



HOURGLASS FOUNDATION

REVITALIZING DOWNTOWNS

**Speaker – Christopher
Leinberger**

Forum Transcript

January 23, 2006

Sidney P. Marland, III:

On Behalf of the Hourglass Board of Directors, I welcome you to our first forum of 2006. I am also delighted to report that almost half of you are first-time Hourglass forum attendees, including York, Allentown and other leadership from across the Commonwealth.

I want to thank our evening sponsors - M&T Bank, American Home Bank, Anne Gardner and Friends of Better Government, and Worley and Obetz. Folks, sponsors such as these and contributors like you make free Hourglass events such as this possible. Representatives from each of these enterprises and institutions are in the room. Could we give the sponsors a round of applause?

We anticipate that our keynote speaker will generate questions and we have reserved time for Q&A. You will note in your programs a card. That is a question card which we will collect at the conclusion of his presentation. You will pass them to the outside of the rows and there will be someone to collect the cards. We expect that we will not get to all of the answers. The Q&A will be moderated by Ronald Bailey, Hourglass Board Member and Director of the Pennsylvania State Planning Commission. But you can rest assured that all of your questions, concerns, whatever is raised on those cards will be provided to city leadership.

Winston Churchill liked to say that the greatest argument against democracy was a five minute conversation with the average voter. Let that roll out a minute. It really is, you know, the charge for all of us in this room and in our sphere to attempt to humbly work with the under-informed and over-opinioned in each of our respective venues.

And now in our 10th year, the original charge to the Hourglass Foundation remains the same - to raise public awareness and to foster the conditions for informed discussion and sound decision making. Across the Lancaster County spectrum, we attempt to address what we call legacy issues, issues with potential for lasting impact and consequence on this place we call home.

You will be hearing more from us in the weeks to come as we continue and expand our venues of forums led by nationally recognized thought leaders, surveys, weekly and quarterly newsletters, white papers, panels, and moderated discussions. Of particular attention for Hourglass going forward is the vitality of Lancaster City.

Our new mayor, Rick Gray, has stated that the success of the county is inextricably linked with the success of the city. Hourglass county-wide surveys confirm this, with the added importance of the success of the school district to the city. Mayor Gray asks us to step back and look at ourselves as first

time visitors and be more concerned with achieving results than claiming credit. You each have stories of our city's rich history. If you want some fun sometime, just put in the words Treaty of 1744 and Franklin on Google and be prepared for hours of enlightening information on the catalytic role that Lancaster played in the formation of our country.

Just from the business world that I come from, remarkable universal brands spawned here: New Holland, the Hamilton Watch, the Hershey Chocolate, 100 years later Map Quest. And we're seizing opportunities presented by the new economy, some examples of which are based in this very building and with the help of F&M, EDC, Lancaster General forecast for this larger city site: convention center, ballpark, hotels, casino, federal building, high rise residences, stockyard adaptive reuse, arts district, safe neighborhoods with character, the list goes on. But we must have better informed citizens, vision, and sound planning. And what I hope our speaker challenges us to tonight - continuous and dedicated public and private intention, the resolve to succeed.

I am going to dispense with a lengthy intro of Chris Leinberger. You have his detailed biography in your program. He is more than a nationally recognized land use strategist, developer, teacher, consultant, author, who has also often assumed the task of on the ground implementation of his ideas and his ideals. Several years ago Hourglass conducted a similar public forum on downtowns with our speaker, Joe Riley, the mayor and successful transformer of Charleston, South Carolina, who left us with the admonition to honor the street. Chris Leinberger is the father of its extension called Walkable Urbanity. Mr. Leinberger has ties to Lancaster. He has consulted privately here. His brother, Gary, is a Millersville professor, and his mother lives here. Today he spent time in our town, but his last four days were spent in the distressed cities of New Orleans and Detroit which sought his wisdom and counsel. Chris Leinberger, we feel we can learn from you and a warm Lancaster welcome.

Christopher B. Leinberger:

That was a very warm and gracious introduction - A whole lot better than a few weeks ago when I was out in Seattle. Actually a few months ago - it just seemed like it should have been about ten years ago - where it was a crowd of about 1,000 people. It was the Seattle Chamber of Commerce Annual Retreat. They had a long day and they had all sorts of seminars and things that they had to do. So then they had the final evening presentations and evening events and they had the mayor and they had the governor and then they had a little PBS thing that they put up. And then the MC stood up and said - Well, you've had a hard day, it's an open bar, have a great evening. And the doors almost burst off their hinges as people were dashing out, until somebody tugged on the MC's coat and said - There's a speaker. He had to get up and

say - Sorry folks, but there's an after dinner speaker. I did have their compassion that evening. That's the only thing I did have. You know, what you've asked me to talk about here is some of the most important things going on in this country today and of course I'm delivering this little talk with my mother here who lives a couple miles north of here, with my brother and his lovely wife, Susan, who live within walking distance of here. Though, Gary, did you walk? Okay. My brother, Pete, my nephew Luke, our dear old friend Nell who has been a member of the family for 25 years, maybe 30, and my wife Lisa. So please show the same compassion that those folks showed out in Seattle.

What we're here to talk about is your downtown. And it should be, hopefully it is, something very special to you. Because you've only got one and it's been there for 300 odd years. Probably it's been 300 odd years. But we've been trying to figure out over the last 20 years how to bring back our downtowns - Because over the last 50 years we've had a conscious public policy in place to disinvest in our downtowns and engage in suburban sprawl. It's something that we've wanted to do. It's not some conspiracy. It was clear public policy. And we've been massively subsidizing suburban sprawl for those last 50 years. But over the last 20 years there has been a change afoot and that change has led to some remarkable stories throughout the country and a lot of lessons that we can all learn, if you care to learn. It goes back to a point that Sid just made - Do you have the intention? Do you really care? And if you don't, just accept that. Just acknowledge it and save yourself a lot of time and trouble and just accept that your downtown is going to be what it's going to be. But if you want a special place, there are a lot of lessons to be learned about a place that you could build that is and could be only in downtown Lancaster - that will be the place that all of you can come together and be a community.

Let me start by talking about how we've been building this environment over the last 20 years, how we've been building the built environment. I want to start with just putting into perspective the size of the built environment. Then I want to talk about how we've been building our metropolitan areas over the last generation and finally I want to just give you the final bit of context which is - What's the impact of the built environment on our lives? Because you know - Churchill is so great. He's obviously a man for all seasons, a man for all speeches, a man for both speeches tonight. And one of his favorite comments of mine is that we build our cities and then our cities shape how we live. So we're engaged in a great endeavor, but in turn those cities shape us fundamentally.

Let's start with the size of this asset class. We didn't call it an asset class until the last 10 to 15 years. But real estate, if you added it all up, is between a third and 40% of the wealth of the country - A third to 40% of our asset base. And it's

comprised of the private economy, the private real estate industry, and the primarily publicly provided infrastructure and that's what adds up to a mere 25 to 30 trillion dollars of assets as they have been employed throughout the country. And those assets include things such as corporate real estate - about 9 trillion dollars. And that corporate real estate includes...at one point it included this building. Does somebody by the way have a little laser pointer? It might be easier for me to point out on the screen - that the corporate real estate includes what this building used to be, when it was owned as a corporate asset. Or it could be the private income property, such as rental apartments and office buildings. Some of those are publicly traded on the New York Stock Exchange in the form of real estate investment trusts. Some of those are traded as corporate debt, as what is known as CMBS, commercial mortgage backed securities. Last year we floated a mere 1.4 trillion dollars worth of commercial mortgage backed securities. That was just the mortgages standing behind most of the retail projects and of the rental apartments in this country. Those 1.4 trillion dollars compares to all corporate debt floated last year, which was 1.2 trillion dollars. And when you jump over to the residential side, it's even bigger. The residential side is about 12 trillion dollars. This is all your homes, this is the mortgages on your homes and this is your net worth tied up in your homes. You jump over to the public sector, there is almost 6 trillion dollars in roads and in city halls and in hospital buildings. Then you add to that all the money tied up in the infrastructure, whether it's publicly provided, privately provided - it's a lot of money. Again - 25 to 30 trillion dollars, about a third to 40% of the country's wealth.

So how do we deploy it? How do we lay out this investment that we put on the ground? If you looked at this country back in 1985 and you understood where we were building... We start with downtown and then what you need to understand is 3 things, just 3 things. Understand where the upper middle income and upper end housing concentrations are. Understand the freeway system. And understand where the local minority housing concentrations were. With those 3 things, you could understand virtually where 80 to 90 percent of all infrastructure went; you would understand where 80 to 110 percent of all net job growth went. Why it could be over 100 percent is because in these places where most job growth went, it took job growth away from places such as downtown. And where all that went is what I refer to as the favored quarter, that 90 degree arc that is coming out of downtown. In this little model, it's going to the east. Here in Lancaster, as I understand it, it's going to the north and west. And this is where you have this concentration of executive housing and fundamentally as somebody who has been building office buildings over the years, you know that the number one factor in where job growth goes and where office demand goes is - where does the boss live? Well the boss lives in that concentration of

executive housing. So back in 1985, the bulk of all this growth went to, what I refer to as these third generation cores that were out here. Outside of Philadelphia, it would be a King of Prussia. In the Washington, D.C. areas, it would be Tyson's Corner. Down in Atlanta, it would be Perimeter Center. This is where the vast majority of job growth went.

Now fast forward 20 years and this is how we're building our metropolitan areas. I had to go to a different scale. You can see the ancient city of 1985, but you can see that the growth trends continued roughly in the same direction, continuing to grow out in the favored quarter. But now we're building what a friend of mine, Robert Lang refers to as edgeless cities. These amorphous places that are far out on the fringe, 20, 30, 40 miles further out. In essence, over the last 20 years, for every 1% population growth, we've been seeing anywhere from 7 to 15 percent land use consumption. We've been growing in a geometric fashion. It goes back to your junior year in high school. Back in high school geometry, πr^2 and that for every mile further out in radius, it's a πr^2 function that shows the amount of urban area added to the metropolitan area. And since it costs as much to run a sewer line a mile further out on the fringe as the costs downtown, yet that mile on the fringe you have one unit to the acre as opposed to downtown where you might have 20, 40, 60 units to the acre. You can understand how it costs so much more to build further and further out, as we build in lower and lower densities.

So how do we pay for it? Well, we just charge everybody the same. So in essence, how we subsidize the fringe is by charging folks that are building...that are stupid enough to build infill properties closer to downtown, we charge them the same as we charge out on the fringe. I was talking to the president of a power company. So if you think this only happens in the public sector...I had dinner with the CEO of a power company out West. It was in the Southwest and in a very fast-growing state and I was trying to find something to talk to him about. So I said, what's the marginal cost of servicing a new unit of production, a new house out on the fringe versus something in a higher density infill location? And he looked at me blankly and he said...I don't know we've never looked at that, we have no idea. Because what they do is they bundle up their costs, take it to the PUC Commission at the State Capitol, divide it by the number of housing units that they build, and everybody pays the same. That's how we've been subsidizing this stuff out on the fringe. And we've been encouraging it. As I say, it's a conscious public policy.

So now then, how does this affect our everyday life? The third point as far as this context setting. Well, it's my belief and maybe this is this basic ego-focused sense that I have, that since I'm in real estate and land use, it is by far the most

important thing on the planet. Well, land use does in fact have significant impact on a lot of domestic and surprisingly foreign policy. That land use patterns -what we've been watching over the last 20, 30 years is really a vulcanization of our society. We have allowed the well-to-do, myself included, to secede from society and move out into clusters and many times behind guard gates. And then we out there are not particularly interested in supporting the common wheel as much as we might have 20, 40, 60 years ago. As our kids are going to private school and we're not quite as eager to support public schools. It has meant that we've had a serious issue with local government finance as those subsidies come home to roost.

It has begun to even have an impact on things such as obesity, of all things. Now you might say...why? Well, a good friend of mine, Larry Frank, who teaches at the University of British Columbia, has done the research that has shown that 40 to 50 percent of obesity is directly related to land use patterns because, guess what? We're not walking any more. This was brought home to me when I was down in Georgia - I was down outside of Atlanta and I stopped as a bus was picking up a little girl to take her to school. And the bus closed its door, turned on its left hand turning signal, turned left into the school. One hundred percent of the kids must be bussed. Nobody can walk to school. And this is a pattern throughout the country that is being repeated. It has led to the affordable housing crisis, as we continue to move jobs further and further away from the city center. And it has an indirect impact on foreign policy. Because we know that this life style that we've become really accustomed to...and it's a lovely way to live...but it's predicated upon cheap oil. And the era of cheap oil is over. We don't recognize it yet, but when we do recognize it, we will be even more willing to do anything necessary to obtain that oil.

So the issue is...one of the great hopes we have for the future, many of us that are in this business, is to continue to revitalize the downtowns. So what's the goal? Why do it? And is there any market for this? Because if there is no market, if there is no underlying demand for this, it's just not going to happen. Well, to me, two goals are to create walkable urbanity and the second is to have a place that reflects the city as a whole, not just create more Upper East Side's golden ghettos.

Walkable urbanity is a word...it's just a phrase I made up and if you have a better phrase I'd gladly take it. Walkable meaning that the transportation system at its base is walkable. For the last 5500 years since we've been building the cities, walkable is about 1500 feet. Now we're a little taller these days, so maybe it's 1600, 1700 feet, but it's about five, six city blocks until we begin to look for an alternative way to get around. Now walkable doesn't mean that it is only walkable. It's just at its base walkable. It's a multiple transportation system for cars,

busses, rail, bicycles, etc. Yesterday Lisa and I were walking home and there was a Segway....pedaling down the street. All sorts of forms of transit, but at its base it's walkable. Urbanity means mixed use. Lots of uses that will encourage you to walk along and look at the retail that is right there at the sidewalk. Look at the high quality architecture. But probably most importantly, people watch. Because in essence you become part of this...you become the actors and everybody else are actors and you're all watching one another in this stage taking place on downtown streets.

The second goal of reflecting the city as a whole is a little more difficult to do. In fact, we haven't pulled this off at all in any cities throughout the country. But like the Constitution, it's a great goal to have and I'll talk a little bit about how we might be able to achieve it.

Over the last 20 years we have seen a fundamental change in our downtowns. I did a little horseback survey of our downtowns and I put them onto a system, it's a LEED-like system, for those of you who understand LEED. It's a green building system. And I put the downtowns that are on their back as red. Copper downtowns are those that have plans in place to turn around, but there's really nothing to show for it. Silver are those that are beginning to see some impact on the town...as far as development on the ground, but it's far from achieving critical mass. Gold are those that have achieved critical mass. Now don't ask me what critical mass is. It's sort of like pornography - you know it when you see it. But critical mass, there is a definite sense, a definite feel of when you have achieved that point of no return, when you will not fall back. And platinum is of course when you're firing on all cylinders and what you really have done is that you have achieved the most vital real estate market in the entire metro area and quite honestly it generally becomes the most expensive place in the metropolitan area.

Well back in 1985 there were only 7 of 61 downtowns that I knew that were either on the way back or they were at critical mass or they were just really outstanding places. And you know them all. It was midtown Manhattan, not downtown. It was the Back Bay of Boston, not downtown Boston. It was upper Michigan Avenue in Chicago, not the Loop. It was Santa Fe, New Mexico. But really that was it. And if anybody was deeply demented enough to want walkable urbanity, they would move to one of those towns. And all the rest were either struggling or they were flat on their back, places like Lancaster, places like San Diego, places like Philadelphia, places like Baltimore.

Well fast forward until 2005 and the world has changed quite a bit. At this point 60% of our downtowns are either on the way back or they have achieved critical mass and they are the finest real estate markets in their metro area. Places that nobody

would have guessed 20 years ago, places like downtown San Diego. I knew downtown San Diego in 1972 and all through the 70's into the early 80's, if you go to downtown San Diego you were there with drunk sailors, prostitutes, and homeless. That was it. Today downtown San Diego feels like a small piece of downtown San Francisco. There are 70 new real estate housing projects on the market right now, rental and for sale. Next year there will be another 70 new housing projects on the market. It has a fabulous feel, very vital, 24 hour city. Other ones that come to mind are downtown Portland, downtown Seattle, Lodo in downtown Denver, Baltimore in the Inner Harbor. My favorite little downtown which is very comparable to you is downtown Chattanooga, southern rust belt town, 350,000 people, not much of an underlying economy, but they've brought their downtown back in a loving fashion and it's incredibly vital. So it can be done. The question is - do you believe it? And are you willing to pay the price to make it happen?

The first question that anybody asks is - well, if we build it, will they come? Is there a market for this stuff? Well, here are the reasons that we have understood why the market seems to have changed. The first and best of course is the baby boomers, my generation. You have never lost money betting on the baby boomers. And the baby boomers of course have become empty nesters. Our kids are now long gone and we've downsized to a townhouse and a lot of other empty nester baby boomers have done the same thing. I was at a board meeting of a home building company. There were five people on the Board. They started talking about where they were living. They all used to live in huge McMansions out on the fringe. And as they were talking, they realized all of them have moved to downtown Boulder. The company was based in downtown Boulder. All within the last 12 months had moved to downtown Boulder, unbeknownst to each other.

The other reason which is really compelling this is the Gen Xers. The Gen Xers, my kids, quite honestly most of them that I know would no more consider living out in the suburbs than flying to the moon. And of course it's best seen with what TV shows they watch. Now those of you that have gray hair out there, back in the 50's the most popular TV shows were things like Leave It To Beaver. In the 60's it was Dick Van Dyke. In the 70's it was the Brady Bunch. Well, all of those were set in the suburbs. Now fast forward and starting with Seinfeld through Friends through Sex in the City, virtually every popular Gen X oriented TV show was set in the city. Hollywood does more consumer research than any industry in the country. This is not a coincidence.

The other thing, of course, is the basic demographics. When most of us with gray hair were growing up out there, 75% of the households had school-age kids at home. Today less than 25% of the households have school-age kids at home. There has been a

tremendous reversal. So the issues of the quality of the public schools don't become a factor for 75% of the market.

The other thing is that, to a certain extent, we Americans of course are faddish and we've gotten bored with the low density suburban fad. Not everyone. There is still a huge market for it out there. But a lot of us have come to realize that suburban development by its very nature...more is less. That the great suburban promise is open space, convenience, accessibility by car, privacy, and we have found that as we build more and more suburban stuff, by its very nature you lose those very features that you went out there for. It's just something that is part of the character of suburban development. It's not good or bad. It's just what it is - That as you build more suburban development, you get more traffic, you get more pollution, you lose the open space, and you lose the privacy.

And so my consumer research and consumer research I've seen throughout the country shows that there is a market out there for somewhere between a third and 50% of us, that are looking for walkable urbanity. The problem is that we in real estate have been spending the last 50 years learning how to build suburban development. We do it really well. Better, faster, cheaper. We are really pros at doing this. But we've lost how to build walkable urbanity. It's just something that we have to relearn. It's going to take some time. And it's fundamentally different. As it turns out, all my research shows that there are really only two ways you can build the built environment - low density, car driven or high density, multiple transportation driven. That's it. Everything in between gets driven to the edges. The cars drive out all other transportation options. And high density really just encourages more high density which makes it more and more difficult to park, makes it more and more difficult to drive, and as a result more people find alternatives to driving and parking and following the old Chinese proverb that the best defense is not to be there and you end up getting rid of your car and walking or taking transit.

So how do you do this? How have we learned over the last 20 years to do this? What have we learned from these last...of these 60% of downtowns that seem to have learned something? I put this paper together for Brookings which is where I'm now working and it's a 12 step process. As I was putting this together, my editor at Brookings kept on saying.....please, please, please make it 10. I'll even take 13, but not 12. And I tried my damndest and sorry, it's 12. The first six are about setting the stage. It is preparing the soft and hard infrastructure to make this stuff happen.

The first and most important by far is the intention. Sid mentioned it earlier - do you have the intention? And then if you do, if you really want to go to the hard work of making this

happen, you've got to set a vision of what this place should be. And what that comes down to is how emotionally connected you feel to it. Do you really have that emotional connection to downtown? It is by far your biggest asset. Mobilizing that emotional connection to downtown allows you to do things that I'll guarantee you; you would not do for a Parkland Mall. I'll guarantee you that there will be songs written about downtown Lancaster, I Left My Heart in Downtown Lancaster; that you do not sing about Parkland Mall. It's mobilizing those emotions, those memories. Memories are crucial. That's why the historic buildings are so important...because those are the warehouses of those memories. And it's by coming up with a sense that the entire community owns this place, this entire community has input and that that vision is honored...that is by far your biggest asset. And by the way, it's great getting all the stories where people say...you know, boy, I remember coming down here with my mother, I remember my first kiss was behind that store, I remember stealing something from that drugstore - All these memories that come back and get forwarded into this rich, rich place that you call downtown.

The second step is to create a strategy to try to figure out where you're going and how you plan to get there. The thing about downtowns is that they are the most complex, largest, mixed use project...real estate project in the entire metropolitan area. No matter how dead the downtown is, it is still by far the most complex place in the region. And if you compared downtown to any other suburban real estate project, like Parkland Mall. Do I have that right? It's Park City Mall. Sorry. So Park City Mall, whoever owns it, Mel Simon or the Tobman Companies, that they have a strategy, they have an asset management plan, they have 24 hour property management. They know how to reposition that project on a continual basis with really professional management. Most of our downtowns don't have that. But over the last 20 years we've learned how to put that in place. Downtown Philadelphia is one of the great models. Paul Levy who runs the Center City District, is one of the great managers of downtowns in this country. He has the market research, he has the fiscal impact studies, and he has the strategic plan in place to demonstrate where downtown Philadelphia is going to go and what needs to be done next to implement that strategy. Same is said for Rich Bradley in downtown Washington, D.C. Well ten years ago downtown Washington, D.C. was an absolute ghost town and the office rents in downtown D.C. were 40% below the average in the metropolitan area. Today they are 40% above the average of the metropolitan area. It's the most expensive place to rent office space, to rent rental apartments and to buy condos in the region. That was driven by that strategy, by understanding where you're going and how you plan to get there.

The third is understanding the proper role for the public sector. And I had the great pleasure of meeting your new mayor this

morning who absolutely floored me when, as I was leaving, and then he reminded me again tonight, to give him a list of books to read about downtown turnaround. I have never had a mayor ask me for a reading list...guaranteed. He also understands the role of the public sector. The public sector is there to set the stage, lay the ground rules, and then get the hell out of the way and let the private sector do it. This is a demonstration of what I refer to as the golden rule. That in all these downtown turnarounds I've seen, for every \$1 of public money invested, there has been 9 to 13 dollars of private money invested. So he with the gold rules and the private sector is going to demand serious control over the process. Now I'm not saying that the public sector rolls over and plays dead. As I say, they set the stage, they put in place the rules...the ground rules. The best metaphor I've come up with is that the public sector builds the corral and then lets the horses out...let the horses into the corral. Outside the corral the horses cannot go. Inside the corral, it's a free market at work and let them go at it. That's why I refer to the best downtown turnarounds as being private-public partnerships as opposed to how this is normally phrased as public-private partnerships. The private sector needs to take the leadership role. And it's amazing what you can spark. Even when your downtown is the deadest downtown possible...I'm doing work in downtown Detroit, which most people consider the worst major downtown in this country. And much of the hope for the downtown turnaround in Detroit is based on 6 to 12 private sector civic leaders who are making some of the stupidest private investment decisions by moving their companies downtown, by making major real estate investments downtown...stupidest because nobody in their right mind would do it, but they're going to do it because they believe in their downtown in the mid to long term and they have the civic pride to want to bring back what once was great. And that's the kind of civic spirit that I know you've got in this town and that...if the public sector can unleash that private sector civic leadership and investment, you will have done a great thing.

There are a lot of other roles for the public sector and it involves number four here. Step #4 which is to make the right thing easy. Most of our downtowns, most of our cities have zoning regulations that make walkable urbanity illegal. You cannot legally build it. And I'll tell you...it's not a lot of fun when you're trying to do something good and the first thing you find out is that what you're trying to do is not legal. I used to live...Lisa and I used to live in downtown Santa Fe. Santa Fe is one of the great urban success stories in this country, a city of 60,000 people, a metropolitan area of 80,000, with 1.3 million square feet of retail space downtown which rent for upwards of \$100 a square foot per year, lots of office, hotel, condos, tremendous walkable urbanity, offices all downtown, and with great urban fabric. In fact probably the #1 reason people come to downtown Santa Fe from such small cities as Los Angeles, New

York, Chicago, and Dallas is because of its urbanity. Well, if downtown Santa Fe burned down tomorrow, it is illegal to rebuild what's there today. You would have to build strip retail, according to what's on the books in downtown Santa Fe right now. That's sort of the madness that we've gotten into. So the thing is that we need to make legal walkable urbanity. And there's a variety of ways to do this. Putting in place what are known as form base codes that really focus on building places that address the street and make the street a walkable place. And don't worry about what the uses are that go into the building, just focus on the form. And we did this in downtown Albuquerque. We actually threw out the zoning. Just decided it's just worthless, it's just hopeless, just get rid of it. And within a year we put in place a form base code and the form...it took the form of 21 standards, that if your project fit these 21 principles, you would get your building permit in three weeks administratively. One of my favorite of the 21 was that...and by the way, each of these principles were on one page. At the top of the page of this particular principle, it said that your front door must face the sidewalk. And then there were three pictures, one with an X through it, to demonstrate what we meant by your front door must face the sidewalk. Now you might say...oh, come on, anybody gets this, right. Well, the city of Albuquerque's Planning Department was in an office building whose front door faced a surface parking lot away from the sidewalk. It's a very typical condition in our downtowns.

The other things that can be done...there's a great...New Jersey has a fabulous rehab code that the Ford Foundation has been pushing throughout the country. It means that our historic buildings don't have to be torn down to save them, which is what much of our building codes forced today. It basically reduces the cost of historic rehab by about 40% on average without sacrificing safety. The 2004 International Building Codes...a fabulous new code that is already written, you just have to Xerox it and adopt it, and it allows much more progressive real estate to be built. So there are a lot of things you can do to make the right thing easy.

The other thing you might want to consider, though it would be tough with your city because your city is only about 10% of the population of the entire MSA, is to put in place impact fees that actually make all developments pay for themselves and stop the subsidy out on the fringe. These impact fees should allow for sewer hookups and road extensions, to actually pay the cost of what it takes to make the sewer extensions and road extensions. Novel idea. We did this in downtown Albuquerque and...we did it in 4 of the 9 infrastructure categories. And to pull a building permit on the fringe for just those four cost \$11,000 per unit under the new impact fee legislation put in place last year, which by the way only covered about 60% of the actual cost. The City Council couldn't bring itself to take it up to 100%. For an

infill project, based upon research, based upon rigorous analysis, it's \$1,000.....to fairly price fringe development.

The fifth thing, which you've got some of this in place, but you've got to do a whole lot more, is to put in place these nonprofits, such as business improvement districts, that can really manage your downtown. These nonprofits have done a phenomenal job throughout the country. I mentioned Paul Levy with the Center City District in downtown Philadelphia. He's got an \$8 million per year budget, he's keeping the downtown clean and safe, he's engaging in signage, he's engaging in festivals, he's engaging in marketing of the downtown. He has got \$50 million of capital projects underway. He is now engaging in the repair of the Philadelphia school system. Talk about thankless job. He's taking on such amazing challenges. And these nonprofits have been proving themselves throughout the country. Downtown D.C., Rich Bradley's organization is taking on parking, trying to manage the parking assets in downtown D.C. It's one of the most important parts of the infrastructure that we need to manage. But we need to take baby steps. We need to get the clean and safe right. We need to then get in place the marketing right. We need to get the events right. And you can continue to grow. And this by the way is all privately financed. A friend of mine, Dan Biederman, up in New York redid Bryant Park at 42nd Street and Broadway. You would probably know it through its starring role in the movie, Needle Park, where it was a major drug hangout. And Dan, through the work of a BID, a business improvement district, all with private money, rebuilt the park, now programs the park. The city used to have a \$250,000 per year budget to manage Bryant Park. Dan, about 3 or 4 years ago at my suggestion, gave the check back with great ceremony and said - We don't need your stinking \$250,000 per year. We've got a \$5 million per year budget. We'll just do it ourselves. It's by far the most successful public park in the country and it's all privately funded. There are great models out there, great examples, all privately done.

The sixth thing that I might consider and I understand that you're really toying with it...I understand the degree of controversy about it of course..dealing with your hotel and convention center...I will try not to step in it here...but you might want to create a catalytic development company. This is something I did in downtown Albuquerque. It's been done throughout the country. Where you create either a for profit or a nonprofit for profit, or a nonprofit entirely real estate company that would, in essence, push the fast forward button. Attempt to put in place projects that nobody in the private sector would be willing to take because they're too risky and demonstrate to the private sector that there are projects that can be done, you can make a buck doing them. And so there are some great models out there...Chattanooga, again my favorite little downtown. They have River Valley Company that built the aquarium, the world's largest

fresh water aquarium, \$42 million, privately. They built housing, they put in place the river wall, they put in place retail, movie theaters. They put in place an IMAX, hotels, they built a football stadium. All this in a nonprofit, privately funded manner. Downtown San Diego has the Center City Development Corporation, which is a publicly chartered but separate from politics, if that's possible, real estate development company. They've done a phenomenal job in making sites available and allowing them to be redeveloped and brought back onto the tax rolls. This is a high risk, but high return strategy that I would urge you to consider. And this is where those civic minded private companies come to bear, come to be putting money and to invest money that nobody else in the private sector in their right mind would do, but they do because they know it's the right thing to do for their city.

When you set the stage, you end up really creating the conditions for the private sector to come back in and do what they do best. So steps 6 through 12 is really bringing back the private market in our downtowns. And it has been our experience at Brookings and my development experience that they come back in these stages. It doesn't all come back at once. It kind of layers on over time. So the horizontal axis is a 20 year timeline and the vertical axis is different real estate products that begin to layer on.

The first tends to be urban entertainment. Creating a there there. And whatever the market studies tell you...it could be a movie theatre like we did in downtown Albuquerque, it could be an arena, it could be a baseball stadium like you've just done, like we did in downtown Baltimore with Camden Yards. It can be a performing arts center. It's always restaurants...big, big factor in creating urban entertainment. Retail boutiques fall under this. And you're beginning to do that on Prince Street with a lot of your very nice, high end boutique shopping. It begins to create a reason...it gives people a reason to live down there. Because you've got to give people a reason to live in high density.

Because the second thing that layers on top of urban entertainment is rental housing. This is primarily going after the Gen Xers. These are the people of course that don't have the bias that us old farts do about downtown, that they are...you know, like all of our kids that are in their 20's, they think that they're immortal and they don't have that bad image of downtown that many of us do. And they want to live, as I say based upon all those TV shows that they were watching, they'd love to live in a walkable place. But they need activities, that urban entertainment to do it. And we're also not asking them to invest their largest asset in their personal portfolio because they don't own a home. They're still in debt to...they're in debt to pay off their college loans. And so they're not taking a financial

risk. They're taking a life style risk. And they begin to populate the place. It's at that point that I urge our downtowns to consider putting in place an affordable housing strategy and an affordable commercial space as well. One of the things that we didn't know 20 years ago is that we would be so damn successful and that our downtowns would become the most expensive place to live and do business. And so we ignored this. We ignored the need for affordable housing downtown. And lo and behold the unintended consequence of success is we created the most expensive place to live and do business in the region. It's important to get this in place soon up front and I'll talk about this in just one second, as to how some of us have been trying to do this. As I say, this is where we failed the most. We have not done this very well.

Then with urban entertainment, with demonstrating that there is a market for rental housing, more and more people are on the street, it's then that the for sale housing market tends to come back. Now this is not to say that there aren't urban pioneers, like my brother Gary and his wife Susan who moved to Charlotte Street and fix up a house and are urban pioneers. But there are, for the bulk of us, we need to see that other people have gone before us and we need to see that there is a demonstrated resale market for urban housing. Again, this is our largest asset in our personal portfolio and we want to see a few comparables to in fact understand that there is a resale market before we take the plunge. The interesting thing about the for sale housing market, however, is that it tends to really demonstrate that you've hit critical mass. Because these are the bosses. These are the people that are going to make the decisions to move jobs back downtown.

And that's the next stage, which is office employment. That the bosses are starting to live downtown and they're beginning to make the decision to move their businesses downtown because they're tired of commuting out to the suburbs. Why not just walk to work?

And one of the final steps is local serving retail. It answers the eternal question of - when is the grocery store going to come? Every downtown I know, I get that question. And it comes when there are enough rooftops. The answer to the chicken and egg question is when there's enough rooftops, local serving retail shows up. Don't expect them to be urban pioneers. They go out of business if there are not enough customers from day one. But the thing is that you don't necessarily need a 50 or 60 thousand square foot suburban grocery store. Lisa and I live at 23rd and Q Street in the DuPont Circle section. Two blocks away is a 2,500 square foot little grocery store that serves our needs very well. And if that doesn't work, about seven blocks away there is a Whole Foods and if that doesn't work, six blocks away there's a Safeway and that Safeway is about 10,000 square feet. You sort

of have to turn sideways to get into it. But it serves us fine. And it doesn't necessarily have to be those 50 or 60 thousand square foot huge suburban stores to satisfy the needs of a downtown. When you've got that local serving retail, you've got the for sale housing, you're really humming. And as I say, you have probably created the most expensive place to do business and to live in the region and that's why the affordable housing strategy is so important.

The other thing that you're going to be seeing is a little bit different products than you've ever seen in your city over the last 50 years. I don't want to go into great detail, but over the last 15 years in particular, we in real estate have basically commoditized the real estate industry. Long story short, we in real estate borrowed hundreds of billions of dollars back in the 1980's, threw a great party, and we forgot to pay back a lot of it. And Wall Street came in, became the governor of the real estate business and we now have this great commoditization of the industry where we can only safely and easily build 19 standard product types, all of which are low density, sprawl oriented, car dominated products. We need to move beyond these 19 to products that encourage walkable urbanity. And there's a lot of things that you may not have seen recently, things that these product types may include. One of the things that you might be seeing is something that I refer to as burying the box. The retail development in this country, of course, has continued to evolve towards larger and larger boxes. I can't change retail distribution in this country, but we can change how it sits in our downtowns. And there's lots of national chains, believe it or not, Home Depot, Century Theaters, Toys R Us, that are experimenting with urban locations and many of the solutions include getting their big box buried in the middle of the block.

Another thing of course is naturally mixed uses. Retail on the ground floor, office up above, residential up above. It must be pedestrian friendly. It must have a higher quality construction, which means you're going to have higher construction budgets. It gets into a whole issue of how do you finance, which I won't go into tonight. It includes things such as thinking about how to make great places for civic buildings where you terminate the vista as that street dead ends, and at that point you put a great civic building. It terminates the vista, becomes the picture postcard of your downtown.

And, also something that I refer to as learning from Central Avenue. Central Avenue, Route 66, runs through the center of Albuquerque. It was the center of the state of New Mexico and why it was so special is because every 25 to 50 feet there would be a different architectural statement. It wasn't a monolithic architecture like you've done with your abortion 20 years ago on Prince Street, which was this monolithic thing that just sucks energy off the sidewalk.

This is a project that I did that demonstrates a few of these principles. Want to show you this block here. It's a 300 foot by 300 foot block. Only the blue building, which is a historic building, was there when we started. Actually when we started, a street ran through the site. It was basically a freeway on ramp with a one way street that would load traffic onto Central Avenue. We put the grid back in place, converted the one way streets to two way, and then we buried a box, a 14 screen movie theatre, Century Theatres, in the middle of this block, and surrounded it by seven individually designed buildings. This is what the front door of the place looks like. Century Theater...this is the only part of the movie theatre that you saw, a 2 story glass entrance. To the right is a 3 story office building on the top, retail on the ground floor. That restaurant there is a Brazilian steakhouse. It's 7,000 square foot. It does \$500 per square foot in sales per year. It's the third highest grossing restaurant in the state.

This is another view showing the sushi bar, the entrance to the office and that restaurant. And then of course in the foreground is that 1920's glorious office building. This is the view from the back. My office was that corner office, my office there, right on top of the ice cream parlor. And that's a Thai restaurant, with the Chamber of Commerce up above. And 45 feet back from the Thai Restaurant, they are showing movies right now. It's the screen showing, it's 1 of the 14 movie theaters.

Now you think that you've invented everything yourself, but generally most ideas we get the old fashioned way...we steal them. And this is a view of where my brothers and I grew up in downtown Drexel Hill. This is the Waverly Theatre which right now is a self-storage center. But the Waverly Theatre, 1200 seat movie theatre where we would all steal away if we could get away from our father trying to have us do chores on Saturday afternoons. And it's surrounded by retail on the ground floor and rental apartments up above. It was a burying the box. Basically there are no new ideas. That was built back in the 20's.

These are other examples of this kind of mixed use, bury the box, retail on the ground floor, housing up above. These are from Dallas. All these are 4 story stick built product, all brand new product. This is one that I particularly like, which is an uptown Dallas. Very high end shopping center, you can see that's a Polo store on the ground floor. Three stories of stick built rental apartments up above. All these projects have the parking deck buried in the middle of the block, surrounded by this development. You never see the parking from the street. This is another street of that same project.

So, financially, how does it perform? One of the things that we have learned about downtown development is, unlike the suburbs

where more is less, urban development, the other option, more is better. The more you build, the more density you build, the more people on the street, the more money you make. But that money starts flowing in a different timeframe. It starts flowing in the mid to long term, not in the short term. The red line up here...and again on the axis on the bottom, it's a 20 year timeline and the vertical axis is however you want to judge financial performance, whether it be cash flow, whether it be value created, whether it be price per square foot. But the red line shows how most income-oriented conventional, sprawl oriented, real estate projects perform. They tend to peak around year 7 to 10 and then they begin to degrade their financial performance. In that 7 to 10 year timeframe, they start to lose market share, they start to lose cash flow. And there are a lot of reasons for this. I don't want to go into a financial lecture tonight. But it really is...one of the major reasons is that we don't trust investing for the long term in a financial model and how we build our suburbs where sprawl keeps on taking demand further and further out. You just can't commit long term to a place that ten years from now could be an abandoned retail strip center which we have littering many of your highways leaving Lancaster. So we don't commit to them long term. Now if at the end of 7 to 10 years, sprawl hasn't moved demand further out, you will just reinvest in that same place and go through that same cycle again.

But downtown development seems to perform differently financially. It's the blue line. It doesn't perform as well in the early years. And the reason for that is that you've built a much higher quality product. You've got to downtown. You're walking next to these things, you're bumping up against it. It's a much more intimate experience that you're doing. When you're in the suburbs, you're driving past these places at 45 miles an hour, they're set back from the street 150 feet, and their basic job is to yell at you in that nanosecond that you can see it out of the corner of your eye...I'm a supermarket, stop. It's really billboard architecture. Downtown it's real stuff. It's got to be higher quality. As a result, the consequence financially is it does not perform as well in the early years financially. But in the mid to long term, it really performs, better than most people have a right to expect. And that's why it achieves rents that are higher than most places in the metropolitan area. That explains why New York City...it's \$1,000 per square foot - The entry price to buy a condo in New York City. That's why in Washington it's \$500 per square foot as the entry price in the D.C. That's why downtown Santa Fe is \$100 a square foot rent for retail. It's because of this more is better phenomenon. And that is why we've got to worry about affordable housing. What these places do is they create an upward spiral of value creation. You get this spiral turning, this more is better. And how it works is that, like with my movie theatre. I built this movie theatre, put in place that restaurant...it does very well in the early years. Across the street they're going to build an arena. The

city is going to build the arena. I'm not building the arena. It's going to bring about a million and a half to two million people per year downtown. What are they going to do before and after the arena events? They're going to come to my restaurant. It's going to be \$600, \$700 per year in sales. That means that the restaurant can pay me more rent. My movie theatre complex is worth a whole lot more money and I've done nothing but just...I've just been lucky enough to be right across the street from the arena. That's how it works. More is better.

As I say, that's why we need to think about up front how to tame the gentrification, because that's basically what it is. And I'm not opposed to gentrification. I think it's great. The issue is...how do you tame it, how do you take control of it, how do you make it pay? In essence using the gentrification to pay for the affordable housing - Using private funds to fund affordable housing. And it really is best...this is a New Yorker cartoon, if you can't see it in the back...that this was an artist's loft, now it's a lawyer's loft. That's how it works. Students, artists, and gays tend to be urban pioneers. And then the lawyers come in and take it over. But then I had the great idea...let's make the lawyers pay for it. And this is what taming gentrification is all about. That if that blue line is in fact how these projects perform, put in place a mechanism whereby after the project achieves its projected returns, because no real estate developer is going to show that blue line. If you showed that to your investors, they would assume that you're smoking something funny and they'd walk out on you. You'd show that line flattening out somewhere in the middle. If you exceeded your investor expectations, if you exceeded what you showed your bank, what you showed maybe your partner. Maybe the partner is your city, maybe your partner is the catalytic development company. If you exceed those financial returns, returns that you did not expect to achieve, then you can share some of those returns with another nonprofit whose job it is to finance affordable housing and commercial space. And, there's plenty of motivations to do this. It's going to make the place a richer place. The developers are not giving away anything that they have in their pockets now. They're giving away things that they don't have. And of course if it's part of the rules by which they play, they will have no choice.

Now if you don't believe the reason for walkable urbanity and the turnaround in our downtown, I'd like to end by talking about 3 other reasons that eventually will get your attention. You may not believe them today. You may not believe them tomorrow. But eventually these are probably going to happen.

The first is that you're going to have to do it for purely economic development reasons. And this first occurred to me when I was talking to the head of Sandia National Laboratories which is in Albuquerque. It's 5, 7 miles outside of downtown. It's

one of the largest federal national laboratories in the country. And the guy was helping craft the strategy for downtown Albuquerque. And I said - Why do you care? And he said - If we in Albuquerque don't have an alive, hip, downtown, I don't have a prayer of keeping the UNM graduates and the UT graduates that I'd like to attract to Albuquerque to work for me at Sandia. They're my lifeblood. And I started thinking about that. And I just got a survey from Paul Levy in downtown Philadelphia. He surveyed the 8,000 people that have recently moved in the last 4 years to downtown Philadelphia...8,000 people. And he wanted to know something about them. And you probably know that the typical American, 25% of us have a college degree, 10% of us have a post graduate degree. In the survey results of the 8,000 people that have moved to downtown Philadelphia in the last 4 years, 99% have a college degree, 60% have a post graduate degree. I think that qualifies as demonstrating the power of downtowns to attract the creative class. And that 99% number always boggles my mind because I've never seen polling results since the fall of the Berlin Wall and all those great rigged East German votes that 99% voted for the head of their country.

So from an economic development view, if you in Lancaster care about either keeping your F&M and Millersville graduates here or you want to attract Penn State and University of Pennsylvania graduates here, you had better offer them an attractive downtown, because that's what they want. And if the consumer research is right, that a third to 50% of us want walkable urbanity, you had better provide it - Because they are going to go to Boston, Philadelphia, or downtown D.C. to get that urban life style.

The second is the end of the era of cheap energy. We have built the suburbs based upon cheap energy. And you may not like it...I don't like it...I would love to have a continuation of cheap energy. It's been kind of nice to pay the equivalent in 1972 dollars of 25 cents a gallon, which is what we're paying today. But we're not. We're going to be getting up to \$3 a barrel pretty soon now. But in the future 5, 6, 7 dollar a barrel of gasoline is not really out of the realm of possibility. There has been a lot of research on this of course. At some point there will be a peak in oil production. We in this country had the peak in oil production in 1970. We've been in decline ever since. There is a school of thought, led by some very, very well wired people in the energy business, that this decade is the decade of peak oil production world-wide. And once that becomes known, we know what's going on with demand, if supply is peaking and falling, we'll see a spike in energy prices.

And the question is - How can that fringe development, how can you afford to commute out to the fringe? We have built a system that is not sustainable from any kind of fiscal and financial point of view.

And the final issue is of course climate change. And it seems like every week there is something coming out about climate change. That last week it was the amphibians that are...40% of them are toast, if that's a phrase you can use with amphibians. That 2 weeks ago the research out of Britain that the Gulf Stream, that it's 30% less powerful than it was 30 years ago. Now that's just a point in time. We need to do a lot more research. Obviously the Arctic is gone. That's a foregone conclusion, that the Arctic is gone. That at some point we'll actually begin to recognize that climate change is going to affect our lives and we're going to have to do something about the CO₂ gas emissions.

So one of these three things will kick in and we'll have to change our policy. These are using sticks to motivate us. I'd much rather use carrots. The carrot is the market. A third to 50% of us want this stuff and it sure would be great if we provided it before we had to and that we provided it in a manner that made us some money in the process.

If you're interested, if you haven't gotten enough tonight, if you're masochistic enough to want even more, this is my web site with the 12 step article, a couple other articles that are on the web site, and then at the bottom there are a couple other web sites, the Brookings web site and the University of Michigan Real Estate Program web site.

This is exciting times. There are just so many great models out there. And you're within driving distance of a lot of them. You can go and see downtown Philadelphia. You can go down to Washington. Washington has got some fabulous suburban models as well. I spent this evening focusing on downtown development, but most of this walkable urbanity is actually going to be in suburban downtowns, places like Wayne, places like Bethesda, places like Boston, outside of D.C., because quite honestly we can't fit it all in our traditional downtowns. So it's possible, for instance, what I've heard, what I saw tonight with the cover story of the afternoon paper of what Franklin & Marshall is planning to do. This could be a fabulous, somewhat suburban in location, urban in character place for you here in Lancaster. It should absolutely complement downtown. And I understand that the president of Franklin & Marshall had a lot to do with the University of Pennsylvania, which has become the model in this country for how a university can fundamentally alter its place. Penn did such a fabulous job. When I went to school, a lot of my friends went to Princeton and they would come to Penn...I hope the guy is not here tonight, sorry about this if you are...and they would have a cheer at the Penn-Princeton football game that the Princeton cheerleaders would go to the Penn side of the Franklin field and the cheer went - Fall back, fall back school. Very nasty. I believe that the reason Penn has risen to the top 10 in every poll world-wide of one of the finest universities on the

planet is because of what Judith Rodin and others in the Penn administration did to fundamentally change West Philadelphia. And Franklin & Marshall can certainly do the same thing today.

So you have great examples. I would urge your civic leadership to go visit some of those examples, understand how they worked. But most importantly, I would urge you to get consensus on where you're going. Get the strategy in place. Figure out where you're going and then get on your horse to do it. It's very exciting. It takes the commitment of all of you. And hopefully you can get over this little gruffle that you're having on the convention center and get to work.

Ronald T. Bailey:

We will take some time now to answer some questions that you might have. And what we ask you to do; you'll find in your packet a card, if you would write down your question and pass it to one of the ends of the row. We have people who will come around and collect those and bring them up to me and we'll pose them to our speaker.

Christopher, one of the things you said tonight that I think resonates with people in Lancaster County is the importance of the private sector and what the private sector can accomplish. And I think that as a group, Lancastrians and people in south central Pennsylvania really believe in the power of the private sector. The question probably is - How do you unleash that power? You talk about, for instance, private-public partnerships and I think there's a hesitation because of the role of the public. They think back, for instance, to the urban renewal days when urban renewal happened on Queen Street and all the buildings were knocked down, with the idea that if the public cleared the site, the private sector would come rushing in and would redevelop the site, which didn't happen - And so people are hesitant today to do that again. You know, why go back and do what we did before? Why not just keep the public completely out of this and let the private sector do whatever it wants, if it wants to do anything at all?

Christopher B. Leinberger:

Well, obviously the private sector, as I say, it is the golden rule, they do have the money. They have the access to the private equity market. They have the access to the banks for the debt market. So they're just essential. The mistakes of the 60's and 70's were mistakes caused by suburban developers trying to take the lessons of the suburbs downtown. And hopefully if there is one thing that I've talked about tonight, it's that suburban development and urban development are fundamentally different things. They have really almost nothing to do with one another.

And what we were trying to do in the 60's and 70's was to take those lessons of those fancy new regional malls and of those fast expressways and push them into a downtown condition. Now having said that, I also have to stand up here with a great deal of pure humility, that undoubtedly 10 to 20 years from now, everything that we've said tonight and put in place tonight, there will be some smart former F&M student who will be saying - What were they thinking? So we always have to keep our open mind to the fact that we could look like a fool in 20 years ourselves. But as I say, we've got lots of examples now out there, where the stage was set by the public sector with these nonprofit organizations in place and the private sector did come in. Many times it took a catalytic developer to show the private sector that it could be done.

Now I also want to make sure that you understand what we've learned about these downtowns, that there are many, many, many interventions that need to take place and it's not just the silver bullet theory. The other thing we did back in the 60's and 70's was we thought that if we put in a new street scape, it would solve all of our problems and the private sector would come back. Or if we bulldozed some old buildings, that would take care of it all. Or if we built a convention center, that would take care of it all. The single bullet approach doesn't work. It's many, many different initiative at the same time. It's part of the complexity of downtown. So you can't put all your hopes and even in the case of the convention center/hotel, using that as the great hope of downtown Lancaster, it's a burden on that project that it cannot bear. It's got to be one of many, many projects going forward. So does that...good enough?

Ronald T. Bailey:

That's great. You also mentioned, for instance, form base zoning which you put in place in Albuquerque, and with that zoning with the criterion, the standards in the zoning, that it was possible to administratively issue permits for new developments in three weeks time. Here in Pennsylvania, the average length of time to go through a permitting process, and this isn't just in the city of Lancaster but municipalities all through the Commonwealth, is somewhat between 18 and 24 months. Now in the city of Lancaster we do have some mechanisms in place that help expedite permitting, so it can be faster maybe than in some of the surrounding municipalities. But isn't that good enough? If we're in the city of Lancaster, at least as fast with our permitting and no slower than elsewhere, won't that satisfy things? Why do we need to think about anything else?

Christopher B. Leinberger:

Well, you're causing a lot of increased costs onto the development project. So, for one thing, you are forcing projects

to end up being built cheaper because they're spending so much money up front with all of our buddies, the lawyers, trying to get this stuff through. You are putting a governor on the market that if you're a major developer, you'll love. I used to be on the Board of a private New York Stock Exchange development company that only went to markets like Lancaster because we were huge and we could outwait any of those pesky little local developers and we could hang in there for the 2, 3, 4 years that it took us to get the approvals. So you're basically putting up barriers to entry that will force competition out of the business.

But mainly you are driving out innovation. You're driving out those small entrepreneurs that could be coming up with those things that in the future you would think are those character full things that make the place, that could only be Lancaster place. So driving up those costs doesn't do anybody any favors, except the lawyers. Not the trial lawyers. That's what the mayor was, right?

Ronald T. Bailey:

Right - Some questions from the audience. Would you agree that if one thinks strategically, that it makes sense to develop a clear vision of what we intend to be as a city, rather than focusing on individual projects that may be more driven by individuals or an individual's idea or proposal?

Christopher B. Leinberger:

Well, it's both...because the great ideas come from those individuals. But certainly you need that general direction, that general vision. Again, to me it's the corral analogy that sets you down a path. And it's also the recognition. That the vision gives you the reason and gives you the ability to put in place infrastructure, hard and soft, that no individual can do. That's why we have government. We have government to do things that we as individuals can't do efficiently. And so we pool our resources and build streets and build parking decks and build schools and make it so that those private individuals can in fact take that initiative that create those funky, interesting places that make downtowns special.

Ronald T. Bailey:

Another question that we received is - How do one way streets affect your concept of walkable urbanity?

Christopher B. Leinberger:

A lot of discussion about this and in fact I went to the rotary in Albuquerque once and I was talking about the downtown and I

was listing all the stuff that we had done over the last two years and I just happened to mention the conversion of the one way streets to two way. We converted them all. Within a couple weeks they were all converted. Spontaneously they started to boo me about the conversion. Generally speaking, two way streets are more pedestrian friendly. They slow down traffic. They make it easier for motorists to in fact maneuver around downtown. And in fact, Ronald, when you were giving me directions from the hotel here, you were going through the typical one way confused direction giving that you have to give, that you have to go right to then turn left to turn right again and then you might be on the wrong side of the street and you have to do it again. So it is very confusing. And even people that know the downtown have to very slowly and consciously think - what is the best way to go from point A to point B? It is...now there is a counter argument that it may be safer for pedestrians because they just have to look one way when they're crossing the street rather than two ways. But there's traffic mitigation, traffic calming devices you can put in place. Most importantly is to have parking on the street. Parallel parking on the street slows down traffic, puts a barrier between the walkers and the cars, and you can mitigate that risk that you're taking. But generally speaking, most urbanists believe the two-way traffic is far better than one way. But most places converted their streets to one way in the 50's when there was gridlock and before the freeways, as we had been inundated with cars, but we hadn't adjusted our downtowns to them. And we put these one ways in place to try to get cars out of town as fast as possible. Again, we did it to move cars. We didn't do it to make it pedestrian friendly. So now we've shifted back our goal to make it pedestrian friendly and that's generally why we're not shifting our one way streets back to two-way throughout the country.

Ronald T. Bailey:

One of your comments that you made was that, particularly with form base zoning, if you look at how a building interacts with the street, you don't need to worry about the use. In Lancaster County, people worry about the use. One of the uses that they're worrying about is a proposal for a casino. Have you seen anywhere in your experiences around the country where a casino led to urban improvement?

Christopher B. Leinberger:

Is that a leading question? The short answer is no. And casinos for one thing are inward facing. Their job is to keep people in the casino. Reno is the one that is the most obvious example. Reno's downtown is coming back, it's struggling back. It's got some very large casinos downtown. And at 8:00 at night, at midnight, at 4:00 in the morning, there is really no evidence that the casino exists if you are on the street in front of the

casino. You just don't notice that there's a casino there because it's all inward facing and the people are not spilling out onto the street. So that's an urban design answer. The thing is of course that movie theaters, one could argue, is the same way. Though of course movie theaters by definition, the movie always ends. The casino, it just goes on and on. The idea is not to let you know what time it is, that if it's sunny outside or it's dark outside, they don't want you to know. So I've not seen great urban benefit of it. And also it is a...you know, you've got to look at it from a social equity point of view as well. Casinos do tend to be a very, you know it's robbing from the poor to give to the rich as far as...it's a tax on the poor. And now that may not come into an urban design consideration, but if it does, it is not exactly the way to promote a more socially just place.

Ronald T. Bailey:

How under your guidelines, your 12 steps for turning around a downtown, will you provide for the homeless and the poor to be treated and kept within the downtown rather than simply displaced?

Christopher B. Leinberger:

The great thing about downtowns is its complexity and its diversity and that includes the homeless. That includes low income citizens. And it makes the place real. I mean there's a reason when you go to...when you go to the King of Prussia Mall, the well-to-do section of the King of Prussia Mall...I mean nobody would confuse that with reality. And having real people on the street adds to that complexity, adds to the character, it's a real place. Now how you manage the homeless and how you provide services for the homeless is worthy of 3 hours and I'm not going to take 3 hours to focus on it. But I do know that there are ways to provide financing for it from private sector sources and that the mechanism should be put in place so that financing is there, and that includes the housing. One example by the way, a great example that you should all think about, and goes back to form based zoning where you don't worry about what goes on inside the house, you worry about only how it addresses the street, is to encourage granny flats in the development of high density housing - Housing over garages. And that's where you put your obnoxious teenage kid when he's obnoxious and a teenager, but that's also when they go off to college where the teacher can live. It's where the local guy who is sort of a fixer-upper, handyman sort of person. It becomes the affordable housing for your neighborhoods. Right now granny flats in most towns...I don't know if it's true here...are illegal. And I just asked my students out at Michigan last week...give me a number of fingers of the number of spare bedrooms in your parents' house now that you've left. And it went from 1 to 4. Sid, however, topped it off with 5 in his house. You can't use those bedrooms. You're not going to invite that schoolteacher, a policeman, a worker to

house in your kids' former bedroom. But you would if it was separate from your house. There are hundred of millions of spare bedrooms that are empty in this country. That's the affordable housing. So that's a major part of the affordable housing solution and right now our zoning doesn't allow it.

Ronald T. Bailey:

Could you comment please on the importance of an effective public process involving representation of the most stake holders in developing public confidence and credibility of the end result of the downtown?

Christopher B. Leinberger:

Yeah. It's crucial. Just like the LDR plan believe that the process is as important as the process. No, the process is as important as the end product. That really is proven to be true, whether it be Chattanooga or whether it be what Prince Charles has done in Poundberry where he has had his own real estate development project and has learned that if you spend time up front figuring out what the vision is, figuring out where you're going from a strategic planning point of view, you save so much more time in getting the approvals, in getting the consumer acceptance. So you certainly need to go through the visioning. You certainly need the community input. And if you do happen to have a process whereby you have representatives sitting at a table trying to...stake holders sitting at the table trying to figure out where the downtown should be going, every one of those stake holders should have a constituency that feels confident that since Joe is at the table, since Mary is at the table, I have confidence that my voice is being heard there. In addition to the visioning that provides input into the process it gives credibility, it gives legitimacy to the process. Without it, your really just have a plan that you're going to spend a lot of time doing what it sounds like you've been doing over the last 7 years in fighting with the hotel and the convention center.

Ronald T. Bailey:

One of the major objections that some people have to coming downtown is parking. What are your solutions, with your concept of revitalizing a downtown to accommodate parking?

Christopher B. Leinberger:

Just as transportation drives development, transportation solution drives the place you build. Parking drives physically what you can develop as a real estate project. And in the early years of a downtown turnaround, your parking solution needs to compete with suburban parking. In the suburbs, the parking ratios

are somewhere between 4 parking spaces per 1000 square feet of commercial space and upwards of 9 for a movie theater. Call it between 4 and 6. That means...and each parking space, by the way, is 350 square feet on average. That means that for a typical office, you build 1000 square feet of office, you have to build 1500 square feet of parking space. That is, by the way, why we have to sprawl out so much. It's all driven by parking. Initially in the downtown, you've got to compete against that. You've got to put those kind of parking ratios in place, so it's 4 to 6 parking spaces per 1000 square feet of commercial space. What we find, by the way, over time is as you create more transportation options to get downtown, as more people live downtown, as there is more excitement downtown, the people park their car once and just leave it there for the entire day, you can drop those parking ratios almost in half. You can basically go from 4 or 5 parking spaces per 1000 down to 2 to 3 parking spaces per 1000. But again, in the early years you've got to provide a lot of parking. The real issue here is building parking decks which are bloody expensive and having shared use of those parking spaces - Shared so that you're using them morning, noon, and night, weekdays and weekends. A good example of that is down the road, Camden Yards in Baltimore. When Janet Marie Smith built that project back in the late 80's, she provided for 20% of the parking spaces that she'd need to park that stadium. When it opened, it turned out that she built too much. But the baseball games are at night and on weekends. Guess what's available at night and on weekends in most of our downtowns, empty office parking. And for much of our downtown uses, you don't have to build parking; you just have to better manage what you have. So the management of the parking becomes all important. This is where a nonprofit parking management authority can come in. And the goal is basically...go to any European small town and you'll drive into the downtown, there will be a sign that will say Centro and get you downtown, it will be very easy to find. And then as you enter the downtown, there will be parking signs that say - parking, 2 blocks, turn left, there are 122 parking spaces available right now. One block, turn right, there are 83 parking spaces available right now. This is not rocket science. This is technology that exists. And it's just a matter of managing what we have. There's plenty of parking downtown. You have it now in spades. It's a matter of managing what you have. It's a very important asset.

Ronald T. Bailey:

Do you think it's appropriate...and this is a leading question...do you think it's appropriate to start adding high rise towers to what has historically been a low rise city?

Christopher B. Leinberger:

You know, I don't have that much of a problem with it. It's...if you're going to get high density, which is required to make downtowns work - you're going to have to go up. Now there are some other factors that come into play, shadows need to be dealt with. You need to deal with view corridors. But a great example of how you can use high rises in a sensitive manner in a town that's concerned about these kinds of issues is go to Vancouver. Vancouver, which is historically...you know, the last 20 years considered the finest urban settlement in North America. You know, it's a flood of high rises, but they have built them all set back from the curb line. Now they come out to the sidewalk when they come down to the sidewalk, but then they step back. And every high rise is planned for the view corridor. They want to preserve the views to the mountains and to the water. And so it's very carefully planned. Compromises have to be made. The other thing to keep in mind is that when you're walking down a street, most of us are not looking up. You can see 3 stories or so. That's your view corridor when you're walking down the street. It could be 100 story building or a 3 story building, it reads as a 3 story building. Now again there are some tradeoffs such as again, shadows and views. Wind has to be taken into consideration. But basically being opposed to high rises because they don't fit the character....I'd really think about that hard, because we've got to get a lot more density into our cities. And if we don't, it's just going to sprawl out some place else. So I...give it some real thought.

Ronald T. Bailey:

Okay. Along with that, how important is it that, as part of your strategy for downtown renewal, you establish a consistent theme for the cityscape?

Christopher B. Leinberger:

It's really not that important. It's complexity that you're looking at. Certainly there are certain standards that you put in place, but those are part of the 21 principles or however you put in place your form base code. It shouldn't all be matchy matchy, that this isn't a regional mall where you want every sign to be the same. What you want is that diversity. And, so that there could be a street that is focused, like you have on Prince, which is going to be your boutique street. There will be a street that will be your nightclub street. And there will be a street that will be a street for ethnic restaurants. They will sort of emerge somewhat naturally. And by the way, by a street I mean a literal street with the 2 sides facing one another. You don't think in terms of blocks. You think in terms of streets and the buildings that face one another. Now again, there can be some common things like common street furniture that can kind of tie it together. But I find that the downtowns that have...you should know that you're in the downtown because of the character

of the place, not because a sign has said you're there. It's because it feels like a downtown. It's not because you've been told because all the signs look the same.

Ronald T. Bailey:

Last question - And this one requires a little bit of explanation. The question is - Does the 12 step program practice the Jane Jacobs prescription of creating a middle class in the downtown?

Christopher B. Leinberger:

Jane Jacobs, the great urbanist that...probably most people of my age got into this business because of Jane Jacobs and Death and Life of the Great American Cities. Her focus was on lots of interventions, lots of actors, lots of players creating complex diverse places. And absolutely the 12 step follows that very carefully. That's another way I've put it...is that learning from Central Avenue, learning of the character of the place and the richness of the place, the history of the place. I hesitate to say it follows it completely though because what we've got in this country...we've got so few special places, that those special places that emerge get swept up by gentrification and the middle class is driven out. So the challenge to us is to create more special places so that there is more balance in the market. If a third to 50% of us want walkable urbanity, but here in Lancaster you've got 5% of the supply of your housing stock in walkable urbane conditions, you've got pent up demand that's driving prices up. So to me it's a supply side solution, to create more supply that will take the pressure and allow middle class families to live in walkable urbane conditions as well. But it's going to take the next 10, 20 years. We're going to continue to see a lot of gentrification because there's just that much pent up demand. I'd like to see Jane Jacobs' reality come to fruition, but I don't think it's going to happen any time soon until we really get...we really understand how to do this stuff.

Ronald T. Bailey:

Well, Christopher, on behalf of the Hourglass Foundation, I want to thank you for a really outstanding presentation and an absolutely fascinating provocative dialogue. Sid, do you have anything else you want to add?

Sidney P. Marland, III:

Chris, those were some just great takeaways. We have a little takeaway for you. Surprise...an hourglass.

Christopher B. Leinberger:

Perfect.

Sidney P. Marland, III:

May you never run out of ideas or time.

Christopher B. Leinberger:

Thank you, thank you, thank you.

Sidney P. Marland, III:

Folks, we have videotaped this evening and the videotape is made available to you along with Chris's seminal paper on the 12 steps for downtown turnarounds, if you'd like to...at nominal cost. If you'd like to, please sign up as you leave and we will get them to you. And as you think about what Chris shared with us and incited us to think about tonight, please communicate with Hourglass at hourglass.foundation.org and this will be rolled up and continued and brought forth to the city and for thought leadership throughout our town. Thank you for coming and goodnight.