

Comment on Dowell Myers and Elizabeth Gearin's "Current Preferences and Future Demand for Denser Residential Environments"

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Abstract

The market for housing is changing and becoming more diversified. Myers and Gearin do a commendable job of combining existing housing preference data with demographic projections to delineate a sizable and growing minority of consumers who will be searching for more compact, walkable communities. How should the public and private sectors respond to increased demand for denser neighborhoods?

First, regulatory barriers to the creation of mixed-use, compact housing should be eliminated. At the same time, communities should take steps to guard against potential negative impacts. Because the land use patterns of many inner-city neighborhoods are most conducive to walkability, communities should implement policies to prevent displacement of existing residents. Although there are uncertainties and a lack of data in estimating potential growth, this article could have benefited from more analysis of factors such as booming transit usage, the growing popularity of transit-oriented development, and the increasing popularity of walking.

Keywords: Demographics; Multifamily; Urban environment

Beyond demand and supply

Myers and Gearin's research is essentially about a more sophisticated approach to building and selling homes. Typically, future sales are appraised by using crude methods that focus on the aggregate supply and demand for housing: Homes are treated as generic commodities like pork bellies, which are all essentially the same, rather than as consumer products like cars or clothing, which vary greatly according to people's preferences (Chen 2000). Lending institutions perpetuate this dynamic with a bias toward standardization that inhibits more compact, mixed-use development. As prominent mixed-use developer Christopher Leinberger recently (2001) lamented, "Conventional development is well-understood, relatively easy to finance, simple to build and modular in nature so it does not need to relate to the surrounding built environment" (8). Relative to more compact residential development, "these are daunting challenges" (8).

However, this standard approach tends to be ineffective in evaluating market niches for new homes in older urban areas, town houses, and single-family houses with porches and adjacent alleys. The old approach

tends to determine how many homes people want, but not what kind of homes or what type of residential neighborhoods people would select if given a choice. To reach these new markets, developers should take a page from the retail industry, which devotes enormous amounts of time and resources toward exploiting fine market segments for a variety of products. Meeting the variety of consumer preferences for different housing types would greatly please home buyers. And such research would likely reduce the perceived risk of financing and building more compact, mixed-use neighborhoods to meet rising demand.

Myers and Gearin point out two flaws in the most common argument in favor of more-of-the-same, low-density, auto-oriented development: That is, people want it. The evidence typically presented for this argument is that people buy it and they say they prefer it when asked on a whole range of surveys. The first flaw is that this argument is circular. People do seem to prefer what they are familiar with, and even if they might like the life they could live in a more traditional neighborhood, they are much more familiar with the low-density detached houses that are now prevalent, and they are prevalent because “that’s what people want.”

The second flaw is that the argument treats consumers like voters, as if only one product could be built at a time, to be decided by majority vote. For most of us, the American Dream does include a single-family home with its own yard, a cheap and safe place to put our car(s), and neighbors we can visit only if we want to. But as this study points out, our preferences change over a lifetime, and a significant and growing number of Americans have a different dream. For some, the convenience and amenities of urban apartments or town house neighborhoods are very appealing. Others may want affordable rental housing. In the most consumer-oriented economy in the world, we should be able to figure out how to bring those dreams within reach too.

One audience that should be interested in this research is the public sector, in particular those agencies involved in regulating and facilitating development and infrastructure and service providers. These agencies should recognize the potential for this rising demand to support infill development and reinvestment in existing communities, the implications for infrastructure to support it, and a shift in resource allocation away from subsidizing development on the urban periphery and toward improving and enhancing the built environment in existing communities. Unless the public sector acknowledges—and deals with—the need for higher-density, amenity-rich development, consumers may light on solutions that impose significant external costs, specifically gentrification.

Removing barriers

Myers and Gearin's article lends urgency to the pleas from architects, developers, and planners who would like to build more compact, walkable neighborhoods, but feel stymied by outdated zoning codes, entrenched neighborhood opposition, and long, unpredictable reviews. With the demand for such developments rising, the public sector has a growing responsibility to remove existing barriers to their construction.

Public officials also face the challenge of selling these projects—infill development, brownfields redevelopment, and such—to adjacent communities. Given potential opposition from NIMBY (not in my backyard) advocates, this tends to be difficult because of perceptions that compact development, multifamily housing, affordable housing, and the like will reduce property values. Many of these concerns are unfounded, and public officials, private sector players, and smart growth advocates should work together to ensure that perception matches reality.

It behooves us here to put in a brief word in defense of NIMBYism: Where a developer may feel frustrated by the rejection of an exemplary development proposal, a neighborhood association may perceive the developer as running roughshod over sensible neighborhood concerns. We hope the twain shall meet at a common agreement. In fairness to NIMBYism, it should be said that many ill-conceived urban freeways were never built and some invaluable historical structures were never torn down, thanks to entrenched NIMBYism.

One thing that all of the countless neighborhood-based development battles demonstrate is the need for comprehensive, community-based planning. With sufficient public input, long-term planning exercises can both provide increased predictability to developers and allow neighbors a real voice in the future shape of their community. For some communities, racism and neglect have left a legacy of deep mistrust of new development because of a lack of any meaningful consultation in the past. Especially in older, multicultural urban areas, sensitivity to this issue will go a long way toward gaining neighborhood support for worthy projects.

Perhaps a more tangible project for local policy makers to tackle is local zoning requirements that can have the effect of a de facto prohibition against mixed-use, walkable neighborhoods. A recent National Association of Realtors (NAR) report, *Smart Growth: A Resource for Realtors*, identifies two primary ways that zoning restrictions can inhibit denser development. The first is self-evident: “[M]inimum lot size requirements and setbacks found in many suburban areas obviously place a limit on density” (NAR 2001b, 26). Also, minimum size or “quality requirements” can have the unintended, and unfortunately, sometimes *intended*, effect

of precluding affordable housing and thereby worsening any existing patterns of racial and ethnic segregation (NAR 2001b).

Ironically, many of these requirements were created under the rubric of neighborhood preservation, environmental protection, or even smart growth. These policies can add to a mistaken perception on the part of some social equity advocates that smart growth is really exclusionary zoning wrapped up in a pretty green box.

Most zoning codes require a surplus of free parking. These parking requirements place a significant burden on developers, especially residential developers, to build off-street parking. Costs can run from \$10,000 to \$30,000 per parking space, providing a huge disincentive to build in an already compact neighborhood and further decreasing the likelihood that housing will be affordable because of the large capital costs associated with constructing a parking facility. These requirements diminish the competitive advantage many compact neighborhoods enjoy versus their auto-dependent neighbors: Namely, walkable neighborhoods with good access to transit limit the need to own a car. Zoning requirements should reward location efficiency, not diminish its benefits. In an effort to encourage downtown residential housing, Portland, OR, exempts downtown residential development from required off-street parking (Durning 2001).

Another set of barriers pertains to rehabilitation and redevelopment. Historic structures face unique hurdles because code requirements tend to be designed for new construction. Some states, namely New Jersey and Maryland, have instituted “smart codes,” which acknowledge that many of these buildings are never going to meet modern-day standards for new construction. However, with some reasonable upgrades, they could easily be habitable as businesses and residences. According to early estimates from the New Jersey Department of Community Affairs, its new Rehabilitation Subcode would save between 10 to 40 percent of the cost of redeveloping old buildings.

Surely, other outdated and burdensome zoning codes also actively limit the supply of compact, walkable neighborhoods. There is growing agreement among a diverse group of constituencies—developers, environmentalists, housing activists, and public officials—on the need to revise these codes. In a political culture rife with division and acrimony, opportunities for collaboration should be seized.

Displacement

The existence in some cities of a sizable minority of home buyers who have always preferred traditional neighborhoods has led to a revitalization of neighborhoods that have long been distressed. City officials with

neighborhoods to revitalize may look sanguinely—even skeptically—at the prospect of escalating property values in their languishing urban neighborhoods. But at the end of a decade of sustained economic growth and booming residential markets, many cities are struggling with the problems associated with success. According to the Joint Center for Housing Studies, rent exceeded inflation for the fourth year in a row. Last year, mortgage costs for the typical home buyer rose so much faster than income that the rising cost alone absorbed most of the income gain (Joint Center for Housing Studies 2001). Seattle, Boston, San Francisco, and Chicago are struggling with gentrification on a massive scale, but even cities like Baltimore, which was one of the few central cities that lost population over the past decade, have pockets of escalating property values that destabilize social networks and threaten long-time residents.

Granted, increasing preferences for urban environments by themselves are not enough to drive displacement. A recent survey of the literature on gentrification identified five factors driving this phenomenon: rapid job growth, tight housing markets, increased metropolitan traffic congestion, public sector policies targeted at revitalizing neighborhoods, and a preference for urban amenities, including strong architectural values and diversity, as well as sidewalks and cultural amenities (Kennedy and Leonard 2001). Myers and Gearin also find that a rise in traffic congestion is increasing the demand for less auto-dependent neighborhoods. It is unclear whether this is the result of the same impulse (to become less auto-dependent by moving closer to work) or whether the expanded preference includes as well a more generalized desire to live in less auto-dependent places.

We can expect at least two of these factors to continue unabated. Traffic congestion has increased markedly over the past decade, despite declining rates of growth in vehicle miles traveled. Public policies to promote redevelopment proliferated in the 1990s, and we predict that advocates and policy makers alike will continue to promote them. If we accept that increased demand for older neighborhoods is also a given, gentrification begins to become a realistic threat for any city with rapid job growth and a tight urban housing market.

Other factors influencing demand

Although the authors do a tremendous job of projecting demand for more compact, walkable neighborhoods, they do not comprehensively address several factors that strengthen the case that demand is growing. Other national and regional surveys may not specifically mention housing preference, but many indicate support for increased investment in transportation choices, urban parks and open space, and historic preservation. These preferences lend themselves to more compact, walkable communities.

The substantial growth in transit use nationwide over the past five years warrants further discussion as another trend supporting walkable communities. In fact, for the first time since World War II, growth in Americans' use of buses and trains is consistently outpacing growth in driving. During the past half-decade, transit use has grown by 21 percent, while driving has increased by just 11 percent ("Americans Flock to Transit" 2001). And transit use is not rising just in the transit-rich cities of the northeast, such as New York and Boston, but also in Denver, Dallas, and Los Angeles, which have invested in providing transportation choices. According to *Emerging Trends in Real Estate 2000*, "Mass transportation is a definite edge for cities that have it. A \$30,000-a-year administrative assistant isn't going to spend \$5,000 a year on a car to commute around the suburbs" (Lend Lease Real Estate Investments and PricewaterhouseCoopers 1999, 33).

With inter- and intracity rail service booming in much of the United States, transit-oriented development (TOD) is enjoying a renaissance as well. Although no hard data are available on the exact number of TOD projects nationwide, anecdotal evidence points to a growing market. Unfortunately, TOD projects have to struggle with planning and zoning regulations and lending practices that often discourage mixed-use, walkable development. Some notable projects are as follows:

1. The Metropolitan Atlanta Rapid Transit Authority (MARTA) has undertaken a major initiative to increase development around its transit stations. Around three stations alone, MARTA will lease land to developers to put in thousands of housing units and millions of square feet of office space ("Planners Try to Boost" 2001).
2. The new Dallas Area Rapid Transit (DART) system is also encouraging development projects around its stations. Already, 100 acres have been set aside for a transit mall that will be built around a DART light-rail station scheduled to open in 2008 ("Transit Mall" 2001).
3. In Wheaton, MD, an inner suburb of Washington, DC, about \$120 million worth of residential and retail development is being planned for the downtown area. Some 80 percent of the units would rent at market rates, and the rest would be designated as affordable housing ("Housing, Retail Development" 2001).

According to the Pew Center for Civic Journalism (2000), 18 percent of citizens believe that together with crime, traffic congestion and sprawl are the most important issues facing their local communities. As Myers and Gearin mention in their report, "Countless surveys have shown that American urban dwellers view mounting traffic congestion as one of the leading detractors from quality of life in their communities" (649). Recent survey data from Smart Growth America reveal that 60 percent

of voters would prefer that the state government use more of its transportation budget for improvements in public transportation “even if this means less money to build new highways” (*Greetings from Smart Growth America* 2000). Respondents to a recent Federal Highway Administration survey favored building more transit, bikeways, and sidewalks by over 60 percent, far more than the 40 percent who favored building more roads (2000).

Other data indicate support for denser residential environments. An NAR poll released in April 2001 revealed that 52 percent of voters support “encouraging new homes to be built on small lots grouped together so that other land can be saved as open space” (2001a, 11). The poll also indicated that the vast majority of the supermajority supporting open space preservation supported playgrounds and neighborhood parks as open space (NAR 2001a). According to a recent American Farmland Trust survey, 69 percent of voters say they are concerned about loss of farmland to development (2001). The trend away from suburban malls and toward a more pedestrian-oriented retail experience continues. Survey results from the National Main Street Center’s annual survey of emerging trends in historic Main Street commercial districts revealed that retail sales are up for the third straight year; property values and ground-floor rental rates also continued to increase (2001).

Public health interest in walkable communities

The public health community is beginning to strongly promote walking as part of an active lifestyle. A recent announcement by the Robert Wood Johnson Foundation argues that health advocates need to start supporting increasing physical activity to prevent disease—and that includes working toward communities that provide a place for routine, daily physical activity. This is a radical departure for the public health community, but radical measures are gaining favor as a way to address the growing epidemic of obesity and other afflictions associated with physical inactivity. Recent research bolsters this strategy: Evidence from the Centers for Disease Control and Prevention (CDC) confirms that even moderate amounts of exercise in the form of 30 minutes a day of brisk walking can significantly reduce the incidence of diabetes (U.S. Department of Health and Human Services 1999). Obesity and physical inactivity may also significantly increase the risk of pancreatic cancer; walking or hiking at least 4 hours a week was associated with an average 54 percent reduction in pancreatic cancer risk in overweight and obese participants (Michaud et al. 2001).

Auto-dependent residential environments that make walking either dangerous or impossible restrict the number of natural times that people would typically walk—to the store, to pick up dry cleaning, to go to the

market, and so on. Research suggests that most people need multiple motivating factors to get them to walk. That is, a doctor's advice to walk for health, or even vanity, is usually not enough to motivate routine physical activity. Such activity needs to be both an ingrained part of every day and a safe and accessible option for people (Canter 1983). Although the CDC and other research institutions are formally studying the prohibitions that certain urban design features place on physical activity, common sense suggests that a lack of sidewalks—or sidewalks in serious disrepair—severely curtail pedestrian activity.

A recent survey of the research on the potential to moderate travel demand through changes in the built environment suggests that walking is more prevalent in traditional urban settings, largely because of the shorter trip lengths, central locations, fine land-use mixes, and grid-like street networks of the traditional neighborhoods associated with these settings (Ewing and Cervero 2001). Pedestrian activity is a self-perpetuating phenomenon. It increases when other pedestrians are present. Says Leinberger, “Even if a place has the lowest crime statistics in that section of a metropolitan area but there are no people on the street, pedestrians will feel a degree of insecurity and are prone to not walk” (Leinberger 2001, 9).

Since World War II, neighborhoods and communities have been built to accommodate the automobile, to the exclusion of bicycles and pedestrians. This exclusion has led to some predictable results. Walking or bicycling trips have decreased by more than 40 percent since 1977, showing an increasing reliance on cars and a systematic elimination of other choices. Whereas 30 years ago 40 percent of children under 16 walked or rode a bicycle to school, less than 10 percent do so today (“High Mileage Moms” 1999). Has there been a surge of cultural resentment against walking and bicycling for young people? No, the communities we have designed over the past 50 years have effectively *designed out* walking and bicycling.

For these reasons, the public health industry is likely to push for policy measures, changes in private sector practices, and other mechanisms to stimulate the development of more compact, walkable communities. These are also likely to boost public preferences for walkable neighborhoods.

Private decisions, public consequences

When people respond positively to denser residential environments, they are responding to more than just the number of units per acre. What they want are mixed-use communities, with access to open space, and with connections to other activity centers. What people do *not* want is a

town house standing alongside a six-lane arterial highway with no sidewalks, no lighting, no trees, no market, no pedestrian traffic, and so on. It is the *mix* of uses that creates walkable communities, more than simply denser housing. As Jane Jacobs wrote 40 years ago in her seminal work *The Death and Life of Great American Cities*, “A city sidewalk by itself is nothing. It is an abstraction. It means something only in conjunction with the buildings and other uses that border it, or border other sidewalks very near it” (1961, 37).

People’s private decisions about housing choice bear real consequences for community livability. Collectively, they affect such things as traffic generation, loss of open space, rising rents, and loss of neighborhood character. Myers and Gearin correctly point out that current real estate trends are led by a tiny “tyranny of the minority” (640) that is responsible for only about 2 percent of new home purchases. As they say, “In essence, the minority is dictating the options available to the majority” (641). Should the other 98 percent not have some say in the future of their communities? The real estate industry, naturally, has to concern itself with next quarter’s profits. However, the public sector has a unique obligation to ensure appealing, safe, and affordable housing for generations to come.

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