

Corporate Partner Spotlight

As part of the "Friends of ILCMA" Corporate Partnership Program, partners at the highest level get the opportunity to submit a one-page written educational piece in the ILCMA newsletter.

(Re-)Development Strategy: The Bridge from Goals to Implementation

Stephen B. Friedman, AICP, CRE, Geoffrey Dickinson, AICP, and Fran Lefor Rood, AICP

Over the past six recessionary years, communities throughout Illinois have taken the opportunity to set new goals. Sometimes in the form of a Comprehensive Plan Update and sometimes in the form of a Strategic Plan, communities have set a framework and direction for (re-)development in their future. Community goals and planning objectives often include: repurposing failed subdivisions, encouraging other uses including multi-family housing (to own or rent), re-igniting downtown revitalization, reviving, and reusing struggling retail centers, attracting businesses to fill vacant office space, and encouraging industrial development. These goals often emphasize quality of life but require realistic, fiscally-sound strategies.

Acting on many of these goals over the past several years has been thwarted by economic trends and real estate market conditions. But now market conditions are improving. Housing prices have improved, recovering to pre-recession levels in some areas, and product on the market is limited. Rental housing is booming and there are some "early spring flowers" in the condominium and townhouse markets. Retail is struggling, but some better malls are seeing renewed investment, and while not sales tax generators, service businesses are filling vacant spaces in many strip centers as well as downtown storefronts. While the suburban office markets still lag, industrial markets have improved.

Municipal managers and administrators are increasingly challenged by elected officials and residents to begin making progress in achieving the goals set forth in comprehensive and strategic plans. The recent real estate trends provide opportunities to achieve these larger community goals. Now, how do you get there?

A (Re-)Development Strategy will consider each of the key elements of a successful project: in-depth understanding of economic feasibility, physical assets and constraints, and community goals. Considering these factors and the questions below will help ensure that your community achieves its development goals:

1. What Sites and Projects Fit Market Trends in Your Sub-Region and Local Market Conditions? Evolving locational and housing preferences of Millennials and Baby Boomers, as well as broader suburban commercial and industrial trends, will suggest the projects and areas with the greatest initial potential. What do you expect the private market to produce in the next five years in your community?

2. What Market Uses and "Products" Physically Fit the Potential Development Sites/Area? Certain products require particular site acreages, adjacencies and traffic patterns. Are there sites suitable to capture market opportunities?

3. Are These Uses Desired? Do the market-supportable and site-appropriate uses fit the plan and community goals?

4. How Ready Is the Area for Development? In an industrial context, a "shovel-ready" site is required to attract new development. The same concept can apply to other land uses as well:

- a. Who Owns the Land and How Motivated Are They to Participate?
- b. What Is the Feasibility of Acquisition/Site Assembly?
- c. Are Buildings Reusable?
- d. How Much Displacement/Relocation Is Involved?
- e. Are There Environmental Issues?
- f. What Infrastructure Is Needed?
- g. Are There Owners Who Can Be Developers?
- h. Do Regulatory Issues Impede Achieving Development Goals (e.g., zoning, stormwater requirements)?

5. Are the Desired and Largely Market-Driven Projects Economically Feasible? Some projects are feasible without governmental incentives/assistance, others require public help to be feasible, and some are not financially feasible with or without assistance in the near term. If a project can be made feasible only with public financial intervention, which tool(s) are most appropriate?

6. What Are the Priority (Re-)Development Sites and Action Steps to Carry Out the Site-Specific Strategies? Market opportunities, site conditions, economic factors and policy goals will lead to a selection of priority sites and projects. For those projects, specific public sector steps must be defined and aligned with private sector steps to ensure implementation, especially when public funding is required to achieve feasibility.

The creation of a (Re-)Development Strategy sets the stage for pursuing development projects that are suitable for available sites and meet community needs or goals. Understanding the real possibilities and focusing on specific projects allow more pro-activity in working with stakeholders and property owners, or seeking outside businesses or developers. This process provides a framework for understanding how much assistance might be necessary and setting broad policies on when you will help and what development finance tools will be available. Under what circumstances will you use or need an Economic Incentive Agreement (Sales Tax Sharing), a Tax Increment Financing (TIF) District or a Business District, and what are your guidelines? Can you use Special Service Areas for infrastructure or only services?

Of course the process of creating a strategy requires time and effort, but it brings short-term actions in alignment with current opportunities in support of the community's longer-term goals – and serves as the bridge from comprehensive plan-level goals to implementation.



Public-Private Partnerships
Development Advisory Services
Real Estate Economics
Impact Analysis
Subarea Plans & Implementation
Community & Economic
Development Strategies

221 N LaSalle St
Suite 820
Chicago, IL 60601
312.424.4250
sbfriedman.com

VISION | ECONOMICS | STRATEGY | FINANCE | IMPLEMENTATION