6-3-13

1. Background on Sustainable Communities and the Fiscal Issue

Sustainable communities especially at a regional level is about doing more with less – producing a more prosperity and equitable region with a high quality of life, while conserving resources.

But sustainable communities strategies often run into resistance from those who believe such strategies are too expensive for taxpayers, even if environmental or equity outcomes are desirable. Furthermore, opponents often use the fiscal/cost argument when they are opposed to sustainability for ideological reasons.

The Building Better Budgets approach effectively counters these arguments by demonstrating that smart growth:

- Saves taxpayers money and reduces pressure to increase taxes
- Provides more financial resources to local governments to provide services for all residents
- Reduces the pressure on local governments to engage in inequitable development practices

2. Building Better Budgets Findings

Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development surveys 17 studies that compare different development scenarios, including a brand-new study of Nashville-Davidson County, TN, commissioned specifically for this report.

The report looks at the costs associated with smart growth development and conventional suburban development, as well as each strategy's revenue potential. When compared to one another, we find:

- Smart growth development costs one-third less for upfront infrastructure.
    - Our survey concluded that smart growth development saves an average of 38 percent on upfront costs for new construction of roads, sewers, water lines and other infrastructure. Many studies have concluded that this number is as high as 50 percent.

- Smart growth development saves an average of 10 percent on ongoing delivery of services.
    - Our survey concluded that smart growth development saves municipalities an average of 10 percent on police, ambulance and fire service costs.
- Smart growth development generates 10 times more tax revenue per acre than conventional suburban development.
    - Our survey concluded that, on an average per-acre basis, smart growth development produces 10 times more tax revenue than conventional suburban development.

3. How To Use The Findings

These findings are important to any local government seeking to engage in development practices that are both sustainable and fiscally responsible. However, they can be used in the context of grantees' work on sustainable development – and especially regional sustainability plans – by providing using these specific talking points:

<u>1. Smart Growth Is More Fiscally Responsible</u>

Local officials often view development decisions purely from the perspective of revenue. Localities and regions can improve sustainability – in all respects – by considering the balance between revenue and lifecycle costs of development projects.

A smart growth approach generates more revenue and reduces the lifecycle cost of development, thus putting local governments in a much more stable fiscal situation both in the short term and in the long term.

<u>2. Smart Growth Generates A Better Return on Investment</u>

Critics of smart growth and infill development often point to the fact that they require upfront public investment (subsidies). In fact, all development requires public investment.

The question is not whether the investment is required, but what the return on that investment is. Smart growth development generates a much better return on investment for local governments and taxpayers.

<u>3. Smart Growth Provides Taxpayers With More Freedom</u>

Taxpayer advocates and other fiscal conservatives often express concern that smart growth development will cost taxpayers money, thus straining public services and leading to the possibility of tax increases.

In fact, by providing a better return on investment, smart growth allows local governments to conserve their money to provide better public services and also reduces the need to increase taxes in order to cover the cost of services.

4. Smart Growth Allows Market Forces To Create More Equitable Communities

Local officials are often forced to pursue up-market housing, compete with each other for big-box retail, and impose large impact fees in order to cover the cost of conventional suburban development. These practices lead to inequitable communities – ironically, by manipulating the private market's ability to respond to the needs of all residents.

A smart growth approach can:

- Incentivize local governments to approve development projects that contain a range of housing types without fearing adverse fiscal consequences to their treasuries.
- Lower the cost of all housing by reducing the need to impose impact fees, thus making housing more affordable for those with modest incomes.
- Frees up more tax revenue to provide needed services to all residents and all neighborhoods.