



Home Buyers Demand Short Commutes, Efficient Homes (with Backyards, Parking, Lots of Square Feet)

Posted by [Glenn](#) on December 6, 2008 - 12:12pm in [The Oil Drum: Local](#)

Topic: [Environment/Sustainability](#)



Given the recent run-up in energy prices, subsequent spike in foreclosures resulting in a full blown credit meltdown and financial crisis, I thought it would be interesting to check in with American home buyers and see what the latest data said about their motivations to buy. Not surprisingly it's a mixed bag. There are a lot of good intentions out there for shorter commutes, energy efficient homes and other environmental features. But often these are overcome by the lure of getting more "home for the money" far away from mass transit options and having a detached home in the suburbs.

One of the big reasons is the supply side. Land use policy is typically a local community decision with some state input and little to no Federal government role. Local communities can decide everything from where to install utilities, what type of use (residential, commercial, industrial, etc) a particular parcel of land has, how many homes per acre, where to widen roads, the height limits in different areas and of course whether or not to fund a mass transit system in the first place.

If the Obama administration wants the next wave of home buyers and developers to make better decisions about what types of homes to demand and supply, they will need to wade into the arena of community land use decisions.

According to a [new survey of home buyers](#) by the National Association of Realtors, Commuting Costs and Energy efficiency were of primary importance in selecting the homes and apartments they eventually purchased.

Commuting costs factored greatly in neighborhood selection, with 41 percent of buyers saying they were very important and another 39 percent saying transportation costs were somewhat important. "Since fuel costs began rising in the latter part of the survey period, it's reasonable to assume they've become even more important to home buyers since," Yun said. "We've heard from our members that commuting costs are playing a bigger role in buyers' decisions."

Environmentally friendly features also were important, cited by 90 percent of buyers. Heating and cooling costs were of primary importance, followed by energy efficient appliances and energy efficient lighting.

However, does this mean that the era of the single detached suburban home is over? Far from it.

Seventy-eight percent of all respondents purchased a detached single-family home...Fifty-five percent of all homes purchased were in a suburb or subdivision.

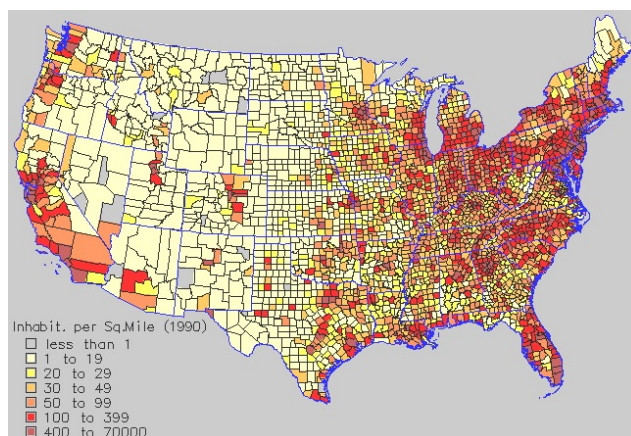
Based on a Zip Realty Survey on housing features that would eliminate a property from consideration for a buyer, the most frequently cited features are Lack of Garage (72%), Low Square Footage (52%), Small Yard or Lack of Outdoor Space (41%).

Local community land use policy is most often shaped by NIMBY concerns of current residents wanting to avoid any development that might place strains on their police, education, social service budgets or that might increase traffic congestion. Rarely are high minded ideas of creating more efficient living arrangements or denser mixed use areas in presently residential-only areas of single detached houses.

When you are in a hole like the current housing and financial crisis, the first move should be: Stop Digging. Stop building new subdivisions of automobile dependent residential only development.

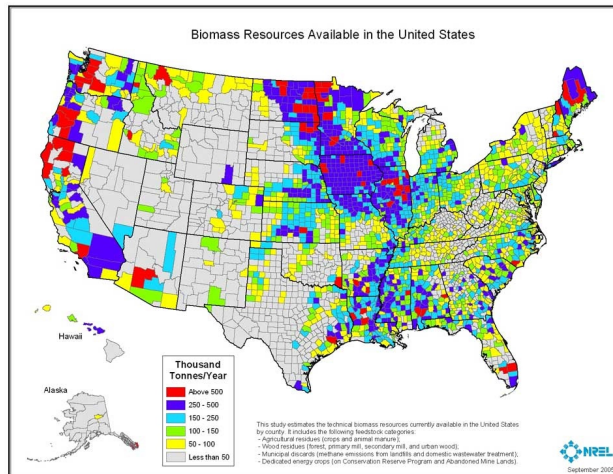
My view on a good peak oil aware land use policy is that suburban communities are going to have to make a simple choice:

1. Urbanize to become much more efficient with energy on a per capita basis
2. Ruralize to maximize production of food and energy (solar, wood, etc)



Federal and State governments have a major role to play in resetting the incentives around land use. Since roads are often created and maintained with state and federal money rather than local, this could be the lever that best makes sure that Suburban sprawl does continue.

Funding formulas for road projects versus mass transit could be dramatically reset to favor communities that have higher percentages of people that commute by other modes than automobiles. What if a community had to spend a minimum of 20%-35% of their state and Federal transportation dollars on mass transit? Or what if any community that received transportation funding from state and federal sources had to prove that they have a plan to reduce vehicle miles traveled (VMT) by single occupant vehicles or increase the average efficiency of cars on the road?



Similarly, I think there should be incentives around food production that could also stimulate the incentive to ruralize or at least get more people to start backyard gardens--what if you could write-off any purchase of seeds and non-landscaping garden equipment? The basic idea would be to reward higher production of either lower energy intensive crops or biomass for heating fuel. I'm sure others could come up with lots of ideas.

On the demand side, the nationalization of Freddie Mac and Fannie Mae also allows the Federal government to put into place better calculations of the impact of transportation and energy costs into how much mortgage they are willing to extend to new home buyers in urban vs. suburban areas. Urban areas tend to have much, much lower transportation and energy expenses--if those are factored into a 30-year mortgage loan decision, there could be a 20-30% increase in the loan amount depending on if the home/apartment is located in an urban area versus a suburban one.

But I think a good start would be to have state and federal governments help communities make better decisions regarding their long term land use policies, instead of the current short sighted and NIMBY driven policies that encourage the over production of inefficient and low production suburban housing. Long term planning at the local level is something that is only done when it is forced upon it by an external entity to get funding. State Governors and the new Obama administration can stimulate this planning by tying Federal funding to it.

And maybe the next crop of home buyers will have more choices of much more efficient urban homes or more productive rural homes.



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