

# Wingate, NC

## Downtown Market Analysis & Strategic Development Plan



### Executive Summary

---

Prepared for the Town of Wingate, NC

**Rose & Associates Southeast, Inc.**

Kathleen Rose, CCIM, CRE

William McCoy, PhD

In association with The Lawrence Group, Town Planners & Architects

[www.roseassociates.com](http://www.roseassociates.com)

May 2013



**ROSE**  
ASSOCIATES

The conclusions set forth are based upon information provided by public records, municipal officials, business owners, market and demographic data obtained by Rose & Associates Southeast, Inc.

Neither an appraisal nor title search was performed for the Study Area or any specific property in preparing this report. While the information included herein is believed to be accurate, no warranty or representation, expressed or implied, is made as to the information contained herein, and is submitted subject to omission, change of market conditions, or other factors outside the scope of this report or the author's control. This report is the property of Rose & Associates Southeast Inc.

and the Town of Wingate, and shall not be duplicated in whole or in part, without express written permission, all rights reserved, 2013.

© Copyright 2013, Rose & Associates Southeast, Inc.  
Permission to reprint this report in its entirety only.

---

# Table of Contents

---

## Section I

1.1	Introduction	4
1.2	Existing Conditions & Assets	6

---

## Section II

2.1	Key Themes	8
2.2	Market Analysis	11

---

## Section III

3.1	Strategic Development Plan	22
-----	----------------------------	----

---

## Section IV

4.1	Appendix A ~ Data & Demographic Reports	
-----	---	--

---

## Section V

5.1	Appendix B ~ Toolkits, White Papers & Resources	
-----	---	--



**Section I**  
**Introduction &**  
**Existing Conditions**  
**& Assets**



---

## 1.1 Introduction

---

### Introduction

The Town of Wingate has engaged Rose Associates to assist with developing a Downtown Strategic Development Plan for the purpose of creating a dynamic Main Street, which in turn will provide some measure of economic stability, will provide students at Wingate University options for retail purchases and entertainment, will provide impetus for non-student housing in walking distance of the main street, and will provide an important connection to Wingate's history.

The downtown as defined is located at the intersection of Main Street and Wilson St, just north of US Highway 74, in an area approximately ¼ mile around this intersection ("Study Area"). It is located immediately adjacent to Wingate University. The Wingate Town staff, together with elected officials and community stakeholders were interviewed and acted as an advisory group in this endeavor. We would like to thank them, as well as the citizens and business leaders who provided input in crafting this plan. Wingate is located in eastern Union County, NC approximately 20 miles southeast of Charlotte. The purpose of this study is to identify the dynamics of the local market in framing a strategic downtown plan to ensure economic sustainability for the community.

The foundation of this plan and report is based on the Wingate 2020 Comprehensive Plan, and supports the vision and planning/livability themes of that plan. The purpose of this plan is to provide an important connection between the summary of the work of hundreds of citizens (the Comprehensive Plan) and the market realities related to current market conditions, mobility networks, funding resources and land development opportunities. It will also provide an action plan to begin the work of creating the dynamic college town that the community desires.

The research and work for this plan includes two phases:

---

#### Phase I –

##### **Summary Assessment & Key Themes.**

Interviews were conducted with town staff, civic and community leaders and stakeholders. Every community has a culture defined by socio-economic and political dynamics which are often identified during these stakeholder interviews. To provide further informational background, we also reviewed recently completed plans, reports and studies made available including: the Wingate 2020 Comprehensive Plan, the Wingate University Campus Master Plan, The Town of Wingate Financial Statements ending June 30, 2011 and 2012 as well as other plans and marketing efforts provided by town staff. The report includes findings based upon the review of these materials, a tour of the community, interviews and our demographic and economic data collection. The outcome of this phase provides our preliminary assessment as it relates to understanding its assets, competitive advantages, best development practices, strategic opportunities for the downtown and key themes which inform the plans.

---

#### Phase II –

##### **Real Estate Market Assessment & Strategic Downtown Plan.**

Next, using updated 2010 US Census data and other market research, a qualitative commercial and residential market analysis was completed to assist in framing an outline plan that is market driven and subject to industry best practices. In addition to utilizing baseline demographic data, projections and conventional market demand analysis, the report also incorporates local lifestyle patterns and economic drivers such as employment and household characteristics to determine market potential, and town and gown opportunities with the University.

This report includes data, prescriptive tools and resources to begin a realistic, phased approach to developing a downtown that will influence community wealth and economic sustainability. The plan incorporates tasks which support the key themes established and agreed upon in Phase I and performance measures which allow the community to benchmark its progress.

Resources for data in preparing this plan include:

- *Census Bureau – 2010 Census and estimates from American Community Surveys; 2013*
- *Bureau of Labor Statistics – Location Quotient Calculator; 2012*
- *NC Employment Security Commission – Labor Market models; 2013*
- *ESRI – Demographic models, tapestry and lifestyle reports; 2013*
- *UNC Charlotte Urban Institute Regional Indicators*

---

## 1.2 Existing Conditions & Assets

### Existing Conditions & Community Assets

Wingate is a small college town that enjoys a variety of amenities and community assets. These include parks, greenways and open space. Its recreation facilities include a picnic shelter, multi-purpose fields, and the Wingate Community Building. It also includes the Jesse Helms Center, a museum and conference center, and Wingate University with its athletic and cultural facilities.

Wingate includes a major east-west road and freight rail transportation corridor. While the primary traffic artery through Wingate is US Highway 74, which is also the location of most of the existing retail opportunities, this corridor is inappropriate as a small town main street. It attracts major traffic which is serviced by the usual retail and commercial uses found in high volume traffic corridors. These uses include fast food restaurants, gas stations, minor office uses, a grocery store and some ancillary services. All of these face the major corridor and are all but inaccessible to people walking from the university and the neighborhoods. Hence, small boutiques, coffee shops, non-fast food restaurants – the typical main street type of retail – should have a location that accommodates them rather than pushes them away. That location in downtown Wingate is the portion of Main Street that runs from US 74 three blocks to the north to Elm Street. At the present, it has a smattering of buildings but is mostly characterized as open space. However, the majority of buildings that are present, in their current or future form, are very important to the growth and development of Main Street. It is with these buildings that the effort to pull out key themes for the restoration of Main Street, Wingate begins.

The tables on the following pages include:

- A photo inventory of existing assets and conditions
- Existing conditions – short term
- Existing conditions – long term
- An overall phasing plan which illustrates redevelopment opportunities



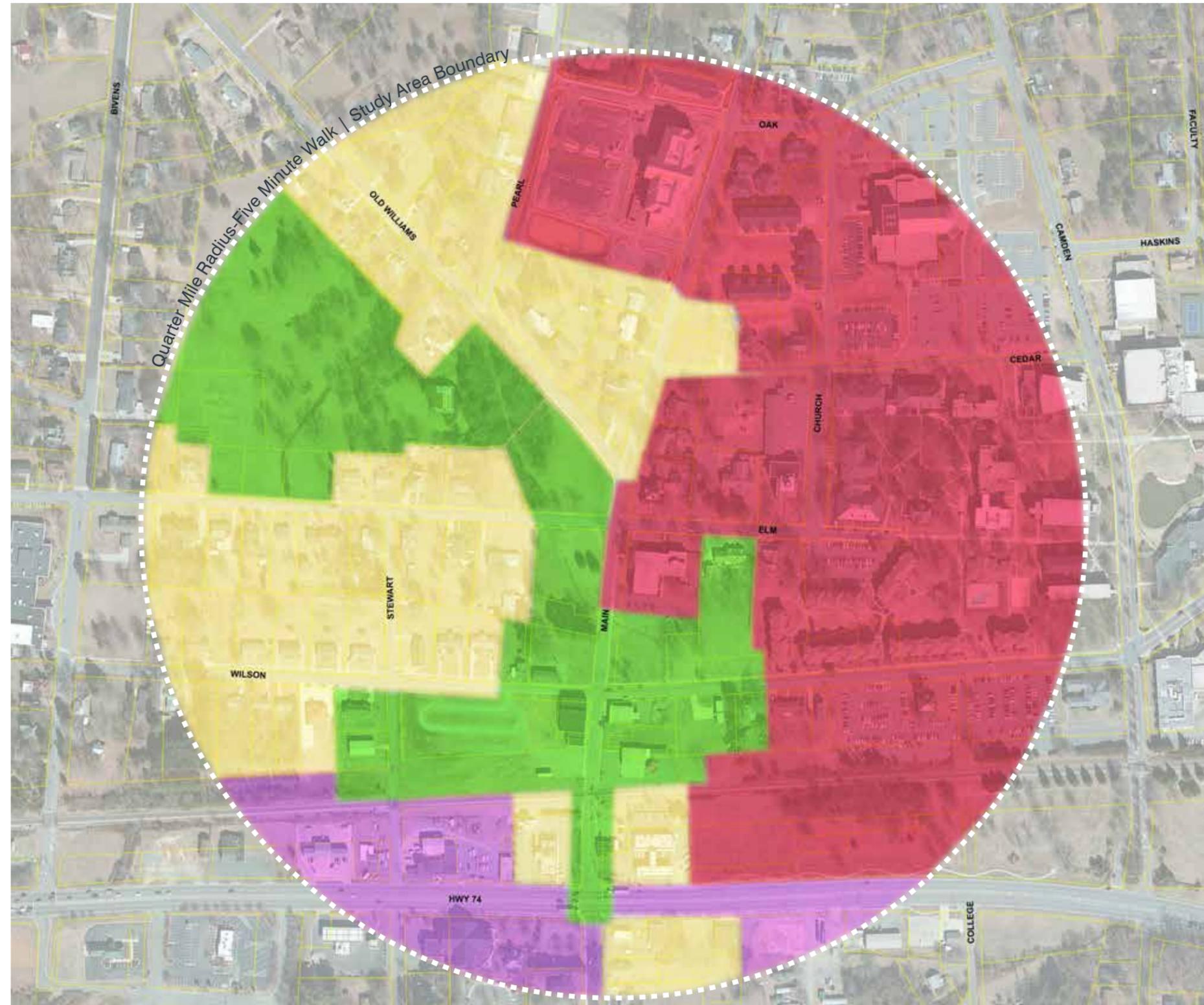
## Existing Conditions: Short-Term



## Existing Conditions: Long-Term



## Redevelopment Opportunities Diagram

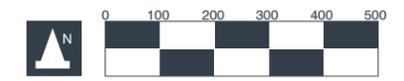


### REDEVELOPMENT OPPORTUNITIES DIAGRAM

-  Short Term Redevelopment Opportunities
-  Mid-Term Redevelopment Opportunities
-  Long Term Redevelopment Opportunities
-  University/Campus Area or Church Property

# WINGATE SMALL AREA PLAN DOWNTOWN MAIN STREET

WINGATE, NORTH CAROLINA | MARCH 2013



**Section II**  
**Key Themes &**  
**Market Analysis**



---

## 2.1 Key Themes

---

### Key Themes

The key themes provide preliminary recommendations and a starting point for discussion, based upon review of the market and economic data, and interviews. These offer the staff and elected officials actionable items to begin to build consensus, commitment and a strategic development plan.

---

#### 1. Be Bold; Create Momentum

Discussion around how Wingate could develop a Main Street has been going on for years, and the last thing we would want to happen is for this to be just another part of that long time discussion. Now is the time to take action and opportunities exist for just that. First, with a few exceptions, the land is controlled by two entities – Wingate University and the Town of Wingate. Hence, getting multiple owners to agree to a plan of action is significantly mitigated in this instance. And the primary private owner is working on the restoration of the small group of historical buildings on this part of Main Street. When totally restored, five bays will be available for lease. The first store front in these buildings as one comes north on Main is restored and has a boutique in it. The Town should facilitate and assist this owner to complete this work. Although it might not sound like much, having store fronts with businesses in them would clearly be a sign that momentum in the redevelopment of Main Street is a fact of life.

Other actions are also possible. Working with the University (the owner) and the Postal Service, the Town might pursue improvements to the Post Office Building utilizing a façade grant. The Town should review the sidewalks in the three block area from US 74 to Elm Street to see what is needed to have a high level of walkability throughout this area, connecting the university to town hall. Perhaps the most critical infrastructure plan that the Town needs relates to parking.

When one looks at the area around the two-block site from US 74 to Wilson Street, much of the land is vacant leaving the impression that you can park anywhere. However, when one talks to the existing and potential merchants in the area, parking will always be central to that discussion. The Town needs to have a plan and buy-in from the stakeholders in that plan. Oddly enough, the parking plan is the platform around which all of the other parts of this plan are positioned.

If this series of actions were taken in a timely manner, everyone will clearly see that something is happening, and the momentum could be possible.

---

#### 2. Invest in Infrastructure

Nothing shows commitment more than investment in infrastructure. For the most part, investments in sidewalks, parking, streetscapes, and street lighting indicate to all concerned that the Town is the catalyst that makes it possible for others to invest in Main Street. In addition, the Town of Wingate has a significant need for a new generation of municipal buildings. While there is no final plan at this time, thought is being given to co-locating all of the functions – town hall, police department and fire department in a municipal campus - not on Main Street but just behind it to the west on West Wilson Street along the rail road tracks. Such a location will provide a close-by clientele (both employees and persons coming to Town Hall on official business) for the shops on Main Street, and it will provide parking availability when the town offices are closed. In effect, the government campus along the railroad would provide the joint public parking needed for the mutual benefit of government functions and the downtown merchants.

One additional area where some investment will need to be made is the intersection of US 74 and Main Street. The Town will need to explore how it can make people driving through on US 74 aware that an opportunity to stop and tarry a while exists just off this busy thoroughfare. Wingate may not be able to do all of the

infrastructure investing at one time; however, a good plan which clearly shows how these components fit into a five-year capital improvement plan would clearly provide the evidence of commitment on the part of the Town.

---

### 3. Build a Market

Wingate is a small town. At present, the market for the goods and services that might be found in a rejuvenated Main Street is limited. But opportunities to improve that market exist, as the community is experiencing significant leakage along the US 74 corridor to neighboring communities. There are three ways to capture more of the market potential: university students, visitors/tourists and added residents. The biggest market component in the vicinity of Main Street is the student population at Wingate University. The University requires that undergraduates live on campus. Student housing is highly concentrated and is close to Main Street, primarily at the terminus of Elm Street into the campus. Obviously, this is a captured market segment. As long as the University is successful and continues to grow, this market segment will be available to merchants, and having this number of people on the doorstep of the new businesses on Main Street clearly is advantageous.

However, the University may provide many of the needs of this group and because nothing in the way of goods and services has existed up to this point, changing habits of this group will not be easy. While the density of student housing in the near vicinity of Main Street is quite high, the density of the non-student population in this area is just the opposite – mostly scattered houses on very large lots. The Town needs to take a close look at the housing stock to see if there are ways through zoning or overlay districts to begin the process of increasing the density of housing in the Town and particularly in the area within walking distance of Main Street.

The other elements in building a market relate to tourism and capturing some of the pass through traffic on US 74. The need to greatly enhance the US 74/Main Street intersection has already been mentioned. As a part of that enhancement, directional signage will need to be employed. The intersection signage should be a component of a complete overhaul of signage in the downtown. Many communities are employing a wayfaring signage program that is very attractive as well as highly functional. The Brand Manual and Style Guide with the new logo can help inform the wayfaring signage system. During this marketing discussion, the idea of becoming “The Village of Wingate” should be a part of that consideration.

The signage is important for many reasons; however, one especially stands out. Another component of the market for Main Street is tourism, broadly defined. The town has two fairly unique assets: The Jesse Helms Center and Wingate University. The Helms Center brings a relatively small number of people to town for a variety of events, and it has the capacity to increase that number over time. The University also brings a number of people to town in addition to the students who live on campus: parents of students, summer camp participants and those who drop them off, attendees at athletic events, and attendees at arts and cultural activities (The Batte Center, for example). While there is an ebb and flow to this population, collectively the size of this group is quite large. And, of course, if Wingate is successful in its Main Street program, Main Street may itself become a destination.

---

### 4. Continue to Build on the Town/Gown Relationship

Wingate has a unique advantage when it comes to the question of how to make redevelopment happen when there are competing property owners. The Town of Wingate and Wingate University own most of the property designated in the downtown area, and both have demonstrated

that they are opportunistic in their approach to new opportunities to control land in the vicinity of Main Street. Some private sector land owners do exist, but the primary one is restoring her property and seems willing to be a partner with the town and the University in the vision for developing Main Street. No doubt, tensions may exist in this group of partners, but everyone seems to want to manage those tensions in a way that will promote the common good of improving the quality of life in Wingate by having a real Main Street. If all of the partners are able to maintain a collaborative and coordinated approach to the redevelopment of Main Street, the possibility of a vital and successful downtown developing within five years is substantial. If the partners decide to go it alone, there will not be a successful Main Street program. That's how important this relationship is.

If the partners in this enterprise can be bold, invest wisely in infrastructure, build a market, and maintain good relations among themselves, momentum will build resulting in significant movement toward having an exciting and successful Main Street.

---

### 5. Create a Programmatic Plan

In an effort to visually illustrate the above four themes, a series of conceptual plans have been created to provide specific direction for land use and development opportunities. The strategic development plan in Section III includes parcels, land uses and phasing for consideration in building a unique and sustainable downtown

---

## Executive Summary

**Subsumed within these five key themes are the following recommendations that inform the strategic development plan as outlined in Section III:**

- **Retail** ~ The retail leakage from Wingate is substantial for the very real reason that there is much supply outside of town and there are limited options in the various retail categories

that exist in Wingate. The redevelopment of Main Street will begin to reverse this outward flow of revenue in some retail and service categories.

- **Office** ~ The need for office development is minimal in the short term. However, as the population expands through development/redevelopment and job growth, professional office space will be needed for lawyers, accountants, medical facilities and other service professionals. These opportunities in and around Main Street will be driven by adjacency to the government center and the university, which add to the daytime population of employees.
- **Residential** ~ Because of probable changes in the annexation law, municipalities are not likely to grow by way of annexation at anywhere near the same pace as they did over the past fifty years. If this is true, the advantage that Wingate has in this new environment is that it can continue to grow by filling in the open space and taking advantage of redevelopment opportunities with increased housing density.
- **Infrastructure** ~ The impact of the Monroe By-Pass (if built) on the Main Street program is difficult to predict. Probably the most important factor is that the Main Street program needs to be well underway and successful before the By-Pass opens, so as to not relocate such synergy away from downtown to a highway interchange.
- **Civic Buildings & Spaces** ~ The need for expanded municipal services including a town hall complex, police and fire, provides an opportunity to create a government center that can provide shared public parking as well as synergy with adjacent shops and future expansion of the Main Street.

---

## 2.2 Market Analysis

### Demographics

Demographically speaking, Wingate is an enigma. Almost everyone agrees that east Union County and west Union county are very different places. Wingate is firmly in east Union County; however, it differs from that part of the county largely because it is a College town (Wingate has Wingate University located within it; however, the nomenclature – College town – is almost universally used to describe any place with an institution of higher learning). And this terminology – College town – will be used to describe Wingate in this report.

Union County grew from 201,292 people in 2000 to 123,677 in 2010, a resounding average of almost 5% per year during that decade. This growth rate placed Union County among the most rapidly growing counties in the United States and the most rapidly growing county in North Carolina and in the Charlotte region during the decade. Most of that growth occurred in the western half of the county; in fact, the preponderance of that growth was found in a five mile swath measured from the Mecklenburg County boundary.

While most of the eastern side of the county continued with a relatively slow growth rate, Wingate grew from a population of 2,698 in 2000 to 3,491 in 2010 for an annual growth rate of 2.61% during that decade. Not as fast as the western part of the county but quicker than the eastern part, and much of that growth can be attributed to the continuing growth of the student population at Wingate University.

The size of the student population clearly impacts the demographics of Wingate. The 2010 Census shows 973 people in Wingate living in group quarters, just a little over a quarter of Wingate's population. The rest of Union County has less than four hundred people in non-institutionalized group quarters. The county did have 745 in institutionalized group quarters but none of these are in

Wingate. Those living in group quarters are not considered to be in households; therefore, for any information about households this one-fourth of the population of Wingate does not exist. Students are notoriously poor, at least according to them. There actually is a rather large transfer of funds from those paying for the education to both the institution and to the individual student but none of this is counted in the income figures for Wingate. In addition, the presence of a large body of students skews the population of Wingate to the young side: almost 40% of the population is in the 15-24 age group, whereas, for all of Union County, including Wingate, the percentage of people in the 15-24 age group is approximately 12%.

Other differences between Wingate and Union County can be found in the demographic information that comes from the Census and from estimates based on the annual American Community Survey also done by the Census Office. These differences may or may not be influenced by the presence of a large student body. The racial breakdown in Union County is 79.7% white, 12.0% black, and 8.2% other. Persons of Hispanic origin represent 11.0% of the population. Wingate is 53.1% white, 37.2% black, and 9.7% other with persons of Hispanic origin making up 14.9% of the population. In Wingate 62.1% of the households live in homes they own and 37.9% live in rental homes. In Union County the corresponding data are 81.3% living in homes they own with 18.7% living in rental homes. The educational attainment levels for both Union County and Wingate are high. The 2010 Census indicates that the population 25 and older has 25.1% with a Bachelor's Degree in Union County while in Wingate 17.9% have that degree. This latter figure would improve dramatically if more of the staff and faculty of Wingate lived within the town.

This brief demographic overview suggests how different Wingate is from the western part of Union County, but also how different it is

from the rest of the eastern part of the county. Most of these differences from the eastern part and to a degree from the western part of the county are because it is a college town. The differences are made even more important because the student portion of the population of Wingate is so high. The official 2010 numbers show that approximately one-quarter of the population is composed of students living in group quarters. The reality in 2013 is closer to 40% of the town's population being students.

This demographic information has a potentially huge impact on the goal of redeveloping a town "Main Street." There is a captured market but their needs are unclear. The fact that this very concentrated market is in easy walking distance of the proposed redevelopment is certainly a positive. At the same time the total number of people residing in Wingate is very small in terms of being able to support a viable local downtown development effort. Other sections of this report will address how this market can be grown for the purpose of building adequate support for downtown business and office enterprises.

Although not a direct part of the demographic analysis, existing conditions in Union County might help support a redevelopment program from outside the immediate market area. As noted above, Union County has grown very rapidly over the last twenty-five years. Institutions and activities to support that growth have not kept up, partly because the recent recession stopped the development of the services and amenities but also because development has just not been able to keep pace. For example, small business and professional offices are scarce. Housing attractive to seniors is largely missing. All sorts of housing options for all age and income groups are not found. Entertainment options are also scarce. Non-chain restaurants are few and far between. Healthcare options seem to be highly concentrated in Monroe. Hence the small population in Wingate, while a

potential deterrent to redevelopment of Main Street, could be mitigated somewhat by the need for goods and services throughout Union County.

---

## **Economy**

### **Demand Dynamics**

The market potential for commercial real estate, including office and industrial uses, relies upon a number of factors, including but not limited to, state and regional economic cycles, a business friendly environment, workforce dynamics (wages, education, employment and job training), and central places (i.e. colleges, hospitals or large employers) that are demand generators for complementary uses. For office uses, demand indicators include estimated job growth in non-manufacturing sectors while industrial uses rely on job growth in manufacturing sectors.

The public school performance data for the Union County School System were quite positive in 2012. The graduation rate in Union County in 2012 was 89.5%, in North Carolina it was 80.2%, and in the 14 county Charlotte region (2011) it was 77.8%. In 2012, the percent of the students in grade 3 reading at or above grade level was 78.1%, and the percent in grade 8 at or above grade level was 82.5%. These data suggest that Union County has one of the better school systems, gauged on performance, in North Carolina. While there is an elementary school in Wingate, its attendance area is not the same as the town limits of the Town of Wingate; therefore, attempting to measure performance by students from Wingate by looking at the student body of this elementary school could be misleading. The perception of those stakeholders that were interviewed was that the school performance level throughout the eastern part of the county is less than that found in the western part of the county.

In 2010, the median household income in Union County was \$64,486 making it, on this measure, the wealthiest county in the Charlotte

region. The estimated median household income in 2012 in Wingate was \$44,439, a significant difference compared with the Union County number. Poverty is another source of stress in a community. In 2011, the poverty rate for families in Union County was 10.6% and for children the rate was 14.4%. The comparable rate for North Carolina was 17.6% for families and 25.4% for children. These numbers also place Union County in the top tier of counties in North Carolina with low levels of poverty. The unemployment rate in Union County in March of 2013 was 7.5%, lower than the overall average in 2009 – 2012. Throughout

the economic downturn, Union County has had the lowest unemployment rate in the Charlotte region.

The region’s employment location quotient, or percentage of US employment ratios that exceed base industry standards, identifies which sectors contribute the greatest job and economic growth. Those with quotients greater than 1.00 demonstrate ratios higher than US averages. Union County has a high employment ratio in both construction and manufacturing.

The table below compares the County and State in determining the County’s primary industries that drive its economic base:

<b>Primary Industries</b>		
<b>Industry (2011 Average)</b>	<b>North Carolina</b>	<b>Union County</b>
<b>NAICS 23 - Construction</b>	1.09	2.38
<b>NAICS 31-33 - Manufacturing</b>	1.27	2.14
<b>NAICS 42 - Wholesale Trade</b>	1.04	1.22
<b>NAICS 44-45 - Retail Trade</b>	1.03	1.11
<b>NAIC 56 – Administrative/Waste Services</b>	1.10	1.01

### Land Use Demand Potential

The successful recruitment of new businesses generally results in demand in the form of either office or industrial space. Given Wingate's size, location within the county and current offerings for land/buildings, a conservative capture rate of 5% of new county job growth can be expected. Based upon historical data of annual county job growth for 2012, and a capture rate estimated for Wingate, annual square footage demand estimates for Wingate can be projected using the County's percentage of key employment sectors that correlate with typical land uses:

Annual Office & Industrial Demand Estimate - Union County		
Union County New Basic Employees (per year)	2012	1,287
Economic Base Multiplier		2.06
New Total Employees		2,651
Capture in Wingate		5%
New Total Employees in Wingate (per year)		133
Average # Office Employees	19.8%	26
Average Office Space per Employee (S.F.)		215
<b>Wingate New Office Space Demand (S.F.)</b>		<b>5,635</b>
Average # Industrial Employees	41.4%	55
Average Industrial Space per Employee (S.F.)		364
<b>Wingate New Industrial Space Demand (S.F.)</b>		<b>19,986</b>

Note: the balance (36%) of space demand in other sectors include retail, medical, education, government and other uses.

### Commercial Land Uses - Other Considerations

Given the community's goal to diversify its economy, thoughtful consideration should be given to other commercial uses within the study area. Due to the study area (downtown) location and relationship to Wingate University, identifying the best location for other commercial uses such as public/civic space and office or small business incubators might be considered in appropriate locations.

### Existing Office Supply

Wingate, within the Charlotte MSA, is located in the Union County submarket. Office offerings

in this submarket include approximately 155,402 sq. ft. with rents ranging from \$2.00 to \$32.00 per square foot, according to March 2013 (Commercial Real Estate Quarterly) inventories. With a total of 1,016,520 sq. ft. in the Union County submarket, current vacancy is 15%. In Wingate, the existing supply of available office or industrial space in the downtown study area is limited. Existing supply is most readily identified in searches via commercial listing services such as Loopnet, CoStar and local Charlotte CPE. A search for available office space in Wingate resulted in no current offerings.

---

### **Conclusion**

**Communities that do not focus economic development efforts on providing diversified (basic) jobs are limited to providing only housing and related retail, thus becoming known as “bedroom communities”. The current economic cycle will continue to drive companies to the southeast in search of lower operating costs, skilled labor and quality of life characteristics found in this region, and Wingate could benefit from offering competitive business opportunities in key areas, including its downtown. There are limited offerings of office space within the town, however, a number of land parcels for development are readily available.**

**Small scale professional and medical office uses of 1-3 floors, with footprints not exceeding 5,000 sq. ft. clustered within the study area are recommended to grow and diversify business establishment types, stages and employment sectors. These should be located within the downtown to create a village central business district to provide synergy between government uses, the university, restaurants and retail. This would also provide additional daytime population to support restaurants, retail and other service businesses in the downtown. As a result, the Town of Wingate could emerge as a desirable and viable business location, by adding new Class A office within a mixed-use development format. Assuming stable employment growth consistent with that seen in 2012, a long-term 10 year plan could ultimately support approximately 56,000 sq. ft. of office space in Wingate. Additionally, incubator space or flex/light industrial in appropriate locations adjacent to downtown for new emerging clusters would complement existing industries and the university.**

---

### **Retail Demand Dynamics**

The demand dynamics for retail differ from office/ industrial uses, as demand comes not only primarily from job growth, but disposable income. Within each trade area there are a number of components that determine which retail operators might find adequate demand for their goods/ services, or retail sales potential. The demographic benchmarks include population and households, but most importantly disposable income to spend on those goods/services. Consumer Expenditures outline the average dollars spent in any given category for those items on an annual basis within a trade area. The maps and report in Appendix A offer a comparison view of the subject trade areas at a 0.25, 0.5, and 1 mile radius. These are used to assess both demand and supply factors to determine gaps in the market for the major industry group segments. In addition, automobile traffic factors in as Highway 74 boasts over 24,000 cars per day coming to or passing through Wingate according to current NCDOT estimates.

---

### **Supply**

The Charlotte region is comprised of seven submarkets, including the East submarket, which includes areas from Albemarle Road to Independence Boulevard (in Mecklenburg County). This adjacent submarket is host to over 6.5 million square feet of retail space. Highway 74, also known as Independence Boulevard, currently serves as the regional shopping destination for Wingate and Union County, providing goods/ services for a wide variety of categories. According to the Commercial Real Estate Quarterly reports published in March 2013, there is nearly 700,000 square feet of space available in the east submarket, with net absorption of 40,515 square feet in the past six months. A search on the commercial listing services identifies only one offering in Wingate adjacent to the Food Lion Shopping Center at 3702 Highway 74, with up to 4,860 square feet available.

**Retail Gap**

Over 15% of Union County’s current employment is in Retail Trade (NAICS 44-55). The table below estimates square footage demand for space based upon 2012 employment in Union County, Wingate estimated capture rate and the percentage of employment in the retail sector.

<b>Annual Retail Space Demand Estimate - Union County</b>		
Union County New Basic Employees (per year)	2012	1,287
Economic Base Multiplier		2.06
New Total Employees		2,651
Capture in Wingate		5%
New Total Employees in Wingate (per year)		133
Average # Retail Employees	15.1%	20
Average Retail Space per Employee (S.F.)		324
<b>Wingate New Retail Space Demand (S.F.)</b>		<b>6,481</b>

Supply is defined not only by square feet available, but the actual dollar expenditures within each category for a given trade area. This is based upon national and regional data, including sales tax, to define the supply. Negative values (surplus) suggest oversupply or a market where customers are drawn in from outside the area, while positive values (leakage) indicate areas of opportunity for retail within a given trade area. While there is a retail gap in select categories, the potential income must meet the thresholds of per square foot sales in the categories as found in samplings from Dollars & Cents of Shopping Centers, an annual trade publication which surveys retailers across the country in a variety of retail formats. With the large supply within the east submarket and Union County, there are few gaps for large scale retail opportunities in the downtown study area. However, details of surplus and leakage for all categories in the trade areas can be found in Appendix A, providing an opportunity for a cluster of locally owned boutiques, shops and restaurants in the central core of downtown. These types of retailers would separate and define the village center from the larger national chain stores prevalent along the Highway 74 corridor.



Main Street Restoration

### Targeted Buyer Segments

Determining the depth of the market based on household growth projections is limiting, therefore, geo-demographic segmentation, or lifestyle clustering, helps us understand that demographic variables exist not only region to region but by neighborhoods and in sub-communities within each neighborhood as well. This type of modeling is based on the premise that people tend to gravitate towards communities/neighborhoods of relative homogeneity. Factors that go into clustering include age, income, education, ethnicity, occupation, housing type and family status. Tapestry Segmentation™ identifies those households with a preference for living in rural areas versus urban neighborhoods. Of 65 total potential segments, the two segments in the Town of Wingate include middle class (Midland Crowd) and long term residents (Home Town). Each have different buying characteristics and consumer behavior that create demand for housing choices, as well as shopping, recreation and entertainment preferences.

**Midland Crowd** - This is a somewhat conservative market politically. These do-it-yourselfers take pride in their homes, lawns, and vehicles. Hunting, fishing, and woodworking are favorite pursuits. Pet ownership, especially birds or dogs, is common.

**Home Town** – These residents stay close to their home base. Although they may move from one home to another, they rarely cross the county line. They include a mix of singles and families, dominated by single family homes, who primarily work in manufacturing, retail trade and service industries. The Lifestyle Tapestry Report located in Appendix A further describes these lifestyles and assists in providing further insights to inform the land use strategy for Wingate.

### Other Uses – Public

The study area includes governmental offices (Town Hall, Police, and Fire) as well as the Jesse Helms Center. Together they form the nucleus of a civic center or town village, providing a social component to connecting the community with elected officials and town staff. Additional recreational uses and entertainment venues might be considered which are consistent with the lifestyle behaviors outlined in the tapestry segments. Though these uses differ from retail uses, they complement one another and can create additional trip generation and demand for existing or new retail uses. Examples might include a public park or farmers market near an ice cream shop or pizzeria. Personal Service venues such as banks, financial services, real estate, salons, dry cleaners and other convenience oriented services should also be included. These are generally found in small retail or office formats.



Wingate Town Hall



Jesse Helms Center

### Conclusion

**The current economic cycle has resulted in the retail industry exercising caution as it focuses on profitability over new store openings and expansion. Regional and super-regional shopping venues are found along Highway 74 and I-485 in Union County and adjacent Mecklenburg County. Wingate's neighborhood and regional shopping destinations are primarily located along the Highway 74 corridor. In Wingate small boutique shops, convenience retail and restaurants are largely supported by drive-by traffic and local residents. While the downtown subject area can support some additional retail uses in a small number of categories, it is limited not only by population and income, but also by physical constraints, land costs and competition from neighboring shopping venues. Thus small-scale retail with spaces from 650 to 5,000 sq. ft. should be considered in both traditional downtown and mixed-use formats, with office or residential uses on second and third floors. These could include re-development of existing single story retail sites, and should be clustered near and interconnect with civic, municipal and university buildings in an effort to create synergy with other uses. Locating retail near demand generators such as housing, recreation, educational and medical facilities will increase the potential for future retail expenditures, thus demand. This demand will continue to expand commensurate with growth in the downtown, both in the resident and daytime (employment) populations.**

### Place-making

Similar to *Quality of Life*, Place-making is a subjective term associated with creating a sense of place commonly found in downtowns, villages, arts districts, resort areas and other

places where people gather to socialize, or honor a historical event, time or place. This is also discussed and defined in the Introduction and Key Themes sections. While definitions and terms may vary, most have similar elements which are key to their success or memorable stature. More often than not, these places are associated with things to buy and things to do, such as shops, restaurants and other entertainment venues. Physical, structural changes to the landscape through public improvements can only be successful with private investment to create a place that matches consumer spending, behavior and lifestyle patterns. Most important is the creation of a village center or downtown that establishes a place and an identity for Wingate that honors its history and connects with its residents. Integral to the plan and viability of retail, Wingate should also strive to:

- Evaluate density to cluster and energize commercial uses, reduce sprawl and create mixed-use development opportunities to be competitive in the marketplace by offering space at competitive pricing;
- Address traffic patterns, volume and visibility to strengthen retail viability;
- Create a streetscape design along with building standards, to ensure quality space offerings, strengthen trip generation and place-making.

### Residential Land Uses

The existing housing in Wingate, with the exception of the student housing that is on the campus of Wingate University, is almost all single-family and fairly modest in size and value. Much of the existing housing is located on large lots. This is particularly true of the housing in the immediate vicinity of the proposed redevelopment of Main Street. This housing lacks the density that is necessary to provide the support for the retail and office development that is being proposed for Main

Street. While this condition might not change overnight, it will need to change if the kind of redevelopment envisioned along Main Street is to be successful.

Wingate has had little additional housing built over the past few years and that which has been built is more in a scattered pattern rather than in the form of significant subdivisions or apartment complexes. The lack of residential growth in Wingate is a severe contrast to what has occurred in other parts of the county, particularly the western part. However, even in high growth areas, such as Weddington, Marvin, Waxhaw, Stallings and Indian Trail, the housing stock is surprisingly uniform with almost no multi-family and very few condos and townhomes. The basic pattern is a rather large two story house on a small to medium sized lot. So the line of least resistance would suggest that if, and this is a big if, the housing boom reaches Wingate in the near future, this same pattern would be replicated. And this sort of housing is most likely to occur on Wingate's edge rather than in the vicinity of the Main Street development, meaning that it would do little to enhance the effort to have a real downtown presence.

One population segment that could provide some impetus for growth in Wingate is older adults. A quick scan of the housing patterns in Union County suggests that there are few senior housing options in the county.

The senior population is growing everywhere, including in Union County. In terms of percentage growth, the fastest growing age segment is those over 85. In many counties the senior population (65+) is larger than the population of children (17 and below), yet the houses that exist and often are being built are designed for families with young children. Only about 25% of the households in the United States have a child in them.

Housing that is most attractive to seniors has some different characteristics than that which is

designed for young families. Among these differences are the following:

- Master bedrooms downstairs (probably the most important factor for senior citizens)
- Smaller housing units (1000 to 2000 sq.ft.)
- As few steps as possible (one-story homes are very important)
- Bathroom walls that are constructed to support hand rails
- Wider entrance ways and wider hall ways
- No responsibility for a yard; however, small planting spaces on the patio or other places
- Walkability (walking is, by far, the primary source of exercise for older adults)
- Complete streets (streets, sidewalks and bike paths are combined)
- Compact neighborhoods (older adults seek community – the primary threat to older adults is social isolation)
- Parks, greenways, open spaces are important (one's personal yard is replaced with communal yards)

In addition to regular housing that supports independent living by seniors, communities also need institutional housing for those who are no longer able to live independently. The number of older adults who will need these opportunities is going to increase dramatically over the next few years resulting from the age bulge of the baby boomers and the correspondingly longer life expectancies. To the best of our knowledge, there is very little inventory of such facilities in Union County.

An assisted care facility would seem to fit well in the Main Street development area. Not only would it provide an increase in density in the area, it would meet a need that is not currently being met in Wingate, the eastern part of the county or even in Union County. Such a facility also provides the University and its various programs (from pharmacology to social work) a laboratory for research and observation. A response might be that this adds nothing to support downtown development, but it does.

Many of the folks in assisted care are able to walk or use assistance like wheelchairs to go short distances, and in addition, family members and friends come to visit. How nice it would be to have a coffee shop and a restaurant to take mother or father to or to go themselves when visiting loved ones who might not be ambulatory. Another possible advantage to such a facility is that it might lead to the locating of some health care facilities in Wingate. While the initial facilities might center on the aging population, health care facilities tend to multiply once the initial siting occurs.

Another attractive type of institutional care facility is a continuing care facility. People who are still living independently move into the facility, and once accepted they are cared for on-site to the end of life. For the most part, these are expensive operations and are available only to those with fairly substantial financial resources. They tend to locate in the middle of high wealth communities. However, since there are few, if any, of these facilities in Union County, the Town of Wingate might want to try and position itself as a natural place for a continuing care community.

The third option is simply to try to interest developers in building communities that are attractive to older adults. The mistake that is most often made is to conclude that the best option is to build age specific communities. With the exception of those national builders that cater to this market segment (Del Webb Communities that is now owned by Pulte Homes), others have had very poor performance records in attracting this age group to age specific housing. Del Webb seems to fill the need for this type of housing. Unbiased questions about the type of housing older adults would like to live in or move into almost always result in a response that they would rather live in a mixed-age neighborhood rather than in one that is age specific. Therefore, neighborhoods designed to be attractive to older adults (master bedrooms

downstairs, smaller homes but with amenities, few steps, walkable and compact) will do better than the age specific developments. In addition, these characteristics are attractive to a very wide range of buyers, not just older adults. Neighborhoods with housing designed in this way are almost always made up of condos, townhomes, bungalows, and one story homes rather than what is typically found in subdivisions in Union County.

In addition to senior housing opportunities, there are other niche markets that might be attractive. The University is considering adding some housing for its graduate student population, and if growth continues it will need to add more undergraduate housing also. The assumption that we are making regarding additional student housing, whether for undergraduates or graduates, is that it will be built on land that the University owns. Of course, the closer that new housing is to the downtown redevelopment district, the better it will be for the businesses that locate there.

Additional land with low level, sparse development on it exists around the downtown redevelopment zone. To better support any type of new retail or professional business offices in the area this housing needs to transition to a more dense pattern. This will take time, but maybe less than is commonly thought if housing takes off in this part of the county. To prepare for the new pattern the town might want to develop an overlay district program for this area where it would like to see denser housing options. A more immediate opportunity would become available if the town and University continue to purchase properties as they come to the market. If this course of activity continues, the need for the town and the University to determine where the boundary line is between what the University wants for its current and future plans and what is available to the town for new housing and commercial development becomes absolutely necessary.

Another housing option that the Town might consider is multi-family housing. The data show that rental opportunities exist in Wingate; however, this seems to be made up of scattered single family homes and older apartment complexes. While some communities shy away from apartment complexes, a fairly large group of people are not in the position to own a home because of lack of financial resources or because they simply don't want to own one. Therefore opportunities for rental apartments above retail as well as townhomes and/or condos for sale should be considered in the downtown.

---

### **Conclusion**

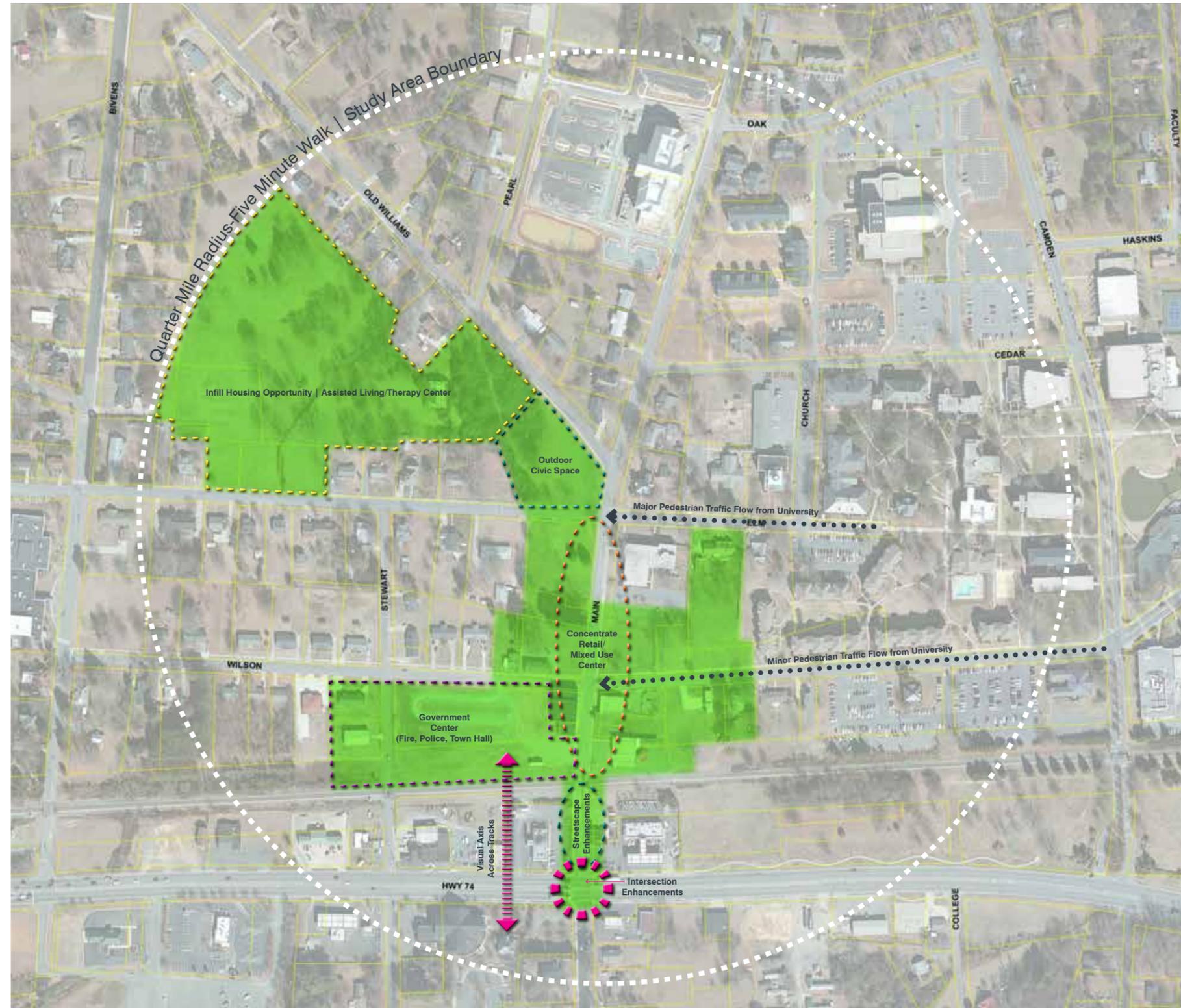
**The housing bottom line for Wingate is that the market needs to expand in order to support the sort of Main Street that is envisioned. The existing housing pattern needs to change in order for the market growth to occur. In Union County the pattern is set in terms of competing with the western part of the county on the prototypical housing type that you find there (large, two –story homes on small to medium lots). Every example of this kind of housing is present in the western part of the county and there is plenty of space available to build more of just like what exists now.**

**Wingate should buck the trend and look to providing alternative and new housing types to grow a market that is capable of supporting the vision for the Main Street development.**

**Section III**  
**Strategic**  
**Development Plan**



# Short-Term Strategic Concept Study



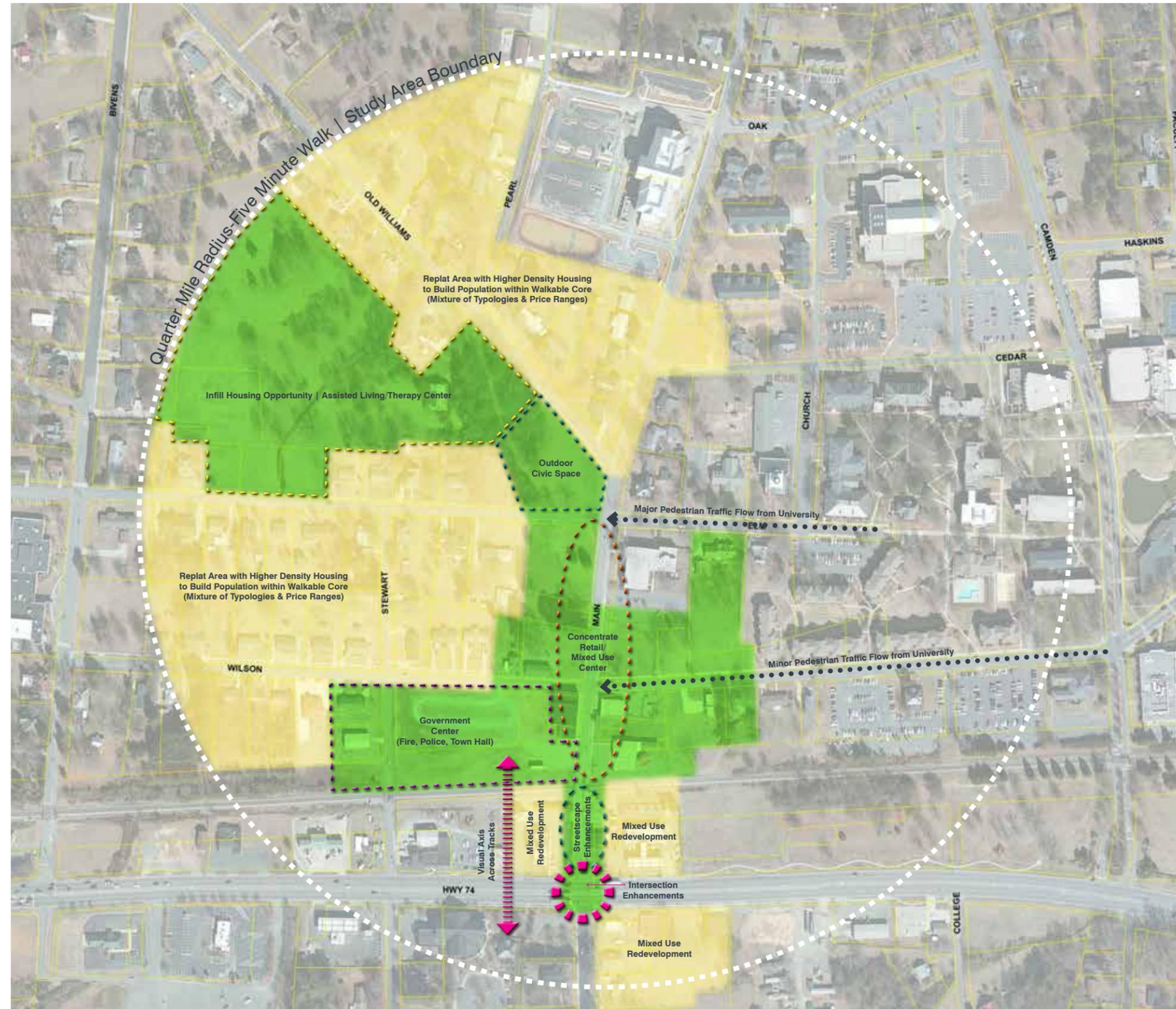
SHORT TERM STRATEGIC  
CONCEPT STUDY

## WINGATE SMALL AREA PLAN DOWNTOWN MAIN STREET

WINGATE, NORTH CAROLINA | MARCH 2013



# Mid-Term Strategic Concept Study



MID-TERM STRATEGIC  
CONCEPT STUDY

## WINGATE SMALL AREA PLAN DOWNTOWN MAIN STREET

WINGATE, NORTH CAROLINA | MARCH 2013



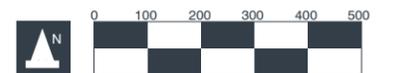
# Short-Term Strategic Concept Plan



SHORT-TERM STRATEGIC  
CONCEPT PLAN

## WINGATE SMALL AREA PLAN DOWNTOWN MAIN STREET

WINGATE, NORTH CAROLINA | MARCH 2013



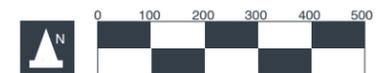
# Mid-Term Strategic Concept Plan



## MID-TERM STRATEGIC CONCEPT PLAN

# WINGATE SMALL AREA PLAN DOWNTOWN MAIN STREET

WINGATE, NORTH CAROLINA | MARCH 2013



Key Theme	Goal/Project	Strategy	Department (Public)	Tools & Resources ( See also - Appendix B)	Funding & Fiscal Year
-----------	--------------	----------	---------------------	--	-----------------------

<i>Be Bold &amp; Create Momentum</i>	Evaluate Town Land Holdings	Reposition per the Plan	Planning & Administration, Town Board	See Plan	Staff time; May be implemented immediately without additional cost.
	Facilitate Main Street Building completion (owner-Shubert)	Facilitate permitting; provide additional parking per the plan; complete sidewalks	Planning & Administration, Town Board		FY2013 – cost TBD
	Retail and Wayfinding Signage	Review signage ordinance for retail uses and wayfinding signage	Planning & Administration, Town Board	NC Main Street Program <a href="http://www.nccommerce.com/cd/urban-development/small-town-main-street-program">http://www.nccommerce.com/cd/urban-development/small-town-main-street-program</a>	FY2014 – cost TBD
	Building Façade Program	Review buildings and meet with owners at Post Office buildings; and on Main Street @ Highway 74 for incentives for façade improvements (e.g. tax abatement)	Planning & Administration, Town Board	NC Main Street Program	FY2014 – cost TBD
	Downtown Parking Plan	Review and identify all public parking areas for downtown	Planning & Administration	NC Main Street Program	FY2013 – per plan; cost TBD
	Downtown Organization	Create a Group/Committee to begin work around Main Street Program – for future organization/designation	Administration	NC Main Street Program	FY2015 – staff time; no cost

Key Theme	Goal/Project	Strategy	Department (Public)	Tools & Resources ( See also - Appendix B)	Funding & Fiscal Year
-----------	--------------	----------	---------------------	--	-----------------------

<i>Invest in Infrastructure</i>	Public Parking	Evaluate and complete public parking improvements; inventory and create a downtown parking plan	Planning & Administration	Main Street Program <a href="http://www.nccommerce.com/cd/urban-development/small-town-main-street-program">http://www.nccommerce.com/cd/urban-development/small-town-main-street-program</a>	Staff time; may be implemented without additional cost
	Public Sidewalks	Evaluate and complete public sidewalk improvement program throughout downtown	Planning & Administration	Evaluate Grants programs <a href="http://www.ncruralcenter.org/">http://www.ncruralcenter.org/</a>	FY2014 – cost TBD
	Streetscape Program	Evaluate and complete street lighting; planting and banners on Main Street – from Highway 74 to Elm Street	Planning & Administration	Evaluate Grants programs	FY2014 – cost TBD
	Municipal Center	Create public/civic municipal center on Main Street	Planning & Administration, Town Board		FY2015 – cost TBD
	Gateway Improvements	Evaluate and complete improvements at Highway 74 to include pedestrian crossings, wayfinding signage & banners	Planning & Administration, Town Board		FY 2013 CIP budget

Key Theme	Goal/Project	Strategy	Department (Public)	Tools & Resources ( See also - Appendix B)	Funding & Fiscal Year
-----------	--------------	----------	---------------------	--	-----------------------

<i>Build a Market</i>	Gateway Improvements	Evaluate and complete improvements at Highway 74 to include pedestrian crossings, wayfinding signage & banners	Planning & Administration, Town Board		FY2013; CIP budget
	Build Residential	Evaluate and facilitate additional housing to add residents. This may include zone changes to allow higher density.	Planning & Administration, Town Board		FY2014 – Staff time
	Expand Public Relations	Create press releases, newsletter and social media pages to promote downtown	Administration	BALLE – <a href="http://www.bealocalist.org">www.bealocalist.org</a>	FY2013 - Staff time
	Branding	Consider “Village of Wingate” to designate Main Street	Administration	Brand Manual & Style Guide	FY2014 – cost TBD
	Tourism	Link assets together (e.g. map) such as public parks, Jesse Helms Center, Wingate University for events to build destination traffic in downtown	Planning & Administration	<a href="http://www.nccommerce.com/tourism/">http://www.nccommerce.com/tourism/</a>	FY2014 - staff time; cost TBD

Key Theme	Goal/Project	Strategy	Department (Public)	Tools & Resources ( See also - Appendix B)	Funding & Fiscal Year
-----------	--------------	----------	---------------------	--	-----------------------

<i>Reposition &amp; Build the Town/Gown Relationship</i>	Evaluate University Land Holdings	Reposition per the Plan	Planning & Administration, Town Board	See Plan	Staff time; May be implemented immediately without additional cost.
	Downtown Organization	Include and involve University representatives and students	Administration	BALLE – <a href="http://www.bealocalist.org">www.bealocalist.org</a> NC Main Street Program	FY2014 – staff time
	Streetscape Program	Involve students in the creation of banners for Main Street	Administration	NC Main Street Program	FY2014 – staff time
	Expand Public Relations	Include and involve faculty, staff and students in the development of downtown events and programming	Administration, Parks & Recreation	<a href="http://www.nccommerce.com/tourism/">http://www.nccommerce.com/tourism/</a>	FY2015 – staff time
	Integrate Learning Opportunities	Consider internship/coop programs to engage students in clinical experiences, arts, entrepreneurship and governmental projects	Administration		FY2015 – staff time

Key Theme	Goal/Project	Strategy	Department (Public)	Tools & Resources ( See also - Appendix B)	Funding & Fiscal Year
-----------	--------------	----------	---------------------	--	-----------------------

<i>Create a Programmatic Plan</i>	Phase I – Short term redevelopment opportunities	Gateway intersection improvements at Highway 74 & Main Street; Façade Improvements for existing Main Street buildings; Municipal Complex; Public Park; Senior residential housing development on Old Williams	Planning & Administration, Town Board, Parks & Recreation		TBD
	Phase II – Mid-term redevelopment opportunities	Infill housing redevelopment	Planning & Administration, Town Board		TBD
	Phase III – Long term redevelopment opportunities	Highway 74 redevelopment	Planning & Administration, Town Board		TBD

**Section IV**  
**Appendix A —**  
**Data &**  
**Demographic**  
**Reports**





# Demographic and Income Profile

Wingate, NC  
 Wingate town, NC (3774760)  
 Geography: Place

Prepared by Kathleen Rose, CCIM, CRE

Summary	Census 2010	2012	2017
Population	3,491	3,607	3,936
Households	945	991	1,087
Families	650	714	780
Average Household Size	2.66	3.01	3.05
Owner Occupied Housing Units	587	628	691
Renter Occupied Housing Units	358	364	396
Median Age	23.3	27.6	28.9
Trends: 2012 - 2017 Annual Rate	Area	State	National
Population	1.76%	1.21%	0.68%
Households	1.87%	1.27%	0.74%
Families	1.78%	1.25%	0.72%
Owner HHs	1.93%	1.40%	0.91%
Median Household Income	2.48%	3.46%	2.55%

Households by Income	2012		2017	
	Number	Percent	Number	Percent
<\$15,000	194	19.6%	196	18.0%
\$15,000 - \$24,999	112	11.3%	90	8.3%
\$25,000 - \$34,999	90	9.1%	91	8.4%
\$35,000 - \$49,999	143	14.4%	162	14.9%
\$50,000 - \$74,999	246	24.8%	293	27.0%
\$75,000 - \$99,999	108	10.9%	135	12.4%
\$100,000 - \$149,999	38	3.8%	47	4.3%
\$150,000 - \$199,999	11	1.1%	16	1.5%
\$200,000+	50	5.0%	57	5.2%
Median Household Income	\$44,439		\$50,219	
Average Household Income	\$58,162		\$65,552	
Per Capita Income	\$22,223		\$24,415	

Population by Age	Census 2010		2012		2017	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	215	6.2%	261	7.2%	289	7.3%
5 - 9	190	5.4%	230	6.4%	251	6.4%
10 - 14	169	4.8%	220	6.1%	243	6.2%
15 - 19	799	22.9%	548	15.2%	561	14.3%
20 - 24	562	16.1%	431	11.9%	437	11.1%
25 - 34	337	9.7%	452	12.5%	499	12.7%
35 - 44	316	9.1%	421	11.7%	450	11.4%
45 - 54	330	9.5%	390	10.8%	399	10.1%
55 - 64	277	7.9%	341	9.4%	399	10.1%
65 - 74	193	5.5%	222	6.2%	298	7.6%
75 - 84	84	2.4%	71	2.0%	84	2.1%
85+	19	0.5%	22	0.6%	26	0.7%

Race and Ethnicity	Census 2010		2012		2017	
	Number	Percent	Number	Percent	Number	Percent
White Alone	2,115	60.6%	1,871	51.9%	1,877	47.7%
Black Alone	1,004	28.8%	1,240	34.4%	1,410	35.8%
American Indian Alone	15	0.4%	13	0.4%	15	0.4%
Asian Alone	30	0.9%	23	0.6%	32	0.8%
Pacific Islander Alone	3	0.1%	2	0.1%	2	0.1%
Some Other Race Alone	276	7.9%	394	10.9%	522	13.3%
Two or More Races	48	1.4%	64	1.8%	79	2.0%
Hispanic Origin (Any Race)	433	12.4%	600	16.6%	774	19.7%

**Data Note:** Income is expressed in current dollars.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.



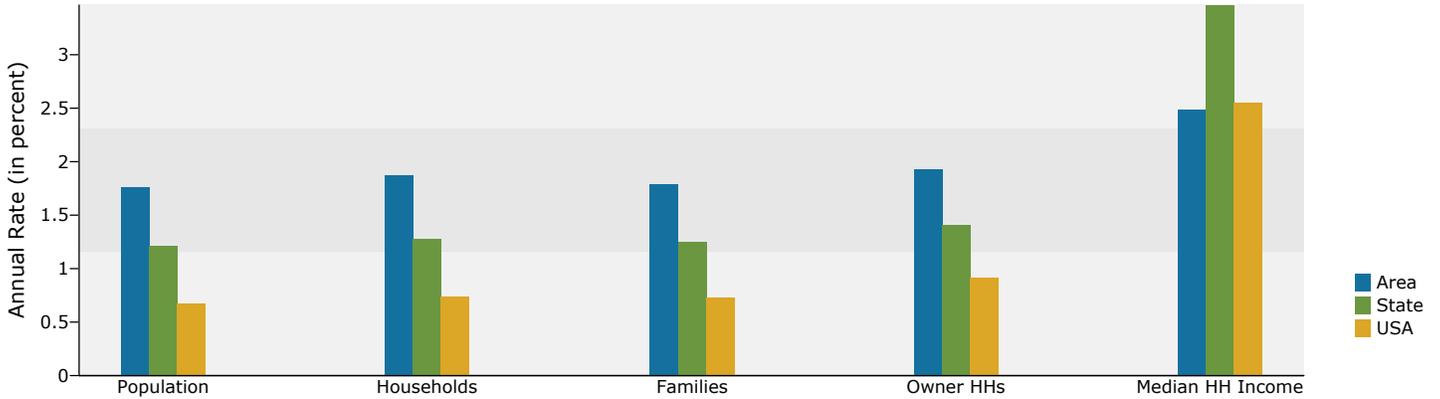
ROSE ASSOCIATES

# Demographic and Income Profile

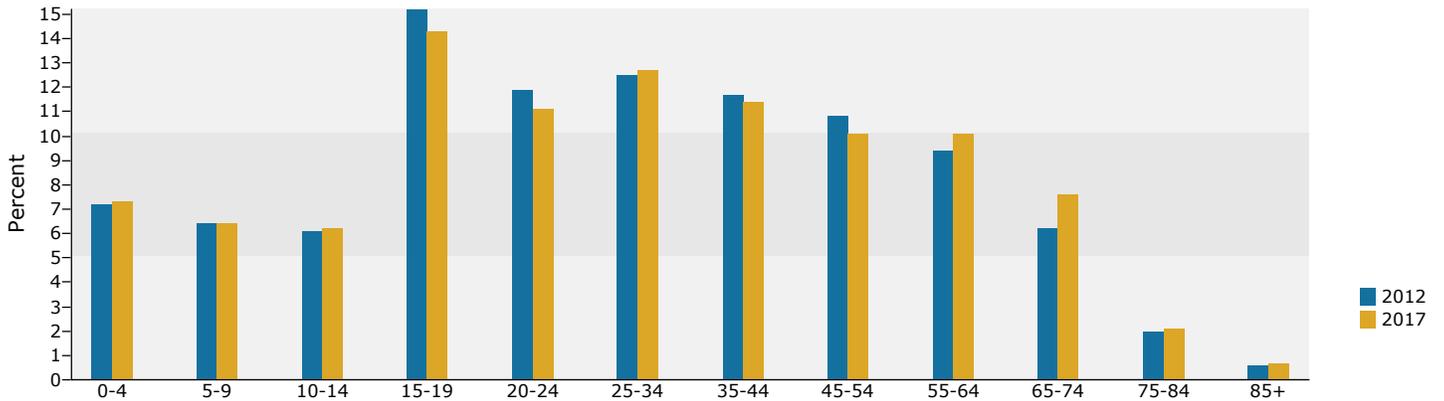
Wingate, NC  
Wingate town, NC (3774760)  
Geography: Place

Prepared by Kathleen Rose, CCIM, CRE

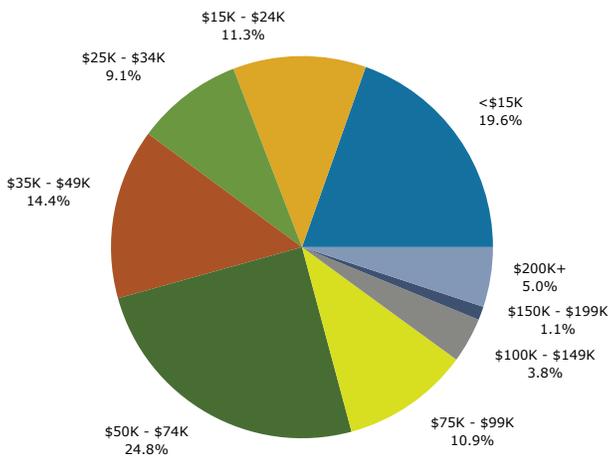
## Trends 2012-2017



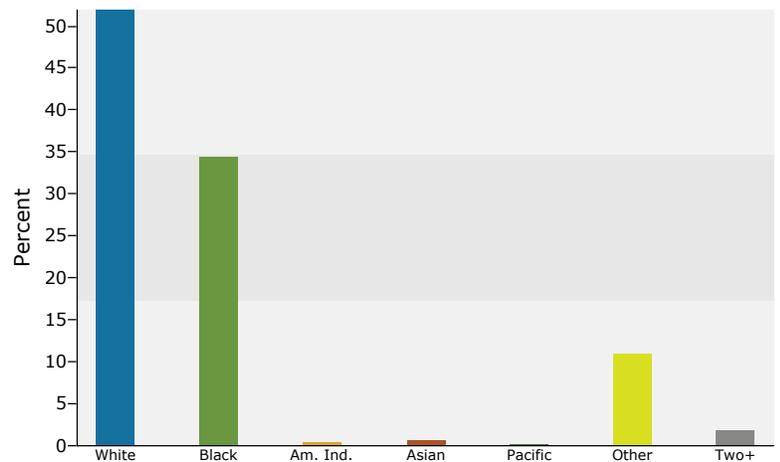
## Population by Age



## 2012 Household Income



## 2012 Population by Race



2012 Percent Hispanic Origin: 16.6%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

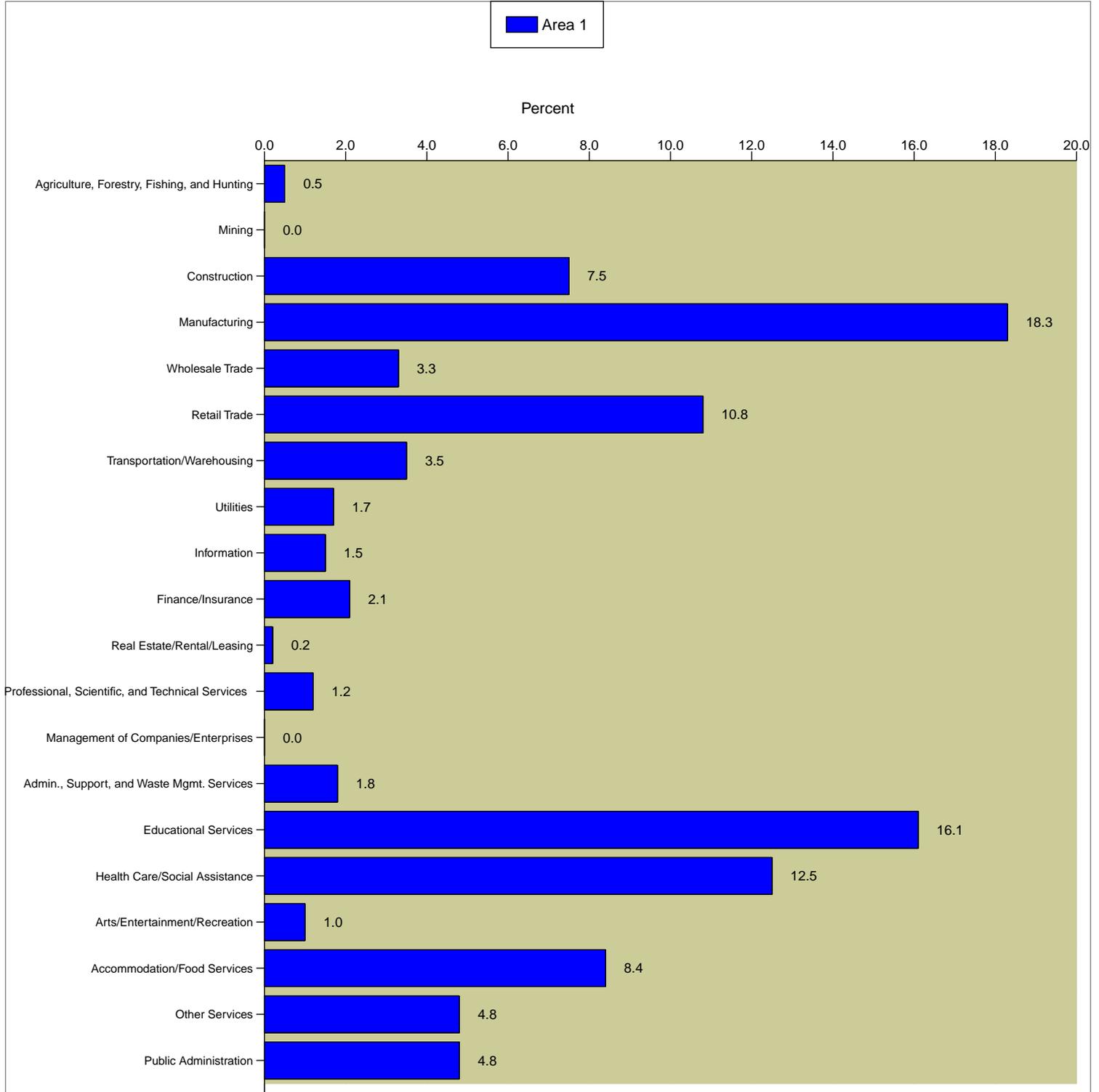
May 07, 2013



2010 Total Civilian Employed Population 16+

1,302

### 2010 Employed Civilian Population 16+ by Industry



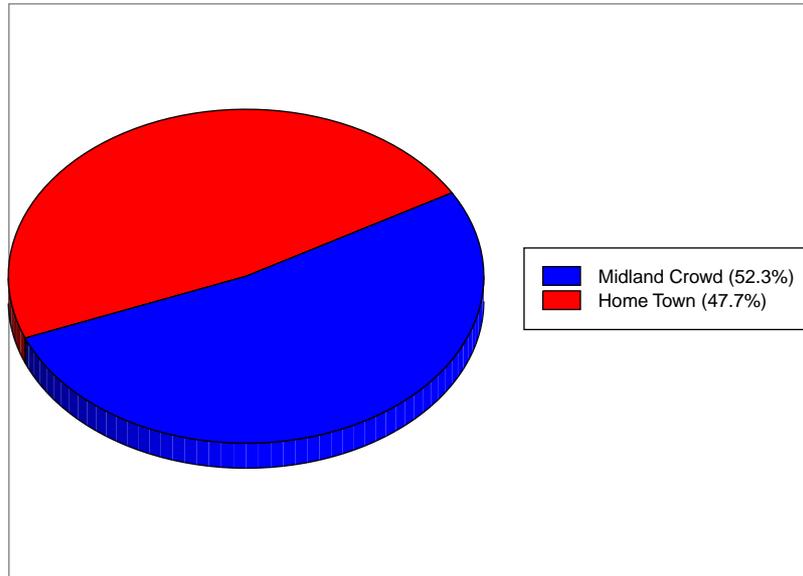
Data Note: Industry descriptions based on 2000 Census of Population and Housing definitions.

Source: Esri forecasts for 2010.



Wingate, NC  
Wingate town, NC (3774760)  
Geography: Place

#### Top Tapestry Segments



Percent of Households by Tapestry Segment

#### Top Tapestry Segments:

##### Midland Crowd

Approximately 11.9 million people represent Midland Crowd, Community Tapestry's largest market. The median age of 37 is similar to the US Median. Most households are composed of married-couple families, half with children and half without. The median household income is \$50,462. Housing developments are generally in rural areas throughout the United States (more village or town than farm), mainly in the South. Home ownership is at 83 percent. Two-thirds of households are single-family structures; 28 percent are mobile homes. This is a somewhat conservative market politically. These do-it-yourselfers take pride in their homes, lawns, and vehicles. Hunting, fishing, and woodworking are favorite pursuits. Pet ownership, especially birds or dogs, is common. Many households have a satellite dish, and TV viewing includes various news programs as well as shows on CMT and Outdoor Life Network.

##### Home Town

These low-density, settled neighborhoods, located chiefly in the Midwest and South, rarely change. Home Town residents stay close to their home base. Although they may move from one house to another, they rarely cross the county line. Household types are a mix of singles and families. The median age is 34.0 years. Single-family homes predominate in this market. Homeownership is at 59 percent, and the median home value is \$66,885. The manufacturing, retail trade, and service industries are the primary sources of employment. Residents enjoy fishing and playing baseball, bingo, backgammon, and video games. Favorite cable TV stations include CMT, Nick-at-Nite, Game Show Network, and TV Land. Belk and Wal-Mart are favorite shopping destinations stops; residents also purchase items from Avon sales representatives.



ROSE  
ASSOCIATES

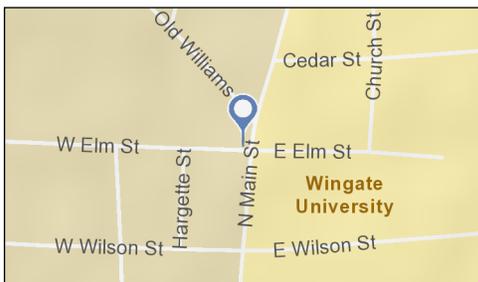
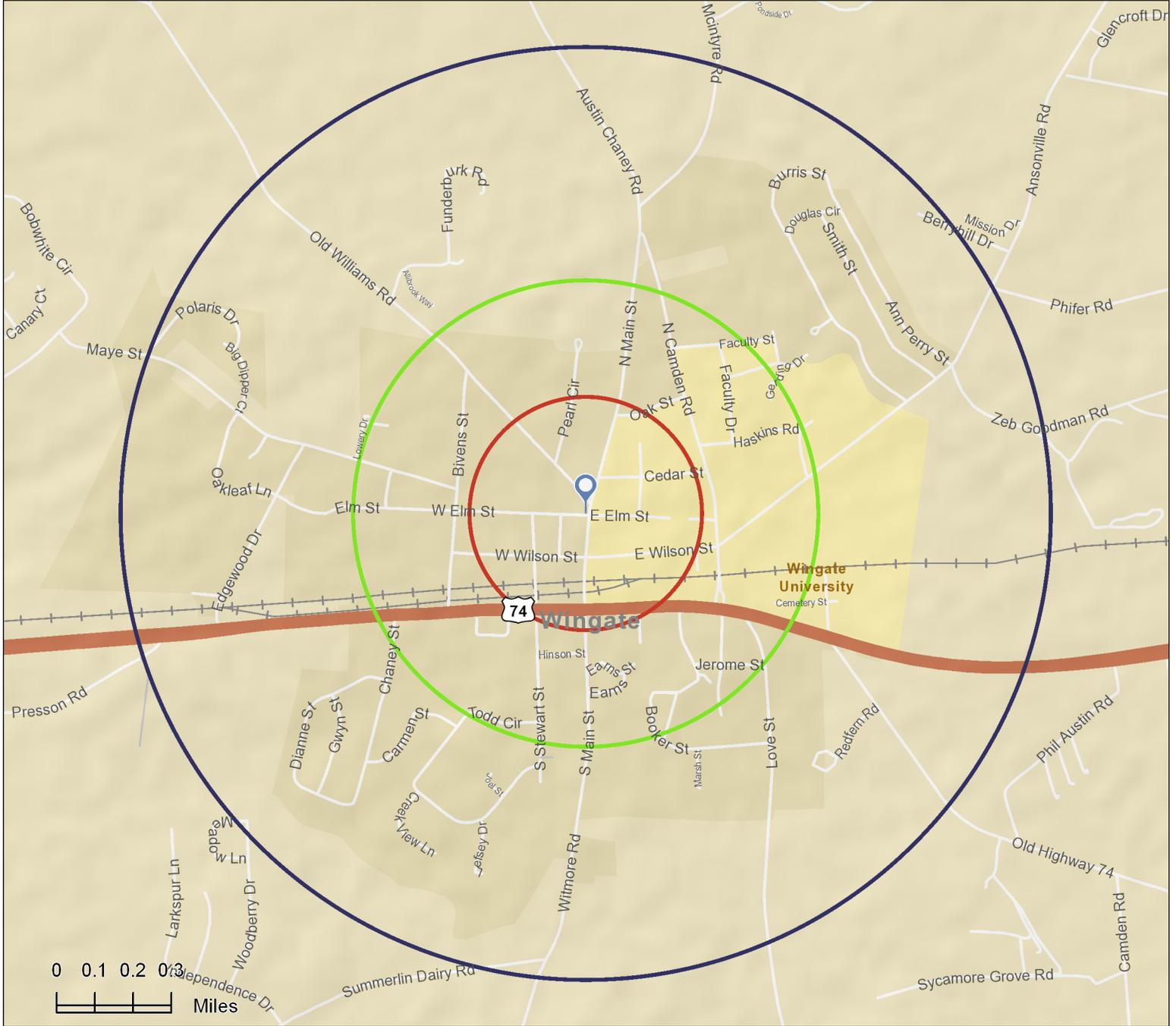
# Site Map

Downtown Wingate  
Ring: 0.25, 0.5, 1 Miles

Prepared by Kathleen Rose, CCIM, CRE

Latitude: 34.985526

Longitude: -80.448974





# 2015 Retail MarketPlace Forecast

Downtown Wingate  
Ring: 0.25 miles radius

Prepared by Kathleen Rose, CCIM, CRE

Latitude: 34.985526  
Longitude: -80.448974

Summary Demographics						
2015 Population						1,047
2015 Households						178
2015 Per Capita Income						\$22,610
Industry Summary	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink	44-45,722	\$4,684,809	\$4,556,282	128,527	1.4	3
Total Retail Trade	44-45	\$4,035,419	\$3,890,566	144,853	1.8	2
Total Food & Drink	722	\$649,390	\$665,716	-16,326	-1.2	1
Industry Group	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers	441	\$963,731	\$488,978	474,753	32.7	1
Automobile Dealers	4411	\$826,119	\$439,016	387,102	30.6	0
Other Motor Vehicle Dealers	4412	\$72,341	\$49,962	22,379	18.3	0
Auto Parts, Accessories & Tire Stores	4413	\$65,272	\$0	65,272	100.0	0
Furniture & Home Furnishings Stores	442	\$101,599	\$0	101,599	100.0	0
Furniture Stores	4421	\$42,190	\$0	42,190	100.0	0
Home Furnishings Stores	4422	\$59,408	\$0	59,408	100.0	0
Electronics & Appliance Stores	4431	\$113,406	\$82,080	31,326	16.0	0
Bldg Materials, Garden Equip. & Supply Stores	444	\$176,464	\$0	176,464	100.0	0
Bldg Material & Supplies Dealers	4441	\$145,149	\$0	145,149	100.0	0
Lawn & Garden Equip & Supply Stores	4442	\$31,315	\$0	31,315	100.0	0
Food & Beverage Stores	445	\$874,627	\$0	874,627	100.0	0
Grocery Stores	4451	\$856,265	\$0	856,265	100.0	0
Specialty Food Stores	4452	\$9,470	\$0	9,470	100.0	0
Beer, Wine & Liquor Stores	4453	\$8,892	\$0	8,892	100.0	0
Health & Personal Care Stores	446,4461	\$142,576	\$0	142,576	100.0	0
Gasoline Stations	447,4471	\$736,103	\$1,139,831	-403,728	-21.5	1
Clothing & Clothing Accessories Stores	448	\$117,945	\$0	117,945	100.0	0
Clothing Stores	4481	\$80,193	\$0	80,193	100.0	0
Shoe Stores	4482	\$20,661	\$0	20,661	100.0	0
Jewelry, Luggage & Leather Goods Stores	4483	\$17,091	\$0	17,091	100.0	0
Sporting Goods, Hobby, Book & Music Stores	451	\$16,973	\$21,060	-4,087	-10.7	0
Sporting Goods/Hobby/Musical Instr Stores	4511	\$12,066	\$21,060	-8,994	-27.2	0
Book, Periodical & Music Stores	4512	\$4,907	\$0	4,907	100.0	0
General Merchandise Stores	452	\$458,845	\$0	458,845	100.0	0
Department Stores Excluding Leased Depts.	4521	\$278,779	\$0	278,779	100.0	0
Other General Merchandise Stores	4529	\$180,065	\$0	180,065	100.0	0
Miscellaneous Store Retailers	453	\$26,753	\$10,190	16,563	44.8	0
Florists	4531	\$2,861	\$0	2,861	100.0	0
Office Supplies, Stationery & Gift Stores	4532	\$11,037	\$0	11,037	100.0	0
Used Merchandise Stores	4533	\$3,424	\$0	3,424	100.0	0
Other Miscellaneous Store Retailers	4539	\$9,431	\$10,190	-759	-3.9	0
Nonstore Retailers	454	\$306,398	\$2,148,427	-1,842,029	-75.0	0
Electronic Shopping & Mail-Order Houses	4541	\$247,008	\$0	247,008	100.0	0
Vending Machine Operators	4542	\$17,025	\$0	17,025	100.0	0
Direct Selling Establishments	4543	\$42,364	\$2,148,427	-2,106,063	-96.1	0
Food Services & Drinking Places	722	\$649,390	\$665,716	-16,326	-1.2	1
Full-Service Restaurants	7221	\$252,019	\$109,206	142,814	39.5	0
Limited-Service Eating Places	7222	\$325,143	\$556,511	-231,368	-26.2	1
Special Food Services	7223	\$41,708	\$0	41,708	100.0	0
Drinking Places - Alcoholic Beverages	7224	\$30,520	\$0	30,520	100.0	0

**Data Note:** Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales. Esri uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector. The vintage of the Retail MarketPlace data on this report is 2015.

Source: Esri and Infogroup



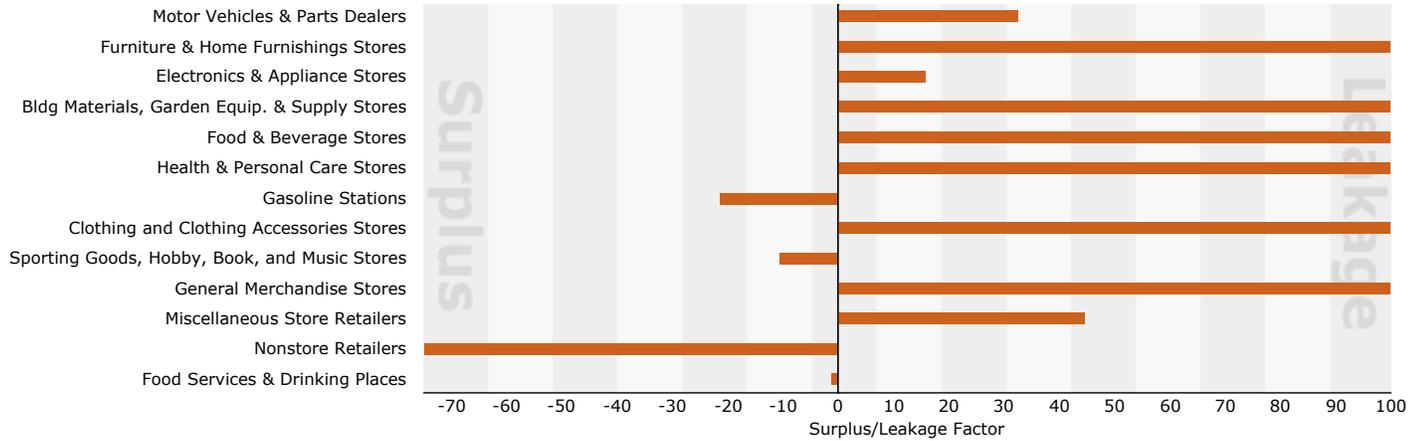
# 2015 Retail MarketPlace Forecast

Downtown Wingate  
 Ring: 0.25 miles radius

Prepared by Kathleen Rose, CCIM, CRE

Latitude: 34.985526  
 Longitude: -80.448974

## Leakage/Surplus Factor by Industry Subsector



## Leakage/Surplus Factor by Industry Group



Source: Esri and Infogroup

May 07, 2013



# 2015 Retail MarketPlace Forecast

Downtown Wingate  
Ring: 0.5 miles radius

Prepared by Kathleen Rose, CCIM, CRE

Latitude: 34.985526  
Longitude: -80.448974

## Summary Demographics

2015 Population	2,475
2015 Households	739
2015 Per Capita Income	\$21,995

Industry Summary	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink	44-45,722	\$17,335,475	\$20,669,125	-3,333,650	-8.8	12
Total Retail Trade	44-45	\$14,931,682	\$17,496,834	-2,565,152	-7.9	9
Total Food & Drink	722	\$2,403,793	\$3,172,291	-768,499	-13.8	4
Industry Group	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers	441	\$3,506,980	\$1,304,513	2,202,467	45.8	2
Automobile Dealers	4411	\$3,008,637	\$1,009,738	1,998,899	49.7	1
Other Motor Vehicle Dealers	4412	\$259,306	\$294,775	-35,469	-6.4	1
Auto Parts, Accessories & Tire Stores	4413	\$239,037	\$0	239,037	100.0	0
Furniture & Home Furnishings Stores	442	\$367,254	\$0	367,254	100.0	0
Furniture Stores	4421	\$152,453	\$0	152,453	100.0	0
Home Furnishings Stores	4422	\$214,800	\$0	214,800	100.0	0
Electronics & Appliance Stores	4431	\$416,729	\$237,120	179,609	27.5	1
Bldg Materials, Garden Equip. & Supply Stores	444	\$624,647	\$44,694	579,953	86.6	0
Bldg Material & Supplies Dealers	4441	\$512,266	\$44,694	467,573	84.0	0
Lawn & Garden Equip & Supply Stores	4442	\$112,380	\$0	112,380	100.0	0
Food & Beverage Stores	445	\$3,279,622	\$3,344,232	-64,610	-1.0	1
Grocery Stores	4451	\$3,211,211	\$3,344,232	-133,021	-2.0	1
Specialty Food Stores	4452	\$35,487	\$0	35,487	100.0	0
Beer, Wine & Liquor Stores	4453	\$32,924	\$0	32,924	100.0	0
Health & Personal Care Stores	446,4461	\$532,060	\$0	532,060	100.0	0
Gasoline Stations	447,4471	\$2,762,331	\$6,816,419	-4,054,088	-42.3	2
Clothing & Clothing Accessories Stores	448	\$437,100	\$81,190	355,909	68.7	0
Clothing Stores	4481	\$297,628	\$0	297,628	100.0	0
Shoe Stores	4482	\$77,244	\$0	77,244	100.0	0
Jewelry, Luggage & Leather Goods Stores	4483	\$62,227	\$81,190	-18,963	-13.2	0
Sporting Goods, Hobby, Book & Music Stores	451	\$63,740	\$48,437	15,303	13.6	1
Sporting Goods/Hobby/Musical Instr Stores	4511	\$44,744	\$48,437	-3,693	-4.0	1
Book, Periodical & Music Stores	4512	\$18,996	\$0	18,996	100.0	0
General Merchandise Stores	452	\$1,701,381	\$1,290,748	410,634	13.7	1
Department Stores Excluding Leased Depts.	4521	\$1,030,168	\$0	1,030,168	100.0	0
Other General Merchandise Stores	4529	\$671,214	\$1,290,748	-619,534	-31.6	1
Miscellaneous Store Retailers	453	\$99,050	\$32,627	66,423	50.4	1
Florists	4531	\$10,237	\$0	10,237	100.0	0
Office Supplies, Stationery & Gift Stores	4532	\$40,497	\$0	40,497	100.0	0
Used Merchandise Stores	4533	\$12,904	\$9,190	3,714	16.8	0
Other Miscellaneous Store Retailers	4539	\$35,412	\$23,437	11,975	20.3	1
Nonstore Retailers	454	\$1,140,789	\$4,296,854	-3,156,066	-58.0	0
Electronic Shopping & Mail-Order Houses	4541	\$913,748	\$0	913,748	100.0	0
Vending Machine Operators	4542	\$63,503	\$0	63,503	100.0	0
Direct Selling Establishments	4543	\$163,538	\$4,296,854	-4,133,316	-92.7	0
Food Services & Drinking Places	722	\$2,403,793	\$3,172,291	-768,499	-13.8	4
Full-Service Restaurants	7221	\$938,577	\$939,169	-592	0.0	2
Limited-Service Eating Places	7222	\$1,198,815	\$1,209,582	-10,767	-0.4	1
Special Food Services	7223	\$153,827	\$1,023,540	-869,713	-73.9	0
Drinking Places - Alcoholic Beverages	7224	\$112,573	\$0	112,573	100.0	0

**Data Note:** Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales. Esri uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector. The vintage of the Retail MarketPlace data on this report is 2015.

Source: Esri and Infogroup



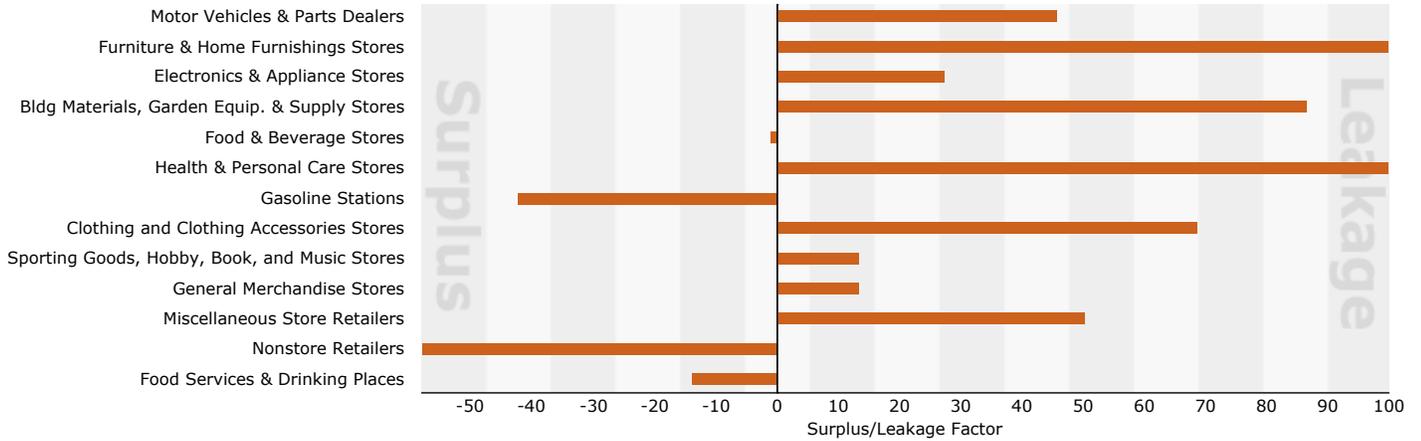
# 2015 Retail MarketPlace Forecast

Downtown Wingate  
 Ring: 0.5 miles radius

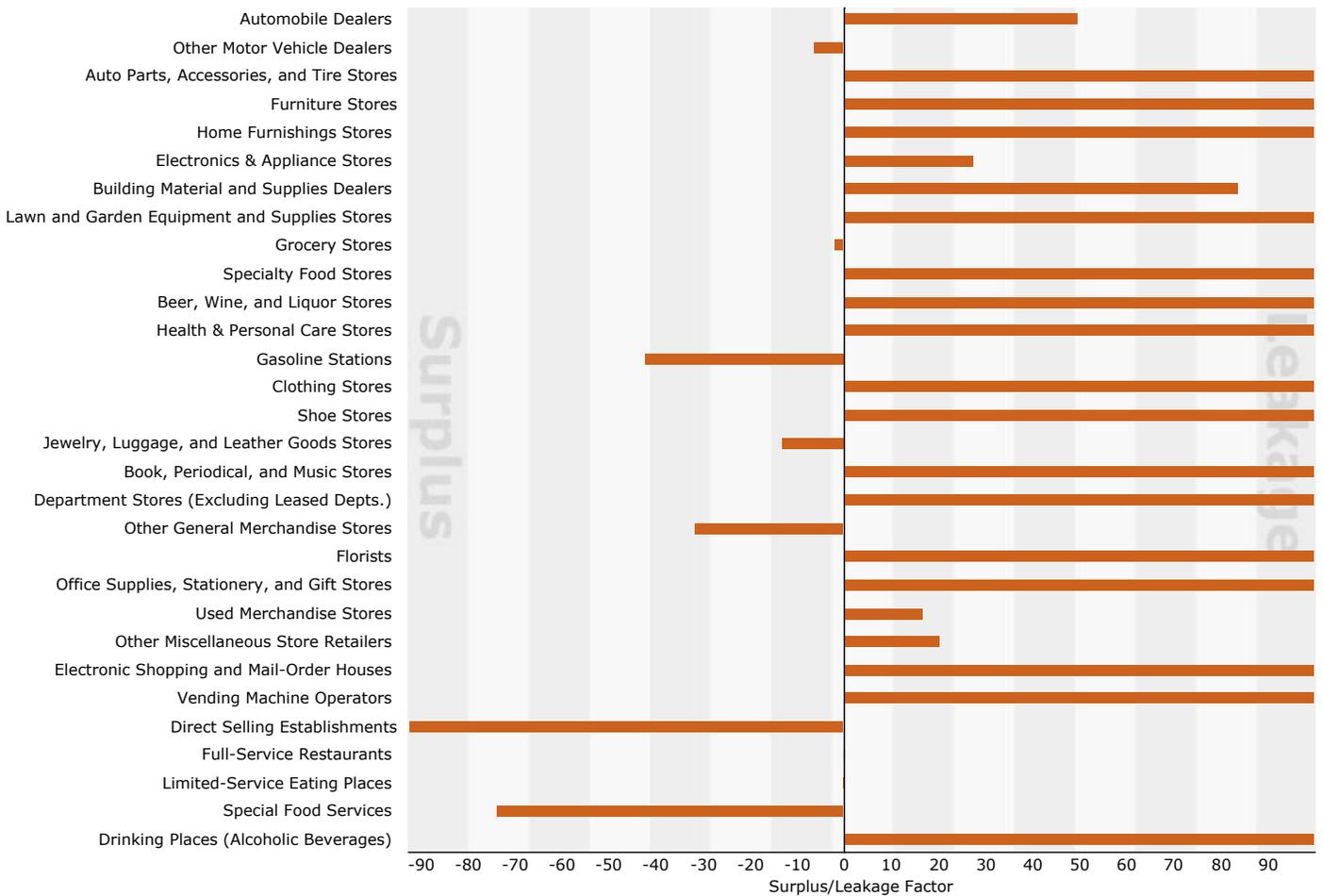
Prepared by Kathleen Rose, CCIM, CRE

Latitude: 34.985526  
 Longitude: -80.448974

## Leakage/Surplus Factor by Industry Subsector



## Leakage/Surplus Factor by Industry Group





# 2015 Retail MarketPlace Forecast

Downtown Wingate  
Ring: 1 mile radius

Prepared by Kathleen Rose, CCIM, CRE

Latitude: 34.985526  
Longitude: -80.448974

Summary Demographics						
2015 Population						5,476
2015 Households						1,686
2015 Per Capita Income						\$21,724
Industry Summary	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink	44-45,722	\$39,059,042	\$33,880,722	5,178,320	7.1	20
Total Retail Trade	44-45	\$33,642,868	\$28,698,648	4,944,220	7.9	14
Total Food & Drink	722	\$5,416,174	\$5,182,074	234,100	2.2	6
Industry Group	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers	441	\$7,892,796	\$1,894,477	5,998,319	61.3	3
Automobile Dealers	4411	\$6,771,597	\$1,404,851	5,366,746	65.6	1
Other Motor Vehicle Dealers	4412	\$582,993	\$489,626	93,367	8.7	1
Auto Parts, Accessories & Tire Stores	4413	\$538,206	\$0	538,206	100.0	0
Furniture & Home Furnishings Stores	442	\$826,164	\$0	826,164	100.0	0
Furniture Stores	4421	\$342,947	\$0	342,947	100.0	0
Home Furnishings Stores	4422	\$483,218	\$0	483,218	100.0	0
Electronics & Appliance Stores	4431	\$938,507	\$366,320	572,188	43.9	1
Bldg Materials, Garden Equip. & Supply Stores	444	\$1,403,158	\$81,938	1,321,220	89.0	1
Bldg Material & Supplies Dealers	4441	\$1,150,476	\$81,938	1,068,537	86.7	1
Lawn & Garden Equip & Supply Stores	4442	\$252,682	\$0	252,682	100.0	0
Food & Beverage Stores	445	\$7,395,888	\$6,131,098	1,264,790	9.4	1
Grocery Stores	4451	\$7,241,680	\$6,131,098	1,110,581	8.3	1
Specialty Food Stores	4452	\$80,023	\$0	80,023	100.0	0
Beer, Wine & Liquor Stores	4453	\$74,185	\$0	74,185	100.0	0
Health & Personal Care Stores	446,4461	\$1,199,471	\$0	1,199,471	100.0	0
Gasoline Stations	447,4471	\$6,229,658	\$11,505,535	-5,275,877	-29.7	3
Clothing & Clothing Accessories Stores	448	\$984,940	\$148,849	836,091	73.7	1
Clothing Stores	4481	\$670,727	\$0	670,727	100.0	0
Shoe Stores	4482	\$174,160	\$0	174,160	100.0	0
Jewelry, Luggage & Leather Goods Stores	4483	\$140,053	\$148,849	-8,796	-3.0	1
Sporting Goods, Hobby, Book & Music Stores	451	\$143,755	\$67,390	76,365	36.2	1
Sporting Goods/Hobby/Musical Instr Stores	4511	\$100,828	\$67,390	33,438	19.9	1
Book, Periodical & Music Stores	4512	\$42,927	\$0	42,927	100.0	0
General Merchandise Stores	452	\$3,833,954	\$2,366,373	1,467,581	23.7	1
Department Stores Excluding Leased Depts.	4521	\$2,320,887	\$0	2,320,887	100.0	0
Other General Merchandise Stores	4529	\$1,513,066	\$2,366,373	-853,307	-22.0	1
Miscellaneous Store Retailers	453	\$223,180	\$49,456	173,724	63.7	1
Florists	4531	\$23,013	\$0	23,013	100.0	0
Office Supplies, Stationery & Gift Stores	4532	\$91,194	\$0	91,194	100.0	0
Used Merchandise Stores	4533	\$29,109	\$16,848	12,261	26.7	1
Other Miscellaneous Store Retailers	4539	\$79,864	\$32,608	47,256	42.0	1
Nonstore Retailers	454	\$2,571,394	\$6,087,210	-3,515,816	-40.6	0
Electronic Shopping & Mail-Order Houses	4541	\$2,058,751	\$0	2,058,751	100.0	0
Vending Machine Operators	4542	\$143,155	\$0	143,155	100.0	0
Direct Selling Establishments	4543	\$369,489	\$6,087,210	-5,717,722	-88.6	0
Food Services & Drinking Places	722	\$5,416,174	\$5,182,074	234,100	2.2	6
Full-Service Restaurants	7221	\$2,115,637	\$1,610,784	504,852	13.5	4
Limited-Service Eating Places	7222	\$2,700,434	\$1,694,798	1,005,636	22.9	2
Special Food Services	7223	\$346,516	\$1,876,492	-1,529,976	-68.8	1
Drinking Places - Alcoholic Beverages	7224	\$253,588	\$0	253,588	100.0	0

**Data Note:** Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales. Esri uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector. The vintage of the Retail MarketPlace data on this report is 2015.

Source: Esri and Infogroup



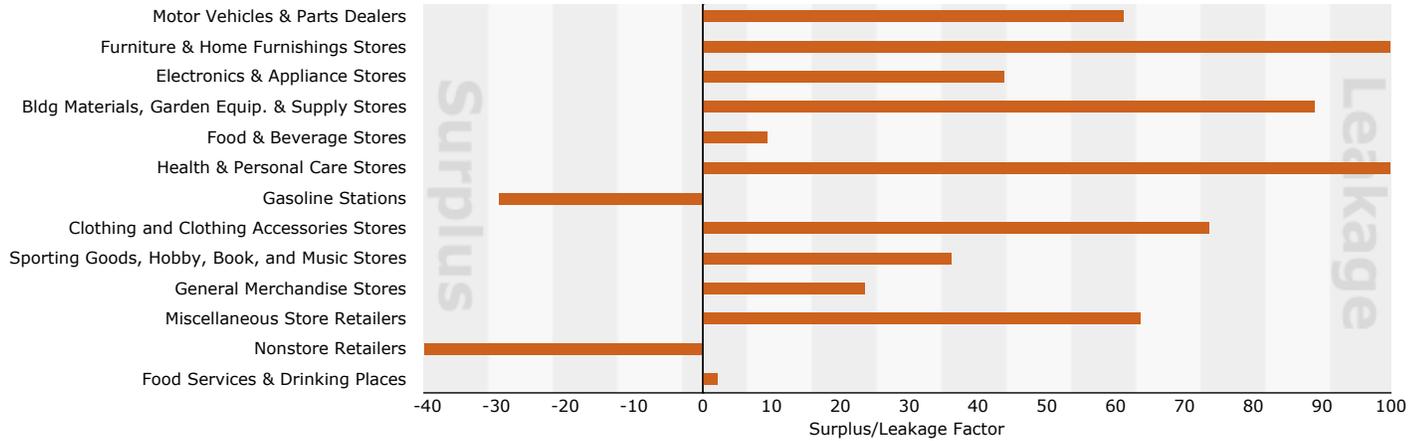
# 2015 Retail MarketPlace Forecast

Downtown Wingate  
Ring: 1 mile radius

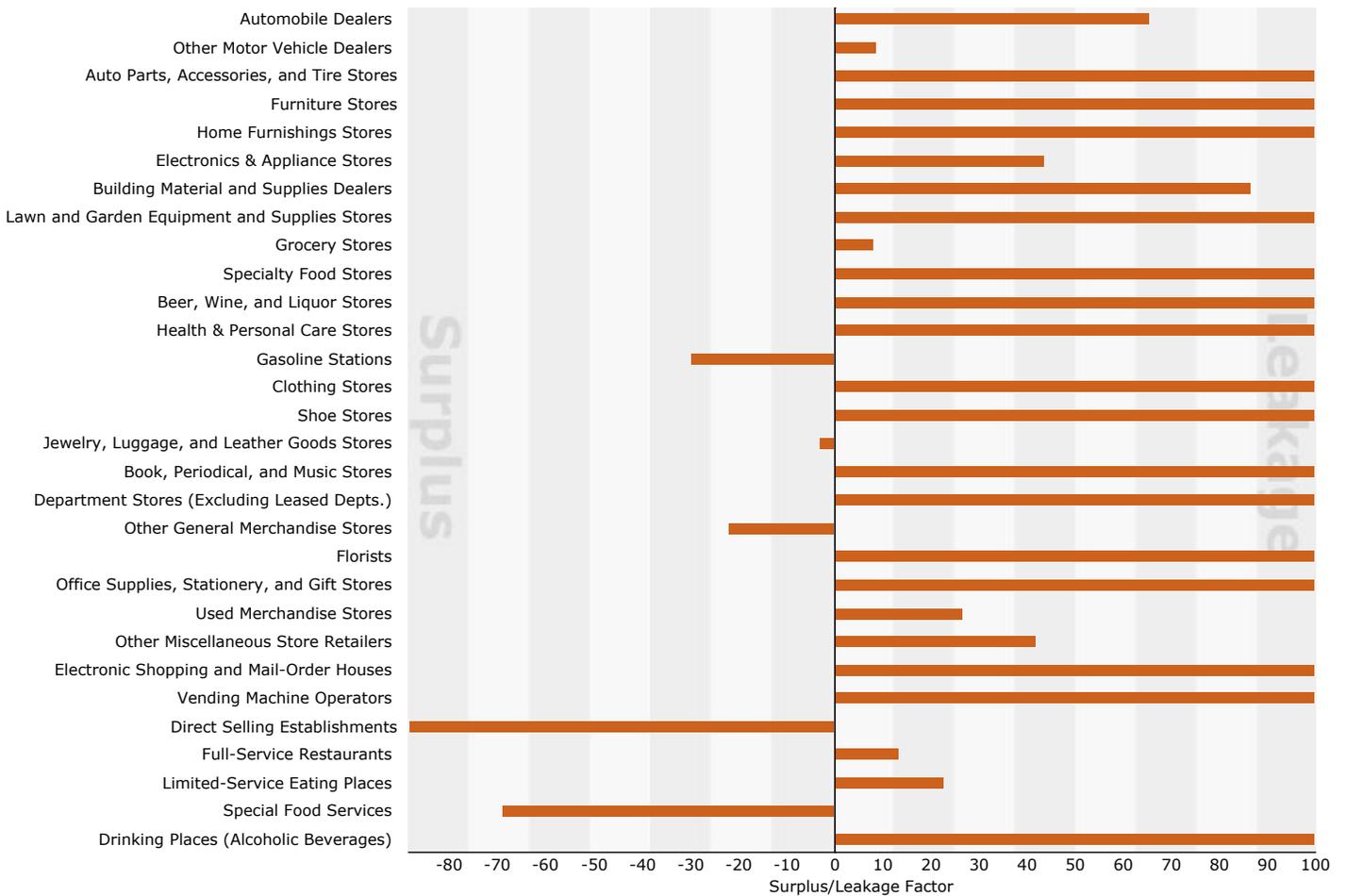
Prepared by Kathleen Rose, CCIM, CRE

Latitude: 34.985526  
Longitude: -80.448974

## Leakage/Surplus Factor by Industry Subsector



## Leakage/Surplus Factor by Industry Group



**Section V**  
**Appendix B —**  
**Toolkits,**  
**White Papers**  
**& Resources**



## Find a Way or Make One

By Jonathan Q. Morgan, Ph.D. and William Lambe

### LESSONS LEARNED FROM CASE STUDIES OF SMALL TOWN DEVELOPMENT

So many small, rural communities find themselves on the losing end of globalization and economic transition, almost to the point of despondency. Yet, **some manage to bounce back from the brink of economic ruin and create a renewed prosperity** both materially and in spirit. What are the characteristics of those places that eventually achieve economic revitalization? What approaches and strategies do successful small towns tend to rely on in building their local economies?

This article addresses these questions by discussing **the lessons learned from a recently completed compendium of 45 case studies of small town development** efforts from around the U.S.

Advertisement

**Proven Results**  
**Fresh Ideas**  
**Talented People**

**NCDSS**  
National Community Development Services, Inc.  
Since 1977, the authority in chamber, community and economic development fundraising.

**Over 500 Communities**  
**Over 100 Multiple Campaign Clients**  
**Over \$1.5 Billion Raised for:**

Marketing & Industry Attraction	Incubators & Small Biz Support	New Facilities
Business Retention Programs	Infrastructure	"Opportunity Funds"
Workforce Improvement	Regional Partnerships	Arts & Cultural Projects
Government Affairs	Tourism & Sports Councils	Youth & Education
		And Many Others!

3155 Roswell Rd NE, Ste 250 Atlanta, GA 30305 | 800.635.4071 | <http://www.ncdsinc.net>

# find a way or make one

By Jonathan Q. Morgan, Ph.D. and William Lambe

## INTRODUCTION

Economic developers and public officials continually search for what works in terms of strategies for stimulating private investment and job creation. The interest in identifying the ingredients for successful economic development is especially pronounced among those who care about small towns. So many small, rural communities find themselves on the losing end of globalization and economic transition, almost to the point of despondency. Yet, some manage to bounce back from the brink of economic ruin and create a renewed prosperity both materially and in spirit. What are the characteristics of those places that eventually get it right and achieve economic revitalization? What approaches and strategies do successful small towns tend to rely on in building their local economies? To what extent is there a “model” for small town economic development that can be applied across many communities?

This article addresses these questions by examining the challenge of small town revitalization in the context of the latest thinking about how best to achieve economic development. The analysis is based largely on what we learned from a recently completed compendium of 45 case studies of small town development efforts from around the U.S. titled *Small Towns, Big Ideas*.<sup>1</sup>

## DOES SIZE REALLY MATTER?

Being a small place has both advantages and disadvantages. The conventional wisdom is that the lack of resources – financial, human, techno-



Douglas, Georgia, where community leaders regularly call together economic development stakeholders in order to recommit the community to its vision.

logical, and physical – in small communities constrains their options and severely limits the capacity to do a whole lot with respect to economic development. In a common scenario, small towns feel victimized by forces beyond their control and passively wait for external assistance to fall down like manna from on high. This might be in the form of federal and state funds that are thought to be forthcoming. However, in the exceptional cases, small towns become motivated to take matters into their own hands and decide to take control of their destiny. They look inward to find assets and strengths to build upon in charting a new course. In the quest for an approach that works, they innovate and try new economic development strategies and often by design and sometimes by accident they find one. In this sense, the apparent limitations of being small lead to innovation out of sheer necessity.

---

Dr. Jonathan Q. Morgan is an Assistant Professor in the School of Government at the University of North Carolina at Chapel Hill where he specializes in economic development. He directs the IEDC-accredited Basic Economic Development Course at UNC. (morgan@sog.unc.edu)

William Lambe is Associate Director of the Community and Economic Development Program at the UNC School of Government. (whlambe@sog.unc.edu)

---

## LESSONS LEARNED FROM CASE STUDIES OF SMALL TOWN DEVELOPMENT

*So many small, rural communities find themselves on the losing end of globalization and economic transition, almost to the point of despondency. Yet, some manage to bounce back from the brink of economic ruin and create a renewed prosperity both materially and in spirit. What are the characteristics of those places that eventually achieve economic revitalization? What approaches and strategies do successful small towns tend to rely on in building their local economies? This article addresses these questions by discussing the lessons learned from a recently completed compendium of 45 case studies of small town development efforts from around the U.S.*

In the places where innovative development strategies are a function of being small and having limited resources, it is important to understand what makes the difference. This has sparked interest in learning more about the process of economic development in small communities

In the places where innovative development strategies are a function of being small and having limited resources, it is important to understand what makes the difference. This has sparked interest in learning more about the process of economic development in small communities. A good starting point for sizing up small town efforts is to examine if their goals for economic development differ significantly from larger jurisdictions. A 2006 survey of North Carolina localities found that smaller jurisdictions share many of the same goals as larger communities. But as shown in Table 1, some differences are apparent. For one, a higher percentage of respondents from small communities reported that attracting retail and service businesses is a goal. In addition, a higher percentage of small communities appear concerned about controlling growth. This is not surprising given that small, rural places often want to preserve the character, natural environment, and quality of life in their towns, villages, and hamlets.<sup>2</sup>

While quantitative survey research offers some insights, it does not capture the nuance of the economic development process within small communities. This process in small communities is not necessarily a linear one that lends itself to measures and relationships that are easily quantified. Indeed, some of the most essential elements of small town development tend to be intangibles such as leadership, culture, entrepreneurial spirit, and social capital. As a result, the special circumstances of small towns might require an approach to economic development that is qualitatively different from the traditional model.

### ALTERNATIVE APPROACHES TO ECONOMIC DEVELOPMENT

The traditional approach to economic development has emphasized recruiting the branch plants of major corporations by offering tax and financial incentives. The logic underlying this approach is that companies will choose locations where operating costs are lower and profits can be maximized. Industrial recruitment can create substantial employment and tax base for a community and has proven effective for many jurisdictions. However, the track record in small towns and rural communities is patchy. The number of large indus-

**TABLE 1. Economic Development Goals in North Carolina Localities (Percent Reporting)**

	Population	
	< 10,000	10,000+
Expand tax base	70.0	87.9
Job Creation	61.8	91.6
Recruit new business	58.2	89.7
Attract retail and services	55.5	50.5
Retain and grow existing business	54.5	86.9
Control growth	48.2	38.3
Diversify economic base	44.5	82.2
Promote entrepreneurship	42.7	65.4
Higher paying/better jobs	40.9	79.4
Promote social and economic equity	19.1	26.2
Wealth creation	10	31.8
Other	5.5	10.3
	n=110	n=107

Source: Jonathan Q. Morgan The Role of Local Government in Economic Development: Survey Findings from North Carolina, UNC School of Government, 2009

trial projects that come about in a given year has steadily declined, making business recruitment an increasingly competitive and costly undertaking. For many small places, the odds of landing a big manufacturing facility are less favorable than ever. If not industrial recruitment, what then is a small community to do in order to grow its local economy?

Over the last couple decades, many new and reformulated ideas have emerged that claim to represent a paradigm shift in economic development. The wave metaphor has been used to describe the evolution of economic development from a primary emphasis on industrial recruitment (e.g. “smokestack chasing”) in the first wave to so called “second-wave” business retention and entrepreneurship strategies, and most recently to “third-wave” principles that require new governance and implementation techniques.<sup>3</sup> Taken together, these ideas call for innovations not only in *what* is done but also in *how* strategies and tools are implemented.

Generally, the alternatives to industrial recruitment promote indigenous or “home-grown” sources of development rather than focusing primarily on attracting external investment. The emphasis is on growing from within, yet the new approaches recognize that securing private investment from elsewhere is more likely with a strong foundation of local assets to build upon. The alternative approaches often require communities to institute new organizational structures, devise creative financing mechanisms, and work more collaboratively with other entities.

The new approaches include: economic gardening, place-based development, creativity and talent cultiva-

**TABLE 2. Alternative Economic Development Approaches**

	<b>Economic Gardening</b>	<b>Place-Based Development</b>	<b>Creativity &amp; Talent Cultivation</b>	<b>Innovative Industrial Development</b>
<b>Strategies and Tools</b>	Entrepreneurship Information brokering Infrastructure Social capital Business incubators	Quality of life amenities Downtown development Infrastructure Tourism development Growth management Arts and culture	Arts and culture Workforce development Leadership development Social capital	Cluster-based development Regional collaboration Joint industrial parks Eco-industrial parks Green industry development Creative incentives
<b>Example Communities</b>	Douglas, GA Ord, NE Siler City, NC Fairfield, IA Star, NC Big Stone Gap, VA Elkin, NC Spruce Pine, NC	Nelsonville, OH Dora, OR Hillsborough, NC Bakersville, NC Etowah, TN Ayden, NC Colquitt, GA Big Stone Gap, VA Columbia, NC Hollandale, MS	New York Mills, MN Siler City, NC Morrilton, AR Rugby, ND Allendale, SC Douglas, GA Fairfield, IA Elkin, NC	Sparta, NC Washington, NC Oxford, NC Cape Charles, VA Reynolds, IN Douglas, GA Ord, NE Farmville, NC Etowah, TN

tion, and innovative industrial development (see Table 2). Economic gardening is the specific entrepreneurship-based approach to economic development that was pioneered by Littleton, CO, in 1989.<sup>4</sup> Over time, as other communities have adopted various parts of the Littleton approach, economic gardening has become a way to describe a program of entrepreneurial development activities that includes: information (business and market intelligence); infrastructure (physical, quality of life, intellectual); and social capital (connections and networking).<sup>5</sup> The general theme of gardening is to “grow your own” by cultivating local entrepreneurs and small firms and creating an environment that supports their growth.

As the name suggests, placed-based development incorporates strategies that capitalize on the distinctive and special characteristics of a particular place. Such characteristics might include the natural environment, cultural heritage, specialized infrastructure, and arts/crafts traditions. Creativity and talent cultivation utilizes strategies that focus on attracting knowledge workers, equipping people with skills, and preparing people for community leadership. Arts and culture are often used to attract and retain talent and as occupational targets for apprenticeship and training programs. Using social capital to facilitate networking helps spawn creativity and promotes the exchange of new ideas. Innovative industrial development incorporates business clustering and regional collaboration; emphasizes “green” development; and makes use of creative incentive tools.

The alternative approaches to economic development shown in Table 2 are consistent with the goals that smaller communities reported in the survey discussed here. The preference among smaller communities for having amenities that come from attracting retail and service businesses and controlling growth makes place-based development strategies, in particular, a logical choice.

The case studies in *Small Towns, Big Ideas* enable us to determine how small communities are employing the alternative approaches to economic development. The collection profiles communities that stretch from Oregon to South Georgia and range in size from Chimney Rock in North Carolina with 175 people to Helena-West Helena in Arkansas with 15,000. In selecting case studies for publication, each case was screened for its geographic and strategic diversity and for evidence of success, innovation or distinction within the local context.<sup>6</sup> Most case studies include discussion of more



*Many of the examples cited in this article are drawn from Small Towns, Big Ideas. The full publication can be searched and downloaded for free at <http://www.sog.unc.edu/programs/cednc/stbi/>.*

than one strategy. For example, Douglas, GA, combines entrepreneurship, leadership development, and creative industrial recruitment.

## THE SEARCH FOR “BEST PRACTICES” IN ECONOMIC DEVELOPMENT

The invention and diffusion of alternative approaches to economic development are part of the ongoing quest for best practices or strategies that work, particularly for small and rural areas. Defining best practice in economic development is more art than science. This is largely because we lack a standard set of criteria for what constitutes a best practice. Do we look for effective practices with proven results, or those that make efficient use of resources, promote equity or represent an innovative idea?



Etowah, Tennessee, invested in a train depot renovation project as part of a broader strategy to attract tourists.

The invention and diffusion of alternative approaches to economic development are part of the ongoing quest for best practices or strategies that work, particularly for small and rural areas. Defining best practice in economic development is more art than science. This is largely because we lack a standard set of criteria for what constitutes a best practice. Do we look for effective practices with proven results, or those that make efficient use of resources, promote equity or represent an innovative idea?

In an overly simplistic fashion, analysts have typically considered essentially any approach other than industrial recruitment to be a best practice. It is often assumed that any alternative strategy will be effective and work better just because it is not recruitment. This assumption is problematic, given that there surely are bad, good, and better ways to implement any type of strategy – traditional or alternative. The strategy in and of itself may not inherently be a best practice – it depends on how it is used and what outcomes it produces.

Another way to identify best practices is to focus on jurisdictions that appear to be doing well and take a look at their various processes for achieving economic development. This is essentially the approach taken with the case studies we draw on for this article. The original intent of that case study research was not to explicitly

look for best practices, per se. But in profiling successful small towns from around the U.S., the case studies found plenty of evidence of innovation in economic development. If the use of innovative approaches and strategies is the criterion, then the case studies represent best practices to that extent.

## LESSONS LEARNED FROM THE CASE STUDIES

In drawing broad lessons from the case studies, we recognize that local context matters a lot in economic development. Local contexts vary considerably, so it is unrealistic to think that what has worked in one place can be replicated with the same success in another. Indeed, mere emulation of what others have done may not even be desirable. Still, the point of doing the case studies was to learn something from various communities that could inform small town development efforts elsewhere. These lessons provide a better understanding of what makes for innovative development in small towns.

### 1. In small towns, economic development is community development, and vice versa.

If community development – compared to economic development – is generally considered to include a broader set of activities aimed at building the capacity of a community, then the case studies demonstrate that capacity-building and other strategies typically associated with community development are analogous with actions designed to produce economic outcomes. In this sense, the communities profiled in the case

studies practice *community economic development* (CED). This is especially true, it seems, when these efforts are included as parts of a comprehensive package of CED strategies designed to address a community's core challenges and opportunities. For example, in Ord, NE, a broad-based

and inclusive approach to CED that included leadership development, youth entrepreneurship, and philanthropy enhanced the community's capacity to take on more traditional economic development projects, such as recruiting an ethanol facility (with dozens of new jobs) into the jurisdiction.

Further, communities that take a comprehensive approach to CED – one that includes economic and broader, longer-term, community development goals – stand to gain more than small towns that take a piecemeal approach. Selma, NC, for example, had made significant investments in revitalizing both its downtown area and the train depot. However, lack of consideration of a four-block area between these two investment zones limited the overall positive impacts of the community's work. By viewing redevelopment in a more comprehen-

sive way, and by including community development considerations such as revitalization of blighted downtown properties in its strategy, the town was able to identify a barrier to continued revitalization, and a potential means of overcoming this barrier that will hopefully pay off in the years ahead.

Because CED includes short-range and long-range strategies, it is by definition a long-term and transformative process (a fact that's recognized more in community development circles than in economic development). Successful small towns tend to balance short term economic gains with longer-term community development goals. The mayor of Davidson, NC, made this point when he said that every decision about development is weighed against the question of whether "this project is something that our grand children will be proud of." Civic leaders in Ord, NE, invest time and resources into entrepreneurship training in the local school system, with the hope that these activities will transform the local economy for the next generation. Similarly, Big Stone Gap, VA, having developed a CED strategy based on entrepreneurship, had to "help people think about economic development differently." Over a period of six years, local opportunities were harvested by entrepreneurs and, slowly but surely, new small businesses started appearing in town – new businesses with local ownership and local roots. However, these outcomes were not realized during the typical political cycle.

## **2. Small towns with the most dramatic outcomes tend to have proactive and future-oriented leaders who will embrace change and assume risk.**

Small town leaders can be the facilitators of, rather than the barriers to, innovation. Without local leaders to push and implement new ways of doing things, innovative practices, in whatever form they take, will fall short. These characteristics of innovative leadership in small communities – being proactive, future-oriented, adaptable, and risk-taking — are intangible aspects of the culture and attitude of a place that can make all the difference.

Being proactive (as opposed to reactive) can be measured by a community's willingness and ability to act on a particular challenge before it becomes a problem. In Tennessee, for example, Etowah's proactive approach to building and occupying its industrial park, as opposed to reacting to trolling industries, has paid major dividends in terms of maintaining a diverse array of living wage jobs in town. In Ord, NE, proactive meant preparing the community's residents and institutions for unknown opportunities in the future. Ord's economic development leaders tackled a number of small-scale challenges in the community and, in the process, seeded the roots of teamwork around development activities. In 2003, when a major economic development project arrived from state developers, Ord was prepared to act.

Small towns that embrace change and assume risk are more flexible and nimble in adjusting to a dynamic economy. For example, Etowah, TN, had a history of adapting to shifts in social and economic conditions. Local leaders, therefore, tended to be less steeped in a mindset of "well, this is just the way it's always been done." In the face of a growing tourism economy, downtown merchants embraced change and adapted their business models to the shifting circumstances.



*Fairfield, Iowa, has a strategy for economic development based on supporting entrepreneurs and cultivating downtown businesses.*

Fairfield, IA, has taken an approach to development in which the entire strategy of building an entrepreneurial culture is based on the natural business cycle of success and failure. According to a local leader, "there was a lot of trial and error and failures to get to where we are today, but the failures of some companies have provided cheap space, office furniture and equipment for another round of start-ups. Failure has freed up talented people who again ask what new concepts and companies can we start here in Fairfield."

## **3. Defining assets and opportunities broadly can yield innovative strategies that capitalize on a community's competitive advantage.**

In many communities, shell buildings, low tax rates, limited regulation, and access to trained workers, highways, railroads, or professional services are considered economic development assets and justifiably so. Innovative small communities, however, define economic development assets much more broadly. For example, Allendale, SC, capitalized on a regional university to create a local leadership development program that, in turn, trained new economic development leaders for the entire region. Brevard, NC, demonstrates that retirees within a community can be economic development assets. The Retiree Resource Network is a group of retirees with private sector experience who mentor local entrepreneurs.

In Columbia, NC, local leaders recognized that their region's natural beauty was an asset that could drive an

ecotourism strategy. In an ironic twist on small town development, the arrival of Wal-Mart became an asset for the small community of Oakland, MD, when local leaders took the opportunity to help Main Street retailers diversify their product lines. Assets for innovative rural development might include individual people, nonprofit organizations, businesses, open space, farms, parks, landfills (biomass), museums, schools, historic architecture, local attitudes, or any number of other things.

An emerging trend is to think about specific assets and opportunities related to environment-friendly “green” development and renewable energy resources. The case studies indicate that this trend is catching on in small towns. In Dillsboro, NC, the town turned an environmental challenge, the methane gas migrating from the county landfill, into an opportunity to create jobs and provide space for entrepreneurs. The Jackson County Clean Energy Park (in Dillsboro) is using the waste by-product to power the studios of local artisans. In Cape Charles, VA, the town’s investment in an eco-friendly industrial park was an innovative strategy to bridge the dual challenges of environmental degradation and job creation. And, in the most extreme case, Reynolds, IN, is capitalizing on latent energy contained agricultural waste from 150,000 hogs to become BioTown, USA, the nation’s first energy-independent community.

#### **4. Innovative local governance, partnerships, and organizations significantly enhance a community’s capacity for community economic development.**

The case studies suggest that innovative local governance, in a variety of forms, can strengthen a community’s CED strategy. Regionalism, or identifying opportunities and partnerships beyond municipal boundaries, is another emerging theme in successful CED. Cross-jurisdictional partnerships can help small towns pool resources toward shared CED objectives.

Strategies in Ord, NE, and in Davidson, Oxford, and Hillsborough, NC, each involve commitments to inter-local revenue- and responsibility-sharing among jurisdictions. Davidson and Oxford are partnering with neighboring communities in industrial development efforts, while Hillsborough is partnering with the county to manage growth beyond the town’s municipal boundaries. Ord joined with the county and the Chamber of Commerce to share costs and revenues from a wide range of development activities.

Public-private (including not-for-profit) partnerships are emerging as the prominent organizational structure for innovative development in small communities. In Siler City, NC, for example, the successful establishment of an incubator was the product of a partnership among the community college, local government, and a state-level nonprofit organization. In Spruce Pine, NC, the

town’s approach to supporting local entrepreneurs requires that the Chamber of Commerce and the craft community work closely together for the first time, to ensure successful marketing and branding.

#### **5. Effective communities measure progress and celebrate short-term successes in order to sustain support for long-term community economic development.**

Given the long-term nature of community economic development, and the fact that measurable results from a particular project may be years in the making, small town leaders must repeatedly advocate the importance of their efforts. Making the case is important to maintain momentum, invigorate volunteers and donors, to convince skeptics and, most importantly, to keep the focus of development on the vision or the goals established in a community’s strategic plan. Innovative small communities recognize that making the case is an ongoing and continuous effort.

Obviously, the best way to make the case for any intervention is to demonstrate success. In this vein, community leaders in Scotland Neck, NC, decided to begin with actions that would demonstrate success quickly. They decided to support local hunting and fishing guides, to start bringing more tourists into town, and to show local residents that there was reason to be optimistic. This initial success helped the town leaders to build momentum before beginning to tackle more intractable challenges.

In Ord, NE, the impacts of the community’s development programs are monitored and have become useful for both external and internal audiences. Data are used to attract additional investment from outside sources. Moreover, by demonstrating a reasonable return on investment, these data also may be used to convince a community’s naysayers to join the efforts. In Hollandale, MS, an analysis of local data helped the community to convince outside grant-makers that a rural transportation network was a smart investment. In addition, it helped to convince policy-makers that rural transportation was a viable (if incremental) strategy for alleviating a range of economic challenges.

### **THE PROVERBS OF SMALL TOWN DEVELOPMENT**

Based on the lessons from the case studies, we conclude that any prescription for small town development must draw from multiple approaches since it is about finding a way that works. Therefore, building a singular model for how to do economic development in small communities is very difficult. A more realistic and useful way to offer guidance is in the form of wise sayings or proverbs that we found to be true in the case studies. These maxims help explain why some communities figure out how to rebound from economic hardship while others flounder for years. The small communities that



*Ord, Nebraska, where community leaders have put together a broad and inclusive strategy for economic and community development.*



*Ord, Nebraska, pursues a strategy that includes leadership development, entrepreneurship, philanthropy, and industrial development.*

Small town development is largely about innovation in terms of new ideas and approaches; new ways of thinking and doing. The case studies are stories of community self-reinvention and the determination to create a better future.

tend to succeed in economic development experiment with new ideas and strategies but they also apply the wisdom of the ages.

**Find a way or make one.** Small town development is largely about innovation in terms of new ideas and approaches; new ways of thinking and doing. The case studies are stories of community self-reinvention and the determination to create a better future. The process of small town development is not formulaic. The case study communities experiment with both traditional and alternative strategies but use them in innovative ways. These towns are willing to accept the inherent risks associated with trying something new. Through trial and error they find an existing way, or multiple ways that work for them or they invent one from scratch.

In Columbia, NC, the town's ability to design an alternative arrangement for generating tax revenues on protected lands helped turn a potential obstacle into a local innovation. In Selma, NC, the town used an innovative property tax incentive tool to focus redevelopment on a particular blighted area of town. In New York Mills, MN, the town structured a public investment in the Regional Cultural Center so that the town had ownership of the building, thereby reducing long-term risk and creating a win-win situation for artists, public officials, and local residents.

**Where there is no vision the people struggle.** This paraphrase of scripture is timeless in its applicability. The case studies demonstrate that innovative small communities establish and maintain a broadly held vision, including goals for all types of development activities with measurable objectives. In small town development,

people (as opposed to money or other resources) are the one absolutely necessary ingredient to implementing and sustaining innovative practices. There is a greater need for vision and leadership initially than for money. If the right leadership and sense of direction are in place, then the necessary resources will follow. A committed group of local residents who are willing to work hard to support the community's vision can change the fate of an otherwise hopeless community. A widely shared vision provides local innovators with a common understanding of the road ahead.

The power of a widely shared vision is perhaps illustrated most dramatically by Helena, AR, where the inclusiveness of the community's planning and visioning process was crucial. In this case, the process included representatives from government, community organizations, for-profit and nonprofit interests, resource providers, and average citizens of the community. In fact, anybody could join the effort, and this perception of an inclusive and open-door process was widespread across Helena.

Similarly in Ord, NE, a significant amount of the momentum for economic development comes from one-on-one conversations. In Ord, local leaders take the time to meet individually with members of the community, sometimes going door to door, to ensure that opposition to development efforts does not take root for lack of understanding the larger vision that drives local development. In terms of maintaining momentum behind a community's vision, Douglas, GA, demonstrates how a local Chamber of Commerce can take responsibility for calling stakeholders together on a regular basis to recommit themselves to the community's shared vision.

**Nothing concentrates the mind like impending doom.** It is not a coincidence, that most of the case study communities achieved a modicum of success only after economic crisis forced them to act. Due to the recent meltdown of housing and financial markets and deepening economic recession nationally, this is where much of the U.S. finds itself at the moment. However, the case studies demonstrate how economic adversity can create the conditions for bringing about the change needed to improve the long-term viability of communities, even those with limited local resources and capacity.

Innovation often results when communities "hit the bottom," forcing local leaders to try new things and take new risks. For example, consider Helena, AR, where the community's collective sense of hitting bottom presented local leaders with an opportunity to step up, to initiate a new way of planning and implementing development efforts, and to convince local residents to participate in the process. Similarly, in Scotland Neck, NC, difficult economic and civic circumstances in the late 1990s presented an opportunity for a strong mayor and other civic leaders to look inward for new ideas and angles on old problems.

**As a community thinketh, so it will be.** The psyche of a place matters in small town development. Successful small towns believe that they can shape their destiny and have the ability to see the opportunities and promise in the future. They believe that the best days can still be yet to come. Small towns that survive and prosper in this new, global economy reject the victim mentality and focus instead on what is within their control that can be done. Hope and optimism carry the day in innovative small towns.

Small town leaders can cultivate hope and optimism by continually making the case for development efforts and demonstrating short-term success to keep up the momentum for long-term transformation. Celebrating and promoting success boosts morale in the community and fosters the can-do mentality that is so essential. It can also be used to shape how a community thinks about its economic development prospects and help pave the way for change. For example, in order to maintain buy-in from the community, the initial action steps in Helena's strategic plan were those that could be accomplished in short order and for which there was already some momentum. By starting with "low-hanging fruit" that was easiest to pick, they demonstrated to the community that change was possible. Once people started seeing change happen, there was more of an incentive to join in the process.

Communicating the success of small town development activities helps ensure that residents are well informed and can increase support for local efforts. Short term success is a way to show that particular CED activities are worth the investment. For example, in Douglas, community leaders work hard to keep local papers informed about various economic development projects and publicize even the most modest success, including stories of local entrepreneurial successes. Leaders in Ord spend an ever-increasing amount of time publishing newsletters and writing articles for the local newspaper. They send emails to as many residents as possible and appear on radio broadcasts regularly. The idea is to replace rumors and "coffee shop chatter" with accurate information about what the community is trying to accomplish.

**The whole is greater than the sum of its parts.** This proverb applies to the community generally and to its approach to CED more specifically. It is about creating synergy, using social capital, and connecting the dots in a way that produces the desired outcomes. Innovative small towns make the connections that increase their chances for success. They connect to valuable resources and information. They build relationships and form partnerships with other jurisdictions and organizations – public, private, and nonprofit. They try to connect residents to local development efforts by being as inclusive as possible in visioning, planning, and communicating the CED process and its results.

Successful small towns often make connections among various CED strategies by taking a multi-faceted approach to economic development. It was not uncommon for the case study communities to pursue economic gardening in conjunction with place-making or creativity and talent strategies or to pair place-based development with innovative industrial development. The point is that there is no universal formula for determining the one best way or the most innovative way to develop and revitalize small towns.

Innovative development is context-specific and communities should take nothing off the table in selecting strategies to pursue. Decisions about what to do and how to do it must be based on local conditions, context, and capacity. Successful communities usually have evolved to the point where they can pursue a holistic approach that is aligned with the core assets, challenges, and opportunities within their regional context.

Successful small towns identify local assets on which to build their economic development strategies and they try to overcome liabilities and shortcomings in the process. These towns do not wait passively for a proverbial knight in shining armor to save the day.

Another important connection that innovative small towns get is the nexus between growth and development. They understand that growth is about having more – quantitative increase – which can be both good and bad. And they know that development is about building a local economy that is diversified and sustainable. These small towns want more in the short term (growth) mostly to the extent that they are better off in the long-term as a result (development). Innovative small towns desire to grow in ways that enhance the quality of life and raise the standard of living in their communities. Their approaches to economic development reflect an appreciation for the trade-offs inherent in this relationship.

**Success is driven from within.** Successful small towns identify local assets on which to build their economic development strategies and they try to overcome liabilities and shortcomings in the process. These towns do not wait passively for a proverbial knight in shining armor to save the day. Rather, they close ranks internally and figure out how to make the most of what they have. By tapping into indigenous sources of jobs and investment, innovative small towns gain more control over their economic future. The local leadership of a place is an essential component of the capacity to affect change and transform a community from within.

While success in small town development is ultimately determined from within, it can be aided from without through external resources and assistance. The question

for policy makers is how to strengthen the local capacity within small towns to do economic development by connecting them to resources that support their efforts.

In North Carolina, there are a number of initiatives underway that intend to build local capacity in small communities. The North Carolina Rural Economic Development Center provides coaching, planning, research, technical assistance, and grants to small towns through the NC STEP (Small Towns Economic Prosperity) Program. The Golden LEAF Foundation is making \$2 million capacity-building investments into 40 of North Carolina's most economically distressed counties through the Community Assistance Initiative. The University of North Carolina is preparing to announce an initiative, dubbed the Community-Campus Partnership, which is designed to provide faculty, student and staff support to economically distressed communities in the state.

Although external resources are available for small towns, success will be determined largely from within. The pathway to success or innovation in small town development will be discovered, created, and built by local leaders. 🌐

## END NOTES

- 1 See Will Lambe, Small Towns, Big Ideas: Case Studies in Small Town Community Economic Development. UNC School of Government and N.C. Rural Economic Development Center, 2008. Available at [www.cednc.unc.edu/stbi](http://www.cednc.unc.edu/stbi).
- 2 Thomas E. Marano, Staying Small by Thinking Big, *Economic Development Journal* 4: 7-14 (2005).
- 3 See Ted K. Bradshaw and Edward J. Blakely, What are "third wave" state economic development efforts? From incentives to industrial policy, *Economic Development Quarterly* 13: 229-244 (1999); Doug Ross and Robert E. Friedman, The Emerging Third Wave: New Economic Development Strategies in the '90s, *The Entrepreneurial Economy Review* 9: 3-10.
- 4 City of Littleton Economic Gardening Program, <http://www.littletongov.org/bia/economicgardening/>.
- 5 Federal Reserve Bank of Atlanta, Economic Gardening Helps Communities Grow Their Own Jobs, Partners in Community and Economic Development, Vol. 18, no. 1, 2008.
- 6 The Small Towns, Big Ideas project was a broad qualitative research assessment. Small towns were selected to provide the reader with exposure to a wide variety of strategies and tools at work across a range of local conditions. The collection includes 10 in-depth analytical cases and 40 shorter descriptive cases. The selection of cases began with a key informant identification process, which resulted in a list of more than 150 small towns (population less than 10,000) that were known, either by word of mouth or in print, for success or innovation in CED. In addition to screening cases for geographic and strategic diversity, each case features a small town in which a CED strategy (or strategies) is active and where CED activities are controlled locally. Analytical cases were screened for evidence that the community's strategy was successful, in economic, social, civic and/or environmental terms. Analytic cases also were screened for evidence that the strategy was financially sustainable and that it demonstrated some measure of adaptability to changing circumstances. Descriptive cases were screened for evidence that the community's strategy represented CED innovation (first or early use of a particular practice) or a distinctive practice (unique among the alternatives for addressing a particular problem) within the local context.

**Proven Results**  
**Fresh Ideas**  
**Talented People**

**NCDS**  
National Community Development Services, Inc.  
Since 1977, the authority in chamber, community and economic development fundraising.

**Over 500 Communities**  
**Over 100 Multiple Campaign Clients**  
**Over \$1.5 Billion Raised for:**

Marketing & Industry Attraction	Incubators & Small Biz Support	New Facilities
Business Retention Programs	Infrastructure	"Opportunity Funds"
Workforce Improvement	Regional Partnerships	Arts & Cultural Projects
Government Affairs	Tourism & Sports Councils	Youth & Education
		And Many Others!

3155 Roswell Rd NE, Ste 250 Atlanta, GA 30305 | 800.635.4071 | <http://www.ncdsinc.net>

## Place-based Economy

By *Kaizer Rangwala, AICP, CEcD, CNU-A*

### GROWING SMARTER WITH A RESTORATIVE LOCAL AND GREEN ECONOMY

The young and talented labor force and retiring boomers prefer the vitality of compact, connected, and complete cities over the sterile environments of business parks, shopping centers, and residential subdivisions. Changing unhealthy suburban patterns and behaviors and restoring urban areas offer an unprecedented opportunity for a restorative and green economy. The synergy of smart growth and a focus on the local, restorative, and green economy create memorable and lasting places that allow communities to retain and attract talent and reduce energy consumption and greenhouse gases. An economy based on creation of place is local, participatory, sustainable, and enduring.

Advertisement



## NEED A CHANGE? MAKE IT HAPPEN WITH IEDC'S JOB CENTER!

Whether you are looking to hire or looking to be hired, take advantage of IEDC's Job Center. You can access job postings in our IEDC News electronic newsletter, our Economic Development Now electronic newsletter, and our Job Center Online.

**Job Seekers** – register to receive IEDC News online at [www.iedconline.org](http://www.iedconline.org)

**Employers** – reach a network of more than 20,000 professionals. Check out our reasonable advertising rates online at [www.iedconline.org](http://www.iedconline.org)

**QUESTIONS? CALL (202) 223-7800.**



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

*The Power of  
Knowledge and Leadership*

# place-based economy

By Kaizer Rangwala, AICP, CEcD, CNU-A

In a global economy, “the only way to retain talent is to offer a place that provides emotional attachment,” notes Richard Florida, author of *Who’s Your City?*. Business location decisions are increasingly being based on the quality of place. Talented people crave the vitality of urban areas and are interested in locating in distinctive cities and neighborhoods. As do businesses and people, communities must have a distinctive identity to compete in a place-based economy.

In his book *Man in Full*, Tom Wolfe describes that the only way you know you have left a city and entered another one is when the fast food establishments start repeating. In an environment where one place is no different from another, communities that celebrate all things local; create destinations; and preserve the sense of uniqueness, history, culture, and social diversity, will have a distinctive advantage in attracting and retaining the best talent and businesses.

## WHAT IS A PLACE-BASED ECONOMY?

Authentic and memorable experience is intrinsically tied to the unique local history, environment, and culture of a particular place. The physical setting, events, and image all contribute to enhancing the experience of a place. Physical setting and image is reinforced by the design of the streets, open spaces, and buildings that provide the stage for local events such as festivals, farmers market, street entertainment, public art, and exhibits.

Place-based economic development is based on the premise that a local economy must be developed as an appropriate response to the opportunities and limitations of that particular place. Place-based economy is a participatory bottom-up



Photo credit: Ventura Cultural Affairs Division

The Ventura, CA, Artwalk is a self guided walking tour of over 80 galleries and studios in the Downtown Cultural District.

economy where the individual community building efforts of local businesses and residents create a collective unique identity and sense of place. Place-based economy’s local focus also responds to the larger challenges of energy and global warming crises, and promotes socially responsible businesses. Unlike financial incentives, a unique place has a distinctive advantage that cannot be copied by competitors.

“Most places have something that makes them unique and if given the right cultivation it can bloom into a magnet to attract not only visitors but also new inward investment into business development. The development of a well conceptualized place based development strategy tied to the unique needs and expectations of local markets can be a compelling tool for redevelopment, market diversification and expanding local economies,” says Don A. Holbrook, CEcD, FM, author of “Who Moved My Smokestack?”

**Kaizer Rangwala, AICP, CEcD, CNU-A** is the founding principal of Rangwala Associates, a town-planning, urban design, and economic development firm that practices the principles of smart growth and walkable urbanism. (rangwalaassoc@gmail.com).

## GROWING SMARTER WITH A RESTORATIVE LOCAL AND GREEN ECONOMY

The young and talented labor force and retiring boomers prefer the vitality of compact, connected, and complete cities over the sterile environments of business parks, shopping centers, and residential subdivisions. Changing unhealthy suburban patterns and behaviors and restoring urban areas offer an unprecedented opportunity for a restorative and green economy. The synergy of smart growth and a focus on the local, restorative, and green economy create memorable and lasting places that allow communities to retain and attract talent and reduce energy consumption and greenhouse gases. An economy based on creation of place is local, participatory, sustainable, and enduring.

“Place-based economy builds on local assets and cultivates entrepreneurial leadership by focusing on the community’s ‘triple bottom line’ of economic, environmental, and social returns on investment,” says Judy Francis, AICP, of the North Carolina Department of Environment and Natural Resources. Initiatives typically include eco/cultural/heritage tourism and recreation, alternative energy, and “green” industry pursuits. “In North Carolina, place-based economic strategies have provided over \$2.1 billion in revenues, over \$1 billion in investments (much of it in rural areas), and provide over 20,000 jobs that cannot be exported to other places,” notes Francis.

An example of place-based economic strategy is “Kitchen incubators” such as Blue Ridge Food Ventures (BRFV) in Asheville, NC. The incubators have a shared-use commercial kitchen for creating “value-added” food products and assist local growers to market their crops and locally produced food products. Since 2005, BRFV has assisted more than 100 food businesses whose sales exceed \$1.8 million and who employ 20 full-time and 50 part-time employees. The incubator keeps agriculture profitable in the region and keeps farm acreage in production instead of converting to suburban sprawl.

The creative industries, comprised of nonprofit art organizations, commercial enterprises such as art galleries and music stores, and creative professionals or artists,

contribute to the place-based economy by providing a unique sense of authentic local culture and identity. “The arts and cultural sector drives local economic impact and the global creative economy, influencing design, place and innovation. The creative sector attracts the talent of the 21st century work force. In San Jose, CA, the \$103 million nonprofit arts industry is a key component of the city’s economic development strategy, employing over 2,300 people and creating an urban core for the capital of Silicon Valley,” says City of San Jose Cultural Affairs Director Kerry Adams Hapner.

Ventura’s nonprofit arts sector alone drives \$18 million in economic impact. Every spring and fall, Ventura’s *ArtWalk* offers free, self guided walking tours focusing on 200 established and emerging artists at over 80 galleries, studios, and eclectic gallery-for-a-day venues in Ventura’s Downtown Cultural District.



Photo credit: Ventura Cultural Affairs Division

*The Working Artists Ventura project provides affordable living and working accommodations for artists.*

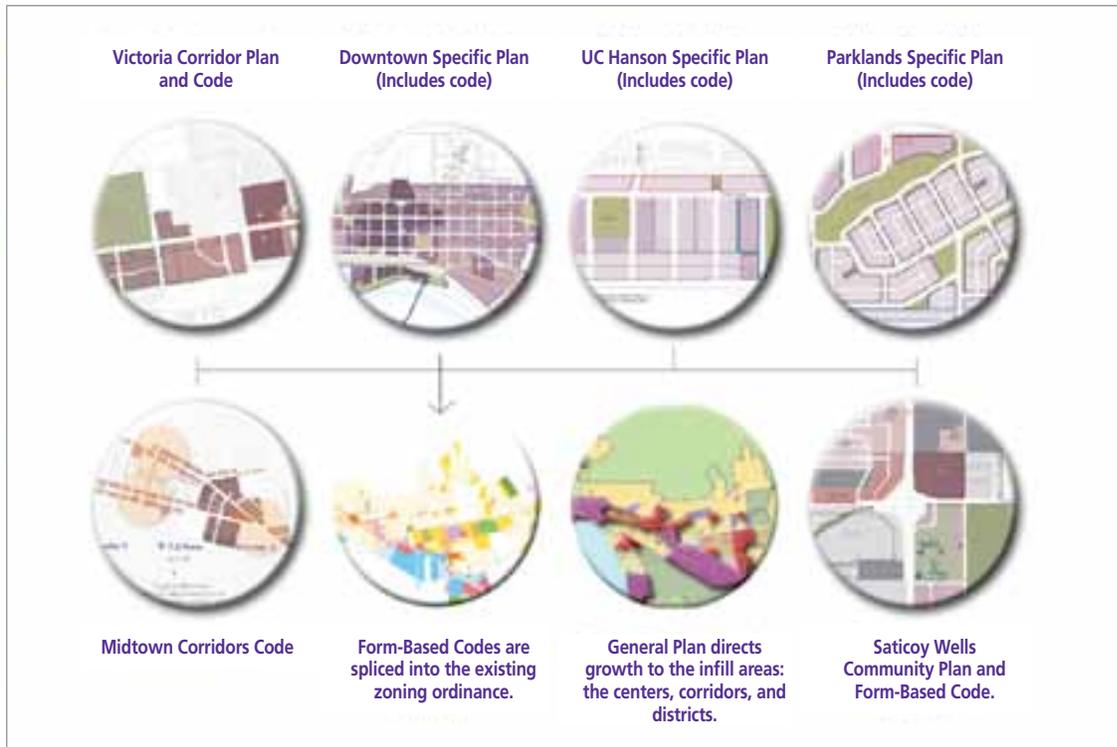
The arts and cultural sector is huge business in the small coastal town of Ventura, CA. Ventura’s nonprofit arts sector alone drives \$18 million in economic impact. Every spring and fall, Ventura’s *ArtWalk* offers free, self guided walking tours focusing on 200 established and emerging artists at over 80 galleries, studios, and eclectic gallery-for-a-day venues in Ventura’s Downtown Cultural District. Participating art venues include antique and coffee shops, restaurants, boutique stores, and salons. The event attracts over 20,000 patrons to downtown retail and restaurant businesses and promotes Ventura’s image as California’s New Art City.

Ventura, CA, aspires to be California’s New Art City, a leading destination for art and culture on the West coast. The high cost of housing in Ventura is a deterrent to attracting and retaining artists. A solution has been the Working Artists Ventura project. The city partnered with Projects Linking Arts, Community, and Environment Inc. (PLACE), the project’s developer committed to promoting the arts, environment, and social fairness, to provide affordable living and working areas for artists with high ceilings with roll-up-doors. The project is dubbed “The WAV” (Working Artists Ventura) and is located in Ventura’s cultural district.



Photo credit: Judy Francis

*Herbalist Tara Lee uses space and equipment at Blue Ridge Food Ventures to prepare spice and tea blends she has developed and sells through her company, Blessed Botanicals.*



The Ventura General Plan called for overhauling the conventional zoning regulations and adopting Form-Based Codes. Over the past three years, the city has prepared six Form-Based Codes within the infill areas.

The project meets several place-making objectives: it provides affordable housing and working space for hundreds of artists, performance and exhibition space, and units for homeless families; serves as a cultural destination; is built to the highest standards of green building technology; un-bundles parking spaces from the price of units and provides shared vehicles for residents; and is expected to generate economic benefits of \$8 for every \$1 of public investment. The project opened in December 2009 to rave reviews from the artist community.

A place-based economy is a tailored response to the local opportunities and challenges of the place. Each city, region, and state must develop its own place-based economic development strategy. A place-based economic development strategy:

1. Is rooted in smart growth that builds on unique features of a particular history, culture, and ecology;
2. Focuses on a locally driven restorative economy; and
3. Capitalizes on green economy.

### SMART GROWTH

*“The days where we’re just building sprawl forever, those days are over.”*

*President Obama at a town hall meeting in Fort Myers, FL.*

There is widespread consensus that as the world’s largest economy and one of the biggest CO2 emitters, the US has a responsibility to take the lead in reducing greenhouse gasses 80 percent lower than the 1990 levels. The challenge is to accomplish this while we add another 100 million people by 2050.

Growing well is a choice that affects our economy, quality of place, health, and the air we breathe. In some places, explosive sprawl development in the past five decades has left an allergic reaction to any growth. Smart growth, as an antidote to sprawl, directs growth to infill areas away from hillsides, farmlands, and open spaces. Compact, diverse, and connected communities encourage walking, biking, and transit use, thus reducing trips and air pollution. People who live in walkable communities are also more physically active and healthy. Contextual infill development enhances historic and cultural resources and reinvests in older areas of our community.

A place-based smart growth strategy should start by adopting a shared vision – this typically occurs in the form of a general or comprehensive plan update. The shared vision is implemented by adopting a culture that removes barriers and provides incentives to attracting investment.

Smart growth is best suited for existing neighborhoods, but local government typically has a variety of restrictions and the “no growth” advocates. The restrictions range from limits on density, building height, parking requirements, and other development codes. The prospect of having to share strained services and infrastructure with more people has given rise to many contentious public hearings. Unclear development standards, neighborhood opposition, and an uncertain development review process keep developers out of existing neighborhoods.

A key barrier to protecting and creating distinctive places is conventional zoning codes that often prohibit the construction of mixed-use, pedestrian friendly places

within the community. An alternative to conventional zoning is Form-Based Codes that offer clear and precise place-based standards together with a streamlined development review process.<sup>1</sup> An authentic civic engagement and education to raise public awareness, frame and analyze alternatives, and incorporate public ideas and address concerns early on in the process, make it easier for smart growth projects to gain approval. Form-Based Codes are drafted to achieve a community vision based on time-tested forms of compact, diverse, and complete urbanism that draws in the connections between land use and transportation.

Linking land use with transportation produces a system of integrated choices that allow mobility by foot, bike, car, bus, and transit. The energy and climate crisis has shifted the mobility discussion from individual ownership of vehicles to non-ownership options such as transit, rental, carpool, taxi, and car sharing (e.g. zip car). In small communities with limited transit options, automobile dependence can be reduced through shared or common ownership vehicles such as electric bicycles, segways, motorcycles, electric cars, and trucks that are provided as amenities and in exchange for reduced off-street parking spaces and traffic mitigation fees.<sup>2</sup> A traffic mitigation fee is the cost of all of the necessary and needed street improvements to accommodate future traffic growth identified on a per unit basis. For example: a 78-unit apartment project in Ventura would save \$75,000 in traffic mitigation fees (a 30 percent reduction) and can provide 12 fewer required off-street parking spaces in exchange for providing the following shared amenities within the project: two cars, an electric vehicle, two segways, and four electric bicycles.

Sprawl is the default growth model because it is easy to build and costs less. Local governments can level the playing field by imposing discounted impact fees for smart growth projects. Making cities absorb the true external costs of sprawling projects will also generate increased revenue to support smart growth projects.<sup>3</sup>

A LEED platinum building in a sprawling office park and regional shopping centers that are primarily accessible by car fail to reduce vehicle miles traveled (VMT) and CO2 emissions. Increased efficiency resulting from high performance buildings and infrastructure must carefully integrate mixed-use, diverse, and pedestrian friendly urbanism.<sup>4</sup> Transportation accounts for a third of greenhouse gasses, including CO2. Our attempts are largely focused on developing efficient fuel or fuel-efficient cars. The offset in CO2 is wiped out by the increase in vehicle miles traveled between the separated land uses. Recent studies have shown that compact, pedestrian-friendly mixed-use developments have the potential to reduce VMT by 20 to 40 percent and CO2 emissions by 7 to 10 percent.<sup>5</sup>

## RESTORATIVE ECONOMY

Traditionally, economic development has focused on “new” growth and development. The typical performance metrics monitor the number of new permits, new jobs, or new development square footage. The operative business model is: “new” growth brings “new” wealth to the community.

The new economy will favor “re”development over new “de”velopment. We must plan to build physical and organizational environments that promote economic systems to last over a period of time by shifting measures of prosperity from quantity to quality indicators. Rather than measuring the number of housing starts and jobs, the metrics should consider the extent to which the community’s houses and jobs are organized around principles of smart growth. Qualitative rating systems such as Leadership in Energy and Environmental Design for Neighborhood Development (LEED ND) offer metrics that integrate the principles of smart growth and green development that help promote our new economy, and create a distinctive sense of place.<sup>6</sup>

The new economy will favor “re”development over new “de”velopment. We must plan to build physical and organizational environments that promote economic systems to last over a period of time by shifting measures of prosperity from quantity to quality indicators. Rather than measuring the number of housing starts and jobs, the metrics should consider the extent to which the community’s houses and jobs are organized around principles of smart growth.

Construction of new buildings expends a large amount of energy. Buildings that people dislike are easy to tear down as they age. However, not having to tear down and rebuild a new building conserves resources and energy. Redevelopment and renewal of existing historic buildings and landscapes saves embodied energy while contributing to the local sense of place, which is necessary for expanding a place-based economy.

## GREEN ECONOMY

In a sustainable economy we use less, keep resources from getting worse, and reduce waste or pollution – essentially, what we can continue doing without causing severe damage. In his book *reWealth*, Storm Cunningham raises the bar and calls for a shift from doing less damage to doing no damage and perhaps restoration of our natural, built and socioeconomic assets. He points out that there are more jobs per dollar of budget in a restorative economy (\$100 trillion) than in the presently damaging economy or even a sustainable economy. For

example: there are more jobs in planting trees and restoring an existing building than cutting the trees or building new standardized buildings.

Shifting jobs from industries that harm the earth to ones that sustain and in some cases heal the earth is a worthwhile economic goal. A report by Global Insight prepared for the US Conference of Mayors predicts that green employment could be the fastest growing segment of the US economy, providing up to 10 percent of new job growth over the next 30 years.<sup>7</sup>

### Shifting jobs from industries that harm the earth to ones that sustain and in some cases heal the earth is a worthwhile economic goal.

In the United States, buildings consume 76 percent of electricity generated by burning coal. Buildings are responsible for 50 percent of all energy consumed and production of all CO<sub>2</sub>.<sup>8</sup> Smart growth and green buildings can collectively reduce 83 percent of all CO<sub>2</sub> emissions.

A community's distinctiveness comes from making sure that the new buildings are rooted and evolve from adaptations to local history, climate, materials, and landscape. The glass towers in Anchorage look the same as Austin. The infusion of fossil fuel energy has allowed the climate of the building to be controlled, which has resulted in look alike, placeless architecture that is not grounded in the local place. Every locality has different building materials that are available for different climates, supported by a distinctive architecture. Linking the form, function, and material to the natural environment reduces energy consumption while creating or preserving a sense of place.

#### CONCLUSION

Over \$100 million in tax and training incentives were offered by the state of Georgia to lure NCR from Dayton, Ohio, where the company has been for over a century.<sup>9</sup> The loss of 1,300 jobs in Dayton is a business attraction success story for Duluth, GA, in suburban Atlanta. However, attracting companies from one area to another is a zero sum game. Bill Nutti, NCR's chairman and CEO, says the decision to move was to align the company for future growth and drive the lowest cost structure in his industry. Corporate relocation decisions are focused on the bottom line with little regard to commitment to an area or its quality of life. In times when large corporations are shrinking and some even fading away, focusing on existing small businesses in the community and helping them grow and expand makes

good economic sense. The success and viability of a place grows with the development and growth of existing businesses.

We must prioritize redevelopment over new growth and business retention/expansion/ re-creation over business attraction. In addition, we need to support small businesses that are already within our communities and have more growth potential, rather than chasing large shrinking corporations; foster an authentic and creative culture; and revitalize and redevelop existing neighborhoods over creating new ones on greenfield sites. Retail development should be pursued within the context of these priorities. Retail will come once there are residents and employees to sustain it. Pursuing retail without a customer base can be disastrous for the retailer, weaken confidence in the area, and hurt the existing retailers there, particularly at a time when households are paying down debt, saving more of their income, rebuilding their nest eggs, and not spending.

In the past century, we have grown and established a fairly large footprint. A considerable amount of this development is now brownfields or greyfields such as empty commercial strips, office parks, foreclosed homes, and struggling malls. Further loss of farms and open spaces need not happen. Greenfield development should strive to rebuild the existing communities by introducing elements that complete the community such as connecting the street network, offering diverse housing choices, and new open spaces, to name a few benefits. The combined constraints of a growing population and running out of greenfield sites to devour will increase the pressures to rebuild, redevelop, and restore.

Every locality has different building materials that are available for different climates, supported by a distinctive architecture. Linking the form, function, and material to the natural environment reduces energy consumption while creating or preserving a sense of place.

As we recover from the current recession, "Baby Boomers" in large numbers will be empty nesters looking to trade in their large suburban homes for urban convenience and "Generation Ys", born from the mid 1980s to early 1990s, will be ready to enter the housing market with a strong bias towards urban living. Todd Zimmerman, a noted market analyst, is optimistic that these two trends will create a huge market demand for urban places.<sup>10</sup> In the economic downturn, communities that

have implemented smart growth principles and support a renewed and sustainable urbanism, are those that have held or even increased their value while development that separates land uses, promotes wide streets, low density, and extensive parking has decreased in value.

Given good information and a choice, most communities embrace a place-based economy. The local, smart growth based, renewal economy will be resilient and less vulnerable to economic cycles of decline. The primary goal of smart growth and a restorative and green economy is to create desirable and lasting places rather than disposable and transient places, thereby reducing the demand to build into greenfield areas. A place-based economy reinforces community pride; builds long-term physical, social, economic, and cultural benefits; links local people to local opportunities resulting in good jobs within the community; decreases VMT and CO2 emissions; and makes the community a better place to live and work. ④

The primary goal of smart growth and a restorative and green economy is to create desirable and lasting places rather than disposable and transient places, thereby reducing the demand to build into greenfield areas.

## ENDNOTES

1. See [www.formbasedcodes.org](http://www.formbasedcodes.org) for more information on Form-Based Coding.
2. Residents would choose the appropriate vehicle for the required trip and pay a nominal monthly charge for membership and an additional charge based on quantity and duration of usage. Individual development projects with common transportation amenities when linked together provide a common pool of resources that can then be used by other residents and visitors in a community. The shared vehicles approach is a more efficient and less costly way to enhance mobility and is more likely to be embraced by consumers than the costly investment of public dollars necessary to provide or improve transit service.
3. *Removing the Roadblocks, How to Make Sustainable Development Happen Now*. Ethan Elkind, primary author of policy paper, sponsored by Bank of America and produced by a partnership of the UC Berkeley and UCLA School of Law and California Attorney General's Office, August 2009.
4. *Sustainable Urbanism: Urban Design with Nature*, Doug Farr, 2008.
5. See *Growing Cooler* by Ewing, Bartholomew, Winkelman, Walters, and Chen, ULI, 2008.
6. LEED ND is a qualitative rating system developed within an interdisciplinary framework by the U. S. Green Building Council, Congress of New Urbanism, and Natural Resources Defense Council.
7. U.S. Metro Economies: Current and Potential Green Jobs in the U.S. Economy, prepared for U.S. Conference of Mayors and the Mayors Climate Protection Center, prepared by Global Insight, October 2008.
8. See [www.architecture2030.org](http://www.architecture2030.org). Ed Mazria, AIA, is the founder of Architecture 2030, an independent organization focused on protecting the global environment that calls for buildings to be carbon neutral by 2030.
9. *Southern States Poach Businesses Amid Downturn*, by Ansley Haman, Wall Street Journal Weekend Edition, June 13-14, 2009.
10. *Sustaining the New Urbanism*, by Robert Steuteville, New Urban News, March 2009.



## NEED A CHANGE? MAKE IT HAPPEN WITH IEDC'S JOB CENTER!

Whether you are looking to hire or looking to be hired, take advantage of IEDC's Job Center. You can access job postings in our IEDC News electronic newsletter, our Economic Development Now electronic newsletter, and our Job Center Online.

**Job Seekers** – register to receive IEDC News online at [www.iedconline.org](http://www.iedconline.org)

**Employers** – reach a network of more than 20,000 professionals. Check out our reasonable advertising rates online at [www.iedconline.org](http://www.iedconline.org)

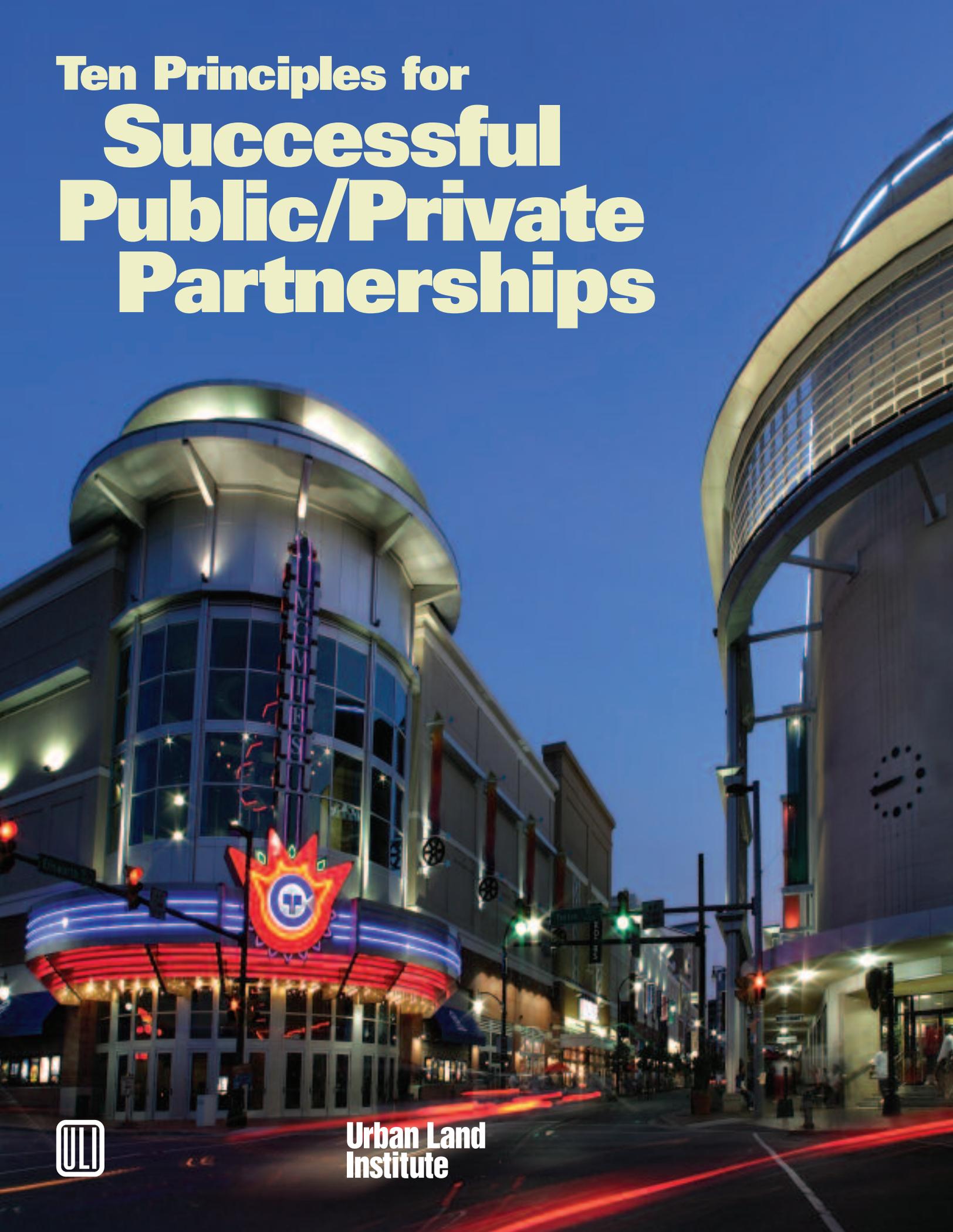
**QUESTIONS? CALL (202) 223-7800.**



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

*The Power of  
Knowledge and Leadership*

# Ten Principles for Successful Public/Private Partnerships



Urban Land  
Institute

# Ten Principles for Successful Public/Private Partnerships

Mary Beth Corrigan

Jack Hambene

William Hudnut III

Rachelle L. Levitt

John Stainback

Richard Ward

Nicole Witenstein

## About ULI—the Urban Land Institute

ULI—the Urban Land Institute is a non-profit education and research institute that is supported by its members. Its mission is to provide responsible leadership in the use of land in order to enhance the total environment.

ULI sponsors education programs and forums to encourage an open international exchange of ideas and sharing of experiences; initiates research that anticipates emerging land use trends and issues and proposes creative solutions based on that research; provides advisory services; and publishes a wide variety of materials to disseminate information on land use and development. Established in 1936, the Institute today has more than 26,000 members from more than 80 countries representing the entire spectrum of the land use and development disciplines.

Richard M. Rosan  
*President*

Recommended bibliographic listing:

Corrigan, Mary Beth, et al. *Ten Principles for Successful Public/Private Partnerships*. Washington, D.C.: ULI—the Urban Land Institute, 2005.

ULI Catalog Number: T26

International Standard Book Number:  
978-0-87420-947-1

Copyright 2005 by ULI—the Urban Land Institute  
1025 Thomas Jefferson Street, N.W.  
Suite 500 West  
Washington, D.C. 20007-5201

Printed in the United States of America. All rights reserved. No part of this book may be reproduced in any form or by any means, electronic or mechanical, including photocopying and recording, or by any information storage and retrieval system, without written permission of the publisher.

## ULI Project Staff

Rachelle L. Levitt  
*Executive Vice President, Policy and Practice  
Publisher*

William Hudnut III  
*Senior Resident Fellow  
ULI/Joseph C. Canizaro Chair for Public Policy*

Mary Beth Corrigan  
*Vice President, Advisory Services and Policy  
Programs*

Nicole Witenstein  
*Associate, Policy and Practice*

Michael Pawlukiewicz  
*Director, Environment and Policy Education*

Nancy H. Stewart  
*Director, Book Program  
Managing Editor*

Laura Glassman  
Publications Professionals LLC  
*Manuscript Editor*

Betsy VanBuskirk  
*Art Director  
Book/Cover Design, Layout*

Clara Meesarapu  
*Administrative Support*

*Cover photograph: Downtown Silver Spring, Maryland—an example of a successful public/private partnership. See page 25. (Carol M. Highsmith Photography, Inc.)*

# Participants

## *Chair*

**William Hudnut III**  
Senior Resident Fellow  
ULI/Joseph C. Canizaro Chair for  
Public Policy  
Urban Land Institute  
Washington, D.C.

## *Participants*

**James A. Cloar**  
President/Chief Executive Officer  
Downtown St. Louis Partnership  
St. Louis, Missouri

**Mary Beth Corrigan**  
Vice President  
Advisory Services and Policy Programs  
Urban Land Institute  
Washington, D.C.

**Elizabeth B. Davison**  
Director  
Montgomery County Department of  
Housing and Community Affairs  
Rockville, Maryland

**Peter P. DiLullo**  
President, Chief Executive Officer  
LCOR Incorporated  
Berwyn, Pennsylvania

**Stephen F. Dragos**  
President, Chief Executive Officer  
Greater Camden Partnership  
One Port Center  
Camden, New Jersey

**William Gilchrist**  
Director, Department of Planning,  
Engineering, and Permits  
City of Birmingham  
Birmingham, Alabama

**James Goodell**  
President  
Public Private Ventures Inc.  
Pasadena, California

**David N. Goss**  
Senior Director of Transportation and  
Infrastructure  
Greater Cleveland Partnership  
Cleveland, Ohio

**Jack Hambene**  
Senior Vice President  
McCormack Baron Salazar  
St. Louis, Missouri

**Mike Higbee, Jr.**  
President  
Development Concepts, Inc.  
Indianapolis, Indiana

**Rachelle L. Levitt**  
Executive Vice President  
Policy and Practice  
Urban Land Institute  
Washington, D.C.

**Charles A. Long**  
President  
Charles A. Long Associates  
Reno, Nevada

**Maureen McAvey**  
Senior Resident Fellow  
ULI/Klingbeil Family Chair for Urban  
Development  
Urban Land Institute  
Washington, D.C.

**Ronald I. Silverman**  
Partner  
Cox, Castle & Nicholson, LLP  
Los Angeles, California

**Margaret Sowell**  
President  
Real Estate Strategies, Inc.  
Paoli, Pennsylvania

**Charles N. Tseckares**  
Principal  
CBT Architects  
Boston, Massachusetts

**Richard C. Ward**  
Senior Principal/CEO  
Development Strategies  
St. Louis, Missouri

---

This report was conceived by the Public/Private Partnership Council (Blue Flight) with input from the Public/Private Partnership Council (Gold Flight). These principles are the result of their early work and input on the draft report.

# Foreword

**T**he use of public/private partnerships (PPPs), as this publication clearly illustrates, is a growing trend throughout the United States. But this practice is far from novel or even new.

The use of PPPs to meet a wide variety of public needs dates back centuries in the United States. One of the first examples was the Lancaster Turnpike, a toll road built by the private sector with public sector oversight and rights-of-way. It was opened in 1793, connecting Pennsylvania farmers with the Philadelphia market and drastically reducing the travel times. The Erie Canal, completed in 1825, and the first Transcontinental Railroad, finished in 1869, are two other early examples of PPPs.

Today, partnerships are used not only in transportation projects but also for water and wastewater systems, delivery of social services, building schools, and a wide range of other applications. By far the fastest-growing arena for the use of PPPs is urban economic development, which is why *Ten Principles for Successful Public/Private Partnerships* is such a valuable guide.

Cities and counties are rapidly applying the experiences with PPPs learned over the last few decades—experiences on how to most effectively combine the strengths and resources of both the public and private sectors. Significant refinements in the PPP process resulted from these experiences. Although PPPs can be more difficult to execute than other types of procurement, the reward can be worth the extra effort. As the case studies included here indicate, in many instances PPPs make possible the completion of projects that would be impossible using more traditional methods of economic development.

Many of the important lessons learned are included in *Ten Principles*. The importance of continued public sector leadership, as well as the public sector's ongoing monitoring and nurturing of the partnership, is clearly illustrated. Equally important is the clear and open process necessary for the selection of the private partner. Most important of all is that the private and public sectors build a collaborative relationship—one that requires “give and take” on both sides of the table to make the project a success.

This publication by the Urban Land Institute is a valuable step forward in disseminating that information.

**Richard Norment**, *Executive Director*  
National Council for Public-Private Partnerships  
[www.ncppp.org](http://www.ncppp.org)

# Introduction

**B**uilding and rebuilding cities and new communities is a complex and challenging endeavor under the best of circumstances. Among other things, it requires merging public and private interests and resources. However, the traditional process of urban and suburban development can be inherently confrontational—an arm-wrestling contest between the local government and the developer to see which will win distinctly different prizes.

The need to rebuild and revitalize older portions of our urban areas and the public need to monetize underused assets have dramatically changed the rules of this game. No longer can private capital be relied on to pay the high price of assembling and preparing appropriate sites for redevelopment. No longer can local governments bear the full burden of paying the costs of requisite public infrastructure and facilities. Planning and zoning controls are often either inadequate or too inflexible to ensure either appropriate control or enablement of desired private outcomes. True partnerships replace potential confrontation with collaboration and cooperation to achieve shared goals and objectives. This process requires applying far more effort and skill to weighing, and then balancing, public and private interests and minimizing conflicts.

Today, public/private partnerships are considered “creative alliances” formed between a government entity and private developers to achieve a common purpose. Other actors have joined such partnerships—including nongovernmental institutions, such as health care providers and educational institutions; nonprofit associations, such as community-based organizations; and intermediary groups, such as business improvement districts. Citizens and neighborhood groups also have a stake in the process. Partnerships around the country have successfully implemented a range of pursuits from single projects to long-term plans for land use and economic growth. Partnerships have completed real estate projects such as mixed-use developments, urban renewal through land and property assembly, public facilities such as convention centers and airports, and public services such as affordable and military housing.

Although each public/private partnership project is unique in its local implementation, most share common stages within a development process bounded by legal and political parameters. In the first phase—conceptualization and initiation—stakeholders’ opinions of the vision are surveyed and partners are selected through a competitive bid process. In the second phase, entities document the partnership and begin to define project elements, roles and responsibilities, risks and rewards, and the decision and implementation process. Partners



ERHARD PFEIFFER

**To fulfill objectives for increased convention business, the city of Charlotte, North Carolina, and private developer Portman Holdings partnered to fund and develop the Westin Charlotte, a 700-room convention center hotel.**



**Contributing major benefits to the citizens of Washington, D.C., the James F. Oyster School/Henry Adams House, a public elementary school and 211-unit residential apartment complex, was constructed as a result of a partnership among the District of Columbia Public Schools, the community, and the developer LCOR Incorporated.**



**Joint efforts by the city of Albuquerque and developer Paradigm and Company to reuse the Old Albuquerque High School Campus and adjacent site have resulted in the development of new residential, commercial, and civic spaces in the downtown.**

also negotiate the “deal” and reach agreement on all relevant terms. In the third phase, the partnership attempts to obtain support from all stakeholders, including civic groups, local government (through entitlements), and project team members. Project financing begins and tenant commitments are secured. Finally, in the fourth phase, the partnership begins construction, leasing and occupancy, and property and asset management. However, the process is repetitious and can continue beyond the final phase when partners manage properties or initiate new projects.

A partnership is a process not a product. Successful navigation through the process results in net benefits for all parties. Public sector entities can leverage and maximize public assets, increase their control over the development process, and create a vibrant built environment. Private sector entities are given greater access to land and infill sites and receive more support throughout the development process. Many developers earn a market niche as a reliable partner with the public sector and are presented with an opportunity to create public goods.

With declining levels of public resources to fulfill social and physical needs and pressures for more accountability in financial investments, partnerships between public and private entities will become increasingly permanent and comprehensive in nature. In 2004, \$75 billion was spent by public/private partnerships on economic development and urban renewal projects, indicating that the market and the public sector increasingly support this investment approach.

Thus, this publication presents principles to guide community leaders and public officials together with private investors and developers through the development process and highlights best practices from partnerships around the country. The principles endeavor to ensure the most efficient use of public and private resources in the pursuit of mutual gains through public/private partnerships.

# Ten Principles for Successful Public/Private Partnerships

- 1 Prepare Properly for Public/Private Partnerships**
- 2 Create a Shared Vision**
- 3 Understand Your Partners and Key Players**
- 4 Be Clear on the Risks and Rewards for All Parties**
- 5 Establish a Clear and Rational Decision-Making Process**
- 6 Make Sure All Parties Do Their Homework**
- 7 Secure Consistent and Coordinated Leadership**
- 8 Communicate Early and Often**
- 9 Negotiate a Fair Deal Structure**
- 10 Build Trust as a Core Value**

# 1 Prepare Properly for Public/Private Partnerships

**E**arly and comprehensive preparation by both the public and private sectors is the key to successful public/private partnerships. The tasks of the public and private partners described here should not be perceived as sequential; all are necessary for a successful partnership.

## Public Partner Responsibilities

Preparation entails creating and constantly updating a plan for development showing specific sites for private investment opportunities. In addition, the public partner must identify development goals and resources, including commitments for inducements and incentives for prioritized projects in the plan. This specificity will enable developers to understand the true scope of the development opportunities in the community.

**Assess Your Capabilities.** In the early stages of the process, the public sector should assess its institutional capacity to act as a partner. Creating an entity to handle the partnerships, such as a redevelopment authority or a quasi-governmental agency, may be necessary if such an agency does not exist. The public partner needs to make sure it has the expertise to negotiate with the sophisticated private party and the authority to retain the use of one or more consultants to assist in developing the partnership. Ask whether the staff of the

A major campaign to coordinate public and private redevelopment investments has made the city of Chattanooga a destination for locals, tourists, and convention attendees.



DAVID ANDREWS

# Set the groundwork for successful joint ventures through careful planning and consensus building

## Public Participation Spectrum

Developed by the International Association for Public Participation

To design a development plan in accordance with the needs of the community, the partnership can use various tools to involve the public in its visioning and implementation process.

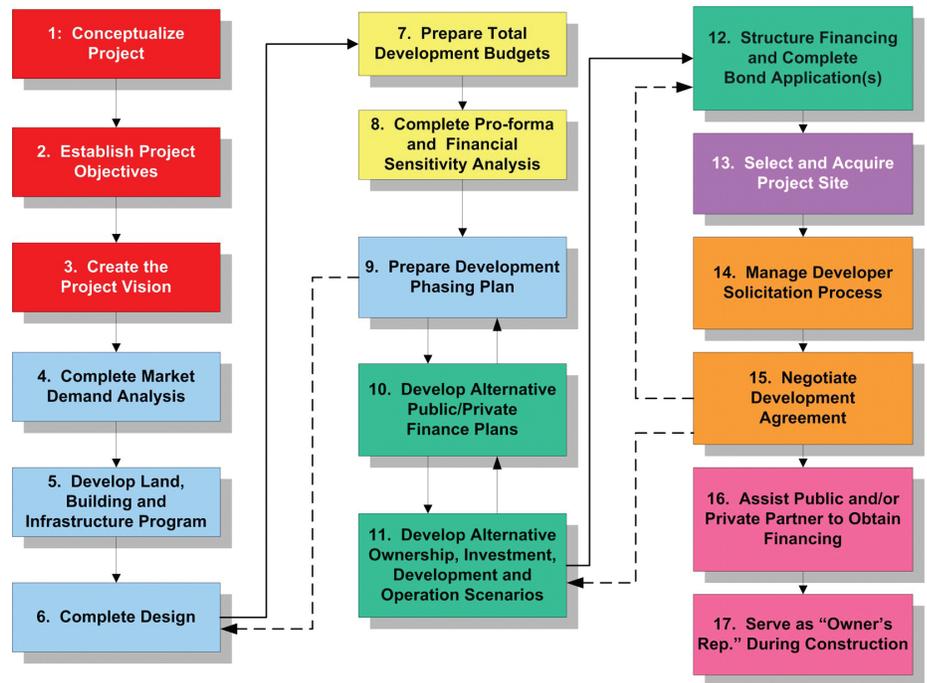
### INCREASING LEVEL OF PUBLIC IMPACT

INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>
To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.
<b>Promise to the Public:</b>	<b>Promise to the Public:</b>	<b>Promise to the Public:</b>	<b>Promise to the Public:</b>	<b>Promise to the Public:</b>
We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.
<b>Example Techniques to Consider:</b>	<b>Example Techniques to Consider:</b>	<b>Example Techniques to Consider:</b>	<b>Example Techniques to Consider:</b>	<b>Example Techniques to Consider:</b>
<ul style="list-style-type: none"> <li>● Fact sheets</li> <li>● Web sites</li> <li>● Open houses</li> </ul>	<ul style="list-style-type: none"> <li>● Public comment</li> <li>● Focus groups</li> <li>● Surveys</li> <li>● Public meetings</li> </ul>	<ul style="list-style-type: none"> <li>● Workshops</li> <li>● Deliberate polling</li> </ul>	<ul style="list-style-type: none"> <li>● Citizen Advisory Committees</li> <li>● Consensus-building</li> <li>● Participatory decision-making</li> </ul>	<ul style="list-style-type: none"> <li>● Citizen juries</li> <li>● Ballots</li> <li>● Delegated decisions</li> </ul>

© 2005 INTERNATIONAL ASSOCIATION FOR PUBLIC PARTICIPATION

jurisdiction can satisfactorily represent the public interests. Look at housing agencies or urban renewal authorities—such as economic development corporations, public authorities, and special purpose development corporations—as potential implementation entities and project managers. Of course, state authorizing legislation should be reviewed to make sure that the public partner has the authority to create the entity. Last, does the public agency have the capital to invest in the project to ensure its economic viability? Funding for government-imposed requirements, environmental cleanup, and the like are required at times to make the project work.

## SPPRE's Proven Pre-Development Process



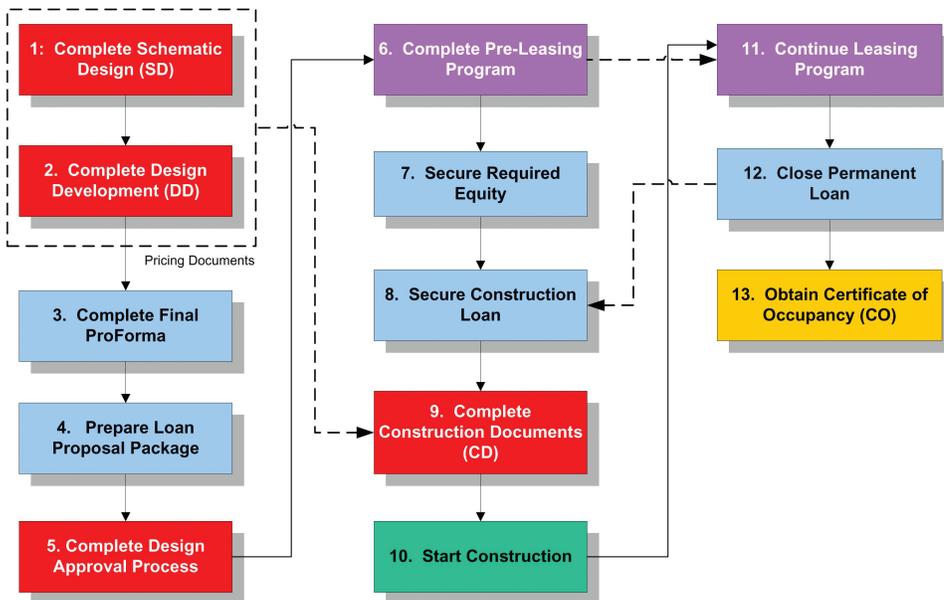
Copyright © Stainback Public/Private Real Estate (SPPRE)

**Create a Public Vision.** The vision for the program should be the result of a consensus-building process that identifies the opportunities, objectives, and ultimate goals for the community. The local government must consider and establish its long-range public interest goals and resolve any conflicts that it might have for the specific project in question. It is essential that the overall development strategy is described both verbally and graphically to ensure that both the public and the real estate community understand the program.

The predevelopment process establishes how the vision can be realized and indicates the public partner's level of preparedness to structure and implement the proposed project. The public partner must complete the following stages before issuing a developer solicitation: land assemblage and ownership, environmental analysis of the site, market demand and financial feasibility studies, as well as completion of alternative ownership, investment, development, and facility operational scenarios. Consultants can guide public entities through this process.

**Be Legislatively Prepared.** Make sure that building codes and regulations support the vision established for the development, including the potential for

## SPPRE's Development Process



Copyright © Stainback Public/Private Real Estate (SPPRE)

Public and private sector partners should be involved in the design of public/private partnerships' physical and financial plans, as shown in this model of the development process.

streamlining building codes and regulations to remove potential obstacles to effective partnerships. Jurisdictions that have created one-stop permitting have been quite successful in attracting private investment by eliminating lengthy approval processes and overlapping regulations. Regulatory delays and loss of the right to develop pose the greatest risks to developers. Eliminating such risks makes a successful public/private partnership much more likely. The public sector must resolve the dilemma of the dual role of partner and land regulator.

**Be Resourceful with Funding.** With the increasing scarcity of public sector funds, the complexity of the financial package will necessarily increase. It is, therefore, essential to be imaginative and forward thinking to capitalize on all and any funds that might work. Identify public and nonprofit sector funding mechanisms, such as community development block grants, tax increment financing tools (where available), transportation funds, and local revolving loan funds.

**Have the Land Ready.** The public partner should examine its ability to assemble the necessary land. Evaluate the capacity for the right of eminent domain. Consider the potential for land banking to avoid any land assembly issues if the opportunity makes itself available.

## Chattanooga's Comprehensive Approach to Redevelopment

The comprehensive approach to revitalization undertaken by the city and region of Chattanooga, Tennessee, demonstrates how the public/private partnership process can support a long-term strategy for livability and sustainability. With significant air pollution problems and deindustrialization and decentralization patterns hollowing out the city and inner core of the region, the Chattanooga community implemented a master-planning process in the 1980s in an attempt to harness public and private sector resources to promote the redevelopment of the city and to improve regional growth patterns.

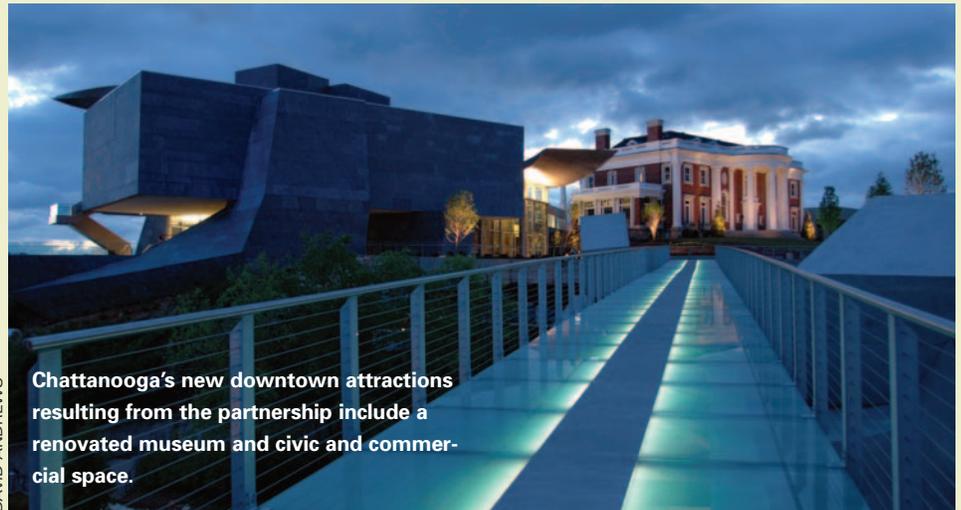
"The Tennessee Riverpark Master Plan," published in 1985, emerged from the "Vision 2000" community planning process, which aimed at determining how to attract and maintain high-quality growth in the region. The plan calls for a comprehensive strategy for redevelopment efforts, focused on spurring development downtown, particularly along a 22-mile corridor of the Tennessee River. Using the public and private sectors in creating, funding, and implementing the redevelopment strategy, the plan established a 20-year time frame and specific steps for implementation.

Chattanooga public authorities have supported redevelopment with new regula-

tions, financing mechanisms, and public/private institutions. Land use regulations, such as the redesignation of land to spur reinvestment and the inclusion of community members in the planning process, have catalyzed new development. Furthermore, the creation of new revenue sources, including a hotel/motel tax and the establishment of the 21st Century Waterfront Trust, which has received more than \$120 million from public and private sector funding, has resulted in the construction or enhancement of projects along the waterfront. Finally, new organizations have been established to assist in coordinating redevelopment efforts, particularly the River City Company, a private nonprofit organization managing redevelopment projects; the

Chattanooga Downtown Partnership, supporting local city businesses; and the Chattanooga Neighborhood Enterprise, which has created affordable housing opportunities in the city.

Many indicators confirm Chattanooga's successful approach to redevelopment, including its current designation as one of the most livable communities in the country, downtown investment exceeding \$1 billion within the decade, and the fulfillment of a majority of the original Vision 2000 goals just ten years after the original visioning process. Thus, by comprehensively coordinating revitalization efforts, Chattanooga has set in motion a cycle promoting reinvestment in the community.



DAVID ANDREWS

Chattanooga's new downtown attractions resulting from the partnership include a renovated museum and civic and commercial space.

**Manage Expectations.** During this stage of the process, establish a schedule that clarifies the expectations of the public decision makers. It is a good idea to craft a public awareness program to inform stakeholders of the goals of the development strategy and the specific projects that are identified.

### Private Partner Responsibilities

First and foremost, the private partner needs to be prepared for a transparent process. Although parts of the process exist in which certain information is not disclosed, particularly during the competition over project bids, the developer must be prepared to make its numbers, its name, and itself open to public

scrutiny. The recognition and acceptance of this basic tenet should precede all other steps that the developer will take. If such transparency is not acceptable, the developer should walk away from the project.

**Establish Feasibility.** While the public partner is establishing clear-cut goals and projects, the private partner can be preparing by meeting with investors to explain the nature of the public/private partnership. As in all development processes, the developer must underwrite the market and determine interest. The public partner should have provided substantial background information during its preparatory phase. The developer must also identify and assess the opportunity for the project and assess whether it is feasible. Increasingly, with the help of legislative authority the private partner submits unsolicited proposals conceptualizing and designing the use of a public/private partnership, which then is implemented with public approval.

The developer needs to make an internal assessment of the resources that are required to accomplish the project, including such items as potential staff, assessment of risk, potential deal structures (whether they will work for a fee or be partners in the venture), potential investors, and political and community leadership and working relationships with leaders.

**Know Your Partners.** This getting-to-know-you stage will ease the subsequent stages in the development process. During the preparatory, or due diligence, stage the developer should familiarize itself with the jurisdiction's plans, approval processes, and length of permitting processes. The developer should assess the public partner's ability to deliver and to commit its resources up front.

**Get the Right Team.** If the developer decides to continue with the partnership, the developer should assemble a team who brings insight and experience with the public partner. If the developer is new to the community, it would be valuable to find local expertise to assist in the process. The developer needs to be prepared to be an explorer and adapt to what may be discovered.

# 2 Create a Shared Vision

**A**ll successful projects start with a vision. Without a vision, the project will most likely fail. The vision is the framework for project goals and serves as the benchmark to ensure the realization of joint objectives.

*Creating a vision:* Creating a vision is not always easy, and it is crucial that the vision is shared. Ideally, property owners, residents, and area anchors such as churches, colleges, hospitals, homeowners associations, and other stakeholders will have “buy-in” because they have a stake in the outcome. Creating a vision involves building consensus and including all the stakeholders, even those who may be naysayers. By casting a wide net and giving all the stakeholders—including potential partners—an opportunity to help craft the vision, less possibility exists for opposition to a project. Public hearings, charrettes, visioning exercises, and other tools for involving stakeholders in the visioning process should be used to ensure the broadest outreach. Involving the media is another key factor for two reasons. First, it helps get the message out about the visioning process, and second, it helps form an alliance with the media, which will be crucial in articulating and publicizing the vision once it is created.

The Durham partnership formalized a plan to fulfill the community’s collective economic, physical, and social needs within the city’s historic urban framework.



CHUCK YOUNG

*Sustaining the vision:* A vision is not just pretty pictures depicting the ultimate outcome. It involves a strategy for implementation, which includes funding mechanisms (public and private), potential partners (and their responsibilities), and an agenda or time frame for achieving the vision (making the project a reality). These components are all critical for realizing the vision and ensuring that it gets off the boards and onto the ground.

Partners should make a practical analysis of market conditions and demographics to ensure that the vision is neither too grand nor too small. An important component of the vision is specifying the scale of the project or projects that provides people with an understanding of what is going to happen. If the

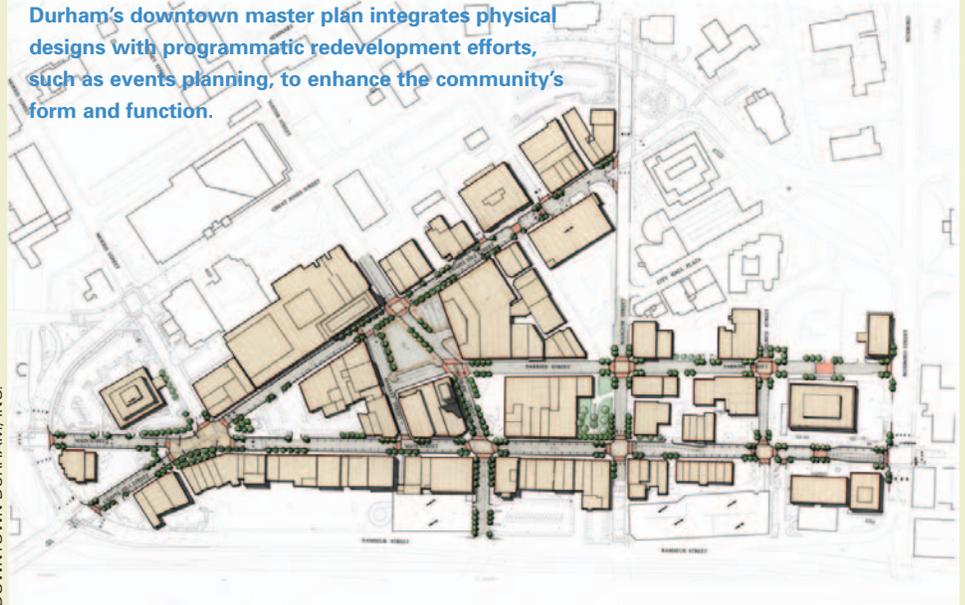
## Facilitate a vision and establish strategies for its implementation

### Durham, North Carolina

Seeking measures to attract people and development to the community, public and private leaders in Durham, North Carolina, formed a partnership to initiate a community master-planning process in the 1990s. The partners established a process enabling the community to collectively envision and then implement a desirable new future within a region affected by dynamic local and external economic and social conditions.

To organize revitalization efforts in the community, Downtown Durham, Inc. (DDI), a public/private development organization, directed the formation of the new city master plan and implementation process, a 20-year, \$1 billion revitalization effort. To ensure wide support and buy-in for the initiative, Durham stakeholders were invited to identify and formalize their vision of the city's future through meetings, interviews, and focus-group discussions. Stakeholders and public and private partners identified the downtown as the pivotal activity center within which vibrant communities could be established and suggested measures for improving the city's livability—such as creating and maintaining more pedestrian-friendly streets, enduring neighborhoods, attractive spaces, public services, and social outlets.

Durham's downtown master plan integrates physical designs with programmatic redevelopment efforts, such as events planning, to enhance the community's form and function.



In addition to a shared visioning process, the plan identified mechanisms to include both public and private partners and non-stakeholders in the implementation of the plan. DDI with the assistance of the city's Office of Economic and Employment Development, has acted as the "engine" to implement the master plan and as the "accountability mechanism" to ensure that the community continues to move ahead with

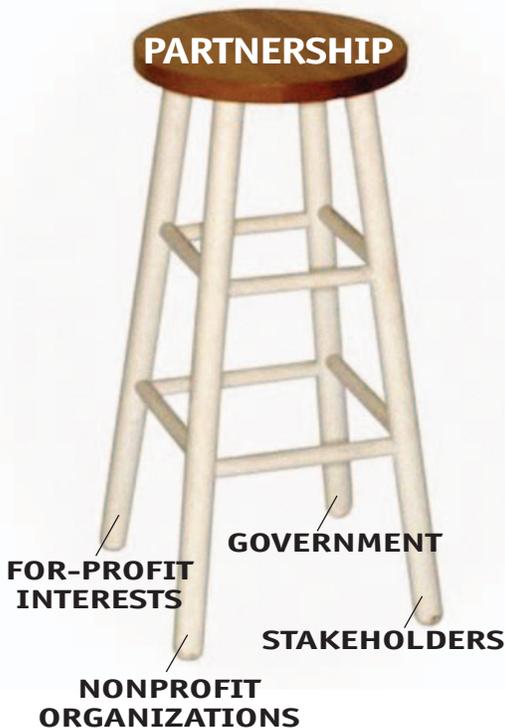
the recommendations of the plan. Furthermore, a five-year joint DDI and city-funded review of the downtown master plan identified accomplishments and deficiencies and developed a list of priorities for the next five years. By designing a shared vision and implementation process, the community is facilitating the creation of a "downtown that sees the future and understands how to take advantage of it."

vision calls for building new housing, for example, it is important to talk about the density of the residential portion of the vision. Some may think the new development will be ten units to the acre when the vision is really intended to accommodate 40 units to the acre.

Moreover, involving the stakeholders will help bring reality to the plans by establishing a collective vision and creating community buy-in for the project. The most important component of a vision is ensuring that it can endure the test of time. Most development or redevelopment projects are long term and may span several political administrations. Thus, the vision that is created is not just the whim of the current administration, but represents key community and stakeholder buy-in that will help it endure. A shared vision that is created and embraced by key stakeholders will stand the test of time and will persevere through implementation.

# 3 Understand Your Partners and Key Players

Each partner supports the efforts of the partnership and its long-term objectives.



**T**he beginning point of any successful partnership is for all prospective partners to invest the time and effort necessary to gain a full appreciation of, and respect for, their counterparts in a deal—their background, reputation, experience, needs, financial strength, motivations, expectations, and goals. Choose wisely, because you want partners who will work with you, not against you. Everyone is not in the deal for the same reasons, and without such understanding, trust will never be built, and distrust may cause the deal to unravel.

Public/private partnerships are a four-legged stool. They involve government, nonprofit organizations, for-profit interests, and stakeholders. Each sector plays a different role. Government should understand, for example, that the private partner needs a positive bottom line, while the private partner should understand that government does not move fast, is not necessarily profit driven, and has broader constituencies to deal with. Any deal has to answer two fundamental questions: (1) Is it financially feasible? and (2) Will it be approved?

*Public partner:* Government often sets the table. Typically, a government agency must validate a project's public purpose before that agency can even consider participation. However, once this validation is affirmed, a government can acquire land, write down its cost, prepare the site, grant permits, expedite processing, build public facilities, and undertake necessary infrastructure improvements (sewers, roads, bridges). It has tools—such as tax abatement, tax increment financing (TIF), fee waivers, zoning, and even eminent domain—that it can bring to the table to incentivize the private sector and help make sure the project is financially feasible to the capital markets. Local governments can make grants, access pools of money and resources at the state and federal levels, float bonds, and raise long-term (patient) capital. And, of course, government has to approve a deal through zoning boards, commissions, city councils, mayors, and county officials, to say nothing of state and federal officials. This development approval process often comes down to political will and standing by and behind a negotiated deal in spite of public opposition. It also requires flexibility. If the public sector cannot make necessary compromises with its partners, the deal may be lost. Consultants and lawyers can help facilitate the decision-making process during negotiations.

*Private partner:* The for-profit part of the private sector can put together a development, layer in the financing, bring design and marketing expertise, construct a project, and operate it. Local banks can finance loans and work with credit. Developers can access short-term capital, but being in business to make money, they generally need a quicker and significantly higher return on their investment than government, for whom time is not money. However, the public partner may be limited to debt ceilings and the annual appropriation process, restricting its ability to access large, long-term financing. The private partner, if it can see a

Identify the actors in the process along with their needs and perspectives to ensure effective collaboration

## The Williamsburg Neighborhood in Brooklyn, New York

“We’ve learned that the job is too big to tackle alone; we couldn’t have achieved what we did without strong partners—community organizations, government agencies, and other companies.” The speaker was Hank McKinnell, current CEO of the Pfizer pharmaceutical company, addressing the White House Business Roundtable on June 5, 1998. He was describing a revitalization project in the Williamsburg neighborhood of Brooklyn, New York, where Pfizer was founded 150 years ago.

When Pfizer moved its headquarters to Manhattan in 1960, it retained a manufacturing facility at the original site, although the neighborhood had lost its industrial base and was becoming blighted. In the 1980s, Pfizer convened partners to develop a comprehensive community reinvestment plan. Pfizer committed extensive private resources to the project (almost \$25 million), which resulted in a new public charter school in a renovated Pfizer building, about 300 new homes (all

doubles), 400 apartment renovations in neglected buildings, improved public safety, new light industrial space, and, of course, more jobs.

Pfizer was the leader, but Pfizer had partners. The company spent long hours meeting with community stakeholders represented by the St. Nicholas Neighborhood Preservation Corporation and the Los Sures Community Development Corp. as well as the local community boards. The Beginning with Children Foundation created the new school in cooperation with the city’s Department of Education. Three intermediaries (the New York City Housing Partnership, LISC, and The Enterprise Foundation) assisted with low-income housing rehabilitation and new construction. The federal government’s Urban Development Action Grant and Low-Income Housing Tax Credit programs provided part of the financial package. City agencies, including the Public Development Corporation, the Department of City Planning, and the Department of Housing Preservation and Development, participated in order to designate the urban renewal zone,



Pfizer Inc

In Brooklyn’s deteriorating Williamsburg neighborhood, Pfizer and partners rehabilitated the company’s original business headquarters building, adding housing units and a public school.

demolish vacant buildings, and clean up and fence in lots, and the Police Department and Metropolitan Transit Authority worked with Pfizer’s private security staff to implement public safety strategies. Two utility companies (Brooklyn Union Gas and Consolidated Edison) coordinated renovations and alterations and arranged low-interest loans for low- and moderate-income housing through their Cinderella Project and Renaissance Program, respectively.

return on its investment over a protracted period, can often be interested in financing that covers a longer term (up to 99 years in one recent case).

*Nonprofits:* Nonprofit organizations, such as neighborhood organizations, community development corporations, faith-based institutions, task forces and advisory boards, intermediaries such as the Local Initiatives Support Corporation (LISC) and the Enterprise Foundation, and philanthropic foundations, can act as brokers between public and private for-profit interests. They can help private investors find opportunities to participate in community development projects and often assist with closing the gaps in a financing package. They can also access sources of funding that might not otherwise be available to a project.

*Stakeholders:* Stakeholders have a right to be heard. They want to know that their voice counts and that their views are considered; however, they also need to understand that all possible objections to a project cannot be removed. Citizens must feel they can influence the course of a project, which means being made aware of plans for a project at the front end of the process and being given a chance for input throughout, through private meetings, public hearings, or both.

When each partner understands the others and cooperates with them in a respectful, productive manner, the outcome will be win-win-win-win for everyone.

# 4 Be Clear on the Risks and Rewards

**“N**othing ventured, nothing gained.” This old proverb captures the essence of the risk/reward relationship inherent in public/private partnerships. Key to having such a partnership produce tangible, positive results is for each partner to understand and appreciate the nature and scope of the opposite party’s potential risks and rewards, as well as its own, so that mutual success is achieved.

## Preparing for Mutual Success

A public/private partnership is more than just a real estate deal. The responsibilities of the principal parties in the basic scenario of a real estate deal can be complex, time consuming, risky, and ultimately rewarding, and the public approval

process can be controversial and difficult. Significant obstacles must be overcome and challenges met through joint efforts because the resources and responsibility are distributed differently between the sectors, particularly during project implementation. What distinguishes a public/private partnership is the mutuality of effort and investment required to accomplish an outcome that is unattainable without such collaboration.

Stakeholders and nonprofits

similarly share in the risks and rewards created by these projects. In the public/private partnership process, they may be affected by changes to quality of life and revenue or tax streams. The table summarizes the nature of the risks and rewards likely to be encountered by the public and private parties to a public/private partnership.

Using the “balance sheet” of factors specific to the project and its participants, as outlined in the table, is an effective way of understanding risks and rewards across the public/private divide. Where feasible, values should be quantified. Otherwise, just stating the expectations regarding relative gains or losses will suffice.



CBT/CHILD'S BERTMAN TSECKARES; NEOSCAPE

Public and private partners are collaborating to share the risks and rewards for the development of the Columbus Center housing/hotel complex.

## Determine the risks and rewards faced by all parties

### Dealing with Conflicts and Uncertainty

The process of stepping beyond rigorous standard procurement and developer selection procedures is fraught with the danger of creating real or perceived conflicts of interest for public officials. Often, it is absolutely necessary that state-mandated procedures be followed in selecting the developer for a particular project before a real public/private partnership can be formed. In other instances, the local government will have broad discretion. Beyond a concern for conflicts of interest, the public partner faces an array of rich opportunities for public controversy and bad publicity associated with property acquisition or charges of misuse of public funds and other resources. The ultimate concern of the public partner is that the developer partner might fail—just drop the project, lose its financing, or even go bankrupt—and leave the community “holding the bag” for substantial additional costs and performance commitments. However, if the selection process for the private partner is conducted properly and appropriate bonding is included in the contract, this outcome will be avoided. Most successful economic development public/private partnerships are the result of a selection process that includes verification of the technical and financial capability of the private partner.

The private partner also has its partners, stockholders, equity investors, and lenders to satisfy. They must believe that their resources are being deployed effectively. Although many of the developer’s risks are the same as in a straight private deal—sufficient effective market demand, attracting necessary debt and

### FRAMEWORK FOR A RISKS AND REWARDS BALANCE SHEET

Risks		Rewards	
Public	Private	Public	Private
<b>Conflicts of interest, perceived or real</b>	<b>Excessive costs of development, unprofitable</b>	<b>Greater community wealth, tax base, public infrastructure</b>	<b>Resources to sustain organization</b>
<b>Use/misuse of public funds, resources, perceived or real</b>	<b>Time-consuming process required; time is money</b>	<b>Increased taxes, other revenue</b>	<b>Profitability</b>
<b>Controversial impacts on those directly affected:</b> <ul style="list-style-type: none"> <li>• Land use conflicts with adjacent property owners</li> <li>• Dislocation by condemnation</li> <li>• Relocation costs and procedures</li> <li>• Disagreements on fair market value</li> </ul>	<b>Failure to create long-term value</b>	<b>Promote, advance city image</b>	<b>Value, wealth creation</b>
	<b>Accusation of being unfairly enriched at public expense</b>	<b>Job creation</b>	<b>Enhanced reputation, experience to get next project</b>
	<b>Change in key public, political, or staff leadership that derails partnership</b>	<b>Community betterment, enhanced quality of life</b>	<b>Market niche</b>
	<b>Market shortfall, failure</b>	<b>Reelection (elected officials)</b>	<b>Community betterment, enhanced quality of life</b>
	<b>Loss of invested equity</b>	<b>Job retention, advancement (staff)</b>	
<b>Developer fails to perform or goes out of business</b>	<b>Untimely public airing of critical project details, especially financing</b>		
<b>Public opposition, NIMBYism</b>	<b>Liability impacts</b>		
<b>Liability impacts</b>			

equity financing, and so on—certain risks are unique to a public/private partnership. The counterpoint to the public partner’s concerns regarding potential conflicts of interest is the developer’s fear of charges based on ignorance of business terms and conditions that are harmful to its reputation and ability to do future deals, for example, that it is taking unfair advantage and “profiting at public expense.” Perhaps most risky to the private party is the danger of the process taking far longer than anticipated and becoming a “black hole” for unanticipated costs. The fact that “time is money” for the developer is aggravated by the reality that a key public partner can quickly change its position or be voted out of office as a result of bad publicity, leaving the project without a necessary champion before it is fully entitled by public action.

Various types of risk are potentially encountered in public/private partnership projects:

- Market risk: Will the projected demand for space actually be realized?
- Construction risks: Will the project meet the budget and schedule?
- Ownership risks: Will all the risks of owning and operating a development, such as tenant leasing, be overcome?
- Interest-rate risk: Will the interest rate increase?
- Performance risk: Will the project achieve the public purpose for which government justified its participation?

To minimize risk, consultants have created tools for public partners to develop financial and development safeguards that are negotiated and can be included in the development agreement between the public partner and the selected developer.

### **Public/Private Partnership Rewards**

On the reward side, strong, compelling reasons exist for both public and private partners to take the necessary risks and soldier on to build the partnership and implement the project. Most obvious for the public are the net economic and fiscal benefits—jobs, infrastructure, community wealth and tax base, taxes, fees—that can be produced by joint action to overcome obstacles. Less tangible is the message that the city is on the move—it is progressive in advancing the welfare of its residents. Public officials, who are only human, also seek ego gratification and recognition for their good works.

The benefits to the private developer are perhaps the most obvious and readily measured: the deal must be profitable after paying all associated costs of investment of time and resources. However, developers have a reputation to protect

## Columbus Center, Boston

In 2000, public leaders adopted the “Civic Vision for Turnpike Air Rights in Boston” to plan for and promote the development of underused land and air rights parcels over the Massachusetts Turnpike traversing the downtown. Following the plan’s adoption, the developer, Columbus Center Associates, an affiliate of the Winn Development Company, submitted a proposal for the Columbus Center, a 1.3 million-square-foot housing, hotel, and commercial complex in the city’s Back Bay and South End neighborhoods. Given the city’s market conditions, which have made redevelopment costly, and the social environment, which constrains the development of projects that affect existing residents’ quality of life, the public and private sectors involved in the project’s construction engaged in extensive negotiations to minimize financial and legal risks and to maximize benefits such as public revenues and services.

Columbus Center’s development process took place over four years, and the proposal was evaluated according to its financial, physical, and social effects on the community. The city and developer pursued an open development process and were flexible on the final plan and con-



To accommodate the scale and needs of the neighborhoods in Boston, the Columbus Center project was negotiated and designed within an extensive public process.

struction timeline, reducing the risk to all parties. Independent consultants conducted financial feasibility analyses to

determine the economic return on alternative development proposals in terms of design, scale, and areawide effects. To address public concern over the effect of the project, the Boston Redevelopment Authority and Turnpike Authority established the Citizens Advisory Committee, which had the opportunity to review and comment on the development proposals, and hundreds of biweekly meetings were held to discuss the project.

The developer’s final plan for the complex, which includes approximately 200 hotel rooms, 500 residential units, daycare and health club facilities, and commercial and restaurant spaces, reduces the project’s height and scale from the original proposal and includes an added public benefits package of \$40 million, which includes the rehabilitation of the MTA’s transit entrances on the site, the creation of open space or parkland, and the installation of groundwater recharging mechanisms. Furthermore, the city projects that the complex will create significant revenues and services for residents, including approximately \$6 million from new annual real estate, hotel, and sales taxes. According to developer Roger Cassin, the approval process, although lengthy and complex, “has led to a better development for everyone.”

and build if their business is to do other deals and continue to prosper, as well as the nonfinancial returns to ego and self-esteem satisfied by a successful project.

Although the risks and rewards of a particular public/private partnership may be more easily measured in the private sector, the public concerns are no less important, and a disciplined accounting of expected rewards and risks, or benefits and costs, will go a long way in demonstrating to key stakeholders and the general public alike that the deal is worth doing and is being made with all relevant factors in mind—that risks are being carefully defined and considered and steps are being taken to offset or mitigate them. Clearly, the objective of this accounting should be to show that the ultimate outcome of the partnership will be a win-win for the public and private partners as a result of their respective investments and risk taking. Conversely, if an accounting of risks and rewards fails to show such a positive outcome, good reason exists to reconsider the undertaking.

# 5 Establish a Clear and Rational Decision-Making Process

All parties need to articulate and agree upon the process to be followed and the rules of engagement to be used to structure a deal with public and private dimensions as early as possible. Agreement on process helps ensure that partnerships establish effective policies and implement them efficiently and collaboratively. Furthermore, a documented decision-making process increases transparency and facilitates the sharing of information about the project.

*Create a road map:* At the beginning of the partnership, after a developer has been selected, entities must define the process by which decisions are made, implemented, and reassessed. The most important step is creating a road map for decision making, with a timeline to schedule project implementation. The road map should delineate a plan of action that is maintained throughout the process, particularly during the implementation of entitlements, deal terms, financing, design and planning, and the environmental review phase. The road map formalizes joint action and party commitments to the project, consequently promoting the sharing of information, such as studies and plans, and resulting in more rational decision making. Furthermore, by establishing milestones and deadlines, the partners can assess the project's implementation status and each party's activities.

*Define roles and responsibilities:* Entities within the partnership should also define the relationships for engagement and the various actors' roles in the implementation of the project. In many cases, the public partner defines the expectations for private partners, particularly in terms of their role and capacities. If the proposals are clear and accurate, they provide a strong framework by which actors can jointly implement a public/private partnership. One tool many partnerships have used is the memorandum of understanding, which documents (in a succinct and summary fashion) decision-making processes and relationships between partners.

Project roles and responsibilities should also be assigned to entity representatives. Project leaders and "go to" people should be targeted to handle specific tasks. To clarify expectations and ensure accountability, partnerships should adopt documentation measures, such as performance standards and clear metrics, for each position. To ensure collaborative decision making, dispute resolution mechanisms should also be incorporated into a contract.



*"We made a miscalculation, but it's consistent with our over-all strategy."*

## Construct a framework in which to coordinate decision making

### Connecting Cleveland

The city of Cleveland's river and lakefront resources have long been considered integral catalysts for new development in the region, and a new partnership is working to target financial and political resources to these areas. The public, nonprofit, and business communities have collaborated to establish a comprehensive redevelopment framework for Cleveland's waterfront district to coordinate investment efforts and community development objectives.

The Waterfront Initiative, which is part of the larger planning process "Connecting Cleveland 2020," integrates transportation and land use objectives in the area and establishes steps to implement the goals. The initiative established districtwide planning objectives, including enhancing the lakefront neighborhoods, the area's natural resources, and the built environment and attracting people and jobs to the city. The plan set out a road map delineating the timeline for project implementation and structuring redevelopment into phases to build in flexibility for shifting needs and demands. The framework created provides a baseline for evaluating projects accord-

CLEVELAND CITY PLANNING COMMISSION



ing to their fulfillment of the plan's objectives and strategies.

The five partners of the waterfront redevelopment include the city; the Port Authority; the Ohio Department of Transportation; the business community, represented by the regional chamber of commerce—the Greater Cleveland Partnership; and the neighborhoods, represented by the nonprofit association Cleveland Neighborhood Development Corporation. Their relationship was formalized through a memorandum of understanding that identified each partner's roles and established consensus on the redevelopment framework principles and strategies. The partners have provided support for the framework's implementation, hiring consultants to create land use plans for the district and initiat-

Central to the goals for a revitalized Cleveland, a partnership has facilitated the creation of new housing and civic spaces downtown.

ing the extensive public process to obtain input on visioning goals and final projects.

The mutuality of the partners' objectives for the area and the comprehensive approach of the planning framework for the eight miles of city waterfront property have led to significant improvements and more will continue to emerge in the area. Thus far, developed and online projects include additional housing, development over former brownfields, parks, and roadway improvements to increase the accessibility of the waterfront to nearby neighbors and the city's downtown.

A widely supported and collaborative process can be achieved through the inclusion of mechanisms to ensure sufficient and appropriate involvement of stakeholders, such as task force committees, involving input from many actors, and the use of facilitators and intermediaries to build bridges between "cultures." The formalization of the public's role in the process also reduces the likelihood of insurmountable opposition to the partnership and its project.

*Create checks and balances:* Finally, partnerships must create and use mechanisms to allow continuous assessment of the effectiveness of decisions and implementation procedures. To resolve constraints, such as funding source requirements and bottlenecks in the process, partners must have the opportunity to modify the process. Furthermore, to incorporate new information and reassessed goals into the process, parties must allow for incremental "baby step" decision making. To overcome changing conditions, time frames, and conflicts, the process must be inherently flexible.

# 6 Make Sure All Parties Do Their Homework

**F**or any public/private partnership to be successful, all parties must do their homework—at the onset as well as throughout the project. The partners need to understand that they will have to invest time, energy, and resources at all phases of the project.

*Continue due diligence:* Although due diligence is part of the preparatory stage of a project, all partners must continue to understand all the issues—technical, social, and financial—of a project. By “doing their homework,” the partners maintain an understanding of the technical aspects of the project and can anticipate change. In other words—don’t drop out of the process and do stay invested. Public/private partnership projects will fail when both sides do not continue to invest the resources needed to keep the project going.

*Share information:* The development process can be complicated and involves many moving parts. Clearing title for the land, environmental planning and permitting, meeting local land use codes and requirements, proper design and site planning, and complying with design standards and guidelines are just a few of the many details that need to be attended to when completing a project. All the parties need to know the status of each phase and aspect of development. All consultant work needs to be shared—and shared early. Information needs to be presented in a clear and transparent format so that everyone knows what is happening at all phases.

*Adopt scenario planning:* Doing your homework also includes understanding your partners’ limitations. For example, if part of the deal depends on long-term public investment, having a

backup plan may be important in the event that the funding falls through because of budget cuts, changes in administrations, or emergencies.

*Pursue creative public/private finance plans:* One of the great qualities of the public/private partnership approach to development is the tremendous creativity available to solve financial and development problems. The public partner, its public/private finance and development adviser, and the selected private partner must structure the financing plan for each of the public and private building components; the plan often includes some combination of the following eight elements:

1. Multiple sources of public and private financing from the primary and secondary public and private partners or other related entities, such as county, state, and applicable federal agencies; local Business Improvement District (BID); and other public entities. Potential secondary private partners include construction companies and facility operators.



ACP VISIONING AND PLANNING

**Collaboration to redevelop downtown Fort Wayne has succeeded in part due to the consistent flow of information, which helps to create consensus and assure partners and stakeholders that goals are being achieved.**

## Downtown Fort Wayne: Blueprint for the Future

Seeking to bring development to the region and to reestablish the vibrancy of the city in a modest market environment, public leaders of Fort Wayne, Indiana—the second-largest city in the state, with close to a quarter-million residents, have created a planning process to support, coordinate, and institutionalize revitalization efforts within the city’s downtown. The process aims at addressing the current deconcentration of growth from the city’s historically compact and once-thriving central city to the metropolitan area outskirts.

In 2001, to incrementally and comprehensively effect downtown revitalization, the Fort Wayne Downtown Improvement District, city and county officials, and private consultants Development Concepts initiated a planning and implementation process that was formalized a year later with the adoption of the “Downtown Fort Wayne Blueprint for the Future.” The blueprint sets a five-year action plan with mechanisms that promote the sharing of information, decisions, and resources between public and private redevelopment activities. Redevelopment projects are monitored by a Blueprint Implementation Team, which meets once a month with project leaders

to discuss the status of activities. This communication mechanism creates the synergy needed to coordinate multiple projects with common goals and provides incentives for partners to stay involved. The blueprint also outlines priority projects, many of which have been already completed, to catalyze redevelopment, such as adoption of urban design guidelines, execution of market feasibility studies, and appropriation of public investments for infrastructure projects and wayfinding systems. Priorities have also been established through community workshops that allow public input into, and the communication of information about, downtown development alternatives.

The Downtown Coordinating Council, which was formed through a memorandum of understanding in 2003 and consists of local

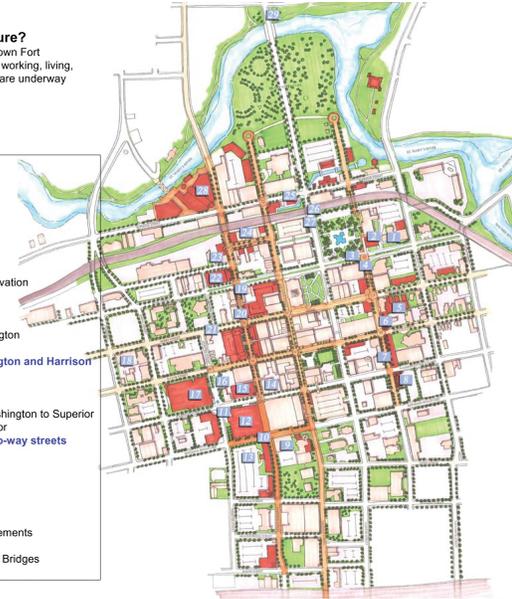
civic, governmental, and business leaders, provides overarching leadership for implementing the blueprint. The council’s responsibility is maintaining support for redevelopment efforts, for example, by identifying and advocating for financial resources to support revitalization projects and by ensuring that the blueprint’s goals are achieved. The role of the council, according to Fort Wayne Mayor Graham Richard, is to “ensure that the work gets done and that the Downtown Blueprint will not sit on a shelf and gather dust, but will guide the future of downtown development.”

### What will Downtown look like in the future?

This illustrative map provides a glimpse of how Downtown Fort Wayne can be transformed into an exciting place for working, living, and playing. Projects that have been accomplished or are underway are shown in blue.

CITY OF FORT WAYNE REDEVELOPMENT COMMISSION

1. Art Museum Expansion
2. New Arts Plaza
3. Main Street Median Project
4. Intersection Improvements-Barr/Main Street
5. Heritage Square Strategy
6. Marketplace Development
7. Phased Streetscape Improvements
8. New Clink Inter-modal Transit Facility
9. Embassy Theatre Streetscape / Indiana Hotel Renovation
10. Study Reduced Width of Jefferson/Washington
11. Grand Wayne Center Streetscape
12. Grand Wayne Center Expansion
13. Hotel/Mixed Use S/W Corner of Harrison and Washington
14. Maximize Use of Bonsib Building
15. Mixed Use/Parking Garage NW Corner of Washington and Harrison
16. New Webster Street Plaza
17. Library Expansion
18. Scottish Rite Center Renovation
19. Phased Streetscape/Angled Parking on Harrison Washington to Superior
20. Harrison Street Infill Development – Wayne to Superior
21. Traffic Circulation Improvements – one-way to two-way streets Berry/Wayne/Calhoun
22. New Mixed Use Infill
23. Maximize Use of Bonar Bldg
24. Landing Streetscape Improvements
25. Canal Area Feasibility Study
26. Rail Overpass Gateway Enhancements
27. Clinton Street Traffic Calming and Pedestrian Improvements
28. Harrison Street Anchor Development at River
29. Lighting/Enhanced Walkways – Clinton and Lafayette Bridges



2. Public/private financing instruments, such as revenue bonds, general obligation bonds, and soft second mortgages.
3. Long-term lease obligations by the public partner.
4. Government-owned land.
5. Credit enhancement, bond insurance, or both.
6. Development, investment, and operational incentives from different levels of government.
7. Techniques to reduce development costs; for example, the public sector can reduce the parking ratio required by the private partner.
8. Techniques to enhance cash flow, such as tax abatements, surcharges, and lease naming rights.

# Secure Consistent and Coordinated Leadership

**A**ny public/private partnership deal needs a champion, whether it is an individual or a small group. Why? To define clear goals; to build broad constituencies; to bring the right parties around the table; to coordinate process; to bridge private project management with political leadership; to provide stakeholders who are not financially involved but have an interest in, and expectations about, a project, with a forum to express their views; and to keep everyone on point and not let a project languish.

Leadership creates positive change. It makes a visible difference. It has to do with creating a vision, motivating others to support it, and implementing it. Therefore, leaders must be committed to realizing the final goals. The leadership paradigm has changed considerably in the last 20 or 30 years, from a top-down command-and-obey pyramid to something more flattened out, more democratized. A good leader is a facilitator, a coach, an orchestra leader, an enabler. He or she brings people around the table and helps them move in a given direction. In a sense, the sign on a leader's desk reads "the buck starts here," not "the buck stops here." Such a person takes the initiative and does not wait for some-



LCOR, INCORPORATED

## Create positive change through leadership

one else to do it, and then follows through, tirelessly, patiently, painstakingly, to see the project to completion.

Leadership has to be sustained. Successful leadership persists. It does not grow weary in the middle of a project. It keeps all the parties at the table, coordinating their efforts. Many political leaders have a short lease on life—two years, four years, two terms, maybe longer—and often their successors have other ideas and undo what has been started. So, transcending administrations and political change by maximizing opportunities for putting a deal together with one set of public officials makes good sense, as does passing the baton to new leadership in both the public and private sectors, that is, to people who have the same commitment and goals. Just handing off a project will not work.

A decade ago, Max DePree, the well-known chairman of Herman Miller, Inc., came up with a checklist of leadership attributes for the book *Leadership in a New Era* (John Renesch, ed. San Francisco: New Leaders Press, 1994) that are significant to the successful realization of public/private partnerships. They are:

- **Integrity** (“Behavior is the only score that’s kept!”)
- **Vulnerability** (Trust in the abilities of others, letting them do their best.)
- **Discernment** (What kind of antennae do you have? Can you detect nuance and perceive changing realities?)
- **Awareness of the human spirit** (“Person skills always precede professional skills.”)
- **Courage** (Face up to tough decisions, resolve conflicts, define and carry out justice, and say what needs to be said.)



Direct involvement of political leaders and management staff effectively facilitated the redevelopment of the JFK Terminal 4 Gateway.

## JFK Terminal 4 Redevelopment, New York

Upon completion of the redevelopment of JFK's Terminal 4 in 2001, the project was the largest public/private infrastructure venture in the nation. The success of the project demonstrates the significance of leadership in the management of public/private partnerships and the realization of a broad array of objectives. The project, which cost \$1.4 billion, serves as a catalyst for a comprehensive \$10 billion airport revitalization program and supports economic development efforts in the region.

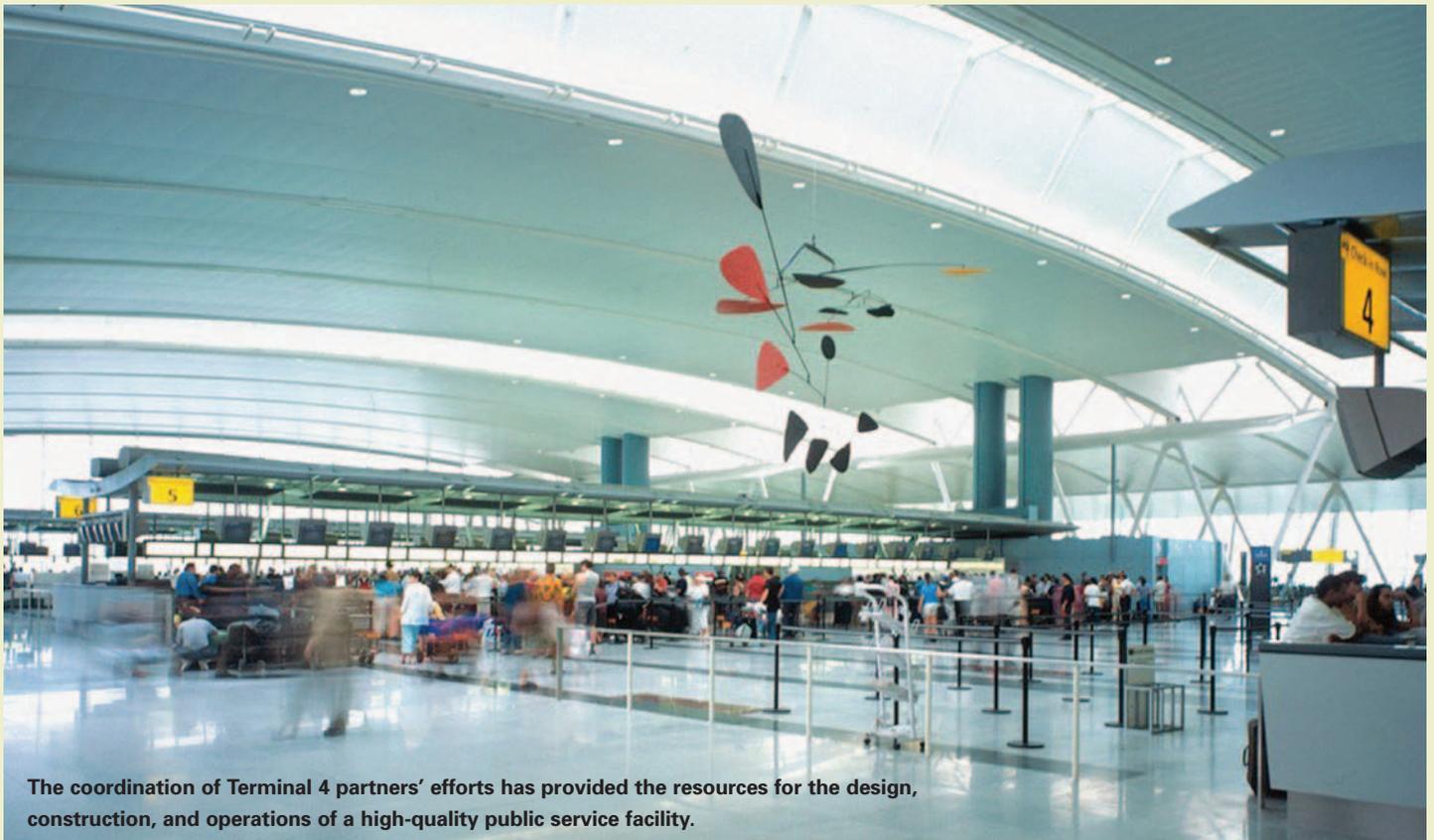
The terminal's redevelopment into a 1.5 million-square-foot, 16-gate terminal with a four-block retail concourse was administered by the JFK International Air Terminal LLC Consortium (JFK IAT). The consortium, which was formed to manage the existing

terminal and to develop plans for its revitalization, is composed of LCOR Incorporated, a national real estate developer; Schipol USA, LLC, an affiliate of Schipol Group, the airport developer and manager; and Lehman Brothers, Inc., the investment bank partners. In 1997, the consortium submitted a terminal redevelopment proposal to the Port Authority of New Jersey and New York and, following 11 months of negotiations, the agreement, lease, and financial structure were finalized and more than \$900 million in bonds were issued for the project.

The leadership structure and dynamics between the consortium, public agencies, contractors, and the public provided a framework to coordinate the demands of such a complex project. The JFK IAT provided an institutionalized structure in which communication, decisions, and activities were coordinated between JFK IAT's full-

time staff, senior project managers such as executive project directors, and public officials. Furthermore, Governor Pataki's leadership provided major support for the terminal's joint redevelopment and a consistent message about the benefits of the project.

Overall, the project's efficient leadership permitted coordination of private and public resources. As Claire Shulman, Queens Borough president, stated at the terminal's completion: "Today's opening marks the culmination of an endeavor by the public and private sectors to provide air travelers with an efficient, modern, and 21st-century facility, welcoming millions of passengers from around the world to the greatest city in the world. It is also an investment in the future of JFK and Queens County, Gateway to New York City. I thank Governor Pataki, the private developers, the Port Authority, and all those who helped make Terminal 4 a reality."



The coordination of Terminal 4 partners' efforts has provided the resources for the design, construction, and operations of a high-quality public service facility.

- **Compassionate sense of humor** (It is “essential to living with ambiguity.”)
- **Intellectual energy and curiosity** (Accept “the responsibility for learning frantically.”)
- **Respect for the future, regard for the present, understanding of the past** (“The future requires our humility in the face of all we cannot control. The present requires attention to all the people to whom we are accountable. The past gives us the opportunity to build on the work of our elders.”)
- **Predictability** (Leaders “are not free to follow a whim”; they are “especially responsible for the vision and values of an organization.”)
- **Breadth** (“Leaders are people large enough to contain multitudes.”)
- **Comfort with ambiguity** (A leader makes sense out of chaos.)
- **Presence** (“Leaders stop—to ask and answer questions, to be patient, to listen to problems, to seek the nuance, to follow up a lead.”)

In short, “Leaders stand alone, take the heat, bear the pain, tell the truth.”

# 8

## Communicate Early and Often

**T**he more open the communication channels and the more they are used by each partner, the greater the prospects for a successful project outcome and lasting public/private partnership. Regular communication within the partnership assists in the recognition of joint interests and ensures a more efficient decision-making and implementation process.

*Internal communication:* Communication is essential to the internal dynamics of a complex partnership structure, allowing distribution of information and implementation of compatible efforts. Initially, the partners should communicate overarching project objectives, such as downtown revitalization or increased real estate values, to find common ground within the partnership. After obtaining consensus on project goals, partners should discuss and agree on strategies to reach those objectives. Communication is essential to the public/private partnership process for many reasons, including ensuring a

more efficient decision-making process by facilitating the exchange of information, ideas, and needs and creating opportunities for public involvement.

*External communication:* Consistent communication with a broad array of actors external to the partnership is integral to ensure widespread support and diverse perspectives within the process. Partners should reach out, listen, and respond to stakeholders and the community, elected and appointed officials, the media, and investors. The partnership should



PETERSON COMPANIES

Vibrant new office, commercial, civic, and housing spaces have contributed to the revitalization of Silver Spring's city center.

develop a clear and concise concept of the project that can be communicated in a consistent, cohesive voice to these actors.

The designation of a project spokesperson from the public and private side can help deliver a consistent message about the partnership and its objectives. Leaders can also shepherd the project through the development process by acting as negotiator in securing political and financial support. Finally, the most

Communicate regularly with partners about goals, decisions, and activities

## Silver Spring, Maryland, Downtown Redevelopment

Communication among public/private partnership entities was crucial to the successful redevelopment of downtown Silver Spring, an inner-ring suburb outside Washington, D.C. Communication provided the link among the three groups involved in the redevelopment plans—the public partner, real estate developers, and nongovernmental actors.

Spearheaded by public investments and plans to spur private development, the county created a comprehensive urban renewal plan and sought a long-term partner to initiate redevelopment. Ten years later, the county's partnership with the Foulger-Pratt and Peterson development companies has resulted in the successful creation of the Downtown Silver Spring Revitalization project. This project redeveloped the city's commercial core through construction and rehabilitation of the existing spaces into a mix of office, retail, housing, and civic uses and has proven to be successful in the market as the suburb again becomes a destination area in the region.

The partnership's comprehensive approach to communication resulted in the creation

of an effective relationship and widespread benefits. Notable features of the partnership's effective communication efforts include the use of Montgomery County's Silver Spring Regional Services Center as a liaison between the partners and a primary point of contact representing the public sector to coordinate negotiations and project implementation. The leadership of Montgomery County Executive Doug Duncan was integral in communicating redevelopment goals and generating the political and financial support to implement the project. Furthermore, the partnership established regular communication with nongovernmental organizations, particularly civic associations, and established a Citizen Advisory Task Force, thus creating an opportunity for input and involvement in the process and generating project support from existing neighborhoods and local businesses.



PETERSON COMPANIES

The revitalization of the downtown of Silver Spring, Maryland, a suburb of Washington, D.C., emerged from ongoing communication between public and private partners.

The significant energy and resources devoted to communication among the partners and other actors enhanced the bonds between the private and public partners, as articulated by developer Bryant Foulger: "We have a deep and long-term commitment to this community and county. The future strength of our county depends on a vibrant town center in Silver Spring."

informed actors, the principals, should be directly involved in communicating partnership objectives.

A transparent process, achieved through open communication, information-sharing, and participation in the decision process, increases the potential for broad support for public/private partnership projects, particularly from nonstakeholders. Community outreach should include public involvement or notification of the project's planning, design, and construction stages through ongoing meetings and news updates. Sharing information with the public, however, must be timed to occur strategically in order to protect the deal from market overvaluation; for example, a partnership's disclosure of intent to purchase property may affect land prices as well as the outcome of the overall project.

# 9 Negotiate a Fair Deal Structure

**“F**airness” is a value subject to judgment by both sides in any negotiation. Legal documentation provides evidence of the terms that all parties agreed to at closing, but fairness is often determined by subsequent changes in fact. Because we cannot anticipate all future changes, fairness will often remain an elusive goal.

## What Is “Fair”?

Fairness in negotiating a deal structure means that all parties are reasonably satisfied, at the point of closing, that they will receive the outcomes that were important enough to include in the transaction documentation. In public/private partnerships, it is widely acceptable that the private side, in exchange for taking significant financial risk, will accrue proportionate future financial returns. The public side, in return for providing the infrastructure, entitlements, or other public resources that allow the private activity to advance, will receive sufficient tangible and intangible public benefits—such as improved public infrastructure; increased property, employment, or sales tax base; provision of needed services; clearing of blight; and nontax income and tax revenue generated by the project—that justify the required investment.

Tax increment financing over the last 30 years has facilitated the development and renovation of Portland’s downtown.



## Make the deal a win-win for all parties

### South Waterfront Central District Project, Portland, Oregon

Public/private partnership projects are currently serving as catalysts for urban renewal in Portland's downtown waterfront area. In August 2003, the Portland Development Commission entered into a development agreement creating a partnership to transform the 31-acre South Waterfront Central District from an underused riverfront industrial area to a vibrant, sustainable,

mixed-use central city neighborhood. Partners in the agreement include the city, Oregon Health and Science University, and local investors and developers. Their objectives include the construction of affordable and market-rate housing, leasable university research space, open space and public greenways, and transit facilities to link the district with the downtown.

The development agreement structured the project in three phases to generate momentum through TIF funding and early private investments; establish contingencies for public and private commitments by

requiring their fulfillment based upon the satisfaction of certain obligations within an established timeframe; ensure responsiveness to real world and market conditions; and secure risk management for all parties by minimizing financial exposure and establishing remedies for noncompliance.

Furthermore, the agreement established a funding plan specifying the sources, responsibilities, and time frames for financing the \$1.9 billion project. The agreement established the city's share of financial responsibility at approximately 50 percent of the total cost, 30 percent for the private sector and the university, and 23 percent from federal and state sources. During the agreement negotiations, the partners projected that three-quarters of the phase one project benefits will be spread to the whole district, while the project area will receive the balance of the financial benefits.



Portland's waterfront revitalization will connect the downtown with the rest of the city through the development of a proposed mixed-use residential neighborhood with civic spaces, a renovated plaza, and a new waterfront park.

### Getting to "Fair"

Negotiating a fair deal structure does not begin at the point attorneys begin documenting the transaction. It is a cumulative process that begins with some of the principles previously outlined. By the time the transaction is documented, a clear understanding of the deal structure should already be in place. Both parties should have already done their homework and evaluated their respective risks and returns. All parties critical to the transaction should already be informed of the evolution of facts as the deal proceeds to closing. Above all, mutual trust established over time will go a long way in bridging difficult negotiating issues as they invariably arise.



CARTER

Some general rules to follow in achieving a fair deal structure include the following:

- Principals should spend sufficient time preparing or reviewing a detailed term sheet. The term sheet should be circulated and agreed to by all parties before documentation begins. A well-thought-out term sheet will assist in surfacing issues that need to be discussed, and it allows legal counsel to reasonably determine the intent of the parties.
- Do not let legal counsel or the documentation process drive the outcome. Only the principals retain the shared vision, understand the risks they are willing to take, and generally are able to keep the transaction on track when the inevitable unforeseen conditions arise. Transactions fail because the principals either ignore or abdicate their responsibility for supervising the negotiation.
- When possible, build in objective measures of the expected outcomes that can be used to determine the ultimate fairness of the transaction. For example, asking the private partner to spell out the expected time frames of future development and the consequences if conditions change significantly is reasonable. The same is true for public partner commitments.



Transit-oriented development is emerging at Atlanta's Medical Center rail station through land leased by MARTA to St. Joseph's Hospital for the construction of two new medical facilities.

- Both sides need to hire competent legal and technical counsel. If you are negotiating the terms of a tax increment financing, for example, you need counsel experienced with transactions subject to your particular state statute.
- Allow sufficient time for final negotiations and documentation. If you are faced with an immovable deadline, forced compromises may result in lasting resentment by one or both parties. On the other hand, too much time can also result in an unsatisfactory outcome and will usually mean larger legal bills.
- Understand the long-term nature of the partnership. The public sector is not going away anytime soon, and private developers, even those with short- to intermediate-term investment horizons, are still creating assets in the built environment that should last for generations. The difference in time horizons may require compromise.
- Understand that compromise is a necessary requirement for achieving a fair transaction. It is not a sign of weakness. Principals are the only parties that can keep the ultimate objectives in mind and know when compromise is appropriate.

# 10

## Build Trust as a Core Value

**T**rust is one of the overarching values to be realized from the beginning and throughout the public/private partnership process. To endure, partnerships require a foundation of trust in each partner's commitment to the project and its objectives. Given the complex public/private partnership process and structure, trust is required between the multiple actors and entities to enable shared decision making and taking of financial risks. Partners must also ensure that other stakeholders, such as financial investors, as well as the public are dedicated to and trust the project and the partnership.

### Building Trust

Trust is tangible and can be earned through work and commitment to the project. Building trust incrementally through small efforts within the partnership creates a record of small successes that support bigger strides. In other words, success breeds confidence, and confidence breeds trust.

Parties begin to build trust in each other's interests, capacity, and diligence toward the project during the selection process. Many approaches exist for selecting appropriate private partners that provide opportunities to verify their qualifications. The Request for Qualifications (RFQ) is

submitted by the public partner to evaluate references, track records, and resource capacity. The RFQ provides the public sector with the ability to choose a partner in which it can trust and also helps narrow the list of competitors, particularly if the public partner chooses to invite development proposals by issuing a Request for Proposals (RFP).

### Maintaining Trust

After partner selection, trust is reinforced through each partner's realization of expected responsibilities. Reasonable performance schedules for deliverables help document the commitments of parties and ensure consistency in the implementation of the project.

Partners can communicate more effectively by building personal relationships with each other. Formal and informal forms of communication between entities create opportunities to build a more open and trusting relationship. Parties must act honestly and in good faith and work under the assumption that the other partners are doing the same. The practice of reciprocity also increases the co-



THE WELLINGTON NEIGHBORHOOD

**A strong relationship between public and private partners in Breckenridge led to the development of the Wellington Neighborhood with its sense of place and affordable housing units.**

## Choose partners who are trustworthy

### The Wellington Neighborhood, Breckenridge, Colorado

Increasingly, resort communities with hot housing markets have partnered with private developers to create affordable housing for local employees. One successful example, the Wellington Neighborhood, designed as a traditional neighborhood development and located one mile from downtown Breckenridge, Colorado, demonstrates the necessity of trust between public and private partners and stakeholders to create dense, below-rate housing in a predominantly luxury-home community.

Trust emerged between the private partners and the public members and their representatives through fulfillment of agreed-upon project objectives, including affordable housing, open space preservation, community development, and alternative transportation opportunities. Currently, 80 percent of the 122 housing units in the 85-acre development are deed-restricted affordable for low- and middle-income local workers and range in housing types from single, detached units to two-unit residences. Twenty acres in the neighborhood have been permanently preserved as open space in the form of “community

THE WELLINGTON NEIGHBORHOOD



A Wellington Neighborhood festival.

greens,” and the grid-based neighborhood design and community spaces promote pedestrian mobility and public gatherings. Future neighborhood improvements are projected to include commercial and office space as well as a transit center allowing residents to travel to the city’s downtown and service and recreation areas by a local shuttle bus.

Trust has been sustained throughout the four-year development process by the cooperative nature of the partnership between the local developer and public authorities and their honest and transparent communication. Addressing the considerable environmental damage caused by historic mining required the assistance of the U.S. Environmental Protection Agency,

the Colorado Department of Public Health and Environment, the developer—Poplarhouse LLC, and a design team from the nearby city of Boulder. To increase the feasibility of constructing affordable housing, the public sector implemented regulatory incentives, such as impact fee waivers, and adopted deed restrictions on the purchase of the neighborhood units that require owners to work a minimum number of hours per week in Summit County and place a cap on the amount of appreciation

per year to maintain units’ affordability. An extensive public involvement process was used to obtain community support to authorize rezoning the site for higher-density development. The partners’ commitments to mutual objectives and reciprocal deeds have resulted in the creation of an all-season community with benefits to the larger region. Although many intangibles contributed to the success of the Wellington Neighborhood, according to developer David O’Neil, “trust was important because there were no upfront guarantees. Trust allowed each party to take a risk that they would not otherwise have taken. Without trust, the parties would not have taken the risk and nothing would have happened.”

operative nature of the partnership. Finally, to overcome misperceptions and differences impeding the emergence of trust, partners should work to understand the perspective and needs of actors involved in the process.

Building trust with other stakeholders and the public requires a high degree of transparency and the realization of promised objectives. Although parties may feel compelled to overpromise to secure support, good faith and reliability may be tarnished by lack of follow-through.

Overall, partners must understand that people rely upon trust to protect their interests. By pursuing mutual goals, trust can emerge among partners if the process includes mechanisms to encourage honest communication and dedication to the project. Because change is likely and reinvention becomes necessary, trust underlies the partnership’s ability to stray from the prescribed path and yet continue to collaborate to realize mutual project objectives.

# Conclusion: The Future of Public/Private Partnerships

**M**any of the nation's major developments are so complex that neither a private developer nor a public entity alone can finance, design, develop, construct, and operate them. Structuring genuine public/private partnerships can substantially enhance the ability to implement these projects. The key to success is to structure a genuine partnership based on mutual respect, understanding, and strong leadership. Also important is a fair and reasonable sharing of costs, risks, responsibilities, and economic return.

The story of the renovation and restoration of the U.S. Customs House and Post Office in St. Louis, Missouri, commonly known as the Old Post Office (OPO), illustrates the main principles of public/private partnerships. It includes all four partners—"the four legs of the stool"—for-profit private sector, nonprofit independent sector, public sector, and stakeholders (Principle 3). Also, it displays the kind of vision, perseverance, and trust among partners that is essential for success (Principles 2, 7, and 10).

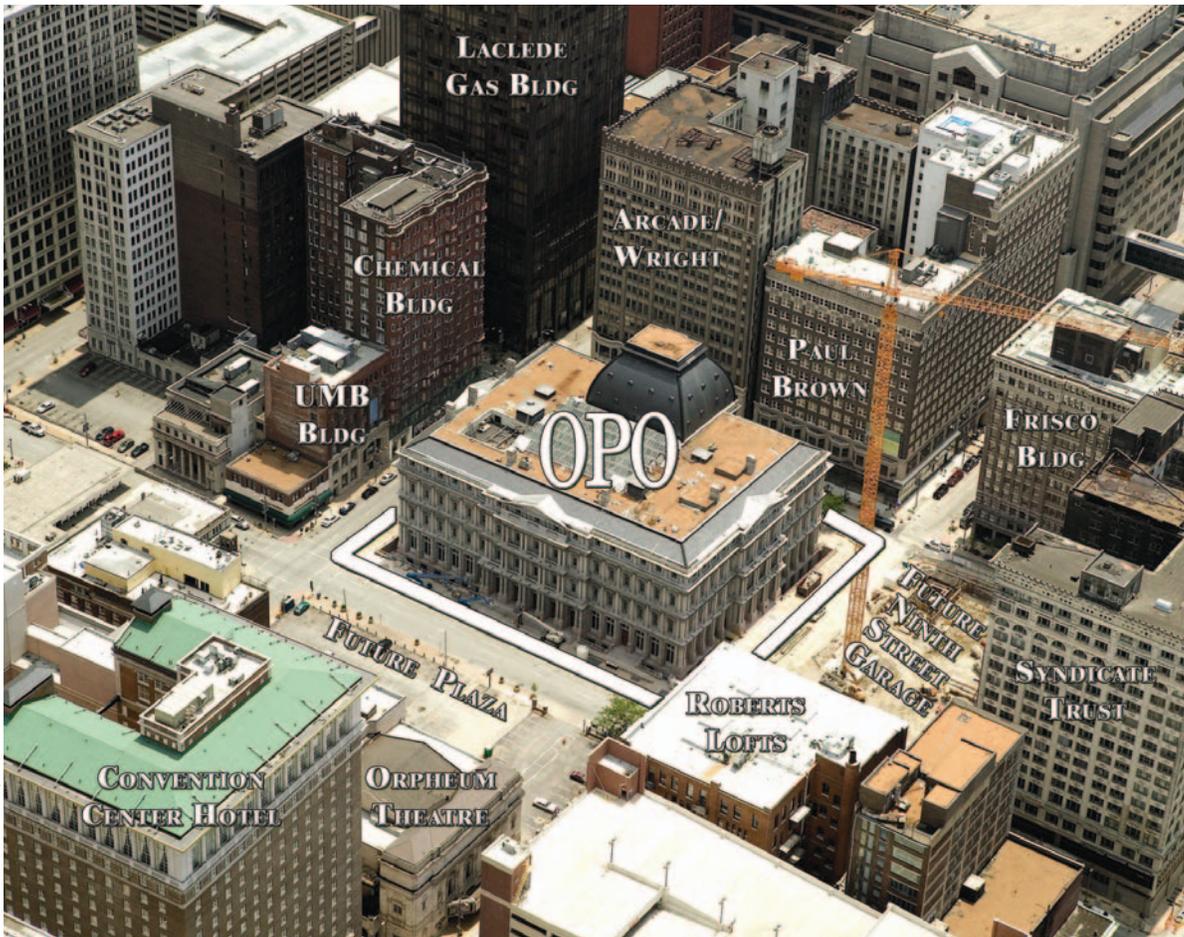
## Partnership Financial Contributions to the Old Post Office Redevelopment

Sources of Funds	Old Post Office	Ninth Street Garage	TOTAL
<b>Corporate Contributions to Missouri Development Finance Board (MDFB)*</b>			
MDFB provided Second Mortgage Loan to the project	\$12,356,800		
MDFB utilized as equity for construction of the garage		\$15,793,200	
<b>TOTAL CORPORATE CONTRIBUTIONS</b>	<b>12,356,800</b>	<b>15,793,200</b>	<b>\$28,150,000</b>
<b>First Mortgage Debt</b>			
Enterprise Social Investment Corporation Community Development Entity utilizing New Markets Tax Credits	8,200,000		8,200,000
Bond financing credit-enhanced by Bank of America		16,500,000	16,500,000
MDFB Equity		500,000	500,000
Federal grant (administered by HUD) for public improvements (sidewalks, street lights, etc.)"	1,479,500	1,479,500	
General partner equity	15,000		15,000
Limited Partner federal historic tax credit equity **	7,488,600		7,488,600
State historic tax credit equity **	7,929,000		7,929,000
Limited Partner new markets tax credit equity **	7,471,100		7,471,100
<b>TOTAL SOURCES</b>	<b>\$44,940,000</b>	<b>\$32,793,200</b>	<b>\$77,733,200</b>

\* Contributors received 50% State Contribution Tax Credits.

\*\* Subject to adjustment at cost certification. Limited Partners are two CDEs (National Trust/US Bank and Bank of America affiliated entities).

Source: The DESCO Group, Inc. (October 2004).



THE DESCO GROUP, INC.

Tax credits and public grants funded the preservation, renovation, and reuse of the Old Post Office, thus supporting the revitalization of the rest of St. Louis's CBD.

Designed in the Second Empire style and patterned after the Louvre in Paris, this 125-year-old building containing 242,000 gross square feet located in the heart of the St. Louis Central Business District is ranked sixth in historical significance and seventh in architectural significance by the U.S. General Services Administration (GSA) in its inventory of more than 2,200 buildings.

GSA announced its intent to vacate the building in 1997, adding to the already 1.8 million vacant square feet in the OPO District, thus beginning a process that took seven years to arrive at construction. In October 2004, GSA transferred fee title of the OPO to the Missouri Development Finance Board (MDFB). The \$77 million redevelopment of the OPO and the demolition of an adjacent building to make way for a new parking structure were financed by assembling various public, private, and civic sources (Principles 4, 6, and 9).

Numerous public hearings were held (Principle 8) at the federal, state, and local levels. Input was sought from various federal, state, and local government agen-

cies (including GSA, the Advisory Council on Historic Preservation, the National Park Service, the State Historic Preservation Office, the Missouri Department of Natural Resources, the MDFB, and the city of St. Louis). Concerned not-for-profit groups (including the National Trust for Historic Preservation) were also consulted (Principles 1, 5, and 10).

Webster University; the Missouri Court of Appeals; Eastern District; the St. Louis Public Library; the St. Louis Business Journal; and the Pasta House full-service restaurant will occupy the building, which is nearly 70 percent leased. As a result of this project, ten surrounding buildings (seven of which were previously vacant, deteriorated historic buildings) either have been renovated or are in various stages of redevelopment. It is pleasant to contemplate that the entire Old Post Office District in the heart of downtown St. Louis will be thriving once again as a result of this project.

The long-term and widespread benefits of this project demonstrate the future potential for public/private partnerships to redevelop and establish vibrant communities. After nearly 25 years, there are hundreds, maybe thousands, of examples of successful public/private collaborations. The successful projects demonstrate joint planning, mutual trust, persevering leadership, open communication, and a reasonable sharing of costs, risks, responsibilities, and economic return. Now is the time to continue to refine this approach to real estate development and use public/private partnerships to complete complex projects successfully.

# Ten Principles for Successful Public/Private Partnerships

Mary Beth Corrigan, Jack Hambene,  
William Hudnut III, Rachele L. Levitt,  
Richard Ward, Nicole Witenstein

Combining strengths and resources, the public and private sectors are working together to achieve common goals. By partnering and sharing the risks and rewards, they are able to revitalize urban and suburban communities by developing projects—such as mixed-use communities, affordable housing, convention centers, and airports—that might otherwise have been impossible to develop using more traditional methods.

This publication presents principles to help community leaders and public officials together with private investors and developers navigate the public/private development process and get the job done, whether it is a single project or a long-term plan. Examples and case studies highlight best practices from partnerships around the country and describe how they were used to make cities more livable and sustainable, while meeting the financial goals of the developer.

## You Will Learn to:

Lay the groundwork for a successful joint venture.

Develop a shared vision and strategies for implementation.

Understand the role of each player and the potential risks and rewards for each.

Identify leaders and establish a process for making decisions.

Create tools for gaining commitment throughout the project.

Establish ways for all parties in the partnership to communicate.

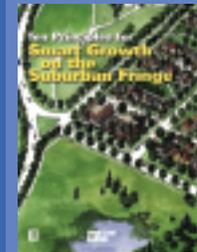
Negotiate a fair deal that meets the needs of each partner.

Build and maintain trust.

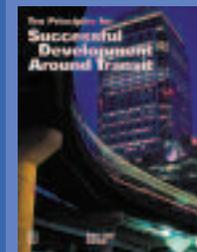


Give a copy of this publication to others. Buy a packet of ten booklets for just \$19.95! Call 800-321-5011 to order, or order online at [www.uli.org/bookstore](http://www.uli.org/bookstore).

## More Ten Principles Titles from the Urban Land Institute



*Ten Principles for Smart Growth on the Suburban Fringe*



*Ten Principles for Successful Development Around Transit*



*Ten Principles for Rebuilding Neighborhood Retail*



*Ten Principles for Reinventing America's Suburban Business Districts*



*Ten Principles for Reinventing America's Suburban Strips*



### ULI—the Urban Land Institute

1025 Thomas Jefferson Street, N.W.  
Suite 500 West  
Washington, D.C. 20007-5201  
[www.uli.org](http://www.uli.org)

ULI Order #T26

ISBN 0-87420-947-1