

Public/Private Collaboration

What is needed is a deeper understanding of development promotion.

Generally accepted urban planning practices include master-planning work, legal controls, financial and regulatory incentives, political influence, and good design. But another approach, public/private collaboration, requires further cultivating. The land use planning process, through its literature and practices, overemphasizes passive plans and regulations. Meanwhile, an active collaborative approach is practiced but poorly appreciated. To achieve the kind of smart growth desired by the public and private sectors, public/private collaboration must be better identified, acknowledged, and facilitated.

Similar to other planning activities, the collaborative approach is best examined from the public sector side. Cities often describe it as development promotion, defined as the inducement of desirable physical development through specialized and directed public and nonprofit assistance. This assistance is specialized because it is focused on specific land use goals, such as the creation of affordable housing, office space, or a retail tax base. The focus on land use activities distinguishes development promotion from broader economic development activities. Development promotion may include facilitation of entitlements, or design, engineering, and infrastructure assistance. Other examples include the creation of enterprise zones and the assembling of land parcels, often through eminent domain powers, for the purpose of redevelopment. The work is often undertaken under the auspices of economic development or urban renewal, and public/private partnerships are its most recognizable product. However, these partnerships fail to describe the true scope of work involved.

Consider Aurora, Colorado, an ethnically diverse municipality of some 290,000 residents immediately east of Denver, which runs a development services department that reports directly to the city manager. Contrary to expectations, the development services department operates independently of the city's land use and planning department, and arguably plays a much larger role in the physical development of the city. Its director, Diane Truwe, with expertise in governmental regulations, taxation, land use, real estate finance, economic development, and the regional



LAURA DESANTIS/PHOTODISC/GETTY IMAGES

real estate market, implements the city's most important land use and revenue-generation goals.

An example of the department's work is the recent completion of a new 550,000-square-foot "power center" on a 66-acre

parcel known as Aurora City

Place. To get it built, the developer, Miller-Weingarten, a joint venture of Miller Development of Englewood, Colorado, and the Weingarten Realty Investors Real Estate Investment Trust (REIT) of Houston, anted up cash to the city to enable acquisition. In exchange for the cash and Miller-Weingarten agreeing to construct the \$65 million project to city-specified standards, the city agreed to pay back an estimated \$14.4 million in sales tax rebates over 15 years to Miller-Weingarten. Prior to this, the city used its condemnation powers to assemble the land. The payoff for the city of Aurora is increased sales tax revenues, and the creation of a regional retail center that also will serve as the city's hub, or downtown.

The city has also just concluded a deal to induce a badly needed renovation of the 1.1 million-square-foot indoor Aurora Mall, held by the Simon Property Group. Some \$15 million in taxpayer dollars, negotiated by Truwe's department, has been committed to the \$100 million renovation. At the same time, Truwe is seeking proposals for a 17-acre retail site abutting a larger planned redevelopment of the former Fitzsimmons Air Force Base. This deal involves assembling the land and selling it for a significant premium to a developer chosen through an open process. The city expects to pay back the developer the premium (some 300 percent of the appraised value) through a 20-year series of sales tax rebates. These are just a few of the high-profile projects handled in the 144-square-mile city; most are executed on a much smaller scale.

Development promotion is not a revelation. Many cities claim to undertake it, with varying degrees of success. What is needed is a deeper understanding of the practice. If done well, development promotion can be an extremely effective approach to community land use goals. Compared to master-planning work, regulatory control, or political influence, it can achieve its planning benefits efficiently and

in a timely manner. There are, however, a number of both obstacles and opportunities:

■ The application of regulations often defaults to conflict, in part because they are based on legal precedents that arise from conflict. The legal profession, and the planners who work within this realm, need to examine how rules designed to establish lines of control often obstruct collaboration between the public and private sectors. This can be overcome by drafting more regulations that incorporate negotiation and compromise. Successful examples do exist, such as planned-unit development (PUD) ordinances that stipulate negotiation of development objectives. The problem is that these types of regulations are rare or underused.

■ Development promotion would benefit from improved legal mechanisms at the state level. While the problem varies with the locality, existing legal mechanisms either impose significant constraints on communities and developers, or offer little guidance. Alternatively, the noble intentions of state legislation may not hold up over time.

■ Other than analysis of the efficiency of eminent domain, a void seems to exist in the academic literature. Academic studies can be found in economic development journals, but they rarely focus on land use impacts. Some smart growth programs allocate funds for this purpose, but too often they fail to consider how incentives work.

■ Many larger cities need to streamline their development promotion activities. An organizational structure that creates an effective clearinghouse for development promotion services would attract more developers and bring greater benefits. Of course, major city urban renewal, housing, economic development, and redevelopment authorities have already established the mechanisms of development promotion, but these multiple entities proffer too many differing opinions and conflicting expectations.

■ Local government overstretch is a factor. To promote economic vitality, some communities have used eminent domain to condemn what they perceive as marginal retail operations (such as a "99-cent store," in one case). The practice of condemning marginal retail operations to assemble larger parcels of land to sell to prominent retailers such as Costco or Wal-Mart threatens to provoke a backlash. Development promotion activities involving condemnation must be sensitive to broader community conditions as well as desired outcomes.

■ To increase comprehension of development promotion, city planners should learn more

about what drives land development. Planning education should require study of the real estate marketplace and real estate finance. Real estate developers ought to increase local government's understanding of their activities. Also, planners and developers need to place more value on career paths that lead from and to private development and public planning.

Some may wonder whether development promotion is an overt influence on the free mar-

ket, believing that existing planning and zoning programs adequately address land use activities. Should tax dollars be spent to create new shopping centers and entertainment complexes? This begs several other questions that must be considered for further study. One is whether there is potential for private land development to exploit development promotion programs. On another level, it is worth asking why some communities do this type of work so well. ■

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