

## Observations

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44 percent increase. Twenty years earlier, by contrast, all men working full-time received less than a 20 percent increase in wages, on average, by going from a high-school degree to a college diploma. Though returns to education rose for women too, black women also saw the payoff to an additional degree rise more slowly over the past two decades than it did for their non-black counterparts.

What causes these differences is not clear. Some of the disparity may be due to discrimination. But it could also be the result of other factors, such as differences in the quality of education that blacks typically receive relative to other workers. Though education remains the best ticket to higher wages, “the incentives created by these differential growth paths and differential current payoffs augment the disadvantages that blacks have long faced in the U.S. labor market,” notes Bradbury.

—Miriam Wasserman

### ► FROM READERS

## Another prescription?

Carrie Conaway’s article, “Diagnosis: Shortage” (Q4 2001), was excellent, except it left out one important reason for the shortage of registered nurses.

Foreign countries, particularly the Philippines, train nurses (in English) specifically to enable them to work abroad. From 1952 to 1995, the United States brought in more than 100,000 of these nurses to work in hospitals on temporary visas. Due to union pressure, the temporary visa program was eliminated in 1995. Restoration would help to relieve pressure on overworked nurses and increase the nurse-to-patient ratio at beleaguered U.S. hospitals.

The solutions that Ms. Conaway mentioned in her article will take time and money. Restoration of the temporary visa program for RNs would take effect immediately, and at no cost to the taxpayers.

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# perspective

## A NEW ENGLAND APPROACH TO PRESERVING OPEN SPACE

by Richard W. England § During the past decade, land-use issues have received considerable attention throughout the United States. Phrases such as “smart growth,” “compact development,” and “sprawl” have begun to enter our political lexicon. These concerns rose to the forefront in 1999 when the National Governors’ Association called for preservation of open space and encouragement of growth in existing communities across the nation.

In New England, these issues have particular resonance. The region’s identity is rooted in its distinctive landscape—the spectacular beauty of its mountains, seashore, forests, and farmland. But New England is also known for the unique character of its many cities and towns, and the tradition of local autonomy and strong municipal government is an important aspect of the region’s charm. Some have argued that preserving our natural landscape will entail sacrificing some local authority, particularly over land use and zoning. Perhaps we can try to preserve both the region’s civic and physical terrains by taking a distinctly New England approach.

### THE NATURAL LANDSCAPE

New England faces its own distinctive land-use issues. On the one hand, a rate of population growth far lower than the national average means that the region has confronted less intense pressure to develop its rural landscape. Even New Hampshire’s population, by far the fastest-growing in New England during the 1990s, grew more slowly than the U.S. population as a whole.

But by other measures, New England may face more serious land-development issues than most other regions. Connecticut, Massachusetts, and Rhode Island have already developed more than 30 percent of their land areas; New Hampshire has built up 10 percent. By contrast, only 6 percent of the nation’s acreage has been converted. This means that the social benefits of preserving open space are especially high in the region’s densely populated southern states.

Also worrisome is New England’s rapidly declining population density in its developed areas. Between 1982 and 1997, the average number of

**The region’s challenge: to preserve**







**both the landscape and the distinctive character of its cities and towns**



## Perspective

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residents per developed acre, one indicator of sprawl, fell by 13.6 percent nationwide. During the same period, density fell by 19.2 percent in Maine and New Hampshire and by 26 percent in Massachusetts. Concretely, this means that urban neighborhoods in Bridgeport, Springfield, and Bangor have been partially replaced by subdivisions built along I-91, I-95, and other regional highways.

The region's governors and legislatures have begun to take action to discourage metropolitan sprawl and to preserve open space. Since 1998, for example, the Connecticut Open Space Program has distributed matching grants to municipalities and nonprofit groups to help finance the purchase and preservation of 14,000 acres of undeveloped land. In 2000, Massachusetts enacted the Community Preservation Act, which allows cities and towns to impose a property tax surcharge of up to 3 percent and requires that at least 10 percent of the money raised be spent on land for open space. The other New England states have also adopted policies aimed at preserving open space.

### CITY AND TOWN CHARACTER

But achieving ambitious land preservation goals in New England may also require adopting creative policies rooted in the region's distinct political character and governance structure. The first of these is its reliance on property taxation: Every New England state relies more heavily on real estate (property) taxes to raise state and local tax revenue than does the average U.S. state. This puts special pressure on the region's municipal governments when they are confronted with calls to manage growth, because it is new development that generates the funds they need to provide services. It also makes it especially important to have policies in place that take into account the benefits of open space as well as additional tax revenue.

Another distinctive feature is the scope and power of local government. New England cities and towns raise and spend more revenue than most municipal governments in other regions (which rely more heavily on county government or school districts). We also have a long tradition of direct citizen participation in local government. In 1996,

87 percent of the region's towns still employed the open town meeting to make public decisions. In many places, a town meeting is the singular ingredient of the civic landscape, the place to mingle with neighbors, to voice one's opinions, and to influence the course of local events.

Preserving city and town authority (particularly the power to regulate land use) while simultaneously preserving open space is a challenge. All too often, towns on the metropolitan fringe restrict building heights and require multi-acre residential lot sizes, implicitly fostering low-density development. While greater reliance on regional planning might help overcome local zoning rules that encourage low-density development, assigning more powers to regional authorities would conflict with New England's tradition of local autonomy. Thus, it is worth considering policies that bridge this gap.

### SOME POLICY OPTIONS

New England states might first consider revising the practice of current-use assessment of farm and forest properties. At present,



**A system of intergovernmental grants might**

## CASE STUDY: LIVE FREE OR DIE

New Hampshire is the fastest-growing state in New England—indeed in the entire Northeast—and this is rapidly transforming its traditional landscape of forests, farms, and villages. Between 1982 and 1997, the state's developed area increased by 210,000 acres, a 55 percent increase at a time when population increased about 26 percent. During 1998-1999 alone, landowners removed nearly 33,000 acres from the current-use assessment program, presumably because of plans for development. While federal ownership of 13 percent of the state's land area helps to preserve open space, rapid population growth in the counties nearest to Boston and low-density zoning rules threaten the remaining open space in the southeastern third of the state.

To date, policymakers have paid insufficient attention to the impact of high property taxes on these trends. In 1998-1999, nearly 65 percent of state and local tax revenues in New Hampshire came from real estate taxation. Depressed cities like Berlin and Franklin are candidates for experimentation with two-rate property taxation, which taxes site values at a higher rate than capital improvements on real properties. In addition, the state currently reimburses school districts for 70 percent of pupil transportation costs, which rewards localities for school siting decisions that contribute to sprawl.

owners of farms and forest lands can lower their property tax bills substantially by applying for use-value instead of market-value assessments. This allows a farm, for example, to be taxed on its value in its current use rather than at its market value if it is used in some other way. Once a property falls within the path of metropolitan development, however, its owner is free to remove that parcel from current-use classification and sell to a developer. The only impediment is a penal-

ly help to revive New England's cities and to discourage sprawl is "two-rate property taxation," in which cities are permitted by enabling statutes to tax buildings and other capital improvements at a lower rate than lot values. The rationale is that a lower tax rate can act as an investment incentive, spurring renovations and new construction in already-developed areas. Pennsylvania has had such a law since 1913. In 1979-1980, after the steel industry downsized, Pittsburgh restructured its property-tax system by raising the tax rate on land to more than five times

the rate on structures. University of Maryland economists Wallace Oates and Robert Schwab studied this move and found that Pittsburgh experienced a downtown revival and an increase in building construction greater than that seen in similar cities in the subsequent decade. They believe that one reason was two-rate property taxation: It may have allowed the city to avoid rate increases in other taxes that could have impeded development. If similar legislation were enacted in New England, cities like Hartford, Lawrence, and Waterville would have another local policy tool with which to encourage economic development.

In addition, we might devise a system of intergovernmental grants to foster denser

### DECREASING DENSITY

*New Hampshire's developed areas now have about two people per acre.*

	1982	1987	1992	1997
Population (estimated)	948,000	1,054,000	1,118,000	1,189,000
Developed area (acres)	379,000	468,900	526,000	588,600
Avg. density of developed areas	2.50	2.25	2.13	2.02

SOURCE: U.S. Census Bureau and U.S. Natural Resources Service

patterns of land development and the maintenance of open space. State aid formulas to schools and municipalities could be scrutinized for ways they may inadvertently encourage sprawl. For example, current formulas allocating aid to local school districts often reimburse municipalities for a large portion of the cost of transporting students; as a result, they don't encourage school districts to site schools in ways that encourage compact development. State grants for construction of water and sewage treatment plants and for new water and sewer lines could favor adoption of smaller minimum lot sizes at the town level. Grants to purchase firefighting equipment could encourage high-rise commercial zoning. In 1999, the Environmental Protection Agency launched a number of initiatives, including support for Maine and Vermont in their efforts to use sewer funds to encourage compact development and \$2.3 million for individual grants, several of which have gone for planning and implementation of programs at the city and town level.

These proposals are far from exhaustive, and they may not guarantee success. For example, we don't know whether a system of intergovernmental grants would have a large impact, or whether cities and towns would make use of them. But they do point us in the direction of a more comprehensive strategy for preserving New England's cherished countryside along with the character of its cities and towns. \*

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## foster denser development and save open space

ty imposed by the state. Several dozen U.S. states collect all or a portion of past property tax savings plus interest. Maine charges a penalty on developing farmland equal to tax savings plus interest for the five years prior to development. In New Hampshire, however, the penalty is 10 percent of market value, a rate far too low to deter land conversion in communities with rapidly escalating land prices. Rhode Island has no penalty at all after 15 years of current-use enrollment. Stiffer penalties could help to defer development of some parcels without infringing on the power of cities and towns. They would also generate revenue that states could use to buy development rights on other rural properties.

Another policy that might simultaneous-