

## Place-based Economy

By Kaizer Rangwala, AICP, CEcD, CNU-A

### GROWING SMARTER WITH A RESTORATIVE LOCAL AND GREEN ECONOMY

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In a global economy, “the only way to retain talent is to offer a place that provides emotional attachment,” notes Richard Florida, author of *Who’s Your City?*. Business location decisions are increasingly being based on the quality of place. Talented people crave the vitality of urban areas and are interested in locating in distinctive cities and neighborhoods. As do businesses and people, communities must have a distinctive identity to compete in a place-based economy.

In his book *Man in Full*, Tom Wolfe describes that the only way you know you have left a city and entered another one is when the fast food establishments start repeating. In an environment where one place is no different from another, communities that celebrate all things local; create destinations; and preserve the sense of uniqueness, history, culture, and social diversity, will have a distinctive advantage in attracting and retaining the best talent and businesses.

## WHAT IS A PLACE-BASED ECONOMY?

Authentic and memorable experience is intrinsically tied to the unique local history, environment, and culture of a particular place. The physical setting, events, and image all contribute to enhancing the experience of a place. Physical setting and image is reinforced by the design of the streets, open spaces, and buildings that provide the stage for local events such as festivals, farmers market, street entertainment, public art, and exhibits.

Place-based economic development is based on the premise that a local economy must be developed as an appropriate response to the opportunities and limitations of that particular place. Place-based economy is a participatory bottom-up



Photo credit: Ventura Cultural Affairs Division

*The Ventura, CA, Artwalk is a self guided walking tour of over 80 galleries and studios in the Downtown Cultural District.*

economy where the individual community building efforts of local businesses and residents create a collective unique identity and sense of place. Place-based economy’s local focus also responds to the larger challenges of energy and global warming crises, and promotes socially responsible businesses. Unlike financial incentives, a unique place has a distinctive advantage that cannot be copied by competitors.

“Most places have something that makes them unique and if given the right cultivation it can bloom into a magnet to attract not only visitors but also new inward investment into business development. The development of a well conceptualized place based development strategy tied to the unique needs and expectations of local markets can be a compelling tool for redevelopment, market diversification and expanding local economies,” says Don A. Holbrook, CEcD, FM, author of “Who Moved My Smokestack?”

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## GROWING SMARTER WITH A RESTORATIVE LOCAL AND GREEN ECONOMY

*The young and talented labor force and retiring boomers prefer the vitality of compact, connected, and complete cities over the sterile environments of business parks, shopping centers, and residential subdivisions. Changing unhealthy suburban patterns and behaviors and restoring urban areas offer an unprecedented opportunity for a restorative and green economy. The synergy of smart growth and a focus on the local, restorative, and green economy create memorable and lasting places that allow communities to retain and attract talent and reduce energy consumption and greenhouse gases. An economy based on creation of place is local, participatory, sustainable, and enduring.*

“Place-based economy builds on local assets and cultivates entrepreneurial leadership by focusing on the community’s ‘triple bottom line’ of economic, environmental, and social returns on investment,” says Judy Francis, AICP, of the North Carolina Department of Environment and Natural Resources. Initiatives typically include eco/cultural/heritage tourism and recreation, alternative energy, and “green” industry pursuits. “In North Carolina, place-based economic strategies have provided over \$2.1 billion in revenues, over \$1 billion in investments (much of it in rural areas), and provide over 20,000 jobs that cannot be exported to other places,” notes Francis.

An example of place-based economic strategy is “Kitchen incubators” such as Blue Ridge Food Ventures (BRFV) in Asheville, NC. The incubators have a shared-use commercial kitchen for creating “value-added” food products and assist local growers to market their crops and locally produced food products. Since 2005, BRFV has assisted more than 100 food businesses whose sales exceed \$1.8 million and who employ 20 full-time and 50 part-time employees. The incubator keeps agriculture profitable in the region and keeps farm acreage in production instead of converting to suburban sprawl.

The creative industries, comprised of nonprofit art organizations, commercial enterprises such as art galleries and music stores, and creative professionals or artists,

contribute to the place-based economy by providing a unique sense of authentic local culture and identity. “The arts and cultural sector drives local economic impact and the global creative economy, influencing design, place and innovation. The creative sector attracts the talent of the 21st century work force. In San Jose, CA, the \$103 million nonprofit arts industry is a key component of the city’s economic development strategy, employing over 2,300 people and creating an urban core for the capital of Silicon Valley,” says City of San Jose Cultural Affairs Director Kerry Adams Hapner.

Ventura’s nonprofit arts sector alone drives \$18 million in economic impact. Every spring and fall, Ventura’s *ArtWalk* offers free, self guided walking tours focusing on 200 established and emerging artists at over 80 galleries, studios, and eclectic gallery-for-a-day venues in Ventura’s Downtown Cultural District.



Photo credit: Ventura Cultural Affairs Division

*The Working Artists Ventura project provides affordable living and working accommodations for artists.*

The arts and cultural sector is huge business in the small coastal town of Ventura, CA. Ventura’s nonprofit arts sector alone drives \$18 million in economic impact. Every spring and fall, Ventura’s *ArtWalk* offers free, self guided walking tours focusing on 200 established and emerging artists at over 80 galleries, studios, and eclectic gallery-for-a-day venues in Ventura’s Downtown Cultural District. Participating art venues include antique and coffee shops, restaurants, boutique stores, and salons. The event attracts over 20,000 patrons to downtown retail and restaurant businesses and promotes Ventura’s image as California’s New Art City.

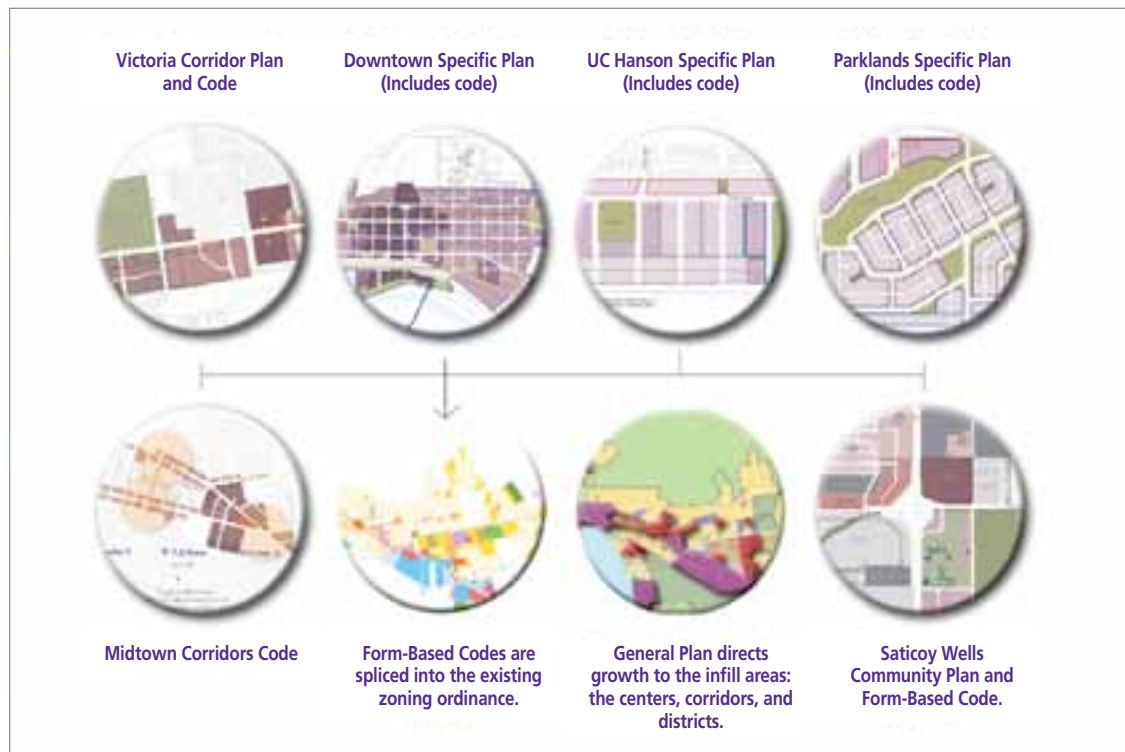
Ventura, CA, aspires to be California’s New Art City, a leading destination for art and culture on the West coast. The high cost of housing in Ventura is a deterrent to attracting and retaining artists. A solution has been the Working Artists Ventura project. The city partnered with Projects Linking Arts, Community, and Environment Inc. (PLACE), the project’s developer committed to promoting the arts, environment, and social fairness, to provide affordable living and working areas for artists with high ceilings with roll-up-doors. The project is dubbed “The WAV” (Working Artists Ventura) and is located in Ventura’s cultural district.



Photo credit: Judy Francis

*Herbalist Tara Lee uses space and equipment at Blue Ridge Food Ventures to prepare spice and tea blends she has developed and sells through her company, Blessed Botanicals.*





The Ventura General Plan called for overhauling the conventional zoning regulations and adopting Form-Based Codes. Over the past three years, the city has prepared six Form-Based Codes within the infill areas.

The project meets several place-making objectives: it provides affordable housing and working space for hundreds of artists, performance and exhibition space, and units for homeless families; serves as a cultural destination; is built to the highest standards of green building technology; un-bundles parking spaces from the price of units and provides shared vehicles for residents; and is expected to generate economic benefits of \$8 for every \$1 of public investment. The project opened in December 2009 to rave reviews from the artist community.

A place-based economy is a tailored response to the local opportunities and challenges of the place. Each city, region, and state must develop its own place-based economic development strategy. A place-based economic development strategy:

1. Is rooted in smart growth that builds on unique features of a particular history, culture, and ecology;
2. Focuses on a locally driven restorative economy; and
3. Capitalizes on green economy.

## SMART GROWTH

*"The days where we're just building sprawl forever, those days are over."*

*President Obama at a town hall meeting in Fort Myers, FL.*

There is widespread consensus that as the world's largest economy and one of the biggest CO2 emitters, the US has a responsibility to take the lead in reducing greenhouse gasses 80 percent lower than the 1990 levels. The challenge is to accomplish this while we add another 100 million people by 2050.

Growing well is a choice that affects our economy, quality of place, health, and the air we breathe. In some places, explosive sprawl development in the past five decades has left an allergic reaction to any growth. Smart growth, as an antidote to sprawl, directs growth to infill areas away from hillsides, farmlands, and open spaces. Compact, diverse, and connected communities encourage walking, biking, and transit use, thus reducing trips and air pollution. People who live in walkable communities are also more physically active and healthy. Contextual infill development enhances historic and cultural resources and reinvests in older areas of our community.

A place-based smart growth strategy should start by adopting a shared vision – this typically occurs in the form of a general or comprehensive plan update. The shared vision is implemented by adopting a culture that removes barriers and provides incentives to attracting investment.

Smart growth is best suited for existing neighborhoods, but local government typically has a variety of restrictions and the "no growth" advocates. The restrictions range from limits on density, building height, parking requirements, and other development codes. The prospect of having to share strained services and infrastructure with more people has given rise to many contentious public hearings. Unclear development standards, neighborhood opposition, and an uncertain development review process keep developers out of existing neighborhoods.

A key barrier to protecting and creating distinctive places is conventional zoning codes that often prohibit the construction of mixed-use, pedestrian friendly places

within the community. An alternative to conventional zoning is Form-Based Codes that offer clear and precise place-based standards together with a streamlined development review process.<sup>1</sup> An authentic civic engagement and education to raise public awareness, frame and analyze alternatives, and incorporate public ideas and address concerns early on in the process, make it easier for smart growth projects to gain approval. Form-Based Codes are drafted to achieve a community vision based on time-tested forms of compact, diverse, and complete urbanism that draws in the connections between land use and transportation.

Linking land use with transportation produces a system of integrated choices that allow mobility by foot, bike, car, bus, and transit. The energy and climate crisis has shifted the mobility discussion from individual ownership of vehicles to non-ownership options such as transit, rental, carpool, taxi, and car sharing (e.g. zip car). In small communities with limited transit options, automobile dependence can be reduced through shared or common ownership vehicles such as electric bicycles, segways, motorcycles, electric cars, and trucks that are provided as amenities and in exchange for reduced off-street parking spaces and traffic mitigation fees.<sup>2</sup> A traffic mitigation fee is the cost of all of the necessary and needed street improvements to accommodate future traffic growth identified on a per unit basis. For example: a 78-unit apartment project in Ventura would save \$75,000 in traffic mitigation fees (a 30 percent reduction) and can provide 12 fewer required off-street parking spaces in exchange for providing the following shared amenities within the project: two cars, an electric vehicle, two segways, and four electric bicycles.

Sprawl is the default growth model because it is easy to build and costs less. Local governments can level the playing field by imposing discounted impact fees for smart growth projects. Making cities absorb the true external costs of sprawling projects will also generate increased revenue to support smart growth projects.<sup>3</sup>

A LEED platinum building in a sprawling office park and regional shopping centers that are primarily accessible by car fail to reduce vehicle miles traveled (VMT) and CO2 emissions. Increased efficiency resulting from high performance buildings and infrastructure must carefully integrate mixed-use, diverse, and pedestrian friendly urbanism.<sup>4</sup> Transportation accounts for a third of greenhouse gasses, including CO2. Our attempts are largely focused on developing efficient fuel or fuel-efficient cars. The offset in CO2 is wiped out by the increase in vehicle miles traveled between the separated land uses. Recent studies have shown that compact, pedestrian-friendly mixed-use developments have the potential to reduce VMT by 20 to 40 percent and CO2 emissions by 7 to 10 percent.<sup>5</sup>

## RESTORATIVE ECONOMY

Traditionally, economic development has focused on “new” growth and development. The typical performance metrics monitor the number of new permits, new jobs, or new development square footage. The operative business model is: “new” growth brings “new” wealth to the community.

The new economy will favor “re”development over new “de”velopment. We must plan to build physical and organizational environments that promote economic systems to last over a period of time by shifting measures of prosperity from quantity to quality indicators. Rather than measuring the number of housing starts and jobs, the metrics should consider the extent to which the community’s houses and jobs are organized around principles of smart growth. Qualitative rating systems such as Leadership in Energy and Environmental Design for Neighborhood Development (LEED ND) offer metrics that integrate the principles of smart growth and green development that help promote our new economy, and create a distinctive sense of place.<sup>6</sup>

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Construction of new buildings expends a large amount of energy. Buildings that people dislike are easy to tear down as they age. However, not having to tear down and rebuild a new building conserves resources and energy. Redevelopment and renewal of existing historic buildings and landscapes saves embodied energy while contributing to the local sense of place, which is necessary for expanding a place-based economy.

## GREEN ECONOMY

In a sustainable economy we use less, keep resources from getting worse, and reduce waste or pollution – essentially, what we can continue doing without causing severe damage. In his book *reWealth*, Storm Cunningham raises the bar and calls for a shift from doing less damage to doing no damage and perhaps restoration of our natural, built and socioeconomic assets. He points out that there are more jobs per dollar of budget in a restorative economy (\$100 trillion) than in the presently damaging economy or even a sustainable economy. For

example: there are more jobs in planting trees and restoring an existing building than cutting the trees or building new standardized buildings.

Shifting jobs from industries that harm the earth to ones that sustain and in some cases heal the earth is a worthwhile economic goal. A report by Global Insight prepared for the US Conference of Mayors predicts that green employment could be the fastest growing segment of the US economy, providing up to 10 percent of new job growth over the next 30 years.<sup>7</sup>

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In the United States, buildings consume 76 percent of electricity generated by burning coal. Buildings are responsible for 50 percent of all energy consumed and production of all CO<sub>2</sub>.<sup>8</sup> Smart growth and green buildings can collectively reduce 83 percent of all CO<sub>2</sub> emissions.

A community's distinctiveness comes from making sure that the new buildings are rooted and evolve from adaptations to local history, climate, materials, and landscape. The glass towers in Anchorage look the same as Austin. The infusion of fossil fuel energy has allowed the climate of the building to be controlled, which has resulted in look alike, placeless architecture that is not grounded in the local place. Every locality has different building materials that are available for different climates, supported by a distinctive architecture. Linking the form, function, and material to the natural environment reduces energy consumption while creating or preserving a sense of place.

### CONCLUSION

Over \$100 million in tax and training incentives were offered by the state of Georgia to lure NCR from Dayton, Ohio, where the company has been for over a century.<sup>9</sup> The loss of 1,300 jobs in Dayton is a business attraction success story for Duluth, GA, in suburban Atlanta. However, attracting companies from one area to another is a zero sum game. Bill Nutti, NCR's chairman and CEO, says the decision to move was to align the company for future growth and drive the lowest cost structure in his industry. Corporate relocation decisions are focused on the bottom line with little regard to commitment to an area or its quality of life. In times when large corporations are shrinking and some even fading away, focusing on existing small businesses in the community and helping them grow and expand makes

good economic sense. The success and viability of a place grows with the development and growth of existing businesses.

We must prioritize redevelopment over new growth and business retention/expansion/ re-creation over business attraction. In addition, we need to support small businesses that are already within our communities and have more growth potential, rather than chasing large shrinking corporations; foster an authentic and creative culture; and revitalize and redevelop existing neighborhoods over creating new ones on greenfield sites. Retail development should be pursued within the context of these priorities. Retail will come once there are residents and employees to sustain it. Pursuing retail without a customer base can be disastrous for the retailer, weaken confidence in the area, and hurt the existing retailers there, particularly at a time when households are paying down debt, saving more of their income, rebuilding their nest eggs, and not spending.

In the past century, we have grown and established a fairly large footprint. A considerable amount of this development is now brownfields or greyfields such as empty commercial strips, office parks, foreclosed homes, and struggling malls. Further loss of farms and open spaces need not happen. Greenfield development should strive to rebuild the existing communities by introducing elements that complete the community such as connecting the street network, offering diverse housing choices, and new open spaces, to name a few benefits. The combined constraints of a growing population and running out of greenfield sites to devour will increase the pressures to rebuild, redevelop, and restore.

### Every locality has different building materials that are available for different climates, supported by a distinctive architecture. Linking the form, function, and material to the natural environment reduces energy consumption while creating or preserving a sense of place.

As we recover from the current recession, "Baby Boomers" in large numbers will be empty nesters looking to trade in their large suburban homes for urban convenience and "Generation Ys", born from the mid 1980s to early 1990s, will be ready to enter the housing market with a strong bias towards urban living. Todd Zimmerman, a noted market analyst, is optimistic that these two trends will create a huge market demand for urban places.<sup>10</sup> In the economic downturn, communities that

have implemented smart growth principles and support a renewed and sustainable urbanism, are those that have held or even increased their value while development that separates land uses, promotes wide streets, low density, and extensive parking has decreased in value.

Given good information and a choice, most communities embrace a place-based economy. The local, smart growth based, renewal economy will be resilient and less vulnerable to economic cycles of decline. The primary goal of smart growth and a restorative and green economy is to create desirable and lasting places rather than disposable and transient places, thereby reducing the demand to build into greenfield areas. A place-based economy reinforces community pride; builds long-term physical, social, economic, and cultural benefits; links local people to local opportunities resulting in good jobs within the community; decreases VMT and CO2 emissions; and makes the community a better place to live and work. ④

The primary goal of smart growth and a restorative and green economy is to create desirable and lasting places rather than disposable and transient places, thereby reducing the demand to build into greenfield areas.

## ENDNOTES

1. See [www.formbasedcodes.org](http://www.formbasedcodes.org) for more information on Form-Based Coding.
2. Residents would choose the appropriate vehicle for the required trip and pay a nominal monthly charge for membership and an additional charge based on quantity and duration of usage. Individual development projects with common transportation amenities when linked together provide a common pool of resources that can then be used by other residents and visitors in a community. The shared vehicles approach is a more efficient and less costly way to enhance mobility and is more likely to be embraced by consumers than the costly investment of public dollars necessary to provide or improve transit service.
3. *Removing the Roadblocks, How to Make Sustainable Development Happen Now*. Ethan Elkind, primary author of policy paper, sponsored by Bank of America and produced by a partnership of the UC Berkeley and UCLA School of Law and California Attorney General's Office, August 2009.
4. *Sustainable Urbanism: Urban Design with Nature*, Doug Farr, 2008.
5. See *Growing Cooler* by Ewing, Bartholomew, Winkelman, Walters, and Chen, ULI, 2008.
6. LEED ND is a qualitative rating system developed within an interdisciplinary framework by the U. S. Green Building Council, Congress of New Urbanism, and Natural Resources Defense Council.
7. U.S. Metro Economies: Current and Potential Green Jobs in the U.S. Economy, prepared for U.S. Conference of Mayors and the Mayors Climate Protection Center, prepared by Global Insight, October 2008.
8. See [www.architecture2030.org](http://www.architecture2030.org). Ed Mazria, AIA, is the founder of Architecture 2030, an independent organization focused on protecting the global environment that calls for buildings to be carbon neutral by 2030.
9. *Southern States Poach Businesses Amid Downturn*, by Ansley Haman, Wall Street Journal Weekend Edition, June 13-14, 2009.
10. *Sustaining the New Urbanism*, by Robert Steuteville, New Urban News, March 2009.



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