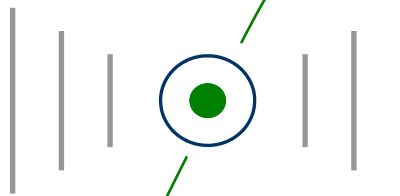


Living by the Popsicle Rule

The Market for Living in Vibrant Centers and Walkable Neighborhoods



Triangle Transit  Triangle J Council of Governments

January 2010

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Introduction

This report examines the housing market for preserving and promoting vibrant, mixed use centers and neighborhoods – walkable places where people can live, work, learn, shop and play. Providing such centers and neighborhoods – and linking many of them with transit service – are key goals of community plans and long-range transportation plans in the Research Triangle Region.

How is a market for compact and walkable mixed-use development defined? The studies, reports and articles highlighted in this report vary in their approaches. But one simple way to think about the market might be to consider those who want to live by the “5-Minute Popsicle Rule.” This axiom suggests that a simple (although certainly not scientific) way to determine whether development is *compact, complete and connected* is that “a child must be able to walk safely from home to buy a popsicle within 5 minutes.”¹

The report summarizes key points about the evolving market for living in mixed-use centers and neighborhoods, offers implications for the Triangle, and provides supporting documentation from 20 key studies, reports and articles.

By presenting the actual information contained in a range of reports prepared by experts, this “popsicle rule report” seeks to provide a common foundation of practical knowledge for communities, businesses and institutions to plan and develop the vibrant centers and neighborhoods the Triangle’s residents will want as the region adds another million people over the next generation.

¹ Box, Hal; *Think like an architect*. University of Texas Press, 2007. p. 175.

Living by the Popsicle Rule

The Market for Living in Vibrant Centers and Walkable Neighborhoods

Key Points

1. Surveys indicate that most people today prefer to live in large-lot, detached single family homes, but a sizable percentage -- probably on the order of 20-30% -- prefer to live in more compact, walkable neighborhoods with a mix of uses and a range of travel choices – *compact, complete, connected communities*.
2. Demographic and lifestyle trends suggest the percentage of people preferring a more compact development pattern will increase, as baby-boomers age, a lower percentage of households include children, and the “Millennial” generation – those who are now in their teens and 20s – becomes a more significant consumer of housing.
3. Economic and environmental policies may reinforce the shift to more compact development, especially if energy prices remain volatile or move higher due to long-term supply uncertainties and efforts to address climate change and energy security.



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Implications for the Triangle

1. The 13-county Research Triangle economic region is home to 2 million people. If 20-30% prefer to live in compact, walkable neighborhoods, then an estimated 400,000 to 600,000 people would prefer this pattern of development, suggesting an already underserved market.
2. The Triangle has recently witnessed successful development and re-development of more compact, mixed-use, walkable places to serve this growing market, from traditional downtown areas of Raleigh (e.g. RBC Plaza, Blount Street Commons and projects in Glenwood South) and Durham (e.g. American Tobacco, West Village, Golden Belt) to comprehensive mixed use projects such as Meadowmont and Southern Village in Chapel Hill and North Hills in Raleigh to smaller projects such as Erwin Square in Durham, Arboretum in Cary and Grace Park in Morrisville.
3. The latest population projections from North Carolina's Office of State Budget and Management estimate that 1.2 million additional people will be added to the region between 2008 and 2028; a 20-30% market share for living in compact, walkable neighborhoods would mean that 240,000 to 360,000 additional people would prefer this style of living, in addition to those who might be expected to prefer this pattern of development today.
4. Taken together, the market for compact, complete, connected communities might total on the order of 800,000 people by the year 2030, roughly equal to 350,000 households.



Maryland DOT

5. Although walkable communities will vary in many ways, including scale (city to small town) and development mix (residential types and proportions), rule-of-thumb guidelines and a national database of development around existing and planned transit stations indicates that a typical 500-acre walkable neighborhood might average about 1,500 to 2,000 homes in addition to offices, stores and community facilities, indicating the Triangle could support roughly 200 such places by 2030.

Centers designed to match frequent rail service would need to be the most intense, while neighborhoods served by buses or relying only on auto travel would typically be the least intense.



Morrisville Planning Department

6. As the Triangle expands bus and rail transit services to link the region, guiding these developments to locate in transit corridors will be crucial to both enabling many people to live the kind of urban, connected lifestyle they prefer and ensuring that both bus and rail transit investments are as efficient as possible. The planning done for the region's award-winning long range transportation plan included about 50 station areas along planned light rail and express rail investments, suggesting there is both much work to do to ensure these rail station areas are developed to their potential, and also that there is plenty of opportunity for compact, complete, connected communities in towns that can be linked by high-quality bus service.



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What the Experts Say

This section of the report includes passages from studies, reports and articles that have examined the market for living in mixed-use neighborhoods and centers, including Transit-Oriented Development (TOD) that clusters around transit stations. A key sentence or two in each passage is underlined for readers who wish to skim the report.

"Housing location preferences depend on how questions are worded. If consumers are asked to choose between a large-lot, single-family suburban home, or an apartment in a typical urban neighborhood, most (usually about 90%) will choose the suburban home. But if asked to choose between a large-lot suburban home and a small-lot home in a high-quality urban neighborhood, many (usually a quarter or more) will choose the urban location, and this is likely to increase in the future due to demographic and market trends (Belden Russonello & Stewart, 2004; Litman, 2005a). This is not to deny that most households want to own an automobile and many want a large-lot suburban home. But demand for these seems to be declining somewhat, while demand for more multi-modal, urban lifestyles is likely to grow."

-- The Future Isn't What It Used To Be

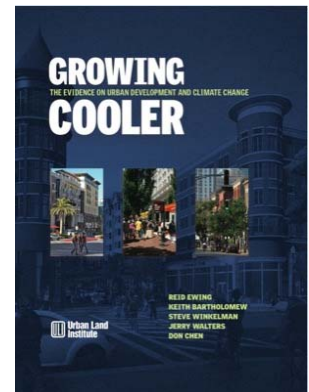
Changing Trends And Their Implications For Transport Planning

By Todd Litman, Victoria Transport Policy Institute, April 2006

"The real estate analysis firm Robert Charles Lesser & Co. has conducted a dozen consumer preference surveys in suburban and urban locations for a variety of builders to help them develop new projects. The surveys have found that in every location examined, about one-third of respondents prefer smart growth housing products and communities. Other studies by the National Association of Homebuilders, the National Association of Realtors, the Fannie Mae Foundation, high-production builders, and other researchers have corroborated these results – some estimating even greater demand for smart growth housing products. When smart growth also offers shorter commutes, it appeals to another one-quarter of the market, because many people are willing to trade lot or house size for shorter commutes. Because the demand is greater than the current supply, the price-per-square foot values of houses in mixed-use neighborhoods show price premiums ranging from 40 to 100 percent, compared to houses in nearby single-use subdivisions, according to a study by Chris Leinberger of the Brookings Institution. This market demand is only expected to grow over the next several decades, as the share of households with children shrinks and those made up of older Americans grows with the retiring of baby boomers. Households without children will account for close to 90 percent of new housing demand, and single-person households will account for one-third. Nelson projects that the demand for attached and small-lot housing will exceed the current supply by 35 million units (71 percent), while the demand for large-lot housing will actually be less than the current supply."

-- Growing Cooler: The Evidence on Urban Development and Climate Change

By Reid Ewing, Keith Bartholomew, Steve Winkelman, Jerry Walters and Don Chen, with Barbara McCann and David Goldberg, Urban Land Institute, 2007



"In most metropolitan areas, only 5 to 10 percent of the housing stock is located in walkable urban places... Yet recent consumer research by Jonathan Levine of the University of Michigan and Lawrence Frank of the University of British Columbia suggests that roughly one in three homeowners would prefer to live in these types of places. In one study, for instance, Levine and his colleagues asked more than 1,600 mostly suburban residents of the Atlanta and Boston metro areas to hypothetically trade off typical suburban amenities (such as large living spaces) against typical urban ones (like living within walking distance of retail districts). All in all, they found that only about a third of the people surveyed solidly preferred traditional suburban lifestyles, featuring large houses and lots of driving. Another third, roughly, had mixed feelings. The final third wanted to live in mixed-use, walkable urban areas – but most had no way to do so at an affordable price. ... Demographic changes in the United States also are working against conventional suburban growth, and are likely to further weaken preferences for car-based suburban living. When the Baby Boomers were young, families with children made up more than half of all households; by 2000, they were only a third of households; and by 2025, they will be closer to a quarter. Young people are starting families later than earlier generations did, and having fewer children. The Boomers themselves are becoming empty-nesters, and many have voiced a preference for urban living. By 2025, the U.S. will contain about as many single-person households as families with children."

-- The Next Slum?

By Christopher B. Leinberger, *The Atlantic Monthly*, March 2008

"Overall, developers perceive considerable market interest in alternative development. Most of the nationwide sample estimated that at least 10% of households are interested in such alternatives, and over one third of the sample saw a potential market of at least 25% (Table 4). The highest levels of interest were perceived by developers in the dense Northeast and Mid-Atlantic regions; considerably less interest was reported by developers in the country's central areas: Midwest, Plains, Mountains and South Central Regions. Nationwide and other multi-region developers reported high levels of interest, comparable to those reported along the East Coast. It is notable, however that even among the regions where comparatively low interest was perceived, around 70% of developers thought that a market existed for at least 10% of households. In general, the market for such development is perceived as more than 'niche' in character."

<i>Developer Perception of Market Interest</i>	What share of the households in your markets is interested in alternative development?				
Region	None	1% to <10%	10% to <25%	25% to <50%	>50%
Northeast		20.7	43.1	15.5	20.7
Mid-Atlantic	1.7	17.2	31.0	29.3	20.7
Southeast/Caribbean	0.8	26.5	43.9	14.4	14.4
Midwest	1.2	21.0	38.3	30.9	8.6
South Central	3.6	25.0	50.0	16.1	5.4
Great Plains, Rocky Mountains		30.8	32.7	25.0	11.5
Pacific and Northwest	1.7	17.3	41.3	24.0	15.6
Multi-region developers		22.0	34.0	22.0	22.0
Total sample	1.2	21.9	40.2	21.9	14.7

-- "The Market for Transportation-Land Use Integration: Do Developers Want Smarter Growth than Regulations Allow?"

Levine and Inam, *Transportation*, V31, N4, pp. 409-427, 2004

"Many different neighborhood characteristics were evaluated - but all in all, depending on which characteristics people preferred, between 20 and 40 percent of survey participants have a very strong preference for the most compact and walkable neighborhoods. Yet at the time of the survey, only about one in 20 homes in metro Atlanta are in neighborhoods that meet those criteria."

-- New Data for a New Era: A Summary of the SMARTRAQ Findings

Linking Land Use, Transportation, Air Quality and Health in the Atlanta Region

By David Goldberg, Jim Chapman, Lawrence Frank, Sarah Kavage, Barbara McCann



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"FINDINGS

"This chapter has examined the question of whether decentralization and suburbanization of the population, which have characterized the development of metropolitan areas for decades, are likely to continue. Looking forward to 2030 and, with less certainty, to 2050, it appears that housing preferences and travel patterns may change in ways that support higher density development and reduced VMT, although it is unclear by how much. ... In summary, a population that is aging and includes more immigrants and young adults with urban preferences is likely to be more inclined to live in more compact developments, own fewer automobiles, drive less, and use alternative modes of transportation. Should they occur, sustained higher energy prices would reinforce these trends. Taking advantage of this potential shift in housing preferences and travel patterns will require addressing numerous impediments to change.

Local zoning regulations, particularly regulations that restrict density levels and mixing of land uses, represent one of the most significant impediments to more compact, mixed-use development. Street designs and parking requirements focused on automotive travel reinforce automobile-oriented development. The result of such impediments, particularly exclusionary zoning, is an apparent undersupply of higher density, mixed-use developments, despite evidence from survey research of increased interest in such communities. ... The greatest opportunities for building more compact, mixed-use developments are likely to lie in new housing construction and replacement units in areas already experiencing density increases, such as inner suburbs and developments near transit stops and along major highway corridors or interchanges."

-- Driving and the Built Environment

National Research Council, 2009

"Purpose: The purpose of this study was to assess trends in public support for traditionally designed communities and to provide insights into factors associated with that support.

"Methods: Respondents read the following description of a traditionally designed community:

'In recent years, there has been a greater interest in developing communities with a town design in place of today's suburbs. Such communities have a town center that is surrounded by residential neighborhoods. The town center has small shops, restaurants, government buildings, churches, and public transit (bus, rail) stops. Residential neighborhoods are clustered around the town center, providing easy access to work and shopping. Each neighborhood has a variety of housing types (apartments, townhomes, single family homes) and houses are built on smaller lots and are closer to the street. Streets are designed to accommodate cars, pedestrians, and bicyclists. In residential areas streets are narrower, slower, and quieter with sidewalks, trees and on-street parking. In commercial areas, sidewalks are wide and comfortable, streets are lined with trees, and parking lots are less conspicuous. The community includes a network of parks and trails for walking and biking. It also has a clearly defined boundary in order to preserve open space for parks, farmlands, and forests.'

"Respondents were then asked, 'How much would you support the development of communities like this in your area?' and asked to respond using a seven-point scale from 'would not support at all' (1) to 'would fully support' (7). Choosing the midpoint (4) on this scale meant a respondent 'would somewhat support' the development of communities like this. A second question asked 'If there were communities like this available in your area, how much would you want to live in one?' Again, they were to respond on a seven-point scale, this time ranging from 'definitely not' (1) to 'definitely would' (7). The midpoint (4) in the range of responses to this question was 'maybe.' We use these questions to measure *support* of (in the first case) and *interest* in (in the second case) traditionally designed communities within the context of the respondent's existing community. The survey also included questions on respondents' sociodemographic characteristics, attitudes on a variety of issues, expectations about the likelihood traditionally designed communities would have certain characteristics, and how important these characteristics were to them.

"Results and conclusions: In 2003, 44% of respondents expressed support for developing traditionally designed communities in the areas where they lived. This support increased significantly to 59% in 2005. Support was strong among all groups except rural residents, and increased among all groups between 2003 and 2005. This support was positively related to expectations that such communities would be childfriendly and negatively related to expectations that they would have space limitations. Respondents perceived such communities as likely to allow older people to live independently, and they also rated this characteristic as highly important.

"Takeaway for practice: Public support for developing traditionally designed communities is strong, widespread, and growing. Although such communities find less support in rural areas and raise concerns over limited space, they have appeal as child- and elderly-friendly places. Though there is evidence that supply of traditionally designed communities does not meet demand, this evidence of growing support may foster policy changes that will help to close the gap."

[Note: Table 2 in the article shows that in 2003, 44% of respondents expressed interest in living in a traditionally designed community in the areas where they lived. This interest (reflecting a rating of 5, 6, or 7 on a 7-point scale of interest) increased significantly to 50% in 2005.]

-- Is Support for Traditionally Designed Communities Growing? Evidence From Two National Surveys

Susan Handy, James F. Sallis, Deanne Weber, Ed Maibach, and Marla Hollander, *Journal of the American Planning Association*, Spring 2008

"Six in ten people (61%) who think they will buy a house in the next three years are more likely to look for a home in a smart growth community rather than a sprawl community (39%). Regionally, residents of the Northeast (62%) are the most likely to select the smart growth community, while majorities of Midwesterners (56%) and Westerners (57%) also select the smart growth community. Residents in the South are split between the two types of communities (49% smart growth to 51% sprawl). An examination of the reasons that Americans give for choosing one type of community over another reveals that smart growth choosers do so largely because of the convenience of being within walking distance to shops and restaurants and close to work. Those who prefer the sprawl community are motivated mostly by desire to live on larger lots. A plurality (43%) of those who choose the smart growth community is most attracted to having shopping and restaurants near-by. A quarter is most attracted to a commute time under 45 minutes. A mix of housing types (15%), proximity to public transportation (10%) and the presence of sidewalks (6%) are the most attractive features for fewer of those who choose the smart growth community."

-- 2004 National Community Preference Survey

Conducted for Smart Growth America and National Association of Realtors by BELDEN RUSSONELLO & STEWART, October 2004



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"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.

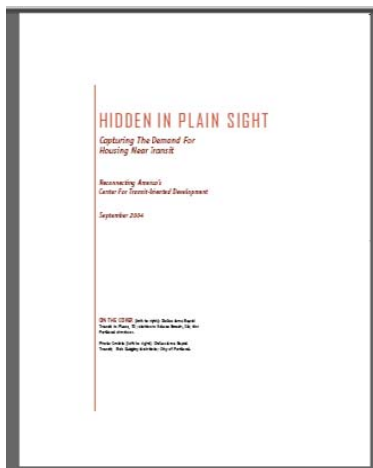
"This paper explores the connection between home values and walkability, as measured by the Walk Score algorithm. Walk Score measures the number of typical consumer destinations within walking distance of a house, with scores ranging from 0 (car dependent) to 100 (most walkable). By the Walk Score measure, walkability is a direct function of how many destinations are located within a short distance (generally between one-quarter mile and one mile of a home). Our measure of walkability reflects the convenience and proximity of having shopping and cultural activities close at hand, as well as the value households attach to mixed-use neighborhoods.

"Using an economic technique called hedonic regression, we estimate how much market value homebuyers implicitly attach to houses with higher Walk Scores. We looked at data for more than 90,000 recent home sales in 15 different markets around the nation. Our statistical approach controlled for key characteristics of individual housing units (their size, number of bedrooms and bathrooms, age and other factors), as well as for the neighborhoods in which they were located (including the neighborhood's income level, proximity to the urban center and relative accessibility to employment opportunities).

"After controlling for all of these other factors that are known to influence housing value, our study showed a positive correlation between walkability and housing prices in 13 of the 15 housing markets we studied. In the typical market, an additional one point increase in Walk Score was associated with between a \$500 and \$3,000 increase in home values. In one market (Las Vegas) there was a negative correlation – housing prices decreased with higher Walk Scores, and in one market (Bakersfield) there was no statistically significant correlation between prices and walkability after controlling for other factors."

-- Walking the Walk: How Walkability Raises Home Values in U.S. Cities

Joe Cortright, Impresa Inc., CEOs for Cities, August 2009



"The study results make it clear that, overall, potential demand for higher-density residential development in transit zones will outstrip the supply of this housing, which suggests that this product type should be viable in all of the metropolitan areas with transit systems. Whether this potential demand is actually realized, however, has much to do with whether the market is able to deliver an attractive higher-density housing product near stations. This housing will have to have the characteristics that consumers consider important, and it will have to be priced so that it is both affordable and competitive with other housing options in the region. Whether the market is able to deliver more of this kind of product also depends on whether appropriate public policies, such as higher density zoning and reduced parking regulations, are put in place and whether the right infrastructure investments are made, including continued improvements to transit systems and "placemaking" elements, such as

plazas and streetscape improvements."

-- Hidden in Plain Sight: Capturing the Demand for Housing Near Transit

Reconnecting America/Center for Transit Oriented Development, September 2004

"Demand for TOD is high today and expected to grow by 2030, and a significant share of this demand will come from lower- and moderate-income households but the market is not currently building new TODs at a sufficient scale or with a range of housing types, sizes and prices. ... Predicting demand is both an art and a science. These projections can be influenced by the development policies and the practices today and in coming years. The successful efforts of planners, transit and smart growth advocates, community developers and others to improve convenience and connectivity in transit-oriented communities may lead to an even greater increase in both supply and demand for housing in transit zones beyond our estimates and among all types of households. Or, conversely, the opposite could also happen: continued low density growth into undeveloped areas and inadequate funding for transit could make it difficult for many regions to capture this growing demand for housing near transit." [Note: the analysis included an estimate of demand for transit-oriented development housing in the Research Triangle Region of more than 50,000 households by 2030, including more than 20,000 households with incomes below \$35,000]

-- Preserving and Promoting Diverse Transit-Oriented Neighborhoods

Center for Transit Oriented Development: Center for Neighborhood Technology, Reconnecting America, and Strategic Economics, October 2006

"... the nation will add about 32 million households between 2000 and 2025, but only about four million of these will have children. Single-person households will account for 34% of the growth. Many single-person households are elderly. Already more people are turning 65 each year than ever before. In 2012 more than a million will turn 65, and in 2025 nearly two million will turn 65. These changes will affect housing demand. ... Even the midpoint projection, that 39.6% of demand for homes will be for homes on large lots, suggests that the existing supply of large-lot homes is sufficient to meet demand in 2025. ... Put differently, the market demand for new homes through 2025 may be almost exclusively for attached and small-lot units." [Note: citations removed from the original]

-- Leadership in a New Era

Arthur C. Nelson, *Journal of the American Planning Association*, Vol. 72, No. 4, Autumn 2006

"Best Bets 2010 Development

"Next-generation projects will orient to infill, urbanizing suburbs, and transit-oriented development. Smaller housing units – close to mass transit, work, and 24-hour amenities – gain favor over large houses on big lots at the suburban edge. People will continue to seek greater convenience and want to reduce energy expenses. ... Investors tend to favor the following:

- Global gateway markets on the East and West coasts – featuring international airports, ports, and major commercial centers.
- Cities and urbanizing infill suburbs with 24-hour attributes – upscale, pedestrian-friendly neighborhoods; convenient office, retail, entertainment, and recreation districts; mass transit alternatives to driving; good schools (public and/or private); and relatively safe streets.
- Brainpower centers – places that offer a dynamic combination of colleges and universities, high-paying industries – high tech, biotech, finance and health care (medical centers, drug companies) – and government offices.

"... Investors shy away from:

- ... Secondary and tertiary cities – anywhere you can't fly direct to from the global pathway centers;
- Hot-growth and bubble-burst markets, which collapsed under plunging housing prices; and
- Fringe areas – the exurbs and places with long car commutes or where getting a quart of milk means taking a 15-minute drive.

"... Infill vs. Suburbs. Road congestion, higher energy costs, and climate change concerns combine to alter people's thinking about where they decide to live and work. 'It's a fundamental shift.' The lifestyle cost-of-living equation starts to swing away more dramatically from bigger houses on bigger lots at the suburban edge to greater convenience and efficiencies gained from infill housing closer to work. These homes may be more expensive on a price-per-pound basis, but reduced driving costs and lower heating/cooling bills provide offsets. And time saved avoiding traffic hassles moderates stress and enhances productivity. ... 'near-in suburbs will do well especially if they link to business cores by mass transportation.' Empty nesters and later-marrying echo boomers continue to flock to cities and urbanizing suburban areas. For aging baby boomers, infill apartment or townhouse living means less upkeep and proximity to cultural and entertainment attractions. The young singles crowd stays closer to the action, too ..."



-- Emerging Trends in Real Estate 2010

Jonathan Miller, ULI-the Urban Land Institute and
PricewaterhouseCoopers LLP, October 2009



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"Nationally, demand for housing within walking distance of transit (transit-oriented development, or TOD) is on the rise. It is estimated that this demand will grow from 6 million households in 2000 to 16 million households in 2030. Today, households near transit make up 15 percent of the 40 million households in metropolitan regions with transit. By 2030, households near transit could grow to 22 percent of regional households, if the supply of housing near transit is sufficient."

-- Preserving and Promoting Diverse Transit-Oriented Neighborhoods

By Kara Heffernan (ed.), Center for Transit Oriented Development, October 2006

"Choosing where to live is a profound decision that affects households' long-term financial burdens, daily activities and opportunities, social interactions, health and safety, as well as costs imposed on others. For most of the last five decades North Americans associated low-density, urban-fringe, automobile-oriented locations with positive aspirations including economic success, freedom, prestige, security, cleanliness, quiet and privacy. Moving to a suburban home is frequently portrayed as fulfillment of the American Dream. It is therefore unsurprising that efforts to shift to a more urban development pattern are often met with skepticism and criticism. ...

"Smart growth consists of more compact, accessible, multi-modal community development. This can provide numerous benefits to residents who live in such areas and society overall. Critics claim that most consumers dislike this type of community and so are harmed by public policies that encourage it. This analysis suggests otherwise.

"Although market surveys indicate that most North American households preferred single-family homes, they also indicate strong and growing consumer preference for smart growth features such as accessibility and modal options (reflected as short commutes and convenient walkability to local services). Twenty years ago less than a third of households preferred smart growth, but this is projected to increase to two thirds of households within two decades.

"This reflects various demographic and economic trends, including aging population, rising fuel prices, and increased health and environmental concerns. In addition, suburban lifestyles and automobile travel have become less glamorous. An increasing portion of consumers now aspire to urban lifestyles for at least part of their lifecycle, and the housing market correction in 2008 spoiled confidence in suburban real estate investments. Households are likely to be more rational and cautious in the future. ...

"This is not to suggest that automobile travel and suburban living will end. Under even aggressive smart growth policies most North Americans will continue to live in single-family houses, although a greater portion will be small-lot, attached housing such as townhouses. However, the demand for new housing is likely to shift dramatically. The current stock of large-lot, single-family houses in exurban locations currently exceeds demand, causing prices to plummet and foreclosures to rise. At best, it will take years for such homes to regain their 2005 market value (in real, inflation-adjusted terms). More likely, consumer demand for such housing will never fully recover. On the other hand, the market for small-lot, attached housing in accessible, multi-modal communities is strong. Such housing has maintained its value and demand is projected to increase significantly in the future due to structural demographic and economic trends. Communities and developers that respond to these market shifts can succeed."

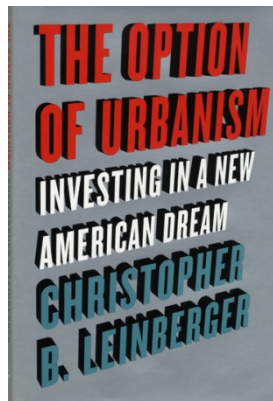


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-- Where We Want To Be: Home Location Preferences And Implications For Smart Growth

Todd Litman, Victoria Transport Policy Institute, 22 November 2009

"...growth in households will be driven by empty nesters, never-nesters, and singles. ... The number of households with children is projected to grow only 4 million [between 2000 and 2025]. ... The number of households without children is projected to grow by 28 million, 88% of the total



increase. Those additional 28 million childless households, more than seven times the absolute growth of families with children, will be the primary factor that dictates the future of the built environment. ... More couples and singles will be motivated to continue the revival of many downtowns and downtown-adjacent parts of major American cities, as they have in the late 1990s and early 2000s, and they will look to development in greenfield suburban town centers built from scratch as well as to traditional walkable urbanism. ... basic demographic change will lead dense, walkable neighborhoods to gain market share over the coming decades ..."

-- **The Option of Urbanism: Investing in a New American Dream**
Christopher Leinberger, Island Press, 2009

"The oldest mode of travel – walking – is suddenly one of the hottest as more and more home buyers want to live where they can park their cars and use their feet. ... They are members of the two largest generations in the history of America – the 78 million millennials born between 1977 and 1996 and the 82 million baby boomers born between 1946 and 1964. By 2015, the rising tide of both generations will peak at 44 million each – an unprecedented convergence, said Todd Zimmerman, managing director at Zimmerman/Volk Associates, a real estate consulting firm. But size is not the only similarity. The two generations also share an appetite for walkable living – and the amenities that go with it – that fits their childless lifestyles."

-- Walking Into the Future

Brad Broberg, *On Common Ground*, National Association of Realtors®, Winter 2010

"This Special Report outlines the real and daunting challenges that lie ahead for home building companies that must try to accommodate several buyer segments with a tapestry of preferences that, in the past, builders might have deemed incompatible with their business models.

"Immigrants, 40 million strong and counting, still see their American Dream in a big house with enough space for their extended and visiting families. Boomers approaching retirement are still inclined to downsize, but without sacrificing quality or comfort. ... And Millennials – the generation born between the late 1970s and early 1990s – are buying earlier than their predecessors and are looking for urban (or at least higher density), affordable, well-designed, and uncluttered dwellings that complement their lifestyles.

"An unprecedented housing bust, which brought about the largest loss of home equity in history, has fostered fundamental attitudinal changes in new-home prospects. ... the quality of a community is at least as important to their buying decisions as the house within it or any of its "bells and whistles." And at no time in the history of this country has consumer demand been as fervent for energy-efficient homes, not only to protect the environment but also to save money for their owners. The desire for a McMansion seems to have been supplanted by the desire for a more responsible home.



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"These are some of the main findings from our May 2009 "Builder/American Lives New-Home Shopper Survey" (PDF) conducted for Builder by American Lives (<http://americanlives.com>), a Carmel, Calif.-based market research firm, which polled more than 600 shoppers in eight states. The survey provides an intriguing snapshot of the changing perceptions of buyers about their homes and a glimpse at how builders need to rethink both their homes and their marketing to meet the new demands.

"What [Millennials] are indicating is that they're making very different decisions than their parents,' Kannan says. 'They are choosing lifestyle over work style. They're the ones that are likely to choose a home based on their ability to canoe on the weekends, if that's what they do. They're also choosing transit and close-in locations much more than their parents did.'



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"Demographers say Millennials generally prefer urban locations or at least denser environments to the suburbs. In an RCLCO survey of Millennials, about 33 percent of the respondents indicated that they would be willing to buy small-lot single-family detached homes, and similar percentages indicated that 'they'd be willing to trade off and go into a townhouse or condo if it offered the location they wanted,' Kannan says. 'The issue is that while product isn't irrelevant, product is now less important than place.'

"Young buyers don't all think alike, of course, but the urge for members of this group to live in urban locations or close to activities that they enjoy is a strong one. ... Location has always been the key in real estate, but it's even more of a driver for Millennials. And ideal locations need not be in downtown urban cores. Suburban-based density is just as attractive to some buyers, demographers and builders say.

"There are going to be people who want to live near where their life revolves,' says Bill McDonough, chief marketing officer for [M/I Homes](#) in Columbus, Ohio. 'And for many, that's going to bring them back into proximity to urban living.' ... The data seems to support McDonough's theory. In The Concord Group's 2009 "Gen Y Survey," lifestyle (52 percent) and employment (49 percent) were the top reasons respondents chose their current location, and proximity to employment was the No. 1 factor (24 percent) why respondents will choose their next residence. Transportation also was important. 'Eighty-one percent responded that it's 'very or somewhat important' to live near alternative modes of transit.' It also showed that 67 percent would pay a premium to live closer to alternative modes of transit in their next residence.

"A subset of the Millennials that builders also should get to know is its female buyers. Demographic data shows that by 2010 households headed by a woman will be well over 30 million, and many are buying their own homes. ... Female respondents in RCLCO's survey indicated 'a strong preference' for the city and 'are much more likely to choose what we call 'safe urbanism,'" says Kannan. 'Safety is very important to them, but they want to be able to walk to shopping and dining.'"

-- Brave New World

John Caulfield, BUILDER Magazine, July 2009

"Support for the compact-development alternatives is significant, in some cases, exceeding support for traditional, decentralized suburban patterns. However, question wording appears to matter considerably, and individuals' beliefs about different facets of compact development are often inconsistent. Although race, income, age and presence of children in the household are strongly associated with some views on the four tradeoffs [small lot size, mixed use, transit accessibility, infill], only political ideology is consistently associated with opposition to compact development.

"Takeaway for practice: The significant support evident for compact development may not translate into actual housing choices unless local governments and lenders do more to support the production of such housing and neighborhood environments. If, as our results suggest, a major constituency for transit-oriented and mixed-use projects is low-income residents, renters, and minorities, then well crafted urban infill projects that take into account the needs of these groups will help fulfill the potential of smart growth."

-- The Complexity of Public Attitudes Toward Compact Development: Survey Evidence From Five States

Paul G. Lewis and Mark Baldassare, *Journal of the American Planning Association*, Spring 2010

"Early signs of new trends have been present for years now. The trends will become stronger following the recession and affect where people live, whether they own or rent, and the size and style of the homes they choose. These choices, whether by desire or necessity, will be very different from the choices of people over the years since World War II. That was the period of the great suburbanization of America; the coming decades will be the time of the great re-urbanization as 24/7 central cities grow and suburbs around the country are redeveloped with new or revived walkable suburban town centers."

-- Housing in America: The Next Decade

John McIlwain, The Urban Land Institute, January 26, 2010

A Rose By Any Other Name

Walkable neighborhoods ... compact communities ... transit-oriented development ... mixed-use activity centers ... traditional neighborhood developments ... new urbanist projects ... smart growth developments ... vibrant centers ... these and other terms are used to describe the pattern of development discussed in this report.

At its core, this pattern of development results in *compact, complete, connected* communities, where the intensity, mix and design of development all play crucial roles in creating more livable and sustainable places:

- **Compact:** Development tends to be more intense, clustered together and designed to be more oriented to the street frontage where people walk than to parking lots
- **Complete:** Development includes a mix of activities, providing places to live, work, learn and play; a range of housing options and careful design of public spaces are key ingredients
- **Connected:** The neighborhood can be easily and safely navigated on foot by people ranging from the young to the old and, where planned, is designed and oriented to enable transit service to be efficiently provided

The illustration below illustrates a compact, complete, connected community in the Triangle.



Compact – buildings are located close to one another, and close to the sidewalk, with convenient parking both along the street and behind buildings

Complete – the community includes homes, offices, shops and public spaces – from green space to sidewalk gathering spots, in close proximity to one another. A school, church, community center and other activities are within easy walking distance.

Connected – extensive sidewalks, crosswalks and low-speed streets make walking easy for people of all ages and abilities. A nearby park-and-ride lot and transit line serves the community

Successful vibrant centers and walkable neighborhoods achieve not only the *physical ingredients* of design, intensity and connectivity, but also critical *social ingredients* that provide an environment that is safe and provides activities for a variety of users throughout the day and evening. A subsequent report in the LUCID initiative will look at the ingredients of this development pattern, and standards that have been applied to measure these ingredients.

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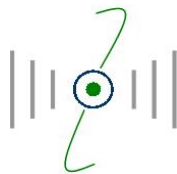
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