DOWNTOWN REVITALIZATION IN SMALL AND MIDSIZED CITIES

Michael A. Burayidi
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ON THE COVER

Fall Festival in downtown Cedartown, Georgia (Aimeephoto)
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EXECUTIVE SUMMARY

Downtowns are more than retail, commercial, service, and work centers. They are the symbolic centers of cities and are unifying forces for their communities. These are the reasons cities across the country are committing resources, both financial and human, to bring them back to economic health.

Civic leaders have a renewed commitment to downtowns. Revitalizing downtowns in small and midsized cities is particularly challenging because these cities have fewer resources and less capacity to address needed responses—but they have positive attributes and assets too. These include cultural and institutional assets, relatively low costs of living, and local support for downtowns and efforts to revitalize them. The evidence from the literature shows that downtowns of smaller cities are different environments than those of large cities, face different challenges, have different assets, and proffer distinct attributes for their revitalization. This calls for redevelopment strategies that are tailored to the specific needs and conditions of these communities.

Several key points relating to downtown revitalization in small and midsized cities emerge from the numerous case studies that are discussed in this report. The main findings are: (1) cities need to have a long-term vision in the revitalization of their downtown; (2) city staff play a critical role in downtown revitalization; (3) building public-private partnerships is essential to the effectiveness of downtown revitalization; (4) cities need to be patient and commit to a long-term process to see results; (5) mixed use development should be prioritized in downtown development projects; (6) quality placemaking enhances the downtown environment and helps draw people to the city center; and (7) each city must identify and build on the assets of its downtown.

This PAS report builds on previous work on the subject, Downtown Planning for Smaller and Midsized Communities (Walker 2009). That book provides guidance to civic leaders and downtown organizations on the intricacies of planning for the redevelopment of downtowns in smaller and midsized cities; it provides a step-by-step approach to developing a downtown plan and explores the issues that need to be considered in the preparation of the plan. This report is different. It is evidence-based, and digs deeper into strategies that cities have implemented and their effectiveness in the revitalization of a downtown. This report is written primarily for municipal planners and those engaged in the revitalization of downtowns in the United States. It provides exemplary strategies that have proved successful in transforming the downtowns of small and midsized cities and discusses the conditions that make them appropriate for use under each situation. Thus, the report is a resource that urban planners can turn to in selecting and adapting strategies that may be applicable to their own communities. But every community is different in its history, physical morphology, economic conditions, and political climate. The exemplary strategies discussed in this report are not meant to be formulas to be replicated without critical assessment of their suitability to each locality.

The sample communities used in this report are all cities with populations of fewer than 250,000 that self-identify as small or midsized cities, either because of the population size or the character of the community.

DIVERSIFYING AND GROWING DOWNTOWN’S ECONOMY

Many downtowns continue to struggle with boarded-up buildings, crumbling infrastructure, and high vacancy rates. One objective of local governments is to revive downtown economies by getting businesses back into vacant spaces, attracting talent, increasing business investment, and luring customers back to spend money in the downtown.

Downtown economies began to fray by the mid-20th century as they faced stiffer competition from suburban malls. The first knee-jerk response to the decentralization of economic activity away from the downtown was to remake downtowns like the suburban malls, so they could more effectively compete with them for business. But across the country, downtown shopping malls and pedestrian malls failed despite providing similar amenities as their suburban competitors.

When it became clear that Main Street could not compete on equal terms with the suburban malls, civic leaders sought to recast downtowns as alternative retail venues that complemented, but did not compete with, the malls. This led to the development of a suite of economic development programs with the goal of making downtown a shopping destination that differed from the experience shoppers enjoyed in the suburban mall.
Successful revitalization strategies built on the positive assets of downtowns and addressed the challenges of doing business downtown. These strategies sought to encourage local businesses, restaurants, and retail to locate in and populate downtown vacant spaces and to make these the economic base for the downtown.

As part of this approach, cities provide economic incentive programs to businesses to decrease the cost of business location, to help decrease investment risks, and to incentivize business location in the downtown. Such incentives include tax increment financing (TIF), facade grant programs, the formation of business improvement districts (BIDs), fee waivers, and rent assistance programs. Besides addressing financing and location costs, community boosters also need to attend to the professional and business development needs of downtown businesses. The most prevalent of these strategies are mentorship and business training programs.

Gaining ascendancy in the last couple of decades, the regenerative approach uses strategies including entrepreneurial centers, business incubators, makers hubs, and innovation clusters. The primary goal is to nurture the talents that reside in the community itself. A secondary goal is to attract new talent from outside the community to create and start new businesses.

In deciding on the types of businesses that are needed in a city’s downtown, it is often necessary to do market research. A sophisticated market analysis requires the use of consultants who are specialized in the field, but a rudimentary market assessment can be done in-house to help planners understand the local economy and the types of businesses that a downtown and the community may need to attract or incentivize.

One such example is a retail and service business mix analysis. This tool offers a snapshot of street-level business activity to stimulate ideas about business expansion and recruitment and provides the baseline information for a more detailed and comprehensive analysis of the downtown and the community’s economy. Another way to gauge a downtown’s market potential is through retail gap analysis. This analysis enables a community to identify the market potential for different businesses by revealing the divergence between demand and supply for goods and services in the community.

### DOWNTOWN PLACEMAKING

Physical form is important to the perception and experience of a downtown. Because physical elements give people the first impression about the downtown’s health, civic leaders often begin downtown redevelopment efforts with modifications to the physical environment. Because these changes are tangible and visual, they communicate to all that a city is starting to pay attention to its downtown.

Placemaking is the art of transforming public space into quality places. Downtown placemaking is not just about improving aesthetics; it is also concerned with improving the function of a downtown, such as making it more pedestrian friendly or enhancing traffic flow and parking. Placemaking is recognized not just for its intrinsic value, but also because it can be a tool for economic development by helping attract and keep talent in a community. Good placemaking helps to create a strong bond between people and the places in which they live, work, shop, or play. It breeds a sense of pride and belonging.

There are four types of placemaking. Standard placemaking focuses on improving public places through modifications to the physical environment and privately owned elements of the built environment that impact the perception of public space. Strategic placemaking is used as an instrument for the achievement of a specific goal, such as economic development, talent attraction, or cultural enhancement. Creative placemaking uses the arts and cultural activities to rejuvenate public spaces. Tactical placemaking, sometimes referred to as tactical urbanism, is a temporary transformation of public space through experimentation to observe the benefits associated with the modifications and to generate new ideas for improving public spaces.

Placemaking may be initiated in a community by a nonprofit organization, a city’s leadership, the planning commission, a downtown development authority, or a civic organization. A critical component of placemaking is a civic engagement process that involves the citizens of the community in generating ideas for the use of the public space. Cities can pursue placemaking through a structured and formal process by including it as part of a downtown plan, the comprehensive plan, or the capital improvement plan. Another approach is to pursue placemaking as an ad hoc and incremental strategy for improving public spaces without a grand plan. This is more likely to take the form of strategic placemaking, with a goal to accomplishing a given end. Recent developments have also hinted at the importance and success of using tactical urbanism to transform the urban environment and to learn of possible options that cities can use to enhance public spaces. These small, low-cost, and incremental approaches can be part of larger placemaking transformations in a city.
There are a number of tactics that are often used by cities across the country for public space improvement. These include streetscaping projects, gateway enhancement, public art, the provision of public gathering places and destinations, points, and landscaping.

**DOWNTOWN HOUSING**

Since the turn of the 21st century, there has been a resurgence in downtown living. This dramatic turnaround is attributable to two factors: an improving economy and changing demographics. Young professionals and the baby boomer population group are pre-children and post-retirement households, respectively, for whom large houses and yards, typical of the suburbs, are not needed. These two demographic groups are attracted to downtown living. Downtown living is also attractive to artists who prefer live-work units that enable them to work from home, students, and downtown workers.

Favorable demographic trends are necessary but not sufficient for increasing downtown's residential population. Two conditions must also prevail to make downtown living a reality: the downtown must provide an environment in which people want to live, and there must be an investment motive for home ownership downtown. A third important factor is that downtown housing should be profitable to real estate developers. Developers take the initial risk of building in the downtown, and will not do so if they perceive the return on investment (ROI) downtown to be lower than elsewhere in the city or that of alternative investment opportunities.

While local governments cannot create demand for downtown housing, they can affect the supply side of the equation by decreasing development costs to the private sector through incentives and a supportive regulatory environment. Such government actions can assist in bringing the cost of providing downtown housing into balance with demand and establish a viable housing market for developers. This is particularly the case where market conditions are not yet strong enough to support development activity. Local government support may also be necessary to incentivize affordable housing. Such strategies include offering gap funding programs, modifying zoning ordinances to make them supportive of housing development, and providing incentives to decrease housing development costs to developers. In addition to regulatory tools, local governments can also deploy economic incentives to support the development of downtown housing, particularly in high-cost housing markets in need of affordable housing. Such strategies may include the use of density bonuses, fee waivers, and property tax credits.

The public sector can also facilitate the provision of downtown housing and more efficient decision making by making information available to private and nonprofit housing providers through a housing market assessment. While sophisticated housing market analysis requires the use of consultants specialized in such areas, city staff can do a preliminary assessment of the housing market conditions as a prelude to the more detailed analysis that can then be undertaken by the consultants. An assessment of the downtown housing market is aimed at identifying the potential demand and supply for housing to give guidance to developers on the type of housing that is feasible and profitable.

Cities must support the private sector to provide housing in the downtown, but even with available housing, people must find the downtown attractive as a place to live. An added responsibility of civic leaders then is to provide the amenities that will attract residents to choose downtown living over the suburbs. Cities that are successful in attracting and keeping young professionals and baby boomers are the ones that provide the lifestyles they seek, extolling “quality of place” rather than “quality of work” values. These values should be reflected in downtown urban environments to attract these population cohorts.

Additionally, the downtown should be perceived as a safe place. It should be designed for human-scale activities, and have the amenities that people need. As part of the downtown redevelopment process, cities should track crime rates and implement programs that improve the safety of their downtowns. In addition to programs that put safety officers on the street, the design of the physical form also plays an integral part in downtown safety.

**DOWNTOWNS AS CIVIC, CULTURAL, AND ENTERTAINMENT CENTERS**

Downtowns have traditionally been the sites where community civic, cultural, and entertainment amenities are located. Downtown is also where community heritage and cultural pride is celebrated. Successful downtowns attract and retain museums, sports stadiums, theaters, and performing arts centers, and capitalize on the location of civic buildings to ensure they enhance their communities.

Events have become a relatively low-cost approach for cities to showcase their heritage resources, to reintroduce people to downtown, and to increase foot traffic for downtown...
town businesses. Art walks, outdoor performances, concerts, and film festivals are some of the events that can recurrently take place downtown. The scheduling and holding of these events require a collaboration of city staff, downtown development organizations, and event planners to pull off. City staff and downtown development organizations also work in concert with the private sector to raise funds, advertise, and organize the downtown events.

Civic, cultural, and entertainment uses are of several types: civic buildings that provide services to the public, such as city and county offices and courthouses; places of contemplation, such as churches, libraries, museums, and arts centers; congregational spaces and facilities that bring the community together, such as convention and conference centers, sports stadiums, concert halls, and theaters; and heritage sites and buildings, such as the historic commercial buildings, historic military forts, and historic homes that are the embodiment of a community’s history. In many ways, these amenities are the qualities that distinguish a downtown from its competition and make it an attraction for heritage and leisure tourists.

Recognizing the significance of civic and cultural resources to a city’s history and its development, many are turning to these amenities as linchpins in the redevelopment of their downtowns, a trend that may be appropriately termed the cultural turn in downtown development. In line with this trend, a growing strategy for redeveloping downtowns across the country is the designation of cultural districts. A cultural or heritage district acknowledges the concentration of a city’s civic and cultural assets in its downtown and the utilization of the symbiotic relationships between them for the downtown’s development.

Once a cultural district is designated, city planners and downtown revitalization specialists lead the effort to prepare and implement the cultural district enhancement plan. Like other sector or special area plans, such a cultural or heritage district plan may be a part of the overall downtown redevelopment plan or a stand-alone plan that complements the downtown plan. Staff planners, elected officials, the public, and the private sector should all be engaged in discussions that lead to the identification of the types of amenities and the prioritization of funding for the implementation of a cultural plan. Planners can play a role in engaging the public and political leadership, in organizing public forums to discuss and get the public’s input in the decision-making process, and in writing persuasive memos to educate and convince decision makers about the contribution of and location of these amenities in the downtown.

Civic leadership is important to the revitalization of downtowns in both large and small cities. It takes visionary leadership, commitment, and organizational prowess to bring resources together and mobilize them to effect change. This leadership may emanate from either the public or private sector, it may be an individual or group of people, or it may be an organization with passion for the development of the downtown. In the end, it is people that make the difference.

The public sector also plays a central role in the redevelopment of the downtown. But there must also be a recognition that downtown revitalization will not succeed without buy-in from the private sector. A city, through its agencies and department staff, may provide the incentives and inducements for downtown redevelopment, but the private sector must see an economic logic for investing in the downtown for revitalization to succeed. Without private-sector commitment, public stimulus alone will have limited impact. Hence, successful revitalization programs, even when they begin with the public sector, have quickly brought the private sector on board as partners in the redevelopment of the downtown.

Downtown revitalization often starts heuristically without a plan. In most cases, a city embarks on one or a few downtown projects or programs in response to an identified problem. Eventually, however, cities recognize that the disparate projects in the downtown need some cohesiveness. Discussions among downtown stakeholders, planning staff, and the community development department eventually lead to a decision to prepare a downtown revitalization plan that provides a clear and unified vision for the improvement of the district. A city may prepare a downtown plan as an element of its comprehensive plan or as a stand-alone plan prepared specifically for the downtown’s redevelopment.

No single organizational structure exists for the delivery of downtown redevelopment among cities with reputations for the successful revitalization of their downtowns. The approach adopted by a city is dependent on the institutional culture of the community. Downtown redevelopment plan implementation or revitalization efforts may be led by several types of formal organizations. These include city agencies, downtown development authorities, business improvement districts, or both a business improvement district and a downtown development authority.

The process and institutional framework established for revitalizing a downtown varies from one community to the other and depends on the institutional traditions of each
community. Each community should evaluate its situation, determine how well the institutional relationships work to its benefit, and adopt the most appropriate organizational structure for its needs. What is common to all is that a downtown redevelopment plan is often the end result of multiple uncoordinated efforts at downtown revitalization. The plan knits together all the projects that are being undertaken by the different stakeholders in the downtown. Planning staff play an important role in the process by helping crystallize ideas of civic leaders, organize meetings, identify and evaluate alternative options, explore funding sources, and, where necessary, sell the ideas to the public, planning commission, and city council.

**ASSESSING PROGRESS AND MEASURING SUCCESS**

Assessing the impact of downtown revitalization programs and projects is the most underdeveloped aspect of the downtown revitalization process. Few cities regularly monitor and report the outcomes of their plans, and even fewer provide comprehensive evaluations of plan outcomes. Without a documentation of impacts, it becomes more difficult for elected officials and staff planners to justify the continued expenditure of public funds in the downtown. This is particularly challenging when investors and property owners in other parts of the city argue for parity in municipal spending.

Cities need to routinely monitor and assess conditions in their downtowns to ascertain their health and to determine if redevelopment programs are working. Ideally, this should be done as part of a routine annual reporting by the entity leading downtown revitalization efforts. When a city agency leads downtown development efforts, this responsibility falls on planning staff or the community development department. Where there is a downtown development agency or business improvement district outside city government, this responsibility lies with the agency’s staff.

The assessment process works best if development agencies establish goals and benchmark indicators as part of downtown redevelopment plans. This makes it easier to measure progress against the established goals. Civic leaders can use measurable indicators to gauge a downtown’s health. When tracked over time, these metrics provide information about progress in the achievement of the downtown goals and indicate where more effort needs to be directed. This assists the community in prioritizing its budget and in fine-tuning implementation strategies. Some indicators for measuring conditions in downtowns may be quantitative in nature, while others are more perceptual.

Clear and measurable ways for communities to ascertain how well their redevelopment strategies are working address the image of the downtown (positive media reports on downtown); demographics (proportion of city’s population residing downtown, demographic diversity, population density, volunteerism); housing, property values, and vacancy rates (number and proportion of housing units downtown, change in assessed values of downtown property, vacancy rates); economy (business starts, numbers of downtown businesses and employees, sales volumes, business turnover rates, business longevity, hours of operation, tax base growth, income growth, regulation of on-street parking, redevelopment grant activity); civic and cultural amenities (proportion of civic and cultural amenities downtown, public gathering spaces, events); and design and land use (land-use mix, pedestrian and bike friendliness, transit options).

**DIAGNOSING DOWNTOWN CHALLENGES AND TAKING ACTION**

Downtown is the heart of the city. Downtowns lost their optimum lifeblood functions to the city for decades because civic leaders did not pay enough attention to their critical roles in the health of cities. Perhaps the malfunction was due to an erroneous belief that other body organs and appendages could perform just as well in maintaining a healthy body. That may explain why some cities abandoned the downtown and sought new centers in the suburbs. Strip commercial centers and faux downtowns were created as a result. But lacking the natural DNA of the body, these “centers” have had to be supported with medication to prevent rejection and so have become even more expensive to maintain.

Thankfully, there is a growing realization among civic leaders that the natural heart of the city can only be abandoned at the peril of death. In medicine, repairing the natural heart requires a careful diagnosis of the problem that caused the heart failure in the first place. Some cities have done this successfully and their treatment plans have regained the heart’s function. These are the cities whose stories have been narrated in this report. Other cities are now just beginning to diagnose the cause of the problem and to begin a treatment regimen. However, like with the physiology of the body, generic prescriptions will not do. To be effective, we need to fully understand and sequence the genotype of each body. That way we can devise prescription and treatment plans that...
are specific to each person. In the same way, planners and civic leaders must carefully evaluate the current status of their downtowns and prescribe context-appropriate interventions that build on existing assets to overcome challenges. Herein lies the direction for resuscitating downtowns, the natural hearts of cities.
CHAPTER 1

THE CASE FOR REVITALIZING DOWNTOWNS IN SMALL AND MIDSIZED CITIES
Downtowns are more than retail, commercial, service, and work centers. They are the symbolic centers of cities and are unifying forces for their communities. These are the reasons cities across the country are committing resources, both financial and human, to bring them back to economic health.

Ferguson (2005) studied small and midsized cities with reputations for the excellence of their downtowns to identify their defining attributes. He found that “community leaders in the eleven sample cities recognize and appreciate the value and significance of downtown to their communities. Civic leaders routinely reported that their communities harbor strong and intense affections for their downtowns. Words such as ‘beloved’ and ‘cherished’ are used to describe public feelings for their center cities” (7). He also found that “great” small and midsized cities were able to respond to and overcome challenges with determination and creativity, and that these cities were proactively planning for the future.

Downtowns are the original central business districts of cities, the sites where barbers, grocers, and bakers provided their services. Complementing these commercial activities was a mix of other uses such as government, industry, and entertainment. In Burgess’s classic description of the urban spatial structure, the Central Business District (CBD) was the downtown. Immediately surrounding the CBD was worker housing, factories, and the zone of transition leading to the residential and commuter zones in the outer rings (Burgess 1925).

The Land Policy Institute at Michigan State University defines downtown as “the densely settled commercial core of a community that serves as its social and economic center, that has intensive commercial or mixed uses with contiguous multiple blocks of zero lot line buildings, and adjacent medium density areas that allow for district growth” (Michigan State University Land Policy Institute 2015, 6). It has identified several key characteristics of a downtown: It is multifunctional, it has at least one commercial street, it has a predominance of large storefront display windows, it has a concentration of older buildings that reflect the community’s history, and it is compact and walkable.

DEFINING SMALL AND MIDSIZED CITIES

There is no agreement on what constitutes a small or midsize city. According to the U.S. Census Bureau’s most recent data, there are 35,879 city and township governments in the U.S. (Hogue 2013), but the bureau does not provide classification of cities by size. The National League of Cities considers small cities to be those with 1,000 or fewer residents and large settlements to have over 300,000 residents (National League of Cities 2011).

A study for Reconnecting America by Sarah Kline and Sasha Forbes (2012) categorized midsized cities as those with a population of 50,000 to 250,000. It further grouped these cities into three categories: (1) center cities, (2) satellite cities, and (3) partner cities. Center cities have major employers, cultural attractions, and educational institutions. These cities also have strong influences on their regions. Examples are Hartford, Connecticut (population 123,243), and Flagstaff, Arizona (population 71,459). Satellite cities are bedroom communities that are located in close proximity to large cities. Because of their location, such cities provide only basic services. They include Kenosha, Wisconsin (population 99,631), and Tacoma, Washington (population 211,277). The third category of midsized cities are partner cities. Partner cities are located in regions with similar-sized cities and work with these other cities on regional issues. Examples are Eugene, Oregon (population 166,575), and Sarasota, Florida (population 56,610).

It may not be all that useful to establish a bright-line classification for small, medium, and large cities based on population size. It is best to allow civic leaders to self-classify their cities without the constraints of population limits. A small city may be located close enough to a large city that for all intents and purposes it is significantly influenced by what takes
place in the large city; whereas politically and demographically it is a small city, it exhibits characteristics of a large city. On the other hand, a midsize city may be located far enough from a large city so that it functions as a large city for the smaller settlements in the region (e.g., a center city in Kline and Forbes’ classification). By this reasoning a city may be considered large or small not just due to its population size but also based on its location and function.

The sample communities used in this report are all cities with populations of fewer than 250,000 (based on the 2016 American Community Survey population estimates) that self-identify as small or midsized cities, either because of the population size or the character of the community. Population sizes drawn from the 2016 American Community Survey population estimates are provided when cities are referenced throughout the report to give readers a better sense of the context of each case study example.

THE SPECIAL NATURE OF SMALL AND MIDSIZED CITY DOWNTOWNS

A good deal of exemplary transformation is taking place in the downtowns of small and midsized cities, but these may not be widely known or shared with others. As Horbovetz (2016) rightly observed, “While there are countless small city examples of how simple improvements such as pedestrian and cycling infrastructure can spur socioeconomic growth and a higher quality of life, these often go unseen by the general public. They are seen as ‘big city amenities,’ likely because citizens identify them with places like New York City or San Francisco. While small cities like Schenectady, New York, have worked to create a beautiful, pedestrian friendly downtown, sadly most outside the community will never see this shining example of what a small city can do to create a vibrant environment.”

There is a multitude of success stories in smaller cities across the country, but these have often not been visible or shared with others. This report seeks to rectify this deficiency in the literature. Not all downtown revitalization programs and projects succeed. But even in their failure they can provide useful lessons. An assessment of such programs is provided so cities can learn from the mistakes of others.

Civic leaders have a renewed commitment to downtowns. But revitalizing downtowns in small and midsized cities is particularly challenging because these cities have fewer resources and less capacity to address needed responses. William Fulton, summarizing the 2002 Rochester Conversation on Mid-Size Cities, noted that, “Compared to their larger counterparts, midsize cities often lack economic diversity. They cannot find ‘pull’ factors strong enough to combat the ‘push’ factors that lure people away. They struggle to retain longtime residents and attract new ones. They often retain poverty, but lose wealth. And they often get lost—both in the global economy and in the domestic policy debate” (Fulton 2002, 17).

Siegel and Waxman (2001) identified six challenges for small and midsized cities as (1) obsolete infrastructure, (2) overreliance on traditional industry, (3) limited human capital base, (4) declining regional competitiveness, (5) erosion of civic infrastructure and capacity, and (6) an overall limited access to resources. In a similar vein, Horbovetz (2016) noted that “while large cities can draw on significantly greater financial resources, smaller cities are often very limited by budgetary constraints. Small cities often rely more on grassroots community movements and private investment more than local government-funded campaigns.”

But small and midsized cities have positive attributes and assets too. The Rochester Conversation also noted that midsized cities retain most of a region’s cultural and institutional assets, including universities, performing arts centers, medical centers, and sports facilities. Thus, midsized cities have “a competitive advantage compared to larger cities in this regard, because they may retain a greater share of regional assets and there is less likely to be a large, rich suburban jurisdiction able to seriously compete to acquire them” (Fulton 2002, p. 11).

Kline and Forbes (2012) noted that although some small and midsized cities may be overly reliant on a few industries such as construction, housing, and manufacturing (the automobile industry is an example), they are relatively inexpensive places, and that contributes to their abilities to lure innovative industries and the creative class.

Moreover, because residents in smaller cities still have a fondness for their downtowns, they are likely to support downtown businesses and to back government policies to revitalize them. A survey of residents in the trade area of the city of Kendallville, Indiana (population 9,906), found that the majority of residents (51 percent) reported coming to downtown Kendallville with great frequency, defined as between one and seven times a week (Indiana Downtown 2011).

The University of Minnesota Extension Services surveyed residents in small cities ranging in population from 5,000 to 10,000 residents in 2005 to gauge their attitudes toward retail businesses in their communities. The study found that about 52 percent of the respondents shopped at their lo-
and thus increasing the foot traffic in the area. An improvement project brings life to the downtown by making it walkable and new uses. A facade improvement, for example, gives new life to an old and unappealing building. A downtown streetscaping project brings life to the downtown by making it walkable and thus increasing the foot traffic in the area.

Added to these attributes, in smaller cities it is easier for an individual or organization to make a highly visible impact on the community than is the case in a large city. As an example, the Ball Foundation has been a staple of Muncie, Indiana (population 69,010), for decades. The foundation was established by the Ball family, the manufacturers of Ball canning jars, in 1926 with a trust of $3 million. Each year the foundation provides grants to support community organizations that make a difference in the quality of life of city residents. In 2017 the foundation provided $500,000 to help strengthen a medical training program at the local hospital (Star Press 2017b). In the same year, through the foundation’s Rapid Grants program, several local nonprofit organizations received more than $100,000, including an art immersion program; the Three Trails Music Series that attracts residents and visitors to Canan Commons, an outdoor pavilion in the city’s downtown; the Cardinal Greenway Bike Fest; and the David Owsley Museum, among others (Star Press 2017a).

The evidence from the literature shows that downtowns of smaller cities are different environments than those of large cities, face different challenges, have different assets, and proffer distinct attributes for their revitalization. This calls for redevelopment strategies that are tailored to the specific needs and conditions of these communities.

KEY ELEMENTS OF DOWNTOWN REVITALIZATION

Although there are slightly different meanings to “revitalization” and “redevelopment,” in practice and in this report, downtown revitalization and downtown redevelopment are used interchangeably.

Revitalization implies bringing back to life a downtown or neighborhood that is dead or faded in its importance. It typically involves sprucing up and rebuilding blighted sites and refurbishing obsolete and dysfunctional buildings into new uses. A facade improvement, for example, gives new life to an old and unappealing building. A downtown streetscaping project brings life to the downtown by making it walkable and thus increasing the foot traffic in the area.

Redevelopment is the act of improving the functionality of a building, a site, or an entire neighborhood. A historic building may be remodeled from its original residential use into a commercial and residential property. A retail district can be redeveloped into a mixed use district that now includes residential, retail, office use, and even light industry. Because of the similarities in their meanings, this report considers both terms consubstantial.

A number of organizations and professionals play key roles in downtown revitalization. These entities and their various roles are described below. Some of these organizations, such as community development departments, are embedded within city government, while others, such as private consultants and Main Street organizations, are in the private and nonprofit sectors, respectively. A more robust discussion of their functions is taken up in the chapters that follow in discussions of specific case studies.

• Urban planners are professionally trained and skilled personnel in city building. Those in the public sector often work in city and county governments and are responsible for guiding elected officials and the planning commission on the development and redevelopment of land and neighborhoods, and in charting future growth patterns for communities.

• The planning commission is a body comprised of appointed members of community residents who work with city council, urban planners, property owners, and developers to ensure that development of the community follows a prescribed plan and that it is orderly and enhances the welfare of city residents. Members of the commission are appointed by the mayor or city manager of the community and approved by the city council.

• The city council is the elected body of local government that reviews and approves development decisions made by urban planners and the planning commission. The council is also responsible for budgeting funds for the implementation of downtown projects.

• Planning and community/economic development departments are departments within local government that are responsible for the economic and physical development of the city. Their staffs are composed of people trained in urban planning, economics or economic development, and other related disciplines. They provide professional guidance to the planning commission and city council on development matters and are responsible for leading and mobilizing other city departments such as parks and recreation and public works, as well as participants from the private and nongovernmental
sectors and the general public, for the redevelopment of the downtown.

- **Consultants** are professionals who provide expert services to city council and the plan commission in specialized areas of urban development. Their services complement the professional services provided by urban planners in such areas as urban design, market analysis, impact assessment, architectural and engineering services, law, finance, and accounting.

- **Developers and realtors** invest in buildings and other structures that transform the physical environment of cities. Because their decisions have an impact on the health of downtowns, their participation and involvement is critical to downtown revitalization.

- **Main Street organizations** are nonprofit organizations that are formed to help improve the commercial centers of downtowns. Many are certified members of the Main Street America program of the National Main Street Center, which was formed in 1980 to assist small and midsize cities in revitalizing the commercial and retail centers of their downtowns. Main Street America reports that as of 2017 its activities have led to the reinvestment of $70.25 billion in downtowns and the rehabilitation of 268,053 buildings across the country (Main Street America 2017).

- **Downtown development authorities** are independent bodies created by local governments with responsibility for the redevelopment of blighted and economically distressed areas of communities. Downtown development authorities have eminent domain power, which enables them to acquire and demolish property for purposes of revitalizing neighborhoods and the downtown.

- **Chambers of commerce** are membership organizations of private-sector businesses in a community. The chamber has responsibility for promoting business development and the interest of its members through promotional efforts, lobbying, and other activities.

- **Business improvement district (BID) organizations** are voluntary agencies of downtown property owners and businesses. The members raise revenue through property tax levied on real estate within their geographic boundaries to augment services provided by local governments.

- **Community development corporations (CDCs)** are nonprofit organizations that provide services and programs to residents within a defined neighborhood. Beneficiaries of CDC activities are usually low-income and underserved residents of the community. Services and programs implemented by CDCs include affordable housing, training, and poverty reduction activities.

- **Community foundations** are philanthropic organizations dedicated to improving the quality of life in a community or region by providing funding assistance to nonprofits through grants to support their activities. Community foundations raise their funds through donations from individuals, families, and businesses. Some of the funds are earmarked for specific purposes such as education scholarships, while others may be used for general community enhancement activities.

- **Community champions and civic leaders** are individual residents of a community who invest their time and resources to improve the places in which they live. A retired medical doctor may volunteer her services in providing primary health care to poor and immigrant families. A college professor may devote his time organizing residents in a downtown neighborhood to rehab blighted houses for rent to college students. A developer may provide funding for a drug treatment center or donate a building for use as an incubator for start-up businesses.

Downtown revitalization often requires that several of these community resources are tapped to identify and implement projects that improve conditions in the downtown. The types and nature of resource needs vary depending on the project in question. More often than not, urban planners provide the coordinating function in syncing resources and activities to ensure that they are effectively deployed to the benefit of the community.

**GENERAL OBSERVATIONS FROM THE CASE STUDIES IN THIS REPORT**

Several key points relating to downtown revitalization in small and midsized cities emerge from the numerous case studies that are discussed in this report. The following summarizes the major findings and provides a prelude to the detailed discussions in the chapters that follow. The main findings are: (1) cities need to have a long-term vision in the revitalization of their downtown; (2) city staff play a critical role in downtown revitalization; (3) building public-private partnerships is essential to the effectiveness of downtown revitalization; (4) cities need to be patient and commit to a long-term process to see results; (5) mixed use development should be prioritized in downtown development projects; (6) quality placemaking enhances the downtown environment and helps draw people to the city center; and (7) each city must identify and build on the assets of its downtown.
LESSONS FROM THE TRENCHES

In the words of Mary Douglas Hirsch, the downtown manager for the economic development department, Greenville, South Carolina (Hirsch 2017):

Downtown redevelopment does not happen overnight. Instead, it takes a long-term commitment from both the public and private sectors. Through community visioning and dialogue, coupled with strong leadership, a community can determine its desired goals and objectives, even as leadership may change. Master planning with broad public outreach is often the process of determining the vision, and a dedicated group of elected officials and staff implement projects in line with this vision over time.

Projects implemented in conjunction with the private sector, whether it is a streetscape built in front of a new downtown mixed-use development or a parking garage constructed to support development in a city block, rebuild a city one project at a time. These projects are often catalysts, which can create momentum and spur more development in other parts of a city.

A city is often revitalized incrementally, by breaking down projects into manageable pieces, or phases. A long-term commitment to improvement and creative financing strategies are necessary components in creating a 21st century city.

Rafael Guzman, the director of community and economic development for Riverside, California, shares the following lessons learned (Guzman 2017):

Downtown Riverside is undergoing a renaissance with several billion dollars invested in the past couple of years, diverse new development (i.e., multiple hotels, urban housing) and a wide range of amenities within a safe, clean and comfortable walking environment.

A combination of factors contributes to our positive downtown outcomes. First, the downtown anchor—the National Landmark Mission Inn Hotel (circa 1876)—is thriving and hosts the No. 1 light show in the country called the Festival of Lights. Entertainment options are essential as we have experienced with the Riverside Arts Museum, historic Fox Theater and Municipal Auditorium regularly selling out. Leadership and vision is also critical. For example, the city council set a goal to add 5,000 new urban housing units to the downtown core, which is proving essential to support the entertainment venues and retention and recruitment of businesses. Celebrate community history, which in Riverside is on display 24 hours a day, seven days a week with hundreds of local, state and national historic buildings.

Understanding what makes your community unique is just as important. Riverside is the second ranked millennial boomtown in the country, so it is imperative to foster innovative and creative opportunities like co-working spaces (Riverside I/O, Mind & Mill), breweries (Brickwood, Arcade Coffee Roasters), foodie venues (Chow Alley, the Food Lab, Heroes) and complementary cultural and educational institutions (Culinary Arts Academy, College for the Arts, Encore Performing Arts High School, Center for Social Justice & Civil Liberties).

Finally, set achievable goals for your organization like Streamline Riverside, an award-winning customer service initiative aimed at eliminating barriers to development, and more importantly, realize those goals through partnerships with the community.
Have a Long-Term Vision for the Downtown
Downtown redevelopment often starts with one project at a time, without an overall framework. However, it is important that civic leaders bring these disparate projects under a common vision in the form of a downtown plan to coordinate activities and ensure effectiveness of outcomes.

The downtown plan is different from special-purpose plans such as a beautification plan, urban design plan, or historic preservation plan. The downtown redevelopment plan is a comprehensive plan that addresses all the elements in the downtown including physical design, housing, infrastructure, and economic development. As will be explained in Chapter 6, such a comprehensive redevelopment plan can be a stand-alone plan or be part of the city’s comprehensive plan.

In developing the plan, all stakeholders should be brought on board to discuss and come to agreement on the priority development areas for the downtown and outline a process for implementation. This ensures that all the players involved in downtown development work toward a common purpose.

Engage City Staff
The creation of the downtown plan and its implementation must necessarily involve the planning staff and other departments within city government. While elected officials and city mayors serve limited terms, planning staff are relatively permanent civil servants. They ensure the continuity of policies and programs, even as the city’s political and volunteer leadership changes. Planning staff also bring professionalism to bear in the preparation and implementation of the downtown plan. They can advise elected officials on grant opportunities, state and federal regulatory stipulations, engineering and housing standards, and environmental regulations that need to be considered in the development and implementation of the plan.

Once the plan is adopted, planning staff are involved in the day-to-day implementation of the programs and projects that see to the realization of the plan. Zoning, subdivision regulations, historic preservation ordinances, design guidelines, and economic incentives are some of the instruments that planning staff use to implement and ensure the fulfillment of the vision of the downtown plan.

Build Partnerships
Downtown revitalization is a collective endeavor. Planning staff must collaborate with others in engineering, public works, parks and recreation, and economic development in the development and implementation of the plan. City commissions and committees, such as the board of architectural review, the planning commission, and the historic preservation board, all play important roles in the revitalization of a city’s downtown.

Nongovernmental organizations, such as downtown development authorities, downtown business associations, neighborhood associations, the chamber of commerce, and civic groups with memberships of downtown merchants or real estate developers, are all important organizations in the redevelopment process and must be brought on board. Of particular importance is the role of the National Main Street Center and other collaborative revitalization organizations, which can provide guidance and technical assistance in the revitalization of the downtown.

Commit to an Incremental but Sustained Approach
Downtown revitalization is an incremental process and the outcomes may not be immediately apparent. Many of the cities that today are revered for the success of their downtowns have been at it for decades.

In Greenville, South Carolina (population 67,453), the revitalization process began in the 1970s with a downtown streetscaping project. Holland, Michigan (population 33,543), formed its Downtown Development Steering Committee in 1979 to provide guidance for the redevelopment of the city’s downtown. Middletown, Connecticut (population 46,544), formed a redevelopment agency to tackle blight in the downtown in 1954; this eventually led to the formation of the Downtown Planning Committee in 1993 to revitalize the city’s CBD. The Wilmington Renaissance Corporation was formed in Wilmington, Delaware (population 71,442), in 1993 to develop strategies to improve the economic vitality of the downtown.

A sustained commitment and patience from civic leaders is necessary to yield visible and concrete outcomes. Effective downtown revitalization is additive, incremental, cumulative, and long term (Burayidi 2013).

Mix Land Uses
A downtown should be a multiuse and multipurpose district (Malizia and Song 2016). These activities reinforce each other and make the downtown lively. Housing provides the residential population to patronize and augment demand for downtown businesses, and downtown residents help create a safe and lived-in atmosphere. Professional offices provide the lunchtime crowd for downtown eateries, and entertain-
ment venues attract people from all over the region to the downtown. Retail uses give people a reason to go downtown on the weekends when offices are closed. A conglomeration of downtown land uses creates symbiotic relationships that positively reinforce each other and generate centripetal force for the downtown.

**Create a Quality Environment**

Human-scale physical improvements and a quality downtown environment encourage lingering. Cities should provide small and large public gathering spaces downtown to encourage such activities. Streets and sidewalks should be connected and pedestrian friendly, and storefronts should be inviting and connect indoor users with street-level activities. Downtown should be a comfortable and safe environment for people to live, shop, play, and work.

**Accentuate and Build on Local Assets**

Downtown revitalization should seek authenticity. Projects that are embedded within the culture and history of the community have a better chance to succeed than imitations of projects elsewhere. Cities should identify their authentic selves—that which differentiates them from others—and build on this distinction for the redevelopment of the downtown.

**ABOUT THIS REPORT**

This PAS report builds on previous work on the subject, Downtown Planning for Smaller and Midsized Communities (Walker 2009). That book provides guidance to civic leaders and downtown organizations on the intricacies of planning for the redevelopment of downtowns in smaller and midsized cities. Both the process (data collection, market analysis, community organization, plan preparation, and implementation) and the substantive issues that need to be considered (housing, infrastructure, land use, parking, employment, and transportation) are discussed in the book, which provides a step-by-step approach to developing a downtown plan and the issues that need to be considered in the preparation of the plan. Walker also discusses how to organize the numerous organizations in a community to ensure the delivery of downtown services and the implementation of the plan.

This report is different. It is evidence-based, and digs deeper into strategies that cities have implemented and their effectiveness in the revitalization of a downtown. For example, what difference does it make that a facade improvement grant was made to a downtown property owner? Did the program increase sales and the appeal of the downtown? Has the use of tax increment financing increased employment and property values in the downtown? And what conditions and characteristics of a community make it a good fit for using a particular tool for the revitalization of its downtown? These are the types of questions that are answered in this report.

This report is written primarily for municipal planners and those engaged in the revitalization of downtowns in the United States. It provides exemplary strategies that have proved successful in transforming the downtowns of small and midsized cities and discusses the conditions that make them appropriate for use under each situation. Thus, the report is a resource that urban planners can turn to in selecting and adapting strategies that may be applicable to their own communities.

The small size of planning departments in smaller cities often necessitates that planners work with consultants to prepare and implement downtown plans. Municipal planners will find examples in the case studies discussed in this report on how to organize the different downtown stakeholders, organizations, and consultants in the downtown revitalization process.

Chapter 2 of this report is devoted to the economy of downtowns. One priority of downtown revitalization programs is to improve the economic health of the downtown through talent attraction, business development, employment growth, and decreased vacancies. This chapter examines how successful downtowns have used various financial incentive and business assistance programs to revitalize the economies of their downtowns.

Improving the quality of the downtown environment through physical modifications helps increase return visits and make it a place where people may even choose to live. Placemaking strategies that help transform the physical environment to achieve these goals are discussed in Chapter 3.

Healthy downtowns are places with vibrant activity cycles during the day and evenings. One way to create these cycles is to increase the number of people who live downtown, the subject of Chapter 4. Increasing housing often starts with a housing market assessment to identify downtown’s housing needs and market demands and make this information available to real estate developers. But civic leaders must sometimes also provide incentives to make downtown housing competitive with the suburbs. How such incentives are deployed is discussed in this chapter.

Downtown housing needs to be augmented with amenities such as public spaces, museums, and other civic and cultural activities that attract people to the downtown. This
makes the downtown a live-work-shop-play environment. How to successfully plan and execute the provision of these civic and cultural amenities is taken up in Chapter 5. Cities must also streamline the organizational structures involved in downtown revitalization to avoid duplication and to ensure effective deliveries of downtown services and programs. Chapter 6 discusses the downtown planning process and the institutional organization for the implementation of the plan.

Once the plan is adopted and implementation is under way, civic leaders must regularly monitor performance to determine how well the city is moving toward accomplishing the goals of the downtown plan. Chapter 7 of the report addresses this matter.

Chapter 8 summarizes the different revitalization programs discussed in the report, provides resources that cities can access for assistance, and offers further information on particular revitalization strategies.

Finally, it is worth restating that every community is different in its history, physical morphology, economic conditions, and political climate. The exemplary strategies discussed in this report are not meant to be formulas to be replicated without critical assessment of their suitability to each locality. The intent of the report is to show what has worked in some cities and to provide examples for planners and others looking for successful approaches that may be adapted to their own communities.
CHAPTER 2

DIVERSIFYING AND GROWING THE DOWNTOWN ECONOMY
Many downtowns continue to struggle with boarded-up buildings, crumbling infrastructure, and high vacancy rates. One objective of local governments is to revive downtown economies by getting businesses back into vacant spaces, attracting talent, increasing business investment, and luring customers back to spend money in the downtown.

This has become a challenge, particularly in small and midsized cities that are also faced with human capital flight to large cities, are burdened with sunken investments in infrastructure that is decaying and needs maintenance, or have less diversified economies than large cities (U.S. EPA OSC 2015).

The economic health of a downtown hinges on a rich mix and balance of retail, office, entertainment, restaurant, and residential uses. Given the growth of online sales that is challenging brick-and-mortar commerce, sustainable downtown economic development strategies must privilege firms that are anchored in the community. As Harvard Business School’s Michael Porter observed, “economic activity in and around inner cities will take root if it enjoys a competitive advantage and occupies a niche that is hard to replicate elsewhere” (Porter 1995, 56).

This is apropos given that downtown businesses in small and midsized cities are often local, family-owned independent businesses that were either started or purchased by their owners (Burayidi 2015b). A study by Civic Economics (2012) found that local businesses have a higher multiplier impact on the local economy. The study revealed that local retailers and restaurants returned 52 percent and 78.6 percent of their revenues, respectively, to the local economy. By comparison, national chain stores and restaurants only recirculated 13.6 percent and 30.4 percent of their revenues, respectively, in the local economy.

The higher multiplier impacts of local businesses mean additional jobs and tax revenues are generated for the local economy. Local businesses are also more resilient to economic cycles, sustain vibrant town centers, are more diversified across a range of business types, and place less demand on public infrastructure than big business (Mitchell 2012).

THE DECLINE OF THE TRADITIONAL DOWNTOWN

Downtown economies began to fray by the mid-20th century as they faced stiffer competition from suburban malls. The interstate highways provided greater visibility for chain retail stores and became preferential locations for retail business. These businesses relocated to the suburbs in step with the suburbanization of the middle class (Baum-Snow 2007; Kellerman 1985). Additionally, land was cheaper at the fringe than in the central business district, so customers’ parking needs were easier to accommodate at the suburban malls than in downtown locations.

The drain of retail from the traditional downtown has been met with three responses from civic leaders. These may be characterized as the competition, complementarity, and regenerative strategies.

The first knee-jerk response to the decentralization of economic activity away from the downtown was to remake downtowns like the suburban malls, so they could more effectively compete with them for business. When it became clear that Main Street could not compete on equal terms with the suburban malls, civic leaders sought to recast downtowns as alternative retail venues that complemented, but did not compete with, the malls. Other downtown redevelopment programs have sought to nurture local talent and skills by providing working spaces to incubate and hatch ideas into local businesses that will help regenerate the downtown economy. The goals are to both stimulate the entrepreneurial capacity of local residents and attract talent from outside the community.
THE COMPETITION STRATEGY

The initial response of cities to business decentralization was to adopt policies and strategies to coax the chain department stores back downtown. The idea was that if only downtowns were remade like the malls, these businesses would return. Understandably, then, some communities built enclosed shopping malls in their downtowns.

Victor Gruen, who designed many downtown redevelopment plans in the 1960s, frequently included shopping malls as a centerpiece of such downtown renewal plans. Often, a hotel, convention center, and a parking garage were additional components of the shopping mall. Oshkosh, Wisconsin (population 66,579), provides a good example of such a downtown redevelopment strategy. The city built Park Plaza Mall, an enclosed downtown shopping mall, in 1970. Parking space was provided in a two-level garage attached to the mall. A convention center and a Radisson Hotel were built as supporting uses.

In its early years, the mall was anchored by Sears and regional department store H.C. Prange. For a decade or so the mall enjoyed success and even attracted other chain retail stores, including Kohl’s, JC Penney, and Younkers department stores. However, in 1984 the Fox River Mall opened in Grand Chute near Appleton, 20 miles away along Highway 41, and provided fierce competition to the Park Plaza Mall. The major anchor, Sears, pulled out of Park Plaza in 1993, followed in succession by JC Penney and Younkers, all of which are now located along Highway 41. By the decade’s end, half of the mall was empty and had to be retooled for uses other than retail. The name was changed from Park Plaza to Oshkosh City Center and the building was remodeled to provide street-level pedestrian access to ground level shops (Figure 2.1). Even so, this has achieved limited results as few retailers have remained in the mall. Much of it is now occupied by businesses such as Lakeland, a health care services provider, and East Bay, a telemarketing company.

Across the country, downtown shopping malls failed despite providing similar amenities as their suburban competitors. Initially, at least, both the suburban and downtown malls provided a mix of uses such as retail, restaurants, food, entertainment, and other services under one roof, so patrons could undertake all their activities in one trip and in a safe environment. Yet the downtown malls faltered and did not attract a large enough draw of customers to survive. Most downtown malls were smaller than the suburban malls and they were built at a time when manufacturing and commercial activity, and the workers in these firms, had already moved out to the suburbs.

Another strategy that sought to reboot downtown economies was the development of downtown pedestrian malls. The goal for these malls was similar to that of the downtown enclosed shopping mall—to increase foot traffic by getting people out of their cars to shop in downtown businesses. The design of the pedestrian mall usually necessitated the closure of one or more blocks of downtown streets to keep automobile traffic out and ensure safety for downtown shoppers. Along both sides of the street mall were retail shops, restaurants, personal care businesses such as salons and pet grooming, and other businesses. At the height of this trend in the 1980s there were over 200 pedestrian malls throughout the U.S. (Pojani 2010).

Like the enclosed downtown shopping malls, the record of pedestrian malls in reviving the economic health of downtowns has not been impressive. In an era already dominated by the automobile, and particularly in small and midsized cities with fewer public transportation options, people still

Figure 2.1. The former Park Plaza Mall (now Oshkosh City Center) in downtown Oshkosh, Wisconsin (Akiwele Burayidi)
needed to drive to the pedestrian mall and in some cases had to pay to park their vehicles since sufficient parking was not available. By contrast, parking at suburban malls was readily available and free.

Another disadvantage was that, unlike in the enclosed suburban mall, customers at the pedestrian malls were exposed to elements of the weather as they moved from one building to another. In many cities, pedestrian malls did not attract sufficient customers to keep the businesses viable. Most cities that experimented with the pedestrian mall have since opened them up to traffic following pressure from downtown businesses. Only a few such malls remain today, including those in Charlottesville, Virginia; Madison, Wisconsin; Riverside, California; and Ithaca, New York (Figure 2.2).

These malls survived largely because they are located next to a university or are near tourism venues that draw significant crowds. As Pojani rightly observed, “Downtown pedestrian malls were not able to change street use patterns and stimulate the suburbanized population into new habits. There was no reason to go to these malls, just as there was no reason (i.e., attractive retail, entertainment, and activities) to go into the rest of the downtown except for business purposes. The general lack of appeal of American downtowns was responsible in large part for pedestrian malls’ failure” (Pojani 2010, 176).

The downtown enclosed and pedestrian mall strategies failed to revive downtown economies where they were applied. These approaches, however, provided a good lesson for civic leaders on how not to revitalize downtown economies: downtowns should not try to be the suburbs. To succeed, downtown economic revitalization strategies must be modeled specifically for the downtown.

**THE COMPLEMENTARITY STRATEGY**

By the latter part of the 20th century it became clear to civic leaders that department stores would not return to the downtown, that pedestrian malls had only limited success in helping revive downtown economies and in some cases were downright detrimental to the downtown, and that alternative strategies tailored specifically for downtowns were needed to jumpstart downtown economies. This led to the development of a suite of economic development programs with the goal of making downtown a shopping destination that differed from the competition approach that looked outward for the salvation of downtown economies. Unlike the competition approach that looked outward for the salvation of downtown economies, these new-generation strategies were inward looking.

These strategies seek to encourage local businesses, restaurants, and retail to locate in and populate downtown vacant spaces and to make these the economic foundation for the downtown. This approach was based on the realization that local, independent family-owned businesses had a com-
mitment to the local community and often had objectives that complemented the economic imperative of profit making. As Jennifer Kime, director of Downtown Mansfield, Inc., in Mansfield, Ohio (population 46,678), put it: “When a business is choosing a location between downtown Mansfield and some random strip mall or faux downtown, if they come here and meet the other business owners it becomes clear to them. While we offer a wealth of unique marketing opportunities, fair prices, and unmatched services, our greatest strength is intangible: it’s our belief in our community; it’s our families that grow up together; it’s the legacy of the community; it’s history in the making. It’s better than a tax incentive any day” (Kime 2013).

Successful revitalization strategies build on the positive assets of downtowns and address the challenges of doing business downtown. The major issues of downtown businesses are often (1) the need for marketing to get the word out about their existence and the services they provide; (2) finding space for expansion in the downtown; (3) obtaining support with financing; (4) keeping up with technology; and (5) finding good, reliable workers. Assisting businesses in ameliorating these impediments form the pillars of the complementarity downtown revitalization strategies. The economic incentive and professional or business development programs described below tackle many of these economic development constraints by providing business location cost reduction, infrastructure, financing, technical assistance, mentorship, economic incentives, and training for start-up entrepreneurs.

**Economic Incentive Programs**

Cities provide economic incentive programs to businesses to decrease the cost of business location, to help decrease investment risks, and to incentivize business location in the downtown. Such incentives include tax increment financing (TIF), facade grant programs, the formation of business improvement districts (BIDs), fee waivers, and rent assistance programs.

**Tax Increment Financing**

TIF districts, also called tax allocation districts or revenue allocation districts, are economic development programs used by state and local governments to revitalize distressed downtowns and neighborhoods that otherwise would not attract business investment.

All 50 states except Arizona have TIF-enabling legislation authorizing local governments to create and use these programs for economic development. A summary of TIF legislation by state is provided as an appendix to this report. Some states, such as Michigan, allow local governments to use the tool specifically for downtown revitalization. Michigan Public Act 197, enacted on August 13, 1975, allows local governments to use TIFs to prevent the deterioration of downtowns. In Michigan, TIFs can be used for infrastructure development, historic preservation programs, and for the marketing and promotion of downtown businesses.

Wisconsin adopted a TIF law in 1975 to incentivize the redevelopment of blighted areas and make them competitive with suburban locations for developers. The state acknowledged that remodeling, demolishing, altering, or redeveloping such areas makes them more expensive for development than suburban sites that do not require such expenditures. To create a TIF district in Wisconsin, a local government must show that at least 50 percent of the proposed neighborhood is either blighted, in need of conservation or rehabilitation, or suitable for industrial or mixed use development (Runde 2015).

The process and the requirements for creating a tax increment district vary from state to state. However, as a general rule, a tax increment district must be a blighted area, and a redevelopment agency created by local government must be established to manage the TIF district and oversee its expenditures. An assessment or feasibility study may be needed to determine the state of the downtown or neighborhood and to establish the baseline tax revenues in the district. The findings must show that the area is blighted or that there is an infrastructure deficiency. Some states, such as Wisconsin, also require a finding that “but for” the creation of a tax increment finance district, private investment would not occur in the area or would not occur to the extent expected. Once this finding is determined, a boundary is drawn to demarcate the area that will benefit from the program.

A redevelopment agency or local government body then prepares a plan for the redevelopment of the area. The redevelopment plan must be consistent with the community’s downtown or comprehensive plan. The city incentivizes reinvestment in the district by providing infrastructure improvements such as street realignments and sewer expansions, or assembling land in the district for development.

The costs of such improvements may be funded by selling bonds that are secured against anticipated increased future revenues raised from the district. A special fund is set up to receive revenues generated from the district. The incremental revenue is determined by subtracting the calculated baseline revenues of the district from the total revenue generated after the tax increment district is created. This is called the tax increment or captured revenue. It is this captured revenue that is used to meet the debt service obligations of the TIF district.
Once the debt for the tax increment district is paid off, which may take up to 30 years, the tax increment district status ends and all revenues flow back into the general revenue fund. TIFs may be used for residential, commercial, industrial, or mixed use development. It should be noted that during the time that the TIF program is in place, all other tax-benefiting entities such as school districts, fire districts, and counties forgo a share of the increased revenues from the district, though they continue to share the base revenue that was being generated at the time the district was created.

Midland, Michigan (population 42,096), created a downtown TIF district in 1989 to arrest the decline of the city’s downtown. The city formed a downtown development authority (DDA) with responsibility for the downtown’s development, and that entity studied and demarcated the area that is subject to the TIF program (Figure 2.3). As part of the redevelopment process, a downtown development plan was prepared and two overlay districts were created to support mixed use development, both in the downtown proper and the “northside” of downtown (MDDA 2012, 2).

The TIF authorization stipulated that the maximum indebtedness for the TIF should not exceed $15 million and the tax increment district should be dissolved no later than 2030. A redevelopment plan was prepared for the TIF district to be funded through the authorization, issuance, and sale of revenue bonds, general obligation bonds, and tax increment bonds by the DDA or the city.

The TIF funds that were generated were used to support infrastructure improvements and to subsidize some of the cost of private investment in the district. For example, in 1992 and 1993, $3 million was spent on improvements to Main Street and nearby side streets. In 1995 curb cuts, a gutter, and street surfacing along the right-of-way of Ash Street were undertaken, and in 2005 street improvements were made to Ashman Street including public art, pedestrian ways, and enhancement to the farmers market (MDDA 2012).
Additionally, TIF funds were used to leverage the construction of a mixed use hotel and conference center with 131 rooms. The facility has 20,500 square feet of conference/meeting space and was built in 2012 at a cost of $9.2 million. It provides a venue for conferences, meetings, lodging, and dining in the city’s downtown. A parking garage provides 100 parking spaces on the ground floor of the hotel, in addition to 274 surface parking spaces. The TIF program has contributed to the renaissance of downtown Midland (MDDA 2012).

While TIF is a great way to supplement the resources of local government for downtown economic development, the strategy must be used with care and diligence. TIF should only be used where there is clear evidence that private investment in the downtown will not occur; otherwise it will be an inefficient use of public funds. Even where public subsidies such as TIFs are needed, local governments must demonstrate that the anticipated private investment justifies the public expenditures, because not all TIFs generate enough revenue to pay the cost of the bonds that are raised to fund the expenditures. While TIFs may attract businesses that help grow the downtown economy through job creation and increased tax revenues, these benefits must be sustained over a long period to justify the creation of the district.

Local governments that use TIF districts for downtown economic development should require accountability from the redevelopment authorities or economic development staff who manage these districts in the form of annual reports of TIF activities. This enables the public and civic leaders to gauge how well these programs are achieving their goals. Because of the asymmetry of knowledge, communities have difficulty in determining the types and levels of subsidies that may be sufficient to attract potential firms. This may lead to more compensation for businesses than is needed. An individual business assessment and public feasibility study would therefore help cities make more judicious decisions in the provision of such subsidies.

Finally, there should be strict rules that prevent municipalities from transferring funds from healthy TIFs to pay for underperforming, failing TIFs, or from using TIF funds for projects other than repayment of the debt service. These actions prolong the life of the TIFs and weaken the budgets of local governments and special districts that benefit from property taxes.

Business Improvement Districts
BIDs, also known by several other names such as economic improvement areas or special service areas, are another approach that when used with care can incentivize business location and development in downtowns. BIDs are nongovernmental agencies that are allowed in urban areas for the purpose of providing supplemental services that promote or improve the district through advertising, promotion, sanitation, security, and business recruitment and development in the service area (Kuhn et al. 2016). A census of BIDs by the International Downtown Association found that there are more than 1,000 such organizations in the U.S. About half of BIDs are in cities with a population of less than 100,000 (Cloar 2011).

The state of Georgia authorizes the formation of BIDs in Title 36, Chapter 43 of the state code. In addition to BIDs, Georgia also allows the formation of community improvement districts (CIDs), which are primarily used to provide infrastructure. Most CIDs are located in suburban areas, while BIDs are located in urban areas. The first CID in the state was the Cumberland CID, located in suburban Atlanta, which was formed in 1984 and received the state general assembly’s authorization in 1985. The goal of the Cumberland CID was not to tackle blight but to enable businesses located at the Cumberland Mall in Cobb County to manage traffic and attract customers to their businesses following the construction of a highway that made accessibility to their businesses a challenge for customers (Kuhn et al. 2016).

The state of Arkansas’s 2015 Central Business Improvement District Act (Arkansas Code §14-184-101) provides similar authority for first- and second-class cities in the state to form BIDs. The Argenta downtown BID was created in downtown North Little Rock (population 66,278), in 2007. The BID was created to raise revenue to enhance safety in the service area and pay for downtown ambassadors; improve aesthetics and landscaping; maintain a healthy environment and improve sanitation, including litter removal and graffiti cleanup; promote and market downtown events and the arts; and retain and provide for administration and management of the district (Argenta Downtown Council 2009). Taxes for the Argenta downtown BID are limited to 30 mills (a mill being one-tenth of a penny) for every $10 of appraised value of property within the district.

To understand the role of the Argenta downtown BID in the transformation of the city’s downtown, one needs to go back to 1989. At that time there were only three stores left in the city’s downtown and crime was rampant. A shooting in 1992 near the city hall got the attention of civic leaders. As Robert Voyles, AICP, the city’s community planning director, noted, “Downtown would have just died if citizens and the city had not done something to change its course” (Bell 2010). A community development corporation was subsequently formed for redeveloping the downtown neighborhood.
Working with developers, the CDC purchased 38 blighted houses and dilapidated buildings and tore them down to get the area ready for redevelopment. Seeing a need, local banks provided low-interest loans at just one percent above prime to potential developers and home owners who were willing to redevelop or purchase houses in the neighborhood. Shortly thereafter, a BID was formed for the downtown.

The Argenta downtown BID recruits downtown ambassadors who patrol the downtown to keep it safe, provide customers with information, and plant and maintain flowers and hanging baskets to keep the downtown beautiful. The downtown ambassadors also ensure that the downtown is clean by removing litter and graffiti and by regularly washing downtown street furniture. The BID promotes the downtown and increases foot traffic through art festivals and cultural and sporting-related activities.

The Argenta downtown BID is run by the Argenta Downtown Council’s 27-member board. The boundaries include an arts district with regular exhibitions that draw people to the downtown and a farmers market. The success of the Argenta downtown BID led to its inclusion in the 2010 “Creating Great Places Road Trip” that was organized by the University of Arkansas Cooperative Extension Service for citizens and business leaders to learn about redevelopment success stories in the state.

Indiana Code §36-7-22 allows municipalities to create economic improvement areas for the purposes of improving economic conditions in a designated area of the city. This enables property owners in the district to raise revenue through a special assessment, or self-tax, on themselves. The law requires that the projects undertaken in such districts provide special benefits to property owners within the district and be of public utility.

Indiana law defines economic improvement projects as those that involve the funding or provision of public infrastructure, such as landscaping and streetscaping, public areas, public ways, utility facilities, sewage, water facilities, streets, and sidewalks; the promotion of commercial activities and events; support for business recruitment; construction of parking facilities; and acquisition and rehabilitation of residential property (§36-7-22-3). The revenue generated from BIDs is used to provide supplemental services the municipality would normally not provide, such as marketing and promotion, cleaning and maintenance, and public safety. This may include revolving loans to downtown property owners to fix up their properties or a facade improvement grant to members.

Kendallville, Indiana (population 9,906), established an economic improvement district (EID) for its downtown in 2013 (Kendallville 2013). This followed a petition to the common council from downtown property owners (in many states, a referendum of property owners is required). Under the program, property owners in the district imposed a tax on themselves to raise additional revenue for the area’s development. Through this program at least $30,000 is spent on downtown projects each year. Property owners in the district have used the revenue for landscaping, promotions, business recruitment, advertising, and snow removal, among other activities. Other large BIDs can generate far greater revenues, enough to have paid staff.

A five-member board of directors manages the affairs of the Kendallville EID. A majority of the board members must be property owners; all current board members are either downtown property owners or operate businesses in the district. Board members serve a one-year term and are responsible for preparing the annual budget for the district. All expenditures made by the board must be approved by the mayor and common council on an annual basis. The board is also responsible for developing bylaws governing its members, subject to review and approval by property owners and city council.

The EID in Kendallville is part of an overall concerted effort by the city to revitalize the downtown, one that goes back several decades. In 1991 a strategic plan prepared for the city suggested the use of a matching facade improvement grant program and other proposals for the downtown’s development. The Downtown Business Association of Kendallville Inc. was formed in 1993 to organize property owners to advance the interest of the downtown, to educate residents about the importance of the downtown to the city, and to stimulate the revitalization of the downtown.

The city’s 2010 comprehensive plan also targeted the downtown for redevelopment, noting that “a well-crafted downtown commercial zoning district would help permit and support the mixed-use composition that is critical to the downtown’s revitalization” (Kendallville 2010, 20). In 2010, after the city joined the Indiana Association of Cities and Towns (a technical assistance program for municipalities), the city’s redevelopment commission hired a consulting firm to prepare an action plan for the development of the downtown. The plan outlined several steps that needed to be taken to move the downtown forward, including the provision of more entertainment options, attracting anchors for the downtown, and streetscaping (Indiana Downtown 2011).

Since its formation, the Downtown Business Association of Kendallville has worked jointly with the city’s redevelopment commission on several projects, including the “Save the
Facade Improvement Programs

Some cities provide facade improvement grants to help businesses remodel downtown buildings to improve their aesthetics and the visual appeal of their downtowns. Beloit, Wisconsin (population 36,757), provides such grants so downtown business owners can repair, rehabilitate, and improve the facades of commercial property in the downtown. The objective of the facade program “is to encourage business growth and to make a positive statement about the Beloit business climate to the community, visitors, existing and new businesses” (Beloit Economic Development Corporation 2017).

Strand” campaign. The Strand Theater, located downtown, has been a community landmark since 1890 (Figure 2.4). The theater faced imminent closure because the owner could not afford the estimated $120,000 it would cost to convert to a digital movie format. The “Save the Strand” campaign raised $118,736 to enable the theater to convert to digital film technology and ensure its continuous presence in the downtown (Nartker 2014). The two organizations have also worked to improve the ambience of the downtown by providing flower baskets, planting trees, hoisting banners and flags, and installing a wifi system.

The Downtown Main Street Business Association sponsors the annual summer farmers market and “Trunk Treasures,” a public garage sale that vendors conduct from their vehicles in downtown parking lots. The farmers market started in 2000, but was lightly attended because it was held in a heavily trafficked downtown location on Thursdays from 1 to 5 p.m. In 2008, the Downtown Main Street Business Association moved the time and day to Saturdays from 8 a.m. to 1 p.m. The organization also closed off a half-block of Main Street to automobile traffic to hold the farmers market, making it more pedestrian-friendly. Through increased marketing and the relocation of the farmers market to the new site, attendance by vendors and customers has grown exponentially, and the increased foot traffic has benefited the downtown (USDA AMS 2008).

The downtown is also in a TIF district that raises $100,000 annually in revenue for the development of the downtown. Funds from the TIF district are managed by the city’s redevelopment commission (Nartker 2016).

BIDs work best when there is enough money to hire staff rather than rely on city staff and volunteer merchants. Kendallville’s experience suggests that economic improvement districts can contribute to downtown revival. However, they must be part of a collection of strategies that reinforce each other and work in concert for improving the downtown. Although BIDs can augment public expenditures for downtown projects, they have been subject to the criticism that their operations fall outside the purview of the public and are therefore not held accountable to the citizenry of the communities in which they operate. Cities that use this program may wish to consider adding some community residents to the board of directors to provide resident input in the deliberations of the BID.
potential business tenants” (Downtown Beloit Association 2017). Buildings receive a grant of $500 to $1,000. Applicants must provide a 50 percent match from their own funds and grant money is disbursed only after the completion of the project (Downtown Beloit Association 2017).

The program is run by the Downtown Beloit Association and is funded from allocation of BID funds. Projects that are funded must follow design guidelines provided by the association and must be reviewed and approved by the association’s design committee. The design guidelines are an important component of the program in ensuring that property owners undertake appropriate remodeling of their buildings that add to, rather than detract from, the visual appeal of the downtown.

To be eligible for the facade grant, a property must be a commercial tax-paying building and be located within the BID. Qualifying properties must also be in conformity with the city’s zoning ordinance. Eligible activities include lighting, restoration, improvements to the exterior surfaces of buildings, masonry and structural repairs, sign removal, repair or replacement, additions to existing structures, and murals.

In 2016 the Downtown Beloit Association provided more than $6,000 in grants to businesses for sign and facade improvements. In that year the downtown added 16 new businesses, creating more than 40 new jobs (Kasten 2017). One of the past recipients of the facade grant program is the owner of Bagels & More, who in 2008 undertook a $25,000 storefront renovation funded from a combination of the facade grant and a bank loan. The stucco facade was removed from the building and cinder block windows were replaced with new windows on the second and third stories of the building. The plastic letter signs advertising the business were also replaced with more durable metal signs (Figures 2.5 and 2.6). Following the facade improvements, the owner reported a 10 percent increase in the number of first-time customers to the business and a 20 percent increase in sales. The improvements also had positive ripple effects on the surrounding buildings (Ryan et al. 2014).

The transformational effects of facade improvements to the Bagels & More building in downtown Beloit have been experienced in other cities as well. In Monroe, Wisconsin (population 10,723), a matching facade improvement grant of $7,000 was made to Sequels, a consignment shop in the downtown. The funds were used to provide custom awnings, a new sign for the consignment shop, and outdoor lighting, as well as to replace the front door and upper-floor windows. Following the rehab work, the owner reported a 15 to 25 percent increase in first-time customers and a 10 to 15 percent increase in property value growth (Ryan et al. 2014).

Civic leaders must give serious consideration to the eligibility criteria for properties that can benefit from facade improvement grants. Beloit, for example, limited participation to commercial building owners. However, given the need to incentivize mixed uses in the downtown, particularly housing, it may be necessary to broaden the eligibility criteria to include all downtown buildings. This is particularly the case
where there is a large proportion of residential and light industrial uses in the downtown.

Facade improvement programs also run into problems where there is resistance from downtown property owners about government interference in how they manage their properties. It would therefore be wise for civic leaders to start such programs by conducting educational sessions with property owners to convince them of the benefits of the program before it is launched. That way they will be more likely to get cooperation from property owners and increase participation in the program.

Rental Assistance Program
Rental assistance programs defray the initial costs of downtown business location. The Downtown Beloit Association, for example, provides rental assistance to new businesses that locate downtown. Under the program, the association provides $500 a month for six months to any business that locates in the downtown business improvement district. Beneficiaries of the program must sign a two-year lease with a property owner within the improvement district. The funds must be paid back if the business closes before two years are up (Downtown Beloit Association n.d.).

In 2010 Taylor, Texas (population 16,857), partnered with the city’s Economic Development Corporation to boost business in the downtown. In October of that year a Celebrate Downtown event was held to draw attention to the many vacant buildings in the downtown and to announce the launch of a rental assistance program. The program subsidizes the rental cost to new businesses that choose to locate in the city’s downtown and for existing downtown businesses that want to expand their rental space. Priority is given to businesses that fall under the following categories: restaurants, coffee shops, specialty food, entertainment, upscale apparel/accessories, footwear, electronics, specialty retail (toys, sporting goods, transportation), home furnishings and appliances, visual and performing arts, and professional offices. To qualify, a business must also have a business plan and a long-term lease for the downtown rental space.

When approved, a business receives rental assistance of up to 50 percent of the monthly lease of the property for the first six months, up to a maximum of $750 per month. Starting with the seventh month, payment is reduced by 11.5 percent through the 12th month. A maximum of $7,500 is provided per business (Taylor Main Street Program 2010). Funds are generated mainly from the city’s TIF program and revenue from fees charged to participants of downtown festivals. Businesses that are approved for assistance also receive mentorship from the economic restructuring subcommittee of the city’s Main Street program.

The rental assistance program has contributed to the revitalization of downtown Taylor. As Deby Lannen, Taylor’s Main Street program manager, notes, “The day of the event (Celebrate Downtown), the first application (for rental assistance) was received and the program began its journey. Nearly seven years later, we can attest that the program was a success evidenced by the number of occupied buildings we currently have” (Lannen 2017, 3). One of the largest buildings (more than 33,000 square feet) in the city’s downtown that sat vacant for years has been renovated and is now occupied by a variety of businesses. These include Texas Beer Company, Curb Side Coffee House, 2nd Street Farm to Market Deli, 2nd Commercial Kitchen, Pilot Knob Vineyard, Red Rider Studios, J. Mucha-Tax Preparation, Art Off Center, and others.

In 2010, the city of Kokomo (population 57,799) and Howard County, Indiana, partnered to support new businesses that locate in downtown Kokomo with rental assistance. The goal was to decrease the initial cost of business location in the downtown and to help fill vacant downtown buildings in the city. The program provides eligible businesses with up to $5,000 in assistance with their rent payments in the first year. Such businesses may also be eligible for a $2,500 capital expenditure grant in the second year. By 2014, the program had assisted 23 businesses that located in downtown Kokomo (Oaks 2014).

Although the outcome of the program has been mixed, most of the businesses that participated in the program have remained in the downtown. The first recipient of the rental assistance program, Baja Burrito, relocated from the downtown and eventually went out of business. The second recipient of the grant, Angie Meyers’ Designs, moved online. Sweet Poppin’s, a gourmet popcorn shop, outgrew its downtown location and moved out. However, out of the 23 businesses that received the rent abatement grants between 2010 and 2014, only six moved out of the downtown or discontinued business, a 74 percent success rate.

Sean Hilton, owner of Comics Cubed and one of the beneficiaries of the program, explains his experience with the program: "I am a big fan of [the rent abatement program]. It helped me get through the first year and enabled my survival. I think it helps a lot of small businesses truck through the harder times which keeps them on the tax rolls and brings in more money . . . it’s $5,000 they gave me the first year, and I’ve been open for three and a half years. During that time I keep paying taxes. In the end, I’m sure that’s helping them out. I love my downtown location" (Oaks 2014).
Another business, the Sycamore Cottage, was initially located in a strip mall outside the city’s downtown but moved to downtown Kokomo with assistance from the rent abatement program. Pam Sparling, a part owner of the business, said, “We like this location. It was a good move for us so far, and the rent abatement did play a part in it. Foot traffic had really dried up at the mall” (Oaks 2014).

A rent abatement program can play a contributory role in luring businesses to the downtown by decreasing the initial location cost. As Kokomo’s example demonstrates, rent abatement programs are not foolproof in that not all businesses that benefit from the program succeed or remain in the downtown unless they are required to do so. It may therefore be useful to have “clawback” provisions in the contracts that require businesses to pay back some or all of the assistance they received should they move to other locations outside of the downtown.

Cities usually provide information on downtown business incentive programs on their websites and in print brochures, but such opportunities also need to be communicated to potential businesses through word of mouth and aggressively marketed as well. Good testimonials beget good publicity, and that may be more effective in business recruitment than the passive provision of such information.

**Fee Waivers**

Fee waivers are another downtown business recruitment tool. New businesses in Bainbridge, Georgia (population 12,274), receive fee waivers to decrease the cost of locating downtown. The city waives both the utility connection fees and the permit fees for businesses that rehabilitate downtown buildings and locate there. As a condition, the business must pay at least $10,000 toward the cost of building rehabilitation (Bainbridge 2017).

Monroe, Washington (population 18,408), adopted its Downtown Fee Waiver Program in 2008 to attract and keep businesses in the downtown (Sullivan 2017). Both new and existing downtown businesses can benefit from the program. Seventeen fees are waived for such businesses, as shown in Table 2.1 (p. 32). The city council reviews the ordinance each year to determine if the fee waiver program should be renewed.

Between May 2015 and May 2016, some 30 permits were issued. The fees waived ranged from $45.19 to $1,451.63, for a total of $9,778.79. Monroe city council members are convinced some businesses in the downtown would not have located there but for the fee waiver. Though no statistical data exist on the impact of the program, anecdotal evidence supports their decision; at least one owner has said she would not have opened her business downtown if the waivers were not offered (Sullivan 2017). Through the program, the city also benefits from other revenues, such as sales tax revenue that might not otherwise have resulted.

Fee waivers should be used in conjunction with other incentives to maximize impact. Friendswood, Texas (population 39,396), created a downtown Neighborhood Empowerment Zone in 2008 to spur business and economic development in the downtown. Under the program, the city waives all fees related to construction and development (zoning, platting, site plan review, building, plumbing, mechanical, electrical, and gas permits) for for-profit businesses located in the downtown zone. The city also waives all water and wastewater impact fees, and developers must abide by design guidelines provided by the city (Friendswood n.d.).

The city reported that the combination of the fee waiver program and other incentives has enabled it to lure several businesses to locate in the downtown empowerment zone. Other incentive programs it uses include the Chapter 380 municipal grant program, which provides incentives to businesses that want to build new, expand, or modernize existing facilities within the city. The grant is also used for relocation assistance, land and building acquisition assistance, utility extensions and connections, and infrastructure improvements. In 2008, the city council amended the program to allow businesses to use the funds for downtown improvements such as sidewalks, facades, street lighting, signage, and benches (Friendswood 2017). For example, Park Plaza, a 20,400-square-foot, three-story office/retail structure, was built at a cost of $2.2 million in the empowerment zone in 2010. The city provided a $30,000 Chapter 380 municipal grant and waived $2,000 in fees. The project helped to retain or create 67 jobs (Friendswood n.d.).

Home Town Bank built its offices in the downtown in 2011. The 7,864-square-foot, one-story building is valued at $1.6 million. The project created between five and 10 jobs. For this project, the city provided a $15,000 Chapter 380 municipal grant, waived $9,300 in city fees, and provided downtown drainage improvements to the developer. The Friendswood Family Chiropractic Clinic was lured to the downtown in 2012 with a $15,000 Chapter 380 Municipal Grant. The city also waived $16,675 in fees. The building is valued at $1.3 million and the project helped to create 10 and retain 16 jobs.

Fee waivers by themselves may not be sufficient to attract businesses to locate downtown. However, they can be used to supplement other traditional business incentives such as TIF programs and tax abatements to help make a difference in investment decisions.
### TABLE 2.1. LIST OF WAIVED FEES, CITY OF MONROE, WASHINGTON

<table>
<thead>
<tr>
<th>Fees Waived</th>
<th>Fees Not Waived</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessory dwelling units</td>
<td>Contract and binding site plan</td>
</tr>
<tr>
<td>Building line adjustment</td>
<td>Land-clearing permits</td>
</tr>
<tr>
<td>Environmental (SEPA) review (DNS and Mitigated only; environmental consultant fees not waived)</td>
<td>Model homes</td>
</tr>
<tr>
<td>Short plat</td>
<td>Subdivisions</td>
</tr>
<tr>
<td>Plat amendments</td>
<td>Planned residential development</td>
</tr>
<tr>
<td>Site plan review</td>
<td>Rezone application</td>
</tr>
<tr>
<td>Building permits</td>
<td>Shoreline permits (includes variances, conditional uses, substantial development, environmental consultant)</td>
</tr>
<tr>
<td>Building plan review fees (structural consultant review fees not waived)</td>
<td>Special use permit</td>
</tr>
<tr>
<td>Building permit fees (state’s $4.50 building permit fee not waived)</td>
<td>Variance</td>
</tr>
<tr>
<td>Plumbing and mechanical fees</td>
<td>Conditional use permit</td>
</tr>
<tr>
<td>Public works construction fees</td>
<td>Fire flow test</td>
</tr>
<tr>
<td>Right-of-way permits</td>
<td>Street right-of-way vacation fees</td>
</tr>
<tr>
<td>Utility availability letter</td>
<td>Any state fees on permits</td>
</tr>
<tr>
<td>Grading plan review fees</td>
<td>Capital improvement fees</td>
</tr>
<tr>
<td>Grading permit</td>
<td>Consultant charges</td>
</tr>
<tr>
<td>Sign permits</td>
<td>Fire district fees</td>
</tr>
<tr>
<td>Tenant improvement permits</td>
<td>Reimbursement agreement fees</td>
</tr>
<tr>
<td>Demolition permits</td>
<td>Transportation concurrency fees</td>
</tr>
<tr>
<td></td>
<td>Water, sanitary sewer, and storm sewer frontage fees</td>
</tr>
<tr>
<td></td>
<td>Park plan, transportation plan, and school impact fees</td>
</tr>
<tr>
<td></td>
<td>SEPA concurrency fees</td>
</tr>
</tbody>
</table>

Source: Monroe 2017

### Professional and Business Development Programs

Besides addressing financing and location costs, community boosters also need to attend to the professional and business development needs of downtown businesses.

A survey by the Downtown Beloit Association in 2016 found that 15 percent of downtown businesses identified a lack of good, reliable, and qualified workers and space for expansion as a challenge, ranking it third in a list of concerns behind parking and customer awareness. The survey found that most businesses (65 percent) seek employees that have relevant soft skills and are willing to provide training to employees in-house. Only 25 percent required that workers have special certification or licensing and 10 percent required employees to have a higher education degree (Downtown Beloit Association 2016). A 2015 survey of downtown business owners in Danville, Indiana, found the major challenges of these businesses to be marketing and customer awareness, keeping up with technology, surviving in bad economic times such as a recession, and finding space for expansion (Burayidi 2015a).

Because of these challenges, some cities complement economic incentive programs with business and managerial enhancement programs for downtown business owners. The most prevalent of these strategies are mentorship and business training programs.

#### Mentorship Programs
Mentorship programs pair experienced business owners with startups to help budding entrepreneurs better understand the issues and challenges of running a business. This helps to address the problems of recruiting, advertising, and business resilience, among others. Mentors meet regularly with their mentees to share ideas and provide guidance.

Studies show small businesses that receive mentorship increase sales and grow their businesses. The Small Business Administration Office of Advocacy reported only half of all small businesses survive past five years after opening and that
12 percent of employee-based firms close each year (SBA Office of Advocacy 2014). However, another study found that 77 percent of small businesses that received mentoring survived past five years (Beeley 2014).

The Downtown St. Charles Partnership in St. Charles, Illinois (population 32,717), has a mentorship program to support downtown businesses. Under this program the downtown organization keeps a list of mentors in the city and links startup businesses with mentors who meet their particular areas of interest (St. Charles 2017). The revitalization of the city’s downtown began with a business-oriented group, the Friends of Downtown St. Charles, Inc., which was established by the downtown committee of the city’s chamber of commerce. This group evolved to become the Downtown St. Charles Partnership as it developed partnerships with local government and other civic organizations to revitalize the downtown.

The mentorship program is one of several programs that are run by the downtown organization’s business education and development committee. In addition to the mentorship program, the committee also organizes business training programs that provide hands-on instruction on topics of interest to members, such as web-based advertising, and a business exchange program that allows downtown business owners to network and learn from each other.

The mentorship program in St. Charles is successful because it is closely linked with the city’s chamber of commerce. Through this working relationship, the downtown organization is able to recruit experienced chamber members to volunteer their time to assist young entrepreneurs. It helps that the downtown development organization started with business leaders in the community. This makes for a strong working relationship with the chamber.

Mentorship programs should be structured with scheduled meeting times so they are not dependent on an informal arrangement between mentor and mentee. Since most of the entrepreneurs are likely to be members of the local chamber of commerce, it is also critical that there is collaboration between the downtown development organization, city staff, and the chamber of commerce in the implementation of the program. Finally, a mentorship program has to be envisioned as a long-term partnership and not an ad hoc relationship, since continued guidance is of particular importance for the success of small family-owned businesses.

Business Training Programs
Some cities seek to recruit local businesses that already exist in the region and convince them to open branches in their downtowns. By recruiting experienced business owners, mentorship is less relevant and the odds of long-term success also increase. Other cities provide training to young entrepreneurs to teach them the skills of starting and running a business.

One such example is Hopewell, Virginia (population 22,735). In 2015 the Virginia Department of Housing and Community Development, through its Community Business Launch (CBL) program, provided $100,000 in funding to the Hopewell Downtown Partnership (HDP) to implement Hopewell Community Business Launch. This was a pilot program that provided eight weeks of intensive training for 25 local entrepreneurs interested in starting or expanding their businesses. The educational program culminated with the preparation of a business plan by each participant. Awards ranging from $5,000 to $20,000 were provided to participants who had the best and most feasible ideas (Hopewell Downtown Partnership 2015). Eligible businesses were those that helped fill a void in the city’s downtown. As stated in the qualification criteria, “As part of HDP’s mission, we are specifically looking for businesses which fit a specific niche and are willing to open in a storefront location in Downtown Hopewell” (Hopewell Downtown Partnership 2015).

The inaugural program selected four winners for awards totaling $70,000 in prize money to bring their ideas to fruition. They included business ideas for two new restaurants: Fat Babs, a doughnut shop, and The Greedy Spoon, a seafood and southern soul food restaurant. The other businesses that were awarded grants were K&J Fitness, a personal training business, and Sweet Tooth Candies, a chocolate and candy shop where people can watch the candy being made. As of this writing, three of the businesses were launched and two are still in operation—Sweet Tooth Candies and K&J Fitness. The Greedy Spoon has closed.

In 2016 the state provided an additional round of CBL funding for seven communities: the cities of Lynchburg (population 80,212), Martinsville (population 13,445), and Petersburg (population 31,882), and the towns of Marion (population 5,855), Pulaski (population 8,837), Strasburg (population 6,583), and Vinton (population 8,185); see the sidebar on p. 34 for more information on their programs.

This state-funded program is one that can be emulated by local governments to provide the training needs of entrepreneurs willing to take the risk in investing downtown. Funding can be provided through TIF or BID revenues or from a community’s general revenue fund. Cities can also partner with local universities and technical colleges to decrease the cost of providing such programs. Many institutions have outreach programs that will make for good partnerships with local governments.
THE REGENERATIVE STRATEGY

The third approach to downtown economic revitalization is the regenerative strategy, which has gained ascendancy in the last couple of decades. The primary goal of this strategy is to nurture the talents that reside in the community itself; a secondary goal is to attract new talent from outside the community to create and start new businesses. Known by various names, these strategies have included entrepreneurial centers, business incubators, makers hubs, and innovation clusters.

Given the preference of millennials and the creative class for walkable, compact neighborhoods and congregational spaces, downtown managers and civic leaders are capitalizing on this trend to capture this population cohort and help nourish their ideas to fruition. Vacant and abandoned downtown buildings are being transformed into spaces for budding entrepreneurs to develop their ideas. This meets several downtown development goals: It puts empty downtown buildings to use; it brings the creative class to the downtown where they patronize downtown eateries and other businesses; and it is hoped that when new ideas hatch and mature, these entrepreneurs will choose downtown locations to launch their business and thus help fill the business gaps in the downtown.

The regenerative strategy is also an acknowledgment that talent and skills exist within each community, so a city doesn’t necessarily have to recruit outside talent, but can grow it from within. Incubators provide space for pre-revenue startup businesses. The setting also enables collaboration and networking opportunities, so young entrepreneurs can develop their ideas in a supportive and nurturing environment. Experienced entrepreneurs usually provide mentorship to direct startups to financing opportunities, develop business plans, explore the market potential for the product, and eventually prototype the product and launch the business. While the longevity record of startup businesses is poor—less than half survive past five years (Segal 2016)—they bring in continual interest and visibility for a city.

Incubator spaces vary in what they provide. Basic services are a work space and wifi access. Others provide a full menu of the professional and managerial programs discussed above, including mentorship, financing advice, and investor opportunities. For most, the key attraction of incubator spaces is the very affordable rent, meeting rooms, and shared receptionists. Genoa Springboard provides one example of a successful incubator program.

The downtown of Genoa, Illinois (population 5,194), was hit by the same factors that led to the decentralization of busi-
nesses from the city center to the fringe in most American cities. When the recession struck in 2008, the city’s already fragile downtown economy suffered even more. Several of the city’s downtown businesses either closed or relocated, leaving the downtown with more empty storefronts, abandoned buildings, and blighted conditions.

There was fierce competition between Genoa and other communities in the region to attract businesses. Moreover, there was nothing Genoa could offer that provided a competitive advantage over other cities. When it became clear that it would be difficult to attract businesses from outside to fill the city’s vacant downtown buildings, Genoa began to look inwards rather than outwards. It dawned on civic leaders that, like many rural communities that are dependent on the family farm, residents supplemented their incomes with small businesses on the side. According to Mim Evans, then executive director of Genoa Main Street, Inc. (the city’s downtown organization), the city decided to entice these fledgling home businesses to consider locating in the vacant spaces downtown and to assist them to grow. It was thus that Genoa Springboard was born in 2008.

Genoa Springboard was initiated and managed by Genoa Main Street. As the name implies, Genoa Springboard provided a launchpad for start-up entrepreneurs in a supportive environment. The idea took 12 months to develop and bring to fruition. A building was identified that met the needs of the incubator program, and Genoa Main Street negotiated a lease agreement with the building owner. Concurrently, the organization identified, canvassed, and assembled business mentors from a variety of fields (legal, insurance, real estate, marketing, advertising, and finance, among others) and sought buy-in from existing downtown merchants and the city’s leadership.

Together with providing space for new businesses, Genoa Springboard also provided technical, marketing, and professional support. Since Genoa Springboard was operated by Genoa Main Street, it was part of a nonprofit 501(c)3 organization that already had tax-exempt status. Genoa Main Street sublet building space to businesses in the incubator. Tenants paid a fixed monthly rent that included utilities and maintenance to Genoa Main Street, but the amount varied depending on the size of the space rented. Each business had a group of mentors, assigned based on business type. The business owners met with their mentors on a regular basis to discuss their needs and ask for guidance. Participating businesses were required to provide quarterly reports of their performance and participate in business evaluation by the mentors.

The program started small, with two businesses—an accounting and tax services firm and a dry cleaner/tailoring business. The second phase saw four businesses locate in the incubator, and the program is continuing to grow. Although the initial focus of Genoa Springboard was on retail businesses, it was eventually expanded to include professional businesses as well.

The incubator program has now gone through three iterations of developing and growing local businesses, and has been successful in assisting start-ups and filling once-vacant buildings in the downtown. Although the primary goal was to develop entrepreneurial talent in the community, the program also achieved a complementary goal of conveying an image of Genoa as a community that welcomes innovation and entrepreneurship. Following the launch of the program, Genoa Main Street generated more inquiries and interest from businesses than they could support in the incubator, so these were directed to other vacant spaces in the downtown.

Genoa Springboard offers lessons for other cities contemplating the use of such a program for the revitalization of their downtown. Evans, who was instrumental in launching and managing the program, provides the following guidance: First, it is important to meet with downtown building owners and get them on board in the formative stage of the program. Downtown merchants also need to be educated, so they are full participants in the incubator program. Without such education, some may erroneously believe that the city is unfairly subsidizing businesses to compete with them. Downtown merchants need to know that incubator businesses are those that would otherwise not locate in the downtown and that they help fill vacant spaces, which bodes well for all downtown businesses.

Second, it is important for cities to start small and not try to tackle big downtown empty spaces such as large warehouses or factory buildings with the initial incubator. The incubator program should start in a small space and serve a few businesses at a time. This will enable the city to demonstrate success quickly and to eventually grow.

Finally, the rules of incubator programs should not be complicated, particularly for the businesses that are being served. When Genoa Springboard was being formed, Genoa Main Street required that businesses provide quarterly reports on their performance and abide by guidelines required of their mentors. Some of the businesses balked at these requirements. Evans believes it is best for incubator programs to focus on mentorship and not impose complicated rules on businesses for which following through may be difficult.
DOWNTOWN MARKET ANALYSIS

In deciding on the types of businesses that are needed in a city’s downtown, it is often necessary to do market research. A sophisticated market analysis requires the use of consultants who are specialized in the field. However, urban planners and city staff must understand what goes into such reports so they can help explain these to the planning commission and city council. A rudimentary market assessment can be done in-house to help planners understand the local economy and the types of businesses that a downtown and the community may need to attract or incentivize.

Retail and Service Business Mix Analysis

One such example is a retail and service business mix analysis. This analysis can help planners answer such questions as: What retail and service businesses are we missing in our downtown? What businesses should we be recruiting? What types of downtown businesses that are in similarly sized communities do we not have? What do we have in our downtown that other downtowns do not have? The results of such an initial analysis can help planners decide on the need for further studies that provide a more detailed analysis of the local and downtown economy.

As outlined and discussed by the University of Wisconsin Extension, the business mix analysis tool “provides a snapshot of street-level business activity to stimulate ideas about business expansion and recruitment” and provides the baseline information for a more detailed and comprehensive analysis of the downtown and the community’s economy (Ryan et al. 2010, 2). The business mix analysis can be used to identify the types of retail and service businesses in similarly sized communities and to compare the business mix of one’s downtown to peer downtowns that are economically vibrant. Information gained from the analysis can be useful to potential businesses in making location decisions and for existing businesses in making decisions on expansion.

The steps in a business and retail mix analysis involve (1) first identifying comparable cities of similar size, (2) mapping the location of each business by type in the downtown (in the Wisconsin case, researchers purchased geocoded data from InfoUSA that contained information on types, location, numbers, and sales of retail businesses), and (3) using buffers from a central point in the downtown to identify businesses located within a quarter-mile, half-mile, and one mile of the center (Figure 2.7). The outcome shows the businesses that are located within the three distances from the central point in communities of similar size. A city can determine from this analysis the businesses that are missing in the downtown. This thus provides useful information on those businesses that a city may wish to nourish or recruit to the downtown.

An analysis of Wisconsin cities by UW Extension shows the number and types of businesses for cities of various sizes. This provides a guide to cities of similar size to determine if they have the same business mix as the ones in the model communities. For example, within a five-mile radius, cities of 1,000 to 2,500 residents had on average 3.19 full service restaurants with annual sales volume of about $1.5 million, and 2.15 beauty salons with annual sales volume of $285,000. By contrast, cities with a population of 50,000 to 100,000 had 19.4 full-service restaurants with annual sales volume of about $16 million, and 10.2 beauty salons with annual sales volume of $3 million (Ryan et al. 2010).

A market study may be done as part of the downtown development planning process, and depending on the level of sophistication desired it may be conducted by city staff, by a consultant, or through a partnership of both city staff and consultants. Guidance for conducting a downtown market analysis as described above is available at fyi.uwex.edu/downtown-market-analysis.

Retail Gap Analysis

Another way to gauge a downtown’s market potential is through retail gap analysis. A retail gap analysis enables a community to identify the market potential for different businesses. It shows the divergence between demand and
supply for goods and services in the community. The demand analysis shows the local expenditures by industry. The supply analysis shows the sale of all businesses to community residents. The gap is the difference between demand and local supply and thus represents the goods and services that are purchased by residents outside the community. This constitutes a leakage from the community and indicates a potential for this need to be met by businesses in the community.

A retail market gap analysis provides civic leaders with the pertinent information needed to decide the types of businesses to target for filling the downtown void. The goal is to decrease the leakage of consumer expenditures from the community by providing those goods and services that were previously brought in from outside. The industry groups considered in a retail gap analysis include motor vehicles and parts, furniture and home furnishings, electronics and appliances, food and beverage stores, building materials and hardware, general merchandise, health and personal care stores, gasoline and auto parts, apparel, food and drink, sporting and book stores, nonstore retailers, and miscellaneous retail.

There are several companies and software vendors that provide programs for analyzing local economies. Esri (esri.com) provides mapping and spatial analysis software for retail gap analysis. With this tool a city’s market is analyzed using total households, percent core households, percent developmental households, actual customers, customer penetration, expected customers, and the gap for a given level of geography (Esri 2008). See the sidebar on p. 40 for more information on tools for local economic analysis.

A gap analysis conducted for the small city of Portland, Indiana (population 6,161), used a 30-minute drive time as the city’s market area. Figure 2.8 shows the buffer that was delineated for the city using this criterion. The retail gap for the city in Figure 2.9 (p. 38) shows the difference between local demand and supply for each industry and industry subcategory. Portland had a median household disposable income of $36,278 in 2016; total retail demand that year was $829,656,386, while total supply of retail goods was $544,379,813. Thus in 2016 there was a retail trade gap of $285,276,573. This is the amount that was spent by Portland residents in buying goods from outside the community because they were not available locally.

The analysis for Portland showed that the industry groups with the most leakage factor are electronic appliances stores (58.6) and motor vehicle and parts dealers (49.8). Others include food and beverage, general merchandise, and health and personal care stores. In Portland, supply exceeds demand in only three subcategories: gasoline stations, florists, and direct sale businesses. Figure 2.10 (p. 39) further portrays the retail gap data for industry groups and subsectors in the city. Armed with this information, the city can then proceed to incentivize and attract businesses in those sectors of the local economy with the potential for growth.

A caution is in order here. The identification of the retail gaps in the analysis does not necessarily mean civic leaders should pursue such businesses to locate in the community. Cities must first identify their priorities for developing their downtowns and then determine whether the identified businesses fit in with the long-term vision they have developed for the community. Another caveat is that the gap analysis for small and mid-sized cities also tends to reveal a lot more business gaps than for large cities because the economies of smaller cities are less diverse than those of large cities. Larger cities will nearly always have in-store purchases by nonresidents at rates considerably larger than most smaller communities. In addition, online and catalogue purchases will almost always show up as a “gap”—but one unlikely to be closable for many products. These limitations of the retail gap analysis should be taken into consideration by cities in the pursuit of measures to spur downtown economic revitalization.

**CONCLUSION**

The health of a community, particularly in small and mid-sized cities with less robust and diversified economies, is
Figure 2.9. Retail MarketProfile for Portland, Indiana (Portland 2016)

Data Note: Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents "leakage" of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales. Esri uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 Industry groups in the Retail Trade sector, as well as four Industry groups within the Food Services & Drinking Establishments subsector. For more information on the Retail Marketplace data, please click the link below to view the Methodology Statement: http://www.esri.com/library/whitepapers/pdfs/esi-data-retail-marketplace.pdf. Source: Esri and Infogroup. Retail Marketplace 2016 Release 2. Copyright 2016 Infogroup, Inc. All rights reserved. © 2016 Esri
Figure 2.10. Leakage/surplus factors by industry subsector graphed for Portland, Indiana (Portland 2016).
MODERN TOOLS FOR ECONOMIC DEVELOPMENT
Keith Cooke, Esri

Economic development organizations (EDOs) and planning departments have had limited tools and resources for their business recruitment and business retention and expansion (BRE) workflows in the past. Often, the solution required expensive client-side software, not to mention cost-prohibitive demographic data. This put powerful analytical tools in the hands of very few. To complicate matters, the tools typically weren’t used by the subject matter experts, but rather a third party, such as a government agency GIS department. This slowed down recruitment and BRE workflows and would sometimes lead to errors due to software operators not fully understanding the vision.

But over the last several years a new paradigm has emerged. Content from GIS and data professionals is now proliferated throughout organizations using the web GIS pattern (Esri 2013). This provides tools and methods that meet modern expectations for working with data. It means that EDOs and planning professionals can apply analytics to their visions and visualize how their plans could impact their communities without being GIS professionals or investing large amounts of money in hardware, software, and data. It empowers communities of all sizes and helps to foster a new level of collaboration between EDOs, planners, administrators, business leaders, and the public.

The web GIS pattern allows named users to view, create, analyze, and share maps, apps, and other content in a secure environment. One tool that works in this pattern is Esri’s Business Analyst (esri.com/software/businessanalyst/get-started/saas). This web-based tool and mobile app provides access to demographic, spending, behavior, and socio-economic data and offers spatial analysis and reporting capabilities. It allows users to analyze existing and potential sites and market feasibility, create custom reports and infographics, and compare one community to others.

One of the more impactful reports provided by Business Analyst is the Retail Marketplace Profile, which provides a surplus and leakage report for a service area. This is a powerful tool in BRE efforts when helping existing businesses find where there are gaps in services and where they may be losing potential customers. But it can also show planners where neighborhoods are lacking certain services, like access to grocery stores or daycare facilities. Users can share this content internally with stakeholders, other departments, businesses, or the public.

Another important aspect of economic development is business recruitment. This requires showing others why they would want to live, work, or locate a business in a community, and it goes beyond just having an available site. As with all planning projects, economic development projects are about telling a story—simply communicating available sites or building space isn’t enough. Destination branding is a methodology for telling a community’s story.

One tool that can help accomplish this is Story Maps (storymaps.arcgis.com/en). Story Maps is a series of a dozen configurable templates that let users combine web maps with narrative text, images, and multimedia content into an app that allows geography to tell a story. Economic development professionals and planners can use Story Maps to highlight the areas where they want to prioritize development—such as a downtown redevelopment area, a new office park, or an incubator that’s part of a neighborhood revitalization plan.

Finally, the ArcGIS Solutions suite provides a selection of focused public-facing applications that can be used for destination branding, such as the Live, Work, Locate app (solutions.arcgis.com/state-government/help/live-work-locate). It allows potential businesses and residents to explore community quality-of-life indicators and business characteristics.

These modern tools available for economic development today provide a level of inclusion for all levels of government. They require an investment that starts in the hundreds instead of tens of thousands of dollars. They empower constructive communication between different agencies, business leaders, and the public. Perhaps most importantly, they allow EDOs and planners to generate and analyze data-driven decisions that are easier to justify and sustain.
closely linked to the health of the downtown. That is why
downtown economic development is essential to a commu-
nity’s overall health. The strategies outlined in this chapter
offer programmatic financial and technical assistance op-
tions that cities can consider in pursuing the revitalization of
their downtowns.

To be effective, downtown economic development
strategies should be tailored to the individual needs of each
community, since cities vary in their assets and resource
endowments. Equally important are the regional context,
demographics, and business mix that dictate the needs of a
community. These factors need to be considered when pursu-
ing downtown economic development.

The next chapter examines how placemaking contributes
to downtown development by making it an attractive place
for businesses, entrepreneurs, visitors, and city residents.
CHAPTER 3

DOWNTOWN PLACEMAKING
Physical form is important to the perception and experience of a downtown. Physical elements give people the first impression about the downtown’s health. Naturally, then, civic leaders often begin downtown redevelopment efforts with modifications to the physical environment. Because these changes are tangible and visual, they communicate to all that a city is starting to pay attention to its downtown. That is the reason facade improvements and streetscaping have often been the initial redevelopment projects tackled by cities redeveloping their downtowns. These are also relatively less expensive budget items than large-scale projects such as conference and recreational facilities or theaters that require huge expenditures.

Placemaking is the art of transforming public space into quality places. A public space by itself may be purposeless: a space with no meaningful, identifiable function or beneficial community attributes. Placemaking enhances the physical environment: quality public spaces invite congregation, providing opportunities for people to mingle, sit, relax, interact, enjoy nature or the arts, or simply people watch. Placemaking strategies can be used to enliven streets, sidewalks, transportation nodes, plazas, parks, waterfronts, and vacant urban spaces.

Downtown placemaking is not just about improving aesthetics; it is also concerned with improving the function of a downtown, such as making it more pedestrian friendly or enhancing traffic flow and parking. Placemaking is recognized not just for its intrinsic value, but also because it can be a tool for economic development by helping attract and keep talent in a community (Michigan State University Land Policy Institute 2016). Good placemaking helps to create a strong bond between people and the places in which they live, work, shop, or play. It breeds a sense of pride and belonging. A good public space is accessible, it is an active space where people engage in activities, it is comfortable, and it brings people together to socialize (Project for Public Spaces 2009). This is illustrated in Figure 3.1 (p. 44), which provides both qualitative and quantitative criteria for judging public spaces.

Placemaking has been supported by the state of Michigan since 2011 as a strategy for improving quality of life and quality of place, and the state’s governor has encouraged cities to adopt placemaking plans as part of their economic development strategies. In a 2011 message to the Michigan state legislature, Gov. Rick Snyder noted the importance of placemaking:

Neighborhoods, cities and regions are awakening to the importance of ‘place’ in economic development. They are planning for a future that recognizes the critical importance of quality of life to attracting talent, entrepreneurship and encouraging local businesses. Competing for success in a global marketplace means creating places where workers, entrepreneurs, and businesses want to locate, invest and expand. This work has been described as a ‘sense of place’ or ‘place-based economic development’ or simply ‘placemaking.’ (Snyder 2011)

To assist in meeting this goal, the state provides funding for local governments to support the development and implementation of placemaking plans through the Michigan State Housing Development Authority’s Neighborhood Enhancement Program (Rigterink 2017).

A survey of local government leaders in Michigan found that the number of municipalities that used placemaking as an economic development strategy increased from 21 percent in 2009 to 34 percent in 2013, suggesting that an increasing number of municipalities are recognizing this strategy’s value in local economic development and are able to implement such strategies (Ivacko and Horner 2014). The most frequently cited placemaking strategies included provision of open and green spaces, trails, and bike paths; designing walkable neighborhoods; promoting mixed use development; creating public gathering places; and promoting arts and cultural amenities.

The Michigan State University Land Policy Institute (2016) has identified four types of placemaking.
placemaking focuses on improving public places through modifications to the physical environment and privately owned elements of the built environment that impact the perception of public space. Examples of this type of placemaking encompass both public spaces, such as streetscaping projects, and private properties, such as facade improvements of buildings.

Strategic placemaking is used as an instrument for the achievement of a specific goal, such as economic development, talent attraction, or cultural enhancement. Such projects tend to be in targeted areas and locations in the city and are larger and in fewer places than standard placemaking projects. Examples include providing and improving greenways and waterfronts, social gathering places, and places of entertainment.

Creative placemaking uses the arts and cultural activities to rejuvenate public spaces. Examples of such strategies include the facilitation of artist colonies, live-work units, and public art and theater. As Markusen and Gadwa (2010, 3) put it, “In creative placemaking, partners from public, private, nonprofit, and community sectors strategically shape the physical and social character of a neighborhood, town, city, or region around arts and cultural activities.”

Tactical placemaking, sometimes referred to as tactical urbanism, is a temporary transformation of public space through experimentation to observe the benefits associated with the modifications and to generate new ideas for improving public spaces (Lydon et al. 2012). Examples of tactical placemaking have included the temporary transformation of parking spaces into pocket parks and pop-up cafes. The Project for Public Spaces frames this as the “Lighter, Quicker, Cheaper” approach to the transformation of public space, as these are usually low-budget, short-term solutions to physical and design problems in urban areas (Project for Public Spaces 2017). Other names used for this strategy include action planning, guerilla urbanism, pop-up projects, or city repair.

THE PROCESS OF PLACEMAKING

Placemaking may be initiated in a community by a nonprofit organization, a city’s leadership, the planning commission, a
The first step, inventory and analysis, looked at elements in the downtown such as infrastructure, streetscape, parking, aesthetics, usability, public access, and other features to see how these contributed or detracted from the downtown’s “sense of place” (Lowell 2014, 1). This also included an inventory of downtown conditions, assets, and the challenges to creating quality public spaces. These actions supplemented the robust community engagement process. In Lowell, the consultants engaged community residents through an open house, subarea analysis, and review of the draft plans.

The open house provided an opportunity for residents to discuss, identify, and rank the design elements of the downtown. This process resulted in an identification of the core priorities for the downtown’s development, which were categorized as business recruitment and retention; parks, trails, and recreation; arts, culture, and historic preservation; and local food and agriculture.

For the subarea analysis, the downtown was divided into five subareas and residents were invited to comment on the qualities of each of these areas. The discussion was facilitated with graphics displays, maps, and pictures, as well as lists of the key features of each subarea. Participants were asked to reflect on and answer questions such as: “What is going on here now? What do you see? How does it feel? What could happen here in the future?”

Finally, placemaking was explored by providing participants with a map of downtown Lowell and asking them to use sticky notes to share ideas on areas that needed improvement and suggestions for improving the public places in such areas.

These discussions led to the identification of priorities for the downtown, which were ranked by preference as aesthetics, recreation, parking, safety, and landscaping. For example, the biggest challenge to one of the subareas was identified to be a lack of urban form and formal west-end entrance to the downtown (Lowell 2014). With the involvement of the public and key stakeholders such as the chamber of commerce and developers, this first step concluded with the formulation of goals and initiatives for the physical improvement of the downtown.

The second major step in the placemaking process was conceptualizing the design plans. In Lowell, this first took place in the community engagement process, but the ideas generated in the first step were further translated into diagrams and sketches of visual options for physical improvements to the downtown. Residents were then given the opportunity to comment on the design schematics.
In the third stage, the drawings and designs generated in the second step were refined into the final plan of operation and implementation. Examples of proposed improvements for the River South and Downtown East areas of the downtown are provided in Figures 3.2 and 3.3. When finalized, the placemaking plan included cost estimates for each of the proposed projects and a time frame for implementation.

The placemaking plan was adopted as part of the overall downtown plan by the Lowell Downtown Development Authority (DDA) and is being implemented with funds from tax increment finance (TIF) revenues. The DDA board has recently considered funding for a streetscaping project proposed in the placemaking plan, and costs for implementing other streetscaping projects were included in the DDA’s capital expenditures in 2015 (Lowell DDA 2015).

Since the adoption of the placemaking plan there have been changes in the city’s administrative leadership, including a new city manager and turnover among much of the council. Despite these changes, the placemaking plan is rolling out as expected. The DDA and the city have added more on-street parking on the east side of Main Street, and a new 52-space parking lot on the south side of Main Street was also built. The driving lanes on the eastern end of Main Street have been narrowed with striping, and temporary striping “bump-outs” have been placed at two locations. A new viewing deck, a reading garden, and an outdoor chess table space have also been added to the library (Wells 2017).

Lowell’s successful placemaking plan provides important lessons for other small and midsized cities contemplating the use of this strategy for improving their public
spaces. A good placemaking plan that is crafted with the contribution and participation of community residents will endure even when a city’s political leadership changes. The goal of civic leaders is to advance the interest of city residents, and a long-term plan that reflects this vision should be embraced by whoever is in a leadership position. This also highlights the importance of planning and other city staff in the implementation of the downtown plan. Unlike elected officials, city staff do not change from year to year and can provide more continuity in the implementation of downtown programs and projects.

Cooperation from state-level agencies is also important, particularly the state department of transportation. This is of special importance for communities in which a state highway runs through the downtown. Any modifications to the highway within the community must receive state approval. In the case of Lowell, the Michigan Department of Transportation was brought on board early in the discussion stages and was a major stakeholder in the decisions that were made.

**Placemaking in Kokomo, Indiana**

Kokomo, Indiana (population 57,799), has used strategic placemaking techniques to great effect in transforming its downtown. At the turn of the 21st century, the city’s downtown was in dire condition, with empty buildings and vacant properties. Most of the parking spaces downtown sat unused because there were few reasons for people to shop downtown. In 2008, *Forbes* labeled Kokomo one of America’s “fastest-dying towns” (Woolsey 2008). Not only were retailers leaving the downtown, so were churches (Fipps 2006). Compounding the downtown’s problems was the construction of the U.S. 31 bypass on the east side of the city, which attracted businesses away from the downtown.

Kokomo’s fortunes were linked to the automobile industry. The city had 10 auto parts manufacturing plants operated by General Motors, Chrysler, and Delphi. As the automobile industry struggled, so did the city’s economy. During the recession, the city’s unemployment rate rose from 7.4 percent in 2008 to 19.2 percent in 2009. Not just the downtown but the entire city was hurting, and this prompted city leaders to act.

In January 2008, Greg Goodnight was elected mayor. Goodnight saw the revitalization of the downtown as one of the centerpieces of the city’s economic renewal. Placemaking was one of the strategies for achieving his goal of economic revitalization. At one of his first press briefings as mayor he stated his philosophy of governance thus: “The goal [of city government] is to be as efficient as possible, while investing limited resources into projects that benefit people’s lives. We want to create a beautiful city without burdening future generations” (Schuman 2011, 46).

Under Goodnight’s leadership, in 2009 the city formed the Greater Kokomo Economic Development Alliance, an organization that brought under one umbrella the various non-governmental, public-sector, and private-sector development organizations in the city (Schuman 2011). Working with city staff, including the director of the Department of Development, the mayor established several funds to spur economic development through physical improvements to the city.

A revolving loan fund provided funding for property owners to renovate downtown properties. A “Reach Higher” business assistance initiative was launched to use money from the Economic Development Income Tax (pursuant to provisions of Indiana Code §6-3.5-7-4.9 and Public Law 113-2010, §66, which allows counties to impose a tax on the adjusted gross income of county taxpayers) to support business development. This provided forgivable loans for marketing, facade improvements, and for installing renewable energy systems in buildings. These initiatives required private matching investment. For example, the facade improvement program provided $35,000 in public funds and generated an additional $500,000 in private investment (Schuman 2011). The city also used local income tax revenue to provide $5,000 per building in matching grants for about 30 buildings to improve their curb appeal.

Goodnight understood the principles of good placemaking and how quality urban spaces impact not only the aesthetics but also the economy of cities. Prudent modifications were made to the city’s physical environment to enhance a sense of place. The city converted one-way streets to two-way traffic to slow down traffic and make the city pedestrian-friendly. The city also removed 340 parking meters that discouraged people from shopping downtown. Traffic lights were replaced with decorative stop signs at 11 intersections, and pedestrian-friendly bump-outs were added to other intersections. The city transformed downtown alleys into living spaces decked with hanging flower pots and plants, and added outdoor seating (Goodnight 2011). Other physical transformations include widened sidewalks and landscaping, all with an eye to detail and making the downtown an inviting and pedestrian-friendly environment.

The city also invested in capital improvement projects to enhance walkability and make the community more bikeable. More than 22 miles of abandoned railroad tracks were converted to bike trails and walking paths. Bike racks were also provided downtown to encourage people to bike to work and shop downtown. Gateway improvements, sculptures,
decorative lighting, and landscaping were added to the major thoroughfares (Goodnight 2011).

The city also improved its parks infrastructure and increased its recreation programs. A new Arts Pavilion was opened in Foster Park, which is now home for a variety of community concerts and events including a summer concert series, a farmers market, Strawberry Festival, Taste of Kokomo, and Oktoberfest. A splash pad was added to the Kokomo Beach Aquatic Center. Athletic courts were added and provided with energy-efficient lighting. Additionally, the city launched a trolley system to provide free transit throughout the downtown. At its inception it was expected that 100 users would patronize the trolley system daily. To the surprise of consultants and the city, it has generated more than 800 daily users (Goodnight 2011).

In addition to engaging in physical improvements, the mayor also worked with civic leaders and the Greater Kokomo Economic Development Alliance to identify the city’s strengths and assets and to communicate these to site consultants, industry leaders, and state and federal government officials to generate interest and investment in the community. The city designated the downtown a redevelopment zone. Businesses in redevelopment zones in Indiana can apply for three-way liquor licenses (liquor, beer, and wine) at a lower cost to spur business location in such districts. As a result, businesses in the district were able to obtain state liquor licenses, normally valued at more than $100,000, for $1,000 (Hargreaves 2010). This made it possible to attract more customers to the district and for existing businesses to expand.

These placemaking transformations have had significant positive impacts on the downtown in leveraging private-sector investment and in growing the downtown residential population. Between 2008, when Goodnight took office, and 2010, businesses pledged $1.4 billion in new investments in the city and more than three dozen businesses have since opened, providing jobs and helping grow the downtown economy. Goodnight has stated his goal is to get more people living downtown because people care more about the communities they live in than the communities in which they work. The city has adopted a number of incentives to encourage housing development, including a downtown TIF district.

In 2016, Kokomo-based Fortune Companies, Inc. announced an investment of $2.5 million in a mixed use housing and retail project in the city’s downtown. This development will complement a YMCA that was built on the same block in 2016 at a cost of $16 million. A former automobile factory is also being remodeled into apartments and retail space at a cost of $30 million. Additionally, a senior assisted living housing project is being built at a cost of $20 million (McGowan 2016). All of these developments required city staff input and coordination to make them happen (Bondus 2015).

In providing a rationale for his company’s decision for the mixed use investment downtown, Scott Pitcher of Fortune Companies made a link between strategic placemaking and economic development: “The new Y was a huge catalyst for us to do this deal because it’s been such a huge asset for the downtown, and people want to live right next to it. So, you can just walk right over there and get all those benefits from the Y. That really drove our interest. Downtown is coming on so strong, and there’s so many different options that people can walk to and eat, walk to and work out, and they can also walk to the library, ballgames, walk to entertainment, or walk to the park. If people aren’t paying attention, the biggest emerging trend in housing today is walkability” (Zimmerman 2016).

The downtown’s transformation has not gone unnoticed. Kokomo has garnered several awards for placemaking. In 2011 Forbes, which had previously labeled the city as dying, named Kokomo one of the “Best Places to Live Cheaply” (Fisher 2011). The city has won the Indiana Association of Cities and Towns Community Achievement Award, Harvard University’s Bright Ideas Award, and the Indiana Main Street Association’s Design of Downtown Public Improvements and Community Impact awards.

As Kokomo’s case demonstrates, quality placemaking can help transform the fortunes of a downtown and a city’s economy. Kokomo succeeded in turning the downtown and the city’s economy around because conditions had gotten so bad that it caught the attention of civic leaders and got them to act. However, it also takes visionary leadership and the marshalling of a community’s resources to make it happen. Goodnight had to rally the community behind his ideas and convince civic leaders, state government, private investors, and city residents of his vision for the city and how they could contribute to accomplish this vision. Without such leadership, Kokomo would not be where it is today.

**PLACEMAKING TACTICS**

Whether placemaking is pursued through an ad hoc approach or through a formal plan, there are a number of tactics that are often used by cities across the country for public space improvement. These include streetscaping projects, gateway enhancement, public art, the provision of public gathering places and destination points, and landscaping.
Streetscaping

Streetscaping projects are used for improving the general quality, design, appearance, and usability of a street. Streetscaping improvements help municipalities to manage traffic, enhance safety, provide street furniture such as benches and seating areas, improve sidewalk conditions, and install downtown signage and wayfinding (Bishop et al. 2017).

One major goal of streetscaping projects is to enhance the pedestrian experience, as foot traffic is the lifeblood of downtown businesses. Two impediments to downtown pedestrian activity are the availability and design of sidewalks and the existence of one-way streets. For example, in the city of Columbia, Missouri (population 120,612), the Mayor’s Task Force on Pedestrian Safety noted that sidewalk and crosswalk design is a major contributor to pedestrian behavior and safety. The task force thus recommended that new sidewalks be connected to existing ones to create a complete network, and that crosswalks be provided at all city streets. Other traffic-calming devices recommended by the task force included bump-outs, raised crosswalks, and landscaped islands (Mayor’s Task Force on Pedestrian Safety 2016).

In the past, one-way streets were used to facilitate efficient traffic flow through the downtown, but the logic of this strategy is now being questioned. One-way streets make downtowns less safe for pedestrians because traffic speeds are higher on such streets. Signal timing is calibrated to decrease stops for drivers and the lack of “friction” (traffic moving in the opposite direction) causes drivers to drive faster. One-way streets are also confusing and make navigating difficult, particularly for visitors unfamiliar with the layout of the city. This increases “out-of-trip” driving—driving farther than is necessary (Badger 2015). A study by the Center for Sustainable Urban Neighborhoods found that in Louisville, the conversion of a one-way street to two ways increased traffic flow and decreased accident rates. The researchers also noted ancillary benefits from the street conversion. For example, the property taxes increased on the two-way street compared to the streets that were not converted to two-way streets (Riggs and Gilderbloom 2015).

Complete streets are also preferred to streets that cater only to the automobile. Complete streets are designed, built, and operated to enable safe access for all users. This includes pedestrians, bicyclists, motorists, transit riders, and all demographic groups, both those that are able bodied and those with disabilities. Complete streets make it easy to walk to work, shop, and play. Clearly marked crosswalks, bike lanes, wide sidewalks, on-street parking, narrow drive lanes, and buffer landscaping are all features of complete streets.

Cities both large and small are adopting complete streets policies. The National Complete Streets Coalition, which was launched in 2004, reports that as of 2017 over 1,140 agencies at various levels of government have adopted complete streets policies (Smart Growth America 2017). In 2014 the township of Millburn, New Jersey (population 20,308), adopted such a policy with work already completed for Millburn Ave and Main Street in the city’s downtown (Figure 3.4). The goal of the complete streets policy was to make streets—particularly those in the downtown—safer for pedestrians, improve traffic flow, and enhance the economic vitality of downtown businesses. The township spent $8.4 million to realign streets, up-
date the downtown infrastructure, and make roadways and sidewalks safer for pedestrians and motorists. Public open houses engaged residents in discussing and analyzing traffic patterns, culminating with the final redesign and construction of downtown streets.

Since its adoption and implementation in 2014, the complete streets program has contributed to a 23 percent reduction in accidents and a decrease in traffic speed throughout the township to 29 miles per hour (Millburn 2017). Millburn’s program won the state’s 2017 Complete Streets Excellence Award, which recognizes communities that have demonstrated excellence in complete streets policy development or implementation (Sinclair 2017).

Public Gathering Spaces
Gathering spaces are a community’s living rooms and are essential attributes of a downtown. They provide a “third place” that complements the “first place” (home) and “second place” (work) for residents to get together, socialize, and catch up on the latest gossip. These are the venues where people interact, mingle, and share ideas. They facilitate chance encounters and contribute to neighboring and community cohesiveness. They enable social bonding and the fostering of community belonging. Because of these qualities, public gathering spaces are essential to downtown health and, by extension, the health of the entire community.

Public gathering spaces can be formal or informal, they may be small or large, they may be indoors or outdoors, and they can be designed to facilitate passive or active use. Healthy downtowns have several of these gathering spaces. Community parks and plazas are examples of informal and passive public gathering spaces. Pocket parks are examples of small public gathering spaces that may be used as passive or active recreational spaces. Community centers are examples of indoor public gathering spaces.

Successful downtowns have a combination of these types of gathering spaces. In Virginia, Charlottesville’s successful pedestrian mall is a large public gathering space that stretches seven blocks, but within which smaller public gathering spaces with benches, water fountains, and movable chairs and tables encourage seating and lounging.

Large public gathering spaces often incorporate such elements, as is the case in downtown Wilmington, Delaware (population 71,442), at Rodney Square. Rodney Square was built in 1941 with the support of the DuPont Company as part of its efforts to improve the quality of life for residents in Wilmington. Included in the park are seating benches, an equestrian statue of Caesar Rodney (the square’s name-
sake), a large central open space for community events, mature trees, and landscaping.

In 1978, the city of Hendersonville, North Carolina (population 13,840), transformed a four-lane highway through the downtown into a curvilinear two-lane Main Street. Included in the streetscaping project were pedestrian bump-outs, widened sidewalks, sidewalk cafes, and outdoor seating and tables that were provided and are maintained by the city. These changes made Main Street pedestrian friendly and earned the project a design award in that same year. The city recently refurbished Main Street (Figure 3.5), and in 2015 at the North Carolina Main Street Annual Awards Ceremony, the Downtown Hendersonville Main Street Streetscape Rehabilitation Project received the Best Outdoor Space Improvement award (Times-News Online 2015).

Lew Holloway, Henderson’s downtown economic development director, noted that the Main Street revitalization project is a collaborative effort between a consultant, construction company, downtown stakeholders, and city staff, including the city’s departments of Engineering, Public Works, and Water and Sewer.

Some cities have creatively transformed vacant lots into active public gathering spaces. Vacant lots can be a visual blight in the downtown, particularly if they are clustered in a few blocks. They can be transformed into pocket parks, community gardens, or community recreational activity areas through tactical urbanism strategies. As an example, the city of Fishers, Indiana (population 90,127), creatively transformed a vacant lot into an outdoor recreational activity area with a ping-pong table and chalkboards that invite residents to express their views and opinions (Figures 3.6 and 3.7). This not only converted a vacant space into an active recreational use, it also brings the community together to socialize and interact. Such creative uses for vacant spaces provide interim functional uses for these areas until the market can support their redevelopment.

**Gateway Improvements**

Gateways are the major entry points to downtowns and can be used to convey a positive identity as well as establish a downtown’s boundaries to visitors, residents, and potential investors. Recognizing the importance of gateways, the city of Chippewa Falls, Wisconsin (population 14,084), used this approach to spruce up the entranceways to the city’s downtown. The gateway project started with the city’s 1999 comprehensive plan, which recommended a redesign of the entryway to the downtown to include the building of a riverfront park. This was because, according to Chippewa Falls urban planner Jason Smith, “The entrance to Chippewa Falls between the river and River Street is far less spectacular than the anticipation” (Hage 2007).

In 1994, the city created a redevelopment authority and a downtown tax increment district to help redevelop the downtown. However, redevelopment didn’t take off until the state rerouted State Highway 29 away from the downtown in 2005. This paved the way for the city to begin prop-
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Property acquisition and the development of a formal plan for the riverfront (Lea 2015).

In 2007, civic leaders from the city’s Main Street program, the chamber of commerce, city staff, Xcel Energy, and the state’s Department of Natural Resources met with a consulting firm to discuss development of the city’s gateways (Hage 2007). The consulting firm helped the city to gather data, frame the issues, and obtain feedback from residents on initial thoughts for the development of the gateway. This concluded with the creation of the Chippewa downtown riverfront concept plan in 2007 (Lea 2015).

The downtown gateway plan is being undertaken in three phases (Table 3.1). It includes a riverfront park at the Chippewa River that serves as the main gateway to the downtown. The gateway project also includes a new roundabout, a visitor center, an amphitheater, a plaza with water fountains, and walking trails (SEH, Inc. 2014).

Phase one of the gateway project is now complete and phase two projects are in various stages of completion. A block that acts as a gateway to downtown is now framed by two brick buildings housing a welcome center, offices of the chamber of commerce, and the headquarters office for an engineering and architectural firm. A roundabout has also been built (Schill 2016).

The project is funded through multiple sources of revenue. Between 1989 and 2016, the city acquired blighted property primarily from money raised in the tax increment district, cleared the nonhistoric and noncontributing historic buildings, and provided public infrastructure such as stormwater drainage, sewer lines, water mains, and environmental cleanup at a cost of approximately $12 million. The Wisconsin Economic Development Corporation (WEDC) provided the city with $250,000 as part of the agency’s flood mitigation program. A community fundraising campaign also raised $2.2 million from contributors to support the project (Chippewa Falls n.d.).

According to WEDC, the gateway project has already leveraged an additional $7.7 million in investment. In addition to the architectural firm headquarters, the chamber of commerce offices that host up to 12,000 visitors annually, and the welcome center that saw about 5,000 walk-ins in 2015, a new hotel and brewery have been built within a block of the riverfront to a large extent because of the gateway improvements (WEDC n.d.). Business sales have gone up 18 to 20 percent in the city’s downtown (Lea 2015).

Gateway projects are used to help define downtown boundaries and to establish clear identities for these districts. Gateway projects can also be used to create a good first impression of a city and its downtown so that it is not defined by vacant properties or blighted buildings. Cities such as Chippewa Falls that were settled on riverbanks are particularly susceptible to visual blight because most industries were built on the rivers to facilitate easy transportation of their products or because they needed large volumes of water for their operations. When these factories closed or moved out to the suburbs following deindustrialization,

### TABLE 3.1. THE THREE PHASES OF THE CHIPPEWA FALLS GATEWAY REDEVELOPMENT PROJECT

<table>
<thead>
<tr>
<th>Phase</th>
<th>Project Activities</th>
<th>Time Frame</th>
<th>Estimated Cost</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-phase</td>
<td>Purchased properties; demolition; environmental remediation; permitting</td>
<td>1989–2014</td>
<td>$8 million</td>
<td>City funded</td>
</tr>
<tr>
<td>Phase 1</td>
<td>Electrical conduit; trails; lighting; irrigation; restrooms; river access; fishing piers; environmental remediation; parking; landscaping; water; sewer; grading</td>
<td>2015–2016</td>
<td>$3.2 million</td>
<td>City funded</td>
</tr>
<tr>
<td>Phase 2</td>
<td>Amphitheater for 3,000; raised stage and roof canopy; recreational trails; restrooms; enhanced water features; finished electrical; Bay Street entry plaza, picnic pavilions; skating ribbon; trails to Allen Park</td>
<td>2017–2018</td>
<td>$2 million</td>
<td>Public fundraising campaign</td>
</tr>
<tr>
<td>Phase 3</td>
<td>Picnic shelters, flag plaza; trails; pavilion; upgraded enhanced farmers market</td>
<td>2020–2022</td>
<td>$1 million</td>
<td>City funded</td>
</tr>
</tbody>
</table>

*Source: Chippewa Falls n.d., 9.*
the buildings remained. Many of these buildings are in the downtown and have had to be remodeled for alternative uses. Others are simply sitting vacant and decayed. Gateway projects can provide alternative uses for historic but obsolete buildings in need of new life.

**Destination Points**

Many healthy downtowns have destination points that provide anchor amenities for the downtown. These anchor uses draw people to the city’s center. In many cases, it is these amenities that provide the catalyst for the reinvigoration of the downtown. Examples of destination points include performing arts centers and theater venues, plazas and parks, community ice skating rinks, and conference centers.

The vivacity of downtown Charlottesville, Virginia (46,912), is attributable to the numerous destination points the city provides. These include the pedestrian mall on Main Street; the Virginia Discovery Museum, a science museum for children; the Paramount Theater, renovated in 2005 with a seating capacity of 1,000; and Live Arts, a 400-seat community theater. An amphitheater and an ice skating rink are among other downtown attractions. The Virginia Discovery Center has attracted close to a million visitors since it opened in 2001. The pedestrian mall has 120 shops and 30 restaurants, many providing outdoor seating. These restaurants attract over 300 diners each day, and free weekend concerts bring over 3,000 people each weekend to the downtown (Lucy 2002). The success of the city’s downtown has had ripple effects on the surrounding neighborhoods. Thomas (2011) found that property values in North Downtown, an immediate neighborhood to the pedestrian mall, were higher than for neighborhoods near the University of Virginia, which are preferred residential neighborhoods in the city.

Greenville, South Carolina (population 67,453), has several destination points and anchor tenants that keep its downtown bustling all times of the day and night. The city used public-private partnerships to create destination points and downtown amenities that attract people to its downtown (discussed further in Chapter 4). The city’s downtown has parks and recreational facilities such as Liberty Bridge and Falls Park on the Reedy, and museums such as the Children’s Museum of the Upstate and the Greenville County Museum of Arts. Sporting venues include Fluor Field and the Bon Secours Wellness Arena, and the downtown also features performing arts facilities such as the Peace Center for the Performing Arts and the Warehouse Theater. Because of the diversity and variety of amenities provided, the downtown appeals to a wide range of demographic groups.

The director of the South Carolina Department of Parks, Recreation, and Tourism considers Greenville “the most transformed city in the Southeast in the last 20 years” thanks to the rebirth of its downtown. The hotel occupancy rate for the city of Greenville and county is at 80 percent, a good record for a nonbeach, nongolf destination (Smith 2015). The downtown is vibrant day and night. During the day, more than 20,000 employees work downtown. At night, many stay to enjoy the downtown’s cultural, entertainment, and dining establishments (Greenville 2017). Downtown Greenville has garnered several accolades, including “Top Ten America’s Greatest Main Streets” from Travel + Leisure. Livability ranked it one of the “Top 10 Best Downtowns” in the country, and The New York Times called it a “national model for a pedestrian-friendly city center” (VisitGreenvilleSC n.d.). The city has chronicled the history and transformation of Greenville’s downtown in an ArcGIS StoryMap on its website (gis.gov.greenvillesc.gov/downtownreborn/index.html).

If a city wants to develop destination anchors as public facilities, these are expensive projects usually undertaken one at a time. Cities may fund such projects through municipal bonding, either in the form of general obligation bonds (for projects that do not generate revenue) or revenue bonds for revenue-generating projects such as convention centers and sports facilities. Because these are “lumpy” costs, cities need to stagger them over a longer period and include them in multiyear capital improvement plans.

Public-private partnerships can also be used to share the cost of getting such projects implemented. In such cases, the public sector often uses its eminent domain power to acquire property and to prepare the site to make it shovel-ready for redevelopment. Local governments may also provide loan guarantees to make it possible for private developers to obtain high-risk loans from financial institutions.

**Public Art**

Public art can be used to embellish the public sphere and make the downtown aesthetically pleasing. The arts offer many benefits: They foster vibrant communities, they ignite the imagination of children, they have the power to uplift people’s spirits, and they foster emotional and mental health (National Assembly of State Arts Agencies 2017). A number of states, including Oregon, Colorado, Montana, and Ohio, have adopted “percent for arts” policies that either require or recommend that a given percentage (usually one percent) of state capital projects be dedicated to funding the arts (Pietsch 2013).
The arts include sculpture, painting, murals, creative signage, pavement design, street furniture, performance, and balloon installations. Art enhances the downtown ambience and creates conversation pieces that can be an icebreaker for strangers (Figure 3.8). Public art is not just art that is installed in public spaces; it also actively defines and shapes public space (Pietsch 2013).

An excellent downtown public arts program is exemplified by Walnut Creek, California (population 69,122), a community 16 miles east of Oakland. The city has more than 30 public art pieces located throughout downtown: at the Lesher Center for the Arts and Arts District, on Main Street, at the Plazas, at city hall, and at Civic Park. Art pieces by famous artists on display include the work of Stephen De Staebler (Untitled), Yoshio Taylor (Echo), Josh Keyes (Threadmill), Ann Gardner (Uno, Dos, Tres), Seyed Alavi (Fountain Head), and Doron Rosenthal (Geological Evolution of Mt. Diablo).

Since 1982, the city council has encouraged the provision of art in public places by incorporating public art guidelines into project design reviews. This was initiated through a collaborative effort by the city’s planning, design review, parks and recreation, and arts commissions. However, the guidelines did not stipulate specific requirements for funding the art pieces, nor were they part of a long-term public art enhancement plan (Baer 2000).

In 1987, the city council adopted Resolution 4771 that called for revisions to the city’s public art policies and regulations. These have since been amended several times, most recently in 2009 (Walnut Creek 2009). Public art requirements are addressed in the city’s planning and zoning code (§10-10.100 et seq.). The city’s 1989 general plan stipulated that public art be included in both public and development projects to insure a continuing investment and appreciation of the arts by residents. The city later retained the services of a consultant in 2000 to prepare a public arts master plan for the enhancement and provision of art pieces to make public spaces more welcoming.

The arts master plan identified six public art project zones for such improvements (Figure 3.9). The city’s design review commission is charged with ensuring the inclusion of art pieces in projects that fall within these zones. Thus, public art is integrated into the review process early in the project development phase. A member of the city’s arts commission serves as liaison between it and the design review commission to streamline implementation (Baer 2000).

The public art program is funded by the city and developers. A public art fee of one percent ad valorem is levied on the cost of projects of more than 25,000 square feet. Projects between 15,000 and 24,999 square feet have no less than half of one percent of their construction cost allocated for public art. The fee also applies to alterations that are greater than 50 percent of the gross square footage of existing structures. The art plan also recommends that the city’s biennial capital improvement budget include funds for the provision of public art in existing parks, gateways, medians, city buildings, and other related municipal sites (Baer 2000).

The city provides a self-guided audio tour of 33 art pieces in the downtown. Numbers corresponding to each piece as shown in Figure 3.9 are provided so one can dial each number for detailed information about the corresponding art. Trained docents also provide regularly scheduled monthly tours for the art pieces. An accompanying web link (walkwc.toursphere.com) that provides a virtual tour of the exhibits is available online. In 2016, the online app received 1,069 visits, with an average of eight pages viewed per visit (Huss 2017). Staff at the Bedford Gallery, a community art gallery located in the Lesher Center for the Arts, also provided guided tours.
which, in 2015, had four people on average per scheduled museum visit. This increased to an average of 10 in 2016. The docent-guided tours of the downtown arts pieces also increased by 113 percent between 2015 and 2016 (Huss 2017).

The Walnut Creek arts program is an excellent civic art program worth emulating by cities seeking to revitalize their downtowns with the arts. The city succeeded in implementing the public art program because civic leaders recognized the benefits of the arts in enhancing the quality of place in public spaces. This approach, however, requires that the arts be considered early in the development process, and so the city’s design review board is tasked with facilitating the inclusion of artwork when projects are being reviewed for permits. The program also requires collaboration from all city departments and commissions that deal with development, ranging from the plan commission to city council, the design review commission, planning division, engineering division, arts commission, the Bedford Gallery Advisory Council, and the cultural services department.

Unlike Walnut Creek, the city of Sandpoint, Idaho (population 7,984), has a public art program that is not funded through a construction fee. The goals of Sandpoint’s public arts program are to help humanize the built environment, energize public spaces, enhance a sense of identity for the community, and remind residents of their heritage (Sandpoint Arts Commission 2015).

The Sandpoint Urban Renewal Agency (SURA), formed in 2005, administers the city’s TIF program, from which five percent of annual revenues is used to fund the arts. In addition to the revenue from the TIF district, the arts are also funded through the Art by the Inch Fund. The fund is set up to accept tax-deductible donations from individuals and foundations that wish to support the arts. Whereas the SURA funds can only be used to provide public art within the redevelopment area, the Art by the Inch Fund can be used to support public art anywhere in the city.

The city has also partnered with other groups and organizations to provide public art, including Avista Utilities, Bonner County, Elks Lodge #1376, Greater Sandpoint Chamber of Commerce, Rotary Club of Sandpoint, Sandpoint Lions Club, and Trout Unlimited (Sandpoint Arts Commission 2015).

The city of Pleasanton, California (population 82,270), established the Arts in Public Places Committee in 1989 (later renamed the Civic Arts Commission) under the parks and recreation department. The commission promotes the acquisition, construction, and installation of public art in the city and advises the city council on matters of arts and culture.

In 2007 the city contracted with a consulting firm to review and prepare a public art master plan for the city’s downtown. The city did not have a “percent for art” ordinance; at that time, it allocated $50,000 in its annual budget to fund public art and the public art fund had a balance of $350,000. The plan recommended that public art should be used to commemorate the city’s history, reinforce a community identity, and create a sensory environment (Pleasanton 2007).

In addition to the annual budget allocation from the city, public art in Pleasanton is also supported through donations of artwork by individuals and businesses, charitable financial donations, and support from nonprofit organizations. Since 2014 the Civic Arts Commission has also funded a competition by local artists to paint utility boxes in the city’s downtown to depict the community’s flora, fauna, and historic past. Selected artists received $750 each from the public art fund. City businesses were also encouraged to sponsor public art programs.

A public arts program such as Walnut Creek’s, which is funded through a construction fee, works best where a city has a buoyant real estate market because the fee for providing public art increases the cost of development to investors. Where the real estate market in the downtown is struggling, such a fee can discourage real estate development. Cities must assess their downtown market conditions to make sure that
an art enhancement fee does not deter real estate developers from investing in the downtown. Alternatively, as is the case for Pleasanton and Sandpoint, cities may choose to fund downtown public art by incorporating the cost in the annual budget for the municipality. This approach, however, may crowd out other needed expenditures for the community. Donations and private-sector contributions are some of the other ways to supplement tax revenues for public art.

**Landscaping and Design Standards**

Landscaping and design standards regulate modifications to the physical environment with the goals of promoting community character and integrating the built and natural environments. The types of landscaping materials used, their placement in relation to sidewalks and streets, and their relation to underground and aboveground utilities are regulated to ensure that they enhance rather than detract from the quality of place. Different geographic regions have different native flowers and plants. Land modifications can increase erosion and negatively affect stormwater management, if not done well. Cities often stipulate desirable landscaping and design standards for developers that specify the types and nature of modifications to the physical environment that are appropriate to ensure uniformity and a common understanding about the desired form of improvements to the downtown.

Design guidelines often follow the adoption of a city’s downtown plan and elaborate on the provisions in that plan to guide and regulate both private and public investment in the downtown. In 2005 Florence, South Carolina (population 38,317), hired a consulting firm to prepare downtown design guidelines. These were updated in 2017. The goal of the design guidelines was “to build a framework within which builders, developers, homeowners, and City government can each play a part in revitalizing downtown Florence, secure in the knowledge that their individual contributions will reinforce the whole” (Florence 2017). Ten principles were outlined for achieving a quality downtown environment, including creating pedestrian spaces that add to the life of the downtown, building a coordinated signage system, using common design elements to unify the downtown, ensuring quality parks and public gathering spaces, landscaping and screening parking lots, and ensuring a uniform identity for the downtown.

Trees and shrubs add to the overall ambience of a downtown. They help to decrease the urban heat island effect, protect against stormwater runoff, shade buildings, and provide canopy for pedestrians against extreme weather conditions (see Lanza and Stone 2015, Rosenzweig et al. 2006, and Solecki et al. 2005). Indeed, the streetscaping project of 1978 in downtown Greenville, South Carolina, that included the narrowing of Main Street and planting of shade trees is credited for contributing to the downtown’s revival (Whitworth and Douglas Neal 2008). Decades later, it is difficult to picture downtown Greenville without its canopy of mature willow oaks, red maples, and zelkova trees.

The city of Bartlesville, Oklahoma (population 36,647), prepared a comprehensive landscaping plan for its downtown in 2016 with the objectives of helping to drive economic revitalization, bring more people downtown, and attract people and businesses, among others (Main Street Bartlesville, Inc. 2016). The projected cost for implementing the downtown landscaping projects is $1.93 million. The capital improvement elements of the landscaping plan are to be funded from revenue raised through the Downtown Commercial District TIF and capital improvement projects tax funds. The annual maintenance cost is estimated at $51,000 per year and is to be covered from the city’s general fund or from the downtown TIF fund, depending on the nature and location of the project (Main Street Bartlesville, Inc. 2016). Streetscaping improvements approved by the city council in 2017 will serve as the pilot project for downtown improvements. The city budgeted $574,851 for the improvements, which will include filling in recessed planters to create a continuous sidewalk and constructing planting areas for 20 trees, with tree grates and pavers that will tie into the concrete sidewalk (Day 2017).

To achieve the desired effect, trees must be carefully selected to fit the climatic conditions of the community; otherwise, they will detract from, rather than add to, the quality of the environment. Building height, signage, ground floor use, and the size of buildings along the streets where trees are planted should all be taken into consideration in the selection, pacing, and location of trees and shrubs. Trees are not only expensive, but their maintenance can exert considerable costs to municipalities. This must therefore be taken into consideration in a city’s landscaping plan.

Portland, Indiana (population 6,161), learned these lessons when a conflict recently erupted between downtown business owners and the city government. Street trees called for in the city’s urban revitalization plan were blocking the signage to businesses along Meridian Street, the main thoroughfare through the city’s downtown. To compound the problem, the fruit of those trees attracted birds that littered the downtown with their droppings, annoying customers and business owners alike (Geesaman 2016). This resulted in the removal of some of the trees, and an effort is now underway to replace them with more appropriate species such as the American hornbeam and the Freeman maple.
In deciding on tree species to use for downtowns, consideration should be given to selecting trees that do not obstruct store fronts and advertising signs or interfere with infrastructure. Several tree varieties should also be planted to inoculate the downtown against species-specific diseases. The urban forest population should have no more than 20 percent of the same species. This allows for a more diverse population of plant species and prevents the urban forest population from being decimated by disease, pests, or age (Santamour 1990).

**CONCLUSION**

Placemaking entails the transformation of the physical and tactile elements of the downtown to enhance its visual appeal and improve the quality of the downtown experience. The pedestrian should be at the center of this transformation because foot traffic is the lifeblood of a downtown.

As shown in the examples in this chapter, placemaking strategies may be formalized in a comprehensive plan or they can be strategic in nature, pursued with a specific goal in mind such as attracting talent and business to a community. Recent developments have also hinted at the importance and success of using tactical urbanism to transform the urban environment and to learn of possible options that cities can use to enhance public spaces. These small, low-cost, and incremental approaches can be part of larger placemaking transformations in a city.

An appealing downtown environment is one way to get city residents not only to visit, but to consider living downtown. This is the subject of discussion in the next chapter.
Since the turn of the 21st century, there has been a resurgence in downtown living (Birch 2005). In Rochester, New York (population 208,880), the downtown population more than doubled between 2000 and 2015 from 3,239 to 6,542 people (RDDC 2015). In this 15-year span, 35 downtown buildings were converted from underutilized and vacant commercial uses to apartments and lofts and nine new residential buildings were constructed. The Rochester Downtown Development Corporation is tracking 18 additional housing projects that are expected to add an estimated 2,700 new residents to the downtown by 2019.

In Dayton, Ohio (population 140,489), the downtown population increased by 18 percent with the addition of 334 housing units to the downtown between 2010 and 2016. This is even more remarkable given that 99 of these new housing units are owner-occupied housing, and rental occupancy rates in the downtown are hovering between 96 and 98 percent (Downtown Dayton Partnership 2017).

In Little Rock, Arkansas (population 198,541), the downtown population increased by 54 percent over a 15-year period from 2000 to 2015. In 2000, there were only 800 residents in the city’s downtown compared to 1,300 in 2016 (Ferrando 2016). Daniel Holland, a downtown Little Rock resident, sums up the reason downtown living has gained popularity: “I can just walk down to the river market within 10 minutes and there’s all the activities I need. It was close to work and I didn’t want to get in my car and face that morning commute” (Ferrando 2016).

This dramatic turnaround in downtown living across the country is attributable to two factors: an improving economy and changing demographics. The great recession that began sometime in 2007 ended by mid-2009, and since then the national economy has grown an average of 2.1 percent annually (Center on Budget and Policy Priorities 2017). The growing economy has increased people’s economic fortunes and enabled them to form new households. These new households have led to an increase in the demand for both rental and owner-occupied housing, some of which is located downtown.

Demographically, the number of households without children has increased significantly nationwide. Young adults, defined as persons aged 18 to 34 years old, are waiting longer to get married and are also postponing parenthood till much later in life (Vespa 2017). Today, the second most common type of living arrangement is the single-person household (28 percent of all households), behind married couples without minor children at home. The growth in single-person households is due to a variety of factors including the financial independence of women, longer lives, later ages of marriage, higher divorce rates, and smaller family sizes. This is the population cohort for which downtown living is appealing.

Those who live alone are more likely to rent and are likely to choose housing that meets their current needs in location, size, and tenure (Masnick 2015). This trend bodes well for downtowns that are seeking to attract new residents. As an example, in Wilmington, North Carolina (population 117,525), about 53 percent of downtown residents are nonfamily households, 46.5 percent have never been married, there are 2.1 persons per household, median household income is $29,456, and the median age is 36.98 years (Point2Homes 2014).

Another factor contributing to an increase in demand for downtown living is the growth of the elderly population, driven for the most part by the baby boomer age cohort. A large proportion of this group are “empty nesters” who began turning 65 in 2011. The Census Bureau projects that by 2050, the population that is older than 65 years will hit 83.7 million (Ortman et al. 2014).

Young professionals and the baby boomer population group are pre-children and post-retirement households, respectively, for whom large houses and yards, typical of the suburbs, are not needed (see Sacramento Area Council of Governments 2014). Young professionals are often still in the process of saving the down payment required to buy their first homes, and empty nesters are looking to downsize into smaller homes and living arrangements that are closer to city
amenable to public and nonprofit housing providers. The provision of downtown housing by making information available to private and nonprofit housing providers can help ensure that a variety of housing types is available for downtown living. Downtown living is also attractive to artists who prefer live-work units that enable them to work from home, students, and downtown workers.

These favorable demographic trends are necessary but not sufficient for increasing downtown's residential population. Two conditions must also prevail to make downtown living a reality: (1) the downtown must provide an environment in which people want to live, and (2) there must be an investment motive for high ownership downtown (Moulton 1999). With respect to the former, the downtown must be perceived as a safe place that provides a mix of amenities that people need. In addition to appropriate types of housing, these amenities will include shops, eateries, places of entertainment, and, as we have seen in Chapter 3, quality public spaces. In the case of the latter, downtown must be a place not just for those who wish to rent, but also for those for whom housing is an investment. Downtown housing should, therefore, be an attractive investment option for homeowners that is comparable to the suburbs.

A third important factor is that downtown housing should be profitable to real estate developers. After all, it is real estate development firms that take the initial risk of building in the downtown. Developers will not take the risk if they perceive the return on investment (ROI) downtown to be lower than elsewhere in the city or that of alternative investment opportunities. If the ROI in downtown housing is lower than alternative sites, they are not likely to engage in the remodeling of existing buildings into residential units or in new housing construction downtown.

While local governments cannot create demand for downtown housing, governments can affect the supply side of the equation by decreasing development costs to the private sector through incentives and a supportive regulatory environment. Such government actions can assist in bringing the cost of providing downtown housing into balance with demand and establish a viable housing market for developers. Because infill development is riskier and more expensive to build than building new housing in the suburbs, even when developers undertake the remodeling of underutilized buildings in the downtown it may be financially out of reach for those households that wish to live there, including young professionals and the elderly. Government intervention through cost savings to developers can help ensure that a variety of housing types is provided in the downtown. The public sector can also facilitate the provision of downtown housing by making information available to private and nonprofit housing providers.

An assessment of the downtown housing market can identify development opportunities and this information can then be passed on to property developers. For example, Grand Forks, North Dakota (population 57,339), provides a housing information dashboard on its website (grandforks.gov.com/business/housing-dashboard). The dashboard disseminates basic housing market information on a regular basis on for-sale housing, rental market data, growth indicators, and the availability of fair housing.

Other types of data that can be useful in a downtown housing information dashboard include housing vacancy rates, housing costs and affordability, building inventories, downtown building permits issued, housing under construction, available market-rate versus subsidized housing, demographics of the downtown population, home ownership costs, and home values, among others. To be useful this information needs to be updated regularly, perhaps quarterly.

**DOWNTOWN HOUSING MARKET ASSESSMENT**

The public sector can assist the private sector and facilitate more efficient decision making through a housing market assessment. Such a study can be done as part of the downtown plan or the citywide plan, or it may be done as a separate project that is not tied to a plan.

While sophisticated housing market analysis requires the use of consultants specialized in such areas, city staff can do a preliminary assessment of housing market conditions as a prelude to the more detailed analysis that can then be undertaken by the consultants. Even when consultants are contracted to do the housing analysis, urban planners and city staff provide supporting roles in such studies and need to understand how the analysis is done and the variables that go into the calculations and data projections. An assessment of the downtown housing market is aimed at identifying the potential demand and supply for housing to give guidance to developers on the type of housing that is feasible and profitable.

The University of Wisconsin Extension provides a step-by-step approach to doing a housing market assessment, as shown in Table 4.1 (see University of Wisconsin Extension 2011). This first-order determination of the downtown housing needs can be done in-house and consultants can then be used to do the detailed housing market analysis.

To determine the number of housing units that will be needed downtown, first calculate the future housing demand for the city for the plan period based on population growth projections. Then calculate the number of housing units...
needed in the downtown, either by using the current proportion of the city’s housing units that are downtown or a proportion that is based on projected future housing demand in the downtown, as shown in Table 4.1.

The process starts with a designation of the primary housing market area. This may be the city, county, Metropolitan Statistical Area, or drive-time area. The housing market area is usually the contiguous functionally integrated economic region. To establish the boundaries, it may be helpful at this stage to examine mobility patterns and talk to area realtors, developers, and city planners in the region. Once the primary housing market area is established, the next step is to forecast the future population for the region at the end of the plan period. This will establish the net population change, taking into consideration natural population increase (births minus deaths) and net migration.

Households are the key determinants of housing demand, so once the net population change is determined, the next step is to calculate the number of households from this population. This can be done by dividing the net population change by the median household size for the market area. This will give a rough idea of the number of households that are likely to be formed from the increased population and, therefore, the number of housing units that will be in demand. Some of the new households will be single-person households, while others will be multiperson households whose housing needs vary. Provision should also be made for those who will be living in group quarters such as university dormitories and group homes. These people will not affect the future demand for housing. A vacancy factor should also be considered to provide elasticity in the housing market. At any point in time, some households will be moving up the housing chain or moving from one type of housing unit to another. This is called filtering. Thus, some vacancy in the housing market is needed to facilitate such movement.

Once the total number of future housing units is determined for the primary housing market, the downtown’s share can be calculated from this total. This can be determined by using the existing or projected proportion of the city’s housing units that are or will be located downtown. If as in Table 4.1 only five percent of the city’s current housing units are located downtown and this is expected to be the case in the plan period, then only 60 of the projected housing units will be needed downtown. On the other hand, if a greater number of people are expected to live downtown in the future than is currently the case, then a much higher proportion than five percent will have to be used to determine the housing units to be provided downtown.

On the supply side, the goal is to provide an estimate of the number of housing units that should be made available for rental and owner-occupied housing in the plan period. One way to gauge housing supply in the market is to obtain data on applications for building permits in the housing market area and for the downtown. As planners in the public sector are aware, this data is kept by local governments in city building departments or departments of community development, which can provide information on the number

<table>
<thead>
<tr>
<th>TABLE 4.1. CALCULATIONS FOR CONDUCTING A COMMUNITY HOUSING NEEDS ASSESSMENT</th>
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<tbody>
<tr>
<td>Projected Housing Needs in City (Demand)</td>
</tr>
<tr>
<td>Projected population 2030</td>
</tr>
<tr>
<td>(-) Number of persons in group quarters</td>
</tr>
<tr>
<td>(=) Household population</td>
</tr>
<tr>
<td>(/) Average household size</td>
</tr>
<tr>
<td>(=) Projected households</td>
</tr>
<tr>
<td>(x) 1 + Vacancy rate</td>
</tr>
<tr>
<td>(=) Projected number of housing units needed</td>
</tr>
<tr>
<td>Projected Number of Housing Units Available in City (Supply)</td>
</tr>
<tr>
<td>Available number of housing units (2018)</td>
</tr>
<tr>
<td>(-) Projected number of existing housing units that will be beyond repair by 2030</td>
</tr>
<tr>
<td>(=) Projected number of housing units available in 2030</td>
</tr>
<tr>
<td>Demand for Additional Housing Units for City</td>
</tr>
<tr>
<td>Projected number of housing units needed</td>
</tr>
<tr>
<td>(-) Projected number of housing units available</td>
</tr>
<tr>
<td>(=) Projected number of additional housing units needed in city</td>
</tr>
<tr>
<td>Proportion of New Housing Units Needed Downtown</td>
</tr>
<tr>
<td>Projected number of housing units to be built downtown (based on current percentage of housing units in the downtown or projected increase in the downtown in plan period)</td>
</tr>
</tbody>
</table>

Source: Adapted from University of Wisconsin Extension 2011.
of building permits that have been applied for in the most recent years, the number that have been issued, and therefore the number of housing units that are already in the pipeline. This data will also show the types of construction activity for which the permits are being provided and the location of the projects. Housing that is completed, that which is in the pipeline, and that which is in the review stages will give a good indication of potential housing supply for the area.

Next, the annual housing absorption rate and months of supply for the downtown needs to be calculated. Months of supply is calculated by dividing current inventory by current sales. The result shows the number of months that will be needed to sell all the housing inventory available at the current rate of demand. This information provides developers and civic leaders an approximation of the number of housing units that need to be built annually to accommodate demand in the downtown.

In addition to statistical data, a survey of residents can also reveal preferences for downtown living. The survey could ask residents if they would consider moving to live downtown within the next five years, what price point housing they can afford, what factors they would consider in deciding to live downtown, the amenities they would most like to see in a downtown, and the income and demographic factors of the respondents, among other questions. Coupled with the statistical data, this will enrich the information on the downtown housing profile and market.

A housing market analysis conducted for Evansville, Indiana (population 119,477), and for its subareas, including the downtown, found that while the city’s downtown population decreased between 2000 and 2010, it was expected to grow by 4.5 percent between 2015 and 2019, a rate of growth that will surpass that for the city as a whole. This conclusion was based in part on discussions with real estate developers, a review of real estate listings, household and demographic projections, and an analysis of the current and potential housing market in the downtown, among other factors. The largest growth is projected to occur for households in the age cohort that is between 65 and 74 years. The study concluded that “the downtown area is in need of additional rental and for-sale product, with emphasis on product affordable to lower income households” (Bowen National Research 2014, XI-8).

Providing housing market information to developers and home builders is important, but it is not enough to spur downtown housing development. For downtowns, where land is fragmented and may come with a high cost of environmental remediation, financial assistance and regulatory oversight by government to right the downtown housing market equation is also needed, as is local government’s role in land assembly.

In many cases, government’s role is critical in negotiating with property owners to acquire property for downtown redevelopment. It is best when voluntary sale of land and property is reached between local government and property owners. However, in some cases, government may need to invoke the power of eminent domain to acquire private property that is needed for downtown revitalization. The controversial case of *Kelo v. City of New London* (545 U.S. 469 (2005)), in which the U.S. Supreme Court ruled in favor of the Connecticut city of New London’s use of eminent domain to acquire property for the redevelopment of the downtown, has raised the stakes in the use of this instrument by government. As a result, local governments are exploring other means for urban revitalization that does not involve condemnation. One promising tool is the use of land readjustment, a strategy that has been used successfully in Asia and Europe for urban revitalization but has seen little use in the United States (see van der Krabben and Needham 2008; Mukherji 2014).

Land readjustment, or land pooling as it is sometimes called, is an urban redevelopment strategy in which owners of contiguous land voluntarily consolidate their land under one redevelopment authority, usually a local government agency, for the purpose of redeveloping the neighborhood, and equitably share both the costs and the benefits of the project outcomes. Because property owners stand to benefit from the redevelopment of the neighborhood, they are more willing to participate in the project than if they are forced to sell their land to government. Land readjustment therefore makes the use of eminent domain unnecessary (see Larsson 1997; Hong and Needham 2007). Some studies have assessed the proposed benefits and costs in the use of land readjustment for urban redevelopment (see Jersey City Redevelopment Agency 2014). Civic leaders may wish to more closely examine this tool to determine its feasibility in downtown revitalization as an alternative to the use of eminent domain.

**STRATEGIES TO SUPPORT DOWNTOWN HOUSING DEVELOPMENT**

Local governments must complement the provision of information about the downtown housing market with actions that decrease the cost of housing development. This is particularly the case where market conditions are not yet strong enough to support development activity. Local government support may also be necessary to incentivize affordable hous-
ing. Such strategies include offering gap funding programs, modifying zoning ordinances to make them supportive of housing development, and providing incentives to decrease housing development costs to developers.

**Providing Gap Funding**

Downtown revitalization, particularly with respect to housing development, often requires the rehabilitation of older buildings such as deserted schools, abandoned factories, and empty hospitals into residential housing. The risk of restoring such structures is a lot higher than building new housing and often requires gap financing, which is the difference between the rehabilitation cost and the market value when completed. Local governments can help developers meet this gap in several ways, including setting up revolving loan funds, providing forgivable loans and grants, issuing low-interest loans, and using tax increment financing to decrease the cost of private investment.

One example of a local government providing gap funding for housing development comes from Wilmington, Delaware (previously discussed in Chapter 2). The initial impetus for the downtown’s revitalization came in the 1990s when a real estate development firm purchased 28 buildings for rehabilitation in the lower Market Street area. Contemporaneously, the city hired a private consulting firm to conduct an analysis of properties on Market Street and to advise on the appropriate types and levels of public support needed to rehabilitate the buildings. The firm used average costing per square foot to determine the cost to rehab each of the buildings. It also assessed the financial capacity of the property owners to rehab the buildings. This analysis led to a determination that each of the buildings would have a gap of $100,000 when completed; in total, gap funding of $25 million was needed for properties that could be financed (Wilmington 2008).

In 2008, the city committed $15 million toward the $25 million from money raised through general obligation bonds. This initial funding leveraged an additional $45 million in private contributions that provided the gap funding needed to support the creation of 45 residential units above ground-floor retail space (Hurdle 2015). Appropriately, the program was dubbed the Upstairs Program. The goal of the Upstairs Program was to stimulate economic revitalization of Wilmington’s downtown, attract a diverse residential population, and contribute to a vibrant community with retail, entertainment, and other establishments.

For selection of projects, an Upstairs Funding Review Committee was set up to review applications. Property owners receiving forgivable loans through the Upstairs Program had to commit to maintain ownership of their property for at least seven years following rehabilitation. Once a project was selected, the funds for that project were disbursed in multiple draws to property owners to ensure they met their part of the contract, which required that they put in their own equity to make the project feasible and see to its completion.

Wilmington’s Upstairs Program was instrumental in nine projects involving the rehabilitation of 18 properties and the creation of 45 residential units in the city’s downtown (Hurdle 2015). While the Upstairs Program funds have since run out, Downtown Visions, the nonprofit organization that manages the city’s downtown business improvement district, has plans to restart the program and continue to use it for the downtown’s redevelopment (Downtown Visions 2015a).

The Upstairs Program has had ripple effects in stimulating development in the rest of the downtown. Since 2015, more than $90 million has been invested in creating 380 housing units downtown. To appeal to millennials, the new housing is a transit-oriented development within walking distance of Amtrak and rail services (Hurdle 2015).

Gap funding of the type used in Wilmington requires the cooperation of property owners to make it work. Downtown property owners need to be counted on to provide their share of the cost of rehabilitation. Otherwise, the program will fail. Even with government support, there might still be a need to get donors and philanthropic organizations such as community foundations to help meet the cost of the funding gap. Above all else, property developers must also see an investment logic in downtown housing to take the risk of investing in downtown real estate.

Similar downtown gap finance programs have been used by cities across the country to incentivize housing development in their downtowns. These are summarized in Table 4.2 (pp. 64–65).

**Zoning and Regulatory Modifications**

Zoning ordinances can assist or hinder downtown development. Under Euclidean zoning, most downtowns are zoned primarily for retail and entertainment uses, not residential. In some cities, downtown property owners seeking to include residential uses in their properties must seek special permits or go through a lengthy hearing process. This bureaucratic process delays, and in some cases derails, efforts to increase downtown housing.

Traditional or Euclidean zoning is difficult to change and discourages mixed uses. Euclidean zoning is exclusionary and typically lists the few uses that are permitted in any given
<table>
<thead>
<tr>
<th>City or Organization</th>
<th>Type of Program</th>
<th>Purpose</th>
<th>Conditions</th>
<th>Web Site</th>
</tr>
</thead>
<tbody>
<tr>
<td>Georgia Cities</td>
<td>Revolving Loan Fund</td>
<td>Provides below-market-rate financing through a revolving loan fund for downtown development projects</td>
<td>Eligible projects include real estate acquisition, building rehabilitation, new construction, and green space and parks, Projects that are funded should promote downtown housing, encourage spin-off development, add jobs, or add to the cultural enrichment of the community</td>
<td><a href="http://www.georgiacitiesfoundation.org/Home.aspx">www.georgiacitiesfoundation.org/Home.aspx</a></td>
</tr>
<tr>
<td>Missouri Housing</td>
<td>Affordable Housing Assistance</td>
<td>Provides housing production tax credit to incentivize production of affordable housing</td>
<td>Program offers $10 million in production credits and $1 million in operating assistance credits</td>
<td><a href="http://www.mhdc.com/rental_production/ahap/index.htm">www.mhdc.com/rental_production/ahap/index.htm</a></td>
</tr>
<tr>
<td>Caledonia, Minnesota</td>
<td>Downtown Redevelopment Program</td>
<td>Encourages property owners to redevelop underutilized or blighted properties in the central business district</td>
<td>Forgivable loan of $20,000 with matching requirement of 1:1, Work must be completed within 120 days from the day of approval, Tax base on property must increase within two years</td>
<td>caledoniamn.gov/wp-content/uploads/2017/02/DOWNTOWN-REDEVELOPMENT-PROGRAM-revised-8.25.17.pdf</td>
</tr>
<tr>
<td>Janesville, Wisconsin</td>
<td>Revolving Loan Fund</td>
<td>Supports expansion of housing opportunities through conversion of the upper stories of downtown buildings into attractive, accessible, competitively priced housing</td>
<td>Must be property owner or tenant in central city zoning district</td>
<td>ci.janesville.wi.us/home/showdocument?id=3794</td>
</tr>
<tr>
<td>Dubuque, Iowa</td>
<td>Downtown Housing Incentive</td>
<td>Assists in the production of new market-rate downtown rental and/or owner-occupied residential units within the Greater Downtown Urban Renewal District</td>
<td>The project must involve the rehabilitation of an existing structure, Assistance limited to $10,000 per residential unit and no more than $750,000 for a single project</td>
<td>cityofdubuque.org/DocumentCenter/View/28471</td>
</tr>
<tr>
<td>Rockford, Illinois</td>
<td>Housing Rehabilitation Fund</td>
<td>Provides funds to developers to create low and moderate-income housing</td>
<td>Rehabilitation or acquisition of existing housing, with affordability guarantees ranging from 5 to 15 years depending on amount of subsidy provided</td>
<td><a href="https://rockfordil.gov/city-departments/community-and-economic-development/neighborhood-development/housing-developers/">https://rockfordil.gov/city-departments/community-and-economic-development/neighborhood-development/housing-developers/</a></td>
</tr>
<tr>
<td>Albany, New York</td>
<td>Vacant Building Rehabilitation</td>
<td>Funds the rehabilitation of vacant residential properties</td>
<td>Provides gap financing of up to $50,000 per building in the form of a grant/forgivable loan for construction rehab assistance for vacant properties in the city, A project must include renovation of residential or commercial units that results in occupancy</td>
<td>albanyny.gov/Libraries/ACDA/VBRP_guidelines.sflb.ashx</td>
</tr>
</tbody>
</table>
zone, such as residential, commercial, industrial, or agriculture. Special permits are needed for uses that are not accepted or listed in the zoning district. This type of zoning served its purpose in the early parts of the 20th century by strictly segregating land uses to decrease the intrusion of polluting, unsightly, and incompatible land uses, especially industrial uses in single-family residential neighborhoods. However, traditional zoning hurts downtowns where mixed uses are desired. It is for this reason that cities across the country are modifying their traditional zoning regulations to incorporate flexibility, incentivize innovation in development, and encourage mixed use development in their downtowns.

Many communities have modified Euclidean zoning ordinances to make it easier for developers and property owners to remodel and add housing to their properties. These zoning modifications have included downtown mixed use overlay districts, adaptive reuse ordinances, housing development and infill incentive zones, and parking requirement reductions or eliminations, among others. These innovative zoning instruments are often made following a comprehensive review of the city’s zoning ordinance to identify the appropriate neighborhoods that are ripe for such zoning modifications.

Mixed Use Overlay Districts
Mixed use overlay districts can incentivize the provision of downtown housing by making housing development permitted as of right. This decreases the time required of developers to get approval for projects and therefore the overall cost of housing. Shorter times for obtaining building permits decrease construction, project completion, and lease times, all of which have impacts on financing and return on investment. Such regulatory modifications also signal to developers that a community is developer friendly.

One community that has addressed this issue is Burlington, Vermont (population 42,260). In 2014 the city retained a consulting firm to prepare a downtown housing strategy report to guide housing development in the downtown. The report found that, although the city had a concurrent zoning and construction review process supportive of the permitting process, “projects that require Development Review Board (DRB) approval are subject to a public appeals process that can cause significant project delays. This process can deter developers from pursuing significant housing projects requiring major renovation or new construction, especially in the downtown where land use patterns and design restric-
The resulting planBTV was produced through a collaboration of city residents, local government, and consultants and represents a good example of planning and visioning followed by implementation. The goal of planBTV was to develop a comprehensive land-use plan for the development of Burlington’s downtown and waterfront district.

To fund the project, the city applied for and received a HUD Community Planning Challenge Grant in 2010 in the amount of $286,750. This was supplemented with an additional $165,000 in local, state, and federal funds. The planning process began with an assessment of existing conditions, as well as the needs and opportunities in the district, and concluded with the development of a master plan and recommendations for adding housing to the downtown. It included significant community input gained through social media, public meetings, stakeholder focus group discussions, and a community survey. An open house was also held over a two-day period to discuss and receive input from residents on the draft plan. This generated 600 comments from the public, which were then analyzed and used to improve the final plan.

In 2016 residents voted to amend the existing downtown zone to create a mixed use overlay district that will support more housing downtown. Table 4.3 shows the regulatory changes to the downtown zoning ordinance and the rationales for their adoption specifying the boundaries for the mixed use district, requirements for increasing housing through mixed use development, and regulations

<table>
<thead>
<tr>
<th>Issue</th>
<th>Former Zoning</th>
<th>New Overlay Zoning</th>
<th>Rationale for Change</th>
<th>Supporting Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>District boundary</td>
<td>All property between Pearl, Main, Battery, and Winooski (except City Hall Park)</td>
<td>Applies only to Burlington Town Center properties, the Free Press Building, Macy’s Building and College Street, and Lakeside garages</td>
<td>planBTV identified this part of town as appropriate for taller buildings; closely aligns with form-based code committee’s area for taller buildings</td>
<td>The proposed district applies to 8.7 acres, which is about 12 percent of the total downtown district</td>
</tr>
<tr>
<td>Mixed use</td>
<td>Encourages mixed use through optional bonuses</td>
<td>New projects are required to include a mix of residential and nonresidential uses</td>
<td>Significant new buildings should include a mix of uses to support the vision of planBTV</td>
<td>Proposal allows 4 stories and 55 ft. higher than the current maximum, a difference less than the height of the new steeple being installed on the College Street Congregational Church. The proposed maximum height is only 25 ft. taller than the Masonic Temple on Church Street.</td>
</tr>
<tr>
<td>Height</td>
<td>65 ft. maximum “by right” up to 105 ft. maximum using bonuses</td>
<td>160 ft. maximum “by right”</td>
<td>planBTV identified core of downtown as appropriate for taller buildings; current bonus system is not utilized to achieve community benefits</td>
<td>This change would only allow 12 percent more building area in the whole overlay area than would currently be allowed; the exception is the Burlington Town Center Site, where this would allow 12 percent less</td>
</tr>
<tr>
<td>Floor area ratio</td>
<td>Up to 8.0 FAR (or for every 1 sq. ft. of land area, there can be 8 sq. ft. of building on the land)</td>
<td>Up to 9.5 FAR (or for every 1 sq. ft. of land area, there can be 9.5 sq. ft. of building on the land)</td>
<td>To permit appropriate massing of buildings in the district consistent with the proposed height</td>
<td></td>
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</tbody>
</table>

Source: Burlington 2016
for building height and massing. It is expected that the mixed use overlay zone will boost downtown housing by 274 units, some of which will be affordable units (Burlington 2016). The city intends to locate the new housing near transit hubs to decrease auto dependency and the costs associated with such expenditures.

Adaptive Reuse
Adaptive reuse encourages property owners and developers to remodel or repurpose vacant and abandoned buildings into uses other than those for which they were originally built. An abandoned school can be repurposed into elderly housing and a factory can be remodeled into condominiums. The cost of such projects is often exorbitant and unprofitable without public support. In other cases, such buildings may be in zoning districts that now do not permit their reuse. Local governments can create adaptive reuse districts or programs to encourage such redevelopment projects.

Easton, Pennsylvania (population 26,978), created an adaptive reuse district for its downtown and other historic neighborhoods. The purpose of the adaptive reuse district “is to promote the redevelopment and revitalization of underutilized and underperforming areas of the City with mixed residential and commercial uses and industrial development” (Easton 2017). The ordinance lists 47 uses that are permitted in the district, uses that would usually not be allowed under a traditional zoning ordinance. They include residential, wholesale trade businesses, motor vehicle sales, computers and electronics, accessory structures, religious, and timber activities. Fourteen exceptional uses are also listed such as check cashing, pawnshop, educational services, and petroleum industries.

The creation of the adaptive reuse district contributed to the rehabilitation of several downtown buildings, including the Pomeroy building, a former department store, which sat vacant for 35 years until it was rehabilitated at a cost of $4 million into a mixed use project of 22 apartments, retail, and a restaurant following the adoption of the ordinance. The project was funded with close to $2 million in state no-interest loans to be paid back by the developer over 10 years. Two other buildings have also been converted into townhomes and apartments following the adoption of the ordinance (Malone 2012).

Oregon City, Oregon (population 36,286), created its Downtown Urban Renewal District in 1992 and used an adaptive reuse program providing matching grants to property owners to incentivize the redevelopment of property in the district. In 2017 the city’s Urban Renewal Commission budgeted $200,000 to support nonfaçade improvements to buildings in the district.

Since 2011, the commission has awarded a total of $510,000 to six developers for the rehabilitation of six buildings into mixed uses in the city’s downtown. These included $60,000 for a mixed use retail and residential building, $150,000 for a commercial and office use building, and another $150,000 for a commercial retail building. By 2012 property values in the district had grown by 146 percent (Oregon City 2015).

An adaptive reuse program needs to be targeted to be effective, particularly if there are numerous properties scattered throughout the community that need rehabilitation. When an adaptive reuse program is adopted primarily for the downtown it can quickly demonstrate results and can then be expanded to other neighborhoods in the community. If not, funds may be spread too thin and achieve limited impact. As seen in the examples above, an adaptive reuse program often needs to be supported with gap funding to make it work.

Housing Incentive Zones
Unlike the adaptive reuse district where older buildings can be redeveloped into any type of new use, a housing incentive zone has the specific goal of spurring housing construction. The designation of such a zone allows municipalities to provide funding assistance and other regulatory incentives, such as fast-tracking development reviews for projects in the district.

Chicopee, Massachusetts (population 55,991), created a Housing Development Incentive Zone in 2017 to boost downtown housing. The objective of creating the zone was to allow the city to negotiate tax incentives for developers by reducing real estate taxes on downtown projects to make them feasible. According to city planner Lee Pouliot, AICP, “The major requirement is it has to be market rate housing and the project must have at least two units. It could be used for rental property, condominiums or a mix of the two” (DeForge 2017). The creation of the housing incentive zone has generated interest in redeveloping two former mill buildings into apartments.

Housing incentive zones such as the one used in Chicopee can assist the private sector to increase the provision of downtown housing. But when the program is limited to only market-rate housing, it may not produce the variety of housing that downtown populations need, particularly affordable housing. Cities therefore need to do periodic assessment of their downtown housing markets to ensure that they are incentivizing the production of the types of housing that are in short supply.
Infill Overlay Zoning Districts

An infill zoning district is an area of the city, usually within the urban core, where property and land are underutilized and development has not been maximized. As a result, municipal services such as sewer services are not being used to their fullest capacity. This leads to inefficiencies, particularly where development leapfrogs to agricultural land in the periphery that requires municipal services to be extended to such locations. The goal of infill overlay zones is therefore to encourage reinvestment in those neighborhoods to maximize the use of public infrastructure and to achieve higher-density development.

Infill districts are often created in established areas that have high proportions of vacant land and abandoned or derelict buildings that need rehabilitation. A city may thus create an infill overlay zoning district in such an area to call attention to the development needs of the neighborhood and to provide incentives for its development.

Marietta, Georgia (population 60,941), adopted a Residential Infill Development Overlay District in 1998 to encourage the redevelopment of vacant and underutilized land. The ordinance was targeted at areas with preexisting municipal infrastructure and sought to provide flexibility in development standards, incentivize the production of housing in close proximity to employment areas, and promote neighborhood preservation through the redevelopment of blighted, distressed, and underutilized properties. To qualify, properties in the Infill Development Zone must be legal parcels of two acres or less with residential zoning designation (Marietta 1998).

Roseville, California (population 132,671), made infill development an important component of the downtown revitalization and designated areas of the city for infill development (Figure 4.1). To facilitate and ensure the smooth review of such projects in the district, the city formed an Infill Project Review Team to “create a predictable, cost effective, customer supportive process that promotes quality infill reinvestment” (Roseville 2016). The team is composed of experienced staff who provide a customer friendly, consistent, timely, and reliable support for infill development projects. The team continuously assesses the development review process in the district and the codes and standards governing redevelopment in the district with an eye to removing barriers and streamlining infill development activities (Roseville 2016).

In 2006 Bothell, Washington (population 44,546), began a downtown planning process with extensive public input that led to the preparation and adoption of a downtown revitalization plan and code update. The plan identified and
promoted infill development in the downtown, particularly in former school district parcels on the city’s downtown west side. The plan included a goal to “capitalize on growing demographic and lifestyle trends favoring a preference for urban amenities and downtown centers to capture a larger share of regional investment in the downtown by repositioning the downtown as the urban living choice for the City and the region” (Bothell 2009, 16).

Following the downtown revitalization plan, a $100 million publicly funded project along with a $200 million mixed use apartment development project were built downtown. The plan was recognized with the Washington State Governor’s Smart Communities Award for the implementation of a Comprehensive Plan, the Municipal Excellence Award in Economic Development from the Association of Washington Cities, and the VISION 2040 Award from the Puget Sound Regional Council (Freedman Tung + Sasaki Urban Design 2015).

For real estate developers, the adage that time is money rings true, so speeding up and simplifying the review process can help decrease housing cost. A committee comprising staff from each of the city departments and agencies that review development applications may be one way to provide a fast review of projects. It is for this reason that some cities are establishing one-stop review centers or offices where developers can obtain all the information they need to get their projects approved. The designation of specific areas of the city, including the downtown, for such programs, and the modification of zoning and regulatory codes can help simplify and encourage the development of properties in such neighborhoods and the downtown and help decrease housing production costs. As stated earlier, such regulatory modifications must go hand in hand with financial assistance to make such programs effective and to support the production of affordable housing where market needs dictate.

Parking Requirements
Several cities have reduced or eliminated minimum parking requirements that sometimes hinder the housing elements in mixed use developments in the central business district. When Fruita, Colorado (population 12,924), rewrote its parking code in 2009, it eliminated off-street parking requirements for uses in existing or reconstructed buildings in the Downtown Mixed-Use district (the downtown core). For new buildings in the downtown core, the minimum parking standards specified in the ordinance are reduced by half, and developers are given the option of paying an in-lieu fee for construction of public parking facilities in the downtown ($17.39.020.E). Shared parking is also allowed in the city’s code ($17.39.030.E).

City staff in the public works, engineering, and planning departments can facilitate the development of shared parking standards by first doing a parking study for the downtown. This will help document both current and projected future parking needs and inform decisions about parking standards that make sense and are not burdensome to downtown businesses.

As the above discussion shows, urban planners can use their arsenal of regulatory tools to support housing development in the downtown. Indeed, these regulatory instruments fall well within the purview of planners’ functions in municipal government. Consequently, they may be easier to implement than other downtown revitalization strategies that require cooperation from other city departments or the private sector.

Development Incentives
In addition to the regulatory tools discussed in the previous section, local governments can also deploy economic incentives to support the development of downtown housing, particularly in high-cost housing markets in need of affordable housing. Such strategies may include the use of density bonuses, fee waivers, and property tax credits.

Density Bonuses
One local government strategy that supports downtown housing is density bonuses. This strategy is used to increase the number of affordable housing units and provide other public amenities, such as pocket parks and plazas, in a housing development. For example, a developer may agree to provide an additional number of affordable housing units in a new subdivision in return for the city permitting a higher number of market rate units per acre than would otherwise be allowed in the zoning district.

California has embraced this approach to supporting the development of housing. Chapter 4.3 of the state’s planning and land-use law requires cities and counties to adopt a development incentive ordinance. The ordinance should provide developers of more than five units who propose to make some of the units affordable with incentives and concessions to assist in the provision of such housing. As shown in Table 4.4 (p. 70), depending on the type of affordable housing, the density bonuses range from five percent to 35 percent of the development.

In addition to the density bonus, cities may also provide additional incentives and concessions if it is proven that these are needed to make the development economically feasible. Such concessions may include relaxation of
parking standards and waivers of impact fees and other regulatory requirements.

The state density bonus law applies to both rental and owner-occupied housing. The law allows developers to build a higher number of housing units than would normally be approved under the “base density,” provided that some or all units are subject to affordability restrictions. Owner-occupied housing that is subject to the density bonus requirement must be affordable to middle-income home buyers. Rental housing units must be rented to low-income households at affordable rents for at least 90 years.

Santa Barbara, California (population 91,930), has a density bonus program as required by California state law as part of its development review process, but the city’s density bonus law is much broader than that of the state in its support of affordable housing. For condos and duplexes built in the city, the sale price for the density bonus units targets first-time middle-income home buyers with incomes between 120 percent and 160 percent of area median income (AMI). For single-family homes on separate lots, the target income group is upper-middle-income households who make 160 percent to 200 percent of AMI. Rental units in the first 25 percent density bonus are rented to low-income households at affordable rents for at least 90 years. Through the density bonus program, Santa Barbara has approved 538 density bonus units in 82 projects, many of which are downtown.

State mandates are not a requirement for cities to adopt density bonuses. Cities outside California with such ordinances include Longmont, Colorado (population 12,924). The city has a housing incentive program for developers to include affordable housing units in their projects. Developers receive expedited reviews of their development applications, up to a 20 percent increase in density over the allowable amount, and reductions in development fees of up to 50 percent for rental units and 75 percent for for-sale units (Longmont 2017). For owner-occupied housing, 10 percent of the units must be affordable to households at or below 80 percent of AMI. The units must be kept affordable for a minimum period of 10 years. For rental units, 10 percent must be affordable to households at or below 50 percent of AMI and units must be kept affordable for up to 30 years.

A variant of density bonus is inclusionary zoning. While density bonuses seek to incentivize developers to include affordable housing units in new or remodeled building projects, inclusionary zoning requires that developers provide affordable housing as part of their development in given neighborhoods or zones of the community. Although both programs have similar goals, they approach it from different angles, one to be achieved through regulation (inclusionary zoning), the other through economic incentives (density bonuses). Highland Park, Illinois (population 29,641), uses inclusionary zoning to achieve the goal of providing affordable housing to city residents.

Inclusionary zoning was a key recommendation of Highland Park’s affordable housing plan, an element of the city’s 2001 comprehensive plan. It requires that developers “include a specified portion of affordable units alongside the market-priced units in any new housing development” (Highland Park 2017). Since its inception in 2003, the ordinance has generated on average two to three housing units per year. Developers in the prescribed area must provide 20 percent of the total units that are for sale or rent at a housing price affordable to income-qualified households. Developers may choose to meet all or part of the requirement with cash payments of $125,000 per required unit to an Affordable Housing Trust Fund established by the city to provide financial support for affordable housing activities. This amount is reviewed annually by the city council (Highland Park 2017).

While evidence of the effectiveness of density bonuses in increasing affordable housing in downtowns in small and midsized cities is few and far between, data from large cities shows that these programs can generate modest increases in affordable housing downtown. This is particularly the case in high-housing-cost markets. In Los Angeles between 2008

### Table 4.4. State of California Density Bonus Requirements

<table>
<thead>
<tr>
<th>Income Category</th>
<th>Minimum % of units that must be affordable</th>
<th>Density bonus required by state law</th>
<th>Additional density bonus for each 1% increase in affordable units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Low</td>
<td>5%</td>
<td>20%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Low</td>
<td>10%</td>
<td>20%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Moderate</td>
<td>10%</td>
<td>5%</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

Source: California Government Code §65915
to 2014, about 329 income-restricted apartments and condos were built as a result of the city’s density bonus program (Chandler 2017).

Another study conducted for the Portland, Oregon, Housing Bureau of Planning & Sustainability found that in Anaheim, California, between 2005 and 2015, the density bonus program contributed to creating 1,200 affordable rental units, 900 for-sale units, and 150 rehab units. In Denver, 1,100 affordable units were built between 2002 and 2015 (Economic & Planning Systems, Inc. and Otak 2015). The study concluded that developers are averse to density bonus programs that require a mix of market rate and affordable housing units in housing projects because they lack the expertise to market and manage the affordable units.

In cases where communities accept cash payments in lieu of providing affordable housing on-site, such fees are sometimes established well below what is economically appropriate, so developers may choose this option rather than providing affordable housing units as part of their projects (Economic & Planning Systems, Inc., and Otak 2015, 81). In Austin, Texas, for example, between 2004 and 2017, the city’s density bonus program led to the construction of only 1,662 affordable housing units versus the 60,000 such units the city expected to create in that time period. Three developers participated in the density bonus program and paid the optional fees in lieu of providing affordable housing units (Jankowski 2017).

Powell et al. (2004) analyzed cities in the San Francisco Bay Area with inclusionary zoning laws in 50 communities dating back to 1973 to see if the laws had generated affordable housing production in the region. The researchers found that inclusive zoning laws led to the creation of 7,000 affordable housing units, or 228 units per year. This fell short of the region’s estimated affordable housing need of 24,217 units per year in that time period.

In a recent study, Thaden and Wang (2017) used an expansive definition of inclusionary zoning, lumping together incentive zoning and inclusionary zoning programs in their research to understand the locations, characteristics, and impacts of inclusionary zoning programs. They found that inclusionary zoning programs were used in 25 states and the District of Columbia and that 866 jurisdictions used the program to increase affordable housing. A majority of these programs were located in New Jersey (45 percent), Massachusetts (27 percent), and California (17 percent), three states that have inclusionary zoning laws. Of the jurisdictions for which data was available, the program generated 49,287 affordable home ownership units (443 jurisdictions reporting) and 122,320 affordable rental units (581 jurisdictions reporting). Additionally, $1.7 billion was raised in impact or in-lieu fees by 373 jurisdictions for the creation of affordable housing.

In using density bonuses to boost the production of affordable housing downtown, local governments should first carefully consider the affordable housing requirement to ensure an appropriate balance of market rate to affordable units in order not to tip the balance of the housing mix in any given project. If there is too high a percentage of low-income housing requirement to market-rate housing, high-income households may not want to live there. Inclusionary housing ordinances typically require that 10 to 20 percent of units within a development project be affordable (Thaden and Wang 2017).

Cities that use this approach to increase downtown housing must also do a rigorous assessment to determine the appropriate market rate for the fee payment option that is on par with that of providing the physical housing units to dissuade developers from choosing to pay rather than provide the housing units. An educational program for developers on how to build, manage, and market affordable housing units in mixed income projects may also add to the feasibility of providing such affordable housing projects downtown.

Finally, incentive and inclusionary zoning requirements should be used as part of a suite of strategies to encourage the provision of downtown housing. As the Portland study referenced above observed, “Although incentive zoning policies are part of the array of affordable housing development tools used in other cities, these policies have not created a substantial amount of affordable housing without the accompanying use of other affordable housing financing tools” (Economic & Planning Systems, Inc., and Otak 2015, 7).

Other Development Incentives
In addition to density bonuses, cities may use numerous other incentives to promote downtown housing. Table 4.5 (p. 72) lists some other programs that cities are using to achieve this goal. They include waivers of construction permit fees, tax abatements, provision of public infrastructure to decrease development cost, and land acquisition and sale at below market value to developers.

Greenville, South Carolina, has successfully used many of these incentives to support housing in the city’s downtown and to provide civic and cultural amenities and infrastructure (Table 4.6, p. 73). The city has used its power of eminent domain to acquire and clear dilapidated property to make land shovel-ready for development, created tax increment finance districts, and tapped public funds to subsidize costs of private projects.

As the director of the city’s economic development department and the downtown development manager have
## TABLE 4.5. DOWNTOWN HOUSING TAX INCENTIVE PROGRAMS

<table>
<thead>
<tr>
<th>City</th>
<th>Incentive</th>
<th>Purpose</th>
<th>Web Link</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shreveport, Louisiana</td>
<td>Waiver of construction permit</td>
<td>Provided to developers who rehabilitate or renovate old buildings and structures in the city’s downtown; buildings must have been built before 1960</td>
<td>downtownshreveport.com/incentives</td>
</tr>
<tr>
<td>Longmont, Colorado</td>
<td>One-stop permit processing center</td>
<td>Developers can obtain all the needed information, plan reviews, and building permits in one place</td>
<td>downtownlongmont.com/work/incentive-programs</td>
</tr>
<tr>
<td>San Angelo, Texas</td>
<td>Tax abatement policy</td>
<td>At least 75 percent of the floor area should be residential, retail, entertainment, or restaurant related</td>
<td>downtownsanangelo.com/incentives.php</td>
</tr>
<tr>
<td>Jackson, Mississippi</td>
<td>Ad valorem property tax abatement</td>
<td>New buildings or improvements to new buildings receive property tax exemptions for increases in assessed value for up to 7 years</td>
<td>downtown-jackson.com/working-and-investing/development-incentives</td>
</tr>
<tr>
<td>Town of Holly Springs, North Carolina</td>
<td>Fast-track permitting</td>
<td>Expedites the plan review and permitting process to meet clients’ needs</td>
<td>hollyspringsnc.us/1188/Incentives</td>
</tr>
</tbody>
</table>

Source: Author

Noted, both local government and private enterprise understand the development process, realizing that a partnership based on mutual respect between both private and public sectors is often the best approach to achieve successful developments (Whitworth and Neal 2008).

Most of the housing projects listed in Table 4.6 are mixed use buildings that capitalize on the highest and best use for the land. For example, RiverPlace is a multiphase mixed use development of three condominium buildings providing 73 residential units, a 115-room hotel, an 87,000-square-foot office building, a 5,000-square-foot artist studio, and a 285-space underground parking garage. In the initial phase that began in the 1990s, the city used its power of eminent domain to acquire and assemble land along the Reedy River for the development of RiverPlace. The underground parking structure was built by the city, while the private sector developed the upper floors into housing and other uses. In 2016, the city and private sector completed an expansion of RiverPlace that includes a new hotel, a new eight-unit condominium building, commercial space, and 272 additional parking spaces.

Cities must be conscious of the ingredients that contribute to successful public-private partnerships. Whitworth and Neal (2008) provide the following guidelines and recommendations for cities contemplating the use of incentives to facilitate private-sector development. First, for public-private partnerships to be effective, it is important that all the players know their roles and commit to fulfilling their responsibilities. Second, all parties to the agreement must be prepared to stay involved for the long haul. Many downtown revitalization projects take years, if not decades, to come to fruition. Political or leadership changes could thus derail the project if there is no long-term commitment. Third, to ensure that land is put to its highest and best use, downtown mixed use development projects are preferred to single-use buildings. Mixed use developments maximize the most returns from
investment, diversify risks, and make projects more feasible. Fourth, public-private collaborative projects are not fail-proof. It is therefore important that the risks are explained and understood by the participants. Finally, joint public-private projects work best if they provide a catalytic effect on the downtown by spurring other investment and private-sector development in the vicinity. Cities should thus identify projects that could have such ripple effects.

**ATTRACTING DOWNTOWN RESIDENTS**

Cities must support the private sector to provide housing in the downtown, but even with available housing, people must find the downtown attractive as a place to live. An added responsibility of civic leaders then is to provide the amenities that will attract residents to choose downtown living over the suburbs. As noted earlier, the demographic groups that most lend themselves to downtown living are young professionals and empty nesters.

**Courting Young Professionals and Baby Boomers**

As discussed at the beginning of this chapter, young professionals and baby boomers are the largest population cohorts for whom downtown living makes sense if the right amenities are provided (Williams and Enriquez 2010; Baucum 2016; Yoon 2017). In 2016, millennials (ages 18 to 34 in 2015) numbered 75.4 million and baby boomers (ages 51 to 69) were 74.9 million in number. The millennial population is expected to peak in 2036 at 81.1 million (Fry 2016). Millennials, in particular, are a very mobile population group that first choose where they want to live ahead of their work preference. A 2014 study found that one million young adults move every year (Cortright 2014).

Cities that are successful in attracting and keeping young professionals and baby boomers are the ones that provide the lifestyles they seek, extolling “quality of place” rather than “quality of work” values. These values should be reflected in downtown urban environments to attract this population cohort. A 2015 survey by the National Association of Realtors found that young professionals and baby boomers desire similar amenities in their neighborhoods. These include a diverse and rich selection of restaurants and bars, shops within walking distance, entertainment venues, an efficient public transit system, pedestrian-oriented downtowns, an arts and cultural scene, and nightlife. This national survey of housing preferences also found a growing interest in walkable communities, with 48 percent of respondents reporting that they would prefer houses with small yards but within easy walking distance of the community’s amenities over houses with large yards requiring driving to all amenities (National As-

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**TABLE 4.6. EXAMPLES OF HOUSING DEVELOPED THROUGH PUBLIC INCENTIVES IN GREENVILLE, SOUTH CAROLINA**

<table>
<thead>
<tr>
<th>Project</th>
<th>Use</th>
<th>Year Completed</th>
<th>Public-Sector Contribution</th>
<th>Private-Sector Contribution</th>
<th>Total Cost</th>
<th>Leverage Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Bookends</td>
<td>condominium and commercial space</td>
<td>2005</td>
<td>$14.2 million</td>
<td>$7.0 million</td>
<td>$21.2 million</td>
<td>0.5</td>
</tr>
<tr>
<td>Poinsett Corners</td>
<td>residential, commercial, and parking space</td>
<td>2005</td>
<td>$4.56 million</td>
<td>$11.0 million</td>
<td>$15.56 million</td>
<td>2.4</td>
</tr>
<tr>
<td>RiverPlace</td>
<td>residential condominiums, hotels, office space, artist studio, and parking space</td>
<td>2005 (Phase 1), 2007 (Phase 2), 2016 (Phase 3)</td>
<td>$174 million, $10.3 million, $50.0 million, $30.8 million</td>
<td>$674 million, $41.1 million</td>
<td>$874 million, $41.1 million</td>
<td>2.9</td>
</tr>
<tr>
<td>Washington Heights</td>
<td>40 single-family residential homes</td>
<td>2011</td>
<td>$2.7 million</td>
<td>$4.0 million (Quinn-Satterfield, Inc.), $54,000 (United Way of Greenville County)</td>
<td>$6.75 million</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Source: Whitworth and Neal 2008
useful ideas that can be emulated by small and midsized cities. Although most of the strategies listed below have primarily been used by large cities, these may provide ideas that can be emulated by small and midsized cities as well. Some are still in their experimental stages and their long-term impacts are yet to be determined. Many such creative approaches need to be explored by cities to take advantage of what appears to be a tidal shift in interest in downtown living.

**Artist colonies.** Paducah, Kentucky (population 25,145), started an Artist Relocation Program (ARP) in 2000 to attract artists to Lower Town (a downtown neighborhood). To implement the ARP program, the Paducah Planning Department partnered with the Paducah Bank to provide artists who relocated to the neighborhood with 100 percent financing for up to 300 percent of the appraised value of property. Paducah pays architectural fees of up to $2,500 to relocating artists. Lower Town is an Enterprise and mixed use zone so construction materials are tax exempt. Artists are also able to live and work from their homes.

Since the creation of the program, more than 40 artists have relocated to the area and Paducah Bank has invested $50 million in the neighborhood (Paducah 2017). The program has been honored with the Governor’s Award in the Arts, the Kentucky Chapter of the American Planning Association Distinguished Planning Award, the American Planning Association National Special Community Initiative Award, and the Kentucky League of Cities Enterprise Cities Award (Partners for Liveable Communities 2017).

**Internships for young professionals.** Campus Philly is a nonprofit organization that works with students in the tri-state region (southern Pennsylvania, southwest New Jersey, and northeastern Delaware) to encourage them to stay in the Greater Philadelphia area after graduation. It links millennials to internships at local firms and provides them with experiences that showcase the rich cultural scene Philadelphia has to offer.

Since the inception of the program in 2004, retention of out-of-state students increased from 29 percent to 51 percent and from 60 percent to 76 percent for native Philadelphia students (Wiltz 2015). The organization is funded by a partnership of universities in the region, governments, private corporations, foundations, and grants.

**Student loan reimbursement.** Niagara Falls, New York (population 48,632), offers students up to $7,000 in student loan reimbursements if they move to the city’s downtown. To qualify, applicants must have a two- or four-year degree from an accredited university or college and rent an apartment or buy a home in the designated downtown area for at least two years. The program is part of the city’s downtown housing incentive program to attract young pioneers. Niagara Falls pays $3,492 a year and up to $6,984 for the two-year period for participants. Beneficiaries have to prove they are in good standing with their landlord or mortgage loan company (Puma 2012).

**Forgivable loans.** “Live Downtown,” a Detroit program, induced downtown living by providing beneficiaries with forgivable loans. The program was run by the Detroit Downtown Partnership. To qualify, one had to rent or buy a house in one of six designated neighborhoods (Corktown, Downtown, Lafayette Park, Eastern Market, Woodbridge, or Midtown). A $20,000 forgivable loan was provided to new home owners toward the purchase of their primary residence. New renters received $2,500 toward the cost of their rental unit in the first year and an additional $1,000 for the second year. Existing renters received a $1,000 for renewing a lease. Existing home owners received a matching fund of up to $5,000 for exterior improvements for projects that cost $10,000 or more. The funds were provided to eligible employees by participating Detroit companies, including Blue Cross Blue Shield of Michigan, Compuware Corporation, DTE Energy, Quicken Loans, and Strategic Staffing Solutions (LIVE Detroit 2017). The program ended in 2016, but a relaunch is planned (Downtown Detroit Partnership 2017).

**Enhancing the Downtown Environment**

Civic leaders need to make the downtown an inviting and attractive neighborhood to all residents, including households with children, through the placemaking initiatives discussed in Chapter 3. Additionally, the downtown should be perceived as a safe place. It should be designed for human-scale activities, and have the amenities that people need.

As part of the downtown redevelopment process, cities should track crime rates and implement programs that improve the safety of their downtowns. Downtown Visions of Wilmington, Delaware, mentioned earlier, employs more than two dozen safety ambassadors each year deputized as security officers to help keep the downtown safe. Once hired, they are given 80 hours of training on customer relations, crime prevention, and lessons on the history of the
city and its downtown so they can effectively represent the
city to downtown patrons. The downtown ambassadors are
easily identifiable by their distinctive black and yellow uni-
forms. The program has helped to avert and solve crimes
in the city’s downtown and made it a safer neighborhood
(Downtown Visions 2015b).

Coeur d’Alene, Idaho (population 50,285), has a down-
town volunteer “clean and safe” committee which assists
with downtown patrols and safeguards the family-friendly
environment of the downtown. The committee provides
street-side benches downtown to encourage lingering and
is also responsible for beautification of the downtown and
providing a positive experience for visitors. The group hangs
flower baskets in the summer and landscapes the main thor-
oughfares to the city. These types of programs are fairly com-
mon for downtowns with business improvement districts,
discussed in Chapter 2.

In addition to programs that put safety officers on the
street, the design of the physical form also plays an integral
part in downtown safety. “Defensible space” ensures that
Parks, plazas, parking lots, streetscapes, and open spaces can
be designed to provide adjacent property owners a sense of
ownership and responsibility for these amenities and decrease
opportunities for crime. Lighting can ensure alleys are illumi-
nated at night. Landscaping can be placed so it does not ob-
struct views to parking lots. Storefront windows can provide
additional views on street activity. Graffiti and other crimes
against quality of place can be preempted and controlled.
These are all strategies that can further make the downtown
a safe and inviting place. Crime prevention through environ-
mental design programs can assist downtowns in decreasing
the potential for crime through natural surveillance and ter-
ritorial reinforcement strategies (Crowe 2000).

CONCLUSION

Current demographic factors are ripe for downtown liv-
ing. There is a growing population of childless households
whose values closely align with the physical conditions and
amenities that only downtowns provide. But families with
children may also find downtown living attractive if the
right housing and conditions are provided. The exemplary
strategies discussed here should assist cities seeking ways
to boost their downtown populations and to support devel-
opers to provide the housing needed to attract a variety of
demographic groups.

To capitalize on demographic trends, cities must also
proactively create and provide the environments that support
downtown living. The strategies for attracting, retaining, and
creating such amenities is the subject of the next chapter.
CHAPTER 5
DOWNTOWNS AS CIVIC, CULTURAL, AND ENTERTAINMENT CENTERS
Downtowns have traditionally been the sites where community civic, cultural, and entertainment amenities are located. Downtown is also where community heritage and cultural pride is celebrated. It is hard to imagine a holiday parade in a place other than downtown. Successful downtowns attract and retain museums, sports stadiums, theaters, and performing arts centers, and capitalize on the location of civic buildings to ensure they enhance their communities.

Events have become a relatively low-cost approach for cities to showcase their heritage resources, to reintroduce people to downtown, and to increase foot traffic for downtown businesses. Art walks, outdoor performances, concerts, and film festivals are some of the events that can recurrently take place downtown. There is hardly a city with a downtown redevelopment strategy that does not include events as a component part of its efforts. Santa Barbara, California (population 91,930), has the annual International Film Festival, the Family 1st Thursday, Street Painting Festival, a scavenger hunt, the Taste of Santa Barbara food walking tour, the Santa Barbara Jazz Festival, and many more. Nacogdoches, Texas (population 33,932), brings vendors and hundreds of shoppers to a regularly scheduled farmers market on Saturdays at the old “hitch lot” in downtown Nacogdoches, and to the annual Blueberry Festival.

The scheduling and holding of these events require a collaboration of city staff, downtown development organizations, and event planners to pull off. Such events typically require that local governments provide the permits needed to hold them, that the public works department agree to reroute traffic and close some streets, and that police presence ensure that the events are safe and crime free.

City staff and downtown development organizations also work in concert with the private sector to raise funds, advertise, and organize the downtown events. Events have ripple effects beyond the crowds they bring to the downtown. A family that comes to the museum may stop at the downtown café for a cup of coffee and strike up a conversation with a stranger. This chance encounter helps to build camaraderie and community cohesiveness. The couple that attends the downtown concert gets to see the new apartment building that is going up and through word of mouth can pass on the information to potential tenants. Suburban residents fearful of crime in the downtown have their fears dispelled when they see the transformation going on downtown, and may plan a second trip. These reasons are why events are low-hanging fruit for bringing people downtown. They add to the civic and cultural amenities that draw people to the downtown.

Civic, cultural, and entertainment uses are of several types: (1) civic buildings that provide services to the public such as city and county offices and courthouses; (2) places of contemplation such as churches, libraries, museums, and arts centers; (3) congregational spaces and facilities that bring the community together, such as convention and conference centers, sports stadiums, concert halls, and theaters; and (4) heritage sites and buildings such as historic commercial buildings, historic military forts, and historic homes that are the embodiment of a community’s history.

In many ways, these amenities are the qualities that distinguish a downtown from its competition and make it an attraction for heritage and leisure tourists. When existing historic structures in downtown are protected, they enrich the public sphere and enable a community to tell its story. These facilities also bring people to the downtown and increase foot traffic for downtown businesses. Because the location of many of these facilities is directly under the control of civic leaders, it is much easier for these amenities to be used as catalysts for redeveloping the downtown than ones that require private-sector cooperation.

When cities relocate municipal and civic buildings outside the downtown, they send the wrong message to potential investors and businesses alike. People who would have come to city hall and the community center no longer have reasons to go downtown, and the foot traffic that supports downtown business is lost. By contrast, cities that have a concentration
of civic and cultural amenities downtown can capitalize on these assets to brand and market their downtowns.

Recognizing the significance of civic and cultural resources to a city’s history and its development, many are turning to these amenities as linchpins in the redevelopment of their downtowns, a trend that may be appropriately termed the cultural turn in downtown development. In line with this trend, a growing strategy for redeveloping downtowns across the country is the designation of cultural districts. A cultural or heritage district acknowledges the concentration of a city’s civic and cultural assets in its downtown and the utilization of the symbiotic relationships between them for the downtown’s development. Once a cultural district is designated, city planners and downtown revitalization specialists lead the effort to prepare and implement the cultural district enhancement plan. Like other sector or special area plans, such a cultural or heritage district plan may be a part of the overall downtown redevelopment plan or a stand-alone plan that complements the downtown plan.

Americans for the Arts defines the cultural district as “a well-recognized, labeled mixed use area of a settlement in which a high concentration of cultural facilities serves as the anchor of attraction” (Hargrove 2014, 3). The organization notes that there are more than 300 arts, entertainment, and cultural districts throughout the United States. Three cities serve as exemplary cases of communities that have capitalized on their heritage, culture, and the arts to transform their downtowns. They are Longmont, Colorado (population 92,858); Gilbert, Arizona (population 237,133); and Columbus, Indiana (population 46,850).

THE LONGMONT ARTS AND ENTERTAINMENT DISTRICT PLAN

The Longmont City Council formed a downtown development authority in 1982. Since then the Longmont Downtown Development Authority (LDDA) has worked with the private and public sectors to reinvigorate the downtown as a choice venue for leisure and entertainment and to accentuate the downtown’s qualities as a mixed use, work-live-play neighborhood. This was accomplished through a series of decisions culminating in the preparation of the city’s arts and entertainment district plan in 2011.

The action plan was prepared by the LDDA with assistance from Urban Neighborhoods, Inc., a historic preservation firm based in Denver, and Vecchi & Associates, LLC, an urban planning consulting firm based in Longmont. The process started with the identification of key stakeholders in the community and the formation of a steering committee to help guide the preparation of the plan.

The goal of the arts and entertainment district plan was to create a “vibrant destination infused with arts, entertainment and cultural activities attracting people of all ages throughout the days and evenings” (Longmont DDA 2011, 2). The steering committee identified the top five priorities for the district’s development, in order, as music and performing arts, placemaking, arts education, retail, and housing and arts studios. These priorities helped guide investment decisions by the city, the private sector, and the downtown development authority. The steering committee also identified 10 sites in the district that provided opportunities for activities, events, public gatherings, and socializing. These sites were the Library and Civic Center, Longmont Theatre, sites of business concentration, the parks, the St. Stephens and 6th Avenue plaza, alleyscapes and breezeways, the Dickens Opera House, the Callahan House/Dickens Residence, the Imperial Hotel/Elks Club, and Longmont Christian Academy (see Figure 5.1).

The redevelopment plan provided detailed implementation strategies and identified partnerships that needed to be formed to implement each element of the plan, time lines,
and estimated costs for each action item. With respect to music and the performing arts, for example, the goal was for the LDDA to continue to sponsor events in the district; work with the Longmont Symphony Orchestra on performances to produce full orchestra, solo, and small group performances; expand facility space at the Longmont Theatre; and sponsor film festivals and collaborative musical events by local musicians such as the Longmont Jazz Association, Longmont Chorale, Children’s Chorale, and the Longmont Ballet (Longmont DDA 2011).

The estimated cost for each of the action items, as well as the sources of funding, were identified and documented in the plan. Private funding sources were the Boettcher Foundation, the El Pomar Foundation, the Gates Family Foundation, the Inasmuch Foundation, and the Musser Fund. Public funding sources included the Colorado Council on the Arts. Small Steps program grant, the Colorado Enterprise Fund, and the Colorado Historic Foundation, among others.

Most importantly, the LDDA identified metrics that are being used to evaluate the outcomes of the plan. Baseline conditions were first documented to serve as benchmarks against which future improvements were compared. This included information on the number of visitors to the library, museum, art galleries, and festivals, as well as audience counts at theatre events. Changes in these numbers are then tracked over time to document progress. Other indicators of success to be monitored by the LDDA are sales tax revenue and a regular customer satisfaction survey. The goal is to increase revenue, parking, and other measures over time by 20 percent overall from the Arts and Entertainment District and other creative industries (Longmont DDA 2011, 4).

Progress is being made in the city’s downtown. Between 2010 and 2014, net taxable sales in the district increased 32 percent, from $34.5 million in 2010 to $50.8 million in 2014 (Winkel 2015). More than 60 percent of people in a survey of city residents said downtown is getting better, a Home Depot-sponsored “Clean & Green” event netted 600 person-hours from 160 participants who repainted kiosks and other downtown infrastructure, more than 60 new businesses have opened downtown, and the city received a $60,000 community development block grant (CDBG) for streetscape projects (Longmont DDA 2015).

In 2014 the LDDA applied for and received a Creative District designation by Colorado Creative Industries, a division of the Colorado State Office of Economic Development and International Trade. The Colorado Creative Industries bill allows counties and municipalities to designate a creative district within their territorial boundaries, subject to certification. Funding for the program is provided by the Boettcher Foundation.

The state defines a creative district as “a well-recognized, designated mixed-use area of a community in which a high concentration of cultural facilities, creative businesses, or arts-related businesses serve as the anchor of attraction” (Colorado 2011, 2). With this designation, the district received a $10,000 grant to spend on its programs in the 2014–15 fiscal year and another $5,000 grant for fiscal year 2015–16 (Fryar 2014). The designation of the downtown as a creative district provides it with a closer working relationship with the Colorado Tourism Office and increased visibility through highway signs from the Colorado Department of Transportation.

Longmont identified the arts and entertainment as its area of competitive advantage and used these assets for the revitalization of the city’s downtown. In doing so, it sought assistance from external experts in the development of the arts and entertainment plan. The city also made use of local and state resources and cultivated support from the public and private sectors. Tracking progress and measuring outcomes is also important to ensure that the plan yields the expected results and corrects deficiencies where needed.

**THE GILBERT DOWNTOWN HERITAGE PLAN**

Unlike Longmont, which branded its downtown as an art and entertainment district, Gilbert, Arizona, adopted a heritage theme for the redevelopment of its downtown. The town followed this designation by preparing a long-term plan to guide decisions made in the downtown.

Gilbert’s heritage district was first designated as a redevelopment area in 1989. This followed extensive public meetings with community residents and city staff to identify and demarcate the district’s boundaries. The downtown, which is 0.3 square miles in area, includes the original town center and is considered the city’s historic and symbolic neighborhood. Key features of the downtown include adobe architecture, the downtown water tower, and a number of historic buildings from the early 1900s.

In 2002 a “heritage district plan” for the revitalization of the downtown was prepared by the Rio Salado chapter of the American Institute of Architects (AIA) as part of AIA’s national Communities by Design initiative. The president of the chapter at the time was also a member of the Town of Gilbert Redevelopment Commission (Gilbert 2002). The chapter was assisted in the preparation of the plan by a Design Assistance Team (DAT) and a steering committee. The DAT included...
professionals from such fields as engineering, the construction trade, and urban planning, including the director of the Gilbert Department of Planning. The steering committee was composed primarily of laypeople. In addition to the DAT, outside experts Donovan Rypkema of PlaceEconomics; Christopher Greenfield of the Downtown Community Alliance in Des Moines, Iowa; and Barbara Creasman, an urban planner and founding principal of Creasman & Associates of Grand Junction, Colorado, provided guidance on the plan.

The DAT adopted a three-step process in the preparation of the heritage plan. The first step involved data collection. Input from residents on their views of strengths, opportunities, and constraints regarding the district’s development was obtained through public meetings. The second step was a visioning charrette that helped translate the residents’ ideas into conceptual diagrams and plans. In the final and third step, a draft plan was prepared by the DAT and presented to the steering committee for its review. Changes were made to the plan based on comments from the commit-tee. Finally, the plan was reviewed by the town’s redevelopment commission, which made a nonbinding recommenda-tion to the town council for adoption.

The Heritage District Redevelopment Plan recommended physical improvements to the district. These included streetscaping, higher-density and mixed use development, installation of street furniture and traffic signals at intersections, open space, pedestrian pathways, public art, and a plaza, among others.

The downtown heritage plan was updated in 2008 by the redevelopment commission with the help of the staff of the development services department. Public hearings were used to get residents’ input. As in the previous plan, the goal was to promote quality physical improvements to the downtown with an emphasis on the historical character of the district. The heritage plan was also intended to guide reinvestment that “will help maximize the economic potential of properties, rehabilitate substandard buildings, eliminate blighting influences, improve parking, beautify streetscapes, and allow the assembly of land for new development” (Gilbert 2008, 1).

Following its adoption by the town council, the plan is being implemented through a combination of regulations, incentives, subsidies, relocation assistance, voluntary acquisitions, and the capital improvement plan. For example, the Heritage Village Center was rezoned to promote a pedestrian-oriented, mixed use development that is in line with both the Heritage District Redevelopment Plan and the city’s general plan. The downtown’s heritage resources were identified for preservation and architectural design guide-

lines were adopted to protect the historic character of the district in the redevelopment of such buildings. Seventy-five percent of building frontage on the ground floor has to be windows and doors or a combination of the two. Building heights in the downtown must be a minimum of 35 feet and no higher than 55 feet. Materials used for buildings in the heritage district must be masonry, stucco, brick, wood, wood boards, or thick adobe.

The implementation of the heritage district plan is funded through development agreements and CDBG funds. The CDBG funds are used for public facility projects, down payment assistance, and emergency home repair in the heritage district. Development incentives are used to attract investment in the district. Examples include permit fee waivers, fast-track approval processes, and assistance with locating financing (Gilbert 2008).

The Gilbert heritage plan has important lessons for other cities. Many cities have commissions and committees that help in the planning and development review process. Examples of these are the plan commission, the design review board, and the historic preservation committee. Such committees are staffed with volunteer community residents, many of who have expertise in certain areas of development such as business, engineering, architecture, and urban planning. Cities can tap on this expertise to help with the planning and implementation of downtown plans and projects. In the case of Gilbert, it was the help of the state chapter of AIA that initially provided the expertise in the preparation of the heritage plan. Cities should not overlook such resources, which in partnership with city staff can help decrease the professional cost of downtown revitalization.

THE COLUMBUS CULTURAL DISTRICT PLAN

Columbus, Indiana, is another city that is successfully using a cultural district designation to promote and revitalize its downtown. Columbus is located 40 miles south of Indianapolis in Bartholomew County. Like other cities, Columbus suffered from the suburbanization of retail and the middle class from the downtown in the mid-20th century. When Interstate 65 opened on the west side of the city in 1962, it siphoned many downtown businesses to the highway location. Shopping malls followed shortly thereafter, draining downtown of many of the retail businesses that once made it a vibrant and healthy commercial hub. City leaders saw this trend as both a setback and an opportunity.
The redevelopment of the city’s downtown was the result of a combination of factors, among which were visionary leadership, a commitment to quality placemaking, and the utilization of the city’s heritage for the downtown’s redevelopment. Columbus is a city with a more than 60-year history of architecture programming. The city owes much of its legacy to the vision of J. Irwin Miller, former chairman and CEO of Cummins, Inc., a global engine manufacturing firm headquartered in the city. Miller believed that architecture had the ability to transform an individual in the same way parents influence a child’s upbringing. Miller was also an entrepreneurial visionary. He believed his ability to attract top engineers to a small city such as Columbus hinged on the quality of the city’s built environment (Land 2005; Rentschler 2014). He used the philanthropic arm of Cummins to improve the quality of the city’s civic buildings and to support the design of quality architecture by the best and brightest minds in the U.S.

The immediate postwar period of the 1950s was a time of rapid population growth in the U.S., necessitating the building of schools to accommodate the burgeoning school-age population. Miller noticed the newest school in Columbus was designed and built on the cheap, and it showed. So he committed funds from Cummins to pay the architectural design fees of the next school to ensure that it was well designed and built to good quality. The first such supported project was Lillian C. Schmitt Elementary School. The Cummins Foundation, established in 1954, paid the architectural design fees of Harry Weese, and the school was built in 1957. Although the program started with public schools, the Cummins Foundation soon expanded its support to all civic and public organizations and to all communities in which the firm operated. The foundation pays the architect’s fees for civic buildings provided the firm is chosen from a list provided by Cummins, which provides a form of quality control.

Since the first school-supported project, the Cummins Foundation has supported the construction of more than 50 projects, transforming Columbus into “Athens on the Prairie” (McAteer 2008). The city is adorned with more than 70 distinguished public buildings and pieces of public art by renowned architects and artists, many concentrated in the downtown area. Columbus has been ranked sixth in the nation among cities for architectural innovation and design by AIA (Vinnitskaya 2012).

The Cultural District Planning Process

Given the city’s rich cultural and design history, in 2011 then-mayor Kristen Brown formed an arts district planning committee, bringing together stakeholders from the public, private, and nonprofit sectors. The committee was tasked with developing a vision that would use the art and cultural resources of the city for the development of the downtown district and make Columbus the “cultural and creative capital of the Midwest’’ (Showalter 2013, A1).

The committee consisted of 11 members who coordinated the work of six teams comprising more than 50 community members. In forming the coalition, the mayor noted the significance of the arts: “The arts and cultural activities enrich our lives, attract and retain a diverse array of talented people, and strengthen our local economy and tax base” (Brown 2013). The committee delineated an area of downtown where much of the city’s architecture and significant art pieces are located as the “arts district.” The goals for creating the arts district were to ensure preservation of the city’s heritage, to undertake arts programming, to provide design education, to promote artisan retail, and to increase arts tourism (Columbus 2013). In preparing the cultural plan, the committee sought guidance from the Indiana Arts Commission, a state agency.

The process brought together a coalition of the key arts and community-oriented service organizations in the city, including the Columbus Area Arts Council, the Indiana University Center for Art and Design, the City of Columbus Redevelopment Commission, the Community Foundation, Cummins, Inc., the Columbus Area Visitors Center, the downtown merchant association, and more than 20 other organizations. Through workshops, surveys, open houses, and town hall meetings, more than 500 community residents and stakeholders participated in discussions to create a vision for the cultural district, culminating in a strategic plan that was adopted by the city in 2013.

The strategic plan outlined four corridors within the arts district for arts programming and promotion. These designations take advantage of the large concentration of existing arts-related facilities along certain streets and in the downtown (Figure 5.2, p. 82). Washington Street is designated the “Commerce Corridor.” It is where the city has a dense concentration of locally owned businesses—retail and professional services, restaurants, and commercial establishments, as well as city hall, the Bartholomew County Courthouse, and the Children’s Museum. The “Arts and Education Corridor” is located along Jackson Street. This corridor has the Indiana University Center for Art and Design, an art gallery, YES Cinema, and the Jackson Contemporary Art Gallery. The “Entertainment Corridor” is on Fourth Street, the site for outdoor festivals and events. It also houses The Commons, an 85-acre riverfront park, and the Nugent-Custer Performance Hall. Fifth Street is named...
the “Architecture Corridor” and houses the First Christian Church, designed by Eliel Saarinen (1942); Irwin Union Bank, designed by Eero Saarinen (1954); Cleo Rogers Memorial Library, designed by I. M. Pei (1969); St. Peter’s Lutheran Church, designed by Gunnar Birkerts (1988); and the headquarters of Cummins, Inc., designed by Kevin Roche (1983).

The cultural and arts district plan placed emphasis on “arts production” and creativity over “arts consumption.” With the Indiana University Center for Art and Design located downtown, city leaders sought both to attract and retain artists to live and work in the city. Following adoption of the plan, the city applied to the Indiana Arts Commission and obtained an Indiana Cultural District designation, at the time one of only five such districts in the state. Though there is no funding associated with cultural district designation, the label enables a community to benefit from coordinated marketing through the Indiana Office of Tourism Development, counseling support from the Indiana Arts Commission, and the potential for increased visibility through signage advertising along state highways.

The plan included targeted indicators for measuring success of the cultural district. Among these are the number of events held, composition of events, attendance counts, satisfaction surveys, donations to the arts, job creation, sales and tax receipts, hotel occupancy rates, visitor tourism counts, and innkeepers’ tax revenue.

The Inverted Pyramid Approach
The Columbus cultural plan was developed through an approach the city called the “upside-down pyramid” perfected by CivicLab (formerly the Institute for Coalition Building). This is a reversal of the traditional pyramid approach to decision making where the top hierarchies are dominated by the key players. The inverted pyramid approach starts with the formation of teams of stakeholders in the community. These stakeholders discuss and come to a common understanding of the problem that needs to be addressed. This initial process enables the team to build trust and commitment from the group members for the tasks ahead (Figures 5.3 and 5.4). This is because of the fundamental belief that “all progress moves at the speed of trust” (Hess 2017).

Once there is buy-in from stakeholders and the mission is clear, the community is then brought in for discussion of the issue. Teams are formed to lead segments of the problem in discussions and outreach, funding is mobilized, and implementation strategies are derived from the process. Key to the inverted pyramid approach is the identification of an agency tasked with steering the process and implementing the goals developed from the discussions. In the case of the cultural district strategic plan, that responsibility fell to the Columbus Area Arts Council.

In the inverted pyramid approach to coalition building and decision making, “the process is the solution” (Hess 2016). Emphasis is put into building strong partnerships between the stakeholders with the belief that quality solutions emerge from a quality engagement process. When trust and commitment are gained from each of the partners, stakeholders can be counted on to deliver on their tasks, even if these eventually shift in emphasis. As Jack Hess, executive director of CivicLab, put it, “If you get the process right, and you get the proper mix of stakeholders, the work itself may evolve in different ways than originally perceived but the organization will always endure” (Hess 2017).

Outcome of the Cultural District Plan
Although the implementation of the strategic plan did not unfold exactly as planned because of a change in the city’s leadership, the stakeholder coalition that was formed has remained intact. This group has been used to discuss and address other issues in the community besides the cultural plan.

Soon after the plan was completed, a new mayor was elected and there was some turnover in the city council membership. This resulted in a shift in priorities. The original six teams were regrouped into three for purposes of implementing the cultural district plan, namely: Past—Caring for our Cultural Heritage; Present—Growing Partnerships; and Future—Advancing the Vision.
### Figure 5.3. The process of coalition building used by CivicLab (formerly Institute for Coalition Building) (CivicLab 2016)

<table>
<thead>
<tr>
<th>Guiding Questions</th>
<th>WHAT</th>
<th>HOW</th>
<th>WHO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What are the high-level things we could do to improve engagement?</td>
<td>Role</td>
<td>Concert products, services, social media</td>
<td>Who</td>
</tr>
<tr>
<td>2. What do we want to co-create together?</td>
<td>Design</td>
<td>Concert products, services, social media</td>
<td>Who</td>
</tr>
<tr>
<td>3. Can we continuously improve the outcomes that the system should be producing?</td>
<td>Delivery</td>
<td>Concert products, services, social media</td>
<td>Who</td>
</tr>
<tr>
<td>4. Can we structure ourselves to work to achieve better outcomes?</td>
<td>Support</td>
<td>Concert products, services, social media</td>
<td>Who</td>
</tr>
</tbody>
</table>

### Figure 5.4. The inverted pyramid used by CivicLab (formerly Institute for Coalition Building) (Institute for Coalition Building 2013)

**Structure: An Expanding Circle of Stakeholders**

- **guiding team**
  - **meeting**
    - **process facilitator**
    - **content experts**
  - **expansion stakeholder group**
    - **guiding team**
    - **meeting**
      - **process facilitator**
      - **content experts**
    - **support organization**
      - **meeting**
        - **process facilitator**
        - **content experts**

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The “past team,” also called Landmark Columbus, is responsible for preserving and enhancing the community’s heritage. The team identifies and maintains buildings that help tell the Columbus story and are treasured by residents. As an example of its work, the team is leading an effort to raise funds to repair and renovate the skylight of the First Christian Church. The church was designed by Finnish architect Eliel Saarinen and built in 1942. It represents one of the first churches in the U.S. to be built in a contemporary architectural style. In 2001, the church was designated a National Historic Landmark by the National Park Service. The “present group” builds partnerships and collaborations between stakeholder organizations and helps align and connect their ideas. This team identified key distinctive neighborhoods in the city and is implementing signage and wayfinding programs to amplify the boundaries and uniqueness of these neighborhoods. The group is also examining ways to retain students who study in the Indiana University Center for Art and Design so they can live and work in Columbus. The third team, “the future,” is tasked with advancing the mission of the city. The group is exploring ways to realign partnerships and identify new areas for strengthening the city and its downtown (Stark 2017).

Because of the effective collaborative process used by CivicLab in the cultural planning process, projects have evolved opportunistically. Exhibit Columbus is one such project that resulted from the discussions. The goal of Exhibit Columbus is to advance the downtown and the city’s cultural legacy and celebrate the community’s design and heritage in architecture and the arts. It is accomplishing this goal by alternating symposiums and exhibitions every two years. In September 2016, a symposium was held under the theme “Foundations and Futures.” This inaugural symposium was the first event in the Exhibit Columbus theme of biennial exploration of architecture, art, design, and community and set the stage for the second event of Exhibit Columbus, which followed in 2017. In the 2017 exhibition, 18 installations from architects and designers were invited from an international competition and located outdoors in the city’s downtown. At the end of the exhibition, five Miller Prizes (named after J. Irwin Miller) of between $50,000 and $70,000 each were awarded to the winners, who went on to design and build temporary installations at five downtown sites chosen to represent key public spaces and cultural legacies.

Lessons from Columbus

Columbus provides several lessons for cities in utilizing cultural heritage to promote the redevelopment of their downtowns. A civic and cultural strategy for downtown development starts with an identification of the community’s heritage resources. These may be buildings, sites, or historic artifacts. These resources are mapped to identify their locations. Next, a civic and cultural district plan should be prepared with full participation of residents. In the case of Columbus, the city brought together several institutions to promote the cultural district, from city government to historic preservation entities and from the private as well as the public sectors.

The Columbus example shows that the outcome is only as good as the process. Without a strong and collaborative foundation, even the best of plans may never see the light of day. Communities should, therefore, never underestimate the power of a good process. Whereas the emphasis of the plan evolved over time, the process was a huge success by bringing together people from diverse backgrounds in the public, private, and nonprofit sectors who now meet regularly to address more than just cultural issues. Each sector brings different assets and resources to the redevelopment process.

Although the cultural district plan was a public-sector-driven initiative, it was the private sector that provided the seed money to fund the initial costs. Johnson Ventures is the Columbus firm that provided the funds to cover the initial organizational costs of the coalition before the program was eventually taken over by the Columbus Arts Council and the city’s redevelopment commission. The lesson here is that social and public-sector programs should not overlook the role of the private sector.

Another lesson from the Columbus experience is that “if you don’t staff it, it won’t happen.” For example, it was originally envisaged that the Columbus Arts Council would form the backbone of the cultural district’s plan and be responsible for the day-to-day management and implementation of the plan. However, initially at least, there was no funding to hire permanent staff for the organization. Thus, the daily management of the cultural plan rested with the city’s redevelopment commission until such a time that funds could be mobilized to hire staff for the council.

The goals of a cultural district plan should also be multifaceted. While the original intent of the Columbus cultural plan was to enhance the community’s culture and heritage, it evolved to include other goals, such as the retention of the creative class, tourism promotion, and neighborhood enhancement. Exhibit Columbus, for example, is one program that emerged from discussions of the cultural district plan. Through this program, the city now brings renowned architects, designers, and artists to the community. This further showcases the assets of the city and markets it as an inno-
A cultural district plan can thus become an economic development strategy.

In sum, culture and the arts can be used for redevelopment of the downtown, but these assets can and should also be used to entertain, educate, inspire, and enrich the lives of residents. Finally, the success of a downtown plan rests on the full support of the city’s political leadership. Cultivating and sustaining this support should be obtained and sustained for the long-term implementation of the plan.

**CONCLUSION**

Every city has civic, cultural, entertainment, and heritage resources that can contribute to the revitalization of its downtown. A quick and cheap first step to increasing downtown foot traffic may be to stage events to reintroduce people to the downtown and support downtown businesses. A more sustained strategy, however, requires a cultural or heritage plan that identifies a community’s civic, cultural, and heritage assets and utilizes these for the long-term development of the downtown. As the three examples discussed above show, cities may emphasize different areas in the mobilization of these assets. In the case of Longmont, it was the city’s arts, for Gilbert it was the city’s historical distinctiveness, and for Columbus, it is the architectural assets.

Staff planners, elected officials, the public, and the private sector should all be engaged in discussions that lead to the identification of the types of amenities and the prioritization of funding for the implementation of a cultural plan. Planners can play a role in engaging the public and political leadership, in organizing public forums to discuss and get the public’s input in the decision-making process, and in writing persuasive memos to educate and convince decision makers about the contribution of and location of these amenities in the downtown.

Cultural and heritage plans should include benchmarks that enable communities to track progress towards the achievement of the established goals in these plans. Plans should also be reviewed and updated periodically as new information becomes available. Additionally, the cultural plan should be linked up with the city’s downtown or comprehensive plan or be a component part of it. How this is accomplished will be taken up in the next chapter.
CHAPTER 6
ORGANIZING AND MANAGING DOWNTOWN REVITALIZATION
The previous chapters have explored how housing, economic incentives, regulatory modifications, design, infrastructure improvements, and cultural and heritage resources can be used to the benefit of the downtown. But the availability of resources alone is not enough. It takes visionary leadership, commitment, and organizational prowess to bring these resources together and mobilize them to effect change. In the end, it is people that make the difference.

Thus, civic leadership is important to the revitalization of downtowns in both large and small cities. This leadership may emanate from either the public or private sector, it may be an individual or group of people, or it may be an organization with passion for the development of the downtown. Often the person or organization taking the leadership role is a community visionary that sees a void in the community and steps up to mobilize the public toward the achievement of a collective vision.

The public sector also plays a central role in the redevelopment of the downtown. Usually this takes the types of interventions discussed in the previous chapters. But there must also be a recognition that downtown revitalization will not succeed without buy-in from the private sector. A city, through its agencies and department staff, may provide the incentives and inducements for downtown redevelopment, but the private sector must see an economic logic for investing in the downtown for revitalization to succeed. Without private-sector commitment, public stimulus alone will have limited impact. Hence, successful revitalization programs, even when they begin with the public sector, have quickly brought the private sector on board as partners in the redevelopment of the downtown.

Once a decision is made to begin the revitalization of the downtown, city staff are charged with the responsibility of doing the grunt work to bring the vision to fruition. Staff are responsible for identifying resources, organizing public hearings, providing technical guidance, advising elected officials on the intricacies of state and federal laws dictating the use of governmental programs and funds, and eventually seeing to the implementation of projects once funding is secured and the plan is adopted by the planning commission and city council.

Planning staff provide the continuity for—and sometimes the public face of—the revitalization of the downtown because they are relatively more permanent than elected officials and ensure the stability that is critical to the process (Díaz-Carreras 2000). Additionally, sectoral plans (housing, infrastructure and placemaking, arts and culture, and economic development) need to be coordinated to ensure a unitary vision for the downtown. This coordinative role is the responsibility of staff planners. A downtown plan developed with guidance from city planners is often the means for coordinating the sectoral plans.

Depending on the nature of the plan and the strength of the local planning staff, the downtown plan may be prepared in-house by staff in the community development department or it may be contracted out to a consulting firm with planning staff providing a supporting role. If a consultant is to be used for the development of the plan, planning staff draw up the request for proposals to seek interest for the project. In most cases, however, even when the work is contracted out to a private consultant, planning staff work closely with the firm throughout the planning process.

CATALYSTS FOR DOWNTOWN REVITALIZATION

The catalyst for initiating a downtown revitalization process varies from one community to the other. In some cases, the stimulus for downtown redevelopment may be “reactive” in the sense of opposition to a planned project that the public feels will have an undesirable impact on the downtown. This was the case in Fort Collins, Colorado (population 164,207), when Gene Mitchell, a local real estate developer, mobilized residents and civic leaders to oppose the rerouting of U.S.
Route 287 through the city’s Old Town Square, the city’s historic downtown. This move prompted the city to act to save the historic buildings and the downtown from being destroyed by the highway.

Other times, it is the vision of a community leader to stem the decline of what is considered to be an iconic place. In Holland, Michigan (population 33,543), Edgar Prince, the owner of Prince Manufacturing Corporation, a firm that manufactures die-cast machines and other auto parts, was such a leader. He championed the formation of the city’s Main Street Committee in 1984 to help revitalize the downtown. He saw the deterioration of the downtown as a huge blow to the city’s image and heritage, so he intervened by providing financial assistance for its redevelopment. He and his wife Elsa are credited for providing seed funding for the construction of the snowmelt system downtown (an electric heating system that quickly thaws snow and makes the downtown safer for traffic in the harsh winter months), and for the rehabilitation of many downtown historic buildings, including the Tower Clock building and the Holland Museum.

The Princes believed that good ideas were not enough if unsupported by financial wherewithal, so they committed a quarter of a million dollars to get the downtown revitalization process started. As Elsa Prince later explained:

We were really concerned about the future of downtown and the possibility that boarded-up buildings might someday appear on Eighth Street. There were already signs that downtown was hurting. There seemed to be an eyesore in every block. And when you let things go, you attract problems. . . . Unless you keep the core of the city vital, which historically is downtown, you will have an area that fails. . . . We felt a sense of urgency to keep and maintain the heritage that was established. (Lozon 1994, 102).

In Santa Barbara, California, it was resident Pearl Chase’s indefatigable grassroots educational and mobilization efforts in the 1920s that convinced others to get behind the preservation of the city’s heritage in the El Pueblo Viejo district. Following the 1925 earthquake that leveled much of State Street and its historic buildings, Chase—an advocate for civic beautification and South Coast history—organized and convinced civic leaders to adopt historic preservation guidelines for the redevelopment of the city’s downtown. This resulted in the creation of the first-ever architectural review board in 1925 to ensure that buildings in El Pueblo Viejo adhered to Spanish colonial architecture features: white stucco walls, red tile roofs, decorative tiles, and wrought iron windows, balconies, and walls (Citizens Planning Association of Santa Barbara County 2014). These buildings, including the Lobero Theatre (Figure 6.1), have now become some of the chief tourist attractions of downtown Santa Barbara.

In 1965, downtown merchants formed the Santa Barbara Downtown Organization to assist downtown retailers in competing with La Cumbre Plaza, the city’s newly built suburban mall. This organization eventually became the Santa Barbara Redevelopment Agency in 1972. Following its formation, a downtown business improvement district was created in 1975 to raise funds for the redevelopment projects in the district. The city also adopted the Burgard Plan, a downtown plan with a goal to make the arts the centerpiece of the downtown revitalization process. The redevelopment agency organized public-private partnerships that identified and worked to improve the downtown quality of place, provide parking garages, organize and hold events, and promote the downtown as a place to visit and live. Events celebrating the city’s history and culture helped increase foot traffic in the city’s downtown.

While the impetus for downtown redevelopment may start as a reactionary effort catalyzed by individuals or community groups, it often ends with the preparation and adoption of a downtown redevelopment plan that provides a clear and unified vision for the improvement of the district.
THE DOWNTOWN REVITALIZATION PROCESS

Downtown revitalization often starts heuristically without a plan. In most cases, a city embarks on one or a few downtown projects or programs in response to an identified problem. A downtown historic district may be threatened by redevelopment, so a historic preservation ordinance is adopted to protect it from destruction. A sidewalk may be deemed too narrow, so a city decides to widen it. There may be a recognition that the downtown lacks a gathering place, so the city council provides funds for the construction of a park. Crime in the downtown may be deemed too high, so a police station is built downtown. Eventually, however, cities recognize that the disparate projects in the downtown need some cohesiveness. Discussions among downtown stakeholders, planning staff, and the community development department eventually lead to a decision to prepare a downtown revitalization plan.

A city may prepare a downtown plan as an element of its comprehensive plan or as a stand-alone plan prepared specifically for the downtown’s redevelopment. The latter was the case in Greenville, South Carolina. In 1976 Lawrence Halprin & Associates was tasked with preparing a streetscape plan for the city’s five-block Main Street—not to prepare a plan for the entire downtown. The firm redesigned the street to make it narrower, reduced the four lanes to two, and provided on-street parking. The “plan” also widened sidewalks to facilitate foot traffic and provided space for moveable planters and landscaping. These initial street modifications and downtown projects provided a foundation for the comprehensive downtown revitalization plan that was prepared by Sasaki Associates in 2007.

When the mayor and city council in Greenville made the decision to move forward with a downtown revitalization plan, the responsibility for following through with the idea was given to staff in the city’s Department of Economic Development. Staff prepared the request for proposals to seek an outside consultant to prepare the plan. Following a response to the RFP, planning staff recommended and the city council endorsed the selection of Sasaki Associates to develop a master plan for the downtown. Sasaki Associates brought on board consultants W-ZHA to provide advice on market and real estate development, and Craig Gaulden Davis for the team’s design expertise.

The planning process began in earnest in March 2007. The consulting firms worked with staff in the city’s economic development department to identify downtown stakeholders such as merchants, investors, and civic and cultural groups that were to be involved in the plan. Planning staff were also instrumental in working with the consulting firms in identifying other city staff that needed to be involved in the preparation of the plan, advertising and providing public notices, scheduling public meetings and focus group sessions, and keeping records of the meetings and the overall planning process.

Once stakeholders were identified, several meetings were held to discuss and outline the planning process and to obtain feedback from city residents. Sasaki Associates also held separate meetings with the mayor and council, city manager, and staff of the departments of economic development, parks and recreation, and public works. Additionally, focus group meetings were held with representatives from the real estate sector, downtown retailers, the city’s preservation commission, and civic and arts groups.

The firm, with the assistance of planning staff, analyzed existing conditions in the downtown, including housing and vacancy rates; job growth and economic conditions; market opportunities for office, residential, retail space, and public spaces; and pedestrian and traffic flow, among others. These findings enabled the team to gauge the redevelopment potential of the downtown and its limitations. A separate community charrette was held in June 2007 for a discussion of the design attributes of the downtown. When a draft plan was ready, a community forum provided an opportunity for the public to discuss the draft master plan before it was finalized and presented to both the planning commission and city council for their approval.

The plan outlined several goals for the redevelopment of the downtown including (1) reinforcing the economic role of downtown in the region, (2) leveraging prior successes for the development of the district, and (3) creating a mixed use, sustainable urban environment (Sasaki Associates, Inc. 2008). The Downtown Greenville Master Plan can be accessed at greenvillesc.gov/DocumentCenter/View/283.

Whereas Greenville’s downtown plan was spearheaded by staff within city government, other downtown plans are prepared by agencies outside of city government, such as downtown development organizations. This was the case in Helena, Montana (population 31,169). The Helena Business Improvement District (HBID) allocated $68,000 in 2015 to hire a consultant to assist in the preparation of a downtown plan. A request for proposals was prepared that provided information about the scope of work to be done, background information about the community, the public participation process, a timeline for deliverables, a budget, and a submission deadline. The consultant’s fee was paid from four sources: The Helena Business Improvement District, a Montana
Main Street Program grant, a CDBG economic development planning grant, and a Big Sky Trust Fund grant (HBID 2012). WGM Group was selected from a pool of four firms that submitted bids to assist in preparing the downtown plan. While HBID took the lead role in organizing and shepherding the downtown development planning process, staff from the city’s community development department assisted as well. Several steps were used in the preparation of the plan, including administering a community survey, forming a 12-member steering committee, and holding three community charrettes to obtain public input, among others. As in most cases, once the plan was ready it had to be approved by the HBID board. It was also reviewed by planning staff for their final input before it was sent to the planning board and eventually the city commission, which approved it in September 2016.

The adopted downtown plan was added and linked to the city’s growth plan that had been adopted in 2011. As Tracy Reich of HBID put it, “It becomes a neighborhood plan within the growth policy, which gives it status as to prioritization of things that are happening within that plan, within the city’s overall plan. . . . It basically legitimizes it as an official plan of the city” (Ambarian 2016). The Downtown Helena Master Plan can be accessed at downtownhelena .com/business-improvement-district/area-info/master-plan/.

Unlike the Greenville and Helena stand-alone downtown plans, the downtown revitalization plan for West Palm Beach, Florida (population 108,161), is an element of the city’s comprehensive plan. However, much like Greenville, the city also had several uncoordinated projects that were being implemented in the city’s downtown in the 1990s. Twenty-two such projects were being executed in and near the downtown area, examples of which were the Kravis Center for the Performing Arts, Clematis and Division Avenue improvements, the widening and landscaping of Okeechobee Boulevard, and the construction of the Palm Beach County Judicial Center and Courthouse.

The city needed a way to coordinate these seemingly disparate projects and provide a vision for the redevelopment of the downtown. To achieve this, then-mayor Nancy Graham and the West Palm Beach Community Redevelopment Agency retained the services of Duany Plater-Zyberk to lead discussions in preparing a redevelopment plan for the downtown. In April 1993, a five-day charrette was held in downtown West Palm Beach that brought together civic leaders, design professionals, city and county elected officials and staff, property owners, business leaders, and community residents to deliberate and help construct the downtown plan (DPZ 2004).

The city’s first downtown master plan was completed in 1994 and approved by the plan commission in 1995. It has subsequently been amended and updated in 2002, 2004, and 2007. The goal of the city’s downtown plan is to “provide a unified vision of the downtown, inspiring confidence and encouraging new development which respects the unique character and identity of the area” (Zyscovich Architects 2007).

The Florida Community Planning Act (§163.3177(6) F.S.) requires cities to prepare and adopt a comprehensive plan to guide the orderly and balanced growth of municipalities’ future economic, social, physical, environmental, and fiscal development. The law requires comprehensive plans to include the following elements: future land use, transportation, housing utilities, coastal management conservation, recreation and open space, intergovernmental coordination, and capital improvement. The city of West Palm Beach, however, included three additional optional elements in its comprehensive plan: introduction and administration, historic preservation, and a downtown master plan element.

As part of the process of regular review and update of the comprehensive plan, in 2005 the city commission directed planning staff to outline a process to update the downtown master plan. Zyscovich Architects, Inc., was selected following responses to a request for proposals. Planning staff were instrumental in the process. Both the director and administrator of the city’s planning, zoning, and building department were members of the steering committee, as were the director and the two project managers of the Treasure Coast Regional Planning Council.

The consultants began by holding several informational meetings with private developers, business owners, and residents in the various downtown neighborhoods. An advisory board, composed of development professionals such as architects, planners, developers, and engineers, provided feedback to the consultants on matters such as transfer of development rights, workforce housing, building setbacks, and the rollout of implementation for the plan. Several focus groups were created with participation from real estate developers, the city council, downtown retailers, city departments, and the design and preservation commission. Between December 2005 and August 2006, the consultants held four advisory board meetings, four stakeholder meetings, and two city commission workshops.

From August to December 2006, public discussions were held on the proposed amendments to the comprehensive plan to incorporate the downtown development proposals. Changes to the zoning and land-use regulations and the regulatory map were also discussed. Once ready, the plan was...
reviewed by city staff before it was presented to the plan commission and city council. The downtown master plan was reviewed and approved as an amendment to the comprehensive plan by the downtown action committee, the planning board, and the city commission.

The goals of the city’s downtown plan are stated as follows: (1) provide a mixed use neighborhood for live, work, and play, (2) create a place of unique character that also provides public spaces, (3) ensure predictability and security of investment for developers and property owners, and (4) promote multimodal connectivity for pedestrians, cyclists, and transit users. The Downtown Master Plan for the City of West Palm Beach can be accessed at wpb.org/planning/downtown-master-plan.

The examples from Greenville, Helena, and West Palm Beach show different successful approaches to the implementation of a downtown plan. Both Greenville and Helena had stand-alone downtown plans, and although both plans were prepared by consultants, the Greenville plan was spearheaded by staff within city government, while Helena’s plan was led by a downtown development organization, the HBID. In West Palm Beach, the downtown plan was prepared by a consultant as an element of the city’s comprehensive plan. In all cases, staff planners played significant roles in the downtown planning process. They are often tasked with preparing the RFP, soliciting interest from consulting firms, negotiating contracts, and organizing public meetings, and are often responsible for the eventual day-to-day implementation of the plan.

ORGANIZATIONAL STRUCTURES FOR DOWNTOWN REVITALIZATION

No single organizational structure exists for the delivery of downtown redevelopment among cities with reputations for the successful revitalization of their downtowns. The approach adopted by a city is dependent on the institutional culture of the community. Downtown redevelopment plan implementation or revitalization efforts may be led by several types of formal organizations. These include (1) city agencies, (2) downtown development authorities, (3) business improvement districts, or (4) both a business improvement district and a downtown development authority. The structure of each of these organizations and the role of staff is discussed below.

**City Agencies**

Greenville, South Carolina (population 58,409), and Middletown, Connecticut (population 46,544), are examples of cities in which a city department such as the planning or economic development department has taken on the responsibility for the downtown’s redevelopment. Since the public sector is usually the coordinating body for such activities, it seems natural that a city department absorbs this responsibility.

In Greenville, the economic development department is the agency in charge of the city’s downtown development. The department’s duties include “activities and programs designed to obtain a healthy balance of strategic economic growth and improved quality of life.” With respect to the downtown, the department has “focused on creating a vibrant downtown that is authentic, sustainable and most importantly, for people” (Greenville n.d.).

In Middletown, the Planning, Conservation and Development Department is responsible for the planning and redevelopment of the city’s downtown. The department took a leadership role in the preparation of the city’s downtown plan, Downtown Visions: 2000 and Beyond, which was adopted as part of the city’s comprehensive plan in 1990. It established a design review and preservation board, applied for and received the Connecticut Main Street Program designation in 1997, and works with the Downtown Business District organization to stage special events in the city’s downtown (Middletown 2002; Warner 2009).

The city agency approach puts downtown revitalization efforts squarely in the hands of staff planners. In Greenville, it was staff in the department of economic development that led the efforts in organizing and preparing the downtown redevelopment plan.

The advantage of having a city agency leading downtown redevelopment efforts is that it benefits from the annual appropriations of city government to departments with line item budgets in the general fund. Thus, there is confidence in the sustainability of the programs. Such an approach also ensures that downtown development is in the hands of professionally trained staff with knowledge of economic development, planning, and public policy. Staff also have a close working relationship with city staff in other departments, such as public works and parks and recreation. These relationships can be fruitful in building partnerships for the implementation of the plan.

The disadvantage of this approach is that it is subject to the political winds of the day. In times of budget cuts, an elected mayor and council may seek to balance the city’s budget by cutting back on line items affecting the downtown. Civic leaders may also face pressure from nondowntown merchants to spread redevelopment funds outside the downtown district. While an economic logic may favor concentra-
tion of resources, the political logic is to spread benefits to as many constituents as possible. In the end, such logic may hold sway over political leaders and curtail support for downtown development programs.

**Downtown Development Authorities**

Establishing a downtown development authority (DDA) to lead downtown revitalization provides a managerial approach in which a quasi-public agency is set up outside city government but is accountable to elected officials with responsibility for the redevelopment of the downtown. DDAs often double as redevelopment authorities, which have statutory power to use tax increment finance (TIF) funds for the revitalization of the central business district (see, for example, Georgia Municipal Association 2010). This is the case in Colorado and Michigan, where state law allows cities and towns to establish such organizations. In Colorado, DDAs have been formed in such cities as Brighton, Colorado Springs, Crested Butte, Denver, Fort Collins, Glenwood Springs, Grand Junction, Greeley, Longmont, Nederland, Rifle, Thornton, and Woodland Park.

The DDA in Grand Rapids, Michigan (population 196,445), is responsible for improving conditions in the city’s downtown and for implementing projects to increase the tax base by leveraging private investment in the district (Grand Rapids 2011). The city’s DDA has invested over $120 million in TIF funds since 1980 on such downtown projects as the Van Andel Arena, the Transit Center, and in the construction of the new Grand Rapids Art Museum. This initial investment leveraged more than $2 billion in private and institutional contributions in support of downtown projects (Grand Rapids 2011).

Since funding for Grand Rapids’ DDA is based on TIF money, city staff are involved in establishing the TIF boundaries, assessing property values for the TIF districts, and determining potential revenue streams for the DDAs. Planning staff may also work with the DDA board of directors in identifying and prioritizing downtown projects for implementation. Unlike the city agency model, however, city staff are not directly responsible for the day-to-day management of the DDA and the projects that are implemented by the organization.

As a source of funding for downtown development, TIFs are a tenuous revenue stream. Most states stipulate a sunset clause for TIFs, after which they are retired. In Colorado, for example, a TIF has a 30-year lifetime. This was also demonstrated vividly in California, when to balance the state’s budget, Gov. Jerry Brown effectively terminated all redevelopment authorities in the state and redistributed their funds to tax-benefiting entities in 2013. Close to 400 such agencies were discontinued, ending a 60-year history of redevelopment authority in the state. If such a move were replicated in other states, this could eliminate the major funding source for DDAs and significantly impact their activities.

**Business Improvement Districts**

The business improvement district (BID) approach to downtown redevelopment relies on the willingness of property owners in the downtown to impose a self-assessment on themselves to raise funds for improvement projects (see Chapter 2). Revenue from BIDs can also be used to fund the operations of DDAs. BIDs complement, but do not supplant, public expenditures in the downtown. Mansfield, Ohio (population 46,678), and Ripon, Wisconsin (population 7,764), are examples of cities with business improvement districts.

Downtown Mansfield, Inc. was formed in 1998 with the goal “to stimulate economic development, improve the appearance and create a positive image of the downtown as a desirable place to work, live, visit, shop and invest” (Downtown Mansfield, Inc. 2015). The organization plants more than 2,000 flowers annually in the downtown, holds at least four cleanup events every year, hosts a summer farmers market, and provides mini-grants (about $300 per business) and facade improvement grants to members for building upgrades.

Ripon was one of the first cities in Wisconsin to be designated a Main Street community. Ripon Main Street, Inc., was established in 1989. The organization advocates for the historic preservation of downtown properties, markets downtown businesses, stages special events, and provides entrepreneurial training for prospective businesses, among other functions (Ripon Main Street n.d.).

Business improvement districts are often established by concerned downtown property and business owners who feel that some services in the downtown are not being provided or are not provided as adequately as they should be. The BID is, therefore, formed to improve the quality and types of services available for the district. Before a BID is formed it is important to carefully document the level of city services to ensure the city doesn’t decrease its services once the BID is adopted.

The first such local improvement district was formed in Toronto in 1970, and since then BIDs have proliferated throughout North America. There are more than 1,000 BIDs in the United States (Rivlin-Nadler 2016). The agencies may go by different names, such as downtown alliance, downtown partnership, special assessment district, special services, or business assistance districts, but they all have the same mission: taking the lead in the redevelopment of their designated areas.
As noted in Chapter 2, Indiana State Code 36-7-22 allows municipal governments to establish economic improvement districts (EIDs) and form economic improvement boards for managing development in those districts. In 2013 the city of Kendallville (population 9,906) established an EID with a five-year term “in order that the property owners may collectively undertake economic improvement and maintenance projects which will enhance the business climate” in the downtown (Kendallville 2013). The economic improvement projects undertaken by the organization that year were valued at $30,100, and covered such items as snow removal, weed control, street decorations, planters, flower beds, and trees, as well as promotions, recruitment, and advertising.

The amount of money a BID raises for its operations and the organization’s financial health is dependent on the assessed value of properties within the district. Thus, healthier downtowns have larger budgets than struggling downtowns. Most BIDs typically use the funds they raise for facade improvement grants; infrastructure improvements such as street lights, landscaping, and sidewalk pavement; revolving loans; security services; and operations.

An evaluation of BIDs in New York City found that they generated a 15 percent value growth of commercial property within their boundaries. The study also concluded that “on average, BIDs are successful in improving the level and quality of local amenities in their neighborhoods.” However, “the formation of a BID has little impact on the value of residential properties, perhaps because the services provided by BIDs are valued less by residents than by businesses” (Armstrong et al. 2007, 5). Sutton (2014) measured employment and retail sales growth of BIDs in New York City and found that sales and employment declined in small BIDs, but grew in large BIDs. She explained her findings by positing that small BIDs tend to attract small independent retailers that typically have low retail volume and generate less employment.

BIDs are run by boards of directors and appointed staff, some of who may be professional planners. Because BIDs are independent entities, they can more quickly implement their programs than is the case with local government departments that may be subject to bureaucratic regulations and procedures. But BIDs have also come under criticism for being undemocratic and lacking transparency. Some have argued that BIDs are undemocratic in their administration because they are not held accountable by city residents, but by a board of directors appointed or elected by property owners, some of who may not live in the city. To make BIDs more representative, civic leaders can ensure that some of the board members are either appointed by city government or that at least some board members are residents of the city in which they operate.

To be effective, the projects that BIDs embark on and downtown development plans, if they are prepared by BIDs, must receive consent and approval by the city council. These plans also need to be integrated with the overall city plan if one exists. Thus, BID staff usually have a working relationship with planning staff to ensure that their projects and plans are coordinated with the city’s capital improvement plans and the city’s future development policies.

Communities that use the downtown improvement district model align with and often seek to benefit from the direction and counsel of the National Main Street program. The program has been in existence for over four decades and has helped communities implement programs to revitalize their commercial corridors through the four-point approach of organization, design, economic restructuring, and promotion. However, some cities that began with the program matured out of it over time. As Phil Meyer, aicp, the director of the city’s community and neighborhood services in Holland, Michigan (population 33,543), stated, “We were a certified National Main Street program community and gleaned what we could from the four-point approach to Main Street revitalization. However, some of the issues we had were expanding and broadening. We got into housing, traffic, and parking issues and we were getting to the level where we were beyond the four-point program, so we felt they were not a great resource for dealing with these issues” (Meyer 2013).

**Downtown Development Authorities and Business Improvement Districts**

Though this is less common, some communities have both a BID and a downtown development authority. Following a petition from property owners, Fort Collins, Colorado (population 164,207), formed a general improvement district (GID) for the downtown in 1976. The GID is funded through a mill levy of property within the district, currently standing at 4.94 mills. The GID also receives a share of city revenues from a vehicle registration tax and interest on the fund balance. Interestingly, the GID is administered and governed by city council, and its programs are implemented by city staff, not property or business owners, as is often the case for business improvement districts in other cities.

The GID’s role is primarily in the area of infrastructure improvements. Through the GID, the city funds infrastructure projects such as signage, parking, street paving, and street beautification improvements in the downtown (Fort Collins 2011).
In addition to the GID, Fort Collins also has a downtown development authority whose goal is to build public-private investment partnerships that foster economic, cultural, and social growth in the central business district. Unlike the GID that is funded from a self-assessment of property owners, the Fort Collins DDA is funded primarily through revenues generated from the TIF district.

Local governments that choose to implement TIF programs form redevelopment authorities to manage the revitalization of the blighted neighborhoods. Since almost all states have TIF enabling laws (see Appendix), this may explain the proliferation of downtown development authorities across the country. BIDs, in contrast, cannot use TIF funds for downtown redevelopment. A community that already had a BID before the TIF law was enacted in its state may choose to then create a redevelopment authority, resulting in the coexistence of two such downtown redevelopment organizations in some communities.

When a city has both a BID and a DDA, it is important that their roles are clearly specified and demarcated to avoid duplication of functions. A potential concern of having multiple downtown redevelopment organizations is that it may bifurcate downtown functions into physical development and economic development. But in many instances these goals are intertwined, making it difficult to pursue one without the other. For example, attracting a new business into a downtown may necessitate the provision of both property tax abatements and a parking structure to accommodate increased automobile traffic. It would make sense that these two are considered together by the same organization rather than by two agencies, a task that is made more difficult with multiple redevelopment organizations. To reduce conflict and duplication of functions, perhaps some members of the board of directors from each organization can cross-serve on the board of the other so that policies and decisions made by one organization reinforces and supports the activities of the other organization.

CONCLUSION

The variety of organizational structures deployed by cities with successful downtowns suggests that no one organizational structure is superior to others in the effective development and implementation of downtown programs. Nor is the provision of downtown services limited to these formal downtown development organizations. Other entities such as local chambers of commerce, service organizations such as Keep America Beautiful, and local universities provide augmenting services that benefit the downtown.

The process and institutional framework established for revitalizing a downtown varies from one community to the other. What is common to all is that a downtown redevelopment plan is often the end result of multiple uncoordinated efforts at downtown revitalization. This usually begins with the implementation of remedial projects to improve conditions in the downtown. The downtown plan then knits together all the projects that are being undertaken by the different stakeholders in the downtown. Planning staff play an important role in the process by helping crystalize ideas of civic leaders, organizing meetings, identifying and evaluating alternative options, exploring funding sources, and, where necessary, selling the ideas to the public, planning commission, and city council.

The organizational structure for the delivery of downtown services and projects depends on the institutional traditions of each community. In some cases, these organizational structures are tweaked to realign responsibilities for the implementation of the plan. Each community should evaluate its situation, determine how well the institutional relationships work to its benefit, and adopt the most appropriate organizational structure for its needs.

The four organizational approaches discussed here require different commitments from staff planners. When city agencies lead revitalization efforts, staff bear a greater responsibility for the process, but when business improvement districts direct implementation, staff provide only a supporting function. Regardless of the organizational structure established in a city, the most successful downtown redevelopment strategies are ones in which the public sector assumes the role of facilitator of the process, but allows the private sector to drive the redevelopment of the downtown. Hence, an important guide for downtown revitalization is for it to be private-sector led and public-sector supported.
CHAPTER 7

ASSESSING PROGRESS AND MEASURING SUCCESS
Assessing the impact of downtown revitalization programs and projects is the most underdeveloped aspect of the downtown revitalization process. Few cities regularly monitor and report the outcomes of their plans, and even fewer provide comprehensive evaluations of plan outcomes.

Without a documentation of impacts, it becomes more difficult for elected officials and staff planners to justify the continued expenditure of public funds in the downtown. This is particularly challenging when investors and property owners in other parts of the city argue for parity in municipal spending.

Cities need to routinely monitor and assess conditions in their downtowns to ascertain their health and to determine if redevelopment programs are working. Ideally, this should be done as part of a routine annual reporting by the entity leading downtown revitalization efforts. In the city agency model of downtown development, this responsibility falls on planning staff or the community development department. Where there is a downtown development agency or business improvement district outside city government, then this responsibility lies with the agency’s or district’s staff.

The assessment process works best if development agencies establish goals and benchmark indicators as part of downtown redevelopment plans. This makes it easier to measure progress against the established goals. In Ferndale, Michigan (population 20,099), the Downtown Development Authority (DDA) was created in 1980 to help “prevent the deterioration in business districts, encourage preservation, promote growth, create development plans, and authorize the use of tax increment financing” (Ferndale DDA 2007, 1). A stand-alone downtown revitalization plan was prepared in-house and adopted by the DDA board in 2007. As a certified participant in the Main Street program, the DDA had formed four committees in line with the National Main Street four-point program of economic restructuring, organization, design, and promotion. The city’s downtown redevelopment goals were identified under each of these four areas, as shown in Table 7.1 (p. 98).

Assessing progress through effective monitoring and reporting can be challenging for communities. In Michigan, the state’s tax increment finance enabling act requires downtown development organizations to report their annual activities to the State Tax Commission. Even so, only 25 percent of downtown development authorities are meeting the reporting requirement (Brown 2015). These reports are to include revenue, bond reserves and indebtedness, expenditures, the assessed value of the project area, captured revenues, and jobs created. This information, however, may not be as useful in determining progress on downtown revitalization goals and objectives.

An example of a report that was made to Main Street Oakland County by Ferndale’s DDA is provided in Table 7.2 (p. 99). The table shows the activities of the organization as they relate to, among others, the amount of investment in the downtown, the number of new housing units built and rehabilitated, the number of jobs created or lost, volunteer hours, and public improvement projects in the downtown for the first two quarters of 2017. The report provides some useful information about the activities of the DDA, but it is not comprehensive in relation to the goals and objectives established in the city’s downtown plan. It is, therefore, of limited use in tracking progress towards the achievement of the stated goals.

Further, because municipalities in small and midsized cities and downtown redevelopment agencies are often stretched thin for staff, they may be unable to devote resources for the research work needed to keep and track records for their downtowns. One option may be to develop a collaboration with local universities to hire student interns to provide such a service.

**INDICATORS AND METRICS**

Civic leaders can use measurable indicators to gauge a downtown’s health. When tracked over time, these metrics provide information about progress in the achievement of the down-
TABLE 7.1. STRATEGIC GOALS FOR DOWNTOWN FERNDALE, MICHIGAN

<table>
<thead>
<tr>
<th>Economic Restructuring</th>
<th>Organization</th>
<th>Design</th>
<th>Promotions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Expand the cultural diversity in the downtown</td>
<td>• Address parking needs through comprehensive planning</td>
<td>• Make public improvements incrementally as needed</td>
<td>• Create and strengthen public relations with community members</td>
</tr>
<tr>
<td>• Assist entrepreneurs and potential businesses that meet our market demand with business start-up</td>
<td>• Expand the DDA boundaries to meet public perceptions and needs of the area</td>
<td>• Assist property owners and tenants with building improvements through financing, education, incentives, technical assistance, and code reform</td>
<td>• Further develop marketing plans to increase awareness of the downtown</td>
</tr>
<tr>
<td>• Assist current businesses with expanding and improving their businesses</td>
<td>• Retain quality staff</td>
<td>• Maintain and improve the physical appearance of the downtown through landscaping and maintenance</td>
<td>• Improve the bottom line of businesses and foot traffic through retail promotions</td>
</tr>
<tr>
<td>• Strengthen current businesses through education, financial assistance, and business assistance</td>
<td>• Provide consumers, businesses, property owners, and volunteers with excellent consumer service, awareness, and accessibility</td>
<td>• Improve pedestrian safety across Woodward</td>
<td>• Assist and streamline existing events whether they are DDA based or other organizations’</td>
</tr>
<tr>
<td>• Focus property development based on the market analysis and downtown development plan</td>
<td>• Review and revise the development plan every 5 years</td>
<td>• Create a prominent entrance to the downtown, as well as recognition leading up to the district</td>
<td>• Build awareness of the Ferndale DDA</td>
</tr>
<tr>
<td>• Stay in tune with market conditions by updating the market analysis every 4 years</td>
<td>• Follow and utilize the Main Street Approach to downtown revitalization</td>
<td>• Incorporate elements of art into the streetscape, building design, and community</td>
<td>• Maintain National Main Street and Main Street Oakland County status</td>
</tr>
<tr>
<td>• Diversify the business mix to include an increase in retail, professional office space, and housing</td>
<td>• Maintain National Main Street and Main Street Oakland County status</td>
<td>• Strengthen volunteerism of the DDA</td>
<td>• Provide assistance through communication and strategic planning</td>
</tr>
<tr>
<td></td>
<td>• Strengthen volunteerism of the DDA</td>
<td>• Provide assistance through communication and strategic planning</td>
<td>• Increase and diversify funding through Principal Shopping District (PSD) designation, sponsorships, and grants.</td>
</tr>
<tr>
<td></td>
<td>• Provide assistance through communication and strategic planning</td>
<td>• Build awareness of the Ferndale DDA</td>
<td>• Improve public advocacy of businesses in the downtown</td>
</tr>
<tr>
<td></td>
<td>• Build awareness of the Ferndale DDA</td>
<td>• Increase and diversify funding through Principal Shopping District (PSD) designation, sponsorships, and grants.</td>
<td>• Maintain relationships with the city, county, state, and national organizations and government</td>
</tr>
<tr>
<td></td>
<td>• Increase and diversify funding through Principal Shopping District (PSD) designation, sponsorships, and grants.</td>
<td>• Improve public advocacy of businesses in the downtown</td>
<td>• Create and strengthen public relations with community members</td>
</tr>
<tr>
<td></td>
<td>• Improve public advocacy of businesses in the downtown</td>
<td>• Maintain relationships with the city, county, state, and national organizations and government</td>
<td>• Further develop marketing plans to increase awareness of the downtown</td>
</tr>
<tr>
<td></td>
<td>• Maintain relationships with the city, county, state, and national organizations and government</td>
<td></td>
<td>• Improve the bottom line of businesses and foot traffic through retail promotions</td>
</tr>
</tbody>
</table>

Source: Ferndale DDA 2007, 12.

town goals and indicate where more effort needs to be directed. This assists the community in prioritizing its budget and in fine-tuning implementation strategies.

The paucity in tracking and reporting of progress with respect to downtown redevelopment suggests the need for a redoubling of efforts by cities in this area of the downtown planning process. In doing so, cities should link the evaluation of their activities to the goals established in the downtown plan.

Some indicators for measuring conditions in downtowns may be quantitative in nature, while others are more perceptual. For example, while reduction in crime rates can be measured by the number of crimes reported to local police, determining whether the image of the downtown has changed for the better will be much more difficult to grasp. Equally, a more welcoming ambience and a sense of place are qualitative indicators of downtown’s improving health, but may be difficult to quantify. These limitations notwithstanding,
there are clear and measurable ways for communities to ascertain how well their redevelopment strategies are working. These are enumerated below.

**Image of the Downtown**

The public’s perception of the downtown should be positive and supportive. Without a positive image, it may be difficult to attract people to downtown events or to encourage households to live downtown. Therefore, cities must continuously monitor the image of the downtown because it affects all other actions affecting the area. A positive image is a centripetal force that draws people downtown, while a negative image is a centrifugal force that pushes people away from it.

**Positive media reports on downtown.** Over the years, the image of downtowns has taken a beating due to bad publicity relating to the prevalence of crime and other social ills. It is, therefore, important that civic leaders cultivate more positive images of their downtowns as the starting points for revitalization. To do so, positive stories and media coverage of the downtown need to be told to counteract the negative narrative. This is the reason why civic leaders in Wilmington, Delaware, use every opportunity to tout the positive changes in the city’s downtown. They laud the lower crime rates, increasing property values, rich nightlife, and conviviality of the downtown (Burayidi 2015b).

While quantitative data on image may be difficult to gather, monitoring stories in the local newspaper and social media about the downtown can help civic leaders gauge whether there is improvement in how people perceive it. Another data source is to use opinion surveys of city residents and downtown patrons to measure people’s perceptions of the downtown. Some of the key issues to consider in designing an opinion survey are to ensure that the sample is representative of the city’s population, ask questions that are relevant to the subject, pretest questions to identify problems before the survey is administered, and ensure confidentiality of responses, among others. A four-part guide in the preparation and management of surveys for urban planning is provided by PlannersWeb (Miller 2013).

**Demographics**

Healthy downtowns have significant foot traffic and activity throughout the day and night. They draw people of different age groups and socioeconomic backgrounds. Demographic

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**TABLE 7.2. QUARTERLY REPORT OF THE FERNDALE DOWNTOWN DEVELOPMENT AUTHORITY, 2017**

<table>
<thead>
<tr>
<th>Period</th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Budget</td>
<td>$146,732</td>
<td>$146,732</td>
<td>$293,464</td>
</tr>
<tr>
<td>$ Public Investment</td>
<td>0</td>
<td>$9,500</td>
<td>$9,500</td>
</tr>
<tr>
<td>$ Private-Sector Investment</td>
<td>0</td>
<td>$11,500</td>
<td>$11,500</td>
</tr>
<tr>
<td># of New Construction Projects</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td># of Building Rehabs</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td># of New Housing Units</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Square Feet of New Buildings and Additions</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net Gain of Businesses</td>
<td>-2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Net Gain of Full-Time Jobs</td>
<td>-4</td>
<td>2</td>
<td>-2</td>
</tr>
<tr>
<td>Net Gain of Part-Time Jobs</td>
<td>-15</td>
<td>12</td>
<td>-3</td>
</tr>
<tr>
<td># of Special Events</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>$ Spent for Advertising</td>
<td>$2,000</td>
<td>$2,000</td>
<td>$4,000</td>
</tr>
<tr>
<td>$ for Special Events</td>
<td>$2,000</td>
<td>$1,000</td>
<td>$3,000</td>
</tr>
<tr>
<td># of Volunteer Hours</td>
<td>400</td>
<td>2,200</td>
<td>2,600</td>
</tr>
<tr>
<td>$ from Sponsorship Received</td>
<td>0</td>
<td>$4,500</td>
<td>$4,500</td>
</tr>
<tr>
<td># of Public Improvement Projects</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Hicks 2017
data is thus a good predictor of the health of a downtown. The number of downtown residents, the diversity of the downtown population, population density, and volunteer hours provide good downtown development indicators.

**Proportion of city’s population residing downtown.** The redevelopment of a city’s downtown should lead to an increase in the number of people who choose to live there. As a measure, the number and proportion of city residents who live downtown is a good indicator of the downtown’s health. Burayidi’s (2013) study of 14 resilient downtowns across the United States concluded that at least five percent of a city’s population should reside downtown to provide the critical mass needed to sustain downtown activity. Even if this proportion is not achieved, the trend data should show that a growing percentage of city residents are choosing to make downtown their home.

**Demographic diversity.** In addition to a growing downtown residential population, the population should also be diverse and dense (Sukin 2016). As discussed in Chapter 4, demographic groups likely to find downtown living attractive are empty nesters (baby boomers) and young professionals (millennials). Recent immigrants just starting out life in America also often choose downtown living in small cities because of the lower cost of housing. A healthy downtown should therefore reflect a cross-section of demographic groups.

**Population density.** A high and growing population density is also one indicator of a healthier downtown, as new structures and infill development takes place and older buildings are remodeled for use. Hence, higher population and housing densities provide a measure of successful downtown redevelopment.

**Volunteerism.** The number of persons volunteering in downtown activities, as well as the total number of person-hours put into such activities, provides a measure of commitment of citizens to improving downtown conditions. If these data show an increasing trend, it signals a positive attitude of the community towards the downtown.

**Housing, Property Values, and Vacancy Rates**
Housing is a good determinant of downtown’s health because it is an indicator of demand for residential living in the downtown. Increases in property values speak for themselves. An increased demand for downtown housing decreases vacancy rates and increases rents for both residential housing and office and retail space. The following measures can be used for assessing these factors.

**Number and proportion of housing units downtown.** As the number of residents in the downtown grows, so should the number of housing units that are built as the market responds by providing more housing in the downtown. Trend data on building permits issued for downtown projects should therefore show an increased investment in real property downtown. When developers invest in new housing or renovate existing buildings to provide more residential units downtown, it signals a confidence in the downtown property market. Over time, then, the number and proportion of a city’s housing units that are located downtown should grow.

**Change in assessed values of downtown property.** A positive change in the assessed value of downtown residential property indicates a healthy real estate market. To track change, a city should first determine the base value of residential properties in the downtown at the start of the redevelopment process and then monitor the year-to-year changes of property values.

**Vacancy rates.** Vacancy rates provide a visual tale of a downtown’s health. Clusters of downtown buildings that are vacant and boarded up can generate negative images and ripple effects on the rest of the downtown and adjacent neighborhoods. The vacancy rates in the downtown should drop as the city’s redevelopment efforts take root and mature. Downtown vacancy rates should also be compared to vacancy rates for the rest of the city to provide trend data and to assess improvement. A drop in the vacancy rates for office space, retail, and rental housing signal a stronger demand for downtown properties.

**Economy**
A healthy downtown economy is one key goal of a redevelopment plan. A number of economic indicators present themselves for measuring the success of a downtown redevelopment program. These include the numbers of new business starts and total downtown businesses, business turnover rates and longevity, hours of business operation, tax base and personal income growth, demand for parking space, and grant funding activity.

**Business starts.** The decentralization of retail, professional offices, and even restaurants and eateries to the suburbs and strip malls has had a debilitating effect on downtown economies. Redevelopment policies that attract millennials, the creative class, and young entrepreneurs foretell a renewal of business growth in the downtown. In any given year, one expects some businesses to close and others to open, so civic leaders should keep track of the net effect of business change in the downtown to gauge the economic health of the downtown.

Depending on the redevelopment strategy of a city, specific business sectors can be monitored to keep a record of the
fluctuation data pertaining to these businesses in the downtown. Such monitoring can be done using the North American Industrial Classification System (NAICS) codes. For example, if the goal of the redevelopment plan is to grow retail trade in the downtown, then NAICS codes 44–45 can be used to track changes in this sector of the downtown economy.

Numbers of downtown businesses, employees, and sales volumes. A successful revitalization strategy should lead to an increase in the number and proportion of a city’s downtown retail businesses, employees, and sales volume from these businesses. This will indicate a reversal of business decentralization from the downtown, a trend that has taken decades to reverse in some cities. Because of the foot traffic they generate and because they are open past 5 p.m. and on weekends, retail businesses help enliven the downtown. This sector of the downtown economy should, therefore, be closely monitored.

Care should be taken to measure the net change—that is, net new jobs and net new businesses, not just the gross numbers. Additionally, an ongoing evolution of the kinds of businesses (e.g., retail, financial, business services, personal services, food and beverage) should be tracked. A study of 14 resilient downtowns across the U.S. found that, on average, eight percent of these cities’ retail businesses were located downtown (Burayidi 2013).

Business turnover rates. While some level of turnover is expected every year in the downtown, there should be relative stability of businesses located downtown, particularly in small and midsized cities that may be dependent in large extent on independent family-owned businesses. Downtown should avoid huge economic swings from one year to the next.

Business longevity. Small and midsized cities rely for the most part on local start-up businesses rooted in the community. These local business owners are well known in the community. The dearth of such businesses tells of a downtown in ailing health. Alternatively, the longer such businesses stay downtown, the better its health and, correspondingly, the better the health of the community. One indicator of a successful and financially stable business is the length of time that business has been in operation. A regular business survey, perhaps conducted annually or every other year, can help shed light on and keep track of this indicator.

Hours of operation. In some cities, most downtown businesses close at 5 p.m. because that is when nonretail businesses close and there is no further activity expected. Few businesses open on weekends because of low foot traffic. The number of downtown businesses that stay open past working hours on weekdays and on weekends provides an indication of the downtown’s health. It signals sufficient foot traffic at such hours to support downtown businesses.

Tax base growth. The tax base in the downtown should grow as more renovation of buildings takes place and property values grow, enabling a city to capture more tax revenues from the downtown. A stagnant or declining tax base is an indication of an ineffective revitalization strategy.

Income growth. The goal of a downtown redevelopment strategy should include efforts to attract the above-average income taxpayer downtown. A concentration of poor households in the core of the city signals a lag in the spread of income groups across the city’s neighborhoods. It also means downtown residents have less disposable income to spend on the goods and services available in the area. Median household incomes of residents in the downtown should grow over time as more above-average-income taxpayers choose to live downtown.

Regulation of on-street parking. Healthy downtowns have robust activity throughout the day and evenings, necessitating increased demand for parking space. Such demand places pressure on civic leaders to manage parking downtown because demand regularly outstrips supply. In response, cities often resort to regulating parking spaces through metered parking or by limiting the number of hours for on-street parking. While such restrictions may seem counterintuitive, they are an indication of stronger demand for parking spaces and therefore more downtown visits by those who live outside its boundaries. One way to measure downtown visits and demand for parking spaces where parking meters are used is to track revenue raised from downtown parking meters.

Number, variety, and amount of redevelopment grants. Funding availability to downtown property owners and businesses is critical to the economic health of the downtown. This is particularly the case for small family-owned businesses that may not have opportunities to obtain such loans from the conventional banks. The number and types of grants, as well as the amount of such funds, provide an indication of the financial opportunities available for downtown improvement. Typical grants have included downtown beautification grants, sign grants, business start grants, revolving loans, and venture capital loans.

Civic and Cultural Amenities

The downtown should be a place where people live, work, shop, and play. Civic amenities such as government buildings, places of entertainment such as theatres and sports stadiums, and public spaces such as parks and plazas draw people to the downtown and enrich the downtown atmo-
sphere with diverse uses. A healthy downtown has a rich mix of such civic and cultural amenities. The following provide ways to gauge the extent to which such amenities contribute to the health of a downtown.

**Proportion of civic and cultural amenities downtown.** The extent to which a city retains, and even adds, civic and cultural amenities in its downtown is a significant measure of the success of its programs. When these amenities relocate from the downtown, particularly in small and midsize cities, they adversely impact the health of the area. Research suggests that healthy downtowns contain at least half of the city’s civic and cultural amenities (Burayidi 2013). Since downtowns have traditionally been the site for civic and cultural uses, this shows that a city has been able to retain and prevent these amenities from migrating out of the downtown.

**Destination points.** Healthy downtowns have destination points that bring people to the downtown. A destination point is a facility, land use, or amenity that draws people to a location because of its reputation, quality, or uniqueness. As a destination point, it should draw several times the number of people who work at the facility on any given day. An art gallery, a plaza or public square, a museum, an opera and performing arts center, or a convention center are all examples of destination points that, if well planned, add to the ambience and liveliness of the downtown. The number and types of destination points is therefore a good measure of a downtown’s health.

**Public gathering spaces.** Public gathering places are a community’s living rooms. They are the places where people congregate and where chance encounters take place. They facilitate bonding and create an atmosphere of conviviality for the downtown. There should be at least one large public gathering place such as a park or plaza and several smaller gathering places in the downtown. Small gathering places could be a pedestrian mall or pocket parks where people can gather and socialize.
Events. The goal of civic leaders and downtown boosters should be to get as many bodies on the street as often as possible and for as long as necessary. Foot traffic is critical to the health of retail businesses in the downtown, and the more such traffic, the better. Events are a relatively cheap way to promote the downtown and bring people to the area. Farmers markets, antique car shows, Christmas lighting ceremonies, holiday parades, and music on the square are examples of special events that get people to visit downtown. The more events in the downtown, the better. On average, a city should aim to have at least one such event per month to increase foot traffic and sell the qualities of the downtown to both residents and visitors alike.

Design and Land Use
Kevin Lynch in The Image of the City (1960) provided a classic treatise of the physical attributes of a good city. He identified five traits in a built environment that support legibility. These are paths, edges, districts, nodes, and landmarks. Downtowns that have these traits make wayfinding easy for patrons and are likely to generate return visits. Two downtown metrics that can be tracked by cities in this regard are land-use mix and walkability of the downtown.

Land-use mix. Healthy downtowns have a good mix of residential housing, retail, office space, entertainment, shops, and recreational uses that support round-the-clock activity. A city can track this characteristic by measuring the proportion of each of these uses over time. A significant drop in one of these in relation to the other uses may provide an indicator of potential problems for the downtown.

Pedestrian friendliness. Downtown redevelopment should create an interconnected multimodal transportation system. Since foot traffic is especially important to the health of a downtown, the downtown should be pedestrian friendly. The walkability of a downtown can be measured by online tools such as Walk Score (walkscore.com), or by developing a formula to calculate a walkability score.

An example of such a calculation is provided for Danville, Indiana (population 9,676), in Figure 7.1. The walkability of the downtown was calculated using a weighted cumulative score based on the following data in increasing order of weight: (1) sidewalk density, (2) nonresidential use density, (3) intersection density, (4) building density, and (5) population density. The resulting map displays the walkability score for different blocks in the downtown. The higher the score, the better the walkability.

In addition to walkability scores, planners can track bike score values and transit score values where appropriate for the downtown. Each should show progressively higher scores over time if redevelopment strategies are successful.

CONCLUSION
Downtown organizations and city staff need data to enable them to monitor the effectiveness of downtown revitalization programs. There is also a growing expectation of accountability from the public of government expenditures to ensure that the public purse is used judiciously. A regular reporting of progress in downtown revitalization will help meet these goals and provide civic leaders and city staff with the information they need to make more effective decisions about the downtown. The indicators provided here should help satisfy this need.
CHAPTER 8

DIAGNOSING DOWNTOWN CHALLENGES AND TAKING ACTION
Downtown revitalization has gained ascendancy both in the public consciousness and among civic leaders. This report has laid out a wide range of considerations and strategies to help small and midsized communities revitalize their downtowns. This final chapter summarizes these strategies and offers readers a roadmap to using them.

Table 8.1 (pp. 106–107) provides a downtown redevelopment guide. It is an annotated quick reference for communities to help them readily assess the conditions in their downtown and identify the types of intervention strategies that may apply to their situations. It is hoped that the guide will prompt public officials to start a conversation with civic leaders, community residents, and interest groups about the revitalization of their downtowns.

The guide is not meant to be a substitute for the detailed community assessment that is needed as a first step in downtown revitalization. Once planners have used the guide to do a quick self-assessment, a downtown revitalization process will still require a more detailed analysis of community conditions as a part of the formal planning process.

Each of these strategies is discussed in greater detail in this report, which should help shed more light on how to use them to effect positive changes in a community’s downtown. The guide also lists agencies and organizations as resources that can be contacted by communities to provide support in the development and implementation of specific revitalization tools or for those wishing to learn more about a particular strategy.

Downtown is the heart of the city. When healthy, it beats with a pulsating rhythm, supplying lifeblood to the rest of the body. Unhealthy, it palpitates and skips beats, causing other body parts to malfunction. Downtowns lost their optimum lifeblood functions to the city for decades because civic leaders did not pay enough attention to their critical roles in the health of cities. Perhaps the malfunction was due to an erroneous belief that other body organs and appendages could perform just as well in maintaining a healthy body.

That may explain why some cities abandoned the downtown and sought new centers in the suburbs, the equivalent of grafting on to the body a donated heart, hoping this will fix the problem. Strip commercial centers and faux downtowns were created as a result. But lacking the natural DNA of the body, these “centers” have had to be supported with medication to prevent rejection and so have become even more expensive to maintain. Narrowing of four-lane streets, taming commercial signs, and requiring mixed use development along commercial strips have been some of the repair strategies. Many have failed to supplant the natural heart despite all efforts.

Thankfully, there is a growing realization among civic leaders that the natural heart of the city can only be abandoned at the peril of death. In medicine, repairing the natural heart requires a careful diagnosis of the problem that caused the heart failure in the first place. Some cities have done this successfully and their treatment plans have regained the heart’s function. These are the cities whose stories have been narrated in this report. Other cities are now just beginning to diagnose the cause of the problem and to begin a treatment regimen. However, like with the physiology of the body, generic prescriptions will not do. Doctors now tailor treatments to specific body types following genetic and DNA sequencing. Such must be the case with downtown revitalization. We can gain insight into treatment plans from a generic perspective. However, to be effective, we need to fully understand and sequence the genotype of each body. That way we can devise prescription and treatment plans that are specific to each person. In the same way, planners and civic leaders must carefully evaluate the current status of their downtowns and prescribe context-appropriate interventions that build on existing assets to overcome challenges. Herein lies the direction for resuscitating downtowns, the natural hearts of cities.
### TABLE 8.1. DOWNTOWN REDEVELOPMENT GUIDE

<table>
<thead>
<tr>
<th>Prevailing Symptoms, Conditions, and Characteristics</th>
<th>Potential Redevelopment Tool(s) and Strategies</th>
<th>Resource Guide</th>
</tr>
</thead>
</table>
| Several disparate downtown projects without a common vision | Downtown development plan | • Main Street America National Main Street Center – mainstreet.org/home  
• Downtown Development Center – downtowndevelopment.com  
• Partners for Livable Communities – livable.org |
| History of a philanthropic culture with strong and sustained private-sector support for community programs | Public-private partnerships | • The National Council for Public-Private Partnerships – ncopp.org/resources/research-information |
| Potential for nurturing startup businesses in the downtown | Management training seminars  
Business mentorship programs | • SCORE mentoring network – score.org  
• U.S. Small Business Administration Small Business Development Centers – sba.gov/offices/headquarters/osbdc/resources/11409  
• U.S. Small Business Administration Women's Business Resources – sba.gov/business-guide/grow/women-owned-businesses-programs |
| Weak and declining local tax base and municipal revenues  
Dedicated downtown property and business owners supportive of downtown development | Business improvement district (BID)  
Downtown development authority | • Main Street America National Main Street Center – mainstreet.org/home  
| State law enabling creation of tax increment finance (TIF) districts  
Downtown infrastructure deficit or decay  
Adequate support for local schools and special districts  
Difficulty in attracting investment through other traditional economic incentives  
Good municipal bond rating  
Public support or nonaversion to use of eminent domain by local government | Downtown development authority  
Tax increment finance districts | • Council of Development Finance Agencies – cdfa.net/cdfa/cdfaweb.nsf/pages/index.html  
• Institute for Transportation Engineers – ite.org |
| Evidence of home-operated businesses  
Cities seeking to attract talent  
Large population of millennials and the creative class  
Local university or technical college with entrepreneurial programs  
Vacant downtown properties | Incubator programs  
Enterprise zones | • National Business Incubation Association (Innovation America) – innovationamerica.us  
• Good Jobs First – goodjobsfirst.org/accountable-development/enterprise-zones  
• U.S. Census Bureau – census.gov  
• Makerspaces – spaces.makerspace.com  
• Creative Class library – creativeclass.com/richard_florida/article_library  
• University of Wisconsin Extension Your Economy – youreconomy.org |
| Old and historic buildings with deferred maintenance and rehabilitation problems  
Property owners willing to contribute matching funds to spruce up their downtown property  
Cities starting a redevelopment of their downtown and needing to show immediate outcomes | Facade improvement grants | • National Association of the Remodeling Industry – nari.org/industry/resources  
• National Association of Realtors – nar.realtor/field-guides/field-guide-to-remodeling  
• National Trust for Historic Preservation – savingplaces.org/reurbanism/#WhyVEqnG70 |
| Cities starting a redevelopment of their downtown and needing to demonstrate immediate outcomes | Streetscaping projects |
| --- |
| Inadequate and decaying downtown infrastructure |

- National Complete Streets Coalition – <smartgrowthamerica.org/program/national-complete-streets-coalition>
- Streetmix.net – streetmix.net/101720
- National Charrette Institute – charretteinstitute.org
- Active Living by Design – activelivingbydesign.org
- Project for Public Spaces – pps.org

| Cities seeking supplemental programs to incentivize business location in the downtown | Rental assistance program |
| Rental location fee waivers |

- Downtown Development Center – ddc.downtowndevelopment.com

| Deficit in number and quality of public spaces |
| Cities with a culture of innovation |
| Cities with a large population of artists |
| Willingness on the part of civic leaders to experiment |

- Tactical urbanism
- Standard, strategic, and creative placemaking

- Project for Public Spaces – pps.org
- Urban Advantage’s Envisioning Urbanism – urban-advantage.com/images.html
- Tactical Urbanism Salon – tacticalurbanismsalon.tumblr.com
- Better Block Foundation – betterblock.org/how-to-build-a-better-block

| Undefined downtown boundaries |
| Lack of identity for the downtown |
| Abandoned and blighted conditions at entryways |

- Gateway improvements

- Better Block Foundation – betterblock.org/how-to-build-a-better-block
- Project for Public Spaces – pps.org

| High housing cost market |
| Brownfield sites needing environmental remediation |
| Gap funding |
| Density bonuses |
| Fee waivers |
| Fast-tracking project reviews |

- The Urban Institute Metropolitan Housing and Communities Policy Center – urban.org/policy-centers/metropolitan-housing-and-communities-policy-center
- National Association of Realtors – nar.realtor/field-guides/field-guide-to-inclusionary-zoning
- University of Wisconsin Stevens Point Center for Land Use Education – uwsp.edu/cnr-ap/clue/Pages/publications-resources/PlanImplementation.aspx
- U.S. Environmental Protection Agency Brownfields Program – epa.gov/brownfields

| Restrictive Euclidean zoning codes |
| Zoning modifications such as downtown mixed use overlay district, incentive, and inclusive zoning |

- Congress for the New Urbanism – cnu.org

| Stagnant or declining number of residents in the downtown |
| High housing cost market |
| Placemaking strategies |
| Immigrant-friendly policies |
| Student loan reimbursement or forgivable loans for those who choose to live downtown |
| Artist colonies |

- Downtown events (art walks, outdoor concerts, downtown festivals, historic downtown tours)
- After-work business hours

- Responsible Hospitality Institute – rhieweb.org

| Sparse downtown foot traffic |
| Robust downtown housing market |
| Linkage fee on downtown construction projects to incentivize the provision of affordable housing and provide public art and other downtown amenities |

- Commercial Linkage Fees – inclusionaryhousing.org/designing-a-policy/program-structure/linkage-fee-programs/commercial-linkage-fees/

*Source: Author*
**APPENDIX: TAX INCREMENT FINANCE LEGISLATION BY STATE**

<table>
<thead>
<tr>
<th>State</th>
<th>Year Authorized</th>
<th>Approval Agency</th>
<th>State Statute (2016)</th>
<th>Requirements for TIF Creation</th>
<th>Eligible Tax Revenue Sources</th>
<th>Financing Options</th>
<th>Maximum Time Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>1987</td>
<td>City council, county</td>
<td>Major 21st Century Manufacturing Zone Act, Ala. Code §11-99-1 et seq.</td>
<td>Blight requirement, public hearings</td>
<td>Property tax</td>
<td>GO bonds, private activity revenue bonds, pay as you go, general funds</td>
<td>30 years</td>
</tr>
<tr>
<td>Alaska</td>
<td>2001</td>
<td>Municipality</td>
<td>Alaska Stat. §29.47.460 et seq.</td>
<td>Blight requirement</td>
<td>Property tax</td>
<td>GO bonds, private activity revenue bonds, pay as you go, loans, appropriations, special assessments</td>
<td>No limit</td>
</tr>
<tr>
<td>Arkansas</td>
<td>2001</td>
<td>City council, town council, quorum court of the county</td>
<td>Ark. Code Ann. §14-168-301 et seq.</td>
<td>Blight requirement, feasibility study, public hearings</td>
<td>Property tax, PILOTs</td>
<td>Appropriations, redevelopment bonds</td>
<td>25 years</td>
</tr>
<tr>
<td>California</td>
<td>1952; updated in 2014</td>
<td>County board of supervisors or city council</td>
<td>Cal. Code §§53398.50–53398.88</td>
<td>Public capital facilities, brownfield restoration, and environmental mitigation, etc.</td>
<td>Property tax</td>
<td>Pay as you go, tax allocation, bonds, loans</td>
<td>45 years</td>
</tr>
<tr>
<td>Colorado</td>
<td>1972</td>
<td>Some limited involvement of county and school districts</td>
<td>Urban Renewal Law, Colo. Rev. Stat. §31-25-101 et seq.</td>
<td>Blight requirement, public hearings, impact report to county</td>
<td>Property tax, sales tax</td>
<td>Loans, appropriations, special assessments, revenue bonds (some limited)</td>
<td>25–50 years depending on the statute</td>
</tr>
<tr>
<td>Connecticut</td>
<td>1959</td>
<td>City council, state</td>
<td>Conn. Gen. Stat. §32-285</td>
<td>Feasibility study, creation of local development agency</td>
<td>Property tax (municipalities), sales tax (state)</td>
<td>GO bonds, special assessments, special revenue bonds</td>
<td>Bonds must be repaid in 40 years; district doesn't expire</td>
</tr>
<tr>
<td>Delaware</td>
<td>2002</td>
<td>School board/district, city council, county, delegated by bond issuer</td>
<td>Municipal Tax Increment Financing Act, Del. Code Title 22, §1701 et seq.</td>
<td>Blight requirement, &quot;but for&quot; test, feasibility study, public hearings, consistency with comprehensive plan</td>
<td>Property tax, allows pledge of any other assets</td>
<td>GO bonds, pay as you go, loans, special assessments, may pledge any other assets</td>
<td>30 years</td>
</tr>
<tr>
<td>State</td>
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<tr>
<td>District of Columbia</td>
<td>1998</td>
<td>City council</td>
<td>D.C. Code §2-121701 et seq.</td>
<td>“But for” test, cost-benefit analysis, feasibility study, various recommended criteria</td>
<td>Property tax, sales tax, catchall allows D.C. to pledge other assets/funds</td>
<td>GO bonds, pay as you go, loans, special assessments; D.C. may pledge other assets/funds</td>
<td>In TIF agreement</td>
</tr>
<tr>
<td>Florida</td>
<td>1969</td>
<td>Community redevelopment agency board</td>
<td>Community Redevelopment Act of 1969, Fla. Stat. §163.330 et seq.</td>
<td>Blight requirement, public hearings</td>
<td>Property tax</td>
<td>Pay as you go, loans, special assessments</td>
<td>Bonds must be repaid in 7 to 40 years</td>
</tr>
<tr>
<td>Georgia</td>
<td>1985</td>
<td>City council, community redevelopment agency board</td>
<td>Redevelopment Powers Law, O.C.G.A. §36-44-1 et seq.</td>
<td>Public hearings, area has not been subject to growth/development</td>
<td>Property tax, sales tax</td>
<td>Private activity revenue bonds, pay as you go</td>
<td>Not specified; until redevelopment costs are paid</td>
</tr>
<tr>
<td>Hawaii</td>
<td>1985</td>
<td>County, redevelopment if agreement in place</td>
<td>Tax Increment Financing Act, H.R.S. §46-101 et seq.</td>
<td>Consistent with redevelopment or other existing plans</td>
<td>Property tax</td>
<td>Private activity revenue bonds, pay as you go, loans</td>
<td>Determined by ordinance, not until bonds paid off</td>
</tr>
<tr>
<td>Idaho</td>
<td>1987</td>
<td>City council, community redevelopment agency board</td>
<td>Local Economic Development Act, Idaho Code §50-2901 et seq.</td>
<td>Blight requirement, feasibility study, public hearings, consistency with comprehensive plan</td>
<td>Property tax</td>
<td>Private activity revenue bonds, pay as you go, loans</td>
<td>24 years</td>
</tr>
<tr>
<td>Illinois</td>
<td>1952</td>
<td>Joint review board (advisory capacity), city council</td>
<td>Tax Increment Allocation Redevelopment Act, 65 Ill. Comp. Stat. 5/11-74.4-1 et seq.</td>
<td>Blight requirement, “but for” test, public hearings</td>
<td>Property tax, sales tax (for certain historic districts)</td>
<td>GO bonds, private activity revenue bonds, pay as you go, loans, special assessments, developer notes, special revenue bonds, special service area taxes</td>
<td>23 years</td>
</tr>
<tr>
<td>Indiana</td>
<td>1975</td>
<td>City council, county</td>
<td>Ind. Code §36-7-14-1 et seq.</td>
<td>Blight requirement, “but for” test, public hearings (either blight or opportunity for economic development required)</td>
<td>Property tax</td>
<td>GO bonds, private activity revenue bonds, loans, special assessments</td>
<td>25 years</td>
</tr>
<tr>
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<tr>
<td>Iowa</td>
<td>1970</td>
<td>City council, county</td>
<td>Urban Renewal Law, Iowa Code §403.1 et seq.</td>
<td>Blight requirement, public hearings; slump finding or economic development finding</td>
<td>Property tax, sales tax</td>
<td>GO bonds, pay as you go, loans, appropriations, special assessments, TIF revenue bonds</td>
<td>20 years</td>
</tr>
<tr>
<td>Kansas</td>
<td>1969</td>
<td>School board/district, city council, county (if affected), state if STAR bonds sought</td>
<td>K.S.A. §12-1770 et seq.</td>
<td>Cost-benefit analysis, feasibility study, public hearings</td>
<td>Property tax, sales tax, tax, economic development tax, PILOTs, private sources, state or federal</td>
<td>GO bonds, pay as you go, special obligation bonds</td>
<td>20 years</td>
</tr>
<tr>
<td>Kentucky</td>
<td>2000</td>
<td>City council, county, state if the state chooses to participate</td>
<td>K.R.S. §65.680 et seq.</td>
<td>Blight requirement, “but for” test, cost-benefit analysis, feasibility study, public hearings</td>
<td>Property tax, income tax, sales tax, corporate income tax, limited liability entity tax</td>
<td>GO bonds, pay as you go, loans, special assessments</td>
<td>30 years</td>
</tr>
<tr>
<td>Maine</td>
<td>1977</td>
<td>City council, state</td>
<td>M.R.S. Title 30-A, §5221 et seq.</td>
<td>Blight requirement, public hearings; suitable for commercial uses</td>
<td>Property tax</td>
<td>GO bonds, revenue bonds, notes, special assessments, grants</td>
<td>30 years</td>
</tr>
<tr>
<td>Maryland</td>
<td>1980</td>
<td>City council, county</td>
<td>Tax Increment Financing Act, Md. Economic Development Code Ann., §12-201 et seq.</td>
<td>Public hearings, resolution must designate area; pledge of revenue</td>
<td>Property tax</td>
<td>GO bonds, revenue bonds, special assessments</td>
<td>Not specified</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>2003</td>
<td>City council, state, town board of selectmen</td>
<td>Mass. Gen. Laws Ch. 40, §59</td>
<td>Feasibility study, public hearings</td>
<td>Property tax</td>
<td>GO bonds, private activity revenue bonds, pay as you go</td>
<td>30 years</td>
</tr>
<tr>
<td>Michigan</td>
<td>1975</td>
<td>TIF commission, city council, community redevelopment agency board, state</td>
<td>Tax Increment Finance Authority Act, Mich. Comp. Laws §125.1801 et seq.</td>
<td>Public hearings</td>
<td>Property tax</td>
<td>Private activity revenue bonds, pay as you go, loans</td>
<td>30 years or project plan completion</td>
</tr>
<tr>
<td>Minnesota</td>
<td>1979</td>
<td>City council, county, governing body of authority</td>
<td>Minn. Stat. §469.174 et seq.</td>
<td>Blight requirement, “but for” test, public hearings</td>
<td>Property tax</td>
<td>GO bonds, private activity revenue bonds, pay as you go, loans, interest reduction programs</td>
<td>Up to 26 years of increment collection</td>
</tr>
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<tr>
<td>Mississippi</td>
<td>1986</td>
<td>City council, county</td>
<td>Tax Increment Financing Act, Miss. Code Ann. §21-45-1 et seq.</td>
<td>Cost-benefit analysis, public hearings</td>
<td>Property tax, sales tax</td>
<td>GO bonds, private activity revenue bonds, pay as you go, loans, special assessment</td>
<td>30 years</td>
</tr>
<tr>
<td>Missouri</td>
<td>1982</td>
<td>City council</td>
<td>Real Property Tax Increment Allocation Redevelopment Act, Mo. Rev. Stat. §99.800 et seq.</td>
<td>Blight requirement, “but for” test, cost-benefit analysis, public hearings</td>
<td>Property tax, income tax, sales tax, gross receipts tax, economic activity tax (50% sales/utility/earnings), PILOTs (property tax)</td>
<td>GO bonds (requires voter approval), private activity revenue bonds, pay as you go, loans, appropriations, special assessments, TIF revenue bonds</td>
<td>23 years</td>
</tr>
<tr>
<td>Montana</td>
<td>1974</td>
<td>City council, county urban renewal authority</td>
<td>Urban Renewal Law, Mont. Code Ann. §7-15-4201 et seq.</td>
<td>Blight requirement, cost-benefit analysis, feasibility study, public hearings, infrastructure deficiency in industrial cases</td>
<td>Property tax</td>
<td>Private activity revenue bonds, pay as you go, loans, special assessments, tax increment bonds</td>
<td>15 years with maximum extension of another 25 years for bond; districts can exist for the longer of 15 years or the term of any outstanding associated revenue bonds; however, bonds may not be issued after 15 years of district existence</td>
</tr>
<tr>
<td>Nebraska</td>
<td>1978</td>
<td>School board/district, city council</td>
<td>Community Development Law, Neb. Rev. Stat. §18-2101 et seq.</td>
<td>Blight requirement, “but for” test, cost-benefit analysis, feasibility study, public hearings</td>
<td>Property tax</td>
<td>GO bonds, private activity revenue bonds, loans</td>
<td>15 years</td>
</tr>
<tr>
<td>Nevada</td>
<td>About 1959</td>
<td></td>
<td>Community Redevelopment Law, N.R.S. §279.382 et seq.</td>
<td>Blight requirement</td>
<td>Property tax</td>
<td>Loans, revenue bonds</td>
<td>45 years for redevelopment areas; 30 years for tax increment finance areas</td>
</tr>
<tr>
<td>State</td>
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<td>Approval Agency</td>
<td>State Statute (2016)</td>
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<tr>
<td>New Jersey</td>
<td>2002</td>
<td>Community redevelopment agency board</td>
<td>Revenue Allocation District Financing Act, N.J.R.S. §52:27D-459 et seq.</td>
<td>Blight requirement, &quot;but for&quot; test, cost-benefit analysis, public hearings</td>
<td>Sales tax, PILOTs, payroll or wage taxes, lease payments, parking tax</td>
<td>GO bonds, loans, revenue bonds</td>
<td>Not specified</td>
</tr>
<tr>
<td>New Mexico</td>
<td>1978</td>
<td>City council, county, state, state board of finance, New Mexico Finance Authority &amp; legislature</td>
<td>Tax Increment for Development Act, N.M. Stat. §5-15-1 et seq.</td>
<td>&quot;But for&quot; test, cost-benefit analysis, feasibility study, public hearings, no net expense</td>
<td>Property tax, gross receipts tax</td>
<td>Private activity revenue bonds, pay as you go, loans, tax increment revenue bonds</td>
<td>25 years from the point of bond issuance</td>
</tr>
<tr>
<td>New York</td>
<td>1984</td>
<td>City council, county, legislative body of creating municipality</td>
<td>Municipal Redevelopment Law, N.Y. Gen. Mun. Law §970-A et seq.</td>
<td>Blight requirement, cost-benefit analysis, feasibility study, public hearings, compliance with redevelopment plan</td>
<td>Property tax</td>
<td>Tax increment bond</td>
<td>Silent, but ground leases may not exceed 99 years</td>
</tr>
<tr>
<td>North Carolina</td>
<td>2004</td>
<td>City council (city only if issuer or party to joint agreement), county, state</td>
<td>North Carolina Project Development Financing Act, N.C. Gen. Stat. §159-101 et seq.</td>
<td>“But for test,” city redevelopment requires blight or similar</td>
<td>Property tax</td>
<td>GO bonds (require referendum), pay as you go, appropriations</td>
<td>30 years</td>
</tr>
<tr>
<td>Ohio</td>
<td>1976</td>
<td>School board/district, city council, county</td>
<td>O.R.C. §5709.40 et seq.</td>
<td>Blight requirement (only required for certain TIFs)</td>
<td>Property tax</td>
<td>GO bonds, private activity revenue bonds, pay as you go, loans, appropriations, special assessments</td>
<td>30 years</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>1992</td>
<td>City council, county, review committee</td>
<td>Local Development Act, Okla. Stat. 62, §850 et seq.</td>
<td>Blight requirement, &quot;but for&quot; test, public hearings, project plan required</td>
<td>Property tax, sales tax, other local taxes</td>
<td>GO bonds, private activity revenue bonds, loans, appropriations, special assessment</td>
<td>25 years</td>
</tr>
<tr>
<td>Oregon</td>
<td>1960</td>
<td>School board/district, city council, county, state, all taxing agencies</td>
<td>O.R.S. §457010 et seq.</td>
<td>Blight requirement, public hearings</td>
<td>Property tax</td>
<td>GO bonds, private activity revenue bonds</td>
<td>Not specified</td>
</tr>
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</tr>
<tr>
<td>Pennsylvania</td>
<td>1990</td>
<td>School board/district, TIF commission, city council, county, local municipality</td>
<td>Tax Increment Financing Act, Pa. Stat. Ann. Title 53, §6930.1 et seq.</td>
<td>Blight requirement, feasibility study, public hearings</td>
<td>Property tax, sales tax, gross receipts tax, PILOTs, any ad valorem tax</td>
<td>Pay as you go, loans, special assessments, TIF revenue bonds</td>
<td>20 years</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>1956</td>
<td>Community redevelopment agency board</td>
<td>Tax Increment Financing Act, R.I. Gen. Laws §45-33.2-1 et seq.</td>
<td>Blight requirement, “but for” test</td>
<td>Property tax</td>
<td>GO Bonds, private activity revenue bonds, loans</td>
<td>25 years</td>
</tr>
<tr>
<td>South Carolina</td>
<td>City: 1984</td>
<td>School board/district, city council, county, each affected taxing entity</td>
<td>Tax Increment Financing Law, S.C. Code Ann. §31-6-10 et seq.;</td>
<td>Blight requirement (not required for counties), public hearings</td>
<td>Property tax, PILOTs, utility revenues, assessments, redevelopment project revenues</td>
<td>TIF acts contain bond provisions</td>
<td>Not specified</td>
</tr>
<tr>
<td>South Dakota</td>
<td>1978</td>
<td>Planning commission</td>
<td>S.D. Codified Laws §11-9-1 et seq.</td>
<td>Blight requirement, feasibility study</td>
<td>Property tax</td>
<td>GO bonds, private activity revenue bonds, loans</td>
<td>15 years</td>
</tr>
<tr>
<td>Tennessee</td>
<td>1945</td>
<td>TIF commission, city council, county</td>
<td>Tenn. Code Ann. §13-20-201 et seq.</td>
<td>Blight requirement</td>
<td>Property tax</td>
<td>GO bonds, pay as you go</td>
<td>Limited in the redevelopment plan</td>
</tr>
<tr>
<td>Texas</td>
<td>1983</td>
<td>City council, community redevelopment agency board, county</td>
<td>Tax Increment Financing Act, Tex. Tax Code Ann. §311.001 et seq.</td>
<td>“But for” test, cost-benefit analysis, feasibility study, public hearings</td>
<td>Property tax, sales tax</td>
<td>Pay as you go, loans, tax increment contract bonds, municipal bonds</td>
<td>40 years</td>
</tr>
<tr>
<td>Utah</td>
<td>1968</td>
<td>School board/district, city council, community redevelopment agency board, county</td>
<td>Improvement District Act, Utah Code §178.2a-401</td>
<td>Blight requirement, cost-benefit analysis, feasibility study, public hearings</td>
<td>Property tax, sales tax, economic activity tax</td>
<td>Private activity revenue bonds, pay as you go, loans, appropriation</td>
<td>Depends upon agreement</td>
</tr>
<tr>
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<tr>
<td>Vermont</td>
<td>1985</td>
<td>City council, state, municipal legislative body</td>
<td>24 V.S.A. §1891 et seq.</td>
<td>&quot;But for&quot; test, feasibility study, public hearings, location criteria, public good outcome; nexus/proportionality</td>
<td>Property tax, state education property tax</td>
<td>GO bonds, private activity revenue bonds, loans, HUD Section 108 financing instruments, State of Vermont revolving loan funds, interfund loans within a municipality, USDA loans</td>
<td>20-year limitation on use of tax revenue to pay debt</td>
</tr>
<tr>
<td>Virginia</td>
<td>1988</td>
<td>Governing body of locality</td>
<td>Va. Code Ann. §58.1-3245 et seq.</td>
<td>Blight requirement, blight helpful but development needs generally</td>
<td>Property tax</td>
<td>GO bonds, private activity revenue bonds, pay as you go, loans, appropriations</td>
<td>No specific time frame</td>
</tr>
<tr>
<td>Washington</td>
<td>2001</td>
<td>City council, county, fire protection district</td>
<td>R.C.W. §39.89.010 et seq.</td>
<td>&quot;But for&quot; test, public hearings</td>
<td>Property tax, sales tax</td>
<td>GO bonds, pay as you go</td>
<td>None</td>
</tr>
<tr>
<td>West Virginia</td>
<td>2002</td>
<td>City council, county, state</td>
<td>West Virginia Tax Increment Financing Act, WV. Code §7-11B-1 et seq.</td>
<td>&quot;But for&quot; test, feasibility study, public hearing</td>
<td>Property tax</td>
<td>Pay as you go, special assessments, revenue bonds payable from taxes off of increment</td>
<td>30 years from date of creation of district</td>
</tr>
</tbody>
</table>

Sources: CDFA 2015, Kerth and Baxandall 2011
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