"Riding Out The Recession"

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INTRODUCTION/BACKGROUND

- Born in 1938, the "second cellar" of the Great Depression.
- Lost a silver dollar? Got whacked!!
- Rode out 3 recessions "recently" - early 1980s, early 1990s, early 2000s.
- And, now forecasted personally in late 2006 when mortgages became insane.
CURRENT CHALLENGES:
"THE TIMES, THEY ARE A CHANGING!!"

- Our socio-demographics are accelerating toward aging and reliance on Federal benefits.
- How shall $600 trillion in "derivatives" sold by financial firms be resolved? (At whose costs, spread around?)
- American states cumulatively now have $1 trillion in public pensions shortfalls.
- US commercial real estate debt is coming due with forecasted serious defaults.
- We expect Federal deficits not to return to sustainable levels over the next 10 years.
- We're living with 9.7% unemployment rate nationally (not counting those who've left job searching, but will return)
- We already know the upcoming fiscal year budgets for all US governments are going to be far more troubled.
WHAT'S MOST RECENT?

- There's more relevant economic and employment data constantly updated and available, targeting your community than ever before.
- Blue Sky Singing Spreadsheets are no longer relevant; we are intentionally focusing on what's realistic.
- There may be serious legislative challenges ahead for redevelopment tax increment, state tax credits, and previously very enthusiastic new bond debt.
- Where are the audits you are responsible for defining the time of performance for jobs restoration, real estate development entitlements, and recently forecasted private and public partnership debt obligations?
- How many plans and strategies have migrated to the shelf? So, what's the effectively collaborative near term recovery strategy you have put in place or are working on?
1. Collaborative Teaming Efforts

**STRATEGY**

- Linking redevelopment, reemployment and refinancing
- Public - private negotiating "teams"
- Consultants (planning/architecture/engineering/economics/financing)

**EXAMPLE**

- CRA + WIB + City/County Finance Director and Attorney
- I'm involved in several collaborative teams now.
RELEVANT ECONOMIC DEVELOPMENT PROGRAMMING (2010 - 2015)

2. "Reputation Recovery"

**STRATEGY**
- Foreclosures have become equivalent to affordable housing
- Educational quality improvements
- Corridor and district marketing and management brings customers and visitors

**EXAMPLE**
- Brokers + Banks + Public Services
- Local school districts and community colleges specialties
- Affordable funding partnerships for new and revised business improvement districts (BIDs/SIDs/etc.)
3. Recognize Continuing Changes in Socio-Demographics and Incomes

STRATEGY

• Adjust your new and midterm futures now.
• Is your market really going to remain or grow past 70% reliance on consumer spending?

EXAMPLE

• All kinds of improving State data series specialties
• The 2010 Census will likely surprise your community and region
### RELEVANT ECONOMIC DEVELOPMENT PROGRAMMING (2010 - 2015)

4. More and More Current Data Available

**STRATEGY**
- Snatch it and report it in full candor to remain believable
- Some is negative, some is flat, and there are signs of "bottoming out" and incremental improvements

**EXAMPLE**
- Brookings Institute - 100 metro areas, and the new Mountain Monitor with UNLV (six states - both major and minor metro areas)
- Have you ever used City-Data.com??
5. Protection of Public Infrastructure and Public Purpose Assets

**STRATEGY**
- Leasing may be better (and more fiscal results) than outright selling.
- Retain all easements - they conserve the community!
- Go for adaptive re-uses

**EXAMPLE**
- Restructure city and county community services districts.
- Parks and open spaces can live through the recessions!
- Municipal utilities can be cheaper (rates) than the "megas."
6. Shifting to Fiscal Balance

**STRATEGY**
- Too reliant on sales tax only? (Yup!!)
- Calif. Prop 13 (1978) led to introduction of utility user tax.
- Property tax waivers stall redevelopment tax increment
- Federal and State domestic grants will decline soon, to avoid continuing fiscal imbalances.

**EXAMPLE**
- "Deals" must shift more to jobs recoveries and new jobs generation.
- Local community fiscal balances need at least four strong revenue sources (property, sales, business, utility user taxes) plus ballot approved beneficial assessment districts
- El Segundo (City), California, readjustment in the early 1980s

**STRATEGY**
- Already formed and somewhat active industrial clusters
- Un-used building materials and existing available labor staff
- Negotiated "options" to try to bring projects and programs together

**EXAMPLE**
- Pennsylvania collaborated with its universities to help create industrial clusters in the 1960s and 1970s, and New York followed.
- Washington State Parks used stored materials and existing smaller labor staff to restore historic major buildings in the early 1990s (Fort Worden State Park)
- "Options" can include preliminary holding of properties for employment training and adaptive re-uses.
8. Recovering Already Entitled Projects and Programs

**STRATEGY**

- More important than throwing new entitlements out to the periphery.
- You probably already have the utilities systems in place to serve existing sites.
- Access roads and easements are probably already there.
- Reasonable risk to grant entitlement extensions to hold sites in the center city.

**EXAMPLE**

- Tough times and eventual results:
  - Pittsburgh downtown recovery and rebuilding recently.
  - Denver is doing rather well, despite the recession impacts.
  - Ogden has avoided serious job losses.
9. Realigning and Recovering Economic Stimulus Funding Locally

**STRATEGY**

- Can't wait for "contingency" grants or tax credits - which may shrink
- Exercise great care about bond debt, bond ratings, and bond insurance.

**EXAMPLE**

- Focus on local employment recovery performance agreements (business tax credits, etc.)
- Capture Community College funding for more local work force technology training.
- Competing and winning in the assembly of a local stimulus package, focused on specialties already in place and still doing moderately well.
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10. Targeted Workforce Groups Talent Upgrades (What a Menu!!)

**STRATEGY**
- Those 14+ years old, who will soon join the workforce.
- Young Blue Collar services
- Manufacturing workforces seeking next related/conversion jobs
- Baby Boomers out of work
- Elderly with long time talent

**EXAMPLE**
- Promoting local "distance learning" in your community's educational systems
- Community College specialties
- English language upgrades
- Health care menu - rapidly growing
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11. Affordable Phased-in "Green" Upgrades, Sustainability, and Carbon Reduction

STRATEGY

- If we are that dependent on consumer purchases, we are primarily talking about households, small businesses, and small institutions.
- What makes sense to a recovering public? Not costly mandates that come through spiraling utility rates, and very expensive new code/retrofit obligations thrust upon low and moderate income residents and employees and employers.

EXAMPLE

- We've already gotten into CFLs. Next is LEDs
- Why did we forget ceiling fans?
- Did "white roofs" take off?
- Xeriscape works
- Do you think electric powered bicycles will take off?
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**STRATEGY**

- "Riding out the Recession" is actually your responsibility
- And, you have to report performance.

**EXAMPLE**

- Use the EDA CEDS model, even if you are not seeking EDA grants.
- Combine jobs recovery, educational attainment, redevelopment and rehabilitation, and community branding consensus.
- Update every year.
RELEVANT ECONOMIC DEVELOPMENT PROGRAMMING (2010 - 2015)

13. Charrettes Work!!

STRATEGY

- Create and conduct at least two a year - focused on the most challenged districts
- Yes - you will be forming "new constituents" - who should get to consensus and support the agreed upon initiatives
- As economic development specialists, you become recognized, can advance and manage real performance.

EXAMPLE

- Fifteen so far in Northern Virginia, since 1988.
- Continuous working with Redevelopment Project Area Advisory Committees for 40 years.
- Real balance of inputs and open discussions have led to formation of highly successful business districts.
WE HAVE A LONG WAY TO GO!

Thank you for your time and attention!

This presentation will be available for download on our website www.MarketFeasibilityLLC.com.

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