Plan Ahead Now for a Transportation Revolution: A majority of people now say they want to live in a walkable, bikeable, transit-oriented neighborhood. At the same time, transportation experts are telling us that we can no longer afford the auto-dependent alternative. Together, this information is pointing to a dramatic change ahead in the way we need to plan and build our communities.

The Changing Market: The Urban Land Institute (ULI), a membership organization of developers and related professionals, released a report this month that predicts a strong future demand for compact, mixed-use communities with reliable, convenient transit service. The document, America in 2013, is based on a survey conducted in January and February 2013.

The majority of the over 1,000 respondents to the ULI study said they would prefer a smaller home with a shorter commute over a larger home with a longer commute (61%). Fifty-three percent want to live close to shopping; 52% would prefer to live in a mixed-income housing community; and 51% want access to public transportation.

The report takes a very close look at the largest demographic group and the one most likely to have an impact on land-use—the 80 million young people born between 1979 and 1995. It is here that the shift away from auto-oriented housing preferences is most profound.

Sixty-three percent of this group said they plan to move in the next five years. What are they looking for? Seventy-six percent place a high value on walkability; 62% prefer developments offering a mix of shopping, dining and office space; and 59% prefer a diversity of housing choices (Where Americans Want To Live, Urban Land Institute, 2013).

These results are similar to studies of residents in the southern portion of the San Joaquin Valley by the Kern County Council of Government. In 2012, Kern COG found that more than two-thirds of Kern County respondents favored having an alternative to driving alone—including walking, biking and transit—with the greatest support for these options coming from the rapidly-growing Hispanic population. The survey also found that interest in small-lot, single-family homes, townhouses, mixed-use buildings and apartments had grown by 20% to 33% over the past four years. The most striking change was a rising interest in living in a mixed-use building (A Home for Everyone: San Joaquin Valley Housing Preferences and Opportunities to 2050).

University of Utah Professor Arthur C. Nelson has been looking at how the current housing stock measures up to future needs, taking a close look at California’s four largest metropolitan planning organizations (SANDAG, SCAG, ABAG and SACOG).

In 2011 Nelson came to the dramatic conclusion that in California we have an oversupply of conventional subdivision lots that will continue for the next 23 years, even if no new supply is created during that time. He advises that all new construction should be in the form of infill apartments, attached town homes and small lot houses in neighborhoods that are less car-dependent (The New California Dream, Urban Land Institute).

A study undertaken last year of needs in California’s San Joaquin Valley found more modest yet still striking results. The Concord Group predicted that to meet future market demand, 42% of all new residential units built in the Valley between today through 2050 should be attached units. These new units could be in the form of apartments, flats, duplexes, triplexes, bungalow courts and townhouses. (Fresno COG - link to the Concord Group Study) This indicates the need for a sharp change in direction for development in the Valley. About 91% of residential permits issued in the Valley between 1990 and 2011 have been for single-family homes. (San Joaquin Valley Higher Density Residential Housing Market Study, valleyblueprint.org).

The Roads We Can’t Afford: Even if, in the future, everyone changes their minds and wants to live an auto-oriented lifestyle, experts tell us that local governments can’t afford it.

Ron Milam, Principal-in-Charge of Technical Development at the transportation consulting firm Fehr & Peers, points out that as communities grow and expand, so do the networks of roadways and other transportation infrastructure that must be maintained. From his professional perspective, he sees land use decisions being made without adequate consideration of what the resulting transportation system will cost and whether that cost is something a community can bear over the long term. His case studies, presented at a Local Government Commission dinner forum, dramatically demonstrate the need for a change in the way we invest our public transportation dollars.

A more fiscally sound transportation strategy, and one that is consistent with what the market demands, is to turn to walkable, bikeable, transit-oriented development.

A recent report from Smart Growth America, Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development, surveyed case studies from across the country of this type of development as compared to current patterns of auto-dependent sprawl. The exercise revealed that smart growth development costs at least one third less for upfront
infrastructure construction and saves taxpay-
ers a minimum of 10% on ongoing delivery of
services.

Fresno is one of the cities highlighted in the
review. "It's not surprising research is show-
ing that putting homes and businesses closer
to city centers saves cities money because this
is exactly what we're finding in Fresno," said
Fresno Mayor Ashley Swearengin. "Investing
in the heart of our city not only revitalizes our
once-grand downtown, but it's delivering new
job opportunities and making it easier for us to
provide everyone who lives here the types of
services they expect from the city."

On the revenue side of the equation, results of
municipal revenues studies conducted for the
Local Government Commission by develop-
ment consultant Joe Minicozzi are challenging
closely held assumptions about the property
tax benefits of big-box retail and other types of
auto-oriented development.

After doing research in cities and counties
throughout the country, Minicozzi has found
that smart growth development generates an
average of 10 times more tax revenue per acre
than conventional suburban development. He
concludes, "The best return on investment for
the public coffers comes when smart and sus-
tainable development occurs in mixed-uses of
higher densities."

The Local Government Commission brought
Minicozzi to California to test whether his na-
tional results will hold true in this State, given
the property tax constraints of proposition 13.
It turns out that they do.

In Mountain View, Minicozzi found one of the
best economic performers for the City turned
out to be a 100-year old, 3-story Red Rock cof-
turer building that was yielding a mere $863 per
acre. Essentially, the community would only
need 0.11 acres of Red Rock buildings to equal
the total property taxes of the 8.3 acre Target.

Minicozzi also studied the San Joaquin Valley
communities of Turlock, Merced, and Modesto
and found similar results, highlighted in the
recent LGC fact sheet, Valuing Downtowns.
After looking at Minicozzi results, the Mayor of
Modesto, Garrad Marsh observed, "We have
buildings in Modesto's downtown that con-
sume a fraction of an acre, yet provide more
than 5 times the tax revenue per acre as the
100-acre mall on the edge of town. By building
up not out we're bringing in more tax revenue,
spending less delivering services, while pre-
serving the agricultural lands that are at the
backbone of our region's economy."

"These figures should make every civic leader
in America stop and take a hard look at what
impact their development is having on pub-
lic finances," said planner Bill Fulton, former
Mayor of Ventura and LGC member, now Vice
President of Policy Development and Imple-
mentation at Smart Growth America. "Smart
growth strategies can cut costs and raise rev-
ues for any town or city, that's what this re-
search shows."

What Is the Lesson for Local Policy Makers?
Here is what the development community's
Urban Land Institute advises, "Although Cal-
ifornia leads the nation in many urban plan-
ing innovations, more needs to be done to
align public policy and regulations to a rap-
idly shifting housing market and emerging
consumer preferences"..."housing preferences
of the past, driven by the baby boom, are not
the same as contemporary or projected prefer-
ences exhibited by generations X or Y or the
aging baby boomers."

Informed local leaders might well consider the fol-
lowing actions:
— General plans, specific plans, and zoning
codes now need to take into account the new
reality—that housing preferences have changed.
Most communities now have an oversupply of
auto-dependent development. Today's market
demands that we plan neighborhoods that of-
er transportation choices that include walk-
ing, biking and transit.
— Long-term costs and income also need to be
considered when the city council or board of
supervisors approves individual develop-
ment projects. Key questions to be answered
include: How much of the public's money will
be invested in infrastructure improvements to
accommodate this new development project?
How much will this new infrastructure cost
the city in the future in terms of operations
and maintenance? On the revenue side, how
much property tax and sales tax will new de-
velopment give back to the city? Is the income
good enough to cover the costs?
— More attention also needs to be paid to the
bottom line when regional transportation
plans are developed. New computer programs
are now available that can calculate the cost of
new infrastructure versus infill development,
giving regions a chance to produce regional
transportation plans that are far more cost-

effective. The SB 375 process provides an ex-
cellent opportunity for creating fiscally sound
regional transportation plans
— Finally, economic consultants need to be
directed to estimate project development tax
revenues on a per acre basis rather than using
the industry standard calculating revenues by
project. In our State, where land is precious,
we cannot take undeveloped land for granted
as a resource that will always be there.

The Urban Land Institute says it well: "Sub-
stantial public ownership of land combined
with sensitive and fragile landscapes reduces
the supply of greenfield land available for ur-
ban development, making efficient use of re-
maininig available land and underused, previ-
ously developed land paramount." (The New
California Dream, Urban Land Institute)

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