

ENVIRONMENTAL SYNOPSIS

The Chairman's Corner

Rep. Scott E. Hutchinson, Chairman



The Joint Conservation Committee hosted Department of Conservation and Natural Resources (DCNR) Secretary Michael DiBerardinis at its March Environmental Issues Forum (see p. 7 for more). The secretary spoke about his department's recently published, first-ever action plan, entitled *Shaping a Sustainable Pennsylvania – DCNR's Blueprint for Action*.

Among the department's policy priorities is building and maintaining sustainable and attractive communities. The policy statement reads, in part (with the emphasis being mine), "The natural, **heritage** and recreational resources within a community contribute to quality of life for its citizens." Among the action agenda items is, "Empower county governments and regional planning entities to conserve natural and **heritage resources** and promote recreational activities through cooperative planning."

I cannot imagine a better way to improve quality of life and conserve heritage resources than by working with and promoting Pennsylvania's heritage areas. While answering questions from the audience following his formal presentation, Sec. DiBerardinis first noted that he had visited a number of the state's 11 heritage areas during his tour of the state while developing the

action plan, and further stated the heritage areas had a "critical" role in the department's plan. He commented that the state's heritage areas fit nicely in the education, hospitality and tourism components of the plan.

If one reads through the report, one finds a number of references to our heritage areas. Among the recommendations is developing a plan to include all counties in Pennsylvania within the heritage park framework.

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A Legislative Service Agency of the Pennsylvania General Assembly

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NOTES FROM THE DIRECTOR

CRAIG D. BROOKS, DIRECTOR

In case you haven't had the opportunity to read the latest report by the Brookings Institute's Center on Urban and Metropolitan Policy (Center), it has some noteworthy advice for the Commonwealth on strategies for economic renewal. Brookings is a nonpartisan institution known for providing fair and accurate information and assessments on many issues. The center, which did the work over the past two years, concentrates on advising communities on how to be competitive and sustainable in today's global marketplace. The report covers all aspects of Pennsylvania's economy and offers suggestions on four overlapping topics: suburban sprawl, slow growth, brain drain and neglect of older cities and towns. So when Brookings says that Pennsylvania is displaying self-destructive economic patterns, it deserves some attention.

Brookings found that Pennsylvania is the third slowest growing state in the nation, having added just 400,000 residents in the past decade. As a state, we had the fifth largest out-migration of residents in the 1990's. In 2000, Pennsylvania saw the ninth largest loss of people aged 25 to 34. Cities and established suburbs lost two percent of their population and we rank second only to Florida in the share of residents over 65 years old. Pennsylvania ranks 47th in job creation and most of the jobs created are being moved away from large urban areas in the state.

So...in a nutshell, Pennsylvania is growing slowly and sprawling rapidly. Older communities that once offered affordable housing, jobs and economic growth have little to offer new residents. Because of this, affordable housing is being cre-

ated farther away from urban areas that have established infrastructure such as schools, roads and sewer services, therefore requiring new facilities to be built and depleting tax dollars that could be used for building a job base and educated work force.

What's interesting about the issues raised by Brookings is that most of the problems cited are reparable. The report suggests that ultimately, Pennsylvania can alter its current direction by focusing its efforts, leveraging the assets of cities and towns and older townships and overhauling statewide policies and practices that discourage economic growth.

The report talks about creating a statewide vision for competitiveness that includes targeting statewide funds toward populated urban areas and older communities. This would include investing in education and job training, offering tax reform to reduce business taxes, providing tax relief to city residents and coordinating local, regional and state governments that often do a "good" job of opposing each other. This sounds like a difficult proposition. However, the problems Pennsylvania faces are not insurmountable and the solutions are not impossible. It shows us that the interconnectedness of sprawl, growth, urban flight and neglect makes infrastructure and development very important to the state's economic health and future.

A copy of the Brookings report, *"Back to Prosperity: A Competitive Agenda for Renewing Pennsylvania"* can be found on the Institute's website at www.brookings.edu/pennsylvania. (See p. 6 for a detailed look at one part of the report.)

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RESEARCH BRIEFS

Each month, the committee's staff researches and prepares a number of "briefs" on several topics relevant to the Joint Conservation Committee's mission. Very often, these briefs include references to reports and further research on the topics so that readers may pursue issues on their own.

Regulatory Requirements Impact U.S. Manufacturing Industry

— Tony M. Guerrieri, Research Analyst

Federal regulations affect virtually every segment of the U.S. economy. Some 60 federal agencies develop, implement, and enforce myriad regulations, resulting in billions of dollars being spent to comply with them.

In an effort to help U.S. manufacturers maximize their competitiveness, the U.S. Department of Commerce has released a report providing an overview of the current economic environment facing industry. The report, *"Manufacturing in America: A Comprehensive Strategy to Address the Challenges to U.S. Manufacturers"*, concludes that the federal government must reorient itself toward policies that improve the competitiveness of U.S. manufacturers. It also outlines a series of recommendations to ensure that government agencies are doing all they can to encourage the manufacturing industry.

To help identify the challenges facing the American manufacturing sector, the Department of Commerce held a series of 20 public roundtables during 2003. Representatives of small, medium and large companies in 23 different sectors of manufacturing participated in the discussions. The primary concern voiced during the sessions was the cost of regulatory compliance and the impact of these costs on the competitiveness of U.S. manufacturers.

According to the report, the total cost of complying with environmental regulations, workplace safety and tax compliance rules in 1997 amounted to \$147 billion. Of that total, environmental compliance costs comprised the largest share - \$69 billion, or nearly 50 percent of the total. A more recent estimate cited in the report set the total cost of regulatory compliance on manufacturers at over \$160 billion annually.

There are 63 recommendations divided into six sections designed to address the challenges identified by manufacturers. Among those dealing with enhancing the government's focus on manufacturing competitiveness are:

- creating a new Office of Industry Analysis to assess the economic impact of proposed federal rules

before they go into effect;

- establishing a President's Manufacturing Council to provide regular contact between government and the manufacturing sector; and
- coordinating regulatory reform or economic development strategies between federal, state, and local governments.

Recommendations to create conditions for economic growth and manufacturing investment include:

- making recent tax cuts permanent;
- reducing the cost of tax complexity and compliance; and
- deepening the pool of investment capital through saving incentives.

Under the topic of lowering the cost of manufacturing, the document suggests:

- passing legislation to create and fund association health plans to afford small business manufacturers greater leverage in negotiating health-care insurance;
- promoting health savings accounts, established in the Medicare prescription drug bill;
- modernizing the U.S. legal system to eliminate disincentives to invest in manufacturing; and
- establishing in the Office of Management and Budget an inventory of potential reforms that would reduce the cost of compliance.

Among the recommendations aimed at investment in innovation are:

- strengthening the U.S. Patent and Trademark Office; and
- establishing cooperative research programs between the U.S. National Laboratories for the benefit of small- and medium-size manufacturers.

To strengthen education, retraining, and economic diversification, the report suggests establishing a high school and technical education partnership initiative, and underlines the call for personal reemployment accounts.

To promote open markets and a level playing field, the report recommends that government should:

- pursue the elimination of foreign tariff and non-tariff barriers to the export of U.S. manufactured goods;
- seek improvements in the tools available for enforcement of trade agreements; and
- reinforce sales promotion of American manufacturers in foreign markets.

According to a recent study conducted by Deloitte Consulting, Pennsylvania's manufacturing sector con-

tributes about \$64 billion annually to Pennsylvania's economy, or roughly 16.1 percent of the Commonwealth's gross state product. That's more than the 14.8 percent contribution manufacturing makes to the nation's gross domestic product as a whole.

The report is available on the Internet at http://www.commerce.gov/DOC_MFG_Report_Complete.pdf. For a copy of the Deloitte report, "Manufacturing Pennsylvania's Future", please visit <http://www.pghtech.org/bkh/paircreport.pdf>.

Downzoning to Protect Open Space

—Jason H Gross, Research Analyst

A report submitted to the Maryland Center for Agro-Ecology, entitled "Downzoning: Does it Protect Working Landscapes and Maintain Equity for the Landowner?", details downzoning as a method of controlling sprawl and maintaining agricultural lands and open space.

According to the report, an additional three million people are expected to settle in the Chesapeake Bay watershed by 2020. Due to the strong connection between the health of the bay and land use, significant pressure will be put on the bay by the new development. How land is managed will greatly increase or decrease the effects of population growth in the region. One policy tool often used to curb sprawl is that of downzoning, which reduces development potential on agricultural or conservation lands.

Downzoning is the practice of initiating zoning changes and regulation so that densities or standards previously allowed on property are altered to restrict the use of that property. Downzoning is a legally binding designation of the uses to which land may be put including the type, amount, and location of development. Downzoning usually occurs during a comprehensive rezoning process but it can also occur with regard to a specific property at the request of the owner of that property. According to the report, this tool has worked well to combat sprawl in the Baltimore region and other areas of the country that have experienced similar issues related to sprawl and population growth.

One key to the establishment and implementation of downzoning is an understanding of the effect of downzoning on the value of rural lands as well as its implications to property rights under the "Takings Clause" of the Constitution. It is important to ensure the fairness of any downzoning action, being careful to balance the benefits and burdens of downzoning among all segments of the population. Significant controversy surrounds downzoning actions because landowners are

concerned that if their property is downzoned, the value of the property will be diminished because its uses are altered. The report attempts to determine if downzoning maintains or reduces value and equity on the land to which it is applied.

The report uses statistical analysis, interviews, and literature in comparing land value before and after downzoning. According to the report, the conclusion that downzoning diminishes agricultural land values is not supported by the experience in four Maryland counties, which have downzoned agricultural lands. When these counties were compared to control counties in other areas, the downzoned counties had either higher land value or little to no appreciable change on their comparative land value.

Downzoning...the practice of initiating zoning changes so that densities or standards previously allowed on property are altered to restrict the use of that property

According to the literature examined in the report, the conventional wisdom that downzoning has a uniformly negative effect on land prices is untrue. Just as untrue is the statement that downzoning has a uniformly positive or neutral effect on prices in all cases. Many factors influence the value of land, such as the robustness of local, state, and regional economies, the suitability of the land for alternative developed uses, where the land is located and its accessibility to infrastructure and transportation. Downzoning, when enacted as part of a comprehensive planning process, has stabilized land values and at the same time preserved land for open space.

Expert interviews indicate that downzoning works best when it is implemented as part of a comprehensive plan, and when the affected county has initially identi-

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fied the key agricultural and rural lands it wishes to protect for both economic and valued natural resource reasons. If downzoning is used to protect agricultural land, forestland, and open space, it should only allow very limited exceptions. If the creation of subdivisions and extra lots is allowed in a conservative manner, only then will the intended effects of downzoning be attained. Tools such as the transferability of development rights, purchase of development rights, installment purchase agreements, and tax credits should be viewed as possible compliments to downzoning that can create opportunity and equity options for landowners whose land has been downzoned. Such tools can be used to compensate landowners for any losses in equity in their property.

For more information and a copy of the full report go to www.agroecol.umd.edu.

Commuters Catching The Bus In Philadelphia And Pittsburgh

— Tony Guerrieri, Research Analyst

Public transit has caught on in Pennsylvania's two largest cities. According to the U.S. Census Bureau's 2002 American Community Survey, Philadelphia and Pittsburgh are among the cities with the highest percentage of residents who use public transportation to commute to and from work. The survey provides a snapshot on the transportation choices of the nation's workers.

Of the nearly 6.4 million Americans who use public transportation to commute to work, nearly one-third live in New York City. New York is the only city where most workers, 55 percent for a total of 1.9 million, commute from home to work via public transportation. This is by far the highest percentage among the nation's largest cities.

Following New York is Washington D.C., where 37 percent use public transportation. The next highest users of public transportation in the U.S. are: Boston and San Francisco (31 percent each); Chicago and Philadelphia (27 percent each); Newark, N.J., (26 percent); Baltimore (25 percent) and Pittsburgh (22 percent).

The survey indicates that 62 percent of Philadelphia workers commuted by car, truck or van. Of that number, 53 percent drove alone (Minneapolis ranked the highest of the nation's top ten cities at 61 percent driving alone) and 10 percent carpooled. Nine percent of Philadelphia workers used other means to get to work and two percent worked at home (San Francisco led this category, with seven percent working from home). In Pittsburgh, 65 percent of workers com-

muted by car, truck or van. Of that number, 57 percent drove alone, nine percent carpooled and four percent worked at home.

Only one-in-eight workers (12 percent) in Los Angeles, the nation's second largest city, use public transportation, and in Houston, the nation's fourth largest city, it's only six percent. Nationally, only five percent of the nation's 128.6 million workers use public transit.

See "The Chairman's Corner" in the March 2004 issue for a further perspective on commuter data

Driven by New York City's dominance, New York state led all states in the percentage of its public transportation commuters. Statewide, 27 percent of New York workers used public transportation. Other states above the national average were: New Jersey (10 percent); Maryland, Massachusetts and Illinois (nine percent each); and Hawaii (six percent). Pennsylvania ranked seventh nationally, tied with California and Washington state, with five percent of the state's workers using public transportation.

Like most other drivers in the nation, Pennsylvania commuters like to go it alone, with 79 percent of PA residents reporting they drove alone to work each day. Pennsylvania is far from alone in its car-bound ways. Thirty-seven other states had solo commuter rates higher than the national average of 77 percent. Michigan tops the list of states whose residents chose their cars over carpools, buses, and other mass transit with 85 percent commuting alone.

Of the 231 counties for which data on percentages of public transportation commuters are available, Philadelphia County ranked tenth in the nation with 27 percent. Other Pennsylvania counties included in the survey were Allegheny County (11 percent), Delaware County (eight percent), Montgomery County (three percent), Northampton County (three percent) and Berks County (two percent).

Other survey highlights include:

- nationwide, 77 percent of workers drove alone to work, 10 percent carpooled, and two percent walked; and

- bus transportation accounted for 55 percent of public transportation use nationally; subway or elevated rail use ranked second at 29 percent.

Additional information and data profiles for the nation, states, counties, and places can be accessed at: http://www.census.gov/Press-Release/www/releases/archives/american_community_survey_acs/001701.html.

Reclaiming Brownfields for Local Communities

—Jason H Gross, Research Analyst

Part of the Brookings Institution report described in “Notes From the Director” this month examines the issue of abandoned or neglected industrial sites in Pennsylvania. Entitled “*An Analysis of Pennsylvania’s Brownfields Program*”, the report makes recommendations intended to build upon the success of the Land Recycling Program and to ensure further redevelopment and reinvestment in vacant and contaminated land in older communities.

According to the report, most cities and towns within Pennsylvania are located near a declining or closed industrial site. These sites are blights on local communities, providing little taxable revenue and creating an eyesore that can drag down the morale of an aging community. However, abandoned industrial sites can be converted into effective living or working space and be returned to productive use if the proper community outreach and investment are put into them. Returning these sites to productive use creates jobs, increases tax revenues, and produces social, environmental, and aesthetic benefits.

There are a variety of serious obstacles that can impede progress in converting older brownfield sites into revitalized homes for business development. Sometimes owners have held their facilities in stasis or given up on the facilities, allowing them to revert into the public domain. This creates a burden on already struggling local governments that do not have the cash flow needed to convert a contaminated or decaying facility. Local governments must seek assistance in converting abandoned facilities from state and federal agencies who provide the local governments with money used to help convert brownfield sites.

According to the report, obtaining quantitative data on brownfields is difficult because of the combination of economic, environmental, and location issues surrounding the brownfield issue. According to some estimates, over 500,000 sites nationwide have some contamination issues that could trigger regulatory concerns and inhibit owners from selling the site without some sort of assistance.

The primary barrier to revitalization on a site with brownfield contamination is one of expense. A land developer must spend time and money having the site tested and revitalized. If a prospective purchaser of a site can acquire an untouched greenfield site without the fuss of converting a damaged and contaminated brownfield, the developer will choose the greenfield.

In order to successfully draw development to brownfield sites, the financial risks to the developer must be reduced. Reducing the cost of borrowing money can successfully draw development by providing loan guarantees, environmental insurance and limiting the developer’s exposure to unforeseen environmental issues. Technical assistance programs can be used to identify new, cheaper cleanup technologies to assist developers. Tax credits, abatements, and grace periods can increase the likelihood of development by improving project cash flow and easing the financial burden on the developer. When contamination is suspected, public interests partnering with the developer can help share some of the burden of cleanup operations and can make brownfield development smoother.

The report states that Pennsylvania’s Land Recycling Program, adopted in 1995, is a good first step toward creating effective incentives that create brownfield revitalization. The program structures financial incentives together with tiered cleanup standards to assist developers in reclaiming brownfields. The program correctly identifies brownfield sites as real estate deals with environmental twists to them that can complicate redevelopment.

While Pennsylvania’s program has been effective it could be adapted in new ways to more effectively create redevelopment. One method of improvement is to create credit programs where existing economic development investment and loan programs could be more effectively tailored to the specific financing needs of brownfields. Another recommendation of the report is to channel private development into business development corporations. These corporations would arrange to have multiple businesses come together under a public umbrella corporation that could combine the efforts of multiple smaller businesses into one redevelopment project, which otherwise would be out of the reach of an individual small business.

Another approach to enhancing brownfield redevelopment would be to make tax-code based incentives more applicable to brownfields projects by adapting incentives to support site cleanup and reuse.

Strategic brownfield redevelopment can clean up environmental hazards, remove neighborhood eyesores, create jobs, boost tax revenue, provide housing, and promote general economic health in local communities. Redevelopment is a winning scenario both for the economy and the environment. By providing more grants, tax assistance, and procedural assistance, state and local governments can increase the quantity of brownfield sites that are redeveloped.

For more information on the report go to www.brookings.edu/pennsylvania.

ON THE HORIZON . . .

A LOOK AT UPCOMING EVENTS

✓ **Tuesday, May 11, 8:30 a.m., Crowne Plaza Hotel, 2nd Street, Harrisburg, PA – Environmental Issues Forum.** The forum will be held in conjunction with the Pennsylvania Municipal Authorities Association (PMAA) Legislative Day, and will feature a discussion of legislative issues of importance to PMAA and other Legislative Day participants. Visit our website at <http://jcc.legis.state.pa.us> for further information on this event and Legislative Day.

✓ **Tuesday, May 25, 8:30 a.m., Hearing Room 1, North Office Building, Capitol complex, Harrisburg, PA - Environmental Issues Forum.** Pennsylvania Department of Environmental Protection (DEP) Secretary Kathleen A. McGinty and DEP Deputy Secretary of the Office of Energy and Technology Development Daniel Desmond will be the guest speakers. They will discuss the governor's energy initiatives as well as energy price and supply issues.

✓ **Monday, June 7, 12 noon, Hearing Room 1, North Office Building, Capitol complex, Harrisburg, PA - Environmental Issues Forum.** Jolene Chinchilli of the Citizens' Advisory Council of the PA Department of Environmental Protection (DEP) and Joel H. Hersh MEd MPA, director of the PA Department of Health's (DOH) Bureau of Epidemiology will discuss a new initiative aimed at utilizing environmental and health data systems to discern links between environmental pollutants and human health. The information will be used to better understand public perception of risks and reduce and eliminate negative health outcomes.

Environmental Issues Forums are open to the public. Please call the committee office at (717) 787-7570 if you would like to attend. Also, check out the committee website at <http://jcc.legis.state.pa.us> for upcoming forums as they are scheduled.

COMMITTEE CHRONICLES . . .

REVIEW OF SOME MEMORABLE COMMITTEE EVENTS

Joint Conservation Committee Chairman Rep. Scott E. Hutchinson was on the receiving end of plaudits at the committee's most recent Environmental Issues Forum. In the photo at right, Rep. Hutchinson is presented with the Pennsylvania Recreation and Parks Society's (PRPS) Governmental Award. Presenting the award to Rep. Hutchinson (center) is PRPS Executive Director Robert Griffith (right), while forum guest speaker Secretary Michael DiBerardinis of the PA Department of Conservation and Natural Resources (DCNR) looks on approvingly.



The award recognized Rep. Hutchinson's "...strong support of recreation, parks and preservation in the Commonwealth."

In the second photo, Rep. Hutchinson (2nd from left) displays the award proudly, while being joined by (l. to r.) Griffith, Joint Committee Executive Director Craig D. Brooks and Sec. DiBerardinis.



The plan further calls for supporting and promoting "...programs and initiatives that help communities develop their heritage products." The report notes the economic development potential of heritage-based tourism and laments that it has been largely overlooked. Similar to the findings of the Joint Committee's own survey in 2001, the blueprint points out that in 2000, nearly one-fourth of domestic and international travelers in Pennsylvania engaged in heritage tourism travel. What is needed, the report states, is more emphasis on and resources directed to small business development in areas that service heritage and nature travelers (accommodations, food and guide services, for example.)

**What's new with Pennsylvania's Heritage Areas?
See next month's Chairman's Corner...**

Just as the committee survey recommended, the report calls for further investment in making heritage-based travel and tourism experiences easier to find and enjoy. Creative marketing packages with the Department of Community and Economic Development (DCED) and tourist promotion agencies, upgraded on-line access to reservations and information and improved interpretive and directional signing and informational maps, access and parking are among the recommendations.

The state's 11 heritage areas continue to do marvelous things, often with only the most basic of assistance from state government. The state appropriation for the state's heritage areas continues to lag, but despite that our heritage areas continue to progress.

Some time ago, I asked our heritage area managers to send me some examples of their recent achievements and new services and initiatives. I received an impressive list, which only serves to make clear the value of continued and expanded investment in heritage-based sites and activities.



Space prevents me from doing justice this month to the many innovative advancements in the state's heritage areas, but look in next month's Chairman's Corner for examples from around the Commonwealth. I guarantee some examples of interesting and fun heritage-based outings you and your family can take right here in Pennsylvania. Talk to you next month.

Legislators and committee staff receive a guided tour of an historic site at Washington's Crossing, part of the Delaware and Lehigh National Heritage Corridor.



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