EXECUTIVE SUMMARY

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Executive Committee

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Following a century of uninterrupted growth, the Southern California region is now the second largest metropolitan area in the U.S. As highlighted in our first Regional Progress Report (RPR), the region’s urban landscape has transformed drastically during this time.

Although trends such as population and employment decentralization and suburban and exurban expansion continue, traditional development patterns such as sprawl cannot by themselves account for this transformation. Given the sheer magnitude of this continued growth and the ongoing tumult in the housing markets, this issue of the RPR is timely and consequential.

Consider Irvine. While other cities in the region have struggled with shrinking tax bases and inability to attract new investment, Irvine has grown into a thriving economic hub with the highest jobs to housing ratio among large Southern Californian cities. Although complex, this regional transformation has not occurred in a random fashion. Rather, it has resulted from actions taken by individuals, groups, and agencies with specific goals in mind.

The way in which this transformation unfolds will determine the vitality of our neighborhoods and the health of the entire region. Understanding the nature and consequences of these transformation patterns is thus vital in planning for growth, development, and quality of life.

In this second Southern California RPR, we attempt to reveal the complexity and dynamics of our ever changing region. We analyze patterns in land development alongside socioeconomic changes within the six-county Southern California region – Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties – over the last 20 years.

First, we describe the changes in land use patterns for clusters of cities during this period. We follow with statistical models that explore why development happens as it does in certain locations. Second, we assess the consequences of this land use change for neighborhoods, paying particular attention to its impact on the economic vibrancy of neighborhoods.

Although these first two foci can provide some meaningful insights into the nature of development in the broader Southern California region, the latter part of the Report utilizes the insights from these analyses to make projections about a key development site in Orange County: the Great Park area.

Consistent with the larger goals of the RPR series, we hope that our models, using detailed demographic, social, environmental, economic, and quality of life trends, will provide valuable knowledge and information for policy makers and the public alike, and thus help inform public discussion about the future of the region.

Presented below are a summary of some of our key findings.

**Development Patterns**

- From 1993 to 2005, a consistent trend in Southern California was the development of single-family housing units. Single-family residential land increased by 15% (in acres), a pace that matched regional population growth rate (approximately +14.6% from 15.5M to 17.6M).
- While single-family residential increased in all six counties, the net growth rates varied
substantially, from Los Angeles County’s 5% increase in acres to Riverside’s 45% increase in acres.

• Nearly 95% of all new single-family housing was developed on vacant or converted agricultural lots. In other words, the transition from other urban uses, such as other type of residential and open space & recreation, to single-family housing was not substantial.

• The growth in multi-family residential land was about half the rate of single-family units (about 8%), although the scale of these multi-family projects appears to have increased over this period. This increase in scale seems most pronounced in Los Angeles County and Orange County.

• Los Angeles County lagged behind all other counties in multi-family residential land development in both numbers of parcels and area. Los Angeles only added 900 acres, while Orange added 3,000 acres and Riverside added 1,600 acres.

• Non-residential urban land uses also expanded substantially within the region. In particular, “Mixed Development” uses increased by more than 50% (in acres) between 1993 and 2005. However, industrial uses (i.e. light industrial, heavy industrial, and extraction) actually shrunk in Los Angeles and Orange counties, though it increased in the region overall.

Each county had distinct patterns of land use conversion:

1. Imperial County extensively developed farmland areas.
2. Los Angeles County was outpaced by Orange, Riverside, and San Bernardino in acres of various types of new development.
3. Orange County saw a large expansion of multi-family residential but a substantial decline in industrial land and military uses.
4. Riverside County rapidly grew in single-family residential and public facilities, which are associated with population increase.
5. San Bernardino County saw substantial gains in land for commercial & services, industrial, and transportation, communication & utilities.
6. Ventura County experienced a modest expansion of its urban territory, falling between Los Angeles and rapidly expanding Riverside and San Bernardino.

**Explaining Land Use Development**

• Proximity to amenities had important effects on which types of development occurred. Closer proximity to business subcenters and the beach increased the likelihood of single-family housing, multi-family housing, commercial, industrial, public infrastructure, mixed-use, open space & recreation, and office space development.

• Proximity to transit stations increased the likelihood of single and multi-family residential, commercial, industrial, public infrastructure, mixed-use, and office space development.

• Proximity to transit stations also increased the likelihood of redevelopment into commercial, public facilities, and office space.

• On the other hand, proximity to freeways reduced the likelihood of single-family units, which is preferable from the perspective of reducing exposure to noxious fumes on highways; instead such parcels were more likely to experience commercial or transportation,
communications, and utilities development.

- Whereas proximity to freeways increased the likelihood of land being redeveloped into commercial and industrial, it also increased redevelopment into multi-family housing.

- Diversity in neighborhoods appeared important for some development. Neighborhoods with a mixture of land-uses were more likely to experience single and multi-family, commercial, industrial, public infrastructure, and office development.

- Although racial and ethnic heterogeneity in neighborhoods appeared to reduce single-family, multi-family, commercial, mixed-use, and office space development, this effect disappeared in the most recent decade; furthermore, racial heterogeneity had no effect on redevelopment.

- The education level of the residents appeared to impact development. Neighborhoods with a higher percentage of residents without a high school degree were less likely to experience single-family, multi-family, commercial, mixed-use, and office space development. And such neighborhoods were more likely to experience redevelopment into commercial, industrial, and public facilities.

- Neighborhoods with a higher population density (in the initial year) were more likely to experience single-family, industrial, public facilities, mixed-use, and office space development.

**Consequences of Land Use Development**

- New urbanism styles of development (e.g., higher population density and walkability) appeared to induce more rapid increases in neighborhood housing prices and loan amounts. They also experienced incoming residents with higher incomes over time.

- The mix of land use in a neighborhood also appeared to increase sales prices and reduce unemployment: home loan appreciation was higher if the neighborhood not only had high amounts of retail, but also high amounts of retail in nearby areas. In contrast, a neighborhood that has retail nearby, but not in the neighborhood itself, experienced the lowest appreciation rates. And neighborhoods with low levels of retail in the neighborhood and nearby experienced the largest increases in unemployment over time.

- Consistent with the push for more dense developments, there appears to be a strong preference for shorter commutes as neighborhoods with longer average commuting distance experienced lower appreciation in home sales prices and home loan amounts over time, as well as lower average income for incoming residents and increasing unemployment rates.

- Nearby parks have positive consequences for neighborhoods. Closer proximity to a park for homes in a neighborhood led to greater increases in home sales prices and
home loan amounts. Such neighborhoods also experienced greater increases in retail jobs over time, and lower unemployment rates.

- It was also the case that the size of the park mattered, as larger parks showed positive effects as well. Home sales prices and home loan amounts increase more strongly if the nearby park is larger than if it is a small park. Neighborhoods near large parks also experience a stronger growth in white-collar jobs over time.

- The presence of highly educated persons has notable positive effects for neighborhoods over time. Neighborhoods with more highly educated residents (at least a bachelor’s degree) experienced larger increases in home sales prices and loan amounts over time. Such neighborhoods also experienced a greater influx of higher income residents over time, falling unemployment rates, and a larger increase in white-collar jobs.

- The presence of unemployed residents had additional negative effects on a neighborhood over time. Neighborhoods with higher unemployment experienced smaller increases in home sales prices and home loan amounts over time. Such neighborhoods also saw losses in retail and blue-collar jobs over time.

- Another measure of neighborhood disadvantage—the poverty rate—had a negative effect on white-collar job growth over time.

- Neighborhoods that suffered from a higher vacancy rate of housing units experienced fewer white-collar and blue-collar jobs over time.

- The level of violent crime had important consequences for the economic health of the city’s neighborhoods over time: neighborhoods experienced smaller increases in home sales prices and home loan amounts over time if they were in cities with higher violent crime rates. The income level of residents moving into neighborhoods in high violent crime cities were also lower over time. Cities with higher violent crime rates experienced decreases in white-collar, blue-collar, and retail jobs over time.

- A city’s financial health had important consequences, as cities with a higher revenue to expenditure ratio had greater increases in home sales prices and home loan amounts, as well as greater increases in the income of incoming residents.

- An increase in the number of retail or blue-collar jobs in a neighborhood led to more white-collar jobs the next year.

- White-collar jobs appear to spur job growth, as neighborhoods with a large number of white-collar jobs in nearby areas showed greater growth in retail jobs; furthermore, a large increase in the number of white-collar jobs in nearby areas increased retail jobs in the neighborhood the following year.

**Land Use, Parks, and Crime**

- Whereas blocks with parks have more crime than a residential block, they typically have less crime than a block in a commercial area, industrial area, or a school.

- Big parks in our study have less crime than do smaller parks.

- Big parks will tend to have less crime if they are surrounded by government buildings, office buildings, retail, or recreation use.

- But big parks will tend to have more crime if they are surrounded by vacant lots or industrial land use.

The full report is available at: http://socialecology.uci.edu/mfi
The blocks near a big park will tend to have less crime if they have more medical buildings, recreational land use, or vacant lots.

But blocks near a big park will tend to have more crime if they have more industrial land use.

**Projecting Great Park Development**

If “no development” is not an option, the 1990 to 2005 model indicates that open space & recreational would be the most likely land use, and the 2001 to 2005 model indicates that mixed development would be the most likely land use in the Great Park area.

If no development is an option, both the 1990 to 2005, and 2001 to 2005, models indicate that no development would be the most likely outcome for the Orange County Great Park (OCGP) parcels.

From a jobs perspective, the largest projected job growth occurs under the scenario with mixed development of 50% housing and equal percentages of retail, offices, and industrial land use. Job growth is projected to be next highest in the scenario mixing housing, retail, and office. In contrast, job growth is projected to be lowest under the housing-dominant or retail-heavy scenarios. Although our simulations did not attempt to project crime rates, it is worth noting that our chapter 4 results found that big parks surrounded by industrial land use tend to have more crime; given that violent crime impacts sales prices over time, this might have consequences for the industrial-heavy scenario. Despite the inherent trade-offs in these scenarios, the projections for mixed development have some favorable characteristics.

**Policy Implications**

Public decision makers are faced with a complex and challenging policy environment when considering development patterns. Such policy decisions undoubtedly have consequences for neighborhoods, communities, and hence the region, and should not be made without a solid understanding of the linkages between land use and economic vibrancy, among other characteristics. Taking into consideration that policy decisions are extremely difficult and pose many challenges, we offer a range of empirical analysis findings in this report that can enhance our understanding of the linkages and support more informed policy decision making, even though the report itself is not designed to evaluate a certain development or conservation policy instrument.

Overall, our analysis findings reveal multidimensional interdependence: 1) temporal, 2) spatial, and 3) cross-construct interdependence. Temporal interdependence is highlighted by the significant influences of the previous year’s state on subsequent development patterns detected in our analysis using longitudinal data-sets. The transformation of our neighborhoods, communities, and the entire region is dynamic in nature and largely path-dependent. This reinforces our long-standing belief that today’s decision-making and actions will modify our trajectories tomorrow. In particular, southern California’s transformation seems to be shaped by strong forces of cumulative causation that in many respects trap some communities in a vicious circle that deserves more attention.

Another element to be stressed is spatial interdependence. Our results indicate that land use changes in an area impact the uses in neighboring areas. This relationship suggests that local policies for development review should include requirements for potential impacts on land
use change in nearby areas (a suitable buffer could be suggested using the data from this study) around the proposed development. With this information, a jurisdiction can ask vital questions such as: Is the proposed development likely to produce land use changes inconsistent with the city or county’s vision as presented in a general plan? And, can they act on the response either by ensuring development is consistent with their vision or by reimagining their vision to accommodate a more dynamic development environment? Moreover, in the case where the effects of the proposed development extends beyond the host jurisdiction, understanding the potential impacts on both jurisdictions (and on the entire region, more broadly) may lead to an opportunity for cross-jurisdictional collaboration and potentially more efficient land use decisions.

Cross-construct interdependence is an additional dimension that should not be underestimated. The analyses reveal a bi-directional association between socio-demographic characteristics and land/house values. For example, neighborhoods with lower education levels and higher unemployment rates had lower housing price increases. However, mixed development areas had higher housing price increases. Given that demographic factors tend to be clustered spatially (i.e., lower educated, lower income, higher poverty, etc.), policies that encourage mixed-income and mixed development in a neighborhood may, on balance, yield positive benefits.

Findings concerning parks and crime suggest that policies to convert vacant or under-utilized lots to a small neighborhood park or a “vest pocket” park in a densely developed commercial area are not necessarily the best approach for the health of the neighborhood. Small parks may not yield the anticipated benefits and, depending on adjacent uses, may experience more crime.

**Conclusion**

Given the various moving parts in any region, and the additional complexity presented by the Southern California region, policy decisions are clearly a challenge. Nonetheless, it is imperative that such decisions are based on solid evidence. One goal of this Regional Progress Report was to provide such evidence. The School of Social Ecology at the University of California, Irvine, welcomes hosting public discussions of the findings contained in this report and subsequent reports. Indeed, independent empirical analyses of our communities are the first step to planning a future that enhances our communities and contributes to our lives. The second step is to engage the findings to inform how we build and serve communities in the region in the future.

The full report is available at: http://socialecology.uci.edu/mfi
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