FINANCIAL FAQs

What Are Costs of Urban Sprawl?

"Critics of urban sprawl maintain that the predominance of this growth form over the past fifty years has significantly harmed American society," says "Sprawl Costs—Economic Impacts of Unchecked Development" (Island Press, Washington D.C., 2005), a compendium of recent studies on urban sprawl. The studies all point to the same conclusion: "that sprawl has thwarted public transit development, separated rich and poor, and caused unnecessary travel, consumed fragile land, and generated excessive public expenditures."

Urban sprawl, in addition, is perhaps the largest roadblock to more affordable housing. Not only because single-family homes on individual lots take up the prime buildable land, but because the exorbitant costs to service growing bedroom communities that contain few jobs tax governments to the limit, making it difficult to provide the infrastructure and services needed to support the denser developments—such as condominiums and multiplexes—that make housing affordable to most Americans.

Why so? Because our suburbs and bedroom communities simply do not pay for themselves. Studies by the American Farmland Trust show that residential development services cost an average $1.13 for every dollar of revenue generated. We are subsidizing our suburbs, in other words. And sprawl does not just mean residential development. It is any form of spread out development of separated subdivisions, office parks, malls, and strip shopping centers growing beyond existing cities and towns. They all require some form of transportation—usually autos—and an extensive infrastructure to service them.

The problem is that it underutilizes valuable resources. Two sets of infrastructures are in fact created. Residents are leaving cities and developed infrastructure for newer developments on the periphery. Such developments lie outside existing infrastructure and services, which raise the costs of infrastructure development by as much as 20 percent, say city managers. In fact, 65 percent of city managers surveyed by the National Association of Governors and American Planning Association in 2003 said that rising infrastructure costs are negatively affecting the ability of their budget to meet the city's needs.

The alternative? More compact development that is centrally focused and directs development to locations where public services can be provided more efficiently. This allows access to more forms of transportation, whether mass transit, bicycle, or pedestrian, easing the burden on roads. These so-called 'infill' projects are generally closer to the work place, also cutting down on commuting time and distance.

Then why haven't more governing authorities adopted compact growth principles? Because their planning departments and citizens are under the belief that by limiting growth, they also conserve resources, meaning fewer roads and greater open spaces. They do this by limiting zoning densities—called down zoning—as well as lowering the Floor-to-Area-Ratios (FAR) of residential dwellings. But limiting the size and density of residences only raises their costs (hence price), shutting out most wage earners—still 80 percent of our workforce — from home owning in Santa Barbara County, and in many parts of the country. The land costs of single-family detached dwellings now average 25 percent of total costs nationally, according to "Sprawl Costs", but only 10 percent for multi-family dwellings. They are actually up to 40 percent on the South Coast as well as other desirable living areas.

If instead, governments would accept compact growth, the monies saved in building and servicing sprawl could be used to provide the alternative transportation modes that require fewer automobiles, as well as provide a healthy community life that comes from the old and young, working families, students and the well-to-do, intermingling, rather than remaining segregated as in conventional developments.

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