



Planning Practice Feature

## Adapt and Become Stronger

By Kaizer Rangwala, AICP

During recession, planners are worried about their jobs. Worrying is natural, but doing something about the situation is productive. It is our job to help elected officials, business leaders, and citizens create communities that offer better choices for where and how people work and live.<sup>1</sup> The planning profession's response to the financial, housing, and global warming crises will need to address the nation's short-term needs and, in the long term, build communities that enrich people's lives with a sustainable environment and healthy economy. If we succeed, we will not only "make great communities happen" but will also elevate the planner's role in society from discretionary to one that is sought — before, during, and after a crisis.

### An Unsustainable Source of Revenue

In response to declining revenues from property and sales taxes, cities typically cut spending through personnel layoffs. Property and sales taxes are unlikely to recover to their pre-recession levels for quite some time. The plunge in housing values already has wiped out trillions of dollars in home equity, notes Susan Wachter, professor of real estate at the University of Pennsylvania, in *USA Today*.<sup>2</sup> Unfettered economic growth simply to increase property values is proving to be part of the problem that sprawl has created, not the solution. Caps on local property tax increases, imposed by states, add to the local burden; statewide caps imposed in California and Indiana have hurt local governments that depend heavily on property taxes.

A big assumption has been that people will continue consuming at the levels they have in the past. When prices of property decline, however, homeowners feel they have less money, and as a result they spend less and save more. The "spend now and worry later" economic model rewards current consumption over long-term investment by mortgaging our future and encourages irresponsible consumption that hurts our environment. That economic model appears to be ending. More than 73,000 retail stores will close in first half of 2009, in addition to the 148,000 stores that already have closed in 2008, according to estimates from the International Council for Shopping Centers reported in the *Wall Street Journal*.<sup>3</sup>

Because of tax structures that induce cities to compete with other cities for sales-tax revenue, communities become engaged in a zero-sum competition to attract retail stores and other businesses.<sup>4</sup> That zero-sum game ultimately can sacrifice our quality of life and fail to provide economic opportunities for all people to be self-supporting. We should direct new growth within the footprint we already have established, rather than approving construction of new retail strip centers for purposes of generating local sales-tax revenues. We cannot afford more wasteful endeavors of our natural and human resources.

### What Can Planners Do?

While local planners don't control global finance, we have a huge leadership role in promoting smart growth and sustainability policies at the local level that can curb consumerism and provide choices that encourage us to live within our means. With less money to spend, formulaic strip centers and mini-malls, segregated residential subdivisions, and sterile office campuses that fail to connect with the consumer will continue to decline. The distances between these uninspiring places will become more expensive and less appealing to bridge. Credit and energy costs are likely to favor small-scale, infill development over large suburban projects. The fundamental unit of economic and environmental sustainability is a walkable, diverse, human-scaled neighborhood. At the regional level, rail and commuter buses need to link neighborhoods and provide alternatives to travel by roads.<sup>5</sup>

We must find a reasonable way to permit, not prohibit, the right kind of development. Let's make it easier for people to do the right thing; for example, infill redevelopment projects that provide jobs and affordable housing. Layers after layers of development requirements by single-issue agencies may be necessary to keep the bad stuff from happening, but these protracted and unpredictable processes also are keeping the good projects from happening. Affordable housing, environment, and economic development are not mutually exclusive issues — they are interrelated and require a coordinated and streamlined response. Downturns in development activity should allow planners more time to update plans and streamline processes. Clear vision and planning policies supported by corresponding clear and precise form-based codes minimize the risk of bad development and make it easier to build well.

### Hunker Down, Survive the Storm

Layoffs and downsizing are all too familiar terms to planners — perhaps because the work of planners is not considered an essential core service such as public health and safety, or because the number of development applications is down. Planning functions, such as advance planning and development review, are funded in large part by development fee revenues in many

cities. In many cases, development fees are subsidized and do not recover the full cost of services provided. In a recession, construction activity and fee revenues both decline.

When development fee revenues dry up, cities typically try first to eliminate inefficiencies that evolved during the growth period. Expenditures for local planners and other personnel must be reduced or paid with other funds, which are scarce in a recession. City managers also attempt to solve the budget problem by transferring or deferring funds from strategic projects and initiatives. If greater efficiency and deferral of projects are not enough, then layoffs are pursued. Jobs are created and eliminated based on business cycles. Planners, and the long-term projects they espouse, are hostages of the decline in development fee revenues. This makes it hard to plan ahead objectively. These cyclic, short-term operational cuts often slice deep into healthy and growing muscles and disrupt long-term community building efforts.<sup>6</sup> A better budgeting model is needed.

When faced with an \$8 million deficit, the City of Ventura, California, opted to "redesign" the budget with a focus on outcomes that matter the most to the citizens. Rather than simply cut the budget by \$8 million with layoffs, the city decided to eliminate, reduce, or restructure low-priority programs and instead invest in high-priority, sustainable efforts that reduce expenses and increase revenues, and make greater use of partnerships to provide services.

"While it will be difficult to redesign the organization in four months, it is enough time to open up a discussion and form an outline of strategic actions for the redesign," says Rick Cole, Ventura City Manager. The two-year budget is being prepared in a transparent and collaborative process where all employees have a meaningful opportunity to contribute their ideas and provide input. The two-year budget timeframe is more responsive to planning projects that span over a single budget year. Planners are actively involved with other departments and community representatives in shaping the city budget. Rather than tightening control in a tough economy, employees are encouraged to be spontaneous and creative.

Additionally, there are plenty of things planners can do to keep our jobs and do well. Planners can become more versatile, generalists who can tackle a variety of different assignments. For example, current planners can volunteer to undertake tasks in advance planning or economic development. Taking on additional duties increases value to one's employer and may lead to future promotions with that employer or another organization.

A downturn presents a unique opportunity to enhance skills and use those skills to reduce expenditures and increase revenues. Three years ago, Ventura had a budget of \$1 million for consultants to prepare several form-based codes. Since then, the city has adopted three form-based codes prepared by consultants, and several other coding efforts are in various stages of completion. Long-term investment and commitment in staff recruitment and training, and lessons learned from previous coding efforts, are allowing future coding projects to be completed by in-house planning staff.

On the revenue side, some developers may be willing to pay the city the true costs for planning services (forgoing subsidized fees) in exchange for a streamlined or expedited process. Planners can increase the chances for cities to access the proposed federal stimulus package by identifying and processing projects to be "shovel ready" to move the economy forward.

By their very nature, planners focus on the future and the public interest. If planners become an indispensable resource on smart growth and sustainable economy, they become a key part of the solution that will lift us out of this financial mess and into a better and sustainable future. Planners will become sought after "change agents" in times of crisis, rather than laid off.

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## Endnotes

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4. Cole, Rick, Kelly Trish, and Judy Corbett. 1998. *The Ahwahnee Principles for Smart Economic Development: An Implementation Manual*. Sacramento: Local Government Council.
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6. Kaplan, Robert, and David Norton. 2008. "Protect Strategic Expenditures." *Harvard Business Review*, 86, 12: 28.