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 destination 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 down-
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.

ORGANIZING AND MANAGING DOWNTOWN REVITALIZATION

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.