

# ***Infill 2010***

## ***Barriers and Openings***

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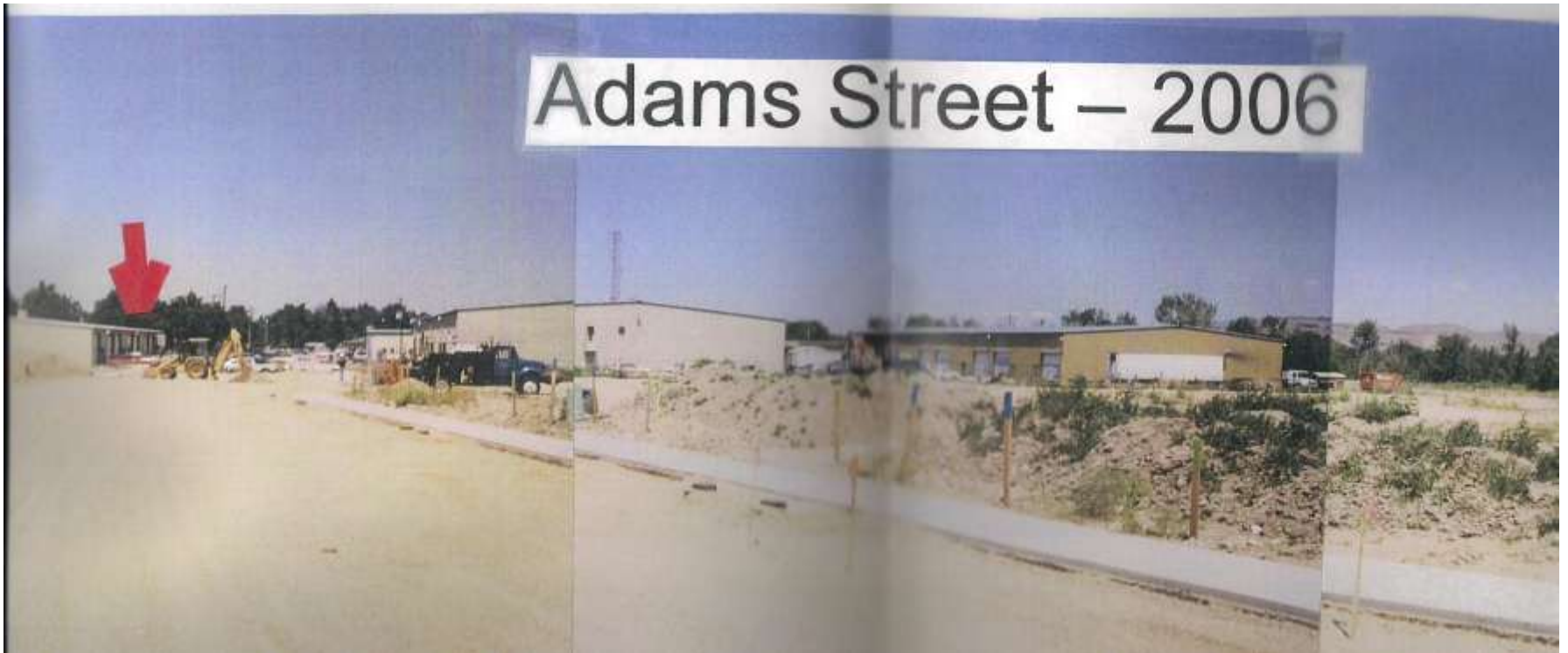
Garden City Planning and Zoning Chairman

October, 2010

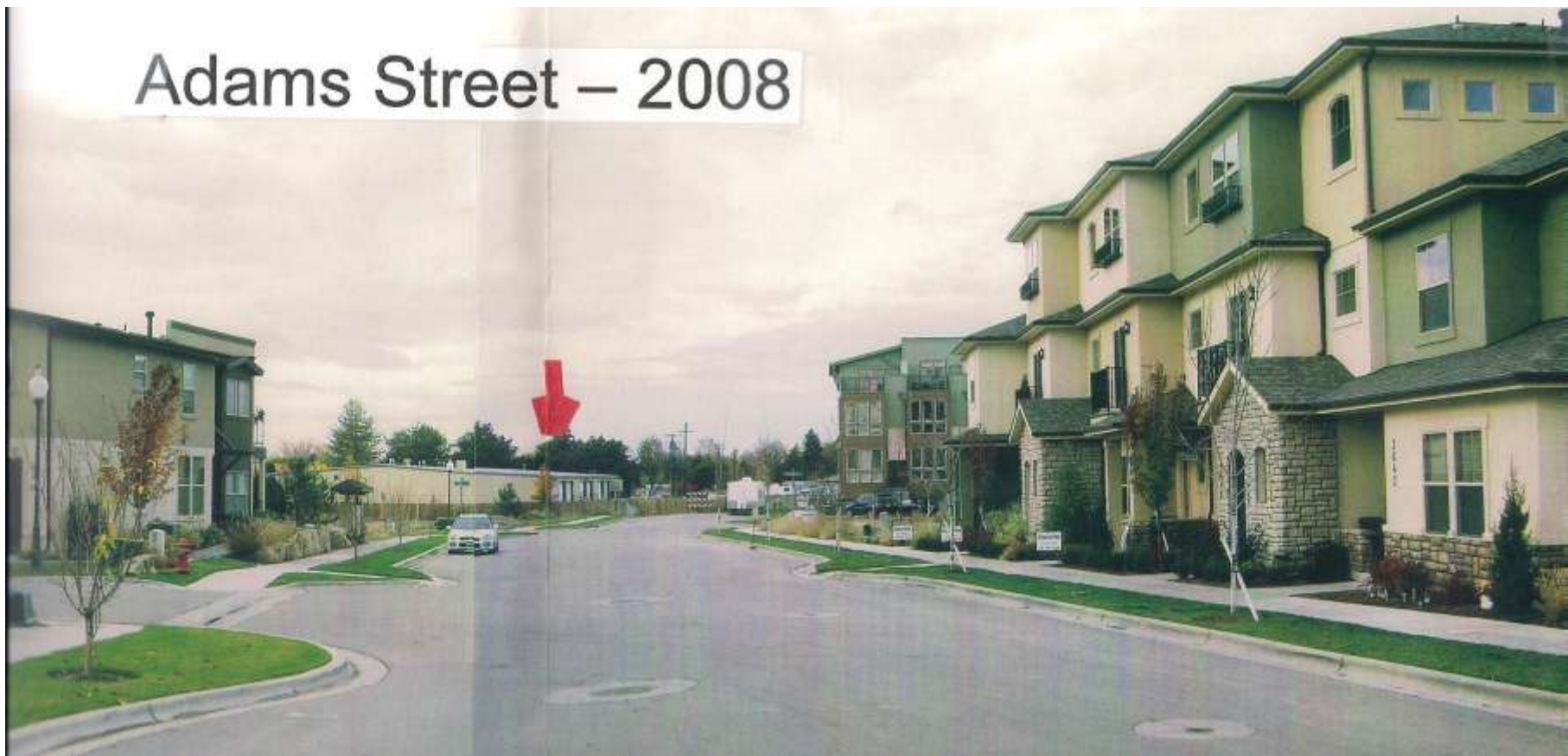




# Adams Street – 2006



# Adams Street – 2008



# Barriers to Infill I: High Costs

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- Buying in developed area, not vacant or farmland
- Assemblage / Hold-outs: existing owners are motivated to retain and sell into new infill market once established
- Costs of transition of use:
  1. Existing use may be at end of useful life but have high cash flow, low costs (perceived high value by capitalization)
  2. End cash flow that supports existing value
  3. Pay costs of demolition / remediation
  4. Pay costs of hold (interest, taxes, insurance, maintenance)
  5. Pay “hard costs” of new use (infrastructure)
  6. Pay “soft costs” of new use (engineering, surveying, application fees, impact fees)
  7. Pay sales/marketing costs
  8. Incur risk of unknown outcome, risk of market change during process

## Counterpoint

- Existing available infrastructure
- Available public realm (demonstrated value increase)
- Connection to employment, business, social ties

# Barriers to Infill II: NIMBY Opposition

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- Costs to developer (“hold” and “soft” costs)
- Costs to neighbors
  - Quality of life
  - Increased/decreased property values (hold-out premium vs scraper syndrome)

## Counterpoint

- Education
- Collaborative process
- Developer anticipation of opposition (measure: percent of off-property owners)

# **Barriers to Infill III: Local Regulation**

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- Rigidity, antiquity
- Unrecognized or evolving goal (e.g., “mixed use” replacing Euclidean separation)

## **Counterpoint**

- Form-based zoning and design review
- Flexibility built into regulations (e.g., PUD)

# Barriers to Infill IV: Approval Process

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- Development is a financial or economic event. Planning is a subjective process of identifying and protecting public good, non-priced good. Development cannot “see” planning goals, cannot profit from public goods. Process is only a cost.
- Holding costs
- Soft costs
- Risk and uncertainty become costs through discounting, insurance

## **Counterpoint**

- Community involvement (new comprehensive plan, other initiatives)

## **Barriers to Infill V: Easier to Develop Fringe**

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- Subsidies to greenfields
- Freeway interchanges at \$50 mill each vs. \$65 mill for trolley system
- Clean Water Act sewer and water

### **Counterpoint**

- “High beta” and collapse of values at fringe

# **Barriers to Infill VI:**

## **Cost / Benefit**

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- Infill: Complicated process to generate varied product
- Greenfield sprawl: Cookie cutter process to generate uniform product

### **Counterpoint**

- Product uniqueness, competitive advantage in quality: Infill is the micro-brewing of the development industry