At the Corner of Future and Main:
The Benefits of High Density, Center City Development

Center City Seattle Open House
Bertha Landis Room, City Hall
Seattle, Washington
September 20, 2004
At the Corner of Future and Main: The Benefits of High Density, Center City Development

I. What are the benefits of high density, center city development?

II. How is Seattle faring on this front?

III. Where do you go from here?
What are the benefits of high density, center city development?
I

What are the benefits of high density, center city development?

Compact development enhances economic performance

Compact development is more fiscally responsible

Well-being of the city and the suburbs is interdependent

Denser downtown development expands housing choice
Density enhances economic performance through:

- Productivity gains
- Innovation gains
Density contributes to productivity

Average labor productivity increases with more employment density

“Accessible” cities with efficient transportation systems had higher productivity than more dispersed places (47 metro areas)

Compared to others, growth management metros were likely to see improvements in metropolitan level personal income

Ciccone and Hall (1996)
Cervero (2000)
Nelson and Peterman (2000)
Density contributes to innovation by attracting young, educated workers.

- High density brings with it amenities that create a high “quality of place” that attracts young knowledge-workers.
- Ideas, innovation, and creativity now drive the economy.
- Economic success requires large numbers of people with a college education and high skills.
Density enhances innovation by increasing interactions and knowledge-sharing among workers

Dense labor markets, efficient transport, and high clustering of jobs lead to knowledge spillovers, both within and across industries

Denser local economies have been linked to increased patenting

Carlino (2001)
Educated metro areas win in the new economy

Each additional year of education of workers in a metro area leads to another 2.8 percent growth in productivity

Rauch (1993)

The cities and metros with highly skilled workers in the 1990s also had high population and income growth


The metro areas that have high proportions of skilled, educated labor are better able to reinvent themselves and adapt to changing economic needs

<table>
<thead>
<tr>
<th>What are the benefits of high density, center city development?</th>
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<tbody>
<tr>
<td>Compact development enhances economic performance</td>
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<td>Well-being of the city and the suburbs is interdependent</td>
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<td>Denser downtown development expands housing choice</td>
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</table>
The costs of sprawl are well-researched and well-recognized

Low density development increases demand for facilities:

• New schools
• New roads
• New public facilities
• Sewer and water extensions

Low density development increases the costs of key services:

• Police
• Fire
• Emergency medical
Studies estimate the degree of capital cost savings from denser development...

Estimated cost savings by community prototype

Source: Real Estate Research Corporation (1974)
Florida Growth Patterns Study
Total Public Facilities Costs by Development Type (Per Dwelling Unit 1989 Dollars)

...an idea substantiated by Florida case studies

Source: Duncan (1989)
Studies estimate the service delivery savings from more compact development

<table>
<thead>
<tr>
<th>Development Pattern</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central city counties</strong></td>
<td></td>
</tr>
<tr>
<td>Fayette (more concentrated)</td>
<td>($1.08)</td>
</tr>
<tr>
<td>Jefferson (more spread out)</td>
<td>$37.55</td>
</tr>
<tr>
<td><strong>Suburban counties</strong></td>
<td></td>
</tr>
<tr>
<td>Shelby (more concentrated)</td>
<td>$88.27</td>
</tr>
<tr>
<td>Pendelton (more spread out)</td>
<td>$1,222.39</td>
</tr>
<tr>
<td><strong>Counties with small towns</strong></td>
<td></td>
</tr>
<tr>
<td>Warren (more concentrated)</td>
<td>$53.89</td>
</tr>
<tr>
<td>Pulaski (more spread out)</td>
<td>$239.93</td>
</tr>
<tr>
<td><strong>Outer ring and rural</strong></td>
<td></td>
</tr>
<tr>
<td>Garrard (more concentrated)</td>
<td>$454.51</td>
</tr>
<tr>
<td>McCracken (more spread out)</td>
<td>$618.90</td>
</tr>
</tbody>
</table>

Dollar costs of new services (including police, fire, highway, schools, and solid waste) per 1,000 new residents for a family of 4 in Kentucky.

Source: Bollinger, Berger, and Thompson (2001)
The density-related fiscal savings are estimated to be substantial.

- Nationwide, more compact development could save governments 11% on capital outlays over the long term.
- More compact development could save governments almost 4% on service provision.

Attracting more residents downtown boosts the tax base to help achieve multiple city goals

- Seattle’s downtown residents tend to be young and average persons per household are 1.34

- These residents tend to contribute to tax bases rather than cause a strain on public funds

- Attracting more of these residents helps enhance the general fiscal capacity of the city
What are the benefits of high density, center city development?

- Compact development enhances economic performance
- Compact development is more fiscally responsible
- Well-being of the city and the suburbs is interdependent
- Denser downtown development expands housing choice
Fostering equity and vitality in city centers enhances the well-being of the suburbs

- City income growth positively affects suburban growth in terms of income, housing prices, and population. (Voith, 1998)
- Reductions in central city poverty rates lead to metropolitan income growth. (Pastor and others, 2000)
- Alleviates pressure on suburban/undeveloped areas.
- Urban decay harms existing infrastructure, reduces regional amenities, and imposes social costs.
What are the benefits of high density, center city development?

Compact development enhances economic performance

Compact development is more fiscally responsible

Well-being of the city and the suburbs is interdependent

Denser downtown development expands housing choice
More residential offerings downtown provide a better opportunity for spatial match between home and work.

Increasing the opportunity to live downtown increases the opportunities for spatial match between work and home.

Less congestion, lower transportation costs, less pollution, reduced travel time.
How is Seattle faring on this front?
How is Seattle faring on this front?

Seattle’s center city is experiencing strong growth

Center city growth reflects/furthers key demographic and economic assets

But broader regional challenges remain
In order to better understand the trends in Seattle, we used other peer West coast/high-performing metro areas for comparison.

San Diego, CA
Denver, CO
Minneapolis, MN
Boston, MA
San Francisco, CA
Portland, OR
Seattle had competitive growth rates through the 1990s


Source: Living Cities Database
Seattle’s downtown is growing faster than its peers…

Downtown population growth rates, 1970-2000

Source: Birch, forthcoming.
...and any other downtown area


<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
<th>Downtown Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Seattle, WA</td>
<td>92%</td>
</tr>
<tr>
<td>2</td>
<td>Boston, MA</td>
<td>87%</td>
</tr>
<tr>
<td>3</td>
<td>San Diego, CA</td>
<td>71%</td>
</tr>
<tr>
<td>4</td>
<td>Lower Manhattan, NY</td>
<td>61%</td>
</tr>
<tr>
<td>5</td>
<td>Los Angeles, CA</td>
<td>58%</td>
</tr>
<tr>
<td>6</td>
<td>Denver, CO</td>
<td>40%</td>
</tr>
<tr>
<td>7</td>
<td>Chicago, IL</td>
<td>39%</td>
</tr>
<tr>
<td>8</td>
<td>Midtown Manhattan, NY</td>
<td>29%</td>
</tr>
<tr>
<td>9</td>
<td>San Francisco, CA</td>
<td>24%</td>
</tr>
<tr>
<td>10</td>
<td>Columbus, GA</td>
<td>-2%</td>
</tr>
</tbody>
</table>

Source: Birch, forthcoming.
Downtown is growing faster than the city as a whole or its suburbs


This recent growth has put Seattle’s downtown density on par with peers.

Downtown population density (per acre), 2000

Source: Birch, forthcoming.
And previously lagging homeownership rates are improving

Downtown homeownership rates, 1970 and 2000

Source: Birch, forthcoming.
Downtown growth is expected to continue

Downtown residency is expected to grow by 74-120% (16,000 to 26,000 residents) between 2000 and 2020

Employment growth over the same period is expected to be 29-40% (50,000-70,000 workers)

How is Seattle faring on this front?

Seattle’s center city is experiencing strong growth.

Center city growth reflects/furthers key demographic and economic assets.

But broader regional challenges remain.
Seattle ranks high in education

<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
<th>Share of Population 25 and Older with Bachelor’s Degree</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Plano, TX</td>
<td>53.30%</td>
<td>144,046</td>
</tr>
<tr>
<td>2</td>
<td>Madison, WI</td>
<td>48.20%</td>
<td>126,804</td>
</tr>
<tr>
<td>3</td>
<td>Seattle, WA</td>
<td>47.20%</td>
<td>409,582</td>
</tr>
<tr>
<td>4</td>
<td>San Francisco</td>
<td>45.00%</td>
<td>595,805</td>
</tr>
<tr>
<td>5</td>
<td>Raleigh, NC</td>
<td>44.90%</td>
<td>174,393</td>
</tr>
<tr>
<td>6</td>
<td>Scottsdale, AZ</td>
<td>44.10%</td>
<td>150,662</td>
</tr>
<tr>
<td>7</td>
<td>Fremont, CA</td>
<td>43.20%</td>
<td>136,242</td>
</tr>
<tr>
<td>8</td>
<td>Austin, TX</td>
<td>40.40%</td>
<td>401,137</td>
</tr>
<tr>
<td>9</td>
<td>Washington, DC</td>
<td>39.10%</td>
<td>384,535</td>
</tr>
<tr>
<td>10</td>
<td>Minneapolis, MN</td>
<td>37.40%</td>
<td>243,409</td>
</tr>
</tbody>
</table>

Source: Living Cities Database

Rank of 100 largest cities in the U.S., 2000
The city has the 15th highest median income among the 100 largest U.S. cities...

<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
<th>Median Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Plano, TX</td>
<td>78,722</td>
</tr>
<tr>
<td>2</td>
<td>Fremont, CA</td>
<td>76,579</td>
</tr>
<tr>
<td>3</td>
<td>San Jose, CA</td>
<td>70,243</td>
</tr>
<tr>
<td>6</td>
<td>San Francisco</td>
<td>55,221</td>
</tr>
<tr>
<td>15</td>
<td>Seattle, WA</td>
<td>45,736</td>
</tr>
<tr>
<td>16</td>
<td>San Diego</td>
<td>45,733</td>
</tr>
<tr>
<td>32</td>
<td>Portland, OR</td>
<td>40,146</td>
</tr>
<tr>
<td>41</td>
<td>Boston, MA</td>
<td>39,629</td>
</tr>
<tr>
<td>42</td>
<td>Denver, CO</td>
<td>39,500</td>
</tr>
<tr>
<td>49</td>
<td>Minneapolis, MN</td>
<td>37,974</td>
</tr>
</tbody>
</table>

Source: Living Cities Database
...and income on par with other high-performing and West-coast peers.

Median household income, by city, 2000

Source: Living Cities Database
Downtown Seattle is successful at attracting young adults...

Downtown age distribution, 2000

- 18-24: 12%
- Under 18: 5%
- 75+: 9%
- 65-74: 7%
- 55-64: 25%
- 35-44: 18%
- 25-34: 24%

Source: Birch (forthcoming)
... a characteristic common to high-performing downtown areas

Percentage of population age 25-34, 2000

Source: Birch (forthcoming)
Seattle attracts largely single people downtown

Percentage composition of households, 2000

Source: Birch (forthcoming)
Given the strong employment base in the downtown, residential growth has great potential

Percentage of total employment within 3 miles of the central business district

Source: Glaeser et al, 2001
How is Seattle faring on this front?

Seattle’s center city is experiencing strong growth

Center city growth reflects/furthers key demographic and economic assets

But broader regional challenges remain
The Seattle area was hit especially hard with the economic downturn in 2001

Annual unemployment rates
(not seasonally adjusted)

Source: U.S. Bureau of Labor Statistics
But the area is showing signs of recovery

Growth in total covered employment

**2003 data is preliminary

Source: U.S. Bureau of Labor Statistics
Growth has declined since 2000

Population growth estimates, 2001-2003

Source: U.S. Census population estimates
And while recent trends are moving towards downtown densification, suburban growth has still been outpacing urban growth.

Seattle city and suburb growth rates, 1980-2000

Source: Living Cities Census Series
Seattle’s suburbs grew six times faster than the city from 1980-1990…

Source: Living Cities Database

Percent change in population 1980-1990
...and the suburbs grew more than twice as fast as the city from 1990 to 2000

Percent change in population 1990-2000

Source: Living Cities Census Series
In absolute terms, the suburbs dominate.

Seattle area population:

<table>
<thead>
<tr>
<th></th>
<th>1990</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>downtown</td>
<td>12,382</td>
<td>21,745</td>
</tr>
<tr>
<td>central city</td>
<td>516,259</td>
<td>563,374</td>
</tr>
<tr>
<td>suburbs</td>
<td>1,430,023</td>
<td>1,741,673</td>
</tr>
</tbody>
</table>

Source: Living Cities Database, Birch, forthcoming.
During the 1990s, the suburbs increased by over 300,000 people.

Population increase 1980-2000

Source: Living Cities Census Series
The resulting growth looks like this:

**1970**

Persons per Census tract

Source: US Census data, Neighborhood Change Database

- **Downtown Seattle**

Legend:
- > 7,000
- 4,000-7,000
- 2,800-3,999
- 1,400-2,799
- < 1,400
The resulting growth looks like this:

1980
Persons per Census tract

Source: US Census data, Neighborhood Change Database

Downtown Seattle
The resulting growth looks like this:

![Map of Seattle showing population density](map_image)

1990
Persons per Census tract

Source: US Census data, Neighborhood Change Database

- Downtown Seattle

Legend:
- > 7,000
- 4,000-7,000
- 2,800-3,999
- 1,400-2,799
- < 1,400
The resulting growth looks like this:

### 2000

**Persons per Census tract**

Source: US Census data, Neighborhood Change Database

<table>
<thead>
<tr>
<th>Persons per Census tract</th>
<th>Color</th>
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<tbody>
<tr>
<td>&gt; 7,000</td>
<td>Green</td>
</tr>
<tr>
<td>4,000-7,000</td>
<td>Light Green</td>
</tr>
<tr>
<td>2,800-3,999</td>
<td>Medium Green</td>
</tr>
<tr>
<td>1,400-2,799</td>
<td>Dark Green</td>
</tr>
<tr>
<td>&lt; 1,400</td>
<td>Light Green</td>
</tr>
</tbody>
</table>

**Seattle**

Downtown Seattle
Urbanized land is increasing much faster than population growth

Change in population and urbanized land, by MSA, 1982-1997

At the MSA level, Seattle is losing density on par with its peers.

Change in Density, by MSA, 1982-1997

Where do you go from here?
Where do you go from here?

Seattle IS on the right track…

… but Seattle should work to maintain the momentum
Where do you go from here?

Set ambitious vision, sustain commitment and energy, capture the “natural” market

Link center city development to broader city and metropolitan objectives

To realize full potential, make the right thing easy and the wrong thing hard