

Infill Development in the Las Vegas Valley

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Preface – The issues behind the roundtable discussions

Although infill development does not have a strict definition, the concept generally applies to a variety of development or redevelopment projects on parcels in older, urbanized areas. Developers have many reasons for passing parcels over for original development or for eventual redevelopment. These empty areas create challenges for a community. Vacant properties amid city neighborhoods can be a sign of physical, social and economic deterioration. They are susceptible to graffiti, arson, the accumulation of trash and other problems that reduce the value of surrounding properties and affect the success of nearby businesses. In a larger context, “The cost of supporting abandoned areas acts as a monumental social and economic drag on regional economies and the state and country as a whole” (Center for Livable Communities). On the other hand, infill properties present opportunities for communities to revitalize blighted areas through business expansion and to provide them with parks, schools, libraries, museums and other public amenities.

In recognition that infill development is an important issue for the real estate industry and the community, the Lied Institute for Real Estate Studies at UNLV hosted four roundtable discussions sponsored by the Howard Hughes Corporation. The roundtables, held over a two-day period, began probing the issues surrounding infill development and answering some important questions on this subject. The roundtables were designed to explore definitions of infill

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sites in the Las Vegas Valley, the reasons for their existence, the merits of developing infill sites, the barriers to development or redevelopment, and ideas about the proper means to take advantage of infill sites.

The Resource Committee believed that the best product would result from participation by a diverse group of individuals representing a broad spectrum of the real estate community and other related entities. This report attempts to capture the essence of the group thinking as well as the opposing viewpoints of the individual lenders, developers, real estate professionals and local government officials who participated in the discussions.

The goal of this report is to present the varied views in a fair and unbiased manner. Therefore, no one panelist will agree with all of the statements contained in this report. Some of the opinions may be based on perceptions and thus are not supported by facts or empirical evidence; however, to maintain the integrity of the process and to present an accurate account of the roundtable discussions, statements and opinions are left largely intact. Their inclusion serves to expose opportunities for enhanced communication and information sharing, a theme that is discussed later in this report

Discussion participants partook openly and enthusiastically. Afterwards, there was general agreement that the roundtables were a positive experience well worth the time and effort. The participants acknowledged the value of bringing

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people together and providing them the opportunity to participate in a project that has significant public policy implications.

Growth Discussions in the Las Vegas Valley

The connections between growth and land

Like many other residents of rapidly growing southwestern metropolitan areas, Las Vegans are engaged in an ongoing discussion about the benefits and costs associated with growth. Unlike the occupants of other fast growth cities, most Las Vegans embrace growth. The citizens enjoy the excitement and opportunities that are part of living in one of the nation's fastest growing regions. A "get things done" attitude prevails throughout this entrepreneurial outpost in the Mojave desert.

This attitude leads elected officials, business leaders and citizens alike to believe that many of the challenges associated with rapid growth can be overcome. There is a sense that here in Las Vegas, more than anywhere in the country, creative solutions can be crafted to ease public service and infrastructure pressures resulting from growth. Indeed, many see Las Vegas as a progressive, diversified and dynamic City, a "multi-faceted global hub" that will lead the Southwest into the 21st century.

At the heart of the discussion of growth is land. Supply and demand govern the use of land in a market system that is inextricably intertwined with federal, state and local government regulations. Market forces and land use policies ultimately

determine the location, timing, density and type of development, or lack thereof. This controls the need for public investment in infrastructure and the delivery of public services. Sometimes public policy can be at odds with market forces, or even itself, thus resulting in fragmented development patterns that may or may not make the most effective use of land and valuable public resources. Citizens, businesses and public officials are challenged to work together for sustained growth that secures choice, opportunity and prosperity for the current and future citizens of the Las Vegas Valley.

Report Organization

Defining today's Las Vegas Valley and its available land

As growth and development continue to expand the perimeter of the constructed environment in the Las Vegas Valley, some parcels are passed-over and left vacant. There are many reasons why. Whether they present an opportunity or a threat to the community, in combination with their location in the Valley, determines if they should be considered infill sites and thus warrant special consideration by public policy makers. A definition of infill must also consider the type of development (new development, redevelopment or adaptive re-use) and whether this development is residential, commercial or mixed-use.

While defining infill development, the roundtable participants also debated whether Las Vegas is ex-urban, suburban, urbanizing, urban or some

combination thereof, or if there is an urban core or central business district. The next section of this report summarizes the portion of the roundtable discussions that focused on defining infill in the Las Vegas Valley.

Laying the groundwork for organized discussion

Once there was a definition of infill, the discussion turned to the question of whether there are merits to encouraging efforts by developers and policy makers to build on infill sites. If, as many believe, the Las Vegas Valley is running out of land (whether due to market forces or artificial constraints imposed by Federal, state or local government entities), land prices will increase. An increase in land prices increases the cost of housing and commercial space and introduces inflationary pressures that make Las Vegas a less desirable place to live, visit, or do business. Additionally, the discussion of merits of infill development touched on efficient urban form, the delivery of public services and the socioeconomic advantages to redevelopment of inner-city areas.

The participants then identified many of the barriers erected by public officials (zoning and other land use regulations), lenders (banks, mortgage companies and secondary markets), citizens (opposition to change) and the dictates of the market (growing affluence creating a demand for suburban living and the lowered marketability of many infill areas due primarily to crime and education).

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Finally, solutions were formed based on improved communication through information sharing and education. Many specific solutions were discussed, but the primary focus was on dialogue between all interested parties, including the real estate community, to determine the best use of infill sites as part of comprehensive strategies for redeveloping areas in decline. The Las Vegas Valley is home to many of the best and brightest people in the real estate industry (builders, brokers, developers and lenders). Combined with a public sector willingness to move forward on infill strategies, the flexibility and incentives that are needed to make infill and redevelopment a reality are readily available in the area.

What is Infill Development?

Infill in different types of areas: ex-urban, suburban, urbanizing and urban

A “textbook” definition provided to the participants as a starting point for the discussions defines infill as construction on vacant parcels of land generally served by utilities and surrounded by older urban growth. In each session, the definition was quickly expanded to include development, redevelopment or adaptive re-use on all vacant and underutilized land within the Valley. The expanded definition provided the latitude necessary to explore the full range of possibilities for infill development and to assure that panelists would arrive at an understanding of infill development that best fits the unique circumstances of the Las Vegas Valley.

Under these guidelines, infill development can apply to any vacant parcels within the Bureau of Land Management (BLM) land disposal boundary that are served by utilities. For example, non-contiguous development at the urban fringe creates infill properties. Infill sites also exist in suburban and urbanizing areas closer to the urban core. The merits, barriers and opportunities for infill development vary depending on whether the site is in an area described as ex-urban, suburban, urbanizing or urban.

The panelists endeavored to explain how these terms (urban, urbanizing, suburban and exurban) apply to the Las Vegas Valley. The central area of the

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Las Vegas Valley lacks many of the attributes that one normally associates with an urban core. An area is typically considered urban if there exists high density, mixed-use commercial, retail, residential, office and entertainment uses within a tightly defined boundary. San Francisco, Chicago and Manhattan all have an urban core in this traditional sense. Many panelists presented the idea that, given the way Las Vegas has developed, perhaps the entire city is suburban. Others were quick to respond that the resort corridor (including downtown) is a central business district as defined by the intensity of non-residential use and high property values.

While ex-urban is defined as very low density, scattered residential “ranchette” style development that typically occurs at the periphery and contains little or no retail or other commercial services, suburban typically refers to low density, residential development with accompanying strip centers. The vast majority of the developed land area in the Valley is suburban. The ubiquitous master planned community and other planned development areas are examples of suburban development in Las Vegas. Perhaps the prime examples of suburban development are Summerlin and Green Valley; however, in certain ways these communities have a diversity of uses and a density that could be considered urban.

Urbanizing areas within the Valley are enclaves of increased densities, mixed uses and heightened business activity. These areas are developing as a result

of either master planning or the natural evolution of a maturing city. One example of an urbanizing infill enclave is the Sunset and Stephanie corridor in Henderson. Increased activity in that corridor has created demand for higher densities and mixed-use development. This area also provides an example of market forces at odds with land use policy; market demand for development at densities greater than are allowed under existing zoning regulations has resulted in land being under utilized or undeveloped.

Infill as potential rather than necessity

In discussing the merits and barriers to infill development in suburban and urbanizing areas, participants also noted that many of the infill sites in suburban and urbanizing areas present opportunities but do not constitute a social or economic drag on the community. However, most felt that the use and development of parcels outside of the urban core should be governed by market forces. They found little justification for expending scarce government resources on programs that encourage development of these parcels.

Infill as a contradictory response to current policy

There was some discussion of proactive planning measures to avoid creating infill sites that will cause problems in the future. In response, one panelist mentioned that planning policies were put in place in the late '70s and early '80s

to encourage spread-out, suburban “node” development patterns to alleviate traffic congestion. The resulting master planned communities have created many of the suburban and urbanizing infill sites, leading some to question whether there is enough evidence to alter a pattern that is partly in response to past public policy initiatives.

Infill in the urban core

Nonetheless, most of the discussion focused on infill in blighted neighborhoods and the urban core. The urban core was defined as a “hot-dog” shaped area that includes the Las Vegas strip, downtown Las Vegas and surrounding neighborhoods (see Map). Given the lack of amenities typically associated with an urban definition, the panelists preferred to call this area the Central Business District (CBD). This definition makes sense considering that xx% of the jobs are located there compared to xx% of the population. The average density of jobs is xx per gross acre, a number that is expected to increase since the majority of future jobs will be created in the hotel/gaming service industries. Currently, xx,xxx people inhabit the CBD at an average density of xxx per gross acre.

Most participants agreed that a healthy core environment positively influences the long-term social and economic health of the Valley. Furthermore, there is evidence that encroaching blight on the core business district poses a threat to the Valley. Many felt that some form of government participation is necessary for

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infill projects to succeed; this belief justifies programs that encourage infill development and redevelopment.

Lifestyles, Social Equity and Urban Strength: The Merits

The bulk of the arguments for infill development (and redevelopment) centered on efficient urban form, lifestyle choices and the social and economic benefits of a vibrant central business district. Some participants questioned why infill and redevelopment are being considered now. San Diego and other cities underwent intensive programs to address very serious problems, but Las Vegas is far from a like stage of urban blight. Others responded that now is a good time to develop proactive strategies in order to avoid the problems other cities have encountered.

There was also some question about the economic benefits of infill development. Some argued that the benefits of infill development are purely social. Others disagreed and argued that, apart from the economic benefits of a vibrant central business district, the social benefits (improved quality of education, reduced crime rates, job creation and reduced poverty) relate directly to the economy.

The long-term strength of the local economy depends, in part, on the attraction and retention of businesses that will diversify the economic base. Business attraction relates directly to the availability and quality of the local labor force. Attracting and retaining a highly qualified labor force requires, among other factors, a high quality of life. Therefore, businesses focus a lot of attention on the quality of life attributes of an area when considering relocating. The positive quality of life attributes in the Las Vegas Valley serve as attractors; whereas, high

concentrations of poverty, low education, crime and declining public facilities may discourage businesses that would otherwise find the CBD of Las Vegas an attractive alternative.

Many companies look to the strength and vitality of the central business district as a barometer of the social and economic climate of a region. As infill development and redevelopment improve the central business district, they provide social benefits that are closely linked to the long-term economic health of the region.

Although the merits of infill development are closely related, for convenience of analysis they will be categorized under efficient urban form, lifestyle choices and social and economic benefits.

The Shape of the Valley – Present and Future

There are many factors that contribute to the development patterns that ultimately define the physical characteristics of a community. Recently, growth management arguments have been defined under the context of development patterns that are most efficient in terms of infrastructure development and maintenance, public service delivery, transportation costs and environmental health (mostly related to air quality in the Las Vegas Valley). Although the precise definitions of each are elusive, sprawl and compact growth are the terms

most often used to describe the two ends of the development spectrum. The distinction becomes less evident when decentralized urban villages (a form of compact growth) and scattered development patterns (one form of sprawl) coexist. Although the exact costs and benefits of various development patterns have proven difficult to determine, one of the merits often associated with infill development is a reduction in sprawl.

The reduction of sprawl

Whether the growth of the Las Vegas Valley can be characterized as “sprawl” is questionable. Nonetheless, one of the merits to infill development cited during the roundtable discussions is the directing of some growth to the central business district. This redirection alleviates pressure for development at the fringe. The contribution that infill development can make in absorbing growth and thereby reducing fringe development in the Las Vegas Valley is not well known. One local recent study indicated that residential infill development could absorb one to three years of projected growth, depending on densities and other factors.

However, one panelist remarked that infill in the CBD and redevelopment areas is a small part of the potential throughout the Valley and that the focus ought to be on determining why parcels sit vacant at major intersections in suburban areas (Sahara and Rainbow, for example). Infill development that increases densities and maximizes the use of property on infill sites outside of the central business district should be encouraged because benefits could be more tangible.

Protecting public resources

For example, many of the participants argued that infill development would make better use of scarce public resources, whether in the CBD or in urbanizing or suburban areas. Infill takes advantage of existing infrastructure, increases public tax rolls, reduces traffic congestion, improves air quality (if the jobs/housing balance is improved), and reduces health problems. Others questioned some of these benefits by arguing that the current development pattern reduces traffic congestion by shifting road and highway demand away from the central business district. Furthermore, expansion patterns are the market response to the growing consumer affluence that is increasing demand for the freedom and lifestyle that suburban living offers. They question altering the market outcomes.

Given the question of whether infill development in CBD can absorb future residential growth and the mixed results from studies on the costs associated with sprawl versus compact development, panelists thought the case for infill as a mechanism to provide for a more efficient urban form in the Las Vegas Valley was weak. That is not to say that infill development in the central business district would not have many of the benefits cited thus far, only that the benefits would be localized and distributed on a smaller scale.

The creation of unique lifestyle alternatives

Many of the panelists suggested that a benefit of infill development would be the creation of unique and interesting areas that offered lifestyle alternatives to the typical suburban subdivision. They agreed that if certain barriers could be overcome, a master-planned urban village theme would be well received, and it could potentially provide some much needed character to the community.

Short of a master-planned village, coordinated infill projects within a planned area could provide a tremendous benefit by creating unique areas with strong identities and purposes. One idea that materialized was to tap into the talent that created the leading master-planned communities in the country (e.g., Summerlin, Green Valley) in order to find ways to create master planned urban village infill projects. This idea will be discussed in depth in the Solutions section.

This discussion implied that infill development and redevelopment strategies should be aimed at creating traditional urban environments. One panelist questioned whether that is reasonable in Las Vegas and expressed that perhaps the best strategy for the Las Vegas Valley is to create a vibrant central business district, similar to that in Los Angeles and other cities around the country.

Social benefits of central business district infill

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Infill development can infuse capital and generate excitement that aids redevelopment and reverses the trend of central city decline. The Las Vegas Valley is beginning to see the kind of socioeconomic polarization that has plagued mid-western and east coast cities; the urban core is marked by deterioration in housing and public facilities, a lack in businesses serving local communities, increasing concentrations of poverty, criminal activity, low education levels, a declining quality of education, single-parent households and segregated communities (high concentrations of minorities) while the fringe areas rapidly are gaining affluence.

Compared to other areas, the Las Vegas Valley has many advantages that help curb polarization: a considerable amount of tax-base sharing, a single school district and good access to relatively high paying service sector jobs. Still, one cannot help noticing the decline in many older, central areas within the Valley. Imagine the impact on tourism if urban decay encroaches on the Strip, similar to what happened in Atlantic City and on Las Vegas's own Fremont Street before the area was revitalized.

One participant commented that owners of property adjacent to an infill site deserve public investment to preserve their property values as much as "throwing money to new areas." Social equity is an issue for existing residents who believe that they subsidize new development while accepting the lower public service standards that contribute to neighborhood decline. The long-term problem

becomes one of expanding areas that are generally neglected. As resources are spent in developing areas, older, neglected areas receive very little maintenance or new public or private investment.

The impacts from this scenario are increasing land costs, a shortage of affordable housing, a decline in the quality of education, environmental degradation, and a shortage of recreational and other public services and facilities. However, infill development in the central business district and in socioeconomically stressed areas immediately adjacent thereto will help curb neighborhood deterioration, which, as discussed earlier, has far-reaching benefits for the regional economy.

A participant summarized the social merits this way: “People want to be proud of where they live. They want to be proud of themselves. They want to upgrade their living standards....you’re not just taking one bad area and moving it to another; you’re looking at housing and employment solutions that hopefully provide a lifestyle change that should be a positive for everybody.” Another participant continued: “....redeveloping blight areas will shift some people out, but also provide opportunities for some to improve. It’s been done in other cities: San Diego, San Francisco, Los Angeles, Seattle; why not in Las Vegas?”

Economic opportunities and benefits

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Vacant sites in older, urban areas bespeak economic, physical, and social deterioration. They can attract criminal activity and unsightly trash accumulation, reduce property values, and dampen local business activity. Infill sites, however, offer opportunities for commercial or residential development and for the creation of public amenities such as parks and libraries. They provide opportunities for developers to expand commercial space into known, viable communities that are proven trade areas. This expansion of commercial space into infill areas provides market certainty for retail and other business expansion as well as opportunities to develop target markets.

Commercial expansion on infill sites can also improve market support for existing businesses, revitalize and create enthusiasm for older areas, and increase the life cycle of a neighborhood. Increased business activity creates jobs, increases property values, adds to the public sector revenues, and increases public and private investment in older areas. All of this relieves many of the social pressures discussed earlier.

Nearly all of the participants agreed that there are economic benefits to encourage infill development in the CBD. If, however, the citizens and elected officials want the urban core to be more than a central business district, infill development must create an urban residential experience. This requires vibrancy: retail, dining, entertainment, recreation and cultural venues in addition

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to the opportunity to live close to work. As one participant observed, “saving downtown is a good thing; no healthy city has a declining core.”

Shared Responsibilities: The Barriers

The roundtable participants discussed all of the traditionally defined barriers to infill development: high land costs and difficulty assembling parcels, neighborhood opposition, lack of political leadership, inflexible building and zoning regulations, marketability of stagnant communities, and the ease of fringe development as compared to infill development. The value of the roundtables was that the individuals representing the organizations that create many barriers to infill were sitting across the table from one another. They reminded one another that there is more agreement and understanding of the barriers and potential solutions than there is disagreement. Therefore, this section examines the barriers to infill development in terms of the controlling players in the development process.

Property owners in potential infill sites

The two biggest obstacles for developers are land costs and multiple property owners. Land costs on residential infill sites in the Las Vegas CBD have been estimated to be two to three times the cost of raw land at the fringe, which is consistent with other studies that have been performed around the country. Even when offered ridiculously high prices, many property owners are unwilling to sell their property because they believe “it may be worth something some day.” Although over-priced property in the CBD is not unique to the Las Vegas Valley;

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the expectation that the next mega-resort will be located on a particular individual's parcel *is* unique and certainly exacerbates the problem.

Many of the over-priced infill parcels are too small for major development, especially in the CBD, but developing small infill parcels carries the same fixed costs as larger projects. Because developers have to assemble numerous parcels in order to put together a project that will "pencil-out," assembling this land is very costly. One of the ways around the high costs of land is to use eminent domain in redevelopment areas. One participant stated that "without the use of eminent domain, you cannot have redevelopment; there is no development on CBD infill properties because land assemblage is by far the most important issue."

Many others agreed that eminent domain is imperative when attempting to assemble parcels for development. The cities (Las Vegas in particular) are not doing a good job of publicizing the attributes of eminent domain to the press and citizens. The public needs to be educated about the benefits of eminent domain; it is beneficial for the entire community. Developing vacant parcels enhances the surrounding area, raises property values, and produces tax revenue for the City. The media should be encouraged to report that the benefits of eminent domain, when used properly, spread throughout of the community and should stop focusing on the controversy.

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Many property owners who neglect or “waste” their property are taking advantage of efforts to redevelop the CBD. For example, when the City invests redevelopment money to improve an area, property values increase. Some owners take advantage by not improving their property at that time and instead leaving it blighted while waiting for what they consider to be a reasonable offer. Others benefit from commercial zoning, but again are unwilling to sell their property for development, thus leaving it vacant or underutilized. This becomes an additional problem for the cities; if they want development to occur, they have to buy the property at higher prices using eminent domain and redevelopment money.

Although there is much uncertainty as to whether the courts will become more receptive to its use, eminent domain can be a useful tool to alleviate many of these problems. Courts oppose using private property for private development. Additionally, in order to use eminent domain under redevelopment, the developers have to show a good faith effort to negotiate with the land owner. They also must expose broad-ranging blight, and thus demonstrate that the development serves a public purpose.

Many participants believe that the cities need to expand their redevelopment areas and also that Clark County needs to create one. To expedite the process, County Commissioners need to be educated on the benefits of redevelopment. Originally, the purpose for redevelopment in Las Vegas was to keep large

employers from leaving downtown. The impetus came when First Interstate Bank (now Wells Fargo) and Primerit (now Norwest) could not assemble the property necessary to expand their operations, and thus left the downtown. This reasoning needs to be combined with other ideas presented in this report.

Given the exorbitant land costs, the costs of assemblage and the costs of building on smaller parcels, projects must be developed at higher densities to make them profitable. Proposing projects at densities that make development feasible (even if allowed under existing zoning and land use regulations) brings staunch opposition from residents.

Citizens

Widespread community opposition to infill development projects, and certain kinds of development in general, results from growth. New residents import opinions about growth and development that change prevailing attitudes. As one participant explained: “The carload crossing the border from California wants to shut the door on the guy thirty minutes behind.....the rules and regulations [that govern development] in California are creeping over the border. They can’t do anything without a complete study....we can’t let that happen here.” The panelists supported efforts to find common ground on which to mitigate citizen opposition.

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Whether or not they are in conformance with existing zoning, nearly all projects proposed on infill sites meet with some form of citizen opposition. Delays due to neighborhood appeals can add thousands of dollars to project costs. The primary citizen concerns cited are high density development and increased traffic congestion. Citizens must be informed that high density development does not necessarily mean high-rise apartment complexes, though. If designed properly, high density development can substantially enhance a community. Infill projects can add unique architectural characteristics to the community, and mixed use development can attract services and retail outlets. All of this creates a sense of place, purpose and character for the community.

The most often cited reason for opposition to infill projects was fear of increased traffic congestion. Citizens complain about increased traffic even when traffic studies completed by professional engineers show acceptable traffic levels. In addition, many developers of commercial and retail infill projects want locate them in built areas in order to take advantage of existing traffic. In those areas, because traffic already exists, there is already demand for commercial and retail uses. One participant felt that increased traffic congestion is a myth: "I think that's the mold we need to break; the project doesn't necessarily create all of the new traffic. The reason projects locate on infill sites is to take advantage of the traffic that's already there." Nonetheless, citizen opposition often leads to denial of acceptable projects.

Although community opposition is problematic, developers and city officials “...must recognize neighbor concerns; they have rights, too.” It is difficult to convince people that development on infill sites is for the greater social good. Development must be balanced with property owner rights and the desires of the neighbors. Media attention often focuses on controversy, thus fueling opposition and making it more difficult for elected officials to make decisions that are in the best interest of the entire community.

Politicians

Many of the participants felt that the elected officials send mixed signals. They want infill development but refuse to approve higher densities or non-residential uses. Some great project proposals have been rejected downtown because of bad publicity; five years later the property sits vacant or underdeveloped (residential use in areas zoned commercial). Denial of most project proposals is linked directly to a perception of added traffic and increased congestion. As one person said, “the calls that come in are always about traffic, traffic, traffic.”

In frustration, another participant exclaimed : “Politicians want infill development, but then beat the crap out of you because if you create infill development in an urban area that already has traffic, you create something that isn’t there and add to [the traffic], but that’s part of the deal.” Many felt that the lack of political will,

vision and leadership in the central business district are barriers to infill development.

The participants, however, did acknowledge the difficulties confronting elected officials. The political cost of supporting infill and redevelopment is immediate; whereas, the payoff comes later, when current elected officials are most likely gone from office. In addition, “vacant land and the future don’t have constituents.” Moreover, since businesses do not vote, the difficulty of getting commercial infill projects approved is increased. It takes courage for politicians to take today’s bad publicity for decisions that improve the future.

Proper communication to the media and citizens about the benefits to the community could make political decisions easier. Many panelists felt that public employees could do a better job of educating and communicating with citizens. Furthermore, elected officials need better support from professional staff members to develop public policy that follows through on the goals of the citizens, as communicated through these elected officials. Politicians set goals for infill development, but staff must coordinate developers and citizens to achieve those goals.

Civil Servants – Planning Staffs and Other Officials

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Should public officials craft policy to address infill? In the roundtables, the opinions about this subject were varied. Those who believe the government should stay out of the free market to avoid unintended consequences were on one side. They believe that government decisions and policies created the infill problems in the first place, and rather than creating new policies and incentive programs, governments should reverse policies to solve the problem. Certain participants reminded the panels that given a mindset that leans towards a reliance on the free market, infill incentives may not work in the Las Vegas Valley anyway.

On the other side were those who believe government intervention and incentive programs are needed. They agreed that public policy does erect many of the barriers to infill development and also questioned government interference in the competition to develop in suburban areas. The difference is that they believe that because the free market does not correct urban decline, the government must encourage redevelopment and provide incentives to revitalize urban decline areas.

Some panelists remarked that elected officials often follow their staff's advice. They commented that local planning is behind the times; there is not enough creativity within local planning departments, nor does there appear to be the knowledge needed to make high density, clustering or mixed use type projects work. They wonder why the local chapter of the American Planning Association

has not been more vocal on these and other issues. Others believe professional staff is qualified but feel they could be doing a better job working with developers and citizens to find cooperative solutions. Since infill is a stated policy of many elected officials, staff should clear the obstacles to infill development before the public hearing process so that the elected officials are not caught between developers and citizens.

Barriers Hidden in Codes and Regulations

The policies that create the most formidable barrier to infill development are encoded in the zoning and building regulations. Building codes and zoning codes are established for widespread, uniform use. There is very little flexibility to allow for creativity such as unique designs that mask density; cluster housing; mixed-use residential, commercial and office projects; affordable housing; and single resident occupancies. Many feel the codes are restrictive and arcane in terms of densities, mixed uses and architectural style; the codes repress the creativity that is needed to make infill work. In addition, parking requirements can be a significant problem. Developers think that too much parking is required, while potential tenants believe that not enough parking is being provided.

Zoning regulations create barriers to infill development in other ways. For example, local governments approve zone changes without setting time limits on development or requiring improvements. This practice increases the cost of infill

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land, which then requires high density residential or commercial projects to ensure profit. However, these types of project proposals will most likely be denied. The property owner receives a windfall without any obligation to improve the property or build off-site improvements. Time limits should be set for making improvements, and bonding for off-sites should be required as a condition of the zone change, especially for streets, curbs and gutters. This would substantially improve city streets even when property development stagnates.

Public policy influences infill development on another level as well. A recent study on growth in the Las Vegas Valley conducted by the Urban Land Institute (ULI) concluded that development could and should be considered at higher densities. Unfortunately, there is a major conflict between the ULI recommendations, recent legislative agendas and what staff and politicians are willing to accept in terms of higher densities, mixed-use, clustering and other development projects that will achieve broader public policy initiatives. One participant took a broader view of public policy in saying that “.....public policy aggressively pursues and promotes jobs growth, which creates the problems we’re trying to solve with other public policy.....the question is: How do we continue to grow, reaping the benefits, in a manner that sustains the long-term economic strength of the region?” One potential answer lay in a bill, introduced during the 1997 legislative session, which had the intent of forcing more compact, orderly development patterns.

The Potentials and Limits of Existing Infrastructure

The final discussion on public policy had to do with infrastructure and utilities. One of the merits of infill development is the use of existing infrastructure, which avoids the development of new, more costly infrastructure. New infrastructure development is only avoided when adequate capacity exists in built areas and the systems are well maintained; otherwise' infill development can be far more costly, in terms of infrastructure construction, than development at the fringe. Although current utilities may not be sufficient for new development, upgrading them (for fiber optics, for instance) was not seen as a problem. There was a sense among the participants that the infrastructure systems are not well maintained in the CBD, contributing to urban decline and increasing the difficulty of marketing infill projects. Even without infill projects, the infrastructure will need upgrading and additional upkeep in the near future.

Consumers

Since infill development only happens if neighborhoods are viable, we must have safe, secure neighborhoods for infill to work. Neighborhood safety and quality of education were seen as the two most important issues for attracting people to infill projects. The two are closely related: without residential development, many of the amenities needed to attract residential development will not be made available. One participant believes that "There's not one residential project downtown because there's no demand due to a lack of amenities." At another

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recent conference on infill, neighborhood safety was cited as the number one issue confronting infill development. High crime rates in the CBD also impede commercial development.

Consumer demand for suburban living is viewed as another impediment to infill residential development. With major competitors like Summerlin and Green Valley, infill development in the CBD and blighted urban neighborhoods currently is not feasible. In combination with neighborhood safety, short commutes add to the desirability of these areas. Commute costs must increase substantially in the Las Vegas Valley to offset the quality of living differentials between urban and suburban areas. Most participants did not predict this happening in the near term.

As discussed earlier, consumer demand and market forces will not correct urban blight. Although the CBD and surrounding urban neighborhoods are beginning to experience urban decay and are under social and economic stress, some panelists stated that there currently are no serious economic problems that justify expending massive subsidies on the problem and that subsidized infill projects have an unfair advantage over existing property. Others expressed a belief that better use of eminent domain and expanded redevelopment areas are needed. One infill project will not change the entire CBD, but redeveloping an entire corner or city block makes an area more marketable and can make a significant contribution to the community.

Lenders

The success of infill and redevelopment policies depends wholly on financing schemes and implementation. While developers technically can seek funding from either public sector sources or private investors, creative public funding sources are not readily available in Nevada. The State Legislature has not supported legislation that would enable businesses and neighborhoods to create special districts and tax themselves for the purpose of constructing public improvements.

Private lenders often perceive infill projects to be generally problematic. They have difficulty researching market potential, finding comparable models and conducting appraisals. Because infill projects can be more costly, lease rates in the area are often expensive. Lenders are concerned about the potential to lease space and fear that tenants will move from the new buildings because of higher rents, especially if the project is in a blighted area. Additionally, they worry that the property may not hold its projected value.

In order to make infill projects attractive for investors, subsidies, along with a commitment by the public sector to invest in the area, are needed. Many panelists voiced the concern that land owners may try to absorb financial incentives for infill development by charging higher prices for their land. One

warned: “Whatever you do, do not create an infill district and attach financial incentives to the entire area. You will end up with over-priced land becoming astronomically over-priced.” Most agreed that it is impossible to pinpoint a standard set of economic incentives that will induce infill development. Projects are variable, and for each individual project, developers must consider many factors before customizing specific incentives.

Developers

When talk turned to the developers’ role in the infill discussion, participants quickly offered analogies such as “They’re cherry picking” and “They’re picking the low hanging fruit.” Whatever the analogy, panelists clearly recognized that developers prefer to build on raw land in new areas. They know that it is less troublesome and more profitable. Builders have set blueprints for buildings and designs for subdivisions, lenders are accustomed to financing these standard projects, building and planning officials are prepared to review and approve them, and there is little known citizen opposition. Although many people argue that the supply of developable land is shrinking at an alarming rate, there remains plenty of opportunities for developers to build in new areas. Until that changes, infill sites will not be in high demand. Few developers are willing to

fight the battles and assume the risk that comes with pioneering infill development.

Participants voiced some concerns about the effectiveness of the homebuilders in southern Nevada as a lobbying group. They fear that this group has been marginalized by their rigid opposition to most proposed changes in public policy. Local governments perceive homebuilder opposition as a normal response, whether or not the homebuilders have legitimate concerns. This perception creates challenges for collaborative efforts between the public sector and the residential building industry when they try to solve many of the barriers to infill development and broader growth issues facing the community.

Nonetheless, vacant land remains so for a reason. Whatever the reason, it creates a challenge for the developer. The barriers discussed in this section, land costs, citizen opposition, lack of leadership, inflexible zoning and building codes, lack of public sector investment, poor marketability, and a lack of funding, all contribute to the existence of infill sites. These barriers exist because of decisions made by numerous sectors of society. The next section explores opportunities for collaborative efforts to overcome the barriers and move forward with infill development and redevelopment.

Building Livable Communities -- Solutions for the Future

The most ardent supporters of free market economics insist that Infill development should be driven by market forces. They argue that land at the fringe is increasing in cost and thus forces developers to look back to the center of the city. Along with increasing land costs, the cost of living, including lengthened commute times, increases the farther development occurs from downtown. Increases in the cost of living in combination with other factors cause the demand for land to decrease the farther it is from the central core. Normally, a decrease in demand drives land prices down.

However, in the Las Vegas Valley, the BLM land disposal boundary, along with other federal land holdings, limits the supply of land. Limited supply places upward pressure on the price of land as demand increases. Ideally, these forces will work to erase cost differentials between central city development and suburban development. Infill sites in high rent districts, or sites that are large enough to make development projects worth fighting for, will be developed. Smaller parcels in less desirable areas have little or no economic value and should be developed as parks or other public facilities.

While most everyone agrees with this argument, many believe economics is only part of the equation. Market forces will not adjust for the general blight of an area, a factor that impacts the long term potential for development. The public

sector needs to create economic value in blighted areas by fixing sidewalks, landscaping streets, and building parks and other public amenities. They need to create an environment that is conducive to retail and residential mixed use development. Similar programs have worked in Austin, San Jose and San Francisco. According to one panelist, “There is a large, untapped market that will buy into the urban village concept: walk to work, recreation, shopping, etc.” Urban villages bring people to where they work, relieve traffic congestion, and provide lifestyle choices. Furthermore, providing street level amenities attracts people to downtown, and their presence attracts more development. Once begun, the process advances slowly, but steadily; “It’s not going to happen overnight. It’s going to take at least ten years or more, but it won’t happen unless the fundamental infrastructure is in place.”

The question still remains: How do we overcome the barriers to infill development to secure the central business district? The following recommendations were made by the roundtable participants.

Land

- Local governments should acquire land, primarily BLM infill parcels, then sell it through the bid process. They should also work to free-up other government land for development. Many parcels that are currently available are too small to work with, and land assemblage is costly.

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- Local governments should follow the recommendation from the ULI study and make better use of eminent domain. Redevelopment agencies are instrumental to help private sector “pioneers” develop infill sites. Redevelopment areas should be created and expanded in the County to facilitate land acquisition and assemblage under eminent domain.
- Nevada Revised Statutes governing eminent domain should be changed to allow for early takings and postponed price negotiation.
- Public officials and the real estate community should work together to educate citizens and the media about the use of eminent domain. They need to be aware that property owners are compensated at above market rates and that the entire community benefits from infill and redevelopment projects.
- Many infill sites require assistance with environmental remediation. Local and State agencies should work to revitalize contaminated properties through the U.S. Environmental Protection Agency’s “Brownfields Economic Redevelopment Initiative.”

Zoning

- Instead of changing existing codes, local governments should create infill districts with more flexibility in zoning and building codes to allow for different types of development at varying densities. The approval process could be streamlined for projects within the infill area. In addition, projects should be approved based on their potential to achieve the goals for infill development

and redevelopment. Zoning for infill areas should address neighborhood design issues, mixed-use development, reduced parking ratios, and transit- and pedestrian-oriented design features.

- Governments should allow density bonuses for infill or redevelopment projects that meet certain public goals. Density bonuses could be offered for affordable housing, four-sided architecture, landscaped medians, open space or recreation areas, child care or other services, projects that are within a certain distance of transit nodes, and projects that meet other transit or pedestrian oriented design goals.
- Clark County should create a redevelopment agency to help develop viable affordable housing in areas surrounding the strip. As a condition of approval, major resort projects could be required to show where workers are going to live (a policy in affect in Hawaii) and to contribute to residential infill and redevelopment efforts close in to the resort corridor.
- Zoning can help alleviate crime by clustering commercial centers:
“Convenience stores are known to contribute to crime in an area; we have a problem with the proliferation of convenience stores - they lower property values and add to blight.”

Proactive Planning

- Local governments should create public/private partnerships to master plan urban villages. One panelists sees opportunities to “....create partnerships

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and say, 'Now we're going to show you how to do it right.' Of all the cities in the country, Las Vegas can do more when it wants to than anywhere else....when Las Vegas says 'We're going to do it,' it gets done.....we should build on that strength." Another cautions that "...it's easy to go out and draw a brand new village or town, it's very difficult, and it takes a lot more effort to say, 'We already have a town, let's make it better.'"

- Local governments need to incorporate mixed-use, residential, office, commercial, retail, transportation and services into a master infill and redevelopment plan since "Creating master planned urban villages requires public sector support, the private sector will not take that kind of risk."
- Local governments could create interdepartmental teams to review projects based on achieving progress towards infill and redevelopment goals and expanding the benefits to the community.
- Infill and redevelopment plans should concentrate resources that recapture one block at a time, and continue block by block. Individual projects spread around the infill or redevelopment planning area will not have as much of an impact on blighted areas as redeveloping an entire block.
- Many of the barriers to infill development can be overcome through sound planning practices without resorting to subsidies or financial incentives. Many infill projects can work by addressing NIMBYISM, shortening the approval process, and investing in public amenities and infrastructure.

Funding

- Financial incentives (lowering the costs of land acquisition, fee waivers and other considerations) should be project specific. Otherwise, all financial incentives tied to an infill overlay area will be absorbed by property owners through higher land costs.
- There is a need for enabling legislation to create neighborhood and business districts that allow residents to tax themselves for the purpose of public improvements (public facilities, infrastructure upgrades, increased policing, street landscaping). Other states allow special assessment districts to be created with 50 percent voter approval. After implementation, residents tax themselves to support the plan that they develop. All of the money goes back into their area and increases quality of life and property values. This system allows businesses and residents to work for themselves and their own neighborhoods.
- Developers could be allowed to pay fees for infill projects as they sell or lease. This would lower the cost of developing on infill sites since developers currently must pay interest on money borrowed for fees.
- Money is readily available, but it takes a carefully crafted master plan of the redevelopment or infill area to get financing approved. Local governments need to work with developers to show a commitment to an area and to assist in securing funding. Commercial projects need to have some tenants and pre-leasing. Financing costs are somewhat higher for infill and redevelopment than for conventional projects, but funds can be made

available through federal agencies and programs such as: FANNIE MAE, HUD, Community Development Block Grants and the Community Reinvestment Act.

Vision

- There is a need to create a vision, similar to those devised in San Antonio, Lower Downtown Denver (LoDo), Pasadena Old Town, San Diego and Vancouver. Each of these cities began its infill and redevelopment project with an individual vision and a plan of action.
- The community must decide if it wants a vibrant downtown or not. The vision must be crafted through a participatory planning process that includes citizens, property owners, lenders, developers, government officials and others. Inclusionary planning increases the odds that projects will be approved, funding will be available, and that public sector investment will match private sector needs; all of which helps infill and redevelopment succeed.

Support from Elected Officials

- The panelists stressed the importance of the public sector being involved and supportive; the public must help create a vision and master plan for the infill or redevelopment area. In fact, the “one common thread that runs through all

successful projects, the most significant factor, is the involvement and participation of the City or County on large-scale projects. Having a redevelopment plan for the entire area is critical to the success of redevelopment.”

- Public officials need to follow master plans and to support projects that meet infill and redevelopment goals. Planning for higher densities increases property values, which requires higher density projects to offset higher land costs. Citizen opposition to higher densities forces elected officials to deny projects; thus, infill sites remain vacant.
- Politicians need to pick their battles carefully. They need to be willing to withstand local opposition for projects that meet the goals and priorities of the community. The power to define policy and then support it requires public education and involvement.

Communication

- Local entities should work with homeowners to plan and market commercial, mixed-use and office development on infill sites surrounded by older homes. There are corners all over town that could be developed if not for citizen opposition. Residential development on these corners is not feasible because of the traffic volumes. Many infill sites have tremendous potential for “meaningful retail, mixed use or other projects, not just for bars and convenience stores.”

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- Local governments and the real estate community need to educate the community about the public benefits of infill development and redevelopment. The Lied Institute for Real Estate Studies could put together a speakers bureau to give presentations to homeowners groups and other public organizations. In addition, the Lied Institute could provide training tools and host seminars as well as sponsoring experts in different development areas to give presentations on residential, commercial and mixed-use development; high versus low density projects; financing alternatives; affordable housing; and other infill and redevelopment related topics.
- Each local entity should have a real estate advisory committee, possibly modeled after the San Francisco model. San Francisco advisory boards are made up of planners, developers, lenders, citizens and others. They prioritize planning agendas and make recommendations, through the redevelopment agency, to the elected board. The recommendations are highly regarded and provide the political cover which only results from improved planning processes that involve many people.

Conclusion

The participants of the last roundtable session on the last day were asked to close by sharing what they learned, and providing final comments on their views of infill development. Their comments were recorded and are presented here in their entirety. They provide a fitting conclusion for the discussions on infill development in the Las Vegas Valley.

- *I've gotten a great deal out of this, hearing the different perspectives. It's interesting that the conversation has centered around the Central Business District which I think is the first great opportunity for infill development. It's a place where there's at least a program and a plan in place to enhance the area and make infill happen. We have a great deal of development expertise in our company, different from just being a Green Valley development group that we were three years ago, we made a decision to get involved wherever it makes sense, economically, to do so. I see infill development, particularly in the CBD but also in other parts of the city, as a tremendous opportunity for companies with that kind of strike-force. It is painful, I will tell that you the brain damage is great on both sides of the table. We hope that the fruit justifies the difficulty.....it is tough, it's not for the faint of heart. It's an evolving situation, we're the first penguin off of the iceberg. I'm sure a lot of people will take notice of what happens with our project (Sun Plaza). I certainly will.*
- *I think the conversations have been very exciting. I think about NIMBY's, and hopefully we can educate them somehow, which is a huge challenge. I think about how sometimes infill development has so many more steps to the process, and it takes so much longer and all the while it's costing more. These are the points that stick in my mind.*

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- *I was really educated on how narrow my point of view was coming in to this discussion. I didn't realize the perspective of so many people as to what redevelopment and infill is for. From what I've seen in the paper or the actions of the politicians, they usually talk about leapfrog residential development and wanting to drive the infill to avoid having to provide services so far out. If they truly want residential infill development, they have to accept the fact there is going to be a cost in terms of popularity given that they have to approve higher density if infill is going to work.*
- *Your definition is good, I suggest you concentrate on downtown because that is where it's truly needed. With that note I'm going to tell you a quick story. When I was about 24 years old I took an office up on Bridger across from the new Valley Bank. The Valley Bank filled up and one of the last things that happened was a guy built a little office supply store in the bottom of Valley Bank. It's still there today, over by where you get your shoes shined. It was opening day of the new office supply store and they had all of the paper and stuff on the shelves. Well, a gal about 6'1", 9 months pregnant took her clothes off completely in my office building. She walked across the street and into the Valley Bank, and walked into the office supply store. There she started throwing sheets of paper around and kicking down the shelves. This was opening day, the place hadn't been open an hour. A couple of guys dressed in suits from the bank came and tackled her down and held her until the police arrived. The manager was talking to me about a half hour later, he said 'you know, when they transferred me down here from east Charleston, they said it was going to be tuff downtown, but geez I wasn't expecting anything like this.'* “
- *I would change urban growth on your definition to urban development. Infill is more than in urban areas. It's in suburban areas, it's in new developing areas; we've got infill projects out in the Summerlin area. There's a whole tier of infill projects that need to be looked at. We've only really concentrated on the most obvious, hard to solve ones today. There are infill projects in and around the Tech Park, I pass them every day. People are asking too much*

for their land and it will probably stay vacant. The corner of Craig Rd. and Teneya will probably stay vacant for ten more years because of the asking prices. I think we need to address those as well.

- *I think the immediate concern for infill development should be in the most at risk area: the downtown/central business district. Other than that I think the market should be left to work. We talked about incentives, but there's another way to get things done and control the direction of development. That's to increase the pain of leapfrog development. You can either subsidize and do something in, or penalize to do something out further and make that more and more expensive, but that's a real concern. The ULI talked about all available land being gone in ten years, or slowing growth so it will last twenty years. Well, if you've got the people moving in, I don't know why it makes sense to change that rate of expansion. I think what will happen is once you've used all of the cheaper land people have to start looking at more expensive land and infill will take place. When people who are looking for housing can't find housing, then government will increase the densities. People who live next to empty lots do not want higher density, especially if the government they're paying taxes to is subsidizing someone to increase the density. I think it should be left up to the market until it all builds up, and then the market will force more density to make housing affordable, but I think it will be more acceptable then.*
- *When we ran the numbers for the Northwest Plan, at year 2025 we still had 15 years of growth left. We're not going to run out of land very soon, guys. We can double the size of the City in the northwest and still have land left.*
- *There are many, many dynamics at play in this whole issue of urban decay and urban growth; what are the bad parts of town and what urban renewal does for them. I'm not sure I've sorted them all out in my mind, some of them came to light a little bit in this discussion. What I take away from this and what I really appreciate is the discussion that went on, and the recognition of the relationship between the social issues and the economic issues. Those of us who deal with the social issues in the public sector have to recognize what*

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goes on in the economic side of the world and vice versa; there is a relationship between economically viable renewal or infill projects and the communities' social issues.

- *I really appreciate being here today. Having grown up in a region that went from four million to eight million people in my lifetime (Los Angeles County), there's not a day that's gone by in the seven years that I've lived here that I'm not thankful for being here because I really enjoy living here. There's a lot of pioneers that are developers here, people that are going into areas that would never be explored, but you've got to create incentives for people to continue to do that. The Sun Plaza is a great example of pioneers in developers.*

The only way that I've ever seen blight eliminated is to build and reconstruct, and to not forget about the people who live there, because they'll just go someplace else. I think that we need to look at red-tape and delays, although I do believe we have a very, very development friendly government. It's an exciting place, but I think one of the reasons we focused on the CBD is a discussion item is because people are really concerned about it. I live out in Summerlin, people that I talk to have never been downtown, they don't know what it looks like, don't have a reason to go down there. I think it's a great opportunity for a lot of us to make it a vital downtown. I've enjoyed this, it's been a good, constructive discussion and I hope it gets out into the public.

- *I don't think that a town develops in growth nodes and market centers or necessarily goes in one direction only. I don't think a growth ring around the valley is a good idea; growth should be a natural progression. Some of our powers that be are trying to throw disincentives to developing on the periphery, I think that's a mistake. If we want to incentivize particular areas for development, that's a different program. It would nice to have a downtown we could be proud of, but that's not the only part of our city. It's important that we don't get constricted with all kinds of bureaucracy that disallows development in areas where it naturally should occur or will occur based on market and economic conditions.*

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- *I work in the public sector and have to balance the needs of developers with the will of the elected officials. I was very intrigued listening to the business side of the conversation. That's a side I don't get a lot of exposure to. A lot of times the City is determined to stick development projects in a category based on regulations, whether the regulations are adequate or not. Many times the politicians are trying to satisfy the lone rebel out there who says 'I'm here, I don't want you guys developing that lot next door that the realtor told me would be vacant forever.' I remember some of the first items when Sun City started developing, a lot of people would come in and claim that they were told that it was BLM property and would stay that way forever. A lot of people have moved into the area for the great economic opportunity, there are people making their life fortunes here and that's great. Also many people come here without knowing anything more about the valley and their community, other than their house area, their street. I think education of the populace here is going to be a big concern over the coming years; I don't feel there's a lot of buy-in from newcomers. They don't say 'this is my hometown, this is where I want to live.' A lot of people are here to make their money and run, that's why I don't feel as though people will spend time downtown. Over time people will see that this is a great place to live. I've been here eleven years, I wish I'd been here twenty-one years, I think it's great and I plan to retire here.*
- *I'm a firm believer in concentrating your efforts. My focus will continue to be the downtown and some aging areas that have been brought into the redevelopment area. I think we can really make a difference in a reasonably short period of time. I have to focus my efforts to make sure we create a critical mass in the downtown so that additional development will be spawned. Infill development in my definition will remain downtown and some economically challenged neighborhoods.*