Relevance, Economic Development & Finance: A 50-Year Perspective

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Raleigh, NC   February 7, 2013
GUIDING PRINCIPLES

• TRANSPARENCY
• COMMUNICATION/DISSEMINATING INFO
• ACCOUNTABILITY
• SUPPORT EACH OTHER
• ADVOCACY
• OBJECTIVE CRITERIA & STANDARDS
• SERVING COMMON INTEREST
• CONSENSUS & UNITY
• ECONOMIC DEVELOPMENT
• EDUCATION
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GUIDING PRINCIPLES

 Focus on the future
 Apply holistic thinking to places
 Promote the public interest
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- EDUCATION
APA

What does the P stand for?
Increase livability & quality of life
Purpose of City Planning

Draw from our past

- Reform disease-ridden, dangerous, corrupt cities
- Comp planning & Euclidian zoning
- Promote public health & safety
Purpose of City Planning

Address basic needs

- Focus on jobs & education
- Formulate economic development strategy
- Build community assets
City & regional planning improves public health & builds public wealth.
“Making great communities happen safer, healthier & wealthier.”
Sustaining Places:
The Role of the Comprehensive Plan
By David Godschalk and William Anderson

Sustainability at community level
Health & safety at individual level
Sustainable Economy

Build public wealth

Economic development

Financial metrics
Sustainable Economy

Economic Development ≠ Economic Growth

More Jobs + Higher Tax Base ≠ ED Metrics
Economic Development

- Better structure
- Internal improvements
- Sustainable resource use
- Higher per income & less poverty

Economic Growth

- Bigger GDP
- External investments
- Exploitive resource use
- More jobs & tax base
<table>
<thead>
<tr>
<th>Economic Developers</th>
<th>Planners</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Growth oriented</td>
<td>• Development oriented</td>
</tr>
<tr>
<td>• Near-term deals</td>
<td>• Long-term analysis</td>
</tr>
<tr>
<td>• Support business interests</td>
<td>• Support the public interest</td>
</tr>
<tr>
<td>• Financial incentives</td>
<td>• Public investments</td>
</tr>
<tr>
<td>• Imitate competitors</td>
<td>• Innovate based on unique attributes of place</td>
</tr>
</tbody>
</table>
Economic Development Planning at the Regional Level

Regional

What to do?

Local

How & Where?

Pictures: commonswikimedia.com, philiphousenyc.com
Use comprehensive planning to implement economic development
Basic/Export Sectors

- Traditional & advanced manufacturing
- Institutional anchors of the knowledge economy
- Space use, proximity & location to increase competitiveness
- Protect prime industrial land
- Support growth & development of basic sectors
Local Sectors

- Market research to forecast commercial space needs & prevent oversupply
- Commercial redevelopment
- Downtown revitalization
- Older cheap commercial space for local entrepreneurs
Financial Metrics

- Regional wealth estimates
- Local public-sector balance sheets
- Small-area ROI analysis
- Project level comparisons
<table>
<thead>
<tr>
<th>Components of Wealth</th>
<th>Total</th>
<th>Share</th>
<th>Per Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Billions</td>
<td>in %</td>
<td>in $</td>
</tr>
<tr>
<td>Land</td>
<td>12.78</td>
<td>5.53</td>
<td>30,346</td>
</tr>
<tr>
<td>Taxable private land</td>
<td>7.00</td>
<td>3.32</td>
<td>18,190</td>
</tr>
<tr>
<td>Tax-exempt or excluded land</td>
<td>0.96</td>
<td>0.42</td>
<td>2,287</td>
</tr>
<tr>
<td>Agricultural land (and improvements)</td>
<td>0.46</td>
<td>0.20</td>
<td>1,093</td>
</tr>
<tr>
<td>Land in rights of way, easements, parks, or open space</td>
<td>3.70</td>
<td>1.60</td>
<td>8,776</td>
</tr>
<tr>
<td>Produced Capital</td>
<td>36.85</td>
<td>15.95</td>
<td>87,522</td>
</tr>
<tr>
<td>Private</td>
<td>26.53</td>
<td>11.49</td>
<td>63,013</td>
</tr>
<tr>
<td>Buildings and other improvements</td>
<td>18.85</td>
<td>8.16</td>
<td>44,769</td>
</tr>
<tr>
<td>Machinery, equipment, and motor vehicles</td>
<td>7.68</td>
<td>3.33</td>
<td>18,244</td>
</tr>
<tr>
<td>Public</td>
<td>10.32</td>
<td>4.47</td>
<td>24,508</td>
</tr>
<tr>
<td>Tax-exempt and excluded facilities</td>
<td>2.50</td>
<td>1.08</td>
<td>5,928</td>
</tr>
<tr>
<td>Other public facilities and infrastructure:</td>
<td>7.82</td>
<td>3.39</td>
<td>18,580</td>
</tr>
<tr>
<td>Public school facilities</td>
<td>1.60</td>
<td>0.69</td>
<td>3,791</td>
</tr>
<tr>
<td>Water and sewer infrastructure</td>
<td>1.66</td>
<td>0.72</td>
<td>3,933</td>
</tr>
<tr>
<td>Road infrastructure</td>
<td>4.57</td>
<td>1.98</td>
<td>10,856</td>
</tr>
<tr>
<td>Human Capital</td>
<td>154.85</td>
<td>67.04</td>
<td>367,775</td>
</tr>
<tr>
<td>Subtotal</td>
<td>204.48</td>
<td>88.52</td>
<td>485,643</td>
</tr>
<tr>
<td>Total Wealth</td>
<td>230.98</td>
<td>100.0</td>
<td>548,593</td>
</tr>
<tr>
<td>Intangible Social Assets (residual)</td>
<td>26.505</td>
<td>11.47</td>
<td>62,950</td>
</tr>
<tr>
<td>Current assets</td>
<td>Accounts payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-----------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment/vehicles</td>
<td>Short-term debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities</td>
<td>Long-term debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Revenue bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parks &amp; open space</td>
<td>GO bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rights-of way</td>
<td>Total Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other public lands</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>Net Worth (Equity)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Financial Metrics

- Compare financial revenues & costs at the small-area & project levels: FIA?
- Measure development project impacts per-acre of land
# Comparison of Project versus Per Acre Metrics

<table>
<thead>
<tr>
<th>Project Level</th>
<th>Per Acre</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Suburban Wal-Mart</strong></td>
<td><strong>Suburban Wal-Mart</strong></td>
</tr>
<tr>
<td>- Land consumed: 34 Ac.</td>
<td>- Property taxes: $6.5K</td>
</tr>
<tr>
<td>- Property taxes: $221K</td>
<td>- Jobs: 5.9</td>
</tr>
<tr>
<td>- Jobs: 200</td>
<td>- Residents: 0</td>
</tr>
<tr>
<td>- Residents: 0</td>
<td></td>
</tr>
<tr>
<td><strong>Downtown Mixed-Use</strong></td>
<td><strong>Downtown Mixed-Use</strong></td>
</tr>
<tr>
<td>- Land consumed 0.2 Ac.</td>
<td>- Property taxes: $634K</td>
</tr>
<tr>
<td>- Property taxes: $127K</td>
<td>- Jobs: 73.7</td>
</tr>
<tr>
<td>- Jobs: 15</td>
<td>- Residents: 90</td>
</tr>
<tr>
<td>- Residents: 18</td>
<td></td>
</tr>
</tbody>
</table>
Financial Metrics

- Return on infrastructure investment
- Risk associated with investment
The purpose of city and regional planning is to improve public health and build public wealth. Planners should be the stewards of public wealth.

Planners should take a cooperative, regional coordinated, approach to economic development and use local comprehensive plans to implement regional strategies.

Planners should use proper financial metrics to measure wealth and the risk and return on public investments.
Thank You!

Acknowledgements:
- Dave Godschalk
- Tom Campanella
- Mitch Silver
- Paul Farmer
- Ed Feser
- Tom Murphy
- Ken Bowers
Questions?