

Municipal Association of South Carolina

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Hilton Head, SC
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South Carolina is a Special Place!





There two kinds of change:

- **Planned change**
- **Unplanned change**



“The best way to predict the future is to create it yourself”

Abraham Lincoln

Growth is About Choices



Should we invest downtown?



Should we invest on the strip?

It is about our children



It's about balance

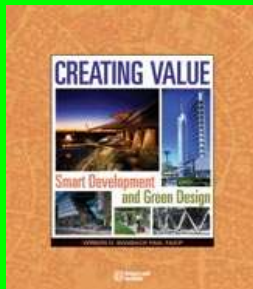


“Conservation is a state of harmony between man and nature.”

Aldo Leopold

It's About Win-Win Solutions

- **Healthy Environment**
- **Vigorous Economy**
- **Vibrant Community**



What is Changing?

- National and global economy
- Demographics
- Technology
- Consumer attitudes & market trends
- Health care
- Energy sources & transportation options
- The weather

Employment Changes



- The US saw a 34% decline in manufacturing jobs between 1990 and 2010.
- During the same period the US saw a 57% increase in professional and business service jobs, and
- An 81% increase in jobs in education and health services



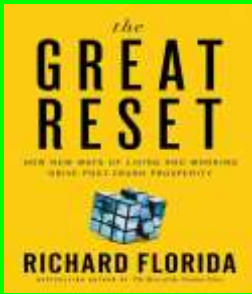
The Impact of Automation



- Most lost manufacturing jobs have resulted from automation and robotics (87%) vs. trade (13%).
- Smarter machines are killing jobs in services, retail, finance, law & other professions.
- The US Bureau of Labor says "cashiers" are the second largest occupation in the US. These jobs are being replaced by automation.
- Autonomous vehicles could lead to the loss of millions of jobs in trucking, delivery and taxi services.



How is the Economy Reshaping America?



- "How we live, work, shop and get around is changing."
- "Communities that plan for the future will prosper. Those that do not will decline."

"Communities and regions are in a global competition to attract and retain a talented workforce. Increasingly these talented workers are choosing where they want to live first and figuring out their job situations later."

CEO's for Cities, Segmentation Study, 2006

Economic Development is About Choices

Should we try to recruit new industry?

Should we try to expand existing businesses?

Business Recruitment



- There are 3141 counties in the US.
- There are 25,375 towns in the US.
- They are all competing for a small number of new plants, factories or distribution centers.

Economic Development

20th Century Model

- Public sector leadership
- Shotgun recruitment strategy
- Low cost positioning
- Cheap labor
- Focus on what you don't have
- Quality of life unimportant
- Driven by transactions
- Key Infrastructure = Roads

21st Century Model

- Public/Private Partnerships
- Laser recruitment strategy
- High value positioning
- Highly trained talent
- Focus on what you do have
- Quality of life critical
- Driven by an overall vision
- Key Infrastructure = Education

The One Big Thing Rarely Works?



Convention centers



Festival Marketplaces

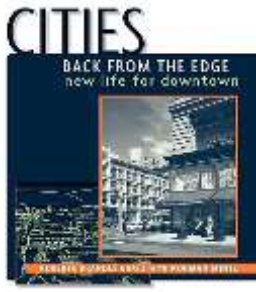


Casinos



Aquariums

What works today?



" Successful cities and towns think small in a big way."

Roberta Brandes Gratz, author

Most New Jobs in Small Businesses



HQ, Viking Range Co. – Greenville, MS



Research Triangle Park, Raleigh, NC

- Small businesses can locate in historic downtowns.
- Most economic development incentives go to big businesses
- Even in high tech centers like the Research Triangle most jobs are in small businesses.
- **71% have 50 employees or fewer**
- **42% have 20 employees or fewer**

Most Incentives Go to Big Business




- New Jersey gave Lockheed Martin \$107 million to move 250 employees from Cherry Hill, NJ to Camden, NJ.
- Lockheed Martin will pay no property taxes on its new building for 10 years.
- Most of the employees will be commuters, creating almost no new jobs.

What Makes More Sense?


<p>Subsidies & Tax Breaks</p> <ul style="list-style-type: none"> • Pits one community against another • Moves economic activity around • Businesses leave or threaten to leave after subsidies run out • Puts all the eggs in one or two baskets • Taxpayers subsidize big business 	<p>Great Place & Skilled Workforce</p> <ul style="list-style-type: none"> • Creates lasting assets that will pay dividends long after initial investment • Helps existing businesses • Creates diverse, durable local economies • Communities invest in themselves 
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Demographic Shifts

- Baby Boomers and Retirees – 80 million
- Immigrants – 40 million
- Millennials (18 to 32 year olds) – 85 million
- Single-person households - 26%
- 75 % of American households **do not** have school age children



Young People



- Are getting married later or not at all
- Are postponing home ownership
- Own fewer cars and drive less
- Are concentrating in major metropolitan areas & cool towns
- Favor walkable neighborhoods
- Are adept with technology and social networking
- Are more tolerant
- Use social media to make buying decisions

Technology & Globalization



- "The Death of Distance"
- People can do business anywhere
- Most new jobs are in small and medium sized businesses
- Health care & education
- Industrial recruitment is a small part of new economy



Capital is Footloose



Foster Freiss



Jackson Hole, Wyoming

Brandywine Funds HQ – Jackson, WY



Consumer attitudes are changing



- No new malls, since 2006
- 300 existing malls have closed
- 30% of remaining malls are being repositioned
- 1 Billion square feet of vacant retail space

Market Trends

“It is becoming clear that homebuilders old one-size fits all marketing and product approach will not work for buyer groups whose interests & borrowing requirements differ widely, not only from buyers of the recent past, but also from each other.”

Source: Builder Magazine, July 2009

Economic Vitals – Dimensions of Success



• **Talent** – Smart People



• **Innovation** - Ability to generate new ideas & turn them into commercial realities



• **Connectivity** – Places where people and ideas can easily connect



• **Distinctiveness/ Place** – Unique characteristics, a great place

Successful Communities Are Distinctive Communities



Distinctiveness has value!



- "If you can't differentiate your community, you will have no competitive advantage."
- "Sameness is a *minus*, not a plus, in today's world."



The Distinctive City

“The unique characteristics of place may be the only truly defensible source of competitive advantage for cities & towns.”

Joe Cortwright, CEO's for Cities


Community Character Matters!



- “We take stock of a city like we take stock of a man. The clothes or appearance are the externals by which we judge.”
- Mark Twain







**COMMUNITY IMAGE
IS CRITICAL
TO ECONOMIC VITALITY
AND QUALITY OF LIFE**



In Today's Economy – Place Matters

Traditional Economy	Today's Economy
<ul style="list-style-type: none">• Product Driven• Cost Sensitive• Market Driven	<ul style="list-style-type: none">• Knowledge Driven• Value Sensitive• Place Driven
<p>↓</p> <ul style="list-style-type: none">• Making the sneakers 	<p>↓</p> <ul style="list-style-type: none">• Designing the sneakers 

Place Matters!

- “New investment is increasingly seeking locations based on *quality of place* rather than *utility of location*”.

Steve McKnight, Vice President Fourth Economy Consultants



“The Place is becoming more important than the product” - NAR



Character of the Neighborhood – Is More Important



The size of the lot



Placemaking = Economic Development



Town Square - Wausau, WI

“Economic development is really the result of creating places where people want to be.”



Bricktown – Oklahoma City, OK

Mick Cornett, Mayor, Oklahoma City, OK

Dimensions of Uniqueness

- Anchor institutions
- A healthy downtown
- Historic buildings
- Walkable neighborhoods
- Parks and green space
- Arts and Culture
- Local shops and restaurants

Anchor Institutions



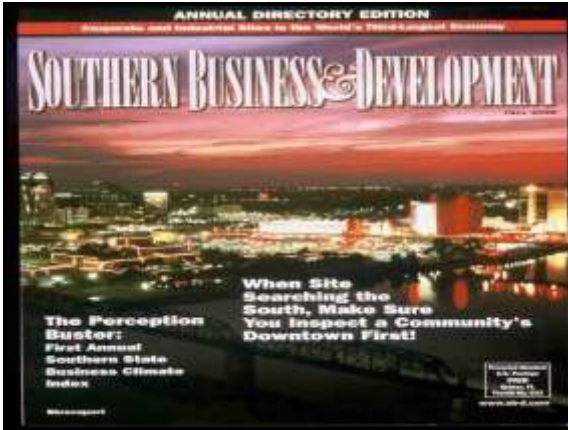
- Large institutions, such as universities, hospitals or non-profit organizations.
- Anchors are proven economic engines.
- Some anchor institutions engage with the community
- Others do not.



Healthy Downtowns

- Downtowns plays a decisive role as an icon.
- They are critical as a connecting point and nerve center for a metro area.
- A key asset for regional prosperity





Companies Moving Downtown

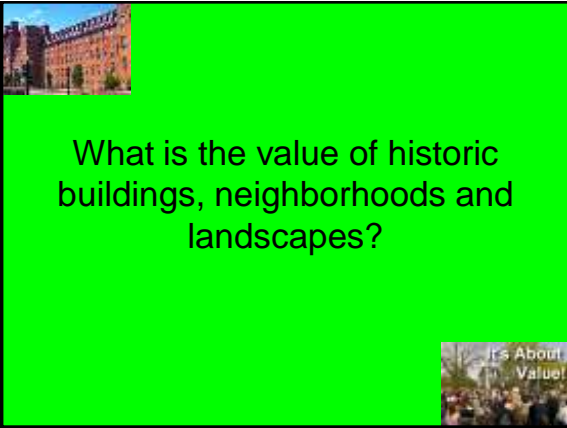


- A new study by Smart Growth America and Cushman Wakefield reports that 500 American companies have either relocated to, expanded, or opened new offices in "walkable downtown locations" in the past 5 years.
- 247 companies moved from suburban office locations to downtowns.
- The average Walk Score of old locations was 52. The average Walk Score of new locations was 88
- 5 Fortune 500 companies that recently announced moves from suburban sites to downtowns are **Motorola, McDonald's, Marriott, Caterpillar and GE.**

Why Move?



- To attract & retain talented workers
- To build brand identity & corporate culture
- To support creative collaboration
- To be closer to customers & business partners
- To centralize operations












Economics of Preservation

"Dozens of studies document that historic preservation is good for the economy".
It positively effects:

1. Jobs
2. Property values
3. Tourism
4. Downtown Revitalization
5. Environmental Impacts



Source: *Measuring the Economics of Preservation: Recent Findings*, ACHP, 2011

Historic Preservation = Economic Development

Main Street - Reinvestment on the Rise!



- \$71.35 billion reinvested
- 131,974 new businesses
- 583,869 new jobs
- 267,805 buildings rehabbed
- **Every \$1 of public money leveraged \$39.91 of private**

Source: NMSC, 2017

Old is New Again



Boiler House Offices, Ambler, PA



Faction Media, Denver, CO

- “Renovation & Redevelopment are not new, but the market is embracing older space with new fervor.”
- “Office space in rehabbed industrial buildings is now commanding rents above new Class A product.”

Source: Emerging Trends in Real Estate, 2016

Derelict Wharf – Boston, MA



Converse HQ – Boston, MA



Hotel Chains are Reusing Historic Buildings



Fairfield Inn & Suites – Keene, NH



Hampton Inn – Lexington, VA

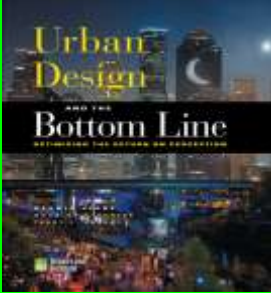
- Millennials say that "authenticity" and "interesting" are more important than "comfortable" or "predictable" in lodging facilities.
- Millennials also say that they would rather stay in "walkable neighborhoods" rather than locations that always require a car.
- In many communities, renovated historic hotels have been a driver in larger community revitalization efforts.

Covington, KY - Dept. Store to Hotel





Green Space & Property Values



- "The relationship between rising property values and green spaces is well documented."
- "Some studies find as much as a 15 to 30 % increase in the value of properties adjacent to parks and open space."

Where is the most valuable land in New York?



Parks Create Value and Vitality



Parks are a key to community revitalization in both big cities and small towns.

Sulphur Springs, TX - Before



Sulphur Springs, TX - After



Retail - The Old Paradigm



Retail Landscape is Changing



- Rise of E-commerce
- Struggling suburban malls
- Fewer and smaller stores



- Retail job losses
- Food & beverage grow in importance

Retail Apocalypse?



- 3600 store closings between January and June
- Credit Suisse predicts 8,800 store closings by end of 2017
- 89,000 jobs lost in retail



- E-Commerce growing 16% a year. 50% of households have Amazon Prime account
- Retail accounts for 1/3 of first time jobs in the US

Retail - The New Paradigm



- The future belongs to main streets, town centers and mixed use development!



- Strip development is development for the last century!

We're Overbuilt on the Strip



- Ten fold increase in retail space from 1960-2000.
- From 4 to 38 square feet per person.
- US has more than double the retail space per person as Europe.



- There is now more than 1 billion sq. ft. of vacant retail space (mostly in empty big box stores)

Retail space grew 5x faster than retail sales





Downtown Rockville, MD



- Mostly demolished in 1970




Replaced by Rockville Mall





Replaced by Rockville Town Center



The New Promised Land?



Tear Up Parking Lot, Rebuild Paradise

- Large, flat, well drained site
- Major infrastructure in place
- 4 lane highway frontage, transit ready
- Saves rural land
- Committed to mixed use
- Can turn NIMBY's into YIMBY's
- 2.8 million acres of greyfields will be available in next 15 years

We Can Have This:



Or This!





Retailers Break the Old Rules



Mixed use projects



Smaller Footprints



Multi-story buildings



Restored historic buildings

The Old Paradigm



New Paradigm



Target - Minneapolis



Home Depot – New York



Walmart – Bentonville, AR



Waffle Houses – Fayetteville, AR



- Strip Waffle House
- Located next to Interstate Highway
 - Lots of Parking
 - Single Use



- Downtown Waffle House
- Walkable Street
 - No dedicated Parking
 - Mixed use use

“Mixed Use Waffle House outperforms Strip Waffle House by 15%”

Source: City of Fayetteville and ISR Working Group
September 22, 2011

The downtown, mixed use project also produces:
More taxes per acre
More jobs per acre
More residents per acre
More people walking to the restaurant

Place Making Dividend



People stay longer, come back more often and spend more money in places that attract their affection.

Secrets of Successful Communities

1. Develop a shared vision for the future
2. Inventory local and regional assets
3. Build plans around the enhancement of assets
4. Use education, incentives, partnerships, and voluntary initiatives, not just regulation
5. Pick and choose among development proposals
6. Cooperate with neighbors for mutual benefit
7. Protect community character as well as ecology and economics
8. Have strong leaders and committed citizens

Most Polluted City



Model for Community Revitalization









Tennessee River Gorge



Tennessee River Park



- "The initial segment of the Tennessee River Park near the C.B. Robinson Bridge has become the most loved and used park in Hamilton County. More than 1 million people of all ages, races and economic status use the park annually."
- The 13 mile river walk has generated more than \$ 1 billion in private development adjacent to the trail."
- Source: City of Chattanooga

Hamilton County Bridge, over Tennessee River, Chattanooga, Tenn.







Suisun City, CA



Inventory Assets

- Natural Resources
- Cultural Resources
- Human Resources
- Economic Resources
- Educational Resources
- Recreational Resources

Sometimes the Assets are Obvious





Sometimes They Are Not Obvious





WWII Torpedo Factory



Torpedo Factory Arts Center



Columbus Riverfront - Before



Columbus Riverfront - After



Paducah Flood Wall – Before



Paducah Flood Wall - After



Akron Grain Elevators - Before



Akron Grain Elevators - After



Poughkeepsie High Bridge - Before



Poughkeepsie High Bridge - After



Explore Beyond Regulation

- Education
- Incentives
- Partnerships
- Voluntary Initiatives

Why Do We Educate?



Why Should We Use Incentives?







**SUCCESSFUL
COMMUNITIES PICK
AND CHOOSE AMONG
DEVELOPMENT PROPOSALS**

Hometown Heroes

“Never doubt that a small group of committed individuals can change the world. Indeed, it is the only thing that ever has”

-Margaret Mead

It's Not Always Easy



Leadership is important But often unappreciated



"Apart from sanitation, medicine, education, wine, public order, roads, irrigation, public health and a freshwater system, what have the Romans ever done for us?"
Monty Python's, Life of Brian

A Final Thought

Vision counts, but
implementation is priceless!

Thank You!
