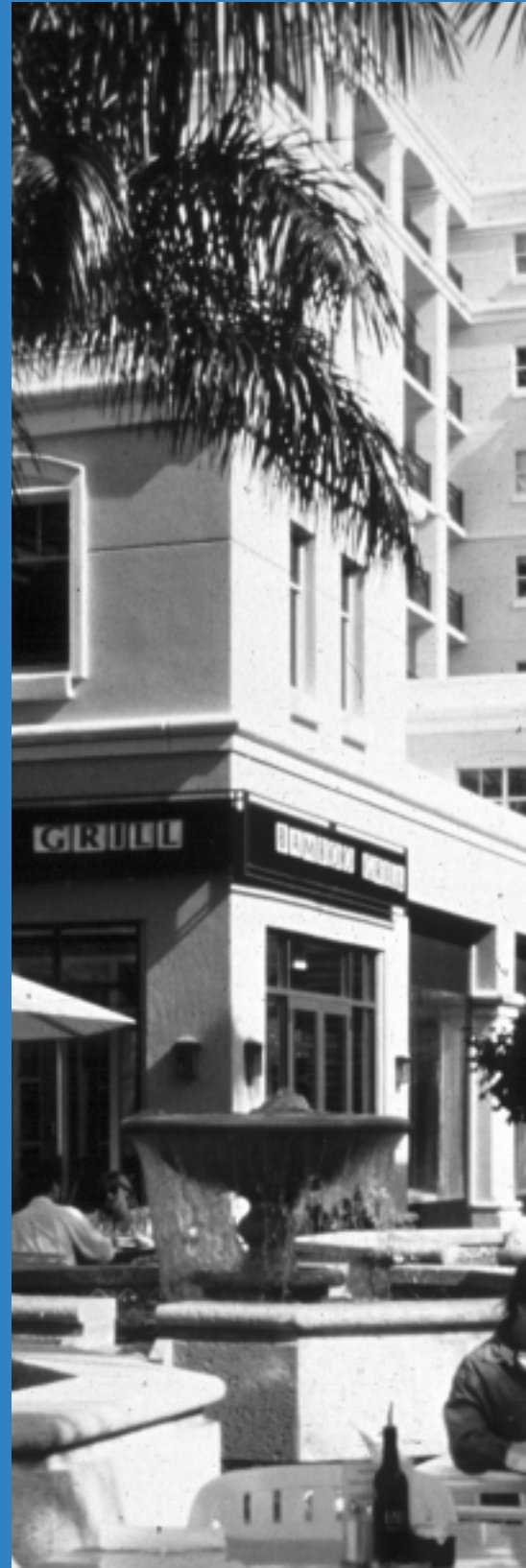


Smart Growth

Myth and Fact™



Urban Land
Institute



In the United States, we grow by 2.7 million people every year, requiring an additional 1.5 million housing units—every year. It's not a question of whether we will grow—but where and how we will grow. While some advocates may encourage a no-growth posture, most of us view growth not only as inevitable but as positive if channeled properly.

We define smart growth as growth that is economically sound, environmentally friendly, and supportive of community livability—growth that enhances our quality of life. Certainly, the sprawl that has resulted from our growing dependence on the automobile and our historic commitment to single-use zoning has not resulted in smart growth. Although we believe that continued growth, at least in the short term, is inevitable, many of us realize that we need to find a new way to orchestrate this growth.

To many of us, smart growth is what ULI has been doing for the last 63 years. Today, through our work on smart growth, we are realizing our mission of providing responsible leadership in the use of land to enhance the total environment. We know there is no one-size-fits-all solution. It's up to each of us to get involved and help shape the future of our communities, not to engage in a competition between central cities and suburbs, but to strengthen the competitive position of our regions in the worldwide economy.

ULI will continue to provide forums where representatives of various stakeholder organizations can explore and debate smart growth issues. To advance these initiatives, ULI will conduct research, produce well-balanced information, and identify best practices on issues relevant to smart growth. Through community outreach, ULI supports local initiatives to develop and implement smart growth strategies. In doing so, ULI and its partners hope to support smart growth on a local, regional, national, and international basis.

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Smart Growth

Myth and Fact™



Urban Land
Institute

About ULI—the Urban Land Institute

ULI—the Urban Land Institute is a nonprofit education and research institute that is supported and directed 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 15,000 members and associates from more than 50 countries representing the entire spectrum of the land use and development disciplines.

Richard M. Rosan
President

Recommended bibliographic listing:
O'Neill, David. *Smart Growth: Myth and Fact*.
Washington, D.C.: ULI—the Urban Land
Institute, 1999.

ULI Catalog Number: S50
International Standard Book Number:
0-87420-835-1

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Institute
1025 Thomas Jefferson Street, N.W.
Suite 500 West
Washington, D.C. 20007-5201

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Smart Growth: Myth and Fact™

While many individuals and communities recognize the value and benefits of growth, often they are troubled by its unintentional consequences. Recognizing that conventional planning and development approaches are not effectively addressing growing traffic congestion and greater losses of open space, communities across the United States, often with support from their state governments, are turning to smart growth. Smart growth, as reflected in *Smart Growth: Myth and Fact™*, addresses the core issue of how communities will accommodate inevitable growth in a way that enhances livability, the environment, and the economy.

In reading and discussing *Smart Growth: Myth and Fact™*, one question will immediately come to mind—what is smart growth? Since smart growth is best defined at the local and regional levels, the Urban Land Institute does not espouse a universal definition. However, a number of smart growth features can be broadly characterized. The following is a list of common characteristics of smart growth:

- Development is economically viable and preserves open space and natural resources.
- Land use planning is comprehensive, integrated, and regional.
- Public, private, and nonprofit sectors collaborate on growth and development issues to achieve mutually beneficial outcomes.
- Certainty and predictability are inherent to the development process.
- Infrastructure is maintained and enhanced to serve existing and new residents.
- Redevelopment of infill housing, brownfield sites, and obsolete buildings is actively pursued.
- Urban centers and neighborhoods are integral components of a healthy regional economy.
- Compact suburban development is integrated into existing commercial areas, new town centers, and/or near existing or planned transportation facilities.
- Development on the urban fringe integrates a mix of land uses, preserves open space, is fiscally responsible, and provides transportation options.

The rapid ascent of the smart growth movement is matched by the surprising diversity of its supporters, who include politicians, homebuilders, and environmentalists. As a result of its early acceptance on the local, regional, state, and national levels and the range of stakeholders who publicly support it, the smart growth movement has generated numerous—and sometimes ambivalent—viewpoints.

Understanding smart growth, like many new ideas that came before it, requires overcoming some prevailing myths. Myths—things that have only imaginary or unverifiable existence—are powerful because they can divert dialogue from compelling issues to those that are unsubstantial. Moreover, myths tend to oversimplify complex issues. Such is the case with the myths surrounding smart growth.

Smart Growth: Myth and Fact™ is the second in a series of Urban Land Institute *Myth and Fact* booklets. The series is intended to clarify the misconceptions surrounding growth and development. The first booklet addressed the predominant myths about transportation and growth. This latest *Myth and Fact* booklet examines some of the most prevalent smart growth myths and offers facts in their stead, in the hope that public debate can be focused more sharply on the true challenges and on effective approaches to solve the problems facing communities today. No solutions are recommended. Rather, the factual information presented here, including project and policy examples, will—it is hoped—elevate the level of discussion on the topic of smart growth.

Profile Utah

Envision Utah is a collaborative effort of government, business, civic and environmental leaders who have joined together to determine the state's most desirable growth strategy. Since Utah's population is growing at twice the national average and the Salt Lake City area alone is expected to grow to 2.7 million people by 2020, this effort is a significant undertaking. The challenge, as stated by Envision Utah officials, is "not to limit growth, but to create a vision of how we want to grow." Since 1997, the Envision Utah partnership has prepared growth and development projections and various growth scenarios that demonstrate how the state might accommodate future growth.⁶

In a complementary effort, the state of Utah passed the Quality Growth Act, which created a commission to review growth strategies and make recommendations to the legislature in 2000. The act also created a critical land conservation fund, with a \$6 million cap, to preserve agricultural and open-space lands.⁷

With broad public input, the Envision Utah partnership, in collaboration with the state's Quality Growth initiative, hopes to set a course for future growth that ensures that Utah's economy, environment, and quality of life will remain at a high level for years to come.

"The goal of smart growth is not no growth or even slow growth. Rather, the goal is sensible growth that balances our need for jobs and economic development with our desire to save our natural environment."¹²

— Parris Glendening, governor, state of Maryland

Myth #1

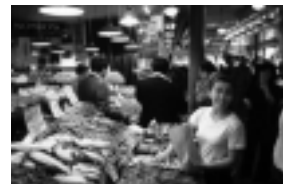
Smart growth is a code word for no growth.

Fact #1

Smart growth recognizes that growth and development are both inevitable and beneficial.

Growth is inevitable. By the year 2020, the U.S. population is projected to increase by more than 21 percent, or nearly 58 million people.¹ That is the equivalent of growing by the number of people already living in Texas and California combined.² Increases in population signify an unavoidable demand for residential, commercial, and industrial development. With household growth predicted to match the rate averaged in the 1990s, the total number of homes built in the next decade should exceed 16 million.³ That is a significant figure.

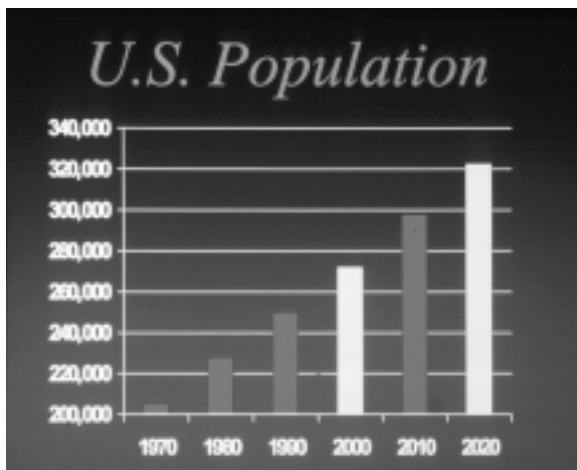
Growth is not only inevitable; it is also an integral part of the U.S. economy. In 1994, privately owned real estate contributed more than \$1.4 trillion to the nation's economy. Real estate capital accounts for about 20 percent of the nation's total gross domestic product per year.⁴ Furthermore, commercial and residential real estate assets are estimated to constitute almost half of all public and private domestic investment. In 1998, Americans spent \$300 billion on homebuilding and remodeling. As a result of this housing growth, revenues to businesses and state and local governments have increased by an estimated 17 percent.⁵ Clearly, real estate development strengthens the economy and enhances community prosperity. This prosperity enables the public and private sectors to invest more broadly in infrastructure, community amenities, education, and open space preservation. These types of public and private investments, in turn, support the achievement of smart growth objectives.



While growth is inevitable, the way in which we grow is not. Providing housing within walking distance of shops, like this Seattle market, is a characteristic of smart growth.

“Smart growth is progrowth. We know that developers, banks, and the entire community rely on growth to fuel the economy. The goal is not to limit growth, but to channel it to areas where infrastructure allows growth to be sustained over the long term.”¹¹

— Hugh L. McColl, Jr., chairman and CEO, Bank of America



Smart growth does not seek to stop or limit growth, but rather to accommodate it in a way that enhances the economy, protects the environment, and preserves or improves a community's quality of life. It moves beyond the traditional no-growth versus progrowth debate to a more enlightened discussion of how best to accommodate growth. It recognizes that growth is both inevitable and important to maintaining and improving communities.

The population of the United States is projected to reach 322,742 by the year 2020. Smart growth seeks to accommodate this growth in ways that preserve the integrity of the community, protect the environment, and enhance economic vitality.

“Instead of debating whether growth will occur, our communities should be discussing the patterns of development: where we put it, how we arrange it, and what it looks like. If they start from this premise, today's builders can take several steps to alleviate public opposition to development.”¹³

— Edward T. McMahon, director, American Greenways Program, the Conservation Fund

Profile California

California communities are experiencing even greater growing pains than those in Utah. California's population, which is expected to increase by a person per minute for the next couple of decades, should reach nearly 46 million by 2020. As a result, the state will need 4.3 million additional housing units.⁸ In addition, California's land resources have been developed at a dramatic rate. Between 1970 and 1990, for example, the population of the Los Angeles metropolitan area grew by 45 percent, while the developed area grew by 200 percent.⁹ This development pattern increases traffic congestion, requires greater public investment in facilities, and leads to losses of open space.

California's startling growth projections are leaving public officials wondering how they may best accommodate future growth while protecting quality of life and efficiently providing community services and public infrastructure. Some California leaders are turning to approaches that use smart growth principles.

In mid 1999, State Treasurer Phil Angelides released a special edition of *California's Debt Affordability Report* entitled *Smart Investments*. This edition recognizes that “smart” state investments in schools, roads, bridges, water facilities, public safety, and other infrastructure, particularly in light of the dramatic population growth expected, are critical to promoting continued economic vitality, environmental protection, and equality of opportunity throughout the state.

Specifically, the report outlines a set of strategic principles that are intended to direct future investments and contribute to the important debate of how California will best grow in the 21st century. The principles outlined in the report include reinvesting in declining communities; strong and meaningful regional planning to direct state infrastructure investments; and investments that support livable communities, sustainable development, and sound environmental practices that strengthen the economy. “It is clear,” states the report, “that the challenge for policy makers is not whether California will grow, but rather, how we will grow and how investment policy can support growth patterns which bolster the State's economic, environmental and social progress.”¹⁰

Profile

Orenco Station, Portland, Oregon

Orenco Station is an example of smart growth in the suburbs. “The ability to walk to the store to buy a quart of milk” is how Rudy Kadlub of Costa Pacific Homes summarizes the philosophy behind this 190-acre new community located in the western suburbs of Portland, Oregon. Orenco Station is a pedestrian-oriented, mixed-use community containing housing, retail establishments, and office space. Homes are selling from 20 to 30 percent higher than the cost of the area average. The compact design includes a wide range of housing types, from single-family detached houses to accessory units over garages to live/work lofts and townhouses over retail shops. The common thread of the community is a formal system of open spaces and miniparks terminating in the recently opened Orenco Station stop of the Tri-Met MAX light-rail line, which connects downtown Portland to its suburbs. The project’s architects and developer consciously scripted a pedestrian-friendly environment to encourage walking and a more community-oriented lifestyle.²⁰



Orenco Station combines two important components of smart growth—density and good design. Alone, density often is considered a “four letter” word; however, when combined with good design, high-density development can be an attractive housing option.

Myth #2

Smart Growth is anti-suburb.

Fact #2

Smart growth encourages development that meets multiple objectives in downtown, suburban, and suburban fringe locations.

The idea that smart growth is anti-suburb is based primarily on the perception that smart growth is seeking to change current locations of development. When the market and consumer preferences of homebuyers and commercial and retail interests are analyzed, it is clear that most people still want to live and work in the suburbs or on the suburban fringe. According to the Joint Center for Housing Studies of Harvard University, between 1990 and 1997 homebuilding activity exceeded 100,000 units in 21 metropolitan areas with most of that development taking place in medium- and lower-density counties at the metropolitan fringe. The pace of population growth outside metropolitan regions is approaching that in metropolitan regions.¹⁴ And while urban and inner-suburban development is emerging as a desirable market for growing demographic groups, an even larger portion of the population still chooses to live in the suburbs or on the suburban fringe. In fact, according to a 1997 Fannie Mae survey, 70 percent of Americans prefer to live in suburbs, small towns far from cities, or rural areas.¹⁵

Suburban growth will continue; however, the form and type of future suburban development is less certain. Today’s consumers want to “feel rooted in a community,” and standard suburban subdivisions that foster social isolation, segregated land uses, a dependence on the car, and long commutes do not necessarily reflect homebuyers’ needs.¹⁶ Equally challenging are the excessive costs of unplanned suburban growth. Numerous studies have documented the inefficiencies of providing services and infrastructure to unmanaged growth. According to *Emerging Trends in Real Estate 1999*, standard suburban development may not be able to sustain itself. In fact, this report predicts that many low-density suburban communities will suffer lower land values because of poor planning, increasing traffic, and deteriorating housing stock.¹⁷

The public’s desire to affect patterns of development is represented in the growing public acceptance of ballot box measures aimed at curbing the impact of growth. Between 1996 and 1998, more than 170 local governments initiated tax increases or bond referendums to purchase and protect undeveloped land and set growth boundaries.¹⁸ These initiatives were passed,

in large part, to combat the financial, quality of life, and environmental costs of unplanned suburban development.

There is a clear paradox to this situation. On the one hand, people want to live in the suburbs, but on the other hand, they are fed up with suburban problems. Furthermore, their communities often cannot afford the public services and infrastructure to support this form of growth. To address these issues, smart growth encourages suburban development that takes place in the context of a local and regional land use strategy; is integrated into the fabric of existing communities; and provides a mix of land uses, open spaces, and transportation options. Providing services and infrastructure—such as schools, roads and bridges, police and fire protection, and water and wastewater facilities—that reflect these principles also will prove to be more cost efficient than unplanned development.¹⁹

Smart growth is not anti-suburb. It recognizes, based on current trends and consumer preferences, that suburban growth will continue at a relatively rapid pace. Smart growth seeks to accommodate this growth in a manner that promotes economic vitality, protects environmental resources, and preserves each community's quality of life.

Profile Rancho Santa Margarita, California

Although conceived in the early 1980s, the master-planned community of Rancho Santa Margarita incorporates many of the principles that smart growth advocates today. Located in southeast Orange County, California, the community of nearly 40,000 residents rests on 5,000 acres, of which 50 percent is protected open space. Like other well-planned communities, Rancho Santa Margarita includes a mix of housing, commercial, and retail development. A town center serves as the community's central gathering place and the location of

many of its retail stores. An elaborate system of pedestrian trails and neighborhood parks offers residents numerous alternatives to driv-

ing, as well as a variety of recreational opportunities. The community's mixed-use design reduces the total number and length of automobile trips, since many of its residents also work and shop in Rancho Santa Margarita.

The community also provides affordable housing for Orange County residents. Rancho Santa Margarita's housing options include apartments, townhomes, and moderately sized and large single-family houses, ranging in price from about \$150,000 to \$300,000. The gross density of its initial village is 10 units per acre and 65 percent of the units meet the county's affordable housing criteria. (Specific development products have achieved densities of more than 25 units per acre.) The community accommodates a significant portion of the region's dynamic growth. Perhaps most important, Rancho Santa Margarita has proven to be very successful in the marketplace. Its annualized absorption rate since it opened in 1986 ranks near the top for master-planned communities nationwide.²¹



Rancho Santa Margarita incorporates many of the important characteristics of smart growth, namely a mix of land uses, open-space preservation, and various transportation options.



Rancho Santa Margarita's network of pedestrian trails links residents to shopping, jobs, and recreational opportunities.

Master-planned suburban development achieves a number of the principles currently espoused by the smart growth movement, including open-space protection, pedestrian orientation, a mixed-use design, and the creation of "community beyond the real estate." Rancho Santa Margarita is an on-the-ground example of how well-conceived master-planned communities can achieve the goals of smart growth.

While many governments are revising their regulatory programs to encourage smart growth development, some cities, such as Lincoln, Nebraska, have a long history of promoting development that reflects smart growth principles. Lincoln is located in the heart of the Great Plains, 40 miles southwest of Omaha. The city's commitment to regional planning started well over 60 years ago.

That tradition continues today. The city of Lincoln and its neighbor, the county of Lancaster, have engaged in numerous joint comprehensive planning efforts that have led to the orderly and contiguous pattern of growth and development that is evident today. The benefits of cooperation have not been limited to planning exercises alone. The jurisdictions also have made a concerted effort to streamline the development and permitting review process, making it more of a "green-tape" than a red-tape experience.

Using the comprehensive plan as its foundation, the city and county work together to expedite development that is compatible with the plan and its corresponding zoning and capital improvement programs. How do they do it? Together, the city and county have established a joint planning commission and a one-stop shop for all development projects. The one-stop shop administers the entire development process, including the coordination of all departmental reviews. Consequently, a permit review for a project that complements the joint comprehensive plan takes less than a week. In rezoning and special exception cases, the process takes approximately four to six months. The city of Lincoln and the county of Lancaster have created a unique model that can help the public and private sectors stimulate the type of development smart growth encourages.²⁵

"Because of these policies, developers in the community know where they can build, what they can develop, and—with reasonable accuracy—how long it will take them to complete the development review process," explains Kent Seacrest, a partner with Seacrest & Kalkowski, a law firm specializing in land use issues in the city of Lincoln and county of Lancaster.²⁶

Myth #3

Smart growth creates another layer of government regulations that slows the development process and increases project costs.

Fact #3

Regulatory reform and streamlined procedures that improve predictability in the development process are needed to stimulate smart growth.

The myth that smart growth adds to the already burdensome regulatory process is inaccurate. Development that protects the environment, meets community goals, and is fiscally sound should be given every opportunity to be economically successful. Smart growth should not be subject to the regulatory conditions that can slow development and increase its costs. Smart growth therefore seeks to reform strict regulatory policies and streamline procedures so that desirable projects are permissible and easier—not harder—to build.

The current predominant patterns of growth and development—low density, separate commercial and residential land uses—can be attributed in part to decades of government policies. Local zoning and subdivision ordinances are a case in point. Over the past seven decades, these policies have separated commercial, industrial and residential land uses to ensure the integrity of each and to preclude potential nuisances.²² This philosophy, called single-use zoning, isolates the different activities in which people engage and increases their dependency on the car. It is also highly inflexible. Standards for parking and requirements for street widths further escalate the separation of land uses, affect the environment, and limit pedestrian mobility.

Under these stringent regulatory conditions, it is virtually impossible to develop or redevelop a community that integrates commercial and residential uses, provides walking and bicycling opportunities, and protects environmental resources—all of which are key principles of smart growth.

Supporters of smart growth are seeking to reform unmanageable codes and ordinances and to streamline procedures that will make it easier to build projects that reflect smart growth characteristics. Codes and ordinances can be revised to permit more flexibility in determining the use, density, and building footprint of development. Communities can streamline procedures by clarifying the language of ordinances, periodically updating and eliminating redundant provisions, and simplifying

the permitting process.²³ Smart growth can overcome a key stumbling block, cumbersome regulatory processes.

Public agencies, civic organizations, and environmental groups, are becoming increasingly aware that smart growth development must have every opportunity to be economically successful. Reforming stringent codes and streamlining procedures is one step to help stimulate development that achieves smart growth objectives. Smart growth does not add to regulatory barriers, but seeks to remove those that currently impede profitable smart growth development.

Profile Portland, Oregon

In Portland, Oregon, Holt and Haugh, Inc., has worked to overcome the barriers to smart growth development. The result of the company's efforts is Fairview Village, a project that integrates residential development with commercial and civic buildings, includes community parks, and is pedestrian-oriented. When the project was conceived, government codes and ordinances encouraged typical suburban patterns of development—houses set far back



It took changes to the local codes and ordinances to develop Fairview Village—a community that reflects many of the principles of smart growth.

from the road, on large lots, with commercial and residential uses separated—and discouraged the neighborhood design necessary for the developer's vision to be achieved.

To overcome these barriers, Holt and Haugh, Inc., set out to reform local policies so that smart growth development could take place. Working with the local government, the developer prepared a planned unit development code that allowed for a mix of uses, reduced or eliminated housing setbacks, and permitted home offices. "Ideally, we would have changed the city's codes so that smart growth development such as ours would be the preferred development zone in the city," says Rick Holt, president of Holt and Haugh, Inc.

The project has become a national, on-the-ground example of smart growth. It also is becoming a financial success. "Sales are brisk," says Holt. "All but six of the village's 133 units are occupied and we are now pre-selling new single-family homes." The effort taken to develop Fairview Village will benefit others who are interested in developing similar projects. "We now have a model that we



A mix of housing types and the integration of commercial and civic buildings were prohibited by local regulations before Fairview Village was conceived.

hope will help us and others eliminate the barriers that prevent us from developing in a way that respects the social and environmental fabric of our communities, while ensuring economic success," says Holt.²⁴

Atlanta, Georgia

In-town living continues to gain popularity in Atlanta, especially as automobile commuting times from the suburbs increase. One popular trend in the downtown and surrounding industrial areas is the conversion of older industrial and office buildings into loft apartments. Many new multifamily developments also are being built in or planned for in-town neighborhoods. These include a recently completed luxury 16-story, 396-unit apartment tower in midtown. Older in-town single-family neighborhoods, such as Candler Park, Decatur, Virginia-Highland, and midtown are experiencing a rebirth as many owners are renovating their properties.



The development of Mizner Park sparked new life in Boca Raton's downtown. The park's mix of uses includes a public park and mid-rise residential apartments located above streetfront retail shops and restaurants.

Myth #4

Smart growth does not sell.

Fact #4

A market is rapidly emerging for the type of development smart growth encourages.

The belief that there is little or no market for smart growth development is a common misconception. To the contrary, smart growth development—at higher densities, in cities, and in better-planned communities—is an option that is attractive to many homebuyers and businesses. The market for smart growth development is expanding because a growing segment of the market is seeking the amenities a city provides, the convenience public transportation offers, and the quality of life associated with homes and businesses located in better-planned communities.

Underlying the demand for the type of development that smart growth encourages is a shift in demographics. Smaller families, empty nesters, childless marriages, and singles all are growing demographic groups seeking housing that reflects their lifestyle and lifecycle.²⁷ Developers and others are recognizing that these groups favor higher-density housing, which can offer convenience, low-maintenance living, and many amenities.²⁸ According to a survey conducted by the marketing firm American LIVES Inc., buyers of new homes are rejecting traditional suburban design; they want new development to take the form of the traditional small town with a town center at its core.²⁹ Likewise, when a Gallup Poll asked Americans where they most desired to live—in a city, a suburb, a small town, or a rural area—a plurality said they would prefer a traditional small town.³⁰

A combination of factors, including a shift in demographics, low interest rates, and a dynamic economy, has created a renaissance in urban living.³¹ The amenities and conveniences provided in traditional cities are attracting a growing number of homebuyers and businesses. A 1998 survey conducted by the Brookings Institute Center on Urban and Metropolitan Policy and the Fannie Mae Foundation found that, of 24 cities surveyed, all expect the number of downtown residents to grow by 2010.³² *Emerging Trends in Real Estate 1999* states that urban development offers some of the best returns on investments today.³³ The following examples are indications of the growing downtown residential market:

- In Dallas, the in-town apartment market has grown from 4,300 units in mid-1997 to 6,900 units in mid-1999 (occupancy rates are at 92.5 percent).³⁴

- Denver's Lower Downtown (LoDo) area has a new vibrant and fashionable image and is generating increased demand for housing in adjacent neighborhoods. By 2010, the number of downtown residents is predicted to rise by 166 percent.³⁵
- Houston's downtown population has risen over the past three years and is expected to quadruple by 2010. The majority of new residents are upper-income individuals with no children (empty nesters, young singles, or married professionals).³⁶

Undoubtedly, homebuyers increasingly want to live in communities that offer amenities and conveniences that foster a better sense of place. On the suburban fringe, well-conceived master-planned new communities that integrate open-space protection and pedestrian links, balance jobs with housing, and provide a mix of land uses meet both consumer demands and achieve smart growth objectives. According to Brooke Warrick and Toni Alexander, people are willing to pay a \$13,500 premium for a house in a master-planned community, compared with a \$10,000 premium for the same house in an established suburban neighborhood.³⁷

The market for smaller-lot, higher-density, mixed-use suburban development also appears to be growing. Consumer research and surveys have found that, particularly in high-quality markets, high-density, mixed-use development is becoming increasingly desirable. In a 1997 study, Robert Burchell found that housing lots could shrink from 20 to 25 percent before purchasers objected.³⁸ Concerns about increasing traffic congestion, growth in telecommuting, and demographic trends should ensure that high-density, mixed-use development will continue to emerge as an important component of the suburban housing market.

The market for the type of development that reflects smart growth principles continues to expand. As roadblocks to this type of growth are removed and more projects are built, smart growth will become both more accepted and more profitable.

According to *Emerging Trends in Real Estate 1999*, the market for the type of development smart growth encourages will continue to expand. The publication predicts that over the next 25 years, real estate values will rise the fastest in communities that incorporate traditional characteristics of successful cities, such as a concentration of amenities, a mix of commercial and residential uses, and a pedestrian-oriented configuration.³⁹

Profile

Policies and Programs that Enhance the Smart Growth Market

- Revisions to the capital gains tax now allow couples \$500,000 in tax-free capital gains on home sales. This policy revision gives empty nesters and others the option to downsize from large homes to housing that better suits their current lifestyle.
- To encourage development near transit stops, Fannie Mae started a pilot program offering location efficient mortgages. The program enables homebuyers who purchase homes near mass transit lines to qualify for larger mortgages than if they were forced to rely solely on private vehicles.⁴⁰
- The Transportation Equity Act for the 21st Century (TEA-21) provides significant funding to help communities and commuters overcome traffic congestion. TEA-21 provides funds for transit, enhanced coordination between transportation and land use planning, and the development of bike and pedestrian trail systems.⁴¹
- The U.S. Department of Housing and Urban Development, in partnership with the National Association of Home Builders and the U.S. Conference of Mayors, has announced a goal of constructing 1 million additional market-rate housing units in the nation's cities and inner-ring suburbs by the year 2010.⁴²

Profile Maryland

The state of Maryland, through its nationally recognized Smart Growth program, uses directed state investments to encourage smart growth. Instead of growth boundaries, the state directs its funding, including that for roads, sewers, schools, and other public investments, to “designated growth areas.” These areas are designated for growth because they either have or are located near existing infrastructure. As a result of this policy, hundreds of millions of state dollars will be channeled into these designated areas to accommodate future growth and development. Development still can occur outside designated areas, but state funds will not be used to support such projects. Maryland’s smart growth initiative is intended to reverse a pattern of development that, if continued, is predicted to consume more than 500,000 acres of forest and farmland over the next two decades.⁴⁶

Myth #5

Smart growth equals growth boundaries.

Fact #5

Smart growth does not endorse one policy or practice. Instead, it recognizes the range of choices available to address future growth and development challenges.

Despite claims to the contrary, smart growth does not simply prescribe urban growth boundaries (UGBs) as the answer to growth pressure. When it comes to smart growth, one size does not fit all. There is a wide range of incentive, policy, and programmatic choices from which to choose. Smart growth encourages a community and region to select the most appropriate policies—through a collaborative, comprehensive, and integrated process—after carefully considering the

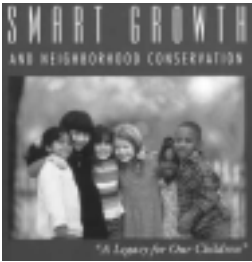
unique economic and environmental characteristics of the area and their ability to achieve community land use objectives.

While it may be appealing—both for its perceived simplicity and for initial political acceptance—to draw a line around a developing community, urban growth boundaries present complex technical, political, and legal issues and often cause controversies.⁴³ In Sarasota, Florida, for instance, opposition by residents to higher-density growth within the boundary caused public officials to turn down high-density development projects. This policy essentially reversed the goal of the UGB, which was to increase density in the urban area to alleviate growth pressure beyond the boundary line. Consequently, Sarasota’s boundary was expanded significantly to meet the resource needs of future growth. In other communities, such as Lexington / Fayette County, Kentucky, and San Diego, California, urban growth boundaries have unintentionally caused development to leapfrog into other jurisdictions.⁴⁴

In instances where urban growth boundaries have helped to curb urban sprawl, such as Portland, Oregon, boundary lines were delineated after consider-



Austin uses incentives to encourage development in designated smart growth zones.



Maryland's smart growth program uses an array of programs to promote a more efficient pattern of growth.

able research and thoughtful analysis of current and future land use conditions. In addition, Portland's UGB is reviewed and adjusted periodically to ensure that an adequate supply of developable land is provided within the boundary.⁴⁵ Urban growth boundaries and urban service areas should be considered as one element of a smart growth strategy only if they are consistent with a region's political, economic, and cultural environment and are comprehensively and thoughtfully applied.

Smart growth policies selected on the bases of their short-term political value or conceived with little support from various stakeholder groups rarely will achieve their intended purposes. Collaborative and comprehensive processes likely will determine that a range of policies is necessary to achieve smart growth objectives. Such policies may include incentives to promote infill, mixed-use, or transit-oriented development; streamlined regulatory processes; directed public investments; establishment of key public/private partnerships; and traditional growth management strategies. Smart growth does not endorse one policy, but rather challenges communities and regions to select those that reflect their unique conditions and help them achieve their regionwide vision for future growth and development.

Profile Boulder, Colorado

In Boulder, Colorado, a well-intentioned service area concept has helped to solve some problems, but has created others in the process. As a result of unprecedented growth, the city of Boulder decided to limit both its geographic and infrastructure expansion. The plan, implemented in 1978, protected the city against development just outside its boundaries that would put demands on city services without helping to finance them. It also was aimed at controlling sprawl; protecting sensitive environmental areas and rural land uses; and planning, financing, and providing urban services in a more rational way. By adopting the plan through an intergovernmental agreement, both the city and the county gained better control over urban development and service provision, while accomplishing many other conservation objectives.

Although the service area concept creates an identifiable urban/rural edge and provides certainty to the planning process, it has a number of drawbacks. Boulder's exponential job growth has led to a significant demand for housing in adjoining communities. The town of Superior, for example, grew in population from 255 to 3,377 in less than six years, and it now is primarily a bedroom community. Consequently, Superior has little employment and no sales tax base. The resulting imbalance has created traffic congestion, a lack of affordable housing, and school facility needs. In addition, some of the communities within the growth boundary have resisted increased density and, as a result, have not grown.⁴⁷

Profile Research Triangle Area, North Carolina

Collaborative, grass-root processes are moving the smart growth agenda forward in the Raleigh, North Carolina, region. Public representatives, business interests, and community and environmental organizations, with the leadership of the Greater Triangle Regional Council (GTRC), have established a group

known as the Regional Development Choices Coalition. The GTRC has prepared three future growth and development scenarios: suburban expansion (status quo), walkable communities, and "town and country." Since mid 1998, the council has devoted its efforts to building a consensus on the preferred sce-

nario and its corresponding principles. This visioning exercise will help communities throughout the region identify the most appropriate tools to achieve their desired growth and development strategy.⁴⁸

Better planning can help reduce travel distances and limit the growth in trip lengths. But, even in very well-planned communities, such as Arlington County, Virginia, it does not eliminate the need for new roads. As early as the 1970s, Arlington County recognized the value of transit-oriented development (TOD). As the Washington Metrorail system was being planned and built in the 1970s, nearby Arlington recognized an opportunity for TOD in the Ballston area. The Ballston Sector Plan of 1980 established land use and development guidelines to ensure a mix of residential, commercial, and office uses. The highest-density development was to be concentrated around the Ballston Metro station, with densities diminishing toward Arlington's surrounding single-family neighborhoods.

The plan provided incentives for commercial projects that included residential space. The county took the additional step of issuing industrial development bonds to invest in a structured parking facility near the Metro station. This encouraged significant private investment in the area around the Ballston Common shopping center. While the proximity of Metro attracted residents who wanted to use the system to commute, these people also brought vitality to the area and ensured its success as a community.

According to *Transit Villages for the 21st Century*, "Ballston is well along in becoming a reconstituted, or 'postedge city.' Its relative advantages—Metrorail access, compact development, integrated land uses—have already been translated into an annual rent premium of over \$3 per square foot for office space relative to comparable projects in (nearby) Tysons Corner."⁵²

While these planning and implementation measures have helped to reduce travel distances and limited the growth in trip lengths, as well as provided an array of transportation options, they have not eliminated the need for new roads in the Arlington area. For example, I-66, an east/west interstate highway connecting northern Virginia communities with Washington, D.C., was built to provide commuters greater access to jobs in Washington, D.C.

Myth #6

Smart growth will eliminate the need for new roads.

Fact #6

Even with a substantially greater investment in transit and pedestrian facilities, new roads will continue to be needed because of population growth and increasing wealth.

A number of trends have combined in recent years to cause disproportionate gains in personal mobility: more people, going more places, at longer distances, and—overwhelmingly—in automobiles. Between 1969 and 1990, the total number of trips taken by all Americans increased more than three times as fast as the population. At the same time, the distance of the average trip increased by 9 percent.⁴⁹ Demographic and economic factors played a large role, especially the maturing of the baby boom generation into the prime travel ages of 35 to 54 and the even larger increase in women in the workforce. Between 1983 and 1990, it was estimated that more people with more per-capita travel accounted for about one-third of the increase in driving. Growing dependence on the automobile—because of less car pooling and transit use—accounted for another third. Growing travel distances, due to the increased separation of homes, jobs, recreational facilities, and other places, accounted for the final third.⁵⁰

An effective smart growth program primarily will address the latter two factors. Better planned, mixed-use communities will reduce travel distances, helping to limit the growth in trip lengths. Concentrating growth in established areas also will reduce the need for long trips and will offer greater choices in travel modes, especially walking and transit. Positive trends also exist for the first factor, disproportionate increases in per-capita trip making. The growth in labor force participation among women has slowed, and the leading edge of the baby boomers is reaching an age traditionally associated with less travel, as children move out and early retirement calls. Finally, there are signs that growth in auto ownership may be peaking.⁵¹

The implication is that smart growth can help bring travel growth more in line with underlying population growth, a trend confirmed by shifting demographics and the aim of smart growth policies and practices to improve the jobs/housing balance. That could reduce substantially the investment needed in new highways, although it certainly would not eliminate it. In



Portland, Oregon, for example, despite the public consensus to focus growth in established neighborhoods and transit service areas, a regional growth policy, and a public policy to reduce per capita travel, the number of vehicle miles traveled per person has continued to increase.

Smart growth will not eliminate the need for new roads and road improvements, but it does encourage better-planned, mixed-use communities that can provide an array of transportation alternatives.

Profile

Blueprint to Enhance Marylanders' Mobility

A 1999 report commissioned by the Maryland Department of Transportation (MDOT) underscores the challenge of improving mobility in a statewide transportation system that is experiencing tremendous growth pressure. MDOT formed a Mass Transit Advisory Panel to conduct the first-ever statewide examination of the state's mass transit system. Not surprisingly, the panel concluded in its final report, "The Future of Transit in Maryland," that greater investments for the preservation of the existing public transportation system and for systemwide expansion were neces-

sary to address issues of mobility, economic development, and quality of life for Marylanders. These investments would help the state achieve the report's goal of 1 million transit riders per day by 2020, an increase of 83 percent.

According to the panel, however, mass transit is not the only element of the state's transportation system that will require enhancements to meet future travel demands. The report also recommends that an integrated statewide transportation strategy, in which highway and transit plans and programs are viewed as parts of an overall system for

mobility, is necessary to accommodate future transportation needs.

Although the panel cautions that the state should not try to handle the existing and projected increased travel demands solely by expanding the highway network, it recognizes that highway maintenance and expansion will play an important role in the state's future transportation strategy.⁵³



Commercial Club of Chicago

The Commercial Club of Chicago is a prestigious business and service organization more than 100 years old that is composed of the top officials from the leading businesses and heads of civic and educational institutions in the region. In 1909, the club commissioned the "Plan for Chicago," which helped define growth and development patterns for Chicago in the 20th century, including the preservation of the lakefront. With the new millennium on the horizon, the club has devised another plan that it hopes will have similar impacts. The plan, entitled "Chicago Metropolis 2020," sets broad guidelines and a philosophy for tackling a 21st century problem—sprawl. The plan proposes a host of solutions to the problems created by sprawl, including investing heavily in public transportation (especially suburb-to-suburb and city-to-suburb systems), pricing vehicle taxes and fees to better reflect the true costs of driving, and establishing a regional planning authority. The Commercial Club of Chicago recognizes that well-planned communities are essential to maintaining economic prosperity in the metropolitan region. Its latest plan is intended to improve the quality of life of the region's residents, while ensuring that its economic competitiveness is maintained.⁶¹

Myth #7

Smart growth is bad for business.

Fact #7

Businesses benefit from the type of growth and development patterns encouraged by smart growth.

The claim that smart growth is bad for business overlooks the fact that a growing number of businesses are taking leadership roles in advancing smart growth programs and/or benefiting from smart growth policies. The participation of business people is largely driven by their understanding that smart growth can help them maintain the long-term competitiveness and prosperity of their businesses and the communities in which they are located.⁵⁴ The business community also recognizes the emerging markets that complement the principles of smart growth, namely those in urban communities, along abandoned waterfronts, and near public transit.

Today's business community is becoming more aware of the impacts of unplanned development on its ability to remain competitive. In Atlanta, for example, when corporations were asked what was the most serious impediment to business in the metropolitan area, the overwhelming response was "traffic congestion."⁵⁵ In response to the Atlanta area's growing traffic congestion, BellSouth Corporation plans to consolidate all its suburban offices into three central locations that are tied to the city's existing mass transit system. BellSouth thus will replace 2 million square feet of office space in the suburbs with 3 million square feet of new development downtown. This \$750 million project ultimately will relocate nearly 13,000 employees. The BellSouth effort is recognized as a recommitment to urban development.⁵⁶

While many businesses have made a clear commitment to mitigate the impacts of unplanned development on their bottom line, others are recognizing that they can enhance their businesses as a result of smart growth programs. Brownfields (former industrial or commercial sites that are perceived to be or are environmentally contaminated) are a case in point. Few brownfields have been redeveloped because of the cost and the risk involved. As a result of federal and state legislation, however, certain brownfield developments now are attracting investors.⁵⁷ Consider the following examples:

- The Chiron Corporation Research and Development Park, located in Emeryville, California, near the San Francisco Bay,



Profile

Atlanta Smart Growth Partner- ship

demonstrates that brownfield redevelopment can be successful. State laws and federal commitments reduced the risk and cost of the redevelopment of a former oil research facility located on a 25-acre site just five minutes from downtown Oakland. When completed, the redevelopment project will contain a 2.2 million-square-foot office facility, with an expected investment of \$700 million. Chiron will occupy the facility.⁵⁸

- Struever Brothers, Eccles and Rouse, a Baltimore, Maryland-based development company, also has benefited from brownfield legislation. The firm took advantage of state laws to redevelop the American Can Factory in the Baltimore neighborhood of Canton. This former industrial site is now home to several restaurants and retail establishments and is serving as the linchpin of the Canton revitalization effort. The project also is highlighted by the state and the city as an example of smart growth.⁵⁹

Commitment to smart growth by the business community is growing. Businesses have taken an interest and, in certain cases, a leadership role in improving the quality of life of communities through smart growth initiatives. Several businesses and business organizations have formed partnerships and made investments to advance smart growth. Bank of America, for instance, has invested over \$1 billion in smart growth-related development, including a \$350 million venture to develop Gateway Village in Charlotte, North Carolina. The objective of Gateway Village, which is being developed on a 16-acre parcel near Bank of America's downtown offices, is to create a community that blends housing with commercial and retail development to serve as a catalyst for future downtown redevelopment.⁶⁰

Concerned with growing traffic congestion and its impact on business competitiveness in the Atlanta metropolitan region, the Urban Land Institute's Atlanta District Council, along with the Georgia Conservancy, Georgia Tech, and the Metropolitan Atlanta Chamber of Commerce, formed the Smart Growth Partnership in May 1999. The goal of the partnership is to research and promote land use, development, transportation, and other policies, practices, and investments that support smart growth in the Atlanta region.

Among other things, the partnership is coordinating the outreach component of SMARTRAQ (Strategies for Metro Atlanta's Regional Transportation and Air Quality), a research project led by Georgia Tech's College of Architecture and School of Civil Engineering. This will provide the knowledge base and the forum to communicate important information about transportation, land use, and the environment. The Smart Growth Partnership also has begun a series of educational forums to engage different segments of the community—the private sector, the public sector, and nonprofit organizations—in a dialogue that explores impediments to and opportunities for smart growth in the region.

"We in Atlanta have been labeled the poster child for sprawl; what we intend to do is reverse those perceptions by becoming the poster child for smart growth," explains Gregg Logan, a partner with Robert Charles Lesser & Company and chair of the ULI Atlanta District Council.⁶²

Civano, Tucson, Arizona

A unique master-planned community called Civano is using the principles of smart growth to achieve quality-of-life, environment, and economic objectives in Tucson, Arizona. When completed, the 1,145-acre community will include 2,600 houses and apartments and 1 million square feet of commercial, retail, and light industrial space. Its mixed-use design is complemented by a system of pathways that will connect neighborhoods within the community to jobs, shops, and recreational areas. Civano's design seeks to achieve the ambitious goal of locating more than half the population and two-thirds of the jobs within a five-minute walk of its town center. To add to the quality of life and to further protect the environment, Civano has committed itself to protecting permanently more than 30 percent of the development in natural desert open space and to incorporating renewable energy sources and water conservation techniques.

"Clearly, creating a place that takes into consideration its impacts on the environment and quality of life of not only this generation, but future generations as well, is a goal of Civano," explains Kevin M. Kelly, president of Civano Development Company. "The project seeks to build a community that responds to an emerging market that connects people to one another and to their natural environment."

In the first five months after its grand opening, Civano had 16,000 visitors and contracted an average of one home sale per day. (Housing prices begin in the low \$100,000s.) One of Civano's key goals is to mix both land uses and income levels throughout the development. This goal is achieved by creating a diversity of housing choices, from large single-family dwellings to smaller-lot homes and apartments. While residential development progresses, Civano already has completed its neighborhood center and a Global Solar photovoltaic facility. Civano demonstrates that the principles of smart growth do not only apply to small subdivisions or infill sites in downtown locations, but also can apply to larger developments in less urbanized areas.⁷³

Myth #8

With so much undeveloped land, there is limited value in open-space preservation.

Fact #8

Smart growth recognizes the intrinsic community, economic, and environmental value of open spaces in all communities.

Smart growth respects both the rights of private property owners and the value of open spaces and natural resource lands. Open spaces are important components of communities. They provide recreational opportunities, habitat for wildlife, buffers for pollution, and places for people to gather and enhance their sense of place. Regardless of the amount of open space available for development, it is clear that "green infrastructure" is crucial to the protection of the environment. "Open spaces matter. They need to be meaningfully integrated into the places where we live, into the community," explains Drew Brown, president of DMB Associates in Phoenix.⁶³ Smart growth seeks to preserve these open spaces in the context of achieving a vision for a community's desired growth and development.

Underscoring the value the public places on open-space protection, voters approved 72 percent of the 240 state and local conservation ballot measures in 1998. These measures supported a wide range of conservation and community enhancement activities throughout the country.⁶⁴ These results demonstrate that open-space preservation is a key community value and, therefore, is a critical element of any smart growth initiative. Developers and community organizations also have recognized that the value people place on open space translates into economic gains. Consider the following examples:

- In 1990, 48 percent of Denver residents said they would pay more to live near a greenbelt or park, compared with 16 percent in 1980.⁶⁵
- In Oakland, California, a greenbelt around Lake Merritt was found to add \$41 million to surrounding property values.⁶⁶
- A National Association of Home Builders publication, *Building Greener Neighborhoods*, verifies that lots with trees sell for an average of 20 to 30 percent more than similarly sized lots without trees. The publication also points out that tree removal can lower the value of developable lots dramatically.⁶⁷
- An American LIVES, Inc., study concluded that lots of open space, gardens with native plants and walking paths, and wilderness areas were highly valued features of a community.⁶⁸

While protecting open space clearly has some economic advantages, protecting natural lands has intrinsic environmental benefits. For instance, land preserved as natural open space adjacent to a stream, particularly if it is tree lined, improves the overall health of the stream's water quality and wildlife habitat. Such buffers increase removal of pollutants, protect against streambank erosion, and provide food and cover for a stream's living resources.⁶⁹ Similarly, the protection of wetlands, forests, and other natural areas can reduce the impacts of growth on the environment.

According to numerous studies, overall development costs often can be reduced when development is designed to mitigate its impact on the environment. For example, a comparison of conventional subdivision design and conservation development at Remlik Hall in Middlesex County, Virginia, showed that the developer could cut infrastructure costs by \$525,000 by using the conservation approach, which protected natural lands and reduced overall impervious cover on the site. A substantial portion of that savings came from a reduction in road lengths.⁷⁰

While environmental protection objectives traditionally have been viewed as conflicting with economic goals, smart growth seeks to identify those areas where both environmental and economic objectives can be achieved simultaneously. In many respects, as smart growth demonstrates, open-space protection complements economic development objectives.

“An important part of Smart Growth is using the land more efficiently and preserving environmentally sensitive land.”⁷⁴

— National Association of Home Builders, “Smart Growth: Building Better Places to Live, Work and Play”



Open space and trail systems, like the one above, are important to people, help protect the environment, and can add value to new development.

Profile

Prairie Crossing, Grayslake, Illinois

One approach used to realize the economic benefits of open space protection is called conservation design. This development technique encourages cluster development on one portion of a parcel, while the remaining land is retained as protected, usable open space. A number of successful developments have used the conservation design approach, including Fields of St. Croix, in Lake Elmo, Minnesota; Farmview, in Bucks County, Pennsylvania; and Hidden Springs, in Ada County, Idaho.

Prairie Crossing, located 40 miles north of Chicago in Grayslake, Illinois, demonstrates the effectiveness of conservation design. Once completed, the 667-acre project will contain 317 single-family homes on lots ranging in size from 6,000 to 20,000 square feet. The project preserves more than 450 acres, or 70 percent of the land, as open space.⁷¹ This open-space system is intended to enhance the living experience for residents, create a sense of community, and lend value to a larger open-space network. For instance,

more than 10 miles of trails connect to a new commuter rail station and encourage residents to bike and walk throughout the development. The majority of Prairie Crossing's open space abuts a 2,500-acre natural area, Liberty Prairie Reserve, making it part of a larger protected and functioning ecosystem. The community's design ensures that it will blend into the fabric of the surrounding landscape while protecting environmental resources and providing valuable amenities for homebuyers. (Each home will overlook various parts of its preserved open space).

Home sales and premiums indicate that Prairie Crossing's innovative design and amenities are creating value in the marketplace. According to a 1999 Prairie Crossing marketing overview, homes are selling for \$139 per square foot, which is 33 percent higher than comparable homes in the competitive market area (CMA). Furthermore, 35 homes are being sold each year (at the high end of the entry-level sales pace in the CMA), at an average price of \$335,000. Prairie



COURTESY OF RANDALL ARENDT

Prairie Crossing's large single-family homes are integrated into a network of protected open spaces and an elaborate trail system.

Crossing has an estimated 14 percent value ratio premium over the competition. That premium can be attributed, in part, to the project's high level of amenities, conservation ethic, and open space.⁷²

The architectural styles of the homes at Prairie Crossing, which vary in size from 1,140 to 3,428 square feet, match the historic character of the region. Each of the four home types reflects the design principles of traditional midwestern farmhouses. Prairie Crossing is an example of how smart growth can encourage economic, community, and environmental objectives simultaneously.

Smart Growth: Myth and Fact™

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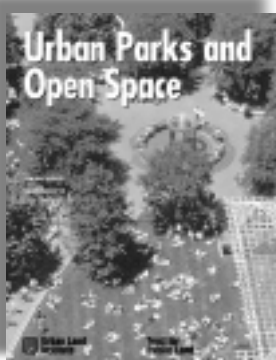
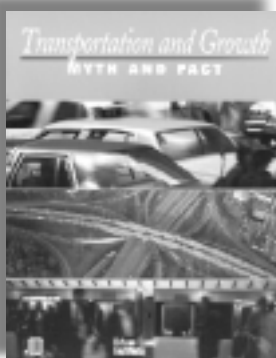
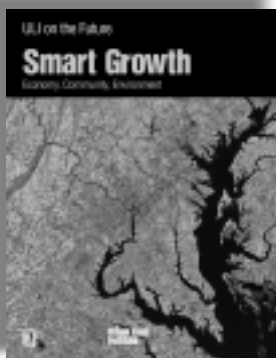
Organization/Agency/Community	World Wide Web Address	Telephone Number
American Farmland Trust	www.farmland.org	202-331-7300
American Institute of Architects– Center for Livable Communities	www.e-architect.com	202-626-7406
American Planning Association	www.planning.org	312-431-9100
Bank of America–Environmental Programs	www.bankamerica.com/environment	650-615-4700
Center for Livable Communities	www.lgc.org/clc	800-290-8202
Center for Neighborhood Technology	www.cnt.org	773-278-4800
Congress for the New Urbanism	www.cnu.org	415-495-2255
The Conservation Fund	www.conservationfund.org	703-525-6300
U.S. Environmental Protection Agency	www.epa.gov	202-260-4048
International City/County Management Association	www.icma.org	202-289-4262
Local Government Commission	www.lgc.org	916-448-1198
National Association of Counties	www.naco.org	202-393-6226
National Association of Home Builders	www.nahb.com	800-368-5242
National Association of Local Government Environmental Professionals	www.nalgep.org	202-638-6254
National Association of Realtors	nar.realtor.com	202-383-1014
National League of Cities	www.nlc.org	202-626-3000
National Trust for Historic Preservation	www.nthp.org	202-588-6000
Smart Growth Network	www.smartgrowth.org	202-260-2750
State of Maryland–Smart Growth and Neighborhood Conservation	www.op.state.md.us/ smartgrowth/index.html	410-260-8112
State of Georgia–Georgia Regional Transportation Authority	www.ganet.org/governor/transplan.html	
State of Utah	www.state.ut.us	801-538-1027
Surface Transportation Policy Project	www.transact.org	202-466-2636
Sustainable Communities Network	www.sustainable.org	
The Trust for Public Land	www.tpl.org	415-495-4014
U.S. Conference of Mayors and National Association of Counties Joint Center for Sustainable Communities	www.usmayors.org/USCM/sustainable	202-861-6773 or 202-942-4224
ULI–the Urban Land Institute	www.uli.org	202-624-7000

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