



# Downtown Idea Exchange

Essential Information for Downtown Revitalization

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## *Perspectives*

### Revising downtown efforts for the post-recession economy

By Charles Eckenstahler

Over the past year, I have been conducting an informal survey of friends and colleagues responsible for downtown revitalization throughout the Midwest. All of those interviewed acknowledged that local communities cannot rely totally on federal and state stimulus programs to replace lost businesses and jobs. Leaders in every community believe an active downtown revitalization program will be mandatory in the future. These programs must address a new and different post-recessionary local economy, the one now being formed right before their eyes.

Aggressive communities are responding to the challenge of this new economic environment by working with local/regional leaders reviewing past economic development efforts, and discussing ways to transform local/regional economic development strategies and programs in response to their vision of the post-recession economy.

To fast track growth of the local economy at the first sign of economic recovery (which may now be happening), they are actively retooling downtown revitalization strategies, adapting the best traditional tools, and identifying new economic practices.

Some downtown organizations are actively involved on a daily basis in the community

economic development process, while others are consulted when the need arises to address specific downtown development matters. Regardless of the role of the downtown organization in the overall economic development strategy, there are several trends that will reshape the work that downtown organizations/community planners contribute to the economic development process.

- **Oversupply of retail space will focus site selection decision making on positive demographic and household income growth.** The role of population and socio-economic forecasts will become the “community calling card” — notifying the marketplace about the number of households and the growth of their income, forecasting the ability to support new retail businesses, especially in downtown locations.

- **Unoccupied retail, office and industrial buildings will be pursued by developers for re-purposing due to deflated purchase prices.** Comprehensive plans and zoning regulations should be modified to allow re-purposing of former industrial and commercial buildings.

- **Decreasing property values will increase pressure to use land for its highest economic potential, which equates to the greatest tax valuation.** This will encourage designating more easily-developable higher-value land, and support its quick development.

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- **Lender financing for front end costs required to obtain approvals has vanished.**

Developers will seek public help in funding these, plus assurances of timing and decision certainty before undertaking new development projects. Costs and expenses incurred in the development approval process should be streamlined.

- **Increased incentives will be required to recruit private developer interest.**

Expanded incentives may be necessary to attract private investors in community-development sponsored projects that would likely be viewed as unattractive in today's private real estate investment market.

- **Quality of life factors and job proximity, especially in central business districts, will play a greater role in the selection of places to live,** especially for young people just finishing their educations, bringing to downtown certain skill sets sought by businesses that have future growth and expansion capabilities.

Placemaking efforts to increase community quality of life, especially in the central business district, will become a top priority in efforts to increase population growth, especially of young talented workers and families with children.

- **Speed and certainty in processing governmental approvals will distinguish development-friendly communities.** Speed and certainty will be used as recruitment tools to entice development interest.

Large developments will be broken down into smaller phased increments, size matched to reduced market demand and available financing.

- **Development regulations requiring installation of infrastructure in advance of need in large-scaled multi-year development projects should be reconsidered,** especially when infrastructure installation guarantees or performance bonds are required; and creative public funding assistance should be explored when such infrastructure is crucial and cannot be guaranteed by the developer.

Downtown development and planning will assume greater importance in the overall community economic development strategy due to the need for greater high-value real estate, increased incentives, and expanded inducements to attract commitments for public sponsored development projects.

At no time in history have community leaders faced the economic development challenges of today. There is no doubt that professional downtown developers and community planners will have an increased role in this strategic economic development planning.

*Author note:* This paper was originally prepared for presentation at the 2010 Purdue University North Central *Topics in Regional Economic Development* program.

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