

*“What does the evidence suggest is the size of the market for households?  
preferring new urbanist developments”*

## **Part I**

### **Policy Definition:**

This policy brief examines how US demographic changes may affect future preference levels for new urbanist developments. Recent studies by The Fannie Mae Foundation, Dowell Myers and other professionals question if the aging population will create an increase in housing preferences of single-family homes to denser “new urbanist” designed neighborhoods. The policy topic is not one-sided, as those who support the role of demography maintain that preferences will increase new urbanist developments. Some counter, like the National Association of Home Builders, that demography and preferences will not play a great role (1) and rather argue that the single-family home is the chosen preference for residential development, et al. Gordon and Richardson (2).

### **Policy Background:**

The Victoria Transport Policy Institute defines New Urbanism as “a set of development practices to create more attractive and efficient communities.” Andres Duany and Elizabeth Plater-Zyberk designed the first New Urbanist neighborhood, located in Seaside, Florida in the 1980s, to create a walkable community (3). Peter Calthorpe, of Calthorpe Associates, “The Next American Metropolis” and Peter Katz “The New Urbanism” also stimulated the rise of New Urbanism (4). Katz, Plater-Zyberk, Duany and Calthorpe were among the initial members who created The Congress for the New Urbanism (CNU) and now serve as CNU Board of Directors. CNU was created in 1993 with the mission to “stand for the reconfiguration of sprawling suburbs into communities of real neighborhoods and diverse districts, the conservation of natural environments, and the preservation of our built legacy.” New Urbanism is not new, but is a retreat from current planning practices to past community design principles that increases pedestrian access with mixed-use residential and commercially connected streets and sidewalks (5).

New Urbanist developments have become more prominent since its inception. The 2001 New Urban News survey stated 213 new urbanist projects were completed and 162 projects planned, which is a 37 percent increase over 2000 developments (6). The majority of new urbanist developments occur in Florida, California, North Carolina, Colorado, Texas, and Oregon, followed by less construction in the east coast, Deep South, Midwest and southwest regions. Downtown St. Paul West Side Flats and North East Quadrants is an example of a residential/commercial mixed-use infill development (6). Chaska, Brooklyn Center, St. Anthony Village, Maplewood Hillcrest Village, and “Harriet Island-District del Sol Urban Village” in St. Paul are new urban or Twin Cities “Smart Growth Initiatives.” (7). Other new urbanist type Minnesota developments include the “Traditional Neighborhood Developments” (TDN) of Liberty on the Lake in Stillwater, The Fields of St. Croix in Lake Elmo, Arbor Lakes in Maple Grove, and Towne Lakes in Albertville (8).

#### **Policy Motivation and Description: The 4 E’s**

New Urbanism design principles, by their very nature include provisions to tackle the 4-E’s, Efficiency, Equity, Environment and Experience. The New Urbanist demographic policy initiatives attempt to ascertain if demography will influence choice to live in new urbanism areas. This issue is dependent upon the quality of new urbanist amenities and if they are sufficient to instigate folks to reside. The main component of the “motivation” for New Urbanism is to combat and prevent the effects of “sprawl.” Sprawl is not defined in this policy brief, but is addressed as a factor of rationale for New Urbanist designs.

**Efficiency** – New Urbanist developments can be economically efficient as the mixed-use street design saves space and promotes walking, which can save time and money.

Walkable neighborhoods consist of a “5-minute” walk to services and a  $\frac{1}{4}$  mile walk to transit (9). New Urbanist infill development can utilize existing infrastructure, rather than install new utilities and transport in other zones.

**Equity** – New Urbanist promotion of walking and transit to necessities upholds social equity, as lower income residents or non-drivers may not need a car in new urbanist neighborhoods (9). Connecting people to retail and commercial districts promotes services equity. A variety of mixed housing types connect demographic groups, but new urbanist development housing cost increases may displace low-income and/or minority groups. The Wells Fargo 1996 report, “Preserving the American Dream”, states compact development may increase land prices and decrease willing developers (10).

**Environment** – New Urbanist neighborhoods may protect the local environment from the effects of automobile air pollution and congestion as the design promotes walking and transit use. The protection of open space for nature preserves and as a farmland safeguard is an important part of New Urbanisms Regional Plan (9). Planning for open space may affect housing equity as “people are willing to pay a premium for open space”, according to a recent “Emerging Trends in Real Estate Report.” (11).

**Experience** – New Urbanist developments can create a less stressful, simpler lifestyle and be attractive to older persons as they can live in a connected community with access to highways, public transport and shopping (1). The general population may also approve of new urbanism, as a 1998 American LIVES survey found only 47 percent prefer an “auto-oriented neighborhood.” (1).

## **Part II**

### **Literature and Data Review**

Myers and Vidaurri state, “the age of the population remains the single most important aspect of demographics.” (12). They questioned “how to predict the future housing demand of the aging baby boom generation” and determined baby boomers have a “positive impact” on future housing trends (12). Changing baby boom demographics is central to recent literature regarding housing policy. Myers, in 1997 tackled the myth that aging baby boomers will decrease “housing consumption” and recommended “cohort longitudinal models” to predict housing changes (13).

Demographic changes may affect new urbanist home consumption levels, however current home preference statistics leave little room to increase those levels. The 2001 Fannie Mae Housing Survey found 73 percent desire a single-family home with yard, while 64 percent of homes are owned, rather than rented (14). The National Association of Home Builders (NAHB) found in 1999, 83 percent “prefer a single-family detached home.” (1). Half of those polled in the 1995 American LIVES New Urbanism Study preferred separation of use zoning (1). Opinions of single-family versus new urban type development abounds, as Gordon and Richardson view “low-density settlement is the overwhelming choice for residential living” (2) versus the belief of Ewing that compact areas will grow if provided by the market, as people make choices on what currently exists (10). Developers however, as stated in a CNU and Urban Land Institute 1998 meeting, are interested in new urbanist design if there is market (10).

Despite strong single-family preference in surveys, a slight portion favor town homes and other housing types. 17 percent in the 1999 NAHB survey and 15 percent in the Fannie Mae 1997 survey preferred townhouses (1). This preference conflicts with a lack of town home supply which, based on Census information, is only at 10 percent. Myers states that new construction caters to new homebuyers who want the traditional suburban neighborhood, while resellers want a traditional house pattern. There will be a growth in “movers” between ages 45 and 64 and new construction may cater to that demographic, which as they age, prefers access to public transportation, highways, shopping and town home city living (NAHB 1999 Survey, 1). Research further states that Minnesota household children will decrease from 29.7 percent to 25.4 percent in 2025, while the elderly (over 65) population will increase from 12.4 percent to 20 percent (15). Less children, an aging population and other factors may shift single-family preference levels to dense communities. The increase in traffic congestion, drop in crime, urban immigration, coffee huts, posh culture and increasing land prices will support new urbanist style developments. Also, a strong and increasing number of “lifestyle renters” and “mover owners” over age 45 will increase demand for housing that caters to their preference for high density, which reaches levels of 24 percent by age 55 (1) (16).

## **Interest Group Review**

Where will the baby boomers live? Civic Ventures group states new urbanism increases mobility for seniors and may shape preferences (17). CNU affirms in the decade of 2000, 30 percent of household demand will be for “dense, walkable neighborhoods” with an increase in overall market shares from 17 percent to 19 percent, led by the baby boomers (18). New Urban News said 30 percent will “seriously consider a new urbanist housing product.” (19). The National Multi Housing Council (NMHC) feels the “lifestyle renter” will support multi-family housing (20). NMHC points to the 2001 Fannie Mae Survey that 41 percent “rent as a matter of choice” compared to 32 percent in 2000, which will only increase with changing demographics and lifestyles (21). The NAHB counters demography influence, but supports mixed-use and high-density levels (1) (22).

## **Conclusion**

The question remains, will demographics increase demand for new urbanist housing developments? Myers states new information and research is needed for demographics, consumer preference and housing markets to obtain accurate information and if policies like large-lot zoning laws, which has shown to not decrease development, contributes to prevent new urbanist developments (1) (23). Minority, immigrant groups and affordable housing issues are also crucial interests. In terms of the 4-E’s Ding shows that New Urbanist mixed-use design supports stable neighborhoods (24).

New Urbanist future market availability for Equity, Environment, Experience and Efficiency, rates on a scale of 1 – 4 with a score of 3. Current support for New Urbanism is not widespread, but is increasing. Protection of the environment and open space is fundamental to new urbanism. More studies and information is needed to determine if widespread zoning practices prohibit new urbanism and if new urbanism increases housing costs, affecting social equity. Promotion of new urbanism to all demographics, especially aging citizens, provides more efficient and walkable access to transportation, residential and commercial amenities. New Urbanism may not work for every community, but it provides a “choice” of different development types, which ironically “choice” is what the critics of New Urbanism say those developments fail to offer.

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