

Is The 2% Strategy A Solution for Southern California?

by William Fulton

A region as large and complicated as Southern California – 17 million people spread across 187 jurisdictions covering thousands of square miles – is not powered by any one single force. What happens here is the result of a combination of economic, cultural, and political forces all across the globe and how those forces manifest themselves here at home. When you think about the way in which our region has been affected in the last three decades by war throughout the world, the economic rise of East Asia, the end of the Cold War, the decline of the aerospace industry, and economic and political strife in Latin America – well, it's hard to imagine that regional efforts to manage growth are worth thinking about at all.

But regions do rise and fall in large part based on the policy decisions by their civic and political leaders. The original rise of Southern California as an urban power in the early part of the 20th Century was due in large part to such decisions – decisions to import water to the region and to build a vast regionwide transportation system capable of accommodating lots of additional growth.

Here in Southern California we are in the process of envisioning anew what our region's future might look like and struggling to

find ways to make that new vision become a reality. As is typical of the region, this new "visioning" effort is taking place in many different locations and venues around the region.

Such efforts have taken place through SCAG's Compass project, a regional growth visioning effort that has used a variety of outreach methods, including public opinion surveys, workshops, and media articles. But it also takes place at the subregional level and in many City Halls and County Halls of Administration throughout the region. To say nothing of civic and nonprofit visioning efforts and attempts by Chambers of Commerce and other business groups to get a hold on the future of the region as well.



Southern California's need to rethink its future has emerged clearly from the demographic and economic changes of the last 30 years – the decline of the postwar middle-class

suburban dream and the rise of a more multi-ethnic, post-industrial society. Curiously, though, the current crop of regional planning efforts didn't come from Southern California at all. It came from a more classically suburban and homogenous area – Salt Lake City – where a civic group formed by Gov. Michael Leavitt and business leaders known as “Envision Utah” engineered a regional planning exercise almost a decade ago.

The biggest breakthrough that emerged from Envision Utah was what has come to be known as the “chip game”. You get civic, political, and business leaders around a table with a map of the region, you give them “chips” that represent increments of future growth (in Salt Lake City these were squares of paper), and you tell them to put the chips down where they think the growth should go.

In the introduction to our book *The Regional City*, Peter Calthorpe and I described how Leavitt (now the EPA administrator) and other leaders initially laid the chips down next to each other, consuming all agricultural land and scenic mountain plateaus. Then, realizing that this will destroy open land they value, Leavitt and his colleagues began laying the chips on top of each other and on top of existing urban areas – in locations that were either underbuilt or in need of renewal.

The “chip game” was part of the foundation of SCAG’s Compass project, which was designed to create a regional consensus about where future growth in Southern California might go and how it would be accommodated. But translating a technique developed in Salt Lake City to Southern California caused a few understandable bumps in the road. At 1.6 million people, metro Salt Lake is one-tenth the size of the SCAG region – indeed, it’s about the size of a SCAG subregion. And in such a big region with so many areas oriented toward a slow-growth approach, it’s tempting just to put the chips in your pocket and pretend they don’t exist – or else push them so far away from your neighborhood or town that your life will be unaffected, even though somebody’s life might be seriously messed up as a result. This is the typical outcome of the Regional Housing Needs Assessment, not just in Southern California but throughout the state. And it is exactly what happened in some of the Compass workshops.

But what also happened was an increased understanding that we’re all in this together, and future growth has to go somewhere. And although we might continue to fight about where growth will go – and how much of it will go here or there – most civic and political leaders in the region have now bought into SCAG’s “2% Strategy”. This idea suggests that by focusing most growth on 2% of the land mass of the region – mostly in centers and corridors and near transit stops – we can





accommodate most future growth in ways that strengthen and reinforce the region rather than make it more unmanageable.

The “2% Strategy” might seem pretty far-fetched at first, but it’s really just an acknowledgment of the great urban design defect of Southern California, which is a lack of what might be called “centeredness”. Unlike elsewhere in the country, sprawl is not many problems but just one problem: a lack of strong downtowns and town centers.

A century ago, the Red Car system created a string of pearls from Santa Monica to San Bernardino – town centers that were compact, walkable, and diverse. Dozens were created, from Pasadena to Huntington Park to Laguna Beach to Ventura. Since the 1920s, however, most of Southern California’s growth has focused on the automobile. For most of that time, the urban landscape of the region became more

and more attenuated and the compact centers, little by little, withered away.

By any measure, this is the biggest problem in the region. Recently, academics Reed Ewing and Rolf Pendall, along with Smart Growth advocate Don Chen, attempted to define and measure sprawl throughout the nation. Their conclusion was that sprawl has four components: low population density, a lack of diversity at the neighborhood scale, a street system that is not connected, and a lack of strong downtowns and town centers.

Surprisingly, they found that most of Southern California – especially the coastal counties – scored very well on the first three components. Population density is high and getting higher – a function partly of household size but also of the fact that the region is not characterized by low-density subdivisions. (It’s also due partly to the fact that open-space efforts are creating a de-facto urban growth boundary around the region, thus driving urban densities up.) The typical neighborhood contains a vast array of businesses and services – even if they are not always easily accessible on foot. And, thanks to superior planning in the suburban era, the idea of an interconnected street system is deeply embedded in most of the region.

Downtowns and town centers, on the other hand, are not nearly as strong here as they are elsewhere in the country. The researchers found that Orange County, for example, ranked 6th out of 83 metropolitan areas in density, 5th in street

connectivity, 13th in neighborhood mix – and 73rd in centeredness. Results for Los Angeles and Ventura County were similar. Even Riverside/San Bernardino – the most sprawling area in the nation by far, according to the study – was in the middle of the pack on density but ranked 81st out of 83 areas in centeredness.

So how do we recapture our centeredness – how do we find and strengthen those city and town cores that serve as the focal point of the region’s growth in the future? Conceptually, this isn’t hard, though the practical politics can be tricky.

We know where these centers are. They include the unparalleled collection of old suburban downtowns with which Southern California, owing the Red Car days, has been endowed. They include suburban-era centers that are quickly morphing into something more than office districts or business parks – places like Valencia Town Center, Century City, and Irvine Spectrum. And they include the old commercial strips and dead malls – the vast expanse of obsolete retail land so vital in the 1950s or ‘60s but unable to compete today with Nordstrom or Wal-Mart.

The “how” is obvious as well. The problem of centeredness is not particularly a problem of office or retail space or even industrial land – at least not in Southern California, where

most of these activities are already crammed together in close proximity to one another. The problem of centeredness is, in a word, a problem of housing. And this requires nothing less than a revolution in the way we think about how our communities are constructed.

There’s a general consensus in the U.S. that housing is the key to social stability and – extremely important given the region’s vast working class – it’s one of the keys to upward mobility as well. But in Southern California, it’s also the key to “centeredness”.

The most important reason for this, of course, is that the vast majority of urban land – up to 70% in many cases – is used for housing. A region can be sprawling or not. It can be auto-oriented or focused, at least in some locations, on a transit system. It can have strong centers or not. But whatever this form is, it depends in large part on what type of housing is built and how it is distributed across the landscape.

Housing is important for another reason too: It is the hottest sector in the real estate development market right now. Yes, house prices have finally flatlined after four years of astronomical increases. But the pent-up demand is still strong, and the apparently permanent inflation in prices has changed everybody’s pro-forma. Developers and urban landowners who were looking at office towers 15 years ago





and entertainment retail seven years ago are now looking at small-lot single-family subdivisions, townhomes, and condominiums.

Housing starts throughout California were slow in the '90s, but they have been on the rise rapidly since 2000. And although the single-family figure statewide has remained constant at 74%, multifamily construction has increased rapidly in the land-starved coastal areas of Southern California, especially Los Angeles and Orange counties. In L.A. County, multifamily projects constituted 10% of the net housing increase during the 1990s; according to Department of Finance estimates, that figure rose to 50% for the years 2000-2003. In Orange County, the multi-family figure rose from 13% to 32%.

These figures do not mean that the huge single-family housing market in Southern California has vanished. Mostly, it has

moved inland – especially to the blazing Riverside County market, where single-family detached homes have accounted for almost 90% of housing starts in the last four years – up from 81% during the '90s. In fact, from 2000 through 2003, Riverside County produced 66,000 single-family homes – twice as many as any other county in all of California.

But these statistics do mean that more and more people are choosing to live in townhomes, apartments, and condominiums in crowded and expensive urban areas – sometimes out of economic necessity, sometimes to avoid a wearying commute, and sometimes even as a lifestyle choice.

One of these people is me. After 16 years of living in a typical suburban '60s tract, I have now lived for about a year in historic downtown Ventura. It's been quite a transition. One of the things I often say when I give speeches about how Southern California is changing is that, over time, people are going to have to acclimate themselves to a more urban lifestyle – something that many suburbanites can't even visualize.

So I'm trying. But it's not all upside. I love easy access to transit but I have a hard time sleeping when the buses start rumbling by at about 5:30 a.m. every day. The police visit my block every once in a while, and the homeless wander by on a regular basis. I have already lost a beloved dog to a traffic accident that probably wouldn't have occurred in a more quiet suburban setting. And I'm still getting used to the idea that

my 14-year-old daughter can just yell, “See ya!” and be off to some store or shop on her own.

But I can walk to my local farmers’ market, and the 10-screen movie theater is just past the library. Even my elected responsibilities are only four blocks away at City Hall. Sometimes a couple of days pass without me getting in my car, and I don’t even notice it. And, of course, the skittishness in letting my daughter out into the world on her own is only part of the equation. I also have a sense of both relief and pride that she can gradually learn to navigate the world on her own, little by little – rather than all at once when I hand her the car keys.

These are the benefits a more urban lifestyle confers. They’re not, from a suburban way of thinking, conventional benefits; in fact, many people would probably not consider them to be benefits at all. But they represent something different – and they are benefits not just to me, but to the community and even the entire region.

Of course, simply building higher-density housing willy-nilly will not, in and of itself, provide these benefits. Part of the “2% Strategy” is not just confining new growth to 2% of the land, but knowing which 2% to focus on. And this is the revolutionary part, because traditional downtowns and town centers – even the beloved small suburban centers of Southern

California – were not traditional places where people lived.

As MIT professor Robert Fogelson points out in his excellent recent book *Downtown*, the emergence of the American downtown between 1880 and 1920 was based on the opposite premise: that a downtown was exclusively a business district where nobody lived. Businesses were centralized in downtown, while residents were dispersed in suburban districts. There may have been flophouses and declining working-class districts on the outskirts, but in order to gather the vast number of people required as workers and shoppers, downtowns depended not on local housing but on modern transportation systems, especially trolleys.

So when we talk these days about creating vibrant town centers by building housing, we are not talking about the way things used to be. We are talking about a revolution — inserting housing into districts that, historically, were used exclusively for offices and stores.

Sometimes the process of revitalizing a retail downtown in a traditional way can morph, oddly, into the creation of a town center focused around housing. The revival of Old Town Pasadena began, 20 years ago, as an effort to revive a deteriorated retail district by leveraging off of strategically positioned parking garages. Though Pasadena’s rich history, its location in the metropolitan area, and its stock of



commercial buildings from the 1920s were considerable assets, the reality of the early 1980s was far from appealing. (I well recall visiting pioneering developer John Wilson in 1985 and enduring cracked windows and the smell of urine while venturing up to his spectacularly appointed condominium.)

Now the, auto-oriented retail success of Old Town Pasadena has evolved, improbably enough, into a second wave of urban renaissance that is focused on transit-oriented housing. Old Town became such a compelling destination that a housing market emerged, driven at least partly by the construction of the Gold Line light-rail system. Now the commercial buildings of the '20s and the civic masterpieces of the City Beautiful era are punctuated by such 21st Century wonders as apartments built on top of a '70s shopping mall and condominiums constructed, quite literally, over the tracks of a light-rail station.

If the 2% Strategy is going to succeed, these are the kinds of places we have to focus on. Densifying 2% of the region won't do any good if it's just any 2% -- that is, whatever 2% of the land that developers happen to gain control of and think they see a market for. We have to target the 2% of the land that includes places that can serve as true focal points – can accommodate more growth – and can use that growth to shape a different and more urban kind of place.

There are many of these locations in Southern California – and, indeed, many more than there used to be. There are not only the old downtowns everywhere, but also the evolving

shopping centers and commercial strips in places like north Orange County – located in neighborhoods both rich and poor which are clearly on the cusp of change. There are new transit nodes in places like Hollywood, which, because of transit construction, have an entirely different kind of capacity for growth than they used to. There are emerging regional centers such as Valencia Town Center, where a new downtown has been invented out of whole cloth.

If there is one other lesson from Envision Utah and other recent regional planning efforts, however, it is the challenge of implementation. For local elected officials, moving chips around on a big map of the region does not readily translate into downzoning Joe Blow's property on a Monday night to protect open space, or upzoning land in a promising center when you are confronted with a group of angry neighbors.

And herein lies a risk – a risk that Southern California's new more urban lifestyle, focused around new development in the region's vibrant centers, will somehow be maldistributed across the landscape. It seems likely, for example, that densification will occur mostly in two types of locations.

The first is the affluent area – already somewhat dense – where the economics of densification are so overpowering that developers will conclude that it is well worth fighting all the political fights to get a project through. This is the story of Pasadena, of the Westside of Los Angeles or Santa Monica, or the beach towns in Orange County.

The second is the working-class town that is already being overwhelmed by population growth – the older suburbs of southern L.A. and north Orange County, and in the sliver of land in between the 10 and 60 Freeways in the San Gabriel Valley. In these towns, the usual political opposition to more housing dissipates somewhat, because local politicians can see they are getting the people whether the houses are built or not.

The hard part, as always, is the batch of small affluent suburbs capable of putting both money and political power behind resisting growth. These towns are usually the flashpoints of regional growth debate – and, in particular, the pockets of resistance to the Regional Housing Needs Assessment process. The political reality is that growth will be distributed based on the mixture of political tolerance and economic pressure.

But the 2% Strategy holds the potential to move beyond the stalemate, especially if it focuses on locations that have true potential to become transit-oriented centers. A few of the centers are located in the pockets of resistance, but not many. Most are located in exactly the places where growth is flowing anyway – the affluent areas where the political battle is worth it to the developers and the working-class locations where the population is growing. The 2% Strategy will work if we let

growth flow where political and economic forces are driving it anyway, but focus it tightly on centers that hold the potential for truly urban living.

Believe it or not, the political equation inherent in this strategy may actually work. As I stated earlier, the political climate about housing is changing in many Southern California communities – especially those places that are getting population growth whether they build housing or not. In those communities, young elected officials are building political careers on the idea of building more housing, not less – something that would have seemed like a political loser almost everywhere a decade ago. And, surprisingly, many slow-growthers have some sympathy for this idea as well. They see the need for more housing; they see that if it's not built at high densities it won't be affordable – and they understand that if it is built in centers that means it won't be built in their neighborhoods.

Thirty years ago, when Southern California seemed mired in an endless struggle over how to be well-planned and low-density at the same time, the visionary L.A. City Planning Director Calvin Hamilton understood both the elegance of this solution and its political power. He called the idea “the centers concept.” The idea was to focus most development into compact nodes that would revolve high-density residences and office/retail centers.



In the process, the city would protect the vast areas of single-family homes where longtime residents lived – and where the political clout of slow-growthers was based.

Hamilton’s vision didn’t survive the rough-and-tumble politics of 1980s Los Angeles, when developers used political muscle to create new nodes in less than optimum locations – causing the slow-growthers to lose faith in the planning process.

But now it’s 20 years later. Southern California is much more crowded and expensive, and we have learned a great deal about what it takes to actually implement some of these great ideas. Envision Utah, for example, isn’t a government agency. Rather, it is a regional nonprofit civic group dedicated to crafting a regional plan and then advocating for its implementation. Implementation in Salt Lake City has not always been easy, but Envision has taken the innovative step of funding pilot implementation projects. It’s now a permanent organization that is trying to oversee, prod, and push in the years ahead.

Similarly, the Housing Action Coalition – an offshoot of the Silicon Valley Manufacturers Group – is an example of a regional business advocacy group that has played an important role in implementing

a similar solution in the San Jose area. Initially focusing on just two criteria – high density and transit proximity – the group has been successful in advocating for housing projects largely because it is made up of regular business leaders, not developers.

So there are ways to make the 2% Strategy work: Focus on housing. Focus tightly on centers and other locations where opportunity exists. Don’t let opportunistic developers shift the focus to land elsewhere that they happen to own. And work with a wide variety of partners – including the business community, not just the real estate folks – to lobby for implementation. Government can’t get the job done by itself, and in the past similar ideas – such as the centers concept – have been derailed by short-term political manipulation. But the dynamics of growth in Southern California have changed so much that maybe this time the 2% Strategy will work.

*William Fulton is president of Solimar Research Group and a senior scholar at the School of Policy, Planning, & Development at the University of Southern California. He is the author of several books, including *The Reluctant Metropolis* and *Guide to California Planning*. Mr. Fulton is also a City Councilmember in the City of Ventura.*