Planning for Soft-Market Cities: Lessons from Erie and Danville

Presented by:
Introduction and Overview

• How can planners approach weak market cities, where comprehensive plans and housing strategies need to...

  • manage decline or handle shrinkage rather than accommodate growth?

  • make hard choices and reset expectations?

• Erie’s new comprehensive plan and Danville’s new affordable housing strategy provide some lessons.
• **czb** is a Virginia-based neighborhood planning firm that specializes in market-based economic and housing analyses, and comprehensive plans.

• Our clients range from severely distressed communities to prosperous and overheating ones.

• In all cases, we find the right data and community feedback to tell an important story, and translate that story into actionable policy.
czb’s Approach

• We’re proud of our **unconventional approach** to cities and neighborhoods:

  • We spend a lot of time looking at **demand** and the **decisions** people and households make; and

  • We push clients to make the **hard choices** necessary for managing the change that is inherent to neighborhoods and cities.
Pre-Development Threshold Conditions: Substantial Disinvestment, Vacancy and Abandonment, Low and Stagnant Property Values

Policy Focus: Addressing Vacant Properties, Stimulating Neighborhood Demand, Improving Neighborhood Services

Post-Development Threshold Conditions: Increasing Property Values and Neighborhood Investment (Possible Gentrification)

Policy Shift: From Stimulating Demand to Providing Affordable Housing

Reinvestment Curve

Development Threshold

Property Values

Time
Plan Pre-Threshold

- The work of planners becomes not just envisioning a better future, but figuring out how to...

  - **Clearly communicate** “the scale and extent of the transition taking place;”

  - **Manage** the “forces that cause **disinvestment** and abandonment” and their negative effects;

  - **Improve conditions and quality of life** and encourage more residents and stakeholders to invest time and resources.

Demand is Key...

• Supply matters, but the big story is demand – individuals’ decisions about where to move and where to invest.

• To invest, property owners must be both able and willing to do so:
  
  • Ability to pay reflects households’ and investors’ financial capacity; but
  
  • Willingness to pay reflects their confidence in a neighborhood or city.
If you overlook demand...

• Housing policies and plans that address only *ability* (and miss *willingness*)...

  • May produce affordable housing units but **typically fail to produce high quality neighborhoods**; and

  • May provide resources for affordable housing but **typically fail to leverage additional dollars** for development and related efforts.
Planning with Demand

• To increase local demand and ensure that interventions have a broader market impact, particularly in weaker areas...

• Make sure they are **tangible**.
  • How **targeted** do investments need to be?
  • What **scale** of investment will be necessary for interventions to be “noticeable”?
Planning with Demand

• To increase local demand and ensure that interventions have a broader market impact, particularly in weaker areas...

• Make sure they are designed to **affect households’ and landlords’ investment and mobility decisions:**
  • Do they improve people’s **confidence** in the neighborhood?
  • Do they improve people’s **expectations** for the neighborhood’s future?
Outputs vs. Outcomes

• One of our first questions to clients: “what problem are you trying to solve” with your comprehensive plan or new housing policy?

• Chances are that the answer is far closer to increasing local demand than building new units.
Outcomes → Hard Choices

• Planning, especially in weaker markets, is **hard work** because it requires making **hard choices**.

  - **How should a city deploy its resources** when there aren’t enough to go around?

  - **Where** – in which neighborhoods – should it **target** public investment?

  - **How much should go downtown** when neighborhoods need so much, too?
You have $250 million to spend...

**REVITALIZE:** Rehabilitate properties (and remove distressed buildings) until the neighborhood’s average field survey score is “good.”

**STABILIZE:** Rehabilitate one-third of all average/fair properties and demolish poor buildings.

**DO NO HARM:** Demolish all poor properties and clean-and-green vacant land.

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Erie Refocused: Comprehensive Plan & Community Decision-Making Guide for Erie

This comprehensive plan provides a decision-making framework to guide public and private sector investments in a direction that will achieve two aims en route to realizing the outcomes identified by this plan:

1. Stabilizing prices and rents by bringing supply of and demand for private real estate and supportive public infrastructure into equilibrium.

2. Turning Erie into a community of choice in the region by improving the quality and appeal of its remaining supply and by taking advantage of the city’s outstanding assets – making the city’s housing, streets, parks, and economic opportunities highly desirable.

*Erie Refocused* has received the American Planning Association’s *Daniel Burnham Award* for “a comprehensive or general plan that advances the science and art of planning.” Nominated plans are evaluated based on their originality, overall quality, level of public engagement, and chance of implementation.
Erie Refocused:
Comprehensive Plan & Community Decision-Making Guide for Erie

**Do**
- Do concentrate investments in targeted areas
- Do protect and leverage Erie's assets

**Don’t**
- Don’t diffuse resources
- Don’t use a deficit-based approach to revitalization
Erie Refocused: Comprehensive Plan & Community Decision-Making Guide for Erie

Map showing different neighborhoods and corridors such as 'Frontier', 'West Bayfront', 'Downtown', 'East Bayfront', 'Pulaski Lighthouse', 'Lakeside', '12th Street Corridor', 'Little Italy', 'Trinity Park', 'Fairmont-McClelland', 'Greengarden', 'Academy-Marvintown', 'Glenwood', 'Arbor Heights', 'Mercyhurst', and 'East Grandview'.
City of Danville: Housing Market Evaluation and Recommendations for Strategic Interventions

DANVILLE HOUSING STRATEGY

CHALLENGES REQUIRING ATTENTION
- Population Loss
  - Geography
  - Lower Incomes
  - Unappealing Homes

CORE STRATEGIC ELEMENTS
- Upgrade Existing Stocks
  - Improve Stocks in Marketable Areas
  - Remove Obsolete Stocks
  - Invest in Q/L Amenities

IMPLEMENTATION PRINCIPLES
- Focus on Areas of Existing Strength
  - Tie Together Stocks and Amenities
  - Address Disposition Challenges

GOALS
- "Right Size" Housing Stocks to Align W New Population and Household Trends
- Re-Align Housing Stocks to Current Economy

OBJECTIVE
- Turn Danville Housing Stocks into Value Stabilizing and Creating Parts of the City’s Economy
PLACE FOCUSED INTERVENTIONS

The primary focus should be to strengthen the housing market and neighborhoods between the city’s chief assets. Presently this area has considerably valuable housing stocks and blocks with great potential. But this area also has large and problematic gaps.

CITYWIDE INTERVENTIONS

Outside of these priority areas, the dominant housing market challenge is that much of the city’s stock (in poorer condition, of smaller size, and older) is no longer marketable.
Danville is a very affordable housing market.

In deploying a Healthy Neighborhood strategy, the focus must be on the role of choice in a housing market and the willingness of housing consumers to buy this house versus that house, or live in this neighborhood as opposed to that neighborhood; on marketable strengths and resident capacity to manage change in ways that make their blocks better able to compete for other households with choices.
Erie Refocused

The State of the City

SUPPLY VS DEMAND

4,700
VACANT HOUSING UNITS

1,900
ABANDONED HOUSING UNITS

9,500
RESIDENTIAL PROPERTIES WITH SIGNS OF MODERATE TO SEVERE DISTRESS

37,000
FEWER CITY RESIDENTS THAN 1960 POPULATION

60%
GROWTH IN SURROUNDING POPULATION SINCE 1960

33%
FEWER MIDDLE AND UPPER INCOME HOUSEHOLDS IN CITY COMPARED TO 1969

Tax rate increases/ Services decline
Loss of quality of life
Families move out
Property values decrease
Housing supply increases
Erie Refocused

PROBLEM
WHEN THERE IS NO PLANNING OR LEADERSHIP THIS HAPPENS...

- **Reactionary rather than Proactive**: Worst first mentality leads to higher cost in deferred maintenance and progression of disinvestment.
- **The Blame Game**: A community is the sum of its parts and no one is willing to take responsibility for the state of the City, choosing to blame others for not caring or doing their job.
- **Complacency**: Adherence to a status quo when all observations portend a community in decline.
- **Shortsighted vision**: Selling assets short for quick gains without viewing long term consequences of our action or inaction.
- **Risk Averse**: Both public and private systems have been reluctant to take the actions needed to change the face of Erie.
- **Lack of Focus**: Resources are not aligned or leveraged to make a difference.
- **No City-Centric Public Development Partner**: Lead Economic Development agency files for bankruptcy. City-centric commercial projects are hindered.
Erie Refocused

Taking Action

What needs to change?

Coordinated oversight outside of City Hall is needed so that the many partnering entities, public and private, can establish a new set of confidences and collaborative partnerships.

Creating a development corporation will provide this much needed oversight towards execution of the Erie Refocused Plan while working to build capacity within both public and private sectors.

ER Mission is to ...

**Reunite**: Unite key stakeholders through real and progressive change

**Reinvest**: Deploy resources towards projects that create a community of choice

**Revitalize**: Vet projects seeking support against the Plan and local strategies. Create City-centric entity to work on housing and non-residential projects

**Reflect**: Ensure progress is measured and create development strategies
ERIE REFOCUSED

Development Corporation Overview

- Governance
  - Board of Directors (those invested in the core focus area)

- Operations and Oversight
  - ER Development Corporation

- Mission Areas
  - Reunite
  - Reinvest
  - Revitalize
  - Reflect

- Partners
  - All entities involved in Erie Refocused Implementation
  - Private Investors
  - Local Government
  - Community Dev. Nonprofits
    - Economic Dev. Entities
    - Local Govt.
    - Neighborhood Groups
    - Downtown Partnership
  - Universities
  - Executive Pulse
  - NDC
  - Erie Co Planning
Erie Refocused

How it Works
21st Century Planning and Development

ER promotes successful collaboration

ER tracks impact of project
 ER coordinates public improvements w/ City, project management, etc.

Private Investment

ER creates Master Corridor Dev. Plan based on ER principals

ER funds demolition and landbank with ERA

ER funds strategic property acquisition through ERA

Community Partner Hamot/UPMC funds park development as a community health benefit

ER engages private partners and uses ERA to implement corridor plan

Public Investment

ER follows P3 Cost Benefit Scenarios to determine public funding opportunities

ER promotes successful collaboration

Development Blight Strategy for eastside

Includes surgical demolition and park development

ER promotes successful collaboration

Reduction in blight allows City to reallocate funds from code enforcement to park maintenance, etc.

ER tracks impact of project in meeting objectives of plan, adjusts policies and procedures as needed
Erie Refocused

Funding Matrix – Organizational and Funding Goal over 10 Year Lifecycle

Corporations
(Equity and Debt)

25%

Foundations
Grants and PRI Loans

25%

Resident Taxes
Equity

50%

Erie Refocused
Implementation Fund
($200M/10 years)

Erie Refocused
Development Corporation
($200M/10 years)

Neighborhood Stabilization
Downtown Revitalization
Infrastructure Investments
Economic Transformation
Erie Refocused

Monitoring Progress

- Understand what we want to achieve over the life of the plan and quantify with tools such as Neighborhood Pulse.
- City of Great Places - # of new businesses downtown.
- City of High Residential Quality of Life – Housing values on the rise, homeownership is increasing.
- City of Economic Strength and Stability – New jobs created, tax base is rising, # of residents with college degree.
Erie Refocused
Monitoring Progress

- Understand the impact of our work on improving our neighborhoods
Erie Refocused

Monitoring Progress

- Monitor long term outcomes – poverty, health, unemployment, homelessness, demographics etc with help from spatial analysis tools such as GIS.
Danville, VA

A SNAPSHOT

Founded: 1793 • Chartered: 1890
Population 43,055
Danville, Virginia was once a place of opportunity built on tobacco and textiles.
Danville By the Numbers

- 6.3% Unemployment
- 26.1% at Poverty Level
- 41% Children in Poverty
- 54.1% Homeowner Rate

Median Household Income

2014: $32,173
2010

2011

2013

2015

Danville River District Redevelopment Plan

RIVER DISTRICT DESIGN GUIDELINES
The City of Danville, Virginia
Allison Platt & Associates
Adopted by City Council - May 7, 2013

DANVILLE RIVER DISTRICT
REIMAGINE THAT

Public Investment Over $30M

Private Investment Over $100M
Eliminate Blight

Bring Critical Mass

Recruit High Tech Companies & Entrepreneurs

Increase Number of People Living in District

Add Lifestyle and QOL Amenities

500+ Residential Units

95% Occupied
Identifying the Problem

• City lost 20% of its population
• Many homes became investor-owned rentals
• Several fell into disrepair
• In 2012, City identified over 2,000 vacant and blighted homes
• Symptoms of blight:
  • Extreme poverty
  • Increased crime
  • Low community self-esteem
Blight Removal and Community Revitalization

- City Council bus tour of neighborhoods
- Project Began In 2012
- $8.2 million appropriated by City Council since inception
Demolitions

- City has paid for 400 structures to be demolished since 2012
- 195 structures demolished by property owners due to aggressive maintenance code enforcement
Focus on Neighborhoods

• Old West End Historic District (OWE)
  • Rental Inspection
  • Neighborhood Commercial Revitalization

• Monument-Berryman Redevelopment Area
Comprehensive Housing Analysis

- House-by-house evaluation
- Scored homes by current condition
- Identified focus areas
- Recommended strategies
czb Housing Market Study

Danville VA
Housing Market Overview

Economic Contraction → 1980-2000
  ↓
Vacant Properties → Excess Housing Supply → Lack of Confidence to Buy or to Reinvest
  ↓
2000

- Reduced Home Values and Reduced Prospect of Appreciation
- Deferred Maintenance by Owners (Glut of Properties That Communicate a Negative Image)
- Reduced Capital Improvements (Glut of Properties That Have Become Obsolete)
- Lack of Confidence to Buy or to Reinvest
Recommended Actions

• Establish a Community Development Corporation
  • Provide seed funding
  • Encourage realtors and bankers to be involved
  • Get local Foundation support

• CDC activities:
  • Improve access to credit
  • Home makeover loans
  • Loan-loss reserve pool
  • New homebuyer counseling & education
Recommended Actions

• Focus on target areas
• Intensify code enforcement activity
• Acquire and demolish valueless homes
• Build on the success of the River District
Danville, VA

A SNAPSHOT