



# Downtown Revitalization: A Gateway to Local Economic Development

*A Municipal Action Guide*

November 2008

*By Doyle Hyett and Dolores Palma, HyettPalma, Inc.*

## THE CHALLENGE

For the past half century, American cities, towns and villages of all shapes, forms, and sizes, from all corners of the nation, have sought the key to revitalizing the heart of their communities – their Downtown. And, without a proven approach to success available during most of this time, many vain attempts were made.

Over the past few decades, however, a major change has occurred in our nation's overall approach to enhancing these unique commercial centers. We now have a body of knowledge of what will and, perhaps most importantly,

what will not work to breathe new life into our Downtowns.

Also, the role of local elected and appointed officials in the overall revitalization process has been redefined to reflect the fact that neither government alone, nor the private sector alone, can make Downtown work better – regardless of how much money is thrown at the issue. Only through a collaborative, market-driven, private and public partnership, it has been found, can Downtowns be further enhanced in a timely, cost-effective, and successful manner.

## THE STRATEGIES

Great Downtowns don't just happen; they're planned and orchestrated. A clear, step-by-step course of action is essential to make sure your Downtown enhancement efforts result in creating a great Downtown.

That course of action must:

- Be developed by involving the whole community, at the outset, in defining their preferred future Downtown – their definition of "success";
- Be based on a sound market analysis that quantifies Downtown's unique and realistic economic potentials;
- Be action-oriented and manageable for the community to implement;
- Be implemented by both the private and public sectors – in partnership; and

- Assign roles and responsibilities for implementation, so that it does not "sit on a shelf."

During the past twenty years, the National League of Cities, in association with HyettPalma, Inc., has worked with communities of all sizes to create successful local Downtown enhancement initiatives. These successes experienced by NLC member communities have been the result of local elected and appointed officials – in collaboration with the private sector – working together to plan and implement quick, visible results. These are important to keep everyone motivated – those in the public and private sector alike. However, it must be understood from the start that Downtown's enhancement is a long-term project and bringing about significant, long-term economic improvements takes time and continual commitment.

## ACTION STEPS

For decades, many communities have tried to "fix" Downtown's problems simply with physical solutions – such as streetscape improvements, building improvements, Downtown clean-ups, parking lot construction, etc. While all of these are important, they seldom achieve the goal of reviving Downtown's economy. Today, smart com-

munities understand our nation's Downtowns are suffering from economic problems that cannot be solved solely with physical improvements. The most successful Downtown enhancement programs today include actions to improve Downtown's economy – such as business retention, creation, and attraction initiatives that are based on a

sound understanding of the marketplace – along with relevant physical improvement projects.

Downtown revitalization is economic development. And, Downtown's economy cannot be strengthened without the necessary tools to help it achieve its economic potential.

Five essential steps are necessary to ensure a Downtown's future economic success:

1. A clear vision of the future Downtown;
2. A clear understanding of Downtown's market potential and position in the marketplace;
3. A clear strategy to guide Downtown's successful enhancement;
4. A strong management entity to lead the charge; and
5. A viable funding stream to ensure that actions are taken in a quality and timely manner.

### Vision of the Future Downtown

A clear, shared community vision of Downtown's preferred future must be articulated by bringing together the business community, the civic community, interested residents, and local government. This vision should be used to guide all decisions and actions affecting Downtown's future.

### Market Analysis

A clear understanding of existing market opportunities is an essential economic development tool that Downtown's competition would not dream of operating without. To level the playing field, Downtown must also have this basic tool. The Downtown effort must be built, at a minimum, on solid market information concerning Downtown's realistic retail, office, and housing potentials.

### Aggressive Enhancement Strategy

Businesses that operate with a business plan are more successful than those that don't . . . and the same is true of Downtowns. Based on the vision and market analysis results, a definite, manageable, and action-oriented enhancement strategy must be defined for capturing Downtown's market opportunities and attaining the community's vision. The enhancement strategy must conclude with an implementation schedule that specifies what will be done, by whom, and the timeline for completion.

Typically, a Downtown enhancement strategy includes actions that address and resolve the following issues:

- Strengthening and retaining Downtown's existing businesses;
- Attracting appropriate additional businesses to Downtown;
- Improving the physical appearance of both public spaces and private property Downtown;
- Ensuring that Downtown is actually safe and perceived as being safe;
- Stimulating the development of Downtown's vacant/underutilized real estate, including both existing structures and vacant parcels;
- Making Downtown's parking and traffic patterns customer-friendly;
- Making room for people to live in Downtown; and
- Marketing Downtown to current and potential spenders.

In essence, the Downtown enhancement strategy should provide the blueprint necessary to:

- Attain the community's vision;
- Capture Downtown's identified market opportunities;
- Resolve key issues facing Downtown; and
- Generate participation in the overall Downtown enhancement effort.

### Management

A partnership of business sector, residential, and public sector leaders must be formed to properly manage the implementation of a successful Downtown enhancement strategy. This partnership must be driven by the private sector in partnership with the public sector and must be committed to implementing the Downtown enhancement strategy as planned – not through a reactive or crisis-by-crisis mode.

### Funding

The partnership must raise the level of funds, which allows the enhancement strategy to be implemented in a timely and quality fashion. Funds must come from a variety of sources in both the private and public sectors and must be raised community-wide – and not raised solely from Downtown interests or solely from City Hall.

# Downtown Revitalization: A Gateway to Local Economic Development

## EXAMPLES

**Aurora, Indiana** (pop. 3,800) In 2001, Aurora completed their *Downtown Action Agenda* as part of *Indiana Downtown*, – the state league’s affiliate of NLC’s program. Outreach revealed a community desire to involve churches, school children, and foundations in the Downtown enhancement effort. As a result, a brochure titled, “*Historic Churches of Aurora*” has been created, which features Downtown church buildings and their history. A Downtown “*Historic Walking Tour*” brochure has been created, by involving social studies students. And, a business loan program has been created by seeking funding from area foundations. These forgivable loans – of up to \$10,000 for building purchase – are offered to lure targeted types of businesses to Downtown Aurora, namely those specified as being most able to thrive in Downtown and desired by the community. Contact Information: Carla Schmeltzer, City of Aurora, (812) 926-1100.

**Battle Creek, Michigan** (pop. 53,000) An economic enhancement strategy was commissioned for Downtown Battle Creek through the program titled *Cool Cities Blueprints for Michigan’s Downtowns*. This program was created in 2002 and is sponsored by the Michigan Municipal League, Michigan State Housing Development Authority, and Michigan Economic Development Corporation, as part of the Michigan governor’s “Cool Cities Initiative.” Downtown Battle Creek – home to Kellogg Company and *Tony-the-Tiger* himself – sought to have “a vibe” that builds on its history and makes Downtown the modern interpretation of a place people come for health, fitness, and activity. Today, Downtown Battle Creek is thriving, with restaurants, new housing, and new energy, and the overall effort is headed by a new Downtown Battle Creek Partnership whose stated core values are that:

- Entertainment, art, and culture are key to the redevelopment of Downtown;
- Downtown is the epicenter for business, financial and governmental institutions;
- Downtown must be maintained as a safe, welcoming, and walkable environment; and
- Downtown’s cultural history, health, and presence of religion and education must be protected and preserved.

Contact Information: Kathleen Eriksen, Downtown Development Director, Battle Creek Unlimited, (269) 968-1515.

**Eau Claire, Wisconsin** (pop. 62,000) Community members voiced concern over the fact that many past plans had been conceived for Downtown and that these efforts had result-

ed in what some called “superficial improvements.” This situation is, unfortunately, often found in many communities. The *Downtown Action Agenda*, completed in 2002, gave Eau Claire the tools necessary to retain and recruit businesses to Downtown and strengthen Downtown’s economy. As recently noted in Downtown Eau Claire, Inc.’s *Annual Report*, the number of businesses Downtown has increased over 20% since completion of the *Downtown Action Agenda*. Contact Information: Jessica Cather, Downtown Communications and Promotions Coordinator, Downtown Eau Claire, Inc., (715) 839-4914.

**Millbrae, California** (pop. 21,000) Located on the peninsula just south of San Francisco, Millbrae is home to the San Francisco International Airport and its Downtown is home to the southernmost station of the Bay Area Rapid Transit (BART) System, serving as the gateway to San Francisco from Silicon Valley. The City of Millbrae, the Millbrae Chamber of Commerce, and a dedicated Downtown Millbrae business community have all been cooperatively and conscientiously implementing the *Action Agenda* since 1996. One of the primary reasons for undertaking the project was to protect a vital source of revenue for the local government – retail sales taxes. As recently noted by the City, “Since completion of the *Action Agenda*, retail sales taxes generated in Downtown Millbrae have increased over 80%.” Contact Information: Ralph Petty, Community Development Director, Dept. of Community Development, (650) 259-2341.

**Petoskey, Michigan** (pop. 6,000) Petoskey is home to what is considered Northern Michigan’s premier historic, waterfront Downtown. While this Downtown’s economy has always been relatively healthy, the community wanted to ensure that it remained that way and, therefore, prepared a comprehensive economic enhancement strategy for its Downtown. Special emphasis was placed not only on business development, but particular care was also given to enhancing Downtown’s pedestrian environment – knowing that people enjoy the walkable nature of a great Downtown and being able to shop and dine in a comfortable outdoor setting. Petoskey was recently presented with the “Michigan Downtown Community of the Year Award” for, as noted by the Michigan State Housing Development Authority, “going to the next level in terms of making things pedestrian friendly.” Contact Information: Dale Meyer, Mayor, (231) 348-2500.

**Warren, Indiana** (pop. 1,300) In 2001, Warren completed their Downtown Action Agenda as part of Indiana Downtown,. This community has proven that even the

Downtowns of very small towns can support upper floor housing! In Downtown Warren, the former Odd Fellows Hall has been purchased by a local couple who remodeled it into three apartments, which are being rented to middle-income tenants. In addition, condos have been created above two of Downtown's mainstay businesses, the pharmacy and an insurance company. The apartments and condos were created due to the market analysis completed as part of Warren's Downtown Action Agenda, which showed a demand for such housing within Downtown's trade area. Contact Information: Bill Cartwright, President, Town Council, (260) 375-4545.

**West Palm Beach, Florida** (pop. 108,000) One of the earliest participants in NLC's *America Downtown*, program was West Palm Beach. A dynamic mayor, dedicated to Downtown and its further enhancement, a very active Downtown Development Authority, and a considerable number of private sector investors led the Downtown enhancement effort. Historic Downtown West Palm Beach's economic reality today is that it boasts over 50 dining and entertainment establishments and a plethora of specialty retail businesses, personal services establishments, offices, lodging facilities, cultural institutions, government buildings, and housing, all combined to make Downtown West Palm Beach, as recently noted by Donald Trump, "the hottest real estate in South Florida."

Contact Information: Ed Mitchell, City Administrator, (561) 822-1400.

### NLC's America Downtown Program

In 1992, NLC created a technical assistance program called **America Downtown**<sup>®</sup>. NLC's direct member communities can take advantage of this program by calling NLC. **America Downtown**<sup>®</sup> provides hands-on technical assistance to cities and towns that want to improve their Downtown's economy in partnership with their business community.

**America Downtown**<sup>®</sup> is offered in partnership with HyettPalma, Inc. HyettPalma's co-founders, Doyle Hyett and Dolores Palma, are nationally acclaimed consultants, speakers, and authors, with extensive experience in the fields of business district enhancement, economic development, and city planning. They develop economic enhancement strategies for Downtowns and bring their national perspective to local needs.

To learn how your community can participate in and benefit from the America Downtown<sup>®</sup> program, see [www.hyettpalma.com](http://www.hyettpalma.com) or contact Bonnie C. Mann at [mann@nlc.org](mailto:mann@nlc.org).

