

City Limits: Working with Federal and State Actors in the Successful Implementation of Local Sustainable Economic Development Programs

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Executive Summary:

Recent scholarship has focused on the role of cities in designing and implementing programs that promote sustainable economic development. While many local governments have pursued sustainability-related policies, political, institutional and other structural constraints inherently place limits on city officials' abilities to achieve these programs' goals. Many of these constraints arise because cities rely on federal and state level initiatives to shape the types of policies they can adopt, and rely on federal and state government for financial resources to implement city level plans. In assessing how local government reconciles these challenges when planning for sustainable economic development, this paper examines, using a case study of East Lansing Michigan, how cities, constrained by state and federal institutions and policies, work across these various levels of government to better promote sustainable economic development.

Key Words: Sustainable Economic Development, city limits,

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City Limits and the Environment-Economics Dichotomy

In his seminal work *City Limits*, Peterson (1981) asserts that local policymakers are constrained by state and federal laws and institutions that limit ability for cities to pursue many policies. Given these constraints, Peterson argues that local policymakers are 'single minded', prioritizing economic development above all other interests (Peterson 1981; Basolo and Huang 2001). Although Peterson's (1981) city limits theory has provided a rich research history on local developmental policy and local competition, local development policy has grown to include environmental protection as a primary emphasis area. Furthermore, contrary to the *City Limits* thesis many cities are actively engaging in policymaking and implementation of policies that take into consideration, and work with, multiple jurisdictions across the varying levels of government.

To be sure, economic development and environmental protection has, at times in history, been at odds with each other. The so-called environment vs. economics dichotomy has long implied that economic development and environmental protection are competing goals that simply cannot be simultaneously pursued (Opp and Osgood, 2013). Certainly, economic growth has many advantages for federal, state and local officials including: an increase in the amount of money that stays within a community, increased property values, an increase in retail sales, greater individual income, larger profits for businesses within the community and more sources of government revenue among others (Koven and Lyons, 2010; 7). In line, with Peterson's city limits theory and the recognition of the many benefits of economic growth, city officials and managers often feel pressure to pursue economic growth strategies (Portney 2003). However, in recent years, the pressure to pursue economic growth has been complicated by growing concerns over environmental degradation (Opp and Saunders 2013). This dual interest in pursuing economic development and stemming or reversing environmental degradation has presented unique challenges across all levels of government (Blakely and Leigh, 2013; Koven and Lyons, 2010).

Recent scholarship has focused on the role of sustainable development as a way to balance economic and environmental goals. Defined in the Brundtland report as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (*Our Common Future* 1987), actors at all levels of government recognize the importance of economic development with greater recognition of how economic

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development affects the environment. With this recognition, there has been a growing movement for state and local actors to pursue sustainable economic development strategies. as an attempt to reconcile seemingly competing interests of economic development and environmental protection (Opp and Osgood 2013).

The local role in sustainable development is particularly interesting due to the constraints that local decision makers face from existing institutions, laws and politics at the state and federal level of government (Peterson 1981; Clingermayer and Feiock 2001). When pursuing sustainable development strategies, city managers must work closely with officials across all levels of government to ensure the successful development and implementation of these programs within their communities (Blakely and Leigh 2013). After briefly examining how levels of government are connected in the promotion of sustainable economic development, this paper focuses on East Lansing Michigan as a specific case example that highlights the challenges local governments confront in working across federal and state governments in the process of creating and implementing local sustainable economic development plans.

Intergovernmental Relationships in Sustainability

In addition to relying on federal and state funds to successfully implement sustainable development plans and programs, state and federal laws and institutions can influence local decision-making by increasing or decreasing the costs associated with economic development goals (among others), affecting the ability of local government to pursue their interests successfully (Clingermayer and Feiock 2001; 93). For example, growing concern over climate change and other environmental harms have led to changes in existing rules and regulations that fall upon state and local governments to implement. Implementation of environmental laws and regulations are often tied to financial assistance that the federal government provides to state and local government when they successfully adopt development plans that meet new regulations. Similarly, because environmental degradation is a global issue, some argue that it requires a polycentric response where federal, state, and local actors play a role in the creation of sustainable development plans that balance the competing interests of sustainability (Ostrom 2009).

East Lansing Michigan as a Case Example

East Lansing is an example of a city that incorporates both economic development and sustainability into policies and, in recognizing the constraints placed on the city from state and federal institutions and laws, East Lansing

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successfully works across various levels of government to develop and promote sustainable economic development. In a recent study measuring local sustainability practices, East Lansing Michigan is among the top ranked cities in the United States in pursuing sustainable economic development policies (Opp and Saunders 2013). Ranked as one of the best cities for job growth in 2011 (news geography 2011), East Lansing has a number of policies aimed at balancing economic development and sustainability requiring support from intergovernmental organizations. A few of the notable policies will be examined in the next few paragraphs.

Brownfield redevelopment is one example of a policy adopted at the state and federal level that attempts to balance economic development and environmental protection (Jones and Welsh 2010). In line with Michigan's Brownfield Redevelopment Financing Act (Public Act 381, 1996), East Lansing formed the Brownfield Redevelopment Authority (BRA) a public agency responsible for providing assistance to businesses redeveloping brownfields. East Lansing's formation of the BRA allowed the city to take advantage of many state funding options for brownfield redevelopment, most of which provide financial assistance for brownfield redevelopment in a number of ways including increment tax financing (TIF) and offering businesses and developers the option of applying for the Michigan Single Business Tax Credit. In addition to grants, and other financial assistance available through state level funding, East Lansing is part of a cooperative agreement with the Environmental Protection Agency (EPA) that provides funding for environmental assessment activities. East Lansing has used this money to offer financial assistance to businesses and developers who agree to assess and redevelop brownfields in the city as a way to promote the reuse of developed sites, taking pressure off of open spaces (City of East Lansing 2013).

Additionally, in 2012, East Lansing established "The City of East Lansing Climate Sustainability Plan" (CSP) which identifies a number of community based actions that aim to reduce pollutants that contribute to global climate change (East Lansing Commission on the Environment 2012). Current actions recommended in the CSP range from enhancing recycling efforts and improving waste reduction programs to the development of more sustainable transportation infrastructure, demonstrating East Lansing's commitment to develop policies that balance economic development with sustainability. One way East Lansing markets itself as a livable city is through the continued development of transportation infrastructure. The transportation goals of the CSP seek to develop infrastructure to support non-

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motorized forms of transportation such as biking and walking and improve public transit. This strategy not only attracts people who care about living in a healthy community but also enhances economic vitality by providing jobs for the development of bike lanes, improved walking paths, development of improved public transit etc. (Climate Sustainability Plan 2012).

The CSP also allows East Lansing to confront challenges of working across levels of government by aligning city goals with regional, state and federal objectives to reduce green house gas emissions. At the regional level, East Lansing is a signatory of both the U.S. Mayors' Climate Protection Agreement (2007) and the Michigan Municipal League's (MML) Green Communities Challenge signifying East Lansing's commitment to pursue economic development and balance sustainability. Through creating these regional partnerships and through the development of policies aimed at confronting climate change, East Lansing is in a position where they can apply for, and take advantage of grants at all levels of government including an Energy Efficiency Conservation Block Grant by the Department of Energy, aimed at providing financial assistance for the city to install energy efficient lights in all city buildings (Climate Sustainability Plan 2012).

East Lansing's ability to implement policies aimed at confronting climate change, and promoting economic development are contingent upon the city's involvement with various organizations across levels of government. A large part of the city's success is that East Lansing has been successful in working within the parameters of state laws aimed at balancing economic development and sustainability, which have led to transformative policies at the local level, many of which are successful due to the funding sources from state and federal agencies. Ultimately, working across levels of government has allowed East Lansing to successfully implement policies that pursue economic development and sustainability, which is outside of the single-minded development policies assumed by Peterson (1981

Conclusions:

Even with growing concerns of environmental harm such as climate change, economic development continues to be a priority across all levels of government. In a world where environmental harm at the local level affects environmental quality at the global level, cities are presented with unique challenges in balancing the various dimensions of sustainability with economic growth. The challenges presented to cities in promoting economic

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development is the influence of external political, institutional, and economic forces that affect city managers' ability to successfully develop and implement sustainable economic development plans.

City officials can learn how to balance economic development and sustainability by examining how East Lansing has forged partnerships across levels of government. Moving forward, future research could include interviews with city officials in East Lansing to gain a better understanding of the challenges cities face in working across levels of government, and also examine more closely other cities who are reconciling economic growth and sustainability.

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