Planning for Economic and Fiscal Health

Building the Economic Case for Walkable Communities

Building Active Communities Initiative
Roger Millar, PE, AICP
March 17, 2015
Presentation objectives

• Discuss the context within which Montana communities plan
• Frame our work in the context of economic and fiscal health
• Discuss the relationship between transportation and land use
• Share the state of the Complete Streets movement
The value of planning
Smart Growth

**Smart growth** means building urban, suburban and rural communities with housing and transportation choices near jobs, shops and schools.

These strategies **support thriving local economies** and protect the environment.
What I hear about smart growth
Smart growth is ugly.
We have no history with it.

Mesa Verde, CO
Nobody would want to live there.

Aspen, CO
It just doesn’t work here.

Pearl District, Portland, OR
Shut up and drive!
But Roger, Montana is different
The state we live in
Rural demographics

Graph courtesy of Dr. Larry Swanson, O’Connor Center for the Rocky Mountain West, U. of Montana
Urban levels of traffic
Lack of transportation choice
Lack of housing for workers
Lack of housing for families
Infrastructure capacity
Environmental issues
Economic viability of downtowns
Workforce development
A desire for a vibrant cultural community
A need for lifelong learning and civic involvement
More than any other time in history, mankind faces a crossroads. One path leads to despair and utter hopelessness. The other, to total extinction. Let us pray we have the wisdom to choose correctly.

– Woody Allen
Remember why you live here...
“Trend is not destiny.”
-Lewis Mumford
Why plan?

“Have a plan. Follow the plan and you’ll be surprised how successful you can be. Most people don’t have a plan. That’s why it is easy to beat most folks.”

- Paul “Bear” Bryant
Why plan?

• Respond to an evolving market
• Provide housing and transportation choice
• Make efficient use of infrastructure
• Preserve open space
• Protect critical environmental areas and sensitive land
• Reduce urban runoff
• Reduce vehicle miles traveled
Who is involved?

- Citizens
- Neighborhoods
- Civic organizations
- Government
- Developers
- Lenders
- Designers
- Builders
The Role of Citizens

• **Get educated** about the importance of smart growth and spread the word.

• **Get involved** early in comprehensive community planning.
  - Urge local leaders to create a community-based vision for future growth

• **Attend planning meetings** and insist on:
  - Quality design that fits in with the community
  - Track record of success
  - Integrated with the transportation system
The Role of Business Leaders

- **Attend** planning meetings to support good projects
- **Advocate** for zoning law changes that allow for higher density and mixed uses
- **Locate** businesses near public transportation and existing infrastructure
- **Encourage employees** to actively support proposals for higher-density housing near jobs and transportation
The Role of Elected Officials

• Change the regulatory climate
  – Update our zoning/land use regulations

• Change the economic climate
  – Density bonuses
  – Tax deferrals and reductions
  – Fee waivers
  – Setting aside or buying down the cost of land

• Change the dialogue
  – Educate citizens – smart growth brings new amenities, new jobs, new tax revenues, new retail

• Change the political climate
  – Build citizen support for smart growth by creating a community-based vision for growth
  – Assure citizens you will insist on quality
Planning for economic and fiscal health
The way we design and build our communities has enormous consequences.
We must be aware of 3 important factors affecting the future of our communities

1. The market is changing, especially for housing

2. The recipe for economic growth is changing

3. We can no longer afford to use tax money to subsidize inefficiency
THE CHANGING MARKET
Your community is changing

• There are two demographic changes that are driving the market and must drive your decision making.
  – The rise of the Millennials.
  – The aging of the Baby Boomers.
Demographic change and the labor force

- **Greatest Generation**
- **Baby Boomers**
- **Gen X**
- **Millenials**

**POPULATION**

**LABOR FORCE**

PROSPERITY
American households are changing

In the 1950s roughly half of all households were families with kids.

“Between 1970 and 2012, the share of households that were married couples with children under 18 halved from 40 percent to 20 percent.”

US Census Bureau, *America’s Families and Living Arrangements: 2012*  
By Jonathan Vespa, Jamie M. Lewis, and Rose M. Kreider  
August 2013
Preferences: Housing

Millennials especially are trending away from traditional suburbs

– 47% would prefer to live in a city or a suburb with a mix of houses, shops, and businesses
– 40% would prefer a rural or a small town
– 12% say they would prefer a suburban neighborhood with houses only

Boomers want to age in their community
Americans Want More Walkable, Sustainable Neighborhoods

Americans’ ideal communities have a mix of houses, places to walk, and amenities within an easy walk or close drive.

– 77% of Americans want pedestrian-friendly features.
– 88% place more value on the quality of the neighborhood than the size of the home.

Source: Consumer survey conducted for the National Association of Realtors
The market: Housing

U.S. real estate supply vs. demand, 2003-2025

- Attached homes
- Small lot homes
- Large lot homes

Housing units (in thousands)

- 2003 housing supply
- Projected 2025 housing demand
- Net new units needed

Smart Growth America
Making Neighborhoods Great Together
How will your community meet the needs of millennials and aging boomers in order to improve your competitiveness?
PROSPERITY
The rise of the millennials and the globalization are driving the economy.
Millennials

They follow lifestyle, not jobs.

Millennials choose where to live before finding a job.
The labor force

• Millenials choose where to live before finding a job.
  – 64% looked for a job after they chose the city where to live. (Source: U.S. Census)

• How people want to work is changing and where they want to work is changing.
The labor force

From office space....
The labor force

....to office settings.

Research Triangle Park, Raleigh, NC

Kendall Square, Cambridge, MA
Businesses respond to changing preferences

- Across the country corporations are responding to employee preferences and moving to the talent.
- They are choosing to relocate from suburban offices to downtown locations.
Businesses respond to changing preferences

Zappos, Las Vegas, NV

Hillshire, Chicago, IL
There is a price/value premium for walkable places (commercial)

“We find that, all else being equal, the benefits of walkability are capitalized into office, retail and industrial property values with more walkable sites commanding higher property values. On a 100 point scale, a 10 point increase in walkability increases property values by 1 to 9 percent, depending on property type.”

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

“More than just a pleasant amenity, the walkability of cities translates directly into increases in home values. Homes located in more walkable neighborhoods—those with a mix of common daily shopping and social destinations within a short distance—command a price premium over otherwise similar homes in less walkable areas. Houses with the above-average levels of walkability command a premium of about $4,000 to $34,000 over houses with just average levels of walkability in the typical metropolitan areas studied.”

New study ranks the top 30 US metropolitan areas in walkability

Major findings:

• The top ranking metros have an average of 38% higher GDP per capita as compared to the low ranking metros.

• Office rent in urban WalkUPs rent at a 74% higher premium per square foot over drivable sub-urban areas.
Smart growth is part of an economic development strategy

• Economic development is increasingly a competition over *placemaking*.

• Building a great place to live, work, and play *IS* an economic development strategy.
How can your community take advantage of the changing nature of the economy in order to create jobs and wealth?
FISCAL HEALTH
How communities develop affects costs and revenue.
Development affects costs
Development affects costs

When it comes to costs:

– Compact development is the best deal.
– Low-density suburban development rarely pays for itself.
– It makes sense to reuse existing infrastructure.
Building Better Budgets
A National Examination of the Fiscal Benefits of Smart Growth Development

May 2013
FIGURE 1
Portion of local budgets influenced by land use choices, nationwide

- Capital
- Operations
- Not Geographically Sensitive

$525 Billion
$175 Billion
$350 Billion

Smart Growth America
Making Neighborhoods Great Together

Building Better Budgets
A National Examination of the Fiscal Benefits of Smart Growth Development

May 2013
Development affects costs

Building infrastructure to serve new development on the fringe can cost the city **up to three times more per acre** than urban infill development.
Development affects costs

• Compact development offers efficiencies in regards to services as well.
  – Police and fire departments have less area to cover.
  – Fewer miles of road to cover for snow removal and trash pickup.
Development affects costs
Development affects costs

Annualized Per-Capita Life Cycle Costs
(based on 2-apparatus station)

Households per Fire Station

Greater Connectivity ↔ Less Connectivity

Smart Growth America
Making Neighborhoods Great Together
Development affects revenue

• When it comes to revenue…
  – Compact development is the best deal.
  – Low-density suburban development generates much less per acre revenue.
  – You can increase your property tax base significantly simply by bringing back areas that already exist
Multifamily housing in near an area’s center can generate nine times more revenue per acre than traditional large-lot, single-family housing on the fringe.
Development affects costs

Building infrastructure to serve new development on the fringe can cost the city up to three times more per acre than urban infill development.
Development affects revenue

Municipal property tax yield (per acre) 2011 Raleigh, NC
Development affects revenue

<table>
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<th>Land Consumed (Acres):</th>
<th>34.0</th>
<th>0.02</th>
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<tbody>
<tr>
<td>Total Property Taxes/Acre:</td>
<td>$6,500</td>
<td>$634,000</td>
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<tr>
<td>City Retail Taxes/Acre:</td>
<td>$47,500</td>
<td>$83,600</td>
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<td>Residents per Acre:</td>
<td>0.0</td>
<td>90.0</td>
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<tr>
<td>Jobs per Acre:</td>
<td>5.9</td>
<td>73.7</td>
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Joe Minicozzi, AICP - Public Interest Projects: Asheville NC
Development affects revenue

Denser development can carry an entire city financially
What about Billings?

What are the numbers for Yellowstone County?

Courtesy Joe Minicozzi, AICP of Urban 3
Development affects revenue

Yellowstone County (Billings) Property Tax Revenue Profile: 2010 Tax Yield per Acre

Residential
Commercial
Mixed-Use

Joseph Minicozzi, AICP - Public Interest Projects - Asheville NC

FISCAL HEALTH

Courtesy Joe Minicozzi, AICP of Urban 3
FISCAL HEALTH

Development affects revenue

Yellowstone County (Billings) Property Tax Revenue Profile: 2010 Tax Yield per Acre

Residential  Commercial  Mixed-Use

County Res. S-F  Wells Fargo Sub  Conoco  City Res. S-F  Knart  City Res. Condo*  Rimrock Mall  Marketplace Total  Costco  Shopko Total  Walmart  CTA Building  Knas Bld  Security Building  Acme Building  Old Penny's  Marcus Bld  Crowne Plaza  1st Interstate  Wells Fargo  Montana Power

*Average values per Garfield County

Courtesy Joe Minicozzi, AICP of Urban 3
Development affects revenue
Nashville Case Study

- 3 development projects
  - Bradford Hills (conventional suburban)
  - Lenox Village (“New Urban suburban”)
  - The Gulch (smart growth)

- Operating Costs only
  - No infrastructure cost analysis

- General Fund only
Bradford Hills (conventional suburban)
Lennox Village ("New Urban suburban")
The Gulch (smart growth)
Project Acreage

Bradford Hills

Lenox Village

The Gulch
Gross Revenue

- Bradford Hills
- Lennox Village
- The Gulch

<table>
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<tr>
<th>Location</th>
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<td>Lennox Village</td>
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<tr>
<td>The Gulch</td>
<td>$14,000,000</td>
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</table>
Revenue and Cost

Bradford Hills
Lennox Village
The Gulch
Net Revenue

Bradford Hills
Lennox Village
The Gulch
Net Revenue Without The Gulch

- Bradford Hills: $20,000
- Lennox Village: $140,000
Net Revenue Per Housing Unit
Net Revenue Per Acre

- Bradford Hills
- Lennox Village
- The Gulch

$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
Bottom Line

• Downtown and close-in neighborhoods will yield a much higher return
• Village-style suburban development will yield a higher return
• These surpluses can be used to offset costs of existing neighborhoods
• When infrastructure is added to the mix, these trends probably become stronger
• As Nashville-Davidson County runs low on developable land, these considerations become vastly more important.
Land Use and Transportation
Traditional approach

- Transportation systems prioritize high speed mobility
- Auto oriented development follows
- All other modes at disadvantage
- Spread out development increases transportation demand
- Cycle repeats

From Integrating Land Use and Transportation Planning Through Placemaking by Gary Toth
Something happened

Actually, everyone’s driving less . . .
Placemaking

- Access rather than mobility
- Urban streets as places of social and economic exchange
- Non-motorized transportation is key to urban cores
- Neighborhood streets safe for play
- Commercial streets safe for walking and cycling while moving through and local traffic
- Plan for people and places, not cars and traffic

From Integrating Land Use and Transportation Planning Through Placemaking by Gary Toth
“Transportation – the process of going to a place – can be wonderful if we rethink the idea of transportation itself. We must remember that transportation is the journey, but enhancing the community is always the goal.”

From Integrating Land Use and Transportation Planning Through Placemaking by Gary Toth
Best Development Practices

• Keep vehicle miles of travel (VMT) below the area average.
• Contribute to the area’s jobs-housing balance.
• Mix land uses at the finest grain the market will bear and include civic uses in the mix.
• Develop in clusters and keep the clusters small.
• Place higher density housing near commercial centers, transit lines, and parks.
• Phase convenience shopping and recreational opportunities to keep pace with housing.
• Make subdivisions into neighborhoods with well-defined centers and edges.
• Reserve school sites and donate them if necessary to attract new schools.
• Concentrate commercial development in compact centers or districts.
• Make shopping centers and business parks into all-purpose activity centers.
• Tame auto-oriented land uses, or at least separate them from pedestrian-oriented uses.

From Best Development Practices: A Primer for Smart Growth by Reid Ewing with Robert Hodder
Site Plan Development

- Legal and physical access
- Lot size conforms to zoning or sanitation
- Limited driveways on arterials, some collectors
- Useable lots that meet setbacks
Site Plan Development

- Topography
- Road grades not over 8%
- Buildable area
- Amount of cut & fill
- Consider existing features

Figure 2-12. Rural subdivision patterns are typically unrelated to natural or cultural features in the landscape, as dramatically illustrated by these plats from the Catskill region of New York. Source: Lamb, 1989.
Site Plan Development

39 lots
2500 feet of road

39 lots
2250 feet of road

39 lots
1650 feet of road

Green

Park

Park
Figure 2-13. Conventional two-acre lot subdivision with homes located on sensitive but buildable land, compared with improved layouts protecting those resource areas, as encouraged by new regulations adopted by the Maine Department of Environmental Protection.
Site Plan Development

Figure A  (rated by 25% as "rural")
44 acre parcel
20 lots (2 acres each)
No open space
No pond access except from four lots

Figure B  (rated by 75% as "rural")
44 acre parcel
20 lots (3/4 acre each)
25 acres of open space
Pond access for all residents
Impact Assessment

Usually Considered

- Financial cost to governments
- Travel speed
- Vehicle operating costs
- Per-mile crash risk
- Construction environmental impacts

From Comprehensive Transport Planning, Victoria Transport Policy Institute
Impact Assessment

Often Overlooked

- Downstream congestion impacts
- Traffic impacts on non-motorized travel
- Parking costs
- Vehicle ownership and mileage-based depreciation
- Indirect environmental impacts
- Strategic land use impacts
- Mobility for non-drivers
- Equity impacts
- Impacts on physical activity and public health

From Comprehensive Transport Planning, Victoria Transport Policy Institute

Smart Growth America
Making Neighborhoods Great Together
Access Management

- Limit direct access to major roadways
- Promote intersection hierarchy
- Locate signals to favor through movements
- Preserve the functional area of intersections and interchanges
- Limit the number of conflict points
- Separate conflict areas
- Remove turning vehicles from through traffic lanes
- Use non-traversable medians to manage left-turn movements
- Provide a supporting street and circulation system.

From Oregon Department of Transportation Access Management Best Practices Manual
Access Management

• Interchange spacing
• Median treatments
• Auxiliary lanes
• Intersection design
  – Signalized
  – Unsignalized
  – Roundabouts
• Driveway spacing
• Sight lines

From Oregon Department of Transportation Access Management Best Practices Manual
Parking Management

- Reduced minimum parking requirements
- Parking maximums and areawide parking caps
- Shared parking
- Parking management districts
- Controlling parking demand
  - Transit investment
  - TOD
  - Unbundled parking
  - Pricing

From Driving Urban Environments: Smart Growth Parking Best Practices by Maryland Governor’s Office of Smart Growth
Parking Management

• Location
• Screening and landscaping
• On-street parking
• Structures
• Low impact development techniques
• Cross access easements
• Preferred parking
  – ADA
  – HOV
  – Electric vehicles

From Driving Urban Environments: Smart Growth Parking Best Practices by Maryland Governor’s Office of Smart Growth
Street Connectivity

Well-Connected Street Network

Typical Subdivision Cul-de-Sacs
Right-of-Way Preservation

- Varies by state
- Corridor preservation in the comprehensive plan
- Corridor management ordinances
- Right-of-way acquisition
- Preserving transit corridors

From Corridor Preservation Best Practices by Center for Urban Transportation Research
Why Complete Streets?
Not complete.
Not complete.
Not complete.
The National Complete Streets Coalition

- AARP
- Alliance for Biking & Walking
- America Walks
- American Planning Association
- APTA
- American Society of Landscape Architects
- Association of Pedestrian and Bicycle Professionals
- Institute of Transportation Engineers
- National Association of City Transportation Officials
- National Association of Realtors
- Nelson\Nygaard
- Smart Growth America
- SRAM
- Stantec
- SvR Design Company
Promote policies & practices that:

• Ensure safety
• Encourage “balance”
• Are aware of the larger context
• Consider networks
• Respect people
Our work

- Establish “standard” practice
- Provide training & direct assistance
- Develop leadership
Policy adoption & issue awareness

Number of Complete Streets policies nationwide, 2005–2013
“Change requires intent and effort.”
Complete Streets success

1. Political will
2. Clear path forward
3. Ownership within agency
Activities:

• Plan & be accountable
• Change the way you make decisions
• Allow (encourage!) critical thinking in design choices
• Share Complete Streets knowledge
• Measure your efforts
Proliferation of tools & guidance
How we develop is connected to our health, our household costs, our transportation choices and our ability to move up the economic ladder.

•

Some development costs more, for taxpayers and consumers.

Some costs less.
Can your community continue to subsidize inefficiencies of development patterns, while not reaping the potential reward?
We have the freedom to make informed, humane, and intelligent choices about the kind of world we want to leave for our children and grandchildren. We also have the freedom to make uninformed, selfish, and stupid choices. Which will it be? - Greg Pahl
Thank you!

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www.smartgrowthamerica.org