Barriers to Better Development

by Edward T. McMahon

Over the past few months I've visited a number of exciting new development projects around the country. These include traditional neighborhood developments like I'On in Mt. Pleasant, South Carolina; Abacoa in Palm Beach County, Florida; and Riverside in Atlanta, Georgia. I've also toured revitalized downtowns in places like Asheville, North Carolina; Suisun City, California; and Chattanooga, Tennessee – and observed the growing success and popularity of transit-oriented development in places like Arlington, Virginia; Silver Spring, Maryland; and Portland, Oregon.

Despite these bright spots, however, the vast majority of new development is still the same old, single-use, land-consumptive, "Anywhere USA" type development that has been the norm since the 1950's. We talk a lot about smart growth, but we're still not producing very much of it on the ground.

There seems to be a growing consensus – at least in the planning community – that there are alternatives to sprawl that are more attractive, more efficient, more profitable, and more environmentally sensitive than conventional suburban-style development. So why is the development paradigm so hard to change? Let me discuss what I see as seven key barriers to better development – and then invite your feedback:

1. Inflexible Local Regulations

Local regulations are often an impediment to smart growth. Most local zoning and subdivision regulations make it easier and faster to build conventional, single-use, suburban-type development. Local officials should make zoning and subdivision regulations more flexible so as to encourage cluster development, mixed uses, narrower streets, and other better development concepts.

Time is money in the development business. Yet innovative developers who would protect the environment or provide walkable mixed-use developments are often stymied by inflexible regulations. When the cost and delay are too great, the "by-the-book" approach will prevail over innovation, even if it hurts the environment.

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These new homes in Portland, Oregon, reflect the growing popularity of "transit-oriented" development – where new neighborhoods are planned close to transit facilities, in this case Portland's light-rail line. In many ways this is similar to the early 20th century pattern of locating new housing near streetcar lines.

2. Outdated Market Perceptions

Smart development is an unfamiliar market to many developers and, as such, is often perceived as risky. Outdated assumptions often inform current market and demographic analysis. This prevents developers from building projects for significant groups of consumers with specific needs, tastes, and preferences. For example, empty nesters, retirees, unrelated singles, and younger couples are all growing market segments that crave more walkable, urbane neighborhoods. Yet the market provides them with few choices. Another example is golf course development. Developers continue to stamp out gated golf course communities by the hundreds even though consumer research shows that most homebuyers prefer developments with lots of "natural open space." Even a majority of homeowners in golf course developments don't play golf! They buy there because they like to live next to protected open space.

3. High Development and Process Costs

Local fees and costs for development which fail to factor in the benefits of smart development can increase land and construction costs. Also, a shortage of suitable infill sites makes smart growth more expensive and complicated. Local and state governments need to provide incentives for the reuse of historic structures, brownfield development, downtown revitalization, and other infill projects.

Unfortunately, many state and local laws make smart growth prohibitively expensive. For example, residential street standards often require overly wide streets. This increases the cost of housing, discourages walking and hurts the environment. Likewise, well-intended but overly rigid building codes deter infill development.

The developer of Maryland's largest urban revitalization project – the Can Factory in Baltimore – tells the story of trying to meet the standards of Baltimore's archaic building code. Even though the Can Factory had six outdoor fire escapes, the code compliance office insisted that they all be demolished and rebuilt because the existing stair tread didn't meet current standards. The cost of meeting this and similar inflexible requirements would have rendered the project financially infeasib]le. Fortunately, Maryland, New Jersey, and other states have now adopted "smart codes" legislation to make it easier and cheaper to rehabilitate historic buildings.

4. Financing by Formula

Real estate expert Chris Leinberger often says that there are only twelve kinds of real estate projects that can readily receive bank financing. All of these are conventional, single-use projects (e.g., strip shopping center, mini-storage units, apartment buildings). On the other hand, mixed-use projects are outside the financial mainstream.

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Attractive residential communities, with neighborhood-scale shopping close at hand, can be developed – as seen here in I'On Village in Mt. Pleasant, South Carolina.

Innovative developers often have trouble getting financing because of a lack of comparables, the secondary financing market, and bank procedures that favor so-called "low risk" investments. In general, bankers fund projects in a formulaic way, so that only standard types of development, with predictable outcomes, receive investment. In addition, excessive parking requirements often imposed by lenders add expense – and may conflict with the goals of both the developer and the community.

5. Proposing High Density Without Amenity

Many worthy projects, including both greenfield and urban infill development, have met with community opposition. A friend of mine in the homebuilding industry likes to say that the American public doesn't like two things: "sprawl and density." There is some truth to this. The problem, however, is that in many projects density comes without any compensating amenity. Density *with* amenity will sell. For most people, the "character of the neighborhood" is far more important than the "size of the lot." A greater emphasis on high quality, place-responsive design could greatly alleviate opposition to innovative new development.

6. Public Infrastructure Subsidies

The willingness of state and local governments to pay for new roads, utilities, and schools which service far-flung development not only encourages sprawl, it increases the cost of government services. It doesn't have to be this way. Instead, capital investments can encourage revitalization of existing communities and facilitate new development on vacant or underutilized land already served by roads and other public services. Maryland's new smart growth law, for example, does not prohibit development anywhere. But it does say that if development is proposed outside of identified "priority funding" areas, the state is not going to help subsidize it. This simple concept encourages development where it makes the most sense and recognizes that government can't pay for everything.

7. Low Expectations

Many communities engage in what I call "zoning on demand." That is, they will allow any development anywhere. It doesn't matter whether the project is good or bad, or consistent with the comprehensive plan or not. If the current zoning doesn't accommodate the development, no problem, the property will be rezoned with little hesitation.

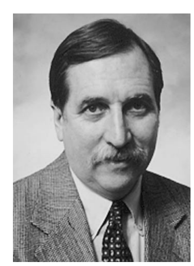
Too many local officials are simply afraid to say "no" to poor quality development. Yet it has been shown time and again that communities which set higher standards for development get better results. Successful communities know that if they reject poor quality development, they will almost always get better development in its place. This is because most businesses will readily meet higher standards to be in an economically profitable location. On the other hand, communities with low or no development standards compete to the bottom.

Summing Up:

Fortunately, the barriers to better development I've described can be overcome. Community by community and project by project, elected officials, builders, and bankers are all beginning to recognize that there is a market for projects that make more efficient use of land, reduce infrastructure costs, increase transportation choices and which are more respectful of community character and natural resources.

One solution to the barriers I've identified is education. Development oriented groups like the Urban Land Institute and the Congress for New Urbanism have embraced smart growth as a major focus of their research and educational activities. Likewise, the Bank of America is collaborating with some of the nation's leading foundations in an effort to identify and overcome barriers to financing mixed-use development. Organizations as diverse as the American Planning Association, The Conservation Fund, and the National Governors Association are all working to educate state and local officials on better development practices.

Now, I'd be interested in hearing from you – what barriers to better development do you see in your community? And what ideas do you have for overcoming them? Let's open a "dialogue in print" in the next issue of the *Planning Commissioners Journal*. Either mail or FAX me c/o the *Planning Commissioners Journal* (see the masthead on page 2 for address & FAX number) or e-mail me directly at: emcmahon@conservationfund.org ◆



Edward McMahon is a land use planner, attorney, and director of The Conservation Fund's "American Greenways Program." He is former president of Scenic America, a national non-profit organization devoted to protecting America's scenic landscapes. McMahon's column appears in each issue of the Planning Commissioners Journal. We hope you'll take up his invitation to open a dialogue about barriers to better development.