A tool for Michigan communities looking to establish or improve an economic development strategy
INTRODUCTION

Most communities have a general idea of how they intend to encourage economic development. Far beyond simple hopes that the “economy will get better” and “let’s wait for development,” high-performing Redevelopment Ready Communities® (RRCs) distinguish themselves from others by having a clear strategy that describes how they intend to attract investment, build tax base and create jobs. Their strategies are rooted in relevant community planning documents and they execute deliberate initiatives that encourage investment while eliminating development and redevelopment obstacles. This strategy is linked to steps that intentionally “market” the community with a clear brand identity to reveal opportunity, a unique sense of place and local character (as described in the separate marketing and branding guide). A community’s economic development strategy is among the most important elements of the RRC program as it focuses squarely on retaining and attracting jobs and investment—the primary goal of the RRC program.

The material in this guide was prepared to assist communities develop or update a local economic development strategy. It frames a concise and efficient process that will produce a vision and strategy that is contextual with regional plans and defines specific implementation steps that will advance community goals. At the same time, it is also recognized that each community has unique circumstances and challenges, so creative approaches to defining vision, goals, strategy and implementation steps are always encouraged and supported.
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This guide describes the structure and process leading to the development of a concise economic development strategy. It challenges community leaders to extract essential data from existing documents (master plan and related planning documents) and supplement it with the insights necessary to describe a compelling business case for attracting investment and new jobs. At its core, the economic development strategy describes a vision, goals, strategies and actions that will create an environment that encourages bold development-related ventures and entrepreneurial spirit.

This guide does not intend to require a lengthy new planning document. It is possible that an existing Master Plan contains all the essential elements of a well-reasoned economic development strategy as described in this guide. If that is not the case in your community, this guide describes how to prepare a concise document. A standalone economic development strategy is primarily a policy document that outlines economic development goals and draws specific attention to economic development opportunities. The economic development strategy should connect to the master plan, capital improvements plan and other relevant planning documents. It is also the opportunity to define strategic steps to be taken to encourage the private sector to make favorable development investment decisions. This includes measures to eliminate unnecessary regulatory or procedural barriers to desired new investment.

Just as businesses compete for customers, communities compete for residents and investment. Existing and potential residents, businesses and investors are consumers with expectations, desires and the ability to make choices. Communities offer products that range from housing options, economic opportunity, retail/service offerings, education, cultural and recreational experiences, to infrastructure and planned improvements. Economic opportunities rank high among desirable community attributes because a solid economic foundation is essential to other aspects of community stability. No single community offers everything to everyone, but the expectation for RRCs is that they have a local economic development strategy that enables them to further develop their product offerings by:

- Identifying local assets, locational advantages, potential business synergies, workforce attributes or other place-based characteristics.
- Identifying economic development goals based on local opportunities and challenges.
- Effectively describing their role in the region and regional opportunities.
- Providing a compelling case for local development and redevelopment opportunities.
- Shining a spotlight on opportunities for private capital investment in local development/redevelopment projects.
- Outlining programs, projects, codes and infrastructure that will support development that is consistent with the community’s goals.
- Describing deliberate and planned implementation steps that include responsible parties, performance objectives and timelines.
- Monitoring annual success and progress.
This guide describes a general six-step process that produces an economic development strategy with the essential elements described above. This process includes deliberate actions that can be accomplished in just a few months with an emphasis on making existing planning documents and resources more operational and relevant. Keep in mind that local conditions may vary and warrant slightly different approaches and steps.

**Step 1:** Establish a steering committee

**Step 2:** Summarize essential background information

**Step 3:** Convene an economic development planning event

**Step 4:** Articulate the economic development vision and strategy

**Step 5:** Prepare draft document

**Step 6:** Build consensus and adopt
A steering committee is generally necessary to guide the six-step process forward. It can be an existing group such as a planning commission, governing body committee or an economic development corporation (EDC)\(^1\). Because existing groups can be consumed with existing duties, and others may be able to offer fresh perspectives and insights, a community may wish to create a new committee that blends representatives from several organizations (downtown development authority, chamber of commerce, port authority, etc.) The choice is a local one, but above all, the steering committee should have significant credibility, influence and authority. Community champions associated with priority development or redevelopment sites should be included and involved in the process. These might include a neighborhood group or other non-profit entities with a direct interest in redevelopment. Typically, new committees should include no more than 12–15 members, so that group dynamics are more easily managed. It is also suggested that a community inform a MEDC community assistance team (CATeam) representative at the onset of steps to develop an economic development strategy\(^2\).

Beyond local representation, other external local interests should be included in the conversations and process. Organizations such as the chamber of commerce clearly represent business and economic interests. TIFA (Tax Increment Finance Authority) boards, economic development committees of council, or planning staff should also be involved and informed. Further, in many areas, there are regional entities that represent important economic development partners that add important insight into local economic development conversations.

One resource to consult is provided at www.michiganbusiness.org/cm/files/partner_lists/partnerlist.pdf.

\(^1\) EDCs are created pursuant to the Economic Development Corporations Act (Act 338 of 1974)

\(^2\) See www.michiganbusiness.org/cm/files/fact-sheets/catmap.pdf for contacts assigned to an area of the state.
Having a statistical picture of a community is foundational to assessing local challenges and opportunities. Communities should focus on developing important conclusions that are supported by available data and evidence. They should also consider this step to be a discovery phase affording the opportunity to gather new perspectives and understanding. A review of the existing master plan and related planning documents should be a first step in efforts to extract key findings that factually describe local conditions.

Five essential dimensions of local economic conditions should be explored at a minimum. These include:

1. **Population:** Population trends should be described using data from the master plan (or newer census data if available). Population change should be identified in the context of comparisons with a larger region, comparable communities or the state as a whole. Where characteristics of the population are noteworthy (age of the population, educational attainment, institutional population, etc.) they should be described. **Information sources:** U.S. Census; Regional planning commission/COG projections where applicable

2. **Workforce:** The local workforce helps fuel local business and economic development activity. Shortcomings in the local workforce should be identified, along with current efforts to improve workforce skills and expand the talent pool. **Information sources:** Michigan Works!; Bureau of Labor statistics; Michigan Department of Technology, Management & Budget labor market information

3. **Tax base:** Economic development produces a growing tax base that sustains public services and builds local wealth. A community should be able to identify trends that signify the pace of new investment and property values over time. **Information sources:** Local assessor

4. **Regional issues:** All communities are part of larger regions that influence economic development potential. The economic development strategy should address how local issues connect with regional ones and coordinate with an adopted regional economic development strategy. Local success often relies heavily on regional assets. Particular attention should be paid to regional economic development partners, County-level economic development corporations or departments, regional prosperity initiatives, targeted nonprofit economic development organizations and councils of government. **Information sources:** www.michiganbusiness.org/about-medc/partners

5. **Market-study based data and insight:** In instances where a local market study has been recently prepared, key findings should be provided. In some cases, a market study may exist that offers insight into the competitive advantages an area may have with respect to specific industries or industry/business clusters. Industry or business clusters are entities that enjoy some type of competitive business advantage from local attributes. An area may also be included in a target market analysis (TMA). A TMA is a study to help identify the type and number of housing units that could be locally supported in terms of ideal locations, specific amenities, designs, absorption rates and similar considerations. Such data can help draw attention to the need for certain types of housing units to satisfy local demand (and potentially attract or retain young professionals in a community).

Consideration of this subject may draw attention to a lack of local objective evidence to verify a need for more local housing choices or business opportunities. Well-developed market studies can draw attention to specific types of development needs which can be foundational to development and redevelopment plans. **Information sources:** Independent market studies or reports

6. **Summary of challenges:** Brief materials should be provided to capture the essence of economic challenges going forward. Michigan communities stand at the threshold of a new economic era with unprecedented competition for talent and investment. Recent challenges to economic stability should be contrasted against reasons for local optimism. It is anticipated that the previously described material can be concise and contained within only a few pages, since it is largely a summary of information from elsewhere. A lengthy description of existing conditions is not necessary to lay the groundwork for subsequent steps in the process of developing an economic development strategy. Data should be included when they support overall conclusions and implications for future strategy development. Some other specific sources of data include: State of Michigan Census and Demographic Data: www.michigan.gov/cgi/0,4548,7-158-54534-252541--,00.html (and http://www.michigan.gov/census); Data Driven Detroit, Community Data Resources: www.datadrivendetroit.org/data-mapping/community-data-resources/ (census comparison and MAPAS are statewide); Location quotient calculator: www.data.bls.gov/location_quotientControllerServlet?jsessionid=9B6035B3871F5C2DD45845945D864F16.tc_instance3; Michigan planning and development regions (access each via www.miregions.com); U.S. Census: State and county quick facts: www.quickfacts.census.gov/qfd/states/26000.html
Effective economic development strategies are consensus-driven and are the product of inclusive community dialog. Building on elements from the “RRC Public Participation Plan Guide,” an economic development planning event should be hosted by the steering committee and seek to bring community leaders and the public together in an environment supportive of information sharing, collaboration and visioning. In addition to sharing findings from Step 2, conversations at this economic development planning event should focus on answering three basic questions:

- How do we define economic development and how does it relate to our future vision?
- What economic development opportunities exist and where?
- What are our goals?

Communities can design the workshop in any way that fits local practices. Such an event may be advertised as simply an annual economic development workshop conducted during one evening. This event could also be conducted as part of the master plan update, or as part of the annual process to develop a capital improvements plan (CIP). This allows CIP funding decisions to be more intentionally connected with the economic development strategy. It may be organized to span a full day or multiple evenings, if local leaders believe that more energy is needed to build consensus. Participants at such an event can be divided into small groups to encourage collaboration and dialog, and results from group conversations can be shared toward the end of the meeting.

Discussions at an economic development workshop should focus on identifying what economic development assets and opportunities exist. Topics may extend across a broad range of considerations. Assets may include tourism development, downtown or corridor opportunities, industrial/business park build out, water port development, brownfield redevelopment, rail transportation, leveraging recreational assets, arts/entertainment, capitalizing on vehicular transportation infrastructure, agricultural attributes, etc. Opportunities will vary tremendously by community, but the common denominator among the topics should be job creation, building tax base and creating local business opportunity.
STEP FOUR
Articulate the economic development vision, goals and strategy

The overall community vision is most compelling when connected to a larger story of community context and historical development. Goals and actions must be identified to assist in strengthening overall economic health. The economic development strategy is the community’s elevator speech that plainly describes a community’s vision for itself and the steps planned to attract investment, stimulate development and help local businesses grow.

The economic development strategy should include a section that outlines goals and describes what the community seeks to accomplish through the creation of the strategy. This allows all involved in the formation of the document to come to a consensus on what a successful economic development strategy looks like.

While some economic development opportunities may be found throughout a community or district, attention should be focused on key sites (see “Redevelopment Ready Sites” as described in RRC Best Practice No. 5). Priority redevelopment sites may be obsolete, vacant or otherwise underutilized. These sites should be identified and redevelopment ideas brainstormed during public participation.

All RRC communities are expected to maintain a current list of prioritized redevelopment sites, along with supporting information that answers essential questions that relate to site conditions and challenges. Site-specific projects should include a property information package (PIP) for applicable sites. Such a PIP should include a concept for development/redevelopment, background information and a description of potential incentives investors would be interested in to determine the development possibilities of the site.

A short list of major local economic development projects should be identified and prioritized. Projects appearing on this list directly or indirectly offer the promise of supporting private sector job creation and new private investment. Projects should be catalytic in the sense that they signal public sector support for private redevelopment in an area and link up with other initiatives. Project size and complexity naturally vary by community size.

Some projects may be capital-intensive infrastructure projects while others may be more programmatic and activity based. As such, communities will be able to divide projects into three groups: capital improvements; community development/placemaking; and regulations and procedures. Capital improvements meet basic infrastructure needs, but also serve to stimulate private development by addressing both functional and aesthetic concerns. Functional issues include street redesign, parking, drainage improvements, non-motorized transportation improvements, etc. Capital improvements may also include changes to the aesthetic value of public spaces (including the public right-of-way) with landscaping, pedestrian, bicycle or transit amenities, wayfinding and public art so that adjacent property values are enhanced.

Other non-infrastructure initiatives that do not link to the CIP and may include community development/placemaking related activities may be sub-area plans, market studies, program development, event creation, art and culture projects, community branding projects, etc. Other initiatives may involve removing regulatory or procedural obstacles to development and redevelopment.

All initiatives should be described in the context of near-term projects utilizing a one- to six-year timeline (consistent with the CIP). The project summaries and forms provided in the “RRC Capital Improvements Plan Guide” may be referenced so that there are clear connections between economic development strategy and the CIP. The party/parties responsible for implementation of each project should be identified to ensure stakeholder buy in and success.

A community may also choose to prioritize some non-infrastructure projects. However, it should also be recognized that development opportunities may arise in unpredictable ways, requiring more immediate steps to support private decisions concerning development/redevelopment projects.

Fundamentally, the strategy should answer the question of “why invest here.” It is framed in terms of both existing community attributes and the future. Beyond the “why” question, are issues of “what to do,” “how to do it,” “when to do it,” and finally “who will do it.” Responding to the question of “what to do” is the opportunity to describe the general strategic and tactical paths forward. The question of “how to do it” is answered in terms of the specifics related to projects and initiatives going forward.
**ECONOMIC DEVELOPMENT VISION/Mission**

*(City name), Michigan strives to be a place of economic opportunity. From traditional employment options to entrepreneurial endeavors and development opportunities, *(city name)*, Michigan is a fully supportive partner in private efforts to create local prosperity. Where necessary, *(city name)*, Michigan will take steps to help create the physical and social environment conducive to economic success and wealth creation.*

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**BUSINESS PARK DEVELOPMENT STRATEGY**

*(City name), Michigan will capture a share of regional development opportunities related to new manufacturing and supportive business operations. Accomplishing this requires an adequate inventory of development-ready sites and a streamlined development approval processes.*

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**REDEVELOPMENT AREA STRATEGY**

*(City name), Michigan has identified areas in town with unique redevelopment needs. These areas include functionally obsolescent buildings with early signs of blight. Focused attention to these areas is warranted to encourage redevelopment.*

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**PROJECTS AND INITIATIVES**

Three downtown infrastructure projects will be completed over the next six years. Two municipal parking lots will be improved and a segment of Main Street will be upgraded. Improvements will include pedestrian amenities, signage, improved lighting, and storm water management.

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**PROJECTS AND INITIATIVES**

Plans are nearly complete for a 25-acre expansion of the business park that will provide development-ready sites for new industry. These sites will be properly zoned and fully serviced by public infrastructure and utilities.

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**PROJECTS AND INITIATIVES**

The city has conducted an “audit” of development review processes and has found opportunities to streamline approval processes. Procedural development review steps will be amended to help provide a shortened and efficient site plan review process.

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**PROJECTS AND INITIATIVES**

The DDA will be funding a new market study in 20___ to define gaps in retail offerings and to identify opportunities for new housing. When done, this study will be used to recruit business and developers.

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**PROJECTS AND INITIATIVES**

A planning effort will be launched to consider new redevelopment options in *(name)* neighborhood. This work will include a market study, neighborhood plan and new zoning recommendation.

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The M _____ Corridor leading into town shows signs of disinvestment. Rapid commercial turnover is evident and non-motorized transportation options are non-existent. Planned initiatives going forward include preliminary steps to engage property owners in workshops to consider options such as a business improvement district or corridor improvement authority.

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The economic development strategy therefore provides five simple, but significant elements:
1. Articulating vision/mission (why do it)
2. Defining strategy and tactics (what to do)
3. Describing projects, initiatives, methods and means (how to do it)
4. Identifying priorities (when to do it)
5. Assignment of responsibility (who will do it)

Crafting an economic development strategy is a local endeavor that should be expressive of community challenges and opportunities. A range of potential strategies include:

- Identifying and pursuing local business/industry clusters that have a competitive advantage in the area.
- Investing in downtown, nodes and corridors to help create place. Such steps relate to both developing community character, as well as serving to attract/retain talented workers who desire a wide availability of choices in housing, entertainment, culture, recreation, retail, and employment.
- Enhancing existing port and/or rail infrastructure to support industrial development.
- Taking full advantage of being a municipal power provider (if applicable) to encourage/entice start-ups, relocations and expansions.
- Partnering with established business retention and expansion programs aimed at reaching out to, and assisting local companies identify and overcome barriers to survival and growth.
- Coordinating with supply chain and logistics efforts targeting specific industries.
- Economic gardening efforts aimed at small business development and entrepreneurial support.
- Developing more tourist attractions (historical and recreational) to build on existing assets.
- Developing more community art and cultural attractions.
- Identifying and eliminating barriers to development and redevelopment that may stem from circumstances such as outdated zoning or cumbersome development review processes.
- In larger communities, explore the feasibility of an entertainment district or art/culture district.

In instances where related documents are relevant, links to such documents should be provided, along with brief summaries of the conclusions. Cases in point include the existence of a regional prosperity plan, or a comprehensive economic development strategy (CEDS) produced for the economic development administration (EDA).
Brevity and clarity are essential elements of an economic development strategy. While an economic development strategy can be brief, it must contain material that offers a clear view of local economic development opportunities and strategies. It should also communicate the sense that the community is a willing partner in development and redevelopment projects. The economic development strategy itself is not a marketing piece but it is foundational to marketing efforts. It should express an optimistic tone and the expectation of future success and goal attainment.

Apart from the strategic elements discussed in Step 4, the economic development strategy should offer specific targets that will monitor success and progress on an annual basis. Communities are encouraged to utilize (or build on) a dashboard type approach to establish metrics that gauge community progress. They are also encouraged to describe why the chosen metrics matter and how they represent an effective measurement of progress.

Some potential metrics include:

- Jobs created or retained
- Dollar value of new construction/renovation, or additional square footage of residential, commercial and industrial space added
- New business formations
- Existing business expansions
- Population growth
- Household/per capita income (compared with the regional, state or national averages)
An economic development strategy should have community acceptance and be regarded as the official statement of economic development efforts. The strategy should be reviewed and approved by both the planning commission and local governing body. The economic development strategy should be available online and reviewed annually and updated along with the CIP and other planning documents. It should drive major community decisions and be a reliable predictor of future public actions that will support economic development.

STEP SIX
Build consensus and adopt