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vacant spaces to HAPPENING PLACES

By Kimber Lanning



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In the current race to create high quality jobs, retain local talent, and attract great companies, many American cities are looking closely at the kinds of places educated workers want to live. According to the American Institute for Economic Research (AIER), an increasing number of workers have been choosing their city before their job and now more than ever, companies are reluctant to relocate to cities that have a dry, homogenized or suburban feel to them, no matter how large the financial or tax-break incentives are. The workers, and millennials in particular, are actually driving location by voicing loudly the kinds of places they'd want to consider home. In a recent study, AIER cited 70 percent of young college graduates decide where to relocate based on quality-of-life factors such as robust restaurant scene and good mass transit, rather than economic conditions.

Community Wealth Building, a term created by Ohio's Democracy Collaborative, is a new approach to economic development with four key components which should work synergistically to create great places that make people feel connected. Across the country there have been strong advances in more comprehensive approaches to building quality cities and towns – places where people want to live and where the economies are vibrant. Those communities using Community Wealth Building strategies will be more successful at attracting and retaining the next generation of educated workers, and in many cases the tech companies and their employees are paving the way. This article provides a personal perspective on the Community Wealth Building approach to economic development and demonstrates the gains achieved when economic development professionals and city planners work together to promote true place making policies and make a commitment to put them into practice.

In changing religious climes, even institutional buildings must be reimagined. In their first adaptive reuse project, Wetta Ventures and Brick & West Design took the former Osborn School House/Bethel Methodist Church in Phoenix, with a site history lasting nearly 130 years, and transformed it into the deconsecrated home of a taco restaurant and second-hand clothing store, with a midcentury-styled new-build coffee shop drawing residents to the corner intersection.

COMMUNITY WEALTH BUILDING STRATEGY ONE: RETAINING GREAT PLACES

The first key component to successful Community Wealth Building lies in the hands of city planners.

Traditional urban planners in America today largely work from a standardized perspective based on a set of rules and guidelines that were seemingly created apart from any dialogue about quality of life, preservation, or sense of place. More often, these guidelines were created in response to litigation or in an effort to reduce cost. Additionally, current land use policies often favor large, uniform developments lacking human scale and community enhancing character.

In the decades after World War II, development trends favored smaller, more human scale build-

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THE CASE FOR PRESERVATION AND REUSE

This article provides a personal perspective on a contemporary approach to economic development: recognizing and actively pursuing an integrated relationship between planning and economic development in cities and towns everywhere. The article demonstrates the gains achieved when economic development professionals and city planners work together to promote true community wealth building and place making.

ings that encouraged walkable neighborhoods, charming storefronts, local business ownership, and livability. Many of these buildings face demolition today, in favor of new construction which can often be a single building consuming a mega-block where several smaller, older buildings once stood.

Rethinking traditional urban planning must begin with the economic argument that older buildings are better for many reasons. First, they encourage walkability and interesting street connectivity which makes a place feel alive and vibrant. Second, because they are smaller and older they tend to house more independently owned businesses which have been proven to keep more money and jobs re-circulating in the local economy. Finally, these older buildings allow for the kind of diversity and unique personality that better connects residents to their place. “Connection to place” was shown in a recent Knight Foundation study called *Soul of the Community* to be the single-most leading indicator in places that have prosperity. They found that when people love their place, they are more likely to vote, to volunteer, to give charitably, and even to pay their taxes, thus improving local prosperity for all who live in that place.

Preservation Green Lab, a research arm of the National Trust for Historic Preservation, demonstrated in their study *Older, Smaller, Better*, the measureable benefits of keeping older buildings, factoring in such concepts as real estate performance, employment rates for people of color, local prosperity, and jobs created per block versus newer, larger developments. In Seattle’s commercial areas, for example, Preservation Green Lab demonstrated that blocks with older, smaller buildings provided 36.8 percent more jobs per square foot than those blocks with newer, larger buildings.

Local First Arizona is a statewide nonprofit organization that works to build a more diverse and resilient Arizona economy through supporting and celebrating Arizona owned companies. LFA believes older buildings create vital incubator spaces for entrepreneurial spirit essential to any thriving city, and worked with the Phoenix planning department over an eight-year period to streamline the process for the adaptive reuse of existing buildings in the city. Because of this extensive work, over 80 new businesses opened in older buildings in the city center over a five-year span, which along with the recently built light rail, have absolutely changed the quality of life for the people who live there.

Combined, the built environment and local business ownership can create the kind of quality of life people strive to find in any city. Without the engagement of academia, social activists, economic development professionals, and others, the penchant for rigidly adhering to outdated and inflexible codes and land use regulations found among many planning and code enforcement agencies is likely to continue to discourage creative infill development. This, in turn, adversely affects the quality of life in growing American cities.

The greater economic development community needs to frame the conversation around the connection between planning and job creation, along with quality of life and workforce retention. Many planners across the country are recognizing that old models aren’t working and we in economic development should reach out and offer ideas, partnership, and support in finding new models to build great places that improve opportunities for prosperity. In its recent study *Investing in Place for Economic Growth and Competitiveness*, the American Planning Association (APA) demonstrates that the next generation of workers

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An Anytown, stuccoed stripmall in uptown Phoenix became the beautiful, debut career-making project for local-developer Venue Projects, in partnership with the local restauranteurs and chronic adaptive-reusers, Upward Projects. The midcentury building was stripped to its natural brick and turned into a bar and restaurant, clothing store, and ice cream and candy shop, now anchoring an entire neighborhood.

This former, standard stripmall took on new life with the vision of local partners Venue Projects and Upward Projects, who have developed a penchant for maximizing the potential of underutilized buildings. Now, the red-brick structure is home to a candy and ice cream shop, bar and restaurant, and clothing store, all locally-owned.

does not want to live in a suburban monoculture – they want creative environments with unique buildings and walkable urban streets.

So, why are so few planners actually encouraging this kind of redevelopment?

Despite what the APA reports, many city planning departments don't consider themselves to be part of an economic development ecosystem, when in fact they play a major role in business attraction, workforce development and even blight. Indeed, the policies that make up their playbook could be quietly eroding opportunities to thrive in communities across the country.

Consider the adaptive reuse of existing buildings. According to the *Older, Smaller, Better* study, communities that have active downtowns tend to have a mix of old and new, large and small buildings and the older buildings tend to house independently owned businesses offering a variety of goods and services that bring character and accessibility to the neighborhood. Livability and character scores are drastically increased in neighborhoods that have human scale buildings, which are almost always older and were built before modern building code was enacted in most American cities, particularly those west of the Mississippi. Building code in cities across the country can be unnecessarily burdensome and often prohibits new businesses from opening in these older buildings. In places with numerous blighted or abandoned buildings, city policies need to be re-examined and reworked in order to encourage, rather than discourage, the reuse of the older building stock. In many cases, cumbersome building code and a drawn out process to obtain a certificate of occupancy can keep entrepreneurs – and the buildings they seek – out of reach.

In Phoenix, the adaptive reuse process was once so cumbersome that an estimated 40 percent of the downtown consisted of empty old buildings that had fallen into disrepair, combined with massive new office, institution, and arena development and parking structures that enabled visitors to bypass engaging with the actual downtown. Many people assumed the reason for the blight was absentee owners, lack of interested new businesses, or the recession. No one suspected that oppressive building code was to blame, and yet entrepreneur after entrepreneur often had their hopes ended by an overzealous building inspector or an uncooperative plan reviewer armed with outdated policies and a complete disconnect from the actual planning they were educated to do. We've been able to turn the tide in Phoenix, where many in our planning department are eagerly working to preserve older building stock and work with entrepreneurs to find ways to expedite the process to get businesses open and cash registers ringing. Let's continue to encourage this positive trend across the country.

Perhaps the marquee example of locally-minded adaptive reuse in Phoenix, The Newton took one of the area's most iconic restaurants and gathering spaces, the former Beefeaters, and transformed it into a dynamic, multi-use community space. Utilizing a unique model of shared, local ownership, Venue Projects, John Douglas Architects, Southern Rail restaurant, and Changing Hands bookstore joined hands to create a combined bookstore, beer/wine/coffee "book bar," outdoor shop, restaurant, and office space, all centered around a multipurpose room covered in chandeliers, allowing free socializing during the day, and exciting community-programmed events at night.

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Establishing a streamlined and responsive adaptive reuse program took nearly a decade in Phoenix but it didn't need to and shouldn't take so long in other cities. Phoenix simultaneously needed to recover from the short-term reward system that encouraged unsustainable sprawl development, master planned communities, and uncreative, commodity strip mall shopping corridors that were easy to approve and easier to fund. The city had developed a culture of fast-moving growth, never pausing to consider quality of life and ignoring what the next generation or an educated workforce was actually going to choose for their lifestyle.

Due to policies put in place by the City Council, the planning department had developed a deeply engrained culture that strongly supported new development because it was easy to rubber stamp and move through the process fast. The City Council had made the planning department a "cost-recovery" department in 1990, which meant balancing their budget with no additional support from the city's general fund. As a result, the process became more challenging for, say, a small business owner who wanted to open a new wine bar in a funky old building downtown. In fact that one small business owner was a threat to the department's bottom line because he or

In the bustling college hub of the Valley, Wetta Ventures, Brick & West Design, and Upward Projects combined forces to reuse the former Arizona State University art annex in Tempe into another striking adaptive reuse project. Located at the campus' edge, the closed-off red-brick building reopened itself to the street, now home to a locally-owned winebar, and breakfast spot, anchoring history to a rapidly growing area.

From the outside, The Annex shows its history on its sleeve, with the original red-brick front and center. The center hallway of the former school building now serves as a grand entry to both a breakfast spot and winebar on either side, making a permeable and welcoming space.

she was going to cost a lot of time and would not bring in many development fees. So, logically, the small business owner would often end up looking outside the city for a location due to impossible rules and regulations and dreadfully slow review processes that required multiple inspections and tedious plan review aimed at issues not even related to the safety of the structure.

I recently spoke at an IEDC conference and I asked a room full of economic development professionals how many of them had reviewed their city's adaptive reuse policies. Not one professional raised their hand. Connecting these two professions seems logical and practical if the goal is to build great places that retain talent and attract companies and good jobs. There is a direct correlation between planning and economic development that needs to be not only considered but actively investigated in cities and towns everywhere.

COMMUNITY WEALTH BUILDING STRATEGY TWO: EMPHASIS ON LOCAL BUSINESS OWNERSHIP

Civic Economics completed a groundbreaking study 14 years ago in Austin, TX, that focused on the multiplier effect (The Civic Economics of Retail, 2002), which in turn led to several reports showing that local business ownership is critically important to job creation. If America had 30,000 Starbucks locations, the company would still only support one accounting firm, one graphic designer, one website developer, one law firm. Conversely, 30,000 independently owned coffee shops support 30,000 accountants who have a client, 30,000 website developers who have a gig, 30,000 graphic designers, and so on. The chain store model actually eliminates three jobs for every two it creates, according to the Institute for Local Self-Reliance (ILSR), an advocacy group that provides technical assistance to communities about local solutions for sustainable community development. So before the economist complains about hospitality supporting only low wage jobs, let's remember it's the ecosystem of primary, secondary, and tertiary jobs we need to count.

The "Buy Local" movement has been gaining momentum around the country for nearly 15 years and many people mistakenly think it's just about cute boutiques and farmer's markets. In reality, independently owned businesses are bringing cities back faster from economic crises while simultaneously creating the kinds of places where people desire to live, according to Good Jobs First, a national policy resource center for grassroots groups and public officials, promoting corporate and government accountability in economic development.

Too many economic developers are chasing chain store development even though trends studied and reported by ILSR in the past five years show independent businesses are bouncing back mightily. Independent coffee shops are opening at 1.5 times the rate of Starbucks, 140 new independent bookstores have opened around the country in the past three years, and even record stores are experiencing the best sales they've had in 20 years.

Economists speak about economies of scale, which should be the saving grace of a free market society. But it's not cheaper to buy a latte at Starbucks, or tires at Costco, or a movie ticket at AMC. And if you measure the true cost of doing business with most chain stores there sim-

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ply is no reward for economies of scale, unless of course you count gains so short they are measured by the day and not the year. Money in a customer's pocket for a day certainly doesn't change the outcome of a community when the overall community's economy is attached to a lead balloon that includes low-wage jobs, no healthcare benefits, and no professional services job market. In fact, studies done by Civic Economics demonstrate the whole notion that money saved at chains drives an economy is flawed because it assumes chains are always cheaper, which isn't true. And any savings is significantly offset by jobs eliminated as well as lost income overall.

Economies of scale only work in a free market society which we are not. Our food is subsidized – consider 80 percent of all farm bill dollars since 1995 went to the largest 10 percent of America's farms for commodity crops which is why processed fast food is so "cheap". Our oil is subsidized, our biggest banks are subsidized, and even chain stores are subsidized – all using tax payer money. To believe in free markets in the US today is like believing in the tooth fairy. Many Americans actually have forgotten how the economy works and have no tools to measure the true costs – human, social, or environmental – of doing business.

Given these facts about the built environment and the importance of local business ownership, why then is it so hard to create great places?

COMMUNITY WEALTH BUILDING STRATEGY THREE: COMMUNITY BANKS ARE KEY

The third key element to this Community Wealth Building strategy is localized funding. Ask any developer who wants to buy a gorgeous abandoned warehouse and put the coolest businesses inside right off the public transportation system. It's going to be the best, most wonderful market for the local community and it will be so unique it attracts tourists and creates jobs, transforming the economy for their place…and there's not a bank that will fund a project like this anywhere to be found. Why? Because giant, institutional banks with no local decision-making are transaction and deposit oriented with very little interest in building great places. They are risk averse and would much rather the developer build something new and populate it with the same national brands they view simply as credit tenants that are common everywhere else.

Here in Arizona the big three banks (Chase, Wells Fargo, and BofA) hold 76 percent of our total deposits (over $65B) yet have a loan completion rate of just 17 percent, which is actually up from the 13 percent they completed in 2012. Community banks remain steady at 49 percent for small business loan completion overall. The big banks perpetuate commodity development with no regard for the social, cultural or environmental impact it has on a community and its residents in the long term.

This dichotomy is crushing creative development in cities and towns everywhere, which in turn reduces economic vitality and the hope of attracting the types of companies and people that want to live, work, and play in creative places.

Conversely, community banks are committed to the neighborhoods and communities where they are located and have a direct interest in place-based amenities. Community bankers are more engaged and informed about local issues, and influences, and are much more likely to take a risk with a local business owner, forging a shared plan. They HAVE to invest locally, it's the only way for them to survive. In order to stimulate the economy, entrepreneurs and business owners need ample access to small business loans from bankers that care about the long term health of the businesses in their community.

Our community banks are more likely to fund the small businesses that are the engine of the economy. The more these banks have in deposits, the more they can lend back into our communities, and there's a direct correlation between cool cities and the banks that fund them. Denver's First Bank, for example, is the number two holder of deposits in Colorado and they funded the vast majority of the revitalization of downtown Denver, complete with old buildings and locally owned businesses. In Phoenix, local community banks hold only 4 percent of the state's deposits and simply lack the resources to take on the kinds of massive projects needed.

This latest adaptive reuse project from Wetta Ventures and Brick & West Design takes a conventional midcentury office complex in Phoenix, and reimagines it for the present and future, producing a retro-contemporary mixed-use complex, soon to be anchored by exciting entertainment venues with daily-use creative office space above.

In addition to community banks, credit unions are filling in the gaps in local business lending and simultaneously spreading ownership across their members. CDFIs can also play a role in keeping more money circulating locally, increasing opportunities for companies to grow and create jobs.

Local First Arizona led the charge in encouraging the city of Phoenix to move $50M in deposits out of a big bank and into local community banks by reminding them that, while they themselves were working hard to build a better city, their money was not. In fact, their money was invested elsewhere.

At the root of every great community is the funding. If citizens want to build great places, then they must move their money into banks or credit unions that share the same vision. Many residents work hard to build great places but nothing is gained when too often residents and businesses alike have their money sitting in banks with no such vision or value.

COMMUNITY WEALTH BUILDING STRATEGY FOUR: COMPREHENSIVE ECONOMIC DEVELOPMENT

The fourth and final part of this Community Wealth Building strategy involves comprehensive economic development vision that includes place-based creative development, readily funded, with local business ownership and high quality of life across a broad spectrum of society. And not just because “cool” places count more than others. Generative approaches to economic development need to create a suite of job opportunities that offer improved quality of life for all people in that community, regardless of socio-economic status.

Economic developers need to frame compelling cases that underscore the need for overhauling policies around building code and the adaptive reuse of existing buildings. This will allow for high quality or blighted older neighborhoods, historic and vintage, to be protected and restored. Repurposing older buildings means increased incubator spaces for small businesses to grow and thrive, creating new ecosystems of jobs and place-based vibrant communities, which creates more equity and opportunity for all.

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Planners, economic developers, local entrepreneurs and community bankers must align themselves around a shared vision, working together to build resilient, vibrant, inclusive, and sustainable economies that provide higher quality of life, increased equity, and prosperity for all residents.