



# Is NEPA Ready for the Knowledge-Based Economy?

Thursday, May 31, 2018

# Pennsylvania Downtown Center

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- ▶ Our mission is to build and support the capacity of local non-profit organizations, municipalities and individuals to enhance the overall well-being and sustainability of Pennsylvania's 'core' communities.

[www.padowntown.org](http://www.padowntown.org)

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# Basic Question 1

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**Where Do You Live?**



## Basic Question No. 2

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**Name the cities that are the hub of Pennsylvania's six primary trade areas?**

(Defined by the Rand-McNally Commercial Atlas of the United States)

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# Overview of this Session

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- ▶ Two Fundamental Concepts
  - ▶ We **LIVE** in Regional Cities
  - ▶ Community & Economic Development are inseparable in the **New Economy**



# References for this Session

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- ▶ ***The Rise of the Creative Class (2002)***

- ▶ *Richard Florida*, Director of Cities at the [Martin Prosperity Institute](#) at the University of Toronto's Rotman School of Management and Director,
  - ▶ *Formerly: Professor of Economics at Carnegie-Mellon University*

- ▶ ***The Regional City (2001)***

- ▶ *Peter Calthorpe, Calthorpe and Associates*
  - ▶ *William Fulton, Somlimar Research Group*
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# “Places” and Econ. Dev.

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- ▶ **Organization of “Places”**
  - ▶ Older Core Communities
  - ▶ First-Ring Suburbs
  - ▶ Edge Cities
- ▶ **Competition for Development**
- ▶ **Lack of Resources to Deal with Issues**



# The Emergence of Regionalism

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“Most American’s today do not *live* in towns – or even in cities – in the traditional sense that we think of those terms. Instead, most of us are citizens of a region – a large and multifaceted metropolitan area encompassing hundreds of places that we would traditionally think of as...separate communities.”

*Calthorpe*

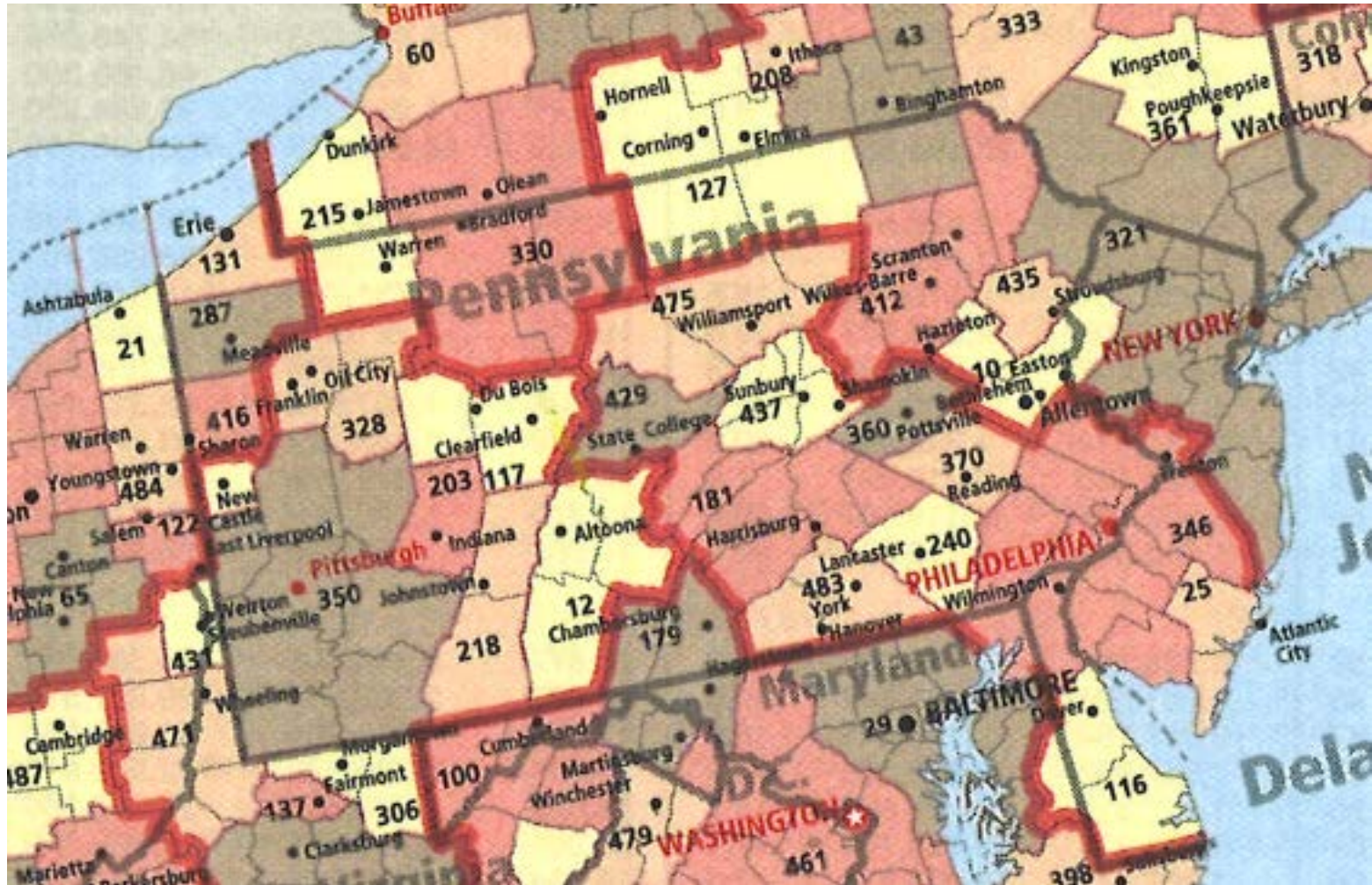
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# Rand McNally Trade Areas





# Where Are The Regional Cities?

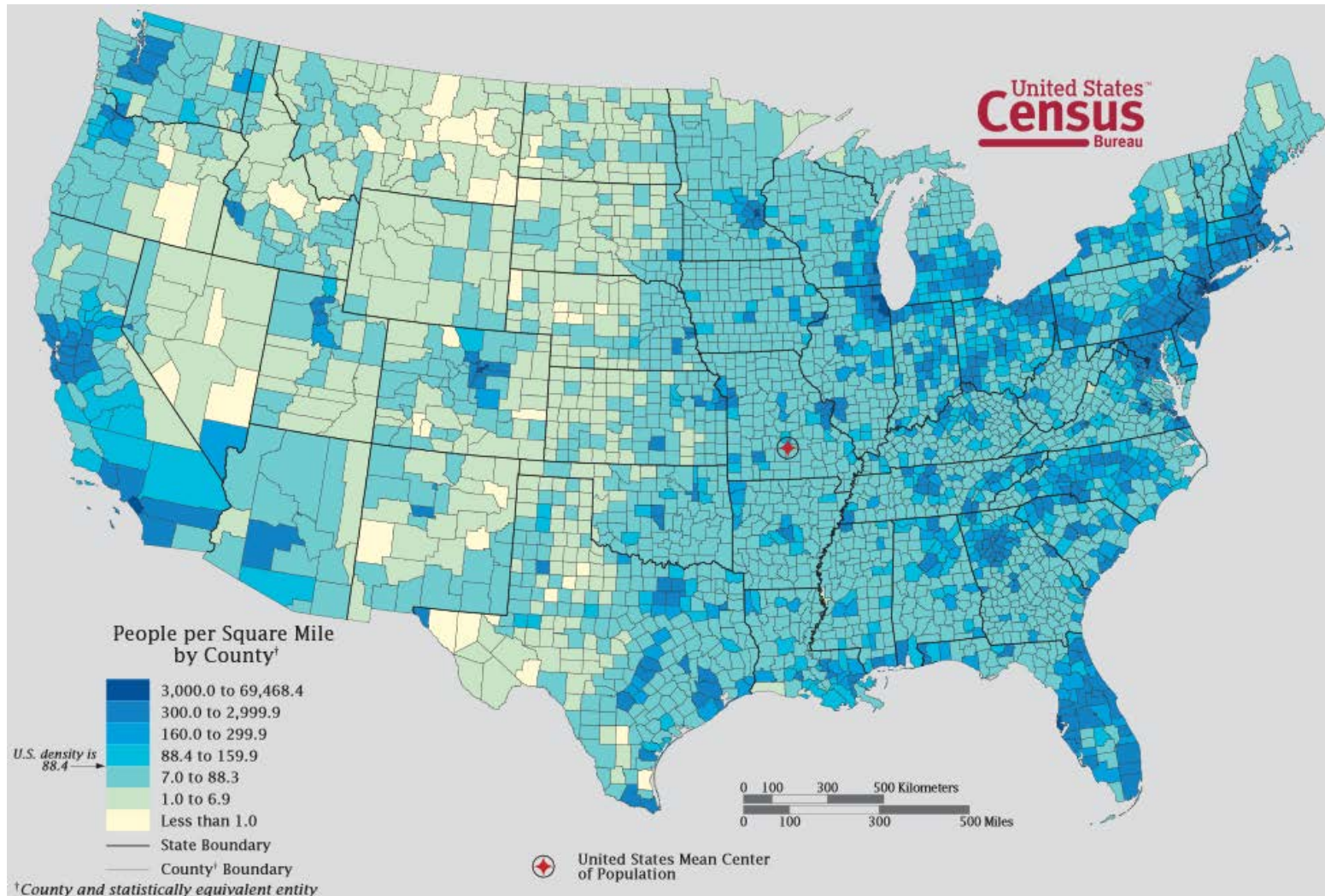
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Bos-Wash	So-Cal
So-Flo	Cascadia
Chi-Pitts	Tor-Mon-Tawa
Dal-Austin	Pho-Tus
Char-Lanta	Nor-Cal
Hou-Orleans	Den-Bo

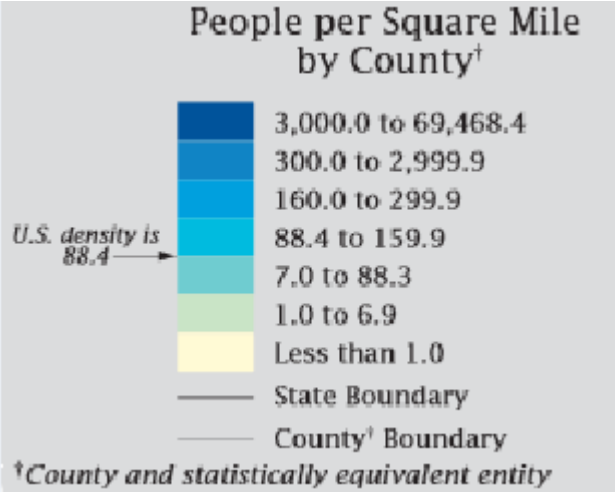
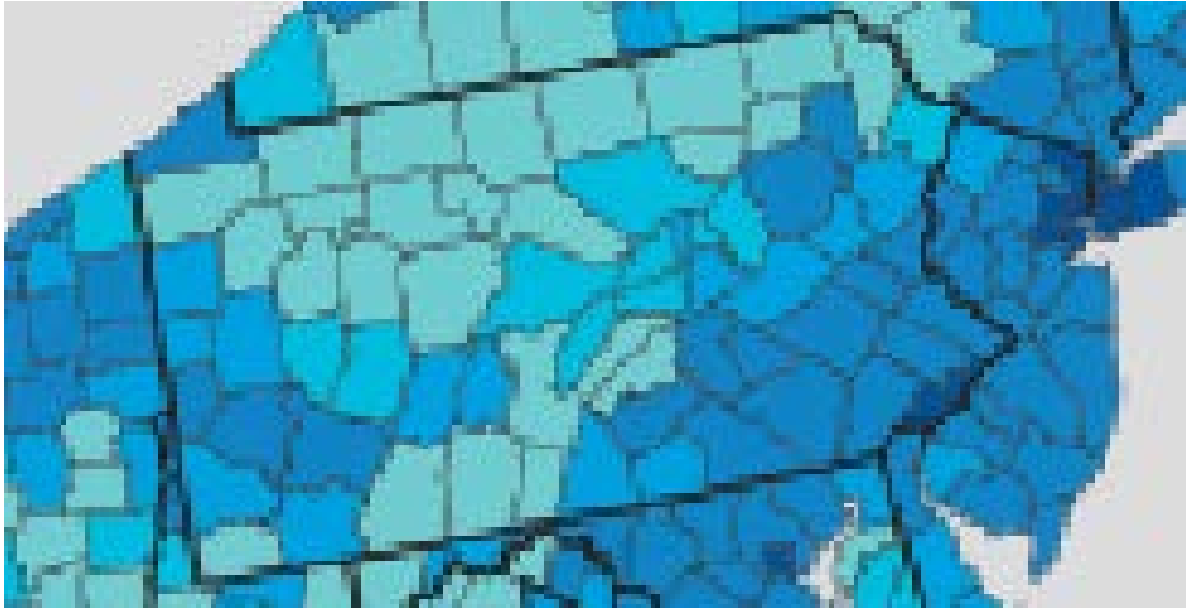
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# Are “Regional Cities” Real?



# The Pennsylvania Map - population density



# Understanding “Regional Cities”

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- ▶ **The Economic Region**

- ▶ Economic activity does not stop at jurisdictional borders.

- ▶ Local

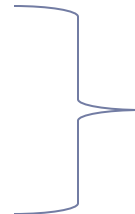
- ▶ State

- ▶ National

- ▶ **Key Characteristics**

- ▶ Decentralized

- ▶ Mobile



“Global Economy”



# Understanding “Regional Cities”

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- ▶ The Global Economy Operates “Best” at the Regional Scale
  - ▶ Proximity and **Networks**
    - ▶ Jobs
    - ▶ Money
    - ▶ **Ideas**
    - ▶ Vendors and Services



# Understanding “Regional Cities”

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Cities and suburbs are political jurisdictions astride a single, (interdependent) regional economy. The nature and dimension of this interdependence vary from place to place, but it is...an economic reality. Denial of this... reality fosters the seeds of ***spatial suicide***...”

*Barnes & Ledebur, political economists*





# A Primer on Cluster Analysis

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## ▶ Traditional Economy

- ▶ Agriculture
- ▶ Extractive
- ▶ Manufacturing
- ▶ Construction-Related
- ▶ Convenience Retail
- ▶ Personal Services

## ▶ Knowledge-Based

- ▶ Colleges & Universities
- ▶ Research & Dev.
- ▶ Health Care
- ▶ Computer-Related
- ▶ Engineering
- ▶ Professional Services



# A Primer on Cluster Analysis

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- ▶ **Understanding of Your Regional Economy**
  - ▶ **Type**
    - ▶ Traditional
    - ▶ Knowledge-Based
    - ▶ Mixed
  - ▶ **Status**
    - ▶ Growing
    - ▶ Declining

How would you describe your local / regional economy?



# A Primer on Cluster Analysis

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Characteristic	Traditional	Knowledge
Proximity to Natural Resources	Yes	No*
Ability to Move Large Volumes of Product	Yes	No
Increasingly Mechanized	Yes	Yes
Moving to Cheap Labor	Yes	No
Declining Job Base	Yes	No
Economic Dev. “Business as Usual”	Yes	No



# Key Decision Point

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- ▶ **Regional Economic Vision**
  1. Do What You Have Always Done
  2. Build or Enhance “New” Economic Generators
  3. Combination of 1 & 2



# Creating a Regional Economic Vision

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- ▶ **Strategy Pathways (Based on Cluster Analysis)**
  - ▶ Doing What We've Always Done
    - ▶ Traditional Economic Sectors
    - ▶ Existing Economic Development Processes
    - ▶ No Expensive, Innovative Proactive Actions
    - ▶ What We Have Generally Been Doing



# Creating a Regional Economic Vision

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- ▶ Strategy Pathways (Based on Cluster Analysis)
  - ▶ Building on 21<sup>st</sup> Century Assets
    - ▶ Transition From Traditional to Knowledge
    - ▶ New Economic / Community Development Partnerships
    - ▶ New Ways of Doing Business

**WHY?**



# Creating A Knowledge Based Economy

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“Keep your tax incentives and highway interchanges; we will go where the highly skilled people are.”

Carly Fiorina,  
Former Hewlett Packard CEO  
Addressing the Governor's Conference



# Creating A Knowledge Based Economy

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“To say you just want the cheapest worker is an old way of thinking. What you really want is a talented labor force, not the least expensive work force.”

David Birch, President  
Cognetics, Inc.





# Creating A Knowledge Based Economy

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“It is the ability to attract talent that creates regional advantage... In this regard the **quality** of a **city or region** has replaced costs and access as the pivot point of competitive advantage... It is clearly in the **regional economic interest** to have a variety of methods that attract bright young people.”

Richard Florida

Author, *“The Rise of the Creative Class”*

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# Creating A Knowledge Based Economy

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- ▶ Knowledge-Based Economy Requires Creative People.

“Creative people are the chief currency of the emerging economic age.”



# Combined Ratings\*

## CORPORATE SURVEY 2017

Site Selection Factors	2017	2016
Ranking		
1. Highway accessibility	91.3	94.4 (1)**
2. Labor costs	91.1	89.6 (3)
3. Availability of skilled labor	88.8	89.8 (2)
4. Quality of life	87.2	76.4 (10)
5. Tax exemptions	85.9	79.7 (7)
5I. Occupancy or construction costs	85.9	86.0 (4)
7. Proximity to major markets	84.6	78.1 (9)
8. Corporate tax rate	83.2	82.3 (6)
9. State and local incentives	81.3	84.0 (5)
10. Available land	76.9	75.3 (12)
11. Expedited or "fast-track" permitting	76.7	71.7 (13)
12. Proximity to suppliers	76.4	66.0 (20)
13. Energy availability and costs	76.0	78.5 (8)
14. Available buildings	75.9	75.5 (11)
15. Right-to-work state	74.7	70.1 (16)
16. Training programs/technical colleges	72.8	66.7 (18)
17. Inbound/outbound shipping costs	71.8	69.1 (17)
18. Low union profile	71.4	70.8 (14)
19. Environmental regulations	70.2	70.8 (14)
20. Availability of long-term financing	64.6	66.7 (18)
21. Accessibility to major airport	56.4	52.4 (22)
22. Raw materials availability	56.0	53.7 (21)
23. Water availability	55.3	46.3 (24)
24. Availability of unskilled labor	52.0	51.9 (23)
25. Proximity to innovation/commercialization R&D centers	44.7	39.2 (26)
26. Availability of advanced ICT services	42.7	40.9 (25)
27. Waterway or oceanport accessibility	31.2	18.1 (28)
28. Railroad service	29.9	33.7 (27)

\*All figures are percentages and are the total of the "very important" and "important" ratings of the Area Development Corporate Survey and are rounded to the nearest tenth of a percent.

\*\* 2016 ranking

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# What is Quality of Life?

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<u>QoL Factor</u>	<u>Our Ability to Impact</u>
▶ Climate	X
▶ Housing Availability	✓
▶ Housing Costs	✓
▶ Healthcare Facilities	✓
▶ Ratings of Public Schools	?
▶ Cultural Opportunities	✓
▶ Recreational Opportunities	✓
▶ Colleges and Universities	?
▶ Low Crime Rate	✓



# Creating A Knowledge Based Economy

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- ▶ **Four Characteristics of Places Where Creativity has Historically Flourished:**
  - ▶ Domain Activity
  - ▶ Intellectual Receptiveness
  - ▶ Ethnic Diversity
  - ▶ Political Openness
- ▶ **Fundamental Tension Between Organization & Creativity**



# Creating A Knowledge Based Economy

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“The... element of the social structure of creativity that has received the least attention is a supportive social milieu. This milieu provides the underlying eco-system or habitat in which multi-dimensional forms of creativity take place and flourish”

*Richard Florida*



# The Creative Class

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- ▶ **Highly-Valued Job Factors**
  - ▶ Challenge and Responsibility
  - ▶ **Flexibility**
  - ▶ Stable Work Environment & *Relatively* Secure Job
  - ▶ Compensation
  - ▶ Professional Development
  - ▶ **Quality of Life**



# The Creative Class

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- ▶ **The Ever Changing “Work Day”**
  - ▶ 40% Work Later than 5 PM
  - ▶ 25% Work Later than 6 PM
- ▶ **Results**
  - ▶ Speeding Up of Activities
  - ▶ Substituting Short Term for Long Term Leisure
  - ▶ Multi-tasking
  - ▶ Detailed Time Planning & Budgeting





# The Creative Class

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## ▶ **KEY CONCEPT**

- ▶ Shifting from the Consumption of Goods to the Consumption of Experiences
  - ▶ Intense
  - ▶ High-Quality
  - ▶ Multi-Dimensional
  - ▶ Participatory
  - ▶ Authentic
  - ▶ Memorable



# Creative Communities

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- ▶ **Key Characteristics**
  - ▶ **FIRST**
    - ▶ Open
    - ▶ Diverse
    - ▶ Culturally Creative
  - ▶ **THEN**
    - ▶ Technologically Creative



# Creative Communities

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- ▶ Thick Labor Markets
- ▶ Lifestyle Choices
- ▶ Social Interaction
- ▶ Diversity
- ▶ Authenticity
- ▶ Identity
- ▶ **Quality of Place**



# Creative Communities

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- ▶ **Creative Class Amenities**
  - ▶ Active
  - ▶ Informal
  - ▶ Street-Level
    - ▶ Vibrant Street Life
    - ▶ Available Outdoor Recreation
    - ▶ Entertainment / Music



# Creative Communities

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- ▶ **Social Structure**
  - ▶ Low Entry Barriers
  - ▶ Weak Ties Preferred to Strong Ones

*(Bowling Alone Analogy)*



# Creative Communities

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- ▶ **Other Key Research Findings**
  - ▶ Downtown Revitalization is positively associated with the same lifestyle factors that appeal to the Creative Class
  - ▶ The presence of a major research university is a basic infrastructure component of the Creative Economy
  - ▶ The surrounding community must have the capacity to absorb and exploit the innovation



# Creative Regions

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- ▶ Indicators of Creative Regions
  - ▶ Talent Index (% of People with a Bachelor's Degree or Greater)
  - ▶ Creative Class Share of the Work Force
  - ▶ Innovation (Patents Per Capita)
  - ▶ Tech Pole Index (Milken Institute)
  - ▶ Diversity Index
  - ▶ Bohemian Index



# The Growing Importance of Metrics

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## The Five Conditions of Collective Impact

**Common Agenda**

**Shared Measurement**

**Mutually Reinforcing Activities**

**Continuous Communication**

**Backbone Support**

### Six Core Functions for the Backbone Organization

Guide Vision and Strategy

Support Aligned Activities

Establish Shared Measurement Practices

Build Public Will

Advance Policy

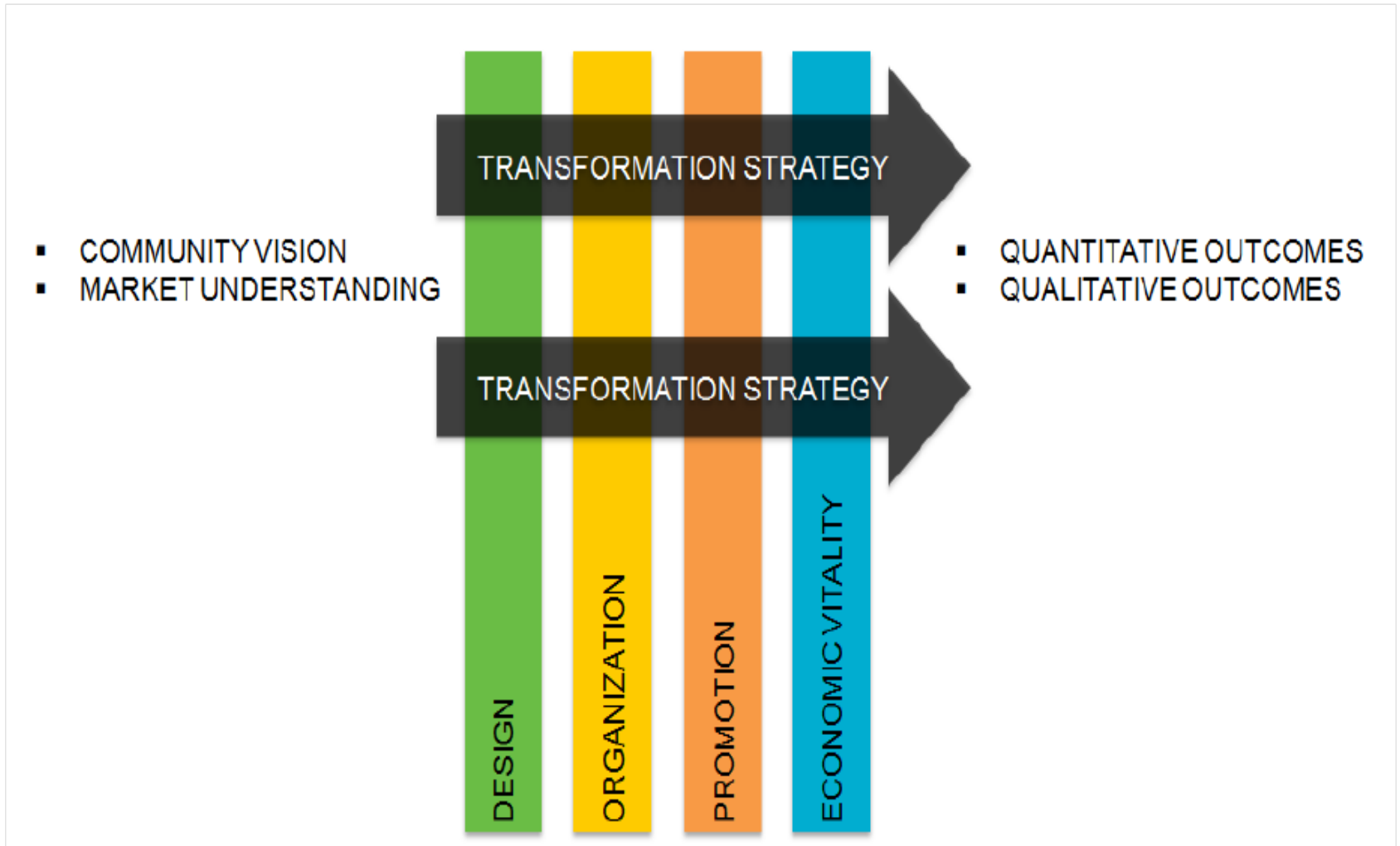
Mobilize Funding

*Backbones must balance the tension between coordinating and maintaining accountability, while staying behind the scenes to establish collective ownership*

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# The Growing Importance of Metrics



# Reinventing the Region

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- ▶ **Analyze Regional Economic Development Programs:  
Do They Support?**
  - ▶ Cultural Amenity Businesses
  - ▶ Recreational Amenity Businesses
  - ▶ Hospitality Development
  - ▶ The Creation of Diverse & Tolerant Communities  
(Seminars, Workshops, Trainings)



# Final Thoughts

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The character, quality and differentiation of the (economic) growth areas – ideas, services, one-of-a-kind products, information, culture, entertainment, travel, are strongly influenced by the (regional) environment. This includes the natural environment, the built environment and the cultural environment. To the extent that those three environments are diminished or homogenized, the inherent result will be the long-term decline in the character, quality and the differentiation, and therefore the (regional) economic opportunity represented by those growth areas.

Don Rypkema

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# Final Thoughts



# Final Thoughts



# Final Thoughts

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“The first 100 years of our country’s history were about who could build the biggest, most efficient farm. The second 100 years were about the race to build efficient factories. The third 100 years are about ideas.”

-- Seth Godin  
*Fast Company*, August 2000





*Rachel Drexler-Smith*

# EMBRACING CHANGE

*Empowering the Future of Your Community's Revitalization Effort*



PENNSYLVANIA DOWNTOWN CENTER'S  
PREMIER REVITALIZATION CONFERENCE

*June 3-6, 2018 | West Chester, PA | [padowntown.org](http://padowntown.org)*



## For more information:

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PA Downtown Center**
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