



**INSPIRED LEADERS
SHAPING CITIES**

Living Downtown: The New Residential Paradigm

A 2016 TOP ISSUES COUNCIL EXECUTIVE SUMMARY

In this report, the IDA Residential Council explores the importance of residential activity in downtowns and urban districts. While this paper cannot address the full scope of housing issues, it is the first step to defining some of the significant issues around downtown residential as it relates to the place management profession. As stewards of downtown, we must shape urban centers, not only to attract housing, but to create communities that welcome people of all walks of life, offer the services necessary for residents, and create integrated and holistic communities.

Among the many issues facing downtowns and urban districts, city leaders across North America agree on the importance of a healthy residential base. For the first time in decades, cities are growing faster than the suburbs that surround them. Cities like Denver, Toronto, and Seattle are struggling to keep pace with the unprecedented level of residential demand downtown. More and more, individuals and the companies that employ them are moving to our urban centers. There are many reasons to plan for well-designed downtown housing options, including:

- Enhancing economic opportunity for the region
- Meeting a growing demand for an urban lifestyle
- Offering an urban environment for all generations
- Creating more sustainable and healthy lifestyle options for regional residents

The growth rate in downtowns and city centers has created challenges that urban place management organizations are responding to in an effort to keep downtown a home for all. These challenges include:

- Affordability
- Home ownership
- Complete and diverse communities for all
- Meaningful resident engagement
- Residential services

Place management organizations are tackling these challenges by:

- Creating a vision
- Taking inventory
- Offering and promoting incentives
- Providing services and amenities
- Marketing and communicating to residents
- Conducting periodic evaluations
- Engaging residents in meaningful ways
- Enhancing the workability and experience of the place

In cities where downtown residential is

lagging behind, organizations and governments are making a concerted effort to incentivize residential development and build the types of complete communities that attract them. Tools such as *New Market Tax Credits* and *Payment in Lieu* programs have brought new housing to emerging markets. Cities are recognizing the importance of providing the amenities and services necessary to attract residents and developers, which include:

- Public-private partnerships
- Multi-model transportation options
- Parks and open space
- Tax incentive programs
- Sports arenas and recreational facilities
- Bicycle and pedestrian infrastructure
- Population density
- Mixed-use design
- Strategic adjacent uses
- Long-range planning for livable neighborhoods

These improvements are as much about attracting housing as they are about greening city centers and enhancing multi-modal transportation. These initiatives have led to successful downtown residential strategies. Ongoing attention to affordability, safety, amenities and transit is critical.

Most everywhere, affordability remains a challenging issue. Higher demand for downtown residences means a rise in property values and housing costs, unintentionally pushing many out of downtown. Even in nascent markets, low and middle-income housing can be scarce. Federal and state incentives help to lessen the burden, but seemingly no city has been able to keep pace. Local housing authorities and nonprofits have become creative in their approach, sometimes diversifying their portfolio to subsidize affordable housing with market rate housing, and in other cities, creating land banks to hold land stabilizing property values.

Where residential communities are strong, downtowns are working to advocate their positions and leverage their voice. Sometimes residential interest can be at odds with traditional commercial uses, but more

and more neighbors of mixed-used districts are finding common ground to advocate jointly for downtowns. In cities with an already established residential base, careful consideration should be paid to the meaningful integration and accommodation of these residents into historically commercially-dominated downtowns. Urban place management organizations incorporate residents by formally assessing them as part of their district and by providing residential representation on their board of directors. In some cases, residential uses contribute as much as half of the downtown business improvement district income. Shaping the urban center extends beyond attracting housing, but rather encompasses creating complete communities that welcome people of all walks of life, offer the services necessary for residents, and create integrated and holistic communities.

SUMMARY

Overall, this report is not intended to recommend a set of definite solutions, but to set the course for a multi-year exploration of residential uses in Canada, the United States, and around the world, to explore the importance of downtown residential activity, review the efforts to attract housing development, and discuss many of the elements of accommodating downtown residents once they are there.