Livable Places **Update**

Emerging Trends in Community Planning and Design

January 2013 www.lgc.org

Property Tax Outpaces Sales Tax as a Revenue Source: While look-alike, big box retail development can downgrade the character of our communities, it is often sought after by local governments because of the expected sales tax revenue it can generate. In land use policy circles, this phenomenon has been given its own name, "The fiscalization of land use." Now, information is coming to light that big box development might not be the best strategy for improving local government revenues.

The Tax Policy Center, an initiative of the Urban Institute and Brookings Institution, has issued an analysis titled *Property Tax As Percent of Local Tax Revenue*. The figures are based on data from the U.S. Census Bureau's annual survey of state and local government finances from 1977 to 2010. The numbers reveal that it is property tax and not sales tax that makes the major contribution to city and county budgets.

While in California — and many other states — the percentage of revenue contributed by property taxes has decreased since 1977 — from 85.2% of total local government tax revenue to 73.6% in 2010 — property tax still remains the major source of local government revenue. For a copy of these statistics, go to: http://www.taxpolicycenter.org/taxfacts/displayafact.cfm?Docid=517

The Tax Policy Center's information is consistent with the analyses of our consultant, Joe Minicozzi, described in previous editions of *Livable Places Update*. No matter where he goes, Minicozzi finds that sales tax revenues are very small as compared to the amount of money generated from property tax.

The secret to success, according to Minicozzi, is maximizing your revenue per acre. When you do this, Minicozzi's data shows that even a two-story building in a downtown will contribute far more property as well as sales tax than a big box on the urban edge. To learn more about Minicozzi's approach, visit (http://www.lgc.org/freepub/community_design/factsheets/valuing_downtowns.html) to download a factsheet summarizing the results of Minicozzi's unique study that he performed in three San Joaquin Valley communities.

Infill Development Suits Emerging Life Styles: According to a recent publication by the American Institute of Architects, "Large greenfield residential and commercial development in the exurbs has gone on hiatus, if not into permanent retirement." With a glut of foreclosed homes now available for a fraction of the original sales price, housing developers across the country are focusing now on smaller-scale, infill projects that are energy efficient and have a more affordable sales price.

According to the AIA's *Home Design Trends Survey,* today's buyers are looking to spend less on housing and live a more affordable life style. They want more durable materials in their homes and they want to be more accessible to transportation. They are also looking for more interaction with the community where they live — this includes both the baby boom generation and the millennials. (http://www.aia.org/practicing/AIAB091814)

Some developers have concluded that meeting this market demand doesn't necessarily require that the new housing be located in high density, downtown developments or new communities. They are pioneering a new, smaller mixed-use concept built on infill sites with existing infrastructure, where there is access to public transportation, commercial opportunities and mixed-use facilities.

The City of Fresno is looking to implement a new 2050 general plan that locates almost half of the expected new housing in infill locations. According to Fresno City planner, Keith Bergthold, the City is looking to build 21,000 units in mixed-use villages to be located on declining arterial corridors served by bus rapid transit and on underutilized land in the City's downtown. The balance of infill will be allocated to vacant and bypassed land within the City limits. A new City Infill Development Task Force is setting the development priorities for these properties.

Because infill projects typically feature attached housing, the plan is consistent with the housing needs projected by recent research undertaken for the Fresno Council of Governments by the Concord Group. The report estimates that almost half (45%) of all new housing built in the San Joaquin Valley region between 2010 and 2050 will need to be attached in order to meet market demand by 2050.

This represents a dramatic change in business as usual. According to planner Bill Fulton, today in the San Joaquin Valley, only 14% of new development occurs as infill compared to a California average of 33% between 2000 and 2009. (http://www.cp-dr.com/node/3305)

We are looking forward to hearing more about this at the *2013 New Partners for Smart Growth Conference*, being held in Kansas City. The Mayor of Fresno, Ashley Swearengin, planner Bill Fulton, and developer/consultant Joe Minicozzi will be featured speakers. For more information, go to www.NewPartners.org.

A Corral for the 21st Century: From horse corrals to parking lots to bike corrals – there are signs that our transportation system is evolving.

Parklets are not the only innovation moving into spaces formerly reserved for on-street parking. The latest iteration is the parking corral. Bike corrals typically have 6 to 12 bicycle racks in a row and can park 10 to 20 bicycles in a space otherwise occupied by one to two cars. They are placed in front of a business, allowing visitors and employees to safely and conveniently lock their bikes.

Bicycle corral at Stumptown Coffee in Portland, OR.
Photo courtesy of VeloBusDriver on flickr

The City of Portland turned to bike corrals when the high demand for bicycle parking became too much for the sidewalk to handle in a number of the community's commercial areas. City planners established a system whereby businesses can formally request a bike corral to be installed in one or two parking spaces in front of their shop. Businesses responded with exuberance! The number of bike corrals in the City has now grown to 91.

The City of San Francisco has followed suit and already has 24 of these corrals now established in commercial areas across the city. It is reported that the corrals have proven to be good for local businesses because they free up sidewalks and encourage those on a bike to stop and shop. Their growing popularity motivated San Francisco to model Portland's concept in establishing an applications process where business owners can request a bike corral, free of charge. (http://www.sfbike.org/?corrals)

The City of Venice, CA, has decided to move ahead with 4 new bike corrals, adding to the two they already have, after hearing from the Coastal Commission that the bike corrals do not require a coastal development permit. The City plans to have a total of 10 of these corrals by this coming June. A maintenance agreement between the city and the businesses that request these amenities addresses the complaint that these facilities get in the way of street cleaning.

Other California cities joining this movement include Los Angeles, Coronado, and San Diego. San Diego has had enough success with pilot projects that they are ready to ramp up their program. According to Tiffany Bromfield, executive director of the San Diego Business Improvement District Council, "Having the corrals has been a boon for businesses . . . bikes make a community more vibrant."

LA's Newest Ideas: The Brookings Institution has proclaimed "America is renewing itself from the bottom up." We've noted for some time that, in California at least, it is local government that most often paves the way for new innovations. But the pace of innovation seems to be increasing more rapidly than ever, perhaps reflecting our paralyzed federal government and the urgency of local challenges.

The Brookings Institution recently honored the City of Los Angeles, proclaiming it one of the nation's ten most important innovator's because of their leadership in funding transportation improvements. Mayor Villagairosa has inspired a new federal policy, based on a ballot measure passed by Los Angeles voters in 2008 that enacted a 30-year, ½ cent sales tax that will raise $40 billion for new rail and BRT projects, bus improvements, and the like. His "America Fast Forward" proposal has convinced the federal government to reward regions that help themselves: providing flexible, low-cost credit assistance backed by future sales tax revenues. The federal transportation reauthorization bill that passed in June 2012 now includes major enhancements to the Transportation Infrastructure Finance and Innovation Act (TIFIA) program, expanding lending capacity from $1.2 billion to $17.0 billion and broadening project eligibility. Now the City has money to complete their transportation projects ahead of schedule. (www.prweb.com/releases/prweb2013/1/prweb10335543.htm)

Los Angeles' elected leaders continue to forward more innovations — one step at a time. The City has just adopted an ordinance that allows developers to swap up to 30% of the required car parking in favor of bike parking at commercial buildings, and up to 15% in residential projects (if the residential development is near transit.)

And a specific plan for a new "iconic mixed-use neighborhood" housing 32,000 people, located in an area north of Chinatown near downtown LA, has been excused from any parking requirements at all, based on it's walkability and proximity to transit.

Meanwhile LA County is looking at innovations of its own. They have unveiled the state's first public orchard, planting 27 fruit trees and eight grapevines in a public park, and 60 additional fruit trees in the surrounding neighborhood.

In a regional effort to clean up the water that is polluting LA's famous beaches, the County is looking to tax the region's 2.2 million property owners and use the revenue to capture, filter, and reuse the stormwater before it hits the ocean. This would cost homeowners an expected $50 a year, while big box stores with acres of parking would pay $11,000. The tax would be based on the size of each parcel and the amount of hard surface covering the property. (www.californiareport.org/archive/R201301150850/a)

Livable Places Update *is published monthly. For subscription information, call 916-448-1198. If you have news from your area that you would like to see included in future issues, please email to: lgc@lgc.org, with "LPU News" in the subject line or fax to: 916-448-8246.*