

## Chapter 4

# ECONOMIC DEVELOPMENT

### INTRODUCTION

This chapter identifies some of the key elements for successful economic development in the County and the relationship of those elements to other parts of the General Plan. Economic development is a term that means different things to different people. Some of the common definitions are listed below:

- *“Efforts to increase the number of jobs and income circulating in a community.”* The Handbook for Community Economic Development, U.S. Dept. of Commerce, 1979, pg. 2.
- *“The process of intervening in the normal economic cycle in order to achieve a specific goal. Although the goal may vary, it is usually aimed at stimulating private investment within a specific area in order to generate employment, increase the tax base or increase the commercial viability of the area.”* Encyclopedia of Community Planning and Environmental Management, Facts on File Publications, New York, 1984, pg. 117.
- *“The preparation of land, tools, and capital required to make an area attractive to new industry and to enhance the capability of existing industry to expand.”* The Language of Open Space, City of Duluth, MN, 1975, pg. 59.
- *“A development that provides a service, produces a good, retails a commodity, or emerges in any other use or activity for the purpose of making financial gain.”* Or, *“Any change in a community that enables greater production, increased employment, and a better distribution of goods and services.”* A Planners Dictionary, APA PAS #5xx/5xx, 2004, pg. 157.
- *“The attempt to attract investment within a government’s jurisdiction.”* It can include measures *“focused on outside business investment exclusively,”* to *“locally initiated projects and efforts to diversify [local] economies,”* to measures designed to retain existing businesses, or combinations. The Urban Politics Dictionary, 1990, pg.172.

Contemporary economic development initiatives usually involve elements of each of the definitions above. All such efforts are ultimately targeted at maintaining and improving the quality of life for residents in the community. Where there are plentiful jobs with wages sufficient to sustain families, communities are not merely viable, they are prosperous. Citizens expect government to do what it can to help ensure plentiful jobs and a sustainable future, but in a democracy like America where capitalism is the basis for the economic system, and where free trade laws permit products to be cheaply prepared by workers in other nations, and sold for low prices elsewhere, it is hard for government to consistently provide the elements for a changing economy that is increasingly defined by global forces.

That of course is no reason for the federal, state, county or local government to not do all it can to help support a local sustainable economy. But at the county and local level, opportunities to directly and successfully intervene when a business is in trouble, or closing are often extremely limited—as was amply demonstrated with the recent Electrolux plant closing and job losses in Greenville. That case is an example of global free trade at work. It is much cheaper to pay workers in third world countries.

## **ECONOMIC DEVELOPMENT BASED ON SMART GROWTH PRINCIPLES**

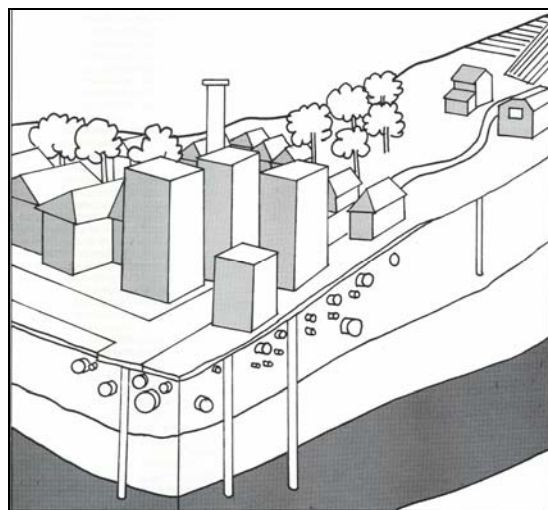
So what can a county and local units of government do help retain businesses and build a sustainable economy? First, the county can continue to take the lead through its economic development arm, the Montcalm Alliance. Second, ten Smart Growth measures are listed below. These are all based on the principles of sustainable development. *Sustainable development accommodates needs of the present without compromising the ability of future generations to meet their needs.*

1. Develop a common, countywide vision of a sustainable future that is shared by local governments and widely supported by businesses and citizens in the county. Everyone needs to understand “*We are all in this together.*” Losing jobs in Greenville, Edmore and elsewhere in the county hurts quality of life in the whole county, not just in those jurisdictions. Interjurisdictional coordination and cooperation is essential to successfully implementing a common vision of the future. Recommended actions include:
  - Understand the county economy better—that includes its strengths, weaknesses and emerging threats. Work together to create a countywide 5-year strategic economic development plan which doles out responsibility for implementation to a wide range of individuals and groups who work cooperatively together.
  - Link the strategic plan to basic land use and infrastructure considerations as addressed in this Plan.
  - Set aside parochial considerations and be willing to cooperate night and day when the opportunity is presented for new jobs. That is how the Lansing area got selected for two new General Motors plants four years ago, and why they escaped with just one small plant closing in the recent round of cuts.
  - Identify and provide incentives for joint local planning and zoning between two or more units of local government.
  - Consider the benefits of combining local governments, cooperating on more shared services, and/or consolidating more governmental services in the County to improve economic competitiveness by more efficient use of taxes and eliminating duplication of services.
  
2. Protect the natural resource base and quality of the natural environment. Natural resources serve as the primary basis for the Montcalm County economy. A healthy economy and healthy environment go hand-in-hand. In particular, adopt policies to prevent premature land fragmentation, because that leads to land conversion, especially for single family homes on large lots in the country. Land fragmentation undermines the long-term viability of agriculture in a county that consistently ranks in the top 10 counties in Michigan for at least four agricultural products. Actions to take include adopting local policies and programs to protect:
  - Farmland (as described in Chapter 3)
  - Forestland (same approach as for farmland)
  - Mineral resources
  - Inland lake/stream water quality (as described in Chapter 3)
  - Sensitive environments (e.g. wetlands and floodplains)
  - Groundwater.
  
3. Protect existing income sources, wealth generators, and the existing tax base through strong business retention and entrepreneurial support policies. The income existing businesses have provided to their workers has supported the local economy

for decades. It may well be the actions of budding entrepreneurs in the county today, that provide future support. Actions that could be taken include:

- Find out what the needs of existing businesses are and work hard to do what can be done locally to retain existing jobs and businesses.
  - Better educate the public on the uniqueness and importance of agriculture in Montcalm County, and on the important role that sustainable use of irrigation water resources plays in making this diverse and productive agriculture industry possible. Use available measures to protect existing farms, the use of irrigation water and agricultural support and processing industries. Work to attract value-added agricultural industries.
  - Explore the potential economic development benefits of an ethanol plant, biodiesel plant, or other agriculturally based value-added economic development opportunity.
  - Support entrepreneurial internet based business starts through local zoning that permits home occupations, provided adequate safeguards are in place to prevent incompatibilities with abutting property.
4. Maintain quality physical infrastructure. This is roads, sewer, water, storm drains, fire halls, police stations, schools and similar government buildings. This infrastructure is the skeleton around which businesses can grow new jobs and workers can be gainfully employed.
- Maintaining quality physical infrastructure is so important and so directly tied to land use decisions that Chapter 6 focuses on transportation and other infrastructure. But in addition other steps should be taken:
    - Support high speed internet countywide as way to promote economic development; and
    - Support expansion of natural gas service and 3 phase electric power to attract new agricultural industry in targeted locations in the county (preferably if it is a factory, within community service areas as described in Chapter 5). Irrigation wells need the 3 phase electric power and natural gas is cheaper than LP gas where available.

Figure 4-1  
**Quality Infrastructure is Essential to Economic Development**

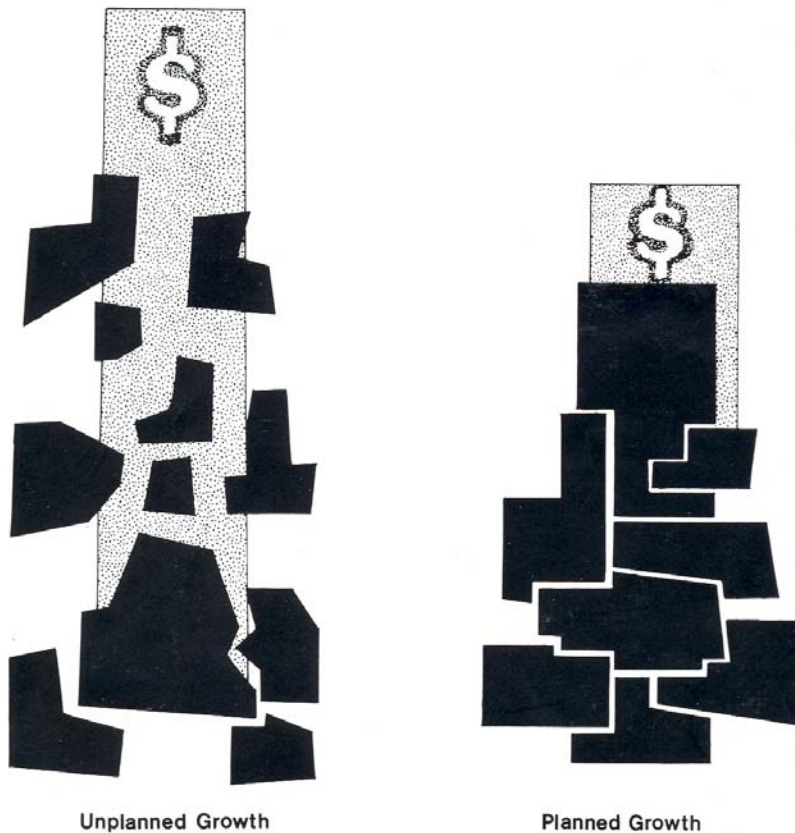


5. Provide land properly planned, zoned, and serviced with utilities and quality roads to accommodate new businesses and affordable housing. Actions to take include the following:
  - Economic development should take place only within community service areas where public sewer, water, and paved roads are available, except for certain agricultural industries described above.
  - Plan and construct industrial parks that meet the certification requirements of the State of Michigan. Greenville has already done so, now it just needs help to fill it. Howard City and Edmore should follow Greenville's example and obtain certification for their industrial parks.
  - Assist local governments with efforts to improve the availability of and wider choice in affordable housing (ownership and rental). Affordable housing is a key economic development tool in areas with a well skilled workforce. Options are offered in Chapter 3. Intergovernmental cooperation is often critically important when expanding housing opportunities.
  - Promote development in the Montcalm County Tax Free Renaissance Sub-Zones in Carson City, Stanton, Howard City, Edmore and Pierson and Montcalm Townships.
  - Reclaim brownfields after cleanup for redevelopment that helps the community achieve sustainability by reusing existing land and infrastructure.
  - Establish a countywide brownfield development authority.
  
6. Provide a quality education and wide variety of cultural opportunities. A well-trained workforce has long been a precursor to successful economic development. All local school districts need to focus on producing quality graduates with the skills to join the workforce or go on for further education. No child should be left behind. Actions that could be taken include the following:
  - Encourage local businesses to take an even greater role in helping shape the quality of education in local schools.
  - Continue to expand support for Montcalm Community College and the County ISD as tools for economic development.
  
7. Protect and enhance the unique aspects of each community in the county. Focus on those aspects which define its character and contribute to local quality of life. Protect indigenous visual character and set high standards for the visual and structural quality of all new job producing development. Some techniques are presented in Chapter 3, but the end result should be:
  - Retain small town and village character (do not turn small towns and villages into suburban looking strips)
  - Protect agrarian character (do not turn farmfields into large lot farmettes)
  - Protect scenic character (protect key viewsheds, keep buildings low, protect important open spaces and sensitive natural areas)
  - Protect lakes, stream and river corridors and link public access to them
  - Develop/protect/enhance good school systems.
  - Develop/nurture/protect/enhance cultural facilities (theaters, music and dance schools, museums, etc.)
  - Fight homogenization. Corporate businesses look the same from one community to the next, and while it is good for that business identity, it robs the local community of its own identity.

8. Better understand the relationship between public service costs and new development and be careful what local governments subsidize. For example:
- New development should always pay its own way except where the community consciously decides to subsidize it (as in elderly housing, or for a major new employer). Otherwise the rest of the community ends up paying for the services to the new development, while also paying for all the services to existing development.
  - Many Michigan communities have granted long tax abatements only to have the benefited industry go bankrupt or leave before the tax abatement period is up. Tax breaks should be sparingly used, and only when the benefits are clear and do not undermine the integrity of existing businesses.
  - Beware that when public services are initially installed (or upgraded), new development exploits excess capacity (such as a paved road, or a sewer line). Once excess capacity is gone, significant new public service costs will appear—who pays then? It is important to stay ahead of public service demands and use infrastructure to guide future development rather than react to it.
  - The true public costs of new residential development are rarely borne entirely by the development unless it has a very high value relative to the services used. This is often not apparent because not all the public service costs are borne by the local government that has the power to approve the development. Most retail businesses also cost more to service than the revenues they generate when all public service costs are included. In contrast, most office and industrial development does pay its own way, as do 1-2 unit apartments and condominiums. Open space usually is a break-even proposition.
  - Be sure you know the infrastructure impacts of new development and who is to pay, before adopting new plans or approving new development proposals.
  - In the late 1990's a SEMCOG/Rutgers/MSU study revealed that compact growth in 18 of Michigan's rapidly growing communities which diverts half of the new development outside of easily serviced areas at only a 10% increase in density in the area expected and desired to attract new growth, will save: 12.7% of developable land (8164 acres); 13.2% of the agricultural land (5651 acres); 11.9 % of fragile land (2198 acres); 11.9% on local roads (189 lane miles); 15.1% and 18.1% respectively on water and sewer; as well as 6.4% on housing costs and 3.2% on local government operating costs. See Figure 4-2.
9. Do not let proposed increases to the tax base drive new development approvals, unless the development is located where all necessary public services are adequate, and the land is planned and zoned for that use. For example:
- In many communities, diversification of the tax base is desirable (or even necessary to take some of the burden off existing taxpayers). However, if doing so increases public service costs more than tax revenues to pay for them, there may be a net loss in the community quality of life over time.
  - Diversification of the tax base in an agricultural township is almost certain to destroy the resource base and existing rural character, unless it is for a resource-based industry that must site close to the raw materials that feed it.

- Nonfarm residences in rural areas usually require far more in services than they typically pay for in taxes. In contrast, cornfields usually generate more in tax revenues than they demand in the way of public services. The sustainable option is farms.

Figure 4-2  
**Planned Compact Settlement Patterns Cost Less in Public Services**



10. Consider the impacts of all plans and incremental land use decisions on adjacent jurisdictions and on future generations. Ask yourself:
- Is the decision consistent with the golden rule?
  - What future choices are being limited or future problems would be created?
  - The decision is not sustainable if it robs future generations of the ability to meet their needs.

Many of the ten Smart Growth measures discussed in this chapter are illustrated in Figure 4-3 which is from the Leelanau County General Plan.

Figure 4-3  
**Smart Growth Techniques to Build Sustainable Communities**

