



**Sustainable Communities  
Building Blocks**



*EPA Office of Sustainable Communities*

## **PLANNING FOR ECONOMIC & FISCAL HEALTH: DAY 1**

**Community:**

**Stony Point, NY**

**Date:**

**June 21-22, 2012**

**Presenters:**

**Janet Smith-Heimer, BAE**

**Matt Kowta, BAE**

# Workshop Process

- Day 1: Public Event
  - Review characteristics of prosperous communities
  - Step through process for planning and implementing economic and fiscal health strategies
- Day 2: Technical Assistance Working Session
  - Assess your community's economic and fiscal health
  - Strategize to achieve local goals for economic and fiscal health
  - Formulate Action Plan and next steps

# 1. Characteristics of a Prosperous Community



# Characteristics of a Prosperous Community

- A. Compact development** with a balanced mix of land uses in an efficient pattern
- B. Choices for transportation and housing** in walkable neighborhoods
- C. Diverse economy** to weather economic downturns

**A + B + C = Fiscal health** and ability to pay for current and future community needs



# A. Compact Development

- A balanced mix of residential, employment, and retail uses within a small area
  - Jobs-housing balance to shorten driving distances and number of car trips



# Compact Development: Examples



In Portland, the Pearl District has attracted world-wide attention due to its emphasis on redeveloping with denser mixed-use buildings served by streetcar transit, creating a destination neighborhood.



In Oakland, CA, the Fruitvale Transit Village was developed at a BART station. The transit-oriented development incorporates housing over retail, along with financial support to new local entrepreneurs.

# Compact Development: Economic Benefits to Private Developers

- Can lower costs of land acquisition and infrastructure
- Brings demonstrable price premiums and higher rates of return in investment (profit)
  - Homes near commercial corridors in “excellent” condition command an 11% to 32% price premium



Vision for Downtown Columbia, MD



# Compact Development: Economic Benefits to Businesses

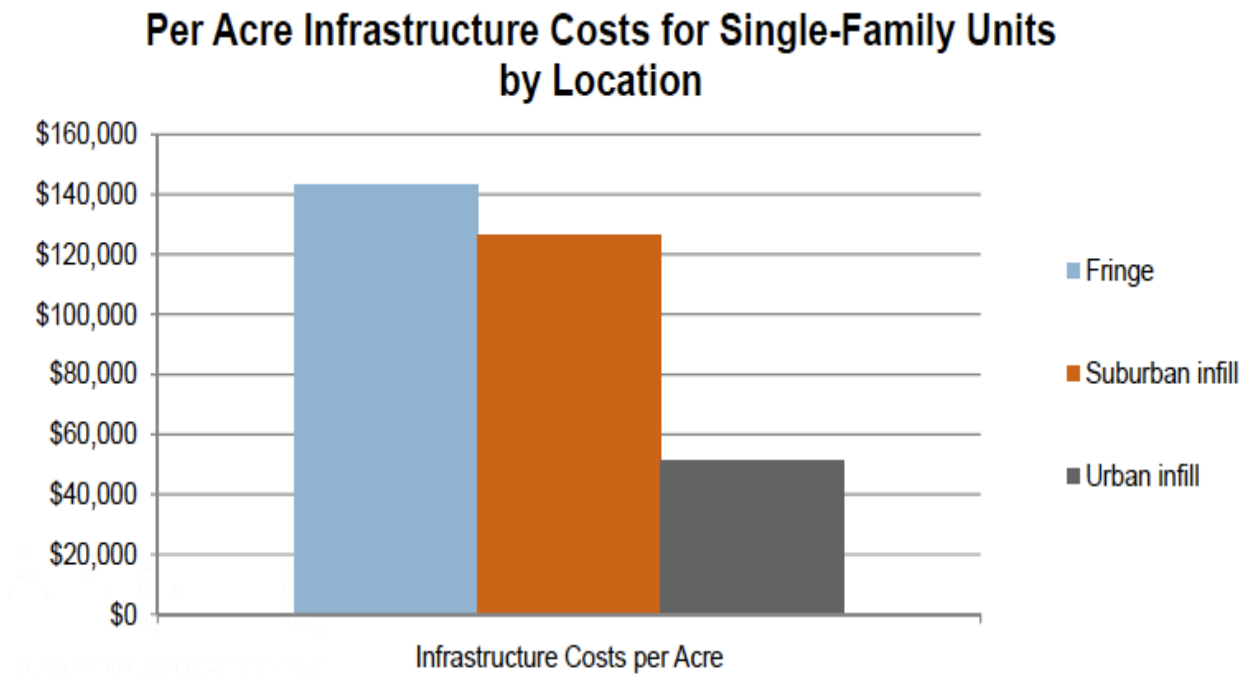
- Density and mix allows for easier adaptation to changing demographics
- Mixed-use and adaptive reuse can create new business opportunities
  - Co-working facilities - popular workplace product that tends to locate in adaptive reuse loft spaces or obsolete warehouses; incubates start-ups





# Compact Development: Economic Benefits to Local Governments

- Leads to lower costs for public infrastructure and service costs



Source: Calthorpe Associates; Strategic Economics, 2011

# Compact Development: Economic Benefits to Local Governments

- Can yield higher tax revenues per acre
  - In Ashville, NC..
    - \$20 M Super Wal-Mart on 34 acres = \$6,500 per acre in property taxes
    - \$11 M remodeled downtown former store (now retail, offices, and condos) on 1/5<sup>th</sup> acre = \$634,000 per acre in property taxes

*From “The Simple Math that Can Save Cities from Bankruptcy” (The Atlantic, March 30, 2012)*



# B. Choices for Transportation & Housing

- Efficient network of transportation modes including pedestrian, bike, car, and transit
- Range of housing choices to attract and retain workforce
- Both transportation and housing need to serve all age groups and income levels



Complete street envisioned for Portsmouth, VA  
Source: Steve Price, Urban Advantage



# Transportation Choices: Example



In Emeryville, CA, the city improved a pedestrian and bike pathway, connecting Pixar and bioscience firms to lofts and small businesses

# Transportation Choices: Economic Benefits of Walkable Neighborhoods

- “58% of homebuyers surveyed prefer mixed-use neighborhoods where one can easily walk to stores and other businesses.”
  - National Association of Realtors, “The 2011 Community Preference Survey: What Americans are Looking for When Deciding Where to Live,” Washington, 2011
- “Demand for walkable places may outpace its supply.”
  - Jonathan Levine, Aseem Inam, and Gwo-Wei Tong, “A Choice-Based Rationale for Land Use and Transportation Alternatives: Evidence from Boston and Atlanta,” *Journal of Planning Educating and Research*, 2005
- “Homes in neighborhoods with high levels of walkability command price premiums of \$4,000 to \$34,000 above average neighborhoods. Real estate listings such as Zillow now assign ‘Walkscores’ to their properties, signaling the growing interest of consumers.”
  - Joe Cortright, “Walking the Walk: How Walkability Raises Home Values in U.S. Cities,” Chicago: CEOs for Cities, 2009



# Housing Choices: Example



In Seattle, the Housing Authority partnered with private developers to replace obsolete public housing with a mixed-income residential neighborhood called Rainier Vista.



# Housing Choices: Economic Benefits by Attracting Workforce

- Many companies locate in places where their workers want to live.
  - 64% of college-educated 25- to 34-year-olds looked for a job *after* they chose the city where they wanted to live
  - Companies like Amazon understand this and chose to redevelop central Seattle neighborhood, including range of new housing to attract and retain its workforce

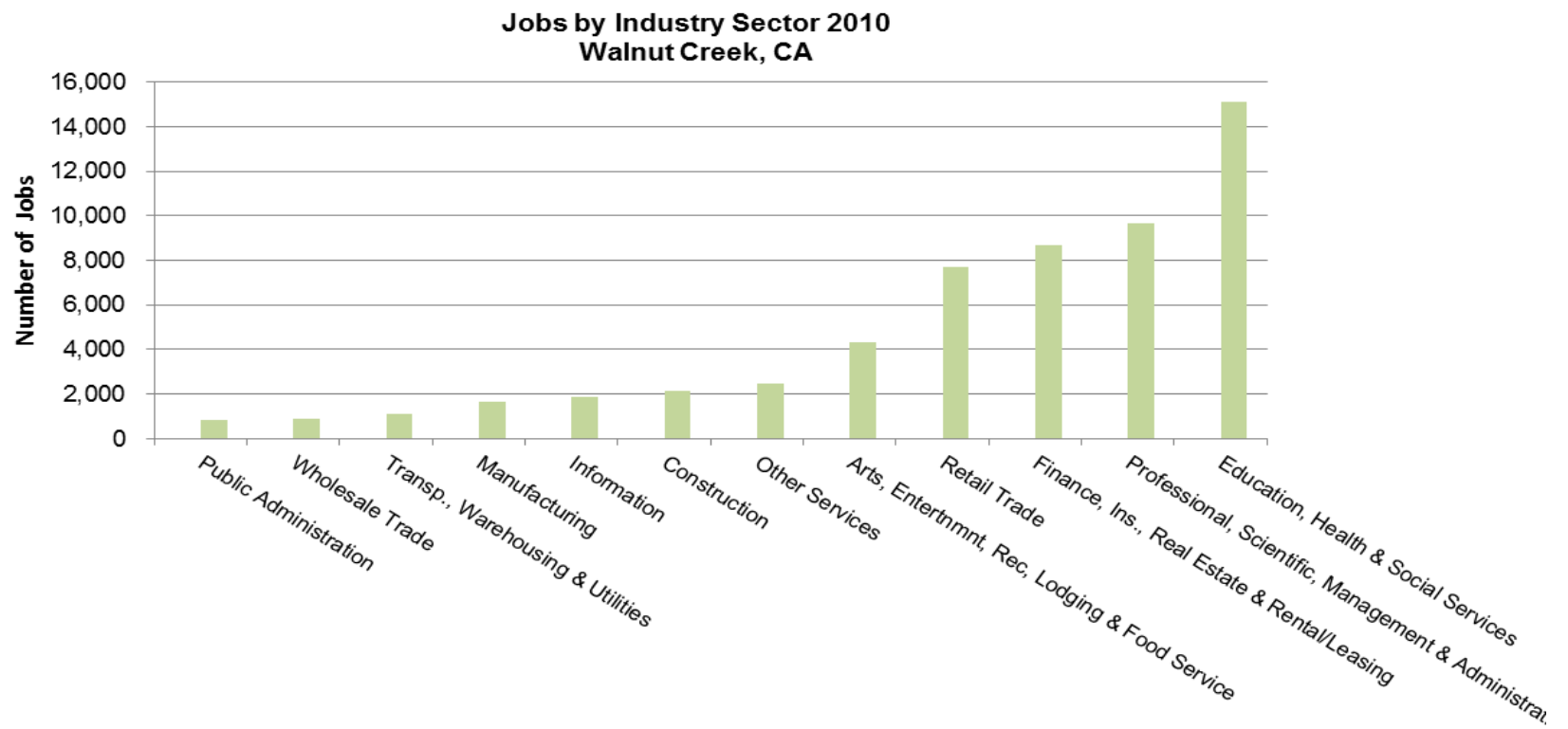


## C. Diverse Economy

- Our nation's economy is changing, with a decline in manufacturing and an increase in knowledge-based and innovation sectors
- Communities that have diversified their economy tend to be more prosperous
- Great places attract great talent, which attracts great companies
- Every community has amenities, hidden start-ups, and a way to specialize and compete

# Diverse Economy: Example

- Walnut Creek, CA has 64,000 residents and 56,000 jobs
- City has densely-developed downtown, diverse mix of industries, low unemployment, and no public debt





# Diverse Economy: Examples



**Pop-Ups.** Cities, and now also private retail investors, are creating “pop-up” retail stores. These are temporary, low cost spaces to seed dormant commercial districts, generating buzz and attracting customers.

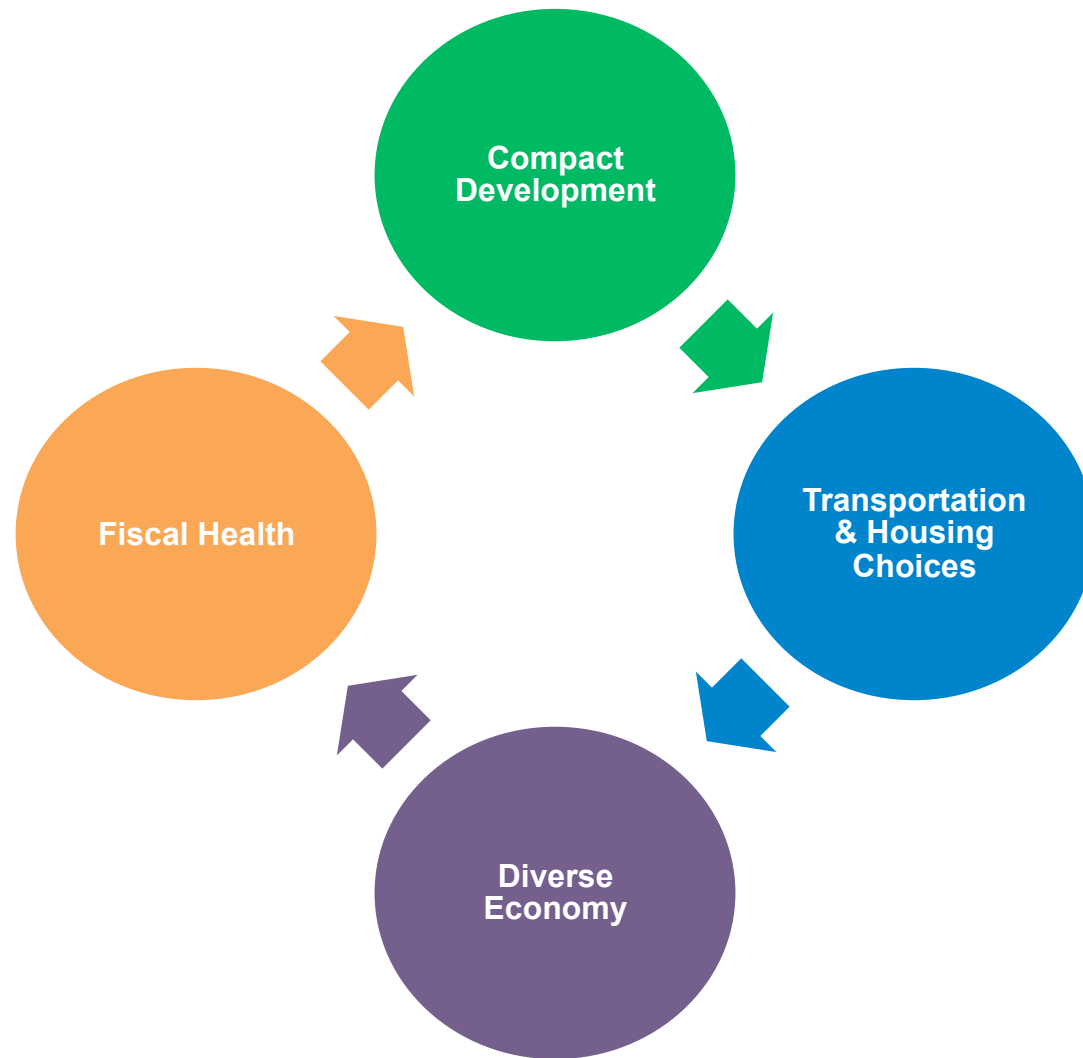


**Food Trucks.** The Great Recession has spawned a burst of new food businesses around the US using food trucks. These are low-cost, mobile, and marketed through social media.

# Diverse Economy: Economic Benefits

- To developers:
  - Creates new development opportunities as economy changes
- To businesses and residents:
  - Enables more resilience to weather economic downturns, lower unemployment
  - Supports existing local businesses
- To local governments:
  - Broadens and stabilizes tax base

# Fiscal Health





## 2. Steps to Achieve Economic & Fiscal Health



# Steps to Achieve Economic & Fiscal Health

- A. Plan** to ensure a strong land use balance integrated with economic strengths
- B. Develop the Economy** by building on economic strengths and investing in places
- C. Maximize Revenues** to local government
- D. Minimize Costs** to local government, maximize community benefits
- E. Align Policies** across public agencies

# A. Plan Land Uses to Support Economic Development

- Location and Form Matter
  - Where and how a community develops affects the municipality's economic stability and fiscal health
  - A compact, diverse portfolio of land uses creates long-term resilience, attracts talent, and opens up new opportunities for emerging businesses
- A focused public investment strategy signals private sector to invest (providing certainty and direction)
- An integrated plan enables communities to target implementation projects rather than react to what comes in



# Example: Coordinated Land Use, Economic Development, & Capital Investment Plan

- City of Chico, CA prepared a comprehensive plan that coordinates land use, economic development, and public investment
  - Created central plaza, balanced retail demand and supply, and connected neighborhoods with transportation improvements





## B. Develop the Local Economy by Building on Strengths

- Data-driven analysis of built-in strengths, challenges, and opportunities is key to moving forward
- Need to understand competitive position, and how community fits within larger region
- Often, the community has hidden strengths such as home-based businesses, new restaurants, or great artists, all of which build the economy by attracting and retaining the workforce

# Example: Ventura Rebuilds Downtown Around Arts and Specialty Retail

- Ventura, CA had historic downtown core with too much vacant retail space, outcompeted by new suburban shopping centers
- City realized value of the arts, and arts retailing, and re-invested in street / building improvements to attract these users
- Arts attracted patrons, stimulated new restaurants, new housing, and 18-hour vitality
- Enhanced further by creating unique affordable artists live/work space using tax credits and local funds



## C. Maximize Revenues to Local Government

- Facilitate development in core locations
- Encourage public and private re-investment in mature areas
- Plan land uses that create a diverse set of public revenues

## D. Minimize Costs to Local Government & Maximize Community Benefits

- Build infrastructure to meet more than one community objective
- Avoid counter-acting one investment with another
  - Cases where new freeway segment is built at same time as transit system, diluting the benefits of both projects
- Take advantage of existing service capacities
- Match sources of funding to beneficiaries of project or services



# Example:

## Strategic Public Investments Can Save Money

- Build street improvements that also manage storm water
- New schools that can double as community parks
- Renovate civic buildings per LEED certification can reduce public energy costs
- Locate new development near transit can reduce parking demand, saving \$20,000 or more per garage space, reducing construction costs and improving feasibility



# D. Align Policies Among Public Agencies

- **Strategies to align policies**
  - Coordinate capital improvements across the region
  - Consider impacts of public investment on existing economic assets
    - Will a road widening to facilitate strip shopping center then compete with downtown retail district?
  - Increase incentives to development in core areas
    - Fee waivers, lower parking standards, technical assistance to obtain grants and subsidies
  - Reduce incentives to new development on the fringe





# Summary



# Summary:

## Planning for Economic & Fiscal Health

- Change, even if it's not “growth,” happens to all communities
- A balanced land use mix in a compact, sustainable development pattern...
  - Builds attractive environment for “creatives” and entrepreneurs
  - Can increase flow of ideas (innovation), open up new business opportunities to expand economic development
  - Attracts private investment due to reduced development costs
  - Diversifies economic base to weather economic cycles
  - Provides access for all residents to jobs; provides access to workforce for all employers
  - Reduces transportation costs and increases housing affordability (due to private savings on transportation)
  - Expands the tax base with less spending on infrastructure
  - Maximizes ongoing fiscal revenue per acre



## Questions and Comments



# Homework for Tomorrow

For those attending tomorrow, please think about, and be prepared for a group discussion:

- What goals should your community set for economic and fiscal health?
- What is the appropriate time frame for goal setting?
- What are your community's economic strengths, weaknesses, opportunities, and threats?