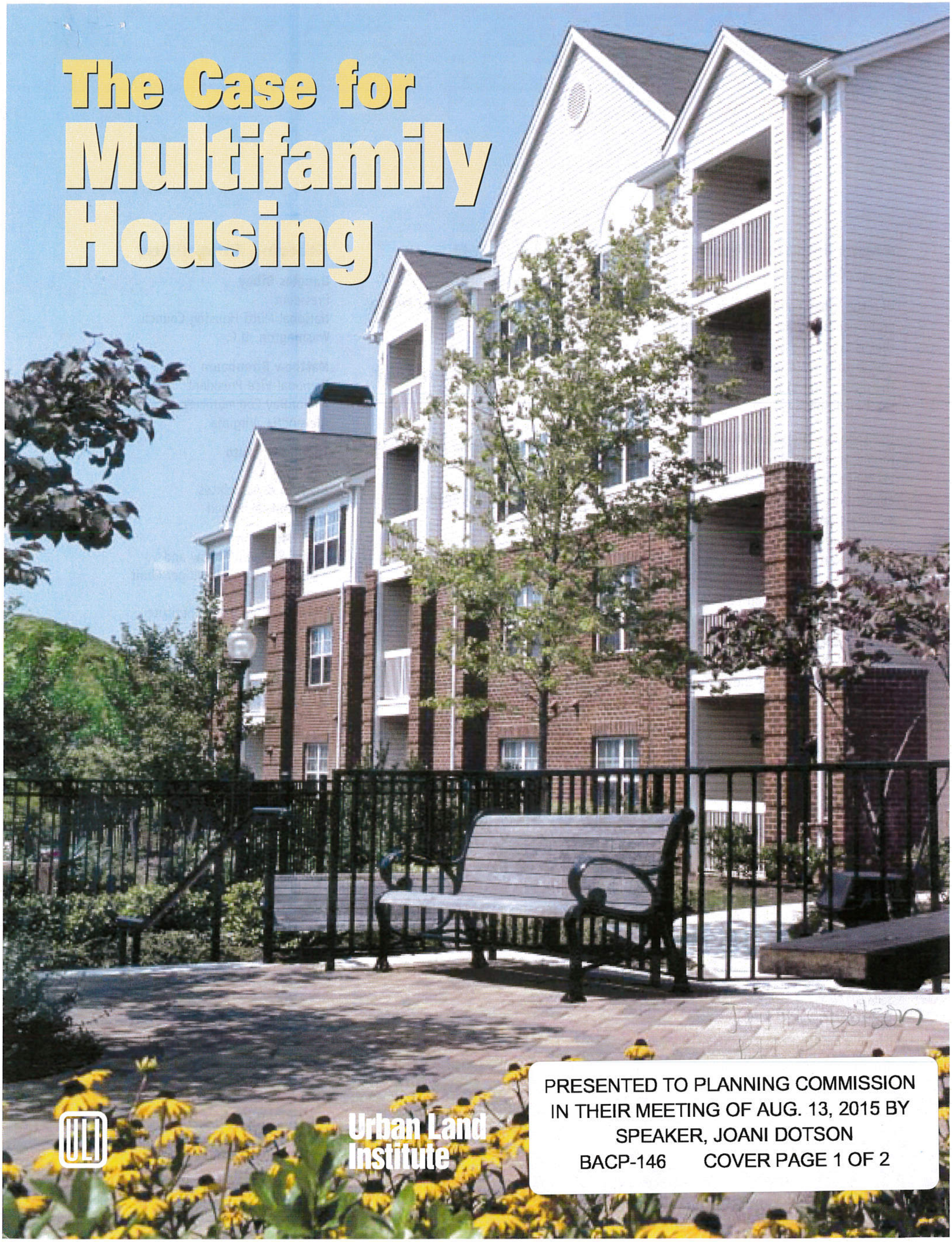
The Case for Multifamily Housing



Urban Land Institute

PRESENTED TO PLANNING COMMISSION
IN THEIR MEETING OF AUG. 13, 2015 BY
SPEAKER, JOANI DOTSON
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ULI sponsors education programs and forums to encourage an open international exchange of ideas and sharing of experiences; initiates research that anticipates emerging land use trends and issues and proposes creative solutions based on that research; provides advisory services; and publishes a wide variety of materials to disseminate information on land use and development. Established in 1936, the Institute today has more than 17,000 members and associates from some 60 countries representing the entire spectrum of the land use and development disciplines.

Richard M. Rosan
President

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The Case for Multifamily Housing: Preface

It has been said that there are two things Americans hate about growth: sprawl and high density. Unfortunately, most Americans do not fully comprehend the irony in this statement or the inverse relationship between the two concepts. Low-density housing development is the main component and driver of sprawl. In many communities, however, local opposition and regulatory barriers have made it difficult to build the higher-density multifamily housing that many people need and want. Community frustrations about the problems associated with low-density sprawl, including traffic congestion, crowded schools, and air pollution, are often taken out—in a misguided way—on higher-density housing proposals. Some people also fear that multifamily housing will have negative effects on the property values of single-family homes and are concerned about new residents moving to the community. Much of the opposition is based on a lack of understanding about the demand for such housing, a lack of experience with the multifamily products produced by today's building community, and a lack of understanding of the relationship between sprawl and density.

This publication addresses some of the common concerns about multifamily housing and discusses some of the advantages this type of housing can offer. Its purpose is to provide factual information to citizen groups, public officials, members of the development community, and others.

Multifamily housing is defined here as housing that is built for rent or for sale at market prices and densities ranging from ten to 100 or more units per acre. The types of dwelling units included range from garden apartments and condominiums with surface or integral garage parking built at ten to 30 units per acre to mid-rise apartment and condominium structures of three to six stories built at 30 to more than 100 units per acre to high-rise apartment and condominium structures of more than six stories built at more than 100 units per acre.

Multifamily living often is the best or preferred housing solution for many people at different stages in their lives for a variety of reasons. It provides an important housing option for young people just starting out in a career or saving to buy a home, as well as for senior citizens who no longer care to maintain a single-family home yet want to remain near their children and grandchildren. Indeed, many people, in general, will find that at some point in their lives multifamily housing serves their needs. Ensuring that this important housing option remains available to those who need it is the purpose of this publication.

Richard M. Haughey
Director of Multifamily Development

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Executive Summary

Multifamily housing is a key component of smart growth.

■ Well-planned, higher-density housing in areas designated for growth has always been an integral component of smart growth.

■ By housing more people on less land, multifamily housing developments make it possible to preserve more open space and natural features than do single-family housing developments.

■ Multifamily housing reduces development pressure on the remaining undeveloped land in a region.

■ Multifamily housing usually requires less public infrastructure, including roads, sewer and water pipes, and electricity and gas lines.

■ Multifamily housing makes it financially feasible to integrate commercial and retail uses into a neighborhood.

■ Multifamily housing has a smaller per-housing-unit fiscal impact on local governments than single-family homes because it has a smaller impact on local schools. In many cases, apartment and condominium residents effectively subsidize the education of children from single-family homes.

Multifamily housing is needed and is preferred by many people today.

■ Married couples with children have been declining in number since 1970 and now account for just one-quarter of the American population.

■ Nontraditional households have been growing in number every decade and, taken as a whole, make up the new majority.

■ For the past five years, households making $50,000 per year or more have been the fastest-growing segment of the apartment market.

■ The population at the traditional age for renting (age 20 to 29)—the echo boomers—is expected to increase 11 percent between 2000 and 2010.

■ Some baby boomers will choose to downsize to an apartment or condominium after their children leave the "nest"; others will purchase or lease multifamily homes as second homes.

■ Multifamily housing allows seniors to remain in their neighborhoods through the different stages of their lives without the hassle of maintaining single-family housing.

■ Over 13 million immigrants came to the United States in the 1990s; most new immigrants lack the capital required for sustaining the demands of homeownership and will remain renters for ten to 15 years before they can afford to become homeowners.

Multifamily development often is more environmentally friendly than low-density development.

■ Multifamily development tends to be more compact than single-family housing development, thereby creating less land disturbance and fewer impervious surfaces.

■ Multifamily residents tend to drive fewer miles per unit and also tend to use public transportation more frequently than residents of single-family housing.

■ Smaller multifamily units use less electricity and apartment residents in general use less water per unit than single-family homes.

■ Multifamily housing creates efficiencies that make it easier and more affordable to pick up trash and recyclables, and to pick up and deliver mail.

Multifamily housing choices are important to the economic vitality of the larger community.

■ Access to a large and diverse labor pool has become the most important factor in making corporate decisions on business locations.

■ The number one problem facing the labor pool today is housing affordability.

■ Failing to provide a balanced range of attractive housing options makes a region less appealing to businesses while also driving up land and housing prices, thus promoting de facto segregation based on household income and type.

■ Where alternatives to expensive single-family homes are not available, many households are forced to move farther away from employment centers to find affordable housing, creating traffic and pollution problems as well as a lower quality of life and a decline in worker morale.

■ If the affordable housing situation is bad enough, businesses may be forced to relocate to areas with less expensive housing markets.

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Multifamily housing can help minimize areawide traffic congestion.

■ While it may increase traffic at an individual site, multifamily housing can significantly relieve overall regional traffic congestion.

■ When affordable housing choices near job centers are in short supply, workers must live in distant locations where housing is more affordable, resulting in long, frustrating, and expensive commutes and contributing to areawide traffic congestion.

■ Multifamily housing allows more people to live in housing they can afford that is near their work.

■ Multifamily housing developments that are clustered along transportation corridors make various kinds of mass transportation feasible.

■ Multifamily residents average one motor vehicle per household, while owner-occupied households average two vehicles.

■ Single-family housing is likely to generate an average of ten auto trips per weekday while apartments generate only seven; high-rise apartments generate even fewer trips, averaging only four trips per day.

■ The availability of recreational facilities—including fitness centers, pools, and picnic areas—within the multifamily community reduces the need for auto trips as most residents can walk to these amenities.

Multifamily housing enables communities to provide housing that is affordable to a wider range of incomes.

■ In parts of the country where economic growth typically is strongest, the labor force critical to sustaining the economy cannot find reasonably priced housing or cannot locate within an appropriate commuting distance of jobs.

■ Households depending on a single salary such as that of a teacher or a police officer cannot afford to buy a median-priced home in two-thirds of the metropolitan areas in America.

■ Working families with a critical housing need, defined as having to spend more than half their income on housing or living in substandard housing, increased by 60 percent to 4.8 million households.

■ Under financial pressures, households typically are forced to move farther out from their jobs, enduring long commutes that aggravate existing traffic problems, or to double up and endure crowded housing conditions.

■ Apartments and condominiums play an important role in housing the workforce. They have been providing "workforce housing" for decades, long before the term was coined.

Well-designed multifamily housing can be an attractive and compatible addition to the community.

■ Multifamily housing has come a long way from the plain brick boxes of the past; the design of today's apartments and condominiums is much more creative and sensitive to neighborhood context.

■ Multifamily structures allow greater flexibility in siting buildings, which makes it possible to preserve open space and distinctive natural features of the site such as hillsides, streams, or stands of trees.

■ Visual preference surveys have demonstrated that consumers, when shown well-designed visual images of high-density communities and low-density communities, often prefer the high-density communities.

■ Many multifamily housing communities were constructed using principles consistent with the new urbanist movement. Multifamily housing has an important role to play in new urbanist communities of the future.

■ There is no discernible difference in price appreciation of single-family housing located near multifamily buildings and that of homes not located close to multifamily housing.

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Multifamily housing is a key component of smart growth.

The smart growth movement emerged in the 1990s in response to the unintentional consequences of growth. The movement holds as its goals the preservation of high-quality open space, the more efficient use of infrastructure, the redevelopment of infill sites, and the integration of housing development with commercial uses and public transportation to reduce auto dependency and to increasing the walkability of neighborhoods. One of the keys to achieving these goals is to increase housing density in appropriate areas. As the densest housing type, multifamily housing provides the best opportunity to concentrate housing density.

During the early stages of the smart growth movement, its goals often were misinterpreted as antigrowth. Many embraced the concept of open-space preservation but not the increased housing density needed to make it work. Some communities that adopted this incomplete interpretation of smart growth are now enduring severe housing shortages and affordability problems that may negatively affect their regional economies. Well-planned, higher-density housing in areas designated for growth has always been an integral component of smart growth. Indeed, it provides the tool with which smart growth goals can be achieved.

Ratio of Apartment Effective Tax Rate (ETR) to Single-Family Home ETR in Selected States
(1.0 Indicates Rates Are Same)

	National Average	New York	Minnesota	South Carolina	Florida	Texas
Apartments/ Single-Family Effective Tax Rate	1.97	5.96	3.49	2.87	1.8	1.67

Source: Minnesota Taxpayers Association, *1998 State Property Tax Comparison Study.*

Smart growth inherently requires a tradeoff between the populated core areas of a metropolitan area and the greener periphery. Growth must be funneled away from open space at the fringe and directed to the urban core, which often is underused and generally has the infrastructure in place to support it.

By housing more people on less land, multifamily housing development allows more natural features of a site to be preserved in common areas and in protected open space than does a typical single-family housing development. In addition, multifamily housing helps to satisfy a portion of overall housing market demand, thereby reducing development pressure on the remaining undeveloped land in a region.

Number of School-Age Children per 100 New Housing Units

Owner-Occupied Single-Family Homes	Apartments	Mid- to High-Rise Apartments
64	21	19

Source: NMHC tabulations of *1999 American Housing Survey* (Washington, D.C.: U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, 1999).

Because of its compact development form, multifamily housing usually requires less public infrastructure, including roads, sewer and water pipes, and electricity and gas lines.[1] In addition, because retail and commercial uses require high concentrations of housing units within a short com-

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muting distance, multifamily housing makes it financially feasible to incorporate these uses into the neighborhood. This, in turn, creates efficiencies: for example, it reduces the number and distance of automobile trips required by residents, thereby reducing traffic and air pollution and creating more free time for residents. Public transportation also works more efficiently when density is concentrated. Mass transit requires a large number of riders within a relatively compact area to be financially viable, while low-density subdivisions have too few people spread over too large an area to be served effectively by mass transit. All of these efficiencies result in less automobile dependency.


Concentrating housing density in appropriate areas is critical to the success of smart growth plans.

COURTESY OF ARCHSTONE-SMITH

In addition to requiring less public infrastructure, multifamily housing has a smaller per-housing-unit fiscal impact on local governments than single-family homes. Many apartment owners pay for services, such as trash removal, that often are provided as a government service to single-family communities. Also, multifamily communities have a smaller impact on local schools, which are the single largest expenditure for local governments.[2] Apartments average only 21 school-age children per 100 new apartments, compared with 64 school-age children per 100 new single-family houses. New mid- to high-rise apartments average even fewer children: 19 school-age children per 100 apartments.[3] Although apartment residents do not pay property taxes directly, apartment owners do. To be sure, these taxes are passed on to residents in their rents. Since apartments frequently are considered commercial uses, many are taxed at a higher rate than residentially assessed properties. Many apartments are taxed more per square foot than single-family dwellings. Condominium owners, of course, pay property taxes directly. In many cases, apartment and condominium residents effectively subsidize the education of children from single-family dwellings.

Well-planned, higher-density housing in areas designated for growth has always been an integral component of smart growth. Indeed, it provides the tool with which smart growth goals can be achieved.

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Multifamily housing is needed and is preferred by many people today.

Thirty years ago, married couples with children represented the typical American household. This household type overwhelmingly preferred—and indeed still does prefer—to live in single-family homes. However, the 2000 U.S. Census reveals that this household type as a group has been decreasing in number since 1970 and now accounts for just one-quarter of the American population.[4] Meanwhile, nontraditional households have been growing in number every decade and, taken as a whole, make up the new majority. Nontraditional households include childless couples, single parents, people who live alone—including singles, divorcees, widows, and widowers—and nonfamily/nonrelated households. Today, there are more than twice as many adult men and women who have never been married as there were in 1950. Overall, there are roughly three times as many widowed and divorced men and women today as there were in 1950.[5] In the 1990s, two-thirds of all new households were headed by single adults or single parents with families.[6] All of these household types are the households most likely to choose multifamily housing.[7]

COURTESY OF THE BOZZUTO GROUP

Higher-income households constitute the fastest-growing segment of the apartment market. Many of these households want luxury amenities and choose urban living for the convenient lifestyle it offers.

Multifamily living often is the best or preferred solution to the economic or lifestyle choices that everyone faces over time. Many people at some point in their lives—as children, as single parents, as empty nesters, etc.—will fit into one or more of the categories of smaller households mentioned above. Census data confirm that these smaller households are becoming the norm. The average household size in the United States has declined significantly—from 4.76 people in 1900 to 2.59 people in 2000.[8]

There are significant demographic trends that indicate a continuing and growing demand for multifamily housing. One of the most important is the dramatic trend of immigration. The 2000 census revealed that the 1990s experienced the greatest burst of immigration in American history. More than 13 million legal and illegal immigrants came to the United States in the 1990s,[9] and 8 million of them joined the U.S. workforce. In fact, eight out of ten new male workers in the 1990s were immigrants who arrived in the United States during the decade.[10] (That the September 11 tragedy might slow immigration has thus far proven unfounded.) Since the 2000 census, more than 2 million immigrants have come

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to the United States.[11] If that pace continues, the immigration rate throughout the 2000s should exceed the rate of the 1990s. Most immigrants lack the capital required to sustain homeownership and will remain renters for more than ten years before they can afford to become homeowners.[12] These new American citizens and the probable influx of more immigrants in the future should continue to provide significant demand for rental multifamily housing.

Households by Type: Selected Years, 1970–2000

(Percentage Distribution)

Household Type	1970	1980	1990	2000
Married Couples with Children	40.3%	30.9%	26.3%	24.1%
Married Couples w/o Children	30.3	29.9	29.8	28.7
Other Family Households	10.6	12.9	14.8	16.0
Men Living Alone	5.6	8.6	9.7	10.7
Women Living Alone	11.5	14.0	14.9	14.8
Other Nonfamily Households	1.7	3.6	4.6	5.7

Source: U.S. Bureau of the Census, *Current Population Survey,* March Supplements: 1970–2000 (Washington, D.C.: author, various years).

A further trend is the growth of the market for those who prefer to rent. The 1990s saw significant growing demand for upscale apartments with all of the amenities found in single-family homes and more. For the past five years, households making $50,000 per year or more have constituted the fastest-growing segment of the apartment market.[13] Many renters in this income bracket who could afford to purchase single-family housing chose instead to rent. In fact, in a recent Fannie Mae National Housing Survey, fully 41 percent of renters surveyed said they rent as a matter of choice and not because of circumstances. This figure is up significantly from the 32 percent in the 2000 survey and the 28 percent in the 1999 survey who said renting was a matter of choice.[14] Many in this category also are part of the "back to the city movement" of renters who have returned to the city to enjoy the amenities of urban living. Many urban and suburban renters by choice want the carefree convenient lifestyle of apartment living, including proximity to work, entertainment, culture, and transportation. Others cite a desire to be free from the expense of maintaining a house. The 1997 tax law changes provide yet another compelling reason cited by renters. The first $500,000 of capital gains on homes sold by joint filers ($250,000 for single filers) is now exempt from taxes. Freed from the prospect of incurring a huge tax liability, many are opting to leave behind ownership chores like cutting the grass and shoveling the snow in favor of renting.

Multifamily living often is the best or preferred solution to the economic or lifestyle choices that everyone faces over time.

People between the ages of 20 and 29 traditionally have been the group most likely to rent an apartment. A major trend influencing future demand for multifamily housing is the fact that after more than two decades of declining numbers, this demographic group, known as the echo boomers, is expected to increase 11 percent between 2000 and 2010.[15] This group is almost as large as the largest demographic group in the country: the baby boomers, parents of the

Why People Rent Apartments

Reason	Percentage of Total
Circumstance	51%
Choice	41
Neither	7
Not Sure	1

Source: Fannie Mae, *Fannie Mae National Housing Survey 2001* (Washington, D.C.: author, 2001).

echo boomers. Baby boomers will likely live in single-family dwellings; however, as they move into their 50s and 60s and their children leave home, some will choose to downsize to an apartment or condominium for a more carefree lifestyle. Others may decide to purchase or rent a multifamily home as a second vacation or semiretirement home. During the 1990s, the number of second homes increased faster than the rate of increase in the overall housing supply.[16] Because baby boomers represent the largest demographic group in the country, even a small percentage choosing to move to multifamily homes represents a significant number of households.

Many seniors choose multifamily housing for the same reasons that aging baby boomers choose it. Eighty-six percent of older Americans surveyed prefer to remain in the familiar neighborhoods where they have been living and age in place (65 percent of them have lived in the same community for more than 20 years).[17] Many find, however, that they no longer need or can maintain the family home. Multifamily housing allows seniors to remain in their neighborhoods through the different stages of their lives without the hassle of maintaining single-family housing.

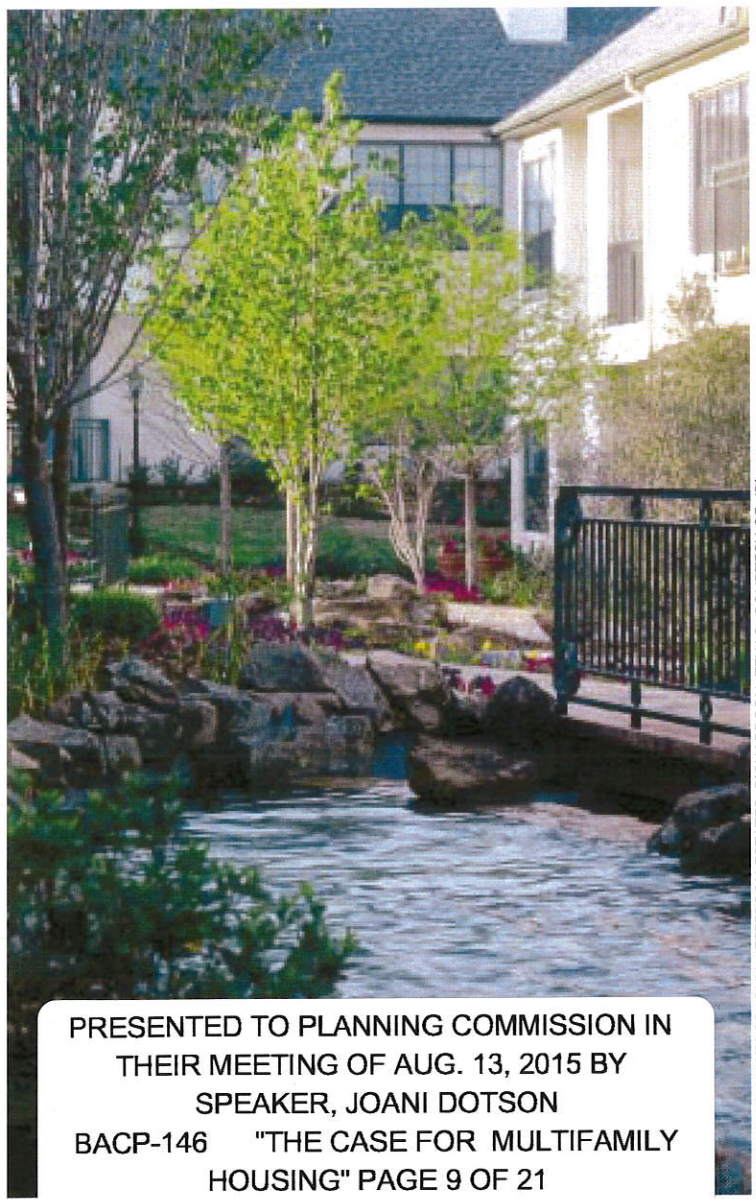
Multifamily development often is more environmentally friendly than low-density development.

Multifamily housing development generally is less environmentally disruptive than a comparable number of units of scattered low-density development. Because multifamily development, by design, houses more people per square acre than single-family housing development, it creates less land disturbance and fewer impervious surfaces. It tends to require less impervious roadway and to preserve more contiguous and useful open space than single-family developments. Housing more people on less land, multifamily development requires less costly infrastructure (water and sewer lines, roadways, electric and gas lines) to support. From a regional perspective, multifamily housing developments combat sprawl by providing a denser housing mix. And they satisfy regional market demand for housing, thereby reducing overall development pressure on remaining open lands.

Besides the loss of open space and the fragmentation of wildlife habitats, one of the greatest environmental threats posed by new development is urban runoff. Pollutants and sediment runoff are increased by the loss of forest cover and the introduction of impervious surfaces, such as roofs and roads. Low-density, single-family development tends to create more impervious surface area than compact high-density development. In fact, a study for the state of New Jersey reports that compact development can achieve a 30 percent reduction in runoff compared with conventional suburban development.[18]

To illustrate just how multifamily developments can be greener, consider the following example of two neighborhoods, one single-family and one multifamily. Each provides 40 dwelling units. Assume that multifamily zoning permits 20 units per acre and single-family zoning permits four units per acre (typical permitted densities in many areas). To construct the 40 units of multifamily housing, two acres of land are needed; however, to construct a comparable number of single-family homes, ten acres of land are needed. A portion of both properties must be cleared and graded for development, but much more land must be cleared for the single-family homes to account for the

Compact multifamily housing development provides opportunities to preserve high-quality usable open space.



STEVE HINDS PHOTOGRAPHY; JEFFERSON ESTATES, RICHARDSON, TEXAS; COURTESY OF JPI

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larger housing units, the horizontal nature of the homes, the additional roads and driveways, and the yards. A typical single-family home is one to two stories high and contains more than 2,000 square feet, resulting in a big footprint of disturbed land. In addition, a frontyard and a backyard, prerequisites for most single-family homes, will be graded. Multifamily housing can range from two to 50 or more stories in height and individual units tend to be significantly smaller than 2,000 square feet, requiring a much smaller footprint and causing less land disturbance. In addition, no individual yards are required and fewer roads are needed, creating significantly fewer impervious surfaces.

There are tangential environmental benefits to multifamily housing as well. Because multifamily housing tends to be located close to retail, jobs, entertainment, culture, and service uses, residents tend to drive fewer miles per unit and to use public transportation more. All of these factors in turn keep down the amount of traffic and air pollution created by multifamily residents. Because the average size of a condominium or apartment is significantly smaller than the average single-family home, most units use less electricity than single-family houses. Studies also have shown that apartment residents use less water per unit than single-family-home residents.[19] Efficiencies are created for trash pickup, recycling, and mail service as well. Certainly, many multifamily developments have landscaping that requires regular watering and maintenance, but they consume significantly less water than a comparable single-family subdivision with its variety of water uses.

Multifamily housing development generally is less environmentally disruptive than a comparable number of units of scattered low-density development.

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Multifamily housing choices are important to the economic vitality of the larger community.

Cities, counties, and states are in increasingly heated competition to attract companies to their areas. Good paying jobs, increased property and income taxes, and an improved quality of life for local residents are the expected paybacks local governments hope to receive when a major employer decides to locate in their area. In the past, economic development officials would offer tax exemptions or abatements as incentives to convince companies to choose their location. Today, although taxes and the general business climate are still important, access to a large and diverse labor pool has become the most important factor in making corporate decisions on location.[20] And the number one problem facing the labor pool today is housing affordability.[21] Accessible jobs and affordable housing are, therefore, inextricably related.[22] A recent survey by the New York State Controller found that 86 percent of New York businesses surveyed cited housing costs as a serious deterrent to attracting firms to New York. Additional surveys in the suburbs of Chicago and Detroit have found similar results.[23] Multifamily housing typically, although not always, is more affordable than single-family housing and therefore represents a major economic development tool for cities, counties, and states.

AUSTIN RANCH, DALLAS, TEXAS; COURTESY OF BILLINGSLEY COMPANY

A balanced range of housing options makes a region more attractive to businesses.

Most companies employ workers with a wide range of skills and pay them a wide range of salaries. Companies seek business locations that can provide attractive housing opportunities for all of their employees, from administrative staff to executive management. Many communities, however, have failed to provide affordable housing options to low- and middle-income workers. Often, this is the unfortunate result of elected officials' succumbing to community opposition to high-density housing, especially to multifamily rental apartments.

Most Important Factors in Corporate Location Decisions

Labor Availability and Productivity	60%
Favorable Operating Costs	58%
Customer/Client Opportunities	38%
Transportation Access	35%
Physical Viability of Site	33%
Infrastructure Capacity	31%

Source: PricewaterhouseCoopers, *Trendsetter Barome-* New York: author, September 30, 2002).

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Multifamily housing typically, although not always, is more affordable than single-family housing and therefore represents a major economic development tool for cities, counties, and states.

When communities fail to provide a balanced range of attractive housing options to households in all income groups, the region becomes less appealing to businesses. A lack of adequate housing for low- and middle-income workers drives up land and housing prices, further exacerbating housing affordability issues for workers with higher incomes. Such shortsighted and self-centered policies result in de facto segregation based on household income and type.

Local officials who fail to plan for or permit multifamily housing and who enact restrictive local development regulations force multifamily housing to be constructed even farther from the urban and suburban cores, worsening regional sprawl and traffic congestion. A recent report from the Harvard Institute of Economic Research posits that homes are expensive in high-cost areas primarily because of government regulation, that is, zoning.[24] Though such planning and regulations often are deliberate, the combined unintentional consequences can be detrimental to the overall community's economic vitality in the long term.

Problems Facing Working Families

	Percentage Reporting Problem as "Very Big" or "Fairly Big"
Lack of Affordable Homes for Low- /Moderate-Income Households	41%
Affordable Health Care for Low- /Moderate-Income Households	39
Job Layoffs/High Unemployment	34
Crime	20
Pollution	21

Source: Fannie Mae Foundation, *Results of the Fannie Mae Foundation Affordable Housing Survey* (Washington, D.C.: author, 2002).

Where alternatives to expensive single-family homes are not available, many households are forced to move farther away from employment centers to find affordable housing, creating traffic and pollution problems. The quality of life and worker morale suffer. While the effect of the problem used to be limited to low-wage workers, today many middle-income workers, such as teachers, firefighters, and nurses, cannot afford housing near their work. If the lack of affordable housing near employment centers becomes severe, a labor shortage will result that then will require employers to pay higher wages to attract scarce workers.[25] Higher wage scales ultimately will drive up the costs of many goods and services.[26] Businesses eventually may be forced to relocate to areas with less expensive housing markets.[27] Such relocation decisions often have a negative impact on the regional economy.

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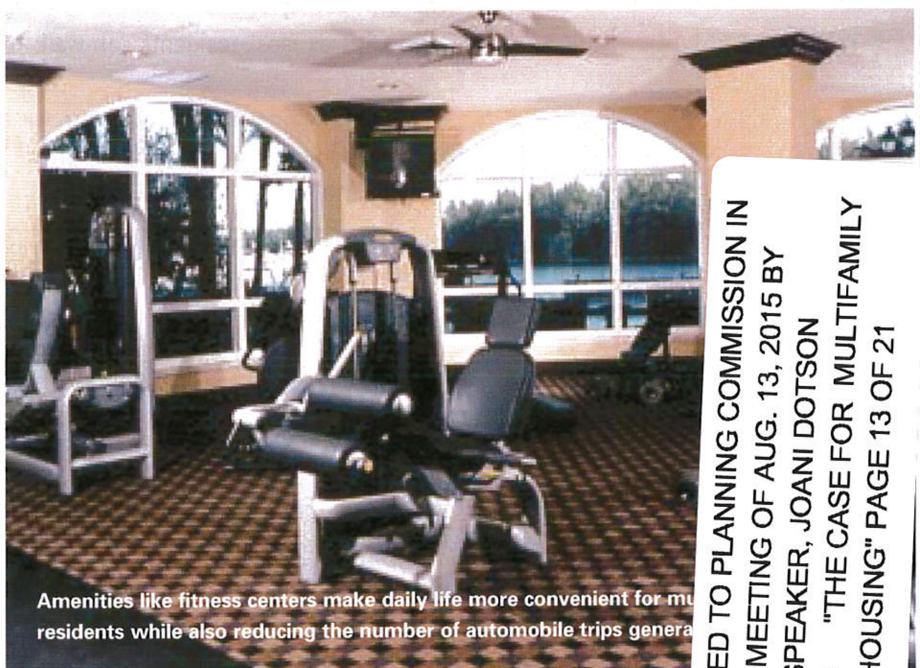
Multifamily housing can help minimize areawide traffic congestion.

There is a prevailing belief that multifamily housing contributes to a community's traffic problems. In fact, while it may increase traffic at an individual site, multifamily housing can significantly relieve overall regional traffic congestion.

If workers are forced to commute long distances because of a lack of affordable housing near their jobs, they contribute to increased areawide traffic congestion. As more cars crisscross the community from distant homes to work, everyone's commute becomes more difficult, more fuel is consumed, air pollution problems are exacerbated, a feeling of crowding and frustration is created, and the overall quality of life for a region declines.



Amenities like fitness centers make daily life more convenient for mu
residents while also reducing the number of automobile trips genera

SUNRISE HARBOR, FORT LAUDERDALE, FLORIDA; COURTESY OF STILES CORPORATION

Multifamily housing allows more people to live in housing they can afford that is near their work. In addition, when multifamily housing developments are clustered along transportation corridors, various kinds of mass transportation become feasible. Low-density development cannot be economically served by mass transportation because great distances must be traveled to benefit comparatively few riders. Nodes of multifamily housing provide efficient locations for bus stops and possibly other mass transportation alternatives as well. In addition, many multifamily developments now offer high-speed Internet access and business centers that make telecommuting a more realistic alternative than it has been in the past. Telecommuting introduces the option of eliminating or reducing the number of trips to and from work.

Residents of multifamily housing tend to own fewer cars and to use them less often. Multifamily residents average one motor vehicle per household, while owner-occupied households average two vehicles.[28] The Institute of Transportation Engineers estimates that single-family housing is likely to generate an average of ten auto trips per weekday compared with seven for an apartment. High-rise apartments generate even fewer, averaging only four trips per day.[29] Higher-density housing developments located near transit corridors, on infill sites or in mixed-use centers, allow more people pedestrian or transit access to employ-

Average Number of Vehicles by Housing Type

Single-Family Homes	Apartments
2	1

Source: NMHC tabulations of *1999 American Housing Survey* (Washington, D.C.: U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, 1999).

Residents of multifamily housing tend to own fewer cars and to use them less frequently. Multifamily residents average one motor vehicle per household, while owner-occupied households average two vehicles.

ment, shopping, services, and leisure activities, thus reducing dependence on the automobile.

With higher densities, the developer can find it economically feasible to provide common facilities and recreational amenities. The range of amenities—which can include swimming pools, playgrounds, tennis courts, health facilities, and on-site convenience stores and services—is not typical of low-density, single-family neighborhoods, with the exception of master-planned communities. The availability of such facilities within the development reduces the need for auto trips as most residents can walk to these popular amenities.

Weekday Vehicle Trip Generation by Housing Type

Single-Family Homes	Apartments	High-Rise Apartments
10	7	4

Source: Institute of Traffic Engineers, *Trip Generation,* 6th Edition, Volume 1 of 3 (Washington, D.C.: ITE, 1997), pp. 262, 299, 342.

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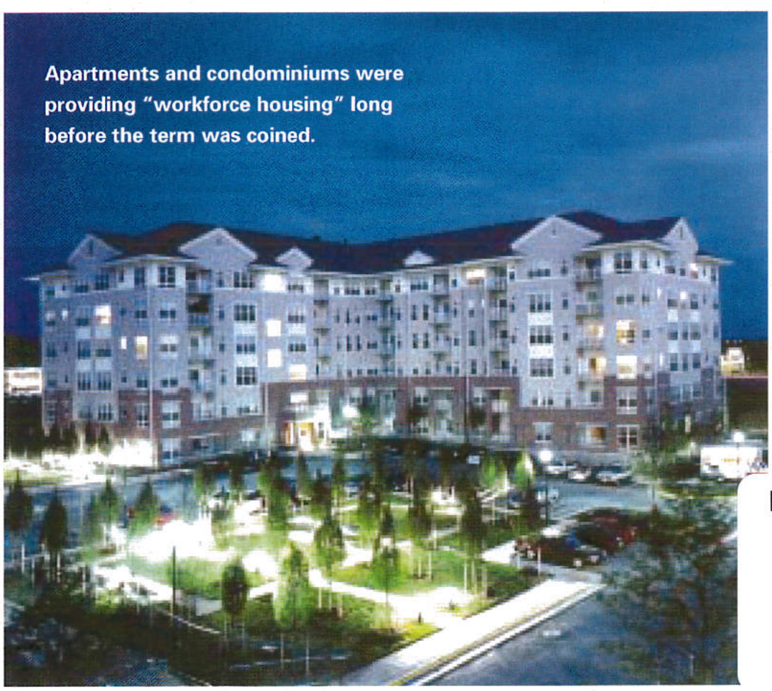
Multifamily housing enables communities to provide housing that is affordable to a wider range of incomes.

The 1990s saw the longest-running economic expansion in the nation's history, with over 21 million new jobs created.[30] Despite the economic prosperity, or perhaps because of it, the problem of housing affordability worsened.[31] In parts of the country where economic growth was the strongest, the labor force critical to sustaining the economy either could not find housing that was reasonably priced or could not locate within an appropriate commuting distance of their jobs.[32] Although historically low interest rates and favorable federal policies have led to historically high rates of homeownership,[33] the rapid appreciation of home prices in many major metropolitan areas has shut many low- and middle-income workers out of the market. In California, for instance, only 28 percent of all households can afford to purchase a median-priced home.[34]

Households depending on a single salary such as that of a teacher or a police officer cannot afford to buy a median-priced home in two-thirds of the metropolitan areas in America.

The Center for Housing Policy confirms that working families are being squeezed. It reports that from 1997 to 2001, the number of working families with a critical housing need—defined as having to spend more than half their income on housing or living in substandard housing—increased by 60 percent to 4.8 million households.[35] Households depending on a single salary such as that of a teacher or a police officer cannot afford to buy a median-priced home in two-thirds of the metropolitan areas in America. Nurses, for example, are priced out of all but



Apartments and condominiums were providing "workforce housing" long before the term was coined.

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Multiple of Salary Needed to Purchase Median-Priced Home in Least Affordable Metropolitan Areas

Metropolitan Areas	Multiple of Salary Required to Afford Median-Priced Home
Janitor	
San Francisco, CA	7.0
San Jose, CA	6.9
Orange County, CA	5.5
Oakland, CA	4.2
San Diego, CA	4.1
Teacher	
San Francisco, CA	3.5
San Jose, CA	2.6
Orange County, CA	2.0
Oakland, CA	2.0
San Diego, CA	1.6
Washington, DC-MD-VA	1.6
Seattle-Bellevue-Everett, WA	1.6
Raleigh-Durham-Chapel Hill, NC	1.6
Police Officer	
San Jose, CA	2.4
San Francisco, CA	2.1
Seattle-Bellevue-Everett, WA	1.9
Raleigh-Durham-Chapel Hill, NC	1.6
Los Angeles-Long Beach, CA	1.5
Charlotte, NC-SC	1.5
Boston, MA-NH	1.5
Licensed Practical Nurse	
San Francisco, CA	7.5
San Jose, CA	7.0
Orange County, CA	2.3
Oakland, CA	2.2
San Diego, CA	2.1
Seattle-Bellevue-Everett, WA	2.0
Retail Salesperson	
San Francisco, CA	7.5
San Jose, CA	7.0
Oakland, CA	5.0
Orange County, CA	4.7
San Diego, CA	4.2
Los Angeles-Long Beach, CA	3.8

Source: Center for Housing Policy, *Paycheck to Paycheck: Working Families and the Cost of Housing in America* (Washington, D.C.: author, 2001).

the lowest cost-to-income markets, while janitors and retail salespersons cannot afford to purchase a home across the board.[36] These households are an integral part of the community and provide essential government, retail, and business services that are associated with a high quality of life for everyone.[37]

Multifamily housing is usually, although not always, a more affordable housing option than single-family housing for providing housing opportunities to a wide range of incomes. Apartments and condominiums were providing "workforce housing" long before the term was coined. When affordable multifamily options are not available, households are forced either to move farther out, enduring long commutes that aggravate existing traffic problems, or to double up and endure crowded housing conditions. If the situation is bad enough, they move to a more affordable community, leaving behind a labor shortage and all of the problems associated with it.

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Well-designed multifamily housing can be an attractive and compatible addition to the community.

The architecture, design, and layout of multifamily housing have come a long way from the plain brick boxes of the past. Today, designers of multifamily housing are much more creative and sensitive to neighborhood context.[38] New building materials and construction techniques have enabled more innovative use of gables, chimneys, sloped roofs, and balconies in low-rise buildings. Developers are paying more attention to siting, exterior details, and landscaping in order to design housing that is appropriate to its natural setting and neighborhood traditions. Multifamily structures allow greater flexibility in siting buildings, which makes it possible to preserve open space and distinctive natural features of the site such as hillsides, streams, or stands of trees.

Increased attention to architectural detail and planning has facilitated the development of more attractive, more compatible multifamily communities. Often, neighboring residents fear that multifamily developments will have a negative impact on surrounding single-family home values. The value of individual property is determined by a number of considerations such as its location, the quality of the structure, the nature of the local housing market, and the quality of the neighborhood. There is no evidence that multifamily communities devalue nearby single-family homes. Apartment and condominium construction often is the sign of a thriving local economy that supports a variety of jobs and housing types. Thriving economies also tend to be associated with appreciating home values. The *American Housing Survey,* conducted every two years by the U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development, reports that there is no discernible difference in price appreciation of single-family housing located near multifamily buildings compared with homes not close to multifamily. Between 1997 and 1999, the average annual appreciation rate for single-family homes within 300 feet of multifamily buildings was 2.9 percent compared with 2.7 percent for single-family homes with no multifamily building within 300 feet.[39]

Today's apartments and condominiums have come a long way from the plain brick boxes of the past.

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Average Annual Appreciation Rates for Single-Family Detached Homes by Nearness to Multifamily Buildings

	1987–1997	1997–1999
Not Near MF	3.59	2.66
Near Any MF	3.96	2.90
Near Low-Rise MF	3.92	2.91
Near Mid- or High-Rise MF	4.02	2.79

Source: NAHB computations based on data in the *American Housing Survey:* 1985, 1987, 1995, 1997, and 1999. (Washington, D.C.: U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, various years).

Visual preference surveys have revealed that, when shown images of high-density communities and low-density communities, consumers prefer the high-density communities.

Visual preference surveys have revealed that, when shown images of well-designed high-density communities and low-density communities, consumers prefer the high-density communities. This contradicts opinion surveys that understate consumers' preference for density. The disparity between consumers' stated view of density and their stated view of the images of density might demonstrate that preconceived notions of higher-density housing may not be based in reality. Studies at the University of North Carolina have shown that when consumers are given visual preference surveys with pictures, they demonstrate a preference for smaller lots, smaller homes, mixed-housing types, open space, narrower streets with sidewalks, and commercial development within walking distance.[40] This preference is evidenced by the enduring popularity of many historic and densely populated neighborhoods in the nation's older cities, including Georgetown in Washington, D.C., the Back Bay in Boston, Society Hill in Philadelphia, and North Beach in San Francisco.

In the 1990s, a trend toward more compact development took hold. Fueled in part by the new urbanist movement and the negative impact of sprawl, specifically the traffic congestion associated with it, the trend surfaced as an antidote to sprawl. Many of the concepts that were embraced, including higher housing densities for a mix of incomes and ages, a mix of commercial and retail uses incorporated with the housing, pedestrian orientation, and access to public transportation, have been an appealing part of multifamily communities for decades. Clearly, multifamily housing is ahead of the curve in this trend and will play an important role in communities of the future.

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