REALTORS® & Smart Growth

on common ground

SUMMER 2010

Megatrends for the Decade

The Next Generation of Home Buyers

Changing Travel Behavior

Dealing with Water Scarcity

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Megatrends Affecting Us All

During the coming decade, demographic changes, as well as changes in consumer desires and behavior, will have a tremendous effect on real estate markets and on how our communities function and grow. As the baby boomers begin to reach retirement age, they are being replaced as the market bellwether by Generation Y, which represents today's 20-somethings and teenagers. This group is larger than the baby boomer generation and exhibits different tastes and attitudes about where and how they want to live. Researchers and savvy real estate professionals are aware of the different interests of this group, and corporate America is noticing too. An article in the May issue of the Harvard Business Review characterizes the increasing number of businesses that are changing their focus to urban areas as "getting a jump on a major cultural and demographic shift away from suburban sprawl."

Travel behavior is changing remarkably, as evidenced by the federal government's tracking of total vehicle miles traveled, which has been declining since 2006. Transit ridership has increased at a great pace, achieving a 52-year ridership high in 2008.

Car sharing is increasing in popularity, giving more people the freedom to not own a car. Cities are making low-budget investments to promote bicycle ridership, with many communities setting goals to increase the share of trips taken by bicycle.

Environmental factors will play a huge role in the next decade. More energy-efficient and green buildings will become standard, as costs and benefits will become better understood, and lenders will increasingly recognize the greater value of green buildings. Water shortages will threaten urban expansion in many parts of the country, resulting in developers being required to identify new water sources while producing developments that use much less water.

Building communities for a new generation of consumers will require many parties, including developers, lenders and government regulators, to adopt new ways of doing business. And to keep pace with our needs, more money will need to be invested in public transportation and water infrastructure. These megatrends will affect us all in the new decade.

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On Common Ground

Summer 2010

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Generation Y

The Future Generation of Home Buyers

Photo courtesy of South Side Local Development Company

Generation Y has a different set of priorities in choosing a home.

By Brad Broberg

There are as many names for Generation Y — Echo Boomers, Millenials, Generation Next — as opinions about the specific years this generation spans. But it's not the names or the exact years that matter. What matters is that Generation Y, which trumps the baby boomers in size, is about to become a force in the housing market.

Just don't expect Generation Y to follow in anybody's footsteps.

"Especially now, Generation Y is paying more careful attention to whether buying a home is a good idea and, if so, where to buy," says Arthur C. Nelson, presidential professor and director of the Metropolitan Research Center at the University of Utah.

Generation Y's attitude is more than a response to vanishing equity, rising foreclosures and tight credit. It also reflects a different set of priorities than the ones that led baby boomers to gravitate to farther and farther away suburbs.

In survey after survey, today's 20-somethings — the leading edge of Generation Y — express a strong desire to live in urban environments close to jobs, entertainment and each other — at least until they start having children but perhaps beyond.

"They don't care about having a large home in the middle of nowhere," says Rosie Derryberry, a 29-year-old agent with Realty Executives in Scottsdale, Ariz. "They would rather have something smaller and more manageable in order to be in the heart of the city."

With a taste for urban living as well as an appetite for public transportation and a strong green streak, Generation Y could very well be the first "smart growth generation," says John McIlwain, senior resident fellow and J. Ronald Terwilliger chair for housing at the Urban Land Institute (ULI).

With a taste for urban living as well as an appetite for public transportation and a strong green streak, Generation Y could very well be the first smart growth generation.

One thing's for sure. When it comes to the world around them, Generation Y doesn't miss much. "The Gen Ys have a lot more information than I had as a [young person]," Nelson says. "They are more attuned to their options and more capable of evaluating their options [through] social media, the Internet, different kinds of networking among friends. It's really quite remarkable."

Certainly the transformation of many city centers from decaying to desirable hasn't escaped Generation Y. And neither has the fact that homes in city centers and inner suburbs have held their value far better than those in outer suburbs. By looking for homes close in, they're gaining "peace of mind as well as quality of life," says Derryberry. "It kind of goes hand in hand."

The two most important things to remember about most Gen Ys are that they abhor homogeneity — think cookie-cutter suburbs — and refuse to waste time with long commutes, says Shyam Kannan, vice president at RCLCO, a leading real estate advisory firm. That's why they're drawn to neighborhoods in city centers and inner suburbs "They're convenient. They have a sense of community. And they have a sense of character," Kannan says.


S. Rick Armstrong


S. Rick Armstrong

Photos courtesy of South Side Local Development Company

Generation Y totals 91 million compared to 79.4 million for the baby boomers and 74.2 million for Generation X.

Who is Generation Y? Ask a different demographer and you'll get a different answer. In broad terms, it's the second generation — the first was Generation X — to follow the baby boomers. While most everyone agrees on who's a baby boomer — anyone born between 1946-64 — the boundaries of Generation X and Generation Y can be blurry. "There is no precise definition," McIlwain says.

A Population Research Bureau report defines Generation X as people born from 1965-1982 and Generation Y as people born from 1983-2001. That would make Generation Y's oldest members 27 and its youngest members 9.

Not everyone agrees. Some draw the line between Gen X and Gen Y in the late 1970s and close the curtain on Gen Y before 2000, but the report's author, Elwood Carlson, believes those timeframes are too compressed to provide an apples-to-apples comparison with previous generations. Another reason to separate Generation X from Generation Y is the early 1980s: that's when the birth rate resumed climbing and when a defining economic and political reset of American society began, Carlson says.

Carlson, the Charles B. Nam professor in sociology of population at Florida State University, calculates that Generation Y totals 91 million compared to 79.4 million for the baby boomers and 74.2 million for Generation X. However, the numbers all depend on when you catch them in their lives.

If you measure generations at their birth, Carlson explains, you include those who die as infants and young children (as much as one-fifth of early 20th century generations), but miss all the people who immigrate into the country as part of one generation or another (such as those who continue to inflate Generation X, which started out much smaller).


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Photo courtesy of reconnectingamerica.org

Photo courtesy of reconnectingamerica.org

S. Rick Armstrong

Photo courtesy of South Side Local Development Company

Carlson took a snapshot of each birth cohort from each generation at age 30 — i.e. the birth cohort of 1979 contained so many 30-year-olds in 2009 and the birth cohort of 1980 will contain so many in 2010, etc. Why measure 30-year-olds? It's an age when people are settling into careers, buying homes and raising families — all significant socio-economic drivers.

Carlson calls Generation Y the New Boomers. The name captures two key characteristics of Generation Y — it contains a large number of new Americans who have immigrated to this country and it brims with the offspring of baby boomers. That one-two punch will make the New Boomers "the demographic center of gravity of American society" through at least the first half of this century, Carlson says.

Now that we know how many there are, what is it that makes New Boomers tick? They think quickly, multitask easily and communicate — i.e. text and tweet — constantly. They value community, welcome diversity and crave a healthy work/life balance. And many of them — whether they're familiar with the term or not — are looking for the kind of places to live that are consistent with smart growth.

That's why McIlwain refers to them as the smart growth generation and predicts they will do more to lead the demand for smart growth than any amount of advocacy could ever do. "Regardless of what you or I or anyone else who [supports] smart growth think, the fact is, there is a shift in the market," McIlwain says. "This is old-fashioned American market capitalism at work."

Surveys by RCLCO and another real estate advisory firm, the Concord Group, show how strongly Generation Y is in tune with many key strategies of smart growth. The most telling result: 77 percent of the New Boomers surveyed by RCLCO said they plan to live in

New Boomers — whether they're familiar with the term or not — are looking for the kind of places to live that are consistent with smart growth.

Photos by S. Rick Armstrong and courtesy of South Side Local Development Company

Two-thirds of the New Boomers surveyed said that living in a community where they could walk to work, shopping and entertainment is important, and one-third said they would pay more to do it.

an urban core, putting them squarely in sync with smart growth's emphasis on encouraging development where it already exists.

Walkable communities with a mix of uses is another building block of smart growth. Two-thirds of the New Boomers surveyed by RCLCO said that living in a community where they could walk to work, shopping and entertainment is important, and one-third said they would pay more to do it.

Smart growth also encourages compact development. More than half of RCLCO survey respondents said they would trade lot size for proximity to shopping or work. Even among families with children, one-third said they would make that trade-off.

Providing transportation choices is yet one more smart growth principle that New Boomers like. In the Concord Group Survey, 81 percent said it was very or somewhat important to live near alternative modes of transit such as bus and rail lines and 67 percent said they would pay a premium to do it.

Generation Y's affinity with smart growth flows at least partially from being the first generation born with an awareness of the pressure that development as usual — i.e. auto-dependent suburban sprawl — puts on the environment. More than half of the RCLCO survey respondents said that having a home and community designed to meet certain green objectives plays an important role in their housing decisions.

"The environmental movement didn't begin until the late 1960s so [baby boomers] had to learn it," McIlwain says. "Generation Y has grown up with it." Another influence on their thinking: the knowledge that the days of affordable and plentiful oil supplies are dwindling. "They are extremely aware that energy prices are going up," he says.

The Martin Prosperity Institute, a think tank affiliated with the University of Toronto, compiled a list of best places to live for young singles ages 20-29 — a giant subset of Generation Y. College towns and big cities dominated the list led by Boulder; San Francisco; Washington, D.C.; Madison, Wis.; and Boston.

www.pedbikeimages.org/Dan Burden

Unfortunately for Generation Y, retiring baby boomers have also become interested in urban living after a lifetime in the suburbs. "In a sense, we'll have a competition for [the same housing] between the aging population and Gen Y," Nelson says.

Because most are not earning a lot right now, that spells trouble for New Boomers in the form of higher prices as the supply of urban housing is not keeping up with demand. "Most communities are trying to figure out how to implement development like that, but there's not enough going on to meet the demand," McIlwain says.

In a report for the ULI titled "Housing in America: The Next Decade," McIlwain writes that many Gen Ys are deferring home ownership out of both necessity — because they can't afford to buy in the urban neighborhoods they desire — and by choice — because they see people upside down with their mortgages and realize that a house can be a trap.

That scenario is unfolding in Dallas, where the rental market in popular urban neighborhoods is "rocking," says Rogers Healy, the 30-year-old broker owner of Rogers Healy and Associates Residential Real Estate. "No one wants to give up their life savings just to buy a condo."

RCLCO predicts Generation Y's transition from renters to buyers will start to accelerate in 2012. Yet many will remain unable to afford buying in urban neighborhoods and be forced to consider less expensive outer suburbs — a big change from the past when people moved there by choice to find newer and bigger homes, McIlwain explained.

Photo courtesy of reconnectingamerica.org

A compact, walkable lifestyle that is affordable will be attractive … especially if it has transportation alternatives.

There is, however, a smart growth solution. "This provides a major opportunity for developers to create new outer-edge communities with real town centers and urban amenities," McIlwain says. "Even on the outer edges a compact, walkable lifestyle that is affordable will be attractive ... especially if it has transportation alternatives." ●

Brad Broberg is a Seattle-based freelance writer specializing in business and development issues. His work appears regularly in the Puget Sound Business Journal and the Seattle Daily Journal of Commerce.

Are People Driving Less?

Current studies indicate a reduction in vehicle miles traveled, but experts wonder if it's sustainable.

Photo courtesy of reconnectingamerica.org

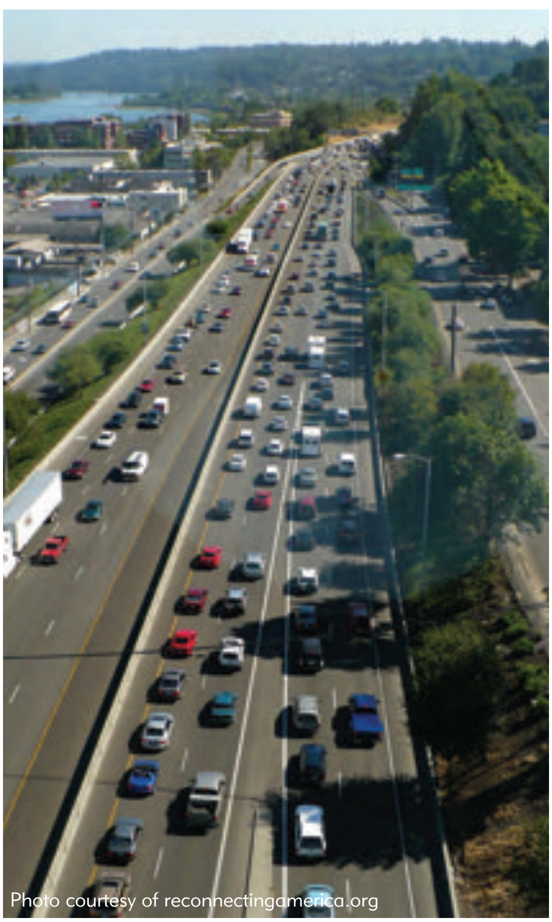

Photo courtesy of reconnectingamerica.org

By Judy Newman

If you have walked to the coffee shop instead of driving, if you have carpooled to work with a friend or if you have hopped on a bus to go shopping, you are part of a growing trend.

Americans are keeping their cars in the garage a bit more than they used to. The government's measuring stick, vehicle miles traveled (VMT), has reversed more than half a century of annual increases and has inched downward since 2006 — even before gasoline prices spiked in 2008, topping $4 a gallon for a while.

As a result, "2006 was a turning point in the long road that really started at the end of World War II," transportation planner Jim Charlier, president of the Charlier Associates consulting group, in Boulder, Colo., said.

Will the driving downturn continue? Experts say it's too soon to tell. But, they say, as states start to pass climate change legislation, gas prices head back up, and highways become ever more clogged, it's not likely the U.S. will return to the days when motorists put more and more miles on their cars every year.

"At some point, you start getting some saturation," Brian Smith, director of strategic planning and development for the Washington State Department of Transportation said.

Americans are keeping their cars in the garage a bit more than they used to.

Nationwide, from 1955 to 2005, vehicle miles traveled expanded by 500 percent.

America's Dependence on the Automobile

Other than a brief blip in the late 1970s, the number of vehicle miles traveled rose more than 3 percent a year starting in the mid-1970s, gaining as much as 3.6 percent during the early 1990s, according to government figures.

American's increasing reliance on their cars was reflected in the number of miles driven, which increased at a much greater rate than population growth.

Nationwide, from 1955 to 2005, the population grew by 178 percent. But vehicle miles traveled expanded by 500 percent. That means the swelling U.S. population accounted for about one-third of the growth while the rest came from increased daily travel per capita: more cars on the road and more time spent behind the wheel, Charlier said.

There were some clear reasons for driving more, including more women were working outside the home.

"Women joining the work force has had, over the past generation or so, a huge effect," said Steven Polzin, director of mobility policy research at the University of South Florida's Center for Urban Transportation Research.

Two-income families were becoming two-car families, often with homes in the suburbs, children to chauffeur to activities, and money left over to indulge in vacations — for many people, driving to their destinations, Polzin said.

Teenagers also became an increasing percentage of car owners, in a trend that began to take root in the 1960s, Charlier said. "In the [U.S.] Constitution, it says when you turn 16, you get a driver's license and a car," he said, with tongue in cheek. One practical reason is that a lot of teens work, particularly those in college. "And in America today, in most places, if you have a job, you need a car," Charlier said.

But perhaps even more important, he said, have been land use patterns, with housing developments and shopping situated farther and farther from city centers. "Those forces have driven growth in vehicle miles traveled," Charlier said. "The development trend, in my opinion is about half of the increase in VMT."

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The Road Less Traveled

But trends have begun to change. Even before the recession hit in late 2008, Americans have not been so quick to jump into their cars.

"We haven't seen increases in real per-capita VMT in the U.S. for over a decade," Charlier said. Personal income has not grown significantly since the Sept. 11, 2001 terrorist attacks, if not earlier. Participation of women in the work force has peaked and so has auto ownership, he said.

Meanwhile, cultural changes have become evident. Two of the largest segments of the population are the baby boomers, many of whom are now retirement age, and the so-called Millennials (or Generation Y), or those who were expected to graduate from high school around the year 2000. They are the two biggest portions of the population who are buying homes, Charlier said, and they are commonly choosing to live in urban, rather than suburban areas, often in walkable, mixed-use neighborhoods or developments.

"Living in a three-bedroom ranch in a suburban tract subdivision is not what either of those two populations is looking for," Charlier said. "We're seeing people changing where they're choosing to live and that's going to influence driving."

The aging of baby boomers also means fewer are commuting to jobs, herding family members to activities or even traveling, in general, said Polzin, of the University of South Florida, in Tampa. "A slightly older population tends to travel a little bit less," he said.

Another fundamental trend: as households have added vehicles, the nation's highways have become increasingly crowded. "Historically, we've been able to travel faster and faster. Now, we have filled up our system, congested our network. We can no longer travel more miles in the same amount of time because everything is clogged, at peak times and nonpeak times," Polzin said.

Environmental consciousness may have helped avoid even greater increases in vehicle miles driven over the past couple of decades with some people taking alternative types of transportation. But most of those options "appear to have stabilized," Polzin said. While transit use is up and people are walking a bit more, ride-sharing has not increased nationwide; in fact, vehicle occupancy has declined slightly in recent years, he said.

Baby boomers and the Millennial generation are commonly choosing to live in urban, walkable, mixed-use neighborhoods or developments.

City of Portland, Ore.

Ride Your Bike to Work Day in downtown Fort Worth, Texas.

Governmental Actions

There are some exceptions, though, as states take steps to reduce greenhouse gases and encourage alternatives to driving, particularly Washington and California.

In 2008, the Washington state legislature passed a bill, which was signed by the governor, that called for reducing vehicle miles traveled 18 percent by 2030 and 50 percent by 2050.

"It's very ambitious," said the state DOT's Brian Smith. "We've got a variety of programs to try and help people not to drive."

They include vanpooling — "probably one of the largest and most successful vanpool programs in the country," Smith said — as well as mass transit options such as light rail, buses and ferries.

The Washington DOT's Web site features a category, Reinvent Your Commute, an online effort to show motorists alternatives to driving alone. It even offers a carpooling match-up service.

By executive order from the governor, the department has been told to look at strategies for reducing vehicle miles traveled and greenhouse gases. Promoting alternative fuel vehicles and compact urban development will be on the review list, Smith said.

States are taking steps to reduce greenhouse gases and encourage alternatives to driving.

"I think Washington state is on the leading edge of trying to address climate change and greenhouse gas and sustainability head-on," he said. But Smith said it is too soon to tell if the benchmarks for reducing driving are realistic. "In a lot of places, it's going to be very tough. Some trips are discretionary; some are not. We need to look at proportions," he said.

In California, a bill also passed in 2008 aimed at reducing VMT by providing incentives for compact development so residents can more easily walk, ride bicycles or use mass transit within neighborhoods.

Cities such as Portland, Ore., have taken matters into their own hands. With buses, streetcars, light rail and commuter rail, Portland has cut per capita VMT, which topped 20 miles a day for most of the past 20 years. In recent years, the daily VMT peaked at 21.7 in 1996. But in 2008, the figure fell to 19.3 miles driven per day per person.

City of Portland, Ore.

Photo courtesy of Trimet

Due to our compact footprint in Portland, destinations are closer together, average trips are shorter, the duration of travel in the congested conditions is less and the impact per traveler is less.

Portland has been making a concerted effort to reduce driving for many years, using a comprehensive approach, said Andy Cotugno, director of planning. As far back as 1991, Oregon's land use agency mandated that regional and local transportation system plans demonstrate their ability to slash per capita vehicle miles traveled by 20 percent within 20 years.

"The most important tool that we have employed to get there is maintenance of a tight urban growth boundary restricting outward expansion," Cotugno said. Within that boundary, there has been an "aggressive" expansion of light rail and bus routes to serve the higher density population, he said. As a result, Portland now has the seventh highest per capita transit use in the U.S., Cotugno said.

The city also has significantly expanded its bicycle route network, from 83 miles of bikeways in 1992 to more than 300 miles of bikeways in 2008. The number of daily bike trips in Portland has more than quintupled over that period, from 2,850 daily bike trips in 1992 to 16,711 in 2008, Cotugno said.

"Due to our compact footprint, destinations are closer together, average trips are shorter, the duration of travel in the congested conditions is less and the impact per traveler is less," he said.

Portland even experimented with the idea of a VMT tax as a replacement for the state's gas tax in 2006-2007 but has not implemented it as a full-fledged program. The pilot project was a way to test the technology, Cotugno said.

Photo courtesy of reconnectingamerica.org

Economic Factors

For now, the recession has dampened the amount of vehicle miles traveled. People who are out of work are not commuting to jobs and they don't have the money for as much discretionary travel.

As for the long term: "My personal forecast is that the most important force influencing VMT over the next 10 years is going to be fuel prices," consultant Charlier said.

Expect a lot of volatility in the price of gasoline, as demand for gas and other petroleum products exceeds production capability, he said. China is driving a lot of this; in 2009, for the first time, more cars were sold in China than in the U.S., and that will probably be the new norm, Charlier said. So any major disruption to oil production, such as a damaging storm or a political standoff with an oil-producing nation, could have a major impact on prices.

The recession has dampened the amount of vehicle miles traveled.

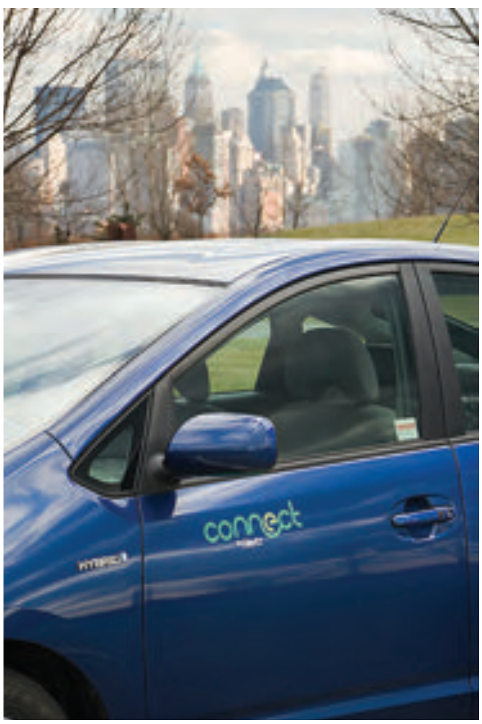
"Gas could roll between $3 and $5 a gallon, rapidly and repeatedly," Charlier cautioned. "We're headed to $5 a gallon and probably $7 a gallon within a decade."

Electric vehicles will barely put a dent in the problem, he said. Nationwide, there are currently about 250 million motor vehicles of all types in use. Estimates are that by 2012, 100,000 electric vehicles will be in service — only a fraction of a percent. "We ought to push hybrids and electrics as hard as we can but it's not going to save us from petroleum prices," Charlier said. ●

Judy Newman is a newspaper reporter in Madison, Wis.

THE Car Sharing TREND

Urban Dwellers Seek Inexpensive Alternative to the High Price of Vehicle Ownership



By Steve Wright

A young couple in the city uses transit to get to work, but needs a car on the weekends. A 30-something lawyer lives downtown without a car, but still needs to pick up clients and travel for cases. Or maybe, a single parent doesn't have the funds to own a car, but just cannot manage more than two bags of groceries on the bus. Do these scenarios sound familiar? Now, there is a simple solution, of an environmentally-friendly, walkable-neighborhood-enhancing trend, called car sharing.

Car sharing is rapidly growing in the United States as a way of reducing the high cost of buying, insuring, garaging and maintaining a car with the added benefits of meeting smart growth needs.

Car sharing is rapidly growing as a way of reducing the high cost of buying, insuring, garaging and maintaining a car.

It's a service that provides members with access to a fleet of vehicles on an hourly basis. Members reserve a car online or by phone, walk to the nearest parking space, open the doors with an electronic key card and drive off.

Members are billed by the hour or by a combination of an hourly rate plus mileage. Car sharing can substitute for car ownership, especially for those who can commute to work and shopping by taking transit,

Car sharing can substitute for car ownership, especially for those who can commute to work and shopping by taking transit, walking or bicycling.

walking or bicycling. At the workplace, it provides access to a vehicle for business use and personal errands during the day, allowing employees to avoid driving to work — which in turn reduces traffic congestion.

Zipcar is by far the nation's largest for-profit car sharing service. Since 2004, Zipcar has experienced 100-percent-plus growth annually in its membership base. In a difficult economy, car sharing is on the rise; more than 10,000 new members join Zipcar's service each month.

Unlike rental cars that come with lots of extra charges, car sharing is all-inclusive. Zipcar's rates start at $6 per hour and include gas, parking, insurance and maintenance. Zipcar offers more than 30 makes and models of self service vehicles by the hour or day to its 350,000 members. It has 6,000 cars located in urban areas and college campuses throughout 28 North American states and provinces.

Car sharing has become so popular that auto giants Hertz, Enterprise, U-Haul and Daimler have jumped into the business alongside other successful nonprofit car sharing organizations in several major cities.

With rates starting at $4.45 per hour plus 25 cents per mile and a fleet of 250 vehicles ranging from super fuel-efficient hybrids to trucks for hauling large items, PhillyCarShare is one of the most successful nonprofit car sharing organizations in the United States.

In addition to individual consumers, PhillyCarShare has developed a substantial business clientele, with more than 1,200 businesses using the pay-by-the-hour service.

"Several large REALTORS® in the Philadelphia area use PhillyCarShare," PhillyCarShare Executive Director Gerald A. Furgione said. "They use them for picking up clients, for doing business. They also show people newly moving to the city that they can have access to a car without making car payments, insurance, paying for garaging, maintenance, gas and parking."

Like most car sharing firms, PhillyCarShare has worked with the city of Philadelphia to get reserved on-street and garage spaces for their vehicles at a nominal price. The various vehicles are near transit stations and areas of high urban density.

"People can park our cars closer to their house [in reserved car sharing spaces] than they could find a spot for their own car," Furgione said. "They save money and find they can buy more house. They also cut down on emissions — which is very important to many city residents and all of us."

PhillyCarShare also has worked with more than 100 local merchants to provide its members with discounts at everything from comedy clubs and restaurants to hair salons, lawyers and accountants. Furgione said well-marked spaces and logos on cars are just a part of the marketing for the growing trend.

"We partnered with the city of Philadelphia with a major program that helped them reduce their fleet cars by giving city employees access to PhillyCarShare cars," Furgione said. "The city reduced its municipal fleet by 330 cars and saved more than $6 million over a four-year period. Now several cities are following that lead."

As managing director of Brandon Green Companies Commercial Real Estate and Investment Group, Washington, D.C.-based REALTOR® Ken Rub can certainly afford to own a luxury automobile. In fact, he had a beloved convertible and owned a parking space in his apartment building — but he gave them both up and traded them in for a Vespa scooter, public transit, healthful walking and a Zipcar membership.

"I had a convertible that I loved, but I had a $600 per month payment, $200 per month insurance — with maintenance, it was costing $900 a month at least — and I was using it just once or twice a week," Rub said. "For Zipcar, I pay about 11 bucks an hour and my monthly usage costs maybe $200 a month total — with gas, insurance and everything included."

Rub lives within a mile of his office and has good access to Metro train stations for community traveling. He uses car sharing almost exclusively for business — driving clients to look at commercial properties, foreclosures and other real estate investment opportunities.

"I definitely bring up car sharing as an asset to a property, when there's a good Zipcar spot nearby," he said. "Right now, I have an 8,000-square-foot space that has been used as a charter school and day care. But it has very tight parking. So I sell the availability of transit and Zipcar right across the street. That way, workers can take transit, save the $200 a month they'd be spending for a parking space, and have Zipcar to use if an emergency comes up and they need access to a car."

Cassandra Allen, U-Haul U Car Share program manager, said studies show the average cost to develop one new parking space can be upwards of $50,000. Car sharing can reduce that spiraling urban cost while adding greater value to public transportation — "so that the idea of having fewer cars on the streets can become a reality."

"With the number of residents increasing each year, cities are faced with limited resources to make room for additional cars on city streets. It makes sense for cities to be creative and innovative in their attempts to meet the needs of residents and be sensitive to the community and environment around them," Allen said. "This need has spurred new forms of transportation and greater sustainability in the way people go about their daily commute. Car sharing meets both needs for new transportation and greater sustainability."

Allen said U-Haul U Car Share is actively pursuing contracts with universities. She said some car sharing companies do not accept members under 21 years of age, or require drivers 18 to 20 to use their own insurance, while all members 21 and over are covered by the free inclusive insurance.

U Car Share covers younger drivers and doesn't charge a yearly membership fee, making its service very attractive to university students. "Universities are the best place to plant the seed for car sharing as a part of lifestyle choice," Allen observed.

"Car sharing is a great savings mechanism for cities and universities," she said. "Institutions can save money through car sharing by reducing the need for additional parking structures. Car sharing reduces parking congestion by taking vehicles off the road — one car share vehicle can take 15-20 personally owned vehicles off the road, thus redirecting those funds to more revenue-generating projects."

Salt Lake City entered into a two-year agreement with U Car Share and agreed to provide on-street parking spaces at no cost. The city also modified its laws to permit the car sharing vehicles to be parked in the same parking stalls for periods longer than 48 hours. The Utah Transit Authority and the University of Utah also entered into separate two-year agreements with U Car Share to provide car sharing services on their properties.

"Car sharing is beneficial to Salt Lake City for the following reasons: it supports the long-term economic, environmental and social sustainability of the region through balanced transportation that encourages wise land use and increases public transportation connections and mobility across the Wasatch Front," said Salt Lake City Mayor Ralph Becker. The Wasatch Front includes Salt Lake City, Provo and Ogden, where about three-quarters of Utah's population lives.

"Car sharing helps improve air quality by reducing the number of vehicle miles traveled; provides an alternative to the high costs of owning a personal vehicle; encourages more transit-oriented development and multi-modal travel; eases road traffic congestion and demand for new

Car sharing supports the long-term economic, environmental and social sustainability of the region through balanced transportation that encourages wise land use and increases public transportation connections and mobility.

Car sharing integrates well with an urban transportation system.

parking; and longer term — may possibly replace some dedicated fleet vehicles with shared cars."

Jim Sebastian, transportation planner for the District of Columbia Department of Transportation, said the District wanted to promote car sharing so much, that it granted 86 valuable on-street spaces for free to Zipcar and Flexcar in 2005. The District also provided large orange poles to identify the reserved spaces and prepared car sharing brochures. Car sharing has grown so much in the last 5 years — Zipcar merged with Flexcar and has hundreds of private spaces for cars in D.C. — that now the District is looking at charging a fee for the on-street spaces.

The District of Columbia requires that car sharing companies place cars in each of its eight wards — ensuring that the benefits of car sharing can be accessed by low-, medium- and high-income neighborhoods.

"We understand Zipcar has done well in lower-income areas," Sebastian said. "Car sharing users usually help cut down on traffic congestion because they are paying per trip, they walk and use transit more than driving. Even if you use it every day for an hour a day, car sharing adds up to about $4,000 per year — about half the total price of car ownership, parking and maintenance in an urban area.

"From our experience, car sharing integrates well with an urban transportation system," he added. "It works especially well for cities with limited space for parking because there may be 20 members sharing one car versus 20 individual cars on the street."

Connect by Hertz is in many areas including New York, Boston, Chicago, San Francisco, several college campuses and major cities in Europe. Griff Long, senior director of global carsharing, said Connect by Hertz started with 40 cars in 10 locations in New York and quickly grew to more than 350 cars in about 100 locations.

"While operating for a little more than one year, we've signed on more than 6,000 members in New York City alone," Long noted. "We also notice that some members are car owners, but use Connect as a second car, or to simply try out a vehicle they have always wanted to drive, like a Smart Car or Mercedes."

Connect cars are all equipped with NeverLost®, Hertz's in-car navigation system, an iPod adapter and an in-car system that provides drivers with the ability to interact with Connect by Hertz representatives.

Long said the average car owner spends at least $700 to $800 on payments, insurance, maintenance, parking, gas, etc. per month per car while often driving for only an hour a day.

"Regardless of the location — urban, suburban or rural — the benefits of car sharing are the same. It is an alternative route to owning a car and simply paying for the usage of the car as opposed to all of the expenses that are generally included [in automobile ownership]," Long said. "For those who are conscious of their 'carbon footprint', car sharing is a means to reduce it with eco-friendly cars."

Daimler's "car2go" service launched in Austin, Texas, with several features unique to car sharing. Members are not required to commit to a specified time or location to return the vehicle, but rather have the flexibility to use the vehicle as needed in an open-ended fashion. The member is charged for actual usage per minute, with discounted rates for hourly and daily use. Rates include costs for fuel, parking, mileage, maintenance and insurance.

The car2go fleet of free-floating, low-emissions, fuel efficient (41 mpg), self-service "Smart fortwo" cars is distributed all over the city. The Smart fortwo cars — the most fuel-efficient non-hybrid vehicles in the United States — can be accessed spontaneously, or reserved up to 24 hours in advance. For "on-demand" access, members simply swipe their membership card against the vehicle's windshield.

More than 200 car2go vehicles are accessible to the 13,000 city of Austin employees for both business and individual use, making it one of the largest deployments of fuel efficient vehicles in a car sharing program in a single North American city. Anyone with a car2go membership can easily locate available Smart Cars by using the Internet, a mobile device, or the car2go call center.

Zipcar members report spending, on average, about six percent of income on transportation, compared to the U.S. average of 19 percent, said Zipcar spokesman John Williams.

"For anyone looking to decrease monthly expenses, Zipcar represents a great option," said Williams, who said many customers write to the company to praise the money it saved them. "A family in Seattle wrote to us to let us know that thanks to Zipcar, the family sold their second car and due to those savings the wife was able to cut back her hours to part time so that she could spend more time with their infant. To be able to directly affect the quality of that family's life is very powerful."

Zipcar is most successful working in tandem with other transportation and infrastructure providers, Williams explained, noting the company partners across the "value chain" with bike clubs, ridesharing organizations, government agencies, parking facilities, transit authorities and more.

"We know that Zipcar's vision is a world where there are more car sharers than car owners in major cities around the world," he said. "Will that be true in a decade? We hope so!"

Steve Wright frequently writes about smart growth and sustainable communities. He recently participated in the prestigious Forum on Land and the Built Environment: The Reinvented City sponsored by the Nieman Foundation for Journalism at Harvard University, Lincoln Institute of Land Policy, and Harvard University Graduate School of Design. Contact him at: stevewright64@yahoo.com.

Promoting the Active Living Benefits of Walkable Neighborhoods

Studies are showing smart growth leads to healthier lifestyles

By Christine Jordan Sexton

Do you have to swim laps, lift weights or Zumba at the gym to be fit and healthy?

The answer to that question could lie in the neighborhood where you live.

To improve the health of Americans, the Centers for Disease Control and Prevention 2008 guidelines indicate that adults need 150 minutes of moderate-intensity aerobic activity every week and muscle-training activities on two or more days a week. For children the guidelines are set at 60 or more minutes of physical activity each day, which can include brisk walking.

With the emphasis that "ten minutes at a time is fine," there's a growing number of analyses that show the built environments around you play a role in the fight against obesity. That means pushing baby strollers en route to schools and taking a brisk walk to public transportation counts toward those requisite cardio requirements for good health.

"The more active people are, the more inclined they are to walk throughout their life and the longer they will live," said Dan Burden, founder and chief executive officer of the consulting company, Walkable Communities.

Burden is a Washington state consultant who works with local planning and health departments across the nation to help promote smart growth. He is a believer that high-density, mixed-use neighborhoods near public transportation options can be a major weapon in improving the health of Americans.

The more active people are, the more inclined they are to walk throughout their life and the longer they will live.

Photos courtesy of South Side Local Development Company and S. Rick Armstrong

People who used public transportation for any reason were less likely to be sedentary than those who did not.


Photo courtesy of reconnectingamerica.org


Photo courtesy of reconnectingamerica.org


Photo courtesy of Trimet


Photo courtesy of reconnectingamerica.org

There is plenty of data to back up Burden's assertions.

A 2009 Active Living Research brief, dubbed "Active Transportation – Making the Link from Transportation to Physical Activity and Obesity," compiles some of the latest data on built environments and active transportation. Some of the findings in the research brief show that: people who used public transportation for any reason were less likely to be sedentary than those who did not and those who use mass transit walked 8.3 minutes more per day than those who primarily drive.

Funded by the Robert Wood Johnson Foundation, Active Living Research is an association that studies how built environments can increase physical activity and prevent childhood obesity, particularly in low-income and racial or ethnic minority communities.

Another 2009 Active Living Research brief, "Walking and Biking to School, Physical Activity and Health Outcomes," notes that a study of South Carolina 5th graders who walked to school had 25 more minutes of moderate to physical activity than children who were driven to school.

And yet another study, the 2007 SMARTRAQ (Strategies for Metro Atlanta's Transportation and Air Quality) showed that 37 percent of the people in high-walkability neighborhoods in Atlanta met the U.S. Surgeon General's recommendations for physical activity compared to just 18 percent of residents living in the least walkable neighborhoods.

In addition to being good for your physical health, wellbuilt environments that promote activity can also be good for your financial health. That's one of the conclusions from a June 2009 study, "Walking the Walk, How Walkability Raises Home Values in U.S. Cities," which was conducted on behalf of CEOs for Cities, a group that promotes the building and sustaining of cities.

The study measures how walking friendly an environment is by using an algorithm that takes into consideration how close a property is to 13 different public destinations, such as schools, movie theaters, libraries, gyms, bars and restaurants. It gives a property a score between zero and 100. A zero score means that the neighborhood is completely auto-oriented and nothing is within walking distance.

More than half of the REALTORS® and homebuilders surveyed believe there is growing interest among their clients for traditional neighborhoods.


S. Rick Armstrong
Photo courtesy of South Side Local Development Company

Houses in walking friendly neighborhoods can fetch anywhere between $4,000 to $34,000 more than homes that are further away from public spaces where jumping into a car is a daily requirement for living. In the typical market, the study showed each additional point for walking friendly homes meant a premium increase of between $500 and $3,000.

So does the promise of good health and increased property values drive — no pun intended — people to walkable neighborhoods? Does the volatile housing market offer a unique opportunity to improve the built environment and improve land use?

REALTORS® and home builders/developers were surveyed in 2009 to get the answer to those questions as well as to gain insight on the factors that influence homebuyers' decisions. The analysis entitled "Developer and REALTOR® Perspectives on Factors That Influence Development, Sale and Perceived Demand for Activity Friendly Communities," is a mixed bag of sorts.

According to the analysis more than half of the REALTORS® and homebuilders surveyed believe there is growing interest among their clients for traditional neighborhoods. The analysis will be published in the May edition of the "Journal of Physical Activity and Health."


www.pedbikeimages.org/Sara E. Lewis


Photo courtesy of reconnectingamerica.org

But the survey also showed that the perception of the respondents was that the dominant market continues to be for an auto-oriented environment. Specifically, REALTORS®' responses show that affordability/value, safety from crime, and quality of schools were the most influential factors homeowners looked for.

The least influential factors, REALTORS® reported, were ease of walking, "green" living and closeness to public transportation.

Tallahassee, Florida REALTOR® Penny Herman agrees. Herman sells homes throughout Tallahassee including in the historic Lafayette Park area. There are 500 homes in the historic community, which was built between the 1920s and 1940s, and homes range in style from Craftsman Bungalows to Mediterranean revival, with frame and brick vernacular in between.

Lafayette Park Arts and Crafts Center, a city-supported recreational site with an after-school program, is in the epicenter of the neighborhood, and the neighborhood is within walking and bicycling distance of the public elementary, middle and high school. A movie theatre and restaurants are within walking distance and the hospital is less about a mile away.

The perks and conveniences, though, aren't always enough to sell a home in the neighborhood or in the adjoining Old Town or Betton Hills areas said Herman, a Tallahassee native who grew up in Lafayette Park and walked to school.

While the location is desirable, she said, her clients are still attracted to the amenities. She recently spent 18 months showing one couple in-town neighborhoods close to the hospital where the husband worked. After an exhaustive tour of homes the couple gravitated to a house in a high-end neighborhood on a golf course located miles from the town center. "The golf course and the lake trumped their drive times," said Herman, owner broker of Herman Realty.

Houses in walking friendly neighborhoods can fetch anywhere between $4,000 to $34,000 more than homes that are further away from public spaces.

www.pedbikeimages.org/Reuben E. Moore PE


www.pedbikeimages.org/Dan Burden


Photo courtesy of reconnectingamerica.org

The REALTOR®/developer survey also showed that developers reported that clients are looking for more energy-efficient homes in more walkable neighborhoods and less traffic congestion. Those responses indicate that now may be a good time to increase "social marketing" efforts for traditional neighborhood design.

Unlike traditional marketing — used to sell a product — social marketing is a tactic used to promote a behavior usually to the betterment of society. It is often used in public health campaigns and could be applied to a particular neighborhood's healthy living benefit.

The social campaign already is underway if the success of the WalkScore.com site is any indicator. Front Seat, a Seattle-based software company that launched the walk score product in 2007 boasts that 2.5 million scores are examined daily. The scores also are available on 700 real estate Web sites nationwide.

And to promote neighborhoods that are close to transportation lines — an important cornerstone principle of smart growth — Front Seat launched CityGoRound.org, which lists more than 60 public transit applications, including real time arrival information as well as portable schedules and features that are designed to shorten public transit trips.

North Carolina-based Active Living by Design has been on the leading edge of promoting increasing physical activity through community design. Active Living by Design is a sister organization to Active Living Research.

The group has worked with more than 180 communities throughout the nation to support active living and healthy eating. The efforts were initially funded through a $14.5 million Robert Wood Johnson Foundation grant.

Philip Bors, a project officer for Active Living By Design, has watched health promotion evolve in his 15

Developers reported that clients are looking for more energy efficient homes in more walkable neighborhoods and less traffic congestion.

years in public health. Bors said county health departments once promoted physical activity by underwriting things like the occasional 5K race or health fairs — one shot events that are easily forgotten with no long term benefits. Now, he said, health advocates are focused on land use, growth management and how the built environment impacts physical and mental health.

In a recent presentation he made to the North Carolina Legislature on childhood obesity Bors and fellow UNC associate professor of epidemiology Kelly Evenson, Ph.D, outlined six goals North Carolina lawmakers should adopt to combat growing childhood obesity trends.

The first goal was creating more walkable destinations through the use of close-knit communities and smart growth principles.

"We are starting to look at the importance of how we build communities," said Bors. "It's developing into a real movement." ●

Christine Jordan Sexton is a Tallahassee-based freelance reporter who has done correspondent work for the Associated Press, the New York Times, Florida Medical Business and a variety of trade magazines, including Florida Lawyer and National Underwriter.

Health advocates are focused on land use, growth management and how the built environment impacts physical and mental health.

www.pedbikeimages.org/Dan Burden

A New Generation of Bikeways

City planners are increasingly installing separated bike paths as a way to accommodate smart, sustainable urban growth.

Mike Lydon, The Street Plans Collaborative

8th Ave. Cycle Track, New York City.

By G.M. Filisko

Bicycle lanes are getting an extreme makeover. No longer are new bike lanes painted strips hugging auto lanes. In a growing number of cities, bicycle lanes have achieved a status entirely independent from their car-lane kin through physical separation created by parked cars, curbs or other barriers.

The push for independence for bicyclists comes from today's combined emphasis on sustainability and enhanced quality of life in the face of continued population growth in many cities across the United States.

"New York City has a sustainability plan called PLANYC 2030 to reduce greenhouse gas emissions by 30 percent in 2030," explains Commissioner Janette Sadik-Kahn of the city's department of transportation. "There will be 1 million more people in New York City by then. How do we make a New York City with a 9 million population work better than one with an 8 million population? Getting people out of cars and onto bikes is one way to do that, and it has a dramatic effect on emissions."

The focus is on making people who'd love to bike — but are wary of doing it on busy city streets — feel

A growing number of urban planners are convinced more Americans would take to their bikes if they felt safer doing so.

safer. In 2009, New York City unveiled the 9th Avenue bike lane. It's separated from street traffic by a floating parking lane so that space which once held curbside parking now houses a bike path, and a floating parking lane serves as a buffer between the now-curbside bike lane and moving cars. At the same time, the city broke ground on another separated bike path on 2nd Avenue and began restricting every fifth cross street to bicyclists and pedestrians. By 2011, the city expects to complete a segregated bike lane on every other avenue.

There are critics, but advocates are pushing forward. "I take a populist approach," says Mike Lydon, founding principal of The Street Plans Collaborative, a New York City planning and design firm focusing on making streets more bike and pedestrian friendly. "By not having separated bicycle facilities, you're not inviting people who aren't already experts on bikes to become cyclists. Separated bicycle facilities are environmentally friendly, cheap and easy."

Why don't more Americans bike?

Bicycle ridership has long been higher in Europe than in the United States. In the Netherlands, 30 percent of all trips are made by bicycle, according to the Seattle-based International Bicycle Fund. Twenty percent of trips in Denmark are by bike, followed by 12 percent in Germany, and 10 percent in Switzerland and Sweden. In the United States, only about one percent of trips are made by bicycle.

A growing number of urban planners are convinced more Americans would take to their bikes if they felt safer doing so. "For more than a decade, people have been telling us bike planners they'd prefer to ride on

Two-way protected bike path, Sand Street, New York City, N.Y.

Mike Lydon, The Street Plans Collaborative

www.pedbikeimages.org/Dan Burden

sidewalks, but the common design practice is to avoid that," explains Matthew Ridgway, a principal and leader of the pedestrian and bicycle discipline group at Fehr & Peers in San Francisco. "The American Traffic Safety Services Association's bike guide also strongly discourages the use of separated bikeways, either on the roadway or immediately adjacent but separated by vehicles. The argument is that by removing bikes from the road, you reduce their visibility, and when bikers come to intersections — where they're most likely to be involved in an accident — you're introducing a user the vehicle driver didn't know was, or expect to be, in that location."

That view is changing. "For the last five years, the argument that we need separated bikeways has been making more progress," says Ridgway. "We're recognizing, but we'd like more data on it, that having separate bikeways is a major contributor to people riding."

That's true, says Andy Clarke, president of the League of American Bicyclists in Washington, D.C. "There are places that have done separated bike lanes really well, and there are lots of ways you can screw it up by not getting the details quite right," he explains. "But it may only be wonks like me who see the difference. For most people, the separation from motor vehicle traffic is a heaven-sent opportunity to get out and ride without fear for your life."

Having separate bikeways is a major contributor to people riding.

Left:
New York City

Below:
Carrboro, N.C.

What's being done?

If you build separate bike lanes, who will come? Roger Geller, bicycle coordinator for the Portland, Ore., bureau of transportation, says Americans fall into one of four categories when it comes to cycling. About one-third won't ride no matter what facilities you provide. Roughly one percent are "strong and fearless," and they'll ride anywhere. About 10-15 percent are "enthused and confident," and they'll bike on the street, but they'll also move to bike lanes if they're available.

"Interested but concerned" Americans make up the rest of the population. "They're average people who right now are driving cars," says Geller. "They're interested in riding, but they don't feel comfortable in a standard bike lane. That's the group we've created our bike plan around."

Portland is expanding its number of bike lanes by installing a combination of lanes separated by floating parking or buffered by a several-foot-wide painted strip of pavement between bike and auto lanes. It's also building a 1.25-mile road with grade separation for auto, pedestrian and bike facilities. "There will be a sidewalk at one level, a step down will be the bike track, another step down will have on-street parking, and outside of that we'll have the travel lane," explains Geller. "The entire project will cost about $5 million, but some engineering estimates show we could retrofit existing roadways for $1-$2 million per mile."

Washington, D.C., is also working to expand use among wannabe bicyclists. "Our audacious goal is to capture an 11 percent bicycle mode share in the next 10 years, and we're at two percent now," says Karina Ricks, associate director in the Washington, D.C., department of transportation. "We're looking at capturing the mode share of your everyday commuter. We want to make bicycling the mode of choice for trips under three miles, which are a little too far to walk but comfortable to do on a bike. To do that, we need to have comfortable, attractive facilities, some of which are dedicated exclusively to bikes, and some are not."

Cycle Track, Portland, Ore.

Mike Lydon, The Street Plans Collaborative

Bicycle facilities are among the cheapest transportation improvements you can make on a per-head-basis.

Bike paths in Washington, D.C., include a lane on 15th Street that opened in fall 2009 and is separated by yellow posts with parking on the other side of the posts. "That's been greeted with wild success within the biking community," says Ricks. "Bikes are biking toward cars, so there's a little bit of a learning curve. But we've had no crashes."

Dedicated lanes are also penciled in for I and L or M streets, but planners haven't yet chosen the method of separating those lanes from traffic. On Pennsylvania Avenue, the center lane — where a median would typically sit — is being designated as a bike lane. "We'll separate it through design treatments," says Ricks. "It might be highly visible paint or tactile warnings like rumble strips. We're also separating signals so bikes will go through on their own green light, and cars will go through on a green arrow."

Major projects that involve redesigning entire streetscapes can be expensive, but it costs very little to create most separate bike lanes. "Bicycle facilities are among the cheapest transportation improvements you can make on a per-head basis," says Ricks. "Generally it's the cost of paint, reflective tape or posts."

Transforming drivers into bikers also reduces road maintenance costs. "Road maintenance is extremely expensive, and bikes have very little impact on that," says Lydon. "Shipping road maintenance money to a more sustainable mode of transportation is a wise investment."

Skeptics: You're not our demographic

Separate bike lanes aren't universally accepted. Some cities that are serious about bikeways aren't interested. "We looked at those and discarded them because they didn't really work well," says Tara Goddard, bicycle/pedestrian coordinator for Davis, Calif. "They're good if you're trying to go from point A to point B. But they're very difficult to turn on and off of, and if you have a lot of driveways, alleys or entranceways to buildings, you set up many more conflict points than if bikers use the street. We're small and have a good grid system, so we don't have any place where the application makes sense."

Cities that have installed separate bike lanes, however, haven't seen an increase in accidents. "We did before-and-after studies on the impact of these routes," says Sadik-Kahn of New York City. "In every corridor, we saw a 54 percent decrease in all injuries."

Cycle Track, Vassar Street, MIT Campus, Cambridge, Mass.

Mike Lydon, The Street Plans Collaborative

There's also pushback from the general public and serious cyclists. "We find far more resistance to bike facilities than to dedicated bus lanes," says Ricks. "It's also perceived that we're designing for the yuppie youngins, not folks who've been around for a long time. That's not the case, so we need to do more communication around it."

John Forester, an avid bicyclist and independent bicycle transportation engineer in Lemon Grove, Calif., is an opponent. He says separate bike facilities slow down dedicated, law-abiding bicyclists, and he's frustrated that some states, including California, require bicyclists to get off the road and onto available bike lanes. "I don't want to be treated like a child," he says.

In response to hard-core bikers, some areas, like Washington, D.C., allow bicycle riders to continue to ride in streets. Oregon, however, doesn't. "To those who don't want to ride in designated bike lanes, I say, 'Go out and change our state law,'" says Geller. "I'm sorry, but we're really not designing these bike lanes for you. We're building cycle tracks for the vast majority of the population."

That group is responding. "In the past two years, we've seen a 66 percent increase in the number of cyclists on our streets,' says Sadik-Kahn. "People feel safer in separated bike lanes." ●

G.M. Filisko is an attorney and freelance writer who writes frequently on real estate, business and legal issues. Ms. Filisko served as an editor at NAR's REALTOR® Magazine for 10 years.

Taking Baby Steps Toward Bike Sharing

Learning from European cities, U.S. cities dip their toes into bike sharing.

The French probably started it.

"It" is bike sharing, a trend that has taken off in many European cities and is slowly taking shape in the United States. The idea is that by making bikes available for short trips at a reasonable cost to residents and visitors, cities reduce both traffic congestion and the amount of pollutants emitted by cars every day.

Washington, D.C., launched its bike-sharing program, SmartBike, in 2008 and is now expanding it into a regional system. Denver followed suit in April 2010, and Minneapolis will, too, in June 2010. Other cities are awaiting the results of those first American programs.

"The key and most wonderful part of bike sharing is that it starts people thinking about bicycles as a regular part of transportation," says Russell Meddin, founder of Bikeshare Philadelphia, an organization working to build support for a 5,000-bike citywide program. "That's the real green — the real sustainability — of bike sharing."

Bike sharing, American style

Though there's debate on where bike sharing originated — in the 1960s in Amsterdam; in the late 1990s in Rennes, France; or somewhere else altogether — most experts agree it picked up speed when it became a rousing success in Paris.

When the Paris program, Velib, kicked off in 2007, doubters grumbled that nobody would ride and bikes would be stolen. True, some Velib bikes have been stolen, but riders have embraced the system. Today, Velib offers 20,000 bicycles at more than 1,400 stations throughout Paris. Other cities have also followed suit, including Barcelona, Spain, which created Bicing in 2007, and Rome with Roma-n-Bike in 2008.


www.pedbikeimages.org/Reed Huegerich

There's growing interest in bike sharing in the United States.

There's growing interest in bike sharing in the United States, but program launches have been slow in coming. The Washington, D.C., system began with 100 bikes at 10 stations, with residents paying $40 annually to access the bikes for two-hour stints. About 1,500 users have done that, making about 120 trips per day, according to Jim Sebastian, bicycle program manager at the city's department of transportation.

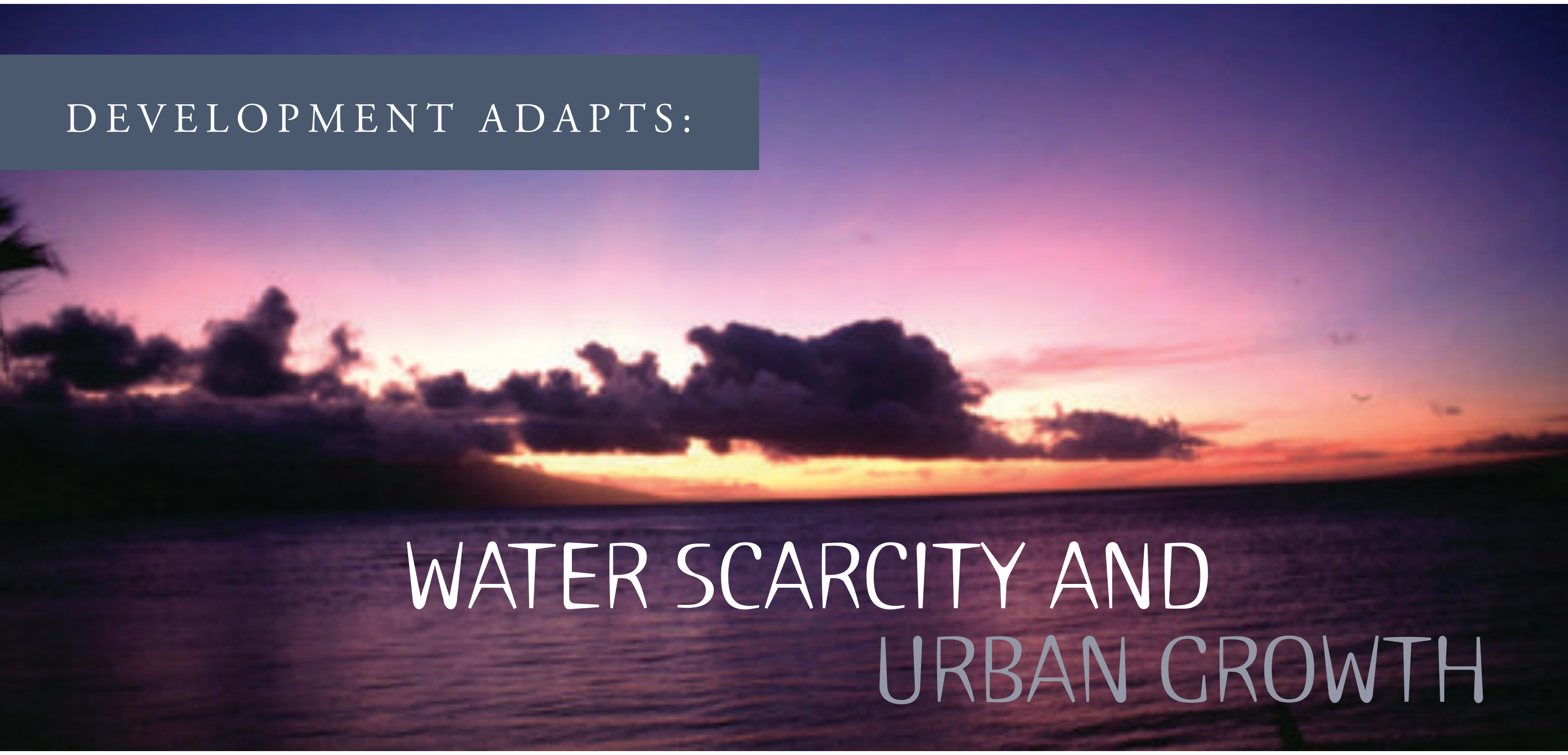
In May, the city announced it would expand its program in coordination with municipalities throughout the region to 1,000 bikes at 100 stations. "That will dramatically expand the system and make it available to many more users, including visitors," says Karina Ricks, associate director in the Washington, D.C., department of transportation.

Denver's program, Denver B-cycle, launched on Earth Day, April 22, 2010. "By the end of June, we'll have 45 to 50 stations and 500 bikes," says Brent Tongco, a city spokesperson. "Our expected use per bike per day is four rides." The cost ranges from $5 for a 24-hour membership to $65 annually.

Other cities are watching the results in the early adapter U.S. cites before creating their own programs, in part because of funding issues, but also because there's a question of how Americans will take to bike sharing, especially in cities that already have a respectable share of bike traffic. "We're excited about bike sharing and are moving forward cautiously," says Steve Hoyt-McBeth, SmartTrips business project manager for the Portland, Ore., bureau of transportation, where six percent of trips are already made by bike.

"Bike sharing can act like a shot of adrenaline for a city with very little existing bike ridership," adds Hoyt-McBeth. "However, there are no bike sharing cities we've found with the percentage of trips made by bike of five percent or more that experienced an increase in mode share from the introduction of bike sharing. Assuming that bike sharing in Portland would substantially increase the number of bike trips requires a leap of faith. So we're eagerly awaiting the results in Minneapolis and Denver." ●


www.pedbikeimages.org/Dan Burden



DEVELOPMENT ADAPTS: WATER SCARCITY AND URBAN GROWTH

Cities and developers facing water scarcity are finding there are few "silver bullet" projects to solve their problems, and are moving toward better management of existing supplies.

Clean and reliable water supplies are fundamental to urban growth and prosperity. In the last decade, growth regions worldwide faced a growing strain as water supplies dwindled and demand for urban, energy, agricultural and environmental uses soared. Many American cities now face conditions of water scarcity — which will become more widespread with the onset of global climate change.

While the international community debates a long-term approach to climate change, real estate developers in water-scarce communities are finding it necessary to adapt to its impacts on urban water supplies today.

The U.S. General Accounting Office projected two years ago that at least 36 states would experience water shortages by 2013. Many are arid western states, but water scarcity is also triggering growing concern in the eastern half of the nation. Even water-rich Florida, where vast swamps were drained in the last century to facilitate development and flood control, is projected to run short of drinking water in its major metropolitan areas by 2030 without a change in course.

The severity of the recent western drought, the worst 10-year episode in recorded history, stunned even some seasoned water managers despite pervasive aridity in the region.

Jeffrey Kightlinger, the Metropolitan Water District of Southern California's general manager, supplies water to 19 million people in the Los Angeles and San Diego regions. Kightlinger reported, "We plan for droughts but nonetheless expect to get a reliable baseline supply from the Colorado River and California Aqueduct. These assumptions really started to change in 2003, when we lost half of our supply because of a tremendous drought on both systems."

Today, water levels at Lake Mead, for example, are dropping rapidly and could fall below the intake valve that supplies 90 percent of Las Vegas' needs by 2012. Within a half-century, the influence of climate change means that Mead has a 50-50 chance of becoming a "dead pool" behind the Hoover Dam, depriving Arizona, Nevada and Southern California of a vital water source for 30 million people and, on average, enough clean hydropower for 374,000 homes.

Even after these droughts subside, "normal" as defined by 20th century terms is a thing of the past. Brad Udall, director of the Western Water Assessment, and a leading water scientist, warned that, "most of the really important impacts of climate change are not going to come directly from temperature increases but because of changes to the water cycle."

> Most of the really important impacts of climate change are not going to come directly from temperature increases but because of changes to the water cycle.

An abundance of scientific research now shows that climate change introduces volatility to water supplies by altering the averages and extremes of precipitation, evaporation and river volumes. This upends the idea that natural water systems fluctuate within an unchanging envelope of variability, which is a fundamental assumption to most water-resource management practices.

Even without climate change, mismanagement of water supplies, in the long-term, can pit neighboring states and regions against each other in a high stakes battle for growth. Most of the metropolitan Atlanta water supply, serving up to 5 million people, is at stake in a 20-year-old water war pitting Florida and Alabama against Georgia. Siding with Florida and Alabama, a federal judge ruled last year that the U.S. Army Corps of Engineers had illegally drawn water from Lake Lanier, a sprawling manmade reservoir northeast of Atlanta, to meet much of metro Atlanta's water needs. The judge gave the three states three years to resolve the dispute. If they can't, Atlanta will lose its access to that water source.

Georgia and suburban Gwinnett County appealed, with the county's lawyers asserting that the ruling imposed "what can only be termed the death penalty for subsistence by existing households and business, as well as future economic growth within Gwinnett."

Florida Environmental Protection Secretary Michael Sole said the drought that lowered Lake Lanier to record levels has eased "but even now the amount of water in the system is limited. Particularly during dry periods, there is not enough water to meet everyone's unconstrained needs."

In the West, water resources are governed by a 19th century legal structure and the region's major water infrastructure was built assuming that climate conditions in the 20th century, the wettest in a millennium, would remain constant.

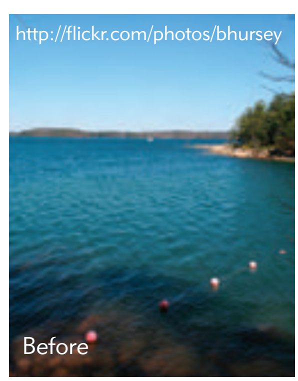
The Federal government's efforts to lead a rational water policy response are stymied by a lack of reliable data. Deanna Archuleta, Deputy Assistant Secretary at the U.S. Department of Interior, said, "The United States has not conducted a comprehensive water study since the Carter Administration. We don't know how much water is available, where it is located, or if it is of acceptable quality."

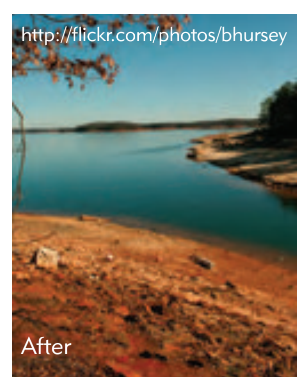
In lieu of a national strategy, state and local authorities have applied a jumble of incremental policies to cope with threats to their water supplies. Due to their precarious position at the bottom of the western water "food chain," municipal users, and the real estate development industry, in particular, face the greatest risks.

Western surface waters are, in general, apportioned based on a legal doctrine of "last in time, last in right." This means that long-term water rights vested to agricultural owners will remain secure during a drought while municipal users with newer rights stand to lose their supplies — even if these rights were acquired and transferred from agricultural lands.

Local governments could relieve some pressure on their water supplies by raising water rates to a level that would promote conservation or by mandating it outright — though either approach can be politically unpalatable in communities that are accustomed to cheap and plentiful water. Instead, these burdens are often shifted to new development and, in turn, future residents.

Municipalities are simply running out of water supplies in their portfolios … so they are now requiring that developers acquire and transfer new water rights before granting land use entitlements.





Above: Water depletion from Lake Lanier near Atlanta, Ga.


Lake Oroville, Calif.

Clay Landry, managing director of WestWater, a leading water marketing firm, commented that "Municipalities are simply running out of water supplies in their portfolios … so they are now requiring that developers acquire and transfer new water rights before granting land use entitlements."

Merritt Brown, owner at SF Brown, a New Mexico-based developer of mixed-use projects, explained, "transferring a water right in New Mexico is, at minimum, a two-year process. You have to go to a farmer, buy his water right, then sit two years, hope it's going to get approved and then go back into the city, and ask them for [permission to build] a project."

Meanwhile, the price of water is skyrocketing in some markets, like in Santa Fe where an acre-foot of water now costs roughly $30,000 ($7,500 per new household) up from $4,200 per acre-foot ($1,100 per new household) in 2002.

Even if water scarcity, in parts of the West and Sunbelt, has important ramifications for the national economy, it is not fundamentally an issue of inadequate water supplies, at least from a national perspective. The problem is that water supplies are misallocated, by environmental and legal processes, in terms of where it can be put to "highest and best use." Yet, it can be expensive and energy intensive to transport water because it is heavy and cannot be compressed.

Nonetheless, water shortages in the West and elsewhere have occasionally prompted discussions of shipping water from distant locations where it is more abundant. Just as water managers in the West focus on finding new water, water managers and environmentalists in the Great Lakes Basin, which contains 20 percent of the world's surface fresh water supply, are concerned with protecting this crown jewel of fresh water supplies.

Motivated by the public outcry over a proposal by a Canadian firm to ship water to Asia by tanker, eight states bordering the Great Lakes have formed the Great Lakes Compact to prevent large-scale diversions of water from the Great Lakes outside of the basin.

In the first test of the compact, the city of Waukesha, Wis., has applied for a permit to draw water from Lake Michigan because its local water supply is contaminated by radium pollution. Waukesha is five miles west of the Great Lakes Basin boundary, meaning it needs the approval of all eight governors to get its water from Lake Michigan. There is serious opposition to the plan.

"If we say yes to Waukesha County, it's hypocritical to say 'no' to the West, or Asia," said Cameron David, executive director of the Lake Michigan Federation.

A business group's 2003 plan to transport water south from North Florida's Suwannee River to relieve scarcities in the state's major cities set off a storm of protest, even in South Florida, and died a swift death. Now four of the state's five water management districts are warning that groundwater supplies are running low and the state will need to find alternatives such as desalinization plants turning salt water from the Atlantic Ocean and the Gulf of Mexico into drinking water.

Three water management districts have adopted an action plan capping groundwater withdrawals in the Orlando metropolitan area at 2013 levels. "Beyond the 2013 level of demand, [alternative water supply] sources must be developed to meet future demands," the plan said, informing Central Florida water utilities that they

The trend is moving away from engineering new supply projects, to finding better ways to manage existing supplies.

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"must be prepared to move to alternative water supplies as a critical component of meeting future demands."

Pinellas County, Florida, (St. Petersburg) ran out of ground water years ago and drilled wells in two neighboring counties to meet its needs. Groundwater supplies dwindled in those counties, however, touching off a bitter, prolonged water battle between Pinellas and its neighbors. They ended the fight by creating a regional water authority. One of its key solutions was to build a $148 million desalinization plant in 2003, but it has been plagued by operating problems for much of its history,

Florida water managers have responded to drought conditions over the past decade by imposing restrictions on watering lawns and other uses. At the same time, however, officials continued to approve water permits for new developments.

In her book "Mirage: Florida and the Vanishing Water of the Eastern U.S." journalist Cynthia Barnett wrote that developers ruled the day. "The state's powerful home builders were insisting that Florida's leaders find them more water," she said. "And, despite water shortages, they were insisting the leaders work to lure more people down to Florida, too. Only with increasing populations and new water supplies could Florida grow its most important crop: rooftops."

However, in South Florida, the Corps of Engineers has, in some cases, reversed course, tearing up the development-enhancing dikes and canals it built for flood control in the last century, to restore the natural flow of water as part of the $10.5 billion Comprehensive Everglades Restoration Plan. More than 1.7 billion gallons of water a day that currently flows out channelized rivers to the Atlantic and Gulf will be stored in the Everglades and provide new water resources for South Florida's large urban population.

It is a monumental undertaking that has generated lot of political and public interest. Yet, most communities dealing with water scarcity are finding there are few "silver bullet" projects to solve their problems. Instead, the trend is moving away from engineering new supply projects, to finding better ways to manage existing supplies that can sustain continued population growth. Some water managers, particularly in the Southwest, have started looking at a comprehensive strategy that requires water utilities, municipal governments and the development industry to embrace new land use and development practices as part of the solution. Kightlinger noted, "The Metropolitan Water District is now working with the development community and urban planners to figure out how to manage smart growth over the next decade even though we can't say for sure how the future is going to pan out."

New thinking is already taking hold in communities facing the most pressing scarcity issues — where every piece of land and each building play a role in augmenting and stretching finite water supplies further.

Michael Ogden, founding principal of Natural Systems International, Santa Fe, argued that a new model is needed, "The regulations handle potable water, wastewater and rainwater discretely. It's all water, and we've got to start using more integrative thinking when designing our projects and communities."

Trevor Hill, president of Global Water, a private water utility based in Tempe, Ariz., described the conservation potential of new development, "There is a tremendous opportunity on the demand management side — we can integrate water, wastewater, recycled water systems into communities at the outset with a material reduction in water use and rates."

In some cases, developers are pushing the envelope by applying these novel conservation strategies, and time tested methods like low-water landscaping, to prevent water shortages from becoming building moratoria, but they must first win-over local and state regulators.

Bob Taunton, reflecting on his tenure as former president of Suncor New Mexico in Santa Fe, commented, "We needed to increase the number of units we could get out of an acre-foot of water at Rancho Viejo [Santa Fe], or we were out-of-business. The county eventually approved us to build five units per acre-foot of water after we proposed the use of cisterns, which kept the project going with enough time to acquire additional water rights for 1,300 more units."

District and building water retrofits can offer similar gains as well. Grant McInnes, associate principal at ARUP in San Francisco, offered an example, "Stanford University understood the benefit of an overall campus

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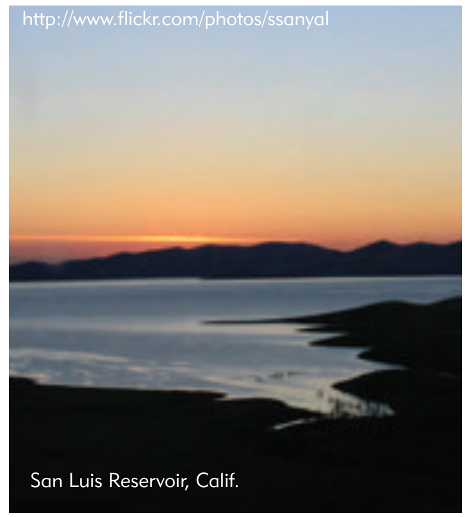

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San Luis Reservoir, Calif.

water strategy. Instead of putting 60,000 gallons per day of water discharge from building cooling equipment into the sanitary sewer, they've decided to bring it across the campus for toilet flushing among other uses. This reduced the need to treat and transport potable water."

Ultimately, adapting to water scarcity will come, in part, by creating projects that forge more resilient connections between people, place and water.

Harold Smethills, developer of Sterling Ranch, a 3,100-acre master planned community in Douglas County, Colo., remarked, "There is absolutely no question that making a future for real estate development means that we'll have to deal with water now." ●

The preceding article was adapted with permission from an original version by David Stocker. Stocker is a Research Director with the ULI Center for Balanced Development in the West which is headquartered in Los Angeles, Calif. Stocker's article includes material originally presented at a Center for the West symposium, "Adapting to a Drier West", held in December 2009. His original version can be found in its entirety at www.uli.org/centerwest.

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Retrofitting the Suburbs:

The Next Boom, or Last Decade's Megatrend?

By David Goldberg

Prognosticating during a recession as long and deep as we have seen the last couple of years is a tricky business, indeed. Is this a pause in pre-existing trends that will resume once the down cycle ends? Or is it a reset that creates entirely new conditions, the period at the end of one sentence and the capital letter of the next?

Prior to the real estate crash, one of the hottest new trends in development brought us projects and proposals aimed at "retrofitting" conventional, automobile-oriented suburbs into more walkable, transit-ready urban places. Suburban communities from Smyrna, Ga., to Lakewood, Colo., were building the town centers they had never had before. Plans were drawn up to re-imagine aging commercial strips as strings of compact new neighborhoods of multistory apartments, condominiums and offices over street-level shops and restaurants.

Demographic, cultural and myriad other factors seemed to point in this direction. First, the traditional market for conventional, new suburbs on the metropolitan fringe was beginning to shrink, as the share of households without children began to dwarf the share of those with kids. In the coming years, up to 85 percent of new households will be without children, demographers predict. In part this is because the baby boomers — for whom the now-aging suburbs were built as child-rearing havens — are moving beyond child-rearing themselves and looking toward retirement, while younger couples are delaying childbearing.

At the same time, crushing commute times in the large metros were leading many to look for homes closer in, and the older, inner-ring suburbs suggested themselves as likely locations. They are closer to job centers, generally, and often can be connected to existing public transit lines. Some local governments — seeking to reverse

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the blight that followed when older shopping centers were abandoned for sleek, new locations farther out — also were bending over backward to make redevelopment happen, offering tax-increment financing and other incentives to lure redevelopment.

Even those enticements, though, have not been enough to make deals happen in a real estate recession that has made financing for new projects nearly impossible. Some of the projects that did get underway sit half-completed, or completed and half-empty. Now, some wonder whether suburban retrofits were more a product of speculative over-development than response to real market demand, and question their future.

One who does not is June Williamson, who last year co-authored with Ellen Dunham-Jones, a book on the topic, titled "Retrofitting Suburbia: Urban Design Solutions for Retrofitting Suburbs."

"There is no doubt that we will need new construction as the population grows in the coming years, and the overwhelming percentage of that growth will be households without children," says Williamson, associate professor of architecture at City College of New York/ CUNY. "That demand will be met with smaller units or multifamily, and most are likely to be in suburbs."

A "50-year project" in need of a quick start

Williamson and Dunham-Jones, former director of the architecture program at Georgia Tech, expect the refashioning of older suburbs to be a 50-year project akin to the building of suburban America itself. But they also feel a sense of urgency about laying the groundwork for that project. While population is surging toward an expected 400 million by mid-century, vast swaths of failing commercial development are hammering property values and local budgets. Meanwhile, rising fuel prices, combined with a national need to reduce oil consumption and climate-harming emissions, augur an urgent need to reduce commute distances and over-dependence on cars, they argue.

The authors acknowledge, however, that many challenges remain before retrofitting suburbia can begin to match the scale and pace of the original wave of suburbanization, and that not every metro market is ready. Those that have seen the most activity tend to be two types. Some are older markets, mostly in the Northeast, that are so "built out" that parking lots and dead shopping centers represent the most viable locations for new

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We will need new construction as the population grows. That demand will be met with smaller units or multifamily, and most are likely to be in suburbs.

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housing. The most active have been the coastal cities and Sunbelt boomtowns that have seen rapid growth and are attracting the younger workers who seek urban locations. The most successful have made a commitment to rail transit — light rail, subways or streetcars — and have some constraints on outward sprawl, whether because of geography, overly long car commutes or regulatory limits. The other X factor is whether local governments are active and flexible enough to create the zoning, taxing and financing conditions to make complex development projects possible.

"The hot metro areas for suburban retrofits so far are Washington, D.C., Denver and Atlanta," says Dunham-Jones. Washington's concentration of federal workers, high in-town housing prices and extensive Metro rail network have led to major developments around suburban rail stations. In Denver, the Rocky Mountains partially constrain sprawl while a burgeoning light rail system is drawing development to some suburban nodes. And in Atlanta, limits to extending transportation and water infrastructure, combined with increasingly punishing commutes are conspiring with an influx of younger, urban-oriented workers.

Efforts to retrofit suburban areas have taken several reforms. Future projects are likely to build off some of the models that follow, Williamson and Dunham-Jones say.

The former mall site has been converted to 22 city blocks on 103 acres, with shops, restaurants, cafes, theaters, offices, residences, artist studios, parks and plazas.

Belmar in Lakewood, Colo.

Redevelopment

The most transformative — but also complex — retrofits are wholesale redevelopments of dead or dying malls or strip corridors. One of the best examples attempted so far, Dunham-Jones says, has been the transformation of the failed Villa Italia mall in Lakewood, Colo., into Belmar. After the mall died in the late 1990s, the town tried in vain to find a developer willing to update and reopen it.

"A developer, Continuum Partners, said 'I won't fix the mall but I'll give you the downtown you never had,'" Dunham-Jones recounts. Now about two-thirds complete, the former mall site has been converted to 22 city blocks on 103 acres, with shops, restaurants, cafes, theaters, offices, residences, artist studios, parks and plazas.

"Some may complain that building everything at once makes it feel less than authentic," says Dunham-Jones. "But the construction and architectural detailing are good enough that it creates the bones for urbanization over time." She also praised the project for connecting well to surrounding neighborhoods so that the project does not feel like an isolated development.

Re-inhabitation

Full-scale redevelopment is incredibly complex, requiring a combination of the right property at the right price, local government participation, patient capital and market conditions. The low-hanging fruit of suburban retrofits are what Dunham-Jones calls "re-inhabitation," or the adaptive reuse of former retail spaces. "You'll see a dead mall becoming a community college, an old grocery store becoming a library. Many of those that are adapted become community serving — libraries, schools, churches."

"Part of what we're seeing in older suburbs is a welcome rounding out of more community-serving uses," Dunham-Jones adds. "You're seeing mom and pop retail coming in places that used to be exclusively national retailers. These are becoming more unique places, attracting immigrant populations."

However, one challenge to re-inhabitation and this incremental overhauling is for communities to find the resources to retrofit dangerous arterial highways to be more hospitable to neighborhood uses, so that a kid might be able to bike safely to a library, or an older adult cross the road to a senior center.

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Below: Snoqualmie, Wash.

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Re-greening

Not only are dead and dying malls visual eyesores and a drain on the local tax base, but ecologists consider their surface parking to be one of the built environment's gravest insults to the natural environment, smothering life, reflecting heat, fouling watersheds. But many communities are taking advantage of the availability of these parcels to create new parks, wetland reserves, community gardens and other open space. Think of it as the reverse of the Joni Mitchell line in "Big Yellow Taxi" — "They paved paradise and put up a parking lot."

In Phalen, a suburban area outside St. Paul, Minn., the city bought a failed, 1959 strip shopping center and created a new public park by uncovering the wetlands and creek that had been covered by the parking lot. "Before the Clean Water Act, building over wetlands and creeks was very common in suburbs, because high land was used for residential," Dunham-Jones says. "As culverts begin to fail, as happened here, it makes sense, rather than try to fix it, to restore it to wetland. The resulting lakefront can then become desirable property in what had been rundown area."

Rezoning

Many communities across the country are using the lull in real estate activity as an opportunity to lay the framework for future development. "Now is the time to do the planning," Dunham-Jones says. A number of communities have taken this to heart in the Washington, D.C. area, alone. Arlington, Va., of course, led the way in suburban retrofits 30 years ago with its plans to reshape a corridor characterized by strip centers and auto lots into a series of new town centers along the Metro rail line.

A few miles away, Arlington County is trying to replicate the success along the Columbia Pike commercial corridor. But this time, rather than follow planned transit, they are using zoning codes and other inducements to create dense nodes that can serve as enticement to light rail or streetcar. By upzoning at intersections and coding for mixed-use, multistory buildings, planners already have lured eight-plus-story buildings. It is hoped that the taxes from those nodal developments will support future rail.

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Courtesy of DPZ


Courtesy of DPZ

Just this March, nearby Montgomery County, Md., unanimously adopted a plan to transform aging suburban commercial development into a new town at the White Flint Metro station. The White Flint Sector plan calls for 2,600 affordable housing units, parks and plazas, daycare centers, hotels, retail, a conference center, and walking and bicycling trails. It creates a new zoning designation that requires developers to select from a list of amenities that must be provided in exchange for maximum allowable densities. Buildings will be permitted to reach 30 stories in the core area at the Metro station, while tapering down to match the conventional suburban densities of surrounding neighborhoods.

Upon passage, Montgomery County Council member Roger Berliner said in a prepared statement: "When you look at the area today, it is hard not to be struck by the large amount of asphalt found in the strip malls and surface parking lots. Asphalt is not the highest and best use of this incredibly important real estate. … Those who live in and around White Flint will be able to take advantage of the numerous public spaces, bike trails and walking paths as well as the public amenities that make a neighborhood feel like a neighborhood — a library, a recreation center, a new school and a beautiful, substantial civic green that will serve as a meeting place for the community."

Repurposing

The suburbs most in need of retrofitting today are those that sprang up in the 1950s and '60s to accommodate the post-war surge in families with children. In one of the supreme ironies of our era, the urban form propagated in order to raise up this cadre of baby boomers now has to be remade as a place where many of them will live out their last days. Accommodating this "silver tsunami" is one of our greatest planning challenges, says Scott Ball, an architect and urban designer and author of the forthcoming "Longevity and Urbanism."

The charrette produced conceptual master plans for each site, incorporating mixed-use, mixed-income, multigenerational designs that promote physical activity and healthy living.

In metro Atlanta, where the over-60 population is expected to double from 2005 to 2020, the regional planning agency sought to address the issues in a unique planning exercise last year. The Atlanta Regional Commission brought together experts in health care, aging, transportation, accessibility, architecture, planning and urban design to explore the challenges of retrofitting the suburban landscape — where most baby boomers live — into "lifelong communities" that support people of all ages. The work began with an intensive, multiday charrette — a collaborative planning and design process — that used five prototypical sites throughout the region as living laboratories for retrofits. Led by noted new urbanist Andres Duany, the charrette produced conceptual master plans for each site, incorporating mixed-use, mixed-income, multigenerational designs that promote physical activity and healthy living; model standards and zoning codes for other such "lifelong communities;" and principles for regional planning and development to meet the needs of older adults.

Scott Ball, a senior project manager at Duany Plater-Zyberk & Company who was the project manager for the charrette, said that one of the first principles to emerge was that "aging is a litmus test for livability for all. The whole principle is to integrate older adults as long as possible into the community. When you start to deal with their issues as separate from those of others in the urban environment, you get age-restricted communities and specialized housing that disconnects people from the larger community."

Indeed, connecting homes to services, to opportunities for exercise, to places to see and be with other people, is paramount. "The first thing you have to deal with is the connectivity issue: weaving in a functional street grid that connects to other neighborhoods and is less reliant on large arterials," Ball says. "In cul de sac development you get isolation, from people, from services. There are important details to remember — putting in a curb cut for wheelchairs, the right kind of entry way and so on — but you have to have the street grid first."

"There's no doubt that the market for 'lifelong communities' is vast," Ball said. "Since the Atlanta charrette, requests for advice and consultation have been coming fast and furious from communities across the country."

In order to retrofit commercial corridors to support walkable neighborhoods, older suburban communities are likely to need a share of the federal transportation resources.

Bridgeport, Conn.

Reality

While market forces will continue to drive the trend, and existing models show the way, retrofits are likely to continue to be hampered into the next real estate cycle. Conventional suburban development is highly standardized into a relative handful of product types — whether big-box centers, garden apartments or office parks — that make financial underwriting relatively easy. With retrofits, every deal is custom, and often complicated by public participation, through tax increment financing or other tax credit programs, says Williamson.

"Over time, there is a likelihood that there will be more standardization. But by its very nature, having a mixed use, walkable place requires paying attention to the context, so the design and operations will be as multiple as the places," she adds. "Once there is a track record there should be less hesitancy, and already there is evidence that blending the uses can hedge the risk."

There are policy challenges as well. The last boom saw premium prices applied to almost any formerly "transitional" neighborhoods that were close to jobs and rail transit, even as cities began to replace public housing projects with mixed-income developments. The older suburbs today are the repositories of affordable housing for low-wage workers. One of the tricks will be building denser, more walkable nodes that can sustain more reliable transit service, without displacing the very populations who most need that service. In order to retrofit commercial corridors to support walkable neighborhoods, older suburban communities are likely to need a share of the federal transportation resources that traditionally have gone to build highways in emerging suburbs.

These are challenges that will be addressed, because they have to be, Williamson argues.

"The same environmental and demographic conditions exist as before, only perhaps more so," she says. "Population will grow, it will shift, and more commercial properties will fail. So there's a range of interesting opportunities, and a lot of impetus to retrofit suburbia for a future that looks very different from the past." ●

David A. Goldberg is the communications director for Smart Growth America, a nationwide coalition based in Washington, D.C. that advocates for land-use policy reform. In 2002, Mr. Goldberg was awarded a Loeb Fellowship at Harvard University, where he studied urban policy.

Retiring to Your Home


Courtesy of Lincoln Park Village in Chicago

Aging in Place support groups provide seniors the option to remain in their current neighborhoods

By John Van Gieson

Judy and Michael Spock wanted to age in place in the home where they have lived for 25 years in Chicago's Lincoln Park neighborhood, but weren't sure they could manage it. In their late 70s, they had health issues and were slowing down. Michael has had two heart attacks and a stroke. Judy has had a heart attack, two mini strokes and needs knee surgery.

"We looked into retirement communities," Judy said. "We found them sort of reassuring, but also sort of chilling. What we really wanted was to live in our house and stay in our house a while longer."

Partnering with two other couples in the neighborhood, the Spocks decided to create a nonprofit community called Lincoln Park Village to provide services and support to members who wanted to age in place in their own homes, but already needed, or soon would, some level of assistance to make it work.

AARP polls show that a large majority of elder Americans want to age in place in their own homes.

"We looked into retirement communities, we found them sort of reassuring, but also sort of chilling. What we really wanted was to live in our house and stay in our house a while longer."

Under the village concept, members pay annual dues — with reduced rates for lower-income members — in return for free services provided either by volunteers or "concierge" services by vetted providers such as plumbers and electricians. Services villages provide to members include transportation, meals, home repairs, yard work, computer training, health care and financial advice, exercise, informational programs and social gatherings.

"You call the village, and we're going to help you no matter what it is," said Jane Curry, a member of the Lincoln Park Village Board of Directors. "You call, we will always have a volunteer first if we can do it. If we don't have a volunteer, we will find that person you need and provide that person."

There are as many ways of providing volunteer and paid services to members as there are villages. "If you've seen one village, you've only seen one village," said Candace Baldwin, an adviser to elders who are starting villages.

Initiated by Beacon Hill Village in Boston in 2001, aging in place villages are growing rapidly all over the country, serving communities in at least 19 states and Washington, D.C.

Beacon Hill Village in Boston

"We know of 50 villages that are actually open and operating and serving their members," Baldwin said. "About 100 others are in various stages of development."

Baldwin is a senior policy adviser at NCB Capital Impact, a nonprofit community development organization based in Arlington, Va. NCB has partnered with Beacon Hill Village to develop the Village to Village Network, which advises developing villages and helps them manage their affairs more efficiently.

Individual memberships at Beacon Hill Village cost $660 a year and household memberships are $850, about the same range as other villages. Most also offer membership-plus options to lower-income residents of the neighborhood, charging about $100 for individuals and $150 for households.

Beacon Hill Village in Boston

Palisades Village in northwest Washington, D.C.

Village officials say the No. 1 service they provide to members is transportation, typically rides to the doctor's office, pharmacy or grocery store.

The threshold for membership in a village is usually either 50 or 60 years old. Membership typically ranges from a few dozen to several hundred. Beacon Hill Village has about 450 members.

The volunteers who provide free services to village members are either members themselves or members of the larger community. Many are active seniors, but high school and college students also serve villages as volunteers.

Sonia Crow, executive director of the Palisades Village in northwest Washington, D.C., joked that it has some four-year-old volunteers. They are pupils at a neighborhood school who have befriended a 96-year-old member known as Miss Betty.

Crow said the kids visited Miss Betty before Christmas, singing Christmas carols and the Dreidel Song, and were rewarded with milk and cookies. The children have returned on several occasions, including St. Patrick's Day and an egg hunt at Easter.

The Spocks said they were surprised at how often they have taken advantage of Lincoln Park Village services, including transportation, wellness programs, financial advice, home maintenance and health care. A consultant provided by the village is developing a master plan for maintenance and modifications on their home, built in 1891.

Judy Spock participates in three village exercise programs a week, t'ai chi, nia (non-impact aerobics) and swimming.

Some villages connect their members to geriatric physicians, if that's what they want. Lincoln Park Village has a partnership with the geriatric program at the Rush University Medical Center in Chicago, and the Spocks were seeing a doctor there until she took another job. Beacon Hill Village has a partnership with the geriatric program at Massachusetts General Hospital and also connects members to home health care and personal care providers.

Village officials say the No. 1 service they provide to members is transportation, typically rides to the doctor's office, pharmacy or grocery store.

"When they get in the car with a member it's not like Driving Miss Daisy, it's a conversation between two people that enriches both of their lives," said Gail Kohn, executive director of the Capitol Hill Village in Washington, D.C.

Volunteers transporting members typically drive their own cars, but Beacon Hill Village also pays some of its drivers $20 an hour and asks members to help defray the cost of gasoline.

Palisades Village has a different model. "There's no compensation, no tips, nothing," Crow said. "They do it because they feel it's the right thing to do. They're helping others, and one day other people will be helping them."

Safety and security are important considerations for village members who need some assistance, and members want assurance that the volunteers and service providers are reliable. Village officials stress that they protect members by carefully vetting both service providers and volunteers. The Beacon Hill vetting process checks criminal records, driving records, insurance coverage, bonding if applicable and references, Willett said.

"In addition, we get them [village members] a 10- to 50-percent discount [from the service providers]," she said. "Most of the discounts are around 20 percent."

While most villages depend on dues and volunteers to pay expenses and provide services, there are other models. Partners in Care, based in Anne Arundel County, Md., and serving members in four Maryland communities, including Baltimore, is free for its 2,600 members — no dues whatsoever.

Partners in Care keeps track of the amount of time its members spend on volunteer projects, a concept known as time-banking.

"It's the concept that you help others for a couple of hours, you'll get help back when you need it," said Anne Myers, marketing director for Partners in Care. Members who receive services are expected but not required to provide services to other members.

"We will say to you that our concept is reciprocity, and we hope that there will be a time and way that you will give back," Myers said.

Partners in Care and Community Without Walls in Princeton, N. J., were developed by seniors seeking aging in place options before the village model originated in Boston.

Dating to 1992, Community Without Walls emphasizes social and educational programs and encourages its members to care for and assist each other. The community is organized into six houses with 60 to 90 members each. The houses charge dues ranging from $25 to $35 a year and decide what programs they want to offer members.

"We intended it as a sort of mutual support organization," said Vicky Bergman, the community's first president. "We do not have volunteers. We have personal connections. We do lots of things with each other."

Partners in Care and Community Without Walls were developed by seniors seeking aging in place options.

Partners In Care, Anne Arundel County, Maryland

"It's building that level of support and trust that enables us to reach out to somebody else and also to be more receiving ourselves," she said. "It's sort of awkward if somebody you don't know shows up at your door and says, 'I'm here to feed you your lunch.'"

At Community Without Walls, friends feed lunch to friends.

Following a series of forums on improving its services to members, Community Without Walls contracted with Jewish Family and Children's Services of Greater Mercer County to develop a fee-for-services program called Secure@Home, providing a variety of aging in place services to community members. After one year, the program was opened to the Princeton area community at large.

Village officials say member dues typically cover 50 to 60 percent of their operating expenses, making fundraising from outside sources critical to their success.

"There's not one village right now getting any money from government for operating expenses," Baldwin said. "These are very strong opinionated individuals. They've already realized that the public sector doesn't help them, so they're going to go out and do it on their own."

Some villages have received government grants, but they are few and far between. Midtown Village in Lincoln, Neb., was awarded $60,000 in stimulus funds to pay for energy efficiency improvements to the homes of members. Capitol Hill Village received a $50,000 grant from the city of Washington to support lower-income memberships.

Andrew Mollison, a charter member of Palisades Village, said foundations are helpful but are not the solution to the ongoing need to raise funds to pay a large share of the cost of village operations.

"We know very well that the foundation money will all be spent in the first couple of years, and we'll never get any more after that," he said. "We have to depend on our dues and neighborhood contributions for the vast majority of our revenue.

"I think the biggest issue is whether the villages will be sustainable," said Michael Spock. "At some level there is going to have to be government support in making it possible for villages to be able to pull this off." ●

John Van Gieson is a freelance writer based in Tallahassee, Fla. He owns and runs Van Gieson Media Relations, Inc.

Left: Volunteers in Palisades Village

Right: Community Without Walls in Princeton, New Jersey

Courtesy of The Bergman Collection

Government Must Engage for Communities to Age in Place

With the country facing a huge increase in its senior population, smart growth principles and local governments will play vital roles in determining whether older Americans can age in place in dignity and security in their own homes.

The first baby boomers turn 65 this year, soon to be followed by millions more as the country experiences an unprecedented surge in its senior population. The number of Americans 65 and older is projected to double to 71.5 million in just a couple of decades.

New and redeveloped communities that rely on smart growth principles, including compact, mixed-used neighborhoods featuring a variety of housing styles and prices and smart transportation options, will provide the physical amenities that seniors who live there need to age in place. That may be a relatively small portion of the overall senior population, however.

"By adopting smart growth principles, communities can design places that increase mobility and improve our quality of life," the U.S. Environmental Protection Agency said on its Web site linking smart growth to its Aging in Place Initiative. "Neighborhoods that integrate homes with shops, services, and parks and recreational facilities allow residents — especially older adults — to pursue an interesting and active life without depending on a car."

Much of the responsibility for designing and re-designing communities to meet smart growth principles, however, falls on local governments. It's largely up to cities and counties to adopt the policies, design the programs and provide the services that seniors need to age in place in their own homes and communities.

But a 2005 survey, issued as a report in 2006 by the National Association of Area Agencies for the Aging (n4a) in partnership with the associations representing cities, counties, city/county managers and Partners for Livable Communities found local governments are far from ready to meet the needs of a rapidly aging population. The Metlife Foundation supported the original study and is supporting the followup.

S. Rick Armstrong

Photos courtesy of South Side Local Development Company

"Only 46 percent of American communities have begun to address the needs of the rapidly increasing aging population," the study said.

The n4a plans to conduct another survey this year to see how much progress has been made since 2007.

"Some preliminary steps have been taken, but they are not really enough," said Jo Reed, senor program manager at n4a. "Part of what our survey is about is calling attention to the good things being done and to provide actual tools for communities to use in going forward."

The EPA's initiative, www.epa.gov/aging, focuses on things seniors should do to make aging in place in their homes work for them and also spotlights best practices in communities around the country. The n4a's Aging in Place initiative, www.aginginplaceinitiative.org focuses primarily on things cities and counties should do to support seniors who want to grow old in their own homes.

"Every part of government and every sector of the community has a role to play in building livable communities for all ages," n4a said in its manual 'A Blueprint for Action: Developing a Livable Community for All Ages.'

"Certainly, community-wide initiatives focused on aging in place can be initiated by civic leaders, community activists, and nonprofit organizations. At some point, whether at the beginning of the process or somewhat later, local government leadership is critical to sustaining such initiatives and engaging the entire community." ●

Understanding the Costs and Benefits of the Green Trend

http://www.solaramericacities.energy.gov/resources/photo_gallery/

By Gary Fineout

The way that Scott Muldavin sees it — going green is not just a trendy buzzword.

It's a significant trend that everyone who deals with real estate must know about and understand. Governments across the entire nation are embracing programs and regulations meant to encourage both energy efficiency and sustainability.

Some states, for example, have altered building codes, while 16 states have passed PACE programs, or Property Assessed Clean Energy, which creates a way for local governments to encourage property owners to reduce energy consumption and increase efficiency. The main idea is to let local governments issue bonds which are then used to provide the upfront money that homeowners and business owners can use to make improvements. These improvements are then paid back through assessments or charges on property tax bills. (See article on page 58).

Muldavin, who in 2006 founded the Green Building Finance Consortium, says that everyone involved in real estate — whether they are a lender, an investor, a regulator or those selling property — needs to be able to figure out how these trends will affect the real estate market into the future.

Muldavin this past spring released "Value Beyond Cost Savings: How to Underwrite Sustainable Properties" — which is available at www.greenbuildingfc.com — in an effort to help people do just that.

The book has gotten rave reviews from those in the industry. Leanne Tobias, founder and managing principal of Malachite LLC, called the book "the authoritative work on green building underwriting for the commercial real estate industry."

Governments across the entire nation are embracing programs and regulations meant to encourage both energy efficiency and sustainability.

Investors and tenants realize that sustainable properties have all sorts of benefits.

"This is the most comprehensive and up-to-date publication on this topic that I am aware of," said Dr. David P. Lorenz, principal and founder of Dr. Lorenz Property Advisors and a professional member of the Royal Institution of Chartered Surveyors (RICS).

While the book itself may seem somewhat academic and dry, Muldavin explains that it is written in a way that reflects how "people with money and real estate think about" property. It includes lengthy references to studies and check lists that could help people evaluate sustainable properties.

"It's about 'How will I modify my current underwriting practices to accommodate sustainable projects,'" he said.

But one clear conclusion that he reaches in the book is that "sustainable properties should be more valuable."

"Development costs are only marginally higher, and can often be mitigated or successfully managed," Muldavin writes. "Operator costs are lower. Revenues are higher as a result of regulator incentives and subsidies and enhanced space user demand. Investor demand is up as they begin to respond to potential regulator and space user demand increases and other investor climate change pressures."

Muldavin has had a lengthy career in real estate and has been involved in underwriting for more than 25 years. He was a founding principal and served for three years on the investment committee of Guggenheim Real Estate. He was also a partner and leader of the real estate consulting practice at Deloitte & Touche before he founded his own company in 1999. He is a frequent speaker on real estate and sustainability and authored more than 225 articles published in various real estate and property publications.

Muldavin's introductory chapter says his book comes at a time when investors and tenants realize that sustainable properties have all sorts of benefits, but they "struggle to integrate benefits beyond cost savings."


Photo courtesy of South Side Local Development Company


www.pedbikeimages.org/Dan Burden


http://www.solaramericacities.energy.gov/resources/photo_gallery/

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Muldavin says there are 10 key principles for sustainable projects. The first one is that those looking to invest in sustainable projects don't need to change everything they are doing now. Instead they just need to incorporate some new ways to evaluate sustainable properties.

He also points out that no single definition of sustainability is sufficient. But he also cautions that existing classifications, such as LEED or Green Star, measure environmental outcomes and not financial outcomes, although studies have suggested that buildings that get rated as green may be able to command higher rents. Still he does conclude that many sustainable projects have energy savings of 30 percent or more, which can translate into at least a 2 percent increase in the value of the building.

But he also says that those looking to develop, build or retrofit existing property must understand that sustainability means more than just cutting down electric or water bills. He noted in a paper last year that "regulators across all levels of government and national boundaries have embraced the property sector as 'low hanging fruit' in the battle against climate change." That has translated into certain businesses deciding that they need to look for sustainable property.

His book offers up a list of all the potential public benefits of sustainable buildings, ranging from conservation of natural resources to reducing traffic congestion to increasing worker productivity. The book includes a lengthy cost-benefit checklist that points out that going green means access to more incentives, reduced energy use and even better private financing.

Sustainable projects have energy savings of 30 percent or more, which can translate into at least a 2 percent increase in the value of the building.

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www.pedbikeimages.org/Dan Burden

Muldavin's book is aimed primarily at those in the commercial real estate industry, noting for example that certain types of businesses such as law firms and those in the insurance and financial sector are those who already lease the highest percentage of green office space.

He says there are applications in his book that can be applied to those looking to buy their next home. But he recognizes that right now sustainability concerns may not be as important as other factors such as schools and the size of the home.

"For single-family, the users and the investors are the same, so it is important to think about the realistic demand for sustainable-energy efficient investment by homeowners in a particular community," said Muldavin. "It is also important to understand that sustainability is only one of many issues that may be important to buyers — and is definitely a secondary concern to schools, floor plans, number of bedrooms or bathrooms, and other features."

But he notes that homeowners may have to become more cognizant of sustainability if governments continue to add new requirements or add new incentives like the PACE programs.

"It is important to look at government regulations to see if sustainable investment can be subsidized through tax benefits, entitlement benefits, and outright grants and other incentives," said Muldavin. "Protection against value declines if governments increase the regulation of sustainability on new buyers is also a concern. For example, PACE financing that allows 15-20 years to

Homeowners may have to become more cognizant of sustainability if governments continue to add new requirements or add new incentives.


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pay back investment at low rates, and eliminates the up-front capital expenditures for homeowners is an important benefit that is starting to be available through many municipalities."

Muldavin added that homeowners will probably be given more information in the future that will help them evaluate if it makes sense to move into a particular home.

"The most important issue is not that a home be energy efficient or sustainable, but that the cost to make the property meet future government or buyer requirements be reasonable," he said.

The book goes into great detail as to what makes a sustainable project, whether it's an efficient heating and cooling system, low-flow toilets, building on a brownfield or using solar energy to help power the building. He mentions important aspects of sustainable types of development, whether it's green roofs that incorporate vegetation or daylighting that encourages the use of natural light.

Homeowners will be given more information in the future that will help them evaluate if it makes sense to move into a particular home.

The “Cost of Green” Resources

- US EPA’s Guidebook of Financial Tools – Paying for Sustainable Environmental Systems: http://www.epa.gov/efinpage/guidebook.htm
- Property Assesses Clean Energy (PACE) Bonds – Innovative funding to accelerate the retrofitting of America’s buildings for energy independence: www.pacenow.org
- CPC Green Financing Initiative: http://www.communityp.com/energy_efficient.php
- DSIRE – Database of State Incentives for Renewables & Efficiency is a comprehensive source of information on state, local, utility and federal incentives and policies that promote renewable energy and energy efficiency: http://www.dsireusa.org
- US Department of Energy, Energy Efficiency and Renewable Energy – Financial Opportunities: http://www1.eere.energy.gov/buildings/financial_opportunities.html
- NATIONAL ASSOCIATION OF REALTORS® – NAR’s Smart Growth program has resources to help you and your REALTOR® association to build better communities: http://www.realtor.org/government_affairs/smart_growth

Muldavin lists items that should be considered at each stage of development, whether it’s landscaping that requires no irrigation or deciding what type of windows should be installed.

Muldavin and his consortium have also reviewed more than 200 health and productivity studies and have concluded that “there is a clear positive relationship between sustainable property investment and occupant performance.”

“Sustainable buildings that control moisture, control pollutant sources, improve ventilation and access to outside air, promote access to the natural environment … have been documented to improve health,” notes Muldavin.

But Muldavin also puts in a word of caution to developers, telling them they have to make sure that they do not make claims that are “untrue at the time they make them.” He notes that sometimes projects change and that it’s important to not cite studies without all the caveats.

“Many studies show that actual energy performance is quite volatile with a wide divergence among the individual results that make up an average energy savings,” he writes. “Consequently, if an owner cites these average energy savings in marketing their project, there is a high likelihood they will be wrong.”

Muldavin suggests that there be staff training and review of all promotional and marketing materials to limit the chances that something wrong will be told to would-be buyers. ●

Gary Fineout is an award-winning journalist who covered politics and government for nearly 20 years. He previously worked in the Tallahassee bureau of *The Miami Herald* and his work has also appeared in *The New York Times* and several other Florida newspapers. He is now an independent journalist.


www.pedbikeimages.org/Carl Sundstrom


http://www.solaramericacities.energy.gov/resources/photo_gallery/

A NEW PATH TO Energy Efficient Homes


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PROPERTY TAXES ARE A SOLUTION TO FINANCING THE COST OF HOME ENERGY RETROFITS

By Brad Broberg

Communities across the country are picking up the PACE.

Short for Property Assessed Clean Energy, PACE programs enable cities and counties to provide loans to homeowners — and in some cases business owners — who want to go green and save green by making energy-conscious upgrades. But not just any loans. These loans are repaid through property tax assessments.

Improving energy performance can be expensive. Over time, lower utility bills will offset the cost, but people don't always stay in their homes long enough to make the investment pay. While everybody wants an energy-efficient home, nobody wants to pay full boat if they're not going to reap the full benefit.


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PACE programs enable cities and counties to provide loans to homeowners who want to go green and save green by making energy-conscious upgrades.

That's where PACE programs come in. If homeowners borrow from a bank to pay for energy upgrades, they're on the hook for the entire loan whether they move before the costs are amortized or not. On the other hand, PACE loans — because they're financed by property tax assessments — are repaid by whoever owns the property. If the property is sold before the loan is repaid, the new owner makes the remaining payments.

The terms are typically structured so that the incremental savings on utility bills are slightly greater than the incremental cost of the loan. In other words, you get what you pay for — and a little bit more — on a monthly basis. When the assessments end in 5 or 10 or 20 years depending on the cost of improvements, the savings are all gravy.

To fund the loans, cities and counties sell bonds to private investors. Some also tap reserve funds and/or obtain grants. One thing all PACE programs share in common: they're voluntary. Property owners are only assessed if/when they decide to obtain a loan.

Attaching the loan to the property is the secret sauce that sets PACE apart, but it's not the only benefit. PACE loans typically offer longer terms than bank loans, generate tax credits and do not rely on or impact a person's credit score because the debt is not on their personal plate. Plus the interest is tax deductible and the rates are relatively low, although administrative fees sometimes push rates above what a bank might charge.

In many cases, cities and counties are turning to PACE to help them meet goals to reduce greenhouse gas emissions, but there's plenty to like about PACE regardless of a person's environmental politics, says Kathy Hayes, executive vice president of the North Bay Association of REALTORS® in Sonoma County, Calif. "If you believe in [climate change], great. If you want to lower your energy bill, great," she says.

The association is a strong supporter of the Sonoma County Energy Independence Program, which turned to PACE to help it meet an ambitious goal of retrofitting 80 percent of the county's existing housing stock by 2015. Why support PACE? "REALTORS® need to reflect the values of the community that they live and work in," Hayes explains. "Environmental issues, energy conservation issues are things that are valued by our community."

PACE loans offer longer terms than bank loans, generate tax credits and do not rely on or impact a person's credit score.

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The strategy (PACE) has migrated to 17 states, where more than 200 cities and counties have either started programs or are considering it.

Skeptics wonder whether the assessment will be an anchor on the property if/when the owner goes to sell, but Hayes doesn't think so because the new owner will "not only get a better house, but the improvements will lower their monthly costs."

The first PACE program was launched in Berkeley, Calif., in 2007. Since then, the strategy has migrated to 17 states, where more than 200 cities and counties have either started programs or are considering it. In April, San Francisco became the largest city so far to launch a PACE program when it rolled out GreenFinanceSF.

The federal government has also jumped on board. The Recovery Through Retrofit plan provides block grants to support the development of PACE programs. "For a little idea in Berkeley, it's traveled a long ways," says Cisco DeVries, originator of the PACE concept.

In floor heating

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Today, DeVries is president of Renewable Funding, a private company that helps communities develop, finance and administer PACE programs. Back in 2007, he was chief of staff for Berkeley's mayor and was responsible for the city's greenhouse gas reduction program. The goal: slash emissions by 80 percent by 2050.

Electric power generation is the nation's biggest source of greenhouse gas emissions. While electricity-related industrial emissions have remained relatively stable since 1990, residential emissions have risen an average of 1.4 percent a year, according to the U.S. Energy Information Administration.

Given that stat, what better way to start reducing greenhouse gas emissions than reducing the power consumed by homes? "It's is not just low-hanging fruit," DeVries says. "It's the fruit that's fallen on the ground."

DeVries began to focus on helping Berkeley homeowners install solar energy systems. The stumbling block? The upfront cost. The problem hit home when he sought bids for a solar system for his own house and was stunned by the $30,000 price tag. "I wanted solar on my home, but frankly, I was uncomfortable writing a giant check," DeVries recalls.

The alternative, getting a loan from a bank, also wasn't very appealing because it takes many years before the savings from going solar offsets the cost — longer than people typically stay in any one home.

Then, while DeVries was working on a seemingly unrelated issue, a light bulb went on. A Berkeley neighborhood wanted to bury utility lines and was trying to form a local improvement district to pay for the project — a common approach to funding public improvements that relies on property tax assessments that become the new owner's obligation if the property is sold.

Wait a second, thought DeVries. If property tax assessments can be used to finance underground utilities, why can't they be used to finance solar energy systems? "I was pretty sure somebody would have thought of it before, but they hadn't," he recalls.

If property tax assessments can be used to finance underground utilities, why can't they be used to finance solar energy systems?

That epiphany led to the creation of BerkeleyFIRST (Financing Initiative for Renewable and Solar Technology). Launched in 2008, BerkeleyFIRST has made 38 loans totaling $1 million to help city residents solarize their homes, blazing a trail for other cities and counties that want to establish PACE programs of their own.

BerkeleyFIRST focuses on solar energy systems, but other PACE programs fund a wide range of energy upgrades such as insulation, storm doors and new furnaces. Some even include water conservation measures. In any case, they must be permanent improvements to the home. Appliances, for example, are not eligible.

A number of programs require energy audits to determine which upgrades are eligible for a loan. Maximum loan amounts vary. Some are based on a percentage of a home's value and some are capped at a fixed amount.

"There's no one PACE model that says you have to follow this protocol," says Ben Taube, executive director of the Southeast Energy Alliance. "The market hasn't had enough time to establish a template for this. We are creating it as we go."

ClimateSmart in Boulder County lists 40 eligible upgrades ranging from tubular skylights to reflective roofs to radiant heating — each with a minimum efficiency standard and a requirement that they have a useful life of 15 years. "That assures us that people will get a good bang for the buck in terms of payback on these things," says Susie Strife, sustainability education specialist with the county. Launched in 2009, ClimateSmart has made more than 600 loans.

In most cases, states must pass enabling legislation before PACE programs can get off the ground. That's because existing statutes don't provide for cities and counties to collect a property tax assessment to pay for energy upgrades.

The main opposition to PACE programs comes from mortgage lenders. Existing statutes typically treat property tax assessments as senior to a home's mortgage debt. Whether the same holds true for PACE assessments depends on each state's enabling legislation. Mortgage lenders worry that if PACE assessments are considered senior to mortgage debt, they'll take a bigger hit in the event of a foreclosure.

PACE programs fund a wide range of energy upgrades such as insulation, storm doors and new furnaces.

While not absolutely fatal, losing seniority diminishes the appeal of PACE bonds to investors. “We’re having good, but sometimes difficult, conversations with mortgage lenders,” DeVries says. His argument: only the amount that is in arrears — typically a year’s worth of assessments — is paid ahead of the mortgage when a home is foreclosed on, not the entire balance. Plus, PACE actually lessens a lender’s risk because it raises the value of the home and puts a few extra bucks in the pockets of homeowners teetering on the financial brink, he says.

Another question is whether property owners who are underwater on their mortgages should qualify for PACE loans. The feds have published guidelines for PACE based on best practices. Cities and counties that accept federal funds to support PACE programs must follow them. One of the guidelines states property owners must have equity rather than simply be current with their property taxes and their mortgage payments.

In today’s environment, that will exclude an awful lot of homeowners, Hayes says. “We need to make the program as flexible as possible so as many homeowners as possible can take advantage of it,” she says.

DeVries suspects the “equity test” may disappear once PACE establishes enough of a track record to show that equity is not a factor in predicting whether a borrower has trouble paying the assessments. “This is a strange situation and time in the housing market and [PACE] is just getting started,” he says. “The idea is to be a little conservative and see over time what’s needed.”

Some local governments don’t have to worry about how to fund PACE programs because they have the wherewithal to make the loans directly. That’s how the Long Island Green Homes Program in Babylon, N.Y., works. The town put energy waste in the same basket as solid waste so that it could fund loans through its solid waste reserve account.

Since the Babylon, N.Y., program began in 2008, more than 250 homeowners have upgraded their homes with PACE loans.

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Since the program began in 2008, more than 250 homeowners have upgraded their homes with PACE loans and another 140-plus are in the process of doing so, says Sammy Chu, program director. Saving money and reducing emissions is not their only reward. “People who’ve been in the program speak to how much more comfortable their home is,” Chu says. “They don’t have to wear wool socks to watch TV in their den anymore.” ●

Brad Broberg is a Seattle-based freelance writer specializing in business and development issues. His work appears regularly in the *Puget Sound Business Journal* and the *Seattle Daily Journal of Commerce.*

REALTORS® Take Action

Making Smart Growth Happen

Charrettes Are Important for Proper Planning

The timing of a $5,000 grant from the NATIONAL ASSOCIATION OF REALTORS® couldn't have been any better for the city of Riverton.

The year was 2008. Local REALTOR® Steven Beazley recalls that the city was considering some zoning changes in Riverton, Wyo. The changes had been published and were slated for discussion at City Hall.

Beazley, who was active in the Fremont County Board of REALTORS® at the time, remembers thinking that the proposal, although voluminous, was lacking. "I remember thinking that it hadn't had much forethought or insight," he said.

With the city council poised to consider the proposed changes, the Fremont County Board of REALTORS® made a presentation on smart growth to city officials and local planners that included an irresistible offer: The Fremont REALTORS® put up a $5,000 Smart Growth Action Grant it had received from the NATIONAL ASSOCIATION OF REALTORS® to help fund a forum for discussion. The goal was for the city to get input from the people who lived there and, ultimately, to develop a growth management plan.

The forum, called a charrette, is used by the architectural community to bring together design experts, community planning professionals and the community at large to design projects.

The city of Riverton lies in Fremont County, east of the Wind River Mountains and Jackson Hole. There are 22,500 acres in the county, but the city is just 6,250 acres. The current county population is roughly 36,000. It is expected to grow by 2,200 in five years.

Bill Urbigkit, director of public services for the city of Riverton, knows that the master plan that was ultimately unanimously adopted in 2009 wouldn't have had as much community input or support had the Fremont County Board of REALTORS® not sponsored the charrette.

While zoning and planning discussions in Riverton, as in other areas, do draw somewhat of a crowd, he said, those who attend the meetings usually are reacting to an issue or lodging a complaint. The charrette, by contrast, draws a larger crowd of people — and not just the usual suspects — who are being proactive.

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“What it did for us is that it brought in a real wide variety of people who are not the type to normally show up to a city council or planning meeting,” Urbigkit said. “It gave us real good representation from senior citizens, retired lawyers and dentists, and people who have contributed a lot to the community over the years who were able to give us feedback. It’s very rewarding from that standpoint.”

The money was used to help sponsor the two-day event as well as to feed the citizens who showed up. There was a dynamic flow of people in and out of City Hall throughout the event. According to Urbigkit, “We discovered that if you want people to show up, it really helps if you feed them.”

After discussing the growth management plan for 10 months, the city unanimously approved the plan in 2009. Beazley, who now serves as president of the Wyoming Association of REALTORS®, points out that the plan that was ultimately adopted by the city is a more coordinated approach than the proposed changes to the codes that were in the first proposal unveiled by the city. The reason? Beazley credits the charrette with bringing people with fresh ideas to the table.

Urbigkit said a mixed use development, the Wicklow Senior Citizens Apartments, wouldn’t have been possible had the city not adopted the growth management plan. The development will have 48 apartments tailor-made for senior citizens and next to the development are two lots where professional office buildings will be erected, most likely for doctors offices. The development is near a high school and the Riverton Hospital. Without the growth management plan, Urbigkit said, the senior apartments wouldn’t have been authorized and the land would have been zoned commercial only.

“That exercise gave the planning commission and the city council and everyone else a vision,” he said. “It gave them a target to direct their attention.”

Beazley said the Wyoming Association of REALTORS® plans on applying to the NATIONAL ASSOCIATION OF REALTORS® for funds that will enable it to sponsor charrettes in other Wyoming cities, such as Evanston. ●

REALTORS® Take Action

Making Smart Growth Happen

Disparate Groups Come Together for a Smart Growth Alliance

For some, Reading, Pennsylvania conjures up images of the iconic American game, Monopoly, and its four railroads.

Area REALTORS®, though, are working hard to cement Reading, in Berks County, Pa., as a leader in the smart growth movement. The Reading-Berks Association of REALTORS® (R-BAR) has received three Smart Growth Action Grants from the NATIONAL ASSOCIATION OF REALTORS® (NAR) and is helping lead the effort to promote well-designed communities in Eastern Pennsylvania.

R-BAR Director of Government Affairs Chuck Liedike said his members are on board with smart growth principles. "We know it provides for intelligent opportunities and a strong economic future," he said. But, with a down economy, his members were concerned that developers would revert to planning and construction that would encourage sprawl.

That's why the association continues to promote smart growth through educational conferences.

R-BAR used its most recent grant to host a smart growth educational seminar and walking tour that was attended by about 100 people, including elected officials, developers and REALTORS®. The walking tour featured the Wyomissing Square redevelopment, spearheaded by Brickstone Realty Company.

The building was once owned by the Mitten Manufacturing Company and evolved into the silk mill company that emerged as Vanity Fair, now known as VF. Brickstone redeveloped 330,000 square feet on the 13-acre site into a mixed-use condominium that boasts luxury apartments, a 14,000 square foot restaurant and a 135-room Marriott hotel and lounge.

Brickstone Realty Company President John Connors said Wyomissing Square is the first project in the borough to receive a redevelopment zoning overlay. The designation allowed the developers of the site — initially zoned commercial industrial — to have multifamily and residential spaces. It also allowed greater density and flexibility for parking.

Connors said Wyomissing Square has a flow of people in and out of the development with different parking needs. People staying at the hotel need parking dur-

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ing the night while they sleep. People who shop at the retail stores in Wyomissing Square need parking through the day and don't utilize the spaces at night when the hotel needs them.

Connors credits the success of the project to a coordinated effort between the REALTORS® and the local economic development association, as well as Wyomissing Borough Councilman Fred Levering. It also was wise for the interested parties to band together and operate under the umbrella group, Berks County Smart Growth Alliance, he said.

The alliance includes a disparate group of players — from homebuilders to the Berks County Agricultural Land Preservation, whose mission is to permanently preserve agricultural conservation easements in the eastern Pennsylvania county. Agriculture is still a thriving business in Berks County, which ranks third among all Pennsylvania counties in cash receipts from agriculture, totaling $73.9 million annually.

"It was a very forward-looking approach," Connors said of the umbrella group working together. "You get a lot more done that way than everyone going on their own."

R-BAR's Liedike maintains that the Wyomissing Square experience can be emulated in other nearby boroughs and that the REALTORS® play a key role in making that happen.

"We're using it as more of an education piece for future smart growth planning. We are selling it to the individuals who want to know how to do it," said Liedike. "All three [NAR] grants have been used to educate elected officials and developers on how to create smart growth projects."

Levering, a past president of the association, said the REALTORS® are much more engaged in growth management issues than in the past. "There's no doubt about it," said Levering. "They have come to grips with the fact we need to be involved." ●

REALTORS® & Smart Growth

on common ground

NATIONAL ASSOCIATION OF REALTORS®

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