

Economic Development in the Urban Market

Strategizing for the
future of Economic
development

Introduction

- History of economic Development
- Development
- Analysis of Incentives
- Fighting the cycle of decay
- Top-Down and Bottom-up development
- Social planning model
- Conclusions

Brief History of Economic Development

Nationally

- 1949 housing act
- The GI bill
 - Redlining
 - Home owner' covenants

Kansas City

- Troost Divide
- Reese & Nichols – Block Busting
 - Racial residential segregation

What is economic
development?

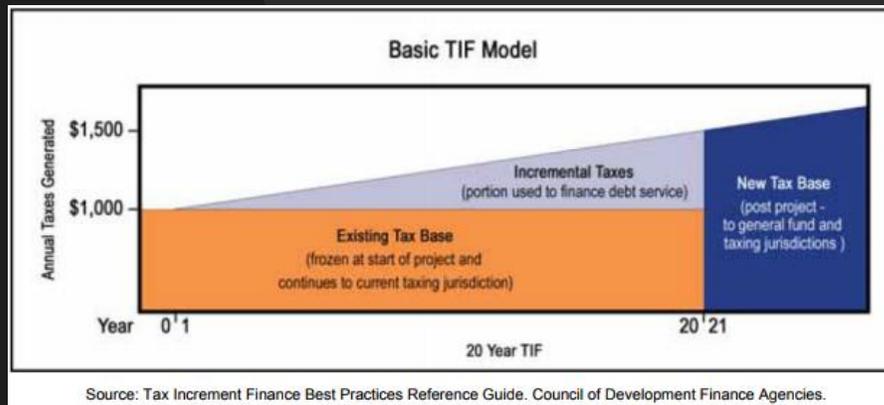
- Community
- Real-estate
- Infrastructure
- Grow tax base

What are the features
of modern
development?

- Results are predicted, assumed, and taken as fact.
- Practitioners are framing the world in their expertise
- The practice of tracking, using, and interpreting data has been loose.
- Balancing scope-creep and cooperation is one of the largest challenges.
- The Process is historically a “black box”

The Incentives Debate

- Incentives are the redirection or abatement of taxes used to leverage private capital in development
 - **TIF** - taxes are collection on the increase in assessment, then reimbursed to the developer or designated agent.
 - **Abatement** – assessed value is frozen despite improvement, and taxes are not paid on improved real-estate.
- The average citizen knows very little about how incentives work (Black Box).
- The use of incentives is most common in areas with strong community and/or pre-development.
- They can be a signal for oncoming gentrification.
- Incentives are now entirely entangled with traditional, transactional development.
- Because of this, Incentives and Development have been largely politicized.

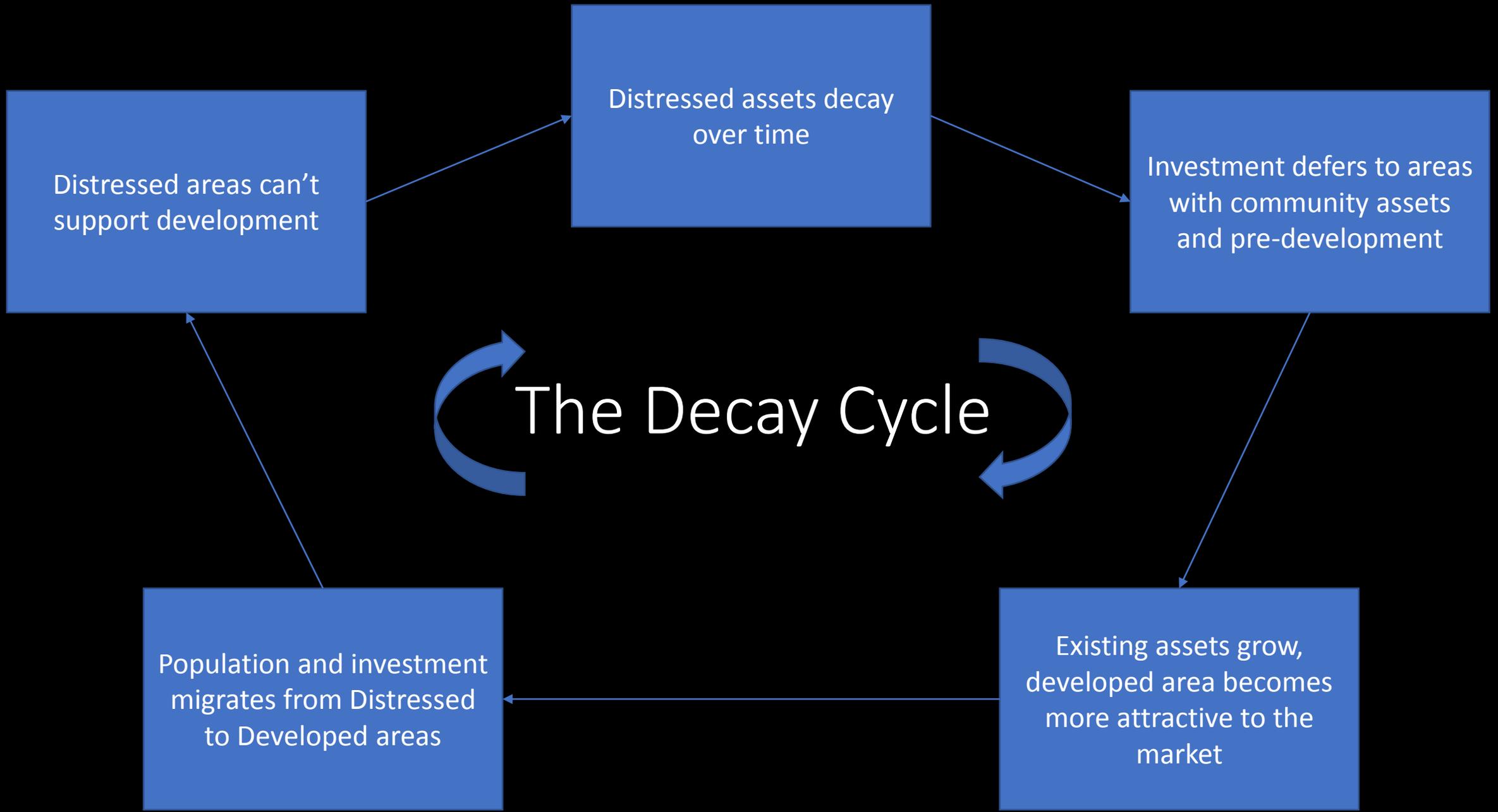


The Study of Incentive Use

- Results are not yet conclusive, but we have come to some meaningful insights from the process:
 - The process is based on a new precedent.
 - The data was not designed to cooperate with analysis.
 - Process for data collection varies between institutions.
 - Tax data is the highest level of reliability, but can be shallow.
- Other insights have come to light about the nature of Incentives as tools
 - Incentives are not the optimal tool for building community
 - Policy Drives Data.
 - Development goals are at odds.

Development: the Big picture

- The process of undergoing a study has reinforced existing perceptions, and introduced new insights.
- Incentives are development tools that are often misaligned because they serve a specific purpose, are misunderstood, and do not serve where development is needed most:
 - Incentives are intended to increase competitiveness of a city **Regionally**.
 - They can, inadvertently encourage gentrification.
 - They can accelerate the decay of vulnerable areas by omission.
 - **Incentives are not the problem**, they are only part of one half of development.



Fighting the Decay Cycle

More incentives \neq More
Development

- There are areas in multitude with incentive areas that are entirely unutilized.
- Areas have to be competitive for multiple reasons for the market to invest
- The potential for increment must be present to make incentives matter

Community and Social Assets =
More development

- Incentives fill gaps in financing, and are subject to but-for requirements
- Incentives are only effective if the truly attractive elements of a community already exist: population density, desirable housing, community organizations, social assets, culture.

Reframing the Conversation: Bottom-up and Top-down development

Traditional or “Top-Down” Economic Development

- Developing large, Catalytic Projects
- Creating large scale infrastructure change
- Injecting capital and employment opportunities
- **Goal:** build physical and financial capital

Interdisciplinary or “Bottom-Up” economic development

- Resources based approach
- Building all types of capital
- Creating healthy social networks
- Encouraging equitable distribution of resources
- **Goal:** build Social and Community Capital

Social Planning Model

- Establishing a **Social Planning Model**, ratifying it as an evergreen institution, and coordinating both government, private, and non-profit organizations.

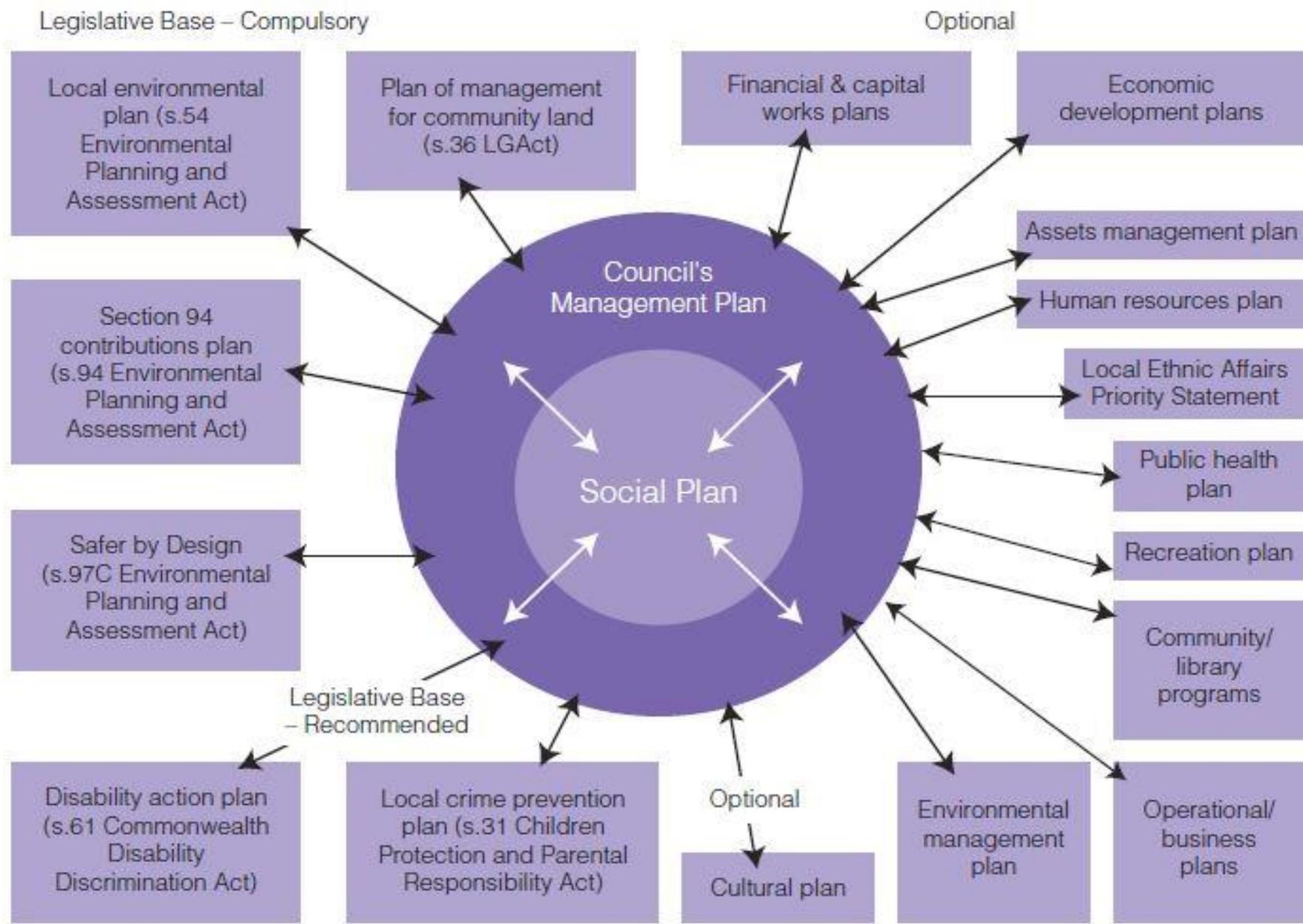
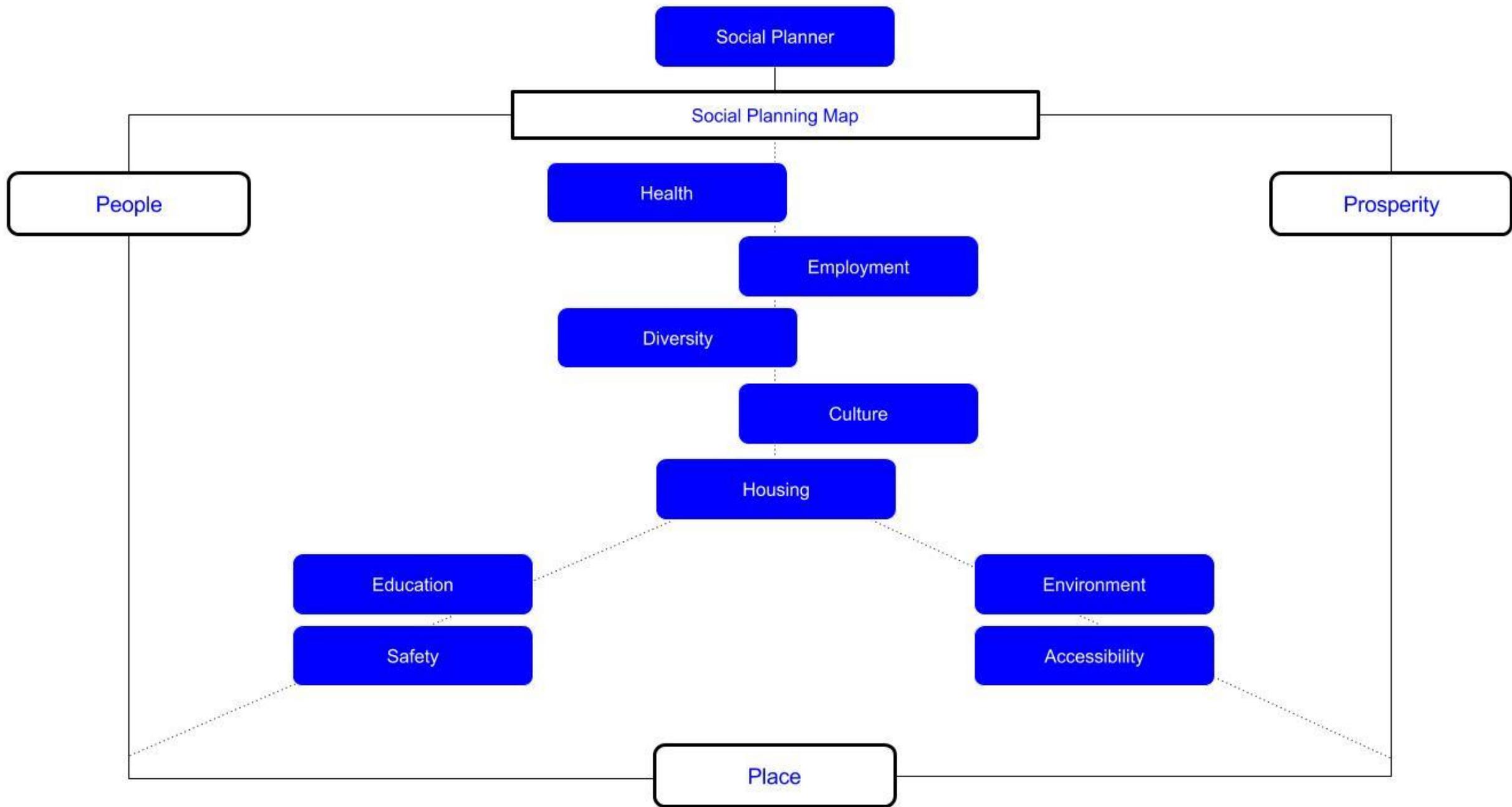
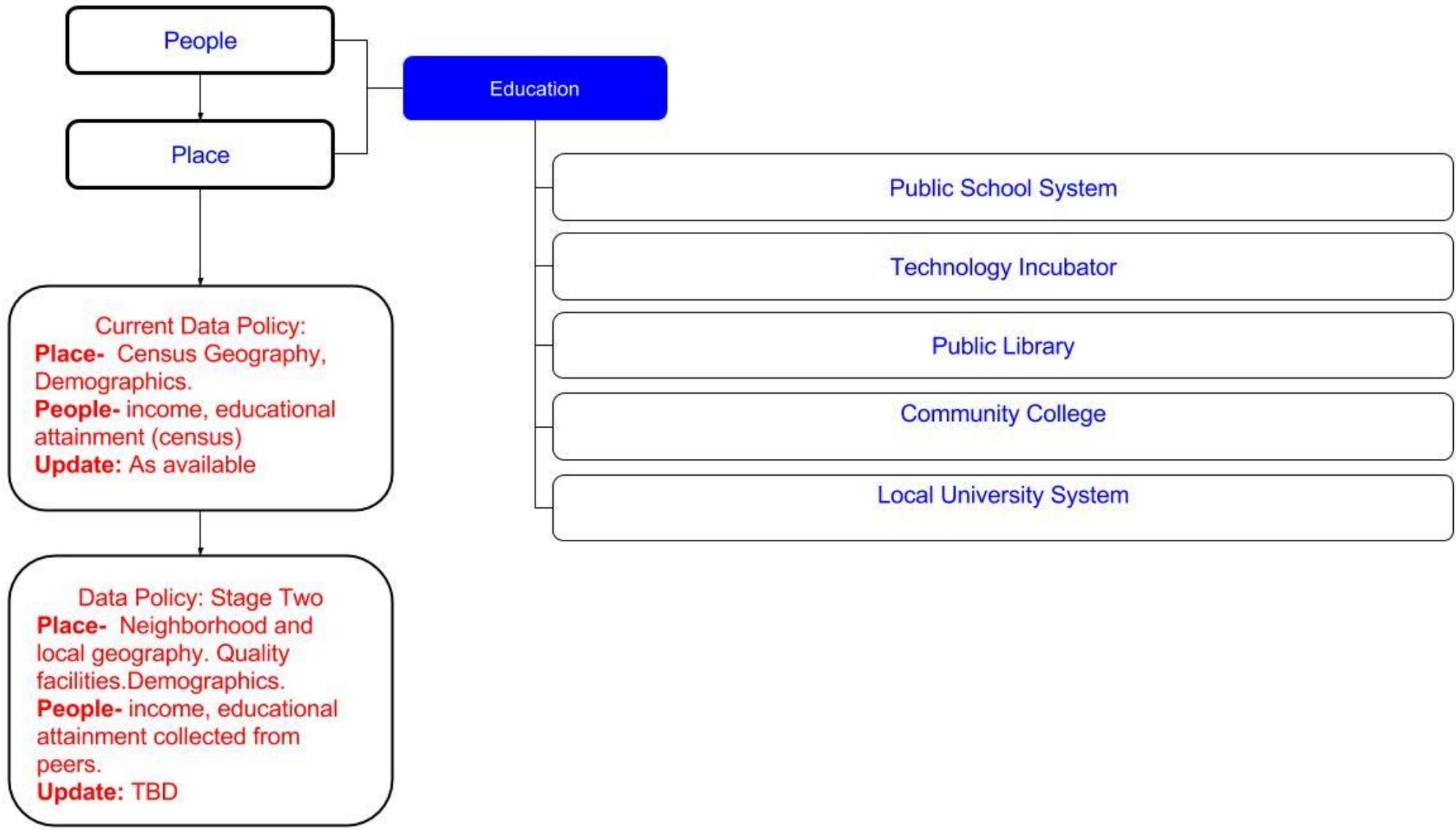


Figure 1: Whole of council approach for incorporating social/community issues into social planning





Conclusion

- The analysis of incentives has grown to become greater than it's purpose.
- Development incentives are misunderstood, and not a one-size-fits-all development tool.
 - Areas within a city exist at different levels of development: different strategies.
- New development strategies are a **necessity** for all cities, not a luxury for forward thinking cities.
 - Traditional Top-down and new Bottom-up strategies are reciprocal, and are meant to co-exist.
- Technological and social advanced predicate better policy, more informed goals, and deeper understanding of development.
- Development goals have, for a long time, been at odds with one-another.
- Developing a strategy can be frustratingly qualitative, and quantitative analysis is always going to lag behind policy.