

# Economic | A LIVABILITY FACT SHEET

## Development

For many years, public transit, bicycle lanes, trails and sidewalks have suffered from a lack of investment. The consequences are congestion, inactivity and obesity, as well as more air pollution and traffic crashes and a loss of economic vitality.

If current trends continue, total U.S. costs resulting from obesity are expected to be as high as \$957 billion by 2030.<sup>1</sup> The price of poor air quality due to transportation is predicted to be between \$50 billion and \$80 billion a year.<sup>2</sup> Expenses from traffic crashes in urban areas are expected to exceed \$299 billion annually,<sup>3</sup> with congestion costs adding \$121 billion or more to the bill each year.<sup>4</sup>

A more balanced transportation system is needed or these costs will continue to climb and undermine the nation's economic health and quality of life.<sup>5</sup> One study estimates that if the U.S. would grow in a more compact way between 2000 and 2025, the country could save \$110 billion in local road costs.<sup>6</sup>

A more balanced transportation system saves and earns

money. For instance, bicycle infrastructure creates an average of 11.4 jobs for every \$1 million spent while road-only projects create 7.8 jobs per \$1 million.<sup>7</sup> After slowing traffic and improving bicycling on Valencia Street in San Francisco's Mission District, nearby businesses saw sales increase by 60 percent, which merchants attributed to increased pedestrian and bicycle activity.<sup>8</sup>

Houses with above-average levels of walkability command a premium of about \$4,000 to \$34,000 more than homes with average levels of walkability.<sup>9</sup> A 1999 study by the Urban Land Institute of four new walkable communities determined that home buyers were willing to pay \$20,000 more for the houses than they would for similar homes in less walkable areas.

A nationwide survey by Smart Growth America of 17 development studies concluded that dense, mixed-use development costs 38 percent less than conventional suburban development on average, generates 10 times more tax revenue per acre and saves municipalities an average of 10 percent on public services such as police, ambulances and firefighting.<sup>10</sup>

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This block in Kingston, Wash., is located between a strip mall and a street. Prior to the shops and sidewalk being built, the space was simply a parking lot. Now there's retail on an active streetfront and still adequate parking.

# Myth-Busting!

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## ■ “Investing in downtown is expensive, the suburbs are cheaper to develop.”

Revenue-starved cities can garner far more taxes per acre from downtown multistory buildings than from strip malls and housing subdivisions. And in the next 20 years, the needs and preferences of aging baby boomers, new households and one-person households will drive real estate market trends.

Downtown locations are likely to attract many of these people.<sup>11</sup> Asheville, N.C., has a big box retail store less than three miles east of its downtown. The tax value of the store is \$20 million, but it sits on 34 acres of land, yielding about \$6,500 an acre in property taxes. A remodeled department store in downtown Asheville generates \$634,000 in tax revenue per acre.<sup>12</sup>

## ■ “Big box retailers bring big revenues to the communities they do business in.”

Big box retail stores encourage sprawling land uses, automobile dependence and the paving of large tracts of land. In addition, the stores contribute to the decline of urban and neighborhood centers because they pull retail activity out of central business districts and into the urban fringe. As local businesses close, residents increasingly use automobiles and travel farther to shop.

Several studies have found that for every job created at a big box store one to two existing jobs in the community are destroyed.<sup>13</sup>

A University of Massachusetts study found that income spent on a locally owned business had four to five times the local economic impact of a big box store does. Further, when a big box store closes, the community is left with a huge, unappealing building with limited reuse options.

## ■ “Narrow roads hurt business.”

By reducing traffic speeds and accommodating people who are walking and bicycling, narrower roads are one of the best ways to increase retail revenues. This technique, called a “road diet,” can even create more on-street parking spaces. The slower speeds provide drivers with better sight lines and make streets, entrances and exits easier to negotiate.<sup>14</sup>

## ■ “We need more parking lots, not less.”

In Portland, Ore., property values and customer volume in parking-restricted areas near transit stations are higher than in other areas, and the properties sell and rent quickly even without dedicated parking spaces.

An off-street parking space costs between \$3,000 and \$27,000 to build and about \$500 a year to maintain and manage. On-street parking is more efficient and can bring in as much as \$300,000 per space in annual revenues.<sup>15</sup>

## ■ “People in cars bring more business than those who walk or bicycle.”

Pedestrian and bicyclists tend to spend more money at local businesses than drivers do.<sup>16</sup> Bicycle- and walk-friendly streets boast slower speeds that allow drivers to more easily see business storefronts.

The North Carolina Department of Transportation found that although bicycle facilities in the Outer Banks cost \$6.7 million to build, they bring an annual economic gain of \$60 million and 1,400 jobs created or supported.

After the installation of protected bicycle lanes on Manhattan’s 8th and 9th avenues in 2007, retail sales increased up to 49 percent compared to 3 percent in the rest of the borough.<sup>17</sup>

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# How To Get It Right



Investments in mixed-use development, such as this town square in Arcata, Calif., can pay back 10 times more than a big box or strip center development.



Walkability tends to keep money local, attract shoppers, lower health costs and produce jobs, such as for this new sidewalk in Houston, Texas.

## Economic development can make or break a community, so it's important to get it right

### ■ Embrace placemaking

Strong networks of streets and destinations foster social networks, interaction and strong economies.

But great places can only exist when people choose to participate in creating them. That's why architects, designers, planners and engineers need to move beyond shaping cities through the lens of their professional disciplines and instead partner with residents, advocates and people who work in transportation, economic development, parks and health agencies. Engaging the people who will be living in or using the end result provides a larger vision for the space and community.

### ■ Small projects, big results

Consider doing a simple, low-cost project first, such as striping a bike lane. This will give people a chance to get comfortable with the concept and allow municipal staff to document the outcome. Sidewalk cafes, striped crosswalks

and community gardens are improvements that can be done quickly and foster economic growth.

### ■ Focus on downtown

From small villages to large cities, downtowns have traditionally been the heart of a community, a place where people work, shop, socialize and often live. However, in recent decades America's downtowns have suffered from the proliferation of enclosed malls, strip malls, big box retail outlets and office parks at the urban edge. Dedicate efforts on revitalizing the downtown core with walkable, mixed-use development and destinations.

### ■ Utilize form-based code

Form-based code offers a powerful alternative to conventional use-based zoning by addressing the relationship between building facades and the public space the shape and size of buildings in relation to one another and the size and types of streets and blocks. The codes are adopted into city or county law and are drafted to implement a community plan.

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# Success Stories

## ■ Portland, Oregon: Economic Dividend

By enacting a growth boundary, increasing density, introducing mixed land uses and investing in transit, walking and biking, Portlanders are saving time and money on transportation.

More than \$2.6 billion has been funneled back into the local economy. Portland-area residents travel about 20 percent fewer miles a day, or 8 million less miles per day, compared to other large metropolitan regions. (Vehicle miles traveled per person per day peaked in 1996.)

A commitment to smart growth policies and the prevalence of walkability has attracted people and business to the region. In one decade the number of college educated 25 to 34 year-olds increased by 50 percent, which is five times faster than in the nation as a whole. Even design elements such as street trees can raise property values. Trees on the street in front of Portland homes add more than \$7,000 to selling prices.<sup>18</sup>

## ■ West Palm Beach, Florida: Clematis Street

A once-lively Main Street anchored by a plaza, library and waterfront on one end and a historic train station on the other, Clematis Street was only 30 percent occupied in 1993.

After a \$10 million traffic-calming project rebuilt a fountain, restored key buildings and provided for event spaces, property values on the street doubled, \$350 million in private investment came to the area and more than 80 percent of the building space became occupied. As traffic slowed, social links between neighbors increased, trash along the streets disappeared, and the area evolved from abandoned to alive. The average home sale price increased from \$65,000 to \$106,000.

## ■ Lancaster, California: Lancaster Boulevard

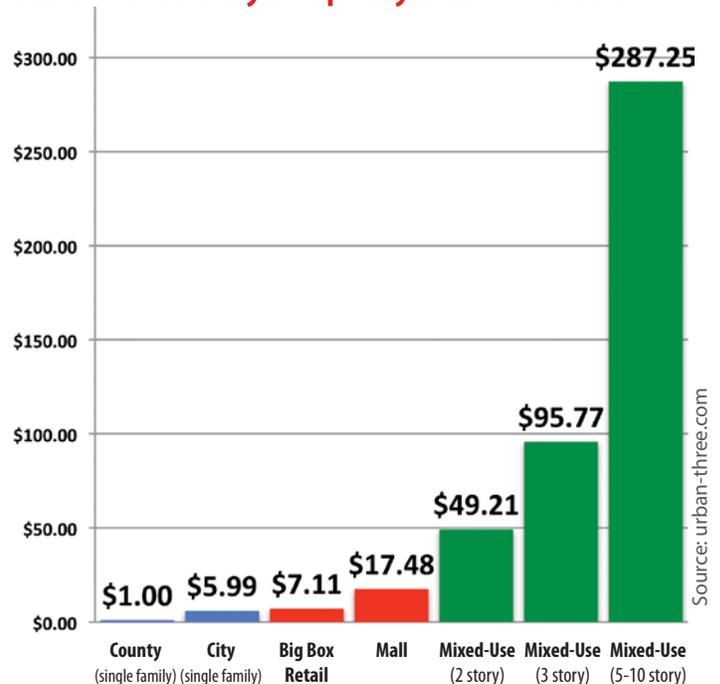
The redesign of its main boulevard helped transform

downtown Lancaster into a thriving residential and commercial district by adopting a form-based code, streetscaping, new public facilities, affordable homes and local businesses. The project won the EPA's top smart growth award and has generated almost \$300 million in economic output and nearly 2,000 jobs.

## WHY IT WORKS

As this chart comparing data from 30 cities across 10 states shows, for every dollar in property taxes raised by a county for a single family home, \$5.99 was raised for a city home within the county and up to \$287.25 was raised for valuable five- to 10-story mixed-use properties.

### Ratio of County Property Taxes Per Acre



## RESOURCES

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