Getting Started on a Local Economic Plan

by Gwendolyn Hallsmith

If you're like most communities across the country, development pressures have not been the top concern of the local planning commission for the past year or two. While zoning revisions and other land use changes are moving forward, it's hard to escape a feeling of helplessness in the face of job losses, plant closings, and investment failures.

What role can a planning commission play in jump-starting the local economy? There has to be more to it than simply identifying land for industrial parks that never materialize.

Half the battle is recognizing that collective action is possible. We are not helpless in the face of economic hard times – there are proven strategies to put people back to work, create new markets for local products, and build new businesses.

Where to begin? If you're a local planning commissioner, the first step is to ask questions about the appropriate role for the planning commission in economic development planning. In Vermont, for example, the state statute describing the purpose and goals for planning commissions directs them to "provide a strong and diverse economy that provides satisfying and rewarding job opportunities and that maintains high environmental standards, and to expand economic opportunities in areas with high unemployment or low per capita incomes."

Most states charge local planning commissions with the responsibility for comprehensive plans. Yet even with enabling legislation, there are other entities with responsibility in this area. Find out what plans are already in place, and identify where the gaps might be.

Any planning effort needs to involve key sectors of the local economy, and gain their support. Creating a list of the key economic players is a good place to start. Do you have a Chamber of Commerce? A Rotary Club? A local chapter of Businesses for Social Responsibility or BALLE (Businesses Allied for Local Living Economies)?

Do you or any of the groups involved have staff who might be able to provide information and collect data to support your planning efforts? A combination of objective data and stakeholder interviews provides a good foundation for the plan.

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All businesses and economic organizations are not created equal. Some bring income and wealth into the local economy, some recycle income that is already there, and some siphon off income and capital to other places.

Businesses are not the only organizations to consider. Local nonprofit organizations, schools, government, and people who are working from their homes often have a much larger role in the economy than you might think.

Some key questions to ask about the organizations and businesses in your community are:

1. Does the economic entity sell products or services to people outside the local community? In addition to the businesses that export, this can include: local colleges; public schools that charge tuition to students from other towns; nonprofit organizations receiving grant funding from state and federal government; and popular local restaurants or entertainment venues that attract tourist dollars and people from other areas.

2. Who owns the economic entity, and where does the surplus or profit go? Locally-owned businesses and organizations generally keep the money they are making in the local economy. This increases the multiplier effect – the amount of new economic activity that results from local spending. Larger corporations that send their profits out of town have a much lower local economic impact.

3. What makes up your "critical need" economy? Where does the food, water, energy, and other important goods and services – things people can't live without – come from? How much is produced locally, and how much is imported?

4. What skills and characteristics does your workforce have, and what are they missing? Do you have pockets of unemployment in certain sectors? What are the needs of any under-resourced sectors of the economy for training and development? Do people have entrepreneurial skills and the resources needed to start new ventures?

The answers to these questions can help identify potential stakeholders and the critical sectors of the community that need to be involved in an economic plan. Whether you bring stakeholders together on a permanent or temporary basis, you should make it clear to them that they are embarking on a project that will take a minimum of eighteen months to two years to complete.

Stay tuned, in the next issue we'll discuss how to build the economic plan's foundation by creating an "asset map" of the community. ◆

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