

Rodino Associates

Economic Development & Real Estate Services

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Downtown Revitalization for Fun and Profit

(My apologies for the length of this article – it's difficult to compress a complicated subject)

Nothing happens in actual downtown revitalization until property owners, businesses and the local municipality do something, until buildings get remodeled, vacant lots get built on, businesses revitalize themselves, businesses with vitality are recruited, streetscape is upgraded, and any inhibiting government regulations are improved. Actions revitalize downtowns, plans just point the way, and the actions must be taken by those who own, do business, live in and govern downtown. Given the historical reluctance of downtown stakeholders to act, this means plans that point the way must be realizable, have obvious benefits to stakeholders and generate and be delivered with enthusiasm and motivation.

This paper attempts to summarize how to develop the revitalization of downtowns, central business districts, or "Main Streets" - which ever name you like. I'll call it simply downtown.

A useful way to approach the revitalization of a downtown district is as follows:

1. First assume you own the whole of downtown and ask "what would you do to revitalize this collection of properties and streets that you control?"
2. Second is to answer the question that "Since you don't own all of downtown how can you get others – who do own it – to revitalize?"

This methodology assumes the point of view of a lead consultant, the director of a business improvement district, a Main Street manager, or a director of Economic Development in a municipal agency. Since I am a consultant I will use the term "consultant". The consultant would pursue the tasks described below, with specific recognition that the plan developed must show how to motivate downtown stakeholders - property owners, businesses, residents and the local municipality - to pursue revitalization efforts. The revitalization efforts will evolve out of the consultants' research, analyses, and expertise, and communication with downtown stakeholders.

I PLANS AND ACTIONS IF ONE OWNED ALL OF DOWNTOWN

If one had control of all of a downtown district and wished to revitalize the area, the following four sets of task would be pursued:

- A. Define Existing Conditions, including a listing of downtown's liabilities and assets.
- B. Interact with Downtown Stakeholders
- C. Prepare Preliminary and Finalized Revitalization Strategies
- D. Pursue Actions to Implement Strategies

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A. Define Existing Conditions:

It is critically important to begin with an accurate description of downtown's existing conditions. First it's important to articulate the downtowns' liabilities and assets, noting that downtown's image "brands" the city and surrounding region or county. A typical list of downtown's liabilities and assets is provided below. You can probably recognize your own downtown community in some of these liabilities and assets.

1. Downtown's Typical Liabilities:

Downtown's image is often a negative one stemming from several causes:

1. Many people believe downtown is physically unattractive
2. Several major employers and retailers have left downtown.
3. There are few current attractions for area residents in downtown.
4. Downtown is "over-seniored" or dominated by students
5. The local municipality has not spent much on "quality of life" issues in downtown.
6. Downtown has strong competition from nearby shopping malls and office parks.
7. Most downtown property owners are reluctant to reinvest.
8. There is a long history of negative results in efforts to revitalize downtown.
9. There are many vacant or underutilized parcels in downtown.
10. The local MSA has been losing population or the central city core is losing population to the surrounding suburban region.
11. Retail leakage out of downtown is occurring.
12. Parking is a perceived or actual problem.
13. Crime is a perceived or actual problem.
14. Redevelopment faces many challenges due to parcelization issues, marginal businesses, local codes and zoning ordinances, and approval procedures.

2. Downtown's Typical Assets:

Downtown's fortunately usually have numerous important assets that can be used as a base for it's renaissance:

1. Downtown is highly accessible by auto and/or mass transit from the rest of the region.
2. Its basic urban design is that of a walkable community.
3. Downtown may have interesting and historic buildings and architecture.
4. Institutions such as universities and medical centers are expanding in downtown.
5. Home prices and apartment rents in downtown may be more affordable.
6. Downtown may have a strong organizational base interested in its revitalization, including the Planning Commission, an Economic Development Corporation, and/or a Chamber of Commerce.
7. Rail or bus transit may be central to downtown reaching other parts of the state or larger national region.
8. There may pride among the residents of downtown or nearby ethnic neighborhoods.

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9. There are often existing community plans that can become the basis for action plans if updated and implemented.
10. Important recreational and cultural opportunities may exist including parks and old theaters, and museums.

Document the assets and liabilities of downtown as listed above in more detail as the project moves forward. This task involves getting more specific descriptive and quantitative information on downtown's assets and liabilities from the consultant's direct observations and from outreach meetings with downtown stakeholders, institutions, students and with the general public.

3. **Prepare a Property Inventory** connected to a GIS map, to be accomplished through a combination of:
 1. A walking and photo tour of all of downtown
 2. Review of data obtained from the City and/or County on property land use, description and ownership
 3. Property vacancy and occupancy data from observation, owners and realty agents
 4. Businesses located in downtown
 5. Parking in public and private lots and on streets, including fees
 6. Real estate market data on rents, recent sale prices, properties for sale and for lease
 7. Property conditions, building code violations
 8. Zoning, building codes, development approval procedures and fees
4. **Prepare an Urban Design Survey** possibly along with the Property Inventory walking and photo tour. Public spaces need to be carefully observed for appearance, upkeep, barriers, streetscape, landscaping, pedestrian flow and accessibility, vehicle-pedestrian interaction, general walkability, trash and trash handling, power lines, lighting, existence of large blank walls, signage or lack thereof, general wayfinding, use of materials, street furniture, outdoor cafes, micro climates, cleanliness, safety and security, placement of transit stops, street parking, and overall people-to-people social interaction.
5. **Prepare a Survey of the Real Estate Market** for all of the local municipality and region or county. The survey should include real estate market data on rents, recent sale prices, properties for sale and for lease, for office, multi-family residential, light industrial and vacant land properties.
6. **Conduct a demographic analysis of downtown and the surrounding region** to include market segmentation by age, income, home ownership, geographic distribution, education and employment characteristics.
7. **Survey the Competition** such as nearby shopping malls and business parks in areas nearby but outside downtown. Tour these areas in person, note what makes them more attractive than downtown including listing the retailers and businesses, physical attractiveness, transportation access and parking, conditions of properties, vacancies, nature of surrounding community.

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8. **Document key aspects of downtown's urban design** through street level photos, aerial photos, and maps of streets, buildings and key intersections. Comment on the impressions created by the sense of place or the lack of it for important locations in the downtown area.
9. **Review, document and critique municipal regulations related to downtown development and businesses.** Regulations should include zoning, building codes, the development approval processes and fees, business approval processes and fees.
10. **Prepare an "Existing Conditions Report"**. Summarize all of the information collected on existing conditions into a succinct report. This effort should be completed within about 3 to 6 months from the start of the overall effort, depending on the size of downtown.

B. Meet with Key Downtown Stakeholders

Discuss the plans of major property owners and businesses, institutional officials such as universities and colleges, hospitals, etc. Summarize their plans for expansion or non-expansion and timing. Identify their perceived obstacles and needs relative to downtown, and their own suggested strategies.

Survey existing perceptions of downtown held by downtown stakeholders including students and the general public, and, if possible, major local employers that left downtown. Note both positive and negative perceptions and observations.

Meetings can be in the form of public charettes, mailed surveys, questionnaires distributed at downtown retailers, focus groups and one-on-one, face-to-face meetings. The latter is a must for meeting with key property owners.

Meetings with stakeholders should be done both before and after preliminary and finalized revitalization strategies are prepared.

C. Prepare Preliminary and Finalized Revitalization Strategies:

Preparing preliminary and finalized revitalization strategies involves an iterative process in which preliminary recommendations are generated, vetted, revised, re-vetted, etc. The initial strategies are likely to be heavily flavored with the consultant's analyses and perceptions. The finalized strategies must integrate stakeholders' plans and perceptions with the consultant's recommendations.

Downtown usually needs a Comprehensive Plan that delivers a practical vision for the future that will inspire private investment in the city and guide policy makers in making the optimum use of limited resources. From the information conveyed by the "Existing Conditions Report" a set of Preliminary Revitalization Strategies can be generated and discussed between members of the consultant team, downtown stakeholders, particularly downtown property owners, the local Community Development Department, and Redevelopment Agency, the Planning Commission and any existing Economic Development organizations. The Preliminary Strategies should include the following:

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- 1. Identify Overall Revitalization Concepts:** Several revitalization concepts should be developed for discussion. Public sentiment often has the vision of a mixed-use walkable downtown community combining retail, office and residential land uses. This concept should be revisited along with the plans of major property owners, businesses and downtown institutions. All of this must be integrated into revitalization concepts that describe land uses, densities, public space amenities and overall ambiance. Examples of revitalization concepts could be to encourage increased residential land uses, orient downtown toward the health and medical community, create an urban village of local retailers, emphasize entertainment, to name just a few concepts.
- 2. Identify Land-Use Voids to be filled:** Based on the real estate market survey, the land-use and parcel size patterns of downtown, and the demographic analysis, a series of land-use voids should be prepared. A void is a use or a specific user that could fit into the downtown market but is absent. Retail voids would be retail types and specific retailers that could function in downtown but are absent. For example let's say there were no major supermarkets in downtown and there existed an underutilized 3-5 acre parcel in a well trafficked location. A supermarket void would be obvious and strategies to attract a supermarket might be part of the revitalization planning. At the same time a high end supermarket would be inappropriate if the demographic analysis indicated a predominance of middle and lower income residents. The consultant should identify land-use voids covering retail, office users, housing, entertainment, restaurants and hospitality uses.
- 3. Liability Mitigation Strategies:** Recommendations must be generated to mitigate downtown's liabilities as those listed in section A1 above. The recommendations must be based on a synthesis of the information collected under "Existing conditions" and on meetings with downtown stakeholders. Cost estimates and priorities should be attached to each recommendation. For example streetscape beautification may be recommended to mitigate a physical appearance liability; development incentives can be generated to encourage development on vacant parcels (see "Key Properties" below).
- 4. Asset Reinforcement Strategies:** As with liabilities, recommendations should be generated to reinforce downtown's assets, also based on Existing Conditions and stakeholders meetings. The accessibility of downtown and its demographic base can be promoted to attract businesses and retailers, as can the affordability of home prices combined with downtown's walkability.
- 5. Prepare Urban Design Strategies:** Urban design strategies are key to creating a sense of place in downtown. Problems detected in the Urban Design Survey discussed under "Existing Conditions" must be addressed to create an attractive welcoming downtown for residents, businesses, shoppers, visitors, and property owners. Strategies that include streetscape improvements, planting trees where appropriate, concealing or burying power lines, hiding trash containers, painting murals on blank walls, incorporating decorative lighting, paving, banners and signage, can all improve the image of downtown. Particular attention should be paid to the sense of safety by eliminating barriers to public view of places where crimes may be committed. Building

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facades should be repaired and upgraded if needed. Buildings should be built to the sidewalk property lines with large see-through windows at ground level retail.

- 6. Identify Key Properties and Prepare Development Concepts:** Key properties are those whose location, size, and surrounding land-uses can play a “key” role in the redevelopment of downtown. A key property might be a vacant lot or an existing underutilized building, in a central location or intersection in the downtown area, such that if it were developed (or rehabilitated) it could trigger off similar redevelopment efforts on nearby properties. Key properties must be identified during the consultant’s downtown tour, and discussions focused on their possible redevelopment should be held with their owners. Development feasibility pro formas should be prepared for several key properties to demonstrate the profitability (or lack thereof and need for subsidization) of developing the property. If development appears to be unprofitable the obstacles to profitability must be identified.
- 7. Outline a Campaign to Combat Negative Attitudes and Perceptions of Downtown:** Often downtowns that have deteriorated because of any number of reasons continue to do so because of the ongoing belief in their failure. A campaign must be outlined to combat this vicious cycle in which failure begets failure. Several strategies should be recommended. First, the consultants’ meetings with stakeholders and the public will promote the downtown’s efforts in revitalization as the renewed basis of hope. Second, downtown stakeholders should be encouraged to think positively about a brighter and more profitable future for downtown and for their stake in it. The potential to enhance their stake’s value must be emphasized. Third, a promotional campaign should be designed to address the larger public’s image and attitudes on downtown, to think again about downtown, and to inform the public of the efforts to revitalize.
- 8. Meet with Local Municipal Officials to Generate Options to Incentivize Downtown Revitalization:** The City does not own the property in downtown (except for certain rights-of-way), but it does own “the rules” for development, leasing and business licensing. Accordingly, the consultants should meet with appropriate city officials to generate an acceptable series of recommendations dealing with “the rules” that may involve modifications of zoning, building codes, development approval processes, fees, and licensure.
- 9. Meet with Lenders, Equity Sources and Government Agencies to Identify Financing Options:** To identify financing of development and remodeling that can enhance revitalization rather than serve as an obstacle, the consultants should meet with local commercial banks and equity sources to identify and communicate financing options, terms and conditions. Meetings will also be held with the state Department of Community and Economic Development to identify state sources of funds.

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10. Prepare and Present Preliminary and then Finalized Downtown Revitalization Strategies

Report: A summary report should be prepared of the preliminary recommendations and presented it to the local city officials and to downtown stakeholders for their responses. Cost estimates should be incorporated into this preliminary report. Recommendations must be modified based on the inputs obtained from this process. Upon review and comments of the Preliminary Plan, a Finalized Downtown Revitalization Strategies Report should be prepared.

II ACTIONABLE REVITALIZATION PLANS THAT RECOGNIZE THE MULTIPLE OWNERSHIP OF DOWNTOWN

Based on the work of tasks in Section I as outlined above, the consultant's plans should point the way to actions that may be needed in the following areas:

A. Private Property Development:

The actionable plan should identify those "key" private properties that it was determined are a priority for development or rehabilitation/remodeling in order to move revitalization forward. The following must be provided:

1. Supportive reasoning for redevelopment
2. The kinds of land uses advocated, which may include:
 - a. Multi-family residential – rental or condo
 - b. Office
 - c. Retail
 - d. Health and Medical related
 - e. Hotel
3. Development feasibility pro formas should be prepared in simple to understand formats.
4. Development obstacles must be identified and possible solutions discussed.
5. Public space improvements that the local municipality will undertake nearby.
6. Timing and a priority ordering of property development should be provided.

B. Business Recruitment and Retention:

Actions needed to recruit new businesses and retain existing businesses must be identified. These would include:

1. Efforts and programs to address existing businesses needs
2. Programs to advise existing businesses on how to improve operations
3. Preparation of recruiting materials focused on promoting downtown to new businesses, describing real estate for lease and for sale in the downtown area.
4. Outline of a campaign to recruit new businesses should be prepared including:
 - a. Meetings with local and regional real estate agents
 - b. Pursuit of "anchor" tenants such as movie theaters, supermarkets, restaurants and hotels.

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- c. Contacts with the local Economic Development Corporation and the local Chamber of Commerce
- d. Contacts with business and retailer associations
- e. Advertisements and articles in regional business journals
- f. Attendance and promotion of downtown at business conferences such as the International Council of Shopping Centers.

C. Identify Funding Options:

A Downtown Revitalization Financing Options report should be prepared that identifies and summarizes the local, regional and national lenders interested in financing development and businesses in downtown districts. This report would include:

1. Private lender names and contact information
2. Government financing agencies
3. Private Equity sources
4. Types of developments and businesses for which financing is available
5. Amounts of funds available
6. Terms and conditions of financing
7. Materials provided by financing sources could be collected and provided under a separate cover, to be made available to borrowers by the local downtown organization.

D. Municipality Actions:

Since the local city “owns” the rules regulating development and business leasing, and owns some rights-of-way, the city can play a key role in stimulating the revitalization process. Accordingly, recommendations must be made on actions the city should consider in the areas of:

1. Zoning
2. Building codes
3. Development approval processes and fees
4. Business approval processes and fees
5. Urban design/streetscape improvements
6. Other matters that turn up in the revitalization process

E. Downtown Community and Committee of Residents and Businesses:

Those who live and work in downtown community can have a major impact on its revitalization. The consultants should hold public meetings and meetings with individual key business owners and community leaders to generate support for downtown revitalization, and gain inputs on what the downtown community can do for itself. An important category of organizations that the consultants should meet with, who may not have been consulted in the past, is the local churches. A Downtown Revitalization Committee should be formed to move the revitalization process forward.

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Actions to be planned by the Downtown Revitalization Community may include:

1. Supporting and promoting the idea of downtown revitalization
2. Holding special events, farmers markets, and festivals in downtown
3. Advise on revitalization in an ongoing manner.
4. Meet with and welcome prospective new businesses.
5. Prepare posters advertising the revitalization process placed in stores, churches, schools and in public places around the city.

F. Actionable Downtown Revitalization Handbook:

All of the actionable plan should be summarized into a “Downtown Revitalization Handbook”. The handbook will provide a handy and useable “cook book” on how to proceed to revitalize the downtown community.

I hope you found this paper useful in your work. If you would like to discuss any aspect of this work, or if I can be of help to you or your clients in this area, please feel free to call or e-mail me at bobrodino@aol.com.

Best regards,

Bob Rodino, Ph.D.

Development - Real Estate Investment Services - Downtown Revitalization – Expert Witness