BACK TO THE CITY:

Can Small Towns Benefit from the Back to the City Movement?
Why are big city downtowns growing?

- Demographics
- Improvements to the downtown environment
- Changing tastes
- Employers follow employees
Population Changes

- Large growth in older adults (65-84)
- Millennials become the largest population group (ages 20-35)
- Immigrants are an important economic driver
The Importance Of Immigrants
Population Age Composition
Illinois Non-Metropolitan Counties, 2015

Ages Under 25: 30.1%
Ages 25-34: 11.8%
Ages 35-44: 13.4%
Ages 45-54: 14.3%
Ages 55-64: 14.3%
Ages 65+: 18.9%
Ages 65+: 18.9%

Projected Population Trends
Illinois Non-Metropolitan Counties (2014 to 2025)


<table>
<thead>
<tr>
<th>Population Age Cohort</th>
<th>Percent Change, 2014-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ages under 25</td>
<td>Gain: 897</td>
</tr>
<tr>
<td></td>
<td>-0.18%</td>
</tr>
<tr>
<td>Ages 25-34</td>
<td>Gain: 18,049</td>
</tr>
<tr>
<td></td>
<td>10.01%</td>
</tr>
<tr>
<td>Ages 35-44</td>
<td>Lose: 16,651</td>
</tr>
<tr>
<td></td>
<td>-8.88%</td>
</tr>
<tr>
<td>Ages 45-54</td>
<td>Lose: 32,119</td>
</tr>
<tr>
<td></td>
<td>-15.04%</td>
</tr>
<tr>
<td>Ages 55-64</td>
<td>Lose: 16,138</td>
</tr>
<tr>
<td></td>
<td>-7.35%</td>
</tr>
<tr>
<td>Ages 65+</td>
<td>Gain: 67,104</td>
</tr>
<tr>
<td></td>
<td>23.68%</td>
</tr>
</tbody>
</table>
Average Consumer Spending By Age And Purpose, Midwest, 2013-2014


<table>
<thead>
<tr>
<th></th>
<th>Ages Under 35</th>
<th>Ages 35-49</th>
<th>Ages 50+</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>15.2%</td>
<td>38.8%</td>
<td>46.0%</td>
</tr>
<tr>
<td>2012</td>
<td>15.9%</td>
<td>33.2%</td>
<td>50.9%</td>
</tr>
</tbody>
</table>

2020 (Straight-Line Projection)
Public Investment in Lifestyle Improvements
Growth of Safe Neighborhoods in Chicago

Source: New Republic, Daniel Kay Hertz, 6/9/2014
Homicide Inequality in Chicago—In Maps
Similar Pattern in Other Cities

Homicide Inequality in Three Cities

- **New York City (2013)**
- **Los Angeles (2011)**
- **Chicago (2013)**

Homicides per 100,000 Residents
Changing tastes

- Millennials like taking public transit more than any other generation.
- The oldest generation likes driving the most (silent generation), and this preferences declines for every generation that follows.
- Millennials like biking more than any other generation.

Source: Community and Transportation Preferences Survey, National Association of Realtors and Portland State University, July 2015
One of the most striking findings of this survey is the sharp decline across demographic groups of interest in traditional, auto-dependent suburban living. Fewer than 10 percent of Millennials, Gen Xers, or Active Boomers see themselves in this type of community in the future despite 40 percent of them living there today.

Investing in Place for Economic Growth and Competitiveness

American Planning Association   May, 2014
Employers follow employees

There is an opportunity cost of not being in an urban environment. The youth of America, when they graduate, they’re looking to go to an urban environment. Top recruits wanted somewhere they could work, live and play, and meet other young people. An asphalt parking lot is not necessarily the best way to do that.

Quicken CEO Bill Emerson

• Hillshire, Continental Holdings, Motorola Mobility, Gogo, Yelp
• IBM, Zappos, Quicken, Facebook
The Downtown Satellite

**SATELLITE RADAR**

Major corporations headquartered in the suburbs have added satellite offices in downtown Chicago, largely to attract younger employees. Here are some of the biggest companies that are part of the trend.

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>HEADQUARTERS</th>
<th>DOWNTOWN SATELLITE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catamaran</td>
<td>Schaumburg</td>
<td>300 N. LaSalle St.</td>
</tr>
<tr>
<td>CDW</td>
<td>Vernon Hills</td>
<td>120 S. Riverside Plaza</td>
</tr>
<tr>
<td>Discover Financial Services</td>
<td>Riverwoods</td>
<td>350 N. Orleans St.</td>
</tr>
<tr>
<td>McDonald’s</td>
<td>Oak Brook</td>
<td>River North location TBA</td>
</tr>
<tr>
<td>Motorola Solutions</td>
<td>Schaumburg</td>
<td>224 S. Michigan, 233 N. Michigan</td>
</tr>
<tr>
<td>Sears Holdings</td>
<td>Hoffman Estates</td>
<td>1 N. State St., 2 N. State St.</td>
</tr>
<tr>
<td>Walgreen</td>
<td>Deerfield</td>
<td>33 S. State St.</td>
</tr>
<tr>
<td>W.W. Grainger</td>
<td>Lake Forest</td>
<td>500 W. Madison St.</td>
</tr>
</tbody>
</table>

Source: Crain’s reporting
Can Small Cities Compete?

• Small cities can provide entertainment, housing, shopping, proximity to public transit at lower cost

• Small cities may have higher quality schools, lower taxes, open space, sense of community

• Big cities have more employment so small cities within an easy commute have an advantage

Vikki’s Story-Part 2
## Locational Decision Factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>National</th>
<th>Millennials</th>
<th>Active Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Factors, e.g. Job/Business Growth</td>
<td>54%</td>
<td>64%</td>
<td>42%</td>
</tr>
<tr>
<td>Living Expenses, e.g. Housing &amp; Transportation Costs</td>
<td>79%</td>
<td>83%</td>
<td>80%</td>
</tr>
<tr>
<td>Metro Features, e.g. Schools, Transit, Safe Streets</td>
<td>44%</td>
<td>57%</td>
<td>32%</td>
</tr>
<tr>
<td>Health &amp; Nature, e.g. Parks, Trails, Hospitals, Healthy Foods</td>
<td>53%</td>
<td>52%</td>
<td>59%</td>
</tr>
<tr>
<td>Kinds Of People, e.g. Diversity &amp; Mix Of Ages</td>
<td>43%</td>
<td>45%</td>
<td>44%</td>
</tr>
<tr>
<td>Community Engagement</td>
<td>22%</td>
<td>25%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Cost of Living is Key to Young and Old

Approximately 80 percent of respondents cite living expenses as important in choosing where to live and 65% list affordable housing as a priority.

<table>
<thead>
<tr>
<th>Expenditure Type</th>
<th>Carbondale, IL</th>
<th>Galesburg, IL</th>
<th>Springfield, IL</th>
<th>Quincy, IL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Groceries</td>
<td>10% less</td>
<td>13% less</td>
<td>11% less</td>
<td>14% less</td>
</tr>
<tr>
<td>Housing</td>
<td>39% less</td>
<td>46% less</td>
<td>35% less</td>
<td>31% less</td>
</tr>
<tr>
<td>Utilities</td>
<td>6% less</td>
<td>No difference</td>
<td>21% less</td>
<td>12% less</td>
</tr>
<tr>
<td>Transportation</td>
<td>18% less</td>
<td>20% less</td>
<td>18% less</td>
<td>23% less</td>
</tr>
</tbody>
</table>

Source: CNN.Money Cost of Living Calculator
## Access to Open Space

<table>
<thead>
<tr>
<th>Locations</th>
<th>Drive Time</th>
<th>Distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quincy to Siloam Springs State Park</td>
<td>40 minutes</td>
<td>28 miles</td>
</tr>
<tr>
<td>Rockford to Rock Cut State Park</td>
<td>13 minutes</td>
<td>9 miles</td>
</tr>
<tr>
<td>Chicago to Illinois Beach State Park</td>
<td>64 minutes</td>
<td>47 miles</td>
</tr>
<tr>
<td>Bloomington to Moraine View State Park</td>
<td>26 minutes</td>
<td>18 miles</td>
</tr>
<tr>
<td>Carbondale to Crab Orchard National Wildlife</td>
<td>18 minutes</td>
<td>12 miles</td>
</tr>
</tbody>
</table>
What About Jobs?

- Those who do not need jobs--retirees are growing in number
- Self-employed and independent contractors
- Bring their jobs with them--telecommuting
- New jobs through entrepreneurship--young women, retirees, immigrants lead the way and are growing demographic groups
- Gig-Economy used by Millennials
Strategies for Smaller Cities
Consider Revising Zoning Codes

Traditional Zoning
1. Focus on Use Activity
2. Create Uniformity
3. Dimension based “set backs”
4. Limit Change

Form Based Codes
1. Focus on Neighborhood
2. Encourage Diversity
3. Relationship based “build to”
4. Allow Flexibility

Source: Michigan Association of Planning
Other Zoning Ideas

- Granny flats
- Golf carts
- Parking requirements
Leverage Your Arts Community

NAICS Industries in this Category
453910 Art Galleries
517110 Concert Production
517210 Live Few-Person Stage Productions and Special Events
517220 Special Events and Entertainment Vendors
611810 Art Galleries
611810 Fine Arts Schools
711310 Art Galleries and Museums
711310 Fine Arts Schools
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Public Facilities

- Draw People
- Employees
- Institutional Leadership
Encourage quality housing in or near downtown
Economic Impact of Proposed Market Rate Residential Condo Development

• Number of Condo Units = 180
• Number of jobs created: 10+ Full-time

Annual Tax Revenue Generation:
• Property Tax Revenue: $554,840
• Parking Space Revenue: 155,520
• Sales Tax Revenue: 57,600
• TOTAL REVENUE: $767,960

One-Time Impact Fee Revenue:
• City Impact Fee $ 17,280
• School Impact Fee 270,000
• TOTAL REVENUE: $287,280
Simulate the downtown work environment: Co-working
## Table 3: Trends in Nonemployer Establishments

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Nonemployer Establishments</th>
<th>Receipts (in $1,000s)</th>
<th>Average Receipt / Establishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>17,646,062</td>
<td>770,032,328</td>
<td>$43,638</td>
</tr>
<tr>
<td>2003</td>
<td>18,649,114</td>
<td>829,819,228</td>
<td>$44,496</td>
</tr>
<tr>
<td>2004</td>
<td>19,523,741</td>
<td>887,001,820</td>
<td>$45,432</td>
</tr>
<tr>
<td>2005</td>
<td>20,392,068</td>
<td>951,206,297</td>
<td>$46,646</td>
</tr>
<tr>
<td>2006</td>
<td>20,768,555</td>
<td>970,384,137</td>
<td>$46,724</td>
</tr>
<tr>
<td>2007</td>
<td>21,708,021</td>
<td>991,791,563</td>
<td>$45,688</td>
</tr>
<tr>
<td>2008</td>
<td>21,351,320</td>
<td>962,791,527</td>
<td>$45,093</td>
</tr>
<tr>
<td>2009</td>
<td>21,695,828</td>
<td>923,018,039</td>
<td>$42,544</td>
</tr>
<tr>
<td>2010</td>
<td>22,110,628</td>
<td>950,813,840</td>
<td>$43,003</td>
</tr>
<tr>
<td>2011</td>
<td>22,491,080</td>
<td>989,628,512</td>
<td>$44,001</td>
</tr>
<tr>
<td>2012</td>
<td>22,735,915</td>
<td>1,030,932,886</td>
<td>$45,344</td>
</tr>
<tr>
<td>2013</td>
<td>23,005,620</td>
<td>1,052,025,268</td>
<td>$45,729</td>
</tr>
</tbody>
</table>

Source: US Census
Develop an attractive retiree community

- Retirement ready communities
- Makerspace opportunities
Retirement Ready Communities

• Offer a variety of accessible, affordable housing options
• Promote access to the community, including:
  – Safe and walkable neighborhoods
  – Transportation options
  – Safe driving conditions
  – Emergency preparedness
• Provide support and opportunities to participate in community life:
  – Health care
  – Supportive services
  – General retail and services
  – Healthy food
  – Social integration

Source: Metlife Mature Communities Institute
aarp.org/livabilityindex
Makerspaces: New Opportunities

- Common Interest in Working on Projects
  - Retirees, Interested Hobbyists
  - People Seeking Skill Development
  - Willing to Pay Membership Fee and Participate

- Landlord or Organizer with Available Space
- Equipment or Resources Available for Shared Use After Hours
- Membership Fee
- Instruction and Educational Events That Train on Specific Skills
- Workshop 88 and SpaceLab (Chicago Suburbs)
- River City Labs (Peoria); Quad-Cities Co-Labs (Quad-Cities)
Immigrants Balance an Aging Population
Develop Strong Business Owners
Keys to Stronger Retailers

- Multichannel retailing
- Technical expertise
- Restructuring for future owners
- Succession planning
Multichannel Retailing - Untapped Potential

• Multichannel retailing is reaching customers through a variety of platforms and distribution points
• Just over ½ of small businesses have a website
• Only 30% of those with a website use it for online sales
Flexibility
Distribution Network

- **Sycamore Hy-Vee**
  2700 DeKalb Avenue
  Sycamore, IL 60178
  815-756-6174

- **Lundeen's Discount Liquors**
  1760 DeKalb Avenue
  Sycamore, IL 6017
  815-899-1231

- **Liquor N Wine**
  540 E. Main St.
  Genoa, IL 60135
  815-784-9780

- **Woodman's**
  3155 McFarland Road
  Rockford, IL 61114
  815-986-0220

- **Burlington Oasis**
  125 W. Plank Road
  Burlington, IL 60109
  847-683-0920

- **The Shrimp Barn**
  125 E. Mondamin St.
  Minooka, IL 60447
  815-828-5526

- **Inside Out**
  226 N. Central
  Gilman, IL 60938
  815-265-9905
Multiple Locations
Bring People In
New Products
"Vino Betweeno" is here!!! All Wine Club members can stop in this Friday, Saturday, or Sunday and purchase any three bottles of wine and receive 20% off. A great chance to stock up for cooking out, picnics, or upcoming holidays.
Cost Control
Funding your new downtown businesses

• Community Supported Enterprises (CSE)
  • Small investment by residents in an enterprise with a double bottom-line
  • Can be non-profit, cooperative, or another legal structure
  • Must operate like a business and make a profit
  • Often started based on perceived local need
  • Investors paid in services and/or cash returns helps maintain market
  • Either equity or leverage-based

• New Crowd-funding Legislation in Illinois
  • Follows the federal JOBS act
  • Allows smaller investors to take equity positions
  • Reduces the Blue-Sky limitations incl. income <$200K and net work < 1 million
  • Opens avenues to funding for entrepreneurs
  • Starts 1/1/2016
Difficulties in Working on Local Issues

• Technical v. *Adaptive* (Complex) Issues
  • Answer Not Known in Advance
  • No Single Agency has Resources/Authority to Bring About the Changes

• Isolated v. Collective View of Impact

• Competing Goals of Organizations

• Organizations Unwilling to Change or Adapt Behavior

• Unable or Unwilling to Collaborate on Remedies

• Inconsistent Perception of What is Happening

• Measure Impact in Different Ways
The 5 Conditions of COLLECTIVE IMPACT

1) A Common Agenda
   - Establishing common ground and shared goals.

2) Shared Measurement System
   - Defining a common system of success to increase accountability and align efforts.

3) Mutually Reinforcing Activities
   - Each partner is doing what they excel at while remaining coordinated with the collective.

4) Continuous Communication
   - Develop trust and a culture of collaboration through transparency and regular contact.

5) A Backbone support organization
   - Takes on the responsibility of coordinating the Collective Impact initiative.

What Can Smaller Size Communities Do?

- Examine population and trends in region (all ages, in migration and out migration)
- Build on local strengths (assets) for livability and market potential
- Create an environment attractive to new employees & employers
- Form community-wide strategic group to evaluate strategies
- Design an aggressive action plan to reach desired status
- Create an implementation team to carry out planned efforts
- Have a backbone organization responsible for operations