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## In-Fill development - a new and growing opportunity

As suburban residential development becomes increasingly challenging and complex, developers are discovering a robust alternative right in their own back yard. Older in-fill locations in the suburbs are ripe for redevelopment and revitalization, often at premium prices and ready market acceptance.

Most suburban developers have seen entitlement processes become expensive, time consuming and adversarial given political resistance to traffic congestion and suburban sprawl. So some are now looking to previously passed-over sites in closer-in suburban locations. While there are obstacles and challenges to overcome, these developers – along with the community and consumers – are reaping big rewards. What exactly is meant by “in-fill”? In-fill locations are best described as properties that are either vacant or under-utilized that are located within an already developed area. Such lands have either been bypassed for development altogether or are not currently at their highest and best use.

Yet, the market for suburban in-fill locations is deep and broad. According to the 2000 Census, less than 1 in 4 households in the U.S. is a nuclear family and by 2010, there are expected to be fewer households with children than in 2000. Within suburban markets, extensive demand exists by “mingles”, singles (both men



and women), never-marrieds, divorcees, and empty nesters for product other than conventional single family homes in subdivisions. With time being at a premium in today's consumers' lives, a sizable segment of the market seeks convenient transportation to work, walkable communities and proximity to “fun”, restaurants and quality of life amenities. These non family-oriented consumers are driven by different motivations.

Product design follows the desire by many Generation X professionals to make creative, statement-making housing choices with one of a kind character. Baby Boomers who are “pre-retirement yet post children” also seek image-defining spaces. And conventional Empty Nesters continue to be a deep and affluent source of demand for move-down In-fill

housing in low maintenance, conveniently located environments.

As a trade off for a convenient location, the market will usually forgive negative issues surrounding a suburban In-fill development – such as sites which are proximate to deteriorated and abandoned structures, blighted industrial properties and active train lines. Because this market values walking to night life and transportation, they will tolerate more rugged, transitional surrounds and will even pay a premium for the unconventional – in both for-sale and rental spaces. Surprisingly, single professional women do not appear deterred by questionable surrounds so long as garage parking and security alarms are provided in the units. Some developers have learned that the market is bolder than the developers!

Daring products can take buyers or renters to a marginal neighborhood. Unique product can capture the imagination of local government officials and enlist them as partners in making the project happen. Exciting product can galvanize consumers and create buyers not otherwise in the market. And to the extent new product blends attractively into the existing community, it can win over neighbor support.

How can you spot an In-fill development opportunity? Sites for In-fill come in all

shapes, sizes and states. Since undeveloped sites were typically passed over for a reason, well-located sites may be blemished by proximity to expressways, high tension wires or active railroads. Others may be environmentally contaminated or have title issues. Occasionally, pristine undeveloped land has stayed in a family for generations, such as farmland, or an orchard or nursery, allowing development to bypass it completely; however, the zoning often lags behind current market trends.

Municipalities with land to revitalize will often look for established suburban developers with good reputations to sell the ground to. They will work with a developer partner to rezone a site for a preferred use, or to offer concessions necessary to get the project financed or constructed. Tax Increment Financing is one common technique offered by local governments to spur private sector interest in In-fill sites.

Land planning becomes very critical with each site being unique. Conventional, three story townhomes can take on a pedestrian-friendly, courtyard orientation in densities of over 10 units per acre while still achieving rear-loaded access at grade. These can be done with a homeowners association owning the alleys and courtyards.

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