

The Holzheimer Memorial Student Scholarship

The Economic Development Division annually solicits applications for the **Holzheimer Memorial Student Scholarship for Economic Development Planning**. Applicants must be Master's level students currently enrolled in or recently graduated from PAB-accredited planning programs in the United States. The scholarship is named in memory of longtime APA member and economic development visionary, Dr. Terry Holzheimer of Arlington County, Virginia and Virginia Tech.

The 2017 Holzheimer Memorial Student Scholarship winners are **M. Nolan Gray** and **Olivia Gonzalez** of Rutgers University's Master of City and Regional Planning program, who submitted their independent study project, "Making Room for Home-Based Businesses: A Survey of 12 Zoning Ordinances."

The committee also acknowledged two submissions with "Honorable Mention" designations: **Lauren Shuffleton Drago** (Tufts University) for the paper, "Liquor Licenses in Boston: Distribution and Impact"; and **Austin Shelton** (Georgia Tech) for the paper, "Rail-Trails & Rural Communities: The Economic and Demographic Impact of the Silver Comet Trail on Polk County, Georgia."

Please see the winning entries (edited for length) inside this issue.

The scholarship awards were presented at the APA National Planning Conference in New York City, May 6-9, 2017.

The 2017 Holzheimer Scholarship committee was comprised of: Dr. Greg Schrock of Portland State University (chair); Dr. Margaret Cowell of Virginia Tech; Dr. Haifeng Qian of University

of Iowa; Shana Johnson, AICP, of Foursquare Integrated Transportation Planning; Dr. Shari Garmise of the Association of Public and Land-Grant Universities; and Brittany Bagent of the Columbia River Economic Development Council.

Learn more at www.planning.org/divisions/economic/scholarships.

The Holzheimer Scholarship committee is seeking an economic development practitioner to serve on the committee beginning this fall. Typical annual commitment is approximately 10-15 hours, mostly in February when reviews take place. Interested individuals should send a statement of interest to Dr. Greg Schrock at gschrock@pdx.edu.

Making Room for Home-Based Businesses: A Survey of 12 Zoning Ordinances

by *M. Nolan Gray, Master of City and Regional Planning candidate, Rutgers University* and *Olivia Gonzalez, Economics PhD candidate, George Mason University*

Introduction

In an age of economic anxiety, the humble home-based business offers an unexpected source of economic development. One might be tempted to doubt the importance of home-based businesses and the restrictions zoning

ordinances place on them. But consider the source of many of America's most dynamic companies today. A budding Hewlett-Packard garage operation at 367 Addison Avenue in Palo Alto may have

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Holzheimer Memorial Student Scholarship Essay



M. Nolan Gray & Olivia Gonzalez

MAKING ROOM FOR HOME-BASED BUSINESSES, CONT. FROM P. 1

been shuttered by restrictions on accessory structures.¹ A young Walt Disney Company team operating out of 4406 Kingswell Avenue in Los Angeles may have been reported by neighbors and closed down for off-site employees.² A seemingly insignificant Amazon at 10704 NE 28th Street in Bellevue might have been identified as a wholesaler and shut down.³ The list could stretch on, but the message is straightforward: home-based businesses punch above their weight in innovation. For policymakers and planners interested in tapping into their potential, reforming the zoning ordinance offers a low-cost place to start.

Our aim in this paper is to explore how zoning ordinances regulate home-based businesses (HBBs). First, we map out the roots of contemporary HBB zoning regulation and recent criticism. Second, we examine available data on the economic importance of HBBs and outline how prevailing restrictions may unintentionally burden small businesses. Finally, we survey the zoning ordinances of 12 major U.S. cities and compare them to the literature on HBB regulatory reform. We conclude with a summary of essential takeaways for planners and policymakers.

Home-Based Regulations: Past, Present, and Future

Prior to the Industrial Revolution, work and home were intimately intermingled.⁴ For many Americans, work happened in the home, whether in a shop in front, a home office, or a workshop in a spare room. Yet as the nature of the economy changed, many independent farmers, tradesmen, and professionals transitioned to wage labor. Concurrently, due in part to the pollution of new industries as well as unique American cultural characteristics, many came to see commercial activity as inherently degrading. This confluence of forces produced the unique American ideal of home as a single-family house removed from the disarray of commerce. As scholar Sonia A. Hirt describes, this cultural shift in turn heavily shaped conventional Euclidian zoning.⁵

Implementing this modern ideal with the newly established zoning power, planners gradually mandated the strict separation of uses. Despite the apparent popularity of this program, many customary HBBs survived, including traditional professions and home crafts. To avoid conflict with prevailing norms, early planners allowed customary HBBs — then commonly referred to as “home occupations” — to continue operating as accessory uses in residential districts. In an early legal textbook, zoning pioneer Edward M. Bassett set out three criteria for permitted HBBs: they had to be

customary, incidental to the residential use, and not a business.⁶ Early ordinances typically listed occupations that accorded with this standard. This first-generation approach to HBBs produced regulations uniquely suited to their time — and perhaps none other.⁷

In 1953, researchers at the American Society of Planning Officials (ASPO) recognized growing problems with this first-generation system and the emergence of second-generation regulations.⁸ Acknowledging the limitations of the customary standard, many cities transitioned to across-the-board restrictions and updated lists of permitted customary HBBs. Researchers identified common features, including permitted and prohibited occupations, different regulation by district, transitional zoning, nuisance regulations, and special permits, as well as restrictions on area, equipment, off-site employees, accessory structures, sales, and signs. This mixed standard has confused courts and the general public alike.⁹ Why permit cobblers and exclude braiders under a performance standard? Why permit planning consultants and prohibit bakers under a customary standard? Noting the potential conflict between these standards, researchers encouraged planners to either preserve the customary standard or shift completely toward a performance standard.

The rise of the Internet led to renewed calls for reforms to HBB regulation. Despite encouragement by the ASPO, many contemporary ordinances maintain a mixed customary and performance system. In a 2000 report, zoning administrator Charles Wunder called on planners to ease the vagueness and restrictiveness of the current system, noting that many ordinances are poorly adapted for computer-based businesses and telecommuting.¹⁰ Echoing these concerns, legal scholar Nicole Stelle Garnett has argued for ending the customary standard and easing across-the-board restrictions in zoning ordinances, calling instead for a new focus on addressing negative externalities.¹¹ Making a similar case in 2004, the Small Business Administration (SBA) called for a scaling back of prohibitions on off-site employees, signs, and overly broad nuisance restrictions, among other issues.¹²

Home-Based Businesses and the Cost of Regulation

Small businesses created approximately 64% of all new jobs in the U.S. between 1993 and 2011.¹³ As major sources of innovation, they develop more patents per employee than large businesses.¹⁴ When looking exclusively at firms that operate primarily from within a

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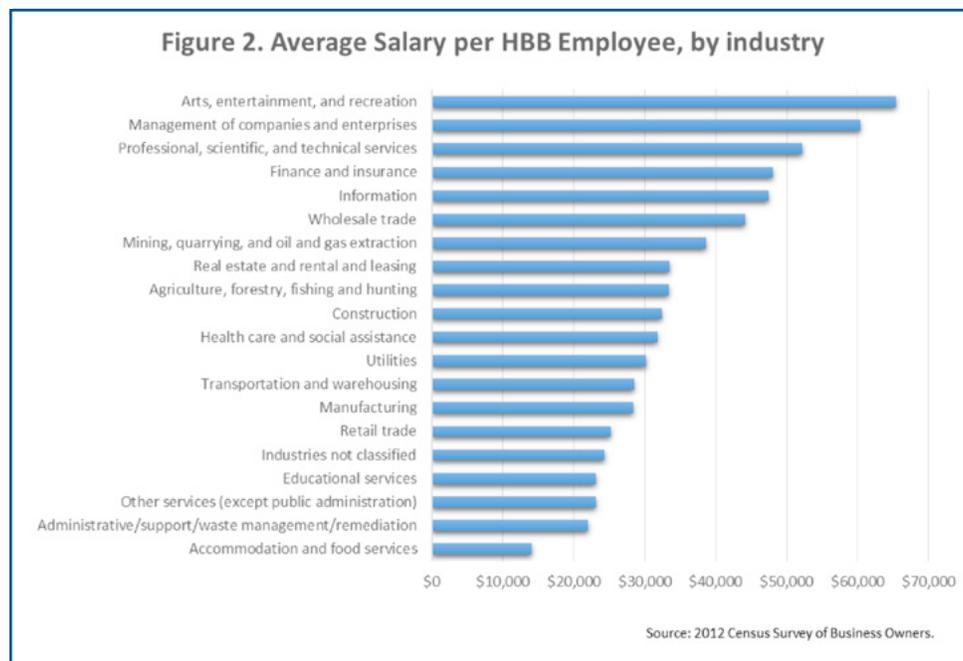
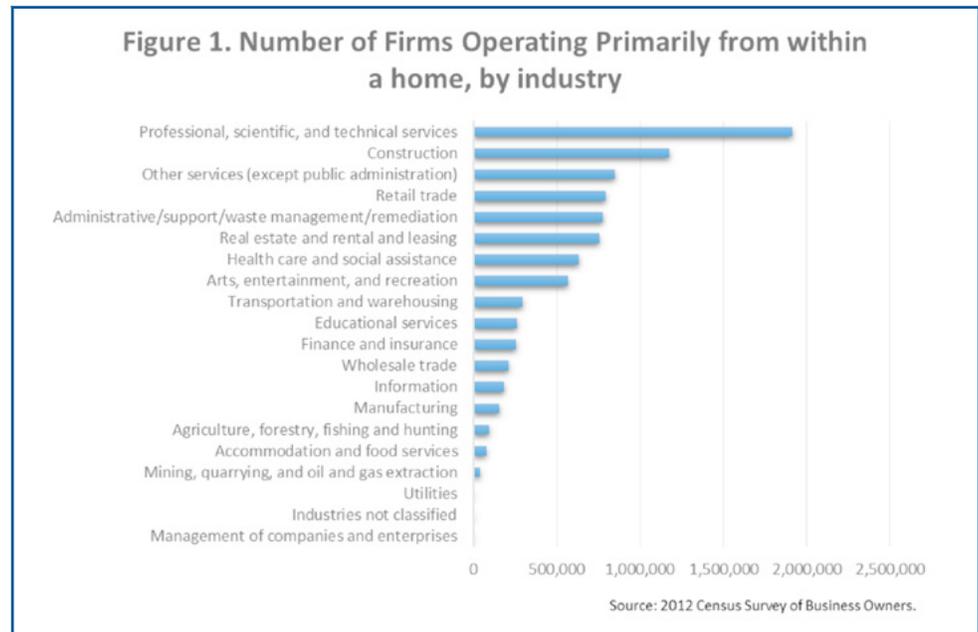
home, 9.04 million firms fit this description in 2012. According to the SBA, HBBs represented 52% of all firms and provided 10% of the total receipts of the economy in 1992.¹⁵ The number of HBBs in the economy has grown from 16.37 to 27.63 million between 1992 and 2012.¹⁶

Some residents start a home-business on the side to supplement pre-existing income, while others jump in full-time either in search of a new career or due to involuntary unemployment.¹⁷ Most HBBs were service related in 2012, including construction and professional, scientific, and technical services (Figure 1). The average salary for all sectors was \$33,741 (Figure 2). Research has found that HBBs lead to economic multiplier effects for communities and provide significant alternative sources of income for residents.¹⁸

Given their small size, zoning-related restrictions may disproportionately burden HBBs. SBA research has concluded that the costs of complying with regulations are consistently higher for small businesses compared to larger businesses that use similar compliance

measures.¹⁹ Studies reviewed by the SBA as well as much of the economic literature conclude that regulations can act as a significant barrier to entry for firms, drive companies underground, and inhibit growth of incumbent firms. According to Calcagno and Sobel, regulations impose high fixed costs that small firms are less equipped to handle.²⁰ These costs emerge from a range of activities; from filing paperwork and paying fees, to time spent interpreting rules and hiring legal assistance.

Numerous newspaper articles share stories of small



business owners having trouble navigating the existing zoning regulatory landscape.²¹ While some home business owners do the research and pay fees when possible, others are unaware of zoning requirements until they are asked by zoning officials to become compliant or cease operations. In areas with more stringent rules and inconsistent enforcement, owners frequently operate underground. One entrepreneur compared the existing system to the military’s now-defunct “don’t ask don’t tell” policy.²²

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Home-Based Businesses in 12 Zoning Ordinances

As discussed in Section I, many have called for reforms to the second-generation hybrid of customary standards and across-the-board restrictions. The following section explores whether ordinances have changed, following the methodology of Edward J. Jepson and Anna L. Haines' work on sustainability-oriented zoning reform.²³ First, we select a sample of twelve cities for this study. Second, we determine 11 criteria to characterize the HBB regulations of each city ordinance in the sample. Third, we assess each city ordinance against these criteria. Finally, we analyze the general findings of the research and suggest noteworthy trends and opportunities.

Sample

Our sample contains 12 cities drawn from top 50 MSAs and are divided evenly among the four census regions.²⁴ Our sample includes Cleveland, Denver, Louisville, Charlotte, Las Vegas, Cincinnati, Hartford, Buffalo, Tampa, Boston, Milwaukee, and San Diego.

Criteria

In surveying HBB regulations, we selected 11 elements to assess in the zoning ordinances sampled. Does the ordinance:

1. use the standard of customary, incidental, and not a business?
2. list permitted and prohibited ordinances?
3. restrict area?
4. restrict mechanical equipment?
5. prohibit off-site employees?
6. prohibit operating out of an accessory structure?
7. prohibit sales and retail?
8. prohibit signs and exterior modifications?
9. contain nuisance restrictions?
10. prohibit customer or client visits?
11. require a permit for HBBs?

Results

See table below.

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Regulatory Criteria	Cleveland	Denver	Louisville	Charlotte	Las Vegas	Cincinnati	Hartford	Buffalo	Tampa	Boston	Milwaukee	San Diego
Customary language?	Yes	No	No	Yes	No	No	Yes	Yes	No	Yes	No	No
Incidental language?	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Non-business language?	Yes	No	No	No	No	No	No	Yes	No	No	No	No
Expressly permitted occupations?	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
Expressly prohibited occupations?	No	Yes	Yes	Yes	Yes	No	Yes	No	Yes	No	Yes	No
Area restrictions? Proportional or absolute?	No	Yes, 20% of gross floor area, never over 300 square feet	Yes, 25% of floor area or 500 square feet. For 1+ acre lots, 25% or 1,000 square feet	Yes, 25% of the floor area or 500 square feet	Yes, 25% of floor area, no more than 5% for storage	Yes, 25% or 500 square feet	Yes, 25% of floor area	No	Yes, 25% of floor area	Yes, 25% of floor area	Yes, 25% of floor area	Yes, no more than 1000 sqft of storage
Restrictions on mechanical equipment? Form?	Yes "customary home equipment"	Yes, none above 3 horsepower	No	Yes, only normal household equipment, excluding medical/dental/ office and a trailer	Yes, only normal household equipment	No	No	Yes, "not customary to dwelling," varies by zone	Yes, "except such that is normally used for purely domestic or household purposes"	Yes, "ordinarily incident to a dwelling unit"	No	No
Off-site employees? Number?	None	None	Yes, one off-site or up to three in a five acre lot subject to conditional review	None	None	None	Yes, only one	Yes, depends on zone	None	None	None	Yes, one permitted
Accessory buildings prohibited?	No	No	No	Yes	No	No	No	Yes	Yes	Yes	Yes	No
On-site sale of goods/transactions prohibited?	Yes, on-site	No, but under limited conditions	No	No	Yes, exclude garage sales and cottage foods	Yes, no sales, limited services	No	Yes, excluding limited services	Yes, no on-site sales, services are fine	Yes, no trading/merchandise, some services	No	Yes, only goods manufactured on site may be sold
Restrictions on exterior displays?	Signs only in high-density residential, no restrictions on the rest	No external alterations or storage with exceptions, sign may be 100 square inches and non-illuminated	No	No	No	No	One sign per DU, no illumination, no outside storage/displays, physical appearance must conform (vague, common)	Signs permitted, vary based on zone	Nameplate permitted, no outside use of land, no signs	No, excluding "professional announcement sign"	No, excluding no external alterations or signs	No signs, no outdoor storage
General nuisance regulations?	No	No	Yes	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes
Prohibition on customer/client visit?	No	No	No, no more than two	No	No (but no new traffic)	No (but no new traffic)	No, up to four	No	No (but no new traffic)	Yes, excluding some services	No, but no more than 8 in 24 hours and 2 at once (also, no new traffic)	No, one at a time (Neighborhood Use Permit required)
Permits required?	No	Yes	Yes	Yes	Yes	No	No	No	Yes	No	Yes	No, conditional

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Analysis

Ordinance Language. Many have criticized HBB regulations for their continuing use of the vague customary standard.²⁵ This language remains in many of the ordinances sampled. Five (42%) of the ordinances use the word “customary” in describing permitted HBBs. In contrast, the language of “not a business,” has almost completely disappeared. All but two cities (83%) require that HBBs be “incidental.”

Permitted and Prohibited Occupations. While eight (67%) ordinances list permitted occupations, only seven (58%) ordinances list prohibited occupations. Such lists have been criticized for their capacity to quickly fall out of date.²⁶ Our sample ordinances reflect this concern: many lists of permitted occupations include out-of-date home occupations, including millinery and clock repair. Many lists of prohibited occupations include automotive work, adult businesses, and manufacturing.

Area Restrictions. Area restrictions control how much space a home-based operator may use. It is often difficult to respect or enforce these restrictions. Nonetheless, nearly all (83%) of the ordinances sampled include area restrictions. These restrictions range from 20% of floor area and/or 300 square feet up to 25% and 1,000 square feet.

Mechanical Equipment. Many have criticized restrictions on mechanical equipment for their vagueness.²⁷ Of the ordinances surveyed, half prohibit mechanical equipment not customarily found in a home. Broad restrictions on mechanical equipment threaten the legal status of construction businesses, the second most common form of HBB (see Figure 1).

Off-Site Employees. Prohibitions on off-site employees are a powerful restraint on HBB growth.²⁸ In many cases, ordinances even restrict HBBs from employing

off-site non-residents. Within our sample, 67% of ordinance prohibit off-site employees outright. Four (33%) ordinances permit one off-site employee.

Accessory Structures. Many ordinances restrict HBBs from operating in accessory structures. Critics have pointed out that these restrictions prohibit popular garage- and shed-based business.²⁹ Only 42% of the ordinances sampled contain such restrictions.

Prohibition on Sales. Following the rise of the online platforms like eBay and Amazon, home-based online retail businesses have grown in popularity.³⁰ Of the ordinance sampled, 67% prohibit sales and/or retail altogether. Only four (33%) ordinances contain language that may allow for a home-based online retail business, while only Las Vegas expressly mentions computers. Overly broad restrictions on sales and retail may threaten the legal status of retail trade, a significant source of HBB income (see Figure 2).

Signs and Exterior Modifications. Many early HBB regulations prioritized preserving residential character. Reflecting this, 67% of ordinances sampled prohibit signs. Among the remaining 33% of ordinances, signs are permitted under certain conditions. Exterior modifications related to HBBs are nearly always prohibited.

Nuisance Restrictions. Among the ordinances sampled, 58% contain general nuisance restrictions related to noise, vibration, glare, odors, and dust among other externalities. While laudable in their aim, many of these perhaps go too far, restricting any new noise, odors, or dust.³¹

Customers and Clients. None of the ordinances sampled prohibit customer and/or client visits. However, 67% of ordinances place restrictions on the number of

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clients and/or customers that may be present at once. Las Vegas, Cincinnati, Milwaukee and Tampa broadly restrict any HBB that creates additional traffic.

Permits. The ordinances in this sample are equally divided on the question of permitting HBBs. In most ordinances, the permitting is handled by a zoning administrator. San Diego is alone among cities in allowing low-impact HBBs by-right and issuing permits for high-impact HBBs.

As discussed in Section II, HBB regulation can be broken into three generations. First generation HBB regulations explicitly carved out and permitted certain customary HBBs. Second generation HBB regulations expanded these lists of explicitly permitted home-based businesses, added new performance standards regulating how HBBs could operate, and largely scrapped “customary” language. Third generation HBB regulations, which have been heavily discussed since the 1953 ASPO report on HBB regulations, can be understood as a regulatory framework that completely scraps both “customary” language and lists of explicitly permitted home-based businesses, opting instead to regulate performance standards with a focus on negative externalities. Understanding our sample cities within this generation framework may help to elucidate the current state of HBB regulations.

First, four of the ordinances sampled can be interpreted as remaining in the first-generation regulatory framework: Charlotte, Hartford, Buffalo, and Boston. All four ordinances retain the use of “customary” language and continue to limit home-based businesses to those explicitly permitted in the zoning ordinance. These first-generation ordinances are restrictive in many ways: three of the four cities have area restrictions (reflecting the early “incidental” standard), restrictions on the use of non-customary machinery, and restrictions on the use of accessory structures. Yet in other respects, these first-generation ordinances are surprisingly liberal: all four ordinances allow signs in some form, three of the ordinances allow customer/client visits, two of the ordinances allow off-site employees, and none of the ordinances excluding Charlotte require a permit. This indicates that first-generation ordinances largely regulate HBBs at the level of explicitly permitting or prohibiting certain types of HBBs, leaving those permitted relatively free to operate as they choose.

Second, five of the ordinances sampled can be understood as having upgraded to the second-generation regulatory framework: Cleveland, Denver, Las Vegas,

Cincinnati, and Tampa. These five ordinances reflect a mixture of the “customary” standard and new performance standards related to how HBBs may operate. Four of these ordinances have dropped the “customary” language but continue to explicitly list permitted and prohibited HBBs. From the perspective of a literature that generally calls for the liberalization of HBB regulations, these second-generation ordinances may be considered the worst of both worlds. On the one hand, nearly all of these ordinances continue to limit HBBs to those explicitly listed. On the other hand, these ordinances have also adopted stringed performance standards. Some mixture of four-fifths of the second-generation ordinances feature area restrictions, prohibit non-customary machinery, prohibit the use of accessory structures, and limit transactions to services. All of the second-generation ordinances prohibit off-site employees. Unlike first-generation ordinances, most second-generation ordinances require HBBs to obtain a permit to operate.

Finally, three of the ordinances sampled appear to have made the transition toward a third-generation HBB regulatory framework: Louisville, Milwaukee, and San Diego. Each of these ordinances scrap the “customary” language and explicit lists of permitted HBBs altogether, focusing exclusively on performance standards. In some respects, these ordinances are relatively liberal: all three allow exterior modifications and customer/client visits and none place restrictions on non-customary machinery. Furthermore, two of the three ordinances allow off-site employees and the use of accessory structures. Yet we should avoid the temptation to understand the generation framework as moving purely toward greater liberalization, as the sampled third-generation ordinances are surprisingly restrictive in many ways. All three of the third-generation ordinances continue to include area restrictions and two of the three ordinances prohibit on-site sales and require permits for HBBs to operate. As we can see from this sample, while a third-generation of HBB regulations has emerged, these ordinances continue to impose complicated and potentially costly regulatory burdens on HBB operators.

Conclusion

In communities across the country, the nature of work is changing. Work in manufacturing continues to shrink. The service industry is being transformed by the rise of automation and Internet-based retailers. Throughout the 2016 election season, candidates at all levels of government proposed ambitious plans for

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stimulating economic development. Yet largely left out of the discussion were the millions of women and men who have formulated their own small-scale economic development plan by starting a small business in their home. By understanding the challenges posed by current zoning restrictions and the potential opportunities for reform, planners are in a powerful position to cultivate an underrated positive trend in the 21st century U.S. economy. ■

M. Nolan Gray is a student in the Master of City and Regional Program at Rutgers University. He earned B.A.'s in philosophy and political science at the University of Kentucky. Olivia Gonzalez is an Economics PhD student at George Mason University. She earned a B.S. in economics from George Mason University and an A.S. in business administration from Northern Virginia Community College.

Acknowledgements: The authors wish to thank Barbara Faga, Rutgers University, for her guidance in drafting this paper.

Footnotes

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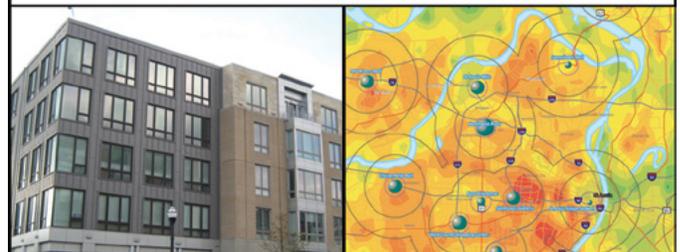
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Liquor License Distribution in Boston: Exacerbating Economic Disenfranchisement

by Lauren Drago

Restaurants play an important role in urban neighborhoods, both in support of quality of life for residents and as an economic development engine. They support retail by providing customers with a place to refuel during a shopping trip and, in scenarios where there is not yet a sustained commercial district, the arrival of a restaurant signals to retailers that there is enough of a market for additional businesses. Restaurants also serve as important social gathering places in their neighborhoods, tend to be a key method for drawing visitors into a neighborhood, and help establish the brand of the surrounding area. Despite their incredible importance to economic development, most restaurants cannot survive without a liquor license; alcohol offers higher-profit margins than most food items, so many independent restaurants find alcoholic beverages account for 20% or more of their sales, according to many estimates. As a result, access to liquor licenses is nearly imperative to produce walkable, livable, economically-sustainable commercial districts.



Flickr: Sanden



Lauren Drago

In Boston, however, liquor licenses tend to be accessible only to a specific subset of restaurateurs. Although state law provides most Massachusetts municipalities with additional licenses automatically as their populations increase, Boston is working with a hard cap that has remained mostly unchanged since it was first enacted eighty years ago upon the repeal of Prohibition. As a result, most bars and restaurants are forced to buy licenses on the secondary market from other businesses for several hundred thousand dollars rather than from the city directly for a couple thousand. This enormous expense represents a significant barrier to entry for new businesses and favors larger restaurant groups over independent and perhaps more innovative restaurateurs. Furthermore, City Councilor Ayanna Pressley has argued that this policy has caused what liquor licenses are available to cluster in the White, wealthy neighborhoods of Boston, leaving other areas without the economic development potential that liquor licenses provide.

Using GIS and quantitative methods, it is possible to assess how liquor licenses are distributed through Boston now and whether license clusters appear to be predicted by wealth, race, and indicators of gentrification as Councilor Pressley suggests. Using data provided by the City of Boston on the location of current liquor

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licenses, it is clear to see that liquor licenses are, in fact, predominantly located in White and wealthy census tracts. The wealthiest quartile of census tracts contains over half of all licenses, and the quartile of tracts with the largest percentages of White residents contain 40% of all licenses.

A cluster analysis using local indicators of spatial autocorrelation (LISA) can provide more insight into exactly which neighborhoods are losing in the current liquor license policy landscape. To do this analysis, the number of licenses in a census tract are normalized by dividing into the number of eating establishments in that tract. This is because it is assumed that a neighborhood like Downtown Boston, which is both tourist-

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LIQUOR LICENSE DISTRIBUTION IN BOSTON, CONT. FROM P. 8

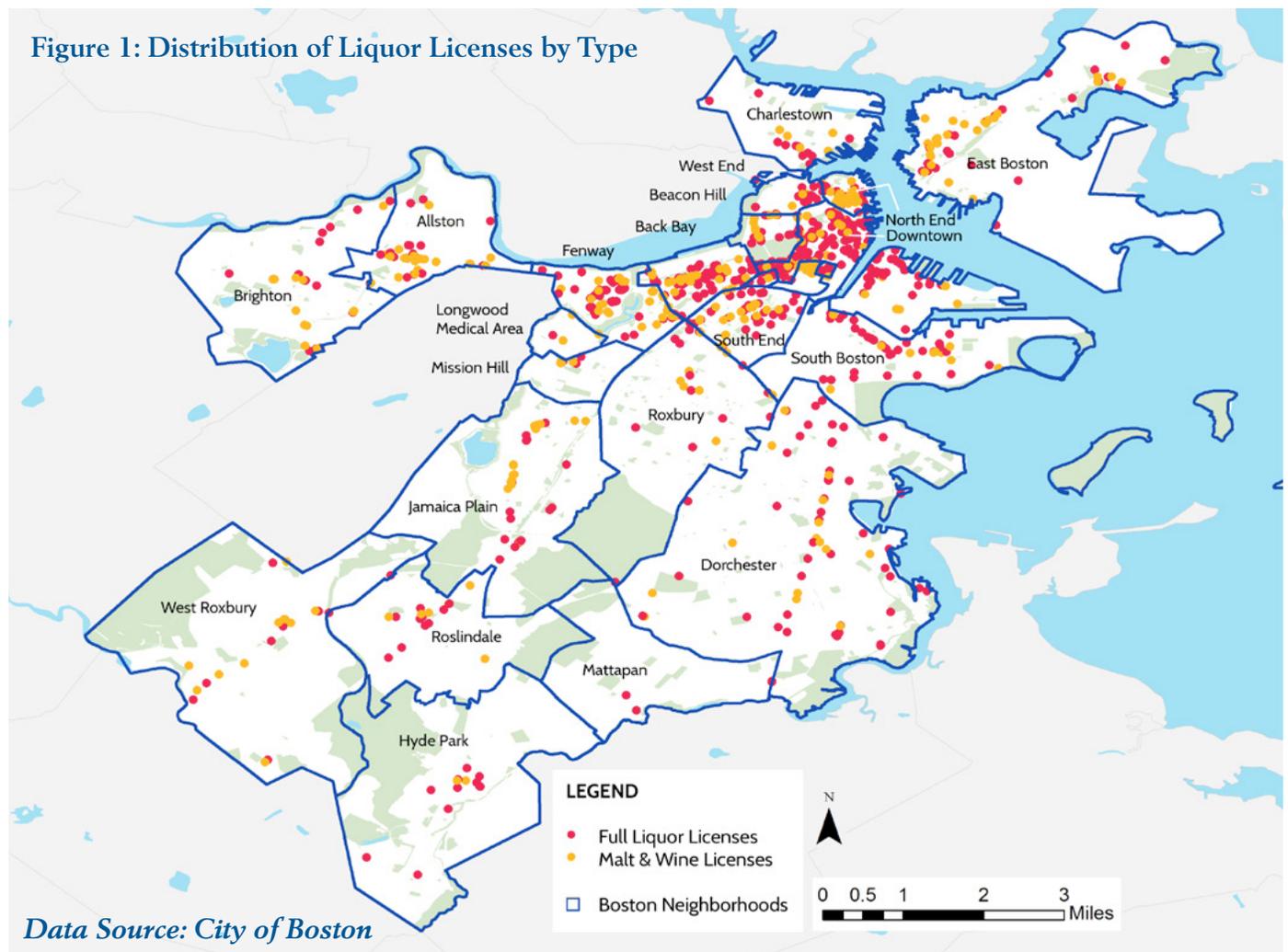
friendly and a key employment center, will naturally have more eating establishments than a residential neighborhood like Jamaica Plain. If, however, Census Tract A has a liquor license for every restaurant (a 1:1 ratio, which equals a value of 1 for that tract’s variable) and Census Tract B has only one liquor license for every five restaurants (a 1:5 ratio, which equals a value of 0.20 for that tract’s variable), we can infer that liquor licenses may be clustering in Census Tract A, and that Census Tract B perhaps houses restaurants that would like a liquor license but are unable to receive one. An analysis using local Moran’s I indicates that the neighborhoods of Mattapan, Roxbury, Dorchester and Mission Hill are all areas wherein tracts with low ratios of licenses per eating establishment are surrounded by tracts with similarly low ratios.

Finally, a spatial regression explores whether race and wealth seem to predict where clusters of liquor licenses will appear. Most of the variables of interest for

this portion of the analysis — median income, family poverty rate, individual poverty rate, percentage of Black residents, percentage of non-White residents, percentage of Latino residents, and the ratio of permits to housing units — are all correlated to each other. Therefore, instead of creating a multivariate regression, numerous univariate spatial error regressions are run for each independent variable. In each of these regressions, the wealth and race variables were the independent variables, and the ratio of liquor licenses to eating establishments was the dependent variable. These regressions demonstrate that race and wealth are, in fact, statistically significant predictors of liquor license distribution. The percentage of non-White residents was the strongest predictor of liquor license locations, predicting 27% of values; a ten percentage point increase in the non-White population predicted a five percentage point decrease in the ratio of liquor licenses, while a ten percentage point increase in

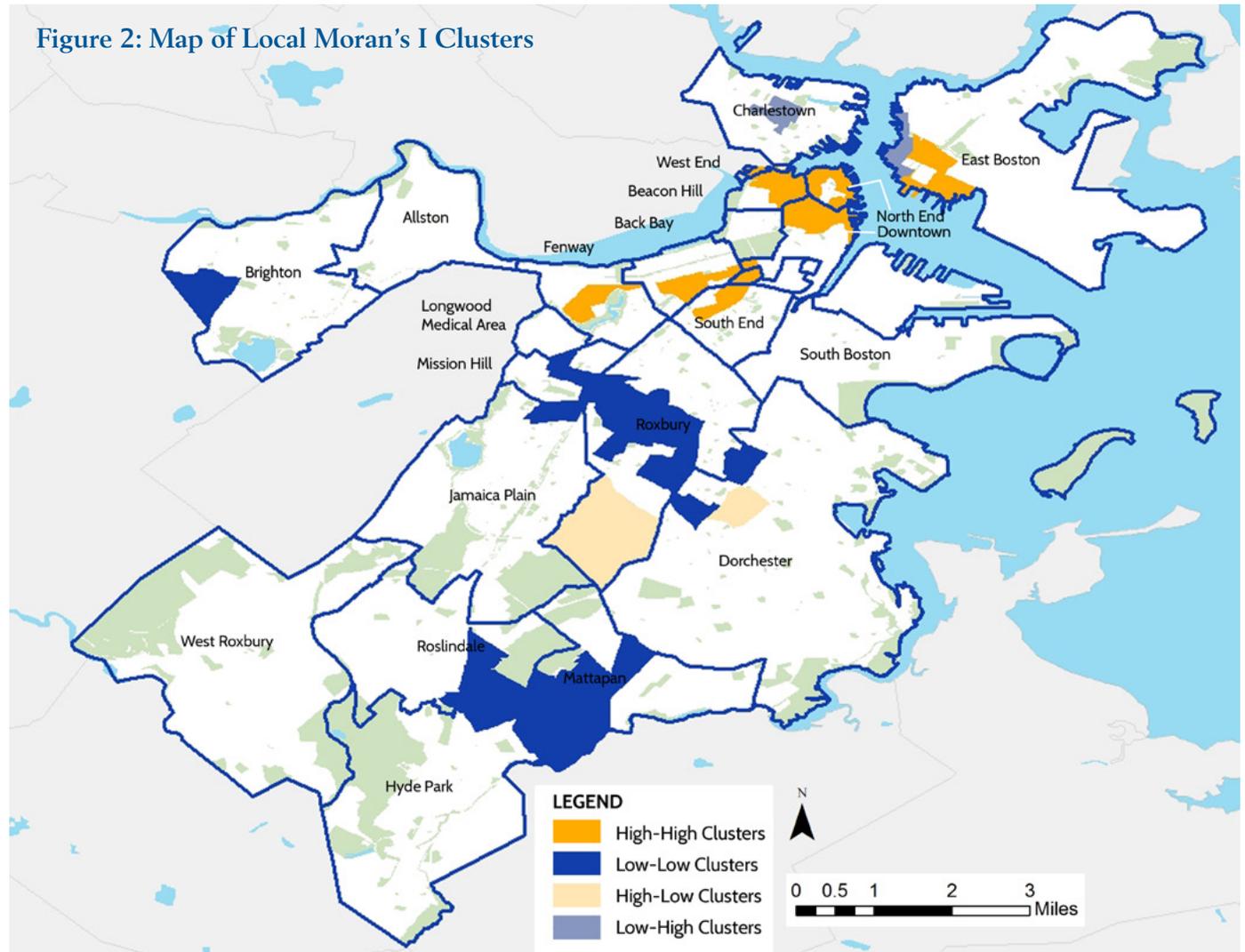
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Figure 1: Distribution of Liquor Licenses by Type



Liquor License Distribution in Boston, Cont. from p. 9

Figure 2: Map of Local Moran's I Clusters



the family poverty rate predicted a five percentage point decrease in the ratio.

The data suggest that, as Councilor Pressley believed, liquor licenses are clustered in White, wealthy communities in Boston. What's the fix, then? Previous efforts to lift the quota entirely elicit pushback from current liquor license holders, who argue that their licenses represent a substantial component of the overall value of their business. To suddenly have these half-million dollar assets reduced to nothing would be devastating to their finances. Currently, Councilor Pressley and Boston Mayor Marty Walsh have proposed a more nuanced effort which would add more licenses restricted to specific neighborhoods that are currently losing out in the liquor license policy.

Ultimately, Massachusetts liquor license policy — which was established over eighty years ago to protect

quality of life and minimize the negative externalities of drinking in public — has become a tool that has stymied economic development and Boston's burgeoning food scene while simultaneously exacerbating economic disenfranchisement for low-income and minority communities. Modernizing the policy will help urban neighborhoods add jobs, establish dining destinations, and jumpstart economic development in communities across the city.

Read the full report: https://sites.tufts.edu/MaryDavis/files/2017/04/Drago-Thesis_Final.pdf.

Lauren Drago is an economic development professional working in Somerville, MA. She holds an M.A. from the Tufts University Urban + Environmental Policy and Planning program and a B.A. from Williams College. She can be reached at Lauren.S.Drago@gmail.com.

Rail-Trails & Rural Communities: The Economic and Demographic Impact of the Silver Comet Trail on Polk County, Georgia

by Austin Shelton, Master's Candidate in City & Regional Planning, Georgia Institute of Technology

Holzheimer Memorial Student Scholarship Honorable Mention

Introduction

In larger cities, the creation of rail-trails often leads to increased property values and higher density on neighboring land. This study explores whether a rail-trail has the same effects on a rural community, by exploring what (if any) demographic and economic impacts the Silver Comet Trail has had on Polk County.



Austin Shelton

Context

The Silver Comet is a 60-mile rail-trail running through three counties in northwest Georgia, completed in 2008. In Alabama it becomes the Chief Ladiga Trail, continuing 32 miles before terminating in Anniston. This study focuses on the portion of the trail in Polk, the westernmost Georgia county.

Polk County is located northwest of Atlanta, on the border of Georgia and Alabama. The 2015 population was estimated to be 41,524, according to the

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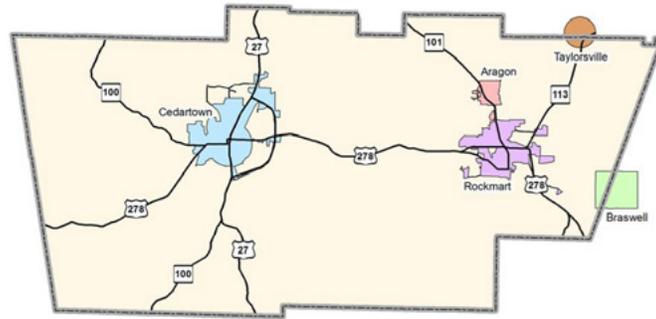
River Walk Park and the Silver Comet bridge in Rockmart, GA (credit: www.exploregeorgia.com).

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Census Bureau. The two major cities are Cedartown and Rockmart, with 2015 estimated populations of 9,872 and 4,300, respectively.

Analysis

To compensate for a lack of detailed data about Polk County, four methods were used to study the Silver



Source: Wikimedia, NW Georgia Regional Commission

Comet’s impact. First, a comparison of the population from 2000 to 2015, specifically the percent change in census tracts. Second, a comparison of changes in land considered “urbanized” at the end of each decade. Third, an analysis of all registered businesses in the county, checking for clustering near trailheads and if businesses are attempting to cater to Silver Comet users. Finally, a hedonic regression performed on all parcels in the county, adding proximity to the Silver Comet as a variable.

Population

From 2000-2010, the population in all tracts, with the exception of one, grew by at least 10. From 2010-2015, it largely shrunk. Of the seven tracts, one lost nearly 50% of the gains made from 2000 to 2010, and two others 100%. While the total population is slated to grow, it appears most of this will come to already established cities, in keeping with national trends.

Urbanized Areas

In terms of urbanization, Polk County remains largely the same between 2000 and 2010, with one exception. Due west of Rockmart, a new segment of urbanized land cropped up, appearing to hug the Silver Comet. This new urban area is also located in a census tract that is gaining population, so it could be reasonably deduced that this is where the new population has gone.

Businesses

Despite evidence of population growth near the trail, businesses are not following. There are 1,703 licensed businesses in Polk County. Only one, the Silver Comet Bakery & Cafe in Rockmart, references the trail; Google data suggests that it is permanently closed.

There are 182 businesses within a quarter mile of the trail (11% of the total), and 405 within a half mile (24%). By itself, this does not suggest that Polk businesses see value in trail proximity. If we filter businesses to include only those that could potentially cater to trail users (restaurants, retail, etc.), only 53 of the 405 businesses (13%) fit these criteria.

In addition, their locations seem to suggest that trail proximity may be coincidental. The

Silver Comet follows several east-west highways in Polk County, which amusingly were created to follow the original railroad.

Hedonic Regression

Several regression models were used in an attempt to get the most explanatory model. The lack of descriptors for any structures on the parcels and variety of zoning meant the final model used land value as the independent variable. The dependent variables used were zoning, acreage, tax exempt status, tax district (city or county), and whether the parcel was within a mile of the Silver Comet Trail. This model explained roughly

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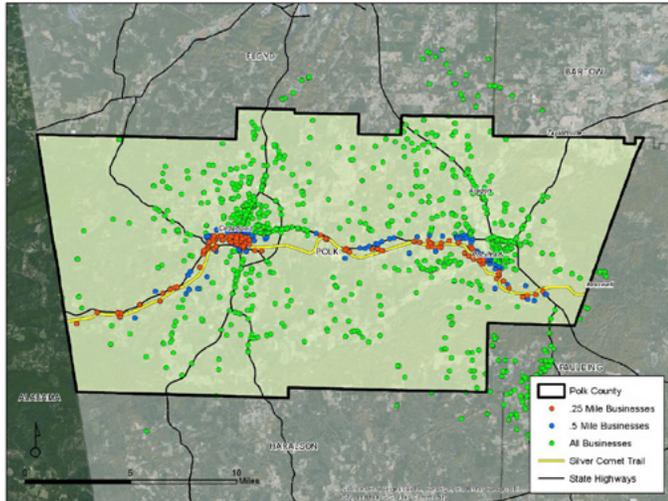


The Cedartown Depot (credit: RailGA.com)

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67% of valuation, and every dependent variable had a statistically significant impact.

Some of the results were fairly obvious; increasing acreage adds value, for example. For trail distance, parcels were assigned a 0 or 1; 0 for parcels outside the one mile buffer, and 1 for those within. The result was surprising; the output indicated being within the buffer subtracts \$9,300 of value on average.



Businesses within .25 and .5 miles of the Silver Comet

Conclusions

Two major conclusions drawn from this are: 1) accurately analyzing the impact of infrastructure in rural areas can be exceedingly difficult; and 2) rural rail-trails may not create the same kind of benefits as in urban areas.

Though this analysis is far from perfect, the implication seems to be that the Silver Comet Trail has had little tangible economic impact on Polk County, neither in attracting new residents nor encouraging investment; indeed, it may actually be a detriment to property values. It may be having an impact is the county’s pattern of

urbanization, and if this trend continues it would present a strong argument that the trail is a catalyst for at least some economic development.

A report by ALTA Planning argues that the Silver Comet Trail has had a \$460 million impact on the three counties in its path, \$182 million of which was through increased property values. They also estimate that for every \$1 spent on expansion, Georgians receive \$4.64 in “direct and indirect economic benefits.” While this sounds good, these findings suggest returns are mostly felt in Spaulding and Cobb counties.

In terms of equity, there may be a silver lining. The lack of growth around the trail means that minority residents in many parts of the county are actually more likely to live near the trail. However, this may be a happy accident from when it was a freight rail corridor, and the nationwide trend of minorities being more concentrated in urban areas.

Perhaps the largest lesson here is that qualitative benefits are difficult to measure in real dollar amounts, and development of a public good like a rail-trail is not entirely about simple value creation. Residents can now walk or bike for miles in either direction, across state and county lines, without ever having to share space with an automobile. That is a remarkable achievement, but attaching an accurate dollar amount to it is perhaps impossible. ■

Austin Shelton, from Columbus, GA, did his undergrad in Sociology at Covenant College in Lookout Mountain, GA, just outside of Chattanooga. He recently graduated from Georgia Tech with a Master’s in City & Regional Planning (MCRP), specializing in Housing/Community Development and Land Use Planning. He is now the City Planner for the City of Snellville, in Gwinnett County. Reach Austin at ashelton@snellville.org.

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Connecting Community Assets with Market Demand for Lasting Livelihoods: Meeting New Challenges with Innovative Approaches

by Melissa Levy, Principal, Community Roots; Carrie Kissel, Associate Director, NADO Research Foundation; and Michelle Decker, Executive Director, Rural Action

A new approach has the potential to connect community and regional assets with market demand, creating robust economic opportunities and lasting livelihoods for communities that need them. The WealthWorks approach serves as a bridge between community development (focused on empowering individuals and groups of people) and traditional economic development (focused on creating jobs by attracting businesses through tax breaks and incentives). WealthWorks builds on the underutilized assets in a region, bringing them into productive market relationships by making linkages between rural supply and urban demand. Relationships are created to make this happen through value chains, which build multiple forms of wealth that are locally owned and controlled. This approach focuses on creating wealth that remains in rural regions while also generating opportunities for upward mobility in those regions.

People and Organizations Act from Their Self-Interest to Generate Mutual Benefit

WealthWorks is about engaging partners based on their self-interest through value propositions. A value proposition is a statement, supported by evidence, of the value to collaborating partners from engaging with producers in low-wealth rural places. A value proposition answers the question, “What’s in it for me?” The more clearly you can make the case that developing your value chain will produce a variety of wealth benefits, the larger the group of people who may be interested in participating as producers, buyers, investors, and/or supporters.

WealthWorks Approach

The WealthWorks approach involves economic development that

- Connects underutilized community assets to higher return market demand in their regions and beyond.
- Weaves together the self-interest of people, places, firms, and organizations in a region for mutual benefit.
- Brings underutilized assets — people, place, property, and know-how — to light and into productivity.
- Builds regional prosperity and self-reliance.
- Increases upward mobility.
- Creates multiple forms of wealth that stick to place and last.
- Builds partnerships that are flexible for new uses.

The WealthWorks approach does this all in the pursuit of lasting

livelihoods in places with limited livelihood options.

Demand-Driven and Market-Based

If traditional supply chains push product (here’s our corn, buy it), value chains using the WealthWorks approach organize to address market demand that pulls products or services through (make it this way and we’ll buy it). Value chains are effective mechanisms through which rural communities can connect to the demand side, often in urban areas, and produce products or services that are responsive to those needs. Market demand can be a driver for a considerable expansion of jobs and wealth. When it comes to “selling” into a value chain, it can often be a matter of connecting with a market that already wants what is being offered. For example, Whole Foods and other natural food markets are looking for a quality organic product. In some cases, however, it is necessary to grow this demand. For example, low-income households may not realize the benefits of energy efficiency retrofits to their homes. Growing this demand involves increased education and outreach.

Connecting Regionally

WealthWorks is about making rural/urban connections within regions. Those in urban areas often

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undervalue their rural neighbors. Yet, according to Pryor and Mitchell (2011) in *Observations on Rural Philanthropy*, “our collective lives depend greatly on rural regions. Our food security, fiber, energy, minerals, water, oxygen, and many other essential materials are embedded in rural environments — as well as many of our world’s most majestic places.” Value chains provide a way to connect rural and urban areas that benefits both and creates a foundation for stronger livelihoods in both places. Integrating poor rural areas into larger regional economies offers a sustainable path out of poverty. Urban areas benefit from access to goods and services that address basic needs such as food and energy. Urban-based supermarkets, such as Whole Foods Market, can better meet the demand for local and organic products if they have formed relationships with, and invested in, rural small producers to bring a consistent, high-quality product to their markets.

Focus on a Variety of Assets

The WealthWorks approach uses a framework of eight forms of wealth to think about the assets of a community and the impacts this type of work can have on it. This framework helps people in high poverty areas realize that they have underutilized assets beyond

monetary assets, including natural resources, infrastructure, skills, and strong social networks.

How Is Wealth Typically Defined?

Rather than defining wealth as only monetary assets, the WealthWorks approach includes all assets that can contribute to the well-being of people, places, and economies based on eight forms of capital. Intentionally building greater wealth across multiple forms of capital can generate a more resilient and prosperous community. The challenge is to impact and build multiple forms of capital to reach desired outcomes while doing no harm. The eight forms of wealth include the following:

1. Intellectual capital refers to knowledge, innovation, and creativity or imagination in a region.
2. Individual capital refers to skills and physical and mental healthiness of people in a region.
3. Social capital refers to trust, relationships, and networks that support civil society.
4. Natural capital refers to unimpaired environmental assets (e.g., air, water, land, flora, fauna, etc.) in a region.

5. Built capital refers to fully functioning constructed infrastructure.
6. Political capital refers to power and goodwill held by individuals, groups, and/or organizations that can be held, spent, or shared to achieve desired ends.
7. Financial capital refers to unencumbered monetary assets invested in other forms of capital or financial instruments.
8. Cultural capital refers to practices that reflect values and identity rooted in place, class, and/or ethnicity.

Appalachian Ohio Food Systems

Rural Action, a nonprofit working in the southeast and central eastern counties of Appalachian Ohio since 1991, is building a more just economy by developing the region’s assets in environmentally, socially, and economically sustainable ways. Their work centers on helping small communities do big things, growing local businesses and jobs, restoring the environment, and cultivating the next generation of leaders. Rural Action takes a sector-based approach, focusing on systems change in food and agriculture, forestry, zero waste and

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recycling, environmental education, and watershed restoration. A big focus, since the early 1990's, has been building and strengthening local food systems in Southeast Ohio, with local, regional and statewide partners. They define sustainable agriculture as agriculture that's good for the community, the economy and the environment. Rural Action works across a broad spectrum of farmer to consumer programming to increase local food production. They give farmers and partners the tools they need in order to increase food production in a way that reduces their risk and enhances their profitability. They work to build a value chain where stakeholders in a local food system work together to build the local economy.

Current Value Chain Projects

Rural Action works with regional partners to develop food hubs with community support throughout Appalachian Ohio. Food hubs are centralized locations that support multiple food producers in a region by aggregating and distributing produce and locally made products. Current projects include the [Chesterhill Produce Auction](#) in Morgan County, a Rural Action-owned social enterprise, as well as expansion of the Nelsonville Food Hub with longtime partner ACEnet, and the Perry County Farmers Market Cooperative in the Village of Somerset. Food hubs make it possible to serve local and

regional markets such as schools, institutions, and commercial buyers.

Over the last several years, Rural Action has expanded education and training with women producers to develop opportunities for connection, support, and promotion of their work and their farms.

[Women Grow Ohio](#) demonstrates the important work of Ohio women in feeding their families and others, whether they are livestock farmers, vegetable and fruit growers, homesteaders, or urban backyard garden producers. Peer-to-peer training and events help women highlight the assets (intellectual, built, natural, financial, social) they have and how those assets can become financial opportunities by working together to market them.

Rural Action manages an online resource for local partners to increase their market presence and community impact. Launched in spring of 2009 and redesigned in 2013, [Ohio Foodshed](#) is a free online resource that provides comprehensive directories of regional food producers and the local businesses that support them so that consumers can make an informed decision about where they buy their food.

Rural Action works with local food entrepreneurs to source and deliver healthy, locally grown fruits and vegetables to areas with little or no access to fresh foods. Partner locations set aside space in corner stores or create pop-up markets to sell fresh products. These [Country](#)

[Fresh Stops](#) support the sale of fresh, local produce in areas designated as Food Deserts by the USDA or other at-risk communities. Rural Action also works with schools and other institutions to source fresh, local products for service in cafeterias.

Rural Action also brings together value chain partners and help establish regional educators in order to pass along their knowledge on sustainable food system practices. The focus is on peer-to-peer education, in which producers self-identify areas where they require assistance, then help them fill those needs. Newly trained food system members pass along this information to others in the region. One of their most successful current projects is the [Season Creation](#) educational curriculum with Green Edge Organic Gardens.

For case studies of how the approach works in a variety of economic sectors and geographies, resources and more, visit www.WealthWorks.org. A network of regional [WealthWorks Hubs](#), supported by USDA Rural Development, provides information and coaching to people and organizations applying WealthWorks locally. More information and resources will also be shared through future articles in the APA Economic Development Division Newsletter. ■

Melissa Levy can be reached at melissa@community-roots.com.

