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Trends in Urban Development: Planning Ideas in the New Millennium

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Like anything else in history, urban planning trends come and go with the times. The flight to the suburbs began in the 1950s and 1960s, and continued through the end of the century. But as the first decade of the new millennium came to a close, infill development in central cities gained new momentum.



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Stephen B. Friedman, FAICP, CRE, President of [SB Friedman Development Advisors](#), is an urban planner with extensive experience in real estate and development advisory work. He recently shared his urban planning insights with MuniNet Guide.

MuniNet: *What are some of today's "hot" trends in urban planning?*

Friedman: In an effort to address the nation's growing problem of obesity and other preventable diseases, many cities are interesting in creating "healthy places," incorporating wellness concepts into the way people design, create, build, live in, and sustain a community. These areas might include bike lanes and sidewalks to support an active lifestyle; robust parks and recreation programs; active - as opposed to passive - parks; and farmers' markets that not only readily provide plenty of fresh fruits and vegetables as healthy food options, but also enliven the town area.

The creation of healthy places overlaps the concept of "placemaking," another trend in urban planning. Placemaking involves developing mixed-use areas where people converge to socialize, conduct business, shop, dine, and live. Public space is a key part of such areas, often providing the organizing structure to which the other uses relate. Walkable urban town centers, like [Tysons Corner Center](#) in Fairfax County, Virginia and [Bayshore Town Center](#) in Whitefish Bay, Wisconsin, have become high density, walkable gathering places. Closer to my home base, the Shops and Residences of Uptown Park Ridge helped solidify the downtown area as a walkable, transit-oriented development. It has a [Walk-Score](#) of 85. Downtown Highland Park with extensive retail and restaurant use surrounded by a variety of mid-density multi-family developments - including some low- and moderate-income housing-is another good example.

In both of these cases, the communities were very pro-active in facilitating these developments and provided public financing through TIF and/or other mechanisms as well as assistance in site assembly, infrastructure, and the like.

Where there is transit, the transit stations provide a natural attractor and anchor. As the housing market recovers, we expect to see the "trend" to build town centers re-emerge. They are central to both physical health and building a sense of community.

MuniNet: *Has the energy situation impacted urban planning trends? Do gas prices influence sprawl versus concentration in urban centers?*

Friedman: While it may be true that as gas prices rise, people may want to cluster in urban areas, and as they fall, the opposite may hold true, other factors certainly enter the equation. And, going forward, gas prices will likely have a diminishing effect as the potential for electric and hybrid cars increases and the cost of driving becomes less of a concern.

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Another contributing factor is millennial behavior. As the [Chicago Tribune](#) recently reported, millennials are buying - as opposed to renting - homes in both urban and suburban markets at a greater pace than we've seen to date. Some of this activity is age-related. People in the 35-to-55 year-old age bracket tend to prefer a monocultural, relatively safe neighborhood in which to plant roots and raise their children. It is in this age group that we historically saw significant migration away from center cities.

and much more.

In general, most development is in higher density areas than 20 years ago by virtue of natural economic forces. Whereas we would see three to four units per acre 20 years ago, we often see six, eight or ten units per acre now even in newly developing areas. At the same time, we see much more emphasis on infill development, including brownfield remediation. We have demonstrated through financial analysis done for the [Chicago Metropolitan Agency for Planning](#) that these types of projects do pay for themselves through higher values and the tax revenues generated.

A key consideration is schools. While only 25% or so of households have school age children living at home, most young people expect to have children. Schools will be a bigger consideration than energy costs (barring \$200 per barrel oil). Chicago's public schools, and those in many other cities, have improved a great deal with the expansion of charter schools and lottery/application systems. But in many ways it is more complicated and more uncertain than just moving to a suburb. It will be interesting to see if people now in central cities who have choices, stay until they at least find out whether they got their child into a good school. Some of us have managed to choose the city with children anyway. It will be interesting to see if a greater number can be retained.

MuniNet: *How large/significant a role do public-private partnerships play in urban planning?*

Friedman: Public-private partnerships can play a significant role in the most basic on up through very complex mixed use urban development projects. Public financial investment in or to facilitate a project makes sense when, after careful evaluation, it is determined that the risks are kept to a minimum and the potential benefits are clear and measurable. Will the project help revitalization efforts ... create local jobs ... enhance the local tax base? When a public entity is considering involvement in this type of arrangement, it is critical to have a clear understanding of the private side, specifically:

- a. What is the financial gap that needs to be filled to achieve economic feasibility?
- b. How can its assistance be structured in the most useful manner?

Understanding the reason for the funding gap is important in determining the project's viability. Tax-increment financing (TIF) is a common source of public finance funding, but financial assistance can take many forms: assuming a junior mortgage position, reducing project costs through land acquisition, offering developer notes, or providing funds from a general obligation or other bond source, to name a few.

At the same time, there are other things municipalities can, should, and are doing to create a positive, predictable and market-sensible environment for private development. These include establishing clear goals and development standards, allowing appropriately higher densities consistent with both the market and community vision, using tools like "form-based" codes to provide greater direction and certainty to developers, and streamlining approval processes. In some cases, these actions can obviate or significantly reduce the need for direct financial assistance, particularly if more density can be accepted producing greater "residual land value" that can be used for site assembly and infrastructure.

MuniNet: *Looking into your urban planning crystal ball, what trends do you see on the five- to 10-year horizon?*

Friedman: In big and small cities alike, I think we can expect to see an increased trend toward urban living among both boomers and millennials. Recent Urban Land Institute studies confirm this preference among these groups. I believe this urban lifestyle preference will be responsible for the recovery of the condo market in many cities, including Chicago. The one mitigating factor that could immediately throw that prediction off course is another terrorist attack. Previous attacks to our security, from 9/11 to the church shooting in Charleston, have been met with defiance - yet serve as proof of "urban vulnerability." Barring such heinous events, however, cities - large metro areas - are beacons of opportunity, particularly for serious, dual-career couples pursuing lifelong professional advancement. Nowhere else can two PhDs or two specialized lawyers, doctors, or even planners develop a life-long residence and fulfill their career potentials. While smaller metros offer many opportunities, wonderful life styles, and often recent more rapid growth, this is an intrinsic advantage of the ten largest metros that will power them in the coming years.

About the Expert:

Stephen B. Friedman, FAICP, CRE, is President of [SB Friedman Development Advisors](#), a Chicago-based national development advisory firm specializing in public-private partnerships. The firm is also a Municipal Advisor registered with the SEC and Municipal Securities Rulemaking Board (MSRB). He is a member of Counselors of Real Estate, a member of the College of Fellows of the American Institute of Certified Planners, and a full member of the Urban Land Institute. His civic affiliations include the Civic Federation, University of Illinois at Chicago College of Urban Planning and Public Affairs Board of Visitors, and the ULI Public-Private Partnership Council. In April 2013, he received the James Felt Creative Counseling Award of the Counselors of Real Estate for his development advisory role on The Shops and Residences of Uptown Park Ridge (Illinois) project.

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