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Invest in Attainable Housing Downtown

Dense housing is central to walkability.

AN IDEAL MIXED-USE COMMUNITY has something approaching a jobs/housing balance. Since most places in America are either mostly residential or mostly commercial, the path to mixed use must logically take one of two directions: either adding commercial uses to residential neighborhoods, or adding residential uses to commercial neighborhoods. Of those two, the former is what we professionals call a *theoretical possibility*. It never happens.

If you want to understand why it never happens, just try building a corner store in a cul-de-sac; you will quickly be escorted over the county line. As starved as suburban pod-dwellers are for walkable retail, nobody wants it near their house. For this reason, almost all efforts at creating more mixed-use places have been focused on bringing more housing to principally commercial areas, especially downtowns, main streets, and those other locations where shops and offices already line sidewalks. These are also the places where walkability is most possible, since they were built at a time when walking mattered.

The value of bringing more housing to these places, which we will collectively (and inaccurately but usefully)

label “downtown,” is more than just convenience. More housing is what makes a downtown great. Jane Jacobs made this point in 1961, when she observed that New York’s Wall Street, with 400,000 workers in very close quarters, was still “miserable at providing services and amenities,”³¹ because it lacked what she called *time spread*: activity around the clock. Why were there no great restaurants or gyms on Wall Street? Because a great restaurant or gym needs both daytime and evening clientele, which only exists in places where people both work and live.

Most American cities have very low residential density in their downtown cores. Detroit, for example, has 4.3 people per acre. Tulsa has about 3. These are low-density suburban numbers, in locations where people want to live. Whatever non-luxury rental housing gets built is immediately occupied. Yet developers can’t—or won’t—build it fast enough. Instead, those few developers active in the downtown are putting up small numbers of luxury condos, which they often can’t sell because the downtown, lacking *time spread*, is not yet good enough.

Why this mismatch between supply and demand? Because attainable downtown rentals usually don’t make



Restored with the help of State and Federal historic tax credits as well as City subsidies, the Randolph adds 56 market-rate housing units to downtown Des Moines.

money. Building in urban areas is expensive, and, in most cities, only luxury rents can support it. But very few would-be urbanites can afford those rents. Most of the people who are ready to move downtown, in America's less-developed cities, are recent graduates, young entrepreneurs, and childless professionals who don't yet command high incomes. Developers go where the profits are, and they will limit their activity to the suburbs unless some other entity—typically the city—finds a way to make standard downtown apartments profitable.

Some cities, recognizing that developers need a bit of a push to come downtown—and understanding the great value of *time spread*—have taken the leap to investing in new attainable urban rentals. This can be done in a variety of ways. Kansas City waves *ad valorem* taxes on such developments. Des Moines offers a

ten-year 100% tax abatement, sometimes in combination with Tax Increment Financing covering the next ten years. It is working: in the year 2000, there were only 2,500 housing units in downtown Des Moines; that number is expected to reach almost 10,000 by 2020. The skyline is now full of cranes, as recent downtown housing developments have topped \$450 million in investment.

In addition to money, cities can invest time and skill in downtown housing, particularly when it comes to locating and procuring state and federal subsidies. Lowell, MA, managed to double its supply of downtown housing between 2000 and 2010 by offering expedited special permits for the construction of new apartments in its many abandoned loft buildings, and then hand-holding developers through the process of winning Historic Preservation Tax Credits and Community Renewal block grants.³² Cities like Des Moines and Lowell that are truly committed to a thriving center realize that city government must identify downtown housing as a key objective warranting investment and care.

RULE 6: Cities should actively invest both money and staff time in the creation of more attainable housing downtown.