Many city officials express frustration when working with developers toward redevelopment. Some claim that developers are not mindful of community vision or that they have unrealistic incentive expectations. Developers, on the other hand, note that local government administrative processes can be obscure and that the needs of the community are generally not communicated in a timely fashion. Many times these issues become insurmountable challenges to otherwise potentially successful redevelopment projects.

In the hopes of overcoming some of these obstacles, NLC’s First Tier Suburbs Council began a partnership with the International Council of Shopping Centers (ICSC) in 2007. The focus of the partnership is on city-developer relations for retail redevelopment with the goal of helping city officials and developers better understand each others’ perspectives and work together more effectively. As part of this partnership, the First Tier Suburbs Council steering committee held a roundtable dialogue with developers from across the country in a pre-event during the 2008 ICSC Global Retail Real Estate Convention in Las Vegas, Nevada.

This Municipal Action Guide presents parts of the conversation between the city officials and developers on four key themes: public benefits; the local development review process; project selection; and community visioning. Specifically, it provides a rare glimpse into the views of developers and is intended to facilitate a redevelopment process that is receptive to developers while meeting the needs and goals of local communities. The guide also offers suggested strategies and examples of cities that have used these strategies to more effectively engage with developers.

**PUBLIC BENEFITS**

Public benefits are additional amenities that developers contribute to the community in which they are building, generally in exchange for some allowances by the city such as density bonuses, quicker approvals, or fee waivers. Public benefits can include using green building practices, building affordable housing, providing cultural centers or parks, or employing local contractors. In addition to the philanthropic aspect of public benefits, developers also have an economic objective. They are more likely to sustain or increase the long-term value of their property by assisting the city with its efforts to enhance quality of life and economic competitiveness.

**Q. City official:** What type of public benefits can a city realistically expect a developer to provide?

**A. Developer:** Responsible Property Investing is an emerging movement in the development community. It is meant to increase the social well-being of a community by engaging in sound investment practices such as smart growth, energy conservation and worker health. In addition, more and more developers are negotiating public benefits as part of their commitment to the community. Although developers are starting to move in the direction of social responsibility, it should be noted that developing a property is still an investment and the bottom line will always be a primary concern. If the community has a project that will attract developers, then the public benefits associated with the project will be a matter of negotiation and part of the overall economic equation. Additionally, developers are mindful of community responsibility, but cities should carefully assess the extent to which one development project can effectively solve broader community issues.

**Possible local strategy:** Many developers are open to providing public benefits if it is economically feasible. One local strategy is to incentivize the provision of public benefits by developers to create a win-win situation.
City example: Austin, Texas (pop. 717,100)
Instead of establishing strict public benefits guidelines, the City of Austin has developed a program that rewards developers who choose to provide benefits to the community. The program is based on density bonuses; developers are permitted upzoning to build denser and taller in the urban core in exchange for the provision of public benefits such as affordable housing and green building practices. Sometimes impact fees are also waived. For example, in the Baron Place condominium project, developers provided $1 million for affordable housing in the neighborhood surrounding the project; preserved mature, native trees; and spent over $250,000 to transplant trees to neighboring city parkland. In return, the city waived $300,000 in fees, provided in-kind city services, and expedited the reviewing and permitting processes for the project. Additionally, the city and developer worked together to provide a dedicated public access trail through the property to offer improved neighborhood access to the Town Lake Trail.

LOCAL DEVELOPMENT REVIEW PROCESS

A local development review process provides a means for the city and developer to negotiate the details of a proposed project. It usually includes an assessment of site constraints, the need for special approvals, and compliance with building and land development codes. A high-quality development review process is an indicator to businesses and developers that your community will be a strong partner.

Q. City official: At what point in the negotiation process will developers tell cities what the cost will be? It seems as if they tend to hold back. More generally, what do public-private partnerships mean to developers and what role does the local development review process play?

A. Developer: Developers tend to hold back on stating a final cost of the project because it’s often difficult to know exactly what new costs may arise. When we provide the city with a figure, the city tends to hold us to it even if the costs change. Projects change over time and an integral part of a public-private partnership is staying committed for the duration of a project. A public-private partnership is just that — a partnership, and partners don’t walk away. Cities and developers need to stay the course, share in the risk and gain, and be reasonably flexible if new needs arise.

Many times, having a reliable review and decision-making process helps alleviate much of the uncertainty involved with a project and helps get all parties on the same page early on. Even if there is no public investment, there is a lot to be said for certainty in the decision making process. Does the developer have comfort that he can get from point A to point B with the help of the city? Has the city gotten its residents on board with the project? Are zoning and other requirements flexible and communicated in a timely manner?

Possible local strategy: A development review process that is transparent and streamlined enables both the city and developer to be clear about expectations, regulations, and costs. The Michigan Suburbs Alliance recommends the following strategies:

- Examine the reviewing agencies and procedures for rezoning or conditional zoning, special land use, planned unit development, site plan review, variances and related activities and implement changes that increase efficiency and simplify processes.
- Applications for rezoning, special land uses, site plan review, and variances should be made easily accessible and include fee schedules, plans required (number and content), meeting schedules (regular and special), review process and timeline.
- Identify any special permits or approvals required (e.g., wetlands, brownfield, tree removal) and at what point in the process they need to be obtained.
- Designate a qualified staff member as the “intake professional” who is responsible for receiving and processing the application and plans, maintaining contact with the applicant, facilitating meetings, and processing the applications after approval.

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City Developer Relations: Working Together Toward Successful Redevelopment

- Require a pre-application meeting with the reviewing agencies.
- Allow for special meetings to expedite the review process and establish a fee structure.
- Allow for and encourage community meetings at the outset of the application process in which a development proposal can be discussed with residents and businesses of the affected area.

City example: Napa Valley, California (pop. 77,011)
In an effort to keep both developers and the city engaged and updated throughout the development process, the City of Napa has introduced a new “check-in” system. The check-in system encourages frequent interaction between the developer and the city, primarily during the initial planning stages. Once a developer submits an application for a project to the city, he is invited to present his project to a special committee representing city departments impacted by the project. Developers and city staff discuss the project to identify any major issues. The developer has the opportunity to adjust the plans and then meet with the city staff again for a full evaluation of the project.

PROJECT SELECTION

Often a city has in mind a particular project that it would like to see at a site, but this isn’t always what the developer or the market considers to be the appropriate use.

Q. City official: When a city has an idea of what they want to do with a property, can they pitch it to the developer, or does the developer ultimately decide what to do?

A. Developer: The market ultimately decides what type of project will be best suited for a property. If the city wants what the market will give it, then it is likely that the city will get that project. Therefore, it is important for a city to have reasonable expectations about its market conditions. For example, not every city that is looking to add retail development will be able to support a large department store. “Not everyone gets a Nordstrom!”

Also, in terms of selecting projects, developers tend to follow the lead of anchor tenants. A reliable anchor that knows what it wants is going to reassure a developer that a retail center will be successful. Large retail stores and anchors generally rely on their own market and economic research, so investing large sums of money in consultants to do this for

The check-ins benefit both the city and developer. The developers are made aware of any problems that the city has with the project from the outset. Identifying challenges sooner helps developers get from the initial planning stages to groundbreaking more quickly; there is an explicit acknowledgement from the city that for developers, time is money. Additionally, the check-ins help to keep developers informed of all of the city policies that need to be satisfied in order to progress with the project. From the city’s perspective, although there is an understanding that new challenges and costs may arise as the project develops, having discussions with developers early on enables the city to more accurately anticipate how much it will need to invest in the project. Check-ins also allow the city to better prepare for new development and evaluate how a specific project will contribute to municipal planning goals.

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Inside Site Selection: Retailers’ Search for Strategic Business Locations
International Council of Shopping Centers

In March 2008 the International Council of Shopping Centers (ICSC) and Social Compact released their jointly published research paper, Inside Site Selection: Retailers’ Search for Strategic Business Locations. The publication is the result of a joint research project initiated by ICSC’s Underserved Urban Markets Task Force to bridge informational gaps in the retail site selection process in urban neighborhoods. The publication examines indicators that retailers desire, identifies innovative data sources and highlights a major initiative to provide easy access to national standardized data. The paper concludes by briefly reviewing how forward-thinking cities are responding to the information gap in the economic development field and provides recommendations for overcoming obstacles to private investment in inner-city neighborhoods. www.icsc.org/srch/government/briefs/200805_insidesite.pdf
you may not be the best use of your funds. Rather, invest in your staff. Developers will look at how knowledgeable a city’s staff is regarding economic redevelopment, whether it is the elected officials or department staff.

**Possible local strategy:** If it seems clear that your city’s ideas about the development or redevelopment of a site are not sustainable in the current market, you may consider the suggestions of a developer while also carefully assessing how the proposal supports your community’s longer-term goals for growth and development. As noted by one developer, leaving a site vacant or blighted until the perfect developer or project is presented can pose some risks to the economic viability of community. If a city holds out too long and the property remains undeveloped, especially in the case of properties needing substantial redevelopment, it’s possible that blight associated with one site may negatively impact surrounding businesses and neighborhoods.

**City example: Bartlett, Tennessee (pop. 47,603)**

After learning the hard way that you can’t market an area based solely on what you want, the City of Bartlett has shifted its collective marketing perspective and joined with local landowners to better understand the suitable uses of a particular plot of land ripe for redevelopment.

“We’ve had to take a step back and focus on the forest instead of the trees. Although the City originally wanted to market a commercially-zoned tract into a lifestyle center offering upscale retail shops, one conversation with a developer changed our direction completely. The tract we’d centered the plan around was directly across the street from the County’s hottest retail area. We hadn’t considered that the area simply didn’t need any more retail,” said Mayor McDonald.

The City’s marketing plan has since shifted focus to what the broader area is lacking — a Class A office campus, a full-service hotel and pedestrian-accessible restaurants.

Mayor McDonald added, “Although we haven’t had a developer commit to the project, we’ve had increased interest, and more importantly, from a long-term perspective, we’ve learned a valuable lesson. While we know the City of Bartlett has plenty of quality sites, we now understand the importance of recognizing the area’s needs in creating an attractive marketing strategy.”

Additionally, the City has partnered with the local chamber of commerce in hiring a director of economic development whose main purpose is to assess and market viable projects to developers.

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**COMMUNITY VISIONING**

Community visioning entails developing a vision for the community with broad-based input, translating the vision into long-term plans and regulations, and encouraging development which builds from this vision. Community visioning has long been touted as a good planning practice, but some cities are concerned that having a strong community vision will deter developers.

**Q. City official:** How do developers feels about communities with a vision and development goals?

**A. Developer:** Cities that have a plan for development are more likely to attract a developer. “We prefer to develop in communities with a well-developed vision and comprehensive plan — it’s easier to know what the community expects.” Developers who are just offered money with no plan are suspicious about the intentions of a municipality. Developers prefer that cities have a plan supported by residents, but that they can also be flexible when new needs arise.

Community vision is important both in the planning phase and longer-term code enforcement. Cities should know that good, reliable developers are not afraid of code enforcement. It won’t scare us away. “We actually prefer to develop in communities with strong, equitable code enforcement. It’s one of the few ways we know that our investment in your community will be protected.”

**Possible local strategy:** Using a community vision to guide development decisions and then implementing code enforcement to maintain the vision enhances quality of life.
and demonstrates to developers that they are making a sound choice by investing in your community. It is important to be flexible as new needs arise, but the guiding principles of the development should come from the community vision.

City example: Mission, Kansas (pop. 9,743)
Mission, Kansas, a community less than three square miles in area, was at a crossroads when many large parcels of land became available for redevelopment. Mission began a planning process that involved all facets of the community, including residents, businesses and shoppers, to create a vision that would serve as the framework for future development. The community vision, which ultimately called for more compact, walkable, and sustainable development, was challenged when faced with a lucrative offer by a big-box developer. With a strong commitment to the vision, Mission denied the big-box store and has accepted an offer for a new mall from a developer who has embraced the city’s vision for a vibrant, pedestrian-friendly, mixed-use destination. Although the developer typically only works on retail projects, his collaboration with the city and understanding of the community vision has led him to include residential, hotel, office and entertainment as potential project components. The city’s resolve to stick with its vision also resulted in overwhelming community support for the project. In Planning and Zoning hearings, instead of bus loads of Not in My Back Yard (NIMBY) opposition, city officials received acclamation from those in attendance and questions like “When will the project be complete?”

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Redevelopment Ready Communities (RRC) is a redevelopment program instituted by the Michigan Suburbs Alliance, a regional organization dedicated to enhancing the economic, environmental, and social success of inner-ring suburbs in the Detroit region. Using a set of best practices and a certification system, RRC encourages mature suburbs to bolster their competitive attractiveness by making their redevelopment processes more efficient and less complicated. RCC helps cities address regulations that may prohibit new types of redevelopment opportunities, review internal redevelopment procedures, and become more proactive in articulating a vision for growth by engaging the community in the planning process.

A “scorecard” is used to help cities assess their strengths and areas in need of improvement. The scorecard acts a guide, but is not the only way a city can demonstrate achievement. RRC seeks to honor the individuality of all communities, so the indicators can always be adjusted to fit the community’s vision. A city must achieve a score of at least 80 out of 100 in order to become certified as a Redevelopment Ready Community.

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2007 redevelopment ready communities® BEST PRACTICES

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America Downtown: New Thinking, New Life
www.nlc.org/resources_for_cities/programs___services/AmericaDowntown.aspx

Good Jobs First
www.goodjobsfirst.org/

International Council of Shopping Centers
www.icsc.org

Nation’s Cities Weekly article series on strip mall redevelopment www.nlc.org
“Strip Redevelopment in First Tier Suburbs: A Success Story,” Nov. 5, 2007

NLC’s First Tier Suburbs Council website
www.nlc.org/inside_nlc/committees___councils/465.aspx

Redevelopment Ready Communities, Michigan Suburbs Alliance
www.michigansuburbsalliance.org/redevelopment/redevelopment_ready_communities/

Renaissance Programs for Cities and Towns: City Practice Brief

Responsible Property Investing Center
www.responsibleproperty.net/

Retail Redevelopment: City Practice Brief
www.nlc.org/ASSETS/287C47186D754ECABF9EA0F61B23188C/City%20Practices%20-%20Retail%20Redevelopment%2000508.pdf

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For more information on economic development or about NLC’s First Tier Suburbs Council, please contact Christiana McFarland in the Center for Policy and Research at (202) 626-3036 or at mcfarland@nlc.org.