

NMHC

Why Apartment Owners Should Be **Optimistic**

Increasing consumer demand for high-density housing will have a dramatic and far-reaching effect.

By **Doug Bibby**

American lifestyles and housing preferences are changing in fundamental ways that will make apartment living fashionable once again. For the past 50 years, the desire of families with children to live in sprawling, suburban neighborhoods has driven American housing markets.

But now, those families account for less than one-quarter of households in the U.S., and this proportion shrinks each year. In their place: A swelling legion of young professionals, couples without children, downsizing empty nesters and single parents who are drawn to the superior locations, conveniences and flexibility that higher-density housing offers.

Fed up with long commutes and bedroom towns with no sense of place, the new American families want more vibrant communities where housing, jobs, retail and entertainment are all interwoven. The demand for higher-density housing, such as apartments, will hit new highs by 2015 due to an influx of:

- 78 million Baby Boomers who are downsizing;
- 78 million children of the Baby Boomers graduating from college and entering the workforce; and
- 9 million new immigrants.

Communities that want to attract the best — young professionals, knowledge workers, the creative class, vital municipal employees — need to offer them the vibrant neighborhoods they desire. To do that, they must embrace higher-density housing. This development should create a new appreciation for apartment living.

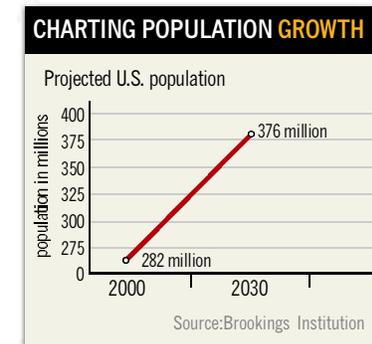
Desire Meets Need

Fortunately, this change in lifestyle preferences is happening just as America faces a looming housing crunch with the U.S. population projected to increase 33% by

2030. In the past, towns accommodated new residents by growing out in a sprawling manner. But this has created bedroom towns where residents endure long commutes, and cities struggle to cover the costs of servicing their far-flung citizens.

In their search for an alternative, local leaders have re-discovered the financial benefits of higher-density, mixed-use development. First, it eliminates the need to extend utilities, highway, police, and fire protection farther and farther away.

Compact development can also jumpstart local economies. In many cities, busi-



nesses are moving away not because of strict regulations and high taxes, but because the community lacks sufficient housing for their employees. Without sufficient housing, companies relocate and towns lose out on valuable consumer spending and business income.

Higher-density housing can also support more neighborhood retail districts, which generate additional sales tax revenue. Adding 1,000 to 2,000 new houses and apartments within a 10-15 minute walk can support lively work/live/walk districts and public transit nodes.

In the past, communities often opposed density because they mistakenly blamed it for crime, traffic, falling property values and more. But many of the problems associated with density have less to do with

dense development and more to do with poorly designed development.

By adding apartments and condominiums as well as shopping, entertainment and jobs to existing low-density subdivisions, local leaders are discovering that they can create great communities that are more fiscally and environmentally sustainable. For those reasons, higher-density development is making a comeback in America, just as it was until the World War II era.

Work in Progress

To turn rhetoric into reality, business and government leaders need to come together. For instance, most zoning regulations are more than 50 years old and prohibit developments that mix residential and commercial uses. In addition to changing the zoning laws, elected officials can create economic incentives through density bonuses, tax deferrals and fee waivers that encourage developers to build higher-density projects.

Just as important, they can change the political climate by educating citizens that density generates new jobs, tax revenues, retail and amenities. This will help reduce opposition to individual projects.

There are also several steps business leaders can take to make this new future happen. Perhaps most important, they can attend planning meetings to support quality projects. Too often, the only voices at these meetings are the ones who oppose new development. They can also lobby for zoning law changes, and help their employees understand the connection between housing and jobs — and involve them in supporting smart-growth development projects.

Both the National Multi Housing Council and the National Apartment Association will launch a major communications campaign in 2005 to help local policymakers and civic leaders understand the need for well-designed, higher-density development.



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