

Technical Assistance for Sustainable Communities: Building Blocks

Technical Assistance Tool: Fiscal and Economic Health

City of Charlotte, North Carolina

To: Tom Warshauer, Charlotte Neighborhood and Business Services
Melony McCullough, Charlotte Planning Department
Daniel Gallagher, Charlotte Department of Transportation

From: Bill Fulton and Roger Millar, Smart Growth America

Date: June 19, 2013

Re: Suggested Next Steps for City of Charlotte

Background

In signing the Memorandum of Understanding for our technical assistance award with the City of Charlotte, Smart Growth America committed to delivering a final report summarizing the workshop on fiscal and economic health and recommending specific strategies for the five neighborhoods targeted under the Community Neighborhood Improvement Program (CNIP). The May 15th presentation was widely attended by both city officials and members of the public. The May 16th workshop was well attended by staff members from the city, the county parks department, and the school district.

The Charlotte “Fiscal and Economic Health” workshop provided an overview of the fiscal and economic development impacts of different development patterns, focusing on the differences between sprawling patterns and more compact “smart growth” patterns. The workshop’s presentations placed the city’s Comprehensive Neighborhood Improvement Program in a broader context.

The intent of the workshop was neither for Smart Growth America to create a plan nor bind the community to any particular course of action, but rather to facilitate a discussion within the community about how best to implement the Community Neighborhood Improvement Program.

Purpose of this Memo

The workshop was designed as a place to begin discussing how the City could effectively implement the Community Neighborhood Improvement Program in five different neighborhoods – Whitehall/Ayrsley, Prosperity Village, West Trade/ Rozzelles Ferry, Sunset/Beattie’s Ford, and Central/Eastland/Albemarle. The information below is presented as a starting point for future conversations about the development and strengthening of these neighborhoods. It can be used in whatever manner the city chooses in order to help achieve this community objective.

Smart growth and fiscal and economic health

Communities around the nation are always concerned about their fiscal and economic health. By *fiscal* health, we mean a local government’s bottom line: Does the life-cycle cost of new development – upfront

infrastructure, ongoing service provision and eventual repair and maintenance – cost more to the town than it brings in in tax revenue? By *economic* health, we mean the general economic well-being of the community: How does new growth and development add to or detract from the creation of jobs, wealth, retail sales, economic competitiveness and fiscal sustainability?

In approaching these questions in Charlotte and elsewhere, it is important to bear three trends in mind:

1. Our nation’s demographics are changing in a way that is profoundly affecting the housing market.

Demographic trends are moving the housing market strongly away from conventional suburban housing. The two biggest demographic groups in the nation – retiring Baby Boomers and so-called Millennials (18-30-year-olds) are both expressing a strong preference for a more walkable, urban/village lifestyle. Indeed, a growing percentage of Millennials prefer to live without cars altogether or to live a “car-lite” lifestyle. The vast majority of net new households being formed have no children at home, and most of them are one- and two-person households – which are much more likely to prefer a walking lifestyle.

2. The formula for economic growth is changing

Business growth used to be driven by large corporations that operated in a fashion that was both private and linear. In the past, new research breakthroughs occurred in sealed research laboratories controlled by the companies. Manufacturing and other business processes occurred in assembly-line situations. These conditions led to cities and communities that featured large, sealed-off campuses (such as North Carolina’s Research Triangle) and tended to be linear in their arrangements.

Today, business growth is driven by collaboration among many types of entities – private companies, research institutions, universities, and others – that must interact frequently and work together creatively. This trend requires cities and communities that encourage interaction and collaboration – the opposite of the model described above. How communities are designed directly impacts their ability to create interactive and collaborative environments.

3. Suburban development patterns are making it more difficult for local governments to balance their budgets.

Suburban development patterns require extensive investments in capital infrastructure and ongoing service delivery. Low-density development requires more infrastructure to serve fewer people and requires service providers such as firefighters and school buses to travel farther. More compact development patterns reduce both life-cycle infrastructure costs and operating costs.

A recent study by Smart Growth America, *Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development*, concluded that, compared to conventional suburban development, smart growth patterns can save up to one-third in upfront infrastructure cost and 10% annually in ongoing operating expenses. Smart growth development patterns can generate approximately 10 times as much revenue on a per-acre basis.

Not all of these trends will be completely relevant in every situation. But it is important to bear all three in mind in considering the fiscal and economic health of any community.

Local Concerns

Although Charlotte is a large, fast-growing Sunbelt city, it shares certain characteristics with central cities throughout the United States. Specifically, Charlotte has one favored affluent corridor radiating from the downtown – the “Southern Wedge” – while many neighborhoods to the east, north, and west are facing economic concerns and stagnant or reduced property values. It appears that many of these areas are losing middle-income residents to surrounding suburban cities and unincorporated areas.

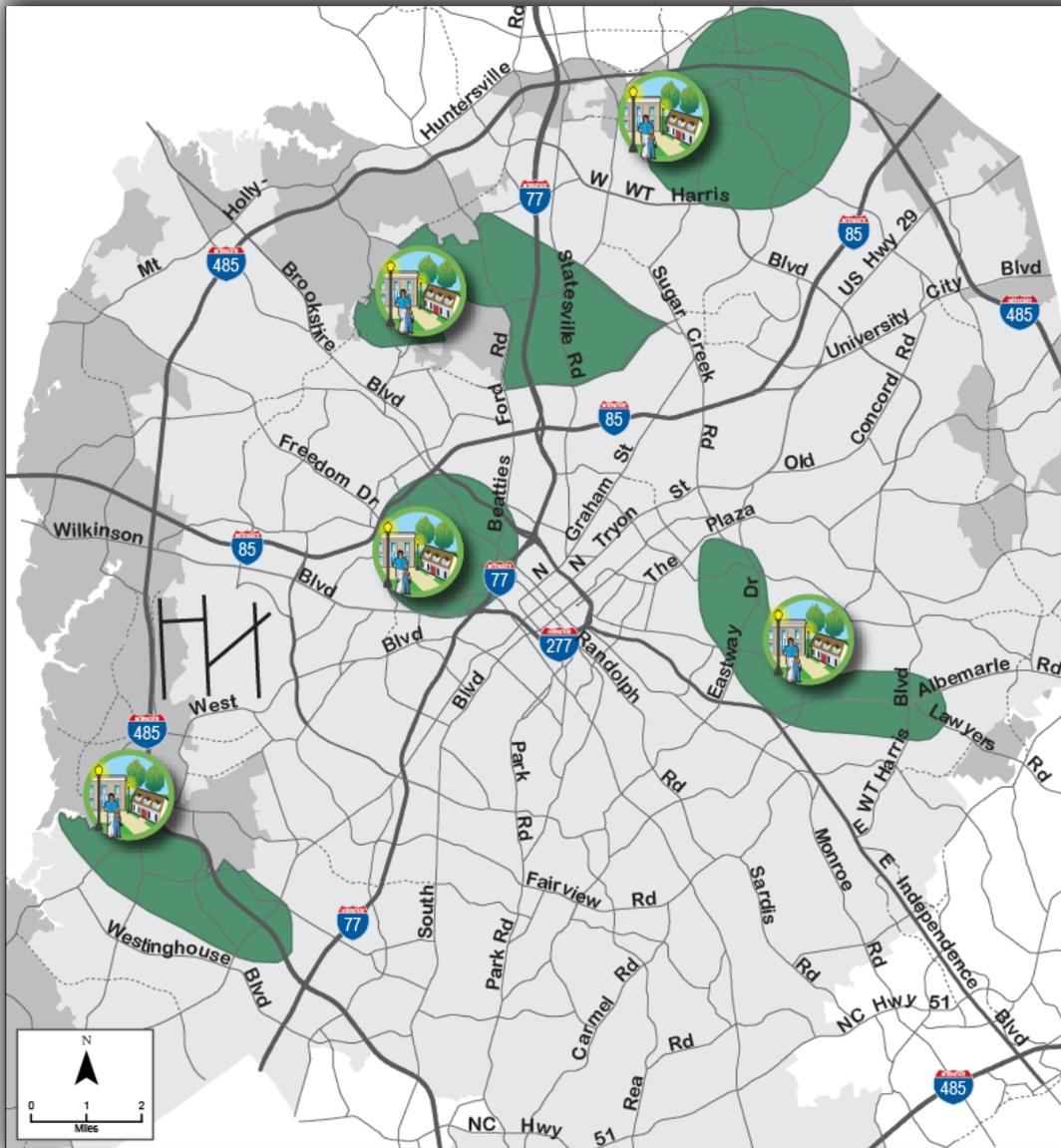
In hopes of improving this situation, the City of Charlotte has created the Comprehensive Neighborhood Improvement Program and plans to focus public investment in each of five neighborhoods. The amount of investment will be \$20-30 million in each neighborhood.

The five neighborhoods in question are all located in different parts of the city and have very different characteristics. They are all located outside the Southern Wedge and are believed to be well positioned to attract quality development and a greater share of housing and commercial development. The goal is for the capital investments to help these areas attract a greater share of the commercial and middle-income housing and retail markets.

The five neighborhoods are:

- 1. Whitehall/Ayrsley:** Neighborhood south of the airport that straddles I-485 loop and includes existing office development, emerging mixed-use development, and developable greenfield areas.
- 2. Prosperity Village:** Neighborhood on north side of Charlotte along last remaining section of I-485 to be constructed. The new I-485 interchange has been designed to foster a village-style development and town center. The area already includes some apartments, conventional retail, and well-designed single-family neighborhoods adjacent to retail.
- 3. West Trade/Rozelles Ferry:** Neighborhood immediately to the northwest of Uptown, home to Johnson C. Smith University. The city has already undertaken several streetscape improvement projects in the neighborhood. The area appears to be prime for quality infill development.
- 4. Sunset/Beattie’s Ford:** Neighborhood farther to the northwest from Uptown. This neighborhood has some historically upscale housing, but is mostly characterized by major arterials, auto-oriented retail, a large regional park accessible only by car, and new starter-home neighborhoods that have suffered from high foreclosure rates.
- 5. Central/Eastland/Albemarle:** Neighborhood to the east of Uptown. This neighborhood has experienced demographic transition and is also the location of the Eastland Mall site, now owned by the

City. The CityLynx Gold Line streetcar would run through the neighborhoods between Uptown and Eastland Mall.



Action Steps

In the workshop on May 16th, Smart Growth America worked with staff from the City, the County Parks Department, and the Charlotte-Mecklenburg School District to identify goals and specific action steps to guide CNIP investment in each of the five neighborhoods. The goals and potential CNIP investments can

be further tested through individual market-based studies and focus groups for each of the CNIP areas. The City has drafted a process to initiate the market-based studies and focus groups for each of the CNIP areas and hope to complete these studies within one year. The goals and possible investments for each CNIP area include:

1. Whitehall/Ayrsley

Goal:

Establish the Whitehall/Ayrsley area as an in-city option for those seeking a high-quality living and working environment with a strong sense of place.

Possible High-Impact Public Investments:

- Construct a two-lane bridge across interstate with good pedestrian and bicycle facilities to link employment with residential and shopping areas.
- Construct planned greenways and improve bicycle/pedestrian network along Whitehill Parkway.
- Create a high-amenity connection between Ayrsley mixed-use and Whitehall office complex.

2. Prosperity Village

Goal:

Establish the Prosperity Village area as an in-city option for those seeking a high-quality living environment with a strong sense of place and a high-quality village center.

Possible High-Impact Public Investments:

- Ensure that new development within the village center advances the goal/vision of a walkable and mixed-use village center.
- Plan and build a town square/plaza/park within the village center area.
- Improve old farm-to-market roads to enhance bicycle/pedestrian connections to the emerging village center from the surrounding residential areas.

3. West Trade/ Rozzelles Ferry

Goal:

Continue to establish West Trade/Rozelles Ferry as a vibrant “urban” and high-quality neighborhood with a diverse resident population that seeks proximity to the Uptown employment center and builds upon the synergy around the Johnson C. Smith University (JCSU) campus.

Possible High-Impact Public Investments:

- Finish the bike loop in the neighborhood.

- Work with JCSU to create one or more off-campus facilities (student housing, bookstore, performance venue) that will stimulate activity and increase retail demand in the neighborhood.
- Improve the physical design of the neighborhood by constructing more streetscape projects and, perhaps providing commercial property owners with additional façade improvement loans and similar opportunities.

4. *Sunset/Beattie's Ford*

Goal:

Establish Sunset/Beattie's Ford as a more stable housing market, that will encourage homeowners to live in the neighborhood for longer periods of time and make new investments in their homes.

Possible High-Impact Public Investments:

- Add greenways that strengthen connections among parks, natural areas, and commercial nodes.
- Create multi-use path or some other alternative thoroughfare along Sunset and/or Beattie's Ford Road in a way that strengthens connections between commercial nodes and between those nodes and job centers.
- Create a more established and cohesive commercial/village center node at Sunset and Beatties Ford Road.
- Capitalize on Hornet's Nest Park as a community asset that should connect to surrounding areas/neighborhoods.

5. *Central/Eastland/Albemarle*

Goal:

Successfully manage the evolution of the neighborhood in a way that continues to provide a wide variety of housing opportunities to emerging segments of the housing market, including Millenials and the international community.

Possible High-Impact Public Investments:

- Complete streetcar to Eastland Mall.
- Create adequate park space to serve evolving neighborhood needs.
- Make complementary public investments necessary to facilitate redevelopment of the Eastland Mall site and connect the site to the neighborhood.

Conclusion

The five CNIP neighborhoods all have a tremendous opportunity to benefit from the community investment called for by the CNIP program. The amount of investment (\$20-30 million each) is considerable enough to

make a difference, but the investments must be made carefully and in a coordinated fashion in order to maximize their impact. The market-based studies and focus groups for each CNIP area will help to guide the recommended CNIP investments and help the City to coordinate these investments to maximize their impact. There is no one-size-fits-all solution; each neighborhood is different and therefore a different set of public investments is appropriate. However, if Charlotte invests in the CNIP neighborhoods in the manner described above, the chances for significant improvement in each of those neighborhoods will be greatly increased.