



Longwood, Florida

Planning for Economic and Fiscal Health

Report and Suggested Next Steps

Building Blocks for Sustainable Communities Program

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Executive Summary

Pursuant to our technical assistance award with the City of Longwood, 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 Longwood’s future development.

Chris Zimmerman and John Robert Smith, representing Smart Growth America (SGA), met with municipal leaders and residents on March 29 and 30, 2016 to provide assistance under the Planning for Fiscal and Economic Health tool, supported by a grant from the U.S. EPAs *Building Blocks for Sustainable Communities* program.

Following a productive discussion with various stakeholders including residents and business owners, elected officials, and citizens, the following “Next Steps” are recommended:

1. Focus on the Heritage Village
2. Develop a Strategic Plan
3. Develop a Formal Capital Improvement Planning Process
4. Start With What You Can Control
5. Employ Walkability as an Economic Development Strategy

Need for assistance

In applying for assistance from SGA, Longwood noted that the city has seen increased development interest in the past few years. With its location on the new regional commuter rail system and the rising cost of development in adjoining cities, developers regularly ask for

incentives for new projects in the city limits. In many cases, these incentives come with requests for waivers to smart growth elements in the development code. These waivers “have put the Commission’s desire for smart growth principles in conflict with the requests of developers who claim they will walk away without waivers and incentives.” Longwood sought technical assistance to “help the city better deploy this limited public funding in a strategic manner that stimulates private investment and attracts businesses while still promoting development in line with smart growth principles.”

Workshop Review

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 fact that some development patterns do a better job of supporting community economic development goals, and can be served more efficiently by local government.

The second day of the workshop brought together an invited group of over 15 stakeholders. The diverse group included representatives from the City and County, as well as the non-profit and private sector. Leadership from the following City departments and agencies attended:

- City Commission
- City Manager’s Office
- Community Development Services Department
- Police Department
- Utilities Division
- Financial Services Department
- Leisure Services Department
- Public Works Department

Other key stakeholders with leadership in attendance represented the following:

- Florida Investment Strategy, LLC
- InvestOrlando Realty/Longwood Hotel Building

The invited group viewed additional presentations and also participated in facilitated brainstorming sessions to identify challenges and opportunities associated with smart growth projects and how to prioritize these development efforts. During the workshop, city leadership engaged community stakeholders around the ways in which development patterns, design, and strategic infrastructure investments can make Longwood more competitive and reduce taxpayer burdens.

The intent of these workshops is neither for Smart Growth America to create a plan nor bind the community to any particular course of action, but to assist ongoing community efforts to create a more vibrant, successful region, consistent with the goals of their adopted plans.

The built environment 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 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 delivery of services, economic competitiveness, fiscal efficiency and sustainability, jobs, jobs access, retail sales, and wealth?

In approaching these questions in Longwood, 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.ⁱ 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, as we found in Longwood. 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.ⁱⁱ Furthermore, the number of 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; 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.ⁱⁱⁱ

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*^{iv}, concluded that, compared to conventional suburban development, smart growth patterns can achieve savings of one-third or more in upfront infrastructure cost, and 10% annually in ongoing operating expenses. Smart growth development patterns can generate up to 10 times more revenue on a per-acre basis.

More recently, SGA’s work on the Fiscal Implications of Development Patternsⁱⁱⁱ has employed a new model designed to help municipalities understand the financial performance of development patterns. The model focuses on those aspects of municipal budgets that are most affected by the geographic pattern of development. In work with a number of communities around the country, scenarios involving compact development were analyzed alongside sprawl alternatives, in terms of “net fiscal impact” (the difference between additional revenue generated by new development and added costs imposed by the development). In every case, the analysis suggested that more compact development scenarios would have a significant positive net fiscal impact. For example, under the compact scenario for the city of Madison, the annual net fiscal impact of new development would be 44 percent higher than under the base scenario, and nearly three times the net fiscal impact under the low density scenario. For West Des Moines, the walkable urban scenario yielded a net fiscal impact 49 percent higher than the low-density case. In the case of both Macon-Bibb County and Indianapolis, conventional suburban development (sprawl) was forecast to have a negative impact on municipal finances — that is, the model projected a greater increase in future expenditures than in future revenues — while the higher-density scenarios generated positive outcomes, even under very conservative revenue assumptions.^{iv}



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 in the first presentation portion of the workshop, which was followed by a discussion of specific issues facing downtown Longwood. After a question and answer period, SGA presented on key elements of successful downtown or

corridor revitalization. This was followed by general discussion about how the various concepts presented relate to the achievement of Longwood's goals for its historic downtown district.

The workshop participants strongly agreed the city needed to focus on a "downtown" development of the area adjacent to the station and historic district. Participants identified the following as what would make the plan successful, the obstacles that would go along with it, and additional opportunities it would create:

Success

- Turn Longwood's historic town center into a destination
- Convert surface lots near Longwood SunRail Station into retail/office or structured parking to support the District
- Further develop Reiter Park
- Create additional walkability
- Development of the historic Longwood Hotel
- Create additional retail space

Obstacles

- Taming Ronald Reagan Blvd. for pedestrians
- County and state control of major roadways
- SunRail's focus on commuters makes bringing and keeping people to the Longwood station a challenge
- No unique, attractive destination
- Lack of hotels in the area

Opportunities

- More bike connections through town
- Completion of Reiter Park
- Coordinating city owned properties: city hall, city parking, and combined city facilities

Participants discussed the following topics during small group sessions:

Connectivity between Station and City Projects

- Existing projects underway along Church Ave.
- Transferring road jurisdiction from county to city
- Carrying out planned improvements to station area
- Create reasons to cross Ronald Reagan Boulevard
 - Park on one side, new buildings near the station

Assets

- City properties: city hall complex, police station, fire station
- Open space in front of Longwood Hotel
- Reiter Park
- “Clock tower” property
- Water tower property
- State DOT parking lot
- County property
- Sewer properties

Long-Term Maintenance of Commitment and Place Management

- Public-private partnerships
- Structure of non/for-profits
- City staff liaison
- Small budget for staff
- Charter for areas of responsibility

What Would a Strategic Plan Look Like?

- Three major objectives
 - Developing the Heritage Village
 - Redeveloping the area around the former Pic ‘n’ Save Building
 - Developments along Highway 17-92
- Have individual plans for each key area
- A capital investment plan will follow the strategic plan

Target for Near Term Success

- Use, leverage, and develop city-owned properties

Recommendations

Prior to the SGA workshop, Longwood completed a retail study that identified a significant demand for retail and restaurants in the city. Following the study, Longwood city staffers identified the “huge gap between serving this demand and the public and private investment needed to obtain the desired sustainable redevelopment vision.” Longwood residents and staffers displayed a keen awareness of this growing demand and a strong desire to leverage it for downtown development in the coming years. The city has a number of assets and projects already underway that have helped them begin this process. The challenge now is to create a framework for identifying and prioritizing the projects that will further the city’s fiscal and economic goals. The following are SGA’s recommendations to achieve this vision:

1. Focus the Effort on the Heritage Village

Longwood identified one main corridor for development in the workshop: the Heritage Village, which includes the downtown historic district and adjacent SunRail station. Early stage objectives

should include getting an area of a few blocks in each to “gel” as walkable destinations – and enhancing connections between them. The key is to identify particular areas of promise and focusing all efforts toward success. This means channeling resources (such as capital improvement plans, any funds available for economic development incentives, any debts secured etc.) to the designated areas; assigning project responsibility to an individual or agency; and continuously working with all stakeholders to create and implement an action plan with specific objectives (short-term, mid-term, longer-term).

For the city, the key to this effort is making sure all decisions are based on propelling this downtown vision. In practice, this means weighing any decisions regarding land use or new projects outside of the defined downtown historic district development plan against their impact on the downtown vision. As an area with seemingly limitless development opportunity but limited funds, Longwood should recognize the tradeoff involved in allocating funds and other resources away from the downtown historic district.

Longwood took the first step in this process with the Heritage Village Redevelopment Strategy in 2012, but needs to continue moving forward. The city should begin with a citizens’ committee on the district that will function as an advisory group to the city commission. In addition, Longwood should fund a full-time staff position to support these efforts. To further engage the public, the city should establish a place management group as a public-private partnership with a board of directors to oversee progress. Longwood should put together a financing plan specifically for developments in Heritage Village as well. As a starter, the city should explore using its historic tax credits for this area.

2. Develop a Strategic Plan

Workshop participants strongly agreed on the need for a citywide, formalized strategic plan. Although the retail study identified areas of increased interest, it was not done with the purpose of streamlining and focusing in on assessment and evaluation strategies for new development projects across the city. The plan should focus on the area surrounding the downtown historic district and SunRail station – this is the area highlighted in the workshop as the having the most assets, the most potential for development, and, through the station, the most connectivity to other parts of the state. As an entry point into the city, this area should be as vibrant as possible.

In putting this plan together, SGA recommends bringing in outside consultants for the planning process. The consultant should be experienced and committed to Longwood’s mission, but also needs to maintain a willingness to interact with and respond to the City Commission, staff, residents, and all other key stakeholders.

Workshop participants raised the question of how to properly protect the priorities laid out in the strategic plan once it is finalized. This is an important question, and it is one Longwood should keep in mind as it moves forward.

3. Develop a Capital Improvement Plan

Prior to the workshop, Longwood struggled to determine both which proposed projects to fund and how to fund them. A formal capital improvement plan process will provide the city with many of the answers to these questions and provide a roadmap for funding projects outside of the budget year. The city should base the prioritization laid out in the CIP on the recommendations in the strategic plan. There are two processes in developing this plan

Internal (staff side) Process

- Each relevant Department should prepare a list and justification for all proposed capital projects
- The Finance Department should prepare an accurate summary of all known obligations to current funding sources (e.g. grant applications that have match requirements) and identify source of funding
- Establish a process by which a series of standards for ranking projects is implemented, and Department Directors prepare a list for submittal to the City Manager and eventually the City Commission
- Clarify sources of debt for different types of projects
- Commit to issue new debt

Public Process

- New website and upgraded social media presence to connect with additional constituents
 - Idea: List serve sign-up opportunity for notifications about meetings. Use the list across departments for mailing list for newsletters and other updates.
- Consider establishing a citizen advisory committee on capital budget
- Improve accountability structure
 - Base capital funding decisions on individual projects on the plan, not one-off
 - The capital improvement plan should be a formal document approved by the Commission at Public Hearing, where any substantive changes (addition, deletion, deferral) of projects must also be approved the City Commission. Any negative impact to downtown area plan should be assessed, especially as it may impact the implementation of the downtown station development plan.

4. Start with what you can control

As workshop participants recognized, the city has control over a number of major properties in the downtown district. Longwood has an opportunity with these properties to set the tone for additional developments in the area. These include:

- Reiter Park: The city should give special attention to completing Reiter Park. Located across from the train station, Reiter Park serves as one of two downtown anchors in Longwood. This location gives the park tremendous potential to define this part of the city and bring in new businesses and residents.
- City properties – City Hall complex, police station, fire station: Longwood has the opportunity to consolidate the City Hall complex and its buildings, potentially with the needs of the fire and police departments, in one place. This would free up other city owned property for additional downtown development.
- Longwood Hotel: The hotel is a highly visible midway anchor between the train station and Reiter Park, but currently lacks an idea of what it wants to be. The city should keep an open dialogue with the property owner to establish a determined focus or highest and best use for the building to propel the downtown historic plan.

5. Employ Walkability as an Economic Development Strategy

Coupled with first-floor, street-level retail, an increasingly walkable neighborhood can serve as a major commercial asset for a community. This is especially important in Longwood, where a new

generation of development will either create or prevent walkable, complete streets for decades to come. In choosing these developments, the city must adhere to design guidelines for project approval, public or private. Waivers that sacrifice the goals laid out in the strategic plan provide a short-term financial gain for a long-term loss. To gauge a better understanding of this loss, SGA recommends the city conduct a market/fiscal analysis to indicate the return on investment from improved walkability.

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ⁱ See: “The Changing Shape of American Cities,” Luke J. Juday, Weldon Cooper Center for Public Service, University of Virginia, March 2015.

“Demographic Reversal: Cities Thrive, Suburbs Sputter,” William H. Frey, Brookings Institution, State of Metropolitan America Series, June 29, 2012.

ⁱⁱ “Suburbs Try to Prevent an Exodus as Young Adults Move to Cities and Stay,” Joseph Berger, New York Times, April 16, 2014 (on-line at, http://www.nytimes.com/2014/04/17/nyregion/suburbs-try-to-hold-onto-young-adults-as-exodus-to-cities-appears-to-grow.html?_r=0.)

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“NAR 2013 Community Preference Survey: Americans Prefer to Live in Mixed-Use, Walkable Communities,” National Association of Realtors, November 1, 2013.

ⁱⁱⁱ For more information, see: <http://www.smartgrowthamerica.org/research/the-fiscal-implications-of-development-patterns/>

^{iv} A description of the methodology and summary of the results of each case studied can be found in Government Finance Review

^v See: “Business Performance in Walkable Shopping Areas,” Gary Hack, Robert Wood Johnson, Technical Report, November 2013 (available at

http://activelivingresearch.org/files/BusinessPerformanceWalkableShoppingAreas_Nov2013.pdf).

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^{vi} The full report can be downloaded at, <http://www.smartgrowthamerica.org/building-better-budgets>.