APPENDIX F:

Local Government Tools and Strategies

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Introduction

Development patterns have a significant impact on the structure and operations of the transportation system. Traditionally, the land use/development pattern component has not been coordinated with the transportation component and the focus of the Regional Mobility Plan (RMP) is to better integrate these two elements to provide for an effective and efficient mobility system.

One of the major stumbling blocks in this coordination is the separation of land use planning and implementation from transportation planning and implementation. Local governments are the agencies responsible for land use and development. A major focus of the RMP is to provide a better understanding of the economic drivers of development and the identification of action items and initiatives for local governments to guide future development.

The Capital Region is home to several major economic engines that have played a major role in the growth of the area. These economic engines include:

- State governments, with 50,000+ employees
- Higher education, with 75,000+ students and employees

These economic engines were also identified in the survey responses and questionnaires during the public participation process by residents as major reasons for living in the region and will continue to be a major factor in the future growth of the area.

Development patterns are influenced by the economics of the process, which incorporates the actual costs of development as well as the ease and efficiency of the process. Typically, greenfield developments are easier and more cost effective than infill development. Greenfield development typically deals with one or two property owners, where infill development requires packaging numerous parcels with separate owners together. In addition, the regulatory structure and approval process are generally much easier to navigate than developing within an area already built. Once the housing development in the greenfield is completed, the supporting commercial/retail/services follow the "rooftops" and these supporting developments, like the residential, are primarily auto-oriented.

There are strategies that local governments can effectively utilize to direct the market forces of development. This direction requires a better understanding of development economics, as well as the identification of effective incentives and disincentives that can affect the financial bottom line for the developer. While this understanding is critical for local governments to craft effective strategies, the educational process for the development community is also a critical factor.

Economics of Development

A development pro-forma is generally used by the development community when identifying the economic feasibility of a project. The table below provides an example of this pro-forma.

Revenue (Sales)	$11,250,000
Development Costs	
Land Acquisition	$ 1,800,000
Site Infrastructure	$ 900,000
Products Cost	$ 5,000,000
Transportation (Off site infrastructure	$ 400,000
Interest Carry (5 years)	$ 1,200,000
Subtotal	$ 9,300,000
Potential Margin (Return on Investment)	$ 1,950,000
Percent Return on Investment*	20%

**Rounded*

There are several components of the pro-forma that local governments make influence through their policies, strategies and incentives/disincentives and these areas can significantly impact the final analysis. These areas are highlighted in the table below.

Revenue (Sales)	$11,250,000
Development Costs	
Land Acquisition	***$ 1,800,000***
Site Infrastructure	$ 900,000
Products Cost	$ 5,000,000
Transportation (Off site infrastructure	***$ 400,000***
Interest Carry (5 years)	***$ 1,200,000***
Subtotal	$ 9,300,000
Potential Margin (Return on Investment)	$ 1,950,000
Percent Return on Investment	20%

Land acquisition costs can be affected by several factors, one of which is the actual development pattern. More compact development patterns require much less land. The figures below depict the exact same development with the same number of units and square footage. The first figure depicts a typical development under the Business as Usual Scenario and the second depicts a development pattern that meets the principles of the Quality Growth Plus Scenario.
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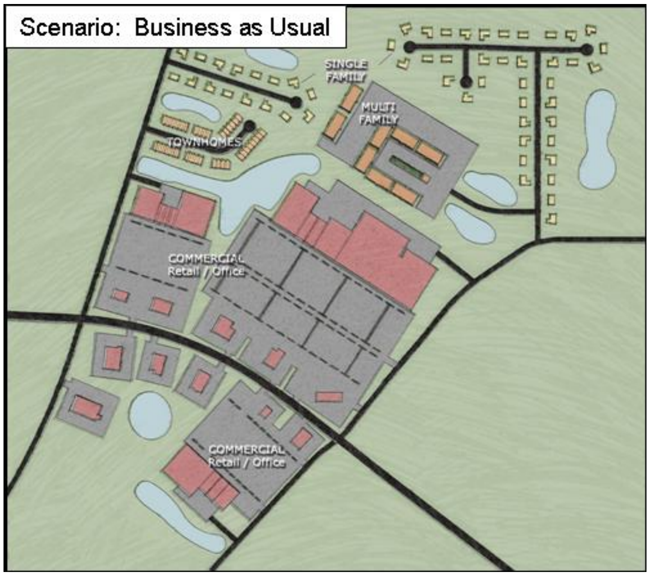

With a more compact development, the opportunity for multimodal usage to access facilities and services is a viable option and can affect the required off-site improvements of the transportation infrastructure. In addition, with the implementation of more efficient development process, such as streamlined permitting, local governments can affect the time required for interest carry and these strategies can be utilized as significant incentives, as well as disincentives, that affect the development market economic factors.

The table below shows the results of these strategies on the bottom line for the developer.

Original Pro-Forma

Revenue (Sales)	$11,250,000
Development Costs	
Land Acquisition	***$ 1,800,000***
Site Infrastructure	$ 900,000
Products Cost	$ 5,000,000
Transportation (Off site infrastructure	***$ 400,000***
Interest Carry (5 years)	***$ 1,200,000***
Subtotal	$ 9,300,000
Potential Margin (Return on Investment)	$ 1,950,000
Percent Return on Investment	20%

Revised Pro-Forma with Local Government Strategies

Revenue (Sales)	$11,250,000
Development Costs	
Land Acquisition	***$ 1,000,000***
Site Infrastructure	$ 900,000
Products Cost	$ 5,000,000
Transportation (Off site infrastructure	***$ 40,000***
Interest Carry (4 years)	***$ 900,000***
Subtotal	$ 7,840,000
Potential Margin (Return on Investment)	$ 3,375,000
Percent Return on Investment	**30%**

The action areas for local governments include public investment in supporting areas affecting development, such as education, transit, and the enhancement of community character. The regulatory structure for development can also be an effective element with a focus on density requirements and other development regulations, as well as transportation access and connectivity requirements. Finally, an efficient development process that includes streamlined permitting can dramatically affect the investment carry costs.

Local Government Tools and Action Initiatives

Development Incentives

Directing the upcoming metropolitan growth, primarily residential development, into the Regional Mobility Plan's (RMP) quality growth node areas is essential to the Capital Region's future. The achievement of a fiscally efficient growth pattern is critical to the health of the regional economy, its competitiveness and its ultimate sustainability. Metropolitan areas that are compelled to spend significant amounts of their financial and human capital to support comparatively inefficient land-use and transportation systems will be less competitive in the global marketplace – their operating costs are too high.

Fortunately, the CRTPA Board has adopted the Cost Feasible Plan portion of the RMP that if followed, will help secure the future of the Region and its economy. The "Plan" reflects comprehensive economic foresight by the community and its political leadership. Fulfillment of the quality growth scenario will enable coming generations to be more competitive in the global market. The supreme challenge now is to build upon the various initiatives with actions to ensure that a hopeful future will be realized. It is imperative that the CRTPA's local governments continue to take an active role in shaping future development patterns, hence the character of the transportation system. This has a direct bearing on the return on societal investment in our metropolitan area.

There are seven actions/objectives that should be considered for implementation by all the CRTPA jurisdictions in concert with the Cost Feasible Plan for this safe, secure future - one in which the focus of population is in the nodes with a correspondingly efficient and cost effective supporting transportation system – to occur. Meetings have affirmed these needed actions and that a number of local governments' departments, such as the Planning, Growth Management and Economic Development of Tallahassee / Leon County for example, are already pursuing initiatives and making significant progress in several of these areas. The recommended actions are not easy – it will take sustained leadership and resolve to accomplish them. These are:

1. Build Quality School Communities in the Population Growth Nodes.

2. Focus Civic Activity and Services Investment into the Quality Growth Node.

3. Foster Aggregation of Parcels and Common Infrastructure.

4. Recruit Essential Private Sector Components of Life Long Communities.

5. Hyper-streamline (re-) Development Approvals in the Quality Growth Nodes.

6. Employ Long-Term Benefit-Cost Assessment for Development Decisions.

7. Employ Simple, Clear Mobility Fee-type approach.

Determined leadership will be required to marshal these initiatives into reality – the initial cost, both actual and in terms of "political capital," is often perceived as being more prominent than the future cost of inaction. Further, these objectives can only be accomplished through concerted implementation by all jurisdictions within the Capital Region. Moreover, all must be simultaneously put into play to be effective and for the Region to achieve the vision of a sustainable future.

A number of jurisdictions (departments) are already making progress. There are a number of examples within the Region. Briefly highlighted below are some of these, as well as several from around the United States.

Action #1. Build Quality School Communities in the New Population Growth Nodes

Sustained population growth within key metropolitan areas is inextricably tied to the location of quality public schools. Quality schools are more than just having a modern physical plant and top notch educators; quality schools include a strong parent population actively engaged in the educational mission not only with their own children, but also with the entire student population. Examples of quality schools in settings similar to the RMP-identified areas such as the Multi-Modal Transportation District (MMTD) that have proven successful in building and maintaining a strong student-parent-educator community include:

- The City of Decatur, Georgia's school district near the central Atlanta metropolitan area. (www.decaturga.com)

- Dreher High School in Columbia SC, listed by *Newsweek* magazine as one of the top high schools in the U.S. (www.dreher.richlandone.org)

- Savannah, Georgia's award-winning Savannah Arts Academy. (www.savannah.chatham.k12.ga.us/schools/saa/default.aspx)

High quality schools enhance and maintain the quality of neighborhoods, their property values and their community's overall human capital. The growth patterns of American metropolitan areas, hence the investment and maintenance of their transportation network, is influenced by this key action more than many people realize. The creation/maintenance of quality public schools in the identified growth areas of the RMP is requisite to a fiscally-sustainable future of the Region.

Action #2. Focus Civic Activity and Services Investment into the Quality Growth Nodes
While quality schools are the largest determinant for residential growth, population continuity, and housing value stability within metropolitan areas, areas that have vibrant civic life are further prosperous and economically stable. Strategic public investment in civic activity venues coupled with private sector retail investment and cultural and social capital provides a powerful combination. Examples of this and its stimulus on new population draw include:

- Downtown West Palm Beach (Clematis Street neighborhood). (www.westpalmbeach.com/clematis)

- Mid-town-Georgia Tech and Lennox-Buckhead areas of Atlanta. (www.atlanta-midtown.com and www.buckhead.net)

- Downtown St. Petersburg. (www.stpete.org)

This strategy will continue to bear increasing effectiveness as our overall population ages and the active boomers look for more "civic anchoring" than what is provided in outlying suburban subdivision living.

Action #3. Foster Aggregation of Parcels and Common Infrastructure
The RMP's future scenario anticipates significant population and employment focus in geographic areas that are finely subdivided or "parceled out". Long-established development

patterns in American metropolitan areas as well as here in the Capital Region show that significant new growth is difficult in highly parceled (or fragmented) ownership geographic areas. In the pure land market, there is a huge economic deterrent for any significant land development, or even redevelopment, in the Capital Region's "Quality Growth Nodes". The economic advantage of land development in large parcel (low parcel density) areas is difficult to counter and the trend, once resumed after this current statewide economic stagnation, will continue with predictive consequences.

Cities within the Capital Region must accelerate their efforts in creating a better land market and opportunity for redevelopment in the RMP's geographic focus nodes. While there has been some limited success throughout the Capital Region, past activity and extrapolation of trends indicate that creative and innovative parcel aggregation measures should be explored for applicability. Capital Improvement Districts (CIDs), Business Improvement Districts (BIDs) and the exploratory Land Assembly Districts (LADs) may be avenues to improve the pro forma balance sheets of prospective community developers to promote development within the Region's geographic focus nodes. LADs may also provide the opportunity to provide common infrastructure (stormwater, for example) that not only can address current infrastructure deficiencies, but can also further streamline the redevelopment process, particularly for state-level regulatory reviews. These types of approaches have been successfully used throughout the country in a wide range of communities. Examples include Atlanta, GA; Orlando, FL; Greenville, SC; Fargo, ND; Augusta, ME; Washington DC; Everett, WA; Salt Lake City, UT; and Topeka, KS.

Action #4. Recruit Essential Private Sector Components of Life Long Communities Financially healthy neighborhoods are sustained by the geographically-convenient provision of key fundamental private sector elements such as grocery stores, pharmacies and some retail goods. Residents stay in neighborhoods if, among other factors, they have convenient access to weekly consumer goods. Likewise, prospective buyers of residences, among other factors, strongly consider the availably and proximity of these as well. This translates directly to housing (and potential sales) values, the big factors in economic sustainability of existing neighborhoods as well as a fundamental determinate for in-fill residential development activity. Examples of such areas in metropolitan areas include:

- ❖ Publix Store #1061 at The Plaza Mid-town in Atlanta.
- ❖ Harris Teeter groceries in Charlotte NC's Uptown area and in the Hillsboro /Belmont neighborhoods of Nashville TN.
- ❖ Publix Store # 21 in the urban Seminole Heights neighborhood of Tampa FL.

While in some situations these vital consumer needs stores are developed (or redeveloped, in some cases) based on existing (residential) markets, their economic pro forma

(both for capital and operating outlays) has to work before the retailer will commit. Cities must be a significant economic partner in making the pro formas work for these essential components of growth in the RMP's Quality Growth Nodes.

Action #5. Hyper-streamline (re-) Development Approvals in the Identified Growth Centers

Developers often face significant costs during the development process. These costs can be increased by the uncertainty of regulatory reviews and delays in approvals, which increase the investment costs which must be borne by the developer until completion and the recouping of investment through sales and lease agreements. These cost components play a significant role in the decision-making process for developers with regard to where development will be located.

Development approval time advantages in the RMP Growth Centers must be significantly shorter (in comparison to elsewhere within the Region) for there to be incentive for growth. Cities such as Orlando and St. Petersburg provide examples of pioneering development approvals as short as five to ten days for certain types of development. In the Capital Region, enabling legislation at the local and perhaps state levels may be needed to effectuate comparative advantages for development review and approvals within the strategically-important Quality Growth Nodes; this should be pursued with vigor as it is vital to the economic future of the Region.

Action #6. Employ Long-Term Benefit-Cost Assessment for Development Approvals

As part of a growth management state, Florida communities have done a thorough job of ensuring that land development activities pay or provide a significant portion of their supporting "initial" capital investment. However, they spend scant attention to how these (land development) activities add up to growth patterns and the <u>cumulative fiscal impact</u> thereof. In their selection of the 2035 future year growth scenario, the CRTPA Board examined the fiscal impact to the sustaining municipalities of several (population) land development growth pattern scenarios, using a pragmatic financial "sustainability calculator" perspective to help guide their decision for the future of the Region. This type of bottom line, cumulative long-term infrastructure and services operation and maintenance cost effects should be similarly employed for the many discretionary deliberations such as during Comprehensive Plan Amendments.

Further, in a similar manner, long term effects of transportation expenditures at the household level has a significant bearing on disposable incomes, hence the health of the regional economy. Efficient land development and transportation systems (metropolitan growth patterns) can have a substantially quantifiable cumulative benefit to the Region. Plain and simple, households' money kept in the local economy will stimulate spending and investment within the Capital Region.

Action #7. Employ a simple, clear Mobility Fee approach

This approach is a trend across the state that has great logic, but also as some local governments are starting to experience, some political push-back. The design is to simplify the growth management, or impact mitigation approach with a simple fee per unit of development that reflects the cost effects of long trip lengths versus short trip lengths. It provides a competitive advantage to land (re-) development within metropolitan in-fill areas versus outlying suburban or rural areas. This represents a fiscally rational approach and streamlines a significant part the land development process. The political push-back is, predictably, from vested interests in outlying (in relation to metropolitan, city or town centers) land holdings.

In summary, the future scenario envisioned, and adopted as part of the RMP represents a bright future for the Capital Region. It represents an efficient metropolitan structure and a fiscally wise transportation system investment. It will not happen by accident. The CRTPA staff and Board included in the development of this *Plan* a significant focus on the integration of transportation with land uses and development patterns. The component of land development policy and incentives, and the suggested actions for local governments, are keys to a sustainable region with linkages between the transportation system and land use. These seven action initiatives, some of which are already underway in the Region, should be followed through with same commitment and resolve as that for the stewardship of the transportation system.