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Title

Smart Growth on the Edge: Suburban Planning and Development for the Next 20 Years

Permalink

<https://escholarship.org/uc/item/9kv3c563>

Journal

Opolis, 1(2)

ISSN

1551-5869

Author

Transcripts, Conference

Publication Date

2005-06-30

Peer reviewed

Smart Growth on the Edge

Suburban Planning and Development for the Next 20 Years

Conference Transcripts

The Mission Inn
Riverside, California
January 21, 2005

Hosted by:

Edward J. Blakely Center for Sustainable Suburban Development
Metropolitan Institute at Virginia Tech
Urban Land Institute Orange County

Introduction

The principles that underlie “Smart Growth” were born in urban spaces to respond to modern needs. Most of the growth around the world is taking place at the edges of development as greenspace transforms into housing tracts and where older suburbs redefine themselves as the metropolitan edge.

In January, the Edward J. Blakely Center for Sustainable Suburban Development, the Metropolitan Institute at Virginia Tech, and the Orange County District Council of the Urban Land Institute hosted a one-day conference on applying the principles of smart growth to suburbs. *Smart Growth on the Edge: Suburban Planning and Development for the Next 20 Years* was held in Riverside, California, at the center of the largest edge area in the country.

Peter Calthorpe, a principal of Calthorpe Associates, advocated for regional planning and rethinking the designs of arterial transportation systems.

Robert Lang, director of the Metropolitan Institute at Virginia Tech, introduced “Boomburbs,” the fastest-growing suburbs in the country.

Dowell Myers of the University of Southern California related the changing demographics of Southern California to the housing market in the region. The growth of the Hispanic population and the ebb and flow of age cohorts in the wake of the baby boomers are offering opportunities for alert and innovative housing entrepreneurs.

The following is an edited transcript of each presentation with some commentary by panel members.

The Changing Edge: A National Perspective

Moderator: Daniel Van Epp, Van Epp Real Estate Consulting and Investment

Speaker: Peter Calthorpe, Calthorpe Associates

Panelists: Marilee Utter, Citiventure Associates

Don Brackenbush, Goodell, Brackenbush

Frank Martin, Martin Community Development

Ted Bradshaw, University of California, Davis

DANIEL VAN EPP: My career has been dedicated to the development of master-planned communities around the country. This last 10 years, I had the pleasure to be president of the Howard Hughes Corporation in Las Vegas and watch after the development of Summerlin. It is a community that was designed in its infancy to house about 180,000 people and 60-some-thousand units. The ULI [Urban Land Institute] named it the best new community in America a couple years ago. We had great everything: We had great planners. We had great academics helping us with the formation of the community. It's some of the best landscaping you'll see. Great entries. We had great walls. We had great gates. And, adding all that up together, after having left that environment and having had six months to reflect, I don't think we did what we needed to do. As I've taken that six months to reflect and look around America, not only at that community, but others that I've participated in, and the many, many communities, many, many suburban edges that I've visited, [I think that] what we've done in the last 50 years as an industry—though in most cases, I think is very well-intentioned—is really dismal.

I think the best thing that I can say here is that you're hearing more and more of us as a group saying, "We've got to do it differently." And today, I think, is a wonderful opportunity for us to talk about how we might do it differently.

It was with a great deal of pleasure a year

ago that I took a call from ULI. We put together a group of folks from across all walks of our business to spend some time dealing with how we could make growth at the edge smarter. We had planners, folks on this panel that I will introduce in a moment. We had public sector, we had private sector, developers, everybody. In this brochure that you have a copy of—that I really do encourage you to read at your leisure—we have "Smart Growth on the Suburban Fringe – Ten Principles."

These were 10 principles that were the result of an awful lot of debate, an awful lot of creativity, and an awful lot of contention. There are a couple of things that are important to mention. The first is that everybody in that group recognized that something had to be done differently. The second is that, in the 10 principles, there are threads of ways we can begin to handle things differently on the edge.

FRANK MARTIN: A regional approach is absolutely necessary to plan for transportation, schools, and other essential public services. The scale of development, regional attitudes and politics, development codes, and regulations and market conditions will have a lot to do with what you can accomplish. And, obviously, a plan is only as good as its execution. Many of these principles are not new. In fact, Peter [Calthorpe] had, I think, a big share in a *Newsweek* article published back in May of 1995 called, "Bye-bye, Suburban Dream – 15 Ways to Fix the Suburbs." What is really

different, in my mind, today from 10 years ago is that there has been significant buy-in by many organizations and individuals. That buy-in embraces many of the principles in this new ULI publication.

MARILEE UTTER: One of the things I've learned is that what people want everywhere is the same. The desire for community is profound. "Community" meaning feeling safe, knowing your neighbors, being able to go to the store and have them recognize you. It means that your children can go to neighborhood schools, that you don't have to drive a long way to work. It's a sense that you belong, that you're making a contribution. And that's the same no matter where you live, if it's in the inner city or if it's in the suburbs. What I've also learned is that many people don't want to live in the inner city. They like the suburbs, but they don't like sprawl.

What are the principles that we are talking about? Building mixed-use places, putting transit in, being environmentally sound. They are all the same no matter what context you are talking about. What's different about a lot of the suburbs, though, is they think they are going to stay on the edge, and they are not built with the expectation that they are going to become infill. I think that's where we are making a lot of our mistakes. We aren't thinking ahead.

I would say the two principles that really struck me were, one, plan for transit. It seems so impossible in a suburban environment, but it's so critical and can be so powerful if you start early enough. The second is the mixed-use modes. What I found over and over is that there is demand in the community for integrated development. Master-planned communities, suburban, urban, it doesn't matter. The demand from the consumers is there. The reason it doesn't happen is because the developers are specialized and they don't do all aspects. They want to sell off pieces.

"This part's for the retail guys. This part's for the residential guys. That part's for the office guys." It's much simpler for them, but it doesn't make the kind of places that people want to live.

TED BRADSHAW: We're going to be talking a lot about smart growth today. And I want to broaden the debate just a little bit. I really think that as we look for sustainable suburbs, as we look for sustainable communities into the future, as we look for communities that have the community development character that is really what we need to make our communities special, we have to see smart growth as one leg of a three-legged stool.

The other two legs are, first, affordability. If we don't have affordable communities, if we don't have affordable housing, if we don't have places where things run efficiently so they're competitive with the rest of the world, we are going to lose out. It's not going to work.

The second thing is energy efficiency and the environment. Smart growth does protect the environment, but it's really amazing to me how little play energy efficiency has in this. What is really interesting to me is that we can build housing in California that stays off the grid at peak for cooling. And it doesn't cost any more. This really efficient housing requires new ways of behaving in the building process. And we need to set the goals, not just to meet Title 24. [Title 24, Section 6 of the California Building Codes]

DON BRACKENBUSH: I think what I would like to emphasize is the need for density. In Los Angeles, we put on a program called Reality Check. It was a game—a visioning game where 200 people—10 tables, 20 people at a table—were given a map of the region. They were then given the land use footprint and the chips that represented the 20 years of growth at the densities that we are presently developing. The game was to do a regional plan. What the participants

realized very early on in the game—about 15 minutes into it—was that the chips won't fit. You cannot physically get the chips on the map. I was the banker and one of the alternatives was you could come to me and trade your chips in for higher density. Every table had to trade in more than half their chips.

This means we have really got to come to grips with the reality of the densities that we're dealing with.

PETER CALTHORPE: We need two things. We need better and more powerful regional planning. We're starting to have it, but it really hasn't gotten the teeth that it needs. It's starting to get buy-in. Everybody understands that the regional visioning, regional structures, regional growth strategies, and regional implementation mechanisms are really key.

We also need a new paradigm for how we build new growth areas. And for that, I'm going to get into a very specific set of concepts about circulation systems, because the primary framework for growth is our circulation systems. The fundamental set of assumptions about the nature of the roads and the location of the transit—the hierarchy of the roads—really set a pattern that's hard to break with individual communities.

I wanted to cover quickly some of the regional plans. Southern California Association of Governments' Compass project for Southern California is the largest. The growth rates here are astounding. It's as if you're dropping two Chicagos into Southern California.

Everybody thinks of Portland (Oregon) as the top-down, cutting-edge regional planning area with its urban growth boundary. Los Angeles has a firmer urban growth boundary in its natural topography with the surrounding mountain ranges. The reality here is that there's already more infill

and redevelopment happening because of this pressure cooker-type configuration than is even planned for Portland. Portland shoots for 40 percent infill and redevelopment, and the Los Angeles area is already achieving over 40 percent infill and redevelopment.

But, regional planning bodies cannot manipulate land use. That's the political domain of local jurisdictions. That's a huge problem. If there can't be an orchestration of land use and densities, there's really no way to fix the regional system. Some elements of land use have to migrate up the ladder to a regional visioning scale. Take the flow of goods through the region. It defines where the major shipping routes are, which, of course, are where the jobs are going to land. The relationship between housing and jobs is a critical one from a land use perspective.

In the greater Los Angeles basin, the opportunity to basically rebuild the old streetcar suburb is there. Those cities had streetcars until the 1950s, when they were ripped out. The conversion of many of the streetcar avenues into boulevards with bus rapid transit is already well underway. Go ahead and add together all the planned transit networks in this region, and then look at the walkable sheds around those areas. Then, do a land use plan as Marilee advocated, which is focus development in those transit zones. With this kind of plan, you can get over 43 percent of the new households within those walkable transit sheds.

Putting transportation back in, or using bus rapid transit, can lead to the densification and urbanization of these areas. The reality is growth can fix the problems, not exacerbate the problems.

Salt Lake City is an interesting example of [an area with] a regional plan where we actually started that system of using the chips that Don mentioned. It was a

big wake-up call when people realized it really doesn't fit if we continue the current paradigm. But it was also important to give people alternatives, to show them major comprehensive visions of the future and show them the consequences. The problem always is at the local jurisdiction where they are voting up or down on individual projects. They never see the cumulative impact.

Salt Lake was one of the places that you wouldn't say was at the cutting edge of smart growth in its predisposition. They had a self-image of very large homes and very large families. But as they began to understand what the consequences of the future were, they really began to change their approach. We gave them four scenarios and the ones on each extreme bracket what can happen at a regional scale. You go from 420 square miles of development down to 111 square miles. The impact on open space, environmental systems, and infrastructure costs is apparent. But everybody says, "You can't do this because it doesn't fit the marketplace." The building community got very nervous about all this. They thought that it was going to push everything away from market-driven development types. So we let them hire a consulting firm to figure out the future market demand. What the market study showed was that even in that Mormon territory, people are becoming empty-nesters. Even with six kids, they finally all grow up and leave home. New families are delaying childbirth because of economics. Young singles are in the marketplace. So, there is a dramatic undersupply of multifamily units. The business-as-usual scenario only had 11 percent multifamily. What developers discovered was the market was demanding a much higher percentage. It turned out that the more conservation-oriented plan also was the one that matched the marketplace, a very important message to analyze and communicate.

Another important message was infrastructure costs. That caught the

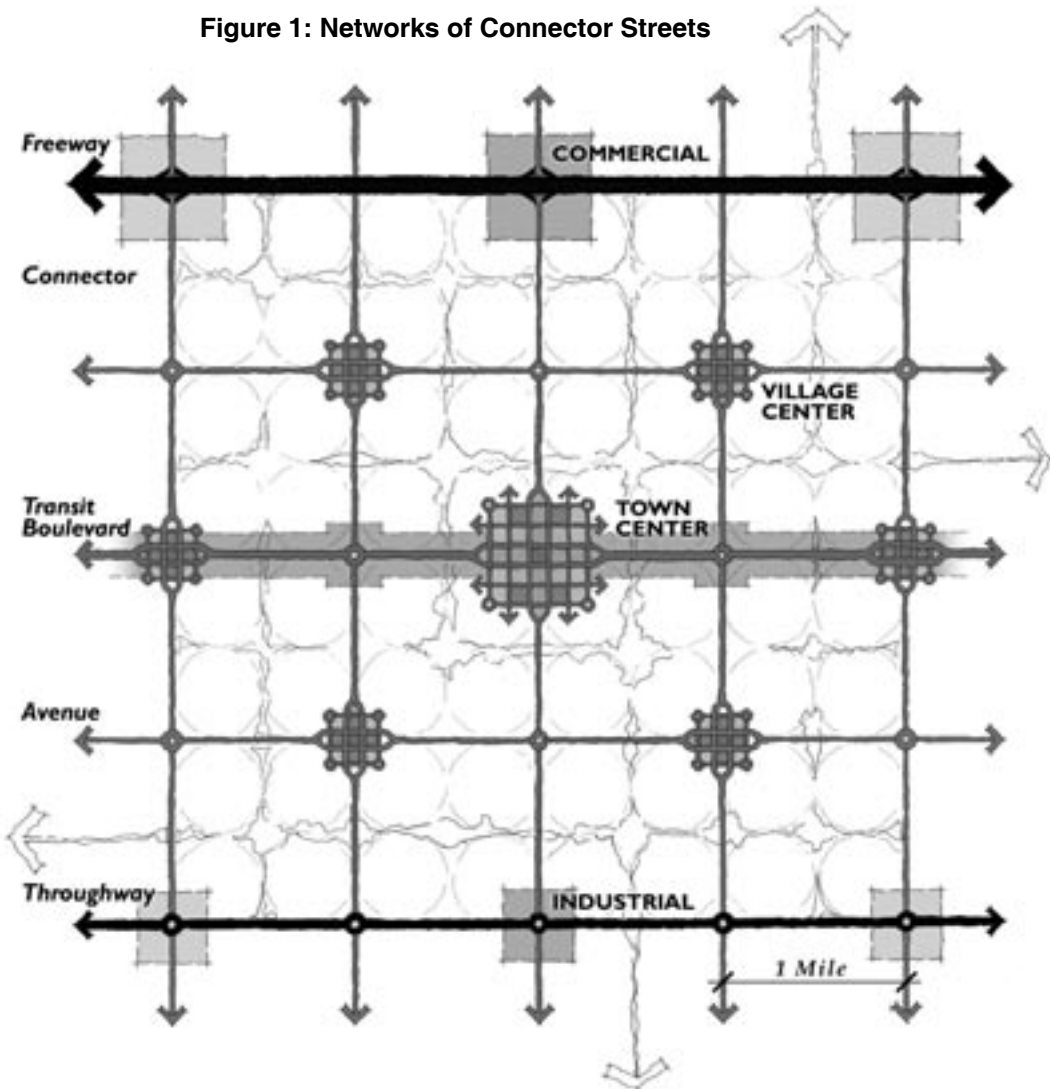
attention of the legislators, a very conservative group. There was on the order of a \$15 billion spread in infrastructure costs between the sprawl scenario and the smart growth scenario. Just the idea of infrastructure-efficient development is one that has to gain credence and importance.

Now, let's talk about a new way to look at the structure of our communities. The two biggest barriers I confront on a daily basis are, one, NIMBYs [Not In My Backyard attitudes] and, two, public works departments. Ten years ago, the development community wasn't interested in anything like smart growth. The homebuilders didn't like this idea. The marketplace wasn't introduced to it. All that has changed. Many elected officials now are pro-smart growth. You've got this array of implementers set up against the public works bureaucrats, who basically have a rule book about how roads have to be built. The road standards are designed for high speeds in all circumstances. Rethinking this fundamental framework is our next threshold.

Our arterial network has got to become the glue that holds communities together rather than the ragged edges that divide them. Today, we see arterials as something that we have to create a buffer around and spend a lot of money landscaping our way out of. But all of the investment we put into our primary circulation system can actually add value to the private-sector development that surrounds it.

Today's pattern is we have a freeway network. We have arterials. Then, we have the collector streets that sit inside them. The destinations, which really are the heart of our communities, are dribbled along these arterials. The most important new idea is the transit boulevard, the idea that transit is embedded and preconceived as part of a primary circulation system, rather than just added later. Transit boulevards, because they have either light rail or bus transit

Figure 1: Networks of Connector Streets



moving along them, activate major town centers, connect them with village centers, and allow higher-density commercial development to line the arterials. They also place these retail clusters where they want to be, at the intersections. But these intersections also can be accessed by pedestrian, by non-auto, or by auto from all quadrants.

Now, the other very important element is what happens when you infill with new urbanist neighborhoods, those with a quarter-mile walking radius. It turns out that one walkable neighborhood cannot support retail. As much as people would like to be able to put a beautiful little everything-you-need center at the center of that five-minute

walking radius, it just doesn't happen given the nature of retail today. Lord knows I have tried to shift the retail away from big intersections to more pedestrian-accessible locations. And I failed every time. At some point, you learn a lesson, you give up, and you go back to the drawing board.

But, we can create a network of what we call connector streets (Figure 1) within the one-mile sectional grid, which we would retain. Connectors are more continuous than collectors and more frequent. Therefore, they disperse the traffic over parallel routes and they allow people to arrive at local destinations without ever using the arterial network.

When they see this new pattern, the

question that developers and the community out there ask is, “Gee, if you do that, aren’t you going to create a tremendous amount of traffic in these neighborhoods? After all, we created collector roads and the discontinuity therein to protect those neighborhoods from through traffic.”

So, we did the analysis, and what happens is, under the current suburban model the arterials are up to 50,000 average daily trips. That’s where we always get the sound wall and the landscaping. It’s pure overhead. Developers don’t like it. What happens in the alternative? Well, there’s no arterial that gets over 27,000 trips a day. So the secondary fabric of the street really has unloaded a lot of the local trips from the arterials. Now, the arterials can be smaller, so there is less cost, with more hospitable environments along them. And what happens when you load it back onto those connector streets? Only 5 percent of them exceed 2,000 trips a day. They’re livable streets. They’re streets that you can have homes fronting directly onto.

DANIEL VAN EPP: Peter’s got so many great ideas and he hit right at the heart of this whole thing. It’s all interconnectivity. How do we make it walkable? We have been talking about this for 20 years. But another very important thing Peter said was, “You know what? We’ve got the developers now. The developers and builders are all on board.” None of us are challenging this anymore. So it now comes down to, how do you make it all fit together into something that works? I have experienced the same thing he has, and I’m sure you have too. The last bastion of resistance seems to be public works. And it’s really—well, I will call it the last bastion. The other one is the public—the folks that have not yet lived in this environment still don’t want it in their backyard. And that’s a great challenge for us.

MARILEE UTTER: I agree with a lot of it. I

would push back just to make it interesting and say that as a developer—I am wearing my developer hat—How are we going to pay for all those roads? The answer is that the land values that come from creating those spaces are so much greater that it helps pay for that.

PETER CALTHORPE: What’s fascinating is that developers are used to paying for the arterial fabric, even though it’s just a negative to them. Also, collector streets are a big negative because they’re not loaded. And so simply by eliminating all the collector streets, you actually have lower costs, because you utilize all the circulation areas. In other words, all those streets aren’t extra.

MARILEE UTTER: I guess the other point I’d make is I’d think about how you change the edge. And the role of the public sector is so, so important in this. Developers will respond to whatever the infrastructure is, the regulatory infrastructure, the physical infrastructure, and financial infrastructure. But the role of the public sector is critical. You’ve got two jobs, as I see it. One is, how do we go back and retrofit what we’ve got now? The other job is what do we do right now for the new ground, for the greenfields areas where we really have a chance to start from scratch? Remember, nobody ever thought you could recapture the cities either. Now we look at inner cities and say, “Gosh. They’ve got all the amenities.” In the suburban communities, there’s a lot to work with. But even though you guys are educated, your population is not. And you have to be the visionaries and you have to hold the line with the developers. You have to be educated with the arguments that you can respond with, and you need to do a big education effort with the communities. You are at this critical cusp time. If the public sector doesn’t take the leadership in creating the long-term vision, it’s not going to get done, because developers are so short-term in their thinking.

The Booming, Busting Edge: Suburbs at Build Out

*Moderator: David Warren, Edward J. Blakely Center
for Sustainable Suburban Development*

Speaker: Robert Lang, Metropolitan Institute at Virginia Tech

*Panelists: Mark Pisano, Executive Director of the Southern California
Association of Governments
Christopher Leinberger, Arcadia Land
Manuel Pastor, University of California, Santa Cruz
Linda Fernandez, University of California, Riverside*

ROBERT LANG: The fastest-growing cities within the United States are not traditional places, but are essentially overgrown suburbs, which I call “Boomburbs.” Over half the growth is in these places—cities with populations between 100,000 and 500,000—such as Riverside, Moreno Valley, and Corona, California.

Altogether, there are 54 Boomburbs and 84 what I call Baby Boomburbs (suburbs with populations between 50,000 and 100,000). The West is dominated by larger municipalities like this. I am working on a book on all the Boomburbs and one of the chapters is about their buildout—about how they’re growing, how they’re not growing, where they’re growing, why they’re growing. The question really is, in a larger sense, “Are you doing smart growth on the edge?” The answer? Some are, some aren’t. When they’re not, they’re really not doing smart growth on the edge, if you catch my drift. When they are, it’s surprising the degree of creativity. I concur with the first panel. The mayors and the elected officials and the planners very much, for the most part, buy into the idea of doing smart growth. But there are forces out there that prevent them from totally realizing that aspiration. There are also places that don’t want to do it, flat out.

A Boomburb can’t be the biggest city in its region. It can’t be the Los Angeles, the Las

Vegas, the Phoenix. But it can be the next-tier city. Mesa, Arizona, for example, is a city that has now zoomed up and passed St. Louis, Missouri in size. Peoria, Illinois is smaller than Peoria, Arizona. So when somebody says they’re playing Peoria, which is the old vaudeville act, they are not referring to the Illinois version anymore. Spiritually, the center of the country has shifted out of the rustbelt into the suburbs of a place like Phoenix.

Now, buildout is what I really want to talk about. We surveyed the places and got 87 complete results. We got 41 Boomburbs and 46 Baby Boomburbs. I also interviewed two dozen-plus mayors of these places. Some of the questions we asked: “What do you have left? When’s the end of big greenfield projects going to occur? What do you think will be your population at that point?” Key question. “Are you getting denser or less dense? Do you have plans for passenger rail? Do you have plans for transit-oriented development?” We asked about plans for annexation.

More than half the Boomburbs said that their buildout point will come by 2020. Depending on what age you are, that seems like a pretty long time. But in building terms, it’s not a long time. Most Boomburbs expect to grow denser, but when they say “grow denser,” they are not talking about density meaning significant changes in

either the look or the feel. They're talking about shoehorning in a few more lots than they used to.

Now I would like to go through some of the case studies starting with the holdouts. "Holdouts" are the places where they say, "Not only are we not planning on doing smart growth, we are not going to change, and"—in some cases—"we are going to rush to develop in lower density than what already exists, and certainly more upscale."

Let's start with Gilbert, Arizona. I spent a nice day there this summer. Can you imagine that? It was, like, 110 degrees. I have this little test I call the coffee test: Can I park, get a cup of coffee, and then walk to city hall?

The mayor of Gilbert was interesting. I said, "I ran the little coffee test." He said, "Son, it's hot out there. Why do you want to do that?" And I said, "Well, you're right across from brand-new, really deluxe, upscale development that you can't get to without a car. Look. Could I walk over to that place?" He says, "You don't want to do that. But I can tell you this. There's plenty of parking there." I said, "That's not the point," but he said, "There's plenty of parking there." So problem solved, right? And it's hot anyway.

My grad students, who do my data collection, kept telling me it was Gilbert Town. So I go and I talk to the mayor. "Gilbert Town. That's a mistake, right? It should be a city." "No, son," he says, that's not a mistake. When we passed 5,000 residents, we could have been a city. We chose not to. We are going to have 300,000 people some day and it will be the biggest 'town' in America." He was one of the rare mayors who did not like light rail. He was building a town center that was so not mixed-use that anybody who could have walked to it previously—and they were there—was now cordoned off from it to protect the integrity of the parking lot.

Next town, Chandler [Arizona]. Right next door. Good mayor, nice guy. They have plans to build a downtown. But, outside of the downtown, they are going to zone for large-lot development only. The reason, he says, is that if you do starter homes, people have to move from them eventually. It's better to do one big house and sell it to somebody so they can stay for the lifecycle and then they don't have to trade up and move away. I said, "That's a theory of real estate I've never come across." He was a kind of wink, wink, "Yeah, well, we've taken our share of poverty in this town. In fact, we even lowered the final population that we are going to have in this town by 50,000 residents because we're going to go high end. We've got to pay for all this little cute downtown." So that's another place that's not doing smart growth on the edge.

North Las Vegas, Nevada. This is a sort of forlorn place. I don't even think you can drive to get coffee from this one. The Las Vegas region is essentially hemmed in by federal landholders. As the properties come up to bid, developers drive the prices up. The money, however, is recycled into the community. In the beginning, the sums were modest and BLM [federal Bureau of Land Management] would give cities a few acres to build a park. Now, those transfers amount to billions of dollars. This has had the effect of producing a hard boundary on North Las Vegas, which is rushing up to its growth boundary. "It is nothing but master-planned homeowner associations. Nothing else," the mayor told me. I asked, "Can you actually require that somebody does a homeowners' association?" He said, "No. We require that they do a setback on the property, and then that's communal on any development, and then you have to start a homeowners' association."

All these places which are homeowner-association-heavy, say, "We couldn't run as light a government" without them. Gilbert's mayor said, "We have one-third the amount of people in our government as Tempe,

Arizona, and we have the same population and we are going past it. The reason we can do that is that we've got homeowners' associations that basically take over code enforcement." And that's why all of these "non-smart growth on the edge" places have that attitude. "We are going to fill in high-end master-planned, and they are going to take care of themselves" and, "It's our turn. What? We're not entitled to have this kind of wealth present if there's a market for it?"

Moving on to the places that are sort of cooperating—I'm going to jump on to Lakewood, Colorado, because the mayor of Lakewood is a very progressive guy. Specifically, this mayor came up with the concept of emulating Arlington, Virginia. Arlington, for those who are not familiar with it, has a branch of the Washington Metro System. In the 1970s, Arlington was a kind of declining inner suburb of Washington. It had older, 1950s tract-style subdivisions. What happened here is that the city decided to put all the heavier development along the Metro line. The homeowners were very willing participants in this process because their fear was that—if you didn't channel growth, it would create a generalized intensity of development that pressed into single-family-home neighborhoods. The city said, "We are going denser here. We are going to use transit here. We are going to build around this." At the same time, the homeowners, unless they were not pressed immediately up against it, felt none of this impact.

To return to Lakewood, what it got is several stops along the Denver-area Fast Track system. The mayor said to me, "It's already kind of de facto transit-oriented development that needs more." There's a large federal center that is going to give land to the city to be used for a town center development. A transit line is going to run through there. And, the mayor said, "This will take 20, 30 years, but the northern part of Lakewood will be a kind of quasi-urban

environment, even better than urban. It can compete and have singles and have night life and all the rest of it." So this is smart growth on the edge in that sense.

Now, I want to wrap up by talking about the politics of this. A few years back, David Rusk wrote a book called "Cities Without Suburbs." He advocated that if you are a city, you should annex the areas that are growing. A city like Houston, it never stopped annexing, so much so that Houston almost ate the entire Houston metropolitan area.

I am re-labeling the section that I am writing about Boomburbs and their annexation plans as "Suburbs Without Exurbs" because what these suburbs have decided is, "We're suburbs now. The real strategy is to go ahead and grab exurbs that are going to become suburbs, and then we won't decline." It is the kind of further out, more edge strategy.

What's interesting is that I had a long conversation with the mayor of Tempe, and he told me that Tempe had the opportunity to annex much of what is now Chandler, Arizona. But, they chose not to. The mayor then said, "I want to keep this town as it is, focused on these areas within these bounds." And it cost them heavily. Gilbert has opened an auto mall in a place where retail taxes are everything. It's draining the tax base out of Tempe. Tempe planned for the day it was built out, the mayor said, but not as much as they could have, and they are going to face a tough bottom line.

Then there are places that are trying to do both strategies—both annex and redevelop. I think Riverside [California] does that. It went from 78 to 90 square miles. It's doing high-end housing at the periphery, but it's also got a simultaneous expansion and densification at the core occurring. So, its growth is bifurcated by income, but the town contains within its borders these two worlds. Fontana also is such a place.

These governments typically don't have mayors that are elected. The city council members rotate as mayor and they have a professional city manager. The politics in these cities are usually not ward-based. Council members are elected at-large. You have occasions in some of these places where everybody on the city council lives on the same street because they are in an upscale part of the town. There's very little involvement and representation in other parts of the town. It's worrisome to the folks in Fontana, to the point where they are wondering if there is a better solution by integrating the pieces of Fontana. This would mean doing an edge differently now, doing an edge that has a kind of diversity that isn't just at the core, but a diversity that reaches to the edge of the built-up area.

A lot of these places understand—they're smart people, most of them, and they're talented people, and they understand the stakes—and they understand what they're facing. And I would say by and large most of the places that I'm referring to, which are these fast-growing cities, grasp the larger stakes.

I found the thing that came up more than traffic engineering was the NIMBY [Not In My Backyard] resistance and the fact that the leadership feels like, "Why do I need to be on the business end of conversations that are massively unpleasant?" That in a sense is the final sort of big picture here. I think this will improve in the next 10 years. The public is increasingly getting comfortable with doing density at edges of regions, smart growth at the edge, if you will.

MARK PISANO: Over the last several years, the people in this region self-defined the response to the issue that we're discussing today. They did it through the effort that Peter Calthorpe and his partner, John Fregonese, led: namely, our Compass program. [A regional growth visioning and planning effort.]

Peter presented the basic results. What I would like to do is give a summary of your self-definition on the issue of—Are we willing to change our growth patterns? I am not going to use the words "smart growth" because I don't think they are the words that really describe the redesign that's going on within our region.

The basic conclusion that we arrived at in Compass is explained in two words: Two percent. We looked at what the community was saying and all of the scenarios and all of the self-definition and we put that into an analytical framework. Then we looked at what geography and what parts of the region were impacted by it. It's 2 percent of the urban area, and it's across the entire region. And it was the conclusion that if we're able to change that piece of geography, we transform this region.

Now, a couple of other basic conclusions. First of all, the work and the visioning process was built on the analysis of pro formas, the builders' and developers' pro formas, and what cities are looking at: How do we make our communities financially viable? It was felt that these kinds of development patterns were going to make our communities financially viable. The last issue is the politics. The politics of the issue is both the internal divides that we have within our communities and the divides that we have across the region. It was felt that a self-definition, a use of language that allows us to bring all the different component parts of our community together, was important.

LINDA FERNANDEZ: The case studies were actually quite useful in that they cover a couple from this region [Inland Southern California]. And I agree with Mark in that there's actually a larger scope to look at than the municipal level when you consider this region. A lot of the unincorporated areas actually provide amenities that fit into this larger context of the integrated plan Mark referred to. It's trying to consider balancing transportation-corridor amenities as well as

housing and open space. Financially, the comparisons that Rob made through the case studies speak loudly to the strategy of financing this integrated plan. Some of the work that the center is trying to accomplish, the Blakely Center, will use these case studies as a starting point. We are doing some more detailed analysis of particular policies that cities might engage in to factor open space into a proper accounting of who's paying for all the amenities in the city center and at the edge.

MANUEL PASTOR: I always learn many things when I listen to or read Rob's work. Today I learned that Santa Cruz, where I live, is a Baby Boomburb. I will bring that home, Rob. I am not sure whether people there will be most offended by the fact that it's a burb, since they tend to think that we are the center of the world there, or that it's a boom, because we are really kind of a no-growth community, or a baby, which means that we're not quite as mature as we should be. But I will be sure to mention your name when I tell them that.

I'm struck by how far we've come in terms of an agreement. When I think about the themes of this conference, and whether we call it "smart growth" or the "new regionalism" or just "better design," it's about how do we better connect space in the kinds of ways that Peter Calthorpe was talking about. We talk about connected space. We talk about the fact that we need a networked economy and one that has the kinds of connections to the world that will allow a region to survive. It is also connected communities when we talk about the issue of social equity. In addressing all these components, I think it's important to first realize that the Boomburbs have a lot of original sin. They were really set up to have separate spaces. They were really set up to remove housing from economic development and economic tensions, and they were often set up as a way of social separation as well.

So what we're really asking communities to do at the Center for Sustainable Suburban Development is to talk about a whole new paradigm. And that's what's being talked about here. I would, however, raise two things that need more attention, particularly in this region. One is something we will hear a lot more about today—the changing demographics. In Riverside and San Bernadino, between 1990 and 2000, the number of Anglos declined. The number of Latinos rose by about 80 percent. And this happened in both the cities and the suburbs. This rapid demographic change is both a challenge and an opportunity. It's a challenge because when you think about who's involved in this debate about the future, Latinos are often not as involved as they ought to be. I think that kind of outreach is very important, because this is really the future of this region. It's also an opportunity, as many people have spoken about because Latinos tend to have the dense living patterns that are often celebrated by new urbanists. They tend to be transit-dependent, living in highly dense housing, et cetera. They tend to live near retail, with the retail tending to be not so much cappuccino bars as taquerías, but it still is urbanism.

Finally, I think it really is about political will. I have been laboring in this field for a long time. I remember when Peter's projects were small and when I was raising what I thought was a lonely voice about connecting equity, the economy, and the environment. This has now become common sense. But I think we need to move a little bit past common sense to implementation. I think, for example, about the word "diversity." We know that dealing with race is a little complicated, right? We are now celebrating how much we all agree on these principles. And dealing with it is going to be a lot more complicated than the celebration.

CHRISTOPHER LEINBERGER: I'm a developer, so I'm looking at how these town centers, what I refer to as walkable

communities—the 2 percent, Mark, that you are talking about—can be done, and how you can make a buck doing it. My company is constantly looking for these walkable communities because they create such great value.

Old small towns: We are doing a project on the western fringe of Philadelphia, in the growth pattern. It's a 250-year-old little village that we are dropping 450 homes into, a new urbanist project, walkable, high density, about five times the density of what's going on all around it. We have found some federal funds to rebuild this little downtown.

There are, of course, new towns that can be done—much more difficult, I must say. I'd much rather start with an old town and build upon those great old bones than building and putting the new bones in, but we're working with Forest City and with Peter Calthorpe on a 1,400-acre new town outside of Kansas City.

University-anchored places: UC [the University of California], Riverside needs a focal point. There's no reason why the center right in your backyard shouldn't be doing a mixed-use project right there. Penn [University of Pennsylvania] has done a phenomenal job over the last 20 years. Penn used to be one of the lowest-ranked universities in the Ivy League. They were surrounded by slums, and they turned their backs, just like Yale continues to do today, stupidly. But Penn has embraced their neighborhood over the last 20 years. They have risen in the ranks of the Ivy Leagues to the very top, and they have truly contributed to their community. They've made a buck doing it as well.

And then, of course, transit-oriented development. The transit station acts as the fireplace to your living room or, in modern parlance, the TV to the living room. It's a place that you can build around. And that 2 percent land mass—which is a great

number, Mark—that 2 percent land mass is where anywhere from a third to a half of the new demand wants to go and can physically fit. The market wants it. We developers now know how to do it.

So what are some of the obstacles? There are a lot of them, but I will just point out two. One is—and this is going to sound strange coming from a developer—that we've got to get our impact fee system put in place correctly. Right now, we're subsidizing low-density sprawl. It's paying for no more than half these costs. This is de facto public policy, because where the money goes, public policy follows. If the sprawl is only paying for half of its costs—and that includes not just water and sewer and roads, but schools, police. The most understudied is privately provided infrastructure. Power companies which are state-regulated are massively subsidizing sprawl. They don't care, because their regulated rates include a virtually guaranteed profit. What that does as public policy is to penalize walkable communities. It costs you more money to do walkable communities than it actually costs as far as the basic infrastructure. So we as developers should embrace fair impact fees that actually allocate the cost based upon marginal costs.

The other thing which we've all heard about and that is the bane of any developer's existence is NIMBY opposition. We had a project outside of Philadelphia that took us seven years to get entitled—110 units, a new urbanist community, plunked right into a high-income infill site. And the only way we got it through was that my partner got three front-page stories, Sunday, Monday, and Tuesday, in the Philadelphia Enquirer asking, "Why can't we build walkable communities?" and shaming this township into allowing it to happen. My challenge—or the challenge I would like to give to the environmental community in particular—is, you've got to man the barricades, because for some reason the NIMBY movement doesn't exactly take kindly to us developers.

The environmental community must take the lead in helping make this happen.

MARK PISANO: I would just like to note to Chris that the important point is that we make it possible for all the builders and developers within this region to be profitable and, secondly, for our cities to be financially viable. It's really in the finances and the financial structures that these planning principles or concepts are really going to come home and find their niche because they make dollars and cents. We have to find a way to reduce the costs of our public amenities and facilities—in fact, even our private amenities—so that we can make housing and development more affordable. And design, I am going to suggest, is the key to doing that. The tool that we developed and that we are using is a tipping point analysis where we, in fact, put together not just a project pro forma but a community pro forma. We can see what the tipping point is, measure the costs of housing and tax revenues by changes in policy. By putting it in financial terms and pocketbook terms, then you start to level the playing field. Debate within the city council or within the community becomes more manageable. We can all understand dollars and cents.

ROBERT LANG: I just want to make one last comment here specific to the Inland Empire by comparison to the rest of the country. You know, this is an edge, obviously, to a very big region. It's an edge the size of all of Phoenix. But, you've got walls up against the San Gabriels [mountains]. You've got deserts, you've got federal land holdings, Indian reservations, and the like. You have a hard edge that will inhibit sprawl. In some ways, that's an asset. Take Plano, Texas. Now there's a place trying to do the right thing. But, just drive north of Plano, Texas. There's places like McKinney and Frisco. What are they doing to Plano? First of all, Plano puts a penny of its sales tax into subsidizing their transit system, and Plano asked to extend this to McKinney and

Frisco. And those two cities said, "Unh-unh. We'll just park at your place and take a train in from there."

The other thing they did is that Plano is trying to redevelop older office parks into livable places. As they're doing it, Frisco is looking at these businesses and saying, "Well, you know, why don't you come to Frisco?" What these further suburbs have done is they took that penny that Plano wanted them to put into transit and put it into a giant slush fund. The mayor of Frisco told me this directly. There was a company looking to stay in Plano and asked what kind of tax breaks they could get. The mayor described it as a small spin-off from a very good firm, something that has good prospects for the future. Plano said, "We can get you \$7,000. If you want to build to suit, you got to follow these regulations." Frisco said, "We'll give you \$700,000. And anything you feel like building, that's fine by us." There are exurbs in a lot of places like Dallas, like Denver, that can stick it to the town that's behaving itself.

Here's what's important: The edge that's the edge now wants to be the last edge. And they want transit. Not for mobility; they want to nail down assets. They want a place. Right now, Plano is neither fish nor fowl. It can be out-cited by Dallas, and it can be out-countried by Frisco. So, it's saying, "This is where the edge stops. Frisco never gets to be Plano. McKinney never gets to be Plano. We are sort of the better part of the suburbs now."

CHRISTOPHER LEINBERGER: Parking drives development. It's infrastructure. The best example locally here is Pasadena, where they put in the parking decks paid for by the city upfront at suburban ratios and accepted the financial and fiscal lump that they're going to have to carry that stuff in the early years. In downtown Albuquerque, we are going to be putting in a 10,000-seat arena. It's a private-public partnership. We've got commuter rail and bus rapid

transit coming there as well, and a lot of housing going in so people can walk—but we don't have to build one parking space for a 10,000-seat, 190,000-square-foot arena because of the shared use of the parking. A project like that would normally require 4,500 parking spaces.

MARK PISANO: Let me just add to Chris's case study. What we learned from our tipping point analysis is that parking is the most sensitive part of all policies. We need to look at the relationship between parking and transit, and not be locked into the state standards for either. Often, state standards and planning guidelines as well as our own general plans have ratios that have no bearing whatsoever on behavior. We need to get to an understanding of what's the transit, what's the alternatives, what's the walking, what's the et cetera. We need to put that into our evaluation.

The Biggest Edge: The Inland Empire

Moderator: Edward J. Blakely, University of Sydney

Speaker: Dowell Myers, University of Southern California

Panelists: Ronald Loveridge, Mayor of Riverside, California

Paul Hiller, Inland Empire Economic Partnership

Rose Mayes, Fair Housing Council of Riverside County

Katherine Perez, Transportation and Land Use Collaborative of Southern California

EDWARD BLAKELY: We always save the best for last. For big problems, we need a big man. And I can't think of a bigger, smarter man than Dowell Myers.

DOWELL MYERS: I'm a demographer, but really I'm an urban planner. In particular, I am a housing demographer, so I like to weave the two things together in ways that no one else does.

How much growth? The good news is we are not growing quite as much as we thought. Does it make any difference? Probably not. Since I was born in Miami, I like to say that what's happening here in California is that in 30 years we are taking the entire state of Florida, the fourth largest state in the nation with 15 million people, and we are smacking it right on top of California. It's heavy.

There's another way I like to look at populations. In Southern California, we used to have 12 million people, and soon we are going to have 22 million people. It's just whatever it was before, but bigger. I say this as a caricature of the way planners and developers think. It's just a number, but bigger. Well, let's look. The non-Hispanic white population actually is drifting downward a little bit. The African-American population is holding steady. Asians are growing somewhat. It's Latinos that are driving most of this growth. So when we say it's getting bigger, it's also getting different. And different kinds of people have different kinds of needs,

different propensities. We need to keep track of not just the total growth, but who it is that's growing. What kind of houses do they live in, and how do they commute to work, and how malleable are their lifestyles, and how do we integrate all that together.

Look at it another way. The white population is sinking below the "magical" 50 percent. It doesn't matter. That 50 percent line is just mythical, because it doesn't really affect anything. There's other numbers, however, that do affect things. Today, in the state as a whole, 32 percent of the school kids are non-Hispanic white. Over the last two years, 74 percent of the voters were non-Hispanic white. Fifty percent doesn't matter. It matters who the voters are, who the school kids are, who the housing consumers are.

All these different ethnic groups do not really live in the central city and it's not really whites in the suburbs. It's extraordinary in Southern California how intermixed it is throughout the whole region.

Let me turn now to what that means for housing because these things link up pretty directly. We have this boom and bust cycle of housing growth in California, but the pattern over the last decade, while growing, doesn't look like a boom. It's put us in a deep hole in providing for housing. Whatever we do now, we are doing catch-up. This is pretty weak performance in the long perspective.

Back in the days when housing was affordable in California, when it was all low density and sprawl was the norm, there was a great paradox. Back then, we built a lot of multifamily housing. It doesn't go with the story, does it? It used to be that multifamily was 45 to 46 percent of all our construction. In the last decade, it sank to 24 percent. If you want affordable housing, I think that has to be apartments. You can't be building houses that are affordable for people who have incomes below the median income very easily. We need apartments. And if we want to have more compact cities that are more walkable, more livable, I think that includes apartments. And yet in this very era when we are trying to curb sprawl, trying to build denser communities, at this very time, why are we abandoning apartments?

I don't think state housing officials should worry about low-income housing anymore, and I've told them that. I think they should just focus on apartments. We need more apartments. I don't care if they're high-end apartments. If all you guys want to build high-end apartments, go ahead and do it. Some of them will become low-income apartments. We need apartments and we need planners to approve higher densities.

I have one caveat here, and that is that whatever people accept doesn't really matter. What matters is who are the customers for the new construction. It doesn't matter what people who live in existing houses care. Who are the people who are in the market today who are being served by developers? Between 1 and 2 percent of California households actually have any leverage over developers' offerings, because only 1 or 2 percent of the households are in the market for new construction. Basically, the other 98 percent, their preferences don't count at all because they are not shoppers. So the issue is this: Could the 1 or 2 percent who are in the market actually be odd in some way? And that's a serious question.

There was a great survey by a homebuilder group where they asked a trade-off question. "Assuming your income is only high enough to buy a \$150,000 home, which of the following options would you prefer? A \$150,000 townhouse in an urban setting, close to public transportation, work and shopping—that's your first option. Your second option is: "Or you could purchase a larger, detached single-family home in a suburban area with longer commutes to work." I use the results of this survey as an indicator about preference for living more compactly. The answer is, not surprising, 87 percent want the single-family house in the suburbs. Same number as in all the surveys I've seen. It's in the high eighties, always.

But, there's an important minority who would prefer the compact alternative. And it varies by age group. At age 25 to 34, only 9 percent want that townhouse. And at age 55 to 64 or older, 24 percent want the townhouse. That's a big difference. Now, if you know anything about the basics of demography, there's something called a baby boom. Guess how old the baby boomer is now? They're crossing age 50. And the baby boom is big. There's a lot of them. Maybe that 1 percent of California households. Who knows? They're big and many of them are going to be willing to relocate to lifestyle communities that are different than before. I think that there are going to be other trends that really will expand these preferences even further. This is just all things being equal, but there's additional things going on. There's traffic congestion, which means that there are now arising new phenomena. In Los Angeles County, we have things called dating barriers. You've all heard about dating barriers? You haven't been reading the personal ads. You read the personal ads—not the nasty ads, but the good ads—the good ads in the Los Angeles Weekly, you see things like, here's this incredibly attractive lady or this really ugly guy, and they say, "Must be west side only." That means, "I don't care who you are. I am not going to go to Burbank to date you." So there are little dating barriers. We

have little villages, little pools of potential daters who live separately because of traffic congestion.

There's decreased crime, which was much, much worse nationwide back in the 1990s. That makes living more centrally in urban areas more attractive, whereas before people were escaping to low density. Increased immigration increases urban vitality. It makes places more interesting. That's a real plus for getting people to live together. And then there's a growth of cafe culture, on which I did a little Web research. I went to the Starbucks Website. Do you know how many Starbucks franchises are already in North America? There are over 3,000. Cafe culture is nothing more than a Starbucks and a park bench. That did not exist 10 years ago. When I look at places I might move to, I'm looking, "Is there a Starbucks or at least a Pete's Coffee or something in that area?" I want someplace I can walk to.

Then we have the actual examples we didn't have 10 years ago. All this is really elevating the demand. Demographics combined with this stuff is really increasing the potential for denser environments. Okay—so the demographics really matter. The baby boomers are like a wave, like a huge bulge in the population curve. In any business, you want to be on the front side of that wave, not the back side. The front side is where it's lifting all the customers. If you want to sell your business, you want to sell it when it's positioned at the peak.

I think housing is very age-specific. You have retirement housing—that's obviously age-specific. You have young singles apartments—obviously, age-specific. You have starter homes—age-specific. It's all tied to age groups. And if you have some groups rising and falling, it's going to make a big impact. If you have growth of people who are in their twenties, it means there's a lot of apartment seekers, and it makes apartment markets look really strong for new construction.

In the 1990s, the baby bust, I think, is what cratered our apartment market. Multifamily construction cratered because no developer in their right mind would be building empty buildings when you are losing people in their twenties. It swings totally around from the 1990s to the current decade. In the current decade, it's the opposite outlook. And I think that has to really improve the prospects for rental housing.

On top of these age dynamics, I want to come just briefly to immigration. The total proportion of California residents who are foreign-born is leveling off at about 30 percent. It had been growing rapidly and it's stabilizing now. And remember, a newcomer is a very different person from those who have been here for 20 or 30 years. The newcomers just showed up. They haven't got their feet on the ground. They don't have a job. They don't know English very well, et cetera, et cetera. But after 10 or 20 years, they are settled immigrants and are in a much better position.

In particular, what I want to show you is that their homeownership changes dramatically in just 10 years when they get their feet on the ground. It used to be that half of all our foreign-born were newcomers. That was in 1990. We have more and more of these other types, these settled immigrants. Boy, are they a resource. They are a resource for home-buying, they are a resource for job generation, business startups. They are a resource for all kinds of things. They didn't used to be the way they are.

After immigrants have been here for 10 years, their homeownership rates move up substantially. By 20 years, the Latino homeownership trajectories are crossing the native born, and they're closing in on the white, non-Hispanic level of homeownership. They are about 70 percent homeowners. When they were newcomers, they were 10 percent homeowners. This is within the lifetime of an immigrant generation, 30 years.

What California is moving from is a bunch of

newcomer immigrants to a bunch of settled immigrants, and that upward pressure is the only thing that's keeping my housing price as high as it is. They can't buy my house, but they're buying a house below my house. And a person who then sells their house below mine, then they're going to buy my house when I sell it. They are moving up. They are also moving outward in the region as well.

EDWARD BLAKELY: I think that this panel is just the right panel to assist us in addressing some of the questions. And I ask each of them to speak to this issue of this change in demography from their perspective. So, Katherine, what do you think these numbers mean for us from your perspective?

KATHERINE PEREZ: I think the work that Dowell has done really puts into perspective exactly the challenge that we face. Whenever I talk to the development community—and I work with a number of developers, a few of you in this room—my criticism and real wish from the development community is that they understand their client better. They need to understand that a one-size-fits-all suburban tract project/house/unit is not what everybody wants. It's not what everybody can afford, and it certainly—in terms of the demographics that Dowell pointed out—it's certainly not where we need to be. The market isn't shifting. It has shifted.

You know, when Coca-Cola has to sell to a new market, they put on different media campaigns. They understand their market. They know how to communicate with the market. And yet why haven't either municipalities or development sectors or even the planning community understood that market? Why is it reactionary?

The other part of the challenge we face is that we haven't engaged those people, all the folks who have come to our country, to our region, in the last 20, 30 years. We use tired old processes to engage those folks. How many times have you seen posted in your neighborhood, "Public Hearing Notice – you

are hereby notified pursuant to Zoning Code Ordinance"—blah, blah, blah. Who cares? By the way, that doesn't work for the new constituency. It doesn't talk to them. They need to be involved, they want to be involved. Yet we use old planning processes to engage them when the market has changed.

We are going into the cities where there are a lot of Latino constituents, the new folks, and we have to deal with this rub between the settled immigrant and the new immigrant. There are cities where you get aesthetic issues, folks who like bright purple and bright yellow. Then you've got the settled folks who say, "I don't like that. I came from that. My grandparents came from that." I have to tell you, for those of us who understand that maybe better than others, I don't even know how to explain it, but I know what it is. I'm saying as a planner, as a professional person, I need to work through these things because it matters for me personally. I've got three kids. And after they go to Boston or MIT [Massachusetts Institute of Technology] or something on the East Coast, they're not coming back home to Mom and Dad.

The point is that I want them to come back to Southern California because we have great jobs, great air, great opportunities for them, and because the quality of life is one that they can enjoy. Right now, my concern is that they're going to go to Seattle or Portland or Utah or places where they are actually planning for that growth.

EDWARD BLAKELY: Dowell showed the numbers of the undersupply. It's easy to keep offering the same product because you've got a lot of people who still need it even though there are people who need other products. Rose Mayes, what do you see as the demographic shift for the achievable housing?

ROSE MAYES: In Fair Housing, in answering approximately 40,000 calls per year, most of them dealing with housing issues, I think we get a fine sense of what the citizens out

there are in need of. What we see in Fair Housing on a daily basis is the need for housing opportunity.

The demographic shift is coming, and we have to be proactive with it. We have to look at ways in which families can survive without having to work 126 hours a week at the minimum wage.

The other thing is that when developers come into our cities, it's up to our elected officials to understand that we have a master plan for our communities. You elected officials should know the income level of our citizens within this municipality. It is up to you to tell these developers, "We cannot afford to have the high-end homes without the medium or the low-income homes in those communities." I'm concerned that I see more and more of the high-end homes. They are going to cause disparity within those low-income areas because they are driving up not only the tax base of those low-income homes, but the insurance costs as well.

The other thing that we are looking at is land use. We are finding that no one wants low-income housing in their backyard. And there has to be a shift there. There has to be a mix somewhere, somehow. I think that it would behoove elected officials, the planning department, developers, and lenders to come together and to work out a plan where you do not allow developers to come and build the high-end homes and still leave a group out. I am concerned when you have communities fighting against a certain type of housing in their community. I am concerned when I see that elected officials, developers, planning departments are not frank enough with the community to let the community in and let the community have a stake in what's going on in these communities.

EDWARD BLAKELY: My dad, who's gone now, said what Rose said in very much shorter ways. He said he didn't know any criminals that had a second mortgage. So we've got to get people into decent housing.

That's what drives down crime rates. And good jobs. Paul, I want you to talk about that, because that's a companion to demography, isn't it?

PAUL HILLER: I also want to talk about the cost of housing, following somewhat on what Rose had to say, but from an economic development standpoint. The Inland Empire Economic Partnership is responsible for attracting companies here, and we are responsible for getting decent jobs here. The tough thing we have to do is to go out there and compete head-on against San Diego, Orange County, and other areas, because companies that are coming here aren't just looking at us. They're looking here. They're looking in Irvine. They're looking at San Diego, too, and they are going to make a decision.

We've got a huge competitive advantage over them right now. I don't mind competing against Orange County and I don't mind competing against San Diego, because all I have to tell a company is, "You take a look at what it's going to cost for your employees to own a house or own a home of any kind in Orange County and San Diego, and you compare that to the Inland Empire." And I know what they're going to find. They are going to find homes that are running \$800,000 over there that you can buy here for \$350,000 to \$400,000. We have a huge competitive advantage here.

There's nothing more critical to the economic development of this area than the price of housing. Every time we bump up the cost of a house because of requirements that we put on developers and builders, we do two things: We make ourselves less competitive against those other communities and other regions that we're competing against; and we make the houses further away as far as the affordability that Rose was talking about. So that's my message. And it's a simple message. The key to economic development is the price of housing here. We have to balance sustaining the growth and creating

a sustainable community and managing the growth properly to maintain the quality of life. At the same time, we can't drive the price of housing sky high or higher than it is already.

EDWARD BLAKELY: So the mayor said the problem was finding the solution. So why is he mayor if he doesn't have one? So, Mayor, what's the solution?

RONALD LOVERIDGE: Several discrete points to hopefully get at the issues: The Southern California Association of Governments has a task force that looks at the state of the region. I think we give housing in the region a D or D minus—I can't remember exactly, but it isn't a very good grade. And it's not simply that it's a bad grade. We are talking about—and you can tell from the intensity of the discussion from the governor and from Secretary [Sunne] McPeak [Secretary of Business, Transportation, and Housing for California] and from legislators—that this is a judgment about the state's future that we're talking about this afternoon.

We'd like to deal with the obvious question that Professor Myers posed—why does the market not follow demand and build apartments? A lot of cities are talking about this in different forums. And I think the conclusions that I've reached from listening to these conversations is that in the past the state has been very heavy on the regulatory end, telling us what to do or what not to do. And what I think needs to happen is the decision rules need to be changed. There need to be incentives that result in the kind of housing patterns that have been identified today.

KATHERINE PEREZ: The other part of it is obviously having the cities take their fair share. Now, that's going to be hard. And I think that's where a lot of work has to be done. But if we get through and say, "No variances, no conditional use permits, because we have a plan we're going to stick to," wouldn't that be kind of interesting?

RONALD LOVERIDGE: I just want to go back to the theme. Rather than ask that cities all take their fair share, why not give them some incentives? Cities behave because of the decision makers. Right now there's no particular incentive to approve housing, but if there were incentives, cities would follow those incentives. One other thought on NIMBYism: From the point of view of city councils, senior housing, which Rose identified—you rarely will see a city council or elected official say no to senior housing. Yet we are evidently not building it to the extent that it's needed.

KATHERINE PEREZ: What if Redondo Beach took their housing requirement? What if Huntington Beach took their housing requirement? What if we had these cities that say, "Sorry. We are all built out. We can't take anything more of anything," what if they took their share of what they had to do? And I really do think that because of the pressure, you're right, cities are responding. Rick Bishop of the Western Riverside Council of Governments told me today that the dump fee that they put on the backs of each unit, \$6,300 per unit, has pushed their fund up to over \$100,000,000. They didn't expect that at all. In fact, if anything, that is a trigger as to exactly how much development—he said 250,000 units are in the pipeline. In my mind, what does that do to transit? What does that do to affordability? What does that do to air quality?

EDWARD BLAKELY: As the mayor says, unless you change the structure, people won't do what they even want to do because it costs them more than they get from it. It's the old supply and demand. If you keep doing things the same old way and they're not working, then you've got to change the way you do it. That's the only way we can go about this. Dowell, do you have anything else to say?

DOWELL MYERS: I have numerous reactions, but they sort of cancel each other out because it's not clear what to do. Ed, you

know what the real problem is. It's the tax structure of the state. We can't change that. But the mayor is right. We have to have some incentives for localities. You just can't have an unfunded mandate. You've got to have some incentives. Residences are expensive to service. It's a fiscal loser. We all know that. So what's the state going to do to help us out? So the counties have to approve the houses, but they have to then pay for the local services. So what's the state going to do to help us out? I'm hoping that whatever Sunne McPeak and [California Governor] Arnold Schwarzenegger come up with, it's going to involve some sort of an incentive for houses. It doesn't have to be a heck of a lot, but it's got to be something, so if you approve an apartment complex you get something in return other than a bunch of grief from some of the locals.