



Let's Infill A Neighbourhood (And Make A Profit)

*Andrew Alexander Price explores
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live, on existing American blocks,
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We need to build more housing and accommodate more people in American cities. There is a [shortage of quality urban places](#) in the United States, and there is huge demand to live in just a handful of areas, creating [an artificial scarcity that makes housing unaffordable](#). We need to build more places people want to live.

In a purely free-market system - unobstructed by zoning and planning regulations - you would expect developers grab the low-hanging fruit by looking at the neighbourhoods people are paying a premium to live in and replicating it over and over and over again. It makes sense - because this is where the enormous profit lies.

Let's look at two premium urban neighbourhoods in large American cities;



West Village, Manhattan



Beacon Hill, Boston

Let's look at a [West Village townhouse](#) for sale;



This 5 bedroom, 2,856 square foot house is for sale [\\$7.15 million](#). The building's footprint is 17x42 feet and occupies a [1,020 square foot \(17x60 foot\) lot](#).

A developer can become rich by building more West Villages and Beacon Hills.

- [Let's Build A Village From A Parking Lot](#)
- [Let's Build A Traditional City \(And Make A Profit\)](#)

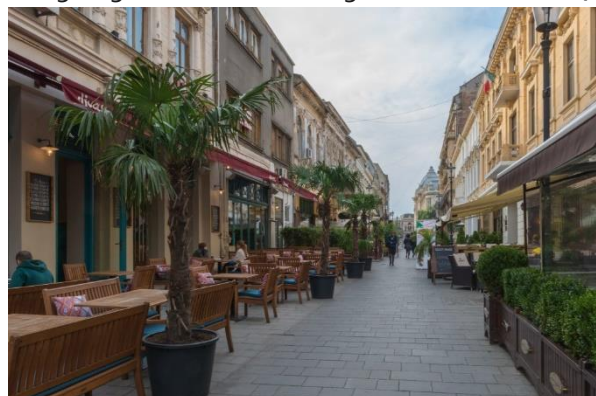
Let's set out our requirements for what a 'quality urban neighbourhood' looks like;

- [Mostly fine-grained blocks and lots.](#)
- [Mostly narrow streets for people.](#)
- A mixture of land uses.

Basically, we are describing a [Traditional City](#). We are going to build something that looks like this;



Marbella, Spain



Bucharest, Romania



Tallinn, Estonia



Riga, Latvia



Weymouth, England



Paris, France



Malmö, Sweden



London, England



Bremen, Germany

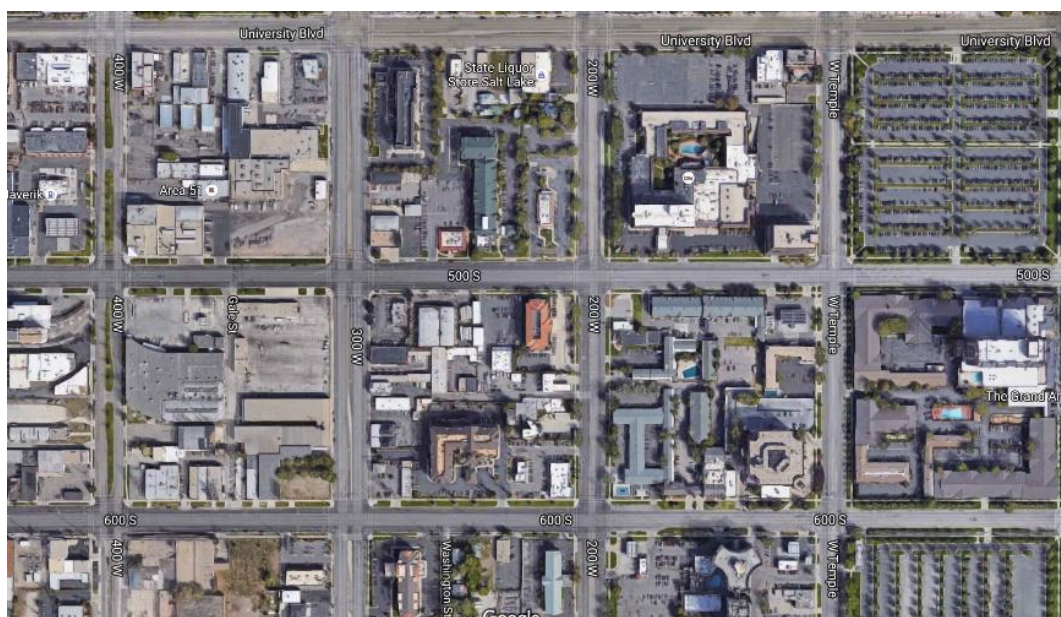


Tokyo, Japan

There were taken from the Twitter hashtag [#StreetOfTheDay](#). We want to build the stuff that historical preservationists want to protect, not prevent. Notice the last one. If you have the bones right, even mediocre, cheap, contemporary architecture can look okay.

For this to become immediately successful, we should try to build it somewhere where there are existing people and demand for housing - so this would likely mean infilling an existing city rather than greenfield development somewhere relatively isolated.

We will give ourselves a challenge by not touching the existing street network that already exists - which is usually some form of a grid in an American city. We will build a traditional neighbourhood by infilling a city block.



Salt Lake City

Salt Lake City has famously large 660x660 foot blocks. That's 435,600 square feet to work with. Taking our West Village house (even adding 30 feet of streets between them), we could fit 341 townhomes in one Salt Lake City block!



West Village overlaid on Salt Lake City to scale.

We could come up with grand plans for building traditional neighbourhoods in Salt Lake City, but first I will propose a modest plan closer to home in Hoboken. To be honest, a place like Salt Lake City or Houston probably needs this more than anything within the New York City region, but I think the lowest hanging fruit will be to start in an existing urban area where you would have the least resistance to good urbanism, and I also want to show that you can make a profit while building places that are more lovable than the [block-sized crap](#) I see going up.

Also, somebody in Hoboken has already done this. This shows us that it is possible.



A block in Hoboken, NJ that has been subdivided by two streets into 3 much smaller blocks.

Let's look up close...



Some of the houses.



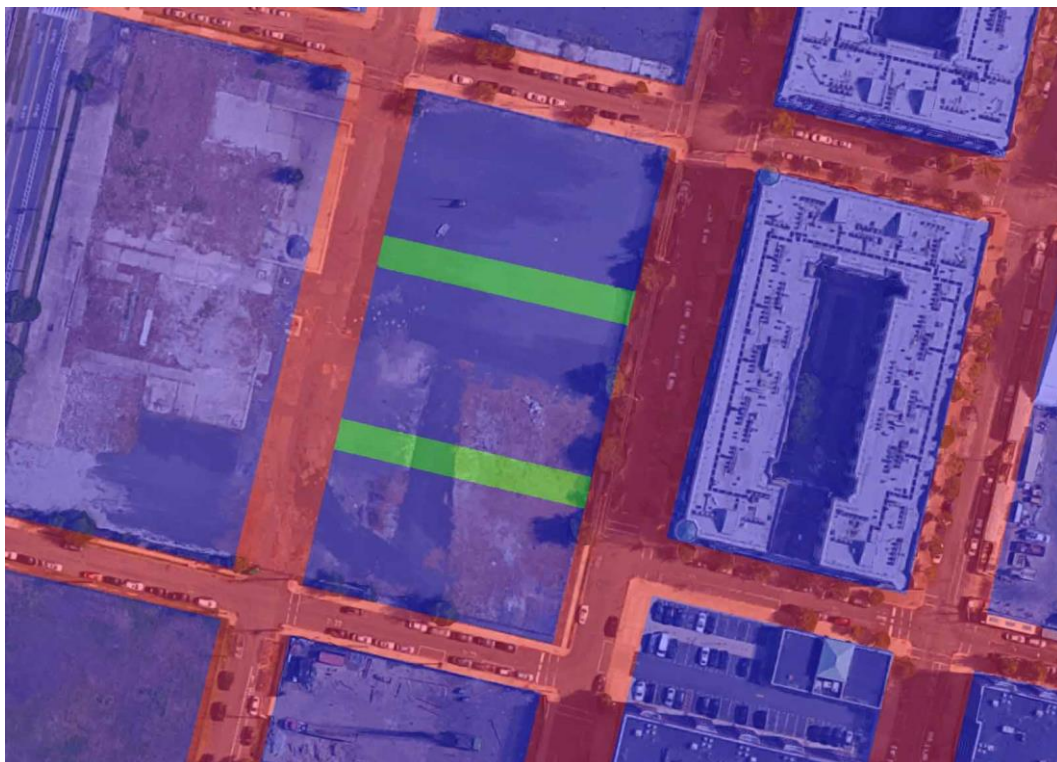
Looking down the inner-street.



Another view.

Similar to how a suburban developer buys land in bulk and subdivides it into individual lots which they then build and sell, we can do something similar by purchasing a block of land in a city and subdividing it with our own inner-streets, selling off individual row houses.

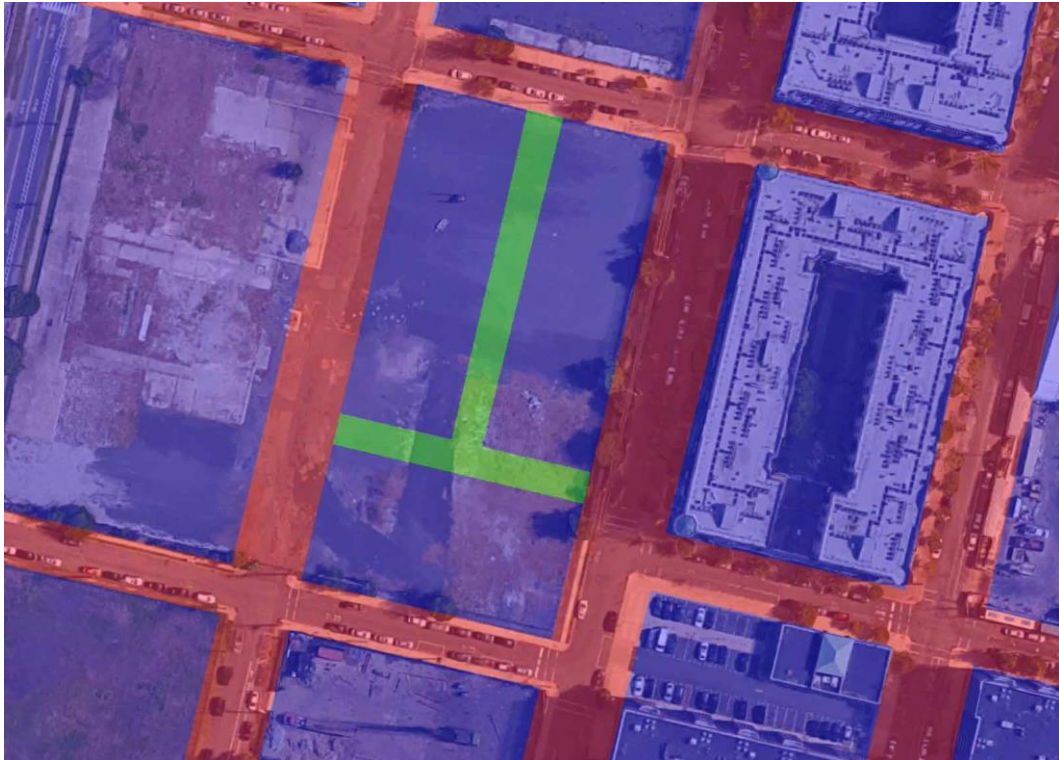
Given a block, there are a few shapes we could cut it up into;



= shape.



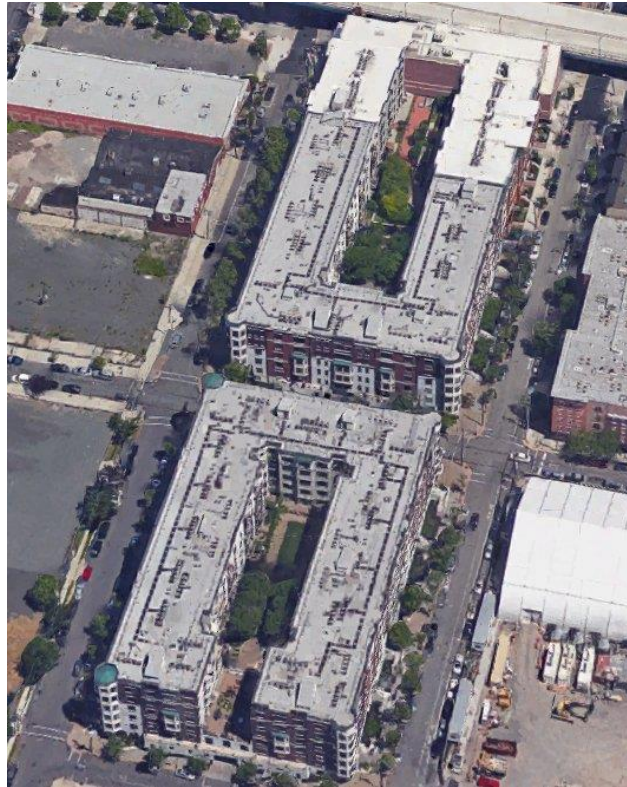
H shape.



T shape.

For our example, let's pick the H shape.

Now, let's plan out the inner street. I would try to get rid of the on-street parking and make the streets 100% for people. If we are okay with not being able to have cars access the inner-block in our large monolithic developments..



Some of the block-sized stuff being built now in Hoboken.

...we should be fine preventing them from entering the same sized block. Perhaps we can do this by legally classifying our inner-streets as 'walkways' or something. On a side note, emergency vehicles do not actually need that much space.



An ambulance can fit down a 15 foot wide street just fine.

I would make the street about 15 to 20 feet wide - that is about a good width to make a place feel cosy, intimate, and human-scale.



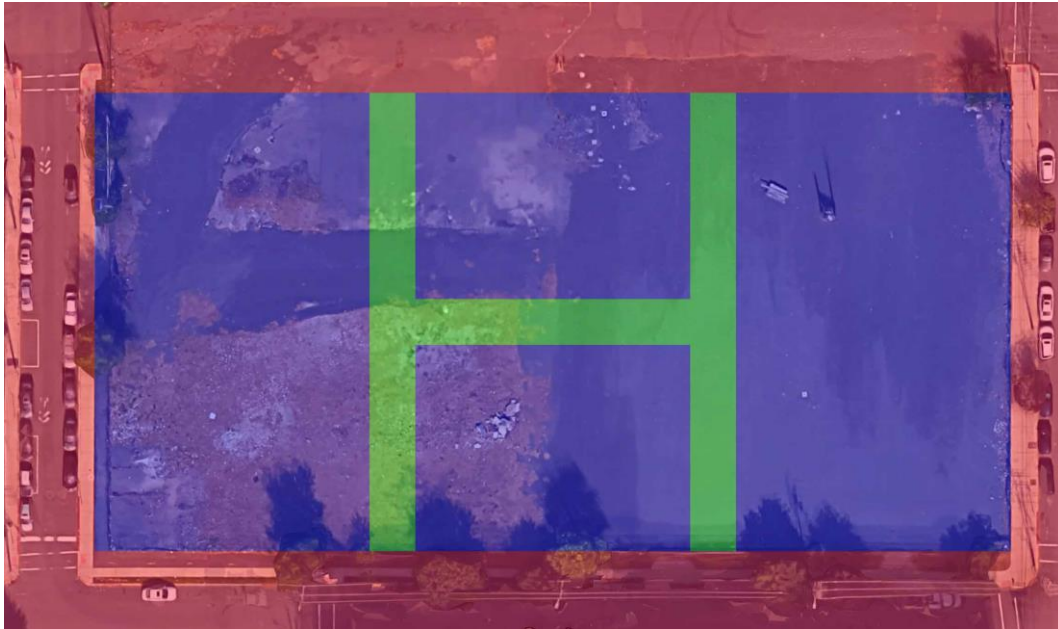
A Dutch woonerf. Much more pleasing than the standard street template with a wall of cars.



Seattle. Americans can do this too.

In fact, we do not have to ban cars. It would just be slow to drive through with nowhere to park, which would discourage most vehicles but allow the odd delivery van or Uber to pull right up to your door.

Let's draw out our plan with 20-foot-wide streets on a 400x200 foot block;



Now let's plat out our land into lots.



Lots on the left and right are 20x60 feet (1,200 square feet) - slightly larger than West Village townhouse's lot. The vertical lots at the top and bottom are slightly smaller at 20x45 (900 square feet), which is still ample room to fit the West Village townhouse (17x42 feet) without a back courtyard.

What can we do with these 1,200 and 900 square foot lots? Similar to a developer building suburban subdivision, it would probably be useful to build a several [showhomes](#) to serve as inspiration to what is possible.

Perhaps we can build townhomes;



Townhomes in Hoboken

On a 1,200 square foot lot, we could build a two story 2,400 square foot townhome, or a three story 3,600 square foot townhome. Or three 1,200 square foot condos. Or perhaps a 3 story 2,700 square foot townhome with 300 square feet for a courtyard.

Here is a 4 bedroom 2,600 square foot townhome in Hoboken [for sale for \\$1.78 million](#);



What about those tiny 900 square foot lots?

Here is a 3 bedroom, 1,400 square foot 2.5 story house on a 600 foot lot [for sale for \\$899k](#);



Instead of a backyard, it looks like you get a rooftop terrace.

And that is only on a 600 square foot lot. We could build that, and have 300 square feet left over for a courtyard.



A courtyard of a showhome with a very small yard in Australia. You could do something similar.

Or we could mix in some retail;



Shops in Amsterdam along a 35 foot wide street.

You can do just about anything you would like to this space.

Let's budget this out.

I tried researching what it costs to buy a city block around here. Unfortunately, public articles that publish the sales costs are far and few between, but I found a full block in Hoboken slightly smaller than our plan that [recently sold for \\$9.8 million](#). There is no reason we have to stick with Hoboken specifically - [a block sold in Queens for \\$9 million](#) and [a block in Brooklyn sold for \\$18 million](#) - and our plan could work anywhere in the NYC region. Let's round up and say it would cost \$20 million for the block.

Hoboken has historically been filled with townhomes with no off-street parking, but for the sake of an argument let's say we need to provide parking. So we build an underground parking garage. Let's say that constructing our parking garage costs about [\\$95 per square foot](#). We are looking at \$7,600,000 to build a parking garage underneath the entire block. Wow. Parking costs are stupidly expensive.

Our 400x200 foot site takes up 80,000 square feet, of which 10,400 square feet are dedicated to our internal streets we mapped out. [We can pave this at \\$15 per square foot](#). That leaves 69,600 square feet to develop on. If we average around 3 stories, that is 208,800 square feet of floorspace. Let us assume [\\$400 per square foot construction costs](#) (I am being taking the upper estimates here - at \$400 this will be more than enough to cover both the hard and [soft costs](#) of construction.)

Here is our budget:

	\$ per square foot	Square feet	Total
Land			\$20,000,000
Parking	\$95	80,000	\$7,600,000
Paving	\$15	10,400	\$156,000
Construction	\$400	208,800	\$83,520,000
		Total:	\$111,276,000

The total cost of our development fully built out will be \$111.476 million. To break even with the expensive land and construction costs in this area of the country (I rounded everything up and used the highest estimates I could find - in reality, it might be much cheaper), we will have to sell our buildings for \$553 per square foot. (For curiosity sake, if we did not include the underground parking garage, this would drop to \$497.) Real estate in Hoboken is extremely expensive, averaging around [\\$700 or so per square foot](#). It can go over \$1,000 per square foot in some parts of New York City. Let's assume we sell for \$700 per square foot:

Costs	Building sales	Profit
\$111,276,000	\$146,160,000	\$34,884,000

We profit a cool \$34.9 million. I am not a developer or an expert at this, but the numbers seem to add up. It seems that creating lovable, fine-grained, human-scale places can be profitable - even around a very expensive city like New York City.

With any venture under capitalism - you have the first few innovators willing to take a risk and try something new, and if it is successful you will open a flood gate of imitators that will keep copy it and keep repeating and doing the same thing over and over again (with minor tweaks) until there is no more profit to be milked out. We see this happening with tablet computers - they were not that popular until the iPad - and ever since the iPad was a success, dozens of imitation brands emerged overnight. I feel like we are stuck in the imitation stage of suburbia - where developers are steam rolling the same old subdivision after subdivision down - trying to milk every last diminishing profit they can. Building great urbanism - places people want to live, places that have been sustainable for thousands of years - is profitable, and after the first few successful attempts, we will open the flood gates of imitators that will steam roll it throughout the country in a heartbeat anywhere there is profit to be made.

*Andrew Price is founding member of [Strong Towns](#). He is a software developer by day and an urbanist by night. He is passionate about traditional urbanism – he believes in fine-grained, highly walkable places that are built for people. Andrew's writing has been featured and published in *Thoughts on Building Strong Towns* (Volume 2). This article first appeared on his website [here](#)*