

2019

## Place Economics



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For:



With the support of



This document was prepared as a teaching guide for placemaking academics to engage their students in the topic mentioned in the title. It is part of a 12 module series created through a multi-university collaboration including Curtin University, University of Notre Dame, the University of Technology of Sydney, University of New South Wales, University of Queensland, The University of Adelaide and the University of Melbourne. The module was informed by practitioners through an intensive skillset and gap analysis workshop in Oct 2017.

This module envisioned as a 1-week delivery includes:

- This template including ~10 hours of content as follows
  - A total of ~3 hours of presumed in-class exercises (no more than 1-hour lecture)
  - A total of ~7 hours of personal study time (i.e. readings/short essays/videos to watch)
- The slides/materials used for the lecture.
- List of 'mandatory' reading and recommended readings relevant to the module content.

The document is subdivided into two sections.

1. Section 1: Provides an outline of the aims of the module
2. Section 2: Expands on the specific topic covered by this module and the recommended exercises for tutorial activities.

# 1 Section 1:

## Overview

An important part of being able to talk to decision-makers about placemaking initiatives is to present the economic aspects of it. This module presents the basics of the economic concepts such as the: role of economics in placemaking; economic value of a good place; quantifying the economic benefits; cost-benefits analysis, business case development and net present value.

The intention is to be able to use these concepts in one of three ways: 1) building a business-case for placemaking (using examples to advocate for place-based activities); 2) estimating the benefits that a project will have; or 3) evaluating the economic benefit of a placemaking project. This module does not advocate for benefit analysis based solely on economic factors, however, it does understand the need for using economic measures to attract investment and/or justify costs. For holistic understanding of the benefits of place, this information should be used alongside the relationship-based evaluation framework proposed in the Place Evaluation module.

## Summary of materials referred to in this Module

The following should be easily accessible through the PlaceAgency web platform, local council and developer websites, or university library databases (journal articles etc). Some are for your reference, and some are needed by students for their activities.

### Resources needed for student's independent study outside the classroom.

- Sipe, N (2020) "Economics of Place" In D. Hes and C. Hernandez-Santin *Placemaking fundamentals for the built environment*. Palgrave Macmillan.
- Carmona, M. (2019). Place value: place quality and its impact on health, social, economic and environmental outcomes. *Journal of Urban Design*, 24(1), 1-48.
- City of Gold Coast, Centre Improvement Program, Economic Evaluation and Effectiveness Review

### Resources needed for students' in-class activities.

- Paper at least A3 in size and coloured markers if possible, for all exercises.
- For exercise 1, a one-page maximum summary of the Introduction to placemaking/what is placemaking chapter, or summary points from introduction to placemaking module.
- For exercise 2, the students will need to have a project they are thinking of and some initiatives they would like to implement in the project – pop up park, benches, table tennis table, kid's activities, etc.
- For exercise 3, a placemaking case study sheet for each group. There are some Western Australian and Victorian examples available through the PlaceAgency online portal.
- For exercise 4, identify the online presence of a top-down (developer or local government-driven) place activation activity. This could be local to your area or perhaps chosen from reading or one of the case study sheets.

**Additional resources that may support a facilitator not familiar with this topic. These directly informed the subtopic summaries and may be required for certain activities.**

### 1. Assessing a place

- Carr, L. J., Dunsiger, S. I., & Marcus, B. H. (2011). Validation of Walk Score for estimating access to walkable amenities. *Br J Sports Med*, 45(14), 1144-1148.
- [www.walkscore.com](http://www.walkscore.com)
- Other data to assess a place: <http://www.stateofplace.co/>

### 2. Value of a good place

- Carmona, M. (2019). Place value: place quality and its impact on health, social, economic and environmental outcomes. *Journal of Urban Design*, 24(1), 1-48.
- Gehl, J. (2017). The Value of Place. Unpublished report.
- Leinberger, C. B., & Alfonzo, M. (2012). Walk this way: The economic promise of walkable places in metropolitan Washington, DC. The Brookings Institution, 9.
- Breidert, C., Hahsler, M., & Reutterer, T. (2006). A review of methods for measuring willingness-to-pay. *Innovative Marketing*, 2(4), 8-32.

### 3. Quantifying economic benefits

- City of Gold Coast, Centre Improvement Program, Economic Evaluation and Effectiveness Review
- Flanagan, M. and W. Mitchell (2016). An Economic Evaluation of the Renew Newcastle Project; Final report prepared for Renew Newcastle Limited. Center of Full Employment and Equity, Newcastle: University of Newcastle.

### 4. Building a business case Study:

- <http://buildingqueensland.qld.gov.au/frameworks/>
- <https://publicsector.sa.gov.au/documents/developing-business-case/>

## Objectives of the Module

To increase student understanding of:

- To acknowledge and understand the economics of placemaking.
- To understand the potential economic benefits of a good place.
- To identify ways of quantifying the economic benefits of a good place.

## Module Content

1. Role of economics in placemaking
2. The economic value of a good place - building a business-case for placemaking
3. Measuring a good place - estimating the benefits that a project will have
4. Quantifying the economic benefits - evaluating the economic benefit of a placemaking project

## Learning outcomes

Using the Blooms Taxonomy of learning, upon completion of this module, students will be able to:

- Recall information about the economics of placemaking (remember)
- Explain key ideas or concepts about the economics of placemaking (understand)
- Use information in a new way to demonstrate an enhanced understanding of the economics of placemaking (apply)

## Enhanced capabilities

Early in the PlaceAgency program development workshops were held with academics, community and industry representatives. During these, a total of 62 skills were identified from which 22 capabilities were identified as relevant within the context of this module. 16 of these were included in the final module. These are listed below and their location within the module noted.

Cognitive Skills (Head)	Affective Skills (Heart)	Practical Skills (Hand)
<p><b>Understanding the economic value of good places (a key focus of the module)</b></p> <p><b>Indicators of performance and value – Through</b></p> <p><b>Awareness of greater good/public good and socio-economic benefits</b></p> <p><b>Holistic view of place-making – economics, environment and social</b></p> <p><b>Fundraising and crowdsourcing etc</b></p> <p><b>Diverse economic sources</b></p>		<p><b>Ability to use economics to support arguments, tell a story and demonstrate success</b></p> <p><b>Developers complexity vs budget</b></p> <p><b>Finding mechanisms to achieve outcomes</b></p> <p><b>Involve multiple disciplines</b></p> <p><b>Economic sustainability of a project</b></p> <p><b>Learn economic language to negotiate</b></p> <p><b>Value capture</b></p> <p><b>Scale(s) of project</b></p> <p><b>Understand Council and budget processes</b></p>

## Module Overview (For Students)

**Table 1: Module overview. Summary of the activities considered within this module and the time equivalency. In white content that is either delivered in-person or online but requiring some element of students listening/discussing with the group etc. In grey, self-study activities, videos, etc.**

ACTIVITY	TIME	NOTES
A	Readings	2 hr Sipe, N. (2020). "Economics of Place" In D. Hes and C. Hernandez-Santin <i>Placemaking fundamentals for the built environment</i> . Palgrave Macmillan. Carmona, M. (2019). Place value: place quality and its impact on health, social, economic and environmental outcomes. <i>Journal of Urban Design</i> , 24(1), 1-48. City of Gold Coast, Centre Improvement Program, Economic Evaluation and Effectiveness Review
B	Case study analysis through an economic lens	1 hr Looking at the case study area, students will: <ul style="list-style-type: none"> <li>• Document evidence of high-quality places as defined by Carmona (2019)</li> <li>• Explore the walking score of the area <a href="http://www.walkscore.com">www.walkscore.com</a> – find additional areas to use as a comparison point for in-class discussion.</li> <li>• Prepare a short series of dot points for in-class group discussion.</li> </ul>
C	Lecture	1 hr Outline the need for Economics in Placemaking. Concepts explored include: <ul style="list-style-type: none"> <li>• Types of economic benefits</li> <li>• Cost-Benefit Analysis</li> <li>• Economic Modelling</li> <li>• Willingness to Pay</li> <li>• Financial Analysis</li> <li>• Business case</li> </ul>
D	Tutorial	2 hrs The tutorial assumes that students have been working on a conceptual design of a placemaking initiative. Activity 1: What do the value characteristics of the case study tell us (20 min) Based on section B of this outline. Activity 2: Creating a placemaking budget (40 mins) Activity 3: Business case for 'place': either through cost-benefit analysis or economic modelling, groups will assess the potential economic benefits of their conceptual design. (1 hr) This is a draft that will continue in section E <ul style="list-style-type: none"> <li>• <a href="http://buildingqueensland.qld.gov.au/frameworks/">http://buildingqueensland.qld.gov.au/frameworks/</a></li> </ul>

			<ul style="list-style-type: none"> <li>• <a href="https://publicsector.sa.gov.au/documents/developing-business-case/">https://publicsector.sa.gov.au/documents/developing-business-case/</a></li> </ul>
E	Giving an economic value to social impact	2.5 hrs	<p>In teams, each student will identify one key <u>social benefit (long-term impact)</u> of their project (i.e. health, biophilia, sustainability, etc) and will explore strategies to estimate the potential benefit of their design. To be added to the business case study of place.</p> <p>The business case study should be no more than 2 pages long.</p> <p><b>Note to facilitator:</b> this business case can be incorporated into the final assignment.</p>
F	Journal questions	30 mins	<p>Journal question:</p> <p>What is the potential and limitations of conducting evaluations based on economics? (max 150 words) 8</p> <p>How do you use monetary metrics to evaluate the social impact of a project? (max 100 words)</p>
	<b>TOTAL MODULE</b>	<b>10hrs</b>	

## 2 Section 2:

### 2.1 Introduction to Module: Role of Economics in Placemaking

The module is organised around one lecture where the key concepts about the economics of place-making are presented. The three other subtopics cover the economic value of a good place, how to measure a good place, how to quantify the economic benefits of a good place.

The lecture begins by presenting the Centre of Improvement Program (CIP), Gold Coast. Redeveloping main streets at various neighbourhoods, the CIP identified at least three types of economic benefits resulting directly from the refurbishment efforts. The session starts by looking at three key case studies that represent these benefits:

- Increase in rent paid to landlords: **Burleigh Heads (0:20)**
- Increase in wages for local workers: **Paradise Point (4:45)**
- Increase of trader profit: **Chevron Island (9:05)**

Beyond what this case study presents, Carmona (2019) reported many economic benefits as part of the literature review consulted in high-quality places. But how do we evaluate these places?

#### Key economic terms

- **Cost-Benefit Analysis:** a systematic method of examining the potential economic return of a project with respect to the total inputs that went into the project.
- **Economic Modelling:** using other projects as precedents to make an educated guess of the benefits.
- **Willingness to Pay:** gathering information on how much people would pay for a particular service through a survey.
- **Financial Analysis:** key information of who will benefit from the economic gains resulting from a project.

While the lecture slide deck focuses on explaining these terms, showing and showing their benefits and limitations, the tutorial and self-study activities focus on: 1) defining what high-quality places are, 2) budget development and quantifying economic benefits through a business case.





## 2.2 Good places and their attributed benefits

Good places or ‘high-quality’ places are defined by Carmona (2019) as areas where the design attributes provide benefits for one of four policy areas health, social, economic and environmental. With the systematic review presented in this paper, Carmona highlighted that 100 out of the 271 reviewed papers explored the relationship between place value and economic outcomes such as increase in property value, reduced vacancy in retail and office spaces, reduced public expenses, lower costs of living, amongst others. Beyond Carmona 2019, there is vast literature on the economic impact of various aspects of places. For instance, walkability effects are well researched and supported in their validity. In an analysis comparing various neighbourhoods in Washington found that more walkable places have a more active economy and pose lower costs for residents as well (who rely less heavily on transport systems (Leinberger & Alfonzo, 2012).

### Exercise 1

Instructions	Delivery	Time	The objective of the exercise
<p>As part of the self-study exercises, students will have gathered information on the evidence of high-quality places. The first exercise is an opportunity to debrief on what they found. Discuss in your group and come up with two things you would like to share with the group:</p> <ul style="list-style-type: none"> <li>• What type of benefit is most prominent (if any) in our study area: health, social, economic and environmental?</li> <li>• What can we infer from this evidence / or lack of evidence of good place in our study area? Here in the place qualities diagram do we find these attributes of our area?</li> <li>• How does walkability compare to surrounding neighbourhoods and other areas with similar demographics?</li> <li>• What are new opportunities for placemaking that you may have missed before?</li> </ul> <p>Share with the class 2 things your group learnt from this process</p>	<p>In Class (group work)</p>	<p>20 min</p>	<p>Learning to identify ‘good’ places.</p>

## 2.3 What do places cost?

To evaluate a place process, one normally documents all inputs, outputs and outcomes of a project. At this point, in the evaluation module, they expand to incorporate the term ‘legacy’ and ensure that long-term thinking is incorporated at the evaluation process.

Placemaking projects (when viewed as small-scale community-led approaches) are often associated with ‘Quick and cheap’ as, through temporary trials, they cut the costs of materials and the project to activate and reengage different communities in re-experiencing the place. However, it is often the case that placemaking assumes people will volunteer to keep the project alive and running. And, in many cases, it is the case.

In creating a budget for a project, it is important to quantify material and non-material costs included. For instance, we are making students work quite hard each session to build an amazing project. Thus, their budget proposals should incorporate in-kind costs to document all voluntary inputs.

### Exercise 2

Instructions	Delivery	Time	The objective of the exercise
<p>As a group or individual create a budget for the initiatives proposed in your project. To do this you must have a project in mind and have developed what initiatives you will implement to support the placemaking of the project.</p> <ul style="list-style-type: none"> <li>Document tangible materials as well as in-kind donations (i.e. recycled materials, volunteer hours, etc)</li> <li>Be as precise as possible and be ready to justify the price of your project.</li> <li>Where will that money come from? – Brainstorm some ideas</li> </ul>	In Class (group work)	40 min	Justifying costs, finding money (some brainstorming).

## 2.4 Quantifying the Economic benefits

Industry, and in particular areas where budgets are constrained (i.e. local governments) finding ways to justify investing in place is critical. This project starts working with the student on how to communicate through monetary returns to facilitate dialogue with stakeholders that value the financial aspects. That said, it is important that economic benefits consider narratives of non-monetary place value. In this case, the evaluation module and the economics of place module should work together.

### Exercise 3

Instructions	Delivery	Time	The objective of the exercise
<p>Students may choose whether to use cost-benefit analysis or economic modelling to estimate the potential benefits of their project. This is a draft to be finalised after class.</p> <p>In 1-2 pages include:</p> <ul style="list-style-type: none"> <li>Summary of the proposal and expected benefits,</li> <li>Costs (inputs – based on the previous exercise)</li> <li>Identify scale, key stakeholders and economic benefits on medium and long-term timescales. Incorporate at least one healthy, social or environmental feature (in detail)</li> </ul> <p>Resources:</p> <ul style="list-style-type: none"> <li><a href="http://buildingqueensland.qld.gov.au/frameworks/">http://buildingqueensland.qld.gov.au/frameworks/</a></li> <li><a href="https://publicsector.sa.gov.au/documents/developing-business-case/">https://publicsector.sa.gov.au/documents/developing-business-case/</a></li> </ul>	In-class (group work)	1 hrs	Building a short yet persuasive business case

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