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Speech before the Vermont Affordable Housing Conference
"The Need to Connect Smart Growth and Affordable Housing"
November 29, 2000

Introduction

Good morning everyone. It is a real pleasure to be back in Vermont. I want to commend the Vermont Housing Finance Agency and their partners for organizing and supporting this forum today. Many parts of the country are just beginning to recognize that there is a deep, fundamental connection between smart growth and affordable housing. You have clearly gone beyond the recognition stage and are actively discussing and working on ways to integrate the efforts to combat sprawl, reinvest in cities and older communities and expand the availability of affordable housing. As in many other things, Vermont is way "ahead of the national curve". How you approach these issues in this state will provide strong lessons for the rest of the country.

Today, I would like to discuss three major topics.

First, I want to discuss two related trends affecting cities and metropolitan areas: the rampant decentralization of economic and residential life, "sprawl" in a word; and the rise in housing unaffordability, not only for the very poor but for an increasing number of families who work but cannot make ends meet in this economy.

Second, I want to describe how the nation is responding to the first major trend but not to the second.

> A smart growth movement is emerging as a direct response to the decentralizing patterns so prevalent throughout the nation. It generally seeks to accomplish three objectives: curb sprawling development patterns, promote reinvestment in our older cities, suburbs and towns, and provide greater choice than the traditional suburban development of strip malls, office parks and auto-dependent neighborhoods.
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> To date, the connection between smart growth and affordable housing has not been made although, as I will discuss, the issues are fundamentally linked.
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> As importantly, affordable housing has fallen off the national radar screen. It was rarely mentioned in the campaign by either Vice President Gore or Governor Bush. The federal response to the affordable housing crisis also does not match what national leaders are doing with regard to other issues (e.g., health care, child care, education, income support) that affect working families.

Third, I want to discuss ways both to elevate affordable housing as an issue of national concern and make it an integral part of smart growth conversation and action.

Major trends

In describing the major trends affecting our metropolitan areas, let me remind you first of the words of George Bernard Shaw who said that "The sign of a truly educated person is to be deeply moved by statistics."

With that admonition in mind, I want to describe first the large demographic, market and land trends affecting cities and metropolitan areas. Despite the comeback of many central cities and the renaissance underway in many downtown areas, the decentralization of our economy and residential centers is by far the dominant trend in United States today.

> Outer suburban areas have become the population growth centers in the US.
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>> This is occurring in places where the city population is growing; places like Denver and Atlanta and even Phoenix.
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>> It is occurring in places where the city population has stabilized; places like Cleveland and Boston and Seattle.
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>> It is occurring in places where the city population continues to hemorrhage; places like Baltimore and Philadelphia and St. Louis.
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>> In many respects, Vermont reflects the country. According to the Vermont Forum on Sprawl, the bulk of the population growth in the state between 1950 and 1990 – nearly 60% -- occurred in "New Growth Towns". By contrast, traditional centers in the state grew only 11% in population during this period.
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> As population goes, so do jobs
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>> Ned Hill and his colleagues at Cleveland State have looked at job growth metropolitan areas in 92 metropolitan areas through the mid 1990s. They found that in 23 areas, cities continued to lose jobs as suburbs gained. In 52 areas, cities are gaining jobs but suburbs are gaining them at a faster and faster rate.
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>> A new form of metropolitan development is emerging throughout the country of office and retail and commercial space strung out along highways. Robert Lang calls these places "edgeless cities" and they are quickly overtaking older downtowns as the primary location for office space.

Vermont, again, reflects these larger trends. According to the Vermont Forum on Sprawl, 45% of the job growth in the state from 1980 to 1996 took place in new growth towns. By contrast, only 21% of the job growth took place in traditional centers.

Decentralization is occurring for various reasons.

The rise in new households plays an important role, whether its due to population growth or aging of the population or divorce rates or higher incomes.

So does market restructuring as larger companies and even governmental entities increase their outsourcing to smaller firms.

So does consolidation in the retail markets as large national and regional chains increasingly dominate the economy.

Yet this is not just about the market or demographics or some mutant American gene that compels all of us to consume more housing on more land. It is also about rules of the development game, set by federal and state and local governments that tilt the playing field against older communities (cities and older suburbs) and towards newer places.

Decentralization has disparate spatial effects on cities, older suburbs and newer rapidly growing suburbs

Many cities are coming back. Yet they still house a disproportionate number of families with incomes below the poverty line. And the concentration of poor families in distressed neighborhoods (where more than 40% of the residents are poor) is growing.

The number of people living in high poverty neighborhoods doubled from 1970 to 1990, from 4.1 million people to 8 million people. Concentrated poverty remains principally a racial phenomenon. If you are white and you are poor, you tend to live dispersed throughout a metropolitan area. But if you are African American and you are poor (and to a lesser extent, if you are Latino and you are poor), you are almost as likely to live in an urban neighborhood of high poverty as anywhere else.

The costs of concentrated poverty are well documented: failing schools, higher crime, higher incidences of family fragmentation and substance abuse. The high concentration of poverty – in the midst of a decentralizing economy – also means that many cities are facing larger challenges as they struggle to help welfare families make the transition to work. Not surprisingly, urban welfare rolls have not fallen as fast as welfare rolls in general. Welfare is principally becoming an urban problem as the 100 largest cities now contain 60% of the welfare cases in the country.

Yet central cities are not the only places adversely affected by sprawling development patterns. Many older suburban areas – generally built after World War II -- are being left behind as their metropolitan areas spread outward and are beginning to look more and more like central cities. These are the places where school poverty is shooting up like a rocket, where the housing stock is aging, where commercial corridors are dying, where fiscal capacity is stagnating. And unlike central cities, these places rarely have the waterfront or central business district or distinctive housing stock or civic infrastructure to fuel a renaissance.

Even the rapidly growing, newer suburbs – the places supposedly "winning" in the new economy -- are experiencing severe challenges as they literally choke on growth. These are the places characterized by clogged roads, overcrowded schools, a rapid loss of open space and a general sense that quality of life is declining.

So sprawl dominates the American economic and physical landscape and ultimately affects a wide cross-section of families living in the nation's metropolitan areas and surrounding jurisdictions.

The second major trend I want to discuss is the decline of housing affordability in metropolitan areas and states throughout the country.

The critical statistics are well documented by HUD and national researchers.

According to a HUD March 2000 report, at least 5.4 million very low income renter families – a record level – have so-called "worst case housing needs," meaning that these families pay over half their income for housing or live in severely inadequate housing. These 5.4 million households represent some 12.3 million people, 1.5 million of whom are elderly and 4.3 million of whom are children.

The number of renter families with worst case needs has gotten worse, not better, during the economic expansion. Since 1991, when the economic expansion began, the number of families with worst case needs rose by 600,000, an increase of 12 percent.

The percentage of very low income renters with worst case needs is growing most rapidly in the Northeast. Between 1991 and 1997, the share of Northeastern very low income renters who had worst case needs rose from 34% to 39%.

Families with worst case needs are working harder than ever. Over the past decade, growth in worst case needs was fastest among working families with children. One in three families with children with worst case needs have earnings representing full time work at or above the minimum wage.

Housing needs, of course, are not limited to low-income renter families with incomes less than 50% of median income.

According to the National Housing Conference, when you look at both renters and homeowners and when you look at families with incomes up to 120% of median income, families with critical housing needs grow to 13.7 million. That means they spend more than 50% of their income for rent or live in substandard housing.

Here, again, a large and growing portion of this universe are moderate-income working families, particularly those who live in high price rental and homeownership markets. The number of moderate income families with critical housing needs rose 17% between 1995 and 1997 alone.

Why is this happening? Why does the United States have a persistent, seemingly intractable affordable housing crisis affecting more and more working families, both renters and households? Well it isn't rocket science.

First, wages and incomes are not keeping pace with the costs of daily living, including transportation, health insurance, child care and, most importantly, housing.

Average monthly rents are rising at twice the overall inflation rate, as measured by the Consumer Price Index. Rent increases exceed inflation in all regions of the country and in all 23 metro areas tracked by the CPI.

Rents are also rising more rapidly than the incomes of many moderate income working families. This is especially true among low-skilled workers in service industries, including cashiers and restaurant workers, whose incomes decreased from 1991 to 1999. But it is also true for workers in critical occupations – like teachers or law enforcement professionals whose wage hikes did not keep pace with inflation.

Very low income renters, particularly those making the transition from welfare to work, have more costs. Often, the transition to work generates new financial pressures and expenses, including the cost of child care and the cost of transportation to and from work.

Second, the supply of affordable housing has failed to keep pace with housing demand.

The number of rental units affordable to extremely low income families dropped by 5 percent between 1991 and 1997, a decline of over 370,000 units. The gap between extremely low income families and units they can afford is large and growing. In 1997, for every 100 families with incomes at or below 30 percent of area median income, there were only 36 units both affordable and available to them.

In response to the economic expansion of the last decade, private developers have concentrated production at the high end of the market. Just 6 percent of all new 2BR private market units completed in 1998 had an asking price of less than $450 a month, affordable to families working full time at $9 an hour.

Less than 20 percent had an asking rent of less than $550 a month, a rent affordable to families working full time at less than $11 an hour.

Unsubsidized production of affordable rental units was lowest in the Northeast. In 1998, the market produced a total of less than 11,000 new rental units in the entire region and, of these, less than 3 percent had an asking rent of under $450 and just 5 percent had an asking rent of between $450 and $549.

The Policy Response

As discussed before, a growing number of states, regions and localities are responding to the first challenge facing metropolitan areas, namely sprawl and decentralization. A smart growth movement is gaining strength – and building new coalitions – across the country.

Affordable housing presents a different story. The federal government – as well as lower levels of government – have failed to respond to the growing affordable housing crisis – either on its own terms or as an integral part of smart growth.

Let me discuss each of these policy responses in turn.

Smart Growth

The nation's sprawling development patterns have triggered a new wave of thinking about growth among a disparate set of constituencies. This new thinking goes under many names: "metropolitanism," "sustainable development," "livable communities." The term that has stuck is "Smart Growth."

Increasing support for smart growth can be found among many constituencies. These constituencies include:

Central city leaders – corporate, civic, political – who realize they can't go it alone;

Older suburban leaders who realize they're being left behind;

Environmentalists who are connecting sprawling growth patterns to regional declines in air and water quality;

Conservationists who are concerned about diminishing open space;

Preservationists who are concerned about the loss of historic buildings and the undermining of heritage areas;

Leaders in new suburbs, small towns and rural areas who are worried about the threats that sprawl poses to quality of life in their places; and

Business leaders who are concerned about the stresses that sprawling development patterns place on their workforce who, in many places, are forced to live further and further from where they work.

These disparate constituencies are starting to coalesce around a smart growth agenda that has three core objectives: curbing sprawl at the periphery; promoting reinvestment in older communities; and promoting a new form of development that is mixed use, transit-oriented and pedestrian friendly.

As you look across the country, coalitions are beginning to fight at the state, regional and local levels for various policy reforms. They include:

Metropolitan governance on issues like transportation, air quality, workforce, housing and economic development. This reflects the increasing recognition that these issues cross parochial borders and are best governed in a way that reflects market and ecological dynamics.

State **growth management** laws to ensure that growth occurs in an orderly, coherent, sustainable way that reflects the key values and principles of the larger citizenry. This reflects the simple notion that the quality and shape of growth occur by choice rather than chance.

State and local **land preservation and reclamation** efforts to acquire land threatened by development as well as clean up land in older communities (so called "brownfields") that is underdeveloped due to contamination.

State and metropolitan **transportation reform** to ensure that the allocation of large infrastructure resources for highways, transit, sewers, schools and governmental facilities does not facilitate sprawling development patterns at the expense of older communities.

State and metropolitan **tax sharing** efforts to enable the pooling of tax resources to promote fiscal equity among jurisdictions and raise funds for major regional projects.

While the building of new coalitions is taking place at all levels, state governments have become the principal targets of reform for many of these coalitions. This reflects the recognition that states have the most extensive impact on growth trends – in part because of their traditional control over issues like land use, governance, and local taxation and in part because of their increased powers in areas like transportation, workforce, housing and welfare policy due to federal devolution.

Let me provide some examples of recent state reforms.

First, on metropolitan governance. Minnesota and Georgia are exploring new forms of governance for their metro areas. Since the mid 1990s, Minneapolis/St. Paul has had an appointed Metropolitan Council that controls $600 million in spending and has made huge strides in addressing such regional issues as waste water treatment, mass transit and affordable housing.

In response to federal enforcement of the Clean Air Act, Georgia moved last year to create the Georgia Regional Transportation Authority in the Atlanta metropolitan area. This new regional transportation authority was given sweeping powers over land use, transportation and development in an effort to help the Atlanta metropolis move beyond sprawl and improve air quality.

Second, on growth management. Since the early 1970s, eleven states, including Vermont, have enacted state land use laws to guide local governments in the management of growth. In 1998, Tennessee became the latest state to join the club by enacting a law requiring counties to adopt land use plans that designate growth boundaries for existing municipalities and set aside rural preservation and "planned growth" areas.

Third, on open space preservation and land reclamation. In many states, the dedication of public resources to open space preservation has become the "low hanging fruit" of the smart growth movement. Open space ballot measures were a major issue in the 1998 and 2000 elections.

In 1998, voters approved 72 percent of the ballot measures to preserve open space and promote conservation, entailing a commitment to spend $7.5 billion to implement these measures. Voters in New Jersey led the effort by approving a 10 year, $1 billion referendum to buy up half the remaining open space in state.

Legislative and voter action has continued through 1999 and 2000. In 1999, the Pennsylvania legislature enacted the 5-year, $650 million Growing Greener initiative to preserve farmland, protect open space, restore watersheds and help communities address land use. Just three weeks ago, Ohio voters approved a $400 million bond referenda, earmarking $200 million for farm preservation and $200 million for brownfield remediation.

Fourth, on transportation and infrastructure. A growing number of states are rethinking the propensity of many state investments in roads and other infrastructure like water and sewer to subsidize sprawl. Maryland and New Jersey are in the vanguard of the movement to change this practice by targeting direct spending and tax incentives to communities where infrastructure is already in place. In 1997, Maryland enacted laws to steer state road, sewer and school monies away from farms and open spaces to "priority funding areas." Some of these areas are designated in the law – Baltimore and certain areas within the Baltimore and Washington beltways, for example. This past summer New Jersey enacted a law that emphasizes a "fix-it-first" transportation policy. The law requires the state DOT to focus on the rehabilitation of existing transportation facilities with new highway construction permitted only after explicit approval of the state legislature.

Fifth, on tax sharing. Since the mid 1970s, Minnesota has established a tax sharing regime for the Minneapolis/St. Paul metropolis. Under the fiscal disparities law, a portion of the revenue from commercial and industrial growth goes into a regional pool. Funds in the pool – more than $367 million in 1996 – are then redistributed back to communities with limited fiscal capacity.

These policy reforms, of course, only represent the tip of the iceberg when it comes to smart growth.

Many states are experimenting with efforts to stimulate redevelopment of older urban areas. New Jersey, for example, has adopted "smart codes" that place the renovation of existing buildings on a level playing field with new construction. Minnesota has passed "livable communities" legislation to provide greater incentives for balancing growth. Vermont has clearly become a leader in downtown revitalization.

Finally, localities in many states are demanding that they be given the appropriate tools and powers to grow smarter. In North Carolina, Virginia and other states, localities are asking for a smart growth "toolbox" that would include the powers to carry out transit oriented development, inclusionary zoning, transfer of development rights and other alternative development strategies.

The Absence of Housing from the Smart Growth Discussion

To date, the issue of affordable housing has been mostly absent from the smart growth discussion. There are several reasons why these two issues have not been connected.

> In most parts of the country, the smart growth movement is being led by environmentalists and conservationists. Not surprisingly, they are dealing with those issues that are on their front burner – preserving open space, expanding transportation choices, improving air and water quality.
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> Lets admit it, a portion of the smart growth movement actually supports "no growth," particularly affordable housing, in their communities. No growth advocates just want to stop growth in their communities. They have no concern for the larger consequences that a "no growth" approach might have for the metropolitan area or for low- and moderate- income families hoping to live closer to better employment and educational opportunities.

In some ways, the absence of affordable housing reflects a larger schizophrenia among Americans about sprawl. Americans, so the joke goes, hate sprawl and density. Yet smart growth, to some extent, means more density in housing and more clustering in office, retail, commercial and residential spaces.

And building density requires some major changes in the governmental and private rules that drive residential and commercial real estate development. To make smart growth legal and possible will require changes in zoning rules, in building codes, in financing practices, in permitting processes, and in height limitations. The "devil is in the details" when it comes to making smart growth a reality.

The absence of affordable housing from discussions over smart growth also reflects the harsh reality that affordable housing is missing in the larger national dialogue over domestic priorities. There are several reasons for this.

Affordable housing has been demonized in the public mind. It is largely associated with and saddled with a series of negatives – crime, distressed neighborhoods and declining property values. These public images persist even though many empirical studies have refuted these negative claims and even after the federal government has taken major efforts to demolish the most troubled public housing developments and stimulate the development of economically integrated communities.

Affordable housing is associated exclusively with the very poor. That means most Americans assume, wrongly, that the issue has nothing to do with them. It also means that the issue has a weak base from which to build majoritarian coalitions that can spur political and policy action. This contrasts sharply with the smart growth issue, which draws a good portion of its political strength from middle class and upper income constituencies in the suburbs.

Affordable housing is very expensive, reflecting the simple fact that housing remains the largest single expenditure of the average household in the United States, irrespective of income level. Families spend a lot more on housing than they do on transportation or health care or child care or food. So resolving the housing crisis – whether by narrowing the gap between wages and rents through housing vouchers or by subsidizing the construction or rehabilitation of affordable housing – is going to be costly.

Finally, affordable housing is complicated. For the average corporate or political or civic leader, housing programs seem inaccessible and incomprehensible, often described in ways -- "Section 8" or "Section 221(d) (3)" – that make sense only to people and organizations who specialize in HUD programs and policies.

How does housing fit in?

One might conclude that the absence of affordable housing from smart growth discussion means that housing somehow doesn't matter or is an issue to be resolved in a separate and distinct matter. That is plain wrong. Affordable housing is central to and essential to smart growth.

The spatial distribution of affordable housing plays a central role in shaping metropolitan growth patterns. Most metropolitan areas in the United States are sharply divided along geographic lines. Wealth, prosperity and opportunity tend to be located on one side of the line, say North Atlanta or North Chicago or the Western part of the Washington, DC metropolis. Failing schools, distressed communities and poverty concentration tend to be located on the other side, say south Atlanta or the south suburbs in Chicago or the eastern part of Washington, DC.

One reason that low income families live bunched together in one part of metropolitan areas is that there is almost no affordable housing elsewhere. Subsidized housing tends to be disproportionately located in distressed inner city and older suburban neighborhoods because wealthier suburbs practice exclusionary zoning and limit affordable housing within their borders. In Vermont, for example, some 75% of the subsidized housing built between 1986 and 1998 was constructed in town centers.

When the supply of affordable housing is limited in scale and limited in place, several things happen.

> First, many working poor get concentrated in particular parts of a metropolis, usually far from educational and employment opportunities.
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> Second, the housing/jobs imbalance worsens the areas traffic congestion by forcing families to travel long distances to their place of employment.
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> Third, the housing/jobs imbalance places enormous stresses on the region's employers by limiting the pool of workers who can live within a reasonable commuting distance.
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> Fourth, affordable housing concentration forces leapfrog development. Moderate income families usually don't want to live in distressed areas of a region where schools are failing and crime is relatively high. And they can't afford to live in high priced areas, many of which tend to be located in the center portion of the region. So these families are forced to move further out in a great game of leapfrog, which unfortunately characterizes most, if not all, American metropolitan areas.

So the location and supply of affordable housing is inextricably linked to the current growth patterns in metropolitan areas and must be part of the policy conversation if alternative growth patterns are to be pursued.

Where do we go from here?

I think we need to take several efforts both to elevate affordable housing as an issue of national concern and make it an integral part of smart growth conversation and action.

First, we need to reinvent affordable housing.

> We need to change the language. We need to change the rhetoric. We need to change the image. We need to change the paradigm.
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> To do this, we need to take a page from national and state efforts to expand health care, child care, and income supports for working families.
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> From 1984 to 1999, there was a quiet revolution in national policy, based on the simple idea that "if you work, you should not be poor". During this period, the annual federal expenditures on low-income families who do not receive welfare assistance grew from $6 billion in 1984 to $52 billion in 1999. That growth represents several things: changes in the Medicaid program, the enactment of the Children's Health Insurance Program ("CHIP") in the late 1990s, reforms in child care programs and, most importantly, the sizable increase in the Earned Income Tax Credit ("EITC") program.
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> Unlike affordable housing, the challenges facing working families <u>were</u> discussed in the campaign by both candidates. Ambitious proposals were put forward on a range of issues including children's health insurance, tax relief for working families and incentives to boost savings for retirement.
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> It is high time to make affordable housing part of a national working family agenda. For many low and moderate and even middle income folks, housing is the biggest household cost. For these families, affordable housing is as important as health care or child care; in many respects, affordable housing provides the foundation for addressing many of the other challenges faced by struggling families.

Second, we need to resurrect a national housing policy.

Affordable housing is a national challenge requiring federal investments.

That means that the federal government, first and foremost, needs to close the gap between the incomes of the poor (particularly those who work) and rents in the private market. The Administration's call for increasing the minimum wage and expanding both the earned income tax credit and the number of new housing vouchers is a start.

> Yet, as in health care, we need a national objective, an endgame, that we can all work towards. I believe that anyone who works fulltime should be able to afford

a decent place to live. Why don't we as a nation commit ourselves to providing housing support to all low-income individuals and families who fit this definition within the next seven to ten years?

The federal government also needs to expand the production and preservation of affordable rental housing. The Administration has proposed a 40 percent increase in the low-income housing tax credit, a federal program that has stimulated the creation of over 900,000 units of rental housing since 1986. This program has worked by forging alliances between state and local governments, financial institutions and a network of private and nonprofit builders. Given the federal surplus, why not double the program at an additional cost of $3 billion a year.

Nic Retsinas of the Harvard Joint Center on Housing and I have also proposed using federal tax incentives to help metropolitan areas capitalize new housing trust funds. These trust funds would enable cities and suburbs to craft joint housing solutions that are tailored to their own metropolitan markets. Allocations could encourage regional cooperation and employer contributions and provide incentives for the removal of regulatory barriers to affordable housing. We estimate that $1.5 billion in federal tax incentives could help create a $10 billion pool of housing trust funds, which could leverage tens of billions more in private sector investment. Then, we can set an ambitious but plausible goal of 2.4 million new affordable rental units over the next decade.

Finally, the federal government needs to grow the ranks of homeowners, particularly among minorities and residents of cities and older suburbs. These families are unaffected by the annual federal tax deductions for middle income homeowners, now costing all of us $73 billion a year. Families of moderate means do not earn enough to itemize their deductions. To make these families homeowners, we should be funding tax credits that go directly to first-time homebuyers or tax benefits that entice developers to construct or renovate affordable homes or lenders to provide second mortgages. These incentives are not "hand-outs"; such incentives would give working families a chance to accumulate wealth and contribute to the stability of neighborhoods. One such proposal introduced by Senator Jack Reed (D-RI) would create 65,000 homeowners each year with an annual tax credit allocation of $1 billion.

Third, states, regions and localities need to expand their efforts to increase the supply of affordable housing in both older communities and new growth areas.

An increase in housing supply can be accomplished in ways that further smart growth. Special efforts should be made to increase the construction and rehabilitation of affordable housing in downtown areas and existing residential communities. Such outcomes won't be achieved without some significant policy reform.

To make it easier to build housing in older communities, local zoning rules for downtown areas – as well as commercial and even industrial areas in cities and older suburbs -- need to be reexamined and revised.

> To make it easier to rehabilitate older buildings, state and local building codes need to be changed.
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> To make it easier to increase densities, states should permit – and localities should adopt – programs that allow the transfer of development rights from greenfields to urban communities.
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> To make it easier to build smaller apartments, the federal and state governments may need to provide greater access to market capital through new credit enhancement vehicles.

New affordable housing, of course, will need to be built in fast growing areas where jobs are increasingly concentrated. That will require a change in rules. But, more importantly, it will require a change in attitude among residents in these communities and a recognition that their communities are stronger when people can live closer to where they work.

Fourth, states and localities need to expand the supply of affordable housing in ways that support economic integration and mixed income communities.

As discussed above, the spatial concentration of affordable housing in low-income urban neighborhoods could actually exacerbate sprawling development patterns. Thus, efforts to expand the supply of affordable housing must avoid the concentration of poverty. At a minimum, that means that states should permit, and localities should adopt, inclusionary zoning ordinances. Yet it may means that the critical federal housing programs – HOME, low-income housing tax credits – should be rewritten to promote mixed-income communities in distressed urban neighborhoods.

Conclusion

Three years ago, many thought that smart growth was the latest policy fad that would fade away when economic conditions changed. Yet in the past few years, a substantial number of ballot measures have been approved, state legislative reforms have been enacted, and new metropolitan coalitions have been forged. The issue has enjoyed a remarkable receptivity in hot markets like Phoenix and Atlanta as well as sluggish markets like Rochester and Pittsburgh.

In a major sense, the emergence of smart growth reflects larger changes in the demographic and economic landscape of the country. Our population is aging, increasing the demand for broader choices in where and how we live. The new economy is also placing a premium on locating in places with a high quality of life.

So smart growth is not a passing fad. It will continue to grow and evolve in ways that reflect the changing demands of American families and businesses.

Affordable housing must be part of the smart growth movement. If it is, then our communities can grow in ways that preserves our natural resources, protects the environment, reinvests in our older communities, and enhances opportunity for all Americans.

If it isn't, then we will continue to grow in ways that are fiscally, economically, socially and environmentally damaging.

The choice is ours.