Can America Afford to Remain **Dense About Density?**

Doug Bibby, *National Multi Housing Council*

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If you think your commute is bad now, wait until 2030! The United States is facing a looming population boom. By 2030, there will be 94 million more people in this country than there were in 2000. And all these people will need somewhere to live, somewhere to work, and somewhere to shop.

In the past, towns have accommodated new residents by growing out in a sprawling manner. But this pattern too often has created bedroom towns where residents have no sense of community, have long commutes, and face funding crises as cities struggle to service their far-flung citizens. And unless we change our thinking about higher-density development, our country's future holds more of the same.

Unfortunately, the evidence suggests that Americans remain surprisingly dense about how valuable density is. A recent survey by the National Association of Realtors found that 70 percent of respondents think there should be more local requirements to preserve open space in their communities. But when asked if they would support more affordable housing in their towns, said they would if it were single-family housing rather than townhouses or apartments.

It is striking that many Americans fail to realize that those two goals—more open space and single-family-based development patterns—are often mutually exclusive.

Doing Density Well

To many people, *density* is a four-letter word. They associate it with crime, traffic, and a host of other urban problems. But the problems associated with density are not caused by density per se. They are the result of poorly designed development.

Done well, higher-density, mixed-used development can transform underutilized spaces into fun, walkable neighborhoods. The truth is that some of our favorite communities are surprisingly dense. Think of Georgetown in Washington, DC, or Beacon Hill in Boston. Think of Paris!

The Brookings Institution estimates that half the homes, offices, stores, and factories needed by 2030 do not exist today. This will fuel a construction boom over the next 25 years unlike anything we have ever seen, and this will give us the opportunity to re-think the way we develop our communities.

By adding apartments and condominiums as well as shopping, entertainment, and jobs to existing low-density subdivisions, local leaders are discovering they can create great communities that are more sustainable—both fiscally and environmentally.

Even if people do not want to give up their single-family houses for townhouses or apartments, they can still personally benefit from higher-density development in their communities. Density done well can

- reduce taxes by concentrating public services, such as water, sewer, roads, and police and fire, over a smaller area;
- reduce traffic and commuting time by allowing more people to walk, bicycle, or take public transportation instead of driving;

- boost the local economy by providing enough housing for the workers businesses need and creating the kind of communities that attract young professionals and other affluent households;
- preserve space for parks and outdoor recreation;
- make communities safer by creating housing that allows fire fighters and police officers to live where they work;
- improve the qualify of life by creating pedestrian-friendly shopping and entertainment areas.

Financial Benefits

The financial benefits of higher-density, mixed-use development are significant. One study found that it costs the concentrated suburban county of Shelby, KY, $88 to provide services (water, sewer, roads, and schools) to a new family of four compared with $1,222 for the same size family in spread-out Pendleton County.[1]

Nationally, communities can save more than $100 billion in infrastructure costs over 25 years by growing compactly. For Chicago, compact development can save $3.7 billion. Charlottesville, VA, estimates it can save $500 million. All those savings translate into lower taxes.

Compact development can also jump-start local economies. In many areas, businesses are moving away not because of strict regulations and high taxes, but because towns do not have enough housing for their workers. In the past, workers followed the jobs. But these days, jobs follow workers, who, in turn, follow housing.

One study estimates that the Minneapolis–St. Paul region loses out on $265 million a year in consumer spending and business-related taxes because it does not have enough housing. New Hampshire figures that its housing shortage will cost the state up to 2,800 jobs annually, $121 million in reduced personal income, and $33 million less in state and local revenues.

Encouraging higher-density housing also attracts more high-quality retailers to a town. Densities of eight to 12 homes per acre can create compact, low-rise centers that can support lively business and retail districts and public transportation. Adding just 1,000 to 2,000 new houses and apartments within a 10- to 15-minute walk can support new retail areas.[2]

Perhaps the most damaging myth about higher-density development is that no one wants it. For the past 50 years, the desire of families with children to live in sprawling, suburban neighborhoods has driven American housing markets. But now, those families account for less than one-quarter of households in the United States, and this proportion shrinks each year. In their place are a swelling legion of young professionals, couples without children, downsizing empty nesters, and single parents, who are drawn to the superior locations, conveniences, and flexibility that higher-density housing offers.

The demand for higher-density housing, such as apartments, will hit new highs by 2015 due to an influx of

- 78 million downsizing baby boomers;
- 74 million children of those baby boomers, who are now starting to graduate from college and enter the workforce;
- 9 million new immigrants;
- millions of service and municipal employees priced out of the neighborhoods where they work.

Communities that want to attract the "best of the best"—young professionals, knowledge workers, creative people, vital municipal employees—need to understand how American housing preferences are changing. The communities need higher-density

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1. Bollinger, Berger, and Thompson (2001) as cited by the Brookings Institution in "Is Washington Ready for Smart Growth?" presentation, October 2004.
2. "Density Myth & Reality" presentation, Byrne McKinney & Associates Real Estate Appraisers and Consultants and Goody Clancy Architecture, Planning and Preservation.

housing in order to create the vibrant, walkable neighborhoods these households want.

A recent survey asked prospective home buyers if they would rather live in a large-lot neighborhood where they would depend entirely on cars to get around or in a more compact neighborhood with schools, shops, and restaurants nearby. Sixty percent chose the compact neighborhood.

In other words, residents are not protecting their communities by opposing higher-density development. They are actually limiting the communities' future potential by discouraging desirable households from moving in. The same is true for rental housing. Many people assume that no one would rent if they could afford to buy. But a lot of higher-income couples are happy to trade weekend chores for the convenience of apartment living. In fact, 40 percent of apartment residents surveyed by Fannie Mae said they choose to rent for lifestyle reasons, not because they have to.

In addition to changing **zoning** laws, elected officials can create economic **incentives** through density bonuses, tax deferrals, and fee waivers that **encourage** developers to build higher-density **development**.

To make this new vision a reality, though, business and government leaders need to come together. For instance, most zoning regulations are more than a half century old and prohibit developments that mix residential and commercial uses. In addition to changing zoning laws, elected officials can create economic incentives through density bonuses, tax deferrals, and fee waivers that encourage developers to build higher-density development. Just as important, they can change the political climate by educating citizens that density brings new jobs, new tax revenues, new retail, and new community amenities. This will help reduce opposition to individual projects.

There are also several things business leaders can do to make this new future happen. Perhaps most important, they can attend planning meetings to support good projects. Too often, the only voices at these meetings are the ones that oppose new development. They can also lobby for zoning law changes and help their employees understand the connection between housing and jobs—and involve them in supporting smart growth development projects.

Natural (and Unnatural) Allies

Developers and environmentalists don't often work side by side on an issue, but the need for a new appreciation of higher-density development has brought these traditional adversaries together. In May, the National Multi Housing Council, the Urban Land Institute, and the Sierra Club united to launch an ambitious "Re-Thinking Density" education effort.

Together they produced two scripted PowerPoint presentations that use facts, figures, and compelling visual illustrations to make the case for higher-density, mixed-use development. One version focuses on integrating density into urban environments, and the other addresses suburban concerns. In addition to the two scripted presentations (which can be edited easily to fit local circumstances), a professionally narrated version is also available. The allied groups have also published a companion book, *Higher-Density Development: Myth and Fact,* which debunks eight widespread misconceptions about higher-density development.

The goal of this collaboration is to create an "army" of grassroots activists who can help get people excited about the opportunities ahead. Armed with these presentations, developers, property owners, housing advocates, and environmentalists across the country can spread the word to local chambers of commerce, such civic groups as Rotary and Lions Clubs, elected officials, and planners.

The presentations and the companion publication are posted at www.nmhc.org/Content/Serve-Content.cfm?ContentItemID=3423. Visitors to the Web site can also order an interactive CD with both presentations, scripts, and other resources as well as the DVD version free of charge. ■

About NMHC www.nmhc.org

For more than 25 years, the National Multi Housing Council (NMHC) has provided strategic leadership to the apartment industry. Through its highly effective government affairs program, its business guidance and research reports, and its sought-after industry meetings, NMHC has developed a reputation as the apartment executive's best ally.

Formed by a small group of industry stalwarts, including Preston Butcher, Trammell Crow, Sam Zell, and Richard Fore, NMHC's membership roster now reads like a virtual who's who in the multi-family industry. Thanks to the active participation of the industry's most visionary and forward-thinking professionals, NMHC is more able than any other organization to strategize on pressing issues and mobilize the diverse resources required to succeed. It benefits further from its highly qualified and dedicated staff of veteran professionals.

Advocacy For more than two decades, NMHC has been actively shaping the legislation and regulations that affect the apartment industry. From public testimony before congressional committees to one-on-one discussions with key legislators, NMHC is consistently heard on the issues.

The NMHC advocacy program is strengthened through its unique partnership with the National Apartment Association (NAA). The NMHC/NAA Joint Legislative Program maximizes the industry's clout and credibility on Capitol Hill. NMHC and NAA also operate the Apartment Industry Mobilization Service (AIMS)—a powerful, computer-based system that keeps industry members updated on key legislative and regulatory developments.

NMHC's 2005 agenda includes important issues in nearly every area that impacts apartment firms—taxation, telecommunications, finance, building codes, property and asset management, environment, and energy and rent control. NMHC also will continue its multi-year initiative seeking a more balanced housing policy that specifically recognizes the contributions apartments and their residents make to communities.

Strategic Information In addition to providing leadership on public policy issues, NMHC is known for the quality of its content. Apartment executives, government officials, and journalists all turn to NMHC for no-nonsense insights into the apartment sector. Council members receive a series of easy-to-read *Update* newsletters, covering legislative and regulatory development, market trends, property management, human resources, environmental compliance, building codes, emerging technologies, and tax issues. They also benefit from a comprehensive online library of apartment information, including regulatory guidance, white papers, selected research reports, and key apartment statistics and data sources (www.nmhc.org).

Industry Meetings NMHC's meetings are considered the industry's most stimulating and thought-provoking gatherings. Varying in size and focus, the meetings offer participants the invaluable opportunity to candidly share information, debate issues of common interest, and hear nationally recognized speakers. In addition to its regular membership meetings, NMHC convenes special-interest forums on topics such as mold, technology, student housing, insurance and risk management, property management, human resources, and legal issues. It also sponsors an annual leadership conference for the industry's up-and-comers.

Research Initiatives NMHC's research initiatives help members make informed business decisions, help policy makers better understand the industry's fundamentals, and help consumers make better-educated housing choices. Best known for its annual ranking of the 50 largest apartment owners and managers, the NMHC research program also investigates how political, financial, demographic, and other trends influence multi-family housing. Recent topics have included market conditions, the costs of owning versus renting, upscale apartment market trends, the pace of capital upgrades in apartments, and urban apartment construction trends.

Public Affairs Promoting a positive image of the industry has been NMHC's dominant communication objective for many years and is an area where it has had tremendous success. The NMHC coordinated media outreach campaign has resulted in hundreds of articles in recent years on the growing popularity of apartment living and the myths behind the rent versus buy decision, including in such publications as *The Wall Street Journal, The Washington Post, Newsweek, The Los Angeles Times,* and *The Chicago Tribune.* NMHC also has produced numerous publications attacking the myths associated with apartments, such as the true impact of apartments on local schools and roads, the degree to which apartment residents pay for the municipal services they use, the incorrect perception that home owners are better citizens than renters, and the labor market advantage of renters over owners.