

Developer

The Business of Creating Successful Sustainable Communities

September 2009



Green Shoots & Silver Linings

In search of 'What's Next for Planning,'
DEVELOPER forecasts the opportunities ahead. [pg.8](#)

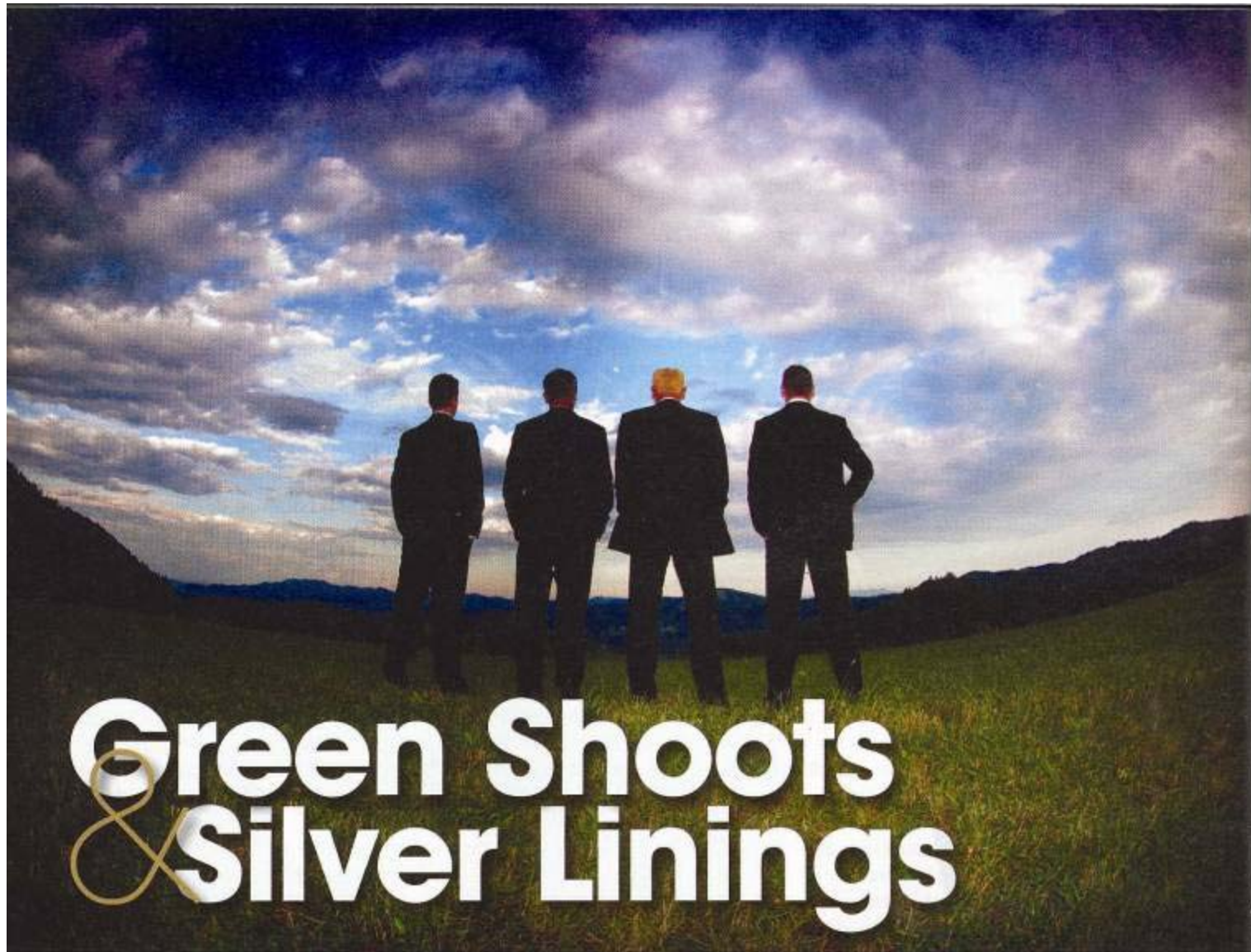
plus

4



Stress Test

Reborn communities in New Orleans and Greensburg, Kan., counter weather extremes with more sustainable solutions.



Green Shoots & Silver Linings

In search of 'What's Next for Planning?' DEVELOPER rounds up a handful of expert opinions.

By Jennifer Popovec

The past three years have been dreadful for the development community. Some of their biggest customers, home builders, have suffered through one of the worst housing downturns in history. Add to that, turmoil in the capital markets has bankrupted many residential and commercial developers. Those still standing today, in the midst of a deep and lengthy recession, worry about what the future holds.

One thing is certain: The development industry is undergoing a seismic shift in the way it approaches the development process. In the past, developers were more independent, says Cliff Selbert, co-founder of Selbert Perkins Design, a global design firm based in Playa del Rey, Calif.

In the future, development will require a more unified approach from land planners, municipalities, designers, lenders, and developers. Developers must become more team-oriented. "Eventually they'll be considered an ally instead of an enemy,"

Selbert says.

In the meantime, developers wonder where and when opportunities will emerge. What will the development of tomorrow look like?

"Our kids will live in a very different world," predicts Gary Buechler, CEO of Lend Lease America, a global development and construction company.

DEVELOPER spoke with several industry experts and found plenty of reasons to be hopeful and positive about the future of development in the United States.

PHOTO: ISTOCKPHOTO.COM

SHORT TERM

Infill development

For more than 50 years, the majority of residential and commercial development occurred in suburban areas. Developers focused on greenfield projects where transportation, utilities, and social infrastructure did not exist.

Land planning experts say "suburban sprawl" has contributed to a host of woes, including traffic congestion, obesity, and social isolation.

That's why greenfield development is no longer so attractive. Over the next several years, developers will focus on infill locations, particularly urban cores and inner-ring suburbs. However, opportunities to "fill in" newer suburbs exist as well.

Donald Monti, CEO of Renaissance Downtowns, LLC, says he was one of the people who followed the old greenfield development model. Now, he's a self-described "recovered developer" who is focused on urban development. His Plainview, N.Y.-based firm is talking with more than 20 municipalities in the Northeast regarding downtown revitalization.

In the future, most of the development activity will take place where infrastructure already exists and where it can be expanded, says Steve Cover, managing principal of HOK's Atlanta office. "As Americans become more focused on quality of life, transportation costs, and sustainability, greenfield development will decrease," he predicts.

Randy Jackson, a senior fellow with the La Jolla Institute and president of The Planning Center, a Costa Mesa, Calif.-based land planning and design firm, says 40 percent of his firm's work used to be greenfield; today, only about 2 percent is. "The key is where and how can we get the most efficiency from our infrastructure," he points out.

Redevelopment, adaptive reuse

Almost every city and town in America can point to neighborhoods where buildings and homes sit empty. These projects don't contribute to the built environment,



Urban Infill: Renaissance Downtowns, LLC, is working with several municipalities to create a vibrant urban core like this one envisioned for Meriden, Conn.

and the real estate industry must find a way to deal with these assets.

In the past, the answer was demolition. Today, we don't have the luxury of tearing down buildings and wasting resources, says Fred Perpall, managing principal and director of design for the eastern division of Beck, the national construction firm.

"Now people are putting the premium

back on location and quality, and the timing is right for redevelopment and adaptive reuse," Perpall notes.

From updating tired shopping centers to converting old train stations into schools, there is an opportunity to reuse and enhance buildings and properties.

"Redevelopment is going to be the name of the game for the near future," according to Steve Lovett, a principal with Ervin Lovett Miller, a Jacksonville, Fla.-based design and planning firm.

"Now is the time for reinvention—both for developers and projects." He predicts that many owners will choose to invest in their existing assets rather than build new projects.

MEDIUM TERM

Increased density

Unlike many developed nations in the world, the United States will continue to experience population growth. In fact, the U.S. population is expected to grow to 325 million by 2015 and 403 million by 2030.

As the population grows, the number of people living in urban areas and "super-regions" like the Northeast and Mid-Atlantic will increase. To accommodate this growth, municipalities will change their zoning to allow for higher-density developments. Moreover, many municipalities will demand higher-density developments.

"I am working with 75 different municipalities, and every single one of them is looking at higher-density land planning," says Rick Peters, president of R.E. Peters Co., a Huntington Beach, Calif.-based real estate consulting firm.

Some developers such as New York City-based The Domain Cos. already are focusing on high-density projects. Due to the high cost of land in many urban markets, developers must focus on density so their projects make sense from a financial standpoint. "In most of our markets, without some decent density, our projects would never work," says Matthew Schwartz, principal of The Domain Cos.

Higher-density zoning will give rise to more multi-story mixed-use development, cluster residential developments, and single-family housing with more than two stories.

"Buyers in their 20s and 30s are much more comfortable living in closer quarters than older generations," says Larry Wisdom, president of Keystone Custom Homes, a Lancaster, Pa.-based home builder. "These types of developments are more environmentally friendly and create smaller footprints because you're putting more houses on less land."

Buechler predicts that developers will focus on increasing density while preserving open space to allow for shared public areas. In Aurora, Colo., for example, Lend Lease is planning a compact master-planned project called Horizon Uptown.

Situated on roughly 500 acres, Horizon Uptown will consist of 3,800 homes, including single-family detached and attached, condos, lofts, and apartments. About 1.3 million square feet of retail and as much as 4 million square feet of office space are planned. The development also will include a 40-acre central park with sports courts, an outdoor amphitheater, a dog park, a skate park, and community gardens.

Green retrofitting and rehab

Much of the green building discussion has dealt almost exclusively on new construction, yet research tells us that 80 percent of the buildings that will be in existence in 2020 already exist today.

Buechler says there's a clear need to address our existing building stock to make it sustainable and energy efficient. He expects the development industry to be heavily involved in green retrofitting and rehabilitation projects.

Overall, President Barack Obama wants to reduce federal energy consumption by 15 percent by 2015 and plans to establish a national goal of improving existing building efficiency by 25 percent over the next decade.

As government buildings become more sustainable, experts expect private-sector building owners will



Compact Building: Horizon Uptown will consist of 3,800 homes on roughly 500 acres.

want to make similar investments. The Planning Center's Jackson predicts that an entirely new industry focused exclusively on retrofitting will emerge.

"In the future, I think retrofitting of water and energy will represent 50 percent of the development industry," Jackson says. "There is a whole bunch of retrofitting that we can do make the most of what we've already got without constructing entirely new buildings."

Green retrofitting will appeal to owners, not only because they'll want to save money through energy and water efficiency, but they'll also want to maintain their competitiveness for tenants, Perpall says. High-quality, sustainable buildings are more attractive to tenants, whether they're small businesses, retailers, or residents.



Climate Pilot: Zonk'izwe Town Center, an urban lifestyle destination designed by Baltimore-based Development Design Group, was recently selected to participate in the Climate Positive Development Program. Located in Midrand, Gauteng, South Africa, Zonk'izwe Town Center is a 5 million-square-foot master-planned community.

LONG TERM

Intergenerational living

While intergenerational living has been popular in Mexico, Italy, and Japan, Americans had moved away from the idea of sharing a home with people of varying ages. But, economic pressures, coupled with an aging population, will encourage Americans to embrace intergenerational living, according to Jackson.

"Ten years from now, we're going to see far more people living with their aging parents and their adult children, or families welcoming grandparents into the homes," Jackson says. The U.S. Census Bureau already has noted a shift in living arrangements. In 2000, for example, 2.3 million older parents were living with their adult children; by contrast, in 2007, that number jumped to 3.6 million—a 55 percent increase.

"This is an exciting opportunity for developers," Jackson says, adding that intergenerational living may solve many of the problems facing the residential real estate industry.

Intergenerational living influences the need for new housing stock—if these larger homes in suburban areas can house several families, fewer new housing units will need to be developed.

Intergenerational living also influences the yet-to-be developed residential projects. Jackson says residential developers, whether they are multifamily developers or single-family home builders, need to design and construct housing that will allow one to three families to live together.

Zero-carbon development

Over the next decade, Americans will become less consumptive and will expect new development to not just be sustainable, but create no carbon footprint at all.

While the idea of carbon neutrality seems far-fetched, technology and government regulation will eventually make zero-carbon developments reality. Earlier this year, the Clinton Climate Initiative launched its Climate Positive Development Program, which was created to support the development of large-scale urban projects that demonstrate that cities can grow in ways that are "climate-positive."

The program includes 16 real estate projects on six continents that will strive to reduce the amount of on-site CO₂ emissions to less than zero. To achieve this, developers will partner with local governments to implement economically viable innovations in building, generating clean energy, waste management, water management, and transportation. When the initial 16 projects are completed, nearly 1 million people will live and work in climate-positive communities.

Selbert says Abu Dhabi's Masdar City, the world's first zero-carbon, zero-waste city fully powered by renewable energy, and the Climate Positive Development Program projects will serve as a blueprint for future development in the United States. "People are slow to adapt, but these types of projects will be commonplace in 10 years," he contends. ■

Jennifer Popovec is a freelance writer living in Fort Worth, Texas.