Markets, Planning and the Politics of Smart Growth

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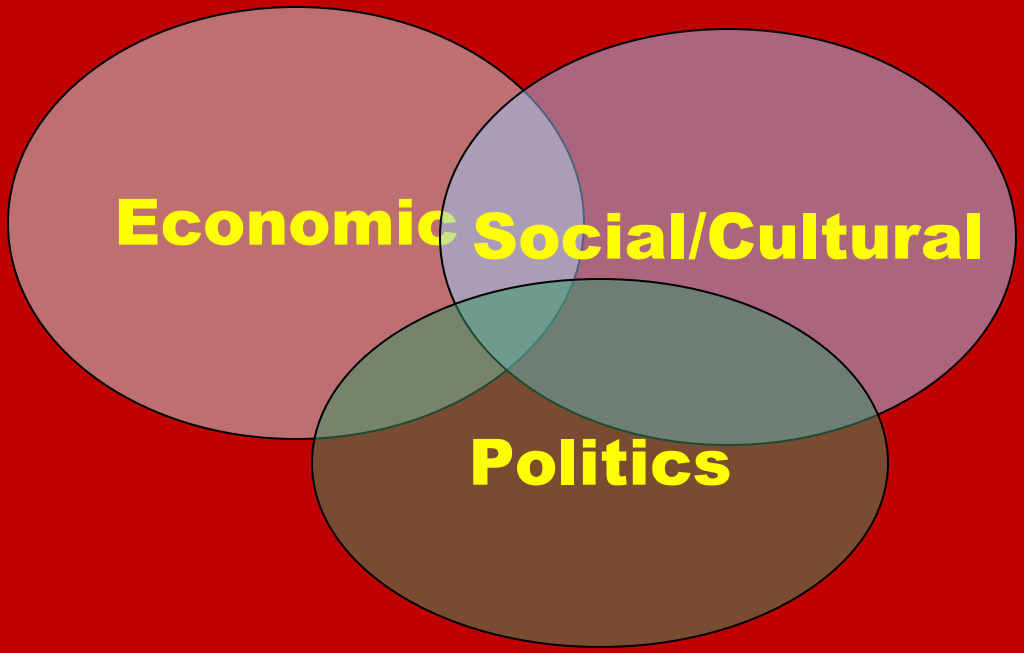
The Goal of Smart Growth is to Expand Political Control Over Land Development



Different decisionmaking institutions work effectively under different conditions

Legislative
- Consensus on goals
- Clearly defined Problems
- Narrow set of issues

Market
- Uncertainty
- Diffuse goals
- Diverse preferences
- Dynamic environment

Bureaucratic
- Consensus and clear goals
- Specific tasks
- Specialized information
- Static environment

Where do married couples want to live?

Who lives in the suburbs?

- **What kind of houses do people want to live in?**

Summary Table

Value of Housing Characteristics

G. Stacy Sirmans and David A. Macpherson, Florida State University

Home Characteristics	Estimated % Change in Selling Price	Satistically Significant
Structural Characteristics		
General Features		
Square Feet	3.3%	*
Lot Size (in Acres)	1.5%	*
Bedrooms	4.1%	*
Full Bathrooms	24.1%	*
Partial Bathrooms	15.0%	*
Central Air Conditioning	12.4%	*
Cathedral Ceiling	2.4%	*
Skylight	3.0%	*
9-foot Ceilings	6.2%	*
Exposed Beams	4.6%	*
Walk-in Closet in Master Bedroom	-0.6%	
Sitting Area in Master Bedroom	8.0%	*
Den/Study	7.3%	*
Sun Room	2.7%	*
Loft	1.4%	
Bay Window	3.4%	*
In-Law Suite	-5.2%	*
Central Vacuum	3.0%	*
Air Filtering System	4.8%	*
Professional Office	-5.0%	*
Elevator	10.0%	

- **What type of houses to people buy?**

Table 1.1

The Twenty Characteristics Appearing Most Often in Previous Hedonic Pricing Model Studies

Variable	# of Appear-ances	# Times Positive	# Times Negative	# Times Not Significant
Lot Size	52	45	0	7
Ln Lot Size	12	9	0	3
Square Feet	69	62	4	3
Ln Square Feet	12	12	0	0
Brick	13	9	0	4
Age	78	7	63	8
# Stories	13	4	7	2
# Of Bathrooms	40	34	1	5
# Rooms	14	10	1	3
Bedrooms	40	21	9	10
Full Baths	37	31	1	5
Fireplace	57	43	3	11
Air Conditioning	37	34	1	2
Basement	21	15	1	5
Garage Spaces	61	48	0	13
Deck	12	10	0	2
Pool	31	27	0	4
Distance	15	5	5	5
Time On Market	18	1	8	9
Time Trend	13	2	3	8

Can Conventional Planning Reconcile Smart Growth and Consumer Preferences?

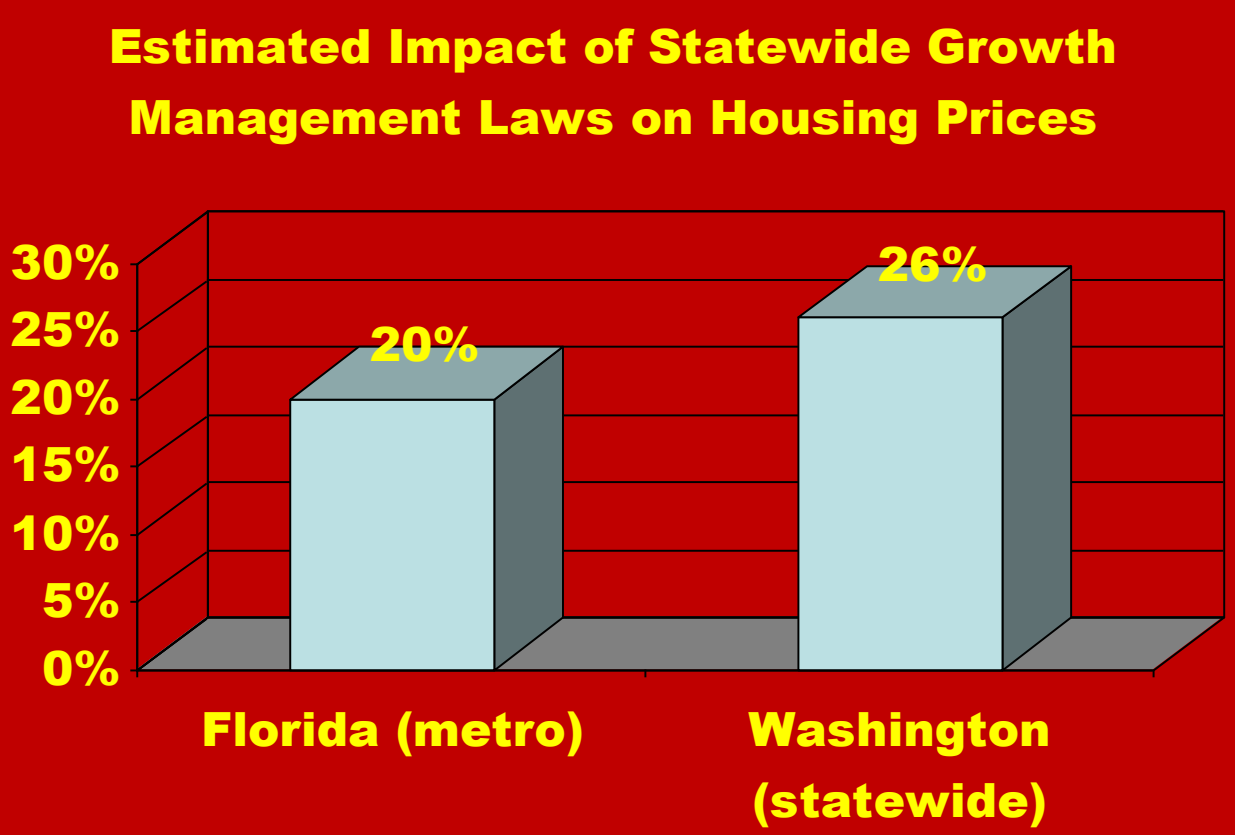
Key Elements of Conventional Planning

- "Closed" system
- Urban development is nonorganic
  - Presumption is against change
- Assumes rational and objective decisionmaking
  - Reality is most public involvement is not fact or evidence based
  - Multiple opportunities to manipulate the process
- Legally binding

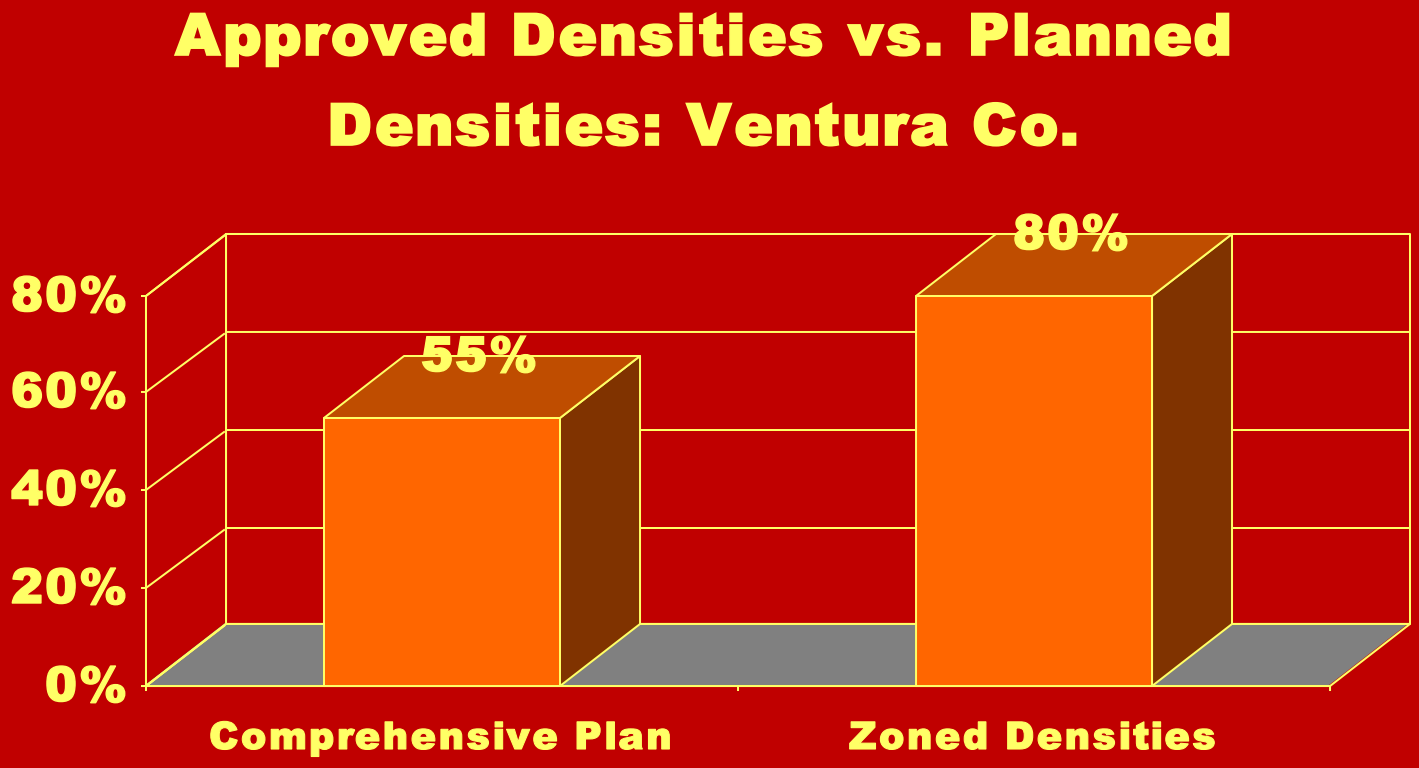
Costs of Conventional Planning

- Development approval is lengthy
- Substantial upfront costs for entitlement and approval
- Housing markets are less dynamic, resilient and innovative
- Zoning is largely ineffective and serves to promote existing land uses

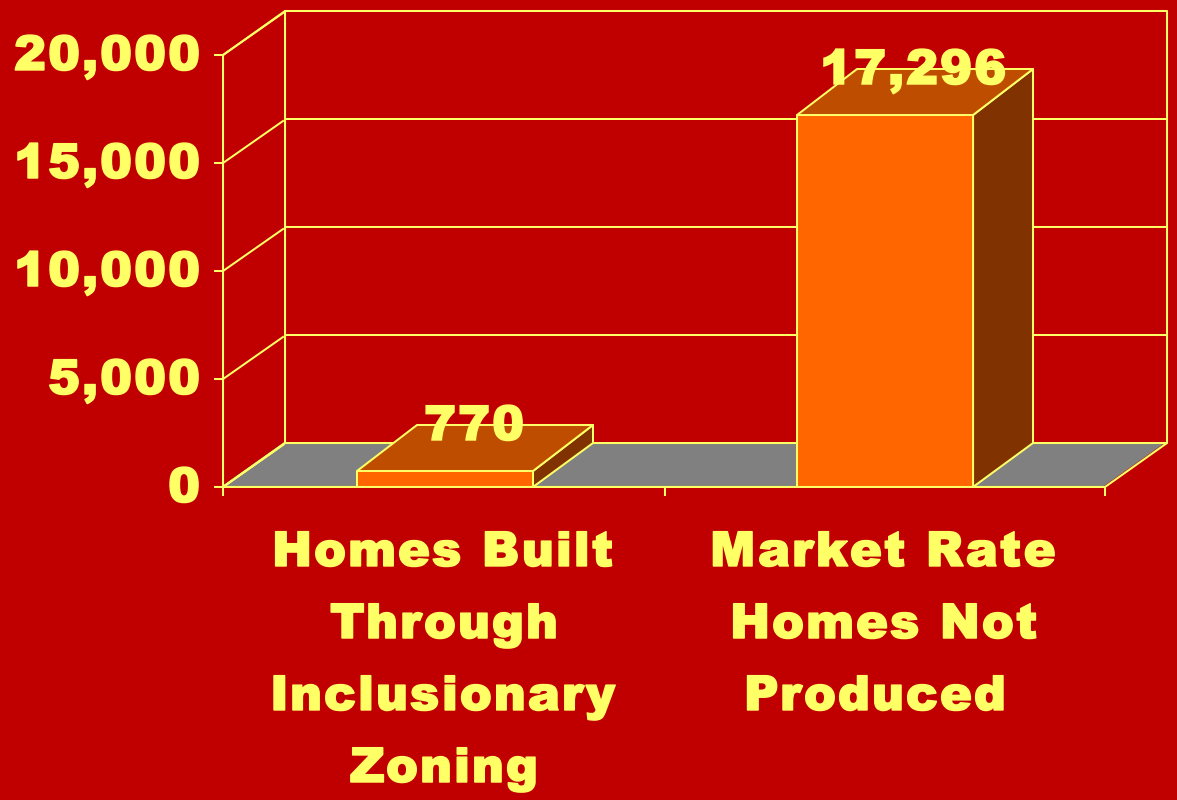
How do we know, I?



How do we know, II?



How do we know, III?



Is There an Alternative?

Alternatives to Conventional Planning

Conventional

- Comprehensive plan/master plan
  - Zoning map approved
  - Reviewed periodically
  - Extensive public involvement
- Rezoning
  - Entitled, land purchased
  - Public hearings
- Site Plan Review
  - Public hearings
- Final Site Plan Review
  - Public hearings
- Building Permits Issued
  - Administrative

Houston

- Land platted (1 month)
  - Administrative review
  - 30 day review period
  - Cannot violate deed restrictions
  - Development entitled
- Site Work Review
  - Land
  - Structure
  - Parking garages
- Permits Issued
- Simultaneous submissions allows construction to begin on complex projects in 3-4 months

In Houston….

- **Low development costs**
  - **Multifamily housing can be permitted and fully leased in 145 days**
- **Neighborhoods transition organically as the city grows**
  - **Change is a recognized consequence of economic growth**
- **Commercial development is orderly and appropriate**

Key elements of Houston planning

- Administrative review
- Focus on performance and outcomes
  - Does the project impact the rights of others?
  - Is the impact significant?
  - Can the impact be measured?
  - Can the impact be mitigated
- Encourages certainty

Houston "works" if cities want to….

- Promote affordable housing
- Promote orderly neighborhood transitions concurrent with the city's development
- Citizens are truly concerned about mitigating the community *impacts* of development

How to Think Differently About Planning, Land Use, and Transportation

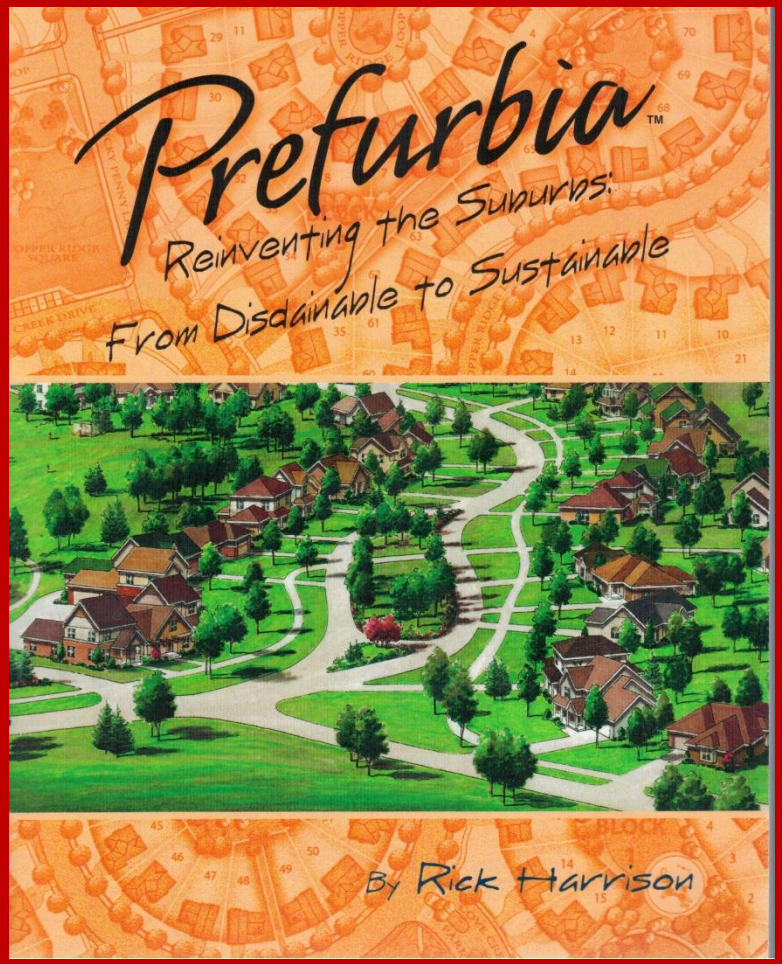
Market-Oriented Planning: Principles & Practice

- **Are the right questions being asked?**
- **Does the proposed land use or development proposal limit the rights of others?**
  - Externalities/spillovers
  - Physical invasions
- **Is the impact tangible?**
- **Is the impact measurable?**
- **Is the impact negative?**
- **Can the impact be mitigated?**

MOP Alternative #1: Impact Planning

Public Concerns	*Does Project Limit Rights of Others?*	*Is the Impact Measurable?*	*Is the Impact Negative?*	*Should the Impact be Mitigated?*
Traffic congestion	**yes**	**yes**	**yes**	**yes**
Revenue neutrality	**yes**	**yes**	**yes**	**yes**
Create crime	**yes**	**yes**	**no**	**no**
Reduce property values	**no**	**yes**	**no**	**n/ap**
Local profitability	**no**	**no**	**n/ap**	**n/ap**
Community character	**no**	**no**	**n/ap**	**n/ap**

Using Technology to Meet Customer Needs



- Rick Harrison Site Design
- Embrace housing desired by households
- Minimize environmental impact
- Minimize infrastructure costs
- Enhance home values

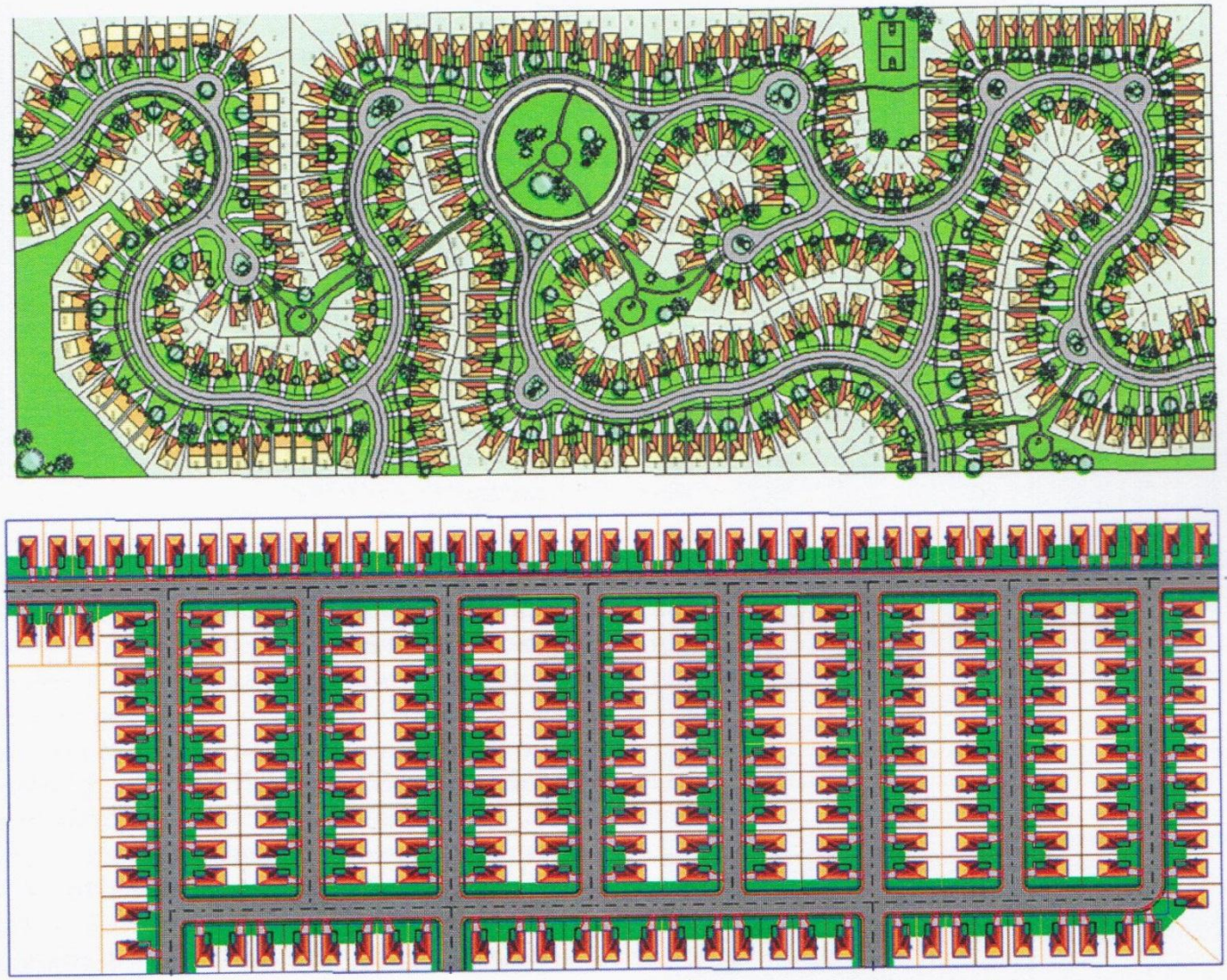


Figure 8.6 (Top): *Rick Harrison's redesigned and approved plan for the same development site.*
Figure 8.7: *Original design plan of Placitas de La Paz .*

An Application: Creekside

- Brandon/Riverview, Florida
- 108 single family lots
- 1 home per acre
  - Avg lot 25,326 sq ft.
- 51% of site is open space
- Impervious surface area: 18%

An Application: San Marino Estates

- Melbourne, Florida
- 61.4 acres
- 80 single family homes
  - Avg lot 14,212 sq ft
- 36% oepn space
- Impervious surface area: 19%

MOP Alternative #2: Public Choice & Property Rights

- **Bill Fischel: "The Economics of Zoning" and "The Homevoter Hypothesis"**
  - **Property rights were collectivized through zoning & urban planning**
  - **Local voters and officials are voting in their best interests**
- **<u>Advantages</u>: Explains current process and political support**
- **<u>Disadvantages</u>:**
  - **Unclear policy implications**
    - **We get what we govern for?**
  - **Bad outcomes must be accepted as reflecting the Community Will**

MOP Alternative #3: Neighborhood Associations

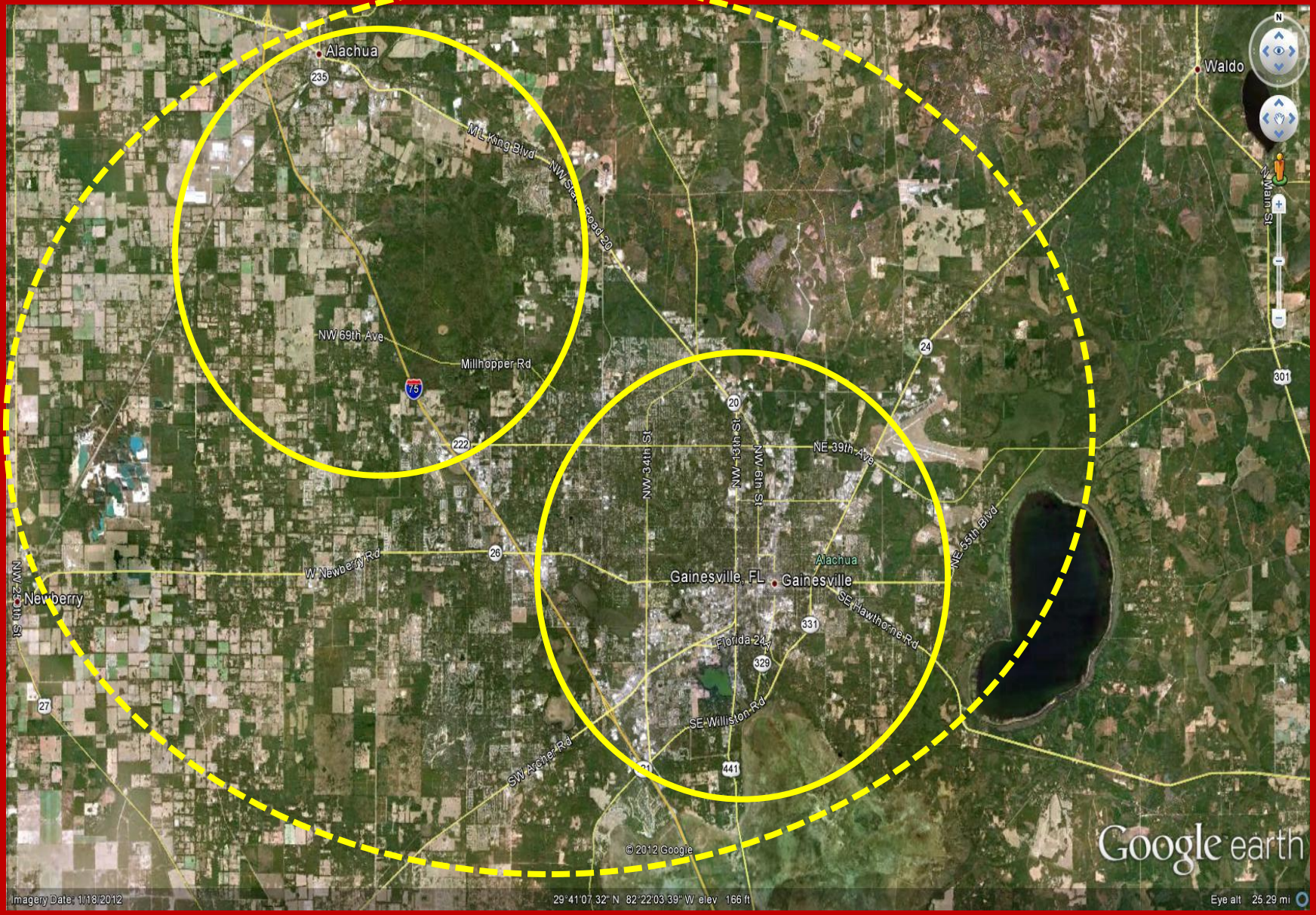
- Planning and zoning implemented by private homeowner associations (Robert H. Nelson, Fred Foldvary, Randal O'Toole)
- Advantages:
  - Voluntary
  - Promotes decentralization
  - Limits "damage"
  - Uses local knowledge
  - Solves local public good and externality problems
- Drawbacks:
  - Distinction between local government and HOA is legal, not functional
  - HOAs are highly localized
  - Individual property rights are not recognized

MOP Alternative #4: Performance-based Zoning

- Implemented in several communities, most famously by Fort Collins, Colorado
- Administrative approvals based on performance system
  - Applications are scored based on points that establish community guidelines
- Advantages:
  - Transparent,
  - Quick entitlement,
  - Flexible
- Drawbacks:
  - Complex,
  - Politically unsustainable
  - Incentive based, but not necessarily market-based

And a Few Thoughts on Transportation

Why congestion is a problem


Alachua
Waldo
M L King Blvd
NW 69th Ave
Millhopper Rd
NW 34th St
NW 13th St
NW 6th St
NE 39th Ave
NE 55th Blvd
W Newberry Rd
Newberry
NW 25th St
Gainesville, FL
Gainesville
Alachua
SE Hawthorne Rd
Florida 24
SE Williston Rd
SW Archer Rd
N Main St
© 2012 Google
Google earth
Imagery Date: 1/18/2012
29°41'07.32" N 82°22'03.39" W elev 166 ft
Eye alt 25.29 mi

Thinking about transportation and mobility

- **A Few "Rules" About Transportation success**

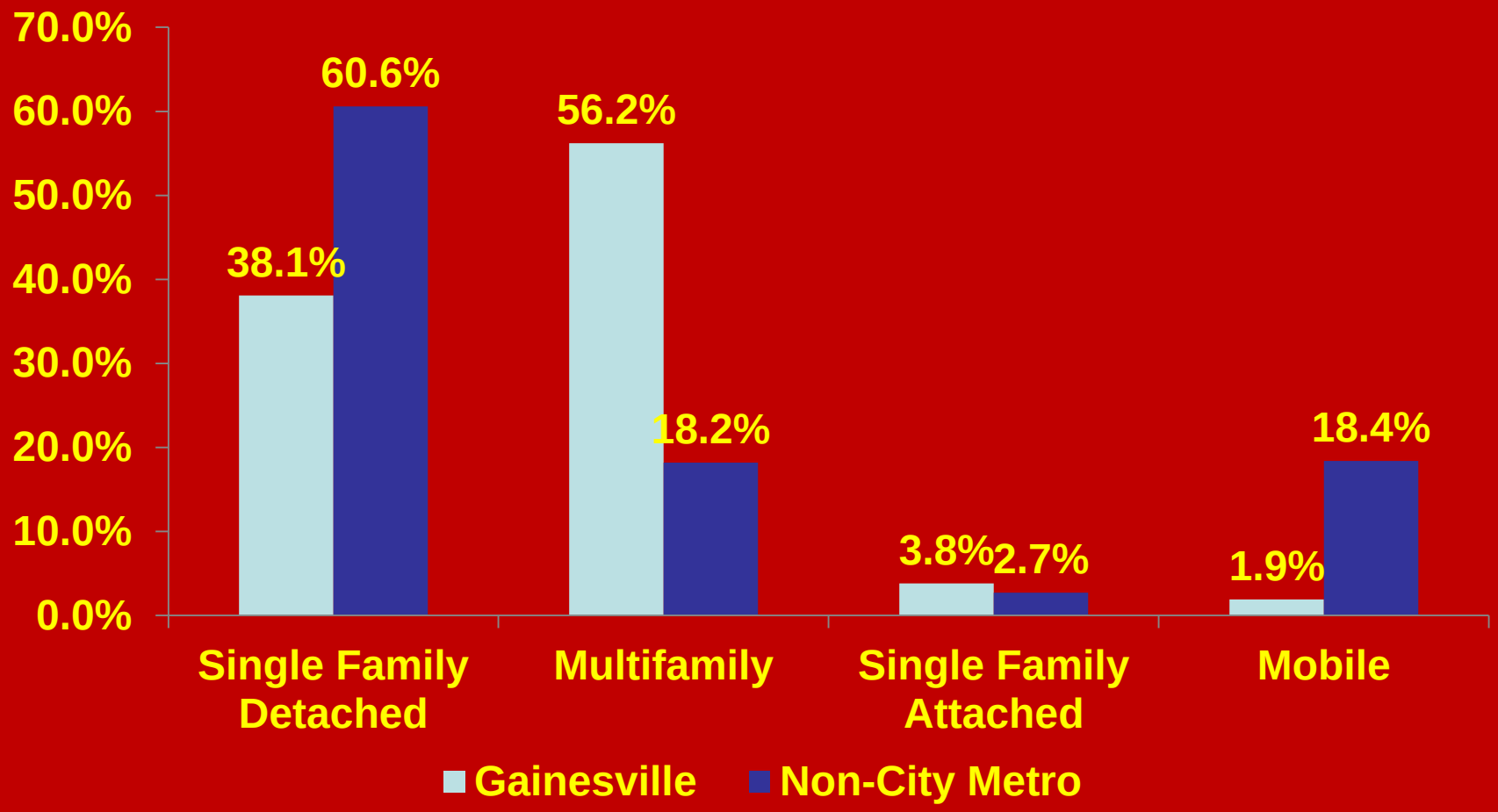
- **Transit, highways are mechanisms for providing transportation benefits, <u>not ends in themselves</u>**
- **Success depends on economic conditions**
  - **Good planning enables markets to capitalize market values, but does not create the value**
- **Property values increase when travel efficiencies (benefits) are tangible and measurable**
  - **"generalized travel costs" fall**

Regional Density / Region Size	< 2,500 people/sq. mile	2,500 to 5,000 people/ sq. mile	5,000 to 10,000 people/ sq. mile	10,000 to 20,000 people/ sq.mile	> 20,000 people/ sq. mile
Urbanized area	Low-denisty suburban, rural and semi-rural pattern	Post-1950 suburban	Older suburb, post-auto central city & downtown	Central city neighborhood, mid-sze city downtown	Pre-auto downtown, Manhattan, Brooklyn
< 1 million *(Charlotte, Dayton, Austin, Honolulu,* • One core • 30 mile radius • Multiple towns/villages					
1-5 million *(Indianapolis, Las Vegas, Sacramento, San Antonio, Tampa)* • Polycentric • 1 downtown • 60 mile radius • Multiple large towns/villages					
5-10 million *(Chicago, Houston, Miami, Hong Kong, Toronto)* • Polycentric • 1-2 downtowns • 60+ mile region • Multiple large towns & small cities					
10 + million *(Los Angeles, New York, Beijing, London, Paris, Tokyo)* • Polycentric • Multiple large downtowns • 100+ mile region • Multiple large towns & cities					

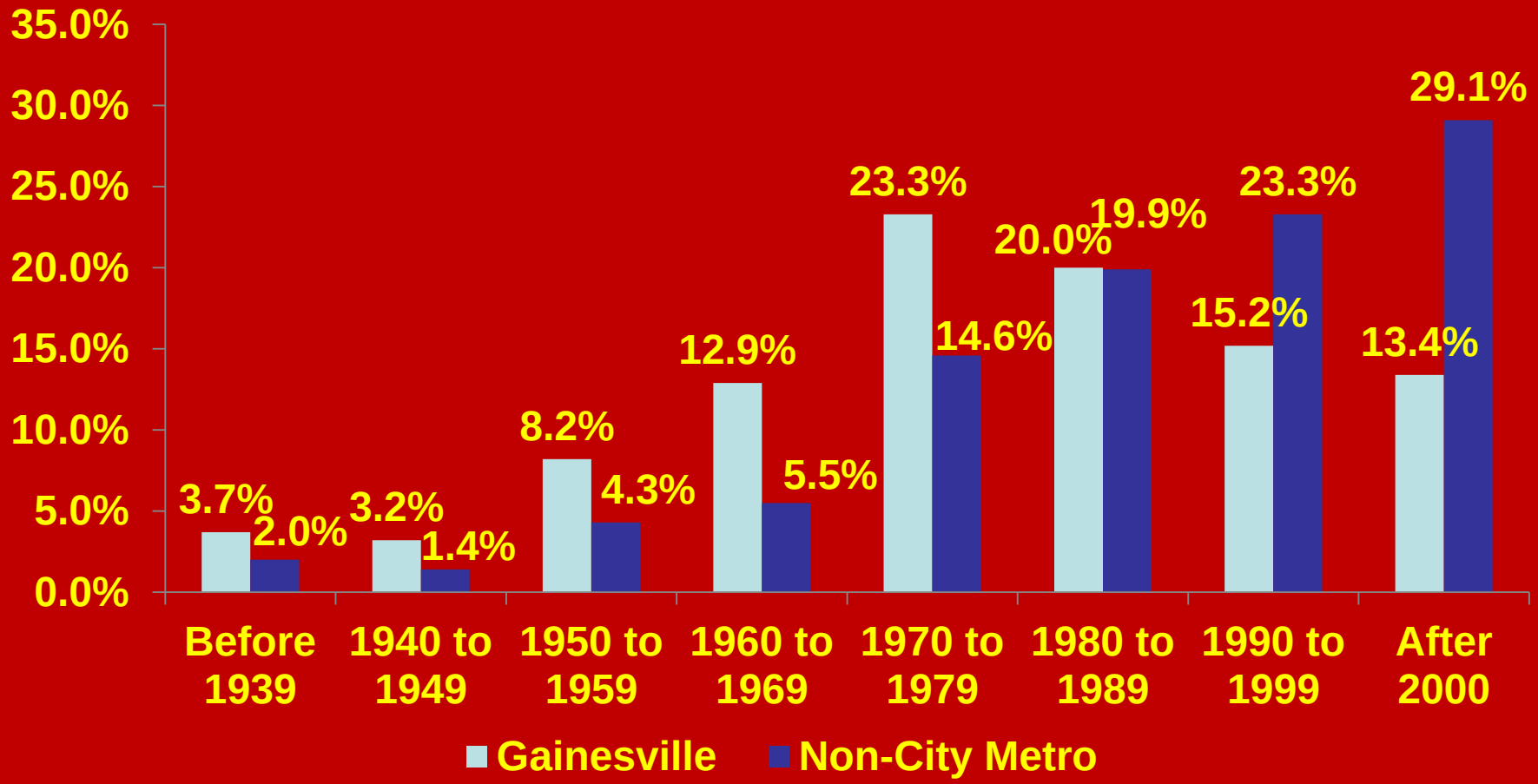
Which direction for Gainesville?

A Few Uncomfortable Facts

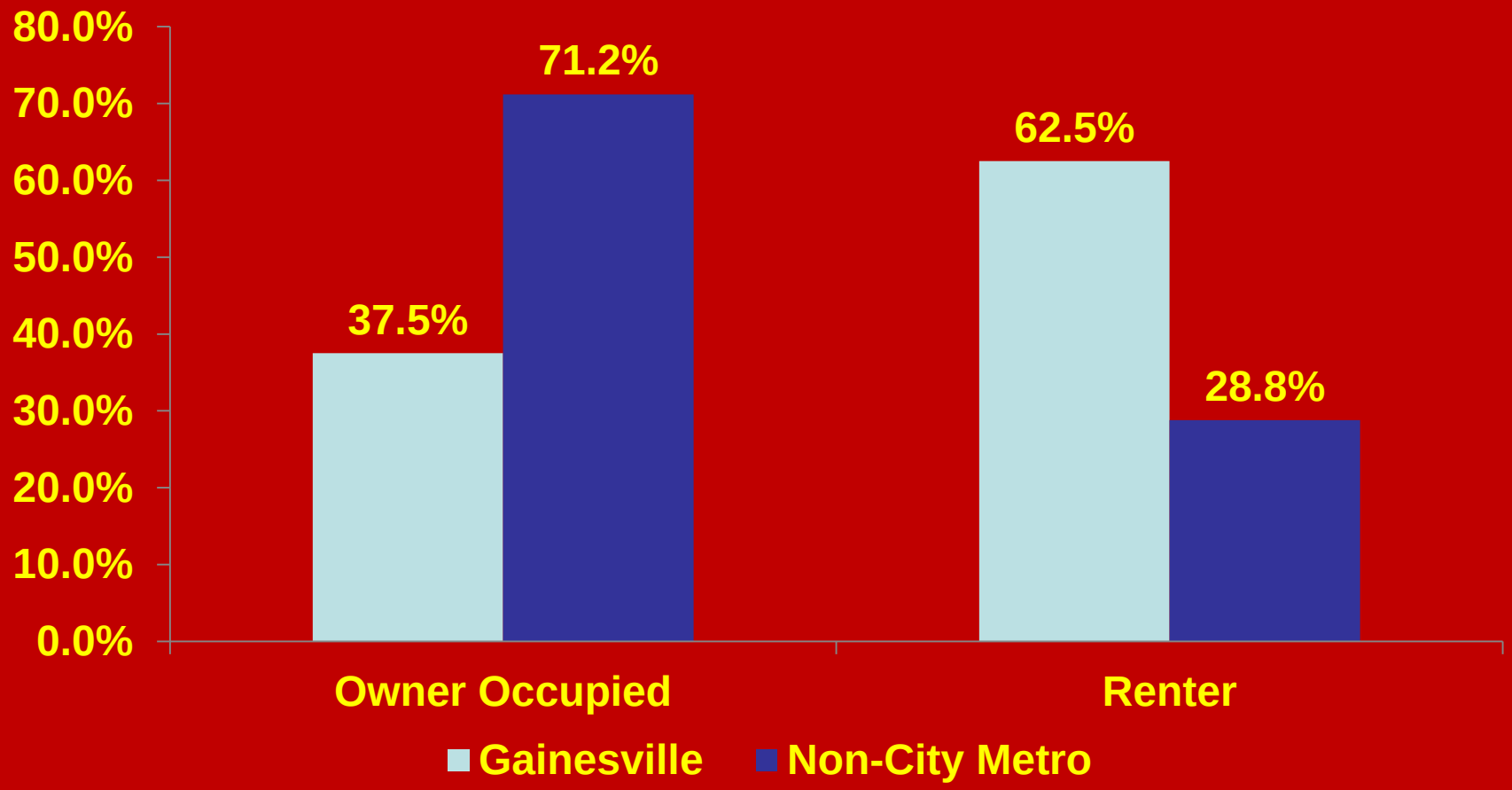
Distribution of Housing



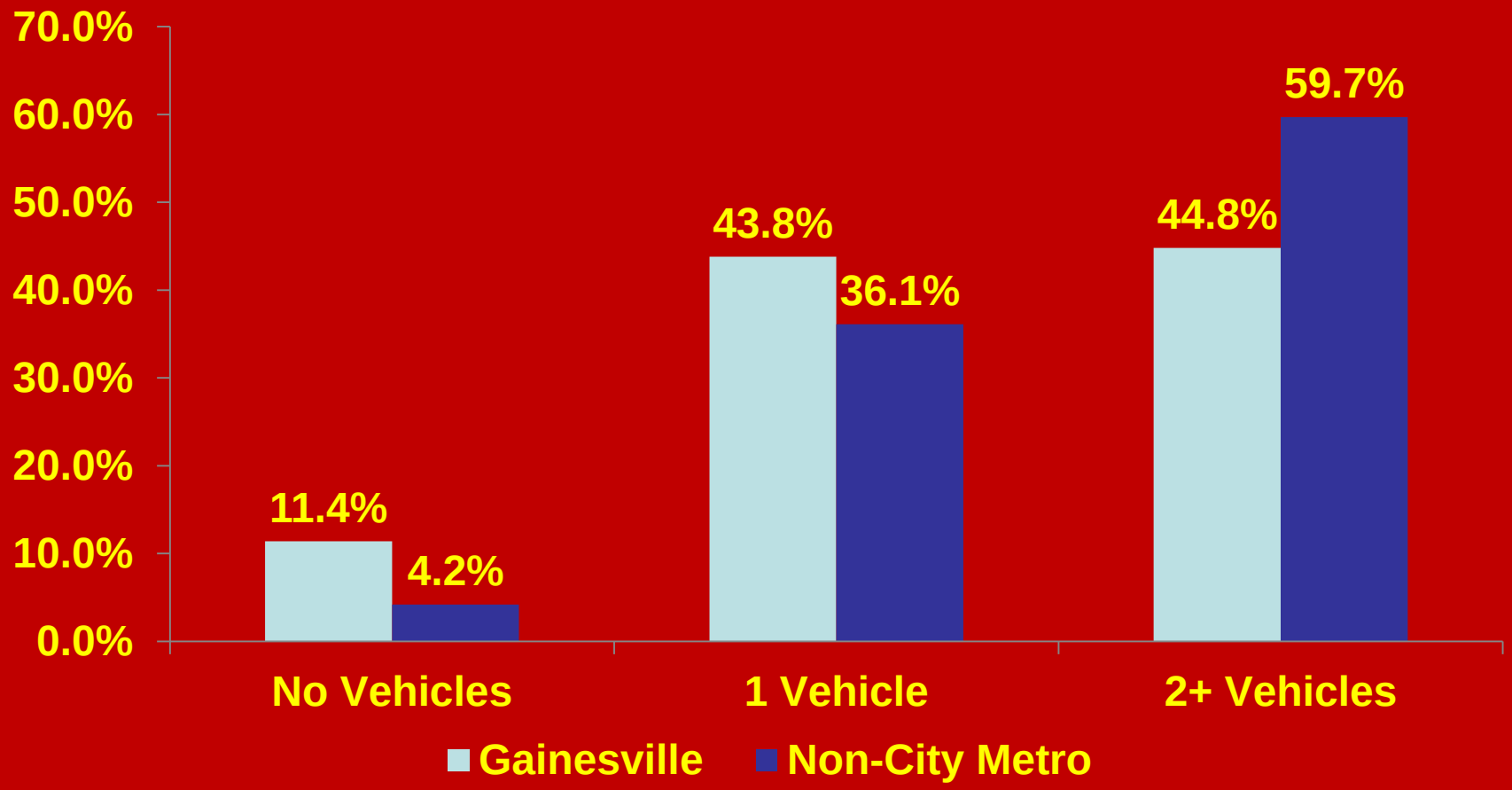
Growth of Housing Stock



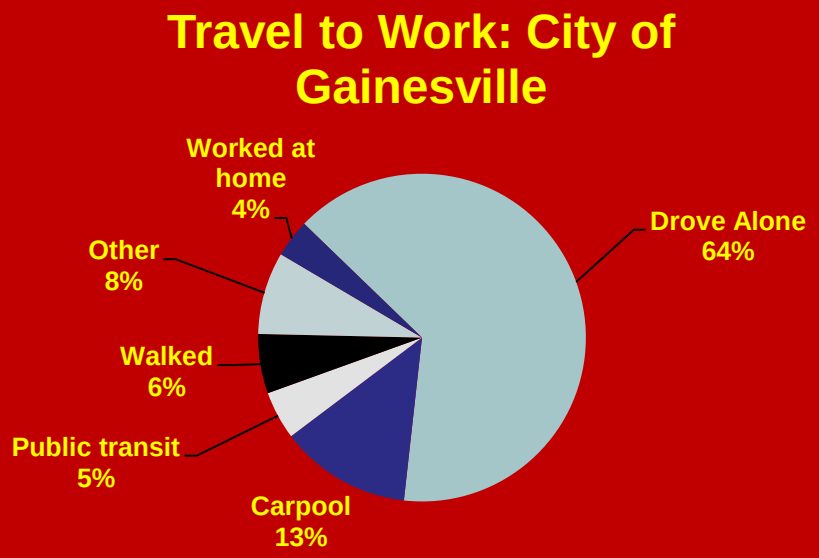
Homeowners vs. Renters

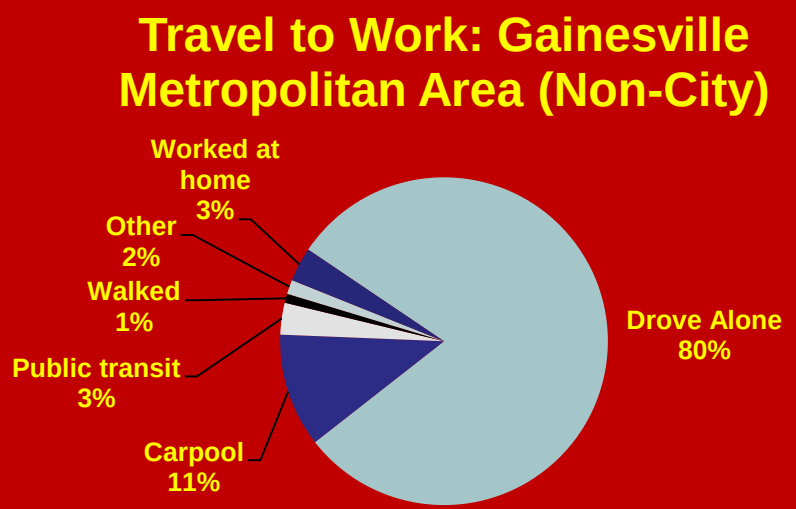


A Snapshot of Mobility



Commuting and Travel to Work





Conclusions

- Smart Growth is inconsistent with broader American preferences
- Gainesville is of three minds
  - University
  - City
  - Outlying metro area
- Both minds can be reconciled if policymakers and citizens focus on impacts rather than vague visions