

ASHEVILLE CITIZEN-TIMES

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Strategy to promote urban living is sound on many fronts

Developers want to build more condominiums and apartments in downtown Asheville. That has some people wondering if those guys haven't noticed the weakness in the housing market, and worrying whether the city could end up with a housing surplus.

That's not very likely. Trends and demographics support the wisdom of the builders' plans. Approval is being sought for three projects that would bring a total of 375 condominiums downtown. There's also a request for approval of a 422-unit apartment complex near Biltmore Square Mall.

The most significant trend is the one away from suburban living and toward urban dwelling. That's a trend planners and government leaders should do everything they can to encourage. It puts growth where water, sewer and other costly infrastructure already exists. It helps create the density needed for urban transit. And it helps limit sprawl that gobbles up land, damages the environment and causes long commutes that contribute to air pollution.

As an added plus, in Asheville, most proposed developments are infill projects that won't destroy successful businesses or historic structures.

The subprime impact

In an article published in the March Atlantic Monthly, Christopher B. Leinberger tells of suburban subdivisions left with rows of vacant houses thanks to foreclosures resulting from the subprime mortgage debacle.

"... The (subprime) crisis has indeed catalyzed or intensified social problems in many communities. But the story of vacant suburban homes and declining suburban neighborhoods did not begin with the crisis, and will not end with it. A structural change is under way in the housing market — a major shift in the way many Americans want to live and work. It has shaped the current downturn, steering some of the worst problems away from the cities and toward the suburban fringes. And its effects will be felt more strongly, and more broadly, as the years pass. Its ultimate impact on the suburbs, and the cities, will be profound."

Leinberger, who directs the University of Michigan's real estate graduate studies and is a visiting fellow at the Brookings Institute, contends the flight to the suburbs, which began after World War II, is beginning to reverse. While people once fled cities to live on half-acre lots in suburban developments, it's now urban real estate that commands the best prices.

Leinberger recounts the results of a study and modeling by Arthur C. Nelson, director of the Metropolitan Institute at Virginia Tech. Nelson looked at trends in American demographics, construction, house prices and consumer preferences and forecasted a likely surplus of 22 million large-lot homes (houses built on a sixth of an acre or more) by 2025. That's about 40 percent of the large-lot homes in existence today.

Oil prices a big factor

The high cost of gasoline and heating oil are two factors causing people to abandon suburban automobile-dependent "McMansions." Changing demographics also work against suburban growth, Leinberger said. When Baby Boomers were young, families with children made up about half of all households. It's projected that by 2025, families with children will be closer to a quarter of households and there will be about as many single-person households.

"The boomers themselves are becoming empty-nesters, and many have voiced a preference for urban living," Leinberger says.

That's another demographic change that favors downtown developers. Asheville Area Chamber of Commerce President and CEO Rick Lutovsky notes that this year the first wave of baby boomers turns 62.

North Carolina ranks fifth or sixth in the nation when it comes to attracting retirees 60 and older. Asheville is on virtually every list of top 10 destinations, so it can expect to get its fair share of those moving to the state.

A partial inventory of the lists the city made in 2007 shows Asheville:

- Ranked as "Best Southern Town" in Outside Magazine's "Best Towns In America" story.
- Was number one in top retirements.com's "Top 10 Most Popular Retirement Towns."
- Ranked number seven in Cities Ranked and Rated's analysis of more than 400 metro areas in the U.S. and Canada.
- Rated number one in the Relocate-America.com Web site's annual ranking of the most popular places to live for 2007.

When rebound comes

There's reason to believe that when the housing market turns around, there will be significant pent-up demand for housing in the Asheville area. Lutovsky said real estate agents tell him they have long lists of people who plan to move here as soon as their home sells somewhere else.

We may be getting a bit of a breather thanks to the national housing slump, but it's reasonable to expect that won't last forever.

It's critical that as new projects are approved, city leaders use all the tools and persuasive powers at their disposal to promote affordable housing. Otherwise, Asheville risks losing the eclectic mix of people that makes it so appealing.

By having attractive housing stock available in the city to help satisfy pent-up demand, it may be possible to limit sprawl and make the city an even more vibrant place for restaurants, arts and the other amenities enticing people back to urban living.

On the Web: www.theatlantic.com/doc/200803/subprime

www.brookings.edu/experts/l/leinbergerc.aspx