

# Economic Development Strategies

*Rank the top five strategies (1, 2, 3...) you think will work best in the Durango area.*

**Place-Based Strategy** - This approach aims to improve the physical environment and quality of life within a neighborhood, town, or small city. Clearing and cleaning up vacant lots and improving storefronts, streets, lighting, and sidewalks makes people, especially young professionals, feel safer. More people visit. Some move in, attracted by low-cost housing. Property-values and rents rise as supply of potential renters increases. Hip businesses move in to capture the new market, which attracts more people. Investors then buy cheap real-estate with the intention to sell as prices go up. This is one variant of location theory. Example: Le Droit Neighborhood and Howard University.

**Transportation-based Strategy** - People naturally congregate around transit hubs, be they rail or subway stations, bus transfer stations, or trails. Building housing around transit gets people out of their cars, creates social interaction, and saves time for people. This is called transit-oriented development; one example is Fruitvale Village in Oakland, CA. From a business perspective improving roads, rail lines, airports also reduces the cost to ship goods and people and makes a place more attractive for a business to locate their facilities. This is another variant of location theory and the core-periphery model of development.

**Culture-based Strategy** - People will visit and potentially move into a neighborhood if they think that cool and creative acts are afoot. Culture-based strategies use events, such as street fairs, venues such as theaters and galleries, and projects, such as murals to bolster the self-confidence of communities in distress and help them tell their story in a way that can galvanize people. This is a variant of location theory. Example: Lanesboro, MN

**Business Recruitment Strategy** - Communities will often offer to waive fees, reduce taxes, and loosen regulations to attract new firms to their area with the idea that the jobs and tax revenue will eventually compensate for these extra costs. Communities usually focus on large firms or big-box stores with the idea that these large companies will provide the most jobs and bring in the most outside money. Communities often end-up competing with each other to get a company to stay. Even without the subsidies communities can promote their quality of life, proximity to universities, or other attributes that make it a good place to do business. This is another variant of location and economic base theory. Example: La Plata Economic Development Alliance.

**Creative Class Strategy** - Instead of trying to attract businesses, cities should attract the smart, young professionals that businesses want to hire. These people constitute the "creative class," college-educated professionals that are attracted to urban amenities, diverse shops and restaurants, and recreational opportunities. High growth companies that depend on innovation will move to places where there are large concentrations of these people. Example: Austin, Texas or Boulder, CO.

**Resource Extraction Strategy** - This strategy depends on harvesting, processing, and shipping out natural resources and raw materials to earn hard currency. This includes mining, oil and gas, timber, and even agriculture. This often results in a boom and bust economy and high dependence on resource extraction companies. Example: Durango's early history

**Home Grown Business Strategy** - Instead of trying to lure outside firms to relocate, communities should encourage and support the entrepreneurs in their midst by providing cheap commercial and industrial space and technical assistance for small start-up businesses. These are called business incubators. Cutting regulations, reducing permitting requirements, and micro-loans make it easier for new business people to put their passion to work. Successful businesses supply the local market first but potentially grow enough to export outside the region. This is a variant of import substitution theory. Example: Portland's Food Carts and Region 9 Economic Development District.

**Economic Cluster Strategy** - The approach focuses on building up clusters of related businesses in one area and taking advantage of a community's particular expertise and assets. Being located near other businesses in the same field makes it cheaper to do business and spurs innovation and new spin-off businesses. People who work in similar businesses also like to socialize together so the cluster creates a more vibrant social scene both in and out of the workplace. Clusters can either be small-scale or grow to be huge, like Silicon Valley or the Garment District in Los Angeles. This is a variation of agglomeration theory and the growth pole model.

**Workforce Strategy** - Communities can keep the businesses they have and attract new ones by creating a workforce with a variety of skills. This approach emphasizes education and training of workers so they can earn higher wages, be more productive, and more resilient in responding to changes in the marketplace. Providing easy access to community college, apprenticeships, and other training programs helps ensure that families can withstand the closing of a factory and take advantage of new opportunities. An extension of this strategy is for organizations to play matchmaker between qualified workers and local firms. Example: Milwaukee Jobs Initiative.

**Free Market Strategy** - This approach reduces red tape, privatizes public services, and reduces regulation to encourage private investors to purchase and re-purpose housing, utilities, and industrial facilities. The approach is to leave economic development to market forces and relies on the private sector. This strategy is rare in the United States but very common a national level in developing countries. Example: Detroit Downtown Development (to a degree).

**Community-based Strategy** - The traditional idea is that economic development is up to business organizations. A community-based approach depends on the collaboration of a network of community organizations working together to build on the natural, social, and cultural assets of neighborhood or community. This can involve starting small businesses but more often is about reducing costs and supporting the health, educational, housing, and recreational needs of local residents. The rationale is that stronger more stable families are a prerequisite for economic progress and a higher standard of living. This strategy focuses on capacity-building and leadership training so local residents can take ownership over the economic development process. Example: Dudley Street Neighborhood Initiative

**Tourism and Recreation Strategy** - This strategy is based on attracting visitors who will spend their disposable income in the local community. This can involve investing in large infrastructure such as reservoirs and ski areas or in-town facilities such as hotels, convention centers and tour operators. The role of the government in regulating and providing subsidies for the use and operation of tourism and recreational concessions is often an issue. Example: Lake Nighthorse in Durango