



Technical Assistance for Sustainable Communities: Building Blocks

Technical Assistance Tool: Planning for Fiscal and Economic Health Truckee Meadows Regional Planning Agency

To: Kimberly H. Robinson, Executive Director
From: Christopher Zimmerman and Roger Millar,
Smart Growth America
Date: November 27, 2013
Re: Report and Suggested Next Steps

Introduction: Purpose of this Memo

Pursuant to our technical assistance award with the Truckee Meadows Regional Planning Agency (TMRPA), this Memorandum constitutes our final report summarizing the workshop on planning for fiscal and economic health and proposing some specific strategies that emerged, as possible options to make the region more economically competitive.

On October 29 and 30, 2013 Smart Growth America provided assistance under the Planning for Fiscal and Economic Health tool, supported by US EPA's *Building Blocks for Sustainable Communities* Program. This included conducting a Technical Assistance Workshop for the TMRPA, which involved presentations to three distinct groups of stakeholders over the course of two days, as well as the facilitation of a "brainstorming" session and evaluation of alternatives.

The October 29 presentation was attended by a diverse group of prominent community stakeholders. The October 30 workshop brought together a wide range of professional staff and elected officials, representing the City of Reno, the City of Sparks, Washoe County, and a variety of public agencies from the region. The participants included officials involved in planning, transportation, schools, water resources, air quality, and tax assessment.

The "Planning for Fiscal and Economic Health" presentations provided an overview of the fiscal and economic development impacts of different development patterns, focusing on the differences between sprawling patterns and more compact "smart growth" patterns. Through the two-day program, TMRPA was able to engage community stakeholders around the ways in which smart growth approaches can make the region more competitive and reduce taxpayer burdens.

The intent of the workshop was neither for Smart Growth America to create a plan nor bind the community to any particular course of action, but to assist TMRPA in their efforts to begin a dialogue in the community around the ways in which alternative development patterns can provide regional benefit and positively impact the fiscal and economic health of the region. This dialogue is preliminary to a more in-depth scenario planning program TMRPA plans to undertake in collaboration with a variety of regional partners. A primary goal of the scenario planning effort will be to analyze the fiscal effects of various land use patterns and convey this information to decision-

makers to inform discussions and policy choices regarding fiscally sustainable development patterns.

Background – Context for the technical assistance workshop

The current challenges on which this technical assistance is focused come in the aftermath of an extended period of growth and expansion, as the Truckee Meadows region struggles with the reverses of the Great Recession and a weak recovery, and the possibility of long-term structural challenges for the gaming industry on which so much past growth has depended.

As described in the TMRPA application,

“Before the collapse of the real estate bubble, the Truckee Meadows region experienced unprecedented population and employment growth which resulted in large amounts of new residential and commercial development. Between 2000 and 2008 the population of Washoe County increased 23 percent (81,000 persons) and employment increased 15 percent (30,000 employees). To accommodate this growth, the region’s urban footprint expanded and large investments in public infrastructure were made. From 2000 to 2008, water distribution infrastructure mileage increased approximately 43 percent and road mileage increased 16 percent. Daily vehicle miles traveled per capita also rose 6 percent while the automobile continued to be the dominant form of transportation accounting for over 87 percent of all trips in 2000 and 2009. Developers, planners and decision-makers alike struggled to keep up with the rapid rate of change; however, the region was booming as indicated by strong employment, high taxable sales and rising home equity resulting in greater property tax revenues.

“Today, the economic picture is vastly different. During the economic downturn the region experienced rampant foreclosures, massive declines in home sales prices and persistently high unemployment that peaked at 13.1% in 2010. Furthermore, the region’s development pattern has proved fiscally unsustainable for local governments and other service providers. New development from 2000-2010 had an average density of 2.6 persons/acre and the ability of service providers to serve this new low-density, sprawling development is being crippled by tax revenues that in some cases are equal to 1999 levels. The region is showing signs of emerging from the severe economic downturn: unemployment for the Reno-Sparks Metropolitan Service Area as of May 2013 was at 9.9%, and housing values have been steadily rising from their low of \$165,000 in April 2011 to \$222,000 in June 2013. Although these signs are positive, creating a more sustainable development pattern is imperative to achieving fiscal and economic health as revenues to support public services and facilities remain low due to a cap on property tax increases and volatility in sales and gaming tax revenues.”

A major aim of the technical assistance was to facilitate thinking about a regional strategy for sustainable development. The “Planning for Fiscal and Economic Health” workshop sets the stage by presenting information about factors driving economic change across the nation.

Smart growth and fiscal and economic health

Communities around the nation are always concerned about their fiscal and economic health. By *fiscal* health, we mean a local government’s bottom line: Does the life-cycle cost of new development – upfront infrastructure, ongoing service provision and eventual repair and maintenance – cost more to the town than it brings in tax revenue? By *economic* health, we mean the general economic well-being of the community: How does new growth and development add

to or detract from the creation of jobs, wealth, retail sales, economic competitiveness and fiscal sustainability?

In approaching these questions in the Truckee Meadows region, as in any metropolitan area today, it is important to bear three trends in mind:

1. Our nation's demographics are changing in a way that is profoundly affecting the housing market.

Demographic trends are moving the housing market strongly away from conventional suburban housing. The two biggest demographic groups in the nation – retiring Baby Boomers and so-called Millennials (18- 30-year-olds) are both expressing a strong preference for a more walkable, urban/village lifestyle. Indeed, a growing percentage of Millennials prefer to live without cars altogether or to live a “car-lite” lifestyle. The vast majority of net new households being formed have no children at home, and most of them are one and two-person households – which are much more likely to prefer a walking lifestyle.

2. The formula for economic growth is changing

Business growth used to be driven by large corporations that operated in a fashion that was both private and linear. In the past, new research breakthroughs occurred in sealed research laboratories controlled by the companies. Manufacturing and other business processes occurred in assembly-line situations. These conditions led to cities and communities that featured large, sealed-off campuses and tended to be linear in their arrangements.

Today, business growth is driven by collaboration among many types of entities – private companies, research institutions, universities, and others – that must interact frequently and work together creatively. This trend requires cities and communities that encourage interaction and collaboration – the opposite of the older model just described. How communities are designed directly impacts their ability to create interactive and collaborative environments.

3. Suburban development patterns are making it more difficult for local governments to balance their budgets.

Suburban development patterns require extensive investments in capital infrastructure and on-going service delivery. Low-density development requires more infrastructure to serve fewer people and requires service providers such as firefighters and school buses to travel farther. More compact development patterns reduce both life-cycle infrastructure costs and operating costs.

A recent study by Smart Growth America, *Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development*, concluded that, compared to conventional suburban development, smart growth patterns can save up to one-third in upfront infrastructure cost and 10% annually in ongoing operating expenses. Smart growth development patterns can generate approximately 10 times more revenue on a per-acre basis.

Not all of these trends will be completely relevant in every situation. But it is important to bear all three in mind in considering the fiscal and economic health of any community.

Local Concerns – Assessing the state of the region

These concepts were elaborated upon in the presentation portion of the workshop, which was followed by a “brainstorming” session among all participants, and the discussion of a number of ideas that could form the basis of an “action plan.” The purpose was not to establish consensus on a specific plan, but to identify obstacles and promising possibilities. The recommendations that follow are based on the discussions that occurred during the October 30 workshop and brainstorming session.

Participant Viewpoints

Notwithstanding current economic challenges and the persistence of high unemployment, participants recognize that the Truckee Meadows region enjoys some real strengths and assets.

The generally high quality of life, the natural beauty and proximity to environmental resources, along with Nevada’s reputation for generally good business climate, are seen as a good basis on which to build future prosperity. (Typical comment: “There are new businesses coming in, this is a good place to raise a family.”)

With regard to governance, it was noted that “the region is in a good spot: there is better, more collaboration going on,” referring to relationships among the city and county governments and regional agencies. In the view of some, the region has built a solid platform for sound planning in recent years.

In discussing needs and opportunities going forward, two major themes, emphasized in the presentations, arose repeatedly in discussions by the participants: The **importance of placemaking** as a component of economic development strategy; and, the need to build on **existing regional assets**. Many of the specific proposals suggested reflect these themes.

Participants also directly addressed the demographic changes discussed in the presentation, posing questions that apply to the local reality:

- How can this region address/prepare for the trends discussed today? Millennials: live/work, bicycle/pedestrian, etc.
- Also, senior developments that take into account place: e.g., criteria for senior service needs: no senior centers that are not close to transit lines, dialysis center in the hinterlands that requires either private car or expensive to run paratransit.

A variety of concerns were also expressed around the land use and transportation vision in the community, the need to re-imagine the current vision and, at the same time, general “fatigue” with visioning processes. Additionally, the manner in which the current vision is implemented through local government master plans and zoning ordinances was identified as an obstacle. The sheer number of plans and the resultant complexity of zoning ordinances were also discussed as potentially unnecessary.

One question that comes through (unanswered) is whether existing regional and local government plans are mostly sufficient, but in need of better implementation strategies, or if a new, ground-up approach to a regional plan is necessary.

In the fulsome discussion that occurred on this set of “process” issues, stakeholders offered a) their perspectives on some of the difficulties and challenges they see; b) their ideas about general principles to consider in finding a way forward; and, c) some specific ideas for next steps to pursue.

Questions, critical comments offered by participants

- Chain of responsibility: need commitment through every step of the process, by all actors (elected officials, staff, others).
- Craft a vision that is based on demographics, plan area characteristics, and the fiscal impact of development patterns.
- There is some concern that saying “no” in this community, at any place in the process, is not going to be acceptable, or is going to be very difficult to navigate.
- Is there a clear vision regarding land use and planning and the role it plays in an economically competitive community? Is there the desire, leadership and commitment to implement that vision in our region?
- How do we do civic engagement in this community, and is it effective? Are there opportunities for this community to develop shared visions that do not also lead to ‘vision fatigue’?
- Are we committed to the wrong plans, and do we need to re-vision?
- The cities of Reno and Sparks have already done a large amount of work through their Center and TOD Corridor plans for those areas identified as Centers and TOD Corridors in the Regional Plan. These plans are all based on mixed-use zoning and design principles that promote a pedestrian environment ...but not all elected officials may be on board with these plans. There is a disconnect between the vision and the leadership.
- We don’t have to do everything, but even doing one thing can make a large impact.

Funding/finance issues

Concerns were expressed both about current funding constraints and about the existing structure of revenue streams and taxing authority and the problems of intergovernmental fiscal relations as presently constituted. The current financial situation limits the ability to provide direct financial support for development efforts, and simply finding planning resources to cope with all the issues

is challenging. Specifically, there were concerns noted about the tax structure in the region and restrictions on the use of fuel tax revenues that limit funding for transit was particularly noted. Specific suggestions were:

- Review the tax structure in the region compared to other cities/communities that are similar in size/scope and have accomplished similar goals (e.g., transformation of employment base; reversioning and reuse of existing areas/assets in new ways).
- Re-Balance Regional Transportation Commission (RTC) funding. Allow funding for regional roads to be utilized for local and collector roadways that local governments operate and maintain.

Potential solutions

- Well rooted plans lead to buy in which leads to projects coming in with appropriate scope.
- Utilize effective carrots rather than (or in addition to) sticks to truly implement the vision that is identified. One of the keys to appropriate carrots is understanding both the needs of those developing projects, and the needs of the community that will be reviewing them. Mutually beneficial criteria are possible, even if we need some additional training on what that looks like.
- One long term goal may be to have a development process that really allows for easy approval when the project aligns well with adopted community plans. Plans that do not align as well are also possible, but it will take more steps to gain approval/may not be successful.
- Corporate “big game” hunting vs. economic “gardening”: Seek a balance between pursuit of large new enterprises from outside the region (lured with the promise of tax breaks or other incentives), and strategically investing in existing regional assets.

Specific options discussed

1. Identify vision for where the region would like to go, then confirm/refine that vision with the community. Such a process would involve engaging the development community, elected officials and the community at large.
2. Utilize a scenario planning pilot project to examine different development models.
3. Conduct a residential land needs analysis to support development of a vision and data driven analysis.
4. Bring in the Urban Land Institute to engage the real estate/developer community to discuss/analyze/train on development processes, trends, and the variety of products emerging around the country.

5. Consider whether form-based codes should have a role in this community.
6. Centers and TODs: TMRPA could do a “WalkUP”-type analysis of designated TODs to help reconsider/reinvent/reimagine these spaces and what they can do for the community. Even with limited transit infrastructure investment, the point is that locating activities and density near transportation routes means more people. What is a reasonable proximity? Some areas that are currently designated TOD may not be viable.

Elements of an action plan

The ideas summarized below reflect both specific focused discussions that took place at the workshop “brainstorming session,” and thoughts put forward throughout the course of two days of meetings, presentations, and discussions. (Determining which might be worth pursuing further would, of course, require greater elaboration and closer examination, perhaps in the context of a planning review of a kind suggested in the previous section.)

In the brainstorming session, much discussion was devoted to several specific concepts or themes emerged that could be elements of a regional action plan:

“Low Hanging Fruit” – High-Return Small Investments

Given fiscal limitations, and the need to take action, it behooves the region to identify steps that are relatively low in cost, but have the potential to deliver a high return. Some candidates include:

1. Move forward with complete streets and ADA improvements. Target investments in priority areas such as identified Centers and TOD Corridors, along major transit routes and near senior services and facilities.
2. Review and modernize local government development codes to address emerging uses, providing flexibility for the future.
3. Encourage the growing success of Midtown. How to keep the momentum going? Want to keep it special; while “buy local” helped to build Midtown up, there is concern that it will attract large chain interests, and in the long run destroy the unique character of Midtown. Some options suggested to help support Midtown include lighting and sidewalk improvements. A larger transit station area in Midtown was also suggested.

Infill

Revitalizing core areas and stimulating the development of walkable nodes throughout the region implies encouraging infill development. In discussing challenges, participants noted, “The number one concern for the private sector engaging in urban infill projects is financing.” With a view to reducing the costs that may discourage infill, and maximizing the effectiveness of public expenditures, several concepts emerged:

1. Update and streamline the development review process. [Note: Given that some timelines are specified in state statute, legislative changes may be required to accomplish this task.]
2. Reduce impact fees and connection fees for areas targeted for infill.
3. Align public investment with identified infill areas such that the community sees local government commitment to investing in these target areas.

Capitalize on the River

Many participants identified the Truckee River as a unique asset that could be better leveraged for the benefit of all the communities through which it passes. Strategies proposed include:

1. Consider identifying and utilizing publicly owned properties located along the river and develop riverfront with quality places accommodating new businesses.
2. Provide better walking and multi-use paths near the river. A wider trail could also serve as a maintenance road necessary as part of the Living River Plan.
3. Raise the level of quality near the river. This could be done in a variety of ways including:
 - a. Taking a node approach to improving areas;
 - b. Taking one small area at a time for improvement;
 - c. Identifying areas along the river for additional development, terracing, accessing development, landscaping and natural environment;
 - d. Balancing access to the river with more structured flood control efforts (Living River Plan).

Industrial Arts/Millennials & Placemaking

In focusing on the need to attract a workforce desirable to the kind of employers the region would like to recruit and retain, stakeholders considered aspects of placemaking in terms of features that appeal to “Millennials”, and which build on some existing cultural assets available in the region. Specifically, they discussed the role of the arts as a potential economic tool, and more specifically the production side of visual arts, considering the needs of artists and artisans for suitable work environments. Strategic ideas and options include:

1. Foster entrepreneurial, eclectic and experimental areas.
2. Cultivate an artist community where production is possible; leverage arts.
3. Embrace ‘*de minimis*’ zoning that meets safety and building code requirements but allows for uses that allow for production and repair.
4. Connect to Burning Man efforts.

5. Inventory where industrial arts assets currently exist and identify supportive zoning efforts that may be needed.
6. Identify potential partners such as the Nevada Museum of Art, the Sierra Arts Foundation, Black Rock Arts Foundation, etc.

Other ideas

1. “Travel and tourism. Could we think about this differently? Natural resource tourism, etc.”
The hospitality industry has of course been a mainstay of the Truckee Meadows regional economy for decades, but that has largely been centered on gaming. With the uncertainty surrounding the future potential of that industry, now might be an excellent time to consider other potential attractions for travel and tourism. Especially as the region appears to be richly endowed with the kinds of features upon which other places have built highly successful strategies for travel and tourism.
2. “Suburban gardens in old Kmart’s.” Explore ways to adaptively re-use former shopping centers, malls that are no longer economically viable. New amenities can be created, possibly new opportunities for entrepreneurship, along with reduction of blight, heat islands, and impervious surface area.

Conclusion

This is clearly a time of challenge for the Truckee Meadows region, but the robust discussion during the technical assistance workshop makes equally clear that the region possesses great resources as well as challenges. Among those is creative thinking on the part of key stakeholders, who demonstrated even in the relatively limited time afforded by the workshop that there is great potential for regional cooperation and success.

Further developing these ideas and subjecting each to critical analysis over potential impacts, costs, likelihood of success, timeframe for realization, etc. is clearly necessary before moving forward with any of them.

To maximize the chance for ultimate success, careful research, analysis and debate should be undertaken not simply on individual proposals, on an ad hoc basis, but as part of a systematic review aimed at planning a comprehensive, unified vision for a sustainable future. Perhaps the most productive next step would be to conduct a scenario planning exercise that would evaluate alternative land use development patterns under different growth assumptions.