

Sprawl, compact development, & placemaking

Planning for Economic and Fiscal Health

Christopher Zimmerman

Vice President for Economic Development

Orlando, Florida

March 10, 2015



Smart Growth America

Making Neighborhoods Great Together

Planning for Economic and Fiscal Health

The pattern of development
– how we choose to grow –
affects a region's ability to compete
economically, to be fiscally sustainable, and to
provide efficient and effective public services –
to maintain a high quality of life.

Premise:

The way we **design** and **build** our
communities has enormous
consequences



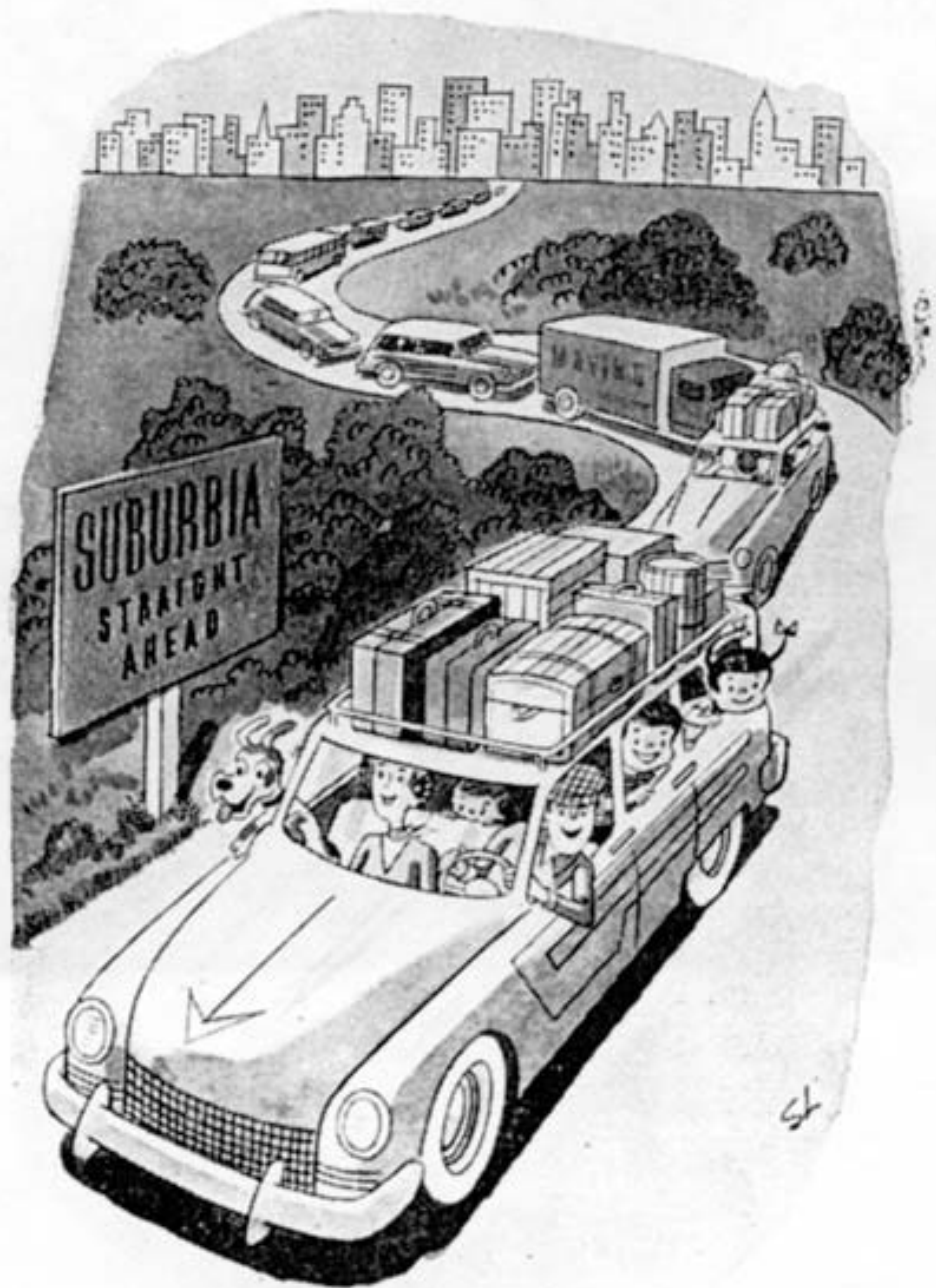
Courtesy of Alex MacLean, Landslides

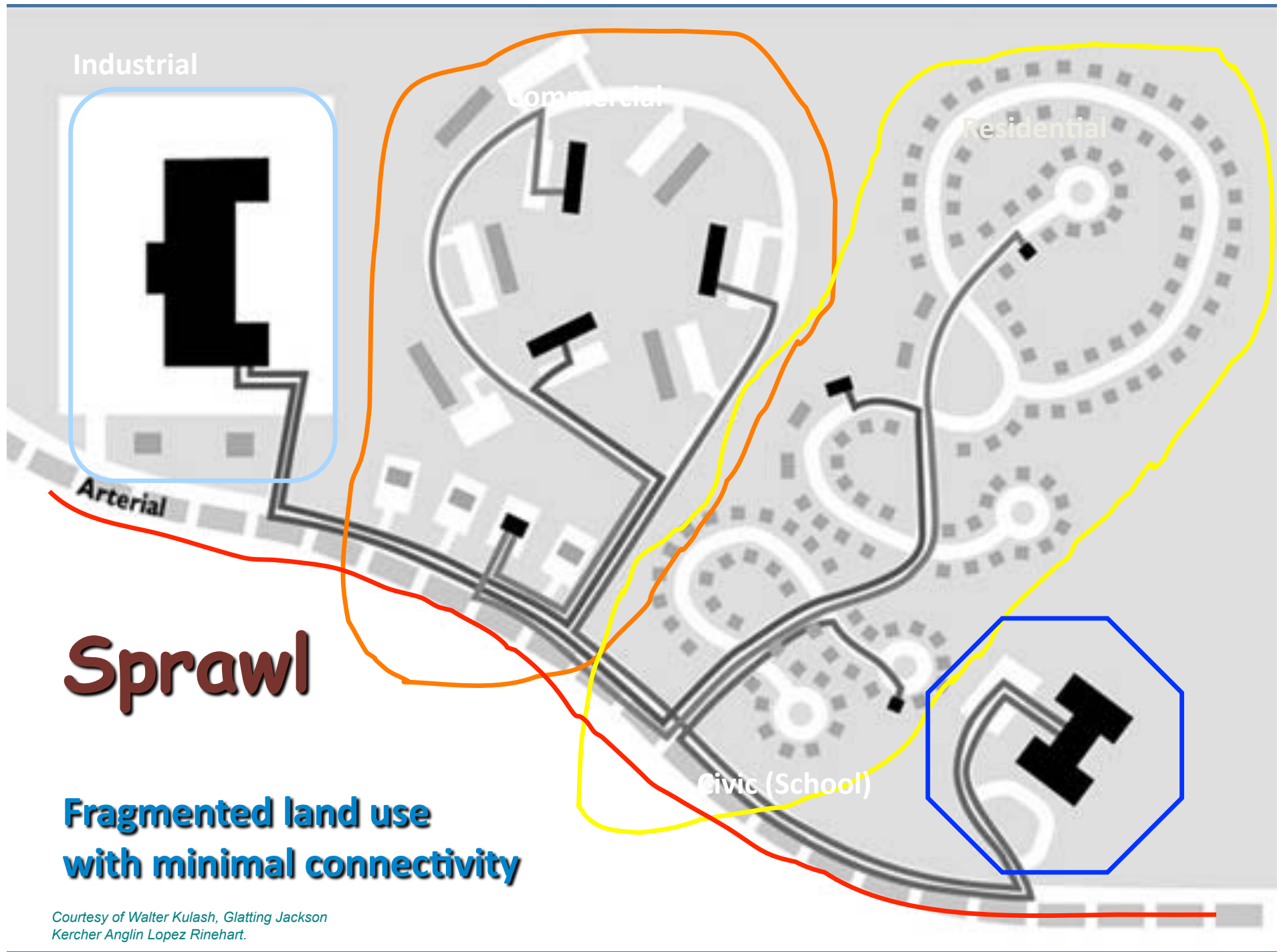
Traditional town plan

- Mixed-use
- Compact
- Buildings of several stories
- Blocks with multiple building types
- Street grid

... then came the automobile ...

(and zoning, and the interstate highway program, and new federal programs for homebuilding, and new rules for capital depreciation ...)







Sprawl



Sprawl



Photo: By TheRTP

From: <http://dilemma-x.net/2012/11/10/research-triangle-park-unveils-new-master-plan/>

Sprawl

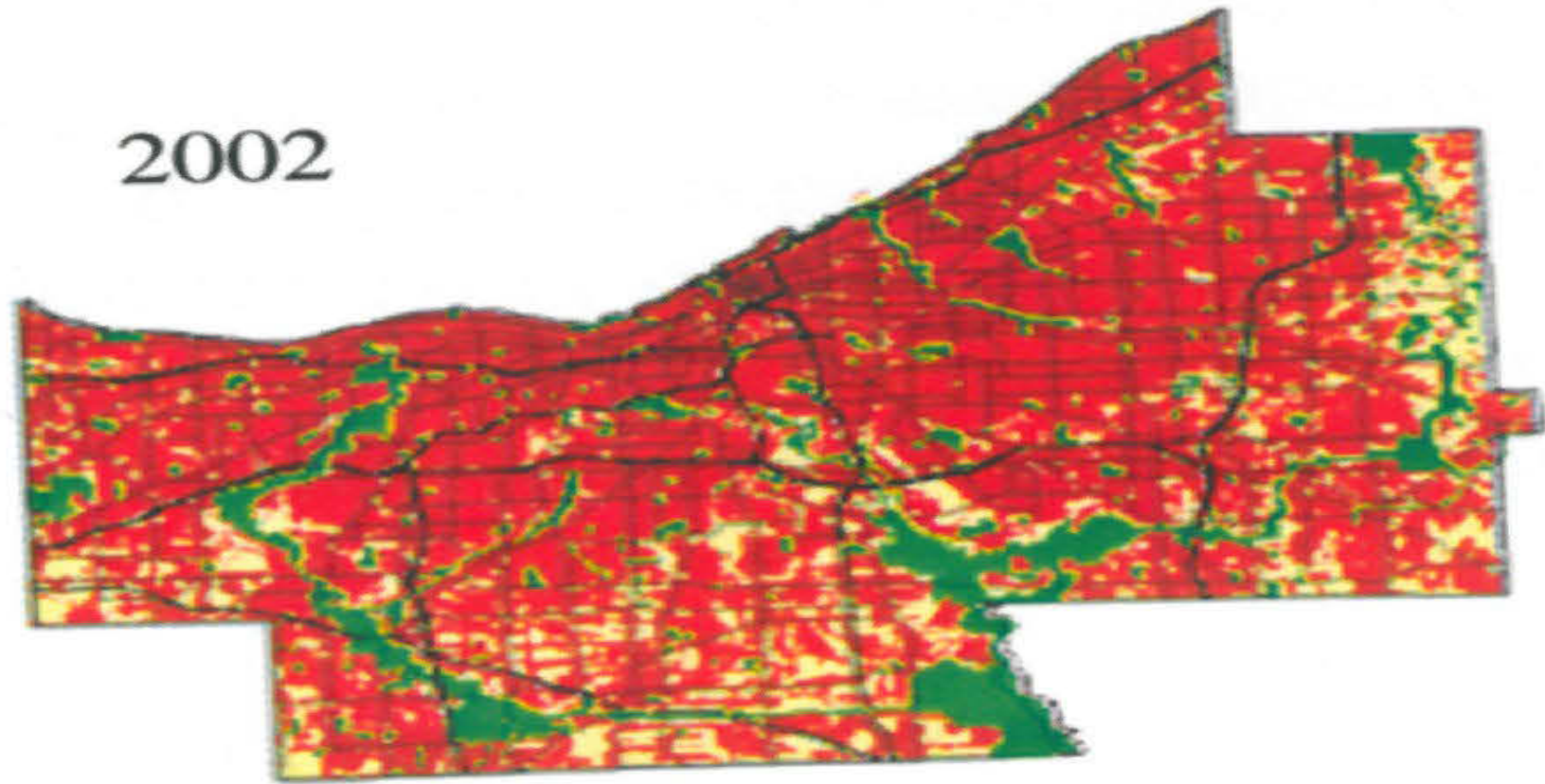


Photo of rural New Jersey by Alex MacLean

Sprawl



Cleveland: Same Population

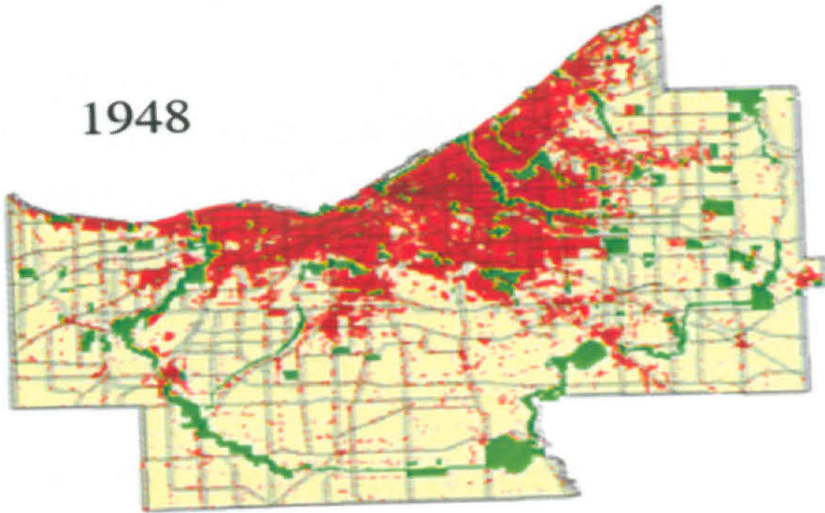


1950: 1,389,582

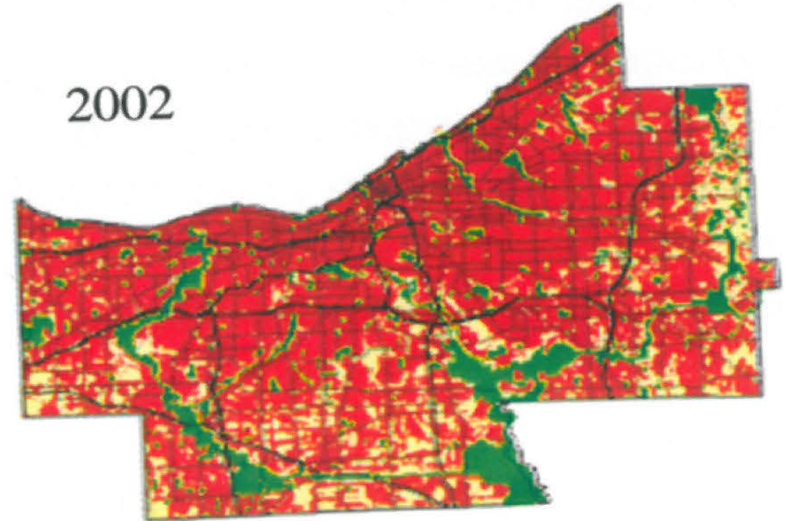
2002: 1,393,978

Cleveland: Same Population

1948



2002

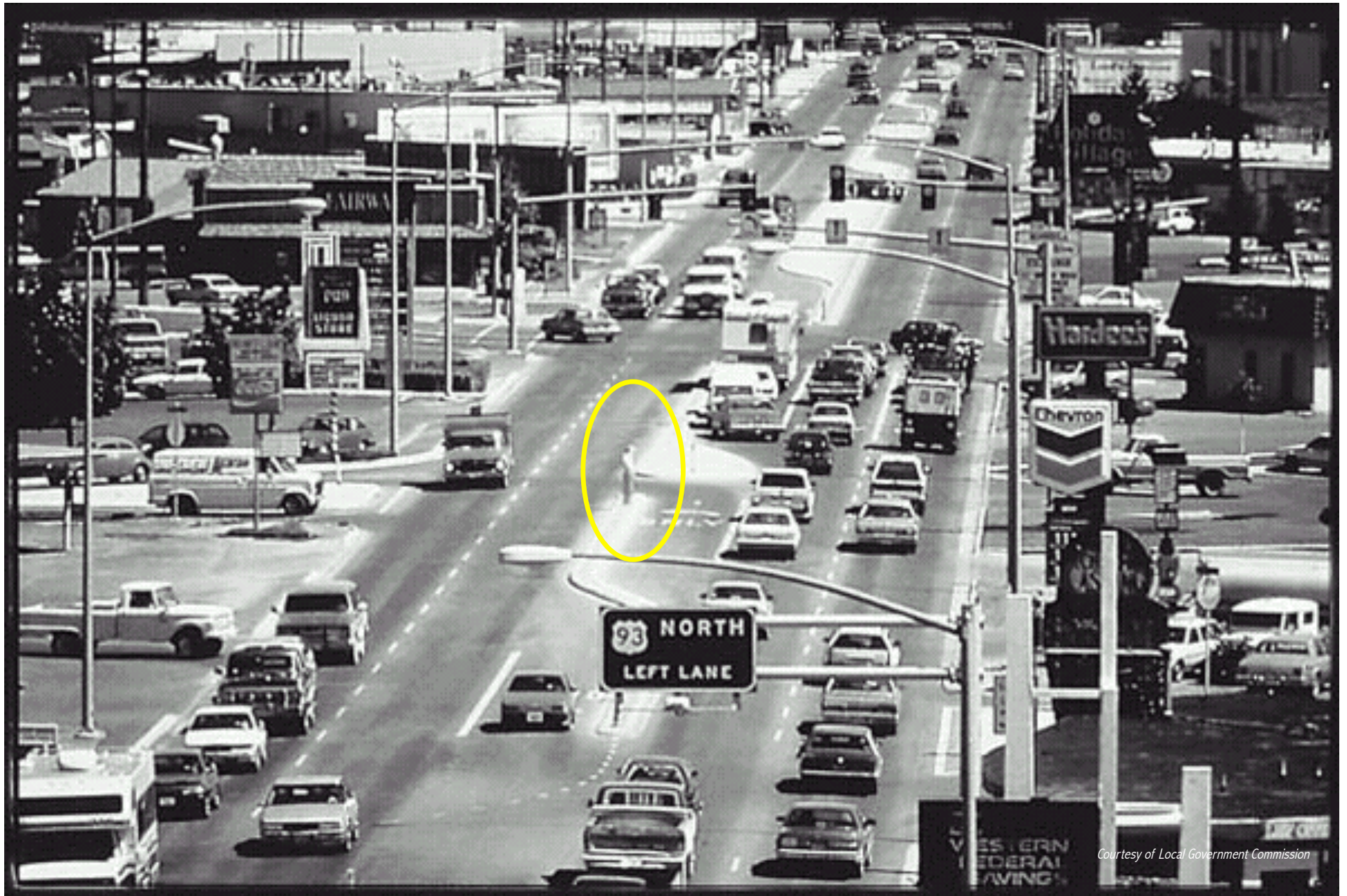


1950: 1,389,582

2002: 1,393,978

Source: TTI	1982	2007
% peak VMT congested	10	28
% of lane miles w/ congestion	10	23
Number of rush hours	3	5
Freeway and arterial miles	2420	4490





Courtesy of Local Government Commission



Land use and transportation policies drive the
pattern of development.

The pattern of development impacts the economic
and fiscal well-being of our communities.

Land use and transportation policies drive the
pattern of development.

The pattern of development impacts the economic
and fiscal well-being of our communities.

*The demographic and economic
fundamentals have shifted.*

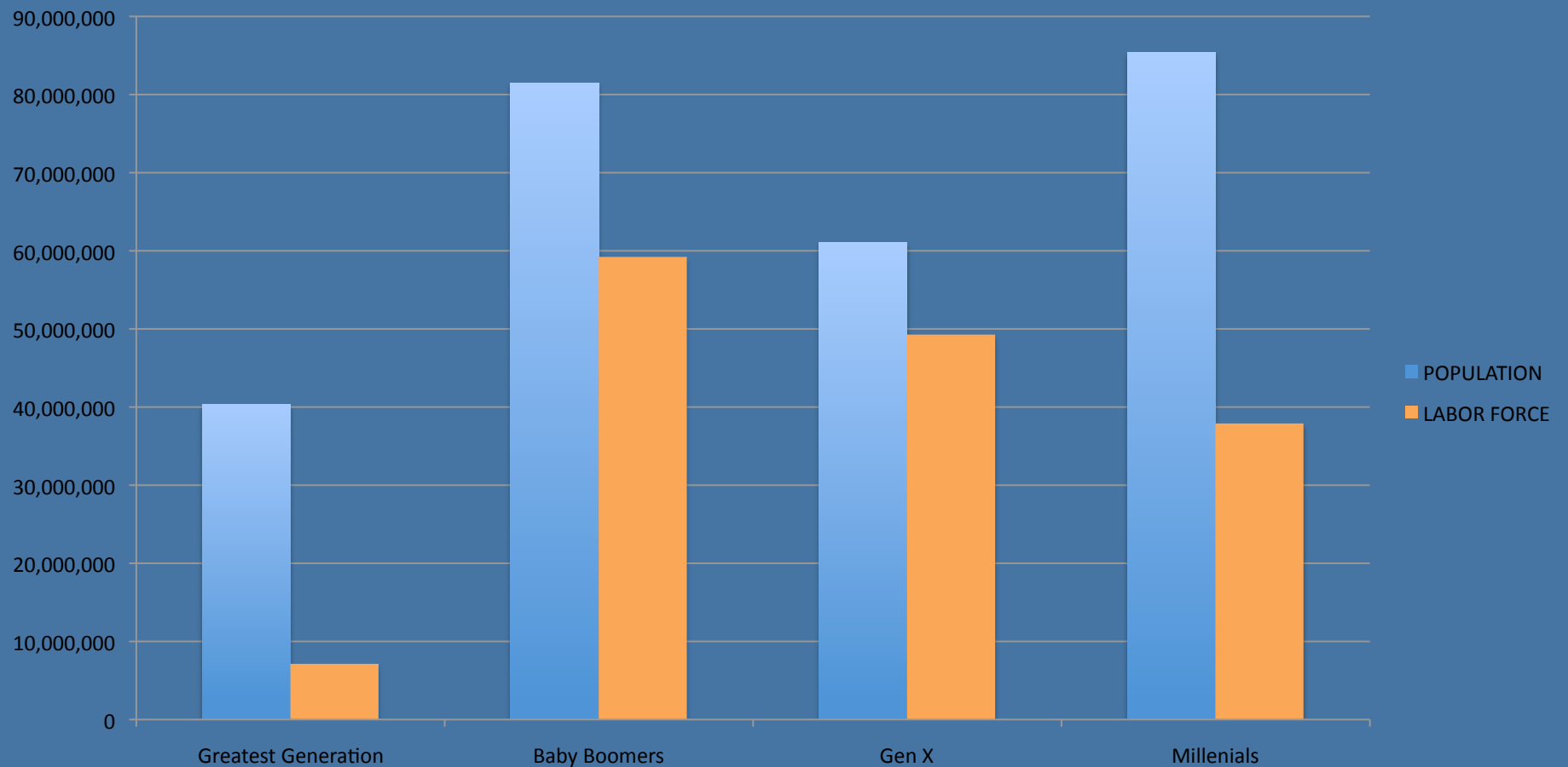
1. The changing market: The demographic transition

The community is changing

Two major demographic changes are driving the market.

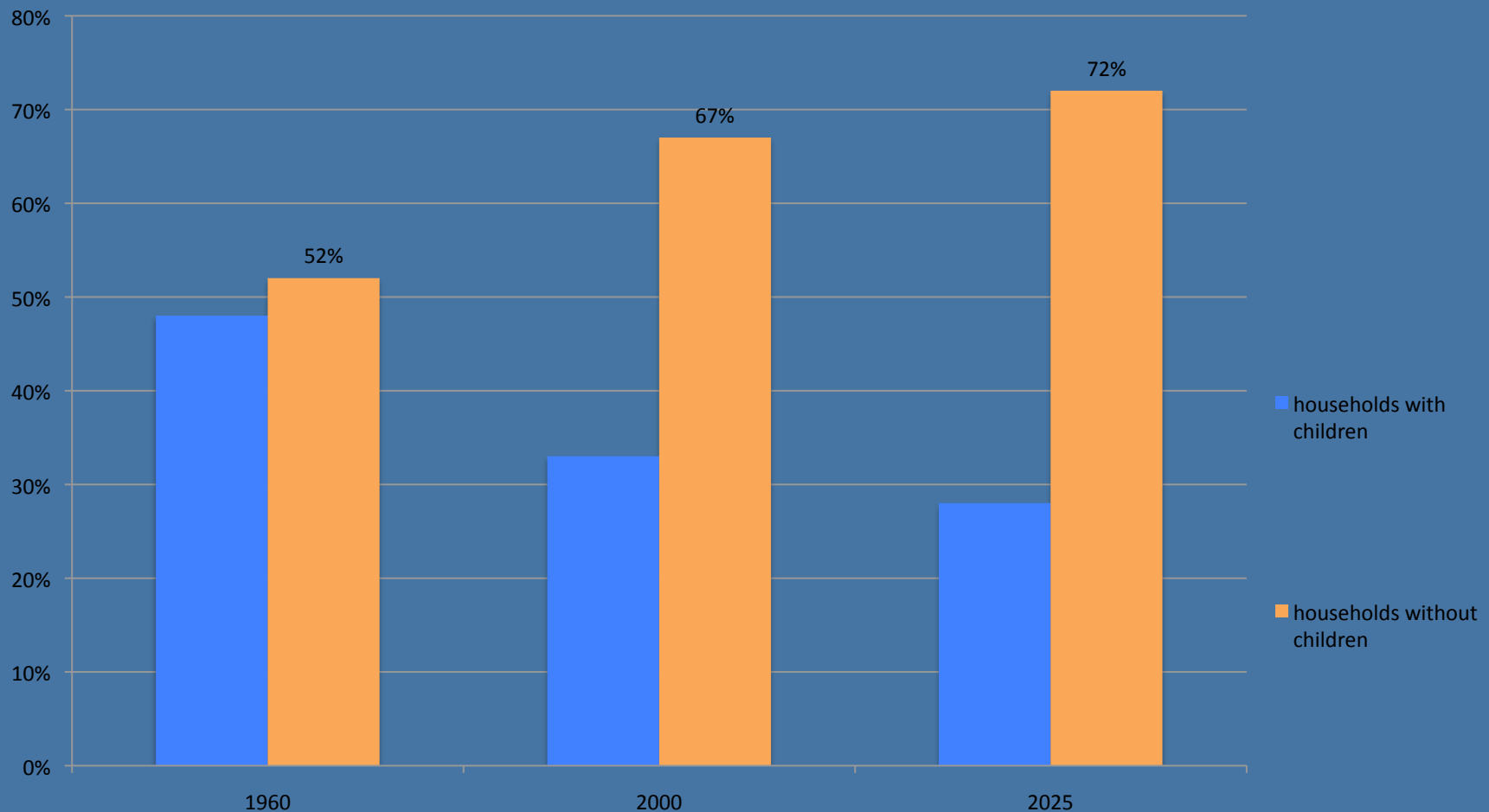
- The **rise** of the **Millennials**.
- The **aging** of the **Baby Boomers**.

Demographic change and the labor force



American households are changing

Households with and without children, 1960-2025



Demographic change means
preferences change.

And the **market** follows.

Millennials

They follow lifestyle,
not jobs.

Millennials choose
where to **live** before
finding a **job**.

Of all college-educated 25- to 34-year-olds
64% looked for a job **after** they chose the
city where they wanted to live.

(U.S. Census)



They want urban living

The New York Times | <http://nyti.ms/1pahHvV>

N.Y. / REGION

Suburbs Try to Prevent an Exodus as Young Adults Move to Cities and Stay

By JOSEPH BERGER APRIL 16, 2014

It is a well-trod trail: Suburban youngsters enter their early 20s, leave their parents' comfortable Tudors or colonials for the pizazz of the city, dawdle a few years until they find mates and begin having children and then, seeking more space and good public schools, move back to the suburbs and into their own Tudors or colonials.

But that pattern is changing, or at least shifting. A recent report on the suburb-dotted New York counties of Westchester, Nassau and Suffolk, based on United States census data, found that those young people seem to be lingering longer in New York City, sometimes forsaking suburban life

BUSINESS INSIDER

Millennials Are Renting Instead Of Buying And The Retail Industry Is Freaking Out



ASHLEY LUTZ
AUG. 14, 2014, 12:01 PM



Flickr/Ivan Bandura

Millennials' tendency to rent instead of buy is turning the retail industry upside down.

*They want
experiences
more than
things.*



Young Americans ditch the car

By Steve Hargreaves @CNMoney September 17, 2012: 11:30 AM ET



PHOTO: THINESTOCK

NEW YORK (CNNMoney) -- America's young people just aren't buying cars like they used to.

The share of new cars purchased by those aged 18-34 dropped 30% in the last five years, according to the car shopping

*And they
don't
seem to
want cars*

Preferences: Transportation

Millennials are **driving less**

- From 2001 to 2009, the average annual number of vehicle-miles traveled by people ages 16-34 **dropped** 23 percent.
(source: National Household Travel Survey)
- 26 percent lacked a driver's license in 2010, up 5 percentage points from 2000
(source: Federal Highway Administration)

Preferences: Transportation

Baby boomers turning in their keys

- Using local buses and trains more (source: National Household Travel Survey)
- Bike trips increased 64 percent between 2001 and 2009. (AARP)

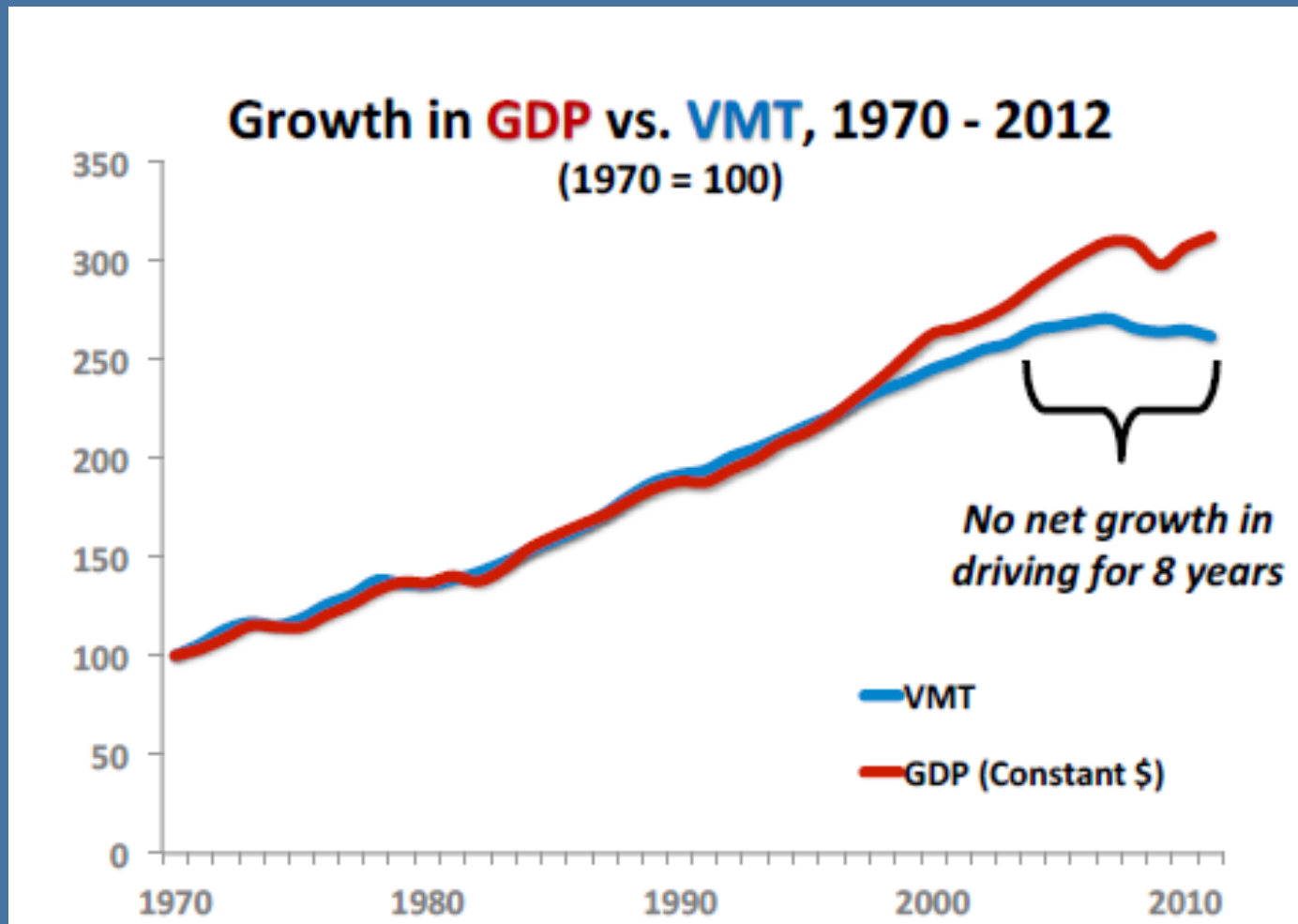
Aside:

They're not that interested in moving to "retirement communities."

Average age entering senior housing used to be 70 – **now it's 86.**



Preferences: Transportation



Actually, everyone's **driving less . . .**

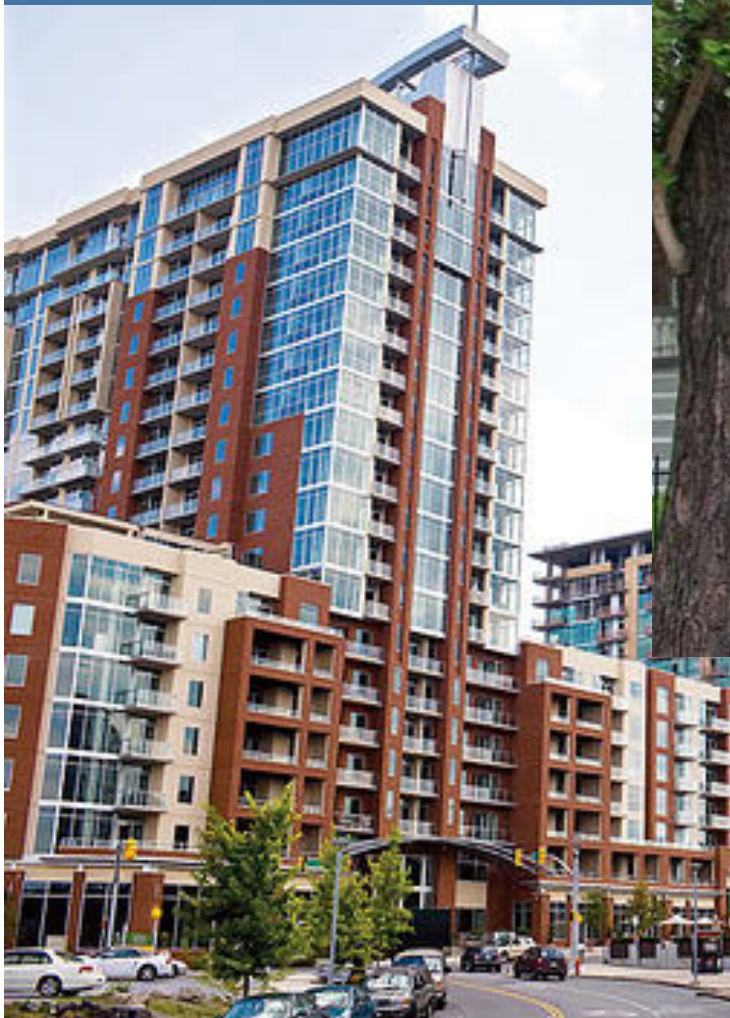
THE CHANGING MARKET

Preferences: Transportation choices



THE CHANGING MARKET

Preferences: Housing choices



They also want more housing choices.

Americans Value “Sense of Place,” Whether City, Village, or Rural Town

New urban apartments drawing young professionals



Several new apartment developments in downtown Milwaukee and the east side are drawing young professionals who want an urban lifestyle.



1. Latitude Apartments, southwest corner, N. Farwell Ave. and E. Kenilworth Place, 90 units, opened August 2010

2. 1150 North, northwest corner, E. North Ave. and N. Commerce St., 122 units, proposed

3. 1910 on Water, 1910 N. Water St., 68 units, under construction

5. The North End, between N. Water St. and the Milwaukee River, south of Pleasant St., 83 units opened in 2009, construction to begin this fall on 155 additional units, completion by spring 2013.

6. The Madison, 1910 N. Water St., 68 units, under construction

The Washington Times

Detroit's downtown 'starting to fight back'

Upwardly mobile lead the way



“The young, smart and mobile are a key demographic that cities across the country are trying to attract.”

- The Patriot-News, July 23, 2011

“Americans Prefer to Live in Mixed-Use, Walkable Communities”

-- National Association of Realtors

(October 2013):

- 78 percent say neighborhood is more important than the size of the house
- Fifty-seven percent would forego a home with a larger yard if it meant a shorter commute to work

Source: Oct. 2013 Consumer survey conducted for the
National Association of Realtors

“Americans Prefer to Live in Mixed-Use, Walkable Communities”

-- **National Association of Realtors**

(October 2013):

- 55 percent of respondents willing to forego a home with larger yard if it meant they could live within walking distance of schools, stores and restaurants as opposed to having larger yard and needing to drive to get to schools, stores and restaurants

Source: Oct. 2013 Consumer survey conducted for the
National Association of Realtors

THE CHANGING MARKET

Preferences: Housing choices



Preferences: Housing

Millennials especially are trending away from traditional suburbs

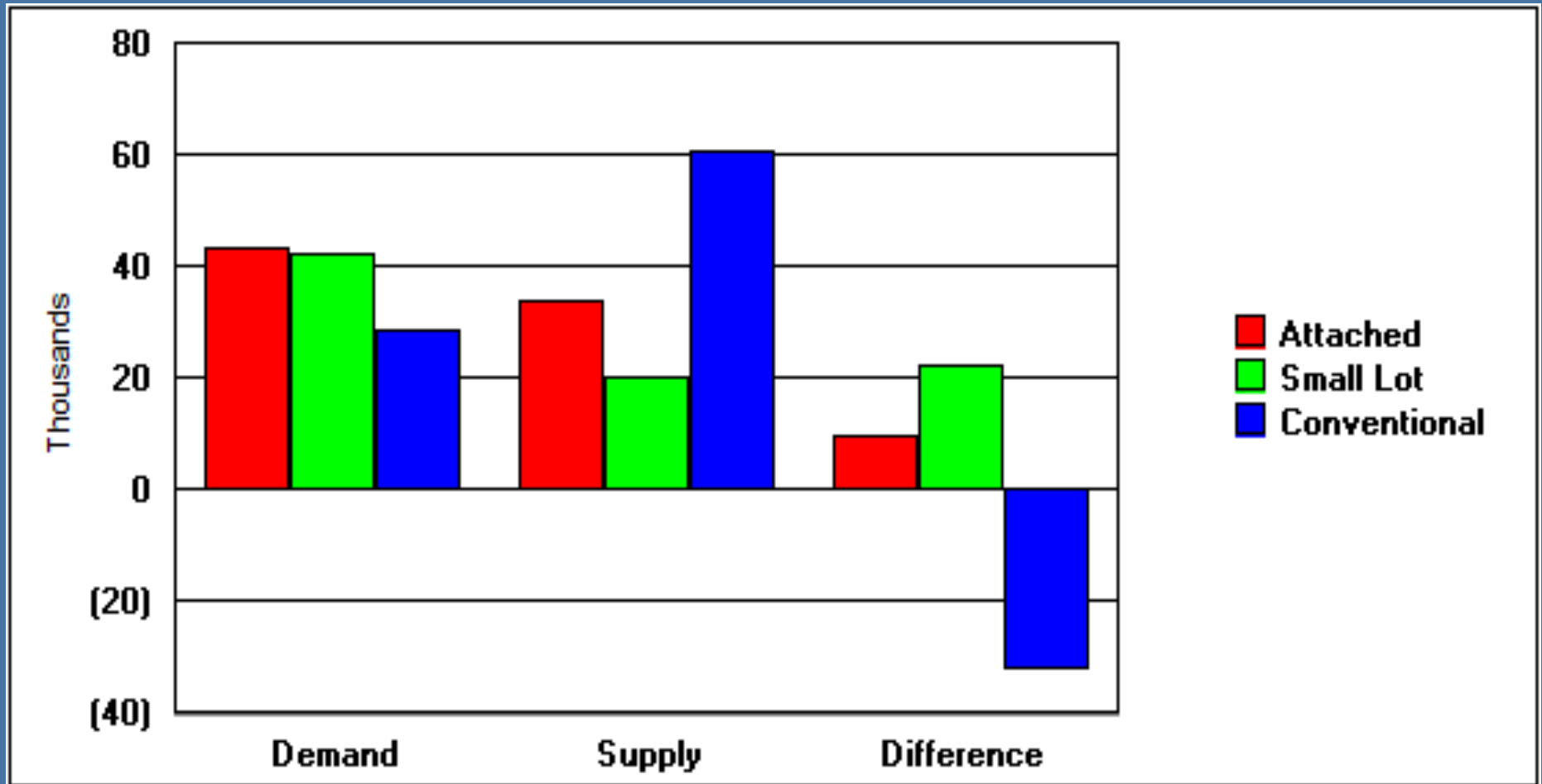
- 47% would prefer to live in a city or a suburb with a mix of houses, shops, and businesses
- 40% would prefer a rural or a **small town**
- 12% say they would prefer a suburban neighborhood with houses only

Preferences: Housing

Boomers are downsizing

- Increasing numbers, smaller households
- The number of senior households will grow twice as fast as all others over the next couple decades (A.C. Nelson)

Occupied Housing Demand-Supply Mismatch 2011



Source: Adapted from American Housing Survey 2011 by Arthur C. Nelson, University of Arizona.

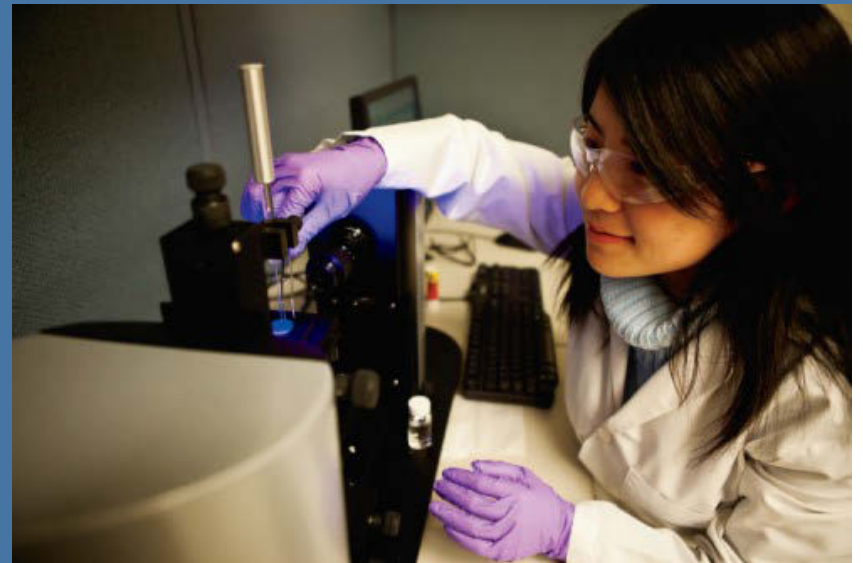
2. The changing market:

The new recipe for economic growth

Economic growth

20th century *vs.* 21st century

- ‘Big game hunting’ *vs.* ‘Economic gardening’
- Chasing smokestacks *vs.* Chasing talent



The 21st Century Economy

- The “creative economy”; the “knowledge economy”; the “innovation economy”
- Importance of networking, interaction
- Demand for skilled workers

“Talent matters:

Venture investment tracks the geography of talent, especially the percentage of adults who are college grads and the creative class.”

Richard Florida, **Startup City:**
The Urban Shift in Venture Capital and High Technology
March 2014

Talent matters:

“One study finds that a one percentage point increase in the fraction of adults with a four-year [degrees] leads to a 2.3 percent increase in productivity as measured by GDP per capita (Abel & Gabe, 2011).”

Joe Cortright, City Observatory
The Young & the Restless and the Nation's Cities
October 2014

“Livable cities draw creative people, and
creative people spawn jobs.”

(*Wired*, “Small Cities Feed the Knowledge Economy”,
Adam Davidson, May 31, 2011.)

Forbes.com*

“One of the main factors businesses consider when deciding on where to relocate or expand is the available pool of college-educated workers. And that has cities competing for college-educated young adults.”

“And there’s one place this desired demographic, college-educated professionals between the ages of 25 and 34, tends to want to live: tight-knit **urban neighborhoods that are close to work and have lots of entertainment and shopping options within an easy walk.**”

Businesses respond to changing preferences

- Across the country corporations are responding to employee preferences and moving to the talent.
- They are choosing to relocate from suburban offices to downtown locations.

Businesses respond to changing preferences

Forget big suburban campuses, innovative corporations are moving downtown

By Greg Clark and Bruce Katz | May 22, 2014



Greg Clark is a non-resident senior fellow at the Metropolitan Policy Program at the Brookings Institution and advisor to the OECD, World Bank and global firms on city strategy.



Bruce Katz is a vice president at the Brookings Institution and founding director of its Metropolitan Policy Program.

(SGA research: > 100 cases in two dozen metropolitan areas)

Retail is changing, too



America's Shopping Malls Are Dying A Slow, Ugly Death



HAYLEY PETERSON

JAN. 31, 2014, 12:01 PM



62,757

67

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3.9k



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221



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626



94



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Shop T.J.Maxx® Clearance

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All across America, once-vibrant shopping malls are boarded up and decaying.

Traffic-driving anchors like Sears and JCPenney are shutting down stores, and mall owners are having a hard time finding retailers large enough to replace them. With a fresh wave of



Nicholas Eckhart

The Canton Centre Mall in Canton, Ohio is boarded up and vacant.

“Within 15 to 20 years, retail consultant Howard Davidowitz expects as many as half of America's shopping malls to fail.

‘... we haven't built a major enclosed mall since 2006.’ ”

<http://www.businessinsider.com/>

[shopping-malls-are-going-extinct-2014-1](http://www.businessinsider.com/shopping-malls-are-going-extinct-2014-1)



PHOTO: SEPH LAWLESS

From Seph Lawless, “Black Friday,” as reviewed in
Autopsy of America: Photos of dead shopping malls

By Aaron Smith [@AaronSmithCNN](#) July 1, 2014





Economic benefits of walkability

Mounting evidence from all around the US

There is a price/value premium
for walkable places



There is a price/value premium
for walkable places

There is a price/value premium for walkable places (residential)

Applies to residential real estate -

Above-average walkability:

→ \$4,000 to \$34,000 more in home sales price



•Sources: "Walking the Walk" by Joseph Cortwright, CEOs for Cities and
"The Walkability Premium in Commercial Real Estate Investments"
by Gary Pivo and Jeffrey Fisher

There is a price/value premium for walkable places (commercial)

Applies to commercial real estate -

Greater walkability:

→ 1% to 9% increase in commercial property value depending on type; also higher incomes and lower capitalization rates

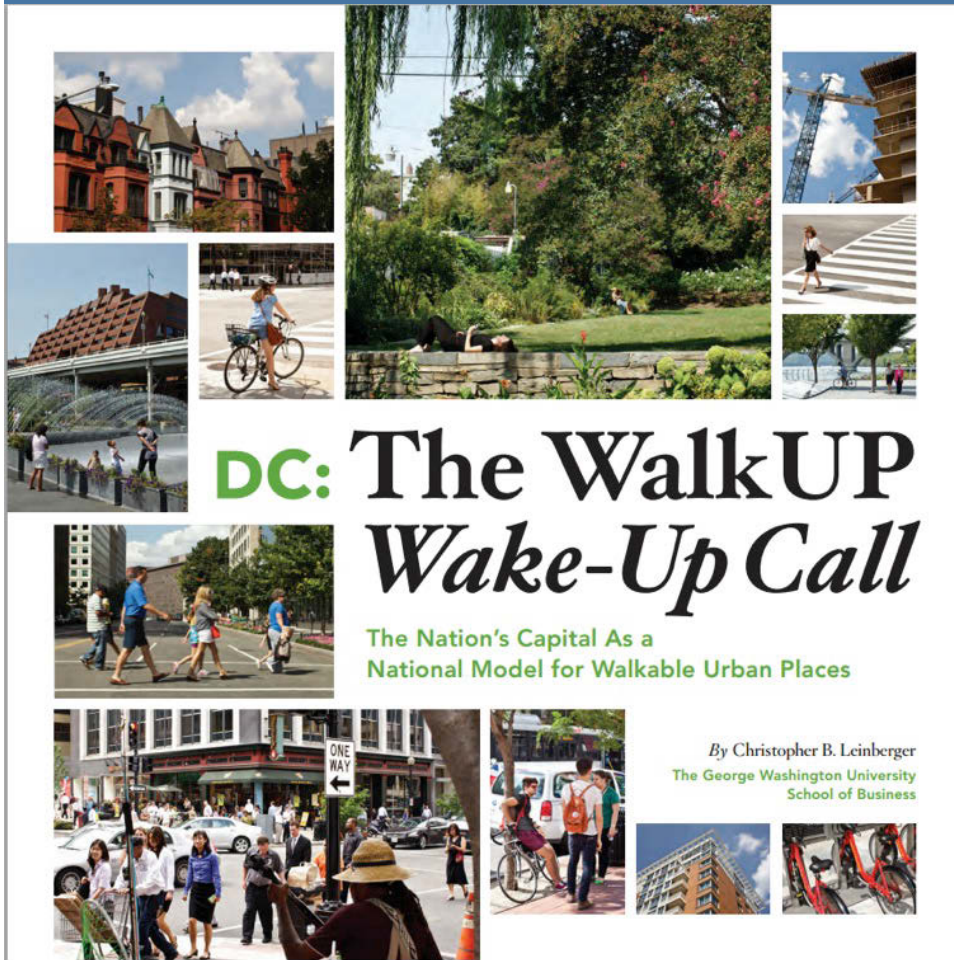


•Sources: "Walking the Walk" by Joseph Cortwright, CEOs for Cities and
"The Walkability Premium in Commercial Real Estate Investments"
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Walkable Urban Places

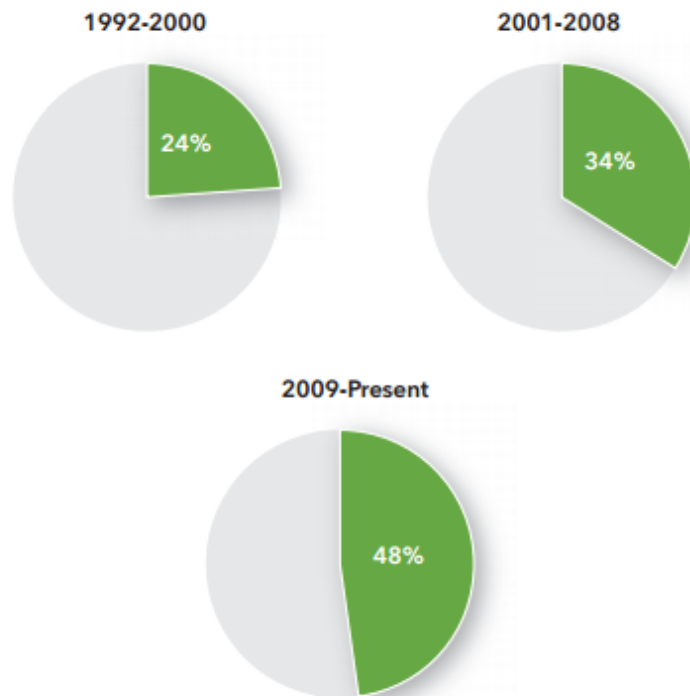
“ . . . walkable urban places and projects will drive tomorrow’s real estate industry and the economy”

- Christopher B. Leinberger



Walkable Urban Places

Share of Income Property
in WalkUPs Over the Last 3 Real Estate Cycles
Income Property = Office, Retail, Apartment and Hotel

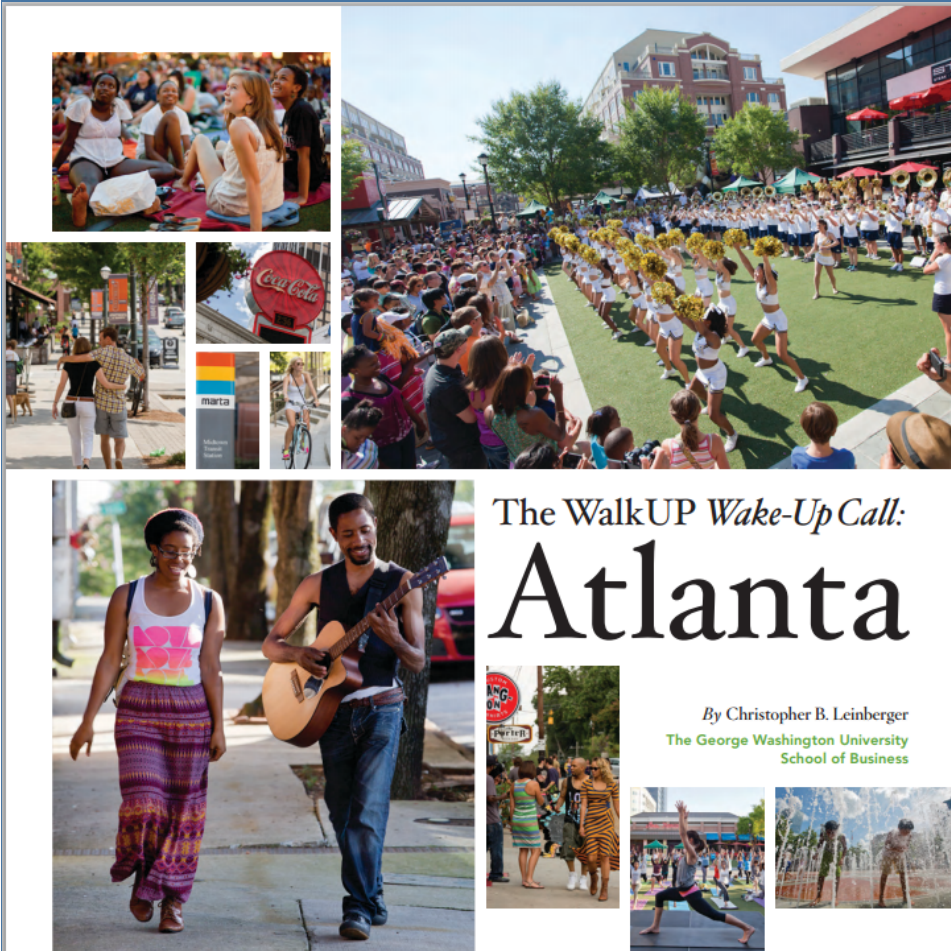


“ . . . walkable urban places and projects will drive tomorrow’s real estate industry and the economy”

Walkable Urban Places - Atlanta

“Metro Atlanta, the
‘poster child of sprawl,’
is now experiencing the
end of sprawl”

- Leinberger



The WalkUP Wake-Up Call: Atlanta

By Christopher B. Leinberger
The George Washington University
School of Business

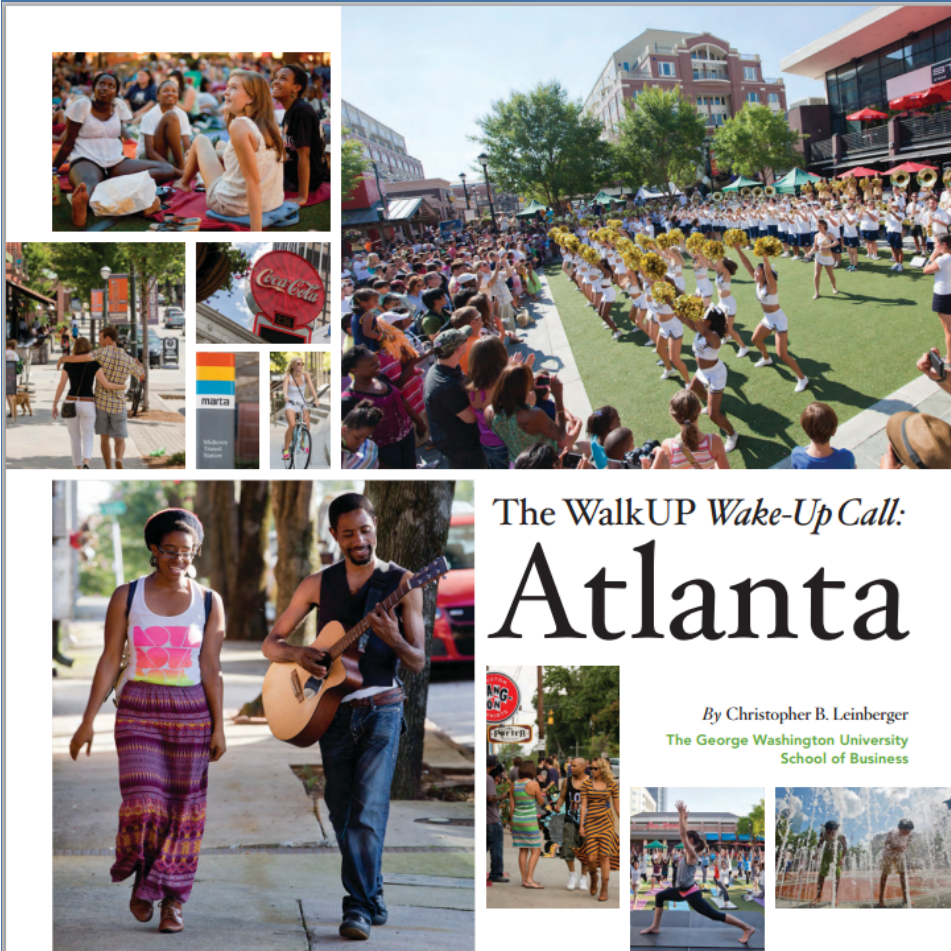
Walkable Urban Places - Atlanta

Report finding:

From 1992-2000, roughly 13 percent of real estate investment in the region went into Current and Emerging 'WalkUPs.'

From 2001-2008, that number **doubled** to 26 percent.

Since 2009, it more than **doubled again**, reaching 60 percent.



The WalkUP Wake-Up Call: Atlanta

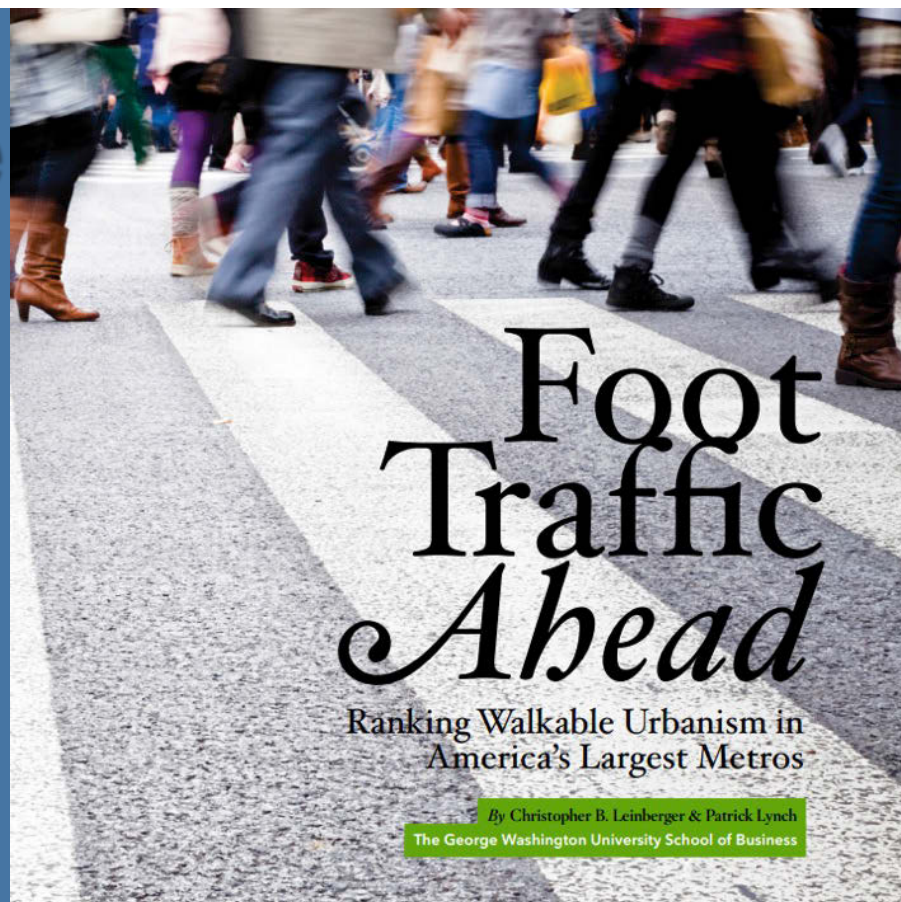
By Christopher B. Leinberger
The George Washington University
School of Business

There is a price/value premium for walkable places

2014 study ranks the top 30 US metropolitan areas in walkability

Major findings:

- The top ranking metros have an average of 38% higher GDP per capita as compared to the low ranking metros.
- Office rent in urban WalkUPs rent at a 74% higher premium per square foot over drivable sub-urban areas.



3. Development patterns & budgets:

The high cost of sprawl

How communities
develop affects
government expenditures
and revenues.

Development affects costs



Some development costs more,
for taxpayers and consumers.

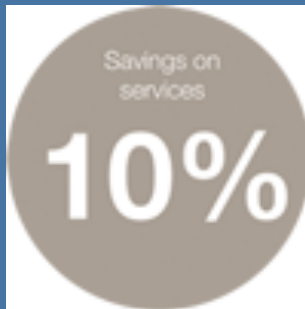
Some costs less.

Turns out, sprawl costs
more.

on the other hand:

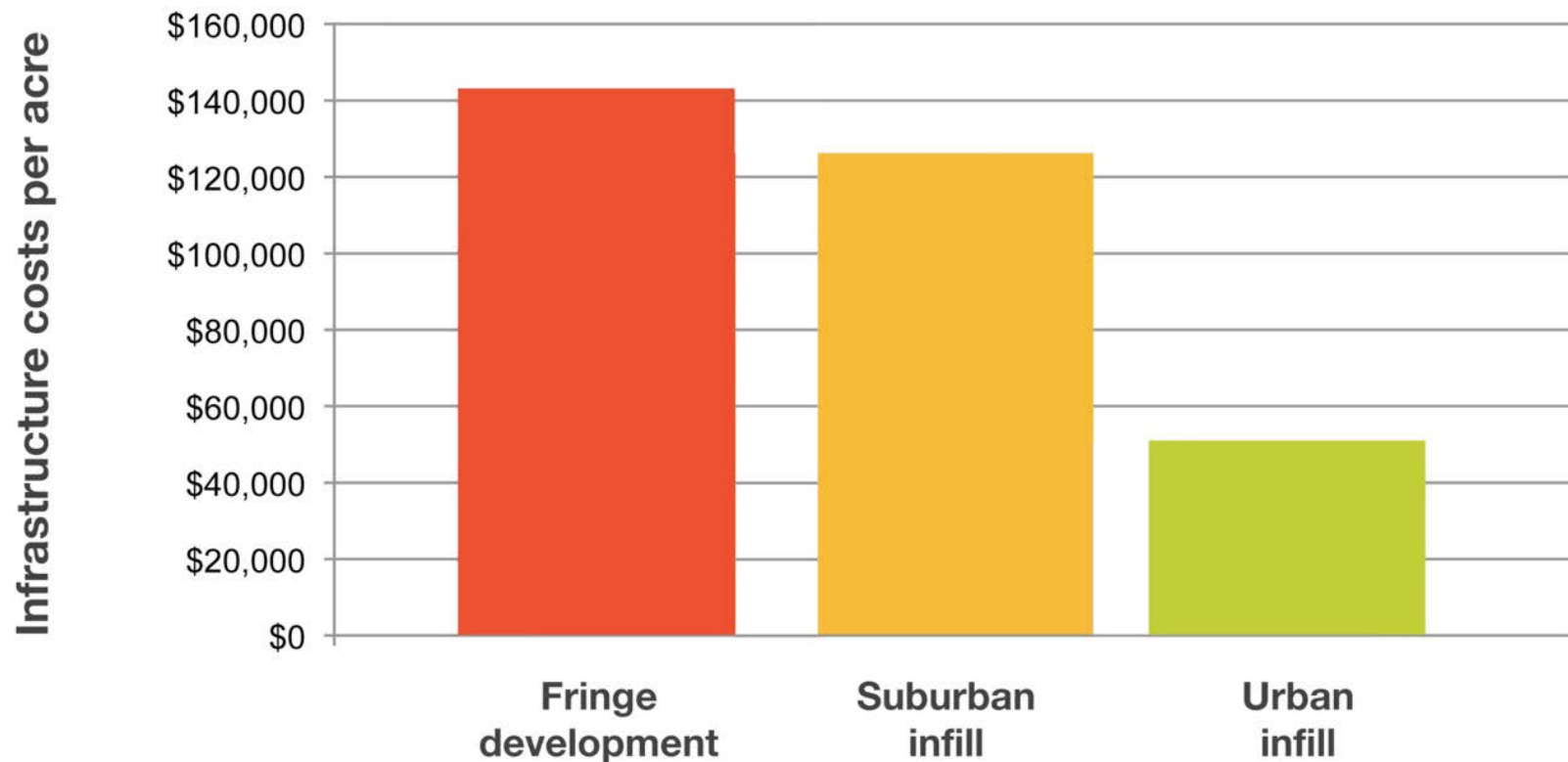
“Compact development patterns and investment in projects to improve urban cores could save taxpayers money and improve overall regional economic performance”

Mark Muro and Robert Puentes,
*Investing in a Better Future: A Review of the Fiscal and Competitive
Advantages of Smarter Growth Development Patterns.*
Washington, DC: The Brookings Institution, 2004.



Development affects costs

Per acre infrastructure costs for single-family homes by location



Building infrastructure to serve new development on the fringe can cost a city **up to three times more per acre** than urban infill development.

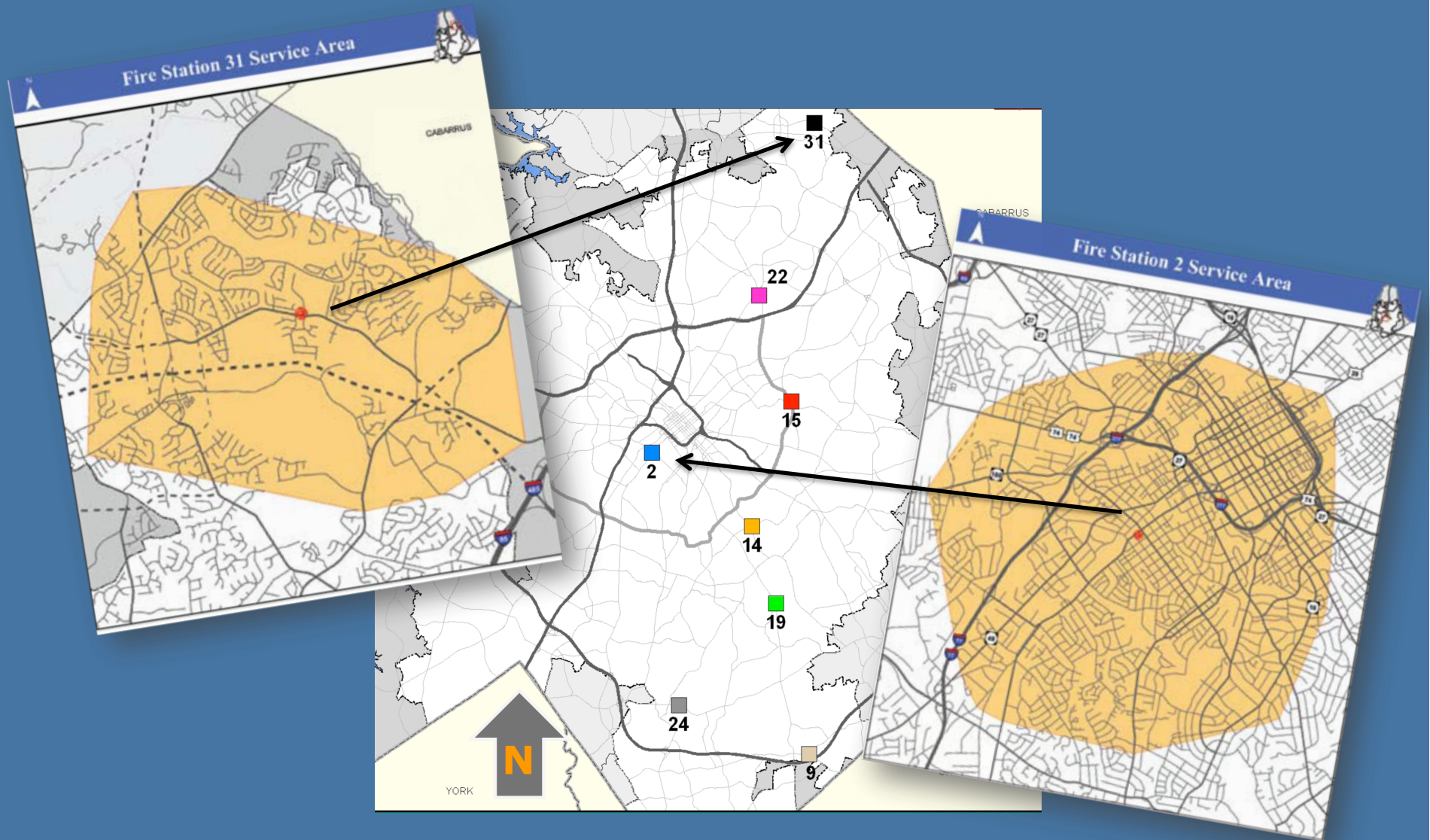
Development affects costs

Compact development offers efficiencies in delivering **services**.

- Police and fire departments have less area to cover.
- Fewer miles of road to cover for trash pickup, school buses.
- Fewer miles of water and sewer pipes to maintain.

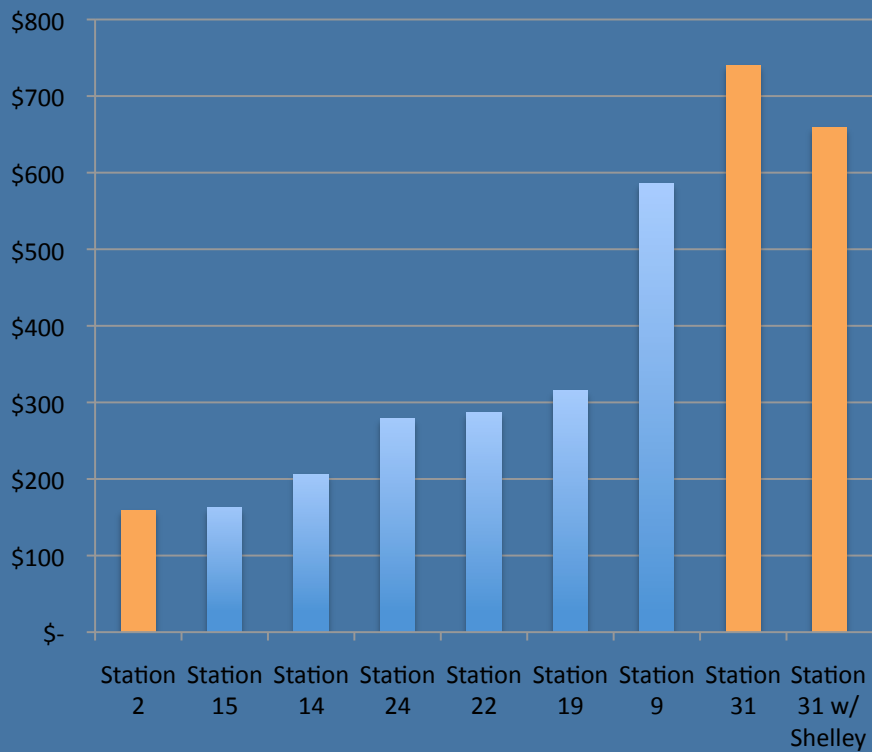


Development affects costs



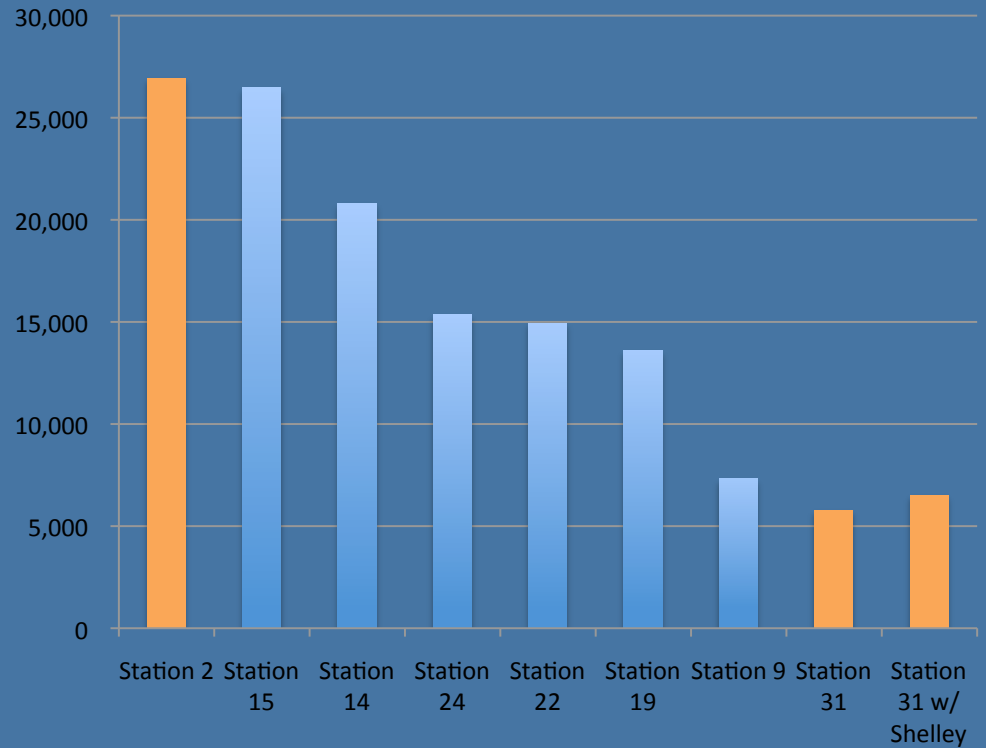
Development affects costs

Annualized Per-Capita Life Cycle Costs
(based on 2-apparatus station)



Greater Connectivity ↔ Less Connectivity

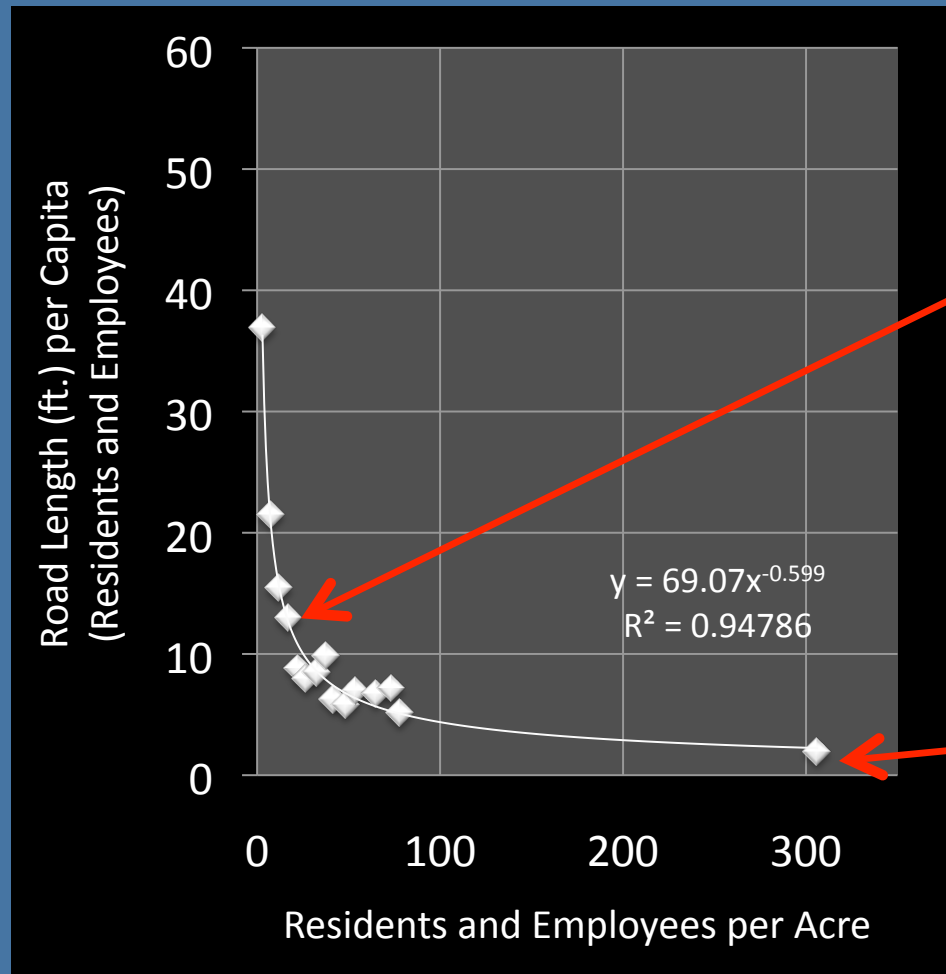
Households per Fire Station



Greater Connectivity ↔ Less Connectivity

Road Length and Area per Capita Decreases as Density Increases

Samples from West Des Moines/Des Moines

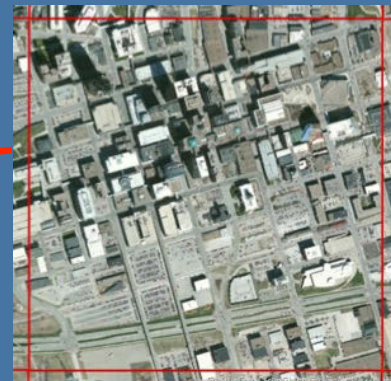


Suburban Residential



Residents: 2,228
Employees: 262
Total: 2,490
Total Res. & Emp Per Acre: 10.33
Total Road Length: 36,622
Road Length per Capita: 14 ft.

Downtown Urban

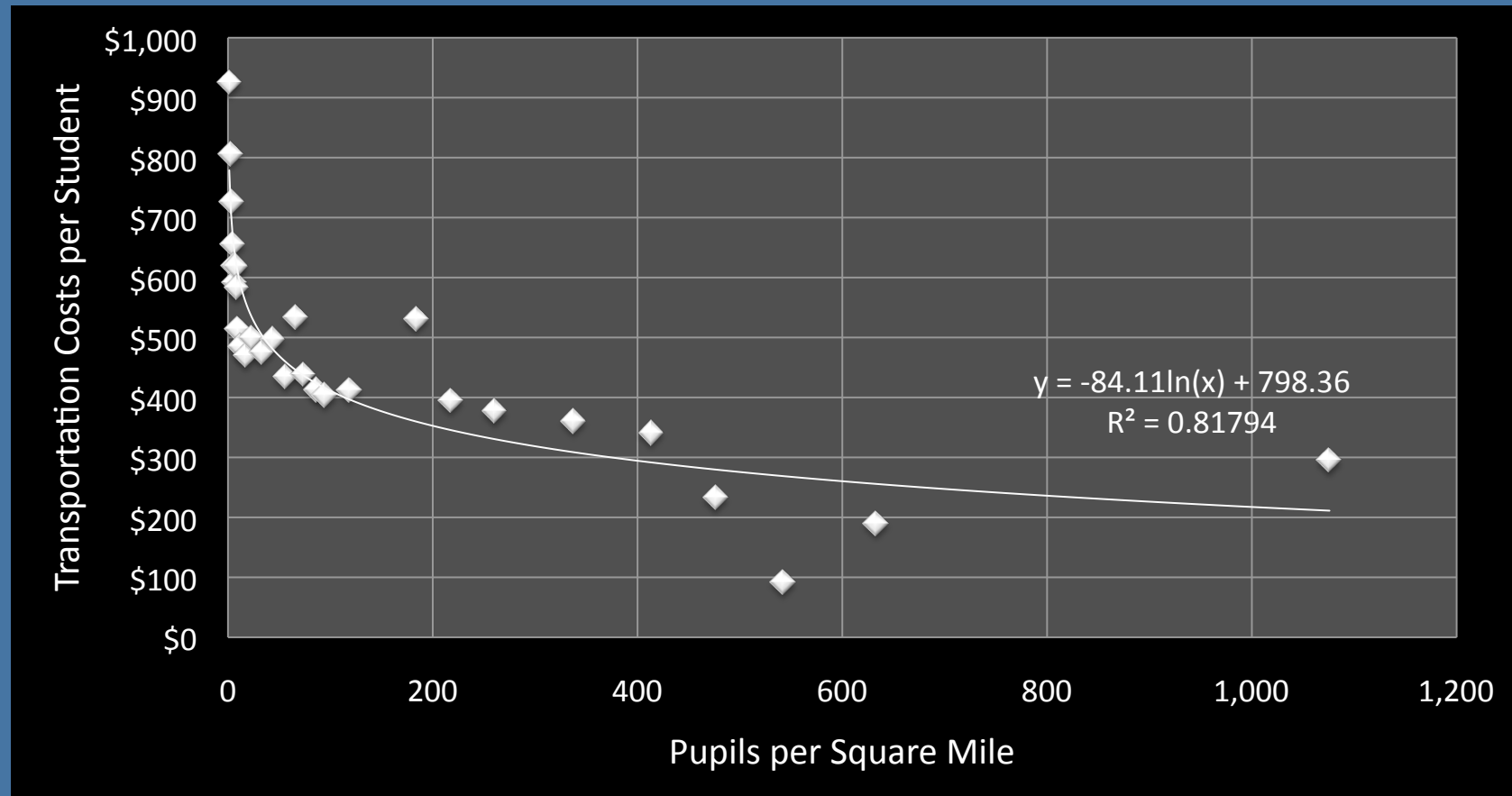


Residents: 1,609
Employees: 27,940
Total: = 29,549
Total Res. & Emp Per Acre: 306
Total Road Length: 56,738
Road Length per Capita: 1.9 ft.

NOTE: Chart shows road length only.
Road area per capita has a similar relationship to density.

Per Pupil Transportation Costs Decline as Pupil Density Increases

FY 2013 School Transportation Costs and Pupil Density by School District in Wisconsin



SOURCE: Wisconsin Dept. of Education

NOTE: Points represent average costs for districts within density categories

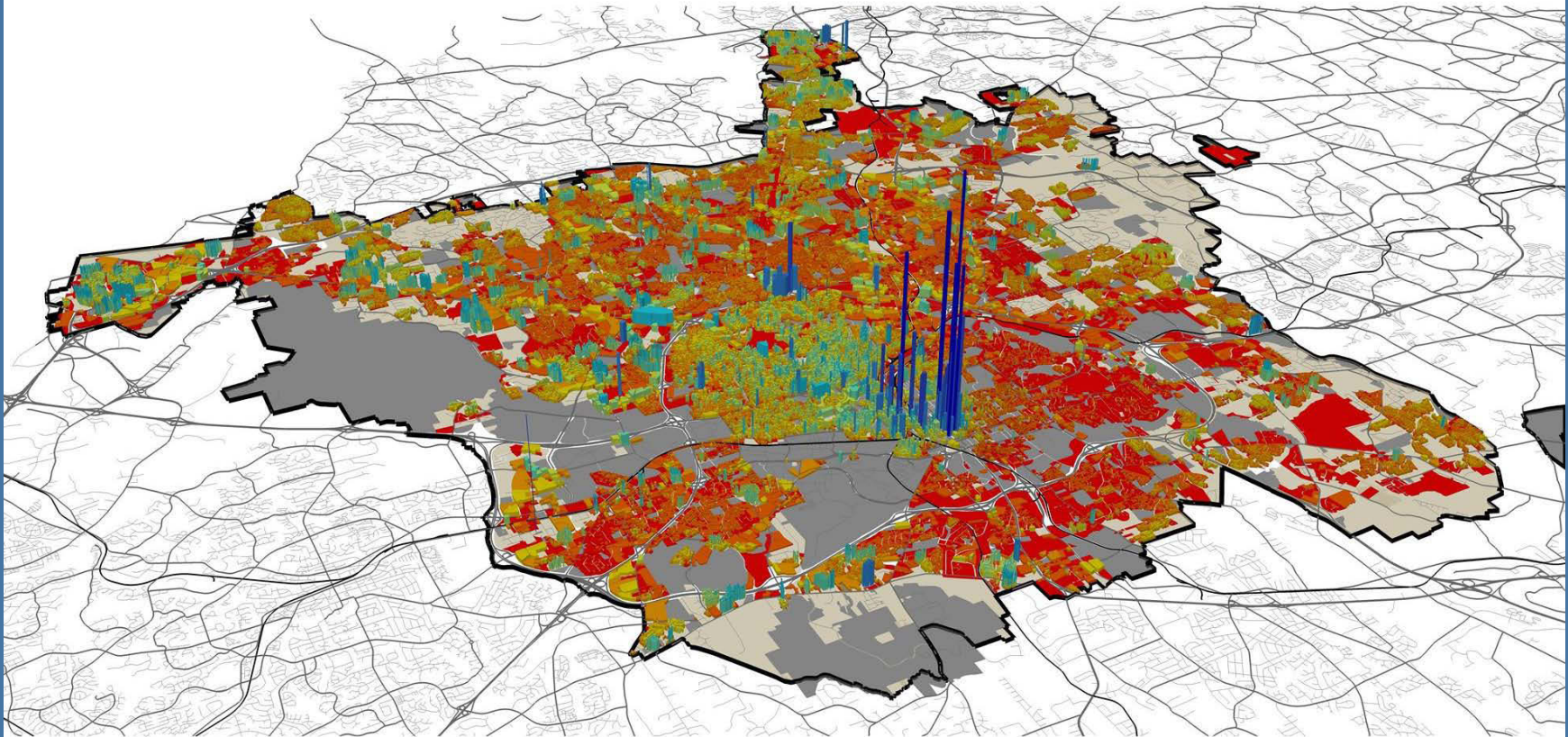
Development affects revenue

When it comes to **revenue**...

- Compact development is the best deal.
- Low-density suburban development generates much less per acre revenue.
- “Main streets” and dense mixed-use areas create synergies that produce substantially higher revenues than commercial sprawl.

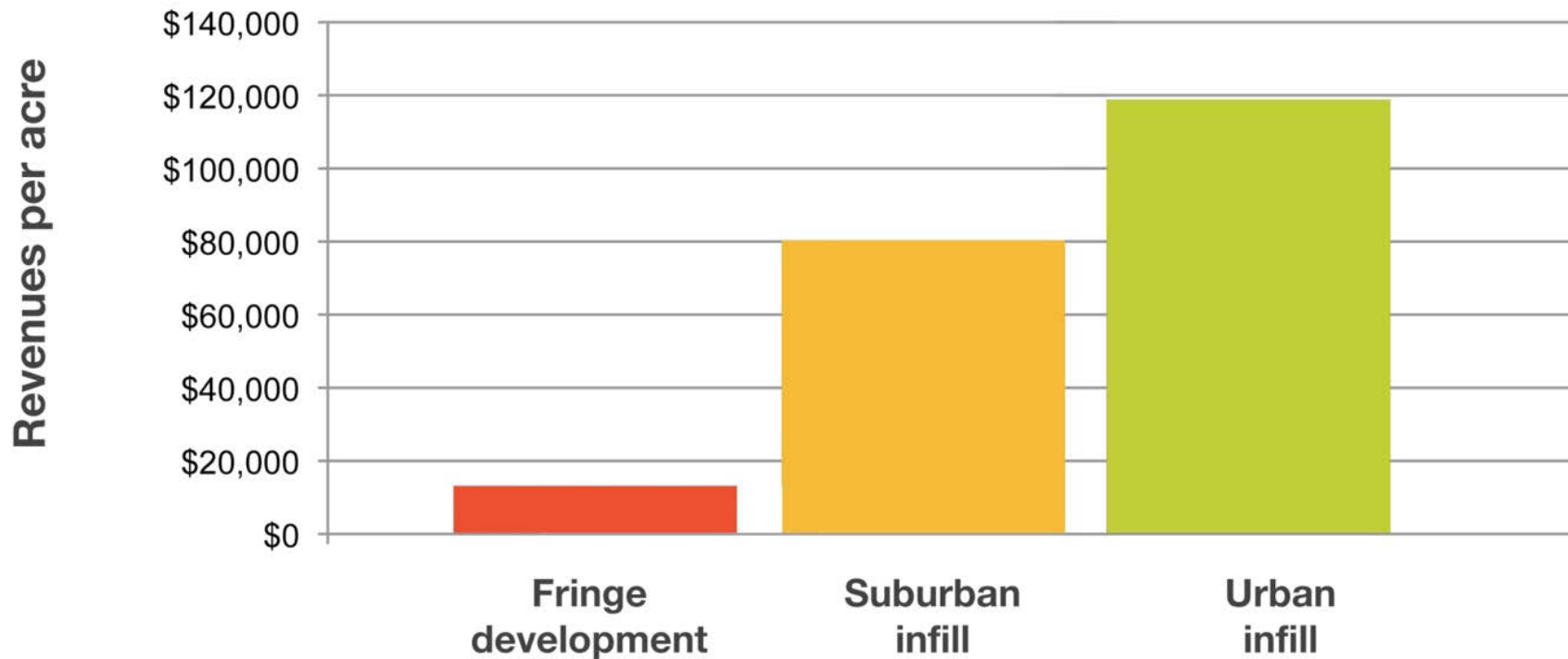
Development affects revenue

Denser development can carry an entire city financially



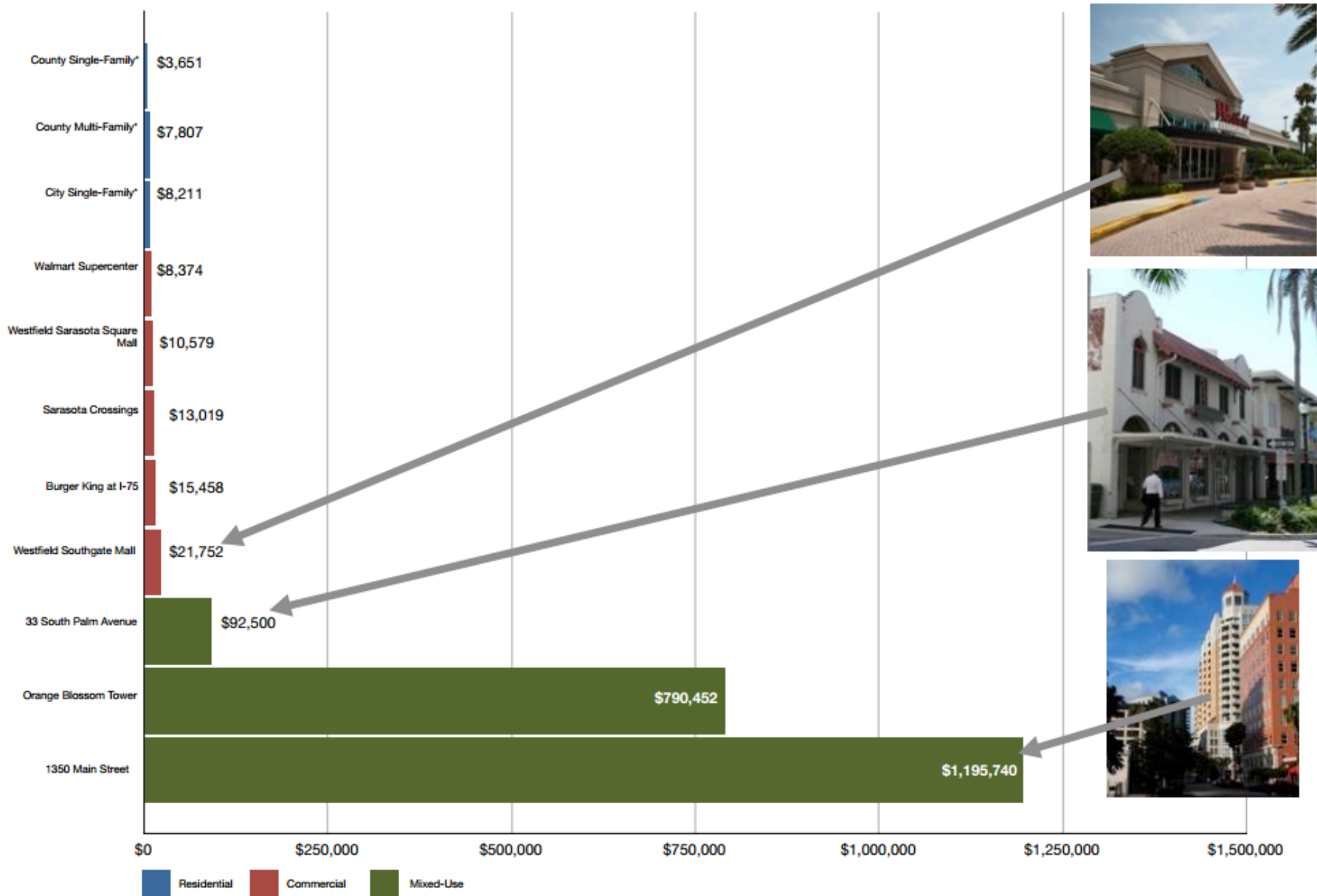
Development affects revenue

Per acre revenues by density and location in the State of California



Multifamily housing in near an area's center can generate **nine times more revenue per acre** than traditional large-lot, single-family housing on the fringe.

Sarasota County Property Tax Revenue Profile: 2008 Tax Yield per Acre



*Average values per Board of Realtors

Communities are now in a
ferocious competition
over
place

(whether they know it or not)

What it means

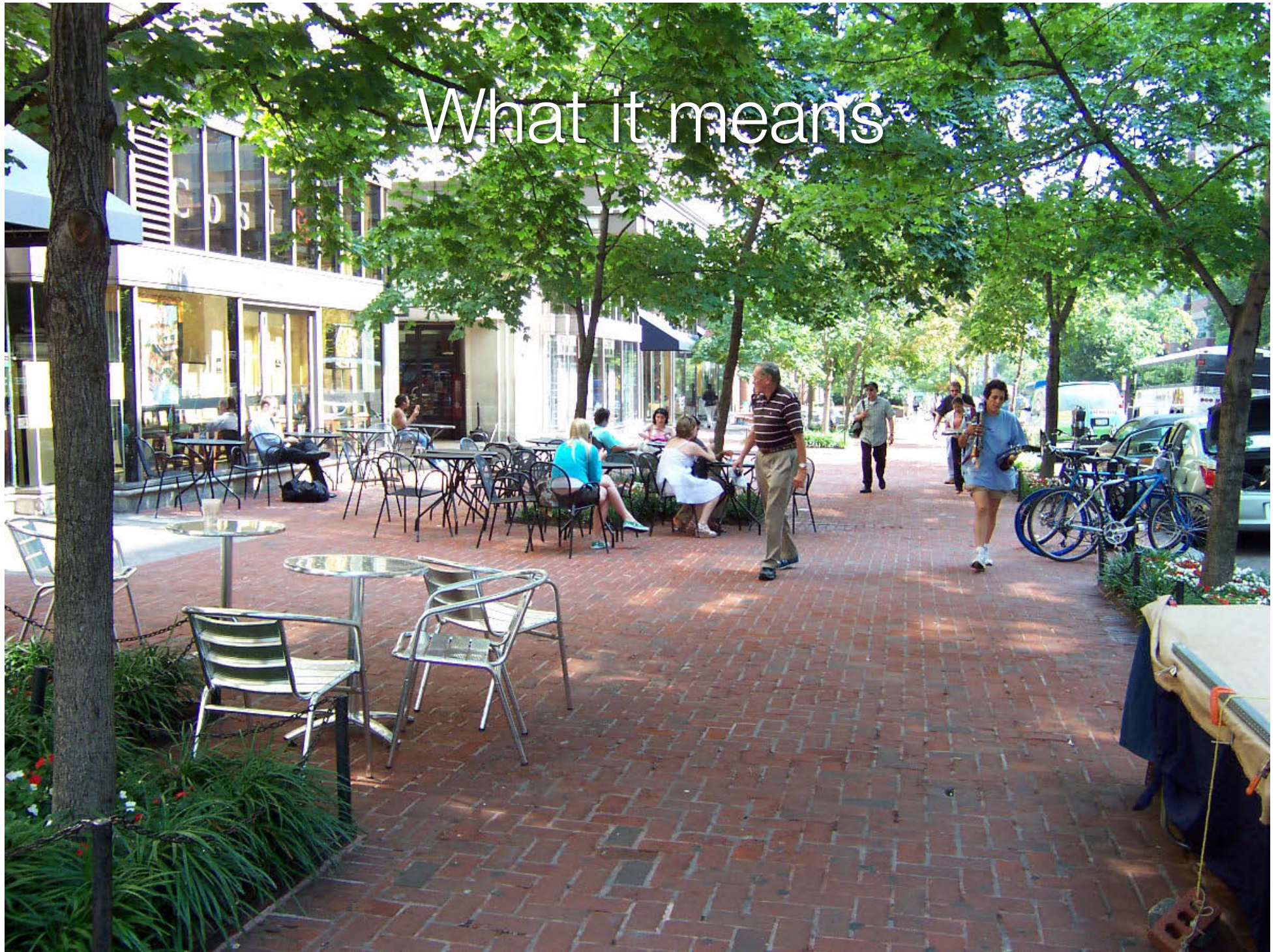




Photo: By TheRTP

From: <http://dilemma-x.net/2012/11/10/research-triangle-park-unveils-new-master-plan/>



New streetscape in front of old buildings



(photo: Chris Zimmerman - Oct 2011)



Siting principles

This is a big “no-no”

Building

Surface parking

Sidewalk



(photo: Chris Zimmerman – Oct 2011)



Westchester PA – 2007 (CZ photo)





Smart growth is part of an economic development strategy



Thank you

Christopher Zimmerman



Smart Growth America

Making Neighborhoods Great Together

Questions?

