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Development Update

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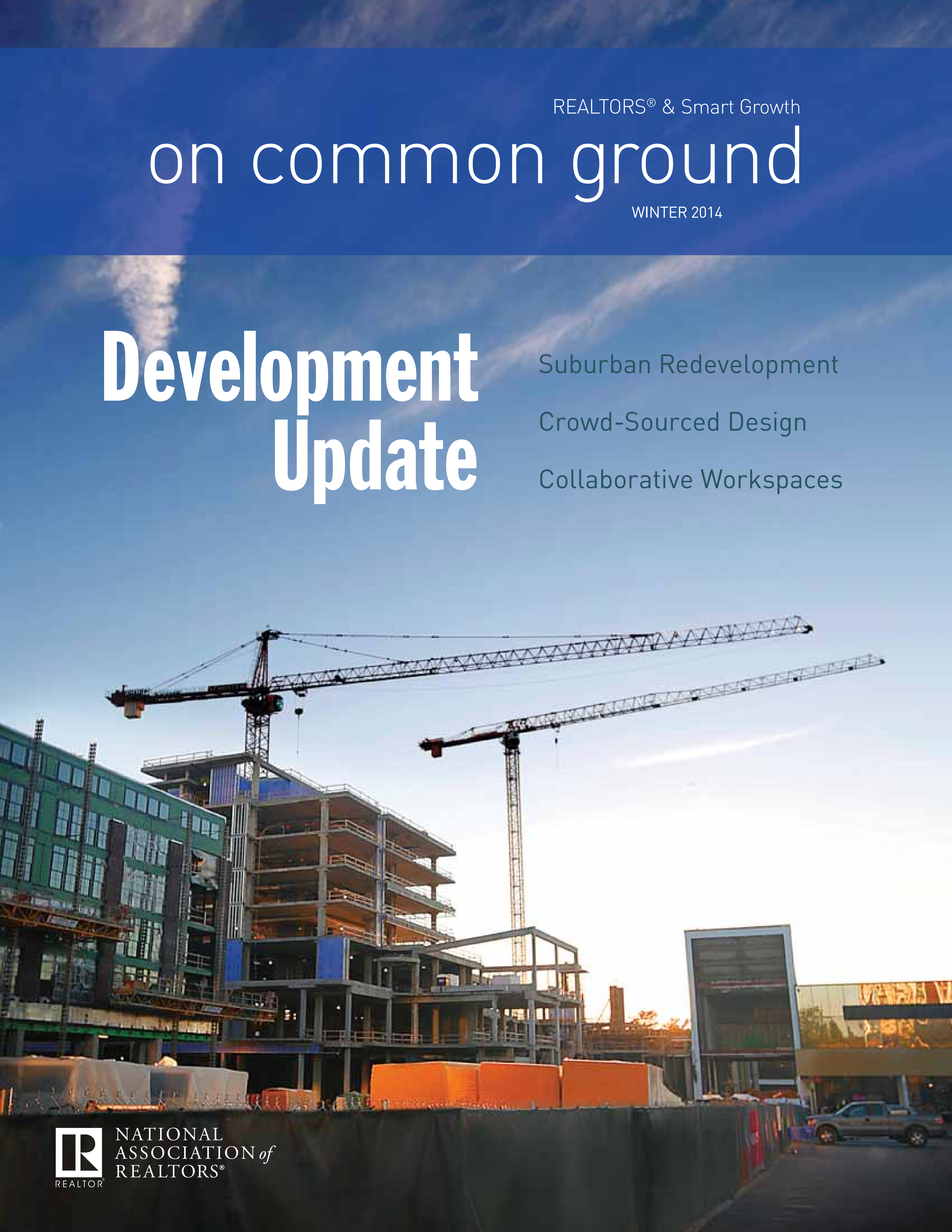
Collaborative Workspaces



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New Growth Patterns Emerging

By many measures, the economy is growing, but at a slow and inconsistent pace. Year-over-year numbers in home sales and new home construction show improvement, although progress is not always noticeable on a monthly basis. And regional differences in growth loom large. But in spite of the spotty nature of the recovery, it is a good time to take stock of what is being built and what this new growth looks like.

In 2013, home building was on the upswing for both single-family starts and multi-family housing, and an increase in household formation that began in 2012 seems poised to bring more demand in 2014. While reports of the "death of the suburbs" are overblown, many of the major home builders have increased their focus on more central locations closer to jobs, services and transit; and because there was overbuilding of single-family homes in far-flung suburbs, it may take a while for this excess to be absorbed. See page 4 for our report on home building.

Strong metropolitan markets are experiencing the beginning of what portends to be a major trend for decades — the redevelopment of well-located, low-density suburbs into more intense mixed-use communities. Older shopping centers, with their acres of underused parking lots, are ripe for this type of development; and a location near public transportation is increasingly seen as a needed ingredient for success. See page 10 for our article on this growing trend.

As reflected in several articles in this issue, the digital world is bringing new ways of doing things to real estate development. The internet provides the platform for increasing public input into the design of communities as well as homes (crowd-sourced design); and also provides a venue for finding investors for real estate development projects ("crowdfunding"). And digital entrepreneurs are increasingly locating their work in new collaborative work spaces.

These approaches provide a peek of what we may see as growth becomes (in 2014 please?) more robust.

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On Common Ground

Winter 2014

Photo courtesy of Greenwood Avenue Cottages and developer The Cottage Company

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The Home Building Revival

"No man ever steps in the same river twice, for it's not the same river and he's not the same man."

Heraclitus, Greek philosopher

By Brad Broberg

America's home builders are getting back to work. Through the first eight months of 2013, residential construction starts grew to an annualized rate of 891,000 units — up 19 percent year over year, according to the U.S. Census Bureau and Department of Housing and Urban Development (HUD).

All signs suggest the numbers will keep moving north. The National Association of Home Builders (NAHB) forecasts housing starts to hit 1.15 million in 2014 and 1.52 million in 2015, which is the historic average and a big bounce from the basement of the housing downturn in 2009 when housing starts dipped to 554,000 units — the fewest in half a century.

"We're optimistic that things are going to continue to go up," said Rick Hartman, chief operating officer with home builder Toll Brothers Inc. "I see everybody doing well right now."

Yet just because the sawdust is flying again doesn't mean home building is picking up exactly where it left off. This is not the same economy and not the same population based on the resources, priorities and mindsets of buyers and renters. It stands to reason it isn't the same home-building environment, either.

The revival of home building is a tale of two sectors — single-family and multi-family. While new construction

The trend of the multi-family surge is the tilt toward apartments versus condominiums.

plunged in both sectors during the downturn, multi-family housing began to recover first.

After bottoming out at 98,000 units in 2009 and treading water at 104,300 units in 2010, multi-family starts (five-plus units) shot to 167,000 in 2011 and 234,000 in 2012, according to HUD/Census Bureau figures. The seasonally adjusted annual rate through the first eight months of 2013 was 252,000.

Meanwhile, single-family starts didn't begin recovering until 2012. After bottoming out at 431,000 units in 2011, single-family starts rose to 535,000 in 2012. The seasonally adjusted rate through the first eight months of 2013 was 628,000.

While multi-family housing starts have captured a greater share of residential construction than normal the past few years, the ratio is gradually reverting to historic norms as single-family starts accelerate, said Steve Melman, director of economic services for the NAHB. In 2012, multi-family starts (five-plus units) accounted for 30 percent of housing starts, but by 2015 are expected to account for only 21 percent after singe-family construction grows to 826,000 units in 2014 and 1.16 million in 2015, according to the NAHB.

The trend within the trend of the multi-family surge is the tilt toward apartments versus condominiums. Condos accounted for between 20-30 percent of multi-family construction (two-plus units) for 20 years before spiking to 40 percent-plus between 2004 and 2007, according to the Census Bureau. When the housing downturn hit, condo construction spiraled and has yet to reclaim its historic share of multi-family housing starts. Today, the ratio is 90 percent-plus apartments and less than 10 percent condos.

With the exception of certain urban markets like Boston and Seattle, condo construction will probably remain muted for the next year or two — maybe longer — said Mark Obrinsky, chief economist with the National Multi Housing Council (NMHC).

New household formation is rebounding from recession lows.

Overall, however, multi-family constriction should keep on trucking because there's enough demand — if not necessarily enough financing and investor appetite — to build as many as 350,000 units of predominantly rental housing a year, Obrinsky said. "New household formation is rebounding from recession lows and for the time being there is greater interest in renting than before the housing bubble burst," he said.

Like a melting glacier, new household formation is the upstream source of housing demand. From 2000 through 2006, an average of 1.35 million new households (children leaving home, singles leaving roommates, etc.) formed each year, according to the Census Bureau, but from 2007 through 2011, only about 550,000 new households formed each year. In 2012, the glacier finally started melting more freely again as nearly one million new households formed — a possible precursor to a pending surge of more than two million "missing" households that already should be established but were frozen by the recession.

The Glen, a Pulte Homes' community in Glenview, Ill.

The bulk of new households are formed by young people and immigrants.

The bulk of new households are formed by two populations with more influence on housing than ever: young people — today's vast Generation Y — and immigrants — whose numbers are climbing again after falling during the recession. While both populations always have rented in swarms, today's tighter lending standards and the ghosts of the foreclosure crisis have put an exclamation point on that fact, Obrinsky said.

Another ongoing demographic trend also figures to sustain multi-family demand, Obrinsky said. The share of single-person households has grown — from 17 to 27 percent — while the married-couples-with-children share has dwindled — 40 to 20 percent — every decade since 1970, according to the Census Bureau. "Those trends should continue for a little while into the future," he said.

The shrinking number of married couples with children mirrors the aging of the Baby Boomers (born between 1946 and 1964) — 75 million strong and increasingly composed of empty nesters. "When they get ready to downsize are they going to stay in their large suburban home? My guess is a lot will stay there, but it's a big generation," Obrinsky said. "Where will (the rest) go?" Although the migration has yet to reach takeoff speed, many Baby Boomers could land in multi-family housing, he said.

Despite the many forces driving multi-family demand, single-family housing remains bedrock in the long run because the lure of homeownership remains strong. In a 2013 survey by the Urban Land Institute titled "Where Americans Want to Live," 71 percent of all respondents said buying a home is a good investment, despite the housing crisis, and the NATIONAL ASSOCIATION OF REALTORS® 2013 Housing Pulse Survey found that 80 percent of all respondents said buying a home is a good financial decision.

The dynamic that unites both multi-family and single-family housing is a stronger interest in more central locations closer to jobs, services and transit. "We don't have good data on the ratio of urban and infill development, but obviously it's greater," said Melman.

Summer Grove, a recently constructed infill development, by Toll Brothers Inc., is a community of 38 homes in desirable Kirkland, Wash., across the street from a grocery store, shops and restaurants. A park is at the center of the community, creating an interesting street scene.

(Right) Siena at Saratoga, a Toll Brothers Inc. development, is a collection of 79 luxury townhouses located in West San Jose, bordering Saratoga, Calif. The site was a bowling alley and was rezoned for multi-family development.

The ULI survey reported strong demand for infill development near jobs, services and transit — especially among the nearly 80 million members of Generation Y (born between 1979 and 1995). As they form households and raise families, they are the generation most likely to have the most profound influence on development.

"We certainly see builders responding to this," said Lynn Ross, executive director of the ULI Terwilliger Center for Housing. "If these are the places people are looking for, these are the places you need to create."

Jed Kolko, chief economist with the real estate website Trulia, has a different take on why builders might be more focused on infill than they once were. "It has less to do with changing demographics than the amount of overbuilding of single-family homes in the (outlying) suburbs during the bubble," he said. "Those are the areas where there are still a lot of houses."

Part and parcel to that is the reluctance of lenders to finance projects on the outskirts after seeing the housing markets in distant suburbs struggle the most during the recession, Melman said. "Builders use to say we'll build it and let (buyers and tenants) come, but I don't think lenders believe that anymore," he said.

A shortage of first-time home buyers — who traditionally create a strong market for starter homes in the outer suburbs but now struggle to qualify for loans — also comes into play. They typically account for 40 percent of home purchases, but now account for less than 30 percent, according to monthly sales reports from the NATIONAL ASSOCIATION OF REALTORS®.

Ian Wild, director of market research at home builder PulteGroup Inc., agrees that many would-be first-time buyers are handcuffed right now. "Overall, the U.S. economy has hurt the first-time buyer," he said. "The move-up buyer is in a much better position."

Good schools, as always, trump everything for most move-up buyers of single-family homes. "If they have to trade off other things, they'll do it," Wild said. Still, they'd rather have it all — good schools plus short commutes and nearby shopping and entertainment.

There is strong demand for infill development near jobs, services and transit.

Many Baby Boomers want to retire near where they already live.

The Glen, a Pulte Homes' community in Glenview, Ill.

(Below) Willow Glen Place, a Toll Brothers Inc. development, is a collection of 43 townhomes and 144 condo units located in the Willow Glen section of San Jose. The property was part of a shopping center, and provides easy access to three major highways. Willow Glen is a highly desirable area of San Jose and is predominantly residential in character.

PulteGroup took advantage of post-recession price reductions to shop for infill sites that offer it all, Wild said. "If we can get people within 15 to 20 minutes of an urban center, that makes their life easier," he said. "Post recession, we had opportunities that weren't available to us in 2005-2006."

The changing retirement plans of Baby Boomers also factor into PulteGroup's infill efforts. Instead of building large destination communities where retirees can migrate to spend their golden years in the sun, the company's Del Webb division is building more and more small communities in metro areas because many Baby Boomers say they want to retire near where they already live, Wild said.

The ongoing expansion of rail service is yet one more post-recession housing catalyst. "They keep pushing the lines farther into the suburbs. As that happens, we're following them out or are just ahead of them locking up opportunities for later on," Hartman of Toll Brothers said.

It would be a mistake, though, to paint the heightened focus on infill development as an either/or proposition for builders. After "overlooking" infill opportunities in the past, Toll Brothers now seeks them out, but not at the expense of other development types. "It just adds to the menu of what we offer," Hartman said.

Generalizations are problematic because so much varies from market to market, said Steve Ruffner, president of the Southern California Division of KB Homes. In the SoCal interior, for example, traditional suburban development continues. On the coast, it's all about infill and density because communities there are largely built out yet need to add housing to meet consumer demand and satisfy state planning policies, he said.

One generalization does hold water. Home sizes are headed back up. After falling for three straight years from 2007-2009, they've risen for three straight years

Home sizes are headed back up.

(Below) City Park at Sunnyvale, a Toll Brothers Inc. development, is a collection of 129 luxury townhouses units located in North Sunnyvale, Calif. The area underwent a significant transformation from industrial to residential use.

to an average of 2,521 square feet, according to the Census Bureau. “I would say size has gotten bigger because affordability has improved,” Ruffner said. “In our surveys, buyers say they want the most house they can afford.”

That could be partly due to the mushrooming number of multi-generational households, which have been on the rise since 1980 and now total more than 50 million, according to the Census Bureau. A 2012 survey by the PulteGroup reported that 31 percent of households anticipated at least one adult child moving back home and 32 percent anticipated an aging parent living with them.

The other explanation is that more homes built in the last few years reflect the preferences of people with good credit and the ability to make larger down payments — typically wealthier buyers who can afford larger homes.

Brad Broberg is a Seattle-based freelance writer specializing in business and development issues. His work appears regularly in the Puget Sound Business Journal and the Seattle Daily Journal of Commerce.

TRENDWATCH

From Old Suburbia to Vibrant Community

While smaller-scale developments get back off the ground, a few developers are transforming massive "suburban-form" properties into entirely new neighborhoods.

Ballston Commons in Arlington County, Va., an example of the first wave of suburban redevelopment.

By G.M. Filisko

When Ellen Dunham-Jones began researching the retrofitting of the suburbs, she didn't expect her work to span 20 years and grow to encompass nonsuburban redevelopment, too. What she and her colleague, June Williamson, have learned is that suburban redevelopment trends have spread to cities and are still evolving today.

The overhauling of malls and retail hubs has been a major driver in suburban redevelopment trends.

"Our research started out looking at suburbs," says Williamson, associate professor of architecture at The City College of New York in New York City. "Then we started looking at suburban development types, which included properties like strip malls, garden apartment complexes, and residential subdivisions and included examples of those as they migrated back to the cities from the suburbs.

"Our research shifted to what we call redevelopment of the suburban form," adds Williamson. "It's not necessarily about where a property is but the factors surrounding it, like being in places that are car dependent, having generally a single use and relatively low density, and being in an area with motivated municipal leaders. Most of those are found in the suburbs. But some cities are huge in terms

There's a lot of attention to reinhabiting, redeveloping, or regreening dead downtown malls.

of geography and include lots of areas that look, walk, and talk like suburbs."

The overhauling of malls and retail hubs like Shirlington in Arlington County, Va., has been a major driver in suburban redevelopment trends. But beyond the projects, lies the latest twist in redevelopment, namely the emergence of massive multiparcel retrofits with major public and private commitments, says Dunham-Jones, an architect and professor at Atlanta's Georgia Institute of Technology who also coordinates the school's masters program in urban design. The most recent include Winrock in Albuquerque and Assembly Row in Boston. Will there be more? That depends.

Three generations of a trend

To understand what's happening today, it's important to see what's come before. "I distinguish between three generations of suburban retrofit," explains Dunham-Jones. "The first wave started in the late 1990s and continues today, with most projects in first-ring suburbs developed post-World War II. They've typically been developer led and involved an aging suburban property built in the 1950s that, if not vacant, was certainly underperforming, with scads of asphalt, yet in relatively central locations."

The second phase took place during the recession. "Developers pretty much drop out," says Dunham-Jones. "They can't get money to do anything, and it's the public sector leading in redevelopment projects. During the boom years, the public sector had been in reactive mode. The recession allowed a lot of suburban planning departments — and urban as well — a chance to catch their breath, meet with their communities, and talk about how to reposition themselves to capture growth when the economy recovered. You see a tremendous amount of rezoning of commercial strip corridors and a rethinking of how to use public land, such as swapping properties to assemble them to be more developable. We see the public sector figuring out how to be much smarter about public-private partnerships."

The geography of redevelopment changed then as well, adds Dunham-Jones. "We see many more projects where the public sector is stimulating development on suburban projects that have a transit component connecting to downtown," she explains. "There's also a lot of attention to reinhabiting, redeveloping, or regreening dead downtown malls. A great example is Columbus Commons in Ohio, where a dead downtown mall was demolished and a park was built. The hope was when the economy recovered,

Courtesy of Arlington Economic Development

The Pentagon City retrofit in Arlington County, Va.

Courtesy of Arlington Economic Development

Photo by cizauskas

Photo by wfyurasko

Tysons Corner in Northern Virginia is a major office and retail location.

planners would be able to ring the park with new urban housing. They broke ground on the housing in late 2012."

The third stage is underway today, explains Dunham-Jones, but only in the few markets fully recovered from the recession, such as Washington, D.C., and Austin, Texas. "We're seeing in those areas really large multiparcel retrofits with major public and private commitments, and most have transit as a component," she explains. "A good example is Tysons Corner in Northern Virginia, with a major new subway system coming to the region's largest suburban business area. There's a similar-scale project in Austin called Airport Boulevard, where the former airport and a nearby chemical research facility are being developed as an urbanist project. The first phase has been redeveloped because transit is coming, though it hasn't hit yet. Their mall has been sold to Austin Community College, which will reinhabit it to build a more complete campus.

"Now it's truly public and private entities absolutely working together," says Dunham-Jones. "However, I don't think this third stage will happen everywhere, even in the next couple of years unless we have a miracle economy, which I don't think we'll have. In different markets, you'll see dire areas and growing areas.

"Ultimately, the change since the recession is the role of the public sector," concludes Dunham-Jones. "The public sector has become much more proactive, and it's been changing its zoning toward more walkable areas, more density, and more mixed use. It's basically toward more urban patterns. They're more efficient; they're more economical for the city; and they're where the market is going. The suburban forms are really yesterday's market."

Meanwhile, smaller retrofits restart

As all that's happening, there's a parallel trend, says Dunham-Jones, in which many mall redevelopment projects — most from big-box-based formats to walkable, mixed-use communities — that stalled during the recession have restarted.

"Those tend to be anywhere from 40-100 acres," says Dunham-Jones. "They're good sized, but I wouldn't put them in the third category, which involves projects bigger than mall retrofits."

Malls successfully retrofitted into something walkable and near mass transit would be better for the planet.

Yet there are still barriers to such projects. "Many people think the market is ripe for wholesale recasting of our suburban landscape to one that's walkable — and with places to walk to — and with more functionally related land uses, especially between residential types and residential-serving uses, like the coffee shop, bakery, and things like that," contends Arthur C. Nelson, director of the Metropolitan Research Center at the University of Utah in Salt Lake City. "But the market can't perform to meet needs because of the nature of the current build environment's regulatory barriers, infrastructure barriers and other minor challenges."

Among the examples Nelson cites are parking and setback regulations, along with regulations governing factors like building heights. "It's crazy, but here in Salt Lake City, we have a light rail going down a very major commercial corridor practically in downtown. But the zoning doesn't allow buildings to have more than five floors," he laments. "The market would easily go double that. This trend is happening, but it would be a much bigger revolution if we changed these restrictions."

However, even with major regulatory changes, Williamson warns against expecting every tired mall to undergo a total transformation. "The trend isn't that somehow over the next several years, every single enclosed shopping mall is going to turn into a mixed use," she says. "There are a lot of those centers, and some will survive in more or less the same form, and some will diversify. And not every mixed-use development will have the same formula of uses. Some could be converting to an institutional use, like a community college or medical facility. Or it could be a project more about entrepreneurship, like job training centers or people doing incubators. What's unique is that a lot of these malls are fairly large pieces of property. What can you do with 100 acres? A lot."

The more malls transformed, the better. "Every one of these malls, if successfully retrofitted into something walkable and near mass transit, would be better for the planet — and that can add up," contends Williamson. "And every project that's already developed is one fewer greenfield that gets developed with something else we don't need. There's a lot of opportunity for direct profits and collateral benefits for communities and metropolitan regions to not abandon properties already invested in."

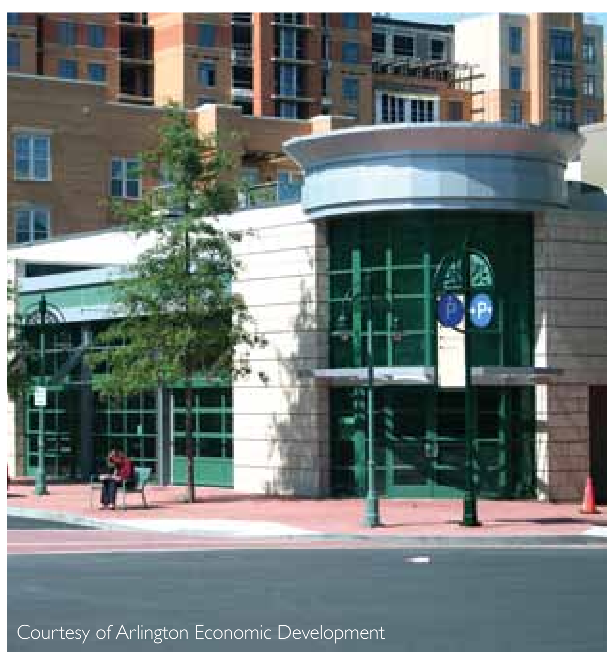
Early adaptor to today's trend

An early example of today's retrofitting trends, says Nelson, is Shirlington in Arlington County, Va.

"My wife and I lived there for six years in the 2000s, and we saw this thing called Shirlington along a trashy suburban corridor be transformed into several hundred residential


Courtesy of Arlington Economic Development

The Shirlington redevelopment in Arlington County, Va.


Courtesy of Arlington Economic Development

We increased the density of Shirlington and used local government investments to make it a more lively space.

units and maybe one million square feet in a retail complex, and it was fabulously successful," says Nelson. "Now they're putting in bus rapid transit and connecting it to the local fabric."

Terry Holzheimer, director of Arlington Economic Development, was involved in the planning to retrofit Shirlington, which he says was a shopping street, not a mall. "Shirlington was the shopping service center for Fairlington and Parkfairfax, both World War II developments," he explains. "There was a bit of a suburban shopping center, a tire center, a grocery store, and a few small shops. A company had previously come in and built a couple of office buildings and renovated the retail. But it was just a one-block retail center with surface parking and a big-box retailer. Then the big-box retailer failed, so there was a big parking lot with an empty building. At the time, the center was mostly entertainment and dining establishments, and we felt like there wasn't enough 'there' there. It needed more daytime development."

The county worked with Federal Realty to transform the area and even threw its own land into the project. "We built a library-theater complex to frame the redevelopment," explains Holzheimer. "We built a parking garage with Federal Realty. We created development sites for two high-rise residential buildings — one a condominium, the other a rental building. We also built a new office building and a new hotel, and lining all that was retail on the ground floor with walkup apartments above. We really increased the density of Shirlington and used local government investments to make it a more lively space.

"What surprised me was that phase, from about 2001-2005, happened much more quickly than any of us anticipated," adds Holzheimer. "The market was really strong back then. But we were thinking it would take about 10 years, and it took about five. Public investment in the library-theater really made it an attractive place to live. Trammell Crow sold out the condos within a couple of days without even opening a sales office,

Pentagon City in Arlington County, Va.

Rendering of the Winrock Development in Albuquerque, N.M.

and the residential units leased pretty quickly. That really added a lot of residents to Shirlington and made it a place to live as well as a place to go out to eat."

Next up in Arlington County are the retrofitting of two malls built in the 1980s directly on urban transit systems: The Fashion Center at Pentagon City, a three-story mall with about 800,000 square feet of retail; and Ballston Common Mall — a redevelopment of the 1950s Parkington — which is now a three-story mall with about 700,000 retail square feet that's part of a walkable area with retail, apartment, condo and commercial space.

"Those malls are in fairly good shape and perform better than average for the market," says Holzheimer. "But Tysons Corner Center, the premier mall in Northern Virginia, is really ramping up for a new Metro station, and it's getting even bigger and better. To compete, our two malls have to redevelop or die. They're being integrated into the centerpiece of high-quality, walkable urban villages."

Going big in Albuquerque

Once the largest mall between Los Angeles and Dallas, Winrock in Albuquerque is undergoing a major transformation into what developer Goodman Realty Group calls a live-work-play development.

"Winthorp Rockefeller built it in 1959 — that's why it's called Winrock," explains Darin Sand, Goodman's vice president of development in Albuquerque. "It's in the city limits in what's called the Uptown area, but it's about seven miles from downtown. In the early 1960s, the interstate thankfully came right next to the property. We purchased it in 2007, when it was essentially a vacant mall on about 84 acres."

The term live-work-play comes from Goodman's plan to have several thousand residential units surrounding a two-acre park integrated with office, retail, and entertainment venues, all in a pedestrian-oriented plan, says Sand.

"We have a lifestyle center across the street, and it's distinctly obvious pedestrians weren't considered as much as the cars when it was built," he says. "And there's no residential space within the development. We want people to live there, walk or bike to work right on the same property, and entertain themselves there, too."

The plan's in the early stages, and Sand expects it to take four to six years. "We'll take the mall's roof off," he explains. "The main corridor of the mall will become the main street. We'd like to keep as many buildings as we can, and the main corridors — one goes north/south and the other goes east/west — would be part of the new street grid. It's essentially a little town we're building."

Malls are being integrated into the centerpiece of high-quality, walkable urban villages.

Renderings of Assembly Row, a transit-oriented development in Somerville, Mass., just 400 feet from the Boston city line.

It's essentially a little town we're building.

An IMAX theater is scheduled to open in November. Lease negotiations with Dave & Busters are ongoing with a projected opening of late spring 2014, says Sand. The residential phase of the development is still on the drawing board. "We're considering a 250-unit, high-end apartment development," says Sand. "We've got three 10-story residential buildings planned, more interior to the property, but we haven't decided whether they'll be apartments or condos."

The most vital part of the development is its goal of sustainability through public-private partnerships, with things like onsite water treatment, energy production, food production, and recycling programs.

"We have unique resources no other state has," says Sand. "We have more sun than most cities. We have two national laboratories — Los Alamos and Sandia — and the University of New Mexico in close proximity. So we have a lot of intellectual power, a tremendous business community, and utilities willing to work with us. Our mission is to offer Winrock as a lab to put cutting-edge technologies to use, where people live, work and shop, to discover how to use electricity most efficiently in the future."

A different "big dig" in Boston

Another massive example of today's trend of public-private partnerships propelling redevelopment is Assembly Row, a transit-oriented development in Somerville, Mass., just 400 feet from the Boston city line.

Federal Realty purchased the Assembly Square Marketplace in 2005, along with about 30 acres of essentially vacant adjacent land. "What we bought was a power center throwing off a significant amount of income and some industrial property and had a crazy idea of developing something if we got a bunch of pieces to fall into place," says Don Briggs, president of Federal Realty Boston. "Ikea was planning to build a store on the waterfront, but a lawsuit emerged while it was in the zoning phase, which we inherited when we made the purchase. There was also talk of building a new orange line T subway stop.

"We saw a great retail asset and irreplaceable real estate four miles from the financial district — Somerville is closer to downtown Boston than most of Boston," says Briggs. "The site has great access from I-93. With the potential of getting a T stop, you could really create a walkable, connected community."

People will pay a premium for a mixed-use and park environment that's plugged into transit accessible to downtown.

The plan will include 100,000 square feet of office space, 330,000 square feet of retail, and 450 residential rental units near the first new T stop built since 1987. "The retail will open in time for Memorial Day 2014," says Briggs. "We just opened a public park on the Mystic River and started preleasing the residential development. One-bedroom apartments are going for $2,500 a month, and two-bedrooms are renting for $2,800 a month. That proves people will pay a premium for a mixed-use and park environment that's plugged into transit accessible to downtown."

Briggs says the project is a true public-private partnership. "In 2007, the federal government provided a $25-million earmark to fund the new T stop," he says. "In 2009, Ikea decided not to proceed with a store, and we had to retool our public financing package. About the same time, the federal government was coming out with stimulus money. Massachusetts chose to use a portion of its stimulus money to invest in future economic development, and we were one of the first recipients of that. Our relationships helped us bridge gaps."

The lesson from Assembly Row may be the lesson for all of today's redevelopment of the suburban form. "You have to have a long view and a strong vision," says Briggs. "And you have to have strong public partners who'll make an investment and share your commitment. Ultimately, the goal is to create a really great environment that leads to a better quality of life." ●

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MICROS FOR MILLENNIALS

Small apartments for efficient living

Courtesy of Resource Furniture and Clei

By Christine Jordan Sexton

Small. It's the new big.

Micro-unit apartments and condominiums measuring in at as little as 250 square feet have become the latest housing option for price-conscious Millennials and a growing number of single and two-person households emerging across America.

There is no one set design for micro-unit developments. Most units have built in furniture features, such as a Murphy Bed or a kitchen table. There isn't space for books or CDs but most of these renters have Kindles and iPods. Extra space isn't a high priority for these tenants and they don't want to spend the extra money heating and cooling the additional space either.

Small spaces are nothing new. They are common in Tokyo, Singapore and Paris as well as in older building stock in cities like San Francisco and New York. But developers all across America — and especially in cities where land is expensive — are rediscovering small and making it more efficient.

The latest trend in the United States kicked into high gear about five years ago with the work of Evan Granoff. Granoff, a Rhode Island-based developer, announced

The latest trend in the United States is micro-unit, mixed-use development, which includes commercial space along with small residential spaces.

The waiting list to rent at The Arcade is long.

plans to renovate "The Arcade" from a one-time indoor shopping mall that had been shuttered earlier that year into a mixed-use commercial space with 48 micro-units and 29,000 square feet of rentable space.

After toiling on the project since 2008, Granoff refuses to say exactly when the building will open. The hesitance comes after missing self-imposed opening deadlines in the past. The delays are attributable to everything from bad timing — the financial markets tightened due to the economic meltdown — to renovating and repurposing a 180-year-old historic building that needed to be brought up to code and made compliant with the Americans with Disabilities Act.

Built in 1828, The Arcade is a three-story building that boasts Greek Revival columns and granite walls. It sits on prime Providence real estate between Westminster and Weybosset streets and is a stone's throw away from Brown University and the Rhode Island School of Design, among a number of other colleges. It is walking distance to the state Capitol, where the Rhode Island General Assembly meets and is in the heart of Providence's financial center.

The Arcade was built as the first indoor mall in America. It has an atrium in the center of the building and has skylights. It was declared a national historic landmark in 1976 but was shuttered when the economy crashed in 2008. It has appeared on the Providence Preservation Society's list of most endangered properties list since 2009.

"When I first started, people were saying I was crazy for making units this small, that no one wants to live in a really, really small unit," Granoff said. "But I think they do."

Indeed they do. The waiting list to rent at The Arcade is long. Granoff won't say exactly how many names are on it but he has been collecting applications for the last five years. While he intends on awarding the apartments by order of the wait list he says people freely share their credentials, hoping it will help them get one of the 48 coveted apartments.

"People act like they are applying to college, they put all this personal information on their applications," he said. "The interest in this was much, much, greater than I ever anticipated it would be."

While micro-units occupy the second and third floors of the building, Granoff has designed the first floor for micro retail featuring fashion and jewelry designers from the Rhode Island School of Design.

Complementing the retail will be three restaurants, all of which are Rhode Island based or locally owned. While he may like Argentinian steak houses, Granoff said he didn't want any chains in The Arcade. "I wanted (the restaurants) to be an amenity to the retail as well as the residential."


Photo by Muffet

The Arcade development in Providence, R.I.


Photo by Muffet

The building will create needed housing stock for the growing number of single and two-person households in the city.

Courtesy of Resource Furniture and Clei

Photo by UrbaneApts

Grand-opening delays have done nothing to deter interest in the Providence, Rhode Island redevelopment, which was featured in the City of New York Museum exhibit: Making Room: New Models for Housing New Yorkers.

The exhibit opened in January following Mayor Michael R. Bloomberg's press conference announcing the winners of the adAPT NYC Competition. The city solicited proposals for the design, construction and operation of a micro-unit apartment building at 335 East 27th Street in the Kips Bay neighborhood in Manhattan.

The winning proposal — called "My Micro New York" — was submitted by a team of professionals from Monadnock Development LLC, Actors Fund Housing Development Corporation and nARCHITECTS. The development is allowable under a pilot program that allows the buildings to be smaller than the mandated 400 square feet. The goal is to close the deal and have all the zoning requirements approved by the end of the year before Mayor Bloomberg leaves office, said Tobias Oriwol, My Mirco New York project manager for Monadnock Development.

Bloomberg said the new building will create needed housing stock for the growing number of single and two-person households in the city. There are upward of 1.8 million households with just one or two people according to the mayor's office, but only 1 million studio apartments in the city.

To keep traditional construction costs down and to help ensure spaces are built properly, the My Micro New York building will be prefabricated and modular. Brooklyn Naval Yard based Capsys will make the modules which will be assembled on site.

There will be 55 new micro-units that will vary in size from 260 square feet to 360 square feet. Twenty-two of the units are affordable. Rent numbers won't be finalized until the time of the affordable unit lottery, Monadnock Development says, but rent in the 22 units cannot exceed more than 30 percent of the residents' annual income. Specifically, 11 units will be reserved for people with incomes at or below 80 percent of the Area Median Income (AMI) and another 11 units will be reserved for households earning at or below 130 percent of AMI. For a one-person household in 2013, these annual income restrictions were $46,901 and $67,002, respectively.

The remaining units won't be restricted but are expected to rent for less than other new construction market studios with similar amenities in the neighborhood.

Sarah Watson, Citizens Housing Planning Council executive director, concedes that the My Micro New York project hasn't been hailed as good public policy by all New Yorkers. Citizens Housing Planning Council partnered with the Museum of the City of New York on the museum exhibit and has made increasing options for single persons one of its top initiatives.

Watson attributes the push back to the micro-units in Manhattan to several causes including concerns about increased density. "It's ironic," she said noting that New York City is the most densely populated city in the United States.

Watson claims the city has some of the most arduous regulations and restrictions when it comes to housing and its attributes and says New Yorkers generally and staunchly defend the codes. Some regulations, such as those that require certain square footage in certain areas of the city and others that restrict how many non-related people can share space, are at odds with the growing demographic of single-person households.

"There's a feeling that homeowners create a stable community and they don't want renters," Watson said, describing a housing market bias against single-person households and renters. "And the next step is they (the public) feel like families create stable communities and people who aren't in families, don't. It's an embedded value thing, it's tough to break. It is something that people believe even if they themselves are single renters. They don't want single renters in their communities."

Monadnock Development's Oriwol called the opposition to the project a "knee jerk" reaction from people who fear the building may become an illegal hotel or may operate like a bed and breakfast.

"It's not a new model of living," he said, adding that over the course of public hearings associated with the My Micro New York project there have been scores of people supporting the project. "They are at the meetings and sending emails that say, I live in a 200-square-foot

Some regulations are at odds with the growing demographic of single-family households.

Model of a micro-unit complex.

apartment and it's fine. And I like it. It happens more than you think," said Oriwol.

In Washington, D.C., debate surrounding a new micro-unit building there was less about single renters or appropriate living spaces and more about the parking. To help gain initial approval for his micro-unit project on the 1400 block of Church Street in Washington, D.C., through the planning process, Developer Brook Rose has agreed to parking restrictions.

Normally, D.C. regulations would require Brook Rose to provide at least 18 parking spaces for the modern glass building that will sit behind three brick "row house" buildings that the developer says are in disrepair. They will ask that the parking requirement be waived, and in exchange, commit to a ban against tenants acquiring a residential parking permit. To ensure they don't seek a permit, the developer will periodically review DMV records. If a tenant obtains a residential parking permit, their lease will be terminated.

Advisory Neighborhood Commission (ANC) 2F member Walt Cain said that parking is a top concern for area residents and the impact of an apartment building would not have gone unnoticed. ANCs are local governments in Washington, D.C., that work to ensure neighborhoods are properly represented in city government.

Brook Rose Development offered the creative parking deal to the ANC 2F's Community Development Committee, which is responsible for reviewing proposed real estate developments and renovations and housing stock and traffic management and parking, among other things, and making recommendations for action by the full ANC. Cain, who chairs the committee, said it was unlikely the project would have gotten the committee's blessing without the arrangement.

Photo by Travis Nep Smith

Community leaders are proponents of smaller spaces and their role in vibrant cities.

"My Micro New York" proposal from Monadnock Development LLC, Actors Fund Housing Development Corporation and nARCHITECTS. The units will be at 335 East 27 Street in the Kips Bay neighborhood in Manhattan. Photo courtesy of nARCHITECTS

Just how big a controversy these teeny, tiny units make often depends on codes and whether the housing options are allowed by current regulations. In Seattle, micro-units were initially heralded as affordable housing options, and since 2006, the city has permitted 48 micro-housing projects. If all are built, they would yield living quarters for about 2,300 people.

Indeed, LEED Platinum certified Tudor Manor, in Redmond near Seattle, is minutes from Microsoft, DigiPen Institute of Technology and AT&T and has a walk score of 94. In 2012, the city of Redmond and Tudor Manor won the Washington state Governor's Smart Communities Award for their partnership in the project.

More recently, though, there's been a backlash against micro-units in Seattle, where relatively lax building codes allowed micro-units as small as 150 square feet. Residents in the Capitol Hill community complained about the units — commonly called "a-pod-ments" in the Seattle area — and alleged that some developers were fudging how they were reporting the housing units.

When it inured to their benefit, such as applying for a multi-family property tax exemption that was created to help generate more affordable housing units — they would use the number of bedrooms in a building. In Seattle some "a-pod-ments" are essentially bedrooms only with shared communal space for kitchens and laundry. The "a-pod-ments" can have eight bedrooms to one kitchen. However, when dealing with land regulations the same developers reported housing units by the number of kitchens — one — and were able to circumvent planning review regulations.

Seattle Office of Housing Director Rick Hooper in March 2013 issued a rule that aligned affordable housing incentives with permitting regulations and guidelines. Meanwhile, the Seattle Planning Commission and the Department of Planning and Development are making recommendations to the Seattle City Council on micro dwellings and what, if anything, should be changed in the regulations going forward.

Like Mayor Bloomberg in New York, though, Seattle Mayor Mike McGinn is a proponent of smaller spaces and their role in vibrant cities.

"We talk a lot about making it affordable for people to live here," McGinn said recently when asked about the units. "It's not good for the health of the city to create jobs here and not create places to live." ●

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2013 Community Preference SURVEY

Americans made two things very clear in the latest biennial Community Preference Survey by the NATIONAL ASSOCIATION OF REALTORS® (NAR). They want to live in walkable neighborhoods and they care more about neighborhood than house size when deciding where to live.

Given the focus on neighborhood, the question becomes what kind of neighborhood do people prefer most? According to the survey, it's a suburban neighborhood with a mix of houses, shops and businesses. The kind of neighborhood they prefer least? A suburban neighborhood with houses only.

Those findings are among several survey results that show an affinity for mixed-use, walkability, compact development and other characteristics of smart growth. The September 2013 survey of 1,500 people was conducted for NAR by American Strategies in conjunction with Myers Research and Strategic Services.


Photo by methyl_lives

The number of people who preferred a mixed-use suburban neighborhood was nearly double the next leading choice of a rural area and nearly triple the number who preferred a suburban neighborhood with houses only. The total responses for a preferred location to live were: suburban with a mix of uses, 30%; rural area, 16%; city near a mix of offices, apartments and shops, 15%; small town, 14%; and city mostly residential, 13%.

A detached single-family home was the preferred housing choice of 76 percent. More than half — 52 percent — preferred a detached single-family home with a big yard while 24 percent preferred a detached single-family home with a small yard. But the preference for large lots versus compact development does not appear to be set in stone.

Most people said they would trade a big yard for a small yard if it meant living in a community where they would have a shorter commute to work (57%), could walk to schools, stores and restaurants instead of needing to drive (55%) or could walk to parks, playgrounds and recreation areas instead of needing to drive (53%).

Most (57%) would not, however, trade a detached single-family home for an apartment or townhome even if the apartment or townhome offered a short commute and was within walking distance of shops and restaurants.

If housing type is stripped from the equation, 60 percent preferred a neighborhood with a mix of houses, stores and other businesses within easy walking distance

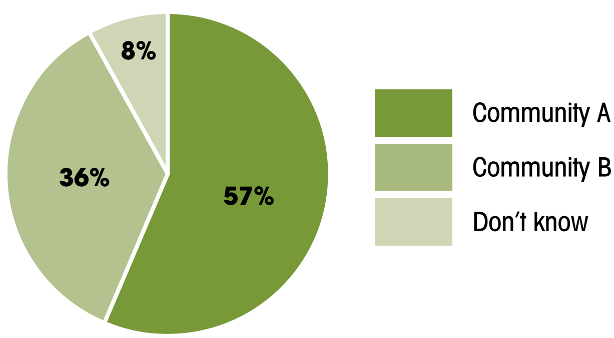
Community Preferences

Please select the community where you would prefer to live:

Community A: Houses with smaller yards and you would have a shorter commute to work.

– Or –

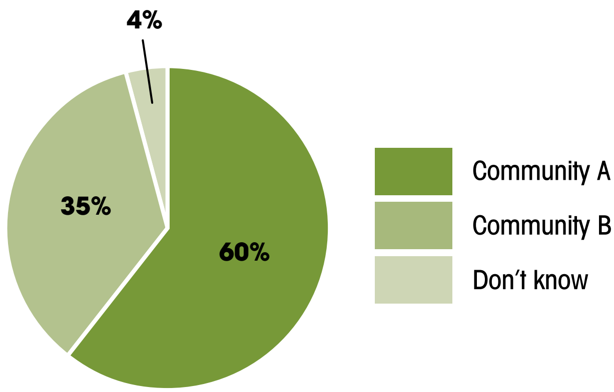
Community B: Houses with larger yards and you would have a longer commute to work.



Community A: The neighborhood has a mix of houses and stores and other businesses that are easy to walk to.

– Or –

Community B: The neighborhood has houses only and you have to drive to stores and other businesses.



versus a neighborhood with houses only where they would have to drive to stores and other businesses.

People also put a high priority on walkability when they were asked to indicate the importance of 19 neighborhood characteristics when deciding where to live. Sidewalks and places to walk were rated either very important or somewhat important by 80 percent of survey participants. High-quality public schools (rated very important/somewhat important by 74 percent) came next, but was followed by being within easy walking distance of other places and things in the community (rated very important/somewhat important by 69 percent).

When asked to choose between a smart growth community and a traditional suburban community, 50 percent favored the smart growth community compared to 45 percent for the traditional suburban community (5% did not answer). The smart growth community was defined as a place with a mix of housing types where schools, stores and services are within walking distance and there is nearby public transportation. The traditional suburban community was defined as a place with single-family homes only,

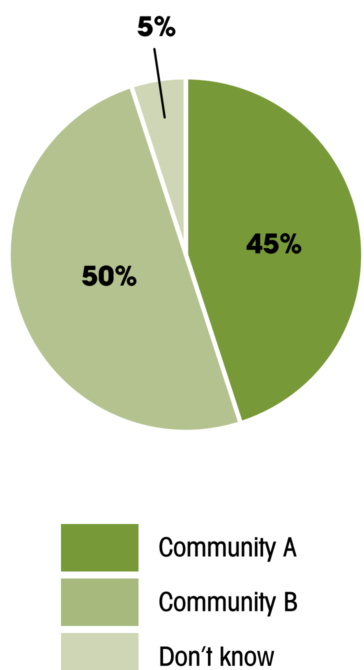
Community Preferences

Which community would you rather live in?

Community A: There are only single-family houses. Places such as shopping, restaurants, a library, and a school are within a few miles of your home and you have to drive to most. There is enough parking when you drive to local stores, restaurants and other places. Public transportation, such as bus, subway, light rail, or commuter rail, is distant or unavailable.

– Or –

Community B: There is a mix of single-family detached houses, townhouses, apartments and condominiums. Places such as shopping, restaurants, a library, and a school are within a few blocks of your home and you can either walk or drive. Parking is limited when you decide to drive to local stores, restaurants and other places. Public transportation, such as bus, subway, light rail, or commuter rail, is nearby.



where people need to drive to schools, businesses and services and public transportation is either distant or unavailable.

Being able to walk to schools, stores and services was the most appealing characteristic of the smart growth community for 64 percent of the people who preferred the smart growth community. It was also the most appealing characteristic of the smart growth community for 54 percent of those who preferred traditional suburban development.

There is some indication in the survey that the smart growth option may trend upward in the future as more people under 40 favored it (53% to 43%) than people over 50 (48% to 46%). It also was more appealing to college graduates (53% to 43%) than non-college grads (48% to 46%).

In addition, people who have moved in the last three years or are planning to move in the next three years expressed strong preferences for the smart growth community. Recent movers preferred it 58 to 38 percent and those who plan to move in the next three years preferred it 57 to 39 percent.

The survey included questions about traffic and transportation that produced mixed answers about the problems and solutions. When asked to choose the best long-term answer to reducing traffic and improving transportation in their state, more people named improving public transportation (41%) and developing more communities where people don't need to drive long distances to work or shop (29%) than chose building new roads (20%).

When asked if public transportation is available in their area, 64 percent said yes. Twenty-one percent of those that said yes, agreed that they "prefer public transit over driving so my family can own fewer cars." On the other hand, 57 percent agreed with the statement that nothing will replace their car as their main source of transportation while only 22 percent disagreed. Another 21 percent were neutral.

More people said they would be willing to pay for various transportation improvements than said they'd be unwilling. New roads (51% to 38%) and better quality of service from existing public

Quality of Life

Respondents were asked how important various factors are when deciding where to live.

The top three most important factors are:

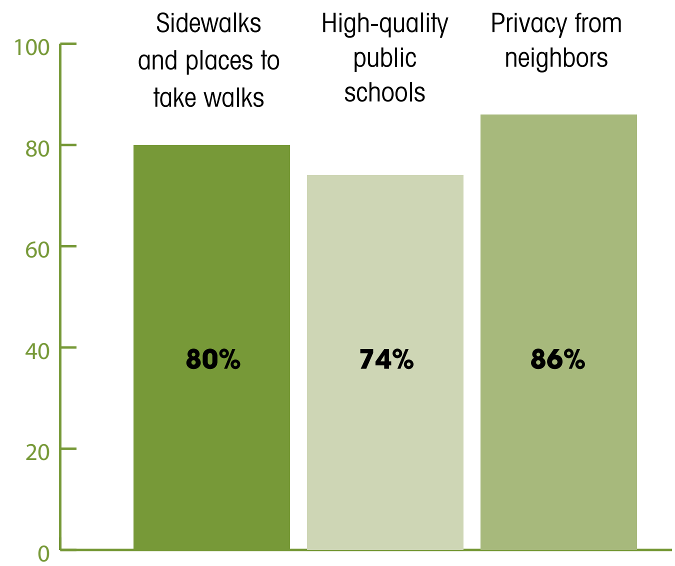
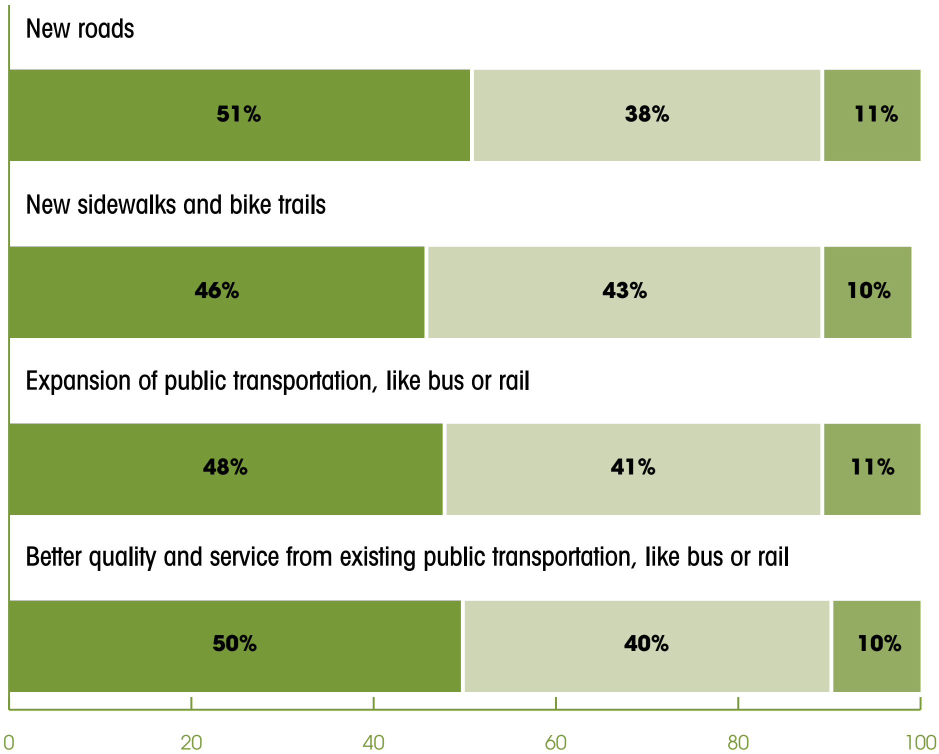


Photo by markstos

Transportation

Thinking about transportation and transit options, would you be willing to pay a little more in taxes to fund each of the following?



transportation (50% to 40%) received the strongest support. Expansion of public transportation (48% to 41%) and new sidewalks and bike trails (46% to 43%) also received more yeas than nays.

However, when given a list of possible ways to replace shrinking gas tax revenues, 29 percent said they wouldn't replace it and 29 percent said they didn't know the best answer. The other responses were: make up the shortfall with a vehicle miles driven tax (20%), increase tolls (14%) and raise the gas tax (8%).

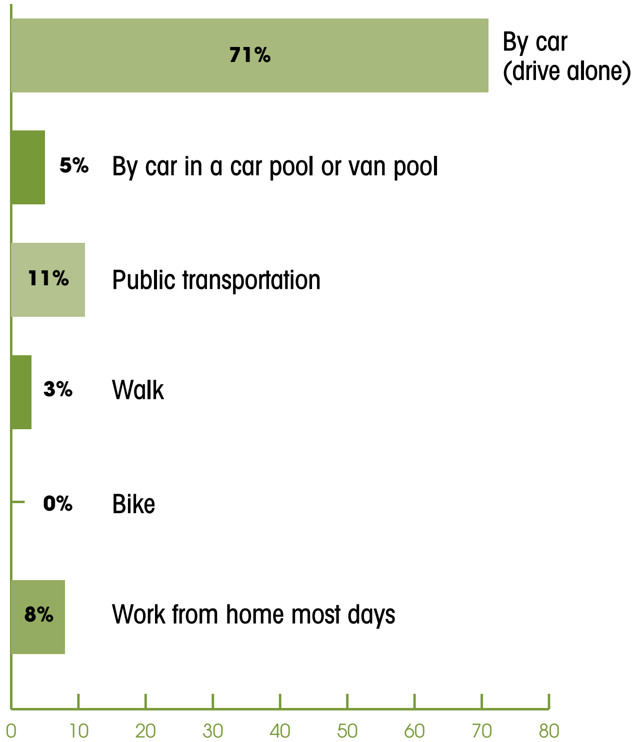
A majority (64%) said public transportation is available where they live, but 42 percent said they never use it and 18 percent said they use it less than once a month. When given a list of six things that might prod them to use transit more often, the most frequent answer was none of the above (25%) followed by more frequent service (23%).

When asked about the quality of life in their community, 44 percent said it had remained the same over the past three years, 32 percent said it had gotten better and 23 percent said it had gotten worse.

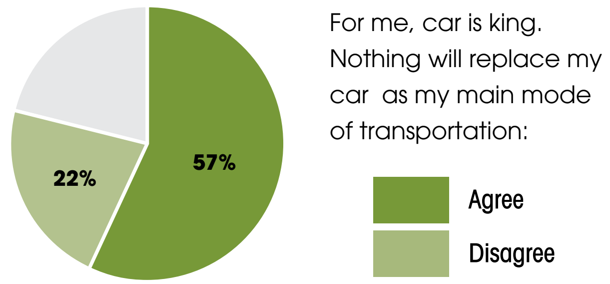
The most important overall issue for people was attracting businesses and creating jobs, which was considered a high priority by 78 percent. Next came lowering the crime rate and improving public education (73%) followed by improving the health care system (70%).

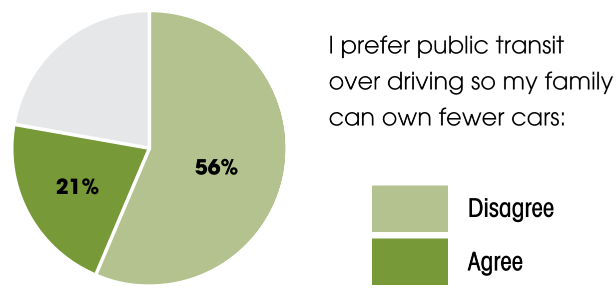
Although still comparatively low, a number of housing-related issues jumped in importance between 2011

Most days, how do you get to work?



People who have public transportation available to them were asked, how strongly do you agree or disagree with each of the following statements …





and 2013. More Americans placed a high priority on affordable housing (60% compared to 51%); housing opportunities for people with moderate and low income (57% compared to 46%); revitalizing older suburbs (38% compared to 26%); and creating new development outside cities (34% compared to 24%).

Americans also placed more value on community diversity than in 2011 as 53 percent thought living in a community with a mix of people from various racial backgrounds was important (up from 42%), 48 percent thought living in a community with a mix of income levels was important (up from 42%) and 66 percent thought living in a community with people at all stages of life was important (up from 60%). ●


Courtesy of DART

Courtesy of Arcbazar.com

(Right) Céleste in Lyons, France, won first place in an Arcbazar competition with its "Great Room & Kitchen Integration with Skylights" design, in Del Ray, Calif.

Crowd-Sourced Design:

HOW THE INTERNET AND SOCIAL MEDIA ARE RESHAPING COMMUNITIES

By David Goldberg

After eons of frustration, Brandon Palanker thinks developers finally may have found the cure for the seemingly endless gauntlet of government hurdles, stakeholder pushback and last-minute neighbor uprisings that developers must handle to get a project permitted.

Palanker and his colleagues at Long Island, New York-based Renaissance Downtowns, where he is vice president of marketing and public affairs, stumbled on the "cure" in 2010 as they were embarking on a master plan to redevelop downtown Bristol, Conn. It came in the form of crowd-sourced design: using the Internet and social media as tools for maximizing the participation of the host community.

"We knew we didn't want to run into what we ran into before," with a similar project, Palanker said. After a process of soliciting input, building support, developing and revising plans that stretched into years, Renaissance found itself stymied by a dozen or so "squeaky wheels" who persuaded the local government to withhold approval. For Bristol — a city of 61,000 about 20 miles outside of Hartford — Renaissance decided to turn to Neil Takemoto, an urban designer who had been focusing on helping cities attract the creative Millennials known for bringing life to urban areas.

"The first rule is, if you want to attract them, you have to involve them," said Takemoto, managing principal at CSPM Group (CSPM stands for "crowd-sourced placemaking"). Involving them — and other interested residents — meant doing more than presenting an all-but-finished plan for public comment. And it meant doing even more than holding a design charrette, the iterative design process whereby local stakeholders give immediate feedback to an evolving plan over the course of a week or so.

"While the charrette is well intended," Palanker said, "it is very hard to have a truly inclusive process. Even if you do it really well, you're only engaging a very small portion of the population." Crowd-sourced design, as

> It's about building a community of people who have an active interest in the form a project takes.

Renaissance and others have deployed it, is about building a community of people who have an active interest in the form a project takes, and who remain engaged well beyond the early stages usually thought of as the "design" phase.

"People really are co-developing the project," Takemoto said. "In the process they are helping with market research, by showing the kind of housing, businesses or other amenities people such as themselves would like to have access to. And by showing strong public support, they are helping the permitting process."

Ideally, crowd-sourced design begins early in the conceptualization of a development project. And although much of the exchange of ideas and information will happen in the virtual world, it begins by using the Internet to recruit participants to meet-ups where they can engage with the developers and each other in the flesh.

In Bristol, where ESPN and the hospital are the largest employers, residents were being asked to give input on the redevelopment of 17 acres, including a failed, urban-renewal era mall, that the city had assembled in the heart of downtown. Takemoto and Renaissance began by hosting a happy hour in November attended by "maybe 20 people," one of whom suggested Bristol Rising as the name for the new community of participants they were creating. The name stuck and became the handle for the virtual gathering site on the web. BristolRising.com today has more than 2,000 members.

The developers treated the site as more or less a blank slate, but set a key ground rule: The plan would have to meet the "triple bottom line" by being economically feasible as well as socially and environmentally responsible. City officials also said they wanted a mix of housing, businesses and public space to recreate the walkable downtown that was lost in its 1960s makeover.

"After that first meeting we threw it open to collect ideas of what key public features people wanted to see there," Takemoto said. "We posted those ideas and said whichever ones get 200 'likes' would advance to further study." The three winners included a central piazza — an open plaza surrounded by buildings; a San Antonio-style river walk; and an arts center, while ideas such as a skating rink fell by the boards. Ultimately, the piazza turned out to be the most popular and promising, and progressed to an economic feasibility study.

The developer team used the same process to seek input on retail and housing options. On the restaurant/retail side, desire for a gastro-pub was so strong that a local entrepreneur immediately began work on opening one; likewise for an organic grocery. On the housing side, two-bedroom apartments proved in high demand. The plan

A CSPM Group design for a downtown Main Street redevelopment.

(Below) Huntington Station, a mixed-use project adjacent to a commuter rail station on Long Island, N.Y.

Crowd-sourcing will increasingly shape the built world we inhabit.

(Right) Bristol Rising held two "pop-up" piazza events, drawing more than 15,000 people each. The events included a public market with food and crafts vendors, artists painting, kids' games and other festival style activities.

ultimately included 150 units in the first phase, which will break ground soon. Meanwhile Bristol Rising has produced 180 letters of intent to rent there.

To further raise awareness and invite more resident feedback, the developers and Bristol Rising held two "pop-up" piazza events, drawing more than 15,000 people each, Takemoto said. "We wanted to show what kinds of things could happen there."

The events included a public market with food and crafts vendors, artists painting, kids' games and other festival style activities. "When elected officials see 20,000 people downtown where there had been nothing, that's a powerful thing," added Palanker. The resulting plan won unanimous, bipartisan approval from the city council.

The Bristol experience of grassroots social networking was so positive that Renaissance went on to use it, successfully, in two historically development-averse communities on Long Island. The first was in the town of Huntington, on a project called Huntington Station, a mixed-use project adjacent to a commuter rail station — and to a neighborhood of single-family houses. "That was a tough assignment because residents had been resistance to apartments and multi-story buildings. They felt it was incongruous with their suburban history," Palanker said. "These suburban towns know they need the tax benefit of development, but no one wants the higher density housing."

During a year of crowd-sourced placemaking efforts similar to those in Bristol, residents were able to explore and come to terms with, not just designs, but also the economics behind what it would take to get the amenities they preferred. Participants got comfortable enough with the notion of multi-story buildings that support coalesced around bringing in a boutique hotel — something that Renaissance initially resisted as unlikely to "pencil out" financially. "Because they wanted it, we did a feasibility study and found that, gosh darn it, there is a market for it today.

"They also found a strong market for apartments over storefronts, which many in the community had assumed would be unpopular. As in Bristol, the resulting plan there also won unanimous city approval. In a state like New York, where approvals take years and often never happen, to have this key approval to break ground within 18 months is unheard of," Palanker said.

Crowd-sourced design is taking other forms as well. Sometimes the "crowd" is not laypersons, but a swarm of professional designers, either collaborating or competing with one another to find the best solution. The Cambridge, Mass., startup Arcbazar chose the latter model when it launched in 2010, aiming to give ordinary homeowners the chance to have architects across the Internet compete for their remodeling or similar projects, at a time when there were precious few gigs for architects.

"For a kitchen, renovation, say, homeowners provide the square footage and basic parameters, upload some photos, and we open the competition worldwide," said Ana Batista, co-founder of Arcbazar. Arcbazar suggests an "award" amount based on square footage, complexity and time allotted, but clients are free to offer whatever they like. The top three proposals receive 60, 30 and 10 percent of the award, respectively. "Homeowners who would otherwise have had to design their projects themselves at Home Depot or with a contractor get a wide range of possible design options," said Batista. "These projects allow designers to build a portfolio. We have recent grads and young architects trying to build an office, or retired architects who still want to keep the juices flowing."

Not everyone in the architecture world welcomed competitive crowd-sourcing with open arms. "The moment we started there was a tweet from Dwell magazine calling us the worst thing to happen to architecture since the Internet," Batista said. "After that we had hundreds of registrations from designers. … The truth is, we pick up the projects that never would have gone to an architect's office."

Arcbazar's style of competitive crowd-sourcing also can be combined with community crowd-sourcing, as Somerville, Mass., did when it was looking for ideas for the adaptive reuse of the abandoned Powder House School. The city used Arcbazar to set up a design competition, eliciting numerous responses that city staff then culled based on pre-established criteria. Those that cleared the bar were put out for residents to evaluate, and those with the most "likes" rose to the top of the city's consideration.

Sometimes crowd-sourcing means allowing community members to vote with their wallets. In September, Portland, Ore., launched a crowd-funding campaign to raise $100,000 toward creating a shovel-ready design for a 38-acre park for off-road biking, called Gateway Green. As of press time, donations had nearly reached the $100,000 target, with Kaiser Permanente and Coca-Cola jumping in to offer matches when they realized how much community support existed.

"Whatever form it takes, crowd-sourcing will increasingly shape the built world we inhabit," Takemoto said. "It may be the ultimate extension of the democratic process." ●

David A. Goldberg is the communications director for Transportation for America, a nationwide coalition based in Washington, D.C. that advocates for transportation policy reform. In 2002, Mr. Goldberg was awarded a Loeb Fellowship at Harvard University, where he studied urban policy.

Winning design on Arcbazar by Denisa Darlea, UK

South Miami Beach Condo Overhaul competition on Arcbazar; Design by YNL Design, Calif.

Photo by caribb

CROWDFUNDING

Innovative Investment for New Development

By Brian E. Clark

What do rock bands, political movements, environmental groups, disaster-relief efforts, independent movie producers, playwrights, citizen journalists and a new Washington, D.C.-based investment platform called Fundrise all have in common?

They've turned to the Internet and something called crowd-sourced financing as a way to raise money and enthusiasm for their projects.

This trend is also known as crowdfunding. In the case of Fundrise, its aim is to help developers raise money for projects by selling small amounts of equity to numerous investors.

In this new investment platform's first effort, shares in one building went for as little as $100 each. By contrast, typical real estate investments require as much as a $50,000 investment.

Thirty-seven-year-old Ben Miller said he and his brother Daniel, came up with the idea for Fundrise three years ago as a way to raise money and involve local community members in the renovation of a building in an "emerging" neighborhood on H Street in the District.

When they launched the effort, it took them three months to raise $325,000 from 175 small investors to

Crowdfunding helps developers raise money for projects by selling small amounts of equity to numerous investors.

help turn a two-story building into a boutique noodle restaurant that was set to open in late 2012. The cost of the total project will be roughly $1.75 million, Ben said.

"We did this to solve a problem I was having in real estate development," explained Ben. "The situation was that when I would go into a neighborhood, often it would be very difficult for people to understand what I was doing. And if they didn't understand it, some of them would fight it."

Usually, the District native said, it would be a small group of outspoken people who opposed his efforts.

"So I asked myself, 'what if we squared the circle and let the community become both a capital resource and a partner in our real estate projects, so they would have some skin in the game?'" he said.

"And you know what, it's worked," he stated. "It's had two positive effects: It brought 'normal' people out of the woodwork who want normal things in the neighborhood, not just the 'crazies' who seem to be against everything."

Miller said by having neighbors invested in a project's success, they become willing to speak up at meetings and call officials who are in charge of issuing all important permits for things like plumbing and electrical wiring.

"It gets at the question of who is a shareholder," said Miller, whose initial real focus was retail. He has since moved on to include office, residential, senior and affordable housing developments.

"I wondered why can't local people have a stake? Why can't your customers be part of your success? But I hadn't seen any kind of small, neighborhood investment program like this, which I kind of based on the local food movement."

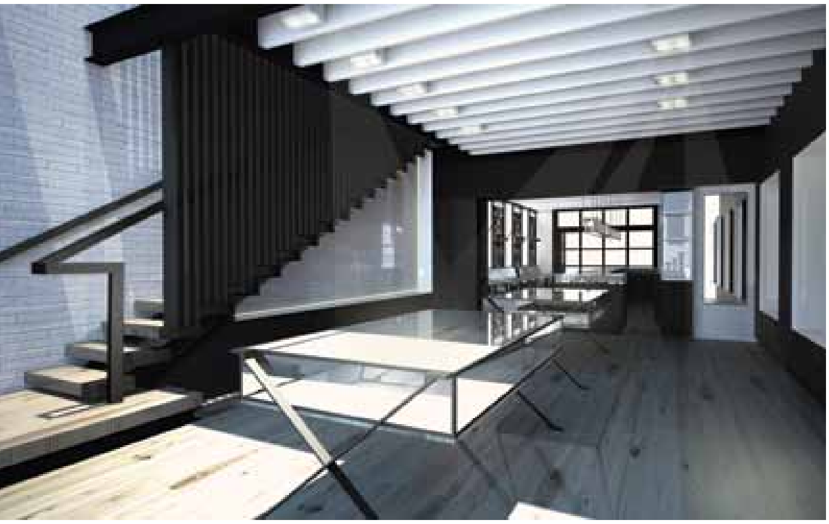
His plan was given a boost in early 2012 with the passage of the "Jumpstart Our Business Startups Act"

Local people can have a stake in their neighborhood's successes.

Photo by Nationalmuseet

Photo by NCinDC

Photo by wild-eyed



The Maketto Restaurant and historic preservation is an interesting project, from its unique financing to its blended program of retail, restaurant, and coffee house. The design by Michael Francis has a crafted depth and texture that will resonate with the surrounding neighborhood. **Architecture and design by Michael Francis: Queue Design Agency.** Please visit **www.queuellc.com** for additional information.

Construction is almost complete on the Fundrise-backed redevelopment on H Street in the District. These photos feature the historic preservation of an old building, which will become a Maketto Restaurant and highlight the rear garden area, custom staircase and upstairs coffee bar. It is expected to be completed in fall 2013.

or JOBS Act, which encourages the funding of small businesses by easing securities regulations. It had bipartisan support, and was signed into law by President Barack Obama on April 5, 2012.

"I was literally sitting around complaining about how 'big capital' and Wall Street didn't give a damn about neighborhoods, how the neighborhood hated Wall Street and how I was caught in the middle. I thought there had to be a better way."

Miller said when he came up with the idea for Fundrise, skeptics told him he was crazy.

"Real estate people said I was nuts," explained Miller, who said he had to qualify the offering with the Securities and Exchange Commission (SEC) and register with local securities regulators in Virginia and the District.

"The skeptics said 'you can't trust community members.' They said, 'You don't want to tell them anything, let alone bring them in as partners because that's suicide.' And a $100 investment? They said that was insanity. But those people were wrong.

"Besides, I figured if you can't beat the locals, join 'em," he quipped.

His first Fundrise-backed project was the historic preservation of an old building at 1351 H St. in D.C., which will become a Maketto Restaurant. He called the $325,000 he raised, a "painfully" small amount of money for all the effort it took to raise.

"And at the end, I thought that it was a horrible idea, and that it was pointless," he said. "It was so darn hard. But the community loved it and went crazy over it; over the idea that they could have a share in this. In the past, people could invest in a Japanese manufacturing company, but not in something going up across the street. Now they can."

In the second Fundrise deal, he raised $300,000 in a little over an hour for a $3.5 million project. It's also on H Street, which he described as popular with "hipsters" like his 27-year-old brother and business partners. For both efforts, investors had to be local.

A third project he has his eye on is on Florida Avenue that will run between $150 million to $175 million. He is also part of a group that has bid on the $1-billion redevelopment of the Walter Reed Army Medical Campus.

"Ultimately, we didn't raise that much money for those first two projects," he said. "We just wanted to have the people in on this because they wield the power," he said. "If I want big money I will go to New York."

Miller said if two percent of the Walter Reed project is allocated to local investment that would only raise about $20 million. But if each investor is putting in $1,000, that equals 20,000 people who are stakeholders.

"Two percent is like a fee," he said. "But just think about what you can do with 20,000 voices. That's a lot of people pulling for you. Not everyone will like this, because it requires more transparency, but I think it is a good model for real estate entrepreneurs. I've spoken with other developers around the country and I think this is going to take off."

While there are no guarantees, Miller said the return to investors should range between 8 and 20 percent depending on the deal.

Making a lot of money isn't why District resident Micah Lubens put his money into the two H Street projects.

"I don't think I'm your typical commercial real estate investor," said Lubens, a native of Boston who works for a marketing and communications company.


Photo by NCinDC

Photo by NCinDC


Photo by jboule

The community went crazy over the idea that they could share in their local development.

The H Street neighborhood in D.C.


Courtesy of Christopher Lewis Cotrell

The model for community crowdfunding to bring an old, dilapidated building back to life is strong.

"I learned about Fundrise through the food side because I am really into the restaurant scene in D.C. I saw in a blog that Toki Underground was going to be involved in a new venture where I could own part of it.

"The more I read, the more intrigued I was," said Lubens, 26. "Also, now that I've lived in D.C. for seven years, I was ready to own part of the city. It was even better to invest — even if it was only $100 — in a restaurant where I'd be going anyway."

Lubens has since purchased six shares — at $100 each — in the second Fundrise project on H Street. "And yeah, I'd like to make my money back on that. But for the first one, it was more about owning part of my neighborhood, helping it thrive…

"And when my parents came to visit after that first investment, I took them over to H Street to show them 'my' building," he said with a laugh. "But it's been cool to watch this idea grow where regular people can invest in projects like this. I'm excited to see where it goes."

Michael Ferlito, a Detroit developer and principal with the Ferlito Group, said a friend involved in a technology startup told him he should check out Fundrise because it looked like an interesting online fundraising platform.

"I wouldn't exactly call myself an 'adventurous' developer, but I was instantly on board with crowd-sourced fundraising, especially the way they want to do it," explained Ferlito, who said he met with Miller in September.

"There are four or five pieces of property I'd like to use this on," said the 25-year-old Detroit native.

"The greatest thing about this for the properties that I'm looking at is that the people who live near them would love to see these buildings developed. The model for community crowdfunding to bring an old, dilapidated building back to life is so strong there that you can feel it.

"I have three letters of intent out there, so the process has been started. But as soon as I learned about

Photo by NCinDC

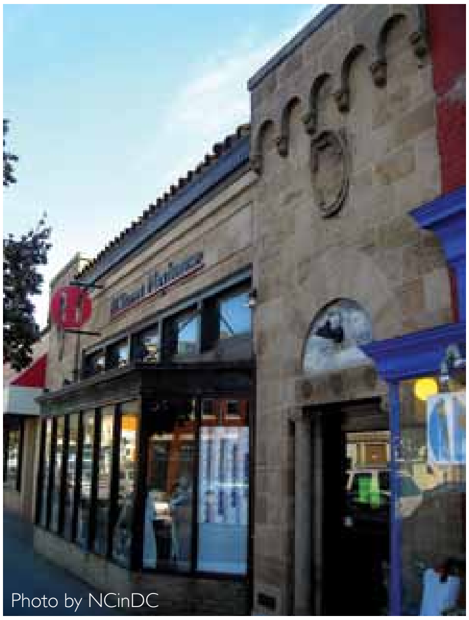


Photo by NCinDC

Photo by jbouie

Unique crowdfunding concept will help to redevelop and invigorate the hip H Street corridor.

Fundrise, I went searching for opportunities and the first one is a multi-use project in downtown Detroit."

Ferlito said another prospect is in Corktown, about a mile west of downtown Detroit. If all goes well, he hopes to raise at least 35 percent of the funding needed for the developments, which would range in cost from $5 million to $8 million.

Ferlito said it is "close to impossible to raise money in Detroit, at least in senior debt, which is typically secured, priority loans or borrowed money that a company must repay first if it goes out of business, for downtown. There are one or two downtown banks that will lend, but the primary funder for senior debt at least would be the federal government under the HUD 221(d)(4) program.

"For developers and other investors, though, there is a lot of enthusiasm. A lot of people here still love the city and developers can't get their hands on enough property. The activity is huge, so there would be support for what Fundrise wants to do."

On the West Coast, Sig Anderson, a co-founder of City Center Realty Partners in San Francisco, said his company may use Fundrise if it can come up with a project that is a good fit.

"In the past, we've used traditional equity sources, mainly private equity funds out of New York," he said.

"They are looking for much larger, single investment checks to be written than what Fundrise is capable of doing, which is to provide more efficiencies for smaller equity raised. For us, that's compelling for some of the smaller deals that we work on."

Anderson said his company does mostly urban, retail, office and mixed-use developments in Minneapolis, the San Francisco Bay Area and throughout the West.

"It would depend on the investment deal, but I see no reason why we wouldn't be able to use their platform for projects all over the country if we find the right developments that fit this model," he said. ●

Brian E. Clark is a Wisconsin-based journalist and a former staff writer on the business desk of The San Diego Union-Tribune. He is a contributor to the Los Angeles Times, Chicago Sun-Times, Milwaukee Journal Sentinel, Dallas Morning News and other publications.

A STREETCAR THAT'S DESIRED

Streetcars and smart growth plans travel toward booming downtown centers.

By Tracey C. Velt

When it comes to transforming downtowns into bustling, pedestrian friendly areas, many cities are turning to short stretches of streetcar lines to connect geographic areas and encourage cohesion with other forms of transportation.

What's driving the move toward building downtown streetcars, a novel mode of transportation in the 1900s, in today's modern age? There are several growth trends that are reversing, making streetcars a desirable addition to downtown centers. According to the study, "Bringing Back the Streetcars!" by Paul M. Weyrich and William S. Lind for the Free Congress Research and Education Foundation, "Over the past several decades, two important counter trends have developed, trends that provide a new context for bringing back streetcars. The first is the recovery and restoration of city centers. Even when people live in suburbs, they want a physical center that offers more than a shopping center can. Second, on a somewhat smaller scale, more and more Americans don't have children. Some are empty nesters, whose children have grown up and moved. Others are opting to stay single, marrying late or marrying, but not having children. For many of these childless and young professionals, the spread-out nature of the suburb is inconvenient. In response, some are returning to urban living."

That's certainly the case in Los Angeles where young professionals have helped spur a "mini residential boom," says Shiraz D. Tangri, general counsel for LA Streetcar Inc., a nonprofit set up to promote the downtown streetcar.

"Until 1999, Los Angeles was famous for not having much of a downtown. Fewer people were living downtown, there was very little nightlife and retail had been fleeing. Then the Staples Center (a multi-purpose sports arena) opened up, and you started seeing more nightlife and residential loft-style space entering the market," he says. "We went from 10,000 downtown residents in 1999 to 50,000 this year."

The idea of a streetcar connecting this newly vibrant downtown area is attractive. The project Tangri is promoting is a four-mile loop. The goal is to connect multiple neighborhoods in downtown. "We want to connect the courthouses with the civic institutions; the convention center with the commercial district," says Tangri. "The streetcar will fill in the gaps in the current transit systems that allow those who come in on one mode of transportation, access to other parts of downtown. We want to encourage pedestrian action. Get folks to avoid driving their cars from one part of downtown to another."

An Attractive Choice

At present, there are more than 45 streetcar systems either built, under construction, or planned across the United States. Streetcar lines are popular transportation options for both big cities such as Los Angeles and Columbus, Ohio, and smaller cities such as Winston-Salem, N.C., Pasadena, Calif., and Lake Oswego, Ore., says the Federal Transit Administration. According to its report, "Relationships Between Streetcars and the Built Environment," streetcar systems have gained in popularity because of their relatively lower cost of construction than light or commuter rail, the ease of integrating streetcars into the existing urban fabric, and the convenience of frequent stops.

In addition, the tracks make it a permanent fixture, as opposed to a bus stop, which can be changed or easily eliminated. More than that, says Russ Johnson, chair of the transportation and infrastructure committee for the city of Kansas City, "it's a mindset that is very different from other parts of the world. Not many developers come to the city and ask to be next to the bus stop, but they do want to be on the streetcar line," he says. In Kansas City, a proposed two-mile streetcar system through the densest part of the downtown area is expected to be completed by 2015.

Let's not forget about the appeal of a streetcar either. "When you talk about the psychology of a streetcar, it's obvious they are appealing," says Elizabeth Van Zandt, planning and design manager for the Downtown Development Authority of Fort Lauderdale.

Streetcar systems have gained in popularity because of their relatively lower cost of construction.

The streetcar will fill in the gaps in the current transit systems.

The proposed 4-mile LA Streetcar line will connect multiple neighborhoods in the downtown area.


Photo by Telstar Logistics

"They're attractive, the windows are big. You can see who is in there, and the entries and exits are graded so you can wheel your luggage or a bike right on," she says. Tentatively scheduled for completion in early 2016, The Wave Streetcar in Fort Lauderdale is a proposed 2.7-mile system that will serve as a circulator in downtown.

Economic Vitality

Of course, just because a streetcar is attractive and gives off a feel-good vibe doesn't mean it's a smart plan for a downtown. In fact, the Federal Transit Administration's study "concluded that the economic impact of streetcars remains largely unknown."

Julie Gustafson, with the Portland Streetcar, begs to differ. "A 2008 report showed about $3.5 billion in development within three blocks of Portland streetcar. There are 10,000 new housing units. People are moving back into the downtown area."

The Portland Streetcar started operating in 2001 and opened a second line about a year ago, stretching it to 14.7 miles total. "We've seen a ton of development along the line," she says.

However, in other areas, such as Los Angeles, Fort Lauderdale and Kansas City, there is no defined plan to encourage growth along the streetcar lines. Much of the development these cities are seeing along the line stem from a pre-streetcar, post-recession boom in downtown areas.

In Los Angeles, Tangri says, "A Target retail store is right on the proposed line, and we're seeing an interest in residential projects that are being developed on the line or in proximity. There are opportunity spots."

In Kansas City, Johnson says that a streetcar development is very specific. "The streetcar provides a focus for developers. People will gravitate toward different areas on the line and clearly businesses will get more activity."

The permanent nature of the streetcar line ensures businesses that the route won't be changed. "Community investors see a permanent line in the ground, so it allows these developers to invest confidently along the line. Along our proposed streetcar line in Ft. Lauderdale, we have 12 projects in the development review process right now. We expect 4,000 new residential units in the next five years, and we currently have 1,200 residential units under construction," says The Wave Streetcar's Van Zandt. "When you lay down the track, the downtown will

Within three blocks of Portland streetcar, there are 10,000 new housing units.

Photo by EnvironmentBlog

Photo by citymaus

A rendering of the proposed Kansas City streetcar line, which will travel through the densest area of downtown.

The Wave Streetcar in Fort Lauderdale is a proposed 2.7-mile system that will serve as a circulator in downtown.

stretch. You'll see more residential and retail projects, more businesses and more cultural attractions."

Smart Growth

In Fort Lauderdale, The Wave Streetcar is part of a bigger transportation push. "We've got a unique partnership that makes this successful," says Barbara Handrahan, a transportation planner for the South Florida Regional Transportation Authority and partner on The Wave Streetcar team, which includes the partners of the Downtown Development Authority of Fort Lauderdale (DDA), the City of Fort Lauderdale, the Community Redevelopment Agency (CRA), FDOT, Broward County, the Broward MPO, the Clean Air Cooperative, the Downtown Fort Lauderdale Transportation Management Association (TMA) and Tri-Rail. "The idea is to connect with the Tri-Rail off Broward Blvd., so it becomes a regionally connected system. Keep in mind that our goal is that all modes of transportation will be working together. It's not about eliminating one."

And, she says, by having the regional partnership, they're able to work together on projects that tie into the bigger picture such as streetscapes and sidewalk improvements.

The same is happening in Los Angeles. "Right now, L.A. is having a significant transit boom. There's construction in regional rail, light rail and a proposed subway to the sea. There are new lines opening every year to create a good rail-based transit network that hasn't existed in L.A. since the old streetcar system was ripped out. Our new streetcar system will fill in the gaps," says Tangri.

Streetcars are an important piece of a vibrant city's transit system.

"Plus, it's encouraging economic development in high-density areas putting jobs and homes together. It means living in a community without having to drive a car to go the grocery store. It means not being stuck in downtown L.A. traffic."

And, avoiding being stuck in traffic means fewer cars on the road and a move toward reducing the country's carbon footprint. "It will allow folks to avoid driving and parking within downtown, and it emits zero emissions. It's an electric vehicle on rails so from an environmental aspect, it's smart," he says.

In the end, they're an important piece of a vibrant city's total transit system. "We call it a pedestrian accelerator. It's intended to encourage more trips as well as create a pedestrian environment," says Johnson.

Gustafson agrees. "In downtown Portland, you're never very far from a streetcar stop, so it makes it convenient to hop on and off." Through the success of Portland and other cities, streetcar lines can encourage economic development, jobs, homes and a more vital urban core. Never before has a streetcar been more desired.

Tracey C. Velt is an Orlando-based freelance writer specializing in business and real estate.

Photo courtesy of Ross Chapin Architects
and developer Kimball & Landis

Photo by Bill Barber

Mid-Range Density

The middle ground of development

By John Van Gieson

When Bob and Jane Greenberg moved from Vermont to the Seattle area to be closer to their children and grandchildren, a 1,000-square-foot cottage turned out to be the ideal solution to their housing needs.

After living in a bigger house on a large tract of land outside Seattle and a small transitional apartment in the city, the Greenbergs bought a home at Ericksen Cottages, an 11-unit community on Bainbridge Island west of Seattle. The Bainbridge Island website describes it as a "vibrant, diverse community — rich in history, culture, and natural beauty."

"I think what we liked was that there were separate houses, but it had very much a neighborhood feeling," Bob Greenberg said. "You could walk to town. You could walk to the ferry. You could get by with one car."

Added Jane, "I think one of the things that really attracted us is the gardens. When we look out our window we look at another house, but we also look at beautiful gardens. Some are communal and then each house has their own space where they can do what they want within reason."

The Greenbeergs grow pears which Bob described as the "size of small melons."

Ericksen Cottages exemplify a type of compact, mid-range density housing choice seen by advocates as vitally important to the future needs of the housing market. The design was inspired by the walkability of urban settings and

Cottages exemplify a type of compact, mid-range density housing choice seen by advocates as vitally important to the future needs of the housing market.

Photo by Keiji Iwai Photography

Flagstaff, Ariz.

Many with New Urbanist backgrounds are urging the market to focus on more modestly sized housing choices.

a recreation of housing choices that were common before World War II. After the war, when zoning came into play, those home choices either disappeared or became dilapidated as developers rushed to build bigger houses on bigger lots in sprawling suburbs.

Architects, planners, developers, academics and others, many with New Urbanist backgrounds, are urging the market to focus on more modestly sized housing choices, many in multi-family buildings, on medium-density, single-family locations within walking distance of town centers.

They say the buyers for this type of housing are typically downsizing Baby Boomer retirees and Millennials, or often single women, buying their first homes. The Greenbergs are slightly older than the first wave of Boomers but otherwise fit the profile.

Daniel Parolek, a New Urbanist architect in Berkeley, Calif., speaks frequently about his vision to provide a greater variety of housing choices in walkable urban contexts between the spectrum of single-family homes and apartment buildings, which he calls "Missing Middle Housing."

"There's a convergence of the demand created by Baby Boomers who are moving back, not just into city centers but into surrounding single-family neighborhoods, and the Millennials who want walkable urban living," Parolek said. "The demand is just going to continue to grow."

Parolek advocates building combinations of duplexes, triplexes, fourplexes, cottage & bungalow courts, townhouses, live/work units, mansion flats and courtyard apartments to provide the housing that's missing.

Advocates of modestly sized homes built in medium-density locations say the most desirable locations are walkable neighborhoods close to urban amenities. That does not mean, however, in dense urban centers such as downtown Seattle.

"These housing types need to be within a walkable urban context," Parolek said. "Really what people are trading is size for amenities that are typical in a walkable, urban context and sometimes higher quality."

"What I tell anybody who is looking for a house is, 'Locate the grocery store first and then buy a home close by, especially if you want to live a walkable lifestyle,'" he said.

Linda Pruitt is a Seattle developer, whose The Cottage Company developed Ericksen Cottages on Bainbridge Island plus seven other cottage communities north, east and west of downtown Seattle.

"I find in my development work my primary buyers are empty nester Boomers who are selling the big house, the big lot, the kids are grown and gone, and they're looking for more lifestyle freedom," Pruitt said.

"The first question my buyers ask me is what can I walk to, but they don't want to live in an intense downtown urban setting, they don't want to live in a condo," she said. "They want to live in a single-family neighborhood in a single-family experience."

The Greenbergs live a short walk from the center of Winslow, a hub of activity on Bainbridge Island, a popular, affluent Seattle suburban city. Bob said it's an easy walk from their cottage to a supermarket, drug store, several good restaurants, a medical clinic, boutiques for shopping, the ferry to downtown Seattle and other amenities.

"It's a much more simplified lifestyle than what we had before," he said.

Another feature of the communities advocated by Parolek is reducing dependence on automobiles, which have dominated planning for development in suburbs and other areas for decades. In the multi-family buildings he advocates, Parolek says residents should be limited to one off-street parking place.

Pruitt said, "It isn't that the Boomers want to live downtown, it's that they don't want to be isolated in the suburbs in their single-family home where they have to enter and exit through a garage door and have to get into a car to get a quart of milk. They are tired of an auto-dependent, isolated lifestyle and a closer-in neighborhood, connection to neighbors in a community with walkable amenities nearby is a better lifestyle for them."

The Cottage Company's homes face toward common areas beautified with gardens and walkways — not driveways and streets. Cottages each have a nearby one-car secure garage, with additional parking located on the perimeter of the garden court.

George Ford, who lives with his wife, Nancy Snell, in Conover Commons, a community developed by The Cottage Company in Kirkland, Wash., said residents there park in inconspicuous covered garages on the perimeter of the property.

Instead of walking from their garages directly into their houses, Ford said, Conover Commons residents exchange greetings with neighbors sitting on their front porches when they walk between their cars and houses. That makes for a warm, friendly community where people really get to know their neighbors, he said.

The convergence of Baby Boomers and Millennials in mid-range housing raises the possibility of parents and a child buying homes in the same or nearby community.

Lydia Lee, who lives at Conover Commons, said she and her husband, Alex, bought a cottage for her active, 70-something mother in a nearby cottage community to make her life easier. Lee is a stay-at-home-mom who is raising two adopted children in a 2,200-square foot cottage.

At 53, she jokes that she's a Baby Boomer living a Millennial lifestyle.

Parolek said extensive research of housing demand by others shows that a minimum of 20 percent of potential

"The first question my buyers ask me is what can I walk to."

Photo by Keiji Iwai Photography

Photo by Keiji Iwai Photography

Downtown Flagstaff draws visitors and residents to downtown with quaint coffee shops and unique retail, established in the city's historic buildings.

A lot of buyers are saying they don't want big lots, they don't want big houses, they want to simplify their lives.

buyers in any market want to live in walkable urban neighborhoods, but the market is substantially short of meeting the demand.

"In almost any city, 10 percent or less of the housing on the market is in a walkable urban context," he said.

Boomers and Millennials are major factors in reshaping the demand for new kinds of housing, but the market will also be driven in coming years, the experts say, by a growing number of single-person households, now almost 30 percent of the market in most areas.

"That in and of itself could make this smaller, more urban housing type in higher demand," Parolek said.

Many of the single homebuyers are young professional women — Millennials — who are highly educated, have good jobs and make good money. Others, in some areas, are widows eager to rebuild their lives in smaller, low-maintenance homes in welcoming communities.

Bob Turner, who is developing Habersham, a New Urbanist community near Beaufort, S.C, said his community has become a significant "widow's market."

Habersham is a waterfront community known for its Southern coastal ambiance, Spanish moss-draped oak trees and a historic style of architecture that gives the Carolina Low Country its special charm. The town plan was designed by Duany Plater-Zyberk & Co., the Miami architects who were among the founders of New Urbanism.

Turner said Habersham features stacked duplexes in two-story units with an elevator to the second floor that are ideal for widows. He said the units are located on small lots with a courtyard in back.

Habersham features many of the housing types advocated by Parolek, including cottages, granny flats, townhouses, live/work lofts and mansion flats — multi-family homes that look like mansions, but are divided into three or four apartments.

Habersham, S.C., "A Beautiful Coastal Town"

"There's a social side of having people from different age groups and different income levels live in the same place," Turner said. "They're not buying it because it's affordable, they're buying it because it's all they want. A lot of buyers are saying, 'We don't want big lots, we don't want big houses, we want to simplify our lives.'"

After the Mississippi Gulf Coast was devastated by Hurricane Katrina in 2005, New Urbanists working on the recovery developed plans to build small, easy-to-assemble cottages as better substitutes for FEMA trailers. They learned there was a much stronger demand for their cottages than they had anticipated.

"We approached it initially as disaster recovery and just had our head to the ground," said Bruce Tolar, an Ocean Springs, Mississippi architect. "What we found from that was that the next disaster was the housing bubble burst and then the economy went in the tank; next thing you know we're building right-sized housing. We found we really fit in well with the lease and rental demands that were coming out of it."

Tolar has been involved in developing cottage communities on infill lots in Ocean Springs and nearby Pass Christian, both in walking distance of downtown. He liked the concept so much that he moved his office into a 1,324-square-foot cottage at Cottage Square in Ocean Springs.

Habersham, S.C.

Quality is one of the major selling points in mid-range density developments.

The size of the housing units advocated by Parolek vary considerably. The first unit in Mississippi was a tiny, 225 square feet. For units in traditional Missing Middle buildings, "I would say 1,200 square feet tends to be the upper threshold but many are much smaller but highly desirable," Parolek said.

Cottages in Pruitt's Cottage Company communities run up to 2,500 square feet.

Prices range from about $200,000 for smaller units at Habersham to $735,000 for a 2,475-square-foot, four-bedroom home in one of Pruitt's communities just a few miles from Microsoft's world headquarters.

To make the smaller is better theme work, Parolek and Pruitt agreed, builders must pay attention to detail, making sure to get the most out of every square foot of space. Quality is one of the major selling points in mid-range density developments, they said.

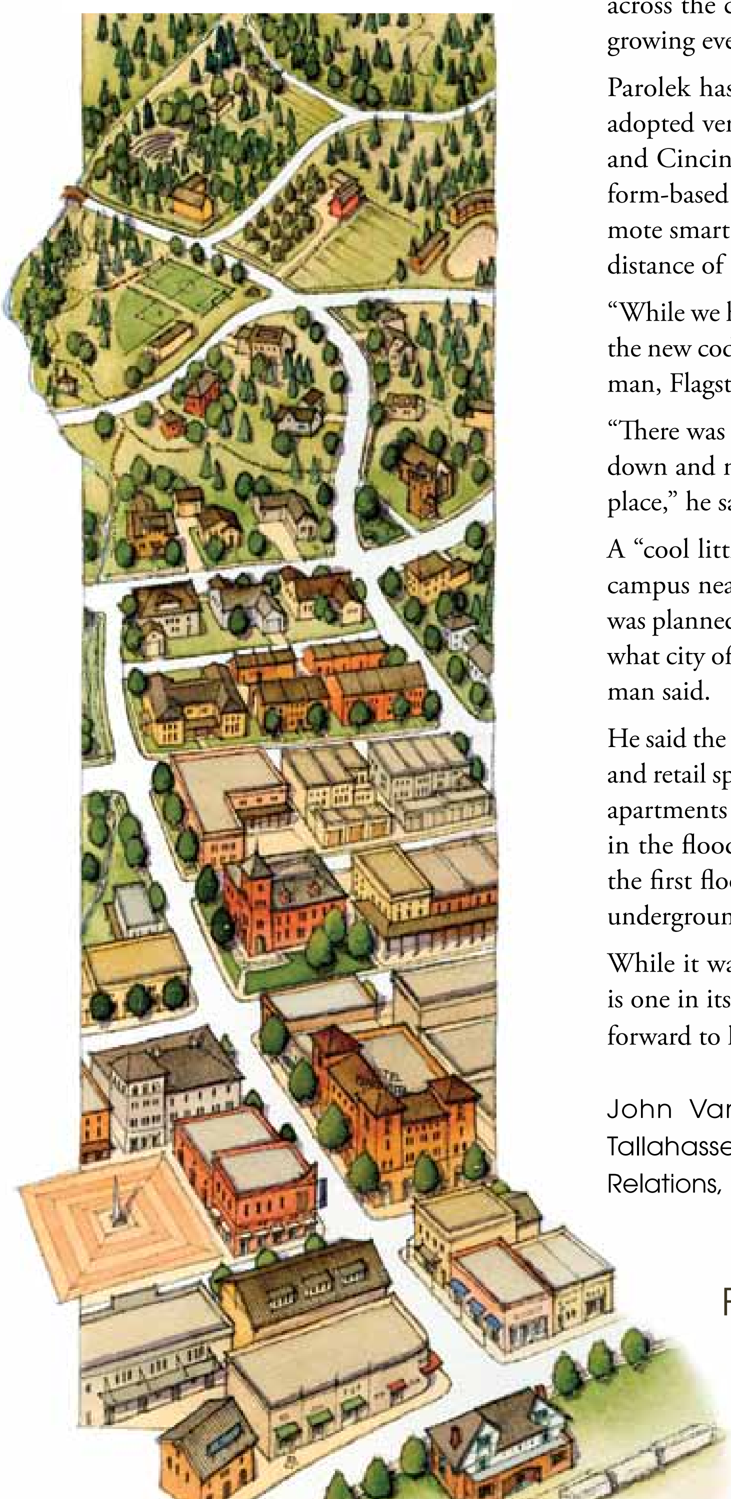
"You just have to get really creative with the floor plans," Parolek said. "You have to have built-ins, a smaller kitchen, probably a shared dining/living room space. You can get quite a bit into 650 square feet if it's designed well."

The Greenbergs said their home is full of built-ins and they have plenty of room for nearly everything they need. "Although they're small, they live big," Bob said.

The only exception is the dining table, which seats just four people. No problem, though Jane said, when their children and grandchildren come for the holidays they eat their meals in the community's shared Commons building.

So how is the U.S. housing market doing at meeting the demand for smaller, mid-range density units? "Very poorly," said Parolek, placing the blame on years of misguided, counterproductive housing policies.

Photo by North Charleston



Flagstaff, Ariz., transect Courtesy of Opticos Design Inc.

"There are a lot of different obstacles in place, and it starts with zoning codes that either don't encourage or else discourage this housing type," he said. "That's why we promote form-based coding because it promotes this range of housing types."

Parolek said form-based codes are "taking off. It's being done all across the country. It's growing very rapidly, but it needs to be growing even quicker to meet the growing demand."

Parolek has been a consultant to a number of cities that have adopted versions of form-based codes, including Flagstaff, Ariz., and Cincinnati, Ohio. In November 2011, Flagstaff adopted a form-based code designed to preserve historic buildings and promote smart development of two older neighborhoods in walking distance of downtown. Historic Route 66 runs through the area.

"While we haven't had any big projects coming through yet under the new code, we have had tremendous interest," said Roger Eastman, Flagstaff zoning code director.

"There was a real potential of those historic structures being torn down and much bigger out-of-scale structures being put in their place," he said. "This code ensures that doesn't happen."

A "cool little project" next to the Northern Arizona University campus near downtown Flagstaff on South San Francisco Street was planned before the form-based code took effect, but is exactly what city officials had in mind when they adopted the code, Eastman said.

He said the three-story building features 9,000 square feet of office and retail space on the first floor, with 24 two- and three-bedroom apartments on the second and third floors. The project is located in the flood plain of a drainage ditch, so the developers raised the first floor four feet above natural elevation and put parking underground.

While it wasn't approved as a form-based code project, it really is one in its form, design and function," Eastman said. "We look forward to having this built." ●

John Van Gieson is a freelance writer based in Tallahassee, Fla. He owns and runs Van Gieson Media Relations, Inc.

Flagstaff adopted a form-based code designed to preserve historic buildings and promote smart development.

Innovation Stations

New collaborative workspaces are popping up around the country

1776 in Washington, D.C.

By Brian E. Clark

Denver-based serial entrepreneur Jim Deters has been around the block (more than a few times) creating software companies from scratch.

Or as he puts it, "this isn't my first rodeo."

"I'm a tech entrepreneur who's been building software firms since I was 20 years old, and that's all I know how to do," said Deters, 38.

Deters is the brains behind Galvanize, a 78,000-square-foot collaborative workspace community for startups in the Golden Triangle of Denver. He's in the process of opening a second project in the Mile High City's Lower Downtown, known locally as "LoDo."

Galvanize is one of a number of new and creative work spaces popping up around the country that are re-inventing shared space where entrepreneurs have traditional office services and abundant internet bandwidth. Better yet, they also have access to office hours with seasoned mentors and seminars, and support each other with programs aimed at helping startups succeed. The first of these new office settings were on the coasts, but they have now spread to the Heartland. Deters said he was inspired by Rocketspace in San Francisco and 1871 in Chicago.

"I've personally gone through the whole evolution of starting a company, being one guy in my basement, then three

Photo by SandiaLabs

guys in my basement and then trying to find a cheap place to expand," said Deters, a Chicago native.

"I've lived this process of trying to find space. So I designed Galvanize to handle the life cycle of a startup. But I'm not a real estate guy. For me, the real estate is a means to an end. The real estate is a container. And I needed a special kind of container to create a density of human capital."

Galvanize opened its doors in October of 2012 in a 1929 historic building at 1644 Platte St., just in time for the first-ever Denver Startup Week. It now has 400 entrepreneur members and 130 startups. He said he got the idea for Galvanize, in part, as a way to connect with Denver.

"I've lived in Denver for 15 years — though I like to say I spent 13 of them on airplanes," he quipped. "I've been building tech companies all over the world, including my last one — Ascendant Technology — which was based in Austin, Texas, and sold to Avnet last year.

"After my third child was born three years ago, I wanted to figure out a way to be part of the local community and not travel 200,000 miles a year. So as I thought about the startup scene here, I wondered who was going to coalesce or galvanize things here? That was the start."

Deters said Galvanize has a big open area where entrepreneurs can work wherever they please — and share ideas if they want, too. One of the first things people see when they enter is a coffee shop/restaurant dubbed "Gather."

Galvanize has a big open area where entrepreneurs can work wherever they please.

It's open to the public and is an amenity that tenants often use for meetings.

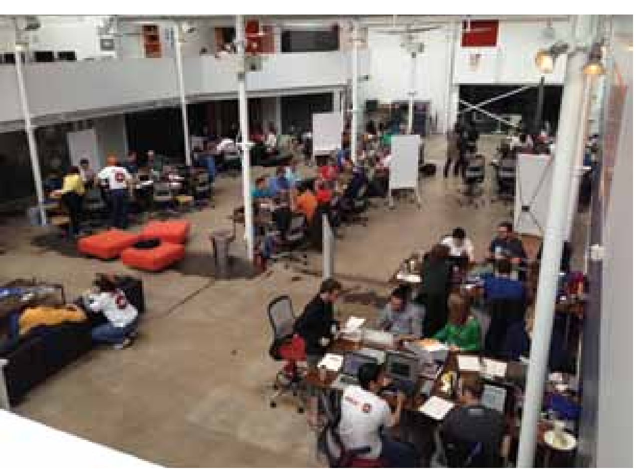
Shared space at tables costs $299 a month, while two- to four-person reserved desks in the mezzanine run $449 monthly. Unlike some of the other new collaborative work spaces, Galvanize also includes suites for growing companies with as many 25 to 30 employees. They range in cost from $2,000 to $6,000 a month; parking is extra.

"One of the unique things that we've done compared to other facilities is having space for companies to grow on site," he said. "So we have 15 suites. But once companies get over 30 employees, they've pretty much become the real deal and it's time for them to flee the nest and get some infrastructure of their own."

While they are in the nest, however, everyone from individuals with the next great idea to the folks in the suites can partake in major events that draw hundreds of people, to smaller gatherings and techie clubs like Women Who Do Code.

"Just this week, we had Guppy Tank, 1 Million Cups and the Google Go Language in here, and another startup did a launch party," he said, noting that Joe Zell; Brad Feld,

Galvanize, a workspace community for startups in the Golden Triangle of Denver.



Everyone from individuals with the next great idea to the folks in the suites can partake in major events that draw hundreds.

Photo by mars_discovery_district

Photo by Scott Beale

who runs the Foundry Group in nearby Boulder; and other venture capitalists have also spoken at Galvanize. Some hold office hours to share their wisdom with tenants. Deters calls them "honoraries."

"We have a whole team dedicated to running events and programming, all of which are free," Deters said. "We have never charged. On average, we do 12 events a week here."

To get into Galvanize, Deters said his team runs prospects through what he calls a "mild curation process." People register online and answer a few questions such as "How can you add value to our community."

"We are not making a judgment on their business," he said. "I'd do that if I were going to put my own venture capital on it. But to be part of the community, though, we are looking for people who have a common theme.

"We are tech- and digital-centric, though we do have a coffee company here. For the most part, we want them to fit that tech baseline, and we are looking for companies that understand the value of being part of a community and helping shape an ecosystem. It's really that basic. Most of the people we turn away, we send to more traditional co-working spaces."

Deters said one of the facilities he modeled Galvanize after is Chicago's 1871, named after the big fire that leveled much of the city. It's located in the famed Merchandize Mart and has 50,000 square feet of mostly open space on the 12th floor of the building.

It opened in May of 2012 after a long series of discussions by senior Chicago business leaders and successful entrepreneurs who had done well in Chicago, said Melissa Lederer, 1871's chief marketing officer.

"They recognized that there were incredible entrepreneurs who had gone to some of the top universities in and around Chicago, including Northwestern and the University of Chicago, who were leaving for the coasts to start and grow their businesses," she said.

"They wanted to do something about that loss of talent. Take Steve Chen, for example, who went to the Illinois Math and Science Academy in suburban Chicago for high school, the University of Illinois for undergrad and then moved to the Bay Area where he started You Tube because he didn't feel he had the resources here. And he certainly isn't the only one."

Courtesy of GG Photo

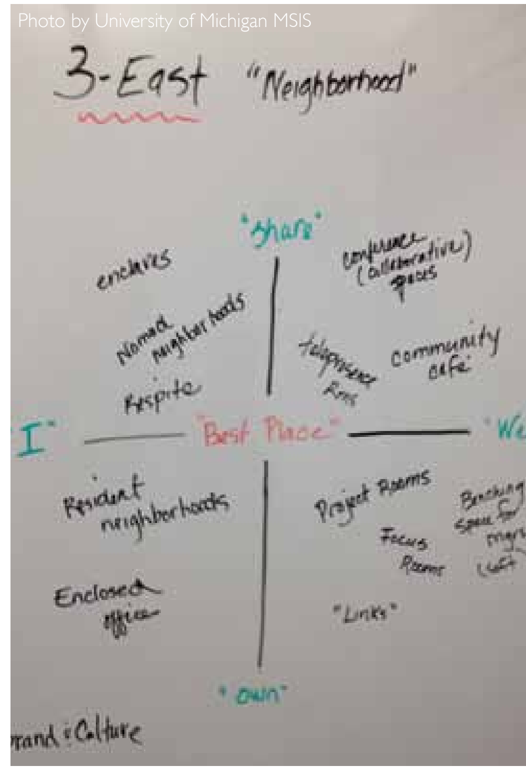


Photo by University of Michigan MSIS

1871 is home to innovative shared workspace in Chicago, Ill.

Lederer said Chicago has a vibrant economy — including several Fortune 500 companies — but did not have a unified startup community.

"People asked how we could stop brain drain and give entrepreneurs the connectedness to feel like they have the resources to be successful here. They did a lot of focus groups and looked at many of the best collaborative co-working spaces in places like Seattle, San Francisco, Boston, Philadelphia and New York. The result is 1871."

She said the visionary behind 1871 is J.B. Pritzker, a venture capitalist and entrepreneur in his own right. He brought other private backers on board and helped convince the state of Illinois to give the facility a $2.3-million grant to get it off the ground.

She said 1871 is highly selective in how it chooses potential tenants, winnowing down more than 1,300 applicants to the 225 startups who've been chosen based on business models and interviews. Many focus on improving existing business services.

The startups tend to operate with one-to-three people who come in, grab a free table and work side by side with "someone traveling the same journey, so they often can learn from each other and get ideas."

She called the programming at 1871 an "absolutely essential" ingredient.

"We have a robust monthly calendar led by various leaders in a variety of fields," she said. "We also had a lot of success with office hours. We do 200 to 250 of office hours a month with CEO-level people who do free, 30-minute, one-on-one sessions that are a huge value."

Frank Muscarello, who runs a year-old tech company called MarkITx, was an early tenant and is now a "graduate" of 1871. Before that, he started and ran a computer hardware information firm called Vision Point of Sale for 16 years before selling it two years ago.

"So I'm a seasoned, bloodied and bruised entrepreneur," he said.

Muscarello, a 42-year-old native of Chicago who went to graduate school at Northwestern, said he heard from a friend about 1871. "There was a buzz going around. We were lucky to be one of the first 15 or so in. Now that we've built our company to 11 employees, we've moved on. But I have to give the folks who started 1871 a lot of

> The programming at 1871 is an absolutely essential ingredient.

credit because they've created a phenomenal community and ecosystem for startups."

In the beginning, money at Muscarello's firm was so tight, he couldn't pay his co-founder because he had no access to capital. But his colleague liked the company plan as well as the idea that he'd be working in a collaborative environment around many other startups.

"He figured if this didn't work, there would be other opportunities nearby and he could jump ship if needed," Muscarello said. "That was fine with me."

Muscarello — who has resisted investor suggestions to move to Silicon Valley — said he took advantage of office hours with mentors who schooled him on finance, sales and better understanding his customer bases.

"We filtered out what we didn't need," he said. "Sometimes, just walking down the hall or in our Intelligencia coffee shop, you'd run into people like Stuart Larkins, a partner at Chicago Ventures and an Internet entrepreneur in his own right."

Muscarello called 1871 an "amazing hub of talent to really build innovation and a great environment to work in. But the reality is that for this to be the success we want, someone from here has to build a $1-billion company. I know we at MarkITx believe we have the potential to grow rapidly."

In Washington, D.C., the 1776 collaborative work space has a focus on regulated industries such as health care, education, energy and smart cities, said facility manager Chris Silberman. It is the brainchild of Evan Burfield and Donna Harris. It opened in April with about 40 startups and by late September had grown to 150.

It is based just a few blocks from the White House on the 12th floor at 1133 15th St., close to Capitol Hill, embassies and not far from K Street, which is home to numerous lobbyists, think tanks and advocacy groups.

"We're relatively new, so we haven't had any 'home runs' yet, but we have some promising companies like Social Tables (makes cloud-based software for the hospitality industry) and Flat World Knowledge (offers textbooks on- and off-line) that have shown they have traction, gone beyond customer validation and are on the brink of scaling their companies.

1871 in Chicago, Ill.

We have a robust monthly calendar led by various leaders in a variety of fields.

1776 in Washington, D.C.

1871 in Chicago, Ill.

1871 is an amazing hub of talent to really build innovation and a great environment to work in.

"But the one thing that really separates us from incubators across the county is that we are in a city that has resources that aren't anywhere else in the world. We really want to take advantage of and help connect members to all those organizations and global resources that are close by so they can scale up quickly," Silberman explained.

The 1776 "campus" has an open floor plan broken up with furniture and white boards, three conference rooms and three private phone booths.

For startups or individuals to gain membership to 1776 — which has a completely open office plan — Silberman said they must convince a panel that their idea is a scalable service or product.

"We are looking for high-growth, for-profit startups," he said. "We want to create a community of like-minded entrepreneurs that are all facing the same issues who are innovating within regulated industries. But at this early stage, that's not a prerequisite to be a member of the campus right now."

All members have 24/7 access to office space, a kitchen stocked with sodas and coffee, mail and package distribution, a receptionist and — perhaps more important for tech startups — a one-gigabit fiber pipe with a lot of bandwidth, so worker bees should not run into Internet access problems. Rates range from $300 a month for unreserved space to $600 for a reserved desk where you can put up signage, have a storage unit and leave monitors on your desk.

Like Galvanize and 1871, 1776 has a mentorship program that allows members to sit down for one-on-one sessions with seasoned entrepreneurs and subject-matter experts to get advice on problems or help them tease out answers to puzzles.

"In addition to office hours, we do weekly seminars and incubator workshops with mentors who host roundtable discussions," he said. "The focus varies, but generally the process stays the same where we leave it open to any of our members on what subject might be helpful to them — could be financial, legal or user experience — to decide if they want to attend.

"We're trying to tie everything together by creating a community of like-minded entrepreneurs," he said.

1776 is a collaborative workspace in D.C., focused on regulated industries such as health care, education, energy and smart cities.

We really want to help connect members to organizations and global resources.

"There is an incredible amount of experience and expertise just by bringing these people together for spontaneous collaboration. That part isn't always organized, it just happens because they are working near each other in the same space."

Phillip Auerswald, a George Mason University economist and senior fellow at the Kauffman Foundation, said "the nature of work is changing, so office spaces are changing and this is a disruption of commercial real estate.

"To some extent, this has been a rather peripheral phenomenon focused around universities and a few major tech cities, but it's rapidly outgrowing that to become a model of how people are going to organize to work within large corporations or in companies wherever they are located."

Auerswald, author of "The Coming Prosperity, How Entrepreneurs are Changing the Global Economy," said people everywhere are discussing work and creativity.

"They are talking about how to arrange physical space and how to optimize whatever kind of technological physical assets they have so that people can find those new pathways for collaboration and not just stay stuck in the relationships and mindsets they were used to."

He said entrepreneurs found ways to collaborate at their kitchen tables, in their garages and at coffee shops.

"But this new mode of work adds value to the whole entrepreneurial process," he added. "It's not just a new way of real estate, it's stimulating more entrepreneurial ventures than you would have seen absent this new model. It seems like one of these incubator/accelerator spaces is opening up every six months here in Northern Virginia. Soon it will be mainstream."

And it's not just entrepreneurs or corporations who can benefit from this model, he said. "This could work well for Baby Boomers in transition who are thinking about the extension of worklife, what retirement means and staying creative. So I think there will be some kind

We want to create a community of like-minded entrepreneurs.

of inter-generational inclusion in some of these spaces with more opportunities for intergenerational mentorship. Time will tell."

Nor are collaborative workspaces limited to just techies, either.

Katy Chang is a former attorney turned chef who is starting EatsPlace, a Washington, D.C., "pop-uppery," and food incubator that also will be home to Baba's Cooking School. She said she got the idea for this shared kitchen after she had trouble finding space to make her artisan kimchi, a traditional fermented Korean side dish made of vegetables with a variety of seasonings.

"I tried to find a commercial kitchen to make it in, but it was just really hard to find space to keep up with the demand," she said. "That's a good problem to have because I kept selling out of my kimchi really fast."

She said she wanted to expand, but always "kept hitting that same wall. I also knew there was a community of other food makers, especially caterers, who had a similar problem. So I thought, why don't I open sort of a soup-to-nuts food incubator where people can use the commercial kitchen to make their food and also serve it upstairs in the dining room or sell in the marketplace."

Chang, whose father (or baba in Mandarin) owned and ran two D.C. restaurants, said she plans to open her shared kitchen/restaurant this spring on Georgia Ave. in the up-and-coming Parkview neighborhood. She is working with Studio Upwall architects and said EatsPlace will have half a dozen modular workspaces.

She said she expects collaboration to "ferment" organically as food makers work side by side. "And there will be talks, mentoring and technique classes geared towards both food professionals and home cooks. For the pros, this will include sessions on the business side of food production — food packaging and labeling, business formation, intellectual property and food, training for front of the house and back of the house staff positions, etc."

Chang is also going to curate guest chef residencies, with each residency lasting about six weeks. "That chef will use the kitchen and serve his or her food in the dining room, but when the restaurant's not open, the food producers will be able to come and use the space," she explained.

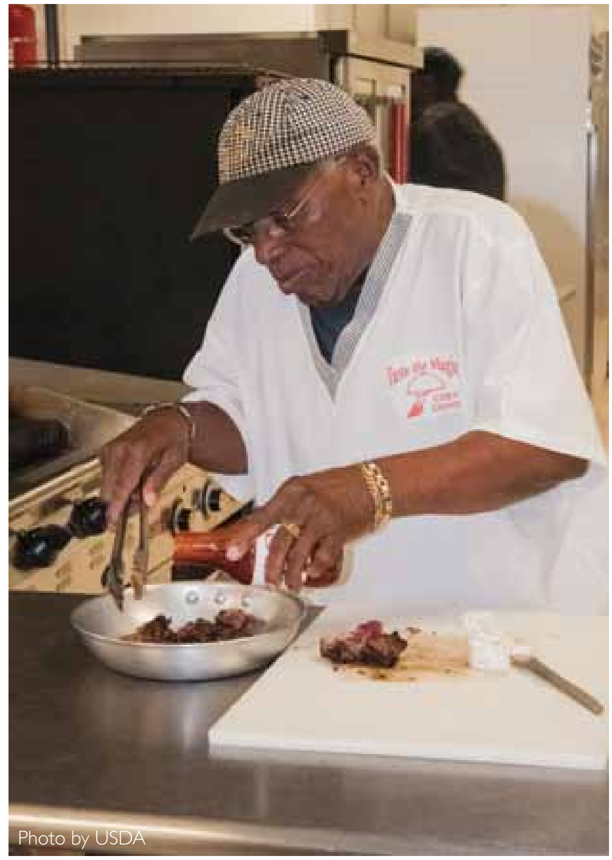


Photo by USDA

She said her background as an attorney helps with regulations, food labeling and different sanitation requirements, all that red tape you have to go through to open a commercial kitchen or restaurant. "That way, food makers and the guest chef can focus on what they do best, which is cooking," she said. "They don't have to deal with trying to get permitted and licensed because I will handle all that." ●

Brian E. Clark is a Wisconsin-based journalist and a former staff writer on the business desk of The San Diego Union-Tribune. He is a contributor to the Los Angeles Times, Chicago Sun-Times, Milwaukee Journal Sentinel, Dallas Morning News and other publications.

Paula Fletcher at Fletcher's Finds in Yemassee

THREE SOUTHERN TOWNS

WHERE TRAINS MATTER TO MAIN STREETS

By Herb Hiller

Passenger trains figure large through the Northeast, along the California coast and centered on Chicago. Elsewhere, they're a lifeline for towns no longer served by bus and for people that don't drive cars.

I ride trains by choice and never tire of looking out windows at woods barely beyond touch, captured by misty mornings and the nighttime assemblies of riders waiting to board from under old platform sheds in dim light.

I've also wondered about the importance of trains to the small towns where they stop, and not just for the passengers who ride them. How do trains animate their towns, or how might they again?

I looked for answers in three Southern towns where trains run up main street. You too may find that riding trains helps re-focus your own America.

Yemassee, S.C. – The depot potential

Yemassee in 2012 prepared the comeback of its trackside downtown in an unusual way.

A BBC reality show chose to film an episode in its series that sends the women of a town away for a week while the men stay behind to, well, in the case of Yemassee, restore

Courtesy of Lowcountry Tourism Commission

the train depot. The depot is Yemassee's visitor face. For years it sat shuttered. Yet four trains a day stop in this town of 1,000 with two lively businesses, a few that make do, and otherwise the hulls of buildings of a once-busy railroad town. Yemassee scraped together a quarter-million dollars for its 60 minutes of fame plus re-runs.

Yet nobody rented space at the restored depot. Le Creuset didn't re-open its kitchen goods warehouse that it had already relocated closer to I-95. Residents still had to make do with a post office in a trailer. No additional cars noticeably rumbled across the tracks between I-95 and nearby Lowcountry resorts.

It was the traffic-diverting completion of I-95 in the mid 1970s that bottomed Yemassee out. Decline had begun a decade before when the Marine Corps closed its Yemassee barracks. Across 60 years, a half-million easy-spending recruits had passed through.

However, even a brief visitor easily imagines Yemassee of the future, not just the rail gateway for coastal vacations but also the ecotourism hub of the region's natural and cultural heritage.

Realms of public and private wealth surround the town. Canopied roads set off plantations, where owners come winters to hunt and entertain. They cooperate with the ACE Basin Project that conserves 350,000 acres of diverse habitat prized by birders, paddlers and off-road cyclists.

"We see plenty of them already driving through," says Mayor J.L. Goodwin.

The Nature Conservancy calls this one of the Last Great Places on Earth, no less for its nature as for its cultural history. Gullahs from West Africa transformed the basin of the Ashepoo, Combahee and South Edisto rivers into a prosperous rice growing economy that continued after emancipation. The legacy of Harriet Tubman suffuses the region, encompassed by the Congressionally enrolled Gullah Geechee Cultural Heritage Corridor.

Then there's Yemassee's hip side.

Paula Fletcher's general store is where you get breakfast and lunch among the art and quilts, and news about the Yemassee Revitalization Committee that she chairs. Plans call for installing the post office in the depot along with maybe a cyber cafe. Paula's own plans call for adding a micro-distillery for what's called "licit moonshine" and bourbon. "We'd be third in the state and first in Hampton County. We'd capture a lot of people off I-95," she says.

And there's Harold's Country Club, a steakhouse, bar and dancehall in a converted downtown car garage with fan belts and radiator hoses still on the walls — what placemaking is all about. Everybody shows up weekends, from plantation owners to tourists, who can still pump gas out front.

If Harold's, why not outfitters and guides also in the depot? Plenty of historic homes for B&Bs. With its history and compelling natural gifts, why not Yemassee renewed in a green economy?

Ashland, Va. – Capitalizing on the train

Eleven dollars and 15 minutes will get you north by train from Richmond to Ashland, a bedroom town of 7,500. Same as in Yemassee, there's no functioning passenger depot, but with seven times Yemassee's population and home to 1,500 students, faculty and staff at Randolph-Macon College alongside Railroad Avenue, trains figure large in Ashland life.

Some 50 trains pass a day, including 10 each way that connect passengers between Richmond and Amtrak points north to Boston. The town logo shows a cowcatcher locomotive. Restaurants call themselves Trackside Grill, Iron Horse Cafe and Caboose. There's a Train Town Toy & Hobby, and shop windows post signs for the annual Race the Rail Run.

Instead of an Amtrak-managed train station, the fixed-up old depot houses the Ashland Visitors Center. "Homemades by Suzanne" across the avenue sells "bench lunches" for train watchers, some of whom put pennies on the tracks for trains to flatten.

In the Pamunkey Regional Library, atop a table that elsewhere might offer a jigsaw puzzle, there's a model railroad set in front of windows that kids rush to when trains stop.

Trains have enriched the town, starting in the 1840s when the Richmond, Fredericksburg and Potomac line started Slash Cottage (later Ashland) as a mineral spa. In 1868 a boys school relocated in search of a better future in a railroad town. That's today's co-ed Randolph-Macon.

Trains equally root Ashland's psyche.

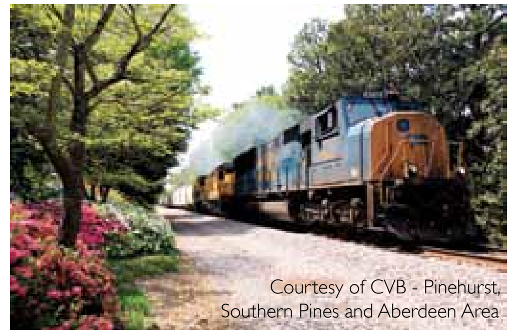
One morning over steaming mugs at Ashland Coffee & Tea, David Hamilton explained to me, "the train is always

Courtesy of Town of Ashland

Night freight train through Ashland, Va.

Courtesy of CVB - Pinehurst, Southern Pines and Aberdeen Area

Downtown Southern Pines shops across from the depot



Courtesy of CVB - Pinehurst, Southern Pines and Aberdeen Area

Harold's Country Club in downtown Yemassee

Photo by Joyce Bunton

here. It stops us — stops us from what we need to do. Stops us at the crossroads. The trains are real important. They're built into how we live."

A Mr. L. Thompson, a track crossing guard at England Avenue, drove a school bus for 20 years, ran a cab service with his father until 2010, and now, with an assigned parking space beside the depot, comes out mornings for an hour and afternoons again to make sure kids and older folks know trains are coming. People wave and shout hello!

I like how Caroline Coronado arrived. Caroline, a jeweler, rode trains between North Carolina and New York.

"Every time, I would tell somebody to wake me up when we came through Ashland. I wanted to see that cute little town again with the college by the railroad tracks. One day I got off. I heard of an apartment available over a store. I took it." Now she and her husband Alvaro help lead an active arts community enriched by Richmond train visitors, by Randolph-Macon faculty and staff and by students' parents.

That experience of Caroline isn't all that unusual, says Lou Flanagan, founder of Caldwell Banker Dew Realty on Railroad Avenue. "The tracks absolutely add value. People have stopped in the office just off the train to learn what the town is like. That row of Victorians just south of the business district? They sell high — at least those in good condition — just because they're close to the tracks. That's a selling feature here."

Best news I heard while in town was that, while the old Henry Clay Inn beside the depot was closing, Ashland's Herald-Progress newspaper was relocating downtown after 20-plus years out near the municipal airport.

Trains run. Town thrives.

Southern Pines, N.C. – A railway retreat

The magic of train towns captured me in the person of Kelly Peckels, when Train 91 pulled into Southern Pines in a late night rain. Kelly, who manages the Jefferson Inn, a block from the train platform on Broad Street, greeted me with an umbrella.

We walked a block to a rocking chair porch that opens to the inn through French doors below a glass transom. Cut glass chandeliers burnish lobby columns, comfy armchairs and exposed sprinkler pipes. Rugs cover squeaky oak floors beneath a pressed tin ceiling, sections of glass in bulls eye surrounds, and a vase of roses on a table of regional magazines.

But when I complained that the room Kelly showed me was uncomfortably large, she right away showed me the "historic room," which is to say, an original before a recent inn restoration that combined 22 rooms into 15.

"Perfect," I said, whereupon Kelly, after explaining that these days people want more space, conceded that the room was also her favorite.

Southern Pines, population 15,300, is the doorknob that opens a Sandhills region renowned for golf and equestrian sport. The town relies chiefly on retirement income, health services and its famed leisure economy.

Into the 20th century, these were the sandy Pine Barrens. A little place, where turpentining allowed a living. But what a town founder in 1887 imagined as a health resort soon attracted the Seaboard Air Line Railway that began carrying northern tourists down and longleaf pines up. Golf began at the turn of the century, centering in nearby Pinehurst and later also Aberdeen. Southern Pines remains the train town.

No interstate exit usurps Southern Pines commerce. Instead, one-of-a-kind shops show an evolving green downtown, like Green Goods for organic and recycled products, Gracefully Rustic for regional goods, the Moore County Farmers Market, a cycle shop, and an outdoors trading store.

Broker Ed Rhodes, for 35 years president of Rhodes & Co. Real Estate on Broad Street beside the tracks, says he has never heard anyone say they wish the trains didn't come through. "People I deal with certainly enjoy the trains. I do. They're a plus. They absolutely improve our quality of life. Yes, yes, they're good for real estate values."

The Sunrise Theater next to the depot is among popular venues that showcase regional performance, often featuring country blues. Weymouth Center for the Arts and Humanities houses the North Carolina Literary Hall of Fame and artist in residence programs. Across the avenue, the Arts Council of Moore County innovates.

Executive Director Chris Dunn does beer tastings with the mugs of regional potters. He brings in chamber musicians from around the world, and different from many larger cities, he says "I let them program up to a quarter of atonal works."

He also backs provocative theater; recently, playwright Ray Owen's "Bleeding Pines of Turpentine." The work recalls regional history in daily lives, including the depiction of blacks and whites who worked fields together, and as a result were both alike shunned.

It's a long view that trains fit. ●

DeLand, Fla., writer Herb Hiller writes and lectures about issues in placemaking, frequently about trains.

RIDERSHIP RISE

Amtrak carried a record 31.6 million passengers in Fiscal Year 2013, delivering nationwide benefits, providing vital transportation services, advancing America's economy and demonstrating the value and convenience of the national passenger rail network, according to an October release from Amtrak. It is the tenth ridership record in 11 years. Among the highlights of its record ridership are its ticket revenue which increased to a record $2.1 billion, and eight individual monthly ridership records were broken during FY 2013, including the single best month in its history.

"This year's record ridership was achieved station by station in the more than 500 communities across America that Amtrak serves," said Amtrak President and CEO Joe Boardman. Communities realize stations served by Amtrak are anchors for economic development, catalysts for historic preservation and tourism growth, sites for commercial and cultural uses, and points of civic pride. The numbers in Yemassee, Ashland and Southern Pines further highlight the stats, as train passenger arrivals and departures in the three towns continue to rise year after year:

	2000	2012
Yemassee	8,700	14,300
Ashland	10,320	24,041
Southern Pines	3,032	7,092

Data courtesy of Amtrak


Courtesy of WSDOT

GAS ATTACK

Confronted with declining fuel tax revenue, states scramble to find transportation funding

By David Goldberg

Consider the dilemma governors and legislators across the country were facing as they began their 2013 legislative sessions: Mounting needs to repair and upgrade their states' transportation infrastructure, but bad news all around when it came to finding the money to pay for it all.

All 50 states rely, at least in part, on taxes on gasoline and diesel fuel — the "gas tax" — to pay for the upkeep of roads and bridges and build new ones. Some states also contribute a share to public transportation. Time was, it was the most dependable source around: As more people drove more miles, more money came in. But now, says James Corless, director of the coalition Transportation for America. "Cars are getting more efficient, and people are actually driving less per person."

With five years of recession added to the mix, most states by 2012 found themselves bobbing in red ink where transportation was concerned. But in the summer of 2012 the news got worse: The federal government, which pays for up to 80 percent of the most expensive road projects and half or more of transit construction, would not be coming to the rescue.

Federal gas tax revenues are shrinking, too. Rather than raise the federal gas tax — which has remained at 18.4 cents per gallon since 1993 — some in Congress proposed to cut the transportation program by a third as a result. Through a bit of budgetary sleight-of-hand, Congress ultimately found money in the general fund to plug the hole in the transportation trust fund, but only for two years and only at 2009 levels. Meanwhile, the population continues to grow and infrastructure continues to age — to the point that one in nine bridges is rated "structurally deficient" — and the purchasing power of those dollars

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declines as construction costs rise (55 percent since 1993, according to the Institute on Taxation and Economic Policy). Not only that, but at current spending levels the trust fund will be depleted by fiscal 2015 without further action to raise revenues.

"All these things have conspired to put less revenue into states' hands," Corless said, "so they are having to get creative." As a result, 2013 saw an unprecedented 19 states make moves designed to raise more money for transportation. With the 2012 elections behind them, governors and legislative leaders of both parties defied conventional political wisdom to propose to raise more money for transportation by doing what could only be called raising taxes, whatever guise they took.

However, with the gas tax increasingly seen as unpopular, very few of these proposals came in the form of a straight increase in the per-gallon tax. An exception was Wyoming, where Republican Gov. Matt Mead proposed and won a measure raising the gas tax 10 cents, 14 to 24 cents per gallon to raise an additional $70 million a year for transportation.

Virginia made one of the most radical moves when it eliminated its per-gallon gas tax, replacing it with a 3.5 percent wholesale tax on gasoline and a 6 percent tax on diesel fuel. This converted the tax from a per-gallon tax to a per-dollar tax — meaning from this point forward it will rise along with inflation. At the same time, in order to raise the total $860 million per year for transportation, the legislature also increased the sales tax from 5 percent to 5.3 percent on nonfood merchandise and allocated some state general fund revenues. The package also imposed new fees for electric, alternative-fuel and hybrid vehicles. The legislature also gave Northern Virginia and Hampton Roads the latitude to impose their own sales tax increments devoted to transportation.

"Virginia's economy depends upon a modern transportation system," Gov. Robert F. McDonnell said in a statement. McDonnell got the ball rolling in January by proposing the first tax hike for transportation in 26 years. "Without good roads, rail, transit, and bridges, we cannot attract the new businesses that will create the good-paying jobs our citizens need and deserve. A continued failure to dramatically improve transportation would leave the Commonwealth less competitive economically [and] shrink our tax base."

Virginia's was a move born of necessity, Transportation Secretary Sean Connaughton explained at a Congressional hearing on transportation funding in September. "We were able to show to our legislature we were not going to have the money even to do our federal match by 2015," he said. Ultimately, by promising reforms and a package of investments with broad support, "we were able to move from gas tax that is shrinking to a revenue source that is growing, the sales tax."

Other states went the route of adding or increasing a sales tax on gasoline, rather than raising the per-gallon fee. Sales taxes on fuel are growing in popularity as a way to match inflation. (Indeed, Sen. Barbara Boxer, chair of the transportation bill-writing Environment and Public Works Committee, recently suggested the federal gas tax could be shifted to a sales tax at the wholesale level.)


Courtesy of DART

In Vermont, Democratic Gov. Peter Shumlin initially proposed a straight gas tax increase to make up a $36-million shortfall in the state's transportation budget, after a special commission found the state's program on a crash course with insolvency. The ultimate compromise with the legislature actually slightly reduced the per-gallon tax, while imposing a new 2 percent levy on gas at the wholesale level.

Inspired by neighboring Virginia, Maryland Gov. Martin O'Malley proposed — and the General Assembly passed — a transportation revenue bill that phases in a sales tax on gas of up to 5 percent and ties the existing per-gallon gas tax to inflation. The additional $4.4 billion expected over six years goes to a unified state transportation trust fund that pays for all modes. The increase in the 23.5 cents-per-gallon tax is the first in over two decades, and could add 20 cents per gallon by the time it is fully implemented in 2016.

In Massachusetts, the threat of a major increase in the Boston-area transit fares to cover the system's massive debt helped spur a revenue package that will raise $500 million this fiscal year and then about $805 million a year by 2018. The new law increased the gas tax by 3 cents, to 26.5 cents per gallon and added $1 per pack to the cigarette tax. It also includes a provision to increase the gas tax with inflation starting January 1, 2015. The new taxes also will help pay for regional bus services, fund state Department of Transportation personnel costs, and finance some modest transportation projects.

The new taxes also will help pay for regional bus services.

For all the states that passed transportation revenue laws, there were at least twice as many that saw such efforts fail. In Michigan, Republican Gov. Rick Snyder's proposal to replace a tax at the pump with a sales tax at the wholesale level spawned a flurry of counterproposals, none of which succeeded. "Now the most viable idea is probably a libertarian's 'pot for potholes' proposal, using money from legalized marijuana," joked Tim Fischer, a legislative liaison for the Michigan Environmental Council. Washington's divided legislature fought somewhat bitterly over a transportation revenue package that ultimately stalled out, with talk of reviving it in a special session in late 2013.

Several states have experimented with technologies to track and collect the per-mile taxes.

Oregon, meanwhile, is looking to a future of ever-more-efficient vehicles and ever-declining gas tax revenue and trying something altogether different: a fee based on how many miles you drive versus how much gas you buy. One of several states that have experimented with technologies to track and collect the per-mile taxes, Oregon this year became the first to adopt a vehicle-miles fee as an official revenue-collection option. The new legislation calls for 5,000 volunteer drivers to install devices that track and collect the per-mile fee, and also tell the state how much gasoline tax to rebate to those drivers. State transportation officials hope the new program will convince others that it can work, and without fulfilling fears that the devices will impede on drivers' privacy.

Proponents say vehicle-miles taxes are an improvement because they tie what you pay directly to impact on the roads, but detractors say they reduce the benefits of switching to high-efficiency vehicles. Either way, whether the new approach actually makes up for declining gas tax revenue is an open question: It turns out the miles driven per person is actually dropping, too — and ironically, Oregon is leading the way in that trend. Oregon's yearly miles-driven-per-person has dropped by 18 percent since the peak year of 1999, the largest of any state (Washington, D.C., dropped by 22 percent).

The reality today, though, is that "road user fees" only cover half of the bill for building and maintaining our road network, and that ratio is dropping every year. At the local level, nearly all road and transit costs are paid by sales, property or other non-fuel taxes. Increasingly, special local levies and ballot measures are making up for uncertain state and federal resources. While no one expects gas taxes to disappear any time soon, their days as being the primary source of transportation revenue may be numbered.

"A little disruption is not necessarily a bad thing. It's never good to be too reliant on one source of revenue," Corless said. "The critical point is that transportation infrastructure is a fundamental role of government, so we have to be willing to pay for it one way or another." ●

David A. Goldberg is the communications director for Transportation for America, a nationwide coalition based in Washington, D.C., that advocates for transportation policy reform. In 2002, Mr. Goldberg was awarded a Loeb Fellowship at Harvard University, where he studied urban policy.

Courtesy of MoDOT

Courtesy of WSDOT

REALTORS® Take Action

Making Smart Growth Happen

High Point, N.C. — Creating a year-round downtown destination

Cities dream about becoming a world-wide destination. But it's not necessarily a dream come true when the city is a destination only twice a year.

That's the dilemma facing High Point, N.C., popularly known as the Furniture Capital of the World. Twice a year — in April and October — more than 75,000 exhibitors and attendees come to High Point for the world's largest home furnishings trade show. That's a big economic driver for a city with a population of slightly more than 100,000. Twice a year, hotels, restaurants and retail shops are booming. Twice a year the economy spikes. But a city's retail, commercial and residential market can't thrive on two annual economic peaks.

"High Point doesn't have a traditional downtown. We have beautiful buildings that are empty most of the year," says Nicole Arnold, government affairs director for the High Point Association of REALTORS® (HPRAR). "We've realized we need to change our view of downtown. We need a heart-and-soul downtown."

Photo by Jimmy Wayne

With the goal of attracting new residents and more frequent visitors, High Point's community leaders are working together on a plan called Ignite High Point that will turn under-utilized portions of the city into a bustling, thriving downtown that will make it a year-round destination. Ignite High Point kicked off its planning efforts with a week-long series of presentations and workshops, also known as a charrette, earlier this May that attracted hundreds of participants. HPRAR was a sponsor of the event and also secured a $15,000 Smart Growth Grant from NAR to help fund the charrette.

Architect and urban planner Andres Duany — the well-known leader of New Urbanism — spoke to the crowd of 500 community and business leaders and concerned citizens about how High Point can turn economic spikes into sustained prosperity. During the charrettes, participants learned about and discussed such topics as transportation; street scapes and curb appeal; and the need to grow retail downtown. Duany said the time is right for action.

"This is a place that's awake. You may be in decline, but you're not in trouble," Duany said during his opening presentation. "You're economically viable and you're catching the decline early."

To stem the decline, Duany told the charrette participants that removing excessive regulatory red tape — which he called a 'pink-zone approach' — will allow retailers to invest in the downtown and help attract regular visitors. Duany said that central to any revitalization plan is to attract Millennials to High Point. He noted that every year 50,000 college and university students graduate within a 75-minute drive of High Point. These graduates are looking for their next step and often prefer living in established downtowns that offer transportation, retail and entertainment. Convincing Millennials to visit and move to High Point would invigorate the economy now and in decades to come.

To achieve that dream, Duany had several recommendations that would provide an aesthetic redesign and quickly help boost the perspective of downtown. Those initial recommendations include implementation of a roundabout to alleviate traffic congestion around the Health Center; changes in the traffic flow around and the addition of green space to the downtown library area; and using an existing city-owned parking area known as The Pit as an open-air festival area. The roundabout has already been constructed with positive results. All of the proposed changes are designed to help transform the downtown and create a destination experience.

HPRAR, with the help of a second $15,000 NAR Smart Growth grant, is helping keep the momentum for Ignite High Point going. This second grant will help with the planning of the library redesign and Pit project. Arnold says city and business leaders, residents and HPRAR members are excited by the transformative energy surrounding Ignite High Point.

"Ignite High Point has helped our members realize they have a collective impact on their community," she explained. "They know that as REALTORS® they are ambassadors for the community on an individual and collective level. This whole process has demonstrated the strength of the association and has been a real confidence builder. Our members believe they can make a difference."

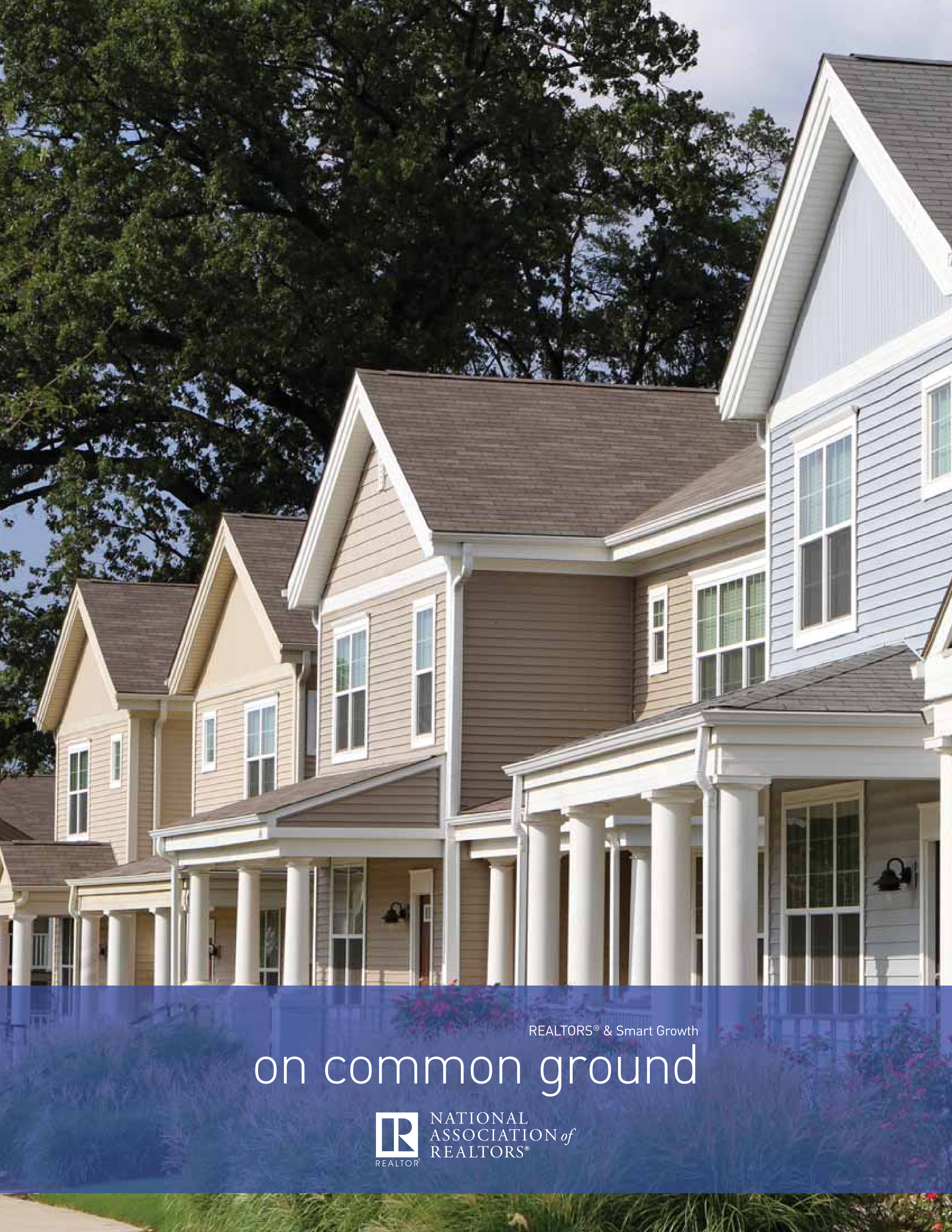
Richard Wood, board chair of The City Project which is the collaborative umbrella organization of Ignite High Point, agrees enthusiasm and engagement are essential to any successful long-term revitalization. Wood says High Point has a history of bucking conventional wisdom; citing the city's unlikely position as the hub of the furniture market as an example. He says High Point has a penchant for finding and capitalizing on unique opportunities.

Photo by Jimmy Wayne

"Every town in America is trying to rejuvenate its downtown," Wood said during a recent local television interview. "So many things have been done here in High Point and done successfully. High Point's always been able to do things people say they couldn't do."

"The Ignite High Point process has encouraged the city to not think of this as another pie-in-the-sky idea, says Arnold. "There is no denying that people are intently interested in the project. It's very exciting."

Strong city hall and community participation and positive outcomes from some first-step initiatives are already spelling success for Ignite High Point and supporters are confident they will continue to create and implement a revitalization plan that will turn the dream of sustainable vitality into reality.



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