Economic Analysis and Land Use Policy

PROCEEDINGS
Panel Discussion on Innovative Approaches to Land Use

A workshop sponsored by the
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Edited by Shi-Ling Hsu
Environmental Law Institute
1616 P Street NW, Washington, D.C. 20036

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Proceedings for Panel Discussion

--Table of Contents--

Panel Discussion of Innovative Approaches to Land Use

Tim Torma, EPA Office of Policy, Economics, and Innovation --Summarization

Mr. Torma began by noting that his presentation involves not a paper but a project, the Atlantic Steel Redevelopment project, which is innovative from a policy standpoint and which has significant smart growth implications. Mr. Torma noted that one indication that the research being done in this area is exciting is the number of ballot box measures that are being considered that involving land use. There has been an upward trend since 1996 in ballot initiatives, when there were 100 initiatives nationwide, up to 240 in1998, and even in this off-election year, in which there are approximately 100.

The Atlantic Steel Redevelopment project is a brownfields redevelopment project in Atlanta, Georgia. Atlanta has been touted as the "capitol of the New South," has attracted a number of desirable industries including the 1996 Summer Olympic Games, and has generally experienced high population growth. Atlanta's economic expansion, however, has also had its negative impacts, including increased traffic congestion - Atlanta moved from 24th among major metropolitan areas to sixth in traffic congestion. Vehicle miles traveled per capita is 35, the highest in the U.S. Atlantans drive a total of 100 million miles per day. The reason for this congestion is sprawl development. A recent Time magazine article called the sprawl development in Atlanta a thirteen-county eruption which consumes 500 acres of open space every day.

Some recent developments have forced Atlantans to consider smart growth strategies. One is that Hewlett Packard decided not to construct their planned headquarters building in Atlanta, citing traffic and congestion as a main factor in changing their plans. Another event is when Atlanta fell out of conformity with Clean Air Act requirements and lost their federal transportation funding. A number of things are now being done to change the way Atlanta develops property, including the Atlantic Steel redevelopment project.

The Atlantic Steel site was a steel mill since the late 1800's, and is currently unused. The location is very desirable, but has poor local access. The Jacoby Development Corporation obtained an option to construct a mixed-use development on the property, and obtained the requisite city rezoning approvals. The 140-acre proposal is expected to contain 2400 residential units, 17,000 jobs, and 1.2 million square feet of retail space. The site is a regionally central location, which is good for smart growth purposes, and is located across the interstate 75 from a MARTA (Metropolitan Atlanta Rapid Transit Authority) station. Local access is poor because of the blocking effect of the interstate, which is fourteen lanes wide. Despite the existence of foot bridges across the interstate, access is poor because the trip across is extremely unpleasant. Mr. Torma also noted that high rises have sprung up on the downtown side of the interstate, but not on the other side, because of the poor local access.

EPA became involved with the redevelopment project because Atlanta requires the project to include a multi-modal bridge with a mass transit link and on/off ramps to the interstate, and because Atlanta is out of compliance with Clean Air Act requirements. The bridge could not be built because Atlanta is out of conformity, and could not be built without federal funding. EPA's regional managers considered using Project XL to assist the developer. Project XL, which

stands for Excellence and Leadership, is a regulatory reinvention initiative developed in1995 by the President and Vice-President that is aimed at finding cleaner and cheaper ways of protecting the environment. To the regulated community, EPA proposes that if regulations are unsatisfactory to them, that they propose their own regulations to achieve superior environmental performance. Through Project XL, then, EPA granted the Atlantic Steel developer some flexibility in developing the site, in exchange for superior environmental results. EPA wanted to allow construction of the bridge because, through much modeling work, it was determined that the redevelopment would result in fewer vehicle miles traveled, reduce consumption of open space and achieved the cleanup of a brownfield site. The presumption is that growth will occur, and EPA considered the impacts of development in three alternative sites, all of which would lead to greater vehicle miles traveled and consumption of open space, and would not have the benefit of a brownfields clean-up. EPA predicted that this dense 140-acre project in mid-town Atlanta, if placed in an urban fringe greenfield area, would consume 600-1000 acres. A 1997 groundwork study by EPA's Office of Policy showed that infill development could lower vehicle miles traveled would be 50% lower than comparable urban fringe, greenfield development. Infill sites also had lower CO_2 and NOx emissions, and reduced infrastructure costs than comparable greenfields developments.

The federal role of EPA has been a sensitive subject, since local officials would prefer not to have EPA involved in local zoning decisions, and EPA would similarly prefer not to be involved. EPA has identified three appropriate federal roles in development decisions: developing tools and information, creating incentives and providing resources, and removing barriers, which was the most important EPA role in the Atlantic Steel project. The first lesson from the Atlantic Steel project is that EPA is especially interested in creating local partnerships with state and local governments, and with citizens and environmental groups, because none of these entities can deal with land use issues alone. All of these entities need to be involved for these initiatives to occur. The other lesson to be learned from this project is that economic growth must occur hand-in-hand with environmental protection. That is, growth must be assumed to be occurring, and the strategies must focus upon how to manage that growth.

Mr. Torma displayed a list of contacts:

Web site address for Project XL: http://www.epa.gov/projectxl/

EPA headquarter contacts:	Geoff Anderson	202-260-2769
	Tim Torma	202-260-5180
EPA Region 4 contact:	Michelle Glenn	404-562-8674

Panel Discussion of Innovative Approaches to Land Use

Sven-Erik Kaiser, US EPA Brownfields Program -- Summarization

Mr. Kaiser began by reinforcing Tim Torma's point of how visionary it was for the Atlantic Steel brownfield site developer to construct a bridge across the 14-lane highway running through downtown Atlanta.

Mr. Kaiser introduced the EPA Brownfields Program, which is working with more than 300 communities in assessing, cleaning up and redeveloping brownfields sites. The program has leveraged more than $1.5 billion in public-private funds, and supported the creation of more than 5,000 jobs, using grants, tax incentives, revolving loan funds and job training programs. The term "brownfields" is a condition of property, and is defined as abandoned, idle, or underused industrial or commercial facilities where expansion or redevelopment is complicated by real or perceived environmental contamination problems. Brownfields could also be more simply described as properties where re-use is complicated by environmental contamination issues. The wider universe of brownfields sites includes:

1300 federal "Superfund" sites, those on the Superfund law's National Priority List;

11,000 that are potential Superfund sites;

30,000 sites that were potential Superfund sites but were determined to be inappropriate candidates for Superfund listing;

70,000 sites in state hazardous waste site listings;

3600 sites that are subject to Resource Conservation and Recovery Act regulations that require special federal or state permitting for treatment, movement or storage;

300,000 underground storage tank sites

42,000 solid waste facilities

This totals up to approximately 430,000 total sites. After screening out these sites for overlap and duplicate permits, the total is approximately 380,000 sites. However, if we account for the fact that cities under-report by almost 50%, then the total goes back up to 500,000 or 600,000 total sites. A Cleveland State University professor estimated that if all of the brownfields properties in the Great Lakes area were cleaned up, there would be enough real estate to accommodate growth for 100 years.

The EPA brownfields program is designed to facilitate clean-up of all sites, particularly those other than the federal Superfund sites that are on the National Priority List. EPA awards grants, changes regulations, funds research, and works with other agencies and organizations to accomplish this. Some of the issues considered by EPA include the costs and effects of cleaning up and re-using these properties. EPA funded a recent report that looked at 107 redeveloped brownfields sites and examined the costs of clean-up, the sources of funding for clean-up, how

the funding was used, the re-uses to which the properties were put, the effects of the clean-up and re-use, and the populations impacted. The report findings included the following:

- the average size of the site was five acres;
- sites tended to be smaller when located inside cities;
- the average cost of assessment per site was approximately $50,000;
- the average cost of clean-up was approximately $50,000 per acre;
- for every dollar of public monies spent on brownfields redevelopment, $2.50 of private monies were contributed; and
- job creation costs, mostly from job creation programs, were approximately $14,000, which is low compared to the environmental benefits.

Another study currently being done for EPA is a greenspace study, which is pointing toward a finding that an acre of brownfields redevelopment saves three acres of greenfields from development. Brownfields redevelopment thus has the multiple effects of reviving urban communities, helping suburban communities reduce sprawl, and helping rural communities deal with growth. The long-term implications of brownfields redevelopment, however, are still not clear. As opposed to the short-term impacts of siting decisions for undesirable land uses, little is known about the land use costs and other costs of removing the undesirable land uses, such as for example, an incinerator. There is a wide perception or feeling that the benefits of removing undesirable land uses, which include such intangible benefits as job creation, and re-using these properties is very large, but it has not been quantified.

Mr. Kaiser raised a question of public subsidies, in that EPA is awarding grants and funding research in attempting to encourage brownfields redevelopment activity. Mr. Kaiser posed the question of the level of subsidy that is required to induce the activity. The initial assessment, which Mr. Kaiser characterized as "lifting the rock," is perceived as being a critical step, and has proven to be very important to attracting private investment in brownfields redevelopment. Mr. Kaiser also announced that EPA is putting on a brownfields redevelopment conference in Dallas, Texas the following week.

In closing, Mr. Kaiser emphasized how fertile an area this was for research, incorporating questions of transportation choices, land use choices, water quality choices, and air quality choices. Mr. Kaiser provided the EPA website for brownfields redevelopment, www.epa.gov/brownfields. Mr. Kaiser also provided his phone number, 202-260-5138.

Question and Answer Period for Panel Discussants

Dr. Kerry Smith, North Carolina State University, asked how brownfields redevelopment relates to policies of the Department of Housing and Urban Development (HUD). Mr. Kaiser noted that the properties being developed are not strictly urban. Mr. Kaiser added HUD generally has provided approximately $4.6 billion per year for community development block grants, and works with 20 different federal agencies in distributing these funds. EPA is one of these agencies, although most of the other agencies have as their mission economic development.

Dr. Bockstael asked if cities are becoming hollowed out because of poor infrastructure decisions. She used the example of a 14-lane highway in mid-town Atlanta, which has the effect of creating great noise and air pollution, and driving away residents. Moreover, these hollowing-out effects, because of the permanent nature of the infrastructure, seem irreversible. Mr. Torma responded that much of the 140-acre site is insulated from noise pollution. He also noted that noise is one of the factors people consider when trading off the convenience of living in the city with such disamenities. Mr. Torma added that in some cities, sufficient political will has been generated to remove roads for various reasons, including the disamenities produced by roads. Mr. Kaiser responded by citing the example of Milwaukee Mayor Richard Norquist, who spoke of the "Berlin Walls" of our cities, in which partitions are cutting people off from each other. Milwaukee has thus dug up some of the roads that run through the downtown area.

Dr. Bockstael asked the panelists if local governments ever welcome EPA's presence because it provides them with a way to say "no" to developers. Mr. Torma replied that EPA is not trying to slow growth, but rather provide tools to better manage growth, believing that these tools will lead to better decisions and to better environmental quality, the only reason that EPA is involved in this area. Mr. Kaiser agreed that for EPA to talk about slow growth is politically dangerous, so that it is better for EPA to speak in terms of growth choices. Even using the term "sustainability" is dangerous. EPA has thus been careful not to say they are slowing growth, but are talking about re-using properties (in the brownfields case), re-directing growth, and about creating jobs. Mr. Kaiser also recognized that EPA had not dealt extensively with rural areas. Mr. Kaiser's office also works with National Association of Development Organizations to look at rural development projects. A study on rural brownfields development is forthcoming.

Sid Wolf, Environmental Management Support, commented that EPA's brownfields policy is moving towards giving local communities more say about what is going on. However, it may be important for EPA to assume more of a role in planning, especially since EPA is designing the cleanup remedy, and undertaking other measures. Mr. Torma emphasized again that it is important to avoid the appearance that EPA is interested in assuming a larger role by perhaps changing local zoning regulations. Mr. Kaiser added that some people have thought the brownfields program to be the federal effort to inject itself into the land use planning process, but Mr. Kaiser assured that rather, the brownfields effort is to redress the land use planning to re-use property. Shi-Ling Hsu, Environmental Law Institute, pointed out that EPA may need to assert itself in the planning process because there is a national interest in even local land use planning decisions. Without representation from a federal agency, local land use agencies will ideally arrive at a set of land use planning decisions that may be optimal from a local perspective, but sub-optimal from a national perspective. There may be, in a sense, a "race to the bottom" in

terms of local land use decisions. Mr. Torma responded by emphasizing that a number of local elections have revealed that local land use has become an important political issue, but EPA still cannot enter the process and operate from a top-down regulatory role. Mr. Kaiser noted that air quality and water quality standards do, in effect present a floor, or "bottom," and that the threat of punishing local communities that violate these standards is something that must be balanced against the efficacy of EPA's role in local decisions.

Dr. Kerry Smith asked if an alternative to many of the proactive brownfields incentives is simply to change the liability scheme. It has been clear that the joint and several liability provisions of the Superfund law has caused the price to redevelop browfields to be too high. Mr. Kaiser replied that EPA has long advocated the removal of the innocent purchaser liability provisions, yet has been unsuccessful because the large companies that are actually responsible for the original pollution have fought reform. Dr. Smith also asked if the money being spent on brownfields program was effective enough, and provided enough incentives for people to move back into these areas, or was ineffective, and was tantamount to "shoveling sand against the sea." Mr. Kaiser replied that there are many cities and many projects all over the country that are successfully redeveloping brownfields sites, and disagreed that the brownfields program was futile.

Ken Acks, Environmental Damage Valuation and Cost Benefit News, pointed out that the liability issue is also a state issue, in that states have worked out their own brownfields laws, and have worked with EPA in redevelopment efforts. Mr. Kaiser agreed, adding that several states, including New Jersey and Pennsylvania, have reconciled environmental and economic issues in moving properties through their brownfields programs. In those states that have not resolved this issue, large sums of money have been set aside, but are not being used by cities because the entry barriers posed by the legal issues are still too great.