Livable Places **Update**

Emerging Trends in Community Planning and Design

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Research Demonstrates Link Between Smart Growth and Jobs: With unemployment climbing well above two digits in many places, polls today confirm that the general population is far more concerned about jobs and the economy than anything else. Interest in issues like health, equity and the environment — the things Smart Growth partners care most about — has diminished as more Americans are out of work.

However, a new report titled *Growing Wealthier*, unveiled last week by the Center for Clean Air Policy, indicates a strong link between smart growth and jobs. The smart growth measures some communities have implemented over the past two decades to create more walkable, bikeable, transit-oriented communities may be having a pronounced impact on the time that people spend in the car. As gas gets more expensive, those with an alternative to the car are choosing to walk, bike or take transit. They are driving fewer miles, and the report shows that when the miles that residents drive are reduced (measured by Vehicle Miles Traveled or VMT), the local economy benefits.

A recent report from the Victoria Transport Policy Institute confirms this observation. They note that in industrialized countries, regions with lower per capita VMT tend to be more economically productive. This may be because reducing the vehicle miles traveled per person means that families are spending less money on gas for the car. That leaves more money in the local economy to be spent on other uses. The more discretionary income a family has, the more money there is available to frequent the businesses that provide services, recreation, entertainment, food, education, medical care, and other things that improve their quality of life. The result is more local jobs.

The City of Portland, OR's early emphasis on creating a community where people can walk, bike, or take transit is now paying economic dividends. A recent report from CEOs for Cities shows that Portlanders are now spending $800 million a year less on driving than people in the average U.S. city of comparable size. By spending less money on gas and less time on the highway, the study concludes Portlanders have more of both to spend at local businesses. This amounts to about $1,500 per person, per year — or over $4,500 per three-member family.

One of the greatest threats to jobs and the U.S. economy is our growing dependence on imported oil. In 1973, net imports of petroleum made up 35% of petroleum product consumption. For 2000, this share has risen to over 50% and it is expected to reach 64% by 2020. At the same time, oil prices have been rising and have become increasingly volatile. The United States now has little ability to address a situation that is having a negative economic impact in this country and throughout the world.

The vast majority of the oil consumed in the United States is going into the gas tanks of cars and light trucks. The authors of *Growing Wealthier* have concluded, “We find that an inclusive planning process following smart growth principles that yields more walkable neighborhoods with broader options for housing and transportation can help communities, businesses and individuals make money, save money and improve quality of life.” For a copy of their report, go to www.ccap.org/.

Bike and Pedestrian Infrastructure Improvements Create More Jobs: According to a recent University of Massachusetts study, projects such as footway repairs and bike lane signing and painting are labor intensive — they use a high ratio of labor to materials in comparison to projects such as road repairs, which spend a greater proportion of the total project budget on materials. The report notes the added benefits of bike and pedestrian infrastructure — "studies have shown that investments in bicycle and pedestrian facilities can reduce carbon emissions and improve quality of life.”

The City of Portland’s investment in bike paths has created an entire business cluster. Portland bikes now account for $1.5 billion in local economic activity each year including retail sales, bike-related national firms moving to the City, and proceeds from bike events. These enterprises are directly responsible for almost 1,000 jobs in the region.

Transit Also Creates More Jobs Than Highways: Smart Growth America has studied American Recovery Reinvestment Act (ARRA) data on stimulus spending to determine the job development impacts of public transportation versus highway investment. They found that through the end of 2009, ARRA investments in public transportation produced almost twice as many jobs per dollar as investing in roads. Every billion dollars spent on public transportation produced 19,299 job-months; whereas every billion dollars spent on projects funded under highway infrastructure programs produced 10,493 job-months.

Similarly, researchers with the Transportation Equity Network found that if 20 metro areas shifted 50% of their highway funds to transit, it would generate more than 1.1 million new jobs over five years, without a single dollar in new spending. The report explains, "It really has to do with the ongoing operations of transit and how that gives people a job long-term, as opposed to simply building a highway and then you're done."

City Revenues Rise With Transit-Oriented Development: The *Growing Wealthier* report cites a number of success stories for city budgets. Denver, CO's investment in transit is paying back in spades!! Home values within a half-mile of stations on the Southeast light rail line rose by 18% from 2006-2008, while home values in the rest of Denver declined by 8%.

In Dallas, TX, retail sales and the associated sales taxes grew 33% after the light rail system began operation.

Portland, OR has seen huge increases in investment around its rail system for many years. A more recent project to bring streetcars to the city is having a similar effect. The $100 million investment in streetcars has helped to attract $3.5 billion in private investment.

Property Taxes Per Acre Highest for Buildings in Smart Growth Downtowns: At a time when local governments are struggling financially, analyses in Florida and North Carolina suggest that one of the best fiscal remedies for individual city and county budgets is dense, mixed-use development. In both these locations, tax revenue studies of proposed retail and office development projects have tipped the balance toward land use decisions that support more livable mixed-use downtown development instead of single-use, sprawling, retail and office development.

Joe Minicozzi of Public Interest Projects, a development firm, compared revenues from suburban and urban properties in Asheville, a city of 70,000 people. Minicozzi says that "the Asheville Walmart is returning an estimate of $6,000 per acre in total retail and property taxes to the city of Asheville, while properties downtown are producing $330,000 per acre in property taxes alone." His conclusion — it's more cost-effective to consume less land.

The highest generators of per acre property taxes in the Asheville area are urban residential buildings of six stories or more. The tax generation potential of mixed-use condos of 3 to 4 stories and urban mixed-use buildings of 2 to 4 stories are not as impressive as the more dense development, but these projects still outperform that of big box retail on the urban edge.

Astute planners often consider costs for infrastructure and maintenance, and sales tax revenues when considering the cost/benefit to the local government of proposed new development. But they don't normally consider property tax revenues per acre. (City planners rarely have training in tax law!)

It took an architect, turned real estate development project manager, in charge of implementing, phasing, costing and project design programs to understand the importance of including property taxes when considering the cost effectiveness of a proposed development project.

What is needed is a simple tool for including property tax considerations when planners look at the impact of proposed new development on a city or county budget. Such a tool would be invaluable in helping to make informed decisions when preparing SB 375-mandated Sustainable Development Strategies.

The LGC will be working with Peter Katz (Author of *The New Urbanism*) and Joe Minicozzi — the two experts on this issue — to research how cities might apply these methods to uncover the tax benefits in California of walkable, transit-oriented infill development.

Big box development compared to multi-family residential. Courtesy of Downtown Asheville Condos

Housing Defaults Reduced in Walkable Neighborhoods: From *The Journal of Sustainable Real Estate* comes some useful information about where to buy your next home. Using Walk Score, a measure of walkability, researchers examined over 40,000 mortgages looking for a correlation between loan default and location efficiency. They found what they were looking for in low-income neighborhoods.

The likelihood of foreclosure was much reduced in neighborhoods where people were able to get around without a car. Researchers concluded that government policies around land use, zoning, infrastructure, and transportation could have significant impacts on mortgage default rates and suggest that this information be included in the loan application process. The report states, "... our results provide support for policies supporting smart growth development and urban revitalization. That is, designing neighborhoods in such a way that reduces transportation needs is beneficial to borrowers as well as the environment."

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