CRD® CERTIFICATE COURSE

Planning & Zoning Resource

Advocating for Your Community's Future

NATIONAL ASSOCIATION OF REALTORS® | CENTER FOR REALTOR® DEVELOPMENT

Table of Contents

EMPOWER YOUR FUTURE.

Make an investment in yourself, your career, and your industry.

Commitment to Excellence is an award-winning program that empowers you to enhance and showcase your high levels of professionalism, providing you an advantage in our highly competitive market.

It's a program that enables a self-directed experience and offers engaging ways to continue to learn and grow. It's not a designation or a course, and it's not a requirement. Thousands of REALTORS® have already started their C2EX journey and are leveraging their learnings. If you haven't signed up, get started today. Don't miss this opportunity to gain market advantage for yourself and stand out among your competition!

Learn more and get started at C2EX.realtor.

Proud to be
NATIONAL ASSOCIATION of REALTORS®
C2EX
COMMITMENT TO EXCELLENCE
Endorsed!

C2EX
COMMITMENT TO EXCELLENCE

NATIONAL ASSOCIATION OF REALTORS®

Manage time, money and financial risk.

NAR's **Center for REALTOR® Financial Wellness** will help you ensure your future financial security. Simply log-in to find easy-to-follow tips created specifically for the unique financial needs of REALTORS®.

Explore resources related to calculating business expenses, goal-setting, setting up a retirement account, how much of your commission to set aside for taxes, and so much more.

Get started at **FinancialWellness.realtor**

Benefit from interactive features:

- Assess your current financial profile
- Practice financial decision-making skills
- Discover financial resources related to budgeting and retirement
- Receive personalized goals to help navigate your financial security
- Register for the upcoming monthly webinars at **NAR.realtor/FinancialWellness/Webinars**.

CENTER for REALTOR®
FINANCIAL WELLNESS

NATIONAL ASSOCIATION OF REALTORS®

Acknowledgments

In practice and in spirit, the development of this program has been a collaborative journey with the goal of providing advanced training and resources for real estate professionals. The Center REALTOR® Development would like to express appreciation to:

⬊ **Nate Johnson,**
ABR®, AHWD, CIPS, CRS, GRI, PSA, SRES®
RedKey Realty Leaders
St. Louis, MO

⬊ **Georgia Meacham,**
AHWD, ePRO®, GRI, SFR
Georgia Meacham & Company
Boise, ID

⬊ **John Rosshirt,**
CRS, GREEN, GRI
Stanberry REALTORS®
Austin, TX

Introduction

Welcome

You're about to embark on a journey in time travel. Most real estate professionals only deal in the present. They focus exclusively on the current housing conditions or check out what the housing inventory is *right now*. But this course will teach you how to have a better understanding of not just the present but also the future—by taking a peek into the past.

Planning and zoning serve as the basis for all communities—the communities of your past and present, as well as communities of the future. This course will teach you the basic components and processes of the planning and zoning phases of real estate development, and how these phases must lead us to a better way of developing communities through the application of smart growth principles. You will learn how to not only strengthen your business but also become an advocate for smart, sustainable, equitable growth in your community. In effect, by the time this course is complete, you will see the future of your community, and your business, in a whole new way!

Let's get started!

What You Will Learn

COURSE LEARNING GOALS

The goals of this course are for students to:

↘ Acquire a greater understanding of the visioning, planning, and zoning process to empower you as a community advocate and as a real estate professional.

↘ Learn to effect positive change in your community and gain a competitive advantage for your business by advocating for smart growth principles.

↘ Learn practical skills and strategies to strengthen your business by helping to create more environmentally sustainable, equitable, and financially resilient communities.

MODULE LEARNING OBJECTIVES

MODULE 1:
VISUALIZING YOUR MARKET

↘ Summarize how understanding planning, zoning, and smart growth benefits your community and your business.

↘ Discuss how planning and zoning are related to smart growth.

↘ Identify approaches and tools to better visualize your market.

MODULE 2:
VISIONING AND PLANNING

↘ Identify the key components and stakeholders of the comprehensive planning process and how they play a role in your community's development.

↘ Explain various perspectives on growth, making sure to identify specific strategies that can lead to more sustainable and equitable communities.

↘ Discuss ways in which you can network and be an advocate in the planning and zoning process for smarter, more inclusive communities while also growing your business.

MODULE 3:
ZONING

↘ Summarize how zoning has evolved and how this history has discriminated against and negatively impacted historically marginalized communities.

↘ Explain how zoning relates to the implementation of smart growth.

↘ Discuss the components and processes associated with zoning.

MODULE 4:
WHAT'S SO SMART ABOUT SMART GROWTH?

↘ Define smart growth and summarize its general features.

↘ Explain how smart growth is changing the way in which real estate professionals approach business.

↘ Describe the benefits of smart growth.

MODULE 5:
THE DEMAND FOR SMART GROWTH—AND YOUR FUTURE BUSINESS

↘ Explain the factors that will be driving community planning and development now and in the future.

↘ Describe how smart growth approaches will help meet the changing demands of homebuyers and sellers.

↘ Create a plan that will help your business adapt to these changes and thrive in the years ahead.

MODULE 6:
THE CORE PRINCIPLES OF SMART GROWTH

↘ List and understand the smart growth principles.

↘ Describe three ways that these principles come together to make safer, more inclusive, and more attractive communities.

↘ Discuss ways that you can implement smart growth principles in your town to enhance the community and build your business.

Knowledge Base For The Course

Presentation of the course assumes that participants have a foundation of knowledge of certain real estate principles and laws.

REALTOR® CODE OF ETHICS

Real estate is a profession built on relationships, and relationships can be complex. This is why NAR has created and continually updates the REALTOR® Code of Ethics. It is assumed that students understand and know how to apply these principles in day-to-day business conduct.

AGENCY REPRESENTATION

As the course is presented, issues involving client representation— sellers and buyers—may be discussed. As with application of the Code of Ethics, real estate professionals who work with clients and customers may encounter circumstances that appear to blur the lines of client responsibility. When necessary, this course will examine how to remain true to agency representation principles, as defined by your state's real estate laws, in sensitive situations.

Activities and Class Procedures

This course contains a variety of activities designed to involve students, such as work group assignments, exercises, and discussions. Students are strongly encouraged to ask questions and engage in class discussions and group exercises. The range of experience levels among students offers a rich opportunity for learning from peers. Your active involvement enriches the learning experience for yourself and others.

MODULE 1:
Visualizing Your Market

BY THE END OF THIS MODULE, YOU SHOULD BE ABLE TO:

↘ Summarize how understanding planning, zoning, and smart growth benefits your community and your business.

↘ Discuss how planning and zoning are related to smart growth.

↘ Identify approaches and tools to better visualize your market.

Planning and Zoning: Learning to Think Spatially to Enhance Your Business

Planning and zoning sound like simple terms, maybe even boring ones—so much so that many real estate professionals don't feel particularly compelled to think about this aspect of the real estate process. Yet these simple terms—planning and zoning—have perhaps the most profound impact on not only where we live and how we live now, but also on where and how we will live in the future. These two simple terms actually lay the foundation for every town and community in the United States—including your own.

Many real estate professionals approach their business with a narrow lens, one that's focused on "houses"—either buying or selling them. But to truly enhance your business and your value, you need to apply a more expansive lens. In short, you need to think spatially. Thinking spatially means focusing not merely on houses but on places, on whole communities. We might eat and sleep in our houses, and that's

of course important, but we live our lives in a community. To be truly happy in a home, we must also love and respect the community that it's in. Ultimately, enhancing your business comes down to being able to visualize your market.

To begin this process, imagine planning and zoning as you might a blueprint for a house. Except instead of learning about the inner workings of one house, you're learning about the inner workings of all the houses in the neighborhood, even all the houses in the town. In the process, you're also learning about all the stores and restaurants and about all the roads and public transportation hubs. Essentially, an understanding of planning and zoning allows you to see exactly why your community looks the way it does—and at the same time gives you insight into how it will look in the future.

Consider that for a second: how many times in your life have you said, "If I only knew [this]…" or "If I only had a crystal ball, I would've done [that]"? If you're like most of us, you've said it a lot! How many times have you said, "I should've invested in X, Y, or Z years ago because I would be a millionaire today!" or "I should've bought that house back when it was so cheap!… had I only known then what I know now!" Planning and zoning is as close as it gets in real estate to having that crystal ball, of having that glimpse into the future of your town and community.

However, you need to know how to read the crystal ball. You need to understand the language of planning and zoning—what it is—and then also the process of planning and zoning—how it works. And there's good news here on both fronts.

First, understanding these concepts isn't that difficult once you get into it. Second, the planning and zoning process is ongoing. It never ends. So even if you think you might have missed the boat in your community, you haven't. Towns and neighborhoods are always evolving, always changing, based on cultural factors, economic factors, and ecological factors, to name just a few. This means that once you're versed in the language of planning and zoning and understand the concepts better, you'll be prepared to take part in this ongoing process.

You'll then be better able to do two very important things:

1. You'll be able to help shape your town both now and in the future. You can take part in the planning and zoning process to effect positive change for your family, friends, and clients.

2. You'll help empower your business with a greater understanding of which places might present strong opportunities for clients now and which might present strong opportunities in the future—on both the buyer and seller sides.

On the buyer side, your knowledge of planning and zoning concepts can help you advise your clients about whether a property is good value, whether it is likely to appreciate, and what development is in the works for the future around a property that might affect enjoyment, value, access, etc. Such depth of knowledge will bolster client trust and respect for you in the community.

On the seller side, a deeper knowledge of the planning and zoning in your community—that is, having a better ability to visualize your community both now and in the future—will result in better sales results. This in turn also builds client trust and respect for your business. A sterling, professional reputation as someone who is deeply invested and engaged in the community is what builds and expands businesses.

Finally, there's the added benefit of networking. As you already know, forming strong, positive relationships and increasing your network are essential to a successful real estate business. It's all about connections! Building your network at the ground floor with the most invested and powerful stakeholders shaping your community allows you to develop those relationships organically and expand your circle of influence.

Ultimately, a greater understanding of planning and zoning strengthens your position as a resident, a citizen, and as a real estate professional. With all these benefits, who wouldn't want to learn more?

Defining Planning and Zoning

Because planning and zoning are so frequently mentioned together, people often think they mean the same thing. But they do not. There is a distinct and important difference between these concepts.

↘ **Planning:**
The first step in the process that determines how land is to be used. It happens before any zoning and regulation occur. In fact, when we think about that peek into the future—that crystal ball—we're talking about planning. Planning is, in effect, the vision for the future, a master plan that provides the basis for all zoning regulations that might follow in years to come. But this comprehensive, or master, land use plan comes with one big caveat: it's not enforceable. This is where the zoning part comes in.

↘ **Zoning:**
Implements the land use policies and objectives of the comprehensive plan. It's the process that regulates the use and development of land in a way that's generally consistent with the comprehensive master plan. In short, planning is the way people intend to adapt the land for specific purposes, whereas zoning is how people officially regulate the land based on the comprehensive plan.

How Do Planning and Zoning Relate to Smart Growth?

Smart growth, as we will discuss in more detail later in this course, is an approach to development and redevelopment that makes it possible for communities to grow in a variety of constructive, productive, and ecologically sustainable ways. Smart growth is more responsive to shifts and trends in market demands; more supportive of long-term economic growth and job development; and better at using the land and the built environment in more environmentally friendly ways that both increase the health of residents and the planet and create more cohesive, more resilient neighborhoods through a range of housing, commercial, and transportation options.

Because planning and zoning lay the groundwork for determining how land is to be used, they are foundational to any community's smart growth initiatives. The comprehensive plan puts forth the overall goal, objectives, and vision for development, and the zoning

creates enforceable policy to execute that vision. The two work hand in hand with each other. Understanding smart growth principles, then, is understanding the vision for your market's future.

Areas highly rated for smart growth, for example, are holding their value in down markets and excel in other markets. Planning and zoning provide insight to whether an area can grow smartly or be restricted to its current status and not have the amenities that will appreciate as well. Advocating for smart growth principles in the planning and zoning process can lead not only to a more equitable and sustainable community, but also to better sales results.

Before we get into the details of this course, let's clarify what smart growth is and is not.

Figure 1.1: What Smart Growth Is and Isn't

What Smart Growth Is	What Smart Growth Is Not
↘ More transportation choices and less traffic	↘ Not against cars and roads
↘ Vibrant cities, suburbs, and towns	↘ Not anti-suburban
↘ Wider variety of housing choices	↘ Not about telling people where or how to live
↘ Well-planned growth that improves quality of life and economic development	↘ Not against growth

But make no mistake: the visioning, planning, and zoning process is long and continually evolving. This is why it's important to start at the beginning. An understanding of how planning and zoning began and evolved over time will help you better understand your communities today—knowing how they came to be can help you begin to make them better. Greater knowledge of planning and zoning will provide you with more authority in your own community to engage and advocate for the type of smart growth development that will help your friends, your family, and your clients.

Evolution of Planning and Zoning

Planning and zoning how land is to be used is a complex endeavor. There are many different interests, perspectives, and values among the stakeholders in the community that will need to be negotiated and debated until a resolution is reached. Ultimately, the goal is to develop the community in a way that provides the most benefit for all—residents, businesses, the environment, and the health and safety of the entire community.

The pivotal concern, of course, is exactly what that development looks like. This is important to keep in mind because communities don't just randomly appear as they are. They are meticulously visioned, planned, and developed by people who are determined to have a voice in the life of the community—as well as by people determined to profit from it.

People's perspectives, however, are not always and everywhere the same. They change over time based on cultural values, available technology, energy consumption patterns, economic patterns and trends, geography and climate considerations, and other factors. To have a fuller appreciation of your community today, it's helpful to know how the planning process has unfolded over time. An understanding of the past will provide you with a better grasp of the impact you can have in advocating for smart growth in the future.

EARLY HISTORY

Although the terms *planning* and *zoning* may seem disconnected from everyday life, they actually evolved from everyday life. In pre-industrial times, when the United States was primarily an agrarian society, zoning regulations weren't necessary. Instead, grievances between landowners were typically settled by "nuisance laws." If someone had a grievance about how a neighbor was affecting their property, they could simply take that neighbor to court and let a judge make a ruling on what was permissible or not based on that particular case.

But as the county became more industrialized and cities, such as New York City, became more densely populated hubs of economic and residential life, nuisance laws weren't able to keep up. Overcrowding, emerging industrial hazards, environmental pollution, and sanitation issues became escalating problems. It wasn't possible to deal with conflicts and debates over land usage on a case-by-case basis. Planning and zoning, then, emerged as technology advanced and changed the way we lived on a daily basis.

These emerging urban centers also brought people of diverse backgrounds into close proximity. People of all different races, nationalities, and classes—who often had different values, means, and livelihoods—were jostling for space to live, work, and play. To resolve these spatial conflicts, a greater emphasis on planning evolved.

Ultimately, local governments sought to mitigate conflicts by regulating land use rather than trying to deal with them after the fact, as nuisance laws did. There was a movement throughout different cities to begin "zoning" different parts of the city for specific uses—such as for industrial use, commercial use, or residential use. By keeping the land use separate, the hope was that the community would be safer, healthier, and more efficient.

This idea of zoning was codified nationally in 1926 when the Supreme Court ruled that communities could use their police powers to enforce zoning codes designed to protect the economic interests of landowners. Because the case the Supreme Court ruled on originated in Euclid, Ohio, this type of zoning became known as Euclidean zoning. We also know it today as single-use zoning because it protects land value by separating land uses, ensuring that they don't negatively impact each other. For example, the noise and smoke of a factory in an industrial zone are kept away from homeowners with families living in residential zones.

However, zoning did not just separate land use, it also explicitly separated people under the justification that segregation was safer, healthier, and protected land values. In 1917, the Supreme Court ruled in Buchanan v. Warley that "such a prohibition cannot be sustained upon the grounds that, through race segregation, it serves to diminish miscegenation and promotes the public peace by averting race hostility and conflict, or that it prevents deterioration in value of property owned and occupied by white people." Despite the court's ruling, the evolution of exclusionary zoning and racially restrictive covenants in property deeds maintained segregated residential development for over half a century.

POST–WORLD WAR II: ADVANCES IN TRANSPORTATION AND INFRASTRUCTURE FUNDING

Advances in transportation technology had a particularly profound effect on single-use zoning. Railway systems within and between cities allowed people to traverse greater distances faster and more efficiently. The mass production of the automobile also changed where and how people lived and worked. After World War II, an increase in federal funding for new infrastructure escalated this

dramatic change in land use even further. The plan was designed to provide better access between cities to increase national security and promote interstate commerce. But in the process, these new, massive interstate highways divided or eliminated entire neighborhoods. The neighborhoods most impacted were those with the least political power to resist, often low-income communities and communities of color, displacing thousands of residents and businesses.

State and local highway departments increased their own spending on roads to connect to the interstate system and further expanded the accessibility of areas on the outskirts of cities and towns and beyond. Other infrastructure subsidies followed, most notably federal loans to expand sewer and water infrastructure adopted in the early 1970s. What resulted was suburban sprawl, an inefficient and costly use of land whereby communities with fewer and fewer people would occupy increasingly larger tracts of land.

The growth of suburbs fed into people's reliance on the car as their dominant form of transportation. Not only was residential zoning separate from business zoning, but the zones were so sprawling and spread out that any suburbanite required a car to fulfill their daily living needs. This type of sprawling single-use planning and zoning regime carried on for decades and still persists to a large degree today.

CONSEQUENCES OF SINGLE-USE ZONING

Funding the large infrastructure and suburban development projects of the mid-20th century has had many adverse consequences on the United States. As more money was pumped into building suburban communities for primarily white middle-class families, the urban core was depleted of funding and resources. The lending policies at the time assured this dichotomy in fortunes.

The American mortgage industry expanded rapidly in the wake of World War II, as returning GIs had families and the economy caught up with years' worth of pent-up demand for new places to live. To avoid risk, underwriting standards prioritized uniformity and homogeneity—of building age, condition, and used race and income of owners and renters. Going back to 1935, lenders relied on underwriting guidelines and "residential security maps" developed by the federal government to determine loan risk. On these maps, the affluent and exclusively white neighborhoods were designated as "Grade A," colored green, and received ample federally backed financing. Areas with older housing stock, working-class residents, or any number of "foreign" or Black people were designated as "Grade D" labled "hazardous" and colored red—thus the term redlining. See Figure 1.2 for a real life example of Baltimore's map from 1935.

Redlined communities were systematically denied the necessary financing to purchase and maintain property. The effects of redlining are still clearly present today in impoverished, under-resourced neighborhoods across the United States. In effect, single-use zoning and the lending industry that emerged with it over the past century served as a modern-day driver of segregation.

Figure 1.2:
A Residential Security Map of Baltimore, MD
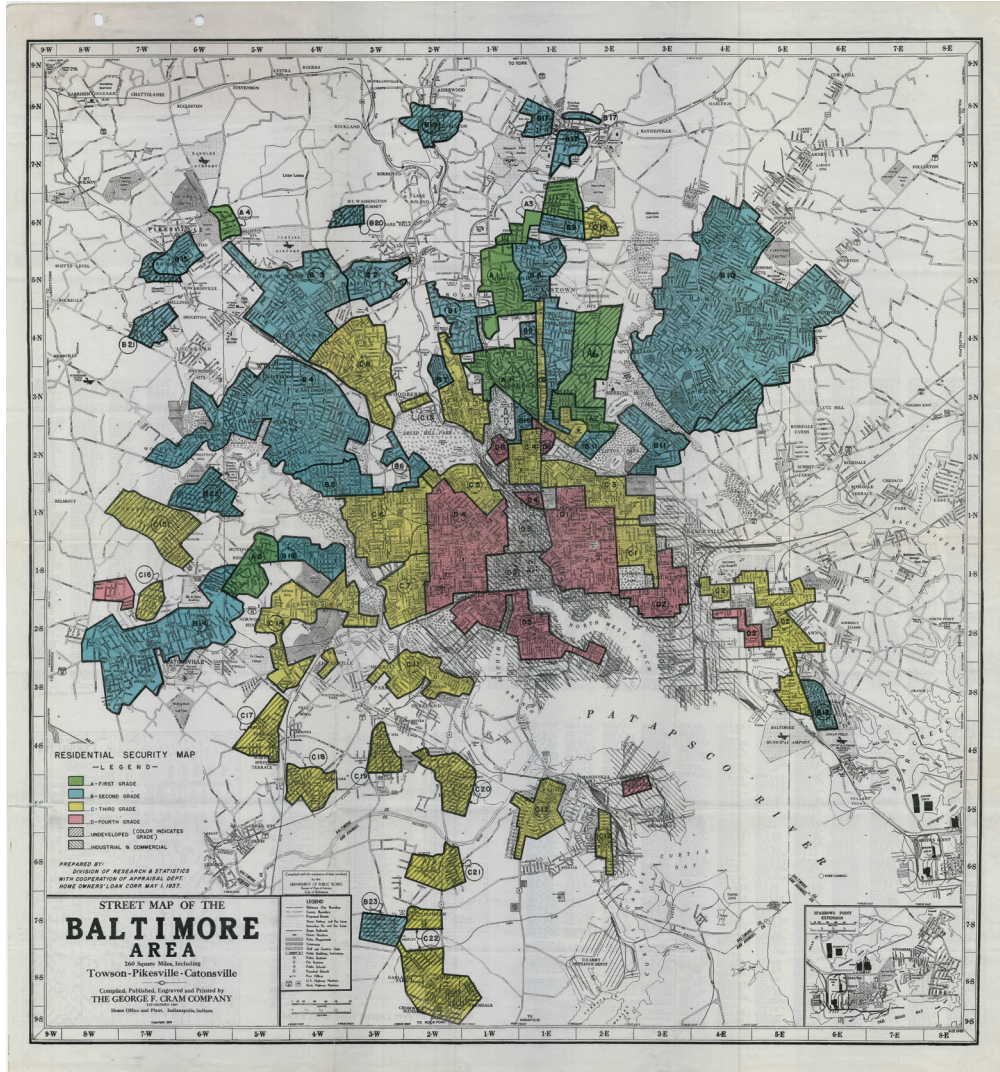
Figure 1.3:
Levittown, New York, was one of the earliest planned suburban developments. From the beginning, racially restrictive covenants were placed in Levittown property deeds to explicitly exclude non-white occupants. Levittown became the model for suburban development throughout the country and to a large extent is still the model today.

The rise of single-use zoning has also led to adverse environmental impacts. Our reliance on cars has made us dependent on fossil fuels, not only collectively but also for each individual family. The trend over the past 80 years has been to reside in increasingly larger houses that require more energy to cool in the summer and to heat in the winter. The average size of a new single-family home in the 1950s was just under 1,000 square feet. Today it's more than double that, at approximately 2,400 square feet. And this increase in housing size is in direct contrast to family size, which has gotten increasingly smaller since the 1950s.

Suburban sprawl and our reliance on cars have also led to the deterioration of main streets and town centers. Retail commercial developments were zoned separately from residential centers to ensure enough space for large shopping centers with parking lots to accommodate more cars. This retail and infrastructure sprawl has further increased the adverse environmental effects. One of the most common impacts of new suburban development is related to flooding and water quality. New developments create a lot of "impervious surfaces"—concrete and paved areas that can't soak up rain. Instead of being absorbed by plants and soil, the rain that falls on these roads, parking lots, driveways, and roofs runs into storm drains, which may not be big enough to handle the new volumes. Cities are paying billions of dollars to upgrade their storm sewer systems to accommodate increased water flows, and homeowners and insurance companies are paying their share of these costs, too.

Figure 1.4:

Flooding in suburban communities that have large spaces with many impervious surfaces that don't allow for the proper absorption of rainwater is expected to become more frequent, more costly, and more dangerous in this era of escalating climate change.

PUTTING IT ALL TOGETHER

All of these factors—single-use zoning, subsidies for new infrastructure, and financing practices—worked together, along with consumer demand, to create the landscape we know today, which is characterized by:

↘ Steadily decreasing population density—that is, fewer people taking up more space

↘ Larger and larger metropolitan regions—sprawl—which then require longer commutes to work and even more infrastructure, both of which ultimately take up more land, use more resources, and contribute to climate change.

↘ Reliance on cars as the primary mode of transportation, whereby communities are planned and designed with this mode in mind—for example, driveways, parking lots, and housing communities clustered along highways.

↘ More space being consumed overall—that is, the more sprawling our communities become, the more costly they become, not only environmentally but also economically, as it costs more to build, manage, and maintain such complex infrastructure, such as water and sewer lines.

Figure 1.5:

Each of the red dots represents a household. In 1948, just 4,000 fewer people lived in a much smaller area. As any kind of infrastructure spreads out, it costs more to maintain and operate, but in this case virtually the same number of people are paying those higher costs. These maps were prepared to explain the rising per-household costs of sewer and water infrastructure in the Cleveland region.

1948 Population: 1,389,582
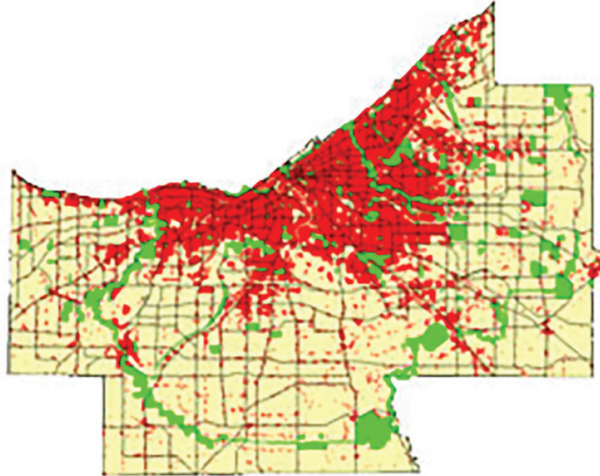
2002 Population: 1,393,978
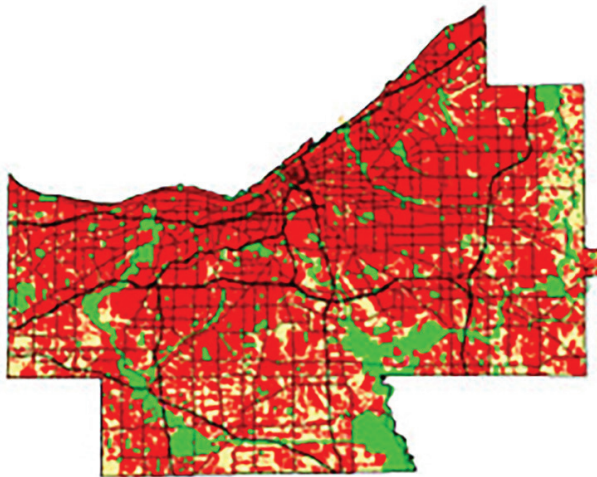
The issue now is that our needs have changed, yet in many places it is still easier to build something that looks like the sprawling suburban developments of the 20th century by clearing yet more large tracts of land than it is to build mixed-use or mixed-income communities, let alone rebuild and reinvest in existing places.

Moving forward, as we think about smart growth and how to effectively reimagine our communities, keep in mind these entrenched factors, as they pose significant obstacles and challenges for creative outside-the-box thinking that will lead to healthier, more equitable communities.

You also must have a clear understanding of the components, principles, and processes of planning, zoning, and smart growth development. We will spend the rest of this course looking more closely at all of these components.

But first let's spend a few minutes exploring your market and how planning and zoning impact the space and its residents.

Visualizing Your Market:
Identifying Trends and Patterns

As we just learned, planning and zoning aren't separate from our daily lives. They influence and are influenced by the same cultural, technological, and economic forces that shape who we are and what we value. To help make this connection clearer as we explore these processes, let's do some research on your particular market. All the information you will need is readily available through the U.S. Census Bureau's American FactFinder website.

1.   Go to http://data.census.gov/.

2.   In the box labeled "Explore Census Data," enter the location in which you're interested. Further refine the geography if you are prompted.

3.   This source includes information for cities, towns, counties, and states. It does not include information for entire metropolitan regions. Be sensitive to this difference, especially if your interview with the AE or GAD indicated a big difference across the region.

4.   The summary fact sheet that comes up includes links to more detailed information on social characteristics, economics, housing, and demographics.

5.   In the left-hand side bar, "Population Finder" gives you quick access to the most recent population estimate and recent trends.

SAMPLE QUESTIONS TO ASK YOURSELF

GEOGRAPHY

↘ How does the association geography compare to the census places?

SOCIAL CHARACTERISTICS

↘ How many households are there?

↘ What percentage of those are single-person households ("Householder living alone")?

↘ What percentage are married couples with their own children under 18?

↘ How many people moved into the area in the last year? ("Residence 1 year ago: Different house in the U.S.")

ECONOMIC CHARACTERISTICS

↘ What is the median family income? How does it compare to the US average?

↘ What is the per capita income?

↘ What is the unemployment rate? ("Civilian labor force: percent unemployed")

↘ What are the top three or four industries?

HOUSING CHARACTERISTICS

↘ What is the median home value?

↘ When were most of the homes in the area built?

↘ What percentage of homeowners with mortgages are paying more than 30 percent of their income for housing? ("Selected monthly owner costs as a percentage of household income")

↘ What percentage of renters are paying more than 30 percent of their income for rent? ("Gross rent as a percentage of household income")

DEMOGRAPHIC CHARACTERISTICS

↘ What is the total population?

↘ What is the median age?

Exercise 1.1: Thinking Towards the Future

Imagine that you are the head of the planning board for your town. Your job is to present an initial vision for your town for the next decade. With the data you just collected in mind, try to anticipate the future needs of your market. What parts of your community are in need of development, could be revitalized, or could be repurposed in some way from their current use? Your comprehensive plan could include initiatives for residential space, commercial space, industrial space, or an altogether new mix of the three.

Take 10 minutes to jot down some thoughts for your vision.

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

MODULE 2:
Visioning and Planning

BY THE END OF THIS MODULE, YOU SHOULD BE ABLE TO:

↘ Identify the key components and stakeholders of the comprehensive planning process and how they play a role in your community's development.

↘ Explain various perspectives on growth, making sure to identify specific strategies that can lead to more sustainable and equitable communities.

↘ Discuss ways in which you can network and be an advocate in the planning and zoning process for smarter, more inclusive communities while also growing your business.

The visioning process and resulting documents, such as the Comprehensive Plan/Master Plan, are guides to where and how your community should grow. Typically, they are released every 20 years but are updated more frequently.

This module will explore the components and process of visioning and planning. We will look at the various groups involved, how the process works, and ways in which you can add your voice and perspective to create smarter, more inclusive communities that will help build your reputation and your business.

Components of Comprehensive Planning

The general goals of the planning process, and the planning document that emerges from this process, are many. Overall, the planning document is designed to guide long-range community planning. It presents future-oriented and aspirational goals and objectives regarding the physical, social, and economic development of the community and includes detailed descriptions of the land use policies adopted by the plan.

Let's focus on the three primary components that are a part of every planning document:

➘ Land use

➘ Housing

➘ Transportation

LAND USE

The land use component identifies existing residential, commercial, industrial, institutional, and mixed-use land use areas. It also designates future land use areas by considering community growth and needs. Both are important because they impact the general goals and trajectory of a community. Does the community want to invite more commercial activity? Is it thinking more about affordable housing? Or about the environment and conservation?

The answers for these questions are shaped by the designations for land. The plan for land use reflects desired future development patterns but does not regulate for specific uses. That comes later in the zoning process, which we will discuss in the next module.

HOUSING

This component of planning assesses existing housing conditions and community needs. It also includes projections concerning residential growth and related housing needs. Questions to consider include: Is the community or region growing in population? Are there environmental or economic trends that might compel people to leave the area or gravitate to it? These types of considerations go in the housing component of the plan. Overall, this part of the comprehensive plan provides guidance to address current and future needs, such as increasing housing options, affordable housing development, and others.

TRANSPORTATION

The transportation component includes data concerning existing travel behavior and forecasts future transportation conditions related to regional growth. Mapping existing roadways and planned improvements, identifying road functions, analyzing traffic volumes, and addressing safety and capacity concerns are all part of the consideration here.

Note that transportation planning also addresses existing and future capabilities of all modes of transportation, including pedestrian, public transit (e.g., bus and train), and bikes. For example, the planners might consider whether to maintain a double-lane road that runs through the town center or to designate a portion of that existing road as a bike lane.

Key Stakeholders

There are four primary stakeholders in the planning process, and you should be familiar with these groups and their roles. After all, it's difficult to network and build relationships if you don't know where to turn or whom to talk to. Knowing the primary players will help you get oriented in the process and help facilitate making the connections you need within your community.

Typically, the process involves the following stakeholders: the planning commission, local legislative bodies, staff and consultants associated with local government, and the general public. What follows is a brief overview of each group and the role they play.

PLANNING COMMISSION

Members of the planning commission may be elected or appointed by the legislative body, and they must be residents of the jurisdiction. Often, members of the commission have real estate, legal, engineering, or planning backgrounds, but this is not typically required.

The commission acts in an advisory capacity to the legislative body (e.g., City Council) and is typically the first reviewing body to consider comprehensive plans, rezonings, conditional uses, or any other zoning changes or amendments. The planning commission is also charged with conducting public hearings during the process, gathering evidence, creating a record of all the proceedings, and making recommendations to relevant legislative bodies.

Essentially, the planning commission is the engine for the entire process, so it's important to know who the commission members are and, if possible, get to know them individually. Doing so doesn't necessarily mean you will hold any more sway in the proceedings, but having such connections helps build your authority and credibility within your network and puts you closer to the center of influence that is shaping your community. Both are helpful in building your business.

LOCAL LEGISLATIVE BODIES

Local legislative bodies include the City Council, Board of Supervisors, and Board of Commissioners. These legislative bodies are typically the final decision-makers for any zoning, rezoning, or other changes or amendments.

Often in tandem with the planning commission, the local legislature conducts public hearings, collects evidence, creates hearing records, and issues decisions concerning zoning approvals. Obviously, knowing members of the local government can be beneficial to you and your business in a number of ways, bringing you closer to the center of local power and influence.

STAFF AND CONSULTANTS

Though it may not seem like administrative staff members are important, they are the people who typically run the process, have vast knowledge about what goes on behind the scenes, and are also often more accessible than those in charge.

Planning staff, as well as outside consultants, often review initial applications for completeness and zoning regulations compliance. Consultants in the review process may include city engineers, the building department, and other experts—for example, environmental or wetland experts. The staff will also collect and disseminate analysis and recommendations regarding zoning applications and may sometimes be authorized to approve administrative applications (e.g., a zoning compliance permit).

THE GENERAL PUBLIC

Citizens within a jurisdiction also play a role in the planning and zoning process. Most zoning application approvals require some form of review at a public hearing. Such meetings are open to the general public. Often other interested parties (i.e., abutting neighbors) receive notice of such hearings as well.

Members of the general public are given an opportunity at public hearings to speak openly regarding their opinions, concerns, support, or denouncement of proposed development plans.

Note that the wider public includes interest and advocacy groups that have a stake in the direction of community planning. REALTOR® associations, for example, have a voice and role to play in the planning process, as do the chamber of commerce, community organizations, homeowners associations (HOAs), community land trusts, environmental groups, and more.

Implementation and Adoption

Obviously, the actual implementation process is long and complex, requiring multiple reviews of the planning document by experts, the acquisition of evidence, numerous hearings, revisions, debates, and so on. But the process does have a systematic flow stemming from the original comprehensive planning document, so it's helpful to have a general understanding of how it works.

The comprehensive plan below outlines the general objectives, goals, and policies for zoning.

PLANNING OBJECTIVES

↘ **Provide the basis for planning goals**

■ **Example:**
Meet the community need for housing

PLANNING GOALS

↘ **Provide the basis for planning policies**

■ **Example:**
Provide a balanced housing inventory that includes multifamily housing

PLANNING POLICIES

↘ **Indicate the conditions under which multifamily residential development should occur**

■ **Example:**
MFH should be located near public transportation to minimize commute times

The implementation process should identify the strategies for implementing the objectives, goals, and policies of the comprehensive plan. Strategies may include recommendations to amend the zoning, subdivision, and other development regulations to make implementation into a specific community more realistic. That is, implementation strategies might help better align plans to the values of a community, help with budgetary challenges, or account for environmental or equity concerns. Implementation will also include a schedule of action items, assign responsible parties, and require ongoing monitoring and reporting on the status of each action item.

COMMUNITY VISIONING

One of the biggest changes in the planning process in the last 25 years is that community members need to be engaged in setting the course for new development and redevelopment.

Community visioning processes bring residents and other stakeholders into the planning process at the "ground floor," creating opportunities for people to articulate what they want to preserve and develop in their community and what they want to change.

Visioning can happen at many different scales. For example, regional visioning processes on the Wasatch Front around Salt Lake City, Utah, allowed local and state elected officials to develop plans for new investments in growth around transit that were grounded in the community's vision. During this process, which was championed by a group called Envision Utah, community members were given the information they needed to weigh complicated trade-offs based on shared community values.

To get the general public involved in the process, charettes might be held, which are meetings in which all stakeholders come together to try to resolve issues, conflicts, and concerns. A series of public hearings will also be held, and online surveys are often sent to members in the interested jurisdictions. These are all conducted to assess the feasibility and acceptability of the comprehensive plan's proposed planning goals and policies.

Figure 2.1: A charette in Burtonsville, California

Credit: Photo by Bossi via Flickr

To formally adopt the plan, the planning commission can either adopt or make a recommendation for adoption to the local legislative body. Approved planning goals and policies will form the basis of the comprehensive plan.

NIMBYISM (NOT IN MY BACKYARD)

With all these stakeholders and the competing interests and visions that emerge, you can imagine that politics and the leveraging of influence and power play a part in the planning process. The interests and perspectives of various stakeholders often overlap and are messy. For example, the interests of local legislators might be different than the interests of local businesses, which might be different than those of the local residents and interest groups, who in and of themselves might have competing visions for what's best for the community at large.

One issue that commonly emerges is referred to as NIMBYISM (not in my backyard). NIMBYISM describes residents' opposition to proposed development in their neighborhoods. Often NIMBYISM is associated with privileged, affluent communities rejecting projects that might support a greater community or societal good. For example, wealthy residents along the coast might oppose a wind farm that will obstruct their view of the ocean or oppose building affordable housing or a community center for disadvantaged children and teens.

However, you might also encounter residents from various socioeconomic backgrounds expressing NIMBY views. For example, they might oppose plans for a new power plant to be constructed in proximity to their town that might have long-term environmental or health consequences for the municipality and broader region. Residents might also oppose the encroachment of larger

commercial retailers moving into a town because it might bankrupt smaller local main street businesses, decaying the character and values of the town.

Ultimately, as a real estate agent, businessperson, and stakeholder in the community, you need to work hard to understand the perspectives of everyone involved. Rather than rush to judgment about one viewpoint or another, attempt to appreciate all perspectives and then weigh the short- and long-term implications of each. This doesn't mean you ultimately ignore your opinion on local matters and the development of your community. Far from it. But it's in your best interest in building your authority, credibility, and business to acquire knowledge and gain the perspective of all stakeholders so you can best explain to your clients what is happening in the community, as well as advocate rationally and forcefully for what you believe to be the best path forward.

Perspectives on Growth

Issues related to NIMBYISM often have to do with growth—that is, how, where, and to what extent a community should invest in development. Let's look at some common perspectives on growth.

⬊ **Pro Growth**
Pro-growth stakeholders generally favor bringing commercial development to a community. The rationale typically is based on the premise that bringing in commercial and business interests will result in more jobs and expanded economic opportunities for residents. Pro-growth stakeholders also tend to prioritize the utilization of land and other natural resources over conservation and environmental concerns, which often means they also advocate for minimal government restriction and regulation.

⬊ **No Growth**
No-growth stakeholders generally oppose new commercial development. The rationale for this perspective is that external commercial interests will tend to drive out small businesses and older residents who likely have deeper roots in the community, and generally diminish the quality and values of the town. To this end, no-growth stakeholders also tend to support strict land development regulations to preserve the character, integrity, and resources of the natural environment.

⬂ **Smart Growth**

Smart-growth stakeholders tend to accept that growth and development will continue to occur regardless of efforts to prevent it. So rather than try to thwart growth entirely, those who advocate for smart growth seek to direct growth in an intentional, comprehensive way.

Smart growth can be viewed as the middle ground between pro-growth and no-growth development perspectives. It favors the development of sustainable communities with a greater range of options for housing and focuses on redevelopment of existing communities rather than development of open areas, farmlands, or natural areas.

Again, each of these perspectives has its own strengths and weaknesses. As an advocate of smart growth, you will need to clearly understand the perspectives of both the pro-growth and no-growth sides so that you can be an advocate for a balance that will work best for all. We will talk more about the details of smart growth and smart-growth principles later in the course.

SUDDEN GROWTH

Sudden growth occurs when a community must adapt to a sudden, forced spurt in growth. This can happen when a major manufacturer such as Ford or a business such as Amazon moves to an area, or when a government agency creates a new facility, such as a U.S. Army base. In sudden growth situations, a community will need to accommodate hundreds or sometimes even thousands of new residents. This requires complex visioning and planning for all stakeholders to create a plan that will accommodate the housing, service, and transportation needs of not only the newcomers but also the existing residents.

The flip side to this swift increase in growth is a sudden decline in growth, such as when a major manufacturer leaves a community. The planning board will need to address the potential for a decline in local real estate transactions and the local economy. What will replace what's leaving? How will income be supplemented or replaced? What is the best plan for utilizing the land?

REPARATIVE PLANNING

Sudden shifts in a local economy can also require what's known as reparative planning. Reparative planning is a ground-up (rather than top-down) visioning and planning process that tries to restore communities that had been depleted or destroyed by urban planning in the past. These are often low-income, ethnic minority communities, especially historically African American communities, who were harmed during the 20th-century era of heavy investments in infrastructure and suburban developments that typically benefitted the White population. Reparative planning accounts for the voices and preferences of the local community at the early stages of the process to foster and create more cohesive and equitable revitalization.

A litmus test for proactive, sustainable reparative community-based planning has been put forth by the Thrivance Group, an accountability partner to urban and transportation planning policymakers, regulatory agencies, and civil service agencies:

↘ The policy, on its own or in combination with another policy, addresses a specific element of harm identified through research and stakeholder perspectives.

↘ The policy or the implementation plan strives to identify a specific and intentional recipient of issue-specific, direct intervention.

↘ The eligibility/qualifying factor does not pose an additional burden or barrier that would contribute to new or additional displacement.

↘ The policy and the people who implement the policy intend to create permanent redress for the impacts of past harmful planning practices.

In recent decades, cities around the United States have implemented reparative planning by tearing down and rerouting highways that destroyed predominantly African American communities in the 20th century and creating affordable housing, green spaces, and mixed-use developments. Two notable reparative planning success stories are Milwaukee, Wisconsin, and Rochester, New York.

AFFORDABLE AND WORKFORCE HOUSING

Housing prices around the country, and especially in urban and suburban areas, continue to escalate, outpacing real incomes and putting homeownership out of reach for millions of citizens. This surge in real estate prices is also creating a crisis for current homeowners to remain in their homes.

One of the most contentious aspects of planning is associated with affordable housing and equity. Affordable housing is typically defined as housing for households making 60 percent or less of the area median income (AMI). Planning for affordable housing of course faces budgetary challenges (how a community will pay for it) but also calls into account the aspects of NIMBYISM and perspectives on growth discussed earlier. Residents, for example, might support affordable housing in theory but then reject proposals for such development in their neighborhood. The same might be said for pro-growth advocates who want to expand a consumer base but don't want to do so at the expense of commercial development.

The visioning and planning process needs to account for this crisis in housing affordability. What are the value and benefits of planning for affordable housing? How does a community create long-term sustainable housing for its workforce, present and future?

A concept that is becoming more popular within the broader discussion of affordable housing is workforce housing. The Urban Land Institute (ULI) defines workforce housing as housing generally affordable to households earning between 60 percent and 120 percent of AMI. Workforce housing is meant to target populations that might not qualify for lower-income subsidy programs. The ULI has suggested some strategies for creating workforce housing:

- ⬊ Create a vision for the future of the community.

- ⬊ Create a dedicated housing trust fund.

- ⬊ Repurpose vacant land and underutilized retail space.

- ⬊ Adopt inclusionary zoning.

- ⬊ Create a community land trust.

- ⬊ Update land development codes to encourage development in already urbanized areas.

- ⬊ Allow single-family homeowners to build and rent out accessory dwelling units.

Exercise 2.1:
Forecasting Issues in Your Community

Taking into account all that you've learned in this module about visioning, planning, and perspectives on growth, spend 10 minutes thinking through the specific challenges that would be encountered in the planning process for your town. Try to be as specific as you can. Where, for example, might NIMBYISM be experienced, and with regard to what plans for development? What's the general tenor of your town—pro growth, no growth, smart growth? Where is affordable housing needed? Workforce housing? Where is it possible? Where might it face resistance? Why?

Getting Involved (on the Ground Floor)

The key to being an effective voice in this process to both better advocate for your community and expand your business is to get involved in the planning and zoning process—on the ground floor. If you have a seat at the table early, not only will you be able to develop more authentic relationships with important and influential members of the community and relevant stakeholders, but you will also have a far better understanding of where the process is at each step of the way. Just as importantly, you will gain insight into what the future will hold for the community.

The communities we need (and want) in the 21st century require a new approach. We need a variety of perspectives to understand the trade-offs that come with new land use and development rules. This is where real estate professionals will play a vital role. As we've discussed, developmental economics and policy are complex, involving a variety of expertise (law, demographics, economic development, housing, and more) and an even more diverse group of interests (such as business owners, developers, community developers, civic groups, and environmental organizations). You can serve as the hub that brings people together and helps build bridges that work for your business and the community.

Figure 2.2:
REALTORS® and Community Development Relationships
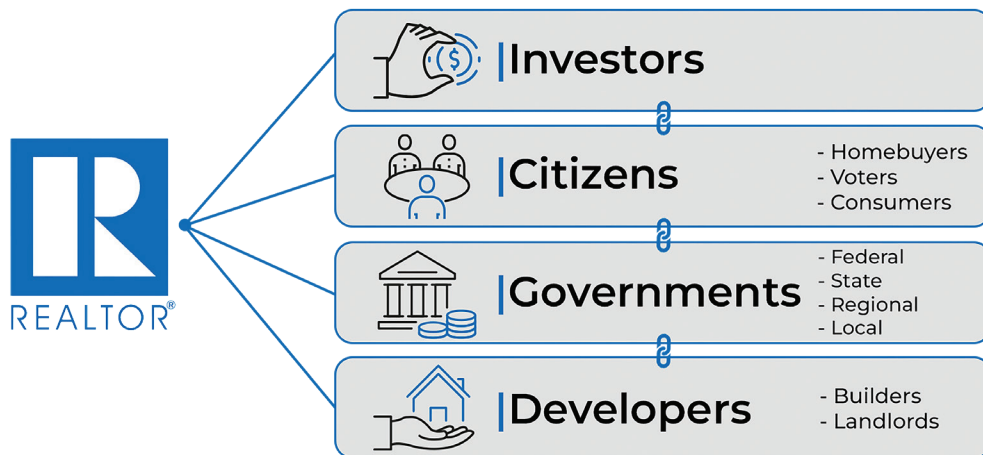
BUILD AND DEVELOP RELATIONSHIPS

As you know, networking in real estate is not just about making connections that can benefit you now; it's also about making connections that can benefit you in the future. To that end, being involved in the planning and zoning process provides endless and very valuable networking opportunities that you can develop organically. Why? Because anyone you meet at a public hearing or a charette has a vested interest in the community. You will meet investors, developers, and local businesspeople. Each person provides unique opportunities to expand your network and referral system.

And because the planning discussion revolves around the development of the community broadly, in a multitude of ways, it invites opportunities to connect and get to know people informally— for example, where they live, what their occupation is, and whether they have children or grandchildren. Whatever their interests and values, you can help support them and connect them with other members of the community who may be able to provide services or business opportunities within their current orbit. These types of connections help build general trust and credibility in the community, which over time will help build and grow your business.

Of course, such occasions also invite the opportunity to establish formal relationships and alliances as well. You should also be sure to build alliances with other industry groups and constituencies, such as:

➘ Homebuilders association

➘ Chamber of commerce

➘ Nonprofit housing groups

➘ **Local chapters of:**

- AARP

- Urban Land Institute

- American Planning Association

STAY INFORMED

It's not enough to attend some preliminary meetings or hearing, learn a few names, shake a few hands, and call it a day. The real benefit comes in establishing yourself and your business as a long-term stakeholder in the community. To that end, you need to stay informed. Make sure you monitor planning commission and city council agendas. Sign up for mailing lists so that you are always current on the state of affairs, impromptu hearings, and delays in the process. The more informed you are, the more informed your clients are. As always, it's best if you are the source of the source for information.

STAY INVOLVED

Staying involved of course is predicated on staying informed. But you should also have a plan for exactly how you will stay involved. Remember, it's likely best if you are there collecting information, trying to understand the perspectives of various stakeholders, in addition to advocating for what you think is best. So, with that in mind, create a general set of guidelines for how you will act and what you will advocate for. As both a businessperson and a citizen, you need to be intentional with how and when you express your opinions, always considering what will bring about the results you most desire. A few suggestions to consider:

↘ Stay involved with your local association policy committee.

↘ Choose your battles strategically.

↘ Use your political capital wisely.

↘ Participate in study committees and task forces.

A CASE EXAMPLE:
GREENSBORO REGIONAL REALTORS® ASSOCIATION

The city of Greensboro, North Carolina, recently drafted its 20-year comprehensive plan for 2040. The Greensboro Regional REALTORS® Association decided to get involved and be a vital and active contributor in the planning process. The GRRA gained valuable insight into the housing and transportation priorities of the region's residents by creating a survey regarding development and transportation preferences in the area. Members of the GRRA then conducted phone interviews with hundreds of residents to glean not only the types of development and transportation initiatives the residents desired, but also where such development would be most beneficial.

Nick Scarci, the Political Operations Director of NC REALTORS®, said, "On a macro level, we learned that there's a strong appetite for smart growth in Greensboro." With insightful, grassroots data in hand, the GRRA was then able to promote the merits of affordable housing, strong public transportation, walkable communities, bike lanes, and other aspects of smart growth. Its efforts and contribution earned the GRRA an award from the North Carolina Chapter of the American Planning Association, as well as goodwill and enhanced credibility with local residents, businesses, and government officials.

The GRRA's participation in the planning process provides a clear and definitive example of how getting involved at the ground floor can increase the status and value of your business while helping you become an advocate for a healthy and sustainable community for everyone.

Exercise 2.2:
Create Your Alliance Wish List

Take a few minutes to identify which member of your community it would be best for you to form a relationship with. Consider how this relationship would help make your voice stronger and more valuable as an advocate for smart growth and also how it would help your business. This would be a good time to reflect on the list you created earlier of the political issues that will likely arise in your community with regard to planning and development. Often the people involved in the most politically contentious issues are the ones who might be the best to include in your network.

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

MODULE 3:
Zoning

BY THE END OF THIS MODULE, YOU SHOULD BE ABLE TO:

↘ Summarize how zoning has evolved and how this history has discriminated against and negatively impacted historically marginalized communities.

↘ Explain how zoning relates to the implementation of smart growth.

↘ Discuss the components and processes associated with zoning.

As we discussed in Module 1, zoning implements the land use policies and objectives of the comprehensive plan. It's the process that regulates the use and development of land in a way that's generally consistent with the comprehensive plan. In effect, the comprehensive plan puts forth the overall goal, objectives, and vision for development, and the zoning creates enforceable policy to execute that vision. The two work hand in hand with each other but are distinctly different.

Even though the difference between planning and zoning is actually quite clear, zoning in and of itself is complex. For various stakeholders in the community, zoning can mean different things because they have different goals and motives. For example, for planners, zoning is simply a tool to realize and implement the comprehensive plan. But for developers, zoning might be seen as a tool for guiding construction and building processes. For business

stakeholders, zoning helps guide investment. For residents, zoning might be primarily thought of as a form of protection and safety for their homes and families.

Because these different visions at times might be in direct conflict with one another, it's important to know the various components and types of zoning so you can be an effective advocate for smart development in your community.

Zoning: A Brief History

We have been emphasizing in this course how planning and zoning emerge from daily community life, not apart from it. This fact is clear even from the implementation of the very first official comprehensive zoning laws, which were passed in New York City over a hundred years ago, in 1916.

THE FIRST COMPREHENSIVE ZONING ORDINANCES

During the early 1900s, the United States was rapidly industrializing, and New York City was at the heart of this rapid economic transition. Technological advances helped create larger and more powerful factories as well as construct buildings the size of which had never before been seen. Both of these shifts were taking place in the city of New York and increasingly resulting in discord among businesses, residents, and manufacturers.

The conflict came to a head when a 42-story building was completed in the fast-growing downtown area of New York City. It was called the Equitable Building, and at the time it was the largest building in the world in terms of sheer square footage. The massive structure was double the size of even the tallest buildings in the area, casting a shadow so long and wide that many businesses and residents were entirely blocked from sunlight.

Figure 3.1:

The sheer size of the Equitable Building, which was completed in 1915, dwarfed all other residences and businesses in the area and helped prompt the creation of zoning regulations.

Source:
https://www.bloomberg.com/news/articles/2012-06-19/the-birth-of-zoning-codes-a-history

At the same time, in other parts of the city, residents were being overcome by smoke and fumes from newly constructed factories and warehouses. And if their lives weren't being threatened by toxic factory emissions, their quality of life was being diminished by the never-ending noise, rancid odors, and traffic and commotion that came with manufacturing and industrial production.

What resulted was the passage of the first comprehensive zoning ordinances in the country that attempted to regulate land usage for particular purposes and in ways that would promote efficiency for business and commerce as well as safety and protection for residents and property owners. The practice of implementing land use zones quickly spread to other parts of the country and was codified federally with the Supreme Court decision in the case of Village of Euclid, Ohio v. Amber Realty Co. in 1926.

ZONING LAWS AND DISCRIMINATION

There is no doubt that zoning laws emerged in part to shape a more efficient and safer built environment by designating certain areas for residential use, commercial use, and industrial use. But there was also an explicitly discriminatory motive in the evolution of zoning: the exclusion and segregation of different populations, most notably and frequently communities of lower income and communities of color.

From 1910 through 1920, communities across the country attempted to implement racialized zoning, which would effectively segregate Black and White populations. In 1917, the Supreme Court, in the landmark Buchanan v. Warley case, struck down a racial zoning law in Louisville, Kentucky, effectively banning explicit race-based zoning nationwide. However, this decision only compelled segregationists to try to craft less explicit racial zoning laws that would be legally defensible. Even though the law said otherwise, zoning in practice had been and would continue to be used as a tool to deprive Black people and other ethnic minorities of equal opportunity and freedom in the United States.

If not outrightly attempting to segregate populations by race, discriminatory zoning practices continued to manifest for decades in the disinvestment in lower-income and ethnic minority urban communities through the middle part of the 20th century. As the country's population increasingly turned to the suburbs and automobiles as the primary modes of residence and transportation, the development of highway infrastructure divided—or sometimes completely eliminated—entire Black and lower-income neighborhoods.

The lending practices simultaneous to this growth, illustrated by the redlining practices discussed in Module 1, exacerbated social and economic disparities by race and ethnicity. Though redlining was officially banned by the Fair Housing Act of 1968, the legacy of these zoning and lending practices are persistent and pernicious throughout the country. Undoing these effects is a core part of the reparative planning perspective discussed earlier in the course.

How Does Zoning Relate to Smart Growth?

As we can see in the history of zoning, communities with the least amount of power and status had, unsurprisingly, the least say in what would become of their communities. Consequently, entire communities were torn apart and the health and well-being of the residents were adversely affected, often for generations.

In addition to this tragic reality, the zoning and subsequent land use of the past reflected the cultural and economic developments of the time. But given the energy and climate issues we confront today, along with a deeper awareness of the need for more equitable access to land and resources, there is a need for change. Smart growth provides an opportunity for real and sustainable change.

As we will discuss in more detail later in this course, smart growth is an approach to development and redevelopment that makes it possible for communities to grow in a variety of constructive, productive, and ecologically sustainable ways. Smart growth is more responsive to shifts and trends in market demands, such as the sudden growth discussed in Module 2. It is also more supportive of long-term economic growth and job development, better at using the land and the built environment in more environmentally friendly ways, and better able to provide affordable and workforce housing through a range of residential, commercial, and transportation options.

But implementing smart growth principles requires a rethinking of how we approach zoning. Too often community planning still defaults to the conventional single-use zoning of the 20th century. So, let's take a deeper dive into the various components of zoning and the zoning process.

Components of Zoning

Most states have requirements that zoning be consistent or "in accordance" with the adopted comprehensive plan—that is, the zoning process can't completely undo the general vision of the comprehensive plan. Generally speaking, zoning regulations today from a residential perspective are intended to:

↘ Lessen street congestion

↘ Increase public safety

↘ Promote public health and general welfare

↘ Provide adequate light and air

↘ Prevent overcrowding of land and undue population concentration

↘ Facilitate adequate public transportation, water, sewage, schools, parks, and other public requirements

THREE COMMON TYPES OF ZONING DISTRICTS

Although there are many different types of zoning districts, as a real estate professional, you need to be aware of the three that are most likely to impact towns and communities. They are residential, commercial, and industrial.

Residential is, as you might expect, a zone for where people live, including residences such as single-family, multifamily, co-ops, condos, and apartment buildings. Commercial involves zoning for business-related activities, such as offices, retail stores, restaurants, and bars. Industrial zones also involve business-related activities, but these zones are typically for manufacturing and factories, such as storage facilities, plants, and utilities.

ZONING MAP

Zoning maps are used to demarcate the land use zones of a community. As you can see in Figure 3.1, which shows a zoning map for [Fairfax, Virginia,] specific functions are coded on the map by different colors. The yellow, green, and orange portions of the map highlight the residential zones; the red hue denotes commercial and business functions; and gray tones, typically on the periphery of the map, show where the community is zoned for industrial activity.

You'll also notice two other types of zones: mixed-use zones in blue where a lot has been designated for multiple functions, and overlay zones, shown in multicolored patterns, which are zones that have additional zoning regulations applied to existing zoning ordinances. Overlay zones serve a variety of functions. They are often used to protect certain aspects of the community, such as historical places or natural resources, or to provide special guidance for development, for example, to build affordable or workforce housing. Overlays can be contained within a specific zone or cut across multiple existing zones.

Figure 3.2: City of Fairfax Zoning Map

Source:
https://www.fairfaxva.gov/government/community-development-planning/zoning/zoning-subdivision-amendments/zoning-map
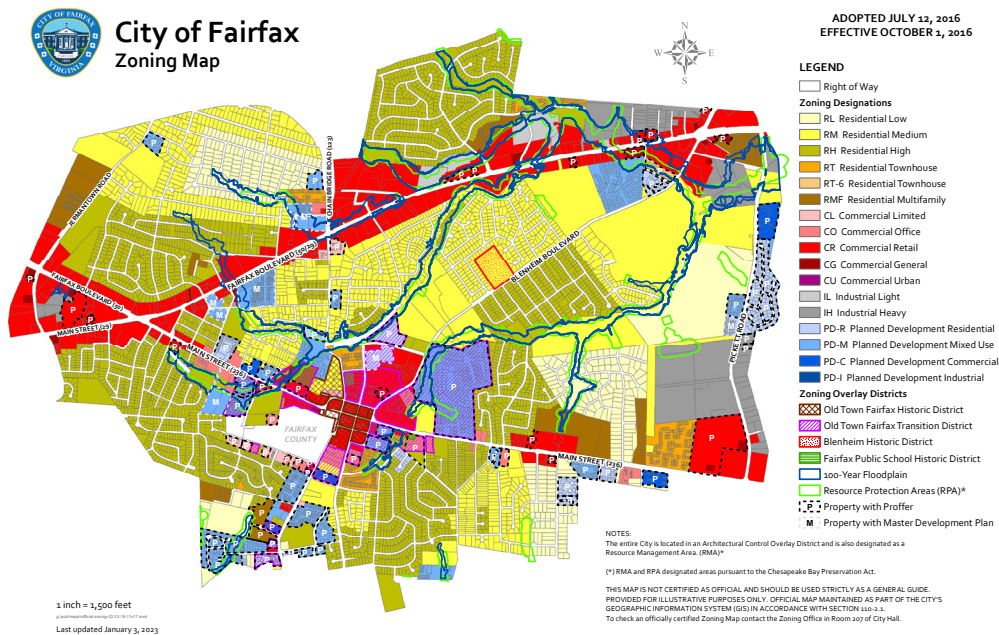
EUCLIDEAN ZONING / SINGLE-USE ZONING

As mentioned earlier, the origin of today's zoning codes is the 1926 Supreme Court case Village of Euclid, Ohio v. Ambler Realty Co. The ruling in that case codified the power of the laws that predated it, known as private nuisance laws, which were used to resolve land use conflicts. The basic rationale behind these laws was that landowners possess the right to free use and enjoyment of property, as long as that use does not injure the rights of others. In deciding private nuisance claims, courts had to "draw lines" to determine the established residential districts that should be protected from invading offensive uses.

These laws, along with the Euclid ruling, allowed states to authorize municipalities to designate the zoning districts that compose our communities today, whereby only compatible land uses are allowed and incompatible uses are prohibited, based on the designated zoning.

Euclidean zoning, as it came to be known, generally refers to traditional land use–based zoning regulations for a single purpose, or single-use zoning. This made sense in the wake of rapid industrialization, as it allowed communities to prohibit polluting factories from developing near residences, schools, parks, and other places. Of course, such factories still exist and threaten communities—often historically marginalized and under-resourced communities—but as our economy has shifted from industrial to digital, our use of land has shifted as well.

The standard Euclidean zoning format includes the three basic use categories we just discussed: residential, commercial, and industrial. Those categories are subdivided into zoning districts—for example, single-family, community commercial, and limited industrial. Each zoning district's regulations specify permitted uses and density and development requirements. For example, a limited industrial zoning district permits "light manufacturing" uses.

FORM-BASED ZONING

As our economy has evolved, along with our cultural values and perspectives, changes in urban planning have resulted in a less traditional form-based zoning approach. Form-based zoning focuses on the physical characteristics and design aesthetics of development over land use exclusively. It takes into account the structure of the buildings, how buildings are clustered, what else is in the area, and how various elements can work together to maximize a space. This form of zoning encourages a mixture of land uses and developments within a given area, while also trying to preserve the character and integrity of the community.

So when we think of smart growth, we need to look more toward form-based zoning, which offers the flexibility to re-envision how space can function in different and more efficient and effective ways for the betterment of the community, such as by providing more affordable housing. We will talk more about this later in the course.

EXCLUSIONARY VERSUS INCLUSIONARY ZONING

Determining where affordable housing can and cannot be developed depends on how a community is zoned—that is, whether the zoning is exclusionary or inclusionary. Exclusionary zoning describes zoning regulations that can result in the exclusion of lower-income and historically underrepresented racial and ethnic groups. Large-lot zoning is an example of exclusionary zoning. Inclusionary zoning describes zoning regulations that attempt to remedy exclusionary zoning issues—that is, inclusionary zoning provides opportunities for affordable housing.

The use of zoning ordinances to exclude certain land uses from a given area was widespread for decades in the United States. Most notably, exclusionary zoning was rampant in the first half of the 1900s as modern housing structures and homeownership proliferated. These zoning regulations prevented individuals and families of color from moving into middle- and upper-class neighborhoods. These exclusionary regulations often limited available housing opportunities by prohibiting multifamily residential dwellings and by setting minimum lot size requirements.

Inclusionary zoning originated in the 1970s, shortly after redlining was outlawed by the Fair Housing Act of 1968. Such zoning attempted to generate affordable housing by requiring housing developers to dedicate a certain percentage of their constructed projects to low- or moderate-income housing. The first inclusionary zoning ordinances were adopted in Fairfax County, Virginia, and Montgomery County, Maryland. Inclusionary zoning may be mandatory or voluntary.

MANDATARY INCLUSION

Mandatory inclusion generally requires each new housing development to include a minimum percentage of affordable housing units. This requirement still leaves much to be negotiated and debated, however. Programs vary with respect to:

❯ The minimum project size that is subject to the requirement

❯ Definitions of affordability and eligible income levels

❯ Duration of affordability restrictions on units

❯ Guidelines regarding the location, design, and occupancy

Consequently, during the planning and zoning process, alternative means of compliance may emerge, such as:

↘ Providing the required percentage of affordable units off-site

↘ Dedicating other land for affordable housing

↘ Making in-lieu cash payments to fund affordable housing

With these complex variables being negotiated, you can see how politics can easily play a critical factor in the final outcome—which stakeholders have the most finances, which have the most leverage, which wield the loudest and strongest voice. As an alternative, communities might instead opt for voluntary inclusion zoning.

VOLUNTARY INCLUSION

Voluntary inclusion seeks to encourage developers to include affordable housing units in new developments by offering incentives in exchange for the provision of such units. You might also think of voluntary inclusion as "incentive-based" inclusion.

Incentives are designed to influence development economics in a manner that transforms the provision of affordable units into a benefit to the developer's bottom line. This type of arrangement attempts to strike a balance—that is, the commercial developer is more interested in profit while the residents might be more interested in housing that all communities can afford. Offering incentives that balance both can sometimes be the best solution and produce an outcome that, while not perfect, provides the most benefit possible. Incentives may include:

↘ Density bonuses (most common incentive)

↘ Flexibility in zoning restrictions (e.g., reduced parking or setback requirements)

↘ Fee waivers, exemptions, or deferrals

↘ Expedited or priority permit review processes

Additional return to the developer (e.g., from the increased number of market rate units) can also help offset the reduced return on the affordable housing units.

Later in this course we will address specific ways in which smart growth development attempts to bridge these gaps in various stakeholders' interests to provide more equity and inclusivity for all.

ZONING VARIANCES

A variance is a change in an existing zoning ordinance on a discretionary basis granted by the local government. In terms of implementing smart growth principles, zoning variances might be required. For instance, a specific type of zoning is often in place for many years, such as the single-use zoning found in many communities across the country. But to adapt to increasing environmental and climate challenges that many communities are facing and to allow for more affordable and equitable housing opportunities for all, acquiring a variance to change a single-use zone to mixed use might be not only desirable, but also necessary.

Of course, it is possible to abuse variances (e.g., a developer gets a variance to build something that's unpopular in the wider community), but ultimately variances are necessary for communities to evolve and are ideally implemented in ways that are practical and beneficial to the overall welfare of the community. However, variance requests could be for something more substantial that has the potential to affect real estate values, such as a request to add a potentially unsightly addition to an existing home (recall the Equity Building discussed earlier) or to convert a backyard into a chicken farm.

VARIANCE ADJOINING PROPERTY NOTIFICATIONS

Variances can impact individual residences, as in the case of a neighbor requesting a variance of an existing zoning or building ordinance. These could include requests for fairly minor variances, such as widening a driveway that deviates from the neighborhood zoning ordinance or converting a garage into den.

Variances must be reviewed and approved by the town, and typically the town will notify all surrounding neighbors who might be affected by the variance about the request and give them an opportunity to object to the change.

THE ZONING BOARD OF APPEALS

Overseeing this variance process is the Zoning Board of Appeals (ZBA). Members of the ZBA are typically appointed by the local legislative body, and, as in the visioning and planning process, they must also be residents of the jurisdiction. Members typically possess real estate, legal, engineering, or planning backgrounds.

The ZBA reviews variance requests and appeals of decisions made by the planning commission. It also reviews conditional use or special permit applications. The ruling of a ZBA isn't necessarily final, but any appeal of a ZBA decision typically is made to a court of law, or in some cases to the local legislative body.

Exercise 3.1 :
Evaluating Community Zoning

Evaluate the current zoning of your community. Take 10 minutes to think about the parts of your town and how they are zoned. If you can, draw a map, labeling each general area according to its zoned use. Then assess how effective the current zoning is. Does it align with how you imagined it earlier in this module? What are its strengths? What are its weaknesses? If you had a voice at the table, what changes would you suggest, and why?

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

MODULE 4:
What's So Smart About Smart Growth?

BY THE END OF THIS MODULE, YOU SHOULD BE ABLE TO:

↘ Define smart growth and summarize its general features.

↘ Explain how smart growth is changing the way in which real estate professionals approach business.

↘ Describe the benefits of smart growth.

In the first three modules, we discussed the components and the processes involved in planning and zoning. Planning and zoning are foundational to the neighborhoods of the past and the present, and they will continue to be foundational to the neighborhoods of the future. As trends in technology and culture continue to evolve, so too will the preferences for how and where we live. The need to address climate change in a way that will create healthful, equitable, and sustainable communities is also a real and pressing concern. All of this leads us to explore new ways to envision, plan, zone, and develop our communities. In effect, all of this leads us to smart growth.

This begs the question, "What's so smart about smart growth?" Hopefully by the end of this course, the answer will be crystal clear. But as a preliminary answer, smart growth will help us address all the environmental, cultural, and technological changes and challenges we face in our communities, our country, and our world. As we discussed earlier, there have always been different perspectives on growth, and those perspectives are at the center of much of the debate in the planning and zoning process. In fact, the planning and

zoning process itself often leads to two rigid, polarizing choices: pro growth or no growth. To create more cohesive, equitable, and eco-friendly communities, we need to be more flexible in how we think about our neighborhoods and how we utilize space. This is where smart growth comes in, as it allows us to reimagine our communities to the greater benefit of all.

We will spend this module taking a brief look at what smart growth means—and how it looks. Then we will spend the last part of the course digging into the market drivers, principles, and strategies that will help shape the communities of the future, as well as shape the future of your business.

Defining Smart Growth

All communities are unique. They differ on a wide range of factors. Coastal communities have different values, needs, and concerns than do those in elevated, inland mountain regions or dry, arid flatlands. Others differ in their racial and ethnic composition. Some communities are more religious than others, while others have different economic levels and connections to natural resources. Any discussion of smart growth must come with an implicit understanding of such differences; there is no one-size-fits-all plan. In short, smart growth is local, and the process of getting there must be designed to suit the attributes, resources, and circumstances of each individual community.

Broadly speaking, however, we can define smart growth as the pursuit of neighborhoods, towns, and cities that simultaneously promote economic development, healthy natural environments, and a high quality of life for all residents, employees, and visitors. It's an approach to development and redevelopment that makes it possible for communities to grow in ways that:

↘ Respond to current market demand;

↘ Support economic development and jobs;

↘ Achieve healthy communities that provide families with a clean environment; and

↘ Create strong neighborhoods with a range of housing, commercial, and transportation options

Transforming Home Selling to Place Selling

As we discussed in the earlier modules, conventional, single-use zoning laws of the past—and even today—typically restrict land usage to one purpose. While the intention for this was good, over time it has led to a number of undesirable outcomes, such as racial and ethnic inequality, higher energy costs, suburban sprawl, and inefficient use of natural resources that ultimately contributes to climate change.

For decades, real estate professionals have been playing within the confines of these planning and zoning norms, which is why our primary goal has been to sell "homes" to our clients. But smart growth is likely to change this. Smart growth's more holistic approach to living and communities means we need to broaden our understanding of a "home" to extend beyond the physical residence to the broader community. As smart growth communities begin to become the norm, real estate professionals will need to revise their approach from mere home selling to place selling.

Rather than the secluded suburban homes common today that are typically car-dependent and more remote from town and city centers, smart growth will lead to a more cohesive planning and zoning scheme that provides a range of housing options that are more accessible to retail, commercial, and leisure options through a range of transportation choices. Customers and clients will increasingly want choices in where they live and how they get around. Based on current cultural and demographic changes we will discuss later in the course, it's likely that new homebuyers will be more mindful of and vocal about a community's efforts to conserve resources and promote sustainability. As a result, real estate professionals will need to sell the entire community—the entire place in which a home resides—rather than just sell the attributes of the home. See Figure 4.1.

Figure 4.1:

Real estate professionals have often focused on the attributes of a particular home but will increasingly need to consider the attributes of an entire community. We will need to shift our approach from selling homes to selling places.

Photo Credits: Mithun | Roger Williams

Of course, this isn't to say we weren't aware of the importance of place before. Any smart real estate professional is well versed in aspects such as the local economy and the state of the public schools. But our primary focus is the attributes of the house or residence, and the larger community is, more often than not, peripheral. With smart growth as a driver, we will need to bring the community to the foreground, selling its attributes right along with the house itself. The house and the community will be sold as one holistic package. As we discussed at the outset of this course, real estate businesses and professionals who have deeper insight into what that "place"—that is, the community—will look like two, three, or five years down the road, will have a competitive advantage in the market, as they will be able to provide more authority, credibility, and insight to customers and clients.

Exercise 4.1:
Creating a Sense of Place

Take a few minutes to consider how you would approach place selling in your community. Make a list of what you consider selling points in your town. Is it walkable? What about access to public transportation? Shops? Restaurants? Parks? Are there special community events that showcase a sense of character and community? Historical aspects that often go unnoted? Once you've made a list, try to create a narrative for your town that customers and clients would find appealing and that would help your business grow.

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

The Basic Features of a Smart Growth Approach

There are several ways in which smart growth deviates from the way we have typically designed and developed communities in the past. In this section, we will touch upon these differences to provide an overall sense of how smart growth works and how it will be transforming neighborhoods, towns, and cities in the years to come.

A DIFFERENT APPROACH TO ZONING

As we discussed earlier in the course, Euclidian zoning, or single-use zoning, was—and to a large extent still is—the way planners approached community development. Residential and commercial uses of land were sharply divided, which leads to, among other things, sprawl, a lack of community cohesion, limited transportation options, and higher costs of living overall.

Smart growth emphasizes mixed land use communities. Mixed land use offers greater flexibility in urban planning, promotes more eco-friendly uses of land, and promotes community cohesion. Mixed-use zoning may even be required in some commercial centers or transit-supportive zones.

Figure 4.2:
Smart growth design encourages mixed-use zoning, which brings communities closer together in terms of where residents live, work, and spend leisure time.

Photo credits:
Left, Broomfield, CO, by City and County of Bloomfield, Colorado via Flickr;
Right, Brett, VA via Flickr

GETS MORE FOR LESS

Single-use zoning requires more land for less usage. To keep each use of land in a given region separate and distinct, lots of land increased in size, as did the way zones were generally drawn for one type of use or another. Not only is this more costly in terms of infrastructure and utility expenses, but it's also environmentally unfriendly and harmful to natural resources and ecosystems.

The mixed-use approach of smart growth greatly reduces the need for large tracts of land. It reduces sprawl, and in so doing also reduces our environmental footprint. With smart growth, a range of densities are allowed, with higher densities encouraged or permitted in designated centers or along transit lines that ultimately conserve land and resources.

Figure 4.3:
Smart growth encourages higher density multi-use communities that conserve land and natural resources.

Photo credits:
Left, by Pete Reissett for Maryland Department of Planning; Right, by Brett, VA via Flickr

EMPHASIS ON ENGAGEMENT AND COHESION

Conventional land-use planning arose in the 20th century in response to the shift from urban centers to affordable suburban homes for the middle class. Space and privacy were selling points, as they offered a contrast to congested, noisy city living. Consequently, planning and design evolved in a way that continued this emphasis on separation and privacy. Ultimately, however, this led to more disconnected communities and diminishing community engagement.

Smart growth design seeks the opposite. Rather than anonymity and separation, smart growth encourages engagement and cohesion, attempting to foster connections among residents. Buildings are designed to enhance surrounding public spaces, creating a more welcoming pedestrian environment and minimizing conflicts in higher density environments.

Figure 4.4:
The design philosophy of smart growth moves away from the old way of emphasizing separate and anonymity and instead tries to foster connectedness and engagement among residents.

Photo credits:
Left, by Brett VA, via Flickr;
Right, by Architecture, Food & One Little Beautiful Girl via Flickr

EMPHASIZES RETURN ON INVESTMENT

For most of the 20th century, the conventional wisdom was that more development was better. This approach made more sense when the nation was growing so quickly in terms of people, jobs, and wealth during the early and middle part of the century. But it is not as clear today how beneficial that philosophy is in communities that have struggled with some of the negative impacts of growth.

While smart growth still looks to growth as a potential problem-solver, it acknowledges that different types of growth in different locations will result in different benefits, costs, and impacts. Smart growth as a process establishes a framework for community leaders, citizens, landowners, and real estate professionals to evaluate during the early planning stages the relative costs and benefits of development and make choices about priorities for their limited resources. Ultimately, rather than viewing development in land as a beneficial end in itself, smart growth seeks to look at how land can be used for the greatest benefit of all. The goal is to maximize the return on investment (ROI) for all land usage.

The Benefits of Smart Growth

The are numerous benefits to a smart growth approach to developing and redeveloping a community. In this section, we will briefly discuss a few core benefits.

PROVIDES RESILIENT REAL ESTATE VALUE

The cities and towns around the country that understand the importance of place, of accounting for the entire lived community experience, are creating residential and commercial neighborhoods that hold their value over time. This is important to understand because anyone who's been involved in real estate over the past 20 years—as a broker, an agent, or simply a homebuyer or seller—knows that the housing market can be volatile.

For example, after a period of sharply escalating real estate prices in the early aughts, by 2006, housing prices started to fall, and in many markets throughout the country they fell below what borrowers had initially paid for their houses. Foreclosures started to increase, and by 2008 the entire housing market and financial system was in a free fall, leading to what's known as the Great Recession. During the crisis, approximately 8 million homes went into foreclosure. The real estate market also faced another crisis—albeit briefer in nature—during the onset of the Covid-19 pandemic. And with prices escalating at a record pace once again in recent years, the threat of another downturn looms.

The variety of housing and transportation options afforded by smart growth communities puts them in a position to weather these kinds of volatile periods. Accounting for the attributes of the entire community rather than just a singular house ultimately makes for a more sustainable and resilient investment.

The real estate businesses and professionals who understand how important place is are in a position to provide positive, constructive leadership in their community and also simultaneously experience long-term, sustainable success.

The National Association of REALTORS® advocates for smart growth because it strikes a new and better balance between aggressive pro–growth advocates and conservative no-growth advocates to build the communities we need today:

⤵ Smart growth as a process allows citizens and elected officials to better understand the trade-offs between the negative impacts of growth (on the environment, on traffic, on quality of life) and the economic benefits.

⤵ Smart growth as a style of development can support economic growth and development while giving communities new tools to deal with negative impacts.

OFFERS PREDICTABLE MARKETPLACES

Smart growth communities offer attractive places for businesses. Because smart growth takes a more holistic approach to development, businesses are not set apart from residents but instead immersed in a cohesive way alongside residents.

You may be familiar with corporate office parks that became popular in the latter part of the 20th century. These are the long, sprawling developments outside of main townships that house office workers during the week and are barren during the weekends. Such secluded office spaces had been struggling for years, but those struggles have escalated in the years since the pandemic, with some areas around the country reporting 25 to 30 percent vacancy rates.

These struggles are due to a variety of factors. For example, companies are starting to look more closely at work–life balance for employees and see the value in locating in communities that not only serve as places to work, but also offer employees opportunities for culture and entertainment. And because the smart growth process is transparent and ensures input from all stakeholders, including community leaders and citizens, there is buy-in for this mixed-use development of commercial and residential integration.

The result is a predictable marketplace where businesses and residents coexist and where the quality of work life and residential life is enhanced by reducing commuting times, providing stable customer-bases, and increasing business presence and branding within the community.

MORE ENVIRONMENTALLY RESPONSIBLE AND SUSTAINABLE

Because the underlying philosophy of smart growth is to increase ROI of land use rather than continually develop land as a good in itself, it results in more eco-friendly and environmentally sustainable development.

For example, suburban sprawl was premised on the car as the primary, if not exclusive, mode of transportation. For decades, it was an accepted norm that workers would need to commute long distances, spending upwards of an hour or more a day traveling to and from work. Hundreds of thousands of people a day commuting in carbon-emitting cars is a large contributor to climate change. Smart growth communities that centralize business and work life eliminate long commutes and perhaps even the need for cars altogether, as many smart growth communities are built around public transportation lines and hubs.

Similarly, the less dense a community is in terms of land used, the more utility infrastructure that's required. That means more energy is used and consumed to build and maintain these systems. Even more importantly, more energy is consumed per resident than would be the case in more centralized and connected community settings.

Finally, the philosophy of ROI for land use also ensures a more mindful assessment of natural resources and ecosystems. Smart growth's holistic approach prioritizes the preservation and upkeep of parks and natural habitats for the overall well-being of residents, visitors, and the planet.

CREATES MORE EQUITABLE AND INCLUSIVE COMMUNITIES

Last, but certainly not least, a smart growth approach to planning and development ultimately creates more equitable and inclusive communities. The transparent, inclusive smart growth planning process that requires the input of all stakeholders, including community leaders and residents, is an important first step toward creating these kinds of communities. But the points of emphasis embedded in smart growth design—such as public transportation access, mixed-use zoning, and affordable housing—ensure that inclusion and equity are the forefront of all planning and zoning decisions.

Historically, communities of color have also been disproportionately harmed by environmental pollutants and climate change. In effect, social justice is tethered to climate justice. Smart growth, then, in prioritizing adaptations to eco-friendly, sustainable design is also helping to mitigate the harm that has been done to under-resourced communities in the past.

Why Smart Growth? Why Now?

The short answer to this question is that the market is demanding smart growth, whether using this term or not. Consumers want more walkable, cohesive neighborhoods that offer a range of transportation options. Such communities typically provide the opportunity for a stronger work–life balance and more eco-friendly, sustainable living, which is what younger generations of homebuyers crave, as well as more equitable housing options, which can begin to remedy some of the harm done to lower-income and historically marginalized communities of color.

However, change is typically difficult and slow, and the conventional, large-lot, single-use zoning ordinances that have created the auto-dependent, low-density suburban communities that prevail across the country are still largely in place. Promoting the change we need and that the market desires will require passionate and informed advocacy. Your understanding of planning and zoning is a vital part of becoming that kind of advocate in your community. A deeper understanding of smart growth drivers and principles is the other essential part, which is what we will be exploring for the remainder of the course.

Exercise 4.2:
Advocating in Your Community

Earlier in the course we discussed the importance of choosing your battles as an advocate in your community's planning and zoning process. With that in mind, review the benefits of a smart growth approach and select one benefit to advocate for most ardently in your community. In doing so, identify the issue or problem in your town that you feel needs remedying and explain why and how you think smart growth could help provide that remedy.

_____

_____

_____

_____

_____

_____

_____

_____

MODULE 5:
The Demand for Smart Growth and Your Future Business

BY THE END OF THIS MODULE, YOU SHOULD BE ABLE TO:

⭢ Explain the factors driving community planning and development now and in the future.

⭢ Describe how smart growth approaches will help meet the changing demands of American homebuyers and sellers.

⭢ Create a plan that will help your business adapt to these changes and thrive in the years ahead.

As you might have understood from the last module, the essence of smart growth is future facing. Smart growth communities are attempting to build on real estate practices that have worked in the past, while simultaneously addressing problems and issues that have contributed to and perpetuated problems in the present. The two most pressing issues are remedying inequities so that everyone has access to safe and healthy communities and planning and designing cities and towns that are eco-friendly and environmentally sustainable for future generations.

With that in mind, it's important to understand that the future trajectory of your community is also fundamentally tied to the future success of your business. Those who are leaders in this process— that is, those who are getting in at the ground floor of planning and zoning—will have a competitive advantage over those who are following along in the wake of smart growth development.

There's another key component to smart growth planning, however: understanding the next generation of homebuyers and what they value. The majority of homebuyers now are Millennials and Gen Z, the generations who came of age during the most severe effects of global climate change. Their preferences and values will greatly impact the homes and communities that are being planned today and for the future. Here we look more closely at what this generation of homebuyers values most. In effect, we examine the drivers of smart growth so you can successfully align your business to meet this demand.

The Shift to Sustainability: The Green Curve

Where are we as a whole—that is, as homeowners and communities—in making green part of our way of life? When we look at how quickly or slowly homeowners and communities are changing attitudes, it helps to look at the classic research of noted sociologist Everett Rogers, who developed the Diffusion of Innovations (DOI) theory. According to Rogers, reaction to innovation tends to fall into one of five phases:

1. Innovators
2. Early adopters
3. Early majority
4. Late majority
5. Laggards

Figure 5.1: The Green Curve

An innovation becomes mainstream—the new normal—when it crosses the separation between innovators and early adopters into the majority groups.

It's easy to see that homeowners and communities in the United States fall all along the green curve. We all probably know of a homeowner or a community that is "ahead of the curve" or lagging behind. Adoption concentrates in regions and communities where the people, government, and building industry come together in the same phase on the curve.

The critical factor is trying to understand where we are heading along the green curve. All evidence points to eco-friendly, environmentally sustainable homes and communities becoming not outliers but the mainstream. Your business needs to reflect that reality not only in theory but also in practice. Is your business ready to meet the demands of the next generation of homebuyers?

Exercise 5.1:
Assessing Your Community's Green Curve

Take a few minutes to evaluate where your community is in relation to the green curve. Is your community one of the leaders, one of the laggards, or somewhere in between? What steps will you take to successfully align your business to your community's commitments and needs moving forward?

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Climate and Cost-Conscious Younger Generations

If the baby boomer "tree-huggers" of the 1960s were the first to go green, the Millennials and Gen Z are redefining what it means to live an environmentally conscious life. Since elementary school, they have been taught about environmental stewardship and their personal responsibility for protecting the planet's resources. The traditional definitions of environmentalism are proving too narrow for these transformative generations, as they integrate green into every aspect of their life.

It's not merely what they do—it's who they are. They're not going green; they are green. Look at the recent generational profile on climate activism conducted by Pew Research Center (see Figure 5.2). It reveals that 71 percent of Millennials believe action on the climate should be a top priority; similarly, 67 percent, or over two-thirds, of Gen Z feels the same.[1] Notably, this increased focus on climate change for younger generations is seen across the political spectrum.[2]

The leading edge of the Millennial generation—people born after 1980 through the mid-2000s —has moved into the prime years for establishing careers, households, and families. Millennials comprise about one-third of the U.S. population, making them the largest generational group, even outnumbering the baby boomers. Gen Z is now entering the real estate market in large numbers as well. Together these two generations comprise over 50 percent of the home buying market. Real estate professionals who ignore the green preferences of the younger generations do so at their own peril.

To stay relevant, real estate professionals will need to broaden their understanding of the green lifestyle beyond energy-efficient appliances and solar panels. Younger homebuyers will seek not just environmentally friendly homes but also healthful and environmentally sustainable communities. It won't just be about the house; it will, as we discussed earlier, be about the entire place— which is why a keen understanding of smart growth is so important. Let's look at the essential features of any smart growth community that will be sellable drivers for your business moving forward.

---

1 Tyson, Alec; Kennedy, Brian; Funk, Cary. (2021). "Gen Z, Millennials Stand Out for Climate Change Activism, Social Media Engagement With Issue." *Pew Research Center*. https://www.pewresearch.org/science/2021/05/26/gen-z-millennials-stand-out-for-climate-change-activism-social-media-engagement-with-issue/

2 Funk, Cary and Tyson, Alec. (2020). "Millennial and Gen Z Republicans stand out from their elders on climate and energy issues." *Pew Research Center*. https://www.pewresearch.org/fact-tank/2020/06/24/millennial-and-gen-z-republicans-stand-out-from-their-elders-on-climate-and-energy-issues/

Figure 5.2:
Gen Z, Millennials More Active Than Older Generations Addressing
Climate Change On- and Offline

Gen Z, Millennials more active than older generations addressing climate change on- and offline

% of U.S. adults who say ...
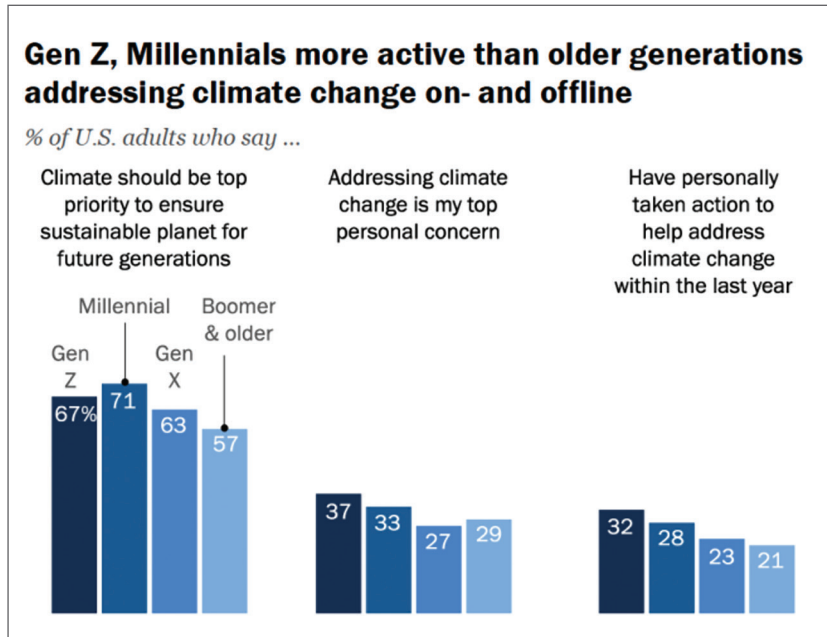
Source:
https://www.pewresearch.org/science/2021/05/26/gen-z-millennials-stand-out-for-climate-change-activism-social-media-engagement-with-issue

Housing and Economic Factors

A recent survey found that the top two concerns for Millennials and Gen Z are the same: unsurprisingly, one of them is climate change; the other—and in fact the top concern of both generations—is the cost of living.[3] The dramatic increases in the cost of housing in recent years no doubt contribute to these anxieties.

In 2020, the United States and the world witnessed the ravaging effects of the Covid-19 pandemic. Initially, the housing market slowed in many places. But as people began working remotely and trying to remain distanced from densely populated areas, the market for houses began to boom. Buyers began looking for homes with separate areas for each family member to work or attend school remotely. Home prices in 2020 increased by over 10 percent nationally, and many buyers didn't even physically enter the homes they purchased; they relied only on video tours.[4]

[3] "The Deloitte Global 2022 Gen Z and Millennial Survey." 2022. https://www2.deloitte.com/global/en/pages/about-deloitte/articles/genzmillennialsurvey.html
[4] Taylor, Jeff. "I review mortgages – and I see 3 areas of possible trouble in the housing market." Market Watch. April 21, 2021. https://www.marketwatch.com/story/i-review-mortgages-and-i-see-3-areas-of-possible-trouble-in-the-housing-market-11619010993

By early 2021, the median price nationally for a home hit an all–time high of $370,000, an annual increase of over 15 percent from the previous year. Close to half of the homes on the market were selling for over list price. The last time home sales were as high was in 2006, directly before the housing crash. Yet prices only continued to rise. By spring of 2023, the median home sale price in the United States was $450,000.[5] This price was achieved even in what would typically be perceived as unfavorable market conditions for selling: slowing home sales, higher interest rates, and rising inflation.

The housing market is likely to cool off somewhat, but prices are not expected to fall dramatically, thus making it challenging for younger people with homeownership aspirations. Elevated inflation is also increasing the cost of living overall. Far from a blip on the radar, many economists are forecasting a sustained period of higher inflation, which will only add to the price pressures of young, would–be homebuyers.[6]

After a decade of historic lows, mortgage rates are also on the rise, which could be signaling a return to the "old" normal. For decades, mortgage rates hovered around 10 percent. For perspective, in 1974, interest rates were at just over 9 percent. By the early 1980s, rates skyrocketed, hitting a peak in 1981 of nearly 17 percent. They've declined steadily since then (see Figure 5.3). The pandemic and the economic recession that ensued drove mortgage rates to all–time lows in 2020 and 2021, with rates falling below 3 percent for a 30-year fixed-rate mortgage and close to 2 percent for a 15-year fixed-rate mortgage. But 2022 witnessed sharply escalating mortgage rates, with the 30-year escalating to almost 7 percent in the last quarter, before declining slightly to start 2023.

---

5 U.S. Census Bureau. "Monthly New Residential Sales, 2023." https://www.census.gov/construction/nrs/pdf/newressales.pdf
6 "Central bankers worry that a new era of high inflation is beginning." (August 30, 2022). The Economist. https://www.economist.com/finance-and-economics/2022/08/30/central-bankers-worry-that-a-new-era-of-high-inflation-is-beginning

Figure 5.3:

30-Year Fixed Rate Mortgage Average in the United States

Source: Freddie Mac; https://fred.stlouisfed.org/series/MORTGAGE30US

This kind of historical knowledge is important for real estate professionals to understand, especially as they provide guidance to first-time homebuyers. Rates don't stay the same forever, and homebuyers considering adjustable-rate mortgages (ARMs) need to understand that rates change. In addition, history has shown that increases in mortgage rates can be substantial. Such considerations should factor into any homebuyer's thinking, and educating clients in this way provides real value.

Another value-add service you can offer is to show homebuyers how smart growth development works to bring overall living costs down. You can do this by looking not only at the price of the actual home at the point of sale, but also at what cost-saving features that home may have, as well as the cost savings offered by a smart growth community as a whole due to its approach to planning and development that conserve energy and provide more healthful and economical lifestyles.

The Changing Nature of Work

Another factor that will have a direct effect on our communities is the changing nature of work. Two factors are dramatically impacting how and where we work, which directly influences how and where we live.

First, the Covid-19 pandemic altered the nature of work in profound ways, and likely forever. Pre-Covid, a small percentage of jobs—estimated as low as 4 percent—offered remote work for full-time professionals. That landscape has changed dramatically since the pandemic, however. According to researchers at the professional career site Ladders, 25 percent of all professional jobs will be offered remotely.[7] This transition to a new normal of remote and/or flexible work environments will alter the way young people choose to live. Small cities and towns that might have provided otherwise attractive lifestyles but lacked job opportunities will now get much more consideration from homebuyers. Remote work greatly reduces the need to work in high-density urban environments that have historically been the focal point of regional economies. These flexible work conditions allow far more choice in where and how people live.

This first factor dovetails seamlessly with the second factor. Millennials and Gen Z value work–life balance in a way that previous generations did not consider. In fact, in Deloitte's recent survey, the number one factor in job choice for these younger workers was work–life balance, with 39 percent of Millennials and 32 percent of Gen Z respondents reporting it as their top criterion.[8] Young people today don't want to live to work and are willing to take a cut in salary to strike a healthier balance. This means they seek environments that offer affordability, housing choice, healthy lifestyles, arts and entertainment opportunities, and easy access to work, be that remotely or in shorter commutes—in other words, all the things that smart growth communities offer.

7 Robinson, Bryan. (February 1, 2022). "Remote Work Is Here To Stay And Will Increase Into 2023, Experts Say." Forbes. https://www.forbes.com/sites/bryanrobinson/2022/02/01/remote-work-is-here-to-stay-and-will-increase-into-2023-experts-say/?sh=3857d8fc20a6
8 "The Deloitte Global 2022 Gen Z and Millennial Survey." 2022. https://www2.deloitte.com/global/en/pages/about-deloitte/articles/genzmillennialsurvey.html

Changing Economic Drivers

Our 20th century communities were based on the needs of 20th century families and 20th century economic drivers. Manufacturing was a larger part of the economy, and manufacturing plants became the main driver of local economies. It was also commonplace for workers to stay with one company all or most of their lives, as companies offered security and stability not only for the duration of employment but also after retirement through generous pension plans.

Today, however, few of us can count on lifelong employment in the same industry, let alone the same company, and large-scale manufacturing is a smaller force in our economy. What drives the U.S. economy has changed. Our current economy is more service- and knowledge based. Technology drives innovation, not only in business but also in the way we do business and go about our daily lives. The dominant brick-and-mortar retail spaces of our youth have been upended by online and mobile services. Thus, big shopping centers surrounded by surface parking are facing competition from "lifestyle centers" and retail delivery. The pandemic further accelerated these trends.

KNOWLEDGE WORKERS

Knowledge workers is a term coined by management guru Peter Drucker to describe people who apply information acquired through formal education, namely college, to develop new products or services. In essence, knowledge workers make decisions, not things. This is a profound difference from the 20th century American economy that was built on manufacturing.

The knowledge workers of today, unlike their parents and grandparents, first choose where they want to live and then decide what they want to do there. This is changing the fundamental work of economic development professionals so that it is less about creating jobs and more about creating places where in-demand workers want to be. States and cities, for example, that have in recent decades been competing to attract the tech industry have learned a lot about how to attract knowledge workers. Since these highly educated professionals are an increasingly significant portion of the workforce in every industry, it makes sense to pay attention.

Cultural amenities including sports teams, access to the outdoors, and an active restaurant scene all rise to the top of their lists. They also want to be in a work environment where they can interact with other professionals inside and outside their own companies, to learn and exchange ideas. They desire lively downtowns that provide entertainment and leisure activities as well as the work environment that makes them most productive. This is why businesses say they are moving to particular regions, locating downtown, or even moving offices back downtown after a stint in the suburbs.

We might think of the "innovation economy" as purely computers and biotech, but there are knowledge workers in every sector, from retail innovators to machine engineers and appliance manufacturers. And companies are seeking communities that can provide the diverse range of benefits that smart growth development can offer. Citrix Systems, for example, considered Research Triangle Park and suburban North Raleigh, in North Carolina, but eventually chose downtown instead to attract creative talent: "When we put the models all together and looked at the cost of renovating a space downtown and what we could get out of it in terms of talent and value, downtown was by far the best option," said Ashton Smith, Community & Employee Engagement Project Manager, Operations at Citrix ("Core Values: Why companies are moving downtown," 14).

21ST CENTURY MANUFACTURING

Although big industry has left many American cities, a new type of manufacturing is emerging in cities around the country. Smaller manufacturers and producers are moving into older industrial spaces and often attracting other new tenants nearby. Twenty-first century manufacturing can be quieter, less polluting, and more customer-facing than manufacturing in the past—and be a much better neighbor in an urban environment.

The iconic Eastman Kodak company in Rochester, New York, was a major employer in the region for nearly a century. But as technology and digitization slowly eroded the company's leverage, the vast business park it had occupied for decades fell into decline. Over the past decade, however, it's been transformed into a vibrant mixed-use community. The area is now home to over 100 small to mid-size manufacturers and businesses through the collaboration of developers and state planners. And in 2023, a brand-new complex of 187 workforce housing units was also completed. It's a success story that can serve as an example for communities around the country as our economic drivers continue to evolve.

THE CHANGING FACE OF RETAIL

Big-box retail is still a highly visible land use in most communities around the country, but technology is undermining its dominance in many ways—and has been for decades with no end in sight. What began with the fall of the likes of Borders Books and Office Max shifted to department store stalwarts, such as Sears and J.C. Penney. Most recently, Bed Bath and Beyond declared bankruptcy and malls are struggling to stay afloat.

Pop-up shops are one of the offshoots of this shift. These stores, which take over a storefront for anywhere from a weekend to a few months, take advantage of consumer interest in things that are new and different, and help attract a demographic that does most of its shopping online.

The pop-up shop has emerged as a trend in high-end retail, but it has lots of different applications for smaller, newer, cheaper retailers in all kinds of settings, especially small start-ups that can't afford a long-term lease. These shops are perfect for walkable neighborhoods: they fit into older, smaller retail bays and they draw interest and attract new people to the community.

Changing Family and Household Composition

The increasingly smaller sizes of American families and households will also inform home selling and buying. In 2021, the average household consisted of 2.51 people.[9] The size of the average household has been shrinking slowly and steadily for decades and is more than 25 percent smaller than households of the 1950s. Not surprisingly, the U.S. birth rate also declined precipitously in that same period, with nearly 25 births per 1,000 people in 1950 to just 12 births per 1,000 people in 2022.

These trends in families and households ultimately mean that space is no longer a premium in homebuying, whether related to the size of the actual home or the size of the lot a home is placed on. With fewer people in a family, home space can be looked at more creatively to maximize resources, and with fewer children to care for and fewer siblings for children to play with, families will be considering safe community spaces rather than larger backyards.

---

9 US Census Bureau. Historical Household Tables. (November 2021). https://www.census.gov/data/tables/time-series/demo/families/households.html

In addition to this less stringent requirement for space for families with children, households in the U.S. are increasingly headed by those living alone. The number of households occupied by one person has increased dramatically since the mid-20th century and continues to increase at a significant pace. In 2011, there were 33 million U.S. adults (defined as 18 or over) living alone; in 2021, that number had increased to 37 million, or 4 million more one-person households in just 10 years.[10]

Finally, Americans are living longer and healthier lives than ever before. The number of people 65 and older in the United States will continue to increase. Today, there are over 50 million older adults living in the United States, and they comprise over 16 percent of the population.[11] This number is expected to increase to 90 million by the year 2060. The increase in the older population will mean a higher demand for communities that allow them to age in place—that is, communities that offer a variety of easily accessible service and transportation options.

Exercise 5.2:
Meeting Future Community Needs

Take 10 minutes to assess which of these factors you are already addressing in your business and which you need to give more consideration. What factors will be most pressing in your community? What steps can you take now to help your community meet the needs of homebuyers and sellers in the future?

_____

_____

_____

_____

_____

_____

_____

_____

_____

10 US Census Bureau. "Census Bureau Releases New Estimates on America's Families and Living Arrangements." (November 29, 2021). https://www.census.gov/newsroom/press-releases/2021/families-and-living-arrangements.html
11 Rubin, Emma. (February 17, 2022). "Elderly population in U.S. by state." Consumer Affairs. https://www.consumeraffairs.com/homeowners/elderly-population-by-state.html

MODULE 6:
The Core Principles of Smart Growth

BY THE END OF THIS MODULE, YOU SHOULD BE ABLE TO:

↘ List and understand the smart growth principles.

↘ Describe three ways that these principles come together to make safer, more inclusive, and more attractive communities.

↘ Discuss ways that you can implement smart growth principles in your town to enhance the community and build your business.

In the last module, we examined the societal drivers that will feed into smart growth planning and design. In this module, we will look more closely at the core principles of smart growth. Understanding these principles will empower you to be a more informed voice in community development efforts and will enable you to better educate your clients as you guide them in the buying and selling process.

Ten Principles Of Smart Growth

NAR has outlined 10 general principles of smart growth. Each principle is summarized below.

1. Mix Land Uses

Smart growth supports the integration of mixed land uses into communities as a critical component of achieving better places to live.

Mixing land uses achieves several different goals. It promotes walkability by bringing more destinations together in one place, including homes, workplaces, and retail shops. It fosters healthy foot traffic, which saves small businesses the cost of advertising and automatically creates a sense of place. In addition, it reduces the need for parking, which can also lower costs for developers. And with fewer people driving around doing errands, it is possible to increase business and resident densities without the kinds of adverse traffic impacts and congestion associated with strip commercial development.

Figure 6.1:
Mixed Land Use at Atlantic Station in Atlanta, Georgia

2.   Take Advantage of Compact Building Design

Smart growth provides a means for communities to incorporate more compact building design as an alternative to conventional, land-consumptive development.

Smart growth design shapes public spaces by taking advantage of compactness to mix in more uses and encourage walkability. It creates well-designed small places that increase housing choices and affordability without compromising desirability. Smaller housing units—whether detached or attached—are inherently more affordable to buy, rent, and maintain.

Figure 6.2:
Compact Building Design in Irvine, California

3.   **Create a Range of Housing Opportunities and Choices**

Providing quality housing for people of all income levels is an integral component in any smart growth strategy.

As we've discussed, single-use zoning often includes a separation of housing types by size, type, and tenancy. Finding ways to incorporate a broader palette of housing choices allows more affordable housing choices for people who work in the community but may make the median wage or less, or who may not be ready to buy a home. It also better enables people to age in place, providing smaller for-sale options for empty nesters.

Figure 6.3:
Mixed Income Housing in Glenwood Park, Georgia

4.   Create Walkable Neighborhoods

Walkable communities are desirable places to live, work, learn, worship, and play, and therefore are a key component of smart growth.

We will talk more about walkability later in this module, but to create walkable communities there must be safe, secure places to walk. Walkability also requires places to walk to, preferably a mix of places, including amenities like coffee and ice cream shops, as part of daily life.

Figure 6.4:
A Walkable Neighborhood in Alexandria, Virginia

5. **Foster Distinctive, Attractive Communities with a Strong Sense of Place.**

    Smart growth encourages communities to craft a vision and set standards for development and construction that respond to community values of architectural beauty and distinctiveness, as well as expanded choices in housing and transportation.

    A sense of place equates to a strong identity and character that is deeply felt by local inhabitants and visitors alike. You can create a sense of place from scratch, but ideally this refers to inherent or historic qualities of a place: the culture and character of current residents, businesses, architecture, and industries.

Figure 6.5:
The River Walk District in San Antonio, Texas

6.   **Preserve Open Space, Farmland, Natural Beauty, and Critical Environmental Areas.**

Open space preservation supports smart growth goals by bolstering local economies, preserving critical environmental areas, improving our communities' quality of life, and guiding new growth into existing communities.

Sometimes a sense of place is defined by the surrounding geography. There is also an economic aspect to this principle: working farm, ranch, and forest lands may be important parts of the local economy. Even if these industries aren't as big as they used to be, there may be economic value in these lands as tourist attractions. Environmental services of open spaces include, for example, flood prevention and water quality protection. In many parts of the U.S., there is a direct connection between land preservation efforts and the ability to keep water treatment costs low.

Figure 6.6:
Open Space in San Francisco, California

7. **Strengthen and Direct Development Toward Existing Communities.**

Smart growth directs development toward existing communities already served by infrastructure, seeking to utilize the resources that existing neighborhoods offer and to conserve open space and irreplaceable natural resources on the urban fringe.

In many parts of the country, the growth patterns we talked about in this course reflected a huge decline in investment and human resources in older cities and neighborhoods. Those places remain tremendously valuable resources, as they have existing infrastructure that also often provides great facilities for walking; great buildings, public spaces, and other amenities that create a strong sense of place; and existing communities of people who know and care about their neighborhood and can be tremendous resources for rebuilding and developing new cultural attractions.

For example, after cleaning up Carroll Creek in Frederick, Maryland, which was the power source for Frederick's mills in the early 19th century, the city turned the old mill campus (shown here) into a park and the focus of its downtown revitalization strategy. Projects like this are occurring across the country.

Figure 6.7:
Caroll Creek in Frederick, Maryland

8. **Provide a Variety of Transportation Choices.**

Providing people with more choices in housing, shopping, communities, and transportation is a key aim of smart growth.

Transportation choices give people alternative ways to get where they need to go. The specific modes that work in your community will vary, but there is a wide variety of options, including walking, biking, car and ride sharing, and mass transit. People demand transportation choices in order to have more flexibility about the cost of travel and the amount of time they need to spend fighting traffic instead of doing other things, such as exercising, studying, or spending quality time with loved ones.

Figure 6.8:
Transportation Hub in Missoula, Montana

9. **Make Development Decisions Predictable, Fair, and Cost-Effective**

For a community to be successful in implementing smart growth, it must be embraced by the private sector.

It is almost always possible to build the neighborhoods we've been describing throughout this course, but it can be difficult, time-consuming, and risky. If we want development that provides all the amenities and economic and environmental benefits of smart growth, we need to make such development the easiest thing to do. That's why being an advocate in your community is so important.

There are many different approaches to this principle. The simplest is to adopt codes that allow smart growth "as of right," meaning no special permitting or variances are required. On the more complicated end of the spectrum are communities that assemble land for redevelopment in their highest-priority locations. One key point to remember is that this principle and the next one go hand in hand.

Figure 6.9:
Smart Growth Requires Equitable Decision Making

Photo Credit:
Sora Shimazaki; https://www.pexels.com/photo/happy-multiethnic-coworkers-discussing-documents-on-city-street-5669661

10. Encourage Community and Stakeholder Collaboration.

Growth can create great places to live, work, and play—if it responds to a community's own sense of how and where it wants to grow.

Before you can make smart growth principles the easiest to implement in your community, you need to determine what you want, and that takes us back to the importance of local choice. Smart growth is a framework for decision-making, an opportunity to make informed choices about how your community will grow based on your local values, circumstances, and needs. There are dozens of new tools and processes that make it relatively simple to help a general audience digest information and weigh-in on development choices.

Note that you will get better information and a lot more buy-in if you first ask people about their plans for the big picture and for the future, and then move forward to more specific development choices. Too often, public engagement is a final stage in development approval processes. That may be the right time to inform the public, but that is not the same thing as engagement.

Plenty of developers are happy to avoid public engagement altogether because community input can sometimes derail projects and add time and expense to a long process. This takes us back to making development decisions predictable, fair, and cost-effective. Give people good information, ask what they want, make that easy to build, and then get out of the way.

Figure 6.10:
Smart Growth Should Encourage Collaboration Across Multiple Parties

Ultimately, knowing these 10 principles helps you pinpoint community issues and potential solutions. They underpin processes and values that lead to accessible, affordable, equitable, and sustainable communities. We have listed these principles separately here, but of course in practice there is much overlap among them. In the process of planning and development, multiple principles might be at play at any one time. For example, a redevelopment project that emphasizes compact building design (principle 2) is also likely to value mixed land use (principle 1) and provide a range of housing options (principle 3).

Planning and development is a complex process, so it's helpful to try to understand how these principles operate in concert with each other. For the remainder of this module, we will look at four aspects of smart growth that often incorporate multiple principles at once. We will focus on economic and social equity, walkability, transportation, and placemaking.

But first, spend a few minutes examining these principles individually in relation to your own community.

Exercise 6.1:
Incorporating Smart Growth Principles

Evaluate how much your community is incorporating smart growth principles. Rank each principle on a scale of 1 to 10, with 1 indicating that your community is not incorporating the principle at all and 10 indicating that your community is incorporating the principle fully. This exercise is designed to get you thinking about the strengths and weaknesses of smart growth in relation to your community—and also your business. So there's no need to fudge any responses. If you're not sure to what degree a principle is being implemented, simply insert a question mark in the Your Community Rating column. You can then do some additional investigating in the future.

Smart Growth Principle	Your Community Rating	Notes
Mix Land Uses.		
Take Advantage of Compact Building Design.		
Create a Range of Housing Opportunities and Choices.		
Create Walkable Neighborhoods.		
Foster Distinctive, Attractive Communities with a Strong Sense of Place.		
Preserve Open Space, Farmland, Natural Beauty, and Critical Environmental Areas.		
Strengthen and Direct Development Toward Existing Communities.		
Provide a Variety of Transportation Choices.		
Make Development Decisions Predictable, Fair, and Cost-Effective.		
Encourage Community and Stakeholder Collaboration.		

Economic, Social, and Racial Equity

We have touched on equity concerns in several points in this course. We discussed how early zoning ordinances attempted to discriminate based on race. We also explained how infrastructure investment and the lending industry facilitated segregation by race. From the middle of the 20th century up to today, our growth and development patterns have had very different impacts on people depending on their race, income, and ethnic origin. Smart growth emerged in response to these impacts, but we need to consciously bring them back into the conversation and discuss the specific ways smart growth can be used to help repair the damage.

Some specific aspects of smart growth that relate to economic, social, and racial equity are as follows:

↘ Transportation and housing choices that work together to make a place more affordable to live in

↘ Transportation choices that allow people to choose more affordable ways to get to work or school

↘ Mixing land uses to remediate issues particular to low-income neighborhoods, such as food deserts and areas without parks and play areas

↘ Community engagement involving community organizers and local organizations that are familiar with the needs of lower-income residents (such as churches and community development corporations)

↘ What does an inclusive and equitable community look like?

↘ For all people, full and equal access to opportunities that enable them to attain their full potential

↘ Diverse labor force prepared for the region's knowledge economy

↘ Healthy residents and active living opportunities

↘ Communities where people of different ages, incomes, races, and ethnicities have real options to live, work, learn, and play side by side

Walkability

The qualities that make a community desirable start with walkability. A walkable neighborhood has safe, pedestrian-friendly walkways that connect to the places people want to go—shopping, services, public transportation, schools, and jobs. When people who live in walkable communities want to run errands, go to work or school, dine out, or visit friends, they can leave the car in the garage.

STREETSCAPING AND COMPLETE STREETS

Transforming streets to make them safer and more inviting for pedestrians is done in two ways: streetscaping or complete streets design.

Figure 6.11:
Streetscaping:—Redesigned for Walkability.
Which Street Looks More Walkable?

Before	After

Image Source:
Commonwealth of Massachusetts, Smart Growth/Smart Energy Toolkit,
www.mass.gov

Similar to streetscaping, complete street design is based on the principle that everyone has the right to travel safely. Streets and roads should meet the needs of all users—walkers, bicyclists, public transportation users, and motorists. A complete street may include sidewalks, bike lanes (or wide paved shoulders), special bus lanes, comfortable and accessible public transportation stops, frequent and safe crosswalks, diets, median islands, accessible pedestrian signals, curb extensions, narrower travel lanes, roundabouts, and more.

Complete streets research conducted by AARP shows the benefits for all age groups of low-speed routes, simplified intersections, reduced visual clutter, and clear separation between traffic lanes and walkways and bike paths. Complete streets reduce accidents, promote physical activity and walkability, and enhance property values.

Figure 6.12:
Complete vs. Incomplete Street Design
Which One Looks Safer?

Incomplete	Complete

Photos reprinted with permission from City of Ontario, CA, www.ontarioplan.org
and Charlotte, NC, Department of Transportation, www.ncdot.gov

Incorporating complete street principles to create walkable and safe environments for pedestrians is also increasingly a matter of life and death. Pedestrian fatalities hit a four-decade high in 2021, as 7,485 pedestrians were killed.[12] This is also a matter of equity, as people of color and residents of lower-income neighborhoods are three to four times more likely to die while walking.[13]

The core issue of safer, walkable streets boils down to the planning phase. The conventional mandate of most planners since the emergence of the automobile as the primary mode of transportation has been to design streets that prioritize speed for cars rather than safety for all. The following video from Smart Growth America explains this in detail.

Watch the video from Smart Growth America at the link below to learn more about why safety and vehicle speed are incompatible goals for street design:

https://www.youtube.com/watch?v=Ii4fXlCNh8k&t=3s

---

12 Polus, Sarah. (June 6, 2022). "Pedestrian fatalities hit four-decade high. Which states had the most?" The Hill. https://thehill.com/blogs/blog-briefing-room/3514886-pedestrian-fatalities-hit-four-decade-high-which-states-had-the-most/#:~:text=The%20most%20pedestrian%20deaths%20in,Highway%20Safety%20Association%20(GHSA)
13 "Dangerous by Design, 2022." Smart Growth America. https://smartgrowthamerica.org/dangerous-by-design/

The desire for walkable neighborhoods with transportation options cuts across all generations and all types of communities. Among the generational groups, Millennials and Gen Z show the strongest preference for mixed-use, walkable, transit-oriented communities. Walkability is not just an urban or city concern. Enhancing small towns and redeveloping suburban communities to improve walkability makes them more desirable places to live.

BENEFITS OF WALKABLE NEIGHBORHOODS

The 2020 Community and Transportation Preference Survey conducted by NAR reported that respondents who live in highly walkable areas show an 8 percent increase in overall quality of life compared to those who do not live in highly walkable areas. Let's take a brief look at factors that might contribute to this increase.

↘ **Health:**
   The health benefits of exercise are well documented.

↘ **Social interaction:**
   Walking offers the opportunity to engage others, which fosters the feeling of neighborhood cohesion.

↘ **Cost savings:**
   Leaving the car parked at home saves on gas and parking.

↘ **Community businesses:**
   Community businesses benefit from neighborhood foot traffic.

↘ **Independence:**
   Family members, especially kids, don't have to rely on the "family chauffeur" to go to school or other activities.

↘ **Pedestrian safety:**
   Streets designed for walkability reduce the risk of car–pedestrian collisions.

↘ **Community safety:**
   Lively public places with many people present are a natural deterrent to crime.

⬊ **Environmental:**
A walkable community is the ultimate zero-emissions community, reducing greenhouse gas emissions that contribute to climate change.

⬊ **Quality of life:**
All the benefits of a walkable neighborhood—social, economic, and physical (plus less stress)—combine to enhance the quality of life.

Figure 6.13:
2020 Community and Transportation Preference Survey

Source:
2020 Community and Transportation Preference Survey;
https://www.nar.realtor/sites/default/files/downloadable/2020-Community-Transportation-Preference-Survey-1200w-1059h.png
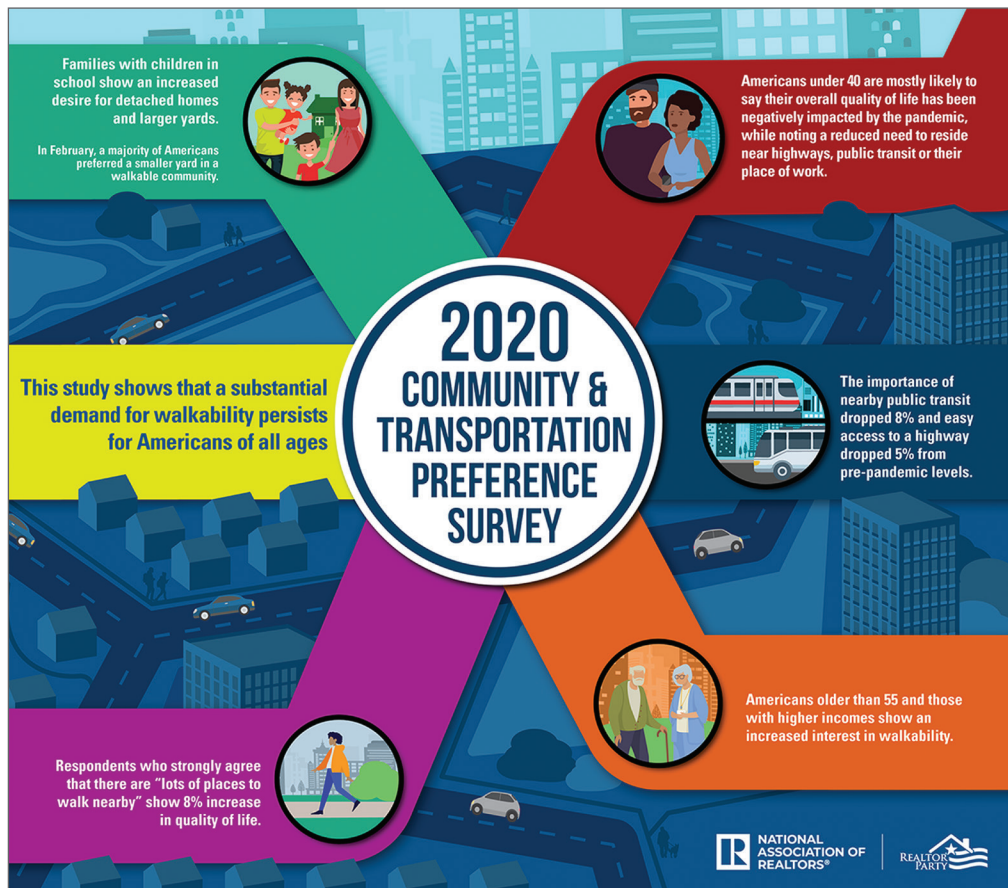
WALKABILITY AND HEALTH

Health is one of the most important reasons to prioritize the development of walkable communities. The prevalence of obesity in the United States has steadily increased for decades due to a variety of factors. As shown in Figure 6.1, currently there is no state in the nation with an obesity rate lower than 20 percent, and over half of the states have an obesity rate of 35 percent or higher, meaning more than one in three citizens of those states are at increased risk for heart disease, stroke, cancer, and diabetes.

Figure 6.14:
Adult Obesity Prevalence Map of the United States

Source:
CDC; https://www.cdc.gov/obesity/data/prevalence-maps.html#overall
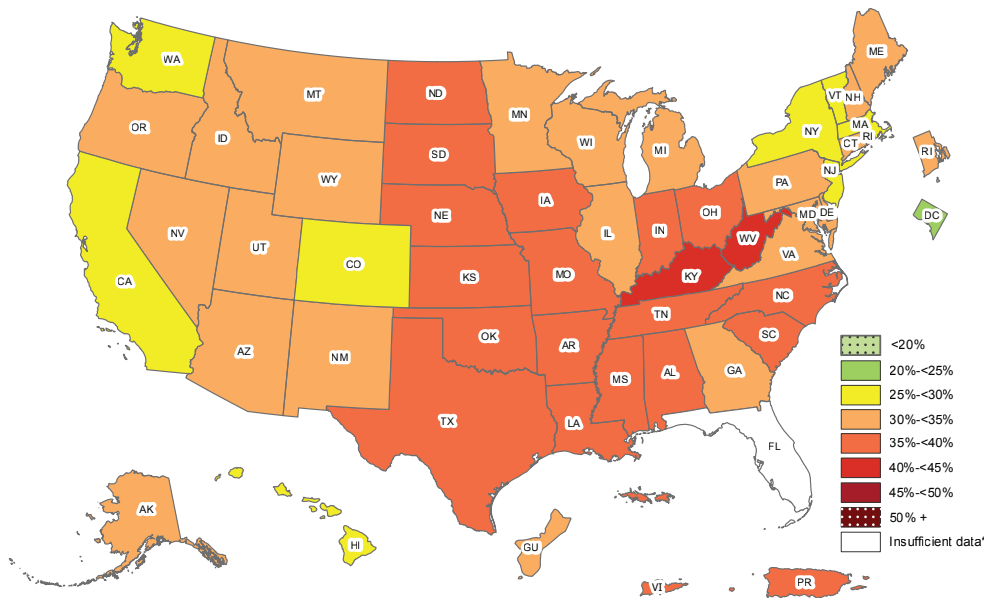
Although public health researchers and medical professionals have encouraged walking as exercise for many years, the growing obesity epidemic makes the need to get everyone walking that much more urgent. Fortunately, the preferences of younger generations are encouraging. Several studies have found that people who live in walkable neighborhoods get more physical activity and maintain, on average, healthier weights.

WALKABILITY AND HOME VALUES

As the walkability of a community improves, values of both residential and commercial properties increase. WalkScore.com has the data to prove it. WalkScore.com uses Google Maps to rate neighborhood walkability on a scale of 1 to 100. The site also provides information about distances to stores, restaurants, post offices, libraries, and other community services. According to WalkScore®, every point on the scale corresponds to an increase in home value up to $3,000; a 10-point improvement in walkability increases commercial property values by 5 to 8 percent.

Similarly, Redfin recently released a report revealing that homes built in highly walkable areas—that is, in proximity to shopping, schools, and parks—sell at prices nearly 25 percent higher than those of comparable properties that are not walkable.[14] The correlation between walkability and home values can be as simple as supply and demand. More people want to live in communities with good walkability than there are homes available. The result is higher values for these homes.

The Covid-19 pandemic disrupted every aspect of our lives, from where we work to where we live. During the height of the pandemic, there was a shift from large, densely populated urban centers to suburban spaces that offered more ample living space in less populated neighborhoods. But even this shift came with a preference for walkable, planned communities that offered easy accessibility to fitness, shopping, and dining.[15] The bottom line: Walkability does and will continue to add value to homes. Check out the walkability rating in your market using the WalkScore® app: https://www.walkscore.com/.

---

14 Falcon, Julia. (2020). "How Much Does Walkability Increase the Value of a Home?" *Redfin*. https://www.redfin.com/news/how-much-does-walkability-increase-home-values/
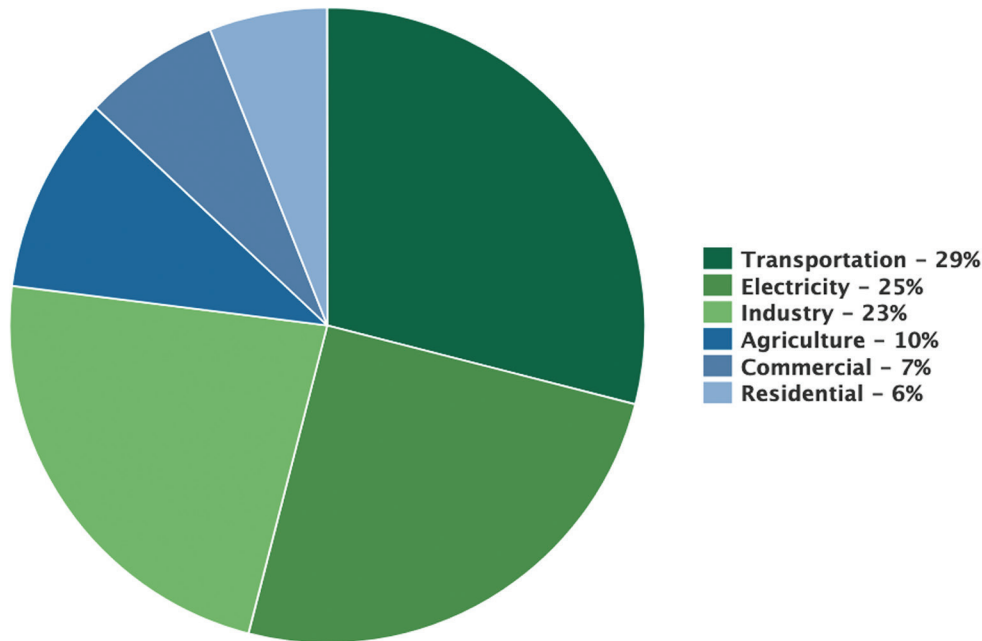**15** Campo-Flores, Arian; Overberg, Paul; De Avila, Joseph; Findell, Elizabeth. (2021). "The Pandemic Changed Where Americans Live." *The Wall Street Journal*. https://www.wsj.com/articles/pandemic-supercharged-changes-in-where-americans-live-11619536399

Transit-Oriented Development

Availability of public transportation options puts a new spin on the familiar mantra of "location, location, location." With transit-oriented development, the mantra is "access, access, access."

For many suburban communities and small towns, car dependence is a fact of life. Every trip to a store, friend's house, school, kid's playdate, athletic event, doctor appointment, and so on, requires a car. The negatives comprise a familiar list: long commutes, traffic congestion, high gas costs, expensive vehicle maintenance costs, parking aggravation, the risk of traffic accidents and injuries, plus higher carbon emissions and the acceleration of climate change. Transportation accounts for more than a quarter (29 percent) of greenhouse gas emissions, and within that percentage household car usage accounts for the largest share (58 percent) ("Fast Facts on Transportation GHG," 2021).

Figure 6.15:
Green House Gas Emissions by Sector

Transportation – 29%
Electricity – 25%
Industry – 23%
Agriculture – 10%
Commercial – 7%
Residential – 6%

Source:
EPA, https://www.epa.gov/greenvehicles/fast-facts-transportation-greenhouse-gas-emissions

Some subdivisions were designed under the assumption that homeowners would drive to access the necessities of daily life—and therefore were car dependent from the start. For other communities, the fast-food franchises, shopping malls, and big-box retailers at the edge of town and accessible only by multilane streets drew stores and businesses from the central core and eclipsed the traditional downtown. Smart growth aims to undo these trends by centralizing living, shopping, and working with walkable streets, as we just discussed, and access to public transportation.

TRANSIT-ORIENTED, CAR-OPTIONAL DEVELOPMENT

Along with walkability, an effective public transportation system takes people where they want to go and offers alternatives to driving. Transit-oriented development centers around transit nodes—bus stops and rail stations—with a goal of fostering compact, mixed-use, pedestrian-oriented neighborhoods. A growing number of Americans would like the option to leave the car in the garage.

The Covid-19 pandemic disrupted our lives and shifted living patterns, and the full scope of the pandemic's impact is not yet understood. But it's likely transit-oriented developments will retain their value as offices and workplaces return to something closer to normal, even if not quite the same as pre-pandemic times. Historically, housing located close to public transit isn't only more convenient, it holds its value. During the housing crash of 2008, for example, the steepest declines in value and the highest rates of foreclosure happened in auto-dependent areas. Areas with transportation choices, including walkability, held their value. Fast-forwarding to today, the American Public Transportation Association (APTA) reports that in 2021, home values in areas near public transportation are as much as 24 percent higher than values in areas that do not have such access.[16]

---

[16] Public Transportation Facts. (2021). APTA, https://www.apta.com/news-publications/public-transportation-facts/

TRANSIT-ORIENTED CHOICES = AFFORDABILITY

It's easy to track how big of a bite a mortgage or rent payment takes out of a family's monthly budget. Transportation costs, on the other hand, are paid out a little at a time—a tank of gas, a monthly train ticket, a car insurance premium—and take more effort to track. To get a complete picture of affordability, homebuyers should look beyond their mortgage payments and consider the cost in both dollars and time for travel to jobs, schools, and other necessary destinations. When these costs are considered, housing located close to public transit isn't only more convenient, it's more affordable. This is why with smart growth you need to adjust from house selling to place selling.

Homebuyers who move to far-flung suburbs in search of affordable homes might be giving back what they save on mortgage payments to fill up their cars' gas tanks. In fact, a study by the Center for Housing Policy estimated that for every dollar saved on housing, the homeowner spent $.77 on transportation. That calculation doesn't count the time spent commuting or the environmental impact of carbon emissions from auto exhaust. For buyers in their prime career and homebuying years, commuting costs trump heating and cooling costs. In effect, housing and transportation can't really be understood apart from each other. Rather than thinking about "affordable housing," homebuyers should be thinking more holistically about "affordable living," which is what a smart growth design offers.[17]

Transportation is the second largest expense for the average American household. According to the U.S. Bureau of Labor Statistics, the average American household spends more than half of its income on a combination of housing and transportation. That percentage increases sharply when gasoline prices escalate, as they have been recently. Figure 6.3 illustrates how transportation impacts home affordability.

---

[17] Cortright, Joe. (2019). "You can't judge housing affordability without knowing transportation costs." *City Observatory*. https://cityobservatory.org/transportation_housing_affordability/

Figure 6.16:
Salt Lake City Affordable Housing Map
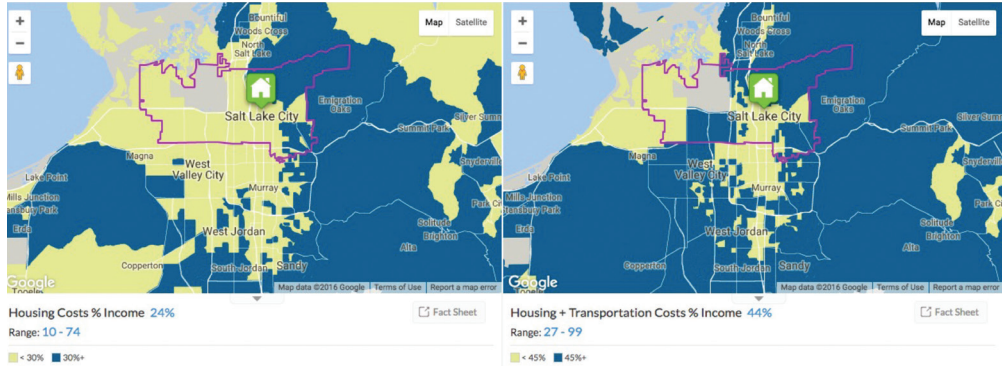
The traditional definition of affordable housing is housing that costs less than 30 percent of a household's income. In the Salt Lake City, Utah, region, the average housing cost is 24 percent of median income, but that varies from place to place with a range from 10 percent to up to 74 percent of the median. The map on the left shows affordable areas in yellow. The average monthly housing costs in the blue areas are more than 30 percent of the regional median income.

By contrast, the map on the right factors in the costs of transportation. The average cost of housing plus transportation in the Salt Lake City region is 44 percent of household income. Here, the blue areas are where the combined costs of transportation and housing in each census block add up to more than 45 percent of the area's median income. This sample model looks at auto ownership, auto use, and transit use in each census block, and calculates the cost of transportation for a typical household in that area.

In sum, the yellow places in the map on the right are more indicative of smart growth communities in terms of overall affordability when factoring in housing prices as well as transportation costs.

Younger generations of homebuyers—namely, Millennials and Gen Z—have taken note of these cost-of-living factors. NAR's Home Buyer and Seller Generational Trends report for 2021 reveals what consumers of different age groups deem "very important." Notably, across generations, the most consistent features deemed very important by consumers are features that conserve energy and save money: heating/cooling costs and window/doors/siding. The same report also indicates a continued emphasis on modes of daily transportation in relation to community preferences. More than three-quarters of the respondents (78 percent) reported that commute times and distances were very or somewhat important.

This is even more of a concern for the younger generations, as 44 percent of respondents aged 22–30 and 38 percent of respondents aged 31–40 listed commuting costs as "very important" when considering a place to live (see Figure 6.17).

Figure 6.17:
Buyers Who Consider Environmentally Friendly Features
as Very Impiortant
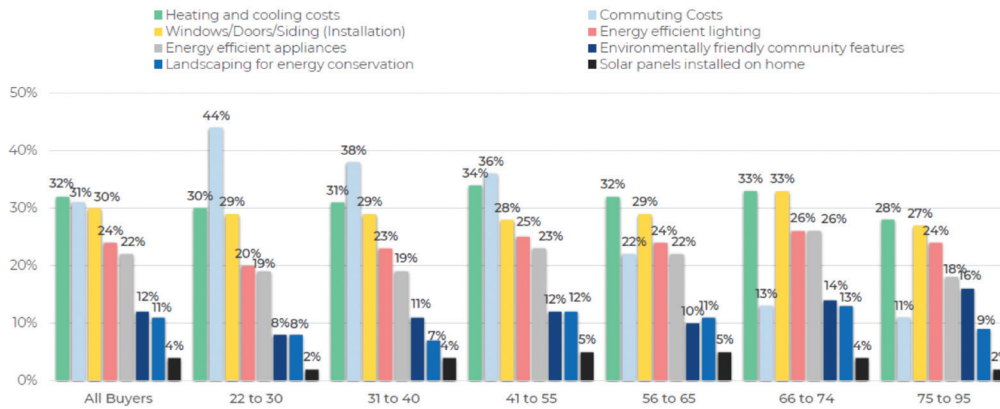
How does your market rank in terms of housing and transportation affordability? The Center for Neighborhood Technology offers an online, interactive mapping tool that shows the average percentage of income spent on housing plus transportation for cities, towns, and neighborhoods across the country. What is an affordable amount for these two expenditures? The index sets a benchmark of 47 percent as the amount a household should spend on housing plus transportation. See how your community rates at http://htaindex.cnt.org.

WALKABILITY AND TRANSIT-ORIENTED DEVELOPMENT—A CORPORATE COMPETITIVE EDGE

Although the majority of large companies and corporate headquarters are located in suburban locations, there has been a trend in recent years to relocate to downtown locations. What features are high on the list when choosing a downtown location? Companies are looking for vibrant, transit-oriented, walkable neighborhoods where people want to both live and work. As companies compete for new hires and the best talent, location and access are crucial selling points. Both current and potential employees want neighborhoods with restaurants, cafés, cultural institutions, entertainment, and nightlife, as well as easy access by public transportation.

A smart growth design receiving a lot of buzz recently is the so-called 15-minute city, an urban area in which everything a typical resident would want to do is accessible in 15 minutes. Things like shopping, work, entertainment, and healthcare would all be conveniently accessible by either walking or public transit (Hackl, 2021). In part due to the impact of the pandemic, cities and businesses alike will strive to become more flexible and walkable, making for a more organic mix of one's work life, personal life, and values.

A newly developed district in Houston, Texas, called The Ion illustrates what this type of 15-minute city might look like. It's attempting to integrate start-ups, corporations, community partners, and residential space to create an inclusive community that embraces walkable living and sustainability (Malcolm, 2021).

Placemaking

Placemaking is the design process of developing community gathering places—community "living rooms"—and it starts with reimagining how spaces can be repurposed. Instead of draining the vitality of a community by continually building outward in endless sprawl, reinventing empty spaces (e.g., defunct shopping malls, vacant office buildings, and unused parking lots) offers an opportunity to create—to "placemake"—the assets that make a community a desirable place to live. The redesign process not only creates new gathering places but also spurs new commercial development nearby.

For housing subdivisions that were constructed without a central core, placemaking offers the opportunity to create the downtown that was missing when the houses were built. Another benefit is the creation of a distinction between neighborhoods, especially in subdivisions where one cul-de-sac looks the same as the next. When a neighborhood focal point is missing, placemaking can create the assets that make it unified and whole, which is what healthy, productive communities are all about.

Placemaking comes in many forms. It can be a short-term or long-term project. Placemaking projects can be initiated in any number of ways for any number of reasons, such as to revitalize a town center or create a new one, generate revenue for a local economy, or enhance the spirit and cohesion of a community. Creative placemaking is also an inclusive process that seeks to invite underrepresented voices and ideas into the process. Placemaking with the help of local art and artists is a great way to bring communities together.

Watch the following video in the link below to see how a community in Natick, Massachusetts went about doing just this.

https://www.youtube.com/watch?v=DhBAc7IWI0E&t=106s

BUSINESS ATTRACTION AND RETENTION

Placemaking isn't a new economic development strategy. Communities of all sizes have been investing in beautiful, interesting places as a way to attract visitors for years. We have all experienced times when we visited towns and cities that were lively, walkable, and vibrant. This is what placemaking is all about. More and more, cities and towns are investing in creating great places as a larger economic development strategy—places that are great places to live, but also fun, enriching, and welcoming places for visitors.

What does it take to get a great place?

People are the most important element. All the design and place management work that goes into creating great places is ultimately about bringing people to a place. That means public spaces (and quasi-public spaces, like shopping centers and sidewalk restaurant seating) need to be welcoming: safe, attractive, and interesting. There needs to be activity, and that often means programming such as events and festivals for different audiences, for example. And as with all aspects of smart growth, it helps greatly to have the public participate in the planning, designing, and programming of these spaces. Public participation may be attending events, or it can be something that directly engages residents in creating a vision for a public square or a neighborhood.

WHY DOES PLACEMAKING MATTER TO YOUR BUSINESS?

Do you expect to be in the real estate business in 5 or 10 years? Climate-conscious Millennials and Gen Zs will shape the housing market over the coming decade, and they want to live in interesting, walkable, car-optional communities. They will choose to live where communities can offer employment, amenities, social and professional networks, services, resources, and opportunities.

The impact of these demographic realities is a when issue, not an if issue. Urban planners across the country are applying data analysis and adaptive reuse to transform communities in the mode of 15-minute livability discussed earlier. Parking lots and malls, for example, are prime locations for mixed-use community initiatives.[18]

As a real estate professional, your business success will depend on your ability to understand and adapt to these trends. Communities that already have good walkability and public transit can build on these assets to attract high-income, well-educated residents and the businesses that serve them. Where these community features are lacking, REALTORS® can play a vital role in advocating for value-added development and raising community leaders' awareness of the link to property values and the tax base.

REALTORS® CAN FOSTER PLACEMAKING

Anyone in a community can start the placemaking process, but someone must take the lead. Who better to do this than REALTORS® who are already engaged in their communities, know the neighborhoods and properties, and are experts at reimagining property and land use? NAR's Placemaking Initiative provides technical and financial assistance to help REALTOR® associations and their members transform public spaces into vibrant community places. Resources include a comprehensive guide on placemaking, webinars and presentations, and a Placemaking Micro-Grant for small projects.

For information about NAR placemaking resources and grants, go to https://www.nar.realtor/grants/placemaking-micro-grant.

---

[18] Clark, Brian. (2021). "The Best Recipe for 15-Minute Livability." NAR: *On Common Ground*. https://www.nar.realtor/on-common-ground/the-best-recipe-for-15-minute-livability

PLACEMAKING ACTION CHECKLIST

Once you complete this course and become an active advocate for cohesive, equitable, and sustainable development in your community, use the principles of smart growth as your guide. These aren't just "theoretical" principles. As we have seen, each principle is easily identifiable and applicable to most any community. To keep you on the right path, use the following Placemaking Action Checklist.

Smart Growth Principle	Where It's Being Implemented	What It Will Achieve	Has It Been Completed?
Mix land uses			
Take advantage of compact building design			
Create a range of housing opportunities and choices			
Create walkable neighborhoods			
Foster a strong sense of place			
Preserve open space and critical environmental areas			
Strengthen and direct development toward existing communities			
Provide a variety of transportation choices			
Make development decisions predictable, fair, and cost-effective			
Encourage community and stakeholder collaboration			

Exercise 6.2:
Placemaking Your Community

Take some time to brainstorm a placemaking initiative that might help foster community spirit and cohesion. Where could it take place? What could the theme be? What would the overall goal be? In what ways would it help the community? Which stakeholders would need to be involved?

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

RESOURCES:
Tools & Strategies for Building Your Business and Community

THESE RESOURCES SHOULD HELP YOU TO:

⬊ Identify and apply tips and tools in your community to better advocate for equitable and sustainable development.

⬊ Explain how utilizing these resources will help you strength and grow your business.

⬊ Understand how to better communicate with various stakeholders in your community to build bridges and reach smart solutions for the betterment of all.

Throughout this course, we have discussed ways for you to become an engaged and better-informed citizen and real estate professional to improve your community and build your business. The core principles of smart growth proactively emphasize the need for equity, affordability, choice, and a commitment to promote eco-friendly, sustainable communities for the future. In this final module, we present you with practical, concrete resources to evaluate your personal relationship to and beliefs about sustainability practices, exercises to test and apply your knowledge about smart growth, and resources that will help you be a more informed, active, and influential citizen and real estate professional in your community.

The Sustainability Survey

In Module 4, we discussed the how cutting edge sustainable technologies are generally adopted and used in communities. Here we provide you a chance to evaluate to what degree you adopt and use sustainable technologies in your life and business!

Where would you place yourself, and your market area, on the sustainability green curve? In 2021, a random sample of over 5,000 REALTORS® responded to an NAR survey on residential sustainability. Try answering some of the survey questions here and then compare your responses with the results that follow.

1. **How valuable is energy efficiency promotion in listings?**

    ❐ Very valuable

    ❐ Somewhat valuable

    ❐ Neutral

    ❐ Not very valuable

    ❐ Not at all valuable

    ❐ Depends on the listing

2. **How interested are consumers in sustainability?**

    ❐ Very interested

    ❐ Somewhat interested

    ❐ Neither interested or uninterested

    ❐ Somewhat uninterested

    ❐ Very uninterested

3. **Does your brokerage have experience with residential building repurposing?**

    ❐ Brokerage has experience

    ❐ Brokerage does not have experience

    ❐ Don't know

4.   **How confident are you in connecting with green lenders who can provide lending products that encourage energy efficient improvements to existing homes?**

□ Extremely confident

□ Very confident

□ Not sure

□ Not so confident

□ Not at all confident

5.   **How comfortable are you answering clients' questions about home performance?**

□ Extremely comfortable

□ Comfortable

□ Uncomfortable

□ Extremely uncomfortable

□ Not sure

□ None of these

6.   **In what ways do you make use of the MLS green data fields?**

□ Don't use

□ Promote green features

□ Promote energy information

□ Promote green certifications

□ Other

1. **How valuable is energy efficiency promotion in listings?**
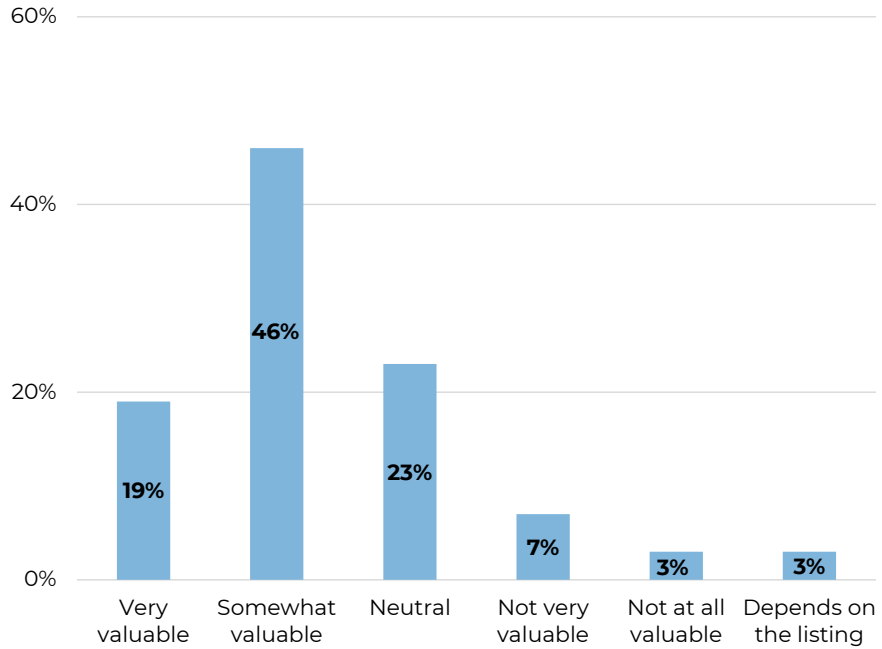
2. **How interested are consumers in sustainability?**
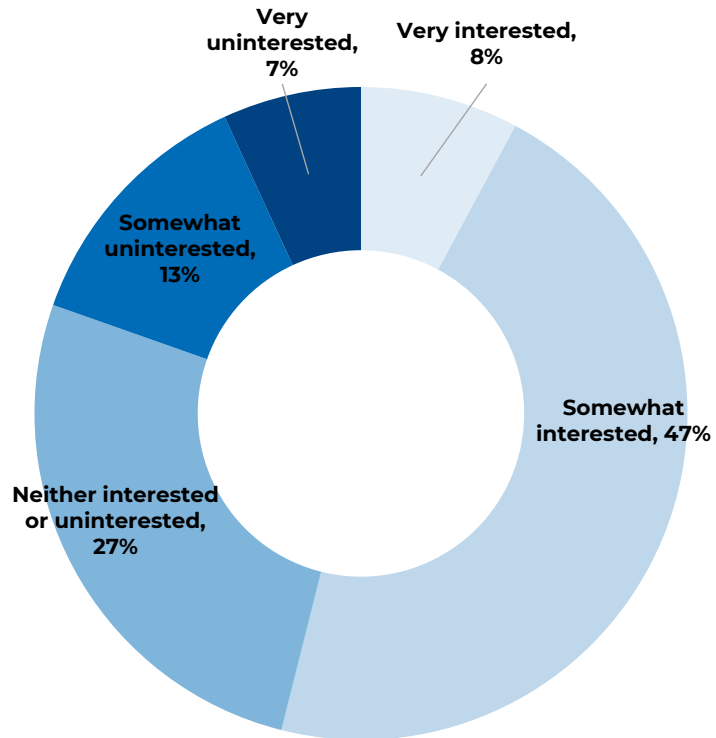
3. **Does your brokerage have experience with residential building repurposing?**
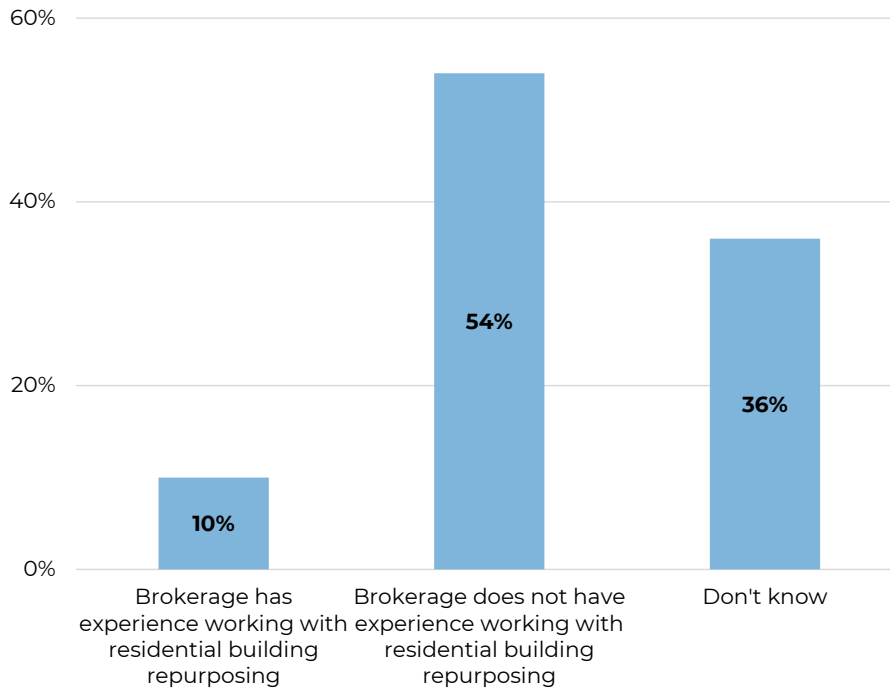
4. **How confident are you in connecting with green lenders who can provide lending products that encourage energy efficient improvements to existing homes?**

5. **How comfortable are you answering clients' questions about home performance?**

None of these, 10%

Extremely comfortable, 5%

Comfortable, 32%

Uncomfortable, 18%

Extremely uncomfortable, 5%

Not sure, 30%

6. **In what ways do you make use of the MLS green data fields?**

Don't use the green MLS data fields	47%
Promote green features	36%
Promote energy information	25%
Promote green certifications	13%
Other	7%
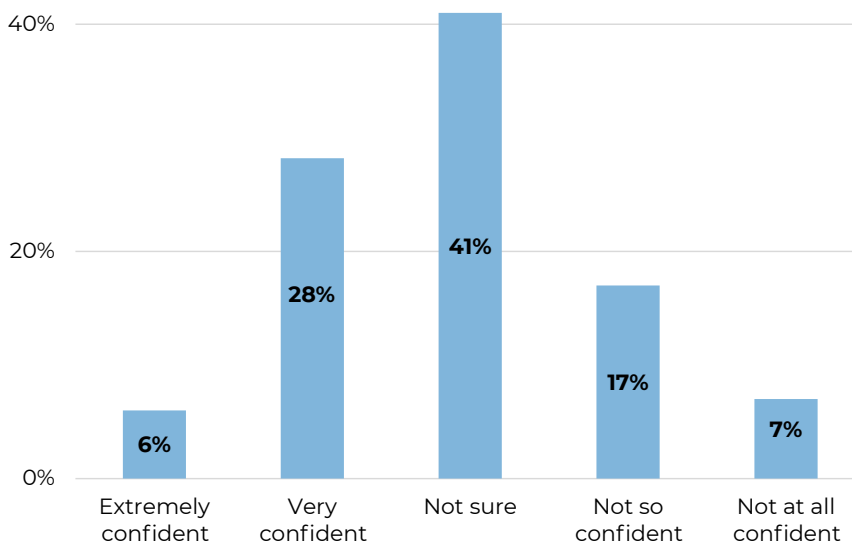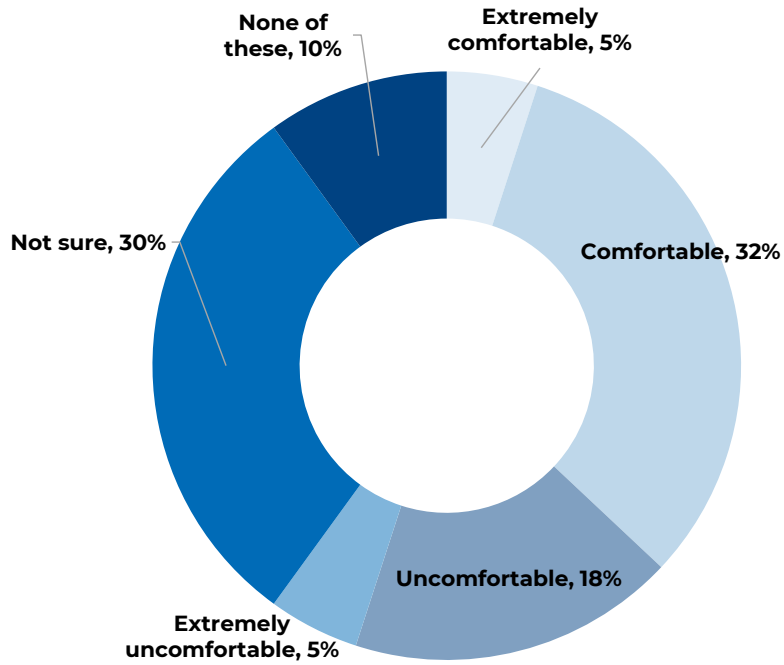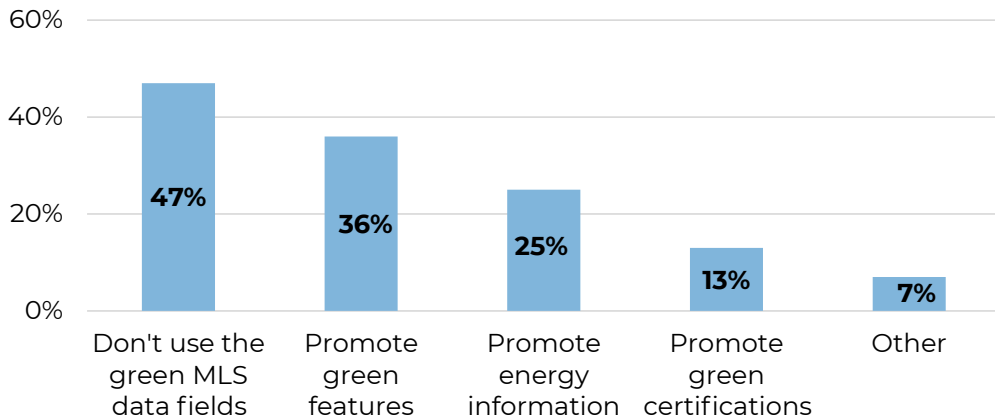
Source Data: NAR 2021 REALTORS® and Sustainability Report

All data and research paint a picture of consumers and real estate professionals shifting to the center—the mainstream—of the green curve. The pandemic seems to have accelerated that trend. Referring to the sustained demand for green features in the real estate market, Jessica Lautz, NAR's vice president of demographics and behavioral insights said, "The pandemic has led to an increased focus on wellness, and sustainability is an important variable in that overall equation for some people" (Bond, 2021). Research by Freddie Mac shows that green homes not only sell faster, but also for more money. The study showed that homes with high energy efficiency rates sold for nearly 3% more on average than homes that did not have high efficiency ratings.[19]

Social Equity Advocacy Points

Throughout this course, we've discussed various ways in which smart growth promotes diversity and equity in community planning and development. Here we distill them into some clear, concrete talking points for you to refer to remember when talking with clients and stakeholders in your own community. Smart growth promotes:

1. Community engagement that involves community members and organizations that are familiar with the needs of lower-income residents (such as churches, community development corporations, etc.)

2. Mixing land uses to remediate issues particular to low-income neighborhoods, such as food deserts and areas without parks and play areas.

3. Economic development that is attractive to businesses and that is also accessible and beneficial to all residents within the community.

4. Transportation and housing choices that work together to make a place more affordable to live in, such as by allowing people to choose more affordable ways to get to work or school.

---

[19] Bond, Michaelle. (2021). "Demand for green home features continues even in today's competitive market." The Philadelphia Inquirer. https://www.inquirer.com/real-estate/housing/eco-friendly-home-energy-efficient-solar-green-buy-sell-20210605.html

Become an Advocate
for the Missing Middle Housing

Throughout this course, we have discussed the importance of housing choice and walkability in creating equitable, attractive, economically desirable communities. This can all be accomplished by addressing what's known as the "Missing Middle" in housing. The missing middle is the gap in affordable housing in communities between detached single-family housing and mid-rise apartment buildings (see Figure 7.1).

Figure 7.1:
Missing Middle Housing is a range of house-scale buildings with multiple units—compatible in scale and form with detached single-family homes—located in a walkable neighborhood.

Source: https://missingmiddlehousing.com/

The missing middle housing is range of housing options that are on the scale of detached single-family homes but offer a variety of housing choices and pricing and still contributes to cohesive, transit-oriented, walkable communities. The missing middle would comprise two- and three-family homes, townhomes, bungalow and cottage courts, and stacked and side-by-side duplexes, among others. These housing types also increase the density of a community without requiring the land-use and resources that single-family units require.

These types of housing units were popular pre-World War II, but with the move towards single-family homes in the post-war era, these types of units stopped being built. More sprawl and less centralized communities resulted. Addressing the missing middle housing issue will help to re-establish affordability, equity, and more cohesive and attractive communities again. In doing so, you'll be adhering to smart growth principles in a practical way with clear solution that stakeholders in the community will be able to easily understand.

Smart Community Team Exercises

EXERCISE: LUNCH WITH THE MAYOR

In this team exercise, you will break up into groups of three. Each person will have an opportunity to play one of three roles: the mayor, the real estate professional, and the observer. Imagine that the Mayor and the real estate professional are having lunch.

The Mayor says, "I've heard this "smart growth" term coming up a lot lately, but I can't figure out what people mean by it. What is it? How could it be useful to me?"

The real estate professional answers the question, and if the Mayor has an objection or a question, he or she should raise them. The observer notes the strongest questions and answers.

↘ Before beginning, agree on a community (neighborhood, town, city, county) with which everyone in the group is familiar, so you all have the same general points or reference and you can make specific claims and provide specific examples to help the mayor better understand the benefits.

↘ Allow at least 3-4 minutes per Mayor–Real Estate Professional conversation, and then a couple of minutes for the observer to share their thoughts.

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

EXERCISE: CONVERSATIONS AT A PLANNING MEETING

In this team exercise, you will break into groups of three or four. Depending on time, you can rotate the following roles: business owner, environmental activist, resident of higher income, resident of lower income, local government official.

Imagine you are all at a planning meeting and charged with coming up with presenting your top three ideas for smart growth redevelopment. The task is to think about these ideas using the lens of the stakeholder you are being. A business owner, for example, might have a different set of ideas than a resident of lower income, who may have different perspective than an environmental activist, etc. After everyone has generated three ideas in their respective role, spend time presenting and debating the merits and weaknesses of each.

↘ Before beginning, agree on a community (neighborhood, town, city, county) with which everyone in the group is familiar, so you all have the same general points of reference and you can make specific claims and provide specific examples.

↘ This is an exercise in perspective-taking, so it's important that you really try to present ideas and respond to others as a person with that same perspective might do at a planning meeting.

Exploring Apps:
Smart Growth and Your Business

Explore some of the websites and resources mentioned in this course. Take notes on how you will use these resources in your business.

↘ **WalkScore**
www.walkscore.com

_____

_____

_____

_____

_____

_____

↘ **Transportation + Affordability Index**
http://htaindex.cnt.org

_____

_____

_____

_____

_____

_____

↘ **Smart Growth**
https://nar.realtor/smart-growth

_____

_____

_____

_____

_____

_____

Practice Active Listening

Taking part in planning and zoning meetings to learn about the ideas for development in your community, as well as the intention of all the stakeholders involved, requires more than just showing up. As the team exercises in this module might have illustrated, it's necessary to fully understand the perspectives of everyone in the community. To do that, you need to be intentional in your conversations—and particularly in the way you listen to others. Cultivating the skill of active listening can help you do that. Here's the general

1. **Pay Attention:**
    You should take an active interest in what people are saying. Listen not just to their wants and needs, but also their concerns and plans they have for the community. Pay attention to their body language as well. Is their posture or expression saying something that their words are not? For some people and cultures, for example, conversation is the message. They prefer talking and interaction, even about topics seemingly unrelated to the focus at hand. Paying attention will build trust and their real estate goals will emerge over time.

2. **Withhold Judgment:**
    As we explored in the earlier team exercises, different stakeholders will have different ideas as to what should be prioritized in the development or redevelopment of a community. Avoid judging their wants and needs if they do not align with your own. Remember, it's important for you as a citizen to share your thoughts and advocate for your beliefs, but it's also important as a real estate professional to understand the perspectives of everyone in the community so that you can help build bridges and share insights with clients and other stakeholders.

3. **Reflect:**
    Part of active listening is not simply assuming that you understand what others are saying but actively getting confirmation that you understand what your client is saying. You can do this by paraphrasing back what others say to you.

    The act of reflecting might sound something like this:

    - **Local business owner:**
      I'm frustrated that all of these plans about creating "complete streets" is not taking into consideration the needs of businesses in town. Has anyone done any research on how much business we will lose with the streets and sidewalks torn up all summer long?

    - **You:**
      Please correct me if I'm misunderstanding you, but what I think you're most concerned about is not necessarily having complete streets in the long term, but rather how the process of creating them will affect your business in the short term. Is that right?

Using the technique of reflection serves five important functions:

1. **Communication:**
    It helps to ensure that there are no miscommunications between you and your client.

2. **Reflect:**
    Reflecting makes your client feel listened to. It literally shows them that you are listening and that you are taking the time to get it right.

3. **Build Trust:**
    Showing your client that you are carefully considering their wants and needs builds trust.

4.   **Clarify:**

Don't feel like you always have to "get it" right away when you speak to other people and stakeholders. Don't be afraid to ask questions and make sure you clarify something that might be confusing to you. Reflecting back what they say helps prevent miscommunication, and so does clarification—that is asking additional questions yourself. Asking questions will also show that you are interested and that you are making sure you get it right:

For example, to extend the example above, you might follow-up later in the conversation by asking the following: Is there anything that the town could provide for you that would help allay your concerns about the short-term construction issues to eventually support this complete street plan?

5.   **Check In:**

It's always a good idea to check back in with people you converse with to see how their issues are being handled. Has there been any improvement? Have things gotten worse? Are they more concerned? More optimistic? Touching base with people in this way let's people know that (a) you really listened to them the first time, and (b) that you actually care. Both of these points will help bolster your character and reputation not only at planning meetings but likely more broadly to the community at large—which helps your business.

The added benefit of becoming a better listener for the purposes of planning meetings is that it also helps you in all facets of your life—including with your clients. This is a skill that applies to all clients, but can be especially helpful with clients of different cultures and backgrounds. You will be better able understand the wants and needs of all clients in your community, no matter their background, so long as you can take the time to truly hear what they have to say and what they value in their homes, communities, and lives.

Smart Growth Resources from NAR

Smart Growth encompasses all of the concepts we looked at in this course. Whether your community is grappling with transportation and land-use issues, crowded schools, loss of open space, or revitalizing vacant properties, NAR's Smart Growth Program has resources to help REALTOR® associations plant seeds that will pay dividends for years to come.

↘ **On Common Ground Magazine**
Keep up to date with NAR's free, semi-annual online magazine, which presents a wealth of information on smart growth planning and development.

↘ **Toolkits**
Learn about important community issues with downloadable toolkits on water infrastructure, transportation, public schools, and placemaking.

↘ **Land Use Initiative, Memo Database, and Growth Management Fact Book**
Research land use management proposals and their impact on the real estate industry. Get analyses of local land use regulations and ordinances to help craft the association response.

↘ Smart Growth Polling Program
Survey local or state residents' opinions on growth to inform decision making by local and state government officials.

↘ **Placemaking Initiative**
Tap into technical and financial assistance to initiate placemaking. Take advantage of the resources offered by NAR and the Smart Growth Network at https://nar.realtor/smart-growth and https://nar.realtor/programs/smart-growth-program. Also check out the tool kit at: https://www.nar.realtor/smart-growth/publications/placemaking-toolkit.

Additional Resources

↘ **Community Engagement**
CitizenLab has a helpful and guide to building community engagement in the planning process, which you can download for free at https://www.citizenlab.co/ebooks-en/build-community-engagement-into-planning-processes.

↘ **EPA: Smart Growth**
Smart Growth is a great survey of new stories, case studies and research from around the country. Funded by U.S. EPA:

- www.smartgrowth.org

- https://www.epa.gov/smartgrowth/examples-smart-growth-communities-and-projects

↘ **Urban Land Institute**
The Urban Land Institute has excellent publications on their national website, as well as local chapters and interest groups: www.uli.org.

↘ **Local Government Commission**
Local Government Commission is one of the longest-standing organizations promoting smart growth strategies. Their membership is primarily local officials and primarily in California, but the resources on their website are outstanding: www.lgc.org.

↘ **Smart Growth America**
Smart Growth America works with local governments, civic organizations and developers to help them implement smart growth plans and projects: www.smartgrowthamerica.org.

↘ **AARP: Livable Communities**
AARP is an interest group that advocates for issues to benefit individuals over the age of fifty. One issue that they have extensive information on is related to the challenges and benefits of accessible, equitable, and healthful communities for people of all ages: www.aarp.org/livable-communities.

Smart Growth REALTOR® Success Stories

Finally, if you're looking for a little more inspiration to become a more vocal and active advocate for an equitable and sustainable future for your community, here are but a few real-world stories of success all around the country from your fellow REALTORS®! These stories clearly show how you can help enact real, meaningful, and lasting change in your community. We hope this course has provided you the motivation, knowledge, and tools to help you achieve all that you set out to do!

⬊ **Bastrop County REALTORS® Success Story:**
https://realtorparty.realtor/news/brc-sg2016-html

⬊ **South Bend Area REALTORS® Success Story:**
https://realtorparty.realtor/homepage/success-story/southbend-sg-0521

⬊ **Greensboro Regional REALTORS® Success Story:**
https://realtorparty.realtor/homepage/success-story/greensboro-regional-realtors-contributes-key-element-to-citys-2040-comprehensive-plan-smart-growth-polling

⬊ **Carolinas Association of REALTORS® Success Story:**
https://realtorparty.realtor/homepage/success-story/ccar-sg0922

⬊ **Orlando Regional REALTOR® Association and Aspire North REALTORS® (Traverse City, MI) Success Story:**
https://realtorparty.realtor/homepage/success-story/orra-sg0822

⬊ **Pacific Southwest REALTOR® Association Success Story:**
https://realtorparty.realtor/homepage/success-story/pacific-southwest-sg-0721

⬊ **Maine REALTOR® Association Success Story:**
https://realtorparty.realtor/about-us/maine-association-facilitates-smart-growth-for-once-thriving-mill-town