

GETTING IT BUILT: OVERCOMING THE IMPLEMENTATION BARRIERS TO SMART GROWTH

February 15, 2014

New Partners for Smart Growth



STRATEGICECONOMICS

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Challenges to Implementing Smart Growth

The Typical Smart Growth Vision



There Are Typically 5 Primary Barriers to Attaining This Vision



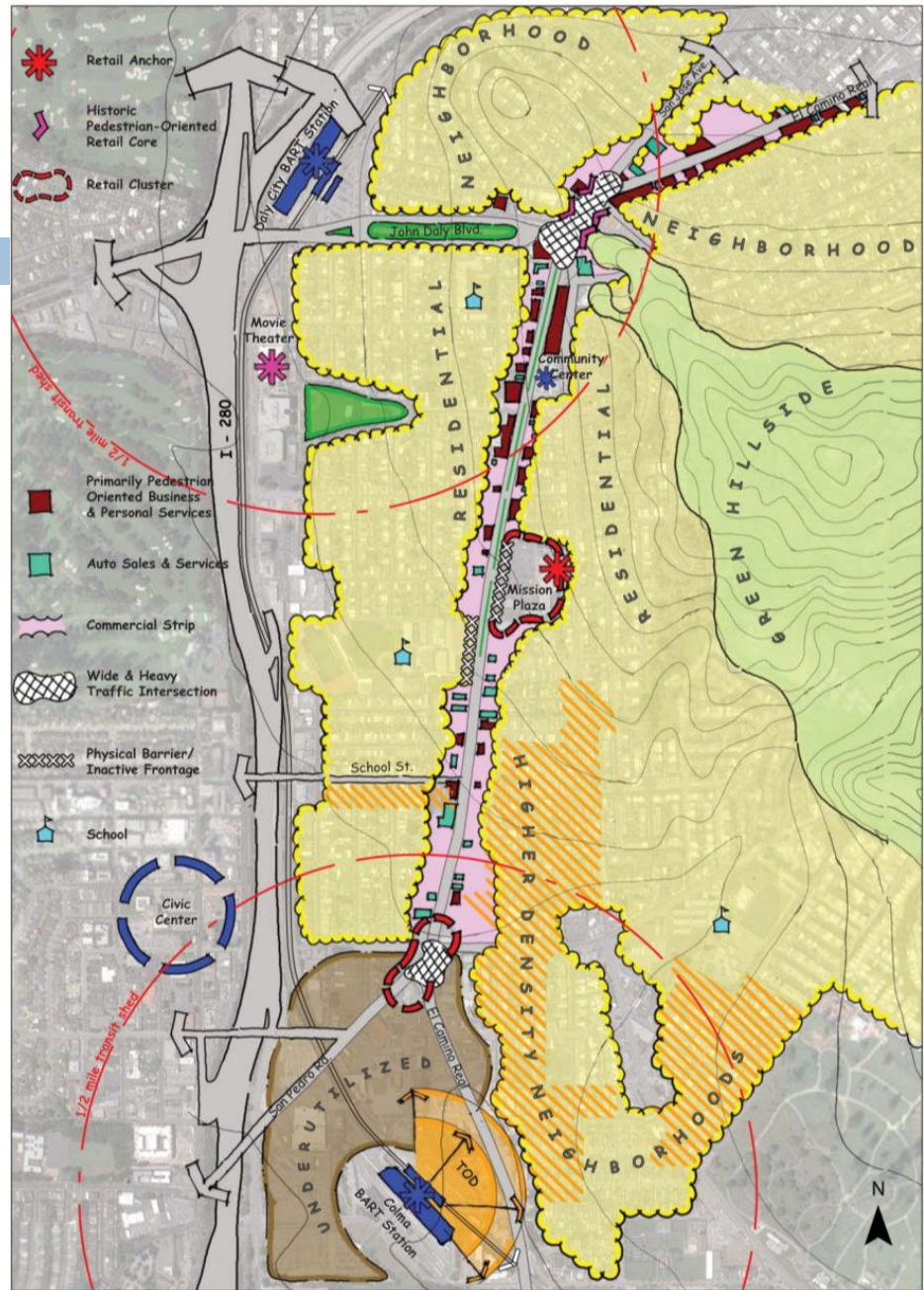
1. Existing Development Context
2. Scarcity of Development Parcels
3. The Evolving Role of Retail
4. Limited Public Resources
5. Mismatch Between Local Land Use Policies and Market Conditions

1. Physical Context for Development

<p>Existing Downtown/ Urban Business District</p>	<p>Major Suburban Employment Area</p>	<p>Legacy Industrial Area</p>	<p>Mixed Use Neighborhood/ Main Street</p>
			
<p><i>Downtown Boston Boston, Massachusetts</i></p>	<p><i>Tyson's Corner, Virginia</i></p>	<p><i>Arts District Los Angeles, California</i></p>	<p><i>Lincoln Square Chicago, IL</i></p>
<p>Auto-Oriented Commercial Corridor</p>	<p>Industrial/ Distribution Area</p>	<p>Low Density Residential Neighborhood</p>	<p>Major Greenfield/ Infill Site</p>
			
<p><i>University Avenue Twin Cities, Minnesota</i></p>	<p><i>South Boulevard Charlotte, North Carolina</i></p>	<p><i>Bethel Park, Pennsylvania</i></p>	<p><i>NUMMI Plant Fremont, California</i></p>

2. Scarcity of Developable Parcels

- Minimum developable parcel is ~0.35 acres, with most development occurring on sites of 1-2+ acres
- Many infill areas characterized by:
 - Small, shallow, or irregularly shaped parcels
 - Fragmented ownership
 - Adjacent single-family residential neighborhoods



Data Source: Google, 2012; Freedman Tung + Sasaki, 2012

3. Evolving Role of Retail

- Internet sales growing 3X faster than brick-and-mortar
 - Fastest growth in restaurants, grocery stores, personal and business services
- Some aging retail no longer conforms to modern requirements



Redwood City



Mountain View

4. Limited Public Resources

- Limitations on role of new development in funding public improvements

Stronger market locations:



Challenging/weaker market locations:



5. Mismatch between Local Land Use Policies and Market Conditions

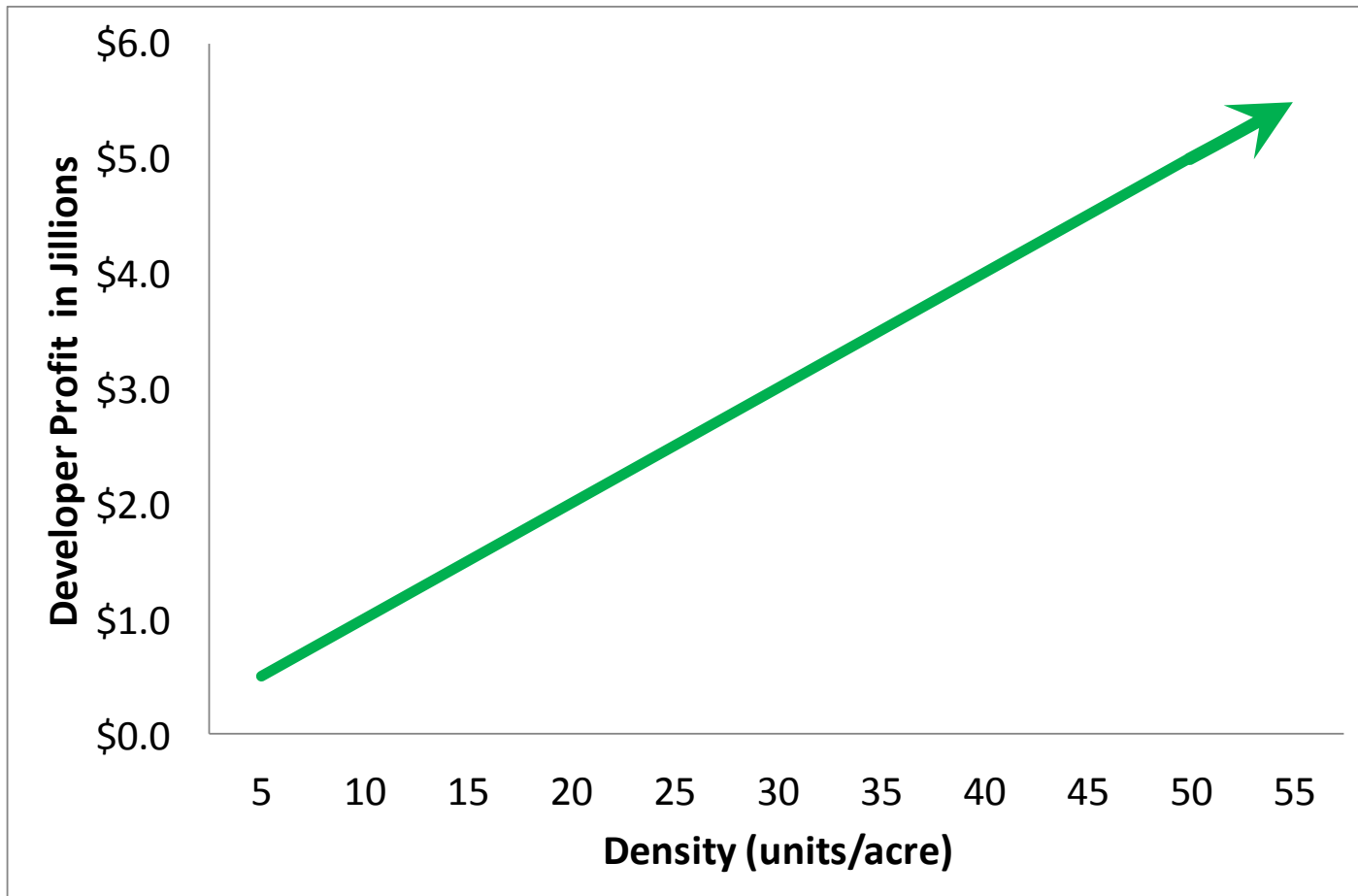
- For example:
 - Low height or density requirements do not permit new development
 - High rise development is envisioned, but not supported by market conditions
 - Zoning for ground floor retail exceeds demand
 - On-site parking requirements drive up development costs



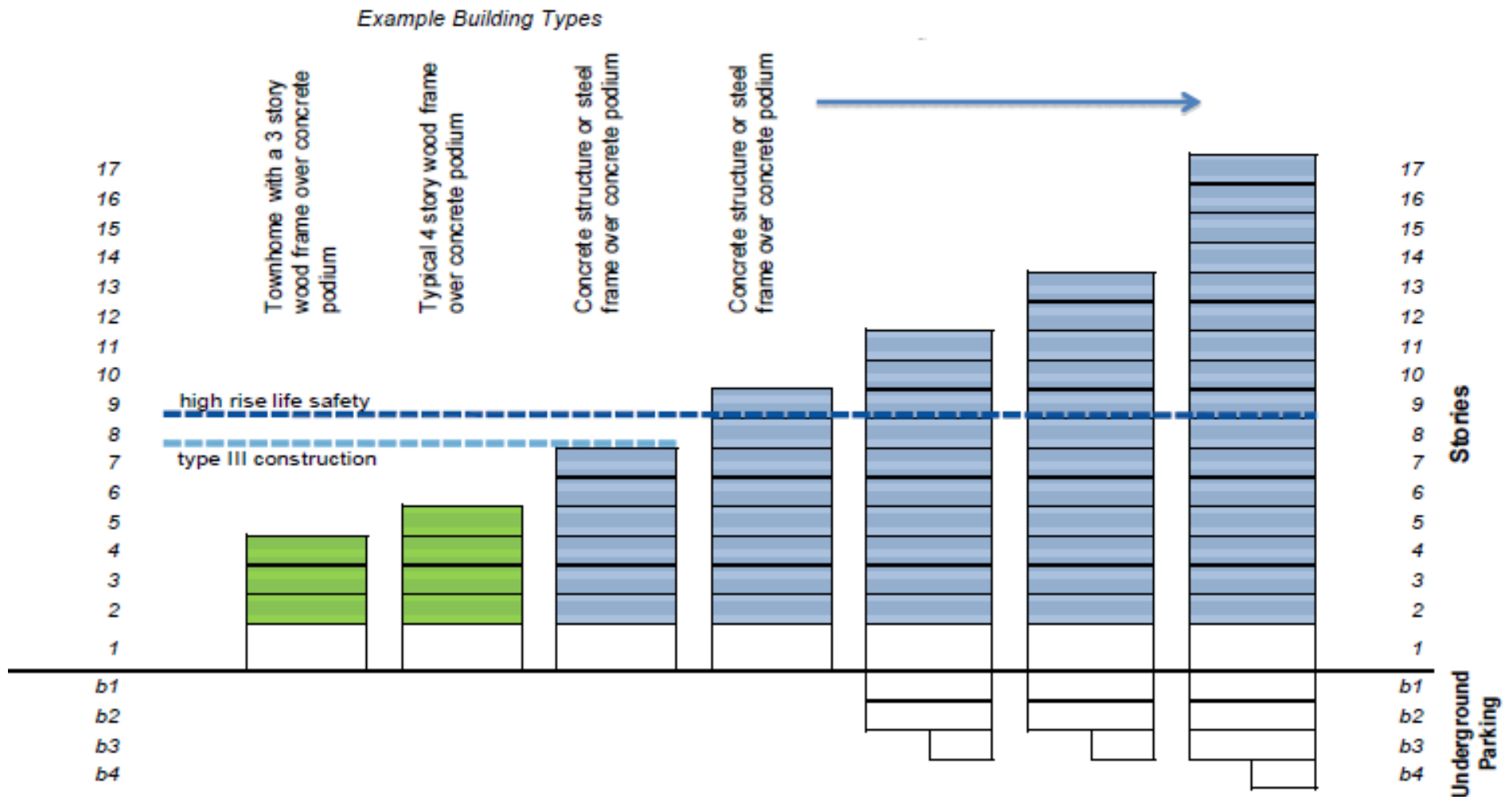
Ground Floor Retail Zoning in Belmont

What Are the Economics of Density

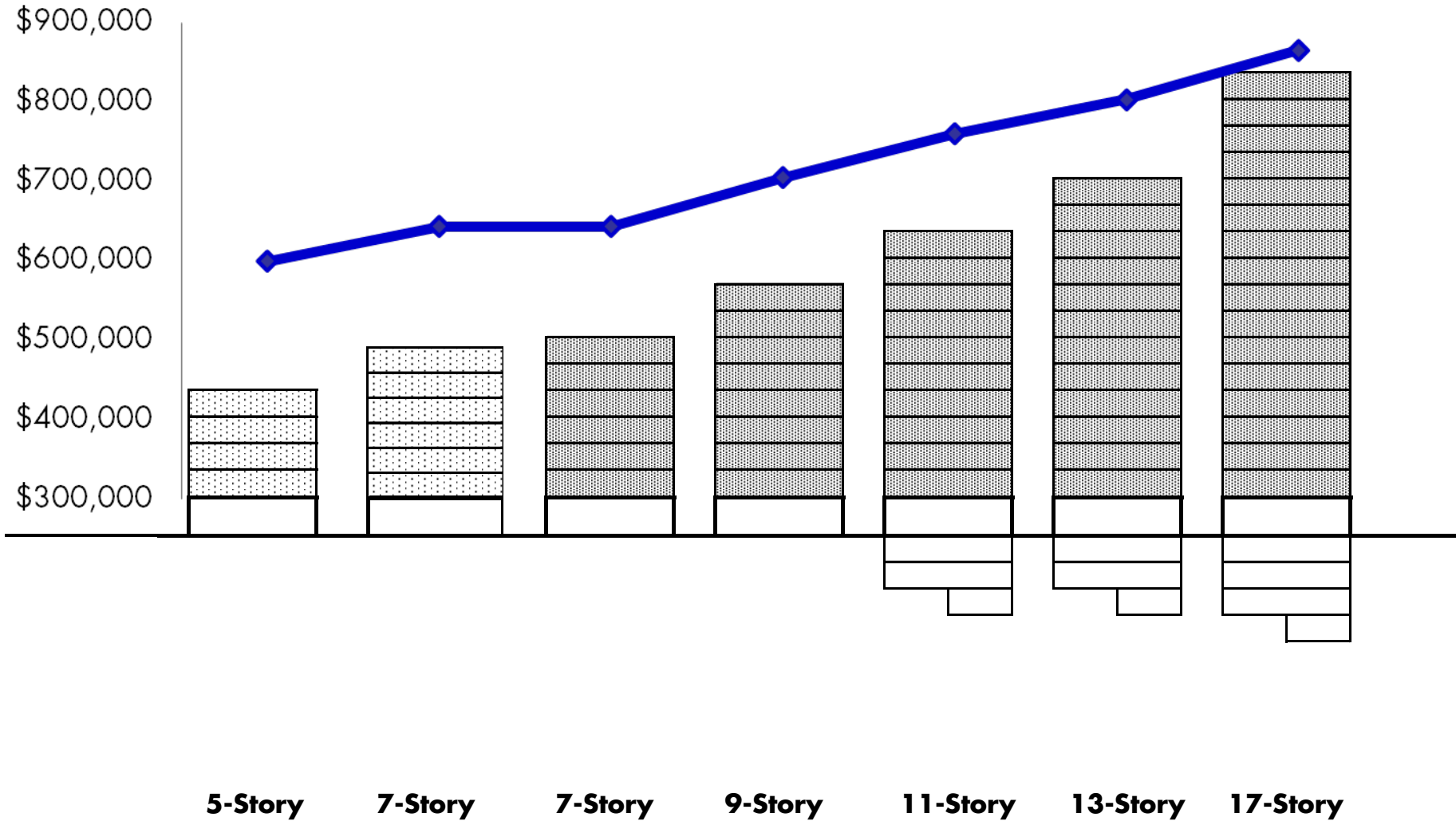
Common perception of “density”



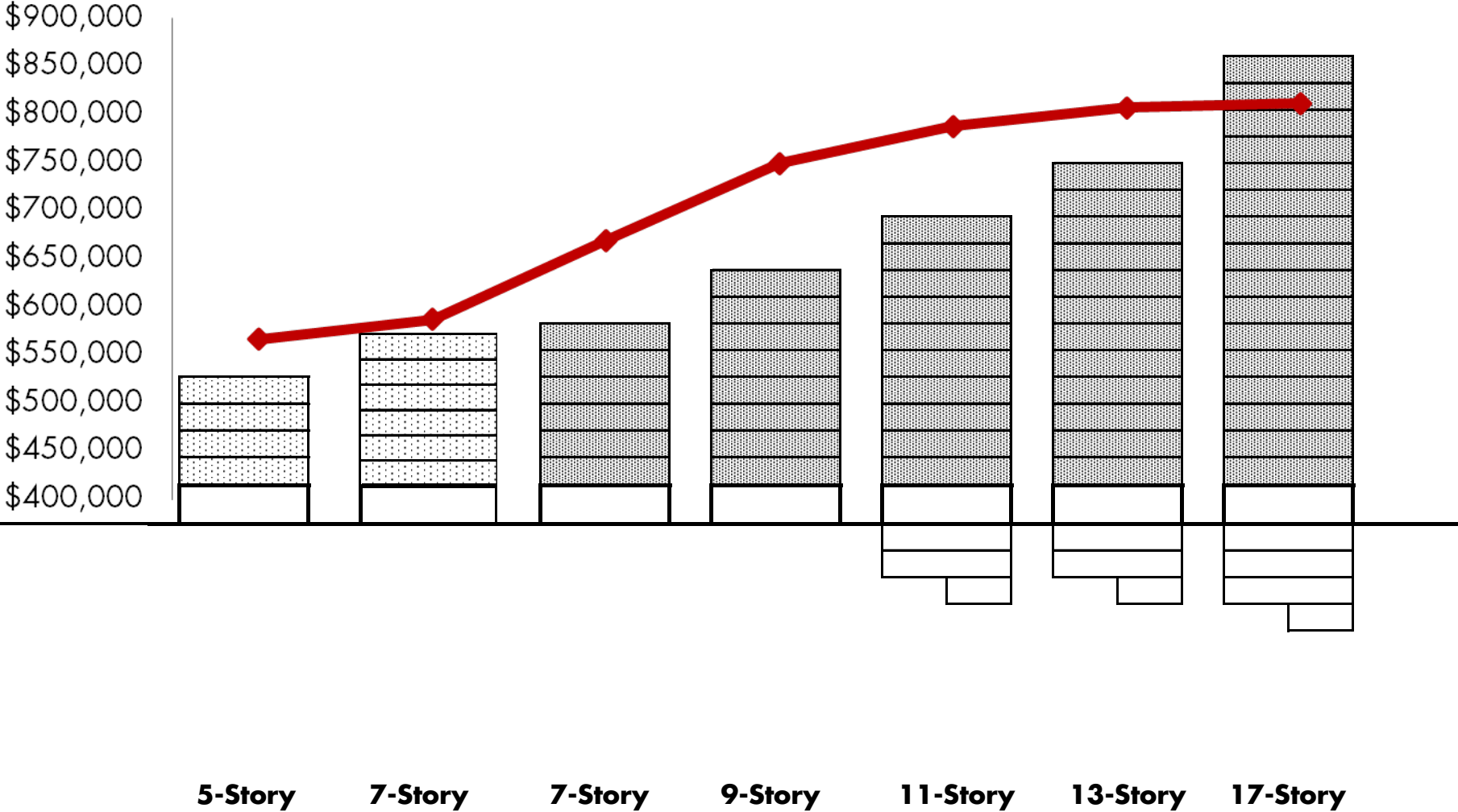
Different Densities Require Different Building Types



Average Revenue per Unit



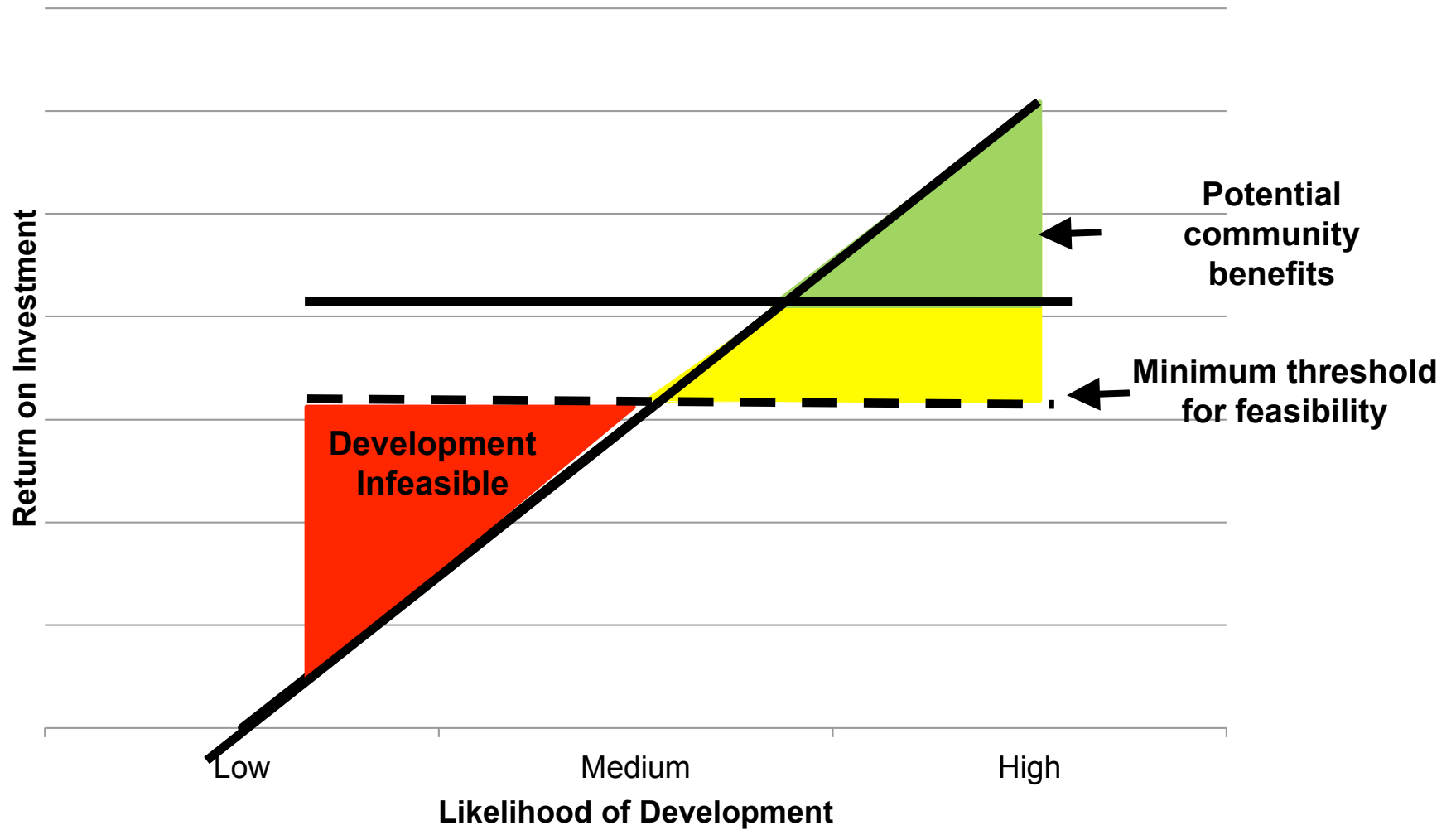
Average Cost per Unit



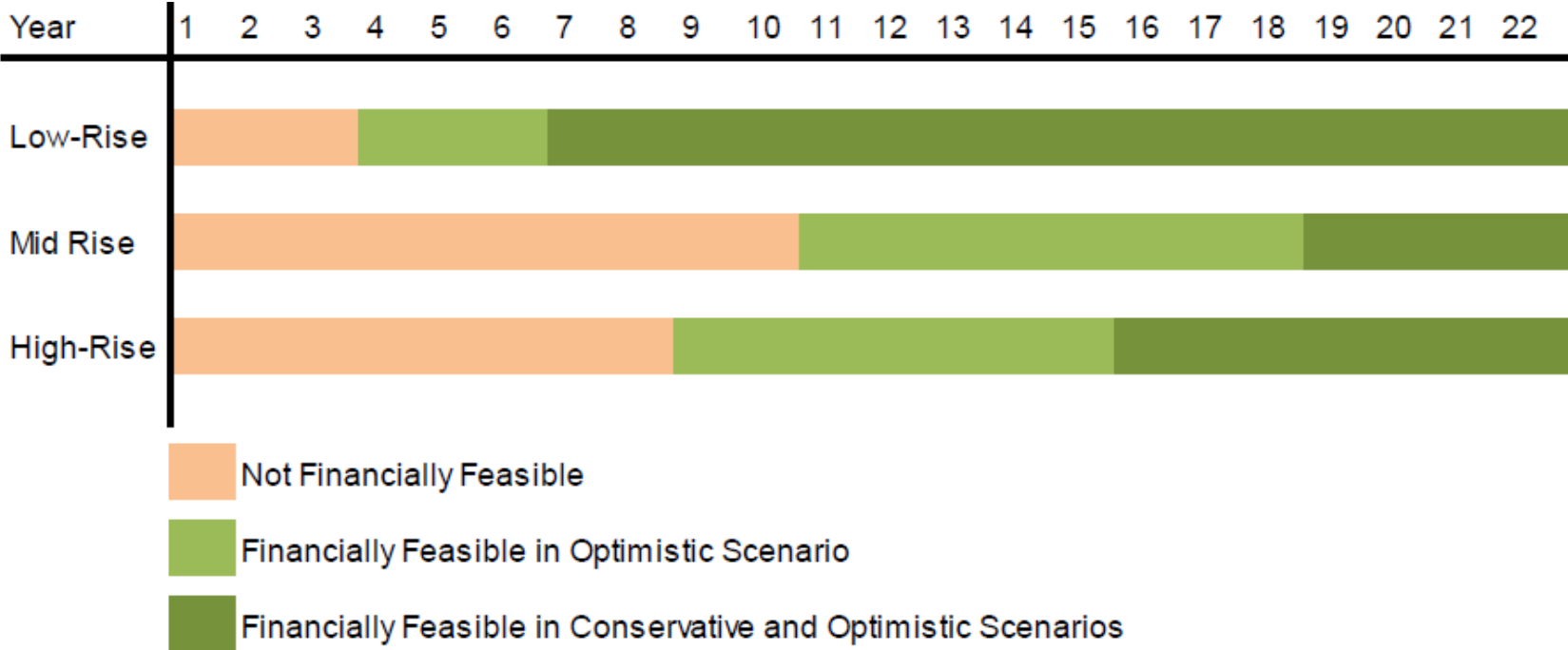
Residual Land Value (per Square Foot Land)



Community Benefits Contingent on Development Feasibility



Projected Feasibility for Different Building Types 2013-2035 (Oakland, CA)



Source: Strategic Economics



Strategies for Implementation

Three Strategies

1. Plan for vibrant activity nodes
2. Align land use regulations with market and physical conditions
3. Coordinate public & private investment to create walkable places and support desired development



Colma BART

Strategy 1: Plan for Vibrant Activity Nodes

- Focus public investments and higher intensity development in concentrated activity nodes
 - Support successful mixed-use districts
 - Encourage pedestrian activity and transit use
 - Save the city money



Top of the Hill development and streetscape improvements in Daly City

Identify Key Activity Nodes Early in the Planning Process

Consider:

- Walking distance (1/4-1/2 mile)
- Transit access
- Market momentum
- Opportunity sites

Two different kinds of nodes: San Antonio Center (above) and Downtown Mountain View (below)



Focus Retail to Create Activity Centers

Castro Street, Downtown Mountain View



Burlingame Ave, Downtown Burlingame



Plan for the Corridor, not just the Street



Downtown Belmont Activity Node



Mountain View Study Area v. Half-Mile Corridor

Strategy 2: Align Land Use Regulations with Market and Physical Conditions

- Set zoning, parking, and other regulations to:
 - Enable new investment to occur in the short-term
 - Support the long-term vision for transformation



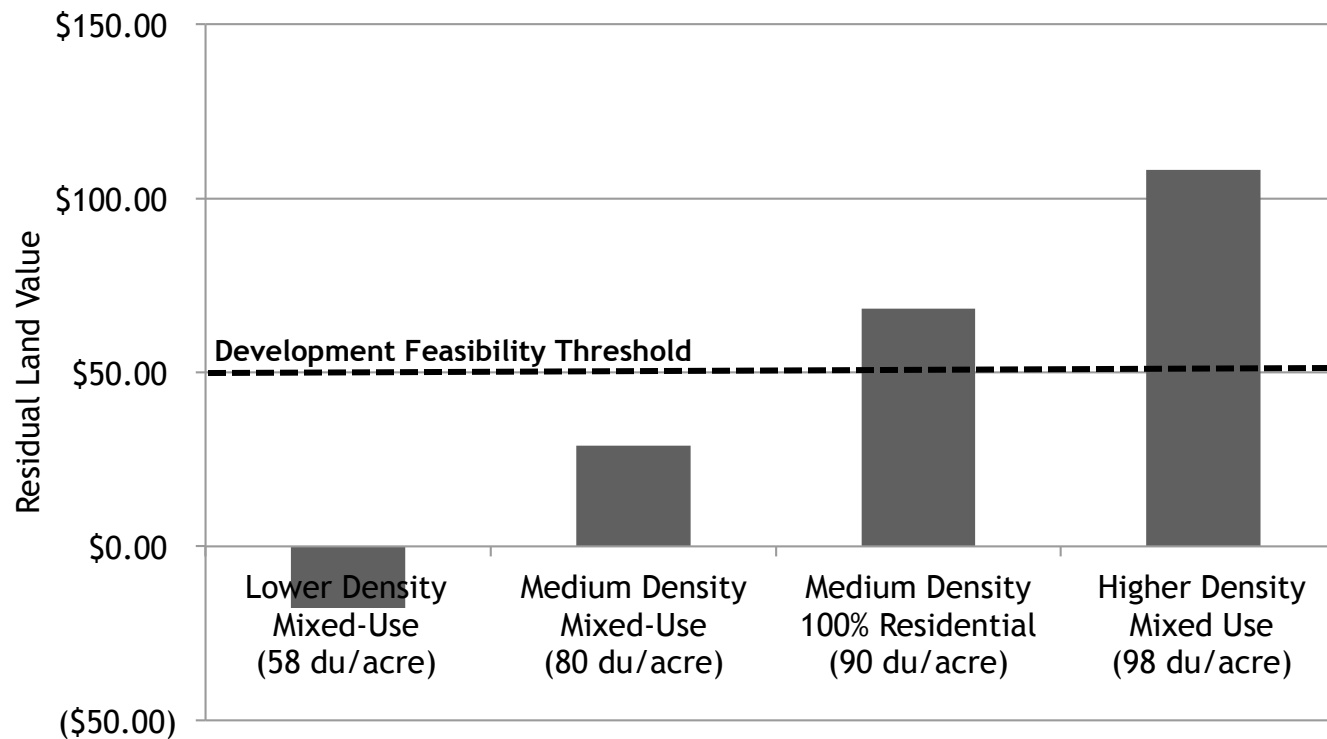
Redwood City



Palo Alto

Adjust Zoning to Allow Feasible Building Types

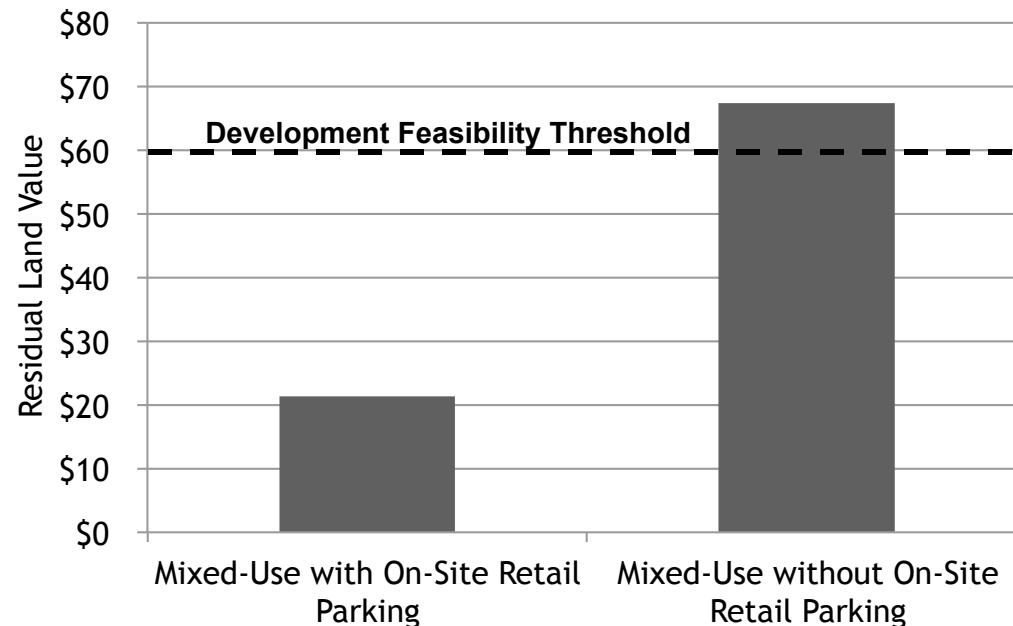
Impact of Density on Financial Feasibility



Retail rents at \$2.25/s.f.; condo prices at \$510/s.f. Simplified diagram based on Daly City analysis.
Source: Strategic Economics and VMWP, 2013.

Reduce On-Site Parking Requirements

- Works best in places with good transit service and/or as part of a comprehensive parking management strategy



Condo prices at \$500/per s.f. Diagram based on Mountain View analysis.
Source: Strategic Economics and VMWP, 2013

Provide Flexibility on Ground Floor Uses Outside of Nodes

- Allow ground floor residential, community space, and office outside of nodes



Office in Mountain View (left); housing in Los Altos (top) and Santa Clara (bottom right)

Strategy 3: Coordinate Public & Private Investment

- Make places attractive and functional for existing and new residents
- Encourage developers to invest in partnership with public investments
- Facilitate walking, bicycling, and transit ridership



Belmont



Palo Alto

Target Public Improvements to Activity Nodes

- Utilize scarce resources efficiently
- Support activity nodes and pedestrian activity



Top of the Hill Improvements, Daly City



Bike Share Station, Downtown Mountain View

Ensure New Development Supports a Walkable Environment

- Implement design guidelines and development standards to ensure that development supports desired character



New retail development in Mountain View (left) and housing on the Los Altos/Mountain View border (right) is oriented towards the street and includes pedestrian amenities



Conclusion

Closing Thoughts



- Realizing the vision requires realistic assessment of economic, physical, regulatory barriers
- There are many tools at the local level to remove barriers and incentivize development