



November 4, 2009

Honorable Mayor and City Council
Planning & Zoning Commission
City of Plano
PO Box 860358
Plano, TX 75086-0358

RE: Retreat on November 18, 2009

Dear Mayor Dyer, Council Members and Commissioners:

In preparation for our seventh annual retreat, please find a workbook, maps, and articles attached. The retreat will be held on **Wednesday, November 18, 2009, at Plano Station (1012 E. 16th Street, facing the Downtown Plano rail station). In a change from previous retreats, we will start with breakfast at 7:30 a.m.** The retreat should end around 11:30 a.m.

We have scheduled only two agenda items for the retreat to give you ample time to consider and discuss the topics. First, a panel of local real estate experts will share their perspectives on suburban development trends. The panel includes:

Robert Pope - *RWP Associates*

Jud Pankey - *Prescott Realty Group*

Dan Allgeier - *NuRock Development & Executive Director of Plano Housing Corporation*

Paris Rutherford - *Catalyst Urban Development*

William Gietema - *Arcadia Realty*

The second agenda item will give you a hands-on opportunity to explore how specific tracts of land in Plano could be developed or redeveloped in the future.

I look forward to working with you as we explore these important issues. Please do not hesitate to contact me if you have any questions or need more information.

Sincerely,

for Phyllis M. Jarrell
Director of Planning

xc: Thomas H. Muehlenbeck, City Manager
Frank F. Turner, Deputy City Manager

Phil Dyer
Mayor

Harry LaRosiliere
Mayor Pro Tem

Lee Dunlap
Deputy Mayor Pro Tem

Pat Miner
Place 1

Ben Harris
Place 2

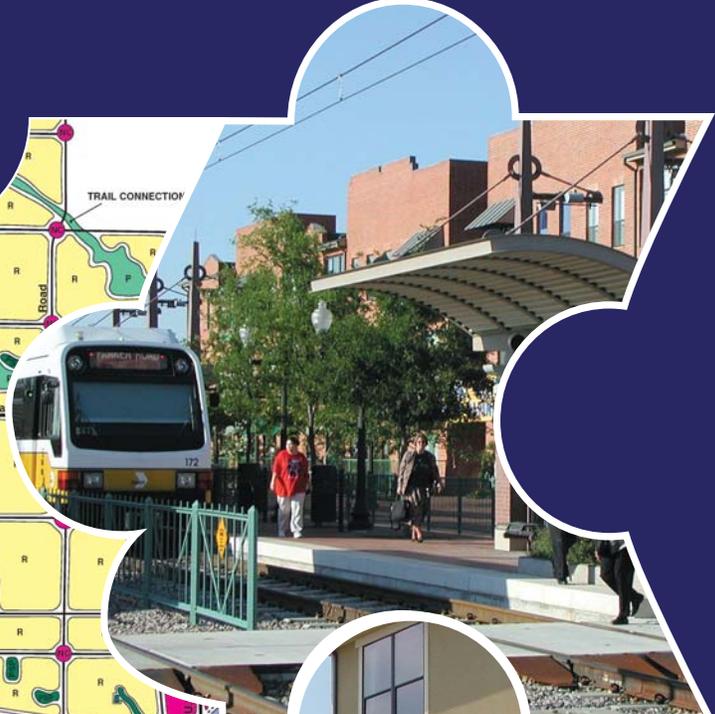
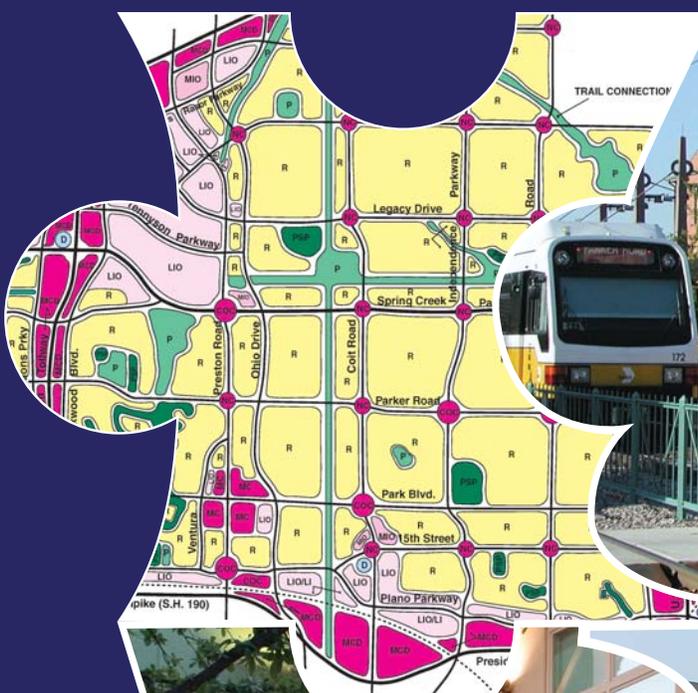
Mabrie Jackson
Place 3

Lissa Smith
Place 4

Jean Callison
Place 7

Thomas H. Muehlenbeck
City Manager

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2009
City of
Plano

Putting It Together for Today and Beyond

City Council/Planning & Zoning Commission Retreat

2009



AGENDA

November 18, 2009
Plano Station

7:30 A.M. – Breakfast

8:00 A.M. – Panel Discussion on
Suburban Development Trends

9:45 A.M. – Break

10:00 A.M. – Group Activity and
Discussion of Challenges Involved with
Infill Development and Redevelopment

11:30 A.M. – Adjourn

(Times are approximate.)



THE NEXT WAVE Of Development

Plano has gone through several phases of real estate development since the 1960s in response to local and national trends and in tandem with economic cycles. From a bedroom community offering less expensive housing in the 1960s to today's urbanizing landscape, Plano reflects the trajectory of modern suburban development in the United States. The latest economic downturn has deeply affected developers, homebuilders, and small businesses resulting in fewer projects and building permits in the city. However, the city has a number of attributes, from its close-in location to its prominence as a major employment center which continue to make it attractive to developers.

Development will return, but in what form? How can the city prepare for the changing formats of retail, housing, and mixed-use projects? What effects will the city's changing demographics have on development? When are public incentives appropriate? Are the city's ordinances and policies sufficient to address newer forms of development? At the seventh annual City Council/ Planning & Zoning Commission retreat, we will examine these and other issues that can help the city prepare for the next wave of development. A panel of real estate and development professionals will respond to these questions and others during a wide-ranging discussion. The attendees will also get an opportunity to explore the development/redevelopment prospects for particular tracts of land in the city.

"Retrofitting Suburbia" is a popular notion today, reflected in books and articles in major magazines. Despite the revitalization of many central cities, suburbs remain the preferred locations for many residents and businesses. Plano, like other first-tier suburbs in the Metroplex, will continue to attract new residents and businesses, but it is likely that new housing and commercial developments will be different in design and density than in the past. Redevelopment projects and reuse of vacant buildings will increasingly become the predominant development activity in the city. This will present challenges on a number of fronts, from blending new development with existing neighborhoods to amending ordinances to address new forms of development.



2009



Issues For Consideration

- Approximately 20% of Plano's land area remains for development, in addition to redevelopment prospects. Future development decisions for these areas must balance economic development and housing needs.
- Plano's inventory of over 17 million square feet of retail space will decrease as market share continues to erode and retailers close stores. Alternative uses for these properties will need to be identified.
- The D/FW population is projected to increase to nine million people by 2030. Plano will receive some of this population growth and will likely exceed current forecasts of an ultimate population of 275,000.
- As a major employment center, Plano has workers in all income ranges. Providing additional workforce housing and maintaining the existing affordable housing stock will be important not only for neighborhood stability but to continue to attract employers.
- Certain properties in the city will be attractive for higher density mixed-use development, but this style of development is not appropriate for all infill locations. Mixed-use development presents challenges for developers as well, in obtaining financing and finding partners who have a track record with this specialized urban form.
- Plano's changing demographics, including fewer households with children and more senior citizens, will continue to affect the demand for different housing types.
- As recommended in our recent Zoning Ordinance assessment, the city's zoning and other development ordinances should be retooled to address redevelopment and infill development. Existing standards such as parking requirements, minimum setbacks, and landscaping requirements can deter reuse of properties.



POTENTIAL FUTURE DEVELOPMENT Types In Plano

TYPE	APPLICATION	CHALLENGES
Accessory Dwelling Units	Converted garages, separate units on lot or in large houses	Concerns about rental units, parking, view of structure from adjacent properties
Apartment Redevelopment	Demolition of aging apartments and reconstruction	Increased densities, infrastructure capacity, neighborhood concerns, loss of affordable housing
Big Box Reuse	Conversion of vacant big boxes to alternative uses	Building code issues with subdivision of space, lack of viable uses, neighborhood concerns, potential loss of tax revenues
Redevelopment of typical Four-Corner Retail Shopping Center	Conversion of existing space or complete redevelopment, addition of multifamily units	Land assembly, lack of viable uses, neighborhood concerns, multiple owners and unmotivated owners, use restrictions imposed by existing or past tenants/owners, need to reduce retail square footage, potential loss of tax revenues
Development of Vacant Commercial Properties for Residential Uses	Developing single-family or multifamily uses on vacant retail corners or other commercially zoned properties	Partially developed properties, infrastructure capacity, residential uses in major corridors, connection to surrounding neighborhoods, grade differences, neighborhood concerns, decreased tax revenues, increased costs of service provision
Small, neighborhood-based housing for the Frail Elderly ("Green House")	Housing for 10-12 elderly persons in single-family settings	Neighborhood concerns, parking



2009

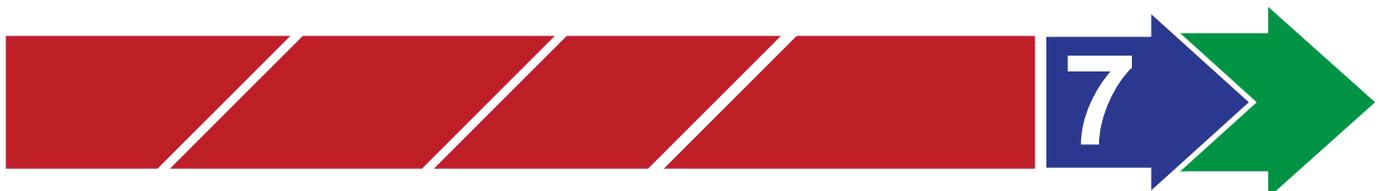


TYPE	APPLICATION	CHALLENGES
Redevelopment of Corner Gas Stations	Demolition and redevelopment of corner gas station (or bank) properties	Small size, lack of cross access, inability to meet current landscaping, lot coverage, setback and driveway requirements, need for right-of-way intersection improvements
Alternative Uses for Large Houses	Conversion of large houses to other uses, commercial	Potential intrusion of commercial uses into residential areas, multiple households in one structure, neighborhood concerns, parking, decreased property values and tax revenues
Mall Redevelopment	Conversion of mall space, complete redevelopment of site, addition of an outdoor component, creation of a town center, addition of commercial or residential uses	Land assembly, multiple owners, restrictions on uses placed by current or past tenants, infrastructure capacity, need to reduce retail square footage, public participation, neighborhood concerns
Transit Oriented Development	Development near DART rail stations	DART parking needs, land assembly, multiple owners, infrastructure capacity, historic district, public participation, neighborhood concerns
Mixed-use Town Centers	Mix of retail, office, entertainment, and residential uses	Appropriate location, infrastructure capacity, appropriateness of individual uses in location, connection with surrounding uses and neighborhoods, public participation



POTENTIAL FUTURE DEVELOPMENT Types In Plano

TYPE	APPLICATION	CHALLENGES
“Teardowns”	Demolition of existing houses to build larger ones	Size and scale, historic district, setbacks and height, neighborhood concerns
Mid-rise Residential Buildings	Condominiums/apartments in mixed-use developments	Neighborhood concerns, appropriate location for use, connection with surrounding uses and neighborhoods
Car-sharing Stations	Rental cars parked at strategic locations for use by subscribers, persons who may rent a large vehicle for longer trips	Appropriate locations, rail station parking
Community Gardens	Public garden plots for urban agriculture on vacant lots, park land, excess right-of-way	Zoning regulations, neighborhood concerns, equitable distribution of land
More Parking Garages	Hospitals, mixed-use development, mall redevelopment	Aesthetics, landscaping, increased density, neighborhood concerns
Solar Panels	Mounted on residential and commercial roofs, carports, stand-alone “solar farms”	Zoning regulations, neighborhood concerns, building code issues
Alternative Fuel Stations	Hydrogen and natural gas fuel pumps, plug-in stations for hybrid/electric vehicles	Zoning regulations, parking requirements, electrical and fire code issues
Business Centers	Offer conference rooms, printing and copying, and other services for small and home-based businesses	Zoning regulations if in residential areas
Affordable Senior Housing	Senior living facilities for low and moderate income seniors	Neighborhood concerns, surrounding uses, access to transit and other services
Home-based Business Subdivision	Single-family subdivision designed specifically for persons with home businesses	Additional parking needs, neighborhood concerns
Wind Turbines	Residential, institutional and commercial applications	Zoning regulations, neighborhood concerns, noise issues, wildlife safety



2009



RESOURCES

Websites

The Urban Land Institute
www.uli.org

International Council of Shopping Centers
www.iscs.org

Congress for the New Urbanism
www.cnu.org

American Planning Association
www.apa.org

National Association of Industrial and Office Properties
www.naiop.org

Cencor Realty Shopping Center Survey and Forecast
www.cencorrealty.com

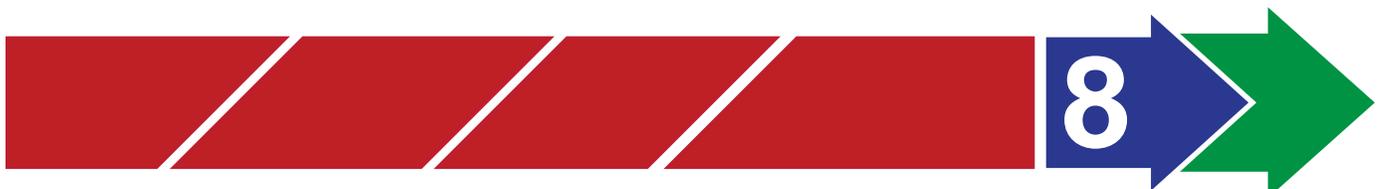
Plano Economic Development Board
www.planotexas.org

The Brookings Institution Metropolitan Policy Program
<http://www.brookings.edu/metro.aspx>

Books

Dunham-Jones, Ellen, and June Williamson. Retrofitting Suburbia: Urban Design Solutions for Redesigning Suburbs. Hoboken: Wiley, 2008. Print.

Christensen, Julia. Big Box Reuse. Cambridge: The MIT Press, 2008. Print.



2008 American Community Survey Results for Plano, TX

October 8, 2009

City of Plano Planning
Department

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EXECUTIVE SUMMARY

The American Community Survey (ACS) is a product of the U.S. Census Bureau. It replaced the long form census questionnaire in 2001 and provides updated detailed demographic information on an annual basis. The purpose of the report is to provide a demographic profile of Plano residents using data from the 2008 ACS.

The size of the annual survey data is three million households across the nation. This is less than one-sixth of the sample size of households included in the long form questionnaire for the decennial census. Consistency of results has been an issue with the analysis of ACS data; the smaller the community population and sub-group population, the greater the variance in the data from year to year. This issue must be kept in mind when reviewing ACS data results for Plano as there have been inconsistencies with demographic data since information was first released by the U.S. Census Bureau in 2005. The ACS information at best is a general description of where the city stands in 2008. Better data for total population and housing statistics will be provided through the 2010 Census.

The ACS data states Plano's population has been declining each year since 2006. However, this trend is not supported by Plano's building permit and utility connection data or the annual estimates produced by the U.S. Census Bureau. A red flag of the ACS estimate of population decline for 2008 was the loss of over 1600 single-family detached homes from 2007 of which there is no city data to support the statistic.

Plano's population is continuing to age and grow in diversity. Over 25% of the population was born in another country and many people speak a language other than English at home. Half of the residents doing so (15.5% of the total population) have difficulty speaking English well.

Plano is experiencing growth in nonfamily households. Single person households are growing along with the number of people never married. One of the fastest growing segments of single person households are people age 65 years and older living by themselves. Married couples are holding their own with over 60% of Plano's adult population. Yet the number and percentage of households with married couples and children is decreasing. Single parent households are growing rapidly as well.

Plano's population is well educated with most people employed in management, professional and technical occupations. Plano is a prosperous city with almost half of all households earning annual incomes exceeding \$100,000. However, the good news is tempered with concern as growth is occurring in the number of households in the lowest ranges of the income distribution. This growth is fueled by an increase of Plano residents employed with jobs in the service, construction, production, and maintenance occupations along with the increasing number of people living in poverty.

More people have jobs located within Plano. The commute time of city residents has decreased from 27.5 minutes to 26.3 minutes. The presence of the Dallas Area Rapid Transit (DART) light rail system has had an impact on those using transit to go to work. The number of transit commuters has doubled from 2000 to 2008. However, the percentage of people driving alone in a vehicle has increased slightly to 84.2% in 2008 from 83.1% in 2000.

2008 American Community Survey Plano Results

GENERAL DEMOGRAPHICS

Total Population

Plano’s population grew by 16.8% from 222,030 people in 2000 to 259,305 in 2008. This increase is still quite strong among cities over 250,000 in population as Plano’s growth ranked 9th among the 75 cities in the nation within this category. However, the city’s population growth is slowing down as most of the land available for residential development has been improved.

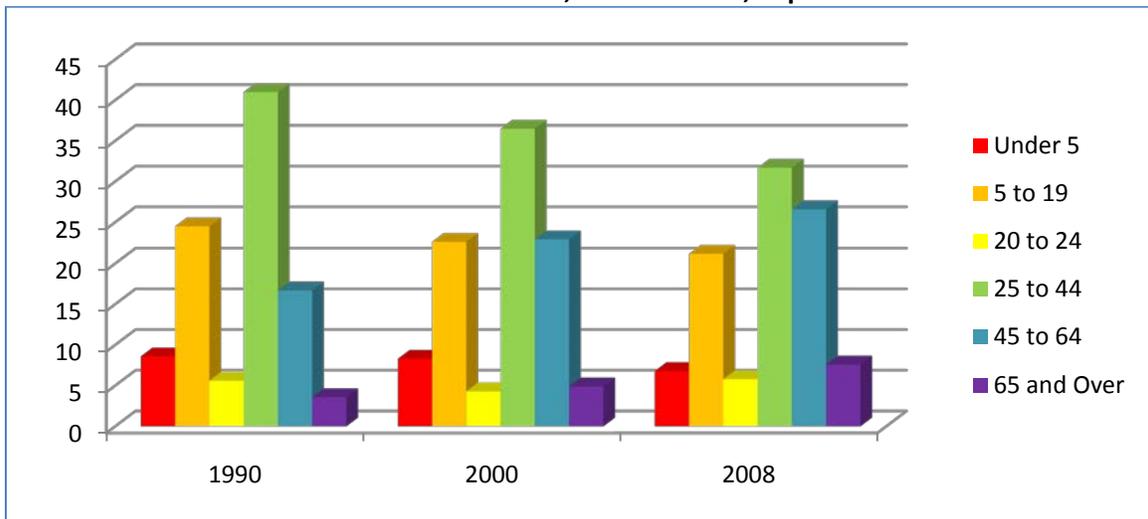
As previously mentioned, total population is one of several demographic trends which raise the issue of ACS data consistency for Plano. The ACS population estimates for the city have shown a large gain from 2005 to 2006 then a period of population decline in 2007 and 2008. Review of building permit data and customer utility service connections show the ACS estimated large gains and losses from 2005 through 2008 were not possible. Instead, city data indicate modest growth during the three year period.

Gender

There is not much difference between the percentages of males and females in Plano from 2000 to 2008. There were slightly more females than males in both years with males claiming a small majority in 2006 and 2007. There were 129,432 males (49.9%) and 129,873 females (50.1%) in 2008 as compared with 110,619 males (49.8%) and 111, 411 females (50.2%) in 2000.

Age Distribution

**Chart 1 - Age Distribution
1990 and 2000 Censuses, and 2008 ACS, in percent**



Source: U.S. Census Bureau

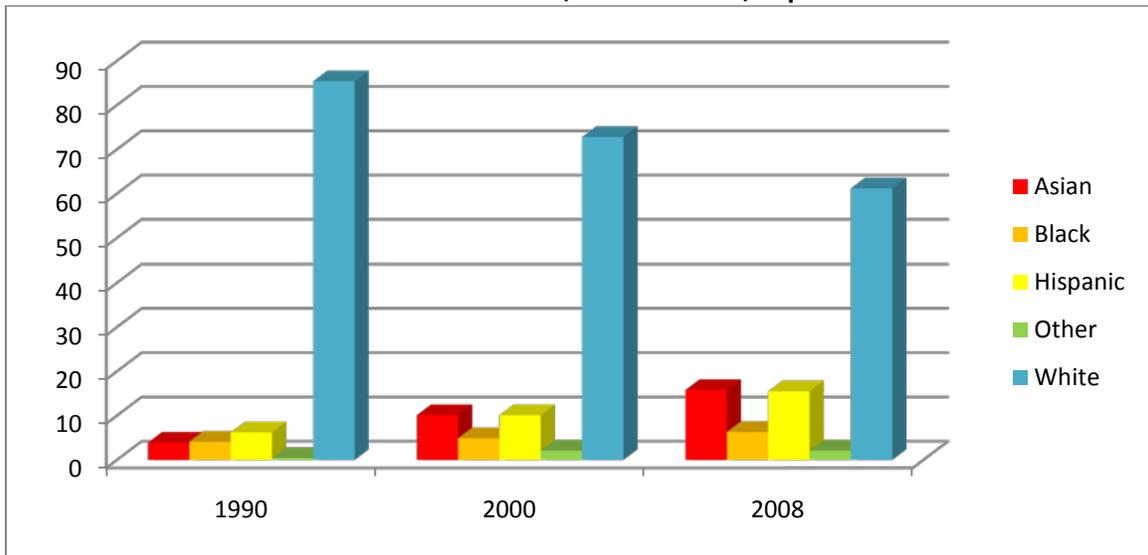
Chart 1 displays the changes in the age distribution of Plano’s population over the past 18 years. In 1990, Plano was a city primarily composed of young adults and children. By 2008, the percentage of people in these two categories declined while the number and percentage of

median aged adults and seniors increased. In fact, the gap in percentage of people age 25 to 44 years and 45 to 64 years closed by 20 percentage points from 1990 to 2008. The growth in the 45 to 64 age cohort and the age 65 years and over cohort indicates many people in the city are aging in place. They are staying in their homes after their children have established their own households.

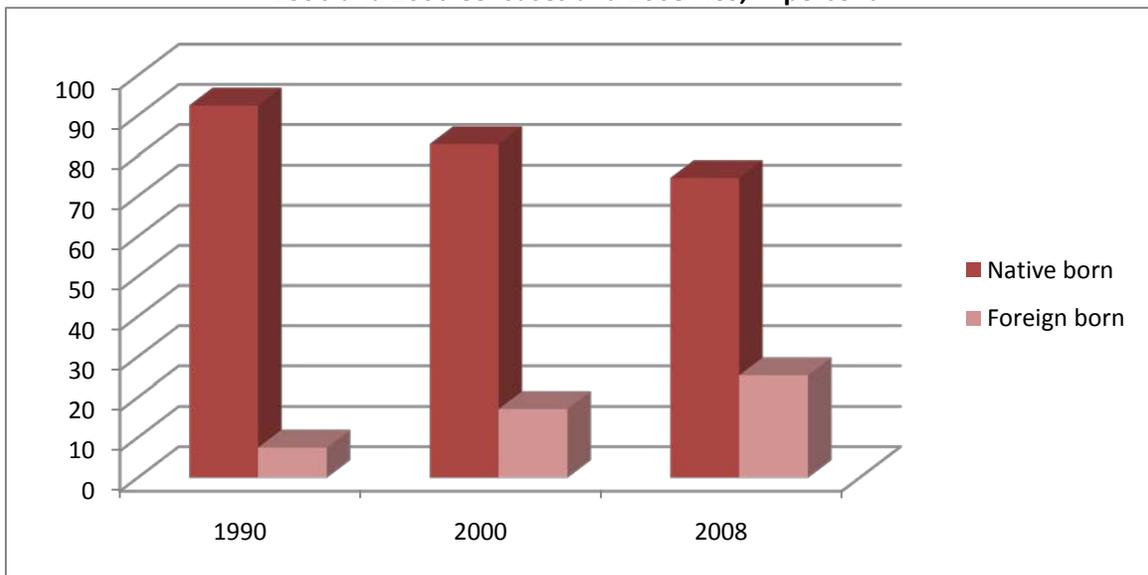
Another statistic indicating the aging of Plano’s residents is median age. In 1990, half of all Plano residents were over or under age 31 years. By 2008, the median age of Plano residents had increased to 35.6 years.

Race and Ethnicity

**Chart 2 – Race and Ethnicity Distribution
1990 and 2000 Censuses, and 2008 ACS, in percent**



**Chart 3 – Foreign Born Population
1990 and 2000 Censuses and 2008 ACS, in percent**



Source for Charts 2 and 3: U.S. Census Bureau

American Demographics magazine and the Brookings Institution reported on an interesting demographic trend occurring in the United States from the 1990 to 2000. Immigrants were arriving from all over the world in cities historically not known as gateways into America. Places such as Atlanta, Dallas, Las Vegas, Phoenix, and Washington, DC witnessed tremendous growth in foreign populations. When immigrants arrived in these cities, they did not settle in the urban core, they moved directly to the suburbs where economic and educational opportunities were available. The trend continues today. Another important factor about the immigrant population: many of the people are of a different ethnicity and race than the native born population.

The change in diversity in Plano's residents demonstrates this national trend quite well. The city's foreign born population increased from 7.5% in 1990 and 17.1% in 2000 to 25.4% in 2008 (Chart 3). This figure is almost twice that of the nation (12.5%) and higher than the state of Texas (16.0%). There has been growth in all ethnicities and racial groups since the 1990 Census. However, some groups have grown much faster than others thus increasing the share in the distribution of different ethnicities and racial groups within the city's population. The African American, Asian, and Hispanic populations grew by 211.1%, 721.3%, and 400.1% respectively since the 1990 Census as compared with 44.3% for the white population. Despite the tremendous growth in numbers for the African American population, the share of their distribution in Plano's population has remained stable at 6.3%, while Asians now comprise 15.8% and Hispanics 15.5% of the city's population. The share of the Non-Hispanic white population has decreased from 85.4% in 1990 to 61.2% in 2008. In fact, the American Community Survey (ACS) reports the actual number of whites has decreased in Plano by over 2,800 people since the 2000 Census.

SOCIAL CHARACTERISTICS

Household Composition

Changes in household composition, marital status and language spoken at home continued from the 2000 Census through the 2008 ACS results while educational attainment and mobility has remained stable. The number of people never married in Plano increased by 51.5% from 2000 to 2008 along with a 30.2% growth in the number of people who were divorced. Modest growth continues among the married population of Plano at 9.2%. Married adults are the largest segment of the city's population at 60% while single, never married adults have increased to 27%.

Marital Status

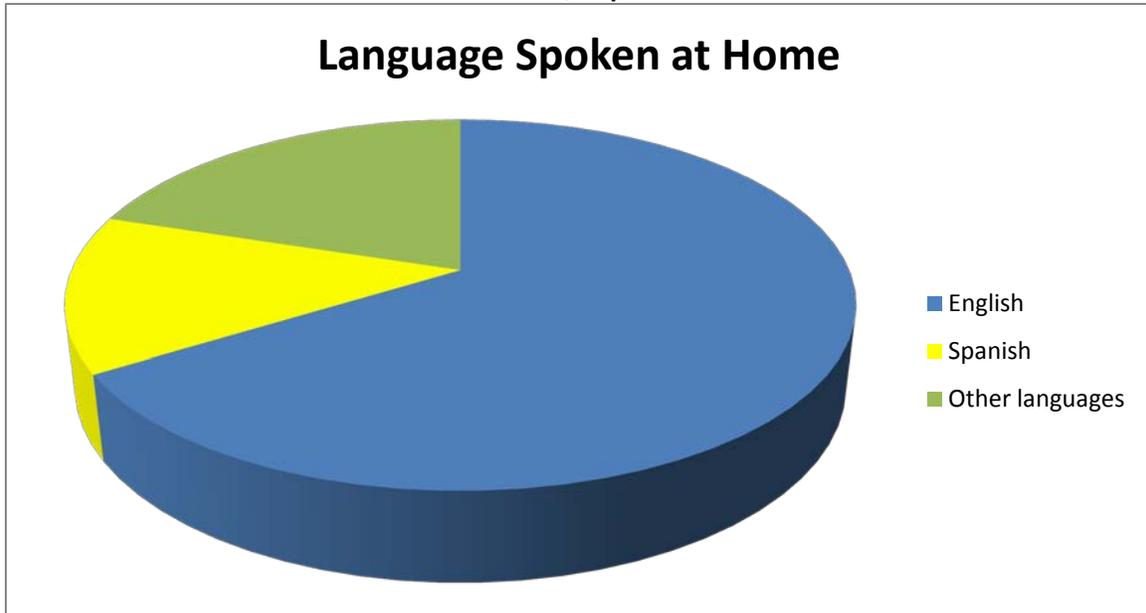
These figures are represented in household composition. The greatest growth from 2000 to 2008 included single person households of people over age 65 (43.6%), single parent households (42.1%), single person households (41.1%), and non-family households at 35.9%. Households with children grew modestly by 5% while married couple households with children declined by 1.6%. These households now comprise 29.8% of all households in Plano.

Language Spoken at Home

Chart 4 shows the distribution of languages spoken at home. Non English speaking households have increased from 22.1% in 2000 to 33.8% in 2008. A total of 15.5% of all Plano residents cannot speak English very well. The Spanish language is still the second most common spoken in Plano and the fastest growing segment of non English speakers. However, the number of people

speaking other languages around the world in the city is growing much larger in number than Spanish speakers (see Chart 4).

**Chart 4 – Language Spoken at Home
2008 ACS, in percent**



Source: US Census Bureau

Educational Attainment

Education attainment figures show Plano’s adult population is well educated. Over 54% of people age 25 years and older have a bachelor’s degree or higher. This figure is much higher than the nation (27.7%) and the state of Texas (25.3%).

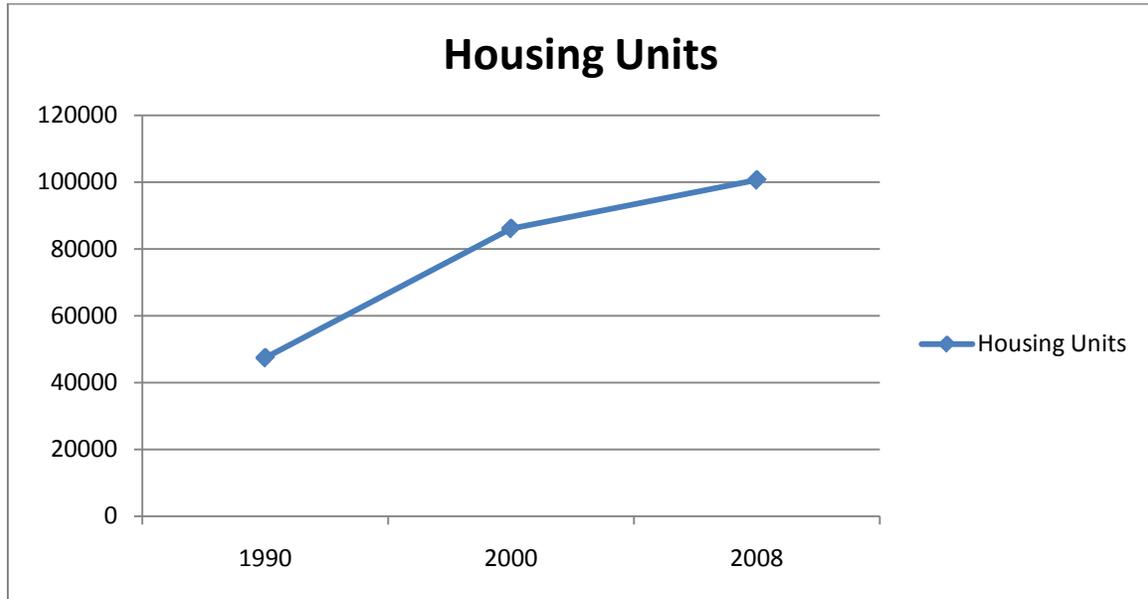
Mobility

Data inconsistencies due to length of time of residence (five years for decennial census and one year for the survey) make it impossible to compare mobility trends between the 2000 Census and the 2008 American Community Survey (ACS). However, Plano does have three years worth of ACS data from 2005 to determine trends. The data indicate city residents have been staying in place over the past three years. The percentage of people living in the same house for one year has been stable at around 84 to 85% since the 2005 ACS. Most moves taking place are from another house within Collin County to Plano or from another place within the state to Plano.

HOUSING

Housing Units

**Chart 5 – Housing Unit Growth
1990 and 2000 Censuses and 2008 ACS, in actual numbers**



Source: U.S. Census Bureau

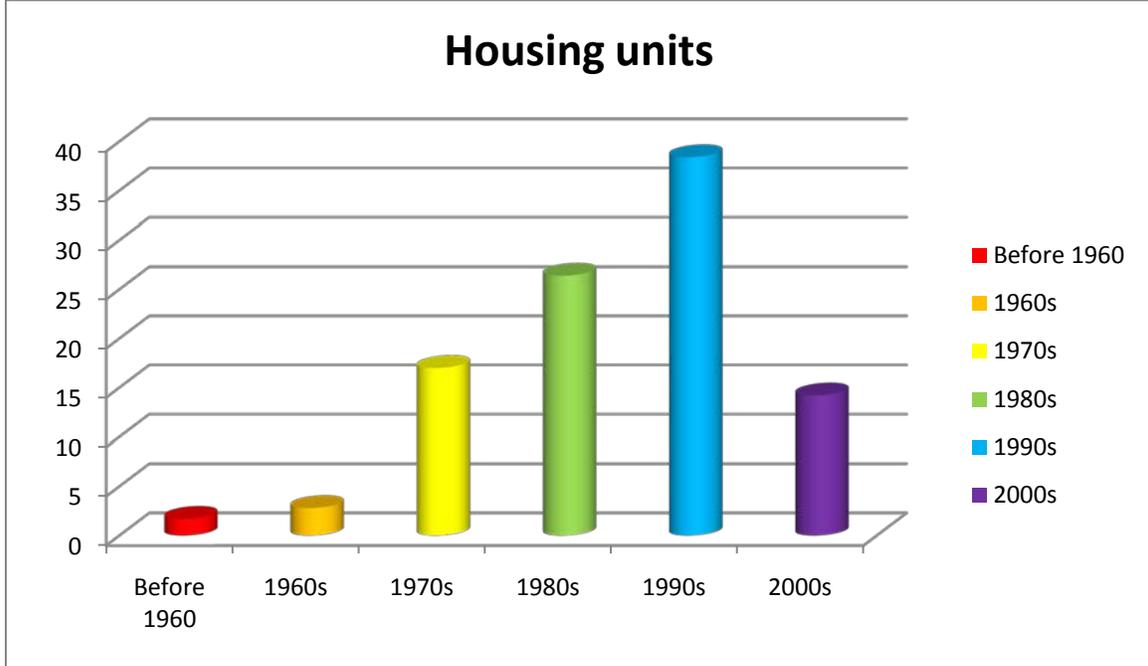
The number of new housing units continues to increase in Plano, though the growth slowed between 2000 and 2008. The 1990s was the last big decade of growth for the city as the number of housing units increased by 81.8% as compared with 16.9% growth from 2000 to 2008. Development of new housing units slowed down during the first decade of the 2000s due to two economic downturns and the diminishing supply of undeveloped land zoned for residential uses.

Age of Housing

Chart 6 displays the age of housing in Plano. The city was incorporated in 1873 and did not have many homes until suburban development began during the 1960s. Plano's residential development really took off during the 1970s and 1980s when 43% of all housing units were constructed. As stated above, the 1990s saw the largest addition to the Plano's housing stock with 38.4% of all homes in the city were built during the decade. The first decade of the 2000s has seen home construction slow down to rates comparable to the 1970s at 14%.

As we approach 2010, Plano is in fairly good shape with over half of housing less than 20 years old. However, the other half is beginning to show signs of aging as the oldest units are nearing 35 to 40 years since construction. The big key for the future in Plano will be property maintenance. As more people age in place, they will be challenged with maintaining the structural integrity of their housing unit and exterior landscaping as their physical acuity and financial resources decrease. Another challenge may come if people in the 2020s and 2030s desire to live in Plano and want a home with current amenities meeting their needs.

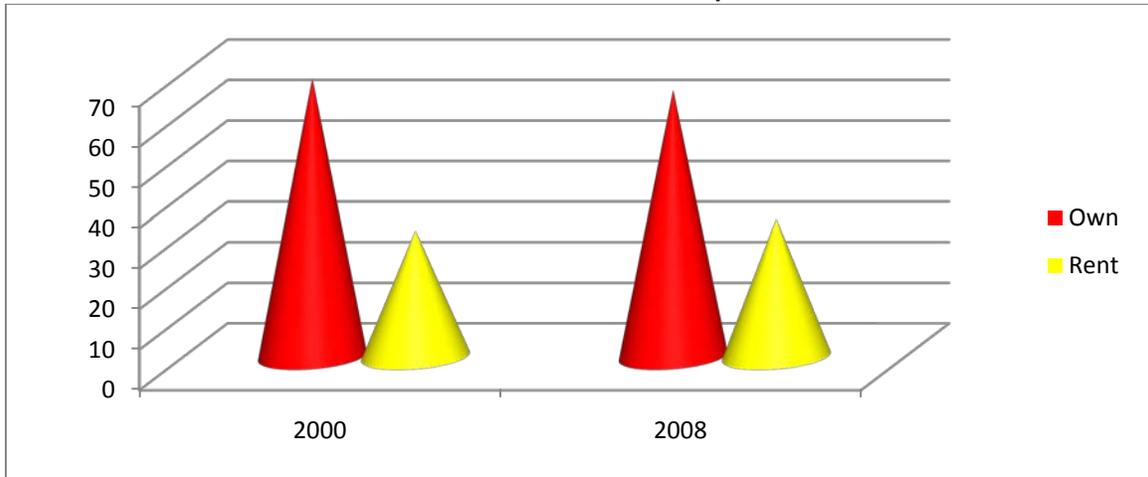
**Chart 6 - Age of Housing Units
2008 ACS, in percent**



Source: U.S. Census Bureau

Housing Tenure

**Chart 7 – Household Tenure
2000 Census and 2008 ACS, in percent**

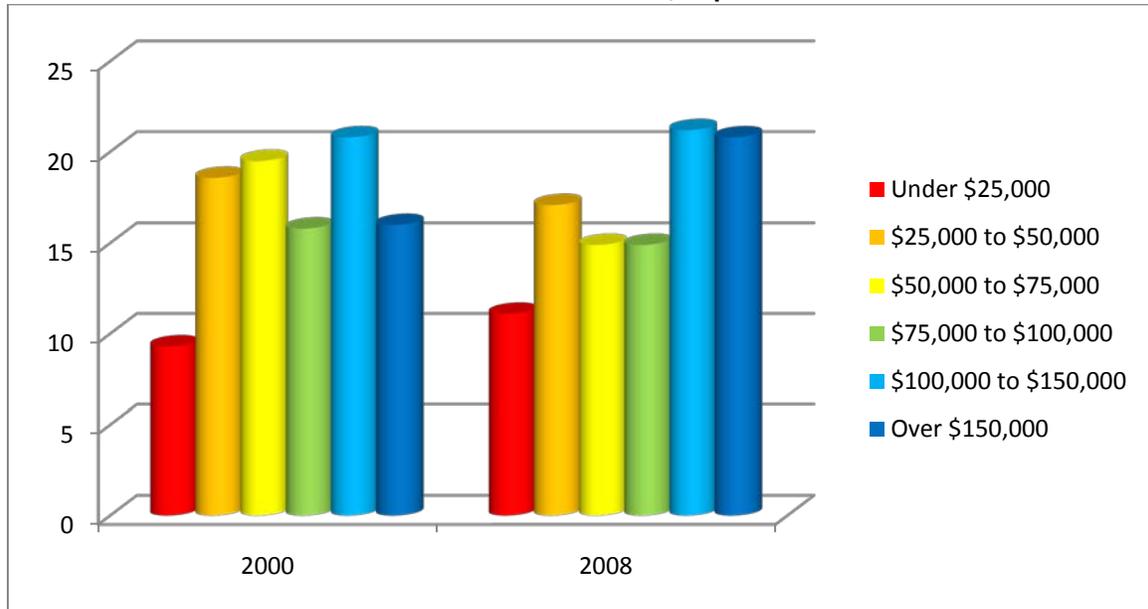


Source: U. S. Census Bureau

Household tenure in Plano has decreased slightly since the 2000 Census. A total of 65.9% of all households were owner occupied in Plano as compared with 68.8% in 2000. The 2008 owner occupied rate for the city is slightly below the national rate at 66.6%. The decline may be in part due to several factors such as increase in mortgage foreclosures over the past two years along with the construction of rental housing units of all types during the 2000s.

ECONOMICS

**Chart 8 – Household Income Distribution
2000 Census and 2008 ACS, in percent**



Source: U.S. Census Bureau

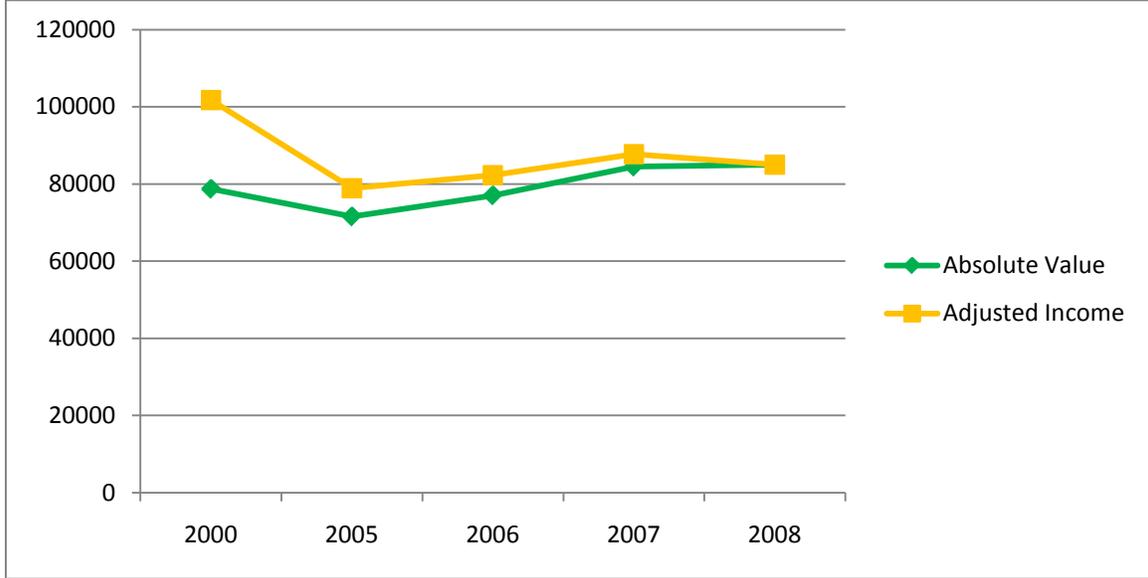
Household Income Distribution

Plano's household incomes are experiencing a shift. The percentage of households in the lower and upper income ranges is increasing while the percentages of households in the middle ranges are decreasing. The number of households with incomes under \$25,000 increased by 39.2% from 2000 to 2008 and households with incomes over \$150,000 grew by 53.2%. The number of middle income households from \$50,000 to \$100,000 decreased slightly by 0.9%. The strong growth in the highest income range was apparent as 42% of all Plano households had incomes exceeding \$100,000 in 2008.

Median Household Income

The median household income is the midpoint of the distribution. Half of all households are either above or below the median figure. Chart 9 shows Plano's households have been going through a difficult transition during the first decade of the 2000s. The year 2000 was the peak of the information technology boom cycle with the median household income standing at \$78,722 (\$101,735 adjusted for inflation denoted as AI). The two following years was a time of contraction of jobs in the industry. By 2005, some people found employment opportunities with lower wages, thus the dip in the median household income at \$71,560 (\$78,889 AI). The economy went through a short lived growth cycle with incomes peaking once again in 2007 at \$84,492 (\$87,736 AI). Beginning in 2008, the economy began to slow once again, however, in July 2008, median household incomes were holding steady with the 2007 figure at \$85,003.

**Chart 9 – Median Household Income
2000 to 2008, Absolute Value vs. Adjusted Income**



Source: U.S. Census Bureau

NOTE:

Absolute Value – median household income figures not adjusted for inflation

Adjusted Income – median household income figures adjusted for inflation denoted as AI

Poverty

The number of people in poverty in Plano has nearly doubled since the 2000 Census. There were 9,500 people living in poverty during that time. This number increased by 83% to 17,373 people in Plano in 2008. Despite the increase, the percentage of the total population living in poverty is quite low in Plano. In 2000, the percentage was 4.3% and by 2008, the number had grown to 6.7%. This percentage is still well below the United States (13.2%) and Texas (15.8%).

City of Plano Undeveloped Properties

N

 Source: City of Plano, GIS Division
 Date: October 2009

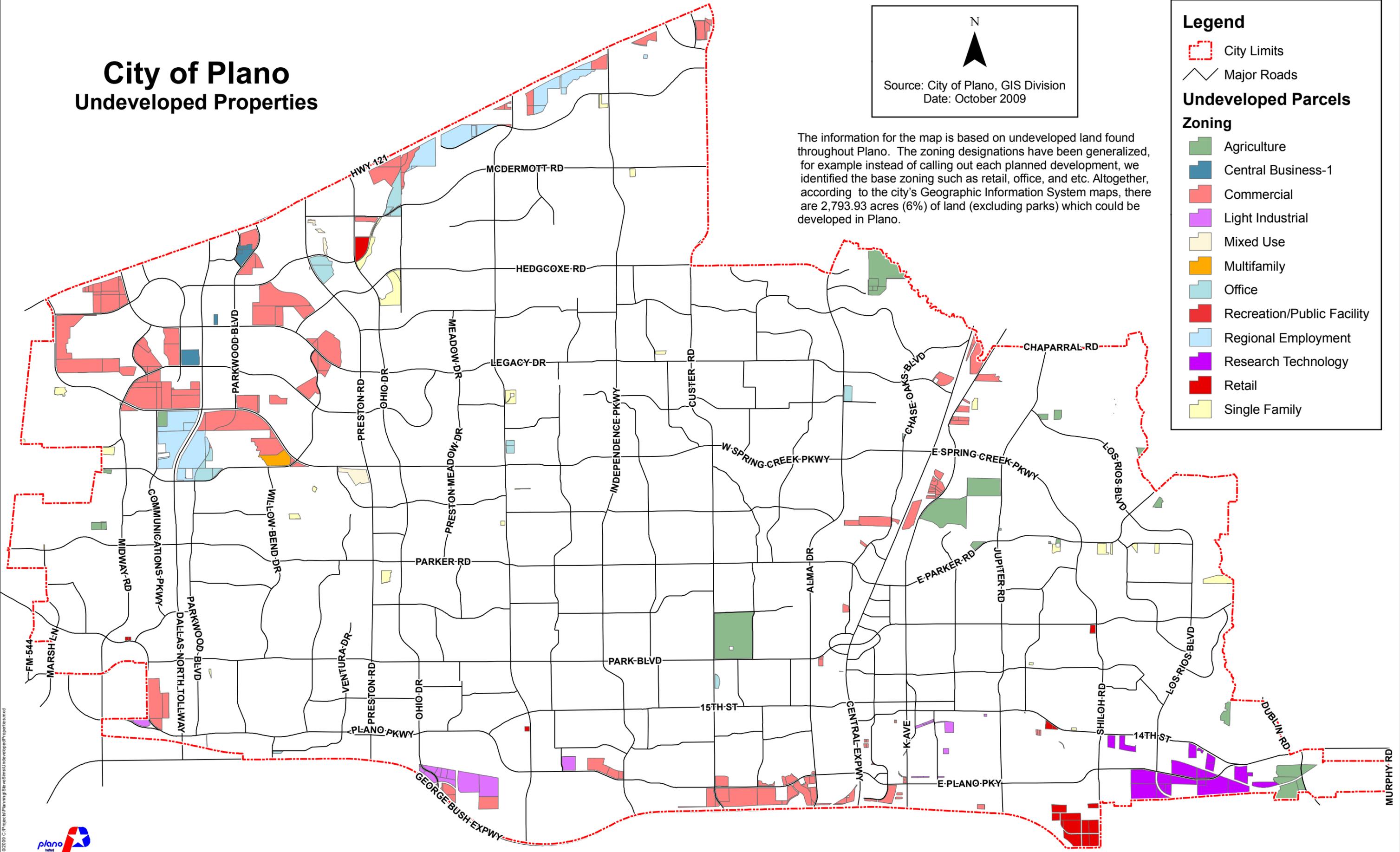
Legend

-  City Limits
-  Major Roads

Undeveloped Parcels Zoning

-  Agriculture
-  Central Business-1
-  Commercial
-  Light Industrial
-  Mixed Use
-  Multifamily
-  Office
-  Recreation/Public Facility
-  Regional Employment
-  Research Technology
-  Retail
-  Single Family

The information for the map is based on undeveloped land found throughout Plano. The zoning designations have been generalized, for example instead of calling out each planned development, we identified the base zoning such as retail, office, and etc. Altogether, according to the city's Geographic Information System maps, there are 2,793.93 acres (6%) of land (excluding parks) which could be developed in Plano.



DD 10/02/2009 C:\Project\Plan\mg\GIS\UndevelopedProperties.mxd



2009 Annual Retreat
Single-Family Housing Residential Development
October 1, 2009

Undeveloped Single-Family lots

Each number below represents locations within Plano where existing platted single-family lots remain for development. The current zoning designation and the number of lots remaining for development are listed. This information is current as of October 1, 2009.

1. N of McDermott and W of Coit

Zoning = Single-Family Residence-6
Undeveloped platted lots = 2

2. N of Ridgeview, from Coit to Gillespie

Zoning = Planned Development-152/Patio Home and Planned Development-479/General Office/Single-Family Residence-Attached
Undeveloped platted lots = 58

3. N of Ridgeview and E of Independence

Zoning = Planned Development-151/Multifamily Residence-2/Single-Family Residence-Attached
Undeveloped platted lots = 12

4. SE Trail Walker and Los Rios

Zoning = Single-Family Residence-7
Undeveloped platted lots = 44

5. SW Chaparral and Cloverhaven

Zoning = Single-Family Residence-7
Undeveloped platted lots = 1

6. NW Kings Manor and Spring Creek

Zoning = Planned Development-16/Patio Home
Undeveloped platted lots = 86

7. SW Kings Manor and Spring Creek

Zoning = Patio Home
Undeveloped platted lots = 6

8. South of Spring Creek and west of Midway

Zoning = Single-Family Residence-9
Undeveloped platted lots = 1

9. NW Spring Creek and Tennyson

Zoning = Patio Home, Single-Family Residence Attached, and Single-Family-9
Undeveloped platted lots = 129

10. Old Gate, N of McKamy (Kings Gate Subdivision and King's Ridge Addition)

Zoning = Single-Family Residence-7, Single-Family Residence-9, and Single-Family Residence-20
Undeveloped platted lots = 14

11. N of Windhaven between the Tollway and Spring Creek

Zoning = Planned Development-154, Single-Family Residence-6 and Planned Development-242 – Multifamily Residence-2

Undeveloped platted lots = 156

12. SE Linmore and Willow Bend

Zoning = Single-Family Residence-20

Undeveloped platted lots = 1

13. NE Park and Parkwood

Zoning = Planned Development-153-Single-Family Residence Attached

Undeveloped platted lots = 27

14. SE Parker and Preston

Zoning = Planned Development-150, Single-Family Residence Attached and Patio Home

Undeveloped platted lots = 30

15. NE Los Rios and Cloverhaven

Zoning = Single-Family Residence-6 and Single-Family Residence-7

Undeveloped platted lots = 445

16. NW Windhaven and Red Wolf

Zoning = Single-Family Residence-6

Undeveloped platted lots = 26

17. NW Quincy and Preston Meadow

Zoning = Planned Development-439/Single-Family Residence-7

Undeveloped platted lots: 81

18. SW Legacy and Chase Oaks

Zoning = Single-Family Attached

Undeveloped platted lots: 89

19. NW Spring Creek and Jupiter

Zoning = Patio Home and Single-Family Residence Attached

Undeveloped platted lots: 39

20. SE McDermott and Ohio

Zoning = Planned Development-155/Single-Family Residence-6

Undeveloped platted lots = 31 lots

21. NW Headquarters and Parkwood

Zoning = Planned Development-65/Central Business -1

Undeveloped platted lots = 115

22. NE McDermott and Ohio

Zoning = Planned Development-177/Single-Family Residence Attached and Planned Development-178/Single-Family Residence-6

Undeveloped platted lots = 147

23. SW 18th and G Avenue

Zoning = Planned Development-179

Undeveloped platted lots = 84

Potential lot subtotals: 1,624 lots

Potential Single-Family lots

Each number below represents a location within Plano where there is a potential for single-family residential development. The current zoning designation and potential number of single-family units is listed under the location area. This information is current as of October 1, 2009.

24. NW Headquarters and Ohio

Zoning = Planned Development-20 Mixed Use

Potential single-family units = 32

25. SW Hedgcoxe and Robinson

Zoning = Planned Development-156, Single-Family Residence Attached

Potential single-family units = 187

26. NW Parker and Jupiter (Moore Property)

Zoning = Agriculture

Potential single-family units = 402

27. SE Parker and Preston

Zoning = Planned Development 150–Single-Family Residence Attached, Single-Family Residence Attached, Patio Home

Potential single-family units = 158

28. NE Park and Custer (Haggard Farm)

Zoning = Agriculture

Potential single-family units = 336

29. NE Park Vista and Cottonbelt RR

Zoning = Agriculture

Potential single-family units = 71

30. E of Coit between Denham and Dalston

Zoning = Single-Family Residence 7

Potential single-family units = 28

31. SE San Miguel and Country Club

Zoning = Single-Family Residence Attached

Potential single-family units = 38

32. NE Merriman Drive and Los Rios Boulevard (Merriman Farm)

Zoning = Estate District and Agriculture

Potential single-family units = 95

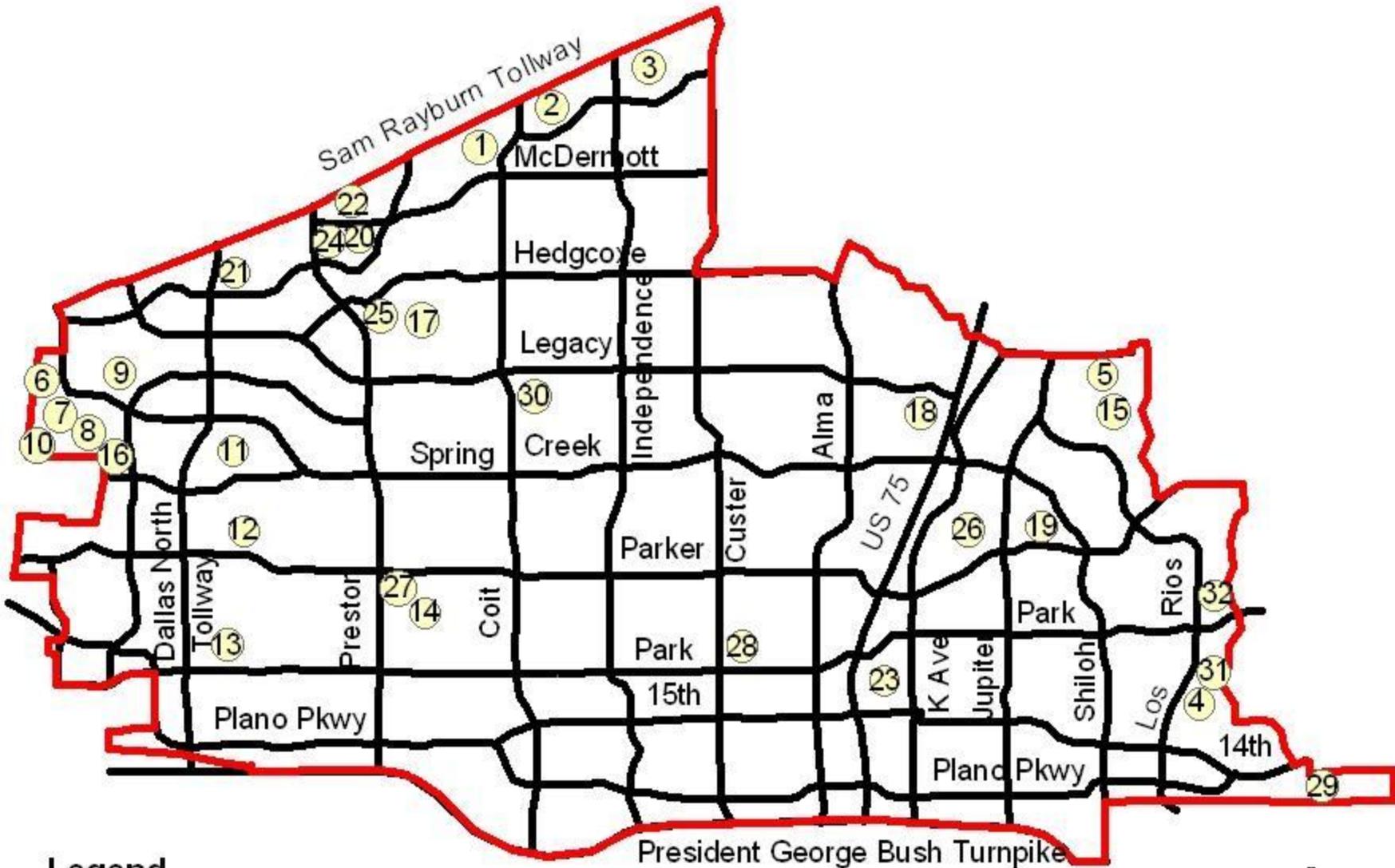
Potential lot subtotals: 1,347

All possible single-family lots = Undeveloped lots + Potential lots

All possible single-family lots = 1,624 + 1,347 = 2,971

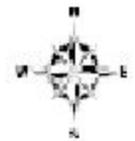
Single-Family Residential Development

October 1, 2009



Legend

-  Major Streets
-  City Limits
-  Development Location



MetroMonitor

Tracking Economic Recession and Recovery in America's 100 Largest Metropolitan Areas

September 2009

The American economy continued to weaken during the months of April, May, and June 2009, but it was no longer in free fall. Employment remained on a downward path—the nation lost nearly 1.3 million jobs during those three months alone—and by June, the national unemployment rate had reached its highest rate in more than 15 years, at 9.5 percent. But the pace of economic decline also slowed during the second quarter. Real Gross Domestic Product (GDP) shrank at an annualized rate of 1 percent, far less than the 6.4 percent rate of contraction during the first quarter of the year. And signs began to emerge that the housing market was stabilizing, with sales of both new and existing single-family homes rising throughout the spring.

While these national trends provide an important look at the country's overall economic health, they mask the continued variable performance of America's individual metropolitan economies. *MetroMonitor* exposes that diversity. The second report in what will continue to be a quarterly series, it provides an interactive picture of the extent to which the current economic downturn has affected America's metropolitan economies, looking “beneath the hood” of national economic statistics to portray the varied metropolitan landscape of recession and recovery across the country. In doing so, it aims to enhance understanding of national economic trends and to promote public- and private-sector responses to the downturn that take into account metro areas' unique starting points, weaknesses, and strengths for eventual recovery.

This edition of the *Monitor* examines indicators through the second quarter of 2009 (ending in June) in the areas of employment, unemployment, output, home prices, and foreclosure rates for the nation's 100 largest metropolitan areas. It finds that:

Differences in economic performance among metropolitan areas remained stark. The 20 best-performing metro areas over the course of the recession largely occupy the nation's mid-section (with six in Texas alone) and parts of the inland Northeast and upper Southeast. They experienced average employment losses of 1.7 percent since their last employment peaks, and 17 of the 20 experienced house price increases over the past year. By contrast, the 20 weakest-performing metro areas lie primarily in Florida, inland California, and around the Great Lakes. They sustained average employment declines of 8.2 percent since their last peaks, and their house prices dropped an average of more than 11 percent in the past year.

The South is overrepresented among both the 20 metro areas that suffered the most in the recession and the 20 that suffered least. Eight of the 20 metro areas that had the worst economic performance in the recession are in the South, all in Florida. These areas suffered severe employment, output, and home value declines over the past year due to the broader housing fallout, the decline of long-distance tourism

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during the recession, and delayed retirement resulting from the general decline in financial wealth, which has reduced in-migration and housing demand. Yet 14 of the 20 metro areas that had the best economic performance during the recession are also in the South, half of them in Texas. These areas had less severe job losses and modest home price increases. Specializations in energy and government, large amounts of federal hurricane recovery funding for the Gulf Coast, and smaller increases in housing prices during the early and mid-2000s may help account for their better performance.

Only a handful of metropolitan areas showed early signs of full recovery from the recession. Just three metro areas—Austin, McAllen, and Washington—surpassed their pre-recession peak output (gross metropolitan product, or GMP) by the second quarter of 2009. These metro areas were among the least affected by the downturn overall. Yet no metropolitan area gained back all of the jobs it lost during the recession, and unemployment rates remained significantly higher everywhere in June 2009 than one year before.

Several metro areas showed signs of beginning to recover from the recession, and the rate of economic decline slowed in many more. The most positive signs occurred in GMP, where 20 metro areas (Albuquerque, Austin, Baltimore, Bridgeport, Cape Coral, Charlotte, Colorado Springs, Dallas, Harrisburg, Houston, McAllen, Raleigh, Richmond, Riverside, San Antonio, San Jose, Seattle, Tulsa, Virginia Beach, and Washington) posted at least small increases in GMP during the second quarter of 2009 and the remaining 80 saw output decline more slowly than in the first quarter. In addition, five metro areas (Akron, Buffalo, Columbia, Madison, and McAllen) stabilized or managed to add jobs in the second quarter of this year, up from two in the first quarter. An additional 60 metro areas shed jobs at a slower rate from March to June than in the previous three months. Left further behind were 35 metro areas, located in every region of the country, in which the rate of employment loss quickened in the second quarter. McAllen was the only metro area that gained jobs in both the first and second quarters of the year.

Centers of auto and auto parts production continued to post sharp overall employment and output declines. The sharp drop in auto sales and the severe challenges faced by U.S. automakers and suppliers have clearly affected those metro areas that depend most on the industry for jobs. The 12 metro areas most highly specialized in auto and auto parts manufacturing (Charleston (SC), Columbus (OH), Dayton, Detroit, Grand Rapids, Indianapolis, Jackson (MS), Knoxville, Louisville, Nashville, Toledo, and Youngstown) shed an average of 5.6 percent of their jobs from the end of 2007 through the second quarter of 2009, compared to the national average of 4.1 percent. Because many of those lost jobs paid relatively high wages, eight of these metro areas (Columbus, Dayton, Detroit, Knoxville, Louisville, Grand Rapids, Toledo, and Youngstown) rank among those that lost GMP most rapidly over the course of the recession and during the second quarter of this year. In contrast, the large metro areas that specialize most strongly in manufacturing other than autos or auto parts (Akron, Chattanooga, Cleveland, Greensboro, Greenville, Milwaukee, Modesto, Portland (OR), Rochester, San Jose, Scranton, Tulsa, Wichita, and Worcester) lost an average of only 4.0 percent of their jobs since the end of 2007, slightly below the national average.

Metro areas that specialize in banking had less severe job losses than the nation as a whole since the end of 2007. Despite the financial services crisis that spurred the worldwide recession, large metro areas that specialize most highly in banking (Boston, Bridgeport, Charlotte, Des Moines, Jacksonville, New York, Philadelphia, Phoenix, and Salt Lake City) experienced employment losses below the national average (3.6 percent) from the end of 2007 to the second quarter of 2009. This may reflect the underlying

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economic diversity of very large metro areas like Boston, New York, and Philadelphia, which has helped shield them from severe job declines. In 21 other metro areas with strong financial services specializations other than banking (e.g., insurance, pension fund management) employment fell by 3.4 percent during the same time period.

Signs that the housing market is stabilizing were apparent in many metro areas, though rising foreclosures continued to weaken some metropolitan markets. From the second quarter of 2008 to the second quarter of 2009, 42 of the 100 largest metro areas experienced increases in inflation-adjusted housing prices, up from 36 during the year ending in the first quarter of 2009. Strong performance persisted in markets that largely sidestepped the housing price “bubble,” such as those in Texas, portions of the Southeast, and the inland Northeast. Meanwhile, house price declines, as well as rates of real estate-owned properties (REOs), remained significant in Florida, Arizona, and inland California metro areas. REO inventories continued to rise in many of these same metro areas during the second quarter, adding further uncertainty to their recovery prospects.

Pittsburgh, the site of the G-20 meetings on September 24 and 25, 2009, ranks among the U.S. metropolitan areas least affected by the recession. Pittsburgh’s specializations in higher education and health care, and its steady housing market over the course of the decade, shielded it from the worst effects of the recession. In addition, its specialization in supplying machinery and services to the global steel industry also helped make its economic downturn less severe than those affecting auto industry-focused metro areas. Its employment decline over the course of the downturn (2.6 percent) and in the last quarter (0.8 percent), along with its unemployment rate (7.7 percent), house price change over the past 12 months (up 3.7 percent), and rate of REO properties (1.06 per 1,000) all outperform national averages. Similarly, several other metro areas with specializations in higher education and/or health care and in some type of non-auto manufacturing (e.g., Rochester, Buffalo, Syracuse, and New Haven) escaped the worst effects of the recession.

* * *

As the national recession moved past the 18-month mark in June, a few metropolitan areas seemed poised for a rebound and the pace of economic decline was slowing in some places, but recovery prospects remained elusive for many others. While U.S.-wide economic indicators are no longer plummeting, great uncertainty surrounds key factors such as the stability of the housing market, the future of U.S. automakers and suppliers, and the health of state and local governments in the face of mounting budget deficits. Policymakers evaluating further steps to accelerate recovery should pay heed to the multicolored map of metropolitan economic performance and consider strategies that would help rejuvenate the communities in greatest danger of being left behind.

Methodology

The *MetroMonitor* tracks quarterly indicators of economic recession and recovery in the nation's 100 largest metropolitan areas—those with at least 500,000 residents in 2007—which collectively contain two-thirds of the nation's jobs and generate three-quarters of GDP. These indicators include:

- **Employment:** Total wage and salary jobs, seasonally adjusted. Percentage change in employment is shown from each metro area's peak employment quarter (since the first quarter of 2004) to the most recent quarter, measuring the extent to which employment has recovered from the recession's impact. It is also shown from the previous quarter to the most recent quarter, measuring the extent to which employment is moving toward recovery. Source: Moody's Economy.com
- **Unemployment rate:** Percentage of the labor force that is currently employed, not seasonally adjusted, last month of quarter. Because the data are not seasonally adjusted, change in the unemployment rate is shown from the same month in previous year. Source: Bureau of Labor Statistics.
- **Gross metropolitan product (GMP):** Total value of goods and services produced within a metro area. The percentage change in GMP is shown from each metro area's peak GMP quarter (since the first quarter of 2004) to the most recent quarter, and from the previous quarter to the most recent quarter. Source: Moody's Economy.com.
- **Housing prices:** Prices of single-family properties whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac, not seasonally adjusted. Because the data are not seasonally adjusted, the percentage change in housing prices is shown from the same quarter in the previous year to the most recent quarter. Source: Federal Housing Finance Agency House Price Index.
- **Real estate-owned (REO) properties:** Foreclosed properties that fail to sell at auction and thus become owned by the lending institution. Shown as the share of all mortgageable properties in each metro area in the last month of the most recent quarter, and change in share from last month in previous quarter. Source: McDash Analytics.

This *MetroMonitor*'s Overall Performance index combines metropolitan rankings on four key indicators:

- Percent employment change from peak quarter to 2nd quarter 2009
- Percentage point change in unemployment rate from June 2008 to June 2009
- Percent GMP change from peak quarter to 2nd quarter 2009
- Percent change in House Price Index from 2nd quarter 2008 to 2nd quarter 2009

Metropolitan areas are then grouped into quintiles (groups of 20) based on their average ranking across all four indicators, among the 100 largest metro areas.

This edition of the *MetroMonitor* separately classifies metropolitan areas based on their percent employment change in the 1st and 2nd quarters 2009

Tables show whether each metropolitan area experienced *improvement*, *moderated decline*, or *accelerated decline* on this indicator in the 2nd quarter of 2009 relative to performance in the 1st quarter of 2009.

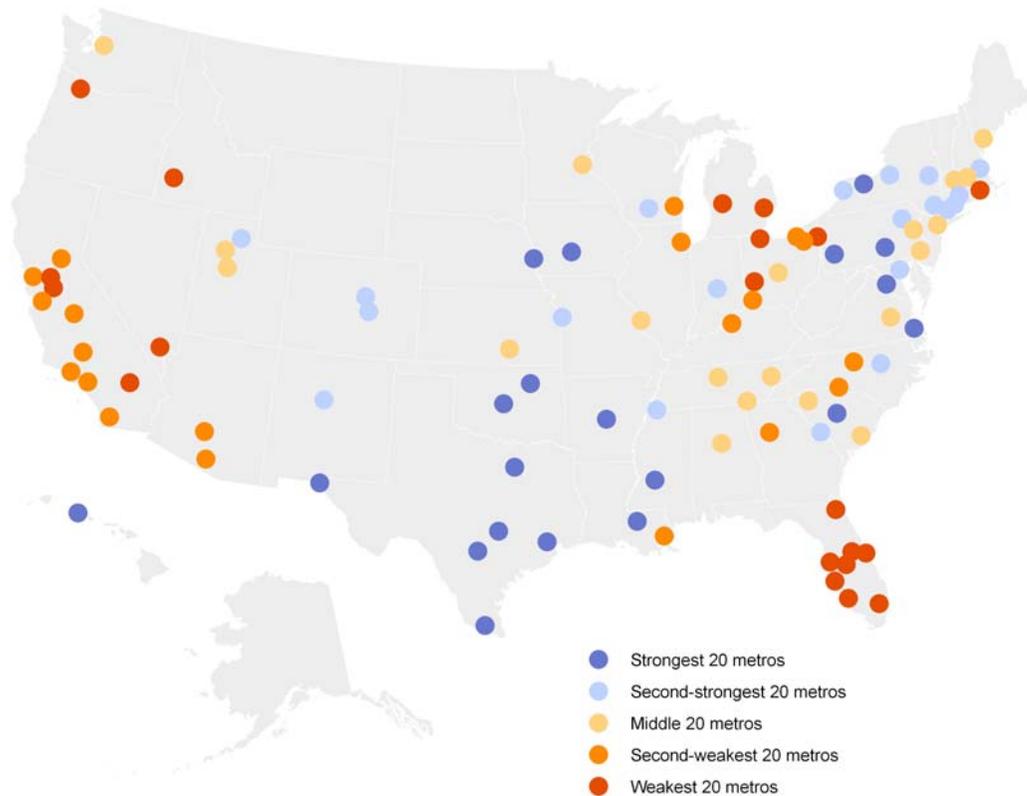
Interactive *MetroMonitor* maps, underlying indicator data, and one-page profiles of each of the 100 largest metro areas are also available at www.brookings.edu/metromonitor.

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Overall performance of the largest 100 metro areas during the recession

The 100 largest metropolitan areas have varied greatly on changes in employment, unemployment rate, gross metropolitan product (GMP), and housing prices over the course of the recession. We rank all 100 metropolitan areas on measures of their changes in these indicators since their peak or over the past year, depending on the indicator (see Methodology). We then group the areas by their average rank across all four indicators. This overall performance index yields a striking illustration of disparate economic performance among the nation's largest metro areas.

Overall performance on change in employment, unemployment rate, GMP, and housing prices during the recession



The 20 strongest-performing metro areas		The 20 weakest-performing metro areas	
Austin, TX	Little Rock, AR	Boise City, ID	Modesto, CA
Baton Rouge, LA	McAllen, TX	Bradenton, FL	Orlando, FL
Columbia, SC	Oklahoma City, OK	Cape Coral, FL	Palm Bay, FL
Dallas, TX	Omaha, NE-IA	Dayton, OH	Portland, OR-WA
Des Moines, IA	Pittsburgh, PA	Detroit, MI	Providence, RI-MA
El Paso, TX	Rochester, NY	Grand Rapids, MI	Riverside, CA
Harrisburg, PA	San Antonio, TX	Jacksonville, FL	Stockton, CA
Honolulu, HI	Tulsa, OK	Lakeland, FL	Tampa, FL
Houston, TX	Virginia Beach, VA-NC	Las Vegas, NV	Toledo, OH
Jackson, MS	Washington, DC-VA-MD-WV	Miami, FL	Youngstown, OH-PA

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Employment

None of the nation's 100 largest metros has yet regained its pre-recession peak employment, though the depth of job loss continues to vary significantly. Overall, the 100 largest metro areas suffered a 3.8 percent decline in employment from their peak levels, somewhat short of the nationwide decline of 4.1 percent. Metro areas in Florida, Ohio, and California continue to dominate the list of those experiencing the largest job losses from their peaks, with five metro areas experiencing drops of at least 10 percent. Meanwhile, a swath of metropolitan areas in Texas, the Plains States, and the Mississippi River Valley, the upstate New York areas of Rochester and Syracuse, and the government centers of Columbus (OH) and Washington experienced employment declines of 2 percent or less over the course of the recession.

The vast majority of the nation's 100 largest metropolitan areas continued to suffer job losses during the second quarter of 2009, though the trajectories of many changed substantially. Overall, the 100 largest metro areas suffered a 1.1 percent decline in employment, slightly less severe than the 1.3 percent decline they experienced during the first quarter. Just five metro areas (Akron, Buffalo, Columbia, Madison, and McAllen) stabilized or posted gains in employment, McAllen for the second straight quarter. Some metro areas changed course dramatically. Akron and Buffalo vaulted from dismal first quarters to report modest gains during the second quarter, while Houston and Wichita, with relatively small losses during the first quarter, were among the hardest hit metro areas during the second quarter.

Change in employment Peak quarter to 2nd quarter 2009

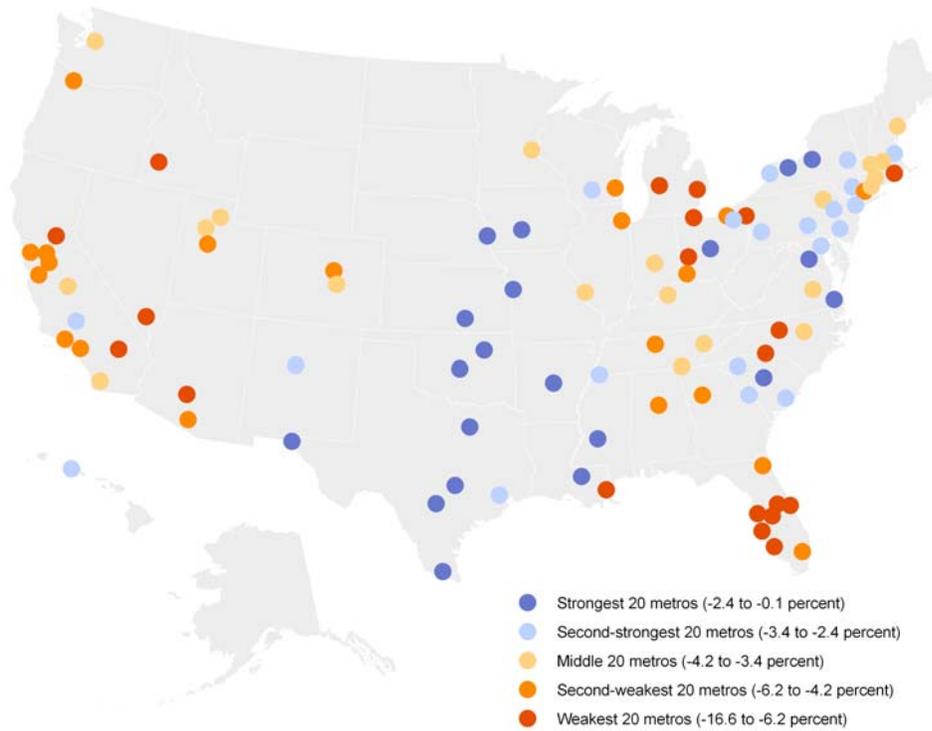
Rank Metro	Percent employment change, metro peak to 2009Q2
1 McAllen-Edinburg-Mission, TX	-0.1%
2 Austin-Round Rock, TX	-0.5%
3 San Antonio, TX	-0.6%
4 Baton Rouge, LA	-0.7%
5 El Paso, TX	-1.1%
6 Washington-Arlington-Alexandria, DC-VA-MD-WV	-1.3%
7 Oklahoma City, OK	-1.3%
8 Tulsa, OK	-1.5%
9 Des Moines-West Des Moines, IA	-1.5%
10 Rochester, NY	-1.6%
11 Little Rock-North Little Rock-Conway, AR	-1.6%
12 Syracuse, NY	-1.8%
13 Dallas-Fort Worth-Arlington, TX	-1.9%
14 Columbus, OH	-2.0%
15 Omaha-Council Bluffs, NE-IA	-2.0%
86 Sacramento-Arden-Arcade-Roseville, CA	-6.6%
87 Las Vegas-Paradise, NV	-7.1%
88 Tampa-St. Petersburg-Clearwater, FL	-7.3%
89 Dayton, OH	-7.3%
90 Greensboro-High Point, NC	-7.4%
91 Youngstown-Warren-Boardman, OH-PA	-8.9%
92 Palm Bay-Melbourne-Titusville, FL	-8.9%
93 Boise City-Nampa, ID	-9.0%
94 Riverside-San Bernardino-Ontario, CA	-9.1%
95 Phoenix-Mesa-Scottsdale, AZ	-9.3%
96 Toledo, OH	-10.2%
97 Bradenton-Sarasota-Venice, FL	-12.5%
98 Detroit-Warren-Livonia, MI	-14.5%
99 Cape Coral-Fort Myers, FL	-15.2%
100 New Orleans-Metairie-Kenner, LA	-16.6%
100 Largest Metro Areas	-3.8%
United States	-4.1%

Change in employment 1st quarter 2009 to 2nd quarter 2009

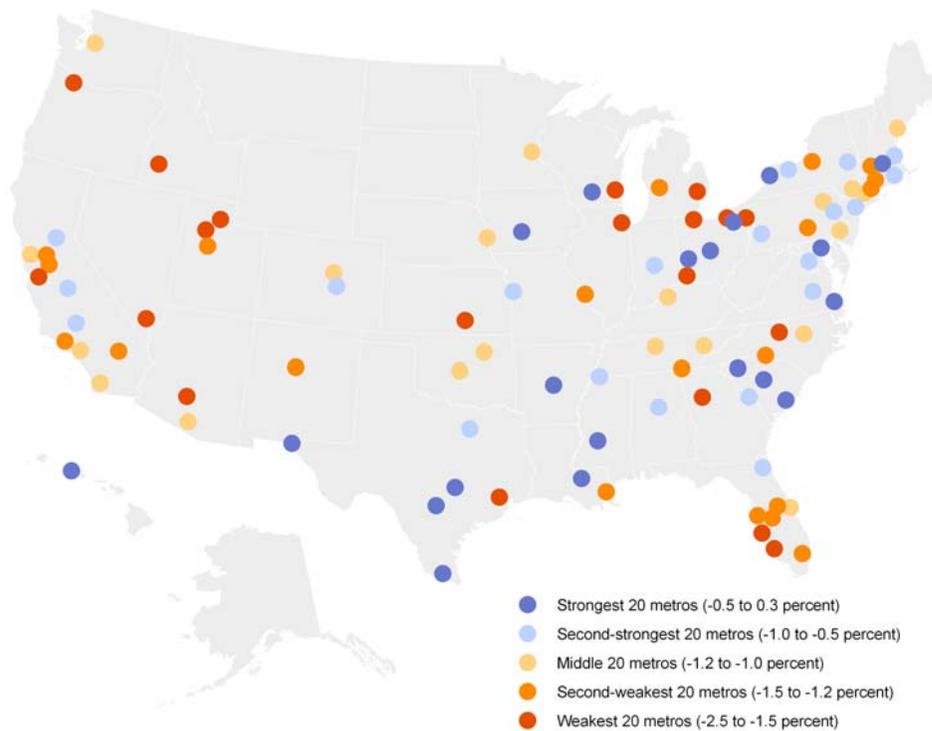
Rank Metro	Percent employment change, 2009Q1 to 2009Q2
1 Akron, OH	0.3%
2 Columbia, SC	0.2%
3 McAllen-Edinburg-Mission, TX	0.2%
4 Buffalo-Niagara Falls, NY	0.0%
5 Madison, WI	0.0%
6 Austin-Round Rock, TX	0.0%
7 Charleston-North Charleston-Summerville, SC	-0.1%
8 Des Moines-West Des Moines, IA	-0.1%
9 Jackson, MS	-0.1%
10 Dayton, OH	-0.2%
11 Little Rock-North Little Rock-Conway, AR	-0.2%
12 San Antonio, TX	-0.2%
13 Columbus, OH	-0.3%
14 Baton Rouge, LA	-0.3%
15 Greenville-Mauldin-Easley, SC	-0.3%
86 Chicago-Naperville-Joliet, IL-IN-WI	-1.5%
87 Atlanta-Sandy Springs-Marietta, GA	-1.6%
88 Greensboro-High Point, NC	-1.6%
89 Ogden-Clearfield, UT	-1.6%
90 Cape Coral-Fort Myers, FL	-1.6%
91 Phoenix-Mesa-Scottsdale, AZ	-1.6%
92 Bradenton-Sarasota-Venice, FL	-1.7%
93 Salt Lake City, UT	-1.7%
94 Houston-Sugar Land-Baytown, TX	-1.7%
95 Wichita, KS	-1.8%
96 Portland-Vancouver-Beaverton, OR-WA	-1.8%
97 Boise City-Nampa, ID	-1.8%
98 Milwaukee-Waukesha-West Allis, WI	-2.1%
99 Las Vegas-Paradise, NV	-2.4%
100 Detroit-Warren-Livonia, MI	-2.5%
100 Largest Metro Areas	-1.1%
United States	-1.2%

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Percent change in employment, peak quarter to 2nd quarter 2009



Percent change in employment, 1st quarter 2009 to 2nd quarter 2009



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Employment change in 2nd quarter 2009 compared to 1st quarter 2009

The pace of job loss slowed in the second quarter of 2009 in most of the 100 largest metro areas but accelerated in a substantial minority of metro areas. In 60 of the 95 metro areas that lost jobs in the second quarter of 2009, the rate of job loss was slower in the second quarter than in the first quarter of the year. In the remaining 35 metro areas, the pace of job loss accelerated between the first quarter and second quarter of the year. Both groups of metro areas were located in all regions of the country, and included those both heavily and lightly affected by the recession.

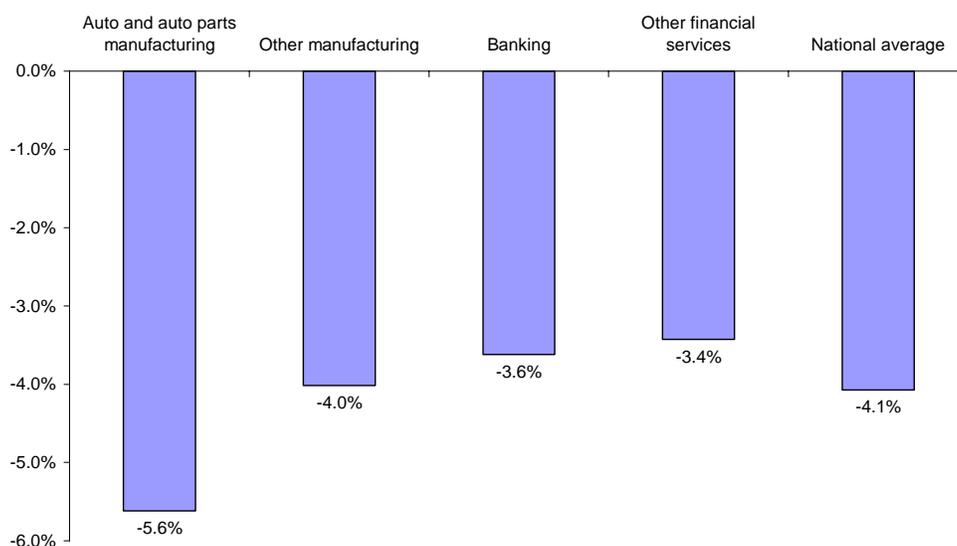
Gained jobs in second quarter 2009		
Akron, OH	Columbia, SC	McAllen, TX
Buffalo, NY	Madison, WI	
Lost jobs in second quarter 2009 at slower rate than in first quarter 2009		
Albuquerque, NM	Detroit, MI	Philadelphia, PA-NJ-DE-MD
Allentown, PA	Fresno, CA	Phoenix, AZ
Augusta-Richmond County, GA	Grand Rapids, MI	Pittsburgh, PA
Austin, TX	Greensboro, NC	Providence, RI-MA
Bakersfield, CA	Greenville, SC	Provo, UT
Baltimore, MD	Honolulu, HI	Raleigh, NC
Birmingham, AL	Indianapolis, IN	Richmond, VA
Boise, ID	Jackson, MS	Riverside, CA
Boston, MA-NH	Jacksonville, FL	Sacramento, CA
Bradenton, FL	Kansas City, MO-KS	San Antonio, TX
Bridgeport, CT	Knoxville, TN	San Diego, CA
Cape Coral, FL	Lakeland, FL	San Francisco, CA
Charleston, SC	Little Rock, AR	San Jose, CA
Charlotte, NC-SC	Los Angeles, CA	Scranton, PA
Cleveland, OH	Louisville, KY-IN	St. Louis, MO-IL
Colorado Springs, CO	Minneapolis, MN-WI	Tampa, FL
Columbus, OH	Nashville, TN	Toledo, OH
Dayton, OH	New York, NY-NJ-PA	Tucson, AZ
Denver, CO	Orlando, FL	Worcester, MA
Des Moines, IA	Oxnard, CA	Youngstown, OH-PA
Lost jobs in second quarter 2009 faster than in first quarter 2009		
Albany, NY	Memphis, TN-MS-AR	Poughkeepsie, NY
Atlanta, GA	Miami, FL	Rochester, NY
Baton Rouge, LA	Milwaukee, WI	Salt Lake City, UT
Chattanooga, TN-GA	Modesto, CA	Seattle, WA
Chicago, IL-IN-WI	New Haven, CT	Springfield, MA
Cincinnati, OH-KY-IN	New Orleans, LA	Stockton, CA
Dallas, TX	Ogden, UT	Syracuse, NY
El Paso, TX	Oklahoma City, OK	Tulsa, OK
Harrisburg, PA	Omaha, NE-IA	Virginia Beach, VA-NC
Hartford, CT	Palm Bay, FL	Washington, DC-MD-VA-WV
Houston, TX	Portland, ME	Wichita, KS
Las Vegas, NV	Portland, OR-WA	

METROMONITOR: 2ND QUARTER 2009

Employment in Manufacturing and Financial Services-Specialized Metro Areas

The roots of the worldwide recession in the financial services crisis of late 2008 and early 2009, and the severe effects visited on U.S. automakers and suppliers—including the bankruptcy of Chrysler and GM—prompt an examination of how employment levels in large metro areas that depend most heavily on these industries have changed over the course of the downturn. The 12 metro areas with strong specializations in auto and auto parts manufacturing suffered an average job loss well above the national average since the 4th quarter of 2007. This contrasts with 14 other metro areas that specialize in manufacturing industries other than autos and auto parts, where employment declines were close to the national average. Nine banking-focused metropolitan areas actually shed jobs at a below-average rate over the 18-month period, perhaps owing to the relative strength of large, diversified metro areas like New York, Boston, and Philadelphia. Their average employment decline did not differ greatly from that in 21 other metro areas that specialize in other forms of financial services, such as insurance and pension fund management.

Weighted average employment change by metropolitan industry specialization, 4th quarter 2007 to 2nd quarter 2009



Auto and Auto Parts	Other Manufacturing	Banking	Other Financial Services	
Detroit, MI	Wichita, KS	Bridgeport, CT	Hartford, CT	Louisville, KY-IN
Grand Rapids, MI	San Jose, CA	Des Moines, IA	Omaha, NE-IA	Kansas City, MO-KS
Toledo, OH	Greensboro, NC	Charlotte, NC-SC	Columbia, SC	Chicago, IL-IN-WI
Dayton, OH	Milwaukee, WI	New York, NY-NJ-PA	Madison, WI	Milwaukee, WI
Nashville, TN	Chattanooga, TN-GA	Jacksonville, FL	Harrisburg, PA	Oxnard, CA
Knoxville, TN	Rochester, NY	Salt Lake City, UT	Chattanooga, TN-GA	San Francisco, CA
Louisville, KY-IN	Akron, OH	Phoenix, AZ	Minneapolis, MN-WI	Portland, ME
Jackson, MS	Greenville, SC	Boston, MA-NH	Columbus, OH	
Youngstown, OH-PA	Cleveland, OH	Philadelphia, PA-NJ-DE-MD	Tampa, FL	
Charleston, SC	Modesto, CA		Birmingham, AL	
Columbus, OH	Scranton, PA		Dallas, TX	
Indianapolis, IN	Worcester, MA		Richmond, VA	
	Tulsa, OK		Denver, CO	
	Portland, OR-WA		San Antonio, TX	

Auto and auto parts-specialized metro areas had employment location quotients (LQs) in these industries of at least 2.0. Other manufacturing-specialized metro areas were not specialized in auto and auto parts, but had manufacturing employment LQs of at least 1.2. Banking-specialized metro areas had banking employment LQs of at least 1.5, while other financial services-specialized metro areas were not specialized in banking, but had financial services employment LQs of at least 1.2.

Unemployment Rate

Major metropolitan unemployment rates in June 2009 ranged from 4.3 percentage points below the national average to 7.4 percentage points above the national average. Several metro areas that experienced among the most modest employment losses from their peaks also posted relatively low unemployment rates, including Omaha, Des Moines, Little Rock, Washington, Tulsa, San Antonio, and Austin. Although New Orleans suffered the largest job loss from its peak, reflecting the aftermath of Hurricane Katrina, in June it registered an unemployment rate more than 2 percentage points below the national average. Very high rates of unemployment, on the other hand, characterized Las Vegas and metro areas in California’s Central Valley; Ohio and Michigan metro areas with significant ties to the auto industry; and both Charlotte and Greensboro in North Carolina.

Unemployment rates rose in all metro areas in the year ending June 2009. Rankings of the 100 metro areas on change in unemployment over the last year resemble those for their rates in June 2009. Jackson (MS) posted the smallest increase in its unemployment rate since June 2009, while Portland (OR) posted one of the largest increases. Detroit far outpaced other metro areas in suffering a more than 8 percentage point jump in its unemployment rate over the past year, nearly doubling its June 2008 rate of 9 percent.

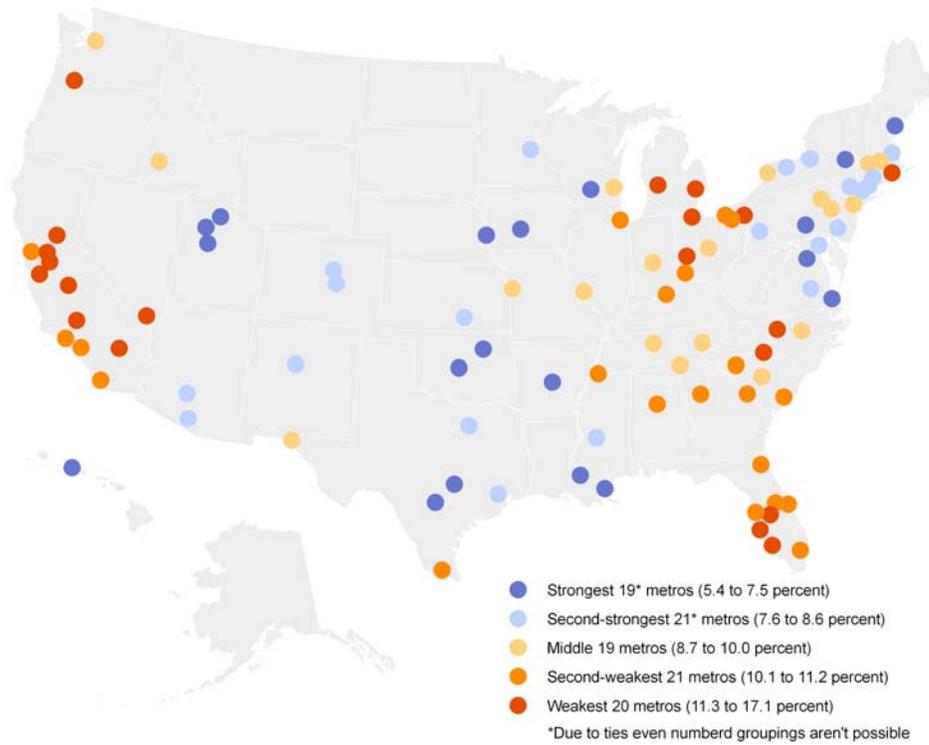
Unemployment rate, June 2009

Rank Metro	Unemployment Rate, June 2009
1 Omaha-Council Bluffs, NE-IA	5.4%
2 Provo-Orem, UT	5.5%
3 Des Moines-West Des Moines, IA	5.6%
4 Salt Lake City, UT	5.9%
5 Oklahoma City, OK	6.0%
5 Ogden-Clearfield, UT	6.0%
7 Washington-Arlington-Alexandria, DC-VA-MD-WV	6.5%
8 Little Rock-North Little Rock-Conway, AR	6.6%
8 Madison, WI	6.6%
10 Honolulu, HI	6.8%
10 Tulsa, OK	6.8%
12 San Antonio, TX	6.9%
13 Austin-Round Rock, TX	7.1%
13 Portland-South Portland-Biddeford, ME	7.1%
15 Albany-Schenectady-Troy, NY	7.3%
15 New Orleans-Metairie-Kenner, LA	7.3%
86 San Jose-Sunnyvale-Santa Clara, CA	11.9%
87 Greensboro-High Point, NC	12.0%
88 Dayton, OH	12.1%
89 Las Vegas-Paradise, NV	12.3%
90 Charlotte-Gastonia-Concord, NC-SC	12.5%
91 Grand Rapids-Wyoming, MI	12.8%
92 Cape Coral-Fort Myers, FL	13.1%
93 Riverside-San Bernardino-Ontario, CA	13.9%
94 Toledo, OH	14.2%
95 Youngstown-Warren-Boardman, OH-PA	14.4%
96 Bakersfield, CA	14.7%
97 Fresno, CA	15.3%
98 Stockton, CA	15.5%
99 Modesto, CA	16.5%
100 Detroit-Warren-Livonia, MI	17.1%
100 Largest Metros	9.7%
United States	9.7%

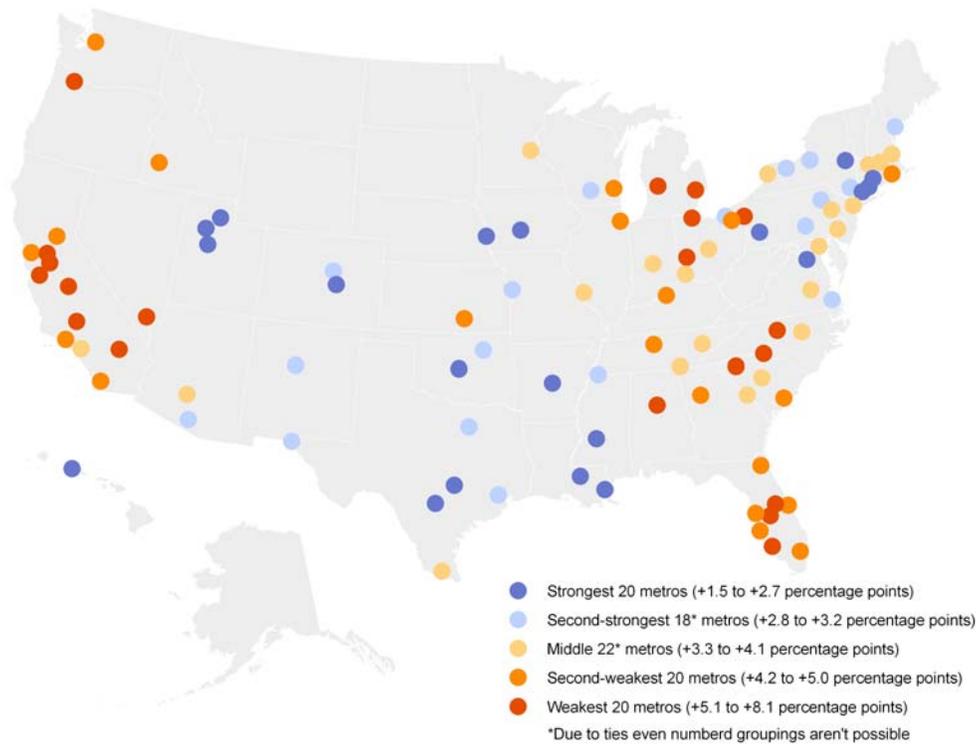
**Change in unemployment rate
June 2008 to June 2009**

Rank Metro	Percentage Point Change in Unemployment Rate, June 2008 to June 2009
1 Jackson, MS	1.5%
2 Omaha-Council Bluffs, NE-IA	1.7%
3 Des Moines-West Des Moines, IA	1.8%
4 Provo-Orem, UT	2.0%
4 Oklahoma City, OK	2.0%
4 San Antonio, TX	2.0%
7 Little Rock-North Little Rock-Conway, AR	2.1%
8 New Haven-Milford, CT	2.3%
8 Hartford-West Hartford-East Hartford, CT	2.3%
10 Ogden-Clearfield, UT	2.4%
10 Baton Rouge, LA	2.4%
10 Colorado Springs, CO	2.4%
10 Bridgeport-Stamford-Norwalk, CT	2.4%
14 Salt Lake City, UT	2.5%
14 Albany-Schenectady-Troy, NY	2.5%
86 Birmingham-Hoover, AL	5.4%
86 Bakersfield, CA	5.4%
88 Grand Rapids-Wyoming, MI	5.5%
89 Greensboro-High Point, NC	5.6%
90 Fresno, CA	5.7%
91 Riverside-San Bernardino-Ontario, CA	5.8%
91 Modesto, CA	5.8%
93 San Jose-Sunnyvale-Santa Clara, CA	5.9%
93 Stockton, CA	5.9%
95 Las Vegas-Paradise, NV	6.0%
96 Portland-Vancouver-Beaverton, OR-WA	6.1%
97 Charlotte-Gastonia-Concord, NC-SC	6.2%
98 Toledo, OH	6.6%
99 Youngstown-Warren-Boardman, OH-PA	7.1%
100 Detroit-Warren-Livonia, MI	8.1%
100 Largest Metros	4.0%
United States	4.0%

Unemployment rate, June 2009



Change in unemployment rate, June 2008 to June 2009



Gross Metropolitan Product

Just three of the top 100 metro areas managed to fully recover their pre-recession levels of economic output in the second quarter of 2009. Austin, McAllen, and Washington were the only large metro areas to post new highs in gross metropolitan product last quarter. Among metro areas with modest output declines from their peaks were centers of high technology (Raleigh, San Jose, Seattle), energy (Dallas, Houston, Oklahoma City, Tulsa) and government/military (Albuquerque, Oklahoma City, San Antonio, Virginia Beach). And despite losing 9 percent of jobs from its peak, Riverside posted only a 2 percent decline in GMP from its peak, suggesting that its job losses have come primarily in lower-paying sectors. Meanwhile, centers of auto and auto parts production in the Great Lakes region suffered some of the most severe output drops, reflecting their losses of high-wage auto jobs.

Output rose in several metro areas last quarter but most areas continued to experience declines. Of the 100 largest metro areas, 20 posted at least small increases in output over the last quarter. Most of these also experienced the smallest declines (or actual increases) in GMP from their pre-recession peaks. But the majority of metro areas continued to see output shrink. Manufacturing areas in the Great Lakes states were among those with the greatest GMP declines during the second quarter. Akron and Buffalo, which managed to stabilize employment in the second quarter, nonetheless ranked among the regions suffering the steepest GMP losses during that quarter.

In the 80 metropolitan areas where output continued to shrink in the second quarter of 2009, it shrank at a slower rate than in the first quarter of 2009. Reflecting the marked improvement at the national level in gross domestic product change between the first and second quarters of 2009, the rate of decline in output moderated across the board in the 80 metro areas where it dropped in the second quarter. Milwaukee and New Orleans saw sharp relative improvements, from 4.0 percent drops in the first quarter to 0.6 percent drops in the second quarter. While Detroit continued to perform worst among large metro areas with a 1.5 percent GMP decline in the second quarter, that rated far better than its 4.4 percent drop in the first quarter. At the other end of the spectrum, Oklahoma City—one of the top metropolitan performers on GMP change in the first quarter (0.4 percent drop)—saw almost no change in its rate of GMP decline in the second quarter.

METROMONITOR: 2ND QUARTER 2009

Percent change in GMP Peak quarter to 2nd quarter 2009

Rank Metro	Percent change in GMP, metro peak to 2009Q2
1 Austin-Round Rock, TX	0.0%*
1 Washington-Arlington-Alexandria, DC-VA-MD-WV	0.0%*
1 McAllen-Edinburg-Mission, TX	0.0%*
4 Oklahoma City, OK	-0.8%
5 San Antonio, TX	-0.8%
6 Virginia Beach-Norfolk-Newport News, VA-NC	-0.8%
7 Raleigh-Cary, NC	-1.2%
8 Richmond, VA	-1.4%
9 Honolulu, HI	-1.5%
10 Albuquerque, NM	-1.5%
11 Dallas-Fort Worth-Arlington, TX	-1.7%
12 Riverside-San Bernardino-Ontario, CA	-1.8%
13 El Paso, TX	-1.9%
14 Houston-Sugar Land-Baytown, TX	-2.0%
15 Seattle-Tacoma-Bellevue, WA	-2.2%
86 Columbus, OH	-6.9%
87 Providence-New Bedford-Fall River, RI-MA	-7.0%
88 Louisville-Jefferson County, KY-IN	-7.1%
89 Milwaukee-Waukesha-West Allis, WI	-7.3%
90 Dayton, OH	-7.3%
91 Wichita, KS	-7.5%
92 Akron, OH	-7.6%
93 Toledo, OH	-7.6%
94 New Orleans-Metairie-Kenner, LA	-7.7%
95 Stockton, CA	-8.1%
96 Jacksonville, FL	-8.1%
97 Grand Rapids-Wyoming, MI	-8.2%
98 Cleveland-Elyria-Mentor, OH	-8.5%
99 Youngstown-Warren-Boardman, OH-PA	-9.0%
100 Detroit-Warren-Livonia, MI	-14.5%
Top 100 Metros	-3.7%
United States	-2.8%

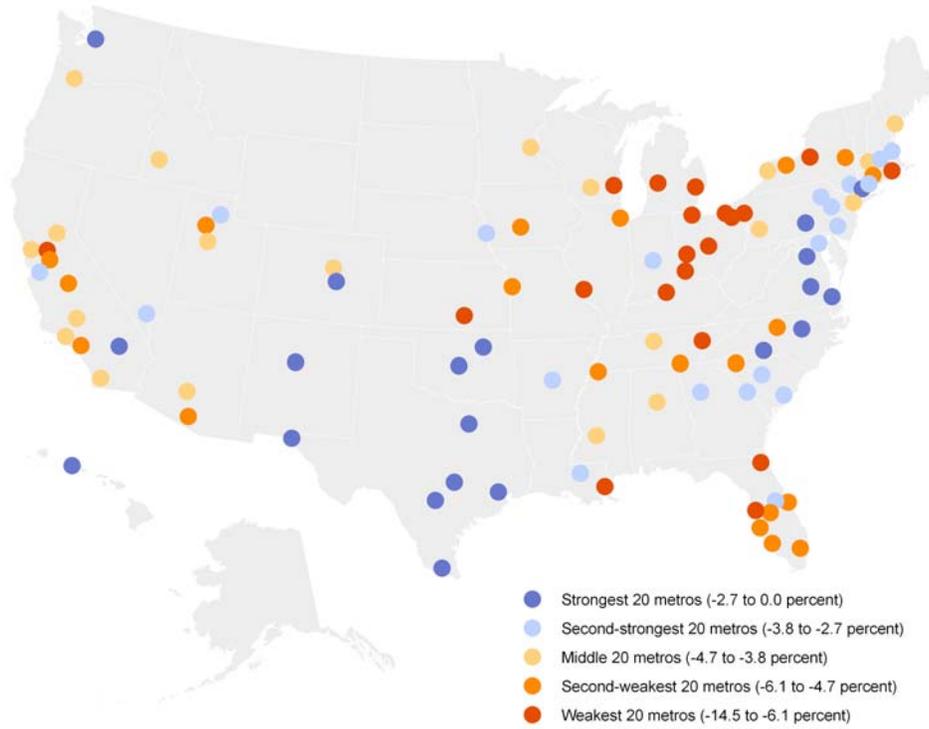
* GMP peaked in Austin, Washington, and McAllen this quarter.

Percent change in GMP 1st quarter 2009 to 2nd quarter 2009

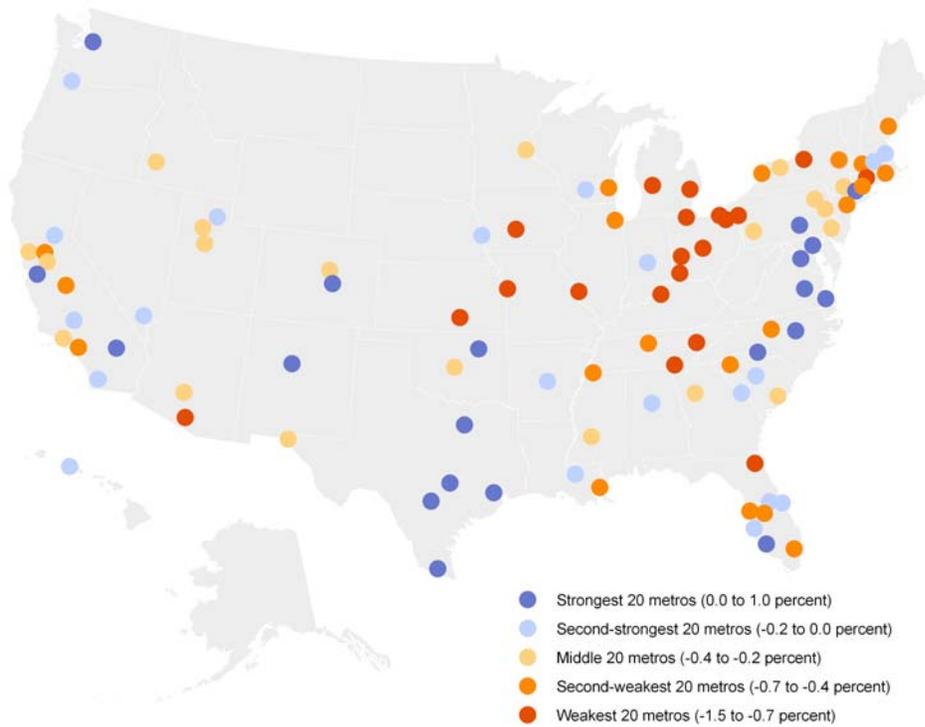
Rank Metro	Percent change in GMP, 2009Q1 to 2009Q2
1 Austin-Round Rock, TX	1.0%
2 Washington-Arlington-Alexandria, DC-VA-MD-WV	0.6%
3 McAllen-Edinburg-Mission, TX	0.5%
4 Albuquerque, NM	0.4%
5 Raleigh-Cary, NC	0.3%
6 San Jose-Sunnyvale-Santa Clara, CA	0.3%
7 Tulsa, OK	0.3%
8 Richmond, VA	0.3%
9 Riverside-San Bernardino-Ontario, CA	0.2%
10 Seattle-Tacoma-Bellevue, WA	0.2%
11 Cape Coral-Fort Myers, FL	0.2%
12 Houston-Sugar Land-Baytown, TX	0.1%
13 Virginia Beach-Norfolk-Newport News, VA-NC	0.1%
14 San Antonio, TX	0.1%
15 Dallas-Fort Worth-Arlington, TX	0.1%
86 Tucson, AZ	-0.8%
87 Grand Rapids-Wyoming, MI	-0.8%
88 Louisville-Jefferson County, KY-IN	-0.9%
89 Knoxville, TN	-0.9%
90 Columbus, OH	-1.0%
91 Akron, OH	-1.0%
92 Cincinnati-Middletown, OH-KY-IN	-1.1%
93 Toledo, OH	-1.2%
94 Wichita, KS	-1.2%
95 Dayton, OH	-1.2%
96 Kansas City, MO-KS	-1.3%
97 Cleveland-Elyria-Mentor, OH	-1.4%
98 Youngstown-Warren-Boardman, OH-PA	-1.5%
99 St. Louis, MO-IL	-1.5%
100 Detroit-Warren-Livonia, MI	-1.5%
Top 100 Metros	-0.3%
United States	-0.2%

METROMONITOR: 2ND QUARTER 2009

Percent change in GMP, peak quarter to 2nd quarter 2009



Percent change in GMP, 1st quarter 2009 to 2nd quarter 2009



METROMONITOR: 2ND QUARTER 2009

Housing Prices

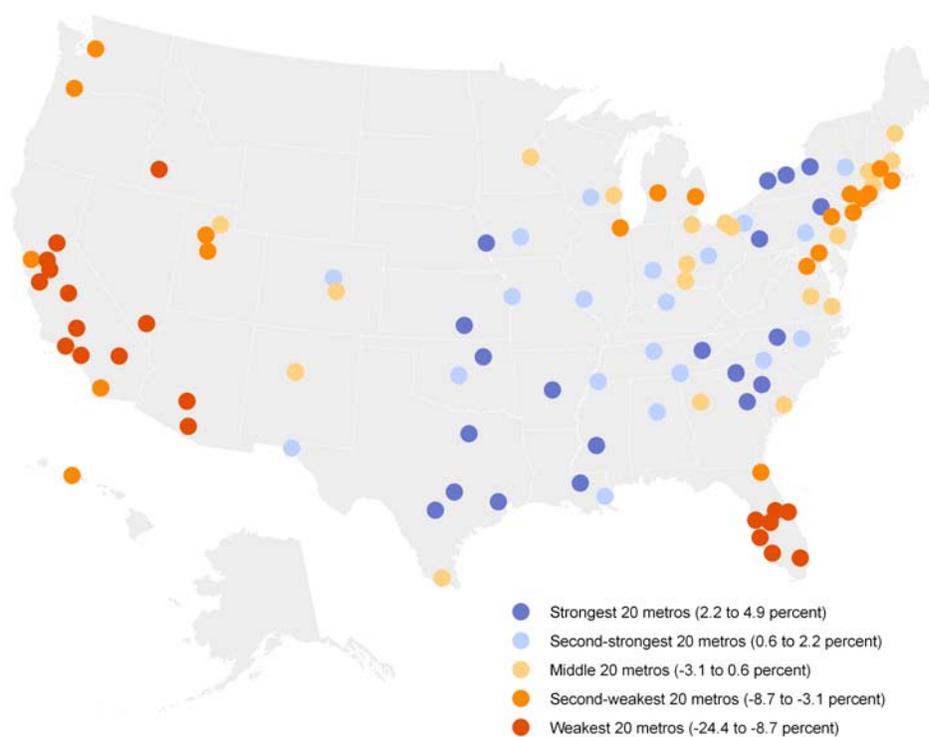
Housing prices showed signs of stabilizing in many large metro areas over the past year, though declines remained significant in many Sunbelt regions. Overall, prices fell by 4.4 percent in the 100 largest metro areas from the second quarter of 2008 to the second quarter of 2009, outpacing the nationwide decline of 1.7 percent. During this period, however, 42 metro areas experienced an increase in inflation-adjusted home prices. The strongest markets remain in Texas and the Mississippi River Valley, portions of Pennsylvania and upstate New York, and South Carolina. Metro areas losing at least 10 percent of their home values over the past year continue to cluster in California (especially the southern and central parts of the state), portions of the Intermountain West, and Florida, where overbuilding and subprime mortgage lending have exacted a significant toll.

Change in House Price Index, 2nd quarter 2008 to 2nd quarter 2009

Rank Metro	Real percent change in HPI, 2008Q2 to 2009Q2
1 Houston-Sugar Land-Baytown, TX	4.9%
2 Wichita, KS	4.2%
3 Dallas-Fort Worth-Arlington, TX	3.8%
4 Buffalo-Niagara Falls, NY	3.7%
5 Pittsburgh, PA	3.7%
6 Columbia, SC	3.5%
7 Syracuse, NY	3.4%
8 Baton Rouge, LA	3.3%
9 Rochester, NY	3.1%
10 San Antonio, TX	3.1%
11 Little Rock-North Little Rock-Conway, AR	3.0%
12 Jackson, MS	2.8%
13 Greenville-Mauldin-Easley, SC	2.8%
14 Knoxville, TN	2.8%
15 Scranton--Wilkes-Barre, PA	2.7%
86 Oxnard-Thousand Oaks-Ventura, CA	-10.4%
87 Palm Bay-Melbourne-Titusville, FL	-10.6%
88 Los Angeles-Long Beach-Santa Ana, CA	-10.8%
89 Tampa-St. Petersburg-Clearwater, FL	-11.4%
90 Bradenton-Sarasota-Venice, FL	-14.0%
91 Orlando-Kissimmee, FL	-14.4%
92 Fresno, CA	-16.6%
93 Phoenix-Mesa-Scottsdale, AZ	-17.5%
94 Bakersfield, CA	-17.6%
95 Cape Coral-Fort Myers, FL	-19.0%
96 Stockton, CA	-19.2%
97 Miami-Fort Lauderdale-Pompano Beach, FL	-19.3%
98 Riverside-San Bernardino-Ontario, CA	-19.9%
99 Modesto, CA	-20.6%
100 Las Vegas-Paradise, NV	-24.4%
100 Largest Metros	-4.4%
United States	-1.7%

METROMONITOR: 2ND QUARTER 2009

Percent change in House Price Index, 2nd quarter 2008 to 2nd quarter 2009



METROMONITOR: 2ND QUARTER 2009

Real Estate Owned (REO) Properties

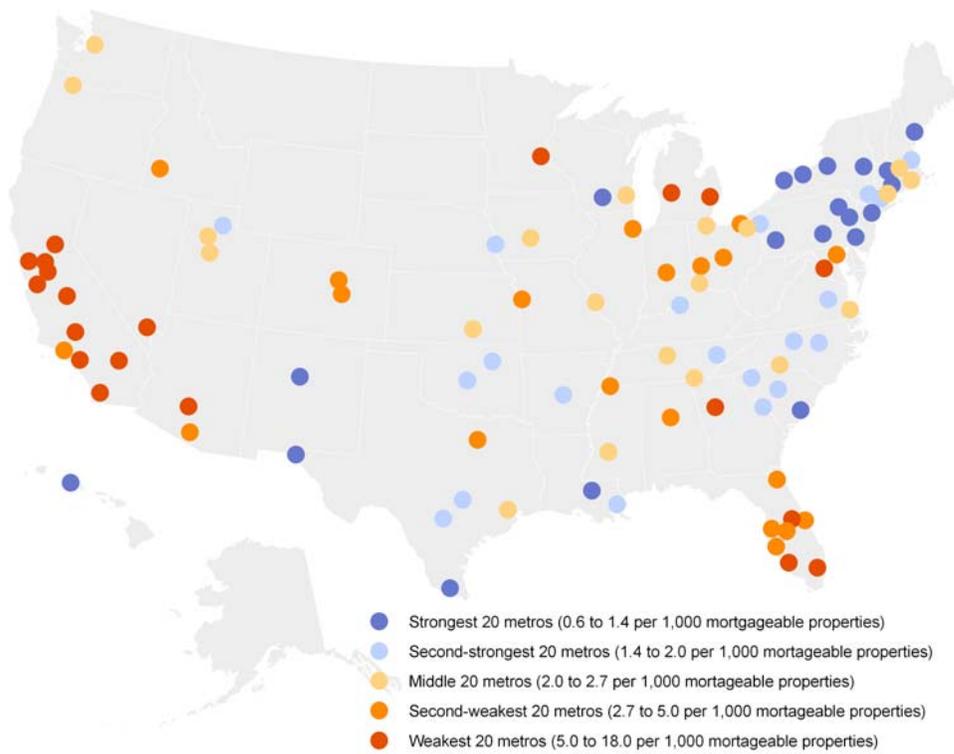
Florida, inland California, and portions of the Intermountain West continue as hotspots for bank-owned properties. In June 2009, eight metro areas recorded at least 10 real-estate-owned (REO) properties for every 1,000 mortgageable properties, up from six in March. A few metro areas outside the Sunbelt posted high REO rates, including the otherwise relatively healthy Minneapolis and Washington markets, along with economically battered Detroit. Metro areas in New England, New York, and Pennsylvania continued to post relatively low rates of bank-owned properties, as did the state capital metros of Honolulu, Madison, and Baton Rouge.

Metro areas in New England, Ohio, and South Carolina seem to have stabilized their REO levels, while conditions continued to deteriorate in the most heavily affected markets. Notably, the share of mortgageable properties that were bank-owned also leveled off in Atlanta, which still posted one of the highest REO rates in June 2009. Meanwhile, bank-owned properties continued to pile up in California's Central Valley, portions of the Intermountain West, and three Florida metro areas. Washington, a high performer in most other categories, saw REOs continue to climb over the three-month period.

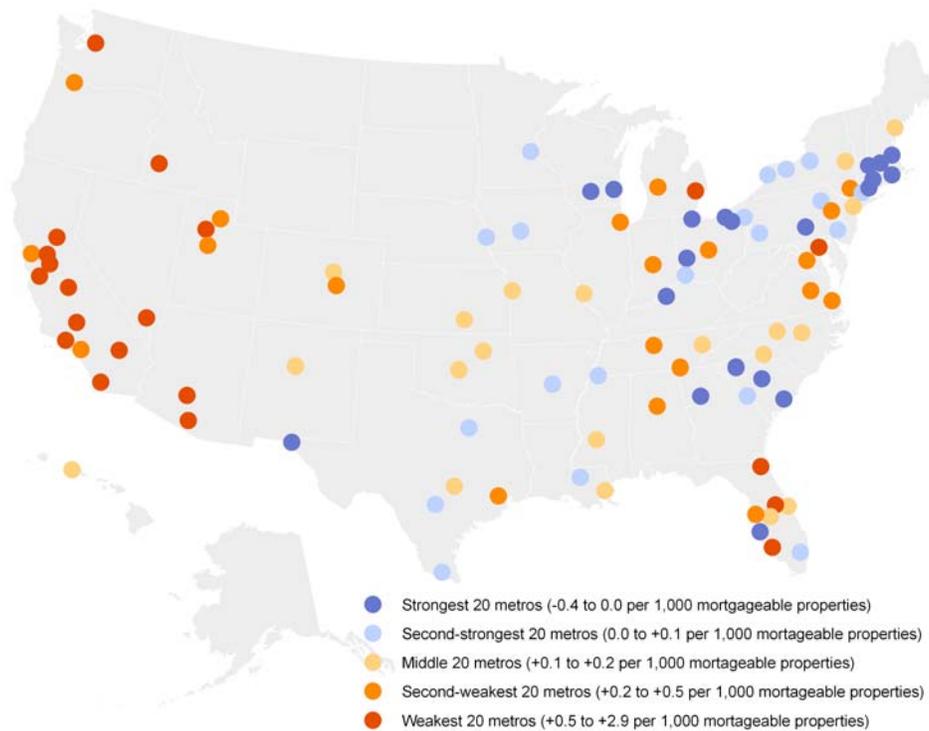
REOs per 1,000 mortgageable properties		Change in REOs per 1,000 mortgageable properties, March 2009 to June 2009		
Rank Metro	REOs per 1,000 mortgageable properties, June 2009	Rank Metro	Change in REOs per 1,000 mortgageable properties, March 2009 to June 2009	
1	Syracuse, NY	0.60	1 Bradenton-Sarasota-Venice, FL	-0.43
2	Harrisburg-Carlisle, PA	0.70	2 Columbia, SC	-0.37
3	Albany-Schenectady-Troy, NY	0.74	3 Greenville, SC	-0.35
4	Buffalo-Niagara Falls, NY	0.95	4 Akron, OH	-0.28
5	Madison, WI	0.95	5 Toledo, OH	-0.26
6	Pittsburgh, PA	1.06	6 Charleston-North Charleston, SC	-0.22
7	Scranton--Wilkes-Barre, PA	1.06	7 Providence-New Bedford-Fall River, RI-MA	-0.18
8	Honolulu, HI	1.07	8 Springfield, MA	-0.17
9	El Paso, TX	1.08	9 Worcester, MA	-0.14
10	Baton Rouge, LA	1.13	10 Boston-Cambridge-Quincy, MA-NH	-0.12
11	Hartford-West Hartford-East Hartford, CT	1.16	11 Milwaukee-Waukesha-West Allis, WI	-0.10
12	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.17	12 New Haven-Milford, CT	-0.10
13	Rochester, NY	1.19	13 Dayton, OH	-0.09
14	Portland-South Portland-Biddeford, ME	1.24	14 Atlanta-Sandy Springs-Marietta, GA	-0.06
15	Charleston-North Charleston-Summerville, SC	1.32	15 Cleveland-Elyria-Mentor, OH	-0.04
86	Miami-Fort Lauderdale-Pompano Beach, FL	6.35	86 Detroit-Warren-Livonia, MI	0.72
87	San Diego-Carlsbad-San Marcos, CA	6.76	87 San Diego-Carlsbad-San Marcos, CA	0.73
88	Washington-Arlington-Alexandria, DC-VA-MD-WV	6.93	88 Tucson, AZ	0.75
89	Orlando-Kissimmee, FL	7.37	89 Jacksonville, FL	0.80
90	Fresno, CA	7.42	90 Sacramento--Arden-Arcade--Roseville, CA	0.83
91	Minneapolis-St. Paul-Bloomington, MN-WI	7.66	91 Fresno, CA	0.87
92	Sacramento--Arden-Arcade--Roseville, CA	8.29	92 Orlando, FL	0.92
93	Detroit-Warren-Livonia, MI	10.46	93 Riverside-San Bernardino-Ontario, CA	0.98
94	Bakersfield, CA	11.64	94 Boise City-Nampa, ID	1.10
95	Phoenix-Mesa-Scottsdale, AZ	12.27	95 Phoenix-Mesa-Scottsdale, AZ	1.36
96	Riverside-San Bernardino-Ontario, CA	15.12	96 Stockton, CA	1.57
97	Cape Coral-Fort Myers, FL	15.50	97 Modesto, CA	1.76
98	Modesto, CA	15.60	98 Bakersfield, CA	1.80
99	Stockton, CA	16.30	99 Las Vegas-Paradise, NV	2.54
100	Las Vegas-Paradise, NV	17.97	100 Cape Coral-Fort Myers, FL	2.88
	100 Largest Metros	4.20	100 Largest Metros	0.33
	United States	3.34	United States	0.28

METROMONITOR: 2ND QUARTER 2009

REOs per 1,000 mortgageable properties, June 2009



Change in REOs per 1,000 mortgageable properties, March 2009 to June 2009



METROMONITOR: 2ND QUARTER 2009

Appendix: Metro performance on four key economic indicators during the recession

Metro	Percent change in employment, from peak employment to 2009Q2		Percentage point change in unemployment rate, June 2008 to June 2009		Percent change in gross metropolitan product, from peak GMP to 2009Q2		Real percent change in housing prices, 2008Q2 to 2009Q2	
		Rank		Rank		Rank		Rank
Austin-Round Rock, TX	-0.5%	2	2.6	16	0.0%*	1	2.5%	18
Baton Rouge, LA	-0.7%	4	2.4	10	-3.6%	39	3.3%	8
Columbia, SC	-2.2%	17	3.9	54	-2.7%	23	3.5%	6
Dallas-Fort Worth-Arlington, TX	-1.9%	13	3.1	32	-1.7%	11	3.8%	3
Des Moines-West Des Moines, IA	-1.5%	9	1.8	3	-5.9%	79	1.9%	24
El Paso, TX	-1.1%	5	2.9	24	-1.9%	13	1.3%	30
Harrisburg-Carlisle, PA	-3.2%	36	2.9	24	-2.4%	18	1.4%	29
Honolulu, HI	-2.5%	26	2.7	18	-1.5%	9	-3.6%	64
Houston-Sugar Land-Baytown, TX	-2.4%	23	3.0	29	-2.0%	14	4.9%	1
Jackson, MS	-2.3%	19	1.5	1	-3.8%	41	2.8%	12
Little Rock-North Little Rock-Conway, AR	-1.6%	11	2.1	7	-2.8%	24	3.0%	11
McAllen-Edinburg-Mission, TX	-0.1%	1	3.4	43	0.0%*	1	0.6%	41
Oklahoma City, OK	-1.3%	7	2.0	4	-0.8%	4	2.1%	23
Omaha-Council Bluffs, NE-IA	-2.0%	15	1.7	2	-3.3%	30	2.6%	16
Pittsburgh, PA	-2.6%	27	2.6	16	-4.5%	58	3.7%	5
Rochester, NY	-1.6%	10	3.1	32	-5.0%	67	3.1%	9
San Antonio, TX	-0.6%	3	2.0	4	-0.8%	5	3.1%	10
Tulsa, OK	-1.5%	8	2.8	21	-2.3%	16	2.5%	17
Virginia Beach-Norfolk-Newport News, VA-NC	-2.1%	16	3.2	36	-0.8%	6	-2.1%	57
Washington-Arlington-Alexandria, DC-VA-MD-WV	-1.3%	6	2.7	18	0.0%*	1	-5.7%	72
Albany-Schenectady-Troy, NY	-2.4%	21	2.5	14	-5.3%	71	0.8%	38
Albuquerque, NM	-3.2%	35	3.0	29	-1.5%	10	-2.4%	58
Augusta-Richmond County, GA-SC	-2.5%	25	3.9	54	-2.9%	25	2.4%	19
Baltimore-Towson, MD	-2.6%	28	3.3	39	-2.7%	21	-5.8%	73
Boston-Cambridge-Quincy, MA-NH	-3.0%	32	3.4	43	-3.4%	31	-0.9%	49
Bridgeport-Stamford-Norwalk, CT	-4.2%	62	2.4	10	-2.3%	17	-4.1%	67
Buffalo-Niagara Falls, NY	-2.8%	31	3.3	39	-4.1%	48	3.7%	4
Colorado Springs, CO	-3.7%	52	2.4	10	-2.7%	20	0.0%	43
Denver-Aurora-Broomfield, CO	-4.2%	61	2.8	21	-4.3%	52	2.1%	22
Hartford-West Hartford-East Hartford, CT	-3.4%	41	2.3	8	-4.8%	64	-1.2%	53
Indianapolis-Carmel, IN	-4.1%	60	3.6	50	-3.2%	29	1.2%	33
Kansas City, MO-KS	-2.2%	18	2.8	21	-5.9%	78	1.0%	35
Madison, WI	-2.7%	29	2.9	24	-3.9%	43	1.2%	32
Memphis, TN-MS-AR	-3.4%	40	3.1	32	-5.1%	69	1.3%	31
New Haven-Milford, CT	-3.6%	50	2.3	8	-3.6%	35	-3.2%	62
Ogden-Clearfield, UT	-4.1%	57	2.4	10	-3.4%	33	-1.6%	54
Poughkeepsie-Newburgh-Middletown, NY	-2.4%	22	3.0	29	-3.8%	40	-5.3%	70
Raleigh-Cary, NC	-3.8%	53	4.1	59	-1.2%	7	1.1%	34
Scranton-Wilkes-Barre, PA	-3.6%	49	2.9	24	-3.5%	34	2.7%	15
Syracuse, NY	-1.8%	12	3.2	36	-6.4%	85	3.4%	7
Allentown-Bethlehem-Easton, PA-NJ	-3.2%	37	3.5	49	-2.9%	26	-3.1%	61
Birmingham-Hoover, AL	-4.3%	64	5.4	86	-4.2%	50	2.2%	21
Charleston-North Charleston-Summerville, SC	-3.1%	33	4.7	72	-3.0%	28	-2.9%	60
Chattanooga, TN-GA	-3.5%	46	3.7	51	-6.1%	80	1.8%	25
Columbus, OH	-2.0%	14	3.3	39	-6.9%	86	1.0%	36
Greenville-Mauldin-Easley, SC	-3.1%	34	5.3	85	-4.7%	61	2.8%	13
Knoxville, TN	-3.9%	54	3.8	52	-6.1%	83	2.8%	14
Minneapolis-St. Paul-Bloomington, MN-WI	-3.9%	55	3.4	43	-4.0%	47	-2.9%	59
Nashville-Davidson--Murfreesboro--Franklin, TN	-4.7%	68	4.2	61	-4.5%	57	1.0%	37
New York-Northern New Jersey-Long Island, NY-NJ-PA	-2.8%	30	3.8	52	-4.4%	55	-3.8%	66
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	-3.3%	39	3.4	43	-3.6%	37	-1.6%	55
Portland-South Portland-Biddeford, ME	-3.6%	48	3.1	32	-3.9%	44	-0.9%	50
Provo-Orem, UT	-5.5%	72	2.0	4	-4.4%	54	-6.4%	74
Richmond, VA	-4.1%	58	4.0	57	-1.4%	8	-2.1%	56
Salt Lake City, UT	-3.5%	47	2.5	14	-5.5%	74	-4.9%	69
Seattle-Tacoma-Bellevue, WA	-3.5%	44	4.6	69	-2.2%	15	-7.2%	76
Springfield, MA	-3.5%	45	3.4	43	-4.6%	59	-1.1%	51
St. Louis, MO-IL	-3.4%	42	3.4	43	-6.1%	82	0.7%	39
Wichita, KS	-2.3%	20	4.3	62	-7.5%	91	4.2%	2
Worcester, MA	-3.6%	51	3.9	54	-3.6%	36	-3.7%	65

METROMONITOR: 2ND QUARTER 2009

Metro	Percent change in employment, from peak employment to 2009Q2	Rank	Percentage point change in unemployment rate, June 2008 to June 2009	Rank	Percent change in gross metropolitan product, from peak GMP to 2009Q2	Rank	Real percent change in housing prices, 2008Q2 to 2009Q2	Rank
Akron, OH	-3.3%	38	4.4	66	-7.6%	92	-0.7%	46
Atlanta-Sandy Springs-Marietta, GA	-6.1%	78	4.4	66	-3.4%	32	-1.1%	52
Bakersfield, CA	-2.4%	24	5.4	86	-4.1%	49	-17.6%	94
Charlotte-Gastonia-Concord, NC-SC	-6.4%	83	6.2	97	-2.4%	19	0.7%	40
Chicago-Naperville-Joliet, IL-IN-WI	-4.6%	67	4.3	62	-5.8%	77	-4.5%	68
Cincinnati-Middletown, OH-KY-IN	-4.2%	63	4.1	59	-6.3%	84	0.4%	42
Cleveland-Elyria-Mentor, OH	-6.1%	79	3.2	36	-8.5%	98	-0.9%	47
Fresno, CA	-3.5%	43	5.7	90	-4.8%	63	-16.6%	92
Greensboro-High Point, NC	-7.4%	90	5.6	89	-5.1%	70	2.4%	20
Los Angeles-Long Beach-Santa Ana, CA	-5.1%	69	4.0	57	-5.0%	68	-10.8%	88
Louisville-Jefferson County, KY-IN	-4.1%	59	4.3	62	-7.1%	88	1.5%	28
Milwaukee-Waukesha-West Allis, WI	-5.5%	73	4.8	76	-7.3%	89	-0.2%	44
New Orleans-Metairie-Kenner, LA	-16.6%	100	2.7	18	-7.7%	94	1.5%	27
Oxnard-Thousand Oaks-Ventura, CA	-6.1%	77	4.4	66	-4.6%	60	-10.4%	86
Phoenix-Mesa-Scottsdale, AZ	-9.3%	95	3.3	39	-3.9%	42	-17.5%	93
Sacramento-Arden-Arcade-Roseville, CA	-6.6%	86	4.9	78	-3.9%	45	-8.9%	82
San Diego-Carlsbad-San Marcos, CA	-3.9%	56	4.3	62	-4.5%	56	-8.2%	79
San Francisco-Oakland-Fremont, CA	-4.5%	65	4.7	72	-4.0%	46	-7.9%	78
San Jose-Sunnyvale-Santa Clara, CA	-4.6%	66	5.9	93	-2.7%	22	-10.3%	85
Tucson, AZ	-5.8%	75	2.9	24	-4.7%	62	-8.7%	81
Boise City-Nampa, ID	-9.0%	93	4.6	69	-4.2%	51	-9.2%	83
Bradenton-Sarasota-Venice, FL	-12.5%	97	5.0	79	-5.3%	72	-14.0%	90
Cape Coral-Fort Myers, FL	-15.2%	99	5.2	82	-5.6%	75	-19.0%	95
Dayton, OH	-7.3%	89	5.1	81	-7.3%	90	-0.6%	45
Detroit-Warren-Livonia, MI	-14.5%	98	8.1	100	-14.5%	100	-7.8%	77
Grand Rapids-Wyoming, MI	-6.6%	85	5.5	88	-8.2%	97	-3.4%	63
Jacksonville, FL	-6.1%	80	4.7	72	-8.1%	96	-8.4%	80
Lakeland-Winter Haven, FL	-6.2%	82	5.2	82	-5.7%	76	-10.2%	84
Las Vegas-Paradise, NV	-7.1%	87	6.0	95	-3.0%	27	-24.4%	100
Miami-Fort Lauderdale-Pompano Beach, FL	-5.9%	76	5.0	79	-5.5%	73	-19.3%	97
Modesto, CA	-5.6%	74	5.8	91	-4.8%	65	-20.6%	99
Orlando-Kissimmee, FL	-6.5%	84	5.2	82	-3.6%	38	-14.4%	91
Palm Bay-Melbourne-Titusville, FL	-8.9%	92	4.6	69	-4.9%	66	-10.6%	87
Portland-Vancouver-Beaverton, OR-WA	-5.2%	70	6.1	96	-4.4%	53	-6.5%	75
Providence-New Bedford-Fall River, RI-MA	-6.2%	81	4.7	72	-7.0%	87	-5.4%	71
Riverside-San Bernardino-Ontario, CA	-9.1%	94	5.8	91	-1.8%	12	-19.9%	98
Stockton, CA	-5.2%	71	5.9	93	-8.1%	95	-19.2%	96
Tampa-St. Petersburg-Clearwater, FL	-7.3%	88	4.8	76	-6.1%	81	-11.4%	89
Toledo, OH	-10.2%	96	6.6	98	-7.6%	93	-0.9%	48
Youngstown-Warren-Boardman, OH-PA	-8.9%	91	7.1	99	-9.0%	99	1.6%	26

* GMP in Austin, Washington, and McAllen peaked this quarter.

Overall metropolitan performance, and performance on each component indicator, is grouped by quintile (20 metro areas each, listed alphabetically) and indicated by the following shading:

Strongest	Second-strongest	Middle	Second-weakest	Weakest
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About the Metropolitan Policy Program at the Brookings Institution

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The Metropolitan Policy Program Leadership Council

The *Blueprint* initiative is supported and informed by a network of leaders who strive every day to create the kind of healthy and vibrant communities that form the foundation of the U.S. economy. The Metropolitan Policy Program Leadership Council—a bipartisan network of individual, corporate, and philanthropic investors—comes from a broad array of metropolitan areas around the nation. Council members provide us financial support but, more importantly, are true intellectual and strategic partners in the *Blueprint*. While many of these leaders act globally, they retain a commitment to the vitality of their local and regional communities, a rare blend that makes their engagement even more valuable. To learn more about the members of our Leadership Council, please visit www.blueprintprosperity.org

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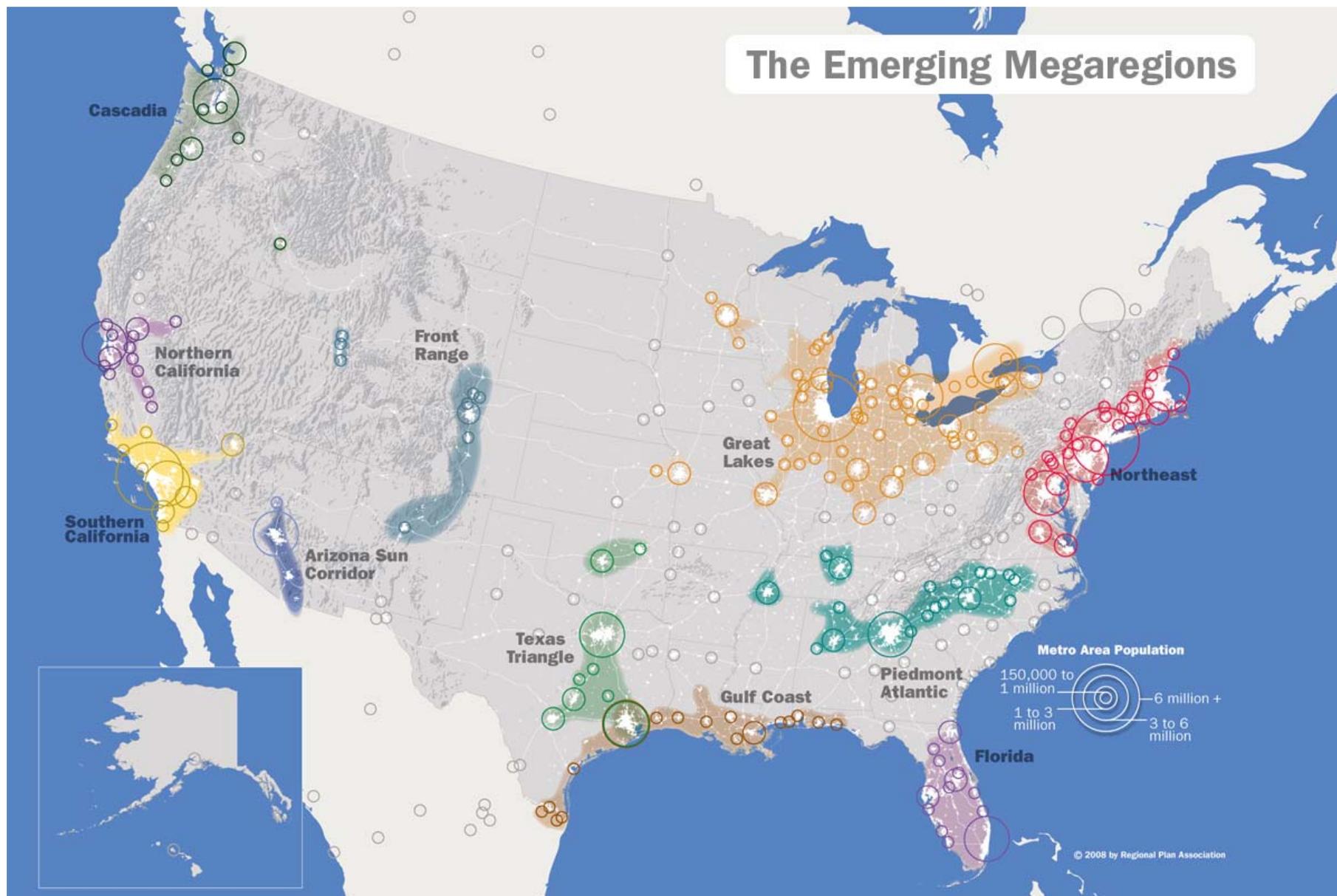
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ARTICLE

This article appears in the September 2009 issue of the Urbanist

Megaregions and America's economic recovery

A look at opportunities for megaregional planning across the U.S.

It has been almost five years since the concept of "megaregions" surfaced and gained recognition among urban planners and regionalists in the United States. My organization, America 2050, in the course of advocating for a national infrastructure plan, has worked with partners around the country, including SPUR, to bring this concept of a new, expanded urban scale to the fore in discussions about America's changing demographics, land-use patterns, transportation demands and energy needs in the 21st century.

The idea that our planning processes ought to take into account the scale at which travel patterns, electric grids, business relationships, housing markets and natural systems actually occur is straightforward. But the concept has been slow to take hold in federal policy — except in transportation. There, the recent infusion of funding for high-speed rail has highlighted the important role of megaregions in planning and building support for high-speed rail corridors.

While high-speed rail may set the stage for megaregions' debut in national policy discussions, this framework for spatial planning and coordination has many more applications. Right now the nation is experiencing not only an economic recession, but a profound transformation. How the nation emerges from this recession in terms of the structure of its economy, infrastructure, energy supply, workforce and approach to the natural environment will largely determine our ability to compete and prosper in the 21st century. As we contemplate a transformation in each of these areas, we also must look at the spatial dimension of our planning, governance and implementation systems.

Over the course of the past year, America 2050 has held a series of megaregion forums around the country with the aim of identifying infrastructure priorities that could be included in a national infrastructure plan. Last December's conference in Sacramento, "Investing in America's Competitiveness," co-sponsored by SPUR, the Bay Area Council, MTC and the Sacramento and San Joaquin Councils of Government was part of this series and focused on infrastructure challenges in the Northern California megaregion.

Our reasoning for regional organization is this: a federal plan dictated from Washington would be deeply unpopular. But one that is developed in collaboration with states and regions could identify the needed investments for a more productive economy, healthy environment and inclusive society. If the states and regions can coordinate as megaregions, we move the ball forward more quickly.

Megaregions contain over 70 percent of the U.S. population and economic growth in networks of America's densest, most productive and most complex regions. And they include infrastructure systems that span large areas and multiple political jurisdictions. If the megaregions can identify their large-scale, strategic infrastructure priorities, the national infrastructure plan is 70 percent complete.

To date, we've held megaregion-scale infrastructure forums in the Great Lakes, the Piedmont Atlantic Megaregion of the Southeast, the Northeast, Florida, Northern California and Southern California, and we will convene in the Texas Triangle this fall. While a variety of topics were raised in the different megaregions, the topics that surfaced repeatedly as ripe for megaregion collaboration were high-speed rail, water resource management and economic recovery.

Another topic, energy generation and transmission, seems appropriate for megaregion-scale coordination, but in most regions we had neither sufficient information or the right people in the room to understand the decisions that must be made in regard to siting power sources (traditional or renewable) and transmission networks. In the absence of this information, most of our discussions focused on the importance of implementing the smart grid, which will provide a degree of flexibility, information, pricing capability and redundancy, to improve electricity supply in the nation's most populous regions.

MEGAREGIONS AND THE RACE FOR HIGH-SPEED RAIL FUNDING

The Obama administration's commitment to high-speed rail, including \$8 billion in the American Recovery and Reinvestment Act and another \$5 billion in the president's proposed budget, provides a tantalizing reward for megaregion cooperation. Early this summer, the Federal Railroad Administration made clear that the selection process for the competitive high-speed rail grants would favor applications from regions with unified support for a proposed rail plan. On July 10, more than 40 states submitted 270 pre-applications for projects worth more than \$100 billion.¹ These applications will be evaluated for three separate grant programs: planning, projects and corridor programs, with final decisions made in early December. If regional cooperation is weighted heavily in the selection process, we can expect that megaregions with organized HSR plans and proposals — such as California's proposed network, the Midwest High Speed Rail initiative and the Northeast Corridor — will hold an advantage, particularly for grants to corridor programs, which is the largest funding category.

But what exactly does the administration mean by high-speed rail? Worldwide, definitions of what qualifies as "high-speed" range from Amtrak's Acela service, which can reach speeds of 150 mph but averages 86 mph, to the operating speeds of French, Chinese and Spanish systems at approximately 200 mph. The Federal Railroad Administration defined three categories of high-speed rail in April 2009: HSR Express — frequent service for distances of 200 to 600 miles, reaching speeds of 150 mph on grade-separated, dedicated rights of way; HSR Regional — relatively frequent service for distances of 100 to 500 miles, reaching speeds of 110 to

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150 mph on a mix of dedicated and shared tracks; and Emerging HSR — developing corridors with "strong potential for future HSR Express or Regional," reaching top speeds of 90 to 110 mph on mostly shared tracks.

² For the purpose of this article, high-speed rail refers to the Obama administration's definitions of HSR Express and HSR Regional. Ultimately, the decision about which type of service to implement will come down to a variety of political, financial, planning and engineering issues, to be determined by the megaregions themselves.

The opportunity for megaregions in this federal process is to coordinate their applications successfully to obtain federal grants, and ultimately to organize their future growth and development around high-speed rail networks. High-speed rail can be thought of as the mode of choice for megaregions, and the transportation technology needed to allow megaregions to fulfill their economic potential. Just as metropolitan regions were enabled by the construction of the interstate highway system, which facilitated daily commutes between city and suburb, high-speed rail could facilitate the business travel and economic links between regions with complementary economic specializations within a megaregion. ³

To start, high-speed rail travel within megaregions is likely to replace inter-city air and auto trips of 100 to 500 miles for business and recreational travel. This mode shift results in environmental benefits to the megaregion, by shifting passengers to a more energy-efficient mode of travel (and a potentially more carbon-efficient mode, if the trains are powered by renewable energy). ⁴ And if high-speed rail provides a more convenient, efficient and comfortable option for inter-city trips, it has the potential to provide the regions along a high-speed rail corridor with the economic boost that could result from more face-to-face meetings, interaction, collaboration and innovation among knowledge and service workers.

High-speed rail also reduces air congestion by freeing up slots at airports currently devoted to short-haul flights, which can be used for longer national and international trips with greater numbers of passengers. Though it remains to be seen whether riders would use high-speed rail for daily commutes over long distances, it is not unreasonable to assume that someday they will. Commuting distances and times have risen steadily since the early 1980s, and if high-speed rail can offer a productive and comfortable ride over long distances, those who can afford to may take it on a daily basis.

High-speed rail could also make the difference between achieving sustainable land-use patterns in megaregions, instead of getting bogged down in the negative effects of congestion and sprawl. A high-speed rail network can act as the backbone of a transportation system anchored in population centers and connected by extensive networks of regional rail and local transit options, supported by transit-oriented development. The desired model would have vibrant urban centers and suburbs connected by a high-speed rail network and surrounded by protected open space, farmland and forest land. High-speed rail would provide inter-city connections within the megaregion, while additional investments are needed to enhance the regional rail and local transit networks to support daily commuting and mobility within metropolitan regions. Trips between megaregions and across distances longer than 500 miles are still best served by air travel.

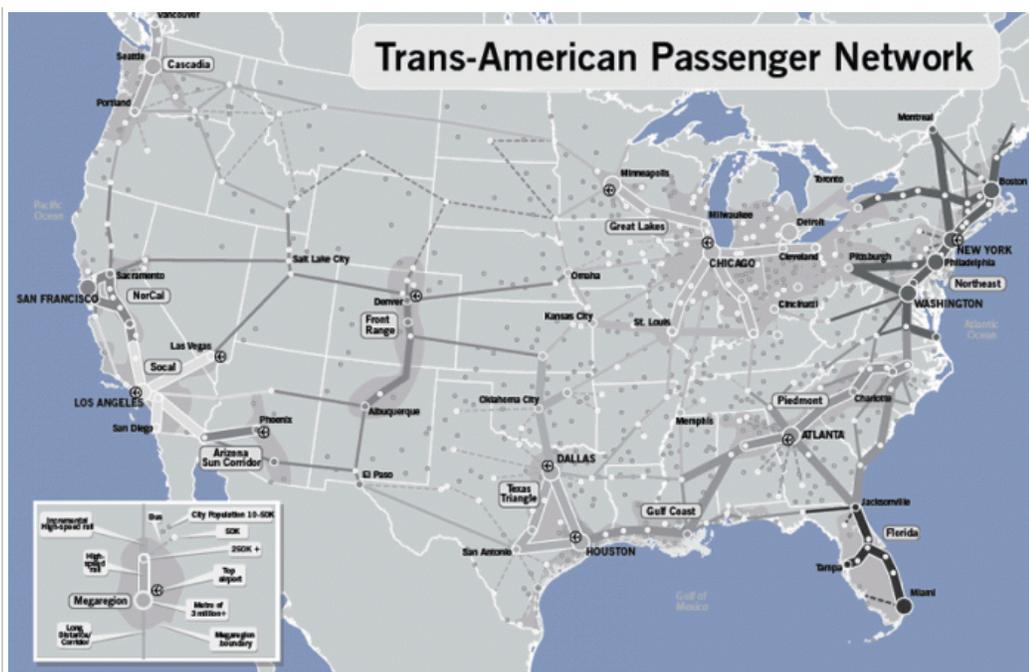
But high-speed rail not only can help megaregions fulfill their potential destinies as sustainable conurbations for the 21st century, but megaregions also are really the only places suited for investment in high-speed rail.

As emphasized in a recent America 2050 report, the strongest market demand for high-speed rail exists in corridors connecting cities that share certain characteristics:

- cities are 100 to 500 miles apart
- large cities in populous metropolitan regions
- productive economies
- high levels of auto and air congestion
- existing and expansive transit networks (to feed riders to the high-speed rail services)

The nation's megaregions tend to possess all of these characteristics. ⁵

In contrast to the much derided long-haul corridors of Amtrak, which serve relatively few and travel slowly across the landscape, federal high-speed rail funding should target the nation's most populous regions in which strong economic ties and inter-city travel demand already exists among city pairs. But according to the Federal Railroad Administration's guidelines, it will also favor megaregions that have their act together, so to speak. Organizational capacity, a strong track record of comparable projects, a reasonable schedule, matching operating funds, preliminary engineering without fatal flaws, and local political support will help tip the balance in their favor. ⁶ All these factors will require megaregion-scale planning and political commitment from governors, mayors, business leaders and the civic community, not only to win the federal funding race but to see these complex and risky projects through to completion.



This

map highlights a series of national high-speed rail corridors that will likely receive priority funding from the federal government. These corridors connect major cities within many of the nation's megaregions, and in some cases, connect several megaregions to each other.

WATER INFRASTRUCTURE: MANAGING RESOURCES AND LARGE LANDSCAPES

Water flows across state and regional boundaries without regard for political jurisdictions. In doing so, it provides the unifying element for some of the nation's megaregions. The Great Lakes Megaregion and the Gulf Coast are physically defined by their major water features. Megaregions such as Northern and Southern California, the Piedmont Atlantic, and the Florida Megaregion all have megaregion-scale water issues to contend with.

In the Midwest, the Great Lakes Basin Compact has provided a basis for cooperation among the eight Great Lakes states and two Canadian provinces since the mid-1950s. This agreement, recognized by the U.S. Congress, provides a forum for water resource management and for evaluating the impacts of specific state projects against the entire ecosystem. Importantly, it provides a significant regulatory obstacle against inter-basin transfers of water out of the Great Lakes Basin. More recently, the Great Lakes Commission has been a recipient of federal stimulus funds to implement projects to achieve the Commission's water quality goals.⁷

Though the institution is unique at its scale, the trans-regional challenges faced by the Great Lakes Commission in managing water resources are not. The recent strategic plan of the Delta Vision Blue Ribbon Task Force requires action on the part of two separate California megaregions — though, conveniently, they are located largely in one state. The impetus for statewide action is clear; the Sacramento-San Joaquin Delta serves the nation's most productive agriculture industry and provides drinking water for two-thirds of California's population.⁸

In drought-ridden Atlanta, America 2050 convened leaders from across the Piedmont Atlantic Megaregion in early 2009 to identify major infrastructure priorities. There we learned that the U.S. Army Corps of Engineers South Atlantic Division recently had sponsored an exploratory workshop to create a Regional Water Resource Alliance of eight southeastern states. At the invitation of the Corps, representatives of the states met in December 2008, identifying potential benefits and barriers to formal regional collaboration on water issues. Among the benefits: the ability to influence federal policies and funding, share best practices and promote greater water efficiency. Among the barriers: the perceived lack of crisis and the threat of litigation among states. The stakeholders also observed that if states do not coordinate for their collective interest, unwelcome federal policies or regulations may intervene if drought conditions reach crisis proportions.⁹

From these examples, we can see that while water resource management at a watershed (or megaregion) scale intuitively makes sense, these types of collaborations are scattershot at best. However, as climate change brings about more frequent droughts, unpredictable weather and more severe storms, there may be greater impetus for coordination and management across larger areas for issues from drinking-water protection to flood control to coastal management. For example, land use management that focuses growth in centers and protects regional open space can protect source waters, reducing the cost of drinking-water treatment to cities. Greater efficiency in urban areas and adoption of "green infrastructure" practices, such as capturing storm water for irrigation, can reduce competition among urban areas and agriculture for water resources.

A federal policy that provides modest incentives for megaregion-scale coordination and water resource planning could be just the added push that is necessary to get these efforts off the ground. It would also provide the benefit of identifying strategic priorities for federal policies and funding in large regions.

REVIVING REGIONAL ECONOMIES

The economic recession has touched all parts of the country, but even before the current recession, there were vast areas of the country — from large regions to rural communities to individual cities — that were losing jobs and population. Two of the nation's megaregions — the Great Lakes and the Gulf Coast — rank below the

national average in population and job growth. And since the recession hit, economic pains are being amplified in other megaregions as well. In Florida, where population growth and real estate speculation fueled a housing bubble, civic leaders are looking hard at an economy built on construction, tourism and sunshine. As one business leader remarked at a recent forum, "it's no longer sufficient to go to cold climates and recruit."¹⁰ In Southern California, the decreasing share of U.S. metropolitan employment combined with an increasing share of U.S. metropolitan population¹¹ is cause for concern. When these symptoms of economic distress are spread over the megaregion, it makes sense that the solutions might take place at this scale as well.

Yet one must look back more than 100 years in American history to find precedent for large-scale, regional economic development strategies advanced by the federal government. In 1908, Theodore Roosevelt convened a Conference of Governors at the White House to review the preliminary report of the Inland Waterways Commission. The report, prepared by Gifford Pinchot, chief of the Forest Service, proposed a national conservation movement, restoration of river basins and economic development projects for the South and West (now the nation's Sunbelt), which had missed out on the massive wealth accumulated in the Midwest and Northeast by the robber barons of the railroad age. Subsequent federal action, with the support of the governors, resulted in projects such as the Roosevelt Dam in Phoenix, the Colorado River Compact and the Hoover Dam¹², and the rapid growth of these regions' economies throughout the 20th century.

A modern-day corollary to the South and West in the early 1900s is the struggling Great Lakes Megaregion and the long, as yet unsuccessful transition of its cities and regions from an industrial to a service-based economy. The federal government has already committed close to \$85 billion for the bailout of the automobile industry. Now we must build on this investment to create a cross-sector economic development strategy for the whole Great Lakes Megaregion stretching from Duluth, Minnesota, to Buffalo, New York, rooted in infrastructure investment, workforce training, and renewable energy technology and production.

While different strategies and levels of investment are required in different megaregions, a new program within the U.S. Economic Development Administration could coordinate all federal investments and programs at the megaregion scale in different categories, and promote greater synergies, cooperation and leveraging of federal funds. For example, a high-speed rail corridor program in the Great Lakes Megaregion could be coordinated with a pilot program for high-speed rail car manufacturing, workforce retraining and policy programs at university transportation research centers. This effort should also be coordinated with the White House's Office of Urban Affairs and Domestic Policy Council, which recently convened the federal secretaries and administrators of housing, transportation, environment, labor and small business with governors and local leaders to promote federal-local partnerships toward sustainable, competitive and inclusive communities.

THE PATH AHEAD

In some respects, the American Recovery and Reinvestment Act of 2009 was a missed opportunity to direct more funding toward the infrastructure systems of tomorrow. Because of the emphasis on speed, it directed funding almost entirely through existing legislative vehicles, instead of investing in innovative programs and reform. But it also demonstrated the importance of establishing legislative vehicles — no matter the venue — that can create the basis for new programs and federal actions if the opportunities (or a second stimulus) arise. Federal high-speed rail funding was appropriated through the Passenger Rail Investment and Improvement Act, a bill signed into law with the Rail Safety Act by President Bush in October 2008. The bill's passage benefited in substantial part from the coordinated advocacy of the Business Alliance for Northeast Mobility, a coalition of chambers of commerce in the Northeast megaregion, which sought authorizing legislation to fund Amtrak's Northeast Corridor. Without this bill in place, high-speed rail funding might not have been appropriated.

Looking ahead, a national infrastructure strategy that promotes megaregion-scale coordination could be rolled out at the federal level in a variety of ways. It could take shape in multiple, separate pieces of legislation: the reauthorization of the surface transportation bill, the water resources bill, and climate and energy legislation. In each of these areas, megaregion-scale planning, cooperation and coordination could be encouraged by competitive grant programs or modest, additional incentive-funding to develop megaregion-scale plans for certain resources or infrastructure systems, along the lines of the competitive high-speed rail grant program.

These legislative reforms will require a broader federal vision that responds to the transformative change underway in our national economy, global environment and national population demographics. Until we make a break from the inertia of past practices, we will be ill-equipped to respond to the challenges of tomorrow. ★

ENDNOTES

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² U.S. Department of Transportation Federal Railroad Administration, "Vision for High-Speed Rail in America." p 2. April 2009.

³ With thanks to Kip Bergstrom, executive director of the Stamford, Connecticut Redevelopment Authority, who made this observation at a meeting of Northeast business leaders.

⁴ According to the U.S. DOE 2007 Transportation Energy Book, Amtrak is one-third more energy efficient than auto travel on a per passenger basis.

⁵ Yoav Hagler. "Where High-Speed Rail Works Best." Aug 2009. America 2050.

⁶ DOT FRA High-Speed Intercity Passenger Rail Program Notice. June 23, 2009. The Federal Register.

⁷ Great Lakes Commission <http://www.glc.announce/>.

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¹² Robert Fishman. "1808-1908-2008: National Planning for America." July 2007. [www.America2050.org.]

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You're the Boss

The Art of Running a Small Business



August 5, 2009, 2:13 pm

Are Medium-Size Businesses the Job Creators?

By [Scott A. Shane](#)



Do the Math

Job creation by small businesses is one of the most talked-about topics in entrepreneurship. But one aspect of this discussion has always bothered me. The Office of Advocacy of the Small Business Administration shows that small businesses, which they define as any business with fewer than 500 employees, account for 99.7 percent of all employer firms in this country. That's such a large percentage of businesses that referring to small businesses as a single group obscures important differences among them.

Using the same data that Brian Headd of the S.B.A. used in the [July SBA Advocate](#), I divided small businesses into three categories: "micro businesses," with fewer than 10 employees; "small businesses," with 10 to 49 employees, and "medium-size businesses," with 50 to 499 employees.

The table below summarizes the Bureau of Labor Statistics data on net job creation from the third quarter of 1992 through the third quarter of 2008 for each of these groups of firms and large businesses.

Size of Firms	Share of Businesses	Share of Jobs Created 1992-2008
Less than 10 Emp.	79.0%	15.0%
10-49 Emp.	17.0%	20.0%
50-499 Emp.	4.0%	30.0%
More than 500 Emp.	0.3%	36.0%

Source: Bureau of Labor Statistics (Numbers do not total 100 percent due to rounding.) Job Creation by Firms of Different Sizes, 1992-2008

When we divide small businesses into these size categories, we see big job-creation differences among types of small businesses. From 1992 through 2008, the 4 percent of

small businesses that had 50 to 499 employees created 30 percent of all net jobs, whereas the 79 percent of small businesses with fewer than 10 employees created only 15 percent.

Perhaps we should focus more attention on medium-size companies.

Scott A. Shane is a professor of entrepreneurial studies at Case Western.

US Income Gap Widens as Poor Take Hit in Recession

By THE ASSOCIATED PRESS

Published: September 28, 2009

Filed at 4:37 p.m. ET

WASHINGTON (AP) -- The recession has hit middle-income and poor families hardest, widening the economic gap between the richest and poorest Americans as rippling job layoffs ravaged household budgets.

The wealthiest 10 percent of Americans -- those making more than \$138,000 each year - - earned 11.4 times the roughly \$12,000 made by those living near or below the poverty line in 2008, according to newly released census figures. That ratio was an increase from 11.2 in 2007 and the previous high of 11.22 in 2003.

Household income declined across all groups, but at sharper percentage levels for middle-income and poor Americans. Median income fell last year from \$52,163 to \$50,303, wiping out a decade's worth of gains to hit the lowest level since 1997.

Poverty jumped sharply to 13.2 percent, an 11-year high.

"No one should be surprised at the increased disparity," said Richard Freeman, an economist at Harvard University. "Unemployment hurts normal workers who do not have the golden parachutes the folks at the top have."

Analysts attributed the widening gap to the wave of layoffs in the economic downturn that have devastated household budgets. They said while the richest Americans may be seeing reductions in executive pay, those at the bottom of the income ladder are often unemployed and struggling to get by.

Large cities such as Atlanta, Washington, New York, San Francisco, Miami and Chicago had the most inequality, due largely to years of middle-class flight to the suburbs. Declining industrial cities with pockets of well-off neighborhoods, such as Pittsburgh, Cleveland and Buffalo, also had sharp disparities.

Up-and-coming cities with growing middle-class populations, such as Mesa, Ariz., Riverside, Calif., Arlington, Texas, and Henderson, Nev., were among the areas showing the least income differences between rich and poor.

It's unclear whether income inequality will continue to worsen in major cities, said William H. Frey, a demographer at the Brookings Institution. Many Americans are staying put for now in traditional cities to look for jobs and because of frozen lines of credit.

"During the years of the housing bubble, there was middle-class movement from unaffordable metros with high-income inequality," Frey said. "Now that the bubble burst, more of the population may be headed back to the high-inequality areas, stemming their middle-class losses."

Among other findings:

--Income at the top 5 percent of households -- those making \$180,000 or more -- was 3.58 times the median income, the highest since 2006.

--Between 2007 and 2008, income at the 50th percentile (median) and the 10th percentile fell by 3.6 percent and 3.7 percent, respectively, compared with a 2.1 percent decline at the 90th percentile. Between 1999 and 2008, income at the 50th and 10th percentiles decreased 4.3 percent and 9.0 percent, respectively, while income at the 90th percentile was statistically unchanged.

--Plano, Texas, a Dallas suburb, had the highest median income among larger cities, earning \$85,003. Cleveland ranked at the bottom, at \$26,731.

The findings come as the federal government considers new regulations to rein in executive pay at companies in which it has invested. President Barack Obama also typically cites the need for higher taxes on the wealthy to pay for health care overhaul and other measures, arguing that the wealthy have disproportionately benefited from tax cuts during the Bush administration.

The 2008 figures come from the Current Population Survey and the American Community Survey, which gathers information from 3 million households. The government first began tracking household income in 1967.

Associated Press writer Frank Bass contributed to this report.

On the Net: Census Bureau: www.census.gov

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Affordable housing looms as a critical urban challenge

As the recession bottoms out, planners are looking how to leave room for moderate-income residents in walkable neighborhoods.

PHILIP LANGDON

Once the nation's shaken economy recovers, real estate analysts expect a growing number of urban neighborhoods to become so expensive that people of modest income will be priced out of them. This would undermine socioeconomic diversity, which has long been a new urbanist ideal.

Consequently, some consultants, such as David Dixon, head of planning and urban design at Goody, Clancy Associates in Boston, are urging cities — and new urbanists — to take steps now to make sure the anticipated urban boom doesn't reinforce a pattern of segregation by income.

During the two-year-long recession, housing in walkable neighborhoods in center cities and inner suburbs has fared better than competing properties in outlying, automobile-dependent locations, says Christopher Leinberger of the University of Michigan and Brookings Institution.

Dixon concurs. "What has been fascinating about this downturn is that in most cities, the core has held its value much better than the periphery," he says. "In Washington and Boston, in the core, real estate values are about where they were before the recession," he reports. "They're \$600 to \$700 a square foot in the core of Boston. At the periphery they're 30 percent lower [than before the recession]."

Though strong demand for walkable, close-in locations is in most respects a victory for urbanism, Dixon sees it as also posing a problem: "When you remove the effects of the recession and credit limitations, there will be an explosion of demand for housing in older urban neighborhoods" in the next few years.

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This Whole Foods in Alexandria, Virginia, is an example of how supermarket operators are opting for pedestrian-friendly stores in urban locations. See story on page 4.

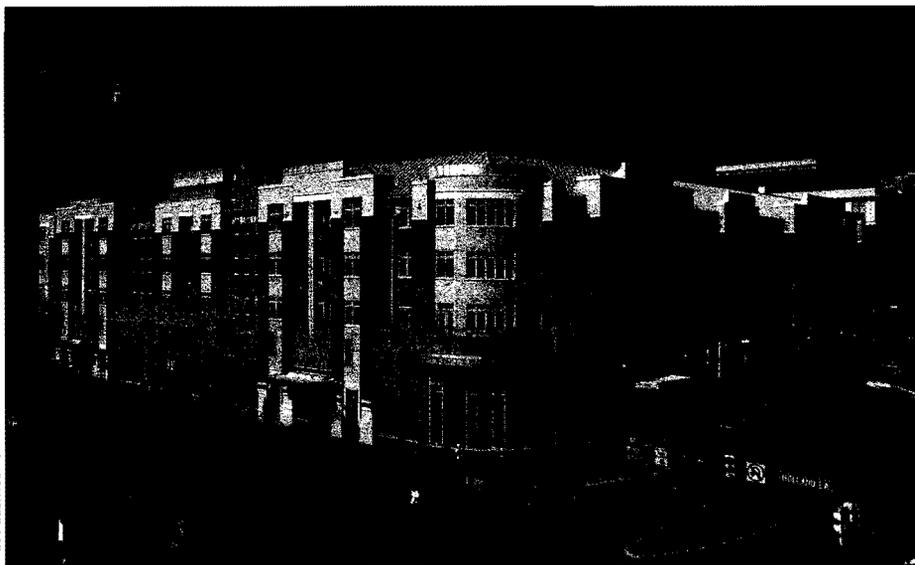


PHOTO COURTESY OF MW+A ARCHITECTS

Nora Beck. The CNU Board of Directors followed up by giving its unanimous approval to a full-fledged LEED-ND.

The board of the Natural Resources Defense Council approved NRDC's continuing participation in LEED-ND and delegated acceptance of the program's final standards to the NRDC executive committee. Separately, Smart Growth America endorsed the program through a vote of its board.

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Affordable

FROM PAGE 1

The demand — much of it attributable to young people and the baby boom generation, mostly one- and two-person households — could easily outrun the supply, pricing out people of low to moderate income, including artists and workers who do the modestly paid jobs upon which a complex urban society depends.

"When demand is unfettered, how do you meet the demand so that prices don't go entirely through the roof?" Dixon asks. He believes answers can be seen in two cities where his firm has recently worked: Alexandria, Virginia, and Asheville, North Carolina. Both of those cities are encouraging redevelopment at higher density and are trying to ensure that some of the new housing is reserved for people of moderate income.

BUILDING AROUND A METRO STATION

In Alexandria, an old Potomac River city whose population is estimated to have jumped by 12.2 percent, to 143,885, since 2000, housing is in great demand. Because of escalating prices, "the black community is being pushed out," says Dixon. The housing crunch and concern about displacement last year spurred the City Council to adopt a strategy favoring greater density and mixed-income housing in the blocks around the Braddock Road Metro rail station.

Directly in front of the station sits a two-acre swath of land that for years has been used for little more than "loading, moving, and storing buses, taxis, and private automobiles," the Braddock Metro Neighborhood Plan points out. That parcel is now viewed by the city as a prime site for mixed-use redevelopment, including housing, ground-level retail, and a plaza.

Nearby, the city wants to establish community-serving retail and a gathering place for people who live and work in the neighborhood. Sites once used for warehousing, light industry, and other commerce will likely be redeveloped for housing, hotel rooms, offices, and stores. Nine blocks of public housing, starting with the five-block James Bland public housing project, are to be redeveloped as mixed-income housing.

Valerie Peterson, principal planner

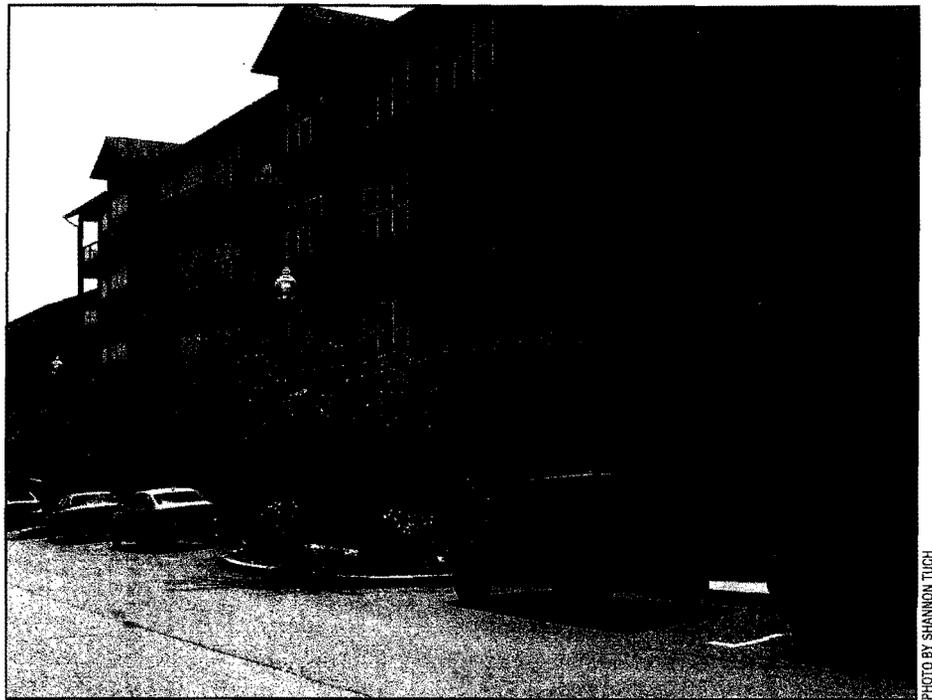


PHOTO BY SHANNON TUCH

Lexington Station is Asheville's first modular, multistory, multifamily construction.

for the city, says that over 10 years, 194 units in the James Bland development will be razed and replaced by 379 new townhouses and multifamily units. Sixty-five percent of them will be market-rate, the rest public housing. A fifth of the market-rate units may become "workforce" housing (generally defined as units for households earning between 80 and 120 percent of the region's median income). Additional public housing will be constructed in another part of the city, so there will be no overall loss of public housing units.

Land now occupied by public housing will be reconfigured into smaller blocks with generous sidewalks, reinforcing the neighborhood's street grid. Most new buildings will be two to three stories (plus lofts in many instances), to harmonize with houses in the neighborhood's Parker-Gray Historic District. Some may add to the Alexandria tradition of "alley houses," though those narrow passages will be private, not public. (The alley houses have been envisioned as three-story rowhouses with a recessed fourth floor and small front yards.) Elsewhere in the neighborhood, as many as 171 other units of aging public housing are eventually to be replaced by mixed-income development as well.

Close to the Metro station, buildings will rise higher, but will be modulated to avoid overwhelming their surroundings.

Guidelines set maximum heights for building faces and call for "shoulders" stepping down next to the street; extra height will be permitted in the centers of some blocks. "New development projects will provide enough underground parking to avoid aggravating the on-street parking crunch, but not so much that it encourages households to own additional automobiles or employees to drive to work," the plan stipulates.

Dixon sees the Braddock plan as an example of how new urbanists can use their place-making skills to fashion satisfying urban environments that are not limited to residents of above-average means.

WHERE WILL WORKERS LIVE?

The need for such strategies is profound, according to government leaders such as Ron Sims, who was county executive of King County, Washington before becoming deputy secretary of the US Department of Housing & Urban Development in May. Sims told a Regional Plan Association conference in New York that by 2013, King County, which includes Seattle, "will be a sellers' market," and workforce housing there will be hard to find. Microsoft, the region's leading employer, "is alarmed by the trend data," because inordinately costly housing will make it hard to recruit talent from elsewhere, Sims said.



RETROFITTING

subur

ELLEN DUNHAM-JONES AND JUNE WILLIAMSON

BOB LYNN/ARIS & CRAIG DEMARCO (LA GRANDE ORANGE)



The dearth of good, cheap, undeveloped sites in suburban markets, the escalating number of vacant greyfield properties, and the expansion of mass transit systems into suburban areas are all factoring into a changed American suburban market.

The recession has brought the 50-year expansion of suburban development patterns to a halt. It also is accelerating the trend to retrofit, reinhabit, and “regreen” the rising numbers of dead malls, dying office parks, and other declining suburban properties. While no one likes to see businesses fail, redevelopment of these sites to respond to new suburban demographics, rising transportation costs, and infrastructure investments provides the opportunity to transform the most automobile-dependent landscapes into more sustainable, more urban places. The big development project for the next 50 years likely will be retrofitting suburbia.

bia



BOB LYNN/ARIS & CRAIG DEMARCO

The transformation of aging and underperforming shopping centers, office parks, and other prototypical large suburban properties into more urban places is exemplified by projects such as La Grande Orange, a reborn strip mall in Phoenix containing locally owned restaurants and shops (above and on pages 38–39).

Some of the changes will be incremental—a change of use here, a new street or building there, much as one sees in the “incremental urbanism” that characterizes the perception of how the world’s great cities evolved over time. However, American suburban development patterns are so highly specialized for single uses that their layouts are resistant to incremental adaptation. Consequently, the most effective redevelopments will be those that retrofit the streets, blocks, and lots to provide a compact, connected, walkable mix of uses and housing types. Unfortunately, projects at this scale often evoke criticism as “instant cities” or “faux urbanism.” The challenge for all involved is to provide settings and buildings that transcend their “instant” status and inspire their communities.

The global urgency of reducing greenhouse gases provides the most time-sensitive imperative for reshaping sprawl development patterns, for converting areas that now foster the largest per-capita carbon footprints into more sustainable, less automobile-dependent places. The transformation of aging and underperforming shopping centers, office parks, garden apartment complexes, and other prototypical large suburban properties into more urban places allows new population growth to be redirected from metropolitan greenfield edges into more central grey-field sites where vehicles-miles traveled (VMT) can be reduced. It also allows for consideration of how redeveloped suburban areas collectively add up to “incremental metropolitanism” at a scale far more

capable of confronting the problems of sprawl than is incremental urbanism.

Many of the retrofits produced to date have in fact been incremental and indicative of both gradual demographic shifts and public efforts to induce change. For instance, the original Levittowns have added not only countless additions to individual houses, but also multiunit housing for seniors as inhabitants have aged. A decade after Boulder, Colorado, revised zoning and setback regulations along suburban arterials, new mixed-use buildings with sidewalk cafés appear cheek by jowl with older carpet-supply stores set behind large parking lots.

Similarly, numerous older retail buildings have been adapted for community-serving purposes. More than a dozen Wal-Mart stores have been converted to churches. La Grande Orange in Phoenix is a reborn strip mall containing locally owned restaurants and shops that have become so popular that La Grande Orange has its own T-shirts and is regularly mentioned as a selling point in real estate ads for the neighborhood. An L-shaped mini-mall was made into the award-winning Camino Nuevo Charter Academy elementary school in Los Angeles. The addition of sidewalks and previous public green space figured into the transformation of a grocery store into a public library in Denton, Texas, and conversion of a Super Kmart into a megachurch in Woodstock, Georgia. Many other vacant big-box stores, malls, and shopping centers have been converted to office space, health care facilities, and civic space—including the headquarters for Hormel Foods, which includes the Spam Museum in a former Kmart in Austin, Minnesota, and the revival of Crestwood Court Mall in St. Louis by artist, theater, and dance groups as ArtSpace. Sometimes, the best approach to a dead retail site is to return it to nature, as in the reconstructed wetland that replaced a failed strip shopping center in Phalen Village, Minnesota, or the proposed park on the site of the Columbus City Center mall in Columbus, Ohio. Countless additional examples of this kind of recycling exist, showing welcome improvements to the physical and social infrastructure.

However, retrofitting’s greater potential goes well beyond incremental adaptive use or renovation. Through urbanization of larger suburban properties with a denser, walkable, synergistic mix of uses and housing types, more significant reductions in carbon emissions,



A former mini-mall in Los Angeles (below) has been converted into the Camino Nuevo Charter Academy elementary school (left).



gains in social capital and public health, and changes to systemic growth patterns can be achieved.

Mixed-use new urbanist greyfield retrofits routinely achieve projections of 25 to 30 percent internal trip capture rates, and substantially higher performance has been measured in recent studies. Belmar, a dead mall retrofit in Lakewood, Colorado, tripled density on its 100-acre (40-ha) site but did not require a single new traffic signal on surrounding streets. Such capturing of internal trips is dependent on achieving the critical mass associated with instant cities, not with incremental changes to the suburban pattern.

The most dramatic and prevalent retrofits tend to be on dead mall sites—retrofits such as Belmar; Mizner Park in Boca Raton, Florida; and Santana Row in San Jose, California. Each replaced a typical low-rise shopping mall surrounded by parking lots with a more or less interconnected, walkable street grid, lushly planted public spaces, and ground-level retail space topped by two to eight stories of offices and residences. In Denver alone, eight of the region's 13 malls have undergone or announced plans for retrofitting. There are also, however, significant retrofits on the

land adjacent to thriving malls. The retrofit of Downtown Kendall/Dadeland outside Miami incorporates a mall (the Dadeland Mall) and new 20-plus-story residential towers, as does Perimeter Place adjacent to Perimeter Center Mall in Atlanta. Both are examples of how 30-year-old edge cities, even *bête noire* Tysons Corner, in northern Virginia, outside Washington, D.C., are being repositioned by infilling and urbanizing.

Suburban office and industrial parks are also being retrofitted. The parking lots of an Edward Durrell Stone–designed office park of ten-story buildings in Hyattsville, Maryland, have been infilled with a new main street and a mix of uses to become University Town Center. The owners of a low-rise industrial park in Westwood, Massachusetts, are taking advantage of its location on a commuter rail line to redevelop it as Westwood Station, a four- to five-story live/work/shop transit-oriented development (TOD) and the largest suburban development project ever in Massachusetts. Golf courses, car dealerships, park-and-ride lots, garden apartment complexes, residential subdivisions, and entire commercial strip corridors are being retrofitted in ways that integrate rather than

In Lakewood, Colorado, a retrofit of a dead low-rise shopping mall surrounded by parking lots resulted in Belmar, an area with an interconnected, walkable street grid and ground-level retail space topped by offices and residences.

CONTINUUM PARTNERS/ELIUS/MANFREDI ARCHITECTS/CIVITAS INC.



isolate uses and regenerate underperforming asphalt into urban neighborhoods.

What has been driving all this? Several factors: shrinking percentages of households with children and a growing market for multiunit housing in the suburbs, an aging population, continued suburban job growth, regional growth patterns that have given leapfrogged suburban areas a new centrality, higher gasoline prices that have made closer-in living more attractive, and local smart growth policies and transit investments that are limiting sprawl and redirecting growth to existing infrastructure. The dearth of good, cheap, undeveloped sites in suburban markets, the escalating number of vacant greyfield properties, and the expansion of mass transit systems into suburban areas are all factoring into a changed American suburban market.

Collectively, these market forces and policies are enabling implementation of the principal benefit of projects like these: the retrofitting of the underlying layout of the streets, blocks, and lots so as to change unhealthy suburban patterns and behaviors into more sustainable ones. Incremental infill within as-of-right zoning in most suburban municipalities is simply not a feasible path toward achieving diversification or densification.

The larger, denser, and more urban the redevelopment, the greater the ability of its designers to change the existing development pattern and do the following:

- ▷ reduce vehicle-miles traveled and improve public health by creating a transit-served or transit-ready mix of uses in a walkable street pattern connected to adjacent uses;

- ▷ reduce land consumption and per-capita costs of public investment by absorbing growth that, without alternatives, would expand in sprawl and edgeless cities;
- ▷ increase the feasibility and efficiency of transit;
- ▷ increase local interconnectivity;
- ▷ add permeable surfaces and green space;
- ▷ add public and civic space;
- ▷ increase choice in housing type and affordability;
- ▷ increase diversification of the tax base; and
- ▷ establish an urban node within a polycentric region.

The key design challenge in altering the suburban settlement structure is internal and external integration of the parts over time and over multiple parcels. Research has yet to uncover built examples of connected culs-de-sac—a longstanding holy grail of suburban reform—or other perfectly seamless transitions between properties. But designers are producing innovative adaptations to zoning and subdivision regulations to overcome suburban fragmentation.

For example, Michael Gamble and Jude LeBlanc, professors at the Georgia Institute of Technology, have proposed trading the right to build liner buildings within the front setback along arterials for giving up half the width of a new street on the side setback as a means to gradually establish a finer-grained street and pedestrian network on suburban superblocks. Similarly, Elizabeth Plater-Zyberk, a partner in the Miami-based town planning firm Duany Plater-Zyberk & Co., and Victor Dover and Joseph Kohl, partners in the urban design firm Dover Kohl & Partners in Coral Gables, Florida, have developed a strategy for linking open spaces within a walkable street grid through the superblocks

of Downtown Kendall/Dadeland's 324 acres (131 ha). Working for Miami-Dade County on new zoning across numerous parcels, they devised a system of anchor points at the corners of property boundaries to which each owner's mandated 15 percent of open space had to connect. Their suggested, rather than mandated, shapes of public space have been substantially followed by property owners and are far more appropriately sized to the development as a whole than a series of uncoordinated 15 percent bits would have been.

Internal integration of parts is indeed far easier to control on single-parcel sites—especially sites of 30 acres (12 ha) or more. Projects as small as 15 acres (6 ha), such as San Diego's Uptown District on the site of a former Sears store, can transform the character of suburban areas and generate local input concerning further changes. But larger parcels can more easily justify the inclusion of public space, decked parking, and a fine-grained street network on suburban superblocks. Large sites are also more likely than small ones to be able and/or required to include housing for a mix of incomes.

This has not been universally achieved—witness the exclusively high-end residences at Santana Row or exclusively lower-end apartments at CityCenter Englewood in Englewood, Colorado—but projects like Mizner Park, Belmar, and Addison Circle in Addison, Texas, provide a range of housing types, tenures, and costs. While they do not contain the social and physical diversity of incremental cities, the degree of internal integration, diversification, and densification of these instant cities deserves commendation.

Large, single-parcel projects also foster integration external to the property. By forcing municipalities to address rezoning and use tax-increment financing to provide infrastructure upgrades for the new density, larger projects are gradually reforming the regulations and financing practices that otherwise continue to favor sprawl. Large projects in particular increase a municipality's experience with mixed uses, mixed incomes, shared parking, form-based codes, context-sensitive street standards, transfers of development rights, and other regulations that encourage urban development patterns. As a result, one successful retrofit tends to breed another.

At the same time, the financing community is gaining experience with evaluating mixed-use public/

private deals. Gradually, the financial performances of large projects are providing the predictable metrics that lenders require to offer the most competitive rates not only to conventional suburban development, but also to urbanizing redevelopment, increasing the feasibility of including affordable housing. Evidence of the magnitude of change in the rules of the game is that big players have now stepped onto the field. Mall owner General Growth Properties added high-end housing to its mall in Natick, Massachusetts, and was retrofitting the Cottonwood Mall outside Salt Lake City to serve as a town center before problems with commercial mortgage-backed securities loans forced it into bankruptcy.

The larger, denser, and more urban the redevelopment, the greater the ability of its designers to change the existing development pattern.

By 2005, recognition of the changed market led many of the country's high-production single-family-home residential builders to start "urban" divisions offering lofts, yoga studios, and billiards lounges. Not surprisingly, these divisions have been the best performers while the rest of the housing market has tanked.

On the one hand, the urban divisions of K. Hovnanian Homes, KB Homes, and Toll Brothers, along with compact urban retail formats by Wal-Mart, Target, and Home Depot, are a promising indication that even the big guns are recognizing both the market for and the benefits of urbanism. The impact could be enormous if the new divisions perform well enough to shift these companies' focus away from spreading unwalkable, single-use suburban formats across the country. Combining affordability with urbanism in new construction, whether in new developments or redevelopments, has been difficult, and the expertise of these companies in providing affordable products should be welcomed. On the other hand, their highly repetitive and uninspiring "instant architecture"—a problem they are not alone in creating—is less welcome.

One way to enhance the character and diversity of retrofits is to take advantage of the unique opportunities for adaptive use in redevelopment. Although most aging low-rise suburban buildings lack the systems or construction quality to merit restoration, the most distinctive retrofits tend to creatively retain at least some buildings. Surrey Central City outside Vancouver, British Columbia, revived a mall by grafting a new five-story Galleria of university classrooms on top. The multistory department store buildings of several dead mall retrofits have been converted to housing, offices, and city halls.

As counters to “instant architecture,” these legacies contribute a sense of history, diversity, affordability, and a reduction of waste. The resulting quirks contribute enormously to the creativity and quality of the place

While it is fair to fault instant cities when their replication of **incremental urbanism** is unsatisfying, the more relevant issue today is how well each contributes to **retrofitting the larger systems of sprawl**.

making. They can also insert a cool factor to suburban places. Upper Rock in Rockville, Maryland, and Cloud 9 Sky Flats in Minnetonka, Minnesota, incorporate modern loft conversions of suburban office buildings.

Bit by bit, beneath the static image of uniform tract houses, many suburbs are undergoing significant physical, social, and cultural change—not all of it positive. For the first time in history, suburban municipalities now house more people living in poverty than central cities do. Maps showing recent mortgage foreclosures concentrated in the newer outermost suburbs indicate the likelihood of further decentralization of poverty and an ever-shifting terrain.

On the physical side, several aging garden apartment complexes have been retrofitted and entire post-World War II subdivisions in suburban Washington, D.C., and Atlanta have been bought up house by house. One subdivision in Atlanta even self-organized and put itself up for sale for redevelopment. New transit systems, infrastructure improvements, programs to fund planning studies, regulations allowing

accessory dwelling units, and new overlay zoning district designations are providing further incentives for suburban urbanization.

But all this has not been happening everywhere. It has been happening at specific nodes and along specific corridors, generally where the transportation infrastructure—usually with some improvements—can support it. The outer rings of new exurban expansion continue to be low density overall, but the densified retrofits and countless revitalized small-town main streets are joining the edge cities as increasingly significant suburban activity centers. Arthur C. Nelson of the University of Utah estimates that 2.8 million acres (1.1 million ha) of greyfields will become available in the next 15 years. If only one quarter is redeveloped into mixed-use centers, it has the potential to supply half the housing required by 2030. As a result, the regional pattern emerging and likely to become more prominent is increasingly polycentric.

While development has indeed been decentralizing away from central cities, it also has been recentralizing around new and existing suburban centers—and becoming more sustainable in the process. More bottom up than top down, these new instant cities are demonstrations of an incremental metropolitanism. While it is fair to fault instant cities when their replication of incremental urbanism is unsatisfying, the more relevant issue today is how well each contributes to retrofitting the larger systems of sprawl.

One of the first steps is to recognize the inefficiencies of sprawl development. Most lower-priced houses are at the outer edges, but come with higher transportation costs that increasingly wipe out the savings gained. Jobs and retail space are located along arterials, but typically with little transit access. Thoroughfares designed for high-speed travel between centers have become so lined with uses that they do not work well for either access or mobility. Everything is designed in isolated pods. Even larger retrofits run the risk of becoming stand-alone fragments unless their urban structure integrates them into both local networks and larger sustainable systems. Only as nodes of a polycentric metropolis can they contribute to regional efficiencies in transit and other civil infrastructure, per-capita land and energy conservation, shorter commute dis-

tances, lower housing and transportation costs, a jobs/housing balance, and specialized labor agglomeration.

The inclusion of increasingly significant amounts of office space within mixed-use retrofits is particularly important for balancing polycentric growth and reducing VMT. Twinbrook Station in Rockville, Maryland, and Lindbergh City Center in Atlanta are integrating 12- and 14-story corporate office buildings onto the sites of former park-and-ride lots. SkySong in Phoenix and Surrey Central City are building incubator office space for Arizona State University and Simon Fraser University, respectively, on the site of a dead shopping center and a mall's parking lot.

Transit is especially critical in the effort to network nodes into a metropolitan area-wide economy and system. Unfortunately, most potential retrofit sites are not on transit lines. While retrofitting them can still enhance local conditions and reduce automobile dependency, the larger challenge is connecting retrofits to each other to achieve the benefits of a more sustainable metropolis.

There are two principal strategies for "connecting the dots." The first is to extend transit to improve suburban access, encourage even greater differentiation between nodes, and reduce VMT. The planned extension of Metrorail through Tysons Corner is an example of this strategy and reveals the high cost and design difficulties of inserting stations and TODs into an edge city not planned for them. (See "Edge-City Evolution," May, page 46.)

The hope is that densification of enough retrofitted sites will make suburban transit feasible. However, the track record so far indicates that more often transit in the suburbs is what makes densification feasible. In fact, examination of over 80 retrofits reveals that the arrival of a rail system is one of the strongest triggers for large-scale suburban redevelopment. In addition to Washington, D.C., the availability (or construction) of rail transit in Boston, Dallas, Denver, Los Angeles, and Phoenix has stimulated suburban retrofitting at existing and proposed rail stations.

The second strategy for connecting the dots is to retrofit corridors themselves. The general argument is that if commercial strip corridors are made more attractive to and safer for pedestrians, they can better attract redevelopment. Cathedral City, California, converted four blocks of what had become a



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commercial strip corridor back into its downtown by retrofitting it into a multiway boulevard. Palm-lined medians separate the high-speed traffic from slower local traffic and wide sidewalks. Now serving as the town's main street, the retrofitted corridor has attracted upscale hotels, shops, and housing to join the new city hall on a site that would not previously have been considered attractive.

A more incremental approach for retrofitting corridors is being pursued on Columbia Pike by Arlington County, Virginia. A form-based code with fast permitting and the promise of a streetcar are the incentives for its ongoing redevelopment of low-rise supermarkets and strip malls into six- to ten-story mixed-use buildings.

A five-story Galleria of university classrooms was grafted on top of a mall outside Vancouver, British Columbia.

As the country looks ahead to **recovery from this recession**, it is clear that **public/private partnerships at a multitude of scales—national, state, and local—will be needed more than ever to collectively take on the challenges and opportunities to retrofit suburbia.**

One of the newest strategies for retrofitting corridors is to expand the network efficiency of the local streets surrounding arterial roads. Virginia's new state law requiring connectivity between subdivisions is intended to allow local roads to handle many more local trips so that the arterials can function more efficiently as the links between metropolitan nodes.

So how well do instant cities and suburban retrofits live up to their sustainable aspirations? Each case is unique and merits consideration of at least the following questions:

- ▷ At metropolitan and regional scales, does the project make it easier for people to have access to jobs, affordable housing, and affordable transportation while simultaneously reducing VMT and carbon footprints? Or is it gentrifying an important remnant of an affordable landscape and/or draining an existing downtown?
- ▷ Are there tangible means, such as transfer of development rights, to link densification at targeted nodes with equally targeted land conservation elsewhere? Or are developers getting a free ride as local communities get overburdened with traffic and displacement, and the region as a whole benefits little?
- ▷ At the local scale, does the settlement have an urban structure that supports interconnectivity, density, transit, and walkability? Has it triggered further redevelopment?
- ▷ Will its design and mix of uses improve with age and endure, or will it remain a fragment of drive-to-walkable "product" with a life span driven by its retail and limited to the fashionability of its scenography?
- ▷ At the building scale, does it offer a variety of housing choices to accommodate a diverse population with varied needs and ideas about public and private space, or are the choices too similar and the expectations of behavior too conformist?

These questions will be at the heart of local and metropolitan politics as people move beyond debates of sprawl versus smart growth and tackle the thorny specifics of implementing real change. In many respects, the even more difficult assessment is determining how well instant cities and suburban retrofits live up to their urban aspirations. It is easy to compare them to "real" cities and find them lacking the culture, excitement, diversity, conflict, grit, and suffering that coexist in core cities. But this misses the point. Instant cities and suburban retrofits are not core cities. They are urban nodes within a new polycentric metropolis that simultaneously complement the core city's downtown and serve a predominantly suburban population. They are hybrids and reflect aspects of both centeredness and decentralization.

This hybrid nature is revealed in many ways, including the following:

- ▷ suburban parking ratios and urban streetscapes;
- ▷ ambiguous "public" spaces developed in public/private partnerships and privately owned or leased;
- ▷ populations that are more diverse than stereotypical suburbs but less diverse than stereotypical cities;
- ▷ new, single-ownership parcels deliberately masked to look old and multiparceled;
- ▷ urban qualities delivered at suburban costs;
- ▷ transit orientation and automobile dependency; and
- ▷ the appearance of local town centers and reliance on larger networks of users, tenants, funders, and designers.

Hybrid network nodes are neither suburban nor urban. As a result, they are prone to critique from the advocates of both better-understood categories. But are cities and suburbs really so different in the polycentric metropolis? The old dichotomy of suburb versus city as the separation of home and work was always oversimplified. Today, it is further



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The more attractive and pedestrian friendly that commercial strip corridors are made, the more they tend to attract development. The retrofit of four blocks of a commercial strip corridor as a multiway palm-lined median-strip boulevard with wide sidewalks gave a main street to Cathedral City, California, and is credited with helping the site attract hotels, shops, and housing.

complicated by continued metropolitan decentralization, new forces of recentralization, the replication of national retailers throughout, and the extended networks afforded by global communications.

More than 60 percent of U.S. metropolitan office space is now in the suburbs, but many of the same metropolitan regions seeing the most retrofitting in suburban contexts are also seeing population growth in their central cities. Post-World War II suburbs originally built at the edges of the metropolis have been so surpassed by new growth, often losing property value in the process, that they now enjoy relatively central locations. New instant cities exploit those centralities and activate them as metropolitan nodes in a network increasingly reinforced by mass transit. Retrofitting ushers in networked urbanity in which living, working, shopping, and playing are no longer separated—but neither are they entirely conjoined.

The networked urbanity of metropolitanism reinterprets the Aristotelian ideal of the city—living together well—at the larger scale. This bodes well for confronting the challenges of economic and environmental sustainability but is less promising for dealing with entrenched social inequity.

Although instant cities and suburban retrofits are neither as sustainable nor as urban as older established cities, they are more sustainable and more urban than the conditions they have replaced. As such, they have great potential to reshape the metropolis—while encouraging the planting of trees

on former parking lots rather than chopping them down at the metropolitan fringes.

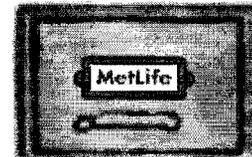
Retrofits also face many challenges, including addressing gentrification, producing architecture that lives up to cultural aspirations, and constructing the infrastructure to support the changes. Communities interested in retrofitting should revise their zoning codes and regulations to support mixed uses and higher densities while seeking means to invest in transit boulevards and public parking garages to stimulate private redevelopment. Similarly, those not familiar with the complexities of mixed-use redevelopment need to expand their skill sets—and their imaginations.

As the country looks ahead to recovery from this recession, it is clear that public/private partnerships at a multitude of scales—national, state, and local—will be needed more than ever to collectively take on the challenges and opportunities to retrofit suburbia. **UL**

ELLEN DUNHAM-JONES is director of the Architecture Program at the Georgia Institute of Technology and **JUNE WILLIAMSON** is associate professor of architecture at the City College of New York/CUNY. (This article has been updated and adapted, with permission, from *Retrofitting Suburbia: Urban Design Solutions for Redesigning Suburbs*, John Wiley & Sons Inc., 2009.)

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Thursday, Mar. 12, 2009

2. Recycling the Suburbs

By Bryan Walsh

The American suburb as we know it is dying. The implosion began with the housing bust, which started in and has hit hardest the once vibrant neighborhoods outside the urban core. Shopping malls and big-box retail stores, the commercial anchors of the suburbs, are going dark — an estimated 148,000 stores closed last year, the most since 2001. But the shift is deeper than the economic downturn. Thanks to changing demographics, including a steady decline in the percentage of households with kids and a growing preference for urban amenities among Americans young and old, the suburban dream of the big house with the big lawn is vanishing. The Metropolitan Institute at Virginia Tech predicts that by 2025 there will be a surplus of 22 million large-lot homes (on one-sixth of an acre [675 sq m] or more) in the U.S.

Environmentalists will celebrate the demise of sprawling suburbs, which left the nation addicted to cars. But all the steel, concrete and asphalt that went into making the suburbs can't simply be tossed out in favor of something new, even if it's perfectly green. That would be worse. "As much as possible, we need to redirect development to existing communities and infrastructure," says Kaid Benfield, director of the smart-growth program at the Natural Resources Defense Council. "Otherwise, we're just eating up more land and natural resources."

The suburbs need to be remade, and just such a transformation is under way in regions that were known for some of the worst sprawl in the U.S. Communities as diverse as Lakewood, Colo., and Long Beach, Calif., have repurposed boarded-up malls as mixed-use developments with retail stores, offices and apartments. In auto-dependent suburbs that were built without a traditional center, shopping malls offer the chance to create downtowns without destroying existing infrastructure, by recycling what's known as underperforming asphalt. "All of these projects are developer-driven, because the market wants them," says Ellen Dunham-Jones, a co-author of the new book *Retrofitting Suburbia*.

Not every suburb will make it. The fringes of a suburb like Riverside in Southern California, where housing prices hav

fallen more than 20% since the bust began, could be too diffuse to thrive in a future where density is no longer taboo. It'll be the older inner suburbs like Tysons Corner, Va., that will have the mass transit, public space and economic gravity to thrive postrecession. Though creative cities will grow more attractive for empty-nest -retirees and young graduates alike, we won't all be moving to New York. Many Americans will still prefer the space of the suburbs — including the parking spaces. "People want to balance the privacy of the suburbs with more public and social areas," says Dunham-Jones. But the result will be a U.S. that is more sustainable — environmentally and economically.

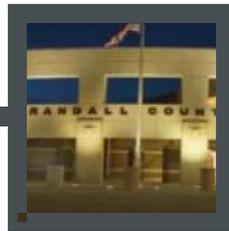
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REUSING big boxes

JEFFREY SPIVAK



Communities across America are building a track record of putting empty big-box stores back to use.

BIG-BOX RETAIL STORES, sometimes condemned as symbols of suburban sprawl, are increasingly taking on new lives across America as schools, churches, hospitals, courthouses, libraries, and even museums. As such, these projects are becoming new symbols of a type of real estate development that is the very antithesis of sprawl: adaptive use.

Vacated Wal-Mart stores have found new uses as the Calvary Chapel in a suburb of St. Petersburg, Florida, and as the Snowy Range Academy charter school in Laramie, Wyoming. Former Kmart facilities are now used in Hastings, Nebraska, as a children's Head Start center, and in Austin, Minnesota, as Hormel Foods Corp.'s museum devoted to Spam, the infamous canned meat. A one-time Grand Union grocery in New Jersey is now the Princeton Fitness & Wellness Center, complete with swimming pools.

These conversions are occurring because big-box retailers are increasingly vacating their stores. Some big-box retailers, such as Wal-Mart, continually expand and supersize their stores to increase sales and profits, often by leaving one facility to move into a bigger one. Wal-Mart has built nearly 2,000 super-centers ranging from 100,000 to 250,000 square feet

(9,300 to 23,200 sq m), all since 1990. Consequently, the number of regular Wal-Mart discount stores has dropped about 40 percent from their mid-1990s peak.

Retail competition also has caused major retailers to close their stores by the hundreds. Kmart emerged from bankruptcy partly by closing 600 stores this decade. Also contributing has been the current economic recession; one victim, Circuit City, filed for bankruptcy in November and is closing 155 stores. Home Depot has announced it is abandoning 15 locations.

There are thousands of empty big boxes across America, from rural towns to the suburbs of big cities, notes Julia Christensen, visiting professor at Ohio's Oberlin College and author of the 2008 book *Big Box Reuse* (see page 59), who spent five years traveling the country documenting and photographing reused big-box stores. "Everything you look at points to this increase," comments Stacy Mitchell, who has studied big boxes as a senior researcher at the Institute for Local Self-Reliance, a nonprofit consultancy based in Minneapolis that promotes local retailers.

It is not easy for communities to address the problem of an empty big-box site. A vacant store, particularly one as large as a big-box facility, spreads



BIG BOX REUSEMIT PRESS



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Vacated Kmart and Wal-Mart stores have found new uses. Some 600 Kmart stores have closed in the past ten years; a one-time Kmart facility in Austin, Minnesota, is now a Hormel Foods museum devoted to the canned meat product Spam (above left), while another former Kmart in Lebanon, Missouri, has become a public library and shares the space with a café and a museum (left). A former Wal-Mart store in Canyon, Texas, has been converted into the Randall County Justice Center with five courtrooms plus offices for court officials; former stockrooms were converted into jail holding cells (above).

a cloud of economic decline and disinvestment over its location. In addition, the building is often unsuitable and unattractive for new uses because of its interior configuration and exterior design.

The warehouse-like interior open space is often too large for other single users, and it is not easily divided, requiring new walls, wiring, and plumbing. Outside, the shell is usually architecturally bland, with few or no windows and generally only one front entrance. "There are only so many uses for a big box," says Jennifer Evans-Cowley, who has researched big-box retail as an associate professor of city and regional planning at Ohio State University in Columbus.

Nevertheless, big-box structures and their sites can offer a few advantages for potential new users. They contain ample parking and tend to be easily accessible, often located off highways or main streets, with turn lanes and traffic lights already in place.

The Wal-Mart subsidiary Wal-Mart Realty has as its primary purpose disposing of unused stores. The subsidiary's inventory of such buildings has dropped from 170 in 2005 to around 100 now, says Rick Kinnard, Wal-Mart vice president of realty disposition. (Wal-

Mart Realty's Web site showed 175 buildings in May, but that included some with pending contracts and others expected to be available in the future, Kinnard says.) Part of the drop since 2005 is due to Wal-Mart buildings finding second lives. According to Kinnard, most of Wal-Mart sites are reused by other retailers through reuse partnerships such as one the company has established with JC Penney.

However, in cases where another retailer has not stepped up to take over the sites, a number of communities have had to come up with creative and innovative ways to recycle these large, obsolete store spaces. In Minnesota, for example, a Kmart building sat vacant for a decade before Hormel stepped up and turned it into a new headquarters and the Spam Museum. In Nebraska, it took a local company to step up and pry the empty Kmart from an out-of-town real estate company, then flip it to become the local Head Start center.

Other examples of big-box reuses include the following:

Randall County Justice Center, a former Wal-Mart, Canyon, Texas. When Wal-Mart announced it was closing a store in Canyon, Texas, to open a supercenter a



BIG BOX REUSE/MT PRESS

mile away, Randall County Judge Ernie Houdashell says he had the idea of brokering a deal to take over the site to replace the county's nearly 100-year-old courthouse in Amarillo, which was run down and overcrowded.

The county bought the 55,000-square-foot (5,100-sq-m) store for \$850,000 in 2004, then put in another \$8 million to modernize it and add 15,000 square feet (1,400 sq m) of space. The building reopened in 2007 with five courtrooms plus offices for the county clerk, district attorney, and other officials. The shell of the building was reinforced to withstand tornados and to drown out the noise of nearby trains; hallways and walls were installed to carve up the cavernous interior; and the former stockrooms were converted into jail holding cells.

Peggy Palmer Summers Memorial Library, a former Kmart, Lebanon, Missouri. Efforts to replace the 4,500-square-foot (420-sq-m), bunker-like library in Laclede County, Missouri, dragged on for years and even continued after land was donated for the building because the small town of Lebanon could not afford the estimated \$6 million price tag for a new structure. Then the town's Kmart closed, the library board expressed interest in it, and the years of talk gave way to action.

A local engineer volunteered his services as project manager, a local architect volunteered to do the design, and residents led a fundraising drive in which hundreds of people donated at least \$25. Once the project got off the ground, public school students painted murals inside, tradesmen gave

their time to lay carpet and flooring, and electricians wired light fixtures for free. The library board ended up partnering with a local group seeking to establish a permanent museum commemorating historic Route 66 linking Chicago and Los Angeles. When the new library opened in 2004, it shared the 41,000-square-foot (3,800-sq-m) building with Maria's Route 66 Café and the Lebanon Route 66 Museum. The entire project cost an estimated \$1.3 million, with at least \$700,000 coming from private donations.

Centralia Center senior citizens' resource complex, a former Wal-Mart, Wisconsin Rapids, Wisconsin.

With a population 20,000, Wisconsin Rapids was attracting more retirees, but the town's three primary agencies catering to seniors were dispersed, causing seniors to drive from site to site. Local philanthropies spearheaded an effort to build one center housing all the agencies, but a brand-new building did not win community development block grant (CDBG) funding, which typically favors redevelopments.

Attention turned to an abandoned Wal-Mart in the run-down downtown mall. The biggest obstacle was getting the community behind the idea because residents had been envisioning a new, modern building for the center. The local Community Foundation organized presentations with architectural drawings showing the center with dramatic entryways and interior skylights, which won over seniors.

The project then raised funds from local governments and nearly 1,000 donors, and obtained the coveted CDBG grant. The \$5 million, redesigned 67,000-square-foot (6,200-sq-m) facility opened in 2003 with the promised skylights, awnings over the entrances, and a cafeteria for the three seniors' agencies, including an adult daycare program.

The U.S. Department of Housing and Urban Development, which administers CDBG grants, showcases the seniors' center on its Web site, writing, "The project accomplishes many things. It meets the needs of the area senior citizen population, it eliminates a blighting influence in the area, . . . and it is bringing business and traffic back to the once floundering downtown area."

Wakefield North freshman high school campus, former Winn-Dixie grocery, Wake Forest, North Carolina. Wake County is located on the edge of the booming Research Triangle metropolitan region, and the



BIG BOX REUSE/MIT PRESS

Big-box retailers like Wal-Mart continually expand and supersize their stores to increase sales and profits, often by leaving one facility to move into a larger one. A former Wal-Mart in a run-down downtown mall in Wisconsin Rapids, Wisconsin, is now the Centralia Center senior citizens' resource complex, which consolidated three agencies catering to seniors and offers a cafeteria, an adult daycare program, and awnings over the entrances.

county school district has had difficulty keeping up with the boom. Enrollment has surged 50 percent in the past decade, and new schools have not been built fast enough to keep pace. Faced with overcrowded high schools, the district decided to open several off-campus, ninth grade-only centers in 2007.

For Wakefield High's ninth-grade center, the site search zeroed in on the Winn-Dixie store, vacant since the company filed for bankruptcy in 2005. The building offered two main advantages: proximity to the high school (just three miles, or 4.8 km, away), and time (it could be retrofitted quickly). However, it was not an ideal structure. At 54,000 square feet (5,000 sq m), it was too small to create regular-sized classrooms. Plus, the owner only wanted to lease it to the county, so the exterior could not undergo much alteration.

The lease and the renovations wound up costing \$10 million. The architect took several steps to help alleviate the building's space limitations, including raising ceiling heights to make the small classrooms feel larger. Also, a basketball court was added outside to offset the undersized indoor gym. When the school opened, local newspapers reported some students were embarrassed about attending classes in a former grocery store, but that sentiment soon faded because the building no longer felt like a store.

These examples show the different approaches communities have taken to the reuse of big-box sites, all tailored to the locale's particular needs. Even so, communities would prefer not to get stuck with empty big boxes in the first place. Increasingly, cities and towns have been approving a variety of land use strategies to try to protect themselves from that fate. These strategies include:

▷ *Setting a size limit on retail buildings.* This approach has been taken with varying degrees of success, from the suburbs of Washington D.C., to cities in California such as Oakland. In response, Wal-Mart has helped fund ballot measures to overturn some big-box size limits.

▷ *Establishing stricter design standards, so if a building is vacated, it will at least be aesthetically attractive to another user.* Bozeman, Montana, for example, requires large stores to have multiple entryways and interior walls to ensure that they can be reused by more than one tenant. Conover, North Carolina, forced Wal-Mart to make the facade of its store there look like a row of multiple village storefronts.

▷ *Requiring a demolition bond to provide money for razing a big box if it is vacant for a year or more.* The Milwaukee suburb of Wauwatosa, for instance, receives 20 cents per square foot (\$2.15 per sq m) for buildings larger than 50,000 square feet (4,600 sq m), which amounted to \$28,000 in the case of a new Lowe's home improvement store.

It is too early to tell whether any of these strategies will work. The number of vacant big boxes is still rising, especially in these challenging economic times for retailers. One hopeful sign, though, is that communities across the country are building a track record of putting empty big boxes back to beneficial use. **UL**

JEFFREY SPIVAK is a senior research analyst for HNTB Cos., an architecture and engineering design firm based in Kansas City, Missouri.

The New York Times
ROOM FOR DEBATE
A Running Commentary on the News

APRIL 4, 2009, 12:55 PM

101 Uses for a Deserted Mall

By *THE EDITORS*

(Photo: Tim Boyle/Getty Images)

Updated, Apr. 16, 10:10 a.m. | General Growth Properties, one of the largest mall operators in the country with more than 200 properties in 44 states, [filed for bankruptcy early Thursday morning](#). The company, which is saddled with more than \$25 billion in debt, has been severely damaged by the recession as more retail tenants have shuttered.

As the recession deepens, the retail industry continues to take a huge hit. Nowhere is this more visible than in the rising vacancy rate in shopping malls across the country. Mall owners are gambling on various businesses to draw people in, [from water parks to educational services](#). What happens, or should happen, to dying or dead shopping malls?

- [Ellen Dunham-Jones and June Williamson](#), architecture professors
- [Helene Klodawsky](#), director of “Malls R Us”
- [Peter Blackbird](#), founder of [deadmalls.com](#)
- [James J. Farrell](#), historian
- [Joel Kotkin](#), [NewGeography.com](#)

Retrofitted for a Second Life

***Ellen Dunham-Jones** is director of the architecture program at the Georgia Institute of Technology and **June Williamson** is an architecture professor at the City College of New York. They are authors of “[Retrofitting Suburbia: Urban Design Solutions for Redesigning Suburbs](#).”*

The acceleration of retail bankruptcies brings into vivid relief the degree to which the U.S. is over-retailed. With more than six times as much retail square footage per capita than in Europe and the collapse of two of the leading contributors to retail abundance — the sprawl development boom and consumer’s access to easy credit — the retail landscape in the U.S. is likely to contract and refocus.

The dominance of the fashion, food-court and family-focused mall is ending. No new enclosed malls have opened in the U.S. since 2006.

In the meantime, vacant malls, shopping centers and big box stores have already been redeveloped into more sustainable, less auto-dependent places more in sync with today’s

demographics. Depending on the specifics of each site, we can expect to see future failed malls re-inhabited, re-greened, or retrofitted.

Smaller malls in older suburbs will increasingly house nonconventional, community-serving tenants, including community college classrooms, branch libraries, spaces for nonprofit arts groups, places of worship, immigrant “mom and pop” shops, and public and private office space.

Vacant malls can house classrooms, libraries, places of worship. Parking lots can be turned into green space.

Some will follow the example of mall parking lots that have been turned into sites for new housing for seniors and singles in iconic postwar suburbs like Park Forest, Ill., and Willingboro (formerly Levittown), N.J.

Many malls, especially in the Northeast and Midwest, were built on large wetlands before those sites were environmentally protected. The death of those malls will provide an opportunity to repair the regional landscape by turning them back to open space.

Similarly, the new park to replace the Columbus City Center mall in Columbus, Ohio, is intended to attract residential investment, as happened around the restored wetlands that replaced a strip shopping center in the Phalen neighborhood of St. Paul.

Malls near transit lines or established neighborhoods will be retrofitted into new town centers for suburbs that lack a traditional downtown. Anchor stores will be adaptively re-used and incorporated into newly built urban, mixed-use streetscapes on the site of the former in-line stores and parking lots as was done at [Belmar](#) in Lakewood, Colo., and [Mizner Park](#) in Boca Raton, Fla. Both sites have public plazas, streets with generous sidewalks and bus lines, and apartments or offices over the shops and outdoor cafes — key components for enhancing walkability and reducing dependence on cars.

While no one likes to see businesses fail, dead malls provide great opportunities for communities to redevelop in healthy ways. Now is the time for them to remove the regulatory obstacles to retrofitting.

Documenting a Fascination

***Helene Klodawsky** is the director of “Malls R Us,” which traces the history of the American shopping mall and visits some of the world’s largest and most spectacular ones.*

In “Malls R Us,” my crew and I traveled the world mapping the rise and fall of the shopping center. We discovered that while, say, [Randall Park Mall](#) in Cleveland, once one of the largest malls in the world, was gasping for life, in India, malls were being built at a pace that seemed unmatched anywhere or at anytime in history.

While working on the film, we tapped into a community of people who are fascinated

with shopping malls, who follow their development and their demise. Peter Blackbird and Brian Florence are two such people. They consider themselves retail historians, and they are the founders of the Website deadmalls.com.

Here is a clip from our film, introducing them and their mission.

Dead, but Not Forgotten

***Peter Blackbird** is the founder of deadmalls.com.*

As you saw in Helene's film clip above, the phenomenon of dead and dying malls is not new. Even in prosperous times, distressed malls have been a persistent problem, as well as a point of intrigue in the suburban landscape. The current economic slump has magnified the problems that ailing malls have been battling for years, or even decades.

The rapid development of North American suburbs resulted in a rush to build malls. Most developers assumed that if their mall was newer and larger than the competition then they would make money, and for the most part they did. But what many developers failed to consider or neglected to care about was what happens to their project when the next mall is built. The blight that is left behind when one fails is a weight on the community. Lost tax revenue and jobs, increased vandalism and crime and lower property values are just a few of the problems a dead mall creates.

When a mall dies, many options are on the table.

Redevelopment into a more sustainable mixed use center is often a good solution if the real estate is valuable. Sometimes dead malls find new life as colleges, government buildings, car dealerships and community centers that can host a variety of events. Most times, if the building is cheaply constructed, and neglected for years, the only viable option is demolition.

While dying malls are not a new phenomenon, their sustainability is something developers should consider.

Most times, if the building is cheaply constructed, and neglected for years, the only viable option is demolition.

What should never be an option is to allow the building to sit neglected for years.

Although it may be sad to see a place with so many memories bulldozed, there isn't much future for an abandoned generic suburban shopping mall.

The current crop of dying malls are by no means the end of the shopping mall. Retail and shopping are too integral a part of American life.

But going forward, suburban planners need to recognize that the shopping mall of the future can't simply be a nucleus of stores surrounded by a sea of asphalt with a ring of highway around it. They need to encourage shopping centers that are woven into the fabric of the community, close to where people live and, therefore, easy for pedestrians to access. Developers should also strive to create malls that offer a place for people to socialize, not simply to buy.

An American Institution

James J. Farrell, a professor of history at St. Olaf College in Northfield, Minn., is the author of *“One Nation Under Goods: Malls and the Seductions of American Shopping”* and the forthcoming *“The Nature of College: College Culture, Consumer Culture and the Environment.”*

American malls have been around for less than a century, but their influence on our culture has been amazing. The first shopping center in the United States was probably **Country Club Plaza** in Kansas City, Mo., which opened in the 1920s. But major mall developments didn't get under way until the Vienna-born architect **Victor Gruen** entered the scene in the 1950s.

It was Gruen's **Southdale Center** in Edina, Minn., that set the standard for a whole generation of shopping centers — an enclosed mall, fully air-conditioned, anchored by departments stores, with lots of public and pedestrian spaces, surrounded by parking lots, all under one management. That model, now replicated all over the world, helped Americans (and imitators worldwide) increase per capita consumption astronomically in the late 20th century.

The economy won't kill off the shopping mall, they're too much a part of our lives.

Shopping centers have also served as cultural indicators of American assumptions about need and sufficiency, status and class, race and gender. And they are a showcase for how Americans work and play.

These days, malls are having a hard time financially. But challenges aren't new to the industry. Indeed, the fast pace of American lifestyles have led to a decrease in the number of people spending hours strolling the mall, window shopping, people watching and purchasing. Technology has moved many shoppers onto the Internet. And big-box centers with their one-stop shopping have also taken a bite out of mall traffic.

Some shopping centers will die, and others will be repurposed for housing or offices or civic centers. But I don't think the economy will kill them because they are too fundamental to us in that they are among the few public places in America.

The biggest long-term challenge to malls isn't economic. It's environmental. Right now, consumers can't afford all the stuff we used to buy. But in the long run, the planet can't afford all the stuff we do buy. So finding a business model that's economically viable and environmentally sensitive should be a goal for all new (and repurposing) mall developers.

A Huge Potential Asset

Joel Kotkin is a presidential fellow at Chapman University and executive editor of *NewGeography.com*. He is the author of *“The City: A Global History.”*

Deserted or underused malls present an opportunity for communities. Sometimes they can be repositioned to accommodate a new, growing market — for example at Plaza Mexico in Lynwood, Calif., or La Gran Plaza in Fort Worth, Tex.

In other cases, as we can see in suburban Boston, they can be turned into mixed-use centers, with housing, shopping and offices.

Essentially malls can be repositioned into what a community needs. They have the advantages of an already existing infrastructure and usually are located on major transportation routes. The key thing is not to let them stay underused or fallow for too long. They should be regarded as a potential asset, much as you would look at well-located unimproved land, or a deserted warehouse or office district in a city center.

This kind of recycling will be particularly useful in suburbs, as they develop more “urban amenities” — like interesting restaurants, live music and local festivals. By redoing the mall, this can be accomplished without urban “densification” and retain low-density environments of single-family homes preferred by the vast majority of Americans.

Transportation Research Board
Special Report 298

Driving and the Built Environment

The Effects of Compact Development on Motorized Travel, Energy Use, and CO₂ Emissions

Committee for the Study on the Relationships Among Development Patterns,
Vehicle Miles Traveled, and Energy Consumption

Transportation Research Board

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Transportation Research Board
Washington, D.C.
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Summary

The vast majority of the U.S. population—some 80 percent—now lives in metropolitan areas, but population and employment continue to decentralize within regions, and density levels continue to decline at the urban fringe. Suburbanization is a long-standing trend that reflects the preference of many Americans for living in detached single-family homes, made possible largely through the mobility provided by the automobile and an extensive highway network. Yet these dispersed, automobile-dependent development patterns have come at a cost, consuming vast quantities of undeveloped land; increasing the nation's dependence on petroleum, particularly foreign imports; and increasing greenhouse gas (GHG) emissions that contribute to global warming. The primary purpose of this study is to examine the relationship between land development patterns, often referred to as the built environment, and motor vehicle travel in the United States and to assess whether petroleum use, and by extension GHG emissions, could be reduced through changes in the design of development patterns (see Appendix A for the full statement of task). A key question of interest is the extent to which developing more compactly would reduce vehicle miles traveled (VMT) and make alternative modes of travel (e.g., transit, walking) more feasible. The study is focused on metropolitan areas and on personal travel, the primary vectors through which policy changes designed to encourage more compact development should have the greatest effect.

The adverse effects of suburbanization and automobile dependence have long been evident, but are currently of particular concern for several reasons. First, after decades of low energy prices, the cost of oil rose to record highs in 2008, reflecting the growth of China and India and the instability of many key suppliers in the Middle East and other oil-producing areas, and underscoring U.S. dependence on imported fuels. The transportation sector as a whole accounts for more than 28 percent of annual U.S. energy consumption. Cars and light trucks, most of which are used for personal transportation, represent about 17 percent of that total, and this share has been rising. Second, concern about climate change continues to rise both domestically and internationally, and transportation is a major and increasing contributor to that growing problem. Gasoline consumption, largely by personal vehicles, accounts for about 20 percent of annual carbon dioxide (CO₂) emissions, the largest single source of U.S. GHG emissions and the focus of the analyses conducted for this study. An additional factor, although less newsworthy, is the health risks resulting from transportation emissions and the difficulty being experienced by many regions in meeting federal clean air standards. At the same time, changing demographics—an aging population, continued immigration—and the possibility of sustained higher energy prices should lead to more opportunities for the kinds of development patterns that could reduce vehicular travel, thereby saving energy and reducing CO₂ emissions.

To examine the potential for reducing VMT, energy use, and CO₂ emissions through more compact development, the committee formed to conduct this study commissioned five papers to augment its members' expertise, received informational briefings at its early meetings, and performed a review of the literature. The committee's findings and resulting recommendations are presented below. The committee reached consensus on all but one issue—the extent to which development is likely to become more compact by 2050 (see the text following finding 4 for a detailed discussion).

FINDINGS

Link Between Development Patterns and Vehicle Miles Traveled

Finding 1: *Developing more compactly, that is, at higher residential and employment densities, is likely to reduce vehicle miles traveled (VMT).*

Both logic and empirical evidence suggest that developing at higher population and employment densities results in closer trip origins and destinations, on average, and thus in shorter trip lengths, on average. Theory suggests that reduced trip lengths can increase trip frequencies, but empirical evidence suggests that the increase is not enough to offset the reduction in VMT that comes from reduced trip length alone. Shorter trips also may reduce VMT by making walking and bicycling more competitive alternatives to the automobile, while higher densities make it easier to support public transit. Mixing land uses to bring housing closer to jobs and shopping can reduce trip lengths as well. The committee refers to these development patterns as compact, mixed-use development.

Compact, mixed-use development can reduce VMT by differing means and amounts depending on where the development in a region occurs. Empirical data are lacking that demonstrate how specific design features applied in different contexts affect VMT. Nevertheless at the low-density urban fringe, for example, simply reducing single-family lot sizes—say, from 1 acre to a quarter acre—should reduce vehicle trip distances by bringing origins and destinations closer together. In established moderate-density suburbs and along transportation corridors, smaller lots and multi-unit housing can support public transit and encourage walking and bicycling, further reducing VMT. And in established urban cores, redevelopment of strategically located but underused parcels can support investment in rail transit.

The effects of compact, mixed-use development on VMT are likely to be enhanced when this strategy is combined with other policy measures that make alternatives to driving relatively more convenient and affordable. Examples of such measures include a street network that provides good connectivity between locations and accommodates nonvehicular travel, well-located transit stops, and good neighborhood design. Likewise, demand management measures, such as reducing the supply and increasing the cost of parking, can complement efforts to reduce VMT.

Evidence from the Literature

Finding 2: *The literature suggests that doubling residential density across a metropolitan area might lower household VMT by about 5 to 12 percent, and perhaps by as much as 25 percent, if coupled with higher employment concentrations, significant public transit improvements, mixed uses, and other supportive demand management measures.*

Studies aimed at isolating the effect of residential density while controlling for sociodemographic and other land use variables consistently find that doubling density is associated with about 5 percent less VMT on average; one rigorous California study finds that VMT is lower by 12 percent. The same body of literature, mainly U.S.-based studies, reports that VMT is lower by an average of 3 to 20 percent when other land use factors that often accompany density, such as mixed uses, good design, and improved accessibility are accounted

for, and suggests further that in some cases these reductions are additive. These studies include changes in density for a range of geographic areas, from census block groups, to census tracts, to neighborhoods.

A higher VMT reduction that the committee uses as an upper bound in its own scenario analyses comes from a single but carefully done statistical analysis of metropolitan development patterns, transit service, and travel behavior. The authors of this analysis interpret its findings using the following thought experiment. If households in Atlanta, one of the least dense metropolitan areas, were located in an area with the residential population density, concentrated employment, extensive public transit system, and other land use characteristics of the Boston metropolitan area, VMT per household could be lowered by as much as 25 percent. Of course, the urban structure of Atlanta could not literally be converted to that of Boston because of vast differences in topography and historical development patterns. Combining density increases with transit investment, mixed uses, higher parking fees, and other measures, however, could provide the synergies necessary to yield significant reductions in VMT, even in low-density metropolitan areas like Atlanta.

Most of the above studies are subject to a number of shortcomings. For example, many fail to distinguish among different types of density changes (e.g., decreasing lot size versus increasing multifamily housing) or the location of these changes in a region. Relatively few (but including the California study mentioned) attempt to account for self-selection—the tendency of people to locate in areas consistent with their housing and travel preferences. Without doing so, one could not assume, for example, that the typical Atlanta resident moved to an area with the characteristics of Boston would travel like the typical Boston resident, although both attitudes and behavior are likely to be influenced by the built environment over time. Finally, most studies are cross-sectional, that is, they find an association between higher density and lower VMT at a single point in time, but cannot be used to infer cause and effect.

Effects on Energy and CO₂ Emissions

***Finding 3:** More compact, mixed-use development can produce reductions in energy consumption and CO₂ emissions both directly and indirectly.*

To the extent that more compact development reduces VMT, it will directly reduce fuel use and CO₂ emissions. The VMT savings will be slow to develop, however, if only because the existing building stock is highly durable; therefore, opportunities to build more compactly are limited largely to new housing as it is built to accommodate a growing population and to replace the small percentage of existing units that are scrapped each year. Over time, moreover, if the fuel efficiency of the passenger vehicle fleet improves through either regulation (such as the new Corporate Average Fuel Economy [CAFE] standards) or sustained higher fuel prices that encourage consumers to purchase more energy-efficient vehicles, the savings in fuel use and CO₂ emissions from developing more compactly will be reduced, all else being equal.

Additional, indirect savings in energy consumption and CO₂ emissions from more compact, mixed-use development can accrue from higher ownership of smaller, more fuel-efficient vehicles; longer vehicle lifetimes due to driving less; smaller homes and more multifamily units, which are more energy efficient than the average single-family home; and more efficient urban truck travel and delivery patterns. Savings from reduced heating and cooling needs per dwelling unit due to a higher share of multifamily units and, to a lesser extent, smaller single-family units could add significantly to the savings from VMT reductions. Over

time, however, if the energy efficiency of residential heating and cooling improves, the savings in energy and CO₂ emissions from shifting to multifamily or smaller single-family units will decline proportionately.

Quantification of the Effects

***Finding 4:** Illustrative scenarios developed by the committee suggest that significant increases in more compact, mixed-use development will result in modest short-term reductions in energy consumption and CO₂ emissions, but these reductions will grow over time.*

The committee's scenarios assume that compact development is focused on new and replacement housing because of the difficulty of converting any significant fraction of existing housing to higher densities. As many as 57 million new housing units are projected to accommodate population growth and replacement housing needs by 2030, growing to between 62 and 105 million units by 2050—a substantial net addition to the housing stock of 105.2 million in 2000. Developing more compactly is defined as doubling the current density of new residential development, mainly at the urban fringe where most new development is taking place, but also through some strategic infill. The scenario results depend importantly on assumptions about what percentage of new housing developments will be built compactly and how much less residents of these new, more compact developments will drive. The scenarios do not account for any behavioral feedbacks, but the sensitivity of key assumptions is tested.

In an upper-bound scenario that represents a significant departure from current conditions, the committee estimates that steering 75 percent of new and replacement housing units into more compact development and assuming that residents of compact communities will drive 25 percent less would reduce VMT and associated fuel use and CO₂ emissions of new and existing households by about 7 to 8 percent relative to base case conditions by 2030, with the gap widening to between 8 and 11 percent less by 2050. A more moderate scenario, which assumes that 25 percent of new and replacement housing units will be built in more compact development and that residents of those developments will drive 12 percent less, would result in reductions in fuel use and CO₂ emissions of about 1 percent relative to base case conditions in 2030, growing to between 1.3 and 1.7 percent less than the base case in 2050. If the residents of compact developments drive only 5 percent less—the lower bound of available estimates—the savings in fuel use and CO₂ emissions would be less than 1 percent compared with the base case, even in 2050. Thus, the committee believes that reductions in VMT, energy use, and CO₂ emissions resulting from compact, mixed-use development would be in the range of less than 1 percent to 11 percent by 2050, although the committee disagreed about whether the changes in development patterns and public policies necessary to achieve the high end of these findings are plausible.

All scenarios increase the density of development and thus represent a departure from current trends. New development in metropolitan areas has occurred at lower than average densities for decades. Nevertheless, doubling the density of 25 percent of new development is possible, particularly by 2050. Average densities for new development would not be higher than the average density of development that existed in 2000, and precedents for higher densities through smaller lot sizes and infill development near major transportation corridors can be found in growing areas such as Phoenix and Portland. Doubling the density of 75 percent of new development by 2050 would be much more challenging. It would require, for example,

curtailing most large-lot development and/or adding a significant proportion of new development as infill to achieve densities above current levels and substantially above a 2050 baseline of continuing low-density development.

The committee disagreed about the feasibility of doubling the density of 75 percent of new development, even by 2050. Those members who believe it possible question whether densities will keep declining. Macroeconomic trends—likely higher energy prices and carbon taxes—in combination with growing public support for strategic infill, investments in transit, and higher densities along rail corridors could result in considerably higher densities by 2050. Other members believe that the curbing of large-lot development at the urban fringe and/or substantial infill entailed in the upper-bound scenario requires such a significant departure from current housing trends, land use policies of jurisdictions on the urban fringe, and public preferences that those measures are unrealistic absent a strong state or regional role in growth management.

Obstacles and Opportunities

***Finding 5:** Promoting more compact, mixed-use development on a large scale will require overcoming numerous obstacles. These obstacles include the traditional reluctance of many local governments to zone for such development and the lack of either regional governments with effective powers to regulate land use in most metropolitan areas or a strong state role in land use planning.*

Local zoning regulations—particularly suburban zoning that restricts density levels and the mixing of land uses—represent one of the most significant barriers to more compact development. Highly regulated land use markets also limit the supply of compact developments, despite evidence of increased interest in such communities. Land use control is, and has remained, largely a local government function and thus sensitive to local concerns. These local concerns—about congestion, for example, or local taxes or home values—are understandable and legitimate even though they sometimes conflict with other understandable and legitimate regional or national concerns, such as housing affordability or global warming. Land use policies aimed at achieving sweeping changes in current development patterns are thus likely to be impeded by political resistance from existing homeowners and local governments that reflect their interests. This political resistance may help explain why metropolitanwide or state policies aimed at controlling land use and steering development and infrastructure investments are not widespread. It is also the reason why the committee characterized as an upper bound the scenario in which 75 percent of new development is compact.

In the near term, the biggest opportunities for more compact, mixed-use development are likely to lie in new housing construction and replacement units in areas already experiencing density increases, such as the inner suburbs and developments near transit stops and along major highway corridors or interchanges. Coordinated public infrastructure investments and development incentives can be used to encourage more compact development in these locations, and zoning regulations can be relaxed to steer this development to areas that can support transit and nonmotorized travel modes. Market-based strategies, such as congestion pricing and market-based parking fees, along with zoning requirements for maximum rather than minimum parking, can complement higher-density development patterns that encourage transit use and pedestrian travel. The Portland, Oregon, and Arlington, Virginia, case studies described in this report demonstrate how the application of these policies has led the real estate market to respond with more compact, mixed-use development. In the longer term, if housing preferences and

travel patterns change and compact, mixed-use developments become more commonplace, a greater political consensus may emerge in support of stronger state and regional measures to control land use. Policy instruments might include setting urban growth or greenbelt boundaries to steer growth to areas already developed.

Other Benefits and Costs

***Finding 6:** Changes in development patterns significant enough to substantially alter travel behavior and residential building efficiency entail other benefits and costs that have not been quantified in this study.*

On the benefit side, more compact, mixed-use development should reduce some infrastructure costs, increase the feasibility and cost-effectiveness of public transit, and expand housing choices where compact developments are undersupplied. Other benefits include less conversion of agricultural and other environmentally fragile areas and greater opportunities for physical activity by facilitating the use of nonmotorized modes of travel, such as walking and bicycling.

On the cost side, the savings in highway infrastructure will be offset, at least in part, by increased expenditures for public transit, particularly rail transit, to support high-density development. As noted earlier, moreover, many Americans appear to prefer detached single-family homes in low-density suburbs that are often associated with more privacy and greater access to open space and recreation, and less noise than characterize many urban neighborhoods. Of course, housing preferences may change in the future with changes in the demographic and socioeconomic characteristics of the population. Moreover, as suggested above, well-designed compact, mixed-use developments may currently be undersupplied because of exclusionary suburban zoning.

RECOMMENDATIONS FOR TAKING ACTION

Recommendation 1: Policies that support more compact, mixed-use development and reinforce its ability to reduce VMT, energy use, and CO₂ emissions should be encouraged.

The committee recognizes that it does not have as much verifiable scientific evidence to support this recommendation as it would like. The committee's own scenarios suggest that compact development will generate only modest reductions in energy use and carbon emissions in the near term, although these savings will grow over time. Moreover, the committee has not examined the other benefits and costs of compact, mixed-use development or how the tradeoffs among these benefits and costs might vary by the specific types of compact development policies and the contexts in which they are applied. Nevertheless, climate change is a problem that is likely to be more easily dealt with sooner rather than later and more energy-efficient development patterns may have to be part of the strategy if the nation sets ambitious goals to move toward greater energy efficiency and reduced production of GHGs. Compact development also promises additional benefits in the form of reduced pressure for highway construction due to lower growth in VMT. Moreover, compact development does not entail the demise of single-family housing and may, if implemented carefully, reduce housing costs while increasing housing choices

Given the uncertainties, it would be wise to proceed carefully, monitoring the results and taking into account new research as it adds to the understanding of the benefits and costs that various compact, mixed-use development policies generate at different places and times. But given that the full energy and emissions benefits of land use changes will take decades to realize and current development patterns will take years to reverse, it is important to start implementing these policies soon.

Recommendation 2: More carefully designed studies of the effects of land use patterns and the form and location of more compact, mixed-use development on VMT, energy use, and CO₂ emissions should be conducted so that compact development can be implemented more effectively.

In particular, the committee identified five areas in which more research would be productive:

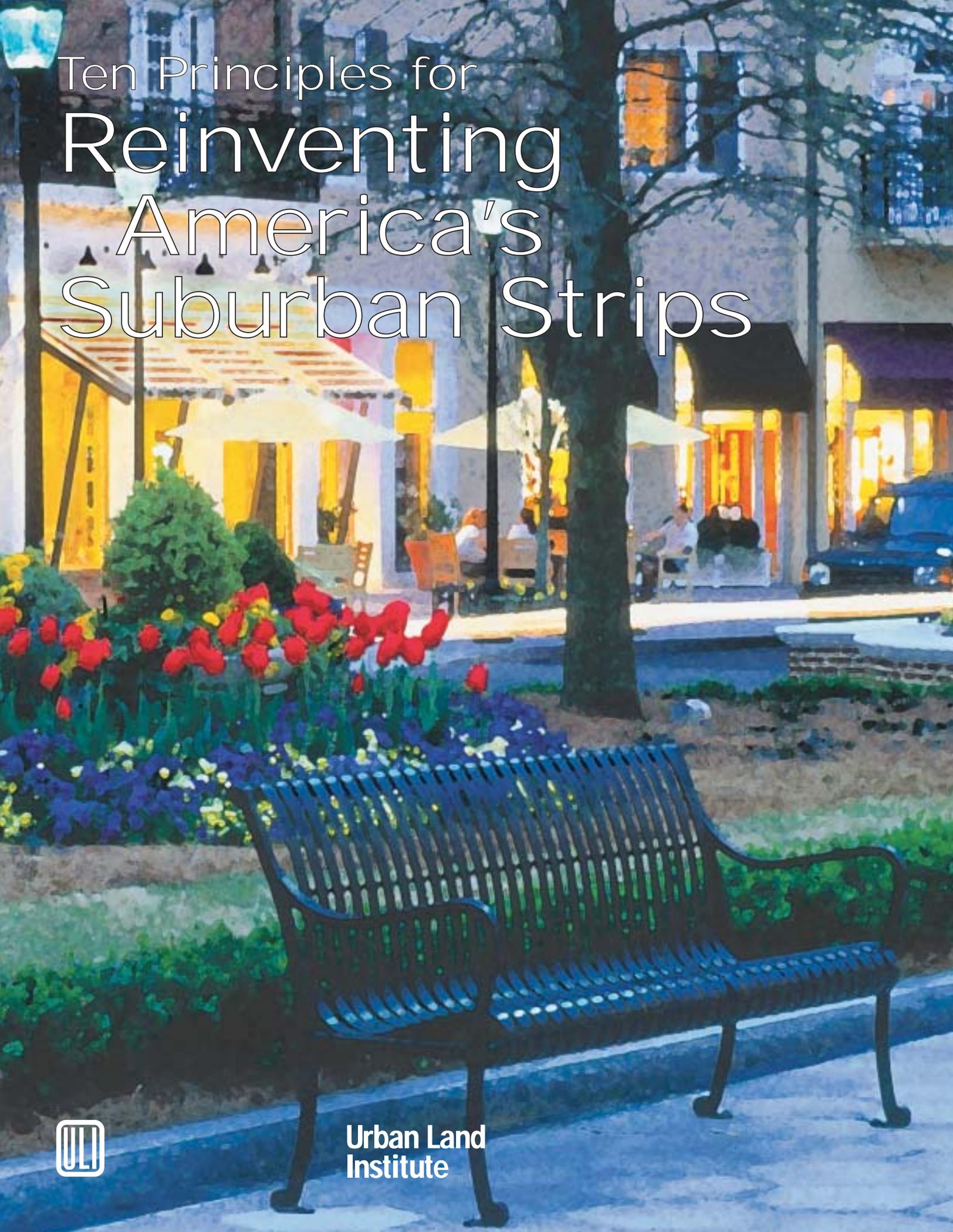
- **Longitudinal studies:** Federally funded empirical studies based on panel data would allow better control for socioeconomic characteristics and self-selection, thus helping to isolate the effects of different types of development patterns on travel behavior. Use of longitudinal panel data is the only way to determine how a change in the built environment can lead to a change in preferences and travel behavior in the long run.

- **Studies of spatial trends within metropolitan areas:** Studies that track changes in metropolitan areas at finer levels of spatial detail over time (e.g., the evolution of employment subcenters and changing patterns of freight distribution) would help determine the needs and opportunities for policy intervention.

- **Before and after studies of policy interventions to promote more compact, mixed-use development:** Careful evaluations of pioneering efforts to promote more compact, mixed-used development would help determine what works and what does not. The landmark California legislation to reduce urban sprawl and automobile travel offers an obvious example; baseline data should be collected soon so before and after evaluations can be conducted.

- **Studies of threshold population and employment densities to support alternatives to automobile travel:** Studies of the threshold densities required to support rail and bus transit would help guide infrastructure investments as well as zoning and land use plans around stations. Current rules of thumb are based on outdated references. Similar threshold information is needed to determine what development densities and land use patterns are optimal to support walking and bicycling.

- **Studies of changing housing and travel preferences:** Studies of the housing preferences and travel patterns of an aging population, new immigrant groups, and young adults are needed to help determine whether future trends will differ from those of the past.



Ten Principles for
Reinventing
America's
Suburban Strips



Urban Land
Institute

Ten Principles for Reinventing America's Suburban Strips

Michael D. Beyard

Michael Pawlukiewicz



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About ULI—the Urban Land Institute

ULI—the Urban Land Institute is a nonprofit education and research institute that is supported by its members. Its mission is to provide responsible leadership in the use of land in order to enhance the total environment.

ULI sponsors education programs and forums to encourage an open international exchange of ideas and sharing of experiences; initiates research that anticipates emerging land use trends and issues and proposes creative solutions based on that research; provides advisory services; and publishes a wide variety of materials to disseminate information on land use and development. Established in 1936, the Institute today has more than 16,000 members and associates from more than 50 countries representing the entire spectrum of the land use and development disciplines.

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President

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Preface

Recently, the focus of leading-edge metropolitan planners has begun to shift from reinventing America's downtowns to reinventing its newer concentrations of commercial growth—its suburban strips. This shift reflects the growing success of many downtown revitalization efforts—a success based on decades of public/private partnerships, planning, investment, and development. It also recognizes that the ways to revitalize downtowns now are largely agreed upon.

The shift of focus reflects a further reality. Current patterns of growth and development along America's suburban commercial strips are unsustainable. The aggregate effects of well-performing commercial developments that are geographically close but not physically integrated are becoming untenable. As problems increase in older suburban corridors, and as consumer shopping patterns change, the future of strip development is becoming less certain.

Increasingly, suburbanites are calling for a greater sense of community and convenience in their lives, and the Urban Land Institute believes that these demands challenge the continuing competitiveness and sustainability of aging suburban strips. To this end, it has developed ten smart growth principles to help suburban strips evolve in ways that meet the market demands of the new economy, the new consumer, and the new face of retailing.

While suburban strips often represent incredible economic vitality—they are, after all, the places where most Americans shop—they are *terra incognita* in terms of understanding the ways they are evolving, the forces that are buffeting

them, the shapes they are taking, and the roles they will play in the new economy. They have largely been ignored as places for serious study, and their fate usually has been left to the marketplace with few models of how future growth should be channeled and coordinated comprehensively to make communities more livable.

What we do know about suburban strips is apparent to anyone who visits them: typically, they are one-dimensional forms of development that lack a distinct sense of place or community and that increasingly are plagued by problems to do with frag-



mentation, congestion, inconvenience, inefficiency, deterioration, and visual blight. Created in a generally laissez-faire environment well suited to the first-generation, low-density scale of postwar suburbia, they are no longer suited to the denser, more complex urban context of metropolitan America. While a single automobile-oriented shopping center is easily accessible, dozens lined along the same suburban arterial are not. Consumers continue to shop there, of course, but in the coming years, increasing choices will undoubtedly force major changes in the strip environment if they are to retain their competitive position and economic vitality.

Already the new face of retailing is beginning to change the how, when, where, and why of shopping, which will have profound implications for suburban strips. Today's consumers have unprecedented options—and these options continue to increase, not only in shopping centers and stand-alone stores but also in specialized locations, including resurgent downtowns and suburban downtowns, new town centers, mixed-use developments, streetfront shopping, transit stops, train stations and airports; off-price entertainment megamalls; and historic, cultural, sports, and entertainment districts. A common thread running through many of these options reflects an increasing connectivity to other aspects of daily life; a mix of activities; a stronger sense of community; and more attention to the environment, the experience, and the enjoyment of shopping. These characteristics are in tune with what today's consumers are looking for but not finding in most suburban strips.

The advent of nonstore shopping through the Internet, which offers convenience, competitive prices, and a wide selection of merchandise, increases the pressure even more for changes in the strip environment since the strip has offered these same elements—although less efficiently. In an overbuilt market, increasingly populated by sophisticated shoppers with better options, the competitive position of strip centers will gradually be eroded unless there is a significant rethinking of their role, a repositioning of their offerings, and a restructuring of their physical layout to reflect the more



mature nature of the communities that surround them. This erosion will not happen overnight, but to the extent that convenience disappears from the strip, the changes will be hastened.

As part of its mission to examine cutting-edge issues and propose creative solutions for improving the quality of land use and development, the Urban Land Institute sponsored a charrette on smart growth solutions leading off a series of forums seeking solutions to specific land use and growth management problems. The goal of these forums is to find ways to accommodate growth that enhance the economy, protect the environment, and preserve and improve a community's quality of life.

During three days of intensive study of three strips in the Washington, D.C., metropolitan area, teams of planning and development experts from around the country toured and studied three very different suburban strips. The teams were made up of leading commercial developers, public planners, architects, economic consultants, transportation specialists, and property advisers.

The three strips were chosen as representative of different prototypes of suburban commercial environments. Rockville Pike in Montgomery County, Maryland, is a booming, mature strip plagued by legendary traffic congestion; the Route 1 corridor in Fairfax County, Virginia, represents an older deteriorating strip bypassed by the market; and Route 301 in Charles County, Maryland, represents an emerging exurban strip facing first-generation development pressures. ULI believes that the lessons learned from these very diverse strips can be applied to strips in every city in America.

ULI teams were assigned to each strip and given the following tasks: to identify the critical issues and challenges that strips face; to determine the most effective ways to reinvent strips to ensure their long-term competitive position; and to set strategic principles to guide suburban planners and developers in this effort. These principles were consolidated and refined by the three teams so that they could be applied universally to all types of suburban strip development. ULI had the support and participation of the three county governments in whose jurisdictions the strips were located. Each provided detailed briefing books, presented background information, and led tours of their strips. A presentation outlining the teams' findings and recommendations was made in Washington, D.C., on June 2, 2000, to county officials, developers, and other invited guests.

Ten Principles

- 1 Ignite Leadership and Nurture Partnership
- 2 Anticipate Evolution
- 3 Know the Market
- 4 Prune Back Retail-Zoned Land
- 5 Establish Pulse Nodes of Development
- 6 Tame the Traffic
- 7 Create the Place
- 8 Diversify the Character
- 9 Eradicate the Ugliness
- 10 Put Your Money (and Regulations) Where Your Policy Is

1 Ignite Leadership and Nurture Partnership

Local government and the business community, working together, must create a smart growth partnership to envision what they want their strips to become, to construct strategies for achieving their vision, and to develop detailed plans for implementing the changes that are needed to accommodate growth. To be successful, partnerships must include individual citizens, local interest groups, landowners, shopping center representatives, retail and residential tenants, and local planning and economic development agencies.

Public and private leaders must encourage the stakeholders to debate alternatives to their strips and decide how they should evolve. Too often, stakeholders have difficulty seeing beyond what currently exists and envisioning alternatives that would create a more livable environment. Strong leadership and imagination are required to motivate them to move ahead, recognizing that suburban strips are immature forms of development that can be improved as they grow.

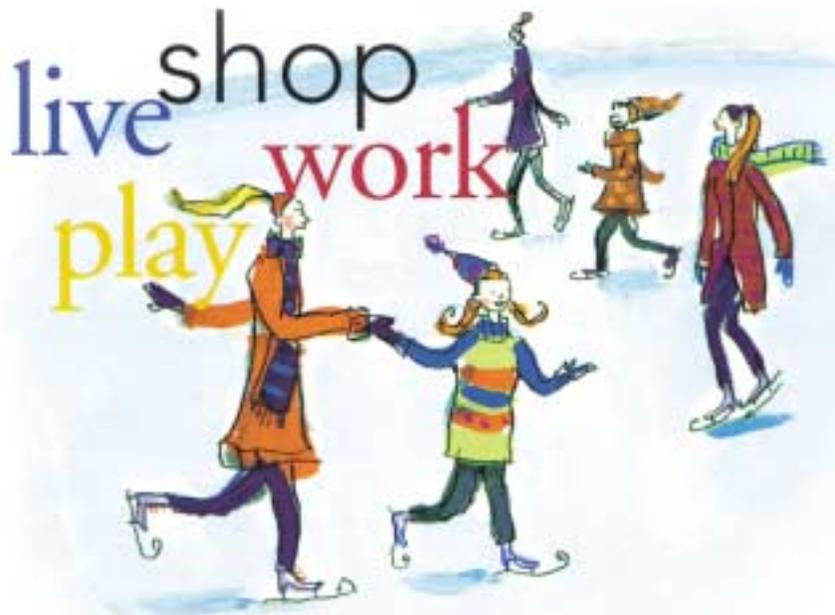
Successful partnerships to reinvent suburban strips require the creation of formal planning and management entities that are subordinate to but separate from the governmental agencies responsible for the larger community or county. Such management entities need to take over “ownership” of a strip and manage its future. The public/private entity should be a nonprofit development corporation, a business improvement district, or a combination of the two. As it directs the

reinvention of the strip, the entity should perform the following functions:

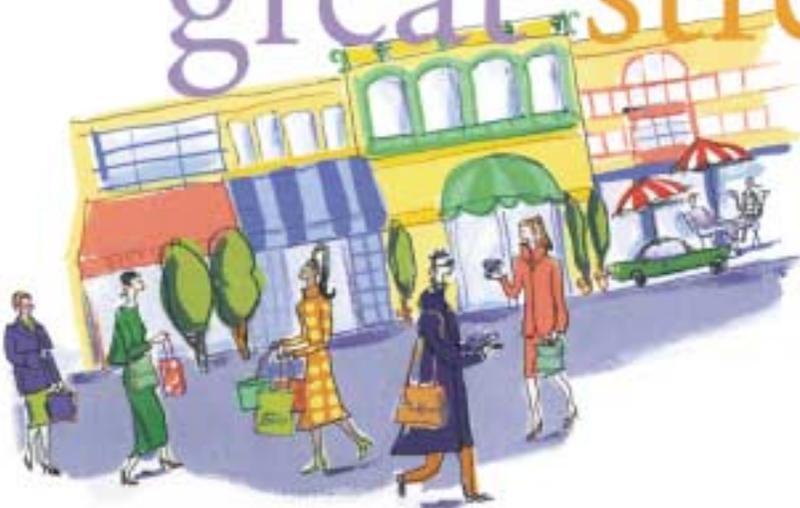
- Reach consensus, with the active participation of the public and private stakeholders, on the community's vision of what the strip should become;
- Participate in the development and redevelopment of the strip consistent with the partnership's vision;
- Acquire, assemble, and parcel out land to permit new forms of infill development;



- Coordinate and participate in real estate development and infrastructure financing;
- Coordinate actions of public agencies that are responsible for government services;
- Stay on top of traffic issues and manage parking efficiently so that its presence does not dominate the landscape;
- Keep a steady hand on security matters and monitor and correct security problems as they arise;
- Coordinate the collection and dissemination of market, economic, social, demographic, and traffic data and information to prospective investors, developers, retailers, consumers, and public agencies; and
- Handle marketing and promotion.



great streets



2 Anticipate Evolution

What worked in the past may not work in the future. Although end-to-end shopping centers have become the norm along many suburban arterials, no one seriously believes that this format represents the most convenient, livable, or efficient long-term arrangement. What then *should* the evolving pattern of strip development look like in the coming decades?

The retail environment is changing rapidly as it looks for ways to stand out in a crowded marketplace and meet the expectations of increasingly sophisticated and jaded consumers. Intense competition from new shopping destinations and the threat posed by nonstore shopping alternatives have retailers constantly looking for new formats, innovative combinations of stores and entertainment,

mixed uses, and unusual retail environments and experiences. Increasingly, retail development is reconnecting with the larger community around it, becoming integrated into a total destination where people can participate even when they are not shopping.

These fundamental changes are being driven by market demographics that are evolving as rapidly as the retail environment. The population is aging. At the same time, younger people remain single longer, or many choose a single lifestyle or single parenthood. Those who marry tend to choose a two-career and two-income standard of living. And increased immigration, with many new people from diverse cultural backgrounds, is resulting in more cosmopolitan expectations. In response to this demographic sea change, retailing can be expected to take on a new face in place of the freestanding retail strips that were designed for a different time and a different consumer.

The new face of retailing will not appear overnight. However, as land values, densities, and congestion



increase along suburban strips, pressures gradually will mount for new development patterns and land uses to accommodate these changes. What can suburban strips do to anticipate this evolution and keep pace with market demands?

- Be ready to respond to changing consumer preferences. For example, town centers currently are on the rise, and there is a growing interest in streetfront retail in pedestrian-friendly, walkable settings.

- Adapt the strip to emerging lifestyles. Today, there is growing interest in mixing residential and retail uses in well-designed environments. Mixed-use projects can provide an attractive, convenient, and stylish setting for residents and a captive market for retailers.

- Provide a sense of community by developing public gathering places, a more livable environment, and more convenience in daily life. This will require new types of housing products such as residential clusters, patio homes, zero-lot-line homes, and residences over shops.

- Make new amenities available along the strip such as parks, recreational opportunities, entertainment and cultural activities, public services, and dining out.

- As new community trends emerge, adopt measures to prevent the strip from becoming obsolete with out-of-date retail concepts and products.



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STARWOOD URBAN

3 Know the Market

All strips are not created equal. Each is at a different point in an evolutionary continuum that leads over time from a single low-density strip center to a complex mix of strip malls, power centers, regional malls, community centers, stand-alone big-box stores, and other commercial activities. In some cases, this process is short-circuited by more competitive locations or changing demographics. Some strips stop growing, deteriorate, and never reach their anticipated potential.



Specific solutions for an individual strip will vary widely depending upon the market; what will work in one type of strip may not be possible in another. Suburban strips without regional access will most likely reflect the demographics of the immediate trade area today and in the future, while those with regional access generally will serve multiple markets and have the potential to provide a more diverse retail mix in terms of product offerings and price points. An understanding of which markets are accessible and a realistic view of how these markets can best be served should guide revitalization and development plans.

Planning for the future of a suburban strip requires that a community know its market and understand its unique potential. The following assessment should be made:

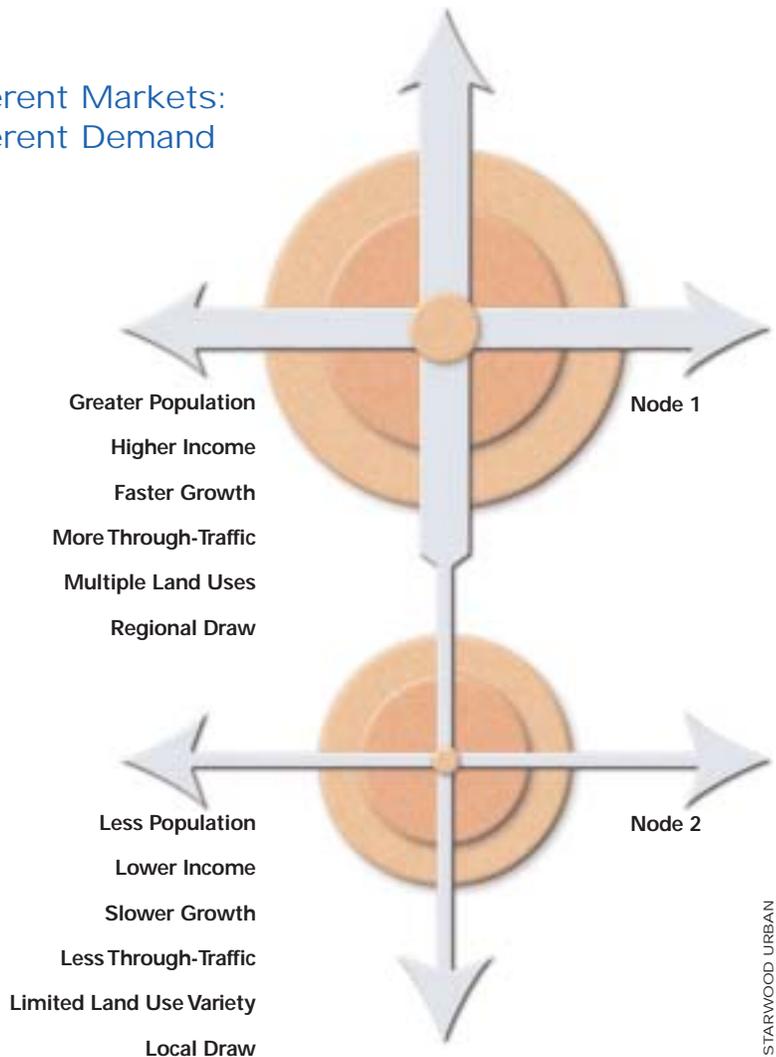




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- Identify the strip's trade area.
- Determine the specific market forces at work where the strip is located.
- Determine a realistic assessment of where the strip fits in the overall retail continuum, i.e., its level of maturity in the marketplace relative to other retail destinations, and the amount and nature of the competition.
- Determine the shopping patterns of the market and set reasonable expectations about how they are likely to evolve.
- Recognize that different types of arterials serve different types of markets, and be prepared to serve those markets that your arterial serves best.
- Build on the position that the strip holds in the regional hierarchy of retail locations, and be reasonable about what is economically feasible, which will change over time.
- Recognize that a corridor will likely be composed of many distinct neighborhoods with different populations, incomes, growth rates, and levels of access. These differences should lead to wide variations in activity and character along different parts of the strip.
- Understand the complex interplay between land values, densities, market demographics, access, demand for different types of retail offerings, and the level of competition in the strip's market area; in other words, know the market!

Different Markets: Different Demand



4 Prune Back Retail-Zoned Land

The zoning technique used by most suburban communities is to designate everything along the arterial highway strip for commercial uses and wait for retailers and developers to gradually fill in all of the individual sites. In this type of environment, new development sprawls outward even as sites closer to the city remain vacant and older retail centers deteriorate. Retail overzoning thus has had the effect of extending strips prematurely in discontinuous and inefficient ways as developers leapfrog over one another onto sites farther and farther away from the city.

When economic conditions change, as they constantly do, some strips, or parts of strips, are left to deteriorate even before they have been fully developed. This leaves them unfinished indefinitely, at risk to competition from newer and more enticing shopping environments, and difficult to revitalize because of their characteristic sprawl and lack of focus.

By pruning back the amount of land zoned for retail, suburban communities can stimulate retail growth, encourage revitalization, and improve the quality of their shopping strips. It simply is not necessary for every major parcel along every arterial to be zoned for commercial or retail use.

Suburban communities should take the following steps:

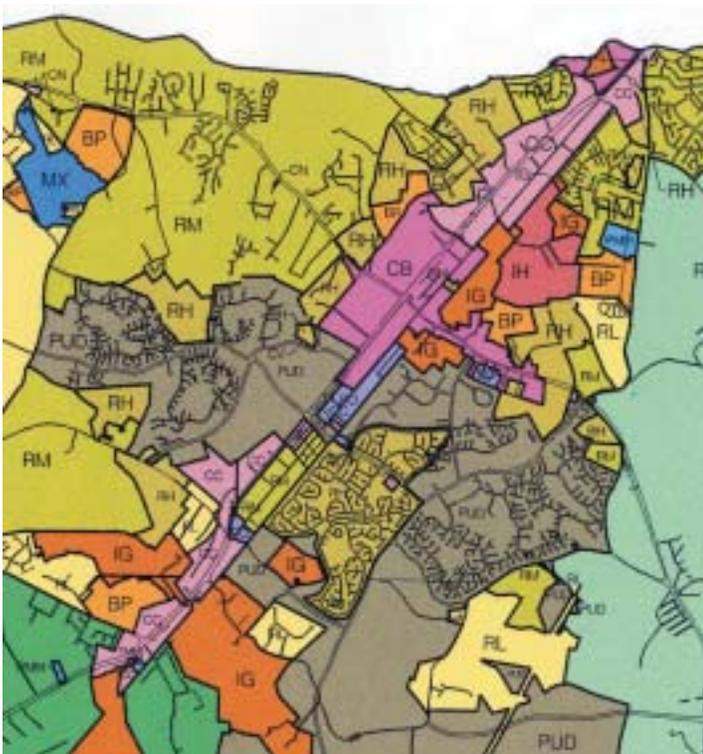
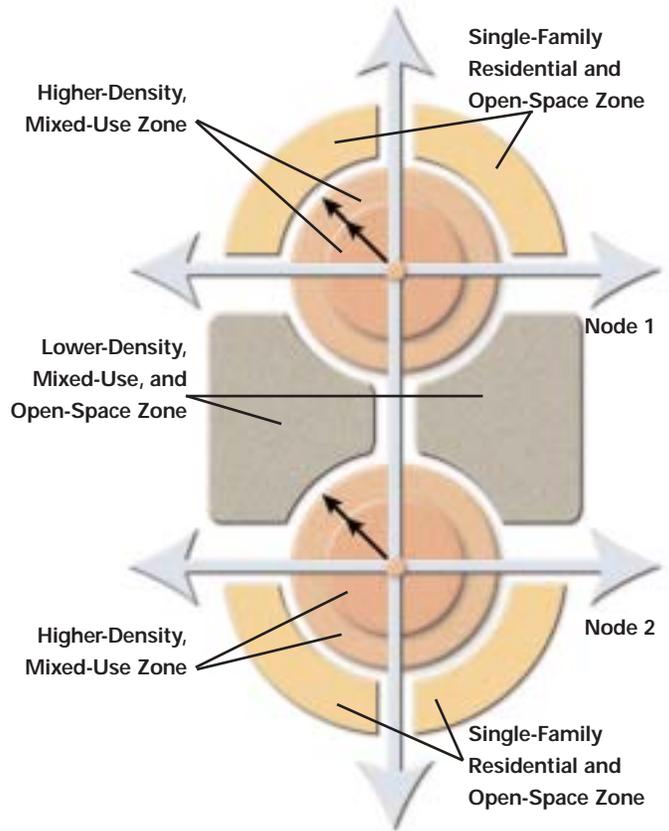
- Limit the quantity of commercially zoned land along emerging suburban strips to give landowners and retailers the incentive and economic strength to maintain a high-quality environment, react more swiftly to societal trends, and evolve on site as the retailing world changes.
- Rezone excess commercial land in older strips to encourage reinvestment and improve the quality of existing retail properties.



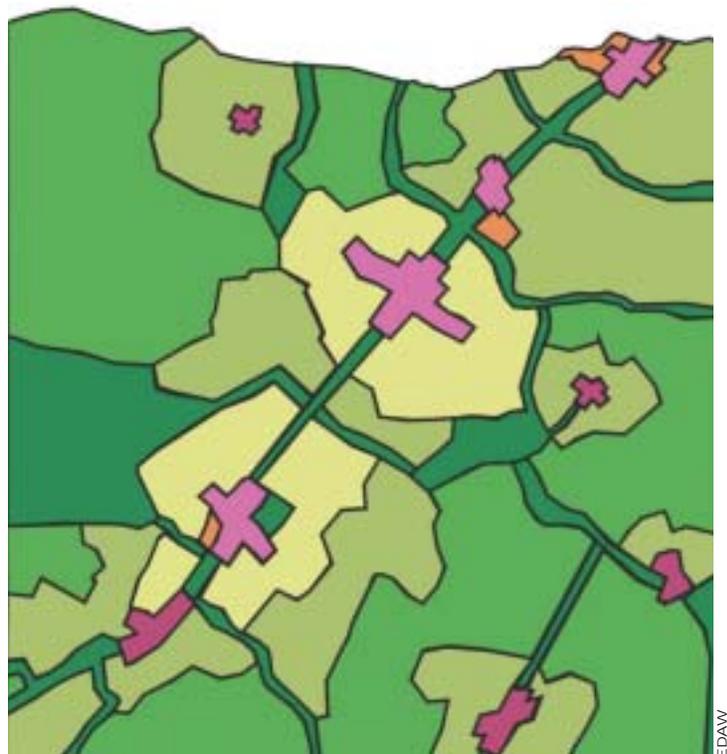
SWA GROUP

Create Variety Along the Strip

- Scale retail-zoned land to reflect a realistic assessment of the size, strength, and character of the market.
- Stimulate infill, new forms of mixed-use, and pedestrian-oriented retail development on remaining retail-zoned land.
- Limit the extension of infrastructure—to prevent sprawl and congestion—as long as the existing infrastructure is underused.
- Structure zoning in mature strips to encourage denser forms of development that can be reached by multiple access modes.
- Reserve some of the previously zoned retail land for housing, office space, civic uses, recreational facilities, and open space.
- Reduce opportunities for and resist predatory behavior on the part of competing big-box retailers and centers.



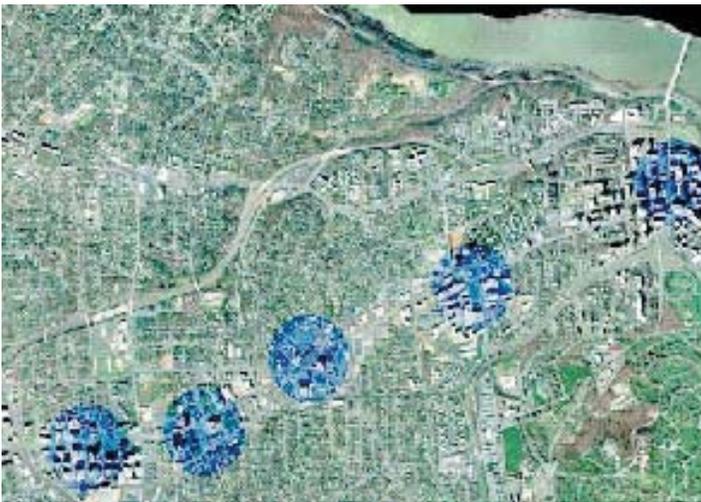
Before rezoning.



After rezoning.

5 Establish Pulse Nodes of Development

The suburban strip has become the main street of shopping for most Americans because of its easy access to middle-class markets, its high visibility, its convenient parking, and its adaptability to large retail formats. However, strips face an enormous challenge as they try to maintain their economic vitality in a retail world now demanding environments that strips do not provide.



RTKL

The typical suburban strip today consists of mile after mile of repetitive, indistinguishable retail landscape. As a rule, the architecture is nondescript, with little concern for design features or cohesiveness, and it is scaled to be appreciated at automobile speeds. The strip reflects little, if anything, about the history or culture of the place where it is located. There is little hierarchy of space, land use, or form; and rarely is there a sense of place or community to which people are drawn as more than consumers. The strip typically has become an elongated one-dimensional environment, often looking much the same whether it is located in different parts of a metropolitan area or in different cities altogether.

This is not the new face of retailing, and it puts suburban strips at risk. To restructure the retail strip environment to overcome these market negatives, "pulses" of development must be created along the length of the strip. These peak nodes of high-intensity, mixed-use residential and commercial development should be interspersed with stretches of low-intensity land uses or open space.



RTKL

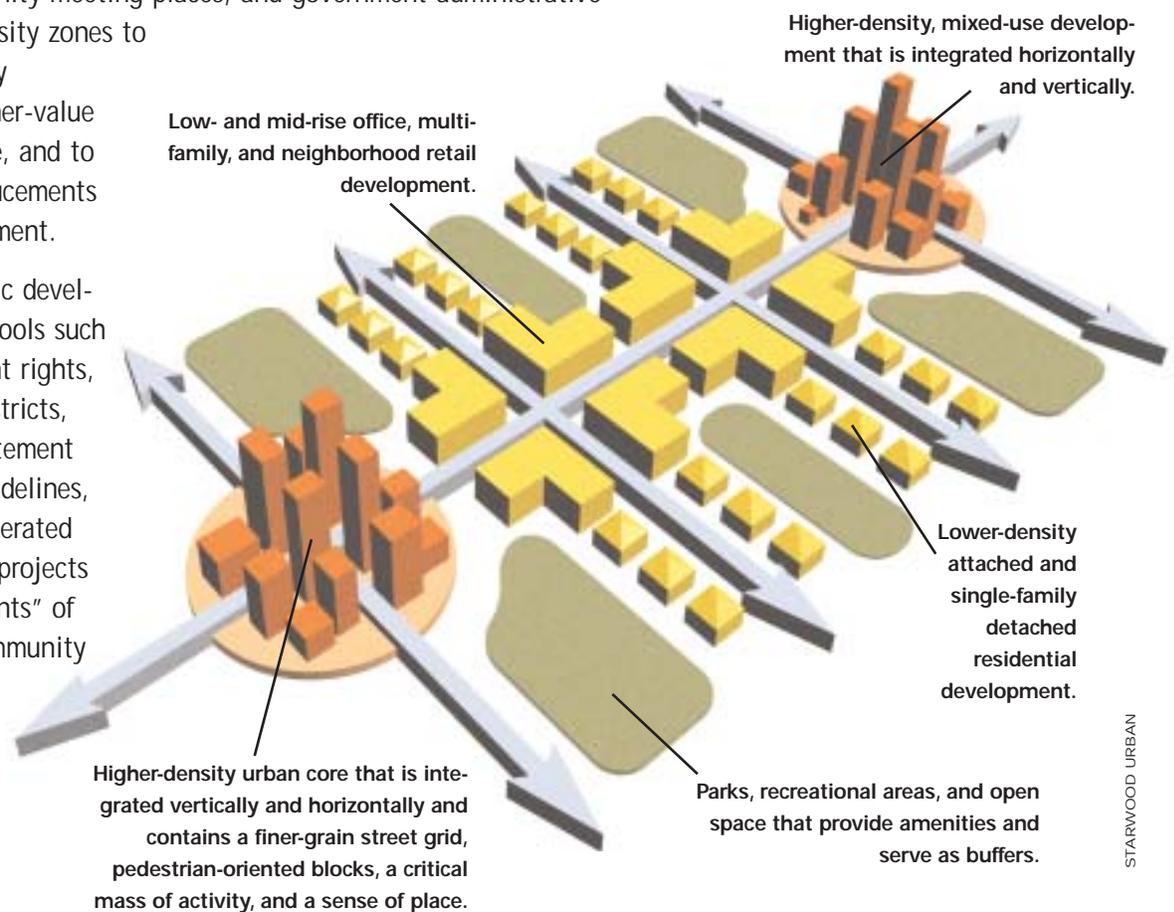
Pulses of development density along the suburban strip will create peaks and troughs of commercial activity that will pump new life into suburban strips.



How can pulse nodes be developed?

- Use key intersections or major transit stops to create cores of development that are unique points of reference; nodes of intense activity; and places that are friendly, attractive, and walkable—but that differ from each other in character, function, or purpose.
- Plan and zone higher densities in these nodes of development to facilitate vertical mixed use of three or more stories and to achieve pedestrian concentrations that create a lively, safe, attractive, and entertaining streetscape.
- Direct public investments and site public facilities such as libraries, schools, cultural facilities, community meeting places, and government administrative centers in the higher-density zones to raise surrounding property values, to encourage higher-value land uses within the zone, and to serve as anchors and inducements for spinoff private investment.
- Use the range of public development implementation tools such as transfer of development rights, business improvement districts, eminent domain, tax abatement policies, urban design guidelines, vertical zoning, and accelerated approval of development projects to achieve the “pulse points” of live/work, high-value community development.

Development Pulsing



6 Tame the Traffic

By its nature, suburban strip development is served primarily if not exclusively by the automobile and occurs where traffic is greatest. Consequently, every strip must balance a certain tension between accommodating through-trips and providing access to the activities and services of the strip itself. Traffic is, of course, the lifeblood of these activities since automobiles typically provide the only way to get to the strip or to get around. But too much traffic, or poorly

planned traffic, can strangle the strip, and congestion and inconvenience will cause shoppers to avoid it and shop somewhere else. When traffic counts reach 20,000 to 30,000 or more per day, visibility of the stores will be high and merchants will be happy, but access becomes increasingly difficult, and the strip is at risk. This is the situation that many suburban strips now face.

To ensure continued mobility, traffic planning and design must resolve the inherent conflict between through-traffic and traffic whose destination is the strip itself. In other words, traffic must be tamed and managed so that the goose that laid the golden egg is not killed. But this means different things in different places.

■ Decide whether the main arterial road should be a seam or an edge. A seam allows speeds ranging from 30 to 35 miles per hour and has up to six lanes with a median. As the term implies, a seam has the potential to knit the community together across the arterial. An edge, on the other hand, has eight or more lanes and speeds ranging from 45 to 55 miles per hour. It divides the community in ways that should be respected. While traffic can be tamed, within limits, along a seam, the community should in most cases accept an edge as an edge and not try to connect or integrate land uses, urban design, or community activities on both sides of the arterial.

■ Do not destroy the commercial vitality of the strip by taking too much traffic off it. Whatever solutions are chosen, they must ensure continuing ease of access to the commercial developments along the strip or they will wither and die. Transportation solutions must be scaled to the specific nature of the strip and balanced to serve multiple needs and multiple markets.

■ Plan for traffic volume and capacity to accommodate the needs of both through- and destination traffic; neither is going to go away. Where too much traffic and resulting conflict exist, the community must look for alternatives. Some options that might be appropriate would be separating traffic through the use of parallel local streets or frontage roads; limiting access points to commer-



TBA ARCHITECTS

cial development; linking parking lots; providing turn lanes; coordinating traffic signals; adding bus lanes, bikeways, and pedestrian links; and creating transit stops.

Automobile Access. Convenient access can make or break a strip. Too many curb cuts are inefficient and dangerous for drivers and pedestrians alike.

- Consolidate driveways and interconnect parcels so that automobile and pedestrian movement are possible without going out onto the arterial highway; halving the number of access points results in about a 30 percent decrease in the accident rate.
- Use supporting road systems and frontage roads to provide opportunities for parallel movement along the corridor.
- Design intersections and access points to simplify and coordinate signal sequences and to minimize congestion.
- Limit curb cuts to avoid excessive turning motions that snarl traffic; manage this process through zoning ordinances, design requirements, or comprehensive codes.
- Install innovative turning solutions to accommodate left turns and U-turns by looping from the right median to alleviate clogged intersections.



NEWHALL LAND AND FARMING COMPANY



Wide medians;
innovative turns.

EDAW

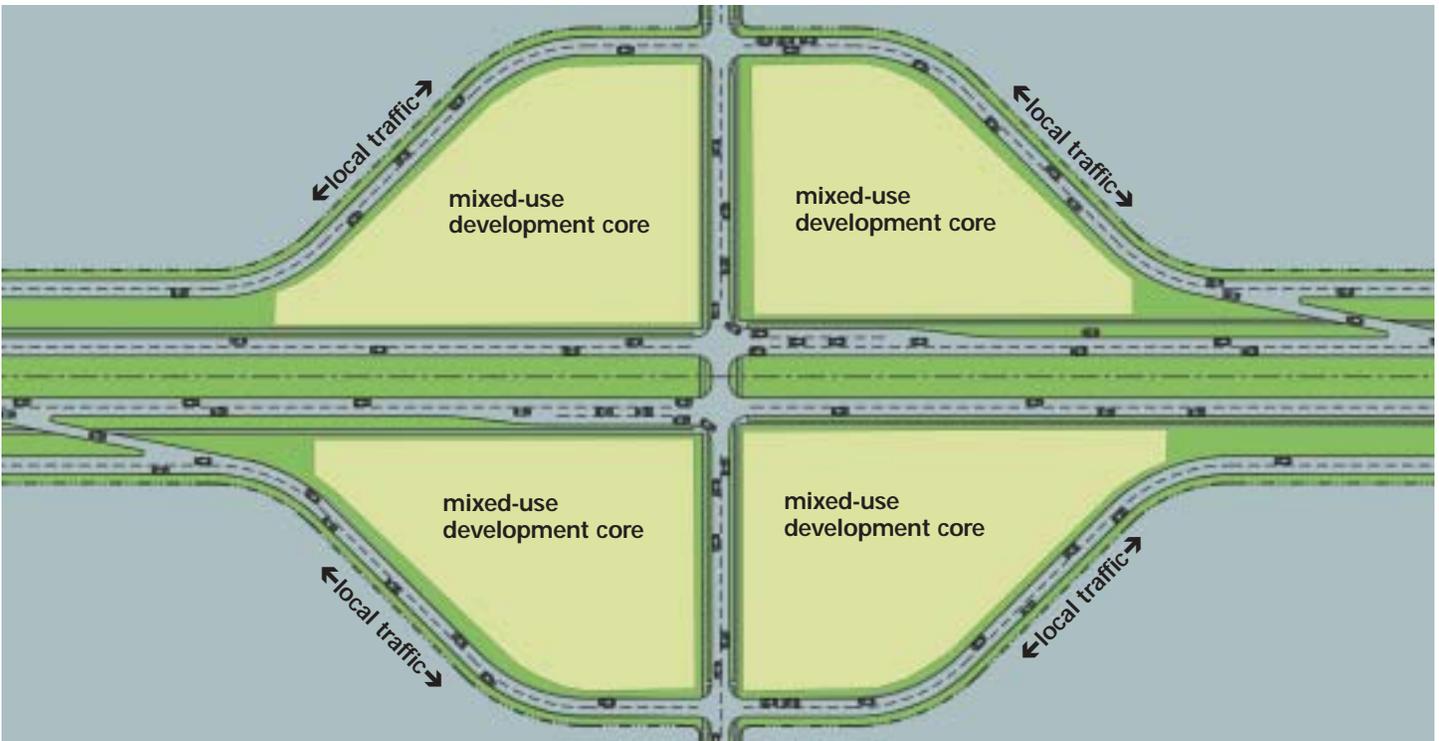


- Design and manage the strip to limit vehicular and pedestrian conflicts.

Parking. The success of strip commercial development is predicated on free and plentiful parking. Unfortunately, parking lots commonly dominate the landscape of the strip. Conventional practice requires that every development along the strip provide for all of its parking needs on its own site between its structure and the roadway, even though this is inefficient and contributes substantially to the wasteland aesthetics of today's commercial strip.

- Size prime parking lots and structures for reasonable demand; provide for peak parking in overflow areas.
- Encourage and plan for shared parking among adjacent uses.
- Consider the creation of a parking district to bring multiple facilities under common management and create greater efficiencies.
- Look for alternative parking and building configurations that provide convenience and avoid visual blight.
- Create parking in a carefully designed landscape.

Separation of through- and local traffic.



■ When justified by higher land prices, introduce structured parking to open up parking lots for new development in more urban settings.

■ Avoid charging for parking. It is inconsistent with the nature of a strip center and is likely to be effective only in exceptional circumstances.

Pedestrian Access. Commercial strips are not usually thought of as pedestrian environments, but pedestrian traffic seems to be evolving into an important tool to add to the attractiveness and economic vitality of suburban strips. Communities should recognize the importance of a pedestrian-friendly environment and reserve space to ensure that pedestrians can be accommodated. Pedestrian connections should be provided primarily within the pulse nodes of intense activity, among major activity centers, and along corridors that are designated for future retail growth. In most cases, it is preferable not to build pedestrian highway bridges or tunnels, since it is usually more convenient to cross at grade, and some people associate an element of danger with bridges or tunnels.

Transit. Transit stations obviously are not the solution to most strips' problems, but some strips have matured and densified enough to become urban places with opportunities for transit. In fact, it is the increased density that makes transit feasible and reduces dependence on the automobile. Although some low-density strips may always be auto dependent, transit can enhance the denser nodes of a "pulsed" strip and strengthen the market for residential and office development, adding to the strip's urban synergy. As a result, strip design, and even its location (where it is possible to plan for it), should be conducive to transit.



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KOHN PEDERSEN FOX ASSOCIATES

7 Create the Place



People go to places that appeal to them on many levels. Ideally, all the senses are engaged—sight, smell, sound, touch, and taste. But it is the presence of other people and the ability to interact with and watch them in a safe and energized environment that creates the most memorable and successful places. As a result, diverse, well-conceptualized developments that are collocated with other well-conceptualized developments in a coordinated, entertaining, and lively environment are worth more in real estate value than stand-alone buildings in a sea of parking. This difference in value is called the “design dividend.” It is no surprise to discover that such places also maximize retail spending and rents and, as a consequence, capital value.

When people like a place, they will incorporate it into their daily lives, using it and enjoying it even when they have no expressed purpose for visiting it. Such a place will establish a sense of community that gives a focus to people’s daily lives. It will be a public place where they can conveniently and happily carry out their normal day-to-day activities without the inconvenience increasingly associated with suburban living.

The following steps should be taken to create suburban “places” that people like, feel comfortable in, and want to return to again and again. As a first phase, planning elements like these should be implemented in the densest nodes of activity. As the strip matures, these elements should be extended in line with the market to the commercial fringe.

- Create attractive walkways and continuous streetfront experiences to maximize the quality of the pedestrian environment and afford opportunities to increase retail spending.

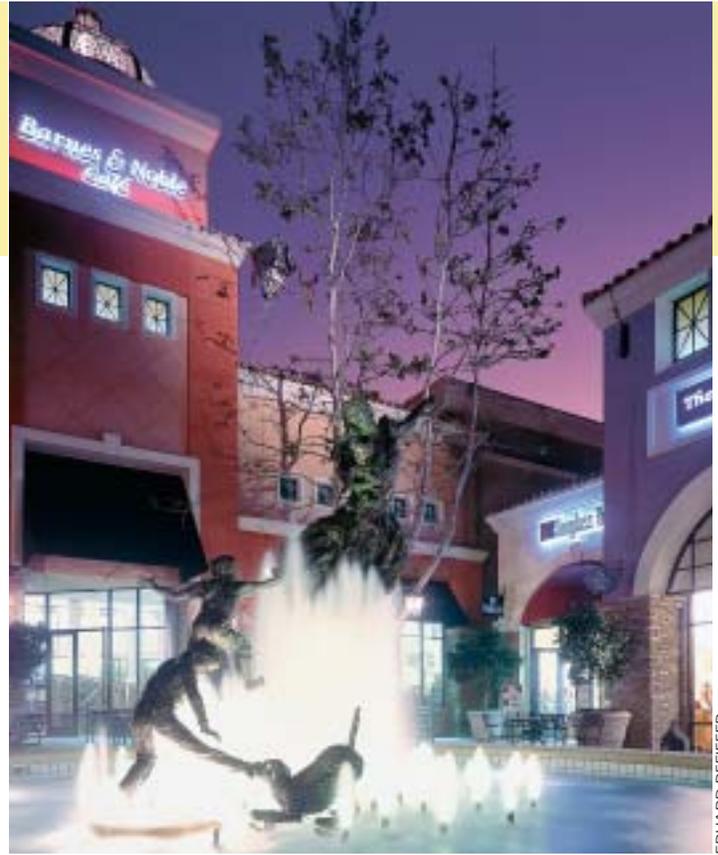
- Configure sidewalks so people feel safe and comfortable; make sidewalks wide, appealing, and shady.

- Provide a hierarchy of pedestrian-scaled, direct and indirect lighting (no sodium vapor lights, please!) that illuminates walkways, ensures safety, highlights buildings and landmark elements, and provides sight lines to other retail uses—such as a view from a café to cinemas, bookstores, and unique shops.



POST PROPERTIES

- Install well-designed, high-quality street furniture to reinforce the strong image and comfort of the place.
- Carefully place strong landscaping elements, including mature trees, to enhance the place but not detract from the retail sight lines.
- Vary roofscape and facade designs; retailers depend on diverse, appropriately scaled, and customized shopfronts.
- Use compelling, informative, and consistent signage to tell the story of the place.
- Design attractive corners and gateways to the development nodes.
- Add vitality by requiring active uses along the sidewalks such as outdoor dining (except along the arterial), interactive displays in shop windows, entertainment, and diverse architectural elements, styles, and setbacks.
- Ensure that getting to and from the site is enjoyable and efficient; entry routes are as important as the place itself.
- Deter crime by designing for security; ensure street-level vitality and plenty of “eyes on the streets.”
- Surround big boxes with “sleeves” of retail and service uses to minimize blank walls and dead spaces.
- When land values warrant, create structured parking; incorporate active retail or service uses at the first level to integrate parking structures with the retail environment.
- Provide all the services that a community needs, increase the number of choices encountered, and maximize the range of products sold.
- Incorporate a variety of urban residential uses in the form of live/work spaces, apartments above stores, townhouses, and hotels to ensure activity around the clock.
- Create a distinct place-making tool kit that includes townscape elements such as narrow streets to foster the creation of community destinations along the strip.



ERHARD PFEIFFER



STREET-WORKS

8

Diversify the Character

Suburban growth is inevitable, and as a society we can accommodate it in only two ways: through increased density or increased sprawl. There are simply no other choices. Today, public policy in many states is redirecting growth back into developed areas, which means that Americans are beginning to choose increased density. This choice provides enormous opportunities for suburban strips to remake themselves into new forms of community centers more attuned to the emerging needs of increasingly harried suburban residents.

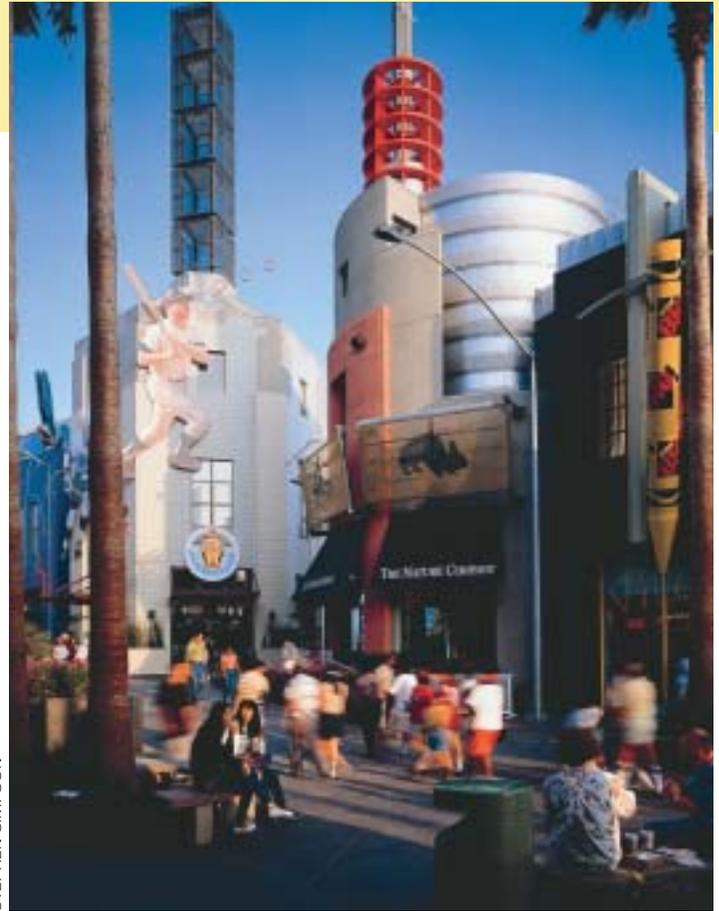


In some ways, these new suburban community centers will be unlike traditional town centers because of their more fragmented, low-density pattern of development and their reliance on the automobile. However, in other ways, they could reflect the best of metropolitan living: the convenience of mixed uses, increased choices more in tune with today's lifestyles, pedestrian environments, a multidimensional character, and varied densities that permit a complete range of goods and services that people depend on in their daily lives. And all of this will still be surrounded by the leafy, single-family neighborhoods that Americans love.

TBA ARCHITECTS

As development pressures increase and land values rise along suburban strips, the character of the strips should densify and diversify, and mixed-use development should become an essential part of this change. This will add a new and exciting diversity to the strip, bring new services, create a more lively human dimension, and reinforce a sense of place. To achieve the new diversity, developers and planners should:

- Create an environment in which people can live, work, shop, and play.
- Plan for different types of districts along the strip ranging from traditional, low-density strip shopping centers to denser and more urban nodes of activity.
- Accommodate a range of nonretail uses, including housing, hotels, offices, civic uses, and cultural, entertainment, and recreational activities.
- Arrange the diverse land uses in ways that encourage walking and discourage driving for short trips and errands.
- Rezone designated areas in mature strips for urban mixed-use projects and higher-density housing.
- Concentrate mixed uses along the major arteries to preserve single-family neighborhoods.
- Link the higher-density development districts, where appropriate, with commuter rail, subway, and light-rail stations.



STEPHEN SIMPSON



TBA ARCHITECTS

9 Eradicate the Ugliness

The distinguishing characteristic of suburban strips in the minds of most Americans is their undisguised ugliness (although congestion now runs a close second). This ugliness must be eradicated if suburban strips are to remain competitive and be successful in the future. Although this is not a hopeless task, as some believe, it will take a strong commitment from public and private sectors working in partnership to make it happen.

Enhancement of the physical environment heightens the anticipation and enjoyment of life's daily activities, especially shopping, being entertained, and eating out. In the new world of retailing, this means that shoppers want to be entertained in an environment that provides a memorable and enjoyable experience. Providing this type of environment makes people more likely to visit, stay longer, and return often—the retail trifecta. Not providing it means that they will go somewhere else at the first opportunity.

The ugliness of a suburban strip is apparent in many ways, from the overall first impression to the appearance of individual strips. The arterial is the entrance to the strip for most people. It sets the image of the strip and should be the place to start investing money on improvements. As the strip matures, secondary streets should become the focus of attention. Improvements to the public realm



SWA GROUP



SWA GROUP

should be made as individual properties are developed and redeveloped.

To eradicate the ugliness of the strip, communities should:

- Strive harder for architectural excellence, higher-quality building design and retail-friendly, first-floor facades.
- Develop for each street a set of enforceable design guidelines designating types of pedestrian-scaled street-lamps, sidewalk pavers, tree types and sizes, signage, and landscaping.
- Landscape the main arterial with mature trees, plants in the median, and lush green areas along its edges.
- Work with the local utility and cable companies to place all power lines underground; maintenance, weather-related repair, and service disruption costs will be reduced.
- Be creative with parking by placing it in courtyards, behind buildings, above stores, and in innovative arrangements as properties are redeveloped in new and denser configurations; this will reduce the visual blight of endless parking lots.
- Design and landscape parking areas so that cars are in a park rather than that trees are in a parking lot.
- Create a secondary street pattern where appropriate, and modify setback requirements to pull retail and restaurant facilities close to the arterial and secondary streets.
- Plan for a pedestrian-friendly environment with appropriate signalization and crosswalks along the arterial and secondary streets; make sure sidewalks are wide enough for outdoor cafés.
- Encourage buildings that enclose and frame the corners of major intersections within the designated high-density zones in order to define and identify the strip.



10 Put Your Money (And Regulations) Where Your Policy Is

The public sector must be prepared to make investments and take actions to support its own public policies for reinventing suburban strips. For most strips, this represents a once-in-a-lifetime opportunity to set the stage for the kind of development that the community wants as the strip evolves. It is an



opportunity that cannot be missed, and the public agencies, working in partnership with the private sector, need to make sure that a comprehensive, incremental improvement program actually happens. This can be done by making capital investments that achieve multiple purposes; for example, improve traffic flow, coordinate access management and parking, enhance the aesthetic and environmental realm, and increase pedestrianization in a holistic way. This will bring about the kind of private investment that the public is demanding.

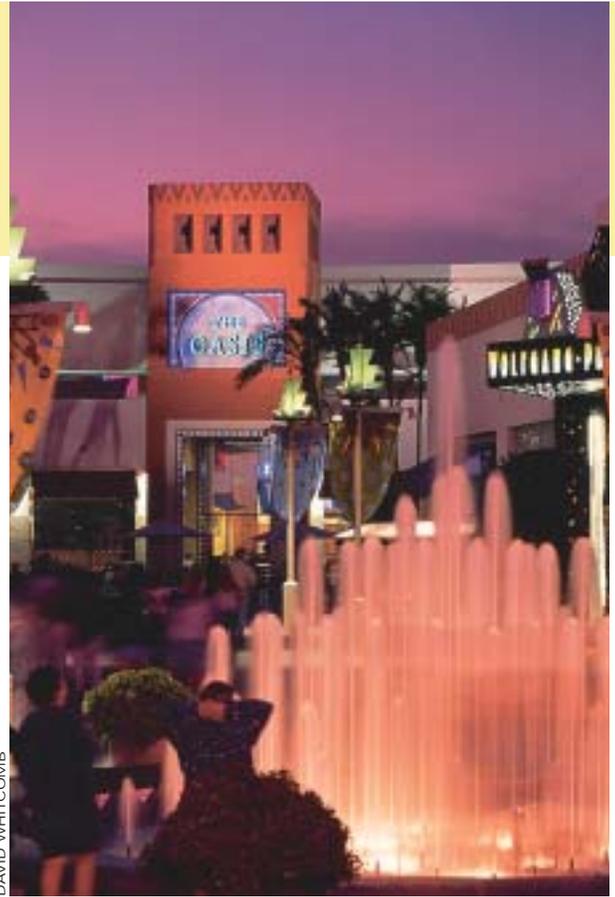
A comprehensive plan, an urban design plan, traffic plans, and market studies provide the tools for formulating strategies for successful strip revitalization, but they are only the starting point. The success of suburban strip revitalization will depend on whether the public's implementation strategies correlate with the agreed-upon plans and are funded. Public consistency and discipline in this regard will encourage the private sector to respond with appropriate actions and investments.



KMD ARCHITECTS

The following initiatives are a critical part of putting your money and regulations where your policy is:

- Integrate public facilities into the strip's redevelopment strategy. Public facilities should be sited in ways that help shape the desired form of the strip and enhance the synergy among private developments. The location of these facilities will leverage private investment on surrounding sites, create a focus for the community, provide a convenient destination where residents can accomplish multiple tasks, and help shape a more rational development pattern.
- Design zoning regulations that facilitate private developers in implementing the public's strategy. Zoning must be clearly linked to the public's implementation plans, including effective by-right development standards as well as transfer of development rights in mature strips. Not every developer has the wherewithal to go through a rezoning or a replanning effort.
- Create sophisticated development standards to accompany new zoning regulations. These standards should deal with landscaping, signage, architectural quality, pedestrian linkages, and other planning details so crucial to the overall health of the strip.
- Provide regulatory options that facilitate parceling and land assembly to accommodate recommended changes in land use configurations. This may involve changes that eliminate setbacks, provide streetfront and midblock development on multiple sites, or combine separately owned parcels to create new development options.
- Seamlessly integrate all public services and actions by the many public agencies that have jurisdiction within the strip.
- Create an aggressive nuisance abatement program to eliminate problems that inhibit achieving the kind of environment that facilitates the community's vision for the strip. Dilapidated or abandoned buildings, social problems, and incompatible land uses and activities are some of the more common problems affecting suburban strip development.
- Adopt zoning regulations that set a minimum parcel size (ten acres or more) along the strip so as to constrain curb cuts and encourage more coordinated development and fewer stand-alone stores.
- Prevent "deadening" uses, such as ministorage facilities, from dominating the strip.



DAVID WHITCOMB



DAVID WHITCOMB

Conclusion

The Urban Land Institute hopes that the ten principles for reinventing suburban strips presented in this report will act as a strategic guide for communities and developers around the country as they seek solutions to the problems of commercial sprawl, deterioration, obsolescence, and congested highways. Communities have an unprecedented opportunity to harness the tremendous market success of suburban strip development and translate this success into better performing community assets. The results will be more livable and sustainable communities, environments that are more adaptable to the emerging new face of retail, and property values that are enhanced as market demand matures.

ULI's ten principles are designed to be universally applied. However, it is anticipated that the specific courses of action to be taken by individual communities will vary widely within this strategic framework. Success will not be easy or fast—there are no quick fixes to what has been one of the most intractable development problems of the past 50 years. But the tasks are doable, the problems are solvable, and the strips are salvageable. The job must be started today, however, to correct the mistakes of the past, repair tattered and dysfunctional areas of the present, and provide a framework for future growth that incrementally reinvents suburban strips for the 21st century.



CHARLES LENOIR

Ten Principles for Reinventing America's Suburban Strips

Michael D. Beyard and Michael Pawlukiewicz

The demands of today's consumers, retail formats, and the economy are challenging the status quo in suburban strip development. Based on a study conducted by a team of planning and development experts, this booklet identifies the critical issues and challenges that strips face and provides an action plan to reinvent them to ensure their long-term competitive position. Developers and communities throughout the nation will find this guide an invaluable starting point for creating strategies that fully harness the tremendous market potential of suburban strips.

Ten smart growth principles include:

- Forming public/private partnerships to develop strategies and implement change.
- Anticipating an evolution in demographics and in the marketplace.

- Realistically assessing the market for a strip.
- Developing zoning strategies that improve the quality of strips by limiting the amount of retail-zoned land.
- Restructuring strips to create high-intensity development interspersed with stretches of low-intensity land use or open space.
- Crafting traffic patterns and parking to provide convenient access to retail stores and also serve through-traffic.
- Creating suburban "places" that attract people and encourage them to visit often.
- Diversifying the development of strips as development pressures increase and land values rise.
- Enhancing the physical design of strips to attract new and repeat customers.
- Understanding the importance of implementing and funding plans.

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Rental Housing: Its Day Returns

Neal Peirce / Oct 09 2009

For Release Sunday, October 11, 2009
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Good-bye to the era of homeownership as the powerful, pervasive symbol of the American Dream. Who believes any longer that owning your own house is a sure ticket to building wealth and assuring yourself an easy retirement?

So, welcome back to renting—the plain vanilla, easy-to-grasp idea that you pay methodically, month by month, for the roof over your head.

Renting will never make you a fortune—but it won't get you into the peril of toxic mortgage products, ill-advised homeowner loans, the prospect of foreclosure or “underwater” mortgages.

Of course, there's a huge role for prudent, well thought-out mortgage lending. Ownership clearly promotes added community loyalty and stability.

But if there were ever a time to balance the scales of government housing policy—federal and local—it's right now.

The federal imbalance is the most egregious. Congress has showered trillions of tax breaks—currently \$67 billion a year—on holders of home mortgages. The benefits are wildly regressive, escalating upward to holders of homes as expensive as \$1 million. This is a sacred cow, respected economist Edward Glaeser suggests, “long in need of a good stockyard.”

Even in recession, the favoritism continues. Some \$15 billion is flowing out of the federal treasury in anti-recession first-time homeowner tax credits—even though 85 percent of the 1.9 million recipients, the Brookings Institution calculates, would still be buying a home without the credit.

Yet what federal tax benefit goes to renters? The answer, unless you're quite poor: zero.

And the imbalance isn't just in federal funding. Thousands of cities have tilted their zoning and planning policies to marginalize rental housing. They often relegate apartments, notes Seattle-based planner Mark Hinshaw, “to the least desirable parts of the community, near industrial properties, near freeways and noisy arterials, behind strip malls.”

The time for radical change has come—and not just because of the ghastly mortgage market abuses. Married couples with children, historically the backbone of the market for mortgages, now represent just 25 percent of households. And by 2015, there'll be 67 million Americans aged 20-34—the prime years for renting.

As Americans increasingly select more compact, in-town residences—opting for the attractions of urban living in place of the “drive-'til-you-qualify” suburban fringes—we'll actually need millions of new apartment units.

And today's young workers, notes Conrad Egan, president of the National Housing Coalition, recognize they'll need to be “mobile and flexible” to respond to fast-shifting economic opportunities. The need, again: more apartments.

But there's an immediate problem. While the ranks of renter households have been increasing rapidly—by 1 million alone in 2007, by one count—the supply of available rental units has shrunk dramatically, partly because of foreclosures, abandonment and demolitions of older apartment complexes.

In time, the natural dynamics of the market will trigger new construction and likely correct the most serious shortages. But that leaves a huge equity issue, posed by Sheila Crowley, president of the National Low Income Housing Coalition:

“Affordable housing for the lowest income people has been in short supply for a long time; the housing bust and the recession have only made it worse.”

The situation has been exacerbated, housing expert John Kromer reports for Planetizen, by the last two decades’ unprecedented decline in units subsidized by the federal government. A prime reason: demolishing rotting and dangerous older public housing projects. They’ve been replaced by much more desirable “Hope VI” and other lower-density projects offering a mix of sales and rental units—great for livability and safety and a boon for cities, but sharply contracting overall supply.

Plus, the recession has forced a big squeeze in the federal government’s so-called “Section 8” program of housing vouchers that help local agencies provide very low-income families with leasing assistance in the private market. The vouchers generally fill the gap between 30 percent of a family’s income and the rent they have to pay.

But Washington appropriates a finite number of dollars for the vouchers. With unemployment and poverty rising in the recession, there’s a severe pinch. Examples: cutbacks by the Monterey (Calif.) Housing Authority mean some tenants will have to pay up to 60 percent of their income for housing. The Birmingham, Ala., authority has cancelled 300 recent vouchers, threatening many families with evictions.

Last year Congress did pass a long-sought National Housing Trust Fund bill to benefit very low-income renters. But it’s failed to fund it yet. The new monies are needed immediately, says Crowley, to avert rapid expansion of homelessness.

And she asks the right question: How come we’re appropriating \$15 billion for homeowner tax credits but holding back on far smaller outlays to help shelter the poorest among us?

A new rental era in America makes sense—but so, too, does adding fundamental equity.



Downsizing: Today's Home Buyers Are Thinking Small

By **BARBARA KIVIAT** Monday, Sep. 28, 2009 Brad Luttrell / The Commercial Appeal / Landov

During the real estate boom, new home construction became a game of ever increasing square-footage. That had a certain logic to it: If you saw your house as an investment to make you rich, bigger could only mean better, right?

Now that the economy has unfurled and people are realizing that prices don't always go up, houses are getting smaller — and more practical. Instead of feeding the desire for flash, architects and homebuilders are



responding to how families actually spend time and use space, as well as to new buyers entering the market. "A house is back to being a house," says Stephen Moore, a senior partner of the architecture and planning firm BSB Design in Des Moines, Iowa.

What does the new American home look like? The shift is obvious as soon as you step through the front door. The grand entryway — the two-story foyer with a sweeping, often multipronged staircase — is quickly giving way to a more modest entrance. Stairs are less about architectural flourish and more about getting upstairs (if you can imagine). That means they're either moving back up against the wall or turning into more-compact switchbacks. The two-story foyer is becoming less and less popular too — in an era of tighter purse strings, who wants to heat and cool all that empty space? "Would you rather have the extra volume or a game room upstairs?" asks Ken Gancarczyk, a senior

vice president at KB Home who runs the Los Angeles–based builder's architecture group. Buyers, KB is finding, want the room.

Part of the trend toward sensibility is being driven by a shift in buyers. With home prices back to earth and federal dollars encouraging first-time owners, Generation Y is out shopping in a way it never has before. People in their 20s and early 30s aren't looking for large move-up homes, rather simple starters that put minimal space to efficient use.

Add in the fact that people are staying single for longer but still want to buy homes, and there's a whole new taste afoot — Santa Barbara–based B3 Architects is building a series of 800-square-footers. "The big-box house is no longer the market," says Charles Shinn, principal of the builder consultancy Shinn Consulting in Littleton, Colo.

That demographic influence extends inside the house too. The great room that first caught on in the early 1990s is undergoing a revival — a large, undelineated family room–breakfast nook–kitchen combination meshes well with attitudes of casualness and flexibility. For years, the bell has been tolling for the formal living room, and that trend is accelerating.

Meanwhile, outdoor living space is growing. Nearly two-thirds of architects are seeing increased demand for things like outdoor kitchens and fireplaces, according to a survey by the American Institute of Architects (AIA). "There are no longer these hard divides between how folks are living inside and outside," says Kermit Baker, AIA's chief economist and a senior research fellow at Harvard University's Joint Center for Housing Studies.

Though that isn't to say the baby boomers, the most marketed-to generation on record, are suddenly being ignored. They're still influencing design too, just not like they used to. With the kids off to college, "they're not buying a five-bedroom home in the suburbs anymore," says Steve Melman, director of economic services at the National Association of Home Builders. What they do increasingly want: compact, one-story homes that are easier to get around. KB is offering twice as many single-story layouts as it was a year ago.

Barry Berkus, president of B3 Architects, sees another trend in the offing: multigenerational housing that includes multiple master-bedroom suites. We're not

there yet, but overlay the aging boomers with the unemployment rate and the burgeoning habit of college graduates to bounce back home for a while, and what's needed is a space that can handle a family that looks nothing like Ozzie and Harriet's.

"The housing that has been built doesn't fit the market any longer," says Berkus. Which is part of the reason that, even with so many existing homes sitting unsold, we keep building.

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TIME

Reinventing the McMansion

By **BARBARA KIVIAT** Monday, Sep. 28, 2009

Ideas are flying about what to do with unwanted large houses.
Andy Kropa / Redux

The housing market may be showing signs of life, but it's mostly limited to modest homes. The 4,000-, 5,000- and 6,000-square-footers — the ones that dot the landscape of countless American suburbs, replete with vaulted foyers and Palladian windows — are still finding precious few takers.

But maybe that's O.K., because the Great McMansion Repurposing has begun. People are finding new uses for huge houses that were once inhabited only by nuclear families. A film collective in Seattle has taken over one behemoth, turning the wine closet into an editing room. Outside San Diego, the former residence of a husband and



wife and two kids is being converted into a home for autistic adults. Architects around the world are dreaming about what they might do if they could get their hands on such massive spaces. A group in Ohio wants to create suburban greenhouses. Another, in Australia, has a plan to take a large dwelling apart at the seams and build two new houses with the materials.

The McMansion, perhaps the most garish symbol of the age of real estate excess, is fast becoming a relic. For the first time in 15 years, the average size of a new house is falling, according to data from the National Association of Home Builders. That fits shifting demographics. As baby boomers gray, fewer people have kids at home. In 2000, 33% of households included children; by 2030, only 27% will. "Single people and households without children don't want big houses on big lots," says Arthur Nelson, director of metropolitan research at the University of Utah's College of Architecture and Planning.

To visualize the coming change, imagine a turreted Victorian mansion, the sort that was popular at the turn of the 1900s. Now picture an Arts & Crafts bungalow, the small-footprint style that followed in reaction.

The good news — at least from a city-planning point of view — is that McMansions are ready-made to be broken into tinier living spaces. Each bedroom typically has its own bathroom, voluminous basements often offer a second kitchen, and garages comfortably fit three or four cars.

Around the country, people are getting creative with that sort of space. Members of Seattle's Beta Society not only sleep in their 10,000-sq.-ft. find but also shoot movies there. (They keep a green screen in the garage.) Near San Diego, the nonprofit TERI Inc. has bought a 3,600-square-footer on half an acre to house four autistic young adults. The secluded master suite that used to give parents some privacy now offers the same benefit to a live-in attendant, while the pool makes for great therapy. In Idaho, the nonprofit Housing Company is looking for a 4,000- or 5,000-sq.-ft. house to turn into a home for kids aging out of foster care. "You have all these spaces for teaching life skills before they try to make it on their own," says director Douglas Peterson. A restaurant-league kitchen, for example, can be used as a place to give cooking lessons. An industrial-size laundry room is large enough to handle a group lesson on separating whites.

Longtime McMansion residents too are looking for more economical ways to use their space. In the lush suburbs of Connecticut, some homeowners have started to rent out rooms. And even among those not looking for help with the mortgage, a movement to make supersize homes cozier is bubbling up. Architect Sarah Susanka, a small-house advocate, is finding that people are interested in making modifications, like lowering ceilings, to create more intimacy. Mathieu Gallois, who came up with the McMansion-splitting project in Australia, hit on the idea while visiting a 4,000-sq.-ft. home and feeling that with everyone in his or her own room, the family had been "atomized" — and that someone should do something about it.

All this repurposing is easier said than done. Statistically speaking, we may have too many too large houses, but try to split them up — as people did a century ago with those Victorian mansions — and you're sure to hear from the neighbors. In order to keep houses as single-family homes and ostensibly protect property values, zoning ordinances

and neighborhood bylaws often limit the number of unrelated people allowed to live in one dwelling.

But an even larger problem is brewing, according to Christopher Leinberger, a real estate professor at the University of Michigan and visiting fellow at the Brookings Institution. If there are no longer enough people who want to own overgrown houses in far-flung suburbs, we could see a repeat of what happened in center cities in the 1950s and '60s, when abandoned homes helped set off blight. What we really need to do, Leinberger says, is reinvent entire communities as the sorts of places where people want to live. That means building mass transit and urban-style city centers away from the metropolitan core. Finding new, creative uses for McMansions is a start, but the ultimate goal may be to design neighborhoods in which such large houses wouldn't make sense in the first place.

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