![Smart Growth America — Making Neighborhoods Great Together]

Brookings, SD
Planning for Economic and Fiscal Health
Report and Suggested Next Steps
Building Blocks for Sustainable Communities Program

To: Al Heuton, Executive Director, Brookings Economic Development Corporation

From: John Robert Smith, Smart Growth America
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Executive Summary

Pursuant to our technical assistance award with the City of Brookings and the 29-14 Stronger Economies Together Region, this Memorandum constitutes Smart Growth America's final report summarizing the recent *Planning for Fiscal and Economic Health* workshop, and suggesting possible Next Steps the city and region could take to craft a vision for the City of Brookings future development.

Alex Hutchinson and John Robert Smith, representing Smart Growth America (SGA), met with regional leaders and residents on July 27 and 28, 2016 to provide assistance via the *Planning for Fiscal and Economic Health* tool, supported by a cooperative agreement with the U.S. Department of Agriculture, Rural Development.

Following a productive discussion with various stakeholders — including residents, advocates, business owners and elected officials — the following Next Steps are recommended:

1. Review and revise parking requirements to reduce surface parking
2. Attend ICSC to recruit small downtown historic building footprint style retailer
3. Write and implement a complete streets policy
4. Expand use of Downtown Brookings, Inc. for funding and planning
5. Build a downtown business incubator that grooms entrepreneurial talent

Need for assistance

Relative to other rural anchor cities, Brookings bustles with economic activity. While some municipalities within the greater 29-14 economic region — a coalition of 40 cities, towns and

villages, spread across five counties and linked by U.S. Highway 14 and Interstate 29 — have suffered the outmigration and economic decline often characteristic of rural communities, Brookings maintains steady economic growth with productive manufacturing, agriculture and education sectors.

Of critical importance is creating jobs that will retain the currently transient student population. Thanks in large part to the presence of South Dakota State University, a land grant institution and the city's largest employer, Brookings sees a regular population influx of around 2,200 students per year, but many leave after graduation, squandering an obvious opportunity for workforce growth.

The *29-14 Economic Development Strategy for 2015 - 2017,* produced by the regional economic initiative *Stronger Economies Together,* identifies the construction of affordable housing in the region as essential to attracting and retaining a workforce. Last winter Brookings' housing market saw 45 houses available, a number that officials would like to see increase to 100.

General population growth over the past decade has been impressive, but has declined in rate within the past five years. Brookings' aging workforce struggles to attract new businesses which primarily seek younger talent in emerging markets. Some 9,500 Brookings area workers are expected to retire in the next ten years. Economic officials report turning away companies that are interested in locating to the area, due mostly to the thinning and aging labor force.

Brookings and the 29-14 region sought outside guidance to address economic and population challenges that have been readily documented by academic study. Input from SGA through the *Planning for Economic and Fiscal Health* technical assistance tool can guide the region into sustainable prosperity by taking advantage of assets already at hand, like SDSU and the burgeoning regional economic collaboration.

Workshop Review

We began our work in Brookings with a tour of the city's downtown, guided by Al Heuton. He showed us the district's streetscaping and public facilities and accompanied us on visits to the new children's museum, a workspace shared by the city and county, and some of the area's businesses.

We then moved to SDSU to walk the campus and visit some of the points of interest around it. We visited a public and private research park near campus which houses several start-ups, serving as an incubator for some the city's more successful businesses. Impressively, SDSU has a long history of guiding university research or work into successful private enterprises like Daktronics, a publicly traded company founded by university professors in the 1960s.

We visited Daktronics' facilities in a nearby industrial park that houses workspace for several of Brookings' major employers.

We toured Brookings' existing and incoming residential developments, including some

neighborhoods that were partially financed by the city. Many of Brookings' neighborhoods lack sidewalks but feature a network of trails that connects backyards to major roads and other houses. Brookings sees heavy snow each year, so the city does not permit sidewalks in new residential construction to reduce the amount of pavement that would need to cleared regularly in the winter.

We accompanied USDA's Kristine Sorenson and Tim Potts on visits to neighboring 29-14 communities including Clear Lake, a town north of Brookings by way of I-29. There we met with officials with Deuel Area Development Inc., an area economic development agency that operates a host of effective development programs inside of a repurposed mid century schoolhouse, including a community kitchen which supports start-up food manufacturing businesses.

Our first day concluded with a public presentation, introducing some of the basic concepts of our work including a primer on the varying economic impacts of different development patterns. The presentation established a common language and set of ideas necessary for addressing Brookings' goals for the workshop.

Day two featured our long-form workshop. Invited participants gathered for a full day of presentations and breakout sessions which tackled some of the economic issues raised by Brookings' aid application in greater detail.

Attending leaders from regional agencies included:

- Bobbie Bohlen - **Grant County Development**
- Patty Bacon - **Brookings City Council**
- Kevin Catlin - **City of Brookings**
- Joan Sacrison - **Clear Lake Economic Development**
- Amiel Redfish - **Mayor of Arlington, SD**
- Linda Salmonson - **Rural Electric Economic Development**
- Mike Struck - **City of Brookings**
- Jeff Weldon - **City of Brookings**

Representatives from the USDA included:

- Tim Potts
- Kristine Sorenson

A sense of ambition about Brookings' future emerged from brainstorming breakout sessions. Participants want to see Brookings create a nationally recognized downtown and foster sustainable economic and population growth over the next 20 years.

Overall, participants indicated optimism and opportunity for achieving a city more amenable to the changes in national demographic patterns (see sections below) that reward walkable, active and compact town centers with better growth and greater prosperity.

The intent of these workshops is neither for Smart Growth America to create a plan nor bind the communities to any particular course of action, but to assist ongoing regional efforts to create a more vibrant, successful region, consistent with the goals of their envisioned plans.

The built environment and fiscal and economic health

Communities around the nation are always concerned about their fiscal and economic health. This is especially true of small towns and rural regions.

By *fiscal* health, we mean a local government's bottom line: Does the life cycle cost of a project's investment—upfront infrastructure, ongoing service provision and eventual repair and maintenance—cost more than what it produces in tax revenue?

By *economic* health, we mean the general economic well-being of the community and its region: How does new investment and development add to or detract from the creation of economic competitiveness, fiscal efficiency and sustainability, jobs, jobs access, retention of local youth, cultural identity and wealth?

In approaching these questions in the 29-14 region, as in any part of the country today, it is important to bear three trends in mind:

Our nation's demographics are changing in a way that profoundly affects the housing market in large cities and rural areas alike.

Demographic trends are moving the housing market strongly away from conventional suburban housing.[1] That presents a significant opportunity for rural communities to compete for new growth. The two biggest demographic groups in the nation—retiring baby boomers and millennials (18-39 year-olds) — both express strong preferences for a more walkable, urban/village lifestyle.

Data tells us that ten percent of all city-dwelling Americans would prefer to live in rural locales if those places were walkable, connected to the larger region and possessed a strong sense of character and place. That represents a pool of 26 million potential transplants that Brookings and the 29-14 Region could compete to attract. Indeed, forty percent of millennials prefer to live in rural places, provided those places have a vibrant rural fabric. The vast majority of net new households formed have no children at home, and most of them are one- and two-person households, which are much more likely to prefer a walking lifestyle.[2] These trends depart from

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[1] See; "The Changing Shape of American Cities," Luke J. Juday, Weldon Cooper Center for Public Service, University of Virginia, March 2015.
"Demographic Reversal: Cities Thrive, Suburbs Sputter," William H. Frey, Brookings Institution, State of Metropolitan America Series, June 29, 2012.

[2] "Suburbs Try to Prevent an Exodus as Young Adults Move to Cities and Stay," Joseph Berger, New York Times, April 16, 2014 (on-line at, http://www.nytimes.com/2014/04/17/nyregion/suburbs-try-to-hold-onto-young-adults-as-exodus-to-cities-appears-to-grow.html?_r=0.)
"See ya, suburbs: More want to live in the big city," Greg Toppo and Paul Overberg, USA TODAY, March 27, 2014.
"Why urban demographers are right about the trend toward downtowns and walkable suburbs," Kaid Benfield, bettercities.net, February 28, 2014.

those experienced in the latter half of the 20th century.

The formula for economic growth is changing.

Business growth used to be driven by large corporations that operated in a fashion that was both private in ownership structure and linear in manufacturing and production. In the past, new research breakthroughs occurred in sealed research laboratories controlled by the companies that owned them. Manufacturing and other business processes occurred in assembly-line situations, with little interaction across or inside industries. These conditions led to communities that featured large, sealed-off campuses and tended to be linear in their arrangements.

Today, business growth is driven by collaboration among many types of entities — private companies, research institutions, universities, and others — that must interact frequently and work together creatively. This trend requires cities and communities that encourage interaction and collaboration — the opposite of the older model described above. How communities are designed directly impacts their ability to create interactive and collaborative environments.

Most significantly, the innovation economy, as it is sometimes called, depends heavily on skilled workers. The companies that are driving innovation are pursuing highly educated talent, especially among millennials. Increasingly, companies find it necessary to locate in places that their target workforce wants to live in. Increasingly, that means walkable communities. **People on the move are looking to relocate to places with a high quality of life. In fact, they are willing to sacrifice salary for location. High quality of life is defined more and more by the character of the town center than by the size of a front yard or square footage of a home.**

Similarly, the market for retail is changing. Suburban shopping malls and retail centers that thrived for decades are struggling as a result of oversupply and a shift in shopping preferences. With online buying playing a bigger role for consumers (especially for bargain hunters), many are looking for a more authentic experience when they shop in person. Consumers are demonstrating strong preferences for shopping locally at unique establishments that offer handcrafted, regional products. They prefer this experience to be a short distance from their homes and offices and within a comfortably walkable town center. This is bringing new value to traditional walkable main streets. Alton and its neighboring communities, oriented with traditional main street districts, are well-suited to taking advantage of this shift in consumer choice.

Sprawling development patterns are making it more difficult for local governments to balance their budgets.

Development patterns that sprawl outward from town center require extensive investments in

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"NAR 2013 Community Preference Survey: Americans Prefer to Live in Mixed-Use, Walkable Communities," National Association of Realtors, November 1, 2013.

capital infrastructure and ongoing service delivery. Sprawling development requires more infrastructure to serve relatively few people and requires service providers such as firefighters and school buses to travel farther. More compact development patterns reduce both life-cycle infrastructure costs and operating costs.[3]

A 2013 study by Smart Growth America, *Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development*[4], concluded that, compared to conventional suburban development, smart growth patterns can achieve savings of one-third or more in upfront infrastructure cost, and 10% annually in ongoing operating expenses. Smart growth development patterns can generate up to ten times more revenue on a per-acre basis.

More recently, SGA's *Core Values: Why American Companies are Moving Downtown*[5] examines the characteristics, motives, and preferences of companies that have either relocated, opened new offices, or expanded into walkable downtowns between 2010 and 2015. Smart Growth America partnered with global real estate advisors Cushman & Wakefield to identify nearly 500 companies that have made such a move in the past five years. Of those, we interviewed representatives from more than 40 companies to gain a better understanding of this emerging trend. These companies' new locations are in areas that are dramatically more walkable than previous sites. The average Walk Score of the companies' previous locations was 52; the average Walk Score of the new locations is 88. Similarly, Transit Scores grew from an average of 52 to 79 and Bike Scores bumped from an average of 66 to 78.

This trend is visible across the country, in big cities and small ones alike and should be a factor in the economic development strategy of all communities, including Brookings and the 29-14 Region.

Note: *Not all of these trends will be completely relevant in every situation. Rural communities are more reliant on private automobile ownership, and transit is often less feasible in these situations. But it is important to bear all three in mind in considering the fiscal and economic health of any community.*

Participant viewpoints

Workshop participants recognized fully what tremendous economic potential SDSU provides. Attending officials and leaders described present-day Brookings as a community in flux from an historically industrial and agricultural marketplace to a knowledge-based economy fueled by

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[3] For more information, see: http://www.smartgrowthamerica.org/research/the-fiscal-implications-of-development-patterns/

[4] The full report can be downloaded at http://www.smartgrowthamerica.org/building-better-budgets.

[5] The report is available for download from https://smartgrowthamerica.org/resources/core-values-why-american-companies-are-moving-downtown/

SDSU, the 29-14 region's land grant institution. Moving forward, locals would like to leverage SDSU as an economic engine and a magnet for future growth.

Hoping to retain a larger number of the 2,200 students that enroll each year at SDSU, leaders expressed an interest in pursuing a more vibrant downtown center with amenities that cater to contemporary conceptions of a high quality of life. Attainment walkability, bikeability, and compact livability were all identified as development goals that could help attract younger residents and retain students after graduation.

Attendees singled out a lack of affordable housing as an obstacle to attracting new business to the city. Downtown parking lots were suggested as potential landing spots for infill development that could host affordable housing.

Installing an interactive park, moving the county jail out of downtown and redeveloping the site, building a centralized recreation center, redeveloping underutilized buildings like the men's armory, and attracting knowledge-economy jobs to the research park were all promising ideas floated by local attendees.

In general, participants hoped to see Brookings become a place in which future generations could "live, work, and play." It was noted that of 168 hours in a week, 68 were free for recreation, representing a significant chunk of day-to-day life that ought to be served and improved by the city's future planning.

The city's typical development pattern has scattered retail and other necessities such as grocery stores and hospitals, forcing residents to rely on cars daily. Not surprisingly, locals felt that public transit suffered as a result of car-dependence.

Participants expressed interest in inviting more efficient and compact development around the city to reduce car-dependence and foster a vibrant and engaging sense of identity. They identified the following actions needed to make each of their plans more successful, the obstacles in place, and the additional opportunities implementation would create:

Actions for Success
- Sustainable growth in population and economy over 20 years
- Walkable, bikeable infrastructure, including crosswalks, bulb outs, plantings
- Populate the research park with knowledge-based jobs
- A downtown where residents can "live, work, shop, play"
- Draft a growth friendly parking policy
- Efficient development in South Campus, Downtown and East I-29 districts
- Development of vacant lots and parking lots downtown
- Programmed cultural events in downtown

Obstacles
- Lack of affordable housing
- Lack of buildable land
- The city's minimum parking requirements
- Development preferences for national retailers and "big box stores"

- Cost of parking on campus
- Low unemployment, but difficulty filling open manufacturing positions

Opportunities
- Developable space 3 blocks south of the railroad tracks
- Leverage Tax Increment Financing (TIF) District, Historic tax credits, tax abatements and USDA grants for revitalization
- Parking lots that can easily be converted into efficient development sites
- Non-profit housing programs
- The downtown armory, grain silos and other structures
- Trails along the I-29 overpass and west loop
- Redevelopment in the Syngenta building, armory and large grain silos

Participants discussed the following topics during small group sessions:

29/14 disconnects
- Current housing is aesthetically traditional. Future residents will want a greater variety of styles.
- Caught between innovation and industrial identities
- Slow completion of infrastructure projects
- Automobile dependence
- Amenities like shops, restaurants, parks etc. are too spread out, requiring use of cars to access them

Assets
- Brookings industrial park anchored by Yum Dairy, Daktronics etc.
- South Dakota State University
- Entrepreneurial development through university partnerships

Targets for near term success
- An infill development strategy that encourages downtown development
- A green space policy that promotes natural beauty in city limits
- Consult students, retirees, graduates for input on future development
- Add to pedestrian and bike trails

Recommendations

1. Revise city and university parking requirements to reduce the number of surface parking spaces

The city currently enforces parking space minimums that pose an obstacle to redevelopment. Several parking lots have been built in and around downtown and the university, leaving sizable gaps in the cityscape. Parking minimums encourage car travel and divert land and financial resources to parking, a use that doesn't directly produce revenue. Parking lots can deter pedestrians and cyclists by extending the distances between buildings and fostering an inefficient use of available space.

Conducting a parking audit would allow Brookings to better define the community's true parking needs. This avoids defining parking requirements based on perceptions rather than realities of parking demands. In fact, a parking audit may provide the community with an enhanced parking strategy freeing up developable sites in downtown presently used for parking.

Reducing or eliminating parking space minimums would also free up developable land currently locked into use as surface parking lots to meet the city's requirements. Replacing parking infrastructure with residential or commercial development increases tax revenue. Given the city's desire to explore infill development strategies, changing current parking policies to allow more streetfront development would be an obvious first step.

2. Attend ICSC to recruit small downtown historic building footprint style retailer

When seeking new commerce or economic growth, it's tempting to seek out large-scale chain retailers or big box stores for an immediate jolt in sales tax revenue. While effective near term, big box store developments rarely conform to, much less enhance, the character of a traditional main street community, and require heftier infrastructure costs to build and maintain over their lifetime of use.

Retailers that suit the size and character of main street-oriented towns still boost tax revenues but cost far less in maintenance, requiring no new roads or utilities. Dotting a main street with a diversity of smaller shops helps foster a sociable and active commercial atmosphere, encouraging window shopping and pedestrian traffic.

Conventions of the International Council of Shopping Centers are a great opportunity to learn about what commercial retailers are out there, and which can benefit the specific needs of a rural, main street community.

Attracting small footprint retailers that match Brookings' downtown character can help generate a downtown where residents can "live, work, shop, and play."

3. Write and implement a complete streets policy

Streets that accommodate more than car traffic go a long way toward energizing a public space for people. A complete streets policy, which expands safe and convenient access to city streets to 'all users of all abilities,' can have tremendous economic value while improving residents' quality of life. Quality sidewalks, safe crosswalks, bike lanes, tree-lined curbs and improved lighting can re-activate streets with public and social life, providing a steady stream of customers for businesses and attracting new residents to the area. This can be particularly effective in a downtown setting.

Workshop feedback from Brookings officials and residents reveal a desire to build a downtown Brookings where residents can "live, work, shop, and play." Implementing a complete streets policy can help accomplish that goal.

An effective policy should create buy-in from the community and begin with a shared vision of what it means to complete Brookings' streets. Many communities begin with a simple resolution that sets a foundation for building a more complex and adaptive policy.

Below are some of the characteristics of an effective complete streets policy:

- **Includes <u>a vision</u> for how and why the community wants to complete its streets**

- **Encourages <u>street connectivity</u> and aims to create a comprehensive, integrated, connected network for all transportation modes**

- **Requires solutions that will <u>complement the context</u> of the community**

- **Specifies that 'all users of all abilities' includes pedestrians, bicyclists and transit passengers of all ages and abilities, as well as trucks, buses, and automobiles**

- **Applies to <u>both new and retrofit projects</u>, including design, planning, maintenance, and operations**

- **Makes specific <u>any exceptions</u> to the policy and sets a clear procedure requiring for high-level approval of exceptions**

- **Includes <u>specific next steps</u> for implementation of the policy**

Complete streets projects can range in complexity, requiring as little as paint on the street to as much as a comprehensive streetscape overhaul. To realize Brookings' complete streets vision, the policy should include new projects and retrofits to take advantage of every opportunity to improve the city's transportation network with an eye toward including all users of the transportation network.

Over time, a complete streets policy will help Brookings compete for workforce and new business by providing a style of living that is on demand, while improving the day-to-day health and economic well-being of its current citizens.

It may also be helpful to create a mobility task force charged with planning strategically for a bike and pedestrian network. The task force can identify places where bike lanes, sidewalks, crosswalks and other bike and pedestrian-friendly features can be built or planned.

4. Expand use of Downtown Brookings, Inc. for funding and planning
Downtown Brookings, as a non-profit development agency, is essential to focusing and catalyzing Brookings' efforts toward reimagining and reactivating its downtown. Continuing to recruit new businesses to the area, directing beautification projects, and hosting cultural events that show off the district's assets and potential goes a long way toward attracting attention and development to the district.

Downtown Brookings should consider pursuit of new financing for downtown projects, exploring federal and state funding and innovative options like tax increment financing districts.

To be effective, the entity should have trained staff adept in evaluating economic development incentive proposals to accelerate complex financing deals that use public monies.

5. Build a downtown business incubator that grooms entrepreneurial talent
SDSU's success in fostering a culture of entrepreneurship through its research park provides a

homegrown example of what can be accomplished with tools like shared workspace facilities and small business incubators.

Establishing a similar project in downtown or central Brookings could prove to be of great benefit to the city's economic future. Any new businesses that emerge from a downtown incubator would provide a boon to area retailers and restaurants by providing an active customer base and a magnet for new, like-minded industries.

With success stories like Daktronics already a prominent part of Brookings' recent history, we suspect that there are more entrepreneurial successes among Brookings' burgeoning knowledge community yet to be revealed.

6. Seek state and federal tax credits for restoration and reuse of historic properties downtown.

Brookings should seek opportunities for twinning of state and federal historic tax credits with New Markets Tax Credits which incentivize business and real estate investment in low-income communities via a federal tax credit.[6] South Dakota offers the Deadwood Fund Grant and a state property tax moratorium for eligible projects.[7]

The city should also offer property tax abatements for private sector investments that achieve desired goals in the city's downtown and residential areas. This allows the city to encourage projects which meet its redevelopment goals such as infill.

Finally, USDA offers rural development grants in public facilities and housing. See Appendix A for more details.

7. Seek opportunities to redevelop additional downtown properties into student, senior, and affordable housing.

While redevelopment of downtown has made significant strides thus far, it stops several blocks shy of the railroad tracks and several blocks after crossing the tracks. Brookings should seek to redevelop additional properties in the area around the railroad tracks into student, senior, and affordable housing.

8. Treat the city's unused grain silos as an architectural feature of the community.

Brooking's grain elevator skyline establishes a striking visual signature for the city's downtown. Simply adding lights or design elements to these structures could enhance what is already a dominant feature of the city's built environment and create an iconic sense of place. Cultivating activities in public space will help tell Brooking's story as a agricultural hub illuminated by the lighted grain elevators. Curation of public space will leave a lasting impression on the visitors Brookings can attract. These enhancements can be done at little cost.

For reference, see the lighted grain elevator project at Canalside in Buffalo, NY.

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[6] For more information on this program, see http://www.newmarkets.org/section/aboutus/tax_credits
[7] http://history.sd.gov/Preservation/FundingOpps/FundingOpportunities.aspx

9. Do not expand the existing Brookings County Detention Center in downtown Brookings at its current location.

The Brookings County Detention Center (315 Seventh Avenue) is located adjacent to the Brookings County Courthouse and directly across the street from First Presbyterian Church. The razor wire fence surrounding the facility is visible from the church entrance. However, the county has expressed a need to expand this facility to accommodate a larger incarcerated population. The SGA team suggests that the middle of downtown is not the right location for such an expanded facility. Instead, locate another site in a less prominent part of the downtown landscape that is still convenient to the necessary legal infrastructure. Relocating the facility from its current location will allow Brookings to redevelop the existing jail site into a new green space for which the community expressed a need during the workshop.

Additional Analysis and Resources

Appendix A provides a summary of available funding and development resources from USDA and other sources. Appendix B provides the results of the fiscal impact analysis conducted by Smart Growth America for Brookings.

Appendix A: USDA funding and development resources

USDA – Rural Development Mission

"To increase economic opportunity and improve the quality of life for all rural Americans."
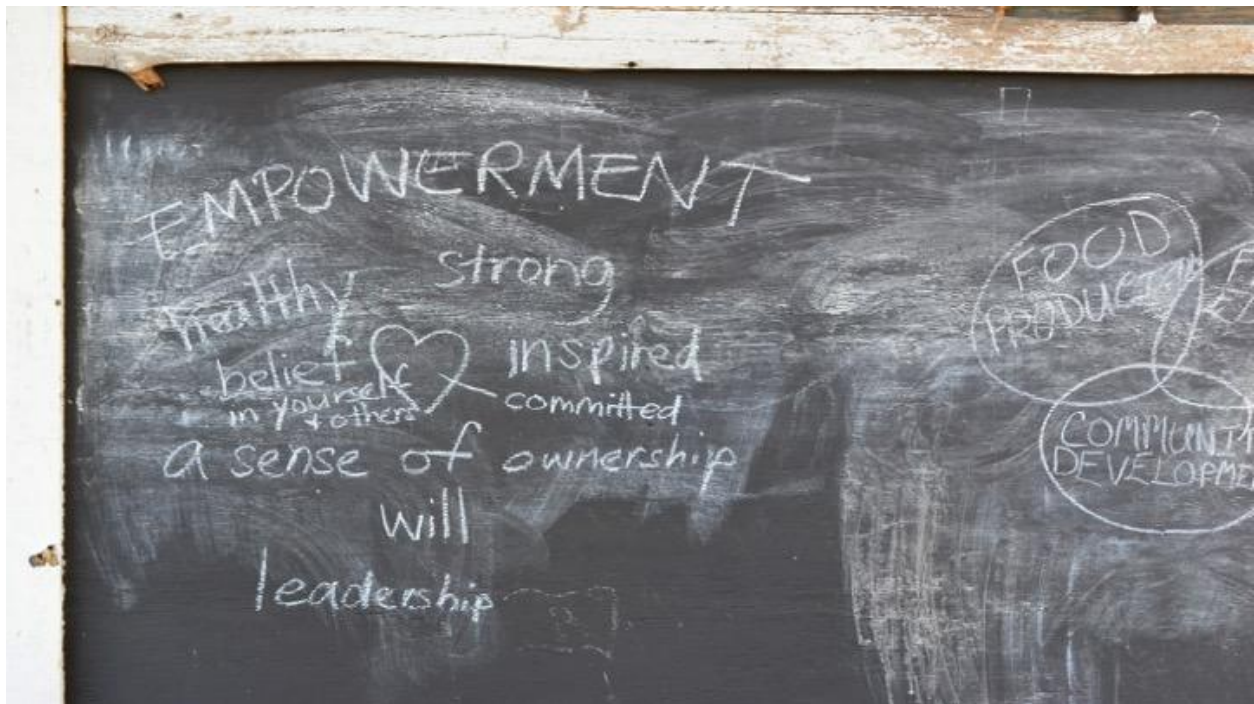
Population Guidelines

Business Programs: 50,000 and below (exception is local foods projects)

Community Programs: 20,000 and below

Housing Programs: 35,000 and below

Water and Waste Water Programs: 10,000 and below

Community Connect Grant

Program Purpose:
Program helps fund broadband deployment into rural communities where it is not yet economically viable for private sector providers to deliver service.

Who May Apply:
Most State and Local Governments/Federally-Recognized Tribes/Non-Profits/For-Profit Corporations

Special Considerations:
SUTA/Strikeforce and Promise Zone Areas (Extra 15 points for scoring)

Application Grant Request Limits: **Application Match Requirements:**
MINIMUM = $100,000 MAXIMUM = $3,000,000   Minimum = 15% of Grant Request

FY2015 Funded Projects: **FY2016 Budget Allocation:**
$11 Million (5 out of 68 applications) $11,740,000 Available

Grant Application Period:
Opened April 18, 2016 and Closed June 17, 2016 (www.grants.gov or Paper applications)

Distance Learning & Telemedicine Grant

Program Purpose:
Assists rural communities to use telecommunications by purchasing equipment to connect remote locations to urban areas or other rural areas for purposes of increased education or healthcare opportunities.

Who May Apply:
Most State and Local Governments/Federally-Recognized Tribes/Non-Profits/For-Profit Corporations

Special Considerations:
SUTA/Strikeforce and Promise Zone Areas (Extra 15 points for scoring)

Application Grant Request Limits:
MINIMUM = $50,000 MAXIMUM = $500,000

Application Match Requirements:
Minimum = 15% of Grant Request

FY2015 Funded Projects:
$23 Million (75 out of 191 applications)

FY2016 Budget Allocation:
$19,000,000 Available (182 Applications Received)

Grant Application Period:
Opened January 12, 2016 and Closed March 14, 2016 (www.grants.gov or Paper applications)

Business and Industry (B&I) Guaranteed Loans

Program Purpose:
Bolsters the existing private credit structure through the guaranteeing of loans for rural businesses, allowing private lenders to extend more credit than they would typically be able.

Who May Apply:
Lenders with legal authority, sufficient experience, and financial strength to operate a successful lending program

Eligible borrowers:
For-profit business, Nonprofits and cooperatives, Federally recognized Tribes, Public bodies

Loan guarantee limits:
80% for loans of $5 million or less
70% for loans between $5 and $10 million
60% for loans exceeding $10 million, up to $25 million maximum

Terms:
Interest rate negotiated between lender and borrower, subject to Rural Development review.
Real estate – 30 years, machinery and equipment -15 years and working capital – 7 years.
Initial guarantee fee of 3% with annual renewal fee of 0.5% on outstanding principal.

Rural Business Development Grant (RBDG)

Program Purpose:
Assist small and emerging businesses in rural areas
Who May Apply:
Public bodies, units of government and community-based non-profit organizations
Special Considerations:
Eligible costs include real estate improvements, equipment, utility/infrastructure, feasibility studies, engineering services, and/or technical assistance to small businesses
Competitive application process
Application Grant Request Limits:
Grants less than $100,000 have highest competitive priority
FY2015 Funded Projects:
$674,519 (18 Grants)
FY2016 Budget Allocation:
$610,000

Rural Economic Development Loans and Grants (REDLG)

Program Purpose:
Assist economic and community development projects in rural areas
Who May Apply:
Rural electric or telecommunications utilities
Special Considerations:
Real estate improvements, equipment, working capital
Pass-through funding
20% Match Required from utility
Application Grant Request Limits:
Up to $300,000 to establish Revolving Loan Fund for electric or telecommunications utility
FY2016 Budget Allocation:
$40,000,000 (National Competition)

Rural Energy for America Program (REAP)

Program Purpose:
Assist rural small businesses and agricultural producers by conducting and promoting energy audits, and providing renewable energy development assistance.

Who May Apply:
Farmers and rural small businesses

Special Considerations:
Grant is 25% of eligible project costs

Application Grant Request Limits:
$500,000 maximum for renewable energy projects
$250,000 maximum for energy efficiency
$100,000 maximum for energy audit and rural energy development assistance

FY2015 Funded Projects:
$1,978,341 (85 Grants)

FY2016 Budget Allocation:
$819,000

Community Facilities Grant Program

Program Purpose:
Provides affordable funding to develop essential community facilities

Who May Apply:
Public body or community-based non-profit organization

Special Considerations:
Essential community facility is defined as a facility that provides an essential service to the local community for the orderly development of the community.
Does not include private, commercial or business undertakings.

Application Grant Request Limits:
Grant for up to 15%, 35%, 55% or 75% of proposed project depending upon population and MHI of proposed service area

FY2015 Funded Projects:
$314,000 (21 Grants)

FY2016 Budget Allocation:
$543,780

Economic Impact Initiative (EII) Grant Program

Program Purpose:
Provides funding to assist in the development of essential community facilities in rural communities with extreme unemployment and severe economic depression

Who May Apply:
Public body or community-based non-profit organization

Special Considerations:
Essential community facility is defined as a facility that provides an essential service to the local community for the orderly development of the community.
Grants may made in combination with other Rural Development financial assistance.
Community facilities may include

FY2015 Funded Projects:
$118,700 (14 Grants)

FY2016 Budget Allocation:
$118,700

Rural Community Development Initiative Grant (RCDI)

Program Purpose:
Provide funding to help non-profit housing and community development organizations support housing, community facilities, and community and economic development projects

Who May Apply:
Public bodies and non-profit organizations

Eligible Uses:
Training sub-grantees; for example, home-ownership or minority business entrepreneur education
Technical assistance such as strategic plan development, board training, effective fundraising techniques

Application Grant Request Limits:
$50,000 minimum award
$250,000 maximum award
Matching funds equal to the amount of the grant award

FY2015 Funded Projects:
$155,000 (1 Grant)

Housing Preservation Grant (HPG) Program

Program Purpose:
Provides grants to sponsoring organizations for the repair or rehabilitation of housing occupied by low- and very-low-income families and individuals.
Who May Apply:
State and local government entities and non-profit organizations
Eligible Uses:
Home must be in a rural area or community under 20,000 population
Repairing or replacing electrical wiring, foundations, roofs, insulation, heating systems, water/waste disposal systems
Handicap accessibility features
Labor and materials
FY2015 Funded Projects:
$86,273 (3 Grants)

Single Family Housing 504 Grants Program

Program Purpose:
Provides loan and grant funds to be used to pay for needed repairs to dwellings of very low income families. To remove health and safety hazards – leaky roofs, bad heating systems, structural problems, handicap accessibility.
Who May Apply:
Very-low income families or individuals
Special Considerations:
Home must be in a rural area or community under 35,000 population
Lifetime grant assistance up to $7,500. Grants only available to applicants 62 years or older who do not have repayment ability.
FY2015 Funded Projects:
$379,383(154 Grants)
FY 2016 Budget Allocation
$367,834

Community and Economic Development (CED)

Partners With Potential to Assist Downtowns / Communities:
- South Dakota Governor's Office of Economic Development – Community Development Block Grants (CDBGs)
- Small Business Administration (SBA)
- South Dakota State University (SDSU) Extension
- South Dakota Department of Transportation
- South Dakota State Historical Society – State Historic Preservation Office (SHPO)
- Community Development Finance Institutions (CDFIs)
- Community Foundations
- Environmental Protection Agency (EPA) Local Foods/Local Places Initiative
- Brownfields Program (EPA and South Dakota Department of Environment & Natural Resources)

Let's Talk!

What projects do you have underway or under consideration in your community?

What barriers/obstacles exist to successful implementation or completion of the project?

Are projects being hindered or threatened by government processes?

What projects would you undertake if money were not an issue?
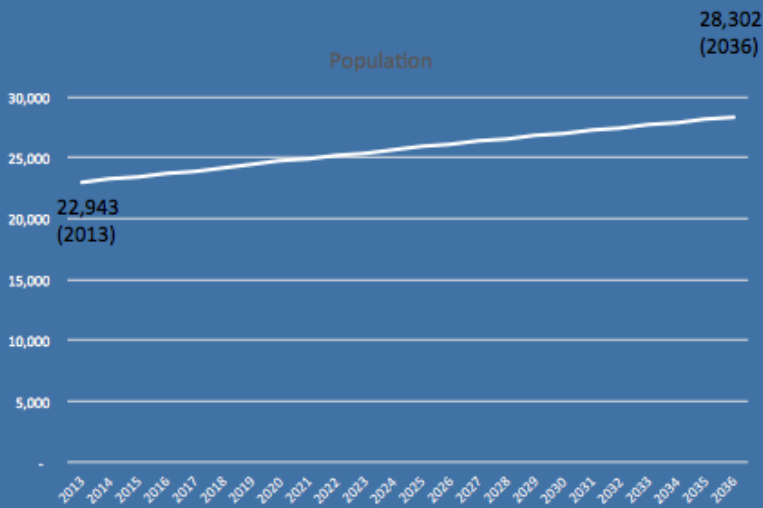
What assistance or expertise do you need in your community to bring your project to fruition?

What assets are present in your community which are not currently being utilized fully?

Appendix B: Fiscal Impact Analysis Results for Brookings

SUMMARY OF RESULTS
Brookings, SD

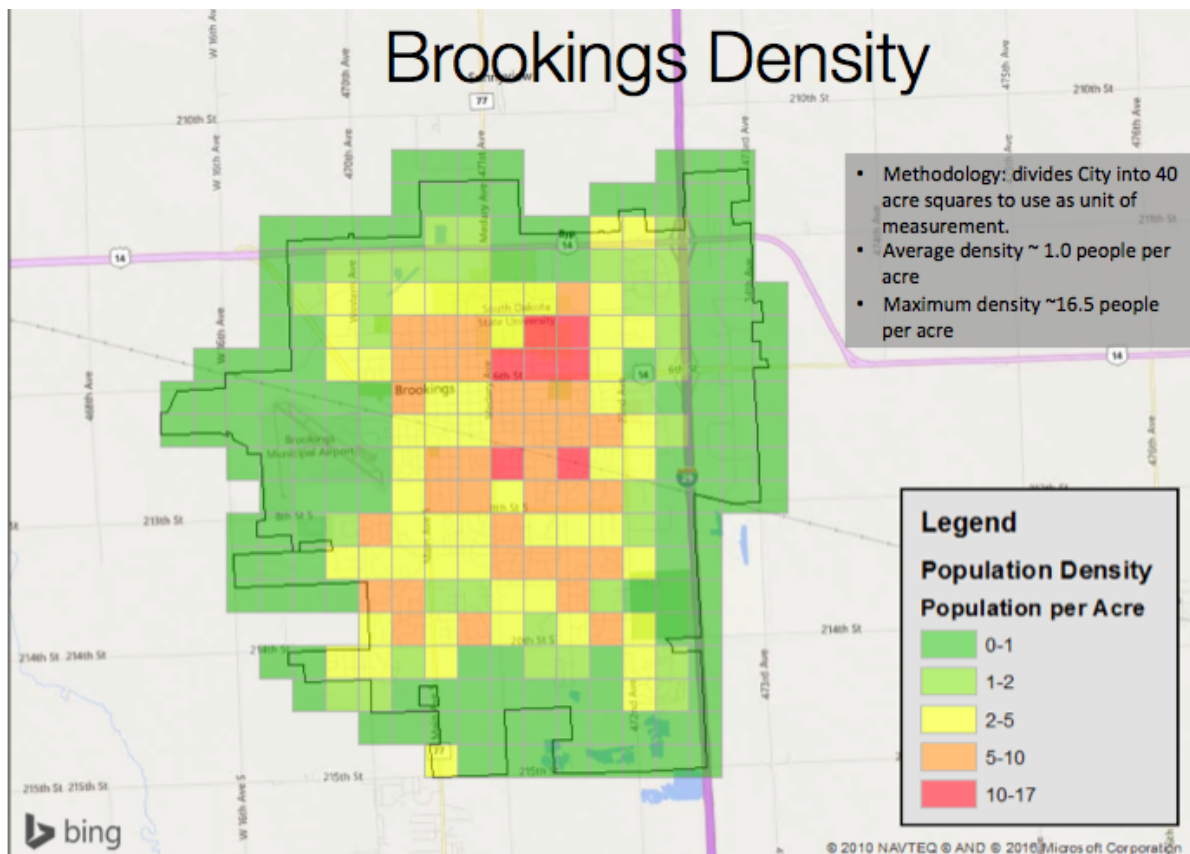### Population Forecasts

28,302
(2036)

Population

22,943
(2013)

- 20-year forecast
- 4,635 more residents by 2036
- ~1,980 more households

- 19.6% more residents
- 0.9% growth per year

Source: US Census, South Dakota Dept. of Labor and Regulation (forecasts)

Scenarios

How to add 4,600 people (+20%) in the next 20 years

Brookings Density

- Methodology: divides City into 40 acre squares to use as unit of measurement.
- Average density ~ 1.0 people per acre
- Maximum density ~16.5 people per acre

Legend

Population Density

Population per Acre

- 0-1
- 1-2
- 2-5
- 5-10
- 10-17

Density Options – Population

Baseline

Existing Avg. Density in City
2.3 people / acre

Alt. A

6 people / acre

Alt. B

50% at
12 people / acre
Infill development

50% at
6 people / acre
Greenfield

Density Options –Households

Baseline

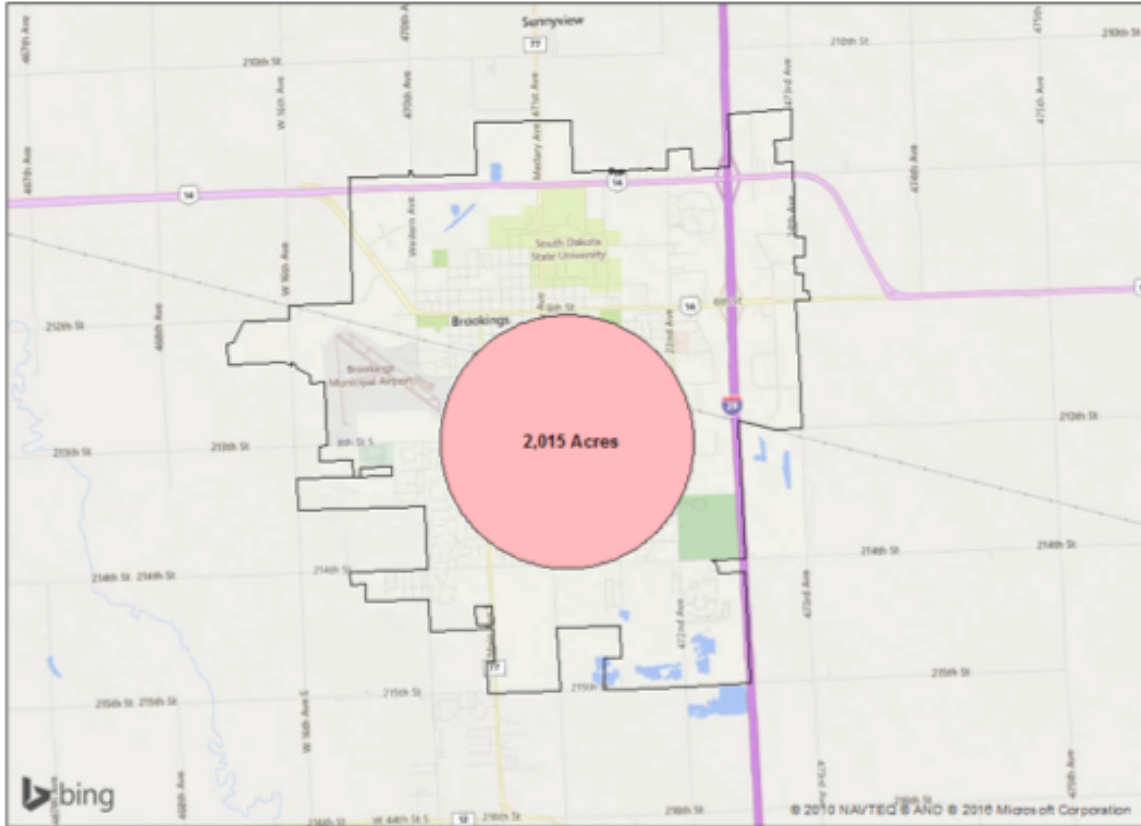Existing Avg. Density in City
1 household per acre

Alt. A

2.6 households / acre

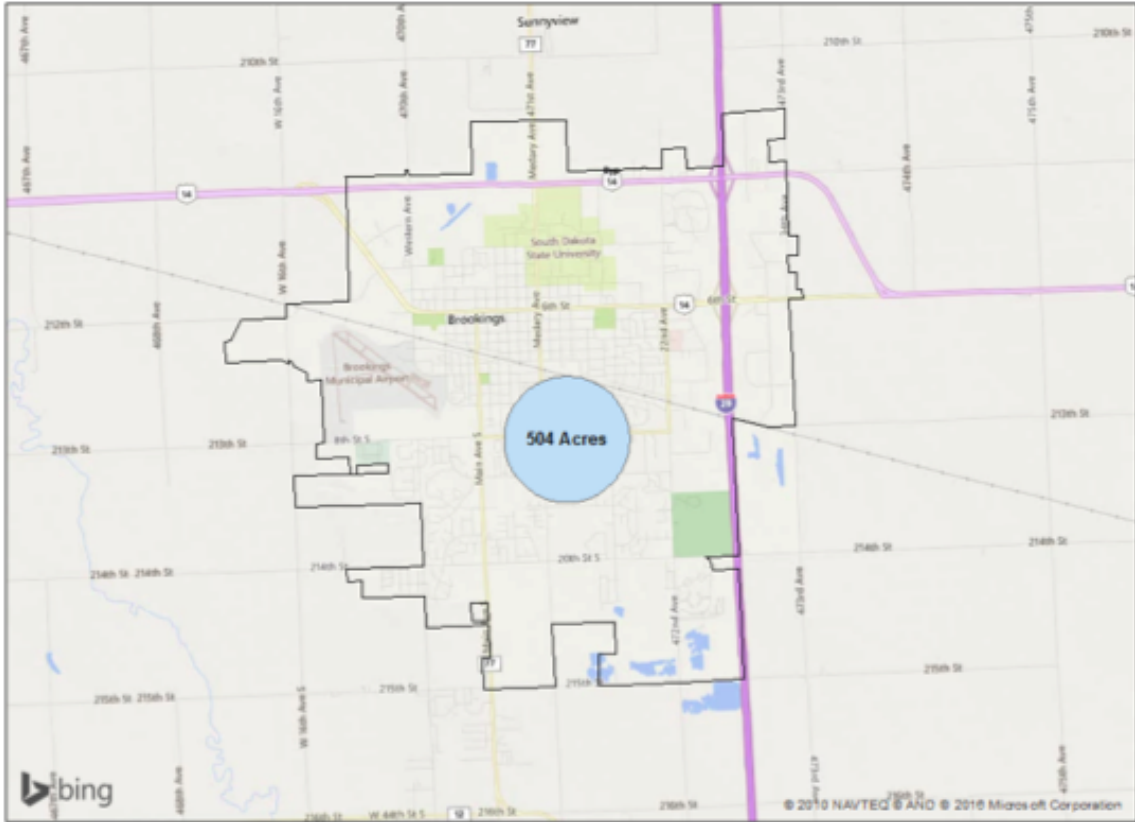**Alt. B**

50% at
5.1 households / acre
Infill development

50% at
2.6 households / acre
Greenfield

2,015 Acres

1,008 Acres

504 Acres

Fiscal Costs

Fiscal Costs Considered

 Roads   Sidewalks

Fiscal Model Theory

- Denser development
  - distributes costs over more people.
  - requires less infrastructure per person
  - requires less infrastructure, overall
- City needs to accommodate +20% more people in 20 years
- Choose to build more or less infrastructure?
  - Density matters!

Brookings' Budget (2016/2017)

- General Fund Budget = $23.3 mil.
- With special appropriations and measures = $41.0 mil
- Anticipated revenues = $30.4 mil
- Revenue per capita = $1,285 per person
- Roads, sidewalks, water, and sewer are paid for by combination of general fund, as well as other sources.

Results

	Baseline	Alt A	Alt B
Capital Costs – 20 years	$156.8 mil	$101.4 mil	$56.2 mil
Amortized Costs (20 years at 2.2% rate)	$195.6 mil	$126.4 mil	$70.1 mil
Maintenance Costs – 20 years	$7.8 mil	$5.1 mil	$2.8 mil
Total Costs – 20 year	$203.4 mil	$131.5 mil	$73.0 mil
Fiscal Cost per year	$10.2 mil	$6.6 mil	$3.7 mil

Study costs to accommodate +20% more residents

Results

	Baseline	Alt A	Alt B
Total 20-year Costs per Additional Person	$43,895	$28,389	$15,752
Annual Costs per Additional Person	$2,195	$1,419	$788
Annual Costs per Additional Household	$5,136	$3,322	$1,843

To have net-zero fiscal costs:
- Either tax new households $5,136 each
- Or distribute those costs together with the other 23k people in the City (raise taxes) ~$2,200 per capita
- Or hope funds are generated from somewhere else
- Or some combination ....

Results

	Baseline	Alt A	Alt B
Total 20-year Savings	-	$55.0 mil	$95.0 mil
Savings per year	-	$2.75 mil	$4.75 mil
Annual Savings per Additional Person	-	594	1,025
Annual Savings per Additional Household	-	1,389	2,339

Results

	Baseline	Alt A	Alt B
Annual Costs per capita- 2036	$2,195	$1,419	$788
Additional revenue per capita (based on 2016/2017)	$1,285	$1,285	$1,285
Total Costs per year	$10.2 mil	$6.6 mil	$3.7 mil
Additional annual revenue (for 4,635 more people_	$5.96 mil	$5.96 mil	$5.96 mil
Net fiscal impact per year	($4.24 mil)	($0.64 mil)	+$2.26

These fiscal impacts assume:
- Only the costs of road and sidewalk
- Assume revenues are simply total revenues from all sources per capita
- That revenues per capita remain constant (in real dollars) over time