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(Greet audience). I appreciate the opportunity to speak with you about this great region we live in, and what we need to do to keep it that way.



Preserving prosperity and quality of life

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One thing we share is a high expectation for our hometown. We expect Minneapolis-St. Paul to compete for the best and brightest, to thrive in business and the arts, to prosper in city and suburb, and to preserve the natural features that we hold dear. In short, we expect to hold onto our prosperity and our enviable quality of life.



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But quite suddenly the world has changed in profound ways, knocking our expectations off track. A deep recession has damaged our livelihoods and our confidence. Big global forces like energy insecurity and climate change bring new challenges to our way of life – and new opportunities. A new reality is emerging.



1 Stephanie Potts: "Smart Growth and Sustainability: Forces for Change," 2009

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How will this new reality affect our region? The Brookings Institution has been studying this question. Their researchers have concluded that the regions that will win out in the years to come will score high in four essential areas: innovation, human capital, infrastructure, and quality places. They call these winning regions “livable communities.”

Today, I’m going to focus on an important subset of infrastructure – transportation infrastructure – and its critical connection to quality places. I say “critical” because the federal dollars of the future will flow to those regions that develop that connection. And they will not be available to regions that continue to implement status quo transportation and land use plans.

I’ll begin with an overview of what “status quo” looks like. Then I’ll tell you why we need to think and act differently if we want the communities in the Twin Cities region to be livable communities. Finally, I’ll offer recommendations that will take advantage of emerging legislation to unlock federal funds for regions that commit to the future.

That future will look different from our region’s current transportation and land use patterns. In some ways it will look a lot like the past. That means pieces of the picture already are in our possession. What’s more, momentum is beginning to build for the kinds of partnerships that can bring about a complete solution.

Let’s begin.



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Where are we today? We're in our cars, our SUVs and our trucks.

According to the Texas Transportation Institute's annual report, the average Minneapolis-St. Paul metro area driver wastes 43 hours a year stuck in traffic, an eight-fold increase since 1982.

A Met Council report found that households in the region make 10.3 trips per day. These trips and the traffic they generate also impede the reliable delivery of freight so vital to a modern economy. (Travel Behavior inventory 2003.)

This puts pressure on our environment too. 68 percent of petroleum in the U.S. is burned for transportation; 28 percent of carbon emissions threatening our climate are from transportation. (ULI, "Growing Cooler," 2009.) And as we've seen, our dependence on oil makes us more susceptible to environmental disasters like what we are witnessing in the Gulf of Mexico

And there are rising concerns about energy security. The nation's dependence on foreign oil has doubled since the oil crises of the 1970s (Energy Information Administration, Annual Energy Review, 2007)



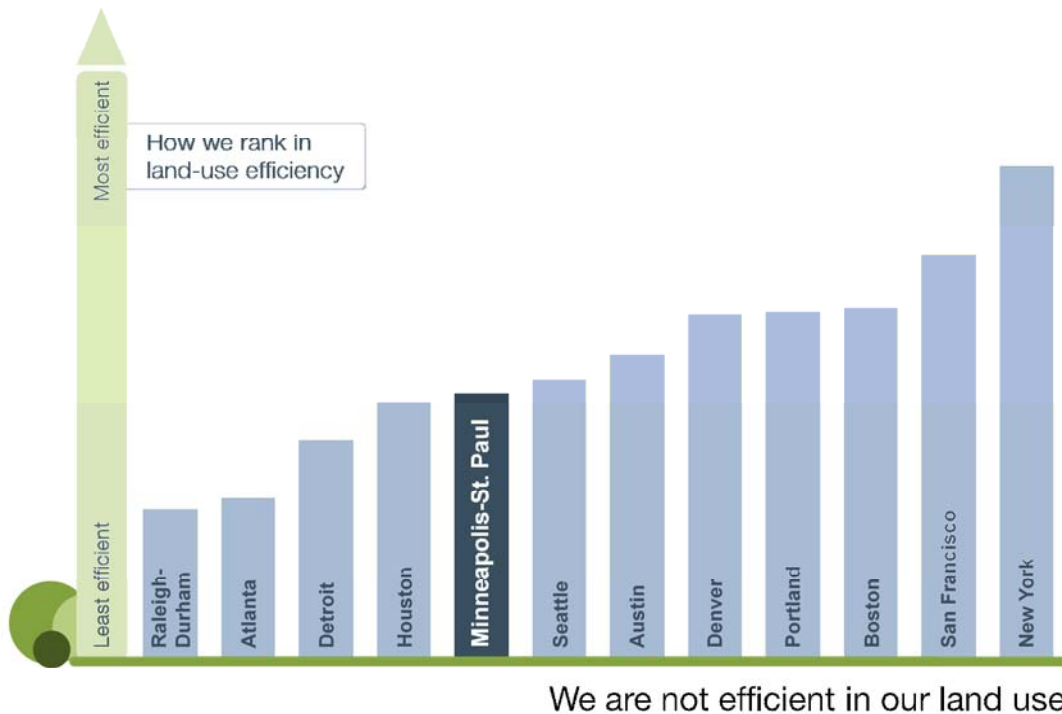


Our auto-dependent lifestyles may even harm public health

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Our auto-dependent lifestyles may also harm public health, contributing to obesity among other expensive conditions.

Medical insurers in Minnesota recognize this point, and have begun to promote compact living patterns that build physical activity into our daily routines -- like walking to work or biking to the transit station.



Reid Ewing, University of Maryland.

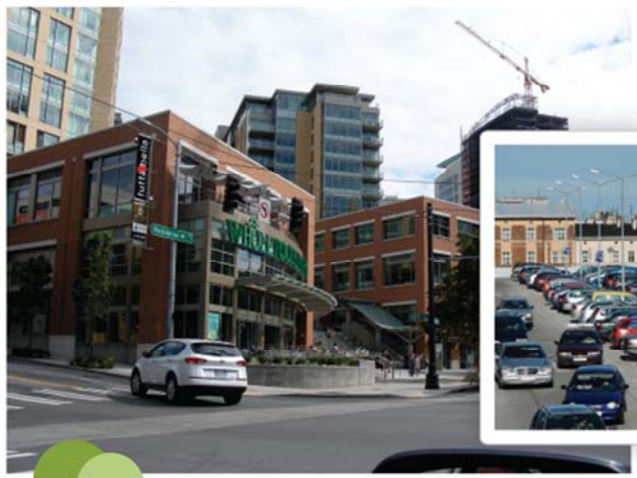
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Why, then, are we spending more and more time in our cars? For one thing, there are more of us. Twenty-five percent of the miles we drive are the result of population growth. But 75 percent is the result of the way we've developed our land. We've put jobs, housing, schools, and commercial centers far from each other. Our regional growth patterns use a lot of land and this means a lot of driving around to get from place to place. (ULI, *Growing Cooler*, 2008 )

In more compact regions like Boston and Portland, Ore., people drive 25 percent fewer miles than in spread-out Atlanta and Raleigh-Durham. That amounts to 24 fewer miles per day per person. (Reid Ewing, University of Maryland)

demand for...

MORE



LESS

demand for...



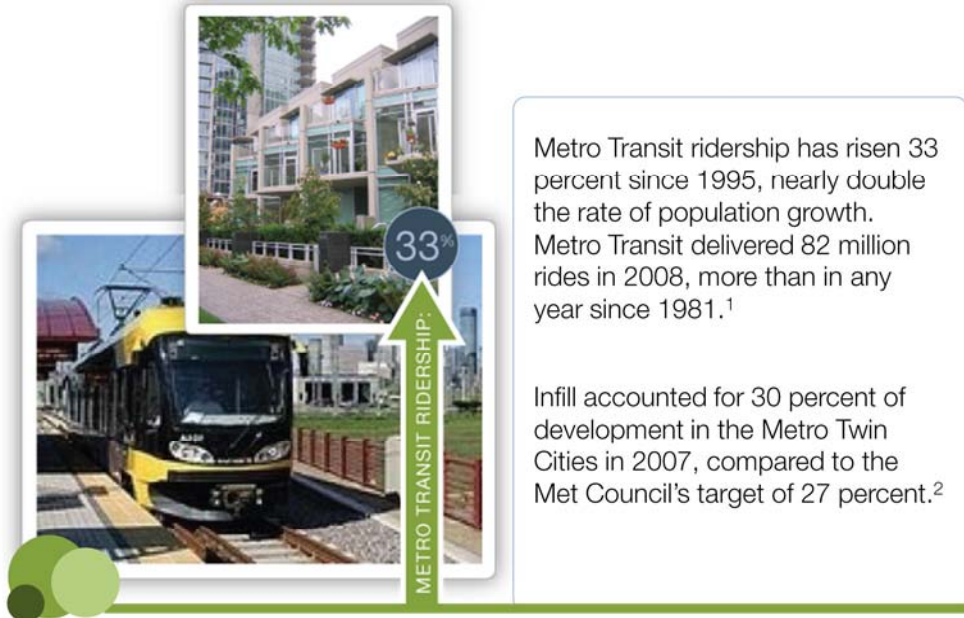
NEW REALITY: We're in a structural change

*Winning metros will invest in infrastructure and create quality places*

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For 60 years since the Eisenhower administration made a significant investment in our Interstate Highways, we built communities that rely on cars for almost every trip to work, to shop, and to play. Fast food, shopping malls and subdivisions flourished. But given the energy security, environmental issues and other problems that I mentioned earlier, it's easy to understand why demand for a new way of building communities is rising.



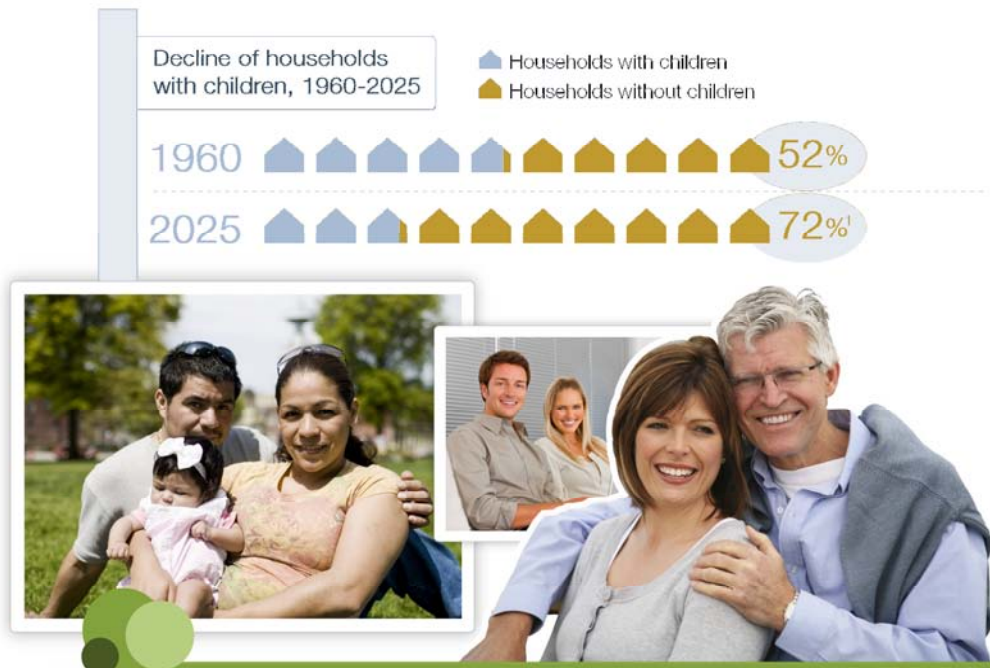


The market is changing

<sup>1,2</sup> Met Council

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We're already feeling that demand in the Twin Cities region. Transit ridership has risen to its highest level in decades, and demand for service is growing. Fuel-efficient cars are in high demand. People are choosing to drive less. Homebuilders are seeing a shift toward smaller homes, closer to destinations. Demand for rentals is increasing.



### Population characteristics are changing

*Older, more singles, more immigrants, fewer households with children.*

1 U.S. Census

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The demand for a new way of building communities will only accelerate. That's because of the profound demographic changes that started even before the economic downturn.

Consider this: Our population is aging, our immigrant population is expanding, and our single households are growing. Fewer households have children. In fact by 2035, almost 3/4s of households in the Twin Cities region will not have children. This mirrors a national trend that has been underway over the past several decades (see above.)

These demographic changes are already fueling a demand for different types of housing and communities – communities that don't depend on spreading ourselves over the greatest amount of land. In fact, just the opposite.



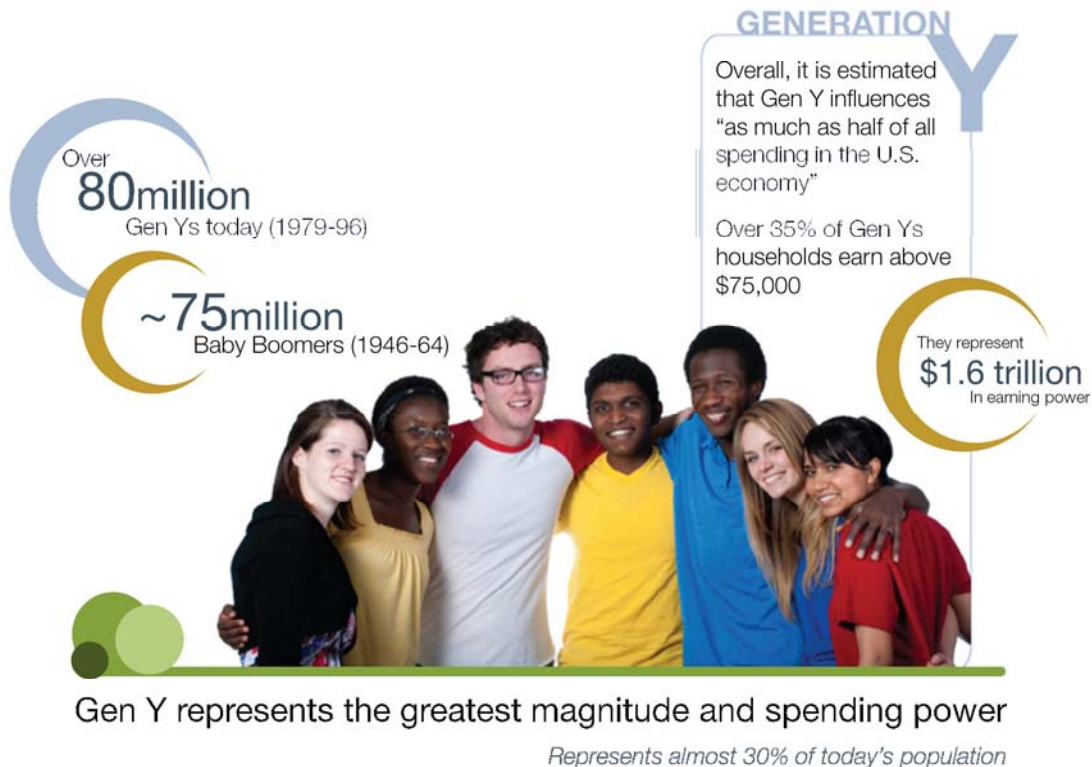
### Baby Boomers seeking active lifestyles, more interaction

*Boomers have made "third places" like Starbucks, Barnes and Noble, and Borders their "community center"*

National Association of Realtors, Smart Growth America. 2004.  
Robert Charles Lesser Company.

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Let's look at Baby Boomers. In 2004, a national survey revealed that Boomers are looking for a low-maintenance lifestyle that supports both independence and connection. They want grocery stores, banks, parks, health services and restaurants in their neighborhoods. Many have made third places like Starbucks, Barnes and Noble and Borders their community centers. This is not your Grandfather's retirement community.



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At the other end of the age spectrum are the Millennials – also known as Gen Y'ers. They were born in the mid-1970s to the early 2000s, and are now the largest share of the U.S. population. They are more than one-and-a-half times larger than Gen X'ers, the generation that precedes them. Millennials also outnumber Baby Boomers, and more than a third are already earning as much as Baby Boomers.

In our region, this is the year (2010) that Millennials will begin to outnumber Baby Boomers. And the desires of those Millennials – like that of the Baby Boomers decades earlier – will have a profound impact on many aspects of the economy.





Robert Charles Lesser & Co., LLC.

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What do Millennials want in their communities? Research by Robert Charles Lesser, one of the country's foremost real estate advisory firms, uncovered three things: Choices, connectivity and convenience.

And they are willing to pay for it. One-third of Millennials are willing to pay more to be able to walk to amenities. More than half said they would choose a home that offered proximity to work and shopping over a larger lot size.

The emerging economy allows this group of young and talented workers to settle wherever they like. The implication for our region is clear: Offering lively, attractive walkable neighborhoods and centers is more than a cosmetic gesture; it's an economic necessity.





*Nationally, changing demands will change product types*

*Demand for attached and small-lot homes will increase.*

Source: A.C. Nelson, "Leadership in a New Era," *Journal of the American Planning Association*, Vol. 72, Issue 4, 2006, pp. 393-407.

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So how prepared are we today to attract and retain this economic asset? A 2006 national study predicts that in 2025 the demand for attached and small lot housing will exceed the current supply by 35 million units. Also by 2025, we will have an oversupply of single family homes on large lots – those “trade-up” homes that are disconnected from destinations and services.



## BACK TO THE FUTURE: Rediscovering the traditional town form

*Compact living will not replace the existing form, but add choices and variety to communities to meet the changing market.*

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What should we do? Immediately, we need to rethink plans to add more single family homes on large lots that aren't conveniently connected to walkable places. Smart people who are thinking deeply about these trends describe a "back to the future" approach – a traditional town form. Smaller homes with a store on the corner. A school just a short walk away. And a job reachable by a shorter drive or by transit. That's the critical connection I referred to – the connection between transportation and place that will retain and grow our future workforce and the quality of our communities.



We have plans for roads and transit...  
...but resources haven't been committed

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How do we achieve the critical connection? I'll offer two broad imperatives, and later I will make some specific recommendations about how to achieve them.

First, we must step up our investment in transit and roads. The state has a plan to build out the metro region's transit system and to modernize the freeway system, but both are significantly under-funded. At current levels, they won't deliver the transportation we need to compete effectively in the 21<sup>st</sup> century. Other regions will pass us by.

Of course, resources are limited. Which brings me to imperative number two: We must begin to connect transportation investments with more efficient land use patterns.



We can't depend on obsolete models

*You can't sell Oldsmobiles to a hybrid world*

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That will require revising our current policies and regulations. They favor the sprawling, car-dependent status quo over the kinds of places that offer connectivity and convenience. In many places our zoning codes don't allow for the kind of mixed use development where shops and condos are part of the same building.

And when we plan our transit systems – the design of the rail line and its stations is done in a separate process from planning the surrounding land uses. This can lead to locating stations in places where there is limited development potential—and then we miss great opportunities to create the kinds of vibrant, convenient places that so many are seeking.



60%

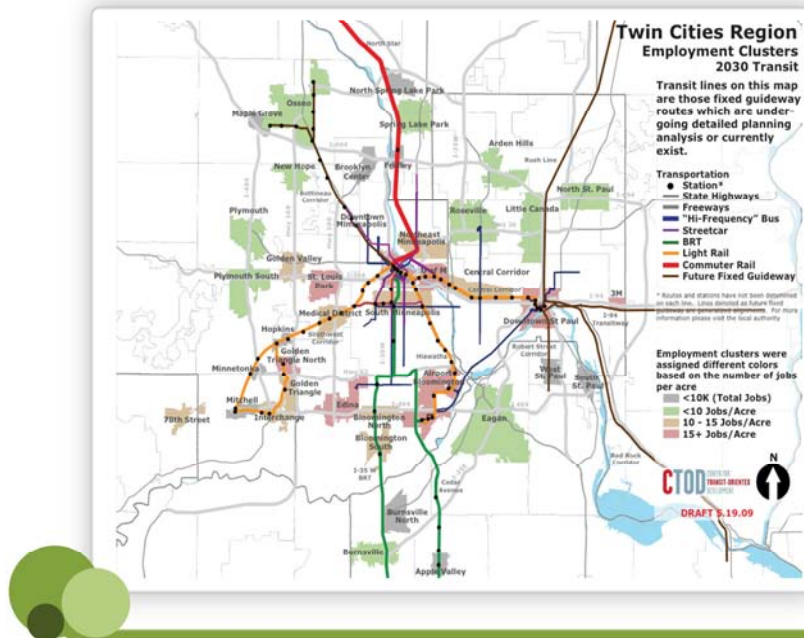
of all buildings expected  
to be on the ground in  
the U.S. by 2050  
are not yet built.

1 Stephanie Potts, "Smart Growth and Sustainability: Forces for Change, 2009"

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So if we build the “back to the future” communities of connectivity and convenience, will they come? Our metro population is now at 3.2 million. We could approach 5 million by 2050. If we’re smart, we’ll position ourselves to capture this growth





Opportunities for growth and change

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That would start with our employment centers. They are located throughout the region as you can see. And they are our greatest opportunities for livable city-type growth. Connecting these areas to our transportation system is essential to economic development and job creation.

**The question for Minneapolis-St. Paul is this:**

Will you be relevant in the 21<sup>st</sup> Century? Because if you cling only to the old way you'll be lapped.

*Christopher Leinberger, Brookings Institution*



BACK TO THE FUTURE:  
Aligning the Minneapolis-Saint Paul Metro to a new economy

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And making these areas more walkable and mixed use will help attract that growth segment of the market that is seeking a more convenient and connected way of life.



Images by Urban Advantage

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Let's look at a few examples of how transportation and land use investments work together.

Here's an image we're all familiar with – an unattractive commercial strip.



Images by Urban Advantage

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We can make it nicer by adding trees, but we still haven't created a lively place where our fastest-growing population segment will want to spend time.



Images by Urban Advantage

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So let's move our businesses closer to the street. Add a couple of stories to the buildings to get that traditional-town feel. Widen the sidewalks so people can dine outdoors and have plenty of space to walk. And increase the convenience factor by including a wide variety of destinations.





Images by Urban Advantage

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And in some locations where transit is possible—either light rail or bus, we give people even more options. A narrower street makes it friendlier and safer for all users—pedestrians, drivers, and cyclists. What you see here is a place where transportation and the surrounding buildings and sidewalks work together to provide people with convenience, choices, and an attractive area to live, work, and play.



Images by Urban Advantage

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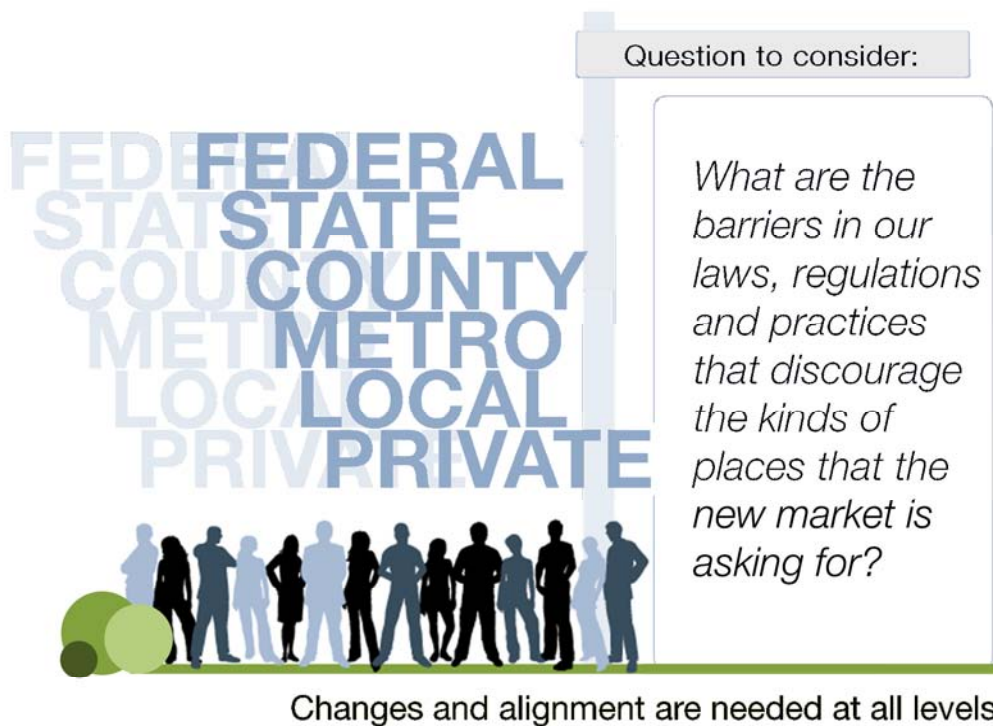
On the other hand, transit by itself does not create a quality place.



Images by Urban Advantage

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It is the connection between transit and land use that maximizes the transit investment.



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Can we get there? Yes. If every level of government, the private sector and others are willing to work together to implement policies that integrate our transportation and land use investments. But how? I'm going to review several recommendations. They capture opportunities at the Federal level, opportunities at the state and local levels, and opportunities for the private sector to make change and benefit from it.

## FEDERAL

*“Our new policy for selecting major transit projects will work to promote livability rather than hinder it. We want to base our decisions on how much transit helps the environment, how much it improves development opportunities and how it makes our communities better places to live.” –*

U.S. Department of Transportation Secretary, January 13, 2010



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Here's the thinking at the Federal level. (Slight pause for people to read.) The U.S. Department of Transportation issued this news release on January 13, 2010. It signals a major shift in how federal transportation dollars will be spent. This shift directly addresses the car-dependent issues and the demographic changes I've been referring to. The shift is being mirrored at other federal agencies, including the U.S. Department of Housing and Urban Development, which announced on May 21<sup>st</sup> that for the first time, HUD will be using 'location efficiency' to score its grant applications.



## FEDERAL

- ✓ *Position our region to compete for federal funds that now focus on livability criteria*
- ✓ *Use HUD-DOT-EPA partnership on sustainable communities to align state and regional efforts*
- ✓ *Support transportation reauthorization reforms that support fully integrated transportation and land use planning.*



Changes are needed at all levels

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But, as you can see by the Transportation Secretary's statement, that will happen only if our region embraces that critical connection between transportation and land-use investments.

**[press mouse to advance to next bullet]**

Alongside the new federal fund requirements is a national movement to design and retrofit our roadways so that they work for all users and are designed with the community context in mind. That movement includes HUD, DOT and the EPA. If we can create a local version of this federal livability partnership to integrate our planning and investment decisions, we will be in a much better position to receive future federal transportation funds.

**[press mouse to advance to next bullet]**

We can also support efforts to create a new federal transportation bill that supports fully integrated transportation and land use planning. We are working on this locally as we plan for development along our light rail corridors. Our goal is to create convenient and connected neighborhoods that will have easy access to transit and amenities.

# STATE REGION LOCAL

- ✓ *Reform policies and funding criteria to link transportation and land use investment*
- ✓ *Fund and accelerate the build out of a multi-modal regional transportation system*
- ✓ *Establish one regional transit office with a land development function to bring TOD to scale*
- ✓ *Adopt complete streets policies and align with place-making strategies*
- ✓ *Adopt regulatory mechanisms that support mixed use development and maximize transportation investments.*

Changes are needed at all levels

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In our own backyard, reforming policies and funding criteria so that transportation and land use investments are linked is a key step.


We need to ensure that there is adequate funding to accelerate the predictable build out of our region's multimodal transportation system.

As we build out our rail system, we need to create a transit office that has a land use function so that while we are laying tracks, we're working with local government to create great places along the line that maximize ridership and give people choice and convenience.

Locally, we can create "complete streets" policies that make our streets safe and attractive places for all users.

Finally, to make it easier to do more transit-oriented and mixed use development, local governments need ordinances and zoning that support it.

# PARTNERSHIPS



✓ *Foster public-private partnerships to leverage and align talent, experience and resources*



No one sector can do it alone

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The public sector can't do this alone. Partnerships with foundations, banks, non-profits, businesses, and the real estate community are essential for advocating for change and getting projects implemented on the ground.

Moving forward, these partnerships will be critical for ensuring that we get the federal dollars that will be available to create the communities that will drive our region's prosperity in the future.

# THANK YOU



This presentation was assembled by ULI Minnesota,  
the Regional Council of Mayors, and the Itasca Project

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Thank you for allowing me to speak with you today. Over the past X minutes, I described how our current transportation infrastructure and land use methods evolved. I shared with you why we need to think and act differently in order to compete in the future. And I offered recommendations that will take advantage of federal transportation funds for regions that aspire to be livable communities.

I began this presentation with a comment about Twin Citians having high expectations for our hometown. And why not? We live in a great region of a great state. We can keep it that way if we work together. There is no time to lose. Thanks for your time today.

