

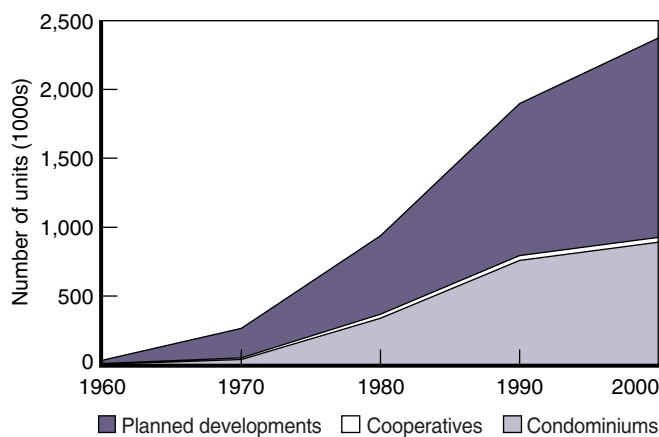
Are Planned Communities Altering California Public Life?

Nearly one-quarter of California's housing stock is located within common interest developments (CIDs), which include planned developments (PDs), condominiums, and cooperatives. Because CIDs also account for 60 percent of new housing starts, this share is increasing rapidly (see Figure 1). These developments provide many goods and services traditionally supplied by local governments, including garbage collection, street cleaning, street lighting, and security patrol. Their homeowner associations also levy assessments, adjudicate disputes, and regulate land use and other aspects of community life within their boundaries.

Revision Commission to undertake a multiyear investigation to address, among other questions, "to what extent common interest housing developments should be subject to regulation."

Tracy Gordon's *Planned Developments in California: Private Communities and Public Life* aids that commission's effort by providing a comprehensive portrait of California's CIDs. Following an overview of CIDs and their origins, institutional features, and powers and responsibilities, Gordon focuses especially on planned developments, which now make up more than 40 percent of new single-family home sales and most resemble local governments in their scope of activities. She finds that, on average, their residents are older, more prosperous, and less racially and ethnically diverse than residents in comparable neighborhoods. However, she also finds that income diversity in planned developments is greater than might be expected, and that their residents' voting patterns do not differ markedly from those of similar populations. Although planned developments do not contribute significantly to the state's overall residential segregation, she warns that this pattern may change over time as CIDs account for more of the state's total housing stock.

Figure 1—Growth of Common Interest Developments in California, by Type



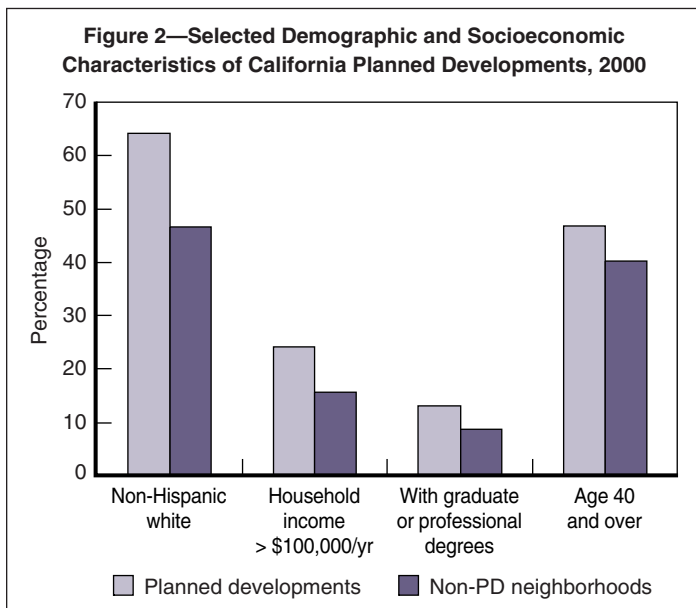
CIDs make up nearly 25 percent of California's existing housing stock and 60 percent of new housing starts. Planned developments account for 40 percent of new single-family home sales.

The growth of CIDs and their expanding role in service provision have sparked a popular debate. Proponents claim that CIDs improve neighborhood quality and help cash-strapped localities absorb the costs of growth. Critics charge that CIDs tend to heighten racial and economic segregation and reduce levels of civic engagement among their residents. In 1999, the state legislature authorized the California Law

Secession of the Successful?

In 1962, fewer than 500 CIDs existed in the United States. Today, there are more than 250,000 CIDs housing an estimated 50 million Americans. California alone hosts 36,000 CIDs ranging in size from three to 30,000 units. Social commentators, including former Secretary of Labor Robert Reich, have referred to the spread of CIDs as the "secession of the successful," suggesting that such communities isolate residents from the larger community. Gordon's analysis of planned developments supports some parts of this view, but it also indicates that the picture is more complicated than Reich's comment suggests.

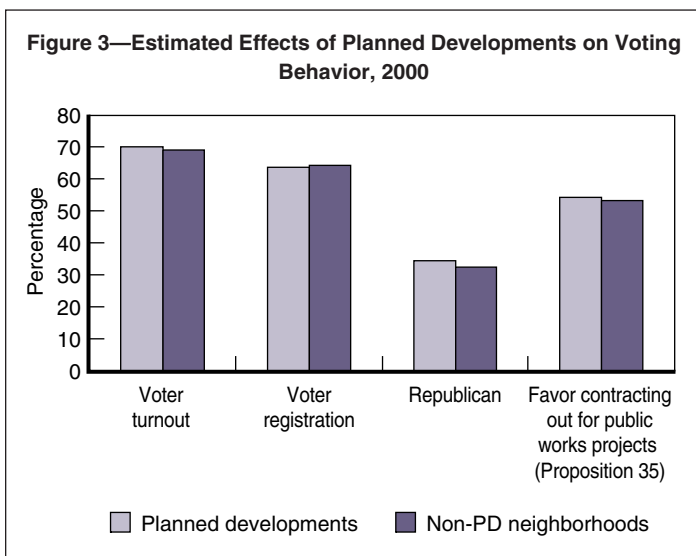
Planned developments are, on average, less diverse with respect to age, race, and ethnicity than other neighborhoods (see Figure 2). They include more residents age 65 and over and slightly more residents age 40 to 64. In both central city and suburban areas, planned developments include



On average, residents of planned developments are more often white, more prosperous, better educated, and older than residents of other neighborhoods.

significantly more white residents and fewer who are black and Hispanic; in suburban neighborhoods, they also tend to have relatively large Asian populations. Planned developments also house a disproportionate share of the highest-income Californians. Between 22 and 26 percent of planned development households earned more than \$100,000 in 1999, compared to 15 to 17 percent of households in other neighborhoods. However, planned developments are more diverse with respect to income than their image as luxury enclaves would suggest. For example, they include nearly the same proportion of residents in the \$35,000 to \$100,000 income categories as do other neighborhoods.

Although residents of planned developments tend to be more prosperous than residents of other neighborhoods, Gordon found no evidence that they have seceded from public life. Once the relevant demographic and socio-economic characteristics are considered, voting behavior in planned developments does not differ markedly from behavior in other neighborhoods (see Figure 3). Moreover, the relative homogeneity of planned developments makes only a minor contribution to overall residential segregation. At most, differences between planned developments and other neighborhoods account for 2 percent of statewide metropolitan area segregation. Gordon notes, however, that this finding is largely due to the comparatively small proportion of the population living within planned developments. Although they represent roughly 40 percent of new single-family homes, planned developments still account for only 12 percent of the existing housing stock. For this reason, Gordon concludes that their contributions to residential segregation bear watching in the future.



Residents of planned communities do not show markedly different voting behavior from citizens with similar characteristics in other neighborhoods.

This research brief summarizes a report by Tracy M. Gordon, Planned Developments in California: Private Communities and Public Life (2004, 100 pp., \$10.00, ISBN 1-58213-081-7). The report may be ordered by phone at (800) 232-5343 [U.S. mainland] or (415) 291-4400 [Canada, Hawaii, overseas]. A copy of the full text is also available on the Internet (www.ppic.org). The Public Policy Institute of California is a private, nonprofit organization dedicated to independent, objective, nonpartisan research on economic, social, and political issues affecting California.