



# SMART

Building Better Places to Live, Work and Play

# GROWTH



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## Executive Summary

### NAHB's Smart Growth Report

**B**UILDING BETTER PLACES TO LIVE, WORK AND PLAY has been the guiding principle driving the home building industry for decades. Home builders have always worked hard to make the communities they build the very best places for America's citizens to start their lives, raise their children, fulfill their dreams.

A "better place to live" has meant different things to different generations of Americans. For many immigrants and city dwellers in the early part of this century who resided in overcrowded tenements that lacked basic conveniences, a better place to live meant a single-family home with a backyard outside of the city.

To the post-World War II generation, the step up to a better community and a better life meant a three-bedroom/two-bath rambler in the new suburbs such as Levittown and similar communities.

From the 1960s through the '80s, Americans exercised their freedom to choose where to live, opting for ever larger homes further out in the suburbs, leading to the rise of "edge" and fringe cities from Tyson's Corner, Va. to Irvine, Calif.

Now, with the nation's population continuing to rise and the country in the eighth year of a remarkable economic expansion—both of which have led to robust residential growth throughout the decade—the definition of a better place to live is changing again. Americans are calling for "smarter" growth and more livable communities.

And builders are responding again. We're responding with our own "Smart Growth" plan—a plan that calls for meeting the nation's housing needs in smarter ways.

With all the talk today about Smart Growth, it's hard to know what this term really means and how it can be used to fulfill the housing demand our nation is facing and the desires of Americans for something "better."

On the pages of this report, you'll find the National Association of Home Builders' Statement of Policy on Smart Growth. The statement defines Smart Growth as meeting the underlying demand for housing created by an ever-increasing population by building a political consensus and employing market-sensitive and innovative land-use planning techniques. It means understanding that suburban job growth and the strong desire to live in single-family homes will continue to encourage growth in suburbia. Smart Growth also means meeting that housing demand in smarter ways by planning for and building to higher densities, revitalizing our nation's cities and older suburbs, and preserving meaningful open space and protecting environmentally sensitive areas.

Above all, Smart Growth recognizes that no single growth plan will work for all communities. Every locality has different housing, economic and environmental goals—goals that are not mutually exclusive. The authority to determine land use is vested in local government, as it should be, and that's where Smart Growth strategies must begin. The challenge



**Charles J. Ruma**

*1999 President*

National Association of Home Builders

is for localities to come up with long-term, comprehensive growth plans that take consumer preferences into account along with other goals set by citizens regarding housing affordability, open space, infrastructure and the environment. Any comprehensive growth plan should also address means of reducing barriers to the amount and kind of housing called for by that plan.

The path toward Smart Growth is full of obstacles and rough terrain. Our nation's growing population will need homes, and consumer choice will dictate that the large majority continue to be single-family homes in the suburbs. The overwhelming majority of housing consumers are unwilling to settle for anything less than a single-family home in the suburbs. In the latest NAHB survey of consumer attitudes, 88 percent of respondents said they prefer to live in a single-family home. And they adamantly oppose the idea of living in or near higher-density single-family homes, townhouses, or multifamily rental apartments. Given these realities, how is Smart Growth to be achieved?

The following six principles, developed by home builders, land developers and planning experts, can help guide us toward Smart Growth:

- Anticipating and planning for economic development and growth in a timely, orderly and predictable manner.
- Establishing a long-term comprehensive plan in each local jurisdiction that makes available an ample supply of land for residential, commercial, recreational and industrial uses, as well as land set aside for meaningful open space and to protect environmentally sensitive areas.

- Removing barriers to allow innovative land-use planning techniques to be used in building higher-density and mixed-use developments as well as infill developments in suburban and inner-city neighborhoods.
- Planning and constructing new infrastructure in a timely manner to keep pace with the current and future demand for housing, and finding a fair and broad-based way to underwrite the costs of infrastructure investment.
- Achieving a reasonable balance in the land-use planning process by using innovative planning concepts to protect the environment and preserve meaningful open space, improve traffic flow, relieve overcrowded schools and enhance the quality of life.
- Ensuring that the process for reviewing site-specific land development applications is reasonable, predictable and fair.

To achieve these guiding principles of Smart Growth, our nation's communities will need to unite in a spirit of participation, cooperation and compromise. We will need to focus on solutions and reach consensus. The nation's home builders are committed to working with everyone who can help make Smart Growth achievable. And we're committed to carrying out these Smart Growth principles in order to continue to fulfill Americans' desires for better places to live, work and play.

A handwritten signature in black ink that reads "Charles J. Ruma". The signature is fluid and cursive, written in a professional style.

# NAHB's Statement of Policy on SMART GROWTH

**T**HE CONCEPT OF SMART GROWTH HAS EXPLODED ONTO THE NATIONAL CONSCIOUSNESS as one of the most critical issues confronting America today. It touches on choices we Americans hold close to our hearts—where we live, work and play, the education of our children, commute times to work, and the economic and job opportunities created by new growth in our communities. It is an idea that addresses the questions of how best to plan for and manage growth, when and where new residential and commercial development as well as schools and major highways should be built and located, and how to pay for the infrastructure required to serve a growing population.

## Smart Growth Means Satisfying Demand for Housing

**T**HE NUMBER OF HOMES built and sold each year in America is determined largely by demographic factors such as births that occurred a generation ago, immigration, and people's desire to establish households of their own. Current economic conditions also play a role in determining housing starts because a strong economy and low mortgage interest rates, as have occurred during most of the 1990s, lead to greater numbers of people selling their homes to "move up," to more people being able to afford to buy their first home, and to more people being able to establish households of their own rather than

doubling-up with relatives or roommates. The number of units lost each year from the housing stock due to demolitions and the demand for second or seasonal homes also contribute to the demand for new homes.

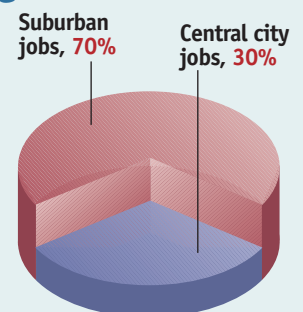
Housing demand remained strong in the late 1990s despite fears that it would slow because of the baby-bust generation forming fewer households. However, stronger than expected immigration and delayed household formations by the youngest members of the baby-boom generation have sustained housing demand.

In the next decade and beyond, a growing U.S. population will con-

### Suburbs Aren't Just for Bedroom Communities Anymore

The traditional commute from suburban home to downtown job is no longer the mainstay of American family life. These days, more people are commuting from their suburban home to a job in the suburbs. In fact, seven out of 10 new jobs created in metropolitan areas from 1993-1995 were in the suburbs; the remainder were located in central cities.

Source: *County Business Patterns*, 1995.



In its broadest sense, Smart Growth means meeting the underlying demand for housing created by an ever-increasing population and prosperous economy by building a political consensus and employing market-sensitive and innovative land-use planning concepts. It means understanding that suburban job growth and the strong desire to live in single-family homes will continue to encourage growth in suburbia. At the same time, Smart Growth means meeting that housing demand in “smarter” ways by planning for and building to higher densities, preserving meaningful open space and protecting environmentally-sensitive areas.

The key elements of NAHB’s Smart Growth strategy include:

- Anticipating and planning for economic development and growth in a timely, orderly and predictable manner.
- Establishing a long-term comprehensive plan in each local jurisdiction that makes available an ample supply of land for residential, commercial, recreational and industrial uses as well as taking extra care to set aside meaningful open space and to protect environmentally sensitive areas.
- Removing barriers to allow innovative land-use planning

continue to increase the nation’s need for housing. The population is expected to grow at an average annual rate of 2.4 million people for the next 15 years, with births outpacing deaths by almost two to one, according to the U.S. Census Bureau. The population segment that accounts for most household formations, those aged 25 to 64, will increase by about 1.1 million per year over the next 15 years. Every state in the nation except West Virginia will add people in this age segment. Five states—California, Texas, Florida, Georgia and Washington—will account for more than half of the population growth in the 25 to 64 age group.

Meanwhile, net immigration is expected to remain at high levels, with more than 800,000 legal immigrants entering the country each year.

As a result of these demographics, the number of households will increase by 1.1 to 1.2 million per year through the next decade. Combined with housing stock losses and the demand for seasonal and vacation homes, home builders will have to supply between 1.3 and 1.5 million new homes per year. ■

## Metropolitan Areas with Greatest Population Growth 2000–2010

	POPULATION IN 2000	POPULATION INCREASE 2000–2010	POPULATION IN 2010	PERCENT CHANGE 2000–2010
Los Angeles-Long Beach, CA	9,669,000	776,000	10,445,000	8.0
Riverside-San Bernardino, CA	3,429,000	701,000	4,130,000	20.4
Chicago, IL	8,030,000	597,000	8,627,000	7.4
Washington, DC-MD-VA-WV	4,860,000	594,000	5,454,000	12.2
Atlanta, GA	3,682,000	550,000	4,232,000	14.9
Houston, TX	4,020,000	471,000	4,491,000	11.7
San Diego, CA	2,964,000	471,000	3,435,000	15.9
Boston-Worcester-Lawrence- Lowell-Brockton, MA	5,993,000	462,000	6,455,000	7.7
Phoenix-Mesa, AZ	2,773,000	459,000	3,232,000	16.6
Seattle-Bellevue-Everett, WA	2,416,000	384,000	2,800,000	15.9
Orange County, CA	2,849,000	377,000	3,226,000	13.2
Dallas, TX	3,161,000	377,000	3,538,000	11.9
Orlando, FL	1,605,000	358,000	1,963,000	22.3
Tampa-St. Petersburg- Clearwater, FL	2,403,000	349,000	2,752,000	14.5
Sacramento, CA	1,667,000	311,000	1,978,000	18.7
Las Vegas, NV-AZ	1,262,000	306,000	1,568,000	24.2
Minneapolis-St. Paul, MN-WI	2,877,000	271,000	3,148,000	9.4
Denver, CO	1,970,000	265,000	2,235,000	13.5
Philadelphia, PA-NJ	5,136,000	261,000	5,397,000	5.1
Oakland, CA	2,346,000	242,000	2,588,000	10.3
Fort Lauderdale, FL	1,527,000	237,000	1,764,000	15.5
Portland-Vancouver, OR-WA	1,829,000	233,000	2,062,000	12.7
Salt Lake City-Ogden, UT	1,327,000	220,000	1,547,000	16.6
Fort Worth-Arlington, TX	1,599,000	201,000	1,800,000	12.6
Miami, FL	2,171,000	198,000	2,369,000	9.1
Baltimore, MD	2,597,000	194,000	2,791,000	7.5
West Palm Beach- Boca Raton, FL	1,074,000	186,000	1,260,000	17.3
Raleigh-Durham-Chapel Hill, NC	1,092,000	176,000	1,268,000	16.1
San Antonio, TX	1,548,000	175,000	1,723,000	11.3
Austin-St. Marcos, TX	1,077,000	174,000	1,251,000	16.2
San Jose, CA	1,676,000	172,000	1,848,000	10.3
St. Louis, MO-IL	2,637,000	160,000	2,797,000	6.1
Charlotte-Gastonia-Rock Hill, NC	1,361,000	158,000	1,519,000	11.6
Kansas City, MO-KS	1,752,000	156,000	1,908,000	8.9
Jacksonville, FL	1,075,000	154,000	1,229,000	14.3
Columbus, OH	1,530,000	148,000	1,678,000	9.7
Monmouth-Ocean, NJ	1,142,000	145,000	1,287,000	12.7
Norfolk-Virginia Beach- Newport News, VA	1,594,000	137,000	1,731,000	8.6
Nashville, TN	1,155,000	133,000	1,288,000	11.5
New Haven-Bridgeport- Stamford-Danbury, CT	1,696,000	125,000	1,821,000	7.4
Middlesex-Somerset- Hunterdon, NJ	1,156,000	121,000	1,277,000	10.5
Sarasota-Bradenton, FL	602,000	121,000	723,000	20.1
Greensboro-Winston Salem- High Point, NC	1,185,000	119,000	1,304,000	10.0
Fresno, CA	920,000	118,000	1,038,000	12.8
Ventura, CA	785,000	114,000	899,000	14.5
Indianapolis, IN	1,521,000	113,000	1,634,000	7.4
San Francisco, CA	1,701,000	107,000	1,808,000	6.3
Cincinnati, OH-KY-IN	1,643,000	102,000	1,745,000	6.2
Albuquerque, NM	711,000	100,000	811,000	14.1
Tucson, AZ	793,000	96,000	889,000	12.1

Source: Bureau of Economic Analysis, Department of Commerce.

techniques to be used in building higher density and mixed use developments as well as in-fill developments in suburban and inner-city neighborhoods.

- Planning and constructing new schools, roads, water and sewer treatment facilities and other public infrastructure in a timely manner to keep pace with the current and future demand for housing, and finding a fair and broad-based way to underwrite the costs of infrastructure investment that benefits the entire community.

- Achieving a reasonable balance in the land-use planning process by using innovative planning concepts to protect the environment and preserve meaningful open space, improve traffic flow, relieve overcrowded schools and enhance the quality of life for all residents.

- Ensuring that the process for reviewing site-specific land development applications is reasonable, predictable and fair for applicants and contiguous neighbors.

Most important, Smart Growth is understanding the aspirations of Americans—the very people comprehensive growth

plans are intended to serve—while protecting the environment and quality of life for all Americans. Where do people want to live? What types of homes do they want for themselves and their children? What can they afford? What types of jobs and economic opportunities do they seek and expect?

Ironically, the concept of Smart Growth has emerged on the 50th anniversary of the nation's 1949 National Housing Act, the landmark bill in which Congress first set forth the national goal of "providing a decent home in a suitable living environment for every American family."

## Housing's Record Accomplishments

**S**INCE THEN, THE ACHIEVEMENTS of the housing industry have been nothing short of remarkable. In the past 50 years, home builders have built nearly 75 million new homes and apartment units, or three of every four

# Smart Growth Means Economic Growth, Prosperity for Local Communities

**T**HE CONSTRUCTION of new homes produces wave after wave of economic impact that benefits local citizens, businesses and governments in the community where the homes are built. These positive effects of residential construction are far-reaching, long-lasting and seldom fully appreciated.

The first wave of economic impact is produced by the construction of new homes. Building homes creates jobs for local workers, business income for all related industries, and new revenues for local governments. During construction, local workers are employed in developing the site, building the home, supplying the materials, completing the legal and financial requirements and selling the home to new owners. Local businesses sell the materials and services needed to build, market and sell the home. A substantial portion of the income that these workers and businesses receive is returned to the local economy as they spend the money they earn on food, clothing, housing, entertainment, and the other essentials of daily life. This "ripple effect" spreads home

building money far beyond the people and businesses directly associated with residential construction.

The economic impact does not stop when the home is completed and occupied. The new residents then bring their spending power into the local economy, buying food, clothing, furniture and more. Roughly 30 percent of their income is spent on items produced by local businesses. More business for local establishments means even more jobs, income and spending as the "ripple effect" of new residents continues to generate commerce.

The new economic activity also generates additional revenues for local governments. The property tax that new home owners pay is only a small portion of the new revenues and taxes that local governments receive when businesses expand and sales increase. In a typical metropolitan area, the property taxes paid by a new home owner represent less than 40 percent of the total local government revenues generated by new residents according to the NAHB Economic Impact Model. Local governments also collect increased sales taxes (if a local add-on is present);

housing units in the country today. Millions more have been remodeled and rehabilitated. The homeownership rate has increased from 44 percent to a record 66.3 percent today. And, in recent years, a strong economy, low interest rates and improvements in the housing finance system have opened the door to homeownership for millions of minorities and immigrants previously unable to buy a home. The quality of new housing has also improved steadily over the past 50 years, making today's new homes more comfortable, more durable, easier to maintain and much more energy-efficient than ever before.

The benefits of this housing growth reach far beyond the housing market. New housing construction has helped lift the nation's economy to new heights, creating millions of jobs in home building-related industries each year. It has expanded the tax base and generated billions of dollars of tax revenues for local governments, and triggered spending for goods and services that accounts for about four cents of every dollar spent in the U.S. annually. It has also contributed greatly to individual financial security, allowing America's 69 million home-owning households

*“The improvement in affordability [due to the decline in mortgage rates and the rise in household income] has been a key factor in elevating the homeownership rate to an all-time high. Two-thirds of American households now own their homes, up sharply from just a few years ago.”*

**Alan Greenspan**

Chairman, Federal Reserve Board

Speech to the Mortgage Bankers Association of America

March 1999



income taxes (if imposed); user fees from government-provided services such as trash collection, hospital operation and utilities; business property taxes from new and expanding businesses; and other fees imposed by local governments.

The complete economic impact of residential construction on a local community is documented in a model developed by NAHB. The model estimates the economic power of home building in the initial construction phase, the ripple effect as that new money spreads itself throughout the local economy, and the ongoing effect as new residents spend some of their income locally, further generating economic activity.

Taken as a whole, housing's economic engine contributes substantial revenues far beyond the home building industry that last indefinitely as people come to live and work where new homes are available. ■

## The Economy that Housing Builds

*The construction of 100 single-family homes and 100 multifamily homes in a typical metropolitan area benefits the local economy with new income, jobs, government revenues and property taxes:*

	SINGLE-FAMILY	MULTIFAMILY
<b>Initial Year Impact</b>		
Local income*	\$10,755,000	\$5,234,000
Local full-time jobs	257	122
Local taxes**	\$ 1,159,000	\$ 579,000
<b>Ongoing Annual Impact</b>		
Local income*	\$ 2,915,000	\$1,798,000
Local full-time jobs	75	46
Local taxes**	\$ 472,000	\$ 308,000
Residential property taxes	\$ 177,000	\$ 106,000
Other	\$ 295,000	\$ 202,000

*\*Income generated by workers and businesses, and the ripple effect of workers and businesses spending this added income in the local economy.*

*\*\*Revenues generated by local taxes from traditional sources such as property taxes, fees and revenue from local, government-owned enterprises.*

Source: NAHB Local Economic Impact Model.

to accumulate \$5 trillion in home equity, which accounts for close to half the net worth of those households.

But the job of housing America is far from complete. The nation's population is projected to grow by about 30 million people over the next 10 years. More than a million new households are being formed annually. America's home builders will have to construct between 1.3 and 1.5 million new housing units each year just to meet the underlying demand for shelter during the next decade. This does not include the additional housing units and support required to meet the housing needs of more than 5 million Americans who still live in substandard housing or pay more than 50 percent of their incomes for rent.

## Building a Political Consensus

**H**OW WELL WE PLAN for projected increases in households, changing demographics and lifestyles and an expanding economy will have a major im-

act on the quality of life in years ahead. When used properly as a planning tool, Smart Growth can help expand homeownership opportunities and allow Americans to obtain the home and lifestyle of their dreams. There are some, however, who want to turn Smart Growth into a tool to stop or slow growth. Such a move would penalize and put at greatest risk those living at the edge of housing affordability—the young, minorities, immigrants and moderate-income families who are just now taking advantage of today's economic prosperity and low interest rates and are entering the homeownership market in record numbers.

It is also worthwhile to note that residential and commercial growth is fluid—meaning that when it is stopped in one place, it will inevitably occur somewhere else. The forces of “no growth” are, in part, responsible for the leapfrog development patterns of the past. Attacking past development patterns and blaming builders does not recognize the fact that public policy dictates where development occurs. Such political rhetoric is not only wrong and counterproductive but it polarizes

# CANCEL THE CRISIS: **Farmland Is Not Disappearing**

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**C**ONCERNS ABOUT farmland are a significant part of the debate over urban growth. As a country with rich, productive cropland and a history deeply rooted in agriculture, America values its farmland for practical, cultural and aesthetic reasons.

Some farmland preservation groups have suggested that our country is on the verge of running out of farmland and that urbanization is threatening our food supply. These fears are unfounded. The fact is, the amount of land used today for growing crops is virtually identical to 50 years ago, according to the U.S. Department of Agriculture (USDA). Although some farmland is urbanized each year, “losing farmland to ur-

ban uses does not threaten total cropland or the level of agricultural production,” according to the USDA's Economic Research Service.

Significant amounts of land are converted to farmland each year, resulting in little, if any, net loss of farmland. In addition, technological and other advances have greatly increased food production. For example, America's farmers now produce 123 bushels per acre of corn compared to 62 bushels per acre in 1964, according to the Census of Agriculture. In fact, the federal government, in order to keep farm prices from falling too low because of greater supply than demand, still pays farmers not to farm.

Farmland preservation groups often rely on

a “land in farms” number to stress their points about farmland loss. This statistic addresses the amount of land owned by farmers, but not necessarily land that is used for farming. According to the Department of Agriculture, land in farms declined from 1.1 billion acres in 1964 to 932 million acres in 1997. This land, however, has not been developed—it is just no longer owned by farmers. For example, much of the land in farms “lost” is forestland that was once owned by farmers; it's still forestland, but it's now owned by investors.

The nation's land use has changed somewhat during the past 50 years. Rangeland has



the very people who should sit down together and work out solutions on Smart Growth.

Understanding where people want to live and the homes they want to live in is the first step in mapping the patterns of growth for America in the decade ahead. Seeking common ground and building a political consensus must follow. This discussion should start in each local jurisdiction—city, county or township—because the politics of growth are uniquely local and because the authority to determine land use is vested in local government. While general planning principles are useful, the actual planning tools and strategies selected will vary according to local market conditions.

The federal government’s role should be to encourage—not mandate—local communities to adopt long-term comprehensive plans that will meet the demand for new housing, public infrastructure and other services in the decade ahead. The concept of purchasing open space should not be used to block the path of development, a move that would exacerbate the leapfrog development patterns of the past.

***“It’s not an option to stop building. It would be economic death. It would be a practical impossibility. We have 1.3 million households that form each year in this nation that need housing ...”***

**Andrew Cuomo**

Secretary, Department of Housing and Urban Development  
Remarks to the National Association of Home Builders  
February 1999

## How Land is Used in the U.S.\*

*Contiguous 48 states only*

	1945	1954	1964	1974	1982	1992	1997
Total Cropland**	451	465	444	465	469	460	—
Cropland Used for Crops	363	381	335	361	383	337	353
Grassland Pasture and Range	659	632	636	595	594	589	—
Forest Land	602	615	612	598	567	559	—
Urban Land	15	19	29	35	50	58	—
Recreation/Wildlife Areas	23	28	50	57	71	88	—
Misc. Farmland Areas***	15	12	10	8	8	6	—

\*Data in millions of acres.

\*\*Includes cropland used for crops, cropland idled and cropland used for pasture.

\*\*\*Includes farmsteads, farm roads, etc.

Note: 1997 data is only available for “Cropland Used for Crops.” Rest of data will be available in late 1999.

Source: U.S. Department of Agriculture, Economic Research Service, Natural Resources and Environment Division, Agricultural Handbook No. 712.

decreased because the nation grazes fewer animals than it once did, while land set aside for recreation and wildlife has quadrupled. Today, far more land is preserved for recreation and wildlife than is urbanized. In fact, urban and built-up land make up just 3 percent of the 1.9 billion acres in the 48 contiguous states, whereas farmland covers about half.

While land uses are shifting, urbanization is not threatening our farmland or our food supply. Communities that wish to preserve farmland should do so as part of the comprehensive planning process after taking into consideration expanding populations, the need for affordable housing, and the realities of agricultural economics. Farmland preservation should not be used as a rallying cry to stop growth. ■

## Smart Growth Principles

**T**HE NATIONAL ASSOCIATION of Home Builders endorses the concept of Smart Growth as outlined in this statement. When used appropriately and in concert with market forces, Smart Growth can serve as a blueprint for planning and building an even better America in the years ahead. To assist local communities in developing Smart Growth plans, NAHB supports and encourages implementation of the following concepts:

### Meeting the Nation's Housing Needs

As a fundamental part of any Smart Growth plan, a community must plan for and accommodate its anticipated growth in economic activity, population and housing demand as well as ongoing changes in demographics and lifestyles. For example, when setting aside meaningful open space, a local community should rezone other land to assure that an ample supply of land is available for residential development. For the nation, annual increases in population mean that America's home builders will have to construct between 1.3 and 1.5 million new housing units per year to meet the underlying demand for shelter. Meeting this demand for shelter and increasing homeownership opportunities are compelling national goals that must be addressed in every community's comprehensive growth plan. It is the responsibility of every community to plan for and embrace the growth that is naturally triggered by economic prosperity.

### Providing a Wide Range of Housing Choices

NAHB recognizes the basic right of every American to have a free choice in deciding where and in what kind of home to live. In poll after poll, Americans continue to show a strong preference for single-family homes in a suburban setting. In fact, when asked in a recent survey whether they would prefer a single-family home on an individual lot in an outlying suburban market versus a smaller townhouse located near the urban core and closer to work and mass transit, the vast majority of prospective home buyers chose the detached single-family home. Communities should recognize these basic preferences as part of any comprehensive planning process. NAHB supports planning for growth that allows for a wide range of housing types to suit the needs and income levels of a community's diverse population, while recognizing "smart" ways to manage growth by permitting higher densities, preserving open space and protecting environmentally-sensitive areas. And while recent gains in homeownership rates are commendable, the dream of owning a home or simply

# Smart Growth Means Efficient Land-Use Techniques

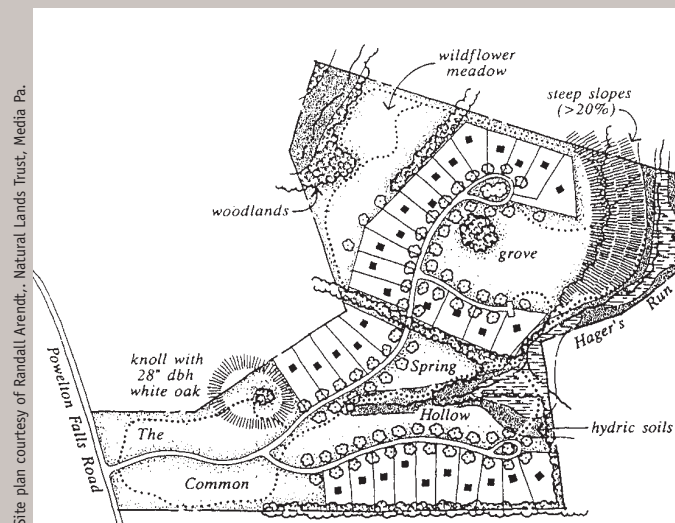
**A**N IMPORTANT PART of Smart Growth is using land more efficiently and preserving environmentally-sensitive land. These goals can be achieved through more compact development. Building more compactly also helps reduce infrastructure and development costs, provides more opportunities for pedestrian access, allows for densities that can be served efficiently by mass transit, and provides more affordable housing.

Compact development could be clustered single-family homes in the suburbs, higher densities around transit stops in the inner suburbs, or traditional neighborhoods with mixed uses.

Local zoning codes often do not permit compact development, and even when land is zoned for compact development, citizen opposition often defeats such use.

The following forms of compact development should be encouraged by local communities:

**Cluster Development** groups homes or lots tightly on the more buildable portions of a site, leaving more open space to preserve natural features such as trees, streams, valleys and steep slopes. For example, if zoning allows one unit per acre, a typical 50-acre site would permit 50 homes on one-acre lots. With clustering, homes could be built on half-acre lots, leaving 25 acres of permanently protected open space. Cluster development is often opposed and misinterpreted as including higher densities and concessions to developers. In recent years, the cluster concept



Site plan courtesy of Randall Arendt, Natural Lands Trust, Media Pa.

### OPEN SPACE DEVELOPMENT



**King Farm, Rockville, MD.**  
**MIXED USE**

has come to be known as **Open Space Development** or **Conservation Development** because of its increasing tendency to preserve larger, more valuable open spaces.

**Higher Density Development** achieves more compact development than clustering because it places a higher overall number of units on the same amount of land. Higher densities can be achieved by building homes on smaller lots, by building attached homes (row houses or townhouses) or by building multifamily structures (apartment buildings). Higher density makes it easier to create more walkable communities with neighborhood shopping and schools, and good transit service. The aversion to higher densities in this country, which has its roots in the overcrowded working class and poor urban areas of the late 19th and early 20th centuries, must be overcome if communities want to preserve land and build more affordable housing.

**Traditional Neighborhood Developments (TNDs)**, also known as Neo-traditional or New Urbanism developments, emphasize walking, a mix of housing types and commercial uses, town centers and public spaces. More than 100 traditional neighborhood projects have been built in the U.S. including Disney's Celebration community near Orlando, Harbor Town in Memphis and Kentlands in Gaithersburg, Maryland; another 100 are in the planning stages. Zoning often prohibits this type of development, but more communities are adopting codes to permit it. **Transit-Oriented Developments** are traditional neighborhoods built around transit stops, especially rail transit. The zoning concepts employed by TNDs—higher density, walkable scale, mixed uses—typically result in higher transit use.



**South Bluffs, Memphis, Tenn.**  
**NEO-TRADITIONAL**

**Master Planned Communities/Planned Unit Developments** allow greater flexibility and creativity in site planning and design than is generally possible under conventional zoning approaches. Master planned communities or Planned Unit Developments (PUDs) typically incorporate one or more compact development options such as cluster development, mixed use or higher densities. By developing land in a unified fashion, rather than on a lot-by-lot basis, master planned communities and PUDs can achieve more varied and appealing neighborhoods. They also typically use a mix of different housing products—detached single-family homes, attached single-family, townhouses, and apartments—in different clusters within the same community. **Mixed Use Developments** combine several uses on one site in a coordinated way including office, retail, hotel, or residential. ■



**Harbor Town, Memphis, Tenn.**  
**VIBRANT DOWNTOWNS**

finding decent, affordable housing is still an ongoing struggle for millions of American families. Any Smart Growth planning process, therefore, should provide for affordable housing at all income levels.

### **A Comprehensive Process for Planning Growth**

NAHB supports comprehensive land-use planning that clearly identifies land to be made available for residential, commercial, recreational and industrial uses as well as land to be set aside as meaningful open space. Such plans should protect environmentally sensitive areas as well as take into account a community's projected economic growth rate, demand for new housing and expanded infrastructure—roads, schools and other facilities—required to serve a growing population. Builders, land developers and other industry members should be encouraged to lend their expertise and participate in the design and periodic review of a community's comprehensive planning process.

### **Planning and Funding Infrastructure Improvements**

NAHB encourages local communities to adopt balanced and reliable means to finance and pay for the construction and expansion of roads, schools, water and sewer facilities and other infrastructure required to serve a prosperous community. Planning major infrastructure improvements—particularly transportation—requires cooperation across governmental boundaries to resolve issues. Reducing traffic congestion, relieving overcrowded classrooms and providing other public facilities and services are absolutely essential components of any Smart Growth plan. Ensuring that the construction of schools, roads and other infrastructure keeps pace with the anticipated growth in population and economic activity is one of the biggest challenges facing local communities today. Appropriate government bodies should adopt capital improvement plans (with timing, location and funding elements) designed to fund necessary infrastructure required to

## **Smart Growth Means More Infill Housing**

**A** S PART OF NAHB'S ONGOING support for building homes in America's cities and close-in suburbs, the association is working in partnership with the U.S. Department of Housing and Urban Development and the nation's mayors to bring more new housing to existing urban areas. The partnership will focus on removing barriers to the development, sale and purchase of market-rate homes in cities and close-in suburbs. Bringing market-rate hous-

ing back to the cities is critical to any effort to revitalize the nation's cities and older suburban markets and is an important part of NAHB's Smart Growth strategy.

NAHB's role in the initiative is to work with its more than 800 state and local home builder associations to encourage builders to pursue urban infill opportunities where there is a proven market. NAHB will also work with its affiliated associations and their local jurisdictions to iden-

tify and eliminate barriers to private sector infill development. The nation's mayors will help cities develop and implement strategies for clearing obstacles to new housing in urban areas. HUD will help builders and cities identify federal resources for infill projects.

A group of pilot projects will be undertaken and assessed with the goal of identifying and duplicating successful programs in cities across the country. ■



Photo courtesy of Montgomery & Rust, Inc., Pittsburgh, Pa.

support new development. Ensuring that infrastructure is funded equitably and that the cost is shared equitably throughout all segments of the community—existing residents as well as newcomers—is an even greater challenge.

### Using Land More Efficiently

NAHB supports higher density development and innovative land-use policies to encourage mixed-use and pedestrian-friendly developments with access to open space and mass transit. Generating greater public support for this type of development, however, will require a change in thinking by people opposed to higher density development in their own backyards, by local governments that have erected barriers to higher density development and are easily influenced by citizen groups opposed to any new growth and by typical housing consumers who continue to favor a single-family home on an individual lot.

### Revitalizing Older Suburban and Inner-City Markets

NAHB recognizes that revitalizing older suburban and inner city markets and encouraging infill development is universally accepted as good public policy. But even under the best of conditions, infill development will satisfy only a small percentage of a community's demand for new housing. The joint effort announced on February 4, 1999 by Vice President Al Gore, the U.S. Conference of Mayors and NAHB to construct 1 million additional market-rate housing units in the nation's cities and inner-ring of the suburbs over the next 10 years is an achievable goal. But to reach that goal, the Administration and nation's cities will have to work closely with the housing industry to overcome major impediments, such as aging infrastructure that makes redevelopment costly and difficult, and federal liability laws that increase risks for builders involved in the redevelopment of "brownfield" sites. Making cities safe from crime, improving the quality of schools and creating employment opportunities are prerequisites for rebuilding the nation's inner cities and for encouraging people to return to them.

As we prepare to enter a new millennium, our nation faces many challenges. One of the most significant is ensuring that, as our population grows and our economy prospers, growth and development occur in a smart, orderly and predictable fashion. The nation's home builders and the 197,000 members of the National Association of Home Builders are committed to pursuing reasonable and market-driven Smart Growth

## How Local Governments Can Encourage Infill Housing

**R**EJUVENATING AMERICA'S URBAN CORES and inner-ring suburbs with new housing requires a joint effort on the part of local governments and home builders. If people don't want to buy close-in because of concerns about security, property values, or public schools, no amount of innovative housing will convince them otherwise. Likewise, if the costs associated with infill development are too high to allow for market-rate homes, the only new housing going up in and around cities will be high-end homes. Cities can encourage infill housing and amplify its impact on existing development patterns by:

- Providing/rebuilding infrastructure.
- Cleaning environmentally tainted sites.
- Revising liability laws for brownfields sites.
- Increasing crime prevention.
- Improving inner-city schools.
- Promoting community support for projects.
- Increasing predictability and efficiency in the permitting process.
- Streamlining and expediting development approvals.
- Offering builder and buyer incentives, tax credits, financing, partnerships and contributing land. ■

*"We in government at all levels need to provide the environment and the context in which home builders can profitably build homes. We need to remove those barriers and let you (builders) get on with what you do best."*

**Vice President Al Gore**

Remarks to the National Association of Home Builders  
February 1999

strategies that will meet the nation's housing needs, expand homeownership opportunities, help revitalize the nation's cities and inner suburbs, and build attractive and livable neighborhoods and communities and an even more prosperous America in the 21st Century. ■

# NAHB SURVEY

## Smart Growth Means Housing Choice

**W**HILE AMERICANS EXPRESS CONCERNS about growth and related issues, particularly traffic, they are generally satisfied with the quality of life in their neighborhoods and prefer current growth patterns over higher density development, according to the 1999 Consumer Survey on Growth Issues by the National Association of Home Builders.

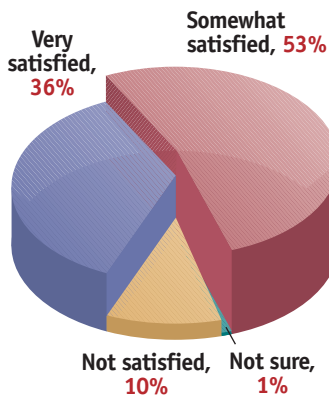
The written survey of 2,000 randomly selected households nationwide was conducted in early 1999 and showed that Americans associate growth with economic opportunities and strongly believe that government should plan and manage growth rather than restrict or stop it. Significantly, survey results were consistent across regions and metro markets.

Furthermore, the survey confirmed that Americans overwhelmingly prefer a single-family detached home in the suburbs over any other type of home. And even though they cite traffic as a major concern, the majority drive to work in their own car and want to continue to do so.



Specifically, 89% said they are somewhat to very satisfied with the quality of life in their neighborhood; 71% said they believe the quality of life in their area is better than five years ago or about the same; and 65% said they expect living conditions in their area five years from now to be about the same as today or better. What's more, a total of 53% said the pace of growth in their area is either about right or too slow or that they are not concerned about growth.

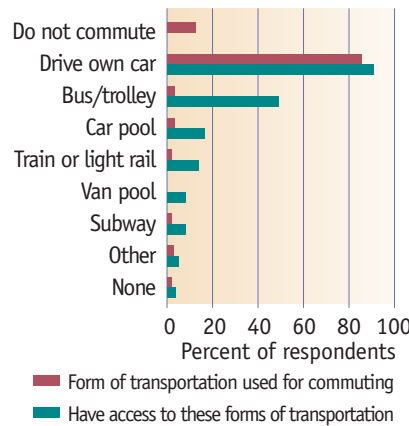
**Q: In general, are you satisfied with the quality of life in your neighborhood?**



In fact, the people who were surveyed were generally in favor of growth and indicated that it has a number of positive aspects. Almost three-quarters, 73%, agreed or strongly agreed that when managed properly, growth is good for the community. Fifty-four percent said it creates jobs; 48% indicated that it generates economic growth; and 44% said it results in better shopping and services.

Overwhelmingly, those polled were most concerned with traffic issues. Three-quarters agreed or strongly agreed that growth creates traffic problems, and the majority indicated that heavier traffic is the most negative aspect of growth in their area. Seventy-nine percent cited traffic as the most negative aspect of growth,

**Q: Please indicate if you have access to any of these forms of transportation. Which do you primarily use for commuting?**



whereas crime and reduced open space were cited by 47% and 45%, respectively. Only 39% cited crowded schools.

To solve traffic problems in their area, 44% chose widening roads, and 27% chose building new streets and roads. One-third chose making more public transportation available.

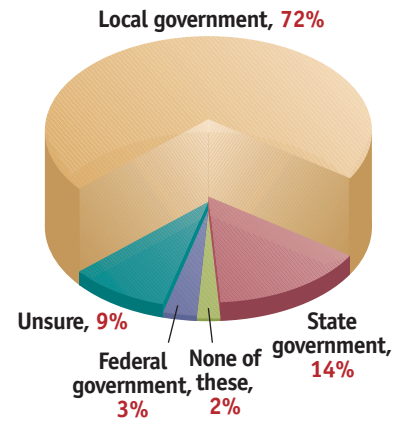
Ironically, even though a substantial number advocated the use of public transportation, those responding to the survey overwhelmingly choose not to use public transportation when it is available and instead prefer driving their own car. For example, 47% said they have access to bus or trolley service, but only 3% use it to commute to work. Sixteen percent have access to a train or light rail, but only 2% use it; 17% have access to a car pool, but only 4% make use of it; and 6% have access to a subway, but only 2% use it.

Almost all of the people surveyed—92%—said they have a car, and 85% said they use it for commuting.

Growth should also remain a local issue, the survey showed. Seventy-two percent of those polled said that addressing growth should be a local government responsibility. Only 14% said it should be a state responsibility and only 3% thought the federal government should be responsible.

Further, local government should plan and manage growth, according to 75% of those sur-

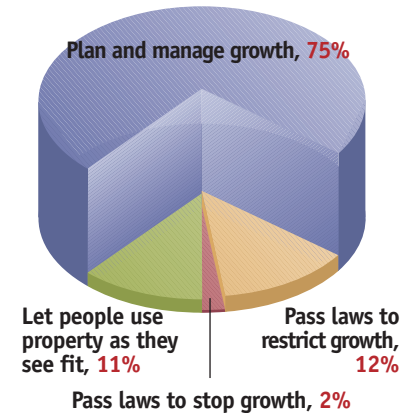
**Q: Do you think addressing growth issues is mainly the responsibility of federal, state or local government?**



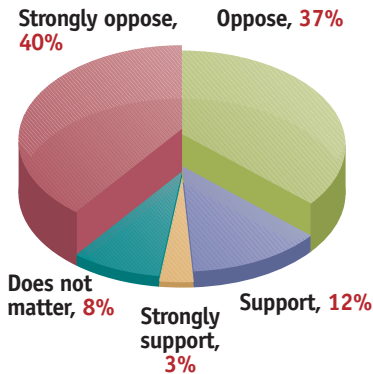
veyed. Only 12% said government should pass laws to restrict growth, and only 2% said there should be laws to stop growth. Almost three-quarters said that the government zoning and planning process should accommodate expected population increases.

Most believe that local government should be responsible for planning and managing growth, but 69% think that government does a fair to poor job of managing it. They were equally critical of the way local government deals with

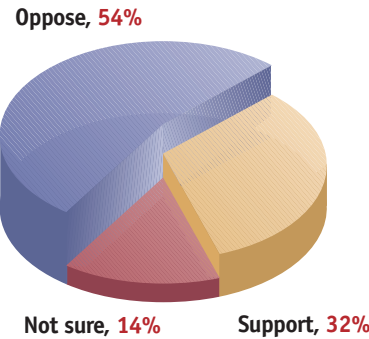
**Q: Which of the following approaches should local government take to influence growth and development?**



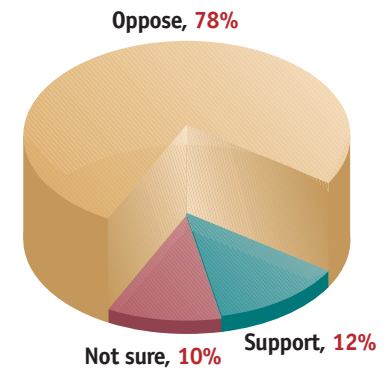
**Q:** Would you support or oppose building single-family homes at a higher density (smaller lots or more homes per acre) in your neighborhood?



**Q:** Would you support or oppose building townhouses in your neighborhood?



**Q:** Would you support or oppose building multifamily apartment buildings in your neighborhood?



various issues related to growth, including roads and highways, crime, schools, environmental quality and preserving open space. In each category, 60% or more rated local government's performance as fair to poor.

The poll results also showed that despite concerns about growth, the American Dream of a single-family detached home is alive and well, and that people overwhelmingly reject higher density housing both for themselves and for their communities.

The survey asked people to choose from two equally priced options: a \$150,000 townhouse in an urban setting close to public transportation, work and shopping or a larger \$150,000 detached single-family home in an outlying suburb with longer distances to work, public transportation and shopping. The vast majority, 83%, chose the single-family detached house in the outlying suburbs.

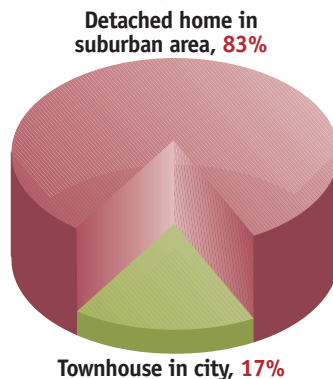
The people surveyed also adamantly opposed the higher density options that are often put forward as solutions to growth issues. A total of 77% either oppose or strongly oppose building higher density single-family homes in their neighborhood, and 78% oppose multifamily apartment buildings. More than half, 54%, oppose townhouses in their neighborhood.

Of those surveyed, 88% said they prefer a single-family detached house. Higher density options including a townhouse/single-family

attached unit, a multifamily condo or apartment building and a mobile home were each selected by fewer than 10%. These results are consistent with the results of previous NAHB surveys conducted in 1989 and 1995.

When asked what specific features they would look for in choosing a new home, 69% said more energy efficiency. Almost half, 42%, said they wanted a bigger house, and an equal number said they would look for an area with less traffic. Only 16% wanted a home closer to work, and 10% said they would look for a home closer to public transportation. A small minority, 6%, would choose a central city location.

**Q:** You have two options: buying a \$150,000 townhouse in an urban setting close to public transportation, work and shopping or purchase a larger, detached single-family home in an outlying suburban area with longer distances to work, public transportation and shopping. Which option would you choose?



Equally telling, the most important community amenity that would influence people to move to a new community was highway access, which was cited by 55%. Park areas were selected by 51% and walking-jogging trails by 48%. Only 24% said a location near public transportation would seriously influence them to move to a new community.

Asked what they would be willing to accept if they could not afford to purchase the house of their choice, 58% chose a location that is farther from shopping, entertainment and other services. The same proportion chose unfinished spaces that could be finished at a later date. Forty-two percent would accept a smaller house, 40% would accept a longer commute to work, 38% would accept a house with fewer amenities, 28% would accept a smaller lot, and 11% would accept a home built of less expensive materials.

When asked what their major concerns would be if they had control over the growth in their community, 69% said having good quality schools would be their major concern and 64% said reducing traffic congestion. Paying for public improvements as growth occurs was cited by 59%, and 58% said protecting the environment.

As for what builders can do to help improve or preserve the environment, 88% said build more energy-efficient homes, and 87% said leave or plant as many trees as possible. ■

# Smart Growth Means Revitalizing Urban Areas

**F**ILLING IN THE GAPS—One way to accommodate some of the nation’s housing demand without expanding urban cores is by building within those cores, replacing vacant and unattractive lots with vibrant new communities. Infill housing can be particularly appealing to young professionals and empty-nesters, many of whom value an urban lifestyle. While home builders are successfully pursuing such projects, building in already developed areas poses a variety of challenges—several of which are illustrated in the following case studies.

## CASE STUDY: Madison Place townhomes— “A classic example of good infill.”

Just 20 minutes from downtown Washington, D.C. in a built-up Virginia suburb, developer Gary Garczynski assembled a six-acre site for an innovative, 125-townhome community that is, according to Garczynski, “a classic example of good infill: it’s close-in, it’s high-density and it takes advantage of established infrastructure.”

In developing Madison Place, Garczynski, president of National Capital Land and Development Company, had to be creative in order to achieve the 18-unit per acre density without compromising the style, space and two-car garages that Washington area buyers demand. So he and the building team came up with the idea for an “urban plaza”—a highly-landscaped courtyard between facing townhomes. Below the plaza is a drive-through area leading to the homes’ underground garages, which are attached at the basement level. This way, several homes share a single driveway and precious space is conserved.

Photo by Herman Farrier.



Previously, the site was a blighted neighborhood of run-down single-family bungalows. A few homes were severely dilapidated, dragging down area property values. Even so, some local residents opposed the new community because of its high density.



That didn’t surprise Garczynski. “The biggest challenge when you do infill is to get the neighborhood on your side,” he says. “The ‘not-in-my-backyard’ view is not confined to the suburbs.” Ironically, those who denounce sprawl are often reluctant to accept compact housing in their own neighborhoods. “It’s easy to say, ‘We should have high-density development here,’” says the developer, “but when it’s time to do the re-zoning, it’s a whole different story due to resident objections.” For Madison Place, Garczynski says, he was fortunate to have the help of a dedicated public servant in addressing resident concerns. “Supervisor Penny Gross of the Mason District



BEFORE

in Fairfax County coordinated many of the neighborhood meetings through her office and helped expedite the plan. That made all the difference.”

Infrastructure posed another challenge. A common misconception is that infill housing is relatively inexpensive to build because elements like roads and sewers are already in place. In reality, existing systems are often outmoded and inadequate. “We had to build a new four-lane road costing \$250,000, put in a \$25,000 traffic signal, and improve existing stormwater management,” Garczynski reports. Other high costs were derived from hook-up fees (\$6,000 per unit) and sound-proofing (\$1,000

for certain units), which was necessary because of a nearby fire station and major highway.

Eventually, the approvals and zoning for Madison Place were secured, and building is underway. Sales are brisk for the \$220,000 to \$240,000 units. But getting to this point hasn’t been easy. Ideally, Garczynski says, communities should consider expediting the permitting procedure for infill and relaxing some related fees. Most important is the need for more predictability in the process for close-in home building. “When you have a master plan, getting approvals shouldn’t be a matter of politics, but of procedure,” he reasons. ■

## CASE STUDY: Washington’s Landing: Bringing City Land Back to Viable Use

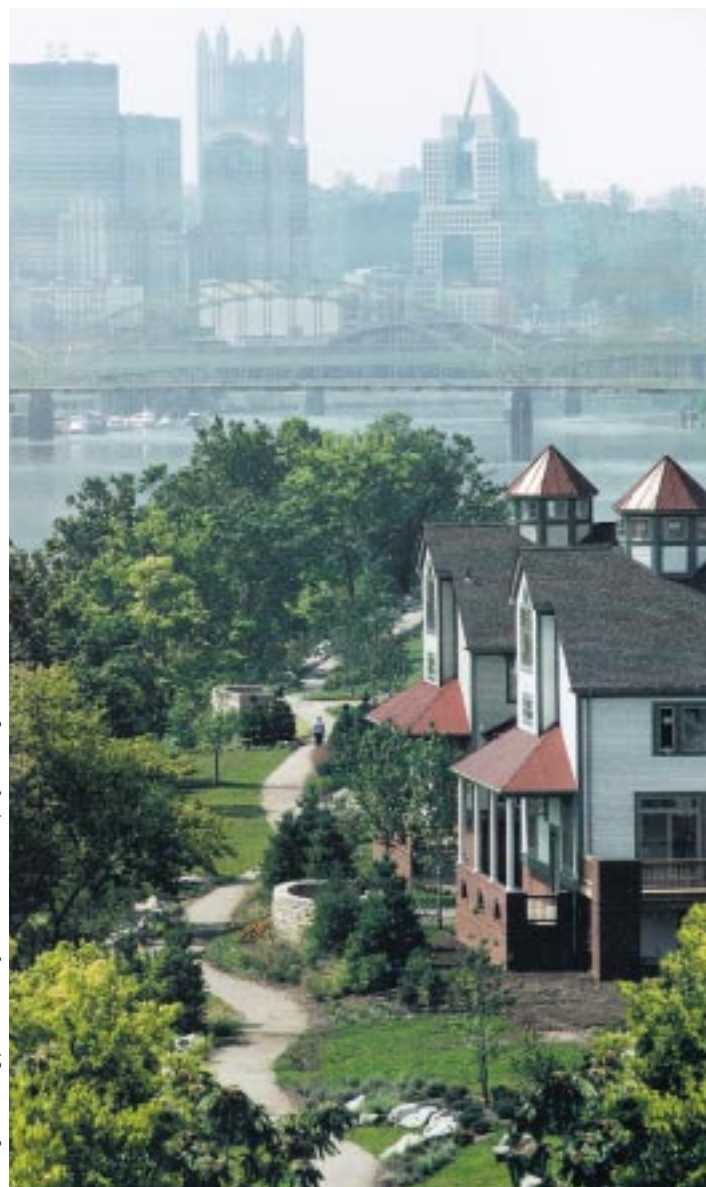
Two miles from downtown Pittsburgh, on 42-acre Her’s Island in the Allegheny River, a dramatic transformation is occurring. Washington’s Landing, a showcase infill community complete with upscale townhomes, an office park, a rowing club, tennis courts and a marina is bringing new life to the island, which was once virtually unusable due to decades of heavy industrial use.

More recently, the island was home to a malodorous stockyard and slaughterhouse. Even with that history, builder Murray Rust, president of Montgomery & Rust, Inc., jumped at the chance to build there.



BEFORE

Washington Landing photos courtesy of The Rubinoff Company, Pittsburgh, Pa.





BEFORE

Rust was applying the same philosophy that has made his firm successful in other high-profile infill projects. Realizing that some of the choicest locations have not been redeveloped because of environmental concerns or problems (former industrial sites like this one are called brownfields), he figured, “If these well-located sites can be successfully developed, there won’t be any trouble with competition. People aren’t going to go next door for a similar product because there won’t be any such product. On the other hand, there’s a reason no one else has come in—the issues involved are very tough, and they’re what’s weeded out the competition.”

In 1985, the owner of Herr’s Island sought approval to build warehouses on the island. But local residents balked. “They persuaded city officials to take an interest in the site and to create a positive land-use plan,” says Rust. “After that, the city acquired the land from its several owners, put a road down the middle and went seeking developers.”

A two-year environmental clean-up effort was required, but by 1995, the island was ready for residential development.

Montgomery & Rust and their partner, The Rubinoff Company, signed on as developer/builders. But they had plenty of help from Pittsburgh’s Urban Redevelopment Authority (URA). “We’re fortunate to have this agency in Pittsburgh,” Rust explains. “It takes a proactive role in development, providing financing, cleanups and construction financing. Its whole purpose is to bring properties within the city back to viable use.”

The URA built the main public street and put in sewers



and water lines. It also built a public park. Especially helpful was the URA’s agreement to take payment for the land when the units went to closing. Says Rust, “This meant that while we built the houses and did a fair amount of additional site work, we didn’t have large carrying costs for the land—in fact we didn’t have any at all.”

By early 1999, Rust’s company had sold 65 townhomes and was set to build 23 more. Priced between \$139,900 and \$560,000, the units have proven exceptionally popular among buyers who like living close to downtown and enjoy the island’s many amenities, including a walk/bike path running the circumference of the island and a converted railroad bridge serving as a pedestrian walkway to downtown. Now in its fifth and final construction phase, Washington’s Landing has proven so popular that buyers enter lotteries for premium sites. ■



## CASE STUDY:

# Woodward Place at Brush Park—“This is no picnic.”

In 1996, Woodward Place at Brush Park was lauded as Detroit’s first major private housing development in decades and the key component of a citywide revitalization effort. Four years later, not one of the 500 townhomes and condos planned for the site has been built, and developer Bernard Gliberman of Crosswinds Communities says this is one of the most difficult projects he’s ever taken on.

“Infill is a wonderful idea, and local governments are really pushing it as a smart growth solution,” he notes. “But everyone needs to understand that this is no picnic. I’m not saying cities don’t want it. I’m saying there’s no easy process for getting it done.”

In the 1800s, Brush Park was the address of Detroit’s most prominent citizens, its sparkling mansions the symbol of a vital metropolis. But the years have not been good to the neighborhood, and today its mansions stand abandoned and scarred by vandals. So when news of the new housing broke, nearby residents “were so happy to have us coming in,” Gliberman says. City officials were also supportive, realizing that Detroit desperately needed new housing to spur a long-overdue urban renaissance.

Unfortunately, so little building had occurred in the city in recent years that the system for approvals was antiquated and inefficient. The developer’s efforts to acquire dozens of privately-owned parcels to make up the 31-acre site also led to title nightmares. “A big problem was the title-clearing work.



Photo by Kenji Sato, courtesy of Detroit Free Press.

Tax-reverted properties often don’t have good title, so it’s a time-consuming process,” Gliberman says.

But buying the land was only the beginning of the developer’s headaches. “We were building in a historic neighborhood, so we had to do an archeological dig,” Gliberman says. “Then, we had to put in almost all new infrastructure because what was there was over 100 years old.” It was so old, in fact, that some water lines were made of wood.

Construction is finally set to begin in spring of 1999, and Gliberman expects brisk sales of units, which will start at \$120,000. But he has a long road ahead of him. “After all this time,” he asks, “do you know how much land is ready for building? Enough for 70 homes, that’s all.”

Gliberman knows there’s no such thing as easy infill. Another of his projects, the recently completed and highly successful Campau Farms at Elmwood Park, just one-half mile from downtown Detroit, had a different problem—what the builder ruefully calls “buried treasure.” When old buildings on the site were torn down, their foundations were buried rather than removed. “We were digging up huge pieces of concrete,” says Gliberman, “and taking major cost overruns.”

Buying the nine-acre Campau Farms site from the City of Detroit helped Gliberman avoid the title problems he ran into at Brush Park. It took just two years to buy, develop and build the community, and less than 12 months for its 172 condos,

priced from \$90,000 to \$120,000, to sell out, mostly to single professionals and empty nesters. Gliberman expects a similar turnout for the Brush Park site, though he’s realistic about the market. “It will be mostly empty-nesters because of the current image of city schools,” he says, “but it will be a lot of people. There’s a definite need for new housing here, especially for median-income households.” ■



## **THE NATIONAL ASSOCIATION OF HOME BUILDERS (NAHB)**

with 197,000 member firms, is the most influential trade association representing the housing industry. Working in partnership with more than 800 state and local builders associations throughout the country, the association's mission is to enhance the climate for housing and the building industry and to promote policies that will keep housing a national priority.

About one-third of NAHB's members are home builders and/or remodelers. The remainder are associates working in closely-related fields within the housing industry, such as mortgage finance and home building products and services. Together, they are a formidable voice for America's home buying public as they work to expand opportunities for all consumers to have safe, decent and affordable housing.

For further information on Smart Growth, please contact NAHB's Public Affairs Division at (202) 822-0254 or NAHB's Regulatory and Legal Affairs Division at (202) 822-0582.



**NAHB**

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