

ECONOMIC GROWTH IN PENSACOLA, FL – A GIS BASED ASSESSMENT OF  
REDEVELOPMENT POLICY, 1996 – 2010

By

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Pensacola, FL has allocated significant resources towards revitalizing the urban core as evidenced by the adoption of multiple redevelopment plans via the Community Redevelopment Agency since the late 1980s. As observed by the author during his residency in Pensacola from 2005-2008, the downtown area has significantly improved its aesthetics and diversity of businesses in an effort to stimulate economic activity by attracting both residents and visitors. This research attempts to quantify economic growth within the Community Redevelopment Area that may have been affected by redevelopment plans and policies.

This research describes theories of economic development and growth that are pertinent to the mission and objectives of the city of Pensacola's Community Redevelopment Agency (CPCRA). Next, the research offers a variety of indicators in which to assess economic development, of which property value data collected at the parcel level for the entirety of Escambia County will be utilized. Then, the research summarizes the major redevelopment plans as adopted by the CPCRA and provides socio-economic information to familiarize the reader with Pensacola and its current



business climate. Finally, the research analyzes the property value data and offers suggestions for public policy and future research.

## CHAPTER 1 INTRODUCTION

Cities serve as the focal point for businesses and residents to participate in commerce within a region or nation. The unique characteristics of a city, its government, its businesses and its residents complement each other to create the environment that allows each the opportunity to either succeed or fail. In nearly every city, region or nation economic development is a vital field of urban and regional planning that strives to facilitate a successful business climate. In recent years, redevelopment policy has been a key tool that attempts to revitalize failing and/or failed cities. Proper economic development strategies and thoughtful redevelopment plans may serve as the crux that allows businesses to grow and cities to flourish.

### **Justification of Thesis**

The overarching goal of this thesis is to expand the set of tools that urban and regional planners use to analyze the success of implemented redevelopment policies. The first goal of this research is to provide the theoretical framework for economic growth and development with regards to the goals of Community Redevelopment Agencies in the state of Florida. The second goal of this research is to summarize current redevelopment strategies in use by the city of Pensacola. The third goal of this research is to provide an assessment tool, using a Geographic Information System (GIS), that practicing planners can use to assess the impact (i.e., economic growth) of redevelopment plans on a local area in relation to the surrounding region. The fourth goal is to assess economic growth that may have been influenced by redevelopment plans and policies adopted by the city of Pensacola's Community Redevelopment Agency (CPCRA). It is hoped that this research may serve as a foundation for

implementing a GIS-based policy analysis of redevelopment plans and/or policies adopted by municipalities across the state of Florida and also serve as a baseline for future assessment of economic impacts of CPCRA plans and policies on the Pensacola area.

Persons that may find this research of interest are those in academia that focus on economic development and/or utilize GIS in order to assess the economic vitality of a local area or region. Practicing planners and decision makers may find this research to be of interest if they wish to add another tool to their economic development toolbox that can assist in assessing the economic impacts of redevelopment policy. Students of geography, public policy, and urban planning may find this research to be of interest because it provides a detailed step-by-step methodology for analyzing property value data. Students may also find this research interesting because it relates economic development theory to real-world applications of redevelopment policy and how it may impact economic growth at the local level.

### **Research Question**

As this research is primarily an analysis of various plans and policies adopted by the city of Pensacola's Community Redevelopment Agency (CPCRA), the research question focuses on economic growth within the Community Redevelopment Area (CRA) compared to adjacent political boundaries. The plans and policies adopted by the CPCRA addressed in this research are intended to revitalize the urban core by encouraging new development, redevelopment of blighted areas, increasing livability and walkability, improving aesthetics of public and private space, improving quality of life for area residents, and ultimately increasing tax revenue by increasing property values and opportunities for applying sales tax. The research question is: have the

various plans and policies adopted by the CPCRA effectively encouraged redevelopment within the CRA? In order to operationalize the research question, the following question needs to be answered: have property values within the CRA increased more significantly (or remained more stable) than property values outside the CRA?

In order to address the research question, the research includes a 15 year time series (1996 – 2010) and will compare mean property values (economic indicator) within the CRA to mean city-wide property values and mean county-wide property values. If mean property values within the CRA have increased more significantly (or remained more stable) than property values outside the CRA, then the plan *may* have been effective. The relationship between economic development, redevelopment, and property values will be discussed in Chapter 2.

## CHAPTER 2 LITERATURE REVIEW

### **Theories of Economic Development and Assessment**

Economic development is comprised of an entire toolbox utilized by urban planners to spur economic growth, improve quality of life for the public at large, and increase the governing body's revenue. Each tool has a specific purpose but the toolbox as a whole is designed to attract new firms, grow existing businesses, add to the skilled labor pool, promote local trade, and improve overall business climate. Many tools exist within the economic development toolbox ranging from tax abatements and credits to grants and loans to public policies and strategies to infrastructure improvement and redevelopment plans. Some of these tools such as tax credits and federal grants have been in use for hundreds of years while some tools, such as redevelopment plans, are still relatively young.

Due to recent recessions, limited income, budget cuts, and misuse of public funds by a few political leaders, the public has heightened its awareness of how tax dollars are spent. As a result, tools that assess effectiveness of implemented economic development strategies have become a focus of urban planners and decision makers. Assessment, or retrospective policy analysis, plays a pivotal role in determining whether or not to keep pursuing a particular economic development policy or redevelopment plan.

A well established indicator for assessing impacts of economic development plans and/or policies, as discussed in the section 'Assessment of Economic Development,' is to analyze property values in and around an area that has adopted such plans and/or policies. A time series using historical data must be incorporated into the assessment in

order to establish a baseline of property values to judge whether or not the policy has been successful since its adoption. Geographic Information Systems (GIS) have also added to the value of these assessments by allowing urban planners to isolate specific boundaries (political or geographic), input appropriate data, and spatially analyze a policy or plan that was intended for a local finite area and compare it to the surrounding region.

### **Theories of Economic Development**

Economic development policy can be manifested in a wide array of mediums. For example, economic development may be mandated by a state's legislative code, incorporated into a municipality's master plan, serve as the mission for a Chamber of Commerce, or be the basis for the foundation of a Community Redevelopment Agency. In order to understand how government intervention of economic development is implemented via plans and policies one must first be familiar with theories of economic development.

Economic development must not be confused with economic growth. Economic growth is primarily fueled by markets within the economy, businesses experiencing the fluctuations of the business life cycle, and the natural waves of supply and demand. If the aforementioned processes exhibit positive gains, economic growth is realized. If the same processes exhibit negative gains, economic recession has occurred. Economic growth can be defined as a positive change in the production of goods and services within an economy over a period of time. Economic growth is used most often in the connotation of national economies and is usually measured by Gross Domestic Product (GDP). However, for the purpose of this research economic growth is used in relation to

the local scale and can be measured by a variety of indicators as discussed in the section 'Assessment of Economic Development.'

In his 1961 book titled *Theories of Economic Growth and Development*, Irma Adelman analyzed Joseph Schumpeter's literature on economic development. Adelman deduced from Schumpeter that the "process of development can be generated by five different classes of events: 1) it can arise from the introduction of a new commodity, 2) it can be the result of a new method of production, 3) it can be the consequence of the opening up of a new market, 4) it can be due to the conquest of a new source of supply or raw materials, or 5) it can emerge because of a change in the organization of any industry. All these cases involve a different employment of the production factors, and hence, by definition, they constitute 'development'" (1962, pg. 100). Given this insight, economic development policy should be designed to increase the private sector's opportunity for success and support their ability to innovate.

The definition for economic development is ambiguous because no clear standardization for the term seems to be available. In its most basic form, economic development is intended to spur economic activity in the pursuit of increasing quality of life. For example, Fitzgerald and Green (2002, pg. 3) define economic development as "preserving and raising the community's standard of living through a process of human and physical infrastructure development based on the principles of equity and sustainability." The American Economic Development Council defines economic development "as the process of creating wealth through the use of all resources" (Mathur, 1999).

In the context of local economic development, economic development may be thought of as the successful intervention of government policies and/or plans to stimulate economic growth. However, this is not to say that economic development cannot happen without government intervention on the free market. Rather, the author implies that economic development policy may serve as a catalyst for economic growth.

This section is comprised of seven major theories in economic development and growth that are pertinent to the focus of this research. Only theories in economic development and growth that are relevant to the mission of Community Redevelopment Agencies will be discussed, as this research is primarily a policy analysis of economic growth influenced by the city of Pensacola's Community Redevelopment Agency. Further, the author finds that existing redevelopment plans do not adequately reference theories of economic development and has provided the following theories to establish a theoretical framework which provides a basis for the formulation and design of plans adopted by the city of Pensacola's Community Redevelopment Agency. The following economic development theories will be discussed: 1) Economic Base theory, 2) Central Place theory, 3) New Market theory, 4) Creative Destruction theory, 5) Endogenous Growth theory, 6) Attraction theory and 7) Agglomeration theory.

### **Economic Base Theory**

The economic base theory was first postulated by Robert Murray Haig in the 1920s (Haig, 1927) and has since received much attention from academia and practicing planners. Since Haig's conception of the idea, Homer Hoyt published a number of journal articles during the 1940s and 1950s expanding the theory into how it is perceived today. As mentioned by Morgan Thomas (1964), the economic base theory



has also been referred to as the export-base theory as well as the basic non-basic concept.

According to Hoyt (1941), the basis of the theory considers two fundamental types of firms, base firms and service-activity firms. Base firms export their goods or services to other entities located outside the base firm's local economy, resulting in a net income of revenue for the local economic market. In other words, a firm that produces a product that will be exported outside the local economy can be considered a base firm. A service-activity firm markets and sells its goods or services to residents, households and other firms located within its own local economic market. Service-activity firms also, and more importantly, supply raw or unfinished goods to the base firms. According to Hoyt, base firms are the "wage earners" for the local economic market and are considered to be the engine for economic growth within this theory.

To apply the theory to policy analysis, Hoyt (1941) needed to quantify the base firm's market orientation. He classified base firms into seven categories, manufacturing, trade and finance, extraction, tourism, political capitals, education, and transportation in order to create a grading scale that would illustrate what constituted the majority of a municipality's base economy. He then assigned a value, ranging from 1 to 5, to each category based on employment history so that he could forecast future employment. This grading scale is the basis of the modern Location Quotient analysis and provides a reasonable overview for urban planners to draft economic development policy to better serve the major industries within his/her local economy. Broad planning policies that do not provide specific details for each industry sector may not yield effective results to support the unique business climate of each industry.

## **Central Place Theory**

Central place theory is based on the notion that a single urban core serves as the primary geographic location in which specialized services are located. Firms tend to concentrate near crossroads of transportation, supplies (raw materials and financial services), human capital (laborers), and markets in order to minimize cost and maximize revenue. Concentration or clustering of various dependent industries allows firms to benefit from economies of scale. Due to clustering of similar and/or dependent industries within the urban core transactions can be made much quicker, increasing productivity and driving economic growth. Clustering also encourages new firms to locate within the urban core so they may benefit from economies of scale, further increasing demand for land and ultimately raising property values.

The types of firms that originally concentrated in the urban core until approximately the 1950s were dominated by industrial processing, manufacturing, wholesale and retail trade, and transportation providers. These firms clustered in the urban core because they were near residential areas (laborers), markets, and transportation routes that could handle heavy cargo. The development of the streetcar, automobile, and the eventual expansion of highways allowed laborers to move out of the congested, and polluted, urban core to the fringe of the city. After laborers moved, land use patterns within the urban core began to change due to the relocation of manufacturing based firms and subsequent infiltration of service based firms. Today, office space (primarily occupied by 'creative class' firms), headquarters of large corporations, financial institutions, government offices, high-end retail, restaurants and middle-to-upper class housing comprise the dominant land uses located within the urban core.

Closely associated with this theory is the idea that land values are higher within the urban core due to increased demand for land, as explained by the bid rent theory. The bid rent theory suggests that land will be sold (or rented) to the bidder that can put land to the highest and best use which, due to competition, is usually located close to the urban core. Additionally, the highest and best use of land is usually dictated by the bidder with the most financial resources and/or political associations (i.e., financial institutions, governments, large corporations, etc.). Also, retail stores, restaurants and hotels can typically be found in higher concentrations close to the urban core, since they are considered to be service-activity firms.

Land patterns change as distance from the urban core increases, as also suggested by the bid rent theory. Moving away from the urban core, manufacturing and low-income housing becomes dominant. Then, middle-class single family residential areas (suburbia) are further from the urban core. Last, agricultural land and wilderness areas are furthest from the urban core. Also, land values typically diminish as distance from the urban core increases.

### **New Market Theory**

The New Market theory is an updated elaboration and combination of the Economic Base theory and Central Place theory, which resulted from the realization that deteriorating urban core neighborhoods have great potential for redevelopment. The theory suggests that blighted areas should be redeveloped and put to a higher and better use, resulting in opportunity to expand the economic growth potential within the urban core.

According to Blakely and Bradshaw (2002), in order to attract the caliber of firms needed to effectively revitalize inner-cities, these markets “also require some form of

subsidy to get started.” As referenced by Blakely and Bradshaw (2002), James Carr notes that economic development of these areas requires thoughtful consideration in the design of the policy to address “recapture mechanisms to recycle the new wealth generated by these assets back into the communities from which they originated so that these resources can stimulate more new economic activity in the community, from new businesses and housing to social and community services” in order to be “shared by a wide range of community members”(1999, p.20). The suggestion is that when revenue is captured by firms in the local economy, as much of that revenue as possible should circulate within, as opposed to leaking out, of the local economy. This idea serves as the premise for multiplier effects, which are changes in endogenous variables that have been influenced by exogenous variables. In other words, when local goods and services are consumed by non-local residents, a net influx of revenue is encumbered by the local economy, and when local laborers spend money on local goods, a certain percentage of money will remain within the local economy.

### **Creative Destruction Theory**

The term ‘creative destruction’ was originated by Karl Marx in his 1848 book *The Communist Manifesto*. However, the Creative Destruction theory, in modern economic terms, is accredited to Joseph Schumpeter when he described the theory in his 1942 book *Capitalism, Socialism and Democracy*. The theory is premised around the idea that economic growth is fueled by entrepreneurs that out-compete existing businesses due to their use of new technologies and innovations. According to Schumpeter, “the function of entrepreneurs is to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way” (1950, pg. 132).

The business life cycle is a major component of this theory and suggests that the demise of old firms and creation of new firms is a natural and necessary part of economic growth. To quote Schumpeter, “the fundamental impulse that sets and keeps the capitalist engine in motion comes from the new consumers’ goods, the methods of production or transportation, the new markets, the new form of industrial organization that capitalist enterprise creates” (1950, p. 83). He specifically defines the process of Creative Destruction as an evolutionary process, an “industrial mutilation...that incessantly revolutionizes the economic structure *from within*, incessantly destroying the old one, incessantly creating a new one” (1950, p. 83).

### **Endogenous Growth Theory**

The Endogenous Growth theory, similar to the Creative Destruction theory, implies that economic growth comes from *within* the economy, whether discussing local, regional, national, or global scales. This research focuses on local economic development and will focus on the implications related to the local level.

Endogenous economic growth can manifest itself in a number of ways, including a discovery of local raw resources, increase in human capital through training by local education institutions, capital accrued by locally owned firms, government policy that provides a business-friendly environment, and economic development policy that supports collaboration and innovation. However, Schumpeter cautions that entrepreneurs may get lazy due to too many government subsidies which could result in a significant reduction in innovation. It is believed that by these endogenous means that economic growth can occur within the local economy without the influence of exogenous resources and externalities.

## Attraction Theory

Attraction theory consists of a variety of methods in which to attract people, firms and industries to a particular region or locality. The major theme of the Attraction theory is to promote existing natural resources, location, outstanding characteristics, and various incentive methods to attract a more diverse entrepreneurial demographic. In order to do so, a locality must partake in community promotion and market itself to businesses and residents of other communities. As Blakely and Bradshaw point out, “a new approach in attraction is the change in emphasis from attracting factories to attracting entrepreneurial populations, particularly certain socio-economic groups, to a community or area” (2002, pg. 66).

One of the socio-economic groups that is most sought after is the Creative Class, as described by Richard Florida in his 2002 book *The Rise of the Creative Class*. Florida divides the Creative Class into two categories, the Super Creative core and Creative Professionals. The Super Creative core “includes scientists and engineers, university professors, poets and novelists, artists, entertainers, actors, designers and architects, as well as the thought leadership of modern society: nonfiction writers, editors, cultural figures, think-tank researchers, analysts and other opinion-makers” (Florida, 2002). He further defines “the highest order of creative work as producing new forms or designs that are readily transferrable and widely useful...coming up with a theorem or strategy that can be applied in many cases” and are inherent characteristics of the Super Creative Core (Florida, 2002). Creative Professionals include those “who work in a wide range of knowledge-intensive industries such as high-tech sectors, financial services, the legal and healthcare professions, and business management” (Florida, 2002). He also says that “these people engage in creative problem

solving...[which] typically requires a high degree of formal education and thus a high level of human capital” (Florida, 2002).

The Creative Class as a whole typically receives more compensation for their work and requires an extensive framework of service-activity firms to support their endeavors. As observed by Florida, the Creative Class engages in more participatory extra-curricular activities, is included in a higher social order, and usually has more disposable income. Based on these traits, the Creative Class is associated with high multiplier effects, which are sought after by developers, decision makers, politicians, and others that depend on economic growth for their livelihood.

The Attraction theory is also closely related to the mission of Community Redevelopment Agencies, as one of their main goals is to improve infrastructure and aesthetics within the Community Redevelopment Area (CRA) in an effort to attract more businesses and consumers. A Community Redevelopment Agency will often implement strategies to improve urban form and aesthetics such as facades, build-to lines, density requirements, roadways, sidewalks, architectural guidelines, and landscape suggestions all in an attempt to make the area more attractive, pedestrian friendly, and create a sense of place. These improvements, along with enough income, can result in the kind of place that the Creative Class is attracted to and desires to call home.

### **Agglomeration Theory**

The theory of Agglomeration is actually a combination of a variety of economic development and growth theories, including (but not limited to) the Economic Base theory, Central Place theory and Endogenous Growth theory. The main premise for the theory is that when firms within the same industry cluster, or when multiple firms within

the same industry locate in the same economic or geographic area, knowledge spillover occurs, resulting in greater opportunity for innovation.

Knowledge spillover was first postulated by Alfred Marshall in his 1890 book *Principles of Economics*, which suggests that knowledge spillovers occur when laborer(s) of one firm discuss methods of production with laborer(s) of another firm, resulting in increased efficiency and/or innovations. Knowledge spillover can also occur when a laborer ends employment with one firm and begins employment with another firm, within the same industry, and divulges knowledge to his new employer that results in increased production. Third, knowledge spillover can occur when different firms within the same industry voluntarily share knowledge in the pursuit of discovering a new industrial process that boosts the productivity of the industry as a whole.

Other effects of agglomeration happen when firms within the same industry begin to cluster. For example, as the number of service-activity firms increases due to higher production by the base industry, the net effect is a larger workforce and greater overall economic activity. Also, educational institutions may expand to keep up with demand for human capital, thus resulting in a larger employment base. Depending on the area, local government may notice and offer subsidies for improved infrastructure, transportation, collaboration, and education in order to attract even more firms. All of these factors work together to reduce operational cost and increase production efficiency for the entire industry, thus expanding the local and/or regional economy.

### **Assessment of Economic Development**

Assessment of economic development refers to the analysis of social and /or economic activity levels since the adoption and implementation of economic development plans or policies. Concurrently, assessment of economic development



questions the magnitude of impact that the plan or policy has had on the economic structure of the study area. Further, economic development assessments should measure change in what the policy was intended to influence, whether the policy was intended for physical enhancement, social reform or economic growth.

In order to properly assess economic development, indicators must accurately reflect change in the intended outcome of the policy by measuring a quantifiable change in production. Qualitative measures are appropriate in some cases: however, it may be difficult to measure change in factors of production levels using qualitative methods.

Many indicators exist to assess economic development. However, not every indicator is applicable, depending on what is being assessed or possible, depending on available data or feasible, depending on the scale and/or budget of the assessment. For the purpose of this research, indicators that measure performance at the local level will be discussed, specifically within the urban core. The terms urban core, downtown, and Central Business District (CBD) have no standardized definition: however, they may be used interchangeably. The U.S. Census Bureau defines the CBD as “an area of very high land valuation characterized by a high concentration of retail businesses, service businesses, offices, theaters and hotels, and by a very high traffic flow” (Census Bureau, 1982).

According to Marvin Lee, in his 1986 dissertation, titled “The Impact of Public Investment on Urban Revitalization: A Case Study on the Redevelopment of Norfolk, Virginia, 1935 – 1985,” Lee defined three main categories that make up a list of the most widely used and useful, economic indicators for measuring the performance of redevelopment within the urban core or as he defines, within the CBD: physical,

demographic, and economic. Lee addresses physical indicators that measure design and land use, access and circulation, and parking within the CBD. Demographic indicators measure population, housing, and employment. Economic indicators measure retail sales, office building activity, conventions, tourism, and entertainment, assessed valuation, and tax revenues (Lee, 1986). The next few paragraphs have been synthesized from Lee's dissertation (1986) and will address each indicator organized by the main category.

The first physical indicator that Lee discussed addresses the attributes of design and land use within the CBD. Physical design refers to the layout of the transportation system, access into and out of the CBD (rail, highways, roads, sidewalks, etc.), geographic characteristics (terrain, water ways, etc.), density, and development patterns (block structure and land use). Geographic characteristics can greatly affect economic vitality of an area. For example, a coastal city that has sufficient water ways to support cargo ships into and out of a port will have greater opportunity for industrial production than a coastal city that lacks sufficient water ways. Density also plays an important role in economic activity due to the fact that firms and households require floor space in order to carry out their functions and land is scarce within the urban core. Mixed land-use encourages economic activity by increasing the number and variety of destinations that bring people downtown.

Some of these indicators may be difficult to analyze in a short-term study due to the time needed to alter and/or quantify any change in the attributes. However, some of these attributes play an important role in providing background information that could affect some of the indicators that will be discussed later in Chapter 2. For example, if a

city has a poor transportation system, firms may find it difficult to transport goods to the consumers, either within the city or for export to other markets, possibly leading decision-makers to consider a transportation improvement plan.

The second physical indicator that Lee discussed addresses access and circulation within the CBD. Access and circulation within the CBD is important to retail stores, restaurants, entertainment venues and offices because these firms depend on high traffic volume so that consumers have the opportunity to purchase their goods and services. Proper design of the road system is crucial for vehicles to efficiently circulate through the CBD to get to their destination. Attractive, safe, and well maintained sidewalks are necessary so consumers are compelled to get out of their cars to walk. Transit should be considered when discussing access and circulation in cities that can support such public investment. Also, block size should be built to human scale, meaning that city blocks should be of appropriate size to promote walking and provide convenient street crossings. Façades should also be built to human scale by considering architectural elements that focus on the person, not the automobile.

The final physical indicator that Lee discussed addresses parking within the CBD and is closely tied to access and circulation. Parking is an important, but often overlooked, aspect of urban core design that may significantly affect the decisions by consumers to visit the CBD. If adequate parking is not available, consumers may choose to shop elsewhere, detracting from the intent of a CBD. A basic measure of adequate parking is to investigate whether or not short-term (1-2 hours) and long-term (all day) parking needs are met. This physical indicator does not directly represent growth; however, if parking is not an issue at a given point in time but develops into an

issue, then economic activity may have increased over time, allowing for the constant that parking area has not changed.

The first demographic indicator that Lee discussed addresses population within the CBD. Population within the CBD is important for economic growth because people that reside within the CBD support downtown businesses more regularly than people that do not reside downtown. Similarly, people often decide to live downtown because of the location of their employment, which in turn keeps more money circulating in the downtown economy. For example, if a person lives downtown, he/she has the opportunity to buy breakfast, lunch, and dinner downtown, every day of the week. Whereas, a person that visits downtown once a week to dine at a particular restaurant will not have as much impact on the downtown's economic growth than the person that lives downtown. If population drops below a certain threshold, economic activity may significantly drop and jeopardize the vitality of downtown. However, due to suburbanization and the commuting population, a decrease in downtown population does not necessarily mean a declining downtown economy.

The second demographic indicator that Lee discussed addresses housing within the CBD. Housing is closely related to population, in that the people that comprise the population must have a place to call home. Lachman and Miller (1985) state "cities are willing to provide incentives to attract downtown housing because it reinforces other revitalization efforts". Housing values within the CBD are typically more expensive than those outside the CBD due to the higher demand for land. Although some may raise the concern of inequity, the local government usually supports higher land values because they generate more revenue from property taxes than lower value property. However,

governments usually provide a clause in redevelopment plans for a variety of housing types that are attractive to persons with varying levels of income. Also, those that can afford to live where property values are high usually have more disposable income and therefore provide the city with more revenue via sales tax.

The final demographic indicator that Lee discussed addresses employment within the CBD. Employment is a major economic indicator, partly because the data is readily available, but mostly because employment is a direct measure of economic activity. Employment represents the strength of an industry sector and allows economists to establish a baseline on which to determine the performance of the industry, as well as where the overall economy is headed. Employment can be used as a precursor for other indicators, such as population, housing, and banking activity. For example, if employment drops, population may decrease due to people moving away from the CBD, housing may become more available due to workers finding employment elsewhere, and banking activity may decline due to less disposable income and investment potential.

The first economic indicator that Lee discussed addresses retail sales within the CBD. Firms that engage in retail sales are service-activity based and are therefore heavily dependent upon the base economy's economic strength. Hence, retail sales are considered to be an indirect representation of economic activity. However, readily available data may be hard to locate when studying a particular portion of the CBD, such as isolating retail sales within a Community Redevelopment Agency's area. For example, if firms move from the most central part of the CBD to areas on the fringe of the CBD, retail sales will remain constant within the CBD but the true location of

economic activity will change spatially. This disparity could lead to confusing and misleading results that may affect decision-makers' ability to implement economic development efforts. However, if quality data on retail sales exist, this indicator can be a powerful tool in assessing overall economic vitality.

Lee notes mixed reviews on the effectiveness of revitalization efforts on increasing retail sales. Even if revitalization efforts do not significantly increase retail sales within the CBD, studies have shown that they can at least hold economic activity at a more constant level than if no revitalization efforts were made. Based on a study conducted by Weisbrod and Pollakowski (1984), Lee writes that "a major finding of the study was that the downtown revitalization projects had a statistically positive effect on the rates of new establishment entry into the downtown study areas, but no significant impact on observed growth or exits of existing establishments" (1986, pg. 99).

The second economic indicator that Lee discussed addresses office building activity within the CBD. Since the 1960s, office space has increasingly become a significant function of downtown activity due to the relocation of housing, retail stores, and manufacturing plants to suburbia. Office buildings constitute a large portion of local government tax revenue and therefore fill a major role in the success of downtown revitalization efforts. Alternatively, the success of industrial parks have given way to the popularization of office parks, which often outcompete office space within the CBD due to cheaper rent, large parking lots, and proximity to employees. However, if redevelopment plans can maintain a strong foundation of office space within the urban core, the multiplier effects of this land use can significantly improve the long-term economic strength needed to support a vibrant downtown.

The third economic indicator that Lee discussed addresses convention, tourism, and entertainment within the CBD. Convention, tourism, and entertainment venues within the CBD have become a crucial element in successful redevelopment efforts of downtowns across the United States. These venues have filled large gaps left in the structural fabric of downtowns due to the vacating of industrial and manufacturing plants that required relatively vast amounts of land within the CBD. These venues also offer high multiplier effects by attracting non-CBD residents to visit downtown for reasons other than business. For example, convention centers and sports arenas increase occupancy at hotels, retail sales of tourist goods, and restaurant activities. Natural resources, such as waterfront property, mountain vistas, and outdoor activities increase tourism levels and results in even higher multiplier effects than convention centers. These venues also stimulate the development of night-life activities such as bars, clubs, and late-night eateries, which further enhances the vibrancy and attractiveness of the urban core.

The fourth economic indicator that Lee discussed addresses assessed valuation within the CBD. Assessed valuation of land within the CBD is a direct representation of the effectiveness of revitalization efforts. It is safe to assume that land values increase when the physical design and structure of downtown is made more attractive and subsequent (re)development occurs, creating higher demand for land through competition. A direct result of increased property values, and final economic indicator that Lee addresses, is the additional revenue generated through property taxes. The property tax is a major priority for local government revenues and serves as a primary means for reinvestment of publicly generated funds to support redevelopment projects.

Lee states that “since the property tax is usually the largest city revenue source, it can be reasoned that an increase in property values in the CBD over time in comparison to the city at large is a strong indicator of the revitalization of the downtown area” (1986, pg. 105).

### **Property Values as an Indicator for Economic Development**

As the aforementioned economic development theories postulate, natural fluctuations in the business life cycle, shifts from manufacturing to service-based industries, and subsequent changes in firm location creates gaps in the physical structure of the urban core due to under-utilized and/or vacant property. This phenomenon creates a necessity for urban planners to evaluate how to re-use land and/or existing structures in order to revitalize blighted areas within the urban core. These circumstances are addressed locally by the goals stated by Community Redevelopment Agencies by their application of economic development theory to formulate plans and policies that strive to stimulate economic growth.

Redevelopment is a broad term and has multiple applications. Redevelopment can include rehabilitation of old deteriorating structures. However, rehabilitation is primarily the pursuit of private firms rather than a task carried out by public office unless, in some cases, historic preservation is an issue. Redevelopment from the public perspective comprises of land-use and zoning changes in the local municipal code, improvements in infrastructure, adoption of policy that promotes and/or subsidizes rehabilitation by the private sector, and drafting of plans that provide vision and/or guidelines for redevelopment of a particular district or neighborhood. In cases of publicly owned land, redevelopment from the public sector may include allocation of public funds, analyzing the best use of funds and land, drafting of a redevelopment plan, and contracting of



development firms for demolition and construction. In almost every case of public sector planning, redevelopment aims to put land to a higher use, improve quality of life for the public at large, reduce private and public stakeholder risk, and increase the taxable base.

Redevelopment efforts are intended to revitalize a struggling area and may play a crucial role in its economic success. Redevelopment of blighted areas can help facilitate economic growth by influencing development patterns and decisions made by entrepreneurs. Economic growth through application of economic development theory is the primary goal of nearly every redevelopment initiative, especially Community Redevelopment Agencies.

Economic development theory pertains to redevelopment based on the relationship between the implication of development patterns and the subsequent necessity to find new uses for vacated land within the urban core. Based on the notion that redevelopment plans serve as a tool for economic development, these plans attempt to enhance property values by putting land to its 'highest and best' use. Similarly, property values indicate a relationship between an increase in production and subsequent economic growth with the explanation put forth by the central place theory and bid rent theory. When firms and industries cluster in a region, in pursuit of increasing productivity, economies of scale create demand for production space (land) and property values rise accordingly, given that land is scarce (as it usually is within the urban core).

Specifically, state of Florida legislation states that one of the primary goals of Community Redevelopment Agencies are to maintain and/or enhance the taxable base,

which is directly related to property values since property taxes serve as a major contribution to the generation of tax revenue for the locality. As such, property values are a direct indicator for assessing the outcome of redevelopment plans based on this objective of Community Redevelopment Agencies. Also, as redevelopment plans strive to provide opportunities for economic growth, property values serve as an indirect indicator in which to assess economic development within a locality. Thus, this research will utilize property values as the indicator in which to assess this objective of Community Redevelopment Agencies and by association, the outcome of redevelopment plans and/or policies as a means in which to achieve economic development.

As indicated by the research of Man and Rosentraub (1998), for tax increment financing (TIF) to “succeed, public investment in the district [Community Redevelopment Area] must result in increases in property values in the district to generate additional tax revenues. Therefore, property value growth is one appropriate measure of TIF success.” As Man and Rosentraub’s 1998 research addressed success of TIF, this research addresses the success of redevelopment plans adopted by the city of Pensacola’s Community Redevelopment Agency. The relationship between TIF and CRA is intrinsically the same because CRA’s utilize revenue generated through TIF, and therefore it is appropriate to use the same indicator to measure the success of either economic development tool.

## CHAPTER 3 REDEVELOPMENT IN PENSACOLA, FL

### **Background Information and Data on Pensacola, FL**

Pensacola, FL is located at the southern end of Escambia County, which is the western-most county of Florida's panhandle and includes barrier islands positioned at the northern part of the Gulf of Mexico. Pensacola was first settled by the Spanish in 1559 and has been ruled by five different nations, including Spain, France, England, the Confederacy and the United States, thus receiving the nickname 'City of 5 Flags.' Pensacola was the first state capital of Florida, which later moved to Tallahassee for the sake of being closer to Jacksonville, which was the second largest city, after Pensacola in Florida in 1824.

Pensacola is a 450 year old city with a rich cultural heritage which serves as a major regional attraction for tourists. The largest destination for heritage based tourism is located in the heart of Pensacola, the Historic Downtown District. This district has many attractions including the Palafox Historic District (high-end shopping, dining and a rich mix of nightlife opportunities within well-preserved historic buildings), Historic Pensacola Village (a trail of historically accurate furnished homes), T.T. Wentworth Jr. Florida State Museum, Saenger Theatre, Pensacola Colonial Archaeological Trail, Veteran's Memorial Park and over 10 historic plazas, each honoring a different attribute to Pensacola's history (PBACVB, 2010). The Gulf Islands National Seashore, which includes Pensacola Beach, also offers historically significant attractions such as Fort Pickens, where Geronimo was held prisoner during the Civil War, and Fort McRae, where the Confederacy fought the Union to control Pensacola Bay.

Festivals and free public events stimulate visitor expenditure and create incentives for tourists to choose Pensacola over neighboring municipalities in the region. The city of Pensacola offers a wide variety of free, family-friendly events each year, including 110 events in 2008 alone. These events range from Polar Bear dips in January to Barktoberfest, from the Double Bridge Run in February to the many Seafood Festivals during the summer and from the Blue Angels Air show to the Mullet Toss. Most of these events are held in downtown Pensacola or on Pensacola Beach.

Tourism in Pensacola attracts nearly 3.7 million visitors each year and has a \$1.2 billion impact on the local economy while employing 18,000 residents, per the Pensacola Bay Area Chamber of Commerce (PBACC, 2010). The Pensacola Bay Area Convention and Visitors Bureau published a 38 page visitor's guide in 2010 that highlights the area's attractions (PBACVB, 2010). Other than the 'City of Five Flags,' Pensacola's other nicknames include: "World's Whitest Beaches," "Cradle of Naval Aviation," "Western Gate to the Sunshine State," "America's First Settlement," "the Emerald Coast," and "the Redneck Riviera" ([www.Wikipedia.com](http://www.Wikipedia.com)).

The city of Pensacola has a population of 51,923 people per the U.S. Census Bureau's 2010 data and the Pensacola-Ferry Pass-Brent Metropolitan Statistical Area (MSA) has a population of over 448,991 (USCB, 2010). The racial composition for the city of Pensacola is 66% White, 28% Black, 3% Asian, and 3% other (USCB, 2010). The Pensacola-Ferry Pass-Brent MSA consists of 78% White, 17% Black, 3% Asian, and 1% other (CRA, 2010). Pensacola's education attainment levels for bachelor degree and beyond is 12% higher than the three-county region (Baldwin County, AL to west, Escambia County, FL, and Santa Rosa County, FL to the east) and shares

approximately the same education attainment level as the state of Florida (CRA, 2010). The median household income for Pensacola is just over \$45,000, whereas the median household income for the state of Florida is over \$52,000 (CRA, 2010).

Unemployment rates in the Pensacola-Ferry Pass-Brent MSA are currently higher than for the state of Florida, 10.3% and 10.7% respectively, as of August 2011 (USBLS, 2011). The largest employment gain for the three-county region between 1998 and 2006 has been in the 'Food Services and Drinking Places' (+42%) and 'Clothing and Clothing Accessories Stores' (+63%), according to the U.S. Bureau of Labor Statistics (CRA, 2010). This increase could be significantly influenced by an increase in tourism activity and redevelopment of commercial properties. The largest employment loss for the three-county region during the same time period has been in the 'Apparel Manufacturing' (-98%) and 'Computer and Electronic Product Manufacturing' (-91%) industries (CRA, 2010).

The following paragraphs comprise demographic information for the city of Pensacola's CRA. Data was provided by the office of the city of Pensacola's Community Redevelopment Agency in 2011 and was prepared in 2008 using ESRI's Business Analyst™ software.

Population within the CRA for the year 2000 was 3,077 and the population for 2007 was 3,040, while the projected population for 2012 is 3,059. The number of households within the CRA for the year 2000 was 1,384 and the number of households for 2007 was 1,398, while the projected number of households for 2012 is 1,421.

The number of housing units within the CRA for the year 2000 was 1,735 (42.7% were owner-occupied, 37.5% were renter-occupied, and 19.8% were vacant) and in

2007 there were 1,753 housing units (44.8% were owner-occupied, 35.0% were renter-occupied, and 20.3% were vacant), while the projected number of housing units for 2012 is 1,782 only +/- 1% change for each housing type compared to 2007 rates.

Median household income within the CRA for 2000 was \$23,871 and 2007 household income was \$29,912, while the projected household income for 2012 is \$34,623. The median home value within the CRA for 2000 was \$79,348, and the median home value for 2007 was \$143,534, while the projected median home value for 2012 is \$160,648. The median age of residents within the CRA in 2000 was 40.3, 42.4 in 2007, and projected to be 43.9 in 2012.

The racial composition of the CRA in 2000 was 52.3% White, 44.0% Black, 2.1% Hispanic, and 1.6% other. The racial composition of the CRA in 2007 was 45.3% White, 50.6% Black, 2.8% Hispanic, and 1.3% other. The racial composition for the CRA is projected to be 41.2% White, 54.5% Black, 3.4% Hispanic, and 0.9% other.

Educational attainment within the CRA in 2000 for residents 25+ years of age, included; 8.4% had less than a 9<sup>th</sup> grade education, 18.9% 9<sup>th</sup> – 12<sup>th</sup> but did not receive a diploma, 20.2% graduated high school, 18.7% had some college but no degree, 7.9% had an associate degree, 16.1% had a Bachelor's degree, and 9.8% had either a Master's degree or Doctorate degree. Educational attainment information for 2007 and projected information for 2012 were not available.

In 2007, the employed population 16+ years of age by industry within the CRA, includes; 1.5% in agricultural and mining, 11.4% in construction, 2.1% in manufacturing, 1.5% in wholesale trade, 7.7% in retail trade, 3.5% in transportation and utilities, 4.1% in

information, 6.1% in insurance/financial/real estate, 55.0% in services, and 7.0% in public administration. Data for 2000 and projected for 2012 was not available.

In 2007, the employed population 16+ years of age by occupation within the CRA, includes; 9.7% management/business/financial, 28.0% professional, 9.4% sales, 10.7% administration support (57.9% white collar), 21.1% services, 0.8% forestry/farming/fishing, 9.5% construction/extraction, 1.5% installation/maintenance/repair, 2.6% production, and 6.7% transportation/material moving (21.1% blue collar). Data for 2000 and projected for 2012 was not available.

The number of businesses (by NAICS code) within the CRA in 2007 was as follows; 2 in Agriculture/Forestry/Fishing/Hunting, 1 in Mining, 2 in Utilities, 64 in Construction, 19 in Manufacturing, 6 in Transportation & Warehousing, 32 in Information, 24 in Wholesale Trade, 102 in Retail trade (3 Motor Vehicle & Parts Dealers, 5 Furniture & Home Furnishings, 10 Electronics & Appliance Stores, 7 Building Material, Garden Equipment & Supplies Dealers, 10 Food & Beverage Stores, 5 Health & Personal Care Stores, 3 Gasoline Stations, 18 Clothing & Clothing Accessories Stores, 8 Sport Goods, Hobby, Book & Music Stores, 2 General Merchandise Stores, 30 Miscellaneous Store Retailers, and 1 Non-store Retailer), 80 in Finance & Insurance (36 Central Bank/Credit Intermediation & Related Activities, 27 Securities, Commodity Contracts & Other Financial Investments, 16 Insurance Carriers & Related Activities), 64 in Real Estate, Rental & Leasing, 296 in Professional, Scientific & Tech Services, 170 in Legal Services, 1 in Management of Companies & Enterprises, 44 in Administrative & Support & Waste Management & Remediation Services, 17 in Educational Services, 45 in Health Care & Social Assistance, 22 in Arts, Entertainment

& Recreation, 69 in Accommodation (5) & Food Services (64), 89 in Other Services (except Public Administration), 87 in Public Administration, and 28 Unclassified Establishments.

### **State of Florida Community Redevelopment Agencies**

The overarching goal of any Community Redevelopment Agency is to increase the tax base for the parent municipality and is therefore a major player in affecting land economics, especially within urban areas. All Community Redevelopment Agencies in the state of Florida are tasked with identifying blighted areas, creating plans to counteract these blighted areas and improving the economic vitality of the Community Redevelopment Area (CRA). Community Redevelopment Agencies across the state of Florida have implemented redevelopment plans that are intended to increase property values, expand their taxable base, and improve quality of life for area residents.

Due to blighted and devalued lands within the urban core, Community Redevelopment Agencies have been the favored tool utilized by local governments to combat these circumstances and (re)attract private investment. Community Redevelopment Agencies generate funds in order to revitalize blighted areas, and once a CRA has received infrastructure improvements, public amenities, and in some cases demolition of derelict buildings, private developers may choose to invest in redevelopment efforts. These strategies allow Community Redevelopment Agencies the opportunity to increase property values within its geographic boundaries.

Enabling legislation for Community Redevelopment Agencies within the state of Florida came from the state of Florida's Community Redevelopment Act of 1969 (F.S. 163). Once strategic plans and guiding principle documents were created during the first part of the 1970s, it became apparent that these plans required sources of funding in



order to implement. In 1977 the Community Redevelopment Act of 1969 received an amendment that allowed governments to establish a Redevelopment Trust Fund (F.S. 163.353) in order to fund their redevelopment plans. As stated in the Florida Statutes, local governments received the “power of taxing authority to tax or appropriate funds to a redevelopment trust fund in order to preserve and enhance the tax base of the authority” (F.S. 163).

One of the most widely implemented taxing schemes supported by State Legislature came in the form Tax Increment Financing (TIF). TIF supplements a Redevelopment Trust Fund (RTF) by taxing land owners within a Community Redevelopment Area (CRA) prescribed by the local Community Redevelopment Agency. Any “increase in real property taxes from the difference between the taxes generated before and after the investment in real property” will go towards the RTF. The funds generated by this method of taxing are intended for long-range plans that go through a lengthy and involved planning process. These plans often receive substantial public stakeholder involvement to ensure that funds go towards improving public amenities and infrastructure that will help improve land and property values within the CRA and entice private investment.

Tax increment financing is used by Community Redevelopment Agencies in the state of Florida in order to provide funds for the redevelopment of targeted areas. These funds may be applied by a variety of economic development strategies, including redevelopment plans and development incentives. As postulated by Dye and Merriman (2000), four of the major reasons that local governments may offer development incentives are to correct some market failures, remedy blighted areas, engage in

bidding wars (as a means to attract firms to one municipality over another), and to provide for a means of intergovernmental revenue shifting (i.e., allow a local governmental entity to fund and implement economic development strategies in lieu of the 'parent' governmental entity).

As stated by Man and Rosentraub (1998) regarding TIF, the following describes why localities may have adopted TIF strategies;

Municipal TIF adoption may come as a response to increasing fiscal strains. Municipal governments finance service delivery through tax dollars generated by local taxes and user charges, as well as intergovernmental aid. During the 1980s, federal aid to local governments for infrastructure development and maintenance declined. The new era of 'fend for yourself federalism' (Gold, 1991) presented a fiscal challenge to larger cities that forced state and local governments to search for creative means of infrastructure financing. Growing fiscal pressure may have encouraged local public officials to adopt TIF programs... Furthermore, because the TIF mechanism is a borrowing technique that allows a city to substitute current borrowing for future revenue, cities with a heavier reliance on property taxes as a revenue source may be more likely to use TIF as an alternative to a property tax increase.

These circumstances have also led local governments to utilize TIF districts, or Community Redevelopment Agencies in the state of Florida, to supplement public expenditure by leveraging public funds to attract private investment. It is thought that in order to optimize public expenditure, public-private partnerships should be utilized in order to increase the efficiency of redevelopment plans, as evidenced by Selby and Hunter (2004). In some cases, redevelopment plans specifically call for the implementation of public-private partnerships as a means in which to finance urban redevelopment.

Considering the widespread adoption of TIF districts across the U.S. since the 1980s, little empirical research has been "conducted to examine the direct effect of the TIF program from an economic perspective" (Man, 1998). However, the impacts of TIF

districts or Community Redevelopment Agencies that employ TIF as a financing strategy on property value growth have received mixed reviews in the existing literature. For example, Man and Rosentraub (1998) found evidence in Indiana that the “median owner-occupied housing value in TIF-adopting cities was 11% greater than that in non-TIF-adopting cities.” They concluded that their

study provides empirical evidence to support the premise that the municipal adoption of the TIF program stimulates property value growth in the TIF district and surrounding community... If increasing property values reflect an expanding economy, then a TIF program does offer the potential for fostering growth and enhancing the property base and economic returns for a community. The targeted investment in a TIF district yields significant spillovers to the host community’s real estate market. (Man, 1998)

Merriman et al. (2011), in their work titled “Do Tax Increment Finance Districts Stimulate Growth in Real Estate Values,” finds that the “overall use of TIF in Wisconsin has stimulated real estate development within TIF district areas, but we find little evidence that TIF has led to significant increases in aggregate property values in communities [as a whole].” Alternatively, Dye and Merriman (2000) in their work on the Chicago Metropolitan area, finds “evidence that municipalities that adopt TIF grow more slowly after adoption than those that do not” and their analysis suggests that “TIF trades off higher growth in the TIF district for lower growth elsewhere.”

### **City of Pensacola’s Community Redevelopment Agency**

The city of Pensacola has recently received much attention from community redevelopment and revitalization efforts as evidenced by the adoption of numerous community redevelopment plans and policies. This attention is further supported by the subsequent increase in interest from the private development community. The CPCRA has incorporated extensive research and analysis in order to implement numerous revitalization plans, policies, and strategies. They are designed to increase the quality of

life for area residents, generate more tourism activity, and create a stronger sense of place that will ultimately increase economic activity within the urban core and throughout the Greater Pensacola Area.

Enabling legislation for the city of Pensacola's Community Redevelopment Agency originated with the adoption of Resolution No. 54-80 in 1980. The resolution announced a "need for a redevelopment agency for the purpose of eliminating and preventing [identified and unidentified] blighted conditions" and also established the Pensacola Urban Core Area (CRA, 2010). In 1984, the City Council adopted Ordinance No. 13-84, which "established the priority area for redevelopment and the Redevelopment Trust Fund" (CRA, 2010).

The city of Pensacola's first Community Redevelopment Agency plan was adopted in 1984, and the second plan was adopted in 1989. The 1989 plan received numerous amendments while other plans were adopted to support unique districts and neighborhoods, such as the Pensacola Waterfront Development Plan adopted in 1995, the Belmont-Devilliers Land Use Plan adopted in 2004, and the Pensacola Historic District Master Plan adopted in 2004. These plans are vital for individual districts and neighborhoods within the CRA to maintain their identity which further supports the goal of the newest redevelopment plan, the city of Pensacola's Community Redevelopment Area Urban Core Plan 2010.

The city of Pensacola's Community Redevelopment Agency is currently pursuing redevelopment initiatives that do not necessarily employ adopted plans. Some of these initiatives include the Retail Storefront Façade Improvement Program, the Alcaniz Streetscape Initiative, CRA Events – Enlivening Public Spaces, and Mixed-Use

Planning – Port of Pensacola ([www.cityofpensacola.com](http://www.cityofpensacola.com)). Some past projects include the revitalization of Downtown Palafox Street, Seville Harbour, the Downtown Wayfinding System, and the rehabilitation of the Pensacola Cultural Center. These programs and initiatives support the strategies stated within the CPCRA Urban Core Plans.

### **City of Pensacola’s Community Redevelopment Agency’s Urban Core Plan**

The Community Redevelopment Plan for the Urban Core 1989 Plan (1989 CRA Plan) summarizes the Community Redevelopment Area Plan 1984 (1984 CRA Plan) and explains the relationship between the two plans. The 1989 CRA Plan states that the 1984 CRA Plan “highlighted two priority redevelopment project elements for implementation. These projects first included the provision of inner city housing for low and moderate income individuals in the Belmont/Devilliers Neighborhood, and second the Commendencia Slip Improvements designed to bulkhead and create additional useable waterfront acreage between the Port of Pensacola and the Municipal Auditorium Site” (1989, CRA). The original 1984 plan also included twenty-one (21) other project elements, including relocation of the Police Headquarters, South Palafox streetscape and Plaza Ferdinand, Wayside Park and Entrance Image area, parking improvements, and urban waterfront/marina development.

The 1989 CRA Plan incorporated many of the principles and projects that were included but not completed as stated within the 1984 CRA Plan. However, the 1989 CRA Plan emphasized efforts that “took the approach that the most appropriate use of CRA funds to achieve redevelopment was through the public investment in infrastructure and site improvements in locations which stimulated private redevelopment investment” (1989, CRA). The 1989 CRA Plan also described general

blighting conditions in the redevelopment area, including “irregular lot size, shape and configuration,” “underutilized land,” “vehicle parking allocation,” “inadequate public facilities,” and “building conditions” that existed within the CRA and hindered private development investment.

The 1989 CRA Plan focuses on seven overall objectives: 1) eliminate and prevent the development or spread of slum and blighted conditions, 2) provide for the redevelopment of slum and blighted areas, 3) recognize Pensacola as the central city of Escambia County and strengthen its traditional role as the center of government, business, tourism, communication, education, recreation, and transportation for the metropolitan area, 4) promote a diversity and concentration of use in the Redevelopment Area which allows for intense mixed use development, 5) capitalize on the waterfront in new development and redevelopment, and link waterfront projects and activities to the inland sections of the Redevelopment Area, 6) emphasize public/private partnerships and joint funding approaches in implementation of all projects within the Redevelopment Area, and 7) promote land use and activities which generate a 24 hour a day population within the Redevelopment Area. In addition, the 1989 CRA Plan recognizes seven (7) economic objectives, nine (9) land use objectives, five (5) transportation, circulation, and parking objectives, three utility objectives, and four urban design objectives. The objectives guide the formulation of project design and implementation strategies. The plan includes a Neighborhood Impact Element to “ensure that consideration is given in advance to the possible effects of redevelopment on neighborhoods within the Area” (1989, CRA) and also outlines relocation methods for displaced residents in an effort to address gentrification issues.

The 1989 CRA Plan listed nineteen major new development and redevelopment projects within the CRA that were completed from 1980 – 1989, including 1) Civic Center, 2) Hilton Hotel, 3) Port Royal, 4) Jefferson Street Parking Garage, 5) One Pensacola Plaza, 6) Donovan Building, 7) Harborview, 8) New World Landing, 9) Gulf Power Corporate Headquarters, 10) New City Hall, 11) Palafox Place, 12) Municipal Auditorium parking lot, 13) Pitt Slip, 14) Plaza Ferdinand, 15) T.T. Wentworth Museum, 16) Paseo de Palafox, 17) Belmont/Devilliers, 18) Mariner Offices, and 19) Durnford Building. These developments utilized approximately \$37 million of public investment and yielded just over \$90 million in private investment.

The 1989 CRA Plan highlighted eleven Master Development Plan Priority Projects that benefited more than one Inner City group and were recommended for completion by 1994. The Priority Projects included; 1) Wayside Park, 2) North Palafox Parkway, 3) Garden Street Parkway, 4) Jefferson Street streetscape, 5) Government Street, Zarragoza Street, and Wentworth Museum parking enhancement, 6) Zarragoza Street, 7) Seville Square enhancement, 8) Bayfront Parkway, 9) Gregory/Chase streetscape, 10) Garden Street Parkway, and 11) South Palafox breakwater.

The 1989 CRA Plan further defines seven special districts, including 1) Palafox Historic Business District, 2) Waterfront Redevelopment District, 3) Gateway Redevelopment District, 4) Governmental Center District, 5) Historic District, 6) North Hill Preservation District, and 7) South Palafox Business District.

In January 2010, the city of Pensacola adopted, by Resolution No. 19-89, the Community Redevelopment Area Urban Core Plan 2010 (2010 CRA Plan) and included major elements that focused on improving residential, retail and office markets. The

strategic guiding principles for the 2010 CRA Plan included the following; 1) prosperous – attract more jobs and investment, 2) diverse – embrace social and economic inclusiveness, 3) distinctive – celebrate and reinforce historic, entertainment and cultural destinations, 4) walkable – focus on the pedestrian environment and 5) green – promote the natural landscape and environment (CRA, 2010). The 2010 CRA Plan also includes specific strategies and references independent master plans to improve areas, such as the bay front, historic downtown, various neighborhoods, and the ECUA Wastewater Treatment Facility. Additionally, the 2010 CRA Plan includes a Tourism, Arts and Entertainment element in order to attract more tourists to the downtown district by providing improved recreation facilities that may further enhance economic activity.

Residential and commercial assessments were conducted by RKG Associates for the 2010 CRA Plan in order to establish benchmarks for comparison upon completion of the plan. Based on theories of economic development, it is plausible to hypothesize that public expenditure to improve the urban core may attract private investment that could result in increased property values in downtown Pensacola. The following few paragraphs summarize the results as found by RKG Associates.

Based on the results from the housing market assessment, the following analysis was described within the 2010 CRA Plan: 1) consistent with national trends, for-sale housing is in low demand. A study conducted by Zimmerman/Volk indicates that 500 multi-family units for sale, 410 single-family attached units for sale and 1,120 single-family detached units for sale are currently available within the downtown/Community Redevelopment Area. 2) Due to a 90% - 95% occupancy rate for rental units within the Community Redevelopment Area, more rental units should be constructed. 3) Adding



more residences within the Community Redevelopment Area will help to attract more businesses (CRA, 2010).

Based on the results from the office market assessment, the following analysis was described within the 2010 CRA Plan. As stated, “office lease rates are currently too low to build speculative office space, and no Class A office building has been developed in the downtown for decades,” the type of space that ‘creative class’ firms demand (CRA, 2010). Their final recommendation was that efforts should continue to attract firms and/or redevelop existing structures.

Based on the results from the retail market assessment, the following analysis was described within the 2010 CRA Plan. The downtown area is primarily occupied by local ‘mom and pop’ establishments. A retail strategy commissioned by the Downtown Improvement Board indicated ‘that there is opportunity for more local and national stores to locate downtown’ (CRA, 2010). Improvements needed to attract more retail, include 1) making Palafox Avenue a 2-way street from Garden Street to Main Street (the project was completed sometime before January 1, 2010, based on the author’s observations), 2) intensify marketing strategies, 3) create sign ordinances for the CRA and 4) streamline the code and permitting process for new developments and establishments (CRA, 2010).

While theories in economic development served as the academic rationale, and the strategic guiding principles served as the vision, the two have coalesced into the framework necessary to develop a strategy for economic growth specific to Pensacola’s CRA. The 2010 CRA Plan defines nine key principles “that lay the foundation for development of the CRA Plan and specific CRA initiatives” and provides a “basis for

decision making as general development plans are implemented under specific site conditions” (CRA, 2010). The nine key principles are as follows: 1) Reinforce & Enhance Recent Successes and Plans, 2) Strengthen Connectivity, 3) Fill the Gaps, 4) Access the Waterfront, 5) Activate the Waterfront, 6) Strengthen Neighborhoods, 7) Increase Downtown Residential, 8) Identify New Civic, Cultural and Entertainment Needs, and 9) Ensure Quality in Design and Development.

The first key principle, Reinforce & Enhance Recent Successes and Plans, stresses the importance of allowing individual districts and neighborhoods the right to express themselves through plans and strategies they have self-drafted. This freedom of expression will ensure that each district or neighborhood retains its own distinctive characteristics; however, their plans must also reflect the strategic guiding principles stated in the 2010 CRA Plan. The following plans and strategies were adopted before and retain the central values of, the 2010 CRA Plan: 1) the 2004 Belmont/DeVilliers Neighborhood Land Use Plan, 2) the 2004 Pensacola Historic District Master Plan, 3) the Community Maritime Park Project, 4) the Plaza de Luna, 5) the Downtown Improvement Board’s (DIB) Retail Strategy 2007, and 6) the DIB’s Parking Management Strategy 2006. Although these plans and strategies were drafted before the 2010 CRA Plan, they have been further reinforced and/or enhanced by the 2010 CRA Plan.

The second key principle, Strengthen Connectivity, states that “redevelopment and improvements should seek to support physical and social connections between neighborhoods and community destinations” (2010, CRA). The specific strategies to implement the ideals of this principle include the notion that “street grids should serve to connect automobiles, pedestrians, and bicycles between neighborhoods and

destinations within the Urban Core as a priority over creating low friction automobile thoroughfares through the core to regional destinations” (2010, CRA). The principle supports human-powered modes of transportation by stating that “streets should be safe, comfortable and attractive to promote increased pedestrian and bicycle activity” (2010, CRA). Also, this key principle supports pedestrians by including a statement that “existing pedestrian connections should be maintained...and improvements should be made to reconnect...missing gaps in the Urban Core network of sidewalks” (2010, CRA).

The third key principle, Fill the Gaps, focuses on the continuous existence of store fronts along the street and stresses the importance of infill development that has “good urban design and form, not suburban form” (2010, CRA). The principle states that “vacant gaps in the urban fabric exist in varying levels of intensity throughout Urban Core... Vacant residential lots, commercial parcels, parking lots and redevelopment sites create barren disconnects between neighborhoods and community destinations. The form of how the gaps are filled is as important as the use and should uphold all other Key Principles listed” (2010, CRA). The principle also establishes guidelines for particular situations such as, “infill buildings should define primary street edges with parking to the rear of the building; parking may be conditionally located to the side of buildings on secondary streets” and “infill buildings, not parking lots, should define street intersections” (2010, CRA).

The fourth key principle, Access the Waterfront, maintains that continuous pedestrian access to the waterfront should be a primary concern as redevelopment occurs. The principle’s introduction states that “Pensacola’s waterfront is very unique in

the fact that much of it remains undeveloped and publicly owned” (2010, CRA).

Continuous access to the waterfront is a precursor to the next, and fifth, key principle, Activate the Waterfront. This principle stresses the importance of enhancing the natural beauty of Pensacola Bay with development uses that create “everyday” reasons to visit the waterfront. In addition, destinations along the waterfront should be accessible by a continuous “Baywalk” for pedestrian and cyclists. This principle also states that “waterfront development should uphold and leverage recent master plan visions and development guidelines for the Community Maritime Park and Pensacola Historic District Neighborhood plan” (2010, CRA). In addition, “opportunities should be provided for active and passive recreation that appeal to people of all ages and abilities” (2010, CRA).

The sixth key principle, Strengthen Neighborhoods, states that “the vitality of Pensacola’s Urban Core is dependent on the strength of its supporting neighborhoods” and that “not all of Pensacola’s neighborhoods are currently at the same level of health” (2010, CRA). The principle recommends many strategies that may strengthen ailing neighborhoods, including 1) support of community programs and law enforcement to provide safe, crime free neighborhoods, 2) ensure that zoning districts provide for residential friendly uses while also allowing for a mix of land uses, 3) “unique identities of each neighborhood should be respected, preserved and celebrated,” 4) allow for a variety of housing types and affordability, and 5) “existing neighborhood parks should be maintained, enhanced and leveraged as amenity assets for redevelopment” (2010, CRA).

The seventh key principle, Increase Downtown Residential, is aimed at increasing support for downtown businesses through expenditure by residents of downtown. The principle's introduction states that "vibrant downtowns depend on a critical mass of residential development to support restaurants, retail shops, offices, and to activate parks and open spaces. Residential tenants/owners also provide a security system of "eyes on the street" that thwarts criminal activity after business hours" (2010, CRA). The principle supports conversion of "vacant upper stories of existing mixed-use buildings to support residential uses," higher density, mixed use development, and shared parking programs to "reduce the financial hurdle of building new structured parking" (2010, CRA). Also, incentives and streamlining of the development process should be provided that promote private investment of new development and redevelopment.

The eighth key principle, Identify New Civic, Cultural and Entertainment Needs, promotes the notion that districts and neighborhoods with distinct cultural and entertainment backgrounds should be reinforced with expansion of and/or additional destinations that encourage both local residents and tourists to visit. For example, the principle identifies the Belmont/DeVilliers Neighborhood as having a unique entertainment and musical history and "industrial properties along Heinberg Street and the railroad should be promoted as a new Design District that reuses the existing warehouse buildings as showrooms and design studios" (2010, CRA).

The ninth key principle, Ensure Quality in Design and Development, states that "existing overlays, design guidelines and review boards should be examined for effectiveness" and "new overlays, design guidelines and zoning districts should be considered to assure high quality, compatible development" (2010, CRA). Simply put,

this principle aims to ensure that new development is founded in good urban design, is consistent with existing architectural detail, and promotes visually appealing aesthetics in order to create an attractive downtown environment.

These key principles create the framework necessary to implement effective redevelopment strategies with the intention of attracting people and businesses to the urban core of Pensacola. With careful development review and quality construction, property values may increase and provide the Community Redevelopment Agency with a larger tax base so more funds may be reinvested back into the urban core.

Volume II of the 2010 CRA Plan calls upon a variety of programs and activities that the Community Redevelopment Agency may use to subsidize and incentivize new development and redevelopment with the CRA boundaries.

### **Pensacola Waterfront Development Plan**

The first Waterfront Development plan was adopted in 1995 by the Community Redevelopment Agency and aimed to promote economic development focused near the bayfront. Historically, downtown Pensacola's economic base was oriented towards the transportation and manufacturing industries that centered near the waterfront, but since the 1980's downtown Pensacola shifted its economic base and now primarily caters to the tourism and service (office and retail) industries. Gaps in the urban fabric became apparent as transportation and manufacturing firms moved away from downtown Pensacola, leaving behind derelict structures and blighted conditions along the waterfront. The 1995 Waterfront Development Plan sought to put this area to a higher and better use by identifying and implementing five (5) projects. The 2000 Waterfront Development Plan states that "four of these projects are currently underway or are budgeted for construction within the next 12-18 months" (2000, WDP).

The update in 2000 to the 1995 Waterfront Development Plan occurred as result of the City Council initiating “a process to review and update earlier redevelopment plans to include changes since 1995” (2000,WDP). The changes that the City Council were concerned with included “conditions offering redevelopment and public access opportunities, such as the city’s acquisition or the Trillium property” and the “Eight Year Local Option Sales Tax, a revenue source endorsed by a referendum in 1997, which includes several major projects in the downtown area such as a waterfront festival park, the relocation of the Bayfront Auditorium and new downtown parking facilities, with a total allocation of \$18.2 million” (2000, WDP).

The 2000 Waterfront Development Plan included a Summary of Project Findings that discussed potential for redevelopment of identified sites and the expected impacts of economic opportunity. The sites include the Bruce Beach development site, the Trillium site, the Commendencia Slips/Palafox Pier site, a small parcel owned by the CRA adjacent to the Aragon residential development, and the Port Royal development site. Some factors the analysis took into consideration regarding economic impacts included the final developed value of each site, tax revenue, number of jobs and payroll expenditure during the construction period and the same associated annual benefits of each site.

The 2000 Waterfront Development Plan is guided by the following objectives, which were drafted based on the Summary of Project Findings: 1) enliven the waterfront, 2) optimize positive economic impacts, 3) enhance public access to the waterfront, 4) support adjacent land uses, 5) provide potential for expansion, 6) maximize the impact of public sector infrastructure and parking investments, 7) create

potential city land lease revenues, and 8) optimize economic and fiscal impacts. These objectives serve as the basis for developing plans for specific site development and offer guidance for implementation strategies.

### **Belmont/Devilliers Neighborhood Land Use Plan**

The Belmont/Devilliers Neighborhood Land Use Plan was prepared in 2004 for the Community Redevelopment Agency by Herbert-Halback, Inc and Peggy Fowler & Associates. The plans serves to “develop a plan for land use in the neighborhood that will help protect, preserve, and enhance the quality of life in the area” and “provides a flexible framework for land uses to compliment and promote the revitalization goals expressed by the participants in the planning process” (2004, BDNLUP). The vision for the plan was developed by the community and reads as follows: “Clean, attractive, well-lighted streetscape, with property maintained and paved sidewalks and street surfaces, adequate off-street parking, and a flurry of daytime activity generated by a variety of thriving small businesses, in an atmosphere of safety and low crime” (2004, BDNLUP).

As background information, the plan illustrates existing conditions regarding historical development, architectural significance, existing zoning and land use, current trends, transportation access, environmental characteristics, and infrastructure. The plan also describes opportunities and issues regarding residential, commercial/office space, parks and open space, roads, parking, infrastructure, design, anticrime initiatives, heritage center, and beautification/clean up.

The guiding principles in the plan outline the vision for the future of the Neighborhood and are stated as; 1) Driven by a Vision, 2) Economically Viable and Diversified, 3) A Safe Community, 4) Protective of its Most Vulnerable Residents, 5) True to its History and Cultural Heritage, 6) Committed to the Public Realm, and 7)



Sustainable in the Long Term. The Neighborhood Land Use Plan Redevelopment Strategies are; 1) Housing Improvements and Neighborhood Protection, 2) New Parks and Recreation Centers, 3) Neighborhood Scale (nonresidential), 4) Urban Design and Infrastructure Improvements, 5) Transportation and Parking, 6) Sense of Place, and 7) Anticrime Initiatives. The plan also highlights recommendations for future land use and actions for the CRA to implement the plan. These guiding principles and strategies serve as the basis for developing plans for specific site development and offer guidance for implementation strategies.

### **Pensacola Historic District Master Plan**

The Pensacola Historic District Master Plan was adopted in 2004 by the Community Redevelopment Agency and addresses issues within the district and in surrounding, adjacent, areas that are perceived to be limitations to further development of the district. The plan provides “a means of coordinating public and private investment to capitalize on those assets to increase the region’s economic and tax base, as well as the quality of life the residents of the Historic District, the city, and the region. The Plan was developed in an open, public process – engaging hundreds of people – to create a vision for the future that has broad consensus and support” (2004, PHDMP). The plan includes recommendations for “improvements to the public realm” and “four initiatives that coordinate a series of individual developments with those public improvements” (2004, PHDMP).

The plan describes opportunities and challenges associated with the physical characteristics of the Historic District. Opportunities include an “authentic character” that has increasingly become more important to attracting economic development, especially in knowledge and tourism industries. This “authentic character” is described

by streets “lined with mature trees and graceful porch-front houses” alongside shops, restaurants, offices, museums, archaeological sites, and apartments. Challenges include a lack of “sufficient critical mass of residential development to support a full range of retail uses or long-term sustainability” (2004, PHDMP). It also describes a “ring around the collar” problem due to the observation that the District is “isolated from other neighborhoods, the Waterfront, and Downtown Pensacola by a series of traffic and land use barriers. Access to the District is indirect and confusing” and “pollution from specific sites has a negative effect on the area” (2004, PHDMP). The plan’s vision was developed in an effort to emphasize the Historic District’s opportunities and counteract its challenges.

The goals of the plan are listed as follows: 1) create a vibrant mixed-use District that can realize its potential as a “habitat for innovation,” 2) establish a University presence that improves the economic development potential of the District, 3) develop an urban district with evening and weekend activity, 4) improve the Historic District’s connections to the Waterfront, Downtown, and Old East Hill, and 5) establish Pensacola and Historic District as the cultural capital of the Gulf Coast. Further, the plan utilized input from stakeholders to define strengths and weaknesses associated with the District and specific recommendations for improvement and design principles. It also included a Market Potential element to illustrate opportunities in residential development.

The plan provides a framework for street pattern changes, parks/open space changes, actions to tame traffic and enhance the connections to the waterfront and parking strategies. These improvements in public space are thought to make the Historic District more visible to both residents and visitors. The four initiatives include

public improvements, enhanced transportation connections, and private development recommendations along Alcaniz Street, Ninth Avenue, the Fort Area, and provides infill development recommendations for the entire Historic District.

## CHAPTER 4 RESEARCH DESIGN AND RESULTS

This research is designed to provide an analytical approach to measure change in economic activity (i.e., growth) within the Community Redevelopment Area (CRA). Since economic growth may be influenced by economic development policy and redevelopment is a tool of economic development, it is safe to postulate that redevelopment may affect economic growth. Also, as a good planning practice, redevelopment should not occur without careful consideration for the application of economic development theory, input from stakeholders within the community, and the appropriate use of public funds when drafting redevelopment policy, which will guide implementation strategies thereof.

As mentioned in Chapter 2, the research explains that raising the taxable property base is a primary goal of Community Redevelopment Agency redevelopment plans and states that property values are a good indicator for economic activity levels within a local area. In order to assess the impact of redevelopment policy on local economic growth, a quantitative indicator should be used that is able to measure change in economic activity. For this research design, based on the literature review of economic development theory, assessment, and the use of redevelopment plans as a means for economic growth, property values will provide the necessary information to determine change in the level of economic activity in the CRA.

An old saying states that 'a rising tide lifts all boats.' This implies that as the tide rises (positive economic activity), all boats (property values) also rise with the tide. The inverse can also be stated that a falling tide (negative economic activity) lowers all boats (property values). Based on academic rationale previously stated in the literature review

and the notion implied by the relationship between boats and tides, it is safe to postulate that property values are an appropriate indicator for measuring changes in economic activity.

Property values fluctuate due to a variety of reasons such as demand for property, adjacent property use, quality of design principles, urban form, investment potential, state, national, and global economic activity, and of course, location. Some of these variables may be affected by the degree of consideration and amount of resources allocated to a struggling area by the local governing body. For example, if area 'A' has been deemed as blighted but does not have a regulatory body to administer public policy while adjacent blighted area 'B' does have a regulatory body, then the residents of area 'B' will almost certainly have greater opportunity for a higher quality of life. In this research, the city of Pensacola's Community Redevelopment Agency is considered to be the local governing body over the Community Redevelopment Area, also known as Downtown Pensacola.

In order to measure any appreciable change in property values, continuous data over a significant time period needs to be available (i.e., time series). It is also important to include a cross-sectional comparison. In other words, the research should compare data from the local level (CRA) to a larger entity (city of Pensacola) and compare that data to an even larger entity (Escambia County), which this research accomplishes. Once property values for each political level (local, city, county) are isolated, mean property values for each jurisdiction can be calculated, which this research also accomplishes. Next, the mean property value for the CRA will be compared to the mean property value for the city of Pensacola and then to the mean property value for

Escambia County. This comparison will be made for each year that data is available to determine which jurisdiction exhibited the greatest change in property values during the study period.

The interest is not in which area has the highest (or lowest) mean property value, rather the interest lies in which area did property values increase the greatest and/or which area exhibits the most stable mean property values through times of economic recession. If the mean property value within the CRA grew more significantly during the study period compared to the mean property values for the city or the county, then the redevelopment policies may have been effective. Further, if the mean property value within the CRA remained more stable in times of economic recession during the study period compared to the mean property value for the city or the county, then the redevelopment policies may have been effective due to property values exhibiting more resistance to negative economic activity.

The author of this research was able to obtain 15 years worth of data, 1996 – 2010, from the Escambia County Property Appraisers office that includes the property value for every parcel in Escambia County. Unfortunately, data before 1996 is not available from the Escambia County Property Appraiser (ECPA) and could not be located elsewhere that includes the appropriate reference number. Without the reference number, a property value cannot be assigned to the correct parcel of property, thus such data is of little value to this research.

### **Methodology**

The methods used for this research revolve around the use of ArcMap™, which is a Geographic Information System designed by ESRI, Inc. ArcMap™ allows the user to spatially analyze a wide array of attributes including, but not limited to, geographic data,

political information, economic activity (indicators), demographic data, and satellite imagery/remote sensing. ArcMap™ also allows the user to build databases that contain large amounts of data in different layers, which can be used to analyze data based on associations. ArcMap™ uses shapefiles to spatially populate data that is geographically referenced and can accurately project data as one would view it on a map or from aerial photography. This technological innovation has proven to be very useful for analyzing all types of data that can be associated to a physical location.

The research methodology is based on property values per parcel within Escambia County. Other data that is pertinent to the research includes a shapefile for the county that is comprised of each parcel based on 2010 parcel data and a shapefile for both the CRA boundary and city limits. Based on these shapefiles, the author is able to isolate any and all parcels that are within each of the boundaries. For example, a selection (by location) can be made to isolate only CRA parcels (minus city and county parcels), another selection can be made to isolate only City parcels (minus CRA and county parcels), a different selection can be made to isolate CRA and city parcels (minus county parcels), and the final selection can be made to isolate only county parcels (minus CRA and city parcels). The capability to isolate areas at the parcel level allows the user to obtain data for precisely defined areas in order to compare data from adjacent areas within the same locality. Most sources of federally published data that pertain to economic activity (U.S. Bureau of Economic Analysis, U.S. Census Bureau, U.S. Bureau of Labor Statistics, etc.) do not allow for such small scale analysis due to the format of their data. Data from these sources are usually reported at the state,

county, city and/or Metropolitan Statistical Area level, whereas this research requires data per parcel.

After the parcels associated with each political boundary have been selected, ArcMap™ can calculate the mean property value for each area. These selections and calculations must be replicated for each year, 1996 – 2010. After the mean property value has been identified for each area per year, a graph can be made to view the data as a time series. Based on this data, a comparison can be conducted to see if there is a significant change in property values within the CRA compared to the city and the county or if property values within the CRA have remained more stable. Based on the comparison of yearly property value data for each political boundary, a conclusion can be made as to whether or not the redevelopment policies have had an impact on economic activity within Pensacola's urban core.

See Appendix A for a detailed step-by-step guide for replicating the methods used in ArcMap™ to obtain the information derived from the raw data.

### **Data Limitations**

Some limitations exist with the data used in the analysis of this research. First, the parcel shapefile used in the GIS analysis was published by the Escambia County Property Appraiser ([www.escpa.org](http://www.escpa.org)), based on 2010 parcel data. This is the only parcel shapefile available that contains the correct reference number to allow the ECPA property value data to join to a parcel shapefile. The limitation is that as the numbers of parcels change from year to year, due to merging and splitting of parcels by property owners, the parcel shapefile does not change. As a result, some 'static' or 'noise' may be present when joining data to any year other than the year of the parcel shapefile (2010). Ideally, each year of property value data should have its own parcel shapefile. If



parcel shapefiles were available for each year from 1996 to 2009, none of this 'static' would be present. However, in the expert opinion of Mr. Chris Mathers, Bay County GIS Analyst, the significance of this 'static' is minimal (Chris Mathers, personal communication, September 17, 2011).

The next limitation involved differences in property values per parcel between market property value data and taxable property value data. Market property value reflects the value of the property on the open market for every parcel regardless of property ownership. However, taxable property values have been nullified, set to a value of zero (0), for government properties (local, state, and federal) and tax exempt properties (churches, non-profit organizations, schools, etc.) because these property owners do not pay property taxes. Also, the ECPA taxable property values reflect the adjusted value for each parcel after deductions for properties that received tax abatements, credits, and other partial property tax exemptions were applied.

Another limitation of the data had to do with the timeframe the research was able to address. The first CRA Plan was adopted in 1984, twelve (12) years before the study period began. The final CRA Plan was adopted in 2010, the year the study period ended. Since property value data is only available from 1996 – 2010 it is impossible to establish mean property values before the first CRA Plan was adopted. However, this research could serve as an excellent baseline in which to assess the economic impact that the 2010 CRA Plan may have on the local economy in years to come.

A fourth limitation of this data had to do with what is not considered to be within the scope of this research. Some factors that are not included within the scope of this research are; 1) the early 2000's recession due to the 'dot com' bubble, 2) the late

2000's recession due to the 2008-2009 National housing crisis, 3) the 2005 hurricane season, or 4) National and/or State trends in development patterns. However, these factors would affect all of the political jurisdictions, as opposed to isolating and affecting a singular area. The only foreseeable exception would be that property values may have diminished more within the CRA and/or city compared to the county after Hurricane Ivan, which made landfall during the 2005 hurricane season.

## Results

This section addresses the question that operationalizes, or quantifies, the research question. The research question is: have the various plans and policies adopted by the CPCRA effectively encouraged redevelopment within the CRA? The question that operationalizes, or quantifies, the research question is: have property values within the CRA increased more significantly (or remained more stable) than property values outside the CRA?

If property values within the CRA increased more significantly than property values outside the CRA, the redevelopment policies may have been effective. Also, if property values within the CRA remained more stable than property values outside the CRA during times of economic recession, then the redevelopment policies may have been effective.

Table 4-1 states the mean market property values and Table 4-2 states the mean taxable property values for Escambia County, the city of Pensacola, and the CRA from 1996 - 2010, which were calculated using the GIS methods described earlier in Chapter 4. This data was used to create a graph in Microsoft Excel™ to observe fluctuations in mean market and taxable property values over the time period of the study. As the data indicates, property values for the CRA are significantly higher than property values in either the city or county. However, this research is not concerned with which area has the highest or lowest property values, rather the rate at which the values increase is of importance.

Figure 4-1 graphically represents the mean market property values for Escambia County, the city of Pensacola, and the CRA from 1996 – 2010. Based on the graph, which uses real mean property values, it is evident that while all variables followed the

same basic growth pattern, the CRA appears to have experienced the greatest change, especially from the end of 2005 until about 2008. The city and county experienced very similar growth until about 2006 when Escambia County property values exhibited continued growth whereas the city values began to decline. A dip in the graph represents a recession in 1999; however, by 2001 the property values had recovered and in most cases exceeded the values found before the 1999 recession. The percent change in mean market property values between 1996 and 2010 shows that the county grew the most by 231%, while the CRA grew by 146% and the city grew by 135%, which indicates that more development occurred in Escambia County (minus city and CRA boundaries). This difference could be influenced by the fact that Escambia County has more developable land than either the city or CRA.

Figure 4-2 graphically represents the mean taxable property values for Escambia County, the city of Pensacola, and the CRA from 1996 – 2010. All variables for mean taxable property values followed the same basic economic activity pattern. The graph shows relatively little change, except during the 1999 recession as found above, but in this case, taxable property values did not reach pre-recessionary levels until a large spike in values occurred in 2008. This spike could be due to an end in some form of tax exempt status for a large number of properties across the board for all property within Escambia County. The percent change in mean market property values between 1996 and 2010 shows that the county and CRA both grew by 180%, while the city grew by 113%.

As for all maps represented in Figures 4-3 through 4-10, darker parcels represent higher property values and lighter parcels represent lower property values. As indicated,

for each year, whether market or taxable value, property values are highest at the water's edge and along major transportation corridors. Also, some parcels located south of the CRA boundary line and southwest of the CRA boundary line are represented but are presently underwater. Upon comparative observations of Figures 4-3 through 4-10, one can see that property values per parcel steadily increase from 1999 through 2009. Also, it is clear that the taxable property value maps indicate a higher proportion of lighter shaded parcels than the market property value maps, representing that a large number of property received significant tax exemptions. This difference does not influence the outcome of the analysis; rather it is simply an observation.

Based on Figure 4-11, the ratio of mean market property values for the CRA compared to the city shows a slight increase in growth for the CRA during the time series. The ratio of mean market property values for the CRA compared to the county shows a slight decrease in growth for the CRA. The ratio of mean market property values for the city compared to the county shows a slight decrease in growth for the city. This indicates that mean market property values grew at a faster rate in the county compared to the CRA while the same values grew at a faster rate in the CRA compared to the city.

The comparison between jurisdictions in the form of a ratio is of significant value in which to assess the research question. In order to identify which jurisdiction's property values increased at a faster rate (i.e., exhibited greater economic growth), the ratio between the two must be consistently higher. In other words, the line represented by comparing ratios must be positively sloped. While all CRA property values are higher compared to either of the other jurisdictions, the rate at which the county property

values grew is higher than the CRA property values, as indicated by the negatively sloped line. The rate at which the CRA property values grew is only slightly higher than the city property values, as indicated by a slightly positive sloped line. The difference in the rate of growth between CRA and city property values is not as great as the difference between CRA and county property values. Also, it is evident that county property values consistently grew at a faster rate than either the city or CRA property values. It is also clear that the growth difference between the CRA and city fluctuated during the time series, but ended with a slightly greater rate of growth for the CRA. Finally, it appears that the county experienced relatively the same rate of growth as compared to either the CRA or city, as represented by nearly the same negatively sloped line for both 'CRA to county' and 'city to county.'

Based on Figure 4-12, the ratio of mean taxable property values for the CRA compared to the city shows a slight increase in growth for the CRA during the time series. The ratio of mean taxable property values for the CRA compared to the county shows little variation in growth. The ratio of mean taxable property values for the city compared to the county shows a slight decrease in growth for the city. This indicates that mean taxable property values grew at a relatively constant rate in the CRA and county, while the same values grew at a faster rate in the CRA compared to the city.

Based on Figure 4-13, percent change in mean market property values followed the same basic fluctuations for each of the jurisdictions. However, percent change for the CRA showed slightly less fluctuation than either the city or county.

Based on Figure 4-14, percent change in mean taxable property values also followed the same basic fluctuations for each of the jurisdictions. Again, percent change for the CRA showed slightly less fluctuation than either the city or county.

Table 4-1. Mean market property values, 1996 – 2010.

Year	Escambia County	City of Pensacola	CRA
1996	\$48,831	\$65,359	\$91,956
1997	\$55,128	\$73,664	\$99,365
1998	\$59,938	\$80,952	\$103,170
1999	\$62,038	\$82,509	\$107,265
2000	\$45,772	\$53,888	\$93,624
2001	\$72,716	\$98,395	\$133,432
2002	\$76,759	\$100,988	\$136,966
2003	\$83,149	\$109,955	\$146,326
2004	\$98,021	\$121,755	\$177,100
2005	\$114,713	\$125,061	\$176,357
2006	\$156,170	\$163,357	\$233,423
2007	\$174,686	\$165,365	\$239,009
2008	\$180,495	\$164,000	\$246,843
2009	\$168,674	\$157,574	\$235,261
2010	\$161,778	\$153,839	\$225,816

Note: Raw data was obtained from the Office of the Escambia County Property Appraiser (2011), mean market property values were calculated by the author.



Table 4-2. Mean taxable property values, 1996 – 2010.

Year	Escambia County	City of Pensacola	CRA
1996	\$26,460	\$41,991	\$52,367
1997	\$30,560	\$45,320	\$55,333
1998	\$26,308	\$42,003	\$52,127
1999	\$35,285	\$51,250	\$61,273
2000	\$19,395	\$25,926	\$40,163
2001	\$26,350	\$42,175	\$52,192
2002	\$26,364	\$42,163	\$52,192
2003	\$26,185	\$41,845	\$50,892
2004	\$26,385	\$42,236	\$52,193
2005	\$26,724	\$42,350	\$53,388
2006	\$26,737	\$42,378	\$53,410
2007	\$26,751	\$42,382	\$53,427
2008	\$81,615	\$93,626	\$161,457
2009	\$77,486	\$91,507	\$153,993
2010	\$74,243	\$89,642	\$147,014

Note: Raw data was obtained from the Office of the Escambia County Property Appraiser (2011), mean taxable property values were calculated by the author.

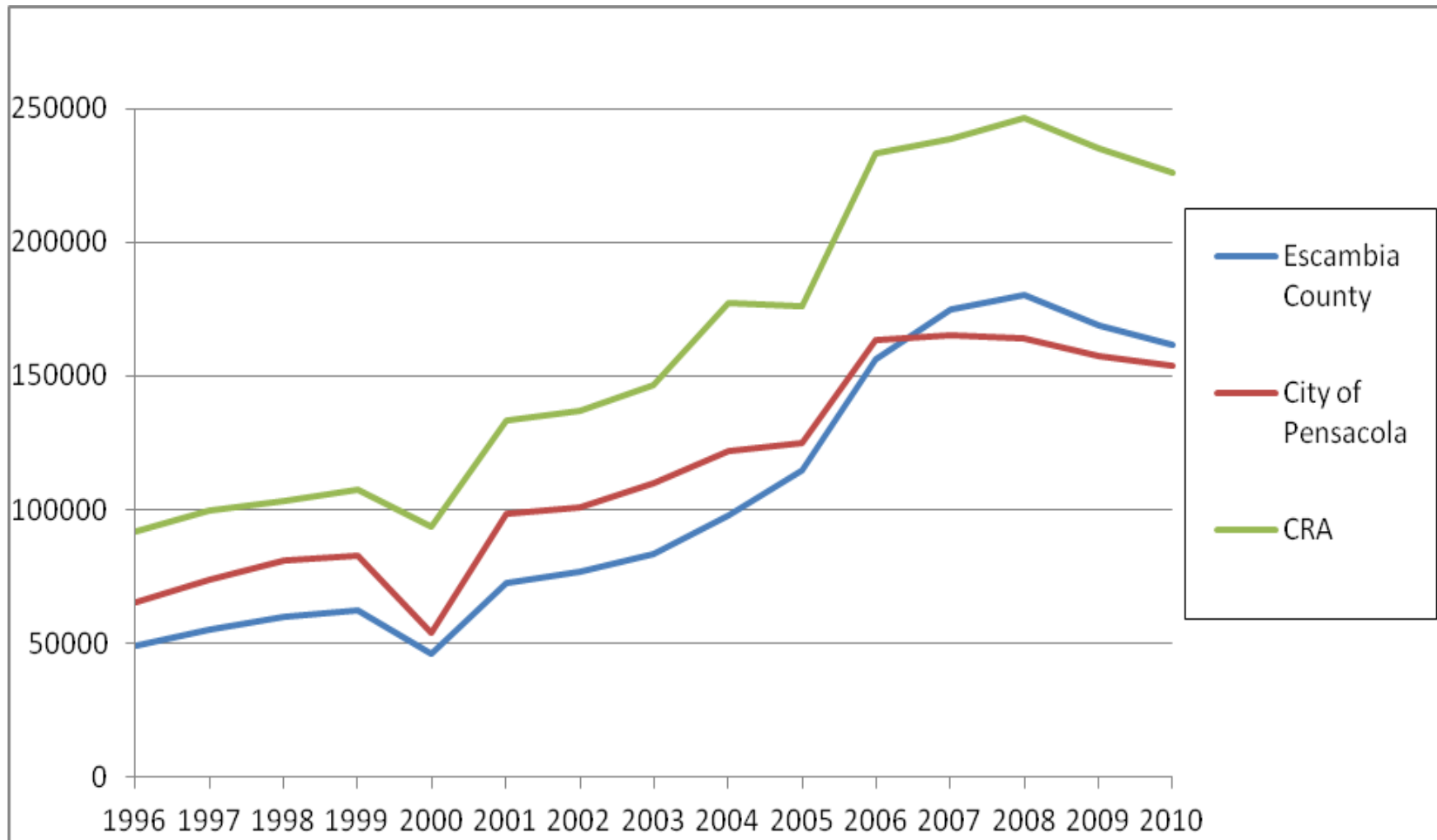


Figure 4-1. Mean market property values, 1996 – 2010.

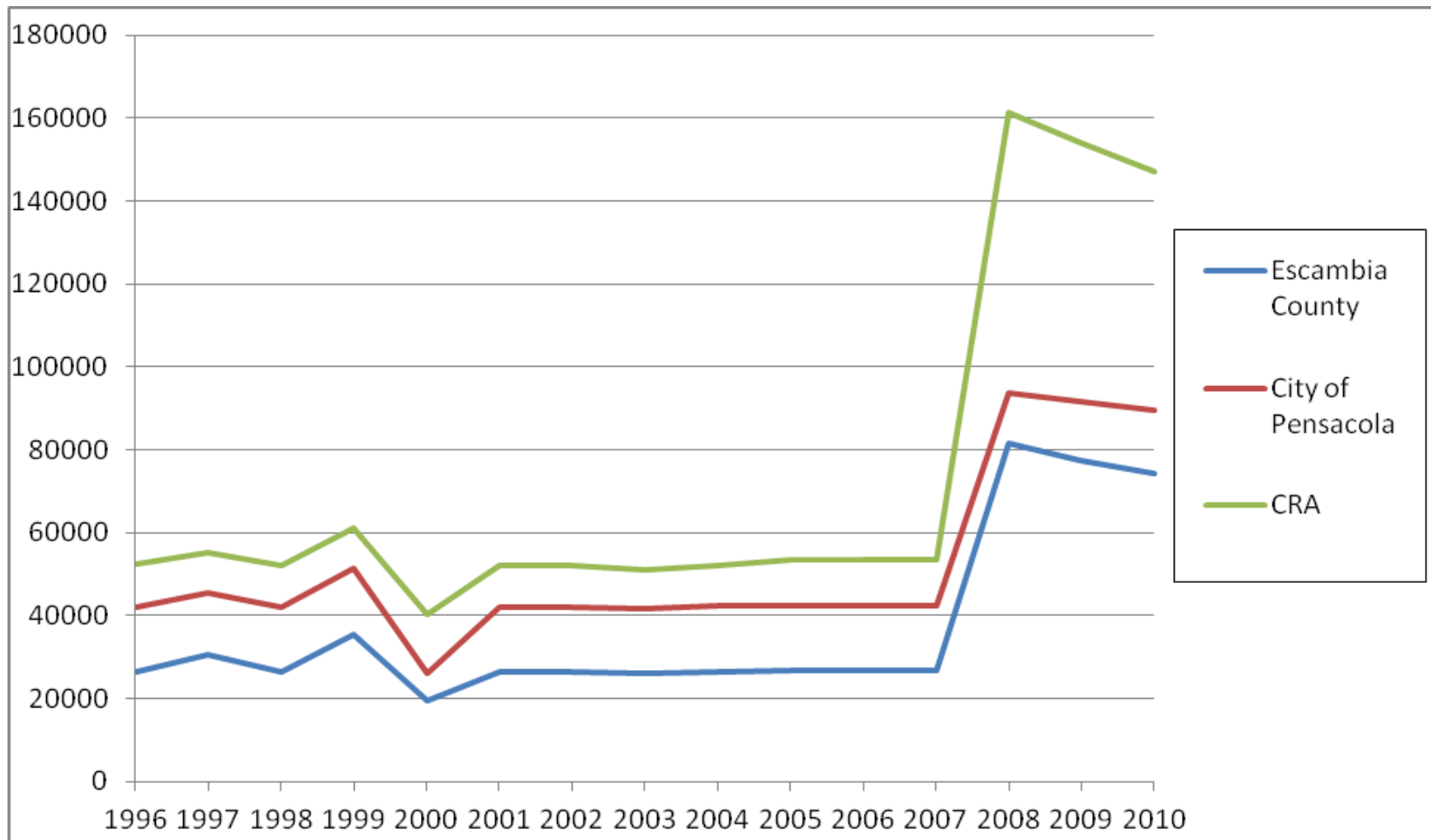


Figure 4-2. Mean taxable property values, 1996 – 2010.

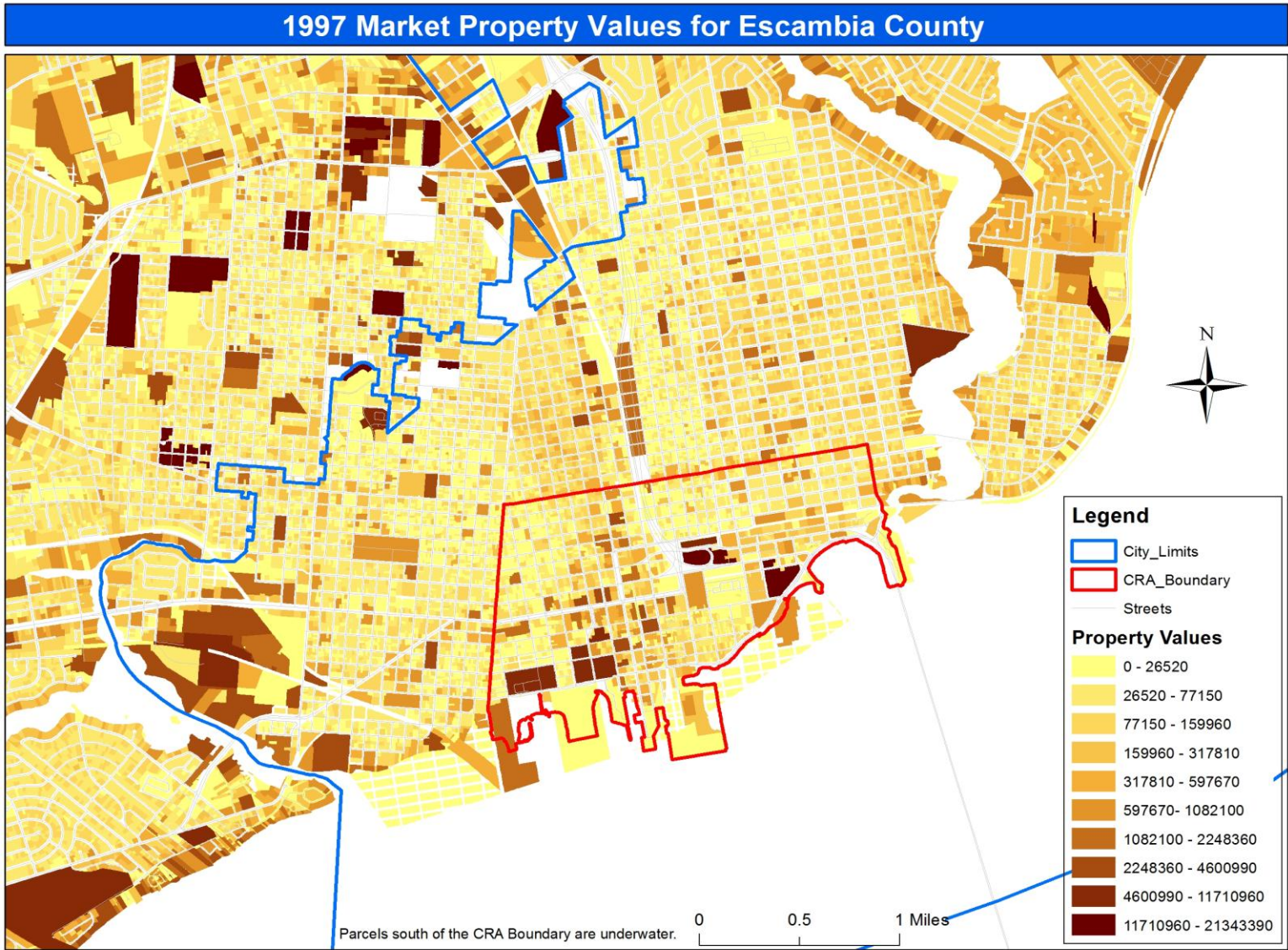


Figure 4-3. Map of market property values, 1997.

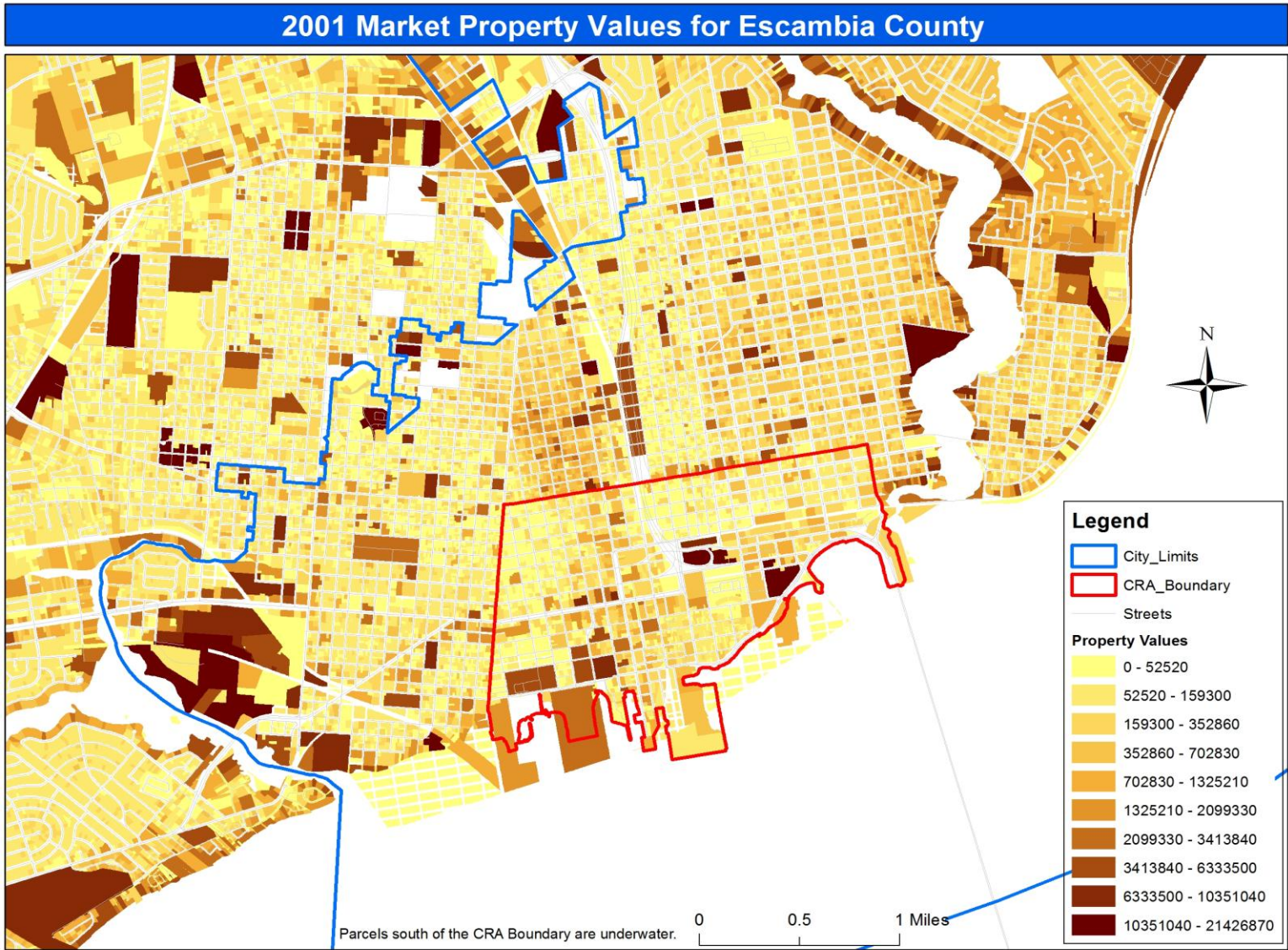


Figure 4-4. Map of market property values, 2001.

## 2005 Market Property Values for Escambia County

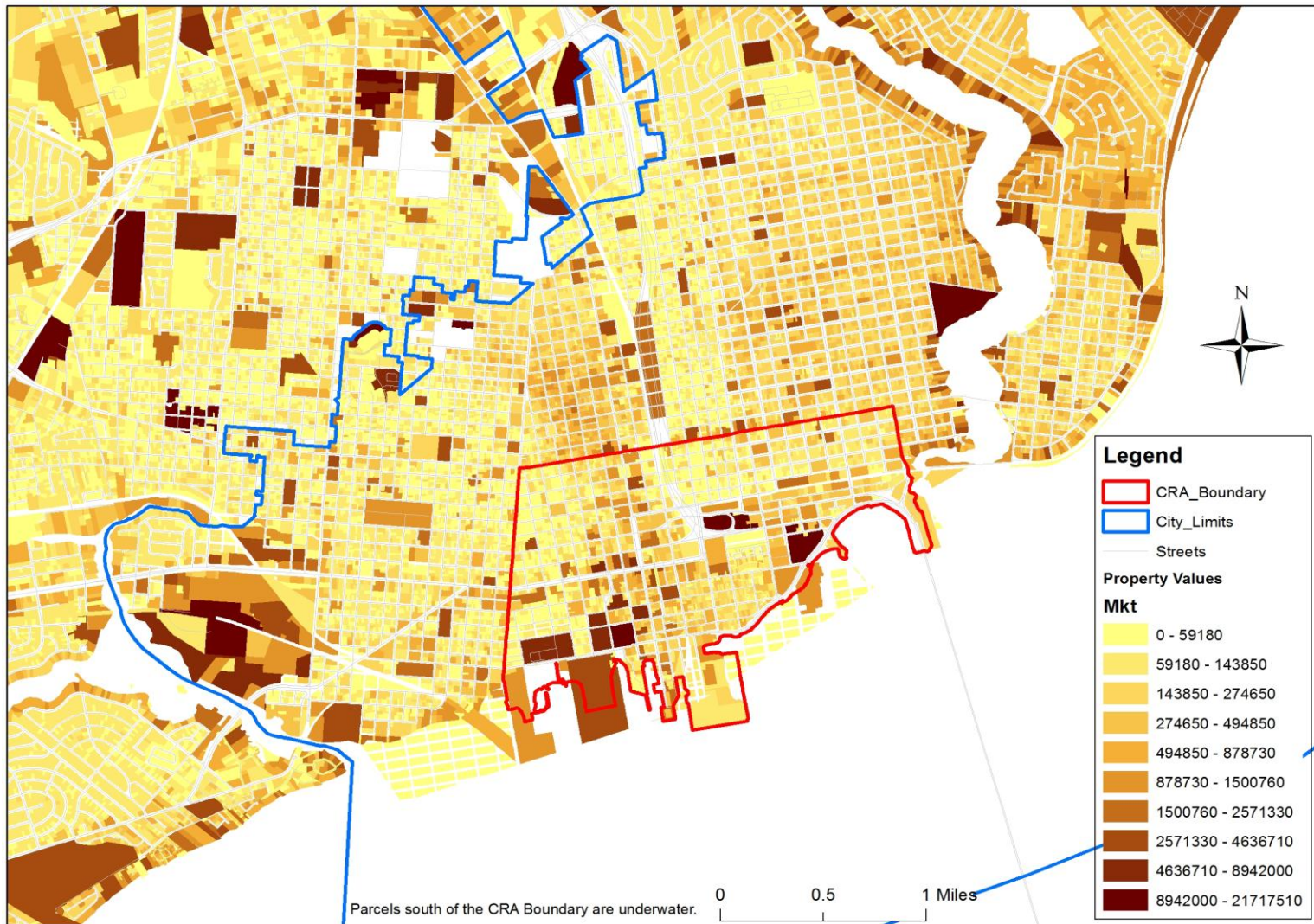


Figure 4-5. Map of market property values, 2005.

## 2009 Market Property Values for Escambia County

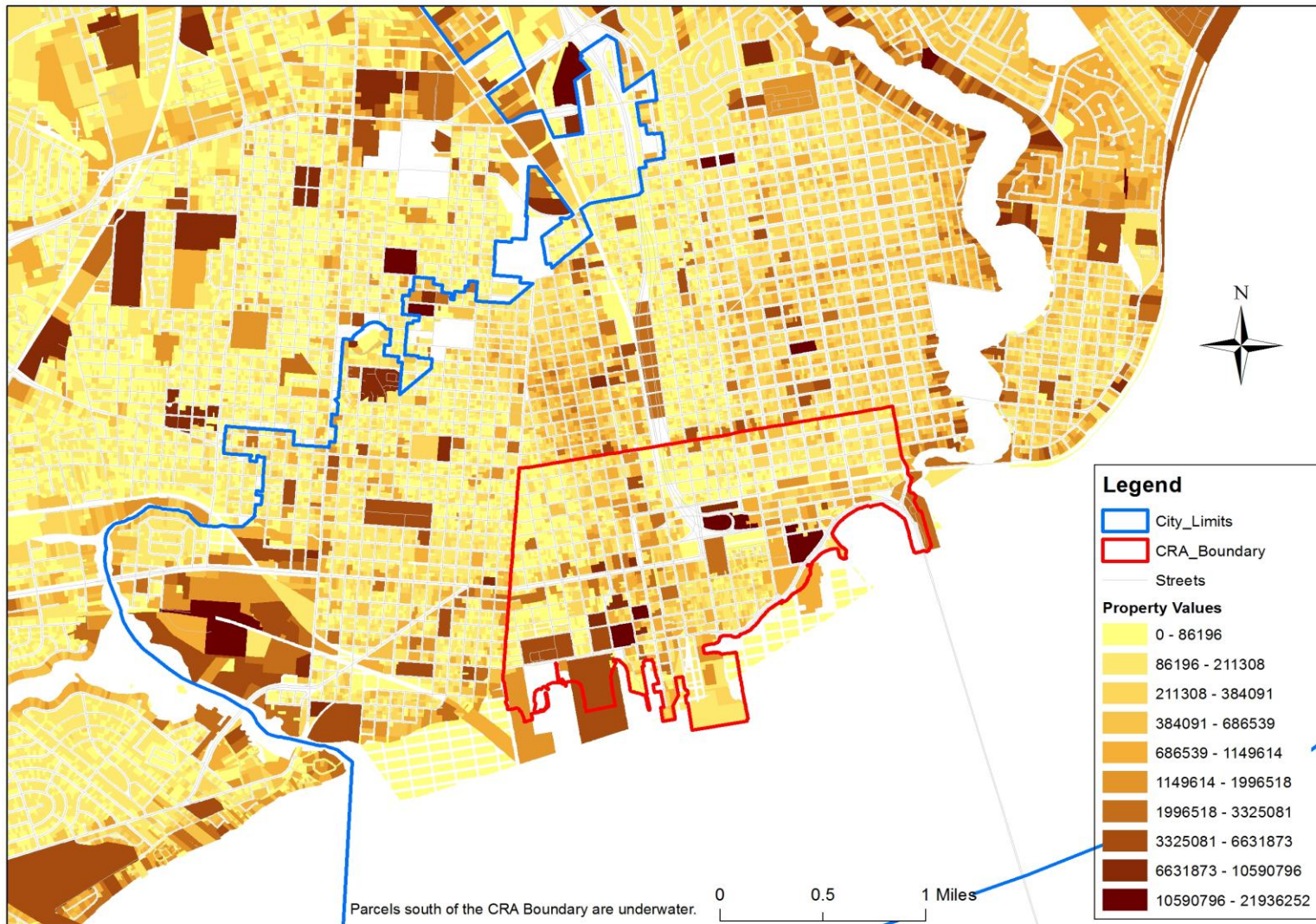


Figure 4-6. Map of market property values, 2009.

## 1997 Taxable Property Values for Escambia County

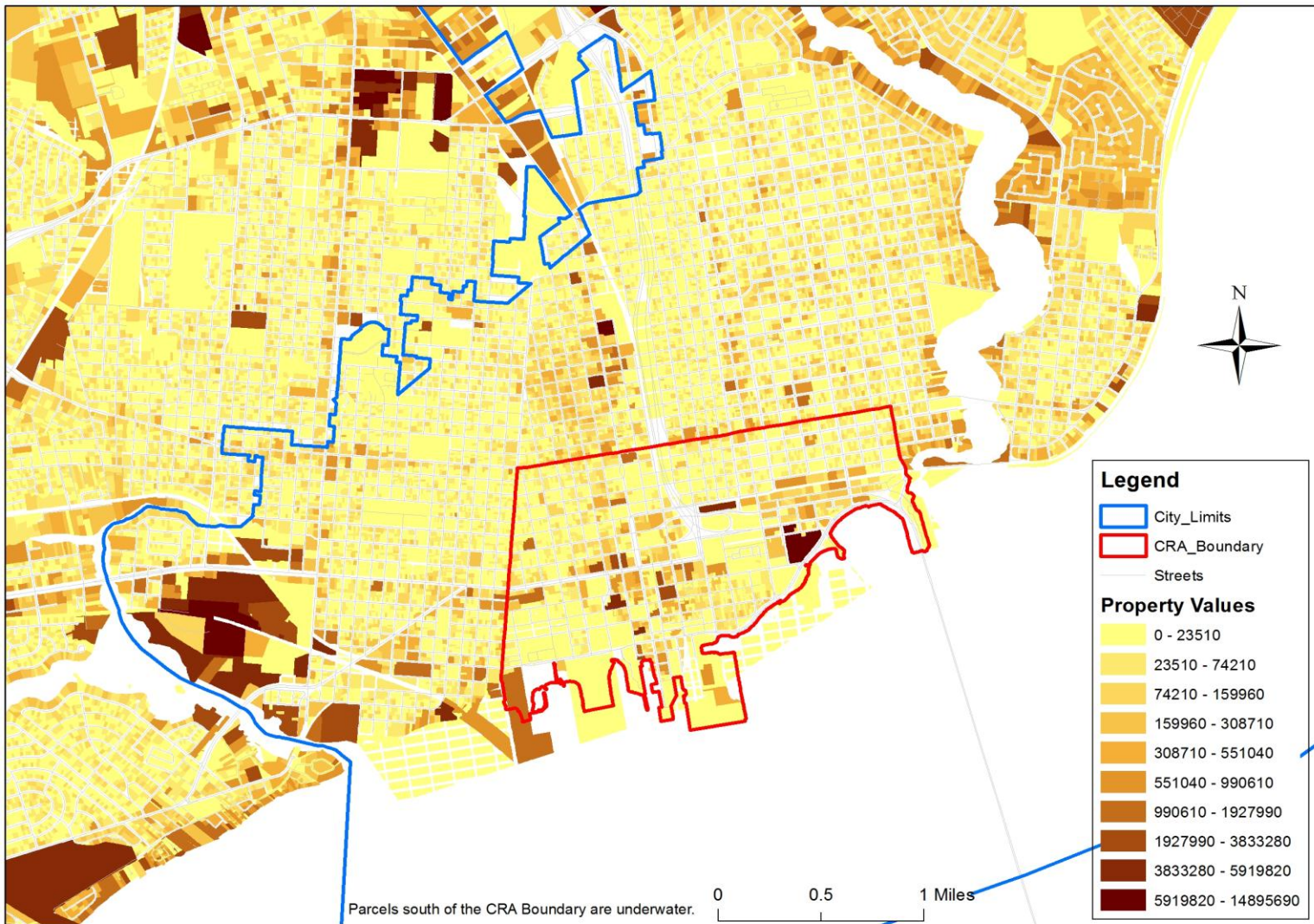


Figure 4-7. Map of taxable property values, 1997.



2001 Taxable Property Values for Escambia County

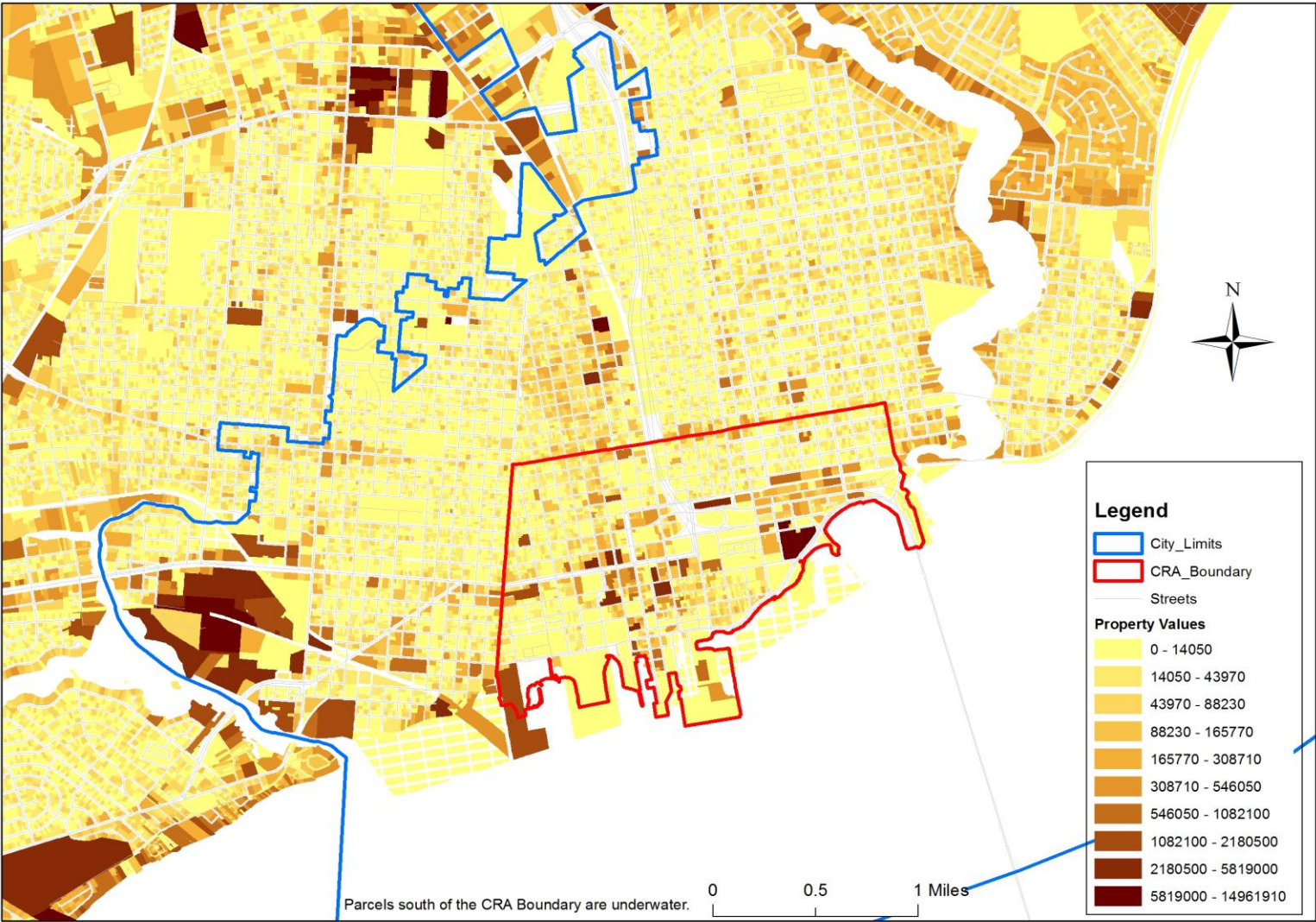


Figure 4-8. Map of taxable property values, 2001.

2005 Taxable Property Values for Escambia County

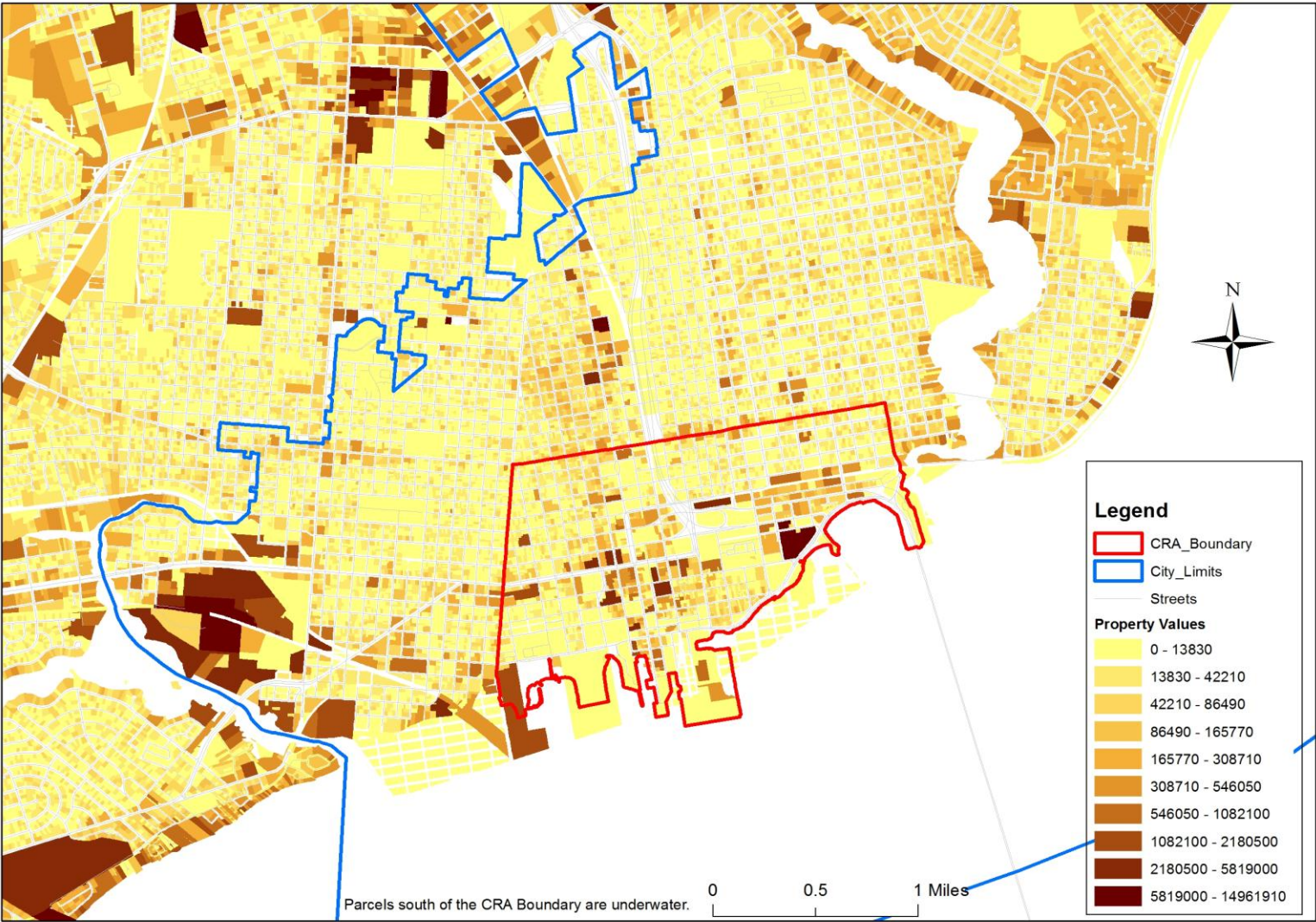


Figure 4-9. Map of taxable property values, 2005.

2009 Taxable Property Values for Escambia County

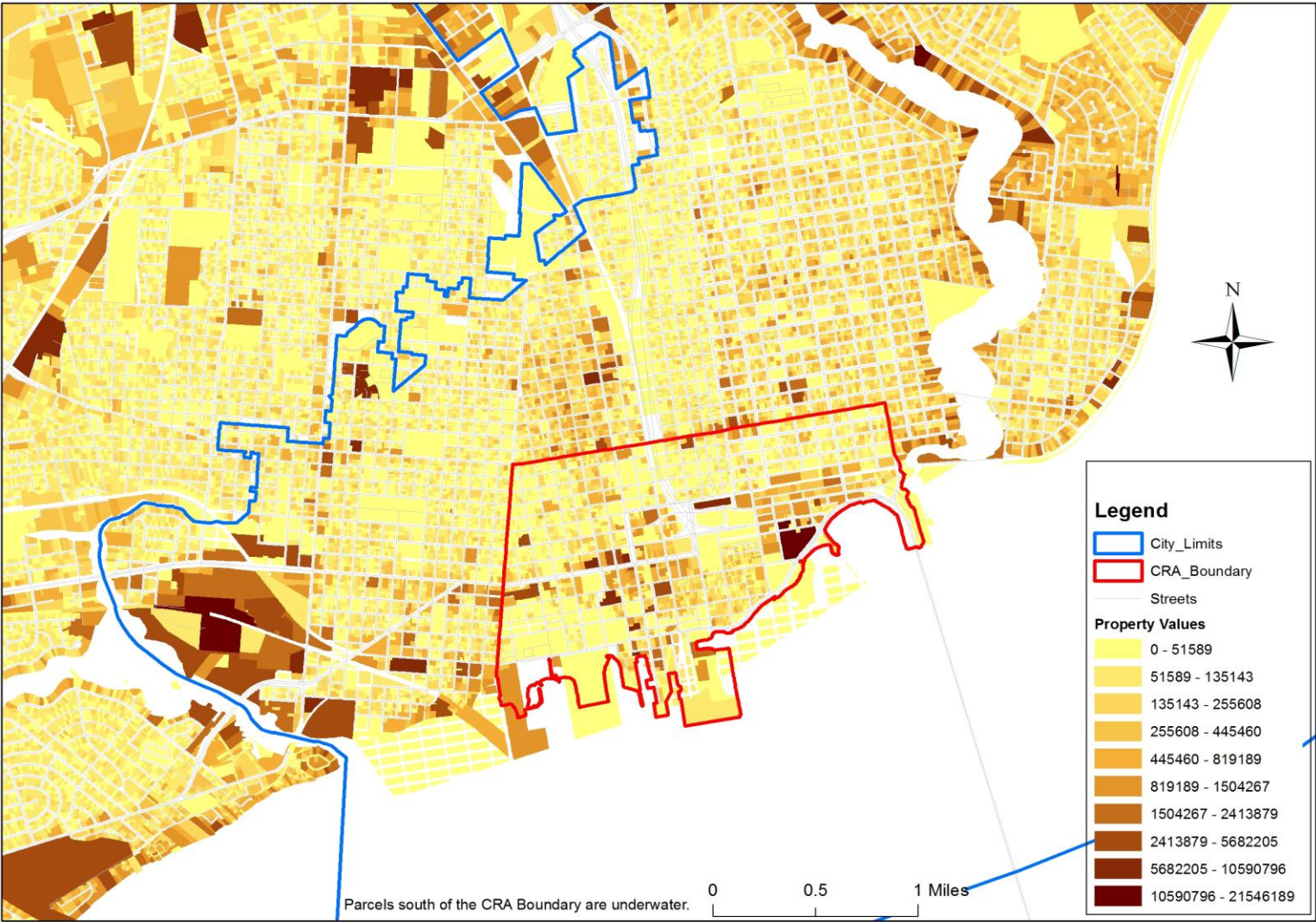


Figure 4-10. Map of taxable property values, 2009.

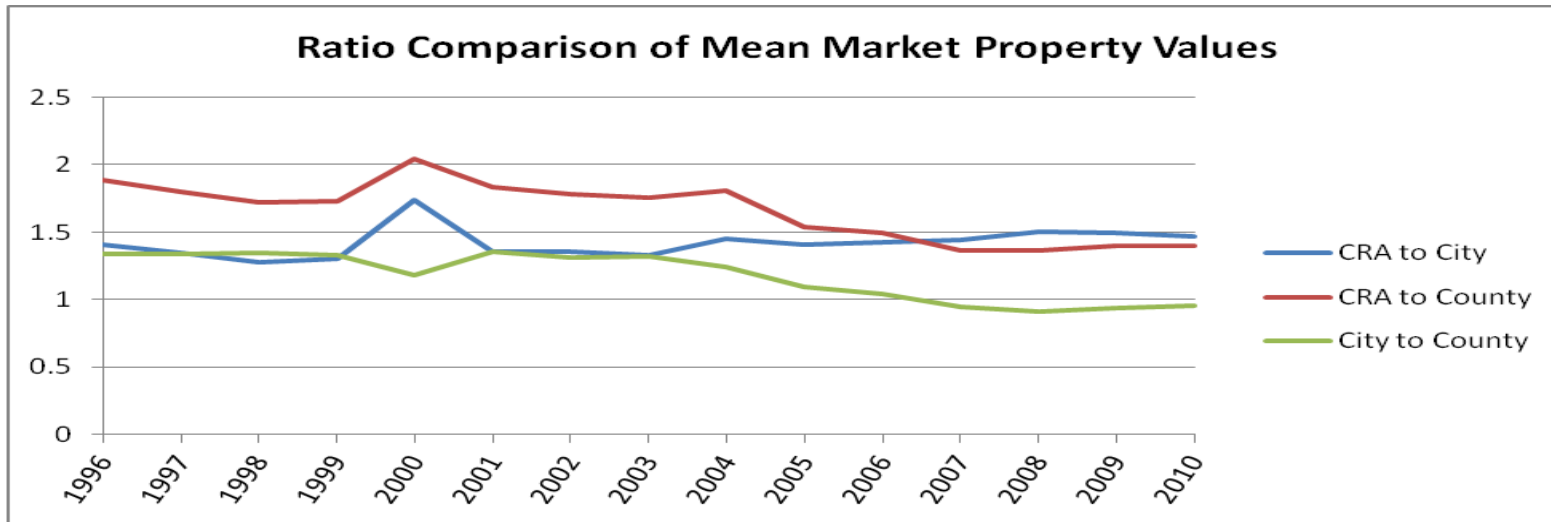


Figure 4-11. Ratio comparison of mean market property values.

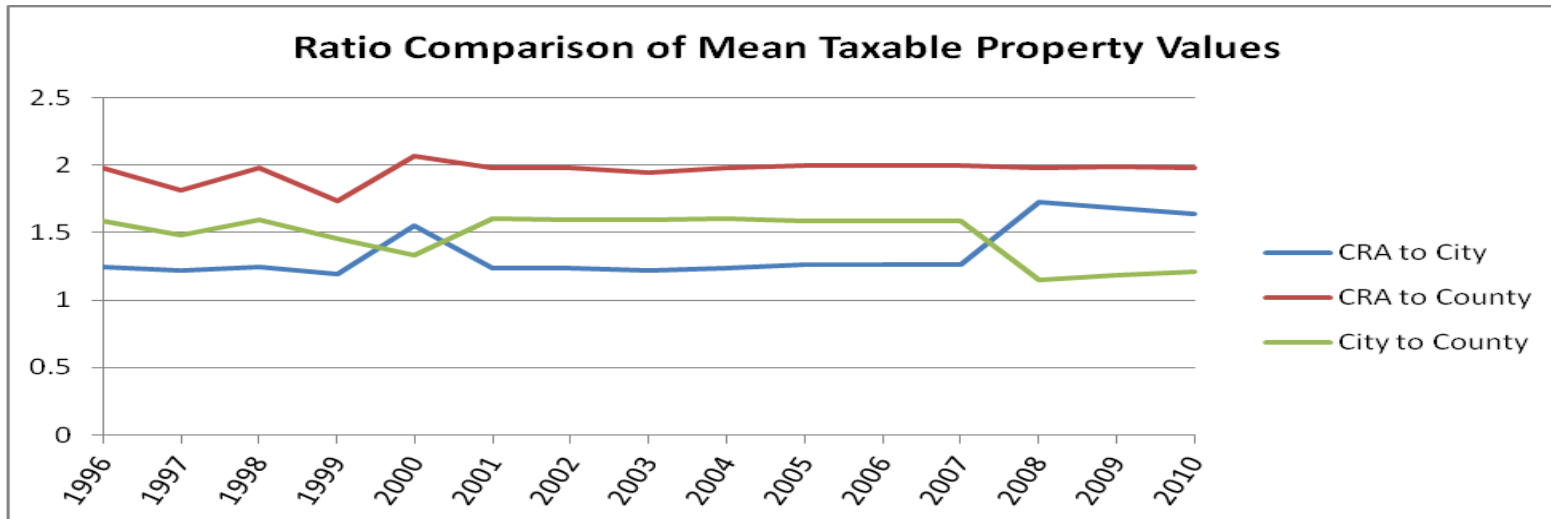


Figure 4-12. Ratio comparison of mean taxable property values.

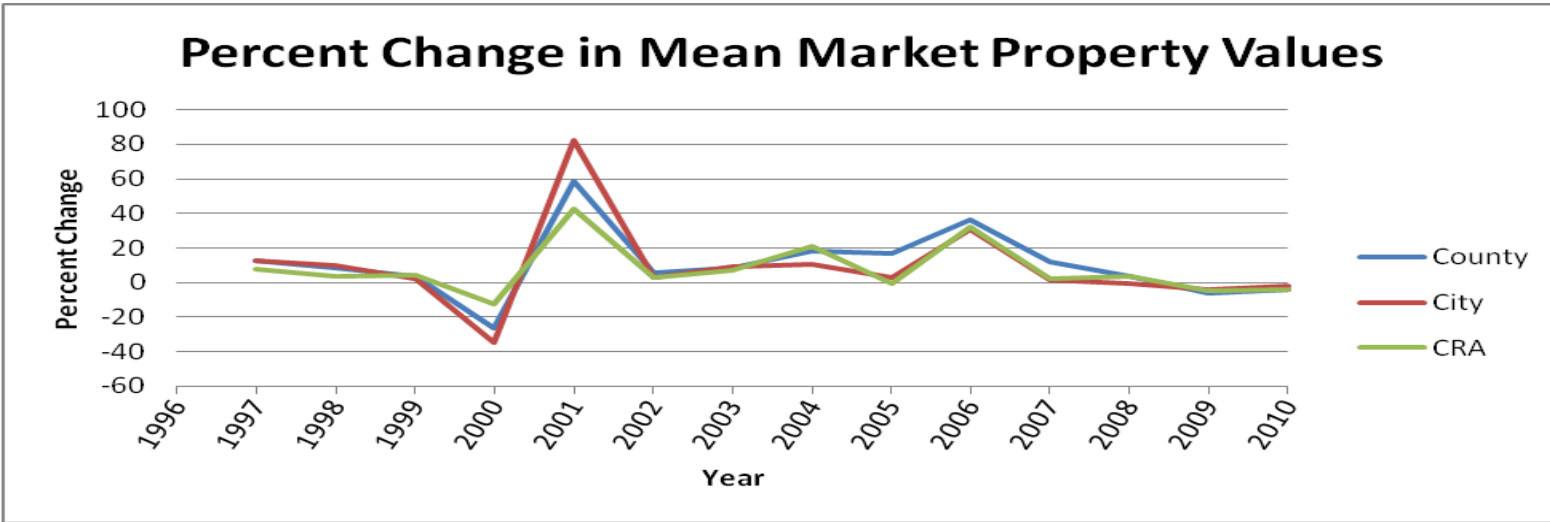


Figure 4-13. Percent change in mean market property values.

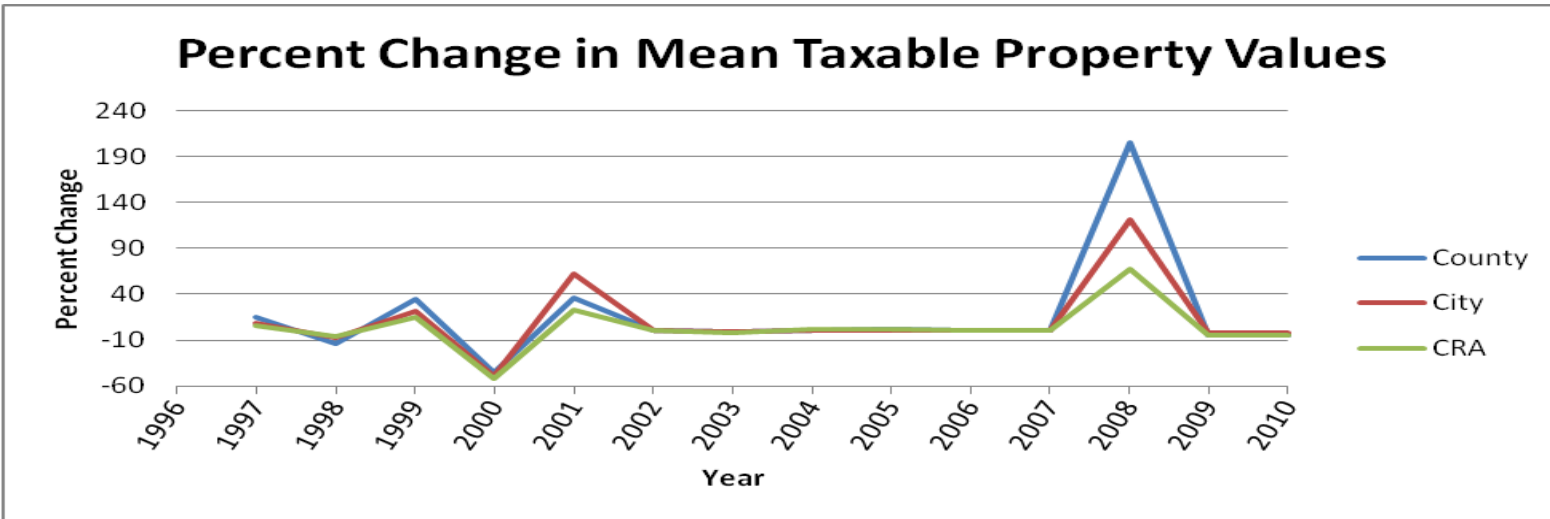


Figure 4-14. Percent change in mean taxable property values.

## CHAPTER 5 CONCLUSION

This research detailed pertinent theories in economic development that provides the framework for how and why Community Redevelopment Agencies operate. The research also offered multiple indicators for assessing economic development. Based on the literature review and available data, the author chose to utilize property values as an appropriate indicator for economic growth within the city of Pensacola's Community Redevelopment Area. Next, redevelopment plans that have been adopted by the city of Pensacola's Community Redevelopment Agency were summarized so that the reader had knowledge of redevelopment strategies that could potentially have an impact on economic activity within the urban core. Finally, property value data was analyzed which provided evidence that redevelopment policies *may* have had an impact on economic growth within the CRA as compared to the city or county.

Property values for both market and taxable purposes within the CRA were shown to remain more stable (i.e., less fluctuation) during times of economic growth and recession than either the city or county. Although property values grew more significantly in the county than either the CRA or city; property values grew more significantly in the CRA than in the city. One explanation for this may be that the county has more developable land and that property within the CRA may not be as susceptible to regional economic recession as city.

Since property values, which are indicative of overall economic activity (growth or recession), remained more stable within the CRA compared to property values outside the CRA, as indicated by Figures 4-13 and 4-14, it can be deduced that redevelopment policies *may* have had an effect on maintaining economic growth within the CRA.

However, based on the evidence given, the research cannot deduce that property values within the CRA grew a faster rate than property values in the county. Also, is it difficult to postulate that CRA property values grew at a significantly faster rate than property values in the city, since little difference exists in the ratios between the CRA and the city.

Given the analysis, redevelopment policies have allowed for greater economic growth within the CRA as compared to the county, but may have allowed for only slightly greater economic growth in the CRA as compared to the city. However, the redevelopment policies may have allowed for more stable economic activity within the CRA as compared to either the city or county.

### **Implications for Public Policy**

Redevelopment plans, as public policy, should include elements that offer historical data regarding economic indicators and guidance to maintain continuous data in which to assess the policy in subsequent years. Many plans offer market potential studies, residential and business analysis, and demographic trends, but most plans do not offer sources or include data in which to assess the impact of economic activity that the plan(s) may affect. Perhaps including the necessary data in a plan is not within the scope of the plan and/or is an inefficient approach, however; plans could recommend that appropriate offices and/or agencies should maintain data records so that assessment of economic activity is easier to conduct. In regards to local economic development, data should be maintained at a per parcel level in order to gain as much detail as is necessary to accurately assess economic activity.

A combination of different economic indicators is necessary in order to illustrate a complete and accurate account of economic growth. An assessment of economic

growth utilizing a single indicator seems to leave gaps in the whole picture, even though very detailed data (parcel level) was used. Many externalities exist and leave further questions when utilizing a single indicator. Although a useful tool, property values can only explain a portion of economic activity within a locality. However, property values are still a viable tool in which to help assess economic development because of the availability of data and detail it can provide at the parcel level when discussing local economic development. With this in mind, public policy should allow for making economic indicator data more readily available for assessing economic development policy.

### **Further Research**

This research shows that GIS can be applied to assessment of economic development. In order to gain a more precise assessment of economic activity other indicators should be included, in addition to property values. Employment history is an indicator that could follow the same basic research design and methodology as market and taxable property values. Granted that employment history data is available from 1996 – 2010 at a large enough scale that could provide data at the district or more favorably the block level. Business revenues are another indicator that could follow the same basic research design and methodology. However, data may be difficult to access and even if data is available, the likelihood that it is geographically referenced is minimal. Yet, if data is available, a well educated GIS analyst could produce information from the data in order to analyze for decision making.

Based on the data and information provided by this research, it would not be difficult to continue this research in 5 or 10+ years to see how the redevelopment policies may further impact economic activity levels within the city of Pensacola's CRA.



## APPENDIX ARCMAP™ METHODS

The following is a step-by-step guide on how to replicate the ArcMap™ methods used in the analysis of this research to get the mean market property value and mean taxable property value for each jurisdiction. Every year must be calculated individually. The author used a student version of ArcMap™ 10.0.

- 'Add Data' – ECPA shapefile (.shp) for every parcel within Escambia County.
- 'Add Data' – Escambia County GIS (.shp) for both the CRA boundary and city Limit
- Open ECPA Microsoft Excel™ spreadsheet (.csv) for year 1996 and go to 'Data,' 'Text to Columns,' choose 'delimited' file type, select 'comma' as the only delimiter, keep the default settings on the next prompt and click 'finish.' Then, save the spreadsheet as an Excel™ workbook, 1996 (.xlsx).
- 'Add Data' – 1996 (.xlsx), the file will automatically be shown as 1996\$.xlsx
- Right click on the 1996\$ (.xlsx), Go to 'Data,' 'Export', keep 'All Records' selected and save the file as 1996 (.dbf). Click 'Yes' when prompted to add new table to the map.
- Right click Parcel (.shp), go to 'Joins and Relates,' 'Join...' and keep the default selection 'Join attributes from a table.' In dropdown box number 1 select 'REFNO.' In dropdown box number 2, select 1996.dbf (from the previous step). In dropdown box number 3, select 'refnum.' Keep all records' selected and click 'OK.' Every parcel has now been populated with the property value information from the ECPA 1996 Excel™ spreadsheet (.xlsx converted to .dbf).
- Go to 'Selection' and click on 'Select by Location.' Keep selection method 'select features from.' In Target Layers select 'Parcel' and in Source Layer select 'CRA boundary.' In Spatial Selection Method select 'Target layer(s) features have their centroid in the Source layer feature.' Click 'OK.'
- Right click Parcel (.shp), go to 'Data,' 'Export Data,' keep 'Selected Features' selected. Keep 'this layer's source data' selected and save as '1996 CRA.shp.' Click 'Yes' when prompted to add exported data to the map as a layer.
- Go to 'Selection' and click on 'Select by Location.' Keep selection method 'select features from.' In Target Layers select 'Parcel' and in Source Layer select 'City Limits.' In Spatial Selection Method select 'Target layer(s) features have their centroid in the Source layer feature.' Click 'OK.'

- Right click Parcel (.shp), go to 'Data,' 'Export Data,' keep 'Selected Features' selected, keep 'this layer's source data' selected and save as '1996 City.shp.' Click 'Yes' when prompted to add exported data to the map as a layer.
- Go to 'Selection' and click on 'Select by Location.' In Selection Method select 'remove from the currently selected features in.' In Target Layers select 'Parcel,' and in Source Layer select '1996\_CRA.' In Spatial Selection Method select 'Target layer(s) features intersect the Source Layer feature.' Click 'OK.'
- Right click Parcel (.shp), go to 'Data,' 'Export Data,' keep 'Selected Features' selected, keep 'this Layer's data source' selected and save as '1996 City minus CRA.shp.' Click 'Yes' when prompted to add data to the map as a layer.
- Go to 'Selection', click 'Clear Selected Features'
- Right click Parcel (.shp), 'Open Attribute Table.' In Table Options select 'Select All,' close Attribute Table.
- Go to 'Selection', click 'Select by Location.' In Selection Method select 'remove from the currently selected features in.' In Target layers select 'Parcel,' in Source layer select '1996 City.' From Spatial Selection Method, select 'Target layers intersect the Source Layer feature.' Click 'OK.'
- Go to 'Data' in Parcel (.shp), 'Export Data,' keep 'Selected Features' selected, keep 'this Layer's data source' selected and save as '1996 County minus City.shp.' Click 'Yes' when prompted to add data to the map as a layer.
- Save the database as 1996.mxd

To get the market mean property value for the parcels from each political boundary, go to 'Open Attribute Table,' right click the column heading 'mkt,' select 'Statistics' and the mean will be displayed. To get the taxable mean property value for the parcels from each political boundary, go to 'Open Attribute Table,' right click the column heading 'taxable,' select 'Statistics' and the mean will be displayed.

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## BIOGRAPHICAL SKETCH

Tanner Martin graduated from Fayetteville High School with Honors, located in Fayetteville, Arkansas, in the spring of 2002 and took electives that focused on business and pre-engineering. He began to pursue a Bachelor of Science in industrial engineering at the University of Arkansas, but after an internship from spring 2003 through fall 2004, he decided that Industrial Engineering was not the profession in which he wanted to establish a lifelong career. He received a Bachelor of Science in environmental studies (geography track) from the University of West Florida in the summer of 2008. He immediately pursued a Master of Arts in urban and regional planning from the University of Florida and graduated in the fall of 2011.

While studying at the University of West Florida, Tanner worked as the head trip leader and climbing wall manager for the Outdoor Adventures Program within the Department of Recreational and Sports Services. While studying at the University of Florida, he worked as the Graduate Assistant for Parks and Outdoor Recreation at Lake Wauburg within the Department of Recreational Sports. During the summer of 2010, he served as an intern for the city of Gainesville's Department of Planning Services. He worked on the performance measures associated with the city of Gainesville's Economic Development Strategic Plan.