Downtown Issues and Opportunities

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Presented to

Midwest Community Development Institute
(Advance Class)
Stony Creek Inn
Moline, IL
August 9, 2017
Intended Outcomes*

• Can downtowns enhance local development in downstate?
• Better understand downtowns
• Update on changing roles and opportunities of downtowns
• Share current practices to use downtowns as development strategy
• Develop a growing cities initiative with downtowns as catalyst
• Learn experiences in LeClaire downtown
• Examine and discuss opportunities in your community
• Discuss ideas for local action plan

The author thanks Andy Blanke, CGS, for assistance in data compilation.
Questions to Consider

Local actions I can take...

Who could help?

What could we accomplish?

Goals for next 60 days...

When can we meet?
Presentation Overview

• Findings from survey of Illinois municipalities (Dec. 2016)
• Importance and responsibility
• Main concerns about shifting markets
  • Population projections in non-metro Illinois
  • Differences in purchasing patterns
• New and innovative strategies reported
  • Recreational opportunities
  • Housing development
  • Enhanced working environment
  • Crafts and culture approaches
  • New financing practices
• What is happening in your city?
• What are the opportunities? Strategies?
Projected Population Changes by Age Group
Non-Metropolitan Counties, Midwestern States*, 2015-2025

*Midwest region includes Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Ohio and Wisconsin.
Average Consumer Spending By Age And Purpose
Midwest 2013-2014

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Ages 25-34</th>
<th>Ages 65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entertainment</td>
<td>$2,701</td>
<td>$1,929</td>
</tr>
<tr>
<td>Healthcare</td>
<td>$2,655</td>
<td>$5,966</td>
</tr>
<tr>
<td>Apparel &amp; Services</td>
<td>$1,809</td>
<td>$887</td>
</tr>
<tr>
<td>Shelter</td>
<td>$9,262</td>
<td>$7,314</td>
</tr>
<tr>
<td>Restaurants</td>
<td>$2,469</td>
<td>$1,864</td>
</tr>
</tbody>
</table>

Average Entertainment Expenditures By Age
Midwest, 2013-2014


Changing Conditions of Downtowns
(136 Responses)

- Housing prices have not regained pre-recession but active demands are active 55.9%
- City economy has largely recovered 48.5%
- Significant retail growth on outskirts 18.9%
- Major increases in housing construction 16.9%
- Service jobs have increased in relative importance 21.3%
- Significant loss (10% or >) in manufacturing jobs 14.7%
- Fewer local jobs or pay less 21.3%
### How Important is Downtown in?  
Weighted Ave of 135 Mayors’ Responses: 1=not; 5=very

<table>
<thead>
<tr>
<th></th>
<th>Weighted</th>
<th>Very</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating sense of <strong>community/positive image</strong></td>
<td>3.84</td>
<td>91.8</td>
</tr>
<tr>
<td>Attracting new businesses</td>
<td>3.56</td>
<td>78.2</td>
</tr>
<tr>
<td>Retaining current businesses</td>
<td>3.49</td>
<td>75.2</td>
</tr>
<tr>
<td>Attracting/retaining existing employers</td>
<td>3.42</td>
<td>72.5</td>
</tr>
<tr>
<td>Attracting visitors</td>
<td>3.40</td>
<td>71.9</td>
</tr>
<tr>
<td>Attracting &amp; retaining residents</td>
<td>3.34</td>
<td>69.2</td>
</tr>
<tr>
<td>Attracting &amp; retaining employees</td>
<td>3.06</td>
<td>55.7</td>
</tr>
</tbody>
</table>
Current Status of Downtown
(135 Responses)

• Traditional downtown 64.4%
• Streetscape/public spaces improved significantly 43.0
• Stable CBD & < 10 % vacancies in commercial bldgs 40.0
• One or > significant white elephants & no interest 39.3
• > 10% commercial vacancies 34.0
• New space available or developed for commercial 29.6
• Many retail buildings converted to other uses 24.4
• Retail functions in downtown largely gone 23.7
## Actions Taken to Stabilize or Revitalize Downtown  
(126 Responses)

<table>
<thead>
<tr>
<th>Action</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Following an action plan for DT improvements</td>
<td>81.7%</td>
</tr>
<tr>
<td>Offer financial incentives to attract businesses</td>
<td>78.0%</td>
</tr>
<tr>
<td>Hold regular schedule of events for DT activities</td>
<td>67.8%</td>
</tr>
<tr>
<td>Has facade improvement program</td>
<td>66.1%</td>
</tr>
<tr>
<td>Includes budget for DT in corporate fund</td>
<td>36.3%</td>
</tr>
<tr>
<td>Has a separate budget set aside for DT enhancement</td>
<td>34.2%</td>
</tr>
<tr>
<td>Buy businesses to resell or lease to businesses</td>
<td>33.3%</td>
</tr>
<tr>
<td>Has downtown business incubator program</td>
<td>9.7%</td>
</tr>
<tr>
<td>Local development strategy does <strong>not</strong> include downtown</td>
<td>9.7%</td>
</tr>
</tbody>
</table>
Financing Sources for Downtown Activities*  
(121 responses)

- Tax Increment Finance Funds: 69.42%
- Municipal general property taxes: 57.9
- Sales taxes: 47.9
- Hotel/Motel taxes: 33.1
- State grants: 31.4
- Funds raised by local organizations: 29.8
- Federal grants: 28.1
- Special Service Area Tax: 13.2
- Special assessments: 5.0
- Dedicated user fees: 2.5

*Percent reported using this revenue source
Plans for Next Five Years*
(115 responses)

- Physical improvements-functionality & attractiveness 84.3%
- Attract out of town visitors—branding, marketing 75.7
- Explore new purposes & uses for downtown 70.4
- Establish arts orientation—crafts, theaters, galleries 40.9
- Refocus as residential/entertainment area 40.0
- Encourage new trends e.g., co-working, live/work 34.8
- Help owners find new uses —office, services, food, entertainment 33.9
- Improve internet capacity 18.3
- Encourage public buildings etc. 17.4

*Percent reporting planned uses
# Technical Assistance Needed

(104 responses)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Recruitment plan for new businesses</td>
<td>103</td>
<td>2.56</td>
</tr>
<tr>
<td>Market analysis for downtown</td>
<td>98</td>
<td>2.56</td>
</tr>
<tr>
<td>Training in best practices for downtowns</td>
<td>99</td>
<td>2.47</td>
</tr>
<tr>
<td>Branding and Marketing</td>
<td>102</td>
<td>2.45</td>
</tr>
<tr>
<td>Planning revitalization efforts</td>
<td>97</td>
<td>2.44</td>
</tr>
<tr>
<td>Online access to downtown development tools</td>
<td>100</td>
<td>2.43</td>
</tr>
<tr>
<td>Downtown visioning and community input</td>
<td>100</td>
<td>2.36</td>
</tr>
<tr>
<td>Training in downtown improvement techniques</td>
<td>97</td>
<td>2.33</td>
</tr>
<tr>
<td>Survey of bus. performance &amp; conditions</td>
<td>99</td>
<td>2.19</td>
</tr>
<tr>
<td>Surveys—visitors, customers, etc.</td>
<td>98</td>
<td>2.17</td>
</tr>
<tr>
<td>Website development for businesses</td>
<td>95</td>
<td>2.00</td>
</tr>
<tr>
<td>Housing Inventory and Needs</td>
<td>96</td>
<td>1.94</td>
</tr>
</tbody>
</table>
## Future Issues Facing Downtown Growth

(116 responses)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Very Imp.</th>
<th>Weighted Ave.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents shopping on Internet</td>
<td>40.7%</td>
<td>2.29</td>
</tr>
<tr>
<td>Slow population growth-city or region</td>
<td>35.7</td>
<td>2.12</td>
</tr>
<tr>
<td>Major store closing</td>
<td>34.2</td>
<td>2.09</td>
</tr>
<tr>
<td>Loss of major employer(s)</td>
<td>29.3</td>
<td>2.07</td>
</tr>
<tr>
<td>Expansion of retail/discount stores in other cities</td>
<td>22.9</td>
<td>1.94</td>
</tr>
<tr>
<td>Residents commuting to other cities to work</td>
<td>23.2</td>
<td>1.93</td>
</tr>
<tr>
<td>Retiring business owners</td>
<td>25.0</td>
<td>1.92</td>
</tr>
<tr>
<td>Inadequate transportation/parking</td>
<td>17.8</td>
<td>1.79</td>
</tr>
<tr>
<td>Retail-Service businesses moved to other areas</td>
<td>18.4</td>
<td>1.77</td>
</tr>
<tr>
<td>More retired residents with less incomes</td>
<td>12.0</td>
<td>1.76</td>
</tr>
<tr>
<td>People not comfortable living or spending time downtown</td>
<td>14.8</td>
<td>1.57</td>
</tr>
<tr>
<td>Concerns about crime in downtown</td>
<td>12.7</td>
<td>1.52</td>
</tr>
</tbody>
</table>
How Do These Compare in Your City?

• What new and interesting is being done?
  _____________________________________________________________

• Has it succeeded?
  _____________________________________________________________

• How measured?
  _____________________________________________________________
Adequacy of Zoning Code
(120 responses)

Traditional zoning works well 40.8
Traditional will be modified for flexibility & to encourage development 28.8
Zoning code will be substantially modified for development 17.5
Current code difficult to work with but no planned changes 5.8
<table>
<thead>
<tr>
<th>Issue</th>
<th>Support (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact of noncommercial uses on main commercial street</td>
<td>Yes 62.0%</td>
</tr>
<tr>
<td>Tattoo parlors, gun shops, disc tobacco, churches/non traditional uses</td>
<td>51.0</td>
</tr>
<tr>
<td>Issues of increasing density vs maintaining DT character</td>
<td>29.0</td>
</tr>
<tr>
<td>Relaxing downtown parking restrictions to encourage development</td>
<td>22.0</td>
</tr>
<tr>
<td>Encourage/discourage franchise businesses in downtown</td>
<td>14.0</td>
</tr>
</tbody>
</table>
Growing Community Initiative  
(NIU-CGS plays a coordinative role)

Purpose

*a statewide effort to help communities prosper by providing access to data, innovative practices, continuing education, and expertise that enables them to design and evaluate economic opportunities. Help make downtowns a catalyst for local development.*

Components

• Professional development—workshops, webinars, presentations  
• Community data packages—organized analyses for local issues  
• Surveys—templates for surveying customers, businesses  
• Specific research on demand  
• Participatory newsletter sharing innovative approaches and results  
• Coordinate grant applications for collaborative projects
Growing Communities Initiative  (cont)

Tailored Services*

- Site visits with expertise to address specific issues
- Help arrange interns to work on short-term projects
- Customized survey organization and tabulation
- Community support guidance—visioning and implementation
- Retail market analysis and assistance with recruitment strategies
- Housing potential analyses
- Recreation and arts/heritage development planning
- Assistance with developing technology advancements

*Provided in conjunction with other agencies with CGs as contact or coordinator
Interesting Approaches

Lanesboro, MN (https://lanesboroarts.org/about/)

Lanesboro Arts is a multi-disciplinary arts organization in the small town of Lanesboro, Minnesota that serves diverse audiences through year-round programming in its galleries, at the St. Mane Theatre, and in public spaces throughout the community.

City Characteristics

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Pop. (2014)</td>
<td>735</td>
<td>Decreased 6.7% since 2000</td>
<td></td>
</tr>
<tr>
<td>Median HH Income:</td>
<td>$45,874</td>
<td>(MN) $63,988</td>
<td></td>
</tr>
<tr>
<td>Median Age:</td>
<td>52.2 years</td>
<td>(MN) 37.8 years</td>
<td></td>
</tr>
</tbody>
</table>
Quilting in Hamilton, MO

https://www.missouriquiltco.com/content/visit-the-missouri-star-quilt-company

**Approach** focused on attracting quilters and others interested in unique fabrics and created a support infrastructure to serve that group. “Shop in specialty stores dedicated to seasonal fabrics, primitives, Civil War and 1930's reproductions, gorgeous batiks, colorful solids, fresh modern prints, etc.” Buy on Internet, $5 flat shipping or free if $100 more.

**Characteristics**

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Value</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>1,717 (2014)</td>
<td>Lost 5.3% since 2000</td>
</tr>
<tr>
<td>Median Age</td>
<td>42.3 years</td>
<td>38.4 years (Missouri)</td>
</tr>
<tr>
<td>Median HH Income</td>
<td>$29,423</td>
<td>$50,238 (Missouri)</td>
</tr>
</tbody>
</table>
Main Findings

• Downtowns are undergoing major changes in functions
• Changing populations will mean different purchases
• There is serious potential as an economic development catalyst
• Each downtown has a unique potential for development
• Local actions with logical strategies are crucial to future successes
• Communities small and large have succeeded
• A research base of information is available
• Tools and assistance in Illinois are being created
• What could happen in your community if you are involved?
Making Downtown Succeed in LeClaire, IA
Dr. Rick N. Reed, AI & Community Success Initiative

• What was the main motivation(s)? Was there a “crisis”?  
• Who or which group had the original idea to revitalize and why?  
• Who were the main participants or investors?  
• How did they decide on an action plan?  
• How did they come together to make decisions?  
  • Organizational structure and did it change  
  • Financing arrangements and investors  
• What were the main difficulties?  
• Could it be replicated somewhere else?  
  • If so, what are the essential ingredients
LeClaire Take Aways

• Encourage & collaborate with others
• Be authentic & inclusive
• Communicate a clear, consistent vision
• Remain ethical, open & transparent
• Make commitment a priority
• Be adaptable and flexible to take risks
Participant Discussion Questions

• Name three unique assets in your region not yet commercialized?

• Could one or more become part of the downtown?

• What would it take to make this happen?

• Who could help launch an effort?

• What could be your role(s) in this local process?
Further Reading


