

**ORGANIZATIONAL OPTIONS AND OPPORTUNITIES
for the
UNIVERSITY DISTRICT DEVELOPMENT ASSOCIATION
SPOKANE, WASHINGTON**



Myles Alexander
Department of Urban and Regional Planning
University of Illinois at Urbana–Champaign

August 2, 2011

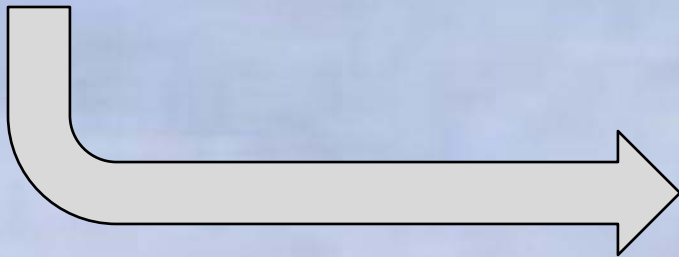
Beginning Question

What mechanism should develop the University District?

Working Questions

What development organization structures and development strategies are particularly well suited to accomplishing aspects of the UDDA vision for the UD?

What organization structures are best suited to lead UD development over many years?



FOUR SUBJECT AREAS

1. University District Goals and Outcomes
2. Development Organization Structures & Strategies
3. Case Studies
4. Political Will & Public Will

Six organization types most capable of large projects or responsibility for advancing the UD vision:

- Municipal Development Commission or Agency
- Private, Not-for-Profit Corporation
- Private, For-Profit Corporation
- Business Improvement District (BID)
- Public Corporation
- Port Authority

Two development strategies:

- Urban Renewal
- Public-Private Partnership

Methodology

- Academic literature review - theory and policy
- Web searches
- Case study organization websites
- Major newspaper data base - local news articles about case study organizations and history
- Municipal Research and Services Center (MRSC) website – basic information and policy analysis


Methodology

•Interviews with key Spokane leaders - Spokane life and history

- Greg Bever, Publisher, Journal of Business;
- Teresa Brum, Economic Development Director, City of Spokane;
- Sheila Collins, Legislative Director, City of Spokane;
- Gavin Cooley, CFO, City of Spokane;
- Marty Dickinson, President, Downtown Spokane Partnership
- Rich Hadley, CEO, Greater Spokane Incorporated;
- Bill Kelly, Planning Professor, Eastern Washington University;
- Mike Livingston, Commercial Real Estate, Kinley and Hagen;
- Wim Mauldin, Lead Organizer, Spokane Alliance;
- Jeff Nave, Attorney (Public Finance), Foster Pepper;
- Brian Pitcher, Chancellor, Washington State University–Spokane;
- Robin Toth, VP, Greater Spokane Incorporated; and
- Amber Waldref, Council Member, City of Spokane.

•Conversations with people related to the case studies - history and the realities of development practice.

GOALS and OUTCOMES

Myles' analysis of the planning documents resulted in **6 goals** + sub-goals. 

UDDA board survey did not define goals and determine priorities (n=11).

Need rigorous process with full board participation to identify, define, and prioritize goals.

Old and New (4)

The University District is a blend of new buildings, streetscapes and businesses and redeveloped or revitalized buildings, streets and businesses.

Development is Collaborative (3)

Development in the University District happens as collaborations between public and private organizations.

Welcome and Include (3)

The University District has a culture and identity as a place that welcomes and encourages all people that want to live, learn, work or play in the district.

Collaborative Physical Environment (1)

Physical features like streets, buildings, and public open spaces work together so people can live, learn, work and play in the district.

Participatory and Collaborative Life (0)

The people of the University District are active and have a say in district affairs, and people in the region connect with the district through work, education and play.

Pay Attention and Celebrate (0)

One or more organizations and people are devoted to care of the University District and vision, and spread the word about the district.

DEVELOPMENT ORGANIZATION STRUCTURES

1. Municipal Development Commission or Agency
2. Private, Not-for-Profit Corporation
3. Private, For-Profit Corporation
4. Business Improvement Districts (BIDs)
5. Public Corporations
6. Port Authority

1. Municipal Development Agency

Enabling Legislation

- State Constitution Article XI
- RCW 35.22

Revenue Generation

- Taxation
- Bonding
- Fees
- Assessments

Financial Management

- Highly regulated
- Public records

Ability to Act as Developer

- Limited by Washington constitution Article VIII
- Limited by representatives' relationship to voters

Case Study: The Portland (OR) Development Commission

- 1958 vote to consolidate planning & development functions
- Goal: to use public funds to stimulate private sector investment, job creation and expansion of the tax base
- A city department that reports to the city commission
- In FY 2006-2007 TIF provided 71% of PDC's revenue
- Brokers deals, assists project financing, directly develops

2. Private, Not-for-Profit Corporation

Enabling Legislation

- RCW 24.03

Revenue Generation

- Public benefit business
- Donations
- Grants
- Fewer taxes paid

Financial Management

- IRS 501(c)3 rules, form 990
- State annual report
- Governing Board oversight

Ability to Act as Developer

- Abilities of a corporation limited by public benefit purpose and use of surplus revenue

Case Study A:

Buffalo Niagara Medical Campus

- Chartered by the educational, medical and research organizations
- Organizations fund their proprietary projects
- Direct governmental appropriations (\$53.5M in 2002), cooperative agreements, and charitable contributions (\$150M in 2002) fund programs and projects
- 2006 budget approximately \$600,000
- \$300 million in new construction 2003-2009
- \$500 million in construction underway

2. Private, Not-for-Profit Corporation

Case Study B: Community Land Trust

CLT owns the land & sells the buildings, reduces speculation, maintains affordability

- ❖ KulshanCLT, a Bellingham member org
- ❖ Irvine (CA) Community Land Trust, the city's affordable housing agency
- land leases, developer fees and transaction fees
- Start-up funding usually required
- Self sufficient at ± 200 units
- Non-operating revenue from
 - donations from all levels of government, foundations, corporations & individuals
 - CDBG Funds
 - HUD Home Funds

3. Private, For-Profit Corporation

Enabling Legislation

- RCW 25.10.031, 25.15.030 and 23B.03.020

Revenue Generation

- Entrepreneurial ability to attract investment and return a profit

Financial Management

- Board of Directors oversight

Ability to Act as Developer

- Varies by the business's human capital

Case Study: Marketplace Properties, Old Town Wichita

- Success came from David Burk's vision, commitment and strength of relationships made with decision makers
- TIF funded infrastructure and amenities makes development physically attractive and financially possible
- After 23 years:
 - a closely held limited liability company
 - income between \$500,000 and \$1 million
 - four or fewer staff.

4. Business Improvement Districts (BIDs)

Enabling Legislation

- RCW 35.87A.010

Revenue Generation

- Special assessment imposed in District
- Fees and Services

Financial Management

- Local government
- Manager, usually a 501(c)6

Ability to Act as Developer

- In WA a BID may directly develop only parking facilities.
- Provide management and planning

Case Study: Center City Commission, Memphis/TN

- Chartered in 1977 by City and County for aggressive development and economic growth of the Central Business Improvement District
- 4 Affiliate Boards ≈ Public Corporations chartered for specific development functions
- tax abatement program fees funded low-interest development loan program
- Operating revenue from BID assessment (\$2.8M), contributions and fees
- Influences development with loans, grants and design review, parking structure bonds
- CCRFC finances, leases, purchases and sells properties

5. Public Corporation

Enabling Legislation

- RCW 35.21.730 et. seq.

Revenue Generation

- Business activity
- Tax-exempt bonds
- Fees and services

Financial Management

- Annual State audit
- Other municipal government regulation
- Public record

Ability to Act as Developer

- Buy and sell land
- Invest in projects
- Less restricted by WA Constitution Article VIII

Case Study:

The Foss Waterway, Tacoma

- chartered by the city in 1996 to assist in redeveloping real property in and along the Waterway
- City began with very collaborative approach to environmental remediation
- Public process developed Waterway plan
- 2 person office not yet self-sustaining
- acquires, manages, and disposes of real property
- secures financing
- undertakes development, and contracts with developers
- facilitates development activities in cooperation with regulatory agencies
- provides development process assistance
- advocates for developers with regulatory agencies

6. Port District (Authority)

Enabling Legislation

RCW 53

Revenue Generation

- Revenue bonds
- Local Improvement District assessment

•Lease, sell, mortgage property

Financial Management

- Elected Commission

Ability to Act as Developer

- Primary purpose is industrial development
- Can use eminent domain

An inland Port District focuses resources and empowers the District Commission to encourage industrial development within the District and promote trade and tourism.

- The UD is not primarily industrial, not a good candidate for a PD
- UD industries could benefit from inclusion in a PD – e.g. land acquisition and parcel aggregation, expansion and relocation assistance, job training

DEVELOPMENT STRATEGIES

1. Urban Renewal (Community Development)
2. Public-Private Partnerships

1. Urban Renewal (Community Renewal)

Enabling Legislation

- RCW 35.82

Revenue Generation

- borrow money
- loans, grants, contributions from any level of government, other public or private sources
- taxes and assessments
- Municipal bonds

Financial Management

- Designated entity's governing body makes annual report

Ability to Act as Developer

- Redevelopment is justified to increase property tax revenue
- Can spend public money
- Can use eminent domain

Case Study:

Fourth Plain Corridor, Vancouver

- Vancouver Housing Authority expanded over time, proved capable and was designated Community Renewal Agency
- Renounced use of eminent domain
- Groundwater contamination on site derailed bonding and major site acquisition
- Subject to risk like private for-profit developer
- Other organizations continued to work in area after VHA no longer the Community Renewal Agency

2. Public-Private Partnership

Enabling Legislation

- N.A.

Revenue Generation

- Successful completion of projects neither government nor private sector could do alone raises property value, generates rent and sale income, creates jobs and houses more residents.

Financial Management

- Very complex
- Varies by partnership type

Ability to Act as Developer

- Uses all parties' abilities to develop.

Case Study A:

Tenth Street Place, Modesto/CA

- City/County center – admin building, parking structure and plaza – brought more people downtown, justified private development
- Public investment of \$74M complimented by initial private investment \$25M followed by \$13M more private investment and \$40M non-profit Center for the Arts
- Legal partnerships within public and private sectors, not across sectors


2. Public-Private Partnership

Case Study B:

South Waterfront District, Portland

- Area redevelopment driven by OHSU need to expand beyond Marquam Hill site
- TIF revenue funded \$120M public participation: parks, aerial tram connecting hill to South Waterfront, streetcar extension to site
- \$140M OHSU Center for Health & Healing in South Waterfront District and 2 buildings on hill.
- \$1.9B residential mixed use in District
- Portland Development Commission heavily involved

GOALS and OUTCOMES

- Myles' analysis of the planning documents resulted in **6 goals** and many sub-goals.
- Myles' evaluation of the six organization structures 
- Use of survey for board to define goals and determine priorities failed.

Development Mechanisms	Urban Renewal								
	Business Improvement District						510(c)6 Manager		
	Public Corporation					Public Development Authority			
	City/County				Non-Profit Corporation				
				Land Trust		501(c)3			
					For-Profit Corp.				
	Enabling Leg.		RCW 35.81 et. seq.	RCW 35.87A	RCW 35.32 730-.755	RCW 35 RCW 36	RCW 24.03	RCW 24.03	RCW 23B
	Goals								
G1	Green	Yellow	Yellow	Green	Yellow	Green	Yellow		
G2	Yellow	Green	Yellow	Green	Yellow	Yellow	Yellow		
G3	Green	Green	Green	Green	Yellow	Yellow	Yellow		
G4	Yellow	Green	Yellow	Green	Yellow	Yellow	Red		
G5	Yellow	Green	Yellow	Green	Yellow	Yellow	Red		
G6	Green	Green	Green	Green	Green	Green	Yellow		

Good Match, Indifferent Match, Poor Match

Goals

- G1 Old and New
- G2 Collaborative Physical Environment
- G3 Development is Collaborative
- G4 Participatory and Collaborative Life
- G5 Welcome and Include
- G6 Watch and Celebrate

Recommendation 1

Within four months

identify goals and determine priorities as described in “University District Goals and Outcomes.”

Recommendation 2

Within six months

establish a resolution committee to further evaluate the organization structures most suited to guiding UD development over the next 20 years, choose one, and bring it to the board for.

The three most suitable structures are:

- Private Not-for-Profit Corporation**
- Business Improvement District (BID)**
- Public Corporation (PDA)**

Recommendation 3

Establish a grass-roots organizing committee to:

- lead the board in building political and public will from the ground up as well as the top down, and**
- establish mutually beneficial collaborations with other organizations of all types.**

Thank you