

Lessons from New Daleville

*A case study in
developing suburban
residential real estate.*

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FOR THE LAST four years I've been researching a book about real estate development. This investigation has taken two forms. Part of the book is about how residential real estate evolved in the United States, starting with the garden suburbs of the late nineteenth century and continuing with the mass-produced subdivisions of the immediate postwar period, the planned communities of the sixties and seventies, and the neotraditional themed communities of the end of the twentieth century. This has required both library research as well as visiting places such as Yorkship Village outside Camden, N.J., Levittown in Pennsylvania, Celebration in Florida, and I'On in South Carolina, and

talking to developers, builders, and architects. But since real estate development is always local—always tied to particular places and people—the book also includes the story of a specific project, not told in hindsight, but reported as it unfolded.

The project, called New Daleville, is a small, 125-lot residential subdivision that is being developed in southern Chester County, Pa., by the Arcadia Land Company. Arcadia specializes in what is called smart growth, or new urbanism; that is, dense residential projects with smaller lots than conventional suburban subdivisions, mixed-use where appropriate, with an emphasis on public spaces and amenities that enhance walkability and the general feeling of a neighborhood (see “[Some] People Like New Urbanism,” *WRER*, Fall 1998). The exurban ninety-acre site of New Daleville is in Londonderry Township, at the extreme edge of current development. Houses are currently being marketed and built. The details of the story are told in *Last Harvest* (Scribner, 2007), but it may be interesting to summarize the lessons learned from observing the evolution of this project.

PERMITTING

First lesson: In the Northeast (as in California and the Northwest), where

the public sees growth as threatening, permitting a development takes a long time. This is true even when a developer has a “by-right” project that requires no zoning changes. Communities may not be able to legally ban development outright, but they can erect road blocks and devise obstacles that slow the process. At New Daleville, the permitting process was complicated by the need for a new zoning ordinance to allow more units on smaller lots, and to describe the detailed architectural design of the houses. Passing the so-called traditional neighborhood development ordinance took a relatively short time—only seven months—largely because the township was sympathetic to smart growth and had encouraged Arcadia in its approach.

However, even with a supportive jurisdiction, it took almost two more years for Arcadia to receive formal approval of its plan. This was partly due to the slowness of the process—extended negotiations with the township about traffic, open space, landscaping—and partly to unforeseen delays. The most important setback concerned the proposed disposal of wastewater using an underground drip irrigation system. Soil tests were delayed six months by inclement weather, and then the poor soil conditions required a major revision of the plan to accommodate a new loca-

tion for the treatment field. Sewage treatment and the disposal of wastewater require state and federal permits, which added to the duration of the process.

While the township planning commission was favorably inclined to Arcadia's proposal, the tenor of the public meetings at which the project was discussed was generally adversarial. People are suspicious of developers' motives. This suspicion is reinforced by resistance to growth, particularly in rural areas such as Londonderry, where development is seen mainly in terms of greater demands on public infrastructure such as roads and schools, and a visual intrusion on the landscape. These objections can be hard to counter. New development definitely means more people, more congested roads, and more children in schools; plus, there is no denying that the streets and houses of New Daleville will replace what was once an open cornfield.

The final outcome of the permitting process was a result of the developer's patience and his willingness to accommodate the demands of the township. For example, a buffer zone at the edge of the site was increased to accommodate the demands of neighbors; street parking was limited to one side, to allow more space for traffic; and half of the site was deeded to Londonderry as a public park.

DESIGN

One of the selling points of new urbanism is that it pays more attention to the architectural design of individual homes, and promises that instead of building generic suburban tract houses, the builder will produce models that reflect the local style of the region. The idea of a regional style was one of the things that attracted Londonderry Township to Arcadia's project. The second lesson of New Daleville is that delivering on the promise of a regional style is not as easy as it sounds. There are certain parts of the United States, such as the South or New England, that have strong, identifiable architectural traditions. But in most parts of the country, including Chester County, it is not easy to describe exactly what is special about the local architectural tradition. There are many buildings from many periods, many different building materials, and many architectural styles to choose from.

Arcadia spent a lot of time discussing house design with the Londonderry planning commission. The commission wanted to put in place strict design guidelines that would oblige builders to incorporate so-called traditional features in houses (although there was not full agreement about exactly what these features constituted). The developer was hesitant to encumber the lots with constraints that prospective builders might see as uncom-

petitive (thus lowering lot selling prices). If the selling price of a house is unchanged, each extra dollar spent on external architecture is a dollar less spent on the interior. But since buyers value interior amenities more than exterior appearance, builders are reluctant to spend more on exterior design than the market values.

The outcome at New Daleville was that Arcadia was able to keep the design guidelines vague, but the developer agreed to hire an independent architectural firm to review and approve the builders' designs. The advantages of this process so far are unclear. The houses as built are "traditional" in a generic sense—they have porches, and bay windows, and shutters, and improved details—but they are not greatly different from what one might find elsewhere.

The third lesson concerns some of the specific planning solutions that form the core of new urbanism, in particular the advocacy of rear lanes and the proscription of dead-end streets. Higher density development implies smaller lots (though not smaller houses). While typical residential subdivision lots in Londonderry are between one-half and one acre, lots at New Daleville are about an eighth of an acre (50 to 60 feet wide); some smart growth communities have lots as small as one-tenth of an acre (40 feet wide). With lots this narrow, a two-car garage would take up most of the lot frontage, and would not create a pleasant, walkable street. The common

solution is to place the garage at the back of the lot, accessed by a rear lane.

At New Daleville, a number of the lots at the edge of the development did not have a rear lane, but were slightly wider with a driveway leading to a free-standing garage behind the house. *All* the early house sales were on these front-loaded lots. It is not hard to see why: there is no need to navigate narrow lanes every time you want to park your car, and long driveways provide convenient parking space. Although two- and sometimes three-car garages are standard, many people park in their driveways and use the garage as a workshop, storage space, boat and trailer storage, and so on. Garages directly off rear lanes (without driveways) make this difficult. Planners need to look at more varied ways of accommodating parking on small lots. They also need to study how people do—and want to—live, rather than proscribing how they *should* live.

New urbanism proscribes the use of dead-end streets, or cul-de-sacs, on the grounds that they are anti-social and produce congested collector streets. Most of New Daleville consists of through-streets; however, the awkward shape of the site caused the planner to include several small loop streets, which are effectively cul-de-sacs. Again, it was these lots, on the loop streets, that sold first, and again, it is not hard to see why. A cul-de-sac gives a sense of seclusion, and keeps through-traffic at

bay, which appeals to families with small children. There is also a sense of neighborliness with the other houses on the loop—one of the selling points of a nontraditional community. Early garden suburb planners such as Raymond Unwin used a variety of dead-end streets, closes, mews, and cul-de-sacs in their layouts to great effect. While so-called loop-and-lollipop planning has been justly criticized, it is probably useful for new urbanism planners to reconsider a judicious use of dead-end streets to provide a wider range of housing products to buyers (see “Reconsidering the Cul-de-Sac,” *WRER* Spring 2005).

BUILDERS

The actual construction of houses is the simplest stage of the development process. It is also the shortest. It takes about three months from signing a sales agreement until a family can move into a finished house. Home builders have been very successful at understanding exactly how buyers want to spend their money and at anticipating how changes in popular taste and lifestyle affect the layout of the house. Witness the development of the informal family room, the orientation of the living spaces to the rear garden, and the focus on open planning on the interior even while maintaining traditional architectural features on the exterior. Current house mod-

els also reflect buyers’ desire for larger houses, with more storage spaces, more and better appointed bathrooms, and more elaborate kitchens.

It is well recognized that the size of new houses has grown steadily since 1950. What is less remarked-on is that per-square-foot construction cost has stayed more or less unchanged in constant dollars, despite improvements in quality such as air conditioning and insulated windows. The large run-up in house selling prices is due to the increased size of the house and to increased land costs. The latter are a direct result of under-supply and the slowness of the permitting process. In some markets, land costs now comprises as much as half of the selling price of a house (in the 1950s that figure was closer to one-tenth).

The first generation of smart growth communities—Seaside in Florida, Kentlands in Maryland, New Point and I’On in South Carolina, and Celebration in Florida—were built by either custom builders or local production builders. Working with small-scale builders enabled the developers of these projects to exercise a high level of control over the design of the individual houses and to demand an advanced degree of variety and customization. This process produced attractive architectural results, but has not been easily replicable since most houses in the United States are not built by small builders. In 2005, 40 percent of all new

houses were produced by the 200 largest production builders, and half of this number was the work of only ten national builders. These publicly owned companies enjoy the advantage of scale, cheaper capital, and spreading their business over multiple markets. The result is cheaper and generally higher quality houses than most regional production builders can produce (local custom builders achieve high quality, but typically at a higher price).

The bulk of the lots at New Daleville have been bought by two large production builders, Ryan Homes and NV Homes, both divisions of NVR, a national builder that operates on the Atlantic seaboard from South Carolina to upstate New York. National builders bring both advantages and disadvantages to this kind of development. On the plus side, Ryan and NV have had experience building in neotraditional communities and have developed house models that can fit on small lots. On the minus side, the success of large builders is based on a high degree of standardization

(the panelized houses are prefabricated in factories), and they cannot make substantive changes to the design of houses. Although the design quality of the houses at New Daleville is high, the architectural variety promised by Arcadia is not present. New urbanist developers will have to learn techniques to introduce variety without requiring builders to sacrifice standardization. One way is to involve more than one builder on a project. Another is to mix in a small number of custom builders to create variety.

The final lesson of New Daleville is that selling density and small lots is different from marketing a conventional development. While potential buyers at New Daleville were attracted to neighborliness and walkability, there was often resistance to the small size of the lots, and *all* the lots that sold first were of the larger variety. The success of the earliest neotraditional developments in extremely active markets such as the Washington, D.C. suburbs, Orlando, and Charleston, S.C., may have been misleading. In a tightening market

Figure 1: New Daleville, September 2003



Figure 2: New Daleville, April 2005



such as today, developments with smaller lots will need to be competitively priced.

Home buyers want to see exactly what they are getting. In a conventional residential development, that desire is fulfilled by building a furnished model home, so people can see what their future house will look like. Neotraditional development needs model homes, too, but marketing a concept such as “neighborhood” or “community” requires more—not simply model homes but model streets. Since builders don’t want to tie up capital in more than one model home, they may be resistant to building an entire street. Models and computer simulations might help. The plan of the community may need to include a short “model street” where the neighborhood concept can be effectively demonstrated in the initial phase of the project. Economic planning will have to take into account this extra investment. Marketing will also have to change. In conventional subdivisions, buyers are often given free choice about the location of their lots. In a neotraditional devel-

opment, especially the initial buyers may have to be given incentives—or restricted choice—in order to create a sense of neighborhood as soon as possible. This emphasis will be less important in the later phases of marketing, as the development fills out.

It is important to recognize that a house in a neotraditional community is a different sort of product and requires a different sort of marketing on the part of the builder. Sales staff should emphasize the availability of public spaces such as play lots, walking trails, and parks. The ability to walk to public amenities (New Daleville will have a small commercial building) will also need to be communicated. Proponents of neotraditional planning sometimes make exaggerated claims. Marketers of neotraditional communities cannot afford to do so. Whatever the theoretical advantages of neotraditional planning, in terms of controlling sprawl, encouraging walking, and promoting sociability, developers and builders must bear in mind that their customers are buying a home, not an ideology.

Figure 3: New Daleville, June 2006



Figure 2: New Daleville, September 2006

