

Creative solutions for thriving communities

What's driving change in the 21st century?

Christopher Zimmerman

Vice President for Economic Development - SGA

“Laying the Foundation for Complete Streets”

East Central Wisconsin RPC

Oshkosh, Wisconsin

June 13, 2017



Smart Growth America
Improving lives by improving communities



**National Complete
Streets Coalition**

Who is Smart Growth America?

Smart Growth America is a national non-profit organization dedicated to researching, advocating for, and leading coalitions to bring smart growth practices to more communities nationwide.



Local Leaders Council



What is smart growth?

A neighborhood with transportation and housing choices near jobs, shops and schools is smart growth.

What is smart growth?



The ways we plan our cities

PATTERNS OF DEVELOPMENT



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Traditional town plan

- Mixed-use
- Compact
- Buildings of several stories
- Blocks with multiple building types
- Street grid



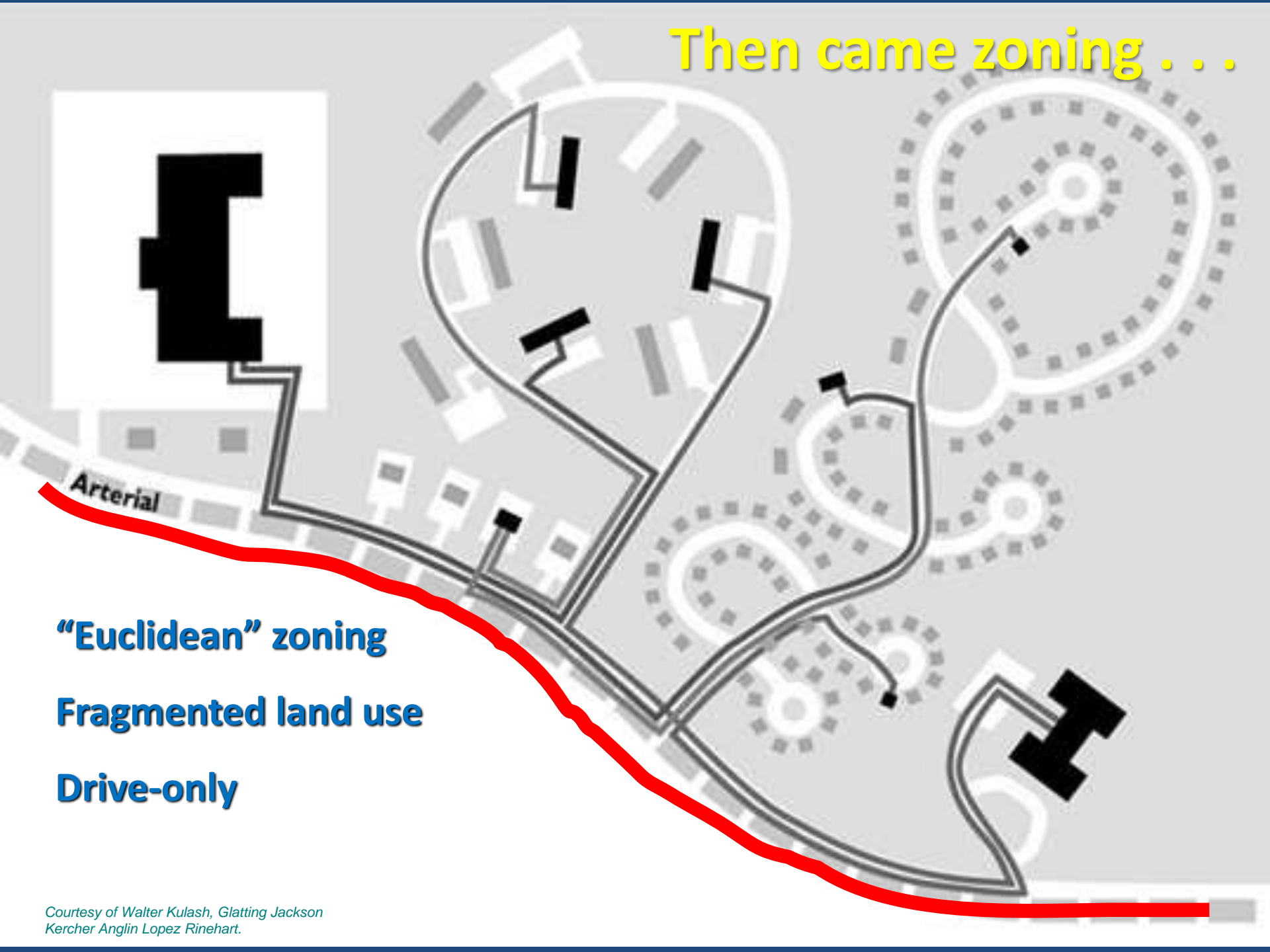
1900-1901. PHOTO BY A. B. BROWN.

1900-1901. PHOTO BY A. B. BROWN.

THE NEW YORK
 PUBLIC LIBRARY
 ASTOR LENOX TILDEN FOUNDATION
 1900-1901



Then came zoning . . .



“Euclidean” zoning

Fragmented land use

Drive-only

... and the automobile ...

(and the interstate highway program, and new federal programs for homebuilding, and new rules for capital depreciation ...)

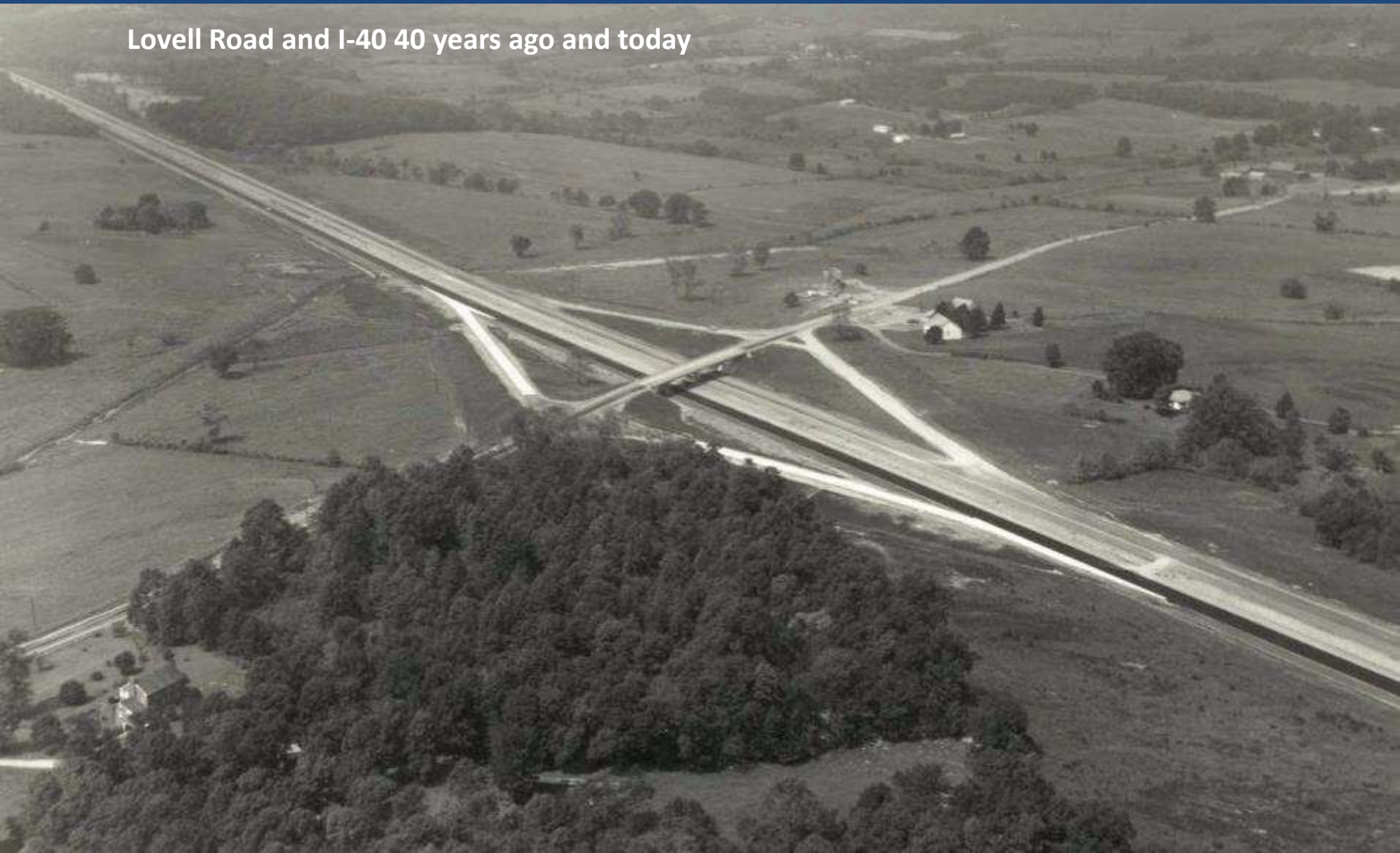




Photo of rural New Jersey by Alex MacLean

We built highways, expanded them . . .

Lovell Road and I-40 40 years ago and today



... and economic development followed.

Lovell Road and I-40 40 years ago and today



Prime retail location (late 20th century)



"Walmart Supercenter, an archetypal big box store,
in Madison Heights, Virginia."
(from Wikipedia entry for "Big-box store")

Prime office location (late 20th century)



Photo: By TheRTP

From: <http://dilemma-x.net/2012/11/10/research-triangle-park-unveils-new-master-plan/>



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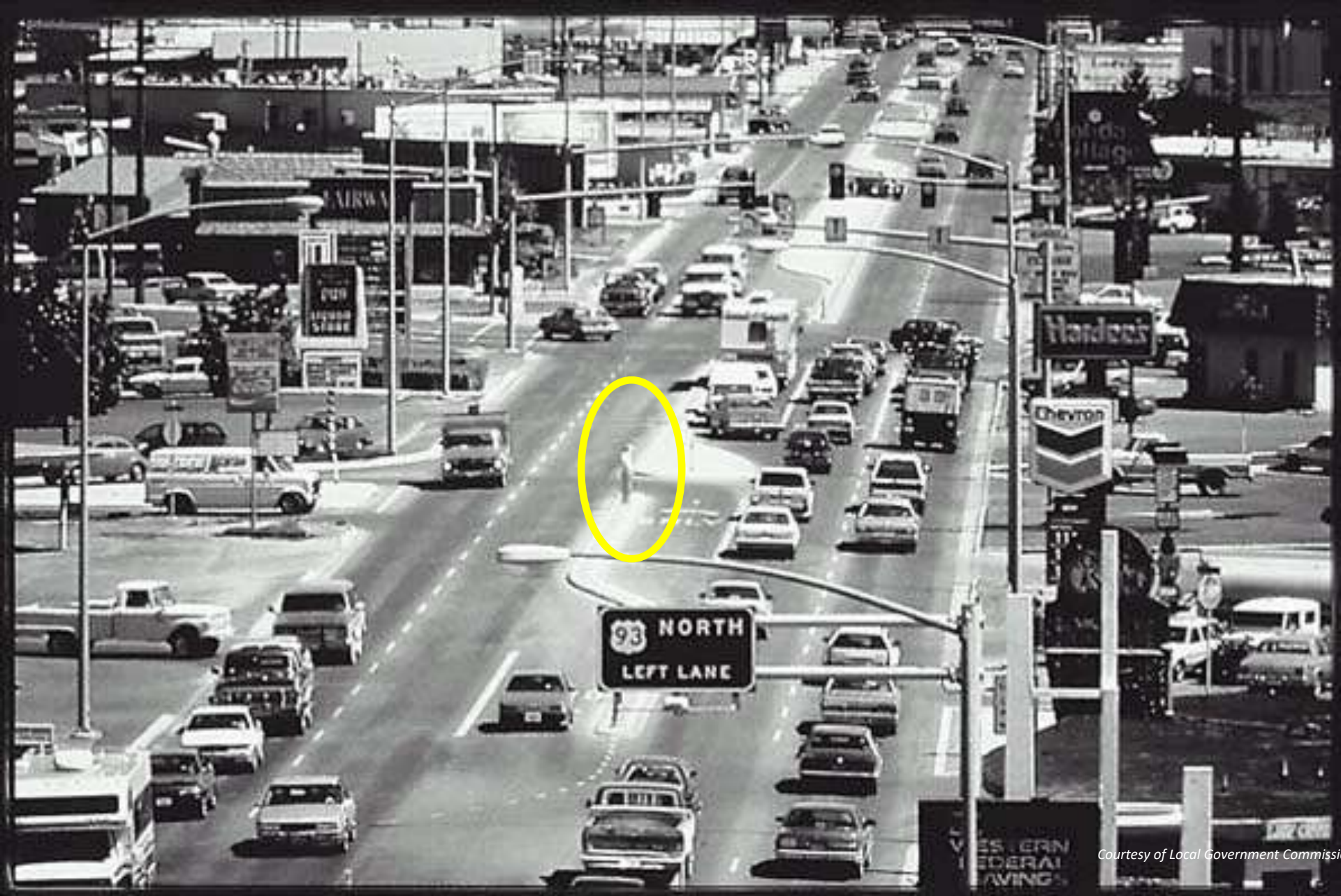


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Prime residential location
(late 20th century)







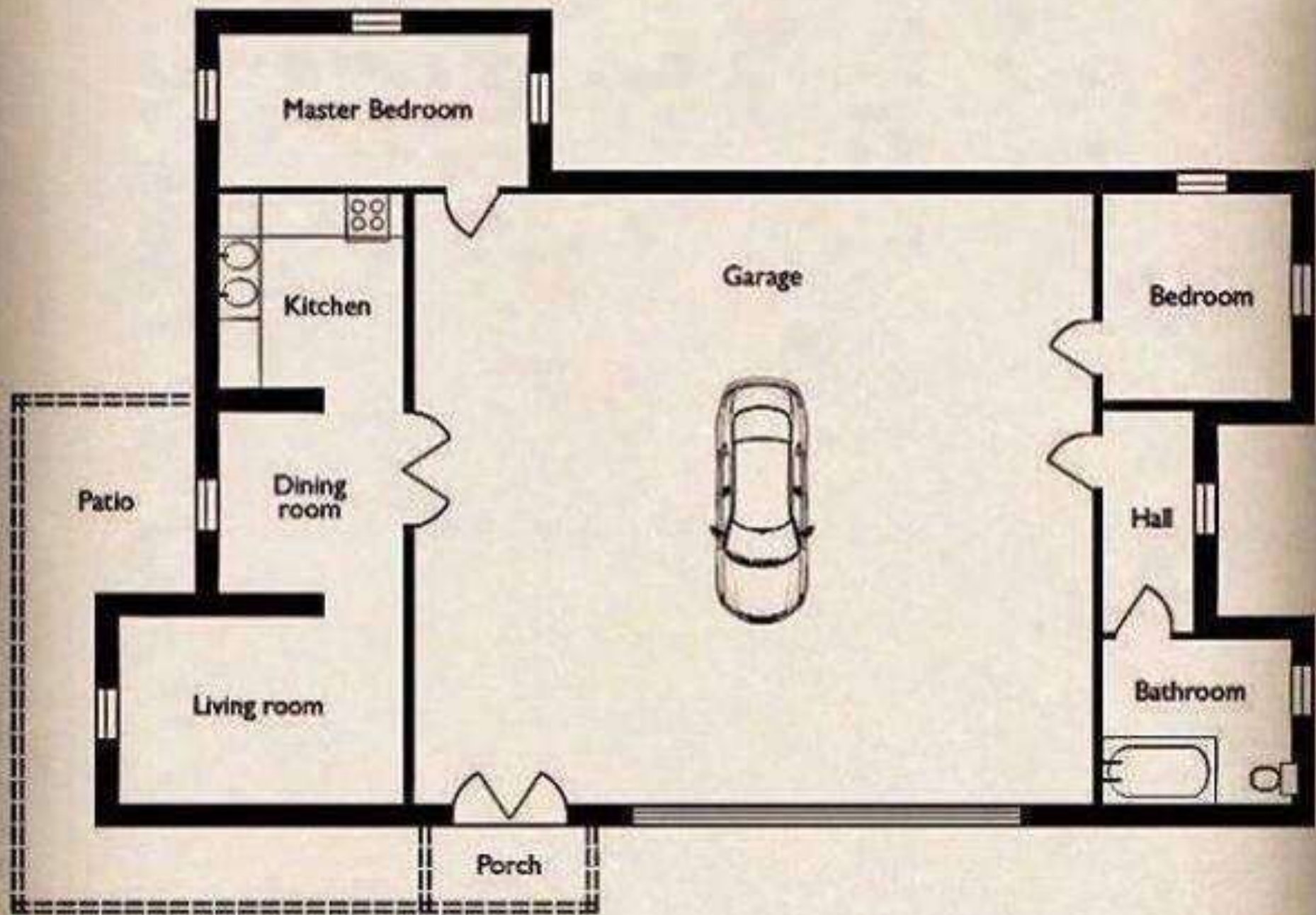
Courtesy of Local Government Commission



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Suddenly, things are different

**The demographic and economic
fundamentals have shifted**

Schumpeter

Leaving for the city

Lots of prominent American companies are moving downtown

Sep 3rd 2016 | From the print edition



Like 375

Tweet



FIFTY years ago American companies started to move their headquarters away from city centres to the suburbs. Some critics blamed the exodus on “white flight”, as businesses

“Americans Prefer to Live in Mixed-Use, Walkable Communities”

-- **National Association of Realtors**

(October 2013):

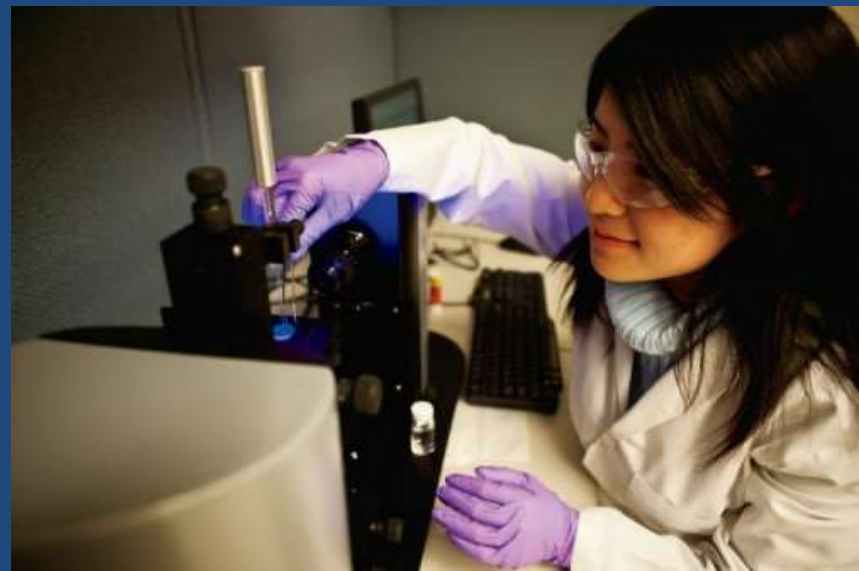
- 78 percent say neighborhood is more important than the size of the house
- Fifty-seven percent would forego a home with a larger yard if it meant a shorter commute to work

Source: Oct. 2013 Consumer survey conducted for the
National Association of Realtors

Economic growth

20th century **vs.** 21st century

- Manufacturing economy **vs.** Knowledge economy
- Chasing smokestacks **vs.** Chasing talent



The 21st Century Economy

- Creativity, knowledge, innovation
- Importance of networking, interaction
- Demand for skilled workers

“A region’s most important source of competitive advantage is its workforce. . . it’s the pool of talent that attract firms, particularly in the knowledge economy.”

-- Ania Wieckowski,
Harvard Business Review, May 2010



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Facility Planning

28th Annual Survey of Corporate Executives: Availability of Skilled Labor New Top Priority

The results of our survey show a modest improvement in short-range new facility and expansion plans, as well as a realignment of site selection priorities with the availability of skilled labor being the number one concern, outranking highway accessibility and labor costs.

*This year, the
highway
accessibility and
labor costs factors
were outranked by
the availability of
skilled labor.*

“Talent is replacing the tax incentive as the No. 1 economic-development tool in America.”

Mark Wilson, president and CEO
Florida Chamber of Commerce

Quoted in *Palm Beach Post*,
June 9, 2016

Demographic Change

20th century **vs.** 21st century

Retirement of the Baby Boom

Rise of the Millennials

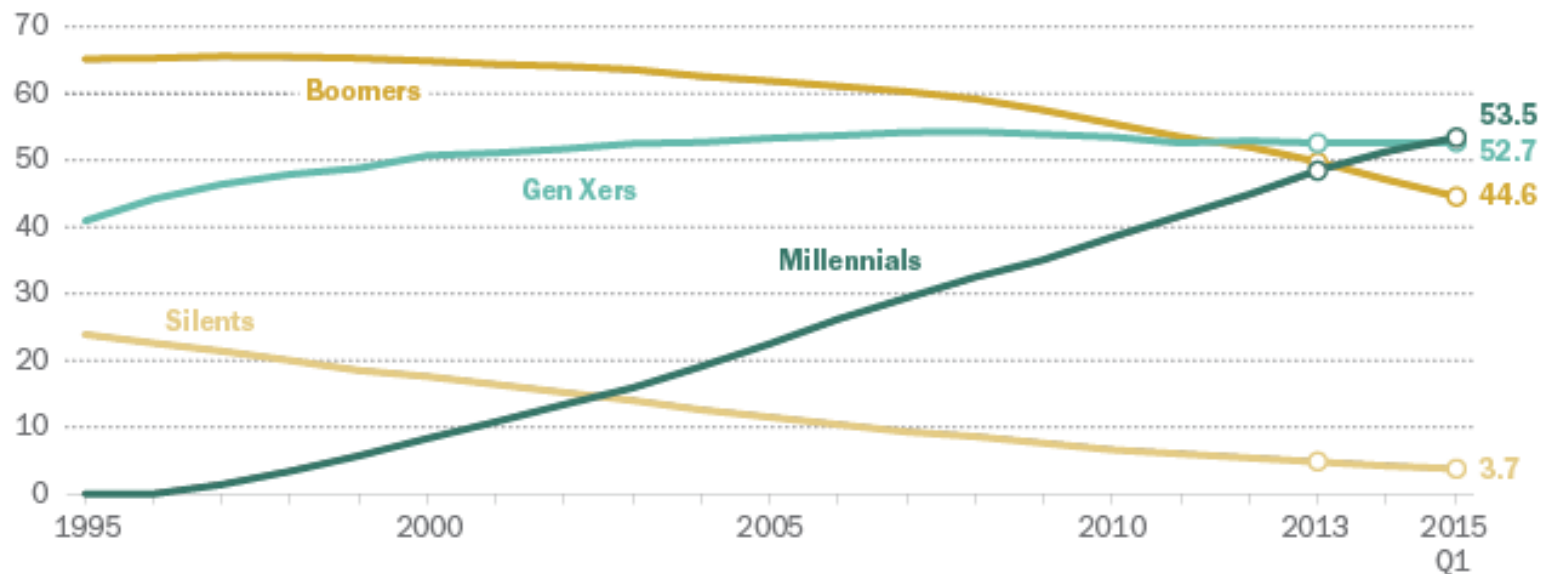
Smaller households

Changing preferences

Millennials now largest share of the work force

U.S. Labor Force by Generation, 1995-2015

In millions



Note: Annual averages plotted 1995-2014. For 2015 the first quarter average of 2015 is shown. Due to data limitations, Silent generation is overestimated from 2008-2015.


Source: Pew Research Center tabulations of monthly 1995-2015 Current Population Surveys, Integrated Public Use Microdata Series (IPUMS)

PEW RESEARCH CENTER

Millennials are different

Millennials

mil·len·nial

/miˈlenēəl/ 

noun

plural noun: **millennials**; plural noun: **Millennials**

a person reaching young adulthood around the year 2000; a Generation Yer.

"the industry brims with theories on what makes millennials tick"



Millennials

“We can all agree that
Millennials are the worst.”

Philip Bump, The Atlantic, March 25, 2014



Millennials

They follow lifestyle,
not jobs.

Millennials choose
where to **live** before
finding a **job**.

Of all college-educated 25- to 34-year-olds
64% looked for a job **after** they chose the
city where they wanted to live.

(U.S. Census)



They want urban living

The New York Times | <http://nyti.ms/1pahHvV>

N.Y. / REGION

Suburbs Try to Prevent an Exodus as Young Adults Move to Cities and Stay

By JOSEPH BERGER APRIL 16, 2014

It is a well-trod trail: Suburban youngsters enter their early 20s, leave their parents' comfortable Tudors or colonials for the pizazz of the city, dawdle a few years until they find mates and begin having children and then, seeking more space and good public schools, move back to the suburbs and into their own Tudors or colonials.

But that pattern is changing, or at least shifting. A recent report on the suburb-dotted New York counties of Westchester, Nassau and Suffolk, based on United States census data, found that those young people seem to be lingering longer in New York City, sometimes forsaking suburban life

Millennials Are Renting Instead Of Buying And The Retail Industry Is Freaking Out



ASHLEY LUTZ
AUG. 14, 2014, 12:01 PM

They want experiences more than things.



Flickr/Ivan Bandura

Millennials' tendency to rent instead of buy is turning the retail industry upside down.



Young Americans ditch the car

By Steve Hargreaves @CNNMoney September 17, 2012: 11:30 AM ET



PHOTO: THINKSTOCK

NEW YORK (CNNMoney) -- America's young people just aren't buying cars like they used to.

The share of new cars purchased by those aged 18-34 dropped 30% in the last five years, according to the car shopping

*And they
don't
seem to
want cars*

Preferences: Transportation

Millennials are **driving less**

- From 2001 to 2009, the average annual number of vehicle-miles traveled by people ages 16-34 **dropped** 23 percent.

(source: National Household Travel Survey)

- 26 percent lacked a driver's license in 2010, up 5 percentage points from 2000

(source: Federal Highway Administration)



NEWS RELEASES

Millennials Favor Walkable Communities, Says New NAR Poll

MEDIA CONTACT: JANE DOLLINGER / 202-383-1042 / [EMAIL](#)

WASHINGTON (July 28, 2015) – Millennials prefer walking over driving by a substantially wider margin than any other generation, according to a new poll conducted by the National Association of Realtors® and the Transportation Research and Education Center at Portland State University.

The *2015 National Community and Transportation Preference Survey* found that millennials, those aged 18–34, prefer walking as a mode of transportation by 12 percentage points over driving. Millennials are also shown to prefer living in attached housing, living within walking distance of shops and restaurants, and having a short commute, and they are the most likely age group to make use of public transportation.


The poll also found that millennials show a stronger preference than other generations for expanding public transportation and providing transportation alternatives to driving, such as biking and walking, while also increasing the availability of trains and buses. Millennials likewise favor developing communities where people do not need to drive long distances to work or shop.

“Realtors® don’t only sell homes, they sell neighborhoods and communities,” said NAR President Chris Polychron, executive broker with 1st Choice Realty in Hot Springs, Ark. “Realtors® aid in improving and revitalizing neighborhoods with smart growth initiatives, helping create walkable, urban centers, which is

Millennial Preferences



47%



12%



40%

National Association of Realtors

Boomers are a different kind of
Senior Citizen

“Adulthood II”

Boomers not ready for the rocking chair

- Today’s retiree can live past 90
- “These additional 31 years of expected life have not been just tacked on at the end . . . Today’s 65-year-olds are starting new careers or continuing old ones, traveling around the world, and eloping with new loves, in a stage of life we are calling ‘Adulthood II.’”

- cultural anthropologist Mary Catherine Bateson,
quoted in ULI report

Boomers and housing

Boomers are downsizing

- Increasing numbers, smaller households
- The number of senior households will grow twice as fast as all others over the next couple decades (A.C. Nelson)
- Shrinking, aging households will be a source of supply of SFD housing, and demand for smaller and multi-family housing

Boomers and housing

- From 1990 to 2010, downsizing households (with residents 65 and older) made up 20 percent of new housing demand. But over the next 20 years they will account for **85 percent** of the demand share.
- Market research shows this segment prefers **smaller homes on smaller lots** or **attached options**.

Aside:

They're not that interested in moving to "retirement communities."

Average age entering senior housing used to be 70 – **now it's 86.**

Source: Nelson.

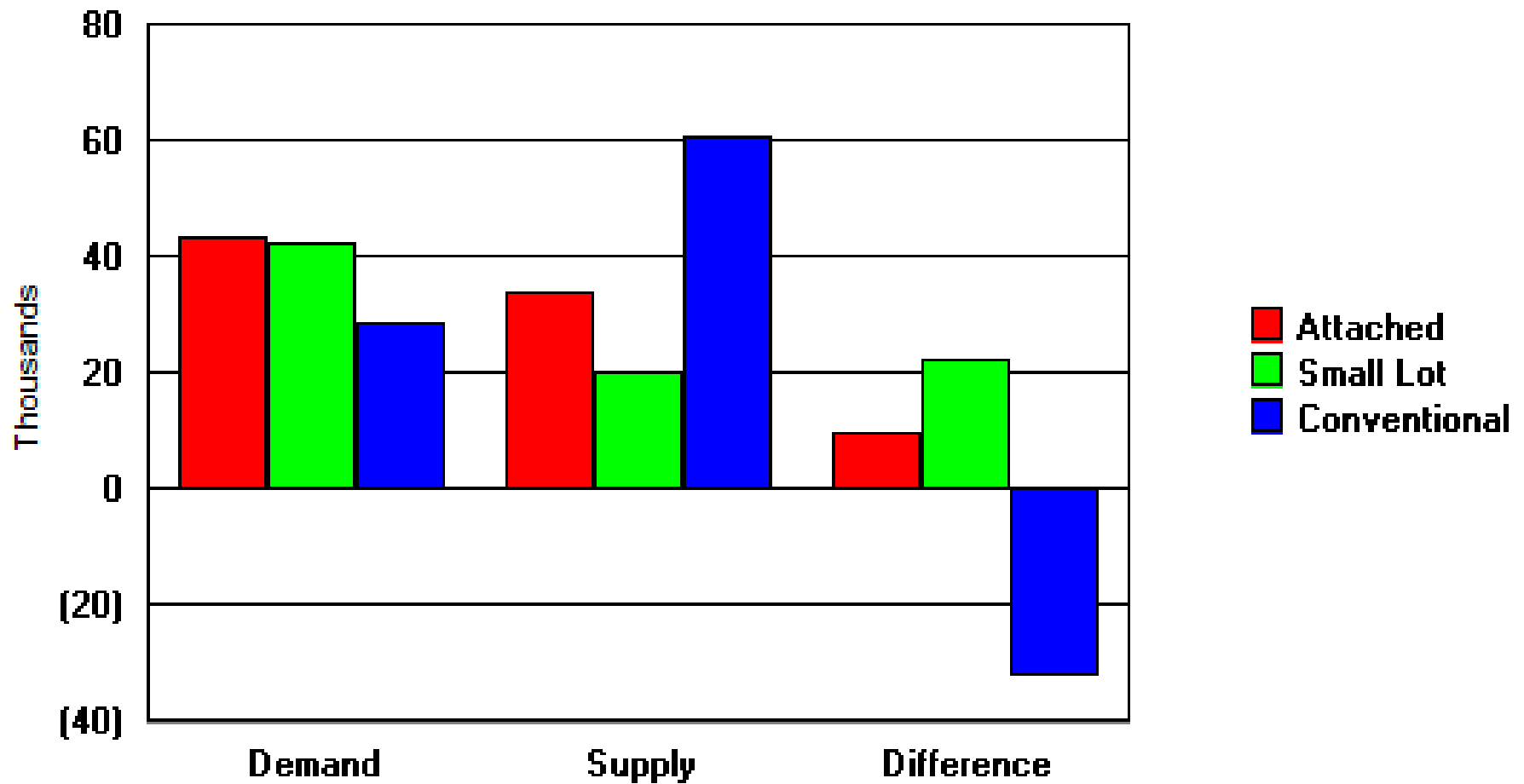
Boomers and transportation

Turning in their keys

- Using local buses and trains more (source: National Household Travel Survey)
- Bike trips increased 64 percent between 2001 and 2009. (AARP)



Occupied Housing Demand-Supply Mismatch 2011



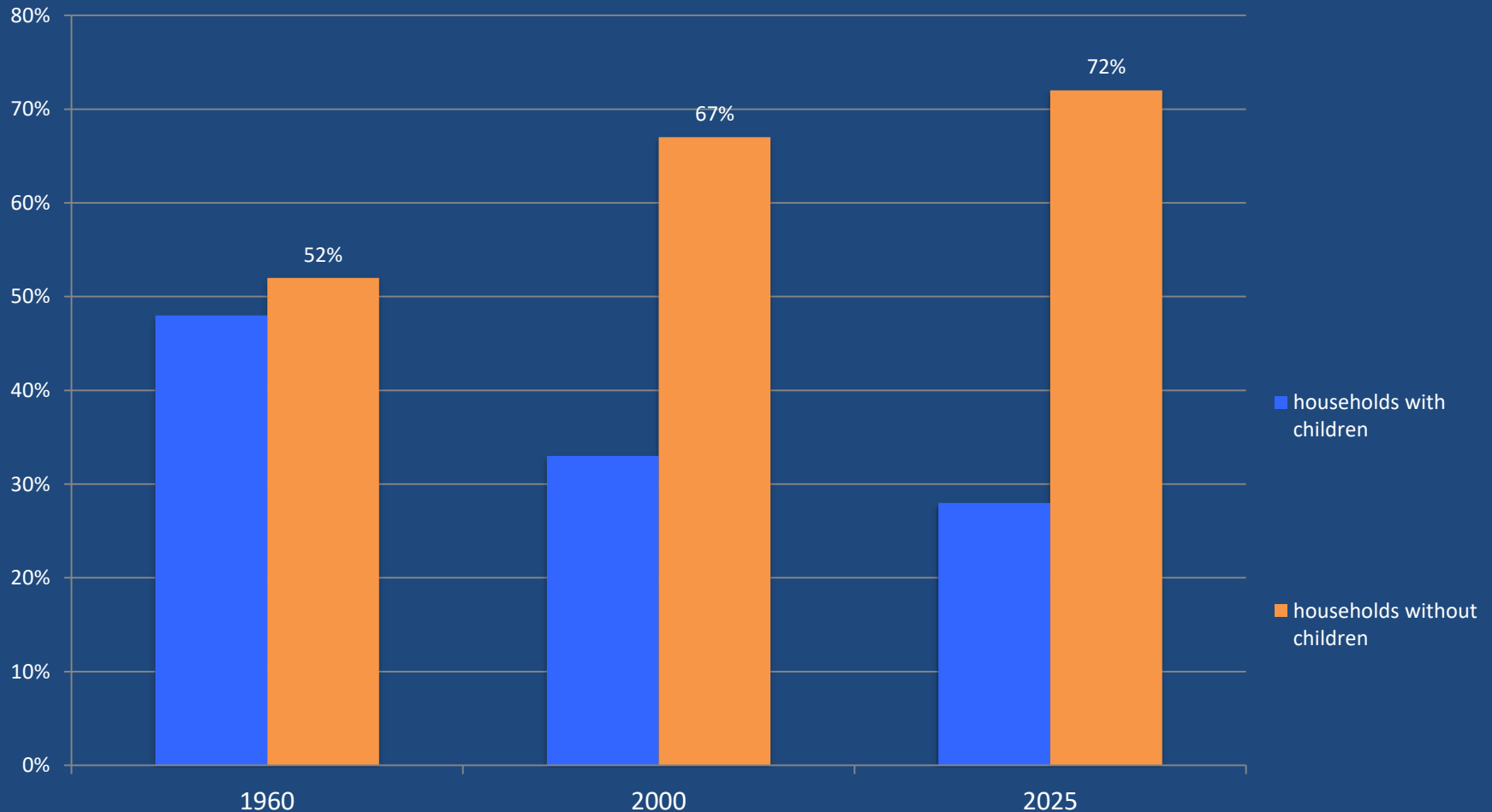
Source: Adapted from American Housing Survey 2011 by Arthur C. Nelson, University of Arizona.

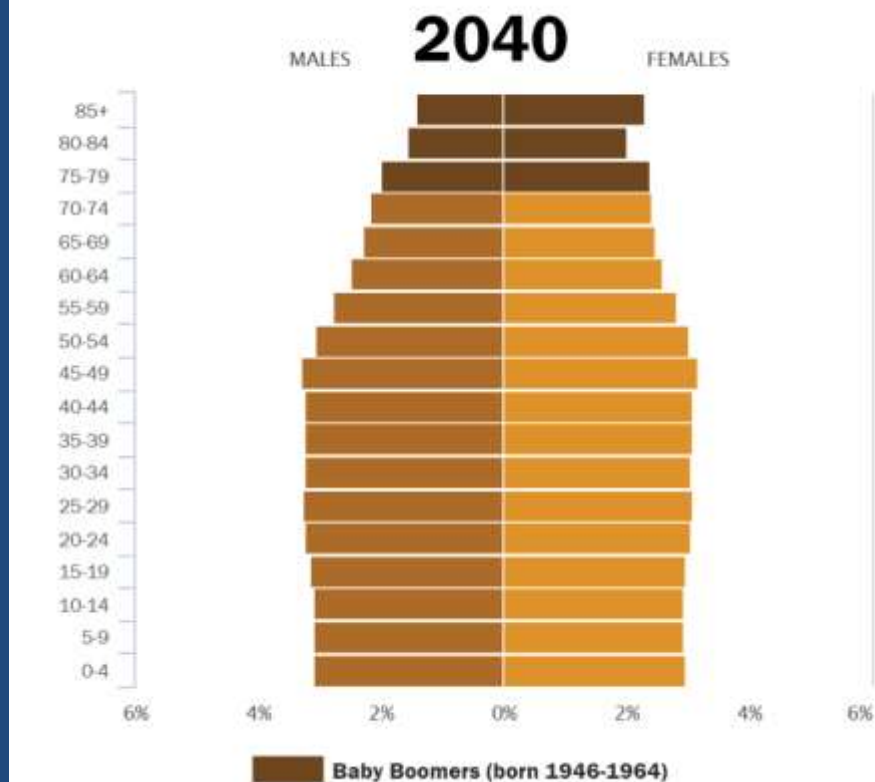
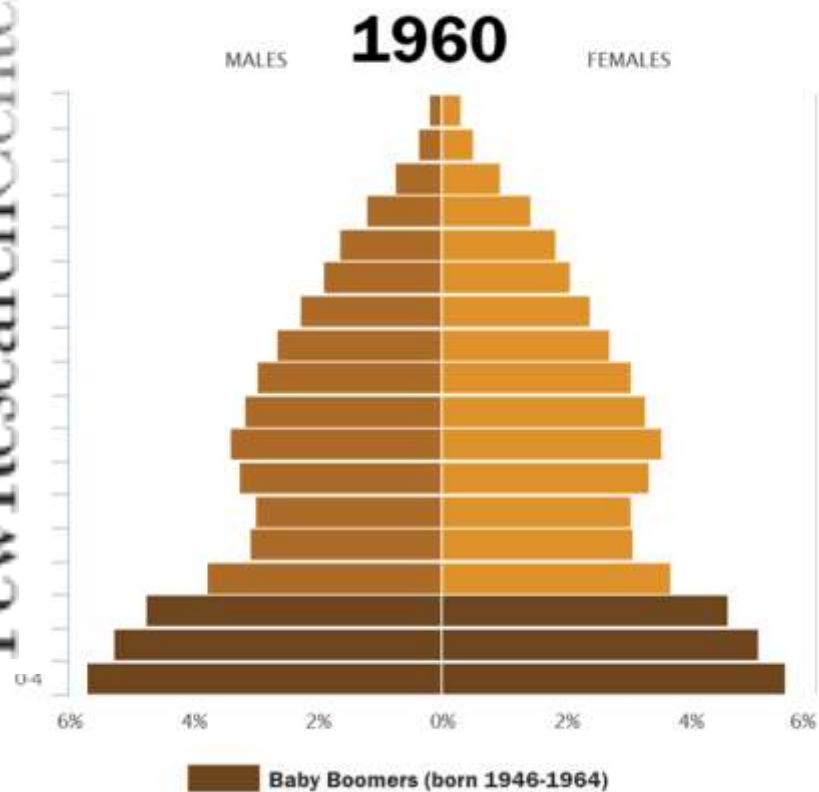
Why this is probably not
a short-term fashion,
but a structural change

(We're getting steadily older – not just individually,
but as a whole)

Changing household composition

Households with and without children, 1960-2025





For real estate and development

All this has big implications

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[Source January 6 2015](#) / [Today's Office Tenants Prefer Live, Work, Play Locations](#)

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Today's Office Tenants Prefer Live, Work, Play Locations

Office tenants today prefer to be located in amenity-rich, mixed-use suburban vibrant centers (also known as "live, work, play" locations) rather than single-use suburban office locations by a margin of 83 percent to 17 percent, according to a recent NAIOP Research Foundation report. The report, "[Preferred Office Locations: Comparing Location Preferences and Performance of Office Space in CBDs, Suburban Vibrant Centers and Suburban Areas](#)," combines expert opinion and accurate property-level data to explain what tenants seek in their office location – and how different office locations perform on key metrics.

Core Values

Why American Companies are Moving Downtown



Smart Growth America
Making Neighborhoods Great Together

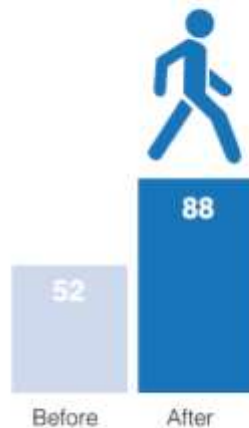
IN PARTNERSHIP WITH



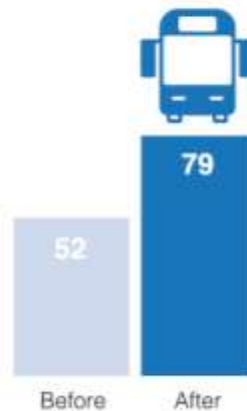
CUSHMAN & WAKEFIELD

Center for Real Estate
and Urban Analysis
THE GEORGE WASHINGTON UNIVERSITY

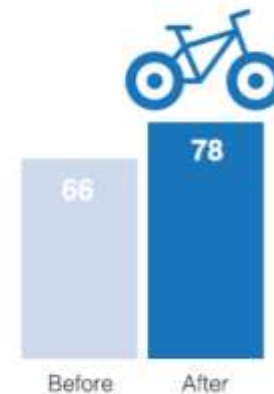
WALK SCORE



TRANSIT SCORE



BIKE SCORE





Salt Lake City 66 °
Traffic

The Salt Lake Tribune

WWW.SLTRIB.COM

2015

“Business leaders say that walkable downtowns are becoming a crucial tool in what they do.”



The Realty Show

How do you attract the best workers? Set up shop in a walkable downtown

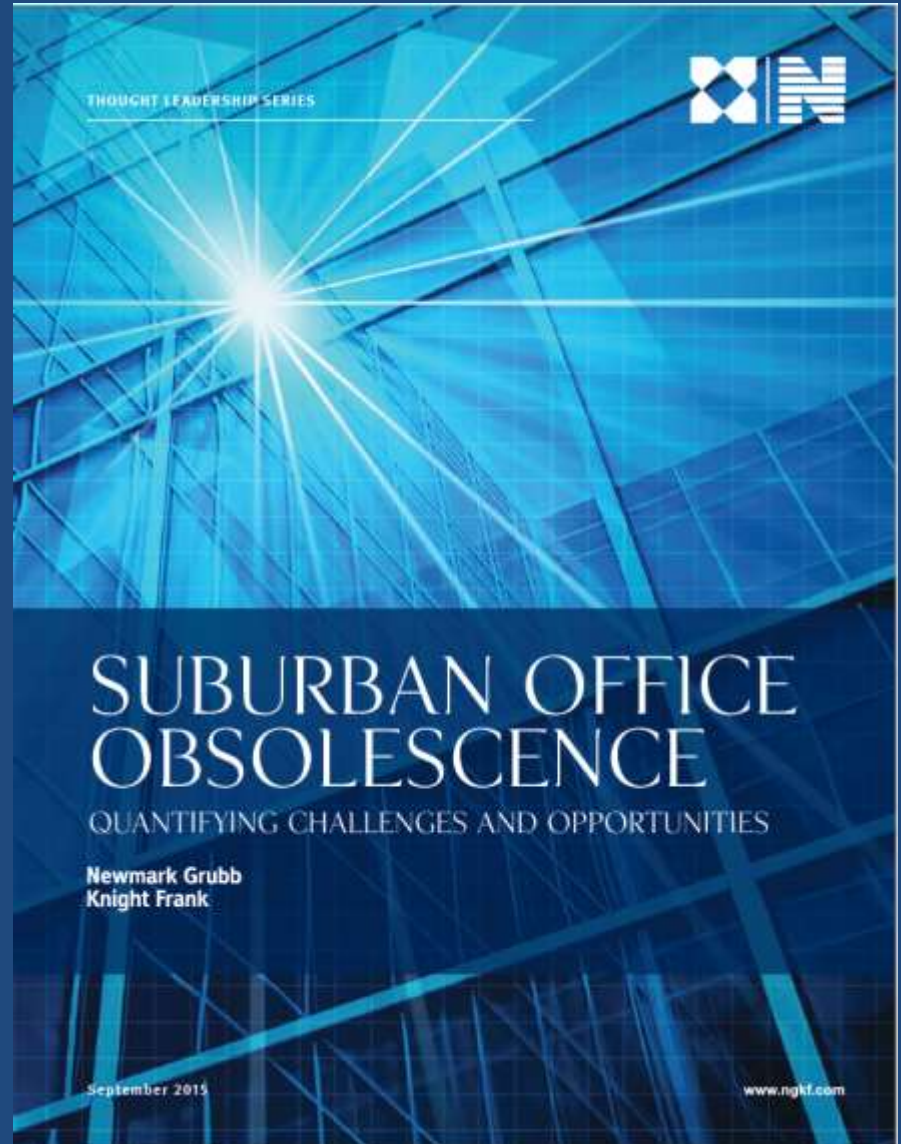
Tony Semerad

First Published Jun 19 2015 04:18PM • Last Updated Jun 19 2015 04:18 pm

“Walkability and activated environments are at the top of many tenants’ list of must haves”

“ . . . the old model of the isolated suburban office park is going the way of the fax machine.”

-- Angie Schmitt,
StreetsblogUSA



There is a price/value premium
for walkable places



A photograph of a sunny, tree-lined residential street. In the foreground, two people are walking away from the camera on a paved sidewalk; one is pushing a stroller. To the left, there are black metal park benches. The street is lined with mature trees and palm trees, casting shadows on the pavement. In the background, there are multi-story residential buildings and parked cars. A festive garland with red and white ornaments hangs from a tree on the right side of the frame.

There is a price/value premium for walkable places (residential)

Applies to residential real estate -

Above-average walkability:

→ \$4,000 to \$34,000 more in home sales price

•Sources: *“Walking the Walk”* by Joseph Cortwright, CEOs for Cities and
“The Walkability Premium in Commercial Real Estate Investments”
by Gary Pivo and Jeffrey Fisher

There is a price/value premium for walkable places (commercial)

Applies to commercial real estate -

Greater walkability:

→ 1% to 9% increase in commercial property value depending on type; also higher incomes and lower capitalization rates



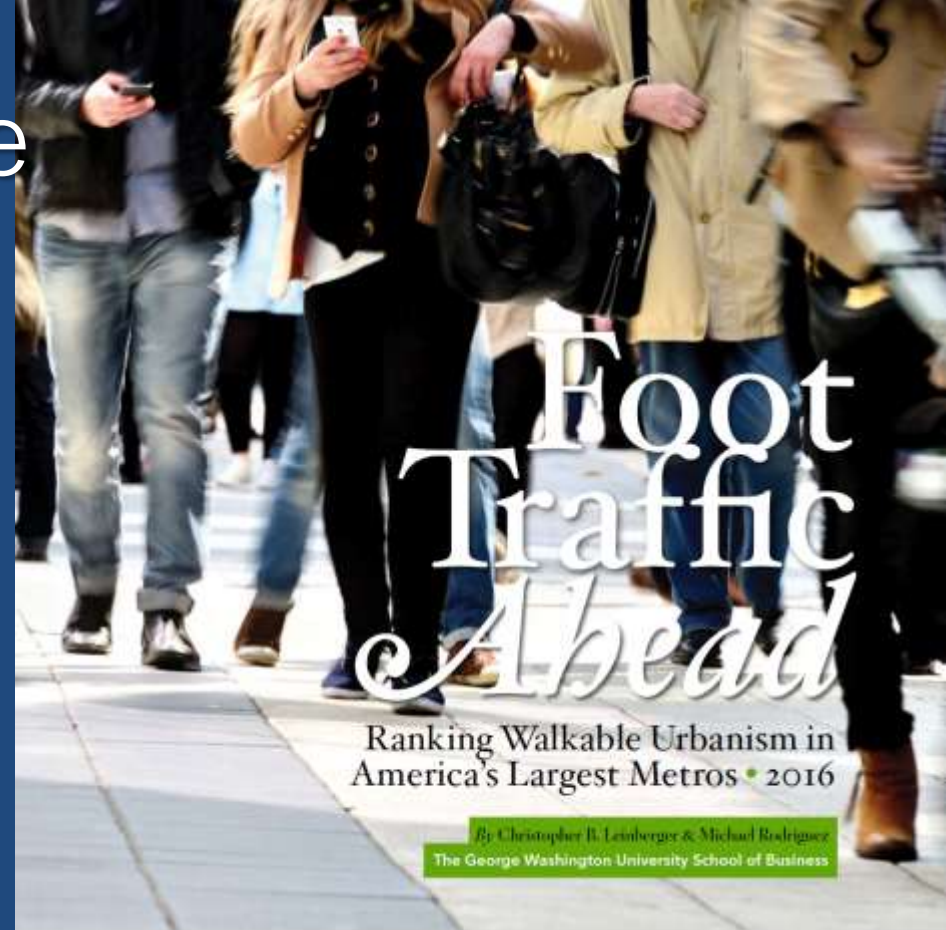
•Sources: *“Walking the Walk”* by Joseph Cortwright, CEOs for Cities and *“The Walkability Premium in Commercial Real Estate Investments”* by Gary Pivo and Jeffrey Fisher

There is a price/value premium for walkable places

2016 study update ranks the top 30 US metropolitan areas in walkability

Key findings:

- All 30 metros show rental rate premiums for walkable urban office, retail and rental multi-family.
- Average is 74% over their drivable sub-urban competition.
- All 30 metros have seen walkable urban market share gains between 2010-2015 in occupied space while drivable sub-urban has seen market share losses .





It's not just big metropolitan areas, but small towns too

“The same demographic and market trends that are driving a return to big cities can also boost the prospects of smaller cities and towns surrounded by suburbs and countryside.”

-- Robert Steuteville, *Small cities and towns are urban places, too* - **Better! Cities & Towns**

Economic development is increasingly a competition over *placemaking*.



And that means *walkable* places.

America's Shopping Malls Are Dying A Slow, Ugly Death



HAYLEY PETERSON

JAN. 31, 2014, 12:01 PM



62,757

67

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All across America, once-vibrant shopping malls are boarded up and decaying.

Traffic-driving anchors like Sears and JCPenney are shutting down stores, and mall owners are having a hard time finding retailers large enough to replace them. With a fresh wave of



Nicholas Eckhart

The Canton Centre Mall in Canton, Ohio is boarded up and vacant.

“Within 15 to 20 years, retail consultant Howard Davidowitz expects as many as half of America's shopping malls to fail.

‘... we haven't built a major enclosed mall since 2006.’ ”

<http://www.businessinsider.com/shopping-malls-are-going-extinct-2014-1>



The Washington Post

Wonkblog

Poor, rural areas will be most affected by Walmart closing 154 stores

Related story: [What happens to a tiny town when Walmart disappears?](#)

How communities
develop affects
government expenditures
and revenues.

Development affects costs



Expenditures for infrastructure and services are more efficient in denser, better connected areas.

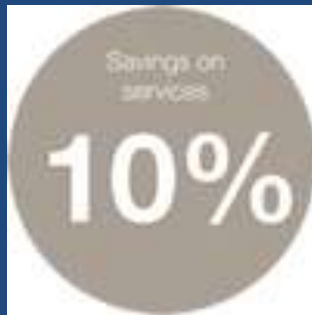


Development affects costs

Compact development offers efficiencies in delivering **services**.

- Police and fire departments have less area to cover.
- Fewer miles of road to cover for trash pickup, school buses.
- Fewer miles of water and sewer pipes to maintain.







The Fiscal Implications of Development Patterns

A MODEL FOR MUNICIPAL ANALYSIS

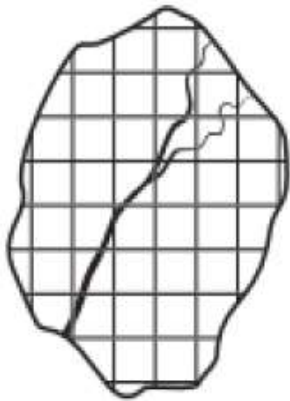
April 2015

A scenario analysis tool

A fiscal impact model focused
on the relative effects of
sprawl versus compact
development

Comparative development patterns for the same population

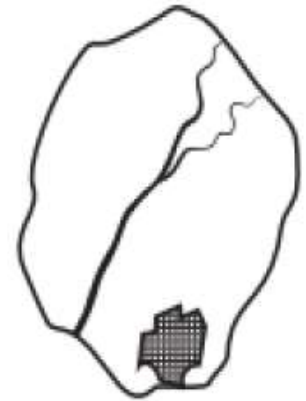
Scenario A



Scenario B



Scenario C



Fiscal Impact Model: Data Inputs



**Roads +
Maintenance**



**Water/
Sewer**



Stormwater



Fire/EMS



Solid Waste



Schools



MACON MODEL PROJECTS THAT MOVING FROM 1 UNIT PER ACRE (NET) TO 16 REDUCES PER CAPITA COUNTY COSTS BY 25%

0.9 units
per acre



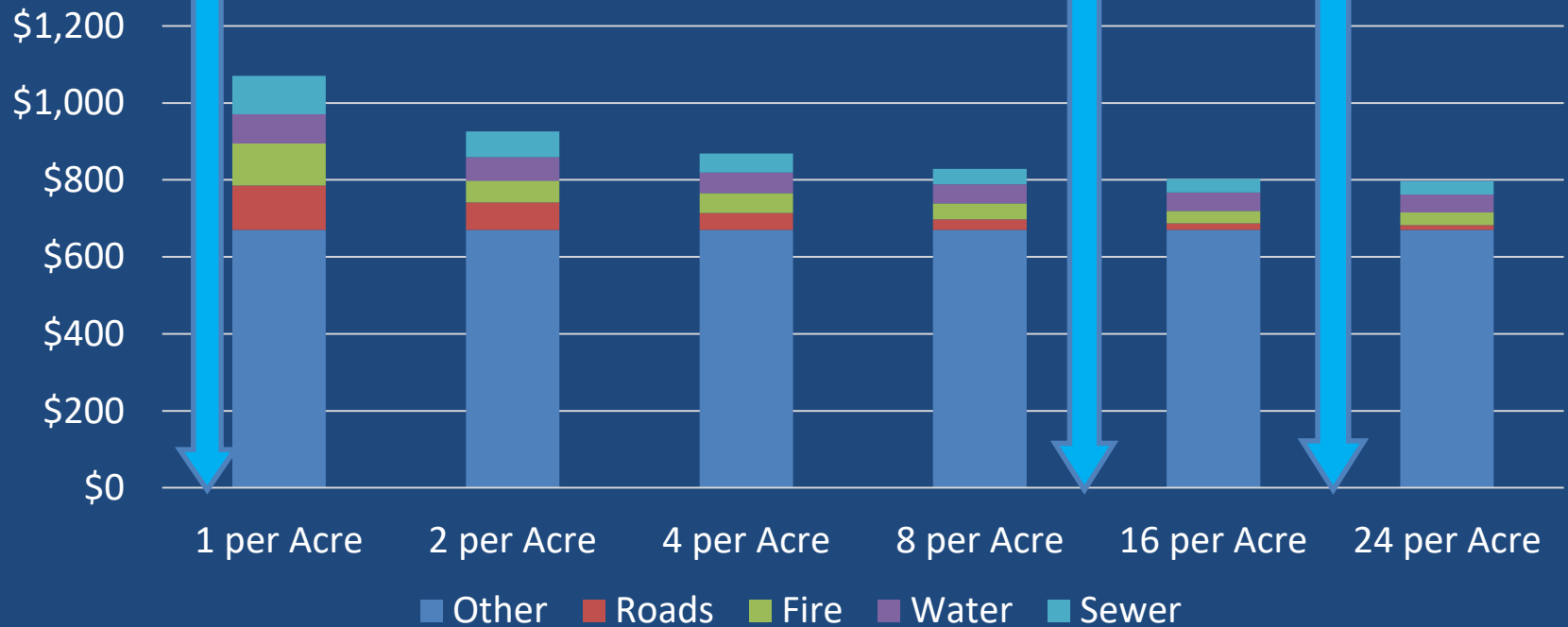
11.7 units
per acre



21.8
units
per
acre



Hypothetical Residential Programs in Macon-Bibb



NOTE: Does not include potential density-related savings associated with solid waste or use of existing infrastructure

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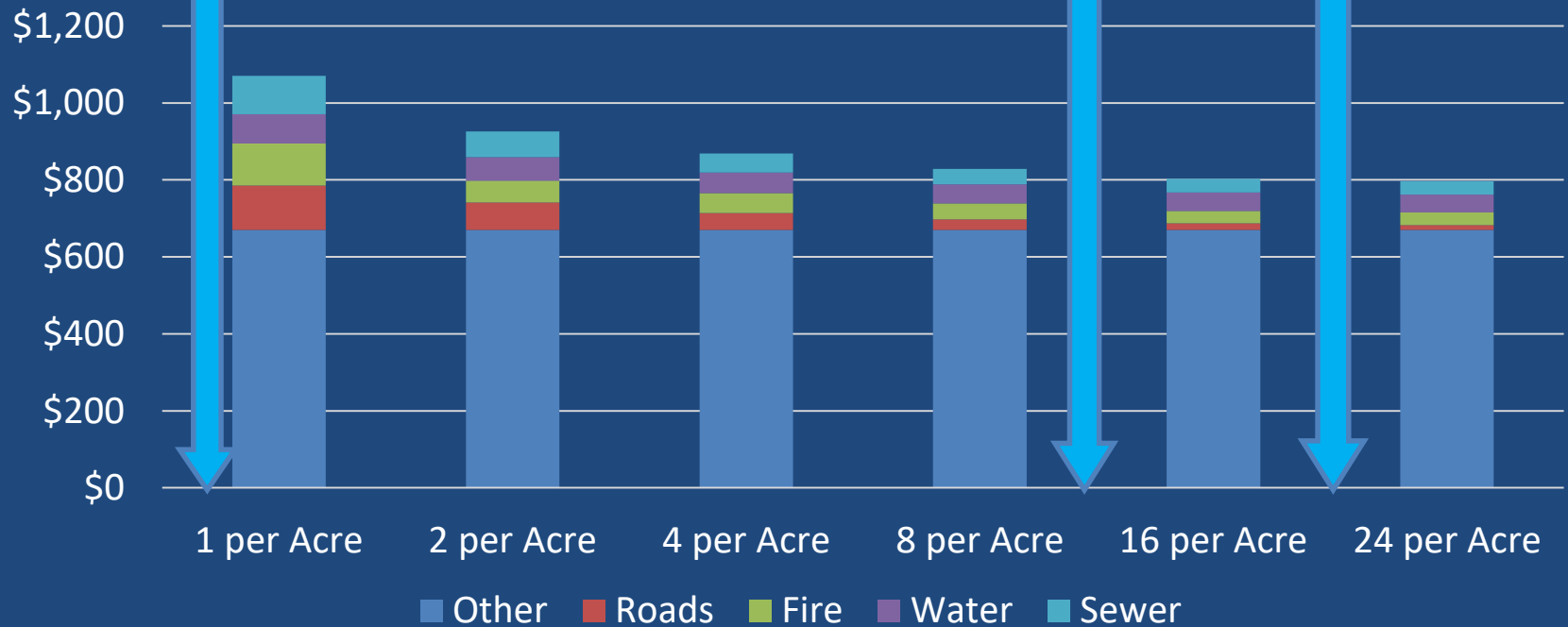
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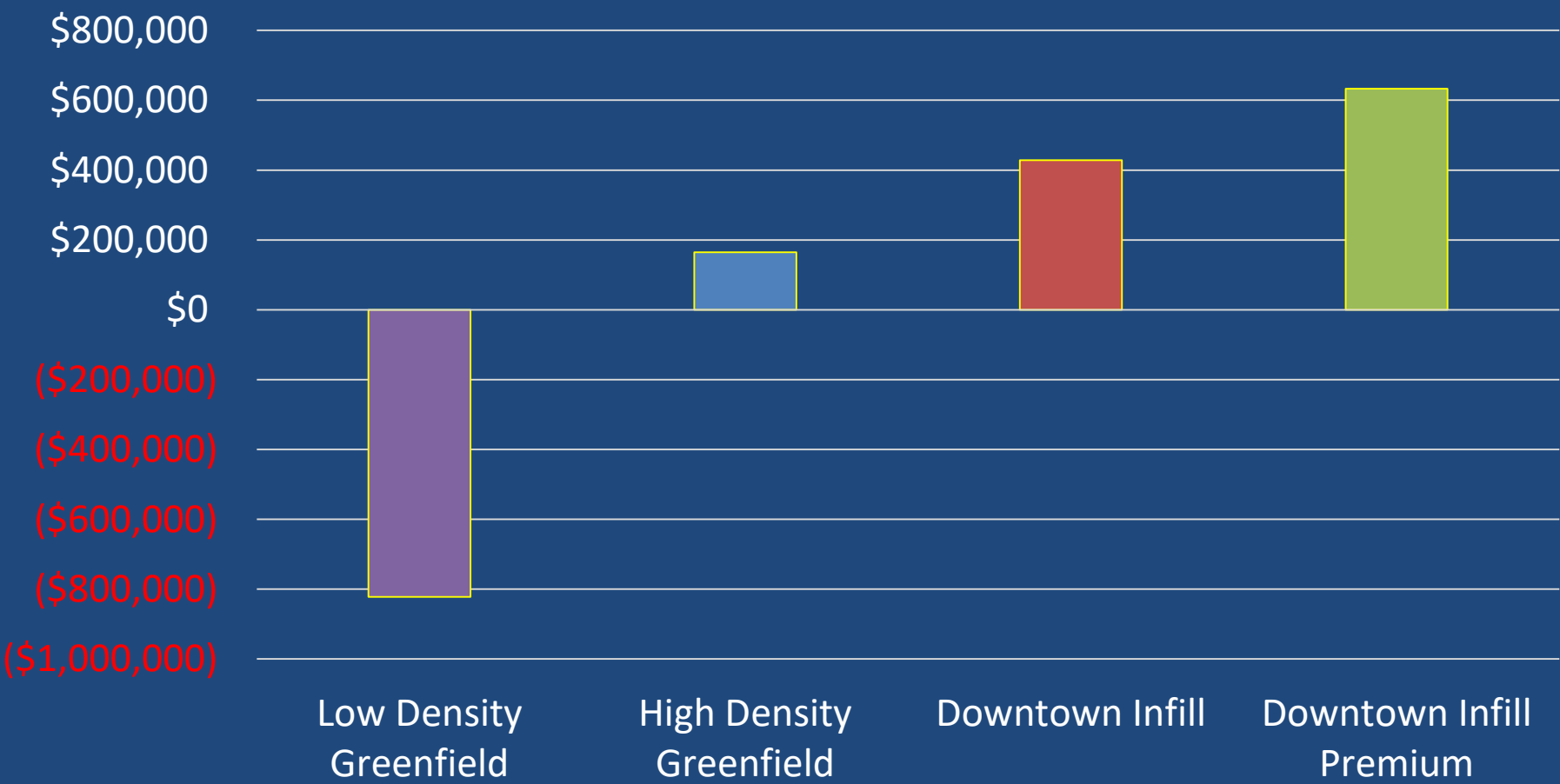
Hypothetical Residential Programs in Macon-Bibb



NOTE: Does not include potential density-related savings associated with solid waste or use of existing infrastructure

SUMMARY OF RESULTS BY SCENARIO

Total Annual Budgetary Impact
Macon-Bibb County and Schools Combined



Indianapolis

Projected annual net fiscal impact at build-out

City of Indianapolis and Indianapolis school transportation budget combined



TO SUM UP

Certain public costs vary by density.

- All else being equal, more compact development imposes a **smaller cost burden** on municipalities, and the savings can be significant.
- Compact development uses land more efficiently and **maximizes the revenue** yield per acre.
- With the right design and “critical mass”, compact development can foster **walkable urban environments**, which often **command a “value premium.”**
- The combination of lower costs and higher values results in an **improved net fiscal impact** for the locality.



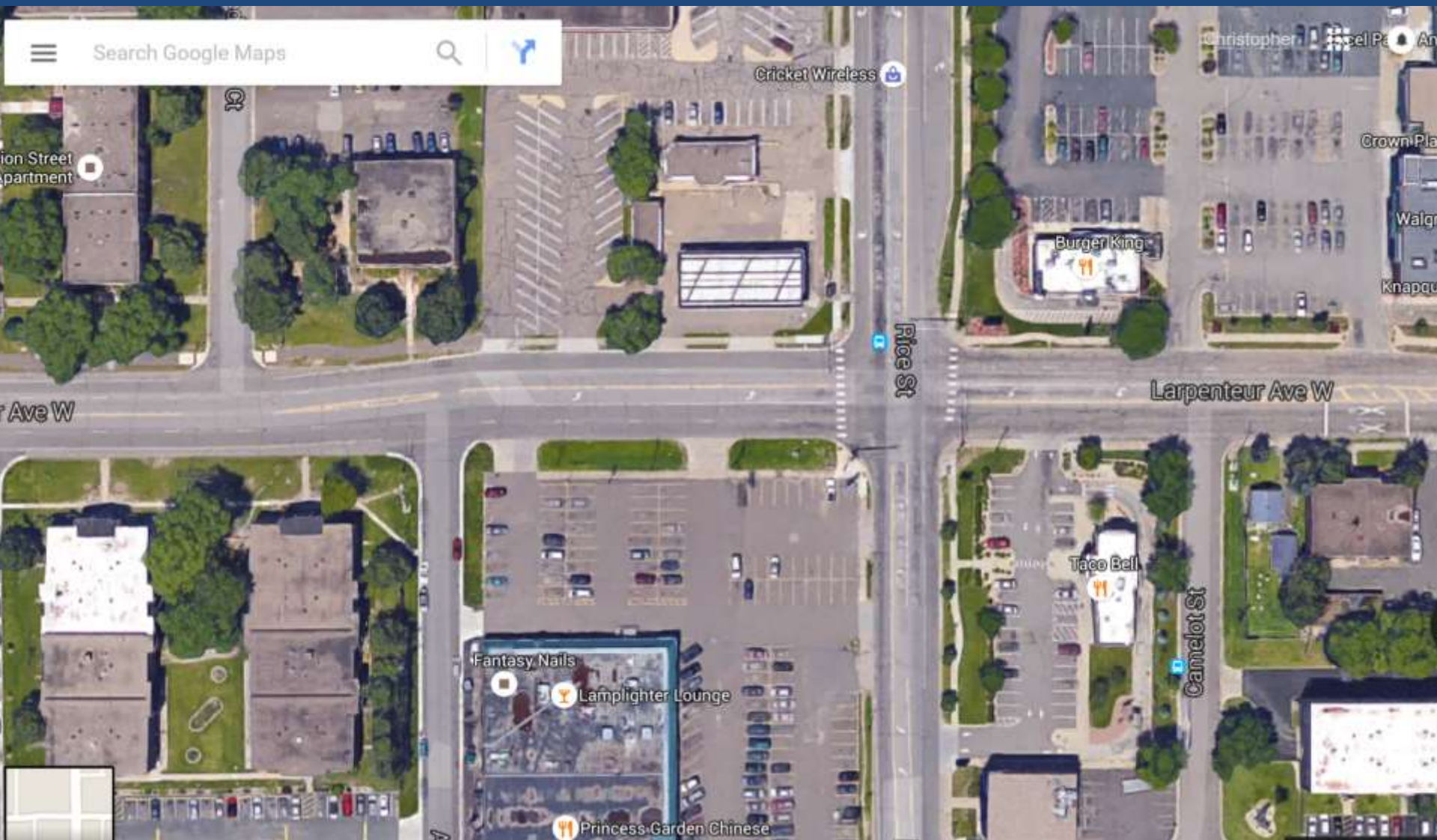
Communities are now in a
ferocious competition
over
place

(whether they know it or not)

Sense of place?

Not so competitive in the 21st century





St. Paul, Minnesota

Siting . . . what's not allowed:

This is a big
"no-no"

Building

Surface parking

Sidewalk



Typical suburban office location

Devoid of any sense of place





Economic development is increasingly a competition over placemaking.

Walkable communities



Economic development is increasingly a competition over placemaking.



Thank you



Smart Growth America
Making Neighborhoods Great Together

Christopher Zimmerman
Vice President for Economic Development