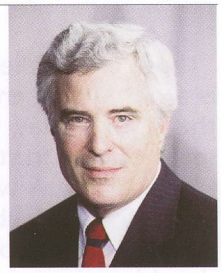
Why New Jersey Needs a Walkable, Urban Future



By Christopher B. Leinberger
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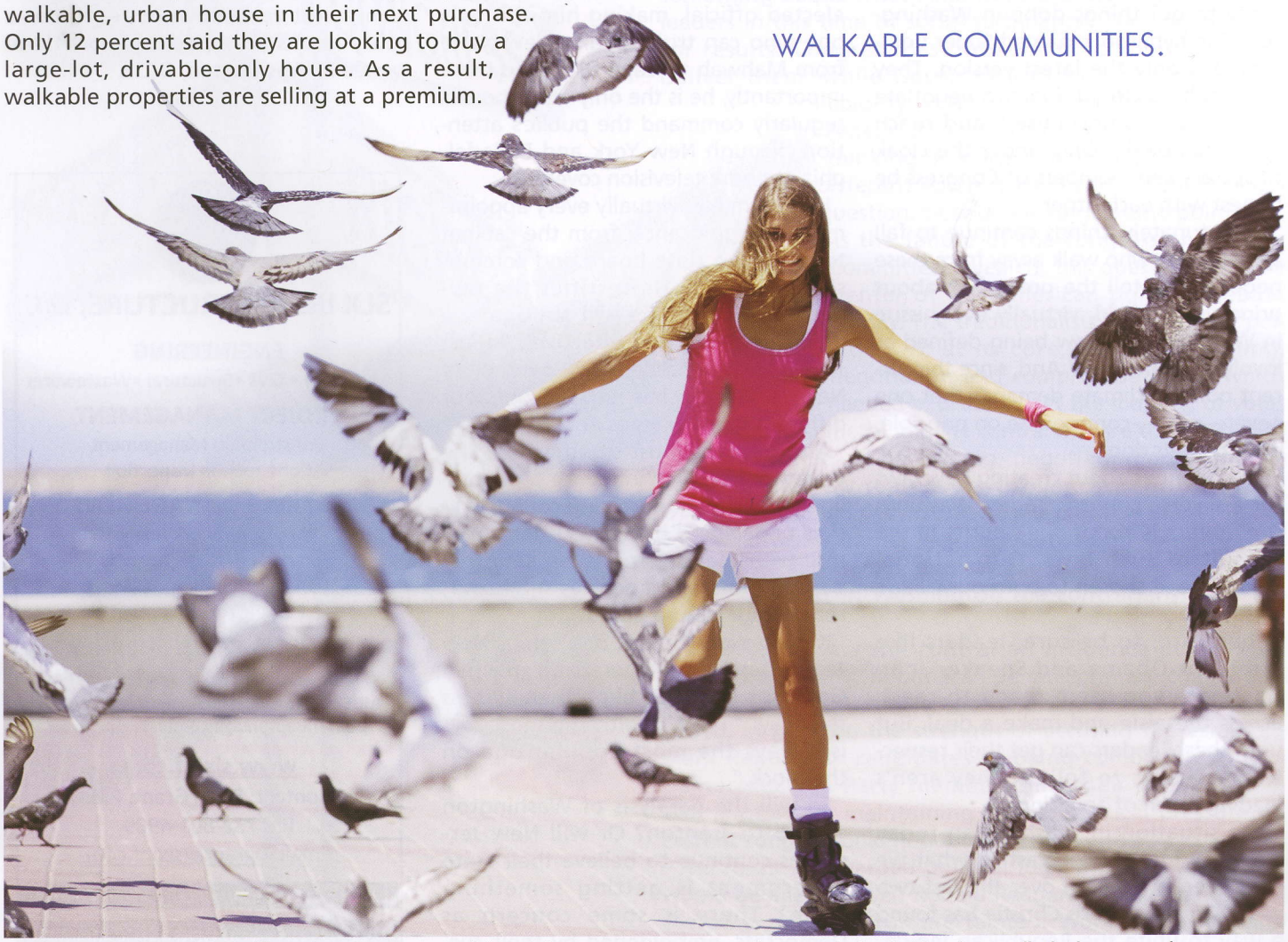
It may not come as a surprise to the readers of this magazine, but there has been a structural market shift in the U.S., which started in the mid-1990s, toward walkable urban development. These are higher-density, mixed-use places where most daily needs can be met by walking, biking or transit. Today's urban dwellers are looking for a home that enables them to meet day-to-day needs without getting in a car.

Recent research by the National Association of Realtors found that 56 percent of homebuyers plan to buy a walkable, urban house in their next purchase. Only 12 percent said they are looking to buy a large-lot, drivable-only house. As a result, walkable properties are selling at a premium.

MEETING THE DEMAND FOR URBAN-STYLE HOUSING WILL REQUIRE MUNICIPAL OFFICIALS TO FOCUS ON HOW TO PREPARE AND BUILD MORE WALKABLE COMMUNITIES.



Even when members of the Millennials generation have children, they want to live in areas that provide "walkable urbanism," whether in an urban setting or an urbanized suburban place.

My research at Brookings shows that there is a 40-200 percent price premium per square foot for walkable, urban housing over comparable drivable-only housing. Academic research tracking both housing values and commercial real estate shows dramatic price premiums for walkable urban product over drivable real estate. These are all signals that the market wants more walkable urban places and, conversely, that we have dramatically overbuilt the suburbs.

Need more evidence? The mortgage crash that sparked the Great Recession was primarily precipitated by the collapse of fringe drivable suburban housing prices.

The underlying reason for the structural shift toward walkable urbanism is demographics. The rising Millennials and the empty-nester Baby Boomers, who represent half of the U.S. population, are demanding walkable, urban places for their predominantly single and couple lifestyle. Even when Millennials have children, they want walkable urbanism, whether in an urban setting or an urbanized suburban place.

The question is how to create more high-density, walkable urban places that will assist the economic recovery? No economic recovery has ever been robust without the engagement of the 35 percent of the country's asset base that comprises the built environment (real estate and infrastructure). The fact that real estate and infrastructure is on the sidelines is a major reason for the lackluster 2 percent GDP growth the country is experiencing and the nearly 9 percent unemployment rate. Construction workers are facing record unemployment.

Meeting the demand for urban-style housing will require municipal officials to focus on how to prepare and build more walkable communities. This will require a shift in how local leaders think about housing. Walkable urban development is far more complex and risky than conventional suburban sprawl. It involves overcoming a host of political, economic and community hurdles that have made it difficult and in many cases illegal to build.

There are a set of actions that municipal leaders can undertake even while real estate finance and development are trying to find their footing. To start, elected and non-elected officials should identify those places that are already most walkable or urban in nature. Pay particular attention to areas that are served by rail transit.

Develop Transit-based Housing Although a rail station is not an absolute necessity, between 70 and 80 percent of walkable urban places are connected to rail lines. According to New Jersey Future, New Jersey has 216 rail transit stations in 140 towns, most of which are under-utilized.

These areas are underdeveloped for many reasons. They may be in a currently troubled downtown area or the local residents may oppose the construction of higher density housing. In some cases, the stations are surrounded by acres of park-and-ride lots and nothing else. If your community transit station faces these challenges, there is no reason to be discouraged. There are now many examples of successful walkable, urban development happening across the country in comparable situations. In New Jersey, towns with successful transit-centered development include Morristown, Collingswood, Montclair and New Brunswick, among many others.

Seek Out Town Centers Other places to start are locations that have an existing grid of streets and sidewalks and possibly historic buildings to underpin the redevelopment of walkable urbanism. Left for dead during the last half of the 20th century, these generally 18th-and 19th-century cities and towns have the "bones" and authenticity that the market is now demanding. Putting a grid of streets into a greenfield location is expensive and there is no way, short of moving existing buildings, to create authenticity quickly. In New Jersey, towns such as Rahway, South Orange, Somerville and Metuchen have capitalized on the opportunities created by historic town centers.

Consider defining the boundaries for developing a walkable, urban place within the larger community. An appropriate radius is generally considered to be 1500 to 2500 feet. Using high school geometry, that translates to an area of between 160 and 450 acres. By putting an overlay-zoning district on the books, town leaders can encourage the growth of walkable, urban development.

Keeping these places concentrated also encourages the support of people living in the surrounding, generally single-family, neighborhoods. Reassure current residents that high-density urbanism will be contained within a "corral." However, you must go beyond zoning changes to win over NIMBY opposition. You must also plan to manage the traffic, parking and noise that are produced by higher housing densities. This is not rocket science; many places have management in place that does just this. Neighborhoods surrounding a walkable, urban core will see their quality of life and housing values go up. These residents will enjoy the best of two worlds: living in suburbia yet having urbanism close by.

Encourage Private Sector Place Management A crucial component of urban success is an engaged business community. Normally this takes the form of a business improvement district, which is allowed by New Jersey state law. Having the private sector take the lead in place management has proven to be the best approach, particularly in these difficult fiscal times.

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The entire walkable urban effort should be recast as a private/public partnership. Note that the words "public and private" have been intentionally reversed. Successful central city and suburban walkable urban development efforts have seen $10-15 of private money invested for every $1 of public money.

New Jersey, the suburban sphere of two major central cities, could learn valuable lessons from Arlington, Virginia. An inner suburban jurisdiction adjacent to Washington, D.C., it is the smallest county in land area in the country and has a population of 208,000 today. Historically a bedroom community for middle-income federal workers, Arlington has been dominated by single-family bungalows and strip commercial. By the 1970s it was showing the signs of decline that most inner suburbs across the country were facing, including abandonment of the commercial strip for regional malls elsewhere and new car dealers migrating to highway locations. In 1980 Arlington was in danger of evolving into a slum.

Instead, the civic leadership fought to build a new underground Metrorail down the middle of the primary strip commercial street, Wilson Boulevard. They re-zoned the areas around each of seven Metro stations for high-density walkable urban development, drawing hard and fast boundaries. They provided county place management and encouraged the private sector to join. Arlington also spent $500,000 per year on research to understand the market trends, gauge citizen satisfaction, understand traffic and the product mix evolving in each of these seven places. The county leadership also provided consistent funding for affordable housing.

Today the walkable urban part of the county, representing 10 percent of the county's land, now represents over 50 percent of the tax revenues. The bulk of Arlington's population growth over the last 25 years has been singles and couples, who pay school taxes but do not send children to be educated. This influx of support has helped make the Arlington public schools among the best in the country. Housing density in the walkable urban areas doubled between 1985 and 2010 (going from a net 1.0 floor area ratio to 2.0) while the absolute traffic counts on Wilson Boulevard have gone down, due to increases in bike riding, walking and use of mass transit.

There is no reason New Jersey towns could not follow Arlington's strategy. New Jersey has one of the best rail transit systems in the country and great historic cities and towns. Yet, for the most part, local leaders have not taken advantage of these assets to the extent that the housing market and economy requires. Not creating more great walkable urban places in a state with the highest density in the country does not make sense…economically, environmentally or from a social equity perspective.

Get to work, New Jersey, in building your walkable urban future. ▲

Leinberger is the president of LOCUS, Responsible Real Estate Developers and Investors. He is also a nonresident senior fellow at the Brookings Institution and a professor at the University of Michigan. His most recent book is The Option of Urbanism (Island Press, 2008) and he is a contributing op-ed writer for the New York Times. He will be speaking at New Jersey Future's Redevelopment Forum on Friday, March 9, 2012 in New Brunswick. Register online at http://forum.njfuture.org.

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