

Buffalo's Sprawl: Fiscal, Environmental, and Social Costs

Sprawl Without Growth

Rolf Pendall has aptly summarized Buffalo's development pattern as "sprawl without growth." Between 1950 and 2000, the region gained only 80,881 people, but the urbanized area nearly tripled, going from 123 square miles to 367 square miles. The city of Buffalo's population declined from 580,132 to 292,648 (a loss of 287,484), while the rest of Erie County grew from 319,106 to 657,617 (a gain of 338,511).¹ From 2000 to 2010, the trend continued, with the city's population falling to 261,310 and the non-city portion growing slightly to 657,730.

Similarly, the city of Niagara Falls fell from 102,394 people in 1960 to 55,593 in 2000, a 45.7% reduction, and continues to lose population today, with a 2008 population estimated at 51,345. Meanwhile, Niagara County's population peaked in 1960 at 242,269 before falling (mostly in the 1960s and 1970s) to its current level of 214,557.²

Even as the region's population started to fall, the rapid sprawl continued. From 1980 until 2006, when the region's population was declining by 5.8%, the urbanized area grew 38%.³ In the 1990s, housing construction in the metro region exceeded household growth by nearly four to one.⁴ From 1990 to 2000, the housing stock of suburban/rural Erie County expanded by 20,134 units.⁵ Buffalo lost over

1,000 city businesses between 1994 and 1999, while the number of non-city businesses rose substantially.⁶

Population Changes

	Buffalo	Erie County without Buffalo	Erie County
1950	580,132	319,106	899,238
1960	532,759	531,929	1,064,688
1970	462,768	650,723	1,113,491
1980	357,870	657,602	1,015,472
1990	328,123	640,409	968,532
2000	292,648	657,617	950,265
2010	261,310	657,730	919,040

Losing Farms

The number of farms in the region dropped by over 20% from 1987 to 1997, and 42,069 acres of farmland were converted to other uses.⁷ Loss of local farmland is of concern for many reasons, including fiscal ones. Agricultural land generates a dollar of public revenue for every 17 to 74 cents of costs in public infrastructure and services, in addition to its environmental, social, and cultural benefits.⁸

Abandoning Buildings, Neighborhoods, and Existing Infrastructure

What makes Buffalo's sprawl different from sprawl in most metropolitan areas is that our region is losing population, not gaining it. This means – roughly speaking – that for every new building we create we are abandoning and demolishing one older building, typically located in the most poverty-stricken parts of the city, the parts that most need new investment.

The percentage of vacant housing units measured by the Census has exploded, giving Buffalo one of the highest rates in the nation.

Vacancy Rate in the City of Buffalo

1970	4.4%
1980	9.9%
1990	10.2%
2000	15.7%
2006	22.8%

In an even more accurate measure of abandonment, the number of undeliverable addresses measured by the Post Office rose from 15,651 in the fourth quarter of 2005 to 20,692 in the third quarter of 2010. In April 2010, the City listed 15,897 vacant lots in its data base.

The social and governmental costs of this abandonment and blight are enormous. Demolitions cost the City an average of about \$14,000 per home.⁹ In 2006, 250 of 399 arsons took place in vacant buildings.¹⁰ Abandoned buildings drive down property values and hence property tax receipts, and they fuel broader neighborhood disinvestment by property owners and businesses, who lose the incentive to improve buildings that are losing value.

Segregated by Race and Income

The regional development pattern is also heavily segregated by race and income. Buffalo's metro ranks in the top ten for increases in income segregation over the last decade. While the 2009 poverty rate in the metropolitan area (14%) is below that of the state (14.2%) and the nation (14.3%), the poverty rate in the City of Buffalo is 28.8%, one of the nation's highest. Currently, of the 123,150 people living in poverty in Erie County, 75,229 live in the City of Buffalo.¹¹

Racially, Buffalo is the eighth most segregated metro area in the nation.¹² Eighty-six percent of the region's African-Americans are concentrated in the cities of Buffalo and Niagara Falls.¹³ In 2005, the poverty rate in the metro area for white people was 8.7%; for African-Americans it was 32.3% and for Hispanics it was 29.8%.¹⁴ While only 1.2% of the metro area's white residents live in very high poverty neighborhoods, 25.9% of Hispanic residents and 21.1% of African-American residents live in very high poverty neighborhoods. For whites, this level of poverty concentration is the 23rd worst in the nation; for African Americans, it is the 7th worst; and for Hispanics, it is the 4th worst.¹⁵

Driving More

One key result of our development pattern is much more driving. As of 2000, 41% of the households in the metro area were living at least 10 miles from the central business district.¹⁶ Between 1984 and 1999, the average number of miles driven each day increased by 50%, from 10 to 15 miles.¹⁷ School travel expenses in Erie and Niagara Counties increased 60%, while the number of students increased less than 7%.¹⁸

Between 1970 and 2000, even as the population

was falling, the total miles of roads in Erie and Niagara counties rose 5,410 miles. All those road miles are expensive. To give a few figures, it costs roughly \$4 million per mile to build a single lane roadway, and \$4,800 per mile a year to maintain a highway.¹⁹ A single local project, the widening of Wehrle Road near Transit will cost roughly \$13 million.²⁰ Erie County estimated the cost of its highway and bridge projects for 2006-2010 at \$685 million.²¹

As the Regional Framework explains, vehicular travel hurts the environment in myriad ways: “Pollution from motor vehicles contributes to declines in air quality, paved surfaces increase urban runoff and threaten water quality, and transportation infrastructure can fragment agricultural and forested lands and wildlife habitat.”²² Of course, driving is also dangerous: over 41,000 Americans die in car crashes each year.²³ And as oil prices continue to rise, driving will only get more expensive.

Global warming has rendered these costs particularly unsustainable. Transportation accounts for 33% of carbon emissions in the U.S., up from 31% in 1990.²⁴ The U.S. Department of Energy predicts that driving will increase 59% between 2005 and 2030, despite a population increase of only 23%. Even with their predicted fuel efficiency improvements of 12% over that period, then, carbon emissions will increase by 41%.²⁵

In other words, more efficient cars cannot save us if we keep driving more and more. We need more people driving hybrids, but we also need more people living in cities. Suburban households drive 31% more miles per year than households with the same size and income who live in cities.²⁶ In general, with more compact development, people drive 20 to 40% less.²⁷

For example, while Atlanta averages 34 vehicle miles per person each day, Portland averages only 24 miles.²⁸ Smart growth could reduce transportation emissions by 7% to 10% by 2050.²⁹

Fiscal, Social, Environmental Costs

Of course, sprawl imposes many other costs as well: for example, extending water and sewer lines out into the countryside. Erie County’s annual sewer budget for its roughly 800 miles of line is approximately \$37.5 million, or \$46,250 per mile or \$8.76 per foot. Amherst estimates that extending sewer lines costs between \$40 and \$90 per foot.³⁰

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The Regional Framework estimates that development at densities of one household per acre or less costs the public \$18,000 per household, while development at 6 households per acre and higher costs only \$6,000 per household. Thus according to the Framework, if smart growth principles are followed from the present to 2025, the public will save \$800 million³¹ This is consistent with national studies showing that reducing sprawl can cut infrastructure costs by nearly half.³²

Sprawl encourages a variety of wasteful practices: larger lots, larger homes, large impervious surfaces at parking lots and malls. It encourages national chain stores, fast food franchises, and big box retailers that drain money out of the local economy instead of recirculating it as local owners do. Wal-Mart, for

example, is planning to add eight more stores to the area in coming years, in addition to the nine already here.³³ Wal-Marts do not add to a local economy; rather they replace older, existing stores and buildings, located more compactly, with sprawling big boxes and acres of asphalt. According to a University of Pennsylvania study, counties with Wal-Marts have grown poorer than counties without them, and the more Wal-Marts they have, the faster they have grown poorer.³⁴

A new Wal-Mart eliminates 1.5 jobs for every job it creates.

Most importantly, perhaps, sprawl damages the community by encouraging the abandonment and demolition of our urban core, with all the terrible environmental and social consequences that entails. Furthermore, while suburban living may be popular now, it may become less so as gas prices rise and demographics change. In coming years, households without children will account for almost 90% of new housing demand, with single people accounting for almost one third. By 2025, the demand for attached and small-lot housing will exceed the 2003 supply by 35 million units (71%), while the demand for large-lot housing will be less than the 2003 supply.³⁵

Policies that Encourage Sprawl

Rolf Pendall lists six policy areas contributing to upstate sprawl:

- Fiscal disparities between cities and towns. In 1999 Upstate homeowners paid \$17.47 in taxes per \$1,000 in assessed value if they lived in towns, but \$22.15 if they lived in cities. In Ohio and Pennsylvania, municipalities are able to leaven this effect by using

income taxes and not just property taxes, but upstate cities lack this power. Tax rebate and incentive programs such as STAR are not geographically targeted.

- Fragmented local governance, with most residents living in towns. Upstate has under 2500 persons per local government unit, less than half the rate of Massachusetts, New Jersey, and Connecticut.³⁶ Erie County has three cities, 25 towns, and 16 villages. Other states such as Massachusetts, New Jersey, and Pennsylvania do more land use planning at the state level.³⁷
- Subsidization of suburban and rural infrastructure. For example, federal and state subsidies pay much of the cost of extending sewer lines and adding new sewage treatment plants.³⁸
- Disincentives against reinvesting in cities, including building codes that make renovation and reuse of existing structures overly expensive.
- Obstacles to annexation of surrounding areas by cities.
- Exclusionary zoning in towns, which causes developers to push farther out into rural areas.

Balkanized IDAs

The Buffalo region's economic development regime is particularly fragmented. Rather than having a single IDA that prioritizes development in the neediest areas, Erie County has six IDAs, one for Erie County and one each in Amherst, Clarence, Concord, Hamburg, and

Lancaster. The Good Jobs First study “Sprawling by the Lake,” found that Buffalo, with 30% of Erie County’s population, received only 17% of the IDA property tax exemptions. Buffalo had 113 IDA projects in 2005, while Amherst – no one’s idea of a blighted region – had 178.³⁹

Similarly, a review of the Niagara County IDA’s 2010 projects shows that of the 17 projects, only three were in the City of Niagara Falls, while the wealthy, growing town of Wheatfield captured six, including two doctor’s offices and one dentist. It is simply absurd for the poverty-stricken residents of the City of Niagara Falls to be financing tax exemptions for doctors and dentists in Wheatfield.

Many projects subsidized do not grow the economic pie; they merely re-slice it. Thus, of the 13 tax break deals that the Amherst IDA did in 2010, only two involved businesses that exported goods or services beyond the state. The other deals included two supermarkets, three doctor’s offices, and one luxury car dealership. Subsidizing these businesses does not create jobs; it simply moves jobs from unsubsidized businesses to subsidized businesses, at substantial cost to the taxpayers.

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The Niagara County and Erie County IDA assisted more businesses in manufacturing and other export-oriented work, but the Niagara County IDA gave exemptions for a dentistry in Wheatfield and medical offices in Wheatfield, Cambria, and Lockport; and the Erie County IDA assisted projects such as a Dollar General

store, the expansion of a restaurant (Chef’s), and an urgent care facility.

What makes the IDA system truly pernicious is the way that it severs the link between taxation and representation. A town can form its own IDA, appointed by and accountable only to that town board, with the power to give exemptions from taxes owed not only to that town, but also to the school district, county, and state.

The loss of tax revenue happens so quietly that citizens have no idea it is taking place. For example, the NFTA recently announced that it might need to increase its fares, due to increased costs and loss of revenue from several sources, including a decrease in the county money it receives from the Mortgage Recording Tax. Few if any citizens would know that one reason for inadequate revenue from the Mortgage Recording Tax is that the county’s six IDAs have granted so many exemptions from it.

It would be one thing for the Town of Clarence to subsidize a Dash’s supermarket with its own money; it is quite another thing for it to subsidize the market with money from the school district, county, and state. Similarly, residents of Buffalo cannot be too happy about footing the bill when Clarence subsidizes the “New Buffalo Shirt Factory,” formerly located in Buffalo, now located in Clarence. To add insult to injury, the Clarence IDA took out full page ads in the Buffalo News touting their success in subsidizing these two projects. Who paid for those ads? Ultimately, all the taxpayers of the county and state.

To prevent intra-state pirating, IDAs may not assist intra-state movement of industrial or manufacturing plants unless it is “reasonably

necessary” to keep the company from moving out of state or to preserve the competitive position of the company in its industry. But pirating remains common. A 2006 state comptroller audit of six IDAs found that of their 108 projects, 21 involved moves within the state. While all the companies claimed that the moves were “reasonably necessary” under state law, none of the IDAs had documented or verified the claims.⁴⁰

The Amherst IDA has aggressively subsidized “spec” office complexes that draw tenants from Buffalo and other suburbs. In one instance, a court found the Amherst IDA guilty of pirating office tenants from downtown Buffalo.⁴¹ But the practices continue. Several years ago, the Amherst IDA granted Uniland \$1.46 million in tax breaks to build an office building, even though Uniland had not disclosed any of its prospective tenants.⁴² This past year, the Amherst IDA gave exemptions for an office/retail complex on Main Street in Williamsville with no identified tenants.

Of course, all the nine local IDAs incur costs such as office rental, staffing, legal fees, etc. The 2010 expenditures for Erie County IDA were \$6.6 million, for Niagara County IDA \$1.2 million, and for Amherst IDA \$0.7 million.⁴³ The top salary at the Amherst IDA is \$169,000 – almost exactly the salary of the Governor of New York (by contrast, the Mayor of Buffalo makes about \$105,000 per year).⁴⁴

It is sometimes said that the IDAs are not funded with taxpayer dollars, but that is not really true. IDAs get their funding as a percentage cut of the deals they do with companies. In other words, part of the tax savings they give to companies is returned to them as a fee. But the tax savings given to

companies are not free to the area’s taxpayers. Although some IDA deals may truly grow the economic pie and hence generate more tax revenues in the end, many simply subsidize businesses for doing what they would do anyway, or subsidize one local business at the expense of others. Thus, in many cases, every dollar of incentive offered is a dollar lost to tax revenues, which must be made up for by all the other taxpayers in the area.

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Incentive Structure

The fact that IDAs get their revenues as a percent of the exemptions they grant creates a large conflict of interest. For IDAs, the natural incentive is to grant as many tax exemptions, and as large tax exemptions, as possible. This generates the fees that pay the IDAs’ salaries, rent, professional services, and marketing expenses. The more deals an IDA does, the more “successful” it is, and the more highly its staff can be compensated.

The interests of the IDA and the business seeking the tax break are nearly completely aligned; both of them want to do the deal and to have the deal be as large as possible. There is no one in the loop to guard the public’s interest in not wasting money.

Ideally, New York should have only one IDA for each economic region. Thus, Buffalo-Niagara, which shares a single economy, would share a single IDA, instead of nine. At a minimum, the State should forbid cities or towns to have their own IDAs when a county IDA is in existence.

Better Land Use Strategies

What are some of the land use strategies that can help protect the environment? The Urban Land Institute suggests the following keys to reducing emissions through smart growth:

- Mixed use development that keeps housing, work, school, shopping, and recreation closer together;
- Streets that interconnect, rather than ending in cul de sacs and funneling people into overused arterial roads;
- “Complete” streets with safe and convenient places to ride bikes, walk, and wait for the bus;
- Condominiums, townhouses, and smaller lots;
- Building offices, stores, etc. “up” rather than “out.”⁴⁵

Buffalo is one of the few metro areas in the nation without an active regional planning organization to implement strategies such as these.⁴⁶ Recently, however, Erie and Niagara Counties adopted a Regional Framework with many important measures to promote more compact development. In the Framework, the counties “support public investment to maximize the use of existing infrastructure and facilities, improve the competitive position of underutilized lands and buildings, promote the reuse of brownfield and grayfield sites, and encourage the preservation and adaptive reuse of historic sites and buildings.”⁴⁷

Regional Framework Proposals

The Framework includes a number of proposals to strengthen regionalism and combat sprawl,

including plans to:

- Create a regional planning entity.
- Create an Erie County Planning Board (Chris Collins vetoed legislation to accomplish this during his tenure as County Executive).
- Set regional priorities for state and federal funding and advocate for them as a region, rather than competing with one another. Create a grants rating system favoring projects consistent with the Framework.
- Use the new Planning Board to align the county’s capital budgeting with the Framework and use carrots and sticks and participation to influence the capital budgeting of towns, authorities, and districts.
- Develop a local list of Type 1 Actions that trigger full SEQR compliance, including projects in significant environmental areas, major subdivisions in rural areas, etc.
- Change the counties’ definition of “subdivision” to include 3 to 5 or more lots of any size in an un-sewered area, through amendments to the Type 1 Action List. Through these reviews, the County Health Department would comment on septic-related issues and limit building on prime agricultural land and unsuitable soil.
- Improve Section 239-l, -m, and -n review, which requires certain projects and actions to be referred to the county

or regional planning agency for review. These should be reviewed for consistency with the Framework.

- Dedicate some of the region's transportation assistance dollars to a new grant program to help localities attract reinvestment and encourage more compact, walkable, and transit-oriented development, modeled after the Livable Communities initiative in Atlanta.
- Lobby the state for reinvestment in older areas, smart growth, and regional planning policies.
- Adjust water and sewer district limits to conform to the Framework; develop county policy on expanding and contracting them.
- Update and expand the 1999 Farmland Protection Plans and establish an entity for the purchase of development rights to protect prime farm land.

Encouragingly, the Framework enjoys wide support, including the support of the business community's lead organization, the Buffalo Niagara Partnership. Promptly and fully implementing it should be a top priority for Erie County.

¹Final Report, Erie-Niagara Framework for Regional Growth (October 2006), p. 8.

²Niagara County Center for Economic Development, *Niagara County Comprehensive Economic Development Strategy* (June 2010).

³Id., p. 15.

⁴“At Taxpayers’ Expense: How Government Policies Encourage Sprawl in Erie and Niagara Counties,” p. 1, League of Women Voters (2006 Revised Edition).

⁵Comprehensive Plan, p. 24.

⁶Rolf Pendall, “Sprawl Without Growth: the Upstate Paradox,” Brookings Institution (2003), page 6.

⁷Final Report, Erie-Niagara Framework for Regional Growth (October 2006), p. 28.

⁸Id., p.29.

⁹www.ci.buffalo.ny.us/files/1_2_1/Mayor/CitiStat/EDPIS/11-3-06/Demos.pdf

¹⁰Maki Becker, “Arson fires: the firefighters’ nightmare,” Buffalo News, 6/15/07.

¹¹Census Bureau, 2005-2009 ACS

¹²City of Buffalo Comprehensive Plan, p. 20.

¹³Id.

¹⁴Irene Pijuan, “Poverty in the City of Buffalo” (2008), available at <http://develop.wikispaces.com/Poverty>.

¹⁵www.diversitydata.org, Harvard School of Public Health.

¹⁶www.diversitydata.com, Harvard School of Public Health

¹⁷Erie-Niagara Framework for Regional Growth, p. 26

¹⁸“At Taxpayers’ Expense: How Government Policies Encourage Sprawl in Erie and Niagara Counties,” p. 8, League of Women Voters (2006 Revised Edition).

¹⁹“At Taxpayers’ Expense,” p. 2, League of Women Voters (2006 Revised Edition).

²⁰Id., p. 3.

²¹Id., p. 8.

²²Final Report, Erie-Niagara Framework for Regional Growth (October 2006), p. 26.

²³“At Taxpayers’ Expense,” p. 12, League of Women Voters (2006 Revised Edition).

²⁴Reid Ewing et al, “Growing Cooler: The Evidence on Urban Development and Climate Change” Urban Land Institute (2007), page 1.

²⁵Id., page 3.

²⁶Matthew Kahn, *Green Cities: Urban Growth and Environment*, Brookings Institution (2006), page 113.

²⁷Reid Ewing et al, “Growing Cooler,” Urban Land Institute (2007), page 4.

²⁸Id., page 5, available at www.uli.org.

²⁹Id., page 9.

³⁰“At Taxpayers’ Expense: How Government Policies Encourage Sprawl in Erie and Niagara Counties,” p. 9, League of Women Voters (2006 Revised Edition).

³¹Final Report, Erie-Niagara Framework for Regional Growth (October 2006), p. 46, available at www.regionaframework.com.

³²Timothy Beatley, *Native to Nowhere: Sustaining Home and Community in a Global Age*, Island Press (2004), page 14.

³³James Fink, “Wal-Mart planning 8 stores,” Buffalo Business First, April 11-17, 2008.

³⁴Id., p. 107.

³⁵Reid Ewing et al, “Growing Cooler,” Urban Land Institute (2007), page 8.

³⁶Rolf Pendall, “Sprawl Without Growth: the Upstate Paradox,” Brookings Institution (2003), page 9.

³⁷Id., p. 10.

³⁸Id., p. 9.

³⁹Available at www.goodjobsfirst.org

⁴⁰NYS State Comptroller, Annual Performance Report on New York State’s Industrial Development Agencies, Fiscal Year Ending 2009 (July 2011).

⁴¹*Main Seneca Corporation et al v. Town of Amherst Industrial Development Agency*, 100 N.Y.2d 246; James Fink, “Another Battle Brewing Over Amherst IDA Lease,” Buffalo Business First, 6/28/96.

⁴²David Robinson, “Uniland to receive tax breaks,” *Buffalo News*.

⁴³For agency budgets, see their web sites: www.ecidany.com, www.nccedev.com, and www.amherstIDA.com. For comparison, in 2004 the AIDA’s expenditures were \$396,000 and the ECIDA’s were \$1.9 million. See Sam Magavern, *Missing the Target: How Economic Development Programs Have Failed to Revive Buffalo’s Most Challenged Neighborhoods* (2009), at www.ppgbuffalo.org.

⁴⁴Town of Amherst Industrial Development Agency and Town of Amherst Development Corporation 2010 Annual Report;

⁴⁵Reid Ewing et al, “Growing Cooler: The Evidence on Urban Development and Climate Change” Urban Land Institute (2007), page 4, available at www.uli.org.

⁴⁶Final Report, Erie-Niagara Framework for Regional Growth (October 2006), p. 12.

⁴⁷Id., p. 39.