ACKNOWLEDGEMENTS

I am grateful to the Carnegie UK Trust for the opportunity to undertake this work. Particular thanks are due to Douglas White and Jim Metcalfe for their support and patience as I searched for good case studies in an under-researched field, and to Rebekah Menzies for her work in preparing the paper for publication.

We would also like to thank all those officials and others around the world who took the time to fact-check our research and talk to us about their towns – their knowledge and expertise were vital to our efforts.
# Contents

1. Foreword  
2. Introduction  
3. Researching Turnaround Towns  
   - Case Study 1: Tupelo and Haven Acres, Mississippi  
   - Case Study 2: Douglas, Georgia  
   - Case Study 3: Duluth, Minnesota  
   - Case Study 4: Paducah, Kentucky  
   - Case Study 5: Allentown, Pennsylvania  
   - Case Study 6: Newcastle, New South Wales  
   - Case Study 7: Oamaru  
   - Case Study 8: Altena, Germany and Pori, Finland  
4. Conclusions from our research  
5. Next Steps  
Annex  
Bibliography
1. Foreword

This report sets out some remarkable stories of towns from around the world. These towns have experienced difficult times but have made significant transformations, greatly improving the wellbeing of their citizens.

Townsm are important places in the UK and Ireland. Two-thirds of us live in small and medium-sized towns. The places where we live have a hugely significant impact on our social, economic, environmental and democratic wellbeing. The health of our towns is therefore of critical importance to the wellbeing of many — at both an individual and community level. The Carnegie UK Trust, as one of the largest policy and practice institutions in the UK to be town-based, recognises this. We have taken the decision to focus on towns within our current Strategic Plan, to strengthen our policy and evidence base around what works for ‘turnaround towns’, and to continue to play a leading role in practical approaches to towns’ innovation.

Understanding what works

This report is our first step towards a better understanding of what works for what we are calling ‘turnaround towns’. It seeks to strengthen our research and evidence base on towns by setting out a clear policy framework for understanding and developing a narrative about how the fortunes of a town might be transformed. We have looked around the world to find examples of towns that have successfully gone through such a transformation process, drawing key lessons from eight case studies from across the US, Australia and New Zealand, and Europe. This report aims to highlight key lessons and themes that appear across the eight cases, focusing on the most salient points for policymakers and practitioners in the UK.

In embarking on this project, we were clear that we were not seeking the most glamorous or eye-catching projects. Instead we wanted to find evidence of real, solid progress, often achieved in difficult circumstances where the answers were not obvious. In such projects, we believe, the most useful lessons can be found, which have real relevance to towns experiencing similarly challenging conditions in the UK.

Finding these case studies was not easy. This is an under-researched area of public policy, reflecting the higher priority that is often attached to city or rural issues in spatial policy debates. We are extremely grateful to Jane-Frances Kelly for her diligence, energy and skill in finding these eight excellent examples and telling their stories.

Contributing to a global debate

This is an opportune time to be looking at what works to support innovative policy and practice for towns. The 2016 World Towns Leadership Summit and resulting World Towns Framework have re-energised the global debate and policy agenda around towns, while a number of promising initiatives are emerging across the UK and Ireland. We hope that this report will be a valuable contribution to this emerging, highly important, area of work.

Martyn Evans
Chief Executive, Carnegie UK Trust
2. Introduction

Towns and wellbeing

The places where we live have a significant impact on our social, economic, environmental and democratic wellbeing.

In the UK and Ireland, two-thirds of people live in small and medium-sized towns. Half of all businesses are based in towns and a large proportion of public and voluntary services are provided through them. The status of our towns is critical to our wellbeing and prosperity.

Yet towns can often struggle to secure attention in the public policy arena: to attract funding and innovation, and build partnerships to support reform and progress. Towns can too often be crowded out by powerful voices representing both rural and metropolitan interests, and the dialogue around towns tends to focus on ‘saving’ or ‘preserving’, rather than ‘progressing’ or ‘rethinking’.

The Carnegie UK Trust has a strategic purpose to improve the wellbeing of people in the UK and Ireland, with particular regard to people who are disadvantaged. The Trust has identified ‘Flourishing Towns’ as one of its thematic priorities in its 2016-2020 Strategic Plan and is interested in the innovation, regeneration and sustainability of towns. The Trust is one of the largest policy and practice institutions in the UK to be town-based and in recent years has taken strategic responsibility for leading innovation for towns. Since 2013, the Trust has undertaken practical initiatives on enterprising towns through TestTown, improving the data available about towns through Understanding Scottish Places (USP) and has been involved in discussions on the Scottish Government’s Town Centre Review and subsequent Action Plan. The Trust is also a signatory to the Town Centre First Principle.

Turnaround Towns

This report seeks to strengthen the Trust’s research and evidence base on towns by setting out a clear policy framework for understanding and developing a narrative around what works for ‘turnaround towns’.

Turnarounds can fall on difficult times in a range of ways, including: dilapidation, deprivation, a moribund economy, lots of people leaving, or all of the above together. Bad times can come for a range of reasons – a changing economy, demographics and/or natural disaster. A well-known example of towns whose raison d’etre has faded are British seaside resorts, which used to be packed with holidaymakers who can now take cheaper flights to less uncertain weather.
‘Turnaround towns’ refer to cases where a town had previously fallen on difficult times, but where improvement resulted from deliberate efforts to address local challenges across a number of dimensions. These include energising local economies to encouraging a sense of local place, identity and social connections – and they have succeeded in building towns that are lively and dynamic places to live, work and visit.

With the World Towns Leadership Summit held in Edinburgh in June 2016, it is an opportune time to begin a discussion on what works for ‘turnaround towns’. The World Towns Framework touches on many of the same themes identified in this report, including the importance of narratives around place, collaboration, and strong local leadership as important for successful place-making of local places for local people. This report makes a direct contribution to the international debate on good policy and practice for towns that has been stimulated by the World Towns Framework.

The Research Study

The research study presents eight international case studies of towns that are widely recognised as having ‘turned around’. These are shown in Table 1.

Looking at turnaround stories from other countries can expand our sense of what is possible and raise our ambition in the UK and Ireland. We can draw a set of lessons that might be of assistance to towns here. The experience of towns overseas obviously cannot be imported wholesale, but where themes emerge in a range of places, they are worth paying attention to. We are interested in policy learning, not policy transfer. Of course, useful insights can be better gleaned from places that are most comparable to the UK and Ireland. We have concentrated on North America, Australia and New Zealand, and mainland Europe, as places which – broadly – have liberal democratic political frameworks similar to our own.

<table>
<thead>
<tr>
<th>Turnaround Town</th>
<th>Country</th>
<th>Population</th>
<th>Turnaround Story</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Tupelo and Haven Acres</td>
<td>Mississippi, USA</td>
<td>36,000</td>
<td>Tupelo 1940s onwards Haven Acres began late 1990s</td>
</tr>
<tr>
<td>2 Douglas</td>
<td>Georgia, USA</td>
<td>11,500</td>
<td>2000–2011</td>
</tr>
<tr>
<td>3 Duluth</td>
<td>Minnesota, USA</td>
<td>86,000</td>
<td>Mid 2000s onwards</td>
</tr>
<tr>
<td>4 Paducah</td>
<td>Kentucky, USA</td>
<td>26,000</td>
<td>Began late 1980s</td>
</tr>
<tr>
<td>5 Allentown</td>
<td>Pennsylvania, USA</td>
<td>118,000</td>
<td>Mid 2000s onwards</td>
</tr>
<tr>
<td>6 Newcastle</td>
<td>New South Wales, Australia</td>
<td>288,000</td>
<td>Begins 2008</td>
</tr>
<tr>
<td>7 Oamaru</td>
<td>South Island, New Zealand</td>
<td>13,800</td>
<td>Begins late 1980s</td>
</tr>
<tr>
<td>8 Altena and Pori</td>
<td>Germany and Finland</td>
<td>18,000 and 83,000</td>
<td>Began 2008 and 2003</td>
</tr>
</tbody>
</table>

Each of the eight case studies included analysis of:

- what the context was in the town before turnaround efforts began (including analysis of economic history, demographic shifts, place in the surrounding area, and experiences of decline);
- what the results were of the efforts to turn around the town; and
- what the turnaround story in each town involved – who was involved, what happened, what was successful and what was not, and how long did the turnaround process take.
While each turnaround town case is unique, there are common themes across each that can inform our framework for understanding what works for turnaround towns. We have deliberately not included towns where circumstances simply came round again to favouring inherent characteristics. Location, or where improvement resulted solely because the town possessed a uniquely attractive asset – such as beautiful architecture waiting to be restored – mean only limited learning for others can be drawn from such experiences.

However, due to limitations of existing research in this area (described further below), it should be recognised that not all the case studies are perfect examples of the kinds of turnaround we set out above. Some of the towns benefit from existing assets, like the beauty of Duluth’s natural setting, or the presence of Oamaru’s little blue penguins (though both these towns also put in a lot of effort on other dimensions). We have also broken our own rules about the maximum population of a town with Allentown and Newcastle, but thought they were nevertheless stories worth telling. Many more turnaround cases are documented in the United States than anywhere else, and so our case studies are weighted towards American towns. In contrast, we could not find any fully documented turnarounds in Europe, but we have included short overviews of two European Union-funded town projects that feature a number of characteristics relevant to this study.

It is worth noting that the distinction between towns and cities is differently understood in different parts of the world. Many countries do not distinguish between towns and cities, and the term can be used in a number of ways. In the US, ‘small towns’ often translate to populations of under 3,000, and even under 300, while ‘small cities’ can have populations anywhere between 1,000 and several million. In the eight ‘booktowns’ of the International Booktown Association, populations range from the 318 people in Fjaerland in Norway, to 3,500 in Clunes, Australia. For the purposes of this research, we primarily set out to look for places with a population between 5,000 and 95,000, a recognisable identity and history, and which have one identifiable centre, rather than multiple district centres.
3. Researching Turnaround Towns

The study process identified that there is no internationally-recognised process, system or framework for towns research, particularly for research on turnaround towns, to capture and record how and why positive change occurred and what the impact has been.

This is important. If we know more about what works, scarce resources can be spent on providing support that has more chance of working than piecemeal projects or falling for the latest fad in urban regeneration. Well-documented stories of towns that have turned around can also provide inspiration that can help when the going gets tough.

At present, there are a number of critical questions where further exploration and data would be valuable, including:

- what are the necessary conditions for successful local leadership in towns?
- how critical is the involvement of the community?
- what governance models best facilitate innovation, regeneration and sustainability?
- what inter-town relationships and partnerships have worked?

We identified a number of reasons behind some of the challenges in demonstrating the impact of turnaround towns internationally:

a) **Turnaround towns are significantly under-researched.** This is particularly the case relative to work on cities, which appears to have ‘crowded out’ research on towns. Very few books have been written about turnaround towns and very little traditional academic work fits our criteria. This meant that our primary source of information was ‘grey literature’, that is, materials and research published outside academic channels. This includes, but is not limited to: Government reports, think tanks, and national or state-level organisations focused on issues such as planning and economic development. We also looked at journalism such as the Atlantic’s American Futures project, while local media was useful for interviews with local leaders. All sources are documented in the footnotes and in the bibliography.

b) **There is extremely poor availability of data about towns.** This is in terms of scale, timeframe and issue. Because data are collected in line with institutional or government boundaries, data are often not gathered or reported at the town level. Robust data collection, such as censuses, occur relatively infrequently, and many of the things we care about – such as social connection or sense of place – are not easily quantifiable, and therefore too frequently are ignored.

c) **Towns research is plagued by terminology issues.** Due to the lack of clarity about the difference between towns and cities in different countries, research marked as being about ‘towns’ often turns out to be about settlements much larger than our definition. Since governance arrangements are a poor guide to the real community today (they invariably relate to historical circumstances), careful examination is necessary of population statistics and maps showing the extent of built-up areas.

d) Where research is carried out, it tends to focus on one particular dimension, eg retail management in town centres, environmental sustainability, or participatory planning processes. Indeed, the focus can sometimes
be on very minor interventions, such as the importance of your community’s flag.  

Research also often reflected **distinct preoccupations**, differing by country. In the United Kingdom, a significant proportion of towns-related research concentrates on retail management and on environmental sustainability. In the United States, downtown revitalisation is often a focus, and broader turnarounds often start with attention to the downtown area, which had often been hollowed out by population shifts to the suburbs and ‘big box’ out-of-town retail. In an example of how some preoccupations can be ‘supply-driven’, the National Trust for Historic Preservation Main Street America project has co-ordinated downtown-revival projects in over 2,000 US communities (see Annex 1 for the Main Street Four-Point Approach). In Australia and New Zealand, the little research that is carried out considers the consequences of long-term urbanisation trends, and the ‘seachange’ and ‘treechange’ phenomena, whereby the only towns that are doing well are those attracting ‘downshifters’ through their natural amenities and sufficient proximity to big cities. Outside these areas, towns are generally experiencing ageing populations, population stagnation, and/or decline. In Europe, towns are also under-researched, and where work is carried out, it tends to be at a high level of abstraction, focuses primarily on environmental sustainability, or reflects the concerns of programme officials and researchers rather than those of residents. 

Critically, **turnaround towns must be able to describe the results of their efforts**. During our research, we came across many descriptions of programmes which are either still in progress or not yet started, and so we cannot know what kind of effect such efforts may or may not make. Stories of success can only be told when something has happened and has worked: prediction, extrapolation, enthusiasm and/or hope are not enough.

To help address some of these challenges in the future, we offer the following framework for understanding and recording turnarounds in towns around the world.

### Ingredients of turnaround stories

1. **What was it like before?** Recognise towns as a data unit and include baseline data where available on a range of dimensions. 
   - context about the town, economic history, population over time, past and current role in surrounding region, what decline looked like, reasons for decline; 
   - descriptions should be both qualitative and quantitative.

2. **Give an account** of how the town got from start to finish, including **who, what, when**
   - Tell it as a story, for as wide an audience as possible, not just experts or academics; 
   - Include difficulties along the way, what went wrong as well as what went right; 
   - Include views on transferability of approach.

3. **What were the results**, both quantitative and qualitative, over what time-period? Consider the counterfactual: what might have happened if deliberate efforts had not been undertaken?

---

1. [Flags: How Vexillology Can Aid In Your Economic Development Initiatives, David Clark, April 2016, Economic Development.org](https://www.edc.org)
2. [Sponge Cities and Small Towns, A New Economic Partnership, Trevor Budge, La Trobe University, Bendigo 2005](https://www.edc.org)
Case Study 1: Tupelo and Haven Acres, Mississippi

Tupelo is situated in North-East Mississippi, between Memphis, Tennessee and Birmingham, Alabama. It has a population of around 36,000, and serves Lee County, which, including Tupelo, has a total population of 83,000. Tupelo was the first city to be electrified by the Tennessee Valley Authority, and President Roosevelt even came to visit in 1935. By the early 20th century, the town hosted many cotton textile mills, which provided jobs for residents of the mostly-rural area. Tupelo also served as a regional transportation hub due to its location at a railroad intersection.

Tupelo

What the situation was

Tupelo was once one of the poorest parts of the poorest state in the US, a Mississippi of which William Faulkner wrote: ‘The past isn’t over; it isn’t even past.’

In 1936, Tupelo suffered a major natural disaster when a tornado levelled 48 blocks and over 200 homes, killing at least 216 people and injuring more than 700. The death toll was likely higher, as official numbers only included the names of white residents. Among the survivors was Elvis Presley, then a baby.

In 1940, the average family income in Tupelo was a quarter of the national average, and there were high levels of functional illiteracy. Eighty percent of the county population was engaged in agriculture, but cotton, the main crop, had been declining for 40 years. The region had neither natural beauty nor natural resources upon which to build its future.

What it became

Lee County is now among the most prosperous in the South-Eastern United States, with a diverse local economy that has remained remarkably stable. As well as a large furniture manufacturing industry – Tupelo is known as the upholstery capital of the world – the town is host to a large healthcare sector, the headquarters of two banks with approximately $22 billion in assets between them, a fabric industry, and a Toyota manufacturing plant. Tupelo’s Northeast Mississippi Medical Center is the largest non-metropolitan hospital in the nation, and the town hosts satellite campuses of the University of Mississippi, Itawamba Community College, and the Mississippi University for Women.

More recently, despite being ‘not an especially pretty town’, it has developed a tourism industry based on its two main attractions, the Elvis Presley birthplace and Natchez Trace, a scenic forest trail.

The ‘Tupelo Story’ is the subject of numerous books, studies and articles, detailing the town’s remarkable experience in bringing new businesses to the area over many decades.

Tupelo has some of the best public schools anywhere, with high school graduation rates that are not only among the highest in Mississippi, but are 18 percentage points better than the national average. A full 98% of the town’s school-aged children attend public schools. Half of the town’s primary schools have national blue-ribbon

---

4 A Town Transformed, Vanderbilt Business, Fall 2008.
5 Better Together: Restoring the American Community, Putnam, Feldstein and Cohen, Simon and Schuster, 2004
status, and Tupelo High School has received a US Department of Education’s Excellence in Education Award twice.\(^6\)

As well as a whole raft of other awards, Tupelo has been named a National Civic League All-America City five times, in 1967, 1989, 1999, 2011 and 2015.\(^7\) This award is given annually to 10 communities in the US, to recognise communities whose citizens work together to identify and tackle community-wide challenges and achieve uncommon results.

### How it happened

Locals point to two starting points for the Tupelo Story. First, the 1936 tornado marked a turning point of sorts, and brought the community together to rebuild. Second, a newspaper editor called George McLean bought the almost-bankrupt local Daily Journal, and focused it on promoting Tupelo and the surrounding area.

McLean realised that the fortunes of the town and its surrounding rural area were closely intertwined. His first initiative was to persuade Tupelo leaders and business owners to join forces with farm cropping families to figure out why the families remained poor despite their hard work. Crop farming requires farmers to take out large loans at planting time, then live frugally until harvest. They were risk averse, and spent little. The Tupelo group discovered that dairy and poultry farmers had a different production cycle, producing milk and eggs daily and selling them every week, providing income all year. The group launched an effort to help convert the crop farmers into dairy and poultry farmers. Community resources were pooled, bringing artificial insemination (and a prize bull from Europe) to the region long before such innovation was common in the US. The effort produced $2 million in new income for the region over the next few years. Farm families did better, and because they now had more money to spend, so did everyone in town.\(^8\)

Rural Community Development Councils were established, which then fostered widely distributed local leadership. Neighbourhood groups of 10 to 12 families were set up, drawing virtually the whole community in. Monthly meetings combined discussions of farming techniques and plans for local improvement with sociable meals and

---

\(^6\) Ibid. The National Blue Ribbon Schools Program recognises schools for overall academic excellence or their progress in closing achievement gaps. See http://www2.ed.gov/programs/nclbbrs/index.html

\(^7\) National Civic League

group singing. In addition to sharing knowledge to improve farm productivity, members joined in projects to fix up their communities, painting churches and schools and cleaning up public spaces. Each rural development council was paired with a town civic club.

Meanwhile, the group of community and business leaders in Tupelo became the Community Development Foundation (CDF)\(^9\), which has maintained a relentless focus on local economic and education development. Early on, civic leaders agreed that a strong system of public education would be critical to the area’s development. One of the CDF’s first initiatives was to build childcare centres to give parents the opportunity to take literacy classes. Local leaders pledged to send their children to public schools. One of the nation’s first private foundations was established to raise money for the schools.

Just as it does today, the CDF coordinated council, business, and educational bodies to attract its first industry in 1947. Sixty years later, in February 2007, Toyota announced that it would build its eighth North American assembly plant in Tupelo to produce the Prius. The opportunity to reap other benefits of Toyota’s presence is not lost on local leaders. As the preface to the Tupelo City Council’s 2025 comprehensive plan, ‘Tupelo: The Story Continues’ puts it:

> **The CDF demonstrated that it, and the community it represents, belong at the cutting edge of the 21st century economy... one of the critical themes of competitiveness in that economy [is] clear: energy efficiency. We are now in position to learn how the most sophisticated manufacturer in the world uses its resources.**

---

Haven Acres

Haven Acres is an African-American neighbourhood on the south-west edge of Tupelo. The area developed in the 1960s as Tupelo’s manufacturing industries grew.

What the situation was

Because of neglect from the county and the failure to build a community that cared for itself, Haven Acres gradually began to deteriorate. Youth gangs and drugs were prevalent. Residents were afraid to report crimes for fear of repercussions from gang members, and in any case police no longer always responded to calls for help. Evidence of neglect pervaded the neighbourhood, with dilapidated housing, overgrown lots, rubbish and ‘For Sale’ signs. Some residents conceded that the situation was hopeless. They could not sell their homes because no one wanted to move into the gang-infested neighbourhood, and the value of their property had sunk far below what they had originally paid.\(^10\)

What it became

Local leaders have transformed a crime-riddled neighbourhood into a model for neighbourhood development. They have received numerous national awards for their grassroots leadership and partnerships between residents and the public sector.\(^11\) The Haven Acres Neighbourhood Association became the model for all such organisations in Tupelo. Members visited other neighbourhoods and helped them organise their own groups. Today more than a dozen such groups exist across Tupelo.

---

\(^9\) See the CDF website for an extensive library of data – [http://www.cdfms.org/cdf/data-library](http://www.cdfms.org/cdf/data-library)

\(^10\) Extraordinary Results in Ordinary Communities, Vaughn Grisham, Kettering Institute, 2010

How it happened

The residents of Haven Acres approached the mayor of Tupelo, Robert Hall, to ask for help to turn around their town. In the early 1990s, the neighbourhood was incorporated into Tupelo town limits, and the mayor asked the town’s chief operating officer, Phil Sullivan, to make Haven Acres a priority.

In 1998, the Haven Acres Neighbourhood Association was formed, and began to clean up common areas and encourage residents to upgrade their properties. They held weekend clean-ups in which hundreds of volunteers came together to remove litter and other rubbish. The town provided garbage trucks for the first few weekends.

With the town and residents working hand-in-hand, significant improvements were made, beginning with the town working directly with the area’s power company to have brighter street lights installed. Drainage ditches were cleaned, tree limbs hanging over street rights-of-way were trimmed and an aggressive code enforcement programme was implemented. During a 24-month period, after adopting ‘zero tolerance’ for crimes, the neighbourhood saw an 86% reduction in crime.

They next turned their attention to building a community centre. The community raised $100,000 and obtained a matching amount from the town. Phil Sullivan met with the leaders of a large number of organisations, including city departments, foundations, religious and civic groups, and personally took their leaders to Haven Acres. The community centre opened in 2003 and houses Head Start programs, a Boys and Girls Club, a senior citizens club and a neighbourhood police office. Mattie Mabry, who fundraised for many years for the centre, was appointed director of the Boys and Girls Club. She takes great pride that none of the children in her programme have been in trouble with the law.12

12 Extraordinary Results in Ordinary Communities, Vaughn Grisham, Kettering Institute, 2010
Case Study 2: Douglas, Georgia

With a population of around 11,500, Douglas is about a three-hour drive from Atlanta and two hours from Jacksonville, Florida. The county seat of Coffee County, population 32,332, it sits between the Okefenokee Swamp to the south and open farm plains to the north. Small business and retail outlets attract shoppers and clients from across the region. Douglas is home to two regional colleges, East Central Technical College and South Georgia College.

What the situation was

Douglas’ ‘turnaround’ period dates back to the 1980s. While Douglas has been successful at attracting employers since this time, it is far from immune from economic shocks, experiencing a number of challenges across the decades. In particular, in May 2009, a local chicken processing plant – Pilgrim’s Pride – shut down costing Coffee County 2,200 jobs over 12 months in direct layoffs, and losses from small poultry businesses that supplied the plant. The county’s unemployment rate soared to 19% and at least one local bank was at risk. Shortly after the closing of the processing plant, the community’s congressman, Jack Kingston, came to Douglas to survey the damage. According to JoAnne Lewis, President of the Douglas Chamber of Commerce and Economic Development Authority, his assessment was: ‘This is an economic Katrina.’

What it became

Douglas enjoys 20% growth and has become a regional hub for jobs, retail, entertainment and medical services. Between 2001 and 2011 at least 800 net jobs have been created and more than 345,000 square feet of previously vacant space has been occupied by small business expansions and start-ups. Several major employers have been recruited into town, including a new chicken processor to take over the vacant plant. The average monthly Chamber of Commerce meeting attendance is up nearly 100% since 2001.

How it happened

Downtown revitalisation

In the late 1980s, downtown Douglas had a high vacancy rate, and people from the community rarely visited. A Main Street Programme was started in 1987 to revitalise the area. A total of $10,000 from the town and the Economic Development Authority provided matching grants for 20 façade improvements, and 20 more were improved a decade later. The city also carried out a one-year streetscape upgrade, adding trees, patterned brickwork sidewalks, pedestrian lighting, and landscaping. After completion of the downtown streetscape project in 1995, the downtown vacancy rate started falling from its high of 25%, a change that town officials attributed to streetscape improvements. At the end of 2012, 12 newly opened businesses dropped the vacancy rate to 6%.

13 Douglas, Coffee County Staying the Course, Georgia Trend, December 2012
15 How Small Towns And Cities Can Use Local Assets To Rebuild Their Economies: Lessons From Successful Places, EPA, 2015
Economic Development approach
Douglas’ strategy for economic development is grounded in co-operation between the town, county, business community, education institutions, and civic leaders. While the town council supports and co-sponsors events, it is not the primary driver of the town’s economic development strategy – that is led by the Douglas-Coffee County Chamber of Commerce and Economic Development Authority, who share offices and staff. The EDA board’s seven members consist of three appointed members from town, three from the county, and the chamber director.

A major challenge has been reorienting the approach so that it includes small businesses and entrepreneurs. ‘The biggest change in the past 10 years has been our shift in focus within economic development,’ said JoAnne Lewis.

‘Big box recruitment was the primary focus in the 1980s and 90s, but today, diversity in economic sectors has become more and more critical. Off-shoring has created a demand to broaden our vision and think globally.’

1. Support and nurture small business entrepreneurs
Douglas balances attracting larger employers with real support for smaller businesses, ranging from simple thank-you visits from Chamber and EDA representatives for their contributions to the town’s vitality, to intensive financial and infrastructure support. They connect small business owners and entrepreneurs to resources, and maintain a network of mentors who commit time and skills to helping new businesses survive. Douglas also developed a retail incubator where entrepreneurs can lease space by the month to test their ideas. If they find their concept works, the town helps them move into a permanent space in town. Douglas offers tax abatement packages to small business entrepreneurs similar to those given traditional industry prospects, and encourages any company that receives local incentives to use local contractors for construction projects.
2. Recruit a diverse range of industrial employers

Local leaders have been building networks far beyond Douglas for decades. Connections with economic developers in Atlanta are a bridge to high-level business prospects, and these relationships are carefully maintained.\(^1\)

When recruiting potential employers, the town places heavy emphasis on non-cash incentives. During a negotiation with a prospect, local technical schools describe training opportunities, local business leaders make themselves available to sell the supportive culture in Douglas, and the Chamber coordinates the ‘soft touch, which involves the whole community. When American Insulated Wire was searching for a new site in 2006, the Chamber organised a welcoming event for visiting executives. With only 24-hours’ notice, the town got 500 Douglas residents to the airport to welcome the executives as they walked off the plane. According to a company executive: ‘What sold us on Douglas was the people.’

3. Develop a new generation of leaders who understand economic development

The strategy’s third pillar is to develop new leaders with an understanding of economic development in the 21st century. The New Century Leadership Programme started in the mid-1990s, and gives participants hands-on learning in education, Government, and the practice of economic development at local, regional and state levels. Graduates become key leaders on local boards and commissions. A Young Professionals Network now brings more young people into the fold.

\(^{17}\) ibid
Case Study 3: Duluth, Minnesota

Situated at the south-west corner of Lake Superior, Duluth has a population of 86,000. The town has been a major seaport on Lake Superior’s western shores since the mid-1800s. Even today, Duluth is the busiest port on the Great Lakes: iron ore and wood from northern Minnesota, grain from North Dakota, coal from Wyoming, and wind turbines from around the world pass through Duluth on their way to and from US and international ports.\(^\text{18}\)

**What the situation was**

Duluth’s current turnaround story begins in 2008, following economic shocks throughout the decades, in particular during the 1970s and 1980s. However, Duluth’s turnaround has been facilitated by specific actions that have been taken to transform the town since the mid-1950s. A 1997 book described Duluth as: ‘A frontier city surrounded by open space, [it] has the warmth and charm of an older city, the comfort of a small town, and the economic problems of a steel city.’\(^\text{19}\) Thirty years ago, it was, like Flint, Michigan, and Gary, Indiana, one of the most distressed towns in America. Many industries collapsed due to international competition. For 60 years, a steel production facility, fed by nearby mines, employed up to 5,000 people. The facility closed in 1979, leaving behind a 640-acre contaminated site. Downtown businesses shut their doors. By the early 1980s, unemployment in the town was nearly 20%. Duluth’s population peaked at 106,884 in 1960, then dropped by 20% over the next 30 years as employment opportunities in steel and heavy manufacturing declined and residents migrated to Minneapolis, Saint Paul, and beyond.\(^\text{20}\)

There were also fiscal troubles. In 2008, when Mayor Don Ness took office, Duluth had a $4.4m budget deficit. Revenues were flat or declining, and on the expenditure side, retiree medical costs accounted for almost 15 per cent of the town’s general fund budget and were projected to rise $1 million per year. Moody’s put the town’s bond rating on a negative outlook in 2009, citing structural imbalances in its budget.\(^\text{21}\)

**What it became**

In 2000, Duluth’s population was older than that of the state’s as a whole. Now it is getting younger and wealthier. Between 2000 and 2010, the number of people between 20 and 34 years old rose to 15%. Mayor Ness has said this younger spirit has been needed in a town ‘on the fringes of the American economy’.\(^\text{22}\) Despite the recent recession, Duluth continues to do well, with industries including aerospace, engineering, education and health care. New building and economic development proposals come on a regular basis. In the first half of 2015, the town’s tourism revenue increased by 11.6%, which put it on course for a record year. The town’s finances have stabilised and the economy is strong. No draws on reserves were required in the 2014 budget, and bond ratings are up, with AA from Standard & Poor’s and Aa2 from Moody’s.\(^\text{23}\)

\(^{18}\) Once A Troubled Rust-Belt City, Duluth Turns Its Finances Around, Mark Ruff, Government Finance Review, Dec 2014


\(^{20}\) Once A Troubled Rust-Belt City, Duluth Turns Its Finances Around, Mark Ruff, Government Finance Review, Dec 2014

\(^{21}\) ibid

\(^{22}\) On Top of the Hill With Don Ness, Twin Cities Business Magazine, September 30th 2015

\(^{23}\) ibid, Duluth finds the right formula: Natural beauty, strong workforce brings in the business, Minnesota Real Estate Journal, March 23rd, 2015
How it happened

In 1956, Duluth citizens voted to radically reform its old form of ‘commissioner’ government, where the mayor’s position was not much more than public relations. They turned to a ‘strong mayor’ system. There are two primary forms of local governance structures in American towns and cities: strong mayor systems, where the mayor is directly elected by citizens; and weak mayor systems, where mayors are elected from within the council. Strong mayor systems centralise executive power – the mayor oversees the daily operation of the town, directing the administration and appointing and removing department heads. While the council has legislative power, the mayor has veto power. In weak mayor systems, the council is powerful, with both legislative and executive authority, and the mayor has limited power.

The advantages of a strong mayor system can be seen in turning around a fiscal situation like that faced by Duluth. Hard choices on both revenue and the expenditure sides of the budget required a clear plan, strong political leadership, and good communication. Perhaps most important in a strong mayor system, under Mayor Ness Duluth had a mayor committed to addressing the 2008 fiscal crisis while continuing to transform the economy and nurture tourism.

A clear proposition

The town has told a clear story about itself, as a place that has been ‘battle-tested’, and has a clear relationship both to its history and its future. Mayor Ness commented:

“People see our industrial heritage as something that makes Duluth feel authentic... We’ve never turned our back on [it]. That’s something that’s core to the feel of our city.”

Young people are coming to Duluth to live and work, pulling employers that want to attract the talent in their wake. Mayor Ness appealed to a young demographic that he targeted in rebuilding the town’s image by promoting music (Duluth is home to a large number of bands), the arts, and the town’s parks and trails for hiking,
biking and other outdoor activities. Homegrown entrepreneurs reflect this ‘new’ Duluth. A growing number of business start-ups are drawn to a town that lets them build a business while enjoying nature, culture, and a more casual lifestyle than that found in a big city. Flavoured gins, vodkas and aquavits are distilled in the town, complementing new craft breweries. Local restaurants are thriving.

Both established companies and larger home-grown businesses are making commitments in Duluth. Clothing retailer Maurices, who have over 900 stores across the US and Canada, is building a new headquarters building that will stand 11 stories and take up an entire city block. Meanwhile, a homegrown group of companies, Good Sheet, includes Loll Designs, a manufacturer of outdoor furniture from recycled plastic, and Epicurean, which makes cutting boards and other kitchenware from wood fiber and other recycled materials. Established in 2002, Loll and Epicurean sell Duluth-made products worldwide. Epicurean saw 15% growth last year, and Loll Designs grew 30%. Though Duluth isn’t the most central location for a growing midsize business, the 100 employees enjoy the outdoor lifestyle and easy commutes. ‘You can have success around the country and globally,’ Greg Benson, one of their principals, says. ‘[Being in] Duluth doesn’t hinder that...’

Efforts to diversify Duluth’s economy will remain important. Today, healthcare, airline maintenance, education and tourism are all at their highest levels ever, which can help compensate for other industries, such as the local taconite mining industry, which may be likely to experience a more challenging economic future. But while it’s an important part of Duluth’s economy, particularly for its banking, legal and engineering sectors, Duluth relies much less on it than 30 years ago.

24 First elected to the Duluth City Council at age 25, at one point in 2011 Mayor Ness enjoyed an 86% approval rating. Duluth Mayor Don Ness won’t run again, Star Tribune October 12th, 2014


26 Ibid
Case Study 4: Paducah, Kentucky

With a population of around 26,000, Paducah lies in Western Kentucky, at the confluence of the Tennessee and Ohio rivers. Situated halfway between Nashville and St. Louis, Paducah became an industrial rail and steamboat centre, and enjoyed decades of steady population growth leading into the 20th century. The Paducah Gaseous Diffusion Plant was built in 1952 and produced enriched uranium for nuclear power plants until 2013, employing as many as 2,200 people as recently as 2010.

What the situation was

As Paducah’s population grew in the 1950s, the outskirts started to suburbanise, and the downtown area began to lose population and struggle economically. In a situation replicated across the United States, a shopping mall built on the outskirts of Paducah in the early 1980s further hurt downtown retail. With the decline of local industry, Paducah suffered from both a loss of the economy that had helped it prosper, and from suburban flight. By the late 1980s, LowerTown, downtown’s historic former residential area, was blighted by crime and neglect, and its commercial centre had a 70% vacancy rate.

What it became

LowerTown is now listed on the National Register of Historic Places and hosts a thriving arts and small-business community that attracts more than $200 million in annual tourism income. Paducah’s results are impressive and well documented: 1,000 net new jobs; 234 net new businesses; 119 buildings renovated; 27 new buildings; vacancy rate down from 70% to 14%.

Nearly 400,000 people attended arts events in Paducah during 2007, 40% of whom came from out of state. Not counting admission fees, these out-of-state visitors spent more than five times as much as local residents on lodging, meals, transportation, and shopping. A 2009 Americans for the Arts study found that in 2007, non-profit arts and culture organisations generated $40 million in local economic activity, supporting 819 full-time jobs and generating $3.6 million in local and state government revenue. In 2013, UNESCO designated Paducah the world’s seventh City of Crafts and Folk Art.

How it happened

Downtown revitalisation

In 1989, the mayor of Paducah helped launch the Paducah Renaissance Alliance, an organization dedicated to developing Paducah’s ‘Renaissance Area’, which includes the Lower Town Arts District, the historic downtown, and, later, the riverfront. The method was based on the Main Street Four-Point Approach (Annex).

Many buildings downtown have now been renovated and new construction has taken place in empty lots. The Downtown Streetscape Programme moved power and utility lines underground, planted trees and gardens along the pavements, invested in public sculpture, and cleared out old cement pavements, replacing them with more attractive brickwork. As investors and entrepreneurs saw how the town centre improved, they made investments of their own. Today the town authorities continue to support the area through programmes such as micro-grants for façade repairs and an upper story residential grant programme.

27 How Small Towns And Cities Can Use Local Assets To Rebuild Their Economies: Lessons From Successful Places, EPA 2015
An arts-focused approach
The town was already home to the William Clark Market House Museum and Market House Theater, both housed in a 1905 structure that is an icon of downtown Paducah. A local quilting enthusiast couple led an effort to establish the National Quilt Museum. In 1991, the museum opened the doors to a new $2.2 million building in downtown Paducah, which draws about 40,000 visitors a year.

Building on these cultural assets, a critical part of the downtown revitalisation was an innovative Artist Relocation Programme. Created in 2000 by Mark Barone, a local artist, and Thomas Barnett, the town planner at the time, it set out to attract artists as pioneers to live and work in the neighbourhood. Barnett has commented:

“Artists are the kind of folks who see what can be. They see potential, and we knew that was what it was going to take when they came in to see the neighbourhood in its current condition.”

The town acquired 80 properties via condemnation or foreclosure in a 30-square-block section of LowerTown. They then sold them to artists around the country for as little as $1, with the provision that the artists renovate the buildings into first-floor studios with second-floor living spaces. Paducah Bank offered no down payment, low-interest loans for the full cost of repairing the dilapidated properties and agreed to offer mortgage loans at well above the appraised values so new owners could afford renovations. In an area where property values had fallen so far below renovation costs, this decision by the locally-owned bank was critical to the programme’s success. ‘When you’re going into these blighted areas, the incentive package has to be good enough where [the artists] can overlook the blight,’ said Barone. ‘And if it’s not, you’re not gonna get anyone to come.’

The opportunity to own a home was a major attraction to the artists. Other places that had used artist housing to help upgrade neighbourhoods generally based the approach on renting. When property values inevitably went up, so did the rents and eventually, most pioneers were priced out of the market.

The incentives worked. In the first year, eight artists moved to LowerTown. In year two, the number increased to around 20. In the first five years, the town spent about $3m, while he artists invested approximately $35m in their buildings. More than 100 artists eventually moved to live and work in the neighborhood, which is now filled with galleries, shops, and restaurants, and the new Paducah School for the Arts.

Diversification
From ice cream and healthcare to locomotives and barge operations, Paducah’s local economy is varied. These other industries combine with the artists to form a varied set of local options:

“Paducah is a regional hub for health, education, and business. But Paducah also is a creative community with a variety of artists ranging from internationally-known painters to students who are just learning a craft,” said Mayor Gayle Kaler. ‘Without a doubt, the arts mean business in Paducah.’

28 How to Save the Cities – Send in the Artists, The Fiscal Times, June 4th, 2010
Case Study 5: Allentown, Pennsylvania

With a population of 118,000, Allentown lies 90 miles west of New York City and 60 miles north of Philadelphia. Established in 1762, Allentown is one of the oldest towns in the United States, and was the hiding place of the Liberty Bell during the American Revolution. Today it is the services and retail hub for the Lehigh Valley region. Like Duluth, Allentown operates a strong mayor system.31

What the situation was

Allentown struggled economically for decades. Large employers like Bethlehem Steel and Mack Trucks had closed or left, and many residents moved to neighbouring towns. In the 1960s, downtown Allentown was home to Hess’s, one of the most popular department stores in the country. But the creation of suburban malls caused Hess’s and many other businesses to close or follow their customers to the suburbs. The area was left deserted and unsafe, full of pawnshops, boarded-up buildings and check-cashing operations.32

What it became

A total of 4,000 jobs have returned downtown along with $1 billion of new development. As new businesses move into downtown, they bring more jobs with them, ranging from entry-level jobs in the new Marriott hotel and retail outlets to professional and managerial jobs at Lehigh Valley Health Network, CrossAmerica Partners, and BB&T Corporation.33 Downtown Allentown is now a thriving mixed-use destination. A local resident recently remarked:

“I used to come here as a kid, but there was never any reason to come back unless you had jury duty… they’ve really cleaned it up. I can’t believe this is Allentown.”34

Crime has been reducing in Allentown since 2007, but perceptions are now beginning to follow. The growth in pedestrian traffic, busy restaurants, and an increased police presence downtown have led to a renewed sense of security. As a result, the city has been able to introduce a range of cultural events, from art walks to concerts and sports events, further adding to downtown activity levels.


How it happened

Fiscal policy, in the form of an innovative state-funding programme, was used to catalyse massive redevelopment in the centre of the Allentown. As a result of the combined efforts of the local business community, developers, and local and state legislators, the Neighbourhood Improvement Zone (NIZ), passed the Pennsylvania State legislature in 2009. The general concept of using state tax incentives and

31 Allentown City Hall is currently the subject of an FBI corruption investigation. Despite the current coverage overshadowing the successes of Allentown’s turnaround story, the case study still offers significant insights.
32 “When the malls got built, it sucked everything out like a giant vacuum,” Mayor Pawlowski. The Atlantic’s James Fallows comments: “By the way, the more we travel, the more we come to regard these malls as Public Enemy No.1 in the mis-shaping of late 20th century America”. Allentown bets big to shed its former image, Marketplace NPR, September 11, 2014
33 Reaching for the Future: Creative Finance for Smaller Communities, Urban Land Institute, 2016
34 PPL Center opening showcases the new Allentown, The Morning Call, September 12th, 2014
Increment financing is not new: the American railways were built on a similar model in the 1860s.

**Neighbourhood Improvement Zone**

The Neighbourhood Improvement Zone (NIZ) is a special taxing district that encourages development and revitalisation in downtown Allentown. All taxes generated within the NIZ (with the exception of school district and city taxes), can be used to service debt on any improvements within the NIZ. Seventeen Pennsylvania state taxes and four local Allentown taxes qualify. The state taxes include state income tax, corporate income tax, and sales tax: if a building is built in the NIZ, the developer can get back the sales tax on any purchase made in that building for 30 years. The state and a local, independent authority oversee the distribution of the tax revenues, and if the tax breaks exceed what the developer spent on the building, the remainder goes to the state.³⁵

One strength of the model is that it depends on the developer’s ability to attract tenants. According to local developer J.B. Reilly: ‘If the developer can’t attract tenants, then the developer’s going to be on the hook for repaying [their development] loans.’³⁶ But aided by tax dollars that would otherwise go to general funds, developers can offer 20 to 30% discounts on market rents, and the programme has worked well.

The NIZ legislation is not only repaying Allentown’s debt on loans and bonds, but also breaking even and will soon be accretive for the state. NIZ tax returns are steadily increasing, allowing the state to be repaid. Under the NIZ structure, base NIZ tax revenues remain within the NIZ during buildout. Surplus tax revenues on each project then revert to the state. The state collected an additional $2m in 2012, about $16m in 2013 as new projects came on line, and about $18m in 2014.³⁷

---

³⁵ *Allentown bets big to shed its former image*, Marketplace NPR, September 11, 2014

³⁶ *City of Allentown, “Neighborhood Improvement Zone (NIZ)”,* www.allentownpa.gov/Neighborhood-Improvement-Zone

³⁷ *Reaching for the Future: Creative Finance for Smaller Communities*, Urban Land Institute, 2016
Case Study 6: Newcastle, New South Wales

Located 100 miles north-east of Sydney, the Newcastle area was traditionally occupied by the Awabakal and Worimi people. With a population of 288,000, Newcastle is the largest coal exporting harbour in the world. Its economic history was dominated by heavy industries, particularly coal and steel. Recent challenges include an earthquake in 1989 killed 13 people, injured 162 and destroyed or severely damaged a number of prominent buildings. A decade later in 1999, the steelworks closed after 84 years.

What the situation was

The centre of Newcastle was badly hit by the construction of suburban shopping centres, so that the old ‘city centre’ was no longer a desirable retail destination. There were over 150 visibly empty buildings, which attracted vandalism and street crime. New businesses were reluctant to open in areas that had been in a spiral of visible decline for over two decades.

How it happened

Renew Newcastle connects people with spaces, supporting a neighbourhood of creative entrepreneurs to incubate their endeavours in the public arena. Renew Newcastle has launched 236 creative businesses and community projects, reopened 80 empty properties, and overseen a 60 to 90% drop in vacancy rates. In 2008, Newcastle’s Hunter Street Mall was more than half empty – by 2014, it was the city’s second most popular tourist attraction behind Nobby’s Beach, with tourism in Newcastle up by 25.5%.

For the city, Renew Newcastle projects have generated a new story, both for the local community and further afield, giving the city a new sense of itself. The local Newcastle Herald wrote:

“After years of depression and desperation about Newcastle’s decay... young and creative people have helped make the Renew Newcastle project the signature move to get the city thinking positively again.”

Stories about Renew Newcastle and the promotion of the Central Business District (CBD) as a distinctive and interesting place have appeared in international magazines, websites and newspapers. When Lonely Planet listed Newcastle as one of the top 10 cities in the world to visit in 2011, they referred to the ‘dozens of disused city-centre buildings occupied by photographers, fashion designers, digital artists and more as part of the inner-city regeneration scheme, Renew Newcastle.’

How it happened

Renew Newcastle was established in 2008, to get creative projects into some of the empty shops and offices in the CBD. Despite the high number of empty premises, there was still a comparative lack of affordable spaces which creative projects could use. Meanwhile, some buildings were worth more to their owners as accounting losses than as going concerns. Renew Newcastle works directly with property owners to ‘borrow’ buildings that might otherwise be sitting vacant, and makes them available to artists, creative projects and community groups.

38 Setting the Pace, Newcastle Herald, 26 December, 2009
In legal terms, Renew Newcastle does not lease buildings but rather negotiates a licence agreement that allows the projects to access them. This is important, as it does not trigger the statutory obligations, rights, costs and responsibilities for either party required by a lease. The default licence agreement allows the project to use a building on a rolling 30-day basis. The owner can give 30 days’ notice at any time to end the arrangement, addressing concerns about missing out if a commercial offer were to come along.

Both parties benefit from the arrangement. For the artists and community groups, the model works best as a low-risk way of trying out new ideas and activities. In a report published by Arts New South Wales, the founder of Renew Newcastle writes: ‘[The] aim is to give projects long enough to determine if what they are doing is viable. Experience shows that realising that something isn’t viable in a way that doesn’t cost a lot can be highly valuable to fledging creative initiatives.’ The tenancies also provide immediate benefits for property owners, reducing vandalism, squatting and other problems associated with empty buildings, which in turn lowers maintenance and insurance costs. Newcastle has seen a 25.6% decrease in commercial property crime each year since Renew Newcastle began. Activity leads to increased traffic, and more people on the streets provides passive surveillance and improves safety. All these factors can increase the long-term value of property.

Focusing on small, achievable goals, the Renew Newcastle story is as an example of how ordinary residents can take control without waiting for top-down solutions from Government, developers, or industry. Monocle magazine co-founder Dan Hill writes: ‘I can think of few more positive examples of how to quickly make a genuine difference in cities ie not just at the surface layers of urban design, as important as that is, or festivals, or marketing, but at the very core of economic, cultural and social sustainability, with all the ensuring knock-on effects for repairing urban fabric and civic confidence... to have addressed this aspect directly, with literally no funding, is thoroughly inspirational.’

---

40 Emergent Urbanism of Bottom-Up Planning, City of Sound blog, February 2010
Case Study 7: Oamaru

Oamaru has a population of 13,750, with an additional 8,000 or so residents in the broader Waitaki District, the rural area serviced by the town. Situated on the South Island’s Pacific coast, it is 155 miles south of Christchurch and 75 miles north of Dunedin, and is connected to both by State Highway 1 and the Main South Line railway. European settlers arrived in the Oamaru area in the 1850s. The town grew as a service-centre for the agricultural/pastoral hinterland between the Kakanui Mountains and the Waitaki River, and rapidly became an important port. New Zealand’s pastoralism and associated frozen-meat industry first developed just south of the town, and Oamaru flourished, bigger in its day than Los Angeles. Oamaru has been called ‘Kiwitown’, an archetypal regional servicing centre, with its shops, stock and station agencies, railway and its harbour.

What the situation was

Oamaru found itself hard hit by the closure of the port in the 1970s together with a general downturn in the New Zealand economy. The land around Oamaru is drought-prone, ‘we have two good years, one average year and then two dreadful ones’ and further recession in the 1980s combined with a bad drought. It no longer seemed clear what the town was for.

What it became

Oamaru has a steady population, and there’s a buzz and optimism around town. The rural economy is on a much more secure footing as a result of irrigation investment, which benefits the town’s agricultural service businesses. The town also sees greatly increased income from tourism, after becoming one of the first New Zealand towns to realise its built heritage was an asset. They also developed significant visitor infrastructure around a local penguin colony, which now draws 75,000 visitors a year. There’s a Victorian theme in town, overlaid with a more recent ‘steampunk’ flavour. This year the town is aiming for the world record of the largest number of steampunkers gathered in one place.

How it happened

Oamaru’s story involves irrigation investment, economic diversification, small penguins, Victorian buildings and steampunk. The combination of these aspects means that a town that might have become a dead end is doing well, and locals feel that in the last decade or so Oamaru has ‘really got its mojo back’. Mayor Gary Kircher is on the record as saying: ‘We simply don’t accept that our population will decline.’

Local government and private sector partnership for irrigation investment

In 2004, Waitaki District Council, based in Oamaru, invested almost $10m to double the amount of irrigated land in the district to 25,000 hectares. The investment was in the form of a loan, but with no principal or interest payable until 10,000 hectares had been watered. The initial financial commitment allowed Phase I infrastructure to be overbuilt to accommodate Phase II expansion at a later date. To initiate Phase II, the Council topped the irrigation scheme

41 Landmarks, Kenneth Cumberland, 1981
42 Interview with Hugh Perkins, Deputy Mayor of Oamaru
43 Steampunk is a subgenre of science fiction or science fantasy that incorporates technology and aesthetic designs inspired by 19th-century industrial steam-powered machinery.
44 Local talk about infrastructure: North Otago. Infrastructure Evidence Base Refresh – Productive Water National Infrastructure Unit, New Zealand Govt, March 2015
loan up to $17m. Waitaki district mayor Gary Kircher said supporting irrigation would have more economic benefit than anything else his council could do. As well as the wider economic benefits, the loan, which comes from Council depreciation reserves, earns the ratepayer a higher return than if the investment was deposited in a bank. Though controversial at the time, he believes the majority of the community now sees the benefits the irrigation has delivered.

“Well you can see the new houses on the farms, the new people in the supermarket, the schools growing, sports numbers increasing – it’s obvious!”

A Social and Economic Benefits Study was commissioned by the Waitaki District Council. It indicated a rising population with higher proportions of younger age groups, and household and personal income for the area in 2013 significantly higher than it was in 2001. The district’s GDP has been estimated to have benefited by 5%, or $48m per year, and employment has grown by 274 jobs. The irrigation has also helped the district avoid the worst of the recent global economic crisis and has brought a level of security and resilience to an area traditionally affected by cyclic droughts.

The benefits can be seen in the numerous start-up, or expanded, businesses associated with farming and support industries. But Oamaru’s economy has further diversified beyond agricultural services, with food processing continuing to expand and large locally-based rubber matting and stock-handling equipment businesses.

Another source of optimism about the town’s future has been the growth of income from tourism. The biggest draw is a colony of little blue penguins which lives in a disused quarry not far from the historic precinct. The penguins established themselves there in the early 1990s.
and in 1992 a group of volunteers started to help make the area suitable as a breeding habitat and provide guided tours. A visitor centre and two grandstands were completed by the District Council in the early 2000s, and today the Oamaru Blue Penguin Colony is the town’s largest tourist attraction, welcoming over 75,000 visitors a year.

Oamaru has also developed Victorian and steampunk-themed attractions, which help tourists spend money during the day (the penguins only perform in the evening). On the recommendation of a council-funded feasibility study, the Oamaru Whitestone Civic Trust was formed in 1987, and work began on restoring the historic precinct beside the harbour.47 The Trust’s buildings were built around the 1870s and are New Zealand’s most complete streetscape of Victorian commercial buildings. The local limestone lent itself to carving and the elaborate neo-classical style popular with the Victorians. By the time of the depression of the 1880s, Oamaru had become the ‘best built and most mortgaged town in Australasia’. The buildings fell into disrepair in the 1930s, as the centre of the town shifted up the street. Until the mid-1980s they were used as low-grade storage.

The Victorian historical quarter of Oamaru is now an example of successful ‘micro-agglomeration’. In a street of white stone buildings, artists, book dealers and Victorian merchants have become a commercial community. There’s also a transport museum, an antique furniture shops, antique clothing shops, and a book binder. The Victorian theme has been embraced by other local shops and galleries.48

More recently a local builder and entrepreneur established Steampunk HQ, a large art project celebrating steampunk culture. Now even the playgrounds at the harbour have joined in the steampunk theme, with a giant Penny Farthing structure supporting the swings, and several other steampunk-styled playground features.49

47 Oamaru Whitestone Civic Trust
48 The Death and Life of Small New Zealand Towns, Quintin Howard, New Zealand Transport Agency, 15th April 2015
49 A Visit to Steampunk HQ, Boing Boing January 12th, 2015
Case Study 8: Altena, Germany and Pori, Finland

The evidence around successful turnaround towns in Europe is limited. However, the cases of Altena, Germany and Pori, Finland feature a number of characteristics that are relevant to this study, so we have included them as illustrative short overviews. Pori and Altena are two of the towns involved in the European Commission’s URBACT II programme, which aims to foster sustainable and integrated urban development. Altena was part of the Op-Act project, which focuses on the strategic positioning of small and medium-sized cities facing demographic changes. Pori was involved in the SURE, Socio-Economic Methods of Urban Regeneration in Deprived Urban Areas project.

Altena, Germany

Altena has a population of 18,000, and is situated on the river Lenne, 25 miles from Dortmund in highly industrialised South-Westphalia. It has a 12th-century castle built on a hilltop, which was home to the world’s first youth hostel. The town’s other main feature is its steel wire industry, and it is home to the German Museum of Wire. Altena supplies 18% of the world’s steel wire, and produces special steel sheets for Airbus and the Ariane Rocket.

What the situation was

Altena was hit hard by deindustrialisation and the 2008 economic crisis. Over a number of decades, major businesses, including Nokia, left the town, and the population began to decline. The housing market deteriorated, and there were many empty properties in the town centre.

What it became & how it happened

Altena already had a tourist attraction, its hilltop castle. But of the 100,000 people who visited the castle each year, only 10,000 made the short trip down the hill to the town. So the Town Council decided to build an elevator linking the castle with the moribund town centre. This was complemented by a plan to fill 20 empty shops to turn the town centre into a crafts village. An association was founded in 2011 to manage real estate in the city centre, and Gundula Schulze from the mayor’s office says that progress is already being made:

“For 10 years, shops in the centre were empty – no-one was buying. And now, something is changing. During the last two years, about 10 buildings with shops have been sold... everyone knows something is changing in our town.”

50 All material is taken from URBACT II Project Results, Second Edition, November 2013, European Union
Other successful initiatives include the establishment of a medieval market, which now attracts 25,000 visitors a year.

Council working groups on developing tourist infrastructure were galvanised by a target to make tourism the second largest contributor to the local economy. The groups themselves were broadened to include residents, representatives of civic forums, chambers of commerce, journalists, shop-owners and other groups.

**Pori, Finland**

Pori is situated on the Kokemaenjoki River about 12 miles from the coast of the Bothnian Sea, and is home to one of Finland’s largest commercial ports. The town has a population of 83,000. A severe recession in the 1980s prompted a level of economic diversification that enabled Pori to fare reasonably well during the recent economic crisis. Since 2003, a renovated cotton factory has hosted the University Consortium of Pori and dozens of media, communications, and other start-ups.

**What the situation was**

Pori needed a long-term development vision for the city’s old industrial district of Karjaranta, which they wanted to develop as a mixed-use area. A Local Action Plan (LAP) was prepared to address a wide range of aspects of Karjaranta’s evolution from industrial area to residential neighbourhood.

**What it became & how it happened**

Recognising that local residents and business people know their own environment best, Pori council developed a participatory planning process, focusing on ‘user-expertise’. The resultant Local Action Plan covered the following areas of focus: increasing services and activities; improving traffic connections; making recreational areas more varied; and strengthening the sense of community. The first and last of these came together in a pop-up photo exhibition of the area’s local history in 2011. It was held in a long-empty office building, which, since the exhibition finished, has continued to be occupied for other uses.

During the development of the Local Action Plan, Pori officials visited other SURE cities. Daniel Nagy, Pori’s Planning Architect, recalls:

> “Examples seen in [other places] demonstrated the beneficial results of cross-sectorial cooperation and the contribution of creative ideas and voluntary activity.”
4. Conclusions from our research

The places where we live have a significant impact on our wellbeing. In the UK and Ireland, where two-thirds of people live in small and medium sized towns, the status of our towns is important.

This report sets out learning gained from a review of eight international case studies of ‘turnaround towns’. We do not advocate directly importing the approaches taken internationally to towns in the UK and Ireland, but we believe the cases do offer significant insights that can inform the approaches that we take to town development here. Important themes include:

1. **Having a story that residents – and others – know**

The towns we looked at all have a sense of purpose which is clear to the community. This then translates into a ‘story’ about the town that is held in common by its residents and others. Duluth appreciates its location on Lake Superior, and is ‘just the right size’ to attract young professionals to base themselves there (and also the businesses that want to employ them). Allentown’s story is that it is in the process of reviving its downtown and its post-industrial riverbank. Paducah has effected a major turnaround by turning itself into the home of a vibrant arts and small business community. The ‘Tupelo Story’ became internationally known as the unlikely poor Mississippi town that, with decades of focused effort, beat all the trends and stereotypes to become sustainably prosperous.

These examples align closely with the principles established in the new World Towns Framework. The first of these principles highlights the ‘uniqueness of place’ and commits to supporting ‘the unique characteristics of each town and urban district, the “DNA of place”, to engage communities, business and institutions in driving forward their future, and to address the plural and distinctive set of challenges facing these unique places’.

The enthusiasm can shine through in the telling of these stories. One local resident described his town as follows:

“Oamaru is a bustling little town. The cafes and restaurants are busy, and, even with winter approaching, there are still some tourists roaming the streets, lined with their extraordinary collection of Victorian stone architecture. It’s not just the buildings, there are the little blue penguins and steampunk. Oamaru, New Zealand capital of steampunk! But many people believe that what’s really making this town buoyant is irrigation.... water makes this town tick.”

51 Oamaru resident, Infrastructure Evidence Base Refresh – National Infrastructure Unit, New Zealand Govt, March 2015
Also clear to residents is the town’s history, its purpose and role over time, and how that has changed. Three years into his American Futures journey around the towns of America, the Atlantic’s James Fallows wrote: ‘Successful [towns] have stories... as with guiding national myths, the question is not whether these assessments seem precisely accurate to outsiders. Their value is in giving citizens a sense of how today’s efforts are connected to what happened yesterday and what they hope for tomorrow.’\textsuperscript{52}

These stories morph into what the town is ‘known for’, and into how it sells itself to visitors. Some places try to go straight for the latter, which might increase tourism, but which rarely transforms the overall fortunes of the town on its own.\textsuperscript{53}

\section*{2. Addressing economic challenges}

We found that the most successful towns have a realistic approach to the sustainability of their economic base, and work through economic challenges rather than around them. We found many stories that focused exclusively on, for example, environmental sustainability. However, if local economic sustainability is not secured, local livelihoods are not safeguarded.

It’s important to note here that no town focused solely on their economy – they also worked on improving the experience of living in the town for residents. To provide for both the material and psychological needs of their residents, a thriving town has to do many things at once, from offering reasonably secure livelihoods, to creating a sense of identity and social connection.

However, ignoring economic challenges does not give a sustainable answer to where people’s livelihoods are going to come from, in the near or medium-term. Our case study towns understood changing conditions and worked to reinvent their economic bases if necessary. Tupelo and Douglas are clear examples of the success of this approach in the face of economic trends that could have left the towns behind. Tupelo’s relentless focus on economic development is now many decades long, backed up by a focus on education and skills. Douglas has a three-pronged economic development approach: recruiting a diverse range of industrial employers; supporting and nurturing small-business entrepreneurs; and developing a new generation of leaders who understand economic development. When it comes to recruiting specific industries, the town’s goal is to attract a diverse range of companies that pay reasonable living wages. ‘We don’t go out of our way to land minimum wage jobs,’ said Luke Morgan, Economic Development Authority (EDA) president.\textsuperscript{54}

Many of our case study towns also deliberately sought to diversify their local economy to help make it resilient against economic shocks or downturns. Douglas works on homegrown business entrepreneurship, as well as seeking to attract employers from out of the area, and Duluth is ‘now a full-fledged business hub, attracting tech companies, medical providers, law firms and companies of all kinds’.\textsuperscript{55} The Deputy Mayor of Oamaru was keen to emphasise that their local economy had transformed in the past 10 to 15 years, from relying on just three companies, to a wider range of locally-based businesses and new tourism income. Allentown is working on its ‘walkable manufacturing’ and incubators, as well as drawing big employers to the newly-revitalised downtown. Mayor Gayle Kaler of Paducah describes her town as: ‘A regional hub for health, education, and business. But Paducah also is a creative

\textsuperscript{52} Eleven Signs a City Will Succeed, The Atlantic, March 2016
\textsuperscript{53} Reviving Small Towns: America the Creative, The Economist 19 Dec 2006: “In 1992 Hidalgo, a south Texas town, decided to capitalise on its site in the migration path of the dreaded African killer bees. The town boldly erected a 20-foot-long statue of a bee, made from fibreglass and steel, and was promptly dubbed the ‘Killer Bee Capital of the World’. Tourists flocked in.”
\textsuperscript{54} Interview in Paducah Life, January/February 2014
\textsuperscript{55} Duluth finds the right formula: Natural beauty, strong workforce brings in the business, Minnesota Real Estate Journal, March 23rd, 2015
community with a variety of artists ranging from internationally-known painters to students who are just learning a craft.”56

3. Local leaders driving change

Our turnarounds happened because local people used local assets to make things happen. According to Vaughn Grisham, who has studied the Tupelo experience in depth, this contrasts with another type of effort that is rarely successful – where small town leaders expect solutions to come from government. ‘Usually, that is going to sit on some bureaucrat’s desk, and nothing happens... if something gets done, it is going to be because you do it. No-one cares that much about the community except those people who live there or used to live there.’ Back in the 1950s, local newspaper editor George McLean distributed a leaflet which included the phrase: ‘There is no Santa Claus at the State Capital, State College, or Washington. If you want the job done, you will have to do it yourself.’57

Local leaders can access and use external resources, but in none of our case studies did the story start outside the town itself.

These local leaders do not need to conform to traditional notions of ‘leadership’. Vaughn Grisham, writing about the Tupelo story, refers to them as ‘catalysts’, whose most important skill was making connections between people. Grisham also found that they often come in pairs, making them more resilient: ‘These individuals provided support in the most trying of times. When burnout affected one, the other was there to be a cheerleader.’58

Grisham argues that community leaders – or catalysts – need not be charismatic, politically savvy, or exceptionally creative. He gives the example of an accountant who took the Tupelo story to his hometown of Morrilton and became one of the community leaders there: ‘Shy and low-key, Barry McKuin seems an unlikely crusader. His wife still remembers how his excitement surprised her when he came home and told her about hearing Grisham for the first time. “It was striking,” she says, because “he never gets excited about anything.” Nevertheless, he has been able to draw others to the vision in Morrilton. He has no charisma but everyone trusts him.’59 Meanwhile, in Duluth, Mayor Don Ness said in a 2012 profile that he had always been a little awkward and ‘too boring’ for higher office, joking that: ‘I have the nerd vote locked down.’60

These leaders may not set out to be high-profile, but people in town can name who they are. The Atlantic’s American Futures project’s James Fallows comments: ‘A standard question we’d ask soon after arrival [in a town] was: “Who makes this town go?” The answers varied widely. Sometimes it was a mayor or a city-council member. Sometimes it was a local business titan or real estate developer. Sometimes a university president or professor, a civic activist, an artist, a saloon-keeper, a historian, or a radio personality. In one city in West Virginia, we asked a newspaper editor this question, and the answer turned out to be a folk musician who was also a civic organiser. What mattered was that the question had an answer. And the more quickly it was provided, the better shape the town was in.’ 61

In many cases, local leadership was complemented by strong local engagement. In Tupelo, this goes right back to the beginning when Rural Community Development Councils were established, which then fostered more widely distributed local leadership by setting

56 Interview in Paducah Life, January/February 2014
57 Small Town Success Stories Can Serve as Models for Others, Mississippi Business, October 2004
58 Extraordinary Results in Ordinary Communities, Vaughn Grisham, Kettering Institute, 2010
59 Extraordinary Results in Ordinary Communities, Vaughn Grisham, Kettering Institute, 2010
60 Duluth Mayor Don Ness won’t run again, Star Tribune October 12th, 2014. When Ness announced he would not seek a third term, he wrote that he planned to turn off his phone and head to the woods with his wife and three young children, and would not be available for comment. “If I thought for a moment that my role was necessary for our continued success, I would run again. But it’s not. The progress we’ve made as a city continues because it’s based on the strengths of our city and efforts of thousands — the mayor is just one of many…”
61 Eleven Signs a City Will Succeed, The Atlantic, March 2016
up neighbourhood groups of 10 to 12 families, drawing virtually the whole community in. In Douglas, when American Insulated Wire was searching for a new site, the Chamber of Commerce organised a welcoming event for the visiting executives. With only 24 hours’ notice, the town got 500 Douglas residents out to the local airport to welcome the executives as they walked off the airplane. The company decided to settle in Douglas and, according to a company executive: ‘What sold us on Douglas was the people.’

These two towns also understand the importance of training future local leaders: ‘Similar to a sports team, every community must have bench strength.’ Douglas’s ‘Leadership Coffee’ programme gives participants hands-on learning experience in government, education and the practice of economic development at the local, regional and state levels. Graduates of the programme become leaders on local boards and commissions. In Tupelo, the Jim Ingram Community Leadership Institute trains their next generation of leaders. The programme provides orientation issues including economic and community development, education, health care and local government, as well as training in leadership skills.

4. Cross-sector collaboration

Cross-sector collaboration was apparent right across the case studies. In his many years of telling the Tupelo story, Vaughn Grisham frequently made a distinction between leaders and leadership: a leader is the person and leadership involves their relationships, and the ‘Tupelo Spirit’ is found in the relationships. In Douglas, the Economic Development Authority shares offices with the Chamber of Commerce, and the EDA’s board’s seven members consist of three appointed members from the town, three from the county and the Chamber of Commerce’s executive. In Paducah, artists got together with the town’s planners and the local bank to come up with the Artist Relocation Programme. In Oamaru, the District Council co-funded irrigation and tourism investments with the private sector. In Allentown, local and state politicians worked with developers to set up the Neighbourhood Investment Zone.

These last two lessons are reflected in the recent World Towns Agreement, which includes the principle: Great Relationships with Blurred Boundaries: We recognise that great towns and urban districts have great economic and social relationships. These relationships foster collaboration, based on shared outcomes. We recognise that successful places will embrace the blurring, bridging and fusion of the traditional boundaries between public, commercial, and community sectors.

Common cause across boundaries often results in a strong sense of pragmatism, particularly where mayors have a lot of executive authority. More common in the US, these are known as ‘strong mayor’ systems. The power of mayors like Michael Bloomberg in New York and Rahm Emanuel in Chicago to carry out major change is now well-known (the congestion charge in London only became possible when a mayor could do it). This is not limited to big cities,
though. The former mayor of Duluth said he could ‘just get on with it’:

“Being a mayor, especially in a “strong mayor” system, gives you tremendous opportunities... It’s a job that requires – and allows – you to create and implement a tangible agenda. You can carry that out in a way that most positions in American politics just don’t permit.”

Touring towns around America, including Duluth and Allentown (which also has a strong mayor system) James Fallows wrote that, at the town level, politics and policy-making ‘can seem practical-minded, non-ideological, future-oriented, and capable of compromise’.65

5. Being flexible and finding the right path to success

Though all the journeys started within the towns themselves, they all followed different routes. Tupelo focused hard on education and economic development in the town and the county over many years, while the situation in Haven Acres turned around as a result of grassroots community activism. This led to productive partnerships between the residents, the council and the police. Douglas balances recruiting large, out-of-town employers with nurturing home-grown entrepreneurs. A ‘strong mayor’ in Duluth had to focus on fiscal matters to get the city’s budget back on a sustainable footing, while selling the town’s comparative advantages to employers, entrepreneurs and tourists.

A partnership of local politicians and business leaders persuaded Pennsylvania to make exceptions to its tax laws to allow it to attract business downtown again. Paducah worked to revitalise derelict historic downtown district and invited artists in to help upgrade the area. They have been rewarded with tourism income and a UNESCO designation. In Australia, a small, non-profit organisation in Newcastle examined tenancy regulations and figured out a way to get the empty Central Business District buzzing again. It has transformed Newcastle’s sense of itself in the process. In New Zealand, realising that Oamaru would only thrive if the surrounding rural area did well, the district council, as well as investing in tourism infrastructure in town, went into partnership with farmers to invest in irrigation.

6. Committing to the long term

Many of our case study towns have been working on the sustainability of their towns for many years. It is over 30 years since Duluth saw its population hit rock bottom and start to recover. The Deputy Mayor of Oamaru speaks of a 20 year timescale. Allentown and Newcastle are still in process. Tupelo started its journey in the late 1930s, and is still working hard to change.

“Tupelo has been at this for decades and probably did not have very much to show for its efforts in the first five years. Persistence is key.”66

66 Better Together: Restoring the American Community by Putnam, Feldstein, and Cohen, Simon and Schuster, 2004
5. Next Steps

This report contributes to a growing body of international evidence around what works for turnaround towns. Many of the themes drawn out from the case studies align with those identified by the World Towns Framework that emerged from the World Towns Leadership Summit earlier this year. These include the importance of narratives around place, collaboration to deal with uncertainty and changing contexts, and strong local, collaborative leadership.

The research also identified a number of challenges, particularly around the evidence base for turnaround towns. The global evidence base for turnaround towns is not robust, with little available academic research, and significant gaps in data collection and availability. The World Towns Leadership Summit recognised similar issues, and identified the need to create shared spaces for data on places and practices, governed collectively, and managed regularly.

This report marks a new phase in the Carnegie UK Trust’s work to strengthen our policy and evidence base on what works for turnaround towns. Over the coming months, the Trust will be sharing the findings with policymakers and practitioners across the UK and Ireland, and examining how and when different levers might be developed to enable UK and Irish towns to apply the learnings from successful turnaround stories from overseas.

The Trust is keen to work in partnership with like-minded organisations. If you would be interested in exploring any of the themes examined in this report, the Trust would be delighted to hear from you.
Annex

The Main Street Four-Point Approach
The National Trust for Historical Preservation has helped more than 2,000 communities of various sizes revitalise slumping commercial areas through its Main Street Four-Point Approach. On designation as a Main Street community, the coordinating programme in their state, city or region provides advice and information about planning, executing and funding. The Main Street Approach is most effective in places where community residents have a strong emotional, social, and civic connection and are motivated to get involved and make a difference, and where existing assets—such as older and historic buildings and local independent businesses—can be leveraged. It encourages communities to take steps to enact long-term change, while also implementing short-term, inexpensive and placed-based activities that attract people to the commercial core and create a sense of momentum.

1. Organisation
Organisation establishes consensus and cooperation by building partnerships among the various groups that have a stake in the commercial district. With this level of collaboration, your Main Street programme can provide effective, ongoing management and advocacy for your downtown or neighbourhood business district. A governing board of directors and standing committees make up the fundamental organisational structure of volunteer-driven revitalisation programmes. Volunteers are co-ordinated and supported by a paid programme director.

2. Economic Restructuring
Strengthen existing economic assets while diversifying economic base. Successful communities accomplish this by evaluating how to retain and expand successful businesses to provide a balanced commercial mix, sharpening the competitiveness and merchandising skills of business owners, and attracting new businesses that the market can support. Many Main Street programmes also achieve success through creative reuse of historic properties. The goal is to build a commercial district that responds to the needs of today’s consumers while maintaining the community’s historic character.

3. Promotion
Promotion takes many forms, but the goal is to create a positive image that will renew community pride and tell your story to the surrounding region. Promotions communicate a commercial district’s unique characteristics, its cultural traditions, architecture, and history and activities to shoppers, investors, potential business and property owners, and visitors.

4. Design
Design means getting Main Street into top physical shape and creating a safe, inviting environment for shoppers, workers, and visitors while preserving a place’s historic character. An appealing atmosphere created through attention to attractive visual elements, conveys a positive message about the commercial district and what it has to offer.
Bibliography

Better Together: Restoring the American Community by Robert D. Putnam, Lewis Feldstein, Donald J. Cohen, Simon and Schuster 2004


Extraordinary Results in Ordinary Communities, Vaughn Grisham, Kettering Institute, 2010


How Small Towns And Cities Can Use Local Assets To Rebuild Their Economies: Lessons From Successful Places, EPA, 2015

Reaching for the Future: Creative Finance for Smaller Communities, Urban Land Institute, 2016

Resilient Downtowns: A New Approach to Revitalizing Small and Medium City Downtowns, Michael A. Burayidi, Routledge, 2013


Small Town Sustainability, Paul L. Knox, Heike Mayer. Birkhauser Verlag AG, 2013

The Carnegie UK Trust works to improve the lives of people throughout the UK and Ireland, by changing minds through influencing policy, and by changing lives through innovative practice and partnership work. The Carnegie UK Trust was established by Scots-American philanthropist Andrew Carnegie in 1913.

Andrew Carnegie House
Pittencrieff Street
Dunfermline
KY12 8AW

Tel: +44 (0)1383 721445
Fax: +44 (0)1383 749799
Email: info@carnegieuk.org
www.carnegieuktrust.org.uk

This report was written by Jane-Frances Kelly

November 2016