

Comment on J. Terrence Farris's "The Barriers to Using Urban Infill Development to Achieve Smart Growth"

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Abstract

Revitalizing vacant urban land with residential and commercial refill should not be neglected because it can be more difficult than suburban development. Barriers exist, but they can be overcome. Strong markets for an urban alternative to large-lot suburban living are developing in many cities. Compared with similar activity in the suburbs, central-city residential construction increased dramatically in the 1990s. While America's growth in the next 20 years will require housing of all sorts, urban infill needs to be part of a regional smart growth strategy.

Keywords: Development/revitalization; Growth management; Housing

During my 16 years as mayor of Indianapolis, I used to say to the folks who ran our Department of Metropolitan Development and were responsible for everything from planning and zoning to code enforcement and land assembly, "Please, don't tell me why something cannot be done. Just tell me how we can do it. Nothing will ever be accomplished if all possible objections must first be overcome."

This recollection flashed across my mind as I read Farris's article. Though formidable barriers to urban infill housing exist, they can often be overcome to fill the growing demand for urban housing. Should urban infill and redevelopment, sometimes called "refill," be cast aside or given lower priority than "higher-density, quality development at the metropolitan edge and exurbia" (Farris, 2) just because it is sometimes more difficult?

Infill was defined by the Real Estate Research Corporation in 1979 as "the economic use of *vacant* land in *urban* areas where water, sewer, and other public services are already in place" (Moudon 2001, 2). In her forthcoming book on successful infill housing development, Diane R. Suchman, a consultant to the Urban Land Institute (ULI), describes infill as "vacant or underused property that is located within a developed area," a less limiting definition that encompasses not only vacant land, but also abandoned warehouses, underused historic structures, and properties that are served by old and possibly inadequate infrastructure (2001).

Refill should be an important component of a regional growth strategy. There is a real societal and market value in invigorating cities through

the redevelopment of abandoned spaces and obsolete structures. Infill developments bring new life to their communities, physically, socially, and economically. They can lead to a positive domino effect for further urban revitalization by creating models of success on which additional future investment can be built.

Throughout the nation, developers and local officials, working in partnership, have created new and exciting places to live in urban infill areas. Recognizing the value of rebuilding cities, they have provided an alternative to large-lot suburban living in the form of residential or mixed-use communities that encompass a wide range of designs, sizes, and price ranges. In responding to Farris, I will concentrate on the following four points:

1. The barriers he lists are not universal.
2. The challenges often can be—and are being—overcome.
3. Market demand for urban infill housing is expanding.
4. Infill development cannot solve the problems associated with growth, but it can fulfill some of the demand for new housing.

Barriers

First, the challenges Farris describes do not apply to all projects. Unquestionably, not all urban infill projects are feasible. But each project is different, and the challenges will differ according to the characteristics of the metropolitan area where the development occurs (not just its “elasticity”), the attributes of the specific location and surrounding community, the policies and capabilities of the governing jurisdiction, the nature of the local housing market, the requirements of the development itself, and so on. For example, NIMBYism (“not in my backyard”) may be a factor in one location but not in another. Some cities are willing to use eminent domain to help assemble land, as we were in Indianapolis when we put together the Circle Centre project (three and one-half city blocks) with the Mel Simon organization; others may not be. Reusing historic structures could present a problem in one city, but in another could enable a developer to create a uniquely attractive and marketable project, draw community support, and/or make possible use of historic tax credits, resulting in a development such as the Glove Factory in downtown Indianapolis, where I lived for several years.

Furthermore, development challenges are not unique to central-city and urban neighborhoods. Suburban developments also encounter barriers and problems. Exclusionary zoning; taxes; endangered species laws; costs of new infrastructure that a community wants the developer to bear;

concerns of environmentally conscious citizens about promiscuous land consumption, diminution of agricultural land, and destruction of habitat; complexities in the permitting process; and the “drawbridge mentality” that does not want to allow anyone else in—all these factors and more can make higher-density suburban development difficult as well. In fact, in some ways, urban infill development can be easier. As John Williams, chairman and CEO of Post Properties in Atlanta put it: “To me, it makes more sense to talk about urban infill than suburban, because the urban already has the street grids, the transportation, and the infrastructure in place. It just simply needs to be retooled” (Williams 2000).

The development business is not for the faint of heart; it always involves risk, skill, and judgment. In any project, a developer must assess the downside and upside, look at the alternatives, and determine whether or not to proceed. It appears that infill activity is creating a new breed of developers who specialize in this particular form and that as they succeed, infill barriers will become less significant.

Successes

If the bad news is that barriers to urban infill exist, the good news is that they can be overcome. As the following examples attest, successful urban infill projects all around the country demonstrate how land can be assembled, zoning changed, brownfields remediated, financing arranged, and neighbors won over.

- In the Park DuValle neighborhood in Louisville, KY, a public/private partnership is transforming the former site of 1,100 units of public housing into a vibrant mixed-income neighborhood of 1,213 rental and for-sale homes through the federal HOPE VI program (ULI 2000a). Units in this new neighborhood are being rented faster than they can be built. The first 50 lots earmarked for homeownership units sold a year ahead of schedule, and there is a waiting list of 250 for the next phase.
- In West Dallas, a consortium of the nonprofit home builder Habitat for Humanity, the for-profit home builder Centex, and the public housing authority is redeveloping a portion of 2,000 acres that originally contained 10,000 low-income multifamily public housing units. Only 800 of the original units are left; the rest of the site lies abandoned. For seven years, the housing authority had tried to attract private sector assistance in redeveloping this land, but with no success because of the extreme blight and distress of the area. After two years of negotiations during which culture clashes between for-profit, nonprofit, and public entities had to be resolved, a first-phase master plan to build 300 units of variously priced, quality single-family homes on 75 acres was approved. If this succeeds, the coali-

tion will move on to a second phase. “We cannot give up on urban infill. It’s hard. It’s difficult. But the cause is right, and we cannot give up,” remarks Phil Wise, the driving force behind the project (2000).

- In Jacksonville, FL, where for decades there has been downtown housing, a partnership of the mayor, the Bank of America, and St. John’s Cathedral (one of the largest landowners in downtown Jacksonville) is working to overcome political inertia to create The Parks at the Cathedral, a 63-unit, fee-simple town house community (ULI 2000a). Visionary leadership coupled with financial incentives offered by the city (\$409,000 in the form of development grants to buyers and \$3 million in infrastructure improvements and project-specific costs) will help create a market demand and be key to making the project that is now on the drawing board happen. Believing in the importance of urban infill, the partnership hopes that this first step will lead to the creation of hundreds of units clustered around the historic churches east of Ocean Street to Hogan’s Creek in the city’s downtown.
- At Old Town Square in Chicago, just a few blocks from the infamous Cabrini Green public housing development, MCL Companies has completed work on 200 condominiums, a shopping center, town houses, and single-family homes on the site of an old Oscar Mayer hot dog plant: 20 percent of the development consists of public housing replacement units, with the remainder being market-rate and appreciating rapidly (Suchman 2001).
- In Atlanta, Winter Properties has filed a mixed-use development plan to rezone 27 acres for 1.1 million square feet of office, retail, and residential space, which the local newspaper headlines as “urban infill” (Wilbert 2001).
- One of the most exciting urban infill projects in America is occurring in the Central Platte Valley of Denver; it illustrates that, with perseverance and a common purpose, cities and developers can work together to transform large tracts of blighted property into new urban communities. The plan calls for the transformation of 51 acres of vacant rail yards into an “urban village” to be known as the Commons—“a self-contained neighborhood that offers services, jobs, entertainment and housing, but is also linked to the city’s civic, business, and cultural centers” (Ochis and Johnson 1998). After 30 public hearings and 50 meetings with city staff and neighborhood and business groups, the city council finally approved both the rezoning and the planned unit development application. Over the next 20 years, development will create 6.2 million square feet of housing, offices, shops, hotels, and restaurants in six subareas, a city park, tree-lined streets with ample sidewalks, and 2,000 residential units. So far, the

market for this development has proved strong; residential buildings were sold out before construction began (Ittelson 2000; Ochis 2000).

- On the West Coast, Post Properties and Trizec Hahn Corp. are creating a new urban village known as Paseo Colorado, located a block from historic Old Pasadena. It will replace a massive obsolete mall, which not only was an eyesore, but also divided the community, with 560,000 square feet of street-oriented shops, restaurants, and cinemas mixed with 387 luxury apartment homes above the retail. Because developers worked closely with Pasadena citizens to address their concerns, “practically everyone embraced the project at the end of the process” (Froese 2000).
- In Camden, NJ, arguably the most distressed city in America, Camden Lutheran Housing has totally transformed an abandoned urban wasteland with 65 units (town houses and high rise) of rental housing for low-income people. Over a four-year period, Cooper Waterfront Homes, located on the site of two 19th-century woolen mills, overcame the barriers of NIMBYism, financing, and land remediation to create an absolute jewel of urban infill (Russell 2000).

Examples of successful multifamily infill projects abound. In Cincinnati, for example, a former department store (Shillito’s) has been converted into rental lofts that have been leased quickly and have maintained high occupancy rates, while not far away, Gramercy on Garfield is a new apartment building with 148 units (Jerschow 2000). In Norfolk, VA, a 184-unit rental complex, the Heritage at Freemason Harbour, has been constructed on 4.5 acres of paved parking in a downtown revitalization area, turning an unproductive eyesore into a thriving 24-hour-a-day neighborhood (Schmitz 1999). And in Bronxville, NY, where one developer abandoned a 1.67-acre site after trying for eight years to secure approval for a condominium project, a new 110-unit, four-story luxury rental community, Avalon, has been built by a new developer who worked hard to understand all community objections and cooperate with local officials in overcoming them (Collins 1999).

These are examples of isolated success stories. They all add up! Infill development may not contribute the lion’s share of construction in a regional market, but that does not make the smaller part qualitatively less important than the larger. Furthermore, it seems that the infill market is gaining momentum and is poised to expand greatly in the coming years.

Demand

Thus, my third point is that the market for infill housing (and retail) is growing. “We’re doing a lot more in the infill market,” remarks Smedes

York, a Raleigh, NC, developer. “It is very strong now” (York 2000). The *Memphis Business Journal* says that “infill development has become extraordinarily popular among home buyers, home builders and city officials during the last few years” (Overstreet 1999, 23).

In large measure, three forces are fueling this emerging market. The first is the sheer demographics of growth in our country: According to current projections, some 60 million more people will live in the United States by 2020, and 76 million baby boomers are poised to enter “seniorhood” in the next 10 years. A dramatic acceleration of immigration, especially from Latin America and Asia, has occurred during the past decade. A growing population will require an incredible amount and variety of new housing to give people choices among several options, including urban infill. Second, concern about suburban sprawl and congestion is starting a trend back toward the central city. It consists primarily of empty nesters, aging baby boomers, couples without children, and young people who want an urban lifestyle. Third, the new economy holds tremendous promise for many of our cities. “Today,” *Business Week* reported not long ago, “big cities are developing into idea factories—tightly integrated combines that generate the information, the conversations, and the spontaneous innovations that are the lifeblood of a knowledge-based economy” (Farrell 1998, 88). Urban infill helps create the supply to meet that demand.

Consider the following:

- The ULI’s *2000 Real Estate Forecast* found infill housing at the top of the list as the sector offering the best development opportunities. This finding was based on a survey of ULI members who were asked to evaluate the development prospects for 30 different property types (ULI 2000b). Seattle-based architect William H. Kreager has written that “infill housing and mixed-use development offer some of the most creative and profitable opportunities in development today” (1996, 13). *Professional Builder* magazine traces “this burgeoning boom in infill housing” to a “global mindset shift” in the baby boomers who, “instead of buying Porsches, [are choosing] lofts in the city” (Lurz 1999, 50).
- Looking at Census Bureau data on residential construction in *all* central cities and comparing them to *all* metropolitan areas, Arthur C. Nelson has calculated that the value of permits issued for this work in central cities rose by 64.2 percent between 1991 and 1998, in contrast to the suburbs, which increased a modest 2.4 percent (see table 1 and Nelson 2001). More interesting is that as a percentage of suburban construction, the value of residential construction permitted in central cities gained every year, rising steadily from 27.1 percent to 43.5 percent during the same period (Nelson 2001).

Table 1. Value of Residential Construction in All Central Cities Compared with All Metropolitan Areas (1998 dollars)

Year	Value of Central-City New Residential Construction	Percent Annual Change	Value of Metropolitan Statistical Area New Suburban Residential Construction	Percent Annual Change	Central City as a Percentage of Residential Construction
1991	\$13,324		\$49,177		27.1
1992	\$14,664	10.1	\$49,703	1.1	29.5
1993	\$16,111	9.9	\$49,960	0.5	32.2
1994	\$17,785	10.4	\$49,589	-0.7	35.9
1995	\$17,441	-1.9	\$52,989	6.9	32.9
1996	\$18,546	6.3	\$48,387	-8.7	38.3
1997	\$19,304	4.1	\$48,180	-0.4	40.1
1998	\$21,882	13.4	\$50,354	4.5	43.5
1991-98	\$8,558	64.2	\$1,178	2.4	

Source: Calculations and assessment by Nelson (2001).

- Douglas R. Porter, president of the Growth Management Institute in Chevy Chase, MD, citing recent U.S. Department of Housing and Urban Development statistics, builds on Nelson’s point:

In the past year and a half, urban home construction activity has actually been *stronger* than the associated regional market. Between January, 1999, and July, 2000, city housing permit activity was 35 percent greater than the average between 1990 and 1998. In contrast, in the suburban portion of these urban markets, new construction activity was only 21 percent ahead of the average level of activity during the 1990-1998 period. (2000)

- A survey by the Brookings Institution’s Center on Urban and Metropolitan Policy and the Fannie Mae Foundation analyzed data from 24 American cities and found that “all of them expect the number of their downtown residents to grow by 2010” (Brookings Institution 1998, 1). Houston expected an increase of 303.3 percent; Denver, 165.8 percent; Milwaukee, 36.4 percent; Los Angeles, 1.5 percent; Dallas, 84.4 percent; Memphis (TN), 125.4 percent; Austin (TX), 54.9 percent; Boston, 9.0 percent; and on and on. Even cities such as Philadelphia, Chicago, and Detroit, which have lost population for decades, expect that the number of their downtown residents will rise during this decade; and Cleveland, often cited with Detroit as the dismal endpoint of the Industrial Era, anticipates an incredible 228.1 percentage change (Brookings Institution 1998; Houston 1998). A subsequent Brookings report stated that “[d]espite the dominance of suburban home building, large cities experienced rapid gains in new housing construction between 1991 and 1998” (von Hoffman 1999, 1). To be sure, the gains in metropolitan-area home building are distributed unevenly, as Alexander von Hoffman points out. But

the fact is that “the number of new housing permits in large cities more than doubled” between 1991 and 1998 (von Hoffman 1999, 1).

Certain urban housing markets are particularly strong. The New York real estate consulting firm of Hamilton, Rabinowitz, and Altschuler describes the absorption rate in lower Manhattan as “breathtaking” and notes that in 1970, fewer than 1,000 people lived south of city hall in New York City; by 2002, that number is expected to be 25,000 (Houston 1998).

Washington, DC, is experiencing the lowest rental housing vacancy rate since World War II (which in turn is pushing rents higher). Today, 800 units are under construction, and in the next three years, that number is expected to grow to about 1,200 units. This renaissance in housing development has occurred in large part because public programs have encouraged infill development in many segments of the city that had not seen activity for decades.

The current market for infill housing is robust in the Chicago area also, according to Tracy Cross, who is one of the top national talents in real estate market analysis and is based in Schaumburg, IL (2000). In the mid-1990s, he recommended to his major clients that they move up to 50 percent of their development practice into infill development in suburban and urban areas. He points out that in 1999, about a fifth of the total production housing sales in the Chicago region were in the city. “That’s all infill,” he says, “and today, we’re starting to see sales based upon speculation in the infill market.”

The inescapable conclusion is that, in many markets across the country, strong demand for various kinds of urban residential infill developments exists. As Charles Shaw, a prominent Chicago-based developer and former chairman of the ULI puts it: “All cities are different. In some, urban infill may be impossible. On the other hand, if you design to the market rather than try to market the design, you can be successful” (Shaw 2000).

The need for infill

The principles of smart growth recognize that unlimited low-density development will ultimately lead to gridlock. The surge in the American population necessitates finding alternatives to low-density suburban sprawl. Farris wants to steer smart growth advocates toward “aggressively pursu[ing] higher-density, quality development at the periphery” (27). However, his article sets up a false dichotomy between the value of higher densities on the periphery and the value of building residential alternatives in town. These two objectives are not mutually exclusive; both should be pursued with vigor.

Urban infill development will not solve the problem of housing all Americans. But it should be encouraged as part of a multipronged approach to using land wisely to accommodate the demand for different kinds of housing. Ron Terwilliger, chairman of ULI and the national managing partner of Trammel Crow Residential, says:

It's not an either/or proposition. We do garden apartments in greenfields, but lots of urban infill also, because the demand for it is increasing, particularly among empty nesters, childless couples, and young people. Densifying land that is currently lying empty, or being used for parking lots, is smart growth. (2000)

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