



LEAGUE OF WOMEN VOTERS®
OF LAWRENCE/DOUGLAS COUNTY

LWV-LDC ECONOMIC DEVELOPMENT STUDY SECOND INTERIM REPORT

Presented by
David Burress
Economic Development Study Chair

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TOPICS

- Study purpose
- Past activities
- Selected Findings
 - Economic development vs. community development
 - The “growth party” model
- Future activities

Problem statement

- There is currently no specific policy guidance on economic development (ED) or community development (CD) at LWV local, state or national level.
- ED and CD issues constantly arise in land use planning and local tax policy.
- CD activities are often justified using inappropriate ED rhetoric.
- ED rhetoric often justifies policies the LWV otherwise would oppose.

Study Purposes

- Understand the ED and CD processes
- Identify LWV interests in and goals for ED/CD
- Define good policies for managing ED/CD
- Educate LWV members and the general public
- Draft a LWV position statement on ED/CD
- Reach LWV-LDC consensus on an ED/CD position

Activities and outputs so far

- 2014-2016 study approved at 2014 annual meeting
- Open listserve: lwvldc-ecodevo [at] lists.riseup.net
 - About 30 subscribers
- 10 Committee meetings
 - About 5 regular participants
- Draft report [1] criticizing Lawrence Chamber of Commerce ED leadership, now on LWV-LDC website
- Board-approved expansion of formal scope of study to include CD
- Draft position statement now ready for discussion and adoption

Why include community development in study?

- Few people get the ED/CD distinction, yet
 - The purposes are very different
 - Different strategies and evaluation are needed.
- ED rhetoric is widely used to justify poorly-designed CD activities.
- We can't expect to understand or advocate for good LWV positions on either topic without addressing both.

What is economic development?

- ED consists in public subsidies or special privileges to private interests for the purpose of expanding the local economy without degrading the local quality of life.
- Successful ED always consists in bringing in **new money** from outside the community.
- Successful ED creates a **net profit for government.**

What is community development?

- CD consists in public subsidies or direct public investment directed to private interests or specific neighborhoods for the purpose of improving the local quality of life.
- CD can include neighborhood revitalization, historic preservation, downtown commercial enhancement, ecological protection.
- CD subsidies are a **net cost to government** but **improve the community as a whole**.

Compare ED / CD

	ED	CD
Goal	Expand economy	Higher quality of life (QOL)
Objectives	New dollars from outside--but maintain QOL	Historic preservation, ecology, local amenities, improved services, fight blight, preserve downtown, etc.
Intended fiscal impact (taxes less expenditures)?	Positive	Negative
Need a separate budget?	No (supposed to pay for itself)	Yes
Needed modeling?	Fiscal impact analysis	True benefit cost analysis

Mixing ED and CD is bad policy

- CD claims are used to falsely justify
 - not making a profit on ED
 - not charging developers full social costs of development.
- ED claims are used to falsely justify CD that
 - doesn't improve quality of life
 - doesn't target most important needs
 - isn't based on a social benefit-cost analysis.

Some needed common policies

- Program-level policies
 - Long term development plans and policies
 - Independent professional staff
 - Government employees
 - Insulated from pressure
 - Advisory only
- Project-level policies
 - Must analyze impact on existing business
 - “But-for” test (don’t waste money on the inevitable)
 - Contracts with benchmarks
 - Periodic performance measurement
 - Clawbacks for nonperformance

Needed policies special to ED

- Real estate development isn't ED
- Retail isn't ED
- Residential development isn't ED
- Competing with local businesses isn't ED
- Stop using tax subsidies
- No-raiding agreements
- Joint marketing agreements
- Fiscal impact modeling

Needed policies special to CD

- Annual CD budget -- includes tax subsidies as well as expenditures
- Intangibles analysis for projects – e.g. survey willingness-to-pay for amenities
- True benefit-cost modeling

Study project—next steps

- Approve 1 year extension today
- Write 2 more documents:
 - Prior examples from other cities
 - ED primer for public officials and others
- Brown bag education meeting(s)
- Unit meeting(s) to reach consensus
- Adopt (or reject) at April 2017 annual meeting
- Publicize to other Leagues

END

Comments or questions? Contact:

David Burress

LWV-LDC Economic Development Study Chair

912 Holiday Drive

Lawrence KS 66049-3005

749-1218

Email: d-burress [at] ku.edu

Open listserve: lwvldc-ecodevo [at] lists.riseup.net

LWV-LDC website: <http://www.lawrenceleague.com/>

REFERENCE

[1] Economic Development Study Group, League of Women Voters, Lawrence Kansas. February, 2015 draft. *Report on the Effectiveness of Local Economic Development Planning in Lawrence and Douglas County, Kansas*

[http://lawrenceleague.com/files/Draft LWV Report on effectiveness of LDC economic development.pdf](http://lawrenceleague.com/files/Draft_LWV_Report_on_effectiveness_of_LDC_economic_development.pdf)