The Mass Market for Suburban Low-Density Development Is Over

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A triple storm is brewing that will give the country an opportunity to reshape its most recent growth pattern from one of ever sprawling suburban developments to more compact, mixed-use, walkable neighborhoods. One storm is dramatically changing demographics; another is increasing energy prices, especially gasoline; and a third is the increasing market preference for walking, biking, and accessible transit. While this storm brews, the present supply of housing—housing on small lots and rental and multi-housing units—cannot meet future demand. Quelling this storm will require reshaping our suburban communities.

I begin this article by summarizing how America became a suburban nation between the late 1940s and 2010. Then, I then review how market forces will change going forward to 2030 and beyond. Next, I will show that there is a large mismatch in housing supply between what the market delivered in the past and what it will need in 2030. Following this, I will show that because of demographic trends the mass market for suburban low-density development is over. Consequently, I pose numerous recommendations for reshaping America’s suburbs to meet new market demands. In the end, I worry that the inertia of planning and zoning designed to meet the needs of past generations will be unable to prevent yet another housing collapse less than a generation from now.

I. Rise of the Suburban Nation

From the end of World War II to 2010, America became a suburban nation.\(^1\) The Federal Housing Administration (FHA) and Veterans

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1. Much of the following discussion is based on the outline of *Andres Duany, et al., Suburban Nation: The Rise of Sprawl and the Decline of the American*
Administration (VA), among other federal initiatives, facilitated this suburbanization.\textsuperscript{2} For decades after the war, their loan programs provided millions of mortgages for less money per month than rental payments.\textsuperscript{3} These FHA and VA programs favored new homes in the suburbs over the renovation of existing homes in cities, and they favored single-family detached owner-occupied options over attached renter ones. From the late 1950s to the 1980s, the nation’s 41,000-mile interstate highway program, combined with other federal and state highway programs, supplanted public transit with roads, making commuting long distances affordable and even enjoyable for tens of millions of Americans.\textsuperscript{4}

American planning took the cue and facilitated development of the suburbs. Section 701 of the 1954 Housing Act\textsuperscript{5} generated more than one billion inflation-adjusted dollars\textsuperscript{6} in federal spending for suburban planning.\textsuperscript{7} Those federal planning grants perpetuated a template that separated housing subdivisions, retail centers, employment centers, and civic institutions from one another, relying on roads and little else to connect them.\textsuperscript{8} These were the forces that shaped America to the early twenty-first century. What are the forces shaping our future?

II. Changing Market Forces

The rise of the suburban nation depended substantially on relatively cheap gasoline, rising incomes, broadly distributed wealth, and easy home-buying credit. That has all changed in ways I review next.

\textit{Dream 51} (2000) (analyzing the movement in North America to put an end to suburban sprawl in favor of re-urbanization).

2. \textit{See id.}

3. \textit{See generally Kenneth T. Jackson, Crabgrass Frontier: The Suburbanization of the United States (1985) (examining social history and economic indicators to see how a good life in America came to be equated with owning a home with a yard far from home); Larry S. Bourne, The Geography of Housing 194-98 (1981) (providing the history of postwar housing policies and programs).}


6. \textit{See James Hoben, My 30 Years at HUD, 67 Planning 26, 27 (2001). There is no formal accounting of funds expended through the 701 program; however, Hoben, a former administrator of the program, notes that “[i]n the 1970s, the annual grant total zoomed from $25 million a year to more than $125 million (about $300 million in today’s dollars).” Id. My billion dollar estimate, which seems conservative, was calculated using the $300 million figure over the 35 year period of the program’s existence.}

7. \textit{Id.} (noting that most of the funds went initially to small towns and later to suburbanizing communities).

8. \textit{Duany et al., supra note 1.}
Energy prices are rising. This will make supporting a home more expensive as home energy bills will increase. It will also make locations far away from work, shopping, and other destinations more expensive in terms of vehicle fuel costs. From 2002 into mid-2012, I calculate that gasoline prices rose about 10% per year compounded or about three times faster than inflation. If these rates continue, gasoline prices will exceed $8 per gallon by 2020. This will make home ownership more difficult because most homes built since World War II depend on cheap gasoline to connect the suburban household to work, services, family, and other destinations.

Incomes are falling. Median family net worth fell from $126,400 in 2007 to $77,300 in 2010. In constant 2010 dollars, family net worth in 2010 was at about the 1992 level. Rising incomes are indicative of a healthy economy and the keystone of social upward mobility. That incomes are falling suggests the overall economy is weakening, and upward mobility is arrested. Household income appears to have stagnated and will remain so to mid-century. The overall effect is compromised home ownership.

Concentration of wealth is shifting. In the 1980s, about 80% of the nation’s wealth was held by 20% of its wealthiest households. By 2009, nearly 87.2% of America’s wealth was held by the wealthiest 20% of its households. The Great Recession of 2008-09 can be blamed for reducing much of the wealth of the middle and lower classes.

Indeed, historically, a large share of American households’ wealth is the equity in their homes. Much of this was removed by the recent recession; between 2006 and 2011, American homeowners lost half of

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9. See the full history spreadsheet from Gasoline and Diesel Fuel Update, U.S. Energy Info. Admin., http://www.eia.gov/petroleum/gasdiesel/ (last visited Sept. 3, 2012) for the historical information from which I derived this number. The coefficient of determination (R²) is 0.83; the t-ratio is 6.68; and p > 0.01.


11. See id. at 15.


14. Id.
their equity.\textsuperscript{15} The overall effect of shifting wealth and loss of home equity is that: (a) fewer Americans are able to buy homes; (b) those who own homes may not be able to refinance to enable a down payment on a new home for their children; and (c) fewer home buyers may further drive down demand for houses and thus reduce prices, further eroding equity.

\textbf{Home buying credit has changed, perhaps forever.} The recent Great Recession was caused in large part by the bursting of the “housing bubble” of the middle 2000s. Banks and other financial institutions failed. Home equity took its biggest decline since the start of the Great Depression, and millions of homes were foreclosed or “sold short” to avoid foreclosure. In the wake of this financial disaster have come numerous changes. Initially, lending institutions increased their underwriting requirements,\textsuperscript{16} thereby reducing the number of people who could qualify to buy a home. The National Association of Home Builders puts it this way:

Requiring a high down payment would disproportionately harm first-time home buyers, who have limited wealth and on average account for 40 percent of home-buying activity. It would take an average family 12 years to scrape together a 20\textsuperscript{\%} down payment. Borrowers who can’t afford to put 20 percent down on a home and who are unable to obtain FHA financing will be expected to pay a premium of two percentage points for a loan in the private market to offset the increased risk to lenders, according to NAHB economists. This would disqualify about 5 million potential home buyers,\textsuperscript{17} resulting in 250,000 fewer home sales and 50,000 fewer new homes being built per year.\textsuperscript{18}

The indicated changes have altered home-buying, perhaps forever.

\section*{III. The Great Mismatch}

Ideally, the market matches demand with supply. Housing market studies attempt to tease out choices people will make given roughly


\textsuperscript{17} Considering there were about 75 million home owners in 2010, losing 5 million would reduce the home ownership rate from above 66 percent to about 60 percent—a rate not seen since 1960.

equal choices within a budget constraint. Many also attempt to gauge differences in choices based on such factors as age, ethnicity, education, and other influences. In recent years, four national studies have reported broad national preference trends for housing, and all three signal a reduced preference for unattached, large-lot, single-family homes in an isolated suburb; the National Association of Home Builders as interpreted by Dowell Myers and Elizabeth Gearin and published in 2001, mine published in 2006, Robert Charles Lesser & Company (RLCLO) reported in 2007, and the National Association of Realtors (NAR) completed in 2011.

In the 2011 work, Myers and Gearin found that by about 2015 up to 17% of American households would want the option to live in a townhome. My work synthesized numerous surveys from the middle 1990s to the early 2000s to estimate the distribution of housing choice options people wanted and found that 38% percent of Americans wanted the option to live in attached products (apartments, townhouses, condominiums and cooperatives), 37% wanted single family homes on small lots (under one-fifth to one-sixth of an acre), and 25% wanted to live on large lots. Among prospective buyers of homes (as opposed to buyers and renters which my synthesis included), RCLCO found about the same relationship with 34% wanting attached home options, 35% wanting small lots, and 31% wanting large lots. The latest survey published in 2011 by NAR found similarly to my study that 39% of Americans wanted the option to live in attached products, 37% wanted single family homes on small lots, and

19. In Dowell Myers & Elizabeth Gearin, Current Preferences and Future Demand for Denser Residential Environments, 12 HOUSING POL’Y DEBATE 633 (2001), the authors interpreted proprietary preference survey data made available to them by the National Association of Home Builders.
23. See Dowell & Gearin, supra note 19, at 633-59.
25. See Terry Underwood, supra note 21, at 11-12 (reporting preferences for Generation Y’ers).
24% wanted to live on large lots.26 This is nearly exactly the same distribution of demand that I estimated.27

Supply, however, does not match demand. The American Housing Survey for 2009 reports that attached products account for 30% of the supply, while small lots account for 30%, and large lot supply account for 40%.28 In other words, in 2009, there were more than 20 million housing units in large lots than there is demand for them, indicating a mismatch between housing supply by type and demand.29

A. How Did We Get Here?

The American economy is nothing if not responsive to market needs, especially in regard to home construction. Unfortunately, American consumer preferences change, sometimes dramatically and quickly, but housing lasts a long time—perhaps 150 to 200 years or longer.30

26. 2011 COMMUNITY PREFERENCE SURVEY, supra note 22, at app. C-4. For attached unit demand, I used responses to Question 11 in which, given the choice between detached and attached housing and location options, 59% chose the single-family option that included a longer commute and a drive to shops, restaurants, and 38% chose the apartment or townhouse option, which included a shorter commute and a walk to shops, restaurants option. Id. at app. B-16. I distributed the 3% nonresponses proportionately to get 61% preferring the first option and 39% preferring the second. To apportion demand among those preferring detached homes with respect to small and large lots, I used Question 9 in which, 59% chose the smaller houses and lots option that included a shorter commute, while 39% chose the larger houses and lots option that included a longer commute. Id. at app. B-14. I distributed the 2% nonresponses proportionately to get 61% preferring the first option and 39% preferring the second. I then apportioned these proportionalities to the 61% preferring detached homes to estimate 37% demand for small lots and 24% demand for large lots, with 39% preferring the attached home option.

27. See Nelson, supra note 20, at 397-98.

28. For this analysis, I used the tables from U.S. DEPARTMENT HOUSING & URB. DEV. & U.S. DEPARTMENT COMMERCE, AMERICAN HOUSING SURVEY FOR THE UNITED STATES: 2009 (2011), available at http://www.census.gov/prod/2011pubs/h150-09.pdf. Table 1-1 reports 130 million total housing units in 2009 of which 39 million or 30% were attached. Id. at 1. Of the detached units, Table 1-3 indicates that 28% of the single family homes or 39 million, representing 30% of the total housing supply, were on lots of one-sixth acre or smaller, which I call “small” lots Id. at 5. This figure itself is the average of homes on lots less than one-eighth acre, 15%, and those on lots between one-eighth and one-quarter acre, 41%. Applying the NAR survey preference shares, I estimate the market demands about 51 million attached homes, about 48 million small-lot homes, and about 31 million large-lot homes. The supply, according to the American Housing Survey, is 39 million, 39 million and 52 million respectively. There may be 12 million fewer attached and 9 million fewer small-lot homes than the market demands but there may be 21 million more homes on large lots than the market demands, according to my interpretation of the NAR 2011 survey.

29. Id.

30. Using average annual loss rates from the census in ARTHUR C. NELSON, PLANNERS ESTIMATING GUIDE: PROTECTING LAND-USE AND FACILITY NEEDS (2004), and other sources I estimated that the typical American home built since about 1940 will last about 170 years. Not that they are built inherently to last that long but the owners
Consequently, over-construction of housing stock in one generation can linger for decades afterward. This occurred from 1990 to 2010. During this period, Baby Boomers hit their peak affecting housing demand. In effect, they created their own perfect storm.

To put this into perspective, in my long-range housing forecasting work, I divide the housing market into three very broad categories:

1. **Starter-homes.** Comprised of singles, couples, and young families whose householders are under 35 years of age, these households are just starting out in life.

2. **Peak space demand.** Comprised of households where the householders are between the age of 35 and 64, these households have growing families, usually have good incomes (often with two wage-earners), and need space to meet their growing housing needs.

3. **Empty-nesting/downsizing.** Comprised of households whose householders are 65 years of age and older. These are householders whose children have moved out, and who face imminent retirement or have already retired, and therefore no longer need (or want) large homes.

Between 1990 and 2010, the number of starter-home households remained about the same, while households in their peak space demand stage of life grew by 19 million, accounting for about 79% of the entire demand for new housing. Empty-nesting/downsizing households accounted for the remaining 5 million or 21% of the new demand. In the parlance of mysteries, during this period, peak space demand households increased and thereby reshaped America’s housing markets will make the investments needed to keep the house functional, especially since planning and zoning do not permit alternative uses in the near to medium terms.


32. Id.

33. My calculations are based on information from U.S. Census Bureau, *Table 62: Households by Age of Householder and Size of Householder, 1990-2010*, http://www.census.gov/compendia/statab/2012/tables/12s0062.pdf (last visited Sept. 8, 2012). I find that between 1990 and 2010 the nation grew from 93.3 million households to 117.5 million households or 24.2 million households. To derive the change in starter households, I subtracted the sum of households aged 15 to 24 years plus 25 to 29 years plus 30 to 34 years for 2010 from the sum of same households in 1990, which was –0.1 million households or 0% change in household growth between 1990 and 2010. I did the same procedure for peak housing demand households (35 to 44 years + 45 to 54 years + 55 to 64 years) finding they increased by 19.2 million or 79% of the total. For empty-nesting/downsizing households, I completed the analysis similarly (65 to 74 years + 75+ years) and find they increased by 5.1 million or 21%.
because they had the motive in the form of growing housing needs, the means in terms of income, and the opportunity in terms of attractively-priced housing in alluring suburban communities. Largely to serve the needs of peak space demand households, nearly a third of all new homes built between 1989 and 2009 contained more than 2,500 square feet of space. More dramatic is that more than half of all new detached homes were built on lots of one-half acre or more.

B. What About the Future Demand for Housing?

Unfortunately, between 2010 and 2030, of the 26 million households added to the nation only 4 million or about 15% will be in their peak housing demand stage of life, down from 79% in the prior 20 years. Starter home households will grow by less than 3 million or about 2% of the total demand. The next great wave for housing demand will be to meet the needs of empty-nesting and down-sizing seniors, who will account for 19 million households and comprise 73% of the net change in households between 2010 and 2030; these shares will also be roughly the same between 2010 and 2040. In other words, going forward into the middle of the 21st century, we will see ever-declining demand for something other than the single-family detached homes on large lots in isolated suburbs.

The market internalizes numerous factors, often leading to changes in preferences. This occurs with demographic changes combined with rising energy costs, declining incomes, shifting wealth, and stricter mortgage underwriting criteria. For instance, the NAR’s 2011 survey found that 59% of Americans would choose a small house on a small lot if the commute to work is less than 20 minutes, over a large house

34. I used the U.S. HOUSING & URB. DEV. & U.S. DEPARTMENT COMMERCE, AMERICAN HOUSING SURVEY FOR THE UNITED STATES IN 1989 1, 3 (1991), available at http://www2.census.gov/prod2/ahsscan/h150-89.pdf (Tables 1A-1 for total units and 1A-3 for size of units and lots), and U.S. DEPARTMENT HOUSING & URB. DEV. & U.S. DEPARTMENT COMMERCE, supra note 28, at 1-3, 5 (Tables 1-1 for total units and 1-3 for size of units and lots), to make the estimates reported in the text. Between those years, about 20.7 million detached homes were added to the inventory (70.5 million to 91.2 million). During the same period, homes of more than 2,500 square feet increased from 12.7 million to 19.3 million, or about 6.6 million units comprising 32% of the number of new detached housing units added to the inventory.

35. Using those same sources, I calculate that total single family homes (including attached townhouses) increased by 26.6 million homes (68.7 million to 95.2 million) while homes on lots of more than one-half acre increased by 11.0 million (27.5 million to 38.5 million), accounting for 53% of the share of the growth in single-family units.

36. NELSON, supra note 31.

37. Id.

38. Id.
on a large lot if the commute is more than 40 minutes.\textsuperscript{39} Moreover, emerging housing value studies show that people are willing to pay more for walkable communities than communities where accessing destinations would be mostly via the automobile.\textsuperscript{40}

We also know from controlled surveys that about a quarter of Americans want to be able to walk/bike to work (from home) and walk/bike to errands (from home or work). “Survey bias” occurs when people say what they think the surveyor wants to hear. So how do we explain that only 4\% of Americans actually do walk/bike to work and that 10\% walk/bike for errands? It turns out that when work is within a mile of home, 37 percent of Americans walk/bike to work (in 2009, which is up from 25\% in 1995).\textsuperscript{41} And when errands are within a mile of home or work, 42\% of Americans walk/bike for errands (in 2009, which is up from 26\% in 1995).\textsuperscript{42}

While pundits argue against even attempting to plan for the future, we must.\textsuperscript{43} It may not be so much the crafting of plans themselves but process of planning that reveals the challenges and opportunities based on data collection, analysis, interpretation, and application as opportunities arise. As President Dwight Eisenhower observes:

\begin{quote}
I tell this story to illustrate the truth of the statement I heard long ago in the Army: \emph{Plans are worthless, but planning is everything}. There is a very great distinction because when you are planning for an emergency you must start with this one thing: the very definition of “emergency” is that it is unexpected, therefore it is not going to happen the way you are planning.\textsuperscript{44}
\end{quote}

In my view, \textit{planning} depends on what we know about such things as trends that can influence the future even though we cannot project future outcomes precisely. It is through planning that we can become prepared to seize opportunities.

In view of what I presented earlier, here is what we know:

1. We are no longer a nation of households comprised mostly of children. The days of planning communities substantially to meet the needs of households with children are over.

\textsuperscript{39} 2011 \textsc{Community Preference Survey}, \textit{supra} note 22, at 4.
\textsuperscript{41} \textsc{Nelson}, \textit{supra} note 31.
\textsuperscript{42} \textit{Id}.
\textsuperscript{43} See generally Reed Moyer, \textit{The Futility of Forecasting}, \textsc{Long Range Plan.}, Feb. 1984, at 65 (discussing the inaccuracies of forecasting and suggesting ways to manage).
2. We are no longer a nation that must allocate its resources to substantially meet the needs of households who need housing space for growing families. Over the 20-year period between 1990 and 2010, they accounted for nearly 80% of the demand for new housing, and we largely met it. Over the next 20 years and beyond, starter home and peak housing households will account for just a quarter of all new housing needs; empty-nesting and downsizing households will dominate the future housing market to mid-century and beyond.

3. Household income is stagnating while energy prices are rising, and the ability to buy homes on credit is tightening, likely resulting in lower home ownership rates in the future than currently or in the recent past.

4. Sensing these changes, America households are changing their preferences toward locations with more housing and mobility options.

How we prepare ourselves to seize future opportunities are the subject of the concluding section.

IV. The Opportunity

In my view, we must rely on the suburbs to meet our future development needs, even though they will be very different from the past. Suburbs contain half of America’s metropolitan population and two-thirds to three-quarters of the total urbanized land area in them. Though suburbs were created by unprecedented market demand for low-density housing, they will also take the lead in re-engineering themselves to meet new market demands.

The Urban Land Institute (ULI) expects that suburbs will play an even more important role in meeting the nation’s new housing needs than in the past, albeit also a very different one. Here are key trends identified by the ULI that will reshape America’s suburbs over the next several decades.

45. See infra Part III.A.
Compact Land Use Outcomes Planners, builders, and investors can tap into this demand by adopting multifaceted, town-centric land use patterns, which provide greater housing and transportation choices for residents and reduce the number of vehicle miles traveled. Pedestrian-friendly neighborhoods around commercial centers (stores, restaurants, offices) with mid- and high-rise residences make public transit more feasible and lower the household cost burdens for transportation. In these places, people can meet daily needs more economically, driving less and walking or riding bikes more. Less driving helps relieve congestion and improve travel times, boosting overall system productivity and mobility.49

Revitalizing Suburbs A generation ago, cities struggled to implement inner-city urban renewal strategies. Now, the urban redevelopment challenge shifts to the suburbs, where an underutilized parking lot is a terrible thing to waste. Planners are refashioning abandoned shopping malls and reimagining failed retail strips, reviving subdivisions savaged in the foreclosure wave, and rethinking already entitled greenfield housing plans. In the future, depleted tax bases and declining support from federal and state coffers force more counties and towns to consolidate resources and consider regional solutions instead of cannibalistically competing for projects and new businesses. Although plenty of bulldozing is in order, revamping and retooling existing buildings and spaces takes precedence over building new ones. As roads and sewage treatment plants reach the end of their life cycles, it’s time to consider implementing smarter, more integrated solutions.50

To the ULI’s list I would add that America’s suburbs need to:

Liberalize Accessible Dwelling Unit Options. As our homes have become larger the number of people living in them have become fewer. New homes built in 1980 averaged 1,740 square feet but in 2011 they averaged 2,480 square feet,51 yet average household size fell from 2.76 in 1980 to 2.59 in 2010.52 There are nearly 13 million homes in the U.S. with more than 2,500 square feet of space. Many millions can be retrofitted easily to create a small, secondary unit within the larger one through basement, attic, or other conversions. These are called “accessory dwelling units” (ADUs), and they are an option to meet future housing needs.53 Rather than forcing singles, retired people, and young couples into apartments that could be far away from work or services, ADUs can both meet their housing

50. Id. at 65.
needs in locations that make sense to them. With more “eyes on the street,”\textsuperscript{54} they also provide additional home and neighborhood security. Between 2010 and 2030, America will add nearly 14,000 single-person households.\textsuperscript{55} If 20\% of them could choose the ADU option, taxpayers would not have to finance the new or expanded public facilities needed to serve up to 3 million new units that may otherwise be built in sprawling, greenfield locations.\textsuperscript{56}

**Provide Realistic, Market-Driven Housing Options.** I noted earlier that between 1990 and 2010 nearly 80\% of the demand for new housing came from households in their peak space demand stage of their life.\textsuperscript{57} Suburban jurisdictions met this demand by providing vast amounts of low-density, residentially zoned land. Between 2010 and 2030, however, the starter home and peak space demand households will account for about a quarter of the demand for new homes. In contrast, growth among empty-nesting/downsizing households will account for about three-quarters of the demand for new housing. There may now be a mismatch between the supply of undeveloped, suburban land zoned for low-density development and demand. Even as demand shifts to infill and redevelopment locations where zoning might allow higher density, it is still too low to be financially feasible. Zoning and other housing regulatory barriers need to be changed to reflect sweeping changes in the housing market that are just beginning to occur.\textsuperscript{58}

**Use Public Resources to Leverage Private Reinvestment.** Even with adequate zoning and other regulatory changes, however, the housing needed to meet emerging needs may not be financially feasible in the places where it makes the most sense. Local government resources such as tax abatements, tax increment financing, low-interest loans and so forth may be needed to make projects financially

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\textsuperscript{54}. Term coined by Jane Jacobs in \textit{Death and Life of the Great American City} (1992), to convey the importance of having more people than fewer living in neighborhoods who would know the people living on those streets, and thus, reduce crime and assist neighbors in need. The literature on this subject is extensive so I will refer the reader to it instead of making the case in the article.

\textsuperscript{55}. \textit{See Nelson, supra} note 31.


\textsuperscript{57}. \textit{See infra} Part III.A.

feasible.\textsuperscript{59} When done wisely, the effect is to create new or expanded tax bases that generate more than sufficient revenues to offset costs so that the local government’s fiscal base is enhanced. From an economic perspective, future net fiscal benefits are capitalized to leverage the very development that generates those benefits.

**Reform Infrastructure Finance.** I have already written in *The Urban Lawyer* why and how we must reform infrastructure finance in this country.\textsuperscript{60} Generally, we need to move away from paying for public facilities through general taxes and instead apportion the capital and operating costs by area or neighborhood through a fee system.\textsuperscript{61} This approach is already used for water and sewer systems, but the difference would be differentiating fees based on costs that vary by location, density, land-use configuration, and other factors. The overall effect would be to charge higher-cost development more than it presently pays and lower-cost development less than it presently pays. The current perverse subsidy rewards high-cost, sprawling development, while it punishes low-cost, compact and closer-in development. This reformation of infrastructure finance would reward efficient development and would generate more fiscal and economic benefits than the status quo.\textsuperscript{62}

**Seize Fixed-Guideway Transit Options.** Attempting to achieve both the more-compact development that homebuyers say they want and suburban revitalization that is on the horizon requires the provision of fixed-guideway transit systems—especially light rail, streetcar, and bus rapid transit—serving transit-oriented development (TOD). TODs are mixed-use developments that integrate land use interactions and provide multi-modal options within about one-half mile of fixed-guideway transit stations.\textsuperscript{63} Surveys indicate that about a third of American households want to have accessibility to transit, especially

\textsuperscript{59} See generally Affordable Housing Finance, http://www.housingfinance.com/ (last visited Sept. 5, 2012) (linking users to articles and information regarding affordable housing finance).

\textsuperscript{60} Nelson, supra note 56.

\textsuperscript{61} Id. at 33-40.

\textsuperscript{62} See generally Pamela Blais, Perverse Cities: Hidden Subsidies, Wonky Policy, and Urban Sprawl (2011) (discussing how planning can better create more efficient communities after examining flawed policies, market distortions, and urban sprawl).

\textsuperscript{63} Bus rapid transit (BRT) comes in many forms but the model includes streetcar-like buses allowing passengers to embark/disembark at sheltered platforms raised to the level of the bus floor, and using dedicated travel lanes that include signalization synchronization giving the bus priority when traveling through intersections. For more information, see National BRT Institute, http://www.nbri.org/ (last visited Sept. 5, 2012) (providing resources about BRT).
fixed-guideway systems; yet, fewer than 10% have this option. Even if all new residential units built between 2010 and 2030 were in TODs, future demand would still exceed supply. The solution is expanding existing systems and building new ones.

The suburban transit and TOD opportunities can be facilitated through the massive redevelopment of commercial corridors, which will inevitably occur. The average life of a one- or two-story commercial structure is about 40 years. In areas were land value appreciates at just one percent per year, those buildings become candidates for redevelopment within about 30 years. Thus, nearly every commercial building standing today in suburbia will become candidates for redevelopment by 2050 with half of them becoming candidates by 2030. Moreover, the vast majority of suburban commercial corridors are developed at about a 0.20 floor-area-ratio (the relationship between space and land area) meaning roughly 80% of the land on which a commercial building sits is used for parking. The cost of demolishing these low-rise, low-intensity structures is small, while the land area available for redevelopment is vast.

These corridors have a lot going for them such as: (1) four- to eight-lane highways making transit very easy to fit into existing rights-of-ways; (2) large-tract ownerships with owners sharing a common profit motivation; (3) ease of upgrading utilities because they are accessible within wide rights-of-way; and (4) they are already committed

64. This is my estimate from data provided in Reconnecting America’s Center for Transit-Oriented Dev., Hidden in Plain Sight: Capturing the Demand for Housing Near Transit (2004), available at http://www.reconnectingamerica.org/assets/Uploads/2004Ctodreport.pdf.


66. This is my estimated based on data provided by the Energy Information Administration through its periodic Commercial Buildings Energy Consumption Survey from the 1980s into the 2000s. The databases were acquired from Commercial Buildings Energy Consumption Survey (CBECS), U.S. Energy Information Administration http://www.eia.gov/consumption/commercial/ (last visited Sept. 5, 2012). The reader will see that at 40 years, commercial buildings are far less durable than residential ones, which can last 150 years or more. To maximize profit, commercial buildings are built to last only as long the investment itself. Residential buildings are probably not better built but the occupants will sustain their homes as long as practicable for numerous reasons including resale value to future generations of households.

67. The floor-area-ratio (FAR) is a measure of land-use intensity. It is calculated as (Building Area / Land Area). A 100,000 square foot building sitting on a parcel of 500,000 square feet has an FAR of 0.20. Roughly two-thirds and maybe more of America’s commercial buildings have an FAR of less than 0.20, and three-quarters or more have an FAR of less than 0.25.
to commercial and higher density residential uses. In addition, numerous nodes comprised of office and business parks, and shopping centers can easily be retrofitted to create higher density mixed-uses. They are also candidates for TODs as well.

In my view, the next market-driven wave of new development in many metropolitan areas will be the redevelopment of suburban commercial corridors with the fixed-guideway transit system appropriate for it.

V. Storm Clouds on the Horizon

Taking advantage of all these opportunities to reshape America’s metropolitan landscapes will not be easy. For one thing, citizens and the leaders they elect do not usually fathom long-range changes that can undermine current investment decisions. In hundreds of metropolitan areas, more low-density homes already than the market will need by 2030. Many millions of empty-nesting/downsizing households will come to realize only at the end of this decade and into the 2020s, and beyond, that there are no buyers for their homes. Conveying this message will not be easy and having it accepted less easy still. It will be easier for the public to assume the future will be the same as the past.

If people make that assumption, a prediction by the Joint Center for Housing Studies at Harvard University may come true:

The most recent Census Bureau county population estimates indicate that growth of exurban areas largely stalled by 2011 in response to the collapse of the homebuilding industry. But given that much of the undeveloped land in metropolitan areas is located in these outlying communities, there is every reason to believe that the exurbs will once again capture a disproportionate share of growth once residential construction activity revives. 68

A key reason for this view is offered by the Joint Center’s director of research, Chris Herbert:

How much new housing will we need when household growth gets back to normal and vacancies start to clear? About 1.6 million units a year. . . . That’s a lot of housing to squeeze into the existing urban and suburban infrastructure. 69

68. JOINT CENTER FOR HOUSING STUD. OF HARV. U., THE STATE OF THE NATION’S HOUSING 2012 14 (2012), available at http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/son2012_bw.pdf. The term “exurb” essentially means suburbs of the suburbs. Exurban development is often very low density—more than one-half acre lots—and served by septic systems and private or community wells. Since they are so far away from urban and suburban centers, during housing cycles they are the first to lose value and the last to gain value; but because of their remoteness land costs are very low so the buyer can get the most space for the money.

These authorities suggest that builders and future homeowners will continue to look to undeveloped areas for housing.

Thus, while the demand may exist to revitalize suburbs and achieve more compact development patterns, and provide more people with the transit options they want, the inertia of decades of planning and zoning designed to meet the needs of prior generations may be too much to overcome to meet the needs of future ones. The result may be continued low-density sprawl by default. If so, we can predict the next housing market collapse will occur by the 2020s, as each year for the next several years tens of thousands of Baby Boomers will be unable to unload their low-density homes for want of enough buyers.