Livable Places **Update**

Emerging Trends in Community Planning and Design

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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 Governments. 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 taxpayers 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 showing 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 development 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 sustainable development occurs in mixed-uses of higher densities."

The Local Government Commission brought Minicozzi to California to test whether his national 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 coffee shop producing a whopping $64,912 property taxes per acre, while one of the lowest city property tax revenue generators on a per acre basis is the Target, 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 consume 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 preserving 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 public finances," said planner Bill Fulton, former Mayor of Ventura and LGC member, now Vice President of Policy Development and Implementation at Smart Growth America. "Smart growth strategies can cut costs and raise revenues for any town or city, that's what this research shows."

What Is the Lesson for Local Policy Makers? Here is what the development community's Urban Land Institute advises,. "Although California leads the nation in many urban planning innovations, more needs to be done to align public policy and regulations to a rapidly 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 preferences exhibited by generations X or Y or the aging baby boomers."

Informed local leaders might well consider the following 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 offer transportation choices that include walking, biking and transit.

— Long-term costs and income also need to be considered when the city council or board of supervisors approves individual development 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 development give back to the city? Is the income 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 excellent 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: "Substantial public ownership of land combined with sensitive and fragile landscapes reduces the supply of greenfield land available for urban development, making efficient use of remaining available land and underused, previously developed land paramount." (*The New California Dream*, Urban Land Institute)

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