MARKET FORCES SHAPING SMART GROWTH

National Building Museum: Smart Growth Series

Adam Ducker, Managing Director, RCLCO | April 5, 2010
ABOUT OUR FIRM

RCLCO helps organizations, institutions and companies active in land use make smart business decisions by providing market intelligence, strategic planning, and implementation solutions.

SERVICES

- Metropolitan Opportunity Studies
- Downtown/Corridor Revitalization
- Affordable/Workforce Housing Program Impact
- Public/Private Partnership Structuring
- Transit-Oriented Development Feasibility
- Economic & Fiscal Impact Analysis
- Smart Code Review
- Regional Visioning
- Institutional Real Estate (Educational and Medical) Holdings Services
## RCLCO’S WORK IN SMART GROWTH CENTERS AROUND THE FOLLOWING QUESTIONS

<table>
<thead>
<tr>
<th>Demographic and Consumer Preferences</th>
<th>Key Questions for the Industry and Policy Makers</th>
</tr>
</thead>
<tbody>
<tr>
<td>How does the end-users respond to innovations such as green building, transit-oriented development, mixed-use, conservation, placemaking, etc.?</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Development Feasibility</th>
<th>Does a project meet financial, regulatory, and community objectives? If not, how can these barriers be overcome?</th>
</tr>
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</table>

<table>
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<tr>
<th>Financing Strategies</th>
<th>How can new and innovative sources of capital, or the structuring of public/private partnerships, be mobilized</th>
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<thead>
<tr>
<th>Fiscal/Economic Impact Analysis</th>
<th>What are the revenue and cost implications of development to the relevant jurisdictions?</th>
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<tr>
<th>Performance Benchmarking</th>
<th>Can we quantify the impact of key differentiators, such as sustainability practices, on the performance of real estate?</th>
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<tr>
<th>Strategy Planning</th>
<th>How can development firms adapt their business practice to better align emerging trends in sustainable development?</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Metropolitan Trends Analysis</th>
<th>How do we create economic conditions for walkable, conservation-minded and amenity-rich communities to thrive?</th>
</tr>
</thead>
</table>
MARKETS DON’T ALWAYS RESPOND TO POLICY
HARNESSING MARKET FORCES IMPROVES OUTCOMES

Market Outcomes

In 2005, NAHB projected that 50% of all new homes would be “Green” by 2008.

By 2009, that number was 0.6%

USGBC has made attempt to rationalize the green building market and make it compelling to build green.

Development community still struggling to process, monetize the value of LEED

Many jurisdictions are experimenting with inclusionary zoning to stem affordability crises

In California, jurisdictions with inclusionary zoning experienced higher rates of price appreciation overall. In DC area, works best in outlying jurisdictions.

Possible Reasons

1. Policy-Market Mismatch
2. Timing of Real Estate Cycle
3. Consumer Preferences
4. Cost Implications
5. Regulatory Complexity—Closing the Gap
6. Aligning policy and incentives to produce results
5 BIG TRENDS IMPACTING REAL ESTATE

1. Demographic Shifts
   - Households
   - Generations

2. Changing Consumer Preferences
   - Walkability
   - Live/Work/Recreate

3. Denser and Greater Mix of Uses
   - Urban and Urban
   - Jobs/Housing Balance

4. Costs
   - Housing Affordability
   - Inflation

5. Sustainability
   - Green
   - Wellness
   - Regulatory/Policy Initiatives
Regional Growth Perspective for Thinking About Changing Consumer Preferences for Smart Growth
FROM METROPOLITAN TO MEGAPOLITAN

- 100 million by 2040; 60 million in 20 markets\(^1\)
- Regions will grow around multi-dimensional “centers”
  - Places where employment, education, civic, and recreation combine to serve the region’s population and economic activity
- Existing, new and emerging new centers are necessary for regional growth
  - Creates planning challenges for the public sector (density, infrastructure, conservation, etc.)
  - Development and investment opportunities for the private sector

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\(^1\) Metropolitan Institute, Virginia Tech
\(^2\) Joint Center for Housing Studies, Harvard University
There are different hierarchies of centers with different market areas.

Centers are regularly spaced.

Centers tend to form in a hexagonal pattern, the most efficient pattern for travel between centers.
REGIONAL GROWTH PATTERN
DRIVEN BY JOBS GROWTH AND JOB LOCATIONS

RCLCO research of 15 regions shows recurring patterns:

- 30% to 40% of regional employment now occurring in well defined employment core

- New cores emerge around transportation realities

- The number of cores in a region is related to total employment, and their locations are rational

- Need to contend with historical tendency to cluster in Favored Quarter locations

<table>
<thead>
<tr>
<th>6 CORE TYPES OF JOB CENTERS/CORES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban Centers</td>
</tr>
<tr>
<td>Catalytic Core</td>
</tr>
<tr>
<td>Industrial Core</td>
</tr>
<tr>
<td>Favored Quarter Office Core</td>
</tr>
<tr>
<td>Historic Satellite Cities/Towns</td>
</tr>
<tr>
<td>Retail Cores</td>
</tr>
</tbody>
</table>
The economic crystalline structure of regions shows clearly in the distribution of towns in the Central Florida Region.

Areas shown in purple are where new centers would be predicted, based on the historical spatial pattern.
Approximately 20% of the HH growth between 2005 and 2015 is currently taking place within the rapidly densifying areas shown in the map to the left.
Demographic Patterns
> 85% OF GROWTH IS HOUSEHOLDS WITHOUT CHILDREN
DIFFERENT HOUSEHOLD LANDSCAPE BY 2025

Absolute Change in Households, United States
1980–2005

- Married, no children, 5,476,979
- Single male with children, 2,165,939
- Single female with children, 4,680,913
- Other Family, 1,758,377
- Married with children, 1,376,788
- One-person households, 11,825,702
- Nonfamily, 3,416,246

SOURCE: US Census
DEMOGRAPHICS
BOOM….BOOM!

2010 U.S. Pop.

<table>
<thead>
<tr>
<th>Generation</th>
<th>Born</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eisenhowers</td>
<td>Before 1946</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>1946 – 1964</td>
</tr>
<tr>
<td>Gen X</td>
<td>1965 – 1980</td>
</tr>
<tr>
<td>Gen Y (Echo/Millenials)</td>
<td>1981 – 1999</td>
</tr>
<tr>
<td>Gen Z (?)</td>
<td>2000 and After</td>
</tr>
</tbody>
</table>

SOURCE: Claritas, National Center for Health Statistics, US Census
# Life Stage Influences Housing Choice

**Gen Y Driving Key Changes in Housing Over the Next Decade**

<table>
<thead>
<tr>
<th>Year</th>
<th>Student Housing</th>
<th>Single &amp; Roommate Rental</th>
<th>Rent as Couple / 1st Home</th>
<th>Young Family Own</th>
<th>Mature Family Own</th>
<th>Empty Nester Downsize Own</th>
<th>Retiree Senior Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>Gen Y</td>
<td>Gen Y</td>
<td>Gen X</td>
<td>Gen X</td>
<td>Baby B</td>
<td>Baby B</td>
<td>Eisen Baby B</td>
</tr>
<tr>
<td>2010</td>
<td>Gen Y</td>
<td>Gen Y</td>
<td>Gen Y</td>
<td>Gen X Gen Y</td>
<td>Baby B Gen X</td>
<td>Baby B</td>
<td>Eisen Baby B</td>
</tr>
<tr>
<td>2015</td>
<td>Gen Y</td>
<td>Gen Y</td>
<td>Gen Y</td>
<td>Gen Y</td>
<td>Baby B Gen X</td>
<td>Baby B</td>
<td>Eisen Baby B</td>
</tr>
<tr>
<td>2020</td>
<td>Gen Z</td>
<td>Gen Y</td>
<td>Gen Y</td>
<td>Gen Y Gen X</td>
<td>Baby B Baby B</td>
<td>Gen X</td>
<td>Baby B</td>
</tr>
</tbody>
</table>
GEN Y MAKING ITS MARK TODAY
SHAPING POST-RECESSION PLACEMAKING EFFORTS

RCLCO Consumer Research shows:
- 41% of Generation Y plan to rent for at least three years
- 77% of Generation Y plan to live in an Urban Core

Largest group began graduating in 2009 – Greatest demand for rental housing in this period

If this group rents for at least three years, there will be more first-time homebuyers in the market in 2013-2018 than ever before

NOTE: Number of 22-year olds is based upon birth rate and does not factor in death rates and migration.
SOURCE: U.S. Centers for Disease Control and Prevention
86% OF GEN Y RENTERS ARE MOVING MOSTLY GOING TO WALKABLE LOCATIONS

Movement of Gen Y Renters (%)

- Move to Another Metro: 45%
- Move within Current Metro: 41%
- Not Moving: 14%

Where They Will Move:
- Rural: 7%
- Suburban: 12%
- Urban: 37%
- Close-In (Urban-Lite): 44%

Source: RCLCO Consumer Research
DEMOGRAPHIC SHIFTS AND HOUSING DEMAND
BUILT-IN DEMAND FOR HIGHER-DENSITY LIVING

Projected Total Population Growth Rate by Age
2010–2020

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 - 24</td>
<td>-200,000</td>
</tr>
<tr>
<td>25 - 29</td>
<td>1,600,000</td>
</tr>
<tr>
<td>30 - 34</td>
<td>2,600,000</td>
</tr>
<tr>
<td>35 - 39</td>
<td>1,000,000</td>
</tr>
<tr>
<td>40 - 44</td>
<td>-1,500,000</td>
</tr>
<tr>
<td>45 - 49</td>
<td>-400,000</td>
</tr>
<tr>
<td>50 - 54</td>
<td>-1,900,000</td>
</tr>
<tr>
<td>55 - 59</td>
<td>5,000,000</td>
</tr>
<tr>
<td>60 - 64</td>
<td>5,400,000</td>
</tr>
<tr>
<td>65 - 69</td>
<td>4,100,000</td>
</tr>
<tr>
<td>70 - 74</td>
<td>1,500,009</td>
</tr>
<tr>
<td>75 - 79</td>
<td>170,000</td>
</tr>
<tr>
<td>80 - 84</td>
<td>1,300,000</td>
</tr>
<tr>
<td>85+</td>
<td>-</td>
</tr>
</tbody>
</table>

SOURCE: U.S. Census Bureau
CHANGING CONSUMER PREFERENCES
INCREASED PREFERENCE FOR DENSE PRODUCTS

Interest in Higher-Density Housing by Household Type

SOURCE: RCLCO Consumer Research
THE “SMART GROWTH GENERATION”
GENERATION Y MAKING WALKABLE HOUSING CHOICES

Generational Tradeoffs (%)

<table>
<thead>
<tr>
<th></th>
<th>Gen Y</th>
<th>Gen X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban Setting</td>
<td>51</td>
<td>47</td>
</tr>
<tr>
<td>Smaller lot/walk to work</td>
<td>71</td>
<td>62</td>
</tr>
<tr>
<td>Smaller lot/walk to shopping</td>
<td>55</td>
<td>46</td>
</tr>
<tr>
<td>Less than ideal home, closer to shopping</td>
<td>52</td>
<td>43</td>
</tr>
<tr>
<td>Less than ideal home closer to work</td>
<td>49</td>
<td>42</td>
</tr>
</tbody>
</table>

SOURCE: RCLCO consumer research
THE “SMART GROWTH GENERATION”
GENERATION Y MAKING WALKABLE HOUSING CHOICES

Product Type Preference Gen X vs. Gen Y

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Gen Y</th>
<th>Gen X</th>
</tr>
</thead>
<tbody>
<tr>
<td>SFD-Sm Lot</td>
<td>12</td>
<td>36</td>
</tr>
<tr>
<td>SFD-Lg Lot</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td>TH</td>
<td>10</td>
<td>32</td>
</tr>
<tr>
<td>LR Condo</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Apt</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>HR Condo</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Patio/Cottage</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Condo/Retail</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>L/W Unit</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Plex</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

SOURCE: RCLCO Consumer Research

For single-family products, preference for smaller lot homes and high density SFA in concert with local variations will influence design.

Alley-loaded parking becomes a safety issue – must be mitigated with a reimagining of the alleyway.
GEN Y WILL PAY FOR WALKABLE, MIXED-USE
CHALLENGE IS PROVIDING PRODUCT THEY CAN AFFORD

• Driven by convenience, connectivity, and a healthy work-life balance to maintain relationships

• 1/3 will pay more to walk to shops, work, and entertainment

• 2/3 say that living in a walkable community is important

• More than 1/2 of Gen Y would trade lot size for proximity to shopping or to work

• Even among families with children, one-third or more are willing to trade lot size and “ideal” homes for walkable, diverse communities

SOURCE: RCLCO Consumer Research
ITS NOT JUST THE GEN Y’S
AGING BOOMER INFLUENCES

- Aging boomers are looking for something different
  • More suburbanites seek urban locations or “safe urbanism” closer-in
  • Most don’t relocate, but want “urban amenities” in suburban locale
- Walkable communities with urban amenities, culture, education
  • The village or town center is the new golf course for many
  • Love “third places”
  • Amenities for convenience, healthy living, and staying engaged
DEMOGRAPHIC SHIFT + PREFERENCE SHIFT = POTENTIALLY MUCH HIGHER DEMAND FOR DENSITY

RCLCO Demand, based on expected increased preference for density
Demand based on current home type by age and household size

SOURCE: RCLCO Consumer Research
68% of respondents currently live in a “traditional suburban neighborhood...”

But only 50% indicate that they are most likely to choose a similar setting in their next purchase.

Research data suggests increased preference for:

- “Traditional Downtowns”
- “Traditional Neighborhood Development”
- “Nature Preserve” Communities
NOT ALL GEOGRAPHIES ARE CREATED EQUAL
SOME BETTER-POSITIONED TO ABSORB DEMAND

- Availability of land & appropriate zoning
- Presence of existing & planned transit
- Increasing commuting time
- Higher-density housing as % of total
- Public transit ridership

SOURCE: RCLCO
Helping Support the Capital Burden of Transit
PAYING IT FORWARD
CREATING VALUE THAT PAYS FOR TRANSIT

- Using real estate development was a vehicle to fund transit infrastructure
- $128 M in fiscal benefit
- Engaging property owners in value capture opportunities
- Priming the pump for 2.4 M SF of catalytic development at above market rates
Current RCLCO research estimates value increases of between 6% and 30%, depending on the existing and future land uses.

SOURCE: Reconnecting America
NEW TRANSIT INCREASES PROPERTY VALUES
PORTLAND, OR

Portland Streetcar Property Value Change 1997-2003

Legend

- Streetcar Stop
- Streetcar Line
- MAX Light Rail

Percent Change 97-03
- < 0
- 0 - 50
- 50 - 100
- 100 - 150
- 150 - 200
- 200 - 250
- 250 - 300
- 300 - 350
- 350 - 400
- 400+

Original cost - $54M
Catalyzed Investment - $3.8B

Multiplier – 74X

SOURCE: RCLCO, Reconnecting America
NEW TRANSIT INCREASES PROPERTY VALUES
SEATTLE, WA AND TAMPA, FL

Legend
- Streetcar Stop
- Streetcar Line
- Future Extension

Percent Change 02-08
- < 0
- 0 - 20
- 20 - 100
- 100 - 150
- 150 - 200
- 200 - 250
- 250 - 300
- 300 - 350
- 350 - 400
- 400+

Legend
- Streetcar Stop
- Streetcar Line
- Light Rail

Percent Change 03-08
- < 0
- 0 - 50
- 50 - 100
- 100 - 150
- 150 - 200
- 200 - 250
- 250 - 300
- 300 - 350
- 350 - 400
- 400+

SOURCE: RCLCO, Reconnecting America
What about the “Green Building” Movement?
60+% of builders believe that there is NO consumer premium associated with sustainable development.

Over half of builders surveyed believe that there is a lack of consumer awareness surrounding sustainable development.

One-third of builders surveyed believe that there is NO consumer preference for green building vis-à-vis traditionally-constructed neighborhoods.
How many green homes will there be?

- NAHB projects that 50% of all new homes will be Green by 2010.
- According to their data, the country produces 11,000 new green homes annually.
- This suggests that only 1.6% of new homes are built green.
- Reaching 50% annually by 2010 requires an 31x increase in three years.

Will “green building” make a real difference without a strong market for green homes?

STRONG ATTITUDES TOWARDS “GREEN” LIVING
WILL THEY TRANSLATE TO HOME PURCHASE MOTIVATIONS?

National Respondents

Respondents don’t automatically equate an energy saving home as being environmentally compatible.

SOURCE: RCLCO Consumer Research

We Need Big Changes in the Way we Live
My Home Should Save Energy
Most People Don't Take the Environment Seriously
Humans and Nature can Live Together
I Want a Home that is Compatible with the Environment
We Can Grow the Economy and Protect the Environment at the Same Time

SOURCE: RCLCO Consumer Research

Strongly Disagree
Strongly Agree
HOME IMPACT AWARENESS GAP
UNDERESTIMATE ENVIRONMENTAL IMPACT OF HOMES

What impact do you think your home has on the environment?

- No Impact: 11%
- Some Impact: 29%
- Acceptable Impact: 33%
- Significant Impact, Nothing I Can Affect: 5%
- Significant Impact, Something I Can Affect: 21%
What impact do you think your home has on the environment?

- 32.3% Some Impact, Lower than Auto Emissions
- 18.1% Acceptable Impact
- 8.6% Significant Impact, Unrelated to my Housing Choice
- 21.0% Significant Impact, Related to my Housing Choice
- 11.1% Don't Know
- 4.6% Don't Care

Have no Impact
Most Important Factors When Choosing a New Home

- Excellent school system
- Seclusion and space from neighbors
- First-floor master bedroom
- Reduced electricity bills
- Indoor parking for at least two vehicles
- Use of materials that do not contain potentially hazardous chemicals
- A larger home with more square footage
- Costs more today but saves energy and has reduced energy bills over time
- Appliances that use less water and less energy
- Additional storage space
- Improved indoor air quality
- A smaller home with less square footage
- Uses the sun for home heating/energy
- Energy Star certification
- Pedestrian-friendly location
- Proximity to major highway or thruway
- Hardwood floors
- Walking distance to transit
- Community amenities such as pools, basketball courts, and clubhouses
- Large lawn
- Finished basement
- Fireplace
- Walking distance to work
- Use of renewable materials
- Ten foot ceilings or higher
- NAHB Model Green Home certification
- Golf course
- Luxury appliances, such as Viking and Miele
- Surfacing that minimizes runoff
- Formal dining room
- LEED certification
- Stainless steel appliances
- Berber or other luxury carpet flooring
- Granite countertops
- Use of low-water usage landscaping
- Uses less water

N=1,011

SOURCE: RCLCO Consumer Research
VARYING IMPORTANCE OF “GREEN” BENEFITS
“ME GREEN” VS. “WE GREEN”

- Minimizing the presence of mold and/or mildew in my home and/or building
- The quality and cleanliness of the air inside my home and/or building
- The purity of the water in the pipes of my home and/or building
- Saving money on utility bills
- Minimizing exposure with potentially harmful man-made substances
- Minimizing my electricity consumption
- Conserving energy
- Ability to walk more and reduce the number of trips I need to make by automobile
- Ability to maintain/improve physical/aerobic/cardiovascular fitness
- Minimizing the use of automobiles for non-essential or single-rider trips
- Recycling programs or reuse of recycled materials
- Reducing my carbon footprint
- Promoting cleaner water in the outdoor environment
- Avoiding the consumption of non-renewable energy sources
- Promoting cleaner air in the outdoor environment
- Protecting native habitats
- Minimizing my consumption of non-renewable resources
- Promoting wildlife
- Slowing global warming
- Promoting cleaner ground and soil in the outdoor environment
- Avoiding the consumption of nuclear energy sources

Care about the issue but would not influence my rental decision
Care about and may influence my rental decision
TODAY – THREE PRIMARY MOTIVATIONS
GREEN HOME DEMAND BASED ON BENEFITS, NOT FEATURES

Green homes are better for “the environment”

Green homes save energy (and have lower utility bills)

Living in a green home is better for my health and that of my family

Living in a green home is better for my health and that of my family
BREAKDOWN OF U.S. MARKET TODAY

- Forest Greens: 6.1%
- Greenback Greens: 21.3%
- Healthy Greens: 8.5%
- Others: 58.4%
Addressing Affordability
GROWING NUMBER OF WORKFORCE HOUSEHOLDS “PRICED OUT” OF MAJOR METROPOLITAN AREAS

20% – 30% of households fall in “workforce” income ranges in major metro areas.

Forecasted growth between 2010 and 2030 calls for 1 million new households every year in the U.S.

Over the next 20 years, that equates to demand for 6 million new workforce housing units.

And this assumes that income distributions remain constant – it is quite possible that the need for workforce housing will far exceed this number.

Source: Claritas; RCLCO
PRICED OUT: COMPARISON OF FOR-SALE AFFORDABILITY - PEER METRO AREAS

Boston
San Francisco
Washington, D.C.

70% AMI
90% AMI
110% AMI
WORKFORCE FAMILIES PRICED OUT OF MAJOR EMPLOYMENT CENTERS IN DC METRO AREA

Over- and Undersupply of Workforce Households
60 to 100 Percent AMI, Washington, D.C., Metro Area

These maps illustrate the relative imbalance of housing types offered in key employment cores compared to the metro area.
DESIRED DEVELOPMENT AROUND TRANSIT SIMPLY TOO EXPENSIVE TO BUILD

## Development-Supportable Rents for Workforce Households in the Washington, D.C., Metro Area

<table>
<thead>
<tr>
<th>High-Rise Rental Development</th>
<th>Supportable Rent per Square Foot for Workforce Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons per Household</td>
<td>60%</td>
</tr>
<tr>
<td>1 Studio</td>
<td></td>
</tr>
<tr>
<td>2 1B</td>
<td></td>
</tr>
<tr>
<td>3 2B</td>
<td></td>
</tr>
<tr>
<td>4 3B</td>
<td></td>
</tr>
<tr>
<td>5 3B</td>
<td></td>
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<tr>
<td>6 4B</td>
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</tbody>
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PRICED OUT

<table>
<thead>
<tr>
<th>Mid-Rise Rental Development</th>
<th>Supportable Rent per Square Foot for Workforce Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons per Household</td>
<td>60%</td>
</tr>
<tr>
<td>1 Studio</td>
<td>$2.70</td>
</tr>
<tr>
<td>2 1B</td>
<td>$2.46</td>
</tr>
<tr>
<td>3 2B</td>
<td>$2.43</td>
</tr>
<tr>
<td>4 3B</td>
<td></td>
</tr>
<tr>
<td>5 3B</td>
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</tr>
<tr>
<td>6 4B</td>
<td></td>
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</tbody>
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PRICED OUT

<table>
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<tr>
<th>&quot;Donut&quot;-Style Rental Development</th>
<th>Supportable Rent per Square Foot for Workforce Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons per Household</td>
<td>60%</td>
</tr>
<tr>
<td>1 Studio</td>
<td>$1.80</td>
</tr>
<tr>
<td>2 1B</td>
<td>$1.92</td>
</tr>
<tr>
<td>3 2B</td>
<td>$1.95</td>
</tr>
<tr>
<td>4 3B</td>
<td>$1.85</td>
</tr>
<tr>
<td>5 3B</td>
<td></td>
</tr>
<tr>
<td>6 4B</td>
<td></td>
</tr>
</tbody>
</table>

PRICED OUT
Based on this description, how interested would you be in purchasing a home using shared equity?

- Relationship between local affordability and appeal of shared equity
- For many, equity build-up less important than homeownership status
- Affinity rate was 400% higher after tutorial

n = 1,101
IMPORTANT NEW THINKING ABOUT COSTS
HOUSING PLUS TRANSIT

Percent of Income a Household Earning the Area Median Income
($78,000/year) Would Spend on Housing in the Washington, DC, Metro Area

Percent of Income a Household Earning the Area Median Income ($78,000/year)
Would Spend on Housing + Transportation in the Washington, DC, Metro Area

Source: Center for Neighborhood Technology
SUMMARY

1. **Demographic forces driving demand for smart growth environs**
   - 60% HH growth concentrated in just 22 “Megapolitan regions”
   - Smaller, non-traditional households represent majority of growth
   - Boom-Boom preferences for higher density housing, urban and transit locations
   - Mismatch between existing housing stock and preferences = pent up demand for Smart Growth

2. **Residential product types likely to be smaller, increasingly rental and more affordable**
   - focus on location and design over size
   - What’s outside the box as important as inside - diversity, walkability and proximity to jobs key
   - Transit is crucial – both transit-oriented and transit-ready

3. **Continuing upward trajectory for downtowns, inner suburbs and “urbanizing suburban” locations**

4. **Hook to sell “Smart locations is to focus on “Me” hot buttons**
   - Energy savings & “healthy homes” are critical success factors - consumers don’t want a dumb home in a Smart Growth location
   - Bolt together Smart Growth with nature preserve/conservation communities

5. **There is a clear and quantifiable Smart Growth premium**
   - Need to figure out how to leverage value creation in these locations to fund infrastructure, transit, and walkability that makes Smart Growth possible