The Role of Biking in Walkable Urban Places (WalkUPs)
built environment vs u.s. assets

35%*

MUST BE RE-ENGAGED

For Sale

Income / Commercial

Civic

Infrastructure

Source: Roulac Global Places, LLC
TRANSPORTATION DRIVES DEVELOPMENT

We first build our transportation system and then it molds our metro regions
- Modification of Winston Churchill quote

Highways Only = Drivable Sub-Urban

LOCUS: RESPONSIBLE REAL-STATE DEVELOPERS & INVESTORS
TRANSPORTATION DRIVES DEVELOPMENT

Multiple Modes = Walkable Urbanism
AGRICULTURAL ECONOMY

1st Version of the American Dream... 40 Acres and a Mule
2nd Version of the American Dream... *Drivable Sub-Urban*

**INDUSTRIAL ECONOMY**

“See the USA in your Chevrolet”
3rd Version of the American Dream: 
Option of Walkable Urban OR Drivable Sub-Urban
only two general ways to build
the built environment

The Pendulum Swings in How America Invests

Option of Either

Walkable Urban

Post 1946

Drivable Sub-Urban
SEEDS OF CHANGE IN 1955
2nd Half of the 20th Century
built environment’s greenhouse gas emissions & energy usage

73%

- Industrial
  - Non-Real Estate: 11%
  - Real Estate Related: 17%
- Commercial: 17%
- Residential: 17%
- Transportation: 28%
- Agriculture
- Other?
Regional Carbon Emissions

CO₂ Per Household; Proxy for energy consumption

Source: Center for Neighborhood Technology, TravelMatters.com
the beginning of another structural shift

The Pendulum Swings in How America Invests

Walkable Urban

Option of Either

Mid-1990s on

Drivable Sub-Urban

LOCUS: RESPONSIBLE REAL-STATE DEVELOPERS & INVESTORS
WHAT'S THE PRIMARY REASON FOR MARKET DEMAND FOR WALKABLE URBAN PLACES?

The Millennials!

Television as a reflection of how we want to live... then & now.
OTHER REASONS FOR MARKET DEMAND FOR WALKABLE URBAN PLACES

- **Baby Boomers** have become *empty nesters* and soon *retirees*, starting in 2012 in big numbers.
- 50% of Households in **1950s w/children / 50% w/no children; 25% w/children Today / 75% without** target WU market.

**ONLY** 14% of new households over **next 20 years** will have children / **86% without**

- **Boredom** with drivable sub-urbanism; “More is Less”
- **Creative Class** demanding the option of urbanism
- **Expense** of maintaining the household fleet of cars
u.s. household spending: average, driveable, & walkable

*Source: Center for Neighborhood Technology*
DEMAND PREFERENCE

Source: Dr. Jonathan Levine, University of Michigan

Walkable Urbanism: 40% (29.4%)
Drievable Sub-urbanism: 41% (30%)
Agnostic: 29.6% (30%)

ATLANTA | BOSTON

Yet Supply is FAR less = Pent-Up Demand

Studies are nice... what about the facts on the ground?
Initial study: 40-200% price/foot premium
GDP vs VMT GROWTH: Disconnect After All These Years

Knowledge Economy requires fewer car/truck trips

Decline from 2004 peak by 6% on average; the young (16-34) declined by 23% since 2001
Smart Growth/Walkable Urban Places are Different & Complex to Manage

But there's a marketplace that requires a different set of skills.

- Each new element adds value to existing assets...
- IF within walking distance (1500-3000 feet)

- Creates a special place, and significantly greater asset values and taxes
- = More is better

**Upward Spiral**

- Conscious affordable & walkable places making the neighborhood required
- Go straight, up, down, left, and right at 150 mph
# U.S. Metropolitan Land Use Options

## Regionally Significant

<table>
<thead>
<tr>
<th>Walkup (Walkable Urban Place)</th>
<th>Neighborhood</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2% of Metro Area Acreage</td>
<td>6-8% of Metro Area Acreage</td>
</tr>
</tbody>
</table>

## Locally Serving

<table>
<thead>
<tr>
<th>Edge City</th>
<th>Bedroom Community</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-7% of Metro Area Acreage</td>
<td>80-85% of Metro Area Acreage</td>
</tr>
</tbody>
</table>

### Walkable Urban

- Icon: Person walking

### Drivable Sub-Urban

- Icon: Car
the 6 types of walk ups

TRADITIONAL DOWNTOWN

DOWNTOWN ADJACENT

URBAN COMMERCIAL
6 types of walk ups: downtown

[Diagram showing percentages for different uses: 83% Office, 3% Retail, 3% Residential Rent, 3% For-Sale Housing, 1% Other]
Even Downtown Detroit!!!
New Privately Funded Light Rail on Woodward!
6 types of walk ups: downtown adjacent
6 types of walk ups: urban commercial
the 6 types of walk ups

SUBURBAN TOWN CENTER

STRIP COMMERCIAL REDEVELOPMENT

GREEN FIELD
suburban town center & strip commercial redevelopment

[Image of urban area with high-rise buildings and a park]

[Pie chart showing distribution of land use: 46% Office, 19% For-Sale Housing, 11% Residential Rent, 16% Retail, Other]
Arlington Starts Transforms in 1980s: Rail Transit, Overlay Zoning & Mgmt

1980s: Ex-Sears Stores

Same Place Today

Two blocks north and south, single family housing that is highest priced in Arlington on $/foot basis: Best of Two Worlds

10% of the land=50%+ of government revenues

Among best schools in Country...new housing has 0.4 per unit
6 types of walk ups: green field

![Image of a pedestrian street with trees and benches, and a pie chart showing the distribution of walk ups: 45% Office, 17% For-Sale Housing, 16% Residential Rent, 6% Retail, and 1% Other.](image)
PLUS Silver Line to Dulles is Under-construction

29 clicks over 40 years
2000-Present

9 clicks over 40 years
Peas in a Pod: Metro Washington & Atlanta

- Population: both about 5.7 million today
- Character: both historically Southern towns
- Both invaded in recent decades by Yankees
- Both political capitals (national vs. state)
- Both received Federal grants to build modern rail transit in 1970s (2 of 3 systems)
- Both the top choices for middle/upper-middle class black Americans to live
- Both considered Sunbelt boomtowns for decades
Many differences...

• Scale of government presence...Feds much bigger than GA state government
• Education levels much higher in DC on average (as we will see this is a determinant variable)
• Atlanta has FAR better professional sports...until this baseball season
• Atlanta only has 5 regionally significant walkable urban places—has turned its back on M.A.R.T.A (nickname)
• DC now has 43 walkable urban places...versus five existing places 20 years ago...embraced METRO
• Places like Tysons Corner and White Flint show the trend is continuing
Hotlanta is Still Following the Late 20th Century Model: No Longer Hot

• During previous decade, Atlanta home prices fell in real dollars; <29%>
• Brookings Global Metromonitor; Atlanta is 139 of the top 150 metros vs DC’s 37th
• Brookings Transit Accessibility Study: 87th out of top 100 US metros
• Atlanta has had a lost decade than could become two lost decades
• Atlanta has forgotten founding principle…the reason Terminus was founded…shown by sales tax ballot defeat
## DC’s Metro VS Atlanta’s MARTA; 2011

<table>
<thead>
<tr>
<th></th>
<th>DC’s Metro</th>
<th>Atlanta’s MARTA</th>
<th>Xs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stations</strong></td>
<td>91</td>
<td>38</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>Miles</strong></td>
<td>116</td>
<td>48</td>
<td>2.4</td>
</tr>
<tr>
<td></td>
<td>(includes Silver Phase I)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ridership</strong></td>
<td>600,000</td>
<td>260,000</td>
<td>2.3</td>
</tr>
</tbody>
</table>
Black Population by Percent of Total, Detroit Metro Area

% Black
- less than 12.5%
- 12.5% - 25%
- 25% - 50%
- 50% - 75%
- greater than 75%
Santa Fe, NM
walk ups:
district vs suburbs

42% in the District of Columbia

49% of total square footage

58% in the Suburbs

51% of total square footage
4.1 Billion sq. ft. of real estate

Walk UPs

Income Producing
(office, apartment, retail, institutional and all other non-for-sale real estate)

Walk UPs = 29% of income producing properties
<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>FLEX INDUSTRIAL</td>
<td>2.7%</td>
</tr>
<tr>
<td>INDUSTRIAL</td>
<td>3.7%</td>
</tr>
<tr>
<td>HEALTH CARE</td>
<td>7.6%</td>
</tr>
<tr>
<td>RENTAL RESIDENTIAL</td>
<td>13.8%</td>
</tr>
<tr>
<td>INSTITUTIONAL</td>
<td>17.2%</td>
</tr>
<tr>
<td>RETAIL</td>
<td>21.5%</td>
</tr>
<tr>
<td>HOTEL</td>
<td>51.3%</td>
</tr>
<tr>
<td>OFFICE</td>
<td>54.8%</td>
</tr>
<tr>
<td>SPORTS/CONVENTION</td>
<td>60%</td>
</tr>
</tbody>
</table>
the 4 income property categories over the past 3 cycles

2009

49% in walk ups

- OFFICE
- RETAIL
- APARTMENT
- HOTEL
office space was the **driver of the trend**

<table>
<thead>
<tr>
<th>1990s</th>
<th>2000s</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>38%</td>
<td>49%</td>
<td>59%</td>
</tr>
</tbody>
</table>
rental apartments in walk ups

1990s | 2000s | 2009>

12% | 19% | 42%
average office rent for walk ups

$36.78 per square foot

68% of rents generated by Walk UPs
for sale residential in the region

67%
(single family, townhouses, and condominiums)

only 3%
in Walk UPs
values of for-sale housing in walk ups

$380.00 per square foot

71% higher per sq. ft.

$222.28 per square foot
Washington

McLean

West End

DOWNTOWN

Alexandria

3 MILES

West End +205%

$600

McLean, Va. +69%

'96  '01  '06  '11
Denver

Highlands +137%

Highlands Ranch +18%

LOCUS: RESPONSIBLE REAL-ESTATE DEVELOPERS & INVESTORS
Seattle

Change in value, 1996-2011
(all figures in 2012 dollars):

Capitol Hill +79%
Redmond +23%
Northern Liberties/ Fishtown/ Kensington (red) VS Chester Springs (blue); Metro Philadelphia
THE FIVE-YEAR ECONOMIC DEVELOPMENT STRATEGY
FOR THE DISTRICT OF COLUMBIA
DC Economic Development Strategy

Research & interview findings...
...confirmed the need to diversify economy and prepare workforce
...leading to the creation of six bold visions for DC...
...to be implemented through tactical strategic initiatives

GROW & DIVERSIFY DC’S ECONOMY

EDUCATE & PREPARE THE WORKFORCE FOR A NEW ECONOMY

1. Most business-friendly economy in the nation
2. Largest technology center on the East Coast
3. Nation’s destination of choice
4. End of retail leakage
5. Best-in-class global medical center
6. Top North American destination for foreign investors, businesses and tourists

100,000 new jobs and $1 bn new tax revenues
Several Key Initiatives Emerged

### Grow & Diversify DC’s Economy
- **Strategy 1:** Grow existing sectors
- **Strategy 2:** Attract, nurture and grow new innovative sectors
- **Strategy 3:** Promote opportunities in neighborhoods

### Educate & Prepare the Workforce for a New Economy
- **Strategy 1:** Educate our youth for the economy of tomorrow
- **Strategy 2:** Align residents’ job skills with our growing economy to lower unemployment

### Six Bold Visions for a Transformed DC
1. Most business-friendly economy in the nation
2. Largest technology center on the East Coast
3. Nation’s destination of choice
4. End of retail leakage
5. Best-in-class global medical center
6. Top North American destination for foreign investors, businesses and tourists

**Outcome:**
- 100,000 new jobs
- $1 bn new tax revenues
Atlanta Beltline: The Most Important Rail Transit Project in The country
How Our Ancestors Paid for Rail Transit

Rock Creek Railway, DC, 1903

Salt Lake City-1920s

West End & Atlanta Street Car-1920s

Pacific Electric, Los Angeles-1918
Value Capture to Pay for Affordable Housing

PUBLIC (TIF) & PRIVATE

Value Latching

Value Creation / Cash Flow ($)

Short Term
Mid Term
Long Term

Time (years)
How to Pay for Transit? Local Taxes But Also...Value Capture & TIFIA

Value Capture—Public (TIF) & Private
Gentrification Pays Transit

Value Latching

Time (years)

Value Creation / Cash Flow ($)
From $5/foot to $825/foot in 10 Years
Gentrification: Most Loved or Most Hated Term in Real Estate

Two Reasons for Gentrification

- Increased Construction Costs
- Increased Land Values
Environmental Sustainability

Two Approaches

Supply Efficiency

Demand Mitigation
Possible Affordable Housing Solutions

**Short-term**

- Standard tax credit and vouchers
- Choice Communities, the next generation of Hope VI
- Inclusionary Zoning
- Fee upon re-sale of any market rate unit
- Impact fees (stop subsidies)
- Ancillary unit for for-sale housing
- Location efficient mortgages

**Long-term**

- Create more walkable urban places (decrease land values)
- Focus credits and vouchers on walkable urban places
- 2\textsuperscript{nd} Half of Transportation system, allowing shift of household spending from cars to housing/savings
- Employers to TOD locations
- Value capture
walk score by ranking

Copper
Silver
Gold
Platinum
Rents by Product Type

- **Office**
- **Retail**
- **Residential (Rental)**
- **Residential (Ownership)**
- **Overall**

Rent (or Rent Equivalent) per Square Foot

- **Copper**
- **Silver**
- **Gold**
- **Platinum**
average performance by economic level

Walk Score: +6.22 points
Office rent: +$7.28/square foot annually
Retail rent: +$6.71/square foot annually
Rental apartment rent: +$6.22/square foot annually
For-sale housing price: +$113/square foot

COPPER WALK SCORE: 70-77
SILVER WALK SCORE: 86-92
GOLD WALK SCORE: 93-100
PLATINUM WALK SCORE: 93-100
how we build
matters very much

MBtu/yr

Drivable Suburban
208
Green Drivable Suburban
104
Walkable Urban
106
Green Walkable Urban
50

Home
Transportation

LOCUS: RESPONSIBLE REAL-STATE DEVELOPERS & INVESTORS
economic conclusions

- Walk Score
- Walk Score + Job Density
- Walk Score + Job Density + Workforce Education

Economic Performance: 50%, 80%, 90%
social equity
conclusions

<table>
<thead>
<tr>
<th>Platinum</th>
<th>Economic Performance</th>
<th>Social Equity Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold</td>
<td></td>
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</tr>
<tr>
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<td></td>
</tr>
<tr>
<td>Copper</td>
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<td></td>
</tr>
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social equity
housing & transportation costs

HOUSING & TRANSPORTATION COSTS as a % of Area Median Income

COPPER SILVER GOLD PLATINUM

LOCUS: RESPONSIBLE REAL-ESTATE DEVELOPERS & INVESTORS
metro dc as model for the future

- DC Region
- (Projection)
- 5 Most Walkable (No DC)
- (Projection)
- 5 Least Walkable/nation
the american analogy: baseball

OUTFIELD: DRIVEABLE SUB-URBAN

EDGELESS CITY

WALKABLE URBAN EDGE CITY

INDUSTRIAL/DISTRIBUTION/ AIRPORT

INFIELD: WALKABLE URBAN

SUBURBAN TOWN CENTER

LIFESTYLE CENTER

DOWNTOWN

DOWNTOWN ADJACENT

INDUSTRIAL AREA

MANAGER: Metropolitan Umbrella Organization

COMPETITION: The Rest Of the World’s Metro Areas

Each position has unique skills, rarely competes directly with one another and each wins when all wins
PLACEMAKING IS A THREE-LEGGED STOOL

Walkable Urban Place

Public Sector

Private Sector

Place Management
Management Models for Walkable Urban Place Management

City Management
- Management of Services for Public & Priv. Sectors
- Manage other Walkable places
- Aggressive Retail Mgmt

Business Improvement District
- Festivals, Events & Sponsorships
  - Mgmt of Services for Public & Priv. Sectors
  - Manage other Walkable places
  - Aggressive Retail Mgmt

Festivals, Events & Sponsorships
- Incremental Investment & Management Of Existing:
  - Parking decks
  - Parks
  - WiFi
  - Other

Investment Center
- Capital Investments For New Infrast. & Parking
- Real Estate Development
- Bus and Rail Development & Mgmt
- Political Legitimacy

Cost Center

Profit Center
DEVELOPING WALKABLE URBAN PLACES

1. Determine where walkable urban places (TOD or transit-ready) could or should be
2. Draw boundaries (50-400 acre) and start visioning/strategy process ⇒ overlay zoning
3. Management organization (city, indigenous non-profit, imported non-profit, for-profit); missing level of governance
4. NIMBYs become YIMBYS
5. Catalytic development company (city land contribution/land assemblage, master planning, horizontal development, JV with vertical developer)
6. Infrastructure improvement in CIP at city/MPO & directly
7. Private/Public initiative
Bryant Park: From “Needle Park” to Best Park in Country
walk ups vs population

1 Million
people

7-8 Walk UPS
SE Michigan To Do List

- Build first light rail line, along with commuter rail, **ASAP**
- Only 5-6 Walk UPs but where are the 25-30 new regionally significant Walk UPs
- Overlay zoning at all stations to make the right thing easy
- Regional transit agency to coordinate regional rail system
- Prepare regional ballot measure to raise taxes (sales tax?) to build phase II of rail transit
- TIFIA for transit and TOD infrastructure
- Catalytic development organizations to act as horizontal developers and managers, for land assemblage
- Private sector ‘value capture’ as another source of funding
social equity vs economic rankings
## Real Estate Development Strategies

<table>
<thead>
<tr>
<th></th>
<th>Existing Product</th>
<th>New Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Markets</td>
<td>Lowest Risk</td>
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</tr>
<tr>
<td>New Markets</td>
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<td>No Man’s Land</td>
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*LOCUS: RESPONSIBLE REAL-ESTATE DEVELOPERS & INVESTORS*
# Real Estate Development Strategies

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<tr>
<td><strong>New Markets</strong></td>
<td><strong>1990s Preferred Strategy</strong></td>
<td><strong>No Man’s Land</strong></td>
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### Real Estate Development Strategies

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<td><strong>Existing Markets</strong></td>
<td>Lowest Risk</td>
<td>2010’s Preferred Strategy</td>
</tr>
<tr>
<td><strong>New Markets</strong></td>
<td>1990s Preferred Strategy</td>
<td>No Man’s Land</td>
</tr>
</tbody>
</table>
Foggy Bottom To-Do List

• Determine the strategy for Foggy Bottom, based upon DC’s new economic development, sustainability and housing strategies just released
• Consider an implementation organization for Foggy Bottom
• Focus on “low hanging fruit” at first, free WIFI, access to courses, workforce housing for surplus GW property, etc.
• Develop a conscious affordable housing strategy
• Educate about sustainability strategy: supply efficiency AND demand mitigation
Walkable urban development is becoming the market
Christopher B. Leinberger
Land use strategist, developer, author, researcher, professor
(www.cleinberger.com)

- *Here Comes the Neighborhood*, The Atlantic