

# Introduction

Rapid suburbanization after World War II in America has created many of the challenges we face today. Roads intended to relieve congestion have become congested. Cookie-cutter subdivisions have replaced scenic landscapes. Once-vital downtown stores have been abandoned as shoppers transferred their allegiance to convenient suburban malls. The spread of low-density residential development made public transit impractical, making the automobile virtually the only choice for transportation. Automobile dependence has degraded the air in some places to alarming levels. Once-tranquil communities with their own unique character have been overwhelmed by more people, automobiles, and shopping centers. The problem is not growth per se but how to manage growth in ways that minimize costs and maximize benefits to both individuals and the public at large. Urban containment is one approach that is gaining popularity in the United States.

Urban containment as practiced in the United States comes in many types. Chapter 1 explores the underlying economic characteristics of the urban land market affecting most American metropolitan areas, showing that the combination of subsidies and externalities results in much more land being used for urban development than an efficient market would likely consume. To some extent, urban containment is an effort to offset the inefficiencies created by subsidies and the externalities between conflicting land uses that exist along the urban fringe. This chapter includes various but unstructured ways in which to characterize urban containment, setting the stage for more formal typological treatment in the second chapter. Chapter 2 attempts to make formal sense of the different kinds of containment that are found across the nation. Overall, we deduce that there are four major types of containment. There are those that contain development through spatial growth limits combined with aggressive open space preservation while also meeting projected growth needs to accommodate development pressures – this is called *strong containment with growth accommodation*. There are also those with strong containment but do not place a high priority on meeting regional development needs – this is called *strong containment with restrictive accommodation of growth* or also a form of growth controls as opposed to growth management (see Nelson and Duncan 1995). Others employ weak urban containment measures, principally through lax management of rural development within the county or region but nonetheless attempt to accommodate development pressures – these are called *weak containment with growth accommodation*. The fourth group is composed of those with *weak containment with restrictive accommodation of growth*. All containment schemes have one thing in common: A line drawn on a map clearly separating urban from rural land uses through urban growth boundaries, urban service limits, greenbelts, or other means. We call these lines collectively

“urban containment boundaries” or UCBs. Chapter 3 offers examples of each type of urban containment in practice.

In Chapter 4 these four containment types are combined into categories of strong (composed of both “strong” containment types) and weak (composed of both “weak” types) containment. This allows for analysis of the extent to which urban containment limits exurban development – the clearest example of inefficient land use patterns in metropolitan areas. It also includes a category for “natural” containment which occurs when metropolitan areas are contained by large water bodies, mountains, arid landscapes, and vast public ownerships of land. Among the 50 most populous metropolitan areas analyzed, about half have some form of containment limiting the outward expansion of growth around them. Statistical analysis shows no significant association between population growth and policy-driven urban containment. This implies that containment per se does not impair growth at least with respect to non-containment. Statistical analysis shows, however, that naturally contained metropolitan areas grew faster than non-contained metropolitan ones. Along with natural containment, strong containment appears to result in higher urbanized land densities over time relative to non-contained metropolitan areas or those subject to weak containment. On the other hand, the rate of change of exurbanized land was faster in naturally contained metropolitan areas than uncontained ones. In contrast, strong containment is shown to slow the growth of exurbanized land relative to non-containment. This chapter indicates that urban containment policies that are rigorous in managing development outside development boundaries are most effective in restraining exurban sprawl.

Literature implies that by limiting the outward expansion of urban development, urban containment may accelerate the process of gentrification in older urban areas and especially those dominated by low-income and minority households. In Chapter 5, this effect of urban containment is tested in Portland, Oregon, which is a large city (more than 500,000 residents in 2000) in the middle of one of the nation’s best known urban containment efforts. The Portland metropolitan area has had a regional urban containment boundary in place since the late 1970s. It is of the strong-containment-with-growth-accommodation type which means that in addition to strong policies that prevent large-scale development of land outside the UCB it expands the development capacity of land inside to meet market needs. One view of containment per se is that by redirecting development to areas inside UCBs it may accelerate the pace of gentrification and in this way arguably impact adversely on households in lower-income neighborhoods. We do not find this to be the case in Portland at least into the early 2000s. Gentrification may be an important concern but at least in one metropolitan area with strong containment combined with a pro-active effort to meet housing needs inside UCBs urban containment may not exacerbate the situation.

During the 1990s America’s metropolitan areas reduced their concentration of African-American households overall. In Chapter 6 we evaluate the extent to which urban containment may have facilitated this trend. Conceptually, we argue that because containment slows the pace of outward urban expansion new development shifts to closer-in locations and will accelerate the pace of desegregation. The analysis is complicated by the fact that metropolitan areas with growth-accommodation as an element of urban containment are largely also in states mandating enforceable

housing elements that include addressing housing needs for all income groups and, by implication, racial and ethnic groups. This is not so much the case with urban containment having restrictive characteristics. Our analysis indicates that in combination with enforceable mandatory housing elements the pace of desegregation in metropolitan areas with accommodating containment was faster than that for metropolitan areas with restrictive containment, which was faster than for uncontained metropolitan areas.

There is considerable evidence that zoning restrictions, growth controls, exclusionary zoning and the like raise housing prices and reduce the supply of housing that may be affordable to broad ranges of households. That literature does not distinguish urban containment outcomes from those of capacity-reducing schemes such as exclusionary zoning and growth controls. Chapter 7 helps to close this gap in literature. We find that urban containment of all forms is associated with higher housing prices but also with higher supplies of affordable rental housing. If supply of affordable rental housing is not affected and indeed increases we surmise that urban containment on the whole may increase urban amenities (such as better quality of services for the same or lower public cost because of efficiencies associated with density) and increase productivity (by improving economies of agglomeration) thereby making them more attractive than metropolitan areas without containment. An alternative reason is simply that benefits of containment are internalized in the price of housing. (There is a separate literature however that we review showing that metropolitan Portland's housing prices are not influenced by urban containment. So while we find a central tendency for containment to raise housing prices there are exceptions.) We also surmise that for the most part policy-makers understand the potential affordable housing supply-restricting effect of urban containment and thus engage in proactive efforts to offset those impacts. That affordable rental housing supply increases is testament to the effectiveness of those efforts.

Chapter 8 looks at the relationship between urban containment and regional economic development in terms of new construction based on a unique data set made available to us. On the whole, we find that per new resident, new construction in metropolitan areas with urban containment averaged about 30 percent more than in uncontained ones. The entire difference appears to be attributable to rehabilitation investments. Our interpretation of the descriptive analysis is that urban containment appears to generate more total construction activity per new resident than non-containment albeit not any more *new* construction per new resident.

Chapter 9 continues the analysis of economic development outcomes of urban containment by focusing on central city revitalization. Using the same unique data set used for the analysis in Chapter 8 plus more recent data and in both instances applying it to evaluate central city construction, we find central cities located in metropolitan regions with containment programs attracted more development per capita than central cities in regions without containment programs. Notably, this effect occurred even to a modest degree for single-family residential development and industrial development, forms of development that were among the first to decentralize to the suburbs and that central cities have had difficulty attracting. Moreover, the share of metropolitan-wide residential construction occurring in central cities was higher in those metropolitan areas with containment than those without.

The public health implications of urban containment are noted in Chapter 10. This is one of two chapters addressing quality of life directly. The public health effects of different spatial patterns of development is emerging yet already extensive, usually showing that lower-density development is associated on the whole with lower public health quality than higher-density development. This chapter reviews the major public health concerns as they relate to urban form and where possible discusses relationships with urban containment. Less analysis is provided in this chapter on the association between urban containment and public health than in other chapters because this is a new area of research but preliminary analysis shows that containment on the whole leads to better public health outcomes than non-containment.

Whether urban containment improves neighborhood quality is addressed in Chapter 11. There are two schools of thought. The first is that by shifting regional development pressure urban containment can become a threat to the stability of neighborhoods, thereby undermining the quality of life sense of residents. The other school is that because development pressures are redirected neighborhoods become more stable and attractive over time, thereby increasing the quality of life sense among residents. In this chapter we test directly for whether urban containment improves neighborhood quality as its proponents allege, or compromise their quality as detractors suggest. We find that on the whole neighborhood quality of life appears to improve over time with respect to the number of years urban containment is in effect. This is not unreasonable because it takes many years for the effects of urban containment to be measured.

Urban containment in the United States comes in many forms and evaluating their outcomes is useful to refine containment policy. This book is an attempt to begin that process.