



Smart Growth America

Making Neighborhoods Great Together

Michael Lander on changing markets and transit-oriented development in Minnesota

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LOCUS has taken the leadership position to bring the voice of real estate to a conversation that's been driven primarily by environmental and social concerns but the economic benefits of multi-modal, mixed-use urban walkable development is clear and we're bringing a voice as to how to finance that, working with policy leaders.

We need dramatic change. Our transportation bill has been referred to as the "highway bill" in the past and so we're starting really at square one to get people to think multi-modal, to think about a variety of ways to move around rather than just in single-occupancy vehicles so that policy work is needed at all levels and our work is guided by both federal policy all the way down to the local city council.

I see a couple of major trends that are happening in the real estate market, both a demographic change that's creating huge populations in one and two person households going into the future and the move closer to the center driven by transportation concerns, environmental concerns and economics. Both of those are calling for a different kind of housing. We've been predominantly single family for the last couple of generations and we're seeing the market share in multi-family, both in rental and ownership, increase dramatically particularly in the coastal areas, the major cities, a big shift to the center and that means opportunity for me. I've been a multi-family urban developer for long before the market had shown its strength.

The amenity package for the urban buyer is different than we've seen in the past for the suburban buyer that was looking for a large-lot, open space, good schools. Our urban residents are looking for green spaces, certainly, open space, transportation connections, ways to move around in their life to work and to services without using their car. They're looking for restaurants, nightlife, activity on the street, so they're seeking a different package and it's more important for us to focus our attention on the space between the buildings so in addition to the buildings we build, creating great places becomes increasingly important to add value and attract residents.

I think the conversations among developers are about that changing market and how that impacts our businesses and what kind of changes are needed and in the past we've looked for infrastructure to be extended to the edges of the community, sewer and water and new schools out on the fringe to serve new single family development. We're looking at what kind of amenities, what kind of improvements and investments need to be made to serve more urban development and again it really comes to the infrastructure, sewer and water improvements, transportation improvements, parks, open space, in many cases

structured parking, still in many markets, so the kind of investment that's needed to support the new market. There's a lot of excitement and interest in developers. The market is maturing at different levels across the country. It's very exciting and really a leading way what we see in Washington, D.C.

That shift is probably a combination of the demographic changes, huge numbers of younger people and one and two person older households so really shifting households. Only 25% of households now across the country have children so we're seeing a big change in our household makeup and what they're looking for. We're also seeing activities in cities that we haven't seen for 25 years. Here in Washington, D.C., we're seeing a level of development and investment and excitement that just didn't exist 20 years ago so new versions of our cities are attracting new residents.

That's the challenging side of urban redevelopment, site acquisition and assembly, clean up, a lot of environmental issues, regulatory issues, zoning problems, NIMBYs, folks that resist new development and probably as much as anything, transportation options. Doing high-density development really doesn't work relying totally on single occupancy vehicles so creating new transportation options and other ways to move around is critical to creating good urban places.

I think small developers can often find sites ready to go but recently as that activity comes into the city and those easy sites are taken and developed, we're finding more and more need to take larger pieces of former industrial land and remanufacture them for urban development. And again, a lot of infrastructure improvements and transportation improvements cost an investment outside of our site, and outside of our projects are more and more important and so it's incumbent on the progressive developers to lead working with the public sector and the provision of those amenities for our projects, new ways for thinking about how to fund them and phase them and install them because they are just as critical as the actual buildings.

The regulation of land use is interesting because our projects themselves are judged on the local level, the city council level, and yet many of the major infrastructure improvements we need are made at the state or regional or national level so we have participated increasingly at the national level through LOCUS, a real estate investment group working on better transportation policy, operating really at all levels, zoning, primarily local, transportation, state and national.