

## Planning for Growth: The Advantages of a Longer Planning Horizon

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### *Background*

Florida's land use policies are governed by Florida's Growth Management Act of 1985, which requires every local government to develop a local comprehensive plan. One of the required components of the local plans is a land use map that shows the allowable uses of all land within that government's jurisdiction. Land use policies under the 1985 Act have placed a heavy emphasis on preventing urban sprawl, and as a result, Florida's Department of Community Affairs, which oversees the process and approves the local comprehensive plans, typically will not allow more land to be made available for development than would be needed to accommodate 120 percent of the area's projected population five years hence. The result is that Florida's growth management process restricts the amount of land available for development, which raises the price of developable and developed land. Real estate prices are higher than they would be without the restrictive land use policies, so housing in Florida is less affordable. Another obvious and intended effect is that patterns of development are affected.

Local comprehensive plans are also required to look at a longer time horizon of at least 10 years, but in practice the shorter horizon is more significant because any development that is to take place now must be consistent with the current land use map. Local comprehensive plans can be amended as often as twice a year, and one result of the current practice is that plans are amended frequently, especially in rapidly-growing jurisdictions, so little long-run planning actually takes place.

### *Short-Run Versus Build-Out Planning*

As a reaction to the short time horizon of the current planning process, the Department of Community Affairs has suggested that local governments create "vision-based, build-out plans" that would describe the pattern of land use for the entire jurisdiction at build-out. Such plans would set aside environmentally-sensitive areas and other areas (such as parks) that would remain undeveloped, but would identify all those areas where development eventually would be envisioned. Sarasota County has put together such a plan, which could serve as a model for other jurisdictions. Sarasota County's build-out plan is in addition to the required shorter-

horizon plans, because the shorter-horizon plans are still required and determine where development is currently allowed. However, there would be much to gain by using build-out plans as a guide to allowable land use in place of plans with a shorter time horizon.

### *Some Advantages of a Longer Planning Horizon*

The reliance on build-out plans as a guide to allowable development instead of the current plans with a land-use map based on a five-year time horizon would provide many benefits to Florida. If build-out plans were used to decide whether development would be allowed, more land would be available for immediate development than under the current system. This would have the advantage of creating competition among sellers of land to keep real estate prices lower. This might result in more "sprawl" in the short term, but eventually development patterns would be unaffected, and higher-density development would be the result in some areas. While sprawl is often viewed negatively by advocates of "smart growth," the longer-run results of using build-out plans would be development patterns more in line with the goals of smart growth than what is produced by the current land use planning system in Florida, and with more affordable housing as development was undertaken.

### *A Longer Time Horizon Would Produce More Affordable Housing*

If build-out plans were used to determine allowable development rather than plans with shorter time horizons, more land would be available for development, which would result in more affordable housing. Consider a simple hypothetical example. A county has four areas that will be developed at build-out: area 1, area 2, area 3, and area 4. Development occurs at the rate of one area each decade, so that after four decades all four areas will be developed. Under current policy, the local comprehensive plan would restrict development only to one area, to match the population projections. For example, the plan might allow development only in area 1, which would be sufficient to accommodate the projected population growth. This gives landowners in area 1 some monopoly power and they can charge higher prices for their land. Housing and all real estate will be more expensive. Then, after area 1 is developed, the plan

will be amended to allow development in area 2, again giving landowners in area 2 some monopoly power and leading to higher real estate prices.

If the build-out plan were instead used as a guide, development would be allowed in all four areas, eliminating the artificial scarcity of land. Landowners in all four areas would be competing against each other, and land and housing would be more affordable. After four decades the land use pattern would be the same, but by allowing more flexibility in the short run, real estate prices would not be artificially inflated by growth management policies.

If build-out plans were used to expand the amount of land available for development, landowners would not be able to sell their property for as much, but buyers would benefit from lower prices and renters would benefit because lower real estate values would translate into lower rents. The current system benefits people who own developed and developable property, who tend to be among the wealthier Floridians, at the expense of renters and people who want buy their first homes, who tend to be less well-off. If build-out plans were used to determine allowable development in place of the current system, Floridians of average and below average means would be the biggest beneficiaries.

This might temporarily increase “sprawl,” but in exchange for the benefit of more affordable housing. Of course, developers should pay the costs of their development, which may include the use of impact fees to finance services, but there are substantial benefits in terms of housing affordability from using the build-out plan as a guide to where development should be allowed than from using a plan with a short time horizon.

#### *Build-Out Plans and the Pattern of Development*

One consequence of loosening the restrictiveness on allowable development to open up more land as developable is that “leapfrog” development, where new development leapfrogs over undeveloped land, would be more likely to occur. The economic motivation for leapfrog development is that land further from an urban core tends to be less expensive than land closer in, making residential housing less expensive. People can buy bigger homes on larger lots for the same amount of money. By itself this is an advantage, because it provides a higher standard of

living for the homebuyers. However, leapfrog development has met with some criticism because people argue that it raises the cost of infrastructure (such as roads and sewer systems) and requires longer commutes, wasting resources in other ways.

In a growing area these criticisms of leapfrog development miss the mark, because eventually the land being leapfrogged will be developed, and the leapfrog development makes the leapfrogged land even more desirable for higher-density development. Higher density development and commercial development is best-suited to a central location, because it is accessible to more people. But if an area develops strictly from the center outward, all development will be in the periphery, in locations that are poorly suited for higher density development and commercial activity. Leapfrog development creates that central location and eventually can produce higher-density development that is advocated by planners, environmentalists, and the “smart growth” movement.

Leapfrog development is not always desirable, but it has advantages in a growing area and can lead to higher-density development and more efficient land use. The use of build-out plans to guide development rather than plans with short time horizons can help realize these advantages.

#### *Florida's Growth Management Policies Should Use Longer Planning Horizons*

The Department of Community Affairs is interested in placing more emphasis on build-out plans relative to short-run plans, and this analysis shows the desirability of that emphasis. However, if development continues to be determined by plans with a five-year horizon, the emphasis on build-out plans will have a limited practical effect. A better policy would be to make current land use decisions based on the build-out plan and to set aside the short-run plan. This will produce more affordable housing and a higher standard of living for Floridians. In the long run it will have a minimal effect on land use patterns, but it has the potential to produce higher-density development and to more efficiently site commercial development because it can create central locations ready for development.

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