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Innovation and Geography: Attributes for Planning an Economic Inclusion Strategy for Augusta, Georgia

by Warren Richard, Jr., Planner, City of Augusta, Georgia

Augusta-Richmond County is located on the eastern border of the state of Georgia just west of the Savannah River. Well known for hosting the annual Masters Golf Tournament that brings hundreds of thousands of visitors. Augusta is positioned for exponential community growth and development.

Recently, there has been a surge of construction projects that promise an improved and diversified downtown economy and potentially improving the likelihood of increased downtown living and quality of life for adjacent residential neighborhoods. The impetus for this development is credited to a 2013 announcement by the Pentagon to relocate the U.S. Army Cyber Command from Fort Meade MD to Fort Gordon GA. With this move, Augusta is set to become a focal point in the nation's Cybersecurity industry.

Currently, execution of a $1.6 billion construction plan is in process to include a new Army Cyber state-of-the-art headquarters at Fort Gordon and the new Hull McKnight Georgia Cyber Innovation and Training Center in downtown Augusta.[1] The $100 million training facility is located at the Augusta University Riverfront Campus along the Savannah River, which spans 332,000 square feet in two adjacent buildings. The first build was the Hull McKnight Building and the second, the Shaffer McCartney Building, is under construction with a scheduled opening date in December 2018.

Georgia Cyber Center (overhead rendering). Source: https://cybercenter.georgia.gov/

With amenities of a 165,000-square-foot incubator space for technology startup companies and workforce development space, the 17-acre site has galvanized a collaborative effort to attract knowledge workers and entrepreneurial talent to the region. The Georgia Technology Authority, the builder of the center, has reported, "The $100 million Georgia Cyber Center is the single largest investment in a cybersecurity facility by a state government to date." Located on the Nathan Deal Campus for Innovation, "The center is a unique public/private partnership involving academia, state and Federal Government, law enforcement, the U.S. Army and the private sector."

"Innovation districts" are geographic areas that are defined by the American Planning Association as "…dense clusters of anchor institutions, high growth employers, start-ups, and supportive residential

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and commercial uses that aim to bring together entrepreneurs, researchers, and high-skilled workers to generate new ideas and products." The promise of economic development within these areas includes the attraction of entrepreneurs, the creation of jobs, mixed-use developments and access to high-density land uses all operating within a localized knowledge economy.

The delivery of innovation districts is as varied as the districts they serve. As reported within "The Rise of Innovation Districts: A New Geography of Innovation in America" by Bruce Katz and Julie Wagner, the list of institutions driving the growth in innovation districts range from: mayors and local governments; major real estate developers and land owners; managers of research campuses; anchor companies; advanced research institutions; medical campuses; philanthropic investors; incubators and accelerators; and finally, social networking programmers.[2] It is the belief of Katz and Wagner that innovation districts "…have the unique potential during this pivotal post-recession period to spur productive, and sustainable economic development." Due to the similar DNA of innovation districts with economic inclusion strategy (emphasizing preparedness in Science, Technology, Engineering, Mathematics and Medicine — or STEAMM — knowledge), expanding opportunities for distressed communities has the potential to greatly contribute towards the economic health and improved quality of life for all residents.

Accepting the uniqueness of geographical assets such as location of industry clusters, research institutions, and cultural amenities, there are several key elements that create an innovation economy. It becomes clear that the collaboration of public and private stakeholders is essential to the creation and implementation of innovation districts and the attraction and retention of anchor institutions, intermediaries, and philanthropic organizations.

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Research has shown that economic inclusion can take several forms, including educational initiatives and fostering entrepreneurial opportunities. In a socio-spatial context, the population groups that have not historically been able to remove completely barriers to economic advancement have been people of color, women, and/or individuals with disabilities. In "Cities Building Community Wealth," Marjorie Kelly and Sarah McKinley write, "Traditional economic development relies on the key metric of number of jobs created, with little regard for living wages or who is hired."[3] Thus, economic inclusion combined with efforts to stimulate an innovation climate that has the greatest effect on neighborhoods must address the needs of people being affected: rising poverty, low wages and low quality jobs, social inequality, economically distressed neighborhoods, and improving education attainment.

Augusta-Richmond County poverty rates when compared to neighboring jurisdictions reveal a slower rate of improvement to the nation, state, and other adjacent counties. All jurisdictions experienced a decline in the poverty estimates with the exception of McDuffie County, which experienced a 7% increase in poverty from 21.4% to 22.8%. Richmond County had a poverty rate decline of -1%, the smallest decline among neighboring jurisdictions with the U.S. at -8%, state -11%, Columbia County -18%, and Burke County -19%, respectively.

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Poverty Rate Estimates Trend (2010-2016)

State / County Name	2010	2016	% Change
United States	15.3	14	-8%
Georgia	18	16.1	-11%
Richmond County (GA)	25.9	25.6	-1%
Columbia County (GA)	8.8	7.2	-18%
Burke County (GA)	32.9	26.7	-19%
McDuffie County (GA)	21.4	22.8	7%
Aiken County (SC)	17.7	17	-4%
Edgefield County (SC)	20.6	17.7	-14%

Source: U.S. Census Bureau, Small Area Income and Poverty Estimates

The location of the Georgia Cyber Center is within the Augusta Central Business District (CBD) is just one of 51 neighborhoods within Augusta-Richmond County. However, the Georgia Cyber Center due to its central location and proximity to distressed neighborhoods has the potential to have the greatest socio-economic impact on the City of Augusta. Employment density and access plays significant roles in the impact and sustainability of innovation districts

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Neighborhood Income Comparison with CBD as Central Location (Top 10 with the Bottom 10) - Augusta, Georgia

	Neighborhood	Median Household Income
1	Belair	$ 51,332
2	Jamestown	$ 56,079
3	West Augusta	$ 55,180
4	Pepperidge	$ 52,880
5	Lake Aumond	$ 58,247
6	Bennock Mill	$ 63,500
7	Farmers Bridge	$ 51,313
8	Hephzibah	$ 55,857
9	McDade	$ 55,909
10	Montclair	$ 54,677
42	Bethlehem	$ 16,319
43	CBD	$ 16,459
44	East Augusta	$ 19,916
45	Kissingbower	$ 21,240
46	Laney Walker	$ 19,554
47	Olde Town	$ 23,580
48	South Turpin Hill	$ 13,056
49	Turpin Hill	$ 16,317
50	Uptown	$ 15,798
51	West End	$ 17,831

Source: US Census Bureau, American Community Survey 2010-2014 5-Year Estimates

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within urban environments. Katz and Wagner indicated, "This happens by enabling a more seamless transfer of knowledge within and across firms, workers, and supporting institutions-in turn facilitating the creation and exchange of new ideas that fuel even greater economic activity and growth."

Katz and Wagner argue that given many innovation districts that are close to low- and moderate-income neighborhoods increases the prospect of expanding employment and educational opportunities for disadvantaged populations residing in those neighborhoods. It is anticipated that adjacent neighborhoods to the Georgia Cyber Center (e.g., Laney Walker, Bethlehem, East Augusta, etc.) will benefit from economic inclusion strategies that facilitate entrepreneurial opportunities.

In Augusta-Richmond County the overall goal is to increase attractiveness to industry, improve quality of life and expand learning opportunities (Richmond County Schools established a Cyber Academy in July 2018). As a living experiment within an urban lab, the growth of the cybersecurity industry provides a model for inclusive socio-economic development within Augusta-Richmond County. It is anticipated that neighborhoods in close proximity to the Augusta CBD will experience the spillover effects of economic growth and replicate knowledge networks and entrepreneurial hubs that are associated with the cyber industry. Establishing an economic inclusion strategy with the development of the downtown innovation and cybersecurity district is a socio-spatial development model that has the potential to collectively benefit residents and visitors of Augusta-Richmond County.

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Views provided by the author do not necessarily reflect the views of Augusta-Richmond County.

Notes:

[1] American Planning Association, Knowledgebase Collection, "Innovation Districts."

[2] "The Rise of Innovation Districts: A New Geography of Innovation in America," by Bruce Katz and Julie Wagner, Metropolitan Policy program at Brookings, May 2014.

[3] "Cities Building Community Wealth," by Marjorie Kelly and Sarah McKinley; Research assistance Violeta Duncan, Democracy Collaborative, November 2015.

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The Mall-to-Mixed Use Phenomena

by Nur Asri

The shopping mall was never intended to be an isolated destination surrounded by seas of empty parking lots. In fact, Victor Gruen, the architect of shopping malls, had initially conceived of shopping malls as dynamic, mixed-use environments that were connected to neighboring residential, civic, and commercial activities. Since the opening of Gruen's first outdoor suburban shopping mall in Michigan in 1954, an estimated 1,500 malls have been built across the country. The growth of suburban malls was expedited by the enactment of the Federal-Aid Highway Act of 1956, which contributed to urban flight. This trend, however, took a sharp turn in the early 2000s with the rapid advancement of e-commerce and a reverse migration of populations back to urban cores, resulting in the decline of suburban malls. Since 2006, no new enclosed malls have been built.[1]

Online sales of consumer retail goods began as early as the 1990s and grew so rapidly that by the end of 1997, Dell had become the first company to record a million dollars in online sales in a single day. By 2016, e-commerce sales reached nearly $395 billion and accounted for 11.7% of total retail sales in the country.[2] As access to the Internet becomes more commonplace in households and on mobile devices, access to online shopping and product research will simultaneously become easier — permanently changing the process of shopping for many consumers.

The Revitalization of Class B Mall Properties

As the industry continues to evolve, retailers have been driven to right-size their portfolios and are closing less successful stores and focusing on growing sales at Class A locations. Meanwhile, Class B and C malls located in less dense areas, with weaker tenant mix and overall branding, are left with high rates of vacancies or are closing completely. Given that sales taxes typically account for nearly thirty percent of state government revenue and about ten percent of city government revenues,[3] mall closures are impacting the health of local economies.

Fortunately, commercial property owners are finding a new way to revitalize their Class B and C Properties. Many are diversifying their portfolio by redeveloping failing malls into mixed-use developments that include housing, offices, retail, and open spaces. According to a 2017 JLL Retail Study, 30.0% of malls surveyed have started the process of making mixed-use environments by adding non-retail uses,[4] with multi-family housing being the most popular choice.

For retailers, the non-retail uses serve as a consistent driver of foot traffic with captive daytime workers and/or

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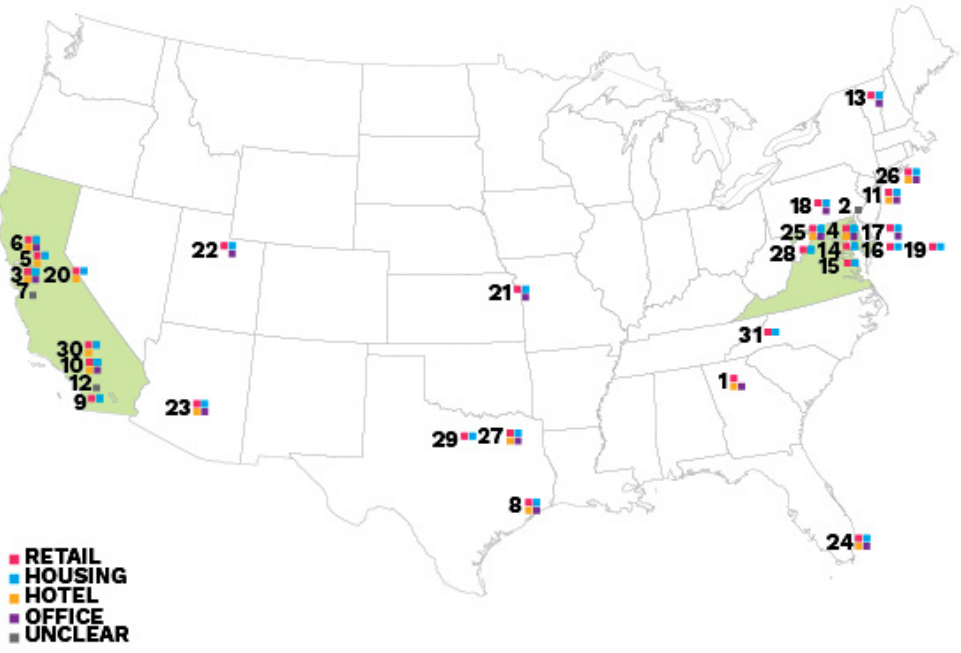

In a survey of thirty of the latest mall-to-mixed use conversion projects, the state of California comes up as a clear leader in these mall transformations. 29% percent of the projects tracked are located up and down the coast from San Diego to the Bay Area. The State of Virginia also fares well with a 20% share of tracked projects located between Tyson's Corner and Richmond, however, it is the Mid-Atlantic region as whole that leads this redevelopment trend with 40% of projects located in VA, PA, MD, NJ and NY.

The Mall-to-Mixed Use Phenomena, cont. from p. 6

hyper local residents. At the same time, there is also a growing demand near urban centers, particularly amongst busy young professionals and aging Baby Boomers, for walkable and amenity-rich neighborhoods that are vibrant and convenient. As for municipalities, the redevelopment of deteriorating properties as market-viable uses is often preferred over keeping a blighted property.

How Cities are Supporting Mall Redevelopments

With such wide-ranging potential benefits, it is no surprise that states and municipalities are increasingly leveraging their financing tools, planning capacities, and regulatory frameworks to support the redevelopment of malls as mixed-use projects and to ensure they function as major catalysts for the local economy. The tools being used vary depending on local market demand, and community issues and priorities.

Streamlining Approval Processes to Build Affordable Housing

In California, where increasing the supply of both market rate and below-market rate housing has become a priority to alleviate the housing crisis, mall redevelopment projects with new residential units are being expedited by a new state law, SB35. While the law signed in 2017 does not come without its adversaries, SB35 is fast tracking and streamlining approval processes for new housing and mixed-use developments that meet zoning requirements, are in accordance with a city's general plan, pay prevailing wages, and that ensure at least 10 percent of new housing units are affordable or below-market rate. Vallco Mall, which is being redeveloped as Vallco Town Center in Cupertino (the city with the worst affordability in Santa Clara County at only one affordable unit for every fourteen low-wage jobs)[5], is the first mixed-use mall redevelopment in the state to proceed under SB 35. When completed, the project will include over 2,400 housing units of which at least 50% will be dedicated to households with incomes below 80% of the area median income. This will be a significant step toward easing the city's dire housing crunch.

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	Mall	Owner	Location
1	**Phipps Plaza**	Simon Property Group	Atlanta, GA
2	**King of Prussia**	Simon Property Group	Prussia, PA
3	**Santana Row**	Federal Realty	San Jose, CA
4	**Pike & Rose**	Federal Realty	North Bethesda, MD
5	**Bay Street**	MadisonMarquette; Macfarlane Partners	Emeryville, CA
6	**Hilltop Mall**	LBG Real Estate Companies and Aviva Investors	Richmond, CA
7	**The Hills at Vallco**	Sand Hill Property Co.	Cupertino, CA
8	**City Centre**	Midway Cos.	Houston, TX
9	**University City**	Westfield Corp; Greystar	San Diego, CA
10	**Promenade 2035**	Westfield Corp	San Fernando, CA
11	**Heights at Monmouth**	Rouse Properties; Kushner Cos.	Eatontown, NJ
12	**The Shoppes at Carlsbad**	Rouse Properties	Carlsbad, CA
13	**Burlington Town Center**	Rouse Properties; Devonwood Investors LLC	Burlington, VT
14	**The New Landmark**	Howard Hughes Corporation	Alexandria, VA
15	**Stonebridge**	Crosland Southeast; Boyd Corporation	Richmond, VA
16	**Pentagon Centre**	Kimco Realty	Arlington, VA
17	**Wilde Lake Village Center**	Kimco Realty	Columbia, MD
18	**Promenade at Granite Run**	BET Investments	Middletown, PA
19	**Centro Arlington/ Columbia Pike Village Center**	Orr Partners	Arlington VA
20	**Cambrian Park Plaza**	Weingarten Realty Investors	San Jose, CA
21	**Great Mall**	Woodbury Corp.	Olathe, KS
22	**University Place**	Woodbury Corp.	Orem, UT
23	**Fashion Square**	Macerich	Scottsdale, AZ
24	**Plantation Walk**	Encore Capital Management	Plantation, FL
25	**Tyson's Corner Mall**	Macerich	Tyson, VA
26	**Tangram**	F&T Group; SCG America	New York, NY
27	**Dallas Midtown**	Beck Ventures	Dallas, TX
28	**Ballston Quarter**	Forest City	Arlington, VA
29	**Ridgmar Mall**	GK Developments Inc.	Fort Worth, TX
30	**Burbank Town Center**	CAPREF; Crown Realty and Development Inc.	Burbank, CA
31	**Asheville Mall**	Seritage Growth Properties	Asheville, NC

The Mall-to-Mixed Use Phenomena, cont. from p. 7

Form-based Codes to Promote Walkable Environments

In Arlington, VA, a Food Star grocery store site is being redeveloped into a mixed-use residential building with more than 31,000 square feet of retail and a public square. The project was informed by a form based code adopted in 2003 that aims to regulate development to help realize the local community's vision for a more walkable and lively "Main Street." Since the adoption of this optional zoning district, several other neighborhood commercial centers along Columbia Pike that also fell into decline after the 1980s have taken on design guidelines laid out in the code to redevelop for a mix of uses that function cohesively as a walkable neighborhood.

Tax Increment Financing (TIF) Districts to Fund Public Improvements

Unfortunately, there are significant costs associated with the redevelopment of malls as mixed-use developments, particularly with the construction of new roads, sidewalks, parks, and utilities. To ensure the sustainability of these catalytic projects, municipalities are designating tax increment financing districts to help finance public improvements within defined areas.

TIF districts, typically managed by a board of public and private partners, facilitate the flow of additional tax dollars generated by the growth of real property value to a TIF fund for a specified term of years for which it is then disbursed to cover public infrastructure costs, as defined and approved by the TIF board or governing body of the municipality.

In 2016, the parcels of the former Ballston Common Mall were included in the Ballston Quarter Community Development Authority (CDA) boundaries. The CDA is a public-private partnership that was approved by Arlington County to oversee the transformation of the mall into a mixed-use urban center. This is Arlington's first use of the public finance tool, which allows localities to create special purpose authorities to participate in public-private partnerships, including issuing bonds to fund public improvements. To date, over $43.4 million of public infrastructure improvements have been funded.

Ensuring Successful Mall-to-Mixed-Use Transformations

As the failed shopping mall of the mid-to-late 20th century continues to dot our landscapes with vacancies and empty parking lots, there are immediate actions and strategies that planners can take to guide positive redevelopment of these properties.

First, conduct a comprehensive market study to determine the demand and gap for various types of land uses including retail, housing, and office. For example, figure out what types of residential units will meet the needs of local household types and what kind of retail mix can be supported by old and new residents. Understanding the demand for each of these uses based on current and projected demographic changes is foundational to any development process. It ensures that both municipalities and property owners make strategic and viable decisions.

Next, engage the local community and property owners to create a common vision or plan for the mall and surrounding neighborhoods. A collaborative process can help ensure public buy-in of a mall redevelopment. Furthermore, by taking into account the concerns and issues from various stakeholders early on, you will be able to minimize the risk of the project stalling from procedural delays, public outcry, or lack of funding.

Consider these early steps and the regulatory and financing tools discussed in the preceding section to help advance a feasible and transformative mall-to-mixed use redevelopment.

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Notes:

[1] Scharoun, 2012. America at the Mall: The Cultural Role of a Retail Utopia.

[2] U.S. Census Bureau News, 2017. Quarterly Retail E-Commerce Sales, 4th Quarter 2016. (Available online: www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf)

[3] Tax Policy Center Briefing Book State (and local) Taxes (Available online: www.taxpolicycenter.org/briefing-book/how-do-state-and-local-sales-taxes-work)

[4] "A New Mall Rises." JLL, 2017.

[5] Lorenzan, P. (2018). Letter: Vallco only viable option for area in housing crisis. The Mercury News. (Available online at: www.mercurynews.com/2018/04/01/letter-vallco-only-viable-option-for-area-in-housing-crisis/) [Accessed 18 Jul. 2018].