

SUSTAINABLE DEVELOPMENT: Meet the new urbanists (08/05/2008)

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A white picket fence, a well-manicured lawn and a cute little house owned by ... a recently graduated twentysomething?
Not so much.

The suburbs, which since World War II have dominated the American real estate scene, are suffering an identity crisis. Baby boomers are nearing retirement age, people are marrying and having kids later in life, and college graduates are flocking to cities. Housing experts say these cultural and aging shifts have slammed the door on the era of urban sprawl.

Add to the mix crippling energy prices, rising awareness of climate change and the glorification of urban lifestyles in hit shows like "Friends" and "Sex and the City," and you've got yourself a housing revolution, experts say. "With the demographic changes, I think that we are going to see a different development paradigm than we've seen in the past," said David Goldberg, spokesman for Smart Growth America, a national coalition of groups that promotes walkable communities and sustainable development.

But there's only so much city, and not everyone can afford to get it. According to Chris Leinberger, a top land use strategist and director of the graduate real estate program at the University of Michigan, home prices in urban communities have "gone through the roof." As evidence, he cited a recent Brookings Institution study showing a 40 to 200 percent price premium on a price-per-square-foot basis for walkable urban housing. "That's pent-up demand speaking. That's the market speaking," he said. "I never thought I'd say this, but it's a supply-side problem. We don't have enough supply."

Enter "smart growth" communities, on which Leinberger said developers will place "considerably more focus" when the current housing slump straightens out. Often taking the form of redevelopment projects, such communities feature mixed-use zoning, easy access to public transportation and a general focus on energy-efficient design. "We have this climate crisis to deal with, and at least a piece of that will be how we deal with transportation," Goldberg said. "The best way to [reduce greenhouse gas emissions] is to meet this rising demand for conveniently located homes in walkable neighborhoods."

The American Dream, Part 2

Geoff Anderson, president and chief executive of Smart Growth America, noted recently that a real estate consulting firm found about a third of the market wanted to live in walkable urban communities. That figure, he said, is "expected to accelerate because of some demographic changes and changes in buyer preferences."

Changing households are key, he said, noting that in 1960 about 48 percent of households were composed of a mom, a dad and two kids. By 2025, only 28 percent will have that makeup, eliminating issues like transporting a large brood.

Further, as the population grows older, many say they don't want to maintain a large lot and hop in the car for a run to the dry cleaner. "The baby boom generation, as it always has in the U.S., is going to be driving changes," Anderson said. Job opportunities and the desire for high-density neighborhoods are making urban communities even more popular for young singles and recent graduates, adding more fuel to the smart-growth development fire.

And, Goldberg noted, exurbs were hit hardest by the mortgage crisis, while many urban areas held their value. The suburban market model, he said, is "looking a little shaky these days." But more intriguing even than changing demographics, experts say, are the ways in which new communities seem to be leading a climate-conscious charge. "We believe that the asphalt-intensive sprawl that dominates our landscape is no one's idea of the American Dream," Smart Growth America's Web site proclaims.

The most fuel-efficient car is the one that's barely driven

The main tenets of "smart growth" are to create safe, affordable neighborhoods built with the environment's best interests in mind. They aim to have mixed-use zoning and easy access to public transportation and to promote clean air and water. Along with boasting LEED-certified buildings and other sustainable gold stars, the communities are designed to dramatically reduce vehicle miles traveled (VMT) to downsize their carbon footprint. A report released recently by the Urban Land Institute found that compact urban development, as opposed to sprawl, could reduce VMT by 20 to 40 percent. Another reported that public transit displaces about 16.6 million metric tons of greenhouse gas emissions from private vehicles every year. And two other housing studies found that multi-family buildings use an average of almost 50 percent less energy than single-family detached units.

The poster child: Atlantic Station. Based in Midtown Atlanta, Ga., the community is a 138-acre redevelopment of the old Atlantic Steel mill. Started in 1997 and officially opened in 2005, the project will ultimately have 6 million square feet of Class A, LEED-certified office space and 3,000 to 5,000 residential units, planners say. The whole idea is that people can walk to both work and to their errands or entertainment -- no car necessary. There's a clean-fueled transit shuttle system that carries about 60,000 people a month to and from a nearby transit site, along with a parking garage underground, on top of which is commercial space, on top of which are condominiums.

The result? A puny average of 8.6 miles traveled daily per resident of the site. People who work but don't live in Atlantic Station clock in a bit higher at 12 miles a day -- still comparatively insignificant to a number that can often be in the hundreds for suburbanites with long commutes. In total, their carbon footprint is reduced by about 60

percent because of the mixed-use nature of the project and transportation impacts, according to Brian Leary, vice president for design and retail at AIG Global Real Estate Investment Corp., one of the development firms that masterminded the project.

Zoning laws still a barrier

For now, the housing crash has put the brakes on most smart-growth development, Goldberg said. There are also several obstacles in the way of the developments, not the least of which is legality. Leinberger said that in 95 percent of America, only drivable suburban developments can legally be built because of zoning laws and rigid construction regulations like height limits or labor requirements. "In essence, we have a system that makes the right thing hard and the wrong thing easy," he said. Because there are so many hoops to jump through, he said, a developer will "throw his hands up and say, 'Aw, too much trouble.'" Meanwhile, the suburban fringe is being "massively subsidized" because it's so easy to build there. Known to be "unbelievably complex and risky," smart-growth projects require a totally new way of development, Leinberger said. He compared it to a race car driver suddenly being told he has to become a fighter jet pilot. "It's a fundamentally different skill set that we in real estate have to learn to pull off that kind of a project," he said.

But he and other experts agree that if laws can be changed, the market for smart-growth communities will skyrocket. Most zoning regulations exist at the local level, but Goldberg said the federal transportation bill, which expires at the end of fiscal year 2009, is the "big mondo policy change that really we gotta take a serious look at." He thinks the bill should shift transportation funding away from encouraging highways and toward encouraging transit systems.

"There are very few people," he said, "who fail to recognize this as some sort of turning point."