



Downtown Idea Exchange

Essential Information for Downtown Revitalization

Trends Analysis & Commentary

Looking Ahead to 2015

“I see a brighter future for downtowns in 2015 than in 2014,” predicts Michael Burayidi, chair of the Ball State University Department of Urban Planning. “That is in part because of the improving economy. Around my neck of the woods, I am seeing lots of investment in downtown Indianapolis, and in Muncie, where we are based, there has also been significant investment in housing, the hotel industry, and retail in the downtown, and this is going to continue for the next year and hopefully beyond.”

The influx of millennials and baby boomers seeking urban living is being credited with driving the direction of downtown development for the foreseeable future. It is this group that is creating the most demand for downtown living, specific types of amenities, and more transit options, experts say.

And along with economic recovery comes more change. The ways that downtown organizations function, the ways they partner with local government, and even the ways they are structured, is evolving. Also changing is the way that retail centers and public spaces are planned for and developed.

Downtown residential fuels revitalization

The popularity of downtown living is bolstering the housing market, and putting more feet on the street in city centers.

“The move toward making downtown a 24/7 place is very important to any downtown

that wants to be successful in the long run,” says John Woods, executive director at Downtown Wytheville [VA] Inc. “Increasing the amount of residential living space downtown, and expanding it to attract especially the creative class, is a trend that has been gaining momentum for many years and I see it only continuing.”

Recent research in North Carolina found that for every one unit of housing added to a downtown, between \$7,000 and \$19,000 of investment downtown is generated just in spending by that resident, “so when you start talking about five, 10, or 20 units, that’s a huge impact,” says Patrice Frey, president of the National Main Street Center. “That’s something very exciting for smaller communities, because you don’t necessarily need hundreds of units — you can begin to see the impact with just a few.

“We continue to see significant movement of baby boomers and millennials downtown, and that is fueling revitalization,” says Frey. “I probably visited 60 communities in the past 18 months, and that has been a factor in every one of them, and a positive force in driving revitalization.”

But the increasing popularity of urban centers could be their undoing, cautions David Downey, president of the International Downtown Association. “Downtowns are hot and exciting,” he says. “There is a market shift toward an appetite for an urban experience. With that come a couple of

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things to be cautious about. We have some growing inclusivity and accessibility issues, social issues like homelessness and panhandling, the nighttime economy, and how diverse populations are living and working together. I would caution that we not lose that diversity and inclusivity, which is the very recipe which makes the urban environment exciting and well-rounded.”

The word “gentrification” suggests the rich replacing the poor, Downey says, but the issue is more comprehensive than that. “If success drives diversity out of the center city, we will have reversed the city-suburb dynamic and will no longer have successful urban centers. We will have effectively lost the character of our urban environments. One place this can be seen is retailing in the urban core, which used to be largely driven by independent owners — we are now seeing more chain stores and national investment groups, and we are beginning to lose some of that character that made the urban lifestyle and experience so unique.”

Developing more affordable housing would help retain diversity, he says. “This is directly tied to inclusivity and accessibility. Affordable and moderately priced housing is lacking. That is a challenge moving forward because it is a key ingredient for maintaining that diverse environment downtown.”

New residents require new amenities

Millennials are now the largest cohort of first-time home buyers, says Burayidi, and their desires are going to shape the residential market and the urban lifestyle. “This is the lowest home-buying population in about 30 years,” he says. “This population cohort is shy-ing away from becoming homeowners, which is likely to form the housing market now and into the future. Their preference is to rent, at least for a while. For 2015, we are likely to see a drop in vacancy rates for rentals as demand increases because millennials are choosing to live downtown.” [Editor’s note: For more in emerging residential trends, see As urban living increases, housing demands change, page 2 of this issue.]

Additionally, the lifestyle preferences of millennials and empty nesters will create a

demand for healthy lifestyle amenities, Burayidi says. “We are likely to see pressure put on city leaders to provide healthy amenities. In particular, bicycling will need to be provided for downtown millennials, who usually prefer not to be car owners, partly due to healthy lifestyle choices, and partly by a desire to not contribute to pollution. And with the increased number of people walking, we may see laws that favor pedestrians over automobiles because of the pressure from millennials.”

There will also be an increased demand for grocers to open in walkable downtown locations and offer healthy foods, he says. Baby boomers may also want to grow their own food. “During research for my book, *Resilient Downtowns*, I talked to baby boomers and they brought up that when they move downtown, they would prefer to continue to engage in their favorite pastime — gardening,” says Burayidi. “Land is scarce downtown, and community gardens require dedicated land, so it may be a bit of a challenge. Baby boomers want housing designed in such a way that there is enough lighting and air to engage in gardening in their apartments. Rooftop gardens may also be a good alternative to meet the needs of baby boomers.”

Technology is already trying to keep pace with the demand for indoor gardening. In the spring of 2014, the Plantui Smart Garden, a soil-free gardening module with its own lighting system and automatic watering pump hit the market in several European countries for consumers wanting to grow herbs, salad greens, and flowers indoors. This year, the company plans to introduce the Plantui Plantation, similar in design, but able to accommodate taller plants such as tomatoes and peppers.

Transportation priorities are changing

“Some of the big-picture things that I think are happening, and coming pretty quickly, have to do with the whole issue of mobility, transportation, parking, and transit,” says David Feehan, president of Civitas Consultants. “I think we are going to see an increasing number of options for people. The things that are happening right now include everything from car and bike sharing to autonomous vehicles to cities building light rail and

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streetcar systems. Some are wise choices, and some are questionable.

“A lot of cities have been investigating and developing street car systems,” says Feehan. “If there is one element of the whole transportation system that I think still poses a lot of questions, this is it. Are street cars worth the money? Do they carry enough people? Do they have enough effect? Everyone looks to Portland [OR], but Portland is not Wichita [KS], Louisville [KY], or Bangor [ME]. I think the jury is still out on streetcars.”

Investments in parking are also being questioned. “With all of the work I’m doing, everywhere I go, people are trying to figure out what to do about parking, because for many people, parking is the first and last experience they have of downtown unless they live downtown. Even if they live downtown, they need to have some form of transport to do grocery shopping because a lot of downtowns still don’t have grocery stores, or just to visit friends,” Feehan says. “The public transit system doesn’t necessarily get you there or get you close enough, especially in bad weather. So how do we move away from the system [of individual vehicles] we have now? I am seeing a continued growth of car and bike sharing.” And as bicycles become more popular, conflicts between riders and motorists will increase downtown, Feehan says. “It’s a growing problem we are going to have to solve.

“I’m also advising clients I work with to think long and hard before building any more conventional parking garages,” Feehan says. “Every city I go to actually has an adequate supply of parking. While in some locations it might make sense, conventional parking garages are designed to last 50 years, but I would argue that in 20 years they will be obsolete and we will be tearing them down. On the other hand, garages designed for robotic uses can be repurposed and should be given priority in new developments.”

Even smaller towns are not exempt from parking woes. “It is still difficult to get business owners, particularly in small towns, used to the idea that parking does not have to match that in the strip mall to be successful,” says Woods. “In a small downtown, the distances you’re going to walk from a park-

ing spot along the street are usually shorter than those at a big box store. You just have to help people find their way around downtown with better signage. And you need to fight the battle to help owners and employees understand the need to park in long-term lots a little further away and save the on-street parking for customers. Downtown parking challenges are usually more perceived than real. Take the best advantage of the parking you already have in a way that is beneficial to businesses and customers rather than making it convenient for employees.”

Downtown organizations and civic governance become more inclusive

Increasingly, formation of a special district is being viewed as a way to obtain the funding necessary downtown and in neighborhoods with a strong commercial presence.

“Within our network, we’ve seen funding for downtown and Main Street organizations become more and more challenging in recent years as city budgets become tighter,” says Frey. “So we are encouraging our folks to think more seriously about a BID model. We are looking to that as an increasingly important source of funding for downtowns because it is sustainable and typically long term.”

And BIDs are no longer the sole purview of downtown retail and service clusters. “We are seeing a proliferation of types of BIDs, from arts to tourism to technology,” says Feehan. “We are branching out from our conventional BID model in terms of figuring out ways to manage, market, and maintain downtown areas.” *[Editor’s note: For details about a commercial/industrial/retail/residential BID proposed in New York City, read Creating special districts meets a variety of needs, page 10 of this issue.]*

Downtown organizations, BID or otherwise, are partnering differently with municipal governments in the wake of tight budgets and questions about who is responsible for what when it comes to downtown operations. And as cities become more open to conversations and partnerships, civic governance is also changing.

“The way cities are governed is becoming increasingly more participatory, and a great

many stakeholders are now involved in that process, with downtown organizations being one of those,” Downey says.

A good example of this more hands-on, stakeholder-driven governance is the move away from city-wide master plans and the rise of more focused downtown or neighborhood plans. “Municipalities are now working with downtown organizations to create these much smaller sub-area plans at a grassroots level,” says Downey. “I’m not certain how civic governance is going to evolve, but from citizens, to arts and culture organizations, business organizations, and downtown organizations, in the absence of a strong federal government driving clear resource allocation, there is a new and growing group of stakeholders involved in how decisions are being driven within their cities.”

That more hands-on approach is also consistent with the personalities of millennials and baby boomers, as both groups enjoy input and community involvement, say the experts. Another change coming because of these cohorts’ desires to be hands-on, social, and involved is the way that public space is developed.

Small public spaces work well

“Public space is evolving, becoming more functional and more active as opposed to just

being design driven,” says Downey, noting that open space development has been scaled back just as citywide plans have been. “Downtowns are successful, so once again we are seeing public spaces really explored at a smaller scale, whether it’s a great, active pocket park or tactical urbanism such as the parklets that have emerged.”

“As we see a growing number of millennials choose to live downtown, something developers should take into consideration is to provide small public gathering places scattered about the downtown — millennials are very sociable,” says Burayidi. “They like to meet, have a cup of coffee, and share ideas with other millennials. Encouraging downtown developers to provide public spaces for meeting and networking, out in the open rather than within buildings, will be very important in catering to the needs of millennials.”

*Contacts: Michael Burayidi, Ball State University, (765) 285-5699, maburayidi@bsu.edu; David Downey, International Downtown Association, (202) 624-7111, ddowney@ida-downtown.org; David Feehan, Civitas Consultants, (202) 288-0528, civitas.dave@me.com; Patrice Frey, National Main Street Center, (202) 701-4963, pfrey@savingplaces.org; John Woods, Downtown Wytheville, (276) 620-9014, jwoods@wytheville.org. **DIX***

Downtown Idea Exchange

712 Main Street — Suite 187B, Boonton, NJ 07005-1450

Telephone: (973) 265-2300 • Fax: (973) 402-6056 • Email: info@BrokersInsider.com • Website: www.BrokersInsider.com

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