

Ongoing CMAP Research on Strategies to Promote Reinvestment in Disinvested Areas

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CMAP Human and Community Development Committee
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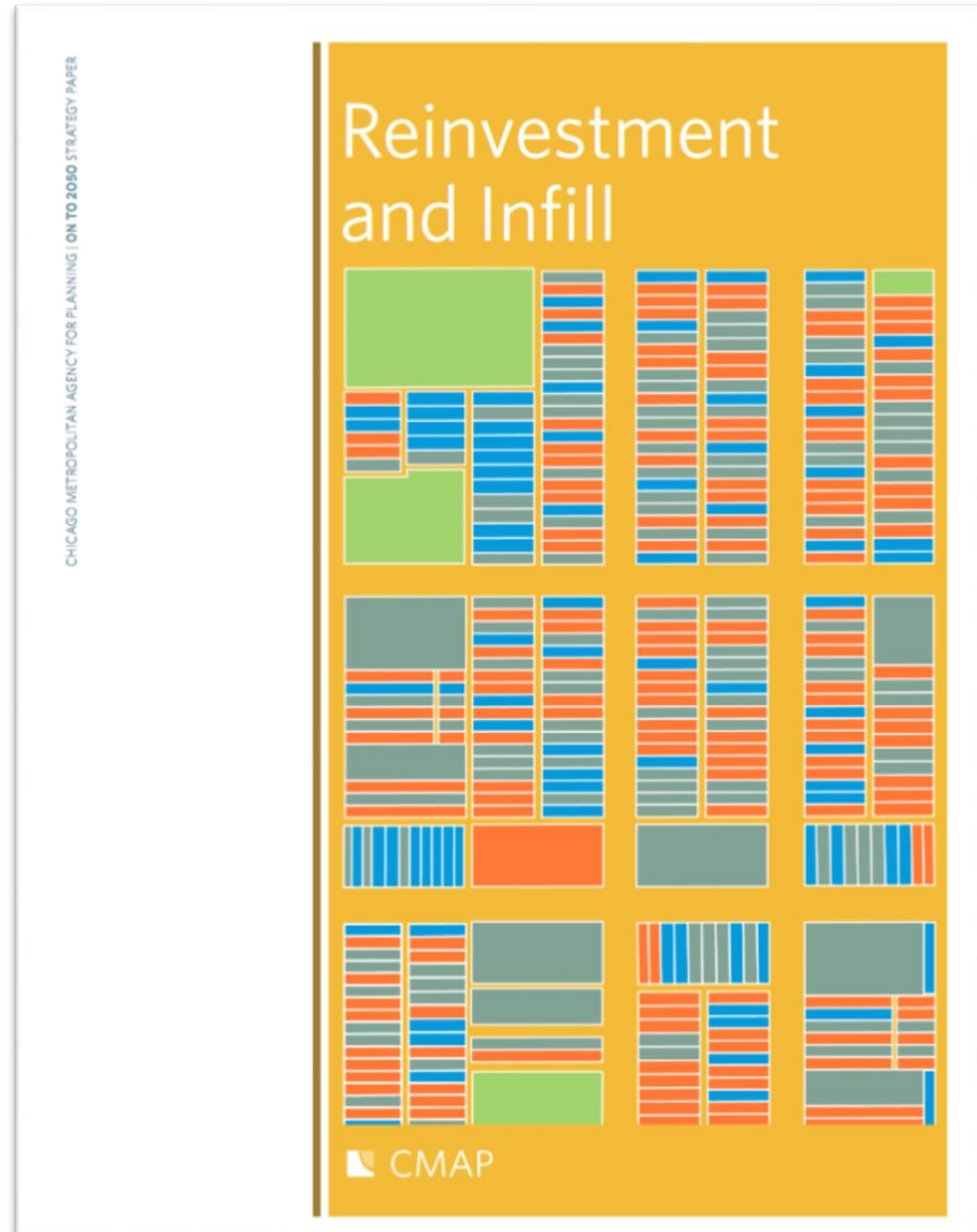


Outline

- Background
- Definition of “Disinvestment”
- Contributing Factors
- Project Overview
- Strategy Considerations, to Date
- Next Steps
- Questions for HCD

Background | “Reinvestment and Infill” Strategy Paper

- Published June 2017
- Supports “critical reinvestment areas”
 - Disinvested areas are one type
- Provides recommendations for targeting resources to disinvested areas

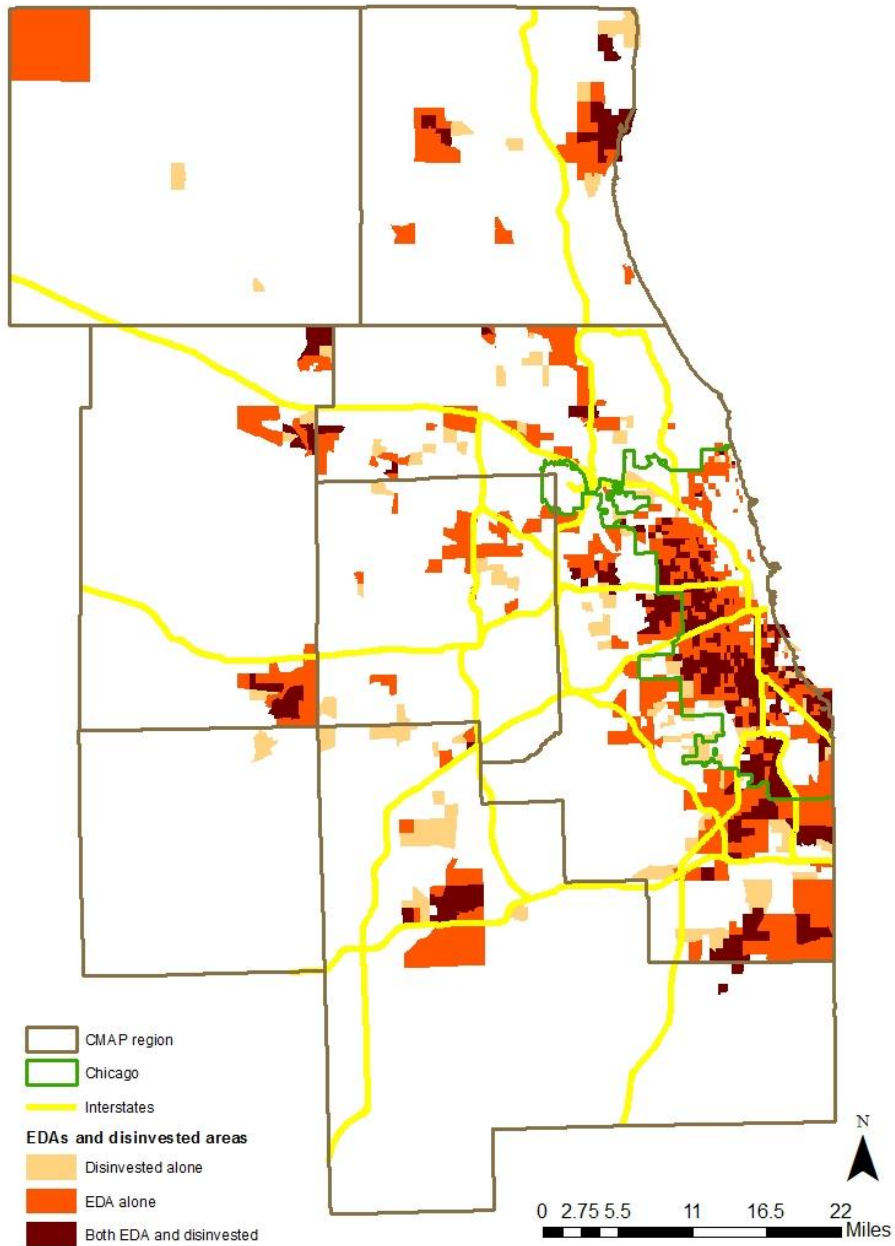


- One of the recommendations in the Community chapter is to **invest in disinvested areas**, through:
 - New solutions and target existing resources
 - Targeting assistance in rapidly changing areas
 - Building local capacity to compete for infrastructure investment
 - Building municipal, nonprofit, and private sector capacity

- One of the recommendations in the Community chapter is to **invest in disinvested areas**, through:
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Background | Local Strategy Map for ON TO 2050

- **Economically Disconnected Areas (EDAs)** – population-based
 - Income, race, and English proficiency
- **Disinvested areas** – market-based
 - Normalized nonresidential market values, employment change, and levels of lending to businesses



Definition of “Disinvestment”

- Definition from “Reinvestment and Infill” (2017) calls out potential characteristics of disinvested areas:
 - *“Disinvested areas’ of the region experience a **persistent lack of private and civic investment** after the long-term flight of businesses and/or residents. These areas may have **fewer businesses, high vacancies, and low tax bases with high tax rates**, and their residents may experience **higher rates of poverty and unemployment**. Disinvested areas may also be characterized by **aging, constrained, and poorly maintained physical infrastructure** as well as **insufficient community resources** and amenities.”*

Definition of “Disinvestment”

- Build on this R+I definition and ground it in market conditions:
 - *“Disinvested areas” are **weak-market** places suffering from **long-term economic decline**.*
 - *In disinvested areas, market values cannot support the outlays associated with construction or redevelopment, reflecting supply- and demand-side barriers.*

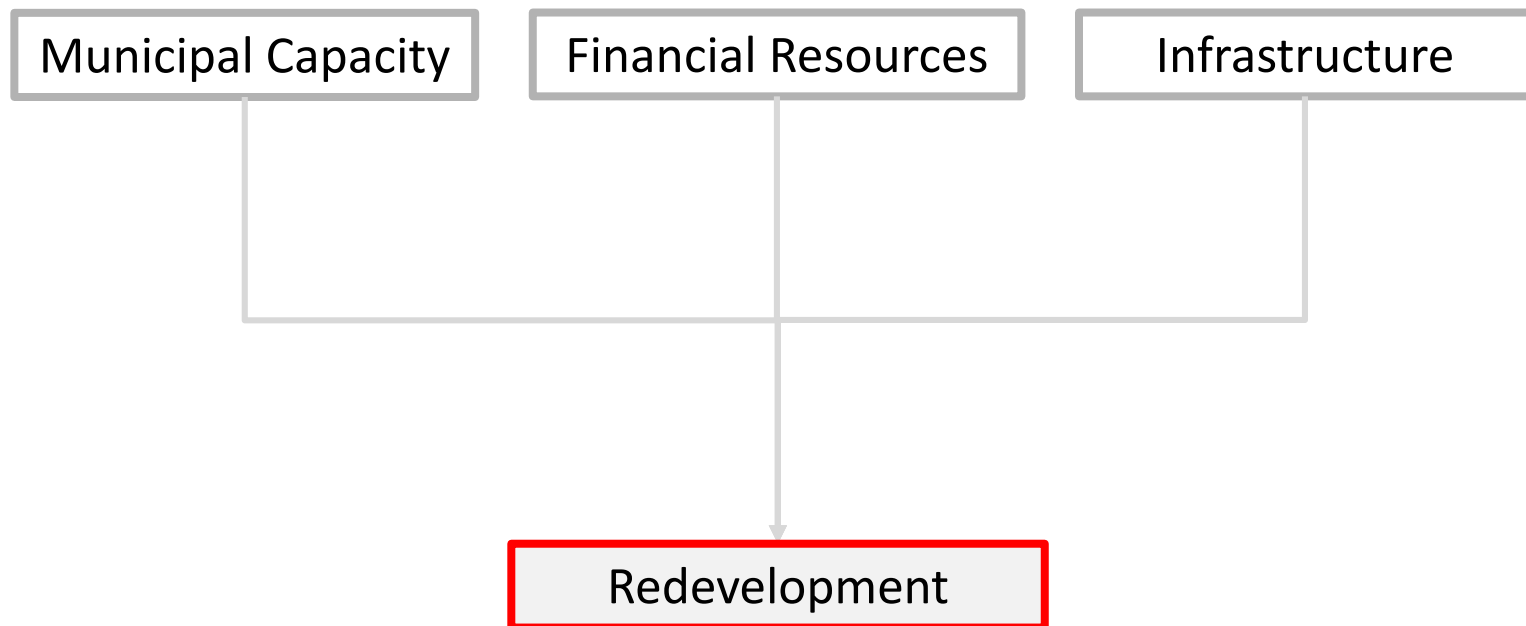
Contributing Factors

- **Economic trends:** deindustrialization and technological advancement
- **Development patterns:** changing consumer and business real estate preferences
- **Cost of redevelopment:** market gap prevents redevelopment
- **Population/demographic change:** cause and consequence of disinvestment
- **Public perception:** legitimate and illegitimate concerns
- **Legacy of discrimination:** across geographic scales, from racial tipping theory to historic redlining practices

Project Overview

- **Goal:** To identify systems-changing solutions to promote reinvestment in disinvested areas
- **Methods:**
 - **Literature Review:** To generate a theoretical framework for understanding solutions
 - **Peer Review:** To understand how metropolitan Chicago's peers 1) identify this problem and 2) address it
 - **Regional Inventory:** To identify what tools and programs we already have at play, and to understand where there might be gaps

Enabling Factors



Enabling Factors

Municipal Capacity
How can municipal capacity be bolstered – through state and local tax policy, municipal operations, and the role of the state – to support redevelopment efforts?

Enabling Factors

Financial Resources
How can access to capital and credit be expanded, institutions be leveraged, new sources be developed, and incentives be used to support redevelopment efforts?

Enabling Factors

Infrastructure
*How can
transportation and
water
infrastructure
investment support
redevelopment
efforts?*

Strategy Considerations | Enabling Factors

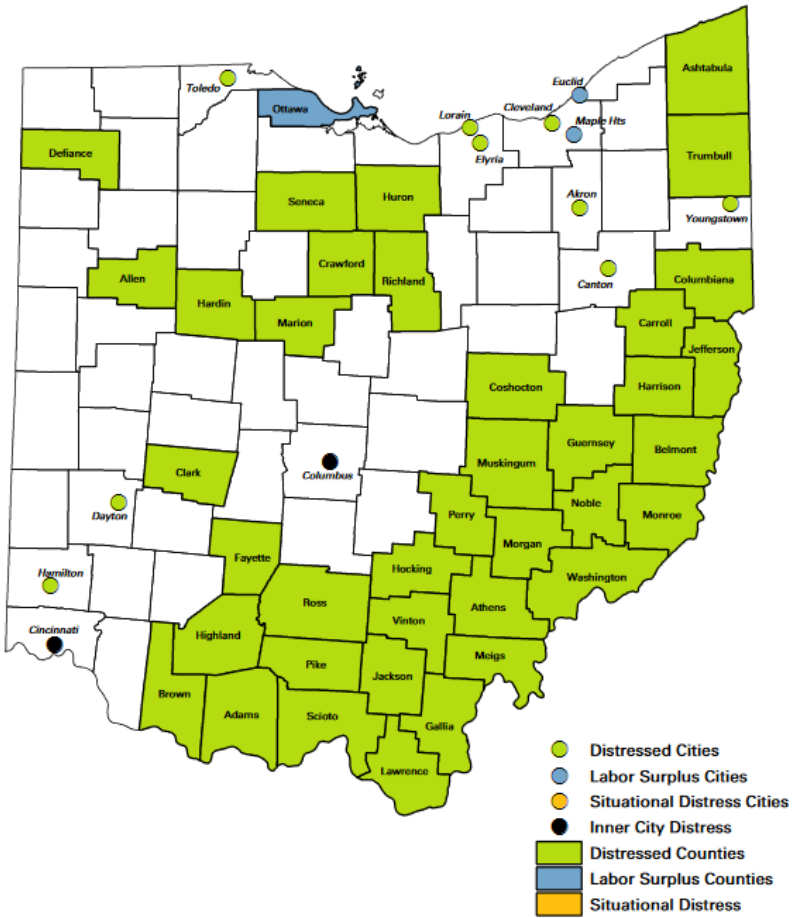
Enabling Factor	Municipal Capacity
<i>Strategy Considerations</i>	<p data-bbox="624 268 1112 311"><u>State and local tax policy</u></p> <ul data-bbox="624 325 1058 534" style="list-style-type: none"><li data-bbox="624 325 1025 368">-Property tax reform<li data-bbox="624 382 1058 425">-Disbursement reform<li data-bbox="624 439 967 482">-Revenue sharing<li data-bbox="624 496 909 534">-Consolidation <p data-bbox="624 611 1045 654"><u>Municipal operations</u></p> <ul data-bbox="624 668 1277 768" style="list-style-type: none"><li data-bbox="624 668 1000 711">-Personnel/staffing<li data-bbox="624 725 1277 768">-Managing the built environment <p data-bbox="624 839 948 882"><u>Role of the state</u></p> <ul data-bbox="624 896 1392 1048" style="list-style-type: none"><li data-bbox="624 896 1392 939">-Distressed local government authority<li data-bbox="624 953 977 996">-Fiscal monitoring<li data-bbox="624 1011 1000 1048">-Local coordination

Example Peer Strategies

Priority Investment Areas

- Debatable effectiveness as a reinvestment strategy, but valuable designation program to learn from:
 - Involves statewide designation
 - Highlights types of distress
 - Invokes self-designation for “situational distress” categories

Priority Investment Areas for 2018
(Distressed - Labor Surplus - Inner City - Situational Distress)



Prepared by Office of Research, ODSA. (1/2018)



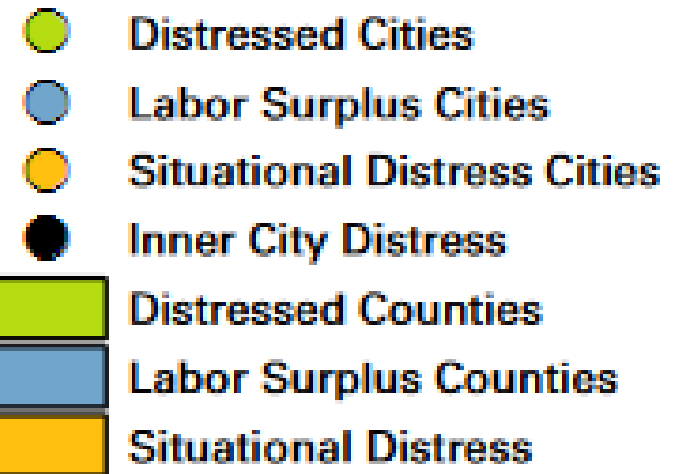
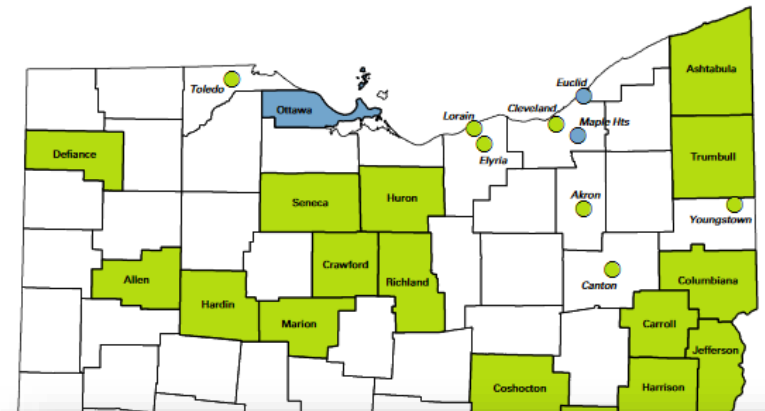
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Priority Investment Areas for 2018
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Ohio



Prepared by Office of Research, OOSA, (1/2018)

Strategy Considerations | Enabling Factors

Enabling Factor	Financial Resources
<i>Strategy Considerations</i>	<p><u>Access to capital and credit</u></p> <ul style="list-style-type: none">-Historic and current challenges-Existing brownfield, historic preservation, and mortgage programs-CDFIs and other institutions <p><u>New sources</u></p> <ul style="list-style-type: none">-Targeting new revenue streams-Loan funds for business development <p><u>Incentives</u></p> <ul style="list-style-type: none">-Relevant programs to NE IL-Alternatives

Example Peer Strategies

Municipal Funding Resource

- Exists as a published report and a web-based query tool
- Attempts to help both municipalities and DVRPC staff understand funding in a bi-state context

2018 Municipal Funding Resource



February 2018



Strategy Considerations | Enabling Factors

Enabling Factor	Infrastructure
<i>Strategy Considerations</i>	<u>Transportation infrastructure</u> <u>Water infrastructure</u> <u>Innovative project delivery</u>

Example Peer Strategies

MassWorks Infrastructure Program

- Consolidates various types of infrastructure grant programs
- Funding goals include:
 - > 50% to projects in Gateway Cities
 - > 80% to projects involving infill
- Intended to make infrastructure funding accessible to projects that otherwise would not have been eligible for funding

MassWorks 2018 Round Opens

The MassWorks Infrastructure Program provides funds for municipalities and other eligible public entities to support and accelerate housing and job growth in the Commonwealth.



Mass.gov

Next Steps

- This work is in progress; we are still:
 - Tweaking the framework,
 - Conducting deeper dives on peer strategies, and
 - And understanding how existing resources and programs are deployed in the region.
- These components will serve as inputs to the final report

Questions for HCD

- How could the definition of disinvestment be clarified?
- What would you like to see in the strategies?
- Do you have any examples of highly effective – or highly ineffective – programs or strategies that are currently operating in disinvested parts of our region?

APPENDIX

- **Strategic selection of peers** to identify places that are socially, physically, and economically similar to the region
 - Los Angeles, CA
 - Baltimore, MD
 - Gateway Cities, MA
 - Twin Cities, MN
 - Regional centers, NY
 - Cleveland, OH
 - Philadelphia, PA
 - Milwaukee, WI

Example Peer Strategies

Classic Towns

- Self-described “marketing” program that supports regional and local rebranding
 - But most successful for communities that already have attractions or existing programming



- **Understanding geographically-based incentives programs for business attraction and retention**
 - **Federal:** New Markets Tax Credits, Empowerment Zones/Enterprise Communities/Renewal Communities, Opportunity Zones
 - **State:** Enterprise Zones, EDGE
- **Inventorying state programs that direct resources to disinvested areas**
 - Review of 13 state agencies' programs