

*Introduction to restorative development*

# **Why Do We Need a New Model for Growth and Wellbeing?**



*To start, consider this thought experiment:*

**What would your  
neighborhood look  
and feel like, if the  
100 people living  
closest to you  
represented the  
Minneapolis  
average?**

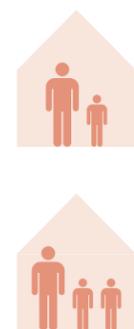
▶ If your 100 nearest neighbors were representative of the Minneapolis average, they would live in these 44 households:



11 married or cohabitating couples



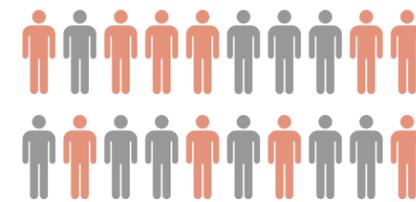
7 Married couple families with children under 18



2 Single mothers with children under 18



24 Non-family households (single males and females)



20 additional adults, including adult children and seniors, that live in any of these households.



In this neighborhood of 100 people...

- 2 of the neighborhood's 18 kids under the age of 18 experience hunger.
- 5 neighbors are victims of crime, and one is likely to experience violent crime.
- 7 neighbors do not have health insurance,
- 9 neighbors have not been in good physical health, and 11 neighbors have not have been in good mental health for 14 or more days during the past 30 days.
- 14 of the 44 households earn less than \$35,000 a year.
- 27 neighbors are obese and 30 neighbors sleep less than 7 hours a night.

Assuming this neighborhood is also reflective of U.S. averages:

- 23 adult neighbors would have zero emergency savings.<sup>1</sup>
- 49 adults would have at least one chronic condition, and 10 adults would have at least 5 chronic conditions.<sup>2</sup>
- 15 households would have no retirement savings, and the remaining 29 households would have a median balance of \$1100.<sup>3</sup>

 Household earning less than \$35,000 per year

 Person experiencing one or more stressors (best estimate based on Minneapolis figures)



*What you saw on the previous page represents the Minneapolis average. While many of us are able to enjoy a life 'above average', we must recognize one simple truth:*

**In one of America's most livable cities, there are many neighborhoods where quality of life is even worse than what you just saw.**

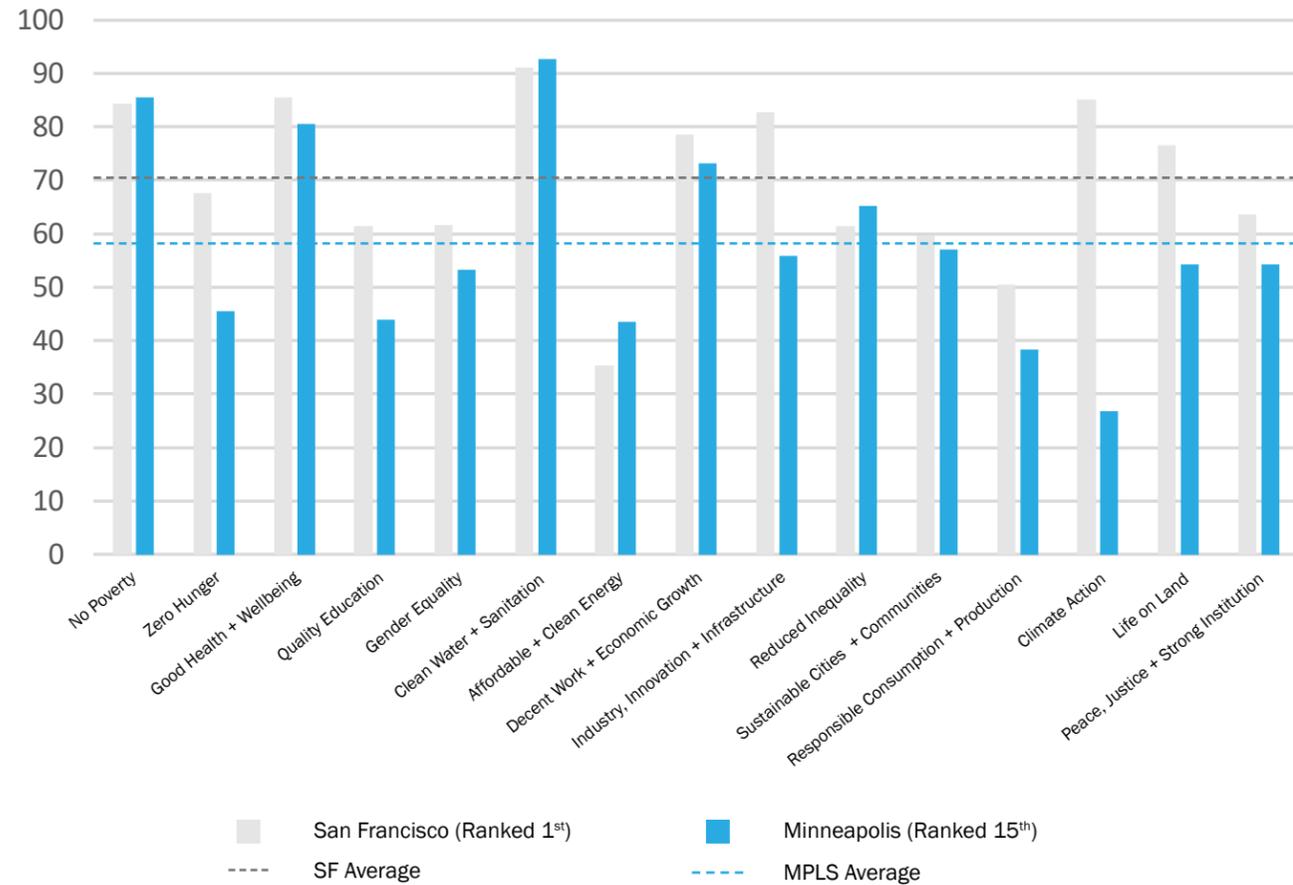
**▶ The challenges of 2020 and beyond shed a new light on our country's resilience and ability to handle crises on a societal level.**

*The data on our lack of resilience due to high levels of inequality was there all along. We could have been better prepared, had we only looked outside our borders.*

# Minneapolis Compared to the U.S. Leader

Below is a comparison of Minneapolis to the leader San Francisco according to the 2019 US Cities Sustainable Development Report, which measures the performance of U.S. cities against the United Nations' Sustainable Development Goals (SDGs). Seen through this lens, Minneapolis ranks in the upper midfield of American cities, not a bad place to be.

Please note: A score of 100 describes the best performance a **U.S. city** has achieved in the category.



# Minneapolis Compared to the European Leader

What if Minneapolis was measured against a benchmark of European Cities? Below is a view on how Minneapolis indexes against the best as defined by European Cities.

The Sustainable Development Report publishes annual updates for both U.S. and European Cities, each using their own 0-100 scale. However, due to differences scale, and in the nature of indicators dictated by publicly available data, the U.S. and European Cities studies cannot be compared directly with each other.

For this benchmark, we have used only the European indicators which are the same or equivalent to official data available for Minneapolis. For these select indicators, we are able to place the available data of Minneapolis in the context of the best and worst performers of European cities, using Stockholm, one of the European top performers, as a point of comparison.

Please note: A score of 100 describes the best performance a **European city** has achieved in the category.



## Key Takeaways

- Minneapolis, a typical U.S. city, is eclipsed by European Cities on most quality of life measures, including crime, education, and access to healthcare.
- Socio-economic indicators score comparatively low, even as employment levels are similar to Europe's best.
- Minneapolis leads in technology and innovation categories reflecting unique American strengths. However, it is unclear if and how these strengths translate into growth of quality of life for all.



## METHODOLOGY SPOTLIGHT: What can be learned from how the Sustainable Development Goals are structured and measured?

- It's one of the most useful set of indicators to measure progress across different levels of geography
- Some criticism has been leveled against the SDGs by experts, mainly that there are too many goals with no apparent prioritization.
- Goals and indicators are treated in siloes with multiple social, environmental and economic goals listed in non-intuitive order
- This makes it difficult to understand systemic challenges and stressors, as well as points of leverage for improvement

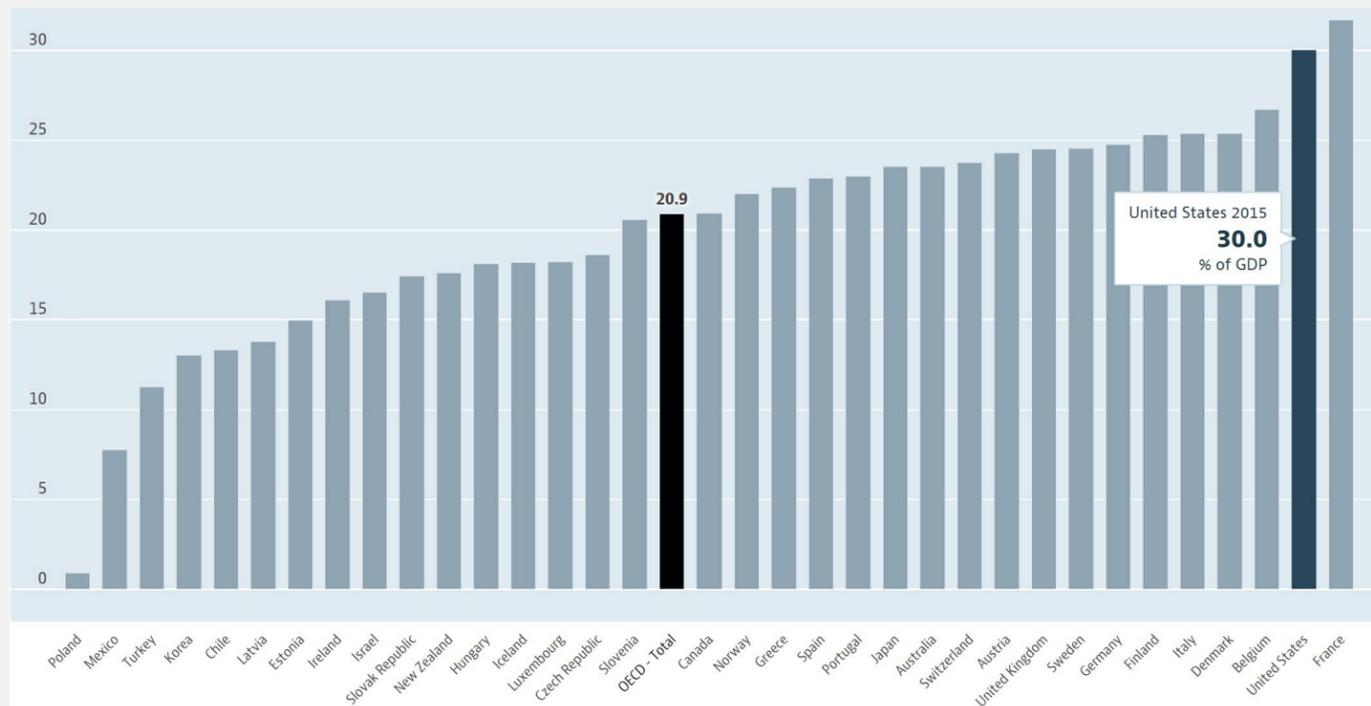
## Return on Social Investment: A Global Perspective

Without a doubt, American cities have less resources available than their European counterparts. In 2019, Stockholm had a budget of \$5.4 billion<sup>4</sup>, or \$5,500 per resident; whereas Minneapolis had a budget of \$1.7 billion<sup>5</sup>, or \$3,900 per resident.

However, when looking at total social expenditures, which includes public and private spend including healthcare and retirement, the United States is second in the world by OECD measures, with 30% of GDP allocated to public and private social spending. Sweden ranks 8th, spending 25.5% of GDP.

The high level of social spending in the United States is not matched by equally high levels of positive social outcomes. With the efficiency of public and private investments at stake, federal and local agencies, businesses and non-profits all have a vested interest in finding new models for delivering both economic growth and social wellbeing.

OECD Data on Social Spending<sup>6</sup>  
Total net, % of GDP, 2015 or latest available



OECD Definitions: Total net social spending takes into account public and private social expenditure, and also include the effect of direct taxes (income tax and social security contributions), indirect taxation of consumption on cash benefits as well as tax breaks for social purposes.

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# What Is Restorative Development?

## A New Definition of Success: Beyond Net-Zero towards Net-Positive

Global cities face a formidable challenge: 60 percent of urban infrastructure that will be in place by 2050 does not yet exist.

At the same time, existing infrastructure is showing its age—built on a last-century model, our current infrastructure systems are not fit to withstand the challenges of the next decades, such as climate change, rising social and economic disparities, and the finite resource horizon of a linear economy.

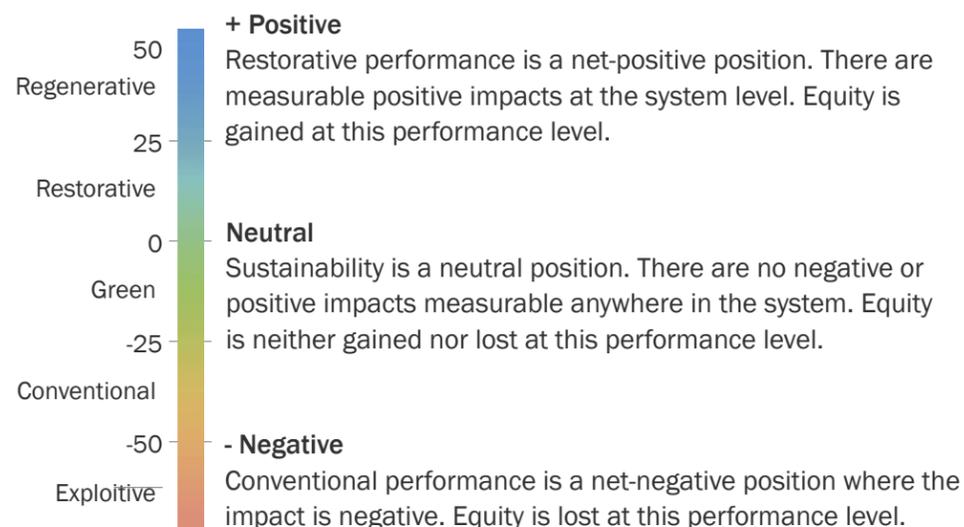
Meanwhile, businesses are heavily investing in solving complex sustainability challenges to not only achieve regulatory and social compliance, but meet rising customer expectations. However, privately funded innovations risk being siloed, and are less likely to scale across companies and entire industries to achieve maximum sustainability impact.

We believe that sustainability at scale is only possible through a new public infrastructure and governance model. The transition to a circular economy requires an effective partnership between public and private entities to develop an integrated and restorative infrastructure that can serve as a catalyst for new business models and industrial symbiosis.

**Restorative development requires a new definition of success. Instead of investing in solutions that are less bad and maintain a broken system, restorative development uses true cost accounting to measure system-level equity gain and loss as an indicator of performance.**

In restorative development, equity means 1) equitable access and use of resources by all people, and 2) that people in the city, and the city as a whole, have an equitable economic, social, and environmental stake in their communities.

As shown below, the midpoint on the restorative development scale is the zero point. Above this point, actions yield net positive equity, and below, they yield liabilities. No city currently scores in the positive space but some are implementing measures that are moving them in the right direction.



### CORE BELIEFS: What Restorative Developments Holds to Be True

**Wealth is not measured in terms of return on isolated investments.** Instead, restorative development measures and reports on holistic performance in true-cost and full-systems accounting, including community impact.

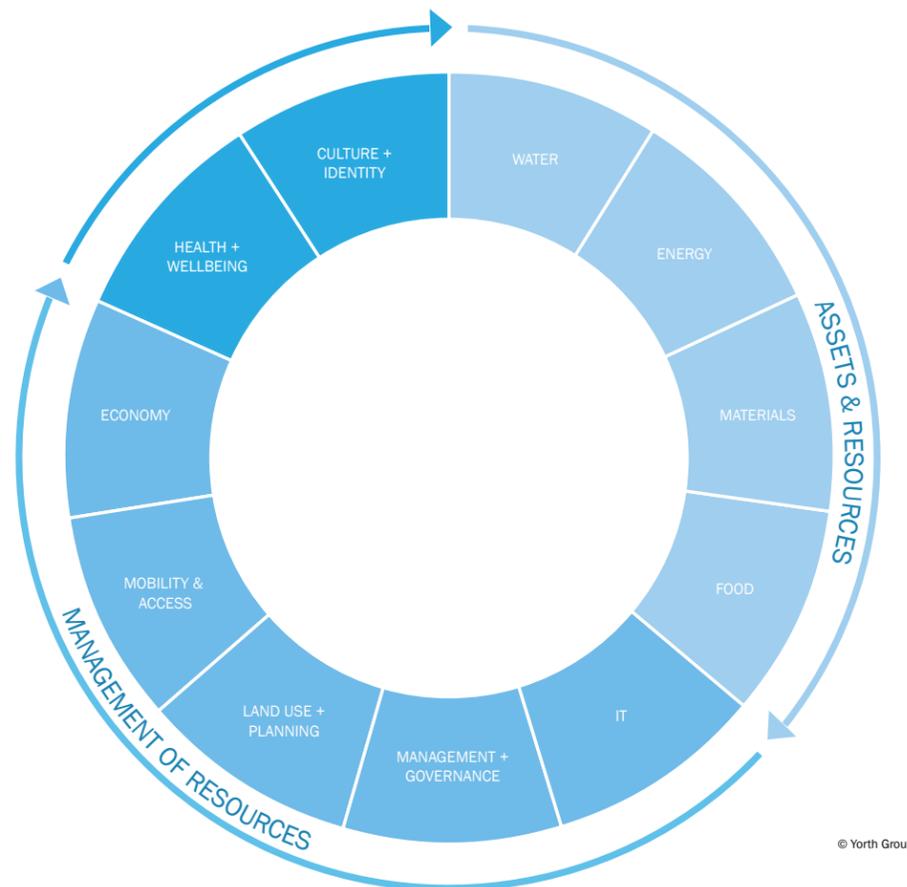
**Restorative and circular development accounts for all externalities.** Returns and benefits that are generated in silos and produce negative outcomes in other parts of the system are exposed and corrected.

**Waste is materials.** When we have the concept of waste, we build infrastructures that get rid of it. The definition of success is getting rid of waste as quickly and cheaply as possible. Conversely, when we have the concept of materials, we build infrastructures that keep materials at the optimum quality for local value creation. The definition of success becomes how much environmental, social, and economic wellbeing is being generated through repeating cycles of materials management.

**A low-income neighborhood is not a liability.** Instead, true-cost accounting that takes into account the interconnections between economic, social, and environmental health exposes such a neighborhood as an asset that performs at a net-negative level. This is an indicator that this asset has been overlooked in terms of investment and maintenance and therefore operates “in the red” in terms of environmental, social, and economic performance. The restorative development approach seeks to bring this asset to a level that produces net-positive outcomes.

## Restorative Development: Full Resource Integration to Power a New Local Economy

To assess performance, Yorth uses its proprietary Restorative City Standard™. The Standard has 11 performance areas, each with goals and key performance indicators (KPIs). When these are managed systematically and synergistically, net-positive results can be achieved.



As shown, the performance areas create a virtuous cycle of positive action. Effectively integrating physical resources such as energy, water, and materials in closed-loop systems creates economic, social and environmental benefits. This attracts new investments, industries and employment opportunities. If managed according to restorative standards, this new local economy improves residents' quality of life, which in turn strengthens culture and identity.

Through its integrated approach, restorative development generates the following outcomes:

- Resilient and climate-proof infrastructure
- Zero-emission energy, water, materials and food infrastructure
- Energy, food and water security
- Resilient and green local economy with new jobs and career pathways
- Incentives for local developers and industries
- Increased economic, social and environmental equity across all sectors

### GUIDING PRINCIPLES:

#### What needs to be true for restorative development to succeed

##### Whole Systems Optimization

Current 'siloed' development approaches optimize parts of a system at the expense of the whole. A restorative approach optimizes cities at a systems level, reducing costs and risks while maximizing value creation and stakeholder engagement.

##### Circular Resource Management

Resource loops are closed to eliminate waste and pollution and capture the enduring, cyclical value of all materials. All outputs in a restorative city are inputs for another part of the urban system.

##### Enhanced Integration

Through higher levels of integration and stacking functions, investments can generate multiple synergistic yields (outputs of value) across environmental, social, and economic areas.

##### Local Value Creation

All energy within a restorative system is derived from local, renewable sources. Water is reclaimed and treated on-site and available for various uses. Habitat and eco-systems are integrated into the public realm. Materials are reclaimed and reused within the local area.

##### Leapfrog Incrementalism

An incremental approach to innovation is well-intended but insufficient, leading to outcomes that are "less bad" while maintaining a broken system. Effective change must be disruptive, transformative, inclusive, and enriching.

##### Apply Salutogenesis

Instead of pathogenic, reactive responses that treat symptoms, a salutogenic approach focuses on factors that maximize the generation of health and wellbeing. In restorative development, stakeholders align to invest in the solution, not the problem.

## Endnotes

- 1 Bankrate. A growing percentage of Americans have no emergency savings whatsoever. 2019.  
Available at: <https://www.bankrate.com/banking/savings/financial-security-june-2019/>
- 2 CDC. Chronic Diseases in America.  
Available at: <https://www.cdc.gov/chronicdisease/resources/infographic/chronic-diseases.htm>
- 3 St. Louis Fed. Ready for Retirement? A Question that Nags America. 2018.  
Available at: <https://www.stlouisfed.org/open-vault/2018/august/ready-retirement-question-nags-america>
- 4 City of Stockholm, 2019 Annual Report.  
Available at: <https://international.stockholm.se/globalassets/the-city-of-stockholms-annual-report-2016.pdf>
- 5 City of Minneapolis, 2019 Budget.  
Available at <http://www2.minneapolismn.gov/www/groups/public/@finance/documents/webcontent/wcmsp-217380.pdf>
- 6 OECD. Social Spending 2015.  
Available at: <https://data.oecd.org/socialexp/social-spending.htm#indicator-chart>