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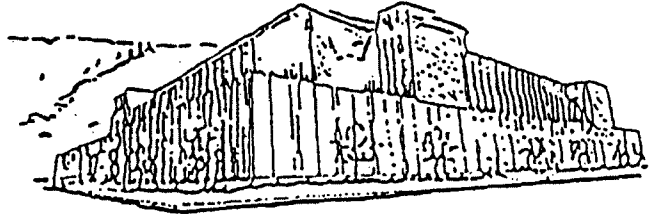
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GROWTH MANAGEMENT AND THE AFFORDABILITY OF HOUSING

by

Mark D. Fryberger

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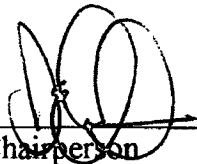
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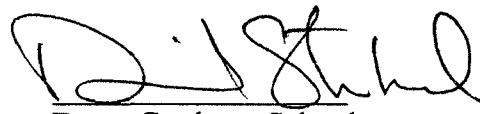
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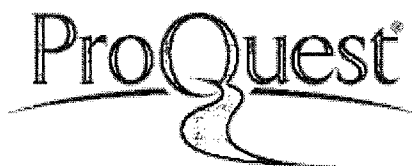


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Growth Management and the Affordability of Housing (110 pages)

Director: Jeffrey A. Gritzner



Efforts by government entities to control the rates of residential development in their jurisdictions affect the housing markets in their areas.

An *historical overview* of American housing policies and practices is offered, with an emphasis on the tension between *exclusionary* regulations and *inclusionary* planning.

A general consideration is given of the current situation in the United States with regard to *housing affordability*. The focus is narrowed to consider the situation in Montana, and then, more specifically, in Missoula, Montana.

The issues involved in *costs of development* are considered. These issues include cost allocations, sprawl, impact fees, automobile subsidies, and environmental, agricultural and open-space values.

Existing *growth management* programs are analyzed for their impacts on housing markets. The cases studied are in Boulder, Colorado; Portland, Oregon; California; and Washington State.

Lifestyle questions and matters of *personal preferences* in housing are discussed. Preference for the small town is shown, the "exurban" lifestyle is introduced, and new design philosophies (New Urbanism and Pedestrian Pockets) are broached. Manufactured housing is considered as an affordable housing alternative.

A detailed consideration of *Missoula, Montana* attempts to incorporate a wide variety of planning factors into assessments of the city's needs with regard to both growth management and affordable housing.

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INTRODUCTION

Chapter six of the 1997 *Draft Update* of the *Missoula Comprehensive Plan*, “Shaping Urban Growth,” notes that

For most of its history, Missoula’s growth occurred in compact patterns of development close to social, educational, and commercial services, in a patchwork of inter-connected workplaces, neighborhoods and transportation systems. In recent decades, Missoula has experienced a different pattern of growth characterized by development that is less dense and more widely dispersed over a large geographic area.¹

This new pattern, the *Plan*’s authors contend,

. . . consumes large amounts of land, requires broad, less efficient coverage for fire and police protection, and relies on longer stretches of roads and other capital infrastructure which are expensive to build and maintain. Environmental costs also are incurred Other significant social and financial costs are incurred when low density, poorly planned areas become more urbanized and require expensive, disruptive retro-fitting of capital facilities such as sidewalks, improved streets, and sanitary sewer systems.²

To deal with these “social and financial costs,” the *Plan* advocates growth management strategies designed “to encourage development to locate in areas where facilities are available and where the public costs of providing needed facilities and public services are lowest”³ Key to these strategies is the concept of “urban growth areas, . . . areas where urban services are provided or planned,” which “should be encouraged to develop

¹ *Missoula Urban Comprehensive Plan: 1997 Draft Update* (1997), 1.

² *Ibid.*

in an urban fashion”⁴ “Within the urban growth area, residential, commercial, public, and other forms of development should be encouraged at urban densities.”

Conversely, “outside of the urban growth area, development patterns should be encouraged which are sustained by rural levels of public infrastructure and services.”⁵

At the same time, efforts are under way in Missoula to deal with problems of housing affordability. The *Missoula City Council Housing Subcommittee Report: Land Use Regulations and Affordable Housing* states that “driven by the trends of growth, Missoula’s housing needs have moved through a sudden crisis to a state of chronic deficiencies.”⁶ The *Report* begins by examining wage trends in Missoula compared to trends in the cost of housing, and it shows that while “costs careened upwards, incomes did not keep pace.”⁷ City government has little control over local wage levels, and the *Report* notes that “local government plays a limited role in the arena of housing, where the main actor is private enterprise.”⁸ Nonetheless, “local government’s hand is persuasive through land-use regulation in the form of subdivision standards and zoning.”⁹ The *Report* proposes that the city eliminate or modify those regulations which create significant barriers to the realization of the “city housing vision.” This vision was articulated in a June 1996 City Council Resolution, and it calls for:

³ Ibid.

⁴ Ibid., 3.

⁵ Ibid.

⁶ *Missoula City Council Housing Subcommittee Report: Land Use Regulations and Affordable Housing* (1997), 1.

⁷ Ibid.

⁸ Ibid., 2.

⁹ Ibid., 2.

- the distribution of housing in different cost ranges matching the distribution of household incomes
- the integration of low and moderate income housing appropriately in all of the Missoula urban area
- the encouragement of innovative and adaptive methods of construction, ownership, and rehabilitation¹⁰

The *Comprehensive Plan Update* and the *Housing Subcommittee Report* are complimentary in some important ways. Both recommend the development of a “comprehensive housing plan.” According to the *Update* this plan would:

- include an inventory of housing needs
- identify sufficient land for diverse forms of housing
- make provision for the needs of all economic segments of the community¹¹

Both the *Housing Report* and the *Comprehensive Plan Update* call for *mandatory minimum housing densities*.

This professional paper will examine the components of growth management planning that affect the affordability of housing. The major issues involved are those of *exclusion* and *inclusion*. While growth management strategies are fashioned to exclude certain

¹⁰ *Ibid.*, 9.

¹¹ *Ibid.*, 18.

kinds of development in certain areas, affordable housing efforts are designed to provide housing opportunities for persons who would otherwise not be included. Conflicts between inclusionary and exclusionary policies are endemic to town planning. After a consideration of the issues in more general terms, this paper will focus on the situation in Missoula, Montana.

CHAPTER ONE

HISTORICAL CONTEXT

Early government interventions in land use were aimed at obvious health and safety concerns. In 1867 San Francisco prohibited slaughter-houses, hog storage facilities, and hide curing plants in certain districts.¹ Also in 1867 some of the first land use controls involving housing were developed. The New York Tenement House Law was aimed at protecting the health and welfare of "railroad flat" inhabitants. The ordinance required that most rooms in those houses have access to light and air, and it imposed height and setback requirements to help contain fire.² On the other hand, in 1899 the United States Supreme Court, in *Litote v. New Orleans*, ruled in favor of a city ordinance which expanded a "zone" to permit houses of prostitution in an adjacent residential area.³--most early zoning concerns were with only the most glaring of incompatible uses.

Prior to 1915 few communities had land-use controls, in part because of a tendency for the U.S. Supreme Court to rule that the restriction of more profitable uses of land was an unconstitutional taking of property. In *Hadacheck v. Sebastian* (1915), however, the Court ruled that "regulation was not precluded by the fact 'that . . . the value of

¹ Frank S. So and Judith Getzels, *The Practice of Local Government Planning*. (Washington: International City Management Association, 1988), 26.

² *Ibid.*, 251.

³ Laurence C. Gerckens, "American Zoning and the Physical Isolation of Uses," *Planning Commissioners Journal* 15 (Summer 1994): 10.

investment made . . . prior to any legislative action will be greatly diminished."⁴ In 1916 New York City adopted the first "comprehensive" zoning code for an entire city, and in 1922 a group of planning lawyers, some of whom had worked on the New York City plan, drafted the Standard State Zoning Enabling Act, a planning model that was eventually adopted by all fifty states.⁵

In 1926 the U.S. Supreme Court upheld the "police powers" of zoning in *Village of Euclid et al. V. Ambler Realty Company*, a case that reverberates into today's housing debates. Ambler Realty had, by 1922, assembled a 68-acre tract of land adjacent to a single-family residential area in Euclid, Ohio (near Cleveland). Ambler intended to develop its property for apartment houses, but in 1922 Euclid zoned most of Ambler's land for single-family homes. Ambler sued and won at trial, with the trial court finding that the effect of the zoning was "to classify the population and segregate them according to their income or situation in life."⁶ The U.S. Supreme Court, however, sided with Euclid in 1926, stating that an apartment building placed near the single-family neighborhood would be "a mere parasite, constructed in order to take advantage of the open spaces and attractive surroundings created by the residential character of the district."⁷ The effect of the *Euclid* and *Hadachek* rulings was to confirm the sovereignty of local governments in matters of zoning. In Euclid the local government supported the exclusionary interests of the existing single-family homeowners. This was no doubt a

⁴ So and Getzels, 33.

⁵ Ibid., 252.

⁶ Paul K. Stockman, "Anti-snob zoning in Massachusetts: Assessing One Attempt at Opening the Suburbs to Affordable Housing," *Virginia Law Review* 78 (March 1992): 538.

⁷ So and Getzels, 252.

great comfort to those citizens, who were thus *protected* from the "market." What of this neighborhood's neighbors, or potential neighbors, who probably saw themselves as being shut out of the community?

In the 1920s home ownership was for the few. Mortgage terms typically required a 50% down payment, with 8% interest for five years, at which time the entire principal was due. Secondary loans (for the down payment) were common in this scheme of things, but they involved higher interest rates. For those who could get financing the loans were often renewed after five years, and defaults were rare in the twenties.

After the Depression, though, there were many defaults, and banks became reluctant to make home loans (and, of course, savers were reluctant to deposit any money in banks).⁸ In 1934, with the Federal Housing Act and the creation of the Federal Housing Administration (FHA), housing finance was revolutionized. The FHA insured longer-term loans, established greater loan-to-value ratios (reducing down payments), and provided for uniform, self-amortizing payments. The Housing Act of 1937 provided funds for local public housing authorities, and 168,000 public housing units were built between 1937 and 1940.⁹ In 1940, 43.6% of American housing was owner-occupied (though one of seven urban dwellings had no plumbing). After World War II the Veterans Administration (VA) began providing loan guarantees for low-interest, long-

⁸ Frank S. So, Irving Hand, and Bruce D McDowell, editors, *The Practice of State and Regional Planning* (Chicago: American Planning Association, 1986), 406.

⁹ So and Getzels, 365.

term mortgages requiring low down payments. FHA and VA programs spurred homeownership rates to 55% in 1950 and to more than 60% by 1960.¹⁰

The FHA's financing of the labor-intensive construction of owner-occupied, single-family detached units stimulated an enormous suburban expansion in the 1950s and 1960s.¹¹ Abetting suburban expansion was the 1956 Interstate Highway Act, which provided for a 41,000-mile system, 90% of which was funded by the Federal government. Fuelling the ever-expanding highway system was the Highway Trust Fund, which funneled revenue from gasoline taxes back into highway programs. This fund was "non-divertible"--it went toward highways only. In the years from 1945 to 1980, 75% of transportation expenditures went for highways, and 1% went for urban mass transit.¹²

Postwar national prosperity encouraged suburbanization, as more and more families could afford automobiles and home ownership, but while the rising tide of national prosperity no doubt lifted all boats to some extent, some rose faster and higher than others. In 1940 the Census indicated a loss of population from central cities to surrounding suburban areas. The had FHA established minimum standards for FHA-financed housing, and these standards were oriented toward those least likely to default--the upper-middle class. These standards were rapidly adopted into local zoning and building codes across the country, and more affordable housing which did not meet these standards was considered "substandard" and therefore zoned out of most American cities. After the War, urban land and business interests lobbied for the creation of public redevelopment agencies. These agencies would use state-granted powers of eminent

¹⁰ Ibid.

¹¹ Ibid., 40.

domain to demolish "deteriorated" areas and then encourage (with the help of federal subsidies) private corporations to redevelop the areas for uses other than housing. Pennsylvania created such a program in 1945, and the Housing Act of 1949 created a Federal program (Urban Renewal) modeled on the Pennsylvania plan.¹³

The 1949 Act provided for 26,000 new low-income public housing units per year--not a large number considering the 1950 Census finding that 2.5 million of America's forty million urban homes were dilapidated.¹⁴ The 1949 act pledged "decent housing for every American," but most of its subsidies went toward commercial, industrial, and institutional redevelopment.¹⁵ The Housing Act of 1954 extended the clearance programs of the 1949 Act but emphasized also the enforcement of housing codes, the elimination of future deterioration ("community renewal"), housing for displaced persons, and citizen participation in the redevelopment process.¹⁶

In the 1960s large-scale efforts were made, especially at the Federal level, to promote housing opportunities. Section 221(d)3 of the Housing Act of 1961 provided for an interest subsidy to private nonprofit corporations, public agencies, and some other groups to construct rental housing for low- and moderate-income families. In 1963 the Community Renewal Plan efforts in many cities were redirected toward assisting lower-income groups gain economic opportunities. The Department of Housing and Urban Development (HUD) was created in 1965 and provided for, among other things, rent

¹² Kenneth T. Jackson, *Crabgrass Frontier* (New York: Oxford University Press, 1985), 249-250.

¹³ So and Getzels, 44-45.

¹⁴ *Ibid.*, 45.

¹⁵ *Ibid.*, 366.

¹⁶ *Ibid.*, 45.

supplements and low-interest loans for the poor, and subsidies for 240,000 more low-rent public housing units. In 1966 President Lyndon Johnson initiated the Model Cities program, where residents of Model City districts decided their own priorities and proposed programs which were then funded by the Federal government.¹⁷

As the battle to save the city went on, those outside the urban center had agendas of their own. Cities commonly annexed outlying areas, but even early in the century suburban areas resisted annexation. States began imposing restrictive municipal annexation laws and liberal municipal incorporation laws. This led to a crazy quilt of tiny municipalities--really not much more than economically homogeneous neighborhoods incorporated into independent local governments.¹⁸

It was, after all, the middle and upper classes who had evacuated to the newer, more pastoral suburban areas. As those communities felt pressure for residential development --including from those, often of lower incomes and/or racially different, who had been displaced by Urban Renewal--they enacted ordinances, such as those requiring minimum lot sizes and minimum floor areas, that would preclude less than substantial construction.¹⁹

Efforts to provide "equality of opportunity" were going on at the local level, as well. In 1969 a joint Committee on Urban Affairs of the Massachusetts Legislature reported that "the Committee has found that there is an acute shortage of decent, safe, and low and

¹⁷ So and Getzels, 47-48.

¹⁸ Gerckens, 538-39.

¹⁹ So and Getzels, 45.

moderate cost housing throughout the Commonwealth Unless shortsighted controls can be avoided, regional needs considered, and the whole process of building made faster, both suburb and city will suffer together." The report went on to say that the cities' housing problems could not be solved within the cities because of the already high housing densities there, and that the necessary suburban land was often not available because of parochial zoning and regulations.²⁰ The Massachusetts Low and Moderate Income Housing Act of 1969 was the first state legislation to directly address suburban *exclusionary* zoning. One of the Act's requirements is that an application to build low- or moderate-income housing must be heard by a local zoning board within thirty days. If the permit is denied or not acted on, the city must prove that it is otherwise meeting its "fair share" of "regional housing needs."²¹ (It is noteworthy that the lack of municipal services is usually *not* a valid reason for denying a permit.)

Southern Burlington County NAACP v. Township of Mt. Laurel (otherwise known as *Mt. Laurel I*), heard by the New Jersey Supreme Court in 1975, is probably the best known case involving "inclusionary zoning." The court found in favor of the NAACP, ruling that local land use regulations "cannot foreclose the opportunity . . . for low- and moderate-income housing and . . . must affirmatively afford that opportunity, at least to the extent of the municipality's fair share of the present and prospective need thereof."²² The court ordered Mt. Laurel to remove barriers to the construction of affordable housing. Eight years later, though, the township had made no real change in its exclusionary policies. The court then wrote *Mt. Laurel II*, requiring that, beyond

²⁰ *Ibid.*, 548.

²¹ *Ibid.*, 552.

removing barriers, a community must also act affirmatively to provide its fair share of regional housing needs. *Mt. Laurel II* authorized judges to, among other things, grant a developer the right to build high density housing, even when local regulations would have prohibited the construction, as long as at least twenty percent of the development would be "affordable" and the locality had not met its "fair share" of affordable housing.²³

These two inclusionary housing programs have been controversial and their outcomes debatable and agonizingly slow to materialize. Finally in May 1997 Mt. Laurel officials approved of plans to build 140 low- and moderate-income rentals, the Ethel R. Lawrence Homes (named after the "Rosa Parks" of the Mt. Laurel crusade), but only after grueling meetings packed with hundreds of mostly angry local residents.

William Fischel notes that "the assignment of rights under zoning is an important form of homeowners' wealth . . ."²⁴ He goes on:

[M]onopoly power by the community enables it to raise land prices, and thus housing prices, above the market equilibrium by restricting the supply of sites more than either landowners or a competitive set of communities would. This increases the wealth of community residents who are homeowners prior to the adoption of the restrictions.²⁵

The actions of these suburban cities may remind one of James Madison's remark that "the smaller the number of individuals composing a majority, and the smaller the compass within which they are placed, the more easily they will concert and execute their plans of

²² So and Getzels, 51.

²³ "State-sponsored Growth Management as a Remedy for Exclusionary Zoning," *Harvard Law Review* 108 (March 1995): 1130.

²⁴ William Fischel, *The Economics of Zoning Laws: A Property Rights Approach to American Land Use Controls* (Baltimore: Johns Hopkins, 1985), 136.

²⁵ *Ibid.*, 141.

oppression."²⁶ Laurence Gerckens, for one, believes that "in the 1950s, the 'purity' of zones became the operative concept ('not-in-my-backyard') for the legitimization of segregation and social isolation at the very time it was being successfully attacked in the courts."²⁷ (for example, in *Brown v. Board of Education of Topeka*, 1954)

In 1968 the Civil Rights Act, and in particular Title VIII of the Act, gave rise to "fair housing" laws, which signaled the beginning of the end of *legal* discrimination in housing (though not the end of *de facto* discrimination). The HUD Act of 1968 mandated the construction of six million subsidized housing units during the following ten years. Section 235 of the Act provided for payments to be made directly to the mortgage holders of the homes of low- and moderate-income families. Section 236 extended interest subsidies on mortgages on multi-family rental and cooperative housing.²⁸ In spite of, or at least, along with these rational and laudable efforts, "urban decay and social unrest grabbed headlines in the 1960s."²⁹ The National Advisory Commission on Civil Disorders stated in 1968 that "the nation is rapidly moving toward two increasingly separate Americas." The separation, said the Commission, is between "white society" in the suburbs and "Negro society" in the large central cities.

Racial divides continue to this day (though with little of the dramatic social unrest seen in the 1960s), and may be, as the Commission warns, "almost impossible to unite." In the 1990s it may be appropriate to update the Commission's vision to include

²⁶ Alexander Hamilton, James Madison, and John Jay, *The Federalist* (Oxford: Basil Blackwell, 1948), 46.

²⁷ Gerckens, 12.

²⁸ *Ibid.*, 48.

²⁹ Stockman, 547.

segregation which is more economic than racial. In any event, the Commission's warning about "the danger of a conclusive repudiation of the traditional American ideals of individual dignity, freedom, and equality of opportunity,"³⁰ should not go unheeded whenever Americans struggle to afford housing.

It is no wonder that property owners, such as those in Mt. Laurel, would fight to protect their "homeowner wealth." Their anger at government intrusion on their way of life does not seem unreasonable. They feel that they are paying their own way in order to live how and where they want to. The government of Euclid would certainly have supported their cause. Nonetheless, rationales for government "interference" with local regulations reach back at least as far as to James Madison. Government can be overbearing, but one purpose of government is to preserve rights, such as the equality of opportunity, from tyrannies of the majority.

³⁰ *Report of the National Advisory Commission on Civil Disorders*, 1968, 225-26.

CHAPTER TWO

HOUSING AFFORDABILITY

Worldwide more than one billion people lack adequate housing. Forty percent of the world's housing is unauthorized, and 50% contains "squatters" with no legal claim to the land. Before we start wringing our hands over housing affordability problems in the United States, it is well to note that in Japan the average apartment for three people measures 485 square feet and costs about \$450,000--an average of 11.5 years of income.¹ That being said, let us briefly examine the affordability of housing in the United States, and in Montana and Missoula.

After World War II, rates of home-ownership in the U.S. rose steadily from about 45% of households to 65.6% by 1980. From 1980 to 1989 the rate fell to 63.9% (for those aged 30 to 34 the rate fell from 57.1% to 53.2% over the same period). In the nineties the rate has risen a little, to 64.7% in 1995.²

According to the National Association of Home Builders the percentage of families with the income required to buy the median-priced home in their area fell from 44.8% in 1976 to 36.3% in 1996.³ Since homeownership rates did not decline over that same period--if anything, they went up--what is going on? The Consumer Expenditure Survey

¹ Stephen K. Mayo, "Housing Policy: Changing the Structure," *Finance and Development* 31 (March 1994): 44.

² Peter Dreier, "The New Politics of Housing: How to Rebuild the Constituency for a Progressive Federal Housing Policy," *Journal of the American Planning Association* 63 (Winter 1997): 5.

³ National Association of Home Builders, "Housing Opportunity Index," 1997.

of the U. S. Bureau of the Census found that while 16.4% of household expenditures went to housing costs in 1972, the figure was 31% by 1987. It must be that home owners are putting a larger portion of their incomes into housing costs, though at 19.5% of gross median family income,⁴ the bite is considerably lower than the "30%" figure considered by the Federal government to constitute a "cost burden."

Michael Stone argues that the "30%" standard doesn't necessarily tell the whole story. Stone measures "shelter poverty" according to what households have left after mortgage or rent payments are made. If what they have left doesn't purchase the basic necessities of food, clothing, and medical care, then those households are "shelter poor". Using this index, Stone argues that from 1970 to 1987 the rate of shelter poverty for small (one- or two-person) households fell from 32% to 26%, while the rate for larger households (three or more people) rose from 29% to 34%. Stone finds that nearly 22% of all homeowners were shelter poor in 1987, with an average mortgage burden of \$40,000 per household--about one-and-a-half times their annual income. Renters were particularly burdened in 1987, Stone finds. While median household income remained virtually stagnant, in the range of \$22,000 to \$25,000 (1987 dollars) from 1970 to 1987, median gross rent over the period rose by 26%, while the median income of renters declined by 13%. More than 42% of renters were shelter poor in 1987, according to Stone.⁵ Other studies support the notion that renters are increasingly and especially burdened. The U.S. Bureau of the Census found that in 1987 renters paid a median of 29% of income for housing costs,

⁴ National Association of Realtors, "Housing Affordability Index," 1997.

⁵ Michael E Stone, "Shelter Poverty and the High Cost of Living," *Society* 33 (September 1996): 5-6.

while the corresponding figure for home owners was 18%.⁶ Willen Van Vliet states that the average income of U.S. renters, as a portion of the average owner income, declined from 64.5% in 1972 to 47.8% in 1993.⁷

Data for the United States suggest a divided country, with larger households who rent, increasingly burdened. According to the Census Bureau the number of the "very poor," those with incomes of less than half the poverty threshold, rose from 13.9 million in 1995 to 14.4 million in 1996.⁸ John Weicher performed calculations that show that the number of very low-income families paying more than half their income for rent rose from 24% to 36% from 1974 to 1987.⁹ In such a circumstance it doesn't help that the total number of "affordable" (renting for less than \$300 in constant 1989 dollars) rental units has been trending downward--from 9.9 million in 1974, to 9.3 million in 1980, and to 9 million in 1989.¹⁰ One study shows a surplus of 900,000 low-rent units in 1970, compared with a shortage of 4.7 million such units in 1993.¹¹

Some housing commentators believe that the most reliable mechanism for providing affordable housing is "filtering." "Filtering . . . generally refers to the tendency of houses over time to depreciate in value, eventually falling into the hands of families with lower

⁶ Jeanne Mackin, "Housing Costs Burdensome for Some Groups," *Human Ecology Forum* 24 (Winter 1996): 23.

⁷ Willen Van Vliet, "A Nation of Home Owners," *Social Forces* 73 (March 1995): 1177.

⁸ "Better off, but not Much." *The Economist*, October 4, 1997, 35.

⁹ Stephen Malpezzi and Richard K. Green, "What Has Happened to the Bottom of the U.S. Housing Market?" *Urban Studies* 33 (December 1996): 1807.

¹⁰ Malpezzi and Green, 1809.

¹¹ Skip Barry, "Rents out of Reach," *Dollars and Sense*, November-December 1996, 43.

incomes."¹² The logic of filtering is the logic of the market. There is a demand by households to improve their situations, and at the same time there is often an increasing number of households being formed in an area. As the demand to move up in the world is met by the market's production of more high-end homes, the homes vacated by those moving up meet the demand of those below in the chain. Since supply is rising to meet demand, prices are not forced up because of a lack of supply. One estimate has it that "every new unit built, given the distribution of prices, thus types, now found in the new housing market in the U.S., enables four families to move."¹³

William Grigsby, one of the first to study filtering,¹⁴ "showed that markets with high rates of new construction at the top end of the market have on average lower increases in prices of existing housing."¹⁵ This "natural" functioning of the market is also the story of American urban development: "The typical model of urban growth in the United States has been the sequential reuse of housing by progressively lower-income households."¹⁶ Suburbanization has played its part. "The construction of new housing in the suburbs puts competitive pressure on the older housing stock, depressing its price."¹⁷ It follows, then, that "to the extent that a city makes it easy for any type of housing to be built, it will

¹² Harrison C. White, "Multipliers, Vacancy Chains, and Filtering in Housing," *American Institute of Planning Journal* (March 1971): 92.

¹³ *Ibid.*

¹⁴ William Grigsby, *Housing Markets and Public Policy* (Philadelphia: University of Pennsylvania Press, 1963).

¹⁵ Malpezzi and Green, 1810.

¹⁶ Jackson, 285.

¹⁷ *Ibid.*

also enhance the available stock of low-cost housing,"¹⁸ and "any restriction placed on overall housing construction will lower the 'production' of housing at the bottom of the market. Building permit moratoria and growth controls clearly have an adverse effect on the supply of low-cost housing."¹⁹

The "pure" functioning of filtering, it is sometimes held, is impeded by any "interference" in the market: "Subsidized housing will not have as large a multiplier effect as new housing units built for middle and higher income groups,"²⁰ and "The filter-down process provides higher quality housing for the poor than can be provided by construction of new houses for them."²¹ Robert Ellickson goes so far as to say that "an excellent way--perhaps even the best way--to improve the housing conditions of low- and moderate-income families is to increase the production of housing priced beyond their reach."²²

What has gone wrong, then? Why has the natural functioning of the housing market not provided sufficient low- and moderate-priced housing for low- and moderate-income households?

One problem is the falling or stagnant income levels of both lower- and middle-class families since the 1970s. "Over the past decade [the 1980s] the rapid growth of high income households produced a strong market for high-quality housing. At the same time, the housing affordability problems of moderate- and low-income households were further

¹⁸ Malpezzi and Green, 1812.

¹⁹ Ibid., 1815.

²⁰ White, 92.

²¹ Stockman, 567.

²² Ibid.

exacerbated as their incomes significantly lagged behind those of high- and upper-middle-income households."²³ Middle-income families were feeling the pinch, and "as the housing-buying power of middle-class America was reduced, middle-class children began to compete with the less affluent, bidding up the prices facing low-income households."²⁴

The "law" of filtering may run up against another "law" of real estate--that a home in a neighborhood of more expensive homes has a higher market value than the same home among less expensive homes--and this further contributes to the situation where "there are some suburban areas in which the cumulative effect of upper-income housing development has clearly reduced housing opportunities for lower-income households by bringing up the price of the existing housing stock."²⁵ The pure market, then, may not give rise to pure filtering: "A laissez faire approach that typically yields a predominance of new private construction in higher-quality sub-markets is unlikely to yield significant benefits for lower-income households."²⁶ Pare and Bordwin say that "for filtering to work properly, there must be a supply of stock at every step of the housing market. Unfortunately, in many cities rungs are missing."²⁷ Benefits to low-income residents may be greater the more modest the neighborhood where new construction occurs: "This

²³ Peter D. Linneman and Isaac F. Megbolugbe, "Housing Affordability: Myth or Reality," *Urban Studies* 29 (May 1992): 378.

²⁴ *Ibid.*, 371.

²⁵ Allan Mallach, *Inclusionary Housing Programs: Policies and Practices* (New Brunswick: Center for Urban Policy Research, 1984), 190.

²⁶ George Galster, "William Grigsby and the Analysis of Housing Sub-markets and Filtering," *Urban Studies* 33 (December 1996): 1803.

²⁷ Terence P. Pare and Andrew Bordwin, "Buy a Home Downtown," *Fortune* 128 (September 1993): 93.

makes the growing US trend of construction primarily in luxury sub-markets, and municipal zoning that promotes higher-quality construction, especially worrisome."²⁸

In addition, rapid in-migration can skew the housing market in an area. Where the growth is triggered by employment opportunities, the new population is apt to be concentrated in the moderate and middle income range, creating a "bulge" in that demographic that sometimes results in a situation where existing housing appreciates at levels comparable to new housing prices.²⁹

In any event, there is a minimum income level below which filtering cannot work: the income needed to cover the operation and maintenance costs of a "fully amortized" (unsubsidized) dwelling unit.³⁰ Where those minimum incomes do not obtain, for whatever reason, something has to give: "Land-use controls without countervailing subsidies harm those at the bottom of the distribution."³¹

National trends provide a context for understanding housing affordability problems, but such problems are finally local, and by examining Montana's housing situation we begin to put a face on the problem. The American Chambers of Commerce Research Association (ACCRA) has developed a cost of living index for housing for 250 to 300 urban areas nationwide. The national average price of housing (using a combination of rent and mortgage payments) is set at 100. By comparison, housing cost indices in Montana were 108.3 for Helena, 106.6 for Bozeman, and 104 for Missoula. The

²⁸ Galster, 1804.

²⁹ Mallach, 41.

³⁰ Ibid., 53.

³¹ Malpezzi and Green, 1816.

Montana Department of Commerce comments that "while housing prices in these Montana cities are at par or slightly above the national average of 100, wages are far below the national average. This implies that a larger portion of the household budget is devoted to housing in Montana than at the national level."³² In fact, the 1994-96, three year average median household income for the U.S. was \$34,911 and for Montana, \$28,838.

In response to the Cranston-Gonzales National Affordable Housing Act of 1990, Montana began developing a statewide housing assistance strategy. The 1994 *Comprehensive Housing Affordability Strategy (CHAS)* outlined Montana's plans for the use of affordable and supportive housing program funds for the next five years. The *CHAS* is now called the Montana Consolidated Plan for Housing and Community Development, and it generates annual Action Plans to account for the planning, application, reporting, and citizen involvement component of three HUD grant programs: the Community Development Block Grant (CDBG), the Home Investment Partnerships (HOME) and the Emergency Shelter Grant (ESG) programs.

The *Economic and Demographic Analysis of Montana* of August 1997 was assembled to provide updated information for the Consolidated Plan. The *Analysis* evaluates demographic data that have changed since the 1990 Census. Its source is the Small Area Income and Poverty Estimates Program of the U.S. Bureau of the Census (March 1997). The *Analysis* provides the most recent data on housing affordability in Montana, in terms of "cost burden."

³² *Economic and Demographic Analysis of Montana* (Montana Department of Commerce: August, 1997), 24.

The Montana Department of Commerce gathered information on mortgage, rent, and utility costs for selected Montana cities. Combining these data with U.S. Census estimates of median household income in the cities, the Department came up with measures of housing affordability in the cities. "Cost Burden Income" represents that income, 30% of which would have to be spent on housing costs. "Severe Cost Burden Income" represents income, 50% of which would have to go to housing.

One noteworthy feature of the Department's findings is the disparity in housing costs between the western and eastern parts of the state. Total monthly housing costs to purchase a two-bedroom, single-family home in Glendive was \$390 in April 1996. In Kalispell the cost was \$772, nearly twice as much. On the other hand, median household income in Kalispell, at \$27,813, was \$514 *less* than in Glendive. Cost Burden Income in Kalispell was \$30,873, more than \$3000 over the median income. In Glendive the comparable figure is \$15,580, considerably less than the median (\$28,354). The Department cautions, though, that concerning central and eastern Montana cities, "with static or declining population, median income is likely biased toward established older residents, and therefore much less representative of first-time homebuyers."³³ It is in the rapidly growing cities of Bozeman, Kalispell, and Missoula where cost burdens are the largest. More than half of the households in these cities have a Cost Burden.

Generally speaking, rural housing is more affordable than city housing in Montana. According to the 1990 Census comparable homes in the urban areas and the rural areas required incomes of \$30,000 and \$23,200 respectively. The percentage of households

³³ Ibid., 22.

with incomes less than \$25,000 was about the same in cities and in rural areas (53.3% and 54.5%, respectively).³⁴

Rural Montana has other housing problems, though. Census data from 1990 indicate that a large percentage of vacant homes existed in the rural and less densely populated areas of the state. Over 26% of vacant homes were 50 years of age or older. A large percentage of vacant homes had missing or incomplete kitchen and plumbing facilities--over 35% of the vacant housing stock in Meagher County (White Sulphur Springs, county seat) lacked adequate plumbing.³⁵

Several rural counties had over thirty percent of their housing stock in "substandard" condition: Judith Basin (Stanford)--34.7%, Meagher--35.1%, and Mineral (Superior)--30.1%. Substandard housing comprised over 27% of the stock in Petroleum County (Winnett), nearly 23% in Phillips (Malta), and over 20% in Broadwater (Townsend).³⁶ Such circumstances mean that "in rural areas, income may not be a limiting factor. Rather, the condition of the home and whether it would qualify for any type of financing may be a crucial limitation."³⁷

The *CHAS* draws the following conclusions (per the 1990 Census): (1) "There is a great disparity between the number of households earning less than \$10,000 and the actual number of low-rent units,"³⁸ and (2) "An analysis of the number of low-rent units,

³⁴ Montana Department of Commerce, *1994-1998 State of Montana Comprehensive Housing Affordability Strategy (CHAS)* (Washington: HUD, 1993), 46.

³⁵ *Ibid.*, 35.

³⁶ *Ibid.*, 38.

³⁷ *Ibid.*, 46.

³⁸ *Ibid.*, 50.

low-cost homes, and households earning less than \$15,000 per year in Montana indicates that there may have been a shortage of as many as 25,000 units of affordable housing to those households in 1990."³⁹ While those were, 1990 figures, the *CHAS* comments that "today [1994] the situation is much worse, as constraints on the housing market have spread to affect Montanans of all income categories."⁴⁰

Some more recent data, concerning housing inventory, are found in the *Analysis*. From 1990 to 1996, 16,697 new dwelling units were constructed in Montana, to serve an estimated population increase of 79,500. This works out to be 4.7 new people per household. However, the average number of Montanans per household is 2.5. Montana is thus short—in order to maintain its average household size—some 14,000 units since 1990. "The data indicates that rather than easing, the market for affordable housing is growing tighter, with prices rising."⁴¹

According to estimates by the Montana Department of Commerce and the American Chambers of Commerce in the *Analysis*, while Missoula's housing prices (fourth quarter, 1996), at an ACCRA index of 104, were slightly above the national average (100), Missoula's median household income, at \$27,952, was only 79% of the U.S. median of \$35,287.⁴² According to the *Missoula City Council Housing Subcommittee Report* less than half of Missoula households owned their own homes in 1996, compared to 60% in

³⁹ *Ibid.*, 6.

⁴⁰ *Ibid.*

⁴¹ *Economic Analysis*, 25.

⁴² *Ibid.*, 23.

1960, 54.2% in 1970, and 67% statewide as of the 1990 Census.⁴³ The current figure nationally is about 65%.

In the 1998 report, *Missoula Measures: Community*, the following information is provided:

	1990	1994	1996
AVERAGE COST OF HOUSE	\$70,448	\$103,098	\$124,942
MORTGAGE PURCHASING POWER	\$39,018	\$44,063	\$52,736
AVERAGE WAGE INCOME	\$18,790	\$20,805	\$21,814
INCOME NEEDED FOR AVERAGE HOUSE	\$28,086	\$39,161	\$41,852

The Missoula Housing Coordinator, using figures from the Missoula County Association of Realtors, compiled these data. These figures are recorded as *averages*, not *medians*, so the Coordinator used averaged numbers for all data. *Mortgage Purchasing Power* indicates what price home the average wage income, given the interest rates and house prices at the time, could afford.

⁴³ *Housing Report*, 1.

	1990	1994	1996	1997
AVERAGE RENT/UTILITIES FOR 2-BDRM	\$400	\$625	\$589	\$557
MONTHLY GROSS INCOME REQUIRED	\$1333	\$2084	\$1964	\$1857

While rents were down by 10 to 14 percent from 1993, a yearly income of at least \$22,800 was required in 1997 to afford the average 2-bedroom apartment (using the "30-percent" rule). Unfortunately, 58% of the jobs created in Missoula from 1986-96 averaged \$16,800 *or less* (and \$16,000 was half the median income for a two-person household).⁴⁴

The *Housing Subcommittee Report* says that new construction produced about 2100 *new* single-family homes in Missoula from 1990 to 1996 at annual median sales prices that rose from \$118,000 to \$155,000. The *Report* also notes that Missoula County household income rose 33% from the 1990 Census to the end of 1996, while median single-family home prices over the same period rose 75%. A 1992 study by John Mcquiston, cited in a 1993 Missoula Housing Task Force report, found that 25% of

⁴⁴ Greg Oliver and Robin Nielson-Cerquone, *Missoula Measures: Community* (Missoula: Missoula County Health Department, 1998), 23-26.

Missoula households made half or less of the median household income--the HUD income threshold for subsidized housing.⁴⁵

The national situation with respect to housing affordability is complicated and difficult to summarize, but it does seem that many Americans, and especially those lower-income renters with large households, are putting a greater portion of their incomes into housing costs than was the case twenty or thirty years ago. On the other hand, the strong U.S. economy of the late 1990s, with its low unemployment and mortgage interest rates, is doubtless supporting rates of home ownership.

Montana's situation is more difficult than those in many other states, though. Montana was recently ranked last in the nation in terms of wage levels, but the more rapidly growing cities in the western part of the state have had housing prices at or above the national average. This is certainly the story in Missoula, where despite a recent break in the ratcheting up of housing costs, the average price of housing is still considerably higher than what would be considered affordable to those of average incomes.

⁴⁵ Nancy L Leifer, *Missoula Housing Task Force Findings, Recommendations, Implementation Plan* (Missoula: Mayor's Office, 1993), 6.

CHAPTER THREE

COSTS OF DEVELOPMENT

The *Missoula Urban Comprehensive Plan: 1997 Draft Update* includes as an appendix the "Theme's Document" called "Planning for Growth in Missoula County." This document was written by the Growth Management Planning Group (composed of the Mayor, the County Commissioners, some City Council members, and a few others from the community), adopted in September of 1994, and revised in February of 1996. The document refers to Missoula's need to guide future development "without exceeding the County's carrying capacity."¹

The concept of *Carrying Capacity* was originally associated with ecosystem management in the early 1960s and popularized by such writers as Ian McHarg.² The term was defined as "the maximum population density for a given species in an environment which could be supported without degradation of that environment."³ Adapted to land use planning, the concept has been broadened to mean "the ability of a natural or *man-made* system to absorb population growth or physical development

¹ *Comprehensive Plan*, 122.

² Ian L. McHarg, *Design With Nature* (New York: Natural History Press, 1971).

³ Devon M. Schneider, David R. Godschalk, and Norman Axler, *The Carrying Capacity Concept as a Planning Tool* (Washington: HUD, 1977), 1.

without significant degradation or breakdown."⁴ Carrying capacity analysis studies the effects of growth in order to identify thresholds beyond which "environmental" problems will occur unless changes are made in public investment, regulation, or human behavior.⁵

It is important to remember that "the natural capacity of a resource to absorb growth is not fixed, but can be altered by human intervention."⁶ Such techniques as pollution control, land use regulation, or changes in human behavior can "expand a region's ability to accommodate growth."⁷ The authors of *The Carrying Capacity Concept as a Planning Tool* emphasize that "because of its origins in the natural sciences, the term *carrying capacity* suggests an objectivity and precision that is not warranted by its use in the planning community."⁸ Nonetheless, they conclude that "attempting to control growth and intensity of development according to population thresholds defined by both man-made and natural constraints is a useful approach to planning and growth management."⁹

Sprawl (scattered development) is often said to strain the carrying capacities of natural and man-made systems. According to *The Costs of Alternative Development Patterns*:

One primary premise of modern urban planning is that compact development promotes efficient use of infrastructure and, conversely, that urban sprawl increases costs for public facilities and services Yet the thesis rests on a frail foundation of empirical and theoretical research.¹⁰

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid., 2.

⁹ Ibid., 10.

¹⁰ James E. Frank, *The Costs of Alternative Development Patterns* (Washington: Urban Land Institute, 1989), 5.

In the book, James E. Frank looks at the "handful of studies" about urban development costs done from the 1950s to 1989. All these studies, he says, reach similar conclusions: "Development spread out at low densities increases the costs of public facilities."¹¹ A blanket statement such as this can be misleading, Frank suggests, and he is at pains to show that in evaluating development costs, "it is critical to make several careful definitional distinctions among different types of costs and among alternative development factors."¹²

Wheaton and Schussheim, he says, first made these distinctions in 1955 in *The Cost of Municipal Services in Residential Areas*¹³. The distinctions are basically between on-site and off-site costs of development. On-site infrastructure--*primary capital facilities*, or "frontage facilities"--serves a new residential development exclusively and includes such things as streets, sidewalks, lighting, drainage, sewer laterals, water lines, and fire hydrants. *Secondary direct capital facilities*, or "shared neighborhood facilities," involve the new neighborhood and other neighborhoods in the area. These facilities include schools, fire stations, and trunk sewer and water lines. *Secondary indirect capital facilities*, or "central facilities," are community-wide and include high schools, water and sewage treatment plants, and water reservoirs. Frank comments that making these

¹¹ Ibid.

¹² Ibid., 37.

¹³ William L. Wheaton and Morton J. Schussheim, *The Cost of Municipal Services in Residential Areas* (Washington DC: U.S. Department of Commerce, 1955).

distinctions enables one to determine "the magnitude of the number of users over which the costs of the facility are allocated."¹⁴

In addition to capital costs, operation and maintenance (O&M) costs must be calculated. The distinction between capital and O&M costs is important "to evaluate the magnitude of recurring purchases of continuing services versus the cost of purchasing assets with service lives extending over time."¹⁵ The latter must be "annualized" for comparison.

The full "cost analysis typology" of Wheaton and Schussheim involves coming up with a "total annual cost" incurred by a new residential development. The total is composed of costs *directly* supporting the new development and costs *indirectly* doing so--those costs shared by surrounding neighborhoods and/or the whole community. Applying this sort of analysis to a hypothetical low-density (three dwelling units per acre), *noncontiguous* ("sprawling") development, Frank comes up with a figure for total capital costs (for sewerage, urban drainage, streets with full curb and gutter, water, and schools) of \$35,000 per dwelling unit. This cost, of course, is above and beyond the price of the house and lot. Were this development to be ten miles or more from the sewage plant, the central water source, the receiving body of water (for drainage), and the major concentration of employment, the cost would be \$48,000 per unit. In the extreme case of "estate zoning" at one unit per four acres, with full services and located ten miles away from all central services, the cost would be \$92,000 per dwelling!

¹⁴ Ibid., 10.

¹⁵ Ibid.

These costs can be reduced in various ways. For example, "low-density development may be served by privately owned (e.g., septic tanks) or lower-standard (e.g., gravel roads) facilities that reduce public costs or shift them to individual property owners."¹⁶ Increased density also tends to lower costs. Frank found that with a density of 12 dwelling units per acre (d.u.a.), a centrally located, contiguous development with a mix of thirty percent single-family detached and townhouses, and seventy percent apartments, would incur capital costs of \$18,000 per unit--almost half the cost of the low-density, sprawl development.

As to *who* pays for development--a crucial consideration when calculating the "costs of sprawl"--Frank determined that for developments with a mix of single-family and multi-family housing, infrastructure costs are divided roughly evenly among on-site streets and utilities, neighborhood schools and parks, and community-level streets, utilities and parks. One-third of the costs, then, is assignable to the development in itself. On the other hand, a development comprised entirely of single-family dwellings is accountable onsite for 45% of total costs, as the length of streets and run of utilities increase per dwelling unit. "Those increases are largely paid for by the occupants of that development in the form of the sales price of final dwellings rather than by existing taxpayers."¹⁷

Whatever the case, though, "in most communities, costs beyond the neighborhood level are not fully passed on to the consumer as part of buying a house, whether those costs are the extra amounts induced by leapfrogging or the normal ones associated with

¹⁶ Ibid., 5.

¹⁷ Ibid., 42.

contiguous development."¹⁸ The inevitable tendency of such a situation, according to Frank, is "to stimulate over-consumption of housing in costly-to-serve circumstances and to subsidize the more costly locations with the less costly ones."¹⁹ In conclusion, Frank comments that, "no one has examined the question of how much community building costs could be reduced if that pattern could be controlled through known techniques of growth management aimed at synchronizing facility expansion and patterns of land development."²⁰

A number of more recent studies support the notion that lower-density sprawl development costs the community more than do higher densities. For one thing, the larger lots associated with sprawl usually require proportionately larger, more expensive homes to satisfy the traditional land/price ratios relied upon by builders and lenders. This ratio is commonly 25% to 33%, meaning that the lot price should be 25% to 33% of the final house price. For example, a \$60,000 house on a \$60,000 lot would be hard to finance--lenders would expect something more like a \$140,000 house on this lot, with a total price of about \$200,000. Dividing the lot into four would make possible \$60,000 units on \$15,000 lots, thus satisfying the traditional land/sales price relationship.²¹

On a larger scale, a 1989 Rutgers University study projected savings of \$9.3 billion in New Jersey from 1990 to 2010 in capital and O&M costs for roads, schools, and utilities if development were of mixed housing types and densities. In addition, such planned

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid., 44.

²¹ NAHB National Research Center, *Affordable Housing Development Guidelines for State and Local Government* (Washington: HUD, 1991), 26-27.

development would save some 175,000 acres.²² Without such planning--with laissez-faire sprawl--the cost of major capital facilities in New Jersey from 1990 to 2010 was projected to exceed tax revenues by a factor of 1.66.²³ This sprawl cost, assuming 500,000 new residents in New Jersey from 1990 to 2010, would be \$12,000 to \$15,000 per house.²⁴

A Prince William County, Virginia study estimated that the average new home in the metropolitan Washington DC area, on the average one-half acre lot, consumed \$1,600 more in services than it generated in revenue. Another 1980s study found that the property tax yield of land in 2 to 3 acre lots was up to nine times lower than that of the same area in one-quarter acre lots.²⁵

There are some arguments in the other direction, though. For one thing, development site design can result in lower costs: "At very low densities, the use of septic systems, open drainage, and rural street cross sections may cause the cost function to turn downward."²⁶

Helen Ladd, in a 1992 article, argues for a complex reading of the costs associated with residential growth. She acknowledges that "rapid population growth is associated

²² Jeff Gersh, "Subdivide and Conquer: Concrete, Condos, and the Second Conquest of the American West," *The Amicus Journal*: 18 (Fall 1996): 7.

²³ Michael Neuman, "Utopia, Dystopia, Diaspora," *Journal of the American Planning Association* 57 (Summer 1991): 345.

²⁴ Kevin Kasowski, "The Costs of Sprawl, Revisited," *Developments* 3 (September 1992): 3.

²⁵ Lee R. Epstein, "Land, Growth, and the Public Interest: How are we Shaping our Communities Futures?" *Public Management* 79 (July 1997): 9.

²⁶ Reid Ewing, "Is Los Angeles-style Sprawl Desirable?" *Journal of the American Planning Association* 63 (Winter 1997): 11.

with large increases in per capita spending, especially in the areas of capital outlay, transportation spending and interest on general debt."²⁷ This phenomenon, she suggests, occurs regardless of the density of the new growth. In fact, she argues, this rapid growth in the form of higher densities "*increases* the costs of providing public services" ²⁸ High densities are responsible because of the "harshness of the environment". This harshness manifests itself in more traffic problems and more waste collection problems than with the same numbers of people at lower densities, and in "an environment more conducive to crime which requires more police services" ²⁹ Ladd concludes that "the effects of rapid population growth on current spending and service levels as well as on capital outlays suggest that rapid population growth places a fiscal burden on established residents, or, stated differently, that new development does not pay its way." ³⁰

The automobile is often assigned a primary responsibility for suburbanization and sprawl, and the costs visited upon society by automobile usage are often cited as arguments against spread-out, low-density development. For example, Mark Hanson says that "the U.S. transportation system, based on and designed largely for the automobile, has been systematically subsidized in a way that produces a more dispersed settlement pattern than would have otherwise evolved." ³¹ He reports that user fees and

²⁷ Helen F. Ladd, "Population Growth, Density, and the Costs of Providing Public Services," *Urban Studies* 29 (April 1992): 275.

²⁸ *Ibid.*, 276.

²⁹ *Ibid.*

³⁰ *Ibid.*, 293.

³¹ Mark E Hanson, "Automobile Subsidies and Land Use," *Journal of the American Planning Association* 58 (Winter 1992): 60.

earmarked taxes nationally, at all government levels, provided only \$36 billion, or 69%, of the \$52 billion of highway expenditures in 1985.³²

Hanson did a study of Wisconsin expenditures on roads and found that in 1985 the state spent about \$1.4 billion, half of which was paid by local revenues (primarily property taxes). In Milwaukee, 1987 highway expenditures were \$107 million. State highway aid contributed \$26 million, leaving \$81 million for local taxes. This works out to be 21% of the property tax burden and 59% of the local levy, or about \$133 per capita.³³

For the city of Madison he provides a more detailed analysis, factoring *indirect subsidies* into the calculations. He prorated these figures for Madison from various national estimates. The subsidies were, in 1983 dollars:

- air pollution--\$5.2 million
- personal injury--\$12.5 million
- land opportunity costs--\$1 million in foregone property taxes on lands used for roads
- road salt--\$600,000 for water pollution
- petroleum subsidies (oil depletion allowance, etc.)--\$1.8 million³⁴

The total automobile subsidy for Madison, then, was \$34.7 million (\$11.7 million direct and \$23 million indirect), which works out to be:

- \$257 per capita

³² Ibid., 61.

³³ Ibid., 66.

³⁴ Ibid., 66-70.

- \$412 per motor vehicle
- \$564 per dwelling unit
- \$1.27 per gallon of gasoline (1987 dollars)³⁵

Taking up a similar argument, Ewing says that in determining whether or not a place is suffering from sprawl, "the most important indicator is poor accessibility" for those in the area. Simple measures of accessibility are, for example, average trip length or average travel time.³⁶ He argues that "the land-use variable that proves significant is regional accessibility, not local density" and that "households living in the most accessible locations spend about 40 minutes less per day traveling by vehicle . . ." ³⁷ He goes on to say that "by the end of the decade [the 1980s] average commute times were significantly greater in the suburbs than in central cities," and that "as densities rise, trips get shorter, transit and walk mode shares increase, and vehicle trip rates drop."³⁸ "By various estimates," he concludes, "doubling urban density results in a 25-30 percent reduction in VMT [vehicle miles traveled]."³⁹

On the other hand, there are cases made that are more sympathetic to automobile use. Gordon and Richardson, in numerous writings, have challenged the allegedly superior efficiency of *compact* development patterns. They argue, for example, that "high-rise or concentrated settlement is costly and only worthwhile if transport or communications

³⁵ Ibid., 67.

³⁶ Ewing, 111.

³⁷ Ibid., 116.

³⁸ Ibid., 115.

³⁹ Ibid.

costs are high, yet these have been falling for many years . . . "40 As far as transportation costs go, they contend that the September 1996 price per gallon of gasoline in the U.S. (controlling for inflation and taxes) was below the 1974 price.⁴¹ They further say that "per capita energy consumption in the United States is now below its 1973 level . . . "42

Concerning automobile subsidies, Gordon and Richardson claim that while mass transit carried only about five percent of people who commute to work, the full auto subsidy in 1991, including indirect costs, was \$.22 per passenger/mile compared to the transit subsidy of \$.54. Further, while highway revenues from fees and taxes accounted for 81% of highway expenditures, transit revenues recovered only 42% of expenditures.⁴³

In a similar vein, James Wilson argues that "the full cost of moving people from home to work and back to the home is lower for cars than for trains." He also claims that since the mid-1960s auto emissions have been reduced by about 95%, primarily through engine technology, while reductions in carbon monoxide brought about by transit expansion and car pools have been only .6% and .7% respectively.⁴⁴ Gordon and Richardson go so far as to say that with "most commuting . . . now suburb-to-suburb . . . suburbanization has been the dominant and successful mechanism for reducing congestion."⁴⁵

⁴⁰ Peter Gordon and Harry W. Richardson, "Are Compact Cities a Desirable Planning Goal?" *Journal of The American Planning Association* 63 (Winter 1997): 102.

⁴¹ *Ibid.*, 99.

⁴² *Ibid.*

⁴³ *Ibid.*, 98.

⁴⁴ James Q. Wilson, "Cars and Their Enemies," *Commentary* 104 (July 1997): 22.

⁴⁵ Gordon and Richardson, 100.

There can be little doubt that, at least in some parts of the country, "urbanization" is accelerating. For example, from the 1960s to the late 1980s, according to the Regional Plan Association, population in the New York City metropolitan area grew by 8%, while the proportion of urbanized land went up by more than 60%. According to the Year 2020 Panel report of 1989, while the average resident in the Chesapeake Bay region in 1950 accounted for .18 acre of developed land, by 1980 the figure was .65 acre.⁴⁶ Another source claims that total VMT in the U.S. has grown 400% faster than population over the last three decades.⁴⁷

A 1991 study of 135 counties that grew rapidly from 1970 to 1980 determined that 790,000 acres of cropland were converted to urban land uses during the 1970s. The Soil Conservation Service has come up with higher estimates--that about 900,000 acres are converted annually.⁴⁸ Randall Arendt reports that one-third of the nation's farms are within Metropolitan Statistical Areas (MSAs). In the Northeast the proportion is one-half, and in the Pacific Northwest, two-thirds. Furthermore, he cites a study that says that the 1549 "urban-influenced" counties in the U.S. produced 87% of domestic fruits and nuts, 86% of the vegetables, 79% of the dairy products, 47% of the grain, and 45% of the livestock and poultry. The per-acre production value of these counties was 2.7 times higher than in other U.S. counties. The course of future urbanization in these productive counties may well deserve national attention.⁴⁹

⁴⁶ Kevin Kasowski, "Sprawl! Can it be Stopped?" *Developments* 2 (Summer 1991): 2.

⁴⁷ Gersh, 21.

⁴⁸ Richard P. Greene and John M. Harlin, "Threat to High Market Value Agricultural Lands from Urban Encroachment: A National and Regional Perspective," *The Social Science Journal* 32 (April 1995): 137.

⁴⁹ Randall Arendt, "Basing Cluster Techniques on Development Densities Appropriate to the Area," *Journal of the American Planning Association* 63 (Winter 1997): 137.

Environmental protection has long been a national concern, and it is a theme often associated with growth management. Reid Ewing claims that "128 million people, about half of all Americans, now live in urban areas that exceed one or more federal air quality standards for carbon monoxide, ozone, or nitrogen dioxide."⁵⁰ What does sprawl have to do with this? The increase in VMT in many areas no doubt contributes to the problem.

A study by the South Carolina Department of Health and Environment, and the National Oceanic and Atmospheric Administration, concluded that in Charleston the "sediment loads" that sprawl sends into waterways are 300% than those from more compact development patterns.⁵¹ A recent planning exercise involving conventional and "clustered" (more compact) sorts of development showed that the conventional type cost more than twice as much to build and produced just under twice as much phosphorus and nitrogen (probably from lawn fertilizers), nutrients that choke rivers and streams with algae.⁵² According to Ewing, "the loss of environmentally sensitive land would be five times greater with sprawl, and the loss of prime farmland two-thirds greater."⁵³

The authors of "Ideal Urban Form" suggest that while environmental protection is and ought to be a primary concern in land-use planning in Florida, the question of densities is an ambiguous one. "The higher the density of use, the higher the concentration of potential stormwater pollutants as more impervious surfaces are added."⁵⁴ Therefore,

⁵⁰ Ewing, 117.

⁵¹ Gersh, 22.

⁵² Epstein, 10.

⁵³ Ewing, 120.

⁵⁴ Ivonne Audirac, Anne H. Shermeyen, and Marc T. Smith, "Ideal Urban Form and Visions of the Good. Life: Florida's Growth Management Dilemma" *Journal of the American Planning Association* 56 (Autumn 1990): 471.

"accommodating growth more compactly will not improve Florida's water quality . . ." ⁵⁵

The authors, while skeptical of the vision of *compactness* as the ideal urban form, come down on the side of *carrying capacity* as a primary planning criterion. "Environmental planning based on the ecological characteristics of the region and site should dictate water and land use decisions and should determine where low density or compact development should occur." ⁵⁶ The authors argue that growth management schemes *without* the funds to implement regulatory efforts and acquire environmentally sensitive lands and development rights will not protect the environment very well. ⁵⁷

Open space, be it agriculturally or ecologically sensitive or not, is surely threatened by sprawl. Open space amenities include "passive" recreation, natural landscapes, and agreeable "viewsheds." Randall Arendt has long championed "clustered" residential development (*conservation subdivisions*), wherein a large part of the developed area is kept as open space. To this end, low density in itself is not the answer. "The folly of simply limiting the number of new houses built in rural areas through ultra-low density standards, but without also setting limiting maximum lot sizes or pattern [e.g., clustering] criteria, is evident from Montana's experience . . ." -- which has resulted in the proliferation of 40-acre "ranchettes." ⁵⁸ In terms of the fiscal value of open lands, Mark Haggerty, of Montana State University, says that "it is evident that agricultural and open lands in Gallatin County provide the county government and school districts with a

⁵⁵ Ibid.

⁵⁶ Ibid., 471.

⁵⁷ Ibid., 480.

⁵⁸ Arendt, 141.

surplus of revenues, while residential land demands more in services than it provides in revenue"59

If impacts associated with various sorts of development can be quantified, might they not also be assessed to those responsible? Altshuler and Gomez-Ibanez argue that prior to 1970, with regard to real estate development, "the predominant view . . . was that new private real estate and public infrastructure investment are both products of a common, beneficent set of root causes--population and economic growth--which tend to be associated with robust fiscal health."⁶⁰ Nowadays such a view seems quaint. "According to the new conventional wisdom, growth rarely produces sufficient revenue at constant tax rates to compensate host jurisdictions for its associated public costs."⁶¹ The authors argue that, given today's concerns about the risks of rapid development, communities have five main strategies available to them. They can

- reject new development, thus diverting growth to nearby communities
- seek financial assistance from the state and from the Federal government (though competition for such funds has become fierce)
- raise local tax rates and/or user fees--an increasingly unpopular practice
- accept the growth but not make the collateral investments in infrastructure, thus allowing city services to decline

⁵⁹ Gersh, 23.

⁶⁰ Alan A. Altshuler and Jose A. Gomez-Ibanez, *Regulation for Revenue*, (Washington: The Brookings Institution, 1993), 1.

⁶¹ *Ibid.*, 2.

- "exact" public investment commitments from developers⁶²

Land development exactions may be in-kind or financial. In-kind contributions are commonly in the form of land dedications (e.g., for parks), though they may involve the construction of public facilities. Financial exactions are usually called "impact fees."⁶³

The legal basis for exactions is that public costs "attributable" to new development can be "charged back" to that development.

⁶² Ibid., 2-3.

⁶³ Average building fees across the United States (National Association of Home Builders Survey, 1995)

Requirement	Percent of Builders Required	Average Cost Across Homes
Parks	44%	\$458
Schools	17%	\$537
Roads	50%	\$1137
Water	83%	\$1022
Sanitary Sewer	83%	\$1122
Storm Sewer	27%	\$223
Building Permit	94%	\$690
Setbacks	49%	\$582
Wide Streets	44%	\$412
Environmental Impact	37%	\$236
Public Works	46%	\$236
Sidewalk over 4' wide	19%	\$65
Land Dedication/Fees	67%	\$2866
Utilities	95%	\$3172
Building Fees	96%	\$1291
Development Fees	94%	\$1662
Design Standards	92%	\$2147
Bonds	64%	\$732
Impact Analysis	47%	\$419

Grand Total \$12,289

Impact fees are "surcharge[s] on newcomers"⁶⁴ that are paid up-front by developers when building permits are issued, and then passed on to the buyer at the time of sale. The idea is to accommodate growth without letting services deteriorate and without subsidizing the growth through increased financial burdens on existing residents and businesses. Property developers may object to these fees on various grounds, legal (e.g., in terms of "takings" laws) and otherwise (e.g., that the fees make housing less affordable), but they tend to go along if they believe that the market will support the extra costs and at the same time deliver profits.⁶⁵

Here are some examples of recent impact fees in the U.S.:

- Fort Mill, North Carolina--\$2,500 per lot
- Chapel Hill, North Carolina--\$3,000 per lot⁶⁶
- New Berlin, Wisconsin--\$805 impact fee, \$809 water hook-up, \$2,204 sewer hook-up
- Germantown, Wisconsin--\$1,374 impact fee, \$2,300 sewer and water hook-up⁶⁷
- Galt, California--\$21,550 per 1400 square-foot lot
- Roseville, California--\$7,300 school fee (\$5 per square foot), \$1,200 to \$1,800 for parks, \$2,000 for traffic

⁶⁴ Jim Gribble, "Impact Fees Spread Despite State Curbs," *Business Journal Serving Greater Milwaukee* 13 (September 1996): 28.

⁶⁵ *Ibid.*, 8.

⁶⁶ Edward Martin, "Region Embraces Impact Fees to Handle Growth," *Business Journal Serving Charlotte and the Metropolitan Area* 11 (March 1997): 33.

⁶⁷ Gribble, 28.

- Sacramento, California--\$6,209 per lot⁶⁸

In evaluating impact fees, it is well to remember the "multiplier" effect of traditional land/price ratios. The developer multiplies her lot price by a factor of three or four to arrive at a final sales price. A lot impact fee of \$3,000 could therefore mean an additional \$12,000 added on to the final home price.⁶⁹

How *equitable* are development exactions? In the first place, homes are notoriously unproductive compared to business and industry in terms of tax revenues--housing demands the most services. Local governments tend to pursue good "ratables," those commercial developments that give the most to and demand the least from public coffers. Altshuller and Gomez-Ibanez offer several reasons why impact fees are *regressive* (tending to fall more heavily on those less able to pay):

- housing costs absorb a greater portion of lower incomes
- flat fees constitute a greater percentage of the price of low-value homes
- exactions for social services and schools are likely to fall disproportionately on low-income households⁷⁰

While it is commonly assumed that impact fees simply require new development to "pay for itself," there are side effects. In accordance with the "law" of the market, when the price of newly developed property rises as impact fees are passed on, demand increases for already existing properties, which are cheaper "substitutes." As demand goes up, the prices of existing homes go up. Owners of existing homes, then, reap a one-

⁶⁸ Amy Yannello, "Building Fees: Do They Help or Hinder Growth?" *Business Journal Serving Greater Sacramento* 12 (June 1995): 22.

⁶⁹ Martin, 35.

⁷⁰ Altshuller, 108.

time windfall at the time that impact fees are instituted. This is fine for established owners, *where they are*. Established residents wanting to move--say from renting to ownership--or young people trying to form new households, will, however, find the housing market more difficult. "Exactions tend to redistribute wealth from younger to older and from poorer to more affluent households."⁷¹

One strategy to make impact fees more "progressive" requires that they be prorated according to *housing size*. The 1990 U.S. Census Public Use Microdata Sample (PUMS) for the five largest urban areas in North Carolina estimated that in single-family housing there is, on average, .63 children under eighteen years of age in each home, while apartments average only .42 such children per unit.⁷² The PUMS also estimated more children per house as the size of the house increases. Dade County, Florida, bases fees on house size:

- one thousand square feet--\$1,800
- two thousand square feet--\$2,880
- three thousand square feet--\$3,960⁷³

The concept of a *carrying capacity* is most appropriately applied to natural systems, but the concept can also include such matters as *fiscal capacities*--how much can we afford? The debates about the costs of automobile usage involve questions of both the

⁷¹ *Ibid.*, 110.

⁷² Emil Malizia and Richard Norton, "Reading, Writing, and Impact Fees," *Planning* 63 (September 1997): 19.

⁷³ *Ibid.*, 18.

natural capacities of air sheds and the ability--or at least, the willingness--of communities to subsidize roads.

Impact fees and other exactions are reasonable efforts to allocate costs to those who are accountable for them, but the calculations to determine who should pay are not easily made. The possibility that fees may be regressive and/or inequitably distributed will remain.

CHAPTER FOUR

GROWTH MANAGEMENT

Examinations of cities that have instituted growth management plans might indicate what can be expected from these policies with regard to housing affordability. This chapter looks at goals and plans in Boulder, Colorado; Portland, Oregon; Washington State; and California.

Boulder County covers 742 square miles and extends over two plateaus abutting the flank (the "Front Range") of the Rocky Mountains north of Denver. The City of Boulder is the county seat and the home of the main campus of the University of Colorado. The county's northwestern corner includes part of Rocky Mountain National Park, and the county has long had a reputation for providing access to recreational and scenic resources. As the area's reputation grew, corporations and research institutions were attracted, and the ensuing development began to occupy hillsides and agricultural lands. The loss of open space led to a voter-passed referendum in 1959, in the city of Boulder, establishing a "Blue Line" along the western edge of the city to protect the mountain vistas. The Blue Line indicated the limits of the extension of city water service. In 1967 voters approved a one-percent sales tax, with forty percent of the proceeds earmarked for the acquisition of natural resources along the perimeter of the city, in a swath called the "Greenbelt."

Boulder's Open Space Plan was adopted in 1974 with the goal of maintaining and adding to the Greenbelt. The city may acquire public easements over properties in the Greenbelt, but its primary goal is outright purchase. Additional financing for open space has been provided through bond issues, the last one in 1984 for \$12 million.

In 1976 city voters approved the "Danish Plan," which limited the number of building permits in the city to an average of 450 per year in order to bring the growth rate down to under two percent per year. Permits were approved according to a "merit system" that included "compliance with community objectives." After 1985, the city used, instead of points, a permitting method called the Proportional Allocation System: if six permits are available in an area, and Developer A requests all six, and Developer B requests three, A will receive two-thirds of the permits, or four, and B will receive one-third, or two permits. Among allowed exceptions to the allocation restrictions is *affordable housing* development.¹

The Boulder Valley Comprehensive Plan (1970) directs new development into areas where adequate facilities exist. The plan defines "adequate urban services" and divides the Boulder Valley into three zones: Area I, the existing city; Area II, where services are expected and growth encouraged via annexation; and Area III, where services are not expected within the next fifteen years. In an annexed or redeveloped area the city imposes a one-time development excise tax on developers that pays for services such as police, streets, and parks.²

¹ Michael A. Mantell, Stephen F. Harper, and Luther Propst, *Creating Successful Communities* (Washington: Island Press, 1990): 130.

² Ibid.

A 1978 inter-governmental agreement between the city and county of Boulder requires county approval of any city changes in the Comprehensive Plan, annexations, or capital improvement plans. The county reinforces the "urban service area" concept in the Comprehensive Plan by severely limiting rural growth and by not providing urban services--it is up to the municipalities to provide services. This policy is aimed at preventing "leapfrog remote development." The county also has a non-urban Planned Unit Development (PUD) program that rewards clustered residential design and donation of open space by allowing higher density development than the existing zoning would permit.³

From 1960 to 1990 the population of the city of Boulder more than doubled, rising from 37,000 to more than 86,000. During the same period enrollment at the University of Colorado increased from about 11,000 to nearly 25,000. Boulder now owns some 23,000 acres of open space, but has only 1200 acres of undeveloped land within the city.⁴

In 1996 the *mean* price of a single family home was about \$180,000 nationally, while in Boulder that price was \$234,000. Meanwhile, job growth has been strong in Boulder, which in 1994 had an employment-to-housing ratio of .83, which is more than 40% higher than the figure for the eight-county Denver metropolitan region. If the current trend continues, total employment will exceed population by the year 2010.⁵ Housing for current employees is very expensive, if available at all. Other cities in the county, such as Lafayette and Longmont, have become "bedroom communities" for Boulder. In May of 1996 the *median* home price in Boulder was \$245,000; in Longmont, it was \$139,200;

³ Ibid.

⁴ Jonathon Make, "A Tale of Two Cities," *Denver Business Journal* 45 (April 1994): 10.

and in Lafayette, it was \$147,600.⁶ As population countywide increases (with traffic increasing by four percent each year and landfills reaching capacity), these outlying cities are considering their own residential growth controls.⁷

According to the 1990 Census 54% of Boulder residents rented, and those renters occupied sixty percent of the available dwelling units. From 1990 to 1995 rents for a one-bedroom apartment increased 40%, from \$441 to \$616. Eighteen thousand University of Colorado students live off campus. Students doubling up to save rent must contend with Boulder zoning laws that prohibit more than three unrelated people living together in low-density areas and more than four such people in higher density areas. According to one builder, his costs, and the prevailing rental rates, dictated that the size of apartments in a complex he built in 1996 could be no more than five hundred square feet for a two-bedroom and no more than eight hundred square feet for a three-bedroom.⁸

With city growth restrictions reducing housing allocations to a trickle, remodeling is flourishing in Boulder. New construction spending dropped by 25% between 1985 and 1996, while spending on remodeling increased by 45%. Even in this case though, Boulder's notorious regulatory strictures make things difficult. It takes six to eight weeks to get a remodeling permit in Boulder, compared to ten days or less in Denver. In March 1997 Boulder's *Green Points* program went into effect. It applies to additions as well as

⁵ John M. Fernandez, "Boulder Brings Back the Neighborhood Street," *Planning* 60 (June 1994): 22.

⁶ Erika Gonzales, "Boulder, Colo., Home Sales Take Slight Dip," *Knight-Ridder/Tribune Business News*, June 25, 1996, 6250148.

⁷ Jerd Smith, "Boulder Remains Wary of Development," *Denver Business Journal* 45 (August 1994): 10.

⁸ Patricia Sydney Straub, "Boulder, Colo., Rents Skyrocketing with City's Popularity," *Knight-Ridder/Tribune Business News*, January 13, 1997, 113B1028.

to new construction and mandates that if the project is over five hundred square feet, a certain number of "environmental points" must be earned before a permit is issued. Points may be earned for such things as having more insulation than normally, or for more efficient water heaters.⁹

Boulder's City Council agenda for June 18, 1996 included the following item:

"Program for the Reduction of Projected Job Growth in Boulder Valley." Job growth in the region had been 24% over the previous five years, and some citizens were worried that relentless business expansion would ruin Boulder's quality of life. Boulder's jobs tend to be well paying. In the five years prior to the city council meeting some three hundred high-tech startup companies were created in the city. More than 60% of Boulder's adults have college degrees, compared to 23% nationally.¹⁰ So even though Boulder's cost of living is 20% higher than the national average, most Boulderites can pay the price.

Because of the relative affluence of Boulder's employed population, the issue of affordable housing doesn't seem to have much resonance there. Mention is made of a 1983 37-unit affordable housing project, a PUD on a *woonerf*-style street (a relatively narrow, curb-less street shared by autos, bikes, and pedestrians). This sort of project would not be repeated, because of concerns by the city about possible liability problems associated with unorthodox streets. New subdivisions adhered to uniform standards and tended to be high-end and of the "three-car garagescape" variety.¹¹ In 1992, though,

⁹ Tom Locke, "In Boulder, Colo., Homeowners Remodel Instead of Moving," *Knight-Ridder/Tribune Business News*, June 16, 1997, 616B1123.

¹⁰ Christine Foster, "Take Your Jobs and Shove 'Em," *Forbes*, October 21, 1996, 266.

¹¹ Fernandez, 24.

public dissatisfaction with this kind of design led to a city Residential Access Project, which allowed more flexible street standards. Some streets now can be low-speed (15 to 20 miles per hour) "queuing streets," as narrow as 20 feet. The operative concept is that of "performance streets," which can be designed according to actual needs and adjacent land uses. Low-speed or "shared" streets consume less land and are cheaper to build. Whether the new standards will promote more affordable housing in Boulder remains to be seen.¹²

Boulder's size, natural resources, open-space amenities, university orientation, and growth concerns make it similar to Missoula, Montana. Boulder's strict growth limits (especially the two-percent annual cap on residential growth) have not driven people away. As a former city council member put it, "Boulder has been anti-development for decades, and it has only become more attractive. What attracts business is not cheap. It's quality."¹³ As with the Silicon Valley, and unlike Missoula, Boulder's high housing costs are matched, for the most part, by well-paying high-tech jobs. For those unwilling or unable to pay the price, nearby more affordable communities have taken up the slack. A Boulder property manager observed that while high housing costs are squeezing some, those who bought before the rush "are enjoying the city's pleasant environment and doing economically well."¹⁴

Oregon is one of eight states that sponsor growth management planning. Oregon's program, put into effect by the State legislature in 1973, sets statewide planning goals

¹² Ibid., 26.

¹³ Smith, 11.

that are to be addressed by local comprehensive plans. The program was initiated by a concern for the environment and for land conservation. In the 1980s those concerns were broadened to include quality-of-life and economic development issues. Oregon cities are now required to establish Urban Growth Boundaries (UGBs).

In 1979 Portland area voters established the Metro, the only elected regional government in the country. One purpose of Metro is to deal with urban sprawl in a way that transcends clashing municipal and county authorities--the seven-member Metro board can overrule local governments.

The UGB essentially draws a line between the urban and the rural: on the urban side development is generally encouraged; on the rural side it is generally discouraged. Oregon's "green belt" is everything outside of and between UGBs--25 million acres of privately owned land zoned for forest, farms, and other rural uses.¹⁵

Oregon Statewide Goal 10 states:

To provide for the housing needs of the citizens of the state. Buildable lands for residential use shall be inventoried and plans shall encourage the availability of adequate numbers of housing units at price ranges and rent levels commensurate with the financial capabilities of Oregon's households and allow for flexibility of housing location, type and density.¹⁶

Metropolitan Portland has adopted the state's *Metropolitan Housing Rule*, which requires local plans to:

- provide adequate land zoned for needed housing types

¹⁴ Straub, 113B1026.

¹⁵ Kasowski, 1991, 11.

¹⁶ Paul Ketcham and Scot Siegel, *Managing Growth to Promote Affordable Housing: Revisiting Oregon's Goal 10* (Portland: 1000 Friends of Oregon, 1991), 2.

- ensure that land within the UGB accommodates the region's projected population growth
- provide greater certainty to the development process
- reduce housing costs

The Rule also calls for comprehensive plans that allow for a new-construction mix of at least fifty-percent multi-family or attached single-family units. It also calls for housing density targets of a *minimum* of ten units per buildable acre in the City of Portland and of either six or eight units per acre in most suburban areas.¹⁷

A study of the results of Portland's efforts under the Housing Rule found that from 1985 to 1989, 54% of all new housing in the Metro area was multifamily (including townhouses), up from thirty percent before 1985. About two-thirds of new homes were built on lots smaller than 9000 square feet, compared with an average lot size of 13,000 square feet under pre-Housing Rule plans. Development from 1985 to 1989 under pre-Housing Rule densities, the study argues, would have consumed an additional 1500 acres within the UGB. This is enough land for an additional 14,000 housing units.¹⁸

On the other hand, not many large, estate-size (two acres or more) lots were created *inside* the UGB, and many wealthy Portlanders moved just outside the UGB and built country chateaus on five-acre lots. In Bend, from 1985 to 1989, more residential growth occurred outside the UGB (57%) than inside (43%).¹⁹ Statewide, almost a million acres of "exception" areas--rural zones where 2, 5, and 10 acre lots are allowed--exist outside

¹⁷ Ibid., 3.

¹⁸ Ibid., 10.

¹⁹ Kasowski, 1991, 12.

of UGBs. In Eugene, the amount of rural land in exception areas equals the amount of land inside the UGB.²⁰

One unpopular result of Portland's growth restrictions--unpopular at least with long-time residents—has been the *gentrification* of some older neighborhoods. New "infill" housing, filling up vacant lots or replacing old houses, often is in the form of row houses --single-family attached residences constructed in a cookie-cutter format. This new development, while less costly than would be single-family detached homes, does not fit well with the surrounding older neighborhood and is more expensive than the housing it replaces.

Portland's regional population is expected to grow (from its current one million) by some 700,000 people in the next twenty years. As with Boulder, Portland's natural amenities--good climate and nearby mountains and beaches--combined with well-paying high-tech jobs (the "Silicon Forest"), make it an attractive metropolitan area. As with Boulder and Boulder's neighboring cities, Portland has had something of a population growth "safety valve" just across the Columbia River in Vancouver, Washington and its environs. From 1990 to 1995 Clark County (Vancouver), accounted for 29% of the population growth in the region it shares with Portland. The county, with a 33% population increase from 1990 to 1997 is the fastest growing county in Washington. As with Boulder, Portland is where the jobs are--eight out of every ten new jobs in the region. One-third of Clark County's work force--45,000 workers--cross the Columbia River daily for jobs in Oregon.²¹

²⁰ Ibid.

²¹ *Oregonian*, July, 17, 1997.

With the burgeoning population of the Metro area, an expansion of the growth boundary seems inevitable. Washington State's Growth Management Act of 1990 will probably curb growth in Clark County and put increasing pressure on Portland to accommodate regional growth. The 248,000 new households and 460,000 new jobs expected in the next twenty years have spurred the Metro to consider adding some 15,000 to 18,000 acres to the UGB.²²

As of the moment, though, it would seem that housing is considerably less affordable now than it appeared to be in the 1985 to 1989 period analyzed by 1000 Friends of Oregon. A 1997 study of housing affordability by the National Association of Home Builders showed that Portland-area housing was the second least affordable in the nation, better only than infamous San Francisco.²³ Some commentators, including affordable housing advocate Tasha Harmon of Portland, argue that land costs are only one-quarter of the price of housing, and that the sixty percent rise in Portland's land prices is less than in some other fast-growing cities without growth boundaries: Salt Lake City (76 %), Houston (79%), and Chattanooga (134%).²⁴

The 1990 Washington State Growth Management Act (GMA) requires the state's nineteen fast-growing counties to draw urban growth boundaries, adopt long-term growth

²² Jay Walljasper, "Portland's Green Peace: At Play in the Fields of Urban Planning," *The Nation*, October 13, 1997, 12.

²³ NAHB "Housing Opportunity Index," 1997.

²⁴ *Ibid.*, 14.

plans, and protect natural resources. Ten more counties are planning *voluntarily* in accordance with the law.²⁵

The GMA also requires that a county “consider the need for affordable housing, such as housing for all economic segments of the population”²⁶ A related recommendation by the GMA is that each community within a county consider “the broader housing needs and trends of the region when allocating housing”²⁷ A benefit of planning for affordable housing on a county-wide basis, according to the GMA, is that “concentrations of low and moderate income housing can be avoided”²⁸ The GMA defines *affordable housing* as follows:

. . . a term which applies to the adequacy of housing stocks to fulfill the housing needs of all economic segments of the population. The underlying assumption is that the market place will guarantee adequate housing for those in the upper income brackets but that some combination of appropriately zoned land, regulatory incentives, financial subsidies, and innovative planning techniques, will be necessary to make adequate provisions for the needs of middle and lower income persons.²⁹

The GMA devotes much attention to the question of a community’s “fair share” of affordable housing: “All jurisdictions should share in the responsibility for achieving a reasonable and equitable distribution of affordable housing to meet the needs of middle- and low-income persons.”³⁰ The *GMA Handbook* gives brief descriptions of how “fair

²⁵ Matt Rasmussen and James Andrews, “Washington County Attacks Growth Management Law,” *Planning* 62 (November 1996): 22.

²⁶ “Addressing County-wide Housing Policy Requirements,” *Washington State Handbook on Growth Management*, 1990, 36.

²⁷ *Ibid.*

²⁸ *Ibid.*, 37.

²⁹ *Ibid.*, 39.

³⁰ *Ibid.*, 41.

share” planning is done in California and New Jersey. These states consider numerous factors, such as projected population growth, housing types and tenures, employment, and land availability. In Washington’s King County (Seattle) fair share calculations involve:

- the number of low- and moderate-income households in each jurisdiction of the county who need housing assistance
- an increase in housing allocation for jurisdictions with a concentration of jobs in sectors paying low wages
- a decrease in housing allocation for jurisdictions with a relatively high proportion of low-cost rental and ownership housing³¹

According to the GMA, affordable housing priorities “should be based on the serious shortfalls in housing types which meet people’s need for housing.”³² For example, a 1991 study of housing needs in Clallam and Jefferson counties showed a severe shortage of rental housing in every community, regardless of economic profile. As a result, Clallam County established a housing task force to develop a rental housing action plan to build from five hundred to one thousand new rental units over the following ten years.

The GMA is sensitive to issues concerning where affordable housing should be located, and jurisdictions are encouraged to “avoid conflicts between expansion of zoned capacity and preservation of existing neighborhoods.”³³ The *Handbook* cites an example in Tacoma, where the Hilltop neighborhood provided some of the most affordable

³¹ Ibid., 42.

³² Ibid., 44.

³³ Ibid.

homeownership opportunities in the region. However, as parts of the area are zoned multifamily to address regional needs, “the higher density zoning is causing the closure and demolition of single family housing . . .”³⁴

The housing affordability section of the GMA closes with the recommendation that affordable housing performance should be monitored “no less often than every two years.”³⁵ The GMA raises questions about how performance should be measured. Will it be judged by the actual number of housing units provided or simply by the “provision of opportunity through a variety of zoning choices and adequate land supply”?³⁶ What happens if jurisdictions do not meet affordable housing goals?

It is relatively early in the game to assess the impact of state-sponsored growth management on affordable housing in Washington. In April 1997, though, the Washington Center for Real Estate Research (at Washington State University) released a study of urban growth areas and lot prices in Clark County. In 1994 Vancouver and other incorporated areas of Clark County established urban growth areas which closed off expansion originating primarily from Portland. The study notes that under the GMA, *exurban* (outside of Urban Growth Area [UGAs]) residential growth will be restricted to lots of no less than five acres and will be subject to natural resource set-asides. The study found an overall lot price increase of 35.5% in Clark County after implementation of UGAs. Based on an average lot price of \$43,282 prior to the final UGA in Clark County,

³⁴ Ibid., 45.

³⁵ Ibid., 48.

³⁶ Ibid.

the increase amounted to \$15,365 for a typical lot. The Center comments that such a result of the GMA may be incompatible with the affordable housing goals of the Act.³⁷

A 1992 study by John Landis looked at local growth controls in seven mid-size California cities. More than three hundred of California's five hundred cities and counties used some form of growth management at the time of Landis's study, 1988 having been the peak year for the number of government entities with such plans. Of 443 California cities and counties responding to a 1991 survey:

- 27.3% had practiced "downzoning" (lowering maximum densities in certain areas)
- 29.3% required that adequate city services be in place before development
- 17.9% used "urban limit" lines to direct growth within boundaries³⁸

According to Landis, these growth management strategies are less rigid than "growth controls," which set strict limits on building and population growth (as in Boulder, Colorado). From 1973 to 1989, 43 cities and seven counties in California adopted residential building permit caps, and 38 cities and two counties implemented population caps. Twenty-seven cities and counties had both population and housing caps. These growth controls were most popular in cities with populations of 30,000 to 50,000.

The case study cities were "hard core" in their growth policies, in that they used some form of the "controls." The seven cities were compared to six in California with no controls, and between 1980 and 1987, "median single family home prices did not rise any

³⁷ "Urban Growth Areas and Lot Price: Clark County, Washington," Washington Center for Real Estate Research, April 1997, 1.

³⁸ John D. Landis, "Do Growth Controls Work? A New Assessment." *Journal of the American Planning Association* 58 (Autumn 1992): 500.

faster in the seven case study communities than in their counterpart progrowth cities."³⁹

Among other conclusions Landis offers are these:

- growth controls have had little effect on population and housing growth
- growth control communities have not suffered undue revenue declines
- the price effects of local controls seem to be small compared to such factors as interest rates, rapid job growth, or region-wide housing supply constraints⁴⁰

By way of explanation, Landis offers the following:

- the local caps were extremely porous—they were not difficult to get around
- "spillover" opportunities let growth displaced from one city be accommodated in nearby communities
- through "discretionary review" (NIMBYism) *ad hoc* controls by cities and counties reduced new housing region-wide, causing price increases⁴¹

Landis says that California housing production fell short of demand by more than 500,000 units from 1980 to 1987, and that the problem was "systemic throughout California."⁴² In conclusion, he states that

Had more California cities adopted growth control programs during the 1980s . . . had there been fewer spillover opportunities, and had the controls that were adopted proved more stringent, there almost certainly would have been greater increases in California housing prices during the 1980s.⁴³

³⁹ Ibid., 498.

⁴⁰ Ibid., 499.

⁴¹ Ibid., 504.

⁴² Ibid., 501.

⁴³ Ibid., 506.

An upward pressure on land prices can be associated with cities that have growth management programs. A full accounting of real estate markets is complicated, and there may be a variety of reasons for a strong market in a given community. It all depends on *demand*. Spillover effects may loosen demand, while *ad hoc* controls may tighten supply. A strong local economy and an agreeable location will make a place attractive, and pressures on the housing market will increase regardless of growth controls. No one is to *blame* in this kind of scenario. Even if growth management programs are not solely responsible for higher housing costs, they will surely *add* to demand pressures in a rapidly growing city. This effect should come as no surprise.

CHAPTER FIVE

LIFESTYLES AND PREFERENCES

Beyond the financial concerns associated with housing--or at least, along with them--are matters of personal preferences, "quality of life," and the imaginative engagement with a place. A recent Gallop Poll asking about people's sense of an ideal living place found that while 13% preferred city life and 25% chose the suburbs, 37% thought that the *small town* was ideal.¹ (Apparently 25% of Americans either have no preference or see no place as ideal.)

Identifying a "yappie" (Young Agrarian Professional) phenomenon, Jack Lessinger estimated that between one-third and one-half of the American middle class will live outside metropolitan *and* suburban areas by the year 2010.² This move to "exurbia" seems to be motivated primarily by a desire for *more space*.³ That desire is accompanied by a distinct preference for new, single-family detached housing.⁴ "The archetypal house, with its sidewalk, yard, porch, front door, and foyer, clearly defines the territory of the individual, as well as the transition from public to private space."⁵ Those who are

¹ "It Takes a Village," *The Wilson Quarterly* 21 (Winter 1997): 121.

² Kasowski, 1991, 14.

³ Judy S. Davis, Arthur C. Nelson, and Kenneth J. Duecker, "The New 'Burbs: The Exurbs and Their Implications for Planning Policy," *Journal of the American Planning Association* 60 (Winter 1994): 59.

⁴ Ewing, 108.

⁵ Sam Davis, *The Architecture of Affordable Housing* (Berkeley: University of California Press, 1995), 84.

moving "out" seem to also share a taste for the small town--"the idea of neighborhoods clustered around a town or village center."⁶ The "exurbanite," it seems, likes some features of the traditional suburb--more space and detached housing--but rejects the lack of definition and character typical of sprawling residential areas.

B.J.L Berry says that urban deconcentration is the result of "the reassertion of fundamental predispositions of the American culture including the love of newness, the desire to be near nature, the Frontier spirit, the freedom to move and the wish to maintain the individuality of the homogeneous subgroup."⁷ If this characterization is accurate, then sprawl would seem to threaten these "fundamental predispositions" on two counts--nearness to nature and the identity of a "subgroup."

Sprawl often takes a toll on the natural amenities of an area, destroying habitat and consuming open space. Sprawl also tends to isolate households on their "spreads," not giving them the sense of belonging--of community--that is traditionally found in close neighborhoods and small towns: "Sprawl in the Rocky Mountain West is an especially disastrous project. Western ecosystems support the wildlife, the economy, and the social structure of the region in distinctive ways, and they nourish America's collective imagination."⁸

The marriage of town and country is a vision of the best of both worlds, urban and suburban, in exurbia. This trend has led one commentator to conclude that the last forty

⁶ Ewing, 112.

⁷ R.J.L. Berry, "The Counterurbanization Process: Urban America Since 1970," in *Urbanization and Counterurbanization*, B.J.L. Berry, editor, (Beverly Hills: Sage Publications, 1976), 24-28.

⁸ Gersh, 22.

years in the western United States have been "a period of intense urbanization based on images and aspirations that are non-urban."⁹

Efforts have been made in community planning in recent years to address changing needs and enduring American aspirations. *New Urbanism* is one such old/new vision. According to James Kunstler, New Urbanism involves these elements (among others):

- the *neighborhood* as a basic planning unit: it is well-defined, with a focused center; it includes a transit stop; and it can be walked through in ten minutes
- the old-fashioned *grid* street network modified by parks and squares
- the residential is mixed with the commercial, basic needs are available in a five-minute walk, and all sorts of housing types and densities are mixed¹⁰

According to Kunstler, the best way to preserve property values is "to make sure that the community maintains high standards of civic amenity in the form of walkable streets and easy access to shops, recreation, culture, and public beauty."¹¹ By the same token, "the best way to make housing affordable is to build or restore compact, mixed-use, traditional American neighborhoods."¹² (a theme echoed in the *Missoula Housing Report*)

The *Pedestrian Pocket*, associated with Peter Calthorpe, is a concept of the "post-industrial suburb." An arresting statistic, cited by Calthorpe as a reason why traditional suburbia is becoming less relevant to American needs, is that in the 1980s over 73% of

⁹ Daniel Solomon, in Doug Kelbaugh, editor, *The Pedestrian Pocket Book* (New York: Princeton Architectural Press, 1989), 27.

¹⁰ James Howard Kunstler, "Home From Nowhere," *The Atlantic Monthly* 278 (September 1996): 49-59.

¹¹ *Ibid.*, 52.

¹² *Ibid.*

new households lacked at least one component of the husband-wife-children model (the suburban family).

The Pedestrian Pocket is *not* urban redevelopment, which Calthorpe characterizes as "a strong and compelling alternative to the suburban world but does not seem to fit the character or aspirations of our population and of many businesses."¹³ The Pedestrian Pocket, located "exurbanly," occupies about one hundred acres, with housing for 3,000 to 5,000 people and jobs for 2,000 to 3,000. These jobs are mostly "back-office"--located in large information technology service centers. They are all within walking distance in the "neighborhood," and another 16,000 jobs are within four stops on the light-rail (ten minutes). The housing types are "standard low-rise, high density forms such as three-story walk-up apartments and two-story townhouses."¹⁴

Calthorpe admits that Pedestrian Pockets are "utopian." He says that they are a response to "the transformation from the industrial forms of segregation and centralization to the decentralized and integrated forms of the post-industrial era."¹⁵ As New Urbanism hearkens back to the New England village, so is Pedestrian Pocket village-like, while at the same time decentralized in its location--hearkening back, perhaps, to Frank Lloyd Wright's utopianism, "characterized by a Jeffersonian romanticism in the search for space and individuality away from crowded city environments . . ."¹⁶

¹³ Kelbaugh, 11.

¹⁴ Ibid.

¹⁵ Ibid., 20.

¹⁶ Audirac, 473.

These new urban designs have their critics. Randall Crane acknowledges that older-style neighborhoods have their charms: "In place of the friendly front porch of older times, for example, the main feature of new residential developments is most often the garage door."¹⁷ Because of the compact character of the new designs, their sponsors claim that reductions in automobile use will be one benefit. According to Crane, though, "the increase in access associated with neotraditional neighborhood design typically reduces the cost of travel for all modes. All things considered, people will be likely to take more trips." He adds:¹⁸ "The fact that a grid, by itself, may well cause more traffic problems than it solves has slipped between the cracks."¹⁹ Michael Southworth questions the "village" model: "Is the village an appropriate model for development that is in fact a contiguous part of the urban fringe, and that functions as part of the regional metropolis?"²⁰ He seems to think that these new models of urban form are artificial: "In reaction to the anonymous sprawl of suburbia, the tendency has been for designers to superimpose . . . a 'scenographic' setting that is fixed and unchangeable and that occupants and users cannot shape over time."²¹ He concludes: "We need to pay more attention to the real tradition of places, the deep structure, rather than merely trying to copy or quote architectural styles."²²

¹⁷ Randall Crane, "Cars and Drivers in the New Suburbs: Linking Access to Travel in Neotraditional Planning," *Journal of the American Planning Association* 61 (Winter 1996): 52.

¹⁸ *Ibid.*, 62.

¹⁹ *Ibid.*, 63.

²⁰ Michael Southworth, "Walkable Suburbs: An Evaluation of Neotraditional Communities at the Urban Edge," *Journal of the American Planning Association* 63 (Winter 1997): 28.

²¹ *Ibid.*, 41.

²² *Ibid.*

Manufactured housing (otherwise known as "mobile homes," and including *modular housing*) has become an increasingly important source of affordable housing in the U.S., especially for Americans of limited means who want to own their own homes. Some numbers:

- in 1995 the national median household income was \$31,416; for those living in manufactured housing the figure was \$22,578
- site-built housing costs the buyer about \$59 per square foot, on average
- manufactured housing costs about \$28 per square foot²³
- manufactured housing costs about \$40,000 for a 1,400 square-foot, three-bedroom, two bath home; \$30,000 for a 24-foot by 48-foot double-wide home; and \$20,000 for a single-section home²⁴
- the average size of a mobile home in 1960 was 10 feet by 50 feet; today the average is 16 feet by 80 feet²⁵
- the 1996 average manufactured home size was 1,145 square feet for a single- and 1,700 square feet for a multi-section home, with an overall average of 1,300 square feet (with three bedrooms and one-and -a -half baths)
- 1996 mobile home "starts" were up 45% over 1989²⁶

²³ "Dream House . . . or Nightmare?" *Consumer Reports* 63 (February 1998): 32.

²⁴ Amy Yannello, "Mobile Homes Move Steadily Along in Appeal," *Business Journal Serving Greater Sacramento* 12 (September 1995): 20.

²⁵ "And Now for the Homeburger," *The Economist* 340: 20.

- New manufactured homes in 1995 represented about 34% of *all* new-single family homes (compared to 23% in 1989)²⁷
- In 1996 52% of new mobile homes were made in two or more sections (compared to 35% in 1981)²⁸
- In 1995 nearly 60% of new mobile homes went directly to private lots, as opposed to parks²⁹

Run-down "trailer parks" are still out there, but the image of the mobile home has improved as its quality has improved.³⁰ The new multi-section homes, most of which are set on private lots, have standard features that include peaked roofs, eaves, conventional siding and roofing, drywall construction, and triple-glazed windows. Although required by the 1976 HUD National Manufactured Home Construction and Safety Standards Act

²⁶ Wendy E Jovan, and W. Benoy Joseph, "Industry Corner: The Outlook for Manufactured Housing in the United States," *Business Economics* 32 (July 1997): 29.

²⁷ A. Gary Shilling, "Home Sweet Factory-built Home," *Forbes* 157 (February 1996): 181.

²⁸ M. Ray Perryman, "New Trend in Affordable Housing is Being Manufactured," *San Antonio Business Journal* 11 (September 1997): 59

²⁹ Bill Simpson, "The 'Old' New Affordable Housing," *Denver Business Journal* 47 (April 1996): 33.

³⁰ While the trailer park as a "gated" community may seem an oxymoron, a new development in Columbia, Maryland would seem to fit this description. Each of its 416 units is factory-built to one of five plans, four of which are two-story. The homes typically feature high-quality insulation, a front porch, and a garage (basement optional!) The units are 1,005 to 1,540 square feet inside, and they are not cheap, ranging in price from \$97,990 to \$130,000. In addition, lot leases are \$370 to \$440 per month. Still, with homes in nearby Baltimore averaging \$148,350, and with amenities behind the community's gate including a day-care center, a pool, a recreation center and sports court, a tot lot, and open space, the community would seem to constitute some kind of exercise in "gated affordability." [Anne O'Reilly, "Community Shows New Look of Manufactured Homes," *Professional Builder* 62 (September 1997): 73.]

to have a steel chassis with wheels, the mobile home is rarely moved, staying for an average of twenty five years in its original placement.³¹

Mobile homes have become, over the years, somewhat easier to finance. If they are set on private lots they are treated as real property, and they can qualify for conventional mortgages. On leased lots, though, they are considered personal property, with correspondingly higher interest rates and shorter loan periods. There is now a relatively strong secondary market for manufactured-home mortgages, and this increases the pool of funds available for new lending.³² However, while a 1995 University of Georgia study found that the life expectancy of site-built and manufactured homes was about the same--55 years--manufactured homes, in contrast to conventional, tend to *depreciate* in value with age.³³

A common problem facing would-be mobile home owners is finding a place to put the home. While in rural America the number of people in manufactured housing went up 52% from 1980 to 1990,³⁴ zoning restrictions in cities often discourage mobile home siting. Twenty-two states prohibit zoning that discriminates against mobile homes; still, suitable land is tight--Denver's occupancy rate in mobile home parks is 96.4%.³⁵ The scarcity of sites means that lot rents in courts, which average about \$200 per month, can

³¹ Yanello, "Mobile Homes," 19.

³² Perryman, 60.

³³ John Hood, "Decision Protects Owners of Factory-built Homes," *Triangle Business Journal* 13 (October 1997): 39.

³⁴ Yanello, "Mobile "Homes," 19.

³⁵ Simpson, 33.

rise rapidly. Existing tenants are something of a captive audience, since mobile home moving costs average over \$8,000.³⁶

In 1994, in the wake of Hurricane Andrew's destruction of many mobile homes in Florida's Dade County, HUD instituted tougher wind-resistance standards for manufactured housing in coastal areas. Still, homeowners insurance runs about 20% higher for manufactured as opposed to conventional housing.³⁷ A HUD study showed that with *normal* winds, over ten years, manufactured housing was five times more likely than conventional to suffer structural failure.³⁸ (This finding may be partly attributable to improper installation, a problem *Consumer Reports* found to be common in the industry.) The devastating tornadoes that struck the southern United States in the winter of 1997-98 took an especially heavy toll on mobile homes and their occupants.

In Missoula in April 1994 the City Council voted to allow manufactured homes on vacant lots in the city, on condition that they have:

- a permanent foundation
- a pitched roof
- eaves at least six inches long
- the same siding and roofing as site-built homes
- at least 900 square feet³⁹

³⁶ Thomas Easton, "Real Estate for Bargain Hunters," *Forbes* 157 (June 1996): 139.

³⁷ "Dream Home . . . or Nightmare?" 33.

³⁸ *Ibid.*, 36.

³⁹ *Missoulian*, April 27, 1994.

This vote signaled a new acceptance of the mobile home in the community, but according to Montana People's Action (MPA), lots in Missoula are so expensive as to preclude most mobile-home owners. MPA proposes a cooperatively owned mobile-home court: a court because individual lots are too expensive, and cooperatively owned to avoid steep and unexpected lot rent increases by absentee owners.⁴⁰ (San Diego County, California converted eleven parks (2030 spaces) to resident ownership from 1984 to 1990 at a cost of \$2,200 per household.)⁴¹

In a cooperative each resident owns a share of the co-op corporation. Low-income cooperatives are often partly subsidized through federal grants and state funds, and there is the risk that subsidized shares may be sold for personal profits. To discourage such speculation, the co-op may be set up as a *limited equity* cooperative, where a cap is put on the sales price of shares. Another similar arrangement is based on the *Community Land Trust* (CLT) concept, where the CLT holds title to the land, while leaseholders own homes on the land. The CLT recycles subsidies, keeping them in the mobile-home court, and retains first option to buy homes at a "limited appreciation" price.

In any event, MPA is seeking at least twenty to twenty-five acres of land for one hundred mobile homes, near city services; the court would eventually expand to one hundred acres. Suitable land in this quantity, zoned appropriately, has proven very difficult to locate in Missoula.

⁴⁰ Montana Peoples' Action and JM Resources, *Development of Mobilehome Court Cooperatives*, 1993, 2.

⁴¹ Allen D. Wallis, *Wheel Estate: The Rise and Decline of Mobile Homes* (New York: Oxford University Press, 1991), 202.

We might try to determine how people *want* to be housed before we make plans for how they *should* be housed. The following criteria are suggested:

- detached single-family housing with plenty of room inside
- "defensible space" outside the house
- a source of growing wealth (equity)
- natural surroundings (including open space and wildlife)
- environmental quality (especially clean air and water)
- access to recreation and cultural and commercial activities
- safety (especially police and fire protection, traffic control, and lighting)
- historical resonance (a sense of "place")
- neighborhood, village, or small town identity

CHAPTER SIX

MISSOULA, MONTANA

Lewis and Clark encountered the Salish Indians in the Bitterroot Valley in 1805. The Salish were not exactly "native" to the area themselves. They had probably migrated from the upper Klamath River area of Oregon and into the Plains, where they hunted buffalo. Eventually, white westward migration pushed the Blackfeet and Shoshone people west, and this pressure in turn forced the Salish back and into the Bitterroot.

David Pattee was the first white settler in Missoula, in 1858; he farmed in a canyon that now bears his name. The Mullan Road, a wagon trail between Walla Walla, Washington and Fort Benton, Montana (on the upper Missouri River), was finished in 1859 and included 50 miles through the Missoula Valley. French Canadians established the first settlement in the area, Frenchtown, a few miles west of the eventual location of Missoula.

The Montana Territory was created in 1864. In 1877 Fort Missoula was sited, and soldiers from this fort engaged Chief Joseph and his group in the same year in the Big Hole Battle. In 1883 the Northern Pacific Railroad came through Missoula, and repair and locomotive shops were built. At about this time A.B. Hammond started the sawmill at Bonner. From that time on, until relatively recently, Missoula was the pre-eminent Montana timber town.¹

¹ Betty Wetzel, *Missoula: The Town and the People* (Helena: Montana Magazine, 1987): 10, 18.

Betty Wetzel points out that Missoula's unique origins in the lumber trade were relatively unaffected by other major phases of Montana history. Missoula was not part of the fur frontier, did not experience "gold fever," (though nearby Gold Creek was the site of the first Montana find in 1852), did not figure into the era of the open range cattle business (and the Hard Winter of 1886-87 that put an end to the open range), and did not see a "homestead boom"--and subsequent bust from 1921 to 25.²

The timber economy identified and sustained Missoula for many years. As recently as 1984, the wood products industry, plus activities by the U.S. Forest Service, the Bureau of Land Management, and the Montana Division of Forestry, accounted for one-half the Missoula economy. Stone Container (formerly Hoerner-Waldorf), which manufactures "linerboard" (used in corrugated cardboard containers) from scrap wood and sawdust, paid a 1984 median wage of \$37,500 and employed 739.³ This "resource extraction" based economy (timber, mining, agriculture, hunting, trapping, etc.), that Missoula has had in common with other parts of the state, has faded in recent years. Missoula has always been a trade center in its region, but those activities have become increasingly important in the local economy. In 1980, trade center activities accounted for about 11 percent of Missoula's "economic base," while wood and paper products provided 36 percent. By 1996, those figures were 33 percent and 18 percent, respectively.⁴

Its forested environs made Missoula's founding timber economy possible. These surroundings--which include some 3,170,207 acres of wilderness--have much to do with

² Ibid., 16.

³ Ibid., 20.

the identity and self-consciousness of the city.⁵ From downtown Missoula one can, in a few hours, walk to the Rattlesnake Creek Area, through the Rattlesnake Greenway, and into the 33,000 acre Rattlesnake National Recreation and Wilderness Area.

Within this setting, according to the *Inventory of Conservation Resources for Missoula County, Montana*, "Missoula County residents live in a landscape filled with an impressive array of ecological resources."⁶ These resources include:

- 300 species of birds
- 23 species of waterfowl
- twenty species of small game
- nine species of big game
- river, creek and lake fish habitat
- four threatened or endangered animal species--grizzly bear, gray wolf, bald eagle, and peregrine falcon

Missoula County and the urban area of Missoula are, of course, not identical. Outside of the city, the county is overwhelmingly rural and undeveloped, and it contains, besides the Rattlesnake Wilderness, portions of the rugged Mission Mountains and the Swan Range. Still, the urbanized Missoula Valley is an important locus of natural resources. Perhaps the main reason for this is the "riparian" character of the Valley. "The riparian zone surrounds rivers, creeks, and lakes. These moist ecosystems are the single most

⁴ *Missoula Community Profile*, Missoula Area Economic Development Corporation, March, 1998, 1.

⁵ Wetzell, 6.

⁶ Bruce Bugbee and Associates, *Inventory of Conservation Resources for Missoula County, Montana* (Missoula: Missoula County Rural Planning Office, 1992), 25.

important habitat type in Missoula County."⁷ More than 200 wildlife species in the county are dependent on riparian "corridors." Besides fish and waterfowl, birds of prey such as osprey, blue heron, and bald eagle are totally dependent on riparian communities. Other species, including big game, spend considerable time in the bottomlands (elk spend as much as forty percent of their time near water)--the corridors provide cover, cooler summer temperatures, and natural migration routes.⁸ In addition, the floodplain areas of streams and rivers store water and release it slowly, reducing flood peaks and providing higher summer in-stream flows; floodplains filter pollutants, and riparian vegetation acts to control erosion. "The presence of water in semi-arid valleys, the great habitat diversity along the edge of riparian lands and adjacent ecosystems, and the resulting high wildlife and vegetation productivity make riverine and lakeside areas critical ecological resources."⁹

The *Inventory* discusses land-use patterns in the County in terms of "rooms"--broad clusters of concentrated resources--and "corridors"--lineal features (roads, waterways) that connect clusters. According to the *Inventory*, "the largest "room" in the County is the Missoula Valley, itself a cluster of smaller rooms and corridors. "The combination of open space, recreation opportunities, historic areas and key wildlife habitat creates a complex mosaic of conservation qualities."¹⁰

City residents acknowledged the ecological significance of the Missoula urban area in 1995 with the passage of a Conservation Bond, the aim of which was, among other

⁷ *Ibid.*, 30.

⁸ *Ibid.*

⁹ *Ibid.*, 31.

¹⁰ *Ibid.*, 48.

things, to preserve winter range for deer and elk on the city's Mount Jumbo. This was the second open-space bond passed in Missoula; the first, in 1980, secured development rights on Mount Sentinel to preserve visual open space, and it helped purchase areas for passive and active recreation along the Clark Fork River (John Toole Park and the Kim Williams Trail). In 1995 the county received a \$100,000 grant from the state to help property owners establish easements to protect riparian areas. Some 1300 acres were preserved for \$25,000--about \$20 per acre. There are currently about 12,583 acres of private land under conservation easement in Missoula County.¹¹

The natural systems of the Missoula Valley are sensitive to human impacts. The Valley is subject to temperature inversions, which trap air on the valley floor. For this reason, air pollution has occurred since time immemorial--whenever smoke from forest fires filled the Valley. As the area was settled, smoke from coal-fired stoves and locomotive engines created smog. By the late 1960s, smoke from wood stoves, "teepee burners" (open incinerators of sawdust and wood scraps), and the Hoerner-Waldorf paper pulp mill was occasionally so thick that the afternoon sun hung in the sky as a red orb.¹²

After the passage of the 1968 Montana Clean Air Act, and in response to such citizen initiatives as GASP (Gals Against Smog Pollution), Hoerner-Waldorf installed pollution controls that led to a 79% reduction in industrial emissions by 1974.¹³ In the mid-1970s wood-burning stoves accounted for 54% of Missoula's air pollution, but restrictions on the stoves since then have greatly reduced their impact. Other measures that have

¹¹ Greg Oliver and Robin Nielson-Cerquone, *Missoula Measures: Community* (Missoula: Missoula County Health Department, 1998), 35.

¹² Personal recollection.

¹³ Wetzell, 36.

reduced air pollution include pavement requirements to reduce road dust, liquid deicer chemicals in place of street sanding materials, and cleaner burning oxygenated motor fuels. Still, current transportation projections for Missoula suggest that the air shed will exceed the EPA's PM-10 standard (for particulate pollution) by the year 2015.¹⁴ Nationally, vehicle miles traveled (VMT) are increasing by four times more than population growth. Missoula's population projection for 2015 is 106,150--a 23% increase--while its VMT projection for the same year is for a 47% increase.¹⁵

Just as air quality concerns figure to be a part of Missoula's story for the foreseeable future, so do matters of water quality. At one time city sewage simply poured, untreated, into the Clark Fork River. Nowadays, of course, city sewer discharge is treated, but within the Missoula Water Quality District 39% of residential and commercial units are *not* connected to community sewer.¹⁶ The problem here is that of seepage from septic systems into the groundwater.

Missoula's original public water source was the Rattlesnake Creek, but the incidence of the intestinal parasite *Giardia* in the early 1980s led to the abandonment of this source and the use of wells. Now Valley groundwater is Missoula's *Sole Source* aquifer. The discharge of septic systems into the groundwater has led to elevated levels of nitrates in the groundwater and the subsequent loading of these nutrients into the Bitterroot and Clark Fork rivers. Such nutrients encourage the growth of algae in the rivers, which in turn consume oxygen and raise water temperatures--effects that are harmful to fish. The

¹⁴ *Missoula Urban Comprehensive Plan: 1997 Update*, 53.

¹⁵ Oliver and Nielson-Cerquone, 27.

¹⁶ *Comprehensive Plan*, 47.

discharge of such nutrients from Stone Container has been a problem,¹⁷ and several areas in the County, including the Lower Linda Vista subdivision in southwest Missoula, have groundwater contamination by nitrates exceeding 25% of the federal standard. Health effects from excess nitrates include "blue baby syndrome" (methoglobinemia). In eight densely populated areas of the county 7431 homes and businesses discharge 542 million gallons of sewage per year into the groundwater—including 52,378 pounds of nitrates.¹⁸ In areas of coarse soils and shallow groundwater, common in river valleys, subsurface sewage disposal can contaminate groundwater with such pathogens as *E. Coli* bacteria.

Since 1990 new sewer connections have outpaced new septic systems in the Missoula Valley. In the Wapikiya-Bellevue area sewerage was aided by federal grants, but these are no longer available. In 1995 the Missoula Water Quality District listed the following areas, in order of priority, for connection to city sewer, based on dangers to water quality:

- east of Reserve Street and south of the Clark Fork River
- Orchard Homes/Target Range area, west of Reserve Street
- East Missoula
- West Riverside
- Rattlesnake area
- Lolo
- Mullan Road, west of Reserve Street
- Westview Park¹⁹

¹⁷ Ibid.

¹⁸ Greg Oliver, *Missoula Measures: Environment* (Missoula: Missoula County Health Department, 1997), 27.

¹⁹ Oliver and Nielson-Cerquone, 39-40.

Growth in Missoula County gravitates to valley bottoms, mainly because of the flatter topography there, but also because surrounding mountainous areas are largely in public ownership (as national or state lands), timber company holdings (Plum Creek being the largest such landowner), or Confederated Salish-Kootenai tribal land.²⁰ There is a squeeze, then, that tends "naturally" to constrain growth in the Missoula Valley.

There are also "layers" of land uses, or potential land uses, in any one location in the county. For example, while agriculture is a major land use in the county, involving some 300,000 acres, it accounts for only about one percent of the county's economy.²¹ Agricultural uses are in competition with other land uses, such as timber harvest, recreation, wildlife habitat, and residential development--20% of the county's prime agricultural soils have been put to non-farm uses.²² Increasingly, "the price of agricultural land no longer reflects its productivity for crops or forage but rather its value for non-agricultural use."²³ While property taxes on agricultural and timber lands in Montana are assessed "differentially," i.e. based on agricultural or timber uses--not on speculative value for development--there is still strong incentive to convert these lands to higher-value uses.

There is no simple trade-off between agricultural and other uses, though: "As agriculture is a major land use in the county, loss of a farm or ranch often means loss of

²⁰ Bugbee, 38.

²¹ Ibid., 6.

²² Ibid., 39.

²³ Ibid., 41.

open space, wildlife habitat, recreation opportunities, and a way of life."²⁴ For example, many upland game birds and substantial amounts of big-game winter range are found on private land in Missoula County. The *Inventory* emphasizes the importance of overlapping land uses, arguing that areas which contain three categories of conservation values (e.g., recreation, open space, and ecological) are fundamental to the preservation of the "total landscape."²⁵ Furthermore, "as combined resource patterns are primarily confined to valley bottom corridors, private non-corporate ownership is predominant."²⁶

The complicated, inter-related character of lands in the Missoula Valley is addressed, to some extent, through Montana's *formal subdivision* process of land development. The criteria considered in this process are:

- effects on agriculture
- effects on local service
- effects on the natural environment
- effects on wildlife and wildlife habitat
- effects on public health and safety

Only ten percent of land divisions in Missoula County are subject to such review, however; the remaining ninety percent occur through the Certificate of Survey (COS) procedure, which requires only a review of the land survey and a review of sewage disposal plans by the Missoula County Health Department.

²⁴ *Ibid.*, 38.

²⁵ *Ibid.*, 48.

²⁶ *Ibid.*

The "Themes Document" identifies two "equally important" goals: (1) conservation concerns--air and water quality, wildlife habitat, riparian areas, etc., and (2) the commitment to "enhance human resources," including housing.²⁷ In elaborating goals related to "enhanced natural resources" and "enhanced human resources," the "Themes Document" emphasizes *health*. "Environmental health is basic to our orientation to natural resources," and the "protection and promotion of health for all Missoula citizens" is fundamental to enhanced human resources.²⁸ Thus, "healthy communities sustain diverse households and a combination of housing alternatives across all economic strata."²⁹ In general, the healthiest course of action concerning housing will be to "design and place homes to minimize impacts on natural resources and the physical environment and to maximize social resources while meeting emerging needs."³⁰

The best way to "minimize impacts," of course, is to restrict population and building. The "Themes Document" doesn't advocate population caps or building moratoria, though it does recommend examining "tools" used elsewhere, including "permit limitations."³¹ The general approach to meeting needs while minimizing impacts seems to be to increase the density of housing and to locate this denser housing where the infrastructure is in place to support it--for health's sake: "An adequate infrastructure is essential to a healthy natural, economic, and social environment in Missoula County."³² "Infrastructure should

²⁷ *Comprehensive Plan*, 122.

²⁸ *Ibid.*, 123-4.

²⁹ *Ibid.*, 125.

³⁰ *Ibid.*

³¹ *Ibid.*, 128.

³² *Ibid.*, 127.

accompany new development and be part of the approval requirements," the "Document" states.³³ This requirement is otherwise known as *adequate public facilities* or *concurrency*. Chapter six of the *Draft* describes these "facilities." Consideration of a zoning request should determine whether these facilities exist in the area *or* are scheduled for construction in the next five years (according to Capital Improvements plans).

"Levels of service" required are:

- adequate public water for consumption and fire protection
- capability of connecting to municipal sewer
- adequate storm-water drainage
- roads with the capacity to handle projected traffic flows
- schools in the area with the capacity to absorb projected enrollments
- other services, such as police protection, fire protection, parks, libraries and solid waste management³⁴

Identification of "urban growth areas" is critical for the growth management espoused in the *Draft*. These areas are defined by the "availability or planned extension of urban services."³⁵ Two of the most important basic services, according to the *Draft*, are wastewater treatment and public transit. Because development at urban densities cannot occur without sanitary sewer facilities, Missoula's Wastewater Treatment Facility Service Area coincides with the proposed Missoula urban growth area.

³³ *Ibid.*

³⁴ *Ibid.*, 7.

³⁵ *Ibid.*, 2.

The 1996 Urban Area Transportation Plan Update estimated an average annual growth rate in the County of about two-percent, resulting in a need for about ten thousand new dwelling units by 2015. The 1990 "Designated Urban Service Area" (a term adopted originally in the *Draft*, then dropped in favor of "Urban Growth Area") contained about 14,000 acres, much of which has not yet been developed. The urban growth area delineated in the *Draft* adds about 13,000 acres, for a total of 27,000 acres that would be planned for urban levels of development. This amount of land, according to the *Draft*, should support anticipated growth through the next twenty years, at least.

The vision of an urban growth area delineated around the city's core, with denser development close to existing city services, is a vision of a *compact* Missoula. How does this vision square with the Housing Subcommittee's vision for Missoula? "The more land per house, the more expensive the house. Increasing density is a main way of reducing the cost per housing unit."³⁶ This concept seems to be very much in concert with the *Draft's* call for more dense development.

The *Report* focuses mostly on land-use regulation: "Present regulations in fact create significant barriers to realizing the city housing vision."³⁷ Zoning regulations in Missoula, according to the *Report*, have much to do with channeling construction in Missoula into "two mutually exclusive types: large-lot single family homes in the developing areas and concentrations of four-, six-, and eight-plex buildings in the areas zoned for multi-family or commercial, with no requirements for neighborhood integration

³⁶ *Housing Subcommittee Report*, 5.

³⁷ *Ibid.*, 3.

or amenities."³⁸ This is in contrast to what is found in some older sections of Missoula, built before zoning:

Mixed sizes of homes on the same street or neighboring streets, mixed single-family and well-designed multi-family units, high density single-room and one-bedroom units in three-plus story buildings, all created a diversity of housing that served the various incomes and household sizes in Missoula's past--many in areas that have retained strong neighborhood appeal.³⁹

Current zoning practices don't allow for the "healthy" mix of uses seen in the old neighborhoods. Most of the city's residential land is zoned for "a suburban monoculture of detached houses on ample lots, where the heavy consumption of land brings heavy costs (a) per unit of housing and (b) for wide extension of infrastructure."⁴⁰

Little land is allocated for multi-family units, so this kind of development is concentrated in a few parts of town, making for a sort of economic segregation. Current zoning patterns don't include much land on which to build small units of ownership, such as small houses or townhomes. It is nearly impossible to find land zoned for mobile home courts. *Accessory Dwelling Units* (apartments attached or unattached to single-family homes) are prohibited. "Regulations discourage beneficial mixes of ownership and rental units, or residential and commercial uses, in coherent neighborhoods throughout the urban area."⁴¹ The *Report* also blames subdivision standards for adding to

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Ibid.

the costs of residential development, "sometimes perhaps unnecessarily." These requirements include minimum street widths, curbs, parking, and sidewalks.⁴²

The Housing Subcommittee developed four areas of recommendation to address Missoula's affordable housing needs. The first recommendation involves assembling a "comprehensive data base on housing" that would involve the use of Geographic Information System (GIS) technology. The kinds of information developed in the database would include an inventory of existing housing stock, an identification of the kinds of housing needed, analysis of land location and availability, and a consideration of projected growth management boundaries. The upshot of these considerations should be a "Comprehensive Housing Plan."

Second, The Subcommittee calls for extensive changes in zoning and subdivision regulations. These changes would include:

- selective rezoning of land to allow greater density
- minimum densities mandated within the urban growth area
- an "older neighborhood set-back" rule that would allow lower set-back minimums if these matched the existing character of the street
- allowing smaller lots to be built on, even if they aren't large enough by current standards
- allowing greater building heights:(1) to facilitate the construction of residential units above commercial establishments, (2) to allow the adding on of a second story, and (3) to permit steeper roofs that fit the neighborhood character

⁴² Ibid., 4.

- allowing, with strict standards (including requirements for owner-occupancy, parking, and size restrictions), Accessory Dwelling Units
- reduced infrastructure requirements involving street widths, sidewalk requirements, parking requirements, and set-back requirements
- more land zoned for mobile home court development
- mobile homes allowed on single lots
- "priority processing" of development applications that meet specific city housing goals
- more innovation allowed in design and construction⁴³

Third, the Subcommittee recommends "a *Residential Special District Overlay* to encourage innovative construction that targets Missoula's needs"⁴⁴ A proposal approved under this special overlay would have to meet "recognized residential need." There would be specific design standards--especially, a fit with the surrounding neighborhood. The overlay could be invoked in almost any residential zone, and the incentives to use it would include increased densities, smaller lot sizes, and lower minimum setback requirements than would exist in the underlying zoning.

The fourth recommendation is to work toward "performance-based land-use regulation." This is one way of dealing with the strictures of "Euclidean "(from *Euclid v. Ambler*) zoning--the exclusionary regulations which protect us from "the worst mixing of land uses or the most unneighborly building practices"⁴⁵ but which work against

⁴³ *Ibid.*, 6-7.

⁴⁴ *Ibid.*, 7.

⁴⁵ *Ibid.*, 3.

innovative strategies which might address problems of housing affordability. The "performance standards" emphasis of the Subcommittee sums up the thrust of many of their recommendations. They seek to "loosen up" zoning, subdivision, and permitting requirements in such a way as to allow more densely laid out, lower-cost housing throughout the city.

In a similar vein, the Growth Management Task Force, made up of elected officials and technical advisors working on the Comprehensive Plan Update, published on February 23, 1998 preliminary recommendations on revised zoning codes. Among their proposals:

- density bonuses of up to 50 percent over the base standard for such things as housing that is at least 75 percent owner-occupied and for the re-use of historic buildings
- flexibility regarding lot widths, lot sizes, and side yard setbacks
- reductions, in some cases, in the amount of parking space required
- an increase in building height of up to 10 percent in some cases
- some neighborhood commercial uses allowed under "stringent conditions"
- standards for *cluster* development⁴⁶

The idea behind the recommendations of the Housing Subcommittee and the Task Force is not one of "anything goes." Such a program would be dead in the water politically, anyway. Part of the "performance" of the new standards would be to preserve the character of existing neighborhoods and to integrate the new housing with surrounding neighborhoods. *Design* is a crucial factor. The point seems to be that if the

⁴⁶ "What Do Zoning Codes Do?" Growth Management Task Force, Missoula, 1998, 1-11.

design of a proposed housing development is acceptable--if it is compatible with existing and surrounding neighborhoods, is environmentally sensitive, is economical, and is attractive--and if it meets community housing needs, special considerations should be given and special efforts made to see the project through, regardless of the "letter of the law."

The *New Urbanism* harkens back to an older, denser neighborhood structure characterized by mixed types of housing and including neighborhood commercial services, such as corner stores. The *Missoula Housing Report* describes this structure in older Missoula neighborhoods. The Northside of Missoula, recently registered as a national "Historic District," is worth considering in terms of historic preservation and affordable housing.

The area now properly called the *Northside Missoula Railroad Historic District* was the "first major expansion of the city to occur away from the city center."⁴⁷ In 1881 C.P. Higgins, Frank Worden, W.J. McCormick, and Alfred Urlin owned most of the land surrounding the downtown. They gave several hundred lots to the Northern Pacific Railroad to entice the NP to expand into Missoula.⁴⁸ As that line was built in 1883, Urlin had a steam-powered lumber mill operating at the corner of Urlin (Orange) and North Second West, supplying "the materials needed to build affordable working class housing on Missoula's Northside."⁴⁹ By 1890, the majority of Northside residents, most of them

⁴⁷ "National Register of Historic Places Registration Form." Montana State Historic Preservation Office. Helena, Montana, 1995, section 8, 1.

⁴⁸ *Ibid.*, section 7, 3.

⁴⁹ *Ibid.*, section 8, 1

railroad workers, lived in the Russ House on North Second or in the Gold Dust Hotel on North First (137 people in Russ House and fifty-one in the Hotel). From 1906 to 1916 the NP expanded to compete for passenger service with the Milwaukee Railroad (south of the Clark Fork River), and this work employed numerous immigrants, including sixty-five Greeks, as well as Japanese and Germans.⁵⁰ In 1910 there were some three hundred NP shop employees, with a monthly payroll of \$185,000--\$75,000 more than the nearest competitor, the A.C.M. Lumber Company (in Bonner).

As the railroad workers settled down and formed households, "a neighborhood made up almost totally of persons with the same occupation, living side by side--year after year . . ." ⁵¹ took shape. The Northside was primarily composed of twenty-three blocks of mostly worker housing and a commercial area along the tracks. Noteworthy structures included the Garden City Brewery (1895), the NP Hospital (1884), and the old Missoula County Courthouse (now converted to apartments). The rail track barrier between the Northside and the rest of the town "added to a forced independence from the community as a whole."⁵² The NP Depot was built on the south side of the tracks (over the objections of many Northside interests), and this further isolated the neighborhood. The NP always opposed grade-level crossings, on safety-related grounds, and to this day the problem of safe and convenient access across the tracks remains unresolved.

Homes in the neighborhood were traditionally built on blocks divided into twenty 30-foot wide lots. The houses were typically of the "pyramidal" type, where the four-sided roofs rise directly from the tops of the walls. The *American Foursquare* is a two-story

⁵⁰ Ibid., section 7, 3.

⁵¹ Ibid., section 8, 3.

pyramidal house with a one-story front porch and sometimes, dormers. The *Pyramid Cottage*--"railroad worker housing"⁵³-- is a simple design, easily constructed. It is one-story, with up to four rooms and an open front porch. These homes today are situated with mature trees lining the streets and often garages along alleys at the back of the lots.

The greatest intrusion on the Northside came with the construction of Interstate-90 along the northern edge of the neighborhood in the mid-1960s. The fruit orchards and farm homesteads that had been there were lost, as was much of the eastern parts of North Third, Fourth, Fifth, and Sixth. Fifty-eight residences were moved or destroyed, "changing the northern edge of the district from a residential area to a major transportation lane."⁵⁴ Nonetheless, "as a whole, the Northside Historic Railroad District retains a high degree of historic architectural integrity."⁵⁵ Furthermore, "the Northside retained its unique identity long after the Southside and other areas had lost any particular socio-economic pattern associated with early settlement."⁵⁶

The concentrated presence of so many of the pyramid cottage variation of vernacular architectural style, which exemplified workers' homes constructed during the late-19th and early 20th centuries, provides the Northside district with a clearly visible statement as to its heritage. These houses, built for the lower-middle and lower classes, were designed and popularized for their value in terms of function rather than form. The Northside contains more of this type of housing than any other section of Missoula, and its presence is also a reminder of one of the most significant periods in the city's history--a time when Missoula emerged as a powerful trade center for the surrounding valleys.⁵⁷

⁵² Ibid.

⁵³ Ibid., section 8, 8.

⁵⁴ Ibid., section 8, 7.

⁵⁵ Ibid., section 8, 11.

⁵⁶ Ibid., section 8, 6.

The Advisory Council on Historic Preservation, in a policy statement on *Affordable Housing and Historic Preservation*, quotes the National Historic Preservation Act to the effect that "the historical and cultural foundations of the Nation should be preserved as a living part of our community life and development in order to give a sense of orientation to the American people" The statement expands on the Council's policy "to encourage the reuse of historic properties for affordable housing."⁵⁸ The National Trust for Historic Preservation Affordable Housing Demonstration Neighborhoods project calls for proposals "to plan a preservation-based community development program in a low or mixed income neighborhood." The aim of the program is "to assure that the historic properties are protected and utilized for the benefit of neighborhood residents." One strategy for accomplishing this would be through "low-interest home-improvement loans tied to appropriate rehabilitation guidelines that insure historic retention."⁵⁹

In response to this Demonstration project, the Northside Neighborhood Association (especially Bob Oaks and Janet Bush) prepared a proposal. The proposal points out that, according to the 1990 Census, the homeowner-to-tenant ratio on the Northside was 26%-to-74%. The proposal also states that 77% of Northside residents are low and moderate income (compared to 43% in the city as a whole and 40% of the county) and that 41% are below the poverty level. The proposal notes that the neighborhood has the highest concentration of subsidized rental housing in the city, and, citing the relatively low home

⁵⁷ *Ibid.*, section 8, 11.

⁵⁸ "Advisory Council on Historic Preservation Policy Statement on Affordable Housing and Historic Preservation," Advisory Council on Historic Preservation, Washington, D.C., 1995, 1.

⁵⁹ John Leith-Tetrault, "Affordable Housing Demonstration Neighborhoods," National Trust for Historic Preservation, Washington, 1995, 1.

ownership numbers, calls for a change of priorities toward subsidizing home ownership in the neighborhood. Other strategies in the proposal include suggestions for grade level crossings to improve access, preservation of the visual open space provided by the hills north of the neighborhood, selective infill by owner-occupied manufactured housing, affordability as a condition for the issuance of building permits, and opposition to a possible rebuilding of Orange Street (the main access to the Northside) that would remove historic North First and Railroad Streets.⁶⁰

These citizen efforts on Missoula's Northside combine themes of "conservation," especially of the historical sort, with the pursuit of neighborhood stabilization through owner-occupied affordable housing. This orientation is important to keep in mind along with the natural resource conservation-oriented planning that is typical of growth management policies in Missoula.

There are many *sensitive* values--ecological, historical, open space, agricultural, timber, and recreational--to be considered in Missoula in conjunction with the need for residential development. It is difficult to rank such values, but in terms of quality of life, and given Missoula's hydrological and climatological sensitivities, air and water quality should perhaps be ranked as most important. This would mean that questions of sewage treatment and auto emissions would have to be resolved as part of any growth plans.

Matters of Missoula's *wilderness identity* may make preservation of wildlife habitat a primary factor in planning. Habitat may not be as directly implicated in quality of life concerns as are air and water quality, but wildlife amenities are perhaps critical to the community's sense of itself. Historical preservation efforts, such as those on Missoula's

⁶⁰ Northside Neighborhood Association, "Title One Grant Application," Missoula, 1995, 4.

Northside, also have less to do with immediate health and safety concerns and more to do with community identity.

Within the context of these basic issues of values, growth management planning in Missoula can proceed on a firm foundation. There is an obligation on the part of city planners and policy makers to *exclude* growth that would overwhelm core needs and values of the community. There is likewise a responsibility to promote, through the revision of rules and regulations, a housing market that is more *inclusive* than it might otherwise be.

APPENDIX

GIS MAPPING

Missoula, Montana is an especially complex area in which to evaluate the issues raised in this paper. The conjunction of so many factors in the Missoula Valley--natural, rural, and urban--demands a "layering" of understanding so that overlapping values can be grasped in any one place. GIS technology lends itself to this sort of mapping, and the following list, which is surely incomplete, might give an impression of the wealth of information that should be mapped, if possible:

- air quality (at various stations)
- archaeological sites
- aspect
- bicycle routes
- big-game winter range
- buffering open space (as around airports)
- commercial services
- conservation easements
- costs of development
- demographics
- densities, existing

- densities, suitability (high or low)
- distances from employment
- fire protection
- floodplains
- grazing values
- groundwater depths
- groundwater flows
- groundwater quality (at various wells)
- historical sites
- home ownership
- housing, conditions
- housing, types
- housing, manufactured
- housing, prices
- income levels
- land ownership
- libraries
- lot sizes
- natural gas
- open space buffers
- open space corridors (connecting elements of open space system)
- open space, scenic
- parks

- police protection
- population projections
- poverty, locations
- recreation
- riparian areas
- schools
- seismology
- septic systems
- services within one-quarter mile
- sewage, community
- sewage, priority areas for connection
- slopes
- soils, agricultural
- soils, drainage character
- soils, suitability for building
- solid waste capacity
- storm-water drainage
- stream and river water quality
- taxable valuations
- temperature inversions
- timber values
- trails
- transportation, public

- urban forest
- vehicle miles traveled
- water supply
- weeds, noxious
- wildlife habitat
- winds
- zoning

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