

# Resolving the Development Dilemma

**M. J. Plodinec**  
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[www.ResilientUS.org](http://www.ResilientUS.org)



# Community and Regional Resilience Institute



Partnership among MS universities, national labs

**2007**



**2007-09**

Partner Communities:  
Charleston, SC  
Gulfport, MS  
Memphis, TN

**2009-13**

## Community Resilience System Initiative

National collaborative effort to develop a process and system to achieve more resilient communities

Partner Communities:

Anaheim, CA  
Anne Arundel County, MD  
Charleston, SC  
Gadsden, AL  
Greenwich, CT  
Mt Juliet, TN  
St Louis, MO

# Dilemma

- Many state and local governments are faced with a “wicked problem”
- Need increased income to make up for losses from the Great Recession and to pay long-term obligations (e.g., pension liabilities)
  - *Driver for increased development, or reduced constraints*
- Face increased costs from coastal disasters
  - *Driver to limit development, or place under increased constraints*

# Current situation

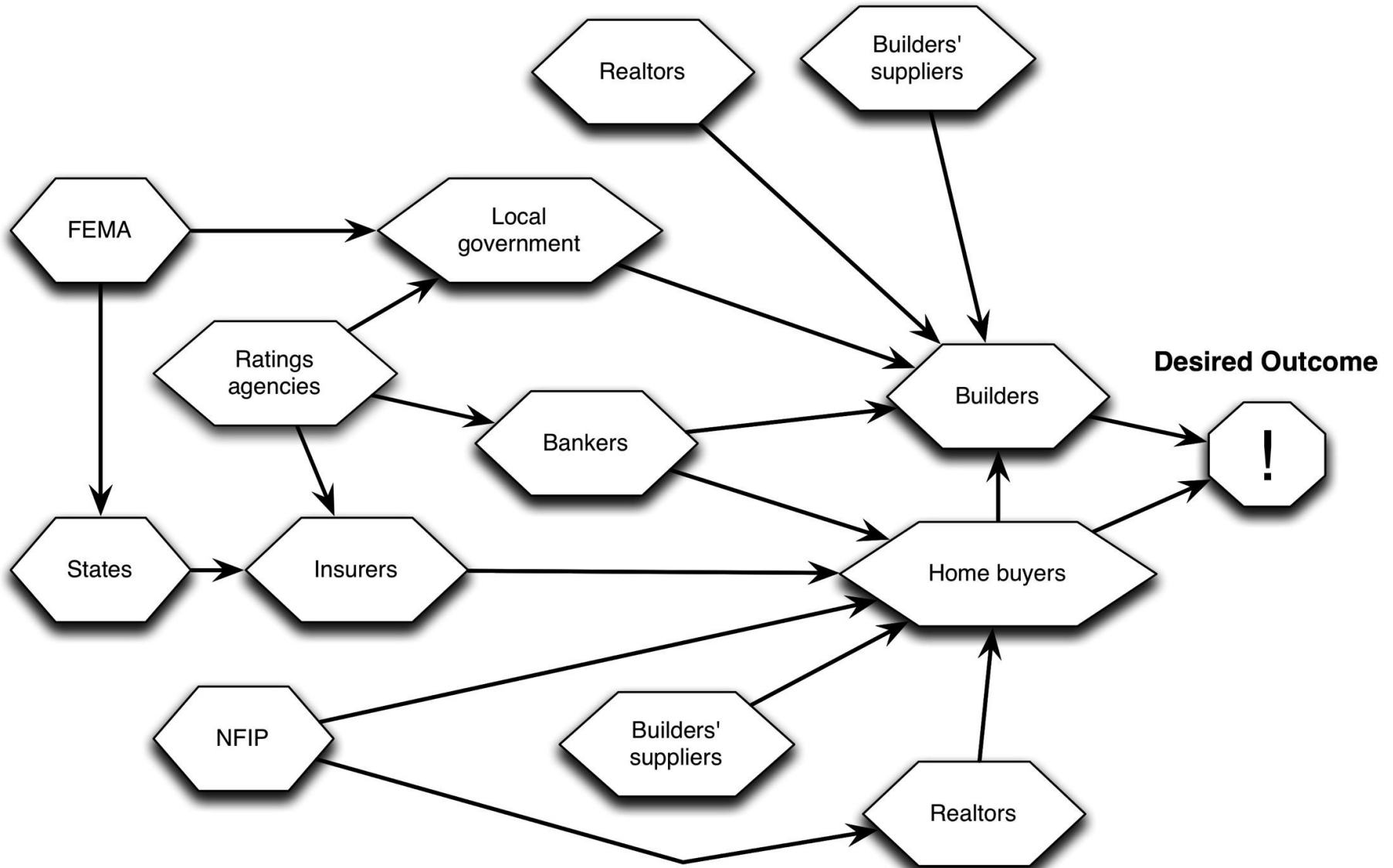
- NFIP premiums increasing to reflect actual risk
- Stafford Act changes
- Key lesson from recent disasters — many homeowners don't build back
- Tax base well below expectations pre-2008
- Growth seems only way out of fiscal mess
- Dodd-Franks' impacts on banking

***(When) does development make sense?***

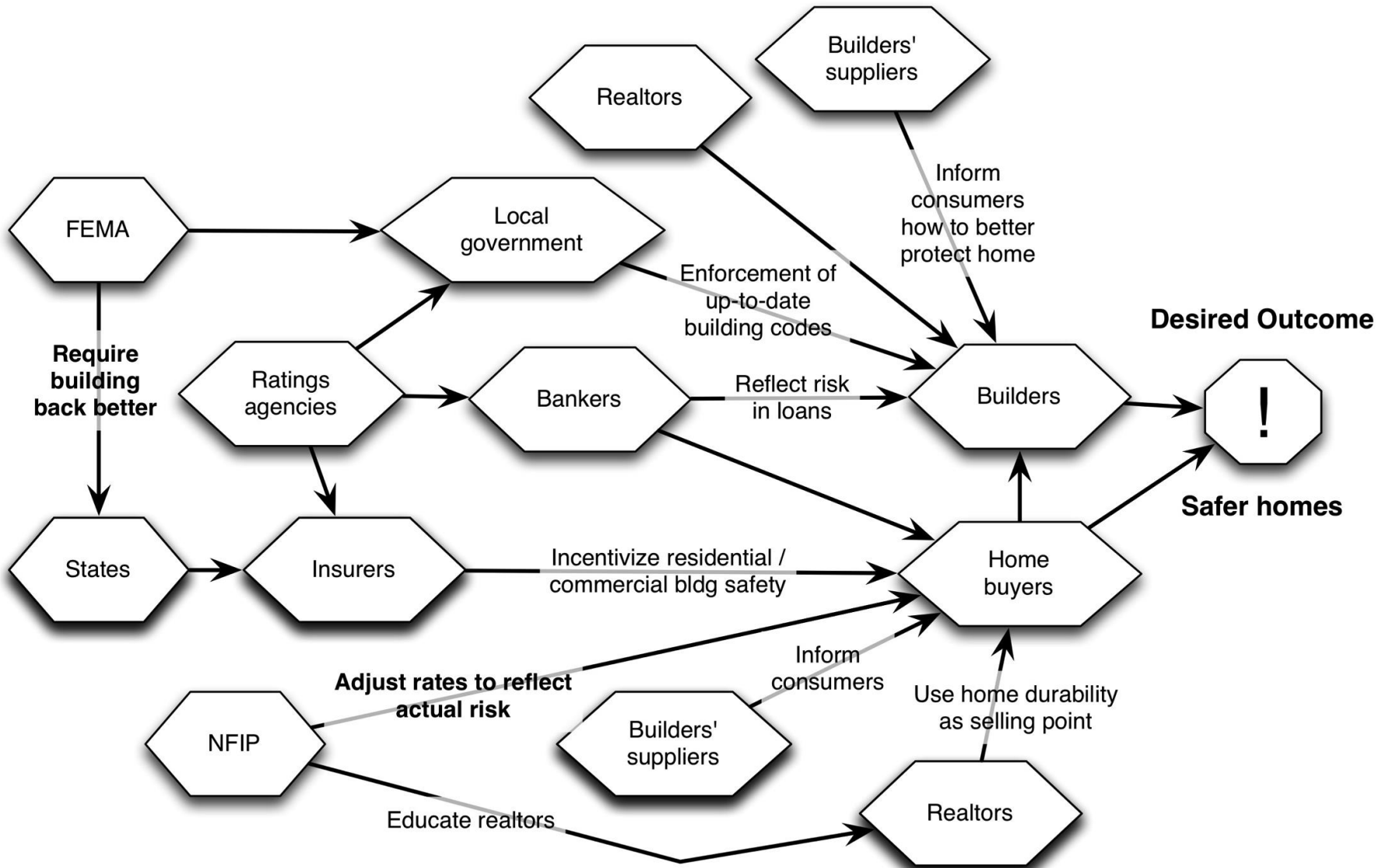
# Approach to answer(s)

- **Systems model of development — focus on new homes**
- **Identify stakeholders and connections**
- **Look at range of potential desired outcomes**
  - **Safer homes**
  - **Development for economic growth**

# Housing development “system”



# Safer Homes Case

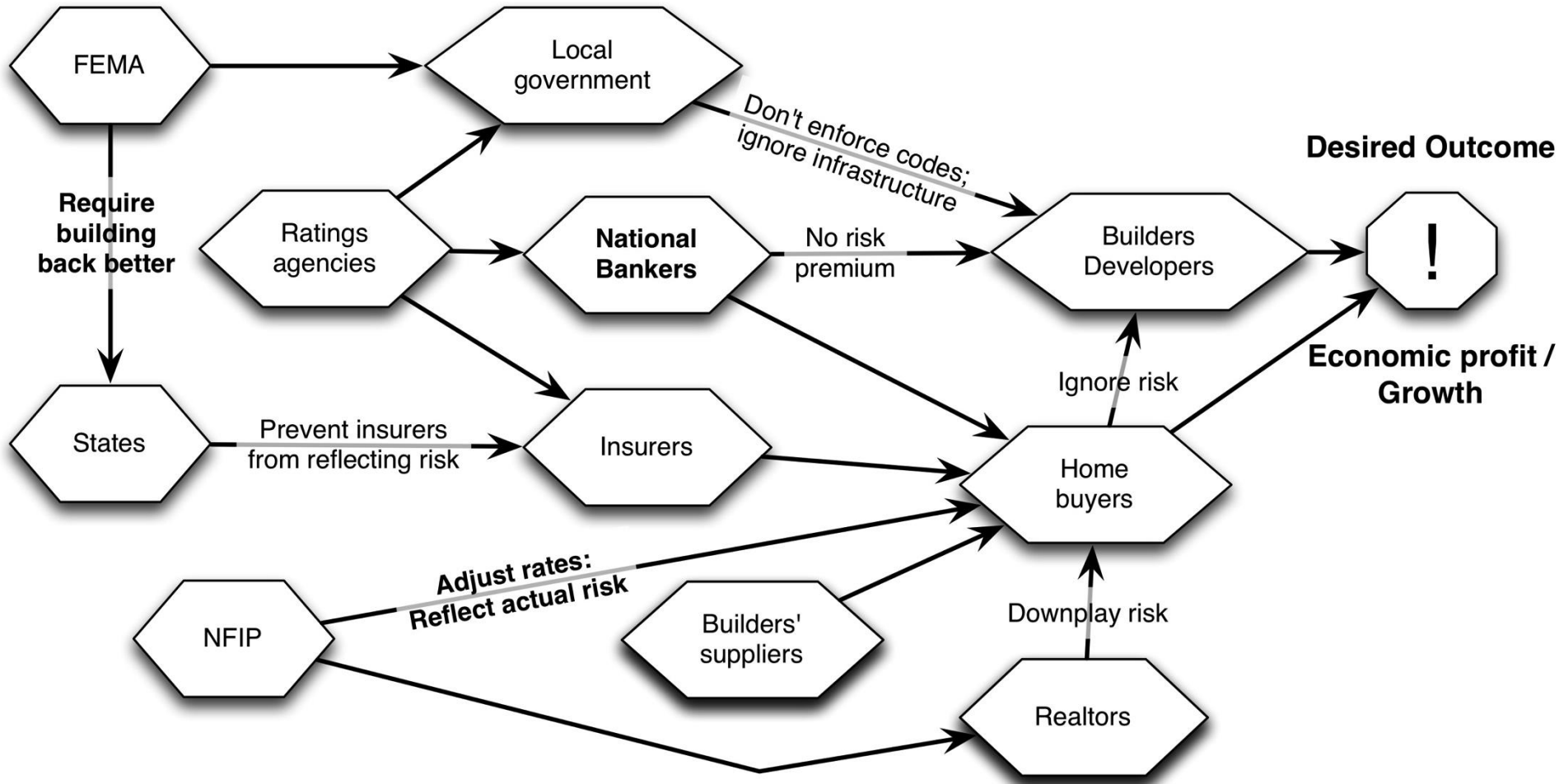


# System for safe homes “works”

- No internal contradictions
- Requires effort to succeed
- Key drivers:
  - Education
  - Insurance
  - *Banking* – not currently part of the conversation
  - Realtors



# “Growth” Case



# Growth? Uncertain

- **Developers *might* profit, if**
  - Relaxed building codes
  - Not required to provide infrastructure
  - Can sell enough units

**OR**

**Build hotels, motels... and have sufficient occupancy**
- **Local communities *might* profit, if**
  - Developers sell enough units
  - Units stay occupied
  - “No” disaster
  - Key factor:  $t(\text{disaster})/t(\text{infrastructure})$

# Closing thoughts

- **Changing federal rules increase financial risk of coastal (or floodplain) development**
- **Model suggests bankers can play a much larger role — their risk profile has changed in several ways**
- **Need to concentrate on targeting messages /actions to those most connected with buyers**
- **Aren't there better (faster payoff, lower risk) investments for local / state government?**