

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



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## **Executive Summary**

The University District Development Association has a vision of the Spokane University District as a “live/learn/work/play confluence of innovation, discovery, entrepreneurship, scholarship, and neighborhood development that provides an ongoing stream of economic growth and business opportunity for the region.” This radically innovative urban village will be in the geographic and emotional center of Spokane. The University District Development Association mission is “to achieve the implementation of the 2004 University District Strategic Master Plan” (Spokane University District 2010) It is an incorporated not-for-profit organization. Yet, the organization is young enough that the best organization and legal structure to achieve the goal of maximizing the downtown and regional development potential of the University District will be determined in the months ahead.

The initial project goal was to provide information to the board as it answers the question, “What organization structure or mechanism should develop the University District?” The question assumed a single entity would undertake projects and lead the development process. However, the size of the UD, the variety of uses in the district (residential to industrial), and the variety of goals and aspirations for the district suggest many development entities are necessary to accomplish the UD vision.

## **Project Methodology**

I sought information that would provide a basic understanding of the topics, provide a sense of how something works in a context analogous to the UD, and stimulate the imaginations and conversations among UDDA board members. An ongoing academic literature review provided much of the theory and history that was augmented by frequent web searches. Case study organization website information was complimented by local news articles available in a major newspaper data base. A rich resources is the Municipal Research and Services Center (MRSC), a goldmine of Washington information and policy analysis. Finally, the interviews with key Spokane leaders and people related to the case studies kept it all grounded in Spokane life and history and the realities of development practice.

Brandon Betty and I met October 4, 2010 to finalize the project scope and to begin content analysis of UD planning documents for UDDA goals, priorities and methods. Over time Mr. Betty reported changes in information needs and interests. As my understanding of the UD and the subject matter deepened I also shifted emphasis. I met with the board on January 4, 2011 to present initial impressions from the November interviews and analysis of planning documents. I realized the UDDA board must answer two primary questions:

1. What development organization structures and development strategies are particularly well suited to accomplishing aspects of the UDDA vision for the UD?
2. What organization structures are best suited to lead UD development over many years?

Many different types of organizations can accomplish some of the work necessary to redevelop the UD. I concluded that understanding six organization types most capable of large projects or

responsibility for advancing the UD vision would best inform UDDA board decision making. They six are:

- 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 are also included in the study:

- Development Strategy 1: Urban Renewal
- Development Strategy 2: Public-Private Partnership

However, Urban Renewal (Community Renewal in Washington State legislative language) is unlikely to be a part of the UD redevelopment for two reasons. First, large areas of the UD are not blighted. Second, Community Renewal is a powerful set of development tools and would likely be vigorously opposed.

Thirteen people were interviewed for their insights into the topic of political will, what it is and how much political will for innovative large scale development in Spokane and the history of how successful development has happened in Spokane. Downtown Spokane Partnership and UDDA staff Marty Dickenson and Brandon Betty identified and contacted most interviewees. Some are UDDA board members and others are regional experts with invaluable experience. The people that contributed so richly to this project as interviewees are:

- 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 (Business Improvement District);
- Rich Hadley, CEO, Greater Spokane Incorporated;
- Bill Kelly, Planning Professor, Eastern Washington University–Spokane;
- Mike Livingston, Commercial Real Estate Representative, 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.

The University Development District Association and the University District

The University Development District Association (UDDA) is a 501(c)3 established by the grassroots University District Advisory Council and incorporated in 2009. It represents University District (UD) interests, prioritize UD projects, and create development opportunities within the UD. The UDDA's vision for the UD is “a live/learn/work/play confluence of innovation, discovery,

entrepreneurship, scholarship, and neighborhood development that provides an ongoing stream of economic growth and business opportunity for the region.”



*Figure 1: Recent Mixed Use Development in the University District (Spokane 2004, 105). Photo by Darrin Griechen used with permission of Dept. of Economic Development.*

The University District is 770 acres of mostly light industrial land, east of retail and commercial downtown Spokane. Gonzaga University is north of the Spokane River. The Eastern Washington University and Washington State University Riverpoint campus is south of the river (Figure 4). A BNSF main rail line crosses the southern UD. The Medical District (Deaconess and Sacred Heart medical centers and Shriners’s Hospital) is a few blocks from the district south of Interstate 90.

Riverpoint Campus was launched in 1994 with the SIRTI building completion and groundbreaking for Phase 1 Classroom Building. SIRTI, a state economic development agency headquartered at Riverpoint, provides 40,000 square feet of incubator space to technology based companies. Health sciences dominate the expanding campus, followed by graduate architecture, engineering, landscape architecture, design and planning programs. Community Colleges of Spokane moved administration to the Riverpoint campus in 2000. Whitworth University added working adult programs in 2008.



*Figure 2: Historic University District Residences (Spokane 2004, 98). Photo by Darrin Griechen used with permission of Dept. of Economic Development.*



*Figure 3: The Centennial Trail (Spokane 2004, 109). Photo by Dick Winchell used with permission of Dept. of Economic Development.*

In addition, the University of Washington and Washington State University have partnered to implement a Biomedical Health Science Program that would establish a four-year medical school, as well as other healthcare and medical industry related programs in the UD. The project is waiting for legislature approval and funding. The financial impact on the Spokane area economy would be nearly as great as that of Fairchild Air Force base. The two most likely futures of U District are 1) continued steady development based on program growth led by the existing education institutions, and 2) a growth leap made by the medical school.

### The Report

The bulk of the report is in four chapters:

- UDDA Goals
- Organization Structures and Development Strategies
- Case Studies
- Political Will – Public Will

The project plan was to list goals from UD planning documents, and then evaluate the organization structures and development strategies by their ability to attain the goals. The goal chapter details the difficulties encountered in listing goals.

The center chapters, Organization Structures and Development Strategies, and Case Studies, present parallel information. Each structure and strategy is given a general description, and descriptions of how it can generate revenue, its financial management, and its ability to act as a developer. The descriptions in “Organization Structures and Development Strategies” are based on the Washington State enabling legislation. In “Case Studies” the same subsections are informed by organizations in Washington State or working in a context similar to the UD in another state.

UDDA staff requested a discussion of political will be part of the project. Two aspects of the topic are addressed in the chapter “Political Will – Public Will.” The first is a definition based on research and theory. The second is political will in the history of Spokane. The goal of the chapter is to provide insight into building political will and public will to accomplish the UD vision.

### Recommendations

Planning and development are “wicked problems,” inherently unsolvable and full of contradictions. As the University District Development Association moves toward the goal of a

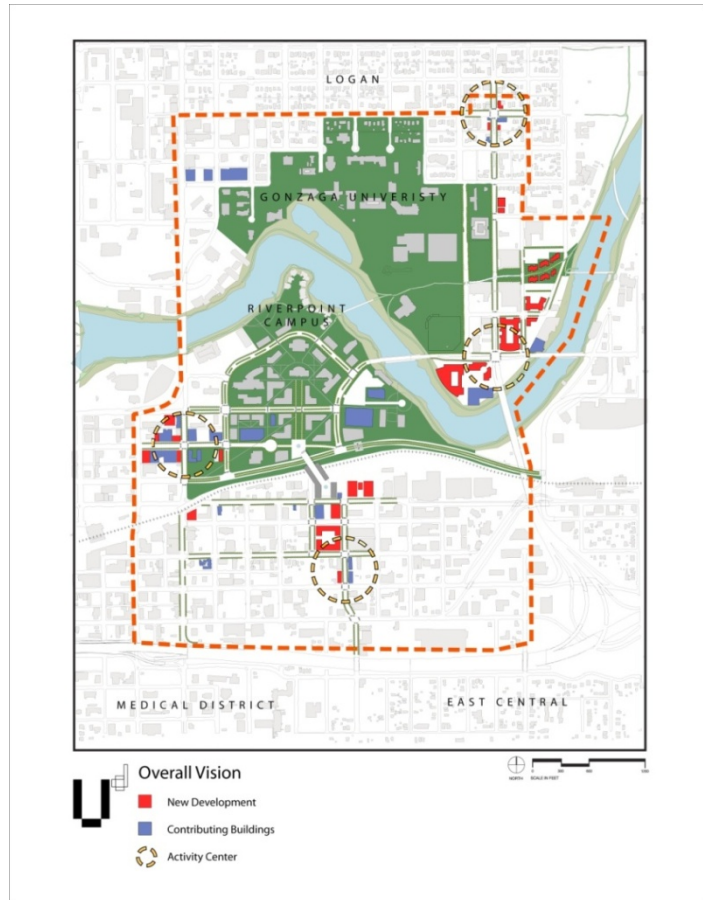


Figure 4: the University District and Campuses (Spokane 2004, 40), used with permission of Dept. of Economic Development.

live/work/learn/play urban village different organizing strategies will be necessary to build the political and public will to accomplish the work. A variety of organizations will also be necessary to bring projects to completion. As collaborations and partnerships of different kinds are formalized there will be a dense, complex web of relationships among the organizations building the new University District.

**I recommend the board undertake three tasks to go forward:**

**1. Identify goals and determine priorities as described at the conclusion of the chapter “University District Goals and Outcomes” within four months.**

That may require members of the board to speak more openly, honestly and directly than has been the custom. It is a task that will require trust among board members to manage potential conflicts among institutions. As the exercise suggests the level of commitment, the institutional and personal risks that may be required to achieve goals, as well as the outcomes, members’ commitment to the vision and the University District Development Association will be tested.

I believe an experienced, trusted outside facilitator is necessary for such a demanding and exciting process. The basic task could be accomplished in one half day retreat meeting of the board. Validation of the goals and priorities in meetings with key individuals and groups would require a series of external meetings and a final work session by the board.

**2. Establish a resolution committee to further evaluate the organization structures most suited to guiding University District development over the next 20 years, choose one, and bring a resolution to the board for adoption of the structure within six months.**

a. Private Not-for-Profit Corporation

P

b. Business Improvement District (BID)

B

c. Public Corporation (Public Development Authority)

P

**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.**

## University District Goals and Outcomes

One of the project tasks was to identify UD development goals from documents provided by the staff (City of Spokane Office of Economic Development, ICF International, Urban and Regional Planning Program). I began the task without defining “development goal” in the UD context. I recorded 205 items. Differences in scope, importance and values resulted from the variety of sources produced over years and the subjectivity of a single reader. The lack of a definition of “development goal” added to the process subjectivity. I tested three frameworks for consolidating the goals. The *SMART* goal frame<sup>1</sup> resulted in 63 clear and consistent goal statements and 23 anticipated outcomes. Next I sorted the 63 goals into 6 groups, each with a title goal and a number of subordinate goals.

Table 1 (below) presents an evaluation of the goal related functionality of each organization structure and development strategy. From study of the RCW enabling legislation I made a list of 28 authorities, powers and responsibilities given one or more of the structures and strategies. For each structure or strategy I assigned all 63 goals a score for every authority, power and responsibility. The scores were summed to provide a numeric but subjective assessment of the functionality of the organization structures and development strategies. The assessment is represented in Table 1 by the green, yellow and red color convention to indicate strong, neutral or negative functionality.

A more useful assessment requires the goals are identified, defined, ordered and ranked in an objective a manner as possible. My preference would be to lead the UDDA board in a structured, interactive exercise. That option was not available and an on-line survey was offered.

A sample of 25 is necessary for reliable and valid simple descriptive statistical analysis. That is not achievable with an 15 member board, though full participation would indicate the level of agreement among board members. However, only 12 people responded to the survey and most of the answered questions had only 11 responses. Fewer of the ended definition questions were completed. Though limited, the results were used to create Table 2 (below).

Each goal has a title, a one sentence description and several sub goals. The 15 UDDA board members were asked to complete an on-line survey to choose priority goals and define them. The survey opens with the UDDA vision for the UD. The first set of questions asked participants to choose one or two most important sub goals for each goal and define the chosen priority sub goals. The next question set asked participants to identify “the real life” challenges that must be overcome to accomplish the priority sub goals and when in the future to accomplish the sub goals. Third, participants chose one “most important” goal. Finally, from the list of desired outcomes, participants chose three priority outcomes, then chose the most important of those and defined it.

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<sup>1</sup>. Specific, Measurable, Achievable, Relevant and Time-bound

Table 1

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. Goals	RCW 35.81 et. seq.	RCW 35.87A	RCW 35.32 730-.755	RCW 35 RCW 36	RCW 24.03	RCW 24.03
G1	Good Match	Indifferent Match	Indifferent Match	Good Match	Indifferent Match	Good Match	Indifferent Match
G2	Indifferent Match	Good Match	Indifferent Match	Good Match	Indifferent Match	Indifferent Match	Indifferent Match
G3	Good Match	Good Match	Good Match	Good Match	Indifferent Match	Indifferent Match	Indifferent Match
G4	Indifferent Match	Good Match	Indifferent Match	Good Match	Indifferent Match	Indifferent Match	Poor Match
G5	Indifferent Match	Good Match	Indifferent Match	Good Match	Indifferent Match	Indifferent Match	Poor Match
G6	Good Match	Good Match	Indifferent Match	Good Match	Good Match	Good Match	Indifferent Match

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

Table 2

		Table Two							
Priority Goals	Organization or Strategy	Municipal Agency	Business Improvement District	Public Corporation (PDA)	Non-Profit Developer Corporation	Non-Profit Developer Land Trust	For Profit Developer Corporation	Urban Renewal	Public-Private Partnership
	Enabling Legislation	RCW 35, RCW 36	RCW 35.07A	RCW 35.32, 730-755	RCW 24.03	RCW 24.03	RCW 20B	RCW 35.01 et seq.	not applicable
	Old and New: The University District is a blend of new buildings, streetscapes and businesses and redeveloped or revitalized buildings, streets and businesses								
	Development is Collaborative: Development in the University District happens as collaborations between public and private organizations.								
	Welcome and include: 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.								
	Subgoals (selected independent of the Priority Goals)								
	Aggregate and disaggregate parcels into appropriate sizes for new development so no proposal consistent with the University District vision, 2014 Master Plan or values is rejected for lack of a suitable site. (Goal: Old and New)								
	All new development and all redevelopment is mixed use so in several district locations any time of day there is positive activity appropriate to residents, workers, and visitors across age and ethnicity. (Goal: Collaborative-Physical Environment)								
	Private investment is leveraged by public economic development funds to encourage private investment and to accomplish more development than they could independently. (Goal: Development is Collaborative)								
	There are established mechanisms for stakeholders to balance competing interests. (Goal: Participatory and Collaborative Life)		internally	internally	internally	internally	in PPP agreement		in PPP agreement
	Successful University District development is defined. Measures of success are identified and, actually measured and tracked. (Goal: Pay Attention and Celebrate)				internally	internally			in PPP agreement & by public partner

The goals were to be used as criteria for evaluation of selected organization structures<sup>2</sup> in a table similar to Table One. Table Two evaluates each organization structure and development strategy on the basis of the goals and sub goals with noted high responses. Given the quality of the goals and the very limited participation in selecting and defining priority goals and sub goals, the result is useful as a general guide.

### **The UDDA Vision**

An organization's vision sets the horizon toward which the goals are directed. The University District Development Association vision for the University District is presented on the website front page, "A live/learn/work/play confluence of innovation, discovery, entrepreneurship, scholarship, and neighborhood development that provides an ongoing stream of economic growth and business opportunity for the region." The future UD is also often described as an urban village.

### **The Goals**

There are six goals with a short title or name and a sentence description. Each has several sub goals. The number of choices as a priority goal is presented at the end of the goal title line in the format *number of selections/number of respondents*. In instances where 60% or more of responding board members chose a sub goal the response is indicated in the same format. The response numbers are insufficient for decision making but may suggest future conversations.

### **Old and New (4/11)**

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

- Identify historic structures and sites before possible demolition and retain and/or restore those important to the district's character and identity.
- Define what an "underused building" is; develop strategies for good use and possible new uses for long-term stability.
- Retain the existing street grid pattern.
- Aggregate and dis-aggregate parcels into appropriate sizes for new development so no proposal consistent with the University District vision, 2004 Master Plan or values is rejected for lack of a suitable site. 8/12
- Retain businesses that choose to remain in the district within the district, accommodating their growth and development as long as expansion can be accommodated in the district.
- The majority of businesses new to the district (number, store frontage, square feet of space occupied) are local businesses that promote an Inland Empire character.
- The entire University District is a new businesses incubator. Support services are available for new businesses such as mentoring, instruction, financing, shared administration, logistics and facilities.

### **Collaborative Physical Environment 1/11**

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

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<sup>2</sup> Private for-profit corporation, not-for-profit development corporation and public corporation

- All new development and all redevelopment is mixed use so in several district locations any time of any day there is positive activity appropriate to residents, workers, and visitors across age and ethnicity. A possible exception is an industrial site. 6/11
- Neighborhoods within the University District function together to make a complete urban village.
- Public spaces are well maintained, clean and safe.
- Half the University District has a walk score of 70 and the remainder has a walk score of 90 which makes a personal car unnecessary for daily life.
- District streets, buildings and landscapes are pedestrian friendly.

### **Development is Collaborative 3/11**

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

- Communication flows easily among development collaborators (Universities, hospitals, Avista, business and land owners, developers, banks and investors, Greater Spokane Incorporated, Downtown Spokane Partnership).
- Public-private partnerships accomplish over half the new development and redevelopment within the district.
- Private investment is leveraged by public economic development funds to encourage private investment and to accomplish more development than either could independently. 6/11
- Stakeholders develop University District design standards that are used to achieve a consistent University District identity and character. The design standards are publicized and enforced.
- Each district development addresses the University District vision and accomplishes a minimum number of district goals.
- Capital improvements are made in advance of redevelopment and new development to encourage new investment and development and invest public funds wisely.

### **Participatory and Collaborative Life 0/11**

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.

- There are established formal mechanisms for the public to participate in University District policy and implementation decisions.
- A minimum percentage of people in Spokane County know what the University District is and where it is.
- There are established mechanisms for stakeholders to balance competing interests, for example the river as natural habitat and the river as a recreation destination, and business retention and new businesses incubation. 8/11
- In a number of years a certain additional percentage of people in the University District are aware of the Spokane River in the district.
- The University District is a teaching laboratory. Institutions within the district collaborate to learn from the river and district's sustainable urban neighborhood.
- Institutions in the University District collaborate with institution beyond the district to use the district as a teaching laboratory and to learn from the river and sustainable urban neighborhood.

**Welcome and Include 3/11**

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.

- The University District cooperates with bordering neighborhoods on development and events.
- Participants in UD development and life collaborate to create a UD identity, brand, and image.
- City, County, Regional (e.g., Spokane Transit Authority), State, and Federal government entities in the University District.
- Homelessness in the University District is address by a variety of collaborations.
- The University District is home to people of all incomes, races, ethnicities, classes, abilities, religions, and more.

**Pay Attention and Celebrate 0/11**

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

- Successful University District development is defined. Measures of success are identified and, actually measured and tracked. 7/11
- Progress toward the University District vision is monitored.
- There is a University District marketing program that promotes the district within the district, to bordering neighborhoods, the city and region.

## Development Outcomes

Respondents chose three outcomes most important to the UD vision from the list of 23 outcomes.

Eleven people responded to the question. Their choices are noted to the right of each outcome.

- High standards of architectural and urban design are maintained. .... 1
- A public participation culture includes residents, business and education, employees, and students in University District policy and implementation decisions..... 0
- The University District offers a variety of housing types: sizes, architectural styles, costs and tenure (for example, rental, condominium, cooperative, land-trust ownership). .... 1
- There is synergism among the health care and education institutions and the natural setting..... 4
- The urban design of the University District provides paths to move through and around the district; edges that define the district; distinctive sub-districts; nodes where people, movement and activity come together; and landmarks that mark important points. .... 4
- Visitors can find their way to and around the University District. .... 1
- Public spaces and buildings are well maintained, clean and safe..... 1
- The University District transportation system includes alternatives to vehicles..... 0
- The University District is a nationally recognized center of education excellence. .... 2
- People know the University District because of its distinctive urban and architectural design and cohesive character. .... 3
- University District streets are lively and safe..... 1
- There are University District specific zoning and building codes..... 0
- An organization is responsible for managing the University District brand, and marketing the district to investors, developers, businesses, residents, visitors..... 1
- There is a University District management function that collects information to track and report University District accomplishment of outcomes, influences University District development to be consistent with University District goals, encourages high quality within the district and a positive reputation outside the district..... 3
- The University District is a nationally recognized center of innovation commercialization excellence..... 3
- The University District is a nationally recognized center of applied research excellence. .... 1

Participants were next asked to identify the most important outcome of the three. Their responses are:

- I am not sure. They all build on one another.
- Distinct place
- Live work and play
- An organization is responsible for managing the UD
- Mix of land uses throughout
- The one most important to achieving and stewarding the vision is a sustainable, effective management function that executes the vision and upholds the values.
- Management function
- Research center
- Urban design
- Symbiotic with other neighborhoods
- Pedestrian orientation

## **Conclusion**

A more effective goal identification and definition process must be found. The lengthy detailed questionnaire did not work for the UDDA board to sort, rank and define goals and outcomes for the UD. The goal identification process would be less subjective if several steps were taken:

- The range of source material was expanded and reviewed for current relevance.
- The source material is read by several readers.
- Criteria were determined to identify goal statements in source material.
- There were shared definitions of “development goal” and “outcome” together with definitions of other strategic planning terms such as vision, mission, objective, value, action.
- The goal statements were defined in a consensus process.
- the number of priority goals and sub goals covers the range of development issues and provide a meaningful number of criteria for evaluating the organization structures and development strategies, yet not so many to be confusing, and possibly a statistician determines the number of priority goals and sub goals needed for valid comparison of the six organization structures or eight total mechanisms.
- The sorting, ranking, weighing, definition of terms was done by a representative committee of the board or as a whole group exercise.

Table 3 (below) is a mock-up suggesting how ranking of well-defined and sorted goals could look.

Organization or Strategy		Municipal Agency	Business Improvement District	Public Corporation (PCA)	Non-Profit Developer Corporation	Non-Profit Developer Land Trust	For Profit Developer Corporation	Urban Renewal	Public Private Partnership
Priority Goals	Priority Subgoals								
	First Priority Goal: Name and Description								
	First Priority Subgoal								
	Second Priority Subgoal								
	Third Priority Subgoal								
	Second Priority Goal: Name and Description								
	First Priority Subgoal								
	Second Priority Subgoal								
	Third Priority Subgoal								
	Third Priority Goal: Name and Description								
	First Priority Subgoal								
	Second Priority Subgoal								
	Third Priority Subgoal								
	High Priority Subgoals from Low Priority Goals								
	First Priority Subgoal								
Second Priority Subgoal									
Third Priority Subgoal									
Fourth Priority Subgoal									

Table 3

## **THE DEVELOPMENT ORGANIZATION STRUCTURES & STRATEGIES** <sup>3</sup>

Several different kinds of organizations can undertake development. The following are described in this chapter:

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

The descriptions are based on the Revised Code of Washington (RCW). Federal and local law may further limit and empower an organization structure.

Two strategies can be used to further urban redevelopment. Development Strategy 1, Urban Renewal, is a set of addition powers that may be delegated to a local government organization. Development Strategy 2, Public-Private Partnership, is an umbrella term of the wide range of relationship structures private and government organizations use to accomplish projects together. Table 1 compares the power and authority given to each organization structure and strategy.

### **Organization Structure 1: Municipal Development Commission or Agency**

#### Description

The Washington State Constitution and RCW provide for a variety of municipal government structures distinguished by population size and adoption of a charter. Article XI, section 11 of the constitution allows a city to “make and enforce within its limits all such local police, sanitary and other regulations [emph. added] as are not in conflict with general laws.” RCW 35.22.020 gives “cities of the first class” power to create their own administrative structure in their charters. Article IV, section 25 of the Spokane city charter gives that power to the legislature stating, “The rights, powers, and duties of the departments shall be prescribed, distributed, assigned, established, or discontinued by ordinance.” Additionally the state legislature enables local improvement districts, port districts, public facility districts, planning commissions, housing authorities and housing corporations, off-street parking facilities, and downtown and neighborhood commercial districts to undertake urban renewal which is called Community Renewal in the RCW and described in Strategy 1 below.

#### Revenue Generation

Cities have the power to carry out the following actions to generate revenue: levy a property tax, issue various types of bonds, charge license and other fees, assess fees for improvements, and levy sales and use taxes. Sales and use taxation is limited to 0.05% or 0.045% if the county also levies a

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<sup>3</sup> The Revised Code of Washington was the principle source of information about enabling legislation. It is cited as “RCW” followed by title, chapter and section numbers as necessary.

sales and use tax. Additional legislated powers provide cities financing tools to accomplish their purposes.

#### Financial Management

Many state and municipal regulations are in place to encourage sound financial practices. Extensive reporting is an administrative burden but enables monitoring of local government finances by citizens and state and local auditors.

#### Ability to Act as Developer

Local government ability to act as a developer is limited in two ways. The first way is through the state constitution which limits the use of public credit and funds for private purposes. The limits have been liberalized by the legislature and courts over time. As a result local governments have some freedom to participate in public-private partnerships.

The second limiting factor is local politics. Cities on the West Side of the Cascade Mountains often intervene in development more directly than those on the East Side. The more cautious approach on the East Side can benefit the development process with greater anticipation of citizen opposition, generating public support earlier in the development process, more intentional coalition building, less financial risk taking. Though libertarian voices are heard throughout the western states, they are more common and given more heed in East Side of Washington than on the West Side. As a result people in Spokane expect more opposition and more active opposition to public involvement in development.

### **Organization Structure 2: Private, Not-for-Profit Corporation**

Usually an IRS 501(c)3 corporation commonly called “non-profit.”

#### Background

Non-profit corporations strive for surplus income but use it to further the corporation's purpose rather than to reward shareholders or individuals for their investment. Non-profit corporations are to serve a public benefit that is not met by the market or governments. RCW 24.03.015 limits non-profit purposes to “charitable; benevolent; eleemosynary [gives charity]; educational; civic; patriotic; political; religious; social; fraternal; literary; cultural; athletic; scientific; agricultural; horticultural; animal husbandry; and professional, commercial, industrial or trade association.” In Washington legislation the term "public benefit nonprofit corporation" designates a non-profit that holds a federal tax exempt status under 26 U.S.C. Sec. 501(c)3 (RCW 24.03.490).

In support of the social purpose non-profit corporation may pay little or no income tax and may apply for grants from government, businesses and foundations. Further, 501(c)3 status allows businesses and individuals who donate money, goods or services to these organizations to deduct their contributions from their taxable income. This tax advantage is intended to encourage wealthy individuals and corporations to support non-profit organizations.

Non-profit corporations can be cooperative businesses. Member cooperatives are defined in RCW 23.86 as “cooperative associations.” Employee cooperatives are defined in RCW 23.78 as “employee cooperative corporations.”

#### Description

Non-profit corporations may or may not have members. The operating board may be self-selected or elected by the members. Without shareholders public accountability is enhanced by the annual tax report IRS form 990 submitted by non-profits, which is public information. Non-profit staff may be compensated a reasonable amount for their services.

Non-profits enjoy many freedoms and some responsibilities of for-profit corporations. In the University District development scene non-profits may be “a promoter, partner, member, associate or manager of any partnership, joint venture, trust or other enterprise” (RCW 24.03.035).

#### Revenue Generation

Non-profit corporations may conduct business activity much like a for-profit corporation and generate a revenue surplus. A non-profit may also receive gifts and bequests of personal and real property. Donors are motivated to give by the organization's mission and a reduction in their taxable income by the value of the gift.

#### Financial Management

An annual report must be filed with the secretary of state (RCW 24.03.395). Financial information is not required, only a “brief statement of the character of the affairs which the corporation is actually conducting.” More stringent financial reporting is required by the IRS with form 990. The 990 and other information are readily available from the Secretary of State's and other websites.

#### Ability to Act as a Developer

RCW 24.03.035 lists the general powers of a non-profit corporation. Several directly relate to the ability to act as a developer.

- To purchase, take, receive, lease, take by gift, devise or bequest, or otherwise acquire, own, hold, improve, use and otherwise deal in and with real or personal property, or any interest therein, wherever situated.
- To sell, convey, mortgage, pledge, lease, exchange, transfer and otherwise dispose of all or any part of its property and assets.
- To make contracts and incur liabilities, borrow money at such rates of interest as the corporation may determine, issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of all or any of its property, franchises and income.
- To lend money for its corporate purposes, invest and reinvest its funds, and take and hold real and personal property as security for the payment of funds so loaned or invested.
- To be a promoter, partner, member, associate or manager of any partnership, joint venture, trust or other enterprise.

### **Organization Structure 3: Private, For-Profit Corporation<sup>4</sup>**

#### Background

For-profit corporations exist to make a profit by meeting a need not met in the market. The profit (surplus income after expenses paid) is distributed to shareholders in stock and dividends as a reward for investment risk. Businesses survive through innovation and efficient product provision.

#### Description

For-profit development firms can be sole proprietor, partner, or incorporated businesses. Most development firms experienced enough to accomplish the complex projects envisioned for the UD are incorporated. The Washington RCW defines and regulates corporations in several chapters. RCW 25.10.031 and 25.15.030 describe corporation powers and RCW 23B.03.020 describes 17 classes of powers a corporation can use in the course of business.

Corporations have great freedom of action. If a corporation chooses to limit its powers, the limitations would be defined in the articles of incorporation, certificate of formation, or its limited liability company agreement. An incorporated business is defined by the nature of its work and how it chooses to make a profit and meet investor expectations.

Developers are entrepreneurs. Decisions are based on facts as best defined rather than abstract ideas. Development business success depends on personal knowledge, skill and experience which encourage developers not to disclose information.

As entrepreneurs, developers analyze risks and opportunities and often take on risks others choose not to consider. Since for-profit developers need to make money for themselves and provide investors a return, they expect a return on investment related to the amount of risk taken. Strategies used to minimize costs vary by size of the firm, the firm's organization structure, and the secondary skills of the entrepreneur (e.g., construction management, accounting). A large firm can support building type specialists and professionals (architects, engineers). Large firms increase efficiency by replicating previous successes. A smaller firm develops an idea for a site, contracting for the specific expertise the project requires. A firm will assemble the team needed to respond to a Request for Proposal (RFP) and successfully complete a project. Depending on firm size, a project team can be assembled from within the firm, through external consultants, or a combination of the two.

Developers constantly analyze market opportunities and risks. They balance the innovation needed to meet a need with the expectations of the market. Each step a development proposal goes beyond what is familiar to the market adds risk to a project. For example, developers in the Seattle area are able to risk more innovation because they serve an innovation seeking market.

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<sup>4</sup> The practical description is based on conversations with Barry Baker, Mike Livingston, and Mick McDowell of Spokane, and Craig Rost of Champaign, IL.

The nature of many Seattle development firms also enables greater risk taking. As larger businesses that work nationally, they enjoy a more stable work flow; and, if innovation created by staff professionals fails, the financial loss is less than a smaller firm would incur with external consultants. Spokane developers reflect their smaller, somewhat isolated, conservative market. Smaller firms have less cash, take smaller risks, and focus their resources on one or two market segments. Most Spokane developers are personally rooted in the city or region. They are inclined to meet the local market expectation of continuity.

Developers work in the world of numbers and real places. They are concrete thinkers more than abstract thinkers driven by specific projects in fixed locations that can be analyzed for potential return on investment. As a project progresses from concept to construction information become more detailed, comprehensive and reliable. Fuzzy numbers and dubious information adds to risk and decreases innovation.

#### Revenue Generation

A developer is also characterized by the source of capital. Developers usually start small with personal resources and grow by building capital project by project. It also takes years to grow relationships and build trust with potential investors whose money is often necessary to accomplish larger projects. When investors and lenders provide the capital a project requires, they take first place in order of relief should the project lose money. Investors also set the proportion of internal capital a developer must invest and may impose standards to lower project risk. Unexpected development has occurred in Spokane because of exceptional funding. Walt Worthy is a private entrepreneur who grew his development business as usual. He then liquidated much of it to capitalize a no-debt renovation of the Davenport Hotel. An example of exceptional public financing is the Fox Theater. It was renovated by the non-profit Spokane Symphony Society that combined grass-roots fund raising at all levels with local, state and federal grants.

#### Financial Management

RCW Chapter 23B.16 describes the records and reporting required of a business corporation. A simple balance sheet must be provided to the Secretary of State each year. Developers remain competitive by keeping their information, analysis methods, investment strategy, and management private. Incorporated development firms are likely to be closely held to maintain confidentiality.

### **Organization Structure 4: Business Improvement Districts (BIDs)**

Enabled as “Parking and Business Improvement Area” in Washington state.

#### Background

BIDs were developed over 30 years ago in response to urban downtown decline. Their customary purpose has been to promote a healthy commercial and retail ecology. As in the natural environment, place matters and individual success comes from being part of the ecosystem. Malls proved that with coordinated management and coordinated design an artificial collection of retail stores could develop an image of place. “Within their boundaries, BIDs overcome the

disadvantages of fragmented ownership and are to the district's public spaces what mall managers are to mall common areas” managers of shared security and sanitation services, promoters and boosters, and guardians of the district image (Levy, 7). A BID provides coordinated maintenance, security, marketing, business recruitment and retention, advocacy, parking and transportation management, urban design, social services, visioning and capital improvements make the BID area greater than the sum of the individual businesses. A BID brings naturally independent entrepreneurs together into a commercial and retail businesses based ecology. As a result the district develops an identity and image. It becomes a place attractive to retail customers, office workers, and people out for a night on the town.

### Description

RCW 35.87A.010 authorizes counties and municipalities to establish a “parking and business improvement area” to:

- acquire, construct, or maintain parking facilities in the area;
- decorate public areas,
- sponsor and promote public events in public places of the area,
- furnish music in any public place in the area,
- provide professional management, planning, and promotion for the area, including the management and promotion of retail trade activities in the area,
- provide maintenance and security for the common public areas and
- provide transportation services for the benefit of the area.

There are two routes to establish a BID. One is a petition submitted “by the operators responsible for sixty percent of the assessments by businesses and multifamily residential or mixed-use projects within the area, parking and business improvement areas.” The other is a resolution adopted by the legislative body.

Several Washington cities established BIDs after city councils received a qualifying petition from business and building owners. Yakima, Seattle, Poulsbo and Spokane first established their BIDs in the late 1990s and City of Richland established a BID in 2003. In Olympia only 57% of business and building owners in the proposed BID area signed a 2005 petition. The City proceeded with the option to establish a BID by council resolution. City Council resolutions limit the BID's term.

Spokane is a model of the BID renewal process. Near the end of each term business and building owners present a qualifying petition that triggers the renewal process. In Yakima the expiring BID was replaced by a redefined BID based on a proposal that listed only 11 business and building owners, several business boosters and staff of the existing BID manager (Yakima 2008).

### Revenue Generation

A BID is financed through a special assessment imposed on businesses, multifamily residential developments, and mixed-use developments. The city collects the assessment on a schedule. Each BID resolution details the BID area, defines the classes of business or buildings for that BID, and sets their respective assessment rates. Assessment appeal procedures are defined as well.

## Financial Management

Cities usually contract BID management to a 501(c)6 business association. That organization prepares and manages the detailed annual budget and provides the contracted services in the BID area. Management contracts usually coincide with the term of the BID but include clauses to terminate if the manager fails to meet performance expectations.

## Ability to Act as Developer

A Washington BID may directly develop only parking facilities. RCW 35.87A enables a BID to acquire, construct or maintain parking facilities for the benefit of the area. The chapter also enables BIDs to provide professional management and planning. Successful use of the management and planning functions can develop considerable authority and indirectly shape development in and surrounding the BID area. BID management can be critical to coordination and cooperation among developers, and compliance with an area plan or vision.

## **Organization Structure 5: Public Corporations**

### Description

Public Corporations were first enabled by the legislature in 1974. The legislation was revised in 1985 and 2005. Most commonly known as Public Development Authorities (PDAs), public corporations are established “by cities or counties pursuant to RCW 35.21.730 et. seq. to perform public functions that the creating city or county could perform itself.” However, local governments often establish PDAs “to be more entrepreneurial than their sponsoring municipality, involving private sector participants as board members or partners. PDAs allow municipalities to participate in projects that they may be otherwise disinclined to partake in due to project risks and competing priorities of the municipality” (Reich, et. al. 2003). The powers of a PDA are described in RCW 35.21.

### Revenue Generation

A PDA cannot levy taxes or use eminent domain powers. It can borrow money and issue tax-exempt bonds, which “are often backed by a city or county guarantee, typically in the form of a contingent loan agreement” (Reich et. al. 2003). When creating the Foss Waterway Development Authority (FWDA) the City of Tacoma, Washington intended it to become financially self-sustaining as the coordinating agency for the waterfront's redevelopment. However, the City includes the FWDA in its biennial budget process and continues to support the two person office as economic and market conditions require (Tacoma 2010, 18).

### Financial Management

The Legislature requires that PDAs are audited annually (RCW 35.21). As local government entities, Public Corporations must also conform to all contracting and bidding, open meeting, and similar requirements imposed by the State on local governments.

## Ability to Act as Developer

“In the opinion of many municipal attorneys, a public corporation created under RCW 35.21.730, et seq. is best used for unusual endeavors, which for a variety of reasons, the parent municipality would not want to undertake itself” (MRSC, About PDAs). When chartered to engage in development directly or as an intermediary, a PDA has greater ability to buy and sell land, and invest in projects than local governments without running afoul of the Article 8 constitutional limitations.

## **Organization Structure 6: Port Authority**

Enabled as “Port District” in Washington State.

### Background

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

### Description

A port district is initiated by citizen petition and established by majority vote at a general election. The petition to establish a port district must include the definition of the proposed district boundaries (RCW 53.06.030) which may be contiguous with a county (RCW 53.04.020) or as one or more, smaller port districts within a county (RCW 53.04.023). Commissioners are elected by the district’s voters (RCW 53.12).

The purpose of an inland port district is acquisition, construction, maintenance, operation, development and regulation within the district of rail or motor vehicle transfer and terminal facilities, air transfer and terminal facilities, or any combination of such transfer and terminal facilities, and other commercial transportation, transfer, handling, storage and terminal facilities, and industrial improvements (RCW 53.04.010). “A port district may construct, condemn, purchase, acquire, add to, maintain, conduct, and operate” a broad range of infrastructure and facilities related to industrial infrastructure (RCW 53.08.020).

### Revenue Generation

Port districts have considerable revenue generating powers. They are authorized to issue bonds (RCW 53.40.010) that are repaid out of operating revenues of the port district (RCW 53.40.040). Additionally, a district may establish local improvement districts within the district, and levy special assessments and issue local improvement bonds to be paid from local improvement assessments (RCW 53.08.050). Much like a for-profit developer, a port district may lease (RCW 53.08.080), sell (53.08.090), or mortgage (RCW 53.40.125) property.

### Port District Not Included

The port district development mechanism is not included in further detail. The primary purpose of a port district is industrial development. Though there is industry in the University District, the UD vision is dominated by mixed-use development. The revenue generating capabilities and eminent

domain power of port districts are attractive development tools that are likely to attract political opposition. The University District may be served by a county port district or smaller port districts in three ways:

- provision of relocation options for industries that outgrow the University District,
- land acquisition and parcel aggregation, and
- collaboration on regional promotion.

### **Development Strategy 1: Urban Renewal**

Enabled as “Community Renewal” in Washington State.

Background (Weiss 1980 and Anderson 1965)

The stated policy goals of the 1949 federal Housing Act were "a decent home and a suitable living environment for every American family," stimulation of housing production and community development, increase housing stock, and an improved quality of life for urban families. The political compromises that made urban renewal a housing program pleased downtown development interests and got the support of advocates for low-income housing, which co-opted their opposition to substandard housing clearance without rehousing residents. The political compromises and legislative changes every few years prevented development and testing of a coherent theory of economic and community development.

Urban renewal first emerged in the Great Depression and New Deal. The idea was to use local government powers of eminent domain and federal funds to clear large areas of center cities with substandard housing and replace it with development leveraged by additional federal money intended to attract or retrain the white middle class. In practice city core areas considered blighted were cleared. Long bureaucratic delays slowed new high value construction and the increased property tax revenue. Displaced residents competed for fewer residential units in economic and social conditions that developed new slums. The loss of housing units was simultaneous to post-WWII suburban expansion and white flight which increased neighborhood segregation.

Urban renewal failed to meet its lofty goals. The program was expensive and relied on federal sources for two-thirds of its funding. Wealthy developers and businesses gained at expense of the displaced poor, and often minority residents who did not receive relocation assistance until late in the urban renewal period. The net loss of housing units exposed the original political compromise and real winners. In 1974 the Housing and Community Development Act established the Community Development Block Grant (CDBG) program. CDBG replaced urban renewal with a bottom-up approach intended to encourage local innovation to alleviate poverty and blight.

#### Description

In Washington State urban renewal is enabled by RCW 35.82, “Community Renewal Law” (CRL). It was first passed in 1957 and amended in 1965 and 2002. The law defines blight and applies the police powers to address the “evils” of blight. It justifies redevelopment to increase property tax revenue and declares the powers conferred in the chapter “are for public uses and purposes for

which public money may be expended and the power of eminent domain exercised; and that the necessity in the public interest for the provisions herein enacted is hereby declared as a matter of legislative determination” (RCW 35.81.005).

The CRL addresses the major failures of urban renewal. Any need for replacement housing must be addressed in the renewal plan. The plan may also include unemployment and poverty reduction in the renewal area. Restoration and renewal of blighted property is preferred over replacement with new development (RCW 35.81.030). The CRL encourages economic stability by allowing “payments, loans, or grants to, provide assistance to, and contract with existing or new owners and tenants of property in the community renewal areas as compensation for any adverse impacts, such as relocation or interruption of business, that may be caused by the implementation of a community renewal project” The same financial tools can be used to encourage economic development in the renewal area in “consideration for commitments to develop, expand, or retain land uses that contribute to the success of the project or plan, including without limitation businesses that will create or retain jobs, a substantial portion of which, as determined by the municipality, shall be for persons of low income” (RCW 35.81.070). Finally, property acquired for renewal may be maintained in the original state for only three years. A public hearing is required to extend the non-renewal condition for no more than three years (RCE 35.81.090).

The community renewal process begins when the municipal legislature adopts an ordinance or resolution that finds “(a) One or more blighted areas exist in such municipality; and (b) the rehabilitation, redevelopment, or a combination thereof, of such area or areas is necessary in the interest of the public health, safety, morals, or welfare of the residents of such municipality” (RCW 35.81.050). The municipality then chooses one of three ways to exercise the CRL powers:

- a community renewal agency with an appointed board or commission of five or more members which includes municipal officials and elected officials;
- by the municipal legislature directly; or
- by the board of a public corporation, commission, or authority (RCW 35.21), a public facilities district (RCW 35.57 or 36.100), a port district (RCW 53.04), or a housing authority (RCW 35.82).

The renewal entity is responsible for developing a “complete” community renewal plan “consistent with the comprehensive plan or parts thereof for the municipality as a whole” (RCW 35.81.015).

The renewal plan is subject to at least one public hearing before the municipal legislature may finalize and adopt it (RCW 35.81.060).

#### Revenue Generation

Municipalities may fund community renewal with methods common to local government (RCW 35.81.070):

- borrow money;
- “apply for, and accept, advances, loans, grants, contributions and any other form of financial assistance from the federal government, the state, county, or other public body, or from any sources, public or private;” and
- taxes and assessments.

Revenue may also be generated from sale, lease, or other transfer of real property or interest acquired for a residential, recreational, commercial, industrial, or other community renewal project use. Federal community development block grants may also be used for community renewal (RCW 35.81.090).

The municipality may issue bonds for renewal income, including general obligation bonds (RCW 35.81.115). Bonds may also be issued that are hybrids of tax increment financing and revenue bonds (RCW 35.81.100). The bonds are repaid from an increase in property tax over a base defined as “the average of the annual taxes authorized without vote for a five-year period immediately preceding the acquisition of the property by the municipality for renewal purposes. . . . Any other taxing unit that receives property tax revenues from property in the community renewal area is authorized [but not required] to allocate excess taxes, computed in the same manner, to the municipality.” In addition to the increased property tax revenue, increased “excise tax received by it from business activity in the community renewal area over and above the average of the annual excise [sales] tax collected for a five-year period immediately preceding the establishment of a community renewal area” may be used to repay the bonds.

#### Financial Management

The entity designated by the municipal legislature to exercise the community renewal powers is responsible for all community renewal affairs. In addition to meeting accountability requirements for municipal agencies or public corporations it “shall file, with the local governing body, on or before March 31st of each year, a report of its activities for the preceding calendar year. The report includes a complete financial statement. Public notice is then given “that the report has been filed with the municipality and that the report is available for inspection during business hours in the office of the clerk of the municipality and in the office of the agency” (RCW 35.81.160).

#### Ability to Act as Developer

The entity empowered to exercise community renewal powers may undertake projects directly and may contract with individuals and businesses to complete projects. Backed by the power of eminent domain, community renewal implements the renewal plan with “land acquisition, demolition, and removal of structures, redevelopment, improvements, and rehabilitation.” Rehabilitation includes “voluntary or compulsory repair and rehabilitation of buildings or other improvements” (RCW 35.81.015).

Municipal government is directed to give maximum opportunity “to the rehabilitation or redevelopment of the community renewal area by private enterprise” (RCW 35.81.030). A municipality must sell, lease or transfer all property acquired for renewal or it “may retain such a property or interest only for parks and recreation, education, public utilities, public transportation, public safety, health, highways, streets, and alleys, administrative buildings, or civic centers, in accordance with the community renewal project plan” (RCW 35.81.090).

Although community renewal may only occur where a municipality finds blight, “blight” is liberally defined. Most of the definition of blight is about substandard conditions of buildings and lots and

related health and crime. However, blight also includes “persistent and high levels of unemployment or poverty.” Blight is present where conditions “arrest sound growth of the municipality or its environs, or retards the provision of housing accommodations; constitutes an economic or social liability” (RCW 35.81.015). Where federal funds are used, the community renewal projects must meet federal requirements for prevailing wages and labor standards.

## **Development Strategy 2: Public-Private Partnership (PPP)**

### Background

PPPs are undertaken for two purposes. The first is to complete projects that would not otherwise be possible. The second is to use increasingly limited public funds to leverage private money for infrastructure and service provision. The partnership allows collaborators to focus on their core competencies, e.g., private sector entities build and manage projects, and local government delivers public services. The National Council on Public-Private Partnerships defines a public-private partnership “as a contractual agreement between a public agency (federal, state or local) and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility” (NCPPPP). NCPPPP's six keys to a successful public-private partnership were also raised by Baker, Livingston, McDowell and Rost:

- a favorable statutory and political environment;
- an organized partnership structure that uses each partner's strengths and avoid each partner's weaknesses;
- a detailed and comprehensive partnership contract;
- an acceptably dependable revenue stream;
- stakeholder support; and
- partners chosen for the best long term value rather than lowest initial costs.

The partnership contract details the business plan and relationship structure, addressing issues of political control, retention of public assets by the public, competition over the life of the partnership, conflict management and dispute resolution. Each party must consider what risks it is willing to assume and how risk will be allocated and enforced. PPP risk analysis includes assessment of the public service demand and public policy stability, project specification, and the public monitoring role and capacity (Marlow and Riverbark 2009, 97-98; Rost).

### Description

Public-private partnerships differ from local government and private business contracting in five ways (Marlow and Riverbark 2009, 91-92):

- the relationship is ongoing;
- each party brings something unique to the table and is willing to transfer some resources to the partnership;

- public and private sector partners share responsibility for outcomes, outputs, and activities, which is why they “are often executed through separate organization models such as redevelopment corporations, public building commissions, and joint task forces;”
- all participants are involved throughout the development process and continuity contributes to cost-effectiveness; and
- each participant undertakes a type of work it does well.

PPPs succeed when the expectations of each participant are clear and each is able to maintain their business culture. The public partner is good at identifying a need unlikely to be met in the marketplace, and is in the position to describe the desired outcome. The private partner is good at determining if the revenue stream is sufficient to provide complete a project to specification and make the necessary return on the private investment. Public partners are challenged to manage public and bureaucratic engagement so that design details, construction, maintenance and operations of the building are entrusted to the private partner. Private partners are challenged to accept additional public interest.

Communication is critical to a successful partnership. Yet, each addition of a public or private partner increases the organizational and communication complexity. A project partnership can begin informally, but it will need to develop, usually in response to a clear and comprehensive RFP and through negotiating a detailed development agreement.

Trust is critical to a successful PPP. A public partner must not interfere with, or second guess a private partner's decisions, but trust the outcome will fulfill the partnership agreement. Negotiating a conflict management plan in the partnership contract strengthens communication and trust, and can minimize negative outcomes from inevitable conflict.

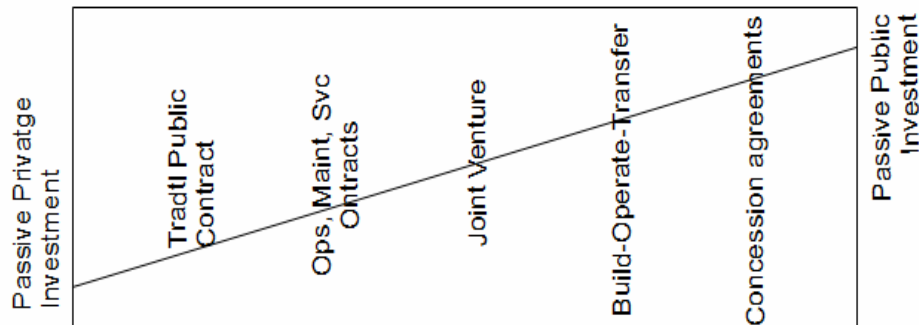
The Washington State Constitutional prohibitions on use of public funds or credit for private purposes have been a hurdle for PPPs in the State. State Supreme Court decisions provide guidance for allowable use of public funds (Reich 2003).

- “If the transfer is not a gift, then it is not prohibited. To determine whether a payment is a gift, the court looks to whether the government will receive consideration in return. The court gives great deference to a determination by the legislative body of the government entity making the placement that the consideration is adequate. The courts will only review the determination of the legislative body and conclude that the transfer is prohibited if the consideration is clearly inadequate. . . The courts have determined that the critical question is whether the governmental entity received value for its expenditure, not whether any private entities benefited either directly or indirectly. (27-28)
- Cities can be conduits for federal funds to go to private contractors, a process established by use of Model Cities funds in the 1970s (28).
- When “a private entity seeks financing for a private purpose that is recognized by the Internal Revenue Code as eligible for tax exempt financing” and the “Code requires that the funds be borrowed by a governmental entity and permits the borrowed funds to be loaned to the eligible private entity” the city can be a conduit. The city is involved only because federal law requires it. The city makes no guarantee and the private entity repays the loan. (28)

- “Municipal corporations have entered into statutorily authorized contractual arrangements with attributes of a partnership where liability of the municipality has been limited and control over risk can be asserted.” Housing authorities and public development authorities have “entered into limited partnerships where they are the sole general partner or a limited partner.” (29)
- A municipal government can enter into leases. As lessor, a city cannot lease for a “grossly inadequate” rent or as a tenant pay more than market rate rent. (29)
- In joint development projects the partnership contract must address “consideration, liability, and control which implicate the state constitution, as well as the statutory issues of competitive bidding, prevailing wages, and tax liability, need to be identified, understood and reflected in the documentation controlling these transactions. (30)

### Revenue Generation

The structure of a PPP reflects the partnership purpose, e.g. infrastructure provision or economic development (see Illustration 1). Partnership structure then determines how revenue is generated. At the local level, the main instruments for private investment are tax-exempt municipal bonds and notes. In traditional public contracting “the government pays for, and the private sector provides the services in question.” Under operation maintenance and service contracts the public partner retains ownership of the asset and the private partner agrees to provide a level or quality of service for the contracted price. Joint ventures are characterized by formation of a new company or public authority. In the University District the private party would likely finance construction or expansion of a public facility in exchange for the right to build housing or commercial space on the site. Build-operate-transfer partnerships can take many forms. Essentially “the private partner takes principal



*Illustration 1: Range of Public-Private Partnership Structures*

responsibility for funding, designing, building, and then operating a facility” and the public partner “retains ownership of the facility and becomes both the customer and regulator of the service. “In a concession agreement the public partner grants the private partner full responsibility for all aspects of the design, construction, maintenance, and operations of the facility in exchange for some or all of the revenues generated by it. The public partner's role is limited to regulating the performance, price, and quantity of the service provided.” Passive public investment is most often used to encourage economic development with “equity, debt guarantees, grants, tax expenditures, and other public investments in private enterprise” (Marlow and Riverbark 2009, 94-95).

### Financial Management

Each PPP participant manages its internal finances independently and as required for an organization of its kind. The partnership contract is a public document that includes an explanation

of how resources move from one partner to another. In addition to a carefully detailed partnership development contract, lease or other partnership agreement very detailed financial records must be kept in accordance with state and federal agency requirements.

#### Ability to Act as Developer

Even simple PPP are complicated. Such partnerships are undertaken because participants can accomplish their own goals and meet a public need. The commitment and determination of all parties is tested as the different cultures of public governance and private entrepreneurship learn to work together. PPP development is also challenged in Washington State by additional legal tests. Yet, from Riverpark Square in Spokane to the Mariner's Safeco Field stadium in Seattle, PPPs accomplish breakthrough developments in the State.

### **Conclusion**

Each organization structure and development strategy has functional and political advantages and disadvantages. Table One summarizes the functional power and authority each is given by the legislature. There are obvious differences that are not necessarily related to effectiveness. The classic public debate compares public agency and private for-profit business effectiveness. Government has many more development powers and authority however it is burdened by the cost and pace of public decision making, and extreme accountability mandated by law and demanded by the public. A for profit corporation has far fewer powers but it has the speed and agility advantages of private decision making and fundraising, and minimal external accountability.

A set of 28 authorities, powers and responsibilities was made from the RCW enabling legislation of the organization structures and development strategies studied. Table 4 "Development Organization Structures and Strategies" (oversized attachment) shows the use each of the structures and strategies can make of the authorities, powers and responsibilities. The green, yellow and red color convention was used in the table to indicate strong, cautious or uncertain and no ability to make use of an authority or power, or fulfill a responsibility

## **THE CASE STUDIES** <sup>5</sup>

The case studies describe how each of the development organization structures and strategies can work. The examples were chosen because of UDDA prior interest or their relevance to UD development. The format is the same used in “The Development Organization Structures and Strategies” section with the addition of “Lessons for the UDDA.” Public information was augmented by personal communication when necessary. In some cases a knowledgeable person could not be found or did not respond after several contacts.

### **Organization Structure Case Study 1: A Municipal Development Commission or Agency**

The Portland (OR) Development Commission (PDC)

#### Description

The PDC was created by vote in 1958 to bring together resources and functions usually divided among administrative units of city government. The Commission's day-to-day functions are carried out through its Executive Director, six departmental directors, managers and support staff. The agency is a department of the City and its Executive Director reports to the Commission, not to the mayor or city council. The reporting structure is intended “to allow the agency to implement programs and focus resources independently and not at the direction of any one city Commissioner.. The agency’s main goal is to use public funds to stimulate private sector investment, job creation and expansion of the tax base” (Portland Development Commission).

#### Revenue Generation

Tax Increment Financing (TIF) provided 71% of PDC’s revenue in FY 2006-2007. “Projects and programs have been funded primarily by federal and other grants, program income earned on asset management, contracts for services, tax increment financing, City of Portland General Fund allocations, and private sector donations and lending agreements” (Portland Development Commission).

#### Financial Management

The PDC Board of Commissioners are appointed by the mayor and approved by the City Council. The Board reports directly to the Mayor. The Board is authorized by the City Charter to administer the business activities of the agency.

#### Ability to Act as Developer

The PDC acts to stimulate and enable development in three areas: housing, neighborhood revitalization, and business retention, expansion and recruitment. The work is accomplished by brokering deals, providing financing, and acting as developer. The PDC finances and develops

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<sup>5</sup> The Revised Code of Washington was the principle source of information about enabling legislation. It is cited as “RCW” followed by title, chapter and section numbers as necessary.

multifamily housing for a variety of income levels throughout the city. It also makes home purchase and repair loans.

The Commission has roots in urban renewal and now provides market analysis, district planning, developing opportunity strategies and site planning for distressed neighborhoods. The PDC is directly involved in developing retail, office and other projects in two ways: organizing public-private partnerships (PPP), and organizing project financing (Portland Development Commission).

Finally, the PDC “offers a full range of direct and indirect assistance to businesses looking to expand or locate in the Portland area.” To encourage existing business retention and local job growth, the Commission provides small business loans and incentives for locating businesses and jobs in target areas (Portland Development Commission).

In one case the PDC acquired a major downtown hotel through its power of eminent domain. The owner was told that the PDC “intends to transfer the property to Portland State University for redevelopment and use as student housing as well as for other academic, retail and conference purposes.” After the set of related transactions were completed the corporate owner realized a profit. (PR Newswire, 2004).

#### Lessons for the UDDA

Washington and Oregon cities are free to organize planning, development and economic development functions as they choose. Yet, the very effective PDC model has not even been replicated in Oregon. The PDC has adapted to Oregon's Land Conservation Act of 1973 and subsequent changes. The model is likely adaptable to life under the Washington Growth Management Act. Current challenges to adopting a PDC model include:

- The separation of powers is a political value in the United States.
- Municipal governments may be satisfied with their ability to accomplish their development goals and/or not sufficiently motivated to advocate for change.
- A radical change in governance is unnecessary if enough voters and other stakeholders are satisfied or unconcerned about the issue.
- There is active resistance by people with more free-market or libertarian positions to increased public involvement in development.
- More concentrated municipal power and authority is an easy target for dissent.
- In Washington, local government administrations are habituated to a restricted limited understanding of constitutional limits to use of municipal funds.

### **Organization Structure Case Study 2A: A Public Not-For-Profit Corporation**

#### The Buffalo Niagara (NY) Medical Campus

##### Description

The Buffalo Niagara Medical Campus (BNMC) is a not-for-profit corporation (Division of Corporations) chartered by educational, medical and research organizations on 120 acres adjacent to the commercial and retail downtown (BNMC, 2011). The BNMC collaborates with the surrounding

neighborhoods and local governments to promote community economic development. There is a staff of eight and a 20 member board that includes representatives from the city, county and nearby neighborhoods, and a council of about 40 neighborhood organizations, local businesses, and partner institutions serving an advisory role. The BNMC organizes its work in three areas:

- Coordination of the planning, development, and enhancement of the campus.
- Collaboration among member institutions, as well as the community at large.
- Addressing issues of common concern to member institutions and neighbors.

In the late 1980s, the city of Buffalo led an organizing effort that floundered (Collinson 2001). Ongoing conversations among the partner institutions and support from a new mayor encouraged the local Oishei Foundation to fund BNMC start-up costs and two 2001 studies. A Scoping Study examined the need for, the institutional commitment to, the planning and design elements of, and the principles which should govern the development of a comprehensive Master Plan. Following that, a long-range Master Plan for the BNMC was prepared. The Master Plan and an Implementation Strategy were presented in November 2002 to the community.

#### Revenue Generation

In 2001 the Oishei Foundation committed hundreds of thousand dollars for several years and the partner organizations began making annual direct contributions. In addition to the revenue generated by BNMC businesses and used for their development projects, BNMC programs also have been funded by direct governmental appropriations, cooperative agreements, and charitable contributions. The 2006 annual budget was approximately \$600,000 (ICF, Appendix F).

In 2002 state and federal grants of \$53.5M to the University at Buffalo helped launch the BNMC. The private sector added \$150M. A new 150,000-square-foot building was built to house new research activity. When congress cut approximately \$9.7M earmarked for BNMC projects in January 2011 Rep. Brian Higgins noted, "These are the kinds of investments that made the Buffalo Niagara Medical Campus what it is today," (Zremski, 2011). In November 2010 developer Ciminelli Real Estate announced an \$80M medical complex, "the first privately held investment of this size on the medical campus," according to Timothy Vaeth, a Ciminelli vice president (Meyer, 2010). BNMC partners are anchor tenants of the building.

#### Financial Management

BNMC staff manages the day-to day financial matters and conduct financial analyses, budget, monitor grant funds and manage banking relationships.

#### Ability to Act as Developer

The member institutions drive the development and federal funds have paid for many of the buildings. Between 2003 and 2009 there was \$300 million in new construction on the campus, and

\$500 million in construction is currently underway:

- a building for collaborative research involving the Kaleida Global Heart and Vascular Institute,
- the University at Buffalo Translational Research Center and

- the Jacobs Institute (McNeil, 2011).

Agglomeration is working for the BNMC. In early 2011 a post-incubation new business renovated building complex opened. The complex is LEED certified. Several of the 25 tenants relocated to the BNMC for R&D collaboration (McNeil, 2011).

#### Lessons for the UDDA

The BNMC was introduced to Spokane in Policy Options for a New Urban Center an EPA funded Smart Growth Implementation Assistance study of the Spokane University District (ICF, Appendix F). It was selected as a case for this paper to compliment the Washington RCW 35.32 Public Corporation. Though the BNMC is a not-for-profit corporation and not a public corporation as defined by RCW 35.32, not-for-profit developers are an option to consider in UD redevelopment. The BNMC provides several lessons for the UDDA:

- Leadership matters. A new mayor catalyzed reorganization in 2001. He directed staff attention to the campus and made it central to his well-publicized economic and community development vision.
- The planning process has to be open, transparent, and genuine. City staff and consultants listened to stakeholder concerns and used the information for a realistic action plan and governing structure that stakeholders could support.
- Governance must include vocal supporters and leaders that may have opposed earlier efforts. Over time, doubters participating in the open and transparent planning process came to support the work because they participated in decision making, they enjoy benefits of the services provided by BNMC, and they see the community improvements resulting from the economic growth.
- BNMC proved itself to be a complement to the city, not a competitor. “The organization is nimble, has access to funding sources not available to the city, and has the ability to leverage resources in the name of promoting progress in the district. BNMC provides planning and implementation services to the adjacent neighborhoods, for instance, which just helps the already overextended city” (ICF, Appendix F).

#### **Organization Structure Case Study 2B: A Public Not-For-Profit Corporation**

Community Land Trust: Kulshan Community Land Trust (Bellingham) and Irvine (CA) Community Land Trust

##### Description

A community land trust (CLT) is a nonprofit corporation that owns land and holds it in trust for future generations. The purpose is most often to provide and preserve affordable housing on the land, though non-residential and mixed-use land trusts also exist. Land trusts can take many forms; for example, the Rockefeller Center in New York City is a commercial building on leased land.

A CLT owns the land and sells the buildings to individuals at affordable prices. A CLT may also lease land to affordable rental housing and commercial developers and restricts the rents they charge with ground lease terms. The ownership structure is often called “shared equity” or “dual

ownership.” The CLT enters into a long-term, usually 99-year renewable ground lease with each owner. A ground lease gives the owner and heirs exclusive use of the land and nearly all of the benefits of traditional ownership. The daily experience of CLT ownership is the same as conventional home or business ownership. However, the monthly cost of ownership will be significantly lower than a similar market-rate property.

CLTs keep homes and businesses affordable by subsidizing the unit rather than the family or business. Many programs subsidize mortgages and recapture some of the subsidy at sale. If property values rise quickly the amount recaptured is less than needed to subsidize a subsequent resident or business, thus additional funds are required to subsidize a similar new owner. CLT owners benefit from a below-market rate purchase price. They agree that if they sell their building the price will be determined by a resale formula designed to keep the unit affordable to the target population. The resale formula is defined in the ground lease. A CLT owner's equity is determined by the formula increase in property value and the value of improvements made to the building. The financial gain at sale enabled 1/3 of the KulshanCLT's sellers to enter the conventional ownership market.

In keeping with their charitable purpose, affordable housing CLTs mentor potential and current owners to encourage their long-term financial success and property maintenance. As a result, “an April 2010 survey of CLTs revealed a foreclosure rate of less than one-tenth of 1%” (Kulshan). Open membership CLTs often have a community mission as well. For example, the KulshanCLT is committed to community organizing to create and preserve affordable housing, family farms, neighborhood businesses and social services, and to establish land-use controls that protect the long-term interests of the community.

The KulshanCLT acquires and develops homes on sites throughout Bellingham. The acquisitions are single family detached and condominium apartment homes. New homes are single family detached and clustered townhouses. KulshanCLT collaborates with the City of Bellingham, Whatcom County, the Washington State Department of Commerce, and other funders to secure community investment and home buyer support. In one case the City of Bellingham sold KulshanCLT discounted land. The KulshanCLT resale formula allows 1.5% per year in compound interest on the original mortgage amount plus down payment. At resale, the homeowner recaptures their down payment, mortgage principal payments, and the value of certain improvements that also earn 1.5% interest per year.

The City of Irvine chartered the Irvine Community Land Trust (ICLT) in 2006 as the city's affordable housing strategy to develop new housing and preserve permanently affordable homes. Because income lags housing cost, the ICLT resale formula is based on rate of income increase so homes are equally affordable to future buyers with similar incomes.

#### Revenue Generation

Residential CLTs generate income from land leases, developer fees and transaction fees. Typically CLTs reach self-sufficiency when they have developed and/or preserved 200 units. KulshanCLT

received \$32,000 of start-up funds from five businesses and foundations and benefited from a later grant of \$210,000 from Federal Home Loan Bank of Seattle for mortgage gap financing. The Irvine CLT was seeded with over \$250,000 by the city. The Irvine CLT (ICLT) was initially staffed by city employees because it is the city's entire affordable housing strategy. The Irvine inclusionary housing program also provides ICLT with in-lieu fees and land from market rate housing developers. Charitable contributions provide income necessary for continued growth. As a 501(c)3 corporation CLTs can benefit from

- land and cash donations from all levels of government, foundations, corporations and individuals,
- CDBG Funds, and
- HUD Home Funds.

#### Financial Management

Independent CLTs are open membership organizations. Typically an equal number of board seats are reserved for the CLT residents, representatives from the area served, and local government. Diverse representation is intended to balance the interests of CLT owners and the community at large. City governments have oversight and investment security interests in municipally sponsored CLTs. They are usually not open membership organizations. For example, the Irvine CLT charter reserves a portion of the board seats for city appointment. Two board members are appointed by the city council, three are industry experts appointed by the city council and two are elected by ICLT residents.

#### Ability to Act as Developer

The CLTs investigated for this report are all not-for-profit development corporations. The range of development is limited by the organization's charter and IRS 501(c)3 regulations. CLTs may be chartered to provide low-income affordable housing, to maintain affordability of housing, and to provide affordable commercial space.

#### Lessons for the UDDA

CLTs provide an additional model for maintaining residential and commercial affordability for current residents and businesses as the University District develops. A UD CLT could develop and steward mixed use development with mixed income residential properties. An affordable housing CLT may be a useful addition to the City of Spokane's low-income and homelessness response strategies and take advantage of development opportunities in the UD. Success depends on core membership, city support, and/or external fund raising. Whether open membership or city sponsored, a CLT needs considerable seed money to start acquiring property.

### **Organization Structure Case Study 3: A Private For-Profit Corporation**

Old Town and Marketplace Properties, Wichita/KS

#### Description

Like many others, downtown Wichita declined after WWII. Rail terminals, warehousing and manufacturing vacated blocks of buildings. In the 1970s community leaders, business groups and citizens, including the Old Town Association, met to begin redevelopment planning for a 20-block area. The Old Town Development Plan was published in 1983. In 1991 the city adopted the Old Town Overlay District. The overlay permits residential uses within the underlying Limited Industrial zoning and established historic character design criteria that allow high-density, mixed-use development to occur within Old Town. Wichita used tax increment funds in Old Town for streets, surface and structured parking, parks, lighting and public art improvements, land acquisition, and demolishing blighted buildings.

Young architect David Burk and businessman Richard Vliet met through involvement with the Old Town Association in the early 1970s. Burk brought vision and Vliet brought capital and business acumen to the partnership. In 1988, they formed Marketplace Properties and began purchasing options on downtown buildings. They hoped to find a major investor to provide financial backing. That investor never materialized, but the two doggedly pursued their plan (Cox). By 1988 Burk had been in Wichita 17 years. Over time he built many local business relationships and, together with Vliet, had sufficient real estate interests for the city to choose Marketplace Properties as the preferred developer to begin redeveloping Old Town. Five years later, in June 1993, their first redevelopment project opened, the city-owned Farm and Art Market.

#### Revenue Generation

Wichita established the Old Town TIF district in 1991. Old Town development generated sufficient new property tax revenue to pay off the planned projects by 2008. However, the TIF was maintained for two more years to fund additional projects (Werts 2010). Wichita also uses special assessment financing, historic tax credits and other incentives to assist in improving the downtown infrastructure, remove blight, and upgrade the exteriors of older and oftentimes historic buildings. Total public investment in the 10-year period 1998 through 2008 was \$394 million; private investment was \$411 million. Property values in the core downtown area increased 80% in the same period. (Wichita DDC, p6)

#### Financial Management

Marketplace Properties is a limited liability company registered in the state of Kansas. Burk and his spouse are the sole partners. Manta Communications estimates company income is between \$500,000 and \$1 million, and that the company has one to four staff. Company finances and management are private.

#### Ability to Act as Developer

Burk is described as a quiet family man and Marketplace Properties is a closely held corporation with few employees. Yet, motivated by his love for old buildings, Burk started to turn around Old Town when he “persuaded the city to renovate a vacant three-story building for what all hoped will be the centerpiece of Old Town”: the Farm and Art Market (Cox 1993). When Burk partnered with out-of-state developers in 1996 on a 200-unit mixed-use residential renovation, Old Town was set to become a live, work and play district. Over the years Marketplace Properties and other developers

benefited from lack of established policy for city support of development. Based on personal relationships the city council actively supported redevelopment through direct investment in projects. Marketplace Properties currently owns several mixed-use residential and office buildings in Old Town and Burk is active in downtown issues.

#### Lessons for the UDDA

Wichita completed a new downtown master plan early in 2011. The consultants found public criticism of businesses benefiting from personal relationships with city government decision makers, which was probably how Marketplace Properties was first selected in 1988 as the preferred developer for Old Town (Bell). The city quickly established an open, public developer-selection process based on established PPP criteria. City staff wrote a “Downtown Development Incentives Policy” and developers now submit a disclosure and are vetted in a public review process.

Spokane had King Cole and the 1974 World's Fair which gave the city River Park, Denny Ashlock and the Centennial Trail, and Walt Worthy and the Davenport. Private for-profit developers with personal vision and passion are the leading innovators who take risks and establish new trends. The leader of the pack can be a quiet person like David Burk, but he or she must be consistently advocating for the vision.

### **Organization Structure Case Study 4: A Business Improvement District**

Center City Commission , Memphis/TN

#### Description

In 1977, the City of Memphis and Shelby County established the Center City Commission (CCC) "to improve the economy of Memphis and Shelby County by coordinating an aggressive public/private program to promote the redevelopment and economic growth of the Central Business Improvement District (CBID), the area referred to as 'Downtown'" (Center City Commission). No history was found that indicated the level of downtown business and property owner support. The CCC is the official partner between local government and downtown businesses. The Center City Commission has a staff of 18 that also serve the four Affiliate Boards: the Center City Development Corporation, the Center City Revenue Finance Corporation, the Design Review Board, and the Downtown Parking Authority. They are analogous to Public Corporations in Washington, though they are directly responsible to the CCC, not the city.

To further its mission, the CCC undertakes a variety of activities:

- Acts as a public-interest developer for key downtown projects
- Actively encourages redevelopment through adaptive reuse and new project construction
- Offers financial incentives and assistance to encourage development
- Initiates plans and studies to develop strategies for revitalization
- Provides research data to prospective developers and tenants
- Advises the city and county governments on downtown issue
- Recommends and coordinates needed public improvements

- Manages the Main Street Mall, including coordinating maintenance, landscaping, regulations, and activities
- Monitors maintenance and safety of public and private spaces
- Serves as an information clearinghouse for downtown activities
- Informs the media and general public of downtown issues and activities
- Produces marketing and promotional materials
- Coordinates community programs with CBID businesses
- Manages and operates five public parking garages in downtown
- Sponsors special events and assists other organizations in downtown promotions
- Staffs the hospitality and safety ambassadors

Members of the Center City Commission Board of Directors are appointed by the Mayors of the City of Memphis and of Shelby County. Appointments require approval by the Memphis City Council and the Shelby County Board of Commissioners. Members are appointed to the four Affiliated Boards by the CCC board. Candidates may be nominated by others or themselves (Center City Commission).

#### Revenue Generation

There is no institutional memory suggesting that the city or county supported the CCC or Affiliated Boards' early budgets. "For a period of time the city gave \$100,000 to \$150,000 per year to make public improvements in downtown." The Center City Development Corporation low-interest development loan program was initially funded with fees related to the tax abatement programs managed by the Center City Revenue Finance Corporation (Street 2011).

The CCC has three sources of funding: a special assessment on commercial properties in the CBID, cash and in-kind contributions, and fees collected from private developers utilizing the financial incentives from the CCC's Affiliate Boards (Center City Commission).

Only taxable commercial properties appraised at greater than \$25,000 are included in the special assessment district, and the first \$25,000 of appraised value on all commercial properties is exempt from the assessment. The assessment does not apply to residential properties, churches, or other tax-exempt properties. Based on the current assessed value of commercial properties in the CBID, the annual assessment generates approximately \$2.8M (Center City Commission).

#### Financial Management

The CCC Finance and Administrative Department is responsible for general administration of financial policies and budgets. It works in conjunction with the City of Memphis and the Shelby County Assessor to administer the CBID assessment. Oversight is by the CCC executive director and appointed board (Center City Commission).

#### Ability to Act as Developer

The CCDC is a nonprofit entity chartered by the City of Memphis, Shelby County, and the State of Tennessee to develop projects. New projects in the CBID are eligible for reduced interest rate loans

and grants that are available only through CCC Affiliate Board programs. CCDC also offers low-interest development loans to property owners who renovate, redevelop, or stabilize properties in the CBID. One of the boards, the Center City Revenue Finance Corporation (CCRFC), is similarly chartered to finance, own, lease, and dispose of properties in order to maintain and increase employment opportunities and increase the quantity of housing in the Center City. In addition, the CCRFC promotes industry, trade, commerce, tourism, recreation, and housing construction, and encourages businesses to remain in or move to the CBID. The Downtown Parking Authority (DPA) contracts with private parking companies for day-to-day operations, tracks rates and occupancies of Downtown parking lots and structures, assists with strategic planning for existing and future parking facilities in Downtown, and issues bonds for construction or acquisition of additional parking facilities (Center City Commission).

### Lessons for the UDDA

Beginning in 1977 the city and county collaborated to charter first the CCC BID and then the four subordinate boards. That early history is beyond the scope of this report. However, the considerable power and authority given the CCC and subordinates suggests there was and continues to be broad and deep political commitment to the downtown vision. The public, but controlled process of appointing board members suggests some combination of trust in leadership, satisfaction with outcomes, and complacency related to downtown Memphis. An advantage of BIDs in Washington is the opportunity for district businesses and property owners to establish the BID. Self-imposition of an assessment and relinquishing some direct control in exchange for BID benefits is hard to criticize as big government or consolidation of power. Considerable local organizing and leadership may be required to reach the 60% threshold of businesses and multifamily residential or mixed-use project operators within the area.

Downtown Memphis project have benefited from tax increment financing as TIF has expanded beyond the original 1978 housing support legislation. In addition to very limited TIF options, the UD is challenged by large presence of the non-profit organizations that do not pay property tax. A UD BID or expanded downtown BID would face the same challenge. To generate sufficient revenue, a UD BID may need some participation by the universities and other non-profit organizations in the district.

In the 1970s downtown Memphis had many abandoned or rundown buildings. Development only happened in the suburbs. It took the CCC 20 years to reverse downtown Memphis' decline. The process of creating a vibrant, mixed-use downtown still continues 15 year later. The UD situation is not as dire as downtown Memphis was the 1970s. A UD BID with relatively fewer financial resources may still be effective by using the management and planning functions.

### **Organization Structure Case Study 5: A Public Corporation**

The Foss Waterway, Tacoma/WA

Description

The Foss Waterway Development Authority (FWDA) is a public corporation (RCW 35.32) chartered by the city of Tacoma in 1996. The FWDA purpose is “to assist in redeveloping certain real property in and along the Waterway.” A goal for the FWDA is to be financially self-sustaining. However, the city continues to support the FWDA in its biennial budget process as economic and market conditions require.

A public corporation “was originally considered by city staff as an option for management and development of Foss Waterway property. The city also hired outside legal counsel for advice. This option and others were presented to City Council. After extensive discussion, the Council decided to proceed with creation of a development authority. Tacoma has one other development authority that was established in the ‘70’s so the City was familiar with concept” (Dowie 2011). The city was also familiar with public corporation development authorities in Seattle. As a result there were many questions but no opposition. Finally, the city knew if the FWDA proved unsatisfactory the charter could be terminated.

The Foss Waterway is adjacent to downtown Tacoma (Foss Waterway 2011). More than 100 years ago the Thea Foss Waterway was an industrial hub with sawmill, marine activities and the Northern Pacific Railroad terminus. Tacoma grew with the economic activity and matured. Then the industries began to move out. By 1981 only vacant buildings remained. Local leaders envisioned the Foss Waterway as having the opportunity to become the link between downtown Tacoma and the Ruston Way waterfront to the north. In particular, leaders envisioned a mixed-use waterfront community in the Foss Waterway.

New development in the district includes:

- a City park and shoreline esplanade,
- the Museum of Glass,
- the Chihully Bridge (a pedestrian bridge over a freeway spur connecting the museum with the waterfront),
- a Marina,
- the Foss Waterway Seaport, a museum recreating itself under a PPP, and
- several mixed use residential projects, built by different developers, that offer a variety of multifamily unit types and both ownership and rental options, one of which is a rehabilitated older building.

The process began in 1991. The City of Tacoma and the Metropolitan Park District used \$6.8 million of real estate excise and other tax revenue to purchase nearly 27 acres of property on the western side of the Thea Foss Waterway. Two big challenges loomed over the vision. One was the mix of federal, state and local agency regulatory authority in and around the waterway. Second was the stigma of contamination resulting from a century of industry and the threat of future liability for potential developers (Tacoma 2011a).

City leaders decided to take a highly collaborative rather than confrontational approach. In 1994 all parties were invited to the table, including numerous federal, state and local regulatory agencies.

They agreed to allow the proposed use of each site to determine the extent of environmental cleanup, e.g. a parking lot and a park required different types of cleanup (Tacoma 2011a). The City, US EPA, and descendent businesses paid over \$106 million for the successful Superfund cleanup (Tacoma, 2011b).

Public participation also played a significant role in formulating a plan for the Thea Foss Waterway (Tacoma 2011a). Over 900 citizens attended more than 40 community meetings to "Create a Place for Yourself on the Foss." The public involvement efforts engaged community and service organizations, environmental groups, developers, labor groups, business leaders, landowners, regulatory agencies and community members.

The City had held several parcels for years. The largest single acquisition was railroad property. FWDA redefines parcels to suit projects as development proceeds. Investment by the City and FWDA had been in infrastructure and public amenities rather than reducing developers' purchase costs. The intent was "to maintain, as much as economically feasible, a market rate for the property. Lowering the land value would result in lowering the tax base" (Dowie, 2011).

In November 2010 the City of Tacoma and the FWDA entered into their "Third Operating Agreement" (Tacoma, 2010). The four year agreement can be renewed for two additional years. The city can terminate the agreement with 180 day's notice. The document is 31 pages long plus attachments. It describes FWDA development and property management goals and the City's financial and institutional support.

#### Revenue Generation

A goal for the FWDA is to be financially self-sustaining. However, the City includes the FWDA in its biennial budget process and has contributed as economic and market condition require. The FWDA generates revenue for the city by increasing property values in the Foss Waterway.

#### Financial Management

As a public corporation chartered by the City of Tacoma, the City has financial oversight. The FWDA Board of Directors has immediate oversight and responsibility for the development agreements made.

#### Ability to Act as Developer

The FWDA was chartered to promote development and does so by acquiring, managing, and disposing of real property, securing financing, undertaking or providing for redevelopment, and entering into agreements with developers proposing to develop projects along the Waterway" (City of Tacoma 2010). FWDA facilitates planning, engineering and other development activities in cooperation with regulatory agencies. The Authority provides development process assistance and may advocate for developers with regulatory agencies.

#### Lessons for the UD

The UD share many characteristics with the Foss Waterway:

- The district has many parcels.
- There is a natural amenity. However they are very different. The Tacoma waterfront dominates the site and the Spokane River is hidden in the narrow, deep gorge.
- The district is adjacent to the commercial and retail downtown.
- Environmental remediation is required in some locations.
- Habitat restoration would increase the amenity value of the river gorge.
- Several public institutions are development participants.
- Freeway access and major arterials provide access to each district. They also are perceptual barriers and barriers to pedestrian and bicycle transportation.
- There are also significant differences between the UD and the Foss Waterway:
- The City of Tacoma owns the land slated for development.
- The parcels are contiguous and can be aggregated or divided as needed.
- The City of Tacoma includes the FWDA in the City budget
- The City of Tacoma had direct experience with an active public corporation and was familiar with other successful public corporations.

Given a plan and the mandate to develop, the two person FWDA staff and board have brokered a succession of significant development deals. The plan is based on a grass-roots vision for the city and the waterfront. Broad public engagement in the articulating the vision and positive opinions about public corporations resulted in no significant political opposition to the new public corporation. Informing the Spokane public about the Tacoma Foss Waterway public corporation may help to increase political support for a UD development public corporation and reduce opposition. A UD public corporation would likely need a business plan that did not include City budgetary support.

### **Development Strategy Case Study 1: Urban Renewal**

The Fourth Plain Corridor, Vancouver/WA

#### Description

WWII ship building created a population boom in Vancouver. The Vancouver Housing Authority (VHA) was formed to build 1,000 permanent homes and 11,396 temporary units capable of housing 50,000 people. When the war ended most people left and the temporary units were sold to buyers who dismantled and moved them. The land was then re-developed into residential housing (Vancouver Housing Authority) and Vancouver continued a quiet existence in the shadow of Portland, Oregon. The East Fourth Plain Boulevard renewal area is within the rectangle bounded by Interstates 5 and 205, US 14 and State Highway 500. East Fourth Plain is home to small businesses serving multi-ethnic communities, a community center, schools, and a post office. “The Fourth Plain corridor . . . is the closest Vancouver comes to providing an international district” (Mize 2005b). In 2005 residents and businesses owners were “concerned about crime, pedestrian safety crossing Fourth Plain Boulevard, the high turnover of residents, the relatively low incomes in the adjacent neighborhoods and the image created by a street whose physical character is focused on parking lots, not people. At the same time, residents and businesses knew the problems could be

fixed” (David Evans and Associates). The prospect of future neighborhood improvements also led to concerns for gentrification and displacement (Mize 2005c).

When Kurt Craeger became executive officer for the VHA in 1991 the agency was a Public Development Authority.<sup>6</sup> Under Craeger, VHA gained a reputation for innovative projects and partnerships with private developers. The agency became a significant force in downtown Vancouver redevelopment partnerships that produced residential and commercial mixed-use projects.

In 2004 the Vancouver Planning Commission selected the Fourth Plain corridor as its top priority for detailed redevelopment planning. Craeger lobbied the city to designate VHA a Public Development Authority as a PDA, VHA could develop mixed use with more than 25 percent retail and office space, a Washington state limit on housing authority development. In March 2005, the city council hired a Portland-based consultant to prepare a 20 year strategic plan. The city council designated VHA a PDA in May 2005 and in November 2005 gave it RCW 35.81 Community Renewal powers to redevelop the Fourth Plain corridor area.

In August 2005 VHA and the Kyocera company signed a purchase agreement for an underutilized 38.5 acre industrial parcel in the Fourth Plain Corridor that figured significantly in the finding of blight which justified Community Renewal. Craeger anticipated development of the parcel would include:

- commercial-retail development on five acres along Fourth Plain at Stapleton Road;
- multifamily affordable housing, as well as a community facility such as a child care center, on 6.68 acres in a wooded area;
- development of an employment center and start-up incubator on 27 acres with office-warehouse space (Anderson 2005).

Groundwater contamination discovered in 2006 increased bonding requirements and VHA withdrew from the purchase agreement. VHA had already purchased an adjacent 1.8 acre commercial property. By 2008 the groundwater contamination source was traced off site. By that time VHA was under new leadership and was no longer interested in purchasing the property. In April the city withdrew Community Renewal authority from VHA and designated itself the agent for Fourth Plain Corridor Community Renewal. VHA is still involved in the Fourth Plain Corridor area as a public corporation/PDA.

#### Revenue Generation

The VHA was prepared to sell \$30 million in bonds to cover the Kyocera site purchase, predevelopment costs, site cleanup, initial bond interest and building demolition (Anderson 2006). New development on the site would increase local property and sales tax revenue and add jobs and residents within the city.

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<sup>6</sup> an RCW 35.21 Public Corporation

## Financial Management

The VHA is governed by a board of directors and as a municipal agency it is subject to standard government reporting and oversight by the city. When the Kyocera property purchase fell through “the VHA had already spent two years and several hundred thousand dollars studying the project” (Anderson 2006).

## Ability to Act as Developer

The VHA under Craeger's leadership successfully took on progressively complex projects, culminating with an affordable housing development with retail. Chartered as a public corporation VHA was free to undertake projects with more than 25 percent commercial and retail space. Community Renewal powers added greater bonding authority and the ability to make infrastructure improvements. VHA policy was not to use the Community Renewal power of eminent domain.

VHA was subject to external forces like other developers. With the threat of environmental litigation “bond counsel wanted more robust (environmental) disclosure” that could not be made in the framework of the purchase agreement (Anderson 2006). The agency began to invest money and staff time in project planning when risks seemed low, but was not able to go forward with the project.

## Lessons for the UDDA

Other development entities were working in Vancouver and potential conflicts were addressed as new powers were given the VHA. The city council resolution making VHA a public corporation and the resolution giving it community renewal powers each repeated -- in detail -- the limits of VHA authority and geographic reach. Executive director Kurt Craeger and others publicly stated that VHA would not use not the power of eminent domain given as part of Community Renewal authority (Mize 2005b).

After all the surprises and changes in strategy, work continues in the Fourth Plain Corridor. The city is heavily engaged in the area though not using its Community Renewal agency. Several new projects began since 2006: bus rapid transit is planned for the corridor, a community land trust is providing affordable housing, and a coalition of non-profit organizations business and local government is using an Asset Based Community Development approach to further plans for the area. The Fourth Plain Corridor history demonstrates the importance, in colloquial terms, of not putting all one's eggs in one basket.

## **Development Strategy Case Study 2a: Public-Private Partnership (PPP)**

Tenth Street Place, Modesto/CA

### Description

Much of downtown Modesto was vacant by 1990. In the early 1980s city leaders had begun to advocate for public and private investment to change the perception of downtown and stimulate business with new attractions. Early plans called for community and performing arts centers and a

hotel. The first new private investment was a full service 258 room hotel in 1990 on land leased from the city (PR Newswire 1996).

By the mid-1990s the city committed to new offices and originally partnered with Stanislaus County Office of Education and Modesto City Schools for a multi-government center. The schools backed out but Stanislaus County decided to move its offices to the new government center. The city resorted to eminent domain to complete the property aggregation (Stapley 1997). Tenth Street Place opened in 1999. In 2007, Stanislaus County and the nonprofit Central Valley Center for the Arts committed to building the Gallo Center for the Arts' \$40M new home, which completed the original plan for downtown's redevelopment (Ashton 2007).

#### Revenue Generation

Total public investment in Tenth Street Place (\$74M) was financed through lease revenue bonds and variable-rate certificates of participation (Sabatino 2002). Forty-eight million dollars of public investment built the administration building, garage and plaza. Construction was implemented by the Modesto Redevelopment Agency (RDA) and the Modesto-Stanislaus Joint Powers Agency. The Civic Partners Modesto's \$25M private investment provided a movie multiplex, offices and 40,000 square feet of retail (Lane 1998). The city of Modesto estimated that by 2001 the project created 150 jobs and attracted more than \$13M in new investment to the downtown. The privately developed hotel was foreclosed in 1996, which resulted in millions in lost land rent to the city (Ashton 2007).

#### Financial Management

The information gathered about Tenth Street Place suggests the PPP did not create a partnership entity. Government and private businesses followed their customary financial management practices.

#### Ability to Act as Developer

Public and private entities took advantage of their distinct abilities. The city was able to complete land acquisition through eminent domain. Part of the land was used for the new government center and part of the land was leased to private developers. The city bore no direct development risk. However, the city did lose land lease revenue between the time the hotel was foreclosed and it was acquired by a new owner (Marlow et. al. 90).

#### Lessons for the UDDA

Unlike Modesto in 1980, Spokane has a strong commercial, retail and government office downtown. In the UD, the universities provide the potential market and people that Modesto had to create with the relocated government offices. The city of Modesto worked for years to purchase properties for redevelopment. Yet when the time came to start work on Tenth Street Place, owners of key properties did not sell voluntarily. The city used eminent domain to complete acquisitions. There were protests but when the city went forward there was no further press coverage related to use of eminent domain.

Modesto is a conservative community in the conservative California Central Valley. For reasons that may include financial and political caution it appears that neither public money nor public credit directly benefited private business. The Modesto PPP model accomplished its goals within limits similar to those set by the Washington State constitution.

### **Development Strategy Case Study 2b: Public-Private Partnership (PPP)**

South Waterfront District and Oregon Health Sciences University: Portland/OR

#### Description

On Marquam Hill, above 38-acres of underutilized light industrial warehouses along Portland's Willamette River, Oregon Health and Science University was looking to expand. OHSU agreed to invest in the district if the city approved and helped fund an aerial tram connecting the two areas. The Portland Development Commission, City of Portland, coordinating developer Williams and Dame Development and Oregon Health and Science University entered into a PPP. The City Council created the 409 acre North Macadam Urban Renewal Area in 1999. The area includes part of downtown and the completed RiverPlace development. (Gerding Edlen, Portland Business Journal)

The River Blocks is a \$1.9 billion residential and commercial mixed use development on the river. It features several apartment towers, each designed by different architect. One of the first buildings completed in the South Waterfront District is the OHSU Center for Health & Healing. It is the most complex and innovative North American project to achieve LEED Platinum. OHSU also added the Biomedical Research Building and Peter O. Kohler Pavilion on Marquam Hill. The university estimates the expansions added 4,500 new employees to its work force and created an additional 500 support jobs in the South Waterfront and Marquam Hill area (Redden 2005). In time the Portland street car was extended to the District.

#### Revenue Generation

The South Waterfront District is a TIF district. TIF revenue is part of the Portland city council's anticipated public investment of over \$120 million for parks, the streetcar link to downtown Portland, and the aerial tram. About \$2 billion in private spending was expected to follow. The businesses of health care and research grow the OHSU. In 2005, OSHU expected over a 20-year period to invest an additional \$500 million to \$1 billion in bioscience research laboratories, patient care facilities, classrooms and offices (Redden).

#### Financial Management

Each partner – city, development commission, private developer – has its own financial management requirements and culture. Information gathered for this report only hint at the many multi-layered partnership agreements that have redeveloped the South Waterfront District.

### Ability to Act as Developer

Refer to the Portland Development Commission case study above. The PDC and Portland are well acquainted with active participation in development initiatives. Large local development companies are experienced partners.

### Lessons for the UDDA

OHSU growth provided the demand and revenue stream that motivated potential partners to consider riverfront redevelopment. Forty years of aggressive redevelopment in Portland and experience redeveloping the Pearl District put the larger and bolder South Waterfront District redevelopment within reach. Spokane has a different history and smaller scale. Yet similar partnership structures may be useful considering the mix of partners in the Spokane University District and level of PPP experience.

### **Conclusion**

Each Organization Structure is well suited to accomplish a set of UD goals. Organizations will likely need encouragement to take the risks of new collaborations and partnerships. There will be new financial risks as well. There is great need to build new political and public will to encourage the risk taking and use all means of supporting project relations and funding.

## **Political Will & Public Will**

### **Why political will?**

When I proposed this project the UDDA represented by Brandon Betty requested a study of political will as one of the key pieces of information provided. I believe the request came out of concern for backlash to large scale and innovative development in Spokane's history. Relatively low household income in Spokane encourages a negative attitude toward taxation and non-essential government expenditures. Eastern Washington is generally more politically conservative than the West Side.<sup>7</sup> A small number of local people constantly campaign against any public involvement in development and will actively fight it. The Riverpark Square public-private partnership remains a particularly vivid example. The public-private partnership was challenged by lawsuits early in the project. The less-than-ideal public-private partnership structure resulted in a financial burden for the city when parking revenue fell short of expectations.<sup>8</sup> Finally, compared to most states, redevelopment advocates are challenged by weak and limited tools such as TIF. Political will is the support for use of development tools that leaders want before taking risks using the tools.<sup>9</sup>

To gain an understanding of the concept of political will and how it works, a search was made of the academic literature. The people interviewed for the project provided many examples and insights into the political and public will in Spokane as they relate to innovative large scale development.

### **What Are Political Will and Public Will?**

One internet search of the phrase "political will" produced over 7.5M hits. From Washington, DC, to Dahka, Bangladesh, the lack of political will to solve financial, health, political, and other problems gets a lot of press. Yet, for as often as "political will" is used, it is rarely defined. The challenge academic writers take up is to rescue the phrase from political rhetoric. The goal for Post et al. (2010, 654-5) "is to create a reliable method for identifying precise shortcomings in political will, thereby permitting the application of appropriate theoretical frameworks and the selection of appropriate tactics to build political will for effective public policies."

Post et al. (2010) begin with a simple definition of political will: "The extent of committed support among key decision makers for a particular policy commitment to a particular problem" (659). They identify four components to political will in any context:

1. a sufficient set of decision makers; a common understanding of a particular problem on the formal/public agenda;
2. commitment; and

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<sup>7</sup> Spokane is a pretty conservative place and . . . there's something in my mind that says that people are tending to move away from issues that demand a lot from them Mauldin 2011).  
You know this is a conservative city (Kelly 2011).

<sup>8</sup> Most of the folks who took on those projects persevered in an environment of negative energy, at least with the vocal population of people out there.

Yet, the anti's were able to prevail . . . (Nave 2010).

<sup>9</sup> Snodgrass (2011)

3. a commonly perceived, potentially effective policy solution.

Koscack (2009, 495) proposes “that a government has the political will to [make a policy change] if doing so helps it to stay in power.” In this view political will is the relationship dynamic between the support people give to a policy which is extended to leaders<sup>10)</sup> who support the policy, and the desire of a leader who wants to retain their support for his or her leadership. Therefore leaders who value retaining power will implement policies they know to be bad.

Post et al. (2010, 658) find three topics in other definitions of political will (Table 5 below):

- the social conditions and geographic locations of preference-holders;
- the political power structure or the “authority, capacity, and legitimacy of key decision makers or reformers;” and
- the nature of commitment to the preference.

Hammergren	Likelihood of reform
Kpundeh	Demonstrated credible intent of political actors (elected or appointed leaders, civil society watchdogs, stakeholder groups, etc.) to attack perceived causes or effects...at a systematic level
Brinkerhoff and Kulibaba Brinkerhoff	Commitment of actors to undertake actions to achieve a set of objectives . . . and to sustain the costs of those actions over time
Andrews	Reform space equals the intersection of ability, authority and acceptance.
Anderson et al.	Willingness as evidenced by commitment and inclusiveness
Rose and Greeley	Sustained commitment of politicians and administrators to invest political resources to achieve specific objectives
Kosack (2009)	The support given by constituencies to a political leader (or other decision maker) to stay in power if he/she enacts legislation or implements policy intended to achieve an outcome desired by the constituencies
Richmond and Kotelchuck (1991 and 1993)	Society’s desire and commitment to support or modify old programs or to develop new programs; may be viewed as the process of generating resources to carry out policies and programs
Charney (2009)	[T]he sum of 1) opinion; 2) intensity; and 3) salience.

There is a structure to political will. Political will has both binary and continuous properties. The binary property of political will is evidenced by an “outcome threshold.” One side is continuity and on the other side is policy change and resulting outcomes. Yet, the path to an outcome threshold is

<sup>10</sup> government power brokers

<sup>11</sup> Undated citations are from Table 1, Post et al. (2010, 657).

many sequences of small actions<sup>12</sup> (Post, 2010, 656). The use of “will” in the phrase “political will” suggests individual motivation and process and thus unintentionally limits discussion about political will to discussion about personal volition. However, political will is realized in public action, the process of aggregating personal preferences to achieve an outcome.<sup>13</sup> To affect change people aggregating their preferences must have the capacity to act in support of their political wills. Finally, “political will varies across problems, solutions, places and times” (Post, 2010, 656). Therefore contextual analysis is critical

From these definitions of political will and interviews with key leaders, an outline emerges for developing the political will for change in the UD:

- Identify the UD public/s.
- Develop recognition of the need for change in each public. Make it “salient.”
- Motivate each public to act for change.
- Provide information useful for effective action to each public.
- Encourage each public to see itself as part of a constituency of UD stakeholders, who are working together on a common goal.<sup>14</sup>
- Coach, guide and lead the UD public to make informed policies and plans in response to the need for change in the UD. [[This step assumes all publics want and support the need for change. Is this accurate?]] The policies and plans need to be personally meaningful and achievable, and significant elements of these plans need to be accomplished by the publics themselves.
- Develop and support leaders that inform constituents of needs and appropriate responses and invites public participation.
- Undertake a variety of actions to implement responses and celebrate the successes.

Several interview participants noted a possible generational shift in leadership styles, as well as a much-needed shift from strong individual civic leaders to group leadership. Such groups are communities: people with shared history, ethnicity, language or culture, creating an arena of different values and expectations. The UD vision of people living, learning, working and playing in a relatively high density, pedestrian oriented, urban village inhabited by a great diversity of people requires communities of people that choose lifestyles different from most of Spokane. “Public will” focuses on the behavior and social aspect of change.

For Coffman (2002, 7), as for Post et al. (2010) with political will, the purpose of defining public will is to understand how to influence elected and other decision makers to change policy. Friedenwald-Fishman et al. (2005, 2) define public will as

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<sup>12</sup> “There is so much momentum already, that’s really exciting, though we’re working in a not particularly public way. Not that we were trying to hide anything, just that we’re not noticed. I think that’s OK, but what’s happening there, the decisions being made, investments being made, the vision that’s being crafted is all incremental and very important to our future” (Collins).

<sup>13</sup> “The visionaries keep it realistic, because they know without the ability to execute it, that plan will just sit on the shelf. The vision has to be achievable” (Toth).

<sup>14</sup> “When people say to citizens and community leaders of Spokane, ‘We need to take that hill,’ it is quite remarkable how groups that you typically wouldn’t see come together or groups that always come together, do [come together], and they take that hill” (Dickinson).

a communication approach that builds public support for social change by integrating grassroots outreach methods with traditional mass media tools in a process that connects an issue to the existing, closely held values of individuals and groups. This approach leads to deeper public understanding and ownership of social changes. It creates new and lasting community expectations that shape the way people act, think and behave.

Public will building is a process that

1. connects people to an issue through their existing, closely held values, rather than trying to change people's values;
2. results in long-term attitudinal shifts that are manifested in individuals taking new or different actions; collectively, those actions create change; and
3. is achieved when a sufficient number of community members and thought leaders have galvanized around an issue to form a new or different set of fundamental community expectations.

Agenda-setting and issue framing are critical to building public will. Friedenwald-Fishman et al., (2005) and Dillenger (2006) identify five steps in the framing process.

- framing and defining the issue or problem;
- building awareness about problems or needs;
- becoming knowledgeable about and transmitting information about where and how the problem can be impacted or changed;
- creating a personal conviction that change needs to occur; and
- evaluating while reinforcing.

Public will– and political will building overlap in concept and practice. In the process of advocating for and implementing the UDDA vision’s for the UD, both emphases will be useful. The political will emphasis carries on the tradition of individual leadership and commitment. The public will emphasis addresses the changing shape of leadership and the life style innovations and values that are part of the UD urban village vision.

### **Implications for the UDDA**

For reasons mentioned above the UDDA board has an interest in understanding political will as it related to advancing the UD vision. Yet, only one interviewee used the phrase, and then only three times in response to one question. The two most used related terms are “public”<sup>15</sup> and “community.” As used, “public” meant only government. The non-profit sector was mentioned, but never as a developer or development partner. “Community” was used to describe people and businesses within a local government jurisdiction and groups of people having social, cultural, class, or other characteristic in common.

In the interviews people spoke about community in many ways. Pitcher's use focused on the community of downtown and university leaders. Nave spoke of the community created by the

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15 “the public,” “the public side” (as the public side of partnership in public-private partnership development) and “the public sector.”

small businesses and people they attract to the Davenport Hotel arts area. Bever looked for who needs to come together in purposeful community. Collins' concern was that the community at large can grow and develop so "all the community benefits."

I believe that the many ways "political will," "public" and "community" are part of people's thinking indicates the many perspectives that must be part of that engagement to build both political and public will. Some publics will make policy and implement it. One public may need to be turned from opposing change. Others need to encourage their representative policymakers to work for change. Some may develop their own change agenda, bring it to their representatives and hold the representatives accountable for implementation.

The interviewees identified several UD development publics. One is the business owners and employees that benefit financially from increased growth and development and the local government that would benefit from the additional tax revenue resulting from increased economic activity.<sup>16</sup> A second is made of the current landowners and businesses in and neighboring the UD. For some, new development and redevelopment is welcome. Others may see the changes as a threat.<sup>17</sup> Yet others may be uncertain about the costs and benefits of change. A third public is the diverse population that currently uses the UD (e.g., students of many kinds, office workers, laborers, and entrepreneurs) and could be its new residents.<sup>18</sup> The rest of Spokane's population is the fourth public. Many residents at large may not see a connection between their lives and the UD.<sup>19</sup> As in Spokane's past a very small, though energetic, minority will be ready to oppose any change that falls outside their political ideologies.<sup>20</sup> Though their numbers are small, their political and legal activity identifies them as a fifth public.

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16 "For a lot of those people [that led major development efforts in the past] growth in the community benefited their organizations. Who doesn't want to sell more electricity or gas? Who doesn't want to sell more newspapers? The family that owns the newspapers is very invested in the community. Luke Williams owned a time and temperature sign company and also did sports systems. He did sell a lot of time and temperature signs, you have kind of a captive market. Some of it was the financial gain. Some of it was more of an internal gain" (Toth).

17 "We do have a bit of a history there of our local politicians who become involved in these projects [e.g., incinerator, coliseum, Riverpark Square]. The [projects] do get done, and they end up being gems for our community, and yet they're sacrificing their political careers. They get voted out of office for taking that risk" (Nave).  
"The community voted [Expo 74] down and tried to make it go away, and didn't think it was going to be successful, it would be an embarrassment. Now everyone claims how brilliant it was and how successful it was and their role in making it happen" (Collins).

18 "We don't have students living on campus. We don't have students living in the area. . . a community where people are actually living and working and breathing and studying and researching and all those things in this area. [When we reach] that point it will have evolved into a pinnacle of providing outreach into this community like we have never seen before" (Bever).

19 "What's the benefit to whoever it is, the little person or the regular Joe or whoever it is? That's the hardest question for us to figure out" (Toth).

"It doesn't seem as though the people who are part of the organizations that I work with have been a part of that process, and so it hasn't been particularly on their minds, and I think that generally people accept [the UD] as an area which will be commercially successful and probably well laid out with those priorities in mind, but that the decision making around that would be extremely difficult to access, and so they choose to spend their time working on things that they can make a difference" (Mauldin).

20 "I've almost been here half my life. It would appear that Spokane is quick to grasp, and then has dogged determination to hold onto, a negative position. Almost to the point something has to be a success for people to say that it indeed is a great idea. . . . I do think looking forward, if any city dollars are talked about, if we're going to put a city funded parking garage [the project] will be a lightning rod for almost rabid and thoughtless negative attention" (Nave).

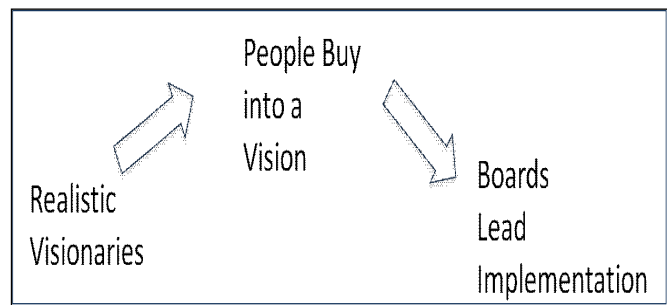
Spokane has many stories of remarkable accomplishments, including Valley insurance executive and community activist Denny Ashlock’s practical visionary leadership of Centennial Trail development. Bever's recollection of Ashlock's practical visionary leadership provides one example with project characteristics and personal qualities mentioned in many other interviews. Ashlock shared his vision for a way to increase the Valley's meager recreational opportunities with great passion and perseverance with others. He built on earlier visions and small accomplishments going back to Expo 74 and connected with a growing circle of individuals and communities/publics. Ashlock connected them to the vision<sup>21</sup> by asking questions, “What is it you need? What are we not providing?” Ashlock identified those publics and individuals either because they were needed for the project or they needed the project for their own purposes. As Ashlock aggregated people’s preferences he developed enough political and public will to engage skeptics and often lead them to become advocates. By recruiting people, Ashlock recruited the organizations they represented, including their boards and membership. As he learned what and who was missing, Ashlock reimagined the vision, yet kept the vision simple, consistent and focused.

Learning from Ashlock and the Centennial Trail project, Bever led development of Mirabeau Point Park and the CenterPlace Regional Event Center. The development trajectory (see Figure 4) worked well for several other remarkable projects such as Expo 74, Fox Theater renovation, Riverpark Square and the UD and with different combinations of publics. Interview participants described the different projects in similar terms, suggesting a Spokane way of community achievement:

- We take the hill.
- Honest, problem-solving conversations
- Perseverance
- Think outside the box.
- We're equal partners.
- Respect one another despite different views
- You can have a real impact.
- Orientation to collaboration
- Add seats at the table.
- Think outside the box.

### **Building Political and Public Will for the UD**

Each public needs suitable information about the problems to solve. Clarity and repetition help a message make sense to people and motivate them. Individuals and groups from all publics (including



*Figure 4: Spokane's Historic Development Trajectory*

<sup>21</sup> aggregation of political will

some former antagonists<sup>22</sup>) must coalesce as a constituency, understand they share common interests in the UD, and identify themselves as stakeholders.

Because everyone cannot be directly involved in every activity some people are given responsibility to act on behalf of many. People become leaders as they identify problems, solutions and communicate and facilitate effectively with individuals and groups. As an organization, the UDDA is already a leader. Staff and board members are individual leaders. To communicate with and engage each public more deeply, more leaders will be needed from each public, including city government, businesses, and higher education.<sup>23</sup>

Political action—accomplishing goals—strengthens political will. Action brings the problems, solutions, communication, constituency of stakeholders, and leaders together. As the saying goes, nothing breeds success like success.<sup>24</sup>

An important challenge is to recognize when the concept of political will is being used. The term itself and others (e.g., “likelihood of reform” and “reform space”) are usually used when speaking about politics and policy. When speaking about social and collective personal change, other terms (e.g., “public will,” “public opinion” and “consensus”) are often used. Yet, the goal in all cases is change. In actual civic discourse, people may use their own social, linguistic, or cultural terms to speak about the concept of political will. As the UDDA advocates for UD development, it must understand the different ways individuals and groups talk about political will.

## Conclusion

To very practical, practice oriented readers this look into theory is probably tedious and the distinctions between political will and public will is splitting hairs. Yet, I think it is important to remember that to accomplish the UD vision will require bold action on a grand scale to build the urban village and the urban village is a radical new way of living for Spokane. The UDDA faces both political and social challenges as it moves forward. Every insight and tool to engage people with the UD vision and lead them into advocacy will be needed.

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22 “We neutralized the naysayers, because we got them to believe in the project to the point [that] they wouldn't destroy it” (Bever).

23 “We're moving from individuals [making back room deals] to groups [as leaders]” (Dickenson).

“Spokane has worked hard to create a collaborative culture . . . to problem solve. The size really helps. We're big enough but not too big. We can all come to the table, because we're the size where we know one another and have some opportunity to interact” (Pitcher).

“Are there younger people that are coming up? I don't see any young guns yet, that are those visionaries. I think it is more of a group thing right now instead of a singular person” (Toth).

24 “Denny (Ashlock) believed and could find ways around obstacles. He was the guy. He trained me to think that way. He trained me to see an obstacle was nothing more than something to be removed, an opportunity” (Bever).

“Riverpark Square was a conventional public-private partnership that helped motivate the Davenport Hotel renovation. Together, they motivated other large and small business[es], and the result was a revive[d] downtown” (Nave).

“People continuing to build on that legacy [Expo 74, Riverfront Park, Riverpark Square, Davenport Hotel, Fox Theater, the coliseum] is really important here” (Toth).

For the very practical, practice oriented readers Figure 5 offers a graphic summary of this chapter. Do everything you can to turn diverging individuals and groups moving into a flank of individuals and groups advancing the vision and redeveloping the UD into a bustling urban village.

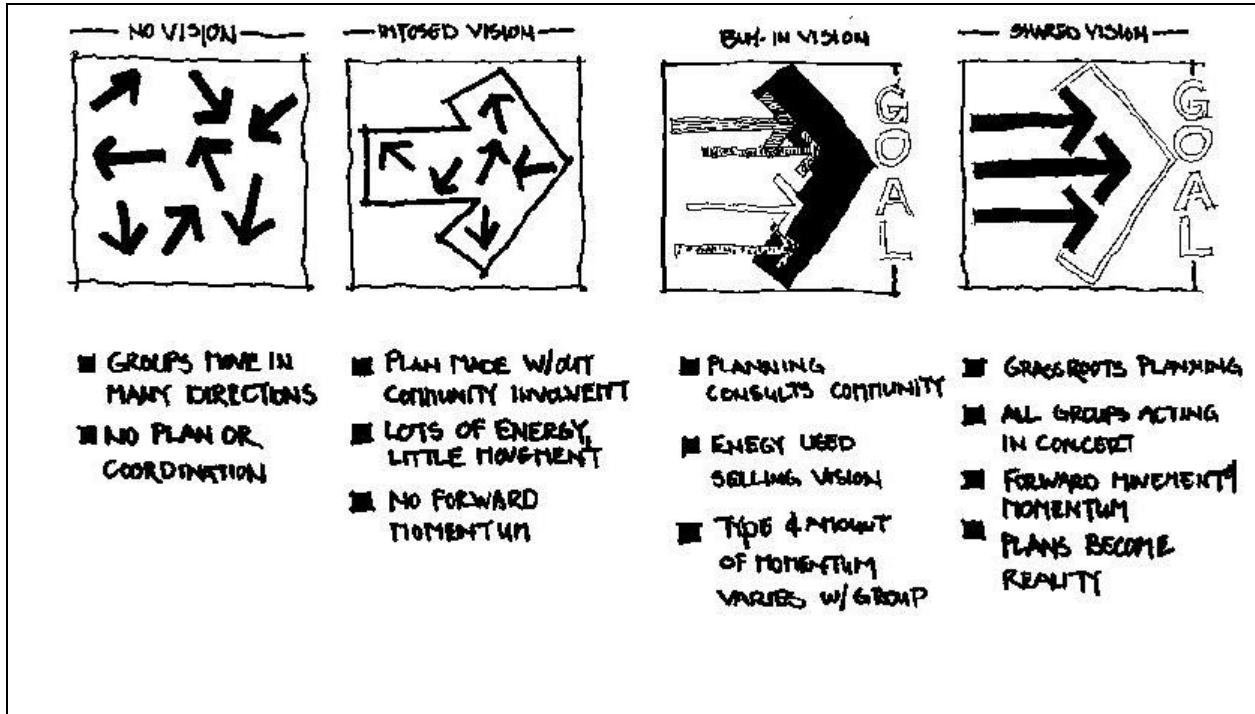


Figure 5: Shared Vision

## **Conclusion**

The UDDA board faces many challenges. When compared to most state, the means of funding and encouraging development are weak and limited in Washington. There are a small number of vocal and active people that oppose local and state government intervention in support of development. Households in Eastern Washington are still less wealthy than in Western Washington in general and the global economy is slow to recover from the Great Recession.

Spokane is also resource rich. The natural environment offers a wonderful climate and year-round recreation of all sorts. There is Selkirk Mountain wilderness 60 miles from the intersection of I90 and Division in downtown Spokane. There are great educational institutions in the city and a history of technology industry. Individuals such as King Cole, Denny Ashlock and Walt Worthy and groups such as the Spokane Symphony Society took risks to make dreams realities that changed the face and the spirit of Spokane.

It is all coming together once again as Spokane anticipates ground breaking for the medical school building at Riverpoint Campus in the fall of 2011. The full four year medical school and the Washington State University College of Pharmacy add tremendous stimulus and market demand. The latest challenge is to be prepared to meet as much of the demand as possible within the UD.

The urgency is obvious. The UDDA board must

- identify goals and determine priorities;
- complete evaluation of organization structure options and adopt the preferred changes; and
- increase the rate and extent of grass-roots and top-down organizing.

A World Fair was supposed to be impossible in a city the size of Spokane, but it was done. Pro forma analyses showed that the restorations of the Davenport Hotel and the Fox Theater were financially impossible, yet the landmarks are sparkling gems in Spokane's crown. The University District will become a vibrant urban village built by innovative collaborations and partnerships.

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