Fundamentals of Municipal Economic Development

A Transformational Approach

East Hartford - 4/22/15
Program Development Team

CERC® Connecticut Economic Resource Center, Inc.

CEDAS Inc. Connecticut Economic Development Association

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1. Definitions of economic development – transactions and transformation - Bob Santy, President & CEO, CERC
2. Overview of municipal economic indicators in a regional and state context – Alissa DeJonge, VP of Research, CERC
3. Roles and responsibilities of the town’s “economic development team” - including strategic planning for development – John O’Toole, Manager of Economic and Community Development, Northeast Utilities and former First Selectman of Seymour
Section 1
Definitions of economic development - transactions & transformation
Presented by Bob Santy
Framing Our Discussion
Illustrative Questions About Economic Development Activities

* What is economic development? Why should you care?
* How does economic development differ from community development? Real estate development?
* How does your town fit into the broader regional & global economy?
* What defines the economic future (vision and goals) of the region/town?
* How can we all work together?
* What are your strengths and weaknesses?
* What are the needs of local businesses?
* Who are the stakeholders and partners?
* How do different audiences perceive development and how do you communicate?
* What is your reputation in the economic development market? (How does your regulatory environment impact development?)
Economic Development Definitions

Growth vs. Development

- Economic growth merely refers to rise in output
- Development implies change in technological and institutional organization of production as well as in distributive pattern of income
- Building wealth for well being of inhabitants (economic, social and political) within a geographic area including local, state, region and countries
- Sustainable growth and multi-disciplinary initiatives
  - Workforce
  - Infrastructure
  - Environment
  - Community health and safety
  - Regulatory
  - etc.
Economic Development Definitions

Structural and Cyclical Factors

- **Structural** = development
- **Cyclical** = growth (rise in output)
- Development assumes cyclical vs. structural economic change - greater than ever need for strategic approaches to economic and community development
Economic Development Definitions

Key Trends

* “Economic Development” – all areas of community’s development
* Changing world of economic development – the playing field = the world
* Regions are units of economic competition
* Business turnover – jobs churning
* Connected workforce
Economic Development Definitions

Real Estate Development

* Developers - key coordinators?

* Commercial transactions
  o Plan and develop real property & infrastructure
    • Renovate existing buildings
    • Create new buildings
    • Improve raw land
  o Manage transactions
    • Finance
    • Market
    • Acquire construction professionals
    • Obtain local approvals
    • Lease or sell
Real estate development is transactional.

Economic development is becoming more transformative.

Towns and developers need help in speaking the same language.

Transactions need to fit into a community’s transformational goals.

Knowing the real estate assets and market is important.
Economic Development Definitions
Recruitment, Retention, Expansion

* Business retention is your community’s best option.
* Entrepreneur support is a good option.
* Keep business recruitment in perspective.
* Understand your economic base.
Citizens and professionals empowered to collectively build resilient communities and improve quality of life

- Diversity among common economic, social, environmental and cultural goals
- Civic efforts and creation of government and non-government groups to address needs of community
Economic Development Definitions

Transactional vs. Transformational

- Do the deal
- Make the numbers work
- Get building permit and other approvals
- Decisions made without much community input
- Creation of wealth through retention and reinvestment of assets
- Focused on specific property/targeted area - real estate project based
- Looking for financial incentives
- Cost/benefit – fiscal impact

- Interdisciplinary approaches
- Creating attractive and inviting places
- More complex and comprehensive ways of measuring success
- Measure real community-wide outcomes, not just activity
- Focused community-wide benefits
- Value add
- Building toward community vision
“We want to locate where we are wanted, where government appreciates our contribution to the economy, and values local ownership, where people understand that it is a good thing for the community if we make money. We want to work with officials who are focused on growing the economic pie, and who value our business activity because we export goods and services out of the Pioneer Valley, yet the profits stay in the valley. We want local government to create a favorable playing field for all business activity, and to be active in keeping track of the “customer satisfaction level” of its businesses. We want to be in a town where government is strategically focused on providing a business-friendly place.”

– The Holman Doctrine
One example to illustrate the difference:
Different approaches to development of a pharmacy
Different approaches to affordable housing:

- Section 8-30g
- HOMECConnecticut
Transactional vs. Transformational: Housing

- Charrettes, public meetings, websites, surveys to glean ideas, educate residents and achieve important buy-in
- HOMEConnecticut grants to plan the type, amount, design and location of their new housing
- New Connections to zoning commissioners to expand understanding of what the market is demanding
- Research showing new housing options (1) are in the town’s interest and (2) won’t cause the problems residents have long mistakenly believed
Economic Development Choices: Density

We have nothing to fear but fear itself...

courtesy of CT Main Street Center

Wilcox Street

Urban Advantage
Placemaking

* Community centric – building consensus, collaboration & empowered citizens
* Public spaces – plan, design, manage and program
* Social capital
* Cultural, economic, social, ecological
* Capitalized on community assets
10 Placemaking Principles

1. Community is the expert
2. Create a place, not a design
3. Partners
4. Observe
5. Vision
6. Short term improvements
7. Triangulate
8. “It can be done”
9. Form supports function
10. You are never finished

Source: Project for Public Spaces
Economic Development Choices: Big Box vs. Main Street Development

Asheville Big Box vs. Downtown Mixed-Use Development

<table>
<thead>
<tr>
<th></th>
<th>Asheville Walmart</th>
<th>Downtown Mixed-Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Consumed (acres)</td>
<td>34.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Total Property Taxes per Acre</td>
<td>$6,500</td>
<td>$634,000</td>
</tr>
<tr>
<td>Retail Taxes(^*) per Acre to City</td>
<td>$47,500</td>
<td>$83,600</td>
</tr>
<tr>
<td>Residents per Acre</td>
<td>0.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Jobs per Acre</td>
<td>5.9</td>
<td>73.7</td>
</tr>
</tbody>
</table>

*Estimated from public reports of annual sales per sq.ft.

Courtesy of CT Main Street Center
Your Place in a Broader Economy

- Local success linked to regional/global success
- Know your role - How do you define your economic region?
- What regional assets can help sell your community?
- Urban center
- Suburb – primarily residential
- Rural
- Polycentric nodal regions
Section 2

Overview of municipal economic indicators in a regional and state context

Presented by Alissa DeJonge
Population

Total Population of East Hartford and Surrounding Towns


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Demographic Trends

**Total Population Count by Racial and Ethnic Group**

*Source: Decennial Census. United States Census Bureau. 2000-10.*

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Distribution of Age

Percentage of the Population by Age

Distribution of Educational Attainment

Percentage of the Population by Educational Attainment

Distribution of Income

Percentage of Households by Income

Source: American Community Survey, United States Census Bureau. 2008-12.
Labor Market Conditions

Monthly Unemployment Rate by Region

Top Occupational Employment

Occupational Employment as a Percent of Total Employment

Residents by Workplace

Proportion of Overall Residents by Workplace Location

Workers by Residence

Proportion of Overall Workers by Residence Location

Top Industry Employment

Industry Employment as a Percent of Total Employment


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Distribution of Grand List

Equalized Net Grand List by Property Category

Distribution of Grand List

Equalized Net Grand List by Property Category

Equalized Net Grand List

Total Equalized Net Grand List Per Capita

Bonded Long-term Debt

Total Bonded Long-term Debt Per Capita

Debt as a Percent of Grand List

Housing Characteristics

Percentage of the Housing Units by Type


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Affordable Housing

Percentage of the Housing Units that are Affordable


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Section 3

Roles and responsibilities of the town’s “economic development team” - including strategic planning for development

Presented by John O’Toole
Plan of Conservation & Development

- Attract new business and employment to benefit population, housing and economic trends
- Build on existing industrial and manufacturing base
- Recreate Main Street as a showcase for the town and a vibrant CBD
- Leverage the Riverfront
- Plan and develop viable, attractive commercial district outside the CBD
Who is on the team?

Reminder of who is on the team:
- Elected officials/municipal offices
- Boards and commissions (P&Z, conservation, etc.)
- Business community and citizens
- Schools and universities
- Nonprofits including chambers
- Advocates: housing, transportation, preservationists, environmentalists
- Product/service providers: developers and real estate community, site selectors/consultants
- Government: state and federal
Economic Development Commission & Staff

* Adopt strategic plan of economic development
* Promote economic development in town and contribute to plan of conservation & development
* Identify areas of town for development
* Make recommendations to voting boards in town
* Initiate an application to change a zoning district, propose an economic development zone, present proposed regulations
* Appear before other land use commissions meeting and present position
* Review all other commissions agendas and minutes to keep abreast of developments and timelines
Strategic Elements

- Vision & Goals
- Needs Assessment
- Strengths & Weaknesses
- Stakeholder Involvement
- Regulatory Environment
- Communicating Your Strategy
Be Pro-active, Strategic and Successful

- Who you want to target
- What you want to achieve
- Where in town you will concentrate business
- When
- Why
- How
Components of a Successful Economic Development Program

- Business visitation
- Liaison between the business and the town
- Ambassador efforts and partnerships
- Single point of contact for business
- Realistic understanding of the current economic situation in your community
- Know your competitive advantages
- Business attraction
Components of a Successful Economic Development Program

- Marketing (eNews, social media, CERC SiteFinder)
- Intergovernmental relations – Know your reps, grants
- Financing solutions – DECD, local banks
- Incentives – both local and state
- Heritage tourism – Enhances quality of life
- Shovel-ready initiatives – DOT permits, wetlands flagging, utility extensions
- Utility economic development tools
Components of a Successful Economic Development Program

- Town Center/Other Commercial Areas
  - Main Street Four Point Approach - CMSC
    - Organization
    - Design
      - Form Based Code, Village District, Streetscape, Facades
    - Promotion
  - Economic Restructuring
    - Market Analysis
    - Building Inventory

Great downtowns don’t just happen – they are created!
What the Process Should Be When You Have a Live One

* Predictable
* Clear
* Reliable
* Consistent
* Effective (*Does the right thing*)
* Efficient (*Does things right*)

One of the best business incentives is a streamlined regulatory process.
Where to go from here?

Questions or Comments?

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