Anderson, CA:
Planning for Economic and Fiscal Health Report and Suggested Next Steps
Building Blocks for Sustainable Communities Program

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Introduction

Pursuant to our technical assistance award with the City of Anderson, this Memorandum constitutes Smart Growth America’s final report summarizing the workshop on Planning for Fiscal and Economic Health and suggesting possible next steps the city could take to craft a vision for Anderson’s future development.

Representatives from Smart Growth America (SGA) met with local leaders and residents of Anderson on October 14 and 15, 2014 to provide assistance under the Planning for Fiscal and Economic Health tool, supported by a grant from the U.S. EPA’s Building Blocks for Sustainable Communities program.

The first day of the workshop featured a presentation open to the public that provided an overview of the fiscal and economic impacts of different development patterns, focusing on the differences between sprawling patterns and more compact “smart growth” patterns.

The second day of the workshop brought together an invited group of representatives from Anderson’s Economic Development Committee, Chamber of Commerce, City Council, Planning Commission, Police Department, Parks Department and school district; Shasta County’s Small Business Development office and Public Health Department; and representatives from the local private and nonprofit sectors. The mayor, city manager and assistant city manager also attended. The invited group viewed additional presentations and also participated in facilitated brainstorming sessions to more deeply identify challenges and opportunities associated with encouraging the development and redevelopment of key sites in the city.
Through the two-day program, Anderson leadership was able to engage community stakeholders around the ways in which smart growth approaches can make the municipality more competitive and reduce taxpayer burdens. The intent of the workshop was neither for Smart Growth America to create a plan nor bind the community to any particular course of action, but to assist community efforts to create a more vibrant, successful region, consistent with the goals of their adopted plans.

**Need for assistance**

Anderson applied for assistance from SGA as a means of helping the city leadership think through how to develop a vision for the city’s long-term economic development and thus identify how to better target future development efforts. Like many small towns, Anderson is looking for ways to increase local revenue without raising taxes or sacrificing the community’s character. As part of this assistance, Anderson wanted to evaluate the development opportunities created by the recent annexation of 385 acres of undeveloped industrial area. Anderson also wanted to consider opportunities for future infill development in the city’s downtown.

**Smart growth and fiscal and economic health**

Communities around the nation are always concerned about their fiscal and economic health. By *fiscal* health, we mean a local government’s bottom line: Does the life-cycle cost of new development—upfront infrastructure, ongoing service provision and eventual repair and maintenance—cost more to the town than it brings in tax revenue? By *economic* health, we mean the general economic well-being of the community: How does new growth and development add to or detract from the creation of jobs, wealth, retail sales, economic competitiveness, and fiscal sustainability?

In approaching these questions in Anderson, as in any part of the country today, it is important to bear three trends in mind:

**Our nation’s demographics are changing in a way that is profoundly affecting the housing market.**

Demographic trends are moving the housing market strongly away from conventional suburban housing. The two biggest demographic groups in the nation – retiring Baby Boomers and so-called Millennials (18-30-year-olds) are both expressing a strong preference for a more walkable, urban/village lifestyle. Indeed, a growing percentage of Millennials prefer to live without cars altogether or to live a “car-lite” lifestyle. The vast majority of net new households being formed have no children at home, and most of them are one and two-person households – which are much more likely to prefer a walking lifestyle. Furthermore, vehicle miles traveled (VMT) has fallen below population growth, while the demand for public transportation has been rising steadily. These trends are a complete departure from those experienced for decades in the 20th century.
The formula for economic growth is changing.

Business growth used to be driven by large corporations that operated in a fashion that was both private and linear. In the past, new research breakthroughs occurred in sealed research laboratories controlled by the companies. Manufacturing and other business processes occurred in assembly-line situations. These conditions led to communities that featured large, sealed-off campuses and tended to be linear in their arrangements.

Today, business growth is driven by collaboration among many types of entities – private companies, research institutions, universities, and others – that must interact frequently and work together creatively. This trend requires cities and communities that encourage interaction and collaboration – the opposite of the older model just described. How communities are designed directly impacts their ability to create interactive and collaborative environments.

Most significantly, the “Knowledge Economy” depends heavily on skilled workers. The companies that are driving innovation are pursuing highly educated talent, especially among the ‘Millennial’ generation. Increasingly, companies find it necessary to locate in places that the workforce wants to live in; and this means walkable communities.

Similarly, the market for retail is changing. The suburban shopping malls and “power centers” that thrived for decades are struggling as a result of oversupply, and a shift in preferences. With online buying playing a bigger role for consumers (especially for bargain hunters), many are looking for a more “authentic” experience when they shop in person. This is bringing new value to traditional walkable Main Streets.

Suburban development patterns are making it more difficult for local governments to balance their budgets.

Suburban development patterns require extensive investments in capital infrastructure and ongoing service delivery. Low-density development requires more infrastructure to serve fewer people and requires service providers such as firefighters and school buses to travel farther. More compact development patterns reduce both life-cycle infrastructure costs and operating costs.

A 2013 study by Smart Growth America, Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development, concluded that, compared to conventional suburban development, smart growth patterns can save up to one-third in upfront infrastructure cost and 10% annually in ongoing operating expenses. Smart growth development patterns can generate approximately 10 times more revenue on a per-acre basis.

Not all of these trends will be completely relevant in every situation. But it is important to bear all three in mind in considering the fiscal and economic health of any community.
Participant viewpoints

The concepts described above were elaborated upon in the presentation portion of the workshop, which was followed by a general discussion session among all participants. For this discussion, the point of departure was the city’s stated objective (expressed in the application for the Building Blocks grant):

“The City of Anderson would like to develop an economic development plan/vision, taking into account the relatively underutilized mixed-use zoning downtown and the new, large-scale development potential along I-5 at the periphery of the city in order to create a cohesive and resilient economic base for the city.”

Participants engaged in a robust dialogue and offered their thoughts on opportunities and obstacles that may impede progress in the region. Discussion occurred first in plenary, followed by small-group brainstorming.

Plenary discussion

During the plenary discussion, participants identified what they saw as Anderson’s major assets, as well as its challenges and opportunities. The lists included the following:

Assets:

- Anderson River Park
- Regional recreation opportunities
- Plentiful water supply
- Local agriculture and emerging local food movement
- Affordable housing
- “Human scale” of the built environment
- Fairs, “farm days,” traditions of the town, events
- Transportation infrastructure
  - Location on I-5
  - Railroad accessibility
- Manufacturing possibilities
- Diverse population
- Friendly, small town character (meet everyone at the grocery store, even the mayor)
- Schools
- Good, employable population (younger residents)
- Senior housing
- Unique, locally-owned businesses
- Willingness to collaborate
- Colleges and universities nearby
- Veterans services
- Philanthropic, giving community
- Fairgrounds
- Hospitals, nursing colleges
Challenges and opportunities:

- Need for identity
  - Coherent and cohesive vision
  - Who do we want to be?
- Tax and regulatory issues
- Somewhat isolated location
- Not well known outside of area
- Few restaurant options
- Vacant buildings
- Growth opportunities for workers
- Entertainment (only two bars in town)
- I-5 divides the city
- Do not know if some assets are really liabilities in many cases
  - E.g., Does the River Park cost more than it contributes, or vice versa?
- Homelessness and substance abuse
- Lack of public transportation
- Building up
  - Can the Fire Department protect taller structures?
- California building codes (e.g., seismic issues)
- Small college-educated workforce
- Younger families lack voice in many local institutions
  - Disengaged younger population
- Communication
  - Lost local newspaper
- Lack of professional jobs (Anderson and Redding)
- “Silo thinking”
- How do we fit into the region?
  - Getting a collective voice for the region
- Connecting local resources (e.g., local agriculture) to local demand (e.g., school lunch program)
- Economic “leakage:” spending leaves the community (schools, sports, shopping, etc.)

Small group discussion

After the plenary discussion, participants broke into three small groups to:

- Review the assets and challenges.
- Discuss how to leverage assets to address the challenges and opportunities.
- Draft 3-5 action items for City consideration.

Each group subsequently reported its top ideas for action items:

Group 1

1. Identify a marketing position for the City.
2. Revitalize downtown.
3. Build multi-family housing suitable for professionals near downtown.
4. Support and expand recreational opportunities.
5. Embrace Anderson’s identity as “overflow” to Redding.

**Group 2**

1. Brand Anderson.
2. Provide a three-day plan for visiting Anderson and environs (“3 perfect days…”).
   a. Include recreational opportunities.
   b. Consider idea of “four hours in paradise” (fly fishing, hiking, etc.).
3. Relocate farmers market to downtown or Summer Serenade.
4. Promote quality of life, low-cost housing, and retirement qualities.
5. Collaborate with other local governments/agencies to promote the region.

**Group 3**

1. Expand and improve Anderson River Park.
   a. Consider its use for wedding receptions and other events.
   b. Consider activities like disc golf and kayaking.
2. Conduct a community assessment to identify who and why comes to eat, play and shop in Anderson.
3. Refine Anderson’s identity/brand.
4. Create a marketing plan.

**Recommendations**

In the effort to develop a broad vision and plan that will “create a cohesive and resilient economic base for the city,” Anderson has several promising avenues. Participation in the workshop by key city leadership, including the mayor and city manager and by private sector stakeholders shows support for this effort and confidence in Anderson’s potential. Much work has been done to identify viable alternatives. Our recommendations follow; however, first it is useful to make the following observations:

- The framing description identifies two areas as objectives for development more or less equally: “the relatively underutilized mixed-use zoning downtown and the new, large-scale development potential along I-5 at the periphery of the City.” It was notable, however, that in their discussion, participants were markedly focused on downtown revitalization, and on better use of Riverfront Park.
- There could be tension between efforts to foster a revitalized downtown as the anchor of future economic growth and fiscal health and continued emphasis on peripheral development based on I-5 visibility. Anticipate those tensions in whatever next steps Anderson takes to improve its economic base.

**General recommendations**

**Focus your effort.**

Work to make one small area (not more than 25-75 acres) a success. Pick an area with promise, create a development program using some of the actions discussed, and start
implementing it. Bring all tools to bear to make it a near-term success.

This does not necessarily mean working on “one-and-only-one” place. With regard to the three identified focus areas, it might be possible to have a target in each. The point is to recognize that each of the three areas is quite large. If efforts and initiatives are too dispersed, the necessary synergies may not be realized. Concentrating efforts in a particular target location will make success more likely. Long-term vision is very important, but its ultimate achievement requires a strategy for near-term successes.

**Perform a fiscal analysis.**
Consider commissioning a fiscal study to analyze the relative contribution to municipal revenues (on a per-acre basis) of different areas of the city in order to better inform policy and investment decisions. An analysis of this type will often reveal tremendous disparities in “return on investment” of tax dollars.

**Make it easy.**
Look for ways to make it easier for businesses and developers to do what you want done. Simplify the process for desired outcomes. Consider changes to administrative processes, local development codes, and related ordinances. Explore process re-engineering for things like permit approval.

An active downtown district or main street can become a valuable destination, generating a large net tax benefit to local government. In general, such areas produce a high return in taxes per acre, while demanding comparatively little in services, like public school costs. The more attractive the district is (both visually and in terms of the availability of amenities), the more it draws activity, the greater the return to both private land owners and the governments to whom they pay taxes. These are reasons to allow a more active, pedestrian-generating mix of uses, with some higher densities and greater height, in target areas. The creation of such an environment is, however, often impeded by local ordinances.

**Specific recommendations**

Based on workshop participants’ discussions, and the stated goals of City officials, we recommend the following specific items as elements of a cohesive, manageable strategy.

1. **Develop a marketing strategy.**
Developing a broad vision that will “create a cohesive and resilient economic base for the city” should begin with market research to help identify the most promising opportunities, considering Anderson’s location and geographic considerations. A real economic analysis can provide answers to questions like: What is the role of travel and tourism now? What are the real opportunities? What is the potential role of manufacturing? Does the location provide real, tangible advantages for some identifiable sector or industry? How much growth should the City expect and in what time frame? Does the City have an adequate supply (or an overabundance) of land zoned for various uses? What are the challenges for the attraction of workforce? What role might Anderson play within the regional economy around Redding?
Part of the analysis should include an inventory of potential building sites. (Note: There seem to be a great many, especially near I-5. While this may be a positive, in that there is no shortage of locations for new development, it can be difficult with an oversupply to achieve the synergy that is the key to economic vitality. An inventory can help to identify the best prospects and inform decisions about focus and prioritization.)

The study might also shed light on the extent to which the building code presents barriers to development, as well as explain how other California localities have been able to overcome or avoid these barriers.

**Actions to support the marketing strategy.** Good preparation for a market strategy should include an exercise in scenario planning. What might a built-out future look like under different approaches to development? Is there likely to be enough activity to absorb most of the sites? Under what scenarios do you achieve synergy among developments?

A careful analysis of this kind can be used to frame a market strategy that seeks to leverage the true benefits of Anderson’s location, with an eye to near-term actions that are likely to provide a return, and to form a foundation for the next round of actions. The strategy would prioritize efforts in different areas, such as tapping into regional tourism, seeking to utilize adjacency to the rail corridor and Interstate 5 or investing in the downtown.

It is also key to accompany development of the marketing strategy with the creation of a communications strategy so that you can reach the appropriate audiences, whether regional or state and national, with your marketing efforts.

**2. Take steps toward a revitalized downtown.**

The establishment of a vibrant, prosperous downtown is a long-term proposition, involving both public and private investment. Anderson has some good infrastructure already in place, notably a street grid with a walkable scale, with a number of blocks ready to receive new development when that becomes economically viable. In the near- to mid-term, there are steps that can be taken to start the ball rolling.

**Farmers markets.** A farmers market can be a catalytic attraction to re-energize a downtown district. Consider moving the existing market, or creating a second one.

**Events.** Use events, especially in the early and intermediate stages of revitalization, for several purposes: as a way to draw people to the target places, as a basis for community organization and as a way to shift popular thinking about the place. Street festivals, outdoor movies, music and other live performances, sporting events and competitions—coordinated, promoted and packaged, these can all contribute to an identity for the community and help to support larger economic development goals. In partnership with local businesses, they can help to boost sales.

**Main Street organization.** A key step toward realizing a revitalized downtown can be the creation of new partnership institutions, such as a “Main Street” organization, a non-profit or public-private partnership that can bring together business and government, private agencies and non-profits, land owners and citizen representatives. Such organizations can
serve varying roles, including:

- Providing a non-threatening venue for different sectors to engage each other, thereby helping to improve communication and understanding across the sometimes contentious interests of local businesses, land owners, developers, neighborhoods and government;
- Advocating on behalf of the district, both to the general public and in official processes;
- Managing projects on behalf of the City;
- Promoting local businesses;
- Mentoring new businesses seeking to establish themselves; and
- Perhaps most importantly, providing place management services.

Place management services include programming public spaces, staging and promoting events (weekend festivals, lunchtime concerts, evening open-air movies, etc.); sponsoring ongoing activities (like farmers’ markets, “first Fridays”, etc.); and supporting cleanliness, maintenance and security within the district.

A range of organizational types are found in communities around the U.S., from small downtown revitalization organizations run as non-profits (typically with some kind of joint sponsorship by government and the business community), to business improvement districts (BIDs) that have access to dedicated revenue sources, which may be derived from local taxes, such as a property tax add-on, approved by property owners within the district. Such groups help to bring focus to a downtown or main street district, ensure that its needs receive consistent attention and help provide a sense of identity for the target area.

3. **Make strategic capital improvements to Riverfront Park.**

Almost all participants cited Riverfront Park as an important asset with yet-unrealized potential. There seems to be support for capital improvements, but concern about how these can be funded. One important step would be to include concession opportunities in park master plan components. In addition to the providing a revenue stream, this can also bring creative energy and new ideas to park activities.

To maximize the value of the park as an asset, priority should be given to investments that improve its connections to the regional trail network. Another opportunity to leverage the value of the park would be to create a link to the Gaia Hotel and Spa center, which seems to have potential for greater success as a small conference destination.

It should be noted that waterfront and waterways are being used creatively for placemaking all around the world, with strong economic performance. The key to unlocking the value is to find one or two places that offer a good opportunity to connect waterfront activity to downtown activity. Even a small connection may yield large benefits.

Such a connection may not be a physical improvement (at least in the early-going), but the use of activities and events that bring people from one place to another. Markets, performances, foot races, bike rides—there are many possible activities that can be programmed to create an “occasion” that will be memorable and generate excitement.
4. Establish an on-going dialogue among stakeholders.
The workshop demonstrated the value of interaction among many of the key actors and decision makers in the Anderson community. Success in both creating a vision for economic growth and actually implementing a long-term plan to achieve it may depend upon establishing such dialogue on a regular, ongoing basis. It may also benefit from the inclusion of even more stakeholders than were present at the workshop. For instance, it would be valuable to know what, in the opinion of the Historical Society, are Anderson’s most important historic assets? While a more inclusive conversation may well be contentious at times, it is more likely to create the opportunity for compromise and consensus than a subsequent, inevitable confrontation.

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“Why urban demographers are right about the trend toward downtowns and walkable suburbs,” Kaid Benfield, bettercities.net, February 28, 2014.


“What to Do with Empty Big Box Stores,” Sarah Schindler, sustainablecitynetwork.com, February 12, 2014.


The full report can be downloaded at, http://www.smartgrowthamerica.org/building-better-budgets.