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Research and Strategic Planning

Social Equity, Gentrification and New Urbanism

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This presentation addressed the topic of how the New Urbanism, as a framework for neighborhood planning and development, can provide for affordable housing, and whether the New Urbanism, as a design and planning technique, can prevent the displacement of existing residents in a gentrifying neighborhood.

First, a review of some generally accepted criteria that identify a development as New Urbanism, or, as we prefer to call it, Traditional Neighborhood Development.

From a market and development perspective, the neighborhood is the building block of community, in the same way that the block is the building block of a neighborhood.

1. A Traditional Neighborhood theoretically encompasses 125 acres to accommodate a five-minute walk to the neighborhood center.
2. A Traditional Neighborhood includes a variety of residential units, from inexpensive rentals to high-priced detached houses.
3. A Traditional Neighborhood has a continuous street network with a hierarchy of streets, from high-capacity boulevards to narrow rear lanes or alleys. Neighborhood streets should have relatively narrow cartways, small curb radii, and sidewalks, to accommodate pedestrians and bicyclists as well as motor vehicles..
4. A Traditional Neighborhood has streets fronted by private or public uses;. Parking lots and garage doors should not face the street. Front doors should.
5. A Traditional Neighborhood has a Neighborhood Center, which is organized around a civic place, such as a plaza or green, and includes higher-density residential as well as, potentially, a mix of non-residential uses.

6. If the area is large enough to accommodate more than one neighborhood, a Traditional Neighborhood can even have a Town Center, serving several neighborhoods—with a mix of civic, commercial, retail and residential uses.

There are a number of other criteria that are used by planning firms, but for us, as market analysts, these are the most important criteria from both the market and the development perspectives.

Second, the issue of gentrification, particularly considering the track record of most New Urbanist developments to rapidly escalate in value.

In 1998, before dot-com and high-tech companies drove California real estate through the roof, the three least affordable cities in the United States were New York, San Francisco and El Paso, Texas. El Paso was number three, not because its real estate values were so high—they're not. There are actually new single-family detached houses for sale in El Paso for about \$65,000. El Paso was number three because its per capita incomes were so very low, that even with an average sales price of less than \$80,000, only a small percentage of households could qualify to buy a new house.

New York and San Francisco have serious problems with displacement of existing residents caused by gentrification. El Paso does not. Values are so high in New York and San Francisco that low-income neighborhoods are rapidly being gentrified and the existing residents are rapidly being forced out.

The City of Wheeling, West Virginia has so many vacant housing units in and near the downtown that the city is desperate to have affluent households move in and upgrade the housing stock. In Wheeling, displacement is not even an issue.

Gentrification in and of itself is not a malign social development; displacement of existing poor residents as a result of neighborhood gentrification is.

Although one of the principal values of New Urbanism is to provide new housing for all kinds of people, with a wide range of incomes, the reality is that, for the most part, New Urbanist communities provide new housing for middle-to upper-income households.

Why? One of the principal reasons is that there are a variety of impediments—from high land costs, lengthy approvals process, difficulties in obtaining financing—to bringing a new development to market that tend to inflate values beyond the reach of the low end of the market. It is difficult to provide affordable housing, and stay in business, when a builder is facing development costs of more than \$75 a square foot. The grim reality of new development, or redevelopment, is that it is nearly impossible to provide “affordable” housing without some form of significant public (meaning government) participation, through a variety of mechanisms, including rent subsidies to low-income

renters; grants and low-interest loans to low-income buyers; density bonuses, tax credits, TIFs, and property tax abatements, among other programs, to builders and developers.

A number of states, counties and cities have addressed the issue of affordable housing through what is known as inclusionary zoning policies. These policies take a number of different approaches, but two of the most “successful” in terms of actually getting substantial numbers of affordable housing units built, are in Montgomery County, Maryland and the State of New Jersey.

Montgomery County requires that at least 12 to 15 percent of the dwelling units proposed for a new development of 50 or more units be affordable, which is defined as 60 percent of the area median income.

The State of New Jersey requires that each municipality provides its “fair share” of affordable housing, as determined by COAH, or the Council on Affordable Housing. The individual municipality can achieve its fair share in a variety of ways:

- By loans to residents to create accessory apartments that are affordable to low-income households;
- By developing and building the required number of units;
- By paying “X” amount of dollars per unit, as determined by COAH, to another New Jersey municipality that has a high proportion of residents living in substandard dwelling units; and
- By providing those units within new development projects, through density bonuses to the developer.

These are laudable programs. However, the implementation of these policies are a perfect example of the law of unintended consequences.

Here is a townhouse development in Clinton, New Jersey.

Compare the market-rate units with the affordable housing units, which positively shout “affordable, affordable.”

How can New Urbanist planning and design techniques have an impact on social equity, or the provision of housing for people with a wide range of incomes, household composition, and lifestyles, and how does it differ from conventional approaches to affordable housing?

The key is the ability of New Urbanist planning and design to provide for a wide variety of housing types within the same development, the same neighborhood, and even the same block.

Example: Wyndcrest, 26-unit Duany Plater-Zyberk designed landplan.

On a larger scale, HUD's adoption of New Urbanist planning techniques for the revitalization and redevelopment of failed public housing, through its HOPE VI program, provides some of the best and most successful examples of how New Urbanism achieves the integration of not only incomes—the mix of public replacement housing, tax credit, and market-rate—but housing types—including rental and for-sale apartments, townhouses and duplexes, and a wide range of single-family detached houses.

Urban example is the First Ward, in Charlotte, North Carolina, planned by Urban Design Associates.

In addition to public housing rentals, and family self-sufficiency units, the First Ward contains market-rate rentals, and for-sale units, ranging from condominiums priced under \$150,000, townhouses priced between \$150,000 and \$200,000, and single-family detached houses priced up to \$300,000.

Suburban example is Park du Valle, in Louisville, Kentucky, also planned by Urban Design Associates, which, from a market perspective, is one of the most successful and fully realized Hope VI redevelopments.

All of the rental units, both market-rate and public housing, are fully leased, and the developer has a waiting list of more than 4,000 applications.

Market-rate prices for the single-family houses range from \$75,000 and \$240,000, a price range comparable to conventional subdivisions in Louisville. The houses on Algonquin Parkway (a boulevard designed by Frederick Law Olmsted) ranged in price from \$150,000 to \$400,000.

What makes a New Urbanist-designed neighborhood work?

The neighborhood must have the appropriate balance. Too many low-income units, particularly in the first phase, and the neighborhood runs the risk of retaining the stigma of a “project.” Too many market-rate units and the neighborhood runs the risk of being accused of gentrification at the expense of residents who already live there.

Successful implementation rests on several critical development principles that are common to the establishment of all healthy neighborhoods, and are intrinsic to New Urbanism:

1. Buildings must be designed to enhance the public realm, facing well-defined, walkable streets, to provide the “eyes on the street” that will ensure public safety.

2. To achieve the goal of a truly mixed-income, mixed-tenure neighborhood, the rental and for-sale units should be interspersed throughout the community, rather than located in single-use “pods.”
3. Logical relationships between densities and tenures must be established, from both the market perspective and the property management perspective. In the case of Park duValle in Louisville, Kentucky, this was achieved through a progression of density on a given street, moving from a six-unit apartment building on the corner to a rental duplex or triplex building to for-sale single-family detached houses in mid-block.
4. The occupants’ income level or tenure must not be discernible from the street. All units should have the same quality of materials and design, inside and out.

A neighborhood that has enduring value must be a place of rich diversity, not only of incomes and housing tenures, but also of options and opportunities for all residents.

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LAURIE VOLK is principal in charge of Zimmerman/Volk Associates’ market studies and is the firm’s primary analyst of demographic, market, and lifestyle trends. Her development and direction of research methodology for the company, as well as her ground-breaking application of geo-demographics to real estate market dynamics, have been instrumental in bringing Zimmerman/Volk Associates into national prominence.

Among Volk’s efforts have been the development of analytical tools to determine the market potential for two critical initiatives: the mixed-income, mixed-tenure repopulation and stabilization of fragile inner-city neighborhoods, and new mixed-use, pedestrian-oriented traditional neighborhood developments.