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## **Constraints on Development Are Limiting Housing Production *May Cause More Sprawl – Not Less***

COLLEGE PARK, MD. (Nov. 4, 2003) – Constraints on development appear to be limiting the production of new housing in Maryland, adversely affecting affordability in the Baltimore and Washington suburbs, and deflecting growth to outlying counties, according to a new study by the University of Maryland.

“The result,” concludes the report by the National Center for Smart Growth Research and Education, “could be more, not less, urban sprawl.”

“It is possible that factors other than land use policies have contributed to these trends; but because the state’s Smart Growth program discourages development outside PFAs [Priority Funding Areas] and most local governments limit development inside PFAs, there is good reason to suspect these are contributing factors,” the new National Center for Smart Growth report states. Priority Funding Areas are municipalities and other geographic areas designated for growth under the state’s Smart Growth initiative.

Complicating the problem, researchers concluded, is a lack of detailed information about development trends and future development capacity. The National Center for Smart Growth’s researchers found that most local governments in Maryland currently do not monitor residential development capacity “and are therefore ill-equipped to assure that future capacity is sufficient to meet the housing needs of the state’s citizens.”

“Information about development capacity is disparate, imprecise, incomplete, and in many jurisdictions unnecessarily inaccessible. This is not because the information is difficult to maintain or costly to produce. Its timely provision, however, will require vigilance, accountability, and a balanced approach to protecting natural resources and accommodating needs for housing. But these are not requirements of Maryland’s approach to Smart Growth,” said the report, “Smart Growth, Housing Markets, and Development Trends in the Baltimore-Washington Corridor,” researched and written by Dr. Gerrit J. Knaap, Executive Director of the National Center for Smart Growth, and Research Associate Jungyul Sohn.

Professor Knaap noted, however, that just last month, Governor Robert L. Ehrlich Jr. issued an Executive Order that, among other actions, establishes a Development Capacity Task Force that is to do a pilot study of future development capacity in five Maryland counties by July 1, 2004.

“This is a step in the right direction, but more work needs to be done at the local level throughout the state,” Professor Knaap said. “You can’t have good planning or good development without good information.”

The study, conducted on behalf of the Maryland National Capital Building Industry Association and the Home Builders Association of Maryland, found that despite a sluggish economy, housing demand in Maryland, like that in the nation, is relatively strong as reflected by rising prices and homeownership rates as well as by falling vacancy rates and housing-to-jobs ratios. In general, the study concluded, Maryland’s housing market is similar to that in

comparable jurisdictions, such as Virginia, which unlike Maryland, does not have a statewide Smart Growth program.

Despite these general similarities, the report notes that “housing production differed dramatically between Maryland and Virginia.”

“Although inflation-adjusted housing prices rose approximately 54 percent in Maryland and 58 percent in Virginia from 1991 to 2002, housing starts varied between 25,000 and 30,000 units per year in Maryland but nearly doubled from approximately 33,000 to 60,000 units per year in Virginia,” the study reported. That is, while the increase in housing price increases was similar in the two states, the pace of new housing starts was much faster in Virginia.

The report notes that the performance of regional housing markets within Maryland varies distinctly. “Rising prices in the Baltimore suburbs, Washington suburbs, and the outlying counties suggest there is growth in demand in all three regions. In the outlying areas, steady or rising housing starts suggest that supply is responding to demand in these areas. Flat or falling starts in the Baltimore and Washington suburbs, however, suggest that supply is not responding to the growth in demand. Thus, based on trends in housing prices, starts, vacancy rates, and housing-to-jobs ratios, there is evidence of significant supply constraints in the Baltimore and Washington suburbs,” the report states.

Identifying the precise nature of those constraints, the researchers said, “is beyond the scope of this study, but since raw land in suburban counties is not in short supply, zoning, sewer capacity, and adequate public facility ordinances are likely candidates.”

Despite these trends in the housing markets in Maryland, the study notes that it does not necessarily follow that local government should expand Priority Funding Areas to accommodate anticipated growth.

“Growth can be accommodated by increasing development capacities within existing urban areas,” the study states. “Increasing capacity for high density and mixed use development holds the most promise for both increasing the supply of affordable housing and protecting natural resources. The potential of this strategy diminishes every day, however, as capacity in Priority Funding Areas is absorbed by low density development and growth is deflected into rural areas.”

The study noted that Maryland’s nationally acclaimed Smart Growth effort is “still young and relatively immature” and that “now is a good time to strengthen the housing elements of Maryland’s program and to take advantage of newly evolving planning technologies.” Toward that end, the study recommends that:

- Local governments should be required to include a housing element in their comprehensive plans, which, in turn, should include estimates of future development capacity.
- Local governments that adopt urban growth boundaries should be required to demonstrate capacity to accommodate their share of projected growth within those UGBs.
- The Maryland Department of Planning should establish standards for presenting comprehensive plans in Geographic Information System (GIS) formats and then require counties and municipalities to report on development capacity and related issues in accordance with these standards.
- GIS data developed by local governments should be made readily available to the public using web technology.
- The Maryland Department of Planning should provide technical assistance to counties and municipalities to help them follow the recommendations above.

The National Center for Smart Growth Research and Education is a non-partisan center for academic research and leadership training on smart growth and related land use issues. It is a

cooperative venture of four schools at the University of Maryland: Architecture, Planning and Preservation; Public Affairs; Agriculture and Natural Resources; and Engineering.

Dr. Knaap is Executive Director of the National Center for Smart Growth Research and Education, a professor of Urban Studies and Planning, and coauthor, editor, or co-editor of three books: *Land Market Monitoring for Smart Urban Growth*, *Environmental Program Evaluation*, and *The Regulated Landscape: Lessons on State Land Use Planning from Oregon*.

A copy of the full report can be found on the National Center for Smart Growth Research and Education web page, [www.smartgrowth.umd.edu](http://www.smartgrowth.umd.edu).

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