Technical Assistance for Sustainable Communities:
Building Blocks

Technical Assistance Tool: Planning for Fiscal and Economic Health
Des Moines MPO

To: R. Todd Ashby, Executive Director
   Bethany Wilcoxon, Senior Transportation Planner
From: Christopher Zimmerman and Neha Bhatt, Smart Growth America
Date: June 5, 2014
Re: Report and Suggested Next Steps

Introduction: Purpose of this Memo

Pursuant to our technical assistance award with the Des Moines Area Metropolitan Planning Organization, this Memorandum constitutes our final report summarizing the workshop on Planning for Fiscal and Economic Health and suggesting some possible next steps to support implementation of the Tomorrow Plan.

On May 13 and 14, 2014 Smart Growth America provided assistance under the Planning for Fiscal and Economic Health tool, supported by a grant from the US EPA’s Building Blocks for Sustainable Communities Program. A Technical Assistance Workshop was conducted in conjunction with DMAMPO, which involved presentations Tuesday evening and Wednesday, as well as the facilitation of a “brainstorming” session and discussion of issues and alternatives with the invited group.

The workshop brought together a wide range of professional staff and elected officials, private sector representatives including the real estate community, local residents, the non-profit community, as well as a representative of the US EPA (Region 7).

The Planning for Fiscal and Economic Health presentations 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.

Through the two-day program, DMAMPO 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 plan (“The Tomorrow Plan”).

Background – Context for the Technical Assistance Workshop

The current challenges on which this technical assistance is focused center on implementation of
the Tomorrow Plan, and more specifically, on the “Nodes and Corridors” initiative, which aims to
courage development in areas of maximum impact and connect them to one another with
multimodal corridors. A major aim of the technical assistance was to facilitate thinking about
strategies that might help to energize appropriate redevelopment activity and foster the realization
of the intended vision. The “Planning for Fiscal and Economic Health” workshop sets the stage by
presenting information about factors driving economic change across the nation.

**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 the Des Moines area, as in any area of the country today, it is
important to bear three trends in mind:

1. **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.

2. **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 work force 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.

3. 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 – Realizing the Vision**

These concepts were elaborated upon in the presentation portion of the workshop, which was followed by a general discussion session among all participants, and the identification of a number of issues or themes bearing on the realization of the regional vision. The purpose was not to establish consensus on a specific plan, but to focus thinking by identifying obstacles and promising possibilities.

**Major themes**

Participants engaged in a robust dialogue, and offered their thoughts on opportunities and obstacles that may impede progress in the region. Themes issues raised by participants in the discussion:

- The need for a “systems mindset”. That is, seeing how the different parts of the region and the different components of infrastructure and development all work together, rather than thinking only of separate parts as if they operated in isolation.

- Financial + environmental sustainability. Recognizing that, in the long run planning for the fiscal viability and environmental sustainability are the same thing.

- “You can’t have one foot in urban development and one foot in suburban development.” The need for a full commitment to making walkable development work, and connecting them
effectively to achieve synergies; half-hearted efforts don’t produce good results.

• **Choices.** Development and transportation policy should enable the region to provide multiple alternatives to meet the varying needs and the wide range of preferences across the diverse population that lives and works here.

• **Explain why some developments have failed.** Certain attempted real estate projects that may have at least partially exemplified good urban design of the type envisioned by the plan did not meet with success. It is possible that this was largely the result of timing – coming on to the market – just as the economy was collapsing. Or, it may have had to do with weaknesses in the design or execution of the concept. In any case, perceived failure of early attempts can be a drag on future efforts, so it is important to understand the reasons, and explain them to a larger audience.

• **Having an early success.** To demonstrate to the broader public and their representatives the viability of the approach and the benefits to be gained, it is important to have a tangible example. Much effort should be focused on creating a good outcome in at least one part of the region, that can be a model.

• **Establish sense of place to draw in labor force.** Attention to placemaking is needed to create the kind of environment that will be attractive to the workers that employers are seeking.

• **Economic and fiscal impacts of complete streets.** Some policy makers (and members of the public) think that having a separate system of trails should be sufficient to meet the needs of bicyclists. Some thought that the goal was to “get the bikes off the streets,” and so can’t understand why bike lanes and other improvements are desirable. What is lacking is an understanding of the value that bicycles can bring to a corridor, not only in transportation terms, but in generating economic activity, and with it, enhanced revenues for governments.

• **Capacity building vs. maintenance.** Transportation policy tends to focus too much on new road building, not enough attention is paid to the needs of existing infrastructure.

**Recommendations – moving forward.**

The recommendations that follow are based on the discussions that occurred during the May 14 workshop and discussion.

The Des Moines area has made a good start in preparing for a prosperous and sustainable future with the work that has been done in developing the Tomorrow Plan. The challenge now is to realize the vision. This is principally a matter of implementation, carrying through on the commitments in this regional blueprint.

The Plan provides a solid basis for coordinating activities and investments across governmental jurisdictions. It will be important to bring other plans into alignment with the Plan (especially for transportation infrastructure).

To aid in that effort, there may be benefit from further analysis and more in-depth study in certain
specific areas, in order to inform more detailed planning and to support the continual process of educating policymakers and the broader public that is necessary for successful fulfillment of plan goals over a number of years.

A useful first step will be to complete the fiscal impact analysis of alternative development scenarios currently underway in collaboration with the city of West Des Moines. This study, being conducted by SGA under the HUD Capacity Building for Sustainable Communities program, will shed light on the effect of development patterns on local government costs and revenues. The resulting information will be directly relevant to communities throughout the region, as they assess the benefits of aligning their own development plans with the goals of the regional vision.

Following a suggestion from the discussion among the workshop participants, it may be worth considering a study addressing future transportation needs that provides a quantitative analysis of the relative costs and benefits of capacity enhancements versus maintenance expenditures.

Finally, regional leaders may want to explore the benefits of more focused and intense efforts on placemaking for key locations in the area. Several such locations could likely be identified. Of particular importance would be formulating ways to maximize the potential of the downtown central business district. A strong regional CBD can be leveraged to the benefit of communities all around the area. In particular, it is a key factor in the ability of public transportation to play a significant role in regional transportation. Downtown Des Moines already possesses a large complement of cultural and other assets. Getting the most out of them, in terms of local and regional economic development and quality of life, requires close attention to the shaping, interconnection, and activation of public spaces. In pursuing such an effort, the new ULI chapter just formed may be an important resource.

Notes:


"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.


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