

# Why Downtown Development May Be More Affordable Than The Suburbs

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*By Darren Dahl*

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It's become an all-too-common story across the U.S.: the residents and businesses in a once-thriving downtown have fled to suburbs and strip malls, leaving only the bones of their old lives behind. But while populations and services may have retreated to the outskirts, the neglected facades of downtown could be due for a revival.

Downtowns throughout the country rarely get the respect they deserve, especially when it comes to the economic impact they have on their communities. There is a growing awareness that suburban development patterns – also known as “sprawl” – may be environmentally unsustainable. Meanwhile, the work done by Joe Minicozzi, a planner and founder of the consulting firm Urban3, has begun to shed new light on how suburban expansion could be economically unsustainable as well.

## **The Cost Of Suburbs**

“Cities are human inventions that are thousands of years old,” said Minicozzi, who has worked in dozens of communities around the country to help educate planners and community members about the value of their downtowns. “The creation of

suburbs is a recent phenomenon and we're struggling with how to pay for them.”

Minicozzi's work focuses on showing how most communities unintentionally subsidize suburban development because they don't calculate the true cost of expanding infrastructure like water and sewage, and services like police and fire to the fringes of a community's corporate boundary.

Some municipalities opt to make up the difference through new tax policies, but property tax increases are decidedly unpopular in most communities.

As an alternative, many communities turn to luring large retailers that offer the promise of jobs and additional sales tax, which they hope will plug the holes in their budgets. But when the cost of maintaining the infrastructure necessary to support these businesses isn't offset by increased sales tax revenue, the situation can become even worse.

As a result, these communities can find themselves unable to pay for sprawl, despite growing populations and increasing demand.

### **The Downtown Champion**

Armed with an impressive array of PowerPoint slides, computer models and property tax data, Minicozzi travels around the country to encourage municipalities to see that their downtowns, no matter how neglected, often contribute far more value in terms of tax revenue — property and sales tax combined — than even the biggest big-box store.

One of the key components of his research has been to break down the economic impact of land on a per acre basis, allowing him to make apples-to-apples comparisons between, for example, a six-story, mixed-use building (a combination of residential and commercial uses) and a single massive retail store, in the same way you might use miles-per-gallon to evaluate the fuel efficiency of a car.

Take the city of Asheville, North Carolina, where Minicozzi is based, as an example. The city, which has a population of about 83,000, realizes an astounding 1,000 percent greater return on downtown mixed-use development projects on a per acre basis compared to when ground is broken near the city limits for a sprawling retail center.

Put a different way: a typical mixed-use acre of downtown Asheville yields \$150,000 more in annual tax revenue to the local government than an acre of strip malls or big-box stores.

“If you were a city facing a budget crisis, shouldn’t this serve as an eye-opener, both in terms of your policies and your development priorities?” asked Minicozzi.

For several cities around the country, the answer is a resounding “yes.” Asheville’s efforts to develop its downtown has become a model for cities like Fresno, California; Chattanooga, Tennessee; and Mountain View, California, all of whom have also begun to apply Minicozzi’s lessons to their own downtowns.

Only time will tell whether Minicozzi’s work will have a lasting impact on the relationship between cities and suburbs. But one thing is immediately evident: his work is leading policy makers to

ask tough questions about creating truly sustainable growth in their communities. Don't call it a revolution yet — but it's a start.

*Darren Dahl is an entrepreneurial freelance writer who writes about small businesses and even teams up with them to write books as a ghostwriter.*