



**The Case for Higher-Density Housing: A Key to Smart Growth?
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Housing, which constitutes so large a percentage of the built environment, is a critical element in any smart growth strategy, and housing development practices are a key focus of efforts to slow sprawl. Building housing at higher densities may prove to be the most important tactic in achieving the goal of more compact development, but higher-density housing may be the toughest sell in both marketing and policy terms.

The term *higher-density* rather than *high-density* is used throughout this chapter to emphasize the fact that the term density is context dependent. In some outer suburban locations, achieving higher density may mean shrinking large lots slightly to accommodate a bit more housing. In suburbs seeking to maximize land use through small-lot single-family homes, higher density housing could range from ten to 20 units per acre. In the case of urban infill, building higher density housing may mean building 50-plus units per acre. The point is that housing could be developed at higher densities throughout metropolitan America and that doing so is a major strategy for creating more compact and sustainable regions.

Higher-density housing, in and of itself, is not a solution to the problem of sprawl; it must be part of a comprehensive and integrated land use plan. High-density suburbs already exist in the most unlikely places, without the use of smart development practices. For example, Los Angeles maintains by far the highest-density suburbs in the nation (more than 30 percent of L.A.'s suburbanites live at densities of more than 10,000 people per square mile,¹ compared with 10 percent of New York's suburbanites), and yet no one thinks of Los Angeles as a model of smart growth.² In fact, many Western cities have high densities but are structured in a way that maintains auto dependence.³

It is all but certain that suburbs will continue to grow. The manner in which they will grow, however, remains uncertain. Meeting smart growth goals requires building better suburbs. Many suburban residential developments now feature large lots, and a strong demand remains for single-family homes on large lots, especially in distant suburbs. For example, Chris Nelson of the Georgia Institute of Technology reports that 30 percent of all new housing is finding its way into exurbia at very low densities.⁴

However, evidence suggests that many homebuyers are more concerned with the type of suburb they move to and care little if the lot is a bit smaller. Robert Burchell of Rutgers University showed that, if zoning permits, typical house lots could shrink from 20 to 25 percent before purchasers objected.⁵ Large-lot requirements in suburbia did not occur by accident; they often exist to maintain an area's exclusivity. Changing lot sizes therefore is no straightforward matter because of the political challenges it provokes. It may take a generation of smart growth community building before consumers are convinced that higher densities need not threaten home values.

Interestingly, residents of many master-planned communities accept medium to high densities. The restrictions on how owners manage their property in these places offers residents comfort that even clustered housing will not lose value.⁶ Residents also tolerate a modest degree of income mixing within the development, again because regulations ensure that minimum property standards are strictly enforced. Advocates of smart growth should not overlook the lessons of master-planned communities—that middle-income and affluent suburbanites will buy higher-density housing if it is designed and programmed attractively.⁷

In order to achieve smart growth goals, higher density housing also must become more common. The potential market for high-density residential development remains unclear. It now represents a market niche, but one that is probably underserved relative to demand. The association between high-density housing and urban problems remains a challenge. In the public mind, the single-family home on a large lot is synonymous with a good neighborhood. If the quality of higher-density neighborhoods equals that of conventional suburbs, the market for smart growth suburbs should grow.

Higher-Density Housing, Geography, and Demographics

Higher-density housing comes in all shapes, sizes, and densities, and it appeals to a variety of distinct and growing demographic groups. There generally are two separate categories of higher-density housing: urban and suburban. Infill projects in cities, especially upscale ones, now mostly mimic their higher-density surroundings. Purchasers of infill housing are looking for city living and expect to live at high density; they are the consumers who drive urban gentrification. Urban dwellers are not limited to major cities such as New York and Chicago—places like Portland and Denver also maintain very active housing markets at their center.

Take, for example, the housing boom in Denver's Lower Downtown (LoDo). Since 1990, prices of residences there have appreciated faster than those of most suburban homes. According to ULI's 1998 Market Profiles, premium loft space that would have had a hard time getting \$50 per square foot only five years ago now easily fetches \$250. Interestingly, Denver's newness as a Sunbelt boomtown increases the value of LoDo's historic buildings. LoDo's converted warehouses contrast sharply with new housing in Denver's often master-planned suburbs. The niche apparently serves LoDo well.

The market for this type of housing may expand if accommodation is made for those who enjoy city living but dislike some inconveniences typical of urban life. Consumer research shows that many suburbanites identify culturally with cities but are frustrated by the daily problems of living at higher densities, such as having to fight for a parking space.⁸ Developers of infill housing seeking to expand their market to suburbanites should make creative provisions for automobiles. They also need to maximize security and privacy because former suburbanites are likely to insist on higher standards in these areas than are city dwellers.

The case for higher-density suburban housing is much less straightforward than the urban case. Consumers associate low-density housing with a bundle of desirable community characteristics such as good schools, low crime, and moderate taxes. Communities need to establish a new association—that higher-density housing, especially in the suburbs, also offers a good quality of life. As noted earlier, it may require a generation of high-density, high-quality home building before consumers grow comfortable with the idea that such homes provide a suitable alternative to large-lot homes.

Ironically, suburbanites often lead the fight against sprawl. The typical voter signing the petition to put growth management on the ballot in Arizona lives in a spacious home on a large lot. Individual consumers may prefer a large lot, but they may not like the collective outcome of others doing the same. Economists refer to this phenomenon as the "tragedy of the commons." The tragedy is especially true of western cities, where residents place a high premium on quality of life, which often is associated with the recreational opportunities offered by immediate access to mountains, deserts, and ocean. Such individuals may come to see sprawling regional growth as a "crisis" in cases where it consumes the very places they cherish. In many areas, suburbanites increasingly seem willing to solve the problem of sprawl by accepting denser local development for the preservation of nearby open space.⁹

There clearly is some demand for higher-density suburban housing, particularly in high-priced markets. As Reid Ewing of Florida Atlantic University remarks:

In high-priced markets, the most popular products are often zero-lot line, courtyard, and other small lot housing. From surveys, residents are as satisfied with housing at six or seven units per acre as they are at three or four units per acre.¹⁰

Given that households are becoming more varied, it makes sense for housing to be more flexible. Smart growth prescribes mixing housing types and densities, which better reflects the reality of the marketplace than standard suburban subdivisions. In fact, housing markets are barely keeping pace with rapidly evolving household demographics. Developers and community leaders are recognizing that increasingly smaller households and emerging lifestyles favor higher-density housing.¹¹ Changes in lifestyle and lifecycle—including later marriages, fewer children per family, gay couples, childless marriages, nonmarried couples, singles, and more empty-nest years for couples with grown children—have made so-called nontraditional families more mainstream. These household demographics favor higher-density housing, in particular developments that tailor their services to nonfamily lifestyles. People in smaller, childless households often are looking for convenience and in many cases are willing to pay more for it. Higher-density housing near places of business can offer these residents short commutes, a high level of amenities, and low maintenance.

When higher-density housing forms part of an infill strategy in urban areas, its advantages become even more apparent. Higher-density living provides more mobility for those who cannot drive or prefer not to. Residents can walk, use public transportation, or arrange carpools more easily. Over the long run, small households in dense living patterns can reap many benefits, such as reduced vehicle miles traveled.

In order to reduce car trips in suburban areas, developers increasingly must do more than build a physical place—they must plant the seeds of a vital community. This means not just building housing, but often marrying retail and commercial space in mixed-use town centers within walking distance of the housing. Developers thus can lay the groundwork to encourage residents to socialize in mixed-use areas. Recent trends in employment patterns may require this development to happen sooner rather than later. For example, higher-density, mixed-use designs serve telecommuters well, as Philip Langdon observes:

With the growth of computers, faxes, modems, and other modern communication devices, it may be that more people, rather than fewer, will be both living and working in the same place. As it happens, it will be important for these home-based workers to have services and gathering places, such as cafes, close by. Neighborhood gathering places could offset the isolation of working alone [emphasis in original].¹²

Because land costs per unit are lower, higher-density housing also tends to be more affordable, benefiting both moderate-income and wealthier households. Moderate-income households gain improved access to better neighborhoods; more affluent households enjoy wider housing options that better suit their often changing lifestyles. Higher-density housing built according to smart growth guidelines can accommodate a family throughout its lifecycle. For example, an empty-nester household may want to downsize but remain in a desirable neighborhood. Recent tax changes that allow couples \$500,000 in tax-free capital gains on home sales should further expand the market for downsized empty nester housing.

Developers now realize that marketing higher-density housing requires adopting sophisticated approaches long before ground is broken in order to reach the desired market segments. While many developers now use target marketing information, this information is particularly crucial in understanding consumer preferences for higher-density housing.¹³

Higher-Density Housing Design

A growing body of literature shows that higher density housing can incorporate the best features of low-density suburbs, enhancing quality of life by incorporating in its design amenities such as pools, golf courses, and the like. If smartly designed, these amenities can be offered to a broader range of consumers than those typically found in standard subdivisions.

Yet higher-density housing still retains some stigma because of its association with social problems found in some urban areas. One of the best methods of polishing higher-density housing's image is improved design. Imaginative lot use, creative landscaping, and innovative housing types can allow for open space, security, and privacy comparable to that in low-density suburbs. Design errors in traditional suburbia are often overlooked by consumers or obscured by large lots. It takes less skill and care to design a standard than a smart growth subdivision. Developers of higher-density housing have less margin of error.

Creating a sense of place—which is crucial for any successful development but especially important in higher-density projects—can be achieved by incorporating usable and visible open space in a project and by creating simple but interesting variations on an architectural theme. De-emphasizing garage doors, providing convenient parking, and offering flexibility in lot layout also help.

Innovative suburban developers are beginning to experiment with alleys as a means to increase densities while accommodating automobiles. LanesEnd, a high-density, master-planned community in Irvine, California, offers residents a unique combination of alleys, courtyards, and mews (double-wide alleys) that brings houses forward on small lots while alleys provide access to garages in the rear. The fact that there are few on-street garages means that cars park nearly continuously along the street, creating a barrier between the street and the sidewalk. The sense of enclosure afforded by this design promotes a sense of community. Residents treat the alleys as semipublic social spaces, where children are safe to play and neighbors to congregate.

Urban infill developers should pay close attention to room layouts and widths when seeking to sell suburbanites on urban living. For example, they should avoid building narrow townhomes less than 18 feet in width. The rooms often are too small for some furniture that suburbanites will bring from their previous single-family homes.

For higher-density housing to work on a large scale, it must compete better with lower-density alternatives—and product comparisons must be apples-to-apples, not apples-to-oranges. This means adding low-density housing features to higher-density projects across the market range. If upscale, low-density projects offer lavish kitchens and bathrooms, so must higher-density equivalents. In fact, if higher-density housing is to appeal to a broader market, it should stay a step ahead in offering innovative amenities at each price point.

Designs that reflect local building traditions also enhance the value of higher-density developments. Projects that fit their surrounding are an easier sell—to both local officials and consumers— than those that seem out of context. This point is especially important when building affordable suburban housing, which often meets resistance from local homeowners. Higher-density developments gain better acceptance to the extent that they resemble more modestly sized versions of single-family homes found throughout the community.

Financial Incentives to Promote Higher-Density Housing

Another tool to encourage higher-density housing development is alternative financing. Building higher-density housing according to smart growth principles is made more difficult by banks reluctant to finance alternative developments; bankers do not lend to projects without a proven record of acceptable risk.¹⁴ According to Edward Starkie of Leland Consulting Group, smart growth can be financed as long as development packages are presented in a way that allows commercial lenders to understand and reduce risk to acceptable levels. Packaging smart growth projects for financing obviously requires more work on the part of a developer than packaging conventional projects. However, if developers can make innovative projects look more like conventional ones that can be sold on the secondary market or securitized, the projects will be more accepted.

Three main obstacles currently reduce financing options for smart growth projects:

- Difficulties with appraisals and finding suitable comparables
- Lack of good market research to show the financial feasibility of higher-density smart growth projects
- Unclear presentation of project objectives and risks and of risk mitigation.

Projects that entail heavy upfront costs and costs for environmentally sound infrastructure and community building programs also tend to have less success in obtaining financing.

Some of these problems will likely disappear as more smart growth developments are built. At present, developers must search for alternative sources of financing, such as real estate investment trusts (REITs), pension funds, and insurance companies. Developers also are compelled to use nationally successful developments as comparables rather than local developments in order to give their financing applications more credibility.

One innovative means to finance smart growth housing is the location efficient mortgage (LEM). LEMs enable those living near public transportation to qualify for larger mortgages because the lender assumes that the portion of the household budget spent on transportation is lower. For example, consider a dual-income couple that must commute in opposite directions. Suburban dual-income households often need two cars and possibly more if older children live at home. But living within a quarter-mile of a transit stop allows families to reduce their reliance on cars. They may now get by with just one car, which may add several thousand dollars per year to the household budget.

LEM can be structured in different ways. Some may require energy efficiencies to be built into the home. Others may require the homeowner to accept a transit pass as part of an escrow account payment every month to ensure that the cost savings are not spent on a larger or more expensive home.

LEM help achieve many smart growth goals, such as increasing homeownership opportunities for low- and moderate-income households. They promote higher-density development and increase public transit ridership while reducing energy consumption. LEMs also contribute to improved quality of life by providing more support for local services and cultural amenities.¹⁵

The National Resource Defense Council found that significant savings accrue from living in higher-density neighborhoods that feature public transit and pedestrian access to everyday services. Mortgage markets

should consider these savings when calculating loan risk. The savings from higher-density development need to be better quantified; by developing common measures for these savings, standardized mortgage products can be developed.

Standardized mortgages can easily be passed through to Fannie Mae and Freddie Mac, which package them as mortgage-backed securities (MBS). Mortgages on single-family homes in standard subdivisions have become a standard commodity in the secondary market, enabling primary mortgage companies to free up funds for new loans. Fannie Mae and Freddie Mac also enjoy access to lower-cost money, which in turn reduces direct mortgage costs, because investors assume that mortgages are implicitly (though not officially) backed by the federal government.

If smart growth housing is to achieve parity with low-density, large-lot residential development, it needs better access to the secondary mortgage market. A major challenge facing developers and institutions seeking to standardize smart growth projects is that these developments mix land uses in a way that does not lend itself to standardization. The credit market for single-family homes relies on the credit worthiness of a borrower—the better the credit, the lower the risk. Large-scale, smart growth projects, in contrast, include multifamily housing (a market that Fannie Mae and Freddie Mac just recently have reentered) and various commercial uses. The diversity that defines smart growth makes assessing risk more difficult.

Smart growth prescribes a customized or locally tailored approach to development, while the secondary mortgage market favors standard products. The financial instruments and institutions underlying American development isolate components of the built environment to better securitize their risk. It is a remarkably efficient system that pumps billions of low-interest dollars into development. Unfortunately, the system also produces places that often, like their financing, are narrowly focused. Given the structure of the system, there is little wonder that American regions lack integration and unity. Perhaps the single greatest challenge facing smart growth is finding inventive ways to adapt highly focused financial instruments to comprehensive development practices.

Using Higher-Density Housing to Sustain Economic Development: The Case of Silicon Valley

Some places turn to smart growth because conventional development practices produce unsustainable results. California's Silicon Valley provides a noteworthy example of a region in which sprawl threatens future economic growth.

Santa Clara County—the heart of Silicon Valley—houses many leading high-tech firms. The county experienced tremendous job growth for decades, making its housing some of the most expensive in the country. People employed in service and entry-level jobs within the valley find it nearly impossible to live near their workplace. Housing costs imperil Silicon Valley's economic growth by making the region a much more expensive place to do business; firms have to pay their workers enough to afford the valley's high cost of living. For years, Silicon Valley stayed ahead of the curve by being so productive that employers could pay workers sky-high salaries. But forward-thinking business leaders realize that it would prove more effective if Silicon Valley solved its local cost problem by using land more efficiently.

Santa Clara County looks like much of suburban America—an amalgam of freeways, malls, subdivisions, office parks, and strip development. But Santa Clara is no typical suburb. Within its borders lie the world's most inventive, most important high-tech firms. The stakes are high for Santa Clara to rationalize its land use in order to maximize the amount of space available for affordable housing. The Santa Clara Valley Manufacturers Group (SCVMG), a public policy trade association, took the lead in this effort. SCVMG represents 115 of the largest private sector employers in Silicon Valley, who collectively provide 225,000 local jobs—employing one-third of the valley's workforce.

From its inception, SCVMG focused on housing. One of the group's first tasks was to create a task force on jobs and housing to address the challenges member companies face in hiring and retaining qualified workers due to high housing costs. In 1985, the task force made two important recommendations to address the cost issue:¹⁶

- Increase the efficient use of available land by allowing a few more homes per acre.
- Convert some industrial and commercial parcels to residential use to provide for future jobs and future homes for workers filling those jobs.

No real action was taken on these recommendations at first, in part because the county lacked systematic data on vacant and underused land. Santa Clara's 15 municipalities needed funding, which SCVMG provided, to compile those data. SCVMG used its own resources to generate computerized maps for the entire county through a geographic information system (GIS).

SCVMG confirmed conventional wisdom by finding that acres of land were underused. SCVMG defines vacant land as "those areas within a city's urban service area that are not being used in some intensive way." The definition focuses on those places that already are urbanized but could easily accommodate more intensive development. Excluded from the definition were agricultural lands, open spaces, and densely developed areas.

About half the county's vacant land is zoned residential, and much of this space contains very low-density housing. In fact, many municipalities within Santa Clara allowed developments that failed to meet their zoned densities. Current development in Santa Clara's 15 cities is built out to just 70 percent of zoned density, leaving 30 percent of planned homes unbuilt.

Like many places, Santa Clara also was overzoned for commercial development. Each of the county's cities sought to ensure that it had a tax base sufficient to support residential development and thus hesitated to downzone commercial land. Most of this land will never contain industry, and as Silicon Valley's high-tech economy shifts from manufacturing to research and development, firms will require even less space. Thus, commercially zoned land represents a tremendous resource for new housing development. In an odd twist of economic logic, affordable housing development represents the highest and best use for much of that land.

From its vacant land survey, SCVMG developed a land use plan for Santa Clara County. The group also issued several land use recommendations, all of which are consistent with the principles of smart growth. According to SCVMG, Silicon Valley cities should

- Develop small-lot residences designed for more efficient land use instead of large-lot homes
- Selectively convert industrial and commercial lands to master-planned residential communities or mixed-use developments
- Revise development standards/criteria to enable construction of more creative small-lot, single-family, and multifamily homes compatible with existing neighborhoods.

SCVMG also formed a cooperative public/private coalition to assist affordable housing development across the county's 15 cities; the organization offers money to fund planning studies that individual towns cannot afford, provides gap financing for affordable housing projects, and offers a first-time homebuyer support program. Despite SCVMG's best efforts, Silicon Valley still lacks sufficient affordable housing, and it will take years before Santa Clara County knows how well its land reforms have worked.

Silicon Valley seems an exceptional case that has little in common with the rest of the country; not many places have groups with the resources and influence of the SCVMG. But on closer inspection, Silicon Valley has much to teach other areas. Silicon Valley developed in a sprawl pattern, which for a time proved suitable for growth. As the economy matured, however, sprawl development switched from being an engine of growth to a deterrent. Much of suburban America confronts a similar situation. The low-density suburban landscape that once provided cost advantages over central cities now presents a problem. America's suburbs now are essentially cities with a nontraditional and often unrecognizable form.

Silicon Valley vividly demonstrates the limits of sprawl development. The very businesses that emerged along its freeways now take an active role in shifting the region to higher-density development. One suspects that hard-headed, bottom-line businesses in the Silicon Valley do not favor smart growth for aesthetic reasons; they rendered their judgment based on what they value most—competitiveness. What is true for Silicon Valley holds true for the nation. Silicon Valley, as it has so often in the past, simply arrived at the future before the rest of the United States.

Smart Growth and the Future of Housing

The case made here is simple: housing can and should be developed at higher densities than is now standard practice. Building higher-density housing better aligns new development with several recent trends:

- An increasingly diverse and differentiated market that currently underserves customers seeking higher-density housing options.
- A deepening problem of fiscal impact in which even many upscale suburban housing projects generate insufficient taxes to pay their way
- Political pressure to halt sprawl development that is spreading rapidly across the metropolitan United States.
- Growing consensus that compact regions are more efficient and sustainable.
- A mature suburban office economy that makes a better jobs/housing balance possible.

Taken together these trends point to development of a new American region, in which higher-density housing will be far more common. Challenges remain, but the tools to develop higher-density housing already exist. Without denser residential development, the goals of smart growth will be largely unrealized.

Notes

1. Interestingly, marketers define places that have more than 8,000 people per square mile as "urban." Robert E. Lang, James W. Hughes, and Karen A. Danielsen, "Targeting the Suburban Urbanites: Marketing Central-City Housing," *Housing Policy Debate*, vol. 8, issue 2 (1997).
2. Peter Gordon and Harry W. Richardson, "Are Compact Cities a Desirable Planning Goal?" *Journal of the American Planning Association*, vol. 3, no. 1 (Winter 1997).
3. Robert E. Lang, Deborah Epstein Popper, and Frank J. Popper, "Is There Still a Frontier? The 1890 U.S. Census and the Modern American West," *Journal of Rural Studies*, vol. 13, no. 4 (1997).
4. Arthur C. Nelson, "Growth Management," draft copy, January 24, 1998.
5. Robert W. Burchell et al., *Costs of Sprawl Revisited: The Evidence of Sprawl's Negative and Positive Impacts* (New Brunswick, N. J.: Rutgers University Center for Urban Policy Research, 1998).
6. Robert E. Lang and Karen A. Danielsen, "Gated Communities: Walling out the World?" *Housing Policy Debate*, vol. 4, no. 1, and Edward J. Blakely and Mary Gail Snyder, *Fortress America: Gated Communities in the United States* (Washington, D.C.: Brookings Institution Press, 1997).
7. Lang and Danielsen, "Gated Communities: Walling Out the World?"
8. Lang, Hughes, and Danielsen, "Targeting the Suburban Urbanites: Marketing Central-City Housing."
9. Robert E. Lang and Steven P. Hornburg, "Planning Portland Style: Pitfalls and Possibilities," *Housing Policy Debate*, vol. 8, no.1 (1997).
10. Reid Ewing, "Is Los Angeles-Style Sprawl Desirable?," *Journal of the American Planning Association*, vol. 63, no. 1 (Winter 1997).
11. This section draws from Lloyd Bookout, *The Case for Multifamily Housing*, Washington, D.C.: ULI—the Urban Land Institute, and Municipal Research and Services Center of Washington (State), *Infill Development: Strategies for Shaping Livable Neighborhoods*, Report No. 38 (June 1997). URL: <http://www.mrsc.org/textfill.htm>.
12. Philip Langdon, "Can Design Make Community?," *The Responsive Community*, vol. 7, no. 2 (1997): 25–37.
13. Lang, Hughes, and Danielsen, "Targeting the Surban Urbanites: Marketing Central-City Housing."
14. Edward Starkie, *Smart Development Program: Financing and Capital Sources*, working paper (Portland, Ore.: Leland Consulting Group, Summer 1997).

15. Kim Hoeferler, "Accessibility vs. Mobility: The Location Efficient Mortgage" in a special edition of the *PAS Memo: Public Investment* (Chicago: American Planning Association, September 1997).

16. The Santa Clara Valley Manufacturing Group, "Housing Solutions for Silicon Valley: An Inventory of Vacant Land with Recommendations for Local Government in Santa Clara County" (Summer 1995), and Tara Rutledge, "The Santa Clara Valley Manufacturing Group Is Creating a \$10 Million Fund for Affordable Housing," *Business Journal* (December 27, 1997).

ULI Leadership Counterpoint

Is higher-density housing the key to smart growth? One roundtable participant concluded that as a creative, positive planning tool, higher-density housing is not well understood by the public. Another developer asserted that higher-density housing was hard to sell to Americans. Many agreed that there has been constant resistance from local jurisdictions to infill housing projects. The cost of overcoming that resistance makes it cheaper to extend infrastructure beyond developed areas rather than put the effort into making higher-density projects work. As one developer stated, "We have enormous trouble getting those [higher-density housing proposals] through councils and getting the zoning for them."

The participants concluded that there must be the political will to practice smart growth. Many expressed the belief that not only is it difficult to persuade the public of the benefits of the concept, but local governments resist these proposals. Participants remarked that politicians must persuade voters that any tradeoffs that these strategies require are reasonable and will be distributed regionally. Many believed that smart growth can be achieved through setting up a system at the state level rather than through one locality or the federal government. Participants regarded smart growth systems in Maryland and New Jersey to be good models.

Another reason higher-density housing continues to be a hard sell lies in the public perception that it will lower the quality of life. One developer argues that Americans cannot envision higher-density housing as being anything but negative. When Americans think of high density, they think of Pruitt Igoe, a failed public housing project. Smart growth must produce higher-density housing that is considered socially acceptable and physically attractive.

Developers observed that smart growth principles already are being practiced in some cities where little developable land exists, such as San Francisco or New York. But they cautioned that higher-density housing appeals more to people who do not have children, do not use public schools, and want the amenities of an urban area—who actually constitute the majority of households today. As one participant put it: "What we're seeing in Dallas and Houston is successful apartment developers like JPI and others who understood that there are middle-income and affluent households with two incomes that don't want the hassle of a house. However, they do want a place to park their car, they do want a fireplace in their unit, they do want washers and dryers. They want all that's in a single-family house, but they are still willing to live in higher density. They rent by choice." Another disagreed and stated that most people still want single-family houses on large lots.

To a growing number of people, infill housing in some cities equals high prices. Bringing higher-income households back to the city, however, may yield positive benefits. Participants agreed that cities cannot continue to fill center cities with people who are least able to pay for housing. Many agreed that mixing income and age groups as a way to improve affordable housing options for infill sites must be explored. Other initiatives that could help include a streamlined approval process and use of market incentives to encourage higher-density housing products and disincentives to curb sprawl.

This counterpoint is a summary of a roundtable discussion of the issues and ideas in this book at the ULI Midwinter Leadership Meeting in Phoenix, Arizona, February 1998.

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