

# THE GERALD FOGELSON FORUM ON REAL ESTATE

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## **Public-Private Collaboration Critical to Reviving Older Suburbs**

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Once symbols of newfound wealth and increased mobility, many suburban communities built just outside large urban centers now confront the same woes as decaying inner cities. Retail areas are hurting or closed, housing stock is declining and cultural amenities such as parks, theaters and open marketplaces are lacking. Once lively streets are deserted. There's no sense of vibrancy and excitement, despite their geographic proximity to the center city.

The torpor that defines many older, close-in suburbs isn't limited to the United States. Communities on every continent face the challenge of reinvigorating their housing, retail and cultural amenities.

Still, older suburbs can be resurrected and turned into thriving communities again with the right mix of intelligent development and financing. First, we must confront a couple of questions critical to any attempt at a turnaround.

What factors lead to spontaneous private investment in some places but not in others? What levers of public policy can be brought to bear to stop the ongoing slide of these communities before they reach a point of no return?

### **Case Studies**

Successful efforts to revive stumbling suburban communities are defined by several components. These include:

- Investments in housing, whether new construction or upgrading of existing stock.
- Strong retail presence at street level to increase pedestrian traffic.
- Cooperation between the public and private sectors to address potential obstacles.
- Proactive development agencies that aggressively seek out opportunities.
- Involvement of small-business people and investors in redevelopment efforts.

Not all these factors are present in every suburban redevelopment strategy, but generally, some combination is required to turn the dream of a strong, vibrant community into reality.

What follows are examples of how several suburbs, both in the U.S. and overseas, have engineered their rebirth. Each is highlighted in my 2007 book, “Regenerating Older Suburbs,” and each has important lessons for other communities seeking to emulate their success.

### **Deptford, England: The Power of Transit**

Located across the Thames River from the Canary Wharf area of London, Deptford was among the most economically depressed of the communities within the inner suburban ring. Today, it’s one of the most prosperous.

The first to flock to Deptford were gay people and artists, drawn by an eclectic mix of newer and Edwardian housing with lower rents for both living space and galleries. As the art galleries began to proliferate and other small businesses emerged, the London Development Agency stepped in with funding to help renovate other buildings. Soon, the agency dubbed Deptford a “cultural hub” and helped lure new attractions including the Albany Theatre and the Laban Dance Center, which in turn brought more businesses into the community.

One element of Deptford’s rebound is its easy access to mass transit. There’s a direct rail line between the community and Canary Wharf, a booming area of office and shopping developments that is home to three of the United Kingdom’s tallest buildings. But an additional powerful factor has been the judicious use of public funds, which spurred far more private investment by signaling government’s commitment to reviving Deptford. That’s a real measure of redevelopment success – how much private investment you are generating for every public dollar spent.

### **Waltham, Mass.: Working Class to Urban Sass**

The demise of a large, locally-owned department store in the center of town started the downward spiral of Waltham, a blue-collar suburb west of downtown Boston with a population of about 60,000. City fathers tried wooing a Wal-Mart store to the 5-acre retail site, but were unsuccessful.

While Waltham lacks a permanent redevelopment agency, the city obtained a modest, \$2-million urban design grant, which was used for streetscape upgrades and to build a small performing arts theater. Meanwhile, a private developer stepped up with plans to build a large-scale apartment complex on the department store site. City officials helped assure he obtained the property at a reasonable price, and the project was built.

As more people began living downtown, restaurants, taverns and retailers followed while developers came forward with additional concepts including a massive project on the banks of the Charles River that includes more apartments and retail stores.

Like Deptford in England, Waltham enjoys easy access to mass transit and is close to the Massachusetts Turnpike, making for a short commute between the suburb and downtown Boston. And it was easier to attract additional retailers because Waltham already had plenty of surface parking lots to accommodate the traffic. Now, Waltham is considered one of the hottest spots in the Boston metropolitan area.

What drove Waltham's comeback was the combination of proactive city leaders finding the seed money to jump-start downtown development and the emergence of private sector developers, investors and merchants ready to roll up their sleeves and be part of the solution.

### **Pasadena, Calif.: Poster Child for Redevelopment**

When you think about Pasadena, Calif., you probably associate it with the annual Rose Bowl football game and the Tournament of Rose Parade that precedes it. But this city of around 134,000, which lies about 10 miles northeast of downtown Los Angeles, has in recent years emerged as one of the most vibrant communities in Southern California.

Pasadena absorbed a blow in the late 1970s, when a large shopping center on the main drag failed, despite having a Macy's department store as an anchor tenant. The site sat vacant for several years, until a developer successfully argued that downsizing the complex and turning it into an urban streetscape would attract more retailers and shoppers.

The Pasadena Redevelopment Agency, one of the oldest and most active redevelopment groups in California, pushed for creation of a tax increment financing (TIF) zone, a special designation that funnels real estate tax funds to improvements within a defined geographic area. Those funds allowed Pasadena to boost the fortunes of marginally performing retailers by building parking garages a block away from the retail center. The money also was used for landscaping and streetscape improvements including whimsical art installations. More housing has followed and Pasadena now boasts a lively urban environment that functions into the wee hours.

Strong redevelopment policies backed by the ability to tap public financing paid off handsomely. By creating an eye-catching mix of public spaces and small, local stores – and by investing in parking garages to make visiting more convenient – the city exudes an attractive character and is a pleasant place to stroll day and night.

### **Xin Tian Di, China: Protecting the Past**

A suburb of Shanghai, this community had a large amount of housing stock called "Lingong," two-story residential units built for workers and their families when the Communist Party had its headquarters there. City officials mandated any efforts to revive Xin Tian Di required protecting the historic Lingong buildings and integrating them into any project.

Developers converted some of the buildings into retail space to generate pedestrian traffic. Larger office and residential buildings were erected nearby to complement the renovation of the older structures and draw more people to the city. A large lake was built in the center of the reconstruction zone, creating an urban amenity and providing residents and visitors a central gathering place.

The result in Xin Tian Di is a city that has embraced growth and redevelopment but not at the expense of razing buildings that have been woven into the community's fabric. Some structures are being used for different purposes, but they're still standing.

### **Obstacles to Redevelopment**

While the communities we've examined are success stories, no one should underestimate the difficulties in launching a major redevelopment project.

Anyone contemplating this kind of investment must study the proper mix for high-quality urban design. Housing is a critical component. Retail alone will not revive the fallen fortunes of older communities. Retail helps as a driver of redevelopment because it creates a sense of place in a suburb, but housing investment also is vital.

One of the biggest issues is assembling enough land parcels to allow large-scale development. Redevelopment in Waltham, for example, was much easier to jump-start because the city had a prime site downtown that became the epicenter of the project. In many cases, it takes a lot of time and money to gather individual properties into a large enough mass to start redevelopment.

Residents and business owners opposed to any change, often dubbed NIMBYs (Not In My Back Yard), can slow or derail suburban redevelopment. It's important for civic leaders to take the lead in addressing any and all community concerns. That's a theme running through all these examples: a combination of strong private sector leadership in conjunction with high quality public leadership.

Lack of a national urban strategy, like those embraced in the United Kingdom and other parts of Europe, continues to work against reinvestment in American urban centers. There's been little debate or interest in solving urban problems since the 1960s, when several large-scale federal programs were introduced. Nonetheless, many American metropolitan areas are enjoying a renaissance as people seek out the amenities that cities and close-in suburban communities can offer.

Redevelopment planners must have a good understanding of key economic factors. These include retail, arts and culture, mass transit, amenities and open space. Real estate redevelopment by itself is not enough. It must go hand-in-hand with high quality design, architecture and landscape architecture. That's a combination that is essential for success.