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Over the past 50 years, development trends in the US have focused on suburban development, to the detriment and disrepair of downtown. Recently, there has been a surge in downtown redevelopment. This paper investigates: What downtown development strategies and performance indicators are communities using as a part of their revitalization program? It concludes that communities are using strategies that focus on bringing people downtown, while collecting mostly economic, rather than cultural performance indicators. It also finds that having a master plan can be an important piece of a community's revitalization strategy.

## **Overview**

Historically, cities have been incubators for creativity and innovation.<sup>1</sup> However, the past 50 years of development in the U.S. has been mostly suburban, resulting in a declining urban environment.<sup>2</sup> Recently, there has been interest in downtown revitalization, including public and private investment and redevelopment of the built environment.<sup>3</sup> This paper explores the development strategies and performance indicators that communities in the U.S. are using to revitalize downtown.

This research addresses the following questions: What strategies and performance indicators are downtown development organizations using? What strategies do respondents think are effective? What factors correspond with the strategies that communities are using? Are communities using performance indicators and revitalization strategies that are consistent with each other?

New Urbanism, Main Street and Creative Class theories were used to create the list of revitalization strategies used in the research survey. These theories suggest that successful revitalization occurs when communities can bring people downtown, redevelop the built environment to be more attractive to visitors and residents, diversify downtown businesses, and market downtown to residents, visitors and investors.<sup>4</sup> These strategies are different from traditional economic development strategies that focus on economic impact.<sup>5</sup>

Performance indicators are used to provide a comprehensive picture of a government's operation<sup>6</sup> and to justify the cost and operation of programs. Performance data is commonly collected for many local government functions<sup>7</sup> but economic and downtown development are absent from the most widely used performance measurement metrics.<sup>8</sup> Still, some downtown development organizations collect performance measurement data to measure the quantity, quality, impact and effectiveness of their revitalization efforts. In the absence of standardized performance metrics in economic and downtown development, it is helpful to evaluate the metrics that communities have developed on their own.

## **Methodology**

The author designed a web-based survey instrument based on urban planning, economic and community development literature. Potential survey participant organizations were identified through the Downtown Research and Development Center's website.<sup>9</sup> The survey was administered to 1600 professionals across the U.S. who are responsible for downtown development in their communities. 435 surveys were started and 326 completed.

The survey is organized into three parts. The first part asks respondents which downtown development strategies communities are using, and if those strategies are effective. The second part asks respondents to rank the effectiveness of each revitalization strategy. The third part asks what performance indicators are being collected and if those indicators measure downtown success. The author used cross tabulations and means tests to analyze survey results.

The lists of revitalization strategies, performance indicators and downtown development agencies are not comprehensive. Respondents may not share the same view of downtown "success" or strategy "effectiveness."

## Survey Respondent Demographics

More than seventy-seven percent of the cities in the United States have a population of less than 5,000, and over ninety percent of cities in the US have a population of less than 25,000.<sup>10</sup> Twenty percent of survey respondents are from communities of less than 5,000; 45% of respondents are from communities of 5,000-24,999; 11% of respondents are from communities of 25,000-50,000; and 20% of respondents are from communities of over 50,000.

Thirty-eight percent of respondents have a downtown development budget of less than \$100,000; 34% of respondents have a budget of \$100-\$249,999; 14% of respondents have a budget of \$250-499,000, 6% of respondents have a budget of \$500-999,999, and 7% of respondents have a budget above 1 million dollars. See Appendix B for complete demographic information.

## Findings

Respondents were asked to identify revitalization strategies used presently or in the past in their communities. Revitalization strategies were analyzed based on the number of respondents who use them, by the factors are related to usage, their association with bringing people downtown and strategy effectiveness.

### Strategy usage

Respondents used an average of 26 revitalization strategies. Table 1 shows the ten most used strategies, along with the percentage of respondents that use them and the percentage of users who think they are effective. Seven of the ten most used strategies focus on bringing people into downtown.

	<b>Overall most used strategies</b>	<b>Percent of respondents that use them</b>	<b>Percent of strategy users who find them effective</b>
<b>1</b>	Identify downtown boundaries	86%	73%
<b>2</b>	Have downtown festivals and events*	83%	86%
<b>3</b>	Have stakeholder participation during strategic downtown meetings*	84%	84%
<b>4</b>	Improve downtown streetscape*	79%	82%
<b>5</b>	Keeping downtown clean*	74%	85%
<b>6</b>	Market downtown as a destination*	73%	69%
<b>7</b>	Market downtown to the public*	72%	73%
<b>8</b>	Encourage the development of restaurants*	70%	77%
<b>9</b>	Develop a downtown Master plan	70%	80%
<b>10</b>	Encourage mixed use	69%	75%

\*indicates a strategy that directly or indirectly brings people downtown

### Factors that correspond with strategy usage

Survey data was analyzed to identify key variables that affect revitalization strategy usage. Three significant variables were found; master plan development, downtown development budget, and community population. Organization type was also analyzed but no significant relationship was found.

Having a downtown master plan makes a statistically significant difference in the number and type of strategies that a community uses. Communities with a downtown master plan use an average of 30 strategies, while communities without a downtown master plan use an average of 12 strategies. Table 2 shows the revitalization strategies that communities with a downtown master plan are more likely to use. Nine of the 16 strategies in Table 2 focus on bringing people downtown. Interestingly, budget and population are not statistically significant factors regarding master plan development. At least 60% of communities across all population and budget ranges have a master plan.

Population does not make a significant difference in the number of strategies that a community uses. Medium sized communities (pop. 15,000-49,999) use an average of 31 strategies. The average number of strategies used by small (less than 5, 000) communities was 22, and the average number of strategies used by larger (more than 5,000) communities was 28.

Encouraging mixed use, the development of downtown housing, having a special financing mechanism, such as TIF or a BID, and encouraging open space are the only strategies that are significantly affected by population. Only two of these strategies are associated with bringing people into downtown.

Population is positively related to encouraging mixed use and the development of downtown housing at the .001 level. Eighty percent or more of communities with a population of more than 5,000 encouraged mixed use development, compared to 47% of communities below 5,000. Sixty three percent of communities with a population above 10,000 develop downtown housing, compared to 30% of communities with a population less than 10,000.

Population is positively related to having a special financing mechanism at the .004 level. Seventy three percent of communities with a population of more than 100,000 have a special financing mechanism, compared to 34% of communities with a population of less than 5,000.

While population is related to encouraging downtown open space only at the .065 level, it is noteworthy that medium sized communities (pop. 25,000-50,000) are 25% more likely to encourage and develop open space as a revitalization strategy than larger and smaller communities.

Budget slightly impacts the number of strategies that a community uses. Communities with a budget of less than \$100,000 use an average of 23 strategies. Communities with a larger budget use an average of

<b>Table 2</b>			
<b>Revitalization strategies that are affected by the development of a master plan</b>	<b>% of master plan users who used this strategy</b>	<b>% of communities without a master plan who used this strategy</b>	
<b>Encourage stakeholder participation*</b>	95%	47%	
<b>Have downtown festivals*</b>	93%	50%	
<b>Market downtown as a destination*</b>	84%	40%	
<b>Keep downtown clean *</b>	84%	40%	
<b>Encourage mixed use *</b>	81%	32%	
<b>Encourage restaurants *</b>	80%	39%	
<b>Recruit businesses to downtown</b>	78%	38%	
<b>Increase pedestrian accessibility</b>	75%	29%	
<b>Have a market analysis</b>	74%	31%	
<b>Market downtown to developers</b>	69%	27%	
<b>Have a parking strategy</b>	69%	22%	
<b>Encouraging downtown arts</b>	67%	34%	
<b>Have adequate parking and other public infrastructure</b>	65%	27%	
<b>Encourage downtown attractions *</b>	60%	29%	
<b>Encourage night life*</b>	57%	20%	
<b>Have a special financing mechanism</b>	55%	20%	
*indicates a strategy from the most frequently used chart.			
Differences are statistically significant at the .001 level.			

28 strategies. The following strategies are strongly related to budget size: having a special financing mechanism, encouraging arts and nightlife, the creation of additional downtown agencies and the development of downtown housing. Only two of these strategies are associated with bringing people downtown.

Budget positively relates to the use of a special financing mechanism at the .001 level. Communities with a budget of at least \$250,000 were twice as likely to have a special financing mechanism, compared to communities with a budget of less than \$250,000.

Budget positively relates to the encouragement of arts and nightlife at the .001 level. Thirty-three percent of communities with a budget of less than \$100,000 encourage nightlife, while 68% of communities with a budget of 1 million dollars or more encourage nightlife. Fifty-eight percent of communities with a budget of \$100,000-999,999 encourage nightlife.

Budget positively relates to the creation of a Downtown Development Agency (DDA) at the .002 level and to the creation of a parking authority at the .001 level. Sixty three percent of the communities with a budget of over one million dollars created a DDA. Thirty one percent of communities with a budget of over one million dollars created a parking authority, compared to less than 10% of communities with a budget of less than \$250,000.

More than 60% of respondents said that they have housing downtown; few respondents have housing development as a part of their revitalization strategy. Budget was positively related to the development of downtown housing at the .001 level. Sixty-eight percent of communities with a downtown development budget of over 1 million dollars encourage housing development, compared with 50% or less of the other budget ranges.

<b>Table 3</b>		
	<b>Most effective downtown revitalization strategies</b>	<b>% of respondents</b>
<b>1</b>	Keep downtown clean*	80%
<b>2</b>	Citizen Participation*	78%
<b>3</b>	Develop a downtown development master plan	77%
<b>4</b>	Improve downtown streetscape*	76%
<b>5</b>	Have downtown events or festivals*	75%
<b>6</b>	Market downtown as a destination *	67%
<b>7</b>	Encourage mixed use development	66%
<b>8</b>	Encourage the development of downtown restaurants*	66%
<b>9</b>	Recruit businesses downtown	64%
<b>10</b>	Have a special downtown financing mechanism	63%
	*directly or indirectly bring people downtown	

Budget and population are positively statistically related at the .001 level. Communities with higher populations are more likely to have larger budgets. However, fourteen percent of communities with a budget of 1 million dollars or more are communities in with a population less than 5,000.

***Perceived Effectiveness***

Respondents were asked to rank all listed revitalization strategies in terms of effectiveness. Table 3 shows the ten strategies that practitioners think are most effective. More than half of them focus on bringing people downtown. (See Appendix C for complete rankings)

***Performance Indicators***

Respondents were asked to identify performance indicators collected presently or in the past in their communities. Respondents were also asked which indicators they believed were accurate downtown

success indicators. Performance indicator results were analyzed based on their consistency with the most used revitalization strategies. Table 4 shows the percentage of respondents that collect each of the performance indicators.

Seven of the ten most used performance indicators (indicated by a \*) measure downtown revitalization's economic and tax impact. Only three indicators that correspond with bringing people into downtown are included in the ten most frequently used indicators. Conversely, a majority of the most frequently used revitalization strategies focus on bringing people downtown.

**Conclusions and Recommendations**

Seventy percent of the most used revitalization strategies and 60% of the most effective strategies lists are strategies that are most associated with bringing people into downtown or marketing to get people into downtown.

Communities are using strategies that correspond with New Urbanist, Main Street and Creative Class theories which say that bringing people downtown is an important part of the downtown revitalization process.

While budget and population have a slight effect on the number and type of strategies that communities use, having a downtown master plan has a significant effect on the number and type of revitalization strategies that a community uses. Communities with a downtown master plan use more strategies

<b>Table 4</b>			
<b>Economic Indicators</b>	<b>% of users</b>	<b>Feet on the Street Indicators</b>	<b>% of users</b>
The number of downtown businesses *	53%	The number of jurisdiction-sponsored festivals *	45%
Number and types of businesses*	47%	The number of restaurants/bars *	39%
The number of vacant or boarded up storefronts*	43%	The number of arts-related activities*	33%
The number of downtown businesses that leave or go out of business*	43%	The budget and scope of downtown branding and advertising activities	32%
The amount of available downtown retail and office space*	36%	The frequency of downtown district website updates	29%
The appraised tax value of the downtown district*	34%	The number of housing units located downtown	28%
The number of developments that are started or finished yearly*	34%	The number of museums/historical opportunities	28%
The total amount of downtown retail and office space	33%	The frequency of departmental communication with a mass audience	27%
		The number of entertainment venues	27%
		Ways that your department promotes tourism	26%
		The number of free parking spaces	26%
		Other types of downtown leisure activities	21%
		The number of metered/paid parking spaces	11%
		The number of conference facilities	8%
<i>*relates to the 10 most frequently used performance indicators</i>			

overall, and use more strategies that focus on bringing people into downtown. Having a master plan, more than size or budget is related to the use of a more comprehensive revitalization approach.

Communities, by virtue of their focus on strategies that bring people into downtown, are working to create downtowns that are cultural, community, and economic centers. But, the most commonly used indicators are those associated with traditional economic indicators. This is inconsistent. Increased economic activity and more people downtown are related, but different, outcomes of downtown revitalization.

To accurately measure the success of downtown revitalization, communities should measure both outcomes. Traditional economic indicators are important, but communities should also measure how well they are bringing people downtown. Some performance indicators that are consistent with bringing people downtown are included in Table 4. These measures address other ways that people are drawn downtown and ways to entice people to spend time downtown. Other performance indicators, not listed in Table 4, count the number of people downtown; for example, the number of people that patronize downtown activities, the number of occupied parking spaces, and downtown public transit ridership are key indications of how well a community brings people downtown.

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<sup>1</sup>O'Sullivan, A. (2004). Urban Economic. Boston: McGraw Hill.

<sup>2</sup>Rusk, D. (2003). Cities without Suburbs. Baltimore: Woodrow Willson Center Press.

<sup>3</sup>Leinberger, C. (2005). Turning Around Downtown: Twelve Steps to Revitalization. Washington, DC: The Brookings Institution.

<sup>4</sup>Breen, A., & Rigby, D. (2004). Intown Living: A Different American Dream. Westport: Praeger. Urbanism, N. (n.d.). Creating Livable Sustainable Communities- Principles of Urbanism. Retrieved January 2009, from <http://www.newurbanism.org/newurbanism/principles.html>

Preservation, N. T. (2009). The Four Points. Retrieved March 2009, from <http://www.mainstreet.org/content.aspx?page=47&section=2>

<sup>5</sup>PHH Fantus Consulting. (1996). Benchmarking Practices- To achieve Customer Driven Economic Development. National Council for Urban Economic Development.

<sup>6</sup>Ammons, D. (2008). Leading Performance Management. ICMA Press.

<sup>7</sup>Rivenbark, W. (2001). A Guide to the NC Local Government Performance Measurement Project. Institute of Government.

<sup>8</sup>ICMA Performance Measurement. International City/County Managers Association. Retrieved November 2008, from ICMA:

<http://www.icma.org/main/bc.asp?bcid=107&hsid=12&ssid1=2470&ssid2=2540>

<sup>9</sup>Downtown Development and Research Center Links. Retrieved January 2009, from <http://www.downtowndevelopment.com/links.php>

<sup>10</sup>National League of Cities (n.d.). Cities 101: Number of cities and city populations. Retrieved March 2009, from [http://www.nlc.org/about\\_cities/cities\\_101/138.aspx](http://www.nlc.org/about_cities/cities_101/138.aspx)

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